

Albania

Fifth Round Mutual Evaluation Report

Executive Summary

1. This report provides a summary of the anti-money laundering and combating financing of terrorism (AML/CFT) measures in place in Albania as at the date of the on-site visit from 1 to 14 October 2017. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Albania's AML/CFT system, and provides recommendations on how the system could be strengthened.

Key Findings

- Albania has a reasonably good understanding of its ML risks in the formal economy. There are some areas (e.g. corruption, organised crime (OC), the informal economy, the TF component of the identified terrorist threats, legal persons and non-profit organisations (NPOs) that would benefit from a more detailed analysis of the threats posed. There are national coordination mechanisms for policy-making to address risks, which include political commitment and make use of various strategies against major predicate offenses and related ML. These mechanisms have not proven to be fully effective to ensure accountability for results by all relevant authorities and do not tackle all relevant ML/FT risks.
- Corruption poses major money laundering (ML) risk in Albania. Often linked to OC activities, it generates substantial amounts of criminal proceeds and seriously undermines the effective functioning of the criminal justice system. The authorities are aware of the risks from corruption but the law enforcement focus to target corruption-related ML has been very limited. A significant judicial reform is currently being implemented to better address the corruption risks prevalent in the country.
- ML investigations result rarely in indictments and the ratio has been declining. ML proceedings connected to significant proceeds-generating offences are mostly suspended and/or dismissed by the prosecution. The range of predicate offences for ML is roughly in line with the overall country's threats and risk profile, but the number and character of ML cases is not consistent with the size and significance of the underlying proceeds-generating criminality.
- The level of evidence to which the ML offence and its relation to the predicate crime needs to be proven is not always clear for the practitioners. In foreign predicate ML cases, the prosecution appears to be over-reliant on evidence requested from foreign counterparts instead of pursuing domestic ML cases based on circumstantial evidence although the latter has already proven successful in recent cases.
- Albania has a robust legal framework for confiscation of criminal proceeds. However, the statistics available on the number and values of seized and confiscated assets do not seem to commensurate with the level of the criminality in the country. In practice, a non-conviction confiscation regime based on the Anti-Mafia Law is more widely used rather than criminal confiscation regime, which is mandatory and applies to all criminal offences. Authorities

demonstrated that parallel investigations are systematically applied in ML cases and in other criminal proceedings but the performance of the regime has until recently been deficient.

- The perception and understanding of TF related risks do not seem to adequately address the characteristics of potential TF activities in the country and the region. In the assessed period, until recently, religious radicalism and cases of recruitment of foreign terrorist fighters (FTFs) have increased in Albania as noted also in the National Risk Assessment (NRA), which contains limited analysis of TF risks and assesses TF through the terrorism threat as “low” risk. There is no systematic approach to identify and investigate financing aspects of terrorism-related offences. There have been convictions in foreign fighting cases linked to the Syrian conflict since 2014. However, there have been no TF prosecutions or convictions in Albania.
- Albania has a legal and institutional framework in place to apply the United Nations Security Council Resolutions (UNSCRs). However, there are some technical deficiencies, which may hamper effectiveness of Albania’s compliance with targeted financial sanctions (TFS). However, Albania demonstrated positive practice of application of listing, freezing and un-freezing measures.
- Albania has not identified the subset of NPOs being potentially at risk of misuse for TF. It considers all NPOs to pose a high TF risk. There is no targeted risk-based supervision of the NPOs at higher risk for TF abuse conducted by the designated competent authority. This is due to inadequate understanding of duties, and the lack of dedicated human resources at the designated competent authority.
- Albania has no legal and institutional framework in place for implementation of the proliferation financing (PF) related TFS.
- Albania has a poor understanding of ML/TF threats posed by legal persons. Basic information on legal persons is publicly available. However, there is no requirement for the National Business Centre (NBC) or the District Court of Tirana (DCoT) to verify information provided for registration. Information held by the NBC or by the DCoT in relation to changes to basic ownership data cannot be considered to be accurate or current. Beneficial ownership (BO) information is obtained and maintained individually by financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) while performing their customer due diligence (CDD) obligations. Although there are prohibitions on cash transactions over 150,000 ALL between the tax payers in Albania, there is no requirement for all of the legal persons to have a bank account. Hence, there are certain legal entities (LEs) whose BO data is not recorded by a FI and therefore pose an impediment for a timely access to comprehensive BO information by the competent authorities.
- The competent authorities systematically use the General Directorate for the Prevention of Money Laundering (GDPML) disseminations and a wide range of other accessible sources of information to initiate and facilitate investigations of ML, associated predicate offences and TF. However, a regular feedback to the GDPML on its disseminations would enable a better support to the law enforcement authorities’ (LEAs) and Prosecutors Office’s (PO) operational needs.
- Although Albania has reportedly provided mutual legal assistance (MLA) with an appropriate level of cooperation, the general legal mechanism for executing foreign MLA requests is very complex and involves too many authorities with their respective deadlines, which might be a major delaying factor. There is no systemic prioritisation of incoming MLA requests and the case management system is not in place in all authorities involved in MLA.
- The Bank of Albania (BoA) has a good understanding of ML/FT risks and has recently enhanced its offsite reporting system to support its assessment of risks of individual entities. The Financial Supervisory Authority (FSA) is in the process of transitioning to a risk-based approach (RBA) to supervision but its AML/CFT inspection activity undertaken so far has been very limited. Both BoA and FSA rely heavily on the GDPML to contribute to AML/CFT inspections and to impose sanctions (fines) for AML/CFT breaches. The primary DNFBP supervisors do not sufficiently discharge their functions for AML/CFT supervision, and the resources of the GDPML are too limited to compensate for this. Although some important efforts are made, the licensing authorities for FIs

