COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES AND THE FINANCING OF TERRORISM (MONEYVAL)

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Serbia

Sixth Round Mutual Evaluation Report – December 2025

EXECUTIVE SUMMARY

This report summarises the AML/CFT measures in place in Serbia as at the date of the on-site visit 12-23 May 2025. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Serbia's AML/CFT system and provides recommendations on how the system could be strengthened.

Key Findings

a) Serbia has mechanisms to conduct regular and comprehensive NRAs which enabled the application of targeted risk mitigating measures. When taking into account the overall good quality NRAs and nuanced understanding of risk by Serbian authorities, the remaining improvements are moderate. Serbia achieved a high level of AML/CFT policy coordination and demonstrates capability to devise plans and strategies to target identified risks, including a monitoring system (through the National Coordination Body and the network of coordinators). The fragmented analysis of the impact of corruption on the AML/CFT regime needs to be consolidated to ensure that the relevant mitigation measures are given due priority.

b) Serbian authorities demonstrated a well-developed understanding of ML risks and typologies for domestic legal persons. The analysis of TF risks posed by legal persons, is less developed but also less material. Serbia took numerous measures to prevent and mitigate the misuse of legal persons, but moderate gaps remain in effectively preventing and mitigating the more prominent modalities of misuse of legal persons.

c) Law enforcement authorities (LEAs) seek and provide international cooperation through various formal and informal channels and actively engage with counterparts in joint investigation teams (JITs) on money laundering (ML), terrorist financing (TF), and related predicate offences. They also maintain close cooperation with European and neighbouring countries. However, their approach to identifying, freezing, seizing, confiscating, and sharing criminal assets abroad is not adequately proactive, particularly given the involvement of Serbian nationals in transnational organised crime groups (OCGs). The National Bank of Serbia and the Securities Commission actively cooperate with their foreign counterparts, while cross-border supervisory engagement in relation to DNFBPs is largely lacking.

d) Serbia established a comprehensive legal and institutional framework for licensing and registration of FIs and VASPs. F&P checks systematically cover all sectors and include verification of criminal associations. Documented cases of license refusals and withdrawals in the banking, leasing, insurance, and VASP sectors have prevented unsuitable persons from entering the market. However, in view of the increasing foreign acquisition in sectors such as the banking sector, the outreach to foreign counterparts appears to be limited. Regarding DNFBPs, Serbia has established a licensing and registration regime for all sectors, with responsibilities shared among multiple authorities. At a market entry level and on an on-going basis, with the exception of Bar Association, fitness and propriety controls are applied although their scope and depth vary.

e) All financial supervisory authorities are able to articulate sectoral ML/TF risks, with the NBS demonstrating a particularly advanced understanding, especially within the banking sector, consistent with the level of materiality and risk exposure attributed to it. The SC and the APML possess a fairly well-developed and evolving understanding of ML/TF risks, aligned with the materiality and risk exposure of the sectors under their respective mandates. Resource allocation and supervisory planning are generally adequate, though staffing constraints have affected the Securities Commission's coverage since 2022. Regarding the non-financial sector, all supervisors, except for the Bar Association, regularly collect information to identify ML/TF risks. The Bar Association has not provided sufficient evidence to demonstrate current and maintained institutional ML/TF risk understanding, this gap is pondered more heavily given the importance attributed to this sector. For notaries and online casinos, considered also as heavily important sectors, ML/TF risk understanding by the Notary Chamber and the GCA is adequate and the most developed. The Market Inspection and the APML demonstrated a reasonably good understanding of sectoral and individual ML/TF and their evolution over time; however the AT has doubts about the overall adequacy of risk understanding and risk assessments within these sectors, given the misalignment between individual risk ratings and sectoral risk ratings.

f) Serbia is overall effective in ensuring the availability of basic and BO data and rendering this accessible through various registries and other means. The controls undertaken by the various authorities are cumulatively and overall effective in ensuring the availability of adequate, accurate and up-to-date basic and BO information. Further improvements are necessary to reduce the overreliance on Banks' and the Tax Police' measures and to ensure that BO data is accurate and up-to-date.

