FINANCIAL INTELLIGENCE UNIT
(FIU-NEPAL)

NEPAL RASTRA BANK

ANNUAL REPORT

2024/25 A.D.
2081/82 B.S.

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Thapathali, Kathmandu
Nepal

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LIST OF ABBREVIATIONS / ACRONYMS

ADB	Asian Development Bank
AI	Artificial Intelligence
ALPA	Assets (Money) Laundering Prevention Act
ALPR	Assets (Money) Laundering Prevention Rules
AML/ CFT/ CPF	Anti-Money Laundering/Countering Terrorist Financing and Proliferation of Weapons of Mass Destruction
APG	Asia Pacific Group on Money Laundering
ATM	Automated Teller Machine
BFI	Bank and Financial Institution
BO	Beneficial Ownership
BTC	Banker's Training Center, NRB
CC	Coordination Committee
CDD	Customer Due Diligence
CEF	Cyber Enabled Fraud
CIAA	Commission for the Investigation of Abuse of Authority
DMLI	Department of Money Laundering Investigation
DNFBP	Designated Non-Financial Businesses and Professions
DMPC	Department for Management of Proceeds of Crime
DPMS	Dealers in Precious Metals and Stones
DRI	Department of Revenue Investigation
EGMONT	The Egmont Group of Financial Intelligence Units
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FI	Financial Institution
FIU	Financial Intelligence Unit
FY	Fiscal Year
ICRG	International Cooperation Review Group of FATF
IMF	International Monetary Fund
IOs	Immediate Outcomes
IRD	Inland Revenue Department
IT	Information Technology
KYC	Know Your Customer
LEAs	Law Enforcement Agencies
ME	Mutual Evaluation

MEC	Mutual Evaluation Committee
MER	Mutual Evaluation Report
ML/TF/PF	Money Laundering, Terrorist and Proliferation Financing
MLA	Mutual Legal Assistance
MVTS	Money Value Transfer Service
NIA	Nepal Insurance Authority
NPO	Non-Profit Organization
NRA	National Risk Assessment related to AML/CFT
NRB	Nepal Rastra Bank
OAG	Office of Attorney General
OPMCM	Office of the Prime Minister and Council of Ministers
OTP	One Time Password
PEP	Politically Exposed Person
POPR	Post Observation Period Report
PSO	Payment System Operator
PSP	Payment Service Provider
REs	Reporting Entities
SAR	Suspicious Activity Report
SEACEN	The South East Asian Central Banks Research and Training Centre
SEBON	Security Board of Nepal
SOP	Standard Operating Procedures
STR	Suspicious Transaction Report
TBML	Tarde Based Money Laundering
TC	Technical Compliance
TFS	Targeted Financial Sanctions
TTR	Threshold Transaction Report
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
VASP	Virtual Assets Service Provider
VAT	Value Added Tax
WB	World Bank
XML	Extensible Markup Language

DIRECTOR'S FOREWORD

It is my privilege to present the FIU-Nepal's Annual Report for the fiscal year 2024/25 AD (2081/82 BS). This fourteenth edition of the Annual Report reflects a year of strong operational achievement for FIU-Nepal and a crucial period for Nepal's AML/CFT regime. As the national center for receiving, analyzing, and disseminating financial intelligence, FIU-Nepal remains firmly committed to play its part in safeguarding the integrity of the country's financial system.

During 2024/25, FIU-Nepal recorded notable progress in strengthening its digital and analytical foundations. Digital reporting through the goAML system continued to expand, signaling deeper adoption and improved compliance across reporting entities. The number of entities integrated into goAML increased by 113.36 percent, reaching 3,497, and all STRs/SARs were submitted digitally during the year. As a result, the volume of Suspicious Transaction/Activity Reports rose significantly by 30 percent to 9,565. This expansion reflects heightened vigilance within the financial sector and has contributed to improved analytical efficiency and intelligence generation.

Correspondingly, FIU-Nepal's analytical output and operational reach expanded. A total of 945 financial intelligence reports (STRs/SARs) were disseminated to law enforcement agencies, representing a substantial increase over recent years and directly supporting a growing number of financial crime investigations. At the international level, FIU-Nepal actively engaged with global counterparts, conducting 64 information exchanges focused on cross-border risks, including cyber-enabled fraud and emerging typologies.

We recognize that increased reporting volumes, while a positive indicator of compliance, place

greater demands on analytical capacity and data management. Accordingly, our strategic roadmap prioritizes enhanced automation, risk-based prioritization, adoption of advanced analytical tools—including modern IT infrastructure and AI-enabled techniques—and continuous capacity building for our analysts to ensure effectiveness of FIU analysis.

The fiscal year was also marked by significant strategic developments. In February 2025, Nepal was placed on the FATFs list of 'Jurisdictions under Increased Monitoring'. As the focal point of the national AML/CFT framework, FIU-Nepal is fully committed to playing a constructive and coordinating role in the country's efforts to address the identified deficiencies and successfully exit the list. Guided by the outcomes of the APG mutual evaluation, our forward path is anchored on three core pillars: implementation of a robust risk-based approach; strategic adoption of advanced technology and analytical capabilities; and deepened coordination and cooperation with all AML/CFT regime stakeholders to ensure that financial intelligence leads to tangible outcomes.

Throughout the year, FIU-Nepal continued targeted capacity development programs for law enforcement agencies, regulators/supervisors, and reporting entities. These initiatives strengthened compliance, enhanced inter-agency coordination, and reinforced domestic and international cooperation. Our engagement with international partners enabled valuable exchanges of best practices, typologies, and updates on evolving global standards.

Unlike previous editions, this report focuses primarily on FIU-Nepal's key statistics and achievements of the fiscal year 2024/25. A separate information booklet on FIU-Nepal and the broader national AML/CFT regime will be published later in the year.

I extend my sincere appreciation to the Directive Committee, Coordination Committee, Nepal Rastra Bank, law enforcement agencies, regulatory authorities, reporting entities, and all national and international stakeholders—including the APG, FATF, and the Egmont Group of FIUs—for their continued support and collaboration. Special acknowledgment is due to the Policy & Planning Division and all FIU-Nepal staffs for their dedication and professionalism, particularly Deputy Directors Keshav Prasad Rimal, Sworup Shrestha, Bishnu Prasad Guragain, Sachin Raj Piya; Assistant Directors Sameer Kumar Singh, Amish Sharma, Sharada Gurung, Kamal Paudel, and Sharada Adhikari; and Assistants (IT) Bibesh Pokharel and Janam Thapa.

I would like to reiterate our commitment to our role in strengthening Nepal's AML/CFT regime and safeguarding the integrity of the country's financial system.

"

Our forward path is anchored on three core pillars: implementation of a robust risk-based approach; strategic adoption of advanced technology and analytical capabilities; and deepened coordination and cooperation with all AML/CFT regime stakeholders

MR. BASHU DEV BHATTARAI

Director / Head

F I U

N E P A L

Director and Deputy Directors of FIU-Nepal

Employees of FIU-Nepal

01

Overview

1.1 FIU-NEPAL AT A GLANCE

1.1.1 Introduction

Financial Intelligence Unit (FIU-Nepal) was established on 21 April 2008 as the focal point of Nepal's Anti-Money Laundering (AML) regime to combat Money Laundering (ML) and Terrorist Financing (TF). In line with FATF Recommendation 29, FIU-Nepal serves as the national agency responsible for receiving and analysing suspicious transaction reports (STRs) and other information relevant to ML, associated predicate offenses and TF, and for disseminating the resulting intelligence.

FIU-Nepal is an administrative-type FIU that plays a central role in Nepal's AML/CFT operational network, connecting the private and public sectors in the country's fight against financial crimes. It receives STRs and other reports from reporting entities (REs) and forwards the intelligence reports to law enforcement agencies (LEAs) for further investigation. Relevant information are also transmitted to other competent authorities as necessary. FIU-Nepal does not possess investigative or prosecutorial powers and cannot order freezes, seizes or confiscation of funds.

> **FATF Recommendation 29:**
>
> Countries should establish a Financial Intelligence Unit (FIU) that serves as a national center for the receipt of andanalysis of:
>
> a. Suspicious transaction reports (STRs); and
>
> b. Other information relevant to money laundering, associated predicate offences and TF, and for the dissemination of the results of that analysis.
>
> The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.

In addition to its core functions of STR receipt, analysis and dissemination, FIU-Nepal fulfils important coordination and cooperation responsibilities. It works as the secretariat of the Coordination Committee (CC), a senior-level multi-agency body formed under the ALPA. FIU-Nepal also exchanges information with foreign FIUs for intelligence purposes via the EGMONT Group platform. The agency provides feedback and guidance to REs and competent authorities on STRs and other shared intelligence, and delivers training to these institutions as needed.

FIU-Nepal operates with clear operational independence and the autonomy required to execute its mandate effectively. It forwards information to competent authorities and engages with domestic stakeholders and foreign counterparts autonomously. This autonomy has reinforced FIU-Nepal's credibility, fostering trust among the private sector, other competent authorities, and international partners.

1.1.2 The Timeline:

Nepal became a member of APG
In 2002 Nepal joined the Asia/Pacific Group on Money Laundering (APG). This membership signified Nepal's commitment to regional cooperation and compliance with international AML/CFT standards. It also meant Nepal would be subject to periodic mutual evaluations under APG.

2002

2005

First Mutual Evaluation of Nepal
Nepal underwent its first mutual evaluation by APG in 2005. This evaluation assessed the country's AML/CFT laws, regulations, and institutional framework. The outcome provided a baseline diagnosis of strengths and gaps, guiding subsequent reforms.

Enactment of Asset (Money) Laundering Prevention Act (ALPA) & Establishment of FIU-Nepal
In 2008 Nepal enacted the Asset (Money) Laundering Prevention Act, establishing a formal legal basis for AML/CFT. Under this law, FIU-Nepal was formed as the national financial intelligence unit. FIU-Nepal became the central authority responsible for receiving, analyzing, and disseminating financial intelligence in Nepal

2008

Second Mutual Evaluation of Nepal
A second APG mutual evaluation of Nepal was conducted around 2010, with the official report published in 2011. This evaluation reviewed progress made since the first evaluation in 2005. It helped identify persisting deficiencies and guided the next phase of AML/CFT reforms.

2010

FIU – Nepal

FIU Nepal became a member of the EGMONT Group of FIUs
In 2015 FIU-Nepal joined the Egmont Group of FIUs, enabling secure international financial intelligence sharing. This membership enhanced Nepal's ability to cooperate with FIUs globally on cross-border AML/CFT cases. It marked a milestone in Nepal's integration into international AML cooperation networks.

2015

Third Mutual Evaluation of Nepal (Started) & Implementation of goAML System in Life Insurance, Remittance Companies and LEAs
The third-round APG mutual evaluation started in 2022. The mutual evaluation report was adopted and published in September, 2023. In 2022, goAML was deployed in life insurance companies, remittance companies, and law enforcement agencies for information dissemination. Additional financial institutions and DNFBPs were integrated into the goAML system in the following year. These steps broadened the AML/CFT regime's coverage and reinforced reporting and intelligence flows across multiple sectors.

2022

2020

Second National Risk Assessment & Implementation of goAML System in Commercial Banks
In 2020 Nepal completed its second ML/TF National Risk Assessment (the first one was conducted in 2016), updating its understanding of risk exposures. Concurrently, goAML was implemented in commercial banks, initiating digital reporting of suspicious and threshold transactions. This marked a major shift toward electronic, standardized reporting in the banking sector.

Amendment in AML/CFT related laws & Third National AML/CFT Strategy
In 2024 Nepal amended key AML/CFT legislation and issued updated AML Prevention Rules. The Third National AML/CFT Strategy covering 2024/25–2028/29 was launched, guiding the country's AML priorities for the next five years. These developments reflect an updated legal and strategic framework to strengthen AML/CFT compliance nationwide.

2024

1.1.3 The Roles of FIU-Nepal:

The Roles

FIU-Nepal is the national agency with the core functions of: receiving STRs and other relevant information; analyzing collected information and developing financial intelligence; and sharing developed intelligence with law-enforcement agencies and other competent authorities. Besides, it carries out other functions as per the provisions of Section 10 of ALPA.

Create
FIU-Nepal has moved from traditional data sharing to creating shared analytical value. Drawing on STRs and other relevant information, FIU-Nepal develops financial intelligence through tactical, operational and strategic analysis. The disseminated intelligence and shared strategic analysis reports provide valuable support to the LEA investigations and enhance competent authorities' understanding of emerging threats and typologies.

Cooperate
FIU-Nepal plays a key role in domestic and international cooperation for the exchange of critical financial intelligence. Domestically, it cooperates with competent authorities by providing requested information and, where necessary, forwarding their requests to foreign FIUs. Likewise, it cooperates with foreign authorities by responding to requests received from or through foreign FIUs. In doing so, FIU-Nepal adheres to the Egmont Principles for Information Exchange.

Coordinate
FIU-Nepal is the focal agency in Nepal's national AML/CFT framework. It serves as the Secretariat of the Coordination Committee established under the Asset (Money) Laundering Prevention Act, and is the designated contact point for the Asia/Pacific Group on Money Laundering (APG). FIU-Nepal coordinates with other AML/CFT stakeholders during national risk assessments and mutual evaluations.

Communicate
FIU-Nepal conducts outreach and awareness programs for reporting entities and other stakeholders to strengthen Nepal's AML/CFT system. It provides feedback to reporting entities on the reports they file and receives feedback from LEAs and other competent authorities on the intelligence it disseminates. FIU-Nepal also organizes interaction programs and workshops to build the capacity of relevant stakeholders.
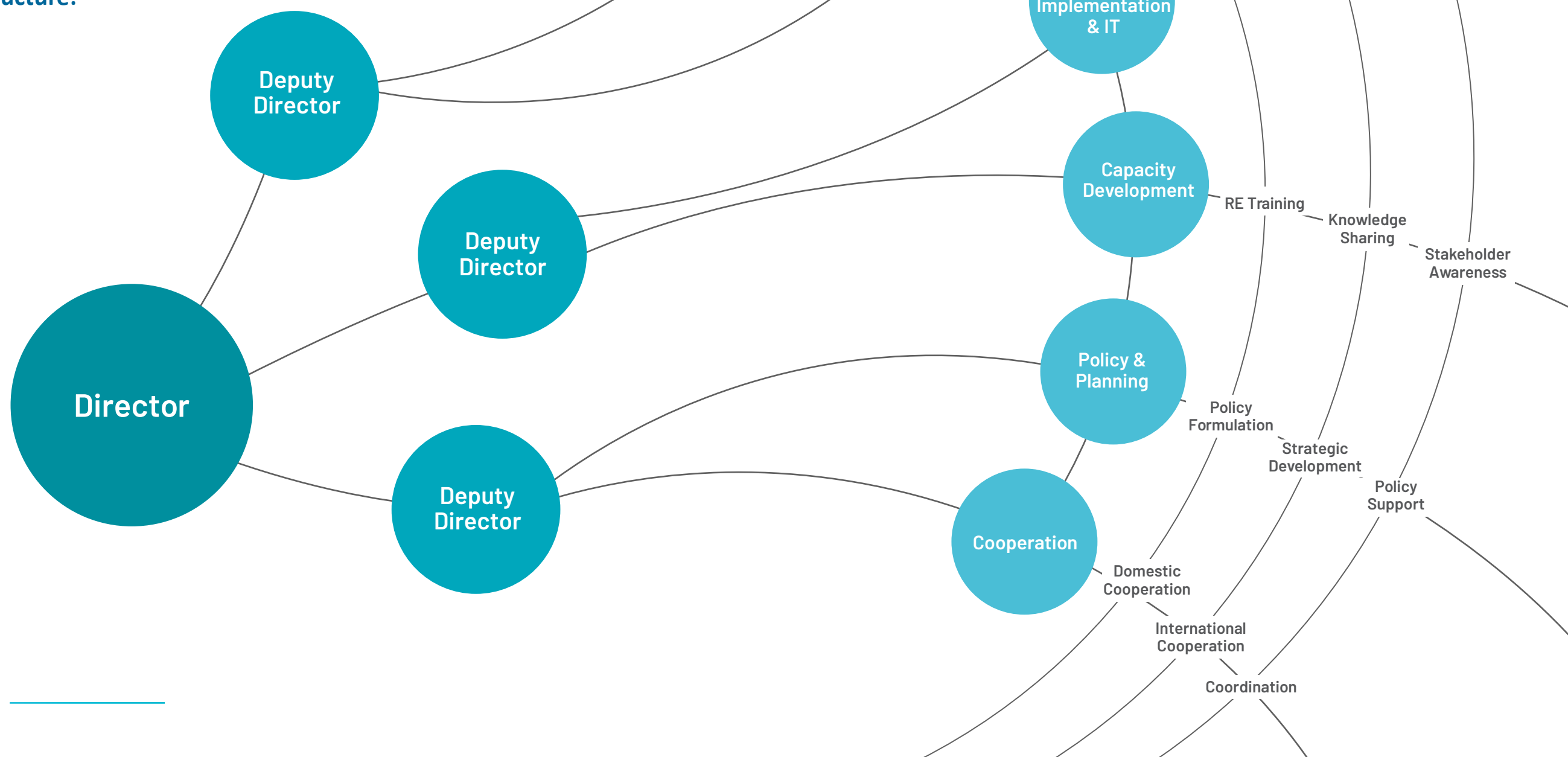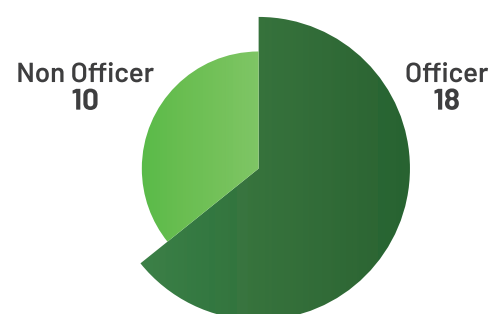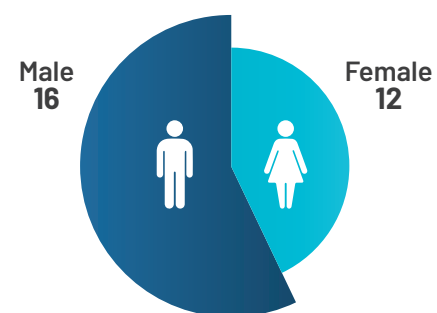
1.1.4 The Governance Structure:

FIU-Nepal is an operationally independent public agency that was established under the section 9 of the Assets (Money) Laundering Prevention Act, 2008 (ALPA). Its functions, duties, and rights are laid out in the Act. Other provisions shall be as decided by the Directive Committee formed under the Act and headed by the Minister of Finance.

FIU-Nepal also acts as the secretariat of the Coordination Committee. This Committee, formed under the ALPA, plays crucial role in Nepal's AML/CFT regime by maintaining working coordination among the agencies involved in fighting against ML/TF and enhancing their working effectiveness. The Head of FIU-Nepal is the member-secretary of the Committee and is accountable to the Committee.

FIU-Nepal's needed budget and resources are availed by Nepal Rastra Bank, the central bank of Nepal. The Head of FIU-Nepal is appointed by the Governor from among the first class or higher level officers of Nepal Rastra Bank in consultation with the Coordination Committee.

