



# GUIDANCE NOTES

## FINANCIAL LENDERS



VERSION 2.0

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FINANCIAL INTELLIGENCE AGENCY BERMUDA

**SECTOR SPECIFIC GUIDANCE NOTES FOR  
FINANCIAL LENDERS FOR FILING A GOOD QUALITY  
SUSPICIOUS ACTIVITY REPORT (SAR) AND SUSPICIOUS TRANSACTIONS REPORT (STR)**

The Financial Intelligence Agency (FIA) was established by the [Financial Intelligence Agency Act 2007](#) to act as an independent agency authorized to receive, gather, store, analyse and disseminate information relating to suspected proceeds of crime and potential financing of terrorism received in the form of Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs). The FIA only accepts SARs and STRs that have been submitted electronically via the FIA's designated platform (currently goAML) using the online submission form or XML transmission. In exceptional circumstances, an alternative method can be provided.

This document contains information that will assist persons with their reporting obligations pursuant to the [Proceeds of Crime Act 1997](#) (POCA) Sections 46 and 47, and [Anti-Terrorism \(Financial and Other Measures\) Act 2004](#) Sections 9,10 and 10A. This guidance does not represent legal advice. If you are unsure about your obligations in a specific case, please seek independent legal advice.

**Bermuda Personal Information Protection Act (PIPA) and SAR/STR Reporting**

The Bermuda Personal Information Protection Act 2016 (PIPA) establishes a framework governing the collection, use, and disclosure of personal information by organisations operating in Bermuda. PIPA requires that personal data be handled in accordance with established privacy principles, including obtaining consent and limiting disclosure to purposes for which the information was originally collected. Financial institutions and other reporting entities must be mindful of their obligations under PIPA when handling client data in the ordinary course of business.

However, obligations arising under Bermuda's anti-money laundering and anti-terrorist financing regime — including the duty to file SARs and STRs pursuant to the Proceeds of Crime Act 1997 and the Anti-Terrorism (Financial and Other Measures) Act 2004 — take precedence over the privacy protections afforded by PIPA. Section 55 of PIPA expressly provides for exemptions where disclosure is required or authorised by law, which encompasses the statutory obligation to report suspicious transactions to the Financial Intelligence Agency (FIA). Accordingly, reporting entities must not allow PIPA considerations to impede or delay the filing of a SAR/STR, and no client consent is required — nor should it be sought — when making such a report. The tipping-off provisions further underscore this point: notifying a client that a SAR/STR has been filed is itself a criminal offence, reinforcing that the duty to report operates independently of, and overrides, any data privacy obligations under PIPA.

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## 1. PURPOSE OF A SAR AND STR REPORT

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The purpose of the Suspicious Activity Report (SAR) and Suspicious Transaction Report (STR) is to alert the FIA that certain client/customer or related business activity is in some way suspicious and might indicate money laundering or financing of terrorism. The information provided in these reports plays a vital role in aiding law enforcement in combating money laundering (ML), terrorist financing (TF) or proliferation financing (PF) investigations and assisting with identifying emerging trends and patterns connected to financial crimes. The information about those trends and patterns is vital to law enforcement agencies and provides valuable feedback to stakeholders. Reporters are required to submit reports that are complete, accurate, and filed promptly. Therefore, it is crucial that Money Laundering Reporting Officers (MLROs) and/or Nominated Officers (filers) provide narratives that are clear and comprehensive. The failure to adequately describe the indicators making the transaction or activity suspicious, delayed reporting and absence of supporting documentation undermines the purpose of the SAR/STR and minimises its usefulness to law enforcement. Reports are reviewed and analysed by FIA Analysts, who then disseminate the relevant intelligence / information, if warranted, to the relevant law enforcement agencies, whether domestic or foreign to initiate potential investigations.

**Reports filed with incomplete data will be rejected.**

Individuals filing or reporting SAR/STRs to the FIA are guided to PRINT or SAVE a copy of their SAR/STR prior to final submission. Once the SAR/STR has been approved, it will no longer be visible to the filer.

## 2. DEFINING SAR AND STR

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A **SAR** details suspicious activity that does not currently contain any financial transactions. For example, declined business, dubious emails and requests, strange phone calls and the suspect comportment or associations of a subject or entity can be detailed in a SAR.

A **STR** details suspicious activity that involves a financial transaction. For example, unusual transactions that deviate from known client activity, unexplained large cash deposits, transactions which have no apparent lawful purpose and transactions to high-risk jurisdictions. Financial transactions are to be input into goAML to support the STR narrative along with the relevant supporting documentation.