(BoA, FSA) do not consistently apply a risk-based perspective when reviewing licensing applicants, or take a systematic approach to on-going monitoring, to fully mitigate the risk of criminal infiltration of FIs.

- It has not been demonstrated that sanctions imposed by supervisors for AML/CFT breaches by the reporting entities (REs) have been fully effective or dissuasive.

Risks and General Situation

2. Although Albania has made considerable progress to tackle ML and TF, the risks remain high. According to the National Risk Assessment (NRA), the main threat for ML is formed by criminal proceeds deriving from trafficking of narcotics, crimes in the customs and tax area (e.g. smuggling, tax evasion) and corruption. Organised crime groups (OCGs) with individuals of Albanian ethnicity are active in many countries in Europe, with links to other source, transit and destination regions. They mostly focus on drug trafficking, human trafficking and crimes against property. The proceeds of crime are circulated and invested in several forms in Albania, e.g. through investment in real estate and commercial companies. The large size of the informal economy in Albania, combined with the still widespread use of cash, constitutes a significant ML vulnerability.

3. Corruption remains a very serious concern in the country and forms an overarching ML risk. The number of investigations of cases of corruption is on the rise, but the number of final convictions remains low at all levels. Corruption in the judiciary adversely affects the normal functioning of the justice system, undermining public confidence in the rule of law, and enables impunity for criminals.

4. The NRA notes an increase of religious radicalism and cases of recruitment of FTFs in Albania in recent years. There have been indictments in foreign fighting cases linked to the Syrian conflict since 2014 but no TF investigations or convictions.

5. The gambling sector (through threat of criminal infiltration in ownership and/or operation) and the real estate sector are regarded as posing a very high risk for ML. The notary profession was historically deemed highly vulnerable due to its involvement in real estate transactions but its risk awareness and mitigation have significantly improved over the last years. Following increased controls over immovable property transactions, nowadays the highest risks are deemed to be present in transactions where notaries and real estate agents are not involved (informal transactions).

6. Accountants and lawyers are deemed vulnerable for ML risk exposure due to their involvement in company formation and the fact that majority of their client base is comprised of LEs. Additionally, AML/CFT supervision of these professions is limited.

7. In recent years, the money value transfer services (MVTs) and currency exchange sectors have seen considerable formalisation and improvements in application of risk mitigating measures, although smaller entities not part of larger global firms in particular remain vulnerable, and informal activities are still present. While the banking sector will remain at risk, banks have a high level of awareness of ML/TF risks and implementation of corresponding mitigating measures. FIs other than banks are not deemed particularly vulnerable, as their businesses make up a small percentage of the financial sector assets and transactions with their customers pass through the banking system.

