FINANCIAL INFORMATION UNIT



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Message from the head of the financial information unit of Mongolia

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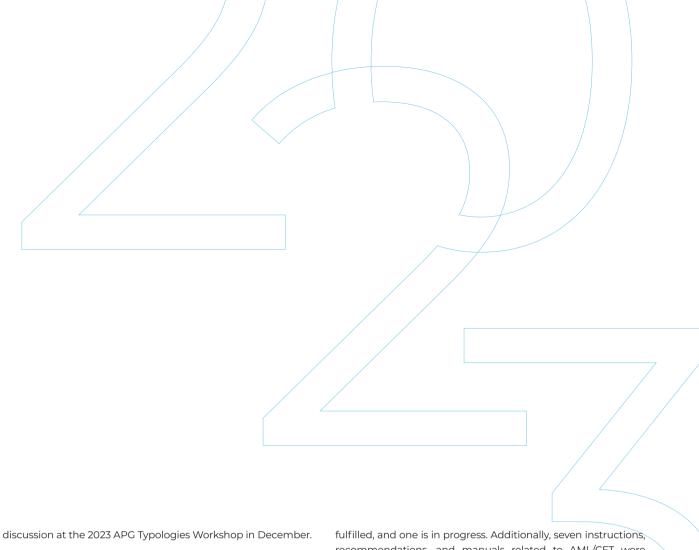
FOREWORD

The year 2023 has presented numerous challenges and lessons for the Financial Intelligence Unit (FIU) in its ongoing efforts to combat money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction. Notably, Mongolia has become the first country in the Asia-Pacific region and the fifth globally to be assessed as "compliant" and "largely compliant" with the technical compliance of the FATF 40 Recommendations, including the updated Recommendation 15. This significant achievement was made possible through the dedicated cooperation of the public and private sectors, professional associations, and international donor organizations. It underscores Mongolia's continuous efforts to establish the necessary legal and regulatory framework for AML/CFT/CPF.

During the reporting period, the submission of suspicious transaction reports (STRs) to FIU-Mongolia decreased by approximately 30%, accompanied by a 10% decrease in cash transactions compared to the previous year. This reduction is attributed to reporting entities identifying high-value transactions as suspicious, and following training and outreach activities related to suspicious transaction reporting, correctly evaluating their customers before submitting transaction information. Meanwhile, foreign settlement transaction report increased by 23%, and virtual asset transaction report tripled. FIU-Mongolia analyzed over 790 STRs in 2023, a 124% increase from the previous year.

Cooperation between the public and private sectors is crucial for strengthening the AML/CFT framework. Therefore, FIU placed great importance on the collaboration and coordination of the National Council and the Cooperation Council throughout the year. Representatives from 19 member organizations held five meetings to discuss and decide on various matters, including issuing recommendations regarding the inclusion of AML/CFT responsibilities in the core functions of competent authorities and professional associations and appointment of an officer responsible for AML/CFT issues, reviewing and approving the plan and composition of the working group under the Cooperation Council, incorporating private sector representatives into the Research and Analysis Working Group, and preparing and submitting Mongolia's 7th Follow-Up Report to the Asia/Pacific Group on Money Laundering (APG).

In terms of international cooperation, FIU-Mongolia signed a Memorandum of Understanding with the Anti-Money Laundering Intelligence Office of Lao PDR and the Financial Intelligence Office of Macao SAR. As of 2023, FIU-Mongolia has established MOUs with FIUs from 23 countries for mutual information exchange and cooperation. Mongolia has been recognized for its proactive measures in implementing FATF's Recommendation 15 on New Technologies, considered a good practice. In recognition of this, the Financial Regulatory Commission of Mongolia and FIU-Mongolia jointly presented a session on Mongolia's risk assessment of the virtual asset sector during the APG's working group meeting on May 11, 2023. Mongolia also shared its experiences during the panel



Throughout the year, FIU-Mongolia regularly organized training and seminars, both online and in-person, to enhance the skills and knowledge of its employees and other relevant agencies. We conducted more than 50 training sessions, independently or in collaboration with other organizations, with over 3,800 employees participating. Additionally, as part of the "Strengthening Fiscal and Financial Stability Project" of the World Bank, a joint study with local consultants was conducted to enhance the correspondent banking relationship in Mongolia. Collaborations with other government organizations to raise public awareness and educate on AML/CFT were also undertaken.

Furthermore, the Mongolian Government has approved a 'National Strategy of AML/CFT/CPF 2022-2030' to ensure the development of a comprehensive system that meets international AML/CFT standards, comprising eight strategic objectives. Following the adoption of the National Strategy, the "Action Plan for Implementing the AML/CFT National Strategy" was approved by the head of the National Council and the Minister of Justice and Internal Affairs. This Action Plan includes 194 action items, with implementation commencing this year. The National Council and the Cooperation Council monitor and review the progress of the Action Plan through quarterly meetings. Of the implementation tasks to be completed in 2023, 15 out of 21 have been completed, with 6 in progress. Of the 30 tasks carried out regularly every year, 29 have been

recommendations, and manuals related to AML/CFT were issued, and seven procedures and forms were revised and approved. With the effective implementation of the National Strategy, we not only set the long-term goal for AML/CFT/CPF in Mongolia but also believe it will contribute to the effectiveness of the next round of mutual evaluation of Mongolia, scheduled for 2028-2029.

On behalf of the FIU, I would like to express our sincere gratitude to all member organizations of the National Council and the Cooperation Council, professional associations, reporting entities, and international donor organizations for their joint efforts and collaboration with the FIU.

Sincerely,

BATBAATAR.B HEAD OF FINANCIAL INFORMATION UNIT

CHAPTER /

RECEIPT, COLLECTION, AND ANALYSIS
OF INFORMATION REPORTED FROM
REPORTING ENTITIES

1.1. RECEIVING AND ANALYZING INFORMATION

The FIU receives Cash Transaction Reports (CTRs), Foreign Settlement Transaction Reports (FSTRs), and Virtual Asset Transaction Reports (VATRs) of MNT 20 million or more as well as Suspicious Transaction Reports (STRs) from reporting entities specified in Article 41 of the AML/CFT Law. The number of reports submitted by reporting entities to the FIU in 2023 by type of transaction compared to the previous two years is shown in Table 1.

Table 1. The number of transactions reported by reporting entities to FIU /by type of report/

		2021	2022	2023
8	SUSPICIOUS TRANSACTIONS	1,801	2,626	1,799
	CASH TRANSACTIONS	336,518	349,126	315,103
	FOREIGN SETTLEMENT TRANSACTIONS	211,176	230,402	284,301
	VIRTUAL ASSET TRANSACTIONS	-	1,783	7,447

Source: FIU-Mongolia

¹ 4.1.1. Banks;

^{4.1.2.} Non-banking financial institutions;

^{4.1.3.} Insurance companies and insurance professional participants;

^{4.1.4.} Investment funds and investment management companies;

^{4.1.5.} Professional organization participated in the securities market;

^{4.1.6.} Saving and credit cooperatives;

^{4.1.7.} Real estate brokers in cases where any activity involving the purchase or sale of real estate is undertaken;

^{4.1.8.} Traders of precious metals, precious stones, and jewelry made by them, if they have engaged in cash transactions with a monetary amount specified in sub-paragraph 5.1.2 of this Law;

^{4.1.9.} Notaries, lawyers, accounting and financial consulting service providers-when they have prepared, executed, or taken part in the following activities on behalf of their customers:

^{4.1.9.}a. Buying and selling of real estate;

^{4.1.9.}b. Management of Consumer's assets;

^{4.1.9.}c. Management of bank, savings, or securities accounts;

^{4.1.9.}d. Incorporating a company and arrangement of drawing and collection of properties for conducting and managing its activities;

^{4.1.9.}e. Incorporating a legal entity, conducting and managing its activities, or conducting and managing any certain activity based on the transaction or purchasing and selling a business entity;

^{4.1.10.} Virtual assets service providers;

^{4.1.11.} Person conducting in money credit activities specified in the Law on Money credit activities.

The Law on Virtual Asset Service Providers was approved in December 2021, and the legal framework for the virtual asset sector has been established in Mongolia. In this regard, the Law on Combating Money Laundering and Terrorism Financing (AML/CFT Law) was amended, and VASPs became reporting entities. As such, VASPs are obligated to report virtual asset transactions equal to MNT 20 million or more and suspicious transactions to the FIU under the AML/CFT Law and have been submitting reports starting from October 2022. Additionly, as the Law on Regulation of Monetary Loan Activity was approved by the State Great Khural of Mongolia in November 2022, making a person engaging in money credit activities specified in the Law on Money Credit Activities a reporting entity.

As of 2023, 11 types of reporting entities have an obligation to report transaction information described in the AML/CFT Law to the FIU under the law. The following table shows the transactions reported by all types of reporting entities by sector in the reporting year.

Table 2. Number of STRs, FSTRs, and CTRs received in 2023 /by sector/

		Suspicious transactions		Cash tran	sactions	Foreign settlement transactions	
		Number of transactions	Percentage	Number of transactions	Percentage	Number of transactions	Percentage
	Total	1,799	100%	315,103	100%	284,301	100%
7	Banks	1,490	82.8%	305,546	96.9%	276,125	97.1%
2	Other financial institutions	106	5.9%	8,891	2.8%	8,168	2.9%
3	DNFBPs ²	147	8.2%	666	0.2%	8	0.003%
4	VASPs ³	56	3.1%	-	-	-	-

Source: FIU-Mongolia

The following table presents statistics on CTRs, FSTRs, and VATRs of MNT 20 million or more as well as STRs with no threshold, classified by sector, and compared to the previous two years.

² Designated non-financial Businesses and Professions

³ Virtual asset service providers

Table 3. The number of cash transactions reported by reporting entities to FIU compared to the previous year /by sector/

Year	2021		2022		2023	;	Changes from
Type of REs	Number of transactions	Percen- tage	Number of transactions	Percen- tage	Number of transactions	Percen- tage	2023 / 2022
Number of cash transactions	336,518	100%	349,126	100%	315,103	100%	9.74 %
Bank	317,520	94.40%	335,305	96.04%	305,546	96.97%	8.87 %
Other financial institution	17,836	5.30%	11,527	3.30%	8,891	2.82%	V 22.8%
DNFBPs	862	0.30%	2,293	1%	666	0.21%	70.95 %
VASPs	-	-	1	-	1	-	

Source: FIU-Mongolia

The number of cash transactions in 2023 has decreased in all sectors compared to the previous year. Non-cash payments have doubled in the past two years; the reform of the payment system in Mongolia which has been continously implemented over the years as well as the introduction of new technology-based payment tools is making non-cash payments easier and less expensive. In this regard, it is assumed that the decrease in the number of cash transactions is related to the fact that it is becoming more convinent ans safer for customers and consumers to use non-cash payment methods and financial instruments by conducting electronic transactions rather than cash.

