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# MROS Strategy 2024–2027

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# Basic tenets

The strategic objectives are derived from the legal mandate of the Money Laundering Reporting Office Switzerland (MROS). They show how MROS uses its room for manoeuvre, how it intends to fulfil its legal mandate and what priorities it sets in doing so. The relevant legislation gives MROS certain leeway. MROS periodically revises its objectives in response to evolving anti-money laundering (AML) and crime prevention requirements and takes the associated challenges into account. The strategic objectives thus form a link between MROS' legal mandate and its specific activities.

## Mandate and purpose

MROS is the central reporting office for suspected cases of money laundering and terrorist financing in Switzerland and fulfils the tasks of a Financial Intelligence Unit (FIU). FIU is the term used internationally to refer to a government agency that analyses financial transactions for the purpose of uncovering money laundering and/or terrorist financing. MROS plays a key crime-fighting role – it tracks down incriminated assets and adheres to the principle of 'follow the money'. In doing so, MROS greatly enhances the credibility of the Swiss AML system and thus protects the Swiss financial centre.

MROS' tasks and responsibilities are derived from the Anti-Money Laundering Act (AMLA), the Ordinance on the Money Laundering Reporting Office Switzerland (MROSO), the international Recommendations of the Financial Action Task Force (FATF) and the obligations towards the Egmont Group. MROS' core tasks therefore include the following:

### **INTELLIGENCE**

MROS receives suspicious activity reports (SARs) submitted by financial intermediaries and others subject to the AMLA. These SARs are submitted either under the terms of the AMLA or the Swiss Criminal Code (SCC). MROS examines these SARs, gathers additional information and conducts its own analyses. It then decides on a case-by-case basis whether or not to forward the case or send a spontaneous information report to a law enforcement authority.

### **COOPERATION**

MROS shares operational and strategic information with other national authorities and foreign FIUs within the context of requests for administrative assistance.

### **PREVENTION**

MROS helps to assess the national risks of money laundering and terrorist financing. It conducts strategic analysis (recognising patterns and trends) and raises awareness by sharing its findings with the authorities, the financial sector and the public at large.

# Background

## Current situation

### **Economic importance of Swiss financial centre**

Switzerland is one of the world's leading financial centres. Swiss banks currently manage CHF 8.8 trillion in assets. Of this, 47.4% comes from abroad. The Swiss financial centre holds a market share of 22% of the cross-border wealth management business, making it No. 1 in international wealth management.<sup>1</sup> According to the latest study conducted by BAK Economics, Switzerland's financial sector accounts for around one seventh of Switzerland's gross value added (CHF 95.5 billion).<sup>2</sup> Around 10% of all jobs in Switzerland are directly or indirectly dependent on the financial sector (approx. 430,000 FTEs).<sup>3</sup> The Swiss financial sector is an important pillar of the Swiss economy.

### **Money laundering risks and anti-money laundering system**

Due to its exposed position with regard to foreign assets, the Swiss financial centre is exposed to a high risk of money laundering, with a large proportion of the predicate offences being committed abroad.<sup>4</sup> Over the last fifteen years, Switzerland has repeatedly been confronted with high-profile money laundering cases (e.g. 1MDB<sup>5</sup>, Petrobras-Odebrecht<sup>6</sup>, Petróleos de Venezuela SA (PDVSA)<sup>7</sup>, FIFA<sup>8</sup> or Danske Bank<sup>9</sup>). These cases show how exposed the Swiss financial centre is and have prompted the supervisory authorities<sup>10</sup> to intensify their controls. Moreover, the relevant legislation on combating money laundering and terrorist financing has been tightened on several occasions in recent years. In addition to traditional money laundering risks – particularly in connection with cross-border asset management – there are increasing risks associated with virtual assets, such as cryptocurrencies. Emerging technologies have enabled financial transactions to be processed more efficiently.<sup>11</sup> At the same time, the risk of money laundering and terrorist financing has risen sharply due to the potentially greater anonymity as well as the speed and cross-border nature of transactions. The risk situation has been further exacerbated by the Russia-Ukraine conflict, although the actual money laundering risks have only increased to a limited extent, but rather the damage to the reputation and image of the Swiss financial centre.<sup>12</sup>

