

Armenia

Sixth Round Mutual Evaluation Report – May 2026

EXECUTIVE SUMMARY

This report summarises the anti-money laundering and countering the financing of terrorism (AML/CFT) measures in place in Armenia as at the date of the on-site visit 29 September - 10 October 2025. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Armenia's AML/CFT system and provides recommendations on how the system could be strengthened.

Key Findings

- a) The authorities' understanding of risk is based on the NRA and is to some extent adequate, with some areas for improvement especially in relation to the impact of the foreign factor. The main ML threats identified stem from fraud, embezzlement, corruption, tax crimes, drug trafficking, and cybercrime.¹ The AT considers this conclusion as reasonable, especially when speaking about the domestic threat. ML and TF vulnerabilities and risks in relation to VAs need further analysis to ascertain the materiality of the sector and the reasonableness of a low TF risk of abuse through VAs. The national policies and strategies to address the ML and TF risks are satisfactory. The implementation of the National AML/CFT/CPF Strategy for 2025 to 2028 and the action plan are being monitored semi-annually, where the progress on implementation is discussed within the Interagency Committee. Some authorities showed how their own objectives and activities are largely consistent with the ML/TF risks identified in the 2024 NRA and with the actions envisaged in the AML/CTF National Strategy. National cooperation and coordination take the form of a case-by-case basis.
- b) The legal framework for international cooperation is sound, and the country generally provides high-quality and timely assistance. The authorities have demonstrated that, in certain key complex ML cases, mostly related to corruption, they proactively seek assistance from foreign counterparts. However, this is not done on systematic basis with regard to other associated predicate offenses, such as drug trafficking. Overall, the LEAs and the FMC did not fully undertake a proactive approach to seeking intelligence from foreign counterparts. Mutual legal assistance is used to some extent for asset recovery, with two confirmed cases of seizure of illicit assets abroad. The financial supervisor demonstrated active cooperation

¹ 2024 NRA, para. 185-186.

with foreign regulatory authorities, while the cooperation by non-financial supervisors is limited, largely due to the domestic nature of the supervised entities.

- c) Armenia has taken important steps to strengthen AML/CFT supervision of financial institutions and implement a risk-based approach since the last evaluation, including the introduction of cyclical on-site inspections during the latter part of the assessment period. The CBA has controls in place to prevent criminals from entering the regulated market through licensing requirements, though non-public investment funds and VASPs operated outside supervision for most of the assessment period until 2025 legislative amendments closed this gap. The banking sector received the highest supervisory attention and shows notable improvement in compliance, while smaller financial institutions display more limited understanding of risks and obligations.
- d) The legal persons most frequently used in criminal activities are the LLCs, closed joint stock companies (JSCs), and, in some cases, non-profit organisations (NPOs). All domestic legal persons must be registered with the State Registry. Basic information is publicly available and includes personal identification details, such as addresses, citizenship status, and birth/death records, along with company ownership, registration details, and tax status for businesses. The BO Registry is being gradually populated with BO data since 2021 but there are no verifications and checks on the accuracy of the BO data. The BO data is also held by FIs and the information kept therein is generally of a good quality, notwithstanding that deficiencies have been identified by the supervisors. The materiality of foreign legal arrangements does not appear to be significant. Administrative sanctions imposed do not appear as being dissuasive and effective, especially in view of the fact that the register is still half populated with the BO data.
- e) The FMC has broad access to key datasets, including bank account registers, tax databases, criminal, and real estate records. While STRs are the main focus, the FIU also uses TTRs, requests, and open-source intelligence. Improving the volume and quality of STRs is essential for supporting competent authorities. Other agencies have timely access to relevant data, but LEAs lack direct access to the bank accounts registrar, which delays financial intelligence and adds pressure on the FMC. The FIU's resources are strained by many requests cantered on predicate offenses rather than money laundering. Intelligence bodies do not sufficiently look at the financial side of the investigation and outcomes often fall short of supporting ML hypotheses. Despite resource and software constraints, strategic analysis is effective, and the use of STRs and FIU notifications in ML investigations is showing positive growth.
- f) Armenia's legal and institutional framework for identifying, investigating and prosecuting ML has undergone important changes in recent years. These reforms have led to an increase in the last two years in ML investigations and prosecutions, particularly in corruption-related cases. However, the system remains predominantly predicate-offence-driven, with a focus on self-laundering linked to domestic offences, while third-party and autonomous ML cases are not systematically pursued. Limited consideration is given by the LEAs to ML in connection with foreign or transnational organised crime, which impacts the type and scale of cases pursued. Prosecutions face delays and evidentiary challenges, and convictions to date remain few, involving small scale ML cases.

