

SURINAME'S SECOND NATIONAL RISK  
ASSESSMENT (MONEY LAUNDERING,  
TERRORISM FINANCING AND  
PROLIFERATION FINANCING)



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# 1 Acknowledgements

We would like to acknowledge the high-level cooperation of all stakeholders involved in this assessment. In particular, we would like to thank the agencies who contributed to this assessment.

The AML Steering Council (Chaired by the President of the Republic of Suriname) provided overall oversight to this project. This project was advised by the AML-PIU. The Ministers (and staff) from the following Ministries: Finance and Planning, Justice and Police, Economic Affairs (EZOTI), Internal Affairs, Defense and Foreign Affairs (BIBIS) also provided valuable input and support.

And in particular we acknowledge with thanks the following agencies whose input was key to this assessment: Central Bank of Suriname (CBvS), the Department for National Security (DNV), the FIU Suriname (FIUS), the Gaming Control Board (GCBS), the Korps Politie Suriname (KPS, and in particular FOT), the Tax Authority, and Openbaar Ministerie (OM).

Various private sector organizations also played a key part in contributing to this assessment, including sector representatives and sector bodies from the financial sector, DNFBPs as well as the Surinamese Bankers' Association, the Surinamese Business Association, the Surinamese Interreligious Council, and the Chamber of Commerce and Industry Suriname.

## 2 Introduction

The Government of Suriname is committed to continuously improving its understanding of its Money Laundering (“ML”), Terrorism Financing (“TF”) and Proliferation Financing (“PF”) risks and is in the process of strengthening its AML/CTF framework and developing policies and strategies to effectively mitigate these risks.

Suriname’s second National Risk Assessment (“NRA 2.0”) built upon the conclusions identified in its first ever National Risk Assessment (“NRA 1.0”), which was supervised by the Organization of American States (“OAS”) and was conducted between 2019 and 2021. With the execution of NRA 2.0, Suriname is implementing its obligations under the Financial Action Task Force (“FATF”) Recommendation 1, which states that *“Countries should identify, assess and understand the money laundering and terrorism financing risks to the country and take action, including designating an authority or mechanism to coordinate actions to assess risks, and dedicating resources aimed at ensuring that risks are effectively limited. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorism financing are proportionate to the risks identified.”*

The purpose of NRA 2.0, is to enable Suriname to increase its understanding of Money Laundering (“ML”) risk, including those related to legal persons. It also covers the areas of Terrorism Financing (“TF”) and Proliferation Financing (“PF”), which were not broadly covered in NRA 1.0. The NRA 2.0 covers the period from 2021 to 2023, with reference to recently implemented laws and regulations up to July 2024. This exercise and the resulting report serve as a means by which Suriname can identify, assess and understand its risks related to ML, TF and PF, and, using the NRA 2.0 as a basis, adopt a risk-based approach by prioritizing actions to mitigate or manage these risks as per FATF Recommendation 1.

Since the completion of NRA 1.0 a significant development in Suriname was the enactment of the Prevention and Combating of Money Laundering and Terrorism Financing Act (“WMFT”), which was promulgated on 19 November 2022 and recent amendments to the Penal Code, which criminalize money laundering and terrorism financing. This legislation clarifies the roles of various bodies responsible for AML/CTF policy and grants them relevant additional powers to bring them in line with the requirements of the FATF Standards. Additionally, the law formally establishes and specifies the pivotal role of the establishment of an Anti- Money Laundering Steering Council (“ASC”), which acts as the national mechanism for coordinating measures to counter ML, TF and PF at the highest policy level. The ASC is ultimately responsible for the conclusions of NRA 2.0 and monitoring and delivering the related actions.

The ASC has endorsed the National AML/CTF/PF Strategic Plan 2022-2025 (“NASP”), which encompasses the crucial components of the national framework, including enforcement, supervision, intelligence gathering, investigation, prosecution, adjudication, confiscation, and the recovery of unlawfully obtained assets. The plan outlines 12 overarching themes and comprises of around 150 sub-projects to be implemented in the coming years. The overarching objective of this plan is to enhance Suriname's national AML/CTF/PF framework, in response to the recommended actions outlined in Suriname’s latest Mutual Evaluation Report (“MER”) which was published by

CFATF in January 2023 and NRA 1.0. The outcomes of NRA 2.0 will be incorporated in an update of the NASP 2022 - 2025.

A key objective of the NASP was the execution of a second NRA, which was to be completed no later than two years after the initiation of the NASP. This resulted in the commencement of NRA 2.0.

### 3 Executive Summary

Suriname's second NRA has further developed the country's understanding of its ML/TF/PF risks and includes areas not covered in detail by the previous NRA (for example legal persons, virtual assets, proliferation financing and greater detail on terrorism financing).

This assessment shows that Suriname is exposed to substantial threats from corruption, drugs trafficking, tax evasion, illegal gold and timber trade and smuggling, and that is especially vulnerable to money laundering from the proceeds of these and other criminal activities. This is exasperated by the high use of cash and size of the informal economy. The vulnerabilities described in this assessment present a risk to the safety and sustainability of future investment and economic growth in Suriname. This is especially important given the income expected from oil and gas in the near future and the need to safeguard this for the people of Suriname and for essential public services. Left unaddressed, the risks described in this assessment are likely to grow substantially in the future. A rapidly growing economy without sufficient safeguards in place to protect against money laundering and corruption, will make Suriname less attractive to investment and further threaten its access to correspondent banking services. As such Suriname would present a greater concern for the global financial system, making it more likely to attract scrutiny from international bodies such as the Financial Action Task Force, with the possibility of grey-listing growing.

Data availability challenges have continued since NRA1.0 and there is a lack of adequate, accurate and up to date data in Suriname to allow for effective analysis of ML/TF/PF risks. Data availability resulted from both a lack of coordinated collection, but also a lack of action taken by authorities in fighting ML/TF offenses. To support the reliability of this NRA, in addition to the statistical data available, there has been significant engagement with experts to obtain reliable subjective opinion and on reliable third party and public source reporting.

Suriname continues to face challenges around the activity of organized crime groups and other forms of criminality in the country, the proceeds of which may be laundered in the country. This NRA has built on and expanded from the findings included in NRA 1.0 and has increased the number of predicate offenses that were rated as high from three (Drug trafficking, corruption and tax evasion) to six (drug trafficking, corruption, illegal gold activities, tax evasion, illegal logging and timber, and smuggling). This reflects an increasing understanding by the authorities of the threat picture in Suriname.

The assessment concluded that, whilst Suriname has taken some steps to put in place certain legislative powers to mitigate risk, Suriname's overall vulnerability to ML remains High. Suriname has made an important step in addressing significant gaps in its AML/CTF legal and regulatory framework by improving its technical compliance with the FATF standards. For example, legislation ensuring adequate supervisory powers, the availability of criminal sanctions for ML/TF offenses and including a wider range of administrative sanctions has been introduced through the introduction of the WMTF in November 2022. However, some important gaps still remain, most notably in the requirements around the identification and verification of ultimate beneficial ownership of legal persons, which is impacting the risk profile.

In many areas, the implementation of these technical requirements is still in its early stages, and as such, many of the areas of concern noted in NRA1.0 have not improved significantly and the overall quality of mitigation measures remain largely inadequate in mitigating inherent risks from sector specific ML/TF vulnerabilities. Although Suriname has recently made important steps in increasing the number of money laundering cases it has investigated and prosecuted overall, the application

of criminal sanctions is low, and the application of preventative measures remains low. Although recent improvements have been made to some areas of supervision, these improvements are still in the early stages of implementation, and overall, the improvements were not made evenly across all areas and there remain serious deficiencies in the application of a risk-based supervisory framework for both financial and non-financial service providers. Improvements to resourcing have been made since NRA1.0. Overall, the risk assessment concludes that more needs to be done however, and notes lack of sufficient resource to be a continued area of concern across several areas.

The previous NRA did not focus in great detail on TF but assessed Suriname's TF risk as Low. In comparison, NRA2,0 assesses Suriname's TF risks as Medium High. The increased rating is based on a broader consideration of terrorism and TF risks in neighboring countries, and further understanding of the significance of the informal economy and the links between regional terrorist organizations and organized crime groups and high threat predicate offenses (particularly drug trafficking). This, in combination with the early stage of implementation of Suriname's TFS measures has resulted in the rating.

Although there is no evidence to support direct links between Suriname and countries under United Nations Security Council Resolutions sanctions, Suriname's PF threats are assessed as Low. Suriname has not implemented TFS to counter PF, and as such it is highly vulnerable to being exploited by these threats. Suriname's PF risk has been assessed as Medium Low.

This assessment provides a comprehensive analysis of the risks present and should be used to inform the actions of national authorities and the regulated sectors to more effectively mitigate these risks. This report highlights 14 of the most significant residual AML/CTF risks that Suriname faces and has set out a series of 34 recommended priority actions for the country to take to mitigate these risks.

## 4 Methodology

NRA 2.0 comprised a self-assessment conducted by the Surinamese authorities and was based on the World Bank's NRA Tool and related guidance, which is publicly available. The NRA tool combines quantitative information (data and statistics) with qualitative information (knowledge shared in various sessions, anecdotal evidence and information from the public record or academic studies). The NRA Tool is a methodological tool developed by the World Bank, presented in an Excel-based model. This tool enabled a framework whereby Suriname was able to identify the primary drivers of ML risks and employ a methodological process that revolves around understanding the cause-and-effect relationships between ML/TF risk factors and variables linked to the regulatory, institutional, and economic environment. The NRA tool consists of several interconnected modules, which are built upon "input variables" representing factors related to ML/TF threats and vulnerabilities. Threats in this context pertain to the size and characteristics of proceeds from predicate offences, while vulnerabilities refer to weaknesses or gaps in Suriname's defenses against money laundering. These threats or vulnerabilities may emerge at both national and sectoral levels.

The World Bank Methodology was tailored to reflect the circumstances of the country, and to ensure that the NRA 2.0 drew practical and useful conclusions. The World Bank methodology requires the calculation of a risk score based on the analysis of comprehensive data sets collected by the authorities. It has not been possible in many cases to obtain the data required, due to both a lack of collection or categorization of data by Surinamese authorities, and due to a lack of or limited activity. As a result, whilst in some circumstances it was not always possible to calculate risk scores in accordance with the WB Methodology, in these cases, other sources of information were used to reasonably assess risk.

However, the assessment concluded that a lack of data does not necessarily signify a lack of risk, and where possible, missing statistical data has been supplemented by qualitative data from open-source research, studies and reports published by various reputable international organizations, agencies and think tanks, and the views of stakeholders within the Surinamese public and private sectors.

The ASC has ultimate responsibility for NRA 2.0. The completion of NRA 2.0 was overseen by the Anti-Money Laundering Project Implementation Unit ("AML PIU"), which regularly reported to the ASC throughout the process. Field work for NRA 2.0 commenced in June 2023 and was largely completed by mid-May 2024. Field work was conducted by various Surinamese authorities (overseen by the Core Group which included representatives from the following agencies: FIUS, KPS, CBvS, OM, GCBS and the Tax Authority) in collaboration with and under the supervision and advice of a number of different international partners and consultancies. The conclusions in this document reflect the conclusions of the Surinamese authorities. As stated above, the ASC will be ultimately responsible for the conclusions, and for delivering and monitoring actions.

Input was sought through various formal and informal working groups comprising representatives across Suriname. Key to the process was the involvement of both public and private sector bodies and representatives. Input was provided through data and statistics and a series of online and in person meetings held throughout the period. The membership of the relevant participants for each section is set out under the relevant subheadings throughout the document.



Where available, NRA 2.0 also considered the reports of sectoral assessments done by the Central Bank of Suriname (financial sector), the Gaming Control Board (gaming sector) and the Ministry of Economic Affairs (legal persons and arrangements), but ultimately drew its own conclusions.

Data analysis covered the period from 2021 to 2023. In some cases, where this was available at the time of fieldwork, reference was made to the previous five-year period (2019 to 2023) to add additional context to the assessment. In some cases, more recent data, as well as updates to laws and regulations and directives were also included to reflect recent developments.

## 4.1 Data collection challenges

The challenges encountered in the NRA 2.0 process in Suriname highlight the importance of robust data collection, both quantitative and qualitative) and coordination to effectively assess and address money laundering risks.

Some of the specific challenges and limitations include:

- **Fragmented Data Collection:** Suriname faces difficulties in collecting statistics related to investigations, prosecutions, and convictions associated with ML/TF. Law enforcement agencies (“LEAs”) collect data independently, often without an integrated system for data coordination. This decentralized approach can result in data inconsistencies and inefficiencies.
- **Manual Data Collection:** Some agencies rely on manual data collection processes, which can be time-consuming and prone to errors.
- **Limited Information on Sector Misuse:** Specific information and data concerning sectors that are susceptible to ML/TF are not readily available. This gap in data hampers the ability to assess and mitigate risks associated with money laundering in specific industries.
- **Focus on Predicate offences:** Data collection is primarily centered on information related to predicate offences, while comprehensive data on ML/TF cases may be lacking. The limited number of recorded ML/TF cases makes it challenging to draw meaningful conclusions or trends from the available data.
- **Data Quality and Format:** The quality of the collected data poses concerns, and there is no standardized format for recording data across different agencies. Inconsistent data formats can hinder effective analysis and reporting.
- **Informal Economy Estimation:** There is a lack of substantiated information regarding the size of the informal economy in Suriname. While experts acknowledge the presence of an informal economy, quantifying its extent remains uncertain.

## 4.2 Disclaimer

The National ML/TF Risk Assessment Tool developed and provided by the World Bank was used by Suriname as a key part of this self-assessment exercise. The World Bank Group’s role was limited to delivery of the tool and its associated guidance documents which were downloaded via its website. Data, statistics and information used for completing the National ML/TF Risk Assessment

modules, as well as findings, interpretation and judgement under the scope of the assessment completely belong to Suriname authorities and do not reflect the views of the World Bank Group.

## 5 Context

### Geography & Demography

Suriname is located on the northern coast of South America and borders the Atlantic Ocean to the north, French Guiana to the east, Guyana to the west, and Brazil to the south. The country is a former Dutch colony and became independent on November 25, 1975. According to the General Bureau of Statistics (2022), Suriname had approximately 616,500 inhabitants in 2021. The total land area of Suriname is 163,820 square kilometers; however, the population is largely concentrated in the capital Paramaribo, and other major urban centers. As of 2021, approximately 66.0% of the population resides in urban areas, 19.8% in rural areas and 14.2% inland. Suriname's population consists of several ethnic groups who emigrated to the country in various stages. The main ethnic groups represent East Indians (27.4%) who came from Northern India in the 19<sup>th</sup> century, descendants of slaves from West Africa, of which a part escaped into the interior of Suriname, also known as the Maroons (21.7%), Creole (15.7%) and Javanese (14%), from formerly Dutch-ruled Indonesia and the Indigenous Surinamese (3.8%).

Suriname is a constitutional democracy with a president elected by the National Assembly. The National assembly consists of 51-members who elect a head of state for a five-year term. The latest elections took place in May 2020, which international observers considered to be free and fair. Legislative power is exercised by the unicameral National Assembly. The president serves as the chairperson of the Council of State, being the advisory entity for draft legislation. The judicial system consists of the Court of Justice and cantonal courts. Part of the judicial system is the Prosecutorial Authority lead by the Attorney General, which has independent powers.

### General Economic Characteristics

- **Main Economic Activities:** Suriname's economy heavily relies on the mineral sectors of gold and oil, with mining accounting for nearly half of the public sector revenue and gold representing more than 75% of total exports. This dependence exposes the country to risks associated with price shocks in these sectors.
- **Cash-based economy:** Suriname is a cash-based country where many transactions still take place in cash, especially in rural areas.
- **Informal and illegal trade flows:** Suriname's data on informal trade flows are virtually absent. However, the seizure of narcotics and contraband in Suriname and beyond (from Suriname) provides some indications of the scale of informal and illegal trade flows.
- **Inflation:** Suriname is recovering from a period of high inflation rates, which have contributed to economic challenges. Inflation rates have been volatile between 2019 and 2023,<sup>i</sup> making it difficult for the population to maintain their purchasing power.
- **High Unemployment:** Suriname has faced high unemployment rates, with a peak of 10.5% in 2019, which is above the regional average. This has been a persistent challenge for the country.
- **Poverty:** Approximately 46.3% of the population lives below the poverty line, reflecting the economic challenges and disparities in income and living standards.
- **IMF Agreement:** In December 2021, Suriname entered into a 36-month Extended Fund Facility with the IMF to support economic stabilization and recovery. The agreement aims to address

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<sup>i</sup> Inflation rates compared to previous year: 2019: 3.49%; 2020: 34.89%; 2021: 59.12%; 2022: 52.45% and 2023: 51.58%. (Source: <https://www.statista.com/statistics/728429/inflation-rate-in-suriname/>)

fiscal sustainability, reduce public debt, improve monetary and exchange rate policies, stabilize the financial system, and strengthen institutional capacity.

### **Oversight of AML/CTF activities**

The ASC is the national AML/CTF body and is ultimately responsible for setting policy and co ordinating AML/CTF efforts within Suriname. The AML Project Implementation Unit (“AML PIU”) is responsible for implementing the decisions of the ASC and monitors the implementation of the NASP.

The National Anti-Money Laundering Committee (“NAMLAC”) is responsible for monitoring progress related to the implementation of FATF Recommendations and advises on updates to AML/CTF legislation and regulations. NAMLAC advises the ASC on strategic decisions to be taken to strengthen Suriname’s AML/CTF regime. NAMLAC has 16 members and is chaired by the Director of the FIUS. Further members comprise representatives from the Central Bank of Suriname (“CBvS”), representatives from the Ministries of Finance and Planning<sup>i</sup>, Justice and Police, Foreign Affairs, Economic Affairs and representatives from the Surinamese Police Force (“KPS”), the Attorney General’s Office (“OM”), the Gaming Control Board (“GCBS”), Foreign Exchange Commission, Chamber of Commerce (“CCI”) and the Directorate of National Security (“DNV”).

The key agencies in relation to the AML/CTF framework in Suriname are introduced briefly below:

- **Attorney General’s Office (OM):** is responsible for leading investigations and prosecution of all criminal offences, including ML and TF. The Attorney General heads the OM and is authorized to provide instructions related to the prevention, detection and investigation of criminal offences.
- **Customs Department:** Responsible for controlling incoming and outgoing flow of goods and cash/bearer negotiable instruments (“BNI”) across Surinamese borders.
- **Tax Authority:** Responsible for collecting tax revenue through obtaining voluntary compliance with the tax law.
- **Ministry of Foreign Affairs:** Responsible for implementation of the International Sanctions Act and designations on the National Sanctions List. The Minister of Foreign Affairs accedes to the UNSCR Resolutions.
- **Financial Intelligence Unit of Suriname (“FIUS”):** The FIUS is responsible for the receipt and analysis of unusual transaction reports and other information to ascertain if this data may be important for the prevention and investigation of ML/FT and their associated predicate offences. The FIUS is also the AML/CTF supervisor of the Designated Non-Financial Businesses and Professions (“DNFBPs”) in Suriname.
- **Central Bank of Suriname (“CBvS”):** The CBvS is responsible for the licensing and prudential and AML/CTF supervision of the financial sector (banks, pension funds, credit unions, money transaction offices and the capital market). The CBvS also has prudential and AML/CTF supervision of the insurance sector, but this is licensed by the Ministry of Economic Affairs.
- **Gaming Control Board Suriname (“GCBS”):** The GCBS is responsible for the supervision of casinos and lotteries. The GCBS is not responsible for licensing these entities, as this responsibility sits with the President.
- **Council on International Sanctions (referred to as the “RIS”):** The RIS is responsible for issuing sanctions notices, receiving reports of sanctions notifications and for the supervision of

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<sup>i</sup> 2 representatives, one from the Directorate of Taxation

screening systems and implementation of TFS by all service providers in compliance with provisions of the International Sanctions Act.

- **Surinamese Police Force (“KPS”):** The KPS is responsible for investigations of criminal activities. The Financial Investigation Team (“FOT”) is a specialized unit within the Major Crimes division of the KPS and is specialized on financial crimes including ML. The KPS is under the supervision of the Ministry of Justice and Police.
- **Ministry of Defense/ Immigration:** is responsible for passenger control at official checkpoints by means of the Border Management System. The Immigration Service exchanges information with the judicial and security services
- **Directorate of National Security (“DNV”):** is responsible for Suriname’s national security and gathers and analyses intelligence to determine Suriname’s national threat level including terrorism threat levels. The DNV resides under the Cabinet of the President.
- **Ministry of Economic Affairs (“EZOTI”):** is responsible for restructuring the legal framework for legal persons and arrangements.
- **Ministry of Natural Resources:** Responsible for issuing concessions for the gold sector and logging.

## 6 Threat Assessment

The Threat Assessment was conducted with input from representatives from authorities in Suriname (Financial Intelligence Unit Suriname “FIUS”, Korps Politie Suriname “KPS”, Public Prosecution Service “OM” and Tax Authority Suriname (“TAS”), together the “National Threats Team”). The primary objective of the Threat Assessment was to identify and understand the ML threats in Suriname, including the types of predicate crimes that result in the origin of illicit proceeds that need to be laundered. Based upon information provided by the National Threat Team, the overall threat of money laundering in Suriname is assessed as **High**.

The Team highlights the following most significant factors that contribute to the high ML threat in Suriname:

- **Informal Economy:** The presence of a significant informal economy, operating outside the formal financial system, provides opportunities for money launderers to hide illicit funds.
- **Corruption:** Corruption facilitates money laundering by weakening supervision and enforcement, allowing criminals to use financial structures with reduced risk of detection.
- **International Trade:** Suriname's involvement in international trade, coupled with weak border control, can be exploited by money launderers to disguise illegal activities as legitimate cross border business transactions.
- **Natural Resources:** The exploitation of valuable natural resources, such as gold and timber, presents risks as criminal organizations may attempt to launder the proceeds from illegal exploitation of these sectors.
- **Lack of Financial Transparency:** The absence of (financial) transparency, including the lack of Ultimate Beneficial Owner (“UBO”) identification and registration, makes it easier for money launderers to (mis)use legal persons, including foundations and legal arrangements to obscure the origins of illegal funds.
- **Resource Constraints:** A shortage of resources and effective tools for key agencies hinder their effectiveness in combating ML.

The National Threat Team discussed ML threats (based on these predicate offences)<sup>i</sup> in detail in diverse expert meetings. Based on these discussions, and the collection of data (to the extent it was available) around investigations and prosecutions of predicate offences in Suriname, the assessment identified six threats as the main ML threats for Suriname and the main sources of criminal proceeds that need to be laundered. This assessment was based on the inputs and opinions of the National Threat Team and supplemented with information on predicate crimes, reliable third-party research and media reporting. These six predicate offenses were categorized into two tiers of importance as shown below:

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<sup>i</sup> In its considerations of national ML threat, the threat team has considered all 22 predicate offences for Money Laundering defined by FATF.

Table 1: Six predicate offenses that pose the highest ML/TF threat to Suriname

Tier 1	Tier 2
<b>Corruption</b> <i>Anti-corruption law</i>	<b>Tax evasion</b> <i>Various tax laws including IB, LB and OB Act. The new draft ABW penalizing tax evasion is brought together in one chapter</i>
<b>Drugs trafficking</b> <i>Narcotic Drugs Act: Criminalization: Illegal trade in narcotics and psychotropic substances.</i>	<b>Illegal logging</b> <i>Economic offences Act and Forest Management Act</i>
<b>Illegal gold mining</b> <i>Economic Offences Act and Mining Act</i>	<b>Smuggling (of cash, contraband etc.)</b> <i>Economic offences Act and the Anti-Smuggling Offences Act</i>

## 6.1 Data collected

Various data sources and statistics, to the extent that this was available, collected by the National Threat Team in relation to ML offenses were used to substantiate the selection of the six main threats. Data was received from different agencies, and is set out in more detail in the subsections that follow:

### 6.1.1 FIUS

The FIUS is responsible for receiving and analyzing unusual transaction reports provided by all regulated sectors in relation to ML and TF. The obligations of the FIUS with regards to unusual transaction reporting, are set out in articles 29 to 34 in the WMTF, summarized as follows:

- Article 31: authorizes the FIUS to request additional information in respect of a report that has been made, or in respect of a person against whom a report has been made and obliges service providers to provide all requested documentation to the FIU.
- Article 32: obliges the FIUS, through the intervention of the Attorney General, to provide relevant data to the competent authorities charged with investigation and prosecution of criminal offences.
- Article 33: obliges the FIUS to maintain a register of reports.

All service providers are required to submit transaction reports to FIUS. In the Surinamese context, the FIUS receives two different types of unusual transaction reporting: those based on objective indicators (threshold based) and those based on the subjective indicator (suspicion of ML or TF).

- **Objective indicator:** all transactions above a sector dependent threshold are required to be reported to FIUS under the objective indicator. Thresholds are as follows: Banks - USD 10,000; Money Exchange Offices - USD 5,000; Dealers in Gold and Precious Metals - USD 10,000; Gaming Sector - USD 5,000.<sup>i</sup> Transaction reporting thresholds are not required for FATF purposes.
- **Subjective indicator:** all transactions where there is a reason to assume that they may be related to ML or TF are required to be reported under the subjective indicator. These may include suspicions such as changes in the management of foundations, the establishment of a credit mortgage, sales of a plot, transfer of real estate for a symbolic amount, reports related to local PEPs.

<sup>i</sup> As per State Decree Indicators on Unusual Transactions (O.G 2013 no 148)

Table 2: Reports received by the FIUS under the **Objective indicator** (2020 – 2023)<sup>i</sup>

<b>Service provider category</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Financial service providers	288,838	270,894	264,158	417,823
Designated non-financial businesses and professions	1,539	1,191	727	1,349
<b>TOTAL:</b>	<b>290,377</b>	<b>272,085</b>	<b>264,885</b>	<b>419,172</b>

Table 3: Reports received by FIUS under the **Subjective indicator** (2020 – 2023)<sup>ii</sup>

<b>Service provider category</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Financial service providers	865	2,709	4,173	3,401
Designated non-financial persons and bodies	73	32	3,290	25
<b>TOTAL</b>	<b>938</b>	<b>2,741</b>	<b>7,463</b>	<b>3,426</b>

The FIUS analyzes the received Unusual Transaction Reports (“UTRs”) and then decides whether to disseminate a case file (usually consisting of several transactions) to the Public Prosecution Service (“OM”). The OM in turn determines which dissemination reports are passed to law enforcement for investigation. Compared to the total number of reports received, FIUS only disseminated a limited number of cases (i.e., in 2020: 4 cases and 30,739 UTRs disseminated; in 2021: 7 cases and 7,999 UTRs disseminated; in 2022: 11 cases and 13,078 UTRs disseminated; and, in 2023: 12 cases and 7,439 UTRs disseminated).

The FIUS became a member of the Egmont Group of FIUs on 5 June 2024, which is a recognition of its autonomy and operational independence and its analytical functions in line with FATF Recommendation 29.

### 6.1.2 KPS

Information pertaining to ML investigations was provided by the KPS. ML investigations are conducted by a specialized unit within the KPS, the Financial Investigations Team (“FOT”).<sup>iii</sup> The data summarized in Table 4 shows that the conversion from investigations to convictions is low.

<sup>i</sup> Source: FIUS Annual Report 2022 *Table 2.C Meerjaren overzicht objectieve OTR’s per categorie*

<sup>ii</sup> Source: FIUS Annual Report 2022 *Table 2.D Meerjaren overzicht subjectieve OTR’s per categorie*

<sup>iii</sup> The FOT falls under the major crimes division of the KPS.



Table 4: Money laundering cases (investigations and convictions)<sup>i</sup>

Description	Number (2018 to June 2023)
Number of cases investigated by the FOT	79 <sup>ii</sup>
Number of cases referred by FIUS to the OM	6 <sup>iii</sup>
Number of cases submitted to a hearing judge	17
Number of convictions	8
Value confiscated	\$ 316,600 <sup>iv-</sup>

KPS provided information around mutual legal assistance (“MLA”) requests (both inbound and outbound). Requests were all inbound, which shows that no MLA requests were sent to support an investigation. According to KPS, this is due to the fact that internal ML investigations did not give rise to a requirement for outbound assistance requests.

Table 5: Mutual legal assistance (inbound and outbound) 2018 to June 2023<sup>v</sup>

Year	Inbound	Outbound	Derived from
2018	24	-	Netherlands
2019	11	-	Netherlands
2020	12	-	Netherlands
2021	15	-	Netherlands/Belgium
2022	7	-	Netherlands
2023 <sup>vi</sup>	7	-	Netherlands

## 6.2 Threats

### 6.2.1 Corruption

On the latest corruption perceptions index from Transparency International,<sup>vii</sup> as of 2023, Suriname ranks 87 out of 180 countries with a score of 40 out of 100. This represents a decrease in ranking from its 2019 score of 44, highlighting Suriname’s continued struggle with corruption. Corruption in Suriname is punishable in Articles 426 and 427 of the Criminal Code and there is a special anti-corruption law (Art.13 Anti-corruptiewet S.B. 2017, no.85). Suriname has acceded to the United Nations Convention against Corruption (UNCAC). The Global Organized Crime Index’s 2021 report (updated in 2023) on Suriname, emphasizes that rampant corruption involving high-level public officials and organized crime is a cause of major concern for mitigating criminality in Suriname.<sup>viii</sup> Corruption is pervasive in Suriname<sup>ix</sup> and

<sup>ii</sup> According to information provided by KPS, 24 of these investigations related to drug trafficking, and 3 related to illegal gold mining and trading.

<sup>iii</sup> According to information provided by KPS, 24 of these investigations related to drug trafficking, and 3 related to illegal gold mining and trading.

<sup>iv</sup> Total number of cases reported by FIUS to the OM.

<sup>v</sup> Comprises fixed and movable property

<sup>vii</sup> <https://www.transparency.org/en/cpi/2023>

<sup>vii</sup> <https://www.transparency.org/en/cpi/2023>

<sup>vii</sup> <https://www.transparency.org/en/cpi/2023>

<sup>viii</sup> <https://ocindex.net/country/suriname>

<sup>ix</sup>US Department of State’s 2022 Country Report on Human Rights Practices in Suriname states “Practically every sector of government was accused of corruption.” <https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/suriname/> extract pulled on 18 July 2024.

facilitates some of the other predicate offenses identified (such as Drug Trafficking and Illegal Gold Mining and Trading, Illegal logging/timber trading and smuggling) and has therefore influenced its prioritization.

The number of prosecutions related to corruption cases is relatively low. (as shown in Table 6). However, in making its assessment, input provided by the National Threats Team, along with other sources such as media reporting, also indicated that corruption is a facilitator of other high threats like drugs trafficking illegal gold mining, smuggling and illegal logging/timber. Furthermore, corruption plays a viable role in facilitating money laundering activities because corrupt officials or government officials may be involved in granting favors or protecting criminals from prosecution. The table below reflects the number of cases investigated by the Corruption Investigation Team from the KPS, as well as the consequential number of convictions related to cases investigated.

Table 6: Statistics on the predicate offense of corruption (2018 - June 2023)<sup>i</sup> (article 13 anti-corruption law)

	2018	2019	2020	2021	2022	2023	Total
Number of cases investigated	4	5	2	11	3	6	31
Referred to the OM	1	2	2	3	2	2	12
Number of cases heard	2	2	0	3	0	1	8
Forfeited	0	0	0	0	0	0	1
Ongoing	1	1	0	5	1	3	11
Acquittal	0	0	0	0	0	0	0
Sentence	2	2	0	2	0	1	7

Although the actual number of cases and subsequent sentencing for corruption related offenses is low, the assessment considered that corruption is a systemic issue and one of the most important threats in Suriname. Given the lack of statistics from official sources in Suriname, this finding is supported by several examples of corruption from reliable public sources:

- A former minister of finance was found guilty in December 2021 of participating in a criminal organization as well as corruption, fraud, falsification, and money laundering. He was fined 500,000 Surinamese dollars and given a 12-year prison sentence in absentia.<sup>ii</sup> This judgement has been appealed and is now before the Court of Appeal.
- In March 2024, various local news outlets reported that a public prosecutor and several members of Suriname’s KPS, specifically its elite arrest team, were suspended on suspicions that the police officers were transporting drugs and smugglers in police vehicles.<sup>iii</sup>
- In January 2019, local news outlets reported that eight containers carrying cocaine had been intercepted by the Paramaribo Port Control Unit.<sup>iv</sup> Following the discovery that the containers had

<sup>i</sup> Source: OM Suriname

<sup>ii</sup> <https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/suriname/>

<sup>iii</sup> <https://www.dbsuriname.com/2024/03/22/operatie-corruptie-de-schandvlek-van-het-arrestatieteam/>  
<https://www.crimesite.nl/ernstige-corruptieverdenkingen-bij-politie-en-justitie-suriname/#:~:text=In%20de%20strijd%20tegen%20corruptie,politieteam%20dat%20vuurwapengevaarlijke%20verdachten%20oppakt.>

<sup>iv</sup> <https://www.waterkant.net/suriname/2019/01/09/containers-met-drugs-waren-al-door-douane-suriname-gescreend-en-verzegeld/>

already been screened and sealed by customs in Suriname, a customs agent was reportedly also arrested.<sup>i</sup>

#### Case study 1:

On Monday 16 March 2020 copies of digital documents were received regarding the investigation of two persons suspected of violating the Anti-corruption Act S.B 2017 No 85. The investigation concerned payments from the CBvS to a foreign company (EUR 2.5 million) and to the suspect's own company (SRD 1.5 million) thereby incurring a debt with the bank. Three suspects were arrested, and a four-wheel-drive vehicle and a plot of land were seized. An 8-year prison sentence was handed down. Furthermore, a building, a four-wheel-drive vehicle, and EUR 625,000 of unlawful profit owned by the suspect(s) was confiscated. The case is now at the Higher Court of Appeals.

These instances highlight a wider trend of public reports involving cases of corruption linked to Surinamese police officers or customs officials.<sup>ii</sup> This does draw attention to the presence of high-level corruption cases involving law enforcement officials who were bribed by drug traffickers to engage in corruption. Based upon information provided by the National Threats Team and supplementary data, corruption poses a **high** threat of ML to Suriname. In NRA 1.0, corruption was identified as the highest threat to Suriname when it comes to preventing ML/TF<sup>iii</sup>. NRA 2.0 also rates corruption as **high**, despite the lack of concluded cases.

