

# MONEYVAL: Fifth Round Evaluation Report on Albania



**András Csúri**

**News**

On 17 December 2018, MONEYVAL published its [fifth-round evaluation report on Albania](#). The fifth evaluation round builds on previous MONEYVAL assessments by strengthening the examination of how effectively Member States prevent and combat ML and terrorism financing (TF). See also eu-crim 1/2018, pp. 40–41 and 2/2018, p. 111 with further references. The report calls on the Albanian authorities to step up their efforts in pursuing launderers, when confiscating assets connected to significant proceeds-generating offences and in tackling terrorist financing risks.

Corruption poses major money laundering risks in Albania. Often linked to organised crime activities, it generates substantial amounts of criminal proceeds and seriously undermines the effective functioning of the criminal justice system. The authorities are aware of the risks from corruption, but law enforcement has paid limited attention to targeting corruption-related ML so far. A significant judicial reform is currently being implemented to better address the corruption risks prevalent in the country.

MONEYVAL acknowledges that the Albanian authorities have a reasonably good understanding of the country's ML risks and have at their disposal national coordination mechanisms for policy-making to address risks. However, these mechanisms have not proven fully effective. Therefore, the report recommends enhancing the analysis of ML and TF risks to implement appropriate mitigation measures, most notably by way of:

- Conducting a more in-depth TF risk assessment;
- Understanding the impact of the informal economy and of corruption (including its nexus with organised crime) on ML/TF risks;
- Assessing the risk posed by legal persons (including through ownership/control by foreign legal arrangements).

The competent authorities systematically use wide-ranging sources of information to initiate and facilitate investigations of ML, associated predicate offences, and terrorist financing. However, these investigations rarely result in indictments. ML proceedings connected to significant parallel proceeds-generating offences are usually suspended or dismissed by the prosecution. Therefore, MONEYVAL recommends reviewing the reasons behind the low performance of the prosecution in ML investigations and pursuing more indictments in ML cases involving foreign proceeds. To this end, better use could be made of circumstantial evidence concerning the predicate crimes committed abroad if such evidence is available.

Though Albania has a robust legal framework for confiscation of criminal proceeds, the number and value of seized and confiscated assets is not commensurate with the level of criminality in the country. MONEYVAL

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recommends ensuring that adequate efforts are made to identify criminal proceeds located abroad and take appropriate actions for their confiscation.

With regard to terrorist financing, MONEYVAL notes that the perception and understanding of the related risks does not seem to adequately address the characteristics of potential TF activities in the country and the Western Balkan region. There is no systematic approach towards identifying and investigating financing aspects of terrorism-related offences.

MONEYVAL acknowledges that the Bank of Albania has a good understanding of ML and TF risks, recently enhancing its offsite reporting system to support its assessment of risks of individual entities. However, inspections by the Financial Supervisory Authority (FSA) have been very limited so far, even though the authority is in the process of transitioning to a risk-based approach in supervision. Despite important efforts, neither the Bank of Albania nor the FSA consistently apply a risk-based perspective when reviewing applications for licenses by financial institutions or take a systematic approach to monitoring them in order to fully mitigate the risk of criminal infiltration. Therefore, MONEYVAL recommends:

- Ensuring the implementation of high standards (which should include a comprehensive framework of screening applicants/indirect shareholders);
- Assessing criminal records beyond criminal convictions, current proceedings, and potential links to criminal associates;
- Obtaining international cooperation whenever appropriate;
- Implementing ongoing mechanisms to check the integrity status of exiting licences.

Albania has reportedly provided mutual legal assistance with an appropriate level of cooperation, but the general legal mechanism for executing foreign mutual legal assistance requests shows deficiencies. Therefore, the report recommends taking legislative steps to simplify the existing legal framework for executing MLA requests and introducing a case management system (CMS), which also allows for the systemic prioritisation of MLA cases for all authorities involved. Furthermore, direct cooperation between counterpart judicial authorities should be encouraged.

Based on the results of its evaluation, MONEYVAL decided to apply its enhanced follow-up procedure to Albania.

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