- g) Significant efforts were also made towards establishing a legal and institutional framework for asset recovery as part of broader anti-corruption and anti-money laundering efforts. This led to the introduction of the NCBC regime which enhanced the country's ability to confiscate illicit assets. Asset recovery responsibilities remain dispersed among different agencies, with no overarching authority or cooperation framework to ensure a consistent and efficient approach. Overall, the results do not demonstrate that asset recovery of criminal proceeds is proactively pursued. Confiscation efforts are primarily focused on domestic proceeds. Measures taken against undeclared cross-border cash movements had some results, including the application of fines, voluntary compensations and confiscations in smuggling related cases. However, there is no proactive approach to identifying potential indicators of proceeds of crime, including links to ML/TF. Armenia lacks a specialised assets management authority for seized and confiscated property, with responsibilities for asset management dispersed across various authorities.
- h) Armenia has systems in place to identify, investigate and prosecute TF, and the relevant authorities are adequately trained and resourced. The authorities look for possible TF activity in all cases of suspected terrorism or from TF-related STRs. However, the use of funds raised through other forms of criminality for TF purposes and possible TF involvement in transactions linked to high-risk countries are insufficiently explored. The ability to identify TF is also limited by underreporting of suspected TF by the private sector. There have been no TF prosecutions or convictions to date, but there are no legal or procedural obstacles to prevent this or the imposition of appropriate sanctions in most cases. TF is integrated into counter terrorism strategies to some extent, and the authorities generally collaborate well on counter terrorism issues at both a strategic and operational level. There are alternative measures to TF convictions available to the authorities, although these have not been used in practice.
- i) Armenia has established well-functioning frameworks for targeted financial sanctions related to terrorist financing (TF) and proliferation financing (PF), implementing UNSCR designations without delay. The country has demonstrated effective capacity to make designations under UNSCR 1373 for TF and has successfully identified and frozen assets under the Iran PF sanctions regime, with outcomes consistent with Armenia's low-risk profile. Armenia has robust systems in place for coordination and cooperation at a policy and an operational level for CPF. Banks and larger financial institutions demonstrate good understanding of TFS obligations with effective screening mechanisms, while smaller entities show more limited knowledge of sanctions evasion risks consistent with their domestic profiles and limited risk exposure.

Roadmap and Key Recommended Actions (KRAs)

1. Armenia 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 29 September – 11 October 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 Armenia'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 the Republic of Armenia as adopted by MONEYVAL Plenary in May 2026. Based on Effectiveness and Technical Compliance Ratings, Armenia is placed in enhanced follow-up. This KRA Roadmap also serves as the basis for Armenia's follow-up process.

IO.1 (Assessment of risk, coordination and policy setting)

- a) Armenian authorities should take action to deepen the national ML risk understanding by including other sources of information such as the incoming international requests (formal and informal) by predicate offence, and typologies of cross-border and organized crime concerning relevant predicate offences such as drug trafficking. The authorities should re-examine the impact of the foreign ML threats and the overall impact on the overhaul ML risk of Armenia. Proportionate mitigating measures should be taken at a national level.
- b) Authorities should distinguish between ML and TF threats, vulnerabilities, and residual risks for FIs and DNFBPs by products and services. For VAs, a more comprehensive analysis of potential TF risk of abuse is needed (for example, using international reports, estimating the activity of VASPs on the national territory, estimating the VAs turnover, sectors where VAs are particularly used, etc.). Proportionate mitigating measures at a national level should be subsequently taken

IO.2 (International co-operation)

N/A

IO.3 (Financial sector and virtual asset supervision and preventive measures)

- c) The CBA should complete the first full cycle of risk-based on-site inspections, covering the entire population of each FI type within the prescribed timeframes and make stronger use of the extensive data it collects to guide targeted, risk-driven inspections.

