



PERMANENT TECHNICAL SECRETARIAT

**RESEARCH AND FINANCIAL
ANALYSIS DEPARTMENT**

STRATEGIC ANALYSIS REPORT

PERIOD UNDER REVIEW: JUNE 2023 – MARCH 2025

Analysis of the Quality of Suspicious Transaction Reports (STRs)

Executive Summary

Since 2023, the Financial Intelligence Unit (CNRF) has recorded a notable increase in Suspicious Transaction Reports (STRs), reflecting the growing engagement of reporting entities in the national AML/CFT framework. However, this progress is tempered by concerns over quality: 87% of STRs contain incomplete information or lack supporting documentation, which significantly limits their operational value. The most common money laundering indicators relate to inconsistencies between client profiles and observed activities, as well as unexplained cash movements, often involving funds originating from high-risk jurisdictions such as the Democratic Republic of Congo (DRC).

Money laundering is predominantly detected at the placement stage, with a strong concentration among natural persons and Sole Proprietorship Limited Liability Companies (SPLLC). In 73% of cases, illicit funds are introduced directly into the financial system without passing through layering or integration phases. The commercial sector is the most exposed (30%), followed—at a much lower scale—by real estate, agriculture, and import-related activities. Transactions are largely cash-based (47%) and primarily conducted through banks (93%). The main predicate offenses underlying suspicious activities include theft, embezzlement, and fraud (87%). These transactions are predominantly carried out by Burundian nationals (73%), with most flows occurring domestically (93%).

1. Context and Objectives

a. Context

Since 2023, the FIU (CNRF) has observed an increase in STRs. In response to this dynamic, a strategic analysis was conducted to identify trends and optimize the STR reporting process.

In line with FATF Recommendation 29 and Egmont Group requirements, the FIU is obliged to carry out regular strategic analyses to enhance the detection and prevention of ML/TF risks.

However, given the limited number of STRs received, the findings provide only a partial view of ML/TF trends in Burundi, highlighting the need to strengthen the reporting culture among obliged entities.



b. Objectives

- ✓ Identify the most frequent indicators in STRs to strengthen detection systems;
- ✓ Detect emerging ML/TF trends;
- ✓ Determine economic sectors, financial products, transaction types, and geographic zones involved in ML/TF;
- ✓ Identify weaknesses and best practices in the STR reporting process;
- ✓ Provide operational recommendations to competent authorities and reporting entities;
- ✓ Improve the understanding of ML/TF risks among reporting entities and national authorities.

