

Weak regulation in Andorra is a threat to the EU financial system, according to a new report

NEWS RELEASE BY ANDORRA ANTI-CORRUPTION

Vienna, Austria | March 09, 2023 06:50 AM Eastern Standard Time

A new report by Martin Kreutner, Dean Emeritus of the **International Anti-Corruption Academy** (IACA), published today, highlights significant legal and regulatory weak points in the Principality of Andorra.

The report, titled “**A brief review on the Anti-Corruption & Anti-money Laundering State of Play in the Principality of Andorra**”, looks at anti-corruption and anti-money laundering measures in the European microstate.

Its publication comes as Andorra, along with Monaco and San Marino, enter an advanced stage of negotiations with the EU for further integration through Association Agreements.

Kreutner’s report identifies several shortcomings that need to be addressed to protect the EU from allowing a “Trojan Horse” into its financial system, including:

- Andorra has yet to ratify influential and universal anti-corruption instruments, including the *United Nations Convention against Corruption (UNCAC)*, *OECD Bribery Convention* and the *Council of Europe’s Civil Law Convention against Corruption*.
- Andorra lacks an independent and specialized anti-corruption body/authority, in line with international standards and requirements.
- Andorra has yet to fully implement crucial policies from the Council of Europe’s *Group of States against Corruption (GRECO)* and the *MONEYVAL* committee.
- Andorra’s banking sector faces risks from the absence of a central bank and various key regulatory legislations.

Andorra’s banking and financial sector accounts for over 20% of the country’s GDP. Its banks attract large deposits from investors around the world, thanks to its low tax environment and opaque corporate laws.

The sector has been steeped in scandal in recent years. *Andbank*, one of Andorra’s largest banks, was at the centre of a massive international tax evasion scheme revealed in the Panama Papers. The unresolved case of *Banca Privada d’Andorra (BPA)*, which was expropriated by the government in 2015, demonstrates how the authorities mishandled money laundering allegations and may have wrongfully taken over the bank, costing the taxpayer hundreds of millions of Euros.

Exposure of these regulatory shortcomings will cast an unwelcome shadow over Andorra's leadership as the country heads to the polls for General Election next month.

Martin Kreutner, the author of the report, said: *"Alleged and adjudicated scandals have rocked Andorra in recent years. Understanding the state of play of the Principality's anti-corruption and anti-money laundering architecture is critical if Andorra is to be allowed further EU integration. Improving anti-corruption and anti-money laundering regulations should be at the centre of Andorra's agenda, especially in the upcoming elections."*

To read the full report, visit: <https://andorraanticorruption.com/>

About the author:

Martin Kreutner is Dean Emeritus of the **International Anti-Corruption Academy** (IACA) and an international expert in anti-corruption, compliance, anti-money-laundering, and the rule of law. He wrote the report in a personal capacity.

From 2001 to 2010, Kreutner headed the Austrian federal anticorruption authority. From 2004 to 2012, he was the President of the Network European Partners Against Corruption and the EU's European Anti-Corruption Contact Point Network (EPAC/EACN). He served as Dean of the International Anti-Corruption Academy (IACA) from 2012 to 2019.

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