

# Anti-money-laundering package 2021

## Strengthening the framework

*This briefing is one in a series of 'implementation appraisals', produced by the European Parliamentary Research Service (EPRS), on the operation of existing EU legislation in practice. Each briefing focuses on a specific EU law which is likely to be amended or reviewed, as envisaged in the European Commission's annual work programme. 'Implementation appraisals' aim at providing a succinct overview of publicly available material on the implementation, application and effectiveness to date of specific European Union (EU) law, drawing on input from EU institutions and bodies, as well as external organisations. They are provided by the Ex-Post Evaluation Unit of EPRS, to assist parliamentary committees in their consideration of new European Commission proposals, once tabled.*

### SUMMARY

Over the past three decades, the European Union has constantly improved its framework to fight money laundering and terrorist financing. The focus of EU action has been on prevention, as well as the investigation and prosecution of such harmful practices.

Despite these constant improvements, the existing framework still suffers from some shortcomings, e.g. uneven national transposition of the Anti-money-laundering Directive. At the same time, while not replacing national supervision, there is also a need for better supervision at EU level of sectors prone to money laundering activities. Finally, the investigative and prosecuting aspect could benefit from better coordination of national Financial Intelligence Units.

In 2020, the European Commission therefore presented an action plan for a new single EU Anti-money-laundering system, outlining areas for future proposals that the European Commission will present as a package in spring 2021.

The main areas of focus for this 2021 package will be (i) a proposal to transfer parts of the existing Anti-money-laundering Directive to a regulation, thereby directly applicable in the Member States, (ii) an EU level supervision with an EU-wide anti-money-laundering supervisory system, and (iii) a coordination and support mechanism for Member States' Financial Intelligence Units.

# 1. Background and content of the EU legislation against money laundering and countering financing of terrorism

Better supervision of the financial system and the fight against money laundering and terrorist financing feature among the von der Leyen European Commission priorities for 2019-2024.<sup>1</sup> Even though there are no solid EU-wide figures on the actual amount of money involved in suspect financial activity, there is a need to enhance the detection of money laundering activities and the recovery of criminal assets in the EU, especially to prevent their use for terrorist financing.<sup>2</sup> In recent years, the EU institutions have further strengthened the EU anti-money-laundering (AML) framework. Following the adoption of the fifth AML Directive<sup>3</sup> by the European Parliament and the Council in 2018, the European Commission presented a communication in 2019,<sup>4</sup> accompanied by a series of reports that built the basis for further discussions on the improvement of the AML framework. The results and conclusions of these discussions have led to a European Commission action plan,<sup>5</sup> adopted in 2020. Before describing the expected elements of the AML package, which the Commission will present in spring 2021, this chapter summarises the main aspects of the existing EU AML framework and the 2020 AML action plan.

## 1.1. Main features of existing AML legislation

European Union legislation tackles the issue of AML from two angles. On the one hand, prevention of money-laundering activities is the role of AML directives that have evolved over the past decades. On the other hand, EU enforcement legislation deals with investigation and prosecution in the field of money laundering.

To guarantee a consistent approach to AML legislation within the single market and to protect the financial system, the Council adopted the first AML Directive on preventative measures in 1991.<sup>6</sup> This framework is closely aligned with the recommendations from the Financial Action Task Force (FATF), the international standard setter on AML and countering the financing of terrorism (CFT). Since then, the directive has been amended four times, progressively extending the scope of crimes, professions and activities covered.<sup>7</sup> Currently, provisions within the two latest amendments to the AML Directive are in force.<sup>8</sup> The AML Directive provides for the following requirements:

- reinforced risk-based approach, by requiring risk assessments by public authorities and obliged entities subject to AML obligations (financial institutions and other non-financial gatekeepers);
- internal controls measures by obliged entities;
- the application of customer due diligence requirements depending on the level of risk. In case of higher risks (e.g. third countries with strategic deficiencies, politically exposed persons) enhanced vigilance to be applied;
- monitoring of transactions by obliged entities and reporting of suspicious transactions to a financial intelligence units;
- powers and cooperation duties of Financial Intelligence Units (FIU) for collecting, analysing and disseminating information relating to money laundering and terrorist financing (ML/TF);
- setting up information sources available to competent authorities such as bank account registers or retrieval systems;
- transparency requirements on beneficial ownership information, including registers to identify the real owners of companies and trusts;
- supervision, sanctioning powers of competent authorities and cooperation duties among supervisors;
- whistle-blower mechanism and protection.

