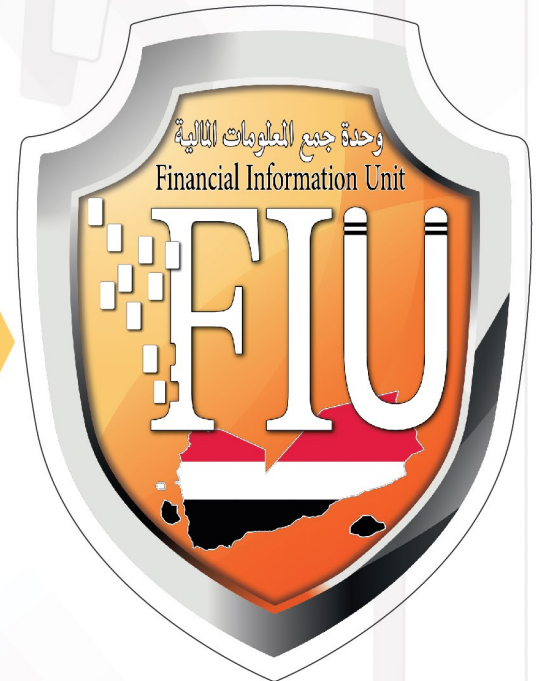




الجمهورية اليمنية
Republic of Yemen

Financial Information Unit

FIU



Annual Report FOR | 2024



Republic of Yemen

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At the outset, I would like to express my sincere gratitude and deep appreciation to the leadership of the Central Bank of Yemen for its unwavering support in strengthening the full independence of the Financial Information Unit. This support has been demonstrated through the adopting the annual budgets submitted by the FIU for 2022 - 2024 and 2025. We wish them success in their endeavors especially in light of the challenging circumstances that our country is going through in all economic, political and security aspects. We are confident in their ability, in cooperation with all State institutions, to rectify monetary and economic conditions and alleviate the burden on citizens, who become the victims bearing the burden of the economic deterioration and the local currency depreciating against foreign currencies, which has cast a shadow over the prices of essential goods and services.

I also extend my congratulations to the Republic of Yemen—its leadership and people—on assuming the position of Chairmanship of the Middle East and North Africa Financial Action Task Force (MENAFATF) for 2024, represented by the Chairman of the National Committee for Combating Money Laundering and Terrorism Financing. Additionally, I congratulate the Head of the Financial Information Unit on assuming the presidency of the Financial Information Units Forum in MENAFATF for 2024. Furthermore, I would like to express my sincere gratitude to the National Anti-Money Laundering and Terrorism Financing Committee, which is considered the supreme national authority entrusted with developing strategic policies to combat money laundering and terrorism financing at the national level, for its dedicated efforts to combat money laundering and terrorism financing.

I would also like to extend my sincere gratitude and appreciation to all members of the FIU who have dedicated their full efforts to work under the difficult conditions that the country is going through. Whether from their workplaces during working hours or from their locations outside official working hours, they participated in organizing and accomplishing the tasks assigned to them to reach the level we are at today. This is despite the challenging work environment they work in, which is related to the structure and context of the State and its institutions, as well as the collapse of the national currency against foreign currencies. This has led to a decline in their income levels and has significantly impacted their standard of living.

We are confident that with the solidarity and cooperation of all, we will be able to overcome all challenges, no matter how complex they may be, and we will be able to accelerate the progress of work more efficiently and effectively. During the current period, the Financial Information Unit, in

addition to the routine tasks stipulated by law, has led the team responsible for preparing the Enhanced Follow-Up Report for the International Cooperation Review Group (FATF-ICRG). This report was presented at the FATF Plenary Meeting in Brussels, Belgium, in September 2024. Additionally, the FIU prepared the Technical Analysis Report on the six key recommendations of the Financial Action Task Force (FATF) – Recommendations 3, 5, 6, 10, 11, and 20 – in implementation of the decision taken by the FATF during its meeting in February 2024. This decision pertained to countries that have not undergone the mutual evaluation process due to the challenging circumstances they are facing. The report was submitted to the Middle East and North Africa Financial Action Task Force (MENAFATF) and was discussed during its 39th Plenary Meeting, which took place in Riyadh, Kingdom of Saudi Arabia, in November 2024.

During the upcoming period, we prioritize enhancing international cooperation by showcasing the efforts of the Republic of Yemen in combating money laundering and terrorism financing to the international community, represented by the relevant international organizations and bodies concerned with combating money laundering and terrorism financing. Additionally, we aim to improve and coordinate local efforts among authorities involved in combating money laundering and terrorism financing. We will continue to build a culture of compliance and raise awareness among all authorities concerned with combating money laundering and terrorism financing.

Additionally, we will strengthen the internal operations of the FIU through the development of electronic programs that have been designed by self-efforts and will facilitate and raise the efficiency and quality of the FIU's work and obtain some electronic programs that will enhance the quality of performance.

Moreover, among our priorities in the upcoming period are training the current staff of the FIU and constantly working to develop their capabilities in line with modern developments and trends, in particular, using modern technologies in the crimes of money laundering and the terrorism financing. Signing memorandum of understanding with as many countries as possible will lead to improving the exchange of experiences and information and raising the efficiency of work in the field of international cooperation and communicating with the sponsoring countries for Yemen's accession to the EGMONT group in order to move forward in finalizing the rest of the eligibility requirements to join Yemen to the EGMONT Group for Financial Intelligence Units.

Finally, we ask Almighty Allah to help us accomplish the tasks entrusted to us efficiently and competently in a way that contributes to the achievement of the public interest

FIU Chief



Chapter One

Financial Information Unit (FIU)



FIU Establishment



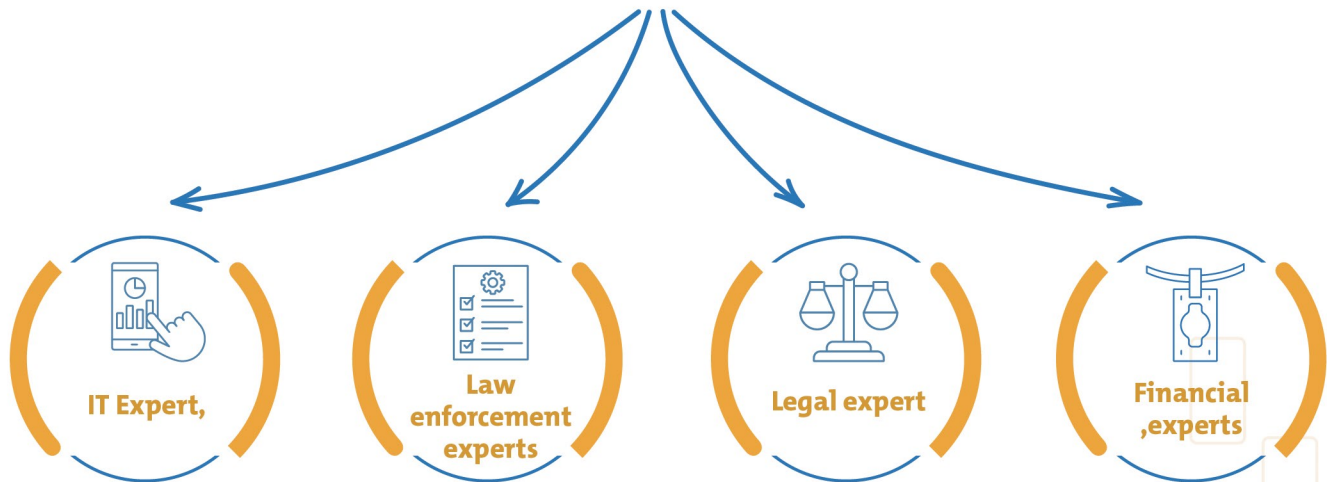
FIU Organizational
Structure



Competencies of the
FIU

Financial Information Unit Establishment

The Yemeni Financial Information Unit (FIU) was established in accordance with the provisions of Article (11) of Law No. 35/ 2003 on Anti-Money Laundering; within the structure of the Central Bank of Yemen. At the beginning of 2010, the FIU was reconstituted after the issuance of Law No. (1) /2010 on Anti-Money Laundering and Counter-Terrorism Financing. The Law has laid down that the FIU is independent, and has approved its establishment by a Resolution of the Prime Minister upon the recommendation submitted by the Governor of the Central Bank of Yemen. The FIU shall consist of a Chief and members who are experts and specialists as follows



The law stipulates that the FIU must be staffed with personnel who are qualified both academically and technically to ensure the effective execution of its duties. It requires all members and staff to dedicate themselves to their roles on a full-time basis. Furthermore, the law confers the power of judicial control upon the Chief and members of the FIU while carrying out their assigned responsibilities, as outlined in Article (31). Additionally, it mandates regulatory and supervisory authorities to appoint compliance officers in order to assess and control compliance with those authorities, and shall be regarded as liaison officers with the FIU.

To reinforce this, the Prime Minister's Resolution No. 350/ 2010 was issued constituting the Financial Information Unit (FIU) pursuant to Law No. 1/2010. The Resolution also specified the nomination of its members so as to become composed of seven members and a number of academically qualified staff.