1.1.5 Organizational Structure:

Our Team

Male 16   Female 12

Non Officer 10   Officer 18

Director

Deputy Director

Deputy Director

Deputy Director

Analysis

Internal Administration

goAML Implementation & IT

Capacity Development

Policy & Planning

Cooperation

Strategic Analysis

Operational Analysis

Tactical Analysis

Risk Management

Network Management

Logistics Management

Database Management

Procurement

HR Management

System Maintenance

Report Screening

RE Integration & Support

RE Training

Knowledge Sharing

Stakeholder Awareness

Policy Formulation

Strategic Development

Policy Support

Domestic Cooperation

International Cooperation

Coordination

1.2 YEAR 2024/25 IN REVIEW

1.2.1 The Highlights:

goAML Integration: Sector-wise (as of July 16, 2025)
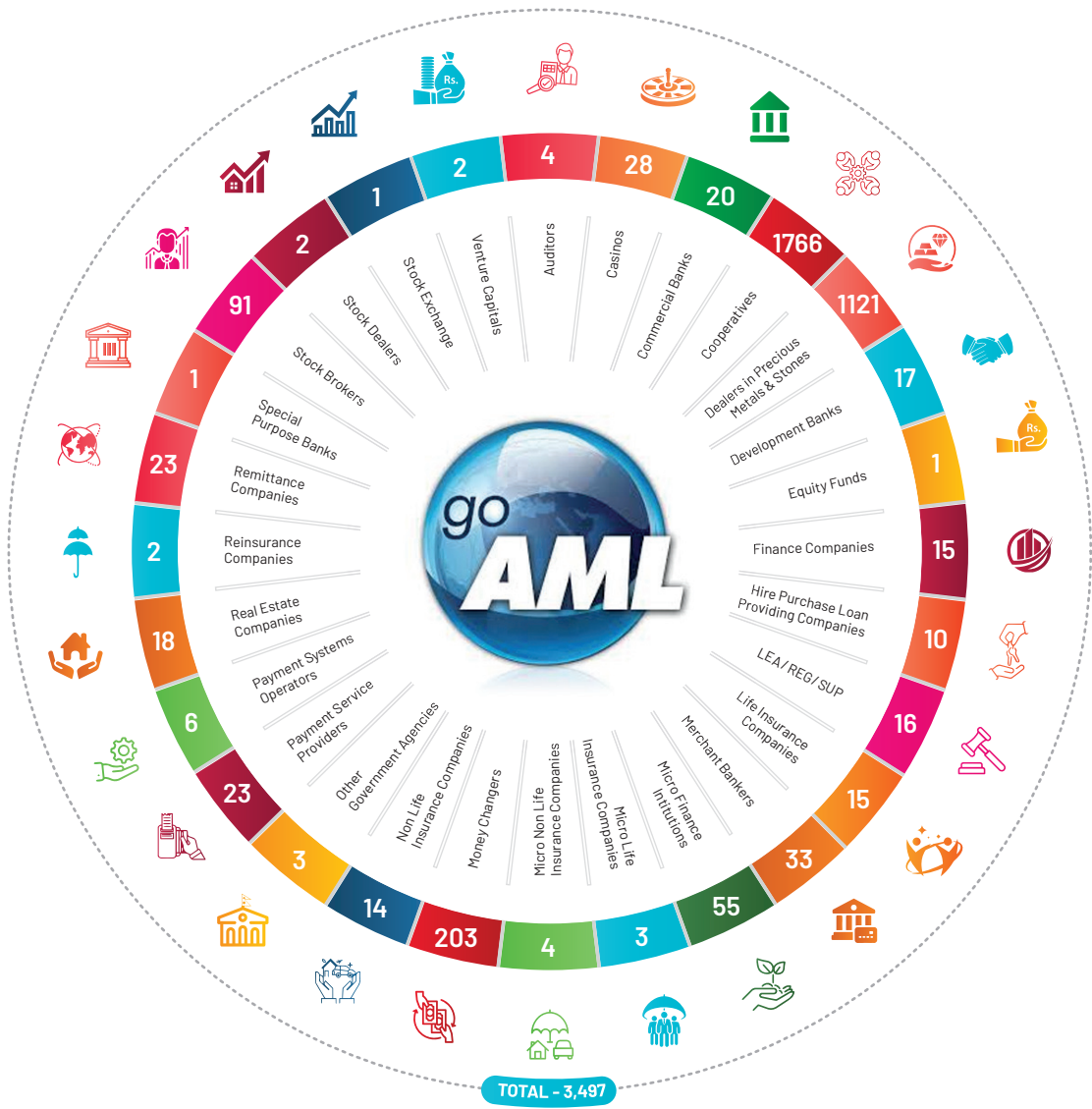
FIU-Nepal reporting portal goAML integration across reporting sectors expanded sharply from 1,639 entities in FY 2023/24 to 3,497 entities in FY 2024/25, demonstrating significantly broader system coverage and improved adoption of electronic reporting. The most notable increases occurred in Cooperatives (1,010→1,766) and Dealers in Precious Metals and Stones (121→1,121), reflecting targeted regulatory outreach to high-risk non-financial sectors. Growth is also observed among Money Changers (128→203), Merchant Bankers (29→33), and Microfinance Institutions (49→55), indicating steady digital integration across diverse financial intermediaries. Meanwhile, core regulated sectors such as Commercial Banks (20), Development Banks (17), and Finance Companies (15) remain fully integrated, showing stable and consistent compliance. The introduction of Auditors (0→4) and increased participation from government fund agencies (EPF, SSF, CIT) show expanding institutional engagement. As of 17 October 2025, total of 4,098 REs, LEAs and supervisory authorities are integrated in goAML system

goAML Integration: Province-wise (as of July 16, 2025)

goAML integration increased substantially from 1,639 in FY 2023/24 to 3,497 in FY 2024/25, reflecting stronger national coverage and improved compliance readiness across all provinces. Bagmati remained the largest contributor, rising from 1,197 to 2,076 registrations, followed by notable growth in Lumbini (128 to 449) and Gandaki (126 to 371). Provinces with smaller financial footprints, such as Karnali (15 to 61) and Sudurpashchim (5 to 57), also showed meaningful improvement, indicating broader outreach and increasing adoption of FIU-Nepal's electronic reporting platform.

goAML Integration: Year-wise (as of July 16, 2025)
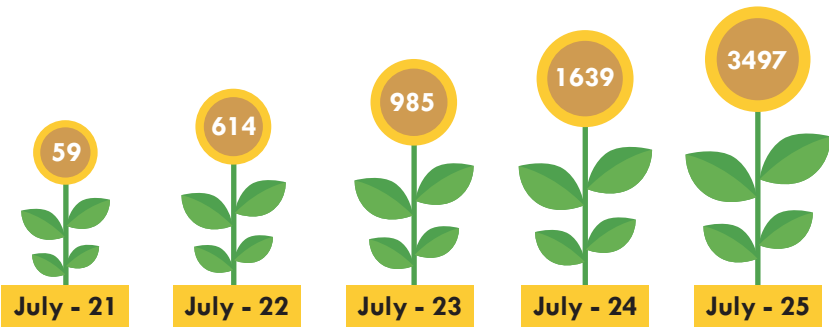
goAML integration has increased steadily over the past five fiscal years, rising from 59 entities in 2020/21 to 3,497 entities in 2024/25 The progression—59 → 614 → 985 → 1,639 → 3,497—shows a strong and consistent expansion in reporting coverage, with the most rapid growth occurring in the last two years. This upward trend reflects expanded regulatory outreach, improved compliance awareness, and FIU-Nepal's continued efforts to bring both financial and non-financial sectors into the electronic reporting system, resulting in significantly broader national integration by 2024/25.
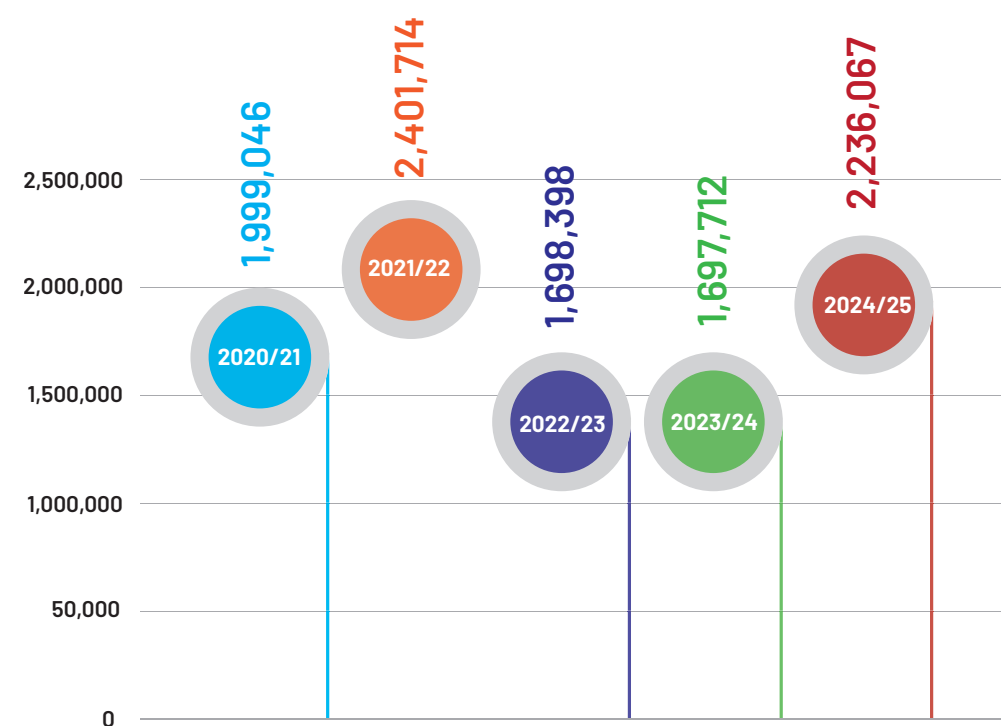
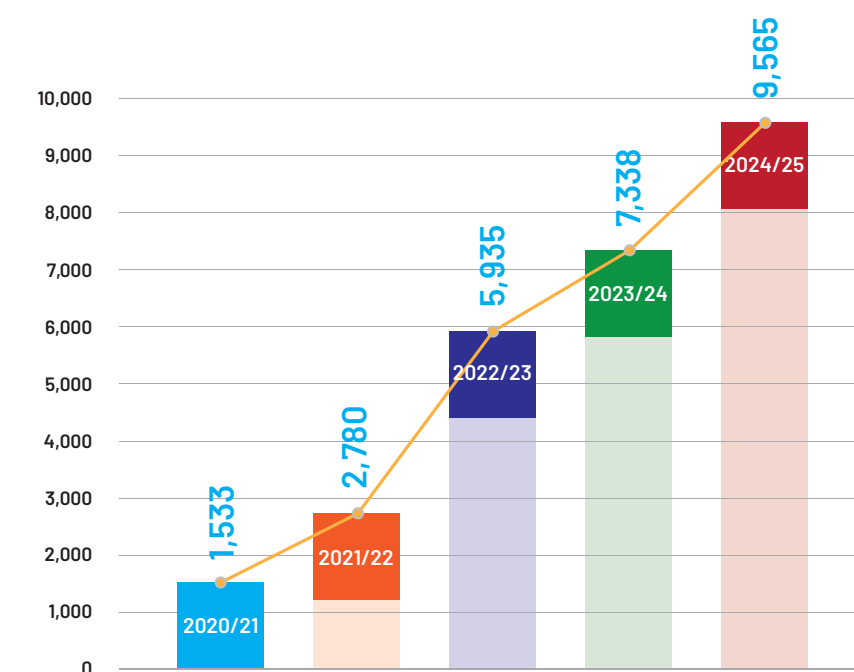## STRs/SARs Receipt, Analysis and Dissemination: 2022/23 - 2023/24

	2023/24		2022/23
23.64%	7338	STR Received	5935
34.46%	1635	STR Analyzed	1216
76.04%	889	STR Disseminated	505
4.92%	746	STR Postponed	711

STRs/SARs Receipt, Analysis and Dissemination: 2023/24 - 2024/25

2023/24		2024/25	
7338	STR Received	9565	30.35%
1635	STR Analyzed	2282	39.57%
889	STR Disseminated	945	6.29%
746	STR Postponed	1337	79.22%

Yearly Receipts of TTRs

Year	Value
2020/21	1,999,046
2021/22	2,401,714
2022/23	1,698,398
2023/24	1,697,712
2024/25	2,236,067

Yearly Receipt of STRs/SARs

Year	Value
2020/21	1,533
2021/22	2,780
2022/23	5,935
2023/24	7,338
2024/25	9,565

STRs/SARs Reported Value by REs/Agencies (NPR. in Million)

FIU Nepal

Commercial Banks **38,880.51** (In Nos. 7,303)

Remittance Companies **285.64** (In Nos. 100)

Casinos **6.11** (In Nos. 2)

PSP/PSOs **165.70** (In Nos. 252)

Micro Finance Institutions **1.14** (In No. 1)

Cooperatives **65.68** (In Nos. 36)

Securities Companies **1,009.10** (In Nos. 491)

Hire Purchase Loan Providing Companies **0.39** (In No. 1)

Insurance Companies **498.80** (In Nos. 244)

Development Banks **759.63** (In Nos. 780)

Finance Companies **839.24** (In Nos. 355)

STRs/SARs Reported Value by Catagory (NPR. in Million)

FIU Nepal

STR PEP **690.16** (In Nos. 12)

STR TBML **372.28** (In Nos. 43)

STR* **2,032.56** (In Nos. 1,004)

STR Medium **30,233.37** (In Nos. 3,614)

STR Low **1,867.52** (In Nos. 1,445)

STR High **7,316.04** (In Nos. 1,558)

*Other than BFIs, REs report under 'STR' category only.

STR/SAR Receipt Based on Predicate Offense

Offense	Previous Year	Current
Destructive Acts, Including Terrorism Related	1	3
Counterfeiting of Coins of Currency Related	14	4
Smuggling (Including Customs, Excise, and Tax) Related	23	21
Citizenship, Immigration, or Passports Related	19	34
Lottery, Gambling, Or Donations Related	428	573
Corruption and Bribery Related	54	66
Human Trafficking Related		11
Money Laundering	3417	3482
Criminal Extortion Related	3	1
Forgery Related	44	76
Kidnapping, Illegal Restraint, Hostage Taking	2	0
Conservation of Ancient Monuments Related		1
Communication, Broadcasting, and Advertising Related	2	3
Illegal Trafficking of Stolen or Other Goods Related	1	2
Illegal Trafficking in Arms and Ammunition Related		1
Every Form of Human Trafficking & Smuggling Related	27	16
Match Fixing and Irregularities in Sports Related		1
Real Estate & Property Related	14	20
Tax (Including Direct or Indirect) Related	2498	2426
Forests, National Parks and Wildlife Conservation Related		3
Virtual Currency		114
Election Related	2	0
Theft or Robbery Related	9	7
Undue Transaction		167
TBML- Trade Based Money Laundering	70	87
Money (Currency), Banking, Finance, Foreign Exchange, Insurance, Or Cooperatives Related	2017	2064
Participation in Organized Criminal Groups and Illegal or Fraudulent Racketeering Related	14	21
Production of Counterfeit Goods and Illegal Reproduction or Theft (Piracy Of Products) Related	6	2
Adversely Affecting the Securities or Commodities Market (Market Manipulation) or Insider Trading Related	9	28
Every Form of Child Sexual Exploitation and Sexual Exploitation Related	4	4
Black Marketing, Consumer Protection, Competition, or Supply Related	4	16
Fraud in Transportation Business, Education, Health, Medicine, or Foreign Employment Related	40	39
Illegal Trafficking of Narcotic Drugs and Psychotropic Substances Related	3	9
Firms, Partnerships, Company or Association/Organizations Related	681	935
Hundi Related		613
Unauthorized Casino Operation		2
Fraud Related	927	1355

Previous Year Data

Intelligence Reports (STRs/SARs) Dissemination: Agency-wise (in 2024/25)

- IRD: **30**
- DRI: **17**
- Nepal Police: **845**
- CIAA: **6**
- Dept. of Cooperatives: **3**
- DMLI: **3**
- Nepal Insurance Authority: **2**
- Social Welfare Council: **1**
- NRB - PSD: **1**
- NRB - BSD: **4**
- NRB - FEMD: **8**
- NRB - NBFISD: **25**

NRB: Nepal Rastra Bank | BSD: Bank Supervision Department | FEMD: Foreign Exchange Management Department
PSD: Payment Systems Department | NBFISD: Non-bank Financial Institution Supervision Department

Intelligence Reports (STRs/SARs) Dissemination:Predicate Offence-wise (in 2024/25)

1. Domestic Inquiry Dissemination — **1**
2. Money Laundering — **2**
3. Smuggling (Including Custom, Excise & Tax) Related — **2**
4. Change of Religion — **3**
5. Firms, Partnership, Company or Association/ Organizations Related — **3**
6. Citizenship, Immigration or Passport Related — **3**
7. Corruption & Bribery Related — **6**
8. Virtual Currency — **11**
9. Tax (Including Direct or Indirect) Related — **37**
10. Money, Banking, Finance, FOREX, Negotiable Instrument, Insurance or Cooperatives Related — **123**
11. Fraud Related — **165**
12. Hundi Related — **241**
13. Lottery, Gambling or Donations Related — **348**

DOMESTIC INFORMATION EXCHANGE:

- Request (Entities/Persons) from LEAs:
- DMLI: **13**
- Nepal Police: **78**
- CIAA: **2**
- **Total: 93**
  - FIU-Nepal responded to all the requests

INTERNATIONAL INFORMATION EXCHANGE:

- Requests received from foreign FIUs: **36**
- Requests sent to foreign FIUs: **19**
- Spontaneous disclosures from foreign FIUs: **9**
- **Total: 64**
  - Signed MOU with the FINC of the Kingdom of Bahrain (Total MOUs-20 till FY 2024/25 end)

FEEDBACK PROVIDED BY FIU-NEPAL ON TTR/STR/SAR

- On STR/SAR/TTR based on review/ findings - **3,493**
- On STR/SAR during screening - **867** (approx.)
- On STR/SAR during analysis - **887** (approx.)
- Phone call communication by Analyst with REs (approx.)- **300**(approx.)
- In-person meeting with REs to provide specific feedback- **42**

FEEDBACK OBTAINED BY FIU

- Feedback from Nepal Police- **639**
- Feedback from IRD-**1**
- Feedback from DMLI- **6**
- Feedback from CIAA- **1**
- Feedback from NRB- **4**
- Feedback from SEBON- **1**
- Feedback from DoC- **1**
- Feedback from NIA- **1**

CAPACITY BUILDING

International trainings and Meetings - **10**

Domestic trainings and workshops- **25**

Knowledge sharing among FIU staff - **5**

Knowledge sharing with NRB staff - **1**

OUTREACH and AWARENESS

- Interaction/Orientation programs with stakeholders, organized by FIU - **5**

Interaction sessions attended as Resource Person by FIU staff- **22**

1.2.2 Other Major Activities:

FIU-Nepal has been making significant efforts to enhance its core functions of collection, analysis, and dissemination of information related to ML, associated predicate offence, TF, and PF, as well as other duties required to discharge its mandate effectively. During the review year, a number of policy and goAML-related initiatives were undertaken that significantly enhance FIU-Nepal's effectiveness. Many of these initiatives were included in FIU-Nepal's annual plan and reflected in the National Strategy and Action Plan on AML/CFT (2024/25-2028/29) or NRB's Third Strategic Plan (2022-2026).

- **Policy-related:**
  - Prepared and published the Strategic Analysis Report on 'Cyber Enabled Fraud'
  - Issued 'Penalty-related Procedures, 2082'
  - Issued updated version of 'Threshold Transaction Reporting Guidelines' and 'Suspicious Transaction Reporting Guidelines'
  - Updated 'Security Manual of FIU-Nepal'
  - Prepared 'Guidelines on Security, Confidentiality, and Usage of Intelligence' (approved by Coordination Committee as per the provision of ALPA).

- **goAML-related**
  - Integration of all high-risk REs in goAML system for reporting
  - Published notice to all high-risk REs to be integrated on goAML system for reporting
  - Study completed about FIU-Nepal's digitization and modernization (goAML)
  - Upgraded goAML Production Environment from Version 5.2 to 5.5
  - Updated goAML operational guidelines for BFIs
  - Issued goAML operational guidelines for DPMS and Microfinance institutions
  - Successfully conducted FIU-Nepal's Disaster Recovery (DR) Drill
  - Replacement of network firewalls and network racks in the main server
  - Upgraded Security Information Event Management (SIEM) system
  - Conducted Refresher Training to FIU-Nepal analysts and goAML administrators with support from UNODC Experts

1.3 POST MUTUAL EVALUATION

Based on the mutual evaluation carried by APG in 2022-23, Nepal entered the FATF's ICRG process in October 2023. After one-year observation period and assessment of Nepal's progress, Nepal was added to the list of Jurisdictions under Increased Monitoring by FATF in February, 2025 citing strategic deficiencies in the country's AML/CFT regime. Nepal has agreed to an action plan to address the deficiencies pointed out by the mutual evaluation report (MER). Nepal has also implemented the second National Strategy and Action Plan on AML/CFT (2024/25 to 2028/29).

