Committee: Council of the European Union (EU)

Topic: Strengthening Financial Oversight to Counter Money Laundering Linked to Black Market Economies

Student Officer: Kleoniki Kipourou

Position: President

PERSONAL INTRODUCTION

Dear delegates,

My name is Kleoniki Kipourou. At the time of the conference, I will be in 11th grade at Anatolia's IB Diploma Programme, and I am honoured to be the President of the Council of the European Union (EU). I welcome you with open arms to this year's 9th Deutsche Schule Thessaloniki Model United Nations.

I feel the need to congratulate every single one of you for choosing to participate in such a rigorous conference. Model United Nations does not only give you concrete perspectives on modern-day current affairs; however, it also aids in your use of critical thinking and adaptability, all while benefiting your public speaking capabilities. Your participation in this conference proves your determination and prepares you for an enterprising exploration into the world of global politics and diplomacy.

This year, the European Union's agenda is made up of three crucial issues to be debated upon. This study guide will go over the topic of "Strengthening Financial Oversight to Counter Money Laundering Linked to Black Market Economies", providing you with all the necessary information, however please note that we advise you to conduct your own research to get a better understanding of the topic as a whole.

Furthermore, I expect all of you to be prepared and in good spirits to participate in the conference so that we can encourage a fruitful debate. The topics being discussed this year are extremely significant, and I believe you are all individuals that are capable enough to create noteworthy discussion.

Should you have any questions on the topic or the study guide, please do not hesitate to contact me in the following address; whoiskkleo@gmail.com.

Yours sincerely,

Kleoniki Kipourou

TOPIC INTRODUCTION

Black market economies represent a massive, parallel, financial system which flourishes on the exploitation of administrative gaps. From narcotics and human trafficking, all the way to illegal tobacco and cybercrime, criminal establishments like these generate billions of dollars in illicit revenue every year. To freely utilise these profits, however, bad actors have to somehow disguise the origin of their illegal revenue and integrate it within the legitimate financial system through money laundering. This process generally occurs in three phases. The first, 'placement', involves introducing illegally obtained money into the financial system, often through cash deposits or businesses. The second, 'layering', consists of separating illegal funds from their origin by creating many complex layers of financial transactions to make the audit trail less clear. Finally, 'integration' occurs when the laundered funds are reintroduced into the legitimate economy, allowing criminals to use them as seemingly lawful assets of investments.

Undeniably, the European Union (EU) faces a sophisticated, multi-billion euro threat from the shadow economy. It consists of numerous weak points which criminal networks can use to their advantage to exploit their profits within the Eurozone. These include:One of the main weaknesses is siloed national supervision, where member states individually oversee financial institutions within their borders. This localised approach creates regulatory inconsistencies, complicates many cross-border operations, while also undermining the creation of a fully integrated European Capital Markets Union (CMU).Another challenge is cross-border arbitrage, which happens with the manipulation of regulatory, tax and price imbalances across Member States. Because the EU Single Market allows for the free movement of goods, services and capital, but lacks specified supervisory or tax frameworks, it is very prone to the exploitation of businesses or investors that aim to maximise their profits.

The EU is also affected by professional enablers, including organizations or individuals (e.g. lawyers, accountants, notaries, real estate agents) who facilitate financial crime or the evasion of taxes. They operate across the EU by abusing regulatory loopholes or shell companies and complex cross-border structures to aid in the laundering of financial wealth. The digital frontier has brought new difficulties to the table for financial oversight. Crypto assets, unhosted wallets, and decentralised protocols are digital financial services that function without an intermediary (e.g. banks). This allows for anonymous transactions, which illicit companies rely heavily on to bypass traditional banking checkpoints.

Although the EU has previously applied measures aimed to combat their regulatory gaps, weaknesses still exist across both their implementational and their practical aspects. Overall, the strengthening of financial oversight to counter money laundering linked to black market economies is a critically essential concept that aims to transform the single market from a playground for illicit capital into a hostile environment for criminal wealth.

Furthermore, resolving this crisis requires inclusive legislation, government cooperation and shared values across member states.

DEFINITION OF KEY TERMS

Anti-Money Laundering

"Anti-money laundering (AML) refers to the activities financial institutions perform to achieve compliance with legal requirements to actively monitor for and report suspicious activities." [SAS][1]

Asset Recovery

"Asset recovery is the process by which the proceeds of corruption are recovered and, when they are transferred abroad, returned to the country from which they had been taken or to their rightful owners." [UNODC][2]

Beneficial Ownership

"Beneficial ownership, also known as true or real ownership, is the individual(s) who ultimately own, control, or profit from a company or legal entity, even if the legal ownership is held by another person or entity." [AZAKAW][3]

Black Market Economy

"When goods and services are paid for in cash without a receipt, and are not declared for tax." [European Union][4]

Cross-Border Cooperation

"Cross-border cooperation (CBC) is a concerted process of building neighbourly relationships between local stakeholders and authorities on either side of a border, with a view to overcoming such problems and fostering harmonious development of neighbouring communities." [E-DEN][5]

Financial Intelligence Units (FIUs)

---

[1] *Anti-money laundering: What it is and why it matters*. (n.d.). Www.Sas.Com. from https://www.sas.com/en_gb/insights/fraud/anti-money-laundering.html Accessed 29 Aug. 2026.
[2] *UNCAC chapter V: Asset recovery*. (2021b). United Nations : Office on Drugs and Crime. https://www.unodc.org/corruption/en/learn/what-is-uncac/asset-recovery.html
[3] azakaw. (2025, October 9). *What is beneficial ownership, and why does it matter? | Azakaw*. Azakaw. https://www.azakaw.com/blog/beneficial-ownership
[4] *What do we mean when we say 'shadow economy' or 'black market?' | TAXEDU*. (2026). Europa.Eu. https://taxedu.campaign.europa.eu/en/node/1675 . Accessed 29 Aug. 2026.
[5] *Cross-border cooperation (CBC) - e-den*. (2021, December 7). E-DEN. https://edenplatform.org/cross-border-cooperation-cbc/

"Financial Information Investigation Unit (Financial intelligence Unit - FIU) collects, examines and evaluates information concerning suspicious/unusual transactions and submitted by the liable persons" [Hellenic Anti-Money Laundering Authority][6]

Money Laundering

"Money laundering involves disguising financial assets so they can be used without detection of the illegal activity that produced them." [Financial Crimes Enforcement Network][7]

Shell Company

"A legally incorporated business entity that exists mainly on paper and conducts little to no actual business activity" [NameScan Insights][8]

Single Market

"it ensures free movement of goods, services, capital and persons in a single EU internal market. By removing technical, legal and bureaucratic barriers, the EU also allows citizens to trade and do business freely." [European Union][9]

Terrorist Financing (TF)

"Terrorism financing is the act of providing financial support to terrorists or terrorist organisations to enable them to carry out terrorist acts or to benefit any terrorist or terrorist organisation." [Bank Negara Malaysia][10]

Ultimate Beneficial Owner (UBO)

"the person who is the owner or manager of a company. In short, they have control and responsibility for the actions and transactions that the company makes, and they tend to have significant sway over how the company acts." [LexisNexis][11]

---

[6]Hellenic Anti-Money Laundering Authority. (2018). Home page. Unit A. https://fiu.aml-authority.gov.gr/en/ Accessed 29 Aug. 2026.

[7] FinCEN. "What Is Money Laundering?" *Financial Crimes Enforcement Network*, 2019, https://www.fincen.gov/what-money-laundering . Accessed 29 Aug. 2026.

[8] FinCEN. "What Is Money Laundering?" *Financial Crimes Enforcement Network*, 2019, https://www.fincen.gov/what-money-laundering . Accessed 29 Aug. 2026.

[9] European Union. (2025). *Single market*. European Union. https://european-union.europa.eu/priorities-and-actions/actions-topic/single-market_en Accessed 29 Aug. 2026.

[10] Bank Negara Malaysia. (2022). *What is terrorism financing? - Anti money laundering / countering financing of terrorism (AML/CFT)*. Amlcft.Bnm.Gov.My. https://amlcft.bnm.gov.my/what-is-terrorism-financing . Accessed 24 July 2026.

[11] "Ultimate Beneficial Owner (UBO)." Lexisnexis.Com, 2025, https://www.lexisnexis.com/en-int/glossary/compliance/ultimate-beneficial-ownership-ubo . Accessed 24 July 2026.

BACKGROUND INFORMATION

The Evolution of Money Laundering in the EU

Although money laundering has already existed for decades, its scale has now increased significantly due to globalisation, digital finance, and the integration of the European Single Market. The removal of internal borders has enabled criminal organisations to move illicit funds across territories with much greater ease. Even though capital, goods, services, and people can move freely throughout Member States, anti-money laundering supervision has remained the responsibility of national governments. This inconsistency allowed criminals to transfer assets through countries with weaker oversight before reintroducing them into legitimate financial systems elsewhere in Europe. This has ultimately resulted in money laundering to shift from a national crime into an extremely complicated cross-border activity that requires collective international responses. Europol estimates that only a very small fraction of criminal assets within the European Union are recovered, which allows organised crime groups to consistently finance more illegal activities. [AML EU][12]

Development of the EU's Anti-Money Laundering Framework

Together with the adoption of the First Anti-Money Laundering Directive (AMLD) in 1991, the European Union began addressing money laundering. Since then, the legislative framework has expanded grandly through consecutive orders that broadened the range of regulated sectors, increased transparency, and introduced new financial technologies. [Transparency EU][13]

[12] "Single Rulebook." Anti-Money Laundering, anti-money-laundering.eu/single-rulebook/ . Accessed 7 Oct. 2026.

[13]"The European Union's Anti-Money Laundering Framework: The Complete Guide - Transparency International EU." Transparency International EU, 9 June 2026, transparency.eu/the-european-unions-anti-money-laundering-framework-the-complete-guide/ . Accessed 7 Oct. 2026.

In 2015, the Fourth Anti-Money Laundering Directive introduced a risk based perspective, which requires Member States to establish their beneficial ownership registers.

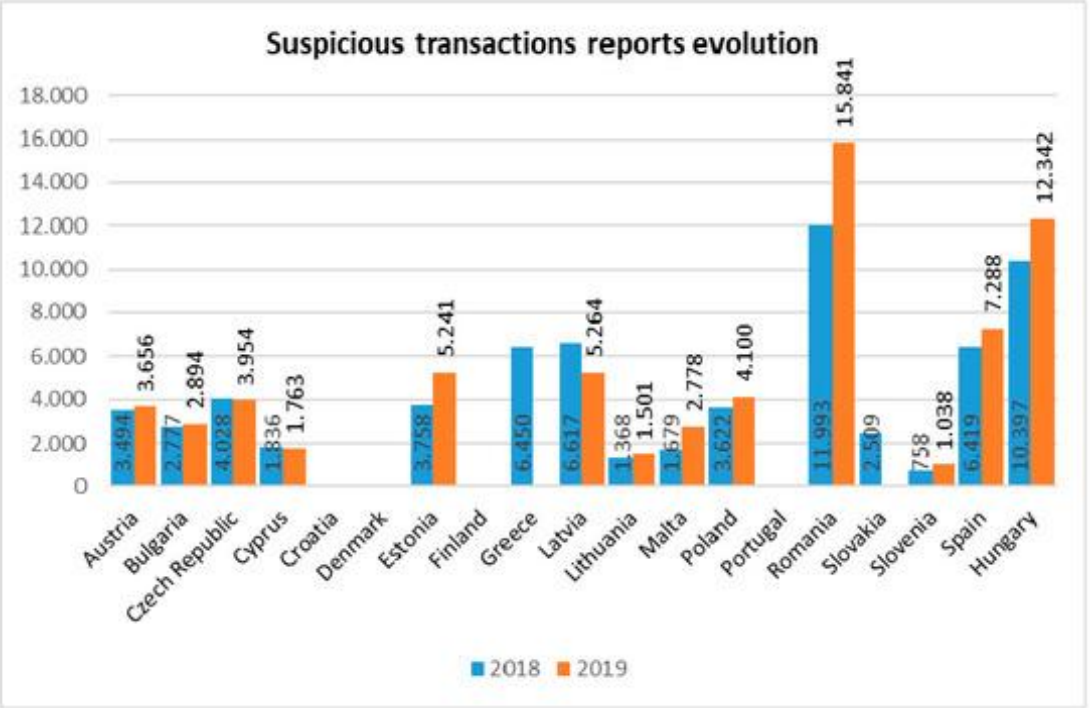


Figure 1: Suspicious transactions reports evolution in the EU – Special Issue Economic and Financial Crimes [SPIEFC][14]

In 2018, the Fifth Directive expanded the framework to include digital currency exchanges, which reflects how the use of cryptocurrency in illicit finance grew. In 2021, the Sixth Directive further strengthened criminal definitions and nourished cooperation between national authorities. Despite these significant advances, implementation remained uneven because orders required Member States to change EU rules into national law, which often resulted in varying standards and implementation practices. [LSEG][15]

The Shift Towards Centralised EU Supervision

After acknowledging that national authorities acting independently was an ineffective combat, the European Commission (EC) proposed a new Anti-Money Laundering legislative package in July of 2021. This package represented the greatest reform of the EU's AML framework since its creation.

[14] (Bodescu) Cotoc, Corina-Narcisa, et al. "Efficiency of Money Laundering Countermeasures: Case Studies from European Union Member States." Risks, vol. 9, no. 6, 2021, pp. 1–19, https://doi.org/10.3390/risks9060120 . MDPI. Accessed 17 July 2026.

[15] LSEG. "EU Anti-Money Laundering Directives (AMLD)." Www.Lseg.Com, www.lseg.com/en/risk-intelligence/financial-crime-risk-management/eu-anti-money-laundering-directive . Accessed 8 Oct. 2026.

The core of these reforms is the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA), formally established in 2024 and based in Frankfurt, Germany. Unlike previous orders (that relied almost entirely on national supervisors), AMLA coordinates anti-money laundering supervision all across the Union, while developing a single regulatory rulebook between Member States. Its objective is to eliminate inconsistencies between Member States and ensure a more uniform approach to detecting and preventing illegal financial activity. It is expected to become fully operational by 2028. [European Parliament][16]

Continuing Challenges

Despite these reforms, many challenges continue to undermine the effectiveness of the EU's anti-money laundering strategy. Rapid technological innovation has introduced new methods for hiding criminal profits, specifically through crypto-assets, Decentralised Finance (DeFi), and cross-border digital payment systems. Criminal groups also continue to manipulate shell companies, offshore corporate structures, and professional intermediaries to conceal beneficial ownership and hide illegal transactions. Furthermore, disparities in Member States in areas such as investigative capacity, judicial resources, or enforcement priorities, continue to limit the effectiveness of cross-border cooperation. Ultimately, strengthening financial oversight remains to be an evolving process that requires consistent adaptation. Emerging technologies, increasingly developing criminal methods, and the changing nature of global financial markets points to the need of concurrently evolving frameworks.

The Economic and Social Impact of Money Laundering

Other than financial crime, money laundering extends to many other significant consequences for the European Union. These include economic, political, and social effects. By allowing organised crime groups to legitimise their illegal proceeds, it enables the financing of activities such as drug trafficking, human trafficking, terrorism, cybercrime, environmental crime, and corruption. These criminal enterprises also distort competition by allowing businesses that are funded with illicit capital to undercut legitimate companies, resulting in a manipulated market.

Additionally, money laundering reduces government tax revenues, weakens investor confidence, while also threatening the stability of many financial institutions. In extreme cases, widespread financial crime can damage the international reputation of an entire country's banking sector. This makes investors more hesitant to conduct business in that country. According to Europol, criminal networks increasingly invade legitimate economies

[16] Girard, Véronique. BRIEFING Initial Appraisal of a European Commission Impact Assessment. Dec. 2021, www.europarl.europa.eu/RegData/etudes/BRIE/2021/699467/EPRS_BRI(2021)699467_EN.pdf . Accessed 8 Oct. 2026.

by investing in real estate, hospitality, construction, transport, and logistics, making illicit wealth increasingly difficult to distinguish from law abiding investment.

The urgency of strengthening the EU's anti-money laundering framework increased significantly following the 2015 Paris terrorist attacks and the 2016 Brussels bombings. Although these attacks were not primarily money laundering cases, it was revealed that terrorist networks had exploited weaknesses in Europe's financial oversight, including anonymous payment methods, informal transfer systems, and inconsistent cross-border information sharing. In response, the EC adopted its 2016 Action Plan to strengthen the fight against terrorist financing. This accelerated reforms to the EU's anti-money laundering framework while also laying down the ground for tighter financial supervision across Member States, including the Fifth Anti-Money Laundering Directive and, ultimately, the establishment of the EU AMLA. [European Commission][17]

[17] "Commission Presents Action Plan to Strengthen the Fight Against Terrorist Financing." European Commission - European Commission, 2025, ec.europa.eu/commission/presscorner/detail/en/ip_16_202 . Accessed 8 Oct. 2026.

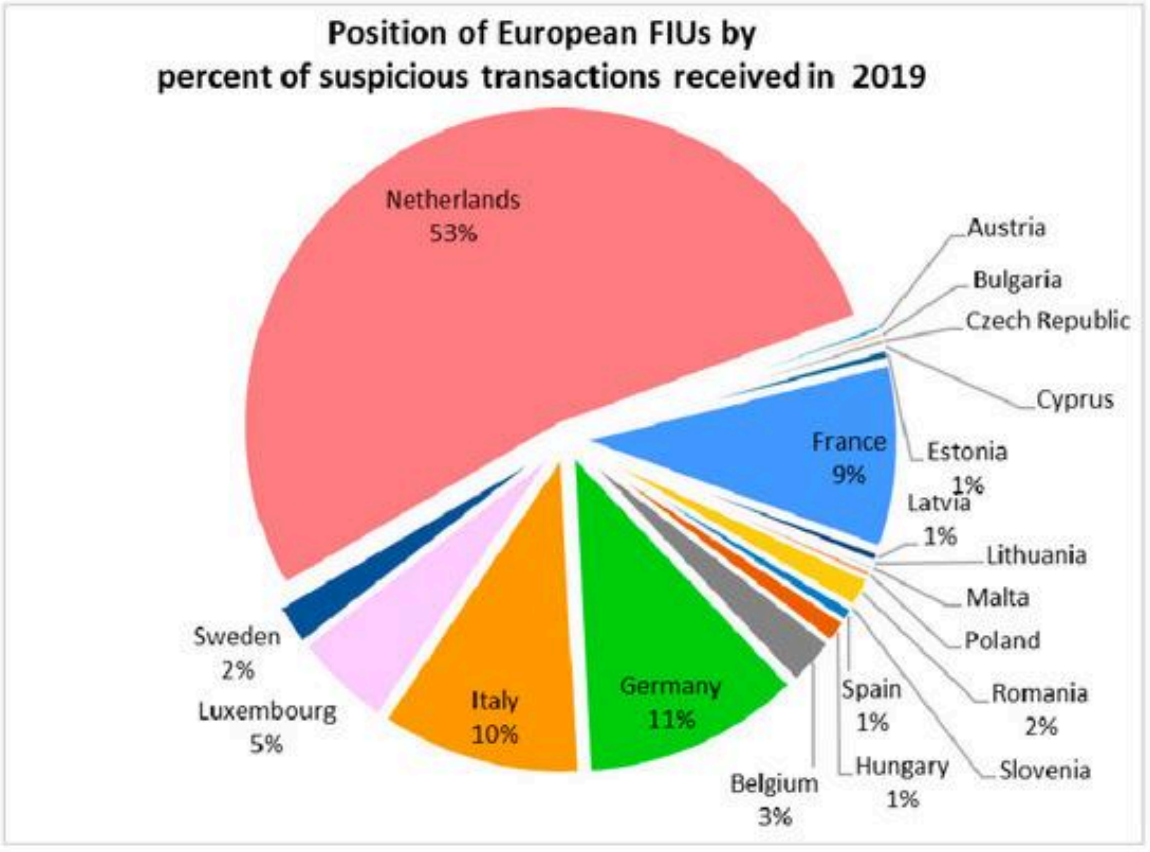


Figure 2: Position of European FIUs by percent of suspicious transactions received in 2019 – Special Issue Economic and Financial Crimes [SPIEFC][18]

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

France

France is home to one of Europe's largest banking sectors in the European Union. According to Statista, France had more than 10 trillion euros in sector assets in 2024, which makes it one of the largest banking markets in the EU. and a leader in EU financial

[18] (Bodescu) Cotoc, Corina-Narcisa, et al. "Efficiency of Money Laundering Countermeasures: Case Studies from European Union Member States." Risks, vol. 9, no. 6, 2021, pp. 1–19, https://doi.org/10.3390/risks9060120 . MDPI. Accessed 17 July 2026.

regulation. [Statista][19] As a major global financial centre with many international business connections, it is exposed to risks linked with cross-border money laundering and financial crime. After the 2015 Paris terrorist attacks, France became one of the strongest supporters of strengthening anti-money laundering and counter-terrorist measures across Europe. It has repeatedly promoted better information sharing, and a stronger AMLA-EU oversight.

Germany

The EU's largest economy and one of Europe's biggest financial centres. Germany processes enormous volumes of domestic and international financial transactions each year, with payments via the Deutsche Bundesbank amounting to over 308.9 trillion, and with 2723 institutions being supervised [Deutsche Bundesbank][20]. Its large banking sector, real estate market, and strong international trade make it an attractive destination for criminals that seek to launder illicit proceeds. German authorities have repeatedly identified real estate purchases, cash-intensive businesses, and complex structures as methods used to conceal criminal wealth. Because of its economic influence, Germany plays a big role in shaping EU anti-money laundering (AML) legislation and supports stronger cross-border supervision to protect the integrity of the EU financial system.

Greece

Greece faces great challenges from the shadow economy and it has one of the largest estimated percentages of black market activity within the Eurozone, with the shadow economy accounting for over 36% of its own GDP [GreekReporter][21]. It falls victim to tax evasion, undeclared work, smuggling, and organised crime, which contribute to illicit financial flows that require laundering. The country's vast maritime sector, tourism industry, and location (at the crossroads of Europe, Asia, and the Middle East) also make it vulnerable to cross-border trafficking networks, as acknowledged by the 2025 Trafficking In Persons (TIP) Report for Greece [USDS][22]. As a result, Greece has strengthened its anti-money laundering framework in recent years and supports greater EU cooperation.

Italy

---

[19] "France: Banking Sector Assets 2007-2025." Statista, 2025, https://www.statista.com/statistics/1021061/france-banking-sector-assets/?srsltid=AfmBOoo3092jG_MPHZ4SRDeAeT636Di8AWzXasoVFAGUtGas2vyTFs_4. Accessed 19 Aug. 2026.

[20] "The Deutsche Bundesbank in Figures." Bundesbank.De, 25 Feb. 2025, https://publikationen.bundesbank.de/publikationen-en/reports-studies/annual-reports/annual-report-2024-951286?article=the-deutsche-bundesbank-in-figures-950880 . Accessed 20 Aug. 2026.

[21] Tasos Kokkinidis. "Greece Tops EU Rankings for Shadow Economy, New Report Reveals - GreekReporter.Com." GreekReporter.Com, 28 Mar. 2025, https://greekreporter.com/2025/03/28/greece-tops-eu-rankings-shadow-economy/ . Accessed 17 Aug. 2026.

[22] US. "USDOS – US Department of State (Author): '2025 Trafficking in Persons Report: Greece,' Document #2130598 - Ecoi.Net." Ecoi.Net, 2025, https://www.ecoi.net/en/document/2130598.html . Accessed 24 July 2026.

Italy has long dealt with significant challenges from powerful organised crime groups such as the Sicilian Mafia (Cosa Nostra), Ndrangheta, and Camorra. They generate from 40 [MarketScreener][23] to even 100 [OCCRP][24] billions in euros through activities such as drug trafficking, extortion, corruption, and human trafficking. Moreover, these all require sophisticated money laundering networks to legitimise their profits. Ultimately, Italy has developed one of Europe's most sophisticated anti-mafia and financial crime systems and strongly advocates for stronger international cooperation, asset confiscation, and better EU-wide measures to combat organised crime.

Netherlands

The Netherlands is extremely relevant to money laundering linked to black market economies, with the Port of Rotterdam being the continent's busiest seaport, and one of the world's biggest international trade gateways. Although these strengths support economic activity, they also make room for organised crime groups to exploit such complex trade networks or international supply chains to launder their illicit funds. Europol's 2023 analysis of criminal networks in European ports found that EU ports handle approximately 90 million containers annually, while authorities can inspect only around 2-10% of them (pg. 4)[25]. The report identified Rotterdam, Antwerp, and Hamburg among the ports that are most targeted by organised crime and found that criminals continuously exploit insiders or even stolen container access codes to move their illicit cargo. Between January 2019 and June 2024, more than 1826 tonnes of illicit drugs were seized either at or en route to EU ports, with Rotterdam accounting for approximately 180.7 tonnes across 554 seizures [OCCRP][26]. This makes it the second largest EU port by the volume of seized drugs within this period. As a result, the Netherlands places significance on improving financial transparency and improving oversight of international financial transactions in order to fight cross-border financial crime. The Hit and Run Cargo (HARC) team, consisting of Dutch Customs, Seaport Police, the Fiscal Information and Investigation Service (FIOD), as well as the Public Prosecution Service, thoroughly investigates drug trafficking through the port and includes

[23] dpa-AFX. "Study: Mafia in Italy With 40 Billion Turnover." MarketScreener, 14 Dec. 2024, https://www.marketscreener.com/quote/stock/CONTINENTAL-AG-56358375/news/Study-Mafia-in-Italy-with-40-billion-turnover-48594048/ . Accessed 17 Aug. 2026.

[24] "Mafia Helps Italian Economy Weather Downturn, Study Says." Occrp, 2026, https://www.occrp.org/en/news/mafia-helps-italian-economy-weather-downturn-study-says . Accessed 17 Aug. 2026.

[25] CRIMINAL NETWORKS in EU PORTS Risks and Challenges for Law Enforcement FOCUS on the MISAPPROPRIATION of CONTAINER REFERENCE CODES in the PORTS of ANTWERP, HAMBURG and ROTTERDAM the Security Steering Committee of the Ports of Antwerp, Hamburg/Bremerhaven and Rotterdam. 30 Mar. 2023, https://www.europol.europa.eu/cms/sites/default/files/documents/Europol_Joint-report_Criminal%20networks%20in%20EU%20ports_Public_version.pdf . Accessed 19 Aug. 2026.

[26] "Crime Gangs Exploit EU Ports to Smuggle Record Drug Loads." Occrp, 2025, https://www.occrp.org/en/news/crime-gangs-exploit-eu-ports-to-smuggle-record-drug-loads . Accessed 19 Aug. 2026.

financial investigations into its work. In 2023, HARC seized 45,406 kg of cocaine and made 109 arrests, seizing more than 330,000 euros in cash and goods that year. [EUROPOL][27]

Anti-Money Laundering Authority (AMLA)

The AMLA prevents, detects, and enforces stricter laws on money laundering and terrorist financing. Through identity verification, transaction monitoring, Ultimate Beneficial Owners (UBO) tracking, and suspicious activity reporting, the AMLA harmonises rules across jurisdictions so that criminals cannot exploit legal loopholes. The AMLA was established in 2024, after major scandals such as the Dankse Bank and the ABLV Bank cases, which exposed weaknesses in financial oversight. The Authority therefore coordinates national supervisory authorities, while also improving cooperation between Financial Intelligence Units (FIUs). It is currently developing the Single EU Rulebook, to ensure that financial legislation is applied consistently and equally across all Member States. At the moment, the AMLA is focusing on improving information sharing and enhancing the EU's ability to detect money laundering schemes in the coming years.

EU Asset Recovery Offices (AROs)

AROs assist national authorities by exchanging information across borders to pinpoint criminal assets before they can be hidden. They have supported numerous cross-border investigations involving organised crime and money laundering over the years, which has helped recover illegal proceeds within the EU. Under the 2024 Asset Recovery and Confiscation Directive, AROs have been given additional powers to access financial and property information even faster, in hopes of increasing the amounts of confiscated criminal assets.

European Union Agency for Law Enforcement Cooperation (EUROPOL)

Europol supports EU Member States in preventing and fighting serious international crime, cybercrime, and terrorism. It assists national police forces through information exchange, analytical support, and operational coordination, acting as a central criminal intelligence hub. It does not have any direct arrest powers. To support its member states, Europol coordinated Joint Investigation Teams (JITs) that involve multiple countries, allowing for authorities to share intelligence and evidence in real time during cross-border investigations. It also manages the Secure Information Exchange Network Application (SIENA), a secure platform that allows FIUs (Financial Intelligence Units) and law enforcement agencies to rapidly exchange sensitive criminal intelligence across borders. Furthermore, it operates the European Financial and Economic Crime Centre (EFECC),

[27] "2023: HARC-Team Onderschept Ruim 45.000 Kilo Cocaïne." Www.Om.Nl, 2023, https://www.om.nl/actueel/nieuws/2024/01/15/2023-harc-team-onderschept-ruim-45.000-kilo-cocaine . Accessed 19 Aug. 2026.

established in 2020 to strengthen the EU's response to financial and economic crime, through operational support involving asset recovery, money laundering, and fraud.

BLOCS EXPECTED

Bloc A

Bloc A consists of countries that favour a powerful AMLA, balanced EU rules, extensive information sharing, and strong supervision of cross-border financial institutions. They recognise the importance of maintaining competitive financial markets. At the same time, they stand up for regulations that are balanced and risk-based, to make sure that businesses or financial institutions are not dependent on unnecessary regulatory burdens. Due to their large economies, these countries acknowledge that strict and effective financial oversight is necessary for maintaining investor confidence and protecting the Single Market, while preventing organised crime from manipulating regulatory gaps across borders. Examples include France, Germany, Luxembourg, and the Netherlands.

Bloc B

Bloc B consists of countries that support anti-money laundering efforts, however they prefer to implement them primarily under national authorities, with more flexibility for Member States. These countries often place greater emphasis on national competence and can be more cautious about allowing the EU full authority over legislative matters. Consequently, they are often more cautious about expanding the powers of AMLA. Compared with countries in Bloc A, these Member States tend to have smaller financial sectors, and they're more likely to support gradual implementation due to their differences in administrative capacity. Examples include Poland, Bulgaria, Czech Republic, and Romania.

TIMELINE OF EVENTS

Date	Description of event
10th June, 1991	The First Anti-Money Laundering Directive (1AMLD, or Directive 91/308/EEC) is formally adopted by the European Union (then the European Economic Community). It requires banks to identify customers, maintain records, and report suspicious transactions.
4th December, 2001	The Second Anti-Money Laundering Directive (2AMLD, or Directive 2001/97/EC) is adopted, extending AML

	obligations beyond banks and to professions such as lawyers, accountants, and casinos.
26th October, 2005	The Third Anti-Money Laundering Directive (3AMLD, or Directive 2005/60/EC) is adopted, incorporating the FATF standards into EU law and formally introducing the risk-based approach.
16th February, 2012	The FATF publishes revised international standards, placing a greater emphasis on beneficial ownership transparency and identifying the real individuals behind companies and trusts.
26th June, 2015	The Fourth Anti-Money Laundering Directive (4AMLD, or Directive 2015/849) is adopted, incorporating the FATF standards into EU law and formally introducing beneficial ownership registers, stronger customer due diligence and national risk assessments.
2nd February, 2016	The EC adopts the Action Plan on developing the fight against terrorist financing.
30th May, 2018	The Fifth Anti-Money Laundering Directive (5AMLD, or Directive 2018/843) is adopted, bringing cryptocurrency exchanges and virtual wallets under AML regulation. This strengthened the beneficial ownership transparency.
19th September, 2018	Approximately €200 billion in suspicious transactions[28] [Copenhagen Business School] flowed through the Danske Bank of Estonia between 2007-2015, however the scandal only went public in 2018. This exposed major failures in national supervision.
7th May, 2020	The European Commission publishes the Action Plan for a Comprehensive Union Policy on Preventing Money Laundering and Terrorist Financing.

[28] Bjerregaard, Elisabetta, and Tom Kirchmaier. "The Danske Bank Money Laundering Scandal: A Case Study." SSRN Electronic Journal, 10 Sept. 2019, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3446636 . Accessed 22 Aug. 2026.

3rd October, 2021	The Pandora Papers revealed the continued abuse of offshore financial structures. It emphasized the need for a stricter framework.
26th June, 2024	The AMLA (Anti-Money Laundering Authority) is officially established in Frankfurt.
1st July, 2025	The AMLA officially began operations.

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

1988 Vienna Convention (United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances)

Adopted on the 20th of December in 1988, the Vienna Convention was the first international treaty to require countries to criminalise money laundering. The convention required States Parties to establish domestic offences for drug-related profits linked to laundering, enable the confiscation of illegal assets, and strengthen international cooperation through extraditions and information sharing. Although it was originally limited to drug-related offences, this convention laid the ground for modern international anti-money laundering (AML) legislation. [UNODC][29]

UN Security Council Resolution 1373 (28 September 2001)

Adopted unanimously after the 11 September 2001 terrorist attacks in the United States, Resolution 1373 required all UN Member States to criminalise terrorist financing. The Security Council acted under Chapter VII of the UN Charter, making its provisions legally binding on all UN Member States. This resolution furthermore requires states to freeze the assets of individuals that are related to terrorist activities, forbid financial support to terrorist groups, and strengthen border controls and international cooperation. It also established the Counter-Terrorism Committee (CTC) to monitor the resolution's implementation. [UNSC][30]

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

2005 Warsaw Convention (Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing on Terrorism)

[29] ---. FINAL ACT of the UNITED NATIONS CONFERENCE for the ADOPTION of a CONVENTION AGAINST ILLICIT TRAFFIC in NARCOTIC DRUGS and PSYCHOTROPIC SUBSTANCES. 1988, www.unodc.org/pdf/convention_1988_en.pdf . Accessed 7 Oct. 2026.

[30] UN Security Council. "Resolution 1373 (2001) /: Adopted by the Security Council at Its 4385th Meeting, on 28 September 2001." Digitallibrary.Un.Org, 28 Sept. 2001, https://digitallibrary.un.org/record/449020?ln=en&v=pdf . Accessed 20 Aug. 2026.

The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism was the first European treaty covering both money laundering and terrorist financing, opened for signature on the 16th of May in 2005. It introduced stronger provisions on identifying, tracing and freezing criminal assets, while enhancing cooperation between national authorities. The Convention also requires States to establish Financial Intelligence Units (FIUs) to receive and analyse suspicious transactions and encourages greater information sharing across Member States. The Warsaw Convention continues to serve as one of the most important regional legal frameworks supporting anti-money laundering efforts, as it laid the foundation for future global treaties. [COE][31]

EU Anti-Money Laundering Package & AMLA (2021-2024)

In July 2021, the EC proposed a comprehensive legislative package that introduced the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA), a Single Rule book for all Member States, stronger cooperation among FIUs, and a direct EU supervision of hand-picked, risky financial organisations. It was formally adopted in May 2024, with AMLA headquartered in Frankfurt.

Fortunately, these measures eliminated many inconsistencies created by national supervision, while improving coordination and information sharing between Member States. It created a harmonised regulatory framework across the Union. However, AMLA is not yet fully operational, as direct supervision is expected to begin in 2028. Moreover, Member States still hold the responsibility of supervising most financial institutions, meaning that inconsistencies in regulation can still remain. Lastly, such driven implementation will require significant financial resources, coordination, and commitment.

Overall, the AML Package is the EU's most ambitious anti-money laundering reform to date. However, since it's still being implemented, its long-term effectiveness remains uncertain. [EP][32]

POSSIBLE SOLUTIONS

Strengthening Cross-Border Cooperation

[31] "The 2005 Warsaw Convention and Its Additional Protocol - Counter-Terrorism - www.coe.int." *Counter-Terrorism International*, https://www.coe.int/en/web/counter-terrorism/cdct/warsaw-convention-and-additional-protocol. Accessed 6 July 2026.

[32] "Anti-Money-Laundering Authority (AMLA): Countering Money Laundering and the Financing of Terrorism." *European Parliament*, 3 Sept. 2024, https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI%282022%29733645. Accessed 6 July 2026.

Encouraging greater cooperation between Member States through improved information sharing, or joint investigations has been an effective attempt at resolving the issue. Financial crime operates globally and instantly, so boosting real-time information sharing and joint investigations between Financial Intelligence Units (FIUs) and agencies like Europol and Eurojust ensures that national regulations and borders no longer serve as a safe environment for money launderers.

Increasing Transparency of Financial Ownership

To strengthen the measures that require companies, trusts or other legal entities to disclose their beneficial owners is one of the most important measures to be taken in order to resolve the issue at hand. Criminals often hide the true source of their illicit funds using shell companies or trusts. Beneficial ownership disclosure completely takes this anonymity away, so investigators can now easily identify the real individuals behind illicit funds.

Harmonising Anti-Money Laundering Regulations

A realistic approach to tackle this issue is by promoting more consistent implementation of legislation across all Member States, by reducing regulatory inconsistencies and making sure that common standards are applied uniformly throughout the EU. Separate and different country-by-country enforcement allows criminals to exploit weaker regulatory regions. By creating a single rulebook, you eliminate any loopholes and ensure that financial institutions or other such entities adhere to the exact same standards across the EU. This measure would be quite difficult to implement, although the EU has already taken steps towards creating a more harmonised framework through the Single Rulebook and AMLA. Member States have different legal systems and existing national regulations, and financial institutions would have to adapt their internal systems to new standards, making achieving a completely uniform implementation a significant challenge.

Increasing Asset Recovery and Confiscation

Introducing more efficient mechanisms for identifying, freezing, confiscating, while also returning criminal assets is one of the many ways to address the issue at hand. To truly take organised crime apart, the financial incentive must be eliminated. Implementing effective mechanisms for asset confiscation clears criminals from their illegal wealth. Furthermore, it reduces black market economies.

Strengthen Sanctions for Non-Complicance

The EU could strengthen and harmonise sanctions against financial institutions and other obliged institutions that fail to comply with anti-money laundering requirements. This would create a stronger obstacle for institutions that fail to conduct proper due diligence, report suspicious transactions, or identify beneficial owners. This approach is already partly reflected in the EU's new AML framework, in which the AMLA can impose sanctions on

selected high-risk obliged entities for serious, repeated breaches. Depending on the violation, sanctions could even reach 2 million euros, or 1% of annual turnover, while other breaches could reach penalties of up to 10 million euros.[33] [Regulation (EU) 2024/1620, Article 22] With the main challenge being ensuring that penalties are applied consistently, this is a fairly easily implementable solution that could result in the compliance of many Member States.

BIBLIOGRAPHY

General Bibliography

Agence Europe. "European Action Plan to Fight Financing of Terrorism." *Agence Europe*, 3 Feb. 2016, https://agenceurope.eu/en/bulletin/article/11481/15/european-action-plan-to-fight-financing-of-terrorism. Accessed 6 July 2026.

Aidoo, Samuel. *Evaluating the Effectiveness of AML Regulations: A Critical Review*, Samuel Aidoo, 10 July 2025, https://www.researchgate.net/publication/393782166_Evaluating_the_Effectiveness_of_AML_Regulations_A_Critical_Review.

Amante, Angelo. "Italy Busts Money-Laundering Ring Tied to Mafia Boss Messina Denaro." *Reuters*, 28 May 2026, https://www.reuters.com/world/italy-busts-money-laundering-ring-tied-mafia-boss-messina-denaro-2026-05-28/. Accessed 6 July 2026.

"Anti-Money-Laundering Authority (AMLA): Countering Money Laundering and the Financing of Terrorism." *European Parliament*, 3 Sept. 2024,

[33] Council of the European Union, European Parliament. "Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 Establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and Amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 (Text with EEA Relevance)." Document 32024R1620, Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 31 May 2024, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL_202401620 . Accessed 25 Aug. 2026. (Article 22)

https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI%282022%2973 3645. Accessed 6 July 2026.

BA, Dan Byrne MA. “Scandal at Danske Bank: A Striking Saga of Lousy Governance.” *The Corporate Governance Institute*, 15 Dec. 2022, https://www.thecorporategovernanceinstitute.com/insights/news-analysis/scandal-at-danske-a-striking-saga-of-lousy-governance/?srsltid=afmbooqufoipwf6yya1bgd_ge_wdbi2ikqhr4akiziumknwittvhxfek. Accessed 6 July 2026.

Bank, European Central. “Cross-Border Banking in the EU: From National Silos to an Integrated Market.” *European Central Bank - Banking Supervision*, 8 Apr. 2025, https://www.bankingsupervision.europa.eu/press/interviews/date/2025/html/ssm.in250408_1~4ee69bd0d3.el.html. Accessed 6 July 2026.

BS-W. “Germany’s Money-Laundering Problem: How a Clean Facade Hides Dirty Cash.” *FinancialCrime.Lu*, BS-W, 2024, https://financialcrime.lu/col_slider/2025-11-10-germany-s-ml-problem/. Accessed 6 July 2026.

Cristina. “Anti-Money Laundering: A Challenge for the European Union.” *Progreso*, 25 Aug. 2015, https://www.fundacionmicrofinanzasbbva.org/revistaprogreso/en/anti-money-laundering-a-challenge-for-the-european-union/. Accessed 6 July 2026.

Cécile Barbière. “Estonia Insists It Is Not Europe’s Money-Laundering Hub.” *Euractiv*, 8 Oct. 2018, https://www.euractiv.com/news/estonia-insists-it-is-not-europes-money-laundering-hub/. Accessed 6 July 2026.

Delgado, Manuel, and Christopher Schmitz. "Why the EU Anti-Money Laundering Authority Brings Both Promise and Challenges." *Ey.Com*, 17 Sept. 2025, https://www.ey.com/en_gl/insights/financial-services/emeia/why-the-eu-anti-money-laundering-authority-brings-both-promise-and-challenges.

Egmont Group of Financial Intelligence Units. *Trade-Based Money Laundering Risk Indicators*. 2021.

Elliptic. "What Is a Crypto Mixer?" *Elliptic.Co*, Elliptic, 8 Apr. 2026, https://www.elliptic.co/blockchain-basics/what-is-a-crypto-mixer. Accessed 6 July 2026.

ESMA. "Markets in Crypto-Assets Regulation (MiCA)." *Www.Esma.Europa.Eu*, 2023, https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica. Accessed 6 July 2026.

Europol. "European Union Terrorism Situation and Trend Report (TE-SAT) 2016." *Europol*, 2016, https://www.europol.europa.eu/publications-events/main-reports/european-union-terrorism-situation-and-trend-report-te-sat-2016. Accessed 6 July 2026.

FATF. "History of the FATF." *Www.Fatf-Gafi.Org*, https://www.fatf-gafi.org/en/the-fatf/history-of-the-fatf.html. Accessed 6 July 2026.

---. "The FATF Recommendations." *Www.Fatf-Gafi.Org*, Feb. 2025, https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html. Accessed 6 July 2026.

---. "Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers." *Www.Fatf-Gafi.Org*, 2021,

https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-rba-virtual-assets-2021.html. Accessed 6 July 2026.

ICIJ. "The Panama Papers: Exposing the Rogue Offshore Finance Industry." *International Consortium of Investigative Journalists*, International Consortium of Investigative Journalists, 3 Apr. 2016, https://www.icij.org/investigations/panama-papers/. Accessed 6 July 2026.

LatteCreative and Marthe Jansen. "The European Union's Anti-Money Laundering Framework: The Complete Guide - Transparency International EU." *Transparency International EU*, 9 June 2026, https://transparency.eu/the-european-unions-anti-money-laundering-framework-the-complete-guide/. Accessed 5 July 2026.

Liat Shetret. "Liat Shetret." *Elliptic.Co*, 2025, https://www.elliptic.co/blog/hosted-vs-unhosted-wallets. Accessed 6 July 2026.

Pocher, Nadia. "Traceability of Crypto-Asset Transfers Under the New EU AML/CFT Regime: The Crypto Travel Rule Between Challenges and Open Issues." *Edward Elgar Publishing eBooks*, 21 Jan. 2025, pp. 197–220, 10.4337/9781803929996.00017.

Reuters Staff. "EU Weighing New Powers to Ease Duplicated Capital Rules for Banks." *Reuters*, 18 June 2026, https://www.reuters.com/business/finance/eu-set-remove-barriers-banks-cross-border-capital-flows-ft-reports-2026-06-18/. Accessed 6 July 2026.

Sara Derhab, Jonas Koponen. "European Union: The Single Market's Invisible Borders." *Lexology*, Cooley LLP, 9 June 2026, https://www.lexology.com/library/detail.aspx?g=b531b207-1aeb-47e3-9ec4-f7ab12875ee5. Accessed 6 July 2026.

Stanisław Tosza and Olivier Voordeckers. “An Anti-Money Laundering Authority for the European Union: A New Center of Gravity in AML Enforcement.” *ERA Forum*, vol. 25, 30 Sept. 2024, 10.1007/s12027-024-00805-9.

The. “The 3 Stages of Money Laundering & Strategies for Mitigation.” *Fenergo.Com*, 14 Aug. 2025, https://resources.fenergo.com/blogs/money-laundering-stages. Accessed 6 July 2026.

tovima.com. “Greece’s Shadow Economy Still Thrives Despite Reforms.” *Tovima.Com*, 12 Nov. 2025, https://www.tovima.com/finance/greeces-shadow-economy-still-thrives-despite-reforms/. Accessed 6 July 2026.

UN Security Council. “Resolution 1373 (2001) /: Adopted by the Security Council at Its 4385Th Meeting, on 28 September 2001.” *Digitallibrary.Un.Org*, 28 Sept. 2001, https://digitallibrary.un.org/record/449020?ln=en&v=pdf. Accessed 6 July 2026.

Union, European. *The Changing DNA of Serious and Organised Crime SERIOUS AND ORGANISED CRIME THREAT ASSESSMENT*. 2025.

UNITED NATIONS. *FINAL ACT OF THE UNITED NATIONS CONFERENCE FOR THE ADOPTION OF a CONVENTION AGAINST ILLICIT TRAFFIC IN NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES*. 1988.

United Nations Office on Drugs and Crime. “United Nations Convention Against Transnational Organized Crime.” *Unodc.Org*, United Nations, https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html. Accessed 6 July 2026.

“211 Terrorist Attacks Carried Out in EU Member States in 2015, New Europol Report Reveals.” *Europol*,

https://www.europol.europa.eu/media-press/newsroom/news/211-terrorist-attacks-carried-out-in-eu-member-states-in-2015-new-europol-report-reveals. Accessed 6 July 2026.

"About AMLA." *Authority for Anti-Money Laundering and Countering the Financing of Terrorism*, 2023, https://www.amla.europa.eu/about-amla_en. Accessed 6 July 2026.

"AML Awareness: Three Stages of Money Laundering - ICAS." *Icas.Com*, 2019, https://www.icas.com/news-insights-events/news/anti-money-laundering/aml-awareness-three-stages-of-money-laundering. Accessed 6 July 2026.

"Asset Recovery." *Eurojust*, 2018, https://www.eurojust.europa.eu/judicial-cooperation/instruments/asset-recovery. Accessed 6 July 2026.

"Corruption in Organised Crime." *European Commission*, 2023, https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/democracy-eu-citizenship-anti-corruption/anti-corruption/corruption-organised-crime_en. Accessed 6 July 2026.

"Crime Gangs Exploit EU Ports to Smuggle Record Drug Loads." *Occrp*, 2025, https://www.occrp.org/en/news/crime-gangs-exploit-eu-ports-to-smuggle-record-drug-loads. Accessed 6 July 2026.

"Dissecting the Mafia: Calabria's 'Ndrangheta | ACAMS." *Acams.Org*, 2026, https://www.acams.org/es/opinion/dissecting-the-mafia-calabrias-ndrangheta. Accessed 6 July 2026.

"EU eGovernment Action Plan 2016-2020 Promises to Reduce Administrative Burdens for Online Merchants by Encouraging Uptake of Digital Public and Identification Services

- Ecommerce Europe." *Ecommerce Europe*, 20 Feb. 2017, https://ecommerce-europe.eu/news-item/eu-egovernment-action-plan-2016-2020-promises-reduce-administrative-burdens-online-merchants-encouraging-uptake-digital-public-identification-services/. Accessed 6 July 2026.

"European Financial and Economic Crime Centre - EFECC." *Europol*, https://www.europol.europa.eu/about-europol/european-financial-and-economic-crime-centre-efecc. Accessed 6 July 2026.

"France's Measures to Combat Money Laundering and Terrorist Financing." *Www.Fatf-Gafi.Org*, 17 May 2022, https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-france-2022.html. Accessed 6 July 2026.

"Howard Wilkinson: The Whistleblower Who Exposed a $230 Billion Money Laundering Scandal." *International Whistleblower Advocates*, 20 Sept. 2025, https://whistle-blower.com/story/howard-wilkinson/. Accessed 6 July 2026.

"Joint Investigation Teams - JITs." *Europol*, https://www.europol.europa.eu/partners-collaboration/joint-investigation-teams. Accessed 6 July 2026.

"Money Laundering." *Migration and Home Affairs*, 18 Oct. 2023, https://home-affairs.ec.europa.eu/policies/internal-security/organised-crime/money-laundering_en. Accessed 6 July 2026.

"Our Thinking." *Europol*, 27 May 2025, https://www.europol.europa.eu/about-europol/our-thinking. Accessed 6 July 2026.

"Pandora Papers - ICIJ." *International Consortium of Investigative Journalists*, 3 Oct. 2021, https://www.icij.org/investigations/pandora-papers/. Accessed 6 July 2026.

"Pilatus Bank for Dummies: The Entire Scandal Explained, Step-by-Step." *Times of Malta*, 3 Dec. 2022, https://timesofmalta.com/article/pilatus-bank-dummies-entire-scandal-explained-stepbystep.997680. Accessed 6 July 2026.

"Remembering the Brussels Terror Attacks 10 Years Later." *European Commission*, 20 Mar. 2026, https://commission.europa.eu/news-and-media/news/remembering-brussels-terror-attacks-10-years-later-2026-03-20_en. Accessed 6 July 2026.

"Secure Information Exchange Network Application (SIENA)." *Europol*, 2019, https://www.europol.europa.eu/how-we-work/services-support/siena. Accessed 6 July 2026.

"Spain." *U.S. Department of State*, 2017, https://2009-2017.state.gov/j/inl/rls/nrcrpt/2016/vol2/253430.htm. Accessed 6 July 2026.

"The 2005 Warsaw Convention and Its Additional Protocol - Counter-Terrorism - www.coe.int." *Counter-Terrorism International*, https://www.coe.int/en/web/counter-terrorism/cdct/warsaw-convention-and-additional-protocol. Accessed 6 July 2026.

"Three Stages of Money Laundering: An In-Depth Guide & Prevention | LexisNexis International." *Lexisnexis.Com*, 2025, https://www.lexisnexis.com/en-int/glossary/compliance/money-laundering-stages. Accessed 6 July 2026.

Media Bibliography

(Bodescu) Cotoc, Corina-Narcisa, et al. “Efficiency of Money Laundering Countermeasures: Case Studies from European Union Member States.” *Risks*, vol. 9, no. 6, 2021, pp. 1–19, https://doi.org/10.3390/risks9060120 . MDPI. Accessed 17 July 2026.