THE FINANCIAL REPORTING CENTRE



ANNUAL REPORT 2024

https://www.frc.go.ke

Financial
Reporting
Centre

We constantly engage our stakeholders in conferences, workshops and training sessions to strengthen the AML/CFT/CPF value chain



Our toolkit offers a real-time view



We have a Global reach



Our carefully selected experts are up to the task

The Centre is a key player in the process of identification, tracing, freezing, seizure, and confiscation of proceeds of crime. In this value chain, the Centre makes information it collects available to other domestic authorities for action, and where necessary, it further shares relevant information with similar bodies in other jurisdictions within the international cooperation framework.

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ABBREVIATIONS

AML	–	Anti-Money Laundering
AMLAB	–	Anti-Money Laundering Advisory Board
ARAB	–	Asset Recovery Advisory Board
BCP	–	Business Continuity Planning
BO	–	Beneficial Ownership
CBK	–	Central Bank of Kenya
CEO	–	Chief Executive Officer
CFT	–	Countering the Financing of Terrorism
CFTIMC	–	Counter Financing of Terrorism Inter-Ministerial Committee
CPF	–	Countering Proliferation Financing
DNFBPs	–	Designated Non-Financial Businesses and Professions
ESAAMLG	–	Eastern and Southern Africa Anti-Money Laundering Group
FATF	–	Financial Action Task Force
FIU	–	Financial Intelligence Unit
FRC	–	Financial Reporting Centre
ICRG	–	International Cooperation Review Group
ICT	–	Information and Communication Technology
LEA	–	Law Enforcement Agency
LSK	–	Law Society of Kenya
ME	–	Mutual Evaluation
MLRO	–	Money Laundering Reporting Officer
MRP	–	Money Remittance Providers
NPO	–	Not for Profit Organizations
NRA	–	National Risk Assessment
NTF	–	National Task Force
PEP	–	Politically Exposed Persons

POCAMLA	–	Proceeds of Crime and Anti-Money Laundering Act, 2009
POPR	–	Post Observation Period Review
POTA	–	Prevention of Terrorism Act, 2012
PSP	–	Payment Service Providers
RI	–	Reporting Institutions
SAR	–	Suspicious Activity Reports
SASRA	–	Sacco Societies Registration Authority
STAR	–	Suspicious Transaction Activity Report
STR	–	Suspicious Transaction Report
TCSPs	–	Trusts and Company Service Providers
UNSCR	–	United Nations Security Council Resolutions

KEY HIGHLIGHTS FOR THE YEAR



DIRECTOR GENERAL'S STATEMENT



As the year 2024 comes to an end, we reflect on the strides that the Financial Reporting Centre has made. The year was marked by a surge of activities in the AML/CFT/CPF landscape both in domestic and foreign jurisdictions ahead of emerging challenges. The Centre's operational efficiency was significantly enhanced as the Cabinet Secretary, National Treasury and Economic Planning, approved its strategic plan that runs up to 2028.

The Centre was admitted into the EGMONT Group of Financial Intelligence Units to facilitate exchange of intelligence information and expertise on a global platform and boost Kenya's ability to pursue ML/TF/PF cases across jurisdictions. Domestically the Centre continued supporting the AML/CFT/CPF value chain that posted good results in terms of the value of asset freezes and recoveries, subdued terrorist activities, and aversion of tax crimes through tax recoveries.

Since the placement of Kenya among the jurisdictions under increased monitoring in early 2024 by the Financial Action Task Force (FATF), the country has made progress in addressing some of the Action Items contained in the Action Plan with the FATF. For instance in 2024, the country:- (i) conducted terrorism financing (TF) national risk assessment covering the broad range of TF residual and emerging risks, (ii) updated the AML/CFT National Strategies in line with the identified ML/TF risks in the country, including emerging risk areas, and commenced initial implementation through detailed Action Plans and respective institutional road maps, (iii) continued to improve the AML/CFT/CPF risk-based supervision, (iv) continued to enhance the understanding of preventive measures of the reporting institutions through outreach and provision of sector-specific AML/CFT/CPF guidance, (v) addressed the remaining technical deficiencies in the legal and institutional framework to implement targeted financial sanctions framework related to financing of proliferation of weapons of mass destruction, among others.

The FRC led the way in coordinating the concerned parties and implementing agencies to work harmoniously through collaboration and joint initiatives and to collaborate with FATF. Through this strong coordination, Kenya's technical compliance rating has improved with the country being re-

rated through the follow-up process as Compliant in 19 Recommendations, Largely Compliant in 9 Recommendations, Partially Compliant in 10 of the FATF 40 Recommendations. However, the country is still rated Non-Compliant in 2 Recommendations, which signifies that additional effort is still necessary. The outstanding non- compliant areas relate to NPOs and VASPs sectors, against which the country has instituted legal reforms.

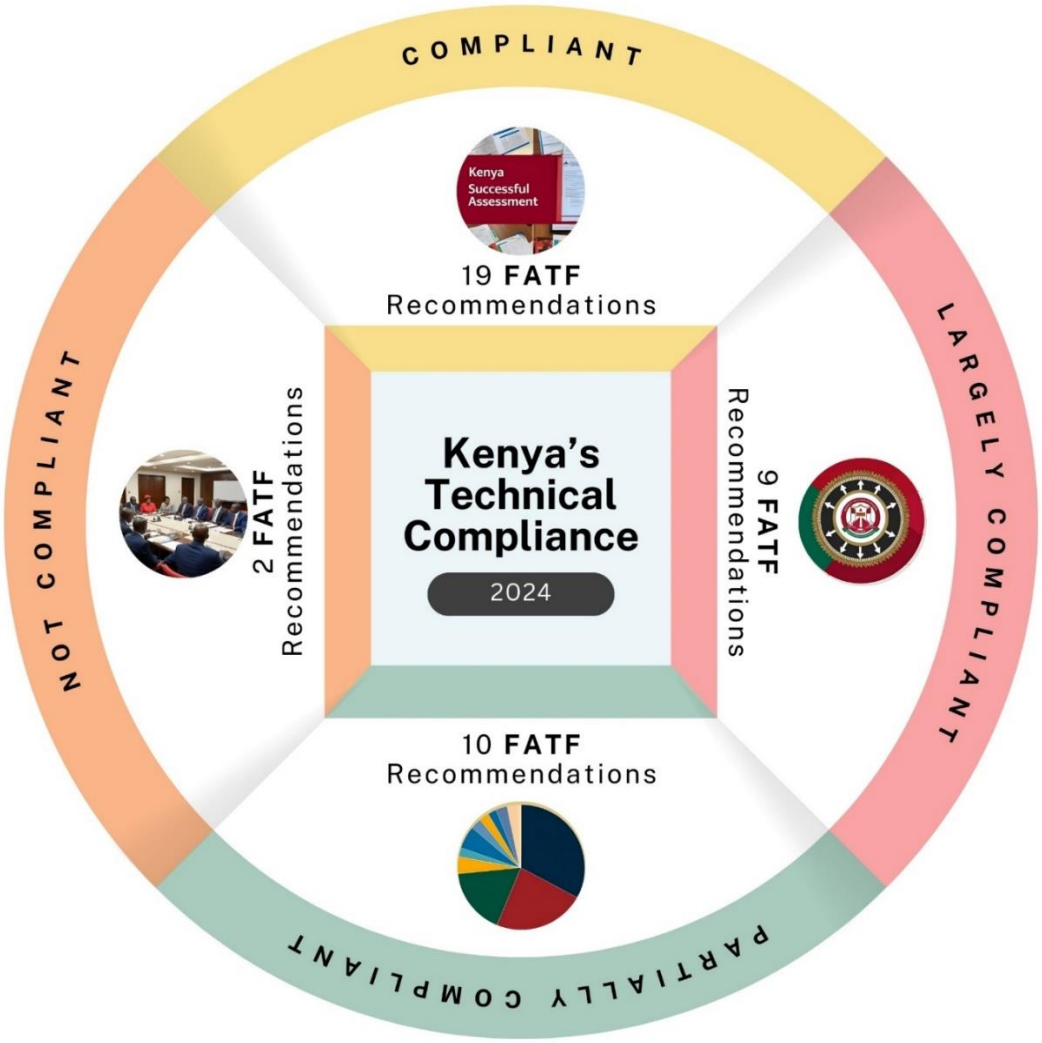
Among the challenges to an effective AML/CFT/CPF regime is the rapid development in technology globally, which requires continuous update to control systems to match the industry environment. During the year, the Centre gradually upgraded some of its systems to support the AML/CFT/CPF value chain. Going forward, the year 2025 is expected to be crucial to the efforts required for Kenya to effectively implement the FATF Action Plan items and guaratee timely exit from the FATF Grey-List. FRC will continue to effectively coordinate the implementation of AML/CFT/CPF actions in the country. At the heart of our commitment remains the drive to safeguard the integrity of Kenya's financial system by combating money laundering, terrorism financing and proliferation financing.

From the foregoing, I wish to express my profound gratitude to our staff and partners in the AML/CFT/CPF value chain whose contribution to the success of the programmes highlighted in this report remains invaluable.



Saitoti Ole Maika, MBS

DIRECTOR GENERAL


COMPLIANT
Kenya Successful Assessment
19 FATF Recommendations
LARGELY COMPLIANT
9 FATF Recommendations
PARTIALLY COMPLIANT
10 FATF Recommendations
NOT COMPLIANT
2 FATF Recommendations
Kenya's Technical Compliance
2024

1. OVERVIEW OF THE FINANCIAL REPORTING CENTRE

1.1 Background information

FRC is Kenya's Financial Intelligence Unit, established in accordance with Recommendation 29 of the Financial Action Task Force (FATF) Standards. FATF is the global money laundering and terrorist financing watchdog, which sets international standards to prevent money laundering and terrorism financing, and proliferation financing activities. The Financial Reporting Centre draws its mandate from Section 21 of Proceeds of Crime and Anti-Money Laundering Act, 2009 (POCAMLA).

Kenya's AML/CFT/CPF regime is largely contained in POCAMLA and Prevention of Terrorism Act, 2012 (POTA) and their attendant regulations which provide for a comprehensive legislative and administrative framework for combating the offences of money laundering, terrorism financing and proliferation financing and associated proceeds of crime.

1.2 Objectives of the Financial Reporting Centre

The Centre aims to assist in the identification of the proceeds of crime and the combating of money laundering, financing of terrorism, and proliferation financing. It plays a key role in the process of identification, tracing, freezing, seizure, and confiscation of proceeds of crime. In this value chain, the Centre makes information it collects available to other domestic authorities for action, and where necessary, it further shares relevant information within the global network under the international cooperation framework.

Figure 1: AML/CFT/CPF Value Chain

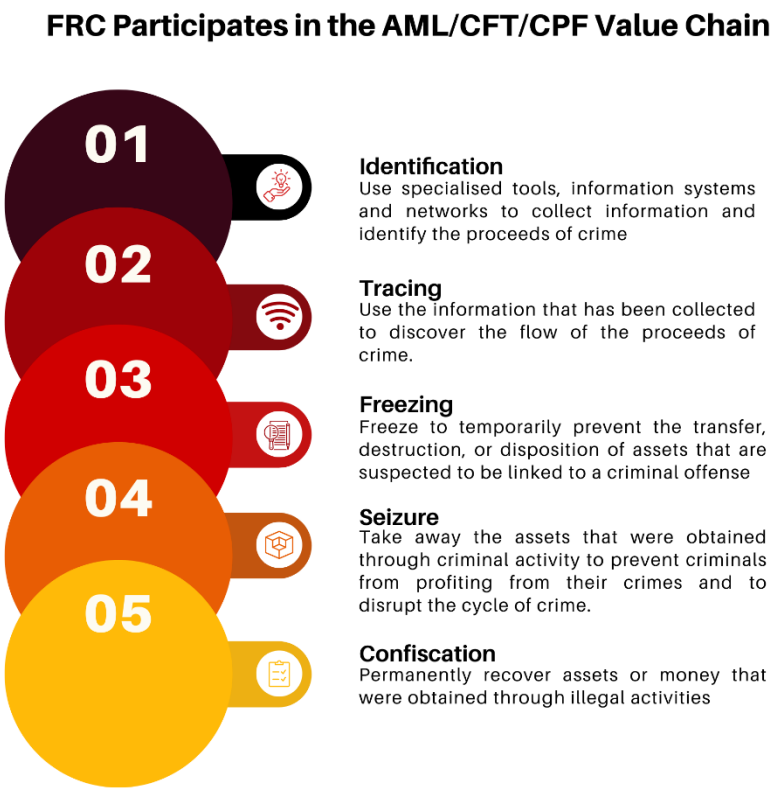


Figure 2: Core Values, Mission, and Vision Statements



1.2.1 The functions of the Centre include:

1. Setting anti-money laundering policies and formulation of regulations in consultation with the Board and Cabinet Secretary for the National Treasury;
2. Receipt, analysis and interpretation of information as prescribed by POCAMLA and POTA;
3. Compilation and analysis of data (records and statistics) including making recommendations arising out of any information received and issuing guidelines;
4. Dissemination of financial intelligence reports within and outside Kenya;
5. Creation and maintenance of a database of amongst others, reports of suspicious transactions and related Government information;
6. Registration of reporting institutions;
7. Inspection of reporting entities for compliance;
8. Designing and provision of anti-money laundering related training; and
9. Enhancing public awareness of AML/CFT/CPF.

1.3 Governance Structure

Anti-Money Laundering Advisory Board (AMLAB)

The Anti-Money Laundering Advisory Board (AMLAB) is established under section 49 of POCAMLA as a separate entity. The mandate of the AMLAB is to advise the Cabinet Secretary responsible for Finance on policies and best practice on combating money laundering, and to advise the Director General of the Financial Reporting Centre generally on the performance of his functions and the exercise of his powers under POCAMLA. Board members are appointed for a term of three years renewable once.

Constitution of the Anti-Money Laundering Advisory Board

AMLAB is constituted with a Chairperson appointed by the Cabinet Secretary from the designated board members and membership is as follows:

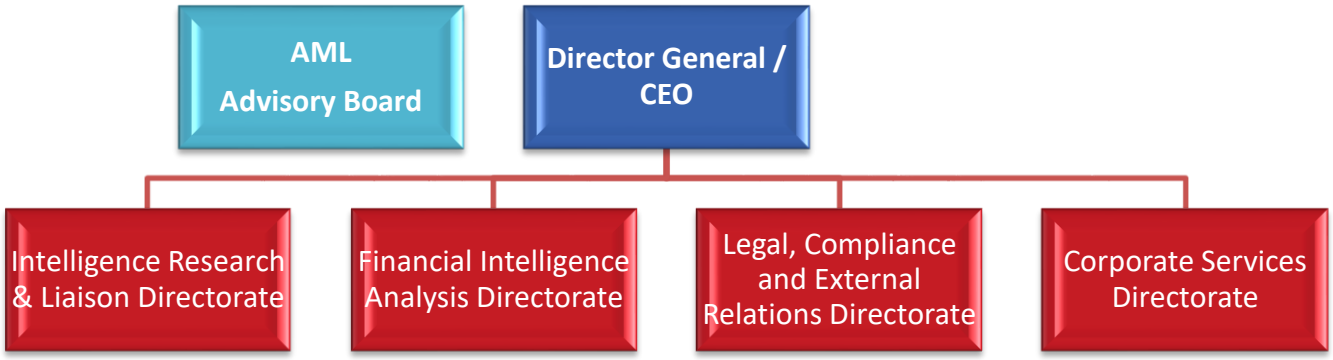
1. The Principal Secretary in the Ministry for the time being responsible for finance;
2. The Attorney-General;
3. The Governor, Central Bank of Kenya;
4. The Inspector-General of Police;
5. The Chairperson, Kenya Bankers' Association;
6. The Chief Executive Officer, Institute of Certified Public Accountants of Kenya;
7. Two other persons appointed by the Cabinet Secretary from the private sector with knowledge and expertise in matters relating to money laundering;
8. The Director-General of the National Intelligence Service;
9. The Director, Asset Recovery Agency; and
10. The Director-General, FRC who serves as the secretary.

1.4 Organizational Structure of the Centre

The Director-General is the Chief Executive Officer of the Centre and is responsible for its direction and management. The Cabinet Secretary responsible for Finance, upon the recommendation of the Anti-Money Laundering Advisory Board and the approval of the National Assembly, appoints the Director-General.

The Centre runs its affairs through four directorates that are staffed with experts in various subject areas. The chart below shows how the Financial Reporting Centre is structured.