This framework is completed by a Regulation on information accompanying transfers of funds,<sup>9</sup> which defines the information and AML controls to be put in place for funds transfers. This set of

rules is complemented by EU financial services legislation on licensing/registration and fit-and-proper requirements for financial institutions and payment institutions.

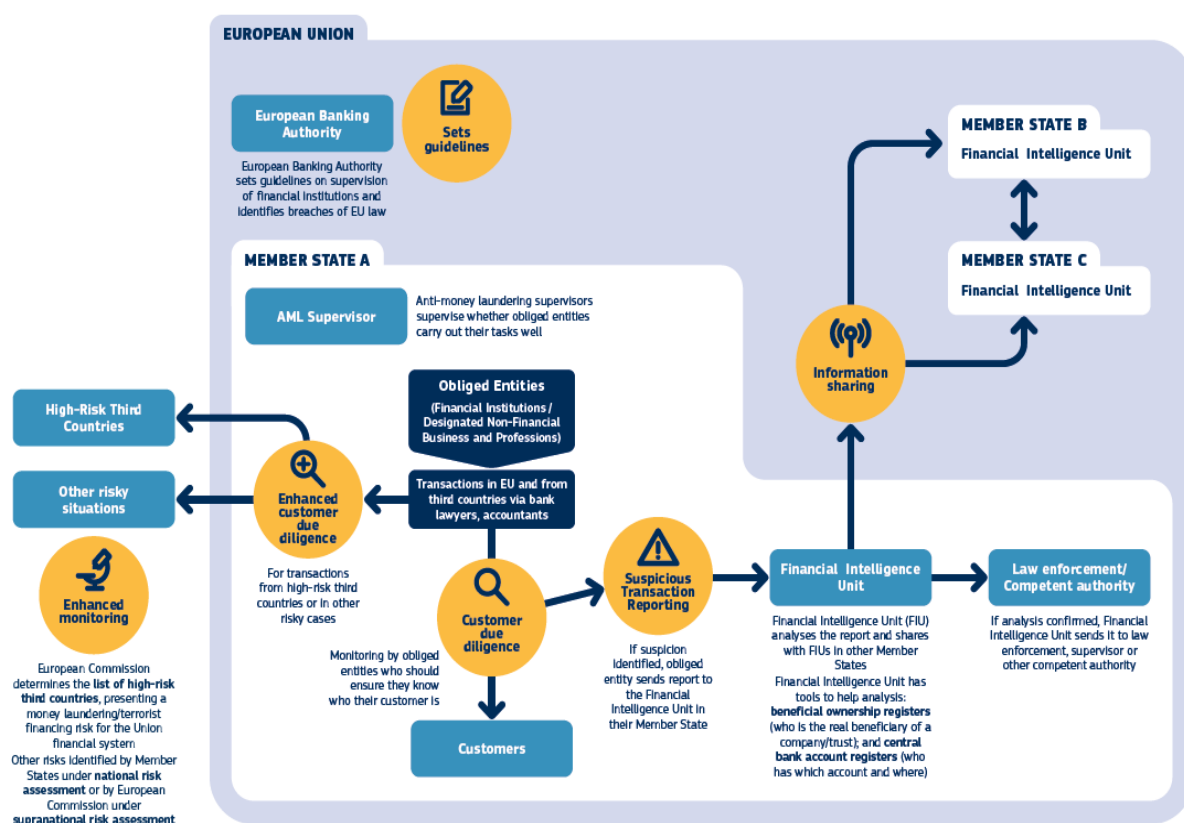
In addition to the AML directives, two directives deal with the issue of money laundering from the law enforcement side:

- Directive (EU) 2019/1153 facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal offences;
- Directive (EU) 2018 1673 on combating money laundering by criminal law.

Figure 1 provides an overview of the actors at EU and national level in the prevention of AML and CFT and the interaction between them – as regulated by the EU *acquis*.

Figure 1 – Preventing money laundering and terrorist financing across the EU

## How does it work in practice?



Source: European Commission, 2018.