### 6.2.2 Drug Trafficking

Because of its geographical location, Suriname is a major transit hub for drug shipments originating from Colombia, Bolivia, Peru, and Brazil, and the cash generated from drug trafficking provides a significant source of illicit funds for possible money-laundering. Moreover, foreign drug cartels affiliated to these countries often collaborate with local actors in Suriname to facilitate drug transportation.<sup>iv</sup>

Several reported cases of drug shipments being seized provide clear indications of the extent of drug trafficking through Suriname.

- In January 2019, authorities in Suriname made their largest ever seizure of cocaine up to that point, found hidden in containers of rice waiting to be exported from the port in Paramaribo. According to media reports, over 2,300 kg of cocaine was seized. International media reported the arrest of a local rice exporter and a worker at a private Surinamese company that facilitates companies' customs dealings in Suriname.<sup>v</sup>
- In February 2024, Spanish police seized over 7,000 kg of cocaine in a container which arrived in the southern port of Algeciras, originating from Paramaribo. The seizure constituted one of Spain's largest ever intercepted drug shipments.<sup>vi</sup>

Figures provided by the KPS indicate that drug seizures predominantly consist of cocaine. Cocaine often enters the country on private passenger flights that land at illegal air strips in the interior of Suriname,

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<sup>i</sup> [https://www.limburger.nl/cnt/dmf20190204\\_00091132](https://www.limburger.nl/cnt/dmf20190204_00091132)

<sup>ii</sup> <https://www.dbsuriname.com/2021/11/11/strafrechtelijk-onderzoek-douane/>

<sup>iii</sup> P.37 NRA 1.0

<sup>iv</sup> [https://ocindex.net/assets/downloads/2021/english/ocindex\\_profile\\_suriname\\_2021.pdf](https://ocindex.net/assets/downloads/2021/english/ocindex_profile_suriname_2021.pdf)

<sup>v</sup> <https://www.reuters.com/article/world/suriname-authorities-seize-record-amount-of-cocaine-at-port-idUSKCN1P3222/>

<sup>vi</sup> <https://www.reuters.com/world/europe/spanish-police-seize-8-tonnes-cocaine-hidden-fake-power-generator-2024-02-12/>

through the country’s extensive and porous borders. The drugs are transported out of Suriname to Europe mostly via container ships, specifically to the ports of Antwerp and Rotterdam. Some drugs are also smuggled on commercial passenger flights out of Suriname to the Netherlands, as is evidenced by several reported cases, both in local<sup>i</sup> and international media<sup>ii</sup>, of concealed cocaine packages being found on KLM and Surinam Airways flights departing from Paramaribo airport. Table 7 below shows the amount of cocaine seized by the KPS from 2018 to 2023:

Table 7: Drug seizures by KPS (2018 - 2023)

	2018	2019	2020	2021	2022	2023 (Jan to Jun)
Cocaine (kg)	750	3,197	205	2,138	1,364	125

Of the six predicate offences identified, drug trafficking is the offence for which Suriname has the highest number of recorded prosecutions, according to the statistics provided by the KPS (as shown in Table 8). When considering the limited resources available to Suriname’s law enforcement agencies and the number of cases identified in relation to other predicate offenses, the number of sentencing cases involving drug trafficking are significant.

Table 8: Statistics regarding drug trafficking (2018 - June 2023)<sup>iii</sup>

	2018	2019	2020	2021	2022	2023 (Jan–Jun)	Total
Number of drug trafficking cases investigated by KPS							1,953
Number of cases submitted to a hearing judge	168	162	118	72	101	76	697
Forfeited	25	14	16	10	7	9	81
Acquitted	5	1	0	2	1	6	15
Sentence	163	161	118	70	100	70	682

Case study 2:

On Monday 2 August 2021, the Anti-Narcotics Brigade received a report from Customs about a quantity of drugs that had been intercepted at the Jules Sydney Harbor complex amidst an outbound shipment of timber. According to a statement from the Customs investigations department, a number of blocks suspected to be cocaine wrapped in brown tape were identified during an inspection of the sawn timber. A narcotics test was carried out which indicated that the substance was likely cocaine. A total of 205 blocks of suspected cocaine were found in the shipment, which weighed 283.2kg. Two suspects were arrested and one vehicle was seized. A 5-year unconditional sentence was handed down. The case is currently in the Higher Court of Appeals.

Based on the high number of cases identified with drug trafficking provided by the National Threat Team, it was assessed that drug trafficking poses a **high** threat of ML/TF to Suriname. In addition, the finding that drug transportation often remains undetected and considering the high corruption threat identified above, there is likely a direct link between the threat of drug trafficking and the threat of corruption.

<sup>iii</sup> Source: OM

<sup>iii</sup> Source: OM

<sup>iii</sup> Source: OM

### 6.2.3 Illegal Gold Mining and Trading

As reported by the World Bank<sup>i</sup>, mining accounts for nearly half of Suriname's public sector revenue and 80% of its total exports, making it the current most valuable natural resource available to Suriname's economy. The Mining Act regulates mining activities in Suriname, including gold mining. It requires miners to apply for permits, meet environmental standards, and outlines financial obligations.

Suriname commissioned a report into the gold sector which was conducted by the Organization of American States (the "OAS report").<sup>ii</sup> This report stated that illegal mining is extremely prevalent in Suriname, therefore providing an easily accessible avenue for criminal syndicates to launder money, linked to the threat of Corruption.<sup>iii</sup> Illegal mining takes place in Suriname's vast interior, where a lack of oversight and policing causes miners to be frequently coerced into engaging in unlawful activity under the threat of violence from criminal organizations. Due to the general absence of law enforcement oversight in Suriname's interior, criminal groups engage in conflicts over access to illicit mines and rob those who are mining for gold.

The OAS report also highlighted that there are illegal practices related to the production and export of gold throughout the supply chain. These practices present institutional and sectoral challenges in combating various forms of illegal mining. No previous sector-specific risk analysis has been completed regarding Suriname's small scale gold sector, and there have been no distinct typologies established by law enforcement in Suriname to understand and combat the illegal gold flows.

The ML threats related to Suriname's illegal mining can be attributed to several key factors, namely<sup>iv</sup>:

- Suriname's vast interior sees the movement of people, machinery, and gold across international borders with French Guiana, Brazil, and Guyana. There is no effective monitoring of these movements, which creates an inherent risk for ML.
- Secondary illicit activities such as prostitution, robberies, and turf wars between illicit mining groups have been reported, creating a consecutive issue of other predicate offenses for ML prevailing due to illegal mining activities.
- Gold buyers, mostly based in Paramaribo and consisting of local buying houses purchase gold and are required to declare it in accordance with the General Decree of the Foreign Exchange Commission nr 223 (dated 30 August 2021), although in practice, small scale producers have difficulty in proving the source of their gold.
- For a large portion of the review period, Suriname had a lower royalty tax on gold (4.5%<sup>v</sup>) compared to its neighbors. This was recently changed, and Suriname now has a royalty tax on gold of 5.5% (higher than that of Guyana). Furthermore, there were reported difficulties in declaring the origin of gold, despite requirements to do so, resulting in gaps in the received paperwork at the weighing scales. As a result, this could enable gold miners from neighboring countries smuggle gold into Suriname to be declared and sold in Suriname or vice versa since the change in the royalty tax. Suriname's exports on gold have regularly been higher than its total gold production from 2018 to 2022.<sup>vi</sup>

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<sup>i</sup> <https://data.worldbank.org/country/suriname>

<sup>ii</sup> OAS Department against Transnational Organized Crime *On the trail of illicit gold proceeds: Strengthening the fight against illegal mining finances – Suriname's case* dated March 2023.

<sup>iv</sup> [https://wwflac.awsassets.panda.org/downloads/2010\\_\\_gold\\_mining\\_marketing\\_chain\\_heemskerk.pdf](https://wwflac.awsassets.panda.org/downloads/2010__gold_mining_marketing_chain_heemskerk.pdf)

<sup>iv</sup> [https://wwflac.awsassets.panda.org/downloads/2010\\_\\_gold\\_mining\\_marketing\\_chain\\_heemskerk.pdf](https://wwflac.awsassets.panda.org/downloads/2010__gold_mining_marketing_chain_heemskerk.pdf)

<sup>v</sup> Suriname increased its royalty tax from 2.75% to 4.5% in January 2022. An increase to the royalty rate may decrease the amount of gold being smuggled in.

<sup>vi</sup> UN Comtrade data.

- As highlighted in the OAS report on gold, most Surinamese gold is exported to the United Arab Emirates (UAE), and there has been a sharp rise in gold exports to the UAE. This increase in the movement of gold may be cause for concern in combatting ML in Suriname. It should be noted that in its latest MER, the dealers in precious metals and stones (“DPMS”) sector were considered a high-risk sector for UAE, and supervisory activities for the sector were very limited, which may further increase this threat for Suriname.<sup>i</sup>
- Due to the small size and inherent ease of transporting, buying, and selling gold nuggets, gold features as a naturally desirable asset for criminals seeking to launder money.

Despite the presence of the threats associated with Suriname’s illegal gold mining and trading, the number of prosecutions each year related to illegal gold mining are minimal in relation to the prevalence of this predicate offense from the expert sources described above. This highlights the limited ability of local law enforcement to control illicit activities related to mining.

Table 9: Statistics on illegal gold mining (2018 - 2023)<sup>ii</sup>

	2018	2019	2020	2021	2022	2023	Total
Number of cases heard	8	4	0	1	7	2	22
Forfeited	1	2	0	1	5	0	9
Acquittal	0	0	0	0	1	0	1
Sentence	8	4	0	1	6	2	21

Despite the absence of prosecutions, based on input provided by the National Threat Team, and supported by reliable public records research as set out above, NRA 2.0 determined the illegal gold sector to be a **high** threat for ML/TF in Suriname.

#### 6.2.4 Tax Evasion

The Tax Authority indicated that no case involving tax evasion has ever been brought to court. Since the tax authority does not have competence to deal with ML investigations related to tax offenses, there is no tax intelligence service in Suriname. Administrative fines can currently be imposed with a maximum fine of 100% of the assessment amount. The Tax Authority confirmed that in 2023, administrative fines of 100% of the assessment amount (totaling SRD 1,082,612 or approximately USD 37,700) were issued. In practice, very few administrative fines have been levied in the period between 2019 to 2023.

Obtaining concrete statistics supporting income from the informal economy is a significant problem for the Tax Authority. Assessments can only be made against natural persons and legal persons that are listed in its files. Everyone who generates revenue outside of the official economy is excluded. It is currently not possible to estimate the amount of unpaid taxes or proceeds from tax evasion that need to be laundered.

The Tax Authority lacks the resources and power to conduct robust financial investigations. On the one hand, this concerns the staffing and capacity of the tax authority itself and on the other hand, the taxation service does not have enough legal powers to request information and compel documents from taxpayers. Suriname is currently working on a new General Tax Act in which the various criminal provisions are combined and will significantly increase the powers of the Tax Authority including the establishment of a Tax Intelligence Unit.

<sup>i</sup> UAE Mutual Evaluation Report April 2020.

<sup>ii</sup> Source: OM Suriname

The possible scale of tax evasion in terms of monetary value was considered as very high during plenary discussions with the National Threat Team, supported by limited available data on tax evasion, and the assessment considers that tax evasion qualifies as a high ML threat. Plenary discussions with the authorities indicated that the proceeds of tax evasion are possibly spent on luxury consumption, real estate, investments, travel or disguised in foreign bank accounts. Although it was not possible to support this with any available statistics, in terms of monetary value, tax evasion was considered a high threat for ML for Suriname.

## 6.2.5 Smuggling crimes

Smuggling refers to the illegal importing, exporting or transporting of goods without the required permits or in violation of the customs and import laws of Suriname. Smuggling concerns products such as cash money, cigarettes, alcohol, medicines and wildlife. In Suriname there are laws and regulations that regulate the trade in goods and cross-border trade. The Surinamese customs authorities play a crucial role in enforcing the laws regarding smuggling. They are tasked with guarding borders, investigating suspicious activity and intercepting persons or goods involved in smuggling, this presents another opportunity for Corruption.

In relation to the import and export of convertible foreign exchange or values, the physical import and export of convertible foreign exchange from USD 10,000 or equivalent when crossing Suriname's borders is prohibited (General Decree 225 of the Foreign Exchange Commission). Cash smuggling involves individuals attempting to move large amounts of money across borders without the required notifications or permission from the relevant authorities. This can be done for a variety of reasons, including evading taxes, avoiding financial regulations, or hiding illegally obtained money. Persons apprehended at the airport with cash exceeding the maximum limit of USD 10,000 have the option to settle the crime of money smuggling out of court by paying a fine. No data has been collected by customs officials on the frequency and values of cash intercepted at the airport. Due to Suriname's cash-intensive economy, it is expected that currency smuggling is frequent.

There have been some convictions related to smuggling offenses, as shown in Table 10 below, although the type of smuggling is not indicated in the underlying data:

*Table 10: Statistics related to smuggling offenses (2018 - June 2023) (article 2 smuggling decree)*

	2019	2020	2021	2022	2023	Total
Number of cases heard	20	0	7	4	6	49
How many people per case	20	0	7	6	8	56
Forfeited	5	0	1	2	1	11
Acquittal	1	0	1	1	0	3
Sentence	19	0	6	3	6	46



The recent case study below shows an example of actions by authorities in relation to smuggling crimes:

**Case Study 3:**

In May 2023, two people, a man and a woman, were arrested at Johan Adolf Pengel International Airport prior to boarding a flight to Brazil. During a search, a total amount of EUR 256,320 was found on the two individuals. They had hidden the cash in their luggage and were aiming to smuggle it out of country. According to the two individuals, the money belonged to the woman’s brother. The cash was consequently confiscated and the woman was sentenced by the subdistrict court to a prison sentence of 12 months, of which 11 months and 3 weeks were conditional.

For the purposes of NRA 2.0, smuggling crimes were assessed as a **high** threat for ML/TF.

### 6.2.6 Illegal logging/ timber trade

97.3% of Suriname’s territory is covered by forest, making it one of the greenest countries in the world.<sup>i</sup> Suriname has laws and regulations that govern the exploitation of timber and natural resources, and illegal logging of timber violates these laws. The Surinamese government attaches great importance to environmental protection and sustainable management of forests, and illegal logging of timber can lead to significant fines and criminal prosecution (environmental crimes are delineated in the Economic Offences and Environment Framework Act and Article 225 et seq. of the Criminal Code). Despite this, illegal logging is incentivized by several factors:

- Suriname’s forest areas are remote and located in the interior and there is inadequate enforcement of environmental protection laws in these regions. The only police stations present in Suriname’s interior are located at major settlements, leaving limited capacity for enforcement.
- There is strong demand for cheap timber by secondary processors such as construction companies, furniture builders, and exporters.<sup>ii</sup>
- A lack of publicly available information related to timber producers and consumers, as well as little to no background checks related to the origin of timber, allows for illegally produced wood to easily enter the domestic market.

The Public Prosecution Service collected the following statistics on illegal logging for the years 2018- June 2023:

*Table 11: Statistics on illegal logging (2018 - June 2023) - Illegal logging (article 51 of the Forest Management Act)*

	2019	2020	2021	2022	2023	Total
Number of cases heard		2	0	0	0	2
Forfeited	0	0	0	0	0	0
Acquittal	0	0	0	0	0	0
Sentence <sup>iii</sup>	2	0	0	0	0	2

<sup>i</sup> <https://globalamericans.org/wp-content/uploads/2024/04/04.04.24-Caribbean-Project-Report-.pdf>

<sup>ii</sup> [https://www.profor.info/sites/profor.info/files/publication/LAC\\_2007\\_Law%20Compliance\\_Prevention%20and%20Control%20of%20Illegal%20Activities%20in%20the%20Forest%20Sector%20of%20Suriname.pdf](https://www.profor.info/sites/profor.info/files/publication/LAC_2007_Law%20Compliance_Prevention%20and%20Control%20of%20Illegal%20Activities%20in%20the%20Forest%20Sector%20of%20Suriname.pdf)

<sup>iii</sup> Related to cases heard before 2019



Case study 4:

A member of the flying squad and a member of the board of Forest Management Services (“SBB”) received information on 16 April 2021 about containers from a timber export company that were loaded without being inspected by the SBB and subsequently transported to Jules Sydney port and stored there for export. After a thorough investigation by customs detectives, a total of 100 containers from the company in question were found, suspected of being loaded with illegal logs for shipping. The investigation was transferred to the KPS. 10 suspects were arrested.

A verdict has been handed down, and 6 suspects were sentenced, and 4 were acquitted. 1 suspect was given an unconditional sentence of 4 years in absentia and an SRD 50,000 fine.

Pronounced sentences were as follows: 6 suspects sentenced to 24 months, of which 17 months were conditional and a probation period of 2 years, a fine of SRD 50,000 and 1 was given 6 months of subsidiary sentence and 5 were given 3 months subsidiary sentence.

Despite the absence of data in the form of investigations, prosecutions and convictions, based on information provided by the National Threat Team, NRA 2.0 assessed illegal logging as a **high** ML threat to Suriname.

## 7 Vulnerabilities (ML)

Under the World Bank Methodology, vulnerabilities can be exploited by criminals to facilitate the laundering of proceeds of the main predicate offences identified through the Threat Assessment. Vulnerabilities may arise from a particular sector or product, a customer or a geographic region. Vulnerabilities may also arise if there is a lack of clear delineation between legal and illegal activity, which may provide challenges in the identification of illicit funds.

### 7.1 Legal and regulatory framework

#### 7.1.1 Laws

##### 7.1.1.1 WMTF

AML/CTF regulation on a national level, is governed by the provisions of the *Wet ter Voorkoming en Bestrijding van ML en TF* (“WMTF”), promulgated in November 2022. This act governs the AML/CTF obligations (preventive measures) of financial institutions (“FIs”) and designated non-financial sector businesses and professions (“DNFBPs”) and sets out requirements for supervision of implementation of AML/CTF related controls and compliance programs by service providers and contains sanctioning provisions to be applied in case of failure to implement AML/CTF obligations. Key aspects of these controls (as per the FATF Recommendations and the WB Methodology) are summarized below:

- **Customer due diligence (“CDD”) measures:** regulated by article 7 of the WMTF which requires all service providers to conduct CDD, including identification and verification of beneficial owners (“BO”).<sup>1</sup> Article 14 sets out requirements for enhanced due diligence (“EDD”). It should be noted that Suriname places full reliance on service providers to ensure that competent authorities have timely access to adequate, accurate and up to date BO information. However, the WMTF’s BO requirements to be applied to legal persons and legal arrangements are incomplete, thereby limiting the effectiveness of the mitigation measures to reduce the inherent vulnerabilities. Service providers rely on information provided to them by the customer, and on information provided to them from the trade registry, which, as set below, does not contain adequate, accurate or up to date information. We understand that the specific requirements for criteria 10.10 and 10.11 have been addressed in a recent (July 2024) amendment to the WMTF 2022. The amended WMTF has not been published at the date of writing this report.
- **Record keeping obligations:** Articles 19 – 21 of the WMTF require service providers to keep CDD records in line with FATF Recommendation 11.
- **EDD measures to be applied to Politically Prominent Persons (“PEPs”) and customers from and transactions with high-risk jurisdictions:** EDD is required for PEPs under Article 14 (3) g of the WMTF.

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<sup>1</sup> The WMTF requires service providers to undertake the following measures in relation to client due diligence: a) to identify the client using reliable, independent documentation or information, b) to identify the UBO and take adequate measures to verify their identity. If the client is a legal person, the service provider should take reasonable measures and use a risk based approach to gain insight into the ownership structure, c) establish the purpose and nature of the transaction, d) using a risk based approach, to maintain ongoing controls around the business transactions for the duration of such transactions, e) determine if a natural person representing a client is authorised to do so, f) take adequate measures to verify whether the client is acting on their own behalf or on behalf of a third party g) where appropriate, identify and verify the identity of the natural person referred to in e and the natural person identified in f,

- **Reliance on third parties for introduced business and CDD:** Article 12 of the WMTF allows service providers to rely on CDD conducted by an intermediary or third party, subject to meeting the criteria of subsections a) – e).<sup>i</sup>
- **Unusual transaction reporting obligations:** Articles 29-34 of the WMTF govern unusual transaction reporting, including suspicious transaction reporting. Article 29 requires service providers to report unusual transactions to the FIUS (see also section 4 above, which sets out the difference between objective and subjective indicators). Article 30 requires the AML/CTF supervisors to report any facts that may give rise to reasonable suspicions of ML or TF, regardless of confidentiality provisions.
- **Tipping off provisions:** The WMTF includes provisions to define information shared under the act as confidential. Furthermore, service providers, their directors and employees are protected from both criminal and civil liability for violation of any restriction on disclosure of information (for ML and TF) imposed by contract or statutory provisions.
- **Internal controls, foreign branches and subsidiaries:** Article 5 of the WMTF requires all service providers to establish an independent and effective compliance function for the purposes of combatting ML and TF. Article 6 refers to applicable guidelines and procedures that should be applied effectively by the service providers.
- **Regulation and supervision/oversight of FIs and DNFBPs:** The CBvS is designated as the supervisor of Financial Sector bodies, by article 38 of the WMTF, and the FIUS is designated as the supervisor of DNFBPs (excluding the Gaming Sector). The Gaming Control Board of Suriname (“GCBS”) is designated as the supervisor of the Gaming Sector. This article requires risk-based supervision, and the frequency and intensity of supervisory inspections should be determined based on identified risk.
- **Administrative sanctions:** Article 40 of the WMTF allows AML/CTF supervisors to impose a penalty of SRD 100,000 per day (approximately USD 3,700) to be imposed for non-compliance with laws. A maximum SRD 1,000,000 (approximately USD 33,700) fine for service providers, managers or directors is mentioned in WMTF article 38 (5) for non-compliance or non-compliance in a timely manner with the AML/CTF obligations set out in the WMTF/guidelines.

#### 7.1.1.2 Penal Code

The Penal Code criminalises ML and TF in line with international Standards (UN Conventions and FATF requirements). The provisions of the Penal Code (as lastly amended by OG 2023 no 133), allow up to 20 years’ imprisonment for Money Laundering (depending on the type of offence), and up to 6 years imprisonment for Terrorism Financing.

#### 7.1.2 Supervisors

There is a formal cooperation agreement between CBvS, FIUS and GCBS. CBvS has signed Memoranda of Understanding (“MOUs”) with FIUS and GCBS since 2019 and these have been recently updated in May 2024. The supervisors consult every quarter (Supervisors Tripartite Management meeting) on the following points:

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<sup>i</sup> Criteria for due diligence conducted by intermediaries or third parties per article 12 of the WMTF: a) the third party is also subject to the requirements of customer due diligence and has taken measures to ensure these are met, b) the intermediary or third party is subject to supervision of the rules of CDD in the relevant jurisdiction, c) the intermediary or third party immediately provides information about the measures taken, d) the service provider has access to necessary information around the identity of the customer and the UBO, and the ownership structure of the client, and the nature and purpose of the transaction, e) is satisfied that the intermediary or third party will make copies of relevant client information upon request.

- The reporting behavior of service providers;
- The supervisory priorities and activities of the CBvS, FIUS and GCBS with regard to compliance with reporting obligations as per the WMTF;
- National and international developments in the prevention and combatting of ML and TF, including trends, methodologies and typologies; and,
- Other topics in the field of preventing and combatting ML and TF.

There is also a working group with officers of CBvS, FIUS and GCBS which meets every month to discuss issues regarding AML/CTF policies and the way forward.

#### 7.1.2.1 CBvS (Financial sector)

The CBvS is the designated supervisory authority for the financial sector and its full supervisory powers are laid down in laws and regulations as follows:

- Article 10 of the Central Bank Act<sup>i</sup> - providing micro-prudential supervision on the banking and credit system, the pension and insurance system, foreign exchange transactions, the transfer of financial resources to and from abroad, and on the capital market. Supervision includes corporate governance and integrity of the institutions operating in these sectors.
- Article 13 (1) – (3) of the Banking and Credit System Supervision Act<sup>ii</sup> – CBvS is charged with supervision of credit institutions, and in article 16 is charged with supervising compliance with AML/CTF obligations.
- Article 38 of the WMTF<sup>iii</sup> - CBvS is charged with AML/CTF supervision of FIs and Virtual Asset Service Providers (“VASPs”).
- Article 9 (3) – (4) of the Money Transaction Offices Supervision Act<sup>iv</sup> (“MTOS Act”) - the CBvS is entitled to stop/prohibit money transactions if the Money Transfer Office (“MTO”) or Exchange Office (“EO2) carries out these activities without permission from the CBvS.

The Supervision Directorate (“DTK”) of CBvS is responsible for prudential, integrity and structural supervision. In October 2023, the Financial Integrity Departments was established, which is a dedicated department of DTK and responsible for financial integrity policy regarding the financial sector. DTK includes several subdivisions which are responsible for supervision of specific parts of the financial sector:

- Banking, Money Transaction Offices and Capital Market Supervision Department (“TBG”);<sup>v</sup>
- Insurance Supervision Department (“TVZ”);
- Pension Fund Supervision Department (“TPF”);
- Credit Unions Supervision Department (“TSP”);
- Financial Integrity Department; and,
- Financial Stability Department.

DTK also has a Legal Unit. The various departments of DTK are responsible for prudential, structural and integrity supervision. Integrity involves governance as well as AML/CTF supervision.

##### 7.1.2.1.1 Industry specific Directives AML/CTF 2024

In April 2024, the CBvS updated several industry-specific AML/CTF Directives which provide support to the various categories of financial service providers in the implementation of the WMTF provisions. The

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<sup>i</sup> OG 2023 No 65

<sup>ii</sup> Banking and Credit System Supervision Act (OG 2024 no 4)

<sup>iii</sup> OG 2022 No 138

<sup>iv</sup> OG 2012 No 170)

<sup>v</sup> To strengthen the supervisory framework of MVTs, their supervision was placed under the TBG.

Directives cover several areas also referred to in the WMTF and sought to address remaining deficiencies set out in Suriname's First Enhanced Follow Up report as remaining outstanding (i.e., in relation to R.10, including remaining deficiencies in BO requirements for legal persons and arrangements; in relation to R.11 and R.12; R.17; R.19 (albeit not all of the deficiencies); R.21 definitions of ML and TF and ML/TF typologies and indicators for the identification of suspicions; and TFS). The authorities have confirmed that these remaining deficiencies have been addressed in recently drafted legislation, which has not yet been finalized at the time of writing of this report. This updated legislation comprises an update to the WMTF (August 2024) and a new International Sanctions Law (August 2024).

The Directives contain sanctioning provisions to be applied in situations of non-compliance with the requirements of the Directives, which makes them enforceable obligations. Effective implementation was not yet taking place during the assessment period but from a TC perspective, the Directives are considered important.

The AML/CTF Directive for Pension funds was issued in January 2022 and does not yet incorporate the updated requirements of the WMTF.

#### 7.1.2.2 Risk based supervisory activity

From a supervisory perspective, the FI vulnerability assessment concludes that the intensity of AML/CTF supervision by the CBvS differs significantly between sectors and identifies that the supervision of the banking sector is most advanced. CBvS resources dedicated to AML/CTF supervision are generally adequate, but the risk-based approach to supervision is still in its early stages of implementation. The latter is illustrated by the fact that a manual informing and guiding risk-based supervision was only issued in April 2024<sup>i</sup> (after the end of the review period). This document replaced a previous supervision manual issued in 2021, which was in place for most of the review period. The 2024 manual sets out a risk-based supervisory framework and guidance for the application of all CBvS supervisory divisions, including how to prioritize entities for inspection and which aspects to verify during offsite and onsite inspections. According to the manual, risk categorization of service providers is to be conducted based on information from different sources, such as the AML/CTF questionnaire (currently being modified); results of on-site inspections and off-site monitoring; reporting to inform supervision that may be relevant to AML/CTF; data from Justice, Police and FIUS; other information (such as from a foreign supervisory authority). The manual recommends that an annual plan is prepared, which includes planned on-site and offsite monitoring activities to be undertaken. Frequency of on-site inspections are to be determined using a risk-based approach.

Although this manual was not yet implemented during the review period and did not contribute to effectively mitigating ML/TF risks, it is included in this section because it constitutes important progress from a TC perspective and will determine the CBvS's risk-based supervisory activities going forward.

The CBvS's AML/CTF supervisory powers were significantly strengthened by the November 2022 WMTF, including its access to information and records held by FIs. However, no administrative or criminal sanctions were applied for breaches of the AML/CTF requirements. The adequacy of the mitigation measures implemented by the CBvS during the review period is therefore assessed to be Medium-Low.

It was further reported that the application of EDD measures applied by the banking sector has resulted in derisking high-risk customers rather than in enhanced monitoring measures of this category of customers (cf. various discussions with representatives from high-risk sectors, who indicated that they experienced challenges in getting access to a bank account).

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<sup>i</sup> Manual AML/CTF Supervision, April 2024

### 7.1.2.3 Gaming Control Board Suriname (DNFBP's Casinos)

The legal and regulatory framework, powers and the financing of activities of the Games of Chance are regulated in the Gaming Supervision and Control Act.<sup>i</sup> Under this law, the supervisory tasks and powers of the Gaming Control Board Suriname (“GCBS”) are described. The law assigns a signaling role in relation to a risk-based approach to monitoring and inspection, whereby the GCBS is obliged to report suspicions of ML by service providers to FIUS. The GCBS has just recently completed its first ever sectoral assessment. The quality of mitigation measures in the gaming sector was assessed as very low. Furthermore, the GCBS does not have the power to license casinos, and there are no robust fit and proper tests carried out, which means the entry controls against criminals operating in the sector are weak.

### 7.1.2.4 FIUS (DNFBPs)

In addition to setting out the AML/CTF obligations of service providers, the WMTF describes the FIUS’ AML/CTF supervisory role, including its powers to conduct this supervision and impose sanctions for breaches of the AML/CTF obligations, in line with the FATF Standards. The WMTF requires all service providers (including DNFBPs) to register with the FIUS within three months of registering and initiating their business activities, by means of an electronic registration form available on the FIUS’ website (WMTF, Art. 28). However, DNFBPs’ registration with FIUS is significantly incomplete and there are no reliable figures on the various types of DNFBPs available. In the execution of its supervisory role, the FIUS is expected to issue guidelines for the DNFBPs under its supervision and to promote compliance with the WMTF (Art. 38, para 3).<sup>ii</sup> In July 2021, the FIUS issued guidance for DNFBPs including to some extent, guidance on using a risk-based approach (“RBA”). However, this guidance has not been updated since the implementation of the WMTF, which places an increased focus on the application of a RBA. Deficiencies identified in Suriname’s first FUR by CFATF (cf. guidance issued by the CBvS above) have not been addressed for DNFBPs.

The FIUS’s supervisory work is not yet carried out on a risk-sensitive basis. More importantly, while the FIUS’ supervision focused on a few entities in each category of DNFBPs, the number of inspections is disproportionately low compared to the hundreds of entities under its supervision (a total of 39 off-site inspections and 7 on-site inspections over a period of three years). The effectiveness of the FIUS’ AML/CTF supervision is low and inadequate to mitigate the ML/TF risks emanating from the DNFBP sector.

## 7.2 National vulnerability

The objective of NRA2.0 is not to conduct a comprehensive gap analysis of the legal and regulatory framework of Suriname against the FATF standards and guidance. However, certain gaps have been identified during the NRA process.

The overall ML vulnerability of Suriname is assessed to be **High** due to a combination of deficiencies in Suriname’s overall ability to combat ML at national level and identified weaknesses in the implementation of mitigation measures by both financial and non-financial sectors.

Progress has been made in improving Suriname’s technical compliance framework, primarily through the adoption of WMTF and related Directives. However, there is still work to be done in the effective implementation of AML/CTF mitigation measures.

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<sup>i</sup> O.G. 2009, no. 78 as amended by O.G. 2023 no 134)

<sup>iv</sup> The National Development Bank is considered a secondary bank.

The quality of mitigation measures and the AML/CTF related controls for FIs need to be strengthened to adequately mitigate inherent risks resulting from sector-specific ML/TF vulnerabilities. In addition, the supervisor should pursue the adequate use of both administrative and criminal sanctions more.

Other significant weaknesses identified were the limited AML/CTF supervisory powers and the lack of risk-based supervision, and the lack of effective unusual transactions monitoring and reporting. Although on a technical level, some improvements were observed with the adoption of the WMTF (i.e., adequate supervisory powers, and availability of criminal sanctions and a wider range of administrative sanctions), many of the areas of concern have not yet improved significantly because implementation of technical requirements is in its early stages.

There remain significant resourcing and capacity issues at key competent authorities within Suriname that impact the country's overall ability to combat ML effectively at national level. Unusual transaction reporting, particularly under the subjective indicator, varies greatly between sectors. Although recent improvements have been made (including the implementation of a new automated platform in May 2024), the FIUS is still seriously under resourced, and more needs to be done to improve its ability to receive, analyze and disseminate financial intelligence. The specialized financial crimes department in the FOT is also under resourced, although recent developments have taken place in view of increasing its effectiveness (such as the initiation of parallel ML investigations for all drug trafficking cases). Remaining serious deficiencies in the implementation of a risk-based supervisory framework for both financial and non-financial service providers are set out in detail in the section on the risk-based supervisory activity above.

Even though both FIs and all categories of DNFBPs could benefit from awareness and outreach sessions conducted by the CBvS and the FIUS, respectively, all service providers but banks indicated that additional training would be most welcome, especially to address interpretation issues following the introduction of the WMTF.

### 7.2.1 Overarching mitigation measures

This section includes observations related to overarching mitigation measures that apply across the various sectors.