Law No. (1) /2010 on Anti-Money Laundering and Counter-Terrorism Financing, along with its executive regulation and their amendments has addressed the deficiencies identified by the Mutual Evaluation Report to which our country was subjected in 2007. It was conducted by the Middle East and North Africa Financial Action Task Force (MENAFATF). This has been done in a manner that meets all requirements and obligations in accordance with the international recommendations and standards in the field of combating money laundering and terrorism financing, as well as the recommendations of the Mutual Evaluation Team

A Historical Overview

A Historical Overview of the Developments Experienced by the FIU and National Anti-Money Laundering and Counter Terrorism Financing Committee after declaring Aden as an Interim Capital of Yemen

2015
March 7

His Excellency the President of the Republic declared that Aden is the interim capital, and urged all government bodies and public sector institutions to move their headquarters and to begin exercising their activities from the interim capital– Aden. Accordingly, the following resolutions were issued

2016

**Presidential
Decree No (119)**

was issued reconstituting the Board of Directors of the Central Bank and moving its headquarters to the interim capital– Aden,

2019

**Prime Minister's
Resolution
No (12)**

was issued reconstituting the Financial Information Unit and the nomination of its members to begin exercising its functions from the interim capital Aden.

2019

**Prime Minister's
Resolution
No (13)**

was passed reconstituting the National Committee on Combating Money Laundering and Financing of Terrorism and nomination of its members from (19) government agencies concerned with combating money laundering and terrorism financing.

2020

**Prime Minister's
Resolution
No (1)**

was issued reconstituting the Financial Information Unit and the nomination of its members to begin exercising its functions from the interim capital Aden.

2021

**Prime Minister's
Resolution
No (19)**

was issued adopting the internal regulation of the Financial Information Unit in the meeting held on May 2021,8. It explains in detail the organizational and administrative structure, functions and responsibilities of all the different departments and sections within the FIU

2022

**The Prime Minister's
Resolution No (26)**

was issued assigning the Chairman of the National Anti-Money Laundering and Counter Terrorism Financing Committee.

- Strengthening the operational independence of the Financial Information Unit by shifting its headquarters to an independent and secure location, and enhancing its financial independence through the adoption of an independent budget.
- Strengthening the operational independence of the National Anti-Money Laundering and Counter Terrorism Financing Committee by shifting its headquarters to an independent and secure location, and enhancing its financial independence through the adoption of an independent budget.

- The Republic of Yemen, represented by the Chairman of the National Anti-Money Laundering and Counter Terrorism Financing Committee, holds the position of the Vice Chairmanship of the Middle East and North Africa Financial

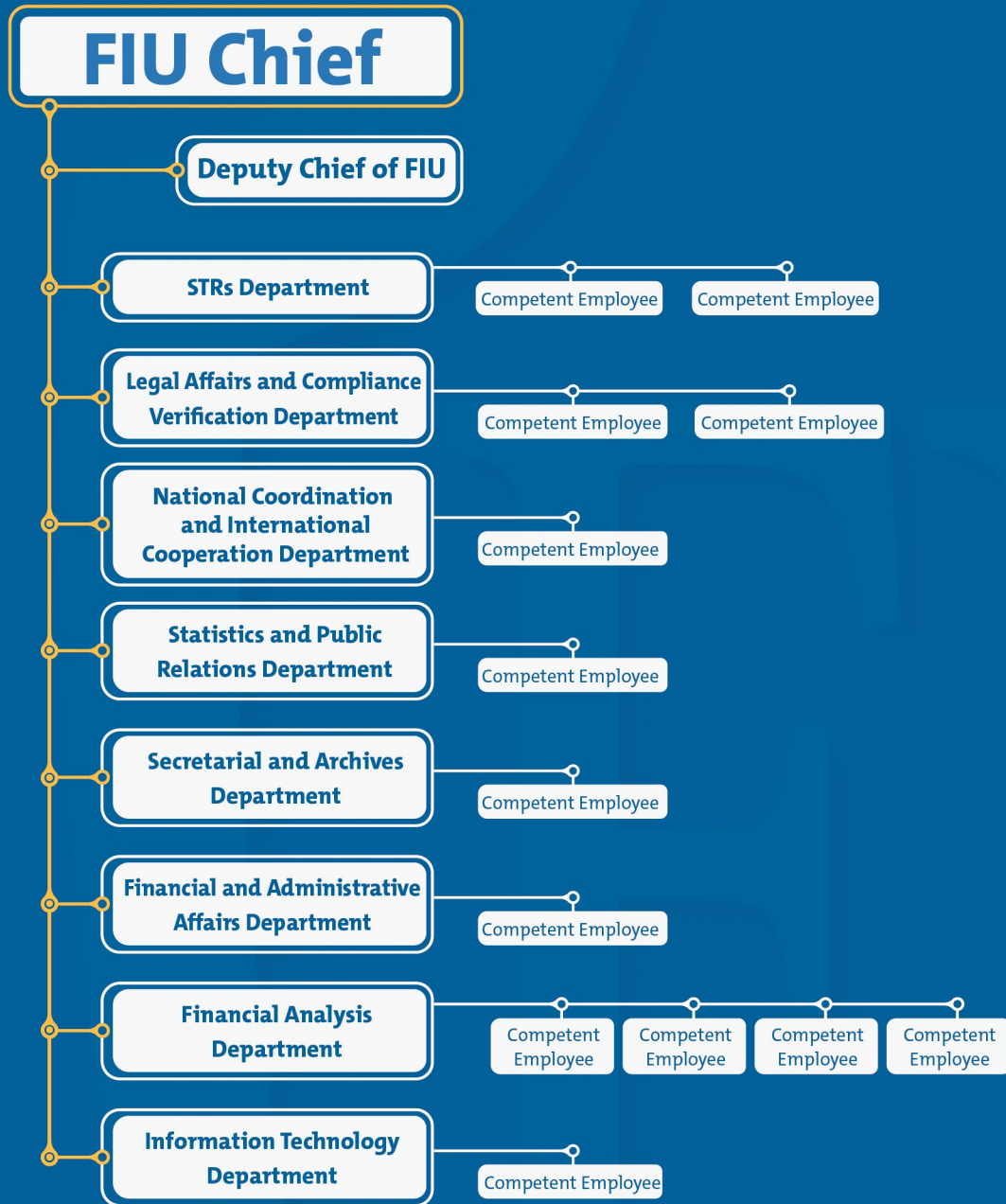
2023

The Republic of Yemen, represented by the Chairman of the National Anti-Money Laundering and Counter Terrorism Financing Committee, holds the position of the Chairmanship of the Middle East and North Africa Financial Action

2024

The Republic of Yemen, represented by the Chairman of the National Anti-Money Laundering and Counter Terrorism Financing Committee, holds the position of the Chairmanship of the Middle East and North Africa Financial Action

FIU Organizational Structure



Competencies of the FIU

Law No. 2010 /1, as amended, some of its articles by Law No. 2013/17 and their executive regulations, define the terms of reference of the Financial Information Unit as follows:



Prepare forms of STRs' guidance for financial and non-financial institutions and designated professions that are used to report to the FIU regarding suspicious transactions of involving money laundering or terrorism financing and update them when needed.



Notify the National Committee for Combating Money Laundering and Financing of Terrorism, and the concerned regulatory and supervisory authorities of any breach of the provisions of the Anti-Money Laundering and Combating the Financing of Terrorism Law by financial and non-financial institutions and designated professions.



Refer the results of the analysis of STRs when it has serious indications of the presence of suspicion of money-laundering, financing of terrorism or any of the predicate offences associated with them, together with the necessary inferences to the Public Prosecution.



Receive and analyze Suspicious Transaction Reports (STRs) reported by financial institutions, non-financial institutions, specified professions, regulatory and supervisory bodies about suspicious transaction reports relevant for money laundering, terrorism financing or any of the predicate offences associated with them, and referring the result of the analysis of the STRs to the concerned authorities for appropriate action needed.



Publish periodic reports on its activities, including in particular containing statistical data and analytical studies in the field of AML/CFT.



Request any additional information that the Unit deems it useful for the performance of its functions when it is related to any information it has previously received in the course of the exercise of its competencies or upon a request received from counterpart units in other Countries.



Participate in the preparation of awareness-raising programs on combating money-laundering and financing of terrorism in coordination with the National Committee for Combating Money Laundering and Financing of Terrorism.



Request any additional information that the Unit deems it useful for the performance of its functions when it is related to any information it has previously received in the course of the exercise of its competencies or upon a request received from counterpart units in other Countries.



Conduct on-site inspections of the entities and institutions covered by the law to verify the extent of their compliance with the provisions of the law and its executive regulations.



Participate in international and regional seminars, workshops, conferences and meetings related to the competences of the FIU



Conclude memorandum of understanding with foreign counterpart units performing similar functions and subject to similar obligations in respect of secrecy.

Chapter Two

FIU Achievements

- I** // Training and Information Technology
- II** // Local and International Coordination and Cooperation
- III** // Legal Affairs and Compliance Verification
- IV** // Suspicious Transaction Reports (STRs), Queries and Financial Analysis

I - Training and Information Technology

A Training and Capacity-Building

In order to build the capacity of the Financial Information Unit Staff, all its staff and some entities concerned with AML/CFT participated in training courses, workshops and meetings held concerning raising awareness on AML/CFT that were conducted by



IMF



EU



USAID



MENAFATF



FATF



Pragma

Notably, these agencies made substantial efforts to strengthen the capacity of FIU staff, enhancing their capacity to effectively perform their duties.

