

Transparency International EU

The global coalition against corruption

Transparency International EU calls for tougher EU anti-money laundering rules in light of Covid-19 crisis and recent money laundering scandals

Alessandro · Wednesday, August 26th, 2020

Transparency International EU (TI EU) and 14 TI national EU chapters^[1] have called on the European Commission to strengthen the fight against money laundering in the light of the Covid-19 crisis and the recent corruption and money laundering scandals such as the Cyprus Papers, the Wirecard or the Danske Bank scandals. They made their call in a joint submission to the Commission's public consultation on its recently published anti-money laundering action plan.

According to Transparency International, there is a high risk of national regulators, supervisory authorities and so-called 'obliged entities' (the entities that are subject to the rules) relaxing their approach to the fight against money laundering in the misguided belief that this will help rebuild battered economies. So far, only **11 EU Member States** have fully transposed the 5th EU anti-money laundering (AML) directive into national legislation. The deadline for transposition was 10 January 2020.

As the economies of EU countries plunge into recession and public coffers are being depleted, TI today calls for the adoption of more stringent legislation to recoup the billions of euros that are lost to crime and corruption each year, including through the setting up of a new, independent EU-level supervisory body.

Laure Brillaud, Senior Policy Officer at Transparency International EU, said *"Huge sums of public money will need to be invested across the EU in order to rebuild the economy and social infrastructure. In this race to recovery, every cent will count and not tackling the loss of billions of euros through corruption, money laundering and tax evasion is inexcusable."*

TI EU and the 14 TI national chapters, are also calling for all relevant business activities to be fully regulated. In particular, the FinTech industry and the so-called golden visa industry, which were recently exposed in the Wirecard scandal and the Cyprus Papers. These industries should be fully covered by anti-money laundering obligations.

"After the Danske bank scandal in 2018, 2020 has seen its own revelations: the Wirecard scandal revealed a massive fraud in the FinTech industry in Germany and the Cyprus Papers exposed corruption and money laundering in the golden passport sale industry. These markets are less mature and less regulated so are not only attracting new investors, but also criminals, fraudsters and money launderers. They present very real risks, which absolutely need to be taken into account in the reform of the EU regulatory framework," Brillaud added.

In its submission, Transparency International also asks the EU to stop serving as an attractive destination for corrupt individuals and their money and calls on the EU to align its rules on asset recovery with anti-money laundering rules. Currently only 2.2% of the proceeds of crime are seized and an even smaller percentage (1.1%) is confiscated.

[1] Including TI Belgium, TI Bulgaria, TI Czech Republic, TI Estonia, TI France, TI Germany, TI Greece, TI Latvia, TI Netherlands, TI Portugal, TI Slovakia, TI Slovenia, TI Spain, TI Sweden.

NOTE TO EDITOR

For more information about our recommendations, please read Transparency International's [joint response to the European Commission's public consultation on the EU AML Action Plan](#) published today.

You can also our policy brief on the subject: *'The EU must revamp its approach to asset recovery if it is serious about fighting corruption and money laundering.'*

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