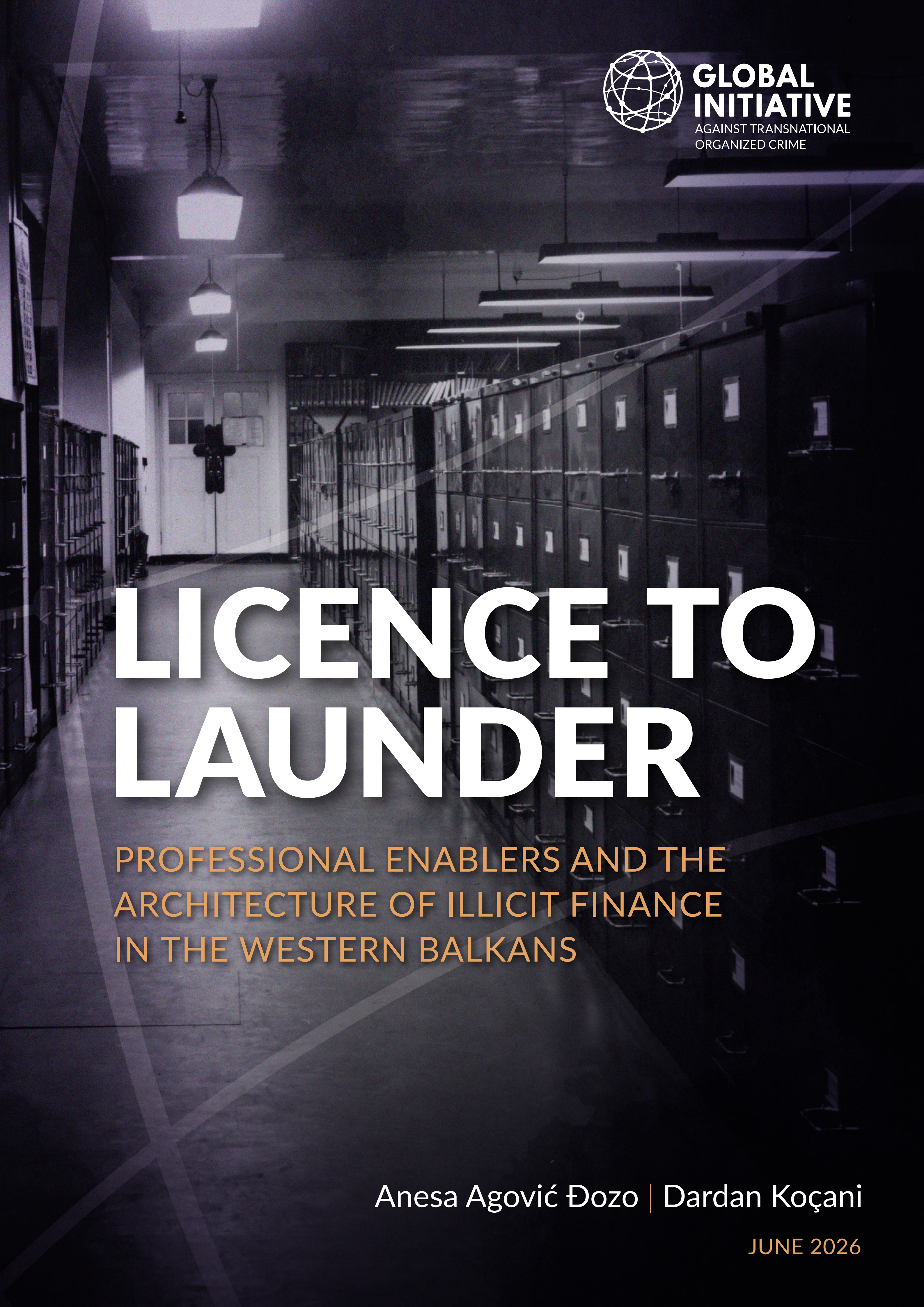

GLOBAL INITIATIVE
AGAINST TRANSNATIONAL ORGANIZED CRIME

LICENCE TO LAUNDER

PROFESSIONAL ENABLERS AND THE ARCHITECTURE OF ILLICIT FINANCE IN THE WESTERN BALKANS

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ACRONYMS AND ABBREVIATIONS

AML	Anti-money laundering
APML	Administration for the Prevention of Money Laundering (Serbia)
BAM	Bosnia and Herzegovina convertible mark
CDD	Customer due diligence
CFT	Countering the financing of terrorism
DNFBPs	Designated non-financial businesses and professions
EU	European Union
FATF	Financial Action Task Force
FBiH	Federation of Bosnia and Herzegovina
FID	Financial intelligence department
FIU	Financial intelligence unit
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
NRA	National risk assessment
SPAK	Special Structure Against Corruption and Organized Crime (Albania)
SAR	Suspicious activity report
STR	Suspicious transaction report
UAE	United Arab Emirates