2. Methodology

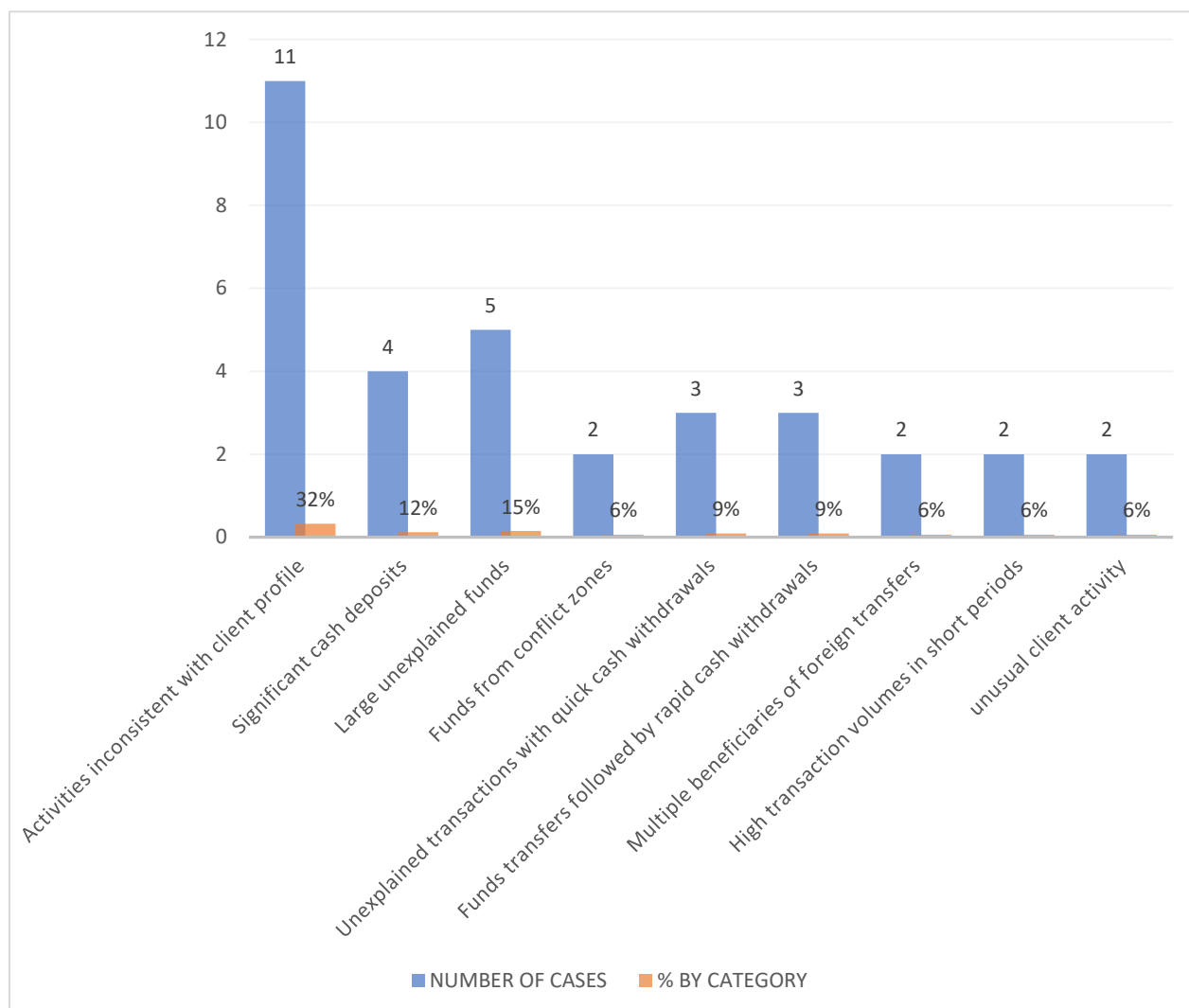
The analysis used a three-pronged approach:

- ✓ Quantitative analysis: measured statistical frequency and distribution of key variables (e.g., types of entities, financial products, nationalities, and sectors);
- ✓ Qualitative analysis: reviewed descriptive content of STRs to identify behavioural patterns, client profile inconsistencies, links to predicate offenses, and weak but relevant indicators;
- ✓ Comparative analysis: examined similarities and differences across categories (e.g., banks vs. microfinance, national vs. foreign clients, economic sectors, geographic zones).

3. Key Findings

a. ML/TF Indicators

The chart below shows the different types of money laundering and terrorist financing indicators involved in the 15 STRs analysed.



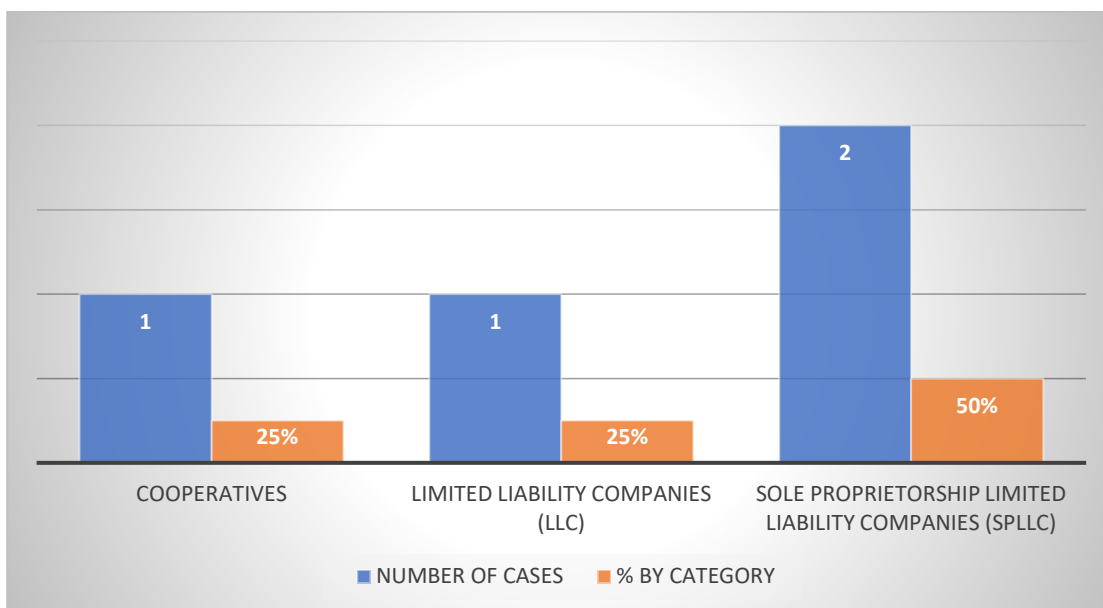
Among 15 STRs analysed:

- 32%: Activities inconsistent with client profile;
- 15%: Large unexplained funds;
- 12%: Significant cash deposits;
- 9%: Unexplained transactions with quick cash withdrawals;
- 6% each: High transaction volumes in short periods, multiple beneficiaries of foreign transfers, unusual client activity, or funds from conflict zones.

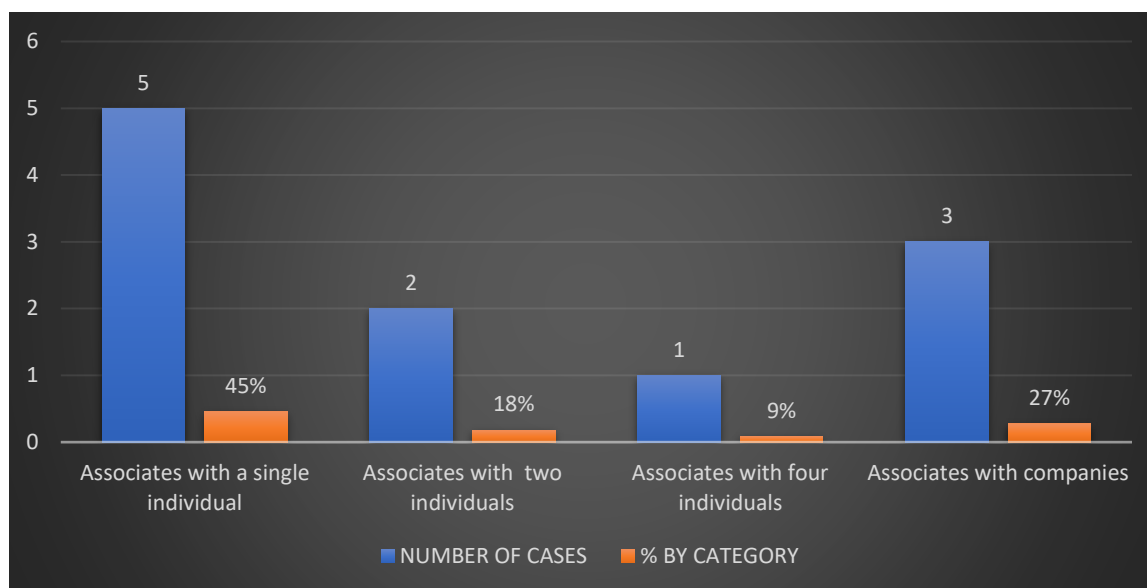
These indicators align with risks identified in the National Risk Assessment (NRA) such as embezzlement, corruption, and tax fraud.

b. Types of entities involved

Of the 15 STR cases analysed, 75% pertain to natural persons, while 25% pertain to legal persons. Among the types of legal persons, 50% are Sole Proprietorship Limited Liability Companies (SPLLC), which are enterprises with a single shareholder; 25% are Limited Liability Companies (LLC), commercial companies where the liability of shareholders is limited to their contributions; and 25% are cooperatives, as illustrated in the chart below:

**c. Associates of suspects**

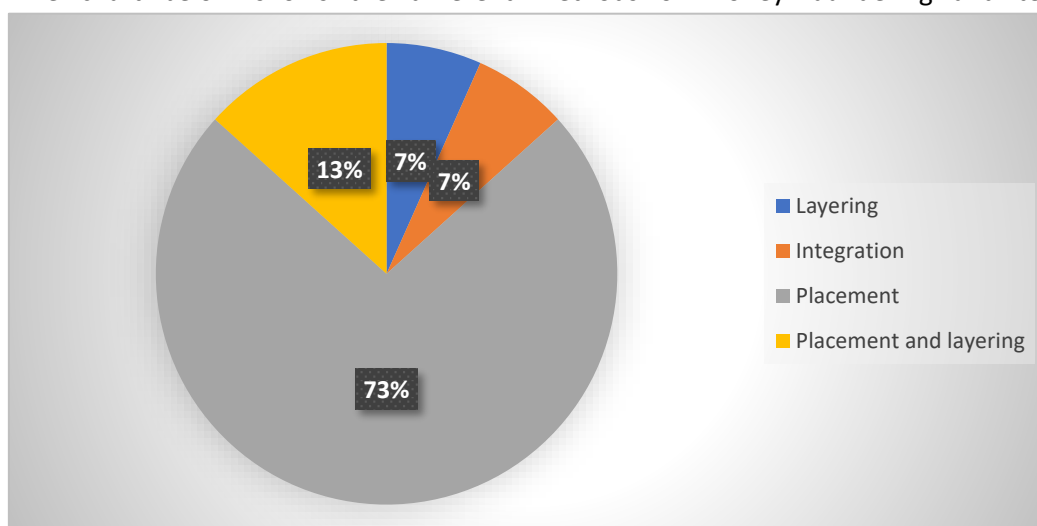
The chart below shows the suspect's associates linked to money laundering and terrorist financing.



Among the associates of the suspects linked to the STRs analysed, 45% are associated with a single individual, 27% with companies, 18% with two individuals, and 9% with four individuals.

d. ML/TF Methods

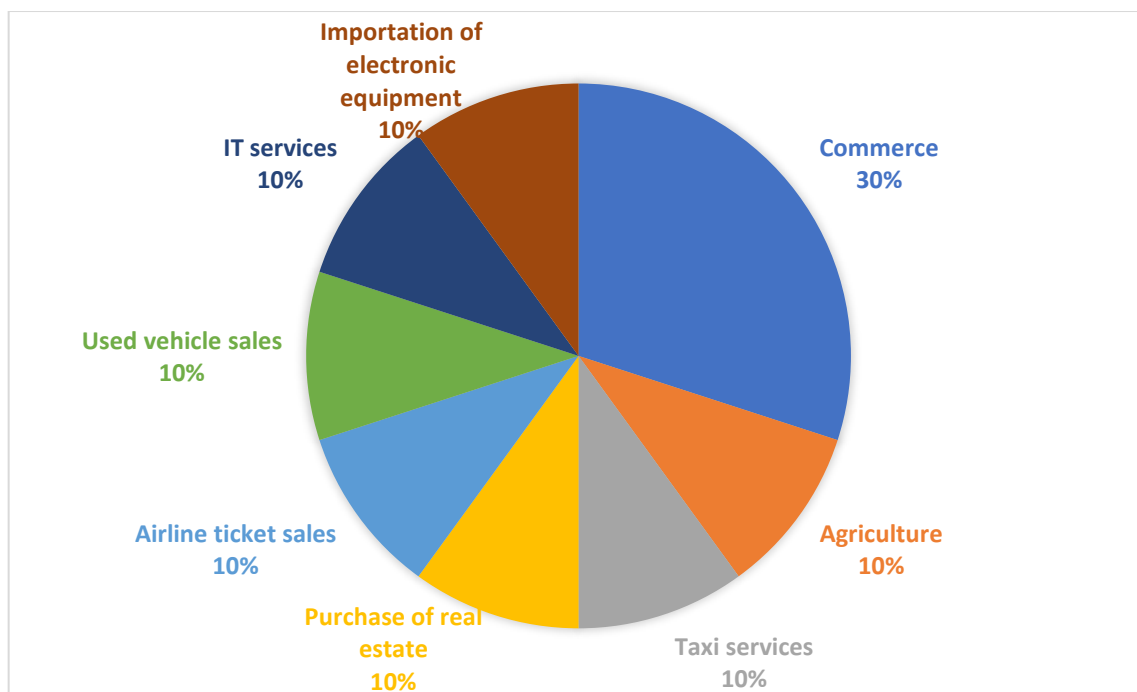
The chart below shows the different methods of money laundering and terrorist financing.