## 1.2. The 2020 European Commission action plan

On 7 May 2020, the European Commission presented an action plan for a new single EU AML system, along with a refined and more transparent methodology to identify high-risk third countries and an updated list of high-risk third countries. The action plan consists of the following six broad areas, of which at least the first three elements will probably be part of the AML package expected in 2021:

- a single EU rulebook to prevent money laundering and terrorist financing through a consistent, EU-wide set of rules;
- EU level supervision with an EU-wide anti-money-laundering supervisory system;
- a coordination and support mechanism for Member States' FIUs;

- enforcing EU-level criminal law provisions and information exchange, including on the role of Europol's Financial Crime Centre and European Commission guidance on the role of public-private partnerships to clarify and enhance data sharing; and
- a methodology for identifying high-risk third countries under the fourth AML Directive and a delegated regulation modifying the current list of high-risk third countries to align it with the list drawn up by the Financial Action Task Force (FATF). Both elements were presented together with the 2020 action plan;
- effective application of EU AML rules at national and EU level as an ongoing task.

## 2. The 2021 AML package

### 2.1. Objectives of the AML package

Following the public consultation on the 2020 AML action plan, the Commission outlined the main aspects of the 2021 AML package at a high-level conference on 30 September 2020.<sup>10</sup> During this conference, Vice-President of the Commission Valdis Dombrovskis mentioned that 'effectiveness, efficiency, enforcement ... [is] the *'fil rouge'*, running through the action and strategy that [the Commission] take[s] in dealing with money-laundering'.<sup>11</sup>

With the AML package, the European Commission wants to reach the following three broad objectives:

- **Address the fragmentation in transposition at national level.** This calls for greater harmonisation in the application of certain rules by gatekeepers. The Commission proposal will therefore contain a proposal for a AML regulation, directly applicable in Member States;
- **Enhanced supervision at EU level, while not replacing national supervision.** Such enhanced supervision, e.g. by a dedicated EU supervisor, should also increase supervision of the non-financial sector, in addition to the supervision of financial institutions;
- **Better coordination of FIUs.** Cooperation between national FIUs could be supported at EU level, e.g. in helping them carry out joint analysis, through the development of standards for reporting suspicious transactions, or by providing information technology (IT) assistance and support for exchanging financial information.

### 2.2. Main aspects of the forthcoming AML package

To address the challenges in the field of AML/CFT outlined above, the forthcoming AML package is expected to contain the following building blocks:

- a single EU rulebook to define the customer due diligence requirements to be applied by obliged entities throughout the internal market. This should end the fragmentation of AML rules within the internal market. It will provide for a single benchmark to ensure more consistent and integrated supervision;
- EU-level supervision consisting of a hub and spoke model – i.e. supervisor at the EU level competent for direct supervision of certain financial institutions (FIs), indirect supervision/coordination of the other FIs, and a coordination role for supervising the non-financial sector as a first step;
- a coordination and support mechanism for Member State FIUs. Member States' FIUs will remain the centrepiece for collecting, analysing and disseminating information relating to ML/TF. They will be supported by an EU mechanism, which would provide support for joint analysis, develop technical standards and templates to facilitate reporting suspicious transactions and information exchange, and provide IT assistance and support for information exchange (i.e. managing the FIU.Net system).

### 3. EU-level reports, reports and studies

#### 3.1. Expert Group on Money Laundering and Terrorist Financing

The role of the Expert Group on Money Laundering and Terrorist Financing (EGMLTF) is to assist the European Commission in the preparation of legislative or non-legislative acts and policy initiatives. All EU Member States, as well as Norway, Iceland and Liechtenstein, are Members of the EGMLTF. The group discussed the 2020 action plan in a number of meetings in 2020 and in 2021.

In the EGMLTF meeting on 6-7 February 2020,<sup>12</sup> several EU Member States expressed their support for a regulation on the single rulebook, which should not however lower existing national standards. Member States' opinions diverged on the question as to whether the regulation and the EU supervisory body should deal exclusively with the financial sector or also be expanded to the non-financial sector. On aspects that could be transferred from the AML Directive to a regulation, Member States mentioned, among other issues, customer due diligence, supervisory practices, cross-border aspects, internal controls and procedures, as well as policy regarding third countries, while also expanding the scope to virtual assets. The option of the European Banking Authority (EBA) as the EU supervisory body was rejected by most Member States. On the coordination and support mechanism for FIUs, Member States agreed that the mechanism should help with technical harmonisation or tools, without centralised reporting of suspicious transactions.