EXECUTIVE SUMMARY

Professional money laundering networks predominantly comprise practitioners in the legal and financial services sectors, most notably notaries, lawyers, accountants and auditors. These professionals operate at a critical regulatory crossroads where financial crime risks can either be mitigated through due diligence and reporting, or exploited to conceal and integrate illicit proceeds into the legitimate economy. Owing to their professional authority and legally protected roles, such actors may, in certain cases, play a decisive part in legitimizing illicit funds by strategically exploiting legal loopholes and supervisory weaknesses.

Although a formal legal framework is in place across all Western Balkan countries, some professionals routinely invoke a perceived 'lack of clarity' regarding reporting obligations as a justification for non-compliance, frequently relying on an overly expansive interpretation of professional secrecy. In practice, this posture functions less as a genuine legal constraint and more as a defensive position, contributing to a pattern of structural under-reporting of suspicious activity.

Anti–money laundering (AML) frameworks in many jurisdictions tend to conceptualize designated non-financial businesses and professions (DNFBPs) as potentially negligent intermediaries. This regulatory perspective rests on the assumption that these practitioners may inadvertently become involved in money-laundering schemes due to inadequate due diligence, limited awareness of red flags, or an inability to recognize patterns of suspicious activity. As a result, the legal architecture emphasizes preventive obligations, including customer due diligence (CDD), record-keeping and suspicious transaction reporting.

Across the Western Balkans, the role of DNFBPs in money laundering risk is closely linked to implementation weaknesses rather than to the absence of legal provisions. Overlap between real estate transactions, notarial services and weak supervisory frameworks creates an environment where illegal proceeds can enter the formal economy easily. For the purpose of this report, DNFBPs refer to non-bank specialists that may play a role in preventing or facilitating money laundering – specifically, notaries, lawyers, accountants and auditors.

Practitioners in these four professions at times deliberately construct a veneer of legitimacy by authenticating transactions without proper due diligence, while professional associations and oversight institutions lack the capacity or legal authority for risk-based supervision. Weak feedback mechanisms between financial intelligence units (FIUs) and DNFBPs, combined with limited sanctions and uneven enforcement, contribute to a compliance environment in which reporting is sporadic and often defensive rather than risk-driven. Additional structural challenges, such as high levels of cash use, cross-border property transactions, fragmented institutional databases and limited inter-agency coordination, further complicate detection efforts.

Across the region, money laundering schemes exhibit several recurring patterns predicated on the strategic use of legitimate economic channels. Real estate transactions are often used to launder and disguise illicit funds, while shell companies and nominee arrangements obscure beneficial ownership and create layers of legal distance from the true source of assets. Fictitious invoicing and trade mis-invoicing further facilitate the movement of artificial value across entities and borders, while loan agreements, contracts and other forms of professional documentation are often used to construct a credible legal narrative around otherwise unexplained financial flows.

Increasingly, digital instruments and cross-border asset movements add further complexity, making financial trails more difficult to trace. Professional enablers, particularly lawyers, notaries, auditors and accountants, play a central role by providing access to and exploiting legal and financial infrastructure.

The notary sector is directly linked to the real estate market, as property transactions in most of the region can only be carried out under contracts certified by public notaries. In the Western Balkans, the risk of being complicit in money laundering varies across the four professions, with notaries and accountants generally at a higher risk than lawyers and auditors. In some countries, accountants are slightly more vulnerable to money laundering than lawyers.

Although Western Balkan countries have largely aligned their legislative frameworks with European Union (EU) and wider international AML/countering the financing of terrorism (CFT) standards, significant implementation weaknesses continue to limit the effectiveness of action against professional money launderers. Challenges are primarily structural and institutional rather than legal.

Fragmented supervisory arrangements, uneven data exchange and the absence of fully integrated information systems accessible to investigative authorities impede efforts to trace complex financial flows. In addition, limited inter-agency coordination and weak feedback mechanisms reduce the overall quality and impact of enforcement efforts.

Professional money launderers are increasingly central to laundering criminal proceeds, acting as specialist enablers. These enablers, operating individually or through corporate vehicles and collaborating with notaries, lawyers, accountants, auditors and insiders in financial institutions, are well-versed in domestic AML frameworks and are able to render illicit funds invisible through layered legal and corporate structures.[1]

Official statistics indicate that only a limited number of money laundering cases are formally pursued across the Western Balkans. Moreover, laundering cases in which lawyers, notaries, accountants or auditors are implicated rarely result in enforcement outcomes. This appears to stem not only from low detection rates but also from the inherent difficulty of establishing professional involvement in complex laundering schemes.

