ØKOKRIM

Trend report

Financial Intelligence Unit

2021

Contents

1. Purpose of the report

The purpose of the report is to summarise and describe the information filed by the obliged entities to the money laundering database (MLD) kept by the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim), cf. the Money Laundering Act[1] (MLA). The reports received by Økokrim are analysed by the Financial Intelligence Unit (FIU). The information in the report is used in the FIU's internal prioritisation, the unit's external communication and in guidance to the obliged entities. The information can also be used in e.g. the preparation of the National Risk Assessment (NRA).

The recommendations presented by the Financial Action Task Force (FATF) presuppose that records are kept about the suspicious transaction reports received and the information forwarded[2]. There is also a requirement that feedback and guidance should be provided to both the obliged entities and supervisory authorities. Further, it is also a requirement that the usefulness and use of the information can be documented[3]. This requires that the FIU takes a systematic approach to and keeps an updated overview of the reported information.

A similar trend report was prepared by the FIU in 2017 for the period 2011–2016. The 2020 NRA and Økokrim's 2019–2020 threat assessment include assessments of threats, vulnerabilities and risks associated with money laundering and financing of terrorism. Specific methods employed to launder money are therefore not discussed in this report. Instead, it addresses selected crime areas which have stood out from 2016 to 2021. Some comparisons are made with the period 2011–2016. The report is an empirical analysis and the results have been analysed, but are not discussed in detail.

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1   https://lovdata.no/dokument/LTI/lov/2018-06–01–23
2   https://www.fatfgafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%2020.pdf
3   https://www.fatfgafi.org/media/fatf/documents/methodology/FATF%20Methodology%2022%20Feb%202013.pdf

2. Source data

The source data for the analysis come from suspicious transaction reports (STRs) filed with Økokrim under the act relating to measures against money laundering and financing of terrorism etc. The source data is from 01.01.2016 to 30.06.2021, and is compared with data from 2011 to 2016. Some data subsets have limitations, and have only been obtained for the period 2016–2020. Also, subsets have been extracted from the source data for the crime areas mentioned in Chapter 5. These subsets were extracted using terms associated with the crime areas to search the text fields where the reporting entities fill in their basis for suspicion. The data subsets for these crime areas will not be 100 percent correct, but they nevertheless give an indication of current trends.

Also note that the data for 2016 and 2021 are dynamic due to deletions, possible registration errors and updates. The source data is therefore not finalised. Final data for 2021 will be avaliable on the 2021 annual report.

Data has also been retrieved from Statistics Norway for 2019. The report contains comparisons of the extracted subsets with data from the money laundering database.

3. Suspicious transaction reports (STRs)

3.1. Obliged entities
The Money Laundering Act section 4 defines which entities are obliged to report suspicious activities to Økokrim.

A significant amendment to the Money Laundering Act that came into force on 1 July 2017[4], banned traders in goods from accepting cash settlements of NOK 40 000 or more, and from that date, traders in goods were no longer subject to the Money Laundering Act. This amendment influenced the source data of this report, as these entities are no longer obliged to report suspicious transactions.

A new Money Laundering Act came into force in 2018 (Act of 1 June 2018 no. 23). The new act is based on recommendations from the FATF, and on the EU's fourth money laundering directive. The new act created new groups of reporting entities[5,6].

Agents of payment companies
The Money Laundering Act chapters 4 and 5, and sections 40 and 52, now applies to payment companies operating in other EEA countries.

Virtual asset service providers (VASPs)
The reporting obligation under the Money Laundering Act applies to currency exchange offices that change between virtual and official currencies and VASPs. This includes online platforms and services offering clients to trade in and exchange virtual currencies for official currencies, and which facilitate trading and exchange by linking buyers and sellers. The act applies to all exchanges between virtual and official currencies of all countries.

3.2. Reporting suspicious transactions
Obliged entities that find reason to suspect that funds may have illicit origins, i.e. are linked to money laundering or financing of terrorism, must make inquiries to confirm or reject their suspicions (cf. the MLA section 25). If these inquiries give grounds for suspecting money laundering or financing of terrorism, the obliged entity must forward the relevant information to Økokrim (cf. the MLA section 26). STRs are primarily forwarded to the FIU's money laundering database via the Norwegian government filing portal, Altinn.

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4   https://www.regjeringen.no/no/aktuelt/endringer-i-hvitvaskingsloven-og-verdipapirhandelloven/id2557647/

5   https://www.regjeringen.no/no/aktuelt/endringer-i-hvitvaskingsloven-og verdipapirhandelloven/id2557647/

6   https://www.finanstilsynet.no/contentassets/c3262e6c85fc47c7ad77c7ee10282b72/veileder-til-hvitvaskingsloven.pdf

3.3. Suspicious transaction reports filed

Chart 1 shows how there has been a steady increase in STRs filed by the obliged entities over the last six years. 8,780 STRs were filed in 2016. In 2020, that number had increased to 12,701.
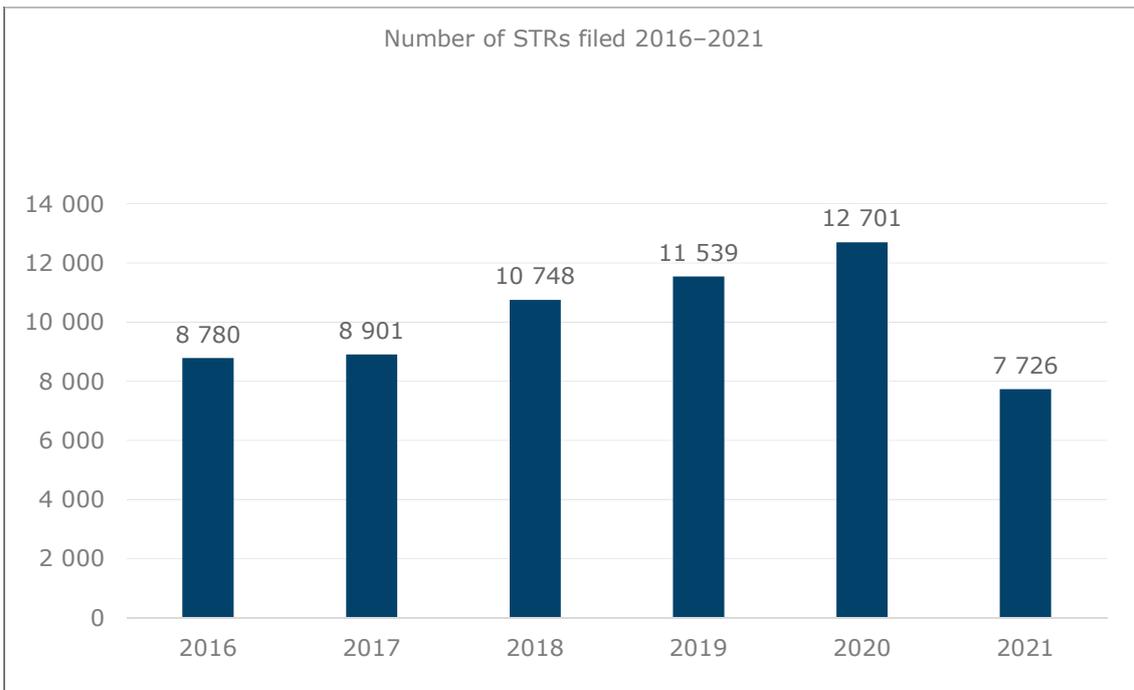
Number of STRs filed 2016–2021

Chart 1: Number of STRs filed 2016–2021

3.4. Reporting business groups

The Money Laundering Act sorts the obliged entities into 22 business groups, which in turn are sorted into subgroups, cf. the relevant Altinn form[7].

Banks and payment service providers stand out, having filed 88 percent of all STRs 2016–2021. Compared with the period 2011–2016, this is a slight decrease of 6 percentage points in the share of STRs filed by banks and payment service providers (from 94 percent). The decrease comes as a result of an increase in STRs filed by other obliged entities.

A marked change from 2011–2016, is the increase in STRs filed by real estate agents and securities brokers. Because approx. 90 percent of STRs filed by this group between 2016 and 2021 were filed by real estate agents, in this report, the group will be referred to as real estate agents. The number of reports filed by real estate agents has grown steadily over the last five years, and the group filed 7 percent of all STRs 2016–2021. In 2016, real estate agents filed only 1.5 percent of STRs, a number that grew to 9 percent in 2020.

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7   Legal professionals, others cf. the MLA section 4, banks, electronic money businesses, traders in goods, insurance companies, real estate agents, pension funds, mail service providers, accountants, auditors, securities dealers and payment service providers.

Chart 2 shows that the majority of STRs were filed by banks, payment service providers and real estate agents. Banks file 66 percent of STRs, payment service providers 22 percent and real estate agents 7 percent.
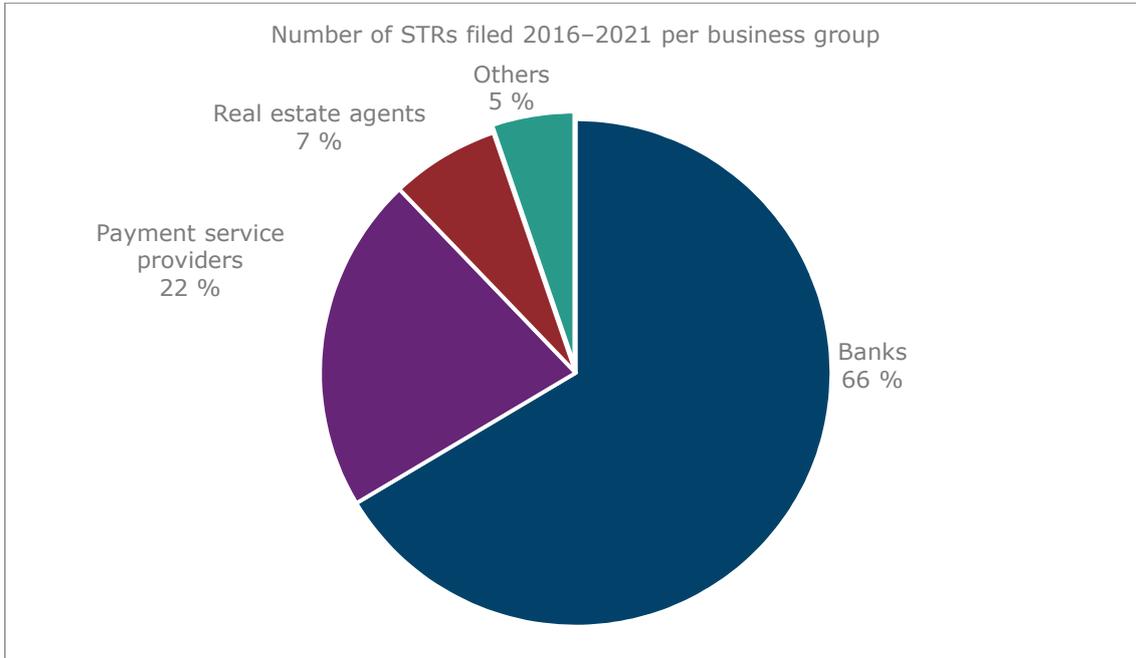

Number of STRs filed 2016–2021 per business group

Chart 2: Number of STRs filed per year for the period 2016–2021 per business group.

If we look at the category "Others", legal professionals, electronic money businesses, insurance companies, pension funds, accountants, auditors, securities dealers and others, cf. the MLA section 4, accounted for 5 percent of all STRs filed. The group Others, cf. the MLA section 4, has seen a relatively large increase from 2016. In total, "Others" filed around 2 percent of all STRs in 2016–2021. This is because VASPs (cryptocurrency exchanges) are included in this group, and the number of these exchanges has increased after 2018.

3.5. Reporting entities

A total of 988 unique entities reported suspicious activity between 2016 and 2021. The number of unique entities has increased by 388 from 2011–2016.

