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## **Council of Europe report calls on Liechtenstein to strengthen Customer Due Diligence requirements and ensure their effective implementation by financial institutions**

Strasbourg, 03.07.2014 – In a report published today, the Council of Europe's anti-money laundering Committee ([MONEYVAL](#)) calls on Liechtenstein to address any remaining technical deficiencies concerning Customer Due Diligence (CDD) requirements and to ensure that these measures are implemented evenly and effectively across the financial sector. In particular, it is recommended that financial institutions minimise their reliance on trust and corporate service providers for the performance of certain elements of the CDD process.

The report sets out an analysis of the implementation of international and European standards on anti-money laundering/combating financing of terrorism (AML/CFT). The main findings can be summed-up as follows:

- The money laundering (ML) offence, while in line with international standards, is not being implemented effectively by the authorities.
- Asset recovery, however, is a strong point in the Liechtenstein regime. Criminal confiscation and a systematic use of civil forfeiture are being applied successfully to confiscate proceeds of crime committed outside Liechtenstein.
- Financial secrecy provisions are fragmented. They need harmonising and revising, as they could impact on the FIU's ability to obtain information, thereby restricting the FIU's ability to properly perform its functions and more generally the sharing of information.
- The Financial Markets Authority over-relies on private audit firms for supervisory purposes, which could reduce the effectiveness of on-site inspections and affect the quality of supervision overall. The use of sanctions for non-compliance with AML/CFT requirements was found to be low.
- Reporting requirements have been brought fully into line with international standards, but the effective implementation of them is also uneven.
- While there has been significant progress to improve the transparency of legal persons and arrangements, the Liechtenstein authorities need to strengthen the supervision of trust and corporate service providers to ensure that they obtain and maintain full, accurate and up-to-date information on beneficial owners.
- Domestic cooperation is robust. Mutual legal assistance is provided routinely by the Liechtenstein authorities. The FIU generally exchanges information with its foreign counterparts in a timely manner. The authorities should, however, ensure that the FIU is able to provide the widest range of international cooperation to its foreign counterparts.

MONEYVAL will continue to monitor implementation of the recommendations by Liechtenstein through its regular follow-up procedures, which require the country to submit a follow up report by April 2016.

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The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ([MONEYVAL](#)) is a Council of Europe body that assesses compliance with the relevant international and European standards to counter money laundering and terrorist financing, and makes recommendations to national authorities. 28 Council of Europe member states are currently subject to MONEYVAL's evaluation procedures, as well as Israel, the Holy See (including the Vatican City State) and the United Kingdom's Crown Dependencies of Guernsey, Isle of Man and Jersey.

Links to the [report](#), the [addendum](#) and the [executive summary](#)

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