Regarding money laundering methods, 73% of suspects used placement (criminally derived funds introduced or placed for the first time into the financial system or used to purchase high-value goods), 13% used both placement and layering, and 7% each used layering (the process of concealing the source of funds through a series of complex financial transactions to break the audit trail and obscure the origin) and integration (the reintroduction of laundered funds into the legitimate economy to make them appear lawful). Burundian nationals alone account for 60% of placement activities.

e) Sectors involved

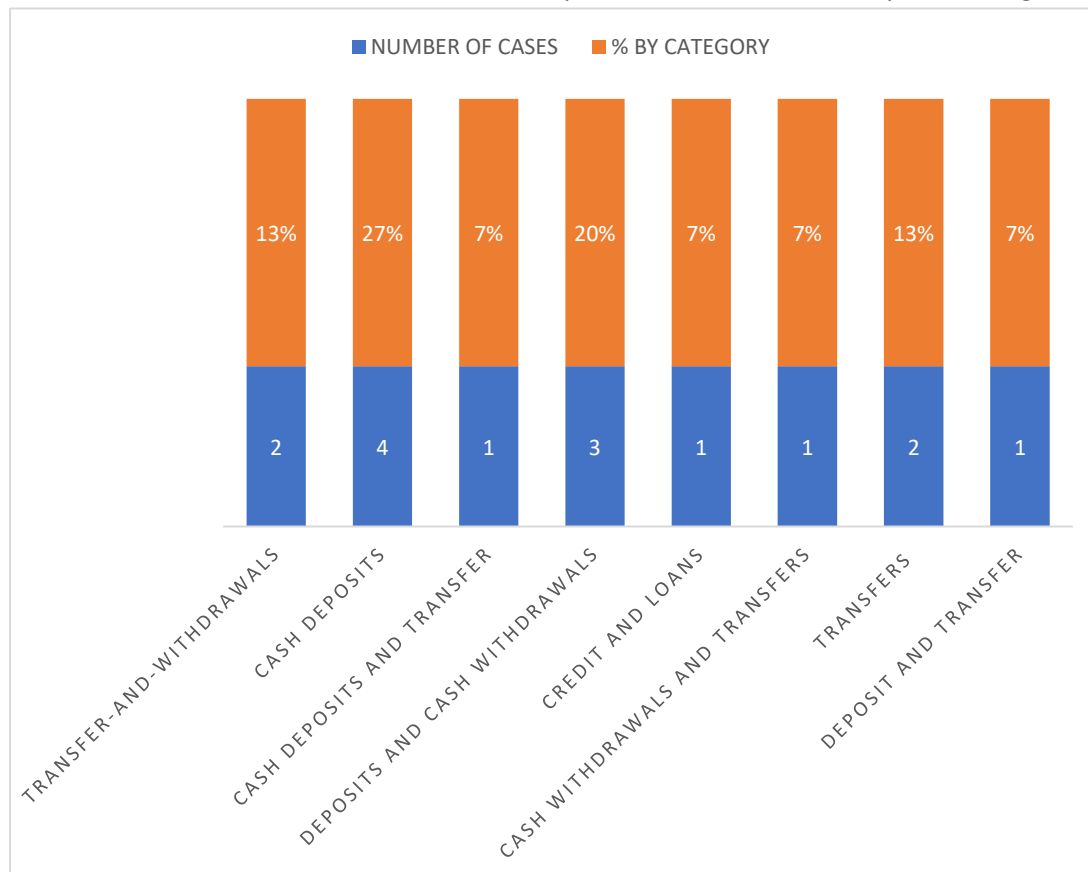
The chart below shows the different sectors involved in money laundering and terrorist financing.



