

Assessing the Costs of AML Initiatives and Outputs in Small Caribbean States

by

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Abstract

This paper is a comparative analysis of four small Caribbean states to determine the extent of potential money laundering in the Caribbean region during a 10-year period. It also quantifies the costs incurred in complying with AML rules by Financial Intelligence Units (FIUs) in these states, and assesses the outputs produced by these FIUs to assist in preventing money laundering. An examination is also undertaken to identify which countries are the principal benefactors of these efforts and to determine the costs incurred by these Caribbean states in the provision of AML outputs to these benefactors. Benefactors are categorized into three main groups, OECD Member States, EU Member States and non-OECD Member States and non-EU Member States. Findings reveal that OECD Member States and EU Member States are the principal benefactors of AML outputs produced by these four Caribbean states compared to non-OECD Member States and non-EU Member States. Among OECD Member States, the US is the principal benefactor across all four Caribbean states, and collectively. Whereas, within the EU block, the UK is consistently the principal benefactor. In comparison to non-OECD Member States and non-EU Member States, findings reveal that Russia is the largest benefactor. Among all countries, the US emerges as the largest single benefactor, followed by the UK and Russia.

Keywords: Scale of Money Laundering, Cost of Money Laundering, Offshore Financial Centres, Caribbean, The Bahamas, Bermuda, British Virgin Islands, Cayman Islands, OECD countries, EU countries.

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1. Introduction

While the scale of money laundering is difficult to quantify, the costs associated with it is equally illusive. A number of studies have attempted to determine the extent of money laundering on a global scale, but have resorted to producing estimates.¹ Similar findings are also observed in case studies aimed at achieving the same objective.² Whereas, studies which have attempted to assign a cost to money laundering have ended up with similar results.³ Whether the focus is on quantifying the extent of money laundering and the costs associated with it in a specific sector, country or region, the fact is that it remains a daunting task for all despite its critical importance.⁴

The high presence of money laundering activities within a particular country or region has the potential to ruin the reputation of jurisdictions, particularly those that heavily rely on its financial sector as part of its gross domestic product (GDP) to achieve real economic growth.⁵ This is particularly true for small Caribbean states whose GDP have become highly concentrated in and heavily dependent on their financial service sectors. Adhering to international standards with respect to AML, countering the financing of terrorism and countering proliferation financing have become of utmost importance for countries in this region. While non-compliance comes at a high cost for these countries, as it can destroy their reputation, which is a critical component to the success of the industry, and can inevitably result in the loss of business, equally so, compliance with such standards comes at a high price to governments of these jurisdictions whose contributions have been insufficient to sustain the operating costs of their respective FIUs.

Although AML standards have been beneficial for the most part in bringing about a higher level of transparency and increased adoptions in the number of exchange mechanisms, which has resulted in greater participation in international cooperation on the part of all jurisdictions,⁶ these measures have significantly increased the cost of compliance to AML rules for small Caribbean states on one hand, while on the other hand, their efforts have mainly served to benefit certain countries.

This paper is an attempt to determine the extent of money laundering in four small Caribbean states during a ten-year period. It will review the costs incurred and the outputs produced by these countries to comply with AML rules, and identify the major benefactors of these AML initiatives. In comparison to other studies, it differs in its approach to determine the extent of money laundering, the costs associated with it, and the region selected to undertake this research. From these three perspectives, this study is novel and will introduce new information to fill a gap in academic literature. In this regard, data obtained from suspicious

¹ OECD, 1999; World Bank, 2006; V. Tanzi, 2006; B. Unger, 2007; F. Schneider, 2007. AUSTRAC, J. Walker, and RMIT University (2007); Reuter, P. and Truman, 2007.

² HM Treasury, 2003; AUSTRAC, J. Walker, and RMIT University (2007); J. Walker (1995); M. E. Beare and S. Schneider, 2007.

³ Reuter, P. and Truman, 2004; HM Treasury, 2003; PricewaterhouseCoopers LLP and Financial Services Authority, 2003; KPMG, 2004.

⁴ M. Yeandle, M. Mainelli, A. Berendt, and B. Healy (2005); HM Treasury, 2003.

⁵ Suss et al., 2002; IMF, 2017; Butkiewicz and Gordon 2013.

⁶ A. Campbell, 2021.

transaction reports (STRs) and suspicious activities reports (SARs) filed by money laundering reporting officers (MLROs) directly with FIUs in each jurisdiction are analyzed to determine the extent of money laundering in each respective country over a 10-year period, and collectively across all four countries. This data has been obtained from the annual reports published by the FIUs in each jurisdiction, which can be found on their websites.

To decide the costs associated with money laundering, this study has narrowed its focus to the costs incurred by the FIUs in each country to comply with AML rules. These AML rules relate specifically to the FATF Recommendation 37, which speaks to the provision of the widest possible range of mutual legal assistance (MLA) in relation to money laundering, associated predicate offences and terrorist financing investigations, prosecutions, and related proceedings.⁷ They also refer to Recommendation 38, as it relates to action taken in response to requests by foreign countries to identify, freeze, seize and confiscate property laundered; proceeds from money laundering, predicate offences and terrorist financing; instrumentalities used in, or intended for use in, the commission of these offences; or property of corresponding value (FATF, 2012-2022). They also include Recommendation 40, which refers to the provision of the widest range of international cooperation in relation to money laundering, associated predicate offences and terrorist financing, whether spontaneously or upon request (FATF 2012-2022). MLA and request for information (ROI) are treated as the outputs produced by FIUs in each country to comply with AML rules instituted by the OECD through its special task force (FATF). The costs used for this analysis are the operating costs incurred by FIUs in each jurisdiction for the period in which this data is available (2011 to 2016). These costs are assigned in proportion to the outputs produced by the respective countries. This paper goes further to identify which countries are the major benefactors of these AML outputs, and allocates the costs associated with these outputs to each benefactor to determine the cost incurred by each Caribbean state and across all four states in providing MLA and responses to ROI to all benefactors.

The region selected for the purpose of this study is the Caribbean region. One of the principal reasons for this selection is due to the fact that such research has never been done before in the region. Another motive for doing so is to add to existing literature about the region, which remains limited. The countries chosen for this research are namely; The Bahamas, Bermuda, the British Virgin Islands (BVI), and the Cayman Islands. These countries have been selected mainly because they are considered to be among the top principal financial centres in the region. Each are examined using key criteria based on data obtained from annual reports and audited financial statements published by and directly obtained from the FIUs in each jurisdiction. The results are compared country wise and across all four jurisdictions to determine the outcome for all countries collectively.

2. Approach

This paper is divided into three sections. In section I, a determination is made of the extent of potential money laundering in each financial centre using the following three criteria: 1) number of suspicious transaction reports (STRs) and suspicious activity reports (SARs) filed in each jurisdiction; 2) the principal sectors responsible for filing these reports; and 3) the

⁷ FATF, 2012-2022.

most prevalent alleged offences identified in each jurisdiction. This information is gathered from the annual reports published by the FIUs in these countries. The data obtained are calendarized to concur with the annual calendar period of January 1st to December 31st, where applicable. A comparative analysis is then undertaken for the period 2010 to 2019 for each country, and the findings are compared across all countries.

In section II, an assessment of the costs incurred by FIUs in each jurisdiction to adhere to AML rules is undertaken using their operating costs, which are compared to the contributions made by their respective governments. An analysis of the relationship between these two variables is conducted and the findings are explained for each country, and collectively for all countries. Due to the unavailability of data, the period used for this part of the analysis varies for each country, whereas, for all countries the period 2011 to 2017 is used. The data used in this section are obtained from the audited annual financial statements published by the FIUs in these four countries, and are also calendarized to coincide with the period January 1st to December 31st, where necessary.

In section III, an assessment of the outputs produced by these FIUs to assist in preventing money laundering is carried out using the following two main criteria: 1) the number of ROI received from foreign jurisdictions; and 2) the number of MLA provided to foreign countries. This information is gathered from the annual reports published by the FIUs in each jurisdiction. Where data is missing, a request was made directly to each FIU to obtain the required information. In some cases, the information was provided, and in other cases, such as Bermuda and the Cayman Islands, MLA data was not available. These countries are categorized into three categories, a) OECD Member States; b) EU Member States and; c) non-OECD and non-EU Member States to determine which countries are the principal benefactors of AML outputs produced by these four Caribbean states. This classification is done using the list of OECD Member countries and the 46 European Union Member States listed on the OECD and the Council of Europe websites.⁸ In this section, operating costs are also assigned to countries in each of these three categories to determine the costs incurred by these four Caribbean states in providing responses to ROI and MLA to each. The cost allocation is calculated by dividing the number of ROIs received from each country by the total number of ROIs, and multiplying this percentage by the total cost incurred by the FIU in each jurisdiction for the period. A similar calculation is done where ROI and MLA are provided by these Caribbean states. In such cases, cost is allocated in proportion to the percentage of ROI and percentage of MLA determined. For example, the total number of ROI is divided by the total number of ROI plus the total number MLA combined to obtain the cost proportionate to providing responses to all ROI by each Caribbean state. A similar calculation is done to determine the portion of cost allocated in rendering MLA by each Caribbean state.

An analysis is then undertaken to: a) determine the total number ROI and MLA provided by these four Caribbean states; b) identify the principal benefactors within each of the three categories aforementioned; and c) proportionate the cost incurred by Caribbean states to

⁸ <https://www.oecd.org/about/document/ratification-oecd-convention.htm>, and <https://www.coe.int/en/web/portal/46-members-states>

produce these outputs. This analysis is done per country and across all countries combined for the period 2011 to 2016 due to the unavailability of data. Finally, conclusions are made based on the findings of these analysis.

3. Section I: Analyzing the Extent of Potential Money Laundering

In this section, the suspicious activity/transaction reports (SARs/STRs) filed by the MLROs at financial institutions in each jurisdiction are analyzed to identify the most prevalent alleged offences reported to determine the extent of potential money laundering in each financial centre. In each respective country, these reports are filed by MLROs directly with the FIU once a suspicious transaction or activity is identified and a determination is made with respect to it. These MLROs are also responsible for indicating the type of suspected criminality the suspicious transaction or activity relates to in their report. Based on an analysis of these reports, the following findings were revealed.

A. Bahamas

In The Bahamas an increase in STRs filed during the period 2010 to 2018 was observed with a slight decline in 2019. Approximately 3,081 STRs were filed, to which banks attributed 75% (2,302), followed by money transmission businesses with 8%, and casinos and trust companies each with 5.0% (see Table 1). Among banks, domestic offshore banks attributed 47.1%, offshore banks 19.3% and domestic banks 6.1% of STRs filed within this category. Adverse media reports and publicity on individuals who were subjects of STRs was cited as grounds for disclosure in 20.2% of cases, followed by account not keeping with KYC requirements in 18.2% of submissions. Of all STRs filed, criminality was not suspected in 43% of submissions, whereas, fraud was suspected in 22%, followed by “other” category and corruption, which were cited at 15% and 6% respectively. Tax evasion, proliferation financing and terrorism were each suspected in less than 1% of submissions, whereas, money laundering was not indicated as a category where criminality was suspected.

Table 1

<i>Suspicious Transaction Reports (STRs)</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Total	142	183	167	270	205	297	306	446	540	525	3,081	1.00
<i>Submission of STRs by FI Type</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Banks	117	152	149	240	182	240	197	357	369	299	2,302	0.75
Money Remittance Services	5	n/a	2	2	n/a	3	7	7	103	103	232	0.08
Casinos			2	0	n/a	9	44	36	19	48	158	0.05
Trust Companies	2	17	5	7	10	26	31	30	13	17	158	0.05
<i>Criminality Suspected</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Unknown/Undertermined	56	37	77	96	73	141	141	202	288	228	1,339	0.43
Fraud	39	26	37	69	43	59	60	113	101	142	689	0.22
Other	33	37	33	64	44	50	42	57	64	38	462	0.15
Corruption	2	n/a	1	7	15	21	22	39	45	38	190	0.06

Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; and FIU, 2019.