g) The Administration for Prevention of Money Laundering (APML) plays a central role in the AML/CFT framework, with broad access to financial and other relevant information. It produces quality analytical and intelligence products that have contributed to both new and ongoing ML and predicate offence investigations. While most SARs are submitted by banks, notaries, and payment institutions, reporting from other higher-risk sectors remains limited. The APML faces structural and operational challenges. Its analytical processes are not formalized, raising concerns about consistency and coherence in fulfilling its core functions. The absence of formalized internal procedures makes dissemination decisions vulnerable to subjectivity. Nonetheless, APML disseminations have proven useful to LEAs, supporting investigations and convictions, and information exchange among competent authorities functions effectively, with good cooperation practices such as the use of liaison officers.

h) LEA are aware of ML risks and cooperate effectively, with specialized Police and prosecutorial bodies. The number of ML prosecutions and convictions are on the rise and now include both self-laundering and third-party cases. Authorities have no difficulties in indicting and obtaining convictions for stand-alone ML, which constitutes a significant portion of the overall number of cases.

i) The prosecution achieved indictments and convictions on ML linked to abuse of position of responsible person, forgery of official documents and tax crimes. Although the predicates do not fully correspond to the main threats for the country, the AT positively notes that some stand-alone ML cases, are linked to transnational OC dealing i.a in the high threat crimes, such as drug trafficking.

j) The Serbian authorities adopted a number of AML/CFT and anti-corruption policy documents, although the asset recovery legal system has not been reviewed since 2019. Several authorities were designated to conduct financial investigations and secure confiscation of criminal assets, but coordination between them should be improved and their human resources increased. Parallel financial investigations and other asset tracing techniques are regularly used by Serbian authorities, while international cooperation should be reinforced (including the Police Financial Investigation Unit (PFIU) as Asset Recovery Office (ARO)). Different types of confiscation are applied: criminal property, property of equivalent value, extended confiscation etc. Serbia is actively enforcing its declaration system to identify and seize non-declared cross border movements of currency and bearer negotiable instruments (BNI) and (jointly with confiscation) effective, proportionate and dissuasive sanctions are being applied in case of breaches. Some legal deficiencies hinder the full effectiveness of this system.

k) In Serbia the TF risk is identified as a medium, mainly in the form of self-radicalized individuals and links to armed conflicts in Middle East and North Africa. Although a significant number of cases were disseminated by the APML to the Service for Combating Terrorism of the MoI (SCT), the Security and Information Agency (BIA) and the Prosecutor for Organized Crime (JTOK) and a number of checks were conducted, the pre-investigations and investigations initiated were limited and is partly in line with Serbia's TF risk profile. This is mainly caused by the relatively high level of incriminating elements required by the members of the Operational Working Group (OWG) (two persons were acquitted for TF partly because of a high standard of proof), and the lack of a fully comprehensive strategic approach leading to a certain lack of operational coordination between competent authorities. Four TF convictions were achieved, in one single case. Penalties applied were proportionate, effective and dissuasive sanctions; however, this case is temporally remote, which diminishes its weight in the present MER.

l) The APML applies UN Security Council Resolutions (UNSCRs) without delay through a commendable automated system that notifies reporting entities within 24 hours of new or updated listings. Serbia has demonstrated its capacity to implement designations under the 1373 regime, though procedural clarity could be strengthened by adopting written guidelines to streamline complex cases. The system in place for depriving terrorists of assets is effective.

m) Serbia has taken steps to assess TF risks in the NPO sector, enhance governance and transparency, and strengthen outreach and monitoring. NPOs are risk-rated and inspected, though gaps remain in identifying those meeting the FATF definition and in ensuring data accuracy and consistent application of risk-based measures.

n) Proliferation financing (PF) controls have also improved significantly, underpinned by strong coordination led by the NCB and supported by the APML and the National Bank of Serbia (NBS). Serbia has completed two PF national risk assessments (NRAs), most recently in 2024, reflecting a sound understanding of exposure to global proliferation threats. The implementation of PF TFS is prompt and largely automated, ensuring real-time compliance with UNSCR obligations. While no PF-related assets have been frozen, this is consistent with Serbia's risk profile. Reporting entities, particularly banks, securities firms, and virtual asset service providers (VASPs), demonstrate good awareness of PF-related obligations and apply effective screening measures, which cannot be asserted about some DNFBPs.