From Chart 3, we see that real estate agents and accountants were the two reporting groups with the largest number of unique reporters in 2016–2021, followed by banks. There were 263 unique real estate agents, 239 unique accountants and 165 unique banks. We see that real estate agents had the largest increase, from 68 to 263 entities. On the other hand, the number of auditors filing STRs has gone down. During 2011–2016, 138 auditing firms filed STRs, compared with 102 from 2016 to 2021.
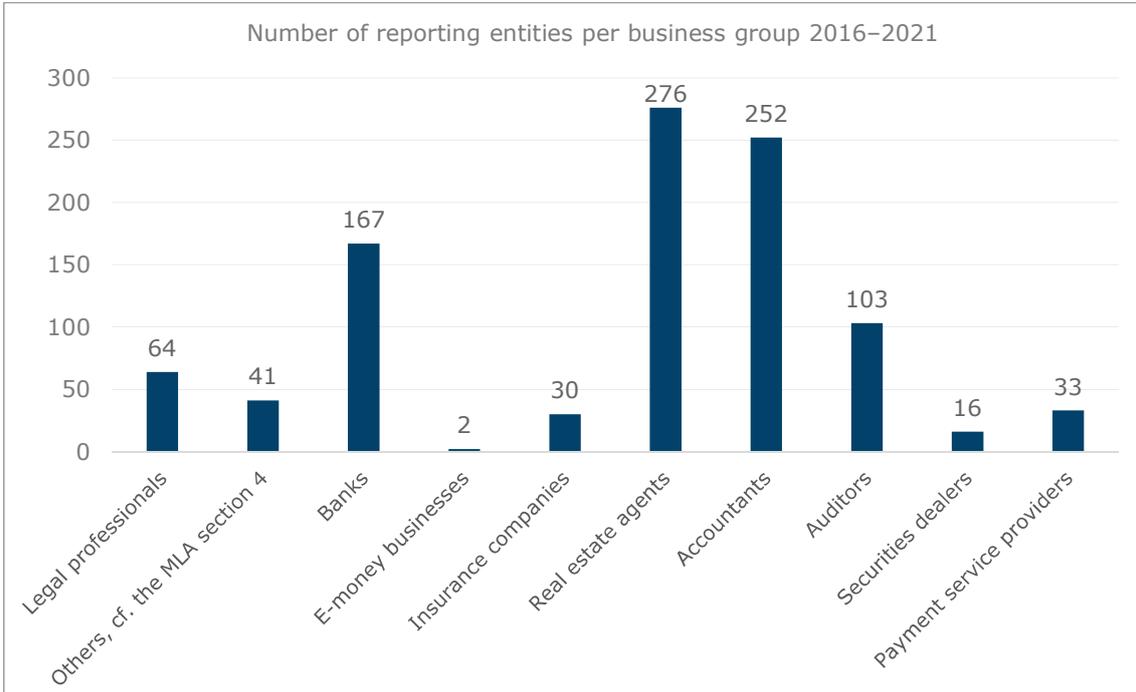
Chart 3: Number of reporting entities by business group 2016–2021

Chart 4 shows average number of STRs filed per reporting entity per year. We see that the picture changes considerably when including average number of reports filed per entity. This information indicates that per reporting entity, banks and payment service providers file far more reports than entities in the other business groups. Although the number of accountants and real estate agents who file STRs is high, they file fewer STRs per entity than banks and payment service providers.
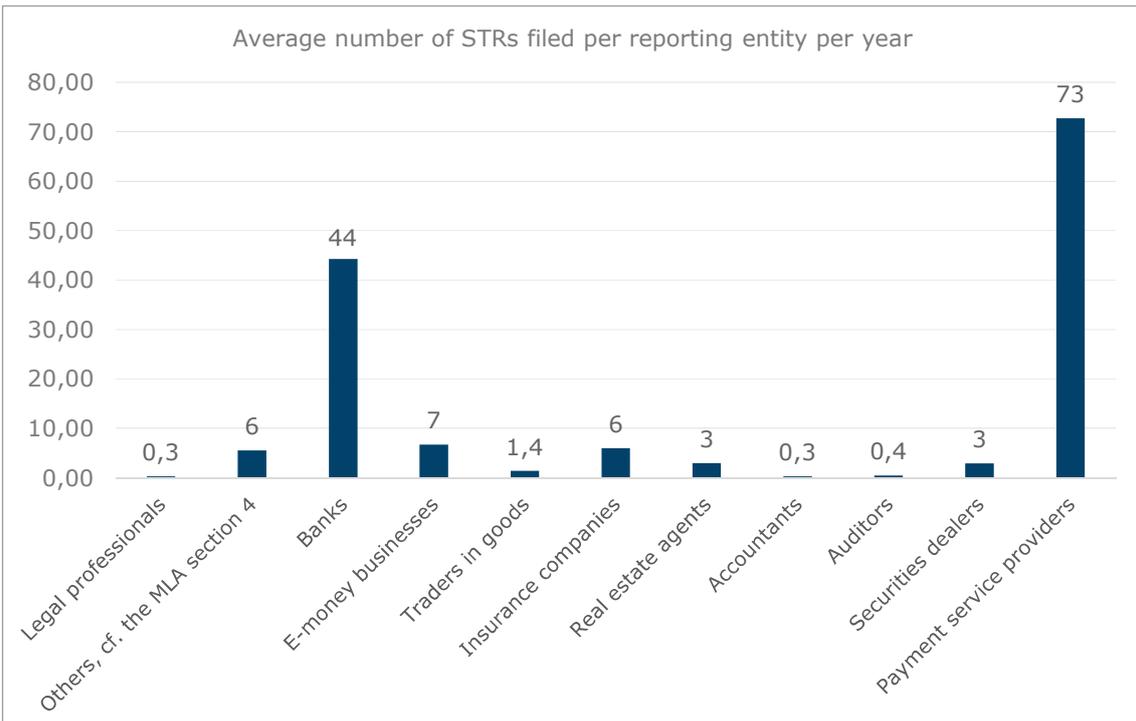

Chart 4: Average number of STRs filed per reporting entity per year 2016–2021

3.6. Reporting entities seen as a whole

When we look at the number of reporting entities per business group relative to the number of STRs filed per group, we get the filing frequency per group (Table 1). This ratio shows a great variation in filing frequency. It is important to note that some entities have centralised their reporting and therefore represent more branches than what the numbers indicate, while other entities represent only themselves.

Banks and payment service providers filed most STRs per reporting entity. Payment service providers on average filed 420 STRs per entity during 2016–2021. Banks, the group which filed the most STRs, on average filed 252 STRs per reporting entity.

STRs – Reporting entities 2016–2021 by type	Number of reporting entities	Number of STRs	Average number of STRs per reporting entity 2016–2021	Average number of STRs per reporting entity per year
Legal professionals	64	103	2	0.3
Others, cf. the MLA section 4	41	1,309	32	5
Banks	165	41,616	252	42
Other banks	23	765	33	5
Commercial banks	33	26,496	803	134
Savings banks	109	14,355	132	22
E-money businesses	2	63	31.5	6
Traders in goods	34	90	3	1
Insurance companies	30	1004	33.5	6
Life assurance companies	8	27	3	0.6
General insurance companies	22	977	44	7
Real estate agents and other brokers	263	4,319	16	3
Real estate agents	252	4,180	16	3
Other brokers	9	104	11.5	3
Accountants	239	395	2	0.3
Auditors	102	258	2.5	0.4
Securities dealers	16	48	3	0.5
Payment service providers	32	13,454	420	70

Table 1: Total number of reporting entities per business group 2016–2021

3.7. Unique reporters

The chart below shows the number of unique reporting entities per year per business group, which also gives us an indication of the number of obliged entities during the period 2016–2021. Obviously, banks have most unique reporters per year. On average, there were about 130 unique reporting banks. As explained above, reporting from real estate agents has increased, something which is also reflected in the number of unique reporters. This is clearly demonstrated by the gradual increase in the number of unique reporters per year. Payment service providers, on the other hand, have the fewest unique reporters among the three largest reporting groups. This is mainly due to the fact that one entity in the group files most of the STRs received from the group. We see that there is a large number of unique reporting accountants, although the total number of STRs filed by the group is low.
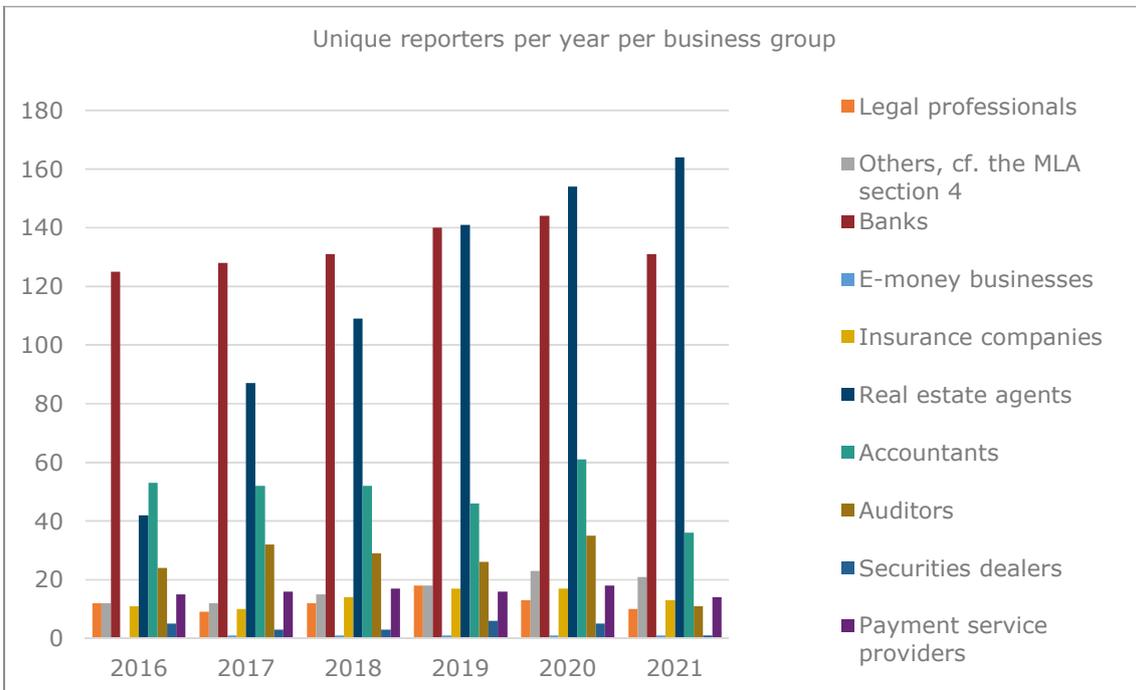

Chart 5: Overview of unique reporters

4. Suspicion codes

When filing STRs, the reporting entities can select codes to categorise their suspicions (Alt-inn form item 4.3). Entities can tick off more than one box in a STR.

Chart 6 provides an overview of the suspicion codes used in STRs 2016–2021. Different business groups use different suspicion codes. Transfer of funds to/from abroad and origin of funds were the two most used suspicion codes 2016–2021. This is a change from 2011–2016, when cash transaction was the most used code. In addition to the two above-mentioned codes, the most used codes 2016–2021 were suspicious account movement, other (used when no other code fits or in conjunction with other codes) and cash transaction. As described in item 3.4, banks, payment service providers and real estate agents were the three business groups which filed the most STRs 2016–2021. Below follows a breakdown of the most used suspicion codes for each of the three groups.
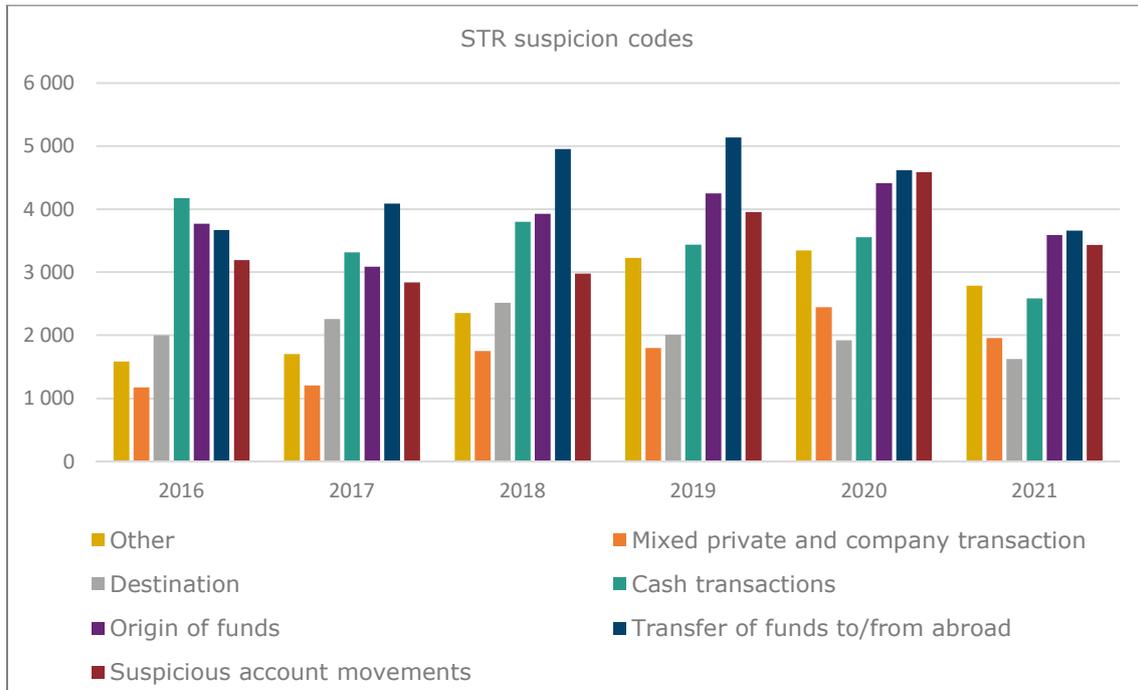

Chart 6: Suspicion codes used in STRs 2016–2021

For banks, payment card transactions were the transactions that most often caused suspicion, followed by origin of funds, suspicious account movement and transfer of funds to/from abroad.

