



## **BANK OF GREECE**

**EUROSYSTEM**

### **BANKING AND CREDIT MATTERS COMMITTEE**

**Meeting 285/9.7.2009**

**Item 6: Indicative typology of unusual or suspicious transactions within the meaning of Article 4 (paragraphs 13 and 14) of Law 3691/2008**

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THE BANKING AND CREDIT COMMITTEE, having regard to:

- a) Article 1 of Law 1266/1982, "Authorities responsible for monetary, credit and exchange rate policies, and other provisions", in conjunction with Bank of Greece Governor's Act 336/29.2.1984 regarding the setting up of Committees with specific mandates at the Bank of Greece, as currently in force;
- b) Article 55A of the Statute of the Bank of Greece;
- c) Law 3601/2007 «Taking up and pursuit of the business of credit institutions, capital adequacy of credit institutions and investment firms, and other provisions»;
- d) the provisions of Law 3691/2008 "Prevention and suppression of money laundering and terrorist financing, and other provisions", in particular Article 6, paragraph 2 in conjunction with paragraphs 3 to 5, specifying the powers and responsibilities of the Bank of Greece as a competent authority within the scope of that law;
- e) Decision of the Banking and Credit Committee No. 281/5/17.3.2009 re: "Prevention of the use of the credit and financial institutions, supervised by the Bank of Greece, for the purpose of money laundering and terrorist financing";
- f) Regulation (EC) No. 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds;
- g) a recommendation by the Department for the Supervision of the Financial System of the Bank of Greece, pointing out the need to supplement and reform the existing typology of suspicious and unusual transactions in the light of more recent developments in transaction practices and in the range of services and products offered by supervised institutions, and the requirements of the Financial Action Task Force (FATF);

**HAS DECIDED**

to abolish, as from the entry into force of the present Decision, Table III ("Examples of transactions giving rise to suspicions of money laundering and terrorist financing") annexed to Banking and Credit Committee Decision 231 /13.10.2008 and replace it as follows:

**I. GENERAL TYPOLOGY OF UNUSUAL OR SUSPICIOUS TRANSACTIONS  
WITHIN THE MEANING OF PARAGRAPHS 13-14 OF ARTICLE 4 OF LAW  
3691/2008**

**A. ACTIVITIES THAT COULD INDICATE MONEY LAUNDERING**

**1. Supply of insufficient or suspicious data on customer identification**

- 1.1. In concluding an agreement with a credit institution, the customer refuses to present the required identification documents; submits documents of questionable authenticity; provides insufficient or inaccurate information; or is found to have provided information that is too difficult or costly to verify.
- 1.2. The customer is reluctant to provide data as necessary for establishing his economic/transaction profile.
- 1.3. A representative of a legal entity, who attempts to conclude an agreement on behalf of that legal entity, refuses to provide information or provides insufficient or inaccurate information about the nature and the purpose of the entity's activities, location, ownership or control, identity of the natural persons who are the true beneficiaries, expected volume of account activity or other information requested, or, although invited by the credit institution to do so, fails to furnish the appropriate verification documents referred to Chapter 5 of Banking and Credit Committee Decision No 281/17 March 2009.
- 1.4. The customer fails to provide details on the third party on whose behalf he is acting.
- 1.5. The customer intends to purchase securities traded on a regulated market and is reluctant to meet the identification requirements under the provisions of Law 3691/2008 and Banking and Credit Committee Decision 281/2009 and to furnish the relevant verification documents.
- 1.6. The customer carries out frequent or large transactions that are not consistent with his economic/transaction profile.
- 1.7. The customer receives credit transfers to his account from several third parties, which is not justified by the nature of his business activity.
- 1.8. In fund transfers, the payer resists or tries to forestall compliance with the recipient bank's demand to record and verify his identity details and transaction data.
- 1.9. The customer, natural or legal person, although advised of the identification requirements, refuses or is reluctant to provide the necessary data on his identity, or tries to dissuade or prevent the bank employee from recording such data, or refuses to complete the transaction documents or requests exemption from the requirement to make his details available for record-keeping.

- 1.10. Repeated deposits or withdrawals of amounts that are consistently just below the identification or reporting thresholds.
- 1.11. Frequent transfers of shares of an offshore corporation or a corporation with bearer shares, possibly leading to inability to identify the beneficial owner.
- 1.12. Sudden reactivation of a long inactive enterprise, especially in the case of offshore or bearer share corporations.
- 1.13. A lawyer appears to use his personal accounts to carry out transactions on behalf of natural or legal persons represented by him.

