

Information Sharing

What is Information Sharing?

Information sharing is the voluntary process of making data, knowledge or insights available to other individuals, teams or organizations with the goal of informing, collaborating, improving decision-making or enhancing efficiency. It can occur formally, through reports and meetings or informally through conversations and digital platforms. It is vital across various activities like compliance and regulation, law enforcement and cyber security.



Why does Information Sharing Matter?

In today's financial environment, criminals exploit gaps in communication between institutions, regulators and law enforcement to move illicit funds. The Financial Action Task Force (FATF) has emphasized that effective information sharing is at the heart of strong Anti Money Laundering/ Countering the Financing of Terrorism/ Countering Proliferation Financing (AML/CFT/CPF) frameworks.

FATF encourages jurisdictions to assess whether their framework is not only compliant on paper but effective in practice. Key indicators include:

- Quality and timeliness of Suspicious Transaction Reports (STRs).
- Usefulness of shared information in actual investigations and prosecutions.
- Level of trust and engagement between stakeholders.
- Cross-border cooperation mechanisms.

Conclusion

Information sharing is not an end in itself but a tool for early detection, risk mitigation and disruption of illicit financial flows. By strengthening cooperation between sectors across authorities and within industries, jurisdictions can demonstrate effective implementation of FATF standards and safeguard financial integrity.

Practical Benefits

- Improved Detection - greater ability to spot suspicious trends and networks.
- Enhanced Compliance - clearer expectations and understanding reduce the risk of regulatory breaches.
- More Efficient Investigations - faster coordination between stakeholders leads to quicker disruption of criminal activity.
- Global Consistency - aligns policies and practices across countries, strengthening the overall AML/CFT/CPF framework.

Challenges to Watch

- Data Privacy Conflicts - institutions must navigate between sharing information and respecting data protection laws.
- Trust & Security - strong safeguards are needed to protect share data from misuse or leaks.
- Resource Limitations - smaller institutions may find it challenging to implement robust sharing frameworks.

Key Takeaway

The FATF's standards signal a global push towards more structured, transparent and secure information sharing. Financial institutions and regulators must now strengthen their frameworks to ensure compliance while building trust and safeguarding data.

Action Points

- Review your institution's information-sharing policies. Requests for Information from Competent Authorities should be prioritized.
- Ensure alignment with FATF standards, AML/CFT/CPF Laws and Regulations and local data privacy laws.

Case Study: Information Sharing for AML/CFT/CPF Compliance in a Cross-Border Banking Network

Background

ABC Union Bank is a mid-sized financial institution operating in Country A with correspondent banking relationships in Country B and Country C. In recent years, regulators have placed greater emphasis on AML/CFT/CPF Compliance. The Bank uses a combination of internal transaction monitoring and external information sources such as the FIU, correspondent banks and industry platforms to manage risks.

Scenario

In June 2025, ABC's Compliance team detected unusual activity in the account of OTC Ltd., a local company importing industrial machinery. The Company recently received three (3) incoming wire transfers totaling US\$450,000 from a company in Dubai. Then, the Company initiated multiple smaller outgoing payments to suppliers in East Asia, labeled as "equipment parts" and requested a new credit line backed by letters of credit to expand operations.

Challenges

- Regulatory obligation vs Client Confidentiality - sharing customer data across borders is restricted by data protection laws.
- Timeliness of Information Sharing - delays in alerting counterparties could allow suspicious activity to continue.
- Fragmented Communication Channels - different parties use separate systems, increasing the risk of incomplete or delayed information.
- Risk of Tipping-Off - informing OTC Ltd. about the investigations would violate AML/CFT/CPF regulations.

Actions Taken

ABC filed a Suspicious Activity Report (SAR) to the Financial Intelligence Unit (FIU) within 24 hours. The bank participated in a joint task force with the FIU and Customs to review trade documentation for signs of proliferation financing. The Egmont Secure Web was leveraged to exchange intelligence with the Dubai FIU through the local FIU.

Outcome

- The FIU issued a freeze order on the Company's account after confirming links to sanctioned entities.
- The correspondent bank in Country B filled a parallel SAR, creating a coordinated intelligence trail.
- Authorities launched an investigation into trade-based money laundering networks.

Lessons learned

- Early and lawful information sharing is critical to prevent illicit flows.
- Safe harbor provisions protect financial institutions that share data in good faith under AML/CFT/CPF laws.
- A centralized communication platform for banks and regulators could enhance efficiency and reduce duplication.
- Staff must be trained on what information can be shared, with whom, and under what legal authority to avoid breaches of data protection laws.
- Information and financial intelligence are time sensitive and should be prioritized when suspicion is noted.

Discussion Questions

- What internal controls should ABC strengthen to detect dual-use goods risks earlier?
- How can financial institutions balance privacy obligations with AML/CFT/CPF compliance?
- Should regional banks establish a shared intelligence platform for trade-based money laundering cases?

For More Information: Consolidated FATF Standards on Information Sharing: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Consolidated-fatf-standard-information-sharing.html>