Methodology

This report draws on a qualitative research approach combining primary interviews, document analysis and a secondary data review. Between December 2024 and January 2026, 89 semi-structured interviews were conducted across Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, primarily with relevant professionals, including lawyers, accountants and notaries. Financial intelligence officers, auditors, prosecutors, regulators and investigative journalists were also interviewed. Interviewees were selected to ensure a balance of institutional, professional and geographic representation. The conversations focused on the effectiveness of AML supervision among DNFBPs, professional money laundering techniques and the role of professional secrecy in enabling illicit finance.

Conducting the interviews proved highly challenging due to the sensitivity of the topic, a lack of trust towards external researchers and a widespread fear among professionals of speaking openly about money laundering practices and complicity within their own sectors. These constraints required strict confidentiality assurances and, in some cases, anonymization of participants and institutions to ensure candid responses.

In addition to primary interviews, the research team conducted a systematic review of national risk assessments (NRAs), MONEYVAL evaluation reports,[2] FIU annual reports and relevant legislation. Publicly available court decisions, annual prosecutors' reports, media investigations and case studies were analyzed to illustrate techniques and cross-sectoral linkages between professional services and criminal networks.

Data was coded thematically to identify recurring trends and systemic vulnerabilities, based on two analytical foundations:

- Professional exposure and techniques – how legal and financial professionals become directly or indirectly involved in laundering schemes.
- Supervisory capacity and compliance gaps – how professional oversight mechanisms function in practice.

The findings were cross-checked against independent sources, including official statistics and international evaluations, to ensure reliability and regional comparability. While the study primarily relies on qualitative evidence, it also integrates quantitative indicators, such as suspicious transaction reports (STRs) and disciplinary data, to substantiate observed trends.

Key findings

- **Weak risk awareness and fragmented supervision require remedial measures.** Most professional associations lack the authority, capacity, or independence to carry out risk-based AML inspections, which rarely go beyond box ticking exercises and tend to involve only sporadic inter-agency cooperation.
- **Limited understanding of AML obligations among professionals is evident.** Many notaries, lawyers, accountants and auditors lack relevant legal knowledge, leading to inconsistent application of CDD and infrequent filing of STRs.
- **Professional secrecy is a structural blind spot.** Ambiguity surrounding attorney–client privilege and other forms of professional confidentiality – which is often wrongly interpreted as absolute – continues to obstruct AML reporting.

- **Real estate remains a primary laundering channel.** Real estate transactions involving undervaluation, inflated contracts and rapid ownership transfers are common techniques across all six Western Balkan countries, yet notaries in several jurisdictions submit minimal STRs relative to transaction volume.
- **Professional money laundering arrangements often rely on coordinated constellations of lawyers, accountants and notaries.** Lawyers typically structure legal vehicles and contractual frameworks, accountants shape financial documentation and transactional narratives, and notaries formalize and authenticate key instruments, in arrangements that sometimes enmesh with political patronage networks.
- **The region's AML regimes are asymmetrically applied, with some countries imposing clear supervisory obligations, while others rely on self-regulation.** Disciplinary measures for AML breaches are rare and even when STRs are filed, feedback from FIUs to reporting professionals is minimal, reducing motivation for further compliance.
- **Professionals increasingly facilitate the movement of illicit funds through cryptocurrencies, offshore companies and cross-border trusts.** Despite legal obligations to identify and verify beneficial ownership, inconsistent implementation and limited access to reliable ownership data in many jurisdictions leave these structures hidden.
- **Across the Western Balkans, AML/CFT compliance is often treated as a procedural obligation rather than a core element of professional integrity.** Weak enforcement of ethical standards by some professional associations contributes to an environment in which facilitation risks are tolerated and defensively framed as professional 'neutrality' or formal legal compliance.

INTRODUCTION: STRUCTURAL VULNERABILITIES

In the Western Balkans, risks to financial integrity are closely linked to the ways in which illicit proceeds enter and circulate within the formal economy through professional and institutional channels. Rather than stemming solely from organized crime groups or isolated criminal operators, these risks are reinforced by structural vulnerabilities within the regulatory and supervisory systems that govern DNFBPs. Professional money launderers, who often operate through networks that include lawyers, notaries, accountants and auditors, exploit gaps in due diligence practices, weak risk-based supervision and fragmented data-exchange mechanisms.

