Resolution on a comprehensive Union policy on preventing money laundering and terrorist financing – the Commission's Action Plan and other recent developments

2020/2686(RSP) - 10/07/2020 - Text adopted by Parliament, single reading

The European Parliament adopted by 534 votes to 25, with 122 abstentions, a resolution on a comprehensive Union policy on preventing money laundering and terrorist financing – the Commission's Action Plan and other recent developments.

The text adopted in plenary was tabled by the EPP, S&D, Renew, Greens/EFA and GUE/NGL groups.

The resolution stated that according to the Commission, around 1 % – EUR 160 billion – of the Union's annual gross domestic product is involved in suspect financial activity such as money laundering connected to corruption, arms and human trafficking, drug dealing, tax evasion and fraud, terrorist financing and other illicit activities which affect EU citizens in their daily lives. For the period 2010-2014, 2.2 % of the estimated proceeds of crime were provisionally seized or frozen and only 1.1 % of the criminal profits were confiscated at EU level, meaning that 98.9 % of the estimated criminal profits were not confiscated and remain at the disposal of criminals.

The Union's framework for anti-money laundering and countering terrorist financing (AML/CTF) was strengthened by the adoption of 4AMLD in May 2015 and 5AMLD in April 2018 and their transposition into the Member States' national legislation by June 2017 and January 2020 respectively, and by other accompanying legislation and actions.

Better implementation

Members regretted the incorrect and patchy implementation of the Anti-money laundering/Combating Terrorism Financing (AML/CTF) rules in Member States and called for a zero-tolerance approach and infringement procedures against Member States who lag behind in transposing the rules into national law. Judicial and law enforcement authorities in Member States must cooperate more and share information with each other, according to Parliament.

EU Action Plan and AML/CTF framework

Members welcomed the Commission communication of 7 May 2020 on an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing, which sets the scene for further improvements, in particular in the enforcement and implementation of the existing legislation. They called for the Union to advance on all six pillars of this Action Plan as soon as possible.

They also welcomed the Commission's intention to present, within the next 12 months, a new EU institutional architecture for AML/CTF built on an EU-level AML/CTF supervisor and an EU coordination and support mechanism for FIUs. Parliament called on the Commission to:

- expand the single rule book in the field of AML/CTF to widen the scope of obliged entities, notably with a view to integrating new and disruptive market sectors as well as technological innovation and developments in international standards, and ensuring that the provision of services is covered in the same manner as the supply of goods;

- tackle the risks of crypto-assets by enforcing the 'know your customer' principle in a broad way while respecting the principles of necessity and proportionality;

- ensure that non-financial obliged entities are subjected to similar supervision to financial entities, by an independent public authority at national level, and to ensure that levels of awareness, training, compliance and sanctioning in cases of misconduct by these independent national authorities are adequate;

- further assess the possible establishment of a grey list of potential high-risk third countries, in the same vein as the EU's current approach of listing non-cooperative jurisdictions for tax purposes;

- ensure a publicly transparent process with clear and concrete benchmarks for countries which commit to undertaking reforms in order to avoid being listed;

- make proposals to close existing loopholes that allow companies to hide their ultimate beneficial owners behind proxies, as well as to allow companies to request the termination of a business relationship in the event that the ultimate beneficial owner cannot be identified;

- address the necessity and proportionality of harmonising the information in the land and real estate registers and to work towards the interconnection of those registers;

- ensure interconnection of centralised payment and bank account mechanisms across the EU in order to facilitate faster access to financial information for law enforcement authorities and FIUs during different investigation phases and facilitate cross-border cooperation in full compliance with applicable data protection rules;

- propose a more harmonised set of effective, proportionate and dissuasive sanctions at EU level for failure to comply with AML/CTF regulations.

Effective use of data

Parliament called on the Commission to address the lack of sufficient and accurate data in national registers that can be used to identify ultimate beneficial owners, especially in situations in which a network of shell companies is used. It demanded that transparency standards regarding beneficial ownership be strengthened at both EU and Member State level in order to ensure that they provide verification mechanisms related to data accuracy.

Restoring public confidence

Parliament noted with concern that the Luanda Leaks, as well as other past scandals, such as Cum Ex, the Panama Papers, Lux Leaks and the Paradise Papers, have repeatedly shaken citizens' trust in the EU's financial and tax systems. It stressed how crucial it is to restore public confidence and to ensure fair and transparent tax systems and tax justice. In this regard, the EU must seriously address its own internal problems, namely with regard to its low taxation and secrecy jurisdictions.