

Parliament set to combat 'obscure financial dealings'

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News

As money laundering is estimated to cost over €1 trillion a year, MEPs are set to vote on measures to set up an EU register of beneficial company owners.



One of the hot topics at this week's plenary session is parliament's proposed measures against money laundering and terrorist financing, which are due to be voted in second reading.

Co-rapporteur Krišjānis Kariņš explains that "illegally laundered money accounts for as much as five per cent of the world's GDP and is a challenge both for the competitiveness of the legal sector as well as for government coffers".

The fourth anti-money laundering directive will introduce a mandatory register of ultimate 'beneficial' owners of corporate and legal entities, meaning whoever ultimately authorises transactions.

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These registers will be accessible to authorities, 'obliged entities' - such as banks or auditors, who will be required to carry out 'customer due diligence' - and individuals who can prove they have a legitimate interest in viewing the information - journalists, for example.

Karinš says the proposal "is aimed at limiting the scope of criminal and terrorist activity in Europe. Estimates suggest that money laundering accounts for as much as 2.7 per cent of the world's economic activity - or €1.4 trillion in 2009".

The Latvian MEP adds that, "for years, criminals in Europe have used the anonymity of offshore companies and accounts to obscure their financial dealings. It is clear that authorities need new means to effectively deal with ever-eluding criminals using the fragmentation of the internal market".

He also pointed out that, "we still do not have a common EU register for owners of companies. Building one for those that hide behind them is a big step - one that we must take. It will help to lift the veil of secrecy of offshore accounts and greatly aid the fight against money laundering and blatant tax evasion."

The proposed rules also have provisions on money transfers, whereby financial institutions will have to include information on the initiator and the beneficiary of the wire transfer.

If approved by MEPs, the measures will have to go through council before they can become law, and member states will then have two years to implement them.

About the author

Julie Levy-Abegnoli is a journalist and editorial assistant for the Parliament Magazine

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