

Moneyval: Fifth Round Evaluation Report on Bulgaria



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News

On 27 June 2022, MONEYVAL published its [fifth-round evaluation report on Bulgaria](#). The fifth evaluation round builds on previous MONEYVAL assessments examining in a strengthened way how effectively Member States prevent and combat money laundering (ML) and terrorism financing (TF). The compliance level refers to the date of the site visit to Bulgaria in September 2021. The report calls on Bulgarian authorities to improve the regulatory framework and the use of financial intelligence, investigation and prosecution, the confiscations regime and other measures to combat ML and TF.

It is acknowledged that Bulgaria has carried out a comprehensive national risk assessment. Overall, there is a reasonable understanding of the main ML risks, while awareness of TF risks is limited. A reason is the lack of comprehensive statistics that limits the authorities' insight and ability to respond to risks. A lack of the necessary technical tools hampers inter-agency cooperation between law enforcement agencies.

The number of ML investigations, prosecutions and convictions, and the severity of criminal sanctions for ML is low and not in line with the identified ML risks. Bulgaria should adopt a more systematic approach to examining the financing aspects of terrorism-related offences, improve the national mechanism for the enforcement of targeted financial sanctions and conduct a more comprehensive analysis of the vulnerability of non-profit sectors to terrorist financing. Moreover, risk-based supervision or monitoring of non-profit organisations at risk of terrorist financing abuse should be strengthened.

According to the report, Bulgaria achieved a moderate level of effectiveness in several areas, e.g., the assessment of ML and TF risks, domestic coordination, investigation and prosecution of TF, targeted financial sanctions related to TF, the implementation of preventive measures by and supervision of financial institutions and non-financial professions, and in international cooperation.

There is however a low level of effectiveness in areas related to the use of financial intelligence, investigations and prosecutions of ML, confiscation of proceeds of crime or property of equivalent value, targeted financial sanctions related to proliferation financing and the prevention of misuse of legal persons and arrangements.

MONEYVAL recommends an urgent review of the beneficial ownership regime to increase its transparency, because there are significant concerns in relation to the accuracy of the beneficial ownership information held in the registers and by the obliged entities.

Looking at international cooperation, Bulgaria provides timely and constructive assistance, even if there are technical and procedural constraints.

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ISSN: 1862-6947

<https://euclid.eu>



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The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



**Co-funded by
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