

Concealment of Beneficiary Owner and Financial Institutions

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Abstract

The study focuses on the challenges faced by reporting financial entities (mainly banks) in the process of identification of the beneficiary owner, analyzed from the Albanian perspective. Identifying the ultimate beneficiary ownership remains an important challenge to the financial institutions (FIs) of a country. The identification and registration of the companies with multi-layered ownership at the National Business Center (NCB) was very complex and with shortcomings in the legal and regulatory framework. The new law "On the Register of Beneficiary Owners", does not explicitly require the identification of each share below 25% threshold. The new law does not prohibit the registration of the offshore companies on the national Register of Beneficiary Owners. The Albanian law enforcement agencies are fragile while facing complex ownership structures from these jurisdictions. This study recommends lawmakers to make mandatory the identification and registration of every single shareholder regardless of the number of shares in possession. In order to reduce the reputational risk, authorities should consider registering only companies that have a legal seat in jurisdictions that comply with international standards on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CTF). The necessary recommendations for the amendments in the legal and regulatory framework will improve the identification and registration of the last beneficiary owners and reduce the pressure on FIs.

Keywords: Beneficiary Owner, Financial Institutions, AML/CTF, Know Your Customer, Offshore Financial Centers.

Introduction

The political-legal environment plays a direct role in determining the objectives and strategies of legal entities engaged in profitable activities. The potential benefits, costs, and risks of doing business in a country are a function of its political, economic, and legal systems (Hill, Hult 2019). As part of the political-legal environment, the implementation of the regulatory framework on AML/CTF directly affects the operational decision-making of the FIs.

So far, there were fundamental challenges faced by FIs, in their efforts to identify and register a "Beneficiary Owner". The identification and registration in the NCB of the ultimate beneficiary owner, was not clearly evidenced in the regulatory requirements. The registration did not guarantee accurate and updated information on the last effective beneficiary owners. The NCB requirements were only concerned with the registration of the first layer and did not necessarily require all the ownership structure of multilayer organization. Currently Albanian parliament has passed a new law "On the Register of Beneficiary Owners". However, the new legal framework and on the identification and registration of beneficial ownership does not

clearly address the problem of identifying beneficial ownership to the extent of less than 25% of the threshold. The new law, which is in compliance with Financial Action Task Force (FATF) recommendations, seems clear in cases of qualified shareholding structures but does not properly address the identification of shareholders below 25% threshold. The identification and registration of every single shareholder, regardless of the number of shares in possession, should be clearly stated on requirements of the Register of Beneficiary Owners. The new law on registration of beneficial property aims to make transparency over companies registered in tax havens. As long as a company is identified, it's considered in compliance with the law and can be registered on the Register of Beneficiary Owners. However, fake shareholders may hide their true beneficiary ownership in the offshore¹ financial centers. The law on the identification and registration of beneficial ownership should not mandate the registration of companies with legal seat in problematic jurisdictions. International bodies dealing with financial crimes provide different lists of offshore financial centers and they must come to a common denominator and have a single list in place. The amendments in the legal and regulatory framework recommended in this paper will improve the identification and registration of the last beneficiary owners and reduce the pressure on FI and help authorities fight financial crime in Albania. The paper is organized as follows. Section II shows the methodology of research. Section III analyzes the legal gap that exists in the registration of the ultimate beneficiary owner and the introduction of the new law "On the Register of Beneficiary Owners". The identification and registration of every single share is discussed in Section IV. Section V analyses registration of companies from non-complying countries. Section VI summarizes the key conclusions and implications of the paper.

1. The Methodology

The contemporary literature on the identification of beneficiary owners has been used to conduct this study. The study used a wide range of secondary sources in the form of academic literature, reports of important international bodies or publications. The most up-to-date sources of information such as the internet and electronic libraries have also been used. A special help was the reports of the Albanian responsible authority on AML/CTF - GDPML² and the supervisory authority, the Bank of Albania as well as the reports of international institutions such as FATF, IMF, World Bank etc. The research method is based on the analysis of the Albanian legal and regulatory framework as well as recommendations of international bodies fighting financial crime regarding the identification of the last beneficiary owner. The laws and regulations have been examined in detail. The shortcomings that exist in the legal and regulatory framework have been identified. Proposed recommendations are

¹ Offshore Financial Centers are usually referred to as jurisdictions that have relatively large numbers of financial institutions engaged primarily in business with non-residents; financial systems with external assets and liabilities out of proportion to domestic financial intermediation designed to finance domestic economies; and more popularly, centers which provide some or all of the following services: low or zero taxation; moderate or light financial regulation; banking secrecy and anonymity. (IMF Paper, 2000).