## 3. QUALITY OF SARs/STRs

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The FIA may reject the filing of a poor-quality or incorrectly filed report and advise the reporter to resubmit the report within five calendar days. The rejected report can be found in the draft section of the goAML platform. If a resubmission is not received before the end of five calendar days, the report will be archived, and a new SAR/STR will need to be submitted to the FIA. The FIA cannot interpret, assume, or infer what suspected money laundering, terrorist financing and/or predicate offence the reporter believes may have been committed. The FIA may also refer the consistent reporting of poor-quality SARs/STRs to the relevant supervisory body for its attention and appropriate action.

## 4. TIPPING OFF

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Bermuda legislation requires that a financial institution, its directors, officers, employees, and agents who, voluntarily or by means of a suspicious activity report/suspicious transaction report, report suspected, or known criminal violations or suspicious activity **may not** notify any person involved that the transaction has been reported.

## 5. DEVELOPING THE SAR/STR NARRATIVE

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The SAR/STR report narrative should be provided in the 'REASON FOR SUSPICION' section of the submitted SAR/STR forms within the goAML platform. This narrative / reason acts as a summary of the suspicious activity or transaction being reported. It should contain enough information for the FIA to analyse alongside the supporting documentation. It is vital for the reporting party to bear in mind that the Analyst handling the disclosure may not be familiar with the specifics of your business or have an in-depth understanding of your client. Therefore, it is essential to clearly detail the relationship between your business and the named subjects within the report, and to include information on any services provided to these subjects. Without this information, it can be challenging for the Analyst to fully comprehend the reported matter.

If the reporting party has engaged with law enforcement prior to submitting a SAR/STR, this should be noted in the narrative, along with relevant contact details. The report should also include contact information for the primary and secondary contacts of the reporting party, specifying which individual is responsible for each report. *Please attach a copy of the internal SAR but ensure that your narrative is clearly stated in the "reasons for suspicion" section.*

Avoid acronyms and jargon – they may not be understood by the recipient and are open to misinterpretation. If describing a service provided or a technical aspect of your work, please provide a brief synopsis in your SAR/STR to aid the reader.

Previous SAR/STR reference if the subject has been the subject of a SAR/STR.

As a basic guide, wherever you can, try to answer the following six questions to make the report as useful as possible:

As a basic guide, wherever you can, try to answer the following six questions to make the report as useful as possible:

### 5.1. WHO is involved?

Include the full legal name and address of the Subject or client being reported, and length of the business relationship (including date of initiation of the business relationship). For corporate clients, include both their registered office address and address (es) of operation, if different.

The following should be included when identifying involved parties:

- The full legal name, known aliases,
- Date of birth of all individuals involved in the suspicious activity or transaction,
- Their employer, occupation and title held,

- Business and residential address (es),
- Indicate whether domestic or foreign Politically Exposed Persons are involved,
- Outline the relationship between involved persons (i.e. business associates, colleagues, familial relationship).

If the reported subject (e.g. client/customer) has been the subject of a previous SAR/STR submitted by your organisation, please include previous FIA references numbers.

## **5.2. WHAT is the activity or transaction?**

Describe the suspicious activity or transaction, the criminal property involved, its monetary value and source and ultimate use of funds. It is also important to note WHAT were the instruments or mechanism used to conduct / facilitate the suspicious activity e.g. bank account, wire transfer, companies, insurance policies, debit or credit cards, digital assets businesses services etc.

## **5.3. WHERE did the activity or transaction take place and where are funds involved held?**

Provide the location of the activity or transaction. Indicate all local and international financial institutions involved, type of account (personal or corporate), and corresponding account numbers.

## **5.4. WHEN did the activity or transaction take place?**

Indicate the date of the activity and duration if the activity takes place over a period a time along with the date the suspect activity was detected. If there are multiple transactions to report, please enter each in a chronological order with individual dates and amounts under the transactions section.

## **5.5. WHY are you suspicious?**

Clearly identify WHY is the activity considered suspicious, and what are the reasons for reporting. Provide a brief description of the nature and purpose of the client account to which to the suspicious activity or transaction relates. Include reasons and indicators for suspicion outlining the inconsistency with the client's profile, normal behaviour, and business activity. Follow up actions such as intent to terminate business relationship and close client accounts should also be included.

## **5.6. HOW was the activity or transaction executed?**

Provide details on how the activity or transaction occurred.