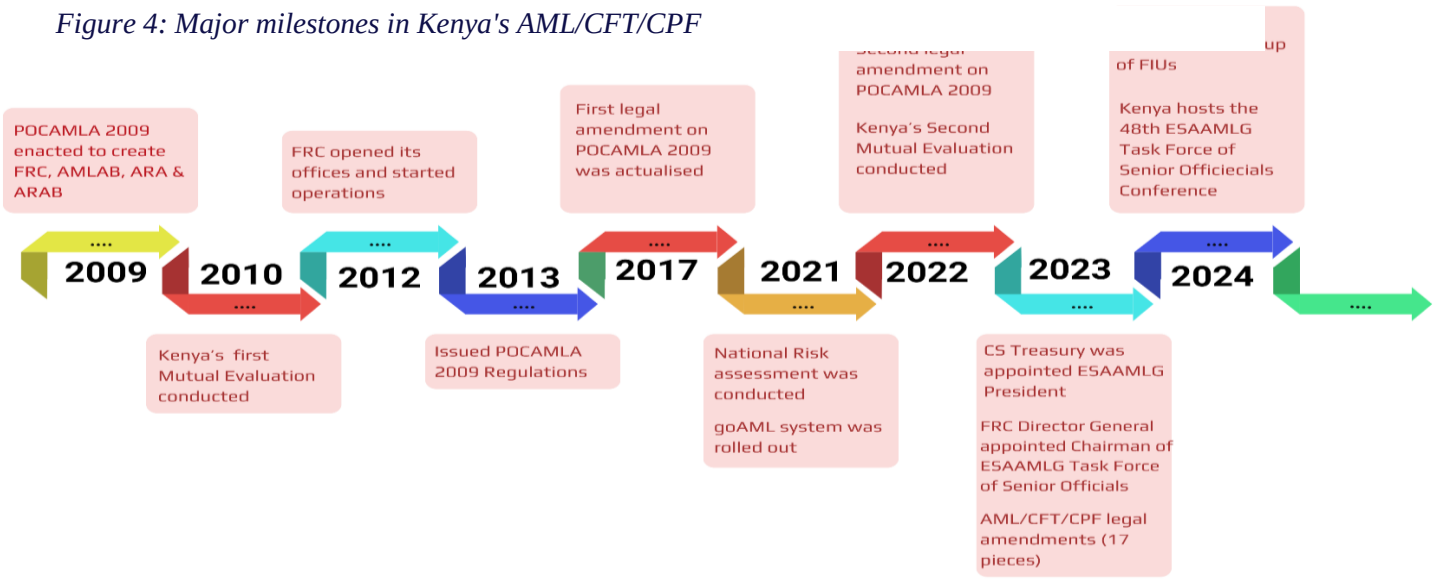
Figure 3: FRC Organizational Structure



1.5 Major Milestones of the FRC and Kenya's AML/CFT/CPF landscape

Since its establishment in 2009, the Centre has achieved major milestones among them, spearheading the country's National ML and TF Risk Assessments, admission into the Egmont group of FIUs, expanded scope of reporting entities, successful hosting of the 24th Eastern and Southern Africa Anti-Money Laundering Group's (ESAAMLG) Council of Ministers and the

Figure 4: Major milestones in Kenya's AML/CFT/CPF

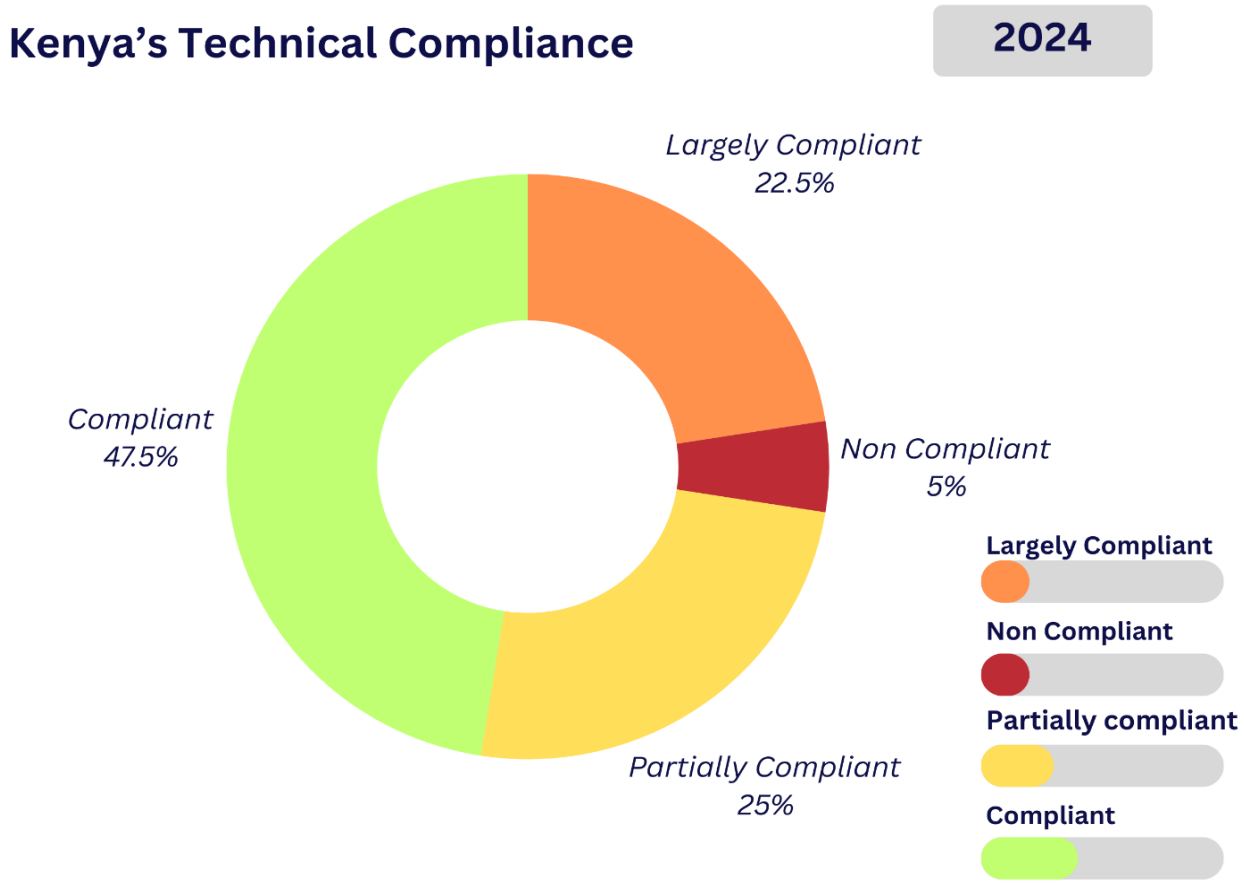


48th ESAAMLG Taskforce of Senior officials.

1.6 Kenya's Technical Compliance Rating – Year Ending 2024

Kenya is Compliant in 19 Recommendations, Largely Compliant in 9, and Partially Compliant in 10 and Not Complaint in 2.

Figure 5: Kenya's Technical Compliance Re-rating levels



2. LEGAL FRAMEWORK FOR AML/CFT/CPF

2.1 International Legal Framework

An elaborate legal structure guides FRC's activities, both at national and international levels. The Financial Action Task Force (FATF) is the global body that sets international standards for combating money laundering, terrorism financing, and proliferation financing. FATF has 40 Recommendations (Standards) that guide countries in their approaches against money laundering, terrorism financing and proliferation financing.

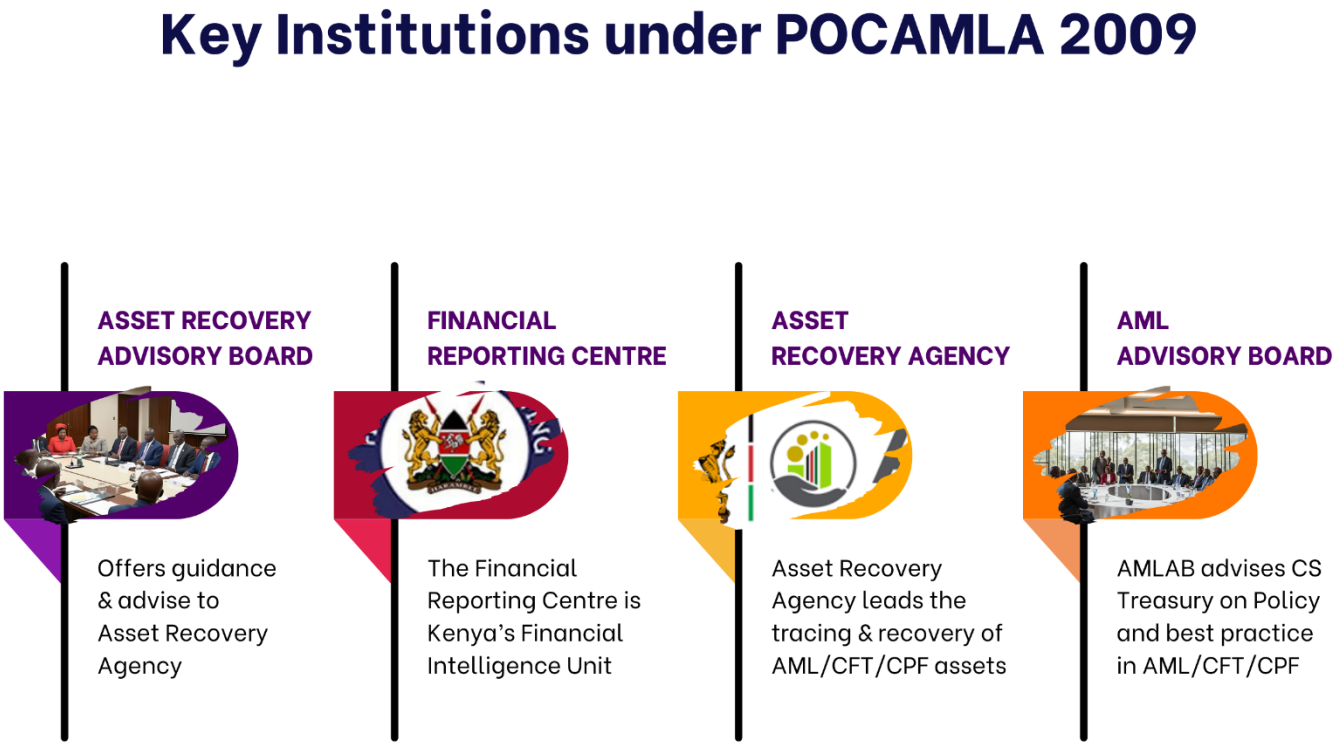
Further, the United Nations Security Council resolutions (UNSCR) also guide the global course in the fight against money laundering, proliferation financing, and terrorism financing. For instance, the UNSCR 2462, adopted in June 2019, requires all UN member States to criminalise the financing of terrorism and the attendant activities, stressing the essential role that FATF play in setting AML/CFT standards and ensuring their effective implementation globally. Countries adversely adjudged for their failure to implement the FATF standards are put under increased scrutiny within the international financial systems.

2.2 Domestic Legal Framework

2.2.1 Proceeds of Crime and Anti-Money Laundering Act, 2009 / POTA, 2012

The Country's legal regime is anchored primarily under two principal laws – the POCAMLA and the Prevention of Terrorism Act, 2012 (POTA). POCAMLA provides for the principal application of preventive measures and creates institutional arrangements to facilitate the fight against money laundering, while the POTA is the primary legislation governing counter-terrorism and counter-terrorism financing measures in Kenya. POCAMLA provides the legal framework for identifying, seizing, and confiscating proceeds of crime. The Proceeds of Crime and Anti-Money Laundering Regulations, 2023 provide for specific procedures, requirements and conditions to POCAMLA, reflecting a comprehensive and administrative framework for reporting institutions. POCAMLA also establishes the Anti-Money Laundering Advisory Board, the Financial Reporting Centre, the Asset Recovery Advisory Board (ARAB), the Asset Recovery Agency (ARA), and the Criminal Assets Recovery Fund.

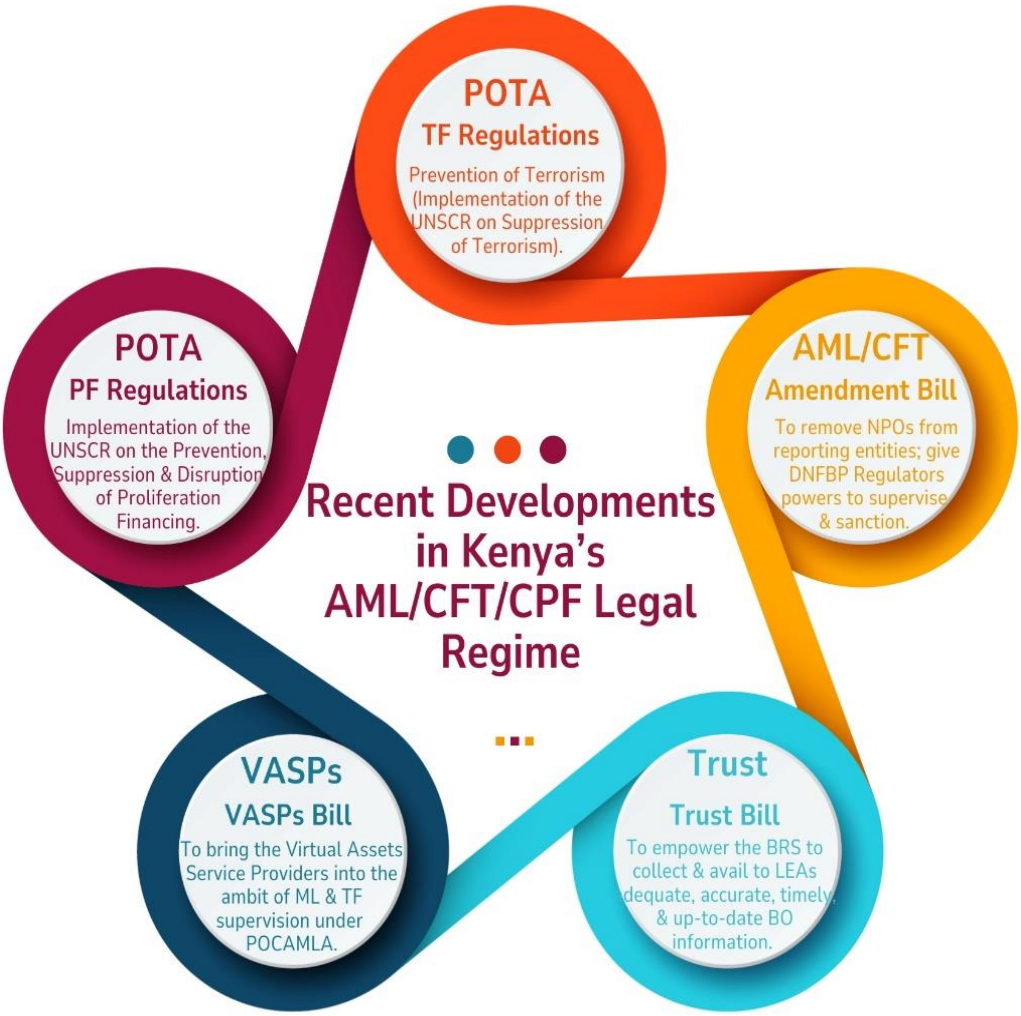
Figure 6: Key Institutions under POCAMLA, 2009



2.2.2 Recent Developments in Kenya's AML/CFT/CPF Legal Regime

Kenya's AML/CFT/CPF regime has undergone a series of reviews to comply with the FATF prescribed standards. During the year under consideration, Kenya reviewed regulations under POTA with regard to prevention of terrorism and proliferation financing. Further, the FRC has been engaging with various stakeholders to develop laws as part of the efforts to address strategic deficiencies that led to the Country's placement amongst jurisdiction under increased monitoring (FATF *Grey List*).

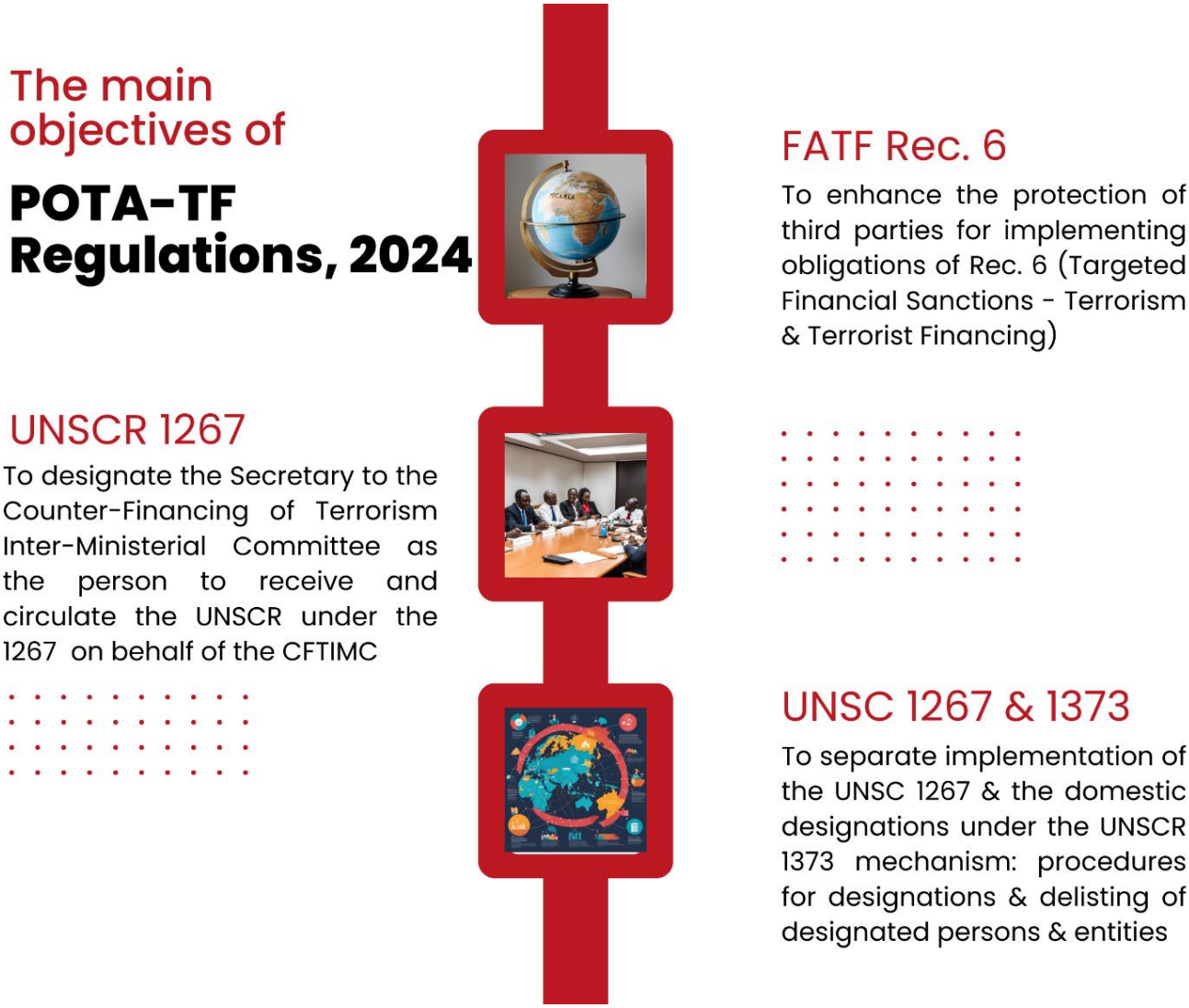
Figure 7: Recent Developments in Kenya's AML/CFT/CPF Legal Regime



a. Terrorism (Implementation on the United Nations Security Council Resolutions on Suppression of Terrorism) Regulations, 2024 (POTA-TF Regulations)

In 2024, Kenya issued new regulations, the Prevention of Terrorism (Implementation on the United Nations Security Council Resolutions on Suppression of Terrorism) Regulations, 2024. The regulations addressed freezing of targeted financial sanctions for terrorism without delay, a deficiency identified by both the ESAAMLG and the FATF review processes.

Figure 8: POTA Regulations 2024



b. The prevention of Terrorism (Implementation of the United Nations Security Council Resolutions on Prevention, Suppression and Disruption of Proliferation Financing) Regulations 2023 (POTA-PF Regulations).

