Developing AML/CFT System in Serbia

- Systemic approach in combating ML/TF
- Serbian FIU in the center of the system
- Assistance from international organizations - necessity in the process of developing the system
- Very active cooperation with CoE, EU, IMF, WB and other organizations
- Increasing partnership with OSCE in recent years
The OSCE Mission’s work on AML/CFT

1. Improving anti-money laundering and combating the financing of terrorism methods in detection and investigation
2. Close partnership with the APML, National Bank of Serbia, Republic Public Prosecutor’s Office and others
Prevention

- Support to the implementation of the Anti Money Laundering and Terrorism Financing Law
- Supervision and Risk based approach training activities for supervisory bodies (Ministry of Finance and the National Bank of Serbia) as well as their private sector reporting entities.

Repression

- Training FIU, law enforcement authorities and the judiciary on investigating financial/economic aspects of organized crime with a focus on financial investigations.
- Training on investigating tax fraud/tax evasion
Challenges and Next Steps

- Coordination between different donors is a challenge
- NRA conference in Belgrade as an example of a very good communication and coordination
- Future needs:
  - new payment methods
  - using business intelligence tools in FIU work
  - FIU competences in supervision increased
  - analytical functions of the FIU strengthened through specialized courses
  - advanced training for law enforcement bodies
  - etc…
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Money Laundering Typologies Through Currency Exchange Transactions

One of the ways to place dirty money into legal financial flows is through currency exchange transactions. However, money is not laundered directly through currency exchange offices, instead they are used for disseminating dirty money which is only a part of the road to its legalization and entry into a country's financial system.
Money Laundering Typologies for Attorneys and Law Firms

An attorney, as a person familiar with the law, should have the skills to identify problems or improve the interests of the person she or he represents. That said, an attorney also must be socially responsible and her/his actions should prevent the commission of criminal offenses.

Money Laundering Typologies in the Accounting Sector

All legal entities and entrepreneurs must keep accounting books, evaluate the value of assets, revenue, expenses, and prepare financial statements in accordance with legal regulations and international accounting standards. The financial statements must conform to the principles of completeness, including all accounting categories (assets, liabilities, owners' sources of equity, and expenses).
Money Laundering Typology in the Auditing Sector

Legal entities that have the status of medium size and large enterprises are under obligation to have their financial statements audited at least once a year in order to provide objective evidence that the financial statements impartially represent the results of the legal entity’s operations in all significant aspects.

Money Laundering Typologies on the Capital Market

The capital market in the Republic of Serbia is relatively young since serious standards for securities trading started in 2003. At this time new legal provisions were introduced that included new rules that did not apply before that time. Thus, the intermediaries (broker-dealer companies) got a new and more important role in securities trading on the stock market and on the over-the-counter market.
Typologies of Money Laundering in the Insurance Sector

Generally speaking, the insurance market in the Republic of Serbia has not been afflicted by money laundering, i.e., placing illegally acquired money for the purchase of life insurance policies.

Money Laundering Typologies in the Real-Estate Sector

Both in the Republic of Serbia and the world, the real estate sector is largely used in order to integrate the "dirty" money. The facts that support this claim show that the extent of laundering in the world is so high that it was discovered that the estate complexes worth hundreds of millions of dollars are built with this "dirty" capital. The experts are to show that Serbia has not been spared from money laundering on the real-estate market.
Money Laundering Typologies in the Banking Sector

During the last ten years, the banking sector in the Republic of Serbia has undergone significant changes: four big state banks have been shut down, and the System of Social Accounting was closed due to a comprehensive transformation of the financial and commercial systems. When the Administration started work, there were many financial institutions. At one time, there were over sixty banks operating, and they significantly differed from one another not only in size but also on the background of their financial and types of clients.

Banking sector typology

One sector is characterized by deposits of assets on the banks' boards of directors, which are managed by several persons and make the highest decisions. Another type of banking system is characterized by the presence of several banks or a single large bank. In this case, the capital of the banks is invested in the banks' boards of directors, and the bank's management is divided among several persons or a single large bank. The diagram illustrates a simplified structure of a commercial bank (CB).
Trends in the Banking Sector

Trends

1. **Competitive Pressure:** Banks are being forced to compete with non-banking institutions, driving them to innovate and offer more personalized services. This includes mobile banking, online transactions, and other digital services.

2. **Regulatory Changes:** New regulatory standards and guidelines have been introduced to increase transparency and reduce financial risks. This includes stricter capital requirements and enhanced risk management practices.

3. **Technological Advancements:** The integration of technology has transformed the banking sector, enabling banks to offer more efficient and user-friendly services. This includes the use of artificial intelligence, machine learning, and blockchain technology.

4. **Environmental, Social, and Governance (ESG) Focus:** There is a growing emphasis on sustainability and ethical practices, leading banks to implement ESG strategies to improve their reputation and customer relations.

5. **Cheques are no longer in vogue:** With the rise of digital payment methods, the use of cheques is declining, leading banks to consider alternative methods for transferring money and financing operations.
Risk Based Approach Training for Bank Compliance Officers

Training for Prosecutors on Conducting Financial Investigations
Thank you.

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