## 6. EXAMPLES OF COMPLETE AND INCOMPLETE REPORTS

### 6.1. Examples-Financial Lenders

#### Incomplete Financial Lenders SAR/STR

##### **INCOMPLETE** FINANCIAL LENDERS SAR/STR

###### Narrative

Ms. RC, a customer known to us, visited our store to secure a short-term loan. As part of the application, Ms. RC provided an employment letter dated December 12, 2018, to verify her income and ability to repay the loan. During our verification process, we contacted the purported signatory of the letter, Mrs. AW, who requested we send her a copy so she could confirm the information. Mrs.

AW subsequently advised us that she did not prepare, authorize or sign this letter and furthermore that the employment information contained is inaccurate. Therefore, we have concluded that Ms. RC attempted to obtain a loan by using misleading or fraudulent documentation and have rejected the loan application.

###### Action

- Rejected the loan application and submitted a report to Hamilton Police Station

###### goAML Indicators selected

- Fraud
- Misrepresentation
- False Documents
- Lending/Loan Related
- Declined/ Refused business - suspected criminal activity

###### Supporting Documents provided

Employment Letter

###### Missing Information

- Loan Application
- Copy of police report which includes incident number and officer's details

#### Incomplete Financial Lenders SAR/STR

##### **COMPLETE** FINANCIAL LENDERS SAR/STR

###### Narrative

We are a local business offering purchasing and consignment services on luxury items and are licenced by Bermuda Monetary Authority as a financial lender who offers short-term loans. On August 28, 2024, a customer previously unknown to us, Mr. DW visited our store to sell a gold bangle, a ring, and a white gold bracelet which we purchased for a total of \$800. He returned to sell another gold bangle on September 3, 2024, for which he received \$325.

The following day, we noted that we had received an email overnight from a Mrs. RC dated September 3, 2024, informing us that 2 gold bangles and a gold bracelet were stolen from her home sometime between August 25 and September 3, 2024, and asked that we look out for items and report to the police if we should come across them. A description and photos of the items were also provided. It was not until October 30, 2024, that it was realized that the items purchased from Mr. DW matched the description and photos of items missing or reported unlawfully removed by Mrs. RC.

###### Action

The customer has been blocked in our system and reported to Bermuda Police Service.

###### goAML Indicators selected

- Misrepresentation
- Fraud
- Theft

###### Supporting documents provided

- Internal SAR
- Email received from Mrs. RC advising of theft
- Photos of stolen jewellery
- Police incident report number
- Bill of sale for items prepared from Mr. DW
- Photo identification of Mr. DW

## 7. SUPPORTING DOCUMENTS

All documents referenced in the submission, and which were crucial in forming your suspicion and creating the filing should be attached to the original submission. The following key documents should also be considered when submitting a SAR/STR to determine if they provide confirmation or clarification of the report and would reduce the need for the FIA to make formal requests minimizing the time to complete the analysis. The FIA understands documentation may be limited depending on the relationship with the subject(s) being reported.

### 7.1. Natural Persons

- Certified passport or other government issued identification for all citizenships held
- Certified proof of residential address
- Declaration of source of wealth/funds where available
- Loan application forms with purpose and nature of loan.

### 7.2. Trusts and Foundations

- Certified extract of original Deed of Settlement detailing Settlor, Beneficiaries, Protector/Enforcer
- Supplemental Deeds showing any changes to the original Deed of Settlement
- Certified Due Diligence (Government issued identification showing full name; proof of residential address) for all named persons in items 1 & 2
- Most recent financials (list of all assets held)
- Source of wealth/funds
- Evidentiary correspondence that contains supporting details, suspicious requests, incriminating statements
- Internal SAR

### 7.3. Corporate Entities

#### 7.3.1. Where the subject may be a retail entity, please provide the equivalent documentation.

- Certificate of Incorporation
- Directors & Officers Register
- Share Register
- Confirmation of registered address, principal business address and mailing address (if different from the registered address)
- Certified due diligence (Government issued identification showing full name; proof of residential address) for all named persons in items 2 & 3. For item 3, where interest held is 10% or more.
- Ownership structure chart
- Most recent financials (list of all assets held)
- Source of wealth/funds

- Evidentiary correspondence that contains supporting details, suspicious requests, incriminating statements
- Internal SAR

#### **7.4. Non-Profit Organizations**

- Register of Directors or Trustees
- Certified due diligence (Government issued identification showing full name; proof of residential address) for all named persons in item 1.
- Most recent financials (list of all assets held)
- Source of wealth/funds
- Evidentiary correspondence that contains supporting details, suspicious requests, incriminating statements
- Internal SAR

## **8. RETENTION PERIOD**

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Financial institutions shall retain the following for five years from the date of the filing:

- A copy of all filed SARs/STRs
- The original or business record of any supporting documentation
- All supporting documentation for the benefit and/or use of the FIA and any other appropriate local law enforcement agency or regulatory authorities.

