

Press Release

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MONEYVAL publishes report on Bosnia and Herzegovina

Strasbourg, 27.01.2010 - The Council of Europe's MONEYVAL Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) has published today the [third round evaluation report on Bosnia and Herzegovina](#).

The report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the Financial Action Task Force (FATF) 40+9 Recommendations and includes a recommended action plan to improve the anti-money laundering (AML) and combating the financing of terrorism (CFT) system of Bosnia and Herzegovina.

The main findings of the evaluation report are:

- There have been a number of improvements since Moneyval's first report following the first on-site visit in November 2003. In 2004 a unified AML/CFT law was enacted at state level which replaced separate laws for the entities and Brčko District. This law is supplemented by the issuance of comprehensive guidance by the Minister of Security. The 2004 AML law was superseded, in June 2009, by another AML/CFT law, the Law on the Prevention of Money Laundering and Financing of Terrorist Activities. This new law has addressed a number of deficiencies in the old law, including the introduction of a risk based approach and an improvement in preventive measures .
- Money laundering and terrorist financing are criminalised at all levels of legislation. All the definitions are largely in accordance with Article 3 of the Vienna Convention and Article 6 of the Palermo Convention, yet their scopes still do not cover all the material elements as required. Furthermore, the criminalisation of terrorist financing does not cover the funding of terrorist organisations or individual terrorists. There have been a number of successful convictions for money laundering including conviction of legal persons.
- The current legal framework applicable to confiscation and provisional measures seems rather complicated. There are parallel regimes both in terms of criminal substantive and procedural law. High evidential standards as applied by trial courts, the structure of the confiscation regime and the small number of confiscations (particularly at non-State level) and provisional measures being taken all give rise to concerns over the effectiveness of the regime. Furthermore, provisional measures are seldom, if ever, applied in the preliminary stage of criminal proceedings.
- There is not yet in place a comprehensive system for allowing all financial institutions to freeze without delay assets of persons and entities designated in the context of terrorism or financing of terrorism. The existing legal framework consists of parallel and overlapping regimes which are either incomplete or are designed for other purposes.

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A political organisation set up in 1949, the Council of Europe works to promote democracy and human rights continent-wide. It also develops common responses to social, cultural and legal challenges in its 47 member states.

- The Financial Intelligence Department has been established, with operational independence, within the State Information and Protection Agency. It co-operates internationally as a member of the Egmont Group and shares information with its counterpart financial information units. The Financial Intelligence Department's action appeared to be isolated from the general law enforcement effort due to restrictive interpretation of existing laws and other organisational issues. Its power to disseminate financial information to domestic authorities is limited by law.
- Financial institutions are required by law to file suspicious transaction reports (STR), including suspicions of financing of terrorism, regardless of the amount and the reporting requirement includes both attempted and performed transactions. There is, however, a low level of transactions reported by financial institutions. The only STRs received from obliged persons were from the banking sector with none received from the insurance and securities sectors or any Designated Non-Financial Businesses and Professions.
- Overall the banking and securities supervisors appeared to possess adequate powers to monitor and ensure compliance with AML/CFT requirements within their respective sectors. There is, however, a lack of adequate powers for supervisors in the insurance market.
- The framework for international judicial co-operation in money laundering and terrorist financing cases is generally comprehensive and offers all the necessary solutions for rapid and effective legal assistance. Furthermore, the arrangements for international judicial co-operation appear to be working in practice.

The report was adopted at MONEYVAL's 31st Plenary meeting (Strasbourg 7-11 December 2009). MONEYVAL will follow-up implementation of the recommendations through its progress report procedure, under which all MONEYVAL countries are required to update the Committee on action taken on the mutual evaluation report one year after its adoption.

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