Overall Level of Effectiveness and Technical Compliance

Assessment of Risks, Coordination and Policy Setting (Chapter 2 - IO.1; R.1, R.2, R.33)

8. Since the last evaluation, Albania has taken steps to improve the AML/CFT framework. Notably, amendments to the Law on the Prevention of Money Laundering and Financing of Terrorism (AML/CFT Law) were adopted in 2012 (further amended also in 2017), which strengthened the legislative framework to fight ML and TF. Albania has also undertaken its first ML/TF NRA in 2012 and a second one in 2015. The process was coordinated in both instances by the GDPML, with input from a range of public sector representatives including state intelligence, LEAs, and supervisory authorities.

9. Albania has demonstrated a reasonably good understanding of its ML risks as far as the formal economy and commonly identified predicate offenses such as drug crime and tax evasion are concerned. Although the authorities generally acknowledge also the major threats posed by the informal economy and wide-spread corruption (including its nexus with OC), they have not made discernible efforts to assess the true impact of these phenomena on the ML/TF risks. The TF risk assessments in the NRAs are very limited. Intelligence and LEAs appeared vigilant to terrorist risks but failed to demonstrate adequate understanding of related financing risks. Further areas where understanding of authorities should be enhanced relate to risks of abuse of legal persons and NPOs.

10. There is no AML/CFT policy document in place, but the country has a proven track record in setting broader strategies and action plans to address economic and OC. These strategies are targeted at most of the major predicate offences as well as their related ML offences and address the factors that contribute to the identified ML/TF risks to a certain extent. There are mechanisms in place to coordinate these policies on institutional level, including a high-level Coordination Committee for the Fight against ML (CCFML) and its Inter-Institutional Technical Working Group (IITWG). Nonetheless, mechanisms to ensure efficient delivery of expected results by all relevant authorities should be enhanced.

11. Cooperation at operational level and information exchange amongst the authorities is enabled through various formal and informal mechanisms. It is generally positive where the GDPML is involved.

12. Some significant initiatives have been and continue to be undertaken to address threats and vulnerabilities in certain high-risk areas. For example, the GDPML and BoA have coordinated with the Banking Association to conduct outreach to banks on AML/CFT obligations and ML/TF risks and typologies. The use of cash is restricted when trading in goods and banned in immovable property transactions. GDPML, the Ministry of Justice (MoJ) and the Chamber of Notaries have coordinated efforts to raise awareness of risks among notaries, who have a key role in real estate transactions. The Police and the Gambling Supervisory Authority (GSA) have coordinated a large-scale action to combat unlicensed gambling activity. Recently, the licensing and supervision authority for auditors was restructured and provided more independence and authority. Moreover, a major judicial reform programme is currently on-going, impacting on many levels of public administration, which should provide a better framework for the fight against corruption and related ML in the years to come.

13. There are, however, also areas where the policies and activities of authorities are not yet aligned with the risks. In order to mitigate ML/TF risks, further efforts (better coordination, intensified actions) are needed to address more complex, holistic issues. This includes:

- increasing the number and quality of prosecutions of corruption-related ML;
- stronger controls of cross-border cash movements;
- measures to prevent the abuse of legal persons including oversight of NPOs;
- finalisation of the regularisation of immovable properties; and
- risk-based supervision for all sectors.

Financial Intelligence, Money Laundering and Confiscation (Chapter 3 - IOs 6-8; R.3, R.4, R.29-32)

14. The GDPML generates a good quality operational and strategic analysis, which is widely used by the competent authorities to investigate ML, and the associated predicate offences, as well as for preliminary investigation of TF. The results of the GDPML's operational and strategic analysis support the LEAs' operational needs. The GDPML and other domestic competent authorities have a good level of cooperation. Financial intelligence disseminated by the GDPML triggers and facilitates investigation of ML and associated predicate offences. Data provided by the GDPML based on the requests supports the self-initiated investigations. However, more regular feedback from the GDPML to REs would improve the suspicious activity reporting, and regular feedback from the LEAs and PO to GDPML would assist the latter to better support its operational needs.

15. ML investigations result rarely in indictments and the ratio has been declining. ML proceedings connected to significant proceeds-generating offences are often suspended and/or dismissed by the prosecution. The range of predicate offences for ML is roughly in line with the overall country's threats and risk profile but the number and character of ML cases is not consistent with the size and significance of the underlying proceeds-generating criminality.

16. In foreign predicate ML cases, the prosecution appears to be over-reliant on evidence requested from foreign counterparts instead of pursuing domestic ML cases based on circumstantial evidence. The level of evidence to which the ML offence and its relation to the predicate crime needs to be proven is not always clear for the prosecution.