### **International pressure and categorisation**

Switzerland's AML system has been the subject of international criticism for two decades and is under constant pressure. This is directly linked to the above-mentioned scandals and the regulatory gaps that still exist in the anti-money laundering system. At the same time, some important financial centres also like to use the fight against money laundering as an economic policy instrument (to weaken other financial centres and strengthen their own financial industry). This is particularly evident in the case of Switzerland. Compared to other countries, Switzerland's anti-money laundering measures can be considered solid – especially when sized up against competing financial centres. It is important to always bear in mind that this 'finger pointing' at Switzerland by foreign financial centres comes with a certain degree of economic self-interest and should also be viewed in this light. Switzerland has tightened its AML legislation several times in recent years and has remedied most of the issues that drew international criticism.<sup>13</sup> At its meeting on 30 August 2023, the Federal Council once again submitted a consultation draft to further strengthen the AML system.<sup>14</sup> A new transparency register for beneficial owners is to be created and advisors and lawyers are to be subject to the AMLA for high-risk transactions and placed on an equal footing with financial intermediaries in terms of compliance with due diligence and reporting obligations. The bill would thus close two of the most significant gaps in existing AML provisions.<sup>15</sup>

## Developments in national SAR reporting

Over the last decade, the volume of SARs has risen by an average of 20-30% annually. The various reasons for this are summarised below:

First of all, there has been a continual expansion of regulatory requirements for due diligence and reporting obligations since 2013. FINMA's monitoring and enforcement have been significantly tightened.<sup>16</sup> The numerous corruption and money laundering scandals in which a large part of the Swiss banking centre was involved (see Current situation, paragraph 2) have further increased awareness among financial intermediaries. Banks have strengthened their compliance and financial crime divisions. In addition, technological advances have enabled continuous refinement of transaction monitoring. Furthermore, the switch from paper-based reporting to the IT application 'goAML' and the XML connection have also made it much easier for financial intermediaries to submit SARs.<sup>17</sup> All of this explains the steadily growing volume of incoming SARs.

This trend continued in 2023 – albeit to a much larger extent than expected. By the end of 2023, MROS had received a total of 11,876 SARs. Compared to the previous year, the increase amounted to over 4,200 SARs, or +56%. From MROS's perspective, the following factors contributed to this surge in reporting volume:

### **Anchoring the definition of reasonable grounds for suspicion in legislation:**

The 'SIF proposal'<sup>18</sup> came into force on 1 January 2023. This means that the concept of 'reasonable grounds for suspicion', which had already been established in practice and case law over the past decade, has now also been legally anchored (Art. 9 para. 1quater AMLA). Accordingly, financial intermediaries are now required to always submit a SAR if there is a specific indication or several indications that assets could be of criminal origin and if these suspicions cannot be ruled out through their own clarification procedures. Some of the reporting volume is most likely due to the now unambiguous wording of this new legislative provision.

### **More rigorous application of Art. 37 AMLA:**

The criminal penalties for failing to comply with the reporting obligation have been toughened. Analysis of the judgments of the Federal Department of Finance (FDF) and the Federal Criminal Court (FCC) shows that compliance officers from lower hierarchies are now increasingly being held accountable.<sup>19</sup> The number of convictions for negligent breach of reporting obligations has also increased.<sup>20</sup> Discussions with financial industry representatives have made it clear that this stricter practice is having an impact on the sector and is therefore also influencing behaviour. The prevailing sentiment is that it is better to report too much than too little.

### **Audit firms and (internal) auditors with stricter standards:**

Feedback from financial intermediaries suggests that audit firms and internal control bodies tend to assess compliance with regulatory AML requirements more strictly. This is most likely due to the general tightening of the supervisory and AML measures combined with greater media focus on the audit issue.

