

PACE Resolution on Financial Intelligence Units

András Csúri

News

The Parliamentary Assembly of the Council of Europe (PACE) adopted [Resolution 2365 \(2021\)](#) and the accompanying [Recommendation 2195 \(2021\)](#), which carries the title “Urgent need to strengthen financial intelligence units – Sharper tools needed to improve confiscation of illegal assets.” The documents aim to promote confiscation and AML/CFT measures and, in particular, the development of Financial Intelligence Units (FIUs).

The resolution notes that a number of different scandals, including recent leaks from the US Treasury Department’s Financial Crimes Enforcement Network (FinCEN), reveal that national and international efforts to combat ML and TF have fallen far short of their intended goals. According to the World Bank, proceeds from organised crime and high-level corruption amount to trillions of US dollars annually worldwide. Only a small percentage of law enforcement agencies succeed in seizing the proceeds. The remaining amount – which accumulates in the hands of organised criminals, corrupt public officials, and terrorists – poses a huge threat to democracy, the rule of law, and national security in all Member States. At the same time, the successful confiscation of illicit assets offers a significant opportunity for states to generate the resources needed to tackle the social problems caused by organised crime, corruption, and terrorism. Urgent measures are therefore necessary to step up the tracing and confiscation of the proceeds of crime.

FIUs face the following main problems, as identified in regular national evaluations, in particular by FATF and MONEYVAL:

- Regarding reporting: uneven quality and a high volume of reports submitted by reporting entities (banks, etc.); the release of instruments by reporting entities before receiving feedback from the FIUs; lack of knowledge about the typology of ML/TF on the part of reporting entities;
- Regarding FIUs: lack of autonomy and independence of some FIUs; insufficient staff and material resources (IT equipment and tools, archiving systems); insufficient technical capacity due to new challenges (these challenges include the increasing demand for online services, Internet payment systems, and financial technology (“fintech”)); the complex nature of criminal schemes; ML channels (including cybercrime);
- Regarding law enforcement: inability of law enforcement authorities to take prompt action when following up information provided by FIUs in the course of an investigation to ensure the freezing and/or seizure of assets; inability of authorities to provide timely feedback to FIUs on the quality of information disseminated and any actions taken.

Although FATF standards allow different organisational models for FIUs (administrative, law enforcement, and hybrid models), they must be given the independence, powers, and human and financial resources ne-

AUTHOR

András Csúri

Vienna University of Economics and Business

ISSN: 1862-6947

<https://euclid.eu>



cessary to carry out their role effectively. The Assembly therefore calls on all CoE member states and those states having observer or cooperative status with the organisation to do the following:

- Strengthen their FIUs in accordance with the recommendations of FATF and MONEYVAL, in particular by providing them with sufficient powers, human resources, IT tools, and training facilities to enable them cope with new challenges and the increasing complexity of ML channels;
 - Respect the autonomy of their countries' FIUs and refrain from political interference in their work;
 - Allow FIUs to suspend suspicious transactions, both domestically and upon request of their foreign counterparts (in line with Art. 14 of the 2005 Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (the "Warsaw Convention")).
 - Strengthen the capacity of their law enforcement agencies (police, prosecutors, and courts) by establishing specialised, well-trained, and adequately resourced working groups who cooperate closely with FIUs, so that timely actions on financial intelligence information transmitted by FIUs is taken;
 - Strengthen international cooperation between FIUs by making relevant legislation and institutional structures interoperable;
 - Reverse the burden of proof on the legitimacy of assets by requiring relevant persons to prove the legitimate origin of suspected assets in their possession;
 - Eliminate the "citizenship for investment" schemes still being offered in some countries.
-

About eucrim

eucrim is the leading journal which regularly informs about current developments in European criminal and "criministrative" law.

All news items are freely accessible at: <https://eucrim.eu/news/>

Stay informed by emailing to eucrim-subscribe@csl.mpg.de to receive alerts for new releases of issues.

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



**Co-funded by
the European Union**