Table 4. The number of foreign settlement transactions reported by reporting entities to FIU compared to the previous year /by sector/

Year	2021		2022		2023		Changes from
Type of REs	Number of transactions	Percentage	Number of transactions	Percentage	Number of transactions	Percentage	2023 / 2022
Number of foreign settlement transactions	211,176	100%	230,402	100%	284,301	100%	23.39 %
Banks	201,176	95.50%	221,883	96.30%	276,125	97.12%	24.44 %
Other financial institutions	9,222	4.40%	8,517	3.69%	8,168	2.96%	₹ 4.09
DNFBPs	190	0.10%	2	0.09%	8	0.10%	300%
VASPs	-	-	-	-	-	-	

Source: FIU-Mongolia

The number of foreign settlement transactions has been steadily increasing since 2021. In 2023, Mongolia had foreign trade with 163 countries, and the total foreign trade turnover reached USD 24.4 billion, an increase of USD 3.2 billion from the previous year. Accordingly, exports increased by USD 2.6 billion and imports increased by USD 548.1 million, which can be considered to have a direct impact on the increase in the number of foreign settlement transactions.

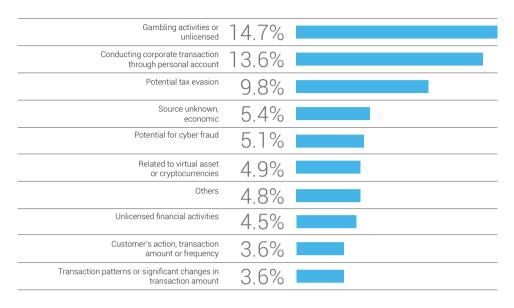
Table 5. The number of suspicious transactions reported by reporting entities to FIU compared to the previous year /by sector/

	2021		20	2022		2023	
	Number of transactions	Percentage	Number of transactions	Percentage	Number of transactions	Percentage	percentage
TOTAL	1,801	100%	2,626	100%	1,799	100%	▼ 31.49 %
		Fi	nancial insti	tutions			
Banks	1,758	97.61%	2,281	86.86%	1,490	82.82%	▼ 34.68%
Non-banking financial institutions	21	1.17%	35	1.33%	53	2.95%	▲ 51.43%
Insurance companies and insurance professional participants	-	-	-	-	-	-	-
Investment funds and investment management companies	-	-	-	-	-	-	-
Professional organization participated in the securities market	2	0.11%	0	0	53	2.95%	-
Saving and credit cooperatives	-	-	-	-	-	-	-
	Design	ated non-fi	nancial Busi	nesses and	Professions		
Real estate brokers	5	0.28%	41	1.56%	24	1.33%	▼ 41.46%
Traders of precious metals, precious stones, and jewelry made by them	-	-		-	-	-	-
Notaries	6	0.33%	70	2.67%	78	4.34%	▲ 11.43%
Lawyers	-	-	-	-	35	1.95%	-
Accounting and financial consulting service providers	4	0.22%	5	0.19%	10	0.56%	▲ 100%
		Virtua	l asset servic	e providers			
Virtual assets service providers	-	0	161	6.13%	56	3.11%	-65.22%
			Other				
Other	5	0.28%	33	1.26%	0	_	v 100%

Source: FIU-Mongolia

In the reporting year, a total of 1,799 suspicious transactions were reported by reporting entities which is a decrease of 31.5 percent compared to 2022. This decrease was mainly due to a 34.7 percent decline in the number of suspicious transactions reported by banks. However, the number of suspicious transactions submitted by non-bank financial institutions and DNFBPs has increased compared to the previous year. The following are the top 10 most frequently reported grounds for suspicion of suspicious transactions reported by reporting entities (Figure 1).

Figure 1. Top 10 indicators of suspicion of STRs submitted by reporting entities in 2023



Source: FIU-Mongolia

In 2023, the FIU prioritized enhancing the quality of STRs by facilitating regular meetings with reporting entities. Moreover, to improve the detection of suspicious transactions and assist in reporting activities, the FIU provided information on the quality of suspicious transactions, conducted analysis, identified common patterns and shared detection methods. In addition, based on the National Risk Assessment, sectors deemed to pose a high risk of being exploited for money laundering and high-risk predicate crimes were selected for the development of typological reports. The topics include "Laundering of illegal money originating from abroad through the financial system of Mongolia," "Money laundering using real estate," and "Politically influential individual". Upon release, these typology reports were provided to the reporting entities.

The FIU receives Customs declaration reports for amounts equal to or exceeding MNT 15 million in cash or its equivalent in foreign currency, financial instruments, and electronic money every month from Customs authority, in accordance with Article 15 of the AML/CFT Law (Table 6).

Table 6. Number of Customs declarations /2021-2023/

CUSTOMS DECLARATION 2,660 30,151 15,090

Source: FIU-Mongolia

Cash declarations made by passengers who crossed the border of Mongolia were 50 percent lower in 2023 compared to 2022 due to the lifting of restrictions of Covid-19 pandemic resulting a sharp increase in the movement of citizens and tourists in 2022 and a relative decrease in 2023. It also can be observed that passengers show a greater preference for non-cash payment methods and payment cards over cash.

One of the main functions of the FIU under the AML/CFT Law is to analyze suspicious transactions received from reporting entities. The number of suspicious transactions analyzed in 2023 reached 795, an increase of 124 percent compared to the previous year (Figure 2).

Figure 2. Number of STRs received, analyzed, and in the process of analysis /2021-2023/

		2021	2022	2023
85.	NUMBER OF STRs RECEIVED	1,801	2,626	1,799
	NUMBER OF STRs ANALYZED AND IN THE PROCESS OF ANALYSIS	551	354	795

Source: FIU-Mongolia



BOX 1. LAUNDERING ILLEGAL FUND ORIGINATING FROM FORIEGN COUNTRIES THROUGH MONGOLIA'S FINANCIAL SYSTEM

According to Mongolia's 2nd National Risk Assessment of Money Laundering and Financing of Terrorism, the threat of laundering fund originating from foreign countries or fund with unknown origins through Mongolia's financial system was assessed as "High". In this regard, to mitigate the risk of money laundering of this nature and to identify transactions that may pass through Mongolia's financial system for laundering purposes, the FIU has developed a typology report outlining methodologies, indicators, and necessary measures to recognize and report such transactions to the relevant authorities.

The typology report provides comprehensive insights into this specific type of criminal activity, including legal framework, common typologies, relevant money laundering cases, red flags and indicators, as well as actions that should be taken by reporting entities in case of identifying suspicious transactions and/or attempted transactions.

Large amounts of fund originating from foreign countries can potentially be transferred through Mongolia's financial system for purposes such as (i) money laundering, (ii) financing of terrorism, (iii) financing of proliferation, (iv) evading sanctions etc. Reporting entities should pay attention to the following suspicious patterns and indicators when providing services to customers. It includes:

- Transferring a large amount of funds received from abroad in multiple transactions with small amounts without economic justification;
- Falsifying the description of the transaction and changing the form of the funds in such a way as to make them appear to be the proceeds of any legitimate business activity using bank remittance services. For example: description says "purchase of goods";
- Laundering money by utilizing an account of a person who is not involved in the crime. This typically entails paying the individual a fee for allowing their account to be used in the transfer of funds;
- · Withdrawing the funds in cash right after they have been deposited into the account;
- · Cashing out unusually large sums from funds deposited into the account;
- Transactions not commensurate with the client's financial profile.

Here is a case which was included in the typology report where money originating from foreign countries being laundered through Mongolia's financial system:

In 2011, citizen "A" of country "B" established company "C" in Mongolia with investment from country "D". The company opened accounts in Mongolian commercial banks, both in MNT and foreign currency, under the guise of engaging in foreign trade and business consulting. Between 2015 and 2019, it received transfers totaling MNT 54 billion from foreign countries. Subsequently, these funds were transferred to 10 offshore countries using the bank's foreign transfer service. Additionally, while serving as the company's executive director, citizen "A" evaded taxes amounting to MNT 222 million from the company's taxable income between 2014 and 2019. The court found the defendant guilty of the crimes outlined in Article 18.3 (Tax Evasion) and Article 18.6.2.2 (Money Laundering) for transferring funds to foreign countries to conceal their origin. The defendant has been sentenced to two years of imprisonment and upon the court's decision becoming effective, it has been decided to withdraw MNT 445 million from the freezed account and allocate it as state revenue.

1.2.EXCHANGE OF INFORMATION

1.2.1. Exchange of information and cooperation with domestic organizations

Within the framework of domestic cooperation, FIU cooperates and collaborates with competent domestic authorities by exchanging information and providing support and assistance with the investigation and prosecution of crimes with the purpose of preventing and combating money laundering, financing of terrorism, and proliferation of weapons of mass destruction in accordance with Article 18.6 of the AML/CFT Law. In this regard, the following information was exchanged in 2021-2023 (Table 7).

Table 7. Information exchange between the FIU and competent domestic authorities /2021-2023/

	2021	2022	2023
NUMBER OF INFORMATION DISSEMINATED TO DOMESTIC LAW ENFORCEMENT AUTHORITIES FROM FIU FOR FURTHER INVESTIGATION	539	324	765
NUMBER OF INQUIRIES RECEIVED BY FIU FROM DOMESTIC LAW ENFORCEMENT AUTHORITIES FOR INFORMATION /by number of entities/	3,665	7,148	5,613
NUMBER OF RESPONSES MADE BY FIU TO INQUIRIES RECEIVED FROM DOMESTIC LAW ENFORCEMENT AUTHORITIES /by number of entities/	3,834	6,749	5,948

Source: FIU-Mongolia

Moreover, the FIU actively cooperates with domestic law enforcement authorities in response to emerging situations. In this regard, FIU actively participated in cooperative measures, between the Bank of Mongolia, the Communications Regulatory Commission of Mongolia, and the National Police Agency to identify and combat crimes stipulated in Article 18.6 "Money Laundering" and Article 20.17 "Organizing Gambling" of the Criminal Code.



BOX 2. MEASURES TAKEN TO COMBAT THE ORGANIZATION OF ONLINE GAMBLING

The global online gambling market is growing rapidly, with a market turnover of 50 billion USD in 2019 expected to double to 100 billion USD by 2026, according to international research. This growth is driven vy advancements in technology, allowing online gambling games to be played using online platforms through mobile applications on online platforms. Additionally, the impact of the Covid-19 global pandemic has led to an increase in online gambling as quarantined individuals spend more time at home. Advances in Internet payment technology have also contributed to the growth of electronic transactions, third-party payment service providers, e-wallet users, and the expansion of the e-gambling market.