The Financial Information Unit, in collaboration with USAid, organized a Training of Trainers (TOT) course aimed at the FIU staff

The following table shows the training courses, workshops and conferences in which the concerned authorities participated during 2024:

	Course Title	Organizing Entity	Location	Participating Entity	Participants	Date
1	Using Social Media and Media in Money Laundering	ESCAY	online	FIU + Private Sector	1	2024 /04/ 22
2	Regional Meeting on the Project for the Establishment of the Asset Recovery Inter-Agency Network (ARIN) in the Middle East and North Africa Region	FATA in collaboration with the Egyptian FIU	Egypt	FIU + NAMLC	3	2024 /04/ 29
3	Meeting to Promote International Cooperation and Information Exchange	Central Bank of Yemen	Saudi Arabia – Riyadh	FIU + Central Bank	1	2024 /05/ 14
4	Thirty-eight Plenary Meeting of the Financial Action Task Force (FATF)	FATF	Bahrain	FIU + NAMLC	5	2024 /05/ 19
5	International Cooperation and Information Exchange on Money Laundering Crimes, Terrorism Financing, Illicit Financial Flows, and Asset Recovery	European Union Project in Central, North, and Southern Africa and Yemen	Online	FIU + Private Sector + Verification Authorities + Central Bank	1	2024 /06/ 24
6	Analysis, Investigation, Follow-up, and Seizure of Virtual Currencies	ESCAY	online	FIU + Private Sector + Central Bank	1	2024 /07/ 08
7	Advanced Strategic Analysis Course	IMF	Jordan	FIU	3	2024 /07/ 14
8	Capacity Building Program in Accounting Management and Public Audit	Korean International Cooperation Agency (KOICA)	South Korea	FIU	2	2024 /09/ 01

9	Improving the Anti-Money Laundering and Terrorism Financing Regime (A Wholistic Approach to Mitigate Financial Crimes)	Public Prosecution of the State of Qatar	Qatar	FIU + Central Bank + Public Prosecution	3	2024 / 10 / 20
10	Plenary Meeting of the Financial Action Task Force (FATF)	(FATF)	France	FIU + NAMLC	2	2024 / 10 / 21
11	Plenary Meeting of the Financial Action Task Force (FATF)	Financial Action Task Force (MENAFATF)	Riyadh FIU + NAMLC	Members of FIU + Members of NAMLC	12	2024 / 11 / 16
12	Financial Cybercrime	Pragma Corporation	online	FIU	14	2024/ 12/4-04
13	Risk Assessment of Legal Persons and Legal Arrangements	MENAFATF) in partnership with the Egyptian FIU	Egypt	FIU + NAMLC	5	2024/12/12-10
14	Meeting of the International Cooperation Review Group (ICRG)	(ICRG)	Belgium (Brussels)	FIU + NAMLC	3	2024 /09/ 2
15	Workshop on Applications and Capacity Building	MENAFATF	Qatar	FIU + Private Sector + Central Bank	4	2024 /10/ 7
16	Investigations and Prosecution	(MENAFATF)	Qatar	FIU + Customs	3	2024 /10/ 13

B Information Technology

- 01** The total number of incoming and outgoing money transfers executed through exchange entities/establishments and their affiliated transfer networks and some local and international transfer establishments that have been included in the FIU's database in ➤

This vast dataset enables the FIU to perform its operational duties swiftly and effectively, as these transactions are now ready for search and query operations.

- 02** The unified central database designed based on Oracle Database facilitates search processes, inquiring, extraction of reports and investigation of the names to be searched to assist in the analysis of STRs received from the reporting authorities. The database saves the time and effort during the search processes.

Information technology is the main nerve to organize all the work of the FIU through designing, updating and linking databases with the main server of the FIU to organize the work and carry out the necessary tasks. The most significant efforts undertaken by the Information Technology Department of the FIU in 2024 are as follows:

2024

Money transfers

35,735,541



with a cumulative total from

2020 to the end of 2023



160,168,165

ORACLE®
DATABASE



03 The Information Technology Department received

124 Information requests & Queries

2024

Some of which are related to STRs received by the FIU from reporting entities and others are related to queries received from relevant foreign entities

These Information requests queries included more than

 **479** suspected individuals (natural / legal)

04 IN 2024

the Information Technology Department upgraded the STR and queries system, the feedback system for reporting entities, and the additional requests system related to STRs in line with work developments. The system now includes six main interfaces

The system encompasses all necessary procedures, including search operations, filtering, numbering, graphs, and classification based on predefined fields and options. This facilitates efficient search and review processes, as well as the generation of detailed reports on the movement of STRs, queries, requests, and legal feedback as required.

-Additional Requests Interface:
Covers requests related to received STRs.

-Graphic Interface: Provides statistical reports in the form of graphs.

-Legal Department Interface:
Incorporates information entered by the Legal Department during the legal assessment stages of received STRs.

-STRs Interface: Contains all detailed data related to STRs.

-Monitoring and Control Interface:
Manages all user permissions within the system.

-Feedback Interface: Includes information sent to the reporting entity to clarify the status of submitted STRs.

05 Creating STRs Data Template

Additionally, a report template was created for entered STRs, printing the template directly from the input screen. Supervisory reports were also created, and the system was integrated with the relevant Departments of the FIU based on respective nature of each Department's work. This system facilitates the extraction of real-time reports promptly, as well as providing statistics that aid in making the right decisions at the right time

06

Response

The queries are responded to by providing the inquiring entity with all incoming or outgoing money transfers for the person in question, including transfer number, date, currency, sender and receiver phone numbers, and transfer export and import entities

07

Integration

The additional requests system, an electronic statistical system, was merged with the feedback system sent to the reporting entities and integrated into the STRs and queries system. This integration resulted in a comprehensive system that incorporates all necessary procedures to support the work tasks of all Departments of the FIU

08

Creating interface

A dedicated interface for the Financial Analysis Department of the FIU was created and incorporated and merged with the STRs and queries system. This interface meets the Department's operational requirements during analysis, facilitates monitoring and future planning required by the FIU staff, and provides statistics that aid in decision-making.

09

FIU

Several circulars, publications, guidelines, as well as several international and local reports, international and local sanction lists, and enhanced due diligence lists were uploaded to the Financial Information Unit's website. Notable examples include

February - 2024

The FIU Strategic Update Report on Fraud Crimes [English version](#)

February - 2024

The FIU Strategic Update Report on Fraud Crimes [Arabic version](#)

October - 2024

Dissemination of Regulatory Procedures for Dealing with Agents and Correspondents

2024

Guidance on Beneficial Ownership and Transparency of Legal Arrangements in

2024

English translation of the FIU's website

Coordination

Coordination with the Department of the Coordination and International Cooperation for media coverage of certain events in which the FIU is a partner, and uploading them to the FIU's website. The most important of these include:

May - 2024

Coverage of the Chairmanship of the Republic of Yemen at the 38th Plenary Meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF) held in **Manama, Bahrain**

October - 2024

Yemen's participation in the Plenary Meeting of the Financial Action Task Force (FATF) held in **Paris, France**

November- 2024

Coverage of the 39th Plenary Meeting of MENAFATF held in **Riyadh, Saudi Arabia**

FIU Chief

The FIU Chief assuming the Chairmanship of the Middle East and North Africa Financial Intelligence Units in (MENAFATF) in **Manama, Bahrain**

Yemen's participation

Yemen's participation in the meeting for Regional Meeting on the Project for the Establishment of the Asset Recovery Inter-Agency Network (ARIN) in the Middle East and North Africa Region, which discussed legal requirements and regional and international frameworks.

Key Objectives of the Information Technology Department for 2025 are as follows

- Developing a unified technical platform for receiving STRs from reporting entities (ESTR). This platform will contribute to the swift, effective, and secure exchange of information with relevant parties, thereby enhancing the quality of STRs.
- Developing and improving the FIU's database to ensure the availability of accurate and analyzable data, thereby strengthening the FIU's ability to address increasing challenges.
- Strengthening cybersecurity measures by protecting systems and data from increasing threats and improving security protocols.
- Selecting a suitable development platform to support the integration between the database and the STRs system.
- Studying the feasibility of acquiring the GO-AML software to link it with all relevant entities.

II - Local and International Coordination and Cooperation

The task of cooperation and coordination is one of the most important tasks aimed at developing mechanisms to enhance cooperation and exchange of information between the FIU and the rest of the concerned authorities specializing in combating money laundering and financing of terrorism. In this context, the Department of Local Coordination and International and Cooperation has sought to implement the tasks entrusted to it, and the most important of these achievements during 2024 were as follows:

A Local Coordination and Cooperation

01 Holding meetings with certain regulatory and supervisory authorities concerned with combating money laundering and terrorism financing, urging them to enhance their role in this field, and requesting information and statistics that reflect their efforts. Additionally, the Department has exerted further efforts with these entities to obtain specific information related to the FIU's scope of work and to utilize it in preparing the Fifth Update Reports of the Republic of Yemen on combating money laundering and terrorism financing, as well as the self-assessment report on Yemen's compliance with the six key recommendations (3, 5, 6, 10, 11, 20) of the Financial Action Task Force (FATF) and the reports of the International Cooperation Review Group (ICRG).