### **Financial intermediaries with asymmetric business models are under increasing cost pressure:**

The cost pressure placed on the financial industry is palpable. In particular, financial institutions in the non-asset management sector with aggressive onboarding for foreign clients sometimes only clarify matters very rudimentary and no longer or only insufficiently fulfil the special duties of due diligence under Art. 6 AMLA, which are mandatory for a SAR to MROS. Most of these inadequately clarified SARs are of no value to MROS. With this behaviour, financial intermediaries are no longer or inadequately fulfilling their role as the 'first line of defence' in the AML system. MROS is in dialogue with FINMA about the financial intermediaries concerned and the measures taken.

It can be assumed that the reporting surge will continue in 2024 and beyond. Experience shows that such developments are generally irreversible. Once the described reporting behaviour has been established, it becomes the standard. The financial industry is unlikely to change course, especially as the signals from the law enforcement and supervisory authorities as well as the FATF tend to point to a tightening of the rules.

In addition to the surge of incoming SARs, the volume of data has generally increased. The main reason for this increase is not the SARs, but the replies from financial intermediaries based on enquiries from MROS. These enquiries are made by MROS for the purpose of clarifying the circumstances surrounding a SAR or in connection with a request from a foreign FIU. In 2023, around 2,000 such replies were received, some of them with a considerable volume and with data disruptions (unreadable formats). Across all forms of reporting – SARs, replies from financial intermediaries, spontaneous information reports and requests from domestic and foreign authorities, etc. – MROS received a total 17,500 reports as of 31 December 2023. This constitutes a 64% increase over the previous year. It should be noted that not only the number of reports but also the volume of data records transmitted has increased.

## Developments in the international exchange of information

There has also been a sharp increase in the workload associated with international administrative assistance. In contrast to the processing of incoming SARs, there is no way to 'filter' incoming international requests. While MROS can reject requests that do not meet legal requirements, in accordance with the Egmont Principles, MROS is required to respond to requests within a one-month period. Delayed responses can lead to complaints proceedings being launched against MROS and, in the worst case, to MROS being expelled from the Egmont Group. FATF standards require FIU membership in the Egmont Group as a basic requirement enabling countries to effectively combat money laundering and terrorist financing.

Following entry into force of Article 11a para. 2bis AMLA on 1 July 2021, MROS was given new far-reaching powers when it comes to answering requests from foreign FIUs.<sup>21</sup> Unlike the situation prior to 1 July 2021, MROS can now request information from financial intermediaries even if no SAR has yet been submitted. However, this has also greatly increased the processing time of FIU requests. The number of enquiries that MROS sent to financial intermediaries under Article 11a para. 2 and 2bis AMLA in 2022 alone rose by around 38% compared to 2021.

## Limiting factors and consequences

The rising volume of SARs has had an impact on the way MROS works. It is no longer in a position to analyse all incoming SARs at the same level of depth using the resources available. Human resources and technical support (keyword: automation/intelligent IT support) are limiting factors in the reception and triage of SARs. On the other hand, the data quality of incoming SARs and information provided by financial intermediaries also has a significant impact on the efficiency of data processing. The poorer the data quality, the more time-consuming it is for MROS to process the data. This requires either sophisticated IT support or more human resources to compensate for technical shortcomings. The key areas of concern for MROS are therefore **general process optimisation, human resources, IT** (*internal factors*) and **data quality** (*external factor*).

MROS adopts a risk-based approach when receiving and processing SARs: it categorises, prioritises and 'filters'<sup>22</sup> incoming SARs using a triage matrix that takes the level of risk into account. In doing so, MROS is also guided by the strategies of the law enforcement authorities and operates in a success-orientated manner. It focuses on combating forms of serious crime. Given the continuous increase in SARs in recent years, **the proportion of SARs analysed in depth has decreased** and the proportion of filtered SARs has increased (proportion of filtered SARs: 2021: 55%; 2022: 68%). In 2023, **the proportion of filtered SARs rose to approx. 80%**: Only one in five of the incoming SARs were analysed in depth. The remaining 80% of SARs were processed and are accessible in the system.

