

Anti-money laundering and counter-terrorist financing measures

Albania

2nd Enhanced Follow-up Report

April 2021

Follow-up report



The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism - MONEYVAL is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. Through a dynamic process of mutual evaluations, peer review and regular follow-up of its reports, MONEYVAL aims to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively.

The 2nd Enhanced Follow-up Report on Albania was adopted by the MONEYVAL Committee at its 61st Plenary Session (Strasbourg, 28-30 April 2021).

All rights reserved. Reproduction is authorised, provided the source is acknowledged, save where otherwise stated. For any use for commercial purposes, no part of this publication may be translated, reproduced or transmitted, in any form or by any means, electronic (CD-Rom, Internet, etc.) or mechanical, including photocopying, recording or any information storage or retrieval system without prior permission in writing from the MONEYVAL Secretariat, Directorate General of Human Rights and Rule of Law, Council of Europe (F-67075 Strasbourg or moneyval@coe.int)

Albania: Second Enhanced Follow-up Report

1. INTRODUCTION

1. The mutual evaluation report (MER) of Albania was adopted in July 2018. This 2nd enhanced FUR analyses the progress of Albania in addressing the technical compliance (TC) deficiencies identified in its MER. Re-ratings are given where sufficient progress has been made. This report also analyses progress made in implementing new requirements relating to FATF Recommendations which have changed since Albania's 1st enhanced FUR was adopted: Recommendation 15. Overall, the expectation is that countries will have addressed most, if not all, TC deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Albania has made to improve its effectiveness.

2. FINDINGS OF THE MUTUAL EVALUATION REPORT

2. The MER as revised by the 1st enhanced follow-up report rated Albania as follows for technical compliance:

Table 1. Technical compliance ratings, December 2019

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	LC	LC	LC	LC	C	NC	LC	LC	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
LC	LC	LC	C	LC	LC	N/A	LC	C	LC
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	PC	PC	PC	LC	PC	LC	C
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	PC	LC	LC						

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

Source: The Albania Mutual Evaluation Report, July 2018, link <https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/1680931f70>

The Albania 1st Enhanced Follow-up Report, December 2019, link <https://rm.coe.int/anti-money-laundering-and-counter-terrorist-financing-measures-albania/16809988c0>

3. Given the results of the MER, Albania was placed in enhanced follow-up¹. The first enhanced follow-up report submitted by the Albania was discussed at the 59th Plenary meeting in December 2019. The Plenary invited Albania to submit a second enhanced follow-up report for the 61st MONEYVAL Plenary in April 2021.
4. The assessment of the Albania request for technical compliance re-ratings and the preparation of this report were undertaken by the following Rapporteur teams (together with the MONEYVAL Secretariat):
 - Hungary

¹ Regular follow-up is the default monitoring mechanism for all countries. Enhanced follow-up involves a more intensive process of follow-up. This is intended to be a targeted but more comprehensive report on the countries/territories' progress, with the main focus being on areas in which there have been changes, high risk areas identified in the MER or subsequently and on the priority areas for action.

- Ukraine
5. Section 3 of this report summarises Albania’s progress made in improving technical compliance. Section 4 sets out the conclusion and a table showing which Recommendations have been re-rated.

3. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

6. This section summarises the progress made by Albania to improve its technical compliance by:
- a) Addressing the technical compliance deficiencies identified in the MER, and for which the authorities requested an up-grade (7, 25, 26, 28), and
 - b) Implementing new requirements where the FATF Recommendations have changed since the 1st enhanced FUR was adopted (R.15).
7. For the rest of the Recommendations rated as PC (R.24 and 38), Albania did not request a re-rating.

3.1. Progress to address technical compliance deficiencies identified in the MER

8. Albania has made progress to address the technical compliance deficiencies identified in the MER. As a result of this progress, the Albania has been re-rated on R.7. No other re-ratings are proposed for R.25, R.26 or R.28.