B. Bermuda

On the other hand, in Bermuda, 4,706 suspicious activity reports (SARs) were filed during the period, which was approximately 53% higher than those filed in The Bahamas (see Table 2).⁹ Of the number of SARs submitted, like The Bahamas, banks including credit unions were the principal sector responsible for filing 57% (2,694), followed by money service businesses and long-term insurers which submitted 22% and 10% of SARs respectively. Money laundering was suspected in 32% of all SARs filed, whereas, money laundering through cash exchanges was listed as a separate category, accounting for 27% of alleged offences, followed by fraud and tax evasion which accounted for 6% each. Banks, including credit unions, money service businesses and long-term insurers reported the highest number of SARs for each of these alleged offences.

Table 2

<i>Suspicious Activity Reports (SARs)</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Total	328	271	381	389	367	421	481	880	693	498	4,706	1.00
<i>Submission of SARs by FI Type</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Banks (including Credit Union)	146	143	236	244	244	283	258	521	358	262	2,694	0.57
Money Service Businesses	155	102	115	92	72	73	135	136	101	57	1,037	0.22
Long Term Insurers	7	11	14	37	40	43	43	155	104	21	473	0.10
Investment Service Providers	16	6	3	7	3	6	13	19	25	102	198	0.04
<i>Criminality Suspected</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Money Laundering	n/a	n/a	170	125	128	200	391	293	219	n/a	1,525	0.32
Money Laundering/Cash Exchanges	n/a	n/a	174	144	177	170	263	179	176	n/a	1,283	0.27
Fraud	n/a	n/a	12	17	27	44	52	84	52	n/a	287	0.06
Tax Offences	n/a	n/a	2	47	54	24	81	46	35	n/a	289	0.06

Source: FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

C. BVI

In comparison, in the BVI, 4,324 of SARs were filed during the entire period (see Table 3). Of all SARs filed, unlike The Bahamas and Bermuda, 51% (2,200) were submitted by registered agents which consisted of trusts and company service providers, 23% by business companies, and 14% by banks. Based on these submissions, the most prevalent alleged offences were money laundering which accounted for 42%, fraud 22%, followed by tax evasion and bribery which significantly lagged behind at 5% and 4% respectively. Whereas, terrorist financing and proliferation financing were not cited as alleged offences during the period in question.

⁹ The financial year ends on March 31 for reporting purposes. Annual reports for the period April 1, 2008 to March 31, 2009 and April 1 2019 and March 31, 2020 were not available.

Table 3

<i>Suspicious Activity Reports (SARs)</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Total	191	153	135	235	218	308	530	648	615	1,291	4,324	1.00
<i>Submission of SARs by FI Type</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Registered Agents*	134	79	60	157	143	223	389	405	345	265	2,200	0.51
Business Company	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	160	853	1,015	0.23
Banks	42	49	38	45	53	55	69	77	74	122	624	0.14
Money Services Business	n/a	n/a	n/a	9	5	8	20	161	20	1	224	0.05
<i>Criminality Suspected</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Money Laundering	41	88	56	23	38	54	238	160	231	871	1,800	0.42
Fraud	48	33	38	86	56	n/a	82	203	185	230	961	0.22
Suspicious Transaction	n/a	n/a	16	20	21	n/a	n/a	129	22	14	222	0.05
Tax Evasion	n/a	n/a	n/a	6	10	18	53	35	18	34	174	0.04

* Trust & Company Service Providers

Source: FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

D. Cayman Islands

On the other hand, in the Cayman Islands 5,744 SARs were filed during the period 2010 to 2019, which was the highest among all four jurisdictions (see Table 4). Of all SARs filed, similar to The Bahamas and Bermuda, banks submitted the highest number equivalent to 44% (2,528), followed by a category listed as disclosures and requests for information (overseas), and financial service providers¹⁰ with 16% and 14% of SARs submissions respectively. Among the SARs filed, suspicious financial activity¹¹ accounted for 44%, fraud¹² 24%, corruption 9%, money laundering 7% and tax evasion 9% of alleged offences. Terrorist financing and proliferation financing were not suspected in any SARs submissions.

¹⁰ Financial Service Providers consist of company managers, corporate service providers and trust companies.

¹¹ The reporting entity is noticing more than one unusual activity but could not arrive at a specific suspicion of an offence.

¹² Fraud includes bank fraud, securities fraud, internet fraud and other financial scams.

Table 4

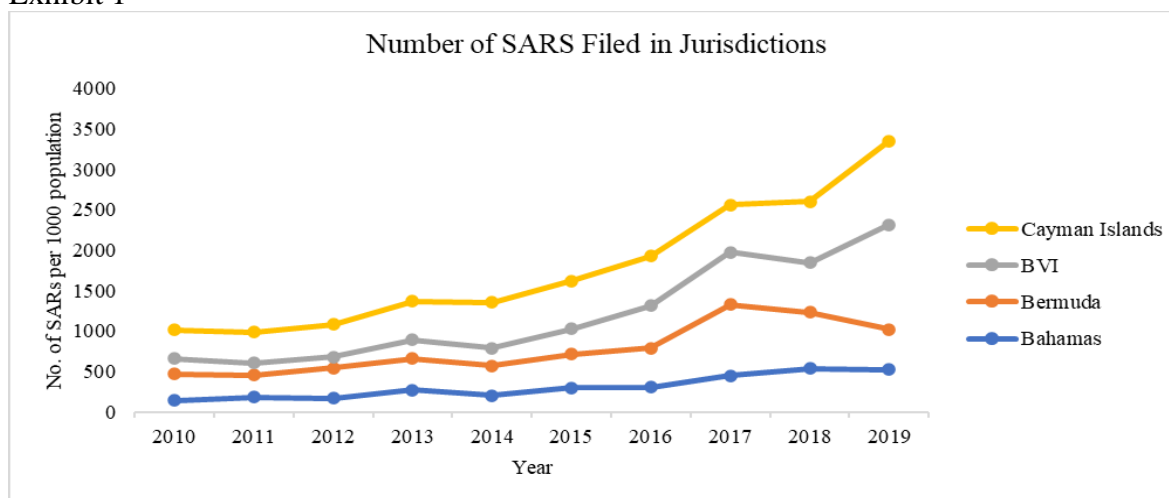
<i>Suspicious Activity Reports (SARs)</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Total	356	380	399	475	563	594	611	582	749	1,037	5,744	1.00
<i>Submission of SARs by FI Type</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Banks	121	158	213	272	277	238	260	311	379	301	2,528	0.44
Disclosures/Requests for Info	74	72	66	68	71	78	196	41	133	106	904	0.16
Fiduciary service providers	0	0	61	80	81	86	132	60	127	156	783	0.14
Money Transmitters	0	0	0	0	36	57	51	60	95	202	501	0.09
Investment funds/fund Admin	29	32	35	35	38	43	40	32	69	132	484	0.08
DNFBPs	0	14	36	51	49	44	36	n/a	n/a	n/a	228	0.04
<i>Criminality Suspected</i>												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Suspicious financial activity	152	173	232	303	332	263	167	153	293	476	2,543	0.44
Fraud	103	107	114	123	119	131	125	102	240	233	1,395	0.24
Corruption	15	18	29	40	52	70	58	39	109	89	517	0.09
Money Laundering	23	24	38	42	33	34	31	28	82	88	421	0.07
Tax Evasion	2	4	13	9	0	42	134	185	61	57	505	0.09

Source: FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

E. All Countries

Overall, the highest number of SARs were filed in the Cayman Islands between 2010 to 2019, representing 32% (5,744) of all SARs/STRs filed among all four countries. This was followed by the Bermuda which submitted 26% (4,706 SARs), the BVI which filed 24% (4,234 SARs), and The Bahamas which submitted 17% (3,801 SARs) (see Exhibit 1).

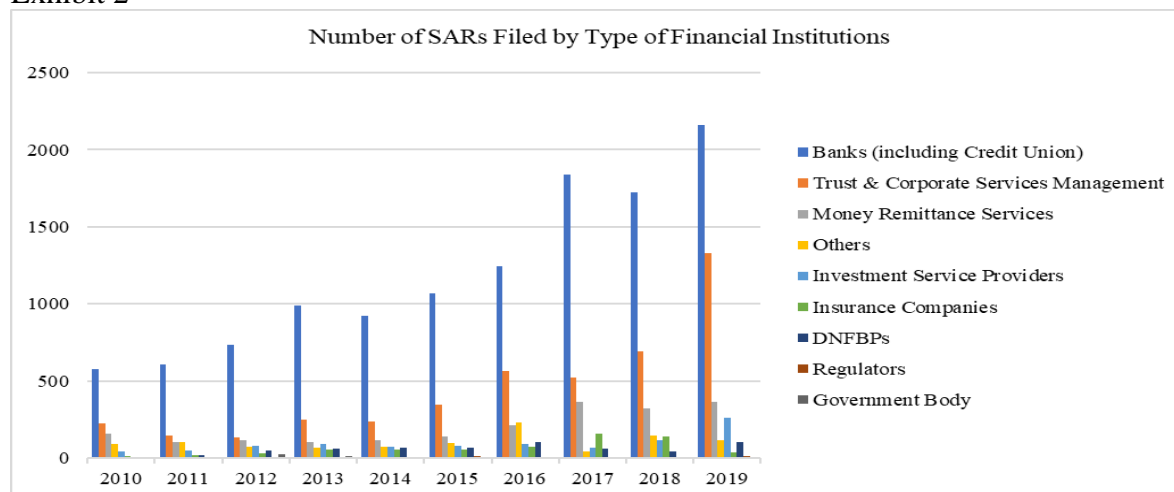
Exhibit 1



Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

Banks including credit unions accounted for 54% of all SARs/STRs filed in all four jurisdictions, followed by trusts and corporate service managers which submitted 20%, whereas, money remittance services filed 10% of SARs/STRs submissions (see Exhibit 2).

Exhibit 2



Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

Suspected criminality found in the region consisted mainly of money laundering which accounted for 26%, in addition to fraud and suspicious financial activity which each accounted for 18%. The jurisdictions which were the main drivers behind these statistics were the BVI which attributed 47% (1,800) of the 3,746 SARs filed, and Bermuda contributing 41% or 1,525 of SARs/STRs submissions as they relate to money laundering. The Cayman Islands attributed only 11% to the money laundering category despite having filed the highest number of SARs among all jurisdictions, whereas, The Bahamas contributed 0% of STRs filed in this category, having filed the least among of STRs of all four countries. With regard to fraud, the BVI was the largest contributor filing 38% (961) of all SARs filed in this category, closely followed by The Bahamas submitting 28% (689 STRs), and the Cayman Island filing 21% (517 SARs). In comparison, the Cayman Islands attributed 100% (2,543) of all SARs filed in the suspicious financial activity category. Further investigation was conducted to determine why this jurisdiction was the only contributor to this suspected criminality category. From a review of the annual reports published by the FRA in this jurisdiction, the following explanation is provided, “A large number of reports filed with the FRA are due to ‘suspicious activity’, wherein the reporting entity is noticing more than one unusual activity but could not arrive at a specific suspicion of an offence. The FRA recognizes that this is a perfectly valid reason to submit a SAR.” Further, in comparison to the remaining suspected criminality categories, the financial activity category has consistently been the highest of all categories and has attributed to 44% (2,677) of all SARs filed in the jurisdiction for the entire period from 2010 to 2019. This percentage is nearly twice that of fraud, which contributed 24% (1,486) as the second highest type of suspected criminality identified in the jurisdiction. Whereas, money laundering was only suspected in 7% (444) of all SARs

submissions.