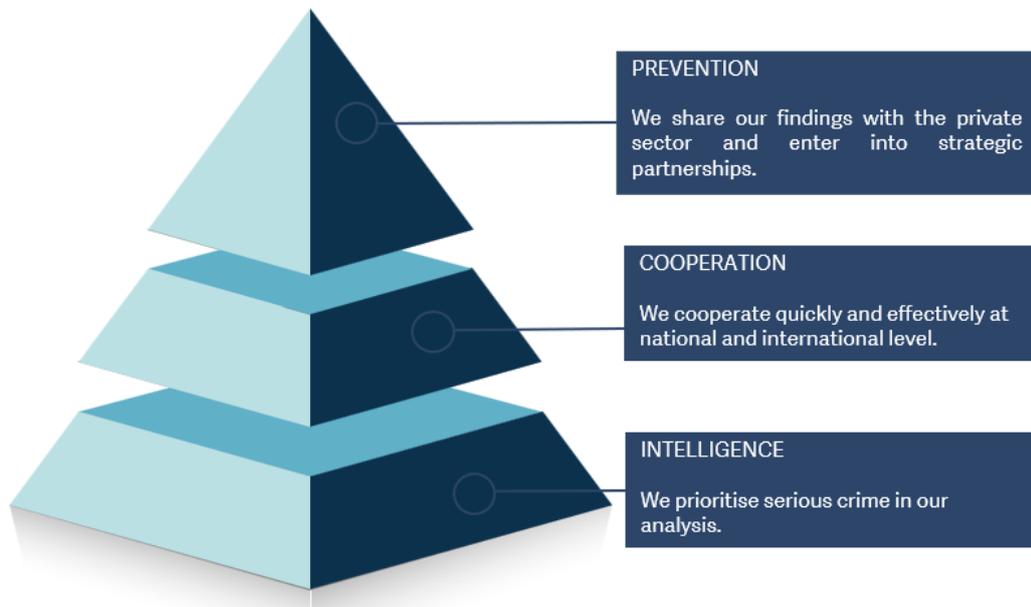
The 'risk-based approach' applies stricter triage criteria to compensate for the surge in reporting volume. This increases the filter rate. In fact, however, it is no longer the risk but the resource situation that determines whether a SAR is analysed in depth or not. The 'risk-based approach' is therefore inevitably also an 'administrative economy instrument'. As the filter rate increases, so does the risk of MROS not recognising important information.

# Vision

We uncover incriminated assets. Within Switzerland, we are the leading and trusted centre of expertise in combating money laundering, its predicate offences, organised crime and terrorist financing.

**We follow the money.**

# Missions



## **INTELLIGENCE**

We prioritise serious crime in our analysis.

## **COOPERATION**

We cooperate quickly and effectively at national and international level.

## **PREVENTION**

We share our findings with the private sector and enter into strategic partnerships.

# 6 Objectives for the period 2024 – 2027

We have set the following objectives in pursuit of our missions:

1. MROS efficiently triages and prioritises SARs and consciously sets priorities with regard to serious crime. In doing so, it takes into account current national and international developments and trends.
2. MROS carries out targeted analyses and supports the law enforcement authorities with its analyses.
3. MROS acts innovatively and leverages technological advances. It continues to develop its technical capabilities and to train its employees in response to evolving needs.
4. MROS coordinates and balances national cooperation with the federal and cantonal authorities.
5. MROS strengthens effective international cooperation.
6. MROS communicates effectively with the private sector. It enters into strategic partnerships with the private sector.