On the PF regulations, whilst recognizing the availability of criminal sanctions, the deficiency identified by reviewers was that supervisory bodies are not able to sanction reporting institutions for breach of implementation of TFS with regard to PF. The 2023 regulations were amended in November 2024 to introduce administrative sanctions for breach of Targeted Financial Sanctions for PF.

c. Virtual Assets Service Providers Bill, 2024

Kenya's action plan requires the country to adopt a legal framework for the licencing and supervision of Virtual Assets (VA) and Virtual Assets Service Providers (VASPs). The Virtual Assets Service Providers Bill, spearheaded by the National Treasury and Economic planning, through a technical task force underwent stakeholders' engagement during the year 2024. Once enacted, the law will bring the VASPs into the ambit of money laundering and terrorism financing supervision under POCAMLA.

d. Trust Bill

The Centre supported the Business Registration Service (BRS) to develop the Trust bill, 2024. The law seeks to empower the BRS to collect and make available to Law Enforcement Agencies adequate, accurate, timely, and up-to-date Beneficial Ownership information on Trusts. Additionally, the law aims to establish an appropriate sanctions regime for violations of the Beneficial Ownership requirement with respect to Trusts.

e. Anti- Money Laundering and Combating of Terrorism Financing Laws (Amendment) Bill, 2024

The FRC together with the NTF sub-legal working group spearheaded an omnibus amendment on the AML/CFT regime by developing the Anti-Money laundering and the Countering of the Terrorism Financing (amendment) bills, 2024 that mainly aims to achieve the following:

(i) To review the framework of Non-Profit Organisations (NPOs) regulation and supervision by removing NPOs from the category of reporting institutions. The FATF standards require NPOs that are at risk of terrorism financing to be monitored and oversighted. Consequently, the Public Benefit Organisations Act is amended to give Public Benefit Organisations Regulatory Authority (PBORA) the powers to periodically conduct risk assessment, identify the NPOs at risk of Terrorism Financing and to apply focussed and targeted measures to that category of NPOs.

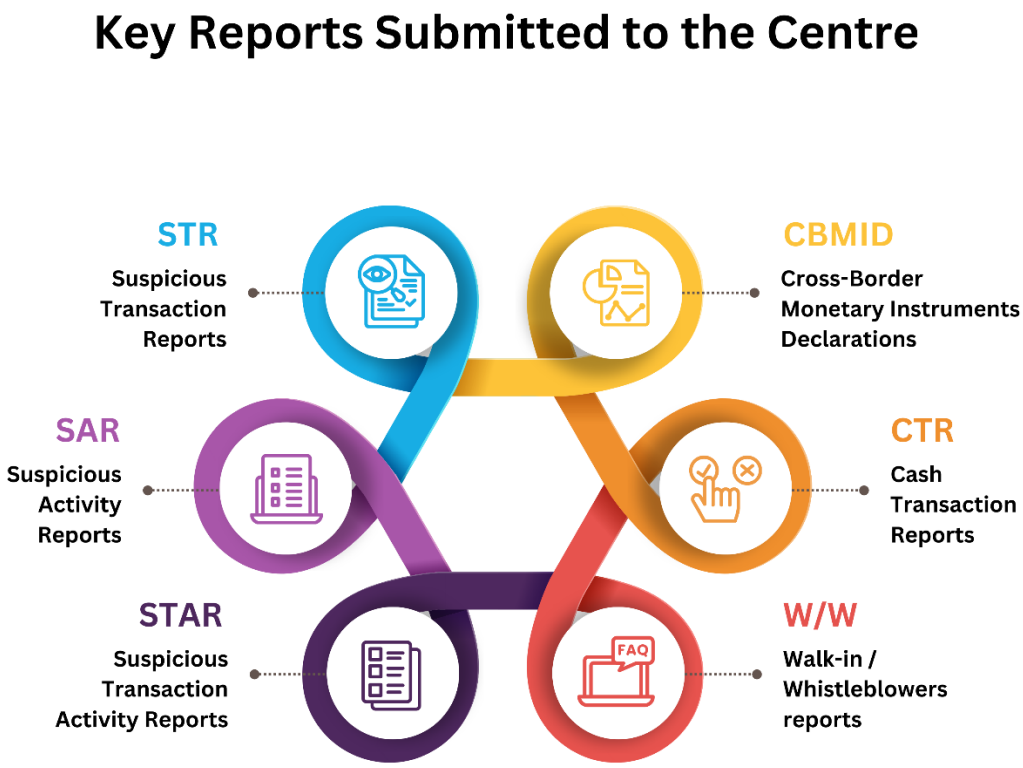
(ii) To review various constitutive laws to give DNFBP Regulators powers for AML/CFT supervision and sanctions against non-compliance by the entities they supervise. Some of the amendments cover the Retirement Benefit Authority Act, Mining Act, the Accountants Act, Certified Public Secretaries Act, and Saccos Societies Act.

3. RECEIPT, ANALYSIS AND DISSEMINATION OF INFORMATION

3.1 Financial Intelligence Analysis & Reporting

One of the Centre's core-function is to provide intelligence to law enforcement agencies relating to suspected money laundering, terrorism financing and related financial crimes. The Centre analyses suspicious transaction reports (STRs) and other financial transactions reports from reporting institutions from which the Centre compiles intelligence disseminations to law enforcement agencies for appropriate action. The Centre receives reports in prescribed forms, as shown in the figure below.

Figure 9: Reports Submitted to the Centre by Reporting Institutions



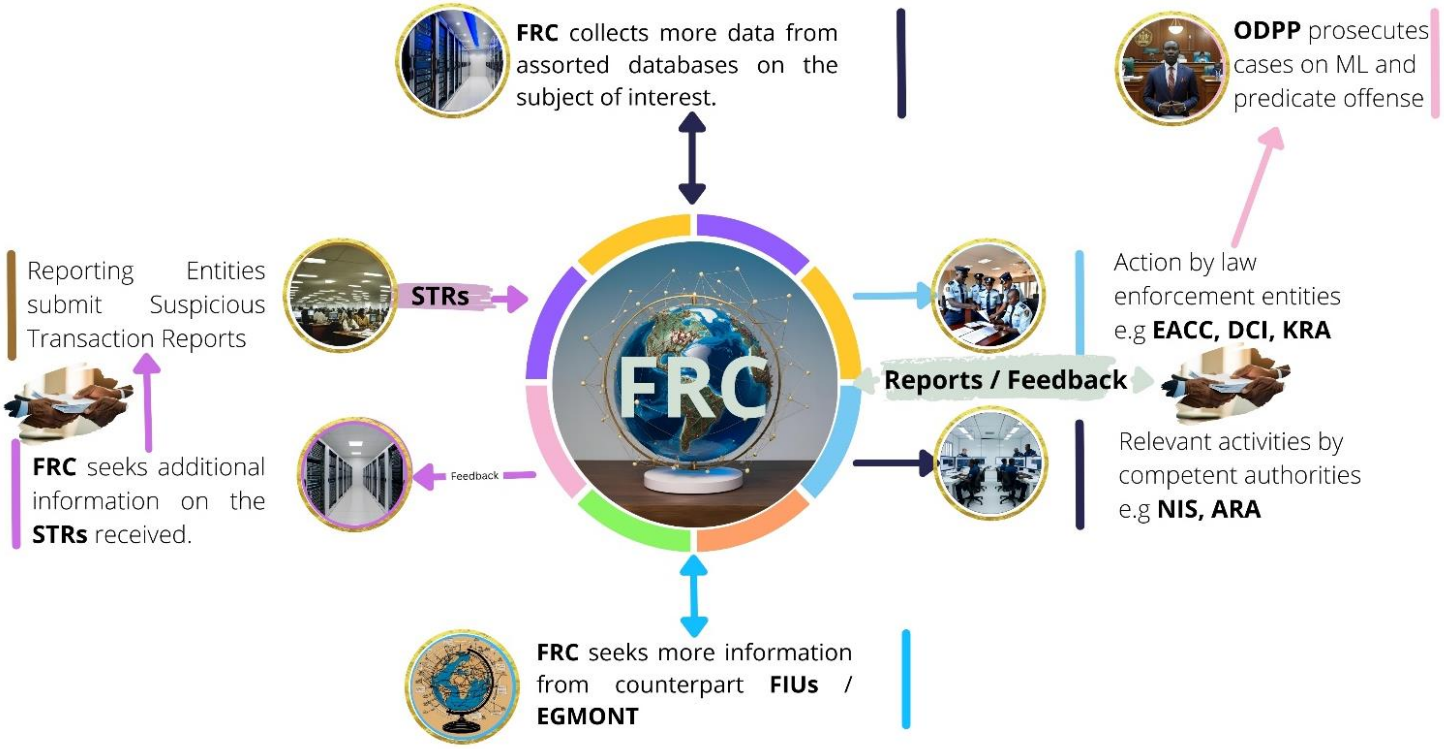
The FRC updated its Financial Intelligence Analysis and Reporting Manual in May 2024 to take into account process improvements, new analytical tools and alignment with the upgraded goAML reporting platform.

Suspicious Transaction Reports (STR/SAR/STARs)

The principal objective of the Centre is to assist in the identification of proceeds of crime and the combating of money laundering. To facilitate this process, Section 44 of POCAMLA places

an obligation upon Reporting Institutions to file Suspicious Transaction Reports (STR) and Cash Transaction Reports (CTRs) with FRC.

Figure 10: Conversion of STRs to Financial Intelligence



In 2024, the Financial Reporting Centre received 8,057 reports consisting of 5,454 STRs, 2,482 SARs and 114 STARs from reporting institutions and 7 reports from walk-ins / whistle blowers. This represents a twenty two percent (22%) increase as compared to the previous year where the Centre received 6,631 reports. The banking sector has maintained its consistency as the primary source of STR/SAR/STARs reporting. However non-banking sector have increased their reporting by 66% whereas the banking sector grew by 17% in the same period.

The Centre has continued to engage with reporting institutions in its efforts to improve the quality of reporting in addition to upgrading its goAML reporting tool as part of its efforts to enhance seamless reporting. Deliberate initiatives to improve the quality of reports received from reporting institutions are as below:

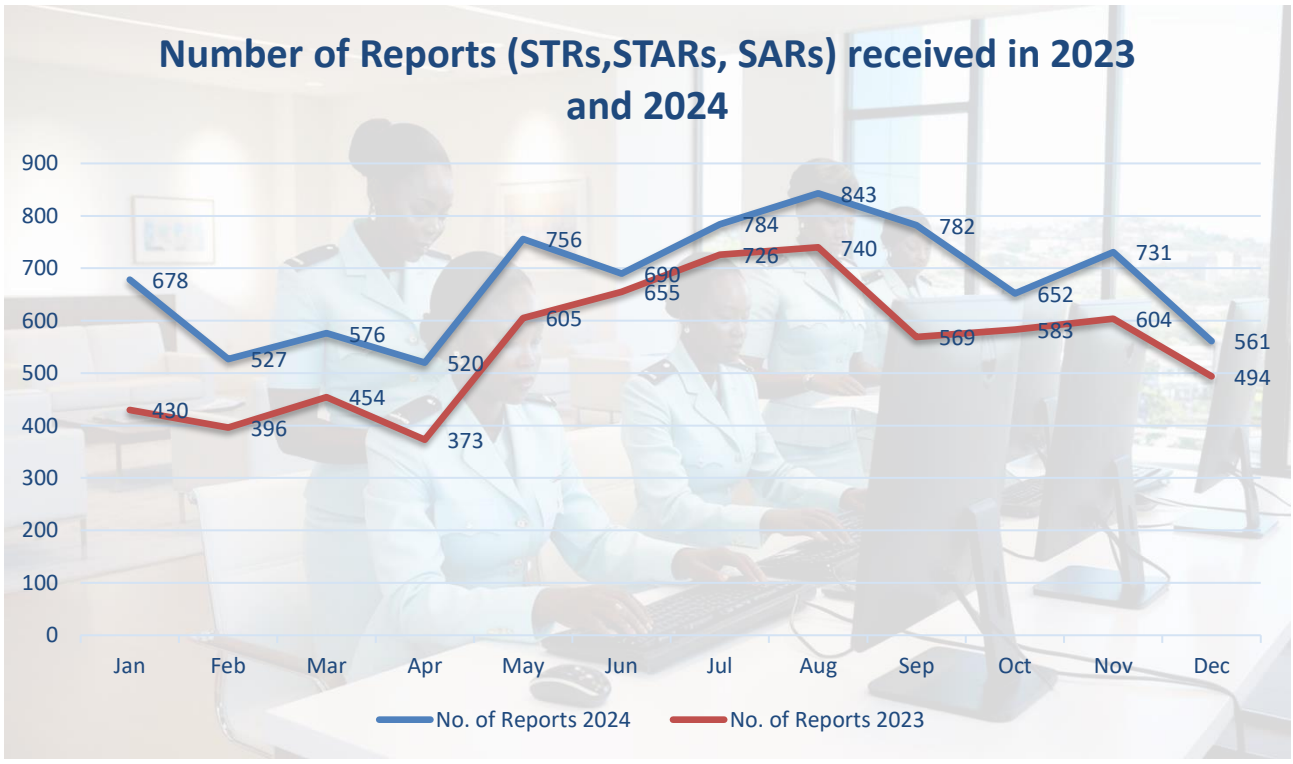
1. Sustained engagements with reporting institutions including senior management and Boards of Directors in order to ensure the AML/CFT/CPF initiatives are given prominence.

2. Capacity building of both FRC staff and stakeholders through customized trainings and workshops.
3. Training of newly registered reporting entities on their obligations, detection, and reporting and AML/CFT/CPF typologies.
4. Enhanced collaborations, joint trainings, and information exchange with supervisory bodies.
5. Upgrade of the goAML platform for reporting in line with global best practices by the international goAML community to facilitate seamless exchange of information with reporting entities.

Table 1: Number of monthly reports in 2024

Number of Reports (STR, STAR, SAR) Received in 2024												
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
No. of Reports	678	527	576	520	756	690	784	843	782	652	731	561

Figure 11: Reports received in 2023 and 2024 (uncategorized)



The increase of STRs in the months of July and August is attributable to heightened financial activity among corporations / government agencies during the closure of the financial year, which is customarily characterised by settlement of outstanding obligations and pending bills.

Equally, the training programmes that were rolled out to reporting institutions also enhanced the number of reports filed to the Centre. These include a Money Laundering Reporting Officers (MLROs) conference for Financial Institutions and DNFBPs that the Centre conducted with the support of the UNODC, where FIs were sensitized on the requirement to prioritise CDD, EDD, BO, and PEPs obligations. In addition, BRS conducted trainings to members of the Compliance Society of Kenya, money service providers, and forex bureaus on BO. Moreover, the enhancement of risk-based controls by reporting institutions following Kenya being designated as a jurisdiction under increased monitoring also contributed to the quality and volume of the reports.

Sectoral reporting

The Centre received 7,287 reports filed by Commercial banks and / or mortgage institutions while 819 came from other sectors. The STR/SAR/STARs received from the Commercial banks and / or Mortgage institutions were distributed as shown below:

Table 2: Sectoral Reporting of STRs/SARs/STARs

Sector	2023			2024		
	Total No. of STRs	TF related STRs	ML related STRs	Total No. of STRs	TF related STRs	ML related STRs
Banks/Credit institutions	**6131**	72	6058	**7287**	94	7193
Money Transfer Operators (mobile money/ money remitters)	**401**	83	318	**624**	61	563
Foreign Exchange Bureau	**14**	0	14	**12**	0	12
Capital Markets/Securities Operators	**26**	0	26	**93**	0	93
Insurance Company/Life Insurance Broker/ Agent	**32**	1	31	**38**	1	37
Sub Total FIs	**6604**	**156**	**6447**	**8054**	**156**	**7898**
Lawyers and Advocates	**0**	0	0	**1**	0	1
Casinos	**21**	0	19	**0**	0	0
Accountants	**3**	0	0	**0**	0	0
Real Estate	**0**	0	0	**1**	0	1
Sub Total DNFBPs	**22**	**0**	**19**	**3**	**0**	**3**
FI & DNFBP Total	**6628**	**156**	**6468**	**8057**	**156**	**7901**

Figure 12: Reports from Commercial Banks in 2024

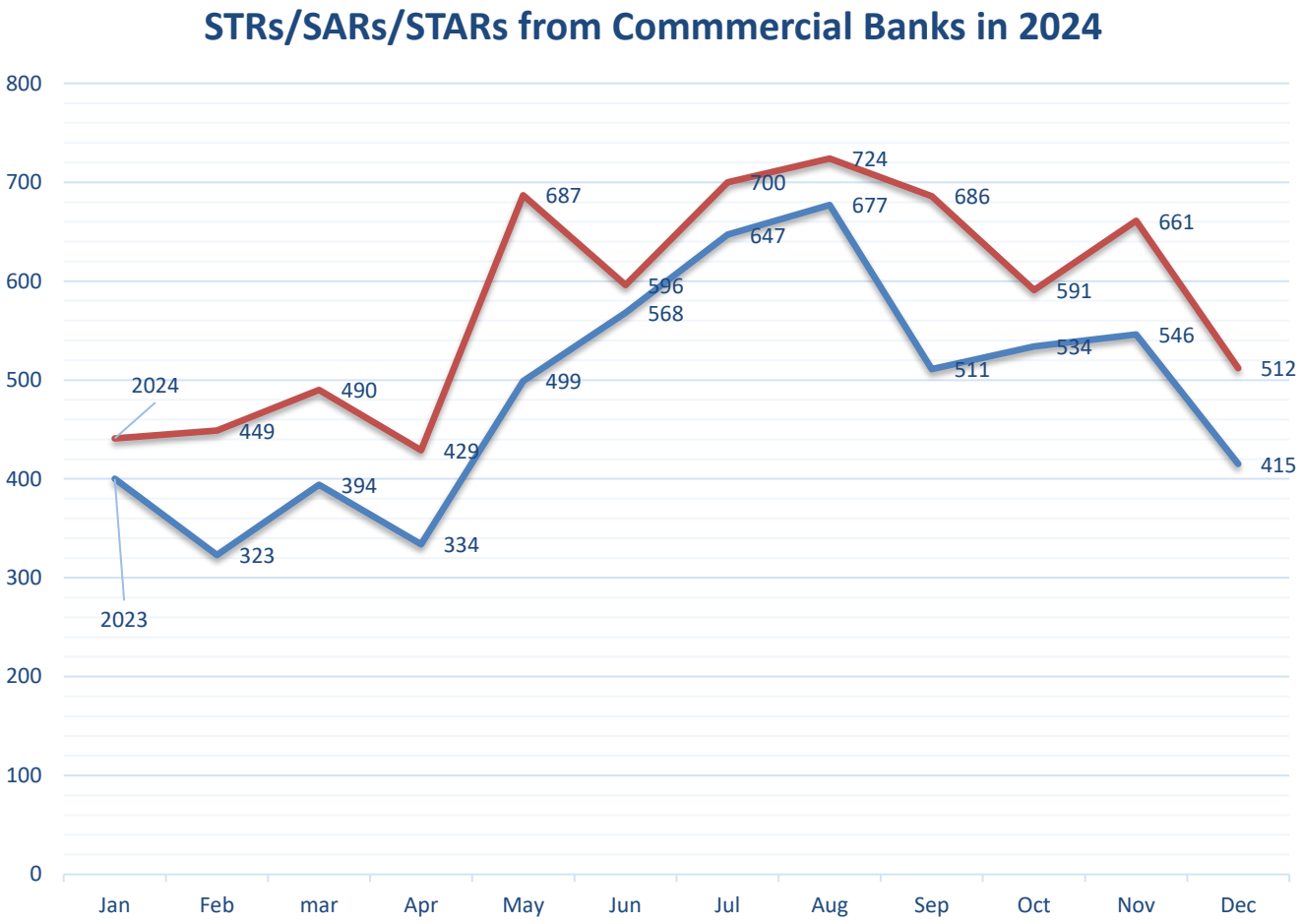


Table 3: Reports from Commercial Banks in 2023 and 2024

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	400	323	394	334	499	568	647	677	511	534	546	415
2024	441	449	490	429	687	596	700	724	686	591	661	512