## **2. Fund transfers**

- 2.1. Frequent small deposits into several accounts of the same customer are subsequently consolidated into a master account and transferred abroad, particularly to or through a country or territory that is considered a tax haven or does not sufficiently apply FATF recommendations or is considered as high-risk for money laundering and terrorist financing.
- 2.2. Accounts are opened in the name of natural or legal persons and do not show normal account activity consistent with the customer's economic/transaction profile, but are used exclusively for transferring funds abroad.
- 2.3. Frequent fund transfers for large amounts from/to tax or banking secrecy havens or from/to high risk territories, without a visible business purpose connected with the customer's activity and economic/transaction profile.
- 2.4. Many incoming low-value fund transfer orders or deposits are received in the form of bank cheques and drafts or remittances; almost immediately, all or most of these funds are transferred to another city or country in a manner incompatible with the customer's activity or history.
- 2.5. Incoming large-value fund transfer orders are collected by a third party having no apparent family, business or professional ties with the beneficiary of the payment order.
- 2.6. A customer account systematically shows credit or debit entries that have no apparent connection with lawful transactions, goods or services.
- 2.7. Funds are remitted or received by the same person to and from different accounts without any apparent economic purpose.
- 2.8. Successive fund transfers, without any apparent purpose, which could imply an attempt to prevent the tracing of beneficial owners.
- 2.9. Unusual fund transfers between accounts held in the name of legal persons under the same ownership (e.g. offshore corporations belonging to one beneficial owner).

- 2.10. Repeated fund transfers to a beneficiary who is located abroad and does not hold an account with the recipient foreign bank.
- 2.11. Fund transfers from abroad to a customer in Greece, who subsequently transfers the funds on to a third party.
- 2.12. Frequent low-value fund transfers to a customer who subsequently gives instructions for a large-value transfer.
- 2.13. Fund transfers are sent from one bank to another and ultimately the funds are transferred back to the former bank.
- 2.14. Large activity of fund transfers to and from foreign countries, by an enterprise not engaging in foreign trade.
- 2.15. Large-value fund transfers from abroad are received by a natural or legal person, without any apparent economic purpose.
- 2.16. A correspondent account is credited with amounts which are untypically large for that account.

### **3. Activities inconsistent with the customer's business activity and overall economic/transaction profile**

- 3.1. A significant increase in the deposits of an enterprise, not justified by a corresponding growth in its activity.
- 3.2. Large amounts of cash are deposited into an account, not justified by the customer's economic/transaction profile.
- 3.3. Transactions of a commercial firm are as a rule carried out in cash rather than the securities and other payment instruments that would normally be used to conduct commercial transactions.
- 3.4. A bank account held by a natural or legal person is debited or credited with large amounts which are not justified by the customer's economic/transaction profile.
- 3.5. A large number of cheques or payment orders are deposited into an account or are issued out of the account, although such activity is not justified by the nature of the account holders' business activity.
- 3.6. Cheques of significant amounts are deposited into an account without any apparent family or business relation between the account holder and the last endorser.
- 3.7. An enterprise makes cash deposits in amounts that are much higher relative to enterprises of similar size in the same sector.
- 3.8. Extensive use of credit facilities and other types of trade finance, leading to large flows of capital between countries for which such trade transactions would not be expected, taking into account the customer's normal business activity.

- 3.9. Large balances are built up in deposit accounts and are subsequently transferred to accounts abroad, a pattern not justified by the customer's business activity.
- 3.10. A customer applies for asset management services regarding his portfolio of foreign exchange or securities, and the source of the funds is obscure or inconsistent with the customer's financial standing and business activity.
- 3.11. Substantial (in number and size) cash deposits by natural or legal persons without any apparent economic purpose, in particular if soon thereafter the deposited amounts are transferred from the customer's account to a destination not apparently connected with his activities.
- 3.12. Shipowners or shipping companies engage in transactions or operations not related to shipping activities.
- 3.13. Transactions relating to large-value purchases on behalf of minors or incapacitated persons or persons lacking the economic or legal capacity to make such purchases.
- 3.14. Non-profit entities carry out transactions that are not typical for their purpose or normal activities.
- 3.15. Transactions carried out between parties which do not act on their own behalf but attempt to conceal the identity of the actual beneficiary.