02 During **2024** Sending **25** queries regarding information related to the FIU's work to certain regulatory and supervisory authorities, following up on them, responding to their queries related to these queries, and submitting the results to the Operational Analysis Department for the completion of the remaining procedures.

03 Making further efforts to overcome challenges and establish solutions and remedies in coordination with regulatory and supervisory authorities to respond to queries regarding the data requested by the FIU in relation to its work.

FIU Strategic Analysis

In March 2024, the FIU issued its first strategic analysis related to the crime of fraud as one of the most significant predicate offenses of money laundering. This crime ranked first in terms of the number of incoming reports received by the FIU from the relevant reporting entities. Furthermore, reporting on this crime has increased significantly over the past three years. The strategic analysis report was based on the results of operational and legal analysis of the incoming STRs to the FIU regarding this crime, which were referred to the relevant investigative and prosecution authorities. The report reached the following results



Clarification of the main patterns and practices used by criminals in the fraudulent transactions and the age groups most active in obtaining financial proceeds from this crime



Technical and technological means used to obtain proceeds from this crime.



Recommendations to all relevant entities to mitigate the risks of fraudulent transactions and cybercrimes, including:



Responsibilities of regulatory and supervisory authorities

The responsibilities of regulatory and supervisory authorities and their effective role before issuing licenses to practice professions and businesses that may be exposed to fraud risks, as well as issuing regulatory instructions and controls for the entities under their supervision to mitigate fraudulent crimes.



Responsibilities of financial and non-financial institutions

The responsibilities of financial and non-financial institutions and designated professions and their pivotal roles in continuously assessing fraud-related risks, raising awareness among their clients to prevent them from becoming victims, issuing awareness guidelines, and implementing other relevant measures.



Responsibilities of investigative and prosecution authorities

The responsibilities of investigative and prosecution authorities in mitigating this crime and its financial and non-financial consequences



Necessity of establishing independent jobs

The necessity of establishing independent and specialized jobs, staffed with qualified personnel, in all relevant entities and investigative and prosecution bodies.



Capacity - Building

Building capacities of human resources in the field of combating fraud crime.

The strategic analysis report was submitted to the National Anti-Money Laundering and Counter Terrorism Financing Committee, and its findings were disseminated to all banks, exchange entities, and other relevant entities. The detailed report can be accessed on the unit's official website: <http://fiu-ye.com>

Enhanced Due Diligence Lists

As part of the continuous efforts of the FIU to mitigate fraudulent transactions that employ various deceptive means and to protect citizens and residents from being exposed to domestic and international fraudulent transactions under the pretense of investments, aid, gratuities, or other forms of fraud, the FIU, in the course of its operational activities, has issued four circulars in 2024. These circulars were directed to all banks, exchange entities, and money exchange establishments, specifying individuals and entities for whom enhanced due diligence must be exercised when conducting any financial transactions on their behalf or for their benefit.

B

International Coordination and Cooperation

01

May - 2024

The FIU participated in the 38th Plenary Meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF) in May 2024 in the Kingdom of Bahrain, where the Republic of Yemen chaired the meeting

02

November-2024

The FIU participated in the 39th Plenary Meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF) held in November 2024, where the Republic of Yemen chaired the meeting and it was hosted in Riyadh, Kingdom of Saudi Arabia.

03

Forum Presidency

The Head of the FIU assumed the position of the President of the Middle East and North Africa Financial Intelligence Units Forum (MENAFATF), which was held on the sidelines of the plenary meeting, and participated in the Group's meetings and related side meetings.

04

Egmont

On the sidelines of the MENAFATF Plenary Meeting, the FIU held a meeting with certain sponsoring countries supporting the FIU's accession to the Egmont Group of Financial Intelligence Units, including the Financial Intelligence Unit of the Kingdom of Saudi Arabia. The meeting discussed several key issues, most notably Yemen's inclusion in the global Egmont network, as well as critical matters concerning cooperation and coordination between the counterpart units and aspects of collaboration between them.

05

IMF

Several members of the FIU participated in meetings with the International Monetary Fund (IMF) as part of the study on anti-money laundering and counter-terrorism financing (AML/CFT) legislation and its alignment with updates in international legislative frameworks on AML/CFT and counter-proliferation financing. The meetings between the IMF team and the national team are ongoing to complete the identification of gaps and work on appropriate ways to address them.

06

IN 2024

As part of international cooperation in combating money laundering and terrorism financing, the Department of Cooperation and Coordination received several queries from counterpart units, totaling (5) international queries during 2024. The Department fulfilled its assigned role by responding to some of these external queries, while others remain under review.

07

Response

Responding to questionnaires and queries received from international organizations and bodies concerned with combating money laundering and terrorism financing, which pertain to the information available to the FIU, as follows:



National risk assessment

A questionnaire received from the Middle East and North Africa Financial Action Task Force (MENAFATF) on the country's progress in the national risk assessment process.



ICRG

A query received from the International Cooperation and Coordination Group (ICRG) on the progress made in the system of combating money laundering and terrorism financing in Yemen in light of the political and economic conditions it is going through; what alternative and innovative methods have been followed to reduce the impact of risks and increase the effectiveness of combating such offenses.



Communicating with FIUs

Communicating with the Financial Intelligence Units in both the Arab Republic of Egypt and the Kingdom of Saudi Arabia, as they are the sponsoring countries of the Republic of Yemen, to coordinate efforts and work to assist the Yemeni Financial Information Unit to meet the requirements for joining the Egmont Group of Financial Intelligence Units. In this regard, Yemeni laws, regulations, and publications related to AML/CFT were translated into English and resent to the sponsors. Communication with Egmont Group officials and sponsors is ongoing to advance the accession process.

08

MOU

Signing memorandum of understanding (MoUs) for the exchange of information related to AML/CFT with several counterpart units in neighboring countries. Coordination and communication are ongoing with other counterpart units, such as those in the Kingdom of Saudi Arabia, the Republic of Djibouti, the Kingdom of Morocco, and the Arab Republic of Egypt, to finalize and sign these MoUs in accordance with the Department's plan for the year. The following table outlines the most prominent of these efforts

Year of signing
2021



Libya

Signing a Memorandum
of Understanding



Ethiopia

Signing a Memorandum
of Understanding

Year of signing
2022



Somalia

Signing a Memorandum
of Understanding



Jordan

Renewing the signing of the
memorandum of understanding



**Horn of
Africa
countries**

Signing an agreement of
understanding through the
European Union program



UAE

Signing a Memorandum
of Understanding

Year of signing

2023



Algeria

Signing a Memorandum
of Understanding



**Sultanate
of Oman**

Signing a Memorandum
of Understanding

In progress



Morocco

Coordination to sign a
memorandum of understanding



Egypt

Coordination to sign a
memorandum of understanding



Djibouti

Coordination to sign a
memorandum of understanding



**Kingdom of
Saudi Arabia**

Coordination to sign a
memorandum of understanding

Legal Affairs and Compliance Verification

Based on the tasks assigned to the Legal Affairs and Compliance Verification Department in order to strengthen the efforts of the FIU to perform its functions within proper frameworks, the Department has carried out numerous activities in 2024, which can be summarized as follows

A Legal Affairs

01

Providing consultations

The Department continuously provides legal consultations to the Head of the FIU and the employees of the Analysis Department, and assists in preparing many legalistic drafts

02

Legal cases follow-up

Follow-up on legal cases referred to the Public Funds Prosecution and relevant judicial authorities.

03

Submitting recommendations

Legal processing of the financial analysis results that require legal recommendations

the Department
has received

34
STRs

where the Financial Analysis Department has completely analyzed them from a financial and operational perspectives. The matter required studying them from a legal aspect and submitting recommendations regarding them, as the Department recommended the following

Referring

19
STRs

to the competent
authorities due to serious
indicators of suspicion.

Issuing circulars or warnings, when necessary, to the reporting entity in case the violation is due to negligence or failure to exercise enhanced due diligence on the part of the reporting entity, directing them to take enhanced due diligence measures before carrying out any financial transaction for the benefit of their clients.

Temporarily keeping for
other (7) STRs, while only
(8) STRs are still under
legal review.

04

FATF

Participation in the preparation and drafting of the technical analysis report on the extent to which the legal legislations of the Republic of Yemen comply with the six key recommendations of the FATA.

B Control and Compliance Verification

Effective control occupies a pivotal position for the success of any system and the enhancement of its impact. In the field of anti- money laundering and financing of terrorism, the significance of the control lies on building systems to combat money laundering and terrorism financing in the various affiliated institutions and even the supervisory and control bodies themselves. This helps enhance their compliance with the normative rules specified in the law, regulations and local instructions and international standards in this regard. Control is also considered the most important pillar of achieving compliance in general, which has an impact on the system of international relations and the development of the country's national economy

01 Risk-Based On-site Inspection Methodology



a. The guide of procedures for on-site inspection of banks and financial institutions on combating money laundering and financing of terrorism has been prepared) that has been in effect since 2022 with the appreciated assistance and technical support of the Pragma Corporation, the implementing corporation for technical support provided by the United States Agency for International Development (USAID). It is a specialized guide on combating money laundering and financing of terrorism in accordance with the best international standards and practices, guided by the scientific guide issued by the World Bank. The inspection guide contains a variety of steps to be taken to ensure the implementation of a comprehensive on-site inspection process, starting with preparation and planning of the inspection and ending with the submitting of the final report. It also contains basic information on combating money laundering and financing of terrorism to serve as a practical reference that inspires inspectors to carry out their work professionally.