Roadmap and Key Recommended Actions (KRAs)

1. Serbia underwent a Mutual Evaluation of its anti-money laundering / countering the financing of terrorism / countering proliferation financing (AML/CFT/CPF) measures in place during its on-site visit to the country from 12 May to 23 May 2025. This evaluation was based on the 2012 FATF Recommendations (as updated from time to time) and was prepared using the 2022 Methodology.
2. The Mutual Evaluation Report identifies the strengths and weaknesses of Serbia's AML/CFT/CPF system, including both the level of effectiveness and the level of technical compliance, and recommended actions for improvement. The highest priority measures are identified as Key Recommended Actions (KRA) are included in this KRA Roadmap.
3. The following presents the KRA Roadmap for Serbia as adopted by the MONEYVAL Plenary in December 2025 Plenary. Based on Effectiveness and Technical Compliance Ratings, Serbia is placed in regular follow-up.

IO.1 (ASSESSMENT OF RISK, COORDINATION AND POLICY SETTING)

N/A

IO.2 (INTERNATIONAL CO-OPERATION)

N/A

IO.3 (FINANCIAL SECTOR AND VIRTUAL ASSET SUPERVISION AND PREVENTIVE MEASURES)

N/A

IO.4 (NON-FINANCIAL SECTOR SUPERVISION AND PREVENTIVE MEASURES)

a) Serbia should establish a structured, risk-based AML/CFT supervisory framework for lawyers. This should include dedicated staff, ongoing F&P checks, regular AML/CFT supervisory engagement, effective follow-up and sanctions, to drive compliance in particular with respect to risk understanding and assessments and suspicious activity detection and reporting. Serbia should establish a competent authority tasked to oversee the work of the Bar Chamber, including in relation to conflicts of interest management.

b) Given the rapid growth, high transaction volumes, and residual ML risks, notably in online casinos, the GCA should significantly expand its AML/CFT on-site supervision, prioritize higher-risk operators, and ensure effective follow-up on deficiencies identified through inspections.

c) Regarding notaries, the Notary Chamber should ensure that supervisory efforts are focused on higher-risk notaries and ensure follow-up on deficiencies identified.

IO.5 (TRANSPARENCY AND BENEFICIAL OWNERSHIP)

N/A

IO.6 (FINANCIAL INTELLIGENCE)

d) The APML should establish comprehensive internal procedures that clearly define the analytical flow and decision-making process on the disseminations of the APML analytical products, including the level of suspicion (or other threshold or objective indication) needed when triggering dissemination and to which relevant recipient authorities. In addition, the internal procedures should at the minimum: (i) provide clearer guidance on the pre-analytical phase; (ii) establish a process of periodical revision of SARs put "on hold" at the pre-analytical stage; and (iii) formalise the CTR analytical process.

IO.7 (MONEY LAUNDERING INVESTIGATIONS AND PROSECUTIONS)

N/A

IO.8 (ASSET RECOVERY)

N/A

IO.9 (TERRORIST FINANCING INVESTIGATIONS AND PROSECUTIONS)

e) A comprehensive approach and strategy from an operational perspective and commensurate with Serbia's TF risk should be adopted to identify systematically identify the investigative TF needs, informed by all relevant authorities to focus their duties on the operational needs of different LEAs in order to provide the SPPO with the required information to initiate pre-investigations and launch formal investigations duly coordinated between all relevant authorities.

f) Complete and comprehensive parallel financial investigations should be conducted since the beginning of all terrorism-related cases, including TF as one of the crimes under investigation and orienting the investigation also for this specific purpose.

IO.10 (TERRORIST FINANCING PREVENTIVE MEASURES AND FINANCIAL SANCTIONS)

g) Serbia should identify the NPOs which fall within the FATF definition and develop a regime that only targets those NPOs. The authorities should (i) develop a more systematic and risk-based education and outreach program, working with the NPO sector to issue a guide for donors with context-specific information tailored to Serbia and a guidance document that meaningfully addresses governance, transparency, ethics and reporting; (ii) further strengthen governance of NPOs and transparency (including for the purpose of reducing the level of penalties); (iii) develop procedures for the SBRA to address TF risks ; (iv) ensure NPO monitoring is risk based.

IO.11 (PROLIFERATION FINANCING FINANCIAL SANCTIONS)

N/A

RISKS AND GENERAL SITUATION

1. Since the last evaluation, Serbia's risk profile has remained broadly stable, with the financial system primarily domestic and of limited size, though gradual outward expansion, particularly through real estate, has increased exposure to laundering risks. The main ML threats stem from tax crimes, corruption, drug trafficking, organised crime and fraud, generating an estimated €1 billion annually. ML schemes often involve front companies, false invoicing and investment in high-value assets such as real estate and vehicles. Banks remain the most exposed sector, followed by real estate and accounting services, with emerging vulnerabilities in online gaming and virtual assets.