² General Directorate of Prevention of Money Laundering

derived after analyzing shortcomings and operational workload in FIs. The necessary amendments aim to improve the effectiveness of the FIs operational activity in terms of identifying the beneficial ownership.

2. The identification of the ultimate beneficiary owner

FIs have in their primary focus the maximization of profits but in case they offer products or services to suspicious clients, they may face administrative and criminal penalties. Eventually the reputational risk of the institution is at stake and becomes integral part of the decision making. According to Bank of Albania (BoA) decision, reputational risk is the possibility that the entity suffers financial losses caused by the decline of reputation in the entity, as a result of negative public opinion towards the entity (Decision no. 03, BoA). Performing transactions repeatedly can lead to the revocation of the license to operate in the financial market. The reputation of the financial entity relates to the damage that may be caused to the bank by engaging (even unintentionally) in a business relationship or transaction, as a result of illegal activities and may lead to the imposition of sanctions by the competent authorities or the removal of customers from subject (Decision no. 55, BoA on AML /CTF).

In the context of exercising Customer Due Diligence (CDD) measures, FIs, before conducting a business relationship with clients, are required to identify natural persons who directly or indirectly own more than 25% of the shares of a company. Ultimate beneficiary owners must be clearly identified individuals. "Beneficial owner" means the natural or legal entity, which owns or, is the last to control a customer and/or the person on whose behalf is executed the transaction. This also includes those persons exercising the last effective control on a legal person. The last effective control is the relationship in which a person: a) owns through direct or indirect ownership, at least 25 percent of stocks or votes of a legal entity; b) by himself owns at least 25 percent of votes of a legal person, based on an agreement with the other partners or shareholders; c) defines de facto the decisions made by the legal person; d) controls by all means the selection, appointment or dismissal of the majority of administrators of the legal person (law no. 9917 on AML/CTF). This definition is in line with FATF recommendations.

In the context of Know Your Customer (KYC), identifying the beneficial ownership structure of legal entities is one of the main challenges faced today by FIs. Companies that conduct business relationships with FI have different ownership structures ranging from simple one-tier to multi-tier ones. The legal seat of non-resident companies is from different countries and consequently the regulatory requirements of the parent state are different from the local ones. Financial entities, based on the applicable regulatory framework, are required to identify the individuals who own and have ultimate control over the client. A key method used to disguise beneficial ownership involves the use of legal persons and arrangements to distance the beneficial owner from an asset through complex chains of ownership. Adding numerous layers of ownership between an asset and the beneficial owner in different jurisdictions, and using different types of legal structures, can prevent detection and frustrate investigations (FATF, 2018). Triggered by global crisis caused by

COVID-19, governments are trying to shorten the rules of doing business rather than complicate them. Developing countries, eager for foreign direct investment, tend to tolerate in terms of required documentation for the registration of foreign firms. The initiatives of the Albanian governments "one stop shop", and "Albania 1 Euro" aim to facilitate the way of doing business in Albania and attracting foreign investments. However, such initiatives require shortening of procedures and documentation for the registration and identification of foreign companies. The new draft law "On Fiscal Amnesty" in the Republic of Albania, which is expected to enter into force soon may help beneficiary owners with dark background to launder their proceedings. For the identification and registration purposes, the ownership documentation to be provided is prescribed at the National Center of Business (NCB) official website, which is based on law no. 9723, dated 3.5.2007, "On the National Registration Center (NCR)", amended. Banks are linked "online" to the official NCB website where company's statements are verified. In the case of Albania, it is easier to identify the ownership structure of a local company but the situation is not the same for foreign companies with legal seat in different jurisdictions. For the initial registration, it is required: the identification data of the founders, identification data of the persons responsible for the administration and representation of the company in relation to third parties.

With regard to exercising the last effective control on a legal person, i.e. identifying last individual controlling an entity, there was a gap between legal requirements of the law no. 9917 on AML/CTF and the law no. 9723 on NCR. The AML/CTF legal framework emphasizes the identification of the ultimate beneficiary who exercise the last control on the company whereas the law on NCR did not clearly stipulate this requirements.

