

Federal Department of Justice and Police

Federal Office of Police

Money Laundering Reporting Office (MROS) — Fewer reports on suspicious transactions in 2005

Press Release, FEDPOL, 27.04.2006

Bern, March 27, 2006 — The number of reports on suspicious transactions submitted to the Money Laundering Reporting Office of Switzerland (MROS) decreased for the second consecutive year in 2005. Most financial intermediaries under duty to report seemed to have less reason to suspect shady money transactions. Similarly, the number of reports from banking institutions decreased for the first time since the duty to report was introduced. As in previous years, the money transfer services accounted for almost half of the reports submitted. In its country assessment, the FATF evaluated MROS favorably.

While the number of reports received in 2004 had declined by 4.9 percent to 821 compared to the previous year, the number of reports further decreased by as much 11.2 percent to 729 reports in 2005. In 2005 MROS registered 11 percent, or 43, fewer reports filed by money transfer services—the business sector that accounts for the largest business volume— than in 2004. In fact, most businesses under duty to report suspicious money transactions contributed to the decrease in the number of reports.

With 13.8 percent or 47 fewer reports of suspicious money transactions than in the previous year, the number of reports received from the banking sector decreased for the first time ever. However, not all categories of banks accounted for this fall in number. For instance, the number of reports received from major banks in 2005 remained unchanged compared to the previous reporting year. In particular, the number of cases where banks felt obliged to report their suspicion in connection with existing business relationships decreased by 20 percent. However, the number of cases reported in accordance with the Money Laundering Ordinance issued by the Swiss Federal Banking Commission more than doubled in 2005. The number of cases reported under Article 305ter of the Swiss Criminal Code—this provision provides the right to report a suspicion—also rose by a total of 28 percent. Such a report need not be submitted to MROS, but may directly be addressed to the appropriate prosecuting authorities, which is why such a case would not be accounted for in the MROS statistics.

Reports from money transfer services

With a decrease of 11 percent—that is to say 43 fewer reports than in 2004—the money transfer sector chiefly accounts for the overall drop in suspicious transaction reports in 2005. Of the 348 reports received in 2005, 298 (85.6 percent) were filed by money transmitters. One single major money transmitting service accounted for 256 reports (nearly 86 percent). The remaining 42 reports (14 percent) were filed by eight transmitting services, five of which contributed only one report each.

Prevention pays off

A decrease or fluctuation in the number of reports may be a sign that prevention and regulation as a tool for fighting money laundering and terrorism financing are starting to pay off. The statistical findings of foreign financial intelligence units (FIU) seem to

confirm this fact.

There is consensus on the need for a sound Swiss financial centre. By imposing an obligation to report even instances of attempted money laundering activities, the Swiss Federal Banking Commission has underlined its intention to nip attempts at money laundering in the bud. Unlike in the previous years, 2005 saw no major case that led to multiple reports; a fact that may be yet another reason why the number of reports decreased.

Fewer assets blocked

Given the decreasing number of suspicious transaction reports, the sum total of assets blocked in 2005 declined too. Whereas in 2004 assets amounting to 779 million Swiss francs had been blocked, 680 million Swiss francs were blocked in 2005, which roughly represents a 13-percent drop.

In 2004, 75 percent of the sum total of reports was forwarded to the appropriate prosecuting authorities for further investigation. Of a total of 729 reports received by MROS in 2005, 504 reports (69 percent) were forwarded. The low rate (45 percent) of reports from the money transfer services—the largest business sector under review— notified to the prosecuting authorities accounts for the lower overall percentage of reports received in 2005. The reason is that the step-by-step procedure typically practiced in the money transfer business allows few conclusions about clients and the nature of their business relations. Evidence is often not sufficiently conclusive for a report to be forwarded to the prosecuting authorities. By contrast, and as was to be expected, 91 percent of the reports received from the banking sector were forwarded for further inquiry. On the whole it may be said that the contents of the reports filed by the cantons were substantial and of a high quality.

Good marks for MROS

In 2005, the Financial Action Task Force (FATF) assessed the Swiss financial center and the measures for combating money laundering and terrorism financing for the third time. Also assessed was the cooperation of MROS with financial intelligence units of other nations. Taking into account the particular circumstances under which MROS operates, the FATF certified MROS as efficient and professional, an assessment that translates into »largely compliant« with FATF standards.

For more information

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Last modification: 27.04.2006

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