IO.4 (Non-financial sector supervision and preventive measures)

- d) Armenia should introduce registration or licensing requirements for all DNFBPs under FMC supervision to ensure full supervisory visibility and enable effective market-entry controls. These regimes should include fit-and-proper requirements, encompassing criminal background checks and verification of BO, and the FMC should be provided with legal powers to refuse, suspend, or revoke authorisations where individuals or entities are found unfit.
- e) Armenia should prioritize operationalization of the new Operating Centre and ensure continuity of AML/CFT supervision of gambling operators during the transition. The SRC should develop and implement a risk-based supervisory methodology for the gambling sector, supported by adequate tools and sector-specific data.
- f) Armenia should establish effective AML/CFT supervision of advocates, including implementation of risk-based framework with inspections and dissuasive sanctions.

IO.5 (Transparency and beneficial ownership)

- g) Authorities should enhance their understanding on domestic and foreign legal persons' vulnerabilities of (i) not having a fully populated BO registry, (ii) absence of checks on the accuracy of the BO information, (iii) rationale of having legal persons with no relationship with a reporting entity, and (iv) TF geographic vulnerabilities considering the residency of the BOs/founders and the country of registration of BO/founder.
- h) The State Register Agency should carry out systemic verification checks of the accuracy and relevance of BO information on a risk-based approach, to ensure its reliability and mitigate the risks of the creation of legal persons for ML/TF purposes.

IO.6 (Financial intelligence)

- i) The intelligence bodies (NSS, MIA, SRC, ACC in the intelligence capacity), as primary recipients of FMC disseminations, and as responsible authorities for initiating ML cases, should focus more on the ML aspect in their intelligence gathering activities. Specialised officers should be trained on systematically developing and using financial intelligence and tracing criminal proceeds related to ML/FT.

IO.7 (Money laundering investigations and prosecutions)

- j) Armenia should take measures to actively pursue the investigation and prosecution of ML, particularly of complex third-party and autonomous ML cases, and ensure that all relevant sources are fully utilised for potential ML identification, with appropriate consideration to be given to all potential foreign or transnational links. The country should take measures to ensure that convictions are secured in all types of ML cases and that the sanctions applied are effective, proportionate and dissuasive.
- k) Armenia should ensure that the interpretation and understanding of ML offence by Courts in relation to the purposive element of certain acts of ML, does not impede prosecution of ML cases in line with international standards.
- l) The authorities should review the investigative bodies' access to financial information for evidentiary purposes, ensuring that they can obtain all information necessary for investigations

and prosecutions of ML and associated predicate offences, even in the absence of a direct link to or control by the suspect or the accused, in order to facilitate the identification of the extent of criminal networks and/or the scale of criminality, in particular in third-party or autonomous ML cases.

IO.8 (Asset recovery)

- m) The country should take stock of the overall asset recovery regime at all stages (identification, tracing, seizing and confiscating) to identify the challenges in achieving results aligned with the estimated volume of criminal proceeds and the country risk profile. Subsequent strategic and policy measures should be taken to enhance the institutional framework, provide sufficient guidelines and adequate resources to LEA on asset recovery matters.
- n) Armenia should put in place a system of management of seized property to preserve its value.
- o) The country needs to invest in building expertise and resources for tracing, seizing, and confiscating assets. This includes providing law enforcement agencies with the tools, training, and technical expertise to effectively pursue parallel financial investigations and apply provisional measures.

IO.9 (Terrorist financing investigations and prosecutions)

- p) The authorities should be provided with training and guidance on identifying possible TF and terrorist assets from cases involving criminality other than terrorism.
- q) Guidance or other outreach focused on TF should be provided to reporting entities to enable them to identify and report possible TF activity.
- r) The NSS and the IC should put in place procedures or other measures to ensure that possible TF involvement in transactions to high-risk countries are routinely explored.

