

PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

1.40

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Develop a system that would enable better cooperation between the Administration, supervisory bodies and obliged entities, with the aim of better implementation of regulations with emphasis on prevention of money laundering and funding of terrorism and not burdening obliged entities with numerous formalities e.g., establishing a Task Force that would meet regularly to monitor the implementation of regulations with the participation of representatives of the competent authorities.	2009			√
Create an analysis of new changes to the regulations in this area and recommend a meeting with the Government of RS to further improve the legal framework.	2020			√
Continue work on harmonizing domestic regulations and laws with European standards and requirements.	2023		√	
Accept and adopt initiatives of professional associations to exempt certain business relationships from obligations prescribed by law (e.g., risk insurance).	2019			√
Continue organizing adequate seminars and workshops with the purpose of conducting certain training for the persons to whom the Law applies, with the purpose of increasing the efficiency of its applicability.	2011		√	

CURRENT SITUATION

The Law on the Prevention of Money Laundering and Terrorist Financing (the Law) was last amended in **March 2025**.

These amendments represent a continued alignment with international standards, including the FATF Recommendations and EU Directives.

Key updates from 2025 include:

- **Further clarification of the obligations of the Central Securities Register, Depository, and Clearing House**, compared to the situation in 2023.
- **Additional alignment with FATF Recommendation 15**, particularly regarding digital assets and the associated risks.
- **Harmonization of bylaws within three months of the amendments entering into force**, which has already been implemented in the first half of 2025.

POSITIVE DEVELOPMENTS

According to the latest **Basel AML Index report for 2025**, the Republic of Serbia is ranked **98th** among countries

based on the level of risk related to money laundering and terrorist financing, with an overall risk score of **4.82**.

Although this represents a **slight deterioration** compared to the previous year (2024), it is still a **significant** improvement compared to 2023 (78th place) and especially 2022, when Serbia was ranked 46th.

This trend indicates that Serbia has continued to enhance its regulatory framework and technical compliance with international standards, although there is still room for further improvement in implementation and coordination among supervisory bodies.

In **March 2025, Serbia improved its technical compliance with the FATF Recommendations**, thereby maintaining its status as “largely compliant” with all 40 recommendations, according to the MONEYVAL evaluation.

The legislative framework is now almost fully aligned with EU directives and international conventions, which further contributes to legal certainty for foreign investors.

Numerous seminars and workshops have been organized for obliged entities, supervisory bodies, and the judiciary, aimed at strengthening their capacity to effectively implement the Law.

REMAINING ISSUES

The Foreign Investors Council emphasizes the need for continuous improvement in cooperation between all relevant state authorities and investors, companies, professional associations, and business organizations, in order to ensure successful implementation of the Law.

Remaining challenges include:

Ambiguities in certain legal provisions, and regulations that are sometimes stricter than those required by relevant international and EU standards, as well as stricter than

those in neighboring countries — for example, the mandatory licensing of authorized persons and their deputies, and the requirement to obtain registry extracts for all companies in a client’s ownership chain.

Frequent and unclear requests from supervisory authorities for additional information, which obligors must respond to, consuming significant time and human resources.

A tendency among supervisory bodies to focus less on substantive issues crucial for preventing money laundering and terrorist financing, and more on penalizing formal omissions by obligors.

FIC RECOMMENDATIONS

- Continuously improve the system to enable better cooperation between the Administration, other supervisory authorities, and obliged entities, with the aim of more effective implementation of regulations, focusing on preventing money laundering and terrorist financing, rather than burdening obliged entities with excessive formalities — for example, by establishing a working group that would meet regularly to monitor the implementation of regulations with the participation of relevant authorities.
- Conduct an analysis of the latest substantive regulatory changes in this area.
- Continue efforts to align domestic laws and regulations with European standards and requirements.
- Adopt initiatives from professional associations to exempt certain business relationships from obligations prescribed by the Law (e.g., group life insurance).
- Organize more frequent training sessions for obliged entities through seminars and workshops, with a focus on the practical application of the Law.
- Promote digitalization and automation of processes — the introduction of standardized automated tools for client risk assessment (KYC) and transaction monitoring can significantly reduce manual work and increase accuracy. Additionally, the use of artificial intelligence to detect suspicious patterns is encouraged.