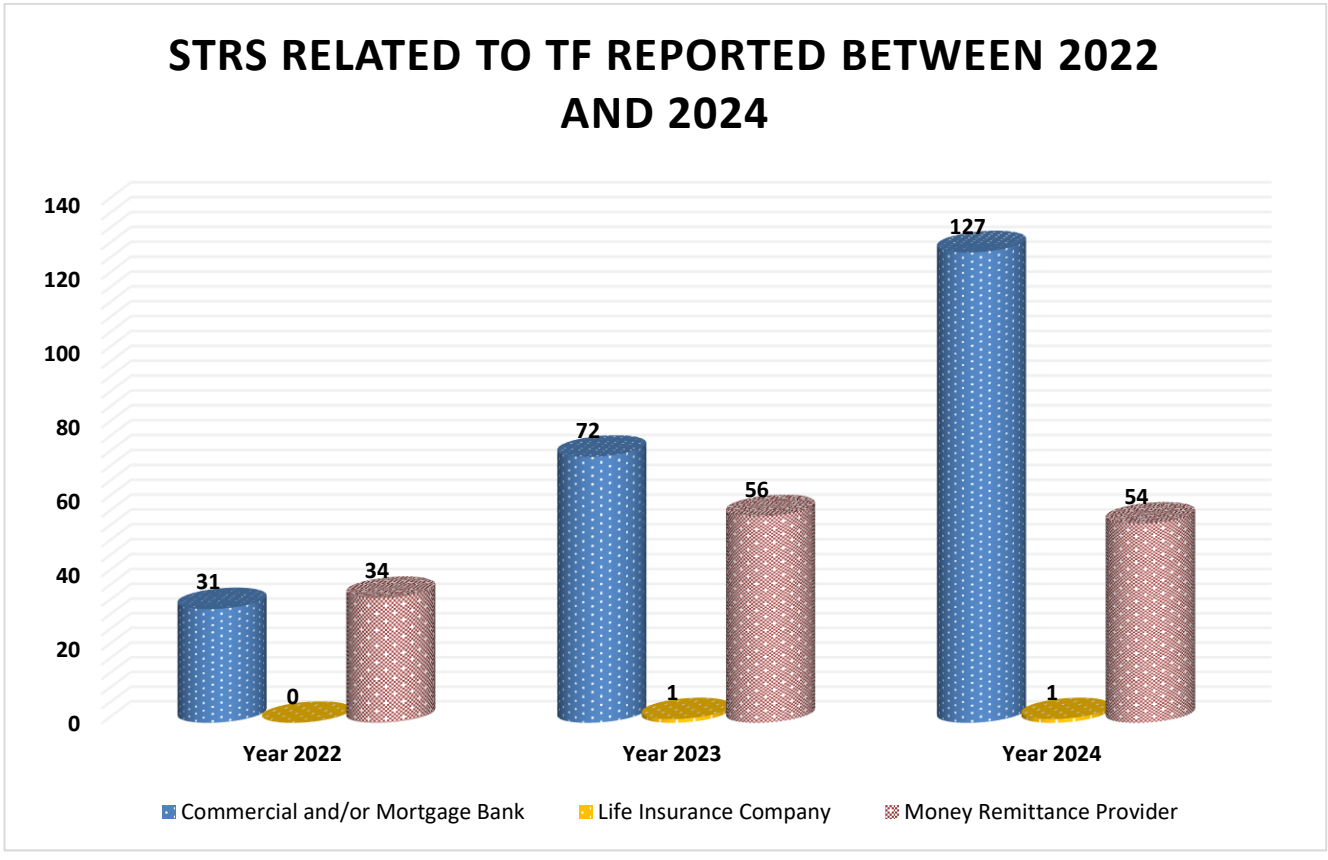
3.2 Terrorism Financing

One of the key mandates of the Centre is to combat terrorism financing. To this end, the Centre enhanced engagements with reporting entities aimed at cascading the contemporary typologies on terrorism financing. The Centre received STRs related to terrorism financing as shown in the table below.

Table 4: TF related STRs in 2024

Sector	2023	2024
	TF related STRs	TF related STRs
Financial Institutions		
Banks/Credit institutions	72	94
Money Transfer Operators (mobile money and money remitters)	83	61
Foreign Exchange Bureau	0	0
Capital Markets/Securities Operators	0	0
Insurance Company/Life Insurance Broker/ Agent	1	1
Sub Total FIs	**156**	**156**
DNFBPs		
Lawyers and Advocates	-	-
Casinos	-	-
Accountants	-	-
Real Estate	-	-
Sub Total DNFBPs	-	-
FI & DNFBP Total	**156**	**156**

Figure 13: TF Related STRS from 2022 - 2024



Cash Transaction Reports (CTRs)

Regulation 34 of the Proceeds of Crime and Anti-Money Laundering Regulations 2023 requires all reporting institutions to file reports with the Centre on all cash transactions equivalent to or exceeding US$ 15,000 or its equivalent in any other currency carried out by it, whether or not the transaction appears to be suspicious. The cash transaction reports are submitted by the end of every week.

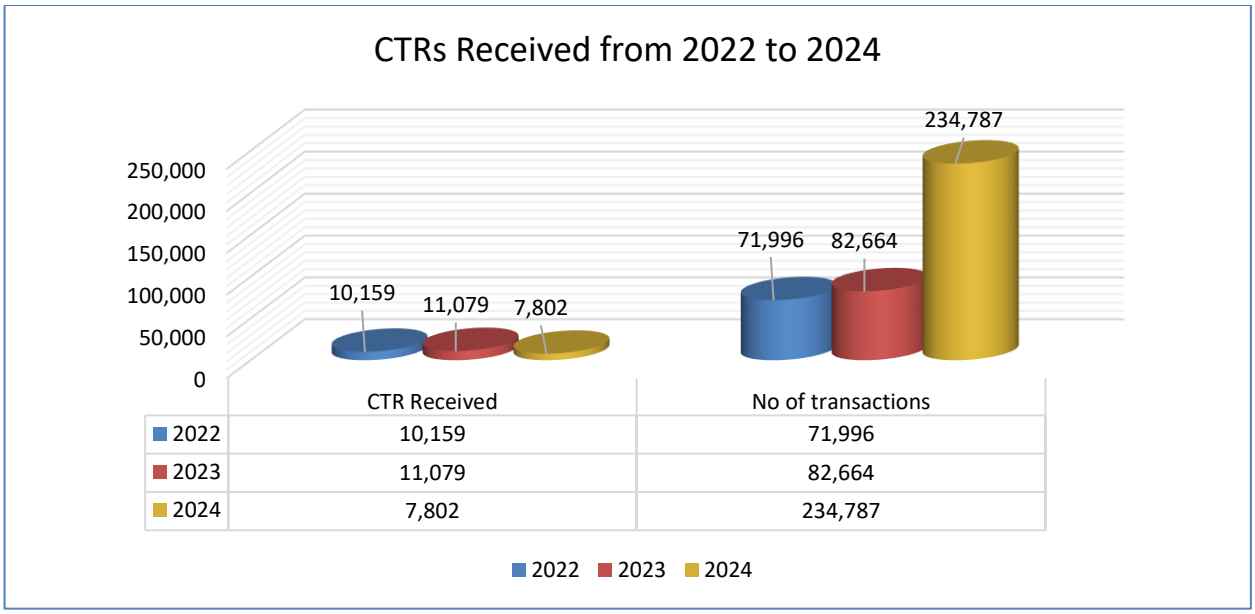
In 2024, the total number of CTR reports received was 7,802 representing a 29.6% decline in CTRs received as compared to the previous year which had 11,079. However, the number of transactions increased significantly from 82,664 to 234,787. It is important to note that one CTR report can have multiple CTR transactions. The increased CTR transactions can be attributed to the increase in number of reporting institutions. The table below shows the CTRs received from 2022 to 2024:

Table 5: CTRs received

Period	CTRs Received	No of transactions*	Number of transactions that enriched analysis
2022	10,159	71,996	459
2023	11,079	82,664	301
2024	7,802	234,787	398
Total	29,040	389,447	1,098

**One CTR can contain multiple transactions*

Figure 14: CTRs received from 2022 and 2024



One CTR can contain multiple transactions

3.3 Disseminations

An integral function of the Centre is to disseminate financial intelligence relating to illicit financial flows to Law Enforcement Agencies to facilitate the administration and enforcement of laws in Kenya. The Centre enriches reports received with information from multiple sources towards production of high quality intelligence disseminations. In 2024, 299 spontaneous disseminations were made to various Law enforcement agencies representing a 21% increase as compared to the previous year. This is attributed to the increased engagements with reporting entities for reporting excellence, technological upgrades, sectoral indicators development and aligning disseminations to the operational needs of the law enforcement agencies. The table below shows the disseminations made to LEAs:

Figure 15: Spontaneous disseminations to Law Enforcement Agencies

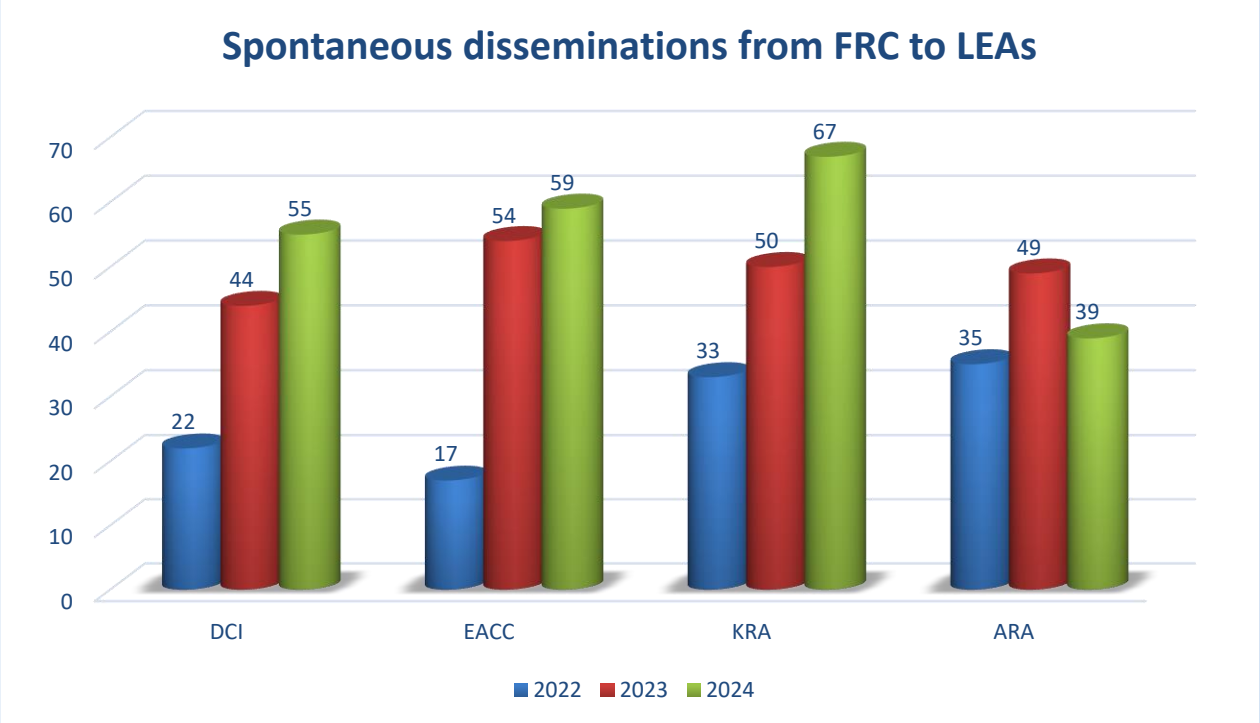


Figure 16: Disseminations upon Request from FRC to LEAs

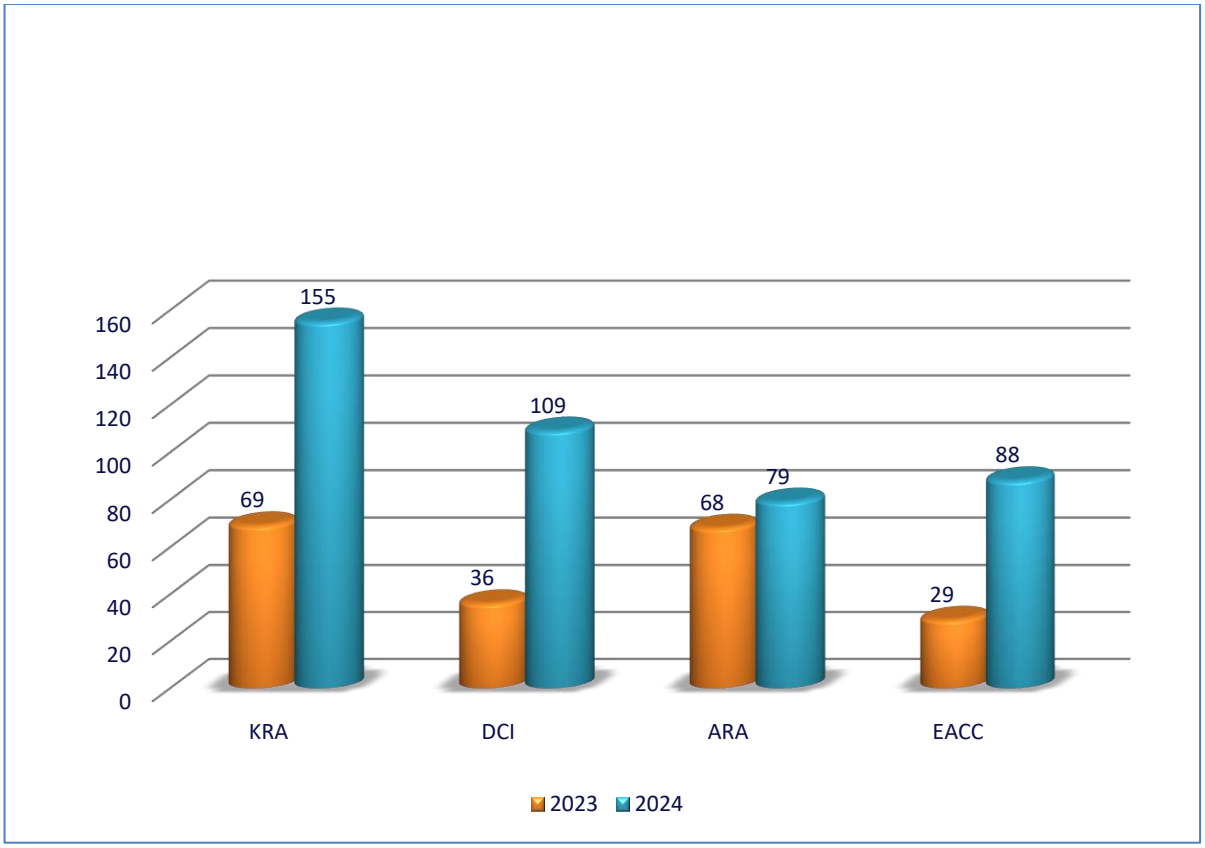


Table 6: Status of spontaneous disseminations from FRC for the period 2024(Jan – Oct 2024)

			Status of disseminations			
LEA	**No of disseminations from FRC**	**Resulted in investigations**	**Pending under investigations**	**Proceeded to prosecution (*if applicable*)**	**Closed**	**New lines of inquiry**
DCI	57	57	40	7	10	19
EACC	45	45	45	0	0	0
KRA	54	54	54	0	0	28
NIS	78	78	28	30 *(finalized and action taken)*	20 *(closed and under monitoring)*	2
ARA	43	43	43			

Table 7: Summary of the Status of 2023 Spontaneous Disseminations

Summary of the Status of 2023 Spontaneous Disseminations			
Agency	**Disseminations**	**Triggered Investigations**	**Status**
DCI	44	44	31 pending under investigations; 6 under prosecution; 7 closed; 28 new lines of inquiry
EACC	54	54	54 pending under investigations
KRA	50	79	All investigated; Kshs.1,969,882,262 tax assessed Kshs.1,424,661,590 paid
ARA	49	49	42 pending under investigation 2 preservations made 3 forfeitures made 2 cases closed

Table 8: Predicate Offences in Spontaneous disseminations to LEAs in line with Kenya's ML/TF risk profile

Predicate offence	2023	2024
Corruption	75	59
Fraud	56	46
Tax Evasion	25	67
Money Laundering	32	37
Drug	0	1
Other Predicate Offences	1	13
Terror Financing	8	14
Total	**197**	**237**

3.3 Case studies

In the course of operations, the Centre made the below sampled disseminations/ case studies which highlight the level of cooperation between the Centre and Law Enforcement Agencies

specifically in serving their operational needs.

Case study 1 on Human Trafficking

Case details	**Case 1**
Authorities involved in the investigations	Directorate of Criminal Investigations Financial Reporting Centre
Offences	Human Trafficking
Summary	Mr. AKK is a truck operator operating between Nairobi and the Northern region of Kenya where there is a refugee camp and next to an international border. There was intelligence that the truck was being used to transport people from the refugee camp to the city. The truck was intercepted at a security operations point and it was found to have been modified so as to conceal the persons being transported. A search in the motor vehicle registry established that MR.XYZ was the registered owner of a logistic companies operating within the wider Horn of Africa region. A request was done from the DCI to the FRC for both MR.AKK and MR.XYZ. Mobile money transactions analysis by FRC indicated a high number of financial transactions where Mr. AKK transferred funds to MR.XYZ. This contradicted the scenario where the director of the logistics company received funds from the employees as opposed to the opposite. Investigations further established that the concealed persons were destined to an estate within the city which had a high population of foreigners for onwards transmission to Libya. Further analysis by FRC on the financial operations of MR. XYZ established that he received frequent mobile transfers from individuals operating within the western border of Kenya which connects Kenya to Libya through Uganda, and Sudan. The intelligence agency also established the subject was in constant communication with persons in Libya. Further intelligence information established that he constantly received funds through hawalas.
Outcome	Mr. XYZ was charged for human trafficking. The matter is pending before court.