The European Commission presented the first results of a targeted consultation of Member States and EU authorities (e.g. EBA) in an EGMLTF meeting on 7 September 2020.<sup>13</sup> The Commission expected replies to an additional questionnaire to be provided by 18 September 2020. However, the EGMLTF meeting minutes of 6 October 2020 do not contain results of the targeted consultation, but instead presented the results of the public consultation (see section 3.10.).<sup>14</sup> The European Commission presented the main aspects of the regulation on the forthcoming AML authority in the EGMLTF meeting on 22 January 2021.<sup>15</sup> The intention is to entrust the authority with EU-wide supervision, as well as the FIU coordination and support mechanism.

#### 3.2. Other EU expert groups in the field of AML/CFT

In addition to the EGMLTF, the Committee on the Prevention of Money Laundering and Terrorist Financing (CPMLTF) gives its opinion on implementing measures put forward by the Commission. During 2020, the CPMLTF dealt with the implementation of the beneficial ownership registers interconnecting system (BORIS) through a European central platform. The CPMLTF did not discuss the AML action plan.

Finally, the temporary Expert Group on Electronic Identification and remote know-your-customer processes, created in 2017 to provide expertise in liaison with the EGMLTF, discussed the regulatory environment in the field of AML/CFT during its final meeting on 5 November 2019.<sup>16</sup> Due to the scope of the group's mandate, the discussion focused on the harmonisation of know-your-customer and customer due diligence standards. Most experts were in favour of enhanced harmonisation in these areas, which, according to the experts, could however be achieved without amending the AML Directive.

#### 3.3. EU Financial Intelligence Unit Platform

The EU Financial Intelligence Units Platform (EU FIU Platform) is a Commission expert group bringing together FIUs from EU Member States to facilitate their cooperation and to provide advice and expertise to the Commission on issues related to FIUs.

The EU FIU Platform discussed the 2020 Commission action plan during several meetings in 2020. The only publicly available meeting minutes date back to 10 February 2020,<sup>17</sup> when the main aspects of the – then upcoming – 2020 AML action plan were discussed. During the meeting, FIUs

presented a joint position paper outlining their vision for future EU FIU coordination and support mechanism, including a set of tasks for the mechanism. The FIUs also rejected the idea of an EU FIU.

### 3.4. Council of the European Union

In its conclusion of 5 December 2019,<sup>18</sup> the Council acknowledged the need for further harmonisation of the legal AML/CFT framework to increase the effectiveness of cooperation and coordination of relevant actors in the EU, including provisions covering the financial and non-financial sectors. The Council also invited the Commission to present proposals related to the main areas for further improvements, i.e. the harmonisation of rules through a regulation, a FIU coordination and support mechanism, and an EU supervisory body, as well as the Council 2018 AML action plan.<sup>19</sup>

The Council welcomed the 2020 AML action plan initiative and urged Member States to finalise the transposition of the fourth and fifth AML Directives in its conclusions of 5 November 2020.<sup>20</sup> The Council also asked for further reforms to 'be based on a thorough impact assessment, taking into consideration all elements of the legal framework as well as the non-legislative measures in the 2018 Council Action Plan'. While the Council generally welcomed the Commission action plan, it also highlighted that the planned EU AML/CFT supervisor should add value to the cooperation between AML/CFT supervisors at national and EU level. On the Commission's plan to transfer parts of the AML Directive into a regulation, the Council asked that those provisions that can reduce national divergences in transposition which undermine effective implementation of the AML/CFT framework be included in such a regulation. The areas that the Council would like to be covered by a regulation are similar to those mentioned by the European Parliament in its resolution of 10 July 2020, i.e. obliged entities, customer due diligence requirements, and beneficial ownership.