Similar to the Cayman Islands, The Bahamas was the only contributor to the unknown/undetermined category, filing 1,391 STRs which represented 9% across all four countries. Further investigation was undertaken to determine the reason behind this occurrence. Findings reveal that during the entire period from 2010 to 2019, money laundering was not included as one of categories listed under suspected criminality, whereas, tax evasion and terrorist financing were incorporated, and in some years, proliferation financing was also added. To understand the reason behind this omission, an inquiry was made directly to the director of the FIU in the jurisdiction asking for an explanation for this omission. The response provided is as follows, “In response to question 1, please note that Criminalities Suspected are primarily based on information submitted or suspected by the Financial Institution (FI) in a Suspicious Transaction Report (STR). These are based on the FI’s assumption relative to the suspicious transaction. Therefore, if money laundering is not suspected by the FI, the STR would not be notated as such. As a result, the “TABLE 7: CRIMINALITY SUSPECTED”, did not include money laundering. Further, money laundering is considered a predicated offence which is subject to a primary offence.” As a result of this explanation provided, the unknown or undetermined category has consistently been the highest among all categories listed under suspected criminality during the entire period, and money laundering has not been suspected in any of the 3,801 STRs filed by MLROs at financial institutions with the FIU in the jurisdiction. This also explains why The Bahamas has not contributed to the money laundering category listed under suspected criminality across all four countries.

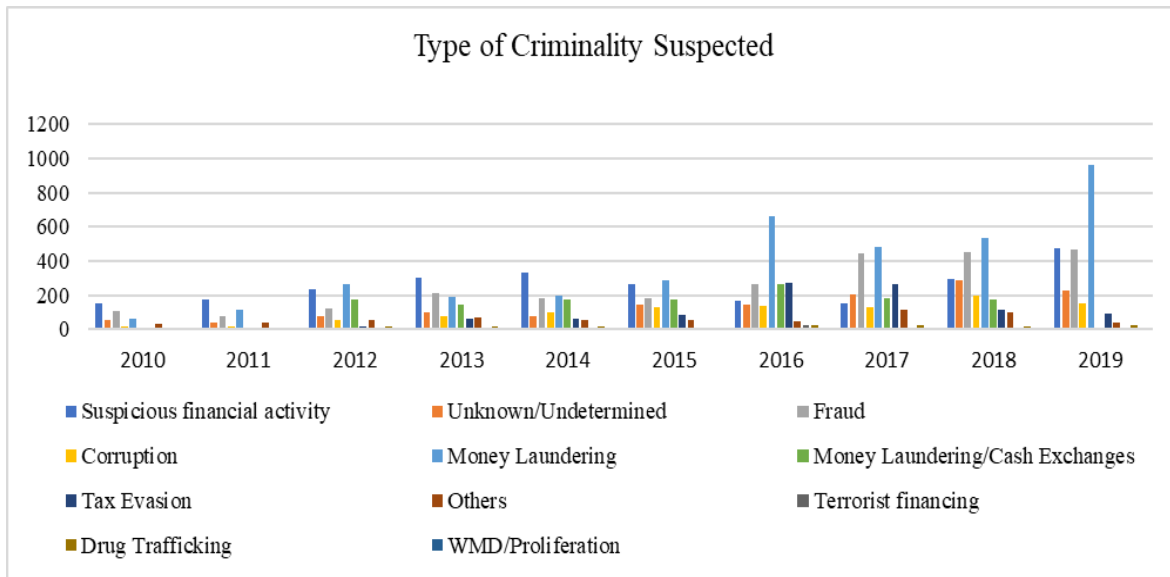
Analogous to the Cayman Islands and The Bahamas, Bermuda also attributed 100% to a particular suspected criminality category. In this instance, it contributed the entire 1,286 SARs filed in the money laundering through cash exchanges category, which represents 9% of all SARs filed among the four jurisdictions. Further investigation to determine the reason for this specific case reveals that foreign exchange from Bermudian dollars to US dollars is one of the most prevalent activities in the jurisdiction. The presumed motive for the demand for US dollars is to facilitate the domestic illicit drug and firearms/ammunition trade. US dollars are used to purchase illicit drugs (mainly cannabis) and firearms in foreign jurisdiction(s) for importation to Bermuda. The conversion from Bermudian dollars to US dollars takes place in one of the following two ways: 1) via direct exchange through the use of a local bank or a money service business (MSB); or 2) by wiring the funds overseas using the service of a MSB. To gain a better insight with respect to the scale of this matter, between 2010 to 2012, the total value of all SARs filed in money laundering through cash exchange category ranged from \$3.5 million to \$4.6 million dollars, with the number of transactions ranging between 1,760 to 2,029, resulting in the average transaction valuing anywhere from \$2,309 to \$2,417.¹³ Additional available data during the period 2014 to 2016 notes the total value of all SARs filed in the jurisdiction ranged from \$518.1 million to \$4.6 billion dollars, whereas, the value of SARs filed in the money laundering through cash exchanges ranged from \$1.8 million to \$5.7 million. Further, the number of transactions between 2015 and 2016 were 2,657 and 7,153, resulting in the average US dollar value of \$1,370 and \$2,431

¹³ FIA, 2010; FIA, 2011; and FIA, 2012.

respectively.¹⁴ This data, although limited, is a strong indicator that money laundering through cash exchanges in Bermuda is a domestic issue compared to the money laundering category in this jurisdiction.

Overall, the results of this study reveal that of the suspected criminality found across all four countries, money laundering is identified at 26%, fraud at 18%, suspicious financial activity at 18%, unknown/undetermined at 9% and money laundering through cash exchanges at 9%. Whereas, terrorist financing and proliferation financing both significantly lagged behind the other categories, accounting for .004% and .0001% of SARs filed respectively (see Exhibit 3 and Appendix 1).

Exhibit 3



Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

4. Section II: Assessing the Costs Incurred by FIUs in Each Jurisdiction

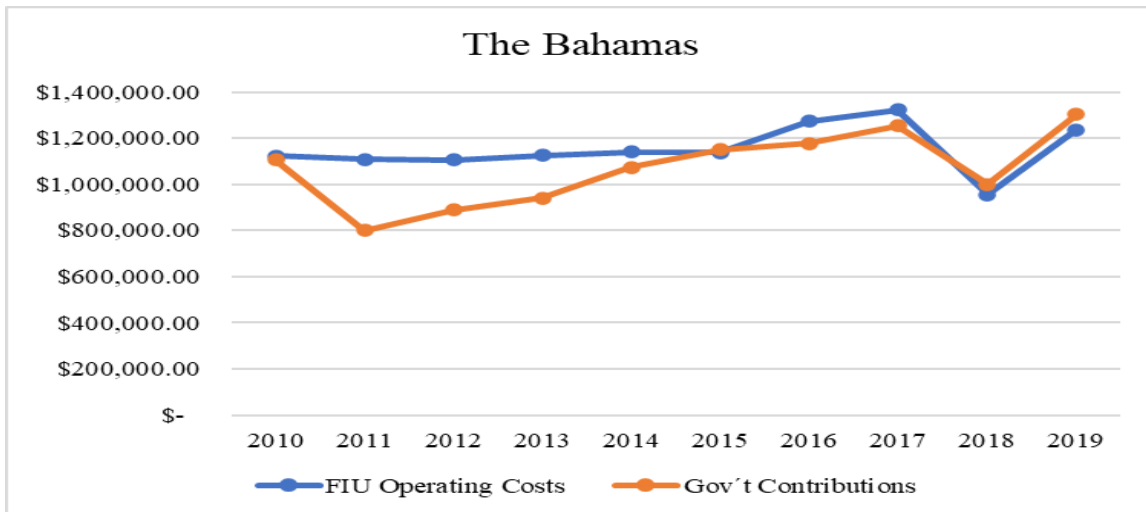
Government contributions are used to fund the costs incurred by FIUs in each jurisdiction. To quantify the costs absorbed by FIUs to adhere to AML rules, government contributions made versus the operating expenses incurred by FIUs in each jurisdiction, during specific periods where this data is available, are analyzed to explain the trends in each country and collectively across all countries.

¹⁴ FIA, 2014; FIA, 2015; and FIA, 2016.

A. Bahamas

In The Bahamas, government contributions fell sharply by -38% between 2010 to 2011 (see Exhibit 4). From 2011 to 2017, contributions consistently increased between 2% to 13%. However, despite these increases, contributions were considerably less (between -6% to -39%) than operating expenses. Exceptions are noted in 2015, 2018 and 2019 when contributions were equivalent to 1%, 4.7% and 5.2% higher than operating expenses, respectively. Total contributions made by the Bahamas Government during the entire period was \$10.7 million compared to operating expenses of (\$11.5) million, resulting in a negative income from operations of (\$834.6) thousand dollars or -8%. Payroll and related expenses were the main contributor accounting for 59% of operating costs, whereas, office rent and operating facilities costs accounted for 12% and 9% respectively. For the most part, operating expenses were mainly flat between 2010 to 2015 and an upward trend is observed between 2015 to 2017. Between 2017 to 2018, operating costs fell by -28% due in part to a reduction in rent expenses and operating facilities costs. Between 2018 to 2019, a 29% increase in operating cost is noted due in part to an increase in payroll as a result of the employment of additional persons in 2018 and 2019.¹⁵

Exhibit 4



Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; and FIU, 2019.

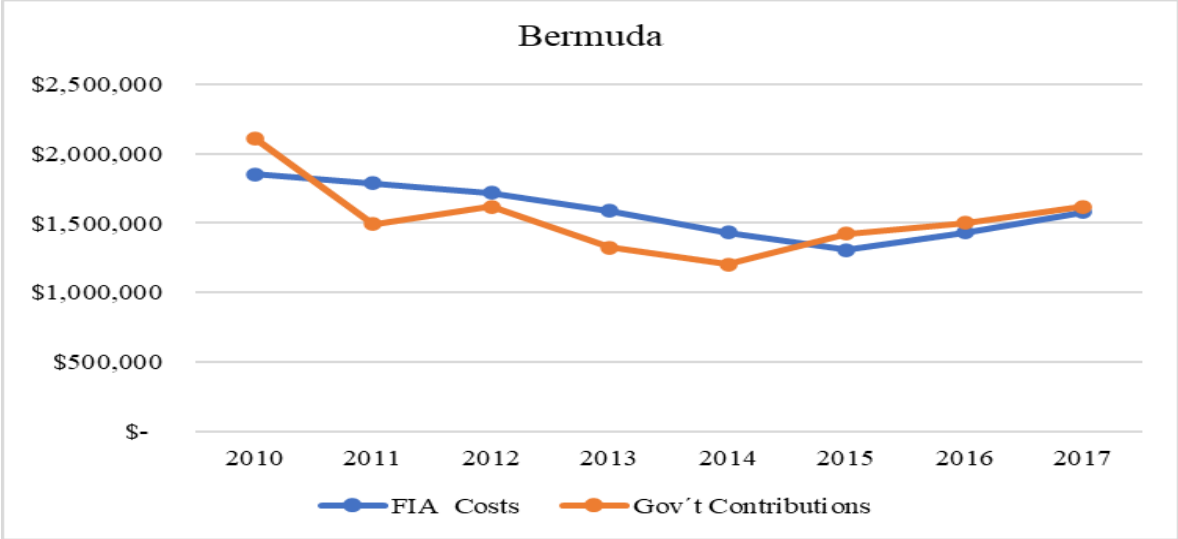
B. Bermuda

Similar to The Bahamas, government contributions in Bermuda declined between 2010 to 2011 by -16.7%, resulting in a negative income from operations of (\$292.5) thousand dollars (See Exhibit 5). Between 2011 to 2014, government contributions ranged from -6.2 to -19.8% less than operating expenses. Whereas, from 2014 to 2017 government contributions increased between 2.3% to 8.3%. The aggregate contributions made by the Bermuda Government during the period 2010 to 2017 was \$12.3 million, compared to operating expenses of (\$12.7) million, resulting in a negative income from operations of (\$405.1)

¹⁵ FIU, 2019.

thousand dollars or -3.3%. Of the operating expenses incurred by the financial intelligence agency (FIA), salary and employee benefits accounted for 58%, followed by the cost of rent at 12%, and amortization of tangible assets at 4%. Operating expenses showed a downward trend between 2010 to 2015 due to the reduction in rent expense and amortization costs. However, between 2015 to 2017 operating cost increased due to increase rent expense.