The data on the initial registration of companies in the NCB provided for the identification data of the founders and the identification data of the persons responsible for the administration and representation of the company. These requirements did not specify exclusively the last owner who exercises effective control over legal entities. Often only first-tier shareholders are registered and not indirect levels of ownership, or legal representatives of legal entities. The data required for registration with the NCB were not sufficient to identify the beneficial owner of multi-tier companies.

In cases of a limited liability company: it is mandatory to announce the value of the subscribed share capital, the number of shares, the nominal value of each share, the share capital, the value and type of contributions of each partner, and information on whether or not the initial subscribed capital has been paid. The NCB suffices so far with the notification of the value of the subscribed share capital, the number of parts of the capital, the nominal value of each part, the participation in the capital, the value and the type of contributions of each partner of the first-tier of ownership but does not go further in the case of multi-tier companies.

The identification of the beneficial ownership structure of joint stock companies presents a very complex situation due to their nature of ownership. Joint stock companies can be listed companies, private or public, in accordance with the provisions of the law on securities (Law, no. 9879, "On Securities"). The additional data required for the registration of joint stock companies in the NCB did not highlight

the identification of the natural person who exercises the ultimate effective control of a multi-tier company. The registration data enable the identification of the number of shares signed by each shareholder, but the latter may not exercise the last effective control of the company in the case of a multi-tier ownership structure. Public limited companies, before the initial registration, were required to register the identification data of the founders but it also did not clarify the identification of the final natural person in the chain of beneficial ownership structure.

From the above, it's clear that the legal framework on identification and registration of legal entities at NCB does not help FIs in fully identifying their clients, especially in cases of legal entities that have a complex multi-layered ownership structure. The Moneyval report on Albania of 2018 put special emphasis on the risks posed by the presence of companies that do not have clear ownership. The good news is that Albanian parliament passed the Law no. 112/2020 "On the Register of Beneficiary Owners", which will establish for the first time the Register of Individual Beneficiary Owners. This law regulates the definition of the beneficial owner, the obligated subjects, which must register the beneficial owners, create, operate and administer the Register of Beneficiary Owners, the procedure and manner of registration and retention of recorded data of beneficiary owners, as well as punitive measures in case of non-registration of beneficiary owners (article 1 of the law). The law is partially aligned with the directive (EU) 2015/849 of the European Parliament and of the Council, dated 20 May 2015, "On preventing the use of the financial system for money laundering or terrorist financing purposes".

Article 2 of the law stipulates that "Beneficiary owner" means the individual who ultimately owns or controls the entity and / or the individual in whose name a transaction or activity is being carried out and includes: the individual who ultimately owns or controls a legal person, through direct or indirect ownership, the founder or legal representative or the individual who exercises the ultimate effective control over the administration and control of non-profit organizations. "Register of Beneficiary Owners", is a state electronic database, in which are registered the data of the beneficial owners of the entities that have the obligation to report them, which collects in real time the data registered in the respective state registers administered by the respective state institutions, as well as serves as an official electronic archive and ensures transparency in the area of beneficial owners. Existing reporting entities must, no later than 31.12.2020, identify the beneficial owners, as well as create and maintain relevant documents for the beneficial owners. The Ministry of Finance and Economy and the National Agency for the Information Society shall establish the Register of Beneficiary Owners no later than 31.1.2021.

The law is a step forward in the identification and registration of the ultimate individual beneficiary owners. It remains to be seen how it will be applied in practice and the effects it will have upon entry into force. However, some issues are not clearly defined in the new law and need to be addressed.

3. The Identification and registering of every single share

The local AML/CTF legal framework, which is derived from FATF recommendations,

requires the identification of individuals that have equal and above to 25 % of the ownership or of voting rights in an entity. The new law "On the Register of Beneficiary Owners" emphasizes the same level of threshold. Article 2 stipulates as follows:

- "Direct ownership" is the ownership held by an individual of 25% or more of shares / equity shares or ownership interests in a reporting entity.
- "Indirect ownership" is the ownership held or exercised by the same individual in one or more legal entities, which individually or jointly own 25% or more of the shares / quotas of capital or ownership interests in a reporting entity.

From the definition it's clear that local and international recommendations are concerned with the identification of direct and indirect ownership held by individuals of 25% or more of shares and ownership interests in a corporation. What about the cases when an individual possesses less than 25% of shares and ownership interests in a reporting entity?