### 3.5. European Court of Auditors

The European Court of Auditors is currently working on an audit on the effectiveness of the EU's AML policy, which will be published in the second quarter of 2021.<sup>21</sup> Focusing on the banking sector, the audit will explore:

- the Commission's assessment of national transposition of EU;
- the assessment and communication of known AML risks to banks and national authorities involved in fighting money laundering;
- the sharing of available AML information for supervisory activities among the stakeholders at EU and Member State level;
- the effectiveness and timeliness of action taken in response to suspected breaches of EU AML law in Member States.

### 3.6. European Central Bank

Until very recently, the role of the European Central Bank (ECB) with respect to AML/CFT used to be exclusively prudential, i.e. its role as supervisor of credit institutions' capital requirements. Based on the AML Directive, this role has been widened in an agreement between the ECB and national AMF/CFT competent authorities in the European Economic Area, signed in 2019.<sup>22</sup> Under this agreement, the ECB actively transmits information (e.g. Supervisory Review and Evaluation Process letter and on-site inspection reports) to AML/CFT competent authorities. At the same time, AML/CFT competent authorities share information with the ECB on risk assessments, supervisory measures and excerpts from on-site inspection reports.

In his introductory statement at the EP's ECON committee meeting on 25 January 2021,<sup>23</sup> Frank Elderson, member of the ECB executive board, welcomed the Commission's proposals on a European approach to AML/CFT supervision involving a single supervisor.



### 3.7. European Banking Authority

As shown in Figure 1, the European Banking Authority (EBA) sets guidelines on supervision of financial institutions and identifies breaches of EU law. As of January 2020, the EBA also:

- contributes to preventing the use of the financial system for the purposes of money laundering and terrorist financing;
- leads, coordinates and monitors the AML/CFT efforts of all EU financial services providers and competent authorities.

On 19 August 2020, the EBA published its response to the European Commission's public consultation on the AML/CFT action plan.<sup>24</sup> This response focused mainly on the establishment of an EU level AML/CFT supervisor, for which the EBA recommended:

- combining the existing role of national AML/CFT authorities with an EU-level AML/CFT supervisor in a hub and spoke approach, building on national AML/CFT authorities' expertise and resources, and complementing this with effective EU-level oversight for a consistent approach with comparable outcomes;
- using the EU's existing AML/CFT infrastructure, including the EBA's policy, data and information technology resources as well as the EBA's European and international supervisory cooperation networks.

In a second reaction to the Commission action plan, the EBA also published an opinion on the future AML/CFT framework in the EU on 10 September 2020.<sup>25</sup> The opinion mainly addressed the harmonisation of the framework and the parts that should, according to the EBA, be transferred into a regulation or be kept in a directive. In particular, the EBA recommended:

- harmonising the EU legal framework in regulation in the area of customer due diligence and wider AML/CFT systems and controls requirements, as well as for those rules governing key supervisory processes (ML/TF risk assessments, cooperation and enforcement);
- strengthening aspects of the current AML/CFT Directive where existing provisions are insufficiently robust or specific, e.g. on competent authorities' supervision powers;
- reviewing the list of obliged entities currently within the scope of the EU's AML/CFT regime;
- clarifying provisions in sectoral financial services legislation to ensure they are compatible with the EU's AML/CFT objectives, e.g. by making sure that ML/TF risk is addressed consistently across all sectors.

### 3.8. Europol

As the EU's law enforcement cooperation agency, Europol provides EU Member States with intelligence and forensic support to prevent and combat international money-laundering activities. Europol therefore hosts the European Financial and Economic Crime Centre (EFECC), which ultimate goal is to help trace, seize and confiscate criminal assets in the EU and beyond. Europol did not comment on the Commission action plan.

### 3.9. European Economic and Social Committee (EESC)

The European Economic and Social Committee (EESC) adopted an opinion on EU measures to combat tax fraud, tax avoidance, money laundering and tax havens on 18 September 2020.<sup>26</sup> In this opinion, the EESC welcomed the Commission action plan and backed all measures mentioned in the plan. The EESC supported the creation of a European supervisory body (as an EU agency) with direct responsibility for monitoring and investigating obliged entities, while ensuring maximum cooperation between Member States' tax authorities and FIUs. More generally, the EESC asked EU Member States to step up their cooperation with respect to AML and to equip FIUs with the necessary technical and financial means to carry out their task effectively.