## 13 Measures for successful implementation

1. **Periodic risk assessments and adjustments to the triage matrix**  
MROS monitors trends relating to money laundering, its predicate offences, organised crime and terrorist financing. It identifies the main threats in order to prevent crime and protect the Swiss financial centre. It focuses on these threats when receiving and analysing SARs. MROS regularly reassesses its criteria for triaging SARs and adapts them according to the threat situation. MROS uses a risk-based approach and creates the necessary control instruments for regular monitoring and the traceability of its actions.
2. **Clear guidelines on how to submit information to MROS**  
MROS provides the financial industry with clear guidelines on how to submit information. This is done in order to improve the quality of incoming information and the efficiency of SAR processing as well as strategic analyses. MROS assesses the quality of data, provides feedback to reporting financial institutions and escalates to the responsible supervisory authority where needed. As part of the ongoing revision of the AMLA, MROS works to ensure that a reporting standard is anchored in legislation.

3. **Continuous development of new analytical approaches**

Where required, MROS departs from traditional transaction and personal network analyses and adopts new analytical techniques for case complexes (e.g. clustering). It consistently applies technical innovations and uses modern analytical methods.
4. **Harmonisation and consolidation of internal processes**

MROS standardises information processing and establishes a 'unité de doctrine'. The latter should help to improve efficiency and simplify controlling and traceability.
5. **Optimisation of IT support**

The key to efficient processing of SARs and the ability to produce meaningful (operational and strategic) analyses hinges to a large extent on IT support. MROS is actively pressing ahead with the 'goAML Futuro' project and continues to optimise the level of IT support in its day-to-day operations.
6. **Close interaction with the goAML community**

MROS uses the goAML software application developed by UNODC to process SARs. In order to improve the reliability and performance of the system, dialogue with UNODC and other countries that use the system has proven to be a valuable approach. MROS intends to intensify this dialogue and advocate the sharing of know-how within the community.
7. **Regular interaction with the most important authorities at national level**

MROS periodically liaises with the Office of the Attorney General of Switzerland, the SSK, the main cantonal law enforcement authorities, FINMA, SROs/SOs, the FGB, the FOCBS and SECO. It assesses their needs and adapts its 'deliverables' accordingly. Where necessary, MROS also reaches out to other authorities.
8. **Regular interaction with the most important FIUs and partner authorities at international level**

Money laundering is a global phenomenon requiring concerted action at international level. MROS is in constant dialogue with the main foreign partner authorities in order to optimise synergies and thus conserve resources within MROS.
9. **Rapid response to requests from foreign FIUs**

MROS quickly and effectively provides its foreign partners with the necessary information.
10. **Targeted international commitment**

MROS is actively involved in the Egmont Group, thereby strengthening international cooperation between FIUs. MROS is actively involved in the Swiss FATF delegation and provides its know-how in policy setting. MROS also plays an active role in other organisations, working groups and task forces that focus on combating serious crime and developing in-depth expertise. It sets clear priorities here.
11. **Implementation and dissemination of strategic analyses**

MROS performs strategic analyses and actively comments on trends, patterns and methods relating to money laundering, its predicate offences, organised crime and terrorist financing. In doing so, it makes a significant contribution to preventing crime.

12. **Intensification of dialogue with the financial market**

MROS promotes the exchange of strategic information between the authorities and the private sector and enters into strategic partnerships with the latter – with the aim of improving the ability to combat money laundering and terrorist financing.

13. **Targeted development of expertise and further training for employees**

MROS endeavours to develop the required in-house expertise for its tasks and ensures that its employees undergo continual training.