Professional money launderers can play a role across all three stages of the money laundering process: placement, layering and integration (see case study on pp 27–28). Their involvement often begins at the placement stage, where their services are used to establish legal entities and facilitate the opening and management of bank accounts on behalf of clients, thereby providing an initial point of entry for illicit proceeds into the formal financial system. During the layering stage, these professionals help conceal criminal funds through complex legal and financial arrangements that obscure the true origin of assets and disrupt traceability. Their role continues into the integration phase, where laundered funds are reinvested into ostensibly legitimate businesses or ventures, further embedding illicit capital within the lawful economy.

According to the Financial Action Task Force (FATF), professional money laundering constitutes a distinct and evolving threat to the integrity of the global financial system. Professional money launderers operate across borders and criminal sectors, offering their services to multiple organized crime groups simultaneously and adapting their business models to meet client demand. Their operations are not tied to a specific predicate offence but are driven by profit and specialization, allowing them to launder proceeds from any form of criminal activity. The FATF underlines that the growing professionalism, sophistication and global reach of these operators significantly complicate detection, particularly when they exploit gaps between jurisdictions and differences in national enforcement capacities.[3]

Money laundering offences can be prosecuted either in conjunction with a proven predicate crime or as standalone (autonomous) money laundering, where the illicit origin of assets can be established without needing to secure a conviction for the underlying offence.

Standalone money laundering has become increasingly prominent as a prosecutorial approach in some jurisdictions. For example, in Serbia, standalone money laundering cases account for 68.79%

The Central Bank of Kosovo, the country's primary financial regulator. Kosovo's banking sector has been identified as facing elevated money laundering exposure, driven in part by a large cash-based economy.
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of indictments and 76.59% of convictions (the remainder of cases involve prosecution for a predicate offence).[4] This discernible progress becomes particularly important when examining the role of professional intermediaries. FATF guidance further notes that professional money launderers often process the proceeds of both illicit and legitimate commercial activities, a dynamic that can complicate detection and facilitate the concealment and integration of criminal proceeds.[5]

Defining professional money launderers

The FATF defines professional money launderers as individuals, groups or networks that knowingly provide third-party laundering services for a fee or commission. Their core function is to disguise the nature, source, location, ownership and control of illicit proceeds on behalf of criminal clients. Professional money launderers often operate through a combination of legitimate professional fronts, such as law firms, accounting offices or corporate service providers.

They make use of complex financial infrastructure, including shell and front companies, trade-based schemes and cross-border transfers. They rarely distinguish between clients and criminal markets, instead focusing on efficiency, secrecy and the commercialization of laundering as a professional service industry.[6] They offer their services as front persons or nominee directors or owners, or as providers of cash-intensive cover stories, often through events, performances or inflated contracts.[7]

Professional facilitation of money laundering often involves coordinated activity among different categories of experts, particularly notaries and accountants. Evidence points to close collaboration between these professions in advising criminals on how to structure transactions.

Structures

- Individual professional money launderers operate on a small scale but bring specific skills or expertise to the laundering process, such as financial and legal advice, accounting and other services. They usually diversify the risks across different products and conduct transactions through multiple financial experts and brokers.
- Professional money laundering organizations represent a more structured category. Comprising two or more individuals, these entities typically establish a clear hierarchy where each member has a specific role in the laundering cycle. While laundering may be their core activity, they often diversify into legitimate business or other illicit activities, providing cover and additional profit.
- Professional money laundering networks are composed of individuals or groups of associates who collaborate to facilitate laundering schemes or carry out sub-contracted tasks. They often operate transnationally and may bring together two or more networks. In many cases, they function as informal, fluid arrangements that provide criminal clients with a range of laundering services. Their interpersonal ties are typically flexible and loosely organized, rather than fixed or hierarchical.

Across the six Western Balkan jurisdictions, law enforcement efforts to detect and dismantle third-party money laundering arrangements, including professional money laundering structures, have yielded only modest outcomes.

FATF assessments consistently note that many jurisdictions prioritize investigations into 'self-laundering', where predicate offenders launder their own proceeds, while relatively little attention is devoted to money laundering conducted by independent third parties. This investigative focus, combined with evidentiary challenges and limited detection mechanisms, contributes to the under-identification of professional facilitators and enables the continued availability of specialized laundering services in the region.[8]

KEY PROFESSIONS AND LAUNDERING ROLES

Professional money laundering networks are typically structured around distinct roles, each with specialized responsibilities that ensure the smooth movement of illicit proceeds through the system. Rather than relying on a single specialist, these networks divide tasks among individuals who lead, promote, build infrastructure, forge documents, or physically move funds and assets. This division of labour not only increases efficiency but also provides layers of protection, making it more difficult for law enforcement to trace the full chain of activities. The FATF has identified nine key roles; an individual may perform one or several of these roles simultaneously (see Figure 1).[9]