Recommendation 7 (Originally rated NC – re-rated as PC)

9. In its 5th round MER, Albania was rated NC with R.7 as there was no legal and institutional framework in place to implement UNSCRs related to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing.
10. The Law No. 72 (Art.6 and 7), “On international restrictive measures in the Republic of Albania” and the Decision 454 on its interpretation provide the legal basis for the implementation of proliferation financing (PF) related targeted financial sanctions (TFS) without delay (c.7.1).
11. The application of “temporary suspension” and “freezing” on the basis of law No. 72 partly ensures the implementation of the freezing obligation. The Law (Art.8(3)) prohibits prior notification of the entities designated, interested or affected by the temporary suspension. (c.7.2(a)). Although the freezing obligations set in the Law (Art.12) cover the all the categories of funds/other assets and persons/entities mentioned in the FATF Methodology, it is only the competent body that has the obligation to freeze (Art.12(2)). (C.7.2(b)) Law no.72 (Art.12(5)) prohibits any natural & legal person and entity which conducts their activity in the territory of the Republic of Albania and which are subject to the Albanian law, from making available assets in the name or on behalf of persons against whom restrictive measures are imposed (c.7.2(c)). Law No. 72(art.7(3)) provides for the communication of designations to FIs and DNFBPs. Guidelines and training on the application of PF-related TFS have been made available by the Albanian competent authorities (C.7.2(d)). As fore the reporting requirement, although FIs and DNFBPs in practice will follow the same procedure as set in c.6.5(e), the requirement as set in the Law does not provide for reporting prior to the order of the competent body to freeze assets (c.7.2(e)). Measures which protect rights of bona fide third parties, are set in law No. 72 72 (Art.12(6)) and the Civil Code (Articles 296-301). (C.7.2(f))
12. Law No. 72(Art. 11(4)) provides that the competent bodies shall conduct inspections to check compliance of the entities they licence and/or monitor with the provisions of the law and shall

coordinate their activities in the implementation of the international restrictive measures. However, the authorities have not provided information on the measures actually in place. The applicable administrative sanctions seem to ensure the implementation of this criteria (c.7.3).

13. The law no.72 (art.9(1, 3 and 6)) provides that the Council of Ministers shall approve the application, amendment and termination of international restrictive measures of domestic nature. The competent body shall propose to the Committee on International Restrictive Measures the amendment and termination of international restrictive measures. The Committee shall take the decision to recommend to the Minister the initiation of the procedure for the application, amendment or termination of the international restrictive measure of domestic nature. According to the authorities, PF-related TFS delisting procedures are published on the website of the Albanian Ministry for Europe and Foreign Affairs. However, the procedures were not made available, or at least a copy in English language (c.7.4(a)). Also, the procedure is for unfreezing funds or other assets that are inadvertently affected is not clear (c.7.4(b)). The authorities have not explained what the procedure is for authorising access to funds, and legislation (Law no.72, Art13) does not cover all the exemptions conditions set out in UNSCRs 1718 and 2231 (c.7.4(c)). Although a mechanism for communicating de-listings and unfreezing's to the financial sector and DNFBPs is in place (law no.72 (Art.17)) no information was provided regarding the details of the mechanism, including how decisions are notified immediately to FIs and DNFBPs (C.7.4(d)).
14. With respect to contracts, agreements or obligations that arose prior to the date on which accounts became subject to targeted financial sanctions, Law No. 72 (Art.12(4) (a) and (b)) fully covers the requirements of C.7.5(a) and (b).
15. Overall, the law no.72 on international restrictive measures and the Decision 454 on its interpretation provide for the implementation PF-related TFS without delay. The requirements of C.7.2 are partly met as although the freezing obligations set in the law no.72 (Art.12) cover the all the categories of funds/other assets and persons/entities mentioned in the FATF Methodology, it is only the competent body that has the obligation to freeze (Art.12(2)). The law no.72 (Art. 11(4)) provides that the competent bodies shall conduct inspections to check compliance of the entities they licence and/or monitor with the provisions of the law and shall coordinate their activities in the implementation of the international restrictive measures. However, the authorities have not provided information on the measures actually in place. Also, the requirements for publicly known de-listing and un-freezing procedures are partly met. Albania meets the requirements of criterion 7.5. **On that basis, R.7 is rated as PC.**