**Ultimate Beneficial Ownership information:** the AML/CTF framework puts the obligation on the service provider to identify and verify the ultimate beneficial ownership (“UBO”) information of their customers. The WMTF introduced identification and verification requirements for legal arrangements (including the requirement to verify beneficial owners) certain deficiencies in the requirement to verify BOs of legal arrangements remain.<sup>i</sup> The implementation of BO requirements by service providers is verified and tested during inspections by the CBvS and the FIUS,

Furthermore, there is currently no UBO registry which includes such information. The absence of reliable BO information increases risk, as it presents services providers with additional challenge in the adequate implementation of the BO requirements (i.e. no reliable source to compare the UBO information obtained from their customers. Considering that service providers are the only source of BO information for competent authorities, the deficiencies outlined above seriously limit competent authorities' timely access to adequate, accurate and up-to-date BO information in the course of their AML/CTF activities.

**Accessibility and availability of adequate, accurate and up-to-date basic information held in trade and foundations registers:** Legal persons such as LLC's, foundations, and associations involved in

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<sup>i</sup> The National Development Bank is considered a secondary bank.



commercial activities must be registered in the Trade Register or Foundations Register. Both the Trade Register and Foundations Register are maintained by the CCI, and information recorded in these registers can be accessed by competent authorities and the public. The CCI, however, does not implement measures to ensure that data included in the Trade and Foundations Registers are adequate, accurate, and up to date, as required by the FATF standards. Furthermore, the records are not easily accessible or available in an electronic format (requests need to be made in person or in writing to the CCI, and the data that is provided following such a request is limited).

The lack of accessibility to up to date basic information held in Trade and Foundation registers severely impacts the accuracy and availability of information available to competent authorities and service providers for their CDD purposes.

**Reliable identification infrastructure:** Suriname has in place a secure national identification system with government-issued identity documents, issued by the national authority. Customer identification is possible based on government-issued identity documents. This information is stored electronically on a central database. A portal which is held by the Central Bureau for Civil Affairs allows financial institutions and certain other DNFBPs (such as notaries) to access this database for the purposes of customer identification and verification.

However, it was noted that a segment of the population lacks the means to meet any regulatory requirements for identification and verification of source of funds, both of which are required when conducting transactions through FIs. However, a study conducted by the CBvS in January 2022 (Baseline Study Financial Inclusion and Financial Education) indicated that the access to identification documentation has increased, with approximately 94% of the population over 16 holding an identification card.

**Availability of independent information sources:** The availability of independent information sources is not regulated by law or covered in any guidelines of the CBvS. The service providers do not have cooperation agreements or access with specific independent information sources (for example credit bureaus, banks or other relevant institutions). A lack of access by service providers to these types of independent information sources means that they are overly reliant on documentation provided by their customers for identification and verification checks.

### 7.3 Sectoral vulnerabilities – Financial Institutions

The financial sector within Suriname mainly comprises of five broad categories: ten commercial banks (including subsidiaries), pension and provident funds, insurance companies, credit unions and cooperative savings institutions, and other financial institutions (including secondary banks,<sup>i</sup> Money Transfer Offices (“MTOs”) and Exchange Offices (“EOs”)) and capital markets. The relative share of the total financial institutions balance sheet for these five categories is shown in Table 12.

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<sup>i</sup> The National Development Bank is considered a secondary bank.



Table 12: Balance sheet total per sector of the financial sector (2021 – 2023)<sup>i</sup> in USD millions

Financial sector by category	2021		2022		2023	
	Total (USD)	Share (%)	Total (USD)	Share (%)	Total (USD)	Share (%)
Commercial banks	53,897	74.9	81,476	76.5	99,915	75.0
Pension and provident funds	8,021	11.1	10,670	10.0	14,792	11.1
Insurance companies	9,186	12.8	13,376	12.6	17,575	13.2
Credit Unions	73	0.1	85	0.1	89	0.1
Other Fis	785	1.1	862	0.8	857	0.6
<b>TOTAL</b>	<b>71,962</b>		<b>106,469</b>		<b>133,228</b>	

### 7.3.1 Methodology

The assessment of the Financial Sector’s ML/TF risks was conducted by several sector-specific working groups within the CBvS, and documented in a series of sectoral risk assessment (“SRA”) reports completed between January 2024 and April 2024 using the World Bank methodology.<sup>ii</sup> The vulnerabilities module of the World Bank Tool includes the assessment of a number of input variables, the detail related to these variables is appended in Annex 2.

The data and underlying conclusions presented in these SRAs have been used in the assessment of the financial sector vulnerabilities in this section of the NRA (to the extent that underlying data was set out in the appendices provided). However, the NRA places an additional focus on a differentiation between inherent vulnerabilities and mitigation measures, to allow for a proper assessment of residual ML/TF risks in the financial sector’s component. These sectoral assessments (“SRA”) are referenced throughout this section. The findings of the SRAs present some limitations due to observed gaps in available data (see details in the section 4).

While drafting the NRA, several revisions were made to the assessments in the SRAs by the respective working groups involved to provide additional underlying data, more clearly differentiate between inherent and residual risks, and amend some of the assigned ratings. The reasons for these changes:

- to ensure consistency between ratings assigned across the different types of FIs; and,
- to reflect that even though many of the mitigation measures included in laws and regulations, and in the Directives issued by the CBvS and referred to in the SRAs constituted major improvements, these were generally only recently issued and had therefore not yet been fully implemented by the sectors. The effective implementation of these measures could therefore not be fully tested. Therefore, some of the ratings as assigned by the working groups were decreased to reflect this early stage of implementation, but also to take a consistent approach with the CBvS’s own supervisory procedures, which assign a 25% weighting to the design of mitigation measures (technical compliance), and a 75% weighting to their effectiveness.

A list of the authorities and private sector entities involved in the SRAs is summarized below:

- From the public sector, the most important contributors were the CBvS and the FIUS;

<sup>i</sup> Source: CBvS

<sup>v</sup> This group was established in January 2024, and there is also a recently launched (28 June 2024) Strategy covering the period from 2024 to 2027.

- From the private sector, representatives of the banks and the Bankers Association, MTOs, exchange offices, insurance companies and pension funds contributed to the respective SRAs; and,
- The OAS/DTOC, the US Embassy in Suriname and various independent consultants provided technical assistance and support to the CBvS.

A mixed-method approach in terms of data collection was employed, using data gathered from CBvS, FIUS, Gaming Control Board Suriname (“GCBS”), KPS, OM and the private sector entities. Data was gathered through information requests sent to competent authorities, surveys sent to service providers (see Table 13), and in-depth interviews and focus group discussions:

Table 13: Overview of survey respondents<sup>i</sup>

Sector	Threats survey	Vulnerabilities survey	Focus group / interviews
Commercial Banks	11	11	
Insurance companies	4	4	Yes
Pension and provident funds	12	11	
Money transfer offices	6	5	Yes
Exchange offices	8	8	Yes
Credit Unions	4	3	
Other (real estate brokers, lawyers) <sup>i</sup>	8	4	Yes
Supervisors and other regulatory/enforcement authorities	5	5	Yes
No response/missing	5	3	
<b>TOTAL</b>	<b>62</b>	<b>54</b>	

A third survey primarily focused on TF was sent out to the 9 active primary banks, and 7 responses were received. This last survey also included specific questions around delivery channels.

### 7.3.2 Progress since previous NRA and MER

Although progress has been made in improving Suriname’s technical compliance framework, primarily through the adoption of WMTF and related Directives, no significant progress in the effective implementation of AML/CTF mitigation measures has been observed since the previous NRA. Therefore, many of the findings from the previous NRA still apply.

The previous NRA focused especially on the technical content of mitigation measures (or the lack thereof) and concluded that the AML/CTF related controls in place for FIs presented significant weaknesses and were therefore inadequate in mitigating inherent risks resulting from sector-specific ML/TF vulnerabilities. In addition, the lack of criminal sanctions combined with the low level of enforcement of administrative sanctions for failures to apply preventive measures was identified as another main area of concern. Other significant weaknesses identified were the limited AML/CTF supervisory powers and the lack of risk-based supervision at the supervisory level, and the lack of effective unusual transactions monitoring and reporting at the level of the service providers. Although on

<sup>i</sup> This group was established in January 2024, and there is also a recently launched (28 June 2024) Strategy covering the period from 2024 to 2027.

<sup>i</sup> This group was established in January 2024, and there is also a recently launched (28 June 2024) Strategy covering the period from 2024 to 2027.

a technical level, important improvements were observed with the adoption of the WMTF (i.e., adequate supervisory powers, availability of criminal sanctions and a wider range of administrative sanctions, and much stronger preventive measures to be applied by service providers), many of the areas of concern have not yet improved significantly because implementation of enhanced technical requirements is still in its early stages.

### 7.3.3 Overview

The financial sector within Suriname is exposed to significant threats of illicit funds originating from the predicate offenses described in Section 6. This finding especially applies to EOs, MTOs and insurance companies, which are heavily exposed to cash transactions, and to banks which are also exposed to the use of cash.

While Suriname considerably changed its technical compliance framework since the previous NRA, especially by strengthening its preventive measures through the introduction of the WMTF in November 2022; strategic deficiencies in effective implementation of the technical requirements, including the reporting of unusual transactions, remain. The sector-specific Directives to assist with the interpretation and implementation of the strengthened requirements are very recent (i.e. April 2024), which has a negative impact on the strength of the mitigation measures in most of the sub-sectors.

The intensity of the CBvS's AML/CTF supervision differs significantly between sectors and the risk-based approach to supervision is generally in its early stages of implementation, as illustrated by the fact that a manual informing and guiding risk-based supervision was only issued in April 2024 (see section 7.1.2.1.1). In addition, even though the CBvS's AML/CTF supervisory powers were significantly strengthened by the November 2022 WMTF, including the access to information and records held by service providers, difficulties in obtaining access to data to allow for sample testing (due to unjustified citation of confidentiality) continue to be observed.

Associated to the deficiencies in the supervisory framework is the inadequate application of administrative and criminal sanctions for violations of the AML/CTF requirements, further exacerbated by the lack of practical cooperation between the CBvS and the Public Prosecution Service. The SRAs indicated that the CBvS's accessibility to information for carrying out inspections is limited in the area of transaction monitoring, which has an impact on the effectiveness of transaction monitoring and unusual transaction reporting by supervised entities, particularly EOs. However, the authorities have since confirmed that this issue has been resolved in recent meetings between the CBvS and FIUS, and will not occur going forward. Another factor impacting the effectiveness of unusual transactions reporting is the observed disparity between reports made using the objective factor (98.4%) and those based on the subjective factor (1.6%) respectively (2022 data). A notable exception to this is the MTO sector, which reported in certain years up to 25% of total transactions under the subjective indicator.

While Surinamese authorities acknowledge the importance of policy initiatives (for example, with the establishment of a Financial Inclusion Working Group within CBvS)<sup>i</sup> targeting financial inclusion, including to reduce the serious vulnerabilities associated to the informal/cash-based economy, as stated above, a proportion of the population still has challenges to provide documentation around source of funds or identification (around 6% do not hold official identification documents). These documents are required for opening a bank account. In addition, banks continue to increase the conditions to establish

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<sup>i</sup> This group was established in January 2024, and there is also a recently launched (28 June 2024) Strategy covering the period from 2024 to 2027.

business relationships leading to an inadequate implementation of the risk-based approach that results in “de-risking” activity<sup>i</sup> making financial inclusion even more problematic (see also above).

The relative risk ratings for the different financial services sectors within Suriname is shown in Table 14 below, and further detail on how these ratings have been determined is explained in the subsections that follow.

Table 14: Overview of final risk rating for financial institutions

Sector	Vulnerability			Overall risk rating	Risk classification per NRA1.0
	Inherent vulnerability	Quality of mitigation measures	Total vulnerability		
Banks	Medium High	Medium	Medium	Medium	Medium
Exchange Offices	Medium High	Medium Low	Medium High	Medium High	Medium
Money Transfer Offices	Medium High	Medium	Medium	Medium High	Medium
Pension Funds	Low	Medium	Medium	Medium Low	Medium
Insurance	High	Low	High	Medium High	Medium

### 7.3.4 Banks

The banking sector comprised around 75% of the total assets of the Surinamese financial sector in 2023 (as shown in Table 12). There are currently ten banks in Suriname.<sup>ii</sup> The first four banks listed below are large systemically important banks and the others are smaller banks. Percentage of state ownership<sup>iii</sup> is shown in brackets after each bank:

- De Surinaamsche Bank N.V. (2.3%);
- Hakrinbank N.V. (34.5%);
- Finabank N.V. (0%);
- Republic Bank Suriname N.V. (0%);
- Surinaamse Postspaarbank (100%);
- Stichting Surinaamse Volkscredietbank (100%);<sup>iv</sup>
- Surichange Bank N.V (0%);
- Landbouwbank (non-operational);
- Cooperatieve Spaar- en Kredietbank GODO G.A. (0%); and,
- Finatrust, TrustBank Amanah N.V. (0%)

<sup>ii</sup> In addition, the National Development Bank N.V. and Southern Commercial Bank N.V. (Southcom Bank) which are not considered part of the primary banking sector.

<sup>iii</sup> In addition, the National Development Bank N.V. and Southern Commercial Bank N.V. (Southcom Bank) which are not considered part of the primary banking sector.

<sup>iii</sup> Source: CBvS website: <https://www.cbvs.sr/financieel-systeem/financiele-systeem-in-suriname>

<sup>iv</sup> Merged with Landbouwbank

Banks are defined in the Banking and Credit System Supervision Act 2023,<sup>i</sup> which replaced the Banking and Credit System Supervision Act 2011.<sup>ii</sup> Banks are supervised by the Banking, Money Transaction Offices and Capital Market Supervision Department (“TBG”) within the CBvS.

#### 7.3.4.1 Threats

In response to a survey, banks indicated that they consider the ML threat to the banking sector to be High<sup>iii</sup>, and specifically referred to the threats posed by corruption; organized crime, especially in the context of drug trafficking; and tax evasion as the most significant threats to the sector. While the survey responses did not contain sufficient detail to explain this conclusion, the risk perception by the banking sector is aligned with the findings of the threat assessment.

#### 7.3.4.2 Vulnerabilities

##### 7.3.4.2.1 Inherent vulnerabilities

The banking sector is widely seen as one of the key gatekeepers to the integrity of the financial system. However, the banking sector is confronted with the structural characteristics of the Surinamese economy (such as the significance of the informal sector and the associated prevalence of cash, including foreign currency).

**Customers:** Surinamese banks are exposed to inherent vulnerabilities arising from their customer accounts held by other regulated businesses and professions with activities qualifying as high risk, PEPs (both domestic and foreign PEPs), and NPOs. Banks classify regulated businesses and professions as high-risk customers because of their acceptance of cash to settle transactions and services, their weak implementation of AML/CTF preventive measures (see also DNFBP vulnerability assessment for more details) and the strategic deficiencies in AML/CTF supervision of all categories of DNFBPs (see DNFBP vulnerability assessment for more details) and some FIs. As shown in Table 15 below, banks’ exposure to high-risk customers has been increasing year on year for the period 2020 to 2022.

Table 15: Overview of high-risk customers<sup>iv</sup>

Type of high-risk customer	2020	2021	2022
Exchange Offices	24	22	36
Money Transfer Companies	8	8	11
Lawyers	658	656	676
Accountants	409	414	433
Local PEPs	2,886	3,433	3,551

<sup>i</sup> O.G. 2024 No.4

<sup>ii</sup> Article 1b (of SB 2011, no.155): a legal person whose business to a large extent is to obtain at the disposal of direct or funds repayable in the future whether or not in the form of savings, or against the issuance of one or more types of debt securities, and of lending or making investments for its own account. This legislation was recently amended with version SB 2024 nr 4.

<sup>iii</sup> Source: Banking sector SRA, Table 22.

<sup>vii</sup> Source: Table 6 of the Banking Sector SRA.

Type of high-risk customer	2020	2021	2022
Foreign PEPs	28	38	40
<i>SUBTOTAL – PEPs</i>	<i>2,914</i>	<i>3,471</i>	<i>3,591</i>
Casinos	13	13	5
Notaries <sup>i</sup>	81	86	113
Car Dealers	176	188	224
Real Estate	112	127	197
Dealers in precious metals and stones	429	498	617
NPOs	2,273	2,359	3,289
<b>TOTAL</b>	<b>10,011</b>	<b>11,333</b>	<b>12,783</b>
Total number of customers <sup>i</sup>	<b>598,329</b>	<b>644,219</b>	<b>627,928</b>
<b><i>High risk as a percentage of total customers</i></b>	<b><i>1.7%</i></b>	<b><i>1.8%</i></b>	<b><i>2%</i></b>

Furthermore, the SRA indicated that customers subject to EDD (i.e. those considered higher risk) totaled 60,252 in 2022,<sup>i</sup> which is approximately 9.6% of the total estimated number of accounts held. Banks themselves indicated that foundations and customers active in the gold mining and tourism industries qualify as higher risk customers, but the SRA does not contain detailed information on these customers. It is of note that during the review period, several of the sectors saw significant growth in their high-risk customers, and this is represented by significant sector growth in numbers of PEPs (driven by local PEPs), DPMS, real estate and NPOs. The extent to which this represents a genuine growth in the customers vs. improved ML/TF risk understanding by the banks is unclear.

**Geographic:** The banking sector applied the list of high-risk jurisdictions outlined in the CBvS Directives (which comprises FATF blacklisted and grey listed countries). The SRA did not provide any data around the number of accounts held by customers resident in these high-risk jurisdictions. However, based on information received from the banking sector, it appears that banks undertook transactions with the jurisdictions which are/were grey listed by FATF<sup>i</sup>

**Product/Service /channel:** The SRA does not provide an indication of the AML/CTF vulnerability associated to products, services or delivery channels. During various meetings held with sector representatives, they indicated that they offered predominantly “vanilla” services which are not particularly vulnerable to ML/TF, and that their main vulnerabilities originate from customers and geographic regions.

<sup>i</sup> Source: Table 6 of the Banking Sector SRA.

<sup>i</sup> Source: Table 6 of the Banking Sector SRA.

<sup>i</sup> Source: Table 6 of the Banking Sector SRA.

<sup>i</sup> Jamaica, Haiti and Nigeria are on the FATF enhanced monitoring list as at April 2024.

### 7.3.4.2.2 Mitigation measures

The overall score for the quality of implementation of mitigation measures for the banking sector and the effectiveness of supervision by the CBvS was considered to be **Medium**. A summary of the findings of the SRA is shown in Table 16 below, and additional details are set out in the sub-sections that follow.

Table 16: Overview of mitigation measures: Banking Sector<sup>i</sup>

#	Variable	Quality of mitigation measures <sup>ii</sup>
1	Comprehensiveness of AML/CTF legal framework	Medium-High
2	Effectiveness of supervisory procedures and practices	Medium
3	Availability and enforcement of administrative sanctions	Medium-Low
4	Availability and application of criminal sanctions	Medium-Low
5	Availability and effectiveness of market entry controls	High
6	Effectiveness of surveillance and suspicious activity reporting	Medium-High
7	Effectiveness of compliance function	Medium
8	Integrity of sector personnel	Medium-High
9	Staff knowledge of AML/CTF	High

**Comprehensiveness of AML/CTF legal framework:** The AML/CTF framework of the banking sector is established by the WMTF.<sup>iii</sup> Since the implementation of the WMTF in 2022, AML/CTF obligations have been significantly improved in Suriname, although some deficiencies remain, including in the BO requirements for legal persons and legal arrangements and certain aspects of CDD measures. While the remaining deficiencies pointed out in Suriname’s first FUR were mainly addressed by the April 2024 CBvS’s Directive, these improvements took place after the review period and as such, were not yet implemented by banks during the review period (additional detail relating to the WMTF is included in section 7.1)

**Effectiveness of supervisory procedures:** The SRA noted that there were as yet no formalized policies and procedures for supervision in place. The AML/CTF risk-based Supervision Manual was recently updated (issued in April 2024) to place a greater focus on AML/CTF supervision on a risk-sensitive basis but was not yet in place during the review period.

During the review period, the CBvS’s supervisory activities were undertaken based on guidance and manuals issued before the promulgation of the WMTF. The TBG issued an annual inspection plan which includes the number of inspections that are planned for the year. AML/CTF related supervision has been in place since 2013, and inspections focus on technical compliance and file review to test implementation, including transaction monitoring and compliance with reporting obligations. Technical

<sup>i</sup> Source: Banking Sector SRA

<sup>ii</sup> Assessment of the quality of mitigation measures for each variable

<sup>iii</sup> Furthermore, several banking sector specific laws, guidelines and regulations apply:

The Banking and Credit System Supervision Act (O.G. 2011 No 155) which sets out the CBvS’s supervisory authority in relation to AML/CTF compliance (articles 1 to 3 and 16); Directive AML/CTF (applicable from 1 April 2024); Guidelines for applying for a license to carry on the business of a credit institution with the associated instructions and appendices; Regulation No 6: Corporate Governance for Credit Institutions; Regulation No 7: Fit and Proper Testing of Management, Supervisory Board members and Shareholders at Credit Institutions; Regulation No 8: Internal Audit Department for Credit Institutions; Regulation No 9: Integrity Policy for Credit Institutions; and, Regulation No 10: Internal Control of Credit Institutions.



compliance is assigned a weight of 25% and while effectiveness is assigned a weight of 75% for the purposes of rating banks' implementation of preventive measures. Off-site monitoring is in place for all banks on a continuous basis by way of review and analysis of daily, weekly, and monthly reports which are provided for prudential reporting purposes. A review of fit and proper tests for management and the supervisory board was also provided as a source of information.

The CBvS had a fair understanding of the risks in the banking sector. During the review period, the TBG carried out risk-based AML/CTF on-site inspections (see Table 17) to establish the effectiveness of implementation based on the former AML/CTF legal framework, including its Directive issued in 2016, and by using its AML/CTF examination/inspection procedures and supervision manual dated January 2013. Prior to any on-site inspections, a "self-assessment" matrix is sent out to the relevant bank where they are required to self-assess the status of their compliance with AML/CTF obligations. Following the on-site inspection, there is a fixed format for drafting an on-site report.

It should be noted that there were no on-site inspections during the Covid period, resulting in a period of almost two years where no onsite supervision was taking place, with no AML/CTF specific offsite monitoring instead. However, off-site monitoring was being conducted based on quarterly reports of the status of action plans regarding deficiencies reported by the banks to the CBvS, which were rated as non-compliant by CBvS. The level of onsite inspections had not yet reached pre-Covid levels by the end of 2023, although a total of 7 onsite inspections were planned for 2024.

Table 17: Onsite inspections conducted (2019 to 2023)

	2019	2020	2021	2022	2023
Number of onsite inspections conducted per year	6	1	0	2	4

The number of staff dedicated to the TBG (which includes the banking sector, MTOs and EOs) is 26, which is considered adequate by CBvS. The CBvS's staff regularly takes courses related to their daily work (such as compliance, AML/CTF, KYC, transaction monitoring), however the CBvS does not have a formal training policy.

The effectiveness of supervisory activity for the banking sector was assessed as **Medium**.

**Availability and enforcement of administrative sanctions:** Administrative sanctions are set out in Article 40 of the WMTF (cf. section 7.1.1.126) but an implementing State Decree setting out the level of sanctions for individual breaches (cf. Art. 40.5 of the WMTF) has not yet been issued. The WMTF and Central Bank Act empower the CBvS to impose administrative sanctions, however the SRA highlighted that CBvS does not yet have a written policy/procedure in place for the application of these sanctions. CBvS also clarified that it did not yet use its power to impose sanctions but instead uses other measures (i.e., warning letters and orders/instructions), which, according to CBvS, were effective in improving compliance.

The SRA noted that, from interviews with sector representatives, the banks recognized the authority of the CBvS, but noted that there is insufficient enforcement of laws and regulations by CBvS. According to representatives of commercial banks "Although [written] instructions have been issued, the number of sanctions imposed is minimal and no use is made of other sanctions such as fines" which indicates that the abovementioned corrective measures implemented by the CBvS are not seen as effective. The SRA sets out that criminal sanctions that could be imposed on banks are unlikely to be dissuasive. For example, "a fine of USD 50,000 for a bank is not a sufficient deterrent, and fines should be adjusted to be dissuasive." The WMTF allows for fines of SRD 100,000 per day for failure to respond to information requests.



This variable was assessed as **Medium Low**, because while the legal framework is in place, an implementing decree is still outstanding, and no sanctions for AML/CTF failures have been imposed.

**Availability and enforcement of criminal sanctions:** There are criminal sanctions that can be imposed on Banks and other service providers, which are set out in Suriname’s Penal Code (see section 7.1). There is no evidence of imprisonment nor have criminal fines for ML offenses been applied against banks or their employees/managers.

**Availability and effectiveness of entry controls:** Banks are required to apply for an operating license in line with the guidelines document issued by the CBvS. The CBvS conducts “fit and proper” testing on management,<sup>i</sup> members of Supervisory Boards and shareholders with a qualifying interest in credit institutions in line with Regulation 7. During this licensing process, the application must be completed to disclose the following: 1) ownership and control structure, 2) incorporation documents, 3) shareholders and directors (including their criminal and other background checks) and 4) proposed business activity and registered office. “Fit and proper” testing comprises an assessment of the individual’s integrity, professional competence, independence, financial standing, character and the importance and independence of the institution. No new banking licenses have been issued since NRA 1.0, however, the results of CBvS’s “fit and proper” tests indicate that several applications were rejected as they did not meet the requirements. The process implemented by CBvS is robust and provides a number of reasons to justify a rejection of an application. This variable was rated as **High** as the licensing process is robust and includes ongoing “fit and proper” tests to prevent exposure of the banking sector to criminals.

**Effectiveness of transaction monitoring and reporting:** Suriname has a system of unusual transaction reporting in place. Reports to the FIUS are triggered by objective and subjective indicators. Objective indicators are transactions over the threshold of USD 10,000 (see section 6.1.1)<sup>ii</sup> are paid to or through the intermediary of the independent professional in cash, with bearer checks or similar means of payment. The subjective indicator focuses on transactions which the service provider suspects may be related to ML or TF.

**Customer due diligence measures:** Compliance functions conduct periodic reviews of customer files and since the implementation of the one-level compliance documents of the Suriname Bankers Association which were issued in March 2023, these are conducted on a risk basis (Low – every 5 years; Medium – every 3 years; and, High – every year) as required according to the CBvS Directive which was issued in April 2024. Insufficient attention is being paid to ensuring that information on BOs remains adequate, accurate and up to date, especially for those legal persons that qualify as high risk, such as foundations. When conducting CDD of legal persons, including identification and verification of BOs, banks rely on (additional) information from their customers and check it against information from the CCI. However, as specified in the risk assessment of legal persons, the information held by the CCI is limited to legal ownership and does not extend to beneficial ownership. In addition, the CCI is not implementing measures to ensure that the information included in the Trade and Foundations Registers remains adequate, accurate and up to date.

Data provided in the SRA indicates that there is still a relatively important number of customer accounts that had incomplete files. As shown in Table 18 below, this comprised around 7% of total customer

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<sup>i</sup> All members of management that bear actual and statutory responsibility at the highest level of the organization for the daily management thereof

<sup>ii</sup> As per the State Decree Indicators Unusual Transactions (S.B. 2013 No 148) where objective and subjective indicators for each sector are prescribed.

accounts (estimated). A total of 8 PEP accounts were terminated between 2020 and 2022, although the reason for these terminations was not provided in the data. Between 2021 and 2022 there was a significant increase in the number of accounts closed/terminated due to CDD/KYC issues, which shows a change in the application of CDD measures by banks and might point to derisking taking place.

Table 18: Customer account detail

Description	2020	2021	2022
Total customer accounts (deposit and loan accounts)	876,250	840,702	879,923
Total customers (depositors and borrowers)	598,329	644,219	646,614
Customer accounts with incomplete files	51,838	65,902	59,286
Accounts closed/relationships terminated due to CDD/KYC issues	107	24	2,825
Clients subject to enhanced CDD	49,348	55,660	60,252
Terminated customer relationships with PEPs	1	2	5

From discussions with the banking sector, it was observed that banks have strengthened their customer acceptance policies. This was corroborated in discussion with representatives from various other sectors in Suriname, as high-risk sectors have found it challenging to get access to bank accounts. It was also observed that certain high-risk customer groups (such as PEPs) continue to have access to bank accounts, but they are subject to increased monitoring of account transactions as mitigation for the increased risk these customers pose.

**Effectiveness of the compliance function:** The requirements for establishing an independent compliance function and robust internal controls are set out in WMTF. This law was passed in November 2022 and therefore, sufficient time has not passed since its application date to fully test the effective implementation of these obligations. Furthermore, the banking sector AML/CTF Directive was only recently issued (April 2024) and its implementation has also not yet been tested.

As set out in the SRA, banks do have internal compliance policies and procedures and have set up independent compliance functions with sufficient authority and direct access to senior management and the Supervisory Board. However, as per the SRA, banks do not yet develop and implement their compliance program with regard to the ML/TF risks and the size of their institution, and do not yet use objective criteria to identify sector specific high-risk jurisdictions beyond the FATF’s black and grey lists. AML/CTF compliance activities are often carried out as part of other processes and not as an independent process or review resulting in compliance activities not always receiving sufficient attention. In addition, the independent audit function (which has the responsibility to provide independent assurance to management around the effectiveness of the compliance program) is insufficiently implemented.

### 7.3.5 Money Value Transfer Services

Money Value Transfer Services sector in Suriname includes Exchange Offices (“EO”) and Money Transfer Offices (“MTOs”):

- **Money Transfer Offices (“MTOs”):** MTOs provide money transfer services to natural persons and are typically linked to large internationally operating “Money Transfer Unions”.
- **Exchange Offices (“EOs”):** EOs provide foreign currency exchange services to natural and legal persons, and typically operate domestically.

MTOs and EOs play an important role in Suriname’s economy as many people but also legal entities in Suriname are unbanked or at least underbanked. These service providers allow people to send and receive money domestically or internationally and facilitate currency exchange outside of the formal banking sector. Currently, MTOs are prohibited from performing the business of currency exchange, and EOs are prohibited from making money transfers<sup>i</sup>.

The sector is governed by the Money Transaction Offices Supervision Act 2012 (OG 2012 no 107 and last amended by OG 2021 no 53 “the MTOS Act”). Under the MTOS, the CBvS is responsible for granting licenses to MTOs and EOs. The sector is supervised by the Banking, Money Transaction Offices and Capital Market Supervision Department of the CBvS (“TBG”).

There are no recorded ML/TF prosecutions for the MVTs sector, and no criminal sanctions have been taken against service providers in the sector. However, the level of undetected ML/TF activities in the sector is deemed to be high for both EOs and MTOs. Although the sector does not comprise a significant portion of FIs when looking at balance sheets (see Table 12), based on transaction volumes the size of the sector and its share in the economy is deemed to be significant for both EOs and MTOs (see for example Table 24).

Although there are no ML prosecutions and convictions, ML/TF typologies within the sector have been identified. Illicit funds from activities such as drug smuggling, corruption and tax evasion to be invested in the formal economy through cash intensive businesses, such as EOs.

#### 7.3.5.1 Exchange Offices

An overview of the number of EOs currently active in Suriname is shown in Table 19 below. Based on the SRA’s analysis of the market share of these entities, there are currently five large EOs, ten medium-sized EOs and two small sized EOs, comprising a total of 17 active EOs:

Table 19: Total EOs in Suriname (2021 - 2023)<sup>ii</sup>

Year	Number of registered EOs	Licenses extended	Licenses not extended <sup>iii</sup>	Licenses suspended <sup>iv</sup>	Licenses revoked
2021	23	2	0	3	1
2022	21	7	4	0	0
2023	17	2	6	0	0

EOs are required to send transaction reports to the TBG three times per day. Although these reports are mainly used by CBvS for monitoring the transactions and exchange rates used, the reports also contain helpful information around other factors such as client base. These reports are referred to in this section as “Daily Reports”.

The vulnerability of the sector has been rated as **Medium-High** for the purposes of the NRA 2.0.

##### 7.3.5.1.1 Inherent vulnerabilities

Overall, inherent vulnerabilities were assessed as **Medium High**

<sup>i</sup> Money Transaction Offices Supervision Act 2012, last amended by O.G. 2021 no 53

<sup>ii</sup> Source: Exchange Offices SRA

<sup>iii</sup> As a result of not meeting the licensing requirements

<sup>iv</sup> As a result of failure to comply with the law after several warnings issued by CBvS

**Customers:** EOs serve both natural persons and legal persons. According to the Daily Reports received by TBG, most of the transactions take place with local customers, comprising largely of individuals but also of domestic legal persons. According to the SRA, the subset of international customers comprises mainly tourists (particularly from the Netherlands).

■

**Geographic:** Geographic risk was considered low to medium as EOs operate domestically, largely service domestic natural and legal persons, and do not have branches abroad. However, the SRA stated that consideration should however be given to the geographical risk posed by neighboring countries (Guyana, Brazil and French Guyana) as their geographic proximity could mean that EOs in Suriname are used to facilitate the cross-border movement of illicit funds, as differences in regulatory frameworks and enforcement capabilities among these countries can create loopholes that criminals may seek to exploit, particularly in the informal sector.

**Product/service:** EOs facilitate the exchange of foreign currencies within Suriname. Given that Suriname is a predominantly cash-based economy, this makes their services particularly vulnerable to exploitation for ML and TF. Furthermore, Daily Reports often lacked clarity regarding the precise source/origin of customers’ funds, further increasing the risk of these cash transactions.

#### 7.3.5.1.2 Mitigation measures

The overall score for the quality of mitigation measures implemented by the Exchange Offices and the effectiveness of supervision by the CBvS is assessed as **Medium Low** for the purposes of the NRA.

Table 20: Overview of mitigation measures: Exchange Offices

#	Variable	Quality of mitigation measures
1	Comprehensiveness of AML/CTF legal framework	Medium High
2	Effectiveness of supervisory procedures and practices	Medium Low
3	Availability and enforcement of administrative sanctions	Medium Low
4	Availability and application of criminal sanctions	Medium Low
5	Availability and effectiveness of market entry controls	High
6	Effectiveness of surveillance and suspicious activity reporting	Low
7	Effectiveness of compliance function	Medium Low
8	Integrity of sector personnel	Medium Low
9	Staff knowledge of AML/CTF	Medium Low
10	Implementation of CDD measures	Low

**Comprehensiveness of AML/CTF legal framework:** The assessment of this variable is included in the section on the banking sector (see section 7.3.4.2.2 above) and was rated as **Medium High**.