IO.10 (Terrorist financing preventive measures and financial sanctions)

N/A

IO.11 (Proliferation financing financial sanctions)

N/A

- 4. Armenia is expected to report back to the MONEYVAL Plenary in May 2029 on the developments made on each of the KRAs.

Risks and General Situation

1. Since the last evaluation round, Armenia has completed three NRAs: in 2017 based on data for the period 2014-2016 (2017 NRA), in 2021 based on data for the period of 2017-2020 (2021 NRA) and the 2024 NRA based on data covering 2021 to 2023. This last iteration of the NRA is based on a methodology developed

by the Armenian authorities and includes an improved analysis of a broad range of risks that the country is facing with the highest focus on the vulnerabilities.

2. The main ML threats identified in the 2024 NRA stem from fraud, embezzlement, corruption, tax crimes, drug trafficking, and cybercrime. Compared to the 2015 MER findings, which indicated a lack of consensus among Armenian authorities regarding the most prevalent criminal activities for ML, now the perception is more unified. The ML residual risk level remained the same across all three iterations of the NRA.
3. The authorities concluded that the threat level related to TF is low, given that: (i) there were no favourable preconditions for terrorism and TF in Armenia, (ii) competent authorities effectively prevented attempts by individuals associated with terrorist organisations, (iii) criminal proceedings were initiated in four cases related to terrorism and the preparation of terrorism, which are not significant in terms of TF, (iv) Armenia's relations with high-risk countries that include money transfers, are limited to the natural ties it maintains with Armenian communities, and (v) no significant risks related to terrorism were identified and the hypothesis put forward regarding TF have been refuted.

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

4. Armenia has to be commended for actively engaging in efforts to continuously improve the understanding of the landscape of risks, by conducting three NRAs since the last evaluation round. The authorities' understanding of risk is based on the last NRA and is to some extent adequate, with some areas for improvement as described in the analysis below. The main ML threats identified stem from fraud, embezzlement, corruption, tax crimes, drug trafficking, and cybercrime.² The AT considers this conclusion as reasonable, especially when speaking about the domestic threat. A development from the previous MER is that the authorities have included an estimation of the magnitude and significance of the overall proceeds from criminal activity. The AT notes that according to the NRA, there has been no change in the threat level despite global dynamics in the ML/TF risk landscape in the last ten years, and the economic and demographic developments in Armenia post 2022.
5. The threat emerging from transnational organised criminal networks dealing in drug trafficking and other major crimes is considered as negligent. The authorities acknowledge the existence of large-scale drug trafficking cases, which have been considered for the NRA purposes, but remain of the view that this does not constitute a trend and typology in the Armenian context. The AT has concerns about the reasonableness of this conclusion and is of the view that the risk assessment should explore more the impact of the criminal activities carried out by transnational organised criminal groups.
6. TF risk was considered in all the iterations of the NRA and is considered to be low. The authorities reported that there is a separate TF risk assessment besides the section in the 2024 NRA, however the document was not made available to the AT due to high confidentiality nature of the data. To assess TF threats, the authorities considered conflicts driven by religious or ethnic movements, minority rights violations, extremist propaganda, the presence of terrorist organisations, instances of terrorism and TF, and connections with high-risk countries.
7. At the policy making level, authorities are guided by the National Strategy on AML/CFT (2025-2028) and the Anti-Corruption Strategy (2023-2026). The implementation of the National AML/CFT Strategy and the

² 2024 NRA, para. 185-186.

action plan are being monitored semi-annually. Actions pertaining to supervisory authorities are not linked to higher materiality and risk areas, except for VAs.

8. The Interagency Committee serves as the authorized body responsible for national policy development and coordination of activities in the field of AML/CFT. The Committee proved to have valuable input when it comes to strategic coordination. Operational cooperation and coordination between competent authorities is not systemic and needs to be further strengthened.