A model report on AML/CFT procedures has been prepared in accordance with international standards, the Anti-Money Laundering and Combating Financing of Terrorism Law and its executive regulation, the circulators and instructions of the Central Bank and the guidelines of the Financial Information Unit.



An annual plan has been prepared to inspect banks and exchange entities according to the risk-based methodology.

02 Spreading Awareness, Training, Education and Moral Support

Conducting on-site inspections is not limited to the process of evaluation and ensuring the compliance of financial institutions to apply AML/CFT procedures and prepare reports and minutes; however, it goes beyond that. For instance, inspection teams spread awareness of the risks of non-compliance during visits period, correct many concepts among compliance officers, discuss, correct and address remarks, imbalances and shortcomings. They also provide advice before writing the final report, which helps improve the quality of AML/CFT systems in banks and financial institutions as well as activating the role of Risk Department and Internal Audit Department.



On-site Inspection

01 The Financial Information Unit has developed on-site inspection plan on banks and exchange sector in accordance with the risk-based inspection methodology and has activated on-site control as a secondary task of the Financial Information Unit based on Article (31) paragraph (h) of the Anti-Money Laundering and Combating Financing of Terrorism Law. Conducting on-site inspections for banks and exchange entities operating in Yemen were done as a first step aiming to raising the level of compliance with the Law and its executive regulation, supervisory instructions, international recommendations and standards, in addition to the guidelines of the Financial Information Unit regarding Suspicious Transaction Reports and suspicion forms, as well as identifying weaknesses in compliance systems and programs. On- site inspection control aimed to evaluate the policies, procedures and programs adopted and followed by authorities on combating money laundering and financing of terrorism and to determine whether they are being implemented according to the purpose for which they are designed to achieve their desired objectives effectively

02 The FIU adopts a risk-based approach in the on-site inspection process in order to maximize the use of limited time and resources. It focuses on high-risk areas and works according to specific procedures based on best practices and international standards of evaluation, in accordance with the on-site inspection guide prepared in coordination with foreign authorities.

03

The on-site inspections of banks and financial institutions in accordance with the on-site inspection guide approved by the FIU go through the following stages:



Off-site and On-site Inspection on Banks

The Department conducted **>3** banks
On-site inspections to

to verify the extent of their technical and applied compliance to combat money laundering and terrorism financing, where the standards for combating money laundering and terrorism financing were selected to evaluate those banks that were inspected. A set of requirements were focused on, the most important of them are as follows:



In addition to technical compliance requirements, which include



Preliminary reports have been prepared regarding the technical compliance of those banks, and the Department is still monitoring the banks to complete the reports on applied compliance to finalize their evaluation. This is to initiate the preparation of a corrective action plan and provide the FIU with the documents and records that reflect the intention of these banks to commence the correction and compliance process. The procedures are still in progress.

Off-site and On-site Inspection on Exchange Entities and Facilities



On-site inspections were conducted and inspection reports were issued for

14

exchange entities

whose headquarters are located in Hadhramaut Governorate, to verify the extent of their technical and applied compliance to combat money laundering and terrorism financing, and the minimum standards for combating money laundering and terrorism financing were selected to evaluate these exchange entities and facilities that were inspected. A set of requirements were focused on, the most important of them are as follows:

01

The Exchange Entity and Facility Compliance Unit

02

Compliance Unit independence

03

Effectiveness of the Compliance Unit

04

Guide of policies and procedures for combating money laundering and terrorism financing

05

Training pattern and plan

06

Preserving records in accordance with applicable laws.

07

Due diligence procedures of exchange entities regarding clients, transactions, products, geographical areas, and modern technologies.

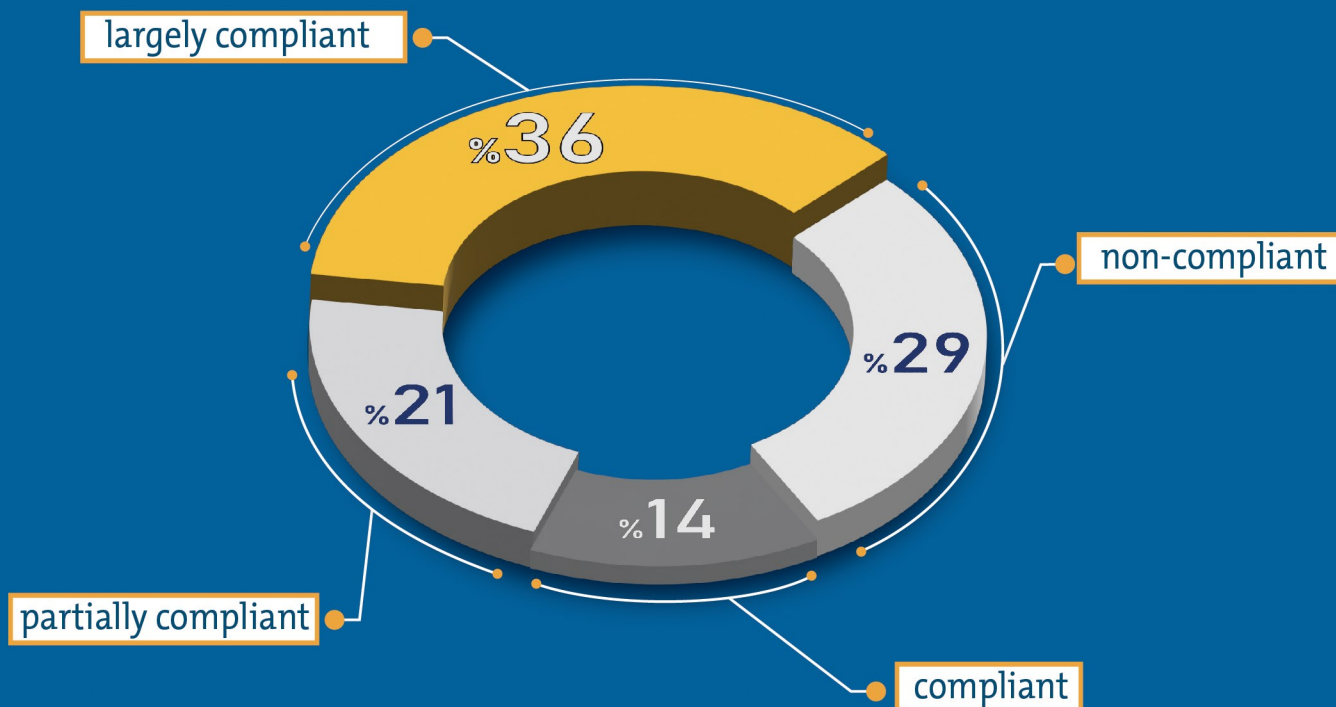
The results of on-site inspection (verification) were as follows

01 Technical Compliance

The has been completed of



the results of technical compliance were as follows

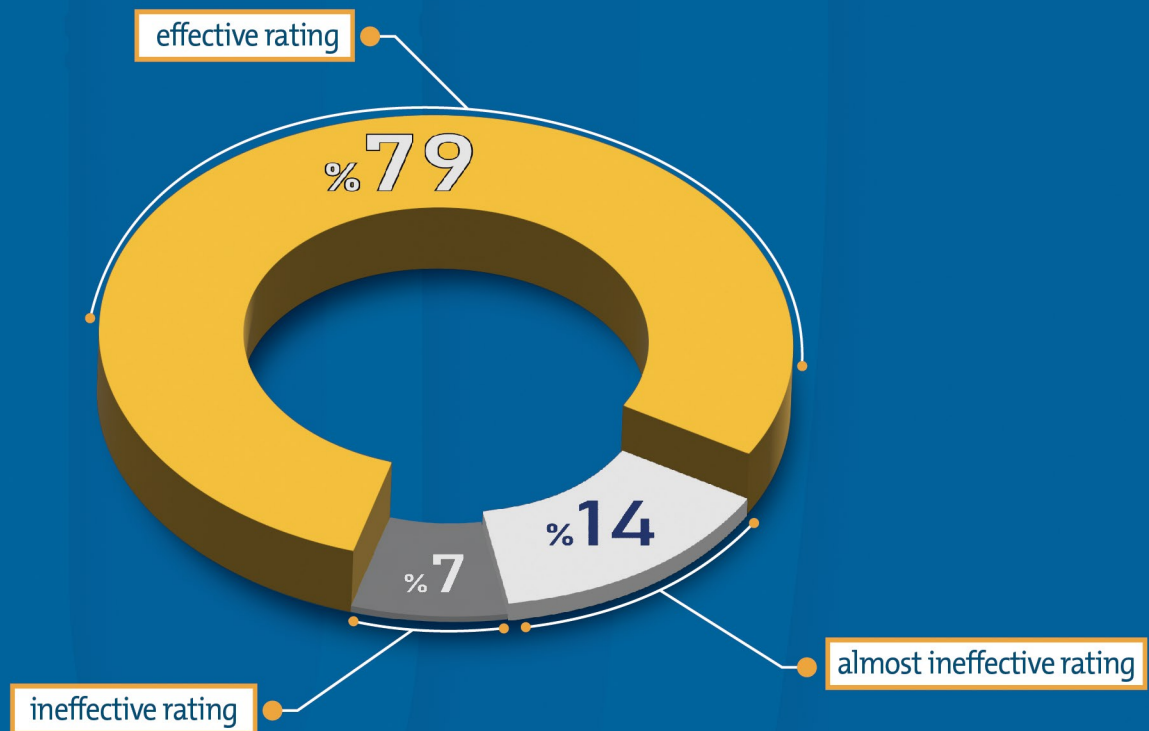


Applied Compliance 02

The has been completed of



the results of technical compliance were as follows



IV - Suspicious Transaction Reports and Financial Analysis

The FIU is the national authority concerned with receiving STRs of suspicious transactions in the field of money laundering or terrorism financing, and receives and responds to queries received from the relevant authorities and counterpart units. The FIU performs the following tasks:

01

Checking the STRs

Check the STRs received from the reporting authorities as well as requests for queries from counterpart units or competent foreign authorities and notify the reporting authority of receipt of the STRs or requests for queries.

