



**FINANCIAL**  
REPORTING CENTER (FRC)

# TYOLOGY *REPORT*

---

STRUCTURED TRANSACTIONS  
IN BANKING SECTOR

OCTOBER 2022

## PURPOSE

**Structuring** (or ‘smurfing’) means to conduct or to attempt to conduct one or more transactions in any amount at one or more financial institutions on one or more days in any manner for purposes of evading the reporting requirements set in the Anti-Money Laundering and Countering the Financing of Terrorism Act of 2016 (AML-CFT Act, 2016). In Somalia, the designated reporting threshold is USD \$10,000 or equivalent in any currency (Article 14.2).

Reporting entities have a legal obligation to report structuring and advising how to avoid reporting obligations is a crime. Reporting entities, or their staff, identified advising or otherwise encouraging transactions in the form of structuring are subject to money laundering offenses as described in Art. 2 of the AML-CFT Act, 2016. Furthermore, reporting entities failing to report structuring activities may be subject to penalties.

This typology is designed to provide reporting entities, particularly financial institutions, with key information on identified structuring trends in Somalia to help reduce money laundering and terrorism finance risks to their organization. Red flag indicators and best practices are identified for Somalia’s financial institutions to help monitor transactions that are possibly structuring for timely suspicious transaction report (STR) or large cash transaction report (LCTR) filing. Reflections from this typology are not only applicable to banks, but all financial institutions and other reporting entities.

