



Press Release
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The EU needs a stronger and more coherent oversight framework for combating money laundering

Even though the value of suspicious transactions within Europe is estimated to be in the hundreds of billions of euros, the EU has a fragmented approach to preventing and countering money laundering and terrorist financing. Although the relevant EU bodies have a policy-making and coordinating role and limited direct powers, efforts are largely managed at national level. A special report from the European Court of Auditors (ECA) concludes that EU-level action to combat money laundering and terrorist financing has weaknesses, and that the EU's oversight framework is fragmented and poorly coordinated and thus fails to ensure a coherent approach and a level playing field.

Money laundering is the practice of legitimising the proceeds of crime by filtering them into the regular economy to disguise their illegal origin. Within Europe, Europol estimates that the value of suspicious transactions is equivalent to about 1.3 % of EU GDP. Across the globe, the figure is estimated to be close to 3 % of world GDP. Recent data shows that over 75 % of suspicious transactions reported in the EU came from credit institutions in more than half of the Member States.

“EU-level weaknesses with regard to money laundering and terrorist financing need to be addressed, and the EU’s supervisory role significantly strengthened”, said Mihails Kozlovs, the member of the European Court of Auditors responsible for the report. *“Much more needs to be done to ensure that the EU law is implemented promptly and coherently. For a start, the EU should use regulations in preference to directives wherever possible, given the need for legislation to be implemented coherently at Member State level”.*

Today, EU-level powers to counter money laundering and terrorist financing are split between several bodies. The European Commission develops policy and monitors its incorporation into

The purpose of this press release is to convey the main messages of the European Court of Auditors’ special report. The full report is available at eca.europa.eu.

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Member State law, and deals with risk analysis. The auditors found weaknesses in carrying out these tasks. Anti-money-laundering legislation is complex, and has been implemented too slowly and unevenly across the EU. As far as the risk-assessment procedure is concerned, they found that it does not indicate changes over time, and that it lacks geographical focus and effective prioritisation. To date, the EU has not adopted an autonomous list of high-risk non-EU countries which constitute a money-laundering threat to the EU's internal market. Nor has the Commission succeeded in producing updated statistics on the matter, making it difficult to assess the scale of money laundering and terrorist financing in the EU.

The European Banking Authority (EBA) has the power to investigate potential breaches of EU law in this field, and it has used that power. However, the EBA, has only made one positive finding of a breach of EU law related to money laundering and terrorist financing since 2010, and has not carried out a related investigation on its own initiative. The auditors also found evidence of attempts to lobby Board of Supervisors members during the period when they were deliberating on a potential recommendation concerning a breach of EU law. This shows that high-level EBA decision-making might have been influenced by national interests (similar to the conclusions of the [ECA's 2019 report on the EBA's stress tests](#)). The auditors also found that the Commission has no internal guidance for triggering a request for an investigation to the EBA; when this was done, it was on an ad hoc basis and, in most cases, following media reports.

One last point analysed by the auditors is the integration of the risk of money laundering into the prudential supervision of euro area banks. They found that the European Central Bank (ECB) – the direct supervisor of significant banks since 2014 – has made a good start in sharing relevant information with national supervisors, but the ECB has neither the responsibility nor the power to investigate how such information is used by national supervisors. The quality of material shared by the national supervisors also varied considerably due to national practices. The EBA is developing specific updated guidance; this will need to be finalised and implemented by the ECB and national supervisors as soon as possible, the auditors recommend.

Background information

The EU adopted its first anti-money-laundering directive in 1991, most recently updated in 2018, to counter threats to the internal market from money laundering, and, subsequently, to prevent terrorist financing. The Commission intends to unveil a proposal for a single EU watchdog for money laundering and terrorist financing shortly.

Special report 13/2021: *“EU efforts to fight money laundering in the banking sector are fragmented and implementation is insufficient”* is available on the ECA website (eca.europa.eu).

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