#### **4. Cash transactions**

- 4.1. Large cash deposits and withdrawals not justified by the customer's economic/transaction profile.
- 4.2. A deposit account is credited with large amounts of cash paid by third parties, without the physical presence of the accountholder.
- 4.3. Existence of a large number of movements in an account, with numerous cash deposits and withdrawals through the issuance of cheques, while the account balance is maintained at low levels.
- 4.4. Reactivation of dormant accounts, in particular by cash deposits through branches other than the branch keeping the account.
- 4.5. Large quantities of low-denomination banknotes are exchanged for banknotes of higher denominations.
- 4.6. Cash deposited into bank accounts denominated in foreign currency, where this behaviour is untypical for enterprises in the given sector of activity.
- 4.7. Large numbers of small deposits into a single account which add up to a substantial sum.
- 4.8. Unexplained increase in the volume of cash transactions at certain bank branches.

- 4.9. A customer who has a history of presenting counterfeit banknotes, unpaid cheques or cheques presented to be cashed at a much later date than the date of issue.
- 4.10. A customer issues bank cheques against cash or purchases large-value travelers' cheques.
- 4.11. A customer holds several accounts with the same bank and deposit cash to each of these accounts, adding up to a substantial sum.
- 4.12. Several persons make payments into the same account held by a natural person, with no apparent economic purpose.
- 4.13. Large cash withdrawals from a previously dormant account or from an account which has just received a large credit from abroad.
- 4.14. Payment of a large amount of cash for the purpose of participating in a company's capital increase.
- 4.15. A customer uses his credit card for large-value transactions and subsequently repays the credit in cash, without adequate explanation as to the origin of funds.
- 4.16. A customer fails to furnish supporting documents for large deposits and explain the origin and use of funds.

## **5. Other suspicious transactions or customer behaviour**

- 5.1. The home or business telephone of the customer is disconnected or there are frequent and unexplained changes in fixed or mobile telephone numbers, as well as inactive company e-mail addresses.
- 5.2. A customer places his account under hold mail status, instructing the credit institution not to send account statements or other correspondence to his work or home address for a period of more than six months.
- 5.3. Unusually nervous behaviour from customers during the transaction.
- 5.4. Accounts are closed soon after they are opened, in particular after the bank requires the submission of the necessary documents, and the relevant funds are transferred.
- 5.5. An account is opened in the name of a customer, natural or legal person, with address outside the region of the bank branch.
- 5.6. A large increase in cash shipments to and from a certain bank branch or branches in a certain region.
- 5.7. Transactions involving recently created legal persons, when the amount is large compared to their assets.

- 5.8. Transactions involving legal persons that have ceased operations or face financial difficulties.
- 5.9. A natural or legal person decides to close his/its accounts as a result of negative publicity.
- 5.10. There are rumours in the local community that the customer may be involved in illegal activities.
- 5.11. A customer shows unreasonably high profits from gambling or bets.
- 5.12. Customers hold accounts with several credit institutions operating in the same region, without an apparent economic purpose.
- 5.13. Customers insist on dealing with a particular employee at the bank even for routine transactions or suspend their transactions with the bank during the absence of that particular employee.
- 5.14. Frequent transfers of funds to an account held by a low-income individual.
- 5.15. Cheques in bearer form are issued and cashed in after several endorsements.
- 5.16. A bank account is consistently credited with travelers' cheques denominated in foreign currency.
- 5.17. Securities are purchased or sold repeatedly with no apparent economic purpose (e.g. at a loss to the investor).
- 5.18. Regarding non-profit or charity organisations:
  - The sources of funds are not consistent with the size of funds raised, e.g. large amounts are raised from communities whose members have a low standard of living.
  - A sudden increase in the frequency and size of transactions or the reverse, i.e. funds remain on the organisation's account for a long time.
  - Donations come exclusively from non-residents of the country where the organisation is registered.
  - Transfers of funds to various countries, in particular high-risk countries, when this is not justified by the purpose of the organisation as specified in its statute.
  - Organisations without staff, offices, telephone numbers, etc.

## **6. Use of safe-deposit boxes**

- 6.1. Frequent use of safe-deposit facilities by joint tenants or their representatives, especially involving massive packages that can be used for the transport of large amounts of cash or other bulky objects.
- 6.2. Increasingly frequent visits to safe deposit boxes at a certain bank branch, in particular by individuals who do not work or reside in the bank's service area, although similar services are available from a branch closer to their home or business address.

6.3. Frequent change of joint tenants of safe-deposit boxes.

## **7. Loans**

7.1. Partial or full early repayment of a loan by the borrower, when the origin of funds is unknown.

7.2. A guarantee for a loan is provided by a guarantor unknown to the bank and apparently unrelated to the borrower.

7.3. A customer seeks a loan for no stated purpose and is willing to offer cash as guarantee.

7.4. Sudden repayment of overdue loans.

7.5. Application for a loan backed by assets which are of unclear origin or incompatible with the financial position of the applicant.