STR suspicion codes - Payment service providers

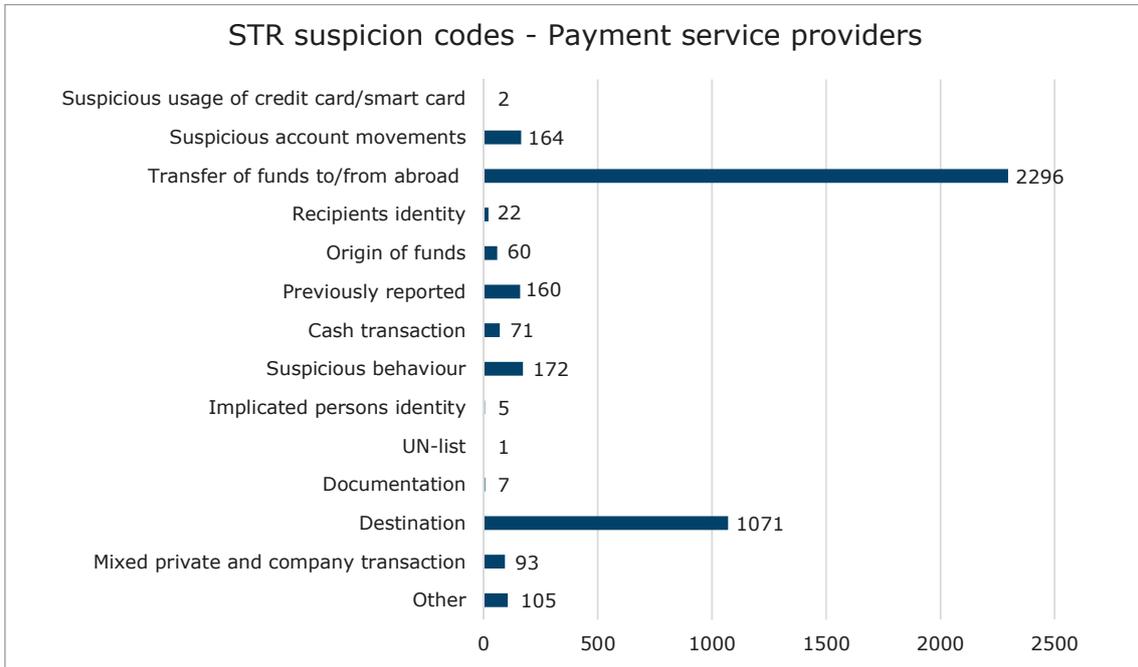| Category	Value
Suspicious usage of credit card/smart card	2
Suspicious account movements	164
Transfer of funds to/from abroad	2296
Recipients identity	22
Origin of funds	60
Previously reported	160
Cash transaction	71
Suspicious behaviour	172
Implicated persons identity	5
UN-list	1
Documentation	7
Destination	1071
Mixed private and company transaction	93
Other	105

Chart 7: Suspicion codes selected by banks in STRs 2016–2021

Payment service providers, obviously, most often ticked off for transfer of funds to/from abroad, followed by destination, suspicious behaviour and suspicious account movements.
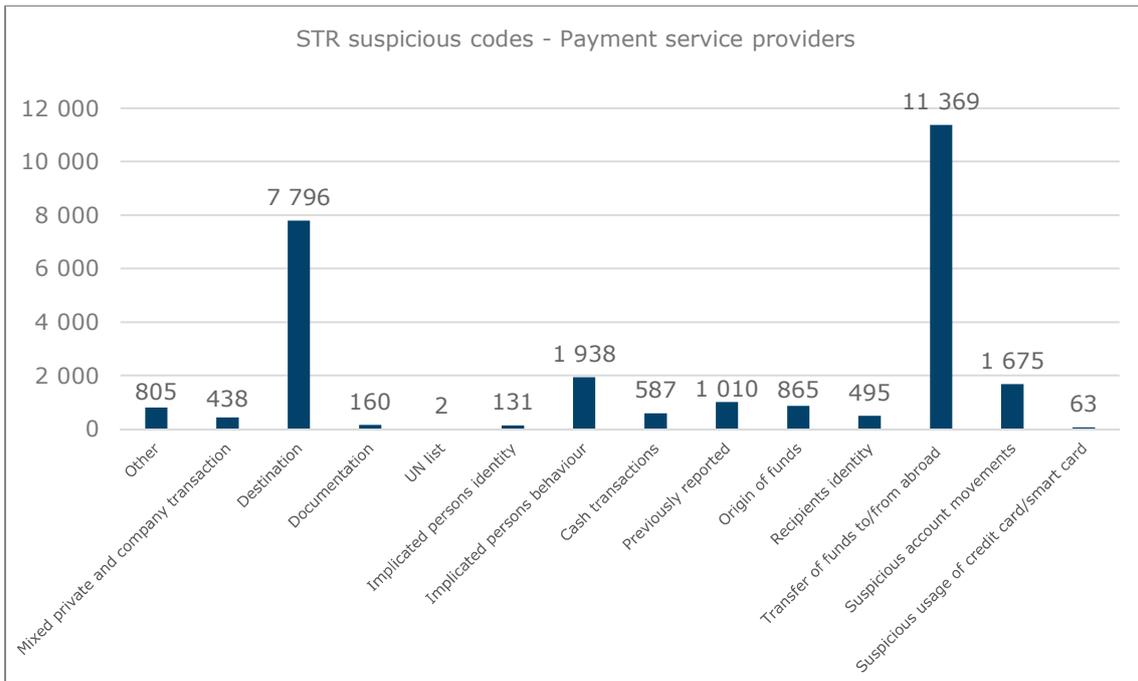

STR suspicious codes - Payment service providers

Category	Value
Other	805
Mixed private and company transaction	438
Destination	7 796
Documentation	160
UN list	2
Implicated persons identity	131
Implicated persons behaviour	1 938
Cash transactions	587
Previously reported	1 010
Origin of funds	865
Recipients identity	495
Transfer of funds to/from abroad	11 369
Suspicious account movements	1 675
Suspicious usage of credit card/smart card	63

Chart 8: Suspicion codes selected by payment service providers in STRs 2016–2021

Among real estate agents, origin of the funds was the most used suspicion code, followed by other, mixed private and company transaction, and suspicious behaviour.
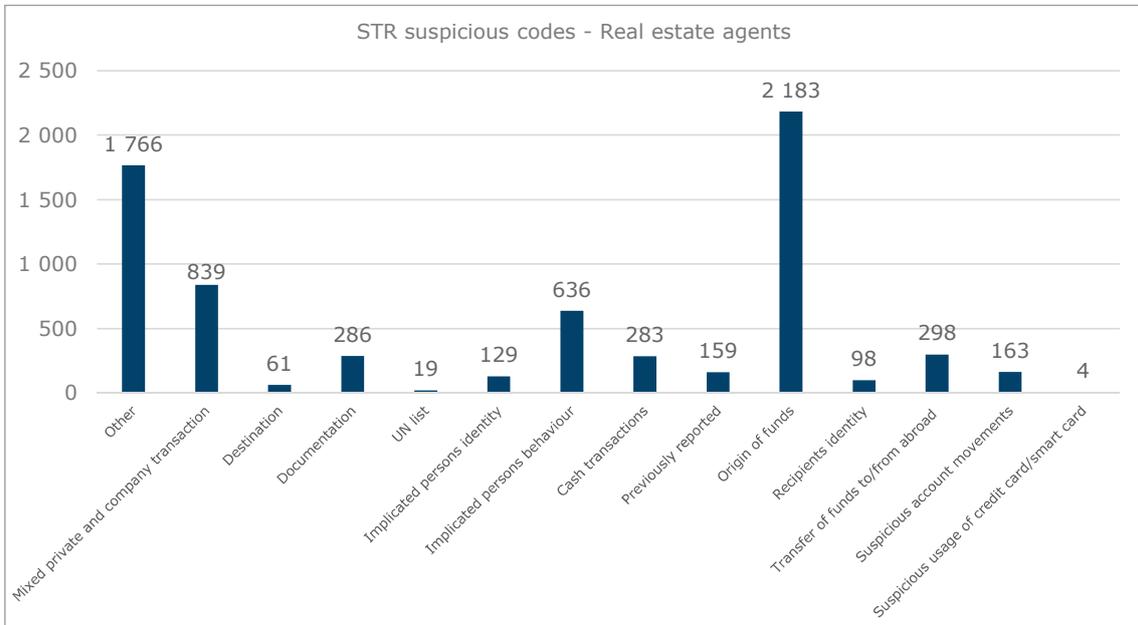

Chart 9: Suspicion codes selected in STRs by real estate agents 2016–2021

5. Crime areas

Below follows a trend analysis of selected crime areas that stood out during 2016–2021 based on developments or prevalence among the business groups.

5.1. Suspicion of financing of terrorism

When filing STRs, the reporting entities can tick off for suspicion of financing of terrorism (Altinn form item 4.4).
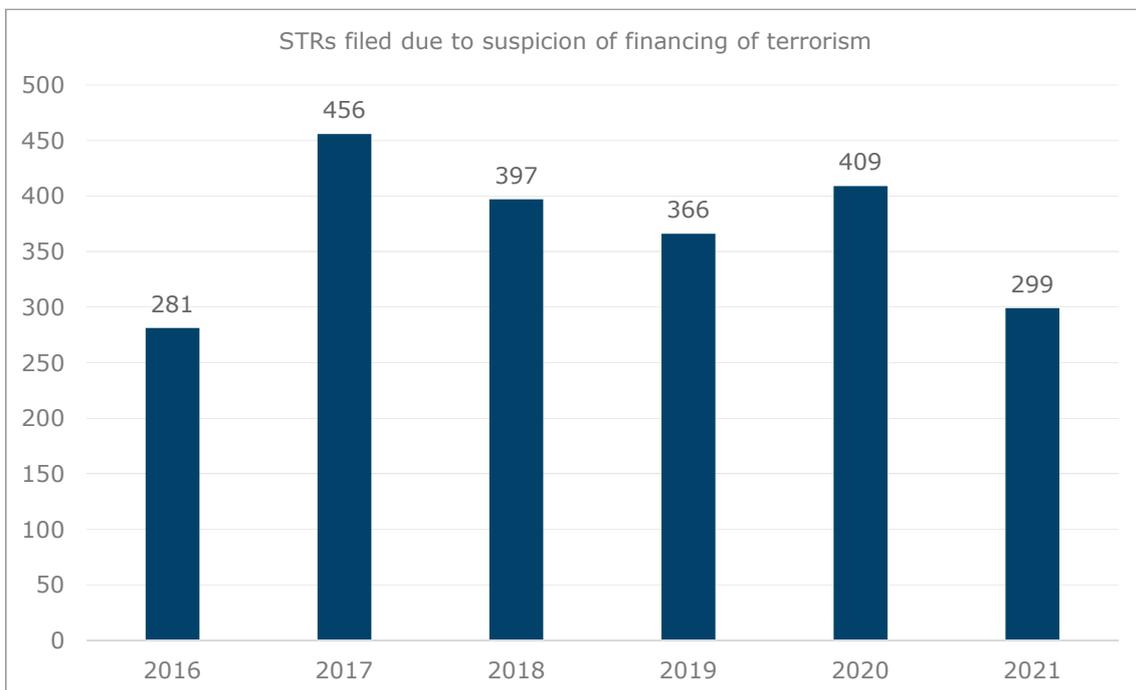

Chart 10: STRs filed due to suspicion of financing of terrorism per year

Chart 10 provides an overview of STRs filed due to suspicion of financing of terrorism 2016–2021. The number of STRs filed due to suspicion of financing of terrorism grew marginally from 2016 to 2021, but the numbers nearly doubled compared with the period 2011–2016. Table 2 shows the developments in percent. Banks and payment service providers filed the majority of STRs due to suspicion of financing of terrorism 2016–2021. Banks filed the majority with 68 percent and payment service providers 27 percent of the total number. We see a small increase in STRs filed by others, including real estate agents and others, cf. the MLA section 4.