### 3.10. Reactions to the public consultation on the 2020 action plan

After the relatively positive public feedback on the roadmap for its action plan, the Commission launched a public consultation, open from 7 May 2020 to 26 August 2020. The Commission received 209 replies from 24 EU Member States and 6 non-EU countries.<sup>27</sup>

While the consultation showed general support for further action at EU and international level to combat ML and TF, there is less support for a harmonised rulebook in the non-financial sector than in the financial sector. To guarantee a level playing field however, private-sector representatives supported the idea of harmonising EU AML/CFT rules.

Regarding the future EU supervisor, a majority of respondents favoured an EU-level supervisor covering all obliged entities and not only those in the financial sector. The consultation also showed a clear preference for indirect supervision of obliged entities by the EU-level supervisor or a mix of direct/indirect supervision, depending on the sector. Only a minority of respondents supported the idea of the EBA becoming the future EU-level supervisor.

Whereas all stakeholder groups were in favour of the FIU support and coordination mechanism covering a variety of tasks, opinions differed regarding the body hosting the mechanism. With one third, the biggest group was that preferring that the future AML/CFT supervisor takes over this task.

## 4. European Parliament position/Members' questions

### European Parliament resolutions

During the current legislative term, two resolutions have dealt with the implementation of and changes to the EU's AML/CFT legislation:

- [Resolution](#) of 19 September 2019 on the state of implementation of the Union's Anti-money-laundering legislation (2019/2820(RSP)). This resolution highlighted the unsatisfactory level of national transposition of the fourth and fifth AML Directives and the regulatory and supervisory fragmentation in the AML/CFT area. The European Parliament in this context also called on the Commission to assess whether a regulation would be a more appropriate legal act than a directive. The European Parliament also reiterated its call on the Commission to carry out an impact assessment to evaluate the possibility and appropriateness of establishing a FIU coordination and support mechanism;
- [Resolution](#) of 10 July 2020 on a comprehensive Union policy on preventing money laundering and terrorist financing – the Commission's action plan and other recent developments (2020/2686(RSP)). With respect to the Commission action plan, the European Parliament welcomed the Commission's intention to transfer parts of the AML Directive into a regulation, and already listed the areas (provisions relating to obliged entities, beneficial ownership, and the FIU cooperation framework) that the European Parliament would like to see included in this regulation. Concerning the coordination and support mechanism for national FIUs, the European Parliament asked the Commission to consider an EU FIU, which should be empowered to propose common implementing measures or standards for cooperation between FIUs and to promote training, capacity-building and lesson-sharing for FIUs. Finally, regarding the responsibilities of the AML/CFT supervisor, the European Parliament called for coverage of financial and non-financial obliged entities with direct supervision powers over certain obliged entities, with a clear division of tasks between the national and the EU AML/CFT supervisors. In addition to the two resolutions mentioned above, the following three resolutions also contain references to AML, without the Commission action plan being the main focus of the resolution:



- [Resolution](#) of 14 May 2020 with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2018 (2019/2090(DEC)), referring to the strengthened role, powers and resources of the EBA in the field of AML/CFFT;
- [Resolution](#) of 8 October 2020 with recommendations to the Commission on digital finance: emerging risks in crypto-assets - regulatory and supervisory challenges in the area of financial services, institutions and markets (2020/2034(INL)), mentioning the AML/CFT framework for crypto-assets;
- [Resolution](#) of 17 December 2020 on the EU Security Union Strategy (2020/2791(RSP)), with a reference to the Commission action plan and the need for improvements in the cooperation between administrative, judicial and law enforcement authorities within the EU, and in particular the FIUs.

## Written questions

Although no written question during this legislative term has directly concerned the Commission action plan, a large number of written questions were posed with respect to money laundering and terrorist financing, e.g. on national transposition of the AML Directive or the list of non-cooperative third countries in combating money laundering and terrorist financing. Some of these questions also touched upon aspects of the forthcoming AML package and are presented in chronological order below.

### **[Written question](#) by Eero Heinäluoma (S&D, Finland), 20 November 2019**

The Member asked the Commission to present figures on the national FIUs' budgets and staff and a quantified analysis for each Member State of how this allocation of national public funds compares to the potential loss of tax revenue resulting from money laundering.