Recommendation 25 (Originally rated PC – no re-rating)

16. In its 5th round MER, Albania was rated PC with R.25, as trustees were not required to hold information on all relevant trust parties (C.25(1)(c) and (2)). The MER also found that the information available to national and foreign competent authorities may be limited by these deficiencies (C.25.6(c)). In addition, trustees were not explicitly required to disclose their status to REs when forming a business relationship or carrying out a transaction above the threshold (C.25.3). The MER noted also that there were no sanctions set out for trustees apart from those under the AML/CFT Law (C.25.7), while the powers of supervisory authorities to obtain information held by trustees and other parties were limited (C.25.5).
17. When analysing the country's input on actions taken since the 1st enhanced FUR, it was established that there were no substantial changes in Albania's AML/CFT framework with a view to rectifying deficiencies identified in the MER and 1st enhanced FUR under R.25.

18. As reported under the first FUR (2019), the AML/CFT Law (Art.3/1) requires legal arrangements (rather than trustee to such arrangements) to retain essential information about regulated agents and service providers, including advisers, managers, accountants and tax/fiscal advisers. All deficiencies identified in the 1st enhanced FUR remain outstanding. **On that basis, R.25 remains PC.**

Recommendation 26 (Originally rated PC – no re-rating)

19. In its 5th round MER, Albania was rated PC with R.26, based on the following deficiencies: there were gaps in the fit and proper requirements for shareholders and administrators of FIs (C.26.3); for core principle FIs, there were some deficiencies in regulation and supervision as benchmarked against relevant international standards (C.26.4); the frequency and intensity of Bank of Albania (BoA) supervision had not necessarily correlated to ML/TF risk (C.26.5(a)); the BoA had not yet applied the enhanced ML/TF risk assessment facilitated by offsite supervision for sectors under its supervision to the currency exchange sector (C.26.5(b)); there was not yet a document in place setting out a risk-based approach for supervision of investment funds by the Financial Supervisory Authority (FSA) (C.26.5); and, for BoA and FSA supervision, there was no indication in the relevant documents that assessment of the ML/TF risk profile should be reviewed when there are major events or developments in the management and operations of the FI (C.26.6).

20. 27. The law no. 56/2020 “On Collective Investment Undertakings”, Law no. 62/2020 “On Capital Market” and Law no. 66/2020, “On distributed ledger technology (DLT) in the financial markets” have all introduced important provisions regarding fit and proper requirements for shareholders, administrators and management positions. Moreover, a number of Regulations issued by the BoA have introduced important additional requirements on fit and proper criteria for shareholders and administrators of banks, non-banking FIs. However, gaps in fitness and propriety requirements for shareholders and administrators of FIs have been resolved only to some extent. It seems that a requirement to provide a statement containing information about working or business relationships with persons with criminal convictions by a final court decision is applicable to certain management positions of the non-banking FIs. Also, there is no information whether similar requirements exist for management positions of banks and foreign exchange offices. No information was provided regarding fitness and propriety requirements for voluntary pension funds and Insurance FIs (c.26.3).

21. Identified deficiencies under C.26.4 has not been addressed.

22. The BoA reports that the risk profile index for FIs is a combination of different risks, including AML/CFT risks, however this is not fully in line with the requirements of C.26.5(a). The Albanian authorities informed that they considered building dedicated on-site inspection plan for ML/FT purposes what can be assessed as a positive development to some extent. Unfortunately, due to COVID 19 situation this plan has not been fully implemented. However, it must be mentioned that during 2020 the Bank of Albania had 89 onsite inspections. It is also noted that on-site supervision currently focusses mainly on banks that: (i) are of systemic importance; (ii) have a high-risk profile; (iii) have adverse signals or deteriorating trends; or (iv) are transforming or restructuring their business (C.26.5(a)). Moreover, from the information provided by the authorities it is impossible to conclude what particular AML/CFT elements are used for assessment of FEOs and whether the ML/TF risks present in the country were taken into account (C.26.5).