	2016	2017	2018	2019	2020	2021
STRs with suspicion of FoT	281	456	397	366	409	299
Total number of STRs	8,776	8,901	10,748	11,539	12,701	9,997
Financing of terrorism in percent of total number of STRs	3.2 %	5.1 %	3.7 %	3.2 %	3.2 %	3.0 %

Table 2: STRs filed due to suspicion of financing of terrorism in percent of the total number of STRs filed
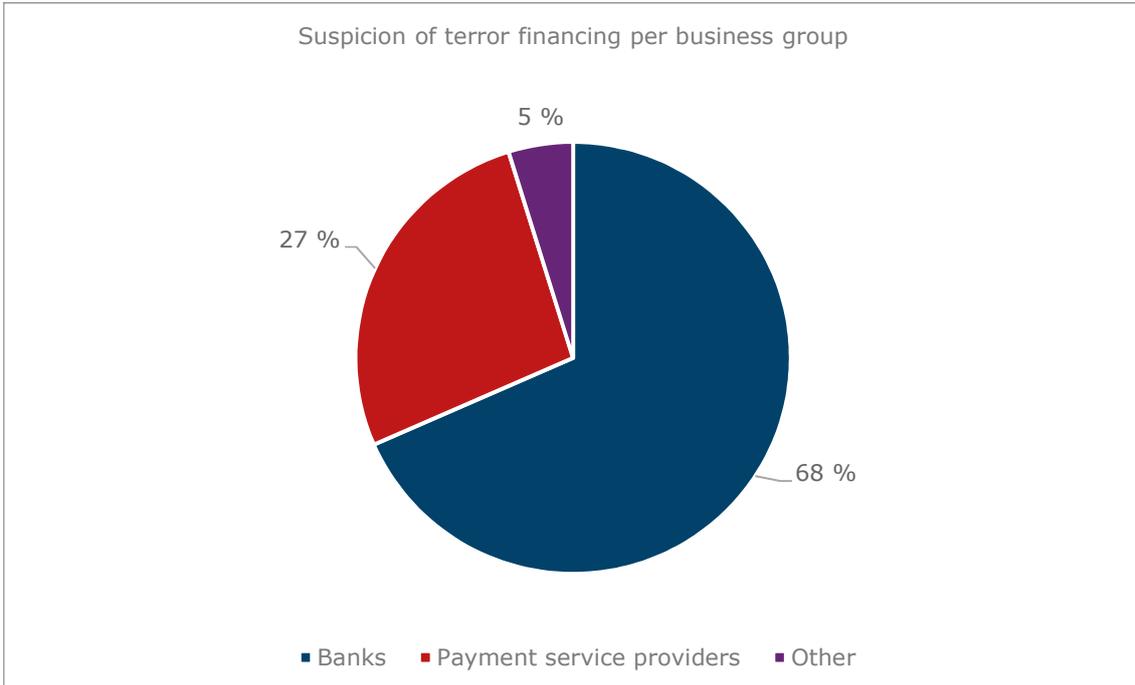
Chart 11: Number of STRs filed due to suspicion of financing of terrorism per business group

5.2. Suspicion of tax fraud and exploitation of workers

During the period 2016–2021, 3,651 STRs were filed due to suspicion of tax fraud and exploitation of workers. Note that the number of STRs linked to tax fraud and exploitation of workers probably is higher than indicated by the data subset, and all reports linked to this type of crime will not be included in these statistics. However, we see that the numbers were relatively stable during 2016–2021, with a small dip in 2019.
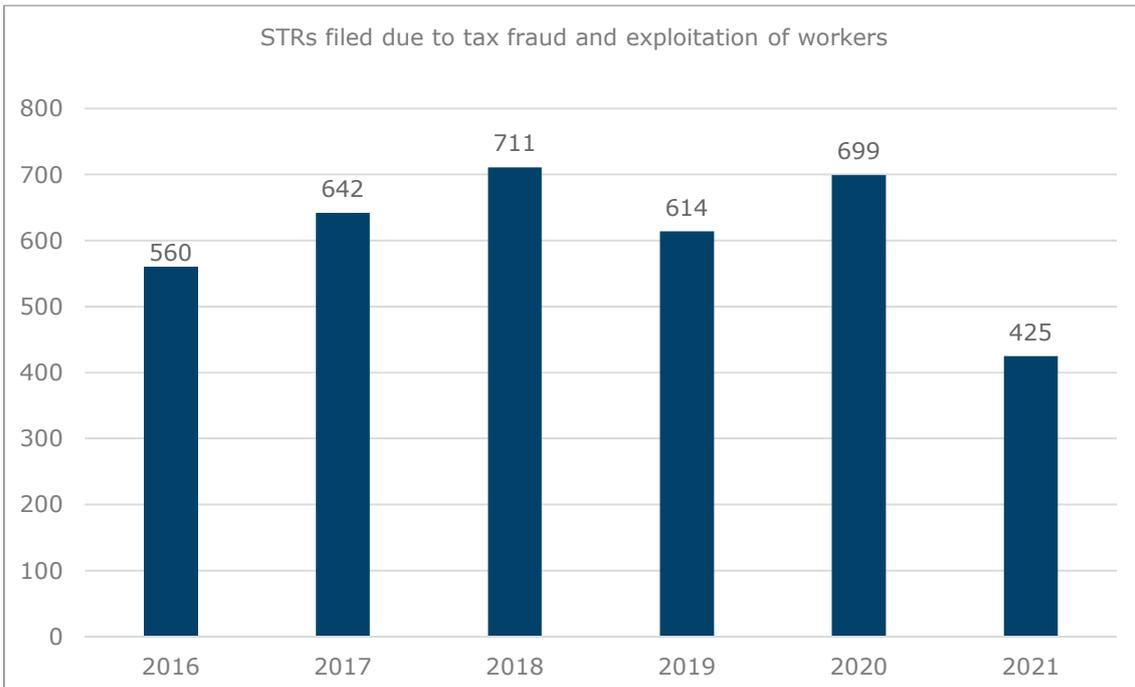

Chart 12: STRs filed due to suspicion of tax fraud and exploitation of workers per year

Banks (evenly divided between commercial and savings banks) is the business group that reports most suspicions of tax fraud and exploitation of workers.
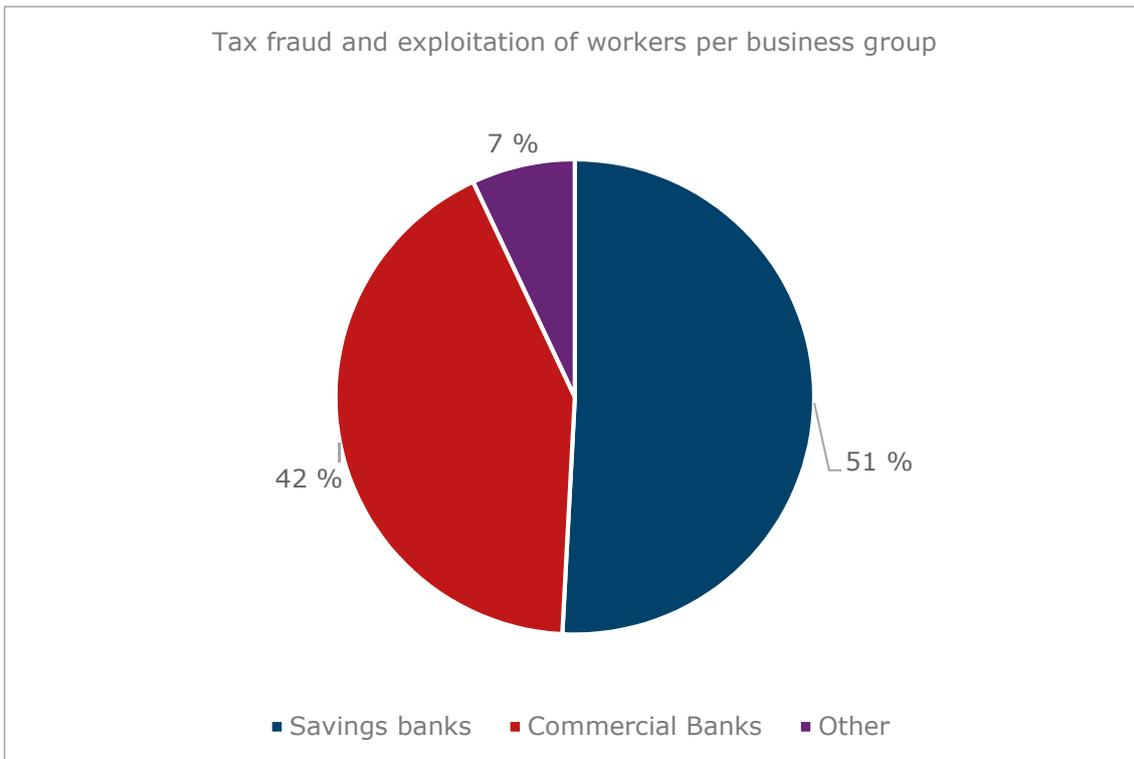
Tax fraud and exploitation of workers per business group

7 %

51 %

42 %

- Savings banks   - Commercial Banks   - Other

Chart 13: STRs per business group

5.3. Suspicion of fraud and money mule activity[8]

During the period 2016–2021, 7,018 STRs were filed linked to fraud and money mule activity (excluding insurance fraud). These activities have had a significant increase during the period. In 2020 alone, 1,881 STRs were filed linked to suspicion of fraud and money mule activity. This may be due to a growth in fraud during the corona pandemic. Banks, both commercial and savings banks, file the most STRs, followed by others, cf. the MLA section 4, of which cryptocurrency exchanges make up a large share after these companies became obliged reporting entities. Further, payment service providers filed many reports with suspected fraud and money mule activity.

