

ROADMAP

Roadmaps aim to inform citizens and stakeholders about the Commission's work in order to allow them to provide feedback and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have.

TITLE OF THE INITIATIVE	Towards a new comprehensive approach to preventing and combating money laundering and terrorism financing
LEAD DG – RESPONSIBLE UNIT	DG FISMA – Unit D2
LIKELY TYPE OF INITIATIVE	Policy Communication
INDICATIVE PLANNING	Q1 2020
ADDITIONAL INFORMATION	https://ec.europa.eu/info/policies/justice-and-fundamental-rights/criminal-justice/anti-money-laundering-and-counter-terrorist-financing_en

This Roadmap is provided for information purposes only and its content might change. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Roadmap, including its timing, are subject to change.

A. Context, Problem definition and Subsidiarity Check

Context

Recent money laundering scandals put pressure on the EU to have a close look at the adequacy of the EU anti-money laundering framework. The evidence presented by the Commission in the [July package](#) has also received a unanimous reaction from both the [European Parliament](#) and the [Council](#) on the need to assess whether there is a need for a new comprehensive approach at EU level

Problem the initiative aims to tackle

The package adopted by the Commission in July 2019 highlighted a number of deficiencies in the implementation of the EU anti-money laundering framework. These range from inadequate application of the rules by professionals (e.g. banks, accountants, lawyers, custodian wallet providers) to inadequate supervision by national authorities and to deficiencies in the functioning of Financial Intelligence Units. The analysis also shows that cooperation among competent authorities (financial intelligence units, supervisors, law enforcement and other competent authorities such as customs and tax authorities) is wanting, at both national and cross-border level.

The analysis published in the July package shows that the EU legal framework needs to be enhanced. The minimum harmonisation approach adopted in the existing EU legislation results in 28 different national frameworks. These differences create loopholes in our preventive framework, which criminals exploit to launder money as shown by the cross-border nature of many money laundering scandals in the EU. As such, more action at national level in the absence of a more harmonised EU framework would not suffice to remedy the existing weaknesses. Conferring some tasks on supervision to an EU body and creating a support and coordination mechanism for Financial Intelligence Units may also be needed.

The policy communication sets out to remedy these problems by presenting the Commission's view on the actions needed to ensure an effective and coherent EU framework against money laundering (with its corollary of predicate offences) and terrorist financing.

The development of new technologies creates opportunities for the legal economy, but also for criminals wishing to find new ways to launder the proceeds of their illicit activities. The communication will also reflect on how to cope with the risks linked with fintech (e.g. virtual currencies) and on how the anti-money laundering framework needs to adapt to technological innovation.

Basis for EU intervention (legal basis and subsidiarity check)

Actions by the EU to fight money laundering and terrorist financing are based on Article 114 (internal market) of the TFEU. The analysis of recent money laundering scandals stressed the cross-border nature of money laundering, concluding that even full implementation of the latest anti-money laundering provisions introduced by the 5th AML Directive and of all actions laid down by the Council in its 2018 action plan would not remedy the current weaknesses. The minimum harmonisation approach of the current EU anti-money laundering legislation leaves substantial freedom to Member States to define their national frameworks, what results in a patchwork of national frameworks. This creates loopholes that criminals exploit to launder the proceeds from illicit activities (e.g. drug trafficking, corruption, tax fraud and evasion crimes). Further action at national level cannot remedy

these shortcomings, which call for more harmonisation at EU level, and possibly central EU mechanisms/bodies to strengthen the preventive framework in light of the cross-border nature of much money laundering in the EU and of the integration of the internal market.

B. What does the initiative aim to achieve and how

The main objective of this Communication is to identify the areas where further action would be needed at EU level in order to achieve a comprehensive and effective framework to prevent criminals from laundering the proceeds of their illicit activities and the financing of terrorism. The Communication aims to trigger a debate within the EU institutions, Member States and with interested stakeholders on what measures are needed to protect the EU internal market from criminals attempting to launder money and finance terrorism.

There is a clear expectation on the side of EU citizens that more should be done to fight money laundering. Findings from a Special Eurobarometer survey of 2017 indicate that almost half of EU citizens think that not enough is being done by the national authorities to fight money laundering. The recent money laundering scandals are unlikely to have improved the perception among EU citizens that Member States are doing enough.

The Communication will also provide a first response to the European Parliament and Council's calls for strong and rapid action to deliver an effective EU framework for fighting money laundering and terrorist financing.

The Communication will only describe areas of work and possible options that will be investigated in the coming months. It does not intend to prescribe future action, but rather to present the Commission's preliminary approach to the challenge of strengthening the EU's fight against money laundering and terrorist financing, so as to allow all interested stakeholders, as well as Member States and EU institutions to join the debate.

C. Better regulation

Consultation of citizens and stakeholders

The policy communication will present the Commission's view on how it intends to approach the preparatory work for future proposals that will deliver a coherent and effective framework to prevent and combat money laundering and terrorist financing across the internal market.

Its purpose is to trigger a debate. The general public will be able to share their views on this Roadmap. The issue will be debated with Member States in the context of the Expert Group on Money Laundering and Terrorist Financing and the FIU Platform. In parallel, the Commission services will hold meetings with stakeholders to gather their opinions. No other public consultation is planned. However, the Communication will be the basis for extensive consultation in view of presenting new policy initiatives in early 2021.

Evidence base and data collection

The initiative will build on recent initiatives including:

- 5th EU anti-money laundering directive¹
- July AML Package²
- Review of the European Supervisory Authorities³
- Directive on the use of financial information for the prevention, detection, investigation or prosecution of crime⁴

No impact assessment is being prepared. Decisions taken in future to act on options with expected significant impact could become the object of an impact assessment as necessary, in accordance with the Better Regulation guidelines.

¹ Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (Text with EEA relevance), OJ L 156, 19.6.2018, p. 43–74.

² https://ec.europa.eu/commission/presscorner/detail/en/IP_19_4452

³ Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds (Text with EEA relevance) (Text with EEA relevance), OJ L 334, 27.12.2019, p. 1–145.

⁴ Directive (EU) 2019/1153 of the European Parliament and of the Council of 20 June 2019 laying down rules facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal offences, and repealing Council Decision 2000/642/JHA, OJ L 186, 11.7.2019, p. 122–137.