

**SUMMARY REPORT ON ACTIVITIES**

**OF THE OFFICE OF THE REPUBLIC OF SLOVENIA FOR MONEY LAUNDERING PREVENTION**

**FOR 2023**

# INTRODUCTION

Pursuant to Article 130 of the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*], Nos 48/22 and 145/22; hereinafter: the ZPPDFT‑2), **the Office of the Republic of Slovenia for Money Laundering Prevention (hereinafter: the Office), as the central state authority for receiving, analysing and reporting to competent authorities on suspicious transactions and other information related to money laundering or terrorist financing,** is required to report on its work to the Government of the Republic of Slovenia (hereinafter: the Government) at least once a year.

The 2023 Report on Activities of the Office is the Office's **28th report to the Government** and covers the period between **1 January 2023 and 31 December 2023.** This period is presented separately in terms of statistical and other numerical data; however, the report also includes some data from previous periods for the purpose of year-on-year comparisons.

## ORGANISATIONAL CHART OF THE OFFICE

With the entry into force of preventive laws governing the fight against money laundering and terrorist financing, and the establishment of anti-money laundering offices worldwide 29 years ago, the AML/CFT detection system has assigned a special role also to the obliged entities (financial and non-financial institutions) and AML[[1]](#footnote-1) offices. The internationally established term for these offices is the **Financial Intelligence Unit (FIU)**, which broadly refers to their tasks of receiving, analysing and disseminating financial and other intelligence to the competent authorities. This task is also reflected in the definition of the Financial Action Task Force (FATF), which describes an FIU as the "**central national authority for receiving, analysing and reporting to the competent authorities on suspicious transactions and other information relevant to money laundering or terrorist financing.**"

FIUs worldwide are categorised according to their organisational structure as administrative, police, prosecutorial/judicial and hybrid types. However, the majority of them are administrative (in almost half of the EU Member States). Slovenia has also opted for an administrative FIU, which has no police powers, but plays a key role in detecting and preventing money laundering and terrorist financing.[[2]](#footnote-2) One of the advantages of this model is that it fosters trust and cooperation between the FIU and reporting institutions, especially banks.

The Office is **an administrative body within the Ministry of Finance of the Republic of Slovenia** and acts as a clearing house between financial system institutions and the law enforcement authorities. In accordance with its powers, it analyses suspicious transactions reported to it by obliged entities or other eligible proponents. If the Office finds grounds for suspicion of money laundering, terrorist financing or other criminal offences, it sends the collected data as a notification or information to the competent authorities (Police, State Prosecutor's Office, Financial Administration, Intelligence and Security Agency) for further processing. The notifications sent by the Office to the Police and the Prosecutor’s Office are intelligence data, including financial and other data analysis. However, these notifications are not considered criminal complaints under the Criminal Procedure Act.

The OMLP's organisational chart remains unchanged compared to 2022.

**Organisational chart of the Office**

In addition to management, the Office consists of five organisational units:

* **General Affairs Division and IT support**
* **International Cooperation Service**
* **Inspection**
* **Legal Affairs and Prevention Division**
* **Suspicious Transactions Division**

# CASH TRANSACTIONS, TRANSFERS INVOLVING HIGH-RISK THIRD COUNTRIES AND CASH TRANSFERS VIA EU BORDER

The Office receives data from the obliged entities referred to in Article 4 of the ZPPDFT-2 and from the Financial Administration of the Republic of Slovenia (hereinafter: Financial Administration) on all transactions exceeding certain thresholds, namely: [[3]](#footnote-3)

* Data on all cash transactions exceeding EUR 15,000 (hereinafter: cash transactions);
* Data on all transfers exceeding EUR 15,000 made at the request of the customers to accounts in countries or to accounts of natural and legal persons residing or having their registered office in countries listed as high-risk countries or associated with an increased risk of money laundering or terrorist financing (hereinafter: transfers involving higher-risk countries); and
* Data on cash transfers of EUR 10,000 or more across the Slovenian section of the European Union border in accordance with Regulation (EU) 2018/1672 on controls on cash entering or leaving the Union (hereinafter: cash transfers across the Community border).

## CASH TRANSACTIONS EXCEEDING EUR 15,000

Pursuant to Article 75 of the ZPPDFT-2, obliged entities are required to report to the Office all cash transactions exceeding EUR 15,000.[[4]](#footnote-4) Since the entry into force of the Rules on the method of reporting data to the Office of the Republic of Slovenia for Money Laundering Prevention (Official Gazette of the Republic of Slovenia *[Uradni list RS]*, No 32/17) on 1 September 2017, the obliged entities are required to submit data on cash transactions via secure electronic means.

In 2023, the Office received data by secure electronic means from obliged entities on **48,053 cash forms exceeding[[5]](#footnote-5) EUR 15,000 for a total amount of** **EUR 1,744,560,420**.

The share of reported cash transactions by sector remained similar to previous years, **while the** **total** **number** **of forms reported decreased by 7% and the total amount of transactions reported decreased by 10% compared to 2022. The average amount of cash per reported form decreased by 3% compared to the previous year.**

***Table 1: Number and share of cash forms exceeding EUR 15,000 in the 2021-2023 period by reporting entity***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Obliged entity | 2021 |  | 2022 |  | 2023 |  |
|  | **Number** | **Share** | **Number** | **Share** | **Number** | **Share** |
| Banks | 35,358 | 82.27% | 43,451 | 84.26% | 39,998 | 83.24% |
| Savings institutions | 4,195 | 9.76% | 4,169 | 8.08% | 4,122 | 8.58% |
| Casinos | 3,410 | 7.93% | 3,875 | 7.51% | 3,856 | 8.02% |
| Others | 17 | 0.03% | 72 | 0.14% | 77 | 0.16% |
| Total cash transactions | **42,980** |  | **51,570** |  | **48,053** |  |
| Total amount | **1,536,055,994** |  | **1,918,830,127** |  | **1,744,560,420** |  |
| Amount/form | **35,739** |  | **37,208** |  | **36,305** |  |

A three-year comparison indicates that, as in previous years, the majority of cash transactions reported to the Office come from obliged entities in the banking sector, followed by savings institutions and casinos, while other obliged entities under the ZPPDFT-2 (e-money issuers, exchange offices, lawyers, notaries, etc.) report fewer than 100 cash transactions per year.

## TRANSFERS EXCEEDING EUR 15,000 INVOLVING HIGHER-RISK COUNTRIES

Pursuant to Article 75 of the ZPPDFT-2, obliged entities must notify the Office within three working days at the latest of any transfer exceeding EUR 15,000 made at the customer's request[[6]](#footnote-6):

* to accounts of natural and legal persons with a permanent or temporary residence or a registered office in countries with a high or increased risk of money laundering or terrorist financing, or
* to accounts located in the countries referred to in the previous indent.[[7]](#footnote-7)

The list of countries with a high or increased risk of money laundering or terrorist financing was amended seven times in 2023, reaching a total of approximately 80 countries. The Office publishes these lists on its websites.

From 1 January 2023 to 31 December 2023, obliged entities reported to the Office a total of **35,548** transactions amounting to EUR 3,467,651,821, USD 431,558,018, TRY 83,913,233 and ZAR 427,145 (**a total of EUR** **3,861,955,811** based on the exchange rate of 29 December 2023). These transactions were made on behalf of entities domiciled in a high-risk country or directed to bank accounts opened in a high-risk country.

The total number and value of transactions involving high-risk countries increased significantly in 2023 (compared with **9,299** forms worth **EUR 832,217,361** in the previous year). This increase was mainly due to the inclusion of Croatia in the FATF's list of countries with strategic deficiencies (published on the FATF website on 26 June 2023).

Almost all transfers involving high-risk countries were made to accounts held by legal persons, with the recipients also being legal persons.

## CASH TRANSFERS OF EUR 10,000 OR MORE ACROSS EU BORDERS

Pursuant to Article 131 of the ZPPDFT-2, customs authorities are obliged to forward to the Office, within three days at the latest, data on each declared import or export of cash amounting to or exceeding EUR 10,000 when entering or leaving the EU. In 2023, a total of 74 **cash transfers were reported at the Slovenian part of the EU border,** an increase of almost 30% compared to the previous year, when Customs registered 57 transfers. Of these, 32 transfers were related to cash outflows and 42 to cash inflows. Notably, there were no non-reported cash transfers across EU borders in 2023.

The total value of the transfers was **EUR 2,040,777, USD 507,441, CHF 146,060, AUD 306,800, JPY 10,370,000, RUB 2,828,000, CAD 25,940 and GBP 10,000.** The majority of these transfers – 68% – were made in euros, with 20% in US dollars, while the remaining transfers were made in Australian dollars, Swiss francs, roubles, Canadian dollars, pounds sterling and yen.

The purpose of the cash transfers was reported as follows:

* 33% for personal consumption,
* 23% for investments,
* 18% for the purchase or maintenance of property,
* 26% for miscellaneous purposes, including currency exchange, tuition fees, holiday expenses, bank deposits, and more.

# MONITORING SUSPICIOUS TRANSACTIONS

In 2023, the Office received data from the obliged entities referred to in Article 4 of the ZPPDFT-2 on suspicious transactions regardless of the amount, as well as data on persons, assets and property for which there are grounds for suspicion of money laundering or terrorist financing. Pursuant to the Decree on restrictive measures against the Democratic People's Republic of Korea (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No 18/2017), the Office is also responsible for receiving reports on suspicious transactions related to the prohibited development and proliferation of nuclear weapons. The Office did not receive any such reports in 2023.

The Office may also start investigating cases on the basis of initiatives of the state and inspection authorities referred to in Article 108 of the ZPPDFT-2, as well as on the basis of facts reported by the supervisory authorities referred to in Article 152 of the ZPPDFT-2. Pursuant to Article 114 of the ZPPDFT-2, the Office receives certain data from its foreign counterparts and verifies the records of cash transactions, the records of cash transfers across the borders of the European Union and the records of transfers involving countries with an increased or high risk of money laundering and terrorist financing, which may also serve as a basis for initiating the collection of data on suspicious transactions, assets or persons.

Pursuant to paragraph two of Article 94 of the ZPPDFT-2, the Office receives, collects, reports and analyses data and information. Articles 110 and 111 of the ZPPDFT-2 authorise the Office to notify the competent authorities if it finds that transactions give rise to suspicions of money laundering, terrorist financing or other officially prosecuted offences punishable by imprisonment.

## CASES OF SUSPECTED MONEY LAUNDERING OR TERRORIST FINANCING

In 2023, the Office received a total of **1,340 reports on grounds for suspicion of transactions or activities under the provisions of the ZPPDFT-2. Of these, 1,311 reports were based on grounds for suspicion of money laundering, 24 on grounds for suspicion of terrorist financing, and 5 were submitted by the Prosecutor's Office under the Confiscations of Assets of Illicit Origin Act (ZOPNI)**.

Based on all reports, the Office opened 1,340 cases and processed them in accordance with the provisions of the ZPPDFT-2. The processed reports, together with comparative data for the 2020-2023 period, are categorised in this report according to the following:

* Reporting entities;
* Number and dynamics of cases opened and concluded;
* Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds for suspicion of money laundering;
* Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds for suspicion of terrorist financing;,
* Cases referred to the Criminal Police Directorate of the Ministry of Interior and other competent authorities on grounds for suspicion of committing other criminal offences,
* Temporary suspension of transactions;
* Value of illicit funds and assets temporarily seized;
* Typology of suspicious transactions.

### Reporting entities

More detailed information on the entities reporting suspicious transactions and the individuals involved, which formed the basis for cases opened and investigated by the Office in 2023, is provided below. This information also includes data on reports from 2020 for year-on-year comparisons. The table below lists the reporting entities, as explicitly specified in the ZPPDFT-2, since the Office can only investigate specific cases and exercise its powers based on such reports.

***Table 2: Number and share of cases by reporting entities in the 2020–2023 period***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2021 |  | 2022 |  | 2023 |  |
|  | **ML** | **TF** | **ML** | **TF** | **ML** | **TF** | **ML** | **TF** |
| 1. REPORTS OF OBLIGED ENTITIES | **893** | **51** | **860** | **19** | **840** | **34** | **944** | **19** |
|  | **82.38%** | **96.23%** | **80.00%** | **67.86%** | **74.79%** | **89.47%** | **71.44%** | **4.54%** |
| Banks | **737** | **5** | **732** | **6** | **776** | **4** | **762** | **2** |
| Savings institutions | **87** | **1** | **57** |  |  |  | **102** | **1** |
| Post Office | **17** |  | **4** |  | **1** |  | **1** |  |
| Brokerage companies and management companies of investment funds | **4** |  | **3** |  | **1** |  |  |  |
| Leasing | **1** |  | **1** |  | **3** |  | **1** |  |
| Auditors and accountants |  |  | **1** |  |  |  | **3** |  |
| Casinos | **1** |  |  |  |  |  | **1** |  |
| Other organisers of games of chance | **1** |  |  |  | **3** |  | **6** |  |
| Dealers with precious stones |  |  | **1** |  | **4** |  | **2** |  |
| Real estate agencies |  |  |  |  | **1** |  |  |  |
| Insurance companies | **1** |  |  |  |  |  |  |  |
| Virtual currencies |  |  | **6** |  |  |  |  |  |
| Payment service providers | **38** | **45** | **23** | **13** | **32** | **30** | **32** | **16** |
| Other obliged entities | **4** |  | **29** |  | **17** |  | **32** |  |
| Notaries | **1** |  | **1** |  | **1** |  | **2** |  |
| Lawyers | **1** |  | **2** |  | **1** |  |  |  |
| 2. INITIATIVES OF STATE AUTHORITIES | **115** | **1** | **128** | **5** | **167** | **1** | **318** |  |
|  | **10.61%** | **1.89%** | **11.91%** | **17.86%** | **14.87%** | **2.63%** | **24.39%** | **0.00%** |
| Ministry of the Interior, Criminal Police Directorate | **70** |  | **99** | **3** | **142** |  | **289** | **2** |
| State Prosecutor’s Office | **17** |  | **9** |  | **6** |  | **6** |  |
| Ministry of Finance, Financial Administration |  |  | **4** |  |  |  |  |  |
| Court | **3** |  | **4** |  | **2** |  | **11** |  |
| Commission for the Prevention of Corruption | **1** |  | **1** |  | **1** |  | **2** |  |
| Slovenian Intelligence and Security Agency | **24** | **1** | **11** | **2** | **16** | **1** | **10** | **2** |
| Ministry of Defence, Intelligence and Security Service |  |  |  |  |  |  |  |  |
| 3. REPORTING OF THE FACTS OF SUPERVISORY AUTHORITIES | **16** |  | **14** |  | **17** |  | **10** |  |
|  | **1,48%** | **0.00%** | **1.30%** | **0.00%** | **1.51%** | **0.00%** | **0.75%** | **0.00%** |
| Securities Market Agency | **1** |  |  |  |  |  |  |  |
| Ministry of Finance, Financial Administration | **1** |  |  |  |  |  |  |  |
| Market Inspectorate |  |  | **1** |  |  |  |  |  |
| Bank of Slovenia | **13** |  | **13** |  | **17** |  | **10** |  |
| Insurance Supervision Agency | **1** |  |  |  |  |  |  |  |
| 4. OFFICE ON ITS OWN INITIATIVE OR by OTHER MEANS | **2** | **1** | **18** |  | **25** |  |  |  |
|  | **0.18%** | **1.89%** | **1.67%** | **0.00%** | **2.23%** | **0.00%** | **0.00%** | **0.00%** |
| 5. FOREIGN FIUs | **58** |  | **55** | **4** | **74** | **3** | **44** | **1** |
|  | **5.35%** | **0.00%** | **5.12%** | **14.29%** | **6.59%** | **7.89%** | **3.40%** | **95.45%** |
| TOTAL | **1084** | **53** | **1075** | **28** | **1123** | **38** | **1316** | **24** |

In 2023, a total of **1,340** **cases** were opened on the basis of suspicion transaction reports from reporting entities and other relevant data, as follows:

* **944** cases opened on the basis of **suspicious transactions reports from obliged entities;**
* **318** cases opened on the basis of **initiatives by state authorities;**
* **10** cases opened on the basis of **facts reported by supervisory authorities;**
* **76** cases opened on the basis of data received from **requests by foreign FIUs engaged in anti-money laundering and counter-terrorist financing.**

Most suspicious transaction reports were submitted to the Office by obliged entities (financial and non-financial institutions). Among these, banks consistently stand out as the largest contributors, submitting the highest number of reports annually based on their assessment that there are grounds to suspect money laundering or terrorist financing in these cases. A similar trend was also observed in 2023, when 864 out of a total of 1,340 reports led to case openings based on data reported by banks and savings institutions, which accounted for 65.65% of all cases opened. Notably, since 2015, the number of initiatives received by the Office from state authorities has increased, with the Police being the most frequent contributor. In 2023, the number of police-initiated cases doubled compared to 2022.

### Number and dynamics of opened and concluded cases

The table below shows the number of cases opened and concluded in the 2012–2023 period, showing the inflow and closure of cases handled by the Office on suspicion of criminal offences of money laundering or terrorist financing.

***Table 3: Overview of cases opened and concluded by the Office from 2012 to 2023***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| YEAR | RECEIVED ON: | NOTIFICATION | INFORMATION | RESOLVED BY THE OFFICE | TOTAL CASES CONCLUDED | NUMBER OF ALL SENT WRITTEN INFORMATION[[8]](#footnote-8) NOTIFICATION/ INFORMATION |
| 2012 | 559 | 175 | 73 | 130 | 378 | 132/64 |
| 2013 | 600 | 170 | 109 | 156 | 435 | 135/83 |
| 2014 | 480 | 190 | 124 | 207 | 521 | 157/111 |
| 2015 | 521 | 259 | 107 | 206 | 572 | 190/95 |
| 2016 | 449 | 245 | 151 | 136 | 531 | 185/128 |
| 2017 | 558 | 243 | 117 | 75 | 435 | 181/92 |
| 2018 | 787 | 328 | 149 | 82 | 559 | 253/129 |
| 2019 | 1,069 | 351 | 243 | 187 | 781 | 259/170 |
| 2020 | 1,137 | 450 | 486 | 298 | 1,234 | 362/354 |
| 2021 | 1,103 | 493 | 872 | 516 | 1,931 | 434/801 |
| 2022 | 1,161 | 314 | 418 | 339 | 1,071 | 285/401 |
| 2023 | **1,340** | **599** | **258** | **303** | **1,160** | **499/238** |

The table shows that the Office **opened 1,340 cases** in 2023 and **concluded 1,160 cases** in the same period.

In 2023, cases were concluded as follows:

* 593 cases were concluded through **496 written notifications** forwarded to the Criminal Police Directorate at the Ministry of the Interior, and in some cases also to the State Prosecutor’s Office, and other competent institutions. These cases were flagged on suspicion of money laundering and accounted for **51.12%** of all cases concluded in 2023;
* 6 cases were forwarded to the competent authorities through **3 written notifications,** basedon suspicion of terrorist financing;
* 258 cases were concluded through **240 written information letters**, forwarded to the competent authorities (Criminal Police Directorate at the Ministry of the Interior, Financial Administration and others) due to grounds for suspicion of other criminal offences pursuant to Article 111 of the ZPPDFT-2. These cases accounted for **22.24%** of the total number of cases concluded in 2023.
* **303 cases were** **concluded and archived at the Office** as no grounds for suspicion of money laundering, terrorist financing or any other officially prosecuted criminal offence were found. They accounted for **26.12% of** all cases concluded by the OMLP in 2023.

As noted in last year's report, the Office introduced several new methods for concluding cases in 2021 and 2022 (referring reports to other authorities for resolution, issuing declaratory decisions and concluding cases by sending spontaneous information to foreign related FIUs). These methods were substantively categorised under information letters (referrals of reports to other authorities for resolution), and cases concluded by the Office (declaratory decision). However, in 2023, the Office discontinued these methods, as they are not defined in the ZPPDFT-2 and do not involve prior analysis, and it will not use them for case resolution in the future.

Notwithstanding the above, in 2023, the Office concluded a total of **599 cases** with notifications in which grounds for suspicion of money laundering offences were identified. This is the highest number of cases concluded in this manner since the Office's establishment and represents a 90% increase compared to 2022.

The number of cases concluded through information letters has decreased significantly, dropping to 43% of the average recorded between 2020 and 2022, when an average of 592 cases per year were concluded in this manner. As previously noted, in 2023 the Office discontinued the practice of forwarding reports to other authorities without conducting a prior analysis.

While the number of cases concluded by the Office decreased by only 10% compared to the previous year, the total number of concluded cases increased by 10% over the same period. This suggests that the decrease in cases concluded directly by the Office was due to a higher number of cases being concluded through notifications.

Based on data from previous years, **the number of reports received** or cases opened on their basis in 2023 was **15% higher** than in 2022 and **just over 27% higher** than the last five-year average (1,052 per year). The average number of reports for the 2018-2022 period is 1,052 per year, which is comparable to the average annual number of reports per capita in other countries.

The report below provides data on cases referred to the competent authorities for further processing through notifications of identified suspicions of money laundering or terrorist financing offences, as well as information on other criminal offences.

### Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds for suspicion of money laundering under Article 245 of the KZ-1

Among the concluded cases, those in which additional data collection and analysis revealed grounds for suspicion of a criminal offence of money laundering, together with supporting documentation pursuant to Article 110 of the ZPPDFT-2, were referred to the Criminal Police Directorate of the Ministry of the Interior and, in some cases to the competent State Prosecutor's Office, for further investigation.

In 2023, **the analysis of 593 cases gave rise to suspicions of money laundering,** resulting in **496 written notifications** being forwarded to the Criminal Police Directorate of the Ministry of the Interior and/or the Public Prosecutor's Office (including notifications related to suspicions of terrorist financing, as detailed in point 3.1.4). The higher number of cases exceeded the number of notifications sent because some notifications covered several interrelated cases. In addition, **97 amendments** to previously submitted suspicious transaction reports were forwarded to the Criminal Police Directorate of the Ministry of the Interior and/or the State Prosecutor's Office in 2023.

The Office identified fraud under Article 211 of the Criminal Code (KZ-1) as the most likely predicate offence in 66% of notifications. Criminal offences committed abroad accounted for 6.5% of all cases, while tax evasion under Article 249 of the KZ-1 was identified in 3% of all cases.

In 2023, the Office notifications on suspicious transactions related to suspected money laundering involved **931 domestic natural and legal persons and 393 foreign natural and legal persons.** This represents a 77% increase in the total number of persons investigated compared to the previous year. However, the average number of persons per notification increased only slightly, rising from 2.6 to 2.65. The downward trend in the number of foreign persons investigated (54% of all persons in 2020, 42% in 2021, 39% in 2022) levelled off in 2023, with foreign persons accounting for 42% — the same share as in 2021.

As in previous years, foreign individuals from Italy are in the majority, accounting for 7% of all foreign persons, followed by citizens of Germany (5%) and Slovakia (3%).

The total amount of money involved in suspected criminal activity fell by 27% in 2023 compared to the previous year. In particular, **the average amount investigated per case dropped significantly from EUR 608,000 in 2022 to EUR 255,654 in 2023.**

#### Exercise of authority to temporarily suspend transactions

Pursuant to Article 105 of the ZPPDFT-2, the Office is authorised to issue an order temporarily suspending a transaction for a maximum of three working days if it assesses that there are reasonable grounds for suspecting that a criminal offence of money laundering has been committed. In 2023, the Office exercised this authority **in 37 cases, suspending transactions totalling EUR** **1,763,798 on 46 bank accounts and one electronic wallet in Slovenia and two bank accounts abroad.** In some of these cases, prior to the expiry of the temporary suspension of transaction, the State Prosecutor's Office proposed a temporary injunction to dispose of funds in the affected accounts. On the basis of this proposal, the courts issued temporary injunctions to dispose of the funds in the accounts.

#### Value of temporarily secured assets in money laundering cases

With the adoption of the Act Amending the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No 145/22 – ZPPDFT-2A), paragraph three of Article 132 of the ZPPDFT-2 was deleted. This provision had previously required State Prosecutor's Offices and courts to notify the OMLP about persons who had been charged or accused, as well as about ongoing pre-trial or criminal proceedings against them.

In view of the above, the Table 9 below shows only the total amount of temporarily secured assets as of 31 December 2023, as reported by the Supreme Court of the Republic of Slovenia in accordance with Article 147 of the ZPPDFT-2.

***Table 4: Amount of temporarily confiscated assets in Slovenia and abroad as at 31 December 2023***

|  |  |
| --- | --- |
| AMOUNT | CURRENCY |
| 134,006,362.46 | **EUR** |
| 10.4995 | **BTC** |

A comparison of data on temporarily secured assets in 2022 (EUR 134,326,247.19 and USD 30,822.80) shows that the total **amount of temporarily secured assets has not significantly changed.**

#### Value of confiscated assets in money laundering cases

In 2023, **five final judgments of conviction** for the criminal offence **of money laundering under Article 245 of the KZ-1 resulted in the courts ordering the confiscation and restitution of assets derived from criminal activity, in addition to imposing prison sentences** and fines as an accessory sentence. This chapter only provides data on judgments rendered in 2023, while **data on all final judgments are presented in Section 4.1.5.**

Judgments delivered in 2023 included a 10-month prison sentence for one person, while five others were imposed suspended prison sentences with an average duration of 17 months. In addition, two individuals were sentenced to confiscation of assets totalling EUR 53,225, four were ordered to pay restitution totalling EUR 124,376 and three were also ordered to pay fines as an accessory sentence totalling EUR 306,800.

By the end of 2023, the courts had confiscated EUR 5,783,401 in all final judgments of conviction for the offence of money laundering. In cases still pending final judgment where assets were confiscated under Article 498a of the Criminal Procedure Act (ZKP), the courts ordered the restitution of EUR 32,876,903 in illicit proceeds and imposed fines totalling EUR 1,702,489 as accessory sentences.

Despite a satisfactory overall number of judgments and assets confiscated, the Office notes **a significant gap between the value of assets temporarily confiscated on an annual basis and the value of assets permanently confiscated.** The Office also notes that some judgments do not include asset confiscation orders in their operative part, although temporary injunctions to dispose of funds have been issued in these cases.

#### Typology of suspicious transactions

On the basis of analyses of suspicious transaction (cases) submitted to the competent authorities (Criminal Police Directorate/State Prosecutor's Office), it has been established that the typology of those suspicious transactions has not changed significantly in comparison with the previous year. In most of the cases investigated, the classic money laundering techniques involving the first and second stages of money laundering remained prevalent, while in some cases all three stages of money laundering were involved.

A specific **typology** of money laundering is identified when a **pattern or series of similar procedures (methods) is used to conceal the illicit origin of money or other assets.** These typologies typically include the following key elements:

* A **money laundering mechanism** is an environment or the system, where money laundering activities are carried out in part or in full, and primarily comprises the following groups: financial institutions (banks, savings institutions, brokerage companies, leasing companies), notaries, lawyers, natural persons, legal entities (domestic and foreign companies, shell companies, off-shore companies, sole traders, associations), and money transfer systems (Western Union, MoneyGram), trade in precious metals, gaming halls and casinos, virtual currency exchange platforms, etc.;
* A **money laundering technique** is the method of performing money laundering. These include cash withdrawals and deposits, the electronic transfer of funds between bank accounts (e.g. wire transfers), the use of alternative systems for the transfer of funds, cross-border cash transfers, currency exchange, smurfing transactions, concealment through third parties, the use of the foreign accounts, among others;
* A **money laundering instrument** is the carrier of value used in money laundering operations. These include cash and other forms of money, cheques, bills of exchange, securities, investment gold or precious metals, real estate, vehicles and vessels, companies, virtual currencies, etc.

In order to better understand the above money laundering typologies and their basic elements, it is important to note that several basic elements of the typology may appear in a single case. As a result, the total number of typological elements does not match the total number of cases, as a single case may involve several such elements. Based on the occurrence of individual basic elements of money laundering typologies in 2023, the following was found:

Most commonly used **money laundering mechanisms** in 2023:

* **Financial institutions** (banks and savings institutions): the financial (banking) system was used **in 421 cases.** The most frequently used services of financial (banking) institutions or the financial system that were used to launder money included **accounts of natural persons (63% of cases) and corporate accounts (37% of cases) with banks**. At least 109 cases involved foreign accounts, i.e. either foreign legal or natural persons used accounts in Slovenia or Slovenian legal or natural persons used accounts abroad;
* **Natural persons** were involved **in 374 cases.** The method of use varied, either as self-laundering when an individual committed both the predicate offence and the criminal offence of money laundering, or through the use of natural persons as proxies or third parties through whom money laundering activities were carried out;
* **Legal persons** were involved **in 220 cases**, of which at least 15 cases were shell companies;
* **Virtual asset service providers** were involvedin **32 cases;**
* **Money transfer systems** (MoneyGram and Western Union) were used in **5 cases.**

**Compared to the previous year, the share of cases involving virtual service providers as a money laundering mechanism has increased significantly.**

Most frequently detected money laundering **techniques** in 2023 (found in more than one case):

* **Use of natural persons' accounts** - approximately **17%** of cases;
* **Fund transfers between accounts** - approximately **16%** of cases;
* **Fund transfers between countries** - approximately. **11%** of cases;
* **Use of corporate accounts** - approximately **11%** of cases;
* **Use of Internet banking** – approximately **6%** of cases;
* **Use of accounts abroad** - approximately **6%** of cases;
* **Cash deposits into accounts** - approximately **5%** of cases;
* **Fraud-related transactions** - approximately **6 %** of cases;
* **Cross-border fund transfers** - approximately **4 %** of cases;
* **Cash deposits** - approximately **3%** of cases;
* **Smurfing** - approximately **2%** of cases;
* **Use of virtual currencies** - approximately **2%** of cases.

The most commonly used **instrument** for money laundering in 2023 remained ***money***, identified in almost all cases where reasonable grounds for suspicion of money laundering were established. In addition, ***virtual currencies and sports betting*** was also observed in individual cases. Notably, the share of cases involving virtual currencies rose significantly, reaching 10% in 2023.

**In terms of typologies, core characteristics tend to remain stable over short periods of time. However, in 2023, there was a sharp increase in cases involving the use or misuse of virtual asset service providers, as well as a notable increase in cases where fraud became the predominant typology.**

### Cases referred to the Criminal Police Directorate of the Ministry of the Interior on suspicion of terrorist financing under Article 109 of the KZ-1

In 2023, the Office received **24 reports** of transactions suspected of **terrorist financing.** As in previous years, the majority of these reports were submitted by obliged entities in the payment services sector.

Following an analysis of these reports, the Office found reasonable suspicion of a criminal offence of terrorist financing under Article 109 of the KZ-1 in 5 cases. As a result, these cases were forwarded to the competent authorities in the form of **3 notifications** involving 3 individuals, 2 of whom were foreign nationals.

***Table 5:***  ***Structure of persons involved in cases referred to the Criminal Police Directorate of the Ministry of the Interior and/or the State Prosecutor's Office in 2022 and 2023 on suspicion of terrorist financing***

|  |  |  |
| --- | --- | --- |
| TYPE OF DATA | 2022 | 2023 |
| Number of domestic natural persons | 0 | 1 |
| Number of foreign natural persons | 9 | 2 |
| Number of domestic legal persons | 2 | 0 |
| Number of foreign legal persons | 2 | 0 |
| CURRENCY | AMOUNT | AMOUNT |
| EUR/USD | **EUR 56,121** | **EUR 3,444** |

With regard to cases of suspected crimes of terrorist financing under Article 109 of the Criminal Code (KZ-1), the number of reports decreased in 2023. This decline was mainly due to a change in reporting practices within the payment service provider sector, which in 2023 classified certain cases as money laundering rather than terrorist financing.

In most of the other reports on suspected terrorist financing, the Office identified grounds for suspicion of other criminal offences, including illegal crossing of the state border (Article 308 of the KZ-1), violation of restrictive measures (Article 374a), and recruitment and training for terrorist activities (Article 111). The competent authorities were duly informed of these findings.

For the purposes of terrorist financing prevention, persons against whom the Office opens a case (whether on suspicion of money laundering or terrorist financing) are routinely checked against the EU and UN lists of persons and organisations subject to financial sanctions based on EU Directives and UN Resolutions (Consolidated List of Persons, Groups, Entities subject to EU Financial Sanctions). With the introduction of a new suspicious transaction reporting system, these checks are now carried out immediately upon receipt of a report. In 2023, no persons on the list were identified as having conducted or been connected to financial transactions in Slovenia.

### Cases referred to the Criminal Police Directorate of the Ministry of Interior on suspicion of other criminal offences[[9]](#footnote-9)

In 2023, on the basis of Article 102 of the ZPPDFT-2, the Office MLP sent **238 written information letters** to the competent authorities regarding **258 cases** on suspicion of other offences. Depending on the nature of the offences, the information was forwarded to the following state authorities:

* Financial Administration (117 cases in 105 information letters)
* Ministry of the Interior (103 cases in 101 information letters)
* Ministry of the Interior, Financial Administration (26 cases in 23 information letters)
* Ministry of the Interior, Financial Administration and Slovene Intelligence and Security Agency, Ministry of Foreign Affairs, Commission for the Prevention of Corruption (9 cases in 12 information letters)

The majority of information letters—240, or 60%—pertained to suspected tax evasion under Article 249 of the Criminal Code (KZ-1). In addition, 41 cases involved suspected fraud (Article 211), 17 cases related to illegal crossing of the state border or territory (Article 308), and 10 cases concerned violations of restrictive measures (Article 374a). In some cases, suspicions of other criminal offences were also indicated, while in 85 cases, no specific offence was mentioned.

The total amount reported in the information letters decreased by 16% compared to the previous year. This decrease can be attributed to a lower number of information communicated to the competent authorities, as the average amount per information increased by 36% (from EUR 486,261 to EUR 663,719), along with an 11% increase in the average number of individuals per information (from 2.17 to 2.42). This information is presented in more detail below.

#### Analysis of information letters sent to the Financial Administration of the Republic of Slovenia (FURS)

When, on the basis of the data collected, the Office determines that there are grounds to suspect tax evasion under Article 249 of the KZ-1 in connection with a specific transaction, assets or person, it submits written information to the Financial Administration and the Police in accordance with Article 111 of the ZPPDFT-2. As noted in the previous section, the majority of these information letters—60%—were related to suspected tax evasion under Article 249 of the KZ-1.

In 2023, the Office sent **140 written information** letters to the Financial Administration regarding suspected tax evasion under Article 249 of the KZ-1 or officially prosecuted tax offences.

As regards the information reported both in 2023 and in previous years, the Financial Administration concluded minor offence proceedings against **189** domestic and foreign natural and legal persons in 2023.

In these proceedings, the majority of violations – 63% of the cases – concerned violations of the Tax Procedure Act and the Financial Administration Act.

In addition to its primary role in detecting and preventing money laundering offences, the Office thus plays an important role in detecting and preventing other criminal offences, including tax evasion. The cooperation between the Office and the Financial Administration is considered to be exemplary and highly effective.

# COOPERATION WITH OTHER STATE AUTHORITIES IN DETECTING, INVESTIGATING AND PROSECUTING MONEY LAUNDERING

During the period under review, the Office actively cooperated with the Criminal Police Directorate of the Ministry of the Interior, the Specialised State Prosecutor's Office, the Financial Administration and the Slovenian Intelligence and Security Agency in detecting and investigating money laundering crimes. In specific cases, the Office also collaborated with criminal investigators from several police directorates and even police stations, as well as other state prosecutors. Cooperation with the aforementioned state authorities took place both at head of department level and at the operational level between authorised representatives of state authorities.

In 2023, the Office participated in **five specialised investigation teams** set up by prosecutors' offices on the basis of Article 160a of the Criminal Procedure Act (ZKP) and Article 10 of the Confiscation of Assets of Illegal Origin Act (ZOPNI). From its establishment until the end of 2023, the Office participated in a total of 78 specialised teams, 60 of which were established in accordance with the Confiscation of Assets of Illicit Origin Act (ZOPNI). Cooperation with the Police is considered to be effective, both in specific cases and through mutual training initiatives, including joint training of obliged entities under the ZPPDFT-2.

In 2023, proceedings were initiated in **88** cases involving suspected money laundering offences under Article 245 of the Criminal Code (KZ-1) as part of pre-trial or criminal proceedings. In 66 of these cases, a pre-trial procedure was initiated based on a police report, while in 22 cases the prosecution initiated the procedure independently.

**In the 1995–2023 period, pre-trial or criminal proceedings were initiated in 885 cases due to reasonable suspicion of money laundering offences.**

The following section provides a more detailed assessment of the efforts of the Police, the State Prosecutor's Office and the judiciary to combat money laundering.

## CRIMINAL OFFENCES AND THE IMPLEMENTATION OF ARTICLE 132 OF THE ZPPDFT-2

Pursuant to Article 132 of the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2), the courts, prosecutors' offices and other state authorities are required to forward to the Office data on criminal offences of money laundering and other offences under the ZPPDFT-2 in order to enable the centralisation and analysis of all data related to money laundering. Under this Article, state authorities must report certain data to the Office on a regular basis and provide an annual update of findings regarding the notifications and information received. In addition, state prosecutors' offices and courts must report on individuals who are subject to pending pre-trial, criminal or minor offence proceedings.

**Acting within the scope of their powers, the Police and the State Prosecutor's Office filed criminal complaints or initiated criminal proceedings in 88 cases in 2023.**

In 2023, the number of new initiated criminal and pre-trial proceedings opened increased **from 68 to 88** compared to the year before, marking the highest annual increase in the number of new proceedings opened.

In the last five years, 35% of all money laundering cases initiated since 1995 have been prosecuted.

### Statistical data on money laundering offences reported by the Police

Based on data on criminal complaints filed, which the Police are required to report promptly to the Office, it was determined that in 2023 the Police filed **66 criminal complaints** for money laundering offences, **36 of which contained information that the Office had reported to the Police in its writings.**

Between 2012 and 2023, the Police filed a total of more than **549 *criminal complaints*** on the grounds of reasonable suspicion of money laundering offences.

In 2023 alone, the Police filed a total of 66 such complaints - the highest annual number ever recorded. The graph shows that between 2012 and 2020, approximately 60% of all criminal complaints filed on the grounds of suspicion of money laundering offences were based on notifications from the Office. In the last three years, however, this share has decreased to around 40%, mainly due to a significant number of complaints filed by the Police in 2021 without prior notification by the Office.

### Statistical data on money laundering offences reported by State Prosecutors' Offices

In a pre-trial procedure, the State Prosecutor's Office directs the work of the Police in detecting criminal offences. As the prosecuting authority, it may propose a judicial investigation to the investigating judge on the basis of the criminal complaints from the Police, or it may file direct indictments against suspects. The Prosecutor's Office is thus involved in all stages of pre-trial investigation and criminal proceedings, as described in Section 4.1.4, which outlines the procedural stages in cases involving money laundering. The following data include only cases where the Prosecutor's Office initiated proceedings on its own, without a prior criminal complaint for money laundering from the Police.

According to the data submitted to the Office by prosecutors, in 2023 **prosecutors independently initiated 22 new pre-trial or criminal proceedings, without a prior criminal complaint filed by the Police. Of these, 14 included information from the Office.** Between 2012 and 2023, the prosecutors' offices initiated proceedings in ***105 such cases***, as shown in the graph below broken by year.

***Graph 1: Number of independently initiated prosecution proceedings for the criminal offence of money laundering (without a prior criminal complaint from the Police) in the 2012–2023 period***

Between 2012 and 2016, the Prosecutor's Office independently initiated the prosecution of money laundering offences under Article 245 of the Criminal Code (KZ-1) in an average of 12 cases per year, without a prior criminal complaint from the Police. However, between 2017 and 2021, this number dropped significantly, with an average of only 4 cases initiated per year. In the last two years, an average of 14 criminal proceedings per year have been initiated independently by the prosecution. As shown in Section 4.1.4, the prosecution has also increased the number of decisions to proceed with prosecution at later stages of criminal proceedings.

### Statistical data on pre-trial and criminal proceedings for a criminal offence of money laundering

The data for 2023 provided to the Office by the State Prosecutor's Offices indicate that, as at 31 December 2023, there were **885 cases against 1,364 natural persons and 181 legal persons at various stages of prosecution (ranging from the filing of a criminal complaint to a final court decision).**

The table below shows the number of cases by stage, together with the number and type of suspects, defendants or convicted persons.

***Table 6: Stages of procedure involving money laundering cases as at 31 December 2023.***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| STAGE OF PROCEDURE | Number of cases | Domestic natural persons | Foreign natural persons | Domestic legal persons | Foreign legal persons |
| State Prosecutor's Office: decision has not yet been made | 156 | 116 | 130 | 19 | 3 |
| State Prosecutor's Office: criminal complaint dismissed | 209 | 261 | 126 | 44 | 14 |
| State Prosecutor's Office: prosecution has been delayed | 1 | 1 | - | - | - |
| State Prosecutor's Office: request for investigation | 82 | 129 | 68 | 30 | 4 |
| Investigating judge: investigation initiated | 12 | 29 | 2 | 1 | 1 |
| Court: indictment | 152 | 222 | 88 | 15 | 7 |
| Court: convictions | 118 | 154 | 20 | 6 | - |
| Court: acquittals (final) | 36 | 50 | 10 | 8 | 1 |
| State Prosecutor's Office: withdrawal from prosecution | 27 | 37 | 7 | 2 | - |
| Court: staying of criminal proceedings | 51 | 99 | 18 | 9 | 1 |
| Court: transfer of prosecution abroad | 6 | - | 8 | 1 | - |
| Reclassification of the criminal offence | 7 | 13 | - | - | - |
| Joinder of proceedings | 28 | - | - | - | - |
| TOTAL | 885 | 1111 | 477 | 135 | 31 |

The table shows that by 31 December 2023, proceedings had been finally concluded in 482 out of 885 cases involving the criminal offence of money laundering:

* In 209 cases, the Prosecutor’s Office dismissed the criminal complaints;
* In 36 cases, a final acquittal was issued;
* In 118 cases, a final conviction was reached;
* In 78 cases, the Prosecutor’s Office withdrew from prosecution or the court discontinued the proceedings;
* 6 cases were referred abroad for further consideration;
* 7 cases resulted in classification to a difference criminal offence;
* In 28 cases, the Prosecutor’s Offices or the courts decided to merge pre-trial or criminal proceedings.

In a further **156 cases, the Prosecutor’s Office had not yet taken a decision** on prosecution, while in **one case prosecution had been postponed**. Meanwhile, **pre-trial investigation or criminal proceedings had been initiated in 246 cases** and were at the following stages as at 31 December 2023:

* 82 cases were at the request for investigation stage;
* 12 cases were at the investigation stage;
* 152 cases were at the indictment stage.

The table below shows the number of money laundering cases in criminal proceedings at the end of each year. It shows that, over the last ten years, **an average of 53 new money laundering cases** were opened **for pre-trial investigation or criminal proceedings** each year.

***Table 7: Comparison of the number of cases involving the criminal offence of money laundering by stage of procedure on the last day of each year (2014–2023)***

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| STAGE OF PROCEDURE | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| State Prosecutor's Office: decision has not yet been made | 104 | 94 | 112 | 135 | 141 | 138 | 62 | 72 | 111 | 156 |
| State Prosecutor's Office: criminal complaint dismissed | 55 | 65 | 74 | 82 | 87 | 103 | 176 | 184 | 195 | 209 |
| State Prosecutor's Office: prosecution has been delayed | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| State Prosecutor's Office: request for investigation | 20 | 27 | 31 | 31 | 34 | 48 | 58 | 69 | 76 | 82 |
| Investigating judge: investigation initiated | 60 | 53 | 57 | 58 | 57 | 32 | 13 | 14 | 14 | 12 |
| Court: indictment | 60 | 73 | 77 | 74 | 78 | 102 | 125 | 132 | 134 | 152 |
| Court: convictions | 42 | 60 | 68 | 78 | 83 | 93 | 101 | 107 | 113 | 118 |
| Court: acquittals (final) | 16 | 19 | 22 | 26 | 27 | 28 | 32 | 35 | 35 | 36 |
| State Prosecutor's Office: withdrawal from prosecution | 20 | 25 | 28 | 30 | 31 | 45 | 47 | 48 | 50 | 51 |
| Court: staying of criminal proceedings | 13 | 17 | 20 | 21 | 21 | 24 | 26 | 27 | 27 | 27 |
| Court: transfer of prosecution abroad | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Reclassification of the criminal offence | 5 | 5 | 5 | 5 | 5 | 5 | 7 | 7 | 7 | 7 |
| Joinder of proceedings | 6 | 12 | 12 | 12 | 12 | 12 | 25 | 27 | 28 | 28 |
| TOTAL | **408** | **457** | **513** | **559** | **583** | **637** | **679** | **729** | **797** | **885** |

In 2023, prosecutors dismissed 14 criminal complaints filed on the grounds of suspected money laundering offences.

At the end of 2023, 246 cases were at the prosecution stage (request for investigation, investigation or indictment), representing an increase of 20 cases from the previous year and the highest number since money laundering was criminalised. **In 2023, 5 cases were concluded with a final decision: 4 cases resulted in a final conviction and 1 case resulted in a final acquittal.**

### Data on final convictions for money laundering offence under Article 245 of the Criminal Code (KZ-1) and Article 252 of the Penal Code (KZ)

By the end of 2023, 123 final convictions had been rendered in 118 cases for the money laundering offence under Article 245 of the Criminal Code (KZ-1). A total of 174 persons, namely 147 domestic natural persons, 21 foreign natural persons and 6 domestic legal persons, were convicted. In 36 cases the judgments were upheld by higher courts and in 8 cases by the Supreme Court. The judgements are described in more detail below, focusing only on those parts of the judgments relating to individuals found guilty of money laundering offences. Any sentences relating to predicate criminal offences have been excluded.

In 123 final judgments, the courts imposed 82 prison sentences, of which 8 were converted into community service and 83 were suspended prison sentences. The average non-suspended prison sentence was just under 18 months, with the shortest sentence being 6 months and the longest 5 years. The average suspended prison sentence was 11 months, with a conditional period of two and a half years. The penalties imposed on legal persons included the payment of fines and, in one case, the court even imposed the penalty of dissolution of the legal entity.

Regarding the obtained illegal proceeds, the courts ordered the confiscation of assets in 26 cases, totalling EUR 3,857,782 and USD 30,822. These assets included cash, bank accounts, movable and immovable property. In addition, the courts imposed 109 fines totalling EUR 1,702,489 as accessory sentences and in 51 cases they ordered the restitution of funds obtained from predicate offences totalling EUR 68,327,379.

# LEGISLATION AND OTHER LEGAL MATTERS

In 2023, the Office's activities relating to legal matters comprised the following:

* Drafting opinions and positions on the implementation of the ZPPDFT-2 and its implementing regulations;
* Participating in the drafting and adoption of implementing regulations issued on the basis of the ZPPDFT-2;
* Keeping a register of virtual asset service providers;
* Drafting decisions and responding to requests for access to public information in accordance with the provisions of the Public Information Access Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*], Nos 51/06 - official consolidated version, 117/06 – ZDavP-2, 23/14, 50/14, 19/15 – Constitutional Court Decision, 102/15, 7/18 and 141/22; ZDIJZ);
* Drafting responses and documentation for media enquiries, parliamentary questions, and questions and requests from inquiry commissions of the National Assembly of the Republic of Slovenia;
* Participating in the drafting and harmonisation of regulations issued by other competent authorities;
* Maintaining and updating the Office's website in accordance with the guidelines of the Ministry of Public Administration and the Government Communication Office;
* Compiling and updating the list of high-risk countries;
* Participating in the OECD's review of Slovenia's compliance with the Automatic Exchange of Financial Account Information (AEOI Review) Standard;
* Participating in the European Banking Authority's (EBA) assessment of supervisory practices regarding the implementation of the AML/CFT measures in the banking sector.

## LEGISLATION AND ASSISTANCE IN ITS IMPLEMENTATION

An important task of the Office, in particular of the Legal Affairs and Prevention Division, is to draft **proposals for regulations** on the prevention of money laundering and terrorist financing. It is important to note that, on the one hand, this task involves the transposition of EU directives, which adhere to the principle of minimum harmonisation while taking into account established international standards (FATF recommendations). On the other hand, the regulatory scope has significantly expanded over time. Initially limited to the narrow functions of financial intelligence units, it now encompasses a growing number of sectors, including obliged entities and their supervisory authorities. This often requires a lengthy harmonisation of the provisions of the ZPPDFT-2 with regulations governing specific sectors (such as banking, notary services, etc.), the competences of individual supervisory authorities (operating under different procedural laws), or other areas closely related to the Office's work (such as ​​classified information, personal data protection and similar areas). The dynamics of adopting regulations at the EU level have also created urgency in the preparation of proposals in previous years. Notably, the Fifth Directive was adopted even before the deadline for transposition of the Fourth Directive had expired, and new legislative initiatives were already being prepared at the EU level in 2023. In addition, the risk of divergent interpretations of the Directives' provisions and the principle of minimum harmonisation raised concerns that were subsequently communicated to the European Commission, including through official letters of formal notice.

In the legislative domain, 2023 saw a range of activities, from continued participation in the adoption of new European legislation[[10]](#footnote-10) to the Office's involvement in the drafting and adoption of ten new implementing regulations adopted on the basis of the ZPPDFT-2.

### Implementing regulations

In 2022, the Office began to participate in the drafting of proposals for new implementing regulations required following the adoption of the ZPPDFT-2. It continued these activities in 2023, resulting in the adoption of the following implementing regulations:

* Rules on the technical conditions to be met by safe remotely controlled or electronic procedures and means of identification;
* Decree on the list of functions qualifying as prominent public functions in the Republic of Slovenia;
* Rules on technical requirements for video-based electronic identification devices;
* Rules on the technical requirements for safe-deposit boxes and electronic video-based or biometric-based customer identification devices;
* Rules on low risk and high risk factors for money laundering and terrorist financing
* Decree on activities with a negligible risk of money laundering or terrorist financing;
* Rules on the performance of internal control, authorised persons, the storage and protection of data, professional training and management of the records of liable persons;
* Rules on the register of virtual asset service providers;
* Rules on the method of storage and return of seized cash;
* Decree exempting organisers of classic games of chance from the implementation of measures to detect and prevent money laundering and terrorist financing.

### Written opinions and positions regarding the implementation of the ZPPDFT-2

In 2023, the Office provided written opinions and positions on the implementation of the ZPPDFT-2 **in 94 cases.**

In some cases, it was first necessary to reach a common position regarding the implementation of the Act through cooperation between supervisory authorities. It is generally recognised that the questions raised or requests for assistance in implementing legal provisions are increasingly demanding and complex. This not only necessitates the involvement of multiple areas within the Office but also reflects a qualitative improvement in at least some groups of obliged entities in integrating AML/CTF measures into their business processes.

Key areas of action that were particularly highlighted in written opinions and positions on the implementation of the ZPPDFT-2 are the following:

* Determining the beneficial ownership;
* The register of virtual asset service providers and obligation to register therein;
* The application of customer due diligence measures;
* Conducting customer due diligence using electronic identification means;
* Determining political exposure;
* Interpreting the term "state enterprise";
* Listing individual countries as high-risk countries;
* Identifying the origin of assets;
* Obligations of lawyers and notaries;
* Suspicious transaction reporting;
* The obliged entity's status of crowdfunding service providers;
* Training of employees of obliged entities;
* Permissible use of data on transfers to high-risk countries;
* The status of honorary consuls.

### Register of virtual asset service providers

In 2023, the Office received 13 applications for registration and issued **13 decisions granting registration.** In the same year, the Office also received a notification from a registered provider of the cessation of its services. In accordance with point two of paragraph one of Article 6 of the ZPPDFT-2, the Office removed the provider from the register upon receipt of the notification. In addition, the Office initiated two ex officio procedures to amend data in the register. In one case, the Office issued a decision to update the data in the register, while in the other case, the procedure was concluded with a decision after the service provider notified the Office of the cessation of its services, resulting in the removal of the service provider from the register.

### OECD review

In 2022, the Office participated in the second round review of the OECD peer review process, which assessed Slovenia's implementation of the international standard for the exchange of information on request for tax purposes (EOIR Peer Review). In 2023, Slovenia also underwent the OECD's AEOI Peer Review, which assessed Slovenia's compliance with the Automated Exchange of Financial Account Information (AEOI) standard. The Office's participation focused on cooperation with other national authorities in the AML/CTF area.

Slovenia has not yet received the final report from the assessors.

### EBA review

The European Banking Authority (EBA) launched its supervisory review of the implementation of AML/CFT measures in the Slovenian banking sector in 2023. In accordance with the ZPPDFT-2, supervisory responsibilities in this sector have been assigned to the Securities Market Agency, the Bank of Slovenia and the Office. The EBA assessed the way these authorities exercise supervision and cooperate with each other.

In its report, the EBA recommended that the Office should further strengthen its coordination role and establish a more efficient exchange of information with the other two supervisory authorities regarding the financial sector supervision. It also suggested that the Office develop separate guidelines for the conduct of financial sector supervision and organise additional, preferably joint, training sessions for inspectors from the Office, the Bank of Slovenia and the Securities Market Agency. In addition, the EBA suggested improvements to both the process and the content of the national financial sector risk assessment.

## PUBLIC INFORMATION IN THE MEDIA AND ON THE OFFICE’S WEBSITE

The Office informs the public or communicates with the media through the Public Relations Office of the Ministry of Finance of the Republic of Slovenia. In 2023, it received **25 media enquiries** from various domestic and international television stations, daily and weekly newspapers and other media. The enquiries covered a range of topics, including:

* Disclosure of assets of legal representatives of majority state-owned companies;
* Suspicious transactions reports related to Ukraine and Russia;
* Anonymous reports;
* The activities and responsibilities of the Office;
* Data collection and processing at the Office;
* Collection of data from foreign sources;
* Croatia's inclusion in the list of high-risk countries;
* Online fraud;
* Remote identification of customers, etc.

In 2023, the Office also received requests for information on specific cases. However, the Office could only clarify that it was not in a position to disclose information on specific cases classified at the appropriate level in accordance with the Classified Information Act.

Important AML/CFT developments were also communicated to the public through the "News" section of the Office's website.

# INSPECTION

## INSPECTION PROCEDURES

The Office has an independent Inspection Division, whose main task is to carry out inspections and to cooperate with other inspection bodies responsible for supervision under the ZPPDFT-2 (Bank of Slovenia, Securities Market Agency, Insurance Supervision Agency, Financial Administration, Market Inspectorate, Agency for Public Oversight of Auditing, Bar Association and Chamber of Notaries). **As the central national authority for the prevention of money laundering and terrorist financing, the Office has supervisory powers over all obliged entities referred to in Article 4 of the ZPPDFT-2**. In addition to the Office, other inspection bodies are also competent to inspect individual obliged entities. In 2023, the Office's inspections primarily targeted obliged entities that were not within the competence of other inspection bodies. These were selected in accordance with the strategic guidelines and priorities of the Inspection Division.

In accordance with the ZPPDFT-2 (and previously also under the ZPPDFT-1), obliged entities in both the financial and non-financial sectors have specific responsibilities to detect and prevent money laundering. They must incorporate the prescribed preventive measures into their activities in order to reduce the risk of money laundering or terrorist financing. The mandatory tasks that obliged entities must perform in order to detect and prevent money laundering and terrorist financing include the following:

* Conducting an AML/CFT risk assessment;
* Establishing policies, controls, and procedures to effectively manage and mitigate the risks of money laundering and terrorist financing;
* Implementing measures to acquire knowledge about the customer, including beneficial ownership (hereinafter: customer due diligence);
* Reporting the prescribed and requested information and submitting relevant documents to the Office;
* Appointing authorised persons and their deputies and ensuring appropriate working conditions for them;
* Providing regular professional training for employees, and ensuring regular internal controls over the performance of duties;
* Drawing up a list of indicators to identify customers and transactions that may give rise to reasonable suspicion for money laundering or terrorist financing;
* Ensuring data protection and retention, and managing the records stipulated by law;
* Implementing group-wide AML/CFT policies, procedures, and measures in own branches, subsidiaries and majority-owned subsidiaries in third countries.

As obliged entities play an important role in detecting and preventing money laundering, their activities must be closely monitored, supervised and trained. Risk assessment and a thorough understanding of customers and their intentions are crucial in identifying and preventing money laundering. Customer due diligence allows obliged entities to establish and confirm the identity of customers and determine the purpose of transactions or the intended nature of the business relationship. Through customer due diligence, they reduce the risk of dealing with a customer who may attempt to use their services for money laundering or terrorist financing purposes. Customer due diligence also includes the identification of beneficial owners and politically exposed persons. If an obliged entity suspects that the customer's business activities are related to money laundering or terrorist financing, it must inform the Office and follow the prescribed procedures. Obliged entities must ensure that their activities do not facilitate the introduction of criminally derived funds into the legitimate financial system, as they must not engage in transactions related to money laundering or terrorist financing. In addition, by keeping detailed records of all transactions, they ensure the preservation of evidence necessary for the prosecution of money laundering or terrorist financing offences.

In 2023, acting in accordance with the adopted strategic guidelines and inspection priorities, **the Office intensified its inspections of obliged entities providing accounting services, tax advisory services, and corporate or fiduciary services.** Although this group of professions has been classified among obliged entities since the establishment of the AML/CTF scheme, supervisory responsibility for them remained undefined for a long time, resulting in inadequate supervision. A key characteristic of this group of obliged entities is its in-depth insight into customers' business operations, which makes them key players in detecting and preventing money laundering. However, due to a lack of awareness and information, many of these entities are often unaware of their role in AML/CFT efforts.

The Office is also responsible for **overseeing the registration of beneficial owners of business entities in the Register of Beneficial Owners.** Criminal networks often use *mailbox companies* or *shell companies* to launder money, deliberately avoiding the appearance of their name or identity in the company's ownership structure, all with the aim of concealing the origin of illicit assets and obscure the true economic owner of these assets. In order to prevent such practices, regulations have been introduced, making it obligatory to enter data on beneficial owners in the register of beneficial owners and establish procedures to verify these data.

**In 2023, the Office carried out a total of 441 independent inspections in the following areas: 252 inspections on beneficial ownership, 187 independent on-site inspections to assess compliance with the obligations under the ZPPDFT-2, 2 indirect inspections focusing primarily on the above-mentioned categories of obliged entities, and 2 inspections of obliged entities in the financial sector.**

## THE OFFICE AS A MINOR OFFENCE AUTHORITY

The ZPPDFT-2 clearly defines violations and specifies the categories of persons whose actions are subject to sanctions (violations by obliged entities, business entities with respect to beneficial ownership data, beneficial owners, as well as specific violations by accounting and auditing companies, tax consulting firms, lawyers, notaries, and virtual asset providers, among others). The amount of the minimum fines has been slightly reduced as compared with the provisions of the ZPPDFT-1. Violations under the ZPPDFT-2 are classified according to the seriousness of the offence, as follows:

* Most serious offences (fines range from EUR 6,000 to EUR 120,000 for legal persons, from EUR 400 to EUR 4,000 for responsible persons of legal persons, and from EUR 1,000 to EUR 40,000 for sole traders and self-employed persons;
* Serious offences (fines range from EUR 3,000 to EUR 60,000 for legal persons, from EUR 200 to EUR 2,000 for responsible persons of legal persons and from EUR 500 to EUR 20,000 for sole traders and self-employed persons);
* Minor offences (fines range from EUR 1,500 to EUR 30,000 for legal persons, from EUR 100 to EUR 1,000 for responsible persons of legal persons and from EUR 250 to EUR 10,000 for sole traders and self-employed persons.).

In total, the Office initiated **9 minor offence proceedings** on the basis of the violations found.

## DETECTED VIOLATIONS

In 2023, **the Office carried out 252 inspections of business entities** regarding the Register of Beneficial Owners. They were primarily based on notifications received from banks and other obliged entities. **Violations were found in 212 cases.** However, with the exception of three cases (where offenders initially failed to report beneficial ownership data), no formal minor offence proceedings were initiated. Instead, due to the nature of the irregularities and the efforts made by the obliged entities to rectify them, all issues were resolved through the "soft skills" of inspectors.

In addition, the Office **carried out 189 inspections** to assess compliance with obligations under the ZPPDFT-2, **finding at least one violation in around 90% of cases.** The most common violations or deficiencies related to customer due diligence, staff training and internal controls. As a result, the Office issued regulatory decisions requiring obliged entities to remedy the identified violations within a specified timeframe.

# INTERNATIONAL COOPERATION

The legal basis for the Office's international cooperation is set out in Articles 114, 115 and 117 of the ZPPDFT-2, which authorise the Office to exchange information with foreign AML/CFT authorities. This chapter of the ZPPDFT-2 also sets out the conditions under which the Office may temporarily suspend a transaction at the initiative of a foreign authority, or within the scope of its AML/CFT responsibilities, submit a written initiative to a foreign authority to suspend a transaction based on reasonable suspicion for money laundering or terrorist financing.

The Office is also vested with certain powers under the Council of Europe Convention No. 198 on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, which Slovenia signed on 28 March 2007, ratified on 26 April 2010, and which subsequently entered into force on 1 August 2010. Under the Convention, the Office acts as the central authority through which all requests and applications relating to money laundering, the detection, seizure and confiscation of the proceeds of money laundering and terrorist financing are to be channelled.

The Office's international cooperation is divided into multilateral and bilateral cooperation, which are described in more detail below.

## MULTILATERAL COOPERATION

This section presents the Office's activities, which in 2023–consistent with previous years–were primarily focused on cooperation within the international EGMONT Group, the Council of Europe, and EU bodies.

### International EGMONT Group

In 2023, the EGMONT Group's working group meeting was held in Senegal from 30 January to 3 February 2023, while the plenary meeting was held in the United Arab Emirates from 3 July to 7 July 2023. Representatives of the Office participated virtually in both events.

The Senegal meeting appointed the vice-chairs of working groups, namely Carine Charlette Katinic (representative of the FIU-Mauritius) and Andrej Banyai (representative of the FIU-Hungary) for the Information Exchange Working Group, and Philip Hunkin (representative of the FIU-Isle of Man) for the Technical Assistance and Training Working Group.

Much attention was paid to the war in Ukraine and the EGMONT Group's measures against the Russian Federation.

In the United Arab Emirates, the EG Plenary Thematic Discussion highlighted the use of advanced IT technologies by FIUs to enhance their operations, the modernisation of the Egmont Secure Web System, and the benefits of the EGMONT Group's cooperation with the private sector. The funding of the Egmont Group's activities and the level of annual membership fees for FIUs were also discussed.

The EGMONT Group Committee endorsed the existing format for working group and plenary meetings, which will continue to be held in a hybrid format.

The Information Exchange Working Group reviewed projects aimed at strengthening bilateral and multilateral information exchange to improve knowledge and understanding of key money laundering and terrorist financing risks and threats to national security. Individual FIUs shared specific AML/CFT case studies covering corporate risks, drug smuggling and emerging typologies and trends in money laundering and terrorist financing.

The Membership, Support, and Compliance Working Group confirmed that the FIUs of Iraq, Lesotho, Zimbabwe and Laos meet all the criteria for membership of the Egmont Group. The Group also adopted its work plan for the 2023–2024 period.

The Egmont Group Policies and Procedures Working Group discussed several key issues, including ongoing efforts to remove barriers to bilateral and multilateral information exchange between FIUs by raising awareness of information exchange rules, support and compliance measures, developing new guidelines for activities, and enhancing information sharing between FIUs.

The Technical Assistance and Training Working Group discussed the 2023-2024 Business Plan, focusing on enhancing the effectiveness of FIUs and strengthening members' skills and knowledge of its members through comprehensive training and initiatives. It was agreed that during this period the group would also focus on removing barriers to the bilateral and multilateral information exchange between FIUs and conducting analyses on the recovery and seizure of virtual currencies.

The regional groups discussed in particular the EGMONT Biennial Census Questionnaire, the EGMONT Group Chair's priorities for 2023-2024 and how regional groups can support their implementation, the modernisation of the IT system, including the ESW, and the main operational mechanisms of the EGMONT Group Strategic Plan.

The Europe I Regional Group, which includes Slovenia as a member, held two additional meetings in 2023 outside the regular Working Group and Plenary meetings. They took place on May 10 and June 15. Discussions focused on providing first-level support for the new ESW, which is part of the overall supporting concept for the introduction of the new ESW, a component of the "EG IT Renewal" project.

Participants also exchanged views on the CJEU's November 2022 ruling regarding access to public beneficial ownership data, recognising its importance for AML transparency. Regarding the EGMONT Biennial Census, the group supported the proposal to postpone it for a year in view of the ongoing ESW reform. The Coordination and Support Mechanism Working Group outlined its role in aligning FIUs' views on the European Commission's proposed AML legislative package, in particular highlighting the importance of the new Anti-Money Laundering Authority (AMLA) and the functioning of FIUs within its framework in the coming years. At the plenary meeting, the Head of the Financial Intelligence Unit of Latvia was appointed as the new regional representative, succeeding his Dutch counterpart. The mandate of the second Regional Representative, from Germany, will expire next year.

### Council of Europe

In 2023, the Office focused on the activities of the Committee of Experts of the Council of Europe on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).

#### The Committee of Experts of the Council of Europe on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

On 25 April 2023, the MONEYVAL Committee Secretariat hosted a high-level meeting in Warsaw. Senior representatives of Member States, together with their delegations, adopted a declaration reaffirming their commitment to combating money laundering and terrorist financing. They also endorsed the MONEYVAL Strategy for 2023–2027. The declaration underlines a strong commitment to international and regional efforts aimed at combating money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. It also emphasises the commitment to significantly enhancing both individual and collective measures to strengthen compliance with international standards and improve overall effectiveness over the next five years.

In 2023, the MONEYVAL Committee held its 65th and 66th plenary meetings. A detailed overview of their key topics is provided below:

The 64th plenary meeting was held from 22 to 26 May 2023, during which the 5th round evaluation reports for North Macedonia and Romania were reviewed and adopted. Albania and Slovenia also reported on their progress as part of the 5th round evaluation process. Albania will have to report again in two years' time on the measures taken to address the shortcomings identified. However, Slovenia successfully improved its ratings for two FATF Recommendations - R15 and R32 - leaving only one lower rating ("partially compliant") for the key recommendation R5 (the criminalisation of terrorist financing). Although an amendment to the Criminal Code was adopted in early 2023, it could not be taken into consideration in Slovenia's progress report, which had to be submitted by November 2022. As a result, the Secretariat decided that, for the time being, Slovenia would remain under Step 1 of MONEYVAL Compliance Enhancing Procedure. Slovenia reported on its progress on recommendation R5 at the plenary meeting in December 2023.

The meeting also addressed rules of procedure, preparations for the 6th round of MONEYVAL evaluations and the AML/CFT activities of other international organisations (EAG, EBRD, IMF and others).

At the 65th plenary meeting, held from 11 to 15 December 2023, the 5th round evaluation reports for Azerbaijan and Montenegro were reviewed and adopted. The progress reports of Croatia and Serbia were approved through a written procedure and were therefore not discussed at this plenary meeting. The Secretariat presented its analysis of the reports of the Czech Republic and Lithuania, both of which were placed under Step 1 of the MONEYVAL Compliance Enhancing Procedure due to insufficient progress on key recommendation R6.

During this Plenary, the Secretariat also reported on Slovenia's 6th progress report. Slovenia successfully upgraded the rating for its last outstanding recommendation (R5), thereby completing the 5th round of the evaluation process. As a result, the Compliance Enhancing Procedure against Slovenia was lifted.

At the meeting, the FATF presented the universal procedures for the next evaluation round, while MONEYVAL outlined its own procedures for the 6th evaluation round based on these guidelines. The discussions focused on the draft template questionnaires for technical (legal) compliance - including its statistical data component - and effectiveness, as well as the planned order of countries for the next evaluation round.

During this Plenary, Mr Nicola Muccioli (Director of SAN Marino FIU) was elected as Chair of MONEYVAL. No further elections were necessary as the number of candidates matched the number of positions available. As a result, Mr Astghik Karamanukyan from Armenia and Mr Matis Maeker (Director of the Estonian FIU) were appointed as Vice-Chairs, while Ms Jennifer Palpacuer (Director of the Monaco FIU) and Mr Daniel Spaicu (Director of the Moldovan FIU) joined the Bureau as members.

#### The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism

The Council of Europe adopted a Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (hereinafter: Convention CETS No. 198), which Slovenia ratified in 2010. The Convention aims to combat money laundering and terrorist financing. It establishes the fundamental principle that signatory states must take such measures as may be necessary to detect, trace, identify, freeze, seize and confiscate objects, proceeds or property of illicit origin, used or allocated to be used by any means, in whole or in part, for the financing of terrorism, or the proceeds of this offence, and to provide co-operation to this end to the widest possible extent. One of its key principles is its support for direct communication between the States Parties and their professional bodies, as well as the obligation to exchange information between the participating bodies of the States Parties. In Slovenia, the Office of the Republic of Slovenia for Money Laundering Prevention is the primary authority responsible for sending requests under Chapter IV (International Cooperation), responding to such requests and ensuring their implementation or referral to the competent authorities.

In November 2023, a representative of the Office, together with a representative of the Slovenian Ministry of Justice, attended the 14th Regular Conference of the States Parties to the Convention CTSE No. 198.

Estonia and Morocco participated as States Parties for the first time. The representative of the European Union reported on the planned ratification process, which is expected to be completed by the end of 2024.

As a regular agenda item, the state of declarations and reservations to the Convention were discussed, resulting in a proposal for the Presidency to explicitly encourage States Parties to review their declarations and the relevance and necessity of individual reservations, in particular with regard to thematic monitoring reports on the Convention's implementation. Reservations at the time of ratification of the Convention were no longer necessary. A special letter will therefore be addressed to the relevant competent authorities in Poland, Slovenia, the Russian Federation, and Ukraine.

Azerbaijan, Bosnia and Herzegovina, Monaco, Croatia, Romania, the United Kingdom, Ukraine, the Netherlands, Moldova and the Russian Federation reported on recent legislative developments, major cases of cooperation among States Parties, trainings and awareness-raising events. Under thematic monitoring procedure, Estonia's implementation of the Convention was reviewed, while the Kingdom of Morocco and the country of Aruba (Kingdom of the Netherlands) will be subject to further monitoring. A follow-up report on Articles 11, 25 and 14 was adopted, taking into account the progress made by Azerbaijan and San Marino.

Taking into account the conclusions set out in the reports concerning several States Parties (Armenia, North Macedonia, Montenegro, the Russian Federation, Serbia, Türkiye), which showed unsatisfactory progress, it was decided that the President of the Conference of the Parties would write a letter to the Parties' Heads of Delegations and Permanent Representatives to the Council of Europe. The discussion on the implementation of Article 11 highlighted the need to update the Interpretative Note on Article 11.

The plans of the Presidency and the Executive Secretary for developing standards within the framework of an additional protocol to the Convention were also addressed. The establishment of the committee of experts on criminal asset recovery is planned, which will operate under the authority of the Committee of Ministers and the European Committee on Crime Problems (CDPC) from 2024 to 2026. The committee is expected to cooperate closely with the COP under Warsaw Convention.

Presentations by representatives from Belgium, Croatia, France, Italy, Malta, Romania, and the United Kingdom highlighted the diversity of systems for managing confiscated assets.

In a secret ballot, Ms Oxana Gisca from Moldova was elected as the new President of the Conference, succeeding Ioannis Androulakis of Greece, whose second and final consecutive term had come to an end. The representative of the Netherlands was elected as Vice-President, while representatives from Türkiye, Azerbaijan and Armenia were elected as members of the Bureau.

### European Union

#### Council of the European Union and European Commission

In line with the Action Plan adopted in May 2020, the European Commission published in July 2021 a package of four legislative proposals (AML package) to combat money laundering and terrorist financing at EU level. The proposals include:

* **Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;**
* **Directive on mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;**
* **Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism;**
* **Regulation on information accompanying transfers of funds and certain crypto-assets.**

The proposals are based on several decisions adopted by the Council of the EU in previous years, the European Commission's supranational risk assessments, four special reports from July 2019 and its Action Plan from May 2020. The Action Plan is based on six pillars, three of which are directly addressed by the new legislative package. The purpose of these proposals is primarily to harmonise the implementation of measures by obliged entities across the EU, establish a new EU supervisory authority, and strengthen cooperation between EU Member States' financial intelligence units (FIUs). The harmonisation of EU AML/CTF rules is to be achieved by transposing parts of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing into a directly applicable regulation. This will create a level playing field in the common market and ensure uniform application of provisions across the EU, particularly by aligning rules for the private sector.

The proposed new Regulation includes all directly applicable requirements for obliged entities (customer due diligence, provisions on beneficial owner identification, reporting obligations, etc.). The proposed new Directive, the sixth in the series, sets out the tasks and powers of supervisors and FIUs, rules on information exchange, public oversight of self-regulatory bodies, powers to verify data in the beneficial ownership register and the interconnection of transaction account registers.

A separate Regulation sets out the rules for the appointment of a new EU-level anti-money laundering supervisor to act as the central authority within an integrated supervisory system and will also include national supervisors. In addition to directly supervising the riskiest obliged entities in the financial sector, the new authority will coordinate and guide the activities of national supervisory authorities. Its main tasks will include the establishment of common supervisory methodologies, the directly supervision of the riskiest financial institutions, and the enhancement of cooperation and joint analyses between FIUs.

The new legislative package also includes an amendment to the current Regulation 2015/847/EU on information accompanying transfers of funds, which sets out rules regarding information on payers and payees accompanying transfers of funds. The package does not cover transfers of crypto-assets, which pose a comparable risk of money laundering and terrorist financing as cash and electronic money. It does, however, ensure the transposition of the revised recommendation R15 of the FATF standards into the EU legal order.

The Office's employees were involved in the consideration of the AML package, in particular in the preparation of meetings of the Council Working Party on Financial Services. Under the Slovenian Presidency of the Council of the EU, negotiations on the package started and progressed, leading to the adoption of the Council's general position on the Regulation on information accompanying transfers of funds and on certain crypto-assets. In 2022, negotiations continued on the remaining three proposals, all of which also reached a general approach in the Council. These were: the Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism in June 2022 (partially, without determining the registered office of the Authority), as well as the Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing; and the Directive on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing in December 2022.

Negotiations continued in 2023 under the Swedish and later under the Spanish Presidencies of the Council of the EU in the framework of trialogues. The Office's representatives contributed to the formulation of positions and supported the Permanent Representation to the European Union. As a result, political agreement was reached in December 2023 on the Regulation establishing the AMLA Authority, while significant progress was made in aligning the positions of the Council and the European Parliament on the remaining Regulation and Directive.

#### Expert Group on Money Laundering and Terrorist Financing – EGMLTF

In 2023, representatives of the Office took part in three meetings of the Expert Group on Money Laundering and Terrorist Financing (EGMLTF) at the European Commission, one of which was held in person in Brussels.

The meetings focused on the following topics:

* Finalisation of the European Commission's report on the effectiveness of the implementation of the AMLD4;
* Development of a consolidated list of politically exposed persons (PEPs) across all EU Member States;
* Development of regulatory technical standards for the anti-money laundering (AML) database at the European Banking Authority (EBA);
* Monitoring the transposition of the AMLD5 into national legislations;
* Preparation of FATF Working Groups and Plenary Meetings in terms of considering individual country evaluation reports as well as in terms of participating in the FATF projects and topics (preparation for the next round of evaluations, draft guidance on R24 regarding beneficial ownership of legal entities; revision of R25 regarding beneficial ownership legal arrangements, revision of R4/R38 regarding the confiscation of proceeds from crime; revision of R8 on combating the abuse of NPOs for terrorist financing; project to prevent unintended consequences of implementing the FATF standards; project on the abuse of art for ML/TF; the misuse of citizenship and residency investment schemes; efficiency of IO.7 and challenges with ML investigation and prosecution; virtual assets contact group; revision of R16 on the traceability of cross-border payments; crowdfunding and terrorist financing; cooperation with the asset recovery inter-agent networks (CARIN); revision of guidelines on national risk assessments);
* Creation of ad-hoc sub-group in the non-financial sector to prepare for the implementation of the new AML legal framework.

The content discussed by this group mainly relates to the implementation of the European Commission's Action Plan for a comprehensive EU policy on anti-money laundering and countering the financing of terrorism as a proposal to eliminate the identified shortcomings in the existing legislative framework.

#### Financial Intelligence Units' Platform (FIU)

In 2023, the FIU Platform Expert Group held four meetings (two of which were in-person) of FIUs' representatives. The meetings were organised by the European Commission and were also attended by the Office's representatives. Key topics discussed:

* Implementation of the EU FIUs' Platform work plan (2022-2023) and monitoring of the working groups focusing on (i) FIU.net statistics, (ii) XBD/R, (iii) the content and format of information exchange between FIUs and (iv) the content and format of reports, in particular in the context of upgrading the functionalities of the FIU.net to better support analyses;
* Development of comprehensive bases for revising the business requirements for FIU.net or preparing for its upgrade (Next-Generation' FIU.net);
* Monitoring the work of the FIU.net Advisory Group (AG), the Business Implementation Group (BIG) and the Change Management Board (CMB);
* Updates on the negotiations of the AML package and the activities of the Coordination and Support Mechanism (CSM) Working Group;
* Presentation of the AMLA Working Group;
* Presentation of the European Commission's anti-corruption initiatives;
* Presentation of the Action Plan against cultural goods trafficking;
* Presentation of the restrictive measures against the Russian Federation;
* Digital transformation tools and technologies to support the work of FIUs;
* Presentation of the functioning of the EuReCa system at the EBA;
* Launch of the project on the use of information exchanged between FIUs and its further dissemination based on consent;
* Launch of the project on IT security and use
* EBA Opinion on ML/TF risks affecting the EU financial sector;
* Undesirable foreign funding (UFF) and the challenges for preventing and countering violent extremism;
* AML/CFT risk analysis in correspondent banking;
* Personal data protection and confidentiality obligations in the work of FIUs.

In special closed sessions, attended exclusively by FIU representatives without observers, the main topic in 2023 was the role of FIUs in implementing EU restrictive measures in response to the crisis in Ukraine. The discussion highlighted the fundamental prerequisite for the FIU's mandate, i.e. the suspicion of money laundering, predicate criminal offences or terrorist financing. It was noted that of all EU Member States, only four FIUs have specific powers in relation to restrictive measures. The sessions also addressed the exchange of information between FIUs and third countries, in particular with the Russian Federation following its invasion of Ukraine and with the United Kingdom following its exit from the EU. Furthermore, the sessions examined the risks associated with non-fungible tokens (NFTs).

#### Committee on the Prevention of Money Laundering and Terrorist Financing – Interconnection of BO registers

In 2023, representatives of the Office and the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) attended three meetings of the Committee on the Prevention of Money Laundering and Terrorist Financing (CPMLTF) – Interconnection of BO registers. The meetings were held remotely via a videoconference.

The Commission Implementing Regulation (EU) 2021/369 establishing the technical specifications and procedures required for the system of interconnection of central registers referred to in Directive (EU) 2015/849 of the European Parliament and of the Council was adopted on 1 March 2021. The text of the Regulation sets out the methods of communication, communication protocols, security standards, data to be exchanged in the framework of BORIS (Beneficial ownership register interconnection system), the structure of a standard message format, data for the platform, the methods of operation of the system and the IT services provided by the platform, search criteria, payment methods and online registration, as well as the availability of services.

The IT sub-group of the Committee has been very active in assisting Member States to establish the necessary connections for the operation of BORIS. In 2023, twelve countries were connected to the DIGIT components. Two Member States were connected in production and two were on stand-by in the production environment. In addition, four countries were connected and conducted E2E Integration Testing in the Acceptance Environment. The Commission confirmed that all components were ready for the production version BORIS v2 and were planned to go live in November 2024.

Progress in linking national registers to BORIS was halted by a judgment of the Court of Justice of the European Union (CJEU) on 22 November 2022 in Joined Cases C-37/20 and C-601/20. The Court ruled that the provision of the Anti-Money Laundering Directive (AMLD) requiring Member States to ensure that information on the beneficial ownership of companies and of other legal entities incorporated within their territory is accessible in all cases to any member of the general public was invalid. According to the CJEU, granting public access to beneficial ownership information constitutes a serious interference with the fundamental rights to respect for private life and the protection of personal data, as enshrined in Articles 7 and 8 of the EU Charter of Fundamental Rights (Respect for private and family life, Protection of personal data). The judgment emphasised that individuals who do not pursue legitimate legal objectives could still access and disseminate the information contained in the beneficial ownership registers. Although the purpose of the provision was to respect the principle of transparency, the Court found that it was an excessive interference. Access was granted through online registration, which was considered insufficient to ensure a balance between public interest objectives and fundamental rights guaranteed by Articles 7 and 8 of the Charter, nor did it provide adequate safeguards to protect individuals' personal data from potential misuse.

Following the CJEU Judgment of 22 November 2022 in Joined Cases C-37/20 and C-601/20, Member States adopted different approaches to address this issue. In 2023, the Commission tested two access methods for VIP1 obliged entities (financial sector), namely eIDAS and EU Login. There were also intense discussions on public access, especially in the light of the Court's ruling. Some Member States temporarily suspended public access, while others explored mechanisms for verifying and proving legitimate interest in accessing BO information.

#### EBA Standing Committee on Anti-Money Laundering and Financing (AMLSC)

The European Banking Authority (EBA) has competences in anti-money laundering (AML) and countering the financing of terrorism (CFT), in addition to its broader supervisory responsibilities in the European banking sector. The Office participates in the EBA's Anti-Money Laundering Standing Committee (AMLSC) as one of Slovenia's financial sector supervisors on AML/CFT matters. Other primary financial sector supervisors participating in the AMLSC include the Bank of Slovenia, the Securities Market Agency and the Insurance Supervision Agency.

The AMLSC held six meetings in 2023, focusing on the following key issues

:

* Adoption of guidelines on AML/CFT policies and controls to effectively manage risks when providing access to financial services;
* EBA Opinion on ML/TF risks affecting the EU financial sector;
* Transfer of EBA's AML/CFT supervisory responsibilities to the new European authority - The Anti-Money Laundering Authority (AMLA);
* Supervisory challenges related to virtual asset service providers (VASPs);
* Participation of national supervisory authorities in the EBA's joint supervisory colleges;
* Functioning of the EuReCa database, which contains information on risks faced by financial institutions, identified deficiencies and remedial actions taken.

## BILATERAL COOPERATION

In keeping with past practice, bilateral cooperation in 2023 was also characterised by numerous interactions between the Office and its foreign counterparts to exchange information on specific cases, as described below.

### International cooperation based on the provisions of the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2)

In 2023, the Office sent 470 requests under Article 114 of the ZPPDFT-2 to counterpart FIUs in 55 countries, marking an increase of 86% compared to 2022. In addition, under Article 115 of the ZPPDFT-2, the Office submitted 58 spontaneous information reports to FIUs in 28 countries, a decrease of 41% compared to 2022.

Under Article 115 of the ZPPDFT-2, the Office received 90 requests from 30 countries in 2023, including two from Europol, which was also a decrease of 17% compared to the previous year. In addition, 71 spontaneous information reports were received from 14 countries, also a 41% decrease compared to 2022.

Compared to 2022, there was a significant increase in the number of requests sent to foreign counterparts, while the number of spontaneous information reports sent and the number of requests and spontaneous information reports received decreased.

In 2023, the Office exchanged the most information with the competent authorities of Lithuania, the United Kingdom, Germany, Croatia, Italy, Spain, Slovakia and several other countries.

### Signed Memoranda of Understanding (MOUs) on information exchange

Cooperation with foreign FIUs can be further enhanced by signing legally non-binding agreements known as Memoranda of Understanding (MOUs) on information exchange. In some countries the MOU is mandatory for the exchange information between FIUs.

Since its establishment in 1995, the Office has already signed a total of 52 MOUs on information exchange by the end of 2023.

### Other forms of bilateral cooperation (bilateral technical assistance to North Macedonia)

On the basis of an intergovernmental agreement between North Macedonia and Slovenia, the Office has been engaged in a bilateral technical assistance project since 2013. This project supports North Macedonia in establishing the effective operation of the North Macedonian Financial Intelligence Office for Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). The agreement between the Slovenian Ministry of Foreign Affairs and the Office for the implementation of the project in 2023 was signed in September 2023.

The first working visit of the Office's representatives to Skopje took place from 25 to 27 September 2023, while the visit of representatives from the North Macedonian counterpart office to Ljubljana took place from 9 to 12 October 2023.

The working visit to Skopje focused on updates on European AML/CTF legislation, the exchange of experiences on virtual asset service providers (VASPs), their anti-money laundering compliance obligations and cooperation with the Office. Discussions also focused on risk assessment activities, such as the national AML/CFT risk assessment, specific strategic analyses and related issues.

During the visit of the North Macedonian colleagues to Ljubljana, the focus was on trends and typologies of money laundering and terrorist financing, the use of data from both counterparts in judicial proceedings and the activities of virtual asset service providers. They also discussed the supervision of their activities and cooperation with the Office.

### International cooperation under Council of Europe Convention No. 198

As mentioned earlier in this Section, the Office is the central authority responsible for submitting requests under Chapter IV (International Cooperation) of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (Convention No. 198).

In 2023, on the basis of this Convention, the Office received **5 requests from Slovenian courts** for the enforcement of their decisions on the confiscation of proceeds of crime in third countries. The Office also received **one request from a foreign authority**, which was subsequently forwarded to the competent Slovenian court.

# PREVENTION

## PROFESSIONAL TRAINING

In accordance with Article 87 of the Prevention of Money Laundering and Terrorist Financing (ZPPDFT-2) and the Rules on the performance of internal control, authorised persons, the storage and protection of data, professional training and management of the records of liable persons, the obliged entities are required to provide regular professional training on the detection and prevention of money laundering and terrorist financing to all employees performing AML/CTF tasks under the ZPPDFT-2. Pursuant to Article 125 of the ZPPDFT-2, the Office also participates in the professional training of obliged entities. On this basis, the Office's representatives delivered several lectures at various seminars and conferences in 2023.

### Professional training and lectures in Slovenia

The lectures delivered by the Office's representatives in Slovenia primarily targeted entities obliged under the ZPPDFT-2, including banks, asset management companies, tax advisors, notaries and similar institutions. Preventive activities were conducted in the form of training for representatives of other state authorities involved in combating money laundering and terrorist financing, as well as raising public awareness of these issues.

### Professional training and lectures abroad

In September 2023, the Office's representatives took part in a three-day working visit to North Macedonia as part of the bilateral technical assistance programme. This was followed by a three-day return visit of representatives of the Macedonian FIU took place in October 2023.

# LOGISTICS AND INFORMATION TECHNOLOGY

## ORGANISATIONAL AND PERSONNEL MATTERS

### Staffing trends and structure

As at 31 December 2023, the Office employed a total of 30 staff members, including the Director, representing an increase of one compared to 31 December 2022. In accordance with the Rules on internal organisation and job classification of the Office of the Republic of Slovenia for Money Laundering Prevention, 31 posts were systematised within the Office, resulting in an occupancy rate of 96.8% at the end of 2023.

As at 31 December 2023, the Office employed seven staff members with a Master's degree (23.3%), 22 staff members with a university degree or higher professional education (73.3%) and one staff member with upper secondary technical education (3.3%).

## FINANCIAL AND MATERIAL OPERATIONS

The Office's financial plan for 2023 initially provided for **a budget of EUR 1,496,823, which was later adjusted to EUR 1,475,436 following a budget revision.** At the Office's request, the allocation of funds to specific budget items was slightly modified at the end of the year due to minor reallocations made during the year. Of the planned budget, **a total of EUR 1,326,082 - or 89.87% of the allocated funds** - was spent on salaries and other staff-related expenses, goods and services, the Egmont Group membership fee and minor investments.

## INFORMATION TECHNOLOGY

The Office's IT Service operates within the General Affairs and IT Support Division.

In 2023, the IT support team maintained internal network IT solutions, either independently or through external contractors. The following IT solutions were maintained:

* ISUPPD **and EPPD IT** solutions, in cooperation with A-soft d.o.o.;
* Document Management System KRPAN, in cooperation with Avtenta d.o.o.

In addition, the Office's IT Support Division carried out the following activities in 2023:

* + Maintenance of the Office's databases and records system;
  + Collection, storage, and publication of data on cash transactions and transfers to high-risk countries;
  + Administration and maintenance of the Office's internal servers;
  + Archiving of received data;
  + User training and equipment installation;

Ensuring the smooth operation of IT technology to support remote work.

1. *Obliged entities, as defined in Article 4 of the Prevention of Money Laundering and Terrorist Financing Act* *(hereinafter: ZPPDFT-2), are classified into financial entities (such as banks, brokerage houses, etc.) and non-financial entities (including lawyers, notaries, tax advisors, virtual asset service providers, real estate agents, etc.).* [↑](#footnote-ref-1)
2. *The Office's tasks in the prevention of money laundering and terrorist financing are to propose regulatory amendments, draft guidelines for obliged entities, participate in the compilation of the list of indicators for the detection of suspicious transactions, participate in the professional training of obliged entities, and monitor typologies and trends.* [↑](#footnote-ref-2)
3. *This obligation has been in effect since the entry into force of the ZPPDFT-1 on 19 November 2016.* [↑](#footnote-ref-3)
4. *This obligation has been in effect since the entry into force of the ZPPDFT-1 on 19 November 2016.* [↑](#footnote-ref-4)
5. *The obliged entities report transaction data on forms, where a single form may contain several transactions whose total amount exceeds EUR 15,000.* [↑](#footnote-ref-5)
6. *This obligation has been in effect since the entry into force of the ZPPDFT-1 on 19 November 2016.* [↑](#footnote-ref-6)
7. *In the remainder of this report, these transactions are referred to as 'transfers involving higher-risk countries'.* [↑](#footnote-ref-7)
8. ***The data in this column represent the number of written notifications or information letters sent by the Office* *to the competent authorities. The number is lower than the total number of cases handled, as a single written notification may cover multiple cases.*** [↑](#footnote-ref-8)
9. *Only those cases forwarded to the competent authorities solely as information on suspected other criminal offences are listed here. The information sent to the Financial Administration and simultaneously reported to the Police is already statistically included in the notifications in Section 3.1.3.* [↑](#footnote-ref-9)
10. The Office's participation in the adoption of EU legislation is described in greater detail in Section 7.1.3.1. [↑](#footnote-ref-10)