02

Registering the STRs

Registering the STRs in the database of the FIU, indicating the type and name of the reporting authority, the name and type of suspicion, beneficiaries, nationality, reason for suspicion, the instrument used (cash, checks, shares) as well as the method used (transfer, deposit, withdrawal, transfer of funds) and the time of receipt of the STRs and any other data that may appear in the reporting form.

03

Verification

Verify that the reporting authority fulfilled the data of the reporting form and the extent to which it conforms to the STRs guidelines and forms specified by the FIU, and submits the result of the same to the director of the Department.

04

Placing STRs form

Placing the form for the analysis process on the STRs file, recording it in the register designated for the same, sending it to the Financial Analysis Department, and taking a receipt for same, indicating the date of submission

05

Receiving analysis file

Receiving the final analysis file after the direction of the Chief of the FIU, specifying the period of time that STRs took in the analysis from the date of its arrival until the issuance of the final decision therein, and referring it to the competent authorities or saving.

06

Reports preparation

Preparing periodic reports on its work and achievements

The number of such STRs and queries is related in proportion to the level of community and institutional culture concerning the crimes of money laundering and the financing of terrorism. Such culture that almost disappeared under the current situation in the country, which has become a stumbling block to the success of the efforts to combat money laundering and the financing of terrorism. However, the FIU has taken upon itself throughout the previous period to adopt the policy of education through holding training courses, workshops, inspection and awareness campaigns, follow-up of correction procedures, as well as meetings and correspondence with institutions and regulatory and supervisory authorities.

We list the most prominent efforts that have been made by the FIU under this commitment, noting the doubling of the number of STRs during 2024. This is due to the success of the FIU's efforts in control, inspection and raising awareness among the concerned authorities through holding awareness-raising workshops in this field. The FIU still seeks to double such efforts and to enhance the quality of such STRs, which will be reflected positively on the analysis processes.

The most important challenges arise in the post-STRs receiving phase, especially in the electronic search, which is missing from most State agencies that still use the traditional method in recording, saving, archiving and completing their transactions. This makes the search difficult to obtain a lot of information of the utmost importance to the FIU's work

The table below shows the total number of STRs
in the last three years from 2022 -2024

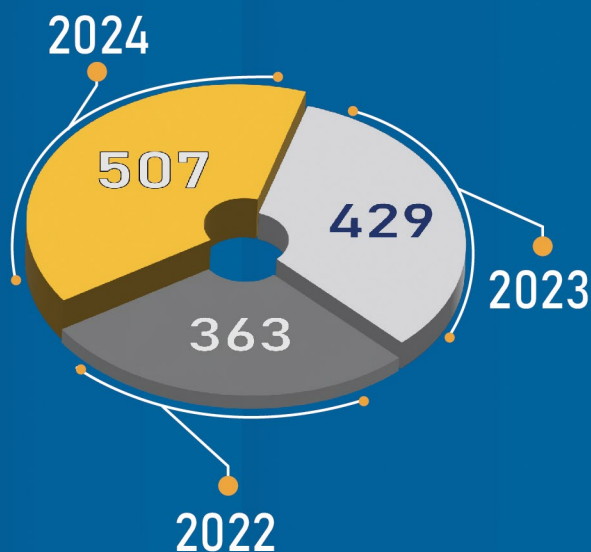
	2022	2023	2024
STRs	65	94	123
Queries	363	429	507
Total	428	523	640



Total

Queries

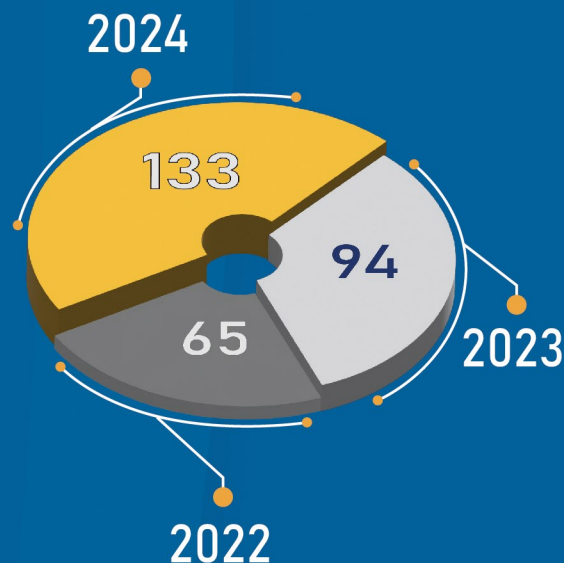
1299



Total

STRs

292



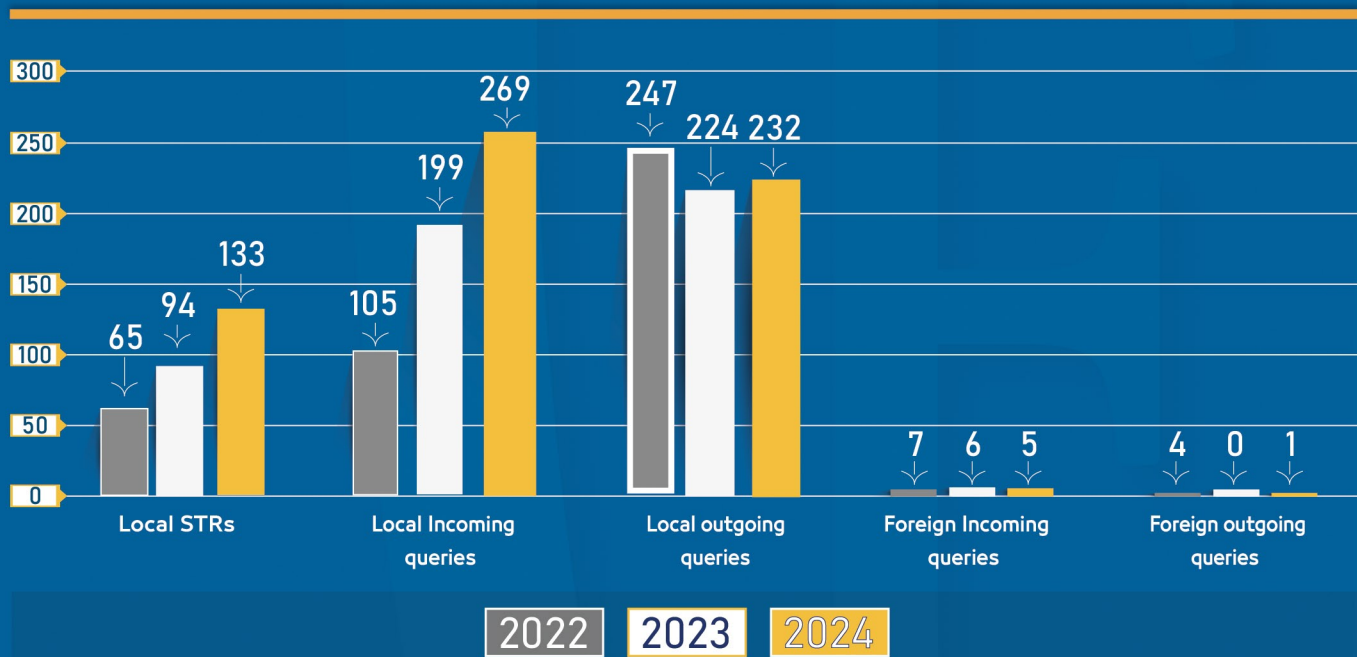
Total 1591

Note

Statistical Data

The total number of incoming and outgoing cases of the (FIU) by case type comparing the three years to the end of 2024