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8   A money mule is a person who receives money from one person and transfer the money to a second person (either electronically or in cash).
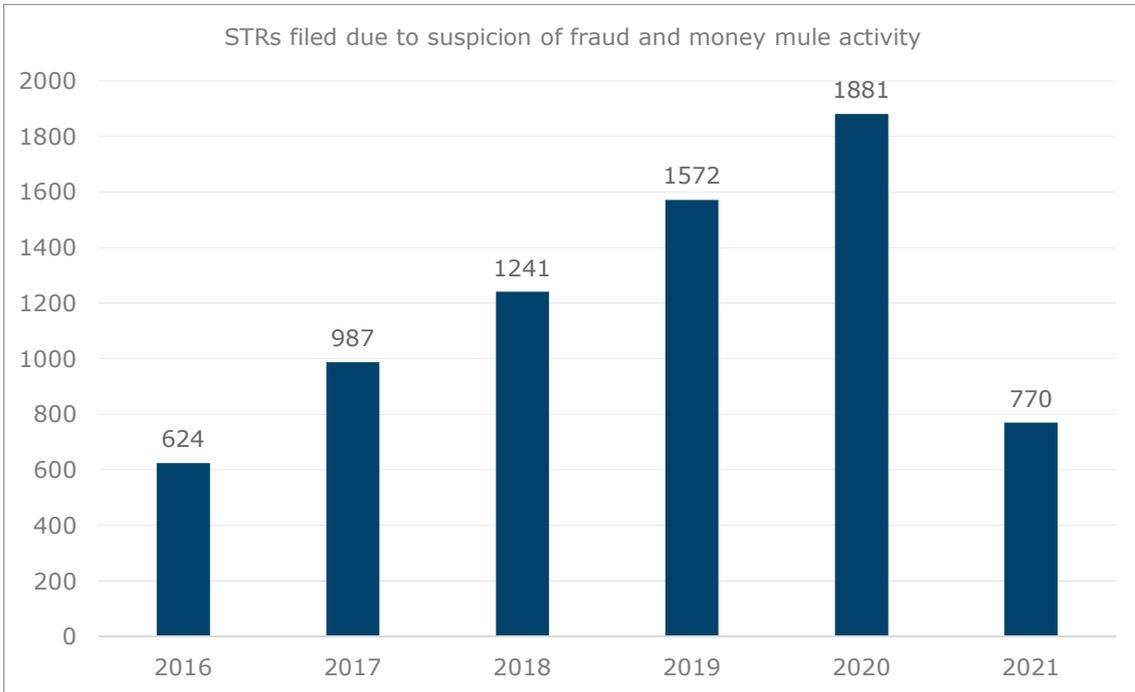
17

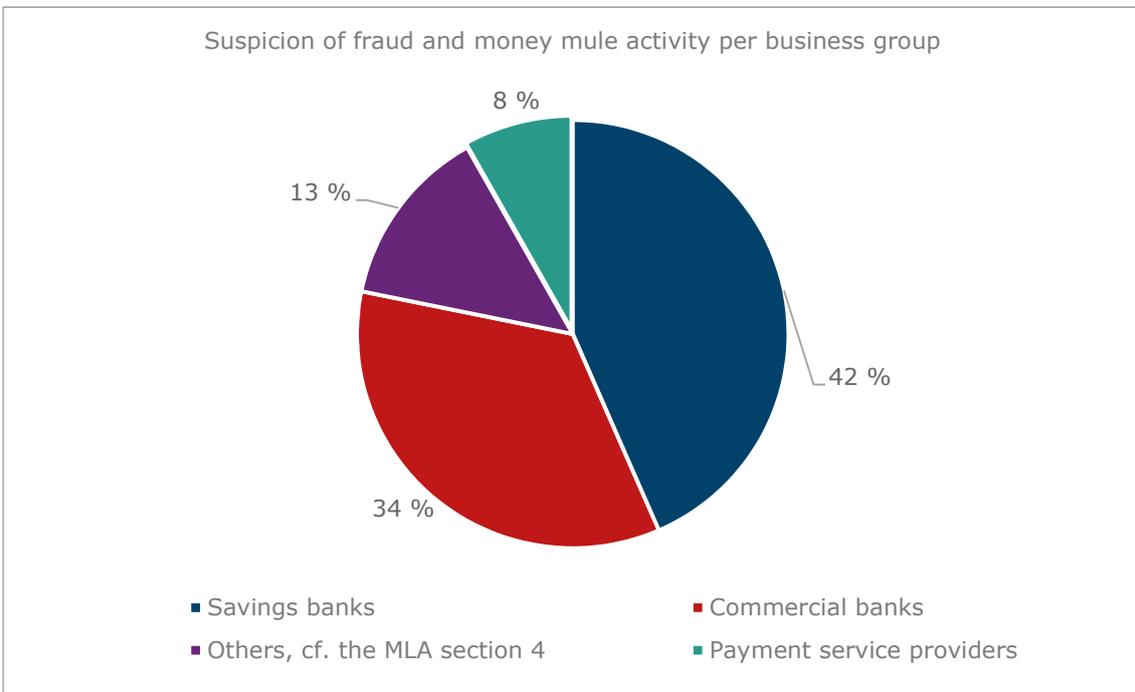STRs filed due to suspicion of fraud and money mule activity

Year	Value
2016	624
2017	987
2018	1241
2019	1572
2020	1881
2021	770

Chart 14: STRs filed due to suspicion of fraud and money mule activity per year

Suspicion of fraud and money mule activity per business group

- Savings banks: 42 %
- Commercial banks: 34 %
- Others, cf. the MLA section 4: 13 %
- Payment service providers: 8 %

Chart 15: STRs per business group

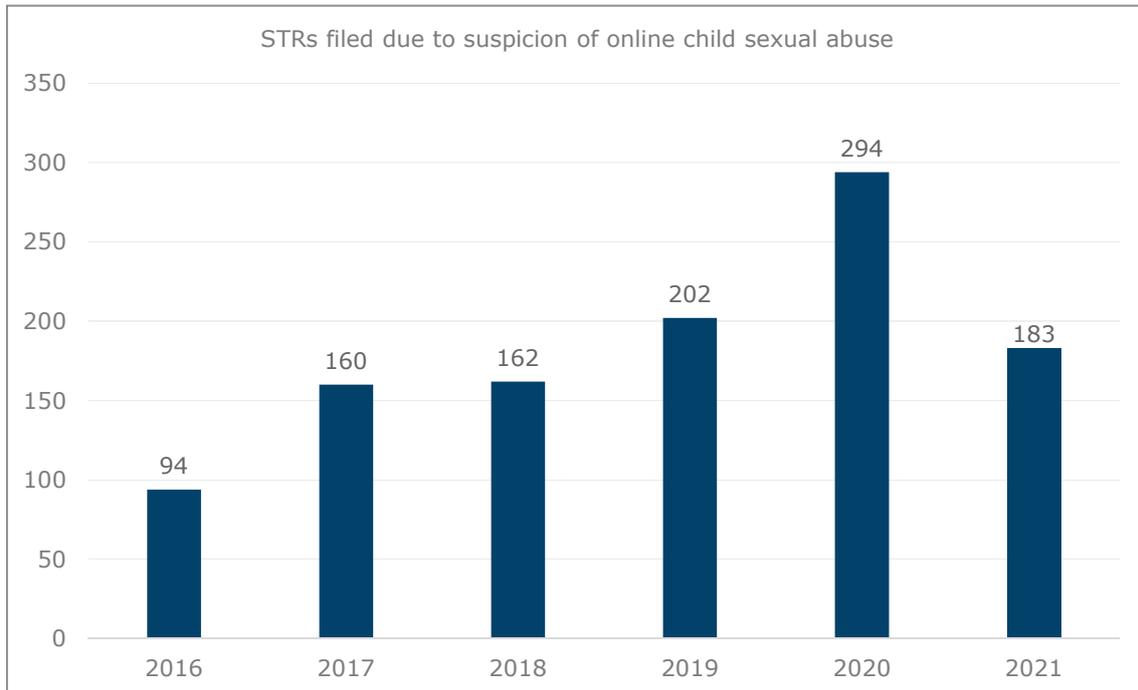## 5.4. Suspicion of online child sexual abuse

Chart 16: STRs filed due to suspicion of online child sexual abuse

During 2016–2021, 1,095 STRs were filed due to suspicion of online child sexual abuse. The numbers have stayed relatively low, but saw an increase in 2020. According to Europol, this may be due to increased risk of child sexual abuse during the corona pandemic[9]. Payment service providers file more than two thirds of the reports of suspected online child sexual abuse, followed by banks.
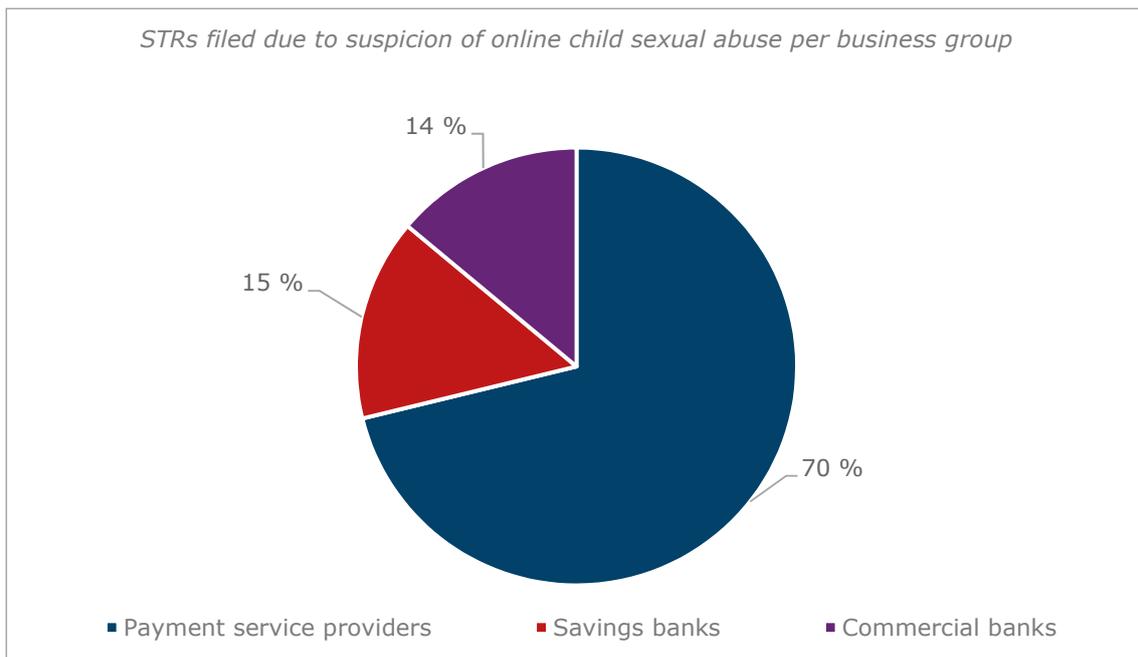

Chart 17: STRs per category

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9 https://www.europol.europa.eu/covid-19/covid-19-child-sexual-exploitation

6. Who are reported?

6.1. Sex

A total of 45,837 individuals[10] were implicated in STRs once or more during 2016–2021. This is twice as many as during 2011–2016. Men made up the majority with 69 percent, women 28 percent and slightly more than 3 percent of implicated persons are recorded as "unknown"[11] (Chart 18). The changes from 2011–2016 are minimal.
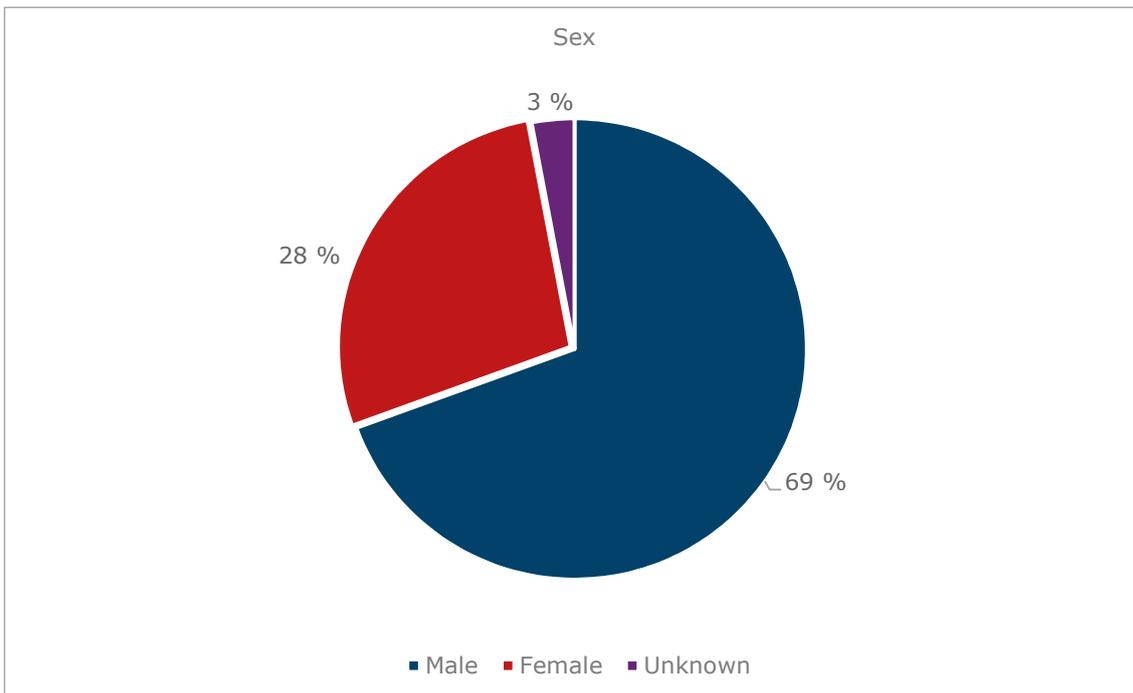

Chart 18: Individuals implicated in STRs 2016–2021 by sex.