The summary of Nepal's evaluation in Technical Compliance and Immediate Outcomes are as follows:

Technical Compliance:

S.No.	Ratings of Recommendations	MER*	FUR*
1	Compliant	5	5
2	Largely Compliant	16	23
3	Partially Compliant	16	11
4	Non-Compliant	3	1
Total Recommendations		**40**	**40**

Immediate Outcome:

S.No.	Ratings of Immediate Outcomes (IOs)	MER**
1	High level of effectiveness	0
2	Substantial level of effectiveness	0
3	Moderate Level of effectiveness	4
4	Low level of effectiveness	7
Total Immediate Outcomes		**11**

Updated ratings in the first FUR, June 2024.

***As per MER, 2023, Immediate outcomes are not possible for upgradation during follow up process.*

Technical compliance ratings on seven recommendations that were rated PC on MER were upgraded to LC in the follow-up report (FUR) of June, 2024. Likewise, MER ratings on two recommendations that were NC were upgraded to PC. Since two of the upgrades were from NC to PC, still 12 recommendations remain either NC or PC after the first FUR.

Technical Compliance Ratings

R.1 — Partially Compliant
R.2 — Largely Compliant
R.3 — Largely Compliant
R.4 — Largely Compliant
R.5 — Largely Compliant
R.6 — Partially Compliant
R.7 — Partially-Compliant
R.8 — Non-Compliant
R.9 — Largely Compliant
R.10 — Largely Compliant
R.11 — Compliant
R.12 — Largely Compliant
R.13 — Largely Compliant
R14 — Largely Compliant
R.15 — Partially-Compliant
R.16 — Largely Compliant
R.17 — Largely Compliant
R.18 — Largely Compliant
R.19 — Largely Compliant
R.20 — Compliant
R.21 — Compliant
R.22 — Largely Compliant
R.23 — Largely Compliant
R.24 — Partially Compliant
R.25 — Partially Compliant
R.26 — Partially Compliant
R.27 — Compliant
R.28 — Partially Compliant
R.29 — Compliant
R.30 — Largely Compliant
R.31 — Largely Compliant
R.32 — Largely Compliant
R.33 — Largely Compliant
R.34 — Partially Compliant
R.35 — Largely Compliant
R.36 — Largely Compliant
R.37 — Largely Compliant
R.38 — Largely Compliant
R.39 — Partially Compliant
R.40 — Partially Compliant

1.4 AML/CFT REGIME STAKEHOLDERS

1.4.1 International Bodies: FATF, APG, the Egmont Group, and Others

Financial Action Task Force

The FATF is the global money laundering and terrorist financing watchdog. It is an intergovernmental body established in 1989 at the G-7 Paris summit which sets international standards that aim to promote effective implementation of legal, regulatory and operational measures to combat AML/CFT/CPF for the integrity of the international financial system. The FATF is therefore a "policy-making body" which works to generate necessary political will to bring about national legislative and regulatory reforms in these areas.

Asia/Pacific Group on Money Laundering

The APG is one of the nine FATF-Style Regional Bodies (FSRBs) which works to improve the implementation of international standards against ML/TF/PF in the Asia-Pacific region. APG plays an important role in global fight against financial crimes through research, information exchange and assisting members to develop and enforce AML/CFT related laws and policies. It was established in 1997 and currently comprises of 42 member jurisdictions.

The Egmont Group

The Egmont Group of FIUs is a united body of 177 Financial Intelligence Units (FIUs). It is the global network of FIUs, which aims to improve communication, information sharing, and coordination amongst its members. The Egmont Group provides a platform for the secure exchange of expertise and financial intelligence to combat ML/TF, and associated predicate offences. It is the operational arm of the international AML/CFT apparatus and has become the cornerstone of international efforts to counter ML and TF.
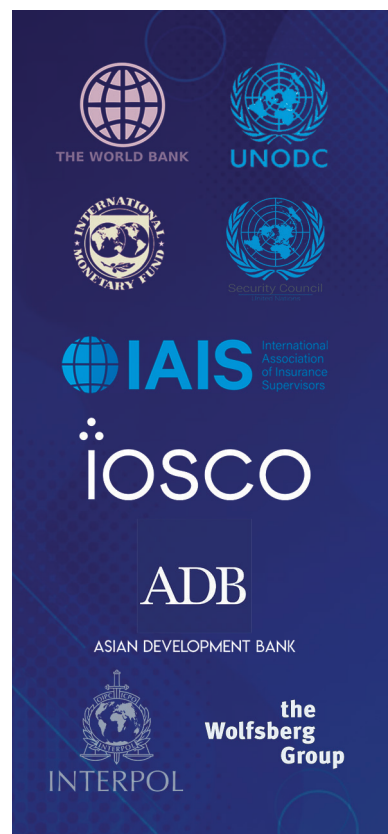
The other international bodies involved in the fight against ML/TF/PF are:

- The World Bank
- The Basel Committee on Banking Supervision
- The International Monetary Fund
- The Wolfsberg Group
- United Nations Office on Drugs and Crime (UNODC)
- United Nations Security Council
- The Asian Development Bank
- International Criminal Police Organization (Interpol)
- Asset Recovery Inter-Agency Network for Asia and the Pacific (ARIN-AF)
- International Association of Insurance Supervisors (IAIS)
- International Organization of Securities Commissions (IOSCO)

1.4.2 Domestic Stakeholders:

Stakeholders of AML/CFT Regime
- Reporting Entities (Eg. BFIs)
- Concerned Ministries
- Regulators and Supervisors
- FIU Nepal
- Law Enforcement Agencies (LEAs)
- Directive Committee
- Other Major Committee/ Mechanisms
- MLA / Extradition Authority
- Department for Management of Proceeds of Crime
- Prosecution, Judicial Bodies
- Coordination Committee

Reporting Entities and Regulators:

The FATF Recommendations: R.26, R.27,and R.28 emphasize the role of regulators and supervisors in overseeing the FIs and DNFBPs. Regulators and supervisors should possess sufficient authority to monitor and ensure compliance with AML/CFT related provisions, including the power to conduct inspections.

Section 7 U of the ALPA (2008) has provisions regarding the functions, responsibilities and powers of regulatory agency and Section 7 V includes the provision for regulatory actions and sanctions against REs.

Table below presents list of different regulators and REs under their purview:

Regulators & Supervisors	Reporting Entities (Financial Institutions)
Nepal Rastra Bank (NRB)	Banks and Financial Institutions
	Cooperative Bank
	Remittance companies and Money Changers
	PSOs and PSPs
	EPF, CIT, SSF
	Public Debt and Stocks
	Hire Purchase Loan Providers
	Other entities licensed by NRB
Securities Board of Nepal (SEBON)	Securities Brokers and Commodity Trading Brokers
	OTC Market
	Merchant Bankers
	Investment Management Professionals
	Investment Companies
	Other entities licensed by SEBON
Nepal Insurance Authority (NIA)	Life Insurance Company
	Non-Life Insurance Company
	Re-Insurance Company
	Micro Life Insurance Company
	Micro Non-Life Insurance Company
	Insurance Brokers
	Other entities licensed by NIA
Department of Cooperatives & National Cooperatives Regulatory Authority	Cooperatives regulated by Federal Level
	Cooperatives regulated by Province Level
	Cooperatives regulated by Local Level
	Central Cooperative Associations carrying out financial transactions with cooperative organizations
Inland Revenue Department (IRD)	Approved Retirement Funds

Regulators & Supervisors	Reporting Entities(DNFBPs)
Inland Revenue Department (IRD)	Dealers in Precious Metal & Stones
Department of Tourism	Casinos or Online Casinos
Department of Land Management and Archive (DOLMA)	Real Estate Business/Agents
Nepal Notary Public Council	Notary Public
Institute of Chartered Accountants of Nepal (ICAN)	Registered Auditors and Accountant/ Chartered Accountants' Firm
Office of the Company Registrar (OCR)	Company & Trust Service Providers
Nepal Bar Council	Law Practitioners
Department of Transport Management	Automobile Sales Businesses

Investigative Agencies and Other Competent Authorities:

Investigative agencies are those agencies which are empowered to investigate crimes. These agencies are the major stakeholders of the AML/CFT regime. They are the primary recipients of intelligence reports from FIU-Nepal. Besides, there are many other agencies that play important role in Nepal's AML/CFT regime. Annexure-3 of National Strategy and Action Plan on AML/CFT (2024-2029) lists all the competent authorities.

INVESTIGATIVE AGENCIES

- Judicial Council
- Commission for the Investigation of Abuse of Authority
- Department of Revenue Investigation
- Department of Money Laundering Investigation
- Nepal Police
- Nepal Army
- Department of Forests & Soil Conservation, and relevant government agencies
- Department of National Parks and Wildlife Conservation
- Department of Drug Administration
- Department of Foreign Employment
- Department of Customs
- Security Board of Nepal
- Narcotics Control Bureau

OTHER RELATED AGENCIES

- Office of the Prime Minister and Council of Ministers (OPMCM)
- Ministry of Finance
- Ministry of Home Affairs
- Ministry of Law, Justice and Parliamentary Affairs
- Ministry of Foreign Affairs
- Ministry of Defence
- Ministry of Industry, Commerce and Supplies
- Ministry of Women, Children and Senior Citizens
- Ministry of Federal Affairs and General Administration
- Ministry of Education, Science and Technology
- National Security Council
- National Planning Commission
- Office of the Auditor General
- Office of the Attorney General
- Nepal Law Commission
- Office of the Public Procurement Monitoring Office
- Nepal Armed Police Force
- Department of Revenue Investigation
- Supreme Court, Judgment Enforcement Directorate
- Department of Commerce, Supplies and Consumer Protection
- Department of Cooperatives
- Social Welfare Council

Coordination Mechanism:

Effective cooperation and coordination among domestic authorities remain fundamental to the success of Nepal's AML/CFT framework. To strengthen inter-agency collaboration, several coordination mechanisms have been established. In addition to the Directive Committee and Coordination Committee constituted under the Asset (Money) Laundering Prevention Act (APLA), the Regulatory Coordination Mechanism, Investigation Coordination Mechanism, and Counter Terrorism Mechanism formed under the National Strategy and Action Plan continue to play a pivotal role in ensuring a coordinated national AML/CFT response.

During the reporting year, the following meetings were convened:

- **Coordination Committee (CC):** 8 meetings
- **Counter Terrorism Mechanism (CTM):** 3 meetings
- **Investigation Coordination Mechanism (ICM):** 2 meetings
- **Regulatory Coordination Mechanism (RCM):** 4 meetings
- **Directive Committee (DC):** 2 meetings
- **Technical Committee (TC):** 2 meetings
- **Task Coordination Committee (TCC):** 2 meetings

This sustained engagement reflects the continued commitment of relevant stakeholders to enhancing coordination and information sharing across the AML/CFT regime.

02

Intelligence Sharing and Cooperation

Like FIUs worldwide, the core function of FIU-Nepal is to collect and analyze suspicious transaction reports and other information related to ML, TF and PF received from REs and other sources, and to disseminate intelligence to the relevant law enforcement/investigative agencies. Besides, information is also exchanged among FIUs and other competent authorities on request.

Analyzing received Reports and Information

Disseminating Intelligence Reports

Receving STRs and other relevant information

Developing intelligence
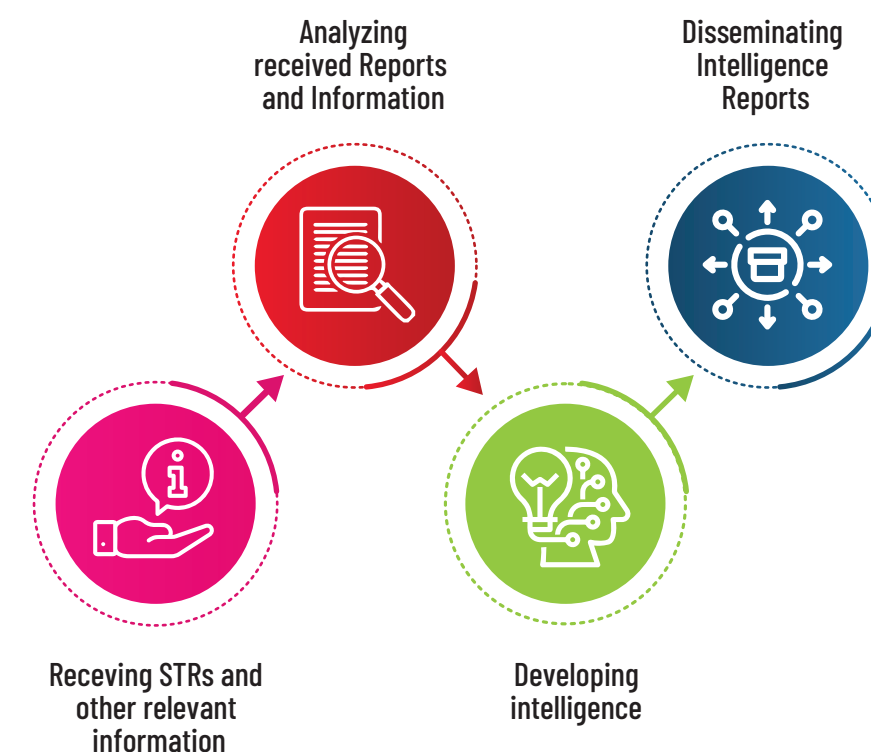
2.1 RECEIPT OF TTRs, STRs AND SARs

2.1.1 Threshold Transaction Reports (TTRs)

TTR is a report that financial institutions and DNFBPs are required to file with FIU-Nepal when the transaction amount exceeds a prescribed threshold. TTR thresholds are determined by NRB and vary according to the type of RE. TTRs are crucial for developing a data bank of customer profiles to support future analyses, particularly when transactions may be connected to ML, TF or PF. REs are required to file TTRs within fifteen days from the date of transaction.

a) Number of TTRs: Sector-wise

Following table presents the numbers of TTRs reported by different REs (Sector-wise) in the last five fiscal years.

Numbers of TTRs Received from Reporting Entities

Reporting Institutions	2077/78 (2020/21)	2078/79 (2021/22)	2079/80 (2022/23)	2080/81 (2023/24)	2081/82 (2024/25)
BFIs	1,292,625	1,384,728	1,175,021	1,101,293	1,110,779
Cooperatives	234,517	274,113	221,422	122,524	63,789
Insurance companies	155,344	195,305	154,365	196,584	260,631
Securities companies	306,643	532,343	131,711	261,708	768,741
Money Changer	-	3,939	11	10	-
Other Government Agencies (CIT, EPF, SSF)	-	9,818	6,353	7,651	9,246
PSP/PSO	-	-	2,203	3,260	13,922
Remittance Companies	-	-	7,299	4,464	6,710
DNFBPs					
Casino				12	11
Dealers in Precious Metals & Stones				157	946
Hire Purchase Loan Providing Companies				8	1,217
Others*	9,917	1,468	13	41	75
Total	**1,999,046**	**2,401,714**	**1,698,398**	**1,697,712**	**2,236,067**

 # In FY 2024/25, total number of TTR received via message board (hardcopy) is 36,445, which was 151,916 in last FY.

* In FY 2020/21 and 2021/22, this category included TTRs from Money Changers, CIT, PSP/PSOs, Remittance companies and Land registration offices. From FY 2022/23 onwards, it includes TTRs from of Land registration offices only.

BFIs Includes A, B, C and D Class institutions licensed by NRB; Insurance Companies includes institution licensed by NIA, Security Companies includes the institutions licensed by SEBON.

Bank and Financial Institutions (BFIs) continue to account for the majority of total TTRs, contributing 49.68% in FY 2081/82. While BFIs remain the dominant source of TTRs, their relative share is gradually declining as other sectors' participation expands. The strong growth in securities, insurance, and PSP/PSO sectors highlights the expanding coverage of Nepal's AML/CFT reporting framework and the positive effect of FIU-Nepal's ongoing integration and awareness initiatives among non-bank financial and DNFBP sectors.

b) Receipt of TTRs by Category

Unified Directive issued by NRB for A, B & C class BFIs has categorized TTR into TTR-cash, TTR-cross border, TTR-foreign exchange. These BFIs are required to report TTRs by selecting one of these three TTR categories. However, no such category is defined for other REs and thus they report TTRs without such categorization. TTRs reported to FIU-Nepal for FY 2023/24 and FY 2024/25 under different categories are presented in figure below:

Categorical TTR in FY 2023/24

13.36% 1.09% 50.16% 35.40%

TTR-Cross Boarder: 226,760
TTR-Foreign Exchange: 18,478
TTR-Cash: 851,511
TTR: 600,963

Categorical TTR in FYs 2024/25

50% 37% 1% 12%

TTR-Cross Boarder: 262,380
TTR-Foreign Exchange: 18,647
TTR-Cash: 826,766
TTR: 1,128,274
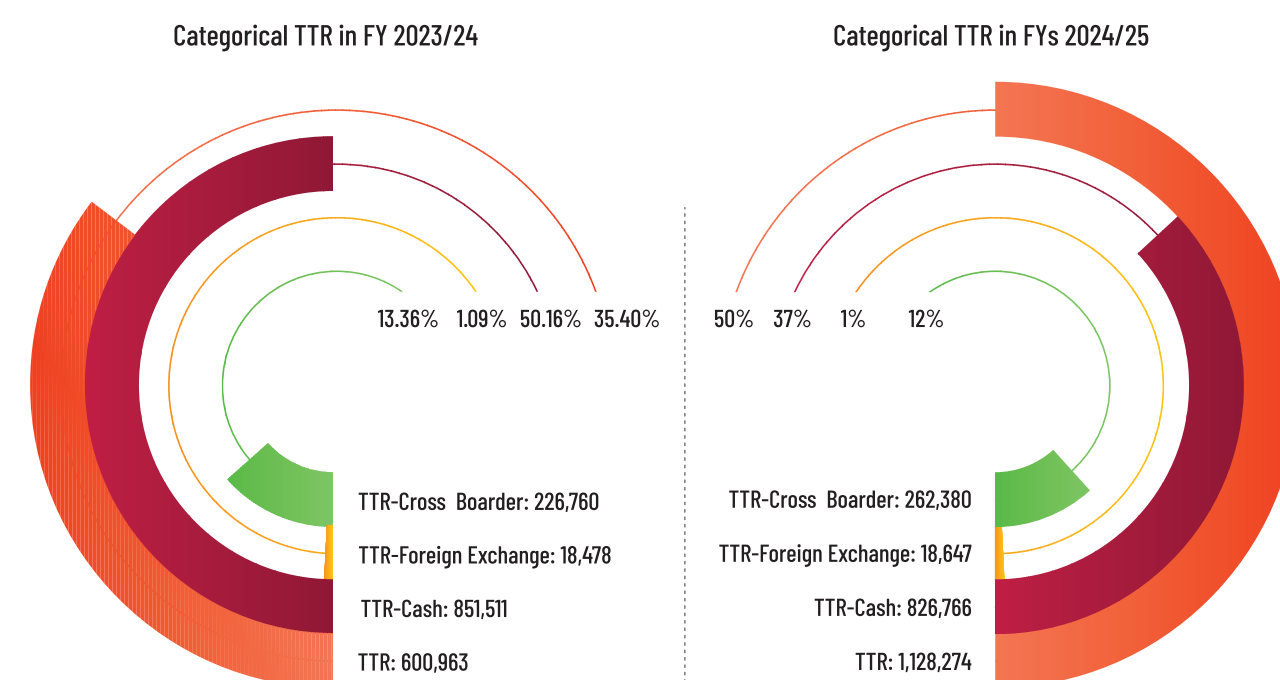
Total TTRs increased sharply by 31.7%, in FY 2024/25, driven mainly by higher reporting in the cross-border and TTR-only categories.