Case study 2 on TF

Case details	Case 2
Competent authorities involved	Financial Reporting Centre Assets Recovery Agency Directorate of Criminal Investigations- ATPU
Summary of case facts	ARA received a financial intelligence disclosure from the FRC arising from analysis of an STR filed by a local bank. The intelligence disclosure was on an individual YYY residing in Kenya who received USD. 560,000.00 from a foreign national designated by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) for financing Houthi militias and instability in Yemen. The money was sent on the pretext that it was payment consideration for a house located in Mogadishu, Somalia and valued at USD. 2,200,000.00 that the designated individual had bought from individual YYY.
Outcomes/results	1. Investigations by ARA led to the identification and freezing of a prime residential mansion in Nairobi registered to the designated individual. 2. The ARA also froze funds held in a bank account operated by individual YYY 3. Request sent to Somalia FIU to seek more information on the individual. 4. The case is under investigation by ATPU for TF.

Case study 3 on tax evasion and ML

Case details	Case 3
Authorities involved in the investigations	Financial Reporting Centre National Intelligence Service Kenya Revenue Authority National Intelligence Service
Offences	Tax evasion

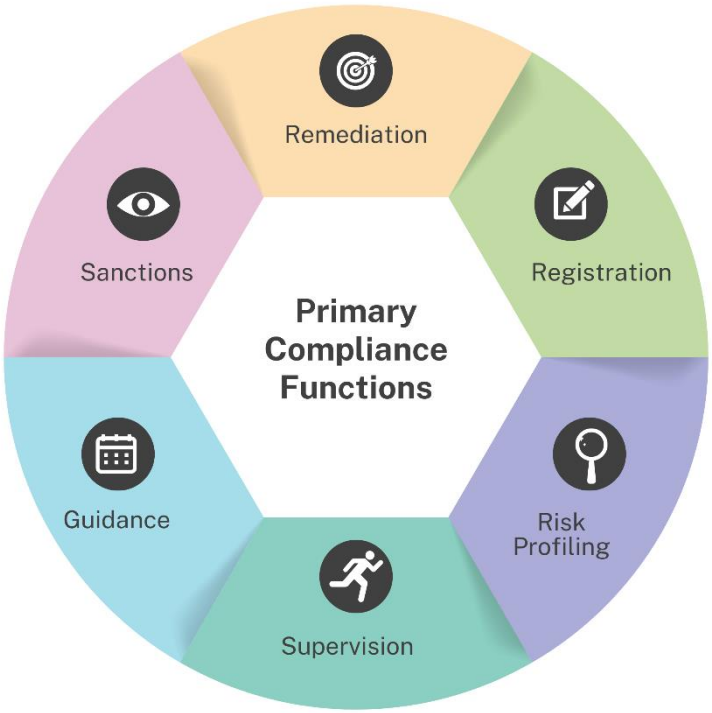
	Money Laundering
Summary	FRC received suspicious transactions reports relating to DDD, a foreign construction company. Analysis established that DDD also has two local subsidiaries TKK and KKT that are involved in construction of mega infrastructure projects. The directors of the three related companies hatched a scheme of evading taxes through making fictitious payments. They used company employees to register shell companies that were used to raise invoices claiming to be suppliers of construction materials. The shell companies recruited businesses which were dealing in hardware and construction materials. They subcontracted them to make the supplies. Part of the funds that were paid to the shell companies were withdrawn in cash, converted into foreign currencies while a smaller portion was paid to the suppliers. The FRC developed a report and disseminated it to KRA for tax assessment for all the entities involved. KRA conducted investigations and established that the firm and its subsidiaries were involved in a complex tax evasion scheme that entailed claiming of Value Added Tax (VAT) through inflated and fictitious invoices. This was with an aim of reducing their tax abilities. The entities raising the invoices were shell companies with no known business operations.
Outcome	Following this, KRA issued the firm with an assessment of USD 8.5M for VAT and income tax. This was objected and the directors filed an appeal at the Tax Appeal Tribunal. KRA demonstrated that fictitious invoices were used to legitimize the transfers and to reduce tax liabilities. The ruling was upheld and the taxes recovered.

4. COMPLIANCE

The Financial Reporting Centre is mandated to supervise reporting institutions pursuant to Section 36 of POCAMLA. The Centre employs a risk-based approach in monitoring Reporting Institutions for their compliance to their obligations as espoused in the AML/CFT/CPF laws and guidelines. In addition to this, supervisory bodies in the financial sector supervise their respective licensees for AML/CFT requirements. For Designated Nonfinancial Businesses and Professions (DNFBPs), the Centre retains the supervisory mandate for AML/CFT/CPF except for the legal profession.

The primary Compliance functions of the Centre are registration, risk profiling, supervision, guidance, remediation, and sanctions.

Figure 17: Primary Compliance Functions



The Centre ensures that reporting institutions access the goAML platform to register for purposes of reporting. The risk profiling component of compliance involves the identification, assessment and monitoring of ML/TF risks posed by reporting institutions and their respective sectors. The Centre conducts its supervision role through various tools and actions to ensure that the reporting institutions are adhering to their AML/CFT/CPF obligations. Further, the Centre provides guidance to reporting institutions in relation to the interpretation and application of their AML/CFT/CPF obligations. After undertaking compliance examinations, the Centre determines the corrective actions to be taken by reporting institutions and follows up on the implementation as a form of remediation. In cases where reporting institutions flout the set laws and guidelines, the compliance activity would invoke the appropriate sanctions.

4.1 Highlights of sector-specific supervisory activities in 2024

During the year, the Centre implemented its annual supervision plan based on road maps for each sector for purposes of DNFBP supervision. The Centre developed sector-specific guidance and supervisory tools for other DNFBP sectors i.e. accountants, Dealers in Precious Metals and Stones (DPMS), Trust and Company Service Providers (TCSPs) and Lawyers. The tools and guidance were developed through consultancies, workshops, and validation exercises in partnership with the United Nations Office on Drugs and Crime (UNODC) and the German International Cooperation Society (GIZ). The tools and guidance are specific to the DNFBP sectors and were subjected to validation by the FRC, regulators, and relevant stakeholders including the private sector. The Centre's supervisory staff, with the technical assistance of UNODC and GIZ, also undertook joint trainings on risk-based supervision with staff from the Institute of Certified Public Accountants of Kenya (ICPAK), State Department for Mining and Law Society of Kenya. The trainings were key in the development of the sector-specific supervisory tools for accountants, dealers in precious metals and stones and legal profession. The supervisory tools include supervisory manuals, supervisory strategies, supervision plans, statistical questionnaires, risk profiling matrices and offsite monitoring tools.

Table 9: Specific Supervisory tools developed

Sector	AML/CFT guidance	Supervisory Manual	Supervisory Strategy	Supervision Plan/Road map	Statistical questionnaire	Risk profiling Matrix	Off-site Monitoring tools
Accountants	1.	1.	2.	3.	4.	5.	6.
DPMS	7.	8.	9.	10.	11.	12.	13.
TCSPs	14.	15.	16.	17.	18.	19.	20.
Lawyers	-	-	-	-	21.	22.	-

4.1.1 Accountants

Supervisory activities for accountants focused on sensitization of the accounting firms, registering them in goAML, and enhancing the Accountants' Guidance on AML/CFT. During the year, the Centre jointly with the Institute of Certified Public Accountants of Kenya (ICPAK) reviewed and revised the 2020 Accountants' Guideline taking into consideration the changes in the AML/CFT/CPF Laws and Regulations and MER findings.

4.1.2 Dealers in Precious Metals and Stones (DPMS)

The Centre engaged with various stakeholders like the State Department for Mining and Kenya Chamber of Mines in the sector as part of collaborative efforts towards AML/CFT supervision of the sector. As a result of the engagements, State Department of Mining (SDM) designated 10 officers to participate in AML/CFT supervisory activities. Supervisory activities commenced with sensitization and registration, which led to the increase in number of registered entities from nine as at October 2023 to 38 as at December 2024.

4.1.3 Lawyers

The Centre had various engagements with the Law Society of Kenya (LSK) as part of collaborative efforts towards supervision of the sector. LSK received Technical Assistance from the British High Commission (BHC) with the primary objective to assist the LSK improve its capacity to act as the AML/CFT supervisor of the legal profession and develop its capacity to regulate and supervise lawyers from an AML/CFT perspective. The LSK has consequently developed statistical questionnaires and risk-profiling matrices and rolled them out for risk profiling of lawyers in September 2024.

4.1.4 Trusts and Company Service Providers (TCSPs)

The Centre developed a supervisory strategy and roadmap for the TCSPs. Additionally, the Centre developed a risk assessment tool and questionnaire for the purpose of conducting institutional risk assessment of the TCSPs. The Centre will disseminate the risk assessment questionnaire to collect data for risk profiling in January 2025. The Centre also supported the Institute of Certified Secretaries (ICS), the licensing body for TCSPs, to develop an AML/CFT Guidance for the TCSPs under its governance framework.

4.2 Registration

Reporting institutions defined as financial institutions and designated non-financial businesses and professions (DNFBPs) are obligated by Section 47A of POCAMLA to register with the Centre. The process of registration with the Centre was automated through the implementation of the goAML platform in 2021. A significant increase in the number of registrations was recorded in 2024, arising from directives by the Centre to hitherto unregistered sectors like real estate, accountants, SACCOs and dealers in precious metals to be registered. As at the end of 2024, the number of entities registered by the Centre through the goAML system stood at 1,439 as demonstrated below:

Table 10: Status of Registration of Reporting Entities

	Institution type	Number registered	No. of reporting entities in the sector
1.	Casinos	72	**73**
2.	Real Estate Agencies	112	**1504 individuals1**
3.	Accountants	463	**10542**
4.	Dealers in Precious Metals and Stones	19	**118**
5.	Trusts and Company Service Providers	20	**1000 individuals3**
6.	Commercial and/or Mortgage Banks	39	**39**
7.	Microfinance Banks	14	**14**
8.	Digital Credit Providers	41	**85**
9.	Foreign Exchange Bureau	78	**84**
10.	Fund Managers	35	**43**
11.	Investment Advisers	12	**22**
12.	Investment Banks	16	**17**
13.	Life Insurance Providers	18	**23**
14.	Life insurance Broker or Agent	81	**180**
15.	Money Remittance Provider	24	**27**
16.	Online Foreign Exchange Broker	11	**11**
17.	Payment Service Provider	37	**42**
18.	Stock Brokers	9	**9**
19.	Non-Withdrawable Deposit taking SACCOs	165	**178**
20.	Deposit Taking SACCOs	173	**181**

1 These are the total number of real estate agents (individuals) regulated by Estate Agents Registration Board. The total number of agencies registered with FRC is 86; there are several agents within the agencies registered.

2 These are the total number of accounting firms registered and licensed by Institute of Certified Public Accountants of Kenya (ICPAK) to practise and provide accountancy business (audit, tax, advisory, consultancy, due diligence in relation to mergers & acquisitions, among others) in Kenya. The rest of the individual accountants are non-practising and are employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not-for-profit sector, regulatory bodies or professional bodies.

3 These are the total practising Certified Secretaries (individuals) as per the Regulator, Institute of Certified Secretaries of Kenya (ICSK), who carry on matters of governance, corporate secretarial practice, compliance, management, administration, advisory, consultancy, corporate recovery, and insolvency as a business. The CSs practise as either individuals or partners within a professional firm. The registered firms have several company secretaries practising under the firm.

	TOTAL REGISTERED	**1439**	

Figure 18: Growth of registered Institutions

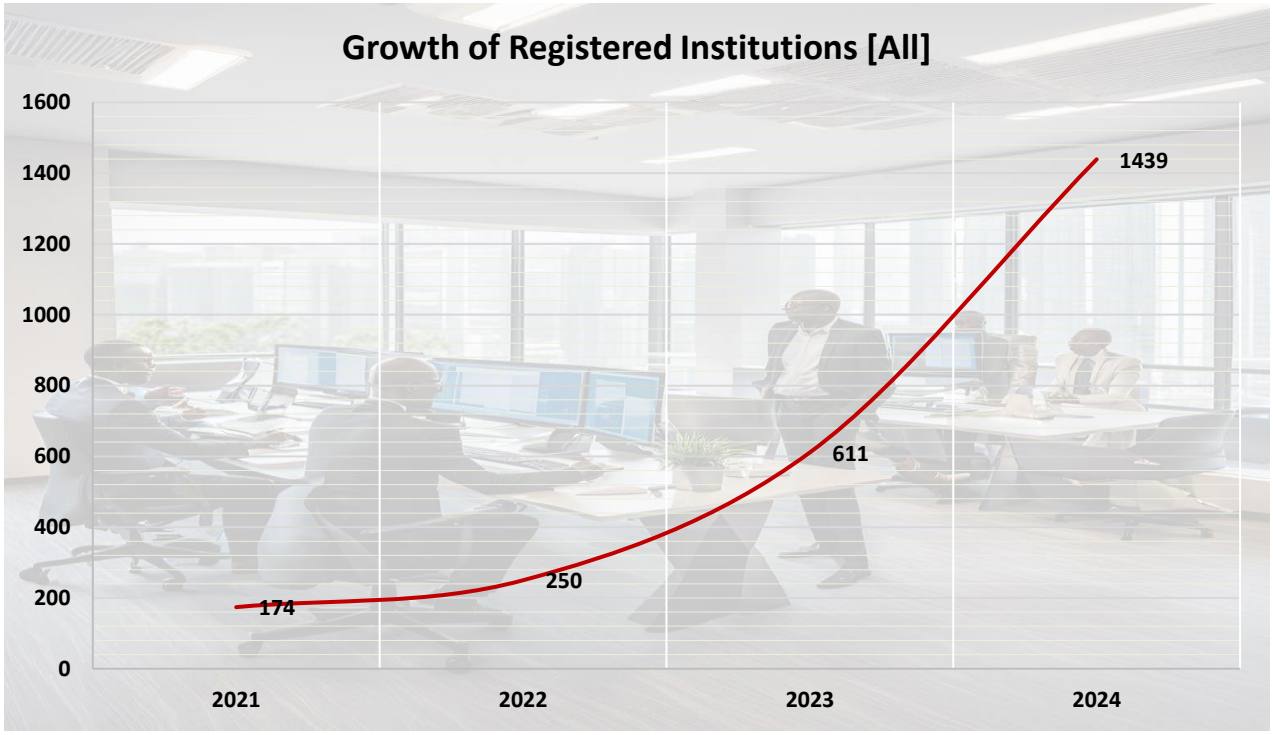
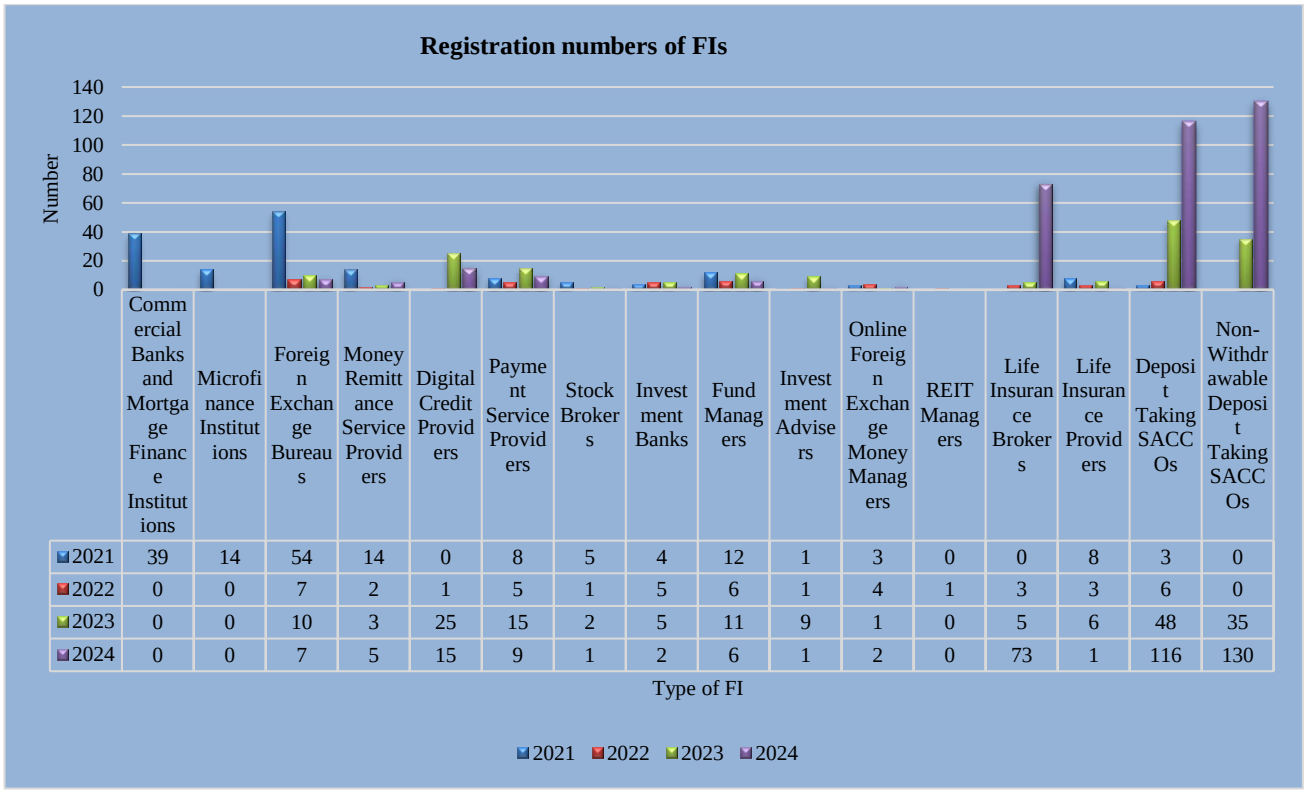


Figure 19: Registration of Financial Institutions



	Commercial Banks and Mortgage Finance Institutions	Microfinance Institutions	Foreign Exchange Bureaus	Money Remittance Service Providers	Digital Credit Providers	Payment Service Providers	Stock Brokers	Investment Banks	Fund Managers	Investment Advisers	Online Foreign Exchange Money Managers	REIT Managers	Life Insurance Brokers	Life Insurance Providers	Deposit Taking SACCOs	Non-Withdrawable Deposit Taking SACCOs
2021	39	14	54	14	0	8	5	4	12	1	3	0	0	8	3	0
2022	0	0	7	2	1	5	1	5	6	1	4	1	3	3	6	0
2023	0	0	10	3	25	15	2	5	11	9	1	0	5	6	48	35
2024	0	0	7	5	15	9	1	2	6	1	2	0	73	1	116	130

Both financial institutions and DNFBPs exhibited significant registration growth as a result of outreach efforts and administrative actions by the Centre. This led to more registrations by

payment service providers, fund managers, SACCOs, life insurance brokers, Trusts and Company Service Providers, accountants, Dealers in Precious Metals and Stones and real estate agents.