In Mongolia, the phenomenon of organizing illegal online gambling has been on the rise in recent years, leading to negative social consequences. In response, the Bank of Mongolia, Communications Regulatory Commission, and National Police Agency collaborated to combat and stop illegal online gambling activities and their organizers in 2023. As a result of these efforts, 2,715 accounts were frozen, and MNT 4.6 billion concentrated in these accounts was seized.

In addition to exchanging information with domestic law enforcement authorities, the FIU has also exchanged information with other authorized organizations such as the General Department of Social Insurance, the Mongolian Tax Administration, the General Department of State Registration, and the General Authority of Border Protection of Mongolia to implement its duties under the AML/ CFT Law.



BOX 3. CYBER FRAUD

In recent years, there has been a sharp increase in various types of cybercrime including cyber fraud, worldwide. As a result, financial institutions, entrepreneurs, and individuals have been suffering significant financial and mental impact and losses. Even in Mongolia, the number of individuals and businesses falling victim to entering into financial relationships without proper due diligence to gain profit or to increase their funds within unreasonably short period of time has been increasing dramatically.

According to Mongolia's second National Risk Assessment of Money Laundering and Terrorism Financing, the threat posed by income from "fraud" crimes was assessed as "high". The National Police Agency reported that in the last five years, 14,085 fraud crimes were registered, with 97 percent of them committed online. Over the past five years, the total number of crimes committed online has increased 14 times, the amount of damage caused has increased 270 times, and in just the last year, the damage caused by cybercrimes has increased 7.5 times reaching MNT 139 billion.

In most cases, after 24 hours, once a fraudulent transaction has been conducted, the chances of recovering stolen funds are very low. Banks, financial institutions, and their customers will have less opportunity to recall or cancel the transaction or refund the money as time passes. Therefore, employees of financial institutions should have the ability and knowledge to identify a fraudulent transaction before conducting it to prevent or stop such transactions as it has a positive impact on preventing the loss of funds and time, as well as reducing cyber-related fraud. Additionally, it is important for everyone to be knowledgeable and informed about this type of fraud to prevent themselves from becoming victims of cyber fraud including internet fraud.

HOW TO PREVENT CYBER FRAUD



VERIFY

If someone you know on social media asks for financial help, first make sure it is the person you know.



PROTECT

Protect your social media, email, and banking apps with a strong password.



DO NOT LET USE

Do not let third parties use your bank account or card in your name.



BE CAREFUL

When you shop online, enter your personal information after verifying that it is a trusted online store.



REFUSE

Avoid entering your internet banking information on third-party devices and avoid using free internet as much as possible.

1.2.2. Exchange of information with foreign counterparts

In accordance with FATF's 40 Recommendation, the international standards for combating money laundering and terrorist financing, specifically Recommendation 29 and 40, as well as Article 21 of the AML/CFT Law, FIU cooperates with FIUs of foreign jurisdictions by exchanging information in the AML/CFT field. In this context, FIU exchanged information as follows in 2023 (Table 8).

Table 8. Exchange of information with foreign FIUs

	2021	2022	2023
NUMBER OF REQUESTS SENT BY FIU- MONGOLIA TO THE FOREIGN FIUS AND SIMILAR ORGANIZATIONS /by the number of entities/	140	170	223
NUMBER OF RESPONSES TO REQUESTS SENT TO FOREIGN FIUS AND SIMILAR ORGANIZATIONS /by the number of entities/	165	138	167
NUMBER OF REQUESTS RECEIVED BY FIU- MONGOLIA FROM FOREIGN FIUS AND SIMILAR ORGANIZATIONS /by the number of entities/	149	148	13
NUMBER OF RESPONSES MADE TO REQUESTS RECEIVED BY FIU-MONGOLIA FROM SIMILAR FOREIGN ORGANIZATIONS /by the number of entities/	129	99	13
NUMBER OF SPONTANEOUS INFORMATION RECEIVED FROM FOREIGN FIU	17	21	14

Source: FIU-Mongolia

In 2023, the FIU received 223 individual-involved requests for information from foreign FIUs, and the highest number of requests were sent from countries such as South Korea, Singapore, Hong Kong, China, and the United States.

FIU-Mongolia exchanges information not only with FIUs of Egmont Group member jurisdictions but also with those FIU that have established memorandums of understanding with FIU-Mongolia. In 2023, the FIU signed MOUs with Macao, a special administrative region of the People's Republic of China, and the Lao People's Democratic Republic, expanding foreign relations.

CHAPTER J DOMESTIC AND INTERNATIONAL COOPERATION

2.1. DOMESTIC COOPERATION

International and domestic cooperation between the public and the private sector is important in strengthening the system for combating money laundering and terrorism financing. In this context, the FIU-Mongolia serves as the secretariat of the National Council and Cooperation Council for combating money laundering and terrorism financing. Representatives of all 19 state organizations of the National Council and Cooperation Council are working together regularly to strengthen the system for combating money laundering and terrorism financing.

The National Council for combating money laundering and terrorism financing held one meeting, while the Cooperation Council held four meetings in 2023.

Figure 3. Composition of the National Council

NATIONAL COUNCIL



MINISTER OF JUSTICE AND HOME AFFAIRS (Chair of the Council)



DEPUTY GOVERNOR OF THE BANK OF MONGOLIA



HEAD OF THE GENERAL INTELLIGENCE AGENCY (Deputy Chair)



EXECUTIVE SECRETARY OF THE JUDICIAL GENERAL COUNCIL



HEAD OF THE FIU-MONGOLIA AT THE BANK OF MONGOLIA (Secretary)



DEPUTY CHAIR OF THE FINANCIAL REGULATORY COMMISSION



DEPUTY OF STATE GENERAL PROSECUTOR'S OFFICE GENERAL



CHIEF DEPUTY CHIEF OF THE NATIONAL POLICE AGENCY



DEPUTY DIRECTOR OF THE INDEPENDENT AUTHORITY AGAINST CORRUPTION



FIRST DEPUTY HEAD OF THE GENERAL **DEPARTMENT OF COURT DECISION**



FIRST DEPUTY HEAD OF THE **GOVERNMENT SECRETARIAT**



DEPUTY HEAD OF THE CUSTOMS GENERAL ADMINISTRATION



DEPUTY MINISTER OF FINANCE



DEPUTY HEAD OF THE GENERAL DEPARTMENT OF TAXATION



DEPUTY MINISTER OF FOREIGN AFFAIRS



DEPUTY HEAD OF THE GENERAL **AUTHORITY FOR STATE REGISTRATION**

FUNCTIONS OF THE NATIONAL COUNCIL

According to Article 22¹.1 of the Law on Combating Money Laundering and Terrorism Financing, the National Council is mandated to perform the following functions, and the Financial Information Unit acts as the Secretariat of the National Council. Functions include:

- 1. To develop a draft national policy and strategy to combat money laundering and terrorism financing based on Mongolia's money laundering and terrorism financing risk assessment;
- 2. To ensure and evaluate the implementation of the National Strategy, organize the next national risk assessment, and provide unified management;
- 3. To submit the draft National Strategy to the relevant authority for approval through the Chairman of the Council;
- 4. To update the National Strategy based on the results of the national risk assessment to combat money laundering and terrorism financing for approval;
- 5. To discuss and make decisions on measures to be taken to intensify the cooperation under the AML/CFT framework;
- 6. To evaluate the implementation of the National Strategy annually and report it to the Government:
- 7. To ensure the implementation of strategy and action on combating the proliferation of weapons of mass destruction and cooperate with relevant organizations.

The Financial Information Unit organized a National Council meeting on May 18th, 2023, and the following decisions were made to strengthen the AML/ CFT framework of Mongolia:



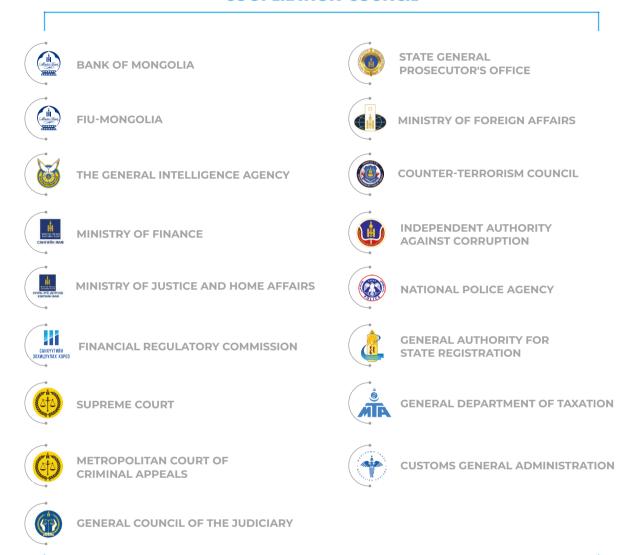
2023

May 18th of

- Based on the consolidated suggestions of National Council member organizations, a decision was made to provide recommendations regarding the inclusion of AML/CFT issues in the core functions of competent authorities.
- By order of the Head of the National Council, the working groups with the following objectives were established:
 - Conducting research on money laundering risk from environmental crimes such as illegal trade of wildlife, and illegal mining and taking appropriate measures;
 - Updating the risk assessment related to the use of legal persons and legal arrangements for the purpose of money laundering and financing terrorism;
 - Conducting research on the possibility of information sharing among financial institutions for the purposes of implementing the requirements on correspondent banking, wire transfers and reliance on third parties and the feasibility introducing a KYC utility for the sharing of customer information across banks, subject to data security and privacy protection.

Figure 4. Composition of the Cooperation Council

COOPERATION COUNCIL



According to Article 22.3 of the AML/CFT Law, the Financial Information Unit acts as the Secretariat of the Cooperation Council. The Cooperation Council has the following functions:

- · To issue recommendations and proposals on the implementation of AML/CFT Law, mitigation and prevention of risks;
- To organize and coordinate activities related to conducting research on ML/TF risk in Mongolia, and the national risk assessment, and evaluating their outcomes;
- To provide recommendations for enhancing and efficiently organizing the AML/CFT measures based on the outcomes of the national risk assessment:

- To facilitate the exchange of information concerning the implementation of AML/CFT legislation and prevention measures against ML/TF, as well as their effectiveness;
- To assess the legislative compliance of competent authorities responsible for AML/CFT legislation implementation and issue recommendations for enhancement;
- To oversee the compliance of competent authorities and officials with AML/CFT legislation, rules, regulations, programs, action plans, and Cooperation Council recommendations, review their implementation progress, enforce compliance, when necessary, discuss the compliance issues at the Cooperation Council, assign timely tasks, ensure operational coordination, and take other necessary actions;
- · To propose amendments to align AML/CFT legislation with international standards and the FATF 40 Recommendations;
- · To support the competent authorities on establishing cooperation and coordination at national, regional, and international levels on AML/CFT matters;
- To organize and facilitate training for the public, private sectors, and government authorities on preventing money laundering, financing terrorism, and the proliferation of weapons of mass destruction;
- · To receive and review statements and complaints regarding AML/CFT issues;
- To make proposals on the structure, organization, budget, and operating expenses of FIU-Mongolia, to present, and resolve these proposals;
- To review the activities of Working Groups under the Cooperation Council, and coordinate the implementation of their recommendations;
- · To monitor the implementation of recommendations issued by the Cooperation Council.