TTRs from REs other than BFIs increased significantly, forming 50% of total TTRs in FY 2024/25, compared to 35% in the previous year. This demonstrates the continued onboarding of diverse REs to the goAML platform and growing compliance with AML/CFT reporting obligations.

The decline in TTR-Cash, alongside stable or rising non-cash categories, signals a structural shift in Nepal's financial ecosystem. According to the Payment Systems Department (PSD) of NRB, the growing use of digital channels—such as mobile and internet banking, connectIPS, and RTGS—has reduced reliance on cash, contributing to lower TTR-Cash volumes and greater electronic transaction penetration across the banking sector.

(Link of TTR Guidelines:

https://www.nrb.org.np/fiu/threshold-transactions-reporting-guidelines/)

2.1.2 STRs and SARs

REs are required by ALPA to file STRs when they have reasonable grounds to suspect criminal activity, money laundering and terrorist financing. This obligation supports FIU-Nepal in identifying individuals, groups and organizations involved in ML, associated predicate offenses, TF and PF. STRs/SARs have, in many cases, been instrumental in enabling law enforcement to initiate or supplement major ML, TF and other criminal investigations. Information provided in STRs/SARs helps identify emerging trends and patterns associated with financial crimes. Understanding these trends is vital for REs, law enforcement/investigative agencies and other AML/CFT stakeholders.

To support consistent reporting, FIU-Nepal has issued STR Guidelines clarifying the obligation to report suspicious transactions under the ALPA (2008). FIU-Nepal has also published red flags and indicators of suspicious activities/transactions across various predicate offences and sectors.

(Link of STRs/SARs Guidelines:

https://www.nrb.org.np/fiu/suspicious-transaction-reporting-suspicious-activity-reporting-str-sar-guidelines/)

a) Number of STRs/SARs Reported by Different REs

The table below presents the numbers of STRs/SARs received by FIU-Nepal in last five years:

Numbers of STRs/SARs Receipt From REs

S.No.	Reporting Institutions (REs)	2077/78 (2020/21)	2078/79 (2021/22)	2079/80 (2022/23)	2080/81 (2023/24)	2081/82 (2024/25)
1	Commercial Banks	1,403	2,380	5,187	6,181	7,303
2	Development Banks	64	119	257	491	780
3	Finance Companies	12	19	44	217	355
4	Micro Finance Institutions	3	44	28	12	1
5	Insurance Companies	3	9	19	62	244
6	Remittance Companies	29	187	146	126	100
7	Securities Companies	18	8	46	52	491
8	Cooperative	0	3	1	8	36
9	PSP/PSOs	-	-	202	181	252
10	Casino	-	-	-	1	2
11	Government agencies and other	1	11	5	7	1
Total		**1,533**	**2,780**	**5,935**	**7,338**	**9,565**

The number of STRs/SARs has risen steadily since the launch of goAML in FY 2020/21, increasing from 1,533 to 9,565 in FY 2024/25.

This growth reflects more efficient reporting through goAML, stronger guidance and capacity-building efforts by FIU-Nepal, and the onboarding of a wider range of reporting entities (REs). Technical support from FIU-Nepal and closer collaboration with regulators and professional associations have further strengthened compliance.

The use of automated monitoring tools by REs and enhanced AML/CFT supervision have also improved the detection of suspicious activities. However, the rise in STRs/SARs may partly indicate emerging financial vulnerabilities, growing complexity of the financial products and the increased misuse of formal channels.

Commercial Banks continued to dominate STRs/SARs reporting, contributing 76.4% of total reports in FY 2024/25, though their share declined from 84.2% in the previous year as other sectors increased reporting.

b) SARs/SARs Reported under Different Categories

AML/CFT related directives issued by NRB requires A, B & C class BFIs to categorize STRs into STR-PEP, STR-High, STR-Medium and STR-Low. One additional STR category 'STR-TBML' is added for commercial banks in order to report suspicious transactions related to trade based money laundering. No such classification is defined for other REs and thus they report suspicious transactions under 'STR' category. STRs/SARs received under different categories for FY 2024/25 and FY 2023/24 and their respective portion is presented below:

STRs/SARs by Category in FY 2024/25 and FY 2023/24

STR*: 1004 (10.50%)
STR-TMBL: 43 (0.45%)
STR-PEP: 12 (0.13%)
SAR: 1889 (19.75%)
STR-Low: 1445 (15.11%)

STR/SAR by Category (FY 2024/25)

STR-High: 1889 (16.29%)
STR-Medium: 3614 (37.78%)

STR*: 389 (5.30%)
STR-TMBL: 22 (0.30%)
STR-PEP: 8 (0.11%)
SAR: 1453 (19.80%)
STR-Low: 1454 (19.81%)

STR/SAR by Category (FY 2024/25)

STR-High: 1311 (17.87%)
STR-Medium: 2701 (36.81%)
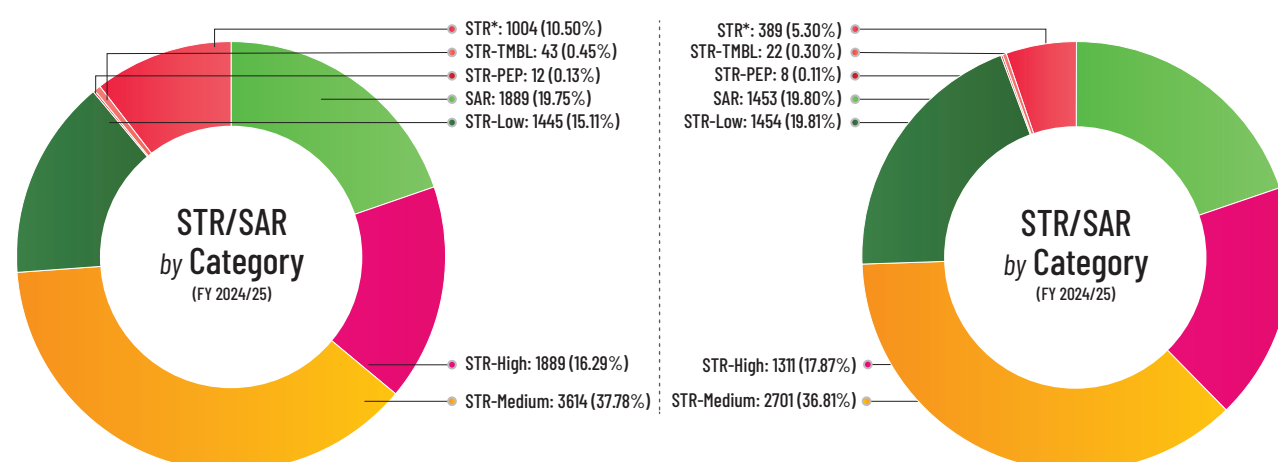
The TBML Catagory

In FY 2024/25, STR/SARs reported under the Trade-Based Money Laundering (TBML) category showed a notable increase, indicating improved detection and awareness among A-class banks. The total number of TBML-related reports rose from 22 in FY 2023/24 to 43 in FY 2024/25, reflecting enhanced monitoring of international trade transactions and better understanding of TBML typologies by reporting entities.

Although TBML is not explicitly defined as a separate predicate offence under the Assets (Money) Laundering Prevention Act, 2008 (ALPA), FIU-Nepal has provided a specific reporting provision for A-class banks to capture such typologies.

Receipts of STRs/SARs under TBML Category

Category	FY 2080/81 (2023/24)	FY 2081/82 (2024/25)
TBML- Trade Based Money Laundering	21	25
TBML - Fraud	19	17
TBML - Other TBML Activities	2	13
TBML - Phantom Shipment		8
TBML - Mis-description of Goods	2	4
TBML - Under Invoicing	6	3
TBML - Transport Document is Fake	1	3
TBML - Sanctions	3	2
TBML - Human Trafficking	2	2
TBML - Third Party Invoice Settlement	1	2
TBML - Other TBML Techniques	1	2
TBML - Over Invoicing	4	1
TBML - Other documents Are Fake	1	1
TBML - Commercial Invoice is Fake	1	1
TBML - Split Invoicing		1
TBML - Overshipment		1
TBML - Certificate of Origin is Fake		1
TBML - Trade Transaction Profile is Fake	2	
TBML - Shipment of Dual Use Goods	2	
TBML - Shell Companies	2	

■ FY 2080/81 (2023/24)   ■ FY 2081/82 (2024/25)

c) STRs/SARs Reported in FY 2024/25 Based on Predicate Offence

While reporting STRs or SARs, REs need to specify one or more predicate offence. Consequently, total reported offenses exceed the number of STRs/SARs. REs report STRs under Money laundering category when they cannot identify a predicate offence but have reasonable ground for suspicion. Money laundering, tax-related, money and banking, fraud, and corporate or firm-related offenses remained the most reported categories, followed by lottery and gambling, corruption, and forgery—reflecting growing awareness of financial and governance risks.

Newly reported categories such as Hundi, Virtual Currency, and Undue Transactions appeared for the first time in FY 2024/25, highlighting the evolving nature of financial crime and continued improvement in compliance practices across sectors

Receipts of STRs/SARs (via goAML system) based on Predicate Offence

Predicate Offence	FY 2080/81 (2023/24)	FY 2081/82 (2024/25)
Destructive Act Including Terrorism Related	1	3
Corruption and Bribery Related	54	66
Forgery Related	44	76
TBML - Trade Based Money Laundering	70	87
Virtual Currency		114
Undue Transaction		167
Other Predicate Offences*	196	246
Lottery, Gambling, Or Donations Related	428	573
Hundi Related		613
Firms, Partnerships, Company or Association/Organizations Related	681	935
Fraud Related	927	1355
Money (Currency), Banking, Finance, Foreign Exchanges, Negotiable Instruments, Insurance, Or Cooperatives...	2017	2064
Tax (Including Direct or Indirect) Related	2498	2426
Money Laundering	3417	3482

Note:
- *In FY 2024/25, TMBL related STR/SARs are summed where STR/SARs are obtained under further 17 sub TBML-relatedcategories.*
- **Other Predicate Offences includes the various multiple reports received below 50 under a predicate offence category.*

2.2 ANALYSIS OF STRs AND SARs

STRs received from REs are first are initially screened by the System's in-built tool with manual screening applied in selected cases. The STRs that fail the screening process are returned to the concerned REs for resubmission with complete data. The STRs that pass screening are assigned to analysts for detailed analysis. After analysis, a conclusion is reached on whether sufficient intelligence can be developed to disseminate the report to LEAs for further investigation. If a meaningful intelligence case is identified, a case is created for dissemination as an intelligence report. If the analysis doesn't yield valuable intelligence, the related STRs are postponed.

Analysis is mainly done at three levels: Tactical, Operational, and Strategic.

2.2.1 Tactical Analysis

Tactical analysis involves collecting and compiling the specific data needed to build a case and clarify the facts underlying a suspected criminal offence. It includes matching and checking information received in reports (especially suspicious transaction reports) against the FIU's internal databases and other accessible data sources and seeking additional information on the subject, entities, transactions or other elements needed for further analysis. Additional information may be requested from foreign FIUs if found necessary.

2.2.2 Operational analysis

Operational analysis uses tactical information to develop actionable investigative intelligence about suspects, their activities, and related networks. It transforms the compiled tactical data into focused, case-level intelligence and investigative leads that directly support law-enforcement action. Key elements include: (i) Converting tactical information into hypothesis about what the suspect or group is doing, (ii) Using FIU database and other available sources to identify activity patterns, relationships, and links between persons, assets, transactions, and possible predicate offenses, (iii) Producing outputs such as activity patterns, new targets, relationships among subjects and accomplice, and build profiles.

2.2.3 Strategic Analysis

Strategic Analysis is carried out to develop knowledge (strategic intelligence) from all available information to inform the future direction and priorities of FIU-Nepal. It is not tied to individual cases but rather focus on new issues, trends and broader patterns of criminality that may affect the national AML/CFT system. The data sources cover wide range of databases including reports published by law enforcement agencies and other public agencies. The analysis is aimed at supporting strategic plans, priorities and risk-mitigation measures at a sectoral or national level, rather than generating immediate investigative leads. FIU-Nepal is required to submit Strategic Analysis Report to the government annually. The most recent strategic analysis report focuses on Virtual Assets and Virtual Assets Service Providers.

Case Example 1 : Hundi through use of Cryptocurrency

A suspicious transaction report (STR) has been received on Mr. RS, who is associated with XYZ Company and has maintained account at bank X. While reviewing his account, volume of transactions is increasing significantly and the deposits are made by multiple unrelated third parties. Most of the credit transactions are cash deposit with the purpose mentioned as return on borrowing. Funds are then transferred to accounts of different parties on the same day or the next day through clearing by structuring the transactions into smaller amounts. The repeated use of "borrowing return" as the transaction purpose raises concerns regarding the legitimacy and actual source of these funds. Furthermore, his spouse and mother's account also found at bank X with him likely being ultimate beneficial owner of those accounts as well.

Ms. RA is employed as a counselor at an educational consultancy as per the KYC maintained at Bank Y. Transaction volume of Ms. RA in Bank X and another Bank Y are significantly higher than expected from her KYC documents. Nature and purpose of transaction observed in the accounts of Ms. RA is similar to her spouse Mr. RS's account where most of the credit transactions are cash deposits mentioning "borrowing, borrowing return" as transaction purpose. Furthermore, Ms. RA has received NPR 20 million from ABC Company and NPR 1.9 million from the individual Mr. AG who is reportedly involved in cryptocurrency as per adverse media report.

Considering the transaction patterns and the financial linkages observed in the accounts of both Mr. RS and Ms. RA, they are suspected of involvement in money laundering associated with hundi operations and crypto-currency transactions, where crypto-currency could have been used for hundi settlement.

Hundi via Cryptocurrency - STR Case
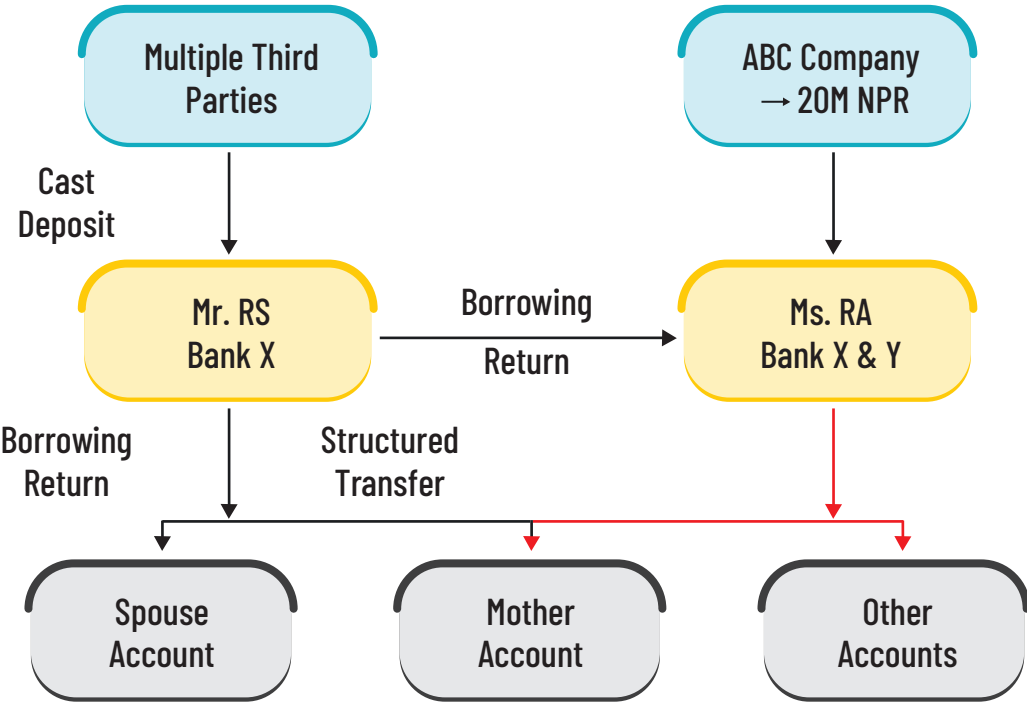
Case Example 2: Suspected Money Laundering through PSP Accounts

Stage I: Issue Identified

Money laundering poses a growing risk to Nepal's financial system, particularly in sectors expected to operate through non-cash channels. Payment Service Providers (PSPs) are licensed to facilitate digital payments and are not expected to conduct frequent or large-scale cash transactions.

During routine transaction monitoring, **Bank 1** identified persistent cash-intensive activity in accounts maintained by **PSP A** and **PSP B**. The observed patterns were inconsistent with the PSPs' declared business profile and prompted enhanced review.

Automated monitoring systems generated alerts for repeated high-value cash deposits conducted by multiple individuals across different branch locations. This behavior deviated significantly from normal PSP operations and indicated potential misuse of accounts.

Key Indicators

Analysis of transaction data, customer profiles, and staff inquiries identified the following red flags:

- Repeated cash deposits exceeding **NPR 10,000**, often multiple times per day, with **daily aggregates above NPR 600,000**
- Cash-intensive activity inconsistent with the electronic nature of PSP operations
- Deposits originating mainly from border and trade-intensive areas vulnerable to informal value transfer systems
- Structured deposits by numerous individuals across locations
- Transaction remarks unrelated to PSP activities
- Inability of depositors to provide clear explanations regarding source and purpose of funds

Frontline observations indicated that some depositors were engaged in cross-border trading, where funds would ordinarily flow through personal or seller accounts rather than PSP accounts. This raised concerns of informal settlement mechanisms, including suspected **hundi-related activity.** Additional linkages were identified with money transfer agencies, cooperatives, and Jewellery businesses.

Scale of Activity

Between **January 2021 and January 2024**, the accounts recorded **NPR 10.35 billion in credits, NPR 10.32 billion in debits**, and **NPR 842.09 million in cash deposits**, with the majority occurring in **2023**. More than **290 individuals** were involved in cash deposits, including several repeat depositors. Some individuals had been previously reported to the FIU in earlier STRs linked to hundi-related typologies.

Reporting Decision

Considering the **volume, frequency, geographic spread**, use of **multiple conductors**, and **clear misalignment with PSP business activities, Bank 1** formed reasonable grounds to suspect money laundering. Accordingly, **STRs** were filed with the **Financial Intelligence Unit (FIU**, under the broader **money laundering framework**, as no standalone hundi typology was available at the time.

Stage II: FIU-Nepal Analysis

Financial Intelligence Analysis on Suspected ML through PSPs

FIU-Nepal received a spontaneous STR concerning an entity and subsequently obtained a large volume of STRs/SARs and TTRs from multiple Reporting Entities relating to unusual financial activity involving Payment Service Providers (PSPs). The consolidated intelligence for this case was developed from **428 STRs/SARs submitted by 45 Reporting Entities**, covering **307 bank and PSP accounts**, with an aggregate reported suspicious amount exceeding **NPR 11.8 billion**.

FIU-Nepal conducted an integrated operational analysis by consolidating reports across institutions and reviewing transaction data over multiple periods. The analysis focused on identifying transaction patterns, account linkages, repeated actors, and consistency with declared business activities. The review revealed that suspicious activity was primarily concentrated in **PSP operational and settlement accounts**, which were repeatedly used for **high-value and high-frequency cash deposits,** behavior inconsistent with the digital operating model of PSPs.

The analysis identified recurring patterns, including frequent cash deposits followed by rapid onward transfers, routing of funds through settlement and intermediary accounts with pass-through characteristics, and repeated appearance of common individuals and entities across reports from different institutions. Transaction narratives were often vague or unrelated to the stated business activities. Link analysis demonstrated interconnected account relationships across institutions, indicating **layering techniques** intended to obscure the origin and movement of funds.

Based on the consolidated intelligence, FIU-Nepal identified multiple **money laundering risk indicators**, including cash-intensive use of PSP accounts, structuring across institutions, rapid movement of funds without clear economic rationale, and repeated involvement of common conductors and beneficiaries. The consistency of these indicators across a large volume of reports supported the assessment that the activity was **systemic and organized**, rather than incidental.