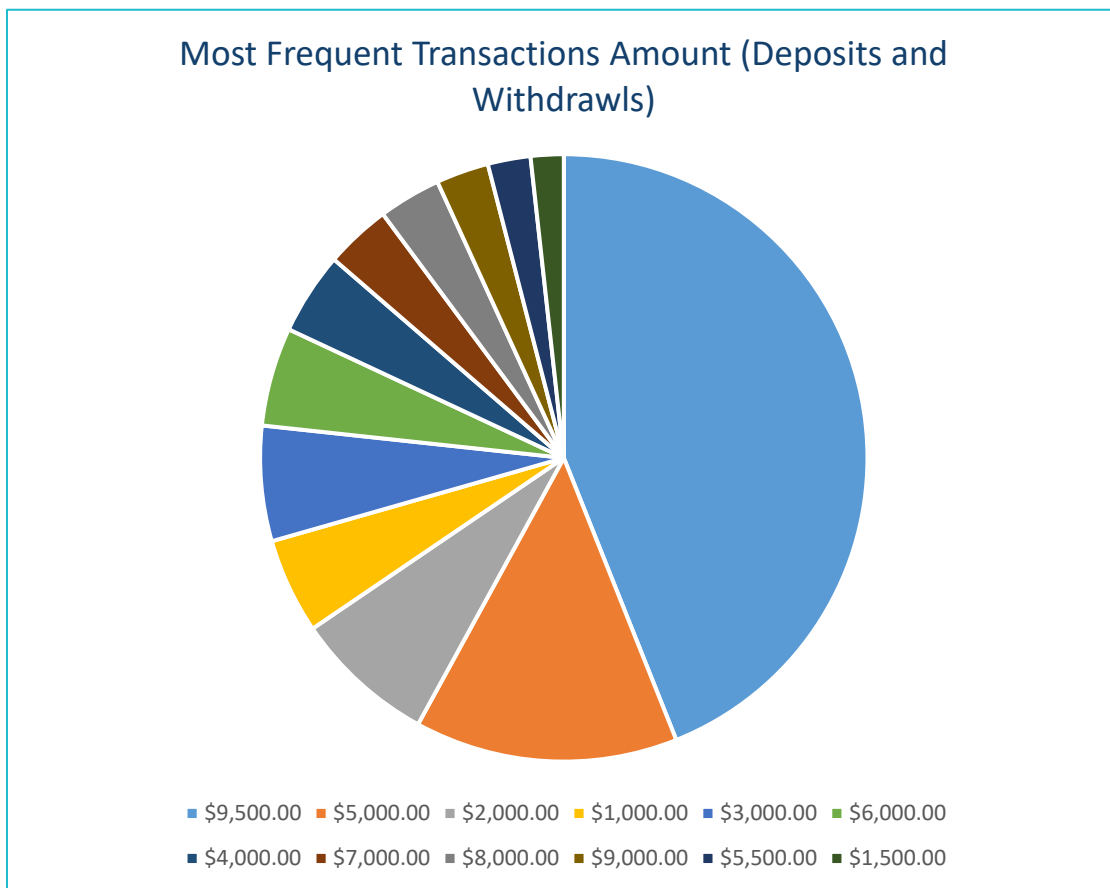
## OVERVIEW

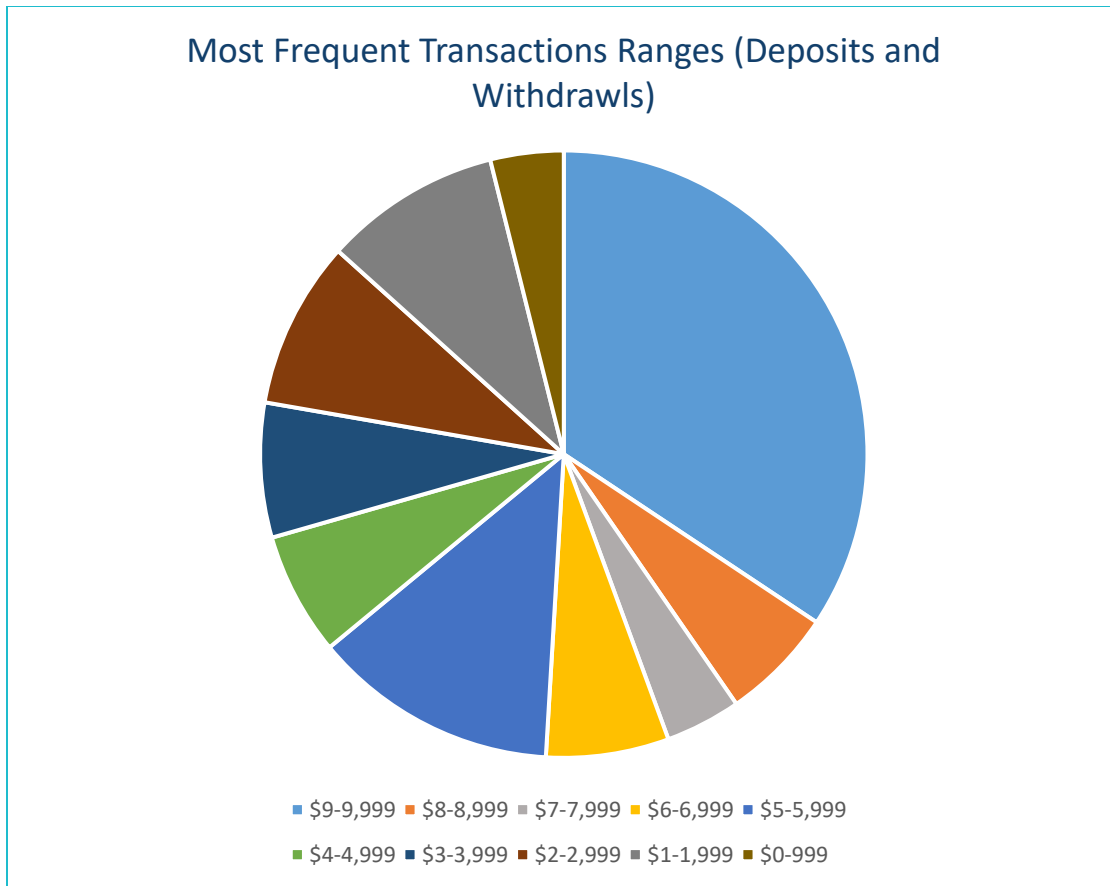
A sampling of five account statements from Somali banks were reviewed during a period from 2019 to 2021. Across these five accounts there were 371 instances of structuring consisting of 1,089 individual transactions. During this same period of time, there were 51 STRs and 628 LCTRs

filed across all reporting entities. No STRs or LCTRs were filed during this period for the identified instances of structuring.

The sampling of accounts were initially identified from suspected connections to money laundering, specifically human trafficking-migrant extortion, and terrorism financing offenses. It was identified that 48% of the time different people are depositing or withdrawing funds into the same account at the same branch, 50% of the time the same person is depositing or withdrawing funds into the same account, and 2% different people are depositing or withdrawing funds at different branches.

The following charts highlight identified structuring trends across the accounts:





## RED FLAGS AND RECOMMENDATIONS

- Consecutive deposits or withdrawals that total or exceed USD \$10,000 within a day or over multiple days
- Groupings of transactions within ranges of identified structuring amounts
- Deposits or withdrawals of most frequent structuring amounts identified in this typology
- A series of deposits or withdrawals which total just under the reporting threshold
- It is strongly suggested that financial institutions are knowingly not reporting instances of structuring or structured transactions
- It is strongly suggested that customers are utilizing mobile money or online services to structure transactions within the financial institutions

- Financial institutions should ensure they have policies and procedures in place to identify and report possible structuring activities to the Financial Reporting Center as identified in Article 14 of the AML-CFT Act, 2016; includes the appropriate training of front line staff
- Structuring or not, where the financial institution suspects or has reasonable grounds to suspect a transaction, or series thereof, are related to any serious offense including money laundering, terrorist financing, and any other criminal activity an STR should be filed; this includes transactions inconsistent with the customers profile
- If the customer is known and/or the transaction seems to be legitimate and the series of transactions exceeds the reporting threshold, an LCTR is required to be filled; financial institutions should implement a customer education and awareness program on AML/CFT

## **FURTHER INFORMATION**

The following documents, available on the FRC website, provide additional guidance on AML-CFT obligations and offenses:

- Anti-Money Laundering and Countering the Financing of Terrorism Act of 2016
- Anti-Money Laundering and Countering the Financing of Terrorism Governance and Compliance Regulation of 2019
- Guidelines on the Reporting of Suspicious Transactions, 2018
- Guidelines on the Reporting of Large Cash Transactions, 2018

Questions regarding this typology may be requested by email: [admin@frc.gov.so](mailto:admin@frc.gov.so)