23. As regards BoA and FSA supervision, the competent authorities explained how supervisors review their assessment of the ML/TF risk profile of FIs or groups in the event of such events or

developments. Also, the new FSA guidance provides examples to non-bank FIs of the types of events and developments that should be reported (c.26.6).

24. Overall, Albania has rectified the deficiency concerning the review of the assessment of the ML/TF risk profile when there are major events or developments in the management and operations of FIs (c.26.6). However, all other deficiencies identified in the 1st enhanced FUR remain outstanding. Overall, Albania meets c.26.1, c.26.2 and c.26.6, it mostly meets c.26.3, and partly meets c.26.4 and c.26.5. **On that basis, R.26 remains PC.**

Recommendation 28 (Originally rated PC – no re-rating)

25. In its 5th round MER, Albania was rated PC with R.28, based on the following deficiencies: fit and proper requirements for casinos did not specifically mention criminal associates and BOs (C.28.1(b)); there were no detailed licensing requirements for online gaming (C.28.1(a)); there were limited measures to prevent criminals or their associates from controlling or managing designated non-financial businesses and professions (DNFBPs) (28.1 (b) and 28.4 (b)); the sanctions framework was not sufficiently proportionate and dissuasive (28.4 (c)); there were no requirements for supervisors to take into account the ML/TF risk profile when assessing the adequacy of the AML/CFT internal controls, policies and procedure (28.5(b)); and supervision of DNFBPs was not performed on a risk-sensitive basis (28.5(a)).
26. Law no. 155/2015 (Art.36(6)) "on Gambling Games" states that companies applying for licensing in the casino category must fulfil a set of criteria and conditions, including criminal record certification demonstrating that the applicants/administrators and shareholders/associates are not under judicial process and have not been convicted. At the same time these requirements do not explicitly mention "criminal associates" nor "indirect shareholders/beneficial owner" (C.28.1 (b)).
27. The authorities have explained the regime that is in place to deal with licencing, with prevention of criminals or their associates from controlling or managing DNFBPs and sanctions for auditors and audit firms (but not accountants). In case of advocates it seems that measures are in place. In addition, the relevant provisions concerning notaries are still in draft form. regarding DNFBPs other than notaries, gaming entities and lawyers no information was provided (i.e. real estate agents, DPMS, TCSPs, accountants). (c.28.1(b) and c.28.4(b))
28. As regards the sanctions framework, the competent authorities provided information on the grounds for the revocation of licences of statutory auditors and audit firms. However, such activities are not subject to the FATF Recommendations, and the authorities have not explained how licences would be revoked for the activities of accountants. Regarding the grounds for the revocation of licences of lawyers, they are linked to committing criminal offences of ML/TF and over failure to apply AML/CFT requirements. However, it is not clear which sanctions can be applied to which failures and it is not clear that the mentioned sanctions are proportionate and dissuasive. In the case of notaries, amendments to the Law are still in draft form. No explanation has been provided regarding the relevant legal provisions applying to the other DNFBP categories (casinos, real estate agents, DPMS and TCSPs). (c.28.4(c))
29. Regarding the requirement for DNFBP supervision on a risk sensitive basis, As explained in the MER it cannot be concluded that the supervision exerted by the GDPML over DNFBPs overall is proportionate to the risks inherent to the sectors. Although the Public Oversight Board (POB) enhanced its risk based supervisory practices, the information provided only covers auditors/audit

firms (outside the scope of the FATF Recommendations) and certified accountants. No other information was provided concerning risk-sensitive supervision of other DNFBPs (i.e. notaries, lawyers, casinos, real estate agents, DPMS, TCSPs). (c.28.5(a))