The sectors involved in money laundering and terrorist financing identified in the STRs include 30% in commerce (sale of computer equipment and office supplies, sale of various goods, and sale of agri-food products) and 10% each in real estate purchases, agriculture, importation of electronic equipment, taxi services, airline ticket sales, used vehicle sales, and IT services.

f) Financial products used

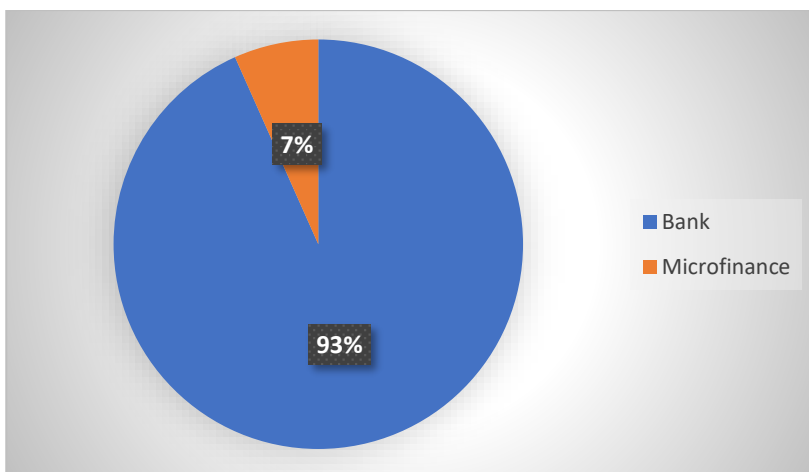
The chart below shows the different financial products involved in money laundering and terrorist financing



The types of financial products involved in ML/TF cases include 27% cash deposits, 13% transfers or transfer-and-withdrawals, 20% deposits and cash withdrawals, and 7% each from cash withdrawals and transfers, credit and loans, withdrawals and transfers, or deposits and transfers.

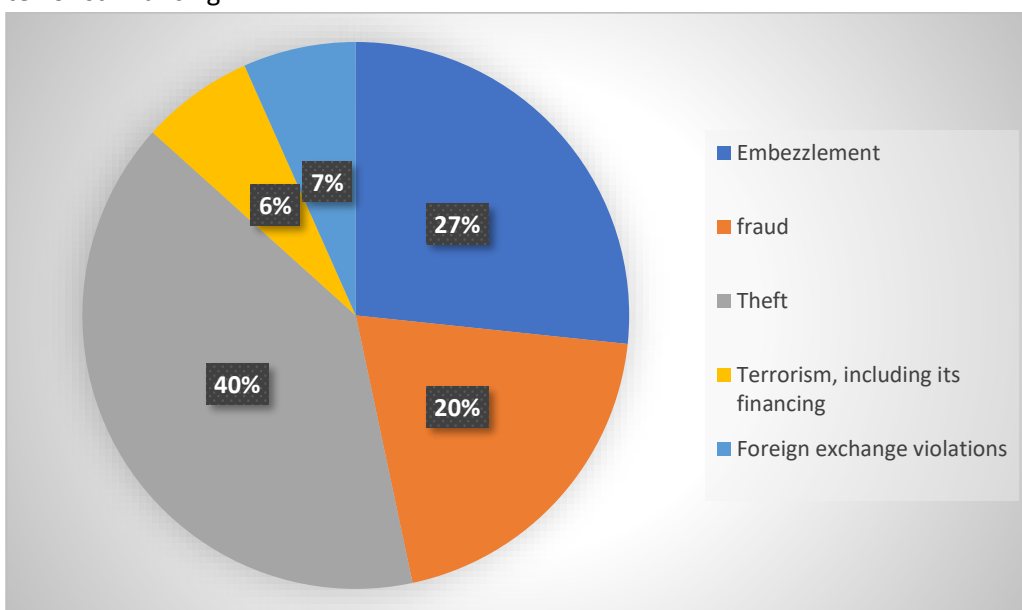
g) Reporting Entities

The sectors of the reporting entities under analysis include 93% banks and 7% microfinance institutions, as illustrated in the chart below:



h) Predicate offenses

The chart below shows the different types of predicate offenses related to money laundering and terrorist financing.

