
EU AGREES STEPS TOWARDS TIGHTER MONEY-LAUNDERING SUPERVISION

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European Union finance ministers on Thursday backed plans for greater powers to combat money laundering after a series of revelations about large amounts of dirty money flowing through European banks.

The EU last year experienced its largest money-laundering scandal when it emerged that 200 billion euros (£171.82 billion) in suspicious payments were made between 2007 and 2015 through Danske Banks <DANSKE.CO> tiny Estonian branch.

Several other cases have emerged since then, the latest involving Maltas largest lender, Bank of Valletta, which the European Central Bank said had for years failed to address dirty-money risks.

In a joint statement, ministers called on the European Commission to explore the possibility of transferring supervisory powers to an EU body and to amend rules to strengthen coordination among national authorities.

Despite criminal organisations frequently laundering the proceeds of their illegal activities abroad, the fight against financial crime in the EU is currently mostly handled by national authorities, which do not always cooperate fully.

Ministers said an EU body with an independent structure and direct powers over banks should be considered, reversing opposition to such a move last year.

They also urged a fresh overhaul of EU rules to fight dirty money, only a year after the bloc adopted the fifth revision of its anti money-laundering rules.

Last years reform was watered down by conflicting interests among EU states, and quickly appeared insufficient as new scandals emerged.

Before the meeting, some of the EUs largest states, including Germany, France and Italy, said powers should be transferred to an EU authority because national watchdogs had proved incapable of tackling financial crime.

They went as far as saying there was a risk of some national supervisors being influenced directly or indirectly by supervised institutions or interest groups.

Smaller states, such as Luxembourg, Malta, Cyprus and the Baltic countries, have been accused of

lax controls which have allowed repeated cases of money laundering.

Most ministers supported the joint statement at a public session of their meeting on Thursday, but some, such as Luxembourg, did not join the discussion, leaving it unclear whether they would back the reform.

Malta's finance minister, Edward Scicluna, said he fully backed the overhaul. He faces a criminal probe over money laundering in which he denies wrongdoing. The Maltese government has also confirmed support for state-owned Bank of Valletta after its dirty-money shortfalls emerged last month.

(Reporting by Francesco Guarascio @fraguarascio; editing by John Stonestreet and Giles Elgood)

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