



European Commission - Speech [Check Against Delivery]



Commissioner Johansson's speech at a press point with Ms Catherine De Bolle, Executive Director of Europol on the first flagship report of the Economic and Financial Crime Centre

Brussels, 11 September 2023

Today's report by Europol – *"the other side of the coin – an analysis of financial and economic crime,"* analyses organised financial and economic crime in Europe.

I want to congratulate Executive Director De Bolle and her team for this report.

Three points stand out: the scale, the sophistication, and the violent consequences.

The scale of organised financial and economic crime is industrial.

The United Nations Office on Drugs and Crime (UNODC) estimates that between 2 and 5% of global GDP is laundered each year. That is between EUR 715 billion and 1.87 trillion each year.

That scale is matched by an ever-growing level of sophistication of method.

This report outlines the types of money laundering, fraud, and intellectual property crimes.

The variety is striking.

From professional underground banking systems to 'money mules.'

From Investment fraud to fake food labelling.

No part of society is immune.

Victims range from high finance to individual business owner.

From mass-blackmailing to 'catfishing' romance scams.

One example is the network dismantled with Europol help (and Eurojust) this April, in Central Europe, Georgia and Israel.

In this case, Scammers lured 30,000 German citizens through fake investment offers into transferring 90 million euros into their bank accounts.

Criminals now use professional money launderers to hide and reinvest illicit money across the globe.

Money brokers who have established an underground banking system, outside the formal financial sector, to avoid detection.

The underground banking network recently taken down, with Europol facilitating, in Italy and Spain on 30 May 2023 is the latest proof of the parallel financial system, that professional money launderers have set up to avoid detection.

They have also turned to new payment methods such as cryptocurrencies or virtual IBANs to obscure the money trail.

As seen in the take-down of Chipmixer, the platform used by ransomware actors to launder almost EUR 3 billion of money stolen from our citizens and companies.

Financial and Economic Crime has many victims.

Not just those directly impacted by the scam, theft, or fraud.

But because the money is funnelled back into organised crime networks it allows even more criminal activity.

The violence turf wars between organised crime gangs on European city streets is fuelled by illegal drug profits.

Europol is today in a stronger position to fight financial crime.

With its European Financial Crime and Economic Centre created in 2020.

And OLAF continues to play a key role in detecting and investigating crimes against the Union budget: in 2022 more than a thousand irregularities were reported, and prevented the loss of 200 million euro for the EU's budget.

The European Public Prosecutor's Office, opened, last year alone, more than 800 investigations.

And last year the co-legislators agreed on new rules to increase the transparency of transfers of crypto assets.

Before the summer the co-legislators also agreed to give law enforcement access to bank account registries across the EU, so that investigators can quickly track and disrupt criminal finances.

And the Commission is finalising a new EU Toolbox against Counterfeiting, to foster cooperation, training, and the use of new technologies to protect intellectual property.

We need better legislation to fight financial and economic crime.

And that is why, in May this year, the European Commission proposed measures to strengthen the fight against financial crime, particularly corruption.

I would like to use this moment to call on the EU co-legislators to adopt the Commission's proposals reinforcing our fight against financial crime:

The new anti-money laundering rules, and establishment of a new Anti-Money Laundering Authority.

The new rules on confiscation and asset recovery, enabling judges to confiscate illicit profits from criminals.

Stronger rules criminalising corruption offences, from bribes and misappropriation to illicit enrichment, and harmonising penalties across the EU.

And the proposal to modernise the EU's Value-Added Tax system, to make it more resilient to fraud.

Financial and economic crime is a corrosive force.

What it corrodes the most is trust.

Trust in authority.

Trust in penalties.

Trust in society.

Organised crime is now even more sophisticated at hiding how wealth has been illegally achieved.

But it is also famous for flaunting that wealth.

Big house, big car, big life.

"No questions asked".

This sends a message to society that we can't afford.

The risk that people think that crime pays.

The idea that even though an activity may be illegal you can still 'win'.

We must make sure that this perception is rejected. Completely.

As things stand only 2% of criminal proceeds in the EU are frozen.

Only 1% are confiscated.

The money that escapes into the black economy takes with it the resources governments need to build roads, hire doctors, nurses, and teachers.

I will now hand over to the Executive Director to outline the excellent progress being made in this essential fight.