7.6. A customer seeks to obtain credit, when the origin of own participation is obscure or unexplained.

7.7. A customer obtains a loan and does not use it but deposits the amount into an account for some time and subsequently withdraws the amount in cash.

## **8. Suspicious behaviour of bank employees**

8.1. An employee with a lavish lifestyle that cannot be supported by his salary.

8.2. An employee omits to comply with the established policies and procedures of the credit institution, in particular if he engages in asset management for important customers.

8.3. An employee is unwilling to take vacation time.

8.4. An employee socialising with customers more than usual.

## **9. Trade-based money laundering**

9.1. Over- or under-invoicing of goods or services, using various techniques. .

9.2. Multiple invoicing of goods and services.

9.3. Over- and under-shipments of goods and services, i.e. the quantity is over- or understated and there are significant discrepancies between the description of the commodity on the bill of lading and the invoice.

9.4. The size of the shipment appears inconsistent with the scale of the exporter or importer's regular business activities.



- 9.5. The type of commodity being shipped is designated as “high risk” for money laundering activities, e.g. high-value, low-volume goods (e.g. jewelry) which have high turnover rates and present valuation difficulties.
- 9.6. The type of commodity being shipped appears inconsistent with the exporter or importer’s regular business activities.
- 9.7. The commodity is shipped to (or from) a jurisdiction designated as “high risk” for money laundering activities.
- 9.8. The method of payment appears inconsistent with the risk characteristics of the transaction, e.g. prepayment to a new supplier located in a high-risk country.

## **10. Money laundering through the real estate sector**

- 10.1. Sale of a property at a price much higher than its fair market value.
- 10.2. Sale of a property against payment in bearer cheques or in cheques endorsed in favour of a third party unrelated to the sale transaction.
- 10.3. Sale of a property against payment in several cheques issued on a single date and to the order of a single seller.
- 10.4. Sale of a property against payment in cash originating from the account of a third party unrelated to the person designated as purchaser in the sale agreement.
- 10.5. Sale of a property without the formalities required by the law, e.g. by a private contract.
- 10.6. According to the sale agreement, the property appears to have been acquired by the seller very recently.

## **11. Money laundering through new payment methods**

- 11.1. A customer carries out large-value transactions using a prepaid card, taking advantage of the option to reload the card without physical presence at the bank, e.g. through ATMs, internet banking, etc.
- 11.2. A customer buys a large number of prepaid cards from the same bank.
- 11.3. Large balances of debit or credit cards are repaid in cash, without the origin of funds being clear.
- 11.4. A customer credits his account with large amounts almost exclusively through an ATM, possibly indicating his intention to avoid personal appearance at the bank.

## **12. Money laundering through corporate vehicles**

- 12.1. Accounts are opened with one bank by several offshore corporations belonging to the same beneficial owner, and complicated or unusual flows of funds take place between such accounts.
- 12.2. Attempt to conceal the identity of the beneficial owner through complex structures of legal entities.
- 12.3. An account of a legal person receives a credit transfer from another legal person belonging to the same beneficial owner, using as a supporting document a private loan contract, stipulating unusual terms and conditions, e.g. unsecured or interest-free loan. .

## **B. SUSPICIOUS ACTIVITIES WHICH MIGHT INDICATE TERRORIST FINANCING**

1. Transactions (by natural or legal persons) whose characteristics could suggest connection with proliferation of weapons of mass destruction (WMD), including the diffusion of WMD production technology and production or sale of systems of WMD delivery:
  - Transactions involving natural or legal persons from a country designated as high-risk for proliferation of weapons of mass destruction.
  - Purchases/sales of dual-use items within the meaning of Council Regulation (EC) 1334/2000 setting up a Community regime for export controls of dual-use items and technologies.
  - The purchaser has no history of purchases of the same or similar goods.
  - Routing goods or financial transactions through transshipment hubs.
  - The exporter has a history of administrative offences in his export activities.
2. Accounts of non-profit or charity organisations are used for transactions that are inconsistent with the goals of the organisation as specified in its statute.
3. A large number of remittances from and to high-risk countries, without a reasonable business or other economic purpose.
4. Incomplete details regarding the payer of incoming remittances credited to accounts of non-profit or charity organisations.
5. Fund transfers are split into small amounts, raising suspicions of an attempt to avoid customer identification or recording of the transaction.
6. The bank is instructed to send a remittance abroad, in particular to high-risk countries, with incomplete or misleading information about the beneficiary.
7. A customer is involved in commercial transactions with high-risk countries, when such transactions cannot be explained by logical business reasons.

8. There is evidence of illegal/alternative money remittance mechanisms ("hawala"), e.g. large remittances by shop-owners not justified by their business activity, in particular in areas with strong presence of immigrants.