In accordance with the Decree No. A-229 of the Governor of the Bank of Mongolia dated September 2, 2021, following 6 working groups are working under the Cooperation Council.

Figure 5. Working groups of the Cooperation Council

Research and analysis working group on improving legal framework Working group Supervision working group Supervision working group Sanctions working group prevent working group group Sanctions working group group group group group from the risk of financing terrorism

2023

January 30 April 14 September 8 December 26

the Cooperation Council meeting was organized 4 times to discuss and resolve the following issues:

1/30

- To allocate action plan tasks of the AML/CFT National strategy to corresponding member organizations of Cooperation Council;
- To submit Mongolia's 2023 Follow-up Report to the Asia-Pacific Group on Money Laundering by February 1, 2023;
- To support introducing e-KYC in accordance with FATF Recommendations and establishing legal framework.

4/14

- To conduct research on e-KYC jointly by Research and analysis working group and Working group on improving legal environment.
- To organize the National Risk Assessment working group meeting and finalize the risk assessment,
- The majority of members supported the proposal to change the Cooperation Council regulation.

9/08

- The Law enforcement working group and the Sanctions working group are tasked with submitting the updated plan and list of members for their respective working groups;
- The Counter-Terrorism Council is tasked with finalizing and delivering the National risk assessment to the Ministry of Justice and Home Affairs and FIU by September 15, 2023.

12/26

- Working group on improving legal framework is tasked with studying an presenting the relevant laws and regulations on availability of increasing human resource and number of employees in charge of AML/CFT issues, and providing additional bonuses;
- To prepare Mongolia's 2023 Follow-up Report detailing the measures taken to enhance technical compliance with FATF 40 Recommendations and to outline the implementation actions in response to updates in FATF Recommendations for submission to Asia-Pacific Group on Money Laundering by February 1, 2024.

2.2. INTERNATIONAL COOPERATION

2.2.1. Memorandum of Understanding

Establishing a Memorandum of Understanding (MOU) between the FIUs of two countries concerning cooperation in the exchange of information related to money laundering and terrorism financing is crucial to provide opportunities for effective cooperation and collaboration in exchanging information in the field of combating money laundering, financing of terrorism, and/or financing of proliferation within the framework of the domestic legal framework based on mutual interest and a sincere desire to cooperate.

As of 2023, FIU-Mongolia is cooperating with FIUs from twenty-three jurisdictions by establishing a bilateral MOU to exchange information (Figure 6).

Figure 6. Memorandum of Understanding with FIUs in other jurisdictions



During the 26th Annual meeting of the Asia-Pacific Group on Money Laundering (APG) held in Vancouver, Canada from July 9 to 14, 2023, the FIU signed a Memorandum of Understanding (MOU) with the FIU of the Macao Special Administrative Region of the People's Republic of China to cooperate in the exchange of financial information related to money laundering, terrorism financing, and associated predicate offences.

Picture 1. Memorandum of understanding was exchanged with the FIU of the Macao Special Administrative Region of the People's Republic of China.



Source: FIU-Mongolia

Picture 2. Memorandum of understanding was exchanged with the FIU of the Lao People's Democratic Republic.



Source: FIU-Mongolia

In addition, a Memorandum of Understanding (MOU) was signed with the Anti-Money Laundering Intelligence Office (AMLIO), FIU of the Lao People's Democratic Republic for the purpose of mutual information exchange and cooperation; the heads of the FIUs of the two countries officially exchanged the MOU during the 2024 Egmont Working and Regional Groups Meetings organized in Malta, in the city of Saint Julian from January 29 to February 02, 2024.

2.2.2. International cooperation /FATF, APG, EAG, Egmont group/

THE FINANCIAL ACTION TASK FORCE (FATF)

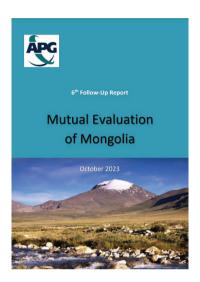
The Financial Action Task Force (FATF) is an independent intergovernmental body that develops and promotes policies to protect the global financial system against money laundering, terrorism financing, and the financing of proliferation of weapons of mass destruction. Mongolia has been actively cooperating with the FATF, following its obligations to implement international standards and recommendations to combat money laundering and terrorism financing.

Notably, FIU participated in the FATF plenaries in 2023. Participating in plenary is important not only for obtaining up-to-date information about new regulations, recommendations, and standards issued by the FATF based on current trends and risks but also for understanding how the next round of mutual evaluation will be conducted according to the updated FATF methodology and taking relevant measures.

THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG)

The Asia/Pacific Group on Money Laundering (APG), established in 1997, is a FATF-style regional body which coordinates AML/CFT activities within its region. Mongolia became a member of the APG in June 2004.

FATF-style regional bodies periodically evaluate and monitor member countries' AML/CFT/CPF regimes and issue mutual evaluation reports. Mutual evaluations are in-depth country reports analyzing the implementation and effectiveness of measures to combat money laundering and terrorist financing.



In this regard, Mongolia submitted the Follow-Up Report to the APG on February 1, 2023, with request to re-rating of technical compliance of FATF 40 Recommendations. At the APG's 26th annual meeting held on July 09-13, 2023, Mongolia's 6th Follow-Up Report was discussed and technical compliance rating of Recommendation 8 was decided to be upgraded to "compliant". Accordingly, the APG published Mongolia's Follow-Up report on October, 2023¹.

Furthermore, the FIU has consistently collaborated with the APG by engaging in the trainings organized by the APG, reviewing reports from other jurisdictions, providing comments, completing AML/CFT-related questionnaires, sharing best practices, typologies, real cases, and providing any necessary additional information.

Forexample, the APG conducted initiatives aimed at enhancing the implementation of Recommendation 15 concerning new technologies in 2023. In this context, they sought to share experiences of Mongolia, recognizing them as good practices. Subsequently, during the APG's meeting in May 2023, FIU and the Financial Regulatory Commission jointly delivered a report on the risk assessment of the virtual asset sector. Mongolia actively participated in a panel discussion at the APG's Typology annual meeting in December 2023, sharing Mongolia's experience. In addition, representative of the FIU participated virtually in the crypto asset conference organized by the Financial Information Unit of Latvia on May 18, 2023, in Riga and shared experience on the regulatory environment of virtual assets in Mongolia. These events indicate that Mongolia's adherence to international standards in AML/CFT practices, with other countries benefiting from our country's experiences..

¹ https://www.fatf-gafi.org/en/publications/Mutualevaluations/fur-mongolia-2023.html

EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING TERRORISM (EAG).

Mongolia joined the Eurasian Group on combating money laundering and financing terrorism (EAG) in May 2012 as an observer. Since then, Mongolia has regularly cooperated with the member and observer countries of the EAG to improve the exchange of information and expand international cooperation in AML/CFT/CPF. As for this year, FIU prepared and submitted the Activity Report of the EAG observer in May 2023. Moreover, representatives of the FIU, Bank of Mongolia, The State General Prosecutor's Office, the Independent Authority Against Corruption, and General Intelligence Agency participated in the 38th EAG's Plenary meeting held on June 4-9, 2023.

EGMONT GROUP

In 2009, Mongolia became a member of the Egmont Group, a united body of FIUs from 170 jurisdictions worldwide. Egmont group facilitates and prompts the exchange of information, knowledge, and cooperation and provides technical assistance among member FIUs to combat money laundering and terrorism financing.

In compliance with FATF Recommendation 29 and the AML/CFT Law, the FIU exchanges information with foreign FIUs, which are members of the Egmont Group, in accordance with the Principles for Information Exchange Between Financial Intelligence Units. Additionally, it collaborates with foreign counterparts from 23 countries, with whom it has signed a Memorandum of Understanding.

2.2.3. International cooperation /International donor organizations/

In 2023, The FIU continues collaborating with international donor organizations including World Bank, the United States Treasury Department and The Financial Service Volunteer Corps to strengthen the AML/CFT framework of Mongolia.

WORLD BANK

Within the framework of the World Bank's Strengthening Fiscal and Financial Stability Project, in cooperation with international consultants, the draft "AML/CFT National Strategy and its Action Plan" was developed based on the best practices of countries and Mongolia's National Risk Assessment results. Subsequently, "National Strategy for Anti-Money Laundering and Countering Financing of Terrorism", intended for national implementation, was approved by the Government's Resolution No. 265 dated July 5, 2022. Furthermore, the action plan for the implementation of AML/CFT National Strategy was ratified by order No. A/04 dated January 9, 2023, of the Minister of Justice and Home Affairs. Through the strategy implementation, it is important to enhance the AML/CFT regime, achieve favorable outcome in the forthcoming mutual evaluation, and avoid inclusion in international organizations' sanctions lists.

Moreover, utilizing project funding, a local consulting team was appointed to conduct research on enhancing cross-border correspondent banking relationships. The team completed a study on "Challenges in improving the correspondent relations of Mongolian banks". On December 7, 2023, the FIU convened a discussion on the study with Mongolian Bankers Association representatives, compliance officers from commercial banks, and representatives from the University of Internal Affairs, which led to the finalization of proposals outlined in the research report.

FINANCIAL SERVICES VOLUNTEER CORPS

Advisors from the US Financial Services Volunteer Corps collaborated with the FIU to conduct a three-day training session in September 2023. The training aimed to enhance cooperation between Mongolian commercial banks and financial institutions in the USA and other Western countries, to create opportunities for establishing correspondent banking relationships, and to ensure compliance with international requirements. Following the training, consultants held individual meetings with representatives of commercial banks. During these sessions, participants discussed various aspects of correspondent banking relationships, including risks related to geography, customers, products, services, and transactions, and best practices.

Since its placement on the FATF's "Grey List" in October 2019, Mongolia no longer maintains direct relationships with US-based banks, resulting to transfer cross-border payments through third-party banks. As a result of cooperation between the foreign and public-private sectors to strengthen Mongolia's correspondent relationships, one of the commercial banks successfully established a correspondent banking relationship with the New York Mellon Bank of the USA in 2023, opening US dollar nostro account. It has opened opportunities for faster foreign payments and reduced transfer costs.

U.S. DEPARTMENT OF THE TREASURY

As part of the technical assistance project aimed at enhancing Mongolia's AML/CFT regime, FIU has implemented advanced technology in its information collection operation, as required by the AML/CFT Law. To establish a unified portal for all reporting entities, the goAML program developed by the United Nations Office on Drugs and Crime (UNODC) is being implemented with technical assistance from the U.S. Department of the Treasury.