2. TF risk is assessed as medium-low, with no active terrorist groups identified, though risks persist from self-radicalisation and returning foreign fighters. Exposure to proliferation financing is considered low-to-medium, mainly related to trade-based transactions and the implementation of targeted financial sanctions.

3. Since its last evaluation, Serbia has made steady progress in strengthening its AML/CFT framework and addressing previously identified deficiencies. Most elements of an effective system are in place, and the country demonstrates a substantial level of effectiveness in the majority of Immediate Outcomes. Moderate effectiveness remains in IO.4, IO.6, IO.9 and IO.10, indicating the need for further improvement in the supervision and implementation of preventive measures by DNFBPs, the use of financial intelligence, the investigation, prosecution, and sanctioning of TF cases as well as in relation to the implementation of the TF TFS and the protection of NPOs against TF abuse.

4. In terms of technical compliance, Serbia has further aligned its legal and institutional framework with FATF standards, with all Recommendations rated as compliant or largely compliant except for R.8, R.25, and R.31, which are partially compliant. These residual gaps concern the identification, supervision, and sanctioning of NPOs, the transparency of beneficial ownership, and certain deficiencies in investigative powers.

5. Overall, the system performs at a substantial level of effectiveness, supported by a strong coordination framework and ongoing reforms aimed at strengthening risk management supervision, and enforcement practices.

Assessment of risk, coordination and policy setting (Chapter 1; IO.1, R.1, 2, 33 & 34)

6. Serbia has developed a permanent and well-established mechanism for conducting money laundering and terrorist financing (ML/TF) risk assessments, ensuring continuity and methodological consistency. The 2021 and 2024 NRAs are more comprehensive than earlier exercises, reflecting improved data quality, broad participation from both the public and private sectors, and the leadership of experienced working groups under the National Coordination Body (NCB). The country demonstrates a solid understanding of its key ML/TF risks and exposures. Overall, Serbia's national risk assessments provide a sound foundation for targeted mitigation measures and are complemented by additional thematic assessments conducted regularly.

7. The country has achieved a high level of AML/CFT policy coordination, supported by the NCB and a network of institutional coordinators overseeing the implementation of the national AML/CFT strategy and action plans. Competent authorities have largely aligned their operational activities to the country's risk profile, although further efforts are needed to better address high-threat predicate offences and enhance risk-based supervision by the Chamber of Notaries and Bar Association. Coordination among law enforcement, prosecutorial, customs and intelligence authorities is well-developed through inter-agency task forces and liaison networks, which have contributed to successful ML investigations and prosecutions. However,

additional systemic coordination between the Tax Administration, Tax Police, National Bank of Serbia (NBS), and Serbian Business Registers Agency (SBRA) would help mitigate vulnerabilities associated with limited liability companies and other higher-risk entities.

International co-operation (Chapter 2; IO.2; R.36–40)

8. Serbia provides timely and constructive assistance in mutual legal assistance (MLA) and extradition cases. A centralised mechanism, supported by a solid legal framework, is in place, with Ministry of Justice acting as the central authority. The country demonstrates a proactive and cooperative approach, streamlining procedures to facilitate MLA. The high volume of requests targeting all the high/medium threat predicate offences matching the findings of the NRA, indicates MLA and extradition requests are in line with the country risk profile.

9. There are similar powers in place for requesting mutual legal assistance. Letters rogatory are issued by the MoJ upon applications by the national judicial authorities. Given the modus operandi identified by the NRA regarding tax crimes in which proceeds are laundered abroad, as well as ML threats identified, outgoing international requests on these cases are in line with Serbia's risk profile, although some high threat predicate offences (e. g. corruption) are still not adequately represented seeing the overall international dimensions and risk profile of the country.