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

9. Armenia has a sound legal framework enabling international cooperation on the basis of multilateral and bilateral agreements. The assistance provided is generally of good quality and effective. Overall, the global feedback on its quality and timeliness is positive. Since the last assessment, the authorities have taken steps to enhance the quality of the assistance provided to foreign counterparts and have adopted in some cases a more proactive approach to seeking information abroad.
10. The authorities have demonstrated that, in certain key complex ML cases, mostly related to corruption, they proactively seek assistance from foreign counterparts. However, with regard to other associated predicate offenses, such as drug trafficking, there are concerns that this is not done on a systematic basis. Mutual legal assistance is used to some extent for asset recovery, with two confirmed cases of seizure of illicit assets abroad.
11. LEAs and the FMC provide and to a various extent seek other forms of international cooperation in pursuing predicate offenses and ML using a wide range of channels. In particular, the FMC provides good-quality intelligence to its foreign counterparts in a timely manner and has demonstrated its ability to suspend transactions to secure proceeds of crime upon request from foreign counterparts. However, the authorities did not fully undertake a proactive approach to seeking intelligence from foreign counterparts.
12. The financial supervisor actively seeks and provides informal cooperation with foreign regulatory authorities in relation to fitness and propriety checks and supervisory activities. Cooperation by non-financial supervisors is more limited, although this is impacted by the domestic nature of the entities subject to supervision.

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

13. The CBA has controls in place to prevent criminals and their associates from entering the regulated market through a unified licensing approach across all financial institutions, with powers to reject or revoke licenses exercised when adverse information is identified and recent rules requiring annual re-evaluation of shareholders, beneficial owners, and managers. VASPs and non-public investment funds remained outside the supervisory regime until a new regulatory framework was adopted in 2025.
14. The CBA demonstrates comprehensive understanding of ML/TF risks across the financial sector, assessing risks for core financial institutions through a structured model combining systemic and institutional elements supported by extensive data collection, while smaller entities are assessed through supervisory judgement. AML/CFT supervision is guided by dedicated procedures and methodologies introduced gradually from 2020, prescribing permanent off-site risk analysis and compliance scrutiny for all material sectors, with more in-depth on-site inspections recently introduced based on ML/TF risk, though for much of the assessment period inspections were triggered by specific events or took the form of sectoral thematic reviews

15. Most banks demonstrate good understanding of risks relevant to their operations, while other FIs refer to broader national threats with limited understanding of how these materialise in their business context, and the distinction between ML and TF risks remains weak across the sector with most entities assessing TF threat as low. All FIs demonstrate awareness of their AML/CFT obligations and have internal controls in place, though STR reporting levels remain relatively modest with entities applying a high threshold for identifying suspicious activity. The CBA actively engages in supervisory outreach providing structured feedback and has demonstrated improved ability to impose proportionate sanctions including fines, license revocations, and removal of managers.

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

16. Market-entry controls for higher-risk DNFBPs including casinos, online gambling operators, notaries, and advocates are in place through licensing or registration regimes, though analysis does not always include beneficial ownership verification and controls for other DNFBPs remained largely absent during the assessment period.
17. Supervision of the gambling sector by the SRC reflects a general understanding of ML/TF risks aligned with the NRA but lacks a structured risk-based methodology and relies largely on ad hoc triggers, while supervision of notaries by the Ministry of Justice (MoJ) remains limited and constrained by resources despite adopting a basic risk-assessment methodology in late 2023. AML/CFT supervision of advocates is absent, as the Chamber of Advocates (ChoA) considers attorney-client privilege to preclude such oversight, with no inspections conducted during the assessment period. Since assuming supervisory functions in 2023, the FMC has made significant progress in establishing an AML/CFT supervisory framework despite very limited resources, moving from ad-hoc identification of reporting entities to conducting risk assessments and providing feedback with particular emphasis on higher-risk sectors such as real estate agents.
18. Understanding of ML/TF risks and AML/CFT obligations varies widely across DNFBPs: casinos and gambling operators demonstrate the strongest understanding and apply relatively robust controls, while smaller DNFBPs have less developed understanding, with most having little knowledge of obligations before supervisory engagement intensified in 2023. The use of sanctions and remedial measures has been limited and uneven across DNFBP sectors and has not demonstrated a consistent or sufficiently dissuasive effect, with the exception of some recent enforcement action in the gambling sector, and no AML/CFT-related measures were applied to advocates while disciplinary actions in relation to notaries have been modest.

