

## *Executive Summary*

1. This report provides a summary of the anti-money laundering and countering the financing of terrorism (AML/CFT) measures in place in the Kingdom of Saudi Arabia at the date of the on-site visit (8-23 November 2017). It analyses the level of compliance with the FATF 40 Recommendations, the level of effectiveness of its AML/CFT system, and makes recommendations on how the system could be strengthened.

### **Key Findings**

- Inter-agency policy coordination and cooperation is a significant strength of the Saudi system. Saudi Arabia has developed a good understanding of its ML and TF risks through its national risk assessments, using a robust process and a wide range of information. Saudi authorities have introduced a number of measures to address specific risks identified prior to the recent NRAs.
- The FIU is not conducting sophisticated financial analysis to effectively support investigations, in particular those into more complex cases of ML. The analysis provided by the FIU is straightforward and single-layered, based mainly on organising and compiling information from available databases. Nevertheless, a wide variety of information is available and competent authorities regularly use financial intelligence in the course of their investigations.
- Saudi Arabia is not effectively investigating and prosecuting individuals involved in larger scale or professional ML activity. Investigations are often reactive, and tend to be straightforward, unsophisticated, and single-layered. Prosecutions are mostly for the self-laundering offence, with individuals convicted when they are unable to prove the source of funds. ML investigations have significantly increased in recent years, but remain too low.
- Saudi Arabia is not effectively confiscating the proceeds of crime. Authorities are not routinely attempting to trace and confiscate the instrumentalities and proceeds of crime, and have not been able to repatriate any criminal proceeds from another country over the period 2013-16, despite the large majority of proceeds generated in Saudi Arabia are estimated to leave the country. The amounts of

proceeds of crime seized and confiscated domestically within Saudi Arabia have been increasing, but are still low.

- Saudi Arabia has demonstrated an ability to respond to the dynamic terrorism threat it faces in country. Saudi Arabian authorities have the training, experience and willingness to pursue terrorist financing investigations in conjunction with and alongside terrorism cases. Financial investigations are routinely carried out, and TF cases are generally identified during terrorism-related investigations conducted by Mabaheth, leading to an exceptional number of investigations and convictions.
- Saudi Arabia has an established legal framework and co-ordination process for implementing UN targeted financial sanctions (TFS) on terrorism without delay, and regularly makes use of TFS domestically. However, Saudi Arabia makes far greater use of financial restrictions imposed on a person through criminal procedures and watch-list mechanisms, which lack legal safeguards and are not publicly available. On proliferation financing, the mechanisms in place to implement TFS and prevent sanctions evasion are weak.
- Saudi Arabia conducts comparatively intensive supervision of the higher-risk sectors in accordance with a risk-based approach, and has done a great deal of outreach with regulated entities to communicate their new obligations. These efforts have resulted in a significant improvement in compliance with the AML/CFT requirements.
- AML/CFT preventive measures in the financial sector are strong and well established. Major FIs including banks, securities and financing companies, have a solid understanding of the ML/TF risks they face, and a good level of implementation of the risk-based approach; although the level of implementation is not so strong among smaller DNFBPs, and STR reporting remains a concern for all sectors.
- Saudi Arabia can and does respond to incoming requests for mutual legal assistance, but does not effectively seek international co-operation from other countries to pursue money laundering and the proceeds of crime. On terrorist financing, Mabaheth clearly does prioritise international co-operation, both inbound and outbound, and provided good examples of using international law enforcement co-operation.

## Risks and General Situation

2. Saudi Arabia faces a high and diverse risk of terrorism financing, linked to terrorism committed both within Saudi Arabia, and to countries experiencing conflicts within the region. The risk of terrorism and terrorist financing within Saudi Arabia is linked to the presence of cells of Al Qaeda, ISIS, affiliates, and other groups. The number of foreign fighters is high, with estimates of over 3,000 departures between January 2000 and February 2018. Saudi Arabia also faces a high risk of terrorist acts carried out in Saudi Arabian territory.

3. The economy of the Kingdom is dominated by petroleum activities: Saudi Arabia is the largest exporter of petroleum, and the sector accounts for 45% of GDP.