## **II. SPECIAL TYPOLOGY OF UNUSUAL OR SUSPICIOUS TRANSACTIONS WITHIN THE MEANING OF ARTICLE 4 (PARAGRAPHS 13-14) OF LAW 3691/2008, WITH PARTICULAR REGARD TO FUND TRANSFER INTERMEDIARIES AND BUREAUX DE CHANGE**

### **1. Provision of insufficient or suspicious information and identification data**

- 1.1 A customer upon entering into a transaction refuses to furnish the relevant identification documents, or submits documents of questionable authenticity, gives insufficient or incorrect information or is found to have given information that is too difficult or costly to verify.
- 1.2 A customer carries out frequent or large transactions without providing sufficient data on his business or economic activity.
- 1.3 The customer, natural or legal person, although advised of the identification requirements, refuses or is reluctant to provide the necessary data on his identity, or tries to dissuade or prevent the bank employee from recording such data, or refuses to complete the transaction documents or requests exemption from the requirement to make his details available for record-keeping.
- 1.4 Transactions in which the identity of the beneficiary is unknown or insufficiently specified.
- 1.5 Transactions involving amounts just below the levels that would trigger identification or registration procedures.
- 1.6 The stated occupation of the customer does not justify the frequency and size of the incoming and outgoing remittances to and out of his account.

### **2. Wire transfers and cash transactions**

- 2.1. In incoming remittances, incomplete data on the payer are provided.
- 2.2. Remittances are received using a code without specifying the identity of the beneficiary.
- 2.3. Fund transfers from several individuals to a specific beneficiary, without sufficient explanation.
- 2.4. Fund transfer activity to or from tax havens or high-risk countries, without an apparent connection with the customer's business activity or economic/transaction profile.
- 2.5. Frequent fund transfers with no reasonable economic purpose from and to natural or legal persons originating in high-risk countries (e.g. countries designated by FATF

as non-cooperative or countries that do not or insufficiently apply the FATF recommendations).

- 2.6. A customer frequently receives large remittances from countries known for the production, processing or trafficking of narcotic drugs or countries considered to be harbouring proscribed terrorist organisations.
- 2.7. Many small incoming fund transfers which are almost immediately transferred in full or in part to another city or country, in a manner incompatible with the business activity or the history of the customer.
- 2.8. Incoming large fund transfers are received in the name of a third party without a clear reason or satisfactory explanation.
- 2.9. Multiple small remittances are received in the name of a customer who subsequently gives instructions for a large cross-border transfer.
- 2.10. High cross-border fund transfer activity by legal persons not engaging in international trade.
- 2.11. Large transfers are executed at small intervals or fund transfers deviating from the normal transaction pattern of the customer.
- 2.12. Funds transfers to natural or legal persons active in a line of business totally different from that of the customer.
- 2.13. Numerous successive small transactions which add up to a considerable sum.
- 2.14. Large cash transactions, in particular in uncounted banknotes (wrapped in currency straps or elastic bands, making them difficult to identify and count).
- 2.15. Large amounts of low-denomination banknotes are exchanged for higher-denominations.
- 2.16. Unjustified increase in the volume of cash transactions at certain points of transactions.
- 2.17. Frequent conversions of banknotes from one currency to another.

### **III. SPECIAL TYPOLOGY OF UNUSUAL OR SUSPICIOUS TRANSACTIONS WITHIN THE MEANING OF ARTICLE 4 (PARAGRAPHS 13-14) OF LAW 3691/2008, WITH PARTICULAR REGARD TO LEASING AND FACTORING COMPANIES**

1. Sudden repayment and termination of contracts (especially car leasing contracts) soon after they have come into effect.
2. A sudden repayment of long overdue obligations.

3. A guarantee is provided by a person having no apparent relation, business or personal, to the lessee/factoree.
4. The customer refuses to provide additional financial or activity data when required to do so by the leasing company upon the initial approval of the financial leasing or upon the review of the customer's file.
5. An offshore corporation seeks to enter into a leasing agreement and there are doubts as to the identity of its true beneficiary.
6. An application is submitted for a financial leasing agreement when the origin of the own participation is unclear or unspecified.
7. An application is submitted for the leasing of equipment at a price different from the market value.
8. An obligation of a customer is repaid with large-value cheques to the order of a third party, endorsed in favour of the customer, without evidence of a family, business or other relation between that third party and the customer.
9. Detection of over- or under-invoicing.

The Government Budget shall not incur any expenditure due to the provisions of this Decision.

This decision shall be published in the Government Gazette (Issue B).