30. Requirement for supervisors to consider the ML/TF risk when assessing the adequacy of the AML/CFT internal controls, policies and procedures of auditors/audit firms (outside the scope of the FATF Recommendations) and certified accountants are in place. The POB has provided the “Manual for supervision subjects for the prevention of money laundering and terrorist financing” in accordance to which (Art.4) supervisor focuses during its inspections on AML / CFT risk, through the analysis of data collected by subjects of supervision. The same applies to the National Chamber of Advocates. As in c.28.5(a) limited or no information was provided with a view to notaries, casinos, real estate agents, DPMS, TCSPs (c.28.5(b)).
31. Overall, some progress has been made concerning the requirement for supervisors to take into account the ML/TF risk profile when assessing the adequacy of the AML/CFT internal controls, policies and procedures. All other identified deficiencies in the 1st enhanced FUR remain outstanding. **On that basis, R.28 remains PC.**

3.2. Progress on Recommendations which have changed since adoption of the MER

32. Since the adoption of Albania’s 1st FUR, the FATF has amended R.15. This section considers Albania’s compliance with the new requirements and progress in addressing deficiencies identified in the MER in relation to this Recommendation, where applicable. It is proposed to re-rate R.15 as PC.

Recommendation 15 (originally rated LC – re-rated as PC)

33. In its 5th round MER, Albania was rated LC with R.15 based on the following deficiency: there is no legal requirement for REs to apply the obligation to consider and mitigate risks associated with new technologies via a risk management process to new and existing products.
34. In October 2018, the FATF revised its R.15 to introduce new requirements for “virtual assets” (VAs) and “virtual asset service providers” (VASPs, including new definitions). In June 2019, the FATF adopted the Interpretative Note to R.15 that sets out the application of the Standards to VAs and VASPs. The FATF Methodology for assessing R.15 was amended in October 2019 to reflect amendments to the FATF Standards incorporating VAs and VASPs. Consequently, new criteria 15.3-15.11 were added.
35. Amendments to the AML/CFT Law in 2019 (Article 6, point 1, letters “a”, “b”) now require REs to identify and assess the money laundering and financing of terrorism risks arising from the development of new products, business practices, delivery channels, and from the use of new or evolving technologies. Also, such measures should be implemented prior to the introduction of new products or business practices or the use of new technologies for new and existing products, in order to manage and mitigate identified risks. Therefore, Article 6 satisfies the requirements of c.15.1. and c.15.2 which are assessed as Met.
36. Albania has taken steps to comply with the new requirements of R.15. To address the requirements of c.15.3(a), the authorities conducted a risk assessment on VA activities and VASPs in September 2020 with a wide range of competent authorities involved. The analysis does not contain granular information on threats and vulnerabilities concerning VA activities or VASPs (though none are yet registered). Also, it must be noted that analysis of ML threats is based only on 16 SARs that were

received by the FIU between 2015 and 2019 and on investigations by the State Police and Prosecution Service. This sub-criterion is assessed as Partly Met.