Financial sector and virtual asset supervision and preventive measures (Chapter 3; IO.3, R.9-21, 26, 27, 34 & 35)

10. Serbia has established a comprehensive legal and institutional framework for the licensing and registration of financial institutions (FIs) and VASPs, with fitness and propriety (F&P) checks systematically applied across all sectors. These checks include verification of criminal backgrounds and associations, and documented cases of licence refusals and withdrawals confirm that they are effectively implemented in practice. Supervisory authorities, particularly the National Bank of Serbia (NBS), demonstrate a solid understanding of sectoral ML/TF risks and apply risk-based supervisory methodologies. Resource allocation and inspection planning are largely consistent with sectoral risk levels, though the Securities Commission has faced capacity constraints in recent years.

11. Supervisory authorities apply a risk-based approach combining full-scope and thematic inspections, with the highest coverage achieved in the banking sector, where inspections are conducted annually. Supervision of VASPs, initiated in 2022, already includes both off-site monitoring and on-site reviews. Supervisory outreach mechanisms such as questionnaires, training sessions, and guidance materials support compliance awareness, though smaller and newly regulated entities still require further engagement. A wide range of remedial and enforcement measures, ranging from written warnings and corrective orders to pecuniary sanctions and licence suspensions, are available and have been applied. While corrective actions have proven generally effective, the number and monetary value of fines remain limited compared to sector size and risk exposure, particularly for banks and exchange offices, somewhat reducing the overall deterrent effect of sanctions.

Non-financial sector supervision and preventive measures (Chapter 4; IO.4, R.22, 23, 28, 34 & 35)

12. Serbia has established a licensing and registration regime for all DNFBP sectors, with responsibilities shared among multiple authorities. At a market entry level and on an on-going basis, with the exception of Bar Association, F&P checks are applied although their scope and depth vary. All supervisors

except the Bar Association regularly gather information to assess ML/TF risks. The Bar Association lacks sufficient evidence of an updated risk understanding, a significant gap given the sector's importance. In contrast, the Notary Chamber and GCA show strong ML/TF risk understanding, while the Market Inspection and APML demonstrate reasonable awareness, though some misalignment between individual and sectoral risk ratings raises concerns about overall adequacy. Most DNFBP supervisors, except the Bar Chamber, have risk-based supervision procedures, though implementation is uneven. The Notary Chamber expanded its oversight but has not entirely focused on higher-risk entities, with ongoing CDD and BO breaches continuing to be noted. The GCA and APML apply risk-based approaches, though GCA's coverage is limited, and Market Inspection's on-site supervisory engagement has declined, while the Bar Association's supervision remains minimal.

13. Most DNFBPs demonstrate awareness of AML/CFT obligations such as CDD and record-keeping. However, their application is not adequate in the case of lawyers, while concerns remain in other material sectors (e.g. notaries and casinos), although improvements have been noted recently. The numbers and quality of SAR reporting is adequate for notaries, which is the top reporting sector. In the case of online casinos, the volume is on the increase, although concerns remain with the quality thereof. However, particular gaps are noted in relation to lawyers, notably the complete absence of SARs since 2023, which is concerning and pondered more heavily. Other sectors, such as real estate brokers and accountants, show persistently low reporting, although these gaps are weighted less heavily in view of the importance allocated thereto.

Transparency and beneficial ownership (Chapter 5; IO.5, R.24 & 25)

14. Serbia has developed a solid framework to ensure transparency of basic and beneficial ownership information for legal persons, supported by multiple interconnected national databases managed by the Serbian Business Registers Agency (SBRA). Competent authorities demonstrate a good understanding of ML risks linked to the misuse of legal entities, as reflected in the 2024 NRA, which provides a comprehensive analysis of typologies and vulnerabilities. Although the framework for domestic legal persons is well developed, the analysis and control mechanisms related to foreign legal persons and arrangements with links to Serbia are less advanced, reflecting their comparatively lower materiality.

15. Several preventive measures have been implemented to mitigate the misuse of legal persons, including mandatory bank accounts for all registered entities, cross-verification of information between the SBRA, National Bank of Serbia (NBS), and Tax Administration (TA), and the public availability of business and BO registers. Banks play a key role in maintaining the accuracy and timeliness of BO data through their customer due diligence and ongoing verification processes, often detecting concealment attempts by beneficial owners. However, moderate gaps remain in effectively preventing and mitigating the more prominent modalities of misuse of legal persons (i.e. via strawmen, or phantom/launderer companies).

