

# Evaluation of Russia's AML/CFT System



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**News**

On 17 December 2019, the Financial Action Task Force (FATF), the Eurasian Group, and MONEYVAL published a [mutual evaluation report on Russia's anti-money laundering \(AML\) and countering the financing of terrorism \(CFT\) system](#). The report comprehensively assesses the effectiveness of Russia's AML/CFT measures and its compliance with the FATF's Recommendations in these fields.

Since the last assessment in 2008, Russia has strengthened its understanding of the ML and TF risks it faces and developed a robust legal framework to address them. Russia has conducted national risk assessments (NRAs) for both ML and TF. The joint report largely agrees with the results. The country is generally perceived as a source country for proceeds of crime, but it is not a major centre for laundering the proceeds of crime committed in other countries. Nevertheless, Russia is vulnerable to a wide range of ML risks; the ML NRA identified embezzlement of public funds, crimes related to corruption and abuse of power, fraud in the financial sector, and drug trafficking as the prevalent types of criminal activity with the potential to generate illicit proceeds. A large proportion of criminal proceeds generated in Russia are laundered abroad, which makes the tracing of proceeds of crime to other countries an important focus of the assessment. The main TF risks in Russia relate to foreign terrorist fighters (FTFs) destined for and returning from the ISIL-controlled areas of Iraq and Syria, but Russia also faces domestic terrorist threats.

The authorities have a very strong understanding of the risks of the country's ML/TF, and the risks identified appear to be comprehensive and justified. The country has also taken a number of measures that have led to concrete results. Nevertheless, it still needs to improve its approach to monitoring and to prioritise the investigation and prosecution of complex ML cases, particularly money being laundered abroad.

The legal framework in Russia takes adequate account of the risks identified, and the country has a strict policy to combat ML and TF, supported by strong national coordination and cooperation. However, the country still needs to improve its capacity to freeze assets related to terrorism, terrorist financing, and the proliferation of weapons of mass destruction without delay and to ensure that this freezing obligation is extended to all natural and legal persons.

Russia has strengthened its supervision of the banking sector and has now reduced the risks of criminals owning or controlling financial institutions. There are still shortcomings in licensing, however, and the sanctions for banks that do not meet the AML/CFT requirements are neither effective nor dissuasive.

In general, financial and certain non-financial institutions, such as accountants and auditors, possess a good understanding of how their services could be used to launder the proceeds of criminal activity or TF. As

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Russia is a major centre for precious metals and stone mining, however, the understanding of risk in this sector does not match the country's own risk assessment.

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