37. Regarding c.15.3(b), the authorities have not explained what measures have been taken to mitigate risks identified in the risk assessment, except for the application of the AML/CFT Law to VASPs and brief summary of the supervisory approach applied by the GDPML (but not also the FSA). This sub-criterion is assessed as Partly Met.
38. The AML/CFT Law (Art. 11) requires VASPs (in line with other reporting entities) to take appropriate steps to identify, assess, manage, and mitigate ML and TF risks, as required by c.1.10 and c.1.11. Accordingly, c.15.3(c) is assessed as Mostly Met.
39. Law 66/2020 “On Financial Markets based on the Distributed Ledger Technology (DLT)” does not allow natural persons to be licensed. Only joint stock companies registered in Albania may apply to be licensed. However, Law 66/2020 does not apply to all VASPs and extent of the licensing gap has not been explained. Accordingly, c.15.4(a) is assessed as Not Met.
40. AML/CFT Law (Art.24 para 4(b)) prescribes that supervisory authorities must “take the necessary measures to prevent an ineligible person, according to the definitions and criteria set by the supervisory authorities, from owning, controlling and directly or indirectly participating in the management, administration or operation of an entity”. These measures are set out in Law 66/2020 which apply fit and proper requirements to (i) any shareholder holding more than 10% of the voting rights in the shareholders’ meeting; (ii) any member of the board of directors/supervisory board; and (iii) any natural person who holds the functions of administration, direction or control over the applicant. It is not clear that (iii) will cover a natural person who ultimately owns or controls the applicant through beneficial ownership. By reference, Article 13 of Law 62/2020 defines “fit and proper” to include an assessment of whether a person is under investigation or has been convicted by a final decision for criminal offences against property, economic crime, other criminal offences related to companies, organisation and operation of fraudulent schemes, borrowing pyramids, and money laundering and terrorist financing. However, Law 66/2020 does not apply to all VASPs and extent of the licensing gap has not been explained. Also, the authorities have not identified any provisions allowing on-going fit and proper monitoring beyond initial licensing. Accordingly, c.15.4(b) is assessed as Not Met.
41. The GDPML receives information from a large variety of sources to allow it to identify unauthorised activities. The role of the FSA has not been explained. In a case where an authority identifies unregistered VASP activities it is obliged to refer the case to LEA. In addition, sanctions must be applied under Law 66/2020 for carrying out an activity without the possession of the relevant licence (between 97 000 EUR and 145 000 EUR). However, the authorities have explained that Law 66/2020 does not apply to all VASPs and the extent of the gap has not been explained. Accordingly, c.15.5 is assessed as not met.
42. According to Art. 24 of the AML/CFT Law and Art. 7 and 18 of Law 66/2020, supervisory authorities have a wide range of competencies which seem to be comprehensive. However, the relevance of Law 66/2020 to oversight of AML/CFT requirements is not clear and appears to be limited only to having in place appropriate systems. Moreover, the authorities have not explained which supervisor(s) is responsible for oversight, or for the system that is in place for ensuring compliance by VASPs with AML/CFT requirements. Sub-criterion 15.6(a) is assessed as not met.

43. MER 2018 assesses R.27 (powers of supervisors) as LC. Powers available to supervisors of VASPs are in line with those available to FIs (Art. 24 of AML/CFT Law). According to Law 66/2020, competent authorities also have powers to conduct on-site and off-site inspections, compel the production of information, suspend or withdraw a licence, and impose administrative and/or criminal sanctions. However, the authorities have explained that Law 66/2020 does not apply to all VASPs. In line with the rating given for R.27, sub-criterion 15.6(b) is rated Mostly Met.
44. The AML/CFT Law contains requirements for the GDPML to provide feedback on reports that REs have filed, to organise training activities related to ML/TF, and run programmes aimed at raising public awareness. The authorities have not provided details of any initiatives aimed specifically at VASPs. Instruction No. 28 and a Guideline “On Money Laundering and Financing of Terrorism Risk Assessment” will assist VASPs in applying requirements of relevant AML/CFT legislation. However, it is not clear whether these documents include any specific guidance for VASPs, where, e.g., methods of applying CDD may be different. Criterion 15.7 is assessed as Partly Met.
45. In the first enhanced FUR (2019), Albania was re-rated as being largely compliant with R.35. Accordingly, sub-criteria 15.8(a) and 15.8(b) are rated Mostly Met and Met respectively since the same sanctions that apply to FIs also apply to VASPs.
46. Albania applies R.10 to R.21 to VASPs. In line with MER 2018 and first FUR, Albania is rated as complying with R.19 and R.21 and largely complying with all other relevant Recommendations (except R.17 which is not applicable). C.15.9 applies some qualifications under R.10 and R.16. For the former, Art. 4 letter “b” point “i” of the AML/CFT Law requires VASPs to conduct CDD measures when the customer carries out, or intends to carry out, a transfer/transaction at an amount equal to or exceeding 800 EUR (approximately). However, it is not clear that this provision applies to occasional transactions that are not wire transfers. For R.16, the authorities have not provided evidence that existing provisions for wire transfers (assessed as LC in MER 2018) cover transfers of VAs and additional provisions for VAs are not addressed. Taking account of these qualifications, C.15.9 is Partly Met.
47. Since VASPs are reporting entities in accordance with the AML/CFT Law, all the obligations set in Law No. 157/2013 “On the Measures Against Terrorism Financing” and Law 72/2019 “On International Restrictive Measures in The Republic of Albania” apply. In line with the rating given for R.6 (C) and R.7 (NC)², criterion 15.10 is rated Partly Met.
48. MER 2018 assesses cooperation as follows: (i) R.37 - LC; (ii) R.38 - PC; (iii) R.39 - LC; and (iv) R.40 - LC. In addition, the authorities refer to FSA Law 9572 which presents the FSA with powers to collaborate and exchange information. However, the authorities have explained that Law 66/2020 does not apply to all VASPs. Also, international cooperation does not fall within the scope of Law 66/2020. At the same time, the AML/CFT Law indicates that a ministry is the supervisory authority for VASPs. Accordingly, it is not clear that there is a legal basis for exchanging supervisory information with foreign counterparts.
49. **R.15 is rated PC** on the basis that: (i) risk analysis of VA activities and VASPs is not comprehensive and is general in nature; (ii) the extent to which licensing requirements apply to all VASPs is not clear; and (iii) the split of supervisory responsibilities is not clear. This rating takes account of the two “met” ratings for c.15.1 and c.15.2.