Picture 3. Joint training with an adviser of the US Department of the Treasury

Source: FIU-Mongolia

In addition, advisors from the U.S. Department of the Treasury have conducted training sessions and meetings on relevant topics for representatives of public and private sector organizations to enhance Mongolia's AML/CFT regime and support capacity building. For instance, in January 2023, as part of efforts to enhance technical compliance with FATF Recommendation 8, training sessions on "Preventing terrorism financing risk in Non-Profit Organizations" and "Mitigating terrorism financing risks, particularly in reducing the risk of non-profit organizations being misused for terrorism financing" were organized for officials from authorized organizations. Furthermore, in December 2023, the FIU, in collaboration with the US Department of the Treasury advisor, provided training to over 20 lecturers from universities and representatives of professional associations on "Capacity Building Training on Anti-money Laundering & Countering the Financing of Terrorism".

In addition, training sessions were organized for capacity building of compliance officers from professional associations with supervisory functions, and to support the investigation of money laundering and terrorism financing by law enforcement agencies.

CHAPTER IM

TECHNICAL COMPLIANCE RATINGS OF FATF RECOMMENDATIONS

Mongolia is obliged to report annually to the Asia / Pacific Group on Money Laundering (APG), a FATF-style regional body, on the implementation of FATF 40 Recommendations, an international standard for combating money laundering, financing of terrorism, and financing of the proliferation of weapons of mass destruction.

In this context, the Cooperation Council and the National Council discussed the preparation and delivery of Mongolia's 2023 Follow-Up Report and decided to establish a Working Group to prepare and defend the report by taking relevant measures to improve the technical compliance of FATF Recommendation 8. The working group was established by Order A/379 dated December 30, 2022, issued by the Chairman of the National Council and the Minister of Justice and Internal Affairs. It was led by the Financial Information Unit while the representatives from the Ministry of Justice and Internal Affairs and the General Intelligence Agency elected as deputy heads. The members of the working group included representatives from the Bank of Mongolia, the Financial Information Unit, the Financial Regulatory Commission, the General Department of Taxation, and the General Authority for State Registration.



Picture 4. The 25th Annual Meeting of the APG

Source: FIU-Mongolia

On January 3, 2023, the working group approved and implemented a work plan outlining reporting measures for each of the 6 criteria of FATF Recommendation 8. The draft report was discussed at a total of 6 meetings. Mongolia's 2023 Follow-Up Report project was subsequently discussed and approved at the Cooperation Council meeting on January 30, 2023, and was finalized with the assistance of an advisor from the United States Treasury Department. Mongolia's 2023 Follow-Up Report was prepared according to the form provided by the Asia / Pacific Group on Money Laundering and submitted on February 1, 2023.

The 2023 Follow-Up Report of Mongolia consists of two main parts. The first part highlights the progress made in combating money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction over the past year. It includes information about Mongolia's level of participation and details of changes and improvements in the AML/CFT system.

As for the second part requesting for re-rating of Recommendation 8, the report details activities related to assessing the risk of non-profit organizations being used for financing terrorism, preventing such misuse, raising awareness, and implementing related supervision. It includes:



A terrorist financing risk assessment for nonprofit organizations was completed by a working group led by the Ministry of Justice and Internal Affairs



A working group under the Cooperation Council was established to prevent the risk of financing terrorism through non-profit organizations.



Recommendations for preventing and protecting against potential risks for non-profit organizations were developed and published on the website of the Bank of Mongolia and other relevant authorities.



The Bank of Mongolia in collaboration with the Financial Information Unit and other related authorities, organized 7 trainings and educational

events in 2022 to prevent the risk of financing terrorism through nonprofit organizations. For example, a joint training session with advisors from the US Treasury Department was conducted on January 13, 2023, at the Bank of Mongolia, involving more than 70 representatives from government organizations and nonprofit organizations. Additionally, on January **20, 2023,** the Financial Information Unit conducted an online training session for over 90 prosecutors and detectives from law enforcement agencies.



The Financial Information Unit has developed and published a guide on the prevention of terrorism financing, and a guide on risk assessment of suspicious transactions.



The Counter-Terrorism Council has translated and published FATF's guides on "Combating the Abuse of Non-Profit Organizations: A Guide to Good Practices" and "Risks of Illegal Use of Non-Profit Organizations for Terrorism Purposes" on the website of the Financial Information Unit.



The Bank of Mongolia completed on-site thematic supervision of banks focused on non-profit organizations as customer and published instructions for financial institutions related to the risk of money laundering and terrorism financing of non-profit organizations.



The Financial Regulatory Commission added questions related to non-profit organizations to the risk assessment questionnaire and compiled surveys from non-banking financial institutions licensed for electronic payment and remittance services.



The "Procedures of Tax Supervision" was approved by Order No. A/70 of the Director of General Department of Taxation on June 24, 2022, stipulating that the procedure should be followed during risk-based inspection of non-governmental organizations' tax levies and payment status.



Supervisory
information of nonprofit organizations
was provided by the
General Department of
Taxation and the General
Authority for State
Registration.



Measures taken by the General Intelligence
Agency in response to requests for cooperation, information exchange, investigation, and international information exchange among authorized organizations in the field of non-profit organizations were included in the report.

Picture 5. The 25th Annual Meeting of the APG



Source: FIU-Mongolia

In relation to Mongolia's 2023 Follow-Up Report, the assessment team of the APG submitted a request for additional explanations and information. Subsequently, in June 2023, Mongolia's Follow-Up Report underwent a two-week comment period from APG members and provided information based on FATF's request for additional clarification.

The 25th Annual Meeting of the APG was held in Vancouver, Canada, from July 9 to 14, 2023. During the conference, Mongolia's 6th Follow-Up Report of 2023 was discussed, and the Deputy Minister of Justice and Internal Affairs presented the measures and progress made in combating money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction.

The working group responsible for defending Mongolia's 2023 Follow-Up Report was led by the Deputy Minister of Justice and Internal Affairs, with representatives from the Bank of Mongolia, the Financial Information Unit, the Ministry of Justice and Internal Affairs, the Financial Regulatory Commission, the State Prosecutor General's Office, and the General Intelligence Agency.

During the annual meeting, Mongolia's 2023 Follow-Up Report was discussed and approved under the requirements of FATF's 40 Recommendations. Consequently, the rating of FATF Recommendation 8, concerning non-profit organizations, was successfully upgraded to "Compliant". At the meeting, FATF, the Asia / Pacific Group on Money Laundering, and the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) commended Mongolia on its progress in the field of anti-money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction and expressed their congratulations on its effort to ensure the technical compliance of FATF's 40 Recommendations.

As a result of the Follow-Up Report, Mongolia became the first country in Asia and the Pacific, and the fifth country globally, to fully comply with the FATF 40 Recommendations (as per the updated evaluation of Recommendation 15). This achievement signifies acknowledgment that Mongolia is diligently working to establish the necessary legal and regulatory framework for implementing FATF's 40 Recommendations, which are international standards for combating money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction.



Table 9. Evaluation of 40 Recommendations of FATF Technical Implementation of Mongolia

Recommendation 1- Assessing risks and applying a risk- based approach LC Recommendation 2- National cooperation and coordination LC Recommendation 7 Targeted financial sanctions related to to terrorism and terrorist financing LC Recommendation 2- National cooperation and coordination LC Recommendation 3- Money laundering offence LC LC Recommendation 3- Money laundering offence LC Recommendation 3- Money laundering offence LC Recommendation 8- Non-profit organizations Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures Recommendation 9- Financial institution secrecy laws All Confiscation and provisional measures All Confiscation and provisional mea	ancing
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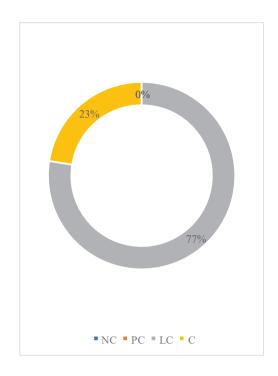
Figure 7. 2023 Follow-up report of Mongolia

6th Follow-Up Report

Mutual Evaluation
of Mongolia

October 2023

Figure 8. Distribution of FATF 40 Recommendation evaluation of Mongolia





THE APG HAS FINALIZED THE 2023 FOLLOW-UP REPORT FOR MONGOLIA AND HAS UPLOADED IT TO THE GROUP'S ONLINE PORTAL FOR MEMBER ACCESS.

2022, 12, 30

On December 30, 2022, the Working Group was established by order A/379 of the Chairman of the National Council and the Minister of Justice and Home Affairs to take relevant measures to improve the technical compliance of FATF Recommendation 8 and prepare the report.

2023.01.03

On January 3, 2023, the working group approved an action plan including reporting of each of the 6 criteria of FATF Recommendation 8.

2023.01.13

On January 13, 2023, in cooperation with the advisors of the US Treasury Department, The Bank of Mongolia, the Financial Information Unit, and related authorities organized a training on the prevention of terrorism financing risks for non-profit organizations, involving more than 70 representatives of government organizations and non-profit organizations.

2023.01.16

The working group held a virtual meeting to discuss the implementation of the action plan and consolidate necessary explanations and information for the report.

2023.01.17

On January 17, 2023, the draft of "Instructions for selecting and conducting supervisions of non-profit organizations subject to tax supervision" was discussed at the meeting of the working group.

2023.01.19

On January 19, 2023, the working group proposed to establish a "working group to implement action to prevent the risk of terrorism financing by non-profit organizations", which was approved.

2023.01.20

On January 20, 2023, in cooperation with the advisors of the US Treasury Department, the Financial Information Unit conducted a virtual training for more than 90 prosecutors and detectives from law enforcement agencies. Moreover, the working group discussed the explanatory information necessary to prepare the Recommendation 8 report according to the approved plan at the meeting of the working group.

2023.01.30

Mongolia's 2023 Follow-Up Report draft was discussed and approved at the meeting of the Cooperation Council on January 30, 2023, and was finalized by the advisor of the US Treasury Department.

2023.02.01

Mongolia's 2023 Follow-Up Report was finalized according to the methodology by the APG and submitted on February 1, 2023.

2023.03.15

On March 15, 2023, the APG Evaluation Team requested additional comments and information regarding the Follow-Up Report.

2023.03.22

The working group prepared additional explanations and information with 4 annexes during meetings organized between March 16 and 20-22, 2023, and submitted to the APG on March 22, 2023.

2023.05.24

The APG team sent the evaluation and conclusion draft report of Mongolia's 2023 Follow-Up Report on May 24, 2023.

2023.05.29

The members of the Working Group reviewed the evaluation and findings of the APG team who expressed appreciation for the improvement of the evaluation of Recommendation 8 to "Compliant".

2023,06,01

The APG requested comments on Mongolia's 2023 Follow-Up Report from the member countries and organizations.

2023.06.02

The working group submitted proposals and additional explanatory information to be included in Mongolia's 2023 Follow-Up Report to the APG.