16. Express trusts and similar legal arrangements cannot be established under Serbian law, but foreign trusts conducting business in Serbia must register BO information in the Central Register of Beneficial Owners (CRBO). While this ensures traceability, their actual presence remains minimal. Sanctions and forced liquidation contributed to ensure the availability and adequacy of BO data. Nonetheless very few criminal actions have been taken to sanction the submission of false BO information, and very few sanctions for late or non-filing of BO changes which may impact the accuracy of BO data held in the CRBO. Overall, the measures and actions undertaken by the Serbian authorities, are largely effective, with only moderate gaps remaining.

Financial intelligence (Chapter 6; IO.6, R.29 - 32)

17. Serbia's Financial Intelligence Unit (APML) has developed a structured approach to collecting and analysing financial information, supported by regular access to a wide range of databases, including those on business registration, property, and bank accounts. SARs and CTRs are received electronically through the TMIS system, which includes an automated Risk Matrix designed to prioritize incoming SARs and includes as well statistical capabilities. While the analytical process works as practice, the APML's limited human resources, only 18 staff covering analysis, prevention, and cooperation functions, pose challenges to maintaining timely and in-depth analytical work beyond automated outputs.

18. The APML submits spontaneous disseminations to public competent authorities when it identifies information potentially relevant to ML, TF or related predicate offences and responds to requests from LEA in support of ongoing money laundering investigations, regardless of whether the case was originally initiated based on an APML dissemination. The support may involve providing financial intelligence, such as transaction details, account relationships, or cross-border activity, which can supplement operational efforts. The dissemination process is not formalised and is prone to subjectivity.

Money laundering investigations and prosecutions (Chapter 7; IO.7, R. 3, 30 &31)

19. Since the last MER, Serbia increased the number of ML prosecutions which now include both self-laundering and third-party cases. The ML cases prosecuted together with a domestic predicate offence remain the prevalent typology which is consistent with the country's risk profile placing the internal threat as the biggest. The results on ML prosecuted together with a foreign predicate offence remain rare, a sector which needs to be improved taking into consideration the external threat linked to OCGs as well as Serbian OCGs operating abroad. The results on indicting standalone ML are also notable, as they were absent on the last evaluation.

20. Convictions are on the rise, with the majority of ML convictions pertaining to third party cases, and autonomous ML cases where, like in the case of the prosecutions, more serious underlying criminality is present. The sanctions are generally proportionate and dissuasive, though the prosecutions and convictions of legal persons are an area for improvement.

Asset recovery (Chapter 8; IO.8, R. 1, 4 & 32)

21. Confiscation and asset recovery remain central policy priorities, though the legislative framework has not been updated since 2019 despite emerging typologies. Financial investigations are routinely conducted in parallel with predicate crime investigations, leading to regular seizures and confiscations. The Directorate for the Management of Seized and Confiscated Assets performs an active role in preserving and managing a wide range of property, though the management of virtual assets remains outside its remit. Between 2019 and 2023, Serbia seized approximately EUR 133 million and confiscated around EUR 109 million, a notable result though still below the estimated criminal proceeds.

22. Serbia enforces its cross-border cash declaration system effectively through the Customs Administration, which identifies suspicious transactions and refers relevant information to the APML and prosecution authorities. Sanctions and confiscations related to undeclared or falsely declared funds are applied proportionately and have proven dissuasive. While victims of crime are compensated domestically, cross-border restitution remains challenging.

Terrorist financing investigations and prosecutions (Chapter 9; IO.9, R. 5, 30, 31 & 39)

23. In Serbia the TF risk is identified as a medium, mainly in the form of self-radicalised individuals and links to armed conflicts in Middle East and North Africa. Serbia has designated different authorities to combat TF, notably the SCT, the BIA and the JTOK, with the APML being relevant when providing financial intelligence. At the operational level, the OWG has been established and is integrated by the JTOK, the SCT and the BIA.

24. Although a significant number of cases were disseminated by the APML to the SCT, the BIA and the JTOK and a number of checks were conducted, the pre-investigations and investigations initiated were limited. This is partly in line with Serbia's TF risk profile. Four TF convictions were achieved, in one single case. Penalties applied were proportionate, effective and dissuasive, however, this case is temporally remote, which diminishes its weight in the present MER. Targeted sanctions, travel restrictions and monitoring lists are applied as alternative measures when a TF conviction is not possible.

