

MONEYVAL: Fifth Round Evaluation Report on Romania



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News

On 18 July 2023, Moneyval published its [fifth round evaluation report on Romania](#) with the following key findings. In general, the report found that Romania has taken a number of actions to strengthen its legal and institutional AML/CTF framework since the country's last evaluation in 2014; however, these efforts only show moderate levels of effectiveness in all areas but international cooperation.

The country demonstrates a good grasp of ML risks but less understanding of TF risks. The law enforcement authorities (LEAs) have access to a wide range of financial, administrative, and law enforcement information. Still, financial intelligence is accessed and used only to some extent because of a lack of technical resources and limited human resources allocated to the financial intelligence unit in the National Office for the Prevention and Control of Money Laundering (NOPCML-FIU). This hampers the quantity and quality of financial intelligence provided by the NOPCML-FIU to support the operational and strategic needs of its partners. Even so, the competent authorities use the information mainly to investigate predicate offences rather than ML offences.

The report is critical towards the lack of an overarching national AML/CFT strategy ensuring a consistent approach and methodology in AML/CFT across all areas. Insufficient communication, cooperation, and systematic coordination was demonstrated between the various prosecutors' offices. The investigation and prosecution of ML is not being pursued as an overall priority. The laundering of tax predicates and laundering of the proceeds of corruption are adequately resourced and effectively conducted. Investigations and prosecutions into human and drug trafficking focus on the predicate crimes rather than the laundering of those predicates. Specialised resources and training are necessary in this field. Convictions for ML concern mainly self-laundering and a handful of third-party ML or standalone cases; the sanctions seem low and not dissuasive. Other findings of the report include the following:

- Romania actively applies measures to confiscate criminal proceeds. However, effective confiscation in third party and standalone cases of proceeds located abroad are rare. Confiscation of suspicious cross-border transportation of cash is not pursued as a policy objective, the amount of falsely detected or undeclared cross-border transactions of currency are low, and the sanctions applied (fine or confiscation) are rare and not dissuasive. Additional resources to conduct financial investigations as well as practical guidance and training for prosecutors and LEAs is necessary to pursue the confiscation of criminal proceeds in more complex cases;
- The National Terrorism Strategy dates from 2002, and there is no specific policy for TF. A full understanding of the specific roles that might be played by the terrorist financier was not demonstrated. The concentration of the relevant agencies – the Romanian Intelligence Service (RIS) and the

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Directorate for the Investigation of Organised Crime and Terrorism (DIOCT) – is mainly on the prevention and disruption of terrorism rather than on detecting, investigating, and prosecuting TF *per se*;

- Banks and larger financial institutions (FIs) demonstrate a fairly good understanding of targeted financial sanctions (TFS) requirements and implementation practices, while designated non-financial businesses and professions (DNFBPs) and virtual asset service providers (VASPs) have less understanding of TFS requirements. The detection of indirect links and close associations with sanctioned entities and individuals is a concern in all sectors, and there is no risk-based regulatory and oversight framework for the non-profit sector;
- In general, banks demonstrated a good grasp of ML and TF risks. The understanding of ML risks in non-bank FIs, including payment institutions (PIs), was also generally good, but the understanding of TF risks less pronounced. Customer due diligence (CDD) measures as applied by obliged entities are generally risk-based, but this is not the case for exchange offices and most DNFBPs;
- The most robust AML/CFT risk-based approach is applied by the National Bank of Romania (NBR), which supervises the most material FIs. NBR engagement occurs frequently, but it operates on a rather *ad hoc* basis. ML/FT risks are taken into consideration to some extent by the Financial Services Authority and the NOPCML. The supervision of VASPs has only recently started. As a rule, remedial measures are applied; the effectiveness of sanctions has not yet been demonstrated;
- Although the understanding of risk of abuse of legal persons by the authorities is greater than that in the national risk assessment (NRA), the level of risk is higher than that recognised by the authorities (medium level), at least to some extent. Important steps have been taken to prevent misuse of legal persons, including the development and use of public registries;
- Although Romania has a sound legal framework for international cooperation, a significant lack of reliable data and statistics hinders the authorities' ability to demonstrate effectiveness in this area. Romania has neither a central case management system in place nor formalised guidelines for prioritisation of incoming requests. This significantly hinders the authorities' ability to monitor and follow up requests for assistance. Assistance provided to other countries is constructive and delivered on a timely basis in most cases.

Romania is expected to report back to MONEYVAL under the enhanced follow-up reporting process in May 2025.

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