

Press Release

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MONEYVAL publishes report on Serbia

Strasbourg, 12.02.2010 - 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 Serbia](#).

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 Serbia.

The main findings of the evaluation report are:

- Since the last evaluation in 2005, Serbia has reviewed the effectiveness of the AML/CFT system and has made several changes which improved the legal framework and AML/CFT requirements. It has amended substantially its criminal legislation, passed new legislation regarding the liability of legal entities, the seizure and confiscation of proceeds from crime, on mutual legal assistance and adopted an AML/CFT strategy. Shortly before the on-site visit, it adopted a new Law on the prevention of money laundering and the financing of terrorism (new AML/CFT Law).
- The money laundering (ML) offence is largely in line with international standards and has successfully been tested in practice with several convictions achieved. However, implementation needs to be addressed by the authorities through a firm prosecution policy of money laundering offences, in particular for major proceeds generating offences. As regards the terrorist financing (TF) offence, there are still several legal shortcomings which need addressing.
- The current system for investigation, prosecution and adjudication of different types of ML/TF offences raises difficulties in practice in respect of cooperation and communication between competent authorities. Specific concerns were raised in respect of the operational autonomy and independence of the prosecution service and the heavy workload and understaffing of the judiciary, specialized law enforcement services and supervisory bodies.
- The legal framework for provisional measures and confiscation appears to result in little application of the regime in practice. Additional legal clarifications and practical guidance are required to ensure adequate implementation of these important measures.
- The complex legal framework does not enable Serbian authorities to take the necessary preventive and punitive measures to freeze and if appropriate seize terrorist related funds or other assets without delay, in accordance with the relevant United Nations Resolutions.
- The Administration for the Prevention of Money Laundering, which is the Serbian financial intelligence unit, has been strengthened and appears to be generally effective, though it is understaffed in the light of the tasks and duties which have been set out in the new AML/CFT Law.

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- There are concerns about whether detection of cross border movement of currency is adequately pursued. New requirements were introduced in September 2009 which need to be implemented and effective, dissuasive and proportionate sanctions for detected breaches should be introduced.
- The customer due diligence and record keeping requirements are broadly in line with the international standards. Implementation of the AML/CFT requirements by designated non financial businesses and professions (DNFBPs) was not sufficiently demonstrated. As regards reporting of suspicious transactions, while there has been a constant increase in the number of reports by banks, there is a low level of understanding and implementation of the reporting requirement by non banking financial institutions. Competent authorities need to provide further guidance and feedback to assist financial institutions and DNFBPs in implementing their AML/CFT obligations.
- There is a lack of AML/CFT supervision of DNFBPs. The effectiveness of the sanctioning mechanism for both financial institutions and DNFBPs needs to be strengthened.
- The framework for national and international co-operation has been substantially improved.

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.

[More information on Moneyval](#)