The crime statistics for 2019[12] show that for all crimes, the percentage of men charged was higher than the percentage of men implicated in STRs for 2016–2021. Chart 19 shows that 86 percent of all persons charged were men and 14 percent were women.

10 The person the reporting entities suspect is the principal offender (individual or organisation) behind the suspicious activity
11 The category unknown contains both STRs in which the sex is unknown and transactions for which the "sex" field in the money laundering database is blank
12 SSB statistikkhttps://www.ssb.no/sosiale-forhold-og-kriminalitet/statistikker/lovbrudde/aar

Who are reported?

Persons charged with an offence 2019 by sex
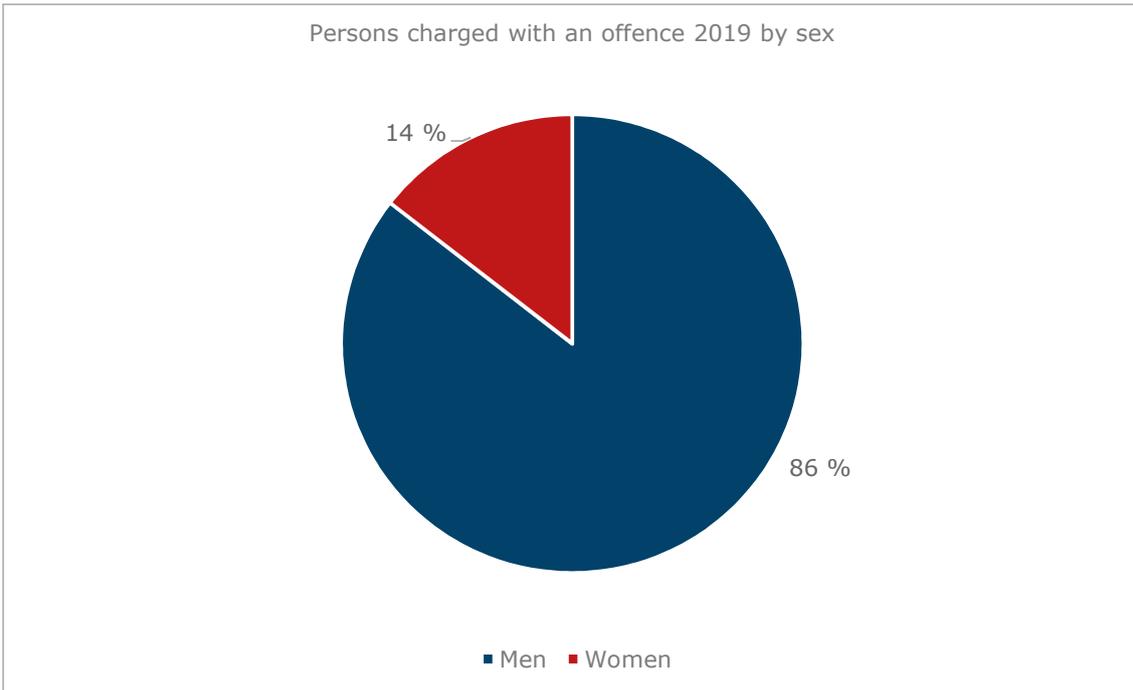
14 %

86 %

■ Men   ■ Women

Chart 19: Persons charged by sex in percent; total number of offences – 2019, source: Statistics Norway

The figures for persons charged with money laundering are roughly similar to the figures for crimes in general. The percentage of men charged with money laundering relative to the percentage of men implicated in STRs 2016–2021, was higher than that of women, with 90 and 10 percent, respectively (Chart 20). We also see from the crime statistics that the total number of persons charged with money laundering was 1,477, of a total number of 143,442 charges. This is a significant increase from 2011–2016, when only 46 persons were charged with money laundering.
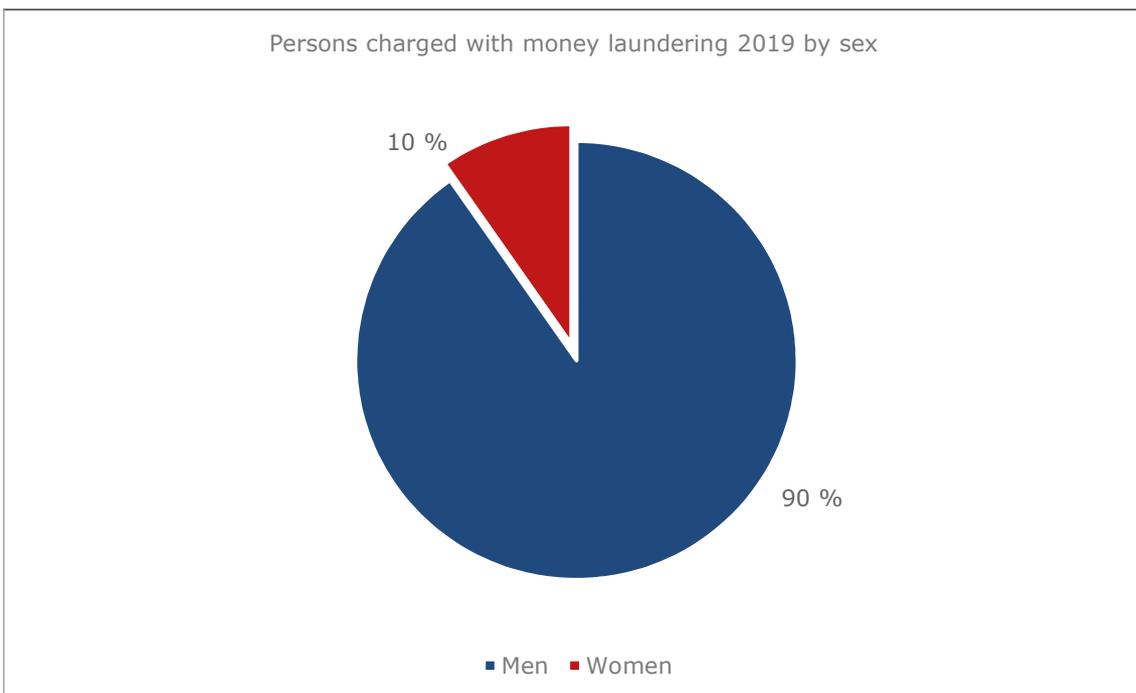
Persons charged with money laundering 2019 by sex

10 %

90 %

■ Men   ■ Women

Chart 20: Persons charged with money laundering by sex 2019, in percent. Source: Statistics Norway

6.2. Age

Persons implicated in STRs during 2016–2021 were mostly in the 30–49 age group. This age group made up approx. 50 percent of the total, of which 27 percent were in the 30–39 age group and 23 percent in the 40–49 age group. Persons 50 years and older made up 32 percent, of which 17 percent in the 50–59 age group and 15 percent in the group 60 and older. Persons under 30 made up 18 percent of the total number of implicated persons, and they were mainly in the 20–29 age group.

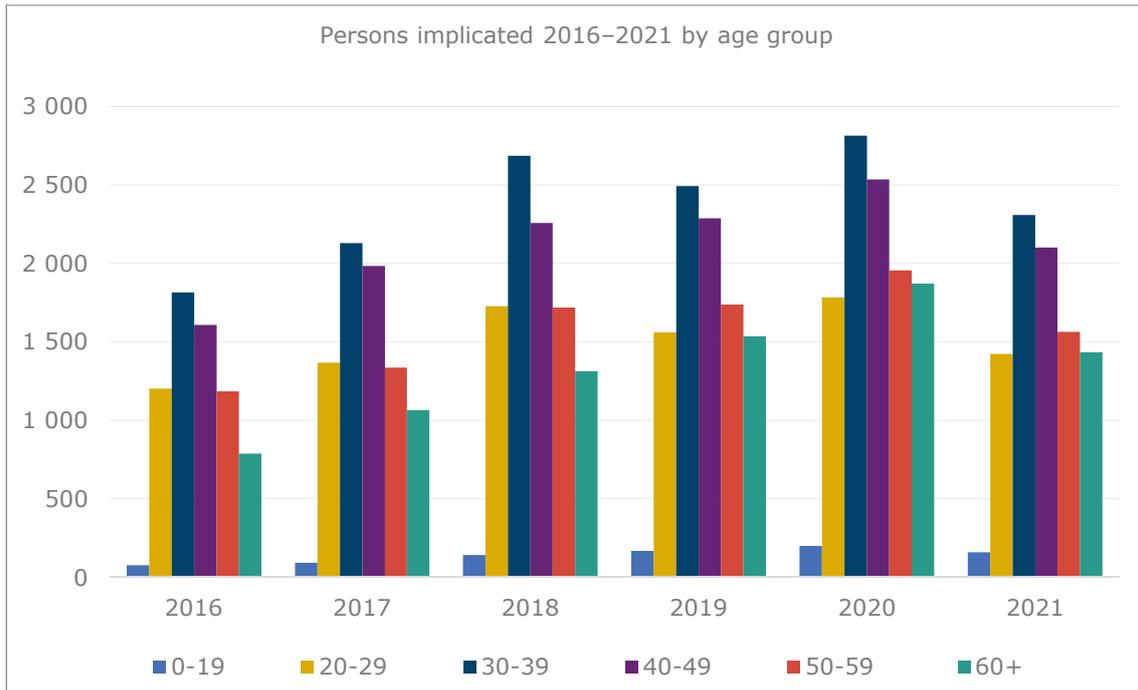Persons implicated 2016–2021 by age group

Chart 21: Persons implicated in STRs 2016–2021 by age group

Statistics Norway's crime statistics for 2019 show that persons charged with commission of a criminal act as a whole were younger than persons implicated in STRs. The age distribution for persons charged with money laundering, however, was similar to that of persons implicated in STRs.

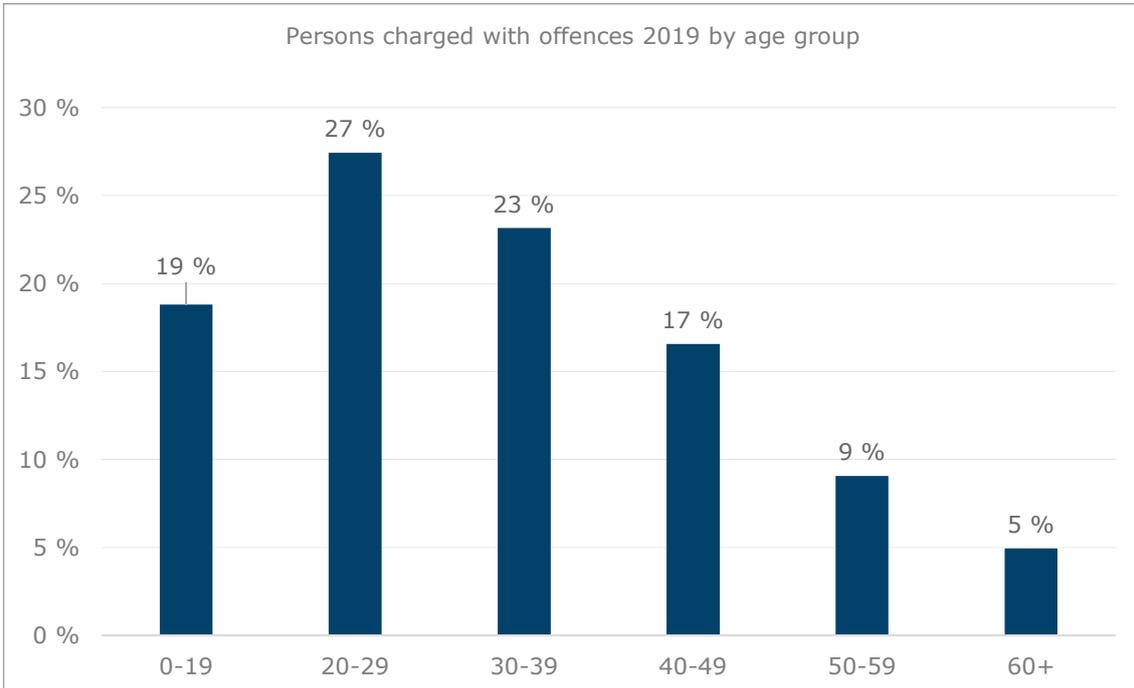Persons charged with offences 2019 by age group

Chart 22: Age of all persons charged with crime in 2019 Source: Statistics Norway

The crime statistics show that 46 percent of all persons charged with a crime in 2019 were under 30 years old, 40 percent were between 30 and 49 years old, and 14 percent were 50 or older. The numbers for persons implicated in STRs as principal offenders in money laundering, show that 42.2 percent were under 30, 52 percent between 30 and 49, and 5 percent were 50 years or older.