ROLE	FUNCTION
Leader/controller	Provides overall leadership and strategic direction, sets commission rates and authorizes large movements of cash; oversees payments to main operatives, effectively controlling funds from collection to delivery.
Introducer/promoter	Finds and brings criminal clients into the network and manages communications with partner launderers, brokering access to existing laundering infrastructure both locally and abroad.
Infrastructure provider	Builds and maintains the laundering infrastructure – registering companies, opening bank accounts and securing credit cards, recruiting front men, and obtaining online banking credentials and SIM cards used across schemes.
Money mule herder	Recruits and manages money mules (often through job adverts or personal introductions), coordinates their transfers and travel, and handles their compensation for moving funds.
Document manager	Creates documents needed for facilitation of the laundering process, including fraudulent IDs, bank account statements, invoices and contracts.
Logistics manager	Manages the physical movement of goods and related customs paperwork, liaising with freight and customs agents to embed illicit value in trade or to hide discrepancies.
Asset investor	Arranges purchases of value-storing assets (real estate, art, gems, vehicles, luxury goods) often through multi-layered shell companies and nominees to convert and hide proceeds.
Collector/placer	Collects illicit cash and performs the initial placement stage, frequently using cash-intensive businesses to co-mingle funds and feed proceeds into the financial system with minimal paper trails.
Transmitter	Moves funds between locations and accounts using banks, money or value transfer service providers, cash withdrawals and currency exchanges.

FIGURE 1 Key roles and functions of professional money launderers.

SOURCE: FATF

The billion-dollar Belgrade waterfront project under construction in the Serbian capital. Large-scale development projects have drawn scrutiny from transparency watchdogs over their money laundering risks.
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Professional facilitators of money laundering often determine whether criminal operators ultimately succeed in integrating unlawful profits into the regional economy.[10] Notaries, lawyers, accountants and auditors are consistently identified in NRAs across the Western Balkans over the past five years as particularly exposed professions, owing to the nature of the services they provide and their potential misuse in the concealment and integration of illicit assets. As shown in Figure 2, NRAs rank notaries and accountants as among the most exposed categories.

NON-FINANCIAL PROFESSIONS	ALBANIA	BOSNIA AND HERZEGOVINA	KOSOVO	MONTENEGRO	NORTH MACEDONIA	SERBIA
Notaries	High	High	High	Medium	Medium-low	Medium-high
Accountants	Medium	Medium-high	Low	Medium	Medium	High
Lawyers	Low	Medium-high	Low	High	Medium	High
Auditors	Medium	Medium	Low	Medium	Medium-low	Medium

FIGURE 2 Primary roles and functions of professional money launderers.

SOURCE: National risk assessments[11]

The prevalence of notaries and lawyers in the higher risk categories stems from their status as gatekeepers to the formal economy. They are directly involved in processes that create entities and transfer or validate assets and legal rights, such as the establishment of corporations, real estate transactions, ownership changes, and the drafting or certification of legally binding acts. Because these activities provide formal legal recognition of transactions, they can enable illicit assets to enter legitimate economic structures. In some cases, the involvement of lawyers in managing client funds or structuring corporate arrangements creates additional opportunities for misuse, making their services particularly attractive for concealing and integrating illicit proceeds.

Notaries

Notaries across the Western Balkans play a central role in safeguarding the legality of real estate and construction related transactions, ensuring the authenticity of documents and maintaining trust in property and corporate dealings. They are also designated as obliged entities under national AML frameworks.

In principle, notaries are expected to authenticate legal documents, verify the identity of clients and obtain information on beneficial ownership in accordance with AML obligations,[12] record transactions in official registers and report suspicious activity to national FIUs. However, across the region, practical enforcement of these obligations remains uneven. Weak supervision, inconsistent training and limited coordination among ministries of justice, professional associations and FIUs continue to undermine the preventive function of the notarial system, while creating vulnerabilities that professional money launderers can exploit.

It is important to distinguish between notaries and lawyers, whose professional roles differ in ways that shape their respective risk profiles. Lawyers act as client representatives across a broad range of legal matters and are bound by duties of advocacy and professional privilege, whereas notaries perform a public authority function centred on the authentication and formalization of legal acts. Notaries typically operate within a more narrowly defined field of competence, which fosters a high degree of specialization,[13] and positions them at key points where property, corporate and family-related transactions acquire legal validity. These differences influence how each profession may be exposed to misuse when structuring complex financial and legal arrangements.