Saudi Arabia is generally seen as a conservative country and an unattractive location for laundering international proceeds because of its relatively small financial and commercial sectors, limitations on direct foreign investment and participation in the corporate sector, and restrictions on access by foreigners to the financial and non-financial markets. The financial sector and DNFBP sectors in Saudi Arabia are relatively small, and primarily serve domestic customers. The remittances sector is an exception: over a third of the resident population in Saudi Arabia was born outside the Kingdom, which has the second highest total outflows of remittances in the world after the US, approximately \$38.8bn for the year to April 2017.

4. The overall proceeds of crime generated in Saudi Arabia are estimated to be approximately USD 12 - 32 billion; based on IMF and UNODC research on the proceeds of crime as a proportion of GDP.<sup>1</sup> This range is consistent with Saudi Arabia's risk profile and the Saudi NRA for ML. Saudi authorities estimate the main proceeds-generating crimes in Saudi Arabia to be illicit trafficking in narcotics, corruption, and counterfeiting and piracy of products. Between 70 and 80 per cent of domestic proceeds of crime are estimated to flow out of the Kingdom, while the balance remains in the country.

### Overall level of Effectiveness and Technical Compliance

5. Saudi Arabia's AML/CFT framework has undergone fundamental changes since 2010. In late 2017, Saudi Arabia passed comprehensive revisions of its Anti Money Laundering Law (AMLL) and Law on Terrorism Crimes and Financing (LTCF). The new laws were adopted on 24 October 2017 (AMLL) and 1 November 2017 (LTCF), immediately before the on-site visit. Saudi Arabia's National Risk Assessments were adopted in August 2017, and a national Strategy and accompanying Action Plan were adopted in the same period. Further changes to the administrative system were in progress in November 2017, during the on-site visit (including structural changes at the Public Prosecution, and the move of the FIU from the Ministry of Interior to a new ministry, the State Security Presidency). The revised laws address deficiencies identified in the 2010 Mutual Evaluation, implement new requirements added to the revised FATF Recommendations in 2012, address the conclusions of the NRAs, and correct deficiencies identified in the first draft of the TC analysis prepared for the current evaluation. In terms of technical compliance, the results of the new laws have been very positive: Saudi Arabia has brought its' legal system into line with the up-to-date FATF Recommendations, and has successfully addressed almost all of the deficiencies which were present previously.

6. In terms of effectiveness, Saudi Arabia achieves substantial results on risk understanding and mitigation; on combating terrorist financing (through both law enforcement and administrative measures); and on supervision. Serious problems affect the investigation of money laundering; the confiscation of the proceeds of crime, international co-operation, and proliferation financing.

---

<sup>1</sup> The UNODC estimates that all criminal proceeds, excluding tax evasion, amounts to 2.3 to 5.5 per cent of global GDP. This figure is consistent with the 2 to 5 per cent range previously produced by the International Monetary Fund to estimate the scale of money-laundering. See <http://www.unodc.org/unodc/en/press/releases/2011/October/unodc-estimates-that-criminals-may-have-laundered-usdollar-1.6-trillion-in-2009.html>.

7. The new laws, regulations, and institutional/administrative framework mean that the AML/CFT framework which is the basis for the effectiveness assessment is significantly different from the framework assessed in the technical compliance annex. It has not been possible to assess the effectiveness with which Saudi Arabia is implementing the obligations which were introduced for the first time in November 2017, and in many places the effectiveness analysis highlights deficiencies or gaps which have already been addressed through the new laws, or provides recommended actions which ask Saudi Authorities to implement the new laws or continue new policies. As a result, much of the analysis in the main report on effectiveness is based on activities under the old laws and regulations while the TC annex reflects the new laws and regulations.

### ***National AML/CFT Policies and Co-ordination (Chapter 2: IO1; R.1, R.2, R.33)***

8. Saudi Arabia has a solid understanding of its ML and TF risks, based on a robust risk assessment process and a wide range of information. Saudi authorities have produced two parallel National Risk Assessments (NRAs) of ML and TF risks. The ML risk assessment identifies the main proceeds-generating offences, and laundering methods - primarily through transfers to other countries through cash, FIs, and trade-based laundering. Authorities also identify banks, money remitters, and dealers in precious metal and stones (DPMS) as the highest risk sectors. Some elements of the ML risk assessment are not fully developed, including the laundering of proceeds after they have been moved out of Saudi Arabia and the potential for more sophisticated forms of money laundering within Saudi Arabia.