**Effectiveness of supervision/oversight activities:** The CBvS supervision manual and the Directives were recently updated in April 2024 (i.e., the AML/CTF Directive for the sector and Supervision Manual, which sets out the CBvS’s current risk-based supervision framework), and therefore the updated documents were not yet implemented during the review period.

Although resources have been allocated towards onsite inspections for EOs (a total of 8 onsite inspections were undertaken between 2021 and 2023, see Table 21), by the end of 2023 less than half of the 17 registered Exchange Offices had been subject to on onsite inspection.

Table 21: Onsite inspections: Exchange Offices (2021 - 2023)<sup>i</sup>

Year	Onsite inspections <sup>ii</sup>
2021	0
2022	2
2023	6

Although supervisory activities have increased significantly in the past two years (by way of offsite checks and onsite inspections), not all Exchange Offices had an onsite inspection as at end 2023.

**Availability and enforcement of administrative sanctions:** Administrative sanctions are set out in Article 40 of the WMTF but an implementing State Decree setting out the level of sanctions for individual breaches (cf. Art. 40.5 of the WMTF) has not yet been issued. The WMTF and Central Bank Act empower the CBvS to impose administrative sanctions, however the SRA highlighted that CBvS does not yet have a written policy/procedure in place for the application of these sanctions.

The previous law, the MTOS Act (2012) also included in articles 38 and 39, sanctions (including provision for financial penalties) which were available for failure to comply with the rules issued by the CBvS, which includes AML/CTF obligations.

Given the recent developments in establishing the administrative sanctions regime, no fines have been issued to date. The authorities have confirmed their intention to work towards increasing the implementation and enforcement of proportionate and dissuasive sanctions going forward. The CBvS has issued several warning letters and written instructions, and has revoked / suspended licenses in relation to non-compliance with licensing requirements, which, according to CBvS, have had an effect on improving compliance.

Although provisions for administrative sanctions are in place, an implementing State Decree has not yet been issued nor is there any internal administrative sanctioning policy established. In addition, no fines have been imposed. Therefore, this variable has been assessed as **Medium Low**.

**Criminal sanctions:** There are criminal sanctions that can be imposed on EOs and other service providers, which are set out in Suriname’s recently updated Penal Code (see section 7.1) There is no history of criminal enforcement action against EOs and there is no evidence of criminal enforcement or the application of criminal fines against EOs or their employees/managers. The previous law (MTOS Act of 2012) also allowed for imprisonment for up to 6 months for a misdemeanor and 2 years for an offence (including AML obligations).

Although provisions for criminal sanctions are in place, no action has been taken to date, and therefore this variable has been assessed as **Medium Low**.

**Availability and enforcement of market entry controls:** The CBvS is designated in article 3 of the MTOS (2012) legislation as the licensing body for EOs. Any entity considering undertaking Exchange Office business should apply to the CBvS for a license under article 4 of the MTOS.<sup>iii</sup>

Several key documents related to the existing license application, “fit and proper” tests (see Table 22) and the overall integrity of the sector have recently or are in the process of being updated.

<sup>i</sup> Source: Exchange Offices SRA

<sup>ii</sup> No onsite inspections were carried out in 2021 because of the Covid-19 pandemic. According to the MTO WG, the low number of onsite inspections in 2022 was because of the persistent impact of Covid-19 during 2022.

<sup>iv</sup> Source: Exchange Office SRA

The CBvS has provided statistics that show that in certain cases, applications for licenses were rejected because of the results of its fit and proper tests, even before the process description was published (see Table 22). However, the SRA did note that despite the presence of procedures on the CBvS website, many incomplete license applications are still being received. In 2022 and 2023, the CBvS did not renew the licenses of five EOs that failed to comply with the requirements, consequently these offices were no longer permitted to operate.

Table 22: Results of fit and proper tests undertaken by CBvS<sup>i</sup>

	2021	2022	2023
Directors	3 received and approved	6 received, 1 rejected	4 received, 1 rejected
Supervisory Board Members	6 received, 2 rejected	12 received and approved	10 received and approved
Shareholders	6 received, 2 rejected	9 received, 1 rejected	10 received and approved

There is a regulatory framework and robust licensing process in place. This variable is assessed as **High**.

Illegal EOs exist in Suriname, as shown by the offsite checks conducted by CBvS between 2021 – 2023, which involved 10 illegal operations (see **Error! Reference source not found.**). The possibility that EOs may operate illegally by facilitating foreign transfers (which is not permitted for EOs —see above), using the HAWALA system, and thereby operating outside of their licensed operations was also highlighted by the previous NRA. This might include both supervised EOs acting outside their remit in some cases, or the operation of illegal EOs. The SRA concluded that “*since these topics are covered in the laws it reduces the chance of the existence of informal exchange offices and black market. The MTOS Act gives the [CBvS] the authority to address illegal exchange offices*”. However, this statement does not appear to be justified and therefore withheld for the NRA purposes. In addition, to date there is no adequate practical cooperation between the supervisor (CBvS) and the Public Prosecution Service to effectively tackle illegal EOs/illegal exchange practices through the criminal system. This issue is addressed in section **Error! Reference source not found.** under Action 13.

**Effectiveness of transaction monitoring and reporting:** Although unusual transaction reporting by EOs has increased steadily year on year between 2020 and 2022, as shown in Table 23 below, reporting of transactions under the subjective indicator is still low (and has in fact significantly decreased since 2020). The SRA attributed the increase in unusual transaction reporting under the objective factor to an increase in supervisory activities and an increase in the effectiveness of controls around transaction monitoring and reporting within EOs, although there is no direct evidence to support this explanation

Table 23: Transaction reporting by EOs (2020 - 2022)<sup>i</sup>

	2020	2021	2022
Objective factor reports	1,801	3,457	4,294
Subjective factor reports	26	11	11
TOTAL	1,827	3,468	4,305

<sup>i</sup> Source: Exchange Office SRA

<sup>i</sup> Source: Annual Report of FIUS 2022

Furthermore, the SRA highlighted that source of funds information is not always collected,<sup>i</sup> which also has an impact on transaction reporting, as a key part of the underlying information that may justify a report is not available for analysis by EOs. Furthermore, the SRA highlighted that CBvS's inspections observed some EOs do not conduct effective transaction monitoring and analysis, with the result that risks associated with transactions are not always identified (and therefore remain unreported).

**Customer due diligence measures:** CDD measures are set out in the WMTF. The SRA indicated that inspections showed that EOs did maintain CDD records, although in some cases, these were only available digitally (and not in hard copy form). The SRA also noted that EOs must tighten their CDD policy to ensure that clients are effectively monitored.

**Observations related to the effectiveness of compliance function and awareness/integrity of staff within the sector:** The SRA highlighted that EOs had compliance programs in place that are in place are “*commensurate to the level of risk within the exchange offices*” when taking into account risk factors such as the complexity of clients, volume of exchange transactions, client base profile, and frequency of transactions. However, the SRA contained a number of significant observations related to the effectiveness of the compliance programs, and the knowledge and awareness of staff in the sector, which were based on findings from supervisory activities undertaken. So it turned out that there are still issues with internal integrity and mitigation controls, governance issues and lack of effective training.

The implementation of Compliance Functions, and the AML knowledge of staff in the sector is not yet at a mature stage.

#### 7.3.5.2 Money Transfer Offices:

The core operations of MTOs are aimed at facilitating the transfer of funds into and from Suriname, and such transfers are predominantly made in USD and EUR. Their services are aimed at natural persons, and according to the SRA, the CBvS considers that MTOs present a lower risk than EOs, as they are often part of internationally operating “Money Transfer Unions”. As a result, onsite inspections conducted by the CBvS have been predominantly focused on EOs and to a lesser extent on MTOs.

Table 24: Overview of the MTO sector in Suriname

Description	Number/Value
Number of licensed providers	6
Number of operating branches	18
Total net asset value (USD Million 2022)	2.36
Total inflows (USD Million 2022)	116.15
Total outflows (USD Million 2022)	64.34 <sup>ii</sup>
Total number of onsite inspections <sup>iii</sup>	1 (2023)
Total number of offsite inspections	1 (2022)

<sup>i</sup> This is evidenced by the fact that the source of funds information was often not completed in the Daily Reports sent by EOs to the CBvS

<sup>ii</sup> Data provided by the MTO WG: EUR 59.96 million. This was converted to USD equivalent of USD 64.34 million using a EUR:USD exchange rate of 1.073 as at 31 December 2022.

<sup>iii</sup> A second onsite inspection was conducted in 2024, but this was not taken into account for the purposes of this assessment, as it took place after the review period.



Based on the statistics provided above, inflows and outflows through MTOs for 2022 comprised 8.85%<sup>i</sup> and 3.61%<sup>ii</sup> of the total inflows and outflows respectively for Suriname in 2022.

The overall vulnerability of MTOs to ML and TF was assessed as **Medium High** for the purposes of this NRA.

#### 7.3.5.2.1 Inherent vulnerabilities

Overall inherent vulnerabilities were assessed as **Medium High**.

**Customers:** MTOs serve natural persons, who perform transactions on behalf of themselves or on behalf of legal persons. The SRA assessed the use of cash as Medium; however, considering that Suriname is a cash-based economy and individuals present themselves at MTOs with cash to transfer money to beneficiaries abroad, and withdraw cash when they receive money from abroad, the use of cash has been assessed as High.

**Geographic:** MTOs facilitate both domestic and international transactions, and the level and frequency of international transactions is high. The top jurisdiction remitting funds to Suriname via MTOs was the Netherlands, which is explained by the fact that approximately one third<sup>iii</sup> of the Surinamese population currently resides in the Netherlands, and sends money earned abroad back to Suriname for family support, followed by remittances originating in the USA, France and Belgium.

Outbound remittances were mainly sent to China which can be explained by the fact that China is a major trading partner of Suriname. Other main jurisdictions receiving remittances from Suriname include Netherlands, USA and the Dominican Republic and Haiti.

**Product/services:** Transactions at MTOs are recorded on digital systems often provided by an internationally supervised parent company, and therefore were assessed as easy to trace. As stated in the previous NRA, the client and receiver/sender are both identifiable on the transaction recording systems, as is the destination of the funds. The FIU Suriname's 2022 annual report included one ML typology through the MTO sector, as presented in the figure below.

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<sup>i</sup> Calculated as approximately 8.85% of USD 1,311.86 million in total inflows for Suriname for 2022

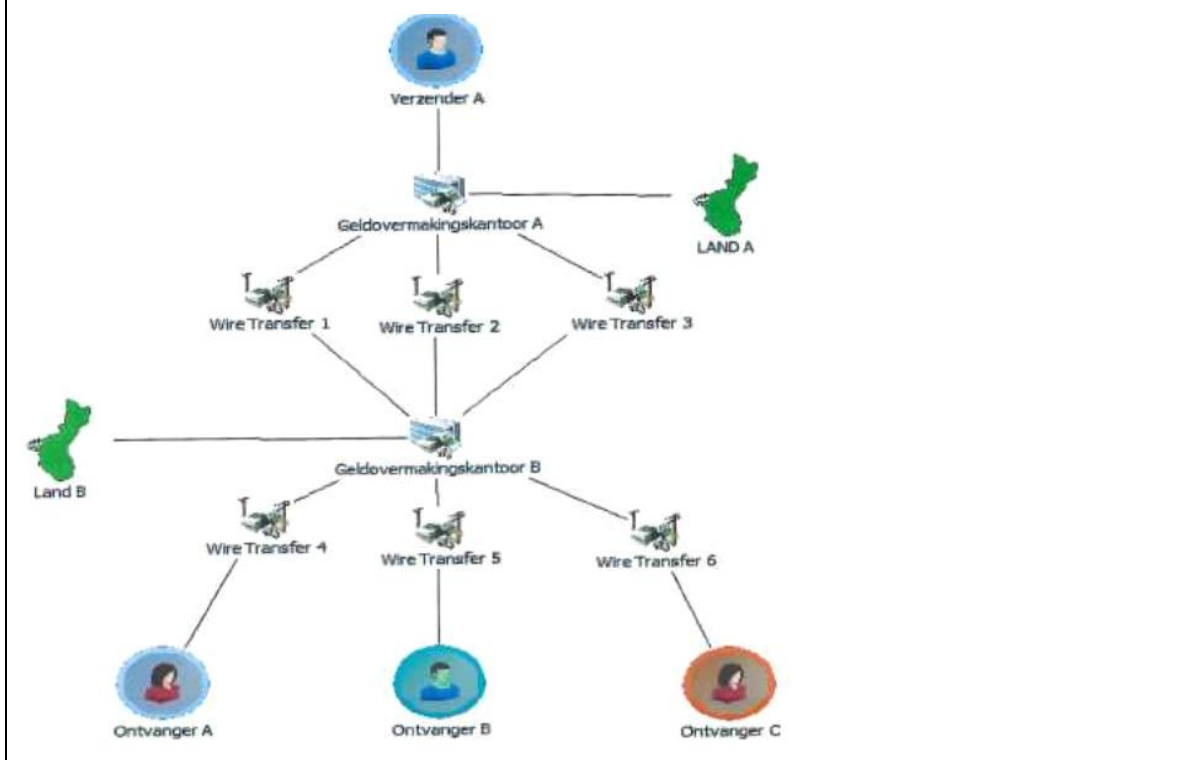
<sup>ii</sup> Calculated as approximately 3.61% of USD 1,779.88 million in total outflows for Suriname for 2022

<sup>iii</sup> In 2022 there were approximately 359,000 Surinamese nationals residing in the Netherlands. (Source: <https://www.statista.com/statistics/1284972/surinamese-nationals-population-netherlands/>) captured on 29 April 2024.

In 2024 the population of Suriname was estimated at 627,806 (Source: <https://worldpopulationreview.com/countries/suriname-population>) captured on 29 April 2024.



Figure 1: Schematic representation of ML typology: MTO<sup>i</sup>



### 7.3.5.2.2 Mitigation measures

The overall score for the quality of mitigation measures implemented by the Money Transfer Offices and the effectiveness of supervision by the CBvS was considered to be **Medium**. A summary of the findings of the SRA is shown in Table 25 below, and additional details are set out in the sub-sections that follow.

Table 25: Overview of mitigation measures: MTOs

#	Variable	Quality of mitigation measures <sup>ii</sup>
1	Comprehensiveness of AML/CTF legal framework	Medium High
2	Effectiveness of supervisory procedures and practices	Medium Low
3	Availability and enforcement of administrative sanctions	Medium Low
4	Availability and application of criminal sanctions	Medium Low
5	Availability and effectiveness of market entry controls	High
6	Effectiveness of surveillance and suspicious activity reporting	High
7	Effectiveness of compliance function	High
8	Integrity of sector personnel	Medium High
9	Staff knowledge of AML/CTF	Medium High

**Comprehensiveness of AML/CTF legal framework:** The assessment of this variable is included in the section on the banking sector and was rated as **Medium High** during the review period.

**Effectiveness of supervision / oversight activities:** For details on the supervisory framework in place, see the banking sector above.

<sup>i</sup> Source: FIUS Annual Report 2022

<sup>ii</sup> Assessment of the quality of mitigation measures for each variable

Findings regarding the training of CBvS's staff included in the section on EOs above equally apply to MTOs.

Despite some of the limitations regarding supervisory staff, the SRA included two case studies to demonstrate that the CBvS nevertheless impartially implemented its supervisory powers:

- Case Study 5: CBvS opened an examination file after receiving a report that an MTO was undertaking exchange transactions in the first half of 2022. (Operating an exchange office and a money transfer office simultaneously is not allowed in accordance with article 2 of MTOS Act 2012). The results of the examination showed that the MTO agent concerned also exchanged foreign currencies. The CBvS interviewed the director, and sent out multiple letters instructing that the internal controls relating to oversight of “sub-agents” at the MTO must be improved.
- Case Study 6: Another MTO was placed under enhanced supervision after limitations in its administrative organization and internal controls were identified. The enhanced supervision involved monthly meetings with the management of the MTO to discuss progress in remediating the deficiencies. Progress reports in writing were also required.

Although supervisory efforts are in the process of being established, as also demonstrated by the two cases above, there is an observed lack of resources (in terms of staff, training and technological) and only a small number of site visits have been undertaken.

**Availability and enforcement of administrative sanctions:** The CBvS undertook two administrative enforcement actions for noncompliance with the MTOS (see the two case examples above).

Given the recent developments in establishing the administrative sanctions regime, no fines have been issued to date. The authorities have confirmed their intention to work towards increasing the implementation and enforcement of proportionate and dissuasive sanctions going forward. The CBvS has issued several warning letters and written instructions, and has revoked / suspended licenses in relation to non-compliance with licensing requirements (see case studies 5 and 6 above).

Although provisions for administrative sanctions are in place, an implementation State Decree has not yet been issued, and financial sanctions have not been implemented. While some administrative actions were taken, there are several deficiencies that hinder implementation.

**Availability and enforcement of criminal sanctions:** There is no history of criminal enforcement action against MTOs, either for noncompliance with AML/CTF obligations, or regarding other financial crimes, there has been one instance where the CBvS requested the Prosecutor's Office to conduct a criminal investigation, but this did not result in a conviction. Details on this case are provided as Case Study 7 below.

**Availability and enforcement of market entry controls:** See section 7.3.5.1.2, including remaining deficiencies, above. According to the CBvS, if an incomplete application is received, the pending issues will be included in the license as a condition to be fulfilled within a specified period. If there is failure to comply within this period, the license is suspended or revoked. Between 2020 and 2022, the CBvS revoked and suspended the licenses of two MTOs.

Case study 7: In 2021, information obtained by the CBvS revealed that a sub-branch of an MTO was engaged in illegal exchange transactions. The CBvS conducted a total of three checks which revealed that exchange transactions were carried out by the sub-branch on two occasions, which is contrary to article 2 (2) of the MTOS Act. The CBvS addressed in several letters (by means of a bailiff's writ) to the sub-branch to request information. At the time of this case, the license renewal for this branch was pending. The CBvS took the following measures:

- Held a meeting with the director of the branch to emphasize the seriousness of the case
- In the Declaration of No Objection and in the license documentation it is stated that the branch is not allowed to perform exchange transactions, and that the branch was required to improve internal controls, otherwise the license would be revoked.
- A written explanation of the required measures to be taken of the branch was requested by the CBvS. The measures were implemented adequately and therefore the license was renewed under strict conditions.

#### **Effectiveness of unusual transaction monitoring and reporting:**

The MTOs use the information systems of the international MVTs providers, which allow for transaction monitoring sanctions screening and PEP screening. The information systems also allow cashiers and compliance staff to identify large and unusual transactions (for example, the transaction history for each customer is available in the system) and MTO's policies set out actions to be taken when unusual transactions are identified.

**Observations related to the effectiveness of compliance function and awareness/integrity of staff within the sector:** Under Directive AML/CTF 2024 and article 5 of the WMTF, service providers are responsible for establishing an independent and effective compliance function, and non-compliance with the policies and procedures is covered in codes of conduct. The SRA noted that compliance audits are conducted regularly by the international "Money Transfer Unions". In that context, MTOs conduct internal and external audits. The findings of all internal and external audits conducted by the MTO are requested by the CBvS. Based on the onsite inspection observations, the SRA concluded that policy documents were present, but the implementation of these policies is not fully adequate. The implementation and effectiveness of policies, processes and control mechanisms by MTOs are therefore assessed as moderate.

MTOs provide annual integrity training to staff and have formalized whistleblower policies in place. The fact that MTOs form part of larger international "Money Transfer Unions", with generally strict compliance obligations, including training of staff, was also highlighted as a strength. The training programs are assessed by CBvS as part of off-site monitoring, and subject to recommendations regarding content.

### 7.3.6 Insurance

Insurance companies play a vital role in Suriname’s economy by providing financial protection against various risks, including property damage, liability, health issues and loss of life. The presence of the insurance sector fosters economic development by promoting entrepreneurship and facilitating investment as businesses are more willing to undertake investments if they are able to manage risks. The sector comprised between 12.6% and 13.2% of the balance sheet total for financial institutions in Suriname (see Table 12). The sector was weighted as having a “Moderate” importance in the MER.<sup>i</sup>

Currently, insurance licenses are granted by the Ministry of Economic Affairs, with input from the CBvS, who is responsible for granting a “certificate of no objection” under article 1 (2) and (5) of the WTK 1968 Act. The Insurance Supervision Department (“TVZ”) within the CBvS is responsible for the supervision of the insurance sector.

The insurance sector comprises a total of 13 companies, and no change to this total was noted between 2021 to 2023. A breakdown of these 13 companies is shown in Table 26 below. However, only 12 of these companies were subject to supervision by the CBvS (i.e. all except the holding company as it was non-operational).

Table 26: Breakdown of insurance companies in Suriname (2021 - 2023)<sup>ii</sup>

Description	Number
Non-life insurance	6
Life insurance	4
Funeral insurance	2
Holding company	1
TOTAL	13

According to FATF recommendations, AML/CTF obligations apply to life insurance and investment related insurance products, and all life insurance companies are thus AML/CTF obliged entities. As a result, the SRA focused predominantly on the vulnerabilities and risks in the life insurance sector.

#### 7.3.6.1 Inherent vulnerabilities

The overall inherent vulnerability for the sector was assessed as **High**. The main factors impacting this score were as follows:

- There are no data on the use of cash per product, but this is expected to be high given Suriname’s cash-based economy;
- Transaction records are not easily traceable because access to records/transactions related to ML/TF cannot be readily obtained from the information systems; and,
- Both the “Endowment” product type and “Other” product type (which together comprise 38% of the total market) contain a lump sum investment component that can be surrendered between one and three years, which makes these products inherently riskier for ML.

**Customers:** Several of the variables related to customer risk were not analyzed in the SRA, as the insurance companies do not have the required data available. For instance, insurers do not categorize their clients using a risk profile, and many of the data points that may provide indications of potentially higher risk customers were not considered by insurers (for example: PEPs or links to PEPS; high net worth

<sup>ii</sup> Source: SRA for the insurance sector

<sup>ii</sup> Source: SRA for the insurance sector

individuals; non-resident customers; customers with foreign business interests; customers with business links to known high-risk jurisdictions; and, customers introduced by third parties).

The SRA noted that the anonymous use of life insurance products is not available, as both the beneficiaries and policy holders are required to be identified.

The SRA also noted that the use of cash in the insurance sector is high: “it is known that premium payments are generally conducted in cash”, even though the payment method per product was not recorded.

**Geographic:** The extent to which products relate to cross-border transactions or foreign customers is not monitored or recorded by insurance companies, so the SRA did not analyze this variable as no data was available.

**Products/Services:** The SRA included vulnerabilities ratings for four different insurance products offered by the life insurance companies as summarized in Table 27.

Table 27: Inherent vulnerabilities per product – Insurance sector

Type	Description	Overall vulnerabilities rating
Term life insurance	Provides coverage for a specified period of time	Medium High
Whole life insurance	Provides coverage for the duration of life	Medium High
Endowment policies	Provides insurance cover for a specified term, and pays out an endowment of the insured lives beyond the specified term	High
Annuities	Provides a steady stream of payments in exchange for a one- off lump sum	Medium High
Other life insurance products	Comprise other insurance products with an investment component	High

Endowment policies and other life insurance products were rated as having higher vulnerabilities due to the ease of depositing additional funds after subscription and the availability of investment/placement features compared to other types of products. Furthermore, term insurance is typically linked with a mortgage product, and whole life and annuities are typically linked to permanent employment, making these types of products less vulnerable to ML/TF.

### 7.3.6.2 Mitigation measures

The overall score for the quality of mitigation measures implemented by the Insurance sector and the effectiveness of supervision by the CBvS was assessed **Very Low**. A summary of the findings of the SRA is shown below.

Table 28: Overview of mitigation measures: Insurance

#	Variable	Quality of mitigation measures
1	Comprehensiveness of AML/CTF legal framework	Medium
2	Effectiveness of supervisory procedures and practices	Low

3	Availability and enforcement of administrative sanctions	Medium Low
4	Availability and application of criminal sanctions	Medium-Low
5	Availability and effectiveness of market entry controls	Medium
6	Effectiveness of surveillance and suspicious activity reporting	Low
7	Effectiveness of compliance function	Medium Low
8	Integrity of sector personnel	Medium Low
9	Staff knowledge of AML/CTF	Medium Low
10	Application of CDD	Low

The main areas of concern that were identified in the SRA as impacting the rating were:

- The effectiveness of supervisory procedures and practices in place to identify ML/TF risk within the insurance sector is very low as no AML/CTF specific supervisory activities currently take place;
- The effectiveness of Suspicious Activity Monitoring and Reporting is very low as the transaction systems of insurance companies do not allow for transactions to be easily traced; and
- The enforcement of administrative sanctions is low.

**Comprehensiveness of the AML/CTF legal framework:** this variable was rated as **Medium** for the insurance sector for the following reasons:

- Currently, the CBvS is not the sole licensing body of the insurance sector.<sup>i</sup> The WTV Act (which designates the CBvS as sole licensing body) has not yet been promulgated, and as a result this means that responsibilities are not clearly aligned; and,
- There were identified weaknesses specific to the insurance sector for CDD measures as identified in Suriname’s first enhanced follow up report, which set out that there is no legislative requirement for financial institutions to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable. Although this deficiency was not weighted heavily for the overall AML/CTF framework due to the relatively small size of the insurance sector, this factor has decreased the rating for the insurance sector specifically. The remaining deficiencies were addressed by the Directive for the insurance sector.

**Effectiveness of supervision/oversight activities:** The SRA noted that currently, no AML/CTF onsite inspections are being conducted, and AML supervision procedures and practices are in draft format. As such, there is no comprehensive risk-based supervisory program in place, and information being collected is limited to questionnaires and AML/CTF related interviews conducted as part of prudential reviews (2 onsite prudential reviews are carried out each year). Furthermore, the SRA concluded that there was a “*shortage of technical capacity*” and that more examiners are required.<sup>ii</sup> This variable was rated as **Low**.

**Availability and enforcement of Administrative Sanctions:** Administrative sanctions are set out in Article 40 of the WMTF but an implementing Decree setting out the level of sanctions for individual breaches (cf. Art. 40.5 of the WMTF) has not yet been issued. Since no AML/CTF related supervisory activities are currently being conducted by CBvS, there is no enforcement of administrative sanctions

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<sup>i</sup> The Ministry of Economic Affairs also has a role in the licensing of the insurance sector, as explained in the introduction to this section.

either. This rating was assessed as **Medium Low** as administrative sanctions are available in the WMTF but are not being applied.

**Availability and enforcement of Criminal Sanctions:** While criminal sanctions are available, there is no history of criminal enforcement action against Insurance companies, or employees in the insurance sector. Since no AML/CTF supervision of the sector has been undertaken, no referrals to the judiciary in view of criminal sanctions for non-compliance with the AML/CTF requirements have taken place. This rating was assessed as **Medium Low**<sup>i</sup> as criminal sanctions are available in the WMTF, but these have not yet been implemented.

**Availability and enforcement of market entry controls:** As stated above, the Ministry of Economic Affairs issues licenses to insurers, following a declaration of “no objection” from the CBvS. The WTV (which is not yet approved) will designate the CBvS as sole licensor.

The SRA notes that no new licenses have been issued for life insurance companies, and no licenses were revoked or suspended because of a failure to comply with AML/CTF obligations. The strength of this mitigation measure was considered lower than the rest of the FI sector because of the fact that the CBvS is not yet the sole licensor.

**Effectiveness of unusual transaction monitoring and reporting:** According to the SRA, the effectiveness of suspicious transaction activity and monitoring is not being assessed by the CBvS due to the lack of AML/CTF related onsite and offsite inspections. The SRA highlighted that information systems used by the insurers do not enable and facilitate monitoring of client transactions against their risk profiles.

With reference to the unusual transactions reported by the insurance sector, these are set out in Table 29 below, which shows that no subjective factor reports were made between 2020 and 2022. The number of reports based on the objective factor is not effectively implemented considering the very low number of reports by the sector.

Table 29: Suspicious transaction reports: Insurance companies (2020 – 2022)<sup>ii</sup>

	2020	2021	2022
Objective factor	35	20	18
Subjective factor	-	-	-
TOTAL	35	20	18

The strength of this mitigation measure was assessed as **Low**.

**Customer due diligence measures:** The SRA highlighted that PEP screening on customers has not yet been implemented by the Insurance companies, as the Directive on AML/CTF has not yet been implemented (it was issued in April 2024). Therefore, PEP screening was entirely absent for the duration of the review period. As stated above under “Effectiveness of Supervision/oversight activities” the SRA states that CBvS’s prudential reviews indicated that CDD measures were included in the policies of service providers and applied to customers. However, as there is no AML/CTF specific supervision being conducted, there is no testing of the effectiveness of requirements of CDD measures in line with WMTF. This variable was rated as **Low**.

<sup>ii</sup> Source: FIUS Annual Report 2022

**Effectiveness of compliance function and AML/CTF knowledge and integrity of staff within the sector:** Under Directive AML/CTF 2024 and article 5 of the WMTF, service providers are responsible for establishing an independent and effective compliance function, and non-compliance with the policies and procedures is covered in codes of conduct.

The effectiveness of compliance functions is not currently being assessed due to the lack of AML/CTF related onsite and offsite inspections. The SRA noted however, that from its prudential reviews, the CBvS observed that insurance companies did have AML/CTF, compliance, administrative organization, internal control, good practices, code of conduct, fraud, whistleblowing and enterprise risk management policies in place. However, the SRA concluded that “the internal compliance programs of insurance companies are not commensurate to the level of risk”. The SRA stated further that insurance companies do not conduct internal or external audits around the effectiveness of compliance related controls, and no statistics related to staff breaching the compliance policies, onboarding of new clients, declined business transactions or terminated customer relationships are being collected.

The quality of these mitigation measures was assessed as **Medium Low**<sup>i</sup> as the effectiveness of policies, procedures and training programs in place could not be tested as a result of the lack of AML/CTF specific monitoring.

### 7.3.7 Pension funds

Total assets of the pension funds sector were SRD 13 billion in 2023, which represents between 10% and 11.1% of the financial institutions balance sheet total for Suriname (2021 – 2023).<sup>ii</sup> The sector comprises both occupational pension funds, and mandatory pension funds. There were 45 supervised pension funds in Suriname, which are broken down as follows:

Table 30: Breakdown of pension funds in Suriname (as at 2023)

Type	No.	Description
Pay as You Go funds	2	<p>These funds were not included in this SRA as they operate on the Pay as You Go system. They include the following two funds:</p> <p><b>General Pension Fund:</b> This fund (“APF”) was enacted under the General Pension Fund Act of 2014 and is a mandatory general pension scheme, which administrates basic pensions for each Surinamese citizen at retirement age. The APF is responsible for registering participants through employers and self-employed individuals and for collecting and management of contributions and making disbursements. The APF does not fall under the prudential supervision of the CBvS.</p> <p><b>Civil Servants Pension Fund:</b> This fund was enacted under the Civil Servants Pension Act of 1972 and is administered by the Suriname Pension Fund.</p>
Other active funds	31	Other active funds: Other active funds comprise about 12% of GDP according to the SRA, and consist of occupational pension funds, where contributions are made by way of deduction from wages, and the scheme rules do not permit the assignment of a member’s interest under the scheme. There are collective defined contribution schemes, and defined benefit/hybrid schemes.
Inactive funds	12	Inactive funds: These include non-operational funds or funds in the process of liquidation, but are still under the supervision of the CBvS.

<sup>ii</sup> See Table 12

<sup>ii</sup> See Table 12



Type	No.	Description
<b>TOTAL</b>	<b>45</b>	

Pension funds are supervised by the Pension Funds Supervision Department (“TPF”) under the Pension Funds and Provident Funds Supervision Act (“WPV”). TPF is also responsible for AML/CTF supervision on all pension funds in Suriname under article 38 of WMTF. Pension funds are generally incorporated as foundations (which hold the assets), with the supervisory board representing the foundation.

#### 7.3.7.1 Inherent vulnerabilities

The SRA concluded that the observations around inherent vulnerability have remained consistent since the previous SRA<sup>i</sup>, which assessed the inherent vulnerabilities of occupational pension funds to ML/TF risks as low, due to the long-term nature of retirement benefits and the structure of pension payments. The overall inherent vulnerability of occupational pension funds remains as **Low** as the same justification still applies, making them inherently unattractive for ML/TF purposes. This is supported as follows:

**Customers:** Customers are introduced in a transparent way via their employer, and the prevalence of cash is low as deductions are made from payroll. Customer types are as follows:

- Participants enrolled in pension funds through affiliated employers;
- Foreign financial institutions, including banks and investment offices;
- High-level political persons and their immediate family members and close associates (PEPs);
- Professional service providers (lawyers, accountants or real estate agents)

Based on the data available, it was not possible to determine the number of customers in each of the above categories.

**Geographic:** Pension funds serve local Surinamese customers, and all stakeholders are based in Suriname. Transactions and activities of pension funds are predominantly (more than 95%) local so geographic risk is low. Based on the data available, it is not possible to determine whether the remaining 5% included any high-risk jurisdictions.

**Product/service:** Pension schemes are long-term in nature, and retirement contributions are usually made through salary deductions and pension fund benefits are paid upon specific events (termination, retirement or death of a member). Pension funds do not offer products and services that allow for anonymous use or involve processing large amounts of cash or cash equivalents. Pension funds onboard customers through their employers, which is considered a transparent delivery channel.

Furthermore, the SRA noted that pension fund providers do not have product specific AML/CTF controls in place, and the sector relies on general AML/CTF controls.

#### 7.3.7.2 Mitigation measures

The overall score for the quality of mitigation measures implemented by the Pension sector and the effectiveness of supervision by the CBvS was considered to be **Medium**. A summary of the findings of the SRA is shown below.

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<sup>i</sup> CBvS conducted its first ever sectoral assessment of the pension fund sector from 2019 to 2022. Following this sectoral assessment, the CBvS developed the AML/CTF and corruption directives to ensure effective risk-based policies were in place at the pension funds, and code of conduct regulations (that promoted good governance and transparency in pension funds) were established.