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

19. Armenia carried out the risk assessment of domestic and foreign legal persons (all), and of legal arrangements and concluded that the most vulnerable are the LLCs, JSCs and the NPOs in certain cases. The indicators used are all relevant, with additional scope for analysis needed in assessing the rationale of having domestic and foreign legal persons with no relationship with a reporting entity. Armenia does not recognise trusts and similar legal arrangements and its' exposure to foreign legal arrangements as low.
20. The State Register Agency maintains the State Registry which holds basic information on the Armenian legal persons and where available, BO information. Law enforcement and supervisory authorities have direct access to the State Registry which allows for accessing adequate, accurate, and up-to-date basic information, and when available, BO information.

21. A multi-pronged approach to access BO data is used through three main sources: (i) information held by the reporting entities, mostly banks; (ii) information contained in the State Registry, and (iii) information held by the legal persons. Effectiveness of the multi-pronged approach would benefit from further development given that the State Registry is not yet fully populated, and the absence of a legal requirement for legal persons to have a bank account. LEAs do not have direct access to reporting entities' information but can access it through a court order or through the FMC.
22. During 2021 to 2024 1,903 administrative proceedings were initiated against legal persons, of which nine were for incorrect or incomplete information, and the rest for failure to submit BO information to the State Registry. Of these, 39% led to remediation measures, which is a positive outcome. In the rest of the cases, the imposed sanctions (mainly warnings) do not appear to be neither dissuasive nor effective.

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

23. In recent years, the Armenian FIU has significantly expanded its human and IT resources. It collects STRs, threshold-based disclosures, cash declarations, and reports on non-disclosure of cash at borders for both operational and, to a lesser extent, strategic analysis. While banks are the predominant reporting sector, overall STR submissions remain insufficient, especially among DNFBPs. STRs from financial institutions generally contain relevant information consistent with the primary ML/TF risks highlighted in the NRA, though some sectors, such as drug trafficking, are exceptions.
24. The FIU supports LEAs with financial intelligence for investigative purposes, and LEAs consider the quality of FIU information to be high. Strategic analysis also benefits other authorities. However, intelligence agencies, frequently request information from the FIU, mostly relating to predicate offenses rather than ML. Processing these requests, often requiring input from foreign partners and reporting entities, has strained FIU resources.
25. Authorities securely share financial intelligence, and the FIU actively coordinates with them through committees, joint teams, and bilateral meetings, underpinned by MoUs. The FIU's IT framework and safeguards ensure data confidentiality.
26. Armenia's legal and institutional framework for identifying, investigating and prosecuting ML has undergone important changes in recent years. This included the revision and the responsibilities of the relevant LEAs involved in intelligence-gathering and investigations into ML and associated predicate offences. Progress in anti-corruption reforms has strengthened the anti-corruption institutional framework, notably through the establishment of specialised institutions and courts. These developments have contributed to an increase in ML investigations and prosecutions over the last two years and positively impacted the pursuit of corruption-related ML cases, including high-profile ones. However, the system remains predominantly predicate-offence-driven. Most ML investigations are initiated in the context of predicate offences investigations, while other potential sources for ML cases such as MLA requests, foreign intelligence and cash seizures remain underutilized. There has been a recent increase in the number of ML investigations stemming from FMC disseminations, which is a positive development. Nevertheless, there is still insufficient proactive use of both domestic and foreign intelligence. The number and the characteristics of ML investigations and prosecutions are yet not fully in line with the overall level risk, considering the limited risk understanding of ML relating to foreign predicated or transnational crime. This impacts the type and the scale of cases pursued.
27. The focus remains on self-laundering cases linked to domestic predicates, while third-party and autonomous ML cases are not systematically pursued. No investigations have been initiated against legal persons,

despite indications that legal persons are frequently involved in ML and associated offences. Prosecutions are following the investigations trend but are often prolonged, hindered by evidentiary challenges and procedural delays.