<table>
<tr><th>YEAR</th><th>ALBANIA</th><th>BOSNIA AND HERZEGOVINA</th><th>KOSOVO</th><th>MONTENEGRO</th><th>NORTH MACEDONIA</th><th>SERBIA</th></tr>
<tr><td>2020</td><td>321</td><td>2</td><td>17</td><td rowspan="5">10</td><td>21</td><td>172</td></tr>
<tr><td>2021</td><td>482</td><td>6</td><td>34</td><td>54</td><td>238</td></tr>
<tr><td>2022</td><td>735</td><td>8</td><td>35</td><td>91</td><td>239</td></tr>
<tr><td>2023</td><td>51</td><td>16</td><td>99</td><td>23</td><td>197</td></tr>
<tr><td>2024</td><td>413</td><td>52</td><td>55</td><td>14</td><td>189</td></tr>
</table>

FIGURE 3 Number of suspicious transaction reports submitted by notaries in the Western Balkans, 2020–2024.

NOTE: The data sent by the Montenegrin authorities is given as a total for the period from 2020 to 2025, and is not disaggregated by year.

SOURCE: National risk assessments

Notaries are able to abuse their status as gatekeepers by validating property transactions that are structured to obscure the origin of funds, most commonly through misstating transaction values. Undervaluing or overvaluing property transactions are common techniques in the placement and layering phases. Sale prices below market value allow portions of the transaction to be settled in undeclared cash outside the formal financial system, while inflated property values can facilitate the legitimization of larger volumes of illicit proceeds through apparently lawful transactions.

Notaries also sometimes maintain incomplete documentation, or insufficiently scrutinize the parties involved, hindering supervisory or investigative efforts. As notaries exercise public powers conferred by law and operate under dedicated notarial legislation across the region, their effective integration into AML/CFT frameworks is critical.

Albania

Notaries in Albania operate under the Law on Notaries and the Law on the Prevention of Money Laundering and Financing of Terrorism.[14] They are legally obliged to perform client due diligence and submit STRs, but enforcement is inconsistent. Many notarial registers remain paper-based, preventing real-time verification of ownership or transaction histories.

After overseeing Albania's mutual evaluation report in July 2018, MONEYVAL placed the country under enhanced follow-up, reflecting a need for more intensive monitoring than the follow-up process usually applied to assessed jurisdictions. MONEYVAL's 2023 follow-up report found that Albanian notaries rarely conduct due diligence or file reports, particularly for high-value real estate transactions in coastal areas, an activity identified as one of the main channels for laundering illicit proceeds.[15] Oversight by the Ministry of Justice is limited, inspection capacity is weak and the absence of clear reporting thresholds results in chronic under-reporting.[16] The combination of manual record-keeping, inadequate risk awareness and low detection rates leaves the sector exposed to abuse by organized crime groups seeking to legitimize criminal proceeds through property and business acquisitions.

Bosnia and Herzegovina

Notaries in Bosnia and Herzegovina function as independent public officials authorized to certify legal transactions and issue public documents. Their work is supervised by the ministries of justice in the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska, while notaries in Brčko District choose to affiliate with one of the two chambers.[17]

The Chamber of Notaries in the FBiH emphasizes that notarized acts provide the highest level of legal reliability in both corporate and property transactions, ensuring accurate tracing of financial flows.[18] Nonetheless, fragmentation of the legal framework between the three entities that constitute Bosnia and Herzegovina and the absence of a unified oversight mechanism weaken the profession's AML credibility. Under Article 93 of the Law on the Prevention of Money Laundering and Financing of Terrorist Activities,[19] the work of notaries is supervised by the Ministry of Justice of the Republika Srpska, the Notary Chamber of the FBiH and the Judicial Commission of Brčko District. This institutional fragmentation leaves openings that professional money launderers can exploit, particularly in the FBiH, where notarization is not mandatory for property sales (see the section on real estate brokers below).

Bosnia and Herzegovina's legislature ratified a new Law on the Prevention of Money Laundering and Financing of Terrorist Activities in February 2024.[20] Under Article 44 of this legislation, lawyers and law firms are required to submit relevant data to the Financial Intelligence Department (FID) within eight days of the certification or preparation of documents. This reporting obligation applies to each concluded real estate sale or purchase contract valued at BAM30 000 (€15 338) or more, each loan agreement of the same value or higher and any document prepared for the purpose of transferring rights of management or disposal of property.[21] This obligation positions notaries among the most significant reporting entities within Bosnia and Herzegovina's AML framework.