17. Albania has a robust legal framework for confiscation of criminal proceeds. However, the statistics available on the number and values of seized and confiscated assets do not seem to commensurate with the level of the criminality in the country. In practice, non-conviction confiscation regime based on the Anti-Mafia Law is more widely used rather than criminal confiscation regime, which is mandatory and applies to all criminal offences. Authorities demonstrated that parallel financial investigations are systematically applied in ML cases and in other criminal proceedings but the performance of the regime has until recently been deficient.

Terrorist Financing and Financing Proliferation (Chapter 4 - IOs 9-11; R.5-8)

18. Albania classifies its TF risks as "low", justifying this by the low level of terrorism threats in the country. However, according to the NRA there was an increase of religious radicalism observed and there were cases of recruitment of FTFs identified. There has been a limited number of successful counter-terrorism prosecutions and convictions, which include indictments in foreign fighting cases linked to the Syrian conflict since 2014. However, no prosecutions and convictions of TF offences have occurred either as a stand-alone prosecution or as a part of a counter-terrorism prosecution. There is no systematic approach to identify and investigate financing aspects of

terrorism-related offences and therefore there is a threat that financial aspects of occurred terrorism-related offences are not always properly investigated. In addition, the perception and understanding of TF related risks do not seem to adequately address the characteristics of potential TF activities in the country and the region.

19. Since the last evaluation Albania has developed a legal framework for implementation of the UN TFS of TF. However, the mechanism in place does not ensure their timely implementation. The overall level of awareness of obligations related to the implementation of the TFS on TF by the authorities and the REs can be considered to be satisfactory. The level of awareness of smaller FIs, such as leasing, insurance, foreign exchange office (FEO), and most of the DNFBPs on implementation of TFS is considered to be insufficient.

20. Albania has in place a system for domestic designations in line with UNSCR 1373, based also on foreign request. However, there were no persons proposed by Albania to the relevant UNSC for designation. Effective application of the TFS on TF can also be hindered since the freezing requirements do not sufficiently cover the full scope of funds and other assets that should be subject to restrictions. Moreover, criteria used by the Albanian authorities for the identification of targets for designation seem not to cover undertakings having links to designated persons or entities as stipulated by the relevant UNSCRs.

21. Albania has made an attempt to assess risks related to NPOs operating in the country. Albania considers all NPOs to pose a high TF risk and has not identified the subset of NPOs being potentially at risk of misuse for TF. There were some additional measures taken by a group of competent authorities to detect and target specific NPOs posing TF risks. Albania has introduced the institutional and legal framework for application of the risk-based supervision for targeted monitoring of its NPO sector. However, supervision is still focused on tax-related considerations.

22. There is no legislation or any governmental decision in place to implement the UNSCRs on proliferation of weapons of mass destruction (WMD). Although the lists are communicated to the REs by the GDPML, these are not enforceable and do not put any obligation for application of the TFS on PF on the REs, and do not vest the latter with any powers to freeze funds and assets in case of a match with designated persons and entities.

Preventive Measures (Chapter 5 - IO4; R.9-23)

23. Banks have a good understanding of ML/TF risks and AML/CFT obligations and apply mitigating measures in a manner that is mostly commensurate to the assessed level of risk. The sector has a constructive relationship with both the BoA and the GDPML, characterised by strong communication and education, including through the Banking Association. Most non-banking financial institutions (NBFIs) also have a good understanding of ML risks and their preventive obligations, but, with the exception of MVTs, TF risks are not as well understood.

24. CDD and record-keeping requirements are complied with by most REs, although stronger in the banking and FI sector. Banks largely identify and verify BOs in line with the standards. Outside the banking sector, other FIs and the majority of DNFBPs rely on the NBC as the sole source of BO information.

25. Notaries recognised their important gatekeeper role in real estate transactions and showed awareness of ML risks. Their implementation of AML/CFT obligations, including BO identification and filings of STRs, has significantly improved in recent years.

26. With the exception of notaries, DNFBPs have a lower level of understanding of the ML/TF risks within their sectors. They further demonstrated low levels of understanding of reporting requirements and have filed very limited numbers of SARs.

Supervision (Chapter 6 - IO3; R.26-28, R. 34-35)

27. The BoA and FSA require information during the licensing process to prevent convicted criminals and persons under criminal investigation from holding, or being the BO of, a controlling interest, or holding a management function in a bank or NBFIs. The process for DNFBP licensing authorities to prevent and revoke licences based on integrity concerns varies across the sectors.