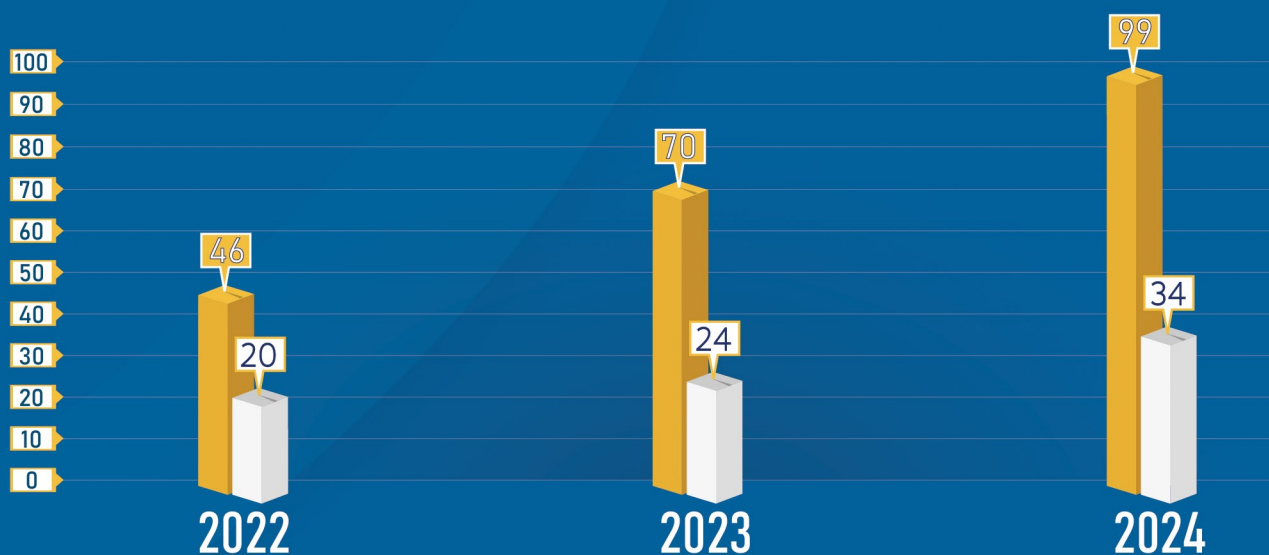
	2022	2023	2024
Local STRs	65 15%	94 18%	133 21%
Local Incoming queries	105 24,5%	199 38%	269 42%
Local outgoing queries	247 58%	224 43%	232 36%
Foreign Incoming queries	7 1,5%	6 1%	5 0,8%
Foreign outgoing queries	4 1%	0 0%	1 0,2%
Total	428 100%	523 100%	640 100%



Statistical Data

The table below shows the distribution of local STRs received by the FIU by the reporting entity during 2022 - 2024

	2022	2023	2024
Banks	45 69%	70 74,4%	99 74,4%
Exchange entities	20 31%	24 25,5%	34 25,6%
Control and Supervisory Authorities	0 0%	0 0%	0 0%
Other	0 0%	0 0%	0 0%
Total	65 100%	94 100%	133 100%



Banks

Exchange entities

Statistical Data

The table below displays the distribution of the incoming STRs to the FIU by the suspicion type during 2022 - 2024

	2022	2023	2024
Money laundering	5 7,6%	5 5,4%	6 7,6%
Fraud	16 24,6%	32 34%	87 66%
Deposit without supporting documents	3 4,6%	5 5,4%	2 1,5%
The transaction amount is not commensurate with the income	0 0%	21 22,4%	6 3,7%
Counterfeit	1 1,5%	10 10,6%	7 5,3%
Send transfers without supporting documents	1 1,5%	0 0%	3 2%
Others	39 60%	21 22,3%	22 17%
Total	65 100%	94 100%	133 100%

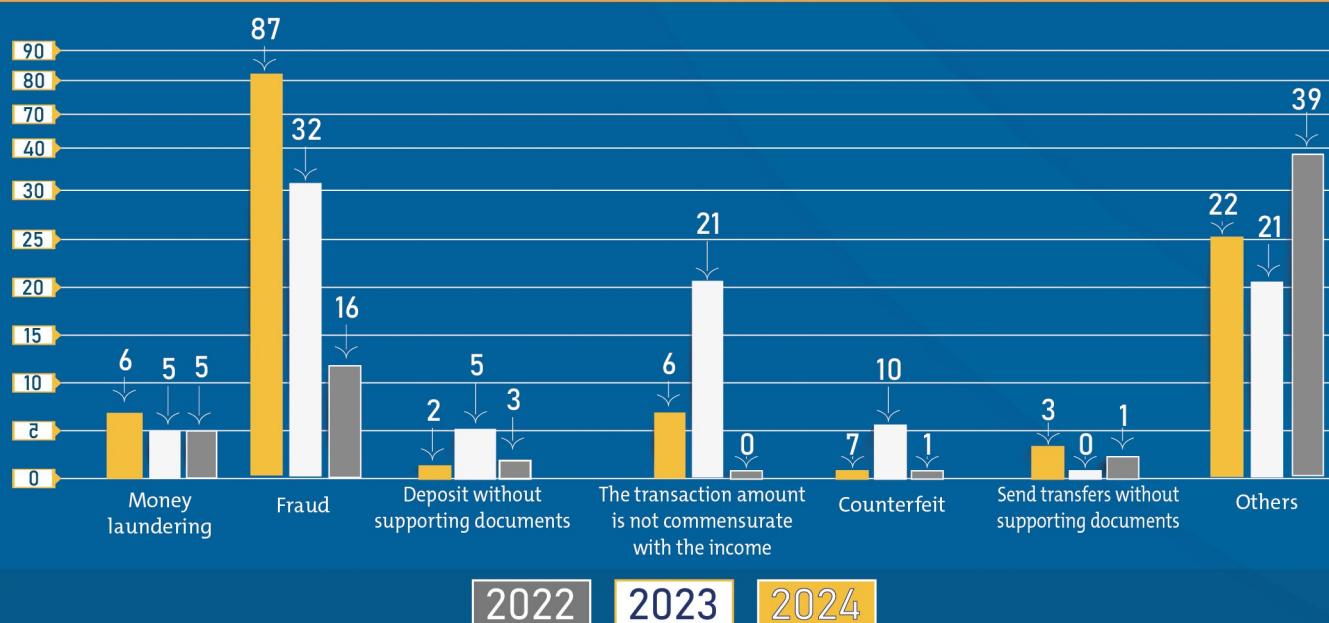
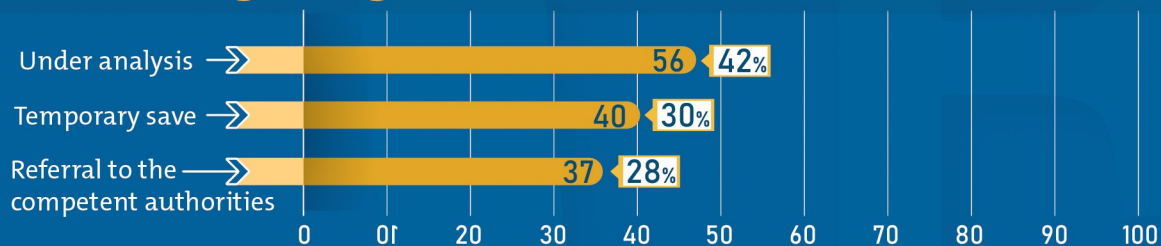
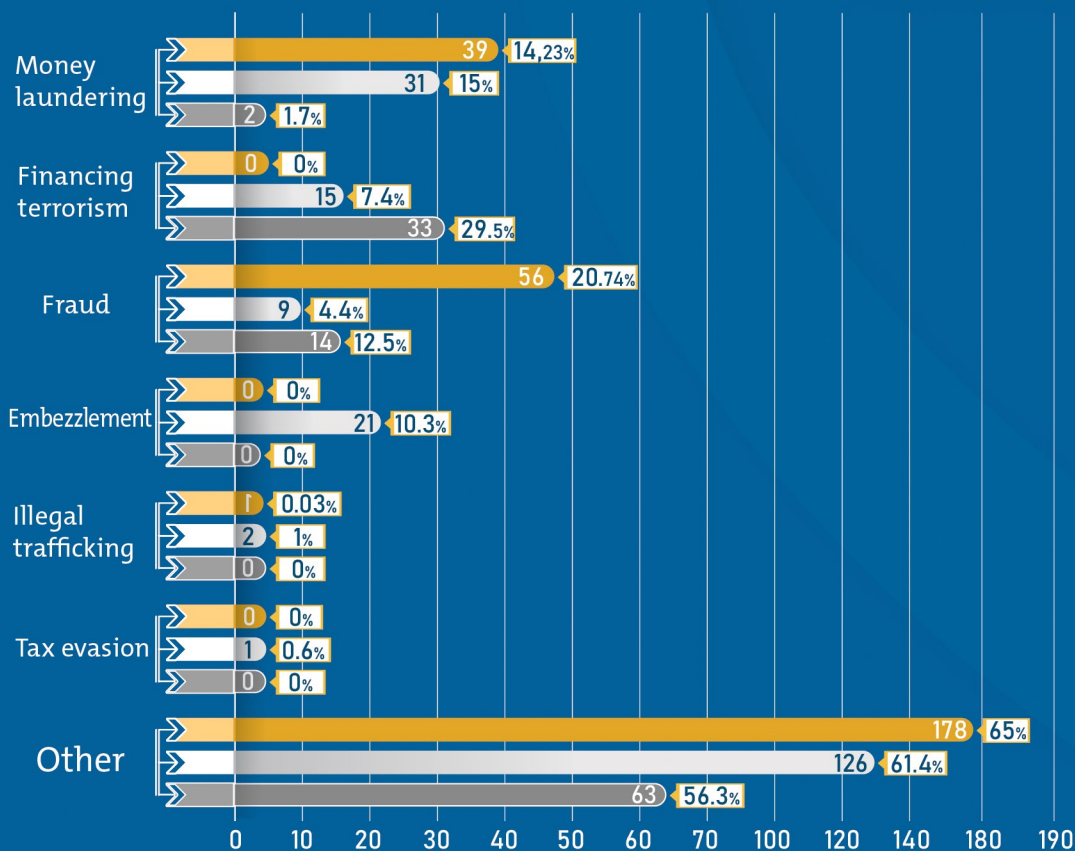


Table shows the distribution of incoming STRs to the FIU regarding them until the end of 2024



Total > **133** **100%**

The table displays the incoming queries to the FIU by suspicion type during 2024 - 2022



2024

Total

100% **274**

2023

Total

100% **205**

2022

Total

100% **112**

The table below displays the distribution of queries by type and source of query from 2022 - 2024

	2022	2023	2024
Local query – incoming	105	199	269
Local query – outgoing	247	224	232
Foreign query – incoming	7	6	5
Foreign query – outgoing	4	0	1
Total	363	429	507

The number of local and foreign incoming and outgoing queries to the FIU in 2024 reached **507** reflecting an **18%** increase



* Incoming Queries to the FIU from regulatory and supervisory authorities and law enforcement agencies.