In 2019, almost no one over 60 was charged with money laundering (Chart 23). When we compare this to the number of persons aged 60 and older who were reported in STRs as implicated in money laundering, we see that they made up 14.5 percent of the total.

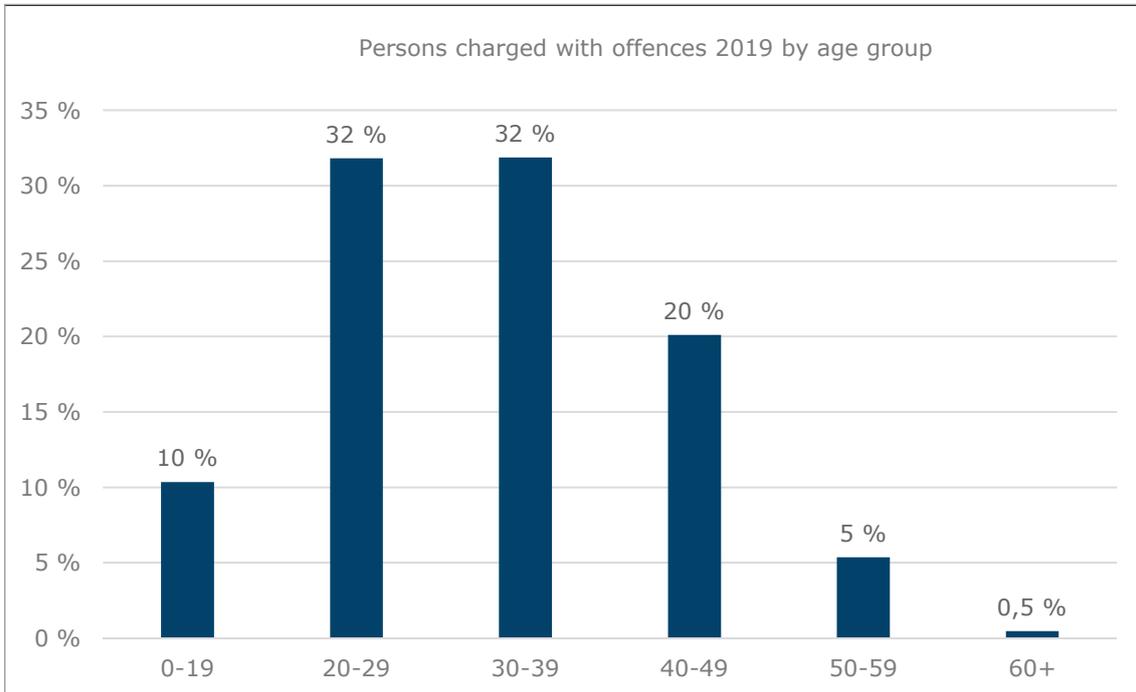Persons charged with offences 2019 by age group

Chart 23: Age of persons charged with money laundering in 2019 Source: Statistics Norway

6.3. ID type

90 percent of all persons implicated in STRs 2016–2021 were recorded with Norwegian national identity numbers. Further, 7 percent were recorded as unknown[13] and 3 percent were recorded with a Foreigner's Norwegian Identity Number (D number)[14].
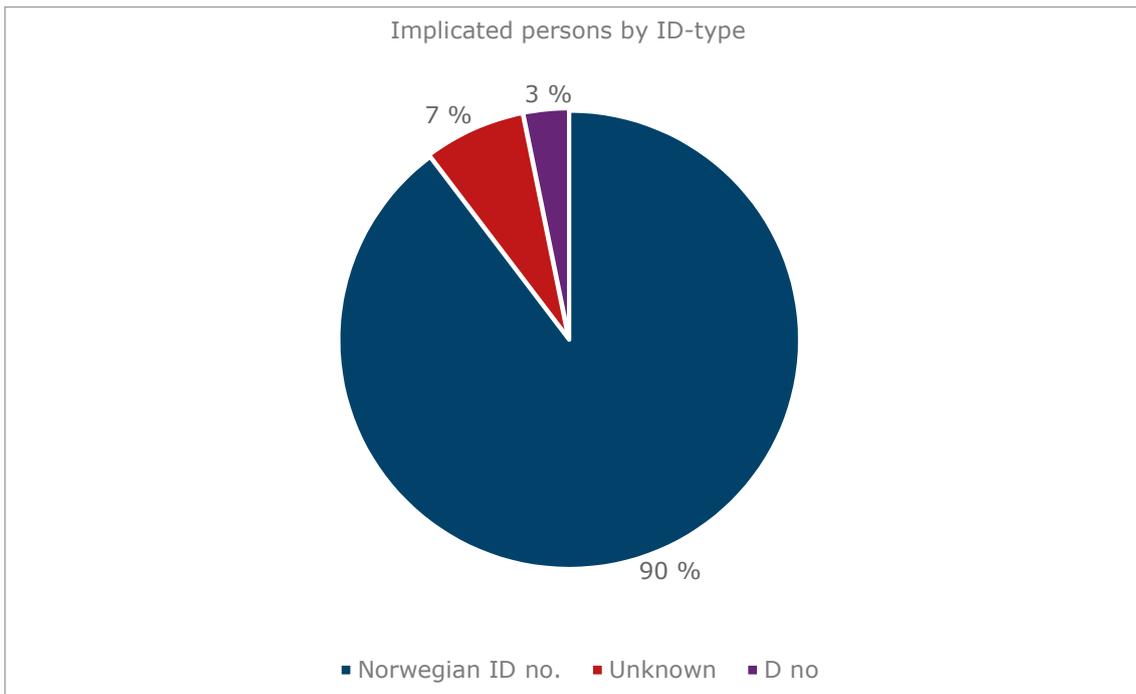

Chart 24: Persons implicated in STRs 2016–2020 by ID type

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13 In the category "unknown", no identity or D number is recorded.

14 People intending to work and stay in Norway for less than 6 months need a Foreigner's Norwegian Identity Number to be listed in the Central Population Register. A D number is needed to obtain an employee's tax withholding card (skatteetaten.no).

6.4. Nationality

Chart 25 shows the nationalities of implicated persons during 2016–2021[15]. In all, persons implicated were recorded with 143 different nationalities, an increase of 17 compared with 2011–2016. Implicated Norwegian nationals made up 74 percent of the total. The second most represented group, Polish nationals, made up 4 percent. After them followed Swedish, Syrian, Romanian and Lithuanian nationals. All other nationalities combined made up 16 percent of the total, all of them less than 1 percent.

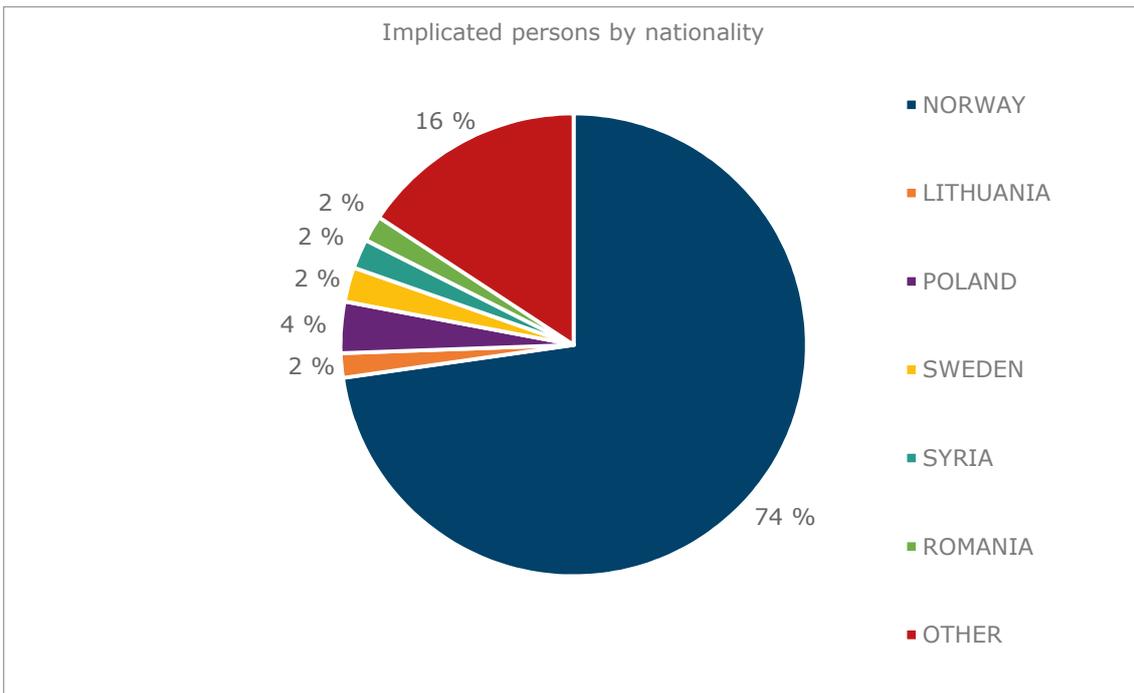Implicated persons by nationality

Chart 25: Persons implicated in STRs 2016–2021 by nationality

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15 Data extracted from the money laundering database on 30.06.2021. Any changes of nationality after the transaction is not reflected in the data.

6.5. Country of birth

In 2016–2021, a total of 166 different countries of birth were recorded for persons implicated in STRs, an increase of 12 compared with 2011–2016. Implicated persons born in Norway made up 44 percent of the total. The second most represented country of birth was Iraq, with 4 percent. Then followed Pakistan, Afghanistan, Poland, Syria, Iran, Vietnam and Thailand. Other countries made up 30 percent, but no single country represented more than 2 percent.
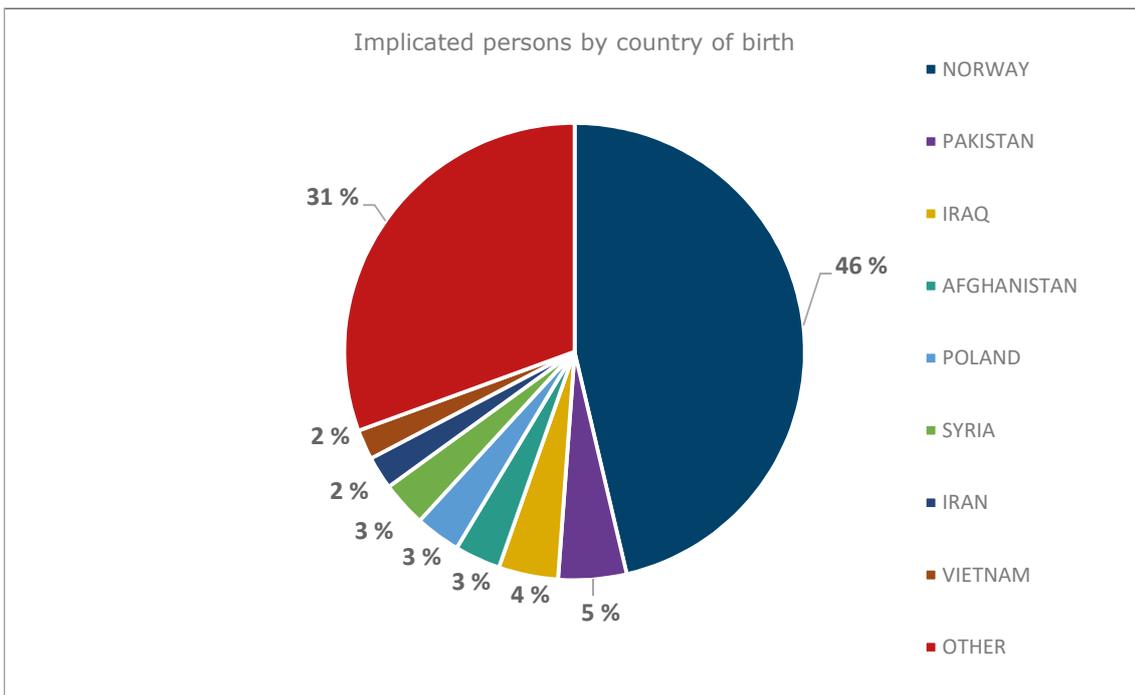

Chart 26: Implicated persons in STRs 2016–2021 by country of birth

6.6. Previously known to the police?

Are persons implicated in STRs known to police databases[16] before being reported to Økokrim?

