

Anti-money laundering and counter-terrorist financing measures

Slovenia

2nd Enhanced Follow-up Report

December 2019

Follow-up report



The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism - MONEYVAL is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. Through a dynamic process of mutual evaluations, peer review and regular follow-up of its reports, MONEYVAL aims to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively.

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The 2nd Enhanced Follow-up Report on Slovenia was adopted by the MONEYVAL Committee at its 59th Plenary Session (Strasbourg, 3 – 6 December 2019).

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Slovenia: 2nd Enhanced Follow-up Report

I. INTRODUCTION

1. The mutual evaluation report (MER) of Slovenia was adopted in 1 June 2017. Slovenia's 1st Enhanced Follow-up Report (FUR) with technical compliance re-ratings was adopted in December 2018. This 1st Enhanced FUR analysed Slovenia's progress in addressing technical deficiencies identified in its MER as well as the implementation of new requirements relating to FATF Recommendations which have changed since the adoption of the Slovenian MER. Re-ratings were given where sufficient progress had been made.

2. This 2nd FUR analyses Slovenia's progress in implementing new requirements relating to FATF Recommendations which have changed since the 1st FUR (Recommendation 2). The expectation is that countries will have addressed most if not all TC deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Slovenia has made to improve its effectiveness.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT AND 1ST ENHANCED FUR

3. The MER and 1st Enhanced FUR rated¹ Slovenia as follows:

IO 1	IO 2	IO 3	IO 4	IO 5	IO 6	IO 7	IO 8	IO 9	IO 10	IO 11
ME	SE	ME	ME	ME	ME	ME	ME	ME	ME	ME

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC	LC	LC	LC	PC	PC	PC	PC	LC	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	PC	PC	C	C	C	LC	LC	LC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	LC	LC	PC	C	PC	C	C
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	PC	LC	C	C	LC	LC	LC	LC	LC

4. Given these results of MER, Slovenia was placed in enhanced follow-up.

5. The first enhanced follow-up report (FUR) submitted by Slovenia was discussed at the 57th Plenary meeting in December 2018. Slovenia sought a re-rating for Recommendation 16 at that time. In addition, progress in implementing new requirements relating to FATF Recommendations was also analysed (Recommendations 7, 18 and 21) in the 1st FUR. The Plenary invited Slovenia to submit the second FUR for the 59th MONEYVAL Plenary in December 2019.

6. Slovenia has submitted its 2nd enhanced FUR to MONEYVAL to analyse Slovenia's progress in implementing new requirements relating to FATF Recommendations which have changed since the adoption of the 1st Enhanced FUR (Recommendation 2).

7. The assessment of Slovenia's progress and the preparation of this report were undertaken

¹ There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

by the following Rapporteur teams (together with the MONEYVAL Secretariat):

- Croatia
- Georgia

8. Section III of this report summarises the progress made to improve technical compliance. Section IV sets out the conclusion and a table showing which Recommendations have been re-rated.

III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

9. This section summarises the progress made by Slovenia to improve its technical compliance by implementing new requirements where the FATF Recommendations have changed since the 1st enhanced FUR was adopted (Recommendation 2).

3.1. Progress on Recommendations which have changed since the adoption of the 1st FUR

10. Since the adoption of the 1st enhanced FUR of Slovenia, Recommendation 2 has been amended. This section only analyses Slovenia's compliance with the new requirements in Recommendation 2.

Recommendation 2 (Originally rated LC – no re-rating)

11. Slovenia was rated LC with R.2 in the 5th Round MER in the light of two deficiencies identified by the assessment team. In particular, the MER noted that the AML/CFT Action Plan serves as the country's AML/CFT policy and is informed by the findings of the NRA. The NRA, however, does not include a comprehensive assessment of FT risks. It was also noted that, although a Permanent Coordination Group for Restrictive Measures had been set-up by the Slovenian authorities, the Act which establishes that Group does not specifically refer to the proliferation of weapons of mass destruction.

12. The FATF Methodology for assessing R.2 was amended in October 2018 to ensure compatibility of AML/CFT requirements and data protection and privacy rules, and to promote domestic inter-agency information sharing among competent authorities. Consequently, criterion 2.3 was amended and a new criterion 2.5 was added.

13. **Criterion 2.3:** In its Art. 7, the APMLFT requires the Slovenian financial intelligence unit (OMLP), the relevant supervisory bodies and other authorities competent to detect and prevent ML/FT to work together in order to harmonise and implement policies and activities.

14. At the operational level, the Police and the Financial Administration of the Republic of Slovenia co-operate very closely with the OMLP. Special agreements on co-operation among these authorities have been entered into. In addition, the Criminal Procedure Code (Art. 160a and 160b) regulates the establishing and functioning of special investigative teams under the prosecutors' guidance. The Permanent Coordination Group for Prevention, Detection and Prosecution of Money Laundering and Terrorist Financing, which was established in 2012, discusses problems arising in the field of prevention, detection of ML/FT. Its main responsibility is, *inter alia*, to exchange experiences and discuss legal issues arising from Slovenian legislation in relation to the prevention, supervision, detection and prosecution of ML/FT; and compare Slovenian legislation and court practice with those of other countries. The group holds regular meetings, prepares and adopts its action plan and

reports on activities of its members.

15. The FIU Slovenia has direct access to various databases held by other public authorities (i.e. Police Database; Central register of population; Slovenian Maritime Administration database; Prosecutor Office Data on persons suspected to commit ML/FT related crime offence; ministry of Justice database of final judgements). In addition, the OMLP has signed agreements and protocols of exchange of information with the Police and the Tax Administration which facilitate the exchange of information among them.

16. At policy level, Art. 8(2) APMMLFT provides that the Government shall establish a Permanent Inter-Ministerial Working Group, which is composed by all key stakeholders of the Slovenian AML/CFT framework (chaired by the OMLP), responsible for carrying out ML/FT NRA and an action plan for mitigating the identified ML/FT risks. The Group also carries out any other analysis in the ML/FT field which requires co-operation and co-ordination among different institutions and prepares reports on that analysis.

17. **Criterion 2.5:** As regards data protection, two dedicated meetings have taken place with the Information Commissioner and the OMLP (November 2015 and March 2017) in order to resolve legal and operational issues related to the application of AML measures and safeguards of personal data. A number of informal discussions on relevant matters have also taken place between the two stakeholders. In April 2019, a seminar on “Personal Data Collection for the purpose of conducting AML measures” was organised by the Slovenian Federation of Accountants and Auditors with the participation of the Information Commissioner and OMLP representatives. Recently, the OMLP was subject of an off-site and on-site inspection by the Information Commissioner on the application of AML/CFT requirements with data protection, where no major deficiencies were identified.

18. **On the basis of the above, the revised requirements of criterion 2.3 and criterion 2.5 are met. However, the minor deficiencies identified in the 5th Round MER (and referred to in paragraph 11 above) remain outstanding. Therefore, Slovenia remains LC with R.2.**

IV. CONCLUSION

19. Overall, Slovenia has made progress in compliance with the new requirements relating to FATF Recommendations which have changed since the adoption of the Slovenian MER and the 1st FUR.

20. In light of the progress made by Slovenia, its technical compliance ratings with the FATF Recommendations are maintained:

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC	LC	LC	LC	PC	PC	PC	PC	LC	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	PC	PC	C	C	C	LC	LC	LC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	LC	LC	PC	C	PC	C	C
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	PC	LC	C	C	LC	LC	LC	LC	LC

- 21.** Slovenia will remain in enhanced follow-up and will continue to report back to MONEYVAL on progress to strengthen its implementation of AML/CFT measures.
- 22.** In this respect, the Plenary notes that 2.5 years after the adoption of the MER, Slovenia remains partially compliant on 10 Recommendations, including R.5 and R.6. Therefore, the Plenary urges Slovenia to address the outstanding deficiencies as soon as possible. In this respect, the Plenary recalls the expectation that countries will have addressed most, if not all, technical deficiencies by the end of the third year from the adoption of their MER.
- 23.** Slovenia is expected to report back to the Plenary within one year.

GLOSSARY OF ACRONYMS

AML	Anti-money laundering
BO	Beneficial ownership
CDD	Customer due diligence
CFT	Countering the financing of terrorism
DNFBP	Designated non-financial business and professions
FI	Financial institutions
FT	Financing of terrorism
HFIU	Hungarian Financial Intelligence Unit
LC	Largely compliant
ML	Money laundering
NGOs	Non-governmental organisations
NPOs	Non-profit organisations
NRA	National risk assessment
PC	Partially compliant
PF	Proliferation financing
R	Recommendation
STR	Suspicious transaction report
TFS	Targeted financial sanctions
UNSCR	United Nations Security Council Resolutions

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2nd Enhanced Follow-up Report

This report analyses Slovenia's progress in addressing the technical compliance deficiencies identified in the FSRB assessment of their measures to combat money laundering and terrorist financing of June 2017.

The report also looks at whether Slovenia has implemented new measures to meet the requirements of FATF Recommendations that changed since the 2017 assessment.