## **9. SEEKING CONSENT TO CONDUCT A TRANSACTION**

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For detailed guidance on seeking Consent, please refer to our standalone Consent Guidance document available on the FIA's website at <https://www.fia.bm/consent-regime/>.

## **10. RED FLAG INDICATORS**

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The following list is not exhaustive and may be updated as emerging money-laundering and financing of terrorism trends and patterns evolve. The existence of an indicator may not alone imply suspicion but combined with other indicators may suggest a suspicious transaction.

### **10.1. Red Flag Indicators for Financial Lenders**

1. Client is known to you as having a questionable reputation or criminal background or is known to associate with such persons
2. Verifying the background of a new or prospective client is challenging
3. Client shows uncommon curiosity about internal systems, controls, and policies
4. Client has an unusual level knowledge of the law in relation to suspicious transaction reporting
5. Client provides vague, false or misleading information

6. Unusual or suspect source of funds or refusal to provide source of funds information
7. Client is unable to produce original personal identification documents and only submits copies
8. Client is unwilling, unable or uncontactable to provide information for CDD purposes
9. Client has a history of changing lenders or financial institutions
10. Client has been declined or a business relationship terminated by another lender(s)
11. Client linked to adverse media relating to a suspect activity or law enforcement investigation
12. Client over explains, gives confusing details, or is unsure about the purpose of the loan
13. Client is accompanied by an unknown third party or is suspected to be conducting transactions on behalf of a third party without identity disclosure
14. Large amount of cash is deposited and soon after used to secure financing facilities such as loans
15. Loan is secured by cash or other assets held by an unrelated third party
16. Client defaults on a cash-secured loan or any loan that is secured by assets which are readily convertible into cash
17. Unexpected or premature repayment of a loan with no plausible explanation on source of funds or by a third party who does not seem to be related to the borrower or loan surety
18. Client overpays the loan and seeks to claim back the difference
19. Client voluntarily confirms that the repayment funds are legitimate and not involved in any laundering activities
20. Business activities do not align with the background of the client
21. Use of trusts, shell companies, or private investment companies and a reluctant to disclose information about controlling parties
22. Complex or layered ownership structure for no apparent economic or business purpose

For a more extensive list of red flags ML/TF indicators categorised, consult the FIA's Indicators list document located on its website [HERE](#).

## 11. REPORTING RESPONSIBILITIES

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It is the responsibility of all Bermuda-supervised reporting entities to ensure that a Reporting Officer (Money Laundering Reporting Officer (MLRO)) is appointed or designated and is adequately trained, in accordance with section 17(1) and (3) of the Proceeds of Crime Act 1997.

The MLRO must be registered with, and have access to, the Financial Intelligence Agency of Bermuda's designated reporting platform in order to submit Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs) where the reporting officer knows, suspects, or has reasonable grounds to suspect that a person or entity is engaged in money laundering or terrorist financing.

It is strongly recommended that reporting entities establish internal policies and procedures to ensure that:

1. A Reporting Officer (MLRO or other designated reporting person) is appointed at all times.
2. An Alternate Reporting Officer is registered and authorised to submit reports in the absence of the Reporting Officer.

3. The Reporting Officer and/or Alternate Reporting Officer are adequately trained to use the FIA's reporting system, submit SARs/STRs, and receive and respond to additional requests from the FIA, including requests made pursuant to section 16 notices.
4. A group notification email address is maintained to ensure that the compliance department, or other designated personnel, receive all confirmations of receipt and follow-up communications issued by the FIA.
5. In the event of the departure, resignation, or termination of the MLRO or Alternate MLRO, the reporting entity must immediately appoint a suitably trained replacement and ensure continuity of reporting obligations through the FIA's designated reporting platform.

## 12. goAML SUPPORT CONTACT DETAILS

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For assistance registering on goAML platform or with submitting SARs and STRs, the FIA can be contacted as follows:

goAML Support: [goaml\\_support@fia.bm](mailto:goaml_support@fia.bm)

**Tel:** 441-292-3422 (Option 3)

**-END-**