Figure 20: Growth of Registered Financial Institutions

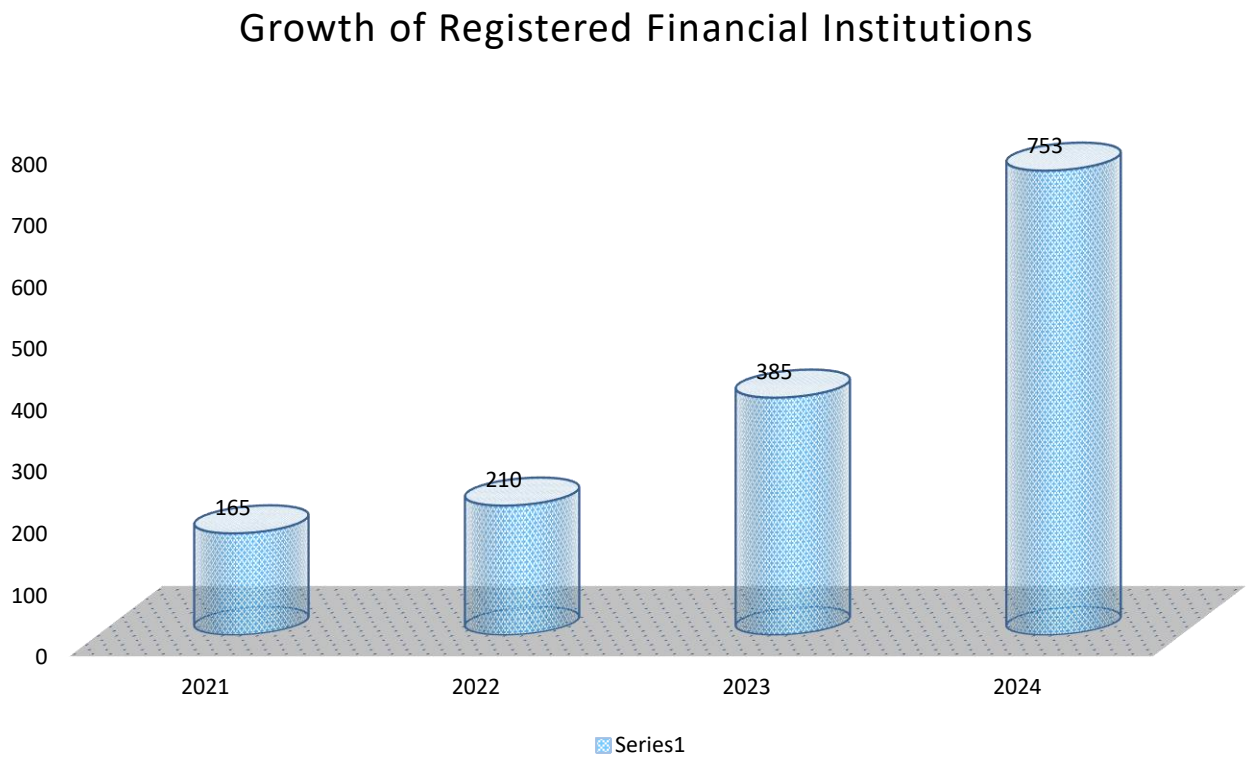
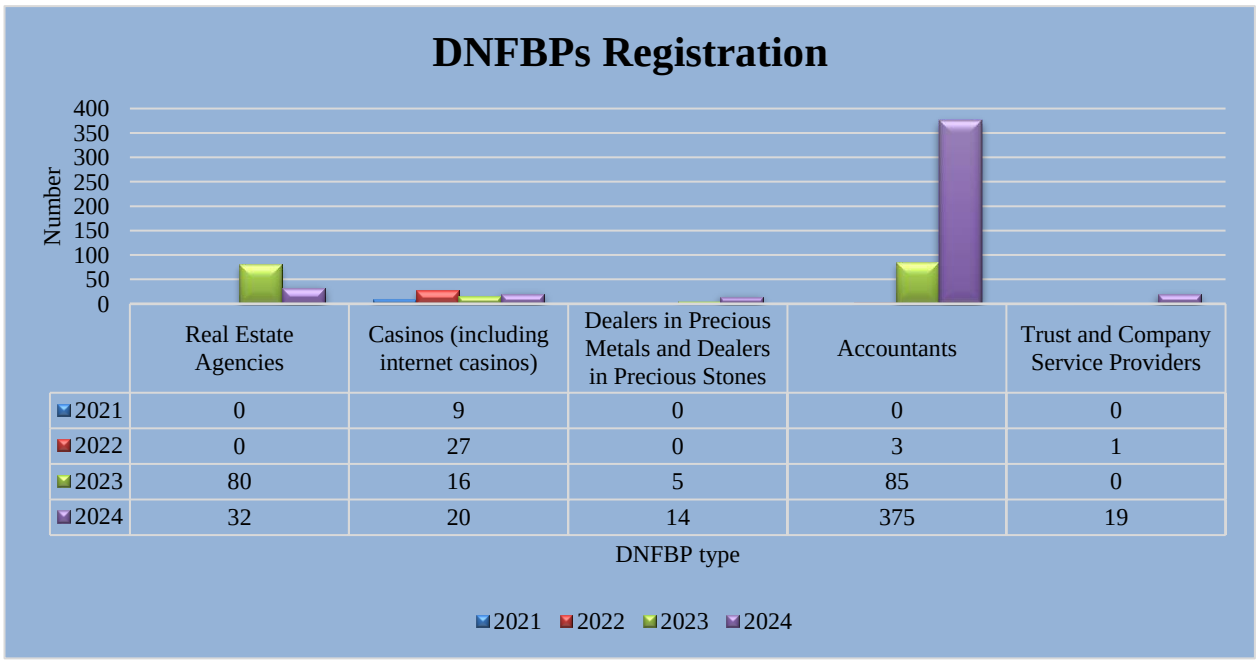
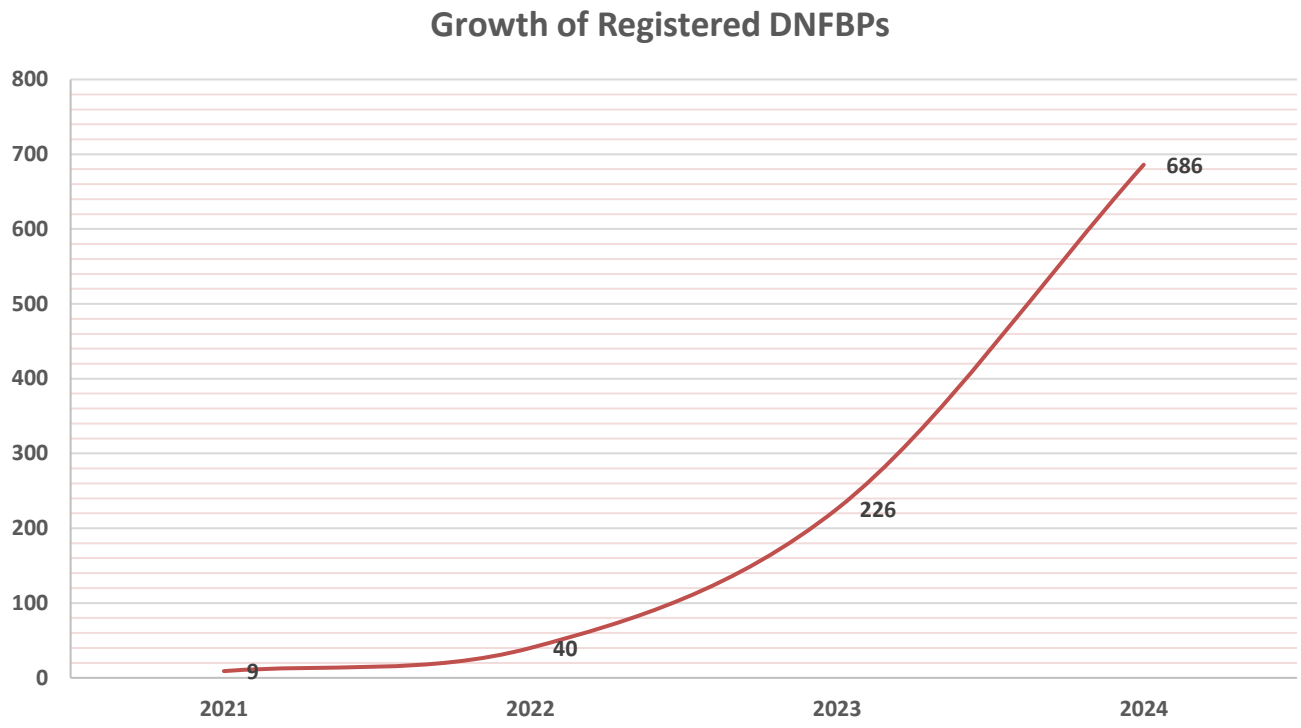


Figure 21: Registration of DNFBPs



	Real Estate Agencies	Casinos (including internet casinos)	Dealers in Precious Metals and Dealers in Precious Stones	Accountants	Trust and Company Service Providers
2021	0	9	0	0	0
2022	0	27	0	3	1
2023	80	16	5	85	0
2024	32	20	14	375	19

Figure 22: Growth of registered DNFBPs



4.3 Risk Assessment

The Centre undertakes institutional risk assessment of the entities within the different sectors to understand the distribution of ML/TF risks and the mitigating capabilities against the risks. The process takes into account structural risk factors and business risk factors that include inherent risks posed by customers, delivery channels, products, and geographical factors. It also takes into account the mitigation measures in place against ML/TF risks and their effectiveness. The results of the risk assessment inform the supervisory strategy and activities of the Centre.

During the year under review, the Centre initiated entity risk assessments for the accountancy profession. As at year-end, 360 firms were reached, and from this, 92 were established to undertake activities under Section 48 of POCAMLA and assessed. From the 92, it was established that 15 firms were high risk, 8 were medium high risk, 13 were medium risk, 18 were medium low-risk and 46 were low risk. The high risk and medium high-risk firms will be subject to onsite inspections in 2025 while the rest (medium, medium low and low) will be monitored offsite.

4.4 Inspections

The Centre implemented its annual supervision and inspection plan through a combination of off-site and on-site inspections informed by the risk-profiles of different DNFBPs.

4.4.1 Off-site monitoring

Off-site monitoring is a key compliance tool for the Centre that keeps the operations in the financial system within view. It involves primarily assessing key documents that provide an overview of an entity's operations, ML/TF risk, and level of compliance with AML/CFT obligations. It helps determine whether the level of compliance is acceptable or whether an on-site inspection is warranted. It is also an important tool to validate and inform the results of both sectoral and institutional risk assessments. Offsite monitoring was continuously undertaken for the casinos, accountancy and real estate sectors.

4.4.2 On-site inspection

The Centre employs on-site inspections to establish the effectiveness of a reporting entity's compliance program and its ability to mitigate ML/TF risks. The frequency, intensity, and scope of the inspections is determined by the ML/TF risk ratings of reporting entities.

During the period under review, the FRC undertook onsite inspections of the casino and real estate sectors. The inspections sought to establish the presence and effectiveness of AML/CFT/CPF frameworks within reporting entities. The parameters examined included the MLRO function, ML/TF risk assessments, internal policies, controls & procedures, customer due diligence including PEP and BO requirements, transaction monitoring, reporting of suspicious activities and transactions, record keeping, trainings and implementation of Targeted Financial Sanctions on terrorism financing (TF) and proliferation financing(PF). In addition to checking the existence of these components, the inspection teams also checked the effectiveness of the entities' AML/CFT frameworks in mitigating the risks. The summary of the number of onsite inspections is provided below:

Table 11: Onsite Inspections for Casinos and Real Estate Agencies

Sector	No of onsite inspections (2023)	No of onsite inspections (2024)
Casinos	8	13
Real Estate Agencies	31	10

A summary of the findings of the real estate sector inspections includes the following:

- All real estate agencies inspected have registered with FRC
- All real Estate agencies have appointed Money Laundering Reporting Officers. However, the appointed MLROs are not of management level and lacked the required skills and competencies
- Real estate agencies are conducting CDD on their clients but do not conduct CDD on BOs. The agencies only ask for information on directorship of legal persons
- Real estate agencies conduct employee screening, including reference checks from previous employers
- Lack of AML/CFT internal controls including AML/CFT policies and procedures in some institutions and inadequacies in available AML/CFT policies and procedures
- Failure of entities to conduct ML/TF risk assessment thereby leading to low understanding of the ML and TF risks associated with the institution
- Real estate agencies do not handle cash as they only act as intermediaries in transactions
- Inadequate suspicious transaction and suspicious activities monitoring system/mechanism leading to low number of STRs and SARs reported to the Centre
- Insufficient internal training of staff and management including MLRO
- No independent audits conducted as at the time of the inspections

The inspection of casinos established the following findings in summary:

- All inspected casinos have registered with FRC
- Majority of the casinos have AML/CFT policies in place. Gaps identified in the implementation of the existing AML/CFT policies in areas such as TFS screening processes and STR monitoring and escalation procedures.
- All inspected casinos have appointed MLROs however, not all MLROs had the requisite competencies.
- Casinos conduct employee screening by consultation with members of the Association of Gaming Operators (AGOK), which is an industry lobby group that has populated a database

of "black-listed" persons who have engaged in unethical/criminal activities in past employment within the casino sector.

- Failure to consider all risk areas when conducting entity risk assessments. Majorly, the casinos did not consider client risks, for example monitoring of PEPs or clients from high-risk jurisdictions.
- Inadequate suspicious transaction and suspicious activities monitoring system/mechanism leading to low number of STRs and SARs reported to the Centre.
- Insufficient internal training of board management and staff including MLRO.

4.5 Guidance

The Centre is responsible for developing guidance targeted at reporting institutions through issuance of sector-specific guidelines, circulars, and publications of ML/TF indicators. Prior to publication, the Centre subjects guidance to consultation with industry representatives to determine the appropriateness to the industry's needs. In 2024, the Centre issued circulars on different AML/CFT subject matters as outlined below:

Table 12: Guidance Circulars

Date	Sanction list	Type of update	Circulation/ Disseminations
NY Time-17/09/2024 NRB Time - 18/9/2024	1718	Amendment	1. FRC Circular No. 9 of 2024 dated 18/9/2024 to reporting institutions 2. Circular Letter No. 9 of 2024 dated 18/9/2024 to National Security Organs 3. Public Notice No. 9 of 2024 dated 18/9/2024
NY Time-23/08/2024 NRB Time-24/8/2024	ISIL (Da'esh) & Al-Qaida	De-listing	4. FRC Circular No. 8 of 2024 dated 24/8/2024 to reporting institutions 5. Circular Letter No. 8 of 2024 dated 24/8/2024 to National Security Organs 6. Public Notice No. 8 of 2024 dated 24/8/2024
NY Time-25/4/2024 NRB Time-26/4/2024	ISIL (Da'esh) & Al-Qaida	Amendment	7. FRC Circular No. 7 of 2024 dated 26/4/2024 to reporting institutions 8. Circular Letter No. 7 of 2024 dated 26/4/2024 to National Security Organs 9. Public Notice No. 7 of 2024 dated 26/4/2024

NY Time-15/4/2024 NRB Time-16/4/2024	1718	Amendment	10. 11. 12.	FRC Circular No. 6 of 2024 dated 16/4/2024 to reporting institutions Circular Letter No. 6 of 2024 dated 16/4/2024 to National Security Organs Public Notice No. 6 of 2024 dated 16/4/2024
NY Time-08/3/2024 NRB Time-09/3/2024	1718	Amendment	13. 14. 15.	FRC Circular No. 5 of 2024 dated 09/3/2024 to reporting institutions Circular Letter No. 5 of 2024 dated 09/3/2024 to National Security Organs Public Notice No. 5 of 2024 dated 09/3/2024
NY Time-07/2/2024 NRB Time-8/2/2024	ISIL (Da'esh) & Al-Qaida	Amendment	16. 17. 18.	FRC Circular No. 4 of 2024 dated 8/2/2024 to reporting institutions Circular Letter No. 4 of 2024 dated 8/2/2024 to National Security Organs Public Notice No. 4 of 2024 dated 8/2/2024
NY Time-10/1/2024 NRB Time-11/1/2024	ISIL (Da'esh) & Al-Qaida	Amendment	19. 20. 21.	FRC Circular No. 3 of 2024 dated 11/1/2024 to reporting institutions Circular Letter No. 3 of 2024 dated 11/1/2024 to National Security Organs Public Notice No. 3 of 2024 dated 11/1/2024
NY Time-5/1/2024 NRB Time-6/1/2024	1718	Amendment	22. 23. 24.	FRC Circular No. 2 of 2024 dated 6/1/2024 to reporting institutions Circular Letter No. 2 of 2024 dated 6/1/2024 to National Security Organs Public Notice No. 2 of 2024 dated 6/1/2024
NY Time-5/1/2024 NRB Time-6/1/2024	ISIL (Da'esh) & Al-Qaida	Amendment	25. 26. 27.	FRC Circular No. 1 of 2024 dated 6/1/2024 to reporting institutions Circular No. 1 of 2024 on 6/1/2024 to National Security Organs Public Notice No. 1 of 2024 dated 6/1/2024

4.6 Remedial actions

The Centre determines the most appropriate response to non-compliance and coordinates interventions with reporting institutions. If areas of vulnerability or breaches of compliance are detected, the Centre develops solutions and recommendations to help the reporting institutions meet their obligations. The Centre issues directives, deficiency letters and remedial action implementation schedules, after which the Centre monitors the implementation of the remedial actions.

In 2024, upon completion of the on-site inspections, the Centre issued 23 remedial action implementation schedules to non-compliant entities that are subject to monitoring by the Centre and their respective supervisory bodies. Show-cause and warning letters were also issued to real estate agencies and accountants for failure to register with the Financial Reporting Centre, which is a POCAMLA requirement. Upon the issuance of the show-cause and warning letters, all sanctioned institutions complied with their registration obligations.

Table 13: Breakdown of the Number of Sanctions issued by FRC

Type of sanctions	Casinos		Real Estate Agencies		Accountants		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Warning letters	-	-	-	11	-	41	-	52
Remedial Actions / Corrective Actions	8	13	31	10	-		39	23
Show cause letters	-	-	-	64	-	110	-	174

4.7 Reporting institutions' compliance

Besides inspections, the Centre utilizes the Annual Compliance Report (ACR) to understand compliance trends across reporting entities. The ACR consists of a questionnaire exploring the entity's compliance with AML/CTF obligations. Reporting institutions are required by law to lodge the ACRs to the Centre by 31st January each year. Before, only 20% of reporting entities filed their ACRs and this necessitated the Centre to issue notices and warning letters to reporting entities to show-cause why legal action should not be taken against them for failing to submit ACRs. The measures taken have been effective and improved ACRs submission. In 2024, the Centre received 420 ACRs from DNFBPs out of the 750 registered. For financial institutions, 375 ACRs were submitted against a total registration of 876.

5. DOMESTIC AND INTERNATIONAL COOPERATION

The Centre continues to build and maintain a robust system for domestic and international cooperation, both at operational and strategic levels. To cement the cooperation, the Centre has entered into MoUs and agreements with various partners to build stronger relationships for posterity.