2023.06.05

The APG included their opinions in Mongolia's 2023 Follow-Up Report and submitted it to member countries and institutions for feedback.

2023.06.19

The APG reported that member countries and organizations had reviewed Mongolia's 2023 Follow-Up report and requested additional comments from FATF.

2023.06.23

The members of the working group prepared the response to the additional comments requested by FATF in Mongolia's 2023 Follow-Up Report to the APG at the meeting.

2023.06.30

The findings of APG for Mongolia's 2023 Follow-Up Report were finalized and uploaded on its website.

2023,07,04

The APG has included information on the response and clarifications to FATF's additional comments related to Mongolia's 2023 Follow-Up Report on its website.

2023.07.10

The APG annual meeting was held on July 9-14, 2023 in Vancouver, Canada and the 2023 Follow-Up Report of Mongolia was discussed at the Mutual Evaluation Committee meeting. The Deputy Minister of Justice and Home Affairs presented the main actions and progress made at the meeting.

2023.07.12

The Mutual Evaluation Committee of the APG has published a report on the discussion of Mongolia's 2023 Follow-Up Report on its website. Subsequently, the 2023 annual meeting of the group discussed and approved the 2023 Follow-Up Report of Mongolia, and the Deputy Minister of Justice and Home Affairs gave a speech. FATF, the APG, and the Eurasian Group on Combating Money Laundering congratulated the progress made in strengthening Mongolia's system for combating money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction and ensuring the technical compliance of FATF's 40 Recommendations.

2023.07.18

The APG delivered a request for a final review of comments and conclusions related to Mongolia's 2023 Follow-Up Report.

2023.07.31

As part of the finalization of Mongolia's 2023 Follow-Up Report, typographical errors and final corrections made, and sent the final version to the APG.

2023, 10, 19

The APG has finalized Mongolia's 2023 Follow-Up report and uploaded it to its website for the group's members. CHAPTER IV

CAPACITY STREGTHENING AND OUTREACH ACTIVITIES

4.1. TRAINING AND SEMINARS ORGANIZED BY FIU FOR RELEVANT ORGANOZATIONS

Active participation in trainings, seminars, conferences, and forums organized by international organizations in the field of AML/CFT/CPF is crucial for representing Mongolia, articulating its position at the international level, defending related reports, gaining direct insights into the latest AML/CFT/CPF regulations, recommendations, and standards issued globally, based on the current international situation and trends, and expanding foreign cooperation.

In 2023, the FIU actively engaged in trainings, conferences, forums, and webinars organized by FATF, APG, EAG, and other international organizations as well as collaborated in organizing meetings and trainings in Mongolia. Over 1000 representatives from the National Council, Cooperation Council, and private sector participated in more than 15 trainings, as detailed in the table below. Additionally, trainings were conducted to enhance the knowledge of compliance officers from professional associations for supervision purposes and to support the investigation of crimes related to ML/TF by law enforcement agencies, as outlined in the table below.

Table 10. List of trainings, conferences, forums, and webinars organized by international organizations in the field of AML/CFT/CPF



TRAININGS

QUARTER I

- · "Beneficial Ownership" webinar by APG;
- "Prevention of TF Crimes" training in cooperation with the advisors of the U.S. Department of the Treasury;
- "International Standard for Preventing the Misuse of Non-Profit Organizations for TF" training in cooperation with the advisors of the U.S. Department of the Treasury;
- "Implementing UNSCR targeted financial sanctions" training by the US Department of State;



QUARTER II

- VA/VASP Network meeting by APG;
- "Financial Information Unit Cooperation to Counter Proliferation And Sanction Evasion" workshop by the U.S. Department of State, the World Customs Organization, and the Pacific Northwest National Laboratory;
- "Understanding and Assessing the Risks Related to Sanctions" training by the U.S. Citizens Research and Development Foundation;
- "AML/CFT On-Site and Off-Site Supervision and Risk Assessment" joint training by the advisors of the U.S. Department of the Treasury and FIU-Mongolia;

- "Digital Evidence and Investigation and Resolution of Wildlife Trafficking and Money Laundering Crimes" joint training by General Prosecutor Office of Mongolia and the Office of Prosecutor Development, Assistance, and Training of the U.S. Department of Justice;
- "Combating Trade-Based Money Laundering" joint workshop by Asian Development Bank and FIU-Mongolia;



QUARTER III

- "Maintaining Global Financial Linkages Through Correspondent Banking" workshop Financial Services Volunteer Corps;
- "Maintaining Global Financial Linkages Through Correspondent Banking" workshop Financial Services Volunteer Corps;



QUARTER IV

- "Innovative methods of Data Analysis" technical seminar by APG;
- "Capacity Building AML/CFT" training by the advisors of the U.S. Department of the Treasury and FIU-Mongolia;
- "Typologies Workshop" by APG;



BOX 1: THE TYPOLOGY REPORT ON "MONEY LAUNDERING THROUGH REAL ESTATE" WAS ISSUED

Money laundering through real estate is one of the traditional ways to move and hide illicit funds (OCED). According to the FATF, the real estate market accounts for one-third of the illicit assets seized across the world between 2011 and 2013. Because the real estate sector can launder large amounts of money in one transaction and is relatively less regulated than the financial industry, criminals use real estate as a common method of laundering money. In addition, the specific characteristics of the real estate sector make it vulnerable to money laundering. According to the National Risk Assessment of Mongolia in 2020, the real estate sector has the highest threat, and according to the vulnerability assessment, it is rated as above average and high risk. This sector started to be regulated recently with a high risk of being exploited for money laundering purposes. It is important for reporting entities to understand how this type of crime is committed and what measures should be

taken to reduce the risk of it being committed, taking into account the impact and consequences on the real estate sector, as well as society and the economy.

This typology report has been developed for organizations responsible for AML/CFT/CPF and reporting entities with aim to assess the risks associated with money laundering through real estate, effectively organize preventive measures, and identify and report STRs.

The report details the intricacies of the real estate market, highlights specific risks within the sector, outlines common methods employed for criminal activities, presents international and domestic typologies, identifies red flags, and provides guidance for reporting STRs.

4.2. SEMINARS AN TRAININGS FOR FINANCIAL INFORMATION UNIT EMPLOYEES

Employees of the FIU regularly attended in professional training sessions and seminars on AML/CFT organized by various international organizations, including FATF, APG, United Nations Office on Crime and Drugs, the Egmont Group, the EAG, the International Monetary Fund (IMF), and the World Bank. Additionally, the FIU maintains ongoing collaboration with the technical assistance program of the US Department of the Treasury, aimed at enhancing the professional competencies of its staff and updating their knowledge of current trends.

Table 11. Attendance at training sessions and seminars of FIU employees

Number of trainings and seminars on AML/CFT attended by FIU employees 36 41 20

Source: Financial Information Unit

Among the courses and seminars attended by employees of the FIU in 2023, the following events are highlighted:

- Seminar on "Combating Money Laundering and Terrorism Financing" organized by IMF Regional Training Center in the People's Republic of China;
- · Online training session on "Innovative methods of data analysis" organized by APG;
- Workshop on "Increasing cooperation between public and private sector in combating money laundering" organized by the Independent authority against corruption;
- · Training on "Enhancing beneficial ownership transparency frameworks" organized by IMF's Singapore Regional Training Center;
- Workshop on "Digital Evidence and investigating and prosecuting illegal wildlife trade and money laundering crimes" organized by the State General Prosecutor's Office of Mongolia and the Office of Prosecutorial Development, Assistance, and Training of United States Department of Justice.

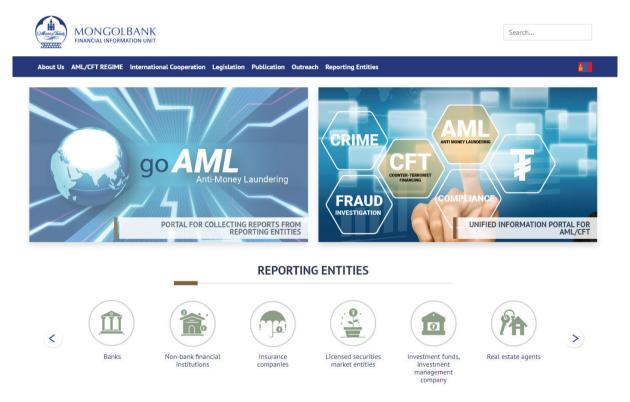


5.1. UPDATE OF INFORMATION SYSTEM

The FIU successfully introduced the goAML platform, a fully integrated software developed specifically for FIUs' use by the United Nations Office on Drugs and Crime (UNODC), in its operation to facilitate the receipt of threshold reports and suspicious transaction reports, the analysis, and the dissemination of suspicious transaction reports since July 1, 2022.

The goAML program is designed to meet the data collection, management, analytical, document management, workflow and statistical needs of any FIU. It is a comprehensive system that aims to improve the quality of reporting transactions stipulated in the AML/CFT Law; it fully supports FIUs in performing their functions of registering persons responsible for reporting and facilitating the receipt, processing, and analysis of transaction reports and additional information, as well as dissemination of information that has sufficient grounds to suspect money laundering and/or financing of terrorism to law enforcement agencies within the framework of the Law and regulations.

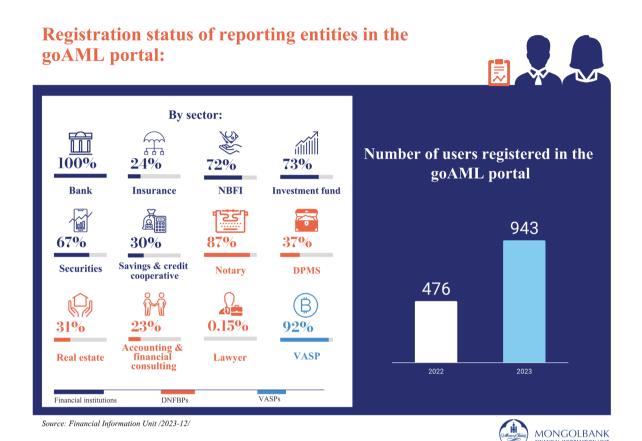
Figure 9. goAML portal website



Source: FIU-Mongolia

During the reporting period, the FIU prioritized the registration of reporting entities other than banks in the goAML portal. As of the end of 2023, a total of 943 reporting entities have registered in the goAML program and report necessary information in accordance with laws and regulations. This figure has almost doubled from the previous year, as detailed statistics can be seen in Figure 10.