28. There are few examples of complex, internationally linked ML cases for which the authorities are commended. However, no convictions reflect such profile. The few convictions achieved during the period under review involve small-scale self-laundering cases associated with fraud, which is not in line with the country's risk profile and does not feature the characteristics of an effective system. Alternative criminal measures have not been pursued by the country.

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

29. Armenia's legal and institutional framework for identifying, investigating and prosecuting ML has undergone important changes in recent years. This included the revision and the responsibilities of the relevant LEAs involved in intelligence-gathering and investigations into ML and associated predicate offences. Progress in anti-corruption reforms has strengthened the anti-corruption institutional framework, notably through the establishment of specialised institutions and courts. These developments have contributed to an increase in ML investigations and prosecutions over the last two years and positively impacted the pursuit of corruption-related ML cases, including high-profile ones. However, the system remains predominantly predicate-offence-driven. Most ML investigations are initiated in the context of predicate offences investigations, while other potential sources for ML cases such as MLA requests, foreign intelligence and cash seizures remain underutilized. There has been a recent increase in the number of ML investigations stemming from FMC disseminations, which is a positive development. Nevertheless, there is still insufficient proactive use of both domestic and foreign intelligence. The number and the characteristics of ML investigations and prosecutions are yet not fully in line with the overall level risk, considering the limited risk understanding of ML relating to foreign predicated or transnational crime. This impacts the type and the scale of cases pursued.
30. The focus remains on self-laundering cases linked to domestic predicates, while third-party and autonomous ML cases are not systematically pursued. No investigations have been initiated against legal persons, despite indications that legal persons are frequently involved in ML and associated offences. Prosecutions are following the investigations trend but are often prolonged, hindered by evidentiary challenges and procedural delays.
31. There are few examples of complex, internationally linked ML cases for which the authorities are commended. However, no convictions reflect such profile. The few convictions achieved during the period under review involve small-scale self-laundering cases associated with fraud, which is not in line with the country's risk profile and does not feature the characteristics of an effective system. Alternative criminal measures have not been pursued by the country.

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

32. Armenia has made significant efforts towards establishing a legal and institutional framework for asset recovery as part of its broader anti-corruption and anti-money laundering efforts. Through successive Anti-Corruption Strategies and dedicated AML/CFT/PFT policies, the civil confiscation regime has been established, a specialised department have been created within the GPO, and implementation mechanisms have started to take shape. However, the results obtained in terms of seizures, confiscations, are not fully convincing that asset recovery is proactively pursued as a policy objective in all ML and proceeds

generating cases.

33. Asset recovery responsibilities remain dispersed among different agencies, each acting largely within the jurisdiction of their own investigations. While the GPO is tasked with coordinating civil confiscation, there is no overarching authority or cooperation framework to ensure a unified, efficient, and consistent approach to asset tracing, seizing, and confiscation across different types of cases. The FMC has the power to suspend transactions or business relationships, which contributes to securing criminal property, but this power is rarely used.
34. The results do not demonstrate asset identification and tracing is systematically pursued in pre-trial investigations. Particular difficulties are noted in tracing crypto assets. The confiscation efforts are primarily focused on recovering the proceeds of domestic predicate crimes within the jurisdiction. There are no examples of successful asset recovery from foreign jurisdiction, although asset seizure has been applied in two cases. Overall, a positive assessment of the asset recovery system cannot be made, including due to the lack of comprehensive, reliable, and analysed data. Notwithstanding, the introduction of the NCBC regime has enhanced the country's ability to confiscate illicit assets.
35. Measures taken against undeclared cash movements and associated crimes, such as smuggling, resulted in fines, voluntary returns and confiscations. However, there is no proactive approach in identifying and analysing false or non-declarations of cash and BNIs, including systematically assessing any indicators of proceeds of crime and their potential link to ML/TF.

