

Anti-money laundering in Albania – What role for civil society?

EVENT SUMMARY | June 25th 2021

Following the 2018 Moneyval report which looks into Financial Action Task Force (FATF) standards, money laundering has become an issue of concern in Albania. The report's negative findings triggered an increased monitoring mechanism – placing Albania on the list of high-risk countries. To counter and prevent money laundering, state authorities are strengthening institutional capacities, legislative instruments, interagency cooperation and other resources to tackle the phenomenon.

It is in this context of increased awareness and accountability that the Institute for Democracy and Mediation (IDM) hosted an event, bringing together representatives of civil society, media and academia. In his opening remarks, IDM Executive Director, Mr. Sotirag Hroni, highlighted that an increased cooperation between non-state and state actors is crucial in the fight against money laundering.

Cooperation efforts may sometimes be hindered by hesitation, uncertainties of the past, a managerial approach, and political culture that prohibits stakeholders from strengthening cooperation. However, it is important to note that representatives of key AML institutions IDM interviewed in this context – welcomed our initiative, affirming their availability to receive inputs from non-state actors and to jointly work on AML priorities in the future.

Sotirag Hroni
IDM Executive Director

Experts who participated on IDM's first Forum on AML on June 25th, noted that the contribution of civil society and investigative journalism indeed helps accelerate the process of implementing AML recommendations. Mr. Gjergji Vurmo, IDM Program Director, maintained that the involvement of non-

state players would also help improve public accountability, in addition to “complementing” institutional efforts. Specifically, their contribution would be most valuable in helping advance the FATF recommendations which aim to strengthen the effectiveness of its AML/CFT¹ mechanism, according to which Albania needs to work on reducing the informal economy through the cash flow. Following the 8th FATF recommendation that aims to improve the regulatory framework that prevents the misuse of CSOs for financing terrorism, concepts such as AML and CFT gradually became more familiar for Albanian CSOs. In this context, the Albanian Parliament passed a new law on the establishment of a beneficial owners’ register for NGOs “due to the obligations arising from Moneyval”² and the European Commission’s 2020 report. The law was faced with strong oppositions from NGOs – regardless, it was passed by the Parliament on June 24th 2021. Experts noted that while the financial scrutiny of civil society aims to reduce its risk factor and increase transparency, within the fight against money-laundering, Albanian civil society has a very important role to play. Mr. Vurmo highlighted that civil society and academia have already developed capacities and initiatives that aim to contribute towards the exposure of

mechanisms and data on issues related to money laundering - specifically, organized crime, corruption and state capture, VERLT³, etc.

The main encouragement from the EU now is for Albanian civil society and the government to engage in jointly implementing the bylaws of the (FATF) Action Plan.

Aurélien Juliard
Delegation of the EU to Albania

As an EU candidate country, Albania is posed with a dual challenge: implementing the FATF recommendations initially, and after the opening of accession negotiations, Albania must align its legislation with the EU acquis. “Albania is currently on the right track to following through the FATF Action plan which needs to be implemented by February 2022,” said EU representative, Juliard. In addition to the FATF standards, the EU’s perspective is to drive its legislation beyond the FATF recommendations. In the absence of a strong, unified legislation within the EU, countries with weaker AML mechanisms are more susceptible towards illicit financial flows and money laundering. To this purpose, the EU aims to counter vulnerabilities of the financial sector and safeguard the integrity of the internal market through the new features that were introduced in the EU with the

¹ CFT is the abbreviation for ‘Combating the Financing of Terrorism’.

² Source:

<https://www.parlament.al/News/Index/13849>

³ VERLT is the abbreviation form of “Violent Extremism and Radicalization that Leads to Terrorism”

5th and 6th Anti-Money Laundering Directives which aim to increase transparency on the ownership of companies and trusts, facilitate the work of FIUs and increase cooperation among AML institutions.

Complementary to the directives, new methods are required to detect money laundering.

New methods to detect money laundering should consist of a risk-based regulatory framework, and enhanced cooperation between financial and non-financial supervisors, financial intelligence units (FIUs), and the judicial authorities. To detect suspicious cases, cooperation tools need to be developed within the private sector, and between the private and public sectors.

Karel Lannoo
CEO and AML expert, CEPS, Brussels

However, Mr. Lannoo, maintains that approximately 95-98% of the suspicious activity detected by the private sector are false positives, which are nonetheless reported to FIUs – creating a bottleneck in AML effectiveness. To reduce the existing differences between FIUs in terms of organization, resources and staffing, the CEPS CEO recommended developing a single template for suspicious transaction reports (STRs) among FIUs.