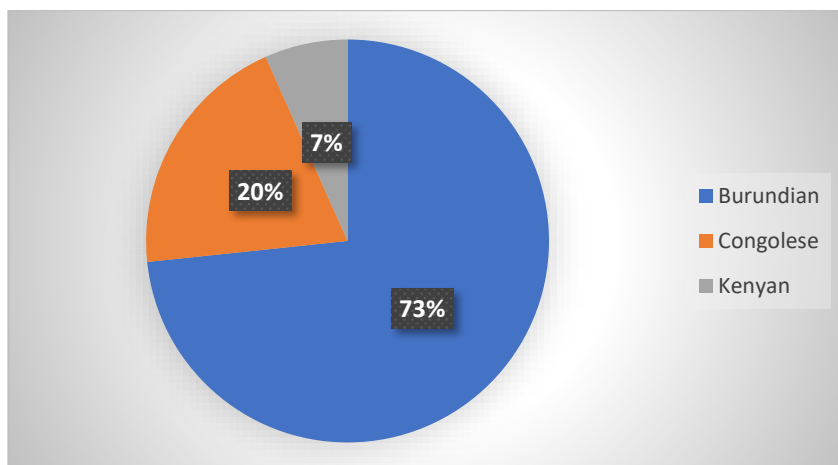


The predicate offenses related to the STRs analysed consist of 40% theft, 27% embezzlement, 20% fraud, 7% foreign exchange violations, and 6% terrorism, including its financing. Comparison with the results of the National Risk Assessment (NRA) shows a consistency between certain identified predicate offenses, such as embezzlement, theft, or fraud, and those observed in the analysis of the Suspicious Transaction Reports (STRs).

i. Geographic Analysis

1^o) Nationality of persons of interest

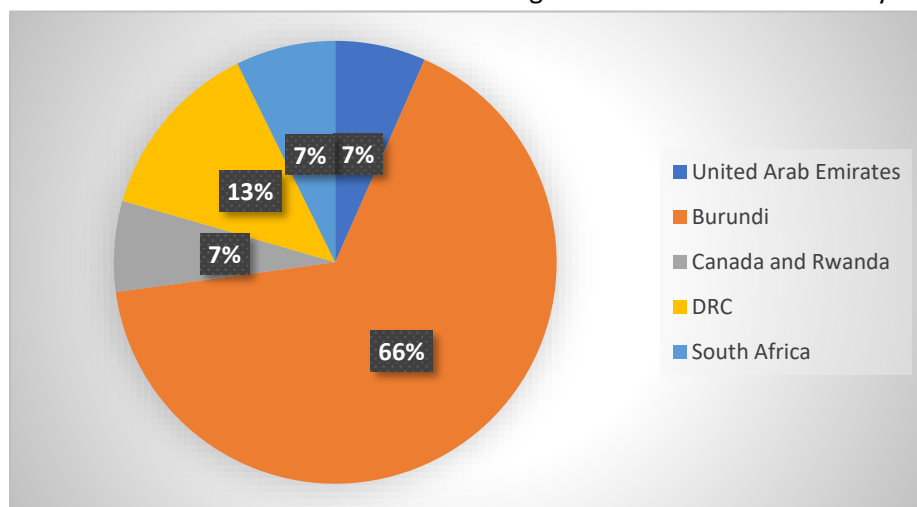
The chart below shows the different nationalities involved in money laundering and terrorist financing.



The individuals involved in the STRs include 73% Burundian nationals, 20% Congolese nationals, and 7% Kenyan nationals.

2^o) Origin of funds

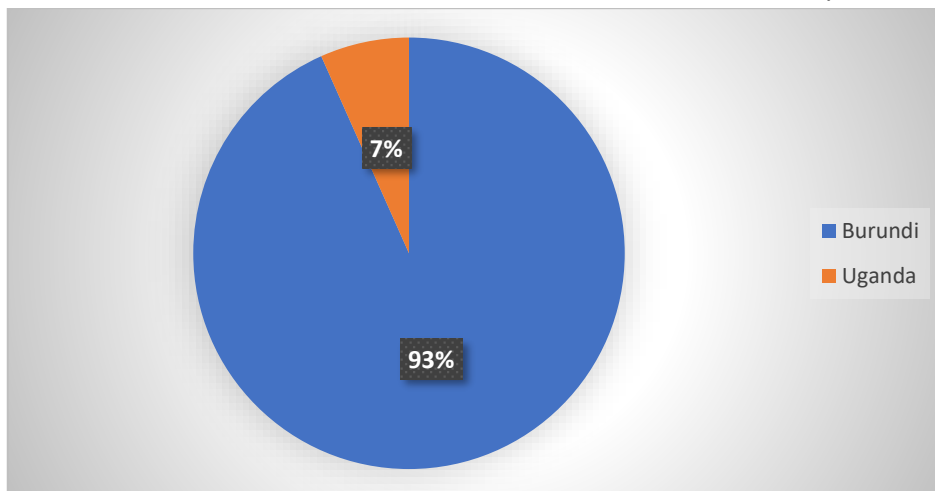
The chart below shows the countries of origin of funds related to money laundering and terrorist financing.