Cooperation has enabled the Centre and its partners to collectively address domestic and global challenges of investigations, prosecutions, training, recoveries and restitution of assets and value in the AML/CFT/CPF space. Cooperation in both levels is anchored on documented agreements, strategies, Guidelines and Memorandum of Understanding.

5.1 Domestic Cooperation

The FRC participates in domestic cooperation mainly through established working relationships with Ministries, Departments and Agencies. The cooperation is guided by documented strategies, Memorandum of Understanding, established guidelines and at times, a mutually beneficial working relationship based on trust.

The FRC coordinates the update and implementation of the National AML and CFT Strategies.

Figure 23: Domestic Partners



In 2024, the Centre coordinated the development of the revised National Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) Strategies (2024-2027) and their accompanying action plans. The updated CFT strategy aims to streamline and align national CFT efforts across public and private sectors. The revised strategy was developed and premised on the updated TF NRA (2024) that identified sectors that present significant emerging TF risks to the country.

Similarly, the National AML Strategy seeks to coordinate efforts across the public and private sector and to guide the prioritization of actions to address ML risks facing the country, as identified in the 2023 updated NRA. The strategy also lists sectors that pose the highest ML risks to the country, policies, frameworks, strategies and systems that guide domestic cooperation as discussed hereunder.

5.2 International Co-operation

5.2.1 Regional Co-operation

Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG)

Kenya is a founding member of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG), a FATF-Style Regional body whose role includes adoption and implementation of the 40 FATF Recommendations. Other members include; Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, South Sudan, Tanzania, Uganda, Zambia, Zimbabwe. In the year under review, ESAAMLG was instrumental to the implementation of Kenya's FATF processes, with experts and consultants from the body guiding Kenya on various key thematic areas.

The ESAAMLG usually holds two plenary meetings; a meeting of Task Force of Senior Officials and Council of Ministers meeting. The Task Force plenary meetings usually take place in first week of April and September of each year. The Plenary meeting of Council of Ministers usually takes place in the first week of September of each year. All of these meetings are only open to delegations from ESAAMLG members, observer jurisdictions and observer organisations. ESAAMLG may also hold the Public Private Sector Dialogue (PPSD) which usually takes place in September of each year. The PPSD offers a unique opportunity for governmental officials, policy makers and private sector representative to exchange ideas, best practices and engage each

other on how best to implement AML/CFT standards taking into account the context of ESAAMLG Region.

Kenya hosted the August 2024 ESAAMLG meeting at the Diamond Leisure Beach and Golf Resort in Diani, Kwale County. The August meeting consisted of the 24th Council of Ministers Meeting, the 48th Task Force of Senior Officials Meetings and the 7th Public Private Sector Dialogue (PPSD) Meeting. The meetings were held from the 23rd to 31st August 2024 and attended by ESAAMLG member countries alongside Cooperating and Supporting Nations and Organisations (COSUNs). During the meeting, Kenya successfully handed over ESAAMLG's Presidency of the Council of Ministers, represented by the Cabinet Secretary, National Treasury and Economic Planning and Chairmanship of the ESAAMLG Task Force of Senior officials represented by the Director General, FRC to the Federal Republic of Ethiopia as the next officeholders.

The August 2024 meeting also celebrated the ESAAMLG Silver Jubilee Celebrations, marking a remarkable and significant milestone spanning the last 25 years in enhancing its capacity as a FATF-Style Regional Body (FSRB), dedicated to combating money laundering, terrorism financing, and proliferation financing and commitment by the Council of Ministers to ensure the successful implementation of the ESAAMLG's mandate. ESAAMLG published a report dubbed "***ESAAMLG at 25: Celebrating A Legacy of Fighting Financial Crimes and Progress"*** to commemorate 25 years of ESAAMLG's operations. The report serves as a comprehensive reflection on the progress made in combating money laundering and terrorist financing, as well as an evaluation of the effectiveness of ESAAMLG's strategies and interventions.

The 7th Public Private Sector Dialogue (PPSD) Meeting was also part of the August 2024 engagements. The meeting, under the theme *"**Strengthening the Counter Financing of Terrorism (CFT) Efforts in the ESAAMLG Region through enhanced Collaboration"*** presented an opportunity for stakeholders from both the public and private sectors to engage and collaborate on enhancing both the private and public sectors' implementation of CFT measures and targeted financial sanctions. The agenda covered among other areas;

- Enhancing detection and prevention of terrorist financing by leveraging the unique insights and capabilities of each sector;
- Collaboration between the public and private sectors to develop strategies that are more effective;
- Improve compliance with regulatory requirements; and
- Ensure the timely identification and reporting of suspicious activities.

5.2.2 International Relations

The Financial Action Task Force (FATF)

The Financial Action Task Force is an Intergovernmental Organization that primarily leads global action against Money laundering, terrorist financing and proliferation financing. The key areas of focus by FATF are:

- Setting and promoting global standards to ensure coordinated actions against ML/TF/PF,
- Assess to ensure full and effective implementation of the standards,
- Identifying high-risk jurisdictions.

The FATF continually identifies and reviews jurisdictions with strategic AML/CFT/CPF deficiencies that present a risk to the international financial system and closely monitors their progress. The FATF's International Co-operation Review Group (ICRG) oversees the process. A jurisdiction that enters the ICRG review process as a result of its mutual evaluation results has a one-year Observation Period to work with the FATF or its FATF-style regional body (FSRB) to address deficiencies before possible public identification and formal review by the FATF.

Following the public identification of Kenya by FATF as a high-risk jurisdiction, the country received and adopted the ICRG Action Plan, 2024. The Action Plan contains fifteen (15) action items, and detailed actions Kenya needed to undertake to address specific requirements in the ICRG process. Key among them is the first action item under Immediate Outcome 1 requiring Kenya to "*Complete a TF Risk Assessment covering the broad range of TF residual and emerging risks"*. Consequently, Kenya completed the National TF Risk Assessment by using updated information to identify and understand inherent, residual and emerging TF risks. The Centre takes the lead in coordinating implementing agencies to address the remaining action items, and concerted efforts are on course to complete them by May 2026.

The Egmont Group

The Egmont group of FIUs is a global organization established in 1995 with the mandate to facilitate secure exchange of information, intelligence and expertise among member FIUs in the AML/CFT/CPF space. Kenya applied for membership, evaluated in 2023 and admitted in 2024. Henceforth, Kenya is in a position to securely exchange information with over 170 members of the Egmont Group, thereby strengthening its ability to combat ML/TF/PF, especially on matters with transnational reach. Previously, Kenya was constrained to follow up on such matters, and at times, unable to gather critical information and intelligence on the basis of non-membership to Egmont.

Kenya's admission to Egmont enables the Centre to benefit from the secure information exchange platform, seamless tracking of requests for information exchange and direct access to all the FIUs represented. The membership also gave the Centre access to the Egmont five working groups on legal, operational, training, information technology and outreach.

Cooperating and Supporting Nations and Organisations (COSUNs);

Other critical partners of the Centre include the Cooperating and Supporting Nations and Organizations as shown below.

Figure 24: Other Critical Partnerships



5.2.3 Memoranda of Understanding

In 2024, the Centre entered into MoUs with the FIUs of Guatemala, Burundi and Mozambique. These MoUs aim to enhance cooperation with the FIUs by sharing information or intelligence spontaneously or upon request, and based on reciprocity, which may assist in the investigation of persons suspected of having engaged in money laundering, terrorism financing, and proliferation of weapons of mass destruction or related criminal activity.

5.2.4 Exchange of Information

The transnational nature of ML/TF/PF necessitates that the Centre develops international cooperation mechanisms to facilitate information and intelligence sharing with a view to enrich investigations and prosecution of cases. The Centre utilized formal and informal channels to acquire information from foreign counterparts.

Information requests between FIUs

In 2024 the Centre received twenty-six (26) requests from foreign FIUs. This marked an increase in foreign requests compared to eighteen (18) received in the previous year. Similarly, FRC made twenty-eight (28) requests to foreign FIUs in 2024 compared to twenty-five (25) requests to foreign FIUs made in 2023.

The table below illustrates the number of requests received from other FIUs and those made to foreign FIUs.

Table 14: Requests from other Financial Intelligence Units

Year	2021	2022	2023	2024
Number of requests received from foreign FIUs	12	16	18	26
Number of requests made to foreign FIUs	4	22	25	28

The number of requests made between 2021 and 2024 increased steadily, signifying confidence among foreign FIUs that can be attributed to the quality of assistance accorded as well as strengthened bilateral relationships established to combat ML/TF/PF.

Spontaneous disseminations among FIUs

In 2024, Kenya received twenty-six (26) spontaneous disseminations from foreign FIUs as compared to nine (9) received in the previous year. Similarly, the Centre made two (2) spontaneous disseminations to foreign FIUs in 2024 with two (2) also having been sent in in 2023. Spontaneous disseminations to and from foreign FIUs is as tabulated in the table below.

Table 15: Spontaneous disseminations among FIUs

Year	2021	2022	2023	2024
Number of Spontaneous requests received from foreign FIUs	3	1	9	26
Number of Spontaneous requests made to foreign FIUs	0	2	2	2

6. TECHNICAL CAPACITY BUILDING

6.1 Introduction

Section 24(g) of POCAMLA mandates the Centre to design training requirements and on a need basis, provide such AML/CFT/CPF training to any reporting institution (RI) in respect of transactions monitoring, record-keeping and reporting obligations.

Figure 25: TCB Approach



The extensive objectives, functions and powers of the Centre further extend the training obligation to designing capacity building interventions for the supervisory bodies, law enforcement agencies, internal capacity of the staff and the general public.

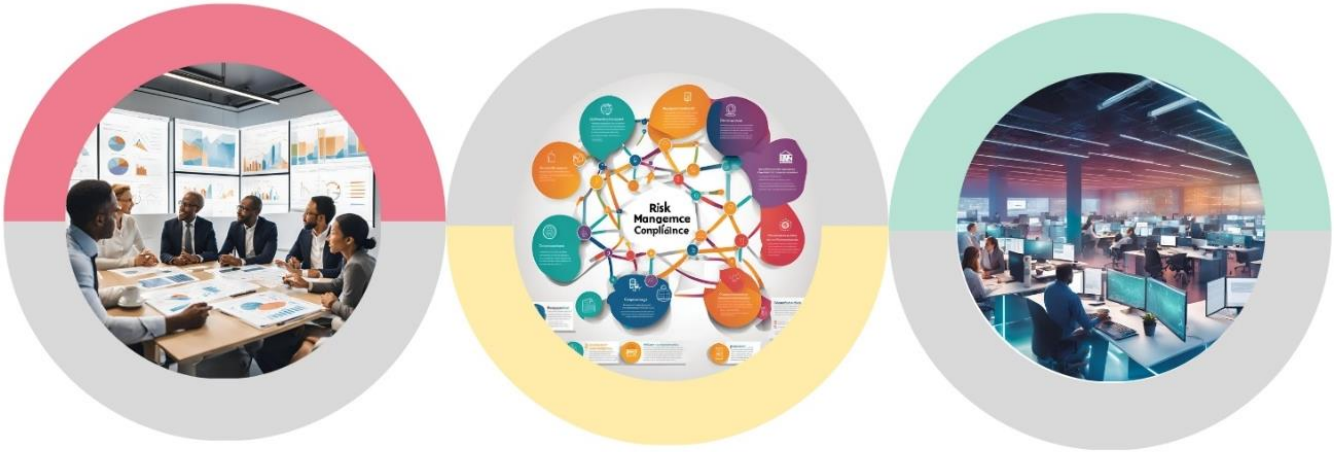
The technical capacity building (TCB) strategy adopted by the Centre is in line with the Information Education Communication (IEC) approach, and follows four steps as shown in this figure. The TCB function of the Centre therefore, starts long before the actual training session and lasts beyond the end of the training process.

6.2 Reporting Institutions

Reporting institutions are categorized mainly as financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs). FIs comprise the following; banks (both commercial banks and microfinance banks), telcos (PSPs), remittances (MRPs), forex bureaus (FXBs) digital credit providers (DCPs), securities, insurance, pensions, SACCOs, among others.

The AML/CFT/CPF sensitizations extended to the FIs in 2024 is designed along the "three lines of defense model". That is, the first line of defense (business line management, including frontline staff like tellers, operations, client relations, marketing & branch officials, senior management and boards). The second line of defense considers the risk management and compliance interventions (designated compliance and risk functions with independent MLROs), whereas the third line of defense tests the effectiveness of the interventions in line one and two (independent testing of AML/CFT program i.e., auditing), was emphasized taking into account the size and nature.

Figure 26: The Three Lines of Defense Model



Preventive Measures Through Management

The Centre adopted defense strategies modelled around day to day operations of the entities involving line management, including frontline staff like tellers, operations, client relations, marketing & branch officials, senior management and corporate boards.

Risk Management & Compliance

The Second line of defense is modelled along designated compliance and risk functions with independent Money Laundering Reporting Officers. This enables the identification of emerging risks in daily operation of the reporting institutions.

System Testing for Objective Reporting

The Centre modelled this to provide independent assurance. It tests the effectiveness of line one and two. This is done through independent testing of AML/CFT program i.e., auditing.

6.2.1 The First Line of Defense Activities

In 2024, the Centre enhanced the sensitization of members of boards of directors and senior management of reporting institutions to improve their understanding of respective AML/CFT/CPF obligations. The objective was to enhance knowledge for setting appropriate AML/CFT/CPF tone at the top, and promoting understanding as well as ownership of AML/CFT/CPF risks and their accompanying mitigation measures. Previously, only commercial and micro-finance banks benefited from this program.

In 2024, 800 members of boards and senior management of commercial and micro-finance banks, mobile network operators, money remittance providers, and forex bureaus were trained on respective AML/CFT/CPF obligations. Additionally, similar capacity building initiatives were planned for the other remaining categories of reporting institutions for 2025.

The Centre also collaborated with other partners to extend AML/CFT/CPF trainings to the DNFBP sector as tabulated below. These trainings enabled the Centre, State Department for Mining, LSK and ICPAK to develop respective sector-specific supervisory tools.

Table 16: DNFBPs AML/CFT/CPF Trainings in 2024

Partnering Institution	Stakeholders	Date & Location	Areas Covered	Participants
UNODC	State Department of Mining (SDM), FRC	Feb-June 2024, Virtual	-Principles of risk-based supervision -Dev. of Supervisory Framework -Supervisory Strategy -Development of Supervisory Manual for the DPMS -DPMS Statistical Questionnaire and Risk Matrix -DPMS Guidance	26

British High Commission (BHC)- Hook Tangaza consultants	LSK, FRC	18-19 March 2024, Nairobi	-The roles and functions of LSK as an SRB -Overview of provisions of LSK/FRC Joint MoU 2023, Consent Agreement 2023, -Anti-Money Laundering Amendment Act (2023) and LSK Amendment Act 2023 -Overview of provisions of LSK/FRC Joint MoU 2023, -Consent Agreement 2023, -Anti-Money Laundering Amendment Act (2023) and LSK Amendment Act 2023 -Risk-based supervision -Red flag indicators	15
LSK, AERB	Real Estate Agencies	21 March 2024, Nairobi	-AML/CFT legal framework -AML/CFT/CPF Obligations including CDD, EDD, BO and PEPs -AML/CFT reporting framework	30
LSK	LSK Secretariat	6-10 May 2024, Naivasha	-The roles and functions of LSK as an SRB -Reporting framework requirements -Risk-based supervision	15
UNODC	FRC, SDM	24-28 June 2024	-AML/CFT compliance framework, establishment and challenges -Risk-based approach -Supervisory cycle and elements -Risk assessment and understanding	26
BCLB	FRC, Casinos	9 May 2024, KSG, Nairobi	-AML/CFT legal framework -Use of goAML and reporting -AML/CFT/CPF Obligations including CDD, EDD, BO and PEPs	200
GIZ	FRC, ICPAK, LSK	15 Aug - 30 Sept 2024	-Tenets of risk-based supervision -Sectoral & institutional risk assessments -On-site & Off-site supervision Statistical questionnaire & risk matrices -Supervisory manuals -Corrective measures	16

The technical capacity building initiatives also focused on increasing effective implementation of targeted financial sanctions related to TF and PF without delay and without prior notice among the reporting institutions, as follows:

i. About 300 participants representing commercial banks, micro-finance banks, mobile money operators (MNOs), forex bureaus, money remittance providers (MRPs) and digital credit providers received a training facilitated by ESAAMLG on effective implementation of TFS related to TF and PF on 17th -18th January 2024;

ii. About 60 participants from banks, micro finance banks, MRPs, MNOs, and forex bureaus received a training facilitated by ESAAMLG on CFT measures, implementation of risk-based measures and implementation of targeted financial sanctions, on 30 - 31 August 2024.

6.2.2 Second Line of Defense Activities

Activities at this level are achieved through Money Laundering Reporting Officers' (MLROs) Conference, a continuous initiative of the Centre which began in March 2022. The Centre is committed to holding quarterly MLRO's engagements that focus majorly on emerging ML/TF typologies and trends, as well as challenges on the reporting framework. The aim of the conference is to provide a platform for peer learning and networking among the MLROs to foster collaboration regarding AML/CFT/CPF compliance, and to ensure improved quality in reporting.

The previous years' Money Laundering Reporting Officers' (MLROs) Conferences comprised participants from commercial banks, microfinance banks, telco's, forex bureaus and money remittance providers only. From 11th – 12th September 2024, all the reporting entities within the country's financial sector, including the representatives of Saccos, life insurance companies, fund managers, digital credit providers, capital market intermediaries, insurance intermediaries, among others participated for the first time. This MLRO conference was held at Safari Park Hotel and Casino, Nairobi, with technical assistance from UNODC and support from the Canadian government. About 700 MLROs received trainings on the strategic deficiencies contained in the ICRG action plan as well as the implementation commitment of the country, and on effective implementation of TFS in the country.

Additionally, from 25th – 26th November 2024, all the reporting entities within the country's Designated Non-Financial Businesses and Professions (DNFBPs) sector, including the

representatives of casinos, real estate agencies, accounting firms, precious stones as well as precious metals' dealers, trusts and company service providers, advocates, notaries and other independent legal professionals participated in the inaugural DNFBPs conference. About 400 DNFBPs representatives attended the conference held at the Safari Park Hotel and Casino, Nairobi, with technical assistance from the UNODC.

Holding joint MLROs forums for the respective financial and DNFBPs' sectors were strategic for the country in a number of ways: First, the joint forums improved the country's efficiency in the outreach turnaround time. Second, the forums enabled MLROs to discuss matters and gaps identified within the financial sector and plan how to address them together as one team and sector. This facilitated building trust among the reporting institutions, which is necessary in addressing cross-cutting issues and challenges. Third, the joint forums also offered good platforms to share ideas and learn from each other, based on the premise that - as far as AML/CFT/CPF compliance is concerned, there should be no competition.