Given the scale of exposure and aggregate suspicious amount exceeding **NPR 11.8 billion**, FIU-Nepal assessed the case as a coordinated misuse of payment service infrastructure, potentially linked to underlying predicate offences. In line with its statutory mandate and **IO 6 and 7**, FIU-Nepal transformed the STRs/SARs into actionable financial intelligence and disseminated comprehensive intelligence reports to the relevant **Law Enforcement Agency (LEA)**. The disseminations included analytical findings, identified linkages, and supporting transactional information to assist financial investigations and tracing of proceeds of crime.

Key Red Flags Identified

- Cash-intensive use of PSP settlement and operational accounts
- High volume of STRs/SARs from multiple Reporting Entities
- Layering through intermediary and settlement accounts
- Repeated involvement of common individuals and entities
- Rapid fund movement inconsistent with legitimate business activity

Stage III: LEA Investigation

Investigations by Law Enforcement Agencies (LEAs) were initiated following identification of unusual cash-intensive deposits and voucher-based settlements in accounts maintained by Payment Service Providers (PSPs). Subsequent inquiry, drawing on **multiple sources of information, including financial intelligence from FIU-Nepal,** indicated that the activities were not isolated incidents but part of a wider, organized network facilitating illegal payment, settlement, and laundering of criminal proceeds.

Scale and Modus Operandi

Review of transaction data, agent records, and settlement information demonstrated prolonged and extensive misuse of PSP infrastructure, involving high transaction volumes, widespread agent participation, and systematic circumvention of regulatory controls. The scale and structure of the activity indicated coordinated and organized conduct rather than incidental compliance breaches.

- Total PSP transaction volumes exceeding NPR 123 billion, from establishment to the date of investigation
- Approximately NPR 96 billion linked to voucher-based deposits and settlements
- 1,959 agents identified, of which 1,547 were active during the review period
- 1,145 agents conducted transactions without uploading mandatory vouchers, indicating deliberate avoidance of controls
- Eight agents individually recorded credits exceeding NPR 1 billion, with cumulative credits of NPR 14.10 billion
- Concentration of very high transaction volumes among a limited number of agents and accounts

Individuals and Money Mule Activity

Investigative findings highlighted repeated use of individuals to introduce cash into the financial system through PSP-linked and intermediary accounts. Many such individuals had no clear economic relationship with the PSPs and deposited amounts disproportionate to their declared income, indicating organized **money mule activity**. The repeated use of the same individuals across branches and institutions suggested coordinated control by third parties.

Transaction Patterns

Transaction flows showed a consistent pattern of **cash introduction followed by rapid onward transfers**, minimal holding periods, and fragmentation across multiple accounts. These characteristics were indicative of pass-through behavior and structuring designed to obscure audit trails.
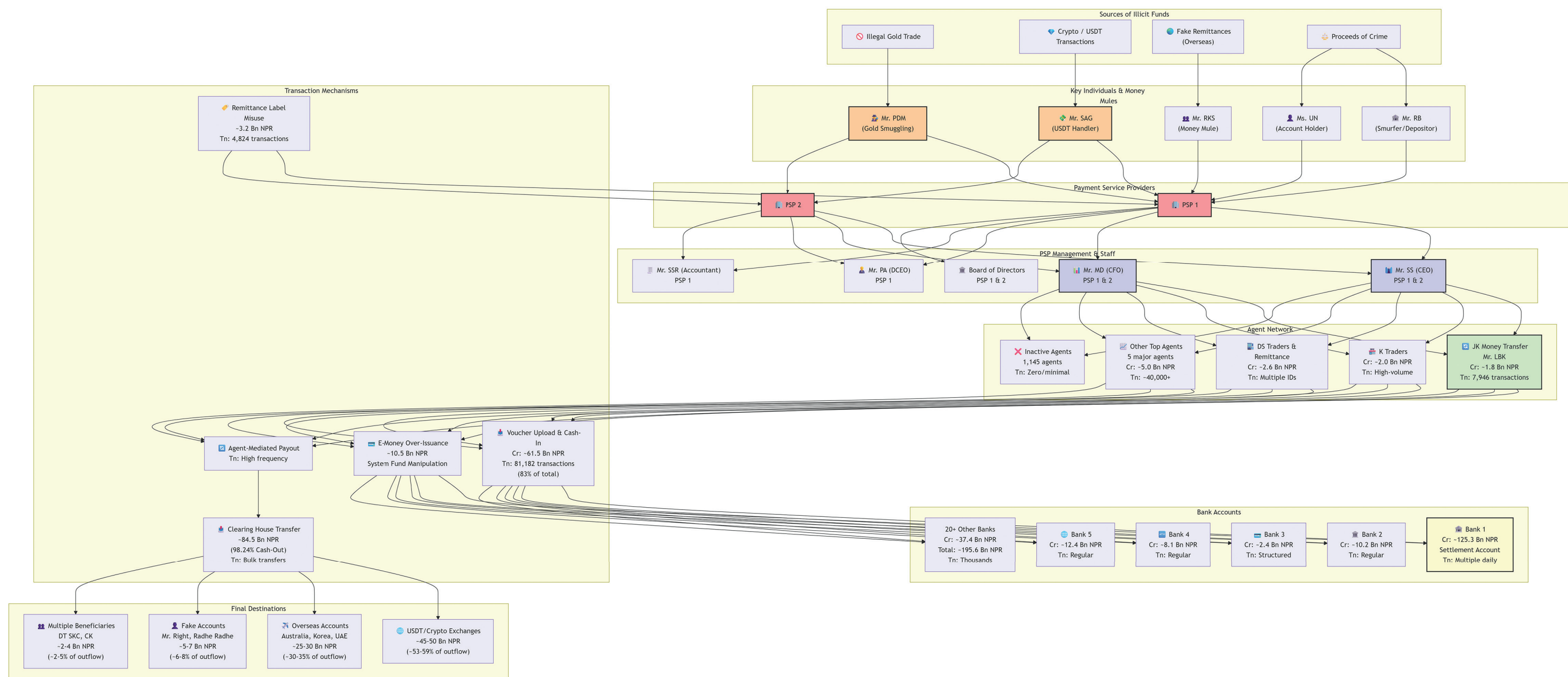
Control and Agent Network Misuse

While deposits were fragmented, control of funds appeared concentrated among a smaller group of persons and entities linked to high-value transactions. The PSP agent network was widely misused to facilitate illegal deposits and settlements, with significant gaps in documentation, monitoring, and compliance with approved operational roles.

Predicate Offences and Integration

Based on the overall assessment, LEAs identified indicators consistent with laundering of criminal proceeds linked to multiple predicate offences, including **illegal hundi operations, trade-based money laundering, tax evasion, and organized economic crime**. Intelligence also suggested subsequent integration of funds through informal trade settlement, investment in high-value assets, use of virtual assets, and recycling through business and personal accounts.

Suspected Money Laundering through PSP Accounts
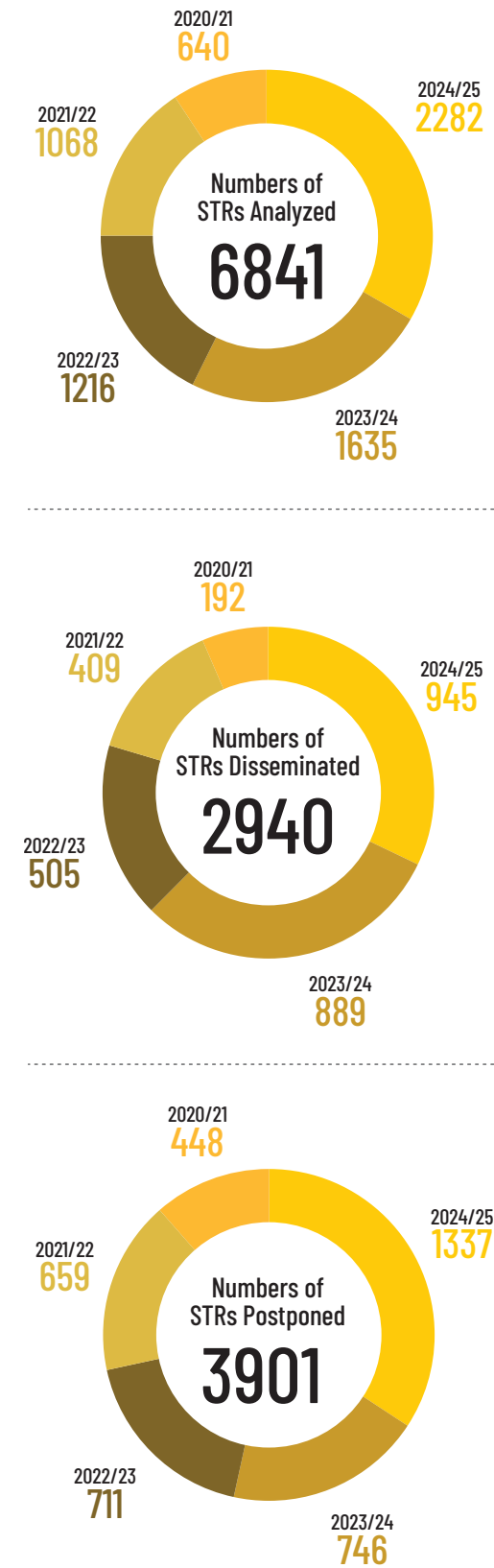
PSP-Based Cash Placement and Layering Network

Sources of Illicit Funds
- 🚫 Illegal Gold Trade
- 💎 Crypto / USDT Transactions
- 🌐 Fake Remittances (Overseas)
- ⚜ Proceeds of Crime

Transaction Mechanisms
- 💸 Remittance Label Misuse
  ~3.2 Bn NPR
  Tn: 4,824 transactions

Key Individuals & Money Mules
- 💰 Mr. PDM (Gold Smuggling)
- ♻ Mr. SAG (USDT Handler)
- 👥 Mr. RKS (Money Mule)
- 👤 Ms. UN (Account Holder)
- 🏦 Mr. RB (Smurfer/Depositor)

Payment Service Providers
- 📱 PSP 2
- 📱 PSP 1

PSP Management & Staff
- 📄 Mr. SSR (Accountant) PSP 1
- 👤 Mr. PA (DCEO) PSP 1
- 🏛 Board of Directors PSP 1 & 2
- 📊 Mr. MD (CFO) PSP 1 & 2
- 📊 Mr. SS (CEO) PSP 1 & 2

Agent Network
- ❌ Inactive Agents
  1,145 agents
  Tn: Zero/minimal
- 📝 Other Top Agents
  5 major agents
  Cr: ~5.0 Bn NPR
  Tn: ~40,000+
- 📋 DS Traders & Remittance
  Cr: ~2.6 Bn NPR
  Tn: Multiple IDs
- 🏦 K Traders
  Cr: ~2.0 Bn NPR
  Tn: High-volume
- 📧 JK Money Transfer
  Mr. LBK
  Cr: ~1.8 Bn NPR
  Tn: 7,946 transactions

- 📱 Agent-Mediated Payout
  Tn: High frequency
- 💳 E-Money Over-Issuance
  ~10.5 Bn NPR
  System Fund Manipulation
- 🎫 Voucher Upload & Cash-In
  Cr: ~61.5 Bn NPR
  Tn: 81,182 transactions
  (83% of total)

- 🏦 Clearing House Transfer
  ~84.5 Bn NPR
  (98.24% Cash-Out)
  Tn: Bulk transfers

Bank Accounts
- 🏦 20+ Other Banks
  Cr: ~37.4 Bn NPR
  Total: ~195.6 Bn NPR
  Tn: Thousands
- 🌐 Bank 5
  Cr: ~12.4 Bn NPR
  Tn: Regular
- 🏦 Bank 4
  Cr: ~8.1 Bn NPR
  Tn: Regular
- 💳 Bank 3
  Cr: ~2.4 Bn NPR
  Tn: Structured
- 🏦 Bank 2
  Cr: ~10.2 Bn NPR
  Tn: Regular
- 🏦 Bank 1
  Cr: ~125.3 Bn NPR
  Settlement Account
  Tn: Multiple daily

Final Destinations
- 👥 Multiple Beneficiaries
  DT SKC, CK
  ~2-4 Bn NPR
  (~2-5% of outflow)
- 👤 Fake Accounts
  Mr. Right, Radhe Radhe
  ~5-7 Bn NPR
  (~6-8% of outflow)
- ✈ Overseas Accounts
  Australia, Korea, UAE
  ~25-30 Bn NPR
  (~30-35% of outflow)
- 🌐 USDT/Crypto Exchanges
  ~45-50 Bn NPR
  (~53-59% of outflow)

2.2.4 Yearly Analysis of STRs/SARs and Their Status

The figure below illustrates the status of total STRs/SARs received, analyzed, disseminated, and postponed during the last five fiscal years.

The trend over the last five fiscal years reflects a consistent increase in the reporting and the analysis carried out by FIU-Nepal. In FY 2024/25, a total of 9,565 STRs/SARs were received, marking a 30% increase from 7,338 in FY 2023/24. This continued surge indicates enhanced awareness among reporting entities and improved detection systems across the financial sector.

Out of the total received reports, 2,282 STRs/SARs were analyzed, showing a 39.6% growth compared to the previous year. Despite this improvement, the analysis rate (about 24% of total received reports) still lags behind the growth in submissions, suggesting capacity constraints and the need for further analytical resources and automation.

A total of 945 STRs/SARs were disseminated to relevant law enforcement agencies (LEAs), regulators, and supervisory authorities — a 6.3% rise from FY 2023/24. The steady increase in disseminations indicates improved inter-agency coordination and information-sharing practices. Meanwhile, anlazed 1,337 STRs/SARs were postponed, mainly due to insufficient grounds for suspicion, incomplete data, or lower gravity of cases.

Number of STR/SARs Received, Analyzed, Disseminated and Postponded
(FY 2020/21 - FY 2024/25)

Numbers of STRs Analyzed: 6841
- 2020/21: 640
- 2021/22: 1068
- 2022/23: 1216
- 2023/24: 1635
- 2024/25: 2282

Numbers of STRs Disseminated: 2940
- 2020/21: 192
- 2021/22: 409
- 2022/23: 505
- 2023/24: 889
- 2024/25: 945

Numbers of STRs Postponed: 3901
- 2020/21: 448
- 2021/22: 659
- 2022/23: 711
- 2023/24: 746
- 2024/25: 1337

Numbers of STRs Received: 27151
- 2024/25: 9565
- 2023/24: 7338
- 2022/23: 5935
- 2021/22: 2780
- 2020/21: 1533
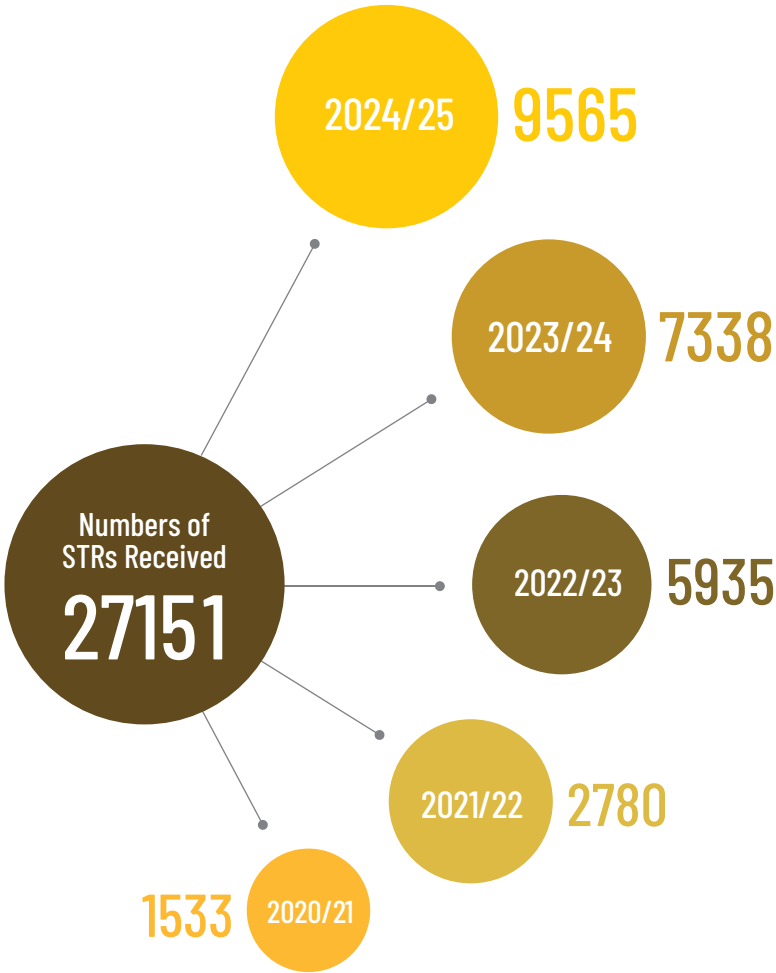
FIU-Nepal has adopted a risk-based prioritization framework within the goAML system to ensure optimal utilization of available resources and to maintain analytical rigor in line with the increasing reporting volume. However, developing expertise among the analysts as well as the integration of advanced analytical tools, including artificial intelligence in goAML System would further enhance quality and quantity of analysis.

2.3 DISSEMINATION OF INTELLIGENCE REPORTS

FIU-Nepal disseminates developed financial intelligence to Law Enforcement Agencies (LEAs), and other competitive agencies according to the scope and jurisdiction of each entity. Dissemination involves the disclosure of sensitive personal, financial, and law enforcement information requiring secure, documented, and authorized channels. Disclosures are properly documented, and dissemination is made securely to the appropriate, authorized recipient. **A strict policy of "No Informal Disseminations" and "No Oral Disseminations" is in place to minimize the risk of intelligence reaching unauthorized recipients.**

Since June, 2025, paper-based dissemination has been discontinued. All disseminations are now made through goAML via the built-in e-mail system (Message Board). When FIU-Nepal receives additional material information related to an already disseminated intelligence, a case update is prepared and follow-on dissemination is issued to the initial recipients. FIU-Nepal continues to strengthen its dissemination mechanism through secure channels, ensuring timely, accurate, and legally-compliant sharing of intelligence with authorized entities.

FIU-Nepal continues to strengthen its intelligence dissemination mechanism through the goAML Message Board, which facilitates secure communication with LEAs, investigative bodies, regulators, and supervisory authorities. The system supports multiple message types—LEA Feedback, FIU-Nepal Dissemination, Domestic Cooperation, International Cooperation, and Others—enabling structured and traceable information exchange.

2.3.1 Dissemination in the last five years

The details of dissemination in the last five years are shown below:

Dissemination of SARs/STRs to Competent Authorities

S.N.	Agencies	2020/21	2021/22	2022/23	2023/24	2024/25
1	DMLI	26	61	40	60	3
2	Nepal Police	98	210	318	615	845
3	DRI	75	162	152	197	17
4	IRD	3	16	32	38	30
5	CIAA	2	13	5	19	6
6	Dept. of Co-operatives	1	2	2	0	3
7	Nepal Insurance Authority (NIA)	-	2	1	1	2
8	SEBON	-	5	0	3	0
9	Social Welfare Council	-	3	16	2	1
10	NRB, Bank and Financial Institutions Regulation Department (BFIRD)	-	11	4	0	0
11	NRB, Bank Supervision Department (BSD)	-	29	10	2	4
12	NRB, Financial Institution Supervision Department (FISD)	-	9	-	-	-
13	NRB Foreign Exchange Management Department (FEMD)	-	2	-	-	8
14	NRB, Payment Systems Department (PSD)	-	30	7	30	1
15	NRB, Non-bank Financial Institution Supervision Department (NBFISD)	-	4	30	5	25
16	Others	7	-	-	-	0
	Total Dissemination	**212**	**559**	**617**	**972**	**945**
	Actual Dissemination* (Without counting multiple dissemination)	**192**	**409**	**505**	**889**	**908**

*One STR/SAR can be disseminated to more than one agency. So, same STR/SAR disseminated to multiple LEAs' have been included in concerned LEAs. Total number of STR disseminated to LEAs is shown in last row of the table by eliminating such multiple counts.