Figure 10. Number of reporting entities registered in the goAML portal /2023, by sector/



Furthermore, FIU has conducted a series of training sessions for reporting entities other than banks with the aim of improving the quality of information submitted by these types of reporting entities. The training provides support and guidance on reporting information specified in the AML/CFT Law through the GoAML portal and filling reports in an appropriate and precise manner in line with the regulation. For instance, from July 3 to June 5, 2023, the FIU held a training session on "Reporting through GoAML portal; Usage, Opportunities, and Challenges of using goAML" for reporting entities who are regulated and supervised by the Financial Regulatory Commission. The goal of the training was to strengthen and enhance the capacity of those reporting to the FIU under AML/CFT Law. Having over 150 representatives and compliance officers from reporting entities other than banks, including nonbank financial institutions (NBFIs), saving and credit cooperatives, insurance companies, investment funds, investment management companies, licensed securities market entities, dealers of precious metals and precious stones, real estate brokers, and virtual asset service providers, participating in these trainings will significantly impact the quality and quantity of report submissions.



BOX 3. goAML PROGRAM

The guidances of goAML

In relation to the implemention of the goAML portal, the FIU developed the following guidance, placed them in the "HELP" menu section of goAML portal, and distributed them to reporting entities.

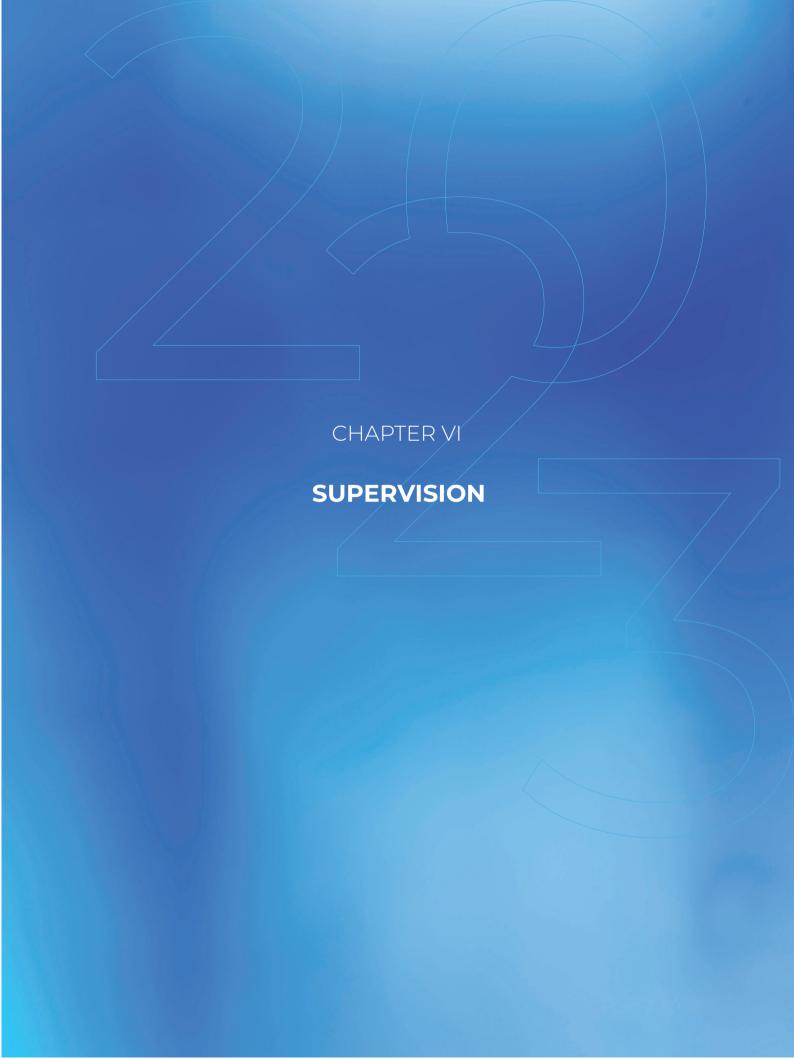
Part I: » Registration

Part II: » User Role Management

Part III: » Submitting Report

Part IV: » Submitting Additional information File

Part V: » For Virtual Asset Service Providers



According to the Article 18.1.7 of the Law on Combating Money Laundering and Terrorism Financing, the FIU is responsible for compiling and publishing consolidated statistics on the implementation of the law, conducting supervision, and requesting to conduct supervision by other authorized bodies. Moreover, in accordance with the Article 19.1 of the law the Bank of Mongolia, the Financial Regulatory Commission, the Mongolian Bar Association, the Association of Mongolian Advocates, the Mongolian Chamber of Notaries, Mongolian Institute of Certified Public Accountants, and the FIU are responsible for monitoring and ensuring the compliance with obligations of reporting entities under this law in a risk-based manner. Within this framework, the FIU collaborated with supervisory authorities including the Bank of Mongolia, the Financial Regulatory Commission, and professional associations by exchanging supervisory information, monitoring remotely, conducting joint supervisions, taking further measures following on-site supervisions, and providing suggestions and recommendations for supervision plans and strategies.

Supervision of anti-money laundering and terrorism financing measures of reporting entities has been fully transitioned to a risk-based approach in line with FATF Recommendations, and continuous efforts are being made to improve supervision regulations, procedures, and manuals. The FIU regularly collaborates with professional associations in the form of drafting supervision procedures and manuals and providing feedback on regulations. In this context, "Regulation on AML/CFT off-site and on-site supervision" of the Mongolian Institute of Certified Public Accountants was approved by Order No. A/06 dated June 15, 2023.

The draft supervision regulation of The Mongolian Chamber of Notary, incorporating comments from the FIU, is expected for discussion at the upcoming meeting of all members. Furthermore, the "Regulation on off-site and on-site supervision of reporting entities other than banks in the field of combating money laundering and terrorism financing" was approved by Resolution No. 22 of the Financial Regulatory Commission on January 23, 2023, following collaborative efforts between the FIU and other stakeholders to propose amendments to the draft regulation.

During the regular meeting of the newly elected Board of Directors of the Association of Mongolian Advocates, the new management was briefed on the obligations and responsibilities of lawyers as outlined in AML/CFT Law, as well as the association's responsibilities in combating money laundering and terrorism financing within the legal profession. During the discussion FIU emphasized the need for approval of regulation on off-site and on-site supervision by Board of Directors.

Furthermore, in the third and fourth quarters of 2023, the FIU collaborated with the Association of Mongolian Advocates to conduct a risk assessment of over 100 advocates practicing in Ulaanbaatar. The findings were submitted to the Board of Directors of the Association of Mongolian Advocates to develop an on-site supervision plan based on it.

In accordance with Article 18.1.7 of the AML/CFT Law, the FIU is responsible for compiling consolidated statistics on the implementation of the law. The table below provides information on supervision and measures taken on reporting entities by supervisory authorities.

Table 12. Supervision activities in the field of combating money laundering, terrorism financing, and the financing of proliferation of weapons of mass destruction /2021-2023/

Indicator	2023	2022	2021
The number of off-site AML/CFT/CPF supervision	8,392	4,901	5,819
The number of reporting entities covered by the off- site AML/CFT/CPF supervision	9,102	4,968	6,418
The number of on-site AML/CFT/CPF supervision	231	99	95
The number of reporting entities covered by the onsite AML/CFT/CPF supervision	231	96	317
The number of rectification orders, and time-bound tasks issued to reporting entities	505	427	269
The number of acts and notices issued to reporting entities	71	266	2
The number of reporting entities, liable under the Law on Infringement	19	3	1
The value of confiscation of asset and income and fine actions taken under the Law on Infringement	154,500,000	20,000,000	60,000,000

As part of the outreach activities, supervisors from regulatory agencies participated in training sessions and seminars, focused on risk-based supervision, cooperation and information exchange organized by international organizations jointly with FIU. Additionally, several workshops were conducted for reporting entities to enhance their understanding of money laundering and terrorism financing risks, reporting obligations and preventive measures. For instance, the FIU, either independently or in collaboration with the from the Office of Technical Assistance advisor of US Department of the Treasury, organized training sessions covering general concept of combating money laundering and terrorism financing, off-site and on-site supervision, and risk assessment for the compliance and supervisory officers of professional associations.



BOX 1. SUMMARY OF THE RESEARCH ON "AML RISK ASSOCIATED WITH THE COVID-19 PANDEMIC"

Due to the global coronavirus pandemic (Covid-19), countries were taking measures to ensure the economic stability and prevent potential risks, while adjusting their AML/CFT measures with the situation. In this regard, the FATF issued warning about the high probability of an increase in crime and the creation of new types of risks as the internal control mechanism and customer due diligence activities are carried out in unconventional ways.

To mitigate the impact of Covid-19 pandemic, governments have implemented various policy measures, including tax relief, increased social welfare, and reduced interest rates, as well as imposing restrictive measures such as social distancing

and curfews. As a result of these factors, there has been a significant increase in the digitalization of payment and banking services. Consequently, money laundering and terrorism financing activities have shifted to digital platforms. Additionally, there have been instances where monetary and material assistance, as well as support and discounts provided by the governments, have been misused for money laundering purposes.

In Mongolia, the Covid-19 pandemic has led to shifts in citizens' financial behavior with an increase in electronic payments, and emergence of various risks and vulnerabilities related to money laundering. For instance, between 2019 and 2022, there has been a rise in the use of electronic devices and the Internet, as well as multi-level network businesses for fraudulent activities. Additionally, crimes against property rights, including fraud and cases involving virtual assets, have been predominant among reported crimes during the pandemic. Crimes such as misappropriation of property and ownership rights, fraudulent practices using advertisements and e-commerce platforms, and privacy breaches through the exploitation of socio-economic conditions, increased internet usage, and quarantine measures, were common.

In the event of another unforeseen event, reporting entities will be able to identify, prevent, and mitigate risks related to money laundering and terrorism financing by assessing the risks associated with their products, services, and delivery channels during the Covid-19 pandemic. They will also be able to effectively carry out measures to prevent money laundering and terrorism financing, including customer due diligence, transaction monitoring, detection and reporting of suspicious transactions, and crime prevention.



