



**Republic of Zambia
Financial Intelligence Centre**

**WHY BOTHER WITH STRATEGIC ANALYSIS CONDUCTED BY THE FINANCIAL
INTELLIGENCE CENTRE?**

The Government of the Republic of Zambia in 2010 established the Financial Intelligence Centre (FIC) as a body corporate through the enactment of the Financial Intelligence Centre (FIC) Act No. 46 of 2010. This is as required by the Financial Action Task Force (FATF) for all member countries globally to establish Financial Intelligence Units (FIUs) to assist in the fight against money laundering, terrorism financing, proliferation financing and other financial crimes.

The FATF, a global standard setter, is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorism financing, proliferation financing and other financial crimes. These standards are known as FATF Recommendations which countries are mandated to domesticate and implement a coordinated global response to combating financial crimes. Noncompliance with these standards may come with negative consequences on the country.

FATF Recommendation 29 requires countries to establish a financial Intelligence Unit (FIU) that serves as a national Centre for the receipt and analysis of suspicious transaction reports, other information relevant to ML/TF/PF and the dissemination of the results of that analysis to competent authorities for investigation and prosecution. Further, Recommendation 29 requires countries to conduct strategic analysis. Strategic analysis involves usage of strategic information, including data that may be provided by different stakeholders, to identify money laundering, terrorist financing, proliferation financing related trends and patterns. In addition, strategic analysis is considered to be analysis where the FIC considers multiple sources of Information to identify trends, typologies, patterns, detect new developments and assess new money laundering, terrorist financing and proliferation financing risks. Strategic analysis considers information over a period of time e.g. one year.

FIC draws its mandate to conduct strategic analysis from Section 5(2)(d) of the FIC Act. Strategic analysis results generate information that provides insights and enhanced understanding of various emerging financial crimes patterns, methods and tactics employed to commit crime. The results of the strategic analysis are shared with the general public and various stakeholders for the purpose of education and measures that ought to be employed to counter such vices. This is in line with Section 5(2)(f) of the FIC Act which requires the FIC to educate the public and reporting entities on their obligations to detect, prevent and deter the financial crimes. Examples of the strategic analysis results are typologies reports such as the money laundering and terrorist financing trends report produced annually by the FIC.

The trends report contains specific recommendations that relevant stakeholders ought to implement to address emerging crimes that may have negative impact on the performance of the economy. To this effect, government may establish policies within the AML/CFTP value chain that aligns with international standards e.g. formulate or review the legal framework to address specific AML/CFTP weaknesses. Further, understanding of financial crime trends can assist the government to allocate resources more efficiently. The information emanating from strategic analysis is critical in prioritising resource allocation in addressing higher risk scenarios in the different sectors. This is referred to as risk-based approach to AML/CFTP preventative actions. Further, the results of the strategic analysis can inform the development of national strategies, regulatory frameworks, and enforcement priorities.

Further, strategic analysis (trends report) supports tactical and parallel financial investigations conducted by law enforcement agencies and other competent authorities. It should be noted that while strategic analysis is not focused on specific cases, it can still inform and enhance operational investigations by law enforcement agencies and other competent authorities as the strategic analysis brings out criminal networks and tactics criminals use to move funds.

Sharing the results of the strategic analysis such as the trends report with the private sector enhances awareness on emerging risks that may affect their sectors. Financial institutions and designated non-financial businesses and professions (DNFBPs) can use the trends report to review institutional money laundering, terrorist financing and proliferation financing risk assessments and improve their AML/CFTP controls. In so doing, this improves compliance levels within their sectors.

The strategic analysis outcome can be used to inform the public about the negative effects of money laundering, terrorist financing and proliferation financing and further empower the public to understand their role in prevention

and ultimately contribute to a safer and more informed society. Further, the public is a critical source of information that is used by both the FIC and other competent authorities to enhance their operations.

Strategic analysis helps the FIC understand the evolving global landscape of ML/TF/PF. Financial crimes of a cross-border nature such as illicit financial flows and transnational organised crimes can only be effectively fought when Financial Intelligence Units from different countries collaborate and exchange information. Strategic analysis allows the FIC to contribute to global intelligence-sharing networks by producing and exchanging information with foreign counterparts. This builds trust, promotes collaboration, and helps develop a unified response to international financial crime. The knowledge gained from the findings is essential for participating in international cooperation efforts, including sharing information and improving operations of FIUs.

Strategic analysis feeds directly into the development and refinement of National Risk Assessments (NRAs). By providing evidence-based insights into the national vulnerabilities and threats, the NRAs can accurately reflect the risk environment in the country.

The FIC plays a strategic and critical role in the AML/CFTP value chain in Zambia. Strategic analysis is not just an additional benefit, it is a foundational function of a well-rounded proactive FIC by identifying emerging trends, shaping policy and enhancing both national and international cooperation. It ensures that the fight against financial crimes remains informed and effective.

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