28. It appears that licensing authorities (BoA, FSA, GSA and POB) do not fully appreciate the risks of individuals with criminal connections trying to gain control over REs. Checks of BOs and associates (including by seeking international cooperation) and on-going monitoring after market entry could be enhanced.

29. The BoA maintains a good understanding of ML/TF risks in the banking and non-banking sectors under its supervision and coordinates with the GDPML to maintain awareness. The FSA has an adequate understanding of ML/TF risks and obtains GDPML and international assistance to enhance this in light of evolution of the insurance and securities sectors under its supervision. Primary DNFBP supervisors have a basic understanding of risks or, in some cases National Chambers of Advocates (NCA), understanding is lacking.

30. The BoA, FSA, and GDPML have either recently adopted or are in the process of adopting a RBA to supervision. BoA's resources are too limited to conduct adequate inspection of all the NBFIs under its supervision. While some of these entities may be deemed low risk, this cannot be said for the MVTS and currency exchange sectors. The GDPML assists the BoA in almost all AML/CFT inspections. Up until recently, ML/TF risks did not carry strong weight in the formulation of BoA's onsite inspection programmes; however, the BoA has made significant improvements to its offsite reporting system which enhances its RBA.

31. The FSA is in the process of transitioning to a RBA to supervision for the insurance, securities and investment sector, but its AML/CFT inspection activity undertaken so far has been very limited. Although BoA and FSA share supervisory responsibilities for banks that carry out securities activity, coordination efforts for AML/CFT inspections could be improved.

32. The GDPML has the power to supervise compliance with the AML/CFT Law of all REs and has taken up an active supervisory role. It has been effective in applying a RBA to supervision for banks and other financial entities. GDPML has also started to prioritise its supervision of DNFBP sectors based on its understanding of the ML/TF risks. The primary DNFBP supervisors do not implement the responsibilities for AML/CFT supervision that are assigned to them by law. This is with the exception of inspections of notaries by the MoJ that considered some aspects of AML/CFT obligations. The resources of the GDPML are too limited to compensate for the general lack of DNFBP supervision.

33. The majority of remedial actions taken by BoA and FSA pursuant to breaches of AML/CFT obligations by REs are limited to application of recommendations. The GDPML has been active in issuing fines for banks, MVTS, and some DNFBPs (notaries) but does not have power to impose sanctions other than fines or impose proportionate sanctions for repeat violations. The GDPML can

request the primary supervisors, being the licensing authorities, to remove licences in case of repeat violations however, in practice, this has been limited to FEOs.

34. According to the results of BoA monitoring, recommendations issued by the BoA have been adopted by the individual entities; however, recurring breaches and recommendations within the same sector could indicate measures are not sufficiently dissuasive to ensure compliance by others.

35. The GDPML and BoA have coordinated ML/TF trainings with banks and NBFIs. This has helped to raise their awareness of risks and implementation of mitigating measures. The notary sector also clearly demonstrates the positive impact that outreach by the supervisors (GDPML and MoJ) and the professional body have had on the raising ML/TF risk awareness and level of compliance. Other DNFBPs, including the gaming sector, accountants, and lawyers which are considered high risk for ML/TF, have not received sufficient training and guidance regarding ML/TF risks and AML/CFT obligations.

Transparency of Legal Persons and Arrangements (Chapter 7 - IO5; R. 24-25)

36. Albania has not conducted an assessment of the ML/TF risks associated with different types of LEs created in the country as part of its general understanding of the ML/TF risk assessment process, except for the NPOs¹. The understanding of ML/TF risks posed by LEs is weak. Nevertheless, Albania has taken some measures to prevent the misuse of LEs.

37. Basic information and legal ownership information can be promptly obtained from the NBC and the DCoT at any time. However, the NBC and DCoT do not specifically collect and maintain BO information, except for when the legal owner and BO are the same. Information held by the NBC and DCoT in relation to changes to registered basic information cannot be considered fully accurate and current.

38. BO information is obtained and maintained individually by FIs and DNFBPs in the course of their CDD obligations. However, timely access to this information by the competent authorities is hindered by having to first establish which FI or DNFPB the legal person or arrangement has a business relationship with.