The definition "25% or more" ownership interests held by an individual, leaves a lot of room for speculations. The ownership structures with less than 25% of required threshold are very difficult to be properly identified by compliance officers in banks. Imagine how easy would be to conceal ownership structure in case of company when the highest share value is 1% only. Any client would argue with the bank officer in charge that the legal requirements does not clearly and explicitly require his identification below 25%, and to some extent the client's argument is correct.

According to Knobel, many countries' beneficial ownership laws follow an example suggested by the FATF and apply thresholds of "more than 25 per cent" of ownership or of voting rights to determine who a beneficial owner is. Such high thresholds make it extremely easy to avoid being identified as a beneficial owner (Knobel 2019).

The law on AML/CTF provides for "Enhanced CDD", as a deeper control process, beyond the "KYC" procedures, that aims to create sufficient certainty to confirm and evaluate the customer's identity, to understand and test the customer's profile, business, and the activity of its bank accounts; to identify the important information and to assess the possible risk of money laundering/terrorism financing pursuant to the decisions aiming at providing protection against financial, regulatory or reputational risks as well as compliance with legal provisions (law no. 9917 on AML/CTF). However, this does not solve effectively the issue of identification of shareholding structure below 25% threshold. Creating sufficient certainty to confirm and evaluate the customer's identity is a very general term, which does not address technically the identification of the total shareholding structure. FIs, in these cases, must try to understand and test the customer's profile and business nature in order to identify the structure of the ownership. The problem would not exist if it's clearly stated in legal requirement that prior to establishing business relationship with the FI, the entity must have already identified and registered of all the shareholders in the NCB. Eventually, the new law on registering of the ultimate beneficiary ownership is focused on identifying and registering final physical owners who own at least 25% of the shares. In the case of beneficial owners who own less than 25%, the full identification it's not explicitly stated. This requirement may not be considered sufficient because identifying and registering the final beneficiary ownership must reveal the names of

the owners of companies registered in fiscal havens (offshore) operating in Albania, regardless of the number of shares one has in possession. New amendments law must clearly state that every single shareholder must be fully identified and mandatory to report at the Register of Beneficiary Owners. This would definitely release the burden from FIs with regard to full identification of the complex ownership. On the other hand, no country alone can be successful if the problem it's not tackled worldwide. International Institutions dealing with AML/CTF issues such as FATF, Moneyval etc., should remove the 25% threshold from the recommendations. Eventually, all the countries must comply with the new ruling and the problem of full identification of ownership structure would be fully addressed.

4. Registering companies from complying countries

A very important challenge in identifying ultimate beneficiary owner is the fake declaration of ownership. The question that arises in this case is: are the beneficiary owners the real ones or false individuals representing PEP, criminal group, tax evaders etc.? For a bank officer, it's extremely difficult to verify if the personal data provided are correct or manipulated. Dealing with the identification of the beneficiary ownership of an offshore corporation is a very tricky business. Certain countries allow corporations incorporated or established in their jurisdiction to use instruments that obscure beneficial ownership, such as the appointment of false shareholders over beneficial ownership and the appointment of false directors by concealing the identity of the true owners or partners of who may have been involved in illegal activities (OECD 2001). One of these instruments is "Trust", that is an agreement in good faith, in which the ownership rests with the trustee on behalf of the beneficiary (article 2, law on AML/CTF).

FATF report on Money Laundering using Trust and Company Service Providers (TCSPs), stipulates that Trust and TCSPs play a key role in the global economy as financial intermediaries, providing an important link between financial institutions and many of their customers.

However, it mentioned that the following factors are borne out by the case studies as contributing to the crime of money laundering:

- weak or ineffective AML/CFT frameworks in some jurisdictions, in areas which can impact the operation of TCSPs;
- The presence in the TCSP sector of persons that are willing to get involved in or to perpetrate criminal activities; and
- The proliferation of TCSPs whose management/staff do not have the required expertise, knowledge or understanding of key matters that are relevant to the operation of their business, such as their clients' affairs. This lack of knowledge and skill can promote and facilitate illegal activities (FATF report: Money Laundering using Trust and Company Service Providers, October 2010).