According to FID data, notaries and postal operators accounted for the highest proportion of reported cash transactions in 2024; notaries submitted 28 081 reports, underscoring their central role in monitoring high-value property and cash-based activities.[22] Under Article 97(3) of the 2024 Law, all supervisory bodies are required to submit to the FID a report on AML/CFT supervision of obliged entities, as well as documentation on measures to remedy instances of non-compliance.[23]

Bosnian notaries

In recent years, notaries in Bosnia and Herzegovina have been repeatedly exposed as being implicated in money laundering. In 2023, an operation code-named 'Square' resulted in seven individuals, including notaries, lawyers and a municipal councillor being charged with illegal property registrations and money laundering offences.[24] Over the past seven years, at least six notaries have been convicted of related offences such as abuse of office, document falsification and endangering security.[25]

In late 2025, the Prosecutor's Office of Bosnia and Herzegovina indicted 12 individuals and six legal entities in a case involving the alleged laundering of proceeds linked to international cocaine trafficking. According to the indictment, illicit funds were integrated into the legal economy through real estate investments, construction activities, corporate structures and cryptocurrency-related transactions. Evidence obtained from SKY ECC (an encrypted communications platform decoded by French and Dutch authorities) reportedly played a central role in the investigation.[26] The case highlights the continued use of property transactions and corporate arrangements as mechanisms for concealing and integrating criminal proceeds within Bosnia and Herzegovina's formal economy.

Kosovo

The notary profession in Kosovo is formally and clearly regulated under the Law on Notaries and the Law on the Prevention of Money Laundering and Combating the Financing of Terrorism.[27] Article 31 of this AML/CFT law sets out explicit duties for professionals, including notaries, and establishes a strong link between professional ethics and AML compliance. Notaries must hold client assets in accounts supervised by the Central Bank of Kosovo, clearly identify the ownership of these accounts and report any suspicious transactions to Kosovo's FIU within 24 hours. They are also required to report all cash transactions exceeding €10 000 and to maintain separate records for activities that may fall under client–attorney privilege.

This framework seeks to balance confidentiality with accountability, ensuring that the notarial profession contributes meaningfully to the detection of illicit flows. In April 2023, Kosovo's FIU issued an administrative instruction on the implementation of AML/CFT obligations for legal professionals, providing detailed guidance and best practices.[28] The Chamber of Notaries of Kosovo is responsible for disseminating these obligations and ensuring that members understand the penalties for non-compliance, thereby institutionalizing a culture of compliance within the profession.[29]

Montenegro

In Montenegro, the Ministry of Justice and the FIU share supervisory authority over notarial compliance, under the authority of the 2023 Law on the Prevention of Money Laundering and Terrorist Financing.[30] The ministry issued guidelines to notaries centring on risk analysis of money laundering and terrorist financing to strengthen awareness and align national practice with FATF standards. These guidelines require notaries to identify clients, verify the purpose and nature of each transaction and submit to the FIU all relevant data for contracts exceeding €15 000, as well as loan agreements above €10 000.[31] Reports must be sent electronically within three days of concluding a contract, accompanied by a declaration on the origin of funds in cash transactions.

Notaries are entitled to refuse transactions they consider suspicious.[32] Despite this framework, practical reporting remains low. In 2024, Montenegrin notaries submitted only two STRs and 13 707 cash transaction reports, despite handling almost 19 857 sales contracts worth around €1.6 billion.[33] The Chamber of Notaries liaises with the FIU to distribute guidance and organize training, but it lacks supervisory authority. Montenegro's 2020 NRA rated the notarial sector as medium-risk, primarily due to its heavy involvement in real estate transactions and exposure to offshore-linked clients.[34]

Every notary encounters challenges in their work related to real estate transactions and, to a lesser extent, business entities. A particular difficulty is the increasing number of foreign nationals, both individuals and registered companies from foreign jurisdictions, appearing as parties in transactions.[35] For the period 2020–2025, only 10 suspicious transactions were submitted by Montenegrin notaries.[36]

Oversight of notarial activities in Montenegro appears limited in practice, as the Ministry of Justice reviews only a small proportion of notarial acts, reportedly due to constrained inspection capacity. Between 2020 and 2024, 12 irregularities were identified through supervisory activities; however, the Chamber of Notaries' Disciplinary Commission initiated proceedings in only one case.[37] This indicates challenges in translating supervisory findings into formal accountability measures within the notarial oversight framework.

North Macedonia

In North Macedonia, the notarial framework is the most advanced among the six Western Balkan countries. The Law on Notaries and the Law on the Prevention of Money Laundering and Financing of Terrorism explicitly integrate the notarial profession into the national AML regime.[38] In July 2023, the Notary Chamber adopted comprehensive guidelines for assessing money laundering and terrorist financing risks, establishing risk-based criteria and standardized compliance procedures.[39]

Articles 58 and 64 of the country's AML/CFT law require notaries to submit all notarized contracts worth €15 000 or more to the FIU within three working days. Unlike the legal framework governing lawyers, the legislation regulating notaries includes a dedicated section addressing AML/CFT obligations. This framework sets out requirements for internal prevention programmes and establishes supervisory oversight of compliance.