39. Legal arrangements cannot be formed or established in Albania. There do exist, however, LEs registered and operating in Albania with a legal arrangement (trusts or other similar arrangements) in the ownership structure. Albania has not conducted a specific analysis of ML/TF risks posed by legal arrangements (LEs with such an ownership in the chain), but Albania treats them as posing a high risk, and requires the REs to conduct EDD measures.

40. The sanctions available for non-compliance with information and transparency obligations by LEs registered with NBC are do not appear to be proportionate and dissuasive, and are non-existent for the DCoT.

International Cooperation (Chapter 8 - IO2; R. 36-40)

41. The legal mechanism for sending and receiving MLA requests is very complex and involves too many authorities with their respective deadlines causing delays in managing the incoming MLA

¹ "Assessment of the Non Profit Sector" 2012. The term NPO is used to refer to the type of the LEs in accordance with the definition of Art. 2(4) of the Law of the Republic of Albania "On NPOs", "associations, foundations and centres whose activity is conducted in an independent manner and without being influenced by the state".

requests. In addition, there is no systemic prioritisation of incoming MLA requests and the case management system is not in place at all authorities involved in MLA.

42. The LEAs actively exchange information with their foreign counterparts on ML, while there are no requests related to TF. Supervisors of FIs seek information with foreign supervisors and central banks for AML/CFT purposes when approving application for managerial roles and a change of controlling interests in supervised entities when there is a suspicion related to ML/TF. The FSA has obtained other forms of international cooperation relating to guidance on international best practices including when transitioning to a RBA for supervision.

43. International cooperation on BO data is hampered by the deficiencies identified in IO5 regarding timely access to the BO data.

44. Issues raised under IO6 on the guarantees for the timely provision of the information affect negatively the ability of the GDPML to provide internationally requested information in a timely manner.

45. The frequent occurrence of foreign proceeds in ML cases has resulted in a remarkable number of MLA requests sent abroad while no sufficient attention is paid to alternatives, such as using domestic circumstantial evidence.

46. At the same time the letters rogatory sent abroad are reported to have suffered from various technical deficiencies, such as delayed expedition or incompleteness. Dual criminality rules generally apply beyond coercive actions which might restrict the extent to which Albanian authorities can provide MLA.

Priority Actions

- Enhance the analysis of ML and TF risks to implement appropriate mitigation measures, most notably by way of: a) conducting a more in-depth TF risk assessment; b) understanding the impact of the informal economy and of corruption (including its nexus with OC) on ML/TF risks; c) assessing the risk posed by legal persons (including NPOs and including through ownership/control by foreign legal arrangements).
- Ensure coordinated policies at the national level to tackle the more complex, urgent ML/TF risks which are not sufficiently addressed through the existing strategies.
- Review the reasons behind the low performance of the prosecution in ML investigations and address the shortcomings identified in the NRA in relation to deficiencies in the investigative process.
- Pursue more indictments in ML cases involving foreign proceeds, making better use of circumstantial evidence concerning the predicate crimes committed abroad if such evidence is available.
- Take steps to ensure the consistent application of provisional measures in all criminal proceedings for proceeds-generating crime. Ensure adequate measures to initiate financial investigations in a systematic manner in all proceedings involving assets derived from organised and other sorts of serious crimes within the scope of the Anti-Mafia Law.
- Ensure that adequate efforts are made to identify criminal proceeds located abroad and take appropriate actions for their confiscation.