9. Saudi Arabia has a very good understanding of its TF risks. The TF NRA considered the risks associated with countries, sources of funds, transportation methods, routes, and entry points. The assessment looked specifically at the financing associated with FTFs, terrorists and groups within Saudi Arabia and in other countries. The assessment benefited from analysis of more than 1,700 TF investigations undertaken by Saudi authorities since 2013, providing a uniquely rich pool of information as a basis for the analysis.

10. Inter-agency policy co-ordination and co-operation is a significant strength of the Saudi system. Saudi Arabia has a strong and well-established institutional framework for co-ordination, based on the Anti Money Laundering Permanent Committee and the Permanent Committee for Counter Terrorism.

11. Saudi authorities have introduced a number of measures to address risks identified prior to the recent NRAs. These include specific measures to mitigate ML and TF risks to NPOs and the remittances sector; to reduce the use of cash and the risks associated with the Hajj and Umar pilgrimages; and to combat corruption. Saudi Arabia has been quick to reflect the results of the risk assessments in its legal framework, passing comprehensive new AML and CFT laws in October and November 2017. However, authorities had not yet had sufficient time prior to this assessment to fully reflect their findings in national policies or in the objectives or practices of individual agencies.

### ***Legal system and Operational Issues (Chapter 3: IOs 6-8, R.3, R.4, R.29-32)***

12. Saudi Arabia has devoted significant resources to support financial investigation, distributed across the FIU and other law enforcement agencies. The

analysis provided by the FIU is straightforward and single-layered, based mainly on organising and compiling information from available databases and reporting entities. This is the result of a number of factors, including inadequate IT systems. As a result, the SAFIU is not conducting sophisticated financial analysis to effectively support investigations, in particular those into more complex cases of ML. The FIU has access to a wide range of databases, but analysts have to manually search each of them, and the FIU can only retrieve additional information from some reporting entities indirectly, via the supervisor. Specialised IT tools are not available: the main trigger that initiates investigation is the presence of a criminal record, rather than the detection of financial red flags or patterns of activity. Decisions not to follow-up on STRs are not always based on an appropriate methodology, with some STRs archived on the basis of the low value of transactions, although the outcome of the NRA will be used as means to help decide which STRs to archive. The relatively low proportion of staff devoted to analysis at the SAFIU, the long time taken to process STRs, the low level of reporting from non-bank sectors, the fact that STR reporting and dissemination is done on paper, and weaknesses in international co-operation all contribute to the weakness of the FIU.

13. Outside the SAFIU, law enforcement authorities and other competent authorities across Saudi Arabia do regularly use financial intelligence and other relevant information as part of their investigations into money laundering, predicate offences, and terrorist financing, and collaborate well. Law enforcement agencies have access to a wide range of databases, and in some cases conduct financial analysis. Trends are understood to some extent.

14. Saudi Arabia has a legal framework that provides it with an adequate basis to investigate and prosecute ML activities, and displays a number of positive elements: ML investigations have significantly increased in recent years; financial investigations are often conducted alongside the investigation of proceeds-generating offences; and awareness-raising activities have been organised by the Public Prosecution in order to encourage a consistent approach among all LEAs and OCAs. As a result of recent awareness raising and strengthened co-ordination, Saudi Arabia has increased the number of ML offences being investigated.

15. Despite these recent changes, Saudi Arabia is not effectively investigating and prosecuting individuals involved in larger scale or professional ML activity. LEAs and OCAs are not conducting a sufficient number of investigations into ML activity (whether triggered by investigations into proceeds generating predicate offences, or following the receipt of STRs from the SAFIU). Investigations are often reactive rather than proactive, and tend to be straightforward, unsophisticated, and single-layered. Prosecutions are mostly for the self-laundering offence, with individuals convicted when they are unable to prove the source of funds. This is reflected in the low number of prosecutions being sought and convictions being handed down for 3rd party money laundering. Saudi Arabia has also not demonstrated that it is pursuing cases relating to the 70-80% of proceeds which leave the jurisdiction.

16. Saudi Arabia is not effectively confiscating the proceeds of crime relative to its risks. Authorities are not routinely attempting to trace and confiscate the instrumentalities and proceeds of crime, although they are doing so in some cases. In cases where the criminal funds are located outside Saudi Arabia, the authorities have not been able to repatriate any criminal proceeds over the period 2013-16. The

amounts of proceeds of crime seized and confiscated domestically within Saudi Arabia have been increasing, but are still low and are not consistent with the country's risk profile. Deficiencies in Saudi Arabia's ability to effectively investigate and prosecute ML activity are limiting the ability of Saudi Arabia to trace and confiscate criminal proceeds. The failure to conduct co-ordinated investigations with other countries is also significantly limiting the confiscation of criminals' assets, given a large proportion of the proceeds of crime are estimated to leave the country.

