

During the March 2021 quarter, the unit assisted the relevant Government Ministries in completing Tonga’s face-to-face meeting and coordinated the review of the 3rd draft mutual evaluation report.

1. Table1: Number of reports received

<i>Type of reports filed</i>	<i>Jan-21</i>	<i>Feb-21</i>	<i>Mar-21</i>	<i>Total Mar-21 QTR</i>	<i>Dec-20 QTR</i>	<i>Mar-20 QTR</i>
<i>Suspicious Transaction Reports (STRs)</i>	-	-	1	1	7	6
<i>Currency Transaction Reports (CTRs)¹</i>	1,306	1,397	1,659	4,362	4,977	2,745
<i>Border Currency Reports (BCRs)²</i>	-	1	-	1	-	19

The unit noted a decrease in number of reports submitted by the reporting financial institutions over this quarter compared to the previous quarter, except BCRs. The number of CTRs shows a significant increase compared to the same time last year. The number of STRs decreased also from the previous quarter as well as to the same time last year. The FIU continues to retain information obtained in these reports to assist in its data analysis function.

¹ CTRs reporting is for transaction equal to and above T\$10,000. Transactions include deposits and withdrawals in all types i.e. deposit, withdrawal, exchange of currency or other payment or transfer with the exemptions of government agencies and financial institutions transactions. Customers with established relationship with the reporting entity conducting transactions of that amount are also exempted if their background or business activities support the amount of the transaction.

² BCR reporting requires declaration at the border by any person entering or leaving the Kingdom with cash amounting to more than T\$10,000 or its equivalent in foreign currencies.

2. Table 2: Types of STR

The one report received was related to large & rapid movements of funds. Comparing to the previous quarter, two of the seven reports were filed on the same indicator.

<i>STR by type</i>	<i>Jan-21</i>	<i>Feb-21</i>	<i>Mar-21</i>	<i>Total Mar-21 QTR</i>	<i>Dec-20 QTR</i>	<i>Mar-20 QTR</i>
<i>Unusual significant transaction</i>	-	-	-	-	3	3
<i>Large & rapid movement of funds</i>	-	-	1	1	2	2
<i>Usual personal accounts for business purpose</i>	-	-	-	-	1	-
<i>Possible avoidance of regulatory reporting requirements</i>	-	-	-	-	1	-
<i>Scam</i>	-	-	-	-	-	-
<i>Others</i>	-	-	-	-	-	1
Total	-	-	-	1	7	6

3. Table 3: STR disseminated

<i>Law Enforcement Agencies</i>	<i>Jan-21</i>	<i>Feb-21</i>	<i>Mar-21</i>	<i>Total Mar-21 QTR</i>	<i>Dec-20 QTR</i>	<i>Mar-20 QTR</i>
<i>Ministry of Police</i>	-	-	-	-	1	3
<i>Ministry of Revenue & Customs</i>	-	-	-	-	1	3
<i>Foreign Affairs (Immigration)</i>	-	-	-	-	-	-
<i>Other (Reporting Entity & Other NRBT departments)</i>	-	-	1	1	5	-
Total	-	-	1	1	7	6

The one report was retained for future reference.

4. Table 4: CTR data

4,362 reports were received in this quarter increasing from the previous quarter of 4,977 reports. 77% of total transactions were inward

	<i>Jan-21 (TOP\$M)</i>	<i>Feb-21 (TOP\$M)</i>	<i>Mar-21 (TOP\$M)</i>	<i>Total Mar-21 QTR (TOP\$M)</i>	<i>Dec-20 QTR (TOP\$M)</i>	<i>Mar-20 QTR (TOP\$M)</i>
<i>Inwards</i>	27.47	27.81	54.86	110.14	93.17	49.58
<i>Outwards</i>	11.63	9.36	12.46	33.45	44.53	23.36
Transaction Purpose						
<i>Business</i>	29.76	28.96	9.66	68.38	103.55	44.96
<i>Personal</i>	9.34	8.21	57.66	75.21	34.15	27.98

transactions in to the financial system and the remaining (23%) were outward transactions. The 13% decrease in volume of

Transaction Type						
<i>TT</i>	2.34	2.55	3.98	8.87	9.07	5.92
<i>Cash</i>	15.40	13.27	18.42	47.09	55.27	30.85
<i>Cheque</i>	15.04	16.50	37.15	68.69	49.84	24.52
<i>Cash/Cheque</i>	2.91	4.20	6.30	13.41	13.6	4.68
<i>Other</i>	3.41	0.65	1.47	5.53	9.92	6.99

transactions from the previous quarter were seen mostly in the decrease of business related transactions which were noted in the lesser use of cash deposits followed by lesser use of other deposits.

5. Table 5: BCR data

	<i>Jan-21 (TOP\$M)</i>	<i>Feb-21 (TOP\$M)</i>	<i>Mar-21 (TOP\$M)</i>	<i>Total Mar-21 QTR (TOP\$M)</i>	<i>Dec-20 QTR (TOP\$M)</i>	<i>Mar-20 QTR (TOP\$M)</i>
<i>Inbound</i>	-	-	-	-	-	0.29
<i>Outbound</i>	-	0.66	-	0.66	-	12.64
Purpose of Funds						
<i>Business</i>	-	0.66	-	0.66	-	12.93
<i>Personal</i>	-	-	-	-	-	-

The FIU received 1 BCR this quarter from the Ministry of Revenue & Customs. This report was for outbound funds which was pre-

approved shipmen of currencies for a financial institution. This is still due to the COVID-19 restricted flight diversions.

6. Tonga's Mutual Evaluation update

Tonga's face-to-face meeting with the assessors was held on 16th -18th February 2021. The meeting discussed key priority issues raised by both Tonga and the assessors relating to the 3rd draft mutual evaluation report. Tonga also had the opportunity to make further submissions and provided arguments on areas the members of the Working Group felt were not accurately reflected on the draft report. Tonga is expected to receive a 4th draft report in April 2021, meanwhile the members of the Working Group are working closely to revise Tonga's National Risk Assessment that was completed in 2015 and its National AML/CFT Policy drafted in 2018. These two documents requires revision and updating before it can be published for the public.

7. Events

- 20th January 2021, Meeting of the Working Group on Serious Financial Crimes
- 29th January 2021, 3rd draft Mutual Evaluation Report (MER) due from APG

- 16-18th February 2021, Face-to-face (virtual) Meeting with Mutual Evaluation assessors
- 4th March 2021, Meeting of the Working Group on Serious Financial Crimes
- 14th April 2021, Due date for Tonga's 4th draft MER
- 27th April 2021, Meeting of the Working Group on Serious Financial Crimes
- 30th April 2021, Meeting of the Working Group on Serious Financial Crimes
- 3rd May 2021, Tonga comments on 4th draft MER due
- 4th May 2021, APG Governance Committee meeting
- 10-14th May 2021, IMF Technical Mission on Risk Based Approach to supervision
- 9th June 2021, Pacific AML Forum