Table 31: Overview of mitigation measures – Pension funds

#	Variable	Rating
1	Comprehensiveness of AML/CTF legal framework	Medium High
2	Effectiveness of supervisory procedures and practices	Medium Low
3	Availability and enforcement of administrative sanctions	Medium Low
4	Availability and application of criminal sanctions	Medium Low
5	Availability and effectiveness of market entry controls	High
6	Effectiveness of surveillance and suspicious activity reporting	Medium Low
7	Effectiveness of compliance function	Medium Low
8	Integrity of sector personnel	Medium Low
9	Staff knowledge of AML/CTF	Medium Low

It should be noted that the WPV is currently in the process of being updated to include certain AML/CTF obligations in line with the other FI sectors. Amendments to the WPV have commenced and are expected to be sent to Parliament at the end of 2024.

**Comprehensiveness of AML/CTF legal framework:** The assessment of this variable is included in the section on the banking sector and was rated as **Medium High**.

**Effectiveness of supervision / oversight activities:** The SRA concluded that “AML/CTF supervisory procedures are effective, supported by a comprehensive legal framework, adequate resources and a proactive risk-based approach”. However, the key document for this conclusion, the CBvS’s Risk-based Supervisory Manual, was only published in April 2024, after the end of the review period and did therefore not yet contribute to effectiveness. However, a previous supervision manual did exist. The SRA considered the following aspects:

- The CBvS is clearly designated as the supervisory body responsible for AML/CTF oversight;<sup>i</sup>
- The SRA states that the CBvS “demonstrates a good understanding of the ML risks within the sector”, supported by the Early Warning System (“EWS”) and the previous SRA, which have both assisted in the identification and mitigation of inherent risks within the sector.
- The CBvS has a sufficient number of well-trained staff in the pension fund supervision team who are equipped for AML compliance reviews. The CBvS has established a specialized department and offers training opportunities to ensure staff have the necessary competence and skills. The CBvS has also undertaken recent investments in personnel and systems.
- The CBvS systematically collects and analyses AML/CTF investigation data, conducts periodic discussions with institutions and holds presentations to ensure clarity regarding AML/CTF policies. The CBvS conducts inspections in line with a risk-based strategy, which allows for targeted inspections at high-risk institutions.

The quality of this measure is assessed as **Medium Low for the purpose of this NRA**. The risk-based Supervisory manual and accompanying policies and procedures, as well as the risk based Early Warning System for risk assessment and onsite inspections were only recently formalized, and its effectiveness could not yet be tested.

<sup>i</sup> In the WMTF and the Central Bank Act 2022.

**Availability and effectiveness of administrative sanctions:** The assessment of this variable is included in the section on the banking sector and was rated as **Medium Low**.<sup>i</sup>

**Availability and effectiveness of criminal sanctions:** There is no history of criminal enforcement action against pension funds, or employees in the pension funds sector. This rating was assessed as **Medium Low**<sup>ii</sup> as criminal sanctions are available in the regulation, but no cases were referred by the CBvS to the judiciary in view of the application of criminal sanctions.

**Availability and effectiveness of Market Entry controls:** The CBvS has the authority to license pension funds under article 7 of the WPV and article 10 of the Central Bank Act 2022. These laws set out the rules for licensing and registration of pension funds, and the CBvS further issued a guideline outlining the qualifications for board members (necessary expertise and integrity). A manual for risk assessment for AML/CTF and corruption specifically related to pension funds was also issued, and has made adequate funds available to ensure quality entry controls are available for the sector (including sufficient and well-trained staff to review applications). Since 2022, there have been no new license applications. Between 2019 and 2021, a total of 3 applications were received, two were approved and one was pending. The CBvS has confirmed that the documents are in place and are in use, and that action is taken at the sign of illegal activity. The quality of this measure was rated as **High**.<sup>iii</sup>

**Effectiveness of unusual transaction monitoring and reporting:** The SRA evaluated the effectiveness of STR monitoring and reporting based on the following key criteria:

Because most transactions are conducted electronically, transaction records are readily available in formats conducive to AML/CTF screening and monitoring. However, no data was available to evidence that transaction monitoring is indeed taking place and effective. In addition, according to the FIUS's annual report 2022, no unusual transactions were reported by the sector.

The information available only supports a **Medium Low** quality of this mitigation measure for purposes of this NRA.<sup>iv</sup>

**Effectiveness of compliance function and AML/CTF knowledge and integrity of staff within the sector:** The SRA did highlight that no disciplinary actions have been taken against pension fund board members for compliance policy breaches, or incidents of integrity failure.

The SRA set out a number of key pieces of guidance and processes that have been set up to ensure the integrity of staff in the sector. "Fit and proper" testing procedures are carried out by the CBvS, and declarations of no objection issued by the CBvS confirms the integrity of approved board members". Pension Funds' Code of Conduct sets out reporting obligations and whistleblower protections.

Pension Fund boards are obliged to understand and comply with their AML/CTF responsibilities, which includes the responsibility to establish AML/CTF training programs and maintain records of their training activities. These requirements are set out in the Directive AML/CTF 2022. Training is also required for essential staff (section 11 of the AML/CTF Directive 2022). These measures were only recently required, and their implementation has not yet been tested.

This variable was assessed as **Medium Low**<sup>v</sup> as these measures were implemented recently, and their effectiveness could not yet be tested.

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<sup>viii</sup> out of 154 countries

<sup>viii</sup> out of 154 countries

<sup>viii</sup> out of 154 countries

<sup>viii</sup> out of 154 countries

<sup>viii</sup> out of 154 countries

### 7.3.8 Virtual Assets and Virtual Asset Service Providers

Although Suriname does not have a formalized national policy for virtual assets and crypto-related businesses, there is a growing presence of Virtual Asset (“VA”) -related activity including international virtual asset companies allegedly interacting with the Surinamese government, local entrepreneurs creating VA exchanges and tokens, as well as environmentalists embracing blockchain technology as part of the ‘regenerative finance’ movement that seeks to use cryptocurrency to improve the environmental, social, and financial impacts of capitalism. As involvement in this sector continues to develop in Suriname, adequate regulatory oversight is imperative to mitigate money laundering and terrorist finance risks.

**Purchasing VAs in Suriname:** Since virtual assets do not have a definitive legal status in Suriname, they can be attained through numerous means including, but not limited to, online peer-to-peer (“P2P”) marketplaces, overseas exchanges, or locally developed exchanges. Lack of regulation or licensing regimes poses great risks for ML/TF concerns, as there is little to no oversight of virtual asset transactions made in Suriname. The SRA identified a number of services that allow virtual asset purchases in Suriname.

**Locally Developed Virtual Assets:** Virtual assets have gained popularity in international discourse and have captivated the attention of individuals globally for genuine interest in decentralized technology, peer-to-peer money transfers, investing, speculation, or to facilitate criminal activities. Accordingly, the Surinamese public has demonstrated a small but noteworthy interest in VAs. This includes the development and issuance of virtual some Surinamese-specific VAs including KUKU Token, Suriname Reserve Digital Currency and Rom Coin.

**Global Context of VA adoption in Suriname:** In the 2023 Global Crypto Adoption Index from virtual asset analytics firm Chainalysis,<sup>i</sup> Suriname had the following rankings out of 154<sup>i</sup> total countries included in the report. A higher score (closer to 1) indicates more widespread adoption of virtual assets in a jurisdiction. Suriname’s lower scores, detailed below, indicate low adoption:

Table 32: 2023 Global Crypto Adoption Index, Suriname Rankings<sup>i</sup>

Description	Ranking
Overall Index	149
Centralized service value received	147
Retail centralized service value received	146
P2P exchange trade volume	146
DeFi value received	144
Retail DeFi value received	144

The 2023 Global Crypto Adoption Index<sup>i</sup> report indicates Surinamese adoption of virtual assets is minimal on a global scale. Regulators now have an opportunity to establish the necessary frameworks before cryptocurrency and blockchains become used on a wide scale in the country.

**Position of Suriname’s Financial Sector:** The results of a survey conducted by the Central Bank on 10 local banks identified that there is minimal involvement of Suriname’s traditional banking and finance

<sup>i</sup> out of 154 countries

<sup>i</sup> out of 154 countries

<sup>i</sup> out of 154 countries

<sup>i</sup> <https://www.chainalysis.com/blog/2023-global-crypto-adoption-index/>

sector with virtual assets. For these institutions to comfortably move into this sector, adequate legislation and guidance is necessary.

**Regulatory framework and mitigation measures:** Cryptocurrency has no official legal status in Suriname, and the country has not established any formalized regulation for the sector. Indeed, Suriname has no framework in place for regulating, registering, or licensing VASPs. The January 2023 Caribbean Financial Action Task Force Mutual Evaluation Report (“CFATF Report”) highlighted that Suriname does not have legislative provisions for VASPs, does not prevent VASPs, and does not have mechanisms for identifying VASPs operating in the jurisdiction. Accordingly, Suriname does not have the appropriate mechanisms in place to use preventive measures if VASPs are detected. The quality of mitigation measures is assessed as **Low**.

**Conclusion:** Given the VA activity identified and described in the SRA, and the absence of any framework for licensing, registering, and regulating VASPs (as noted in CFATF Report), the threat from criminal use of VAs can be categorized as **high** and the vulnerability as **high**. Accordingly, these findings warrant action in accordance with the FATF requirements and the recommendations of the CFATF report.

There is no existing VASP/VA framework in place, meaning all currently operating domestic VASPs do so without adequate safeguards. A few small, centralized exchanges (CEXs) domiciled in Suriname operate with relatively limited trading volume, with most transactions likely occurring on foreign CEXs. Local, unregulated CEXs have been identified to have multiple AML/CTF risks, and a few local cryptocurrency projects have offered VAs for sale, raised funds through various token sales like initial coin offerings (ICOs), and custody digital assets. Lack of any regulations in Suriname both presents AML/CTF risks and possibly stifles growth of this emerging industry.

## 7.4 Sectoral vulnerabilities - Non-financial Business Providers (DNFBP’s)

### 7.4.1 Designated Non-Financial Businesses and Professions in Suriname

This section provides background information on the different types of DNFBPs operating in Suriname. It especially contains information on the primary legislation governing their profession and gives an indication of their licensing/registration authority, their AML/CTF supervisor and their professional association.

Table 33: Overview of DNFBPs in Suriname

Type of DNFBP	Self-Regulatory Authority (SRB) or Licensing/(Business) Registration Authority	AML/CTF supervisor	Professional Association	Primary Legislation and relevant legislation for AML/CTF purposes
Accountants	Suriname’s Chartered Accountants Institute	FIU Suriname	Suriname’s Chartered Accountants Institute	Law on Accountancy, 2018 — <i>Accountancy Act, 2018</i> AML/CTF Act, 2022 — <i>Wet Money Laundering en Terrorisme Financiering (WMTF)</i>

Type of DNFBP	Self-Regulatory Authority (SRB) or Licensing/(Business) Registration Authority	AML/CTF supervisor	Professional Association	Primary Legislation and relevant legislation for AML/CTF purposes
Car dealers	Ministry of Economic Affairs Trade Register	FIU Suriname	Car Importers Association ( <i>Vereniging van Auto-Importeurs in Suriname — for second-hand car dealers only</i> )	ADD primary legislation (Ministry of Economic Affairs) Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i> — AML/CTF Act, 2022 — <i>Wet Money Laundering en Terrorisme Financiering (WMTF)</i>
Lawyers	Suriname Bar Association (SBA)	FIU Suriname	<i>Surinamese Bar Association (Surinaamse Orde van Advocaten)</i>	Lawyers Act, 2004 — <i>Advocatenwet, 2004</i> — AML/CTF Act, 2022 — <i>Wet Money Laundering en Terrorisme Financiering (WMTF)</i>
Notaries	President of Suriname	FIU Suriname	Surinamese Notarial Professional Organisation ( <i>Surinaamse Notariële Beroepsorganisatie—SNB</i> )	Notaries Act, 2019 — <i>Wet Notarisamt, 2019</i> — AML/CTF Act, 2022 — <i>Wet Money Laundering en Terrorisme Financiering (WMTF)</i>
Real Estate agents	Subdistrict Court Trade Register	FIU Suriname	Real Estate Association ( <i>Associatie van Makelaars in Onroerende Goederen—AMOG</i> )	ADD primary legislation Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i> — Code of Commerce Act 1936 – <i>Wetboek van Koophandel 1935 (Art 136 ff)</i> — AML/CTF Act, 2022 — <i>Wet Money Laundering en Terrorisme Financiering (WMTF)</i>
Dealers in Precious Metals and Gold	District Commissioner Foreign Exchange Board (for exporters)	FIU Suriname		ADD primary legislation AML/CTF Act, 2022 — <i>Wet Money Laundering en Terrorisme Financiering (WMTF)</i>

## Methodology

The Government of Suriname led the DNFBP vulnerability assessment (SRA) using the World Bank (WB) risk assessment tool as a general guide. In addition to the WB tool, the assessment was guided by the FATF Standards, including the interpretive notes, the FATF Methodology and the *FATF's Guidance on National ML and TF Risk Assessments*, to allow for a clear distinction between inherent vulnerabilities and mitigation measures.

The following competent authorities and private sector bodies participated in the risk assessment:

- The Financial Intelligence Unit Suriname (FIUS);
- The Surinamese Chartered Accountants Institute (*Surinaamse Vereniging van Accountants SCAI*);
- The Surinamese Car Association (*Vereniging van Auto-Importeurs in Suriname*);
- The Suriname Bar Association (*Surinaamse Orde van Advocaten*);
- The Surinamese Notarial Professional Organisation (*Surinamese Notariële Beroepsorganisatie*);

- The Real Estate Association (*Associatie van Makelaars in Onroerende Goederen*);
- The Surinamese Business Association (*Vereniging Surinaams Bedrijfsleven*); and
- Representatives of the gold sector.

The public/private involvement in the vulnerability assessment is fully in line with the WB methodology and the FATF's guidance document and is intended to ensure that the private sector's perspective is fully considered when assessing the vulnerabilities associated with Suriname's DNFBP sector. Input from DNFBPs was sought, both through sector-specific questionnaires, and meetings with the above-mentioned professional associations and a limited number of DNFBPs.

#### 7.4.2 Data Collection and Data gaps seriously limiting the comprehensiveness of the vulnerability assessment

The assessment was conducted with reference to NRA 1.0 and the MER published by CFATF in January 2023. The findings of this report are based on data and qualitative information gathered from the FIUS, the various categories of DNFBPs (i.e., responses to independent surveys for each sector and a limited number of interviews), and several information-gathering sessions with the above-mentioned sector-specific associations. Each sector's association was requested to distribute a detailed questionnaire to their members who were invited to anonymously submit their responses via an online platform. The purpose of the survey and the fact that responses could only be consulted on an independent assessment basis were explained in a covering e-mail. In addition, stakeholders were advised that questions for clarification could be addressed to the assessment team. However, despite active engagement from the professional associations, the response rates were extremely low, except for second-hand car dealers and notaries. Survey responses may therefore not accurately reflect sector-wide trends, thus being prone to inherent bias. Due to the limited survey responses received, no vulnerability ratings were given for the DNFBP's, as the assessment lacked reliable input variables to accurately assess this.

The vulnerability assessment of Suriname's DNFBP sectors was heavily impacted by significant data gaps. Dependable and objective data inputs pertaining to the various categories of DNFBPs are limited due to the lack of structured data gathering available in reference to the DNFBPs. Several statistics were provided by the FIUS in relation to its supervisory activities for each sector, but reliable information about each sector's size and inherent vulnerabilities stemming from customers, geographic reach, and products, services, transactions or delivery channels was sparse.

The relative ratings assigned for the DNFBPs are as follows:

Table 34: Relative risk ratings for categories of DNFBP

Sector	Vulnerability			Overall risk rating	Risk classification per NRA1.0
	Inherent vulnerability	Quality of mitigation measures	Total vulnerability		
Real Estate	High	Low	High	Medium High	Medium
Accountants	Medium	Low	Medium	Medium Low	Medium
Car dealers	Medium High	Low	Medium High	Medium High	Medium
Notaries	Medium	Low	Medium	Medium Low	Medium
Lawyers	Medium	Low	Medium	Medium	Medium
Dealers in precious metals and stones	High	Low	High	High	Medium High
Casinos	Medium High	Very Low	High	Medium High	Medium High

NRA 1.0's associated risk classifications are generally in line with the conclusions of NRA 2.0. NRA 2.0 however associated a higher risk rating for the real estate sector, car dealers, and dealers in precious metals, largely due to a lack of basic AML knowledge in these sectors and due to sector-specific money laundering typologies that make them susceptible to illicit activities.

### 7.4.3 Sectoral Vulnerabilities Assessment – Real Estate

#### 7.4.3.1.1 General Overview

An individual must be sworn in by the Subdistrict Court to work as a real estate professional. The Association of Real Estate Agents and Appraisers of Suriname (“AMOG”) represents real estate appraisers in Suriname. Membership of AMOG is voluntary and at the time of conducting this assessment, AMOG counted approximately 110 members. All members of AMOG are Sworn-In Real Estate Agent-Appraisers, which is a protected title in Suriname that allows certified members to determine the value of property. AMOG indicated that most of its members operate as one-man businesses.

There is no centralized registry which encompasses all real estate agents in Suriname and conflicting statistics from differences sources vary between 70 and 300. Many businesses in Suriname offer hybrid services that combine consultancy and other service lines that do not require certification, such as facilitating the purchasing, renting, or sale of real estate, with real estate related work.<sup>i</sup> While all real estate agents are legally required to register for AML/CTF purposes with the FIUS, FIUS has no accurate figures of real estate agents currently operating in Suriname. According to the latest FIUS statistics, there are 70 real estate entities registered with FIUS but noting that one entity may encompass several individual agents.

#### 7.4.3.1.2 ML through the real estate sector: trends and typologies

Various reports produced by the FATF have referred to the fact that the real-estate sector may be one of many vehicles used by criminal organizations to launder their illicitly obtained money. As such, the

<sup>i</sup> Stated in interviews with AMOG



assessment has outlined the global trends related to ML activities in the real estate sector, focusing specifically on typologies that Suriname may be vulnerable to.

**Use of corporate structures:** The FATF Typologies Report on the Real Estate Sector, 2007, demonstrates how jurisdictions that lack BO transparency allow criminals to abuse legal persons and arrangements, including shell companies, to obfuscate their involvement in ML activities through real estate. This is also the case in Suriname which scores poorly on ensuring transparency of legal persons.

**Use of foundations:** In Suriname, it is common practice to use foundations as a means of transferring the ownership of real estate. Foundations, which were originally meant for non-profit and religious groups, are widely used to acquire property in Suriname. Given that foreigners are not allowed to own land directly under a land lease, foundations are being used by foreigners to acquire land indirectly. Foundations are also used by Surinamese nationals to own land. While foundations are registered in the Foundations Register, information on beneficial owners is not included and basic information is not verified for accuracy. Competent authorities indicated that there is evidence of misuse of foundations (for more details, see LP risk assessment).

**Politically Exposed Persons:** Across various jurisdictions, PEPs have sought to launder ill-gotten funds into the real estate sector in both the residential and commercial sectors. PEPs that misuse their positions for personal enrichment present a high ML risk to the real estate sector and the larger financial sector more broadly. Exposure to PEPs is strongly correlated to funds obtained through corruption schemes being used in real estate purchases.

**Cash payments:** Cash payments are still used in settling real estate transactions in Suriname, where the economy is heavily cash based. Notaries indicated that in the majority of instances, parties involved in real estate transactions deal with the payments outside of the notaries office, which makes it difficult to verify the source of funds. This is indicated in the deeds of transfers under “by mutual agreement” which can indicate either cash payments or via the banks of the buyer and seller. There is no guideline that requires payment to be made through the third-party account of the notary.

#### 7.4.3.1.3 Inherent Vulnerabilities of the Real Estate Sector

**Customers:** The sector reported that most customers are Surinamese nationals given that foreign nationals that are not residents in Suriname are not allowed to acquire land and property in Suriname directly under a land lease. The sector also reported that the use of foreign legal persons and foreign trusts or other types of foreign legal arrangements is not frequent. However, as mentioned above, foreigners acquire real estate through foundations. Foreigners investing in real estate in Suriname through a foundation are mainly Dutch nationals who have historic ties with Suriname. In response to a question on the proportion of customers qualifying as high risk, the sector responded that this is at the lower end of the 0%-25% range.

Reliable information related to PEP’s, high net worth individuals, clients associated with high-risk jurisdictions, or other features that could determine the risk associated with the customer base, was unavailable due to the low and incomplete response rate to the sector survey.

**Service Risk:** As previously stated, an unquantified number of real estate agents also practice as appraisers, whose main service is to provide valuation estimates for property to customers. In information gathering sessions with AMOG representatives, it was noted that there is a risk of undervaluation occurring. This is due to the industry’s prevalence of internal financing, in which the buyer pays the seller directly. The buyer and seller only declare the payment, unlike in other jurisdictions where the payment is processed through a notary (see also trends and typologies section above). Additionally,

the higher purchase price or value is used to determine the settlement of the notarial expenses. There are notarial expenses that the buyer and seller can avoid if the property's appraised value is less than the actual purchasing price.

**Level of Cash Activity:** Given Suriname's cash heavy economy, this presents an immediate risk. Cash payments are still prominent amongst real estate brokers according to AMOG. Real estate transactions that are obtained through a loan granted by local banks are digitally processed, whilst individuals that have the funds on hand are more inclined to pay through cash instalments. This creates an opportunity to introduce the proceeds from crime into the formal economy through such cash transactions. This risk is heightened by the practice of direct settlement between the buyer and the seller, without the intervention of an intermediary professional (i.e. notary).

**Third-party introducers /intermediaries:** Use of third-party introducers/intermediaries, although not common, appears to be increasing, according to AMOG. This is particularly the case when the buyer represents a high net worth individual or company that is looking to buy large parcels of land. Use of intermediaries offers a level of anonymity that may be economically beneficial in negotiating price and future purchases.

Half of Suriname's population resides in Paramaribo. This creates an inherent geographic proximity that is accompanied by close social ties and a level of familiarity with members of the community. This increases the demand for anonymity and use of intermediaries in facilitating the purchase and sale of real estate property.

#### 7.4.3.1.4 Quality of Mitigation measures

Table 35: Summary of the quality of mitigation measures real estate sector

Mitigation	Description
<b>Comprehensiveness of AML Legal Framework</b>	<p>Since the introduction of the WMTF in 2022, AML/CTF obligations for both FIs and DNFBPs, including the real estate sector, have been significantly improved. Existing requirements are largely in line with the FATF requirements although some deficiencies remain, including in the BO requirements for legal persons and legal arrangements. DNFBPs are required to report unusual transactions to the FIUS in its capacity of central agency for the receipt, analysis and dissemination of such reports and other information. The FIUS is also designated as the AML/CTF supervisor for DNFBPs (except casinos) and has the necessary legal powers, including the power to sanction breaches of the AML/CTF obligations.</p> <p>The comprehensiveness of the AML Legal framework is assessed as <b>Medium High</b>.</p>
<b>Effectiveness of Supervision procedures and practices</b>	<p>The FIUS focused most of its supervisory efforts on the real estate sector and between 2021 and 2022, conducted two on-site inspections and 26 off-site inspections of real estate agents. During the same period, it conducted two training sessions for the sector but did not issue any guidance to support real estate agents with the practical implementation of the legal requirements. However, the sector admits being generally unfamiliar with the scope and depth of the AML/CTF obligations and calls for further awareness raising initiatives and guidance.</p> <p>The effectiveness of supervision procedures and practices is assessed as <b>Low</b>.</p>
<b>Effectiveness of suspicious activity</b>	<p>Suriname has a system of unusual transaction reporting in place. Reports to the FIUS are triggered by objective and subjective indicators. Objective indicators are transactions with a value depending on sector-specific thresholds (see section 6.1.1), paid to or through the intermediary of the independent professional in cash,</p>

Mitigation	Description
<b>monitoring and reporting</b>	<p>with bearer checks or similar means of payment. The subjective indicator focuses on transactions which the service provider suspects may be related to ML or TF.</p> <p>So far, no UTRs based on the subjective indicator have been filed by the sector. Engagement with the sector, including through the survey, reveals that real estate professionals consider notaries ultimately responsible for filing suspicions because they officially register the real estate transaction.</p> <p>141 UTR's based on the objective indicator were filed by the sector between 2021 and 2023. However, this figure relates only to the 70 real estate agents registered with the FIUS while according to AMOG and NRA 1.0 the number of active professionals is substantially higher.</p> <p>The effectiveness of suspicious activity monitoring and reporting is assessed as <b>Low</b>.</p>
<b>Availability and Enforcement of Administrative Sanctions</b>	<p>Similarly to the CBvS, The FIUS is authorized by Article 38 (5), of the WMTF to fine service providers up to 1 million SRD for failing to comply in a timely manner to its AML/CTF obligations. Furthermore, the FIUS can impose a penalty of up to 100,000 SRD a day for failing to provide timely information, as authorized by article 40 (1-2) of the WMTF. As mentioned in the FI vulnerability assessments, an implementing State Decree has not yet been issued The FIUS has not imposed any administrative sanctions between 2021 and 2023. This factor is therefore rated as <b>Low</b>.</p>
<b>Effectiveness of Compliance Function</b>	<p>Despite Article 5 (1) and Article 28 of the WMTF stating that service providers must establish an independent compliance function, this is not the case in practice. Based on interviews with AMOG and information provided by the FIUS, most real estate agencies do not have an established compliance function. More importantly, inspections carried out by the FIUS indicate that less than 33% of real estate brokers have AML/CTF compliance policies in place. Further surveys conducted with real estate agents in March and April 2024 indicate that there is a general lack of familiarity with AML obligations, including the requirement to have AML/CTF policies and procedures in place.</p> <p>The effectiveness of compliance functions is considered <b>Low</b>.</p>
<b>Availability and effectiveness of entry controls</b>	<p>There is an availability of entry controls related to certified appraisers and members of AMOG, but these do not qualify as fit &amp; proper tests, as envisaged by the FATF Standards. However, there are no entry controls related to individuals or legal persons who conduct other forms of real estate work outside the periphery of AMOG, and by extension, the FIU. These entities possess no availability of entry controls and may be vulnerable to bad actors.</p> <p>The availability and effectiveness of entry controls is <b>Low</b>.</p>
<b>Availability and enforcement of criminal sanctions</b>	<p>As set out in the section on Financial Institutions, there are criminal sanctions that can be imposed on Banks and other service providers, which are set out in Suriname's Penal Code (see section 7.1). Since the FIUS' supervisory efforts are limited, it did not yet identify instances of serious breaches of AML/CTF obligations and therefore did not refer any cases to the judiciary.</p> <p>The availability and enforcement of criminal sanctions is <b>Medium Low</b>.</p>

Mitigation	Description
<b>AML Knowledge of Staff</b>	Responses to surveys indicate that some real estate agencies conduct in-house AML trainings and possess a level of rudimentary AML knowledge. This may be not sector-representative however, and according to the FIU, most real estate agencies lack in-house AML expertise and understanding of the AML/CTF obligations.  AML knowledge of staff is <b>Low</b> .

## 7.4.4 Sectoral Assessment – Accountants

### 7.4.4.1.1 General Overview

Accountancy is a protected profession in Suriname and regulated by the Suriname Chartered Accountants Institute Act of 2018. External accountants must be trained and vetted by the Suriname Chartered Accountants Institute (SCAI). According to SCAI, there are currently 40 registered accountants in Suriname. The FIUS has 22 accountants on record who have officially registered with the FIUS. Professional accountants in Suriname conduct tax, audit, assurance, and advisory services for clients. SCAI maintains a registry of its members and issues audit and chartered accountant licenses. SCAI further has its own accounting regulations which require basic identification, screening, and recording of customers and transactions.

Accountants are described as a natural or legal person performing specified activities which are in accordance with the activities captured in the FATF recommendations. Accountants responding to the survey indicated that over the review period, accountants in Suriname did not perform any of the activities set out in the FATF Standards, such as buying and selling real estate or management client money, on behalf of their clients.

Information gathering sessions with SCAI took place in February 2024 and April 2024 and SCAI agreed to circulate the sector survey to its members. The engagement with SCAI offered very useful insights; however, the response rate to the questionnaire was relatively low with only five responses received.

### 7.4.4.1.2 ML through the accountancy sector: trends and typologies

The Accountancy sector has been identified by the FATF as being susceptible to money-laundering related crimes due to the inherent nature of services provided. The vulnerabilities and common international typologies related to ML in the accounting sector are expected to apply to Suriname too. Given the lack of information from law enforcement, the judiciary, and the FIUS on actual ML through the accountancy sector in Suriname, it is however difficult to assess the scale of the problems as applied to Suriname.

**Financial and tax advice:** criminals may pose as individuals seeking financial or tax advice to place assets out of reach to avoid future liabilities.<sup>i</sup>

**Company formation:** criminals may use corporate vehicles or other complex legal arrangements, to confuse or disguise the links between the proceeds of a crime and the perpetrators.

**Performing financial transactions:** criminals may use accountants to carry out or facilitate various financial operations on their behalf to anonymize themselves (i.e. cash deposits or withdrawals by accountants, issuing and cashing cheques, receiving and sending international fund transfers).

<sup>ii</sup> This was the latest available list of vehicle dealers provided by FIUS.

**Buying or selling of property:** criminals may use accountants for property transfers that serve as either a cover for transfers of illegal funds, or as the final investment of proceeds that have already been laundered clean.

Additionally, maintenance of incomplete records by clients, as discovered during the bookkeeping services rendered by accountants, may represent a great risk. In situations where there is no professional body oversight or strict guidance to follow accounting and auditing standards, the preparation, review and auditing of financial statements may also be subject to exploitation by criminals.

#### 7.4.4.1.3 Inherent Vulnerabilities

**Customers:** Accountants report in the sector survey that most of their clients consist of foundations and limited liability companies (“LLCs”) with only 0% to 25% qualified as high risk. In an information gathering session with SCAI, accountants stated that they consider clients who are active in the extractive mining sector as high-risk.

Survey responses further indicate that between 0% to 25% of their clients are non-residents, mostly based in the US and the Netherlands and foreign clients often have service requests related to tax questions.

Reliable information related to PEP’s, high net worth individuals, clients associated with high-risk jurisdictions, or other features that could determine customer risk was not made available, which makes it difficult to assess the customer risk variable.

**Geographic:** Less than 25% of survey respondents’ clients represent non-residents. Moreover, accountants report that between 0% to 25% of rendered services are paid for by foreign entities. Remittances from jurisdictions outside of Suriname account for between 0% to 25% of transactions, according to accountants.

**Service Risk:** the accountants indicated that they only check and prepare accounts and administrations for their clients. They do not provide other services such as setting up legal entities, purchasing and selling real estate, managing money, securities and other assets and managing bank, savings or securities accounts and strictly limit their services to administrative accountancy services, unrelated to money-management styled products.

**Level of Cash Activity:** Responses to the sector-specific survey indicate that accountants have either shifted away from cash usage entirely or that it constitutes a low volume (between 0% to 25%) of their cash flow pertaining to services provided.

**Third-party introducers:** All respondents to the sector survey indicated that less than 25% of their services take place where there is an intermediary acting on behalf of the client. Respondents further indicated that if there are intermediaries involved, these generally consist of professional intermediaries such as lawyers or other corporate service providers.

#### 7.4.4.1.4 Quality of Mitigation measures

The mitigation measures related to the comprehensiveness of AML/CTF legal framework and enforcement of administrative & criminal sanctions are assessed as the same for all the DNFBP’s and have been duly covered in the previous assessment of mitigation measures in the real estate sector. These mitigation measures will therefore not be repeated in the following DNFBP mitigation sections.

Table 36: Quality of mitigation measures in the accountancy sector

Variable	Description
<b>Effectiveness of Supervision procedures and practices</b>	<p>See assessment of this mitigation measure in Table 35 above.</p> <p>During the period 2021-2023, the FIUS conducted two onsite inspections and three offsite inspections. No other form of monitoring was conducted by the FIUS. FIUS conducted two training sessions for the sector. The FIUS issued Specific Guidelines for Accountants in July 2021, but these have not been updated since the promulgation of WMTF in 2022.</p> <p>The effectiveness of supervision procedures and practices is assessed as <b>Low</b>.</p>
<b>Effectiveness of suspicious activity monitoring and reporting</b>	<p>During the period 2021-2023, no transactions, neither based on objective indicators nor by using the subjective indicator, were reported by accountants.</p> <p>Accountants argue that their duty of confidentiality towards their client limits their ability to report suspicious activity; however, this seems to go beyond the issue of professional privilege referred to in the FATF Standards. Furthermore, accountants have indicated that the USD 25,000 threshold is usually not met because the settlement of transactions takes place on a periodic basis. They also indicated that they do generally not accept cash and that payments of services are received on their bank accounts.</p> <p>Given the complete absence of any type of reporting, the effectiveness of suspicious activity monitoring and reporting is assessed as <b>Low</b>.</p>
<b>Effectiveness of Compliance Function</b>	<p>The respondents to the questionnaire were larger firms, which all organised in-house AML/CTF training. These firms reported to have AML/CTF compliance policies and procedures in place and to conduct CDD or EDD depending on the risk profile of the customer; however, this is likely not representative for the sector.</p> <p>Accountants responding to the questionnaire and those interviewed reported that they identify the UBO of clients who are legal persons. However, they also admitted that UBO identification is challenging. They usually rely on information collected from the customer in combination with the register of shareholders (i.e., legal ownership). According to information from the FIUS, based on its engagement with the sector, accountants pay reasonable attention to their AML/CTF compliance obligations.</p> <p>Effectiveness of compliance function is considered <b>Medium</b> (considering that the survey responses are not representative for the entire sector).</p>
<b>Availability and effectiveness of entry controls</b>	<p>There are no fit &amp; proper tests as envisaged by the FATF Standards conducted on accountants (cf. MER). There are professional entry controls related to becoming a certified chartered accountant in Suriname; these do not correlate with FATF standards, however.</p> <p>Availability and effectiveness of entry controls is considered <b>Medium</b>.</p>
<b>AML Knowledge of Staff</b>	<p>In response to the sector survey, all accountants confirm that their staff is trained to understand and comply with AML/CTF obligations as outlined the WMTF and receive training at regular intervals after recruitment. 60% of survey respondents also indicate to have received AML/CTF training in the last five years from both the</p>

Variable	Description
	<p>FIUS and from SCAI. These trainings involved mandatory ethics courses and explanations of changes to relevant legislation.</p> <p>AML Knowledge of staff is considered <b>Medium</b> (considering that the survey responses are not representative for the entire sector).</p>

## 7.4.5 Sectoral Assessment – Car Dealers

### 7.4.5.1.1 General Overview

According to statistics provided by the FIUS, as of 2017,<sup>i</sup> there were 353 vehicle dealers in total in Suriname, 90 of which qualify as vehicle dealers and 263 that qualify as vehicle sellers. These are predominantly made up of small business entities and second-hand car dealers, according to FIUS. Consultations with the Car Importers Association, which brings together second-hand car dealers in Suriname were held. The Car Importers' association circulated the assessment's survey amongst its membership, which resulted in 12 responses.