6.2.3 Third Line of Defense Activities

Activities at this level are meant to provide assurance on the soundness of frameworks as well as on the level of effectiveness in the implementation of the activities designed in the first and second lines. Regarding the activities within this line, the Centre collaborated with ICPAK on 18th June 2024 to provide virtual engagement with about 150 accountants (mostly auditors) on strategic audit themes, ranging from key AML/CFT policy considerations, audit and risk assessments.

6.2.4 Law Enforcement Agencies

The Centre continued to advance the agenda of improving the dissemination and use of financial intelligence by law enforcement agencies (LEAs) and competent authorities through, amongst others, improving the quality of disseminations and other financial intelligence products, including by using information and feedback collected from LEAs, to meet operational needs. Towards this end, bilateral engagements with LEAs were increased through a feedback mechanism, where LEAs submitted feedback on the usefulness of the Centre's disseminations in writing and through meetings. The instituted feedback mechanism provided sufficient information on the use as well as the usefulness of the disseminations for identification of ML and TF cases, and tracing assets. The feedback mechanism obligates the Centre to conduct ad-hoc and quarterly meetings with LEAs to discuss progress made on ML/TF cases – a framework

which has assisted the Centre to obtain feedback on the use and usefulness of its disseminations in supporting the operational needs of the LEAs.

The instituted feedback mechanism has enabled the Centre to establish that its disseminations have assisted LEAs to not only commence investigations, but also advance ongoing investigations as well as pursue new angles of investigation. This has aligned the priorities of the Centre in the use of its capacity with the operational needs of the LEAs.

The LEAs and competent authorities were also sensitized on parallel financial investigations, mechanisms of sharing information and effective handling and usage of disseminated financial intelligence. LEAs were also sensitized on goAML in general, and on the modalities of the electronic exchange of information following their registration on the goAML platform to facilitate digital sharing of information.

Regarding effective implementation of the United Nations Security Council Resolutions, especially those relating to UNSCR 1267 and 1373, the Centre implemented a number of activities, including:

1. The Centre (FRC) in Collaboration with the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Kenya Bankers Association (KBA) as well as Kenya Forex and Remittance Association (KFRA) organized a TF & PF Workshop from 17th -18th January 2024, at the Movenpick Hotel, Nairobi to train participants on effective implementation of CFT/CPF measures in the country. The main objectives were to enable the participants to develop internal frameworks and policies to mitigate against TF/PF risks, facilitate effective implementation of TF/PF related TFS, and address the outstanding PF/TF deficiencies contained in Kenya's POPR.

2. The Centre also collaborated with the United Nations Office on Drugs and Crime (UNODC) to train competent authorities and law enforcement agencies on effective implementation of TF-related TFS as follows:

    i. How to use UNSCR 1267 as a disruption tool against ISIL/AQ jointly delivered with the 1267 Monitoring Team, from 5-8 March 2024;

    ii. How to use UNSCR 1373 to disrupt terrorists and terrorist networks, from11-13 March 2024;

    iii. The AML/CFT financial disruption course, from 15-18 April 2024; and

iv. A Seniors' Briefing Session with the heads of the participating competent authorities, on targeted financial sanctions (TFS) regarding UNSCRs 1267 (1999) and 1373 (2001) for sensitization regarding the subject matter, on 19th April 2024.

These trainings were generally meant to enhance the knowledge of Kenya's authorities on the implementation of TFS, thus bolstering the country's ability to disrupt terrorist networks and criminal threats. The trainings were also meant to aid in implementing better domestic and international sanctions regimes in a more efficient and effective manner. The activities were envisaged to significantly contribute to sustainable development, improved security, and the promotion of the rule of law within Kenya and the region. Finally, the trainings continue to support Kenya in addressing strategic deficiencies identified by ESAAMLG and FATF, which hinder the successful enforcement of TFS against terrorists, terrorist organizations, and terrorist financiers. All competent authorities and law enforcement agencies which are responsible for implementation of TFS in the country participated.

3. The Centre also collaborated with the ESAAMLG to provide Briefing Sessions on TF and PF related FATF Standards to the entire banking sector in the country, from 24 – 27 April 2024.

4. The FRC collaborated with the UNODC to provide a 1267 and 1373 Train-a-Trainer (ToT) course, in Mombasa, Kenya, from 1-5 July 2024. The goal was to build the capacity of Kenya's law enforcement agencies to deliver UNSCR 1267 and 1373 trainings, hence build a strong knowledgeable pool for the country. The objective was to empower Kenya's AML/CFT/CPF authorities to deliver similar training to colleagues who require training on the subject matter. This ensures that Kenya continues to build on the progress that it has made with respect to the implementation of the UNSCRs 1267 and 1373, through building solid knowledge base and increasing the awareness of these resolutions as a disruption tool against ISIL/AQ and terrorists in general.

5. The FRC also collaborated with the UNODC to deliver a training to the Law Enforcement Coordination Group (LECG) members in Mombasa, from 8-12 July, 2024. This training was premised on the important role that the LECG plays in supporting the Counter-Financing of Terrorism Inter-Ministerial Committee (CFTIMC) with respect to the implementation of UNSCRs 1267 and 1373.

6.3 AML/CFT/CPF Mutual Evaluation In-Country Assessors Training

The placement of Kenya among the jurisdictions under increased monitoring (also known as the 'Grey List') by the Financial Action Task Force (FATF), with the aim of pressurizing the country to address the strategic deficiencies that were identified in the country's 2023 Post Observation Progress Report, obliged the country to agree on and commit to an Action Plan with FATF. The FATF Action Plan placed emphasis on the effectiveness of implementation of the country's AML/CFT/CPF legal and regulatory frameworks, which required the Action Plan implementing agencies to gain understanding of the tenets of effective AML/CFT/CPF regime.

In this regard, the Centre (as the National Coordinator for Kenya's AML/CFT/CPF Mutual Evaluations in the country) in collaboration with the United Nations Office on Drugs and Crime, Regional Office for Eastern Africa (UNODC-ROEA) organized the Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) Mutual Evaluation In-Country Assessors Training for 42 representatives of financial sector, law enforcement and regulatory institutions in Kenya, from 2-6 December 2024 in Nairobi. The assessors' training, which was facilitated by experts from the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), equipped the participants with knowledge and understanding of the FATF Recommendations and Mutual Evaluation Methodology. The training also contributed towards improving the quality of the country's consolidation and submission of the subsequent progress reports under the ICRG process, by enhancing the knowledge and understanding of the implementing agencies on the salient needs and requirement of the ICRG Joint Group Reviewers.

6.4 Internal Capacity of Staff

The Centre continued to implement the existing robust internal sensitization program meant to assist members of staff settle into the dynamic work environment and roles. Given the uniqueness of the objectives and mandate of the Centre, the staff continuously require additional tailor-made trainings on specific facets of the AML/CFT/CPF regime, typologies and tools to advance their knowledge, skills, experience and to qualify them to be all rounded FRC officers. In 2024, the Centre's staff participated in several trainings, workshops, and webinars aimed at enhancing their skills and knowledge in areas such as financial investigations and analysis, countering terrorism financing, trafficking in persons, investigations on virtual assets, organized crime and supervision of reporting entities. Some of the staff capacity building activities are highlighted in the table below.

Table 17: Training and Sensitization for the Centre's Staff

S/No.	Topic	Participants	Date	Provider	Location
1	Regional Virtual Assets Transactions Tracing Investigations Course	26	January 22-26,2024	UNODC	South Africa
2	Crypto Currency Financial Investigations	26	5,8,12 July 2024	GIZ	Virtual
3	Wildlife and Environmental Crime Prevention	5	May - July 2024	Royal Foundation	Virtual
4	Enhancing the implementation of UNSCRs 1267 and 1373	4	05/03/2024 to 8/3/2024	UNODC	Nairobi
5	Turning intelligence into evidence in TF cases	1	27-29 Feb. 2024	UNODC	Mombasa
6	Counter Terrorism Financing Training	1	11-15 Feb. 2024	Saudi Gov.	Saudi Arabia
7	Effective investigations of cyber-enabled trafficking in persons & Smuggling	1	3-7 March 2024	UNODC	Naivasha
8	Strategic and Operational Effectiveness and Financial Intelligence	5	13-17 May 2024	COMESA	Nairobi
9	Tax Crimes Investigation Course	10	15-26 July 2024	KESRA	Nairobi
10	Combating Trade-Based Money Laundering	3	30 Jul-2 Aug. 2024	UNODC	Nairobi
11	Trainer of trainers financial Investigation Training Module	4	Jun- Aug. 2024	GIZ	Mombasa
12	Mapping of Crimes involving Precious Metals	5	8-12 July 2024	UNODC	Brussels
13	Future Prospective for Countering Terrorism through Digital technologies	1	02/10/2024	IMCTC	Saudi Arabia

6.5 General Public Awareness

Enhancement of public awareness and participation in AML/CFT/CPF programmes is necessary to facilitate AML/CFT/CPF compliance. For instance, knowledgeable members of the public can report cases which can lead to disruption of ML/TF/PF networks or commission of predicate offences. On the other hand, knowledgeable clients (members of public) are more understanding

of the need to verify documents which are produced to support transactions and are therefore, expected to cooperate with reporting institutions while conducting enhanced due diligence.

From 15-17 February 2024, the Centre organized a media sensitization workshop at the Lake Naivasha Resort, Naivasha, to sensitize the media on respective AML/CFT/CPF roles. This activity resulted from the realization that media reporting in general, and especially investigative journalism by affiliated or freelance journalists is one of the most important sources of public awareness-raising on terrorism, money laundering, as well as predicate offences such as corruption, tax evasion, drug trafficking, among others. Media reporting is an essential source of detection in ML/TF/PF suspicion and cases, either for LEAs that investigate allegations contained in the press, or indeed for entities that decide to conduct internal investigations or self-report, or designated reporting institutions that make suspicious transaction reports, following queries from the media or published articles.

Engagement with the media also followed the realization of its crucial role in bringing allegations of ML/TF/PF to light and fighting against impunity as well as terror. The outcome in most cases yields tangible results in bringing financial and economic crimes to the attention of the public and law enforcement authorities.

Apart from informing and educating the public, media is also a crucial ML/TF/PF analysis tool. The ‘adverse media screening’, where reporting institutions normally screen individuals and entities against negative news and information from a range of sources, including news outlets as well as social media, contribute immensely to the analysis process. The objective is to identify potential risks and threats associated with individuals or entities and generate intelligence to aid in preventing them from engaging in illicit activities, such as money laundering, terrorism financing, among others.

The February 2024 media sensitization was therefore strategic, given that media plays crucial roles in generating AML/CFT/CPF knowledge by providing information, shaping public opinion, supporting intelligence development, especially through adverse media screening, and is also a powerful tool for dissemination of AML/CFT/CPF information.

On 23rd February, 2024, the Cabinet Secretary for the National Treasury and Economic Planning issued a Press Statement to inform the public regarding the decision of the Financial Action Task Force (FATF) to place Kenya among the jurisdictions under enhanced monitoring for relatively weak AML/CFT/CPF systems, also known as the ‘Grey List’. The country’s grey listing

underscored the imperative for swift and comprehensive action to bolster Kenya's AML/CFT/CPF compliance efforts. The FATF's decision also highlighted the need for accelerated action to address the strategic gaps identified in the Kenya's AML/CFT/CPF regime. To this end, Kenya fully committed to implementing the FATF Action Plan comprehensively and expeditiously, through development of a comprehensive implementation strategy.

From 16th - 17th July 2024, the Centre organized breakfast meeting for Chief Executive Officers (CEOs) of banks, life insurance companies and capital market intermediaries, at the Nairobi Serena, to among others, introduce the respective CEOs to the ICRG Action Plan, the status of implementation at the national level as well as respective CEOs' obligations. The meeting also served to apprise the CEOs on the status of preparation regarding the hosting of the forthcoming ESAAMLG meetings in Kenya.

The government also issued a Press Statement in August 2024 to inform the public regarding the hosting of the 24th Eastern and Southern Africa Anti-Money Laundering Group's (ESAAMLG) Council of Ministers and the 48th ESAAMLG Task Force of Senior Officials meeting at the Diamond Leisure Lodge, Diani, Kwale County, from the 23rd to 31st August 2024. An estimated 1,500 delegates, drawn from over twenty-one countries gathered to discuss the region's progress in combating money laundering, terrorism financing and proliferation financing.

The August 2024 event was special in the ESAAMLG calendar in two ways. First, the ESAAMLG celebrated its silver jubilee (25 years) since it was launched in Arusha, Tanzania in August 1999. Secondly, Kenya handed over the Presidency of ESAAMLG, which it held for one year, to Ethiopia. Kenya had taken over the Presidency of the ESAAMLG Council of Ministers from the Republic of Botswana in September 2023. The Presidency (Cabinet Secretary for the National Treasury and Economic Planning) and Chair of the Task Force of Senior officials of the ESAAMLG (Head of the Country's Financial Intelligence Unit) are rotational. Therefore, the Director General of the FRC, also relinquished the leadership to the Federal Republic of Ethiopia.

From 30th-31st October 2024, Kenya organized a Public Private Sector Dialogue (PPSD), under the theme: "Leveraging Technology and Harnessing Collaboration in Countering Terrorist Financing", as part of the Eastern and Southern Africa Anti-Money Laundering Group meetings in Diani, Kwale County. Terrorist financing represents a significant threat in the ESAAMLG region due to the intersection of its complex methods, diverse channels, and intricate mobilization mechanisms.

6.6 Impact of TCB Activities

The highlighted training programs have positively impacted the analysis, compliance and liaison process within the Centre, diversification of reports by undertaking analysis on more predicate offenses, identification of assets as well as overall improvement of dissemination of reports. Following the outreach and sensitization activities conducted by the Centre, especially to the reporting entities, the following were observed:

- There were new areas of analysis and dissemination including, human trafficking, identification of terrorist assets, virtual assets investigations as well as trade based money laundering, which can be attributed to the diverse trainings received by analysts.
- The Centre's performance also improved. For instance, three (3) additional TF-related spontaneous disseminations were made to the Assets Recovery Agency, resulting in preservation of terrorist property, which is a strong disruption mechanism.
- From the TBML and tax investigation cases, several cases were disseminated with one case successfully assisting in recovery of approximately US$ 1million, in evaded taxes through the missing traders' scheme.
- The trainings on virtual assets and virtual asset service providers further assisted in upscaling the understanding of their operations, leading to successful analysis and dissemination of a case relating to virtual assets fraud.
- Additionally, trained analysts acted as Trainer of Trainers within the Centre, and successfully rolled out internal training programs for the other members of staff (particularly analysts) to enable dissemination of the acquired knowledge and also to further expand their knowledge in virtual assets analysis.
- There is general improvement in the understanding of institutional ML/TF risks, which is expected to enable RIs to develop and improve internal AML/CFT/CPF policies that comprehensively cover CDD, EDD, PEPs, BO and record keeping as per requirements in POCAMLA.
- The quality of STRs also improved because of, among others, reduction in defensive reporting by RIs leading to more actionable financial intelligence and improved turnaround times on request for additional information.

The liaison, partnership, and collaboration of the Centre improved based on the joint TCB initiatives with both local and multilateral partners.

7. OUTLOOK FOR 2025

In 2024, the Centre dedicated itself to addressing the action plan agreed between Kenya and the FATF, which culminated in Kenya presenting its first mandatory report to FATF Joint Group for Africa (Africa Middle East Joint Group, AMEJG). The Country is determined to address all the strategic deficiencies within the timelines set by FATF in order to exit the *Grey-list* before September 2026.

To comply with the FATF standards, the country issued new regulations under the Prevention of Terrorism Act to address Targeted Financial Sanctions for Terrorism Financing and amended regulations for Proliferation Financing. Similarly, in 2024, the country initiated the Trust Bill, to address legal arrangements, the VASPS Bill, to provide for the licensing and regulation of VASPS, and the AML/CFT amendment Bill to strengthen the DNFBPs powers for AML/CFT supervision and to establish a sanction regime. Further, the Bill also seeks to revise the framework for NPO regulation and oversight so as to mitigate against the risk of terrorism financing. In 2025, the Centre looks forward to the finalization of these Bills and their operationalization with a view to substantially address the technical compliance deficiencies identified in Kenya's FATF Action Plan.

The Centre will continue to enhance the registration of unregistered DNFBPs as well as strengthen AML/CFT/CPF oversight of the sector by applying a risk-based approach. With the aforementioned review of the legal framework, the AML/CFT/CPF supervision and sanctioning by DNFBP regulators is set to improve. The Centre will also continue to collaborate with the Law Society of Kenya, which has been designated as a Self-Regulatory Body, to strengthen its capacity to regulate the legal profession for AML/CFT/CPF.

Domestic cooperation in the AML/CFT landscape is a key component in the Centre's operations; therefore, the Centre will enhance collaboration with LEAs in order to increase investigations and prosecution of Money laundering, and Terrorism Financing cases in line with the risk profile of the country. In addition, the Centre will increase its engagement with LEAs to improve feedback on the utilization of financial intelligence and streamline proactive communication to meet mutual operational needs.

Additionally, the Centre seeks to sustain outreach programmes targeted towards reporting institutions, LEAs, supervisory bodies, competency authorities and the general public, to facilitate timely implementation of the ICRG Action Plan. More specifically, the outreach

activities will focus on enhancing risk understanding and application of risk-based approach, development of effective preventive measures, more so customer due diligence, beneficial ownership, enhanced due diligence, reporting framework, targeted financial sanctions among others.

The Centre looks forward to having a sustained increase in spontaneous financial intelligence disseminations, which will be further, aligned with the operational needs of the Law Enforcement Agencies. Similarly, the Centre intends to increase the skill set of the analysts to strengthen the Centre's capabilities in analyzing complex money laundering, terrorism financing, virtual assets and proliferation financing cases.

On the international scene, the Centre will continue to forge partnerships with various stakeholders including foreign FIUs, international partners, competent authorities even as it enhances participation in ESAAMLG and FATF activities to improve its AML/CFT/CPF understanding and combat illicit financial flows. Furthermore, the Centre looks forward to exploit the benefits of EGMONT group membership through continued information exchange to enhance investigation and prosecution of cross-border ML and TF cases.

In 2025, FRC will continue to execute its mandate of identifying proceeds of crime and safeguarding the integrity of Kenya’s financial system. As the national coordinator for the AML/CFT/CPF regime in the country, the Centre will continue to lead efforts in effectively implementing the FATF Action Plan items, to ensure a timely exit from the FATF Grey List.

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Financial Reporting Centre



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Vision
A Kenya free from illicit financial flows.

Mission
To promote the integrity of Kenya's financial system by combating money laundering, terrorism financing, and proliferation financing.

Core Values

Integrity Confidentiality Professionalism Innovation Teamwork