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Council of Europe issues report assessing progress by the Holy See on measures to combat money laundering

Strasbourg, 12.12.2013 – The Council of Europe’s Committee of experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ([MONEYVAL](#)) today published a [report](#) presented by the Holy See (including the Vatican City State) concerning the progress it has made to remedy the deficiencies identified by MONEYVAL in its first mutual evaluation report in 2012.

The report was published together with a detailed assessment of this progress by MONEYVAL with regard to the 16 core and key Financial Action Task Force (FATF) Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Recommendations 2003. Both documents were adopted this week at MONEYVAL’S 43rd plenary meeting, and take into account developments up to 30 November 2013.

MONEYVAL concludes that a very wide range of legislative and other measures have been taken in a short time by the Holy See to remedy deficiencies identified by the 2012 MONEYVAL report in all areas of the AML/CFT framework, though certain issues still need to be addressed. The following are its main findings:

- The legal structure for criminalising money laundering and terrorist financing, and related confiscation, is in place and much improved but still needs to be tested in practice.
- A new and more comprehensive system for freezing terrorist assets pursuant to United Nations Security Council Resolutions 1267 and 1373 is now operational.
- There are review processes in place to ensure that the financial institutions within the Holy See/Vatican City State know who their account holders are and that full customer identification and verification measures are applied to them, in line with international standards. The process is being conducted under the supervision of the Financial Intelligence Authority (FIA). It is planned to be completed by the first quarter of 2014. It has resulted in accounts being closed and a significant number of suspicious transaction reports in 2013. These are being analysed by the FIA and, where appropriate, referred to the Promoter of Justice.
- The powers of the FIA in its analyses of suspicious transaction reports are now much clearer. MONEYVAL welcomes the restoration of the FIA’s autonomy to negotiate memorandums of understanding, and the conclusion of such memorandums with financial intelligence units of 6 countries. MONEYVAL notes that the FIA’s resources for the operational handling of its analytical work needs re-assessing in the light of current and projected workloads.
- The legislative basis for independent AML/CFT supervision and inspection and the imposition of sanctions has been clarified and strengthened, in line with MONEYVAL’s recommendations. There still have not been formal AML/CFT inspections of the Institute of Works of Religion (IOR) and the Administration of the Patrimony of the Apostolic See (APSA), though inspections are planned to take place by the end of January 2014. These inspections should be completed as soon as possible and should include risk-focused sample testing of customer files.
- MONEYVAL stresses that as the FIA has become the prudential supervisor as well as the AML/CFT supervisor, it needs to staff up this side of its work quickly with experienced professionals in this area. It also urges the authorities to issue regulations on expertise and integrity requirements for responsible persons in financial institutions, so the FIA can take on assessment of their fitness for their roles and examine potential conflicts of interest.

MONEYVAL’s evaluation of the Holy See (including the Vatican City State) is based on the procedures of the 3rd round FATF 2004 Methodology for Assessing Compliance with the [FATF 40 Recommendations](#) on money laundering and the [9 FATF Special Recommendations](#) on terrorist financing. Following MONEYVAL’s rules, the Holy See should present an update on action taken to implement the Committee’s recommendations by December 2015.

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[MONEYVAL](#) is a Council of Europe body that assesses compliance with the relevant international and European standards to counter money laundering and terrorist financing and the effectiveness of their implementation and makes recommendations to national authorities in respect of necessary improvements to their systems. MONEYVAL monitors 33 jurisdictions including 28 Council of Europe states, the Holy See, Israel and the Crown Dependencies of Guernsey, Jersey and the Isle of Man.

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