The second-hand car dealers responding to the survey indicated that the average value of a second-hand car sale tends to be below 25,000 USD. Most second-hand car dealers consist of small companies with no more than two to three employees. According to the survey responses received, total sales of vehicles in 2023 ranged from 10 to 70, averaging around 40, which seems to be consistent with the size of the entities. However, one outlier sold 205 vehicles in that time frame.

No reliable data pertaining to the total turnover of the sector could be identified and it could not be determined if and to what extent the responses from the 12 second-hand car dealers received are representative for the sector, especially since data on dealers in new cars is not available.

### 7.4.5.1.2 ML through car dealers: trends and typologies

There are very limited studies about the misuse of car dealers for ML purposes available. Organisations such as the FATF and its regional bodies have not yet published ML typologies focusing on this sector. This is mainly due the fact that the scope of the FATF Methodology for the assessment of both technical compliance and effectiveness is restricted to financial institutions, DNFBPs (as defined by the FATF), and VASPs only. However, this does not mean that country's responses to the risks of car dealers being misused for ML, including their inclusion within the AML/CTF regulatory and supervisory framework, as is the case in Suriname, should be disregarded.

### 7.4.5.1.3 Inherent vulnerabilities

**Customers:** Respondents to the sector survey indicated that the proportion of high-risk customers is between 0% and 25%. Most respondents consider their client base entirely low risk. Little to no reliable data was identified in relation to variables such as PEP's, high net worth individuals, and clients with high-risk business links.

**Geographic:** Car dealers responded to the survey that between 0% to 25% of their payments are received from outside of Suriname, and almost exclusively from the Netherlands. Geographic risk in relation to the supply chain of car dealers, and their foreign business partners, could not be assessed.

**Service risk:** Given second-hand car dealers have indicated that most of their sales constitute payments under USD 25,000; there is an inherent risk associated with their services falling below the threshold of

<sup>i</sup> This was the latest available list of vehicle dealers provided by FIUS.



objective reporting requirements. As such, suspicious transactions may go unreported if they fall below the threshold, due to the lack of focus on other (subjective) factors.

**Level of Cash Activity:** 70% of respondents to the sector survey indicated that between 25% to 50% of payments are conducted by means of cash. 20% of car dealers state that all their services are paid for in cash. About half of the respondents indicated to have limits on cash payments, ranging from roughly USD 5,000 to USD 20,000.

**Use of Intermediaries:** Respondents to the sector survey indicated that most car dealers conduct sales directly with the end customer, with less than 25% of sales taking place where the customer is not physically present. However, two respondents indicated that up to 50% of their sales are made through an intermediary, who represents the client in-person.

Given the lack of perceived CDD conducted by the sector, there may also be an inherent vulnerability to car dealers not being able to determine whether the individual conducting the purchase is the end customer or not.

#### 7.4.5.1.4 Quality of mitigation measures

According to sector surveys and data from the FIUS, whilst some car dealers have internal risk frameworks and a basic understanding of AML obligations, others do not. Given the lack of comprehensive data, and the reliance on a small sample pool of survey responses and inspections by the FIUS, it is difficult to draw definitive conclusions about the sector-wide practice.

Car dealers indicate in response to the sector survey that enforcing CDD requirements may negatively impact their business as it may dissuade potential customers and send them to competitors. Despite admitting this, car dealers responding to the survey also indicated to maintain documentation of transactions conducted, as well as basic information pertaining to the identity of the buyer.

Table 37: Quality of mitigation measures car dealers

Variable	Description
<b>Effectiveness of Supervision procedures and practices</b>	Prior to 2023, the FIUS conducted no inspections of car dealers. In 2023, the FIUS conducted one on-site inspection and five off-site inspections.  The effectiveness of supervision procedures and practices is <b>Low</b> .
<b>Effectiveness of suspicious activity monitoring and reporting</b>	361 UTRs were reported by car dealers from 2021 to 2023. All UTRs were submitted based on objective indicators. No reports based on the subjective indicator were received from car dealers. The obligation to report suspicions, as envisaged by FATF Recommendation 20, has not yet been implemented.
<b>Effectiveness of Compliance Function</b>	The reliability of the sector survey responses could not be considered definitive given that several survey answers contradict one another. The FIUS however, based on its off-site inspections carried out among five car dealers in 2023, concluded that the inspected companies pay reasonable attention to their AML/CTF compliance obligations.  The effectiveness of compliance function is <b>Medium</b> .
<b>AML Knowledge of Staff</b>	While according to the survey responses AML/CTF training is taking place, there are no data about the AML knowledge of staff available, including in the findings of the FIUS supervisory activities.  The AML knowledge of staff can therefore not be assessed.



## 7.4.6 Sectoral Assessment – Notaries

### 7.4.6.1 General Overview

To become eligible as a civil notary in Suriname, individuals have to study notary law and complete a four-year internship. Notaries are officially appointed by the President of Suriname and then sworn in by the President of the Court of Justice. A maximum of 50 notaries can actively operate in Suriname. At the date of fieldwork, there were 40 notaries active in Suriname. This increased from December 2021, when there were 34 notaries active in Suriname.<sup>i</sup>

All notaries are obliged to register with the Surinamese Notarial Professional Organization (SNPO). In addition to issuing guidelines for appropriate professional conduct, the SNPO also oversees adherence to these guidelines, receives and processes complaints via a complaints committee, files complaints against civil-law notaries, and serves as a liaison and communication channel with the appropriate authorities.

Information gathering sessions with the SNPO took place and with their support, circulated a survey to the sector, to which 15 respondents provided information about their AML/CTF practices.

Notaries in Suriname have specific legal tasks. This includes corporate law, which consists of establishing legal entities and foundations, and family law, consisting of making or changing last testaments, prenuptial agreements and the handling of estates (both inheritance and divorce). Real estate transactions, mortgages and real estate auctions are also included, as the service of a civil notary is required when buying or selling real estate in Suriname. Respondents to the sector survey indicated that individual firm size ranges from 2 to 29 employees, with notaries averaging at around 8 employees per individual entity.

### 7.4.6.2 ML through the notaries' sector: trends and typologies

Several ML trends are common to legal professionals such as notaries, who may inadvertently become a conduit for criminals seeking to launder illicit proceeds. The following section briefly delineates common typologies identified by the FATF that make notaries susceptible to money laundering, and these are expected to apply to notaries in Suriname too.

**Real Estate transactions:** In most jurisdictions, the notary draws up the deed of sale on the accepted offer of purchase for real estate transactions. Given that real estate is a common tool used by criminals for ML transactions (see also section on real estate agents above), this makes notaries well placed to detect transactions that may be related to ML. Equally, if the jurisdiction in question does not adequately supervise notaries, or the professional conduct of notaries is brought into question, they are well placed to facilitate ML through real estate transactions. This is particularly the case when the deed of sale may not reflect the actual purchasing price, the purchasing price is much higher or lower than the actual market value of the property, or multiple transactions involving one property take place in short order. This seems to be the case in Suriname.

**Shelf companies:** Criminals may seek to misuse shelf companies that have been formed by legal professionals previously. Companies that have been “sitting on the shelf” for an extended period may be utilized to give the false impression that the company used by criminals is reputable and has been active for many years. As such, shelf companies can contribute to the overall complexity of entity structures, further concealing the underlying beneficial ownership of assets. During interviews, notaries indicated

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<sup>i</sup> Suriname's MER 2023

that in the past, notaries were actively involved in setting up and selling shelf companies. While the activity is less important these days, there are still notaries that have shelf companies (including foundations) on offer.

**Use of straw men:** Notaries may be exposed to third-party individuals that are acting on behalf of criminals seeking to launder their criminal proceeds. In such cases, real estate may be purchased by a person who is acting on behalf of an individual who has no clear connection to them.

#### 7.4.6.3 Inherent vulnerabilities

**Customers:** Notaries who responded to the sector survey unanimously classified between 0% to 25% of their clients as high risk. Additionally, according to notaries, more than half of their clients are typically natural persons (38 percent of notaries report that more than 75 percent of their clientele are natural persons). Less than half of notaries' clients are legal persons, according to 75% of them. This suggests that notaries serve natural persons more often. Notaries consider clients involved in professional real estate and those conducting real estate transactions on a regular basis presenting a higher ML/TF risk.

53% of respondents state that between 25-50% of their clients are non-residents. 40% of notaries indicate that less than 25% of their clients are non-residents. Notaries indicate that non-residents typically request services related to real estate transfers and the incorporation of foundations. Notaries unanimously state that the Netherlands is the main country of origin of non-resident clients.

**Geographic:** Notaries unanimously indicate that between 0% to 25% of their clients are foreign legal arrangements such as trusts or fiduciaries. Over 80% of notaries state that between 0% to 25% of their transactions involve either natural or legal persons outside of Suriname. Half of the notaries indicate that between 25-50% of their clients are non-residents. These mostly consist of Dutch nationals however, who have historic ties to Suriname.

**Service risk:** Three main services are provided by notaries as covered previously, namely: corporate law consisting of establishing legal entities and foundations; family law consisting of making or changing last testaments, prenuptial agreements and the handling of estates (both inheritance and divorce); and real estate transactions. Real estate transactions pose a risk because foundations could be nefariously used by individuals seeking to launder funds or avoid taxation. Over half of survey respondents indicate that in regard to real estate transactions by legal entities, 25% or more consist of Surinamese foundations, with a quarter of respondents indicating that more than 50% of these represent foundations. Notaries unanimously indicated that of their services, they consider real estate transactions most vulnerable to ML offenses. There is a level of service risk associated with such real estate transactions given that they may indirectly be supporting tax evasion schemes. The assessment could not identify relevant data to further assess the depth of this issue.

**Level of Cash Activity:** 67% of notaries in the sector survey indicate that between 0% to 25% of their transactions are carried out with cash. The remaining 33% indicate that this is proportionally between 25-50%. 85% of notaries state that they adhere to a maximum limit for cash payments, ranging from 100 to 25,000 USD.

**Third-party introducers:** Most notaries indicate that over 75% of their services consist of face-to-face contact with the customer and ultimate beneficial owner. Of the 15 respondents, 5 notaries indicated however that between 25-50% of their services take place where an intermediary acts on behalf of the client. It is further indicated that these generally consist of professional intermediaries such as lawyers, accountants, and providers of trust services who also conduct the CDD.

#### 7.4.6.4 Quality of mitigation measures

Table 38: Summary of quality of mitigation measures for Notaries

Variable	Description
<b>Effectiveness of Supervision procedures and practices</b>	The FIU conducted 5 off-site inspections on notaries in 2023, and none in 2021 or 2023. The effectiveness of supervision procedures and practices is assessed as <b>Low</b> .
<b>Effectiveness of suspicious activity monitoring and reporting</b>	<p>Notaries submitted 304 reports based on the subjective indicator from 2019 to 2023. According to the FIUS, the suspicions related to transactions involving changes in the management of foundations, the establishment of a credit mortgage, sales of a plot, transfer of real estate for a symbolic amount, and reports related to local PEP.</p> <p>Based on these statistics, it can be stated that a large proportion of notaries comply with their reporting obligations.</p> <p>Notaries also submitted 5,171 reports based on one of the objective indicators from 2019 to 2023.</p> <p>Effectiveness of suspicious activity monitoring is assessed as <b>High</b>.</p>
<b>Effectiveness of Compliance Function</b>	<p>85% of notaries indicate in the sector survey that they have conducted an internal ML/TF risk assessment. All notaries indicate to check the ultimate beneficial ownership of clients who are legal entities or foreign legal arrangements. All notaries indicate to conduct EDD for higher-risk clients, whilst 85% indicates they conduct full CDD for lower-risk clients as well (no simplified CDD). 87% of notaries indicate they have an AML compliance procedure in place. 80% indicate that they have a designated employee responsible for supervising compliance as set out by the WMTF. 93% of notaries state that they identify all parties involved in a transaction.</p> <p>The FIUS, on the basis of its off-site inspections conducted in 2023, concluded that 80% of the notaries it inspected met the requirements for an ML/TF risk assessment.</p> <p>The effectiveness of compliance function amongst notaries is assessed as <b>High</b>.</p>
<b>Availability and effectiveness of entry controls</b>	There are no fit & proper tests as envisaged by the FATF Standards conducted on notaries (cf. MER).
<b>AML Knowledge of Staff</b>	<p>93% of notaries indicate that their staff is trained to understand and comply with AML/CTF obligations as set out by the WMTF, being trained at regular intervals after recruitment to do so. 53% of notaries indicate to have received training from the FIUS in the past three years in relation to their AML/CTF obligations. However, there are no knowledge specific data available.</p> <p>Considering that regular AML/CTF training seems to be broadly implemented and the FIUS has also facilitated several trainings for notaries, it can be considered that AML Knowledge is <b>Medium-High</b>.</p>

## 7.4.7 Sectoral Assessment – Lawyers

### 7.4.7.1 General Overview

Lawyers are a protected profession mandated by the Lawyers Act of 2004, and all lawyers in Suriname must be registered with the Suriname Bar Association (SBA), the professional representing association. There are approximately 230 lawyers in Suriname according to SBA, but only 53 of them are registered with the FIUS.

The SBA is responsible for issuing professional rules, handling complaints, and referring them to the Disciplinary Court. It can also file complaints against lawyers. However, the SBA does not currently have a role in Anti-Money Laundering/Combating the Financing of Terrorism (AML/CTF) efforts and has not shown evidence of cooperating with the FIUS.

In-person evaluation sessions with the SBA were conducted and a sector survey, to which there were only 6 respondents out of a total of 230 lawyers, was also circulated. Attempts to speak to further members of the SBA to conduct the analysis were declined by SBA. From the sector survey, respondents indicate to function mostly as sole proprietorships. However, this cannot be interpreted as an accurate representation of sector-wide trends due to the negligible number of responses.

### 7.4.7.2 ML through the legal sector: trends and typologies

Lawyers are potentially vulnerable to being either knowingly or unknowingly complicit in money laundering activities of criminals. Lawyers are exposed to ML activities for several reasons, one being that criminals may seek legal services from lawyers to give a veneer of legitimacy to their financial transactions. Secondly, the services that lawyers provide, particularly the setting up of companies in multiple jurisdictions, are methods that criminals use to facilitate ML. By extension, lawyers may be assisting criminals seeking to create complex financial structures to hide or launder their assets. Some lawyers also handle client accounts on behalf of a client, making them vulnerable to directly laundering funds across jurisdictions if they are not vigilant with their own AML practices. Similarly to notaries, lawyers also face exposure to possible ML activities when facilitating the purchase and sale of real estate for clients. These trends and typologies are expected to apply to lawyers in Suriname too.

### 7.4.7.3 Inherent vulnerabilities

**Customer risk:** The client base of lawyers varies substantially, depending on the size of the legal practice and the service provided. Respondents to the sector survey unanimously indicate that they consider between 0% to 25% of their clients as high risk in 2023.

Several variables related to customer base, such as the quantity of PEPs, non-residents, and foundations could not be accurately analyzed, as the assessment did not have the required data available to conduct this analysis.

**Geographic:** From limited survey responses received from lawyers, over 80% of respondents indicate that between 0% to 25% of their customers are non-resident. Lawyers state that most non-resident clients originate from the Netherlands and usually request services related to family matters such as divorce proceedings and child custody. Most survey respondents indicate that between 0% to 25% of their services are paid for by money transfers from abroad.

**Service risk:** Respondents to the sector survey indicate that most of their services consist of defending or representing a client around a judicial arbitration or mediation procedure, which fall under legal professional privilege. All the lawyers responded that they provided no services in relation to the management of client funds, purchasing and sale of real estate, or managing bank, stock, or savings accounts. Only one survey respondent indicated that they assist in the operation of legal persons on

behalf of a client. By extension, services that fall under legal professional privilege are not subject to AML/CTF measures as set out by the FATF standards.

**Level of Cash Activity:** It was reported by over 50% of survey participants that between 75% to 100% of services are paid for with cash (mostly small fees for the provision of legal defense). Furthermore, most respondents state they do not have a maximum limit in relation to cash payments because fees are generally limited.

**Third party introducers:** Survey respondents indicate that between 0% to 25% of their client engagements are conducted through an intermediary or third party. Respondents further state that between 75% to 100% of their onboarding of new clients occurs face-to-face.

#### 7.4.7.4 Quality of mitigation measures

Table 39: Summary of quality of mitigation measures

Variable	Description
<b>Effectiveness of Supervision procedures and practices</b>	<p>During 2023, one on-site and five offsite inspections were carried out on lawyers. Prior to 2023, no inspections were carried out by the FIUS.</p> <p>The effectiveness of supervision procedures and practices is assessed as <b>Low</b>.</p>
<b>Effectiveness of suspicious activity monitoring and reporting</b>	<p>One lawyer filed one report based on the subjective indicator in 2019. No other reports were filed since that time.</p> <p>The effectiveness of suspicious activity monitoring and reporting is considered <b>Low</b>.</p>
<b>Effectiveness of Compliance Function</b>	<p>According to the sector survey, 83% of lawyers state their firms did not have a designated person in charge of compliance procedures and that they had not previously carried out an internal ML/TF risk assessment.</p> <p>According to 83% of lawyers, they verify the ultimate beneficial owners of their clients who are legal entities. 67% of them perform CDD on clients.</p> <p>The FIUS concluded however, based on its inspections conducted in 2023, that none of the lawyers reviewed had an AML/CTF compliance policy and procedures in place in relation to control measures, client due diligence, or systems in place regarding retention and their reporting obligation.</p> <p>The effectiveness of compliance function is rated as <b>Low</b>.</p>
<b>Availability and effectiveness of entry controls</b>	<p>To become a lawyer in Suriname, a Surinamese national must first obtain a master's degree in law from the University of Suriname or an equivalent university. Consequently, a Professional Legal Training Course must be completed, after which an internship at a certified law firm must be completed. After completing vocational training, the individual must be able to provide a declaration of good conduct and receive written admission to become a lawyer at the Court of Justice. Following admission, new lawyers must become a member of SBA and are added to its registry. However, fit &amp; proper tests as envisaged by the FATF Standards are not taking place.</p> <p>The availability and effectiveness of entry controls is rated as <b>Low</b>.</p>
<b>AML Knowledge of Staff</b>	<p>In the sector survey, 67% of lawyers stated that their staff is not trained to understand and comply with AML/CTF obligations as included in the WMTF.</p>

Variable	Description
	<p>Despite this statistic, 80% of lawyers state that they have received training from the FIUS on the implementation of AML/CTF obligations in the last five years. SBA indicated that training sessions took place in June 2023 in which 36 lawyers participated; this included a basic course in AML/CTF compliance.</p> <p>AML Knowledge of staff is rated as <b>Medium-Low</b>.</p>

## 7.4.8 Sectoral Assessment – Gold dealers

### 7.4.8.1.1 General Overview

In Suriname, the gold dealing sector is largely comprised of gold buying houses located in its capital, Paramaribo. These local buying houses purchase gold from artisanal small-scale mining workers who congregate to the capital from Suriname’s vast interior. The local buying houses consequently export their gold to foreign purchasers or sell it to local actors such as jewelers, the central bank, or other traders.

The export of gold can be largely subdivided into two supply categories, large multinationals such as the US-based Newmont Gold and Chinese based Zijin,<sup>i</sup> who have their own mines in Suriname’s interior and are licensed to weigh and export their gold to their own refineries overseas; and local traders, often being Chinese-Surinamese nationals who export their gold to various buyers in Dubai, Belgium, and Switzerland. In 2015, Kaloti Suriname Mint House (KSMH) became Suriname’s primary refinery in collaboration with the United Arab Emirates-based Kaloti gold conglomerate and the Surinamese government. In practice, it is indicated that Kaloti refines the gold it purchases in Suriname in Dubai, at its headquartered refining operation.<sup>ii</sup>

The Foreign Exchange Commission is responsible for providing firms with a gold buying and export license. Based on Articles 1, 5, and 11 of the “Deviezenregeling 1947” the Foreign Exchange Commission’s monitoring unit sets the conditions for a gold buying and export license. There are currently 11 formally licensed buyers in Suriname. There are 7 companies that export gold with a license from the Foreign Exchange Commission. In the mandate of the currency commission, a minimum amount of gold that the exporters must be able to export is defined; if the exporter fails to meet this quota may result in the loss of an export license. Licensees are obligated to send the CBvS a monthly report outlining their purchases and sales. Prior to exportation, gold is controlled, registered, and sealed by Kaloti.

The active licensed exporters of gold in Suriname are Amazone Gold NV, Century Mining Company NV, M & M Mining NV, Goudkust NV, Suriname Natural Stone Company NV, Surmetex NV and Themelio Mint NV. Most gold exporters buy gold themselves. During the review of the gold trading sector, informal consultations with established gold traders in Suriname were conducted to further support the review of this sector.

### 7.4.8.1.2 ML through gold buyers: trends and typologies

Gold is inherently a highly attractive vehicle for ML. As outlined in the 2015 FATF report on vulnerabilities associated with gold, it provides a mechanism for organized crime groups to convert illicit cash into a stable, anonymous, transformable, and easily exchangeable asset to realize or reinvest the profits of their

<sup>i</sup> Previously the Canadian owned IAMGOLD

<sup>ii</sup> <https://www.oas.org/en/sms/dtoc/docs/suriname-eng-digital.pdf>



criminal activities.<sup>i</sup> The characteristics of the gold market as a cash-intensive industry that has limited industry oversight and licensing requirements in many jurisdictions, allows individuals who need to launder cash to easily participate in the cash-for-gold trade. The number of high volume and low value transactions conducted on a continuous basis in the gold trading industry further make it vulnerable to making gold-based payments untraceable for illicit goods and services.

**Investment in gold:** Gold is traditionally considered as a reliable asset/investment hedge. Given its historic mitigation of volatile fluctuations in comparison to other commodities, and its simplicity relative to other financial instruments, gold is an attractive investment vehicle for criminal syndicates looking to launder proceeds or conduct international transactions. The FATF highlights that criminals actively invest in gold to distance themselves from the predicate crime that took place.<sup>ii</sup>

**Ease of smuggling:** Given gold's compact size and easy convertibility into gold bars, bullions, or other ornaments to disguise the fact that its gold, makes it easy to conceal from border authorities or understate. Case studies by the FATF indicate that criminals may reshape gold into common items such as wrenches, nuts and belt buckles to smuggle gold covertly. Further instruments associated with gold, such as depository or certificate products which serve as a legal title to gold bullion, being stored for the owner by a third-party, provide another mechanism for criminals to launder money.

**Smelting and refining:** All gold is required to go through a refining process to bring up the purity of the gold and remove any unwanted features, such as mercury, used in the mining process. Several vulnerabilities associated with the refining process are also highlighted in the FATF's review of the gold sector's vulnerabilities. Refineries often operate in a different jurisdiction where the gold is mined, leading to illegally acquired gold often being smuggled to destined refineries to be smelted. Furthermore, organized crime groups may seek to misrepresent the purity, weight, origin and value of gold to create profits or justify the proceeds of crime.

**Royalty tax-related smuggling:** Due to the demand of gold-based commodities, jurisdictions may see gold as beneficial to their economy and in turn have incentive tax programs to help promote the trade of gold. Differences between jurisdictions on such incentives may provide opportunities for organized crime to exploit vulnerabilities.

#### 7.4.8.1.3 Inherent vulnerabilities

**Customers:** Despite the limited amount of gold buying and export licenses, gold buyers indicate to mostly directly export their gold, and to a lesser degree, sell it to other traders, exporters, jewelers or private customers.<sup>iii</sup> When comparing the production to export ratio, it appears nearly all gold is exported, indicating that a marginal discrepancy may be recycled in the local market by jewelers or is circulated as a means of payment in the interior. As previously stated, most gold related to exportation is directed towards the UAE, with over 11 tons of gold being imported by the UAE in 2018. Switzerland and Belgium both serve as secondary destinations for the exportation of gold. The UAE is listed as a high-risk country with strategic deficiencies in their AML/CTF regime particularly related to the by the FATF, and this poses as a vulnerability to Suriname's gold supply chain.

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<sup>i</sup> <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/ML-TF-risks-vulnerabilities-associated-with-gold.pdf>

<sup>ii</sup> <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/ML-TF-risks-vulnerabilities-associated-with-gold.pdf>

<sup>iii</sup> [https://wwflac.awsassets.panda.org/downloads/2010\\_\\_gold\\_mining\\_marketing\\_chain\\_heemskerk.pdf](https://wwflac.awsassets.panda.org/downloads/2010__gold_mining_marketing_chain_heemskerk.pdf)

In consultations with gold sector representatives, and as is highlighted in multiple academic reports on Suriname's gold sector by the WWF<sup>i</sup> and OAS, it appears that gold traders do not actively engage with any form of background, PEP, or sanctions screening.

**Geographic:** The geographic vulnerabilities associated with Suriname's gold trade are highlighted by its export of gold to possible high-risk jurisdictions, as well as the illegal import and smuggling of gold from high-risk jurisdictions. Given Suriname's porous borders and understaffed customs department, the illegal importation of gold is made extremely accessible. The severity of this issue is further highlighted by the fact that gold export volume far exceeded total gold production in 2019 and 2020.<sup>ii</sup>

**Service:** Gold buying houses employ an over-the-counter service approach where gold can be sold immediately without stringent control measures in place. Despite the Foreign Exchange Commission requiring gold houses to submit a monthly report on the amount of gold bought, the area of origin, and the name of suppliers, most gold buying houses do not appear to have valid CDD measures in place. Vulnerabilities related to the lack of CDD implementation is covered in further detail in the mitigation measures below.

#### 7.4.8.1.4 Quality of mitigation measures

The gold sector is vulnerable to the threat of smuggling because of the industry's purchasing standards. Small-scale gold buyers do not have compliance programs, and there are no effective AML practices in place. This assessment concurs with the findings of NRA 1.0, with little progress being identified in the gold sector related to their AML practices and consequent mitigation. No improvement related to the CDD practices of gold purchasers was identified, with gold sector representatives stating that such practices would send their customers to alternative sellers.

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<sup>i</sup> [https://wwflac.awsassets.panda.org/downloads/2010\\_\\_gold\\_mining\\_marketing\\_chain\\_heemskerk.pdf](https://wwflac.awsassets.panda.org/downloads/2010__gold_mining_marketing_chain_heemskerk.pdf)

<sup>ii</sup> UN Comtrade



Table 40: Quality of mitigation measures gold traders

Variable	Description
<b>Effectiveness of Supervision procedures and practices</b>	<p>Gold buyers are subject to the same standards outlined by the WMTF as for the other DNFBP's. Three offsite and one onsite inspection for gold dealers were conducted by FIUS during 2023.</p> <p>The effectiveness of supervision procedures and practices is <b>Low</b>.</p>
<b>Effectiveness of suspicious activity monitoring and reporting</b>	<p>Despite the obligations for gold dealers to report UTR's to the FIUS, no UTR reports have been filed by gold buyers to date.</p> <p>The effectiveness of suspicious activity monitoring and reporting is <b>Low</b>.</p>
<b>Effectiveness of Compliance Function</b>	<p>In consultations with gold sector representatives, and as stated in the previous NRA and OAS report on Suriname's gold sector, gold buyers have no customer due diligence in place. According to the Foreign Exchange Commission's license, gold sellers should subject prospective clients to a background check, but this does not appear to be practically implemented by the sector.</p> <p>The effectiveness of compliance function is <b>Low</b>.</p>
<b>Availability and effectiveness of entry controls</b>	<p>In addition to a so-called hindrance act license (hinderwet vergunning), gold buyers must possess a gold buying license issued by the Foreign Exchange Commission. The company must submit a business plan with a monthly quota detailing the amount of gold that will be purchased to be granted a license to buy gold. Who the buyers will sell their gold to is also specified in the contract with the Foreign Exchange Commission. For the Foreign Exchange Commission to keep track of whether licensed buyers are fulfilling their yearly quota, the buying company is required to submit monthly reports regarding its purchases and sales. Furthermore, a single annual report needs to be turned in. No entry requirements related to the backgrounding screening of the individuals' associated with the business entity appear to be present.</p>
<b>AML Knowledge of Staff</b>	<p>On the basis of limited interviews conducted with sector representatives, it appears that AML/CTF knowledge of staff is non-existent as compliance to AML/CTF guidelines is not considered.</p> <p>The AML knowledge of staff is <b>Low</b>.</p>

## 7.4.9 Sectoral Assessment - Casinos

### 7.4.9.1 General Overview

This sectoral risk analysis addresses the inherent risks arising from ML and TF for the (online) casino sector. The analysis was conducted by a working group representing Suriname's Gaming Control Board (GCBS).

The risk analysis focused on:

- Online casinos
- Land-based casinos

**Online casinos** have fairly recently made their appearance in Suriname. They were not regulated by law before the year 2023. Recently, the provision of online casinos has been permitted on a limited basis. In

accordance with the Hazard Games Act (O.G. 2023 no. 135), this is only allowed up to a maximum of three licensees. With the growth in interest for online casino games in Suriname naturally also come the associated risks. The illegal supply of casinos was also considered during this analysis.

**Land-based casinos** have been permitted in Suriname since 1962 and there have been changes in laws and regulations at various times. Current laws and regulations have set a limit to the number licenses that may be issued by the President to 20. In addition, for hotels that are part of a 5-star hotel qualification, three more licenses may be issued by the President bringing the maximum of land-based casino licenses to 23.

The GCBS is currently the only gaming authority in Suriname. The GCBS was established by O.G. no 78 of 2009 with the aim of regulating the gaming sector in Suriname. The GCBS is responsible for providing advice on the granting of licenses within the gaming sector by the competent authorities (President and District Commissioners) and for supervising both financial stability (i.e. compliance with the legal conditions, including the licensing conditions) and conduct-related issues (including AML/CTF) and setting out the AML/CTF control obligations for the casino sector it oversees.

The GCBS has an advisory role in the licensing process. The licensing of online and land-based casinos is done by the President. In Suriname it is not permitted to operate a so-called 'standalone' casino. The casino must be part of a hotel with a minimum 3-star rating.

The GCBS further supervises compliance with the laws and regulations regarding the operation of casinos, including compliance with the legislation on combating money laundering and terrorism financing.

*Table 41: Overview of the nature and size of the current regulated sector*

<b>Entities</b>	<b>Number of regulated institutions as of December 2023</b>
Commercial (online) lottery companies	<b>3</b>
Land-Based Casinos	<b>17</b>
Online casinos	<b>3</b>

#### 7.4.9.2 ML through the casino sector: trends and typologies

Casinos are one of the most proficient cash-generating business sectors within Suriname. Because in general casinos and other gambling-related businesses, like lotteries and horse racing, offer an explanation for recently acquired wealth without any obvious legitimate source, they are linked to ML.

The following ML/TF typologies are applicable to this industry, which are expected to equally apply to Suriname:

- **Cash Transactions:** By offering large sums of money to be converted into chips and multiplied and subsequently cashed out as wins, physical casinos and gaming facilities may be used as a means of laundering cash. Proceeds of crime can be converted into chips, and then exchanged back into cash.
- **Microtransactions:** Tiny, regular transactions that happen frequently in games and can add up to large sums, making it challenging to identify suspicious trends. Customers regularly use cash to buy chips.

#### 7.4.9.3 Methodology

The assessment of the Casino Sector was conducted by a working group from the GCBS. In conducting this analysis, several aspects were considered, including the geographical location of the casinos, products and services and use of cash, among others.

Given the inherent differences between vulnerabilities associated with land-based and online casinos, the following section separately addresses these vulnerabilities for the two respective forms of casinos.

#### 7.4.9.4 Inherent Vulnerabilities of the **land-based** casino sector

The land-based casinos sector comprises a group of 17 legitimate providers. Although research suggests that there are illegal “gokhuizen” or gambling houses operating in Suriname, this claim is unsupported by any reliable data. According to the sectoral assessment, the scope of the sector in terms of annual turnover and/or number of employees during 2022 was approximately EUR 30 million and 2,000 employees.

When analyzing the ownership structure at the land-based casinos, it is apparent that only a small percentage of Surinamese nationals act as representatives or directors within the legal entities. UBO information is not available and increases the risks from misuse by criminals, using legal persons and arrangements.

**Customers:** According to the sectoral assessment, customer profile is difficult to establish as the majority of land-based casinos do not subject customers to verification or registration. The GCBS reports that some casinos do have basic registry requirements for customers, but that these are often inadequate. As no CDD is conducted in relation to their clients, casinos have no oversight as to whether they are conducting business with high-risk clients and exposing themselves to ML or TF risks.

**Geographic:** In terms of location, most land-based casinos are situated in Paramaribo, with two in Wanica and one in the Nickerie district. It is important to note that the latter district shares an open border with Guyana. This creates vulnerabilities involving the possible cross-border laundering of funds in land-based casinos as Guyanese nationals can easily access casinos near the border. The absence of an AML/CTF policy and strategy, as well as insufficient cross-border controls on the transfer of cash and similar instruments, are deemed problematic areas in the National Risk Assessment of neighboring country Guyana.

**Service:** To utilize a physical casino’s product or service, the customer must physically visit the establishment. The analysis reveals that the CDD procedures have flaws that allow for anonymous use of the products or services. The industry indicates that insufficient CDD/EDD is conducted because it is too challenging and time-consuming. The sectoral assessment provides no further reference to possible service risk associated with land-based casinos.

**Use of cash:** The degree of cash use within land-based casinos is very high, according to the sectoral assessment. The degree of cash use is facilitated by the fact that casinos cannot make bank transfers to customers and vice versa.