The statistics show that just over half of all persons were unknown to the police before being reported to Økokrim during 2017–2020 (Chart 27). The statistics show that as a result of the anti-money laundering measures, Økokrim obtain information about individuals whom the regular police are unaware of[17]. An almost identical result was found for the period 2011–2016.

16 The criterion for being considered known to the police is that that a person is recorded with the roles suspect, person charged or convicted in the criminal cases database and/or as suspect or person charged in the police intelligence database before being reported to Økokrim.
17 A subset was extracted from the money laundering database for persons recorded with a national identity number in STRs for the period 2017-2020
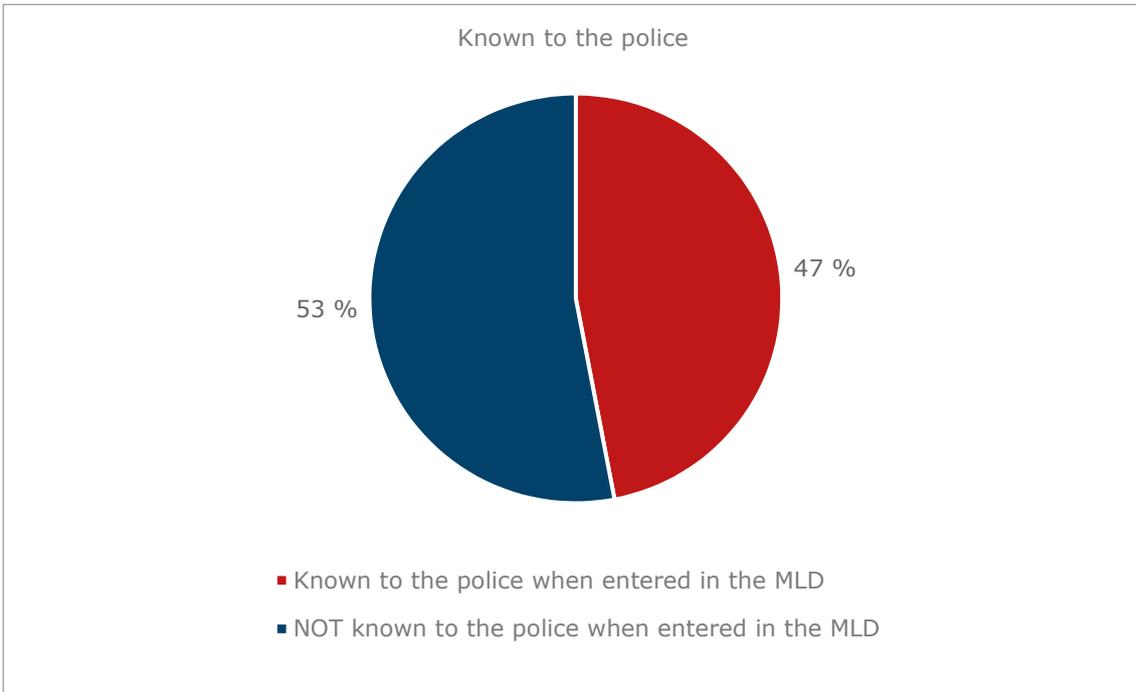
Known to the police

53 %   47 %

- Known to the police when entered in the MLD
- NOT known to the police when entered in the MLD

Chart 27: Known to the police when reported 2017-2020

6.7. Organisations reported

During 2016–2021, 5,527 organisations were reported once or more as implicated in STRs, a doubling from 2011–2016.

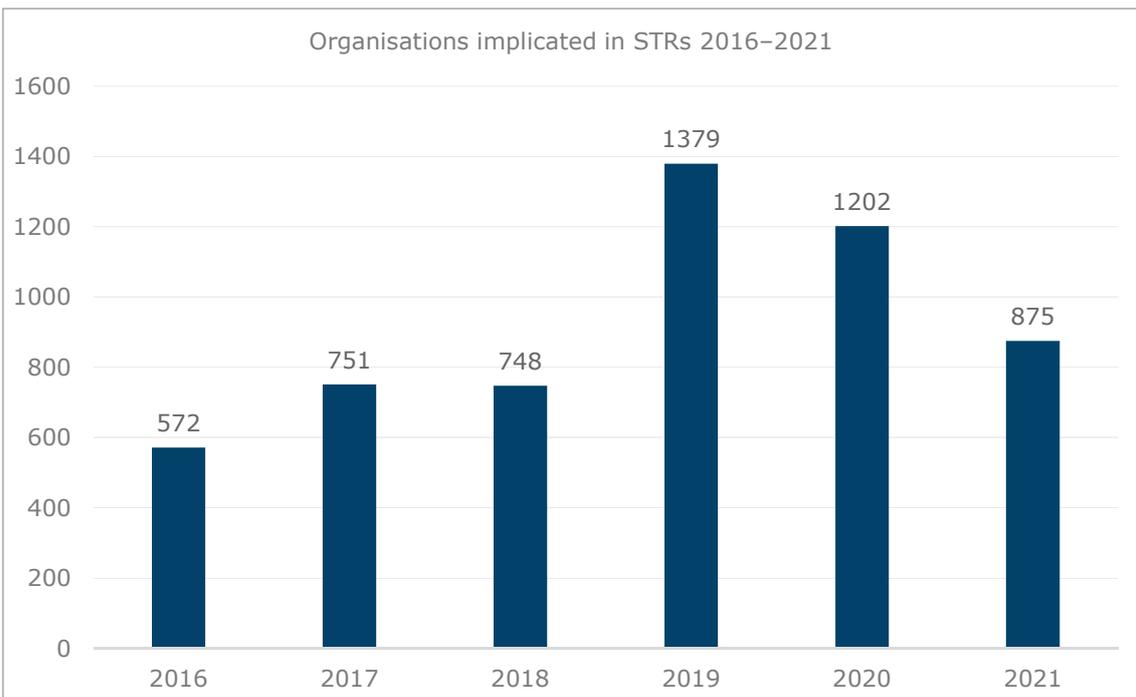Organisations implicated in STRs 2016–2021

Chart 28: Organisations implicated in STRs 2016–2021

A comparison with total number of STRs filed (table 3), shows a near doubling of the numbers from 2016 to 2020. However, organisations are implicated in less than 10 percent of all STRs.

Year	2016	2017	2018	2019	2020	2021
Organisations implicated in STRs	572	751	748	1379	1202	875
In % of total number of STRs	6.5%	8.4%	7.0%	11.8%	9.5%	8.8%
Total number of STRs	8,780	8,901	10,748	11,539	12,701	9,997

Table 3: Organisation implicated in STRs in percent of total number of STRs filed per year 2016–2021

6.8. Industry codes

Organisations are registered with industry codes in the companies' register. An enterprise's industry code reflects its main business activity and is determined using the Norwegian industrial classification standard[18]. A few organisations are registered with more than one industry code and may therefore be represented in more than one code group. They are, however, very few, and mostly registered in related industries. We have therefore decided to disregard this in the report. Chart 29 shows the number of implicated organisations by industry codes for 2016–2021.
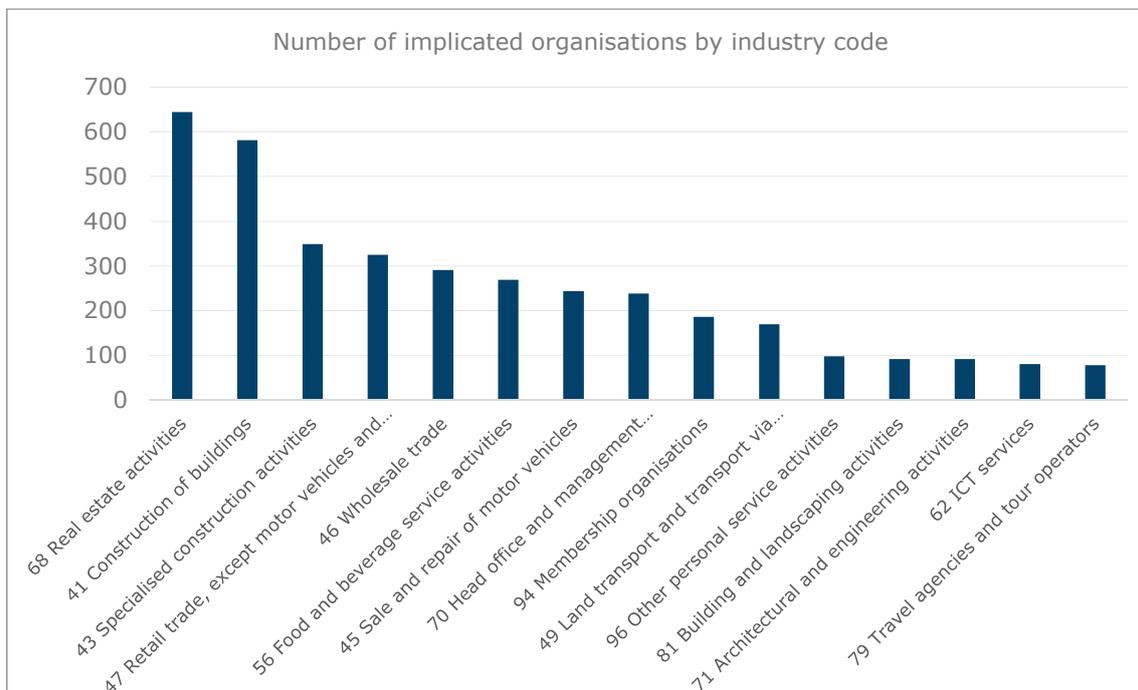

Chart 29: Number of implicated organisations by the most frequently reported industry codes 2016–2021

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18   https://www.ssb.no/virksomheter-foretak-og-regnskap/nace

Table 4 provides the same information as Chart 29, but also year-on-year developments during the period. A total of 79 different industry codes were reported in STRs 2016–2021. The table shows the 15 most reported codes.

Implicated organisations	2016	2017	2018	2019	2020	2021	Period 2016–2021 (in all)
68 Real estate activities	41	75	106	125	158	138	644
41 Construction of buildings	52	93	96	108	136	95	581
43 Specialised construction activities	42	47	60	60	78	59	349
47 Retail trade, except motor vehicles and motorcycles	34	63	36	51	82	56	325
46 Wholesale trade	18	37	42	90	55	51	291
56 Food and beverage service activities	35	56	45	53	46	34	269
45 Sale and repair of motor vehicles	28	25	37	48	64	41	244
70 Head office and manage-ment consultancy activities	20	36	34	45	52	25	238
94 Membership organisations	28	43	22	28	40	30	186
49 Land transport and transport via pipelines	21	29	22	32	35	24	170
96 Other personal service activities	11	20	15	18	10	24	98
81 Building and landscaping activities	19	13	14	14	19	13	92
71 Architectural and engineering activities	3	13	14	24	19	14	92
62 ICT services	8	7	14	18	20	14	81
79 Travel agencies and tour operators	13	19	11	15	14	6<	78

Table 4: Overview of the most often reported industry codes 2016–2021

Real estate activities and construction of buildings. have had a significant, and the largest, increase since 2016, with a total of 644 and 581 organisations in each industry, respectively, being reported as implicated in STRs 2016–2021. They were followed by the specialised building and construction the industry. The construction industry then stood out as the industry with the most organisations being reported for suspicious activity 2016–2021.