17. Saudi Arabia has broad legal powers for confiscating the proceeds and instrumentalities of crime under Shari'ah. The confiscation of the objects of crime (principally narcotics) does appear as a priority. However, the identification and confiscation of proceeds is not achieved even to a relatively comparable extent.

18. At its borders, Saudi Arabia is detecting a large amount of non-declared and falsely declared cash, as well as non-declared and falsely declared gold, precious metals and stones. Saudi Arabia has also taken measures to respond to the heightened risk associated with the large numbers of individuals entering and exiting the country every year, implementing measures to limit the amounts of cash brought into the country by individuals on pilgrimage. The amounts confiscated at the border that are suspected of being related to ML, TF or a predicate offence appear relatively low, although the new powers in the 2017 AMLL may help Saudi Arabia confiscate larger quantities of currency and BNI at the border linked to ML, TF or a predicate offence

#### ***Terrorist Financing and Financing of Proliferation (Chapter 4 – 10.9-11; R.5-8)***

19. Saudi Arabia has demonstrated an ability to respond to the dynamic terrorism threat it faces in country. Saudi Arabian authorities have demonstrated that they have the training, experience and willingness to pursue TF investigations in conjunction with and alongside terrorism cases. Financial investigations are routinely carried out in connection with most terrorism cases, and TF cases are generally identified during terrorism-related investigations conducted by Mabatheth. A range of investigative techniques are used to find evidence of TF activity, including preventative terrorist financing measures (mainly pertaining to FTFs), phone interceptions and social media scrutiny. The authorities have successfully identified, investigated and prosecuted a large number of TF cases within the Kingdom - including over 1,700 TF investigations, resulting in over 1100 convictions.

20. However there are some areas for improvement: there are no, or very few, convictions for "standalone" terrorist financing, that are independent from the prosecution of other terrorist-related offences, or of persons who are financing terrorism but who are not otherwise involved in the commission of terrorist act or affiliated with these terrorist groups. This includes TF cases in relation to funds raised in the Saudi Arabia for support of individuals affiliated with terrorist entities outside the Kingdom, particularly outside the Middle-East region, which remains a risk.

21. Saudi Arabia's overall strategy for fighting terrorist financing mainly focuses on using law enforcement measures to disrupt terrorist threats directed at the Kingdom and its immediate vicinity. While this is an understandable priority, the almost exclusive focus of authorities on domestic TF offences means the authorities are not prioritising disruption of TF support for threats outside the Kingdom. They are also not taking full advantage of TFS to enhance the disruptive impact of their law enforcement actions both in Saudi Arabia and beyond their borders. Saudi authorities

are particularly focused on domestic TF offences at the expense of international TF networks, which has an effect on their approach to both Immediate Outcome 9 and Immediate Outcome 10.

22. Saudi Arabia has an established legal framework and co-ordination process for implementing targeted financial sanctions (TFS) without delay under the relevant United Nations Security Council Resolutions (UNSCRs). Saudi Arabia has co-sponsored designations to the 1267 UN Committee and has partaken in de-listing and exemption requests, but has not proactively nominated individuals or entities to the UN for designation.

23. Domestically, Saudi Arabia has made significant use of designations under the UNSCR 1373 system, up through 2016 accepting 41 designation requests from foreign countries and, designating 150 individuals on its own motion. However, Saudi Arabia's 1373 designations are not public which hinders effective implementation: the largest number of freezes - - comes from financial restrictions imposed on a person through criminal procedures and watch-list mechanisms (possibly more than 3000 persons alone), which do not provide for legal processes (such as de-listing or exemption) required in the FATF standards. Even though these domestic designations are largely communicated to FIs and DNFBPs, there is no publicly available list of designees or guidance regarding implementing obligations, which hinders effective and consistent implementation.