BOX 2. SANCTIONS AGAINST RUSSIA

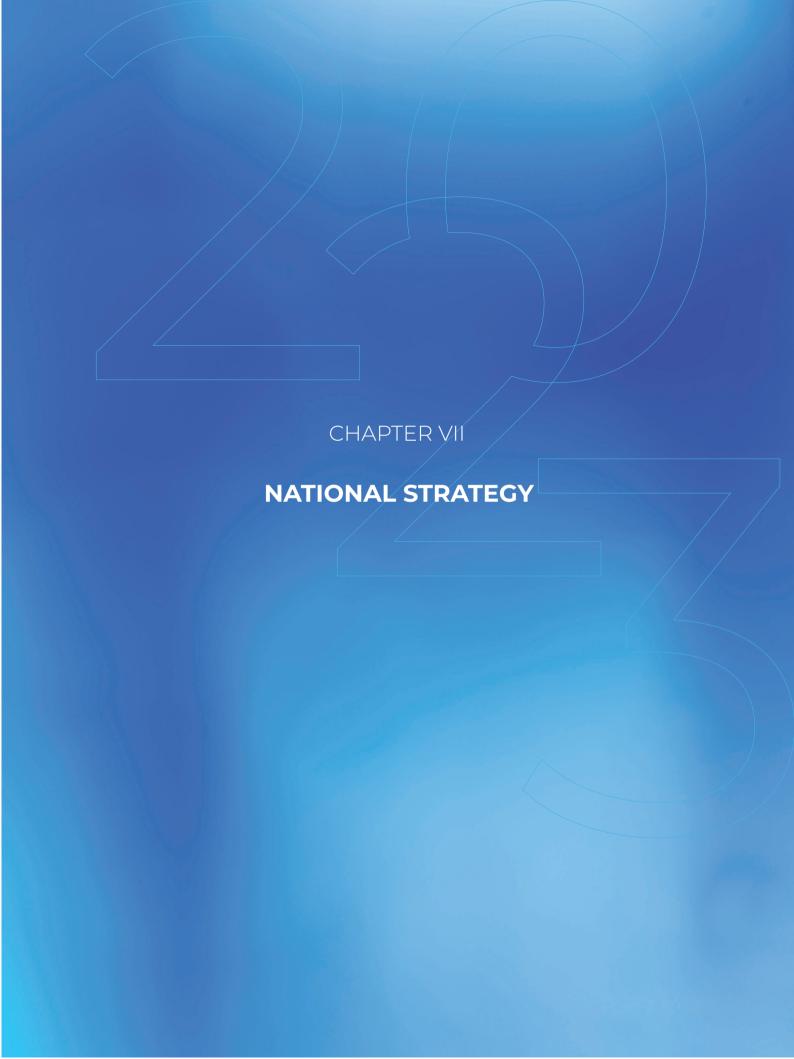
Due to the situation in Russia and Ukraine, international organizations, countries, and associations have been gradually implementing sanctions against Russia since February 2022.

In order to protect the international financial system, the Financial Action Task Force and the Asia/Pacific group on Money Laundering issued a total of five statements. The Society for Worldwide Interbank Financial Telecommunication (SWIFT) has excluded 10 Russian banks from its network, and the Egmont group suspended the membership of Rosfinmonitoring (FIU of the Russian Federation) following six actions against it in December 2022. Mongolia, as a member/participant of these bodies, bears responsibility for executing these decisions and sanctions.

Furthermore, developed nations such as the United States, United Kingdom, Canada, Australia, New Zealand, Japan, South Korea, Singapore, and the European Union continue to impose various financial, commercial, import, export, and border sanctions against Russia. Most recently, on February 23, 2024, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury sanctioned approximately 300 individuals and entities, making the most extensive sanctions imposed since the conflict. Consequently, the United States has now placed around 4,000 individuals on its sanctions list over the past two years. Furthermore, pursuant to amendments to the Executive Order 14024 issued by the United States on December 22, 2023, foreign financial institutions face potential sanctions if they engage in or support transactions related to sectors backing Russian military and war efforts, thereby extending the scope of sanctions and exposing nations to secondary sanctions.

On December 18, 2023, the European Union enacted its 12th sanctions package against the Russian Federation, resulting in the prohibition of 1,718 individuals and 419 entities, along with asset freezes and border embargoes. Currently, assets totaling 21.5 billion have been frozen, while sanctions on Russia's primary export and import commodities aim to cut off revenue sources financing the conflict and limit production of defense-related goods.

It is the responsibility of citizens and entities within the country to adhere to sanctions imposed by the United States, the European Union, and other countries, refraining from engaging in any specific relations with individuals and entities from sanctioned countries. While Mongolia is not mandated to comply with sanctions imposed by these countries, establishing business relationships and cooperation with entities or citizens of the Russian Federation may lead to adverse consequences due to non-compliance with financial sanctions enforced by aforementioned nations, aimed at supporting and financing ongoing conflict. Furthermore, with the escalations of international financial sanctions and restrictions targeting Russia, there exists a risk that procuring essential commodities such as fuel, medicine, medical equipment, electricity, and food from the Russian Federation may become challenging for Mongolia.



7.1. IMPLEMENTATION OF NATIONAL STRATEGY

Based on Article 24.2 of the Law on the Government of Mongolia and Article 22¹.1 of the Law on Combating Money Laundering and the Terrorism Financing, "National strategy for anti-money laundering and terrorism financing" (hereinafter referred to as "National strategy") was approved by Resolution No. 265 of the Government of Mongolia in 2022.

The implementation of the national strategy will help ensure the effective implementation of the Action plan for 2021-2030 under the "Vision-2050" Long-term development policy of Mongolia approved by the Resolution No.52 of the Parliament in 2020, "New Revival Policy" approved by Resolution No. 106 of 2021 of the Parliament, Guideline for the five-year development of Mongolia in 2021-2025 approved by the Resolution No.23 of the Parliament in 2020, and the Government Action Plan for 2020-2024 approved by the Resolution No.24 of the Parliament in 2020.

As stated in goal 4.3 of "Vision - 2050" long-term development policy of Mongolia, the system for combating the money laundering and terrorism financing shall be enhanced within the framework of developing a multi-pillared and inclusive financial system connected to the international financial market.

The national strategy was developed in a risk-based approach, focusing on activities assessed as high risk during the national risk assessment. The structure of the strategy is shown below:

Figure 11. Strategy structure



Source: FIU-Mongolia

The program was developed based on FATF 40 Recommendations, 11 Immediate Outcomes, the outcomes of the National Risk Assessment and recommendations from international organizations. Political support, sufficient resources and public and private sector collaboration is fundamental for effective implementation of strategy.

Table 13. Strategy goals

GOAL 1

Develop sound understanding of the evolving risks associated with ML/TF/ PF

GOAL 4

Adopt and implement AML/CFT/CPF riskbased policies and measures

GOAL 2

Raise awareness of AML/CFT/CPF roles, responsibilities, and risks

GOAL 5

Prevent ML/TF/ PF crimes through effective supervision on reporting entities

GOAL 3

Expand internal and external cooperation to combat ML/TF/PF

GOAL 6

Enhance identification of potential terrorism and proliferation financing and detection of money laundering cases

GOAL 7

Increase the investigations, prosecutions and convictions of complex ML cases; confiscate more assets in line with the NRA identified risks; and remain vigilant on TF

GOAL 8

Strengthen the skills and capabilities through additional staffing resources, targeted training, IT infrastructure and systems and processes

Source: FIU-Mongolia

By the order of the Minister of Justice and Internal Affairs No. A/O4 of 2023, the "Action Plan for the Implementation of the National strategy for anti-money laundering and terrorism financing" was approved, comprising 194 tasks. The FIU was tasked with distributing the approved plan to the relevant organizations, ensuring its implementation, and annually issuing and presenting progress reports.

Accordingly, the FIU has sent the official letter No. 17 of 2023 to the member organizations of the National Council and the Cooperation Council requesting the inclusion of action plan items in their internal work plans for effective implementation and submission of quarterly progress report.

Figure 12. Organizations implementing the strategy.

- GENERAL COUNCIL OF THE JUDICIARY
- ▶ SUPREME COURT
- ▶ BANK OF MONGOLIA
- ▶ FIU-MONGOLIA
- MINISTRY OF FOREIGN AFFAIRS.
- ▶ MINISTRY OF FINANCE
- ▶ STATE GENERAL PROSECUTOR'S OFFICE
- FINANCIAL REGULATORY COMMISSION
- ▶ NATIONAL POLICE AGENCY
- INDEPENDENT AUTHORITY AGAINST CORRUPTION
- ▶ THE GENERAL INTELLIGENCE AGENCY
- COUNTER-TERRORISM COUNCIL

- ▶ GENERAL DEPARTMENT OF TAXATION
- ▶ CUSTOMS GENERAL ADMINISTRATION
- ▶ GENERAL AUTHORITY FOR STATE REGISTRATION
- ▶ GENERAL EXECUTIVE AGENCY OF COURT DECISION
- ▶ ASSOCIATION OF MONGOLIAN ADVOCATES
- ▶ MINISTRY OF JUSTICE AND HOME AFFAIRS ▶ MONGOLIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
 - MONGOLIAN CHAMBER OF NOTARIES
 - MONGOLIAN BAR ASSOCIATION
 - NATIONAL STATISTICS OFFICE
 - ▶ IMMIGRATION AGENCY OF MONGOLIA
 - ▶ GENERAL AUTHORITY FOR BORDER PROTECTION

In accordance with Sections 5.5 and 5.7 of the National strategy, organizations have presented and assessed the progress and implementation of the plan at the quarterly meetings of Cooperation Council.

Figure 13. Implementations presented at National Council and Cooperation Council meetings.



Source: FIU-Mongolia

The FIU discussed the difficulties in the process of consolidating the implementation of the program at the Cooperation Council meeting on December 26, 2023. As a result, the Chairman of Cooperation Council requested that all organizations provide specific details regarding their implementation progress, and organizations that had not yet submitted their progress were urged to do so promptly. Accordingly, the FIU sent the official letter No. 01 of 2024 to the members of the National Council and Cooperation Council.

Out of the total 194 tasks outlined in the implementation plan, 21 should be completed in 2023 with the implementation of 146 tasks set to commence in the same year 2023, while 28 tasks are scheduled for implementation annually.

Table 14. Action plan time



Based on the reports submitted by the organizations, of the 194 tasks, 160 have commenced, with 13 completed and 21 yet to begin. Regarding the 21 works planned for completion in 2023, 8 have been finished, 13 are in progress and none remain outstanding. However, of the total 28 tasks to be completed annually, 24 have been finished and 4 are currently in progress.

Figure 14. The status of tasks planned to be completed in 2023



Source: FIU-Mongolia

The works completed in 2023 include:

- Conducting research on the money laundering risks related to environmental crimes such as illegal wildlife trade, and illegal mining and taking appropriate measures;
- Preparing a list and format of mandatory statistical data related to FATF Recommendations and Immediate outcomes;
- Studying the good practices of other countries that have established the "Fintel" association of financial information, and taking relevant measures;

Implementing a quadruple plan of law enforcement agencies to identify unlicensed and unregistered electronic payments, money transfer services, virtual asset service providers, and to exchange information;

- Assessing the registration, investigation, prosecution, and conviction of money laundering, and identifying progress and shortcomings;
- Updating the guidelines and manuals related to the investigation of terrorism financing crimes;
- Implementing blockchain analytics tools for supervision and investigation purposes;
- Making structural change at the Customs General Administration to include at least 5 officers responsible for combating money laundering and terrorism financing, with at least 1 stationed at border points, ensuring experienced and stable human resources, as well as enhancing customs control techniques and equipment.

The tasks that remained incomplete were not finalized within that year due to factors such as the necessity for adjustments to the legal and regulatory framework, and the requirement for an extension of the planned timeline.