

**Address made by Governor of the Bank of Albania,
Mr. Shkëlqim Cani
at the Assembly of the Republic of Albania – September 23rd, 2002**

The fight against money laundering

The terms “ money laundering” and “the fight against money laundering” became known and more used after the year 90s for the majority of Eastern and Central European countries, including Albania. The opening of these countries toward the movements of capital and people, the efforts to be integrated with the other part of the world, apart of positive aspects, caused higher exposition toward of such phenomena as the traffics and money laundering of illegal activities origin.

IMF assesses that the quality of dirty money that is laundered through financing system is too high. Between USD 500 billion and 1.5 trillion per year or equal to 5 per cent of the general world production (“The Economist” 29 September 2001). It is already known money laundering is performed in different forms not only through financial system of a country. The different found ways to perform money laundering require a group of institutions to be included in the fight against this activity. These issues are resolved by the law no. 8610, date 17.05.02 “ On the prevention of money laundering” by deciding the establishment of “ a Responsible Authority” where report a range of institutions being determined by the law. This authority verifies the reported data by requesting added data. This authority is “ The agency of the fight co-ordination against money laundering” near the Ministry of Finances.

Bank of Albania, as any other subject of this law and on behalf of the supervisory authority of the subject being licensed from it, has the duty to inform the Responsible Authority in case that during the performance of its institutional activity identifies elements of money laundering in order to prevent them.

In this framework is designed and is under the process the assignment of an inter-institutional collaboration agreement among Bank of Albania, the Ministry of Finances, Ministry of Public Order, SHISH and Public Prosecutor's Office. This document will have a useful impact in organising an effective fight against money laundering.

Bank of Albania again considers being of importance the commitment in this process, within the competencies being established by the law, independently of the establishment of the responsible authority to deal with the issues of fighting the phenomena of money laundering.

Bank of Albania in the fight against money laundering is based on the regulation no.12, date 21.02.2001 “ On Exchange activity” and on the instruction “ On the prevention of money laundering” adopted by the decision of Supervisory Council, no 102, date 29.12.2001. In implementing them there are performed the appropriate inspections throughout the second – tier banks.

In concrete terms, in the inspections performed during April, 2001 is concluded that in 3 banks is not correctly filled the form of cash operations and clients declaration as well, that their incomes flow from their legal activity. While referring to completed inspections reports, it is concluded that banks have respected the requests of the instruction “ On the prevention of money laundering” and of regulation “On exchange activity”. The attention is mainly concentrated in following the request to complete the following documentation of the transfer

with abroad and in general banks has fulfilled them. The cases of transfers for which there are identified the irregularities are not classified as doubtful.

The solution of these problems is inspected and followed during 2001 and 2002 and it is concluded that banks have reacted and have positively resolved the assigned tasks for this target. Banks also have established the structures of information flow in cases of doubtful transactions.

However, it is drawn the attention to a bank, in the report of full inspection of 14.05.2002 for not having fully completed the justifying documents of the performed transfers for two companies. It was extended a fight reprimand to the proper administrator.

The issue of the fight against money laundering received other dimension after the terrorist attacks of September 11, 2001. The fight against money laundering is considered as a means of the fight against terrorism, identifying as main financing source of the terrorist networks and organisations the money gained from illegal activities.

Bank of Albania in this framework immediately established a working team with a particular program to follow all the national and international financial activities. There are performed verifications throughout second – tier banks, if their customers are identified among the black lists of terrorists, received from the Treasury Department of the United States of America. The verifications results are reported pursuant to the belonging, including the President of the Republic as well.

After verifying these lists, the second – tier banks have sent reports to the Ministry of Finances and Bank of Albania informing on non-having any banking account of the doubted individuals or companies.

While a bank in the document no. 389/1, date 26.11.2001 addressed to the Ministry of Finances informs that the Arabian citizen, Yassin Kadi (member of the black list) has account near this bank as owner and co-owner in different companies and informs that the bank has taken the precaution to block them. There was also received the information that this person is co-owner in two other companies that have accounts respectively in two banks.

These signals were followed by inspections of the Bank of Albania in these two banks. Ministry of Finances is informed on the control results and it was drawn to banks the attention for a more responsible and effective collaboration. In continuance of this position of the Bank of Albania it is certified that there are established the structures of information flow near banks for the cases of doubtful transactions and there are assigned the responsible persons to contact the responsible authority to prevent money laundering.

There are accounted a considerable number of exchange agencies and non – bank financial system of the Albanian financial system, which also are subject of inspection from the Bank of Albania. During 2002 there are performed two full inspections near 12 exchanges agencies and near 4 non – banks financial institutions and a partial oriented inspection only for money laundering. In these inspections, alongside with the assessment of respecting the legal and regulatory framework of the Bank of Albania, the implementing of procedures for preventing money laundering has been object as well.

It has not been concluded from the on – site inspection in these agencies cases of exchanges under or upper the required limit for the completing of the operations forms in cash. There are concluded operations upper the limit only in one agency, but it is neglected only the filling of the mentioned forms. Because of that, Bank of Albania has assigned in the report to be filled the forms in accordance with the legal acts in power.

The same phenomena is observed from the inspection of a financial non – bank institution as well. Bank of Albania has maintained the same position asking the regularly filling of the

operations form in cash. In this institution is performed again a partial inspection and during this one are not observed such cases anymore.

While the three full inspections performed in the three other financial non – bank institutions, there are not concluded cases of exchange of transfers or other operations which required the filling of operation form in cash.

Bank of Albania has assisted in a common work - group with the Department of Fight Coordination Against Money Laundering in order to control and verify banking accounts and transactions of the names of black list and in more concrete terms of the citizen Yassin Kadi, throughout the second – tier banks. There was concluded from this verification that in some banks the above mentioned person had personal accounts or of the companies where he results to be co-owner, which did not have movements or movements that were not considered as doubtful, since January 2001.

Bank of Albania in accordance with its legal tasks and with the aim to fulfil them, and pursuant the decision number 7 of the Assemble of the Republic of Albania will continue to be committed in the fight against terrorism and money laundering.

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