Analysis of the suspicious funds shows that 66% originate from Burundi, 13% from the DRC, and 7% each from Canada, Rwanda, the United Arab Emirates, and South Africa.

3^o) Destination of funds

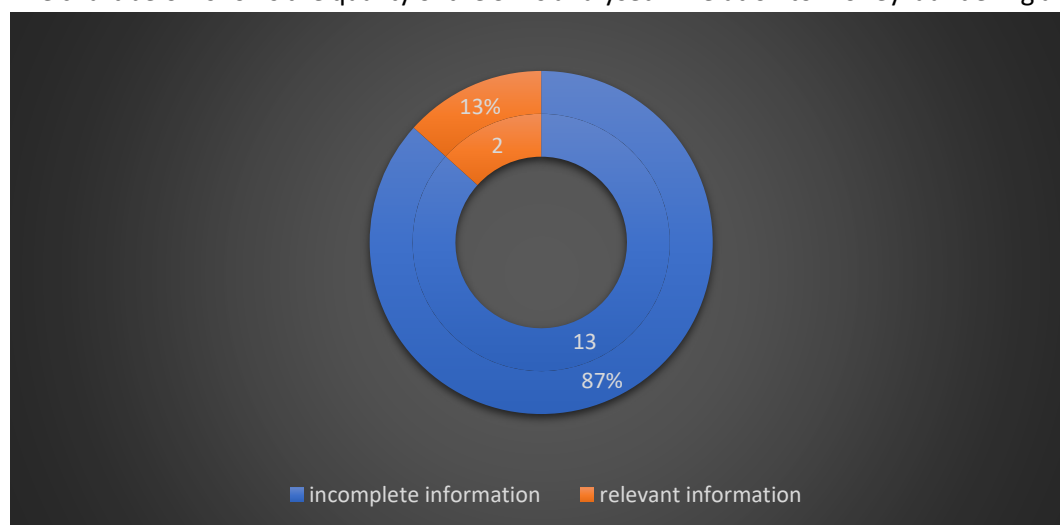
The chart below shows the destination countries of funds related to money laundering and terrorist financing.



The suspicious funds have various destinations, with 93% sent to Burundi and 7% to Uganda.

4. Quality of STRs

The chart below shows the quality of the STRs analysed in relation to money laundering and terrorist financing.



Regarding the quality of STRs, 87% provide incomplete information, while 13% contain relevant information.

The gap to be addressed is as follows: the majority of STRs (87%) contain incomplete data, notably missing the Tax Identification Number (TIN), commercial registry information, income declarations to the Burundian Revenue Authority (OBR), and other essential details. Only 13% of STRs are considered relevant, which limits their usefulness for financial analysis.



5. Conclusion and recommendations

The strategic analysis conducted on the Suspicious Transaction Reports (STRs) received by the CNRF highlights several important findings. On one hand, observed trends show that suspicious transactions are dominated by fund placement activities, often carried out by natural persons of Burundian nationality, primarily in the commercial sector, and frequently involving cash deposits. Money laundering methods are concentrated in the placement phase.

On the other hand, the qualitative analysis reveals a low quality of STRs, as 87% of reports contain incomplete information, without in-depth analysis or essential supporting documentation. This significantly limits their operational usefulness. The lack of details regarding client profiles, economic sectors, or potential links to predicate offenses prevents a precise risk assessment. These gaps undermine the effectiveness of the national AML/CFT framework.

Moreover, the analysis shows that expected best practices are generally not followed: in most cases, STRs were submitted within the prescribed deadlines; however, the justification for suspicion was not clearly articulated.

In light of these findings, the following recommendations are made:

- ✓ Strengthen the capacities of reporting entities through targeted training;
- ✓ Enhance detection support tools ;
- ✓ Establish a feedback mechanism to encourage reporting entities to submit more relevant STRs in line with international standards;
- ✓ Enhance coordination between the CNRF, competent authorities, and reporting entities to improve STR quality and early detection of suspicious transactions;
- ✓ Require reporting entities to provide detailed and accurate descriptions of the commercial activities conducted by their clients.