It is clear that trusts, TCSPs and shell banks³ that can be easily registered in the offshore

³ Shell bank means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective

financial jurisdictions, may be misused by money launderers due to the gaps that exists in those jurisdictions' AML/CTF legal and regulatory framework. These legal arrangements may pose a real threat to the Albanian Financial System. According to Basel Institute,⁴ Albania remains the second country in Europe most endangered by the AML/CTF phenomenon. The 2020 index ranks Albania 44th among 141 countries in the world regarding this phenomenon, receiving 5.69 points (Basel Institute, 2020). The risk scores cover five domains such as Quality of AML/CFT Framework, Bribery and Corruption, Financial Transparency and Standards, Public Transparency and Accountability as well as Legal and Political Risks. In this context, the state institutions in Albania are fragile while facing such complicated and complex financial instruments that can be registered in offshore financial centers. The possibility of hiding and using fictitious owners increases. Law enforcement agencies in Albania, recently uncovered a huge scandal in which a company that won a government tender in public infrastructure forged the letter from the US Secretary of State of Delaware (Monitor.al 2019). The news sparked a heated debate and was widely covered in the local media and beyond. According to BIRN⁵, hydrocarbon companies, registered in problematic financial jurisdictions operate in Albania (reporter.al 2020). The new law on the "Register of Beneficiary Owners" aims to make transparency over companies registered in tax havens that have unknown ownership. The article 2, "Scope of application", stipulates: *In the case of a trust or other legal arrangement: The creator of the trust, the custodian / trustee, the counsel, if any, and the beneficiaries or where the persons benefiting from the legal agreement or entity have not yet been identified, the class of persons for whose main interest the legal agreement or entity is created or operate; any other individual exercising ultimate control over the trust through direct or indirect ownership or other means.*

But these measures are definitely not enough. It's hard for law enforcement agencies to deal with offshore companies and especially with trusts registered in those problematic jurisdictions. So why to identify and register offshore corporation at all? Countries like Albania should ban completely for a period of time (for example 5 years), business relationship with companies that have legal seat in problematic offshore jurisdictions. Eventually the Register of Beneficiary Owners must register only companies, which are incorporated in countries with clear record of proper identification of ownership structure.

In case of violation of the disposition of this law, the measures should not have been confined to administrative penalties only. The Law on the Register of Beneficiary Owners provides that violations in case of non-registration of data on the beneficiary owner within the deadline defined by law, constitute administrative contraventions, which are punishable by fines. The article 13 of new law, paragraph "administrative offenses", stipulates: non-fulfillment of legal obligations defined by this law, constitutes consolidated supervision. Physical presence means meaningful mind and management located within a country. The existence simply of a local agent or low level staff does not constitute physical presence. *Source: Glossary of the FATF Recommendations*

⁴ The Basel Institute on Governance provides risk scores based on data from 16 publicly available sources such as FATF, Transparency International, the World Bank and the World Economic Forum.

⁵ BIRN Albania is a non-governmental media organization based in Tirana, which specializes in investigative reporting, publishing and media monitoring.

an administrative penalty and is punishable by a fine. This measure may not be enough to deter experienced money launderers registered in offshore jurisdiction, knowing that in case of not registering proper identification data the consequences they may face are not that harsh.

On the other hand, it's difficult for a country like Albania to fight this phenomenon alone. International bodies fighting money laundering and international crime must identify and publish countries, which violate ownership identification requirement and a proper list of problematic financial jurisdiction must be in place. So far, different international bodies provide different lists. For example, the European Parliamentary Research Service EPRS list comprises 17 jurisdictions outside the EU that are non-cooperative in tax matters. Those jurisdictions had not made commitments on meeting the criteria sufficiently ahead of the adoption of the list, or made commitments that were found insufficient. Another 48 jurisdictions have been put on a watch list, meaning that their commitments are deemed sufficient, but their implementation will be closely monitored by the EU (European Parliamentary Research Service, 2017). However, even the European Parliament has called the current EU list of tax havens 'confusing and ineffective', claiming it is not catching the worst offenders and should apply more stringent assessments (accountancy daily 2021). The EU list of non-cooperative countries is different from the list of IMF, which have different jurisdictions, especially if we take into consideration first top ten countries (Elkjaer, Johannesen, Niels, 2018).