² As it described above, an upgrade of R.7 to PC is proposed.

4. CONCLUSION

50. Overall, Albania has made some progress in addressing the TC deficiencies identified in its 5th Round MER and has been re-rated on Recommendation 7 (initially rated NC, is re-rated as PC). Measures taken by the Albanian authorities with respect to VAs and VASPs are not sufficiently in compliance with the revised requirements of R.15. Therefore, Albania has been re-rated as PC (rated as LC in the 2018 MER).
51. Limited steps have been taken to improve compliance with the other Recommendations, but gaps remain. Albania is encouraged to continue its efforts to address the remaining deficiencies.
52. Overall, in light of the progress made by Albania since its MER was adopted, its technical compliance with the FATF Recommendations has been re-rated as follows:

Table 2. Technical compliance with re-ratings, March 2021

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	LC	LC	LC	LC	C	PC	LC	LC	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
LC	LC	LC	C	PC	LC	N/A	LC	C	LC
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	PC	PC	PC	LC	PC	LC	C
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	LC	LC	LC	LC	LC	LC	PC	LC	LC

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

53. Albania will remain in enhanced follow-up and will continue to report back to MONEYVAL on progress to strengthen its implementation of AML/CFT measures. Albania is expected to report back to the Plenary within one year.

GLOSSARY OF ACRONYMS

AML	Anti-money laundering
BO	Beneficial ownership
CDD	Customer due diligence
CFT	Countering the financing of terrorism
DNFBP	Designated non-financial business and professions
FI	Financial institutions
FT	Financing of terrorism
HFIU	Hungarian Financial Intelligence Unit
LC	Largely compliant
ML	Money laundering
NGOs	Non-governmental organisations
NPOs	Non-profit organisations
NRA	National risk assessment
PC	Partially compliant
PF	Proliferation financing
R	Recommendation
STR	Suspicious transaction report
TFS	Targeted financial sanctions
UNSCR	United Nations Security Council Resolutions

www.coe.int/MONEYVAL

April 2021

Anti-money laundering and counter-terrorist financing measures -
Albania

2nd Enhanced Follow-up Report

This report analyses Albania's progress in addressing the technical compliance deficiencies identified in the FSRB assessment of their measures to combat money laundering and terrorist financing of July 2018.

The report also looks at whether Albania has implemented new measures to meet the requirements of FATF Recommendations that changed since the 2018 assessment.