



## **Project against Money Laundering and Terrorist Financing in Serbia (MOLI Serbia)**

### **Activity Report – 38**

#### **SYNOPSIS OF THE PROJECT ACTIVITY**

**Field of activity:**

Economic Crime Unit, Action against Crime Department, Information Society and Action against Crime Directorate, DGI – Human Rights and Rule of Law

**Type of activity:**

Roundtable on “Research and feasibility study of the formal and informal money transfer sector in Serbia”

**Programme:**

Joint EU/ CoE Project against Money Laundering and Terrorist Financing in Serbia (MOLI Serbia)

**Country/Region:**

Serbia

**Date and place:**

Hotel Excelsior, Belgrade, Serbia

**Budgetary reference:**

2.3.2.

**Council of Europe experts:**

Mr Terence Donovan, Short-term Expert

**Council of Europe Secretariat:**

Ms Teodora Lukovic, Local Project Officer

**Participants:**

Administration for Prevention of Money Laundering (APML), National Bank of Serbia, Ministry of Interior, Tax Administration, Customs Administration, Security Information Agency, Office for Cooperation with the Diaspora, Post Serbia, Western Union, commercial banks.

**Total number of participants:**

25 (18 women)

**Partner institutions/organisations:**

APML, National Bank of Serbia, Ministry of Interior, Tax Administration, Customs Administration.

**Origin/reference to other activities:**

n/a

**Objectives:**

To present results and discuss findings of the research study regarding the risks of money laundering and terrorist financing in the formal and informal money transfers sector in Serbia.

**General Assessment:**

The Roundtable was well organised and successfully conducted, with active and constructive participation from the public and private-sector attendees. The discussions were assisted by the availability and quality of simultaneous interpretation and by the professionalism of the technical support.

The consultant sought to provide a foundation for a collaborative discussion during his 60 minute presentation of the main themes of the Technical Paper. He emphasised that the paper did not constitute an evaluation of Serbia and its recommendations should be viewed mainly as suggestions for further consideration, with the exception of the matters outstanding from the last MONEYVAL evaluation which needed to be addressed without delay. As the attendees represented a wide variety of interests, the presentation was designed to include at least some points of interest for each segment of the audience.

There followed a lively round-table discussion of more than 90 minutes, to which almost all attendees contributed positively. The main discussion concerned the flow of diaspora cash into Serbia – its measurement, implications for the financial sector, and the potential links to the proceeds of crime. In the absence of reliable data, no firm conclusions could be reached on these points, but much of the discussion related to the scope for persuading the diaspora to move from cash remittances to the formal financial sector. A variety of incentives (positive and negative) was considered.

There were no requests at the Roundtable for any amendment of the content or findings of the Technical Paper.

**Results/conclusions:**

The Technical Paper appeared to be generally well received, particularly by the Serbian authorities. During and subsequent to the Roundtable, the following matters were highlighted by various authorities:

1. The APML representative expressed appreciation in particular for some of the technical content of the paper and indicated that the proposed redrafting of the legislative provisions for wire transfers would be reflected in the coming months in the preparation of a revised AML Law.
2. The National Bank of Serbia sought clarification on a number of points in the Technical Paper related to the planned controlled liberalisation of the payments system and, in particular, the facilities for movements of foreign currency. The Serbian Post officials took the opportunity to promote their proposals for an expanded role as part of the future liberalisation.

3. It was noted that exchange offices had been identified as a high-risk segment for money laundering. However, as they were not within the scope of the Technical Paper, a separate risk-analysis project may be warranted, particularly in the context of proposed liberalisation of foreign exchange and payments systems.
4. Cost was identified as the main barrier to the use by the diaspora of formal remittance channels and there was discussion of possible joint initiatives to offer cheaper alternatives. The Deputy Director of the Office for the Diaspora used the opportunity to encourage the public and private sector representatives to work with his office in developing joint strategies for outreach to the diaspora.
5. The Office for the Diaspora (and, by email, the Statistical Office of the Republic of Serbia) responded positively to the research on diaspora remittances, which they plan to use as part of their future analysis. Both bodies expressed interest in progressing plans for a statistical survey, as recommended in the Technical Paper.
6. Having regard to the extension of the timeframe of the MOLI-Serbia project, and given the broad support across the relevant authorities to proceed as soon as possible with a remittance survey, the Council of Europe may wish to revisit the initial idea of contributing to the organisation and funding of a survey, building on the design in the Technical Paper.

**Agenda:**

See attached

**List of Participants:**

See attached