The banking sector is at the forefront of detecting cases and transmitting information to the authorities. As such, Mr. Selami Xhepa, Lecturer and Economy

Expert suggests that the Beneficial Owners' (BO) Register - established in the framework of AML measures – should have been placed under the jurisdiction of the Bank of Albania. "Instead of tackling the issue, placing the BO register under the jurisdiction of the Albanian Directorate of Taxation undermines the role of the banking sector. This was highlighted in particular during the discussions with civil society when we suggested following the approach of other countries where the register is under the jurisdiction of central banks," added Xhepa.

Furthermore, the regulatory framework has to adapt to enable CSOs to assume a proactive role in monitoring, so that their findings have a greater impact. Dr. Ramandeep Chhina, International AML/CFT Consultant (UK) acknowledged three ways how academia can contribute to the AML efforts – firstly, by conducting inter-disciplinary research on AML/CFT. According to Dr. Chhina, researchers have the skills to identify any major issues or gaps in this area that need to be further strengthened. Through research, academics have the opportunity to influence decision-making and inform public opinion by conducting a thorough benefit/cost analysis of the AML rules. Therefore, the impact of their research is instrumental in this field. They should not consider their work is finished after publishing an article, but focus on further measuring the influence their research has had. Secondly, Dr. Chhina maintains

that the work of academics should concentrate on knowledge exchange and that they must work in close cooperation with the industry as well as the government to disseminate the findings of their research and raise awareness. Thirdly, academia could make a significant contribution by educating future generations on the issue of AML/CFT. She noted the lack of degrees and training programs in AML in Albania and highlighted the need to facilitate the education of lawyers, notaries and other professions in this field, due to the topic's interdisciplinary scope.

It is important that higher education institutions should reform through their sustainable action plans and strategy to improve academic content, teaching and research quality, community outreach and dissemination to deliver applied research and produce a future generation of professionals who are fully prepared and ready to step into this field of preventing money laundering and financial crime.

Ramandeep Chhina
International AML/CFT Consultant

Albanian journalists have substantially contributed to AML by investigating assets acquired through corruption, organized crime, and whether expenses in the electoral campaign match the declared budgets or whether parties have used any criminal financial flows. Nevertheless, their contribution has been limited.

According to BIRN representative, Mrs. Kristina Voko, "Albanian CSOs and media have not spoken about organized crime as much as needed." This leads to media prone to produce reactive reporting, rather than producing informative, investigative pieces.

Fabian Zhilla, Global Insight expert asked Mrs. Voko whether investigative journalists require any training on the penal law, data access, anonymity and reporting on sensitive issues. Mr. Zhilla inquired whether this issue had been previously discussed among the journalism community and if they perceived any opportunities on how to cooperate with academics and experts to organize such trainings. In response, Mrs. Voko acknowledged that while journalists do not have all the necessary knowledge, there is no urgent need to train them. To Voko, the lack of institutional transparency and the CSOs' apathy in inquiring and reporting on organized crime and money laundering, is not supplying the media with information to report on. "The media should give voice to the academia and organizations, while the latter should be more proactive in their relationship with the media. Considering that the journalists have nothing to report on, how can we assess what capacity building needs they have?" concluded Voko.

On the other hand, Zef Preçi, head of the Albanian Center for Economic Research

(ACER) maintains that substantial work has been done by investigative media but there is no follow-up as the political will is lacking. Civil society can contribute in this aspect by conducting further research, based on the findings of investigative journalists. Mr. Preçi also perceives the involvement of civil society as essential to the processes of evaluating, analyzing, and raising public awareness on money laundering and the measures taken by the government – highlighting the need for thorough studies addressing the early treatment of risks.

The Director of ACER maintained that the Albanian government usually displays an emotional approach to these issues, instead of following a proactive and rational approach. This leads to few actions being undertaken to tackle money

instead of following a proactive and rational approach. This leads to few actions being undertaken to tackle money laundering. For instance, Mr. Preçi mentioned that half of the companies that administer the country's natural resources originate from faraway islands which translates to fewer taxes paid and more chances for corruption and money laundering.

Ultimately, this Forum equipped representatives of civil society, academia and media with a renewed perspective of their role in countering and preventing money laundering. It introduced them to the current state of play and challenges in the fight against money laundering in Albania and globally and it encouraged them to take on a more active role in the AML sector.



The Institute for Democracy and Mediation – IDM was established in November 1999 as a non-governmental organization, dedicated to consolidating participatory governance and democratic institutions, EU integration processes, civil society development, regional cooperation and security affairs through independent research, capacity building and engagement of societal players.

Rr. Shenasi Dishnica, Nd. 35, H.1, 1017, Tirana | T +355 4 240 0241 | info@idmalbania.org



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