#### 7.4.9.5 Inherent Vulnerabilities of the **online** casino sector

The sector of online casinos comprises three legitimate service providers. However, research shows that illegal online providers are also present in the market. The legitimate providers have country-wide “retailers” via which their products/services are distributed. Due to the recent regulation of this sector, no statistics are available to date from the relevant public stakeholders on the average turnover handled within the sector.

**Customers:** The sectoral assessment concludes that the majority of online casinos conduct no CDD on their customers and there are insufficient verification requirements upon registration. Online casinos do not risk grade their clients and do not undertake PEP and sanctions screening. Similarly to land-based casinos, this prohibits their ability to risk-classify their customers and to uphold sufficient AML/CTF guidelines.

**Geographic:** According to the sectoral assessment, the online casinos have offices located within Paramaribo in the Wanica and Nickerie district. Given online casinos conduct insufficient CDD of their customers, it is unknown to what extent customers or business partners from high-risk jurisdictions may be involved in Suriname's online casinos.

**Service:** As mentioned above, the sectoral assessment revealed that the required CDD and EDD measures are not sufficiently complied with. The customer identification and verification processes also show that identification when creating a player profile is not required by all providers and individuals are admitted to gaming platforms without any form of verification.

Because the establishment of the non-face-to-face relationship with the customer is not subject to stricter measures, anonymous use of the product or service offered is a vulnerability that can be exploited by criminals.

**Use of cash and use of intermediaries or agents:** Customers can purchase vouchers in cash at the established "retailers" of online casinos and consequently use this to play on the online platform. These intermediaries are selling products (lotteries and top-up vouchers) on behalf of the online casino providers. These intermediaries are not subject to a license issued by any authority and are therefore not assessed for the risks that may arise due to a lack of market entry controls. Mitigation measures to prevent criminals from abusing these intermediaries do not exist.

The high level of cash is also facilitated by the options that people can make use of if they do not have a bank account or do not want to use one. The retailers can make bets and prize payments in cash to customers.

#### 7.4.9.6 Quality of Mitigation measures of casinos

Overall, the quality of mitigation measures for the Casino sector were assessed as **Low**.

#### **Comprehensiveness of AML/CTF Legal Framework**

Suriname has a comprehensive AML/CTF Legal Framework which sets out most of the requirements that countries need to comply with in this regard.

The key laws in this framework are:

- **Criminal Code:** In Suriname, the Criminal Code (OG 1911 no. 1, amended by S.B. 2022 no. 147, last amended by S.B. 2023 no. 133) forms the basis for criminalizing ML and TF. These laws also list the crimes that could potentially be predicate offenses for money laundering.
- **Law for Preventing and Combating Money Laundering and Terrorism Financing (WMTF):** this law sets out the international requirements for preventing and combating ML and TF.

The GCBS has also issued sector-specific guidelines in its role as prudential supervisor and in its role as integrity supervisor to provide the sector with a better understanding of the obligations established by the WMTF. However, deficiencies identified for the other sectors equally apply to the casino sector and the comprehensiveness of the AML/CTF framework is therefore assessed to be **Medium High**.

## **Availability and effectiveness of entry controls**

Casinos must be licensed by the President of the Republic of Suriname in accordance with articles 2 and 6 of the Hazard Games Act (O.G. 2023 no. 135)

The GCBS as the competent authority, responsible for the fit and proper testing of casinos has implemented the following measures:

An application for a casino license (including renewal) may be denied in accordance with Article 4, paragraph 1(d) of the Hazard Games Act (O.G. 2023 no. 135), if the environmental and background investigation, as referred to in paragraph 3, yields negative results. In article 11 paragraph 1 of the same act, there are provisions in which operation by a third party through a cooperation agreement, for example, an operator, is prohibited. Paragraph 2 of this article indicates that the transfer of a casino license or an online casino license can only take place with the express consent of the President, after obtaining advice of the GCBS.

Also, in accordance with paragraph 4, the licensee must seek the express and prior consent of the President for:

- acquiring a financial or other interest in the legal entity to which a casino license or an online casino license has been granted pursuant to this Act or in the operation of the casino.
- any changes in the persons holding management positions in the operation of the casino or in an online casino.

Currently, no fit and proper tests or checks on UBO's are being carried out. The State Decrees setting out further requirements for licensing have recently been approved by the Council of Ministers and the State Council and are currently awaiting approval by the President after which more requirements will be set for granting new licenses and renewals. The new requirements include provisions requiring applicants to submit information pertaining to UBOs, registered directors, source of funds, and financial reports of affiliated companies. Furthermore, foreign applicants will need to submit proof of good conduct. The GCBS will also be empowered to screen applicants against international databases under the new legislation.

This is assessed as **Low** for the purposes of the NRA.

## **Effectiveness of Supervision/oversight activities**

Based on the current legal framework, the GCBS has different supervisory tools based on legislation for conducting supervision. The supervisory authority and more specific the supervisory staff has the authority (not limited) to:

- request information they deem necessary for the performance of their duties.
- demand an opportunity to inspect books and other business records and data processed by automated means to the extent reasonably necessary for the performance of their duties.
- demand delivery of records and data, or capture for transcripts.
- subject equipment or parts thereof to inspection or examination and to take part for that purpose to the extent and for as long as necessary for the performance of their duties.
- access any place, other than a residence, to the extent reasonably necessary for the performance of their duties, gaining access with the aid of the strong arm if necessary.
- access to residences in which they may presume that acts in violation of legal provisions are being carried out.

- impose administrative sanctions.

The current knowledge and skills of the supervisory staff is still in the basic stages where more training is needed on how to conduct off-and onsite supervision based on risk. A manual was recently developed in which the supervisory staff is being trained. The lack of resources for carrying out the work and the shortage of personnel facing a large sector places a great strain on the GCBS's supervisory and monitoring task. As such, the GCBS conducts no real time monitoring to date. Further resources are needed for the GCBS to conduct this task effectively.

Furthermore, the GCBS does not have the authority to issue or revoke licenses, with only the President having such authority. This is a major deficiency in the GCBC's ability to effectively supervise the sector, as it is currently missing its fundamental ability to enforce its supervisory activities.

This variable was assessed as **Low**, due to the limitations in supervisory activity set out above.

### **Effectiveness of Suspicious Transaction Monitoring**

Statistics requested from FIUS show that to date, a total of 16 casinos are registered with FIUS. Considering the reporting behavior of the gaming sector, one casino and one lottery company reported unusual transactions in the year 2023. 19 objective reports were filed by the casino sector and one objective report by the lottery company. No subjective reports were received from casinos by the FIUS in 2023. This variable was assessed as **Low** for the reasons stated above.

### **Availability and Enforcement of Criminal Sanctions**

The Gaming Supervision and Control Act, the Hazard Games Act, the Penal Code and the WMTF all provide provisions regarding the possibilities of imposing criminal sanctions on service providers who do not comply. Criminal sanctions are imposed by the prosecuting authorities.

The prosecuting authorities can impose fines and choose to pursue criminal prosecution through imprisonment as per the Penal Code. No administrative or criminal sanctions have been enforced.

This variable was assessed as **Medium Low**.

### **Effectiveness of Compliance Function within the service providers:**

According to the SRA, 75% percent of the gambling providers have a compliance program and officer, but these programs are not in line with the current AML/CTF requirements in the legislation and are not aligned with risk, as no internal business risk assessment is being conducted. Furthermore, the potential risks for the institution based on their clients and product segment, patterns in their clients' transactions and cross-border transactions are not assessed by the service providers. Based on the different interviews conducted with the compliance officers there is still a lack of knowledge and expertise in this field. Interviews also showed that personnel are still not familiar with the role and function of the compliance function within the casinos. There has been no training conducted by the compliance officers for the personnel. The compliance officers are not subject to a fit and proper testing requirement because the relevant procedures and legislative document is still not finalized and in force. This variable is assessed as **Low** for the reasons set out above.

## 7.5 Legal persons and arrangements

### 7.5.1 Legal persons and arrangements

Suriname has commissioned a separate risk assessment covering the area of legal persons and legal arrangements in detail. A summary of the findings from this risk assessment has been included in this report.

#### 7.5.1.1 Overview

An overview of the types of legal persons that can currently be created in Suriname is provided in the tables below:

Table 42: Overview of Legal Persons in Suriname

Type of Legal Entity <sup>i</sup>	Registry	Relevant Competent Authorities	Primary Legislation
Limited Liability Company (LLC) — <i>Naamloze Vennootschap (NV)</i>	Trade Register	CCI Ministry of Economic Affairs (MEA)	Commercial Code, 1936 — <i>Wetboek van Koophandel, 1936</i> Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i>
Foundation — <i>Stichting</i>	Foundations Register (all foundations) Trade Register (foundations engaged in commercial activities—in addition to registration in the Foundations Register)	CCI MEA Ministry of Justice and Police	Foundations Act, 1968 — <i>Wet op Stichtingen, 1968</i> Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i> State Decree Foundations Register, 2013 — <i>Staatsbesluit Stichtingenregister, 2013</i>
Cooperative Associations — <i>Coöperatieve Verenigingen</i>	Trade Register	CCI MEA	Cooperative Associations Act, 1944 — <i>Wet Coöperatieve Verenigingen, 1944</i> Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i>
Association with legal personality — <i>Vereniging met rechtspersoonlijkheid</i>	Trade Register only if they engage in commercial activities, otherwise there is no registration of associations in any register	MEA CCI	Civil Code, 1859, Book 1, Title 8 — <i>Burgerlijk Wetboek, 1859, Boek 1, Titel 9</i> Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i>

Table 43: Overview of Entities without Legal Personality included in Suriname's Trade Register

Type of Entity	Registry	Relevant Competent Authorities	Legislation
General Partnership — <i>Vennootschap onder Firma (VOF)</i>	Trade Register	CCI MEA	Commercial Code, 1936 — <i>Wetboek van Koophandel, 1936</i> Civil Code, 1859, Book 1, Title 8 — <i>Burgerlijk Wetboek, 1859, Boek 1, Titel 8</i> Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i>
Limited Partnership — <i>Commanditaire Vennootschap</i>	Trade Register	CCI MEA	Commercial Code, 1936 — <i>Wetboek van Koophandel, 1936</i> Civil Code, 1859, Book 1, Title 8 — <i>Burgerlijk Wetboek, 1859, Boek 1, Titel 8</i> Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i>
Branches of Foreign Legal Persons — <i>Filialen van Buitenlandse Ondernemingen</i>	Trade Register	CCI MEA	Trade Register Act, 1936 — <i>Handelsregisterwet, 1936</i>

#### 7.5.1.2 Overall Vulnerability of legal persons

The overall vulnerability assessment of legal persons consists of two elements:

- Assessment of the attractiveness of Suriname as a center for incorporation, registration and creation of LPs, primarily for non-residents.
- Assessment of the strength of the mitigation measures in place to minimize the ML risks of abuse of LPs. Mitigation measures scored medium-low.

Overall, the vulnerability in the context of the legal persons is rated as **High**.

#### 7.5.1.3 Attractiveness to non-residents

Suriname's attractiveness to non-residents is rated as **Medium-high**.

The offshore industry in Suriname is currently expanding, with several construction projects underway. The major drivers behind the construction of these new projects in Suriname's offshore industry are the significant oil discoveries, which have attracted the attention of global oil and gas companies. The construction of production facilities and infrastructure is set to create job opportunities and stimulate economic growth in Suriname, including through foreign direct investment.

The government of Suriname has been proactive in attracting foreign investment and creating an enabling environment for the offshore industry. They have implemented favorable fiscal policies and established petroleum regulations to incentivize exploration and production activities. These initiatives have helped to build confidence among foreign investors and fostered a conducive environment for projects to move forward smoothly. This growth is expected to have a transformative impact on the economy, creating job opportunities, attracting further foreign investment, including outside the offshore industry, and boosting government revenues.



More generally, Suriname has taken significant steps to create a conducive business environment and the government has implemented investor-friendly policies, including tax incentives for certain sectors, is working on the streamlining of bureaucracy, and a focus on economic diversification. Foreign investors can benefit from both tax and non-tax-based incentives. Suriname's commitment to promoting foreign investment makes it also an attractive destination for business processing outsourcing. Foreign and domestic natural and legal persons can create and own legal persons in Suriname and engage in all forms of remunerative activity. There are no general limits on foreign ownership or control – statutory, de facto, or otherwise. No law requires that domestic nationals own a minimum percentage of domestic companies or that foreign nationals hold seats on the board. No law caps or reduces the percentage of foreign ownership of any private business entity.

The authorities indicate that there is no activity sector specifically focusing on delivering company services, but law firms and other unregulated firms (such as investment firms) actively advertise company formation services, including for non-residents. However, Suriname does not qualify as an international company formation center.

#### 7.5.1.4 Quality of Mitigation Measures

The effectiveness of Suriname's mitigation measures to protect against the abuse of LPs for ML/TF purposes is rated as **Low**. The reasons for this rating are summarized below:

##### 7.5.1.4.1 Trade and Foundations Registers

Articles 1 and 2 of the Trade Register Act require sole proprietorships [except for agricultural sole proprietorships and proprietorships owned by minors who have been declared legally competent by a judge] as well as LLCs to be registered in the *Trade Register*. Other types of legal persons incorporated under private law (i.e., foundations and associations) are only registered in the Trade register if they engage in commercial activities. General and Limited Partnerships and branches of foreign LPs do not have legal personality in Suriname but are subject to registration in the Trade Register.

Article 9 of the Foundations Act imposes a requirement on all foundations, regardless of the nature of their activities, to file a registration in the *Foundations Register*. When a foundation engages in commercial activities (i.e., less than 2% of all foundations in Suriname), a registration in the Trade Register is required, in addition to the registration in the Foundations Register. Table 43 provide an overview of all types of entities in the Trade and Foundations Registers. Both the Trade and Foundations Registers are maintained by the CCI, and basic information recorded in these registers can be accessed free of charge by competent authorities and the public. Authenticated duplicates and summaries of both registers can be obtained by the public upon payment of a fee.

Legal persons incorporated under public law are not subject to any registration obligation and no information is publicly available.

Registration in the Trade Register takes place based on a notarial deed or a private deed. The general public may make use of a private deed for the creation of LLCs and cooperatives on the condition that they use model statutes issued by Ministerial Decree. However, while a private deed can also be used for the creation of a legal person under private law by the State, there is no requirement to use any model statutes.

For LPs created under private law, the following basic information is included in the Trade Register: the name of the LP (or entity without legal personality), the proof of incorporation, the legal form and status, the address of the registered office, a list of directors and where applicable managers and supervisory board members. Information on the basic regulating powers is not specifically included in the Trade Register but could nevertheless be on record with the CCI as part of the notarial or private deed.

Information in the Trade Register is limited to legal ownership and does not extend to beneficial ownership.

The Foundations Act requires foundations to submit the following information for inclusion in the Foundations Register: the name of the foundation, the proof of incorporation (a copy of the [notarial] deed<sup>i</sup>), the legal form and status, and a list of the founding and board members (if different from the founding members). If a director is appointed by the board with a power of attorney or if there is a supervisory board in place, then this information is also registered. Information on basic regulating powers is not recorded in the Foundations Register but should, in principle, be on record with the CCI as part of the deed, except if the foundation is set up by the State. Information in the Foundations Register is limited to the information mentioned above and does not extend to beneficial ownership.

#### 7.5.1.4.2 Measures to Ensure that Data are Adequate, Accurate and Up to date

The CCI does not implement measures to ensure that data included in the Trade and Foundations Registers are adequate, accurate and up to date, as required by the FATF Standards. The CCI's Secretary has the power to request, at most once a year, a written statement from those entities included in the Trade and Foundations Registers regarding the correctness and completeness of the information on record. While the CCI indicated that this power has occasionally been used in the past, the authorities did not provide evidence that this power is adequately implemented. This implies that it cannot be established that the publicly available information is adequate, accurate and up to date.

#### 7.5.1.4.3 Sanctions/Fines and Strike off from the Registers

Article 24 of the Trade Register Act contains sanctions and fines for any person who does not comply with his legal obligation to submit a statement for registration in the Trade Register. However, the MER concluded that these sanctions are not effective nor proportionate or dissuasive. In addition, it is not clear whether these sanctions and fines can be imposed for failure to comply with the legal obligation to inform the CCI about any changes in previously filed basic information. There is no evidence that the current sanctioning powers are being implemented.

The CCI's Secretary has the power to strike-off legal persons (and entities without legal personality) from the Trade Register if the registration was wrongly made, or the data submitted are/become incorrect, incomplete, or contrary to public order or morality. However, the legally required process to be followed obliges the CCI's Secretary to file, on a case-by-case basis, a written request to the Trade Register Committee, which is an independent appeal body established and appointed by the Minister of Economic Affairs in consultation with the CCI. The MER identified that the prescribed process hinders the effective implementation of the CCI's power.

While during the period 2019 to 2023, four LLCs, 3 foundations, 273 general partnerships and 82 branches of foreign legal persons were removed from the Trade Register, these removals were exclusively made at the request of the entities themselves. No foundations were removed from the Foundations Register. There are therefore no accurate figures regarding the number of LPs and other types of entities included in the Trade and Foundations Registers that are still active and currently operating in Suriname nor can it be ensured that the basic information included in the public registers is adequate, accurate and up to date.

#### 7.5.1.4.4 Adequacy of Resources

The CCI is an LP incorporated under public law (a so-called LP *sui generis*). A Board of eight members oversees the functioning of the CCI. The Board is assisted by a Secretary who is responsible for the CCI's

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<sup>i</sup> A notarial deed is not required if the State incorporates a foundation.

daily management. Board members are nominated for a period of four years following a formal election process.

The CCI has nine offices, including a head office and two additional offices in Paramaribo and six local offices. The head office in Paramaribo is designated to deliver extracts from the Trade and Foundations Registers and copies of articles of association. All offices have online access to the Trade and Foundations Registers and can enter and consult information directly. However, information in these registers is currently not electronically accessible by competent authorities and the public, including FIs and DNFBPs, nor can requests for information be formulated online or extracts be paid in advance<sup>i</sup>. Competent authorities can currently obtain information upon sending a written request. The CCI has a total of 20 staff members who are directly involved in the registration of LPs and entities without legal personality, of which six are assigned to the head office in Paramaribo. In addition to the registration in the Trade and Foundations Registers, these staff members are also tasked to ensure that any reported changes are duly recorded in both Registers. Considering the large number of LPs and other entities included in the Trade and Foundations Registers, the number of staff is clearly insufficient. This is reflected in the absence of a pro-active mechanism to ensure that the data entered in both registers are still adequate, accurate and up to date.

#### 7.5.1.4.5 Quality of controls against opaque structures

##### 7.5.1.4.5.1 Bearer Shares

Suriname abolished the bearer share regime for LLCs through an amendment to the Commercial Code in July 2016. LLCs which previously issued bearer shares (warrants) and the holders of these bearer shares (warrants) were given a transitional period of three years to convert the bearer shares (warrants) into registered shares. The conversion required a change in the statutes of the LLC which, according to the authorities, occurred at the first transaction following the enactment in July 2016 which required the intervention of a notary, or when updated statutes had to be presented to banks who require these for onboarding and ongoing CDD purposes.

Bearer shares that had not been converted into registered shares by the end of the transition period were automatically converted by the operation of the law in 2019. However, practical experience from authorities shows that there are still a relative important number of LLCs which have not yet changed their statutes or whose shareholders did not take any action to have their names registered in the shareholders register. This constitutes a serious impediment in ensuring transparency of LPs in Suriname and prompted the authorities to add a transitional provision in the draft New Civil Code, which was discussed by Parliament at the time of drafting this report.

##### 7.5.1.4.5.2 Nominee Shareholders and Directors

Suriname does not have any measures in place to prevent the misuse of nominee shareholders and directors. The authorities indicate that while not a common practice anymore, this service is still being offered by some notaries and lawyers. Prior to amendments to the Commercial Code in 2016, the process for setting up LLCs was quite lengthy and both notaries and lawyers offered “off the shelf” LLCs, including nominee services. Notaries reported that “off the shelf” LLCs and nominee services still exist but have become clearly less important.

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<sup>i</sup> Competent authorities can obtain information free of charge but the general public, including FIs and DNFBPs, have to pay a fee.

#### 7.5.1.4.6 Implementation of CDD measures

##### 7.5.1.4.6.1 Required CDD measures

FIs and DNFBPs are subject to the CDD requirements contained in the WMTF. The CDD requirements include the obligation to identify the UBO and to take reasonable measures to verify the identity of the UBO (FATF Methodology, R.10, criterion 10.5). There is also a requirement to identify a domestic legal entity (with or without legal personality—cf. above) based on a certified extract from the Trade Register or a notarial deed. For customers that are legal persons or legal arrangements, FIs and DNFBPs should also understand the nature of the customer's business and its ownership and control structure (WMTF, art. 7, 2b—FATF Methodology, R.10, criterion 10.8). The AML/CTF Law does however not contain measures to satisfy the additional BO requirements to be applied to legal persons and arrangements set out in criteria 10.10 and 10.11 of the FATF Methodology, and according to the mutual evaluation follow-up report (FUR) of Suriname published by CFATF in October 2023, Suriname's CDD measures are still at a level of Partially Compliant. We understand that the specific requirements for criteria 10.10 and 10.11 have been addressed in a recent (2024) amendment to the WMTF 2022, however, this amendment has not been published at the time of writing. While article 11.3 of the WMTF specifies that further instructions for conducting CDD can be set out in a State Decree, such Decree has not yet been issued and the authorities remain of the view that this is not required to ensure adequate implementation of the BO requirements. In April 2024, the Central Bank of Suriname issued enforceable Directives for FIs to assist with the implementation of the in 2022 adopted CDD measures, which also addressed some of the remaining deficiencies identified in the FUR. In July 2021, the FIUS issued guidance for DNFBPs, but this guidance has not been updated since the WMTF. While the 2021 guidance contained some elements of an RBA, the WMTF, which came into force in 2022, places an increased focus on the application of an RBA.

##### 7.5.1.4.6.2 Implementation of CDD measures by Financial Institutions and Designated Non-Financial Businesses and Professions

See FI and DNFBP vulnerability assessments in sections 7.3 and 7.4, respectively; above.

##### 7.5.1.4.6.3 Quality of Regulation and Supervision

See section 7.1.2 on risk-based supervisory activity above.

##### 7.5.1.4.6.4 Supervision of the Implementation of Targeted Financial Sanctions

The Council on International Sanctions was appointed in November 2021. It has responsibility for communicating decisions on designations (UNSCR 1267 and its successor resolutions) to competent authorities and private sector entities, issuing guidance for implementation, and supervising FIs and DNFBPs for compliance with their Targeted Financial Sanctions (TFS) obligations. However, while the Council had started preparing for these activities, no actual implementation had taken place. This is an important shortcoming considering international typologies which point to the abuse of LPs to circumvent TFS.

#### 7.5.1.5 Observations relating to specific types of LP

The LPRA provided relative scoring of the ML/TF risks for various legal persons in Suriname, which are set out in Table 44 below. Based on volume, foundations are the most important types of legal persons in Suriname, followed by LLCs. They both present a high level of vulnerabilities while the level of mitigation measures in place is assessed to be low.

Table 44: Risk Assessment of various legal persons in Suriname

<b>Type of Legal Person</b>	<b>ML Risk</b>	<b>TF Risk</b>	<b>Summary of reason</b>
LLC	High	Medium High	High level of vulnerabilities for misuse and low level of mitigation measures.
Foundation	High	Medium	High level of vulnerabilities for misuse and low level of mitigation measures.
Cooperative Association	Medium	Medium Low	Limited number of active entities
Association with legal personality	Medium	Medium Low	Limited number of active entities
Association without legal personality	Medium High	High	Lack of sufficient data to make a robust assessment of the risks, however, they are involved in a wide range of activities and there is a low level of mitigation measures.
GP and LP	Medium High	Medium	Concentrated in high-risk sectors, low level of mitigation measures
Branches of a Foreign Legal Person	High	Medium High	

## 8 TF & PF risks

### 8.1 Terrorism Financing Risk Assessment

Under FATF Recommendation 1, Suriname is required to demonstrate an understanding of its risks related to terrorism financing (“TF”), and under FATF Recommendation 6, it is required to implement targeted financial sanctions (“TFS”) related to TF and measures to allow it to freeze without delay the funds or other assets of, and to ensure that no funds or other assets are made available to, or for the benefit of, any person or entity considered a terrorist or a terrorist organization. The TF risk was determined as low in NRA 1.0, which was consistent with the limited number of cases (two prosecutions for participation in a Terrorist Organization). However, the MER of 2023 concluded that Suriname had a very limited understanding of its TF risk.

The overall risk assessment of the impact on Suriname of the TF threats and vulnerabilities described below is assessed as **Medium High**. Although there is no history of TF investigations or prosecutions in the jurisdiction, Suriname is exposed to threats of TF resulting from the links between organized crime groups involved in predicate offense for ML (particularly cross border drug trafficking) and terrorist organizations who control the drug trade. There are significant vulnerabilities arising from Suriname’s weak border controls, the importance of the informal financial sector (including physical cash, formal and informal money transfer services, illegal gold mining and virtual assets) and the considerable impact of cross border smuggling activities including the illegal drug trade and its indirect links to terrorist organizations. These significant inherent vulnerabilities, in combination with the fact that Suriname’s CTF measures are at the early stages of implementation, and there is no effective supervision of the implementation of TFS for non-bank FIs and DNFBPs which has resulted in a conclusion of Medium High TF risk, and is explained in further detail below.

#### 8.1.1 Methodology

Work on the TF risk assessment commenced during Q4 of 2023, and was completed in Q2 of 2024. Data covering the period from 2019 to 2023 was reviewed.

The methodology utilized for the terrorism financing risk assessment was the World Bank Risk Assessment Tool for TF (last updated on November 2022). During the risk assessment, it became apparent TF has not been a major focus area until the end of the review period (i.e. the second quarter of 2024). As such, for most of the review period, there was minimal focus (including policies and procedures, laws and regulations, data gathering and analysis, supervisory activities or enforcement) in this area. Furthermore, the data that was collected (from end of 2023 onwards) was not sufficiently detailed to allow for thorough analysis. Consequently, the World Bank Risk Assessment Tool was tailored to be suitable for use within the context of Suriname.

The assessment concluded that an absence of data does not necessarily translate to an absence of threats. As such, the assessment has relied on research and discussions with various competent authorities who are involved in the detection, monitoring, investigation, prosecution and supervision of terrorism and TF activities in Suriname: Directorate National Security (“DNV”); Customs and Border control; CBvS; FIUS; Council of International Sanctions (RIS); OM, KPS, GCBS, Ministry of Foreign Affairs and the Ministry of Internal Affairs. The assessment also relied on input from members of the private and non-profit sectors in Suriname (Surinamese Bankers Association, and sector representatives of NPOs (religious organizations)).

A TF specific survey was sent to the banking sector. 7 banks provided responses to this survey.

### 8.1.2 Background

There are two primary sources of funding for terrorist activities. The first concerns financial support to countries, organizations or individuals. The other involves a wide variety of revenue-generating activities, some of which are illegal, including smuggling and credit card fraud. TF shares many of the characteristics of ML, but can also involve some legitimate financial funds and usually involve smaller amounts.

For most of the period under review, Suriname has not had any coordinated framework in place by which it assesses its own terror alert level. Therefore, for much of the period under review, the country’s understanding of its own terrorism threat has been low. However, since July 2023, the Directorate of National Security (“DNV”) has been informally assessing Suriname’s terrorism alert level by means of monthly verbal updates with various relevant agencies.

According to the DNV, the terror alert level in Suriname has been “Low” for all months between [July 2023] and January 2024, except for November 2023, where the terror alert level was raised to “Medium” because of the actions of an individual (see case study 8).

The DNV is currently in the process of formalizing this process by establishing a task force in Q1 of 2024 to align various stakeholders, including the Ministry of Justice and Police, LEAs, fire services, Ministry of Defense and its own department on possible terror threats faced by Suriname. At the time of the assessment, this task force was not fully operational.

Suriname is not rated (N/A) on the Global Terrorism Index, which is a global five year weighted average measure made up of four indicators (incidents, fatalities, injuries and hostages). Although the reason for the N/A rating is not clear, it is assumed that a rating was not provided as there was insufficient data to compile a five-year weighted average.

The Surinamese authorities provided updated statistics for the period between 2019 and 2023 (see Table 45). These statistics show that the overall level of terrorism/terrorism financing investigations, prosecutions and convictions is low (with only 2 convictions in 2019), with no increase noted since NRA 1.0 was conducted. However, the low number of cases is not reflective of the actual threat level, as activity was not directed at identifying TF threats in the past. Therefore, the reliability of this indicator for threat is limited, and has been supplemented with other sources as set out below.

Table 45: Terrorism/TF related statistics<sup>i</sup>

Description	2019	2020	2021	2022	2023
Number of terrorism/TF related UTRs	0	0	0	0	0
Number of terrorism/TF related investigations	0	0	0	0	0
Number of terrorism/TF related prosecutions	0	0	0	0	0
Number of terrorism/TF related convictions	2 <sup>ii</sup>	0	0	0	0
Number of terrorism/TF related cases with the involvement of an NPO	0	0	0	0	0

A number of other factors that may indicate the presence of TF threats in the subsections below:

<sup>i</sup> Source: Data provided by FIUS, KPS, OM

<sup>ii</sup> Prosecution for this case happened in 2018, but the conviction happened in 2019.



### 8.1.3 Legal, supervisory and law enforcement framework

Suriname has acceded to the International Convention for the Suppression of the Financing of Terrorism. Terrorism is an offence in Surinamese law, and Suriname has recently also amended its legislation on criminalizing terrorism financing under the new title XXXII of the Penal Code, which came into effect on 5 September 2023<sup>i</sup> in line with international standards (see 7.1.1.2).

Under the current (2016) Law of International Sanctions, the Council of International Sanctions is responsible for the supervision and enforcement of targeted financial sanctions (“TFS”) related to terrorism financing. However, at the time of conducting this assessment, the Council of International Sanctions had not yet started its supervision of TFS implementation. Under the updated regulation (dated August 2024), this will be changed as follows:

- The Council of International Sanctions will be responsible for the enforcement of TF related TFS;
- The CBvS will be responsible for the supervision of CTF obligations for the financial sector;
- The FIUS will be responsible for the supervision of CTF obligations for the DNFBP sector (excluding the Gaming Sector); and,
- The GCBF will be responsible for the supervision of CTF obligations for the Gaming Sector.

### 8.1.4 TF Threats

The following types of terrorist organizations and individuals were considered for the assessment of the TF threat:

- Those designated on the basis of UN Security Council (“UNSC”) Resolution 1267 and its successor Resolutions;
- Those designated at the country level on the basis of UNSC Resolution 1373 (although Suriname has none);
- Foreign terrorist fighters and their facilitators;
- Self-acting individual terrorists; and,
- Entities and individuals involved in the financing of terrorist organizations and individuals.

**Threat actors designated by the UNSC Resolutions:** Al-Qaida, the Taliban and the Islamic State (ISIL) have been designated as terrorist threat actors by the UN Security Council.<sup>ii</sup> Based on its current monitoring of the threat level, the DNV has not identified any information that suggests the involvement of Surinamese nationals in foreign insurgent groups, or the activity of any of these entities within Suriname. No such activity was identified in public records research.

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<sup>i</sup> “Wetboek van Strafrecht” last amended SB 2022 no 147.

<sup>ii</sup> Under Chapter VII of the Charter of the UN including in accordance with resolution 1267 (1999) and its successor resolutions.



However, one instance of individuals supporting ISIS through financial means, as well as propagating its ideology to the Surinamese public, was identified during the review period (see Case study below)<sup>i</sup>. This case was also included in the statistics provided by KPS (see Table 45).

*Case study 8: Participation in a Terrorist Organization:*

In 2018, the police launched an investigation into two brothers, Person A and Person B, for suspected involvement in the terror group, Islamic State. Both were Dutch nationals, working in Paramaribo, Suriname for their father's butcher shop. In June of 2019, one of the brothers was convicted of a two-year jail term for several terror-related offenses that included financially assisting a Surinamese national in travelling to Syria, possession of an illegal firearm, and encouraging the Surinamese public to support ISIS by both financial means and taking up arms. His brother was not charged due to a lack of evidence. Following the release of Person A after his two-year sentence, he was immediately deported to the Netherlands.

**Other threat actors designated by Suriname:** Under part ii) of FATF R.6 countries should implement TFS on persons or entities that the country itself has designated pursuant to resolution 1373 (2001) of the UN Security Council. Suriname has not made any such designations.

**Proximity to jurisdictions with a high risk of terrorism/TF:** The assessment has considered potential threats arising from Suriname's neighbors. This includes threats from immediate neighbors (Brazil, Guyana and French Guyana), and threats from countries in close proximity (Venezuela and Colombia and others). Based on historical information, and according to the information gathered by the security agencies, it has been determined by the Surinamese authorities consider that there is currently no active inbound terrorism threat to Suriname from any of Suriname's neighboring countries. However, based on the analysis conducted in this assessment, the TF threat in Suriname is not linked to terrorism acts carried out within the country, but rather to proceeds from the drug trade and other illegal cross border activities (as set out below), and therefore the terrorism threat is not considered the main indicator for TF threat.

Suriname has not conducted a detailed analysis of TF threats to date. Furthermore, reliable third-party reporting indicates there is a history of active terrorism in some of these jurisdictions - an overview is provided below:

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<sup>i</sup> This case study was also referenced in the MER (Box 3.6).