Terrorist financing preventive measures and financial sanctions (Chapter 10; IO.10, R. 1, 4, 6 & 8)

25. Serbia's framework for targeted financial sanctions (TFS) related to TF is well developed and promptly implemented. The APML applies UN Security Council Resolutions (UNSCRs) without delay through automated systems that notify reporting entities within 24 hours of new or updated listings. Serbia has demonstrated its capacity to implement designations under the 1373 regime, though procedural clarity could be strengthened by adopting written guidelines to streamline complex cases. The country has made notable progress in understanding and mitigating the risk of NPO abuse for TF purposes through the introduction of sectoral risk assessments, enhanced transparency, and expanded outreach. Monitoring is conducted by multiple authorities focusing on governance, transparency, and compliance, although the application of sanctions for breaches remains inconsistent. Financial institutions and DNFBPs show a strong level of awareness of TFS obligations, with banks and notaries demonstrating the highest compliance and casinos showing substantial improvement.

Proliferation financing financial sanctions (Chapter 11; IO.11, R. 7)

26. Proliferation financing (PF) controls have also improved significantly, underpinned by strong coordination led by the National Coordination Body and supported by the APML and the National Bank of Serbia (NBS). Serbia has completed two PF national risk assessments (NRAs), most recently in 2024, reflecting a sound understanding of exposure to global proliferation threats. The implementation of PF TFS is prompt and largely automated, ensuring real-time compliance with UNSCR obligations. While no PF-related assets have been frozen, this is consistent with Serbia's risk profile. Reporting entities, particularly banks, securities firms, and virtual asset service providers (VASPs), demonstrate good awareness of PF-related obligations and apply effective screening measures, though some DNFBPs, notably in the real estate and accountancy sectors, still require improvement. Supervisory authorities have increased their oversight of PF compliance, complemented by updated guidance and training, yet further efforts are needed to extend effective supervision to all non-financial sectors and to enhance the clarity and usability of guidance documents issued in 2024–2025.

Effectiveness & Technical Compliance Ratings

	Effectiveness		Technical Compliance	
Risk mitigation through policy, co-ordination and co-operation				
Assessment of risk, coordination and policy setting	**IO.1**	SE	**R.1**	**LC**
			R.2	**LC**
International co-operation	**IO.2**	SE	**R.36**	**LC**
			R.37	**LC**
			R.38	**LC**
			R.39	**LC**
			R.40	**LC**
Cross-cutting requirements			**R.33**	**LC**
Prevention, detection & reporting of illicit funds across sectors				
Financial sector and virtual asset supervision and preventive measures	**IO.3**	SE	**R.9**	**C**
			R.10	**LC**
			R.11	**C**
			R.12	**C**
			R.13	**C**
			R.14	**C**
			R.15	**LC**
			R.16	**LC**
			R.17	**C**
			R.18	**C**
			R.19	**C**
			R.20	**C**
			R.21	**C**
			R.26	**C**
			R.27	**C**

Non-financial sector supervision and preventive measures	**IO.4**	ME	**R.22**	**LC**
			R.23	**LC**
			R.28	**LC**
Transparency and beneficial ownership	**IO.5**	SE	**R.24**	**LC**
			R.25	**PC**
Cross-cutting requirements			**R.34**	**LC**
			R.35	**LC**
Detection and disruption of threats, sanctions & deprivation of illicit funds				
Financial intelligence	**IO.6**	ME	**R.29**	**C**
Money laundering investigations and prosecutions	**IO.7**	SE	**R.3**	**LC**
Asset recovery	**IO.8**	SE	**R.4**	**PC**
			R.32	**LC**
Terrorist financing investigations and prosecutions	**IO.9**	ME	**R.5**	**LC**
Terrorist financing preventive measures and financial sanctions	**IO.10**	ME	**R.6**	**LC**
			R.8	**PC**
Proliferation financing financial sanctions	**IO.11**	SE	**R.7**	**LC**
Cross-cutting requirements			**R.30**	**LC**
			R.31	**PC**

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness. Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non-compliant. While the technical compliance findings can be relevant across the effectiveness immediate outcomes (for example, R.1 or R.40), the table above illustrates the main technical compliance findings specific to each effectiveness immediate outcome and cross-cutting requirements for each of the intermediate outcomes. For more detail on the relevant technical compliance requirements relevant to each effectiveness immediate outcome, see the relevant paragraph at the beginning of each chapter. See also paragraphs 53 and 54 of the FATF 2022 Methodology for links between effectiveness and technical compliance ratings

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