International institutions dealing with AML/CTF issues should compile and publish a list of offshore jurisdictions that do not fully reveal the corporate veil. Such information must be accessible online to the FIs and law enforcement agencies worldwide. Local law enforcement authorities, in cooperation with international bodies must instruct local FIs on problematic jurisdictions that support the concealment of beneficiary owners. Thus, the pressure on disclosing full ownership structure would be worldwide. Eventually, the potential risk faced by FIs would be substantially reduced and financial system would be much more protected.

The recommended interventions will bring an improvement to the current political-legal environment and consequently to the business climate in the country. Reporting FIs would face a more moderate reputational risk because the state institutions would fully identify and register the beneficiary owners from complying countries only. A more transparent and legal environment increases the attractiveness of the Albanian market for foreign direct investments. Healthy competition, free from suspicious offshore companies, improves the Albanian economic ecosystem.

Conclusions and implications

FIs face a number of difficulties with regard to the identification and registration of the ultimate beneficiary owner due to the existence of gaps in Albanian legal framework. In the absence of full identification of the beneficial owner by state institutions, "the pressure" falls on financial entities, which risked taking administrative/criminal measures by the responsible authorities. The legal requirement on the organization of the NCB, did not clearly oblige this institution to register a natural person who

exercises the last effective control of a multi-tier company. The NCB is so farsufficed with registering the first-tier of shareholders but does not necessary identify and register the last individuals in the company's ownership chain. The Moneyval report on Albania noted the lack of a mechanism for fully identifying beneficial ownership. To address the situation, Albanian parliament has passed a new Law "On the Register of Beneficiary Owners" to identify ultimate beneficiary ownership above the 25% threshold, which is a step forward in the identification and registration of the ultimate individual beneficiary owners. However, some issues are not clearly defined in the new law and need to be addressed.

According to the local and international legal frameworks the beneficiary owner is defined as a person that owns through direct or indirect ownership, at least 25 percent of stocks or votes of a legal entity. The new law on the Register of Beneficiary Owners is also focused on identifying and registering final beneficial owners who own at least 25% of the shares. In the cases of beneficial owners who own below this threshold, the full identification it's not explicitly stated in the legal framework. The threshold is considered too high and causes difficulty for the FIs in the course of proper identification of ultimate beneficiary ownership structure. The absence of proper identification and registration of the beneficiary owners below the threshold by the government agencies increases the burden on FIs since they must take extra CDD measures. In this regard, extra amendments are needed in the new law on the Register of Beneficiary Owners in order to reveal the names of the beneficial owners regardless of the number of shares in possession. Eventually, the threshold of 25% must be removed and all the individual beneficiary owners must be identified and registered in the local Register of Beneficiary Owners. On the other hand, it's very difficult for countries like Albania to apply this measure alone, unless International Institutions dealing with AML/CTF issues take their own actions. They should also remove the 25% threshold from their recommendations. All the countries worldwide must comply with the new ruling and concealment of beneficiary owners would be fought globally.

Countries like Albania are characterized by high levels of corruption, lack of financial and public transparency. Albania remains the second country in Europe most endangered by the AML/CTF phenomenon and has high legal and political risks. The fragile state institutions in Albania may not be able to properly handle complicated and complex financial instruments such as trusts and TCSPs with legal seat in problematic offshore financial centers. The risk of using fictitious beneficiary owners is high. The new Law "On the Register of Beneficiary Owners", does not prohibit the registration of offshore companies. In order to protect the financial system, countries like Albania should not register corporations with legal seat in offshore financial centers until they build strong law enforcement agencies. The new amendments in Law "On the Register of Beneficiary Owners" should provide that the only companies, which are incorporated in countries with a clear record of proper identification of ownership structure must be registered. Penalties in case of non-compliance with disposition of the law should not have been confined in administrative penalties only. This measure may not be enough to deter experienced money launderers and harsher punishment should have been provided by the law. Again, it will be very difficult if the

offshore issue it's not tackled in the international front. There should be a consensus on the definition of the offshore financial centers. So far, different international bodies provide different lists of offshore jurisdictions. International bodies, fighting international crime, must identify and publish a single list of all jurisdictions that violate ownership identification requirements. This information must be available online to FIs and law enforcement authorities worldwide.

The recommended interventions will bring an improvement to the current political-legal environment and consequently to the business climate in the country. Reporting FIs would face a more moderate reputational risk because the state institutions would fully identify and register the beneficiary owner. A more transparent and legal environment increases the attractiveness of the Albanian market for foreign direct investments because the economic ecosystem would be much more competitive and healthy.

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