The country has therefore adopted a relatively proactive regulatory approach toward notaries, contributing to more consistent reporting and greater awareness of AML/CFT obligations within the profession. However, challenges remain in ensuring that reported information is effectively analyzed and translated into concrete enforcement outcomes.[40] (For more information on the latter, see the section on regulatory limitations below.)

The legalization of illegal constructions – averaging more than 600 buildings annually – continues to provide a main channel for integrating illicit funds, yet notaries rarely submit STRs related to these cases.[41] This suggests that many professionals are either unaware of (or deliberately ignore) the risks associated with property regularization.

Serbia

The notarial sector in Serbia operates under the Law on the Prevention of Money Laundering and the Financing of Terrorism, which establishes CDD obligations for all reporting entities, explicitly covering notaries and lawyers engaged in financial or real estate transactions. Notaries are designated as obliged entities when they prepare or solemnize documents relating to specified financial or real estate transactions.[42] Notarial legislation requires notarization or solemnization for certain categories of legal transactions, such as loan contracts between private individuals.[43] These functions place notaries in a position to identify and report suspicious activities during such transactions, at a critical juncture between legality and potential abuse. Recent amendments to the law have expanded the range of obliged entities to include additional categories of DNFBPs and virtual asset-related service providers, tightened compliance requirements and increased penalties for breaches of AML/CFT duties.[44]

Between June 2022 and June 2024, the Ministry of Justice conducted 118 AML/CFT inspections of notarial offices and initiated four disciplinary proceedings for serious violations. According to the Administration for the Prevention of Money Laundering (APML), 2 014 STRs were filed in 2024, including 305 by DNFBPs, of which 189 originated from notaries – a significant increase compared to previous years and indicative of heightened awareness and exposure to risk. The total value of illicit funds flagged through these reports was approximately 311 billion Serbian dinars (€2.66 billion).[45]

Despite these regulatory efforts, the notary profession remains high-risk in Serbia's financial ecosystem. It is likely that notaries often certify real estate transactions and private loan agreements that serve as vehicles for integrating illicit proceeds. Although no notary has yet been criminally convicted of money laundering, NRAs have linked their services to at least 40 cases involving 17 convicted offenders, through which roughly €1.89 million was laundered through real estate and vehicle purchases over the three years to the end of 2023.[46] The sector's continued reliance on formal document verification, rather than substantive due diligence, creates vulnerabilities, especially during the layering and integration phases of money laundering, where undervalued property sales, rapid ownership transfers and false loan contracts are often used to obscure illicit origins.[47]

Across all jurisdictions in the Western Balkans, notaries constitute a key DNFBP sector for AML/CFT purposes. Their status as a public authority and their central involvement in real estate and commercial transactions place them at critical points of potential money laundering risk. However, while legislative frameworks generally recognize them as obliged entities, the degree of compliance and enforcement varies widely. Albania and Bosnia and Herzegovina struggle with oversight deficiencies and fragmented supervision; Kosovo and North Macedonia have introduced comprehensive legal obligations and detailed reporting mechanisms, but implementation capacity has not kept pace; and Montenegro has improved regulation through risk-based guidelines, yet actual reporting levels remain low compared to the volume of transactions handled.

Collectively, these discrepancies demonstrate that while notaries have the potential to function as effective AML/CFT gatekeepers, fragmented supervision and weak coordination mechanisms continue to limit their preventive impact and expose the sector to misuse by professional facilitators.

Laundering techniques used by notaries

This overview examines various money laundering techniques involving notaries across the Western Balkans. It draws on case studies and regulatory findings, including insights from NRAs on money laundering threats, analysis of techniques identified by relevant institutions, and interviews with experts involved in this research.

The techniques mentioned here demonstrate how notarial services, when misused or lacking proper supervision, can facilitate all three stages of money laundering: placement, layering and integration. Importantly, these stages do not need to occur in this order, nor do all three stages need to be perpetrated in order to launder illicit funds.[48]

The use of notarized deeds and escrow accounts can unknowingly or intentionally lend legitimacy to illicit financial flows. Recognizing these techniques is crucial for enhancing AML supervision, conducting risk-based inspections and providing targeted training for DNFBPs.

METHOD	MECHANISM	STAGE	INDICATORS
Offshore-linked corporate loans and inflated notarized real estate contracts	Offshore entities fund local companies through loans or capital injections, which then buy real estate from related parties at inflated prices under notarