

# Albania's removal from the FATF grey list

**A Basel AML Index briefing following the decision of the Financial Action Task Force (FATF) to delist Albania from its list of jurisdictions under increased monitoring ("grey list") in October 2023.**

## In a nutshell

**Jurisdiction:** Albania

**On FATF grey list:** February 2020 to October 2023

**Principal reasons:** Low performance in effectiveness criteria

**Latest FATF reports:** July 2018 (Mutual Evaluation Report) and May 2023 (4th Follow-Up Report), by Moneyval

**Significance:** Being delisted is essential for Albania to improve its reputation. It is also in line with the requirements of the [EU Enlargement Policy](#).

## 1 Background information

Albania was placed on the FATF grey list in February 2020. From September 2020 to August 2022, the country went through four follow-up reports and improved its performance in technical compliance from 57% to 67%. There is no single Recommendation in which Albania is non-compliant. However it is assessed as only "partially compliant" in Recommendations 7, 15, 24, 26 and 38.

In February 2023, the FATF stated that Albania had substantially completed its action plan and expressed appreciation for the efforts to address its strategic deficiencies.

However, the FATF did not authorise an on-site visit to verify the implementation of Albania's AML/CFT reforms. The main [reason](#) was concern about Albania's plans to establish a Voluntary Tax Compliance (VTC) programme which did not comply with the FATF's principles for managing the AML/CFT implications of VTC programmes. Albania was recommended to revise its draft VTC law or abandon the plans altogether.

Following Albania's withdrawal of the draft law, the FATF conducted an on-site visit in August 2023. Albania was delisted from the grey list in October 2023.

Nevertheless, the European Commission [warned](#) in a communication on EU enlargement policy that "Albania should ensure that any future VTC law (including potential criminal amnesties) complies with the EU acquis and international standards."

## 2 Action taken and progress made

Albania had begun work to strengthen its AML/CFT regime right after the results of the mutual evaluation report, even before being grey listed. For instance:

- [The Anti-Mafia](#) Law was amended in 2020 to improve the management of confiscated assets.
- In July 2021, a new law requiring companies to register both beneficial owners and bank accounts entered into [force](#).

However, the speed of the changes was deemed insufficient. In March 2022, the FATF [urged](#) Albania to continue to implement its action plan to address the strategic deficiencies "as soon as possible as all deadlines have expired".<sup>1</sup> In October 2022, FATF gave Albania the new deadline of February 2023.

In total, to be delisted from the FATF grey list, Albania [delivered](#) the following items from its Action Plan:

- Conducted additional in-depth analysis to understand its money laundering and other risks sufficiently, and enhanced institutional coordination and cooperation.
- Formalised the economy and reduced the money laundering/terrorist financing risks posed by the widespread use of cash.
- Introduced registration of property ownership information across nearly the entire country.
- Improved the timely handling of mutual legal assistance requests.
- Established effective mechanisms to detect and prevent criminal infiltration of the economy, including by strengthening competent authorities' powers to take necessary actions.
- Ensured that accurate and up-to-date basic and beneficial ownership information is available on a timely basis.

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- Increased the number and improved the sophistication of prosecutions and confiscations for money laundering.
- Improved the implementation of targeted financial sanctions, in particular through enhanced supervisory action and targeted, proactive outreach.

### 3 Expected results

Albania's Finance Minister Ervin Mete is [reported](#) to have said about Albania's delisting:

*"This decision brings a number of positive outcomes, both in terms of reputation and in easing the costs of financial transactions in the banking system at home and abroad."*

Deputy Prime Minister Belinda Ballaku [emphasised](#) the expected positive outcomes, including:

- Increasing Albania's reputation in the international arena.
- Creating favourable conditions for further foreign investments.
- Facilitating banking transactions domestically and internationally.
- Reducing the costs of debt.

These sentiments chimed with positive conclusions from the International Monetary Fund (IMF), which [stated](#) that the country's economy "has emerged as one of the stronger performers in the region" and that "Albania's economic prospects are expected to remain robust."

The optimism and positive economic prospects for Albania following delisting are welcome, but the country still needs to address issues related to systemic corruption. This will require, among other things, ongoing [efforts](#) to reform its judicial system and improve the rule of law.

### 4 Albania in the Basel AML Index

Albania's risk score in the Basel AML Index Public Edition is 4.75 out of 10, where 10 equals maximum risk. Its current score in the Expert Edition, which is updated quarterly, is 4.61.<sup>2</sup> This places it in the medium-risk category.

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<sup>2</sup> Designed for busy professionals, the Basel AML Index Expert and Expert Plus editions offer deep, detailed and up-to-date insights into a jurisdiction's money laundering and terrorist financing risk score and the reasons behind it. Both editions are free for public-sector, international, non-profit and academic organisations as well as the media. See: <https://index.baselgovernance.org/expert-edition>

Albania achieved the following scores in the latest FATF assessments:

- 33% for effectiveness
- 67% for technical compliance

Based on the Basel AML Index methodology and calculations, Albania's score on the FATF indicator alone was 5.56 before graduation from the grey list and 5.15 afterwards.<sup>3</sup>

#### ***A note for Basel AML Index users***

The Basel AML Index uses FATF data from both mutual evaluation reports and follow-up reports to score a jurisdiction's money laundering and terrorist financing risks. Information on a jurisdiction's categorisation as being "under increased monitoring" ("grey list") or a "high-risk jurisdiction" ("black list") is included in the Basel AML Index Expert Edition for information or decision-making purposes. This information is included in a separate column to the jurisdiction's risk scores. Being on these lists does impact the overall score of the jurisdiction in the Basel AML Index. This is because the jurisdiction's performance is already taken into account based on the latest mutual evaluation report and follow-up report data.

However, in October 2023, the Basel AML Index methodology was amended to better reflect the progress in effectiveness of jurisdictions that *graduate* from the grey list. The methodology now assumes that jurisdictions that have graduated from the grey list have improved the effectiveness of their AML/CFT systems to at least a moderate level. This contributes to larger improvements in the scores and rankings of some delisted jurisdictions. See the [website](#) for more information.

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<sup>3</sup> The Basel AML Index uses a double weight for effectiveness criteria in its methodology. See: <https://index.baselgovernance.org/methodology>.