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

36. Armenia has the necessary institutional framework for the identification, investigation and prosecution of TF and the relevant authorities are adequately trained and resourced. Appropriate steps are taken to identify possible TF activity from terrorism investigations and STRs related to TF. However, the use of funds raised through other forms of criminality for TF purposes and possible TF involvement in transactions linked to high-risk countries are not sufficiently explored. The ability to identify TF is also limited by underreporting of suspected TF by the private sector.
37. There has been one TF investigation during the assessment period, some aspects of which are ongoing, and no TF prosecutions or convictions to date. Notwithstanding, in most respects, the necessary sanctions are available under the legal framework and the prosecutors, and the courts have the necessary resources to deal with TF cases.
38. TF is integrated into counter terrorism strategies but overall, there is scope for a greater focus on TF at a national level. The authorities generally collaborate well on counter terrorism issues, but there is scope for greater sharing of information and intelligence to support counter-terrorism efforts. Armenia has measures in place that could be used as alternatives to TF convictions, although they have not been used in practice.

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

39. Armenia's framework for targeted financial sanctions (TFS) related to TF is well developed and implemented without delay, with UNSCR designations becoming immediately effective in domestic law and the FMC promptly communicating updates primarily to banks, while other reporting entities rely on voluntary subscription or independent monitoring of UN lists via the FMC website. Armenia has demonstrated capacity to implement designations under UNSCR 1373 swiftly, with no assets frozen under TF-related UNSCRs consistent with the country's low-risk profile.

40. The NPO sector has been identified and assessed as low TF risk with robust financial controls in place, though mitigating measures are not risk-based, and oversight of compliance was absent for most of the assessment period; a framework for targeted oversight of higher-risk NPOs was introduced towards the end of the assessment period but has not yet been implemented.
41. Banks and larger financial institutions demonstrate good understanding of TFS obligations with effective screening mechanisms confirmed through thematic inspections. Smaller financial institutions and DNFBPs appropriately rely on manual checks given their simple, domestic client base and limited risk exposure, though understanding of sanctions evasion remains less mature among these entities. Supervisory engagement with banks is robust and includes regular testing of TFS controls, while supervision of non-bank financial institutions and DNFBPs remains more limited and focuses mainly on screening obligations rather than broader sanctions evasion risks

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

42. Armenia has established well-functioning mechanisms for proliferation financing (PF) policy coordination through the Interagency Committee and FMC, ensuring structured cooperation and information exchange, and has completed two PF NRAs demonstrating a generally sound understanding of PF risks, including links to PF-hub jurisdictions and sanctions-evasion typologies, though analytical gaps exist in the NRA reports regarding financial flows and virtual assets despite more developed practical understanding of these issues.
43. PF-related targeted financial sanctions are implemented without delay following the same mechanisms as TF-related TFS, with Armenia demonstrating its capacity to identify and freeze assets promptly under the Iran PF sanctions regime.
44. Banks and larger financial institutions have conducted PF risk assessments and demonstrate good understanding of PF-TFS obligations and evasion risks with effective compliance mechanisms in place. Smaller financial institutions and DNFBPs show more limited knowledge of PF risks, which is consistent with their domestic profiles and lower risk exposure, though they have appropriately carried out risk assessments. Supervisory engagement mirrors the TF-TFS approach with guidance, outreach, and inspections contributing to overall compliance, and the CBA monitors risk assessments put in place by financial institutions, though supervisory focus on specific PF sanctions evasion issues remains limited among non-bank financial institutions and DNFBPs.

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	ME	R.1	LC
			R.2	LC
International co-operation	IO.2	SE	R.36	PC
			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	ME	R.9	C
			R.10	LC

			R.11	C
			R.12	LC
			R.13	C
			R.14	LC
			R.15	LC
			R.16	C
			R.17	C
			R.18	C
			R.19	C
			R.20	C
			R.21	C
			R.26	LC
			R.27	C
Non-financial sector supervision and preventive measures	IO.4	LE	R.22	LC
			R.23	C
			R.28	PC
Transparency and beneficial ownership	IO.5	ME	R.24	PC
			R.25	PC
Cross-cutting requirements			R.34	C
			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	LE	R.3	PC
Asset recovery	IO.8	LE	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	SE	R.6	LC
			R.8	LC
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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