# Sources

- <sup>1</sup> Ranking list in CHF billion: (1) Switzerland 2,400; (2) Hong Kong 2,200; (3) Singapore 1,400; (4) USA 1,000; (5) Channel Islands 600; (6) UK and UAE each with 500 (Source: BCG, Swiss Banking: Banking Barometer 2022).
- <sup>2</sup> BAK Economics: *Volkswirtschaftliche Bedeutung des Schweizer Finanzsektors - Studie im Auftrag der Schweizerischen Bankiervereinigung SBVg und des Schweizerischen Versicherungsverbandes SVV Ergebnisse 2021*.
- <sup>3</sup> The Swiss financial sector: driving jobs and growth – especially in a crisis - SwissBanking.
- <sup>4</sup> National Risk Assessment (NRA): Report on the national assessment of the risks of money laundering and terrorist financing in Switzerland (December 2021).
- <sup>5</sup> *Handelszeitung* report; FINMA press release on BSI (24 Mai 2016); (FINMA press release on Falcon Bank (13 October 2016); FINMA press release on Coutts & Co. AG (2 February 2017); FINMA press release on JP Morgan (21 December 2017); FINMA press release on Rothschild Bank (20 July 2018); FINMA press release on BSI (22 October 2020).
- <sup>6</sup> FINMA press release on PKB (1 February 2018).
- <sup>7</sup> FINMA press release on CS (17 September 2018); FINMA press release on Julius Bär (20 February 2020).
- <sup>8</sup> FINMA press release on CS (17 September 2018); FINMA press release on Julius Bär (20 February 2020).
- <sup>9</sup> NZZ (28 September 2018); *Handelszeitung* (14 December 2022).
- <sup>10</sup> Several authorities and institutions are responsible for exercising regulatory oversight to ensure compliance with anti-money laundering legislation: FINMA (for financial intermediaries subject to prudential supervision), the Federal Gaming Board (for casinos), the Federal Office for Customs and Border Security (for precious metals dealers) as well as self-regulatory organisations (SROs) and supervisory organisations (SOs) in the para-banking sector (for financial intermediaries not subject to prudential supervision).
- <sup>11</sup> Split-second 1-to-1 transactions without a relay station.
- <sup>12</sup> Assets legally managed in Switzerland are also coming under fire in the current climate. In particular, it should be noted that sanctioned assets do not necessarily equate to incriminated assets.
- <sup>13</sup> Some examples: Extension of the list of predicate offences to include tax offences; subordination of cash traders for transactions at or exceeding CHF 100,000; elimination of bearer shares, etc.
- <sup>14</sup> Federal Council press release dated 30 August 2023.
- <sup>15</sup> See main measures envisaged by the proposal.
- <sup>16</sup> The term 'enforcement' includes all investigations, proceedings and measures taken by FINMA to clarify and punish violations of oversight legislation.
- <sup>17</sup> The changeover took place on 1 January 2020. Since then, MROS has been using the data collection and processing application 'goAML'.
- <sup>18</sup> <https://www.fedlex.admin.ch/eli/oc/2021/656/de>, See also Federal Council Dispatch on Amendment of the Anti-Money Laundering Act of 26 June 2019, *BBl* 2019 5441, S. 5551 ff.
- <sup>19</sup> Between 2014-2022, the FDF/Federal Criminal Court delivered at least 21 final convictions. By the end of 2022, 47 cases were still pending (Source: «*Strafrechtliche Verantwortlichkeit des Compliance Officers*», presentation given by Dr. Doris Hutzler on 8 June 2023 at the 14<sup>th</sup> symposium on economic crime legislation, EIZ, Zurich).
- <sup>20</sup> See: *Federal Supreme Court ruling 6B\_1176/2022 of 5 December 2023*.
- <sup>21</sup> In the latest country evaluation conducted in 2016, MROS was criticised for not having the right to obtain information from Swiss financial intermediaries in the absence of an SAR. The OECD Working Group on Bribery in International Business Transactions reached a similar conclusion in March 2018. With entry into force of Art. 11a para. 2bis and 3 AMLA, in force since 1 July 2021, this shortcoming has been remedied.
- <sup>22</sup> The term 'filtering' refers to the following: Discarding the SAR/information on the basis of established sorting criteria. The SAR/information is no longer followed up on in the present moment, but can be reactivated and processed at a later date. In other words, it 'lies dormant' in the database and is activated if additional suspicious circumstances arise.