Table 46: Overview of terrorism threats in neighboring / close proximity jurisdictions

Country	Analysis	Potentially higher risk for TF?
Colombia	Declared a Safe Haven jurisdiction by the US Dept of State (2021) <sup>iii</sup> Rated as “High Impact” on the Global Terrorism Index of 2023 (“GTI 2023”) <sup>iii</sup> Colombia experienced 76 terrorist acts and 71 deaths from terrorist attacks in 2021 (the latest period for which data was available) <sup>iv</sup>	Yes
Venezuela	Declared a Safe Haven jurisdiction by the US Dept of State (2021) <sup>v</sup> Rated as “Low Impact” on the Global Terrorism Index of 2023 (“GTI 2023”), but rated as “Medium” in 2019, 2020 and 2022. Venezuela experienced 14 deaths from 12 terrorist attacks in 2021 (the last year for which data was available) <sup>vi</sup>	Yes
Guyana	“No impact of terrorism” in the GTI 2023	No
French Guyana	“Medium Impact of terrorism” (rated as an overseas territory of France)	No
Brazil	“Very Low Impact of terrorism” in the GTI 2023.	No
Chile	Rated as 5.5 or above in 2023 Global Terrorism Index Observed a large deterioration in score in GTI 2023	Yes
Ecuador	Observed a large deterioration in score in GTI 2023	Yes
Trinidad and Tobago	Has fallen from “Very Low” in 2019 and 2020 to “No impact” in 2022 and 2023 according to the GTI.	No

As set out in section 6.2.2, drug trafficking by Colombian and Venezuelan drug cartels through Suriname is extensive, and drug trafficking was identified as one of the six main ML threats to Suriname. Furthermore, Table 7 sets out the drug shipments seized by KPS between 2019 and 2023 and Table 8 sets out the number of drug trafficking related prosecutions. This does not mean that the risk of TF is considered to be equal to the risk of drug trafficking. However, there is a likelihood that some of the proceeds of drugs trafficking may help to fund terrorist organizations in neighboring countries. This is evidenced by identified links between the drug cartels operating from and through Colombia and Venezuela and terrorist groups (including FARC and ELN) which have been reported on in the international media.

Suriname was assessed as a high-risk country in the Trinidad and Tobago TF risk assessment of 2016. This is not considered to be relevant to Suriname’s TF risk assessment for the purposes of NRA 2.0.

<sup>i</sup> Paragraph 2 c) states: “all States shall ... Deny safe haven to those who finance, plan, support or commit terrorist acts, or provide safe havens;...” – UNSCR 1373 (2001) adopted by the Security Council at its 4385<sup>th</sup> meeting on 28 September 2001.

<sup>ii</sup> <https://www.state.gov/reports/country-reports-on-terrorism-2021/#:~:text=Terrorist%20safe%20havens%20described%20in,%2C%20political%20will%2C%20or%20both.>

<sup>iii</sup> Global Terrorism Index is an annual report measuring the impact of terrorism published by the Institute for Economics and Peace. At the time of writing, 2023 was the latest available report. Colombia was rated as “High” in 2020 and 2022, and as “Medium” in 2019.

<sup>iv</sup> This data was obtained from <https://ourworldindata.org/terrorism>, a website that aggregates worldwide data around terrorist attacks and deaths from terrorist activities.

<sup>v</sup> <https://www.state.gov/reports/country-reports-on-terrorism-2021/#:~:text=Terrorist%20safe%20havens%20described%20in,%2C%20political%20will%2C%20or%20both.>

<sup>vi</sup> This data was obtained from <https://ourworldindata.org/terrorism>, a website that aggregates worldwide data around terrorist attacks and deaths from terrorist activities.

**Self-acting individuals involved in terrorist activity:** The only data provided by the Suriname authorities related to self-acting individuals related to one individual who was considered as a lone wolf (see case study 9 below). The activity was identified by the security agencies, and the terror alert level was temporarily raised to “Medium” as a result, and subsequently lowered to “Low” following the individual’s questioning.

*Case study 9: “Lone wolf” actor*

An individual with Islamic extremist ideology was identified as posting alarming messages on social media related to “non-believers” / “infidels”. The messages were brought to the attention of the competent authorities. The suspect was monitored and questioned in late 2023 following one and a half years of surveillance. The suspect was arrested on 13 November 2023 and convicted on February 23, 2024, to a 3-year unconditional prison sentence for incitement to terrorism and threats of terrorism or attempted terrorism. The suspect also had to forfeit a hand grenade in his possession.

**Other indicators of TF threats:**

*Funding:* The assessment has analyzed fund flow patterns between Suriname and other jurisdictions provided by the CBvS. No transactions between Suriname and potentially high-risk TF jurisdictions (see Table 46) were included in the Top 30 jurisdictions by amount. However, Chile, Colombia and Venezuela were included in Table 46 and had some transfers with Suriname via MTOs.

The banks reported that in their view, the main sources of funding for terrorist organizations comprised donations, kidnapping for ransom and funding via NPOs, although there is no case evidence to support this due to the lack of terrorism and TF financing cases in Suriname.

However, TF may well be primarily conducted through cash and the informal economy, so this indicator is more limited.

*Travel pattern data:* Available travel pattern data could not be analyzed to determine whether there was evidence of Surinamese nationals traveling to or from high-risk jurisdictions. Suriname has been collecting travel pattern data since the beginning of 2024, with reference to potentially high-risk individuals (for example Interpol red lists, or individuals suspected of illegal migration, drugs trafficking or human trafficking etc.). However, the travel pattern data that was collected, did not indicate travel on the basis of jurisdiction (this was not readily available in the system) and therefore travel pattern data showing individuals travelling between Suriname and high-risk jurisdictions could not be analyzed.

*Jurisdictions of shareholders of legal persons:* Based on the basic information held by the CCI on non-resident shareholders, none of the high-risk jurisdictions appear in the top 5 nationalities of shareholders, indicating that there are not a significant number of Surinamese legal persons with foreign shareholders. However, this information is not fully reliable, especially since basic information held by the CCI is not regularly updated and might therefore not be adequate and accurate. In addition, the information held by the CCI does not extend to BOs (cf. section 7.2.1 above).

*Unusual transaction reports:* As set out in Table 45 above, no TF related UTRs have been reported during the review period. No requests for assistance from foreign FIUs relating to TF were received.

*Import/export of goods or other trading activity:* Suriname is not an international trade finance or shipping center. It is not involved in the production of strategic goods or services and does not produce dual use goods. The banks reported that in their view, Suriname was mostly a transit point for TF. As set out above however, Suriname’s role as a transit point for TF is mainly related to links to the drug trade / other illegal activity.

Both gold and timber are strategically important trading commodities for Suriname, and illegal gold mining and illegal timber trade were both identified as high ML threats to Suriname (see section 6). The OAS report on the gold sector set out that gold, because of its nature of its small size, portability, and lack of oversight for its purchasing, sales, and export, can be attractive for TF. The report furthermore highlighted that several Brazilian criminal groups are involved in small-scale mining operations in Suriname's interior. Involvement in organized crime increases the potential that regional terrorist groups become involved in and financially benefit from Suriname's gold sector.

**TF threats – Conclusion:** Based on the considerations set out above, and using the World Bank's Terrorism Financing National Threat Assessment Tool, the overall Terrorism Financing threat is assessed as **Medium**. This is based on Suriname's proximity and exposure to jurisdictions with a high risk of terrorist activity and links between the drug cartels, organized crime groups and terrorist organizations in these jurisdictions (as set out above).

## 8.1.5 TF vulnerabilities

### 8.1.5.1 Inherent vulnerabilities

Suriname has a high vulnerability to exploitation by the above threat actors due to a number of structural and other factors that exist. These vulnerabilities can be exploited by terrorist organizations to move cash or items of value into or out of Suriname with the purpose of financing designated terror organizations or individuals.

**Cash-based and informal economy:** As detailed in section 5 a significant part of Suriname's economy is informal and/or cash based, which means that transactions are difficult to identify and trace. Furthermore, as set out in section 8.1.4, much of TF activity is likely to occur through cash transactions / the informal economy and linked to the drugs trade.

**Porous borders:** As set out in the context (section 5), Suriname has long land borders with Guyana, French Guyana and Brazil. Most of these borders are located in areas that are remote and not densely populated, and there are few border controls to prevent people, money and other assets that can be used to finance terrorism entering or exiting the country.

**Proximity to jurisdictions with terrorism acts:** Suriname's geographic location as a transit for the drug trade between Colombia / Venezuela and Europe, and the links between organized crime networks involved in the drug trade and terrorist organizations, as well as its proximity to jurisdictions that experienced acts of terrorism, makes it inherently vulnerable to TF.

### 8.1.5.2 Quality of mitigation measures

Overall, the quality of CTF mitigation measures in Suriname is rated as **Low**. Although Suriname's legal and regulatory framework for TFS is present, it also presents some remaining deficiencies, although the authorities confirmed that these deficiencies were addressed in the updated sanctions law (August 2024) which was not finalized until after the date of this report. Furthermore, supervisory activities and the implementation of CTF related controls by service providers, other than in the banking sector, are low.

**Implementation and enforcement of TFS:** The Council of International Sanctions ("RIS") has been designated as the body responsible for the implementation and enforcement of Targeted Financial Sanctions ("TFS") in relation to terrorism financing. Suriname has designated sanctions against Al Qaida, ISIS and the Taliban, although these are not currently "without delay" as required under FATF R6. It has not considered any designations of TFS under UNSCR 1373.

With regard to implementation of TFS, the RIS does not have a statutory duty or a mechanism in place to ensure that TFS are implemented “without delay”. The current sanctions law<sup>i</sup> allows for significant time between updates to the UNSCR1267 lists and informing service providers of these changes. As at the date of fieldwork for this assessment, the RIS’s website was not yet operational while its development had started long before. In the interim, RIS planned an alternative system for updating service providers of changes to the UNSCR lists (an email distribution list) but this alternative mechanism was not yet operational either.

**Effectiveness of Supervision:** Currently, there is limited effective supervisory action in relation to CTF measures, including TFS, within Suriname. The RIS is currently designated for TFS supervision of all service providers. However, the RIS is insufficiently resourced to undertake this task, and as such, has not undertaken any supervisory activities during the assessment period.

As set out above, the new draft legislation, which seeks to take away the TFS-related supervisory responsibilities from the RIS and to allocate to them the existing supervisors designated under article 38 of the WMTF. With the exception of the CBvS for the banking sector, the supervisory responsibilities currently undertaken by the other existing regulators is limited, resulting in an overall limited level of effective supervision of CTF measures. The CBvS has stated that it already verifies TFS implementation in practice, and that it has included some TFS-related measures in its recently issued Directives and its supervisory manuals, which have only recently been implemented. Effective implementation could therefore not yet be tested.

As per the AML/CTF manuals referred to above, the CBvS has provided a list of high-risk jurisdictions for AML/CTF purposes, which is a duplication of the FATF’ black and grey lists. No TF specific risks or sector specific factors have been taken into account in the development of this list.

**CTF controls implemented by and level of awareness of service providers:** Overall, the banking sector has the most mature CTF internal controls framework. It has been observed that the banking sector has implemented CTF controls as follows:

6 out of the 7 banks surveyed indicated that they make use of terrorism watch lists (such as those provided by databases such as Worldcheck) during their customer acceptance procedure. Of these, one bank reported a match against the terrorism watch list during the onboarding process and the account was not opened. As set out in Table 46 (Table 45). These statistics show that the overall level of terrorism/terrorism financing investigations, prosecutions and convictions is low (with only 2 convictions in 2019), with no increase noted since NRA 1.0 was conducted. However, the low number of cases is not reflective of the actual threat level, as activity was not directed at identifying TF threats in the past. Therefore, the reliability of this indicator for threat is limited, and has been supplemented with other sources as set out below.

- , the FIUS has not received any TF related reports;
- CTF related CDD checks include FATF black and grey list, various international sanctions lists;
- 3 out of 7 banks surveyed conducted a TF risk assessment within the last 12 months and 4 out of 7 banks indicated that their product risk assessment included CTF factors. The banks indicated that CTF factors were linked to AML factors, and included as examples transparency of UBO information, cross border use etc., although some banks included factors such as attractiveness for TF, usage in countries of high risk for TF;

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<sup>i</sup> Suriname recently commissioned a gap analysis on its TFS framework and is currently in the process of drafting a new Sanctions Law, which seeks to remediate these gaps identified, in order to obtain a re-rating on FATF Recommendation 6. The new sanctions law was dated August 2024, after the date of writing of this report.

- In responses to the survey, 3 banks reported a moderate understanding of TF risks, one bank reported a low level of understanding of TF risks and one bank reported a high level of understanding of TF risks, which shows there is more to be done to raise the awareness of TF risks, even in the banking sector; and,
- 4 out of 7 banks reported a moderate ability to respond to TF risks, and one bank reported a high ability to respond to TF risks.

As set out in the in section 7.3, there is a lack of overall awareness of CTF controls and awareness of CTF related reporting obligations for other financial sector service providers. For example, the SRAs for the insurance sector and Exchange Offices indicated that investment in sanctions databases and awareness of staff around sanctions lists should be improved. As set out in the vulnerabilities section 7.4 for DNFBPs, the overall quality of mitigation measures for DNFBPs is low. Based on the limited CTF supervision in place (as above), the effectiveness of implementation of CTF controls by service providers could not be adequately tested.

**NPO's** are considered high risk for TF purposes by the CBvS, as stated in the Directives issued in April 2024. NPOs are therefore subject to EDD, however, detailed information about their structure is not readily available to service providers. Based on interviews with stakeholders, NPOs could either be incorporated as Foundations<sup>i</sup> (the assessment indicates that approximately 5% of Foundations are Charitable Foundations, and the majority are used for investment purposes) or as Associations without Legal Personality. As set out in Table 44, Foundations are assessed as having a Medium risk for TF (although this risk score is for foundations overall, and not just charitable foundations) and Associations without legal personality are assessed as having a high risk for TF.

The assessment further highlights that information about activity sectors is not accessible, accurate and up to date. However, based on discussions with sector representatives, a large portion of the NPOs active in Suriname do not have legal personality, as they are incorporated as associations without legal personality, and there is thus no data available around these entities and their activities, which means that it is likely that the majority of NPOs have no registration requirement and there is no information around these NPOS. It has therefore not been possible to identify the sub-set of NPOs at risk of TF as per FATF requirements based on the limitations in available data. Based on discussions with a sample of sector representatives and religious organizations, they do not operate outside of Suriname, particularly as exchange rates make it challenging for them to fund operations in SRD. Furthermore, from observations and discussions with the NPO sector and the banking sector, in practice, NPOs find it challenging to obtain bank accounts, which means that they operate mostly using cash, which is difficult to trace.

**Reporting of matches with sanctions lists:** The RIS is responsible for reports on matches with the sanctions lists. The current mechanism is to receive these reports via email to a designated email address. This email address is monitored by two permanent staff members who perform the secretarial function of the RIS, receive these reports and escalate them to the RIS members. There is currently no documented form or template to ensure that all relevant information is received as part of the report. The RIS has not received any such reports. As stated above, the RIS is currently in the process of informing service providers about their obligations in relation to TFS.

**Interagency cooperation:** An effective framework requires information sharing between different government agencies, so that they can coordinate in the monitoring, investigation and prosecution of TF. During the review period, the RIS did not have any formal TF related interagency information sharing

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<sup>i</sup> As set out in section 7.5.1, Foundations have a registration obligation.

arrangements in place, and as such, there was no formal mechanism for information sharing or interagency cooperation during the assessment period. At time of drafting of this report the following information sharing MOUs were in the process of being finalized or considered:

- between the RIS and the Gaming Board and the CBvS were finalized and “ready to sign”;
- between the RIS and DNV and FIUS were being considered “in concept”.

There is no history of cooperation between Suriname and international agencies on TFS.

**Effectiveness of border controls and immigration controls:** Many of the remote parts of Suriname’s borders have weaknesses in border controls. As a result, people, cash and other goods that hold value (for example gold) can be moved easily across these borders into and out of Suriname, increasing the country’s vulnerability for TF. Porous borders also facilitate the cross-border movement of drugs with possible links to terrorist organizations).

Furthermore, the country has weak monitoring of its air and sea borders. Currently, there is no electronic database recording travel patterns of individuals into and out of Suriname, and travel records were collected in hardcopy only until very recently (January 2024). Since January 2024, an electronic system to collect travel data has been implemented and travel pattern data has been analyzed with reference to various travel notices (for example Interpol notices or suspicions of human trafficking). However, the process to allow for analysis of travel per high-risk jurisdiction is still being developed and was not completed at the time of fieldwork for this assessment. Without the identification of high-risk TF jurisdictions in place, analysis of this data would be of limited use currently.

**Effectiveness on controls around cash:** As mentioned above, the use of cash in Suriname is pervasive. There are controls around the cross-border movement of cash which are exercised by the Foreign Exchange Commission, and the Customs Agency. However, these controls are not effective and the Customs Agency is lacking in resource: there are there are no documented procedures, insufficient screening equipment and a lack of sufficient human resource to conduct risk-based searches.

**Capacity and resources for TF investigations:** Based on the current structure of the KPS, TF related investigations would fall under the responsibility of the FOT department. Resources at the FOT were recently increased, and are currently considered acceptable.

#### 8.1.5.3 Residual risk

Suriname faces a **Medium** level of threats of TF, but is **Highly** vulnerable to exploitation by these threats / threat actors. Considering that Suriname has a low level of mitigation measures in place, Suriname’s level of TF risk is assessed to be **Medium High**. This differs to the assessment of Low which was included in NRA 1.0, but is justified based around a broader consideration of TF risks stemming from terrorism risks in neighboring jurisdictions and further consideration of the informal economy, and predicate offenses that may have a particular link to organized crime groups and terrorist organizations.

## 8.2 Proliferation Financing Risk Assessment

Under FATF Recommendation 1, Suriname is required to demonstrate an understanding of its risk, and under Recommendation 7, it is required to implement counter proliferation targeted financial sanctions to comply with UNSCR 1540. This is the first PF related risk assessment conducted by Suriname.

The overall risk assessment of the impact on Suriname of the PF-related threats and vulnerabilities described below is assessed as **Medium Low**. Although there is no significant evidence to suggest that direct links between Suriname and countries under United Nations Security Council Resolution (“UNSCR”) proliferation sanctions or non-state actors exist, there are significant inherent vulnerabilities resulting from Suriname’s weak border control, the importance of the informal financial sector (including

physical cash, formal and informal money transfer services, gold smuggling and virtual assets) and the considerable impact of cross border smuggling activities. These significant inherent risks, in combination with the fact that Suriname has not established or implemented any CFP related mitigation measures, has resulted in the assessment's conclusion, and is explained in further detail in the sub-sections below.

### 8.2.1 Methodology

Work on the PF risk assessment commenced during Q4 of 2023, and was completed in Q2 of 2024. Data covering the period from 2019 to 2023 was reviewed.

PF has not been a focus area for Suriname during the review period (including policies and procedures, laws and regulations, data gathering and analysis, supervisory activities or enforcement). There was a significant lack of data around PF activities in Suriname. The assessment has concluded that an absence of data does not necessarily translate to an absence of risk. As such, the assessment has relied on research and discussions with various authorities who are involved in the detection, monitoring, investigation, prosecution and supervision of proliferation financing in Suriname.

This risk assessment was conducted with reference to the FATF Guidance on Proliferation Financing Risk Assessment and Mitigation and the RUSI Guide to Conducting a National Proliferation Financing Risk Assessment. The nature of proliferation financing threats may differ somewhat from those of ML and TF, as proceeds from legitimate sources may be transferred and used in PF.

The FATF definition of proliferation financing: the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws, or where applicable, international obligations.<sup>i</sup>

### 8.2.2 PF threats

The overall threats to Suriname from PF were assessed as **Low** for the reasons set out below. In considering the threats, the assessment discussed both the threats arising from direct exposure to threat actors (including countries under UNSCR proliferation sanctions and non-state actors), and other threat indicators stemming from the avenues of PF activities identified in the RUSI Guide.<sup>ii</sup>

#### 8.2.2.1 Direct exposure to threat actors in designated countries [Low]

Based on analysis of the limited data available, the assessment team has concluded that Suriname does not have a significant exposure to financial transactions with countries under UNSCR proliferation sanctions. The assessment considered the following points when coming to this conclusion:

- Based on statistics held by the CBvS, Suriname does not have significant financial inflows or outflows with countries under UNSCR proliferation sanctions;
- Based on basic legal ownership information held by the CCI on non-resident legal owners of companies registered in Suriname, countries under UNSCR proliferation sanctions do not appear in the top 5 nationalities of shareholders, indicating that there is no direct evidence to suggest that a significant number of Surinamese legal entities that are legally owned by nationals

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<sup>i</sup> FATF Combatting Proliferation Financing, page 5.

<sup>ii</sup> RUSI Guide to Conducting a National Proliferation Financing Risk Assessment, May 2019, p12 ff



of these countries (however as documented elsewhere in this report, the CCI does not hold adequate, accurate and up to date information.

In general, Suriname does not have significant trade, cultural or diplomatic ties with countries under UNSCR proliferation sanctions. There is no evidence to suggest that any non-state actor with the intention of procuring weapons of mass destruction has any significant direct ties to Suriname, and therefore, the threat of direct exposure from countries under UNSCR proliferation sanctions or non-state actors is Low.

#### 8.2.2.2 Other threat indicators [Low]:

The RUSI Guide<sup>i</sup> sets out three avenues for proliferation financing:

- **Financial products and services directly related to trade in proliferation-sensitive goods** is the narrowest definition of PF, and encapsulates financial products and services associated with trade in goods directly related to proliferation;
- **Licit and illicit revenue-raising activities** encapsulate a broader range of activities that generate revenue to finance the procurement and development of WMD; and,
- **Financial or corporate infrastructure that facilitates the above** is the broadest category and covers the above, as well as any assets or financial services provided to individuals or entities subject to targeted financial sanctions.

We have considered these avenues in turn as set out below:

#### **Financial products and services directly related to trade in proliferation-sensitive goods [Low]:**

Based on discussions with various authorities, Suriname does not produce goods that are directly usable or modifiable for use in the development of WMDs. Suriname is not an international financial or trade center nor is it an international shipping hub, and therefore is not a significant international provider of trade finance, maritime or cargo insurance or export guarantees, and therefore is not exposed to risks of transit of funds for the purposes of PF. Therefore, this threat was assessed as low for both designated states and non-state actors.

However, based on data published by the National Bureau of Statistics, approximately 1.2% of Suriname's total exports for the 2022 year was presented as an aggregate of three categories, one of which was "*arms and ammunition*". The authorities were not able to provide a breakdown of these categories, but various authorities confirmed that Suriname does not have a material arms and munitions sector.

**Licit and illicit revenue-raising activities [Low]:** *Illicit revenue-raising activities* such as the proceeds from drug smuggling or illegal gold trading in Suriname may be used for PF. However, there is no evidence to suggest that countries under UNSCR proliferation sanctions, or a non-state actor as defined in section 8.2.2.1 have significant direct links to the drug cartels or illegal gold mining operations in Suriname. The threat of illicit revenue-raising activities in PF is considered Low.

The threat from *Licit revenue-raising activities* may include the operation of legitimate businesses for the benefit of companies or state actors engaging in PF. For example, this may include the operation of restaurants, fisheries or construction companies by individuals or legal persons connected to countries under UNSCR proliferation sanctions. As set out above, there is currently no evidence available to suggest that there are a substantial number of natural persons connected to countries under UNSCR proliferation sanctions that legally own or control legal persons in Suriname. The threat of licit revenue-raising activities in PF is considered Low.

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<sup>i</sup> RUSI Guide to Conducting a National Proliferation Financing Risk Assessment, May 2019, p 51.

**Financial and corporate infrastructure in support of movement of finances and goods:** may include corporate infrastructure that facilitates either of the above threats. The following are considered under this threat heading:

- *Establishment of legal persons:* As set out in the Legal Persons sectoral assessment, the risk of financial crime which involves from legal persons is considered high.
- *Provision of banking and non-banking financial services:* the likelihood of Surinamese-based banking and non-banking financial services being used for PF is low. Suriname does not have a sophisticated banking sector and access to bank accounts is challenging. International money and value transfer services are carried out by international money transfer companies and banks provide international wire transfers.
- *Provision of DNFBP services relating to real property:* The likelihood of services provided by notaries being used for PF in Suriname is Low. Although transactions with foreigners represent a significant part of transactions undertaken by notaries, it was observed that these transactions related mostly to Surinamese non-residents wishing to purchase property in the country. Although services provided by notaries provide a significant ML risk, the risk for PF is lower.
- *Ledger-based payment systems such as Hawala:* The likelihood of ledger-based payment systems such as Hawala being used for PF in Suriname is Medium. Although Hawala operations are illegal in Suriname, these operations may be present within Suriname, and as set out in section 7.3.5.1, some EOs may operate illegally alongside their licensed operations. Proceeds of crime such as drugs smuggling may be transferred internationally via Hawala providers.
- *Money or other value mules:* the likelihood of physical cash, gold or other assets illegally smuggled across the border being used for PF is Low. Suriname is not in geographic proximity to countries under UNSCR proliferation sanctions or other non-state actors seeking to procure WMD and threat would be low.
- *VASPS:* The likelihood of funds transferred outside of Suriname via virtual assets being used for PF is High. As set out in section 7.3.80, the risks posed by VASPS was assessed as High due to the amount of money that is estimated to be moved outside of the formal financial system, and the fact that no regulation is in place. Virtual assets provide a way for the transfer of funds from Suriname to other jurisdictions, potentially for use in PF.

## 8.2.3 PF Vulnerabilities

### 8.2.3.1 Inherent vulnerabilities [High]

Inherent vulnerabilities have been assessed as **High** for the following reasons, listed here in order of importance:

**Legal and institutional factors (High):** A number of factors that affect the legal and institutional vulnerability have been identified within Suriname, and set out in detail elsewhere in this NRA. The most significant of these factors are listed below:

- Limited enforcement capabilities, limited financial intelligence and investigation capabilities and deficiencies in operational coordination between agencies and information sharing;
- A low efficacy of measures to counter organized crime networks involved in illicit activities;
- Deficiencies in controls for detection of cross-border movement of cash and gold; and,
- Limited knowledge and awareness (in both the public and private sector) of CFP obligations.

**Legal persons and legal arrangements (High):** As set out elsewhere in this report, there is a lack of transparency and a lack of access to information around legal persons, particularly the beneficial ownership structures.

**Geographic and environmental factors (Medium-High):** Suriname has porous land borders that are exploited by organized crime networks for cross border smuggling of drugs, gold and wildlife. However, other factors, such as transportation hub, direct geographic proximity to proliferating countries are low.

**Political and social factors (Medium):** The implementation of CFP measures has, to date, not been a political priority, although steps have been put into place to consider CFP initiatives during 2024. However, other factors that may increase the risks under this section did not exist (for example, significant diasporas of nationals of countries under UNSCR proliferation sanctions, presence of diplomatic or consular missions or presence of universities or research bodies involved in WMD-related subject matter).

#### 8.2.3.2 Quality of mitigations measures

The Government of Suriname has to date not yet implemented any legal or regulatory framework in relation to CFP efforts during the review period. CFP measures have not been included in the legal and regulatory framework. No policies or supervisory framework have been implemented to mitigate PF risks. No PF-related TFS have been implemented. There is limited knowledge or awareness of CFP within the competent authorities, service providers, various sector bodies and the general public.

A committee has been established by the Ministry of Defense to oversee the implementation of Suriname's CFP measures. However, this committee has not been operational, and no legislation, regulation or TFS have been implemented during the review period. The overall assessment of the quality of mitigation measures to prevent proliferation financing in Suriname is **Very Low**.

#### 8.2.3.3 Residual risk

According to the FATF Guide on Proliferation Financing Risk Assessments<sup>i</sup> the source of proliferation financing risk depends on the following two factors:

- **Risk of a potential breach or non-implementation of TFS:** The risk of non-implementation of CFP related TFS is high, as no TFS have been implemented. Furthermore, there are no mechanisms in place currently to monitor and detect any potential TFS breaches.
- **Risk of evasion of TFS:** There is no risk of evasion of CFP related TFS in Suriname, as no such TFS have been implemented.

However, in accordance with the RUSI Guidance a range of other factors were also considered in this risk assessment. Therefore, overall, the residual PF risk, after taking into account the threats (Low), vulnerabilities (High) and mitigation measures (Very low) is considered as **Medium Low**.

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<sup>i</sup> FATF Guidance on Proliferation Financing Risk Assessments June 2021, pp 5 and 6

## 9 Residual risks

Residual risk is the risk that remains and has not been addressed by the effective implementation of mitigation measures. The assessment of residual ML, TF and PF risk in Suriname is a key step to developing a risk-based action plan. As detailed elsewhere in this report, there was a lack of data available to calculate residual risk on a detailed level. This section sets out a summary of the key prioritized ML, TF and PF residual risks observed in the course of completing the NRA 2.0:

Table 47: Key prioritized residual risks

#	Description	Relevant sector
1	There is insufficient data available to analyze ML/TF/PF risk, and to monitor ML, TF and PF risk on an ongoing basis.	All
2	There is a risk that criminals attempting to use the financial sector or DNFBPs in Suriname may not be identified due to a gap in legal/regulatory requirements around the identification of UBOs of legal persons and legal arrangements, and the lack of accurate and accessible information to verify their identity.	All
3	There are a number of key gaps in the legal and regulatory framework related to TFS. <sup>i</sup> These have been set out extensively in the 2023 Mutual Evaluation Report and gap assessment conducted by the World Bank. Key gaps are summarized here: <ul style="list-style-type: none"> <li>a. Based on current legislation there is no effective TFS related supervision</li> <li>b. There is no requirement to implement TFS “without delay”</li> </ul>	All
4	There is a risk of criminals operating in regulated sectors particularly Exchange Offices (where there are a number of illegal/unlicensed entities in operation that are not being prosecuted) and in the Gaming Sector (where no fit and proper tests are required to obtain a license).	All, but particularly Exchange Offices Gaming Sector
5	The understanding of ML/TF/PF risks by authorities and sectors is not mature, particularly in relation to key sector specific risks, and is not consistent across various sectors, with the understanding in the Banking Sector being the most mature.	All, except banks
6	The understanding of high-risk jurisdictions could be further developed and tailored to focus on the specific risks to Suriname and specific to different sectors or different types of financial crime (e.g., TF/ML/PF).	All
7	Risk-based supervisory activities are at an early stage of implementation overall, but are more developed in certain areas (for example banking and MVTs sectors) than in other areas (for example insurance and DNFBPs)	All Particularly insurance, DNFBPs
8	There are no formal policies and procedures for administrative sanctions for several sectors. Administrative sanctions are necessary for deterring non-compliance, and although these are available, they are not currently enforced as policies are lacking.	All

<sup>i</sup> The new August 2024 sanctions law (published after the date of writing) addresses some of these gaps.

#	Description	Relevant sector
9	<p>There is a lack of cooperation between various authorities in the following areas:</p> <ul style="list-style-type: none"> <li>a. analysis and investigation of UTRs as the conversion between reports and investigations is low</li> <li>b. in the supervision of effective transaction reporting</li> <li>c. in the prosecution of illegal/unlicensed entities operating in regulated sectors</li> <li>d. In the sharing of information, particularly related to TF</li> </ul>	Authorities
10	There is a lack of action by authorities in investigating and prosecuting ML/TF offences due to a lack of resources and capacity.	Authorities
11	<p>CORRUPTION – There is a lack of understanding and associated action by the authorities on how the risk of Corruption impacts other predicate crimes to ML and the extent to which these impacts different agencies in Suriname.</p> <p>There is a lack of understanding of the ML risk and associated action by authorities in relation to several other key ML predicate offenses, including tax evasion, smuggling, the illegal gold trade and illegal logging due to a lack of resource and capacity.</p>	Authorities
12	<p>There is a risk of incomplete or inadequate unusual transaction reporting, resulting from the following:</p> <ul style="list-style-type: none"> <li>a. Focus on objective factor reports due to limited knowledge and awareness of red flag indicators for subjective factor reports</li> <li>b. Lack of adequate supervision around monitoring and effectiveness testing of reports made, in some cases as a result of a lack of cooperation / sharing of data with the supervisor.</li> <li>c. Lack of awareness or feedback from authorities on adequacy/quality of reports made.</li> </ul>	All
13	<p>There are no policy and legal/regulatory frameworks in the following areas:</p> <ul style="list-style-type: none"> <li>- Virtual Assets and Virtual Asset Service Providers;</li> <li>- Counter Proliferation Financing measures</li> <li>- NPOs.</li> </ul>	VASPS, CFP, NPOs
14	The GCBS, the sole authority responsible for supervising and enforcing the gaming sector in Suriname, lacks the authority to issue or revoke casino licenses. This creates an issue with the GCBS having no authority to enforce its regulations.	Gaming Sector

## Annex 1: List of Abbreviations

<b>Abbreviation</b>	<b>Term</b>
ABS	General Bureau of Statistics
AML	Anti Money Laundering
AML/CTF	Anti Money Laundering / Combating the Financing of Terrorism
ASC	Anti Money Laundering Steering Council
AMOG	Association of Real Estate Agents
APF	General Pension Fund
CBvS	Central Bank of Suriname
CCI	Chamber of Commerce and Industry
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CTF	Combating the Financing of Terrorism
CFP	Counter Proliferation Financing
DNFBP	Designated Non-Financial Businesses and Professionals
DNV	Directorate National Security
DTK	Credit Supervision Directorate
EDD	Enhanced Customer Due Diligence
EO	Exchange Office / Cambio
FATF	Financial Action Task Force
FI	Financial institution
FIUS	Financial Intelligence Unit Suriname
FOT	<i>Financiële Onderzoeksdienst</i>
FUR	First Enhanced Follow Up Report
KPS	Suriname Police Corps
MER	Mutual Evaluation Report
ML	Money laundering
MTO	Money Transaction Offices
MOU	Memorandum of Understanding
MVTS	Money or Value Transfer Services
NAMLAC	National Anti-Money Laundering Committee
NASP	National AML/CTF/PF strategic plan Republic of Suriname 2022-2025
NRA	National Risk Assessment
NPO's	Non-Profit Organizations
OAS	Organization of American States
OECD	Organization for Economic Co-operation and Development
PEPs	Politically Prominent Persons
PF	Proliferation Financing
RBA	Risk Based Approach
SBA	Surinamese Bar Association
SNB	Surinamese Notarial Professional Organization
STR/UTR	Suspicious Transaction Report/Unusual Transaction Report
TF	Terrorism Financing

<b>Abbreviation</b>	<b>Term</b>
TFS	Targeted Financial Sanctions
UBO	Ultimate Beneficial Owner
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution
VASP	Virtual Asset Service Provider
US	United States
WMTF	Act to Prevent and Combat Money Laundering and Terrorism Financing (19-11-2022)
WTK 2011	Banking and Credit Supervision Act 2011