The total dissemination increased by almost five times to 908 in FY 2024/25. This increasing number of dissemination reflects increasing capacity of FIU-Nepal.

2.3.2 Dissemination based on Predicate Offence in FY 2024/25 and FY 2023/24

Figure below shows number of disseminated STR/SAR based on Predicate Offence involved.

Legend:
■ 2080/81 (2023/24) ■ 2081/82 (2024/25)
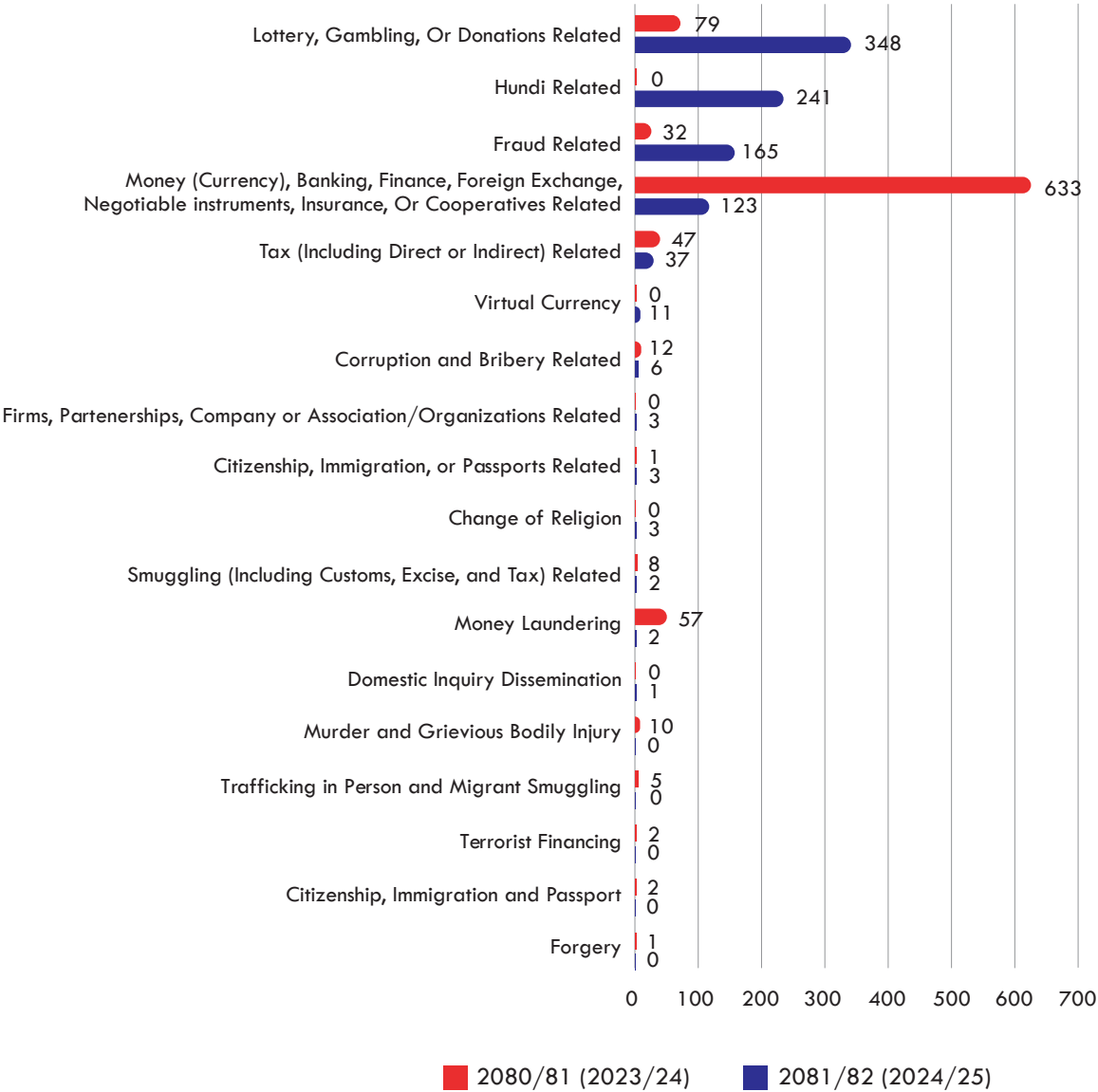
> **Note:** *Total number of dissemination for FY 2024/25 is 908 STRs/SARs while count of dissemination of STRs/SARs to concerned agencies is 945. This is because STRs/SARs with same predicate offence may be disseminated to more than one agencies.*

Money Laundering-related disseminations fell sharply from 57 to 2, consistent with the trend where reporting entities initially categorize cases as general "Money Laundering," later redefined by FIU-Nepal under precise predicate offences after in-depth analysis.

The dissemination trend in FY 2024/25 highlights increasing diversity and complexity in financial crime patterns, reinforcing the need for FIU-Nepal to enhance analytical depth, inter-agency collaboration, and technological integration to ensure timely and risk-focused intelligence dissemination.

2.3.3 Feedback of Disseminated Reports

FIU-Nepal encourages the recipients to provide feedback on the intelligence disseminated. The feedback is collected to strengthen FIU-Nepal's analytical abilities. In FY 2024/25, the following feedback was received from Nepal's regulatory and enforcement bodies:

Feedbacks from FIU-Nepal on STRs/SARs/TTRs to REs for FY 2024/25

Competent Authority	Number of Feedback
Nepal Police	639
IRD	1
DMLI	6
CIAA	1
NRB	4
SEBON	1
Department of Cooperatives	1
Nepal Insurance Authority	1
Total	**654**

FIU-Nepal has regularly provided feedback to REs. The feedback provided to REs in FY 2024/25 is shown below:

3,493 Feedback on TTRs via email to all REs (Feedback generated after analysis of Top 100 TTR Reports)

3,493 Feedback on improvement of STRs/SARs via goAML System (During Screening)

887 Feedback on STRs/SARs via Message board of goAML System (During Analysis)

300 Phone call communication by Analyst to Compliance officers (approx.)

42 In-Person meeting with REs to provide specific feedbacks

2.4 THE goAML SYSTEM

The goAML application, which is fully integrated software solution developed by UNODC, is one of the strategic responses to financial crime, including money-laundering and terrorist financing. The goAML application is part of the go Portfolio software products that are developed and actively maintained by the Software Products for Member States (SPMS). The go-Portfolio is a set of innovative evidence-based models and software products that supports FIUs in the fight against Money laundering, terrorist financing and organized crime.

FIU-Nepal signed Service Level Agreement (SLA) in 2018 AD to rollout goAML System in its core functions. goAML was made live for Commercial Banks and Development Banks in 15th Jan, 2020 and 14th Jan, 2021 respectively. Other Reporting Entities have also been gradually incorporated in goAML thereafter. As of July 16, 2025, 3497 reporting entities have already been registered in goAML (Production) Environment.

Overall Reporting in goAML System

FY 2024/25

goAML 100% 9,565

goAML 98.37% 2,199,622

- STR/SAR Report
- TTR Report
- Received via Message Board and/or Hard Copy

FY 2023/24

goAML 99.22% 7,281

goAML 91.05% 1,545,796

- STR/SAR Report
- TTR Report
- Received via Message Board and/or Hard Copy

FY 2022/23

goAML 95.08% 5,643

goAML 76.65% 1,301,829

- STR/SAR Report
- TTR Report
- Received via Message Board and/or Hard Copy
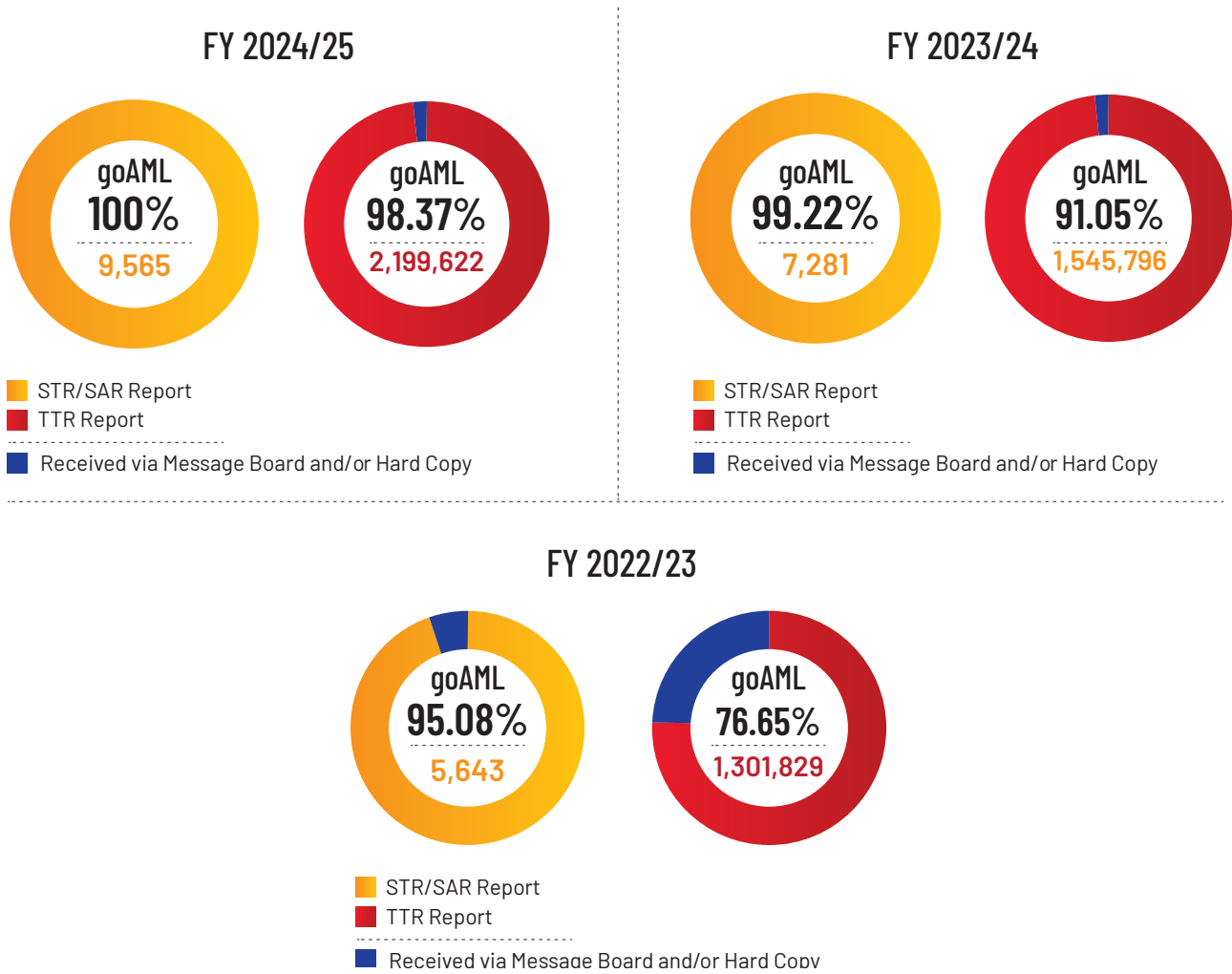
In FY 2024/25, reporting through the goAML system continued to strengthen, reflecting growing digital integration among REs. Of the 2,236,067 TTRs received, 98.37% were submitted via goAML, up from 91.05% in FY 2023/24 and 76.65% in FY 2022/23. All 9,565 STR/SARs were also submitted digitally, achieving full compliance for the first time. These trends demonstrate enhanced institutional capacity, technical readiness, and confidence in goAML's efficiency and security.

While progress is significant, ongoing system optimization remains critical. Areas of focus include advanced data management, risk-based prioritization, and the application of artificial intelligence for analytical efficiency. FIU-Nepal should also strengthen data warehousing, database management, and system security to maintain quality, reliability, and scalability. Sustaining these gains will require technically competent personnel to manage, analyze, and safeguard the growing volume of financial intelligence, alongside robust internal controls and accountability.

2.5 INFORMATION EXCHANGE

2.5.1 Domestic Information Exchange

FIU-Nepal cooperates with competent authorities by responding to their information requests. Requests typically cover the availability of STRs/SARs, TTRs, financial linkages, and transaction histories. In FY 2024/25, FIU-Nepal received 16 information requests from LEAs concerning 93 persons or entities, a decrease from 52 requests in FY 2023/24.

FIU-Nepal analyzes data from its own database and, when necessary, coordinates with REs to obtain additional information. The aim is to analyze and respond within a few days. LEAs previously sought documents such as bank statements, KYC records, and personal details; these requests have declined, with LEAs now focusing on financial intelligence, STR/SARs, TTRs, financial linkages, and transaction histories.

Total Requests (Persons/Entitites) Initiated by LEAs and Successfully Replied by FIU-Nepal

LEAs	2077/78 (2020/21)	2078/79 (2021/22)	2079/80 (2022/23)	2080/81 (2023/24)	2081/82 (2024/25)
DMLI	115	87	106	118	13
Nepal Police	14	39	14	29	78
IRD	1	1			
DRI				1	
CIAA					2
Dep. of Foreign Emp.				1	13
TOTAL	**130**	**127**	**121**	**161**	**93**

2.5.2 International information exchange

FIU-Nepal also exchanges information with its foreign counterparts if suspicion arises on individuals or entities resides in foreign countries. Further, LEAs also request information from foreign FIUs about foreign nationals or institutions through FIU-Nepal. FIU-Nepal forwards requests to foreign FIUs via the Egmont Secure Web (ESW) and subsequently provides the obtained information to LEAs. FIU-Nepal adheres to the principles on exchange of information established by the Egmont Group, ensuring secure, timely, and appropriate information sharing. All requests for information are answered in a timely manner, including cases where no information could be found. Requests for information from competent authorities are likewise sent, upon request, to the relevant foreign FIUs in a timely fashion via the ESW.

Table below presents the number of cases in which FIU-Nepal made requests to other foreign FIUs and the number of cases where FIU-Nepal received requests from foreign FIUs in last five FYs:

Information/Intelligence Exchange with Foreign FIUs

Year / Action Taken	Requests received from foreign FIUs	Requests sent to foreign FIUs	Spontaneous disclosures from foreign FIUs	Spontaneous disclosures made to foreign FIUs	TOTAL
2020/21	5	17	4	0	26
2021/22	13	18	9	0	40
2022/23	5	14	4	0	23
2023/24	17	24	5	0	46
2024/25	36	19	9	0	64

In FY 2024/25, FIU-Nepal sent 19 requests to foreign FIUs. Among them 18 requests were made to foreign FIUs on the request of LEAs of Nepal i.e. Nepal Police and one on the request of DMLI. Out of these requests, 12 requests have been disseminated to LEAs after receiving intelligence from foreign FIUs.

Total information/intelligence exchange with foreign FIUs based on predicate offense

35 Fraud

13 Illicit Trafficking in Narcotic Drugs and Psychotropic Substance

3 Terrorist Financing

3 Participation in an Organized Crime and Racketeering

2 Money Laundering

1 Corruption and Bribery

1 Human Trafficking and Smuggling Related

6 Money, Banking, Finance, Foreign Exchange, Negotiable...
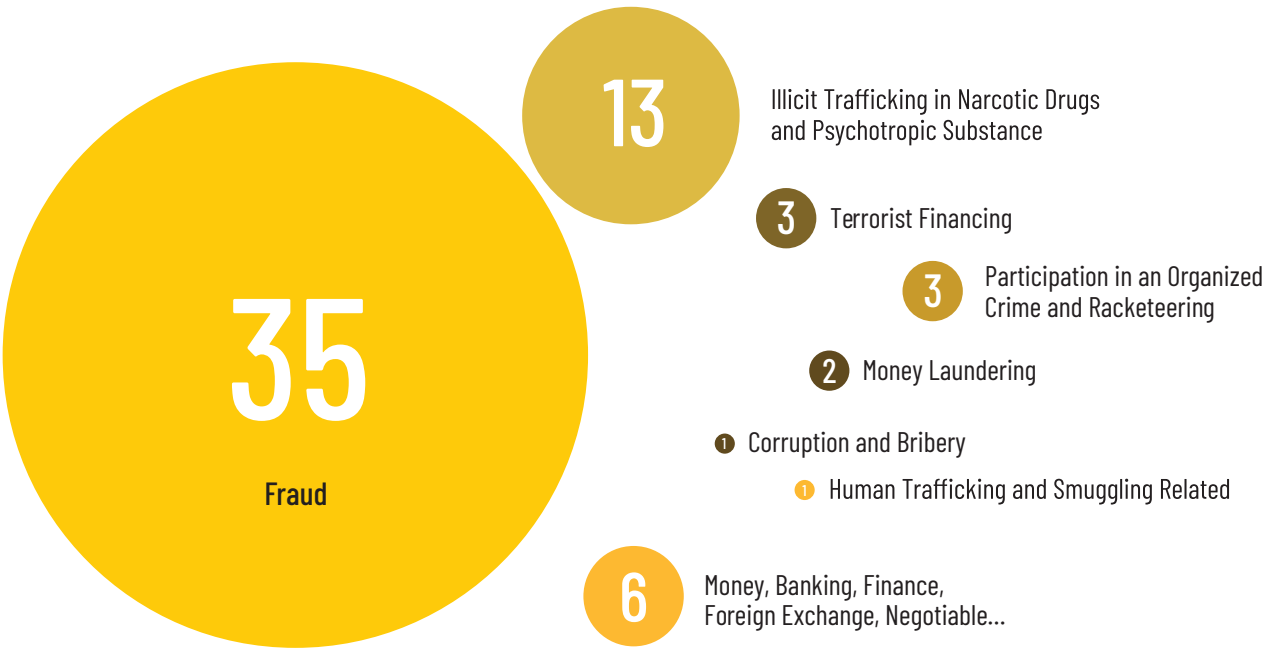
A total of 64 information/intelligence exchanges were made with foreign FIUs. Fraud-related offences including cyber-enabled fraud, card-related, scams, etc. accounted for the highest share with 35 cases. Illicit trafficking in narcotic drugs and psychotropic substances followed with 13 cases.

Note:
Out of 64 information/intelligence exchanges, 3 cases (1 relating to Fraud and 2 relating to Terrorist Financing) are not related to Nepal and have been received as spontaneous requests.

03

Coordination, Engagement and Capacity Building

3.1 NATIONAL COORDINATION

Effective AML/CFT regime requires a continuum of strong preventive measures, timely reporting of suspicious transactions, rigorous analysis, effective investigations, and robust prosecution and confiscation mechanisms. Because these functions are interrelated, coordination at both policy and implementation levels is essential to effectively combat ML, TF, and PF. All relevant agencies should collaborate, addressing issues jointly at both policy and operational levels to strengthen the overall regime.

FATF Recommendation No. 2:

National Cooperation and Coordination

Nations should establish national AML/CFT/CPF policies based on the identified risks with regular review of such risk, and should assign responsibility for these policies to a mechanism or authority. Countries should assure that supervisors, FIU, LEAs and other concerned authorities have mechanisms in place, at both the policymaking and operational levels. Such mechanism should allow them to collaborate, coordinate, and exchange information with one another regarding the formulation and implementation of policies and activities to combat ML/TF/PF.

3.1.1 Committees as per ALPA (2008)

There are two high-level committees established as per ALPA: Directive Committee and Coordination Committee.

a) Directive Committee

The Committee is formed under Section 7 W (1) of the latest amendment to the APLA to oversee and review the effectiveness of activities related to AML/CFT. This is the apex committee in Nepal's AML/CFT regime.The eight-member Committee is chaired by the Minister of Finance and consists of the following members:

- Minister of Law, Justice and Parliamentary Affairs
- Attorney General
- Chief Secretary, Government of Nepal
- Governor, Nepal Rastra Bank
- Coordinator, Coordination Committee
- Secretary, Ministry of Law, Justice and Parliamentary Affairs
- Secretary, Ministry of Finance (Member-Secretary)

b) Coordination Committee (CC)

The Coordination Committee was formed under Section 7 X (1) of the latest amendment to APLA. The Committee is responsible to establish and maintain operational coordination among concerned authorities to enhance the effectiveness of AML/CFT activities.