### **[Answer](#) given by Executive Vice-President Valdis Dombrovskis on behalf of the European Commission, 28 January 2020**

In its answer, the Commission referred to a 2015 report by the EU FIU Platform that described the resource situation. At the time of the written question, the Commission was also collecting more recent data on the resource situation of national FIUs. The Commission also stated a report that considered the option of an EU coordination and support mechanism for FIUs. The Commission had no data concerning the last point of the written question (on the loss of tax revenue).

### **[Written question](#) by Olivier Chastel (Renew, Belgium), 6 December 2019**

The Member asked what measures the Commission intended to take to tackle cross-border crime more effectively and to develop the exchange of information between countries and to clarify and simplify existing practices in relation to the rules on money laundering and the monitoring of money laundering and terrorist financing.

### **[Answer](#) given by Executive Vice-President Valdis Dombrovskis on behalf of the European Commission, 10 March 2020**

In its answer, the Commission referred to the, then still forthcoming, AML action plan and its main elements, i.e. an EU single rule book on AML/CFT, an EU level AML/CFT supervision and a support and cooperation mechanism for FIUs, while also reinforcing Union-level criminal law provisions and information exchange, and strengthening the international dimension of the EU AML/CFT framework

### **[Written question](#) by Dimitrios Papadimoulis (GUE/NGL, Greece), 5 October 2020**

The Member asked the Commission for an assessment of the effectiveness of AML measures, the implementation of the relevant EU legislation and the level of cooperation between the Member States, the limited mandate of the EBA in this respect, and the results delivered by FIUs.

**Answer given by Commissioner Mairead McGuinness on behalf of the European Commission, 21 January 2021**

In its answer, the Commission referred to the forthcoming AML package, which will also address the need to enhance cooperation between national FIUs, as well as the reinforced coordination power of the EBA as of 2020.

**Written question by Maria Grapini (S&D, Romania), 22 October 2020**

The Member asked about the Commission's plans to bring forward a regulation to eliminate money laundering and set up an EU monitoring body.

**Answer given by Commissioner Mairead McGuinness on behalf of the European Commission, 8 December 2020**

In its answer, the Commission indicated its aim to present legislative proposals in early 2021, however without referring clearly to a regulation. The Commission stated that the proposals in the forthcoming AML package will include greater harmonisation of rules on AML/CFT across the EU and the establishment of an EU-level supervisor.

## 5. International cooperation against money laundering

To complement the coverage of actors in the field of AML/CFT in the EU, this chapter provides a short overview of the main bodies at the international level.

### 5.1. Financial Action Task Force

Created in 1989, the Financial Action Task Force (FATF) is an intergovernmental body that sets international standards that aim to prevent AML/CFT activities. In 2012, based on previous versions, the FATF adopted a revised list of 40 recommendations on international standards on combating money laundering and the financing of terrorism and proliferation of weapons of mass destruction.<sup>28</sup> In the EU context, these recommendations are taken into account in the fourth AML Directive and in the Regulation on information accompanying transfer of funds (EU) 2015/847. The FATF also carries out mutual evaluation reviews to assess the level of implementation of the FATF recommendations in its member states.<sup>29</sup>

### 5.2. Council of Europe

As an associate member of the FATF, the Council of Europe's Committee of Experts on the Evaluation of Anti-money-laundering Measures and the Financing of Terrorism (MONEYVAL) follows the AML/CFT developments at the EU level. For its member states,<sup>30</sup> MONEYVAL evaluates the level of compliance with the FATF recommendations and the effectiveness of national AML/CFT systems, and issues recommendations to strengthen the systems. These mutual evaluation reports aim to help the member states to comply with the international standards in the field of AML/CFT.

In addition to the activities of MONEYVAL, the Council of Europe is currently also working on a project on the implementation and application of the fourth AML Directive in the 27 EU Member States.<sup>31</sup> Results of the study are expected by mid-2021. The European Commission will use this study to feed into a report on the implementation of the AML Directive that the Commission is required to submit by 11 January 2022.

### 5.3. Egmont Group of Financial Intelligence Units

To exchange expertise and financial intelligence and to combat money laundering and terrorist financing at a global level, all EU FIUs are also members of the Egmont Group of FIUs, a forum uniting 166 FIUs.<sup>32</sup> The European Commission, Europol and the FATF have observer status in the Egmont Group.