*Outgoing Queries from the FIU based on additional requests related to STRs, as well as information requests related to Incoming queries received from regulatory and supervisory authorities and law enforcement agencies.

Comparative Statistics of Suspicious Transaction Reports for Reports for the period from 2024-2023

Analysis by the Number of STRs

01 The STRs received by the Financial Information Unit in

FIU

2024	compared to	2023
133		94
STRs		STRs

The reason behind the noticeable increase in the number of STRs received by the FIU is due to several reasons, the most important ones are as follows

FATF

The efforts undertaken by the FIU in collaboration with National Anti-Money Laundering and Counter Terrorism Financing Committee and supporting entities in the field of technical support, which aim to raise awareness of the risks of money laundering and financing terrorism in banks and the exchange sector and designated professions. This has been achieved through training events and workshops provided to these sectors, which have had a positive and direct impact on the increase in the number and quality of STRs submitted to the FIU.

Preventive measures

The preventive measures taken by the Central Bank through regulatory and supervisory instructions for banks and exchange entities have enhanced the effectiveness of anti-money laundering and counter-terrorism financing systems within these entities.

On-site inspection

Intensive follow-up and on-site inspection carried out by the FIU and the Central Bank on banks and the exchange sector during 2024, which directly contributed to enhancing their compliance and raising awareness to identify suspicious indicators and notify the FIU

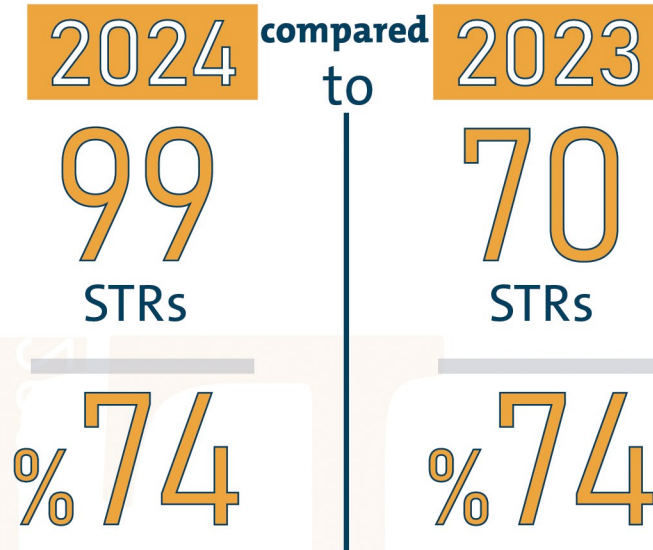
Fostering compliance Departments

Fostering compliance Departments in banks and the exchange sector with qualified human resources.

Analysis by the Reporting Entity

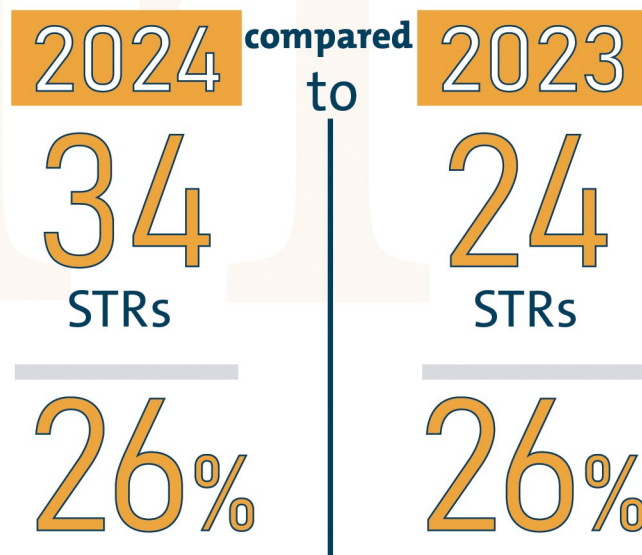
01 Banks

Banks accounted for the largest proportion of the number of the STRs received by the FIU, where the number of incoming STRs reported by banks in 2024 reached 99 out of the total incoming STRs, or 74 % of the total incoming STRs compared to (70) incoming STRs in 2023, or (74 %) out of the total STRs in the same year.



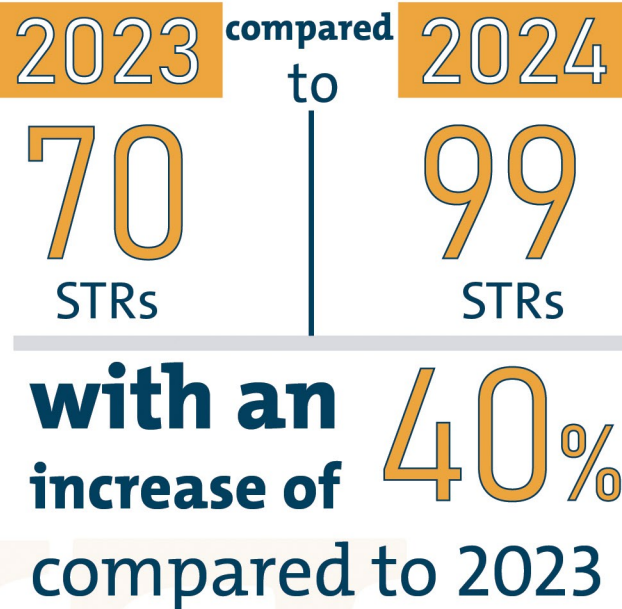
02 Exchange entities

ranked second in terms of the number of STRs received by the FIU, where the number of incoming STRs reported to the FIU by exchange entities in 2024 reached 34, or 26 % out of the total STRs, compared to 24 STRs in 2023, 26 % out of the total STRs



03 The total number of Incoming STRs to the FIU

The total number of Incoming STRs to the FIU in 2024 was (133), compared to (94) STRs in 2023, with an increase of (40 %)



04 The number of outgoing queries from the FIU

The number of outgoing queries from the FIU to the competent authorities for the period from 2022 to 2024 were (251), (224), and (228), respectively. These queries included requests primarily for information regarding incoming queries from investigative, prosecutorial, control, and supervisory authorities, as well as other competent authorities. In addition, there are queries related to STRs that are under analysis, which require obtaining further information to finalize them.



05 Feedback provided by the FIU to the Reporting Entities

The term "feedback" has become widely used across various fields of work. It refers to the return of information to its source or sender to assess the quality of information in achieving the goal of sending it against predefined standards or best practices. Such information aims to improve the quality of performance and is considered one of the most important means of guided education and corrective action

IN 2024

The FIU issued

69

feedback letters

to banks and exchange entities. The feedback letters provided clarifications and instructions regarding the quality of Suspicious Transaction Reports (STRs) submitted by these institutions. Additionally, the FIU addressed the results of the analysis of these STRs, whether led to retention or referral to competent authorities.

Conclusion

Despite the reconstituting the Financial Information Unit in the interim capital, Aden, in 2020, and the challenges it faced at the beginning of its operations, including the COVID-19 pandemic, which led to both public and private sector lockdowns, as well as the lack of qualified and trained human resources, financial, and technical resources, and the novelty of operations across all State institutions, the absence of automated databases and information systems has led to the leakage or loss of much information and documentation outside the government system without recovery. This has hindered searching efforts regarding the remaining data. Furthermore, the weakness of both the government and private sector workforce in adhering to compliance requirements, the society's anti-compliance culture, and the overall impact of the current circumstances all contributed to the challenges.

However, the Financial Information Unit has worked diligently and responsibly, with the resources available to it, to address these challenges. It has undertaken efforts to prepare the Internal Regulation that governs the FIUs work, submitted it to the Council of Ministers. The Internal Regulation has been approved. The FIU designed and prepared operational forms and suspicious transaction reports forms, and circulated them to all relevant reporting authorities. The FIU has also focused on building the capacities of all staff in the relevant authorities through training courses and workshops, enhancing the role of compliance officers within these authorities. Additionally, it has prepared the reports required by the relevant international bodies and agencies to highlight the efforts of all concerned entities in the Republic of Yemen in the field of combating money laundering, terrorism financing, and other achievements mentioned in the report.

We ask Allah the Almighty to help us all for the good of our country.