The Committee is coordinated by the Secretary (Legal) of the Office of the Prime Minister and the Council of Ministers, Government of Nepal.

The other members of the Committee are:

- Secretary, Ministry of Finance
- Secretary, Ministry of Law, Justice and Parliamentary Affairs
- Secretary, Ministry of Home Affairs
- Secretary, Ministry of Foreign Affairs
- Secretary, Ministry of Land Management, Cooperatives and Poverty Alleviation
- Secretary, CIAA
- Deputy Attorney General, OAG
- Deputy Governor, Nepal Rastra Bank
- Inspector General of Police, Nepal Police
- Head, Department of Money Laundering
- Head, FIU-Nepal (Member-Secretary)

The Committee fosters regular, high-level coordination among key authorities on AML/CFT matters. It discusses and decides on the strategic and policy directions, operational cooperation, and joint actions related to AML/CFT. The Committee also review progress, resolve cross-agency issues, and align on implementation at policy and operational levels.

CC holds regular meetings and may invite other non-member officials from relevant government agencies to discuss matters related with AML/CFT. In FY 2024/25, the meetings of CC were held for eight times. The major decisions are as follows:

Major Decisions of CC in FY 2024/25

- To Recommend draft of Asset (Money) Laundering Prevention Rules, 2024,
- To Recommend new head of FIU-Nepal by Governor of Nepal Rastra Bank,
- To submit Post Observation Period Report (POPR) to FATF (ICRG), mentioning progress of Nepal after mutual evaluation,

- To request concerned agencies to implement recently approved Asset (Money) Laundering Prevention Rules, 2024,
- To approve "Coordination Committee Meeting Procedure",
- To submit re-rating requests on FATF Recommendations to APG,
- To submit response on additional questions on POPR sent by APG/ICRG Joint group,
- To submit to Directive committee regarding sending ministerial level commitment to APG ,
- To submit to Directive committee regarding the template of response letter to FATF (regarding political level commitment of Government of Nepal to implement action plans),
- To form four sub-committees to complete National Risk Assessment (NRA) and Sectoral Risk Assessments (SRAs),
- To form high level monitoring team to monitor progress of FATF Action Plans,
- To approve 'Guidelines on the Security, Confidentiality and Use of Information Related to the Prevention of Money Laundering and Financing of Terrorism-2025, as per sub-section 4(J) of section 7X of ALPA, 2008',
- To instruct four sub-committees to complete the national risk assessment and sectoral risk assessment by mid-December 2025 and submit the final report,
- To designate the responsible sub-committees, lead agencies and supporting agencies in coordination with the AML Task Force regarding the sectoral risk assessment required to complete the assessment,
- To request for the re-rating on technical compliance, currently rated as Non-Compliant (NC) or Partially Compliant (PC), to the APG Secretariat through the Financial Intelligence Unit (FIU-Nepal),
- To request the Office of the Prime Minister and Council of Ministers (OPMCM), Ministry of Finance and FIU-Nepal to organize program with technical assistance from HM Treasury, UK regarding the implementation of the Action Plan of the Financial Action Task Force (FATF),
- To write to the Ministry of Finance to request the World Bank, the International Monetary Fund, Asia Pacific Group (APG), United Nations Office on Drugs and Crime (UNODC) and other organizations or countries for providing technical assistance on AML/CFT related issues,
- To request the responsible body and supporting bodies to implement the activities mentioned in the Detailed Action Plan with Prompt Corrective Measures for Exiting the Grey List, 2025 within the time limit, and
- To use the report format developed by the "Implementation Coordination and Facilitation Committee" and Coordination Committee's Annual Report for fiscal year 2024/25 will be prepared.

3.1.2 Committe as per ALPR

ALPR has the provision of Technical Committee to bring efficiency in the investigation related work by maintaining coordination between the agencies investigating money laundering related offences. The Chief of the Department of Money Laundering (DMLI) acts as the Coordinator and the Director of the Department acts as the member secretary of the committee.

3.1.3 Other Mechanisms and Committees for Domestic Coordination

AML/CFT National Strategy and Action Plan (2024/025-2028/029) has the provision for additional three mechanisms and one committee in order to strengthen coordination mechanism. Further, one committee has been established as per ALPR to facilitate domestic cooperation.

a) Regulatory Coordination Mechanism (RCM)

The main function of this mechanism is to coordinate the implementation of national policies, strategies and laws in preventive and regulatory areas related to AML/CFT. The mechanism ensures alignment with FATF recommendations and other best practices in preventive measures aiming for risk-based approach in these areas. It is an eight- member mechanism coordinated by the Governor of Nepal Rastra Bank. NRB also acts as the secretariat of the Regulatory Coordination Mechanism (RCM).

b) Investigation Coordination Mechanism (ICM)

The main function of this mechanism is to coordinate the implementation of policy, strategy and laws across the areas of investigation, prosecution and adjudication related to ML, TF, and PF. The mechanism aims to ensure effective control measures by defining the country's approach to AML/CFT on the basis of risks. The ICM is a nine-member mechanism coordinated by Deputy Attorney General of the OAG. The OAG also serves as the secretariat of the Investigation Coordination Mechanism (ICM). The mechanism promotes cross-agency coordination among investigative, prosecutorial, and judicial bodies.

c) Counter Terrorism Mechanism(CTM)

The main function of this mechanism coordinate and facilitate the implementation of the matters related to prevention and financing of terrorism, terrorism-related activities, and the proliferation of weapons of mass destruction. The mechanism also coordinates on the policy provision and implementation related to the targeted financial sanction list of the United Nations Security Council or other similar lists. It is a nine-member mechanism coordinated by the Secretary of the Ministry of Home Affairs. The ministry also acts as the Secretariat of the Counter Terrorism Mechanism (CTM).

d) Task Coordination Committee (TCC)

The main function of this Committee is to coordinate among concerned agencies and facilitate the implementation of the prevailing legal provisions, strategies and action plans and submit the progress report to CC. The Joint Secretary of Office of the OPMCM is the coordinator of the Committee. The OPMCM also acts as the secretariat of Task Coordination Committee (TCC).

3.1.3 FIU-Nepal's Coordination with Competent Authorities

FIU-Nepal has established close ties with LEAs in order to perform its AML/CFT related function as envisioned by the ALPA. FIU-Nepal and LEAs frequently to discuss about issues of shared interest. LEAs can request information from foreign FIUs about foreign nationals or institutions through FIU-Nepal. FIU-Nepal forwards the request to foreign FIUs via ESW and sends back the obtained information to LEAs.

Regulators and supervisors are responsible for inspection/supervision and implementation of AML/CFT policies and procedures by the REs. Regulators and supervisors should be proactive for compliance of AML/CFT regulation within REs. They also play important role in high quality reporting to FIU-Nepal. FIU-Nepal regularly gives feedback to regulators and supervisors on the AML/CFT related circulars, guidelines issued by them, and on potential non-compliance of AML/CFT regulations. FIU-Nepal has uploaded AML/CFT directives issued by various regulators in its website for quick reference.

FIU-Nepal has entered into MoU with various agencies in order to provide a structural framework for enhanced cooperation and understanding. FIU-Nepal has signed MoU with major LEAs, regulators and other relevant agencies for domestic cooperation and exchange of information via secured goAML platform to accelerate the on going fight against ML, TF, and PF.

List of agencies with which FIU-Nepal has signed MoU are given in table below:

List of MoUs with Domestic Agencies

S.No.	Agency	Type of agency
1	Department of Customs	LEA
2	Department of Drug Administration	LEA
3	Department of Forest And Soil Conservation	LEA
4	Department of Immigration	LEA
5	Department of Money Laundering Investigation (DMLI)	LEA
6	Department of National Parks and Wildlife Conservation	LEA
7	Department of Revenue Investigation (DRI)	LEA

8	Nepal Police	LEA
9	Armed Police Force, Nepal	Security Agency
10	Department of Cooperatives	Regulator
11	Department of Land Management and Archive (DOLMA)	Regulator
12	Inland Revenue Department (IRD)	Regulator
13	Ministry Of Culture Tourism And Civil Aviation	Regulator
14	Nepal Rastra Bank (NRB)	Regulator
15	Office of the Company Registrar	Regulator
16	Securities Board of Nepal (SEBON)	Regulator
17	The Institute of Chartered Accountants of Nepal (ICAN)	Regulator
18	National Information Technology Center (NITC)	Other

3.2 INTERNATIONAL ENGAGEMENT

3.2.1 APG Membership

Nepal joined the APG in 2002. The regional body carried out Nepal's first and second mutual evaluations in 2005 and 2010 respectively. Nepal's third mutual evaluation was carried out by APG in 2022-23. The onsite inspection was conducted from 5-16 December 2022. The mutual evaluation report (MER) was published in September, 2023 after it was adopted by APG's Annual Meeting held in Vancouver, Canada. FIU-Nepal has been working as the primary contact point for the post-mutual evaluation process. After the first follow-up report (FUR), 2024, Nepal has received ratings of Compliant or Largely Compliant on 28 Recommendations.

As the designated primary contact point for APG, FIU-Nepal regularly communicates with the regional body. Nepal is among the South Asia Sub-regional group members. Currently, the APG Governance Committee is represented by India for the sub-region. FIU-Nepal officials also participate in the Governance Committee meetings that are held to consider and decide on issues referred by the members or the secretariat. APG also organizes Annual Typologies Workshops. FIU-Nepal participates in these workshops that are held to bring together experts and delegates to discuss money laundering and terrorist financing trends as well as policy issues emerging from those trends.

3.2.2 Post Mutual Evaluation (APG's third round of ME)

Nepal's third mutual evaluation was carried out by APG in 2022-23. The onsite inspection was conducted from 5-16 December 2022. The mutual evaluation report (MER) was published in September, 2023 after it was adopted by APG's Annual Meeting held in Vancouver, Canada. FIU-Nepal has been working as the primary contact point for the post-mutual evaluation process.

Based on the MER results, Nepal entered the FATF's ICRG process in October 2023 and was entrusted with one-year observation period ending by October 2024. During the observation period, Nepal amended various Acts (April 2024) with major changes made in the ALPA. Nepal also issued new ALPR for the implementation of new measures included in the ALPA. Nepal also issued a new National Strategy and Action Plan and took other steps to address the key findings and recommended actions pointed out in the MER.

Nepal also requested for re-ratings of Technical compliance on 19 recommendations that were evaluated as Non-Compliant (NC) or Partially Compliant (PC) in MER, 2023. Nine among these recommendations were upgraded, which was reflected in the first follow up report (FUR) published in June, 2024.

The summary of re-ratings:

FIU-Nepal, in coordination with other responsible agencies, maintains regular communication with the APG. The APG is currently finalizing the second FUR for June 2025. Additional information and documents have been submitted with request for upgrade of ratings in technical compliance areas that were evaluated as NC and PC.

List of Re-ratings in the first FUR

S.No.	FATF Recommendation	2023 MER Ratings	2024 FUR Ratings
1	R.2 National cooperation and coordination	PC	LC
2	R.7 Targeted financial sanctions related to proliferation	NC	PC
3	R.10 Customer due diligence	PC	LC
4	R.15 New technologies	NC	PC
5	R.19 Higher-risk countries	PC	LC
6	R.22 DNFBPs: Customer due diligence	PC	LC
7	R.23 DNFBPs: Other measures	PC	LC
8	R.31 Powers of law enforcement and investigative authorities	PC	LC
9	R.38 Mutual legal assistance: freezing and confiscation	PC	LC

After the observation period was ended in October 2024, Nepal submitted Post Observation Periodic Report (POPR) in November 2024. The POPR was analyzed by the Joint Group and discussed during the first face-to-face meeting held in the Philippines in January, 2025.

2025 February Plenary and Nepal under Increased Monitoring:

FATF's February 2025 plenary held in Paris placed Nepal in the Jurisdiction under Increased Monitoring list citing strategic deficiencies in its AML/CFT regime even as it noted that Nepal had made some progress since the 2023 August MER such as streamlining mutual legal assistance and increasing the Financial Intelligence Unit's capabilities. The major strategic gaps noted were low level of understanding of ML/TF risks, inadequate supervision of high-risk sectors, lack of action against illegal money transfer services, and informal "hundi" providers, weak investigation and prosecution capacity, and technical compliance issues with targeted financial sanctions. This marks the second time Nepal has been on this list.

Nepal has agreed on a two-year (FATF) timeline with action items to improve the effectiveness of its AML/CFT regime. In order to exit the grey list, Nepal needs to continue to work with the FATF to implement its action plan.

3.2.3 The Egmont Group membership

Nepal joint the Egmont Group of FIUs in 2015. The Egmont Group facilitates secured information exchange with other FIUs. Besides, FIU-Nepal participates in various programs organized by the group in order to enhance engagement among the members. FIU-Nepal has participated in the Annual Working and Regional Group Meetings which offer excellent opportunity for collaboration and exchange. FIU-Nepal also participates in various surveys of the Egmont Group and other counterpart FIUs.

3.2.4 FIU-Nepal's MoUs with Foreign FIUs

FIU-Nepal continues to sign MoUs with foreign FIUs to enhance cooperation and exchange of information and intelligence related to ML, TF, PF and related offences. As a member of the Egmont Group, FIU-Nepal can exchange information with 181 member FIUswithout requiring a separate MoU. However, an MOU facilitates enhanced cooperation and plays important role in promoting bilateral relationship. FIU-Nepal has signed MoU with 20 foreign counterparts. In theFiscal Year 2024/25, FIU-Nepal has signed MoU with 'The Financial Intelligence National Center of the Kingdom of Bahrain (FINC)'. It is also in process of conducting MoUs with other counterparts.

List of MoUs signed between foreign FIUs and FIU-Nepal

S.N.	FIU	Country	Date of Signing
1	Financial Intelligence Unit, Central Bank of Bangladesh	Bangladesh	October 21, 2008
2	Financial Intelligence Unit, Central Bank of Sri Lanka	Sri Lanka	July 09, 2009
3	The Anti-Money Laundering Office (AMLO), The Kingdom of Thailand	Thailand	July 12, 2010
4	Financial Intelligence Unit, Bank Negara, Malaysia	Malaysia	July 13, 2010
5	The Financial Information Unit, The Bank of Mongolia	Mongolia	July 13, 2010
6	The Anti Money Laundering Division, Investigation Bureau, Ministry of Justice, Republic of China	Republic of China (Taiwan)	March 28, 2011
7	Korea Financial Intelligence Unit, Financial Services Commission, Republic of Korea	Republic of Korea (South Korea)	May 12, 2011
8	Financial Intelligence Unit, India	India	November 17, 2011
9	The Japan Financial Intelligence Center of the National Public Safety Commission of Japan	Japan	November 27, 2013
10	Financial Intelligence Unit, The Republic of the Union of Myanmar.	Myanmar	July 17, 2014
11	Anti-Money Laundering Monitoring and Analysis Centre, China	People's Republic of China	December 23, 2014
12	The Suspicious Transaction Reporting Office, Singapore	Singapore	September 1, 2016
13	New Zealand Police Financial Intelligence Unit	New Zealand	July 4, 2017-February 15, 2023
14	Cambodia Financial Intelligence Unit	Cambodia	July 4, 2017
15	Democratic Republic of Timor-Leste	Timor-Leste	August 18, 2019
16	Financial Intelligence Department (FID), Bhutan	Bhutan	December 2, 2020-December 1, 2030
17	Financial Intelligence Unit (FIU) of Maldives	Maldives	January 3, 2023
18	United Arab Emirates Financial Intelligence Unit (UAE FIU)	United Arab Emirates (UAE)	July 4, 2023
19	The Supervisory and Financial Information Authority (ASIF) of The Holy See/Vatican City State	Holy See/Vatican City State	October 4, 2023
20	The Financial Intelligence National Center of the Kingdom of Bahrain (FINC)	Kingdom of Bahrain	13 November, 2024

MEMORANDUM

OF

UNDERSTANDING

BETWEEN

THE FINANCIAL INTELLIGENCE NATIONAL CENTER OF THE KINGDOM OF BAHRAIN (FINC)

AND

THE FINANCIAL INTELLIGENCE UNIT OF NEPAL

CONCERNING

COOPERATION IN THE EXCHANGE OF FINANCIAL INTELLIGENCE RELATED TO MONEY LAUNDERING, ASSOCIATED PREDICATE OFFENCES AND TERRORIST FINANCING
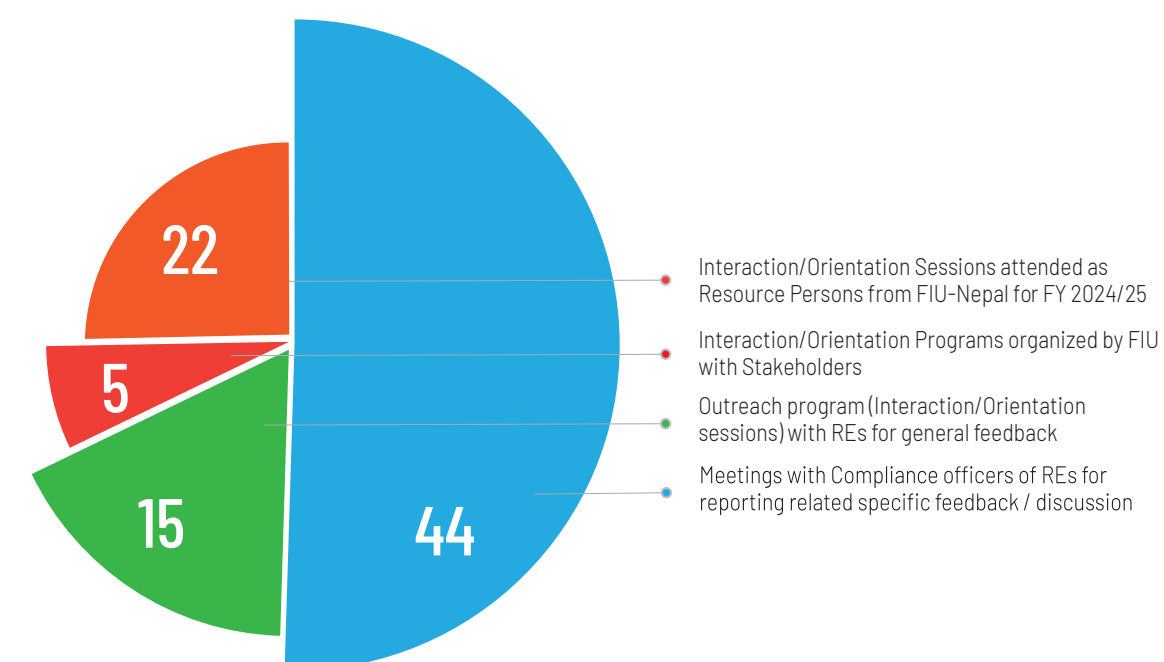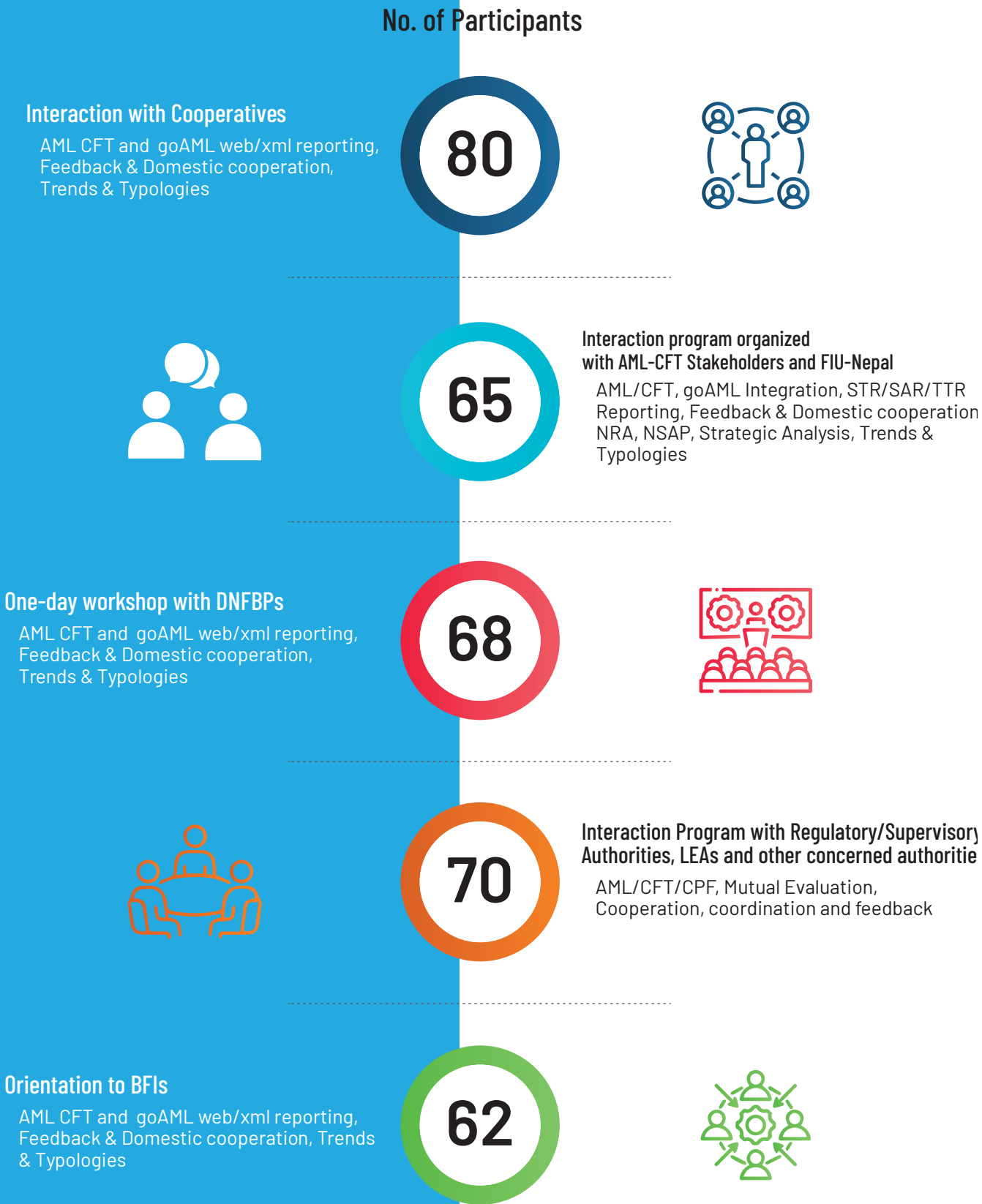
MoU between Financial Intelligence Unit of Nepal (FIU-Nepal) and 'The Financial Intelligence National Center of the Kingdom of Bahrain (FINC)'was signed on November 13, 2024.