## MAIN REFERENCES

European Commission, [Preventing money laundering and terrorist financing across the EU How does it work in practice?](#), 19 July 2018.

European Commission, [Communication from the Commission to the European Parliament and the Council, Towards better implementation of the EU's Anti-money-Laundering and countering the financing of terrorism framework](#), COM(2019) 360 final, 24 July 2019.

European Commission, [Communication from the Commission on an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing](#), C(2020) 2800 final, 7 May 2020.

Financial Action Task Force, [International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation](#), Paris, France, 2012-2020.

## ENDNOTES

- <sup>1</sup> [A Union that strives for more – My agenda for Europe, Political guidelines for the next European Commission 2019-2024](#), by candidate for President of the European Commission, Ursula von der Leyen, European Commission, July 2019.
- <sup>2</sup> According to Europol's [European Financial and Economic Crime Centre EFEC](#), less than 2 % of criminal assets in the EU are recovered.
- <sup>3</sup> [Directive \(EU\) 2018/843](#) of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.
- <sup>4</sup> European Commission, [Communication from the Commission to the European Parliament and the Council, Towards better implementation of the EU's anti-money-laundering and countering the financing of terrorism framework](#), COM(2019) 360 final, 24 July 2019.
- <sup>5</sup> European Commission, [Communication from the Commission on an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing](#), C(2020) 2800 final, 7 May 2020.
- <sup>6</sup> [EU Council Directive 91/308/EEC](#) of 10 June 1991 on the prevention of the use of the financial system for the purpose of money laundering defined ML in terms of drug offences and imposed obligations solely on the financial sector.
- <sup>7</sup> For a succinct overview of the content of the various amendments of the AML Directive, see also: [Improving Anti-money-laundering Policy - Blacklisting, measures against letterbox companies, AML regulations and a European executive](#), Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, May 2020.
- <sup>8</sup> The latest two amendments are commonly referred to as the fourth and fifth AML Directive. The fourth AML Directive: [Directive \(EU\) 2015/849](#) of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC. The fifth AML Directive: [Directive \(EU\) 2018/843](#) of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.
- <sup>9</sup> [Regulation \(EU\) 2015/847](#) of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (Text with EEA relevance), OJ L 141, 5 June 2015, p. 1-18.
- <sup>10</sup> Webstream of the high-level conference on AML and CFT, available on <https://webcast.ec.europa.eu/hearing-on-anti-money-laundering#>, 30 September 2020.
- <sup>11</sup> [Speech by Executive Vice-President Valdis Dombrovskis](#) at the high-level conference on anti-money-laundering and counter-terrorist financing, 30 September 2020.
- <sup>12</sup> See [minutes of the 23rd meeting of the EGMLTF](#), 6-7 February 2020, Brussels.
- <sup>13</sup> See [minutes of the 26th meeting of the EGMLTF](#), 7 September 2020, Brussels.
- <sup>14</sup> See [minutes of the 27th meeting of the EGMLTF](#), 6-7 October 2020, Brussels.
- <sup>15</sup> See [minutes of the 28th meeting of the EGMLTF](#), 22 January 2021, Brussels.
- <sup>16</sup> See [minutes of the 6th meeting of the Expert Group on Electronic Identification and Remote Know-Your-Customer Processes](#), 5 November 2019.
- <sup>17</sup> See [meeting minutes of the 43rd meeting of the EU FIU Platform](#), 10 February 2020.
- <sup>18</sup> [Council conclusions of 5 December 2019](#) on strategic priorities on anti-money-laundering and countering the financing of terrorism.
- <sup>19</sup> [Council conclusions of 4 December 2018](#) on an Anti-money-laundering Action Plan.

- 20 [Council conclusions of 5 November 2020](#) on anti-money-laundering and countering the financing of terrorism.
- 21 [Audit preview: The EU's Anti-money-laundering policy in the banking sector](#), European Court of Auditors, June 2020.
- 22 [Multilateral agreement on the practical modalities for exchange of information pursuant to Article 57a\(2\) of Directive 2015/849](#), European Central Bank, 2019.
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- 30 EU members of MONEYVAL: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia.
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- 32 For more information on the Egmont Group, see <https://egmontgroup.org/en/content/about>

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