



State of the Union 2018 – Stronger anti-money laundering supervision for a stable banking and financial sector

Strasbourg, 12 September 2018

On 12 September 2018, on the occasion of his State of the Union Address, President Jean-Claude Juncker said: "Europeans expect a Union that protects them. Today, we propose measures to allow us to fight money laundering more effectively across borders."



The European Commission is proposing today to further strengthen the supervision of EU financial institutions to better address money-laundering and terrorist financing threats.

While the EU has strong anti-money laundering rules in place, recent cases involving money laundering in some EU banks have raised concerns that those rules are not always supervised and enforced effectively across the EU. This not only creates risks for the integrity and reputation of the European financial sector, but may also have financial stability implications for specific banks. As part of the broader efforts to complete the Banking Union and the Capital Markets Union, the European Commission therefore [proposes today to amend](#) the Regulation establishing the European Banking Authority (EBA) in order to reinforce the role of the EBA in anti-money laundering supervision of the financial sector. This is part of an overall strategy to strengthen the EU framework for prudential and anti-money laundering supervision for financial institutions, which the Commission is setting out in a [Communication](#). These measures will contribute to promoting the integrity of the EU's financial system, ensuring financial stability and protection from financial crime.

Commission Vice-President Valdis **Dombrovskis**, responsible for Financial Stability, Financial Services and Capital Markets Union, said: *"Europe's Banking Union must be built on the highest standards of integrity. Anti-money laundering supervision has failed all too often in the EU. Today we are enabling the European Banking Authority to make sure that different supervisors cooperate and exchange information and that anti-money laundering rules are enforced effectively across EU countries. The EBA will also be entitled to request investigation into alleged breaches of the rules and will become Europe's phone number for cooperation with international partners on issues related to combatting money laundering in the financial sector."*

Commissioner for Justice, Gender Equality and Consumers, Věra **Jourová**, said: *"Europe has the strongest anti-money laundering rules in the world. But recent cases in the banking sector showed that they are not always supervised and enforced with the same high standards everywhere across the EU. Our system is as strong as our weakest link. In times where money moves across borders at the click of a mouse, we must ensure supervision that is pro-active and fast. Today's changes will make sure the rules are evenly enforced throughout the EU."*

Enhancing the role of the European Banking Authority

The Commission is proposing to concentrate anti-money laundering powers in relation to the financial sector within the European Banking Authority and to strengthen its mandate to ensure that risks of money-laundering are effectively and consistently supervised by all relevant authorities and that the relevant authorities cooperate and share information.

The amended Regulation will:

- **ensure that breaches of anti-money laundering rules are consistently investigated:** the EBA will be able to request national anti-money laundering supervisors to investigate potential material breaches and to request them to consider targeted actions - such as sanctions;
- provide that the **national anti-money laundering supervisors comply with EU rules and cooperate properly with prudential supervisors.** The EBA's existing powers will be reinforced so that, as a last resort if national authorities do not act, the EBA will be able to address decisions directly to individual financial sector operators;
- enhance **the quality of supervision** through common standards, periodic reviews of national supervisory authorities and risk-assessments;

- enable the collection of information on anti-money laundering risks and trends and **fostering exchange of such information** between national supervisory authorities (so-called data hubs);
- **facilitate cooperation with non-EU countries** on cross-border cases;
- establish **a new permanent committee** that brings together national anti-money laundering supervisory authorities.

Making full use of existing supervisory tools

The Commission is also presenting a strategy to improve information exchange and cooperation between prudential and anti-money laundering authorities. It invites the European Supervisory Authorities, and in particular the EBA, to adopt guidancesupporting prudential supervisors in integrating anti-money laundering aspects into their various tools and ensuring supervisory convergence.

The Commission also invites the European Central Bank to conclude with anti-money laundering supervisors a multilateral memorandum of understanding on exchange of information by 10 January 2019 – as required by the [fifth Anti-Money Laundering Directive](#).

Next steps

Today's proposal to strengthen the European Banking Authority's role will now be discussed by the European Parliament and Council. These targeted amendments will feed into the ongoing discussions of the [Commission proposal to review the European Supervisory Authorities'](#) (ESAs) Regulations, adopted by the Commission in September 2017, intending to strengthen the capacity to the ESAs to ensure convergent and effective financial supervision. The Commissions encourages the European Parliament and the Council to reach agreement on these proposals swiftly.

Background

The fight against money-laundering and terrorist financing is a priority for the Juncker Commission, and it is an integral part of the risk-reduction agenda pursued within the Banking Union and the Capital Markets Union. The adoption of the [fourth](#) – in force since June 2017- and the fifth Anti-Money Laundering Directives – in force since 9 July 2018 and to be transposed by January 2020 - has considerably strengthened the EU regulatory framework, including rules on cooperation between anti-money laundering and prudential supervisors. The Commission is closely following the [correct implementation of the 4th Anti-Money Laundering Directive](#) including through infringement procedures where necessary.

Despite this strengthened legislative framework, some recent cases of money laundering in European banks have given rise to concerns on the articulation between the prudential and anti-money laundering rules for financial institutions.

These concerns have been echoed by the Council, by Finance Ministers, most recently by Eurogroup President Centeno, in his [letter of 25 June 2018](#) to the President of the European Council, Tusk. The Franco-German [Meseberg declaration](#) and roadmap issued on 19 June 2018 also highlights this issue.

In May 2018, the European Commission set up a working group bringing together the European Supervisory Authorities, the European Central Bank and the Chair of the Anti-Money Laundering Committee, to reflect on possible actions to ensure **seamless cooperation between anti-money laundering and prudential supervisors in the European Union**.

For more information

[MEMO](#)

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[Communication on anti-money laundering](#)

[Targeted changes to the ESAs Regulations](#)

IP/18/5724

Press contacts:

[Johannes BAHRKE](#) (+32 2 295 86 15)

[Christian WIGAND](#) (+32 2 296 22 53)

[Letizia LUPINI](#) (+32 2 295 19 58)

[Melanie VOIN](#) (+ 32 2 295 86 59)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)