Chief Executive of FINC Ms. Shaikha May Bint Mohamed Bin Khalifa Al Khalifa and head of FIU-Nepal Mr. Bashu Dev Bhattarai had signed on the MoU concerning cooperation in the exchange of financial intelligence related to money laundering, associated predicate offences and terrorist financing.

3.3 OUTREACH AND AWARENESS

While investigative agencies and other competent authorities are the end users of the FIU intelligence, FIU-Nepal must rely on the STRs and relevant information sent by REs to develop intelligence. The REs serve as the AML/CFT system's gatekeepers and information feeders. There is limited understanding and awareness about responsibilities related to AML/CFT among REs of some sectors. Hence, FIU-Nepal regularly organizes interaction for REs. The focus of such engagement is to create awareness on the reporting responsibilities of REs and develop necessary skills in order to improve their compliance with AML/CFT regulations. Likewise, FIU-Nepal also organizes interaction programs with other agencies to enhance their understanding on the AML/CFT issues.

Details of Discussion Sessions and Interaction Programs in FY 2024/25

- 22
- 5
- 15
- 44

- Interaction/Orientation Sessions attended as Resource Persons from FIU-Nepal for FY 2024/25
- Interaction/Orientation Programs organized by FIU with Stakeholders
- Outreach program (Interaction/Orientation sessions) with REs for general feedback
- Meetings with Compliance officers of REs for reporting related specific feedback / discussion

List of Interaction/Orientation Programs Organized by FIU-Nepal in FY 2024/25

No. of Participants

Interaction with Cooperatives
AML CFT and goAML web/xml reporting, Feedback & Domestic cooperation, Trends & Typologies

80

Interaction program organized with AML-CFT Stakeholders and FIU-Nepal
AML/CFT, goAML Integration, STR/SAR/TTR Reporting, Feedback & Domestic cooperation, NRA, NSAP, Strategic Analysis, Trends & Typologies

65

One-day workshop with DNFBPs
AML CFT and goAML web/xml reporting, Feedback & Domestic cooperation, Trends & Typologies

68

Interaction Program with Regulatory/Supervisory Authorities, LEAs and other concerned authorities
AML/CFT/CPF, Mutual Evaluation, Cooperation, coordination and feedback

70

Orientation to BFIs
AML CFT and goAML web/xml reporting, Feedback & Domestic cooperation, Trends & Typologies

62

The following events were facilitated by FIU-Nepal officials as a resource person in 2024/25

SN	Date	Particulars	Organizer	Number of Participants
1	2024.09.01	Orientation about goAML web/xml reporting system and Regulators Directives to Money Changer Companies.	NRB-Pokhara	53
2	2024.09.02	Orientation about goAML web/xml reporting system and Regulators Directives to Cooperatives.	Cooperatives Managers Club Kaski	47
3	2024.09.05	Orientation about goAML reporting system and Regulators Directives to Hire Purchase Loan Providing Companies.	NRB-NBFISD	17
4	2025.01.07	Interaction program at Jhapa with Money Changers about AML CFT and goAML web/xml reporting	NRB-Biratnagar	63
5	2025.01.17	A day Training Program at NBI for Hire Purchase Loan Providing Company about AML CFT and goAML web/xml reporting	National Banking Institute	28
6	2025.01.17	A day Training Program at Sana Kishan Bikas Microfinance for Co-operatives about AML CFT and goAML web/xml reporting	Sana Kishan Bikash Microfinance	19
7	2025.01.25	A day Training Program organized by Lalitpur Sun Chandi Byabasayi Sangha about AML CFT and goAML web/xml reporting	Lalitpur Sun Chandi Byabasayi Sangha	200
8	2025.01.29	A day Training Program at NBI for Hire Purchase Loan Providing Company about AML CFT and goAML web/xml reporting	National Bankers Institute	36
9	2025.02.11	Orientation Program at Inland Revenue Department (IRD) Newroad for Dealers of Precious Metals and Stones about AML CFT and goAML web/xml reporting	Inland Revenue Department-New Road Kathmandu	78

10	2025.02.14	Virtual Training to Cooperatives by Sana Kishan Bikas Laghubitta about AML CFT and goAML web/xml reporting	Sana Kishan Bikash Laghubitta Bittiya Sastha	53
11	2025.02.14	Virtual Training to Cooperatives by Sana Kishan Bikas Laghubitta about AML CFT and goAML web/xml reporting	Sana Kishan Bikash Laghubitta Bittiya Sastha	30
12	2025.02.21	Virtual Training to Cooperatives by Sana Kishan Bikas Laghubitta about AML CFT and goAML web/xml reporting	Sana Kishan Bikash Laghubitta Bittiya Sastha	60
13	2025.03.03	Training to DPMS by Federation of Nepal Gold and Silver Dealers Association about AML CFT and goAML web/xml reporting	Federation of Nepal Gold and Silver Dealers	180
14	2025.03.08	Virtual Training to Cooperatives by Sana Kishan Bikas Laghubitta about AML CFT and goAML web/xml reporting	Sana Kishan Bikash Laghubitta Bittiya Sastha	50
15	2025.03.09	Virtual Training to DPMS by Federation of Nepal Gold Silver Gem and Jewelry Association about AML CFT and goAML web/xml reporting	Federation of Nepal Gold Silver Gem and Jewelry Association	95
16	2025.02.21	Orientation to DBAN members: AML CFT and goAML web/xml reporting, Feedback & Domestic cooperation, Trends & Typologies	Development Bankers Association Nepal	39
17	2025.02.21	Virtual Training to Cooperatives by Sana Kishan Bikas Laghubitta about AML CFT and goAML web/xml reporting	Sana Kishan Bikash Laghubitta Bittiya Sastha	60
18	2025.04.28	Orientation to SSF about goAML Reporting	Social Security Fund	9
19	2025.05.27	Interaction program to exit from 'Grey-List'	Jointly organized by Investigation Coordination Mechanism & investigation related Technical Committee.	48

20	2025.06.16	Interaction program on common issues like TBML, Customs issues etc.	Departments of Customs	50
21	2025.06.23	Interaction program on common issues like AML/CFT, goAML reporting, Grey List etc.	Nepal Insurance Authority(NIA)	30
22	2025.06.24	One-day interaction program at Pokhara with DPMS: AML CFT and goAML web/xml reporting, Feedback & Domestic cooperation, Trends & Typologies	DPMS Association	289

3.4 CAPACITY BUILDING

Every day Sophisticated ML/TF trends and instruments are appearing worldwide unraveling the new threats and vulnerabilities. After the Covid-19 pandemic, money launders and criminals are attacking the financial system using new tools and methods, and are abusing e-wallet, e-banking, mobile banking systems. Numbers of online fraud cases have increased. There is emergence of cryptocurrency and other new technologies in payment system. FIU-Nepal is continuously developing its analytical capabilities as well as operational processes. A top priority is enhancing the skills and abilities of its analysts and staff engaged in detecting criminal

Source: https://swan.org.np/1757-2/ 1

elements through tactical and operational analysis.Capacity building focuses on making use of multiple information sources, linking the subject with accomplice, analyzing banking transactions, as well as, understanding trends and typologies of ML, TF, TF and predicate offences. FIU-Nepal

employees have taken part in various domestic and international trainings, knowledge sharing programs, meetings, seminars, etc.

3.4.1 International Trainings

FIU-Nepal's employees have participated in training/ workshop/ seminar organized by various international organizations. The detailed lists of international trainings attended by FIU-Nepal staffs in FY 2024/25 are listed in the table below.

International Trainings and Meetings in FY 2024/25

S.No.	Name of Training/Meeting	Organizer	Venue
1	Financial Intelligence Unit of Latvia-GoAML international User Group Meeting	FIU-Latvia	Riga, Latvia
2	Money Laundering Methods and Processing of Crime	Asia Pacific Group	Abu Dhabi, UAE
3	APG Annual Meeting	Asia Pacific Group	Abu Dhabi, UAE
4	The South Asia Regional Counter- Narcotics Trafficking Program	US Department of Justice Criminal Division	Male, Maldives
5	The APJG Assessor Training Workshop (4th round)	Asia Pacific Group	Tokyo, Japan
6	APG Face to Face Meeting	Asia Pacific Group	Makati, Philippines
7	Participation in joint assessor training	FATF	Delhi, India
8	The course on Central Banking Operations	National Institute of Banking Studies & Corporate Management	Noida, India
9	Beneficial Ownership-Focused FATF Standards Training Course (STC-41-2025-June)	FATF	Busan, South Korea
10	EAG Plenary	MOF India & EAG Secretariat	India

Engagement with International experts has enriched the training experience of FIU-Nepal staff through impactful presentations, illustration of best practice, and clear highlights of underlying international standards. This exposure has substantially enhanced the capacity, skills, and knowledge of FIU-Nepal staff and analysts.

3.4.2 Domestic Trainings

NRB's Bankers' Training Center (BTC) organizes a range of training programs for NRB central bank staff. FIU-Nepal staff participate in BTC programs to build core banking competencies and AML/CFT related capabilities.

Detailed lists of domestic trainings attended by FIU-Nepal's staff in FY 2024/25 are listed in the table below.

Domestic Trainings taken by FIU-Nepal Staff in FY 2024/24

S.No.	Trainings	Organizer	Participants
1	AML CFT Regime and Supervisory Aspects	BTC	Assistant Director-3
2	Risk Based Internal Audit	BTC	Assistant Director-1
3	Central Banking Training	BTC	Assistant Director-1
4	Monetary management theories and practices	BTC	Assistant Director-1
5	Nepal Rastra Bank Lekha Nirdeshika, 2080	FMD	Deputy Director-1 Assistant Director-1 Assistant-1
6	Advanced Financial Investigation of Wildlife and Forest Crime	UNODC	Assistant Director-1
7	Macro Economic management in Nepal	BTC	Deputy Director-1
8	Central banks law and Application in department level decision making	BTC	Deputy Director-1
9	Financial Inclusion and financial literacy	BTC	Assistant Director-1
10	Regulation and supervision of non-bank financial institutions	BTC	Assistant Director-1
11	Workshop on income tax of staff and TDS calculations in NRB	BTC	Assistant-1
12	Payment and settlement system of Nepal	BTC	Head Assistant-1
13	Research Methodology and Report Writing	BTC	Assistant-1
14	Procurement and Inventory Management in NRB	BTC	Assistant-2
15	Ethics and Behavior in organization	BTC	Head Assistant-1
16	Foreign Exchange Management in Nepal	BTC	Assistant-1
17	Income tax calculation and deduction of NRB staff-Interaction Program	FMD	Head Assitsant-1

18	Inventory management system- Interaction program	ASMD	Head Assistant-1
19	Central banking training	BTC	Assistant-1
20	GL Software	BTC	Assitant-1
21	Supervision of LC transactions	BTC	Head Assistant-1
22	Banking Operation	BTC	Assistant-1
23	Active Directory and email Operational Training	BTC	Head Assistant-1
24	Letter writing and memo writing skills	BTC	Head Assistant-1
25	Public Procurement Act and NRB procurement bylaws	ASMD	Assistant-1

3.4.3 Knowledge Sharing within FIU-Nepal

FIU-Nepal organized five knowledge sharing programs among its staff in FY 2024/25. The programs provided forums for observations, experiences, ideas, and best practices related to AML/CFT. These programs were important to enrich the skills and knowledge of the FIU-Nepal staff as they also include practical case experiences and operational workflows. They were also crucial to build uniformity in official working process.

The detailed lists of Knowledge Sharing programs conducted within FIU-Nepal in the fiscal year 2024/25 are listed below in the table.

Knowledge sharing among FIU-Nepal Staff in FY 2024/25

S.No.	Programs
1	Use of Artificial Intelligence (AI) in STR Analysis
2	Analysis of Nepal's Mutual Evaluation compared to that of India
3	STR Gap Analysis
4	Features of goAML version 5.5
5	FIU-Nepal's Progress on the Recommendations of the Mutual Evaluation Report, Nepal's National Strategy and Action Plan (2081/082–2085/086), and Detailed Action Plan with Prompt Corrective Measures to Exit the Grey List, 2082.

FIU-Nepal also organized capacity-building program by inviting national/international experts to deliver and share their experiences on activities by FIUs, international good practices, trend and typologies, Mutual Evaluation and other related topics.

04

Strategic Priorities and Future Outlook

The fiscal year 2024/25 was a period of significant challenge and progress for FIU-Nepal. Nepal was placed under the FATF's Increased Monitoring, new typologies of crimes and offences like cyber enable fraud, offences related to virtual assets etc. are emerging. We also made significant achievement in REs integration and STRs/SARs analysis. This means we need to have additional effort to make our systems stronger and more effective. As we look ahead, our strategic priorities are sharply focused on enhancing the effectiveness and efficiency of our operations, guided by a commitment to exit the FATF's list and fortify Nepal's AML/CFT regime for the long term. Our future direction is broadly anchored on three core pillars: a data-driven risk-based approach, technological transformation, and robust capacity building.

4.1 PRIORITIZATION THROUGH A RISK-BASED APPROACH

The finalization of the National Risk Assessment (NRA) and Sectoral Risk Assessments (SRAs) is a cornerstone of our future strategy. Likewise, FATF typology reports also suggests the upfront emerging global crime scenario and the strategic analysis made by FIU-Nepal and stakeholders will take into consideration to shape our future strategy. Moving beyond a one-size-fits-all model, FIU-Nepal will systematically allocate its analytical and supervisory resources based on the clear understanding of risks these assessments provide.

- Resource Allocation: We will channel our highest-caliber analytical talent and time towards intelligence related to the sectors and predicate offences identified as high-risk by the NRA/SRAs, APG typology reports, strategic analysis and so on. This ensures our efforts are concentrated where the threat of money laundering and terrorist financing is most acute.

- Targeted Analysis & Dissemination: Our analytical processes will be recalibrated to prioritize STRs/SARs linked to high-risk indicators. This will not only improve the quality and impact of the intelligence we disseminate to LEAs but also increase the likelihood of successful investigations and prosecutions.

- Informed Outreach: The findings from the risk assessments will directly shape our outreach and awareness programs. We will engage proactively with Reporting Entities in high-risk sectors and new risk emerging sector to ensure their compliance frameworks and reporting mechanisms are robust enough to mitigate the identified threats.

4.2 EMBRACING TECHNOLOGICAL TRANSFORMATION AND ADVANCED ANALYTICS

The exponential growth in reporting volumes underscores the imperative to leverage technology. Our strategy is to transition from a largely manual analytical process to a digitally-native, intelligence-led FIU.

- Digitization of Core Functions: We will accelerate the digitization of major FIU activities, with a special emphasis on strategic and operational analysis. This involves creating digital workflows and repositories for typologies and case studies, enabling faster and more comprehensive analysis.

- Upgradation in goAML System: As UNODC release major change/upgrade in November every year and minor releases then-after, FIU-Nepal will upgrade its core system. Further few features which are already available but not in use will be given priority to implement.

- Integration of AI and Machine Learning: A key strategic initiative will be to explore the use of Artificial Intelligence (AI) and Machine Learning (ML) within the goAML system. We aim to deploy these technologies to:

    ◊ Automate Triage: Automatically flag high-risk STRs/SARs for immediate analysis.

    ◊ Identify Hidden Networks: Uncover complex relationships and transaction patterns that are difficult to detect manually.

    ◊ Enhance Strategic Analysis: Analyze large datasets to identify emerging ML/TF trends and vulnerabilities in the national financial system.

- Modernization of IT Infrastructure: To support this advanced technological vision and cope with the evolving cyber threat landscape, we are committed to a continuous modernization of our IT infrastructure. This includes investments in advanced computing power, secure solutions, and state-of-the-art cybersecurity measures to ensure the integrity, confidentiality, and availability of the sensitive financial intelligence we handle.

4.3 STRENGTHENING COORDINATION AND BUILDING CAPACITY

Our effectiveness is intrinsically linked to the strength of our coordination and our stakeholders.

- Deepening Domestic Coordination: We will intensify our collaborative efforts with REs, LEAs, regulators, Supervisors and other competent authorities. This includes streamlining the intelligence-to-investigation pipeline and providing more tactical, operationally useful financial intelligence to our LEAs.

- Focused Capacity Building: In line with our technological and risk-based priorities, our staff training programs will be refocused. We will invest in advanced training on IT, complex financial investigations, the analysis of virtual assets, cyber-enabled fraud, and the use of

new analytical tools. Building in-house expertise on the FATF standards and the specific requirements of our action plan is also a critical priority.

- Focus on Quality of Reports (STRs/SARs): We will take new steps to help reporting entities file more useful reports. We will give them clearer instructions, better examples, and specific feedback on the reports they send us. This will help them tell us what is truly suspicious.

The year ahead is one of transformation and determined action. FIU-Nepal is fully committed to implementing its action plan with the FATF and addressing the strategic deficiencies identified in the mutual evaluation. By anchoring our work in a dynamic risk-based approach, harnessing the power of modern technology, and empowering our team, we are confident that we will not only strengthen our core functions but also play a pivotal role in safeguarding Nepal's financial system and facilitating our nation's exit from the FATF's list of Jurisdictions under Increased Monitoring. Our journey is challenging, but our resolve is clear and our direction is set.

FINANCIAL INTELLIGENCE UNIT
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