- Ensure that authorities performing cross-border cash control measures systematically take into consideration ML/TF suspicions regardless of whether the amount of cash is above the declaration threshold.
- Ensure that detection and investigation of all financing aspects of terrorism-related offences is carried out systematically for all terrorism-related offences, extending to all forms of TF regardless of its amount and including investigating the sources of travel or subsistence costs and support provided to families.
- Take legislative steps to simplify the existing legal framework for executing MLA requests and introduce a case management system which also allows for the systemic prioritisation of MLA cases for all authorities involved. Encourage direct cooperation between counterpart judicial authorities.
- Ensure that UN TFS on TF are implemented without delay. Propose persons or entities designated domestically to the respective UN Committee.
- Conduct regularly awareness-raising trainings to the REs in relation to implementation of TFS, especially for NBFIs and DNFBPs.
- Conduct an in-depth risk assessment of the NPO sector to identify NPOs that are at risk from the threat of TF abuse.
- Ensure adequate supervisory arrangements and sufficient resources to apply a targeted risk – based supervision of the NPOs at higher risk for TF abuse. Provide guidance to NPOs regarding applied CFT measures and identified trends.
- Establish a comprehensive legal and institutional framework, and consider developing and providing guidance on implementation of the TFS regarding the relevant UNSCRs on PF.
- Ensure the implementation of high standards by supervisory authorities in licensing or other controls to prevent criminal infiltration of FIs and DNFBPs. This should include a comprehensive framework of screening applicants, indirect shareholders, and BOs, assessing criminal records beyond criminal convictions and current proceedings, and potential links to criminal associates, obtaining international cooperation whenever appropriate, and implementation of on-going mechanisms to check the integrity status of exiting licences.
- Supervisory authorities (BoA, FSA) should ensure the full implementation of the newly introduced process of obtaining offsite data to enhance their understanding of the ML/TF risk profile of individual entities and use this data to enhance plans for onsite inspections, so that supervision becomes ML/TF risk-based. Primary DNFBP supervisors should implement their responsibilities for AML/CFT supervision. GDPML's resources for supervision should be significantly increased.
- Review the sanctioning regime for breaches of AML/CFT requirements to ensure that a range of effective, proportionate and dissuasive sanctions is available to the supervisors.
- Introduce mechanisms to ensure that basic information held by NBC and the DCoT is accurate and up to date and that accurate and up-to-date BO information is available to competent authorities on a timely basis.
- Improve the accuracy of the database formed by the CORIP, and improve direct accessibility of information kept with the CORIP and the Tax authorities for the respective competent authorities. The LEAs and PO should consider providing regular feedback to the GDPML on its disseminations to

assist the latter better support their operational needs. The GDPML should provide more regular feedback to REs on specific SAR filings to further improve the reporting behaviour and the quality of SARs.

Effectiveness & Technical Compliance Ratings

Effectiveness Ratings

IO.1 – Risk, policy and coordination	IO.2 – International cooperation	IO.3 – Supervision	IO.4 – Preventive measures	IO.5 – Legal persons and arrangements	IO.6 – Financial intelligence
Moderate	Moderate	Moderate	Substantial	Moderate	Substantial
IO.7 – ML investigation & prosecution	IO.8 – Confiscation	IO.9 – TF investigation & prosecution	IO.10 – TF preventive measures & financial sanctions	IO.11 – PF financial sanctions	
Moderate	Moderate	Low	Moderate	Low	

Technical Compliance Ratings (C – compliant, LC – largely compliant, PC – partially compliant, NC – non compliant, N/A – not applicable)

R.1 – assessing risk & applying risk-based approach	R.2 – national cooperation and coordination	R.3 – money laundering offence	R.4 – confiscation & provisional measures	R.5 – terrorist financing offence	R.6 – targeted financial sanctions – terrorism & terrorist financing
LC	LC	LC	LC	LC	PC
R.7 – targeted financial sanctions – proliferation	R.8 – non-profit organisations	R.9 – financial institution secrecy laws	R.10 – Customer due diligence	R.11 – Record keeping	R.12 – Politically exposed persons
NC	PC	LC	LC	LC	LC
R.13 – Correspondent banking	R.14 – Money or value transfer services	R.15 – New technologies	R.16 – Wire transfers	R.17 – Reliance on third parties	R.18 – Internal controls and foreign branches and subsidiaries
LC	C	LC	LC	N/A	PC
R.19 – Higher-risk countries	R.20 – Reporting of suspicious transactions	R.21 – Tipping-off and confidentiality	R.22 – DNFBPs: Customer due diligence	R.23 – DNFBPs: Other measures	R.24 – Transparency & BO of legal persons
PC	LC	LC	LC	LC	PC
R.25 – Transparency & BO of legal arrangements	R.26 – Regulation and supervision of financial institutions	R.27 – Powers of supervision	R.28 – Regulation and supervision of DNFBPs	R.29 – Financial intelligence units	R.30 – Responsibilities of law enforcement and investigative authorities
PC	PC	LC	PC	LC	C
R.31 – Powers of law enforcement and investigative authorities	R.32 – Cash couriers	R.33 – Statistics	R.34 – Guidance and feedback	R.35 – Sanctions	R.36 – International instruments
LC	LC	LC	LC	PC	LC
R.37 – Mutual legal assistance	R.38 – Mutual legal assistance: freezing and confiscation	R.39 – Extradition	R.40 – Other forms of international cooperation		
LC	PC	LC	LC		

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