24. Saudi Arabia's NPO sector is very small in number and tightly regulated. NPOs utilise the financial sector for virtually all their transactions, are under tight control for fundraising activities, and have highly restricted access to international transfers. In addition to these measures, Saudi Arabia has taken steps to raise awareness of TF abuse risks within the sector and the public at large. These measures have had the effect of drastically reducing the risk of terrorist financing abuse in the sector. However, NPOs continue to be treated by FIs/DNFBPs as high-risk clients for terrorist financing. In 2017 Saudi Arabia began analysing information derived from compliance visits of NPOs to implement a risk-based approach, although this is based primarily on financial integrity, and this system has not yet led to any reduction in the intensity of restrictions on lower-risk NPOs.

25. While Saudi Arabia has taken significant steps to limit its exposure to Iran and DPRK financial activity by cutting economic, financial and trade relations, the mechanisms in place to prevent sanctions evasion are weak. Saudi Arabia has an interagency framework and co-ordination mechanism that oversees the implementation of targeted financial sanctions related to proliferation financing. This technical system was enhanced with the issuance of new Implementing Regulations in November 2017. Under the system up until November 2017, implementation without delay of TFS for PF was not demonstrated. Saudi Arabia has not frozen any assets or blocked any transactions as a result of TFS related to PF, and there are no examples of inter-agency co-ordination related to proliferation financing. There are also significant delays in implementing and communicating new TFS relating to PF within both public and private sectors.

### ***Preventive Measures (Chapter 5 - 10.4; R. 9-23)***

26. AML/CFT preventive measures in Saudi Arabia are strong and well established. The new AMLL and CTFL adopted in November 2017 further

strengthened the legal basis for AML/CFT preventive measures in Saudi Arabia; these Laws were however introduced too soon before the on-site visit to assess the level of effectiveness and implementation of the new elements within the FIs and DNFBPs.

27. Major FIs including banks, securities and financing companies, have a solid understanding of the ML/TF risks they face, and a good level of implementation of the risk-based approach thanks to the supervision and outreach efforts made by the authorities, as well as the risk assessments conducted at institutional level. They apply AML/CFT preventive measures including CDD, record keeping and identification of beneficial ownerships. However, STRs are not submitted in a timely way, and the low number of terrorist financing-related STRs reported is a major concern.

28. Money exchangers and other DNFBPs (in particular real estate agents and accountants) do not fully understand their ML/TF risks and apply mitigating measures under a risk-based approach. The awareness and implementation of AML/CFT obligations among reporting institutions has increased significantly thanks to supervisory measures in the last two years, but some sectors are still at the beginning stage and need more efforts to understand the ML/TF risks and AML/CFT obligations. Implementation of the risk-based approach remains weak among class A and class B money exchangers. Reporting of STRs is a major concern, with a low level of reporting from DNFBPs, including the higher risk sectors.

### ***Supervision (Chapter 6 - IO3; R.26-28, R. 34-35)***

29. The system in place for supervision of FIs achieves a substantial level of effectiveness: financial supervisors have a good understanding of the ML/TF risks, a sound model for risk-based supervision, and good communication and relations with their sectors. Saudi Arabia conducts comparatively intensive supervision of the higher-risk sectors in accordance with a risk-based approach, and since 2016 has done a great deal of outreach and engagement with regulated entities to communicate their new obligations and supervision arrangements, which appears to have been successful. All these efforts have resulted in a significant improvement in compliance with the AML/ CFT requirements.

30. AML/CFT obligations were applied to DNFBPs comparatively recently. For DNFBPs, outreach programmes/campaigns started in 2016, and AML/CFT focussed supervision started in early 2017. These arrangements are being further elaborated and enhanced for some DNFBPs and have to be further applied to all the obligations introduced in new laws. While the pace and intensity of recent activity is impressive, it is too early to reach a conclusion about its effectiveness.

### ***Legal Persons and Arrangements ((Chapter 7 - IO5 R. 24-25)***

31. Saudi Arabia has a system for regulating and monitoring legal persons and arrangements which is helpful in maintaining transparency and also in identifying beneficial owners. The Company Register maintained by MOCI provides the updated and accurate details of the legal ownership of commercial entities. Designated Courts have such records in respect of Waqfs and conduct verification. However, prior to November 2017, Joint-Stock Companies and Limited Partnerships did not have to report shareholder information to the Company Register.



32. Saudi Arabia applies controls on foreign ownership of companies, among other measures, that mitigate the risk of misuse of legal persons and arrangements by foreigners to some extent. Foreign legal persons who want to invest in Saudi Arabia must obtain a licence from SAGIA, who grants it after conducting verification on the ownership and control structure and the financial standing of the foreign investors.

33. Access to beneficial ownership information is also primarily through the Company Registry (and SAGIA). Around 83% of the corporate entities have only natural persons as shareholders, which allows for the matching of the legal owners themselves with the beneficial owners. Banks and other reporting entities also hold beneficial ownership information and maintain the necessary records when a legal person/arrangement has a customer relationship with them. However, the accuracy of and extent to which the information is up-to-date is not always ensured as some weaknesses still exist in banks' ongoing CDD procedures. The understanding of authorities of the risks of misuse of legal entities and arrangements does not yet seem to be sufficiently well-developed. Further, it is also not clear whether current and reliable BO information is available and accessible to competent authorities in respect Joint-stock Companies

#### ***International Cooperation (Chapter 8 - IO2; R. 36-40)***

34. Saudi Arabia does not effectively seek international co-operation from other countries to pursue money laundering and the proceeds of crime. The number of outgoing requests remains low despite a recent significant increase. Several authorities have shown examples of co-operation with foreign counterparts to disrupt criminal activities, but this is limited to identifying targets in Saudi Arabia, or disrupting the physical production of drugs in other countries, not exposing their wider networks in other countries or identifying financing. Saudi authorities do not follow the money outside the borders of the kingdom, and as a result they do not exploit opportunities to investigate and disrupt transnational criminal networks involved in the supply of narcotics to a lesser extent, corruption and in money laundering, or to confiscate the proceeds of crime.

35. Saudi Arabia can and does respond to incoming requests for mutual legal assistance (but there appear to be delays in some cases). The outcome of international co-operation provided to other countries was not clear, in terms of investigations carried out on behalf of other countries and / or assets confiscated and repatriated.

36. On terrorist financing, Mabatheth clearly does prioritise international co-operation, both inbound and outbound, and provided good examples of using international law enforcement co-operation with their counterparts, especially in the conflict zones, to disrupt the threat of terrorist networks. Mabatheth relies primarily on intelligence co-operation (rather than MLA) which is effectively used to identify and disrupt terrorist threats and intercept FTFs. The use of such mechanisms may mean missing the opportunity to use criminal justice tools and powers to uncover and disrupt further elements of terrorist networks, either in Saudi Arabia or overseas. Saudi Arabia also makes significant contributions through its leading role in global and regional alliances against terrorism and its financing.

## Priority Actions

37. The prioritised recommended actions for the Kingdom of Saudi Arabia, based on these findings, are:

- Saudi Arabia should prioritize the investigation of professional enablers and facilitators of ML, with a view to increasing proactive ML investigations. All investigations of major proceeds-generating crimes should include a parallel financial investigation to identify associated money laundering activity and its facilitators, and to trace and confiscate the proceeds. Saudi Arabia should improve the level of capacity, awareness and understanding of the investigative and legal tools available, and consider establishing specialised units.
- Saudi Arabia should actively seek MLA and other forms of co-operation, so that their investigations prioritise following the money and disrupting criminal networks and facilitators inside and outside Saudi Arabia's borders. Saudi Arabian authorities should pursue joint investigations with foreign jurisdictions, and should establish the capacity, expertise, and agreements needed to work with other countries to identify foreign money launderers, and to seize, repatriate and confiscate the proceeds of crime that have left the country.
- Saudi Arabia should establish a system that ensures full implementation of proliferation-related TFS by FIs and DNFBPs without delay, and address the remaining technical gaps.
- National co-ordination bodies should actively monitor the implementation of the new laws, regulations, and administrative arrangements to ensure they are well-understood and effectively implemented, and should take prompt action to address any emerging weaknesses in the context of the National Strategy and Action Plan.
- The FIU should comprehensively update its systems and processes: installing dedicated analytic tools capable of sophisticated analysis and systems for secure electronic filing of STRs and dissemination to authorities. It should establish powers and channels to access additional information from all reporting entities directly, and review its staffing and internal processes for handling cases. Enhanced and more frequent training should be provided to SAFIU analysts and LEA and OCA investigators, drawing on international best practice.
- Saudi authorities should provide more information and guidance on TF risks and typologies to raise awareness among FIs and DNFBPs, especially the high-risk sectors, and enable them to better identify TF suspicious activities, and ensure timely reporting of STRs by all reporting entities. The information and guidance should focus on high risk methods and techniques for ML and TF
- Saudi Arabia should conduct a more thorough assessment of the ML/TF risks related to the misuse of legal entities/legal arrangements, and the use of straw-men, and take appropriate and proportionate mitigation measures.
- With a goal of enhancing the impact of targeted financial sanctions to the greatest extent, Saudi Arabia should reduce reliance on financial restrictions based on watch-lists in favour of a consolidated and comprehensive list of 1373 domestic designations, which should be publicly available.

## Effectiveness & Technical Compliance Ratings

### Effectiveness Ratings (High, Substantial, Moderate, Low)

IO.1 - Risk, policy and coordination	IO.2 - International cooperation	IO.3 - Supervision	IO.4 - Preventive measures	IO.5 - Legal persons and arrangements	IO.6 - Financial intelligence
<b>Substantial</b>	<b>Moderate</b>	<b>Substantial</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Moderate</b>
IO.7 - ML investigation & prosecution	IO.8 - Confiscation	IO.9 - TF investigation & prosecution	IO.10 - TF preventive measures & financial sanctions	IO.11 - PF financial sanctions	
<b>Low</b>	<b>Low</b>	<b>Substantial</b>	<b>Substantial</b>	<b>Low</b>	

### Technical Compliance Ratings (Technical Compliance Ratings (C - compliant, LC - largely compliant, PC - partially compliant, NC - non compliant))

<b>R.1</b> - assessing risk & applying risk-based approach	<b>R.2</b> - national cooperation and coordination	<b>R.3</b> - money laundering offence	<b>R.4</b> - confiscation & provisional measures	<b>R.5</b> - terrorist financing offence	<b>R.6</b> - targeted financial sanctions - terrorism & terrorist financing
<b>LC</b>	<b>LC</b>	<b>C</b>	<b>LC</b>	<b>C</b>	<b>PC</b>
<b>R.7</b> - targeted financial sanctions - proliferation	<b>R.8</b> - non-profit organisations	<b>R.9</b> - financial institution secrecy laws	<b>R.10</b> - Customer due diligence	<b>R.11</b> - Record keeping	<b>R.12</b> - Politically exposed persons
<b>PC</b>	<b>LC</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>
<b>R.13</b> - Correspondent banking	<b>R.14</b> - Money or value transfer services	<b>R.15</b> - New technologies	<b>R.16</b> - Wire transfers	<b>R.17</b> - Reliance on third parties	<b>R.18</b> - Internal controls and foreign branches and subsidiaries
<b>C</b>	<b>C</b>	<b>LC</b>	<b>LC</b>	<b>C</b>	<b>C</b>
<b>R.19</b> - Higher-risk countries	<b>R.20</b> - Reporting of suspicious transactions	<b>R.21</b> - Tipping-off and confidentiality	<b>R.22</b> - DNFBPs: Customer due diligence	<b>R.23</b> - DNFBPs: Other measures	<b>R.24</b> - Transparency & BO of legal persons
<b>C</b>	<b>C</b>	<b>C</b>	<b>LC</b>	<b>C</b>	<b>LC</b>
<b>R.25</b> - Transparency & BO of legal arrangements	<b>R.26</b> - Regulation and supervision of financial institutions	<b>R.27</b> - Powers of supervision	<b>R.28</b> - Regulation and supervision of DNFBPs	<b>R.29</b> - Financial intelligence units	<b>R.30</b> - Responsibilities of law enforcement and investigative authorities
<b>LC</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>LC</b>	<b>LC</b>
<b>R.31</b> - Powers of law enforcement and investigative authorities	<b>R.32</b> - Cash couriers	<b>R.33</b> - Statistics	<b>R.34</b> - Guidance and feedback	<b>R.35</b> - Sanctions	<b>R.36</b> - International instruments
<b>LC</b>	<b>LC</b>	<b>PC</b>	<b>C</b>	<b>C</b>	<b>PC</b>
<b>R.37</b> - Mutual legal assistance	<b>R.38</b> - Mutual legal assistance: freezing and confiscation	<b>R.39</b> - Extradition	<b>R.40</b> - Other forms of international cooperation		
<b>LC</b>	<b>LC</b>	<b>LC</b>	<b>LC</b>		