Exhibit 5

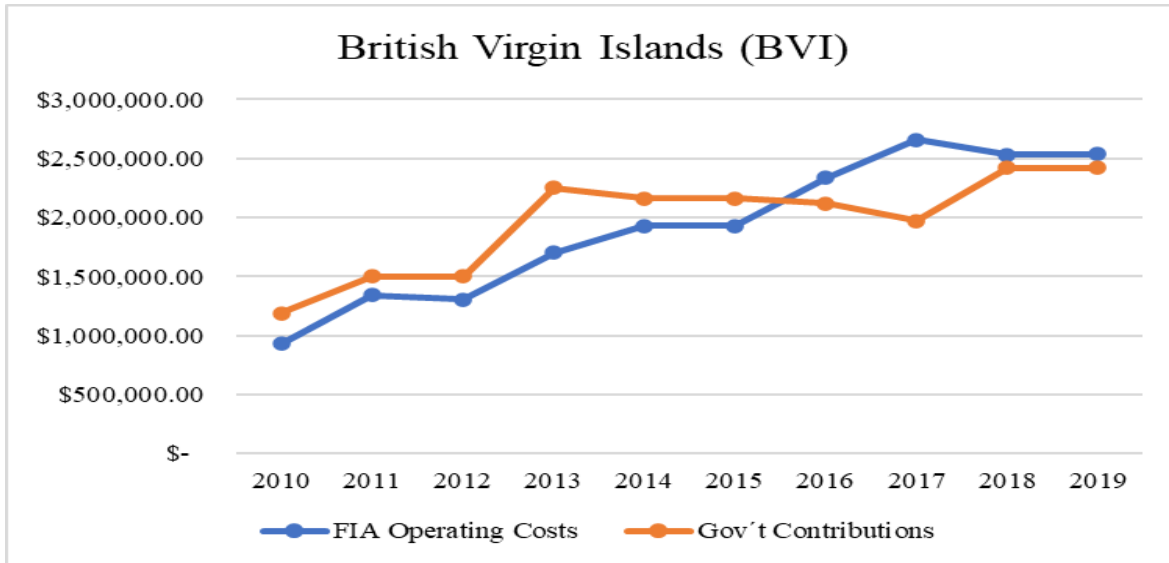


Source: FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

C. BVI

Unlike The Bahamas and Bermuda, government contributions in the BVI were between 11% to 24% higher than operating expenses between 2010 to 2015 (see Exhibit 6). Between 2016 to 2018, government contributions ranged between -4.5% to -35% below operating expenses. Total government contributions for the period 2010 to 2019 were \$19.7 million compared to operating expenses of (\$19.2) million, resulting in a positive income from operations of \$507 thousand dollars or 2.3%. Employee costs were the highest operating expense at 58%, followed by rent and service charge, and depreciation expense at 10% and 9% respectively. Overall, operating costs show a steady increase during the entire period due to increase in employee costs, rent and service charge, and depreciation expense.

Exhibit 6



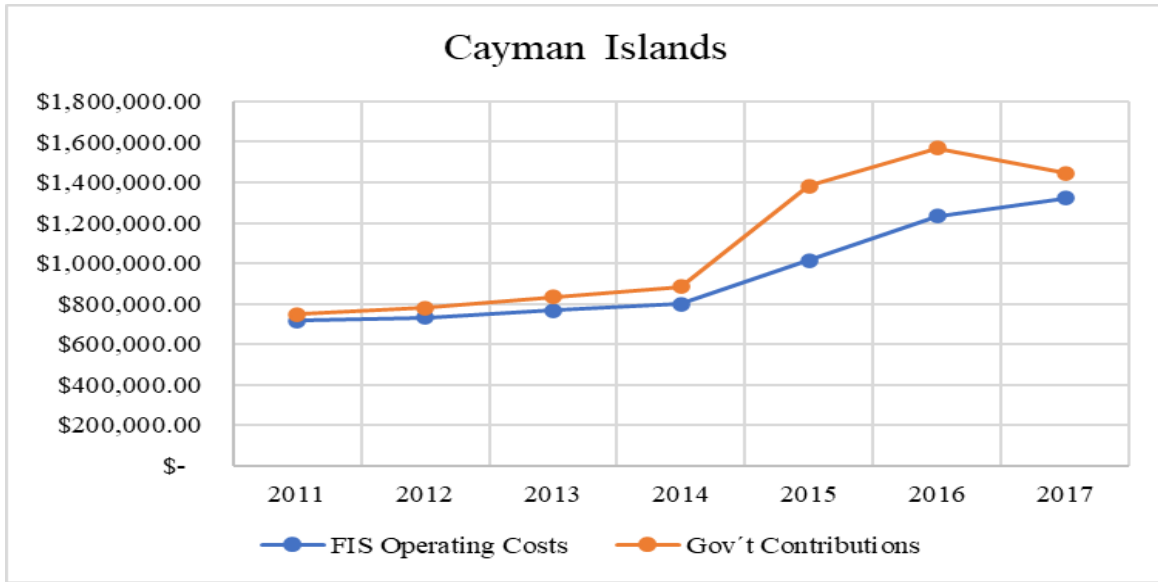
Source: FIA, 2010; FIA, 2011; FIA 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

D. Cayman Islands

Unlike the prior three jurisdictions, in the Cayman Islands government contributions made to the financial reporting authority (FRA) consistently increased during the period 2011 to 2016 (see Exhibit 7). Increases ranged from 4.3% in 2012 to 27% between 2014 and 2016, with a slight decline in 2017, which was still 8.5% higher than operating expense. During the entire period, operating expenses consistently increased between 2.3% to 27%. Personnel costs accounted for 92% of operating expenses, whereas other expenses accounted for the remaining 8%.¹⁶ Between 2011 to 2017, the Cayman Islands Government contributed \$7.6 million compared to accumulated operating expense of (\$6.6) million, resulting in a positive income from operations of \$1.06 million dollars.

¹⁶ The audited financial statements are prepared for the Portfolio of Legal Affairs and its affiliate entities. The Financial Intelligence Services (FIS) is an affiliate entity of this Agency. As such, contributions to and operating expenses of this entity are therefore limited to the segment indicated in the notes section of the audited financial statements which are namely personnel costs and other expenses. Hence the reason why personnel costs accounted for 92%.

Exhibit 7

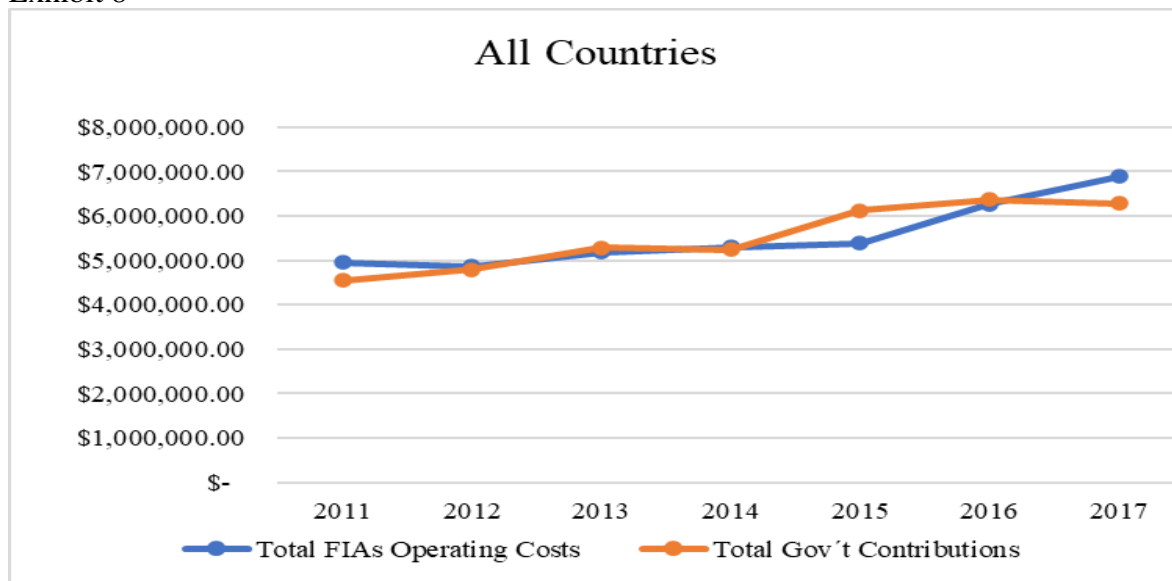


Source: Portfolio of Legal Affairs, 2010; Portfolio of Legal Affairs, 2011; Portfolio of Legal Affairs, 2012; Portfolio of Legal Affairs, 2013; Portfolio of Legal Affairs, 2014; Portfolio of Legal Affairs, 2015; Portfolio of Legal Affairs, 2016; Portfolio of Legal Affairs, 2017; Portfolio of Legal Affairs, 2018; and Portfolio of Legal Affairs, 2019.

E. All Countries

Overall, across all countries, government contributions depict an upward trend during the period 2011 to 2016, slightly leveling off in 2017 (see Exhibit 8). Total contributions made collectively by all jurisdictions was approximately \$38.6 million. Of this amount, the BVI Government contributed \$13.7 million (35.4%), representing the highest contribution, whereas, the Bermuda Government contributed \$10.2 million (26.4%), followed by the Cayman Islands Government granting \$7.5 million (19.4%), and The Bahamas Government donating \$7.3 million (18.9%) of the total contributions made.

Exhibit 8



Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

In comparison, operating expenses of FIUs across all countries show a slightly upward trend between 2011 to 2015. Between 2015 to 2017, increases of 16.4% and 9.8% are observed in each consecutive year (see Exhibit 8). Total operating expenses were approximately (\$38.8) million during the period. Of this amount, operating costs incurred by the FIA in the BVI was equivalent to (\$13.8) million (34%), whereas, operating costs incurred by the FIA in Bermuda accounted for (\$10.4) million (28%), in The Bahamas (\$8.2) million (21%), and in the Cayman Islands (\$6.6) million (17%).

While these small Caribbean states continue to make strides in complying with AML rules, the costs associated in operating the FIUs in their respective jurisdictions continue to increase. Despite increases in government contributions, the operating costs have out pasted these increases. As a result, during the entire period, operating costs surpassed government contributions, resulting in a deficit of (\$225.3) thousand dollars across all countries. Further, the efforts made by these small Caribbean states only seem to benefit certain countries.

5. Section III: Assessing the Outputs Produced by FIUs in Each Jurisdiction

In this section, the extent of potential money laundering identified in each financial centres are compared to the costs incurred by FIUs, and the outputs produced by these FIUs over the period. To assess the outputs produced by FIUs to assist in preventing money laundering, the following two criteria are used: 1) the number of ROI received from foreign jurisdictions; and 2) the number of MLA provided to foreign countries. These countries are categorized into a) OECD Member States, b) EU Member States, and c) non-OECD and non-EU Member States to determine which countries are the principal benefactors of AML outputs produced

by these four financial centres. Due to the unavailability of information in some jurisdictions, the period used for this part of the analysis is between 2011 to 2016.

A. Bahamas

In The Bahamas, money laundering is not cited as a category where criminality was suspected during the period in question. However, the unknown/undetermined category was reported in 55.2% of STR submissions.¹⁷ In these instances, criminality was also not suspected. Whereas, proliferation financing and terrorism were suspected in less than 1% in each of these categories. During the period, The Bahamas Government contributed an estimated \$6.03 million dollars to cover the operating costs of its FIU, which was equivalent to (\$6.89) million, resulting in an estimated (\$861.1) thousand dollars under operating costs. Overall, the costs incurred by the jurisdiction have produced outputs in terms of ROI received from foreign countries, and MLA rendered to jurisdictions. During the period, 447 ROIs were received. Of these requests, OECD and EU Member States were the principal benefactors receiving responses to 70% of all ROI, which came at a cost of \$2.6 million of the \$3.7 million spent by the jurisdiction (see Table 5). The EU made up 41% of all ROI, which was approximately \$1.5 million of the cost incurred by the jurisdiction. Among OECD countries, the US, UK and Canada were the largest benefactors accounting for 37%, 11% and 9% respectively of information requested, collectively costing the jurisdiction an estimated \$1.2 million dollars of the \$2.0 million spent in providing responses to ROI to OECD countries. Of these countries, the US requested more than three times the amount of information than the UK, and four times that of Canada. Compared to EU countries, the UK, Italy and Jersey were the largest benefactors receiving 15%, 9% and 8% of responses to ROI respectively. Together, these three countries represented 32% of all EU countries, costing the jurisdiction \$478.8 thousand of the \$1.5 million spent on EU countries. Whereas, among non-OECD and non-EU countries, the biggest benefactor was Argentina receiving 22% of responses to ROI, costing approximately \$820 thousand dollars of the \$1.14 million spent among non-OECD and non-EU countries. Russia and Guatemala followed receiving 7% (\$246 thousand dollars) and 6% (\$218.7 thousand dollars) of responses to ROI respectively. Of all countries, the largest single benefactors were the US receiving 20% of responses to ROI at a cost of \$751.3 thousand dollars, followed by Argentina and the UK receiving 7% (\$247.7 thousand dollars) and 6% (\$231.2 thousand dollars) of responses to ROI respectively.

¹⁷ FIU 2010; FIU 2011; FIU 2012; FIU 2013; FIU 2014; FIU 2015; FIU 2016; FIU 2017; FIU 2018 and FIU 2019.

Table 5

Request for Information (ROI)	Bahamas		
	No. of ROI	% of ROI	Cost Incurred
	447	100.0%	\$ 3,690,360
OECD Countries	248	55.5%	\$ 2,047,448
Canada	23	9.3%	\$ 189,884
United Kingdom	28	11.3%	\$ 231,163
United States of America	91	36.7%	\$ 751,281
<i>Total Largest OECD Benefactors</i>	142	57.3%	\$ 1,172,329
EU Countries	183	40.9%	\$ 1,510,819
Italy	16	8.7%	\$ 132,093
Jersey	14	7.7%	\$ 115,582
United Kingdom	28	15.3%	\$ 231,163
<i>Total Largest EU Benefactors</i>	58	31.7%	\$ 478,839
OECD + EU Countries Combined	312	69.8%	\$ 2,575,822
Non-OECD + non-EU Countries	135	30.2%	\$ 1,114,538
Argentina	30	22.2%	\$ 820,080
Guatemala	8	5.9%	\$ 218,688
Russia	9	6.7%	\$ 246,024
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	47	34.8%	\$ 1,284,792
All Countries	447	100.0%	\$ 3,690,360
Argentina	30	6.7%	\$ 247,675
United Kingdom	28	6.3%	\$ 231,163
United States of America	91	20.4%	\$ 751,281
<i>Total Largest Benefactors of All Countries</i>	149	33.3%	\$ 1,230,120

Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; and FIU, 2019.

With respect to MLA, during the period 388 MLA was rendered by the jurisdiction. Again, OECD and EU countries were the main benefactors receiving 68% of all MLA, costing an estimated \$2.2 million of the \$3.2 million spend by the jurisdiction in the provision of MLA (see Table 6).¹⁸ OECD countries accounted for 64.9%, whereas, EU countries comprised of 32% of MLA rendered by the jurisdiction. Among OECD countries, the US is the major benefactor receiving nearly half (31%) of all MLA provided to these countries. Canada was the second largest benefactor receiving 17% in MLA, followed by Italy and Switzerland, each receiving 10.3% of MLA rendered. Collectively, MLA provided to these four countries cost the jurisdiction \$1.42 million of the \$2.08 million it incurred in providing MLA to all OECD countries. Within the EU, Italy and Switzerland were the largest benefactors, each receiving 21% (\$214.7 thousand dollars) in MLA, followed by the UK receiving 11% (\$115.6 thousand dollars), together costing an estimated \$544.9 thousand dollars. In terms of non-OECD and non-EU countries, the main notable benefactors were Brazil, Hong Kong and Venezuela, receiving 15% (\$148.6 thousand dollars), 13% (\$132.1 thousand dollars) and 10% (\$99.1 thousand dollars) in MLA respectively. Collectively, these countries accounted for \$379.8 thousand dollars of the \$1.02 million dollars spent in this category by the

¹⁸ FIU, 2009; FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; and FIU, 2019.

jurisdiction. Of all countries, the largest single benefactors were the US and Canada receiving 20% (\$644 thousand dollars) and 11% (\$346.7 thousand dollars) in MLA respectively, followed by Italy and Switzerland each receiving 7% (\$214.7 thousand dollars) in MLA. Combined, these four countries represented 44.3% of all MLA provided, accounting for an estimated \$1.42 million of the \$3.2 million dollars spent by the jurisdiction in rendering MLA.

Table 6

Mutual Legal Assistance (MLA)	Bahamas		
	No. of MLA	% of MLA	Cost Incurred
	388	100.0%	\$ 3,203,265
OECD Countries	252	64.9%	\$ 2,080,471
Canada	42	16.7%	\$ 346,745
Italy	26	10.3%	\$ 214,652
Switzerland	26	10.3%	\$ 214,652
United States of America	78	31.0%	\$ 643,955
<i>Total Largest OECD Benefactors</i>	<i>172</i>	<i>68.3%</i>	<i>\$ 1,420,004</i>
EU Countries	125	32.2%	\$ 1,031,980
Italy	26	20.8%	\$ 214,652
Switzerland	26	20.8%	\$ 214,652
United Kingdom	14	11.2%	\$ 115,582
<i>Total Largest EU Benefactors</i>	<i>66</i>	<i>52.8%</i>	<i>\$ 544,885</i>
OECD + EU Countries Combined	264	68.0%	\$ 2,179,541
Non-OECD + non-EU Countries	124	32.0%	\$ 1,023,724
Brazil	18	14.5%	\$ 148,605
Hong Kong	16	12.9%	\$ 132,093
Venezuela	12	9.7%	\$ 99,070
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	<i>46</i>	<i>37.1%</i>	<i>\$ 379,769</i>
All Countries	388	100.0%	\$ 3,203,265
Canada	42	10.8%	\$ 346,745
Italy	26	6.7%	\$ 214,652
Switzerland	26	6.7%	\$ 214,652
United States of America	78	20.1%	\$ 643,955
<i>Total Largest Benefactors of All Countries</i>	<i>172</i>	<i>44.3%</i>	<i>\$ 1,420,004</i>

Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; and FIU 2019.

Overall, the jurisdiction incurred an estimated cost of \$4.76 million of the 6.89 million in providing responses to ROI and MLA combined to OECD and EU countries. An estimated \$4.13 million was spent on OECD countries, whereas, \$2.54 million was spent on EU countries, compared to \$2.14 million spent on non-OECD and non-EU countries. When comparing this amount to the cost incurred in providing ROI and MLA to OECD and EU countries, the jurisdiction spent approximately 55% or \$2.6 million more on OECD and EU countries combined, 48% or \$1.99 million more on OECD countries, and 16% or \$404.5 thousand dollars more on EU countries, compared to non-OECD and non-EU countries in the provision of ROI and MLA.

B. Bermuda

In Bermuda the most prevalent alleged offences found were money laundering and money laundering through cash exchanges in 42% and 38.2% of SARs submissions respectively. Terrorist financing was found in .0095% of all SARs filed, whereas, proliferation financing was not cited as an alleged offence in the jurisdiction. Between 2011 to 2016, the operating cost incurred by the Bermuda FIA totaled (\$9.3) million, to which the Bermuda Government contributed \$8.6 million, resulting in a negative income from operations of (\$701.7) thousand dollars. Overall, the operating costs incurred by the jurisdiction have produced outputs in terms of the responses to ROI from foreign jurisdictions during the period. Information related to MLA was not available.

Of the 144 ROI received, OECD and EU countries combined were the largest benefactors receiving 67.4% in assistance, accounting for an estimated \$6.24 million of the \$9.3 million dollar spent by the jurisdiction in providing ROI during the period (see Table 7). Whereas, OECD countries received 53%, approximately \$4.9 million in cost incurred by the FIA. Among OECD countries, the largest benefactors were the US receiving 38%, followed by France receiving 11%, and the UK and Switzerland which each received 8% of responses to ROI respectively. On the other hand, EU countries received 38% of responses to ROI, which is equivalent to \$3.5 million spent by the jurisdiction in providing responses to EU countries. Within the EU, the countries which benefited most are France receiving 15% of responses to ROI, followed by the UK and Ukraine, both receiving 11% each. Collectively, these three countries represented 36.4% of all EU countries, which is equivalent to \$1.3 million of the \$3.5 million spent by the jurisdiction in providing responses to ROI to countries in this category. In comparison, non-OECD and non-EU countries received 33% of responses to ROI, resulting in approximately \$3.0 million of the \$9.3 million spent by the jurisdiction in responding to all ROI received during the period. Within this category, Bangladesh received 13% in ROI, followed by Argentina and Nepal which each received 11% of responses to ROI. Together, these three countries represented 34% of responses to all ROI, accounting for approximately \$1.03 million of the \$3.0 million spent on these countries. Of all countries, the biggest benefactors were the US receiving 20%, followed by France receiving 5% and the UK, Switzerland and Bangladesh, each receiving 4% of responses to ROI. Combined, these countries represented 38% of all countries, costing the jurisdiction an estimated \$3.5 of the \$9.3 million spent by the jurisdiction in providing responses to ROI during the period. Overall, compared to non-OECD and non-EU countries, Bermuda spent approximately 52% or \$3.2 million more on OECD and EU countries combined, 38% or \$1.9 million more on OECD countries, and 15% or \$514.5 thousand dollars more on EU countries, compared to the amount spent on non-OECD and non-EU countries.

Table 7

Request for Information (ROI)	Bermuda		
	No. of ROI	% of ROI	Cost Incurred
	144	100.0%	\$ 9,260,401
OECD Countries	76	52.8%	\$ 4,887,434
France	8	10.5%	\$ 514,467
Switzerland	6	7.9%	\$ 385,850
United Kingdom	6	7.9%	\$ 385,850
United States of America	29	38.2%	\$ 1,864,942
<i>Total Largest OECD Benefactors</i>	<i>49</i>	<i>64.5%</i>	<i>\$ 3,151,109</i>
EU Countries	55	38.2%	\$ 3,536,959
France	8	14.5%	\$ 514,467
Switzerland	6	10.9%	\$ 385,850
United Kingdom	6	10.9%	\$ 385,850
<i>Total Largest EU Benefactors</i>	<i>20</i>	<i>36.4%</i>	<i>\$ 1,286,167</i>
OECD + EU Countries Combined	97	67.4%	\$ 6,237,909
Non-OECD + non-EU Countries	47	32.6%	\$ 3,022,492
Argentina	5	10.6%	\$ 321,542
Bangladesh	6	12.8%	\$ 385,850
Nepal	5	10.6%	\$ 321,542
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	<i>16</i>	<i>34.0%</i>	<i>\$ 1,028,933</i>
All Countries	144	100.0%	\$ 9,260,401
Bangladesh	6	4.2%	\$ 385,850
France	8	5.6%	\$ 514,467
Switzerland	6	4.2%	\$ 385,850
United Kingdom	6	4.2%	\$ 385,850
United States of America	29	20.1%	\$ 1,864,942
<i>Total Largest Benefactors of All Countries</i>	<i>55</i>	<i>38.2%</i>	<i>\$ 3,536,959</i>

Source: FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

C. BVI

In the BVI, money laundering was identified in 42% of SARs submissions, whereas, terrorist financing and proliferation financing were not cited as alleged offences in the jurisdiction. During the period in question, the operating costs incurred by the BVI FIA totaled (\$10.5) million, to which the BVI Government and the BVI Financial Service Commission contributed \$11.7 million, resulting in an operating income of \$1.16 million. The operating costs incurred by the FIA in the jurisdiction have produced outputs in terms of responses provided to ROI received (1,926) from foreign countries, and MLA rendered (327) to other jurisdictions.

Of the 1,926 ROI received, the largest benefactors were OECD and EU countries receiving an estimated 71% of assistance, accounting for approximately \$6.4 million of the \$9.0 million spent by the jurisdiction in providing responses to ROI (see Table 8). OECD countries accounted for 47.2%, whereas EU countries comprised of 57.5%. Among OECD countries,

the largest benefactors were the US, UK and France with 19%, 13.4% and 13% respectively. Collectively, these three countries contributed to approximately \$1.9 million of the \$4.3 million spent by the jurisdiction in this category. Within the EU, the UK attributed to 11%, France 10% and the Ukraine 9% of requests respectfully, together accounting for \$1.6 million of the \$5.2 million dollars spent by the jurisdiction in this category. On the other hand, non-OECD and non-EU countries represented 29% of all responses to ROI, which accounted for approximately \$2.6 million dollars of the \$9.0 million spent by the jurisdiction. In this category, Russia, India and Hong Kong were the largest benefactors contributing to approximately 26%, 11% and 6% of requests respectively. Together, these three countries resulted in \$1.1 million of the \$2.6 million dollars spent in this category by the FIA. Among all countries, the US, Russia and the UK were the largest benefactors receiving 9%, 8% and 6% respectively. Together, these three countries cost the jurisdiction \$2.05 million of the \$9.0 million spent by the jurisdiction in responding to ROI.

Table 8

Request for Information (ROI)	BVI		
	No. of ROI	% of ROI	Cost Incurred
	1926	100.0%	\$ 9,010,481
OECD Countries	909	47.2%	\$ 4,252,610
France	114	12.5%	\$ 533,331
United Kingdom	122	13.4%	\$ 570,757
United States of America	171	18.8%	\$ 799,996
<i>Total Largest OECD Benefactors</i>	<i>407</i>	<i>44.8%</i>	<i>\$ 1,904,084</i>
EU Countries	1107	57.5%	\$ 5,178,921
France	114	10.3%	\$ 533,331
Ukraine	103	9.3%	\$ 481,869
United Kingdom	122	11.0%	\$ 570,757
<i>Total Largest EU Benefactors</i>	<i>339</i>	<i>30.6%</i>	<i>\$ 1,585,957</i>
OECD + EU Countries Combined	1364	70.8%	\$ 6,381,254
Non-OECD + non-EU Countries	562	29.2%	\$ 2,629,227
Hong Kong	36	6.4%	\$ 168,420
India	61	10.9%	\$ 285,379
Russia	145	25.8%	\$ 678,359
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	<i>242</i>	<i>43.1%</i>	<i>\$ 1,132,158</i>
All Countries	1926	100.0%	\$ 9,010,481
Russia	145	7.5%	\$ 678,359
United Kingdom	122	6.3%	\$ 570,757
United States of America	171	8.9%	\$ 799,996
<i>Total Largest Benefactors of All Countries</i>	<i>438</i>	<i>22.7%</i>	<i>\$ 2,049,113</i>

Source: FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

With regards to the 327 MLA rendered by the BVI, OECD and EU countries were the biggest benefactors accounting for 62% of assistance received, costing an estimated \$945 thousand dollars of the \$1.5 million dollars spent by the jurisdiction (see Table 9). OECD countries represented 46%, which is equivalent to \$706.4 thousand dollars. Among OECD countries,

the US, UK and Australia benefited most receiving 17%, 22% and 9% in MLA respectively. Collectively, these three countries accounted for \$336.8 thousand dollars spent by the jurisdiction in this category. On the other hand, the EU accounted for 48.3% of MLA rendered by the BVI, which was equivalent to \$739.2 thousand dollars. Within the EU, the UK, Ukraine and Poland were the largest benefactors receiving 21%, 14% and 7% respectively. Whereas, non-OECD and non-EU countries accounted for 38.2%, which is equivalent to \$584.8 thousand dollars spent by the jurisdiction. Within this category, Russia, India and Venezuela benefited most, representing 62%, 8% and 4% in MLA respectively. Combined, these three countries accounted for \$430.4 thousand of the amount spent in this category by the jurisdiction. Among all countries, the largest single benefactors were Russia, the UK and US, with 24%, 10% and 8% respectively. Collectively, these three countries resulted in 42% or \$636.3 thousand of \$1.5 million spent by the jurisdiction in providing MLA during the period.

Table 9

Mutual Legal Assistance (MLA)	BVI		
	No. of MLA	% of MLA	Cost Incurred
	327	100.0%	\$ 1,529,817
OECD Countries	151	46.2%	\$ 706,429
Australia	13	8.6%	\$ 60,818
United Kingdom	33	21.9%	\$ 154,385
United States of America	26	17.2%	\$ 121,637
<i>Total Largest OECD Benefactors</i>	<i>72</i>	<i>47.7%</i>	<i>\$ 336,840</i>
EU Countries	158	48.3%	\$ 739,178
Poland	11	7.0%	\$ 51,462
Ukraine	22	13.9%	\$ 102,923
United Kingdom	33	20.9%	\$ 154,385
<i>Total Largest EU Benefactors</i>	<i>66</i>	<i>41.8%</i>	<i>\$ 308,770</i>
OECD + EU Countries Combined	202	61.8%	\$ 945,025
Non-OECD + non-EU Countries	125	38.2%	\$ 584,792
India	10	8.0%	\$ 46,783
Venezuela	5	4.0%	\$ 23,392
Russia	77	61.6%	\$ 360,232
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	<i>92</i>	<i>73.6%</i>	<i>\$ 430,407</i>
All Countries	327	100.0%	\$ 1,529,817
Russia	77	23.5%	\$ 360,232
United Kingdom	33	10.1%	\$ 154,385
United States of America	26	8.0%	\$ 121,637
<i>Total Largest Benefactors of All Countries</i>	<i>136</i>	<i>41.6%</i>	<i>\$ 636,254</i>

Source: FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

Overall, the jurisdiction spent approximately \$7.3 million in providing responses to ROI and MLA to OECD and EU countries combined of the \$10.5 million spent by the jurisdiction. Approximately, \$4.96 million was spent on OECD countries, whereas \$5.9 million on EU countries. Compared to non-OECD and non-EU countries, the jurisdiction spent

approximately 56% or \$4.1 million more on OECD and EU countries combined, 35% or \$1.7 million more on OECD countries, and approximately 46% or \$2.7 million more on EU countries in providing responses to ROI and in rendering MLA.

D. Cayman Islands

In the Cayman Islands the most prevalent alleged offences found were Suspicious financial activity in 44% of SARs submissions. Money laundering lagged significantly behind at 7%, whereas, terrorist financing and proliferation financing were not suspected as alleged offences in the jurisdiction. Between 2011 to 2016, the operating cost incurred by the Cayman Island FIS totaled (\$5.3) million, to which the Cayman Island Government contributed \$6.0 million, resulting in an operating income of \$781.2 thousand dollars.

During the period, the jurisdiction received 373 ROI. Information related to MLA was not available. Of the 373 ROI, 59% of responses were provided to OECD and EU countries combined, costing the jurisdiction approximately \$3.1 million of the \$5.3 million spent on responses to ROI during the period (see Table 10). Of all ROI, OECD countries received 48% of responses, which is equivalent to \$2.5 million dollars. Among OECD countries, the US, UK and Belgium were the largest benefactors receiving 31%, 15% and 7% respectively. Collectively, these three jurisdictions accounted for 52% of all ROI received by OECD countries during the period, which is equivalent to \$1.3 million, with the US incurring more than two times the cost (an estimated \$776.4 thousand dollars) spent in providing responses to the UK (an estimated \$338.8 thousand dollars), and more than four times the cost attributed by Belgium (around \$183.5 thousand dollars). In comparison, EU countries received 37% of responses to ROI, which cost the jurisdiction \$1.9 million dollars. Within the EU, the UK, Belgium and France benefited most, receiving 18%, 11% and 8% in responses to ROI respectively. Together, these three countries attributed to 35% of all responses to ROI provided to EU countries, which was equivalent to \$677.6 thousand dollars in cost for the jurisdiction. Whereas, non-OECD and non-EU countries received 41% of response to ROI, resulting in \$2.2 million in cost incurred by the jurisdiction. In this category, Argentina, Ecuador and Bangladesh were the biggest benefactors receiving 9%, 7% and 5% of responses to ROI. Combined, these three countries contributed to 22% of all responses to ROI received by countries in this category, resulting in an estimated \$465.9 thousand dollars of the costs incurred by the FIA in this category. Compared to all countries, the US, UK and Argentina were the largest benefactors, receiving 15%, 6% and 4% of all responses to ROI respectively. Together, these three countries represented 25% of all responses to ROI, which was equivalent to \$1.3 million of the \$5.3 million spent by the jurisdiction in providing responses to ROI from foreign jurisdictions. Of all countries, the US cost the jurisdiction approximately \$776.4 thousand dollars, which is more than two times the cost incurred to provide responses to ROI to the UK (an estimated \$338.8 thousand dollars), and four times the cost incurred by the jurisdiction in providing responses to ROI to Argentina (about \$197.6 thousand dollars).

In comparison to the amount spent in providing responses to ROI on non-OECD and non-EU countries, the jurisdiction spent 31% or \$945.8 thousand dollars more in providing responses to ROI on OECD and EU countries combined, 14% or \$352.9 thousand dollars more on OECD countries, and 12% or \$225.9 thousand dollars more on EU countries compared to non-OECD and non-EU countries.

Table 10

Request for Information (ROI)	Cayman Islands		
	No. of ROI	% of ROI	Cost Incurred
	373	100.0%	\$ 5,265,600
OECD Countries	178	47.7%	\$ 2,512,806
Belgium	13	7.3%	\$ 183,520
United Kingdom	24	13.5%	\$ 338,805
United States of America	55	30.9%	\$ 776,429
<i>Total Largest OECD Benefactors</i>	<i>92</i>	<i>51.7%</i>	<i>\$ 1,298,754</i>
EU Countries	137	36.7%	\$ 1,934,014
Belgium	13	9.5%	\$ 183,520
France	11	8.0%	\$ 155,286
United Kingdom	24	17.5%	\$ 338,805
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	<i>48</i>	<i>35.0%</i>	<i>\$ 677,611</i>
OECD + EU Countries Combined	220	59.0%	\$ 3,105,716
Non-OECD + non-EU Countries	153	41.0%	\$ 2,159,884
Argentina	14	9.2%	\$ 197,636
Bangladesh	8	5.2%	\$ 112,935
Ecuador	11	7.2%	\$ 155,286
<i>Total Non-OECD Countries</i>	<i>33</i>	<i>21.6%</i>	<i>\$ 465,857</i>
All Countries	373	100.0%	\$ 5,265,600
Argentina	14	3.8%	\$ 197,636
United Kingdom	24	6.4%	\$ 338,805
United States of America	55	14.7%	\$ 776,429
<i>Total Largest Benefactors of All Countries</i>	<i>93</i>	<i>24.9%</i>	<i>\$ 1,312,871</i>

Source: FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

E. All Countries

Among all four countries, 69% of responses to ROI were provided to OECD and EU countries combined, which is equivalent to \$18.8 million of the \$27.2 million spent on ROI by these jurisdictions (see Appendix 2). EU countries received 51% of responses to ROI, compared to 49% by OECD countries. Within EU countries, the largest benefactors are the UK receiving 12% of responses to ROI, followed by France and the Ukraine receiving 9% and 7% of responses to ROI respectively. Collectively these three countries make up 28% of all ROI within this category, costing the jurisdiction an estimated \$3.4 million of the \$12.2 million spent in providing responses to ROI to EU countries. In comparison, OECD countries received 49% of all responses to ROI. Among OECD countries, the US is the largest benefactor receiving 25% of all responses to ROI, followed by the UK and France, receiving 13% and 9% respectively. Collectively, these three countries represented 46% of responses to all ROI in this category, which is equivalent to \$6.1 million of the \$13.3 million spent by the jurisdiction in providing responses to ROI to all OECD countries. In comparison, non-OECD and non-EU countries received 31% of responses to all ROI during the period. Within this category, Russia was the biggest benefactor receiving 5.3% of responses to all ROI, followed by India and Argentina receiving 2.1% and 1.7% of responses respectively.

Together, these three countries represented 9.1% of responses to all ROI provided by countries in this category, which is equivalent to \$2.5 million of the \$8.5 million dollars spent by the jurisdiction in providing responses to ROI to non-OECD and non-EU countries.

Of all countries, the biggest single benefactors are the US, the UK and Russia, receiving 12%, 6.2% and 5% of responses to ROI respectively, with the US receiving almost two times that of the UK and nearly three times that of Russia. Combined, these three countries represented 23.2% of all responses to ROI, costing the jurisdiction approximately \$6.3 million of the \$27.2 million spent on responses to all ROI received from foreign jurisdictions for the entire period. In comparison to non-OECD and non-EU countries, FIUs in The Bahamas, Bermuda, the BVI and the Cayman Islands spent 55% or \$10.3 million more in providing responses to ROI on countries in OECD and EU Member States combined; 36% or \$4.8 million dollars more on OECD countries; and 31% or \$3.7 million dollars more in providing responses to ROI to EU countries, compared to the amount spent on non-OECD and non-EU countries combined.

In terms of MLA, OECD and EU countries combined were the largest benefactors receiving 65% of all MLA rendered by The Bahamas and the BVI during the period, resulting in \$3.1 million of the total \$4.7 million spent by these two jurisdictions during the period (see Table 11). In comparison, OECD countries contributed 56.4% of all MLA rendered, costing approximately \$2.7 million dollars. Among OECD countries, the US was the largest benefactor receiving 26% in MLA, followed by Canada receiving 10.4% and the UK receiving 8.2%, together representing 44% or \$1.2 million of the \$2.7 million spent by the jurisdiction in providing MLA to OECD countries. Whereas, EU countries received 40% in MLA during the period, incurring a cost of \$1.9 million of the total \$4.7 million spent by these jurisdictions. The UK was the biggest benefactor receiving 17% in MLA, compared to Switzerland and Italy which both received 9.2% each. Collectively, these three jurisdictions represented 35% of all MLA rendered to EU countries, which is equivalent to \$655.4 thousand dollars of the \$1.9 million spent in this category. On the other hand, non-OECD and non-EU countries combined received 35% of all MLA rendered. This came at a cost of \$1.6 million to The Bahamas and the BVI. In this category, Russia was the biggest benefactor receiving 31% in MLA, followed by Brazil and Venezuela receiving 7.2% and 7% in MLA respectively. These three countries combined made up 45% of all MLA received by countries in this category, costing approximately \$741.4 thousand dollars of the \$1.6 million spent.

Of all countries, the US was the single largest benefactor receiving 15% of all MLA, costing an estimated \$688.4 thousand dollars. Russia was the second single largest benefactor receiving approximately 11% in MLA at a cost of \$509.7 thousand dollars. Canada was the third single largest benefactor receiving 6% in MLA, closely followed by the UK receiving 5% in MLA, at a cost of \$278 thousand dollars and \$218.5 thousand dollars respectively. Collectively, these four countries represented 36% of all MLA rendered by The Bahamas and the BVI, resulting in an estimated cost of \$1.69 million of the \$4.7 million dollars spent by these two jurisdictions. In comparison to non-OECD and non-EU countries, The Bahamas and the BVI spent 47% or \$1.3 million dollars more in providing MLA to OECD and EU countries combined, 38% or \$1.02 million dollars more on OECD countries, and 12% or \$225 thousand dollars more on EU countries, compared non-OECD and non-EU countries.

Table 11

Mutual Legal Assistance (MLA)	Bahamas			BVI			Total		
	No. of MLA	% of MLA	Cost Incurred	No. of ML	% of MLA	Cost Incurred	No. Of ML	% of MLA	Cost Incurred
	388	100.0%	\$ 3,203,265	327	100.0%	\$ 1,529,817	715		\$ 4,733,082
OECD Countries	252	64.9%	\$ 2,080,471	151	46.2%	\$ 706,429	403	56.4%	\$ 2,667,737
Australia				13	8.6%	\$ 60,818	13	3.2%	\$ 86,056
Canada	42	16.7%	\$ 346,745				42	10.4%	\$ 278,027
Italy	26	10.3%	\$ 214,652				26	6.5%	\$ 172,112
Switzerland	26	10.3%	\$ 214,652				26	6.5%	\$ 172,112
United Kingdom				33	21.9%	\$ 154,385	33	8.2%	\$ 218,450
United States of America	78	31.0%	\$ 643,955	26	17.2%	\$ 121,637	104	25.8%	\$ 688,448
<i>Total Largest OECD Benefactors</i>	172	68.3%	\$ 1,420,004	72	47.7%	\$ 336,840	244	60.5%	\$ 1,615,206
EU Countries	125	32.2%	\$ 1,031,980	158	48.3%	\$ 739,178	283	39.6%	\$ 1,873,374
Italy	26	20.8%	\$ 214,652				26	9.2%	\$ 172,112
Poland				11	7.0%	\$ 51,462	11	3.9%	\$ 72,817
Switzerland	26	20.8%	\$ 214,652				26	9.2%	\$ 172,112
Ukraine				22	13.9%	\$ 102,923	22	7.8%	\$ 145,633
United Kingdom	14	11.2%	\$ 115,582	33	20.9%	\$ 154,385	47	16.6%	\$ 311,126
<i>Total Largest EU Benefactors</i>	66	52.8%	\$ 544,885	66	41.8%	\$ 308,770	132	46.6%	\$ 873,800
OECD + EU Countries Combined	264	68.0%	\$ 2,179,541	202	61.8%	\$ 945,025	466	65.2%	\$ 3,084,778
Non-OECD + non-EU Countries	124	32.0%	\$ 1,023,724	125	38.2%	\$ 584,792	249	34.8%	\$ 1,648,304
Brazil	18	14.5%	\$ 148,605				18	7.2%	\$ 119,155
Hong Kong	16	12.9%	\$ 132,093				16	6.4%	\$ 105,915
India				10	8.0%	\$ 46,783	10	4.0%	\$ 66,197
Venezuela	12	9.7%	\$ 99,070	5	4.0%	\$ 23,392	17	6.8%	\$ 112,535
Russia				77	61.6%	\$ 360,232	77	30.9%	\$ 509,717
<i>Total Largest Non-OECD, Non-EU Benefactors</i>	46	37.1%	\$ 379,769	92	73.6%	\$ 430,407	138	55.4%	\$ 913,518
All Countries	388	100.0%	\$ 3,203,265	327	100.0%	\$ 1,529,817	715	100.0%	\$ 4,733,082
Canada	42	10.8%	\$ 346,745				42	5.9%	\$ 278,027
Italy	26	6.7%	\$ 214,652				26	3.6%	\$ 172,112
Russia				77	23.5%	\$ 360,232	77	10.8%	\$ 509,717
Switzerland	26	6.7%	\$ 214,652				26	3.6%	\$ 172,112
United Kingdom				33	10.1%	\$ 154,385	33	4.6%	\$ 218,450
United States of America	78	20.1%	\$ 643,955	26	8.0%	\$ 121,637	104	14.5%	\$ 688,448
<i>Total Largest Benefactors of All Countries</i>	172	44.3%	\$ 1,420,004	136	41.6%	\$ 636,254	308	43.1%	\$ 2,038,866

Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; and FIA, 2019.

6. Conclusion

While AML initiatives have brought about increased transparency and improvements in the legal systems and institutions in these four small Caribbean states, these initiatives, in addition to the costs associated with them, predominately benefit OECD and EU Member States. As evidenced from the results of the analysis on the provision of responses to ROI, OECD and EU countries combined received nearly two thirds of responses to ROI verses one third received by all non-OECD and non-EU countries. Equally so, the findings from the analysis on MLA rendered by these small Caribbean states, reflect similar results. Group wise, EU countries have benefited slightly more than OECD countries in receiving responses

to ROI, with the UK being the biggest single benefactor within the EU area, accounting for 12.1% of the 51.3% of responses to ROI for the block. Whereas, among OECD countries, the US is predominately the single biggest benefactor, representing more than half (24.5%) of the 48.8% of responses to ROI for these countries. Among non-OECD and non-EU countries, Russia is the largest single benefactor receiving 5.3% of all responses to ROI. Despite this, the US remains the single biggest benefactor of all countries, receiving nearly two times more (12%) responses to ROI than the 6.2% received by the UK, the second largest benefactor, and nearly three times the 5% received by Russia, the third largest benefactor of all countries.

Similarly, findings from the analysis conducted on MLA rendered to foreign jurisdictions, reveal that OECD and EU countries combined were once again the predominate benefactors. However, group wise, OECD countries received 56.4% in MLA versus 40% received by EU countries. Among OECD countries, the US remains the largest benefactor receiving nearly half (25.6%) of all MLA provided to OECD countries, followed by Canada and the UK with 10.4% and 8.2% in MLA respectively. Within the EU, the UK remains the dominate benefactor receiving 17% of the 40% in MLA rendered to EU member states, followed by Italy and Switzerland which both received 9.2% each in MLA. Among non-OECD and non-EU countries, Russia was the predominate benefactor receiving 31% of the 35% in MLA provided to these countries. Of all countries, the US remains the largest single benefactor receiving 15% of all MLA, followed by Russia receiving 11% and Canada receiving 6% in MLA.

The overall conclusions drawn from these findings are that AML initiatives undertaken in The Bahamas, Bermuda, the BVI and the Cayman Islands and the costs associated with them serve to benefit mainly OECD and EU countries, with the larger benefactors being the European Union, the US and UK in the case of ROI. The US and UK are observed as the single countries that are the largest benefactors, with the US receiving nearly twice as much responses to ROI than the UK. With respect to non-OECD and non-EU countries, Russia is the notable benefactor in this category, and among all countries, having received 5% of all ROI, closely following the UK as the third largest single benefactor of all countries.

In terms of MLA provided by The Bahamas and the BVI, findings reveal that these efforts also serve to benefit mainly OECD and EU countries, with OECD countries benefiting more than EU countries. The US remains the largest benefactor among OECD countries, followed by Canada and the UK, both benefiting less than a half and a third in MLA respectively, compared to the MLA rendered to the US. While in the EU, the UK remain the largest benefactor. Among non-OECD and non-EU countries, Russia is the predominate benefactor. Whereas, among all countries, the US is the largest single benefactor, followed by Russia and Canada. Overall, this research findings highlights the fact that AML initiatives employed by the OECD via its special task force come at the high cost to small Caribbean states, and serve to benefit predominantly OECD and EU countries, particularly the EU, US and UK, with the US being the largest single benefactor of all countries.

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Appendix 1

All Countries By Individual Categories												
Suspicious financial activity	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	0	0	0	0	0	0	0	0	0	0	0	0
Bermuda	0	0	0	0	0	0	0	0	0	0	0	0
BVI	0	0	0	0	0	0	0	0	0	0	0	0
Cayman Islands	152	173	232	303	332	263	167	153	293	476	2,543	1.00
Total	152	173	232	303	332	263	167	153	293	476	2,543	1.00
Undertermined	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	56	37	77	96	73	141	141	202	288	228	1,339	1.00
Bermuda	0	0	0	0	0	0	0	0	0	0	0	0
BVI	0	0	0	0	0	0	0	0	0	0	0	0
Cayman Islands	0	0	0	0	0	0	0	0	0	0	0	0
Total	56	37	77	96	73	141	141	202	288	228	1,339	1.00
Fraud	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	39	26	37	69	43	59	60	113	101	142	689	0.28
Fraud - Revenue	1	0	3	2	4	4	6	4	4	1	29	0.01
Fraud - Attempted	0	0	0	0	0	3	7	2	3	3	18	0.01
Bermuda	0	0	12	17	27	44	52	84	52	0	287	0.11
BVI	48	33	38	86	56		82	203	185	230	961	0.38
Cayman Islands	15	18	29	40	52	70	58	39	109	89	517	0.21
Total	103	77	119	214	181	180	265	445	454	465	2,501	1.00
Corruption	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	2	0	1	7	15	21	22	39	45	38	190	0.19
Bermuda	0	0	9	21	23	23	24	31	23	0	152	0.15
BVI	0	0	13	6	9	16	29	23	18	22	136	0.14
Cayman Islands	15	18	29	40	52	70	58	39	109	89	517	0.52
Total	17	18	52	73	98	129	133	132	195	149	995	1.00
Money Laundering	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	0	0	0	0	0	0	0	0	0	0	0	0.00
Bermuda	0	0	0	0	0	0	0	0	0	0	0	0.00
Money Laundering	0	0	170	125	128	200	391	293	219	0	1,525	0.41
BVI	41	88	56	23	38	54	238	160	231	871	1,800	0.48
Cayman Islands	23	24	38	42	33	34	31	28	82	88	421	0.11
Total	64	112	263	190	199	288	659	481	532	959	3,746	1.00
Money Laundering/Cash Exchanges	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	0	0	174	144	177	170	263	179	176	0	1,283	1.00
Bermuda	0	0	0	0	0	0	0	0	0	0	0	0
BVI	0	0	0	0	0	0	0	0	0	0	0	0
Cayman Islands	0	0	0	0	0	0	0	0	0	0	0	0
Total	2010	2011	2186	2157	2191	2185	2279	2196	2194	2019	1,283	1.00

Tax Evasion	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	0	0	0	0	0	1	2	0	0	4	7	0.01
Bermuda	0	0	2	47	54	24	81	46	35	0	289	0.30
BVI	0	0	0	6	10	18	53	35	18	34	174	0.18
Cayman Islands	2	4	13	9	0	42	134	185	61	57	505	0.52
Total	2	4	15	61	64	85	270	266	114	95	975	1.00

Others	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	33	37	33	64	44	50	42	57	64	38	462	0.76
Bermuda	0	0	19	8	7	7	8	59	35	0	142	0.23
BVI	0	0	0	0	0	0	0	0	0	0	0	0.00
Cayman Islands	0	2	2	0	0	0	0	0	0	0	4	0.01
Total	33	39	54	72	51	57	50	116	99	38	607	1.00

Terrorist financing	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	0	0	0	0	0	0	1	0	0	0	1	0.02
Bermuda	0	0	3	2	3	4	12	4	3	0	30	0.48
BVI	1	1	1	2	0	1	5	2	2	0	15	0.24
Cayman Islands	2	0	0	0	0	3	6	6	0	0	17	0.26
Total	3	1	4	4	3	8	24	12	5	0	63	1.00

Drug Trafficking	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	6	0	12	16	15	8	14	20	16	10	117	0.73
Bermuda	0	0	0	0	0	0	1	1	0	0	2	0.01
BVI	1	1	2	0	2	0	11	0	4	17	38	0.24
Cayman Islands	0	0	4	0	0	0	0	0	0	0	4	0.02
Total	7	1	18	16	17	8	26	21	20	27	161	1.00

WMD/Proliferation	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Bahamas	0	0	0	0	0	0	0	0	0	1	1	0.500
Bermuda	0	0	0	0	0	0	0	1	0	0	1	0.500
BVI	0	0	0	0	0	0	0	0	0	0	0	0.000
Cayman Islands	0	0	0	0	0	0	0	0	0	0	0	0.000
Total	0	0	0	0	0	0	0	1	0	1	2	1.00

All Countries Combined Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	%
Suspicious financial activity	152	173	232	303	332	263	167	153	293	476	2,543	0.18
Undetermined	56	37	77	96	73	141	141	202	288	228	1,339	0.09
Fraud	103	77	119	214	181	180	265	445	454	465	2,503	0.18
Corruption	17	18	52	73	98	129	133	132	195	149	996	0.07
Money Laundering	64	112	263	190	199	288	659	481	532	959	3,747	0.26
Money Laundering/Cash Exchanges	0	0	174	144	177	170	263	179	176	0	1,283	0.09
Tax Evasion	2	4	15	61	64	85	270	266	114	95	976	0.07
Others	33	39	54	72	51	57	50	116	99	38	609	0.04
Terrorist financing	3	1	4	4	3	8	24	12	5	0	64	0.004
Drug Trafficking	7	1	18	16	17	8	26	21	20	27	161	0.011
WMD/Proliferation	0	0	0	0	0	0	0	1	0	1	2	0.0001
Total	437	462	1,008	1,173	1,195	1,329	1,998	2,008	2,176	2,438	14,223	1.00

Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.

Appendix 2

Request for Information (ROI)	Bahamas			Bermuda			BVI			Cayman Islands			Total		
	# of ROI	% of ROI	Cost Incurred	# of ROI	% of ROI	Cost Incurred	# of ROI	% of ROI	Cost Incurred	# of ROI	% of ROI	Cost Incurred	# of ROI	% of ROI	Cost Incurred
	447	100.0%	\$ 3,690,360	144	100.0%	\$ 9,260,401	1926	100.0%	\$ 9,010,481	373	100.0%	\$ 5,265,600	2890	100.0%	\$27,226,842
OECD Countries	248	55.5%	\$2,047,448	76	52.8%	\$4,887,434	909	47.2%	\$4,252,610	178	47.7%	\$2,512,806	1411	48.8%	\$13,293,105
Belgium										13	7.3%	\$183,520	13	0.9%	\$122,474
Canada	23	9.3%	\$189,884										23	1.6%	\$216,684
France				8	10.5%	\$514,467	114	12.5%	\$533,331				122	8.6%	\$1,149,368
Switzerland				6	7.9%	\$385,850							6	0.4%	\$56,526
United Kingdom	28	11.3%	\$231,163	6	7.9%	\$385,850	122	13.4%	\$570,757	24	13.5%	\$338,805	180	12.8%	\$1,695,789
United States of America	91	36.7%	\$751,281	29	38.2%	\$1,864,942	171	18.8%	\$799,996	55	30.9%	\$776,429	346	24.5%	\$3,259,684
Total Largest OECD Benefactors	142	57.3%	\$1,172,329	49	64.5%	\$3,151,109	407	44.8%	\$1,904,084	92	51.7%	\$1,298,754	690	48.9%	\$6,500,526
EU Countries	183	40.9%	\$1,510,819	55	38.2%	\$3,536,959	1107	57.5%	\$5,178,921	137	36.7%	\$1,934,014	1482	51.3%	\$12,160,712
Belgium										13	9.5%	\$183,520	13	0.9%	\$106,673
France				8	14.5%	\$514,467	114	10.3%	\$533,331	11	8.0%	\$155,286	133	9.0%	\$1,091,346
Italy	16	8.7%	\$132,093										16	1.1%	\$131,290
Jersey	14	7.7%	\$115,582										14	0.9%	\$114,879
Switzerland				6	10.9%	\$385,850							6	0.4%	\$49,234
Ukraine							103	9.3%	\$481,869				103	7.0%	\$845,178
United Kingdom	28	15.3%	\$231,163	6	10.9%	\$385,850	122	11.0%	\$570,757	24	17.5%	\$338,805	180	12.1%	\$1,477,010
Total Largest EU Benefactors	58	31.7%	\$478,839	20	36.4%	\$1,286,167	339	30.6%	\$1,585,957	48	35.0%	\$677,611	465	31.4%	\$3,815,608
OECD + EU Countries Combined	312	69.8%	\$2,575,822	97	67.4%	\$6,237,909	1364	70.8%	\$6,381,254	220	59.0%	\$3,105,716	1993	69.0%	\$18,776,157
Non-OECD + non-EU Countries	135	30.2%	\$1,114,538	47	32.6%	\$3,022,492	562	29.2%	\$2,629,227	153	41.0%	\$2,159,884	897	31.0%	\$8,450,684
Argentina	30	22.2%	\$820,080	5	10.6%	\$321,542				14	9.2%	\$197,636	49	1.7%	\$461,632
Bangladesh				6	12.8%	\$385,850				8	5.2%	\$112,935	14	0.5%	\$131,895
Ecuador										11	7.2%	\$155,286	11	0.4%	\$103,632
Guatemala	8	5.9%	\$218,688										8	0.3%	\$75,368
Hong Kong							36	6.4%	\$168,420				36	1.2%	\$339,158
India							61	10.9%	\$285,379				61	2.1%	\$574,684
Nepal				5	10.6%	\$321,542							5	0.2%	\$47,105
Russia	9	6.7%	\$246,024				145	25.8%	\$678,359				154	5.3%	\$1,450,842
Total Largest Non-OECD, Non-EU Benefactors	47	34.8%	\$1,284,792	16	34.0%	\$1,028,933	242	43.1%	\$1,132,158	33	21.6%	\$465,857	338	11.7%	\$3,184,316
All Countries	447	100.0%	\$3,690,360	144	100.0%	\$9,260,401	1926	100.0%	\$9,010,481	373	100.0%	\$5,265,600	2890	100.0%	\$27,226,842
Argentina	30	6.7%	\$247,675							14	3.8%	\$197,636	44	1.5%	\$414,526
Bangladesh				6	4.2%	\$385,850							6	0.2%	\$56,526
France				8	5.6%	\$514,467							8	0.3%	\$75,368
Russia							145	7.5%	\$678,359				145	5.0%	\$1,366,053
Switzerland				6	4.2%	\$385,850							6	0.2%	\$56,526
United Kingdom	28	6.3%	\$231,163	6	4.2%	\$385,850	122	6.3%	\$570,757	24	6.4%	\$338,805	180	6.2%	\$1,695,789
United States of America	91	20.4%	\$751,281	29	20.1%	\$1,864,942	171	8.9%	\$799,996	55	14.7%	\$776,429	346	12.0%	\$3,259,684
Total Largest Benefactors All Countries	149	33.3%	\$1,230,120	55	38.2%	\$3,536,959	438	22.7%	\$2,049,113	93	24.9%	\$1,312,871	735	25.4%	\$6,924,474

Source: FIU, 2010; FIU, 2011; FIU, 2012; FIU, 2013; FIU, 2014; FIU, 2015; FIU, 2016; FIU, 2017; FIU, 2018; FIU, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FIA, 2010; FIA, 2011; FIA, 2012; FIA, 2013; FIA, 2014; FIA, 2015; FIA, 2016; FIA, 2017; FIA, 2018; FIA, 2019; FRA, 2010; FRA, 2011; FRA, 2012; FRA, 2013; FRA, 2014; FRA, 2015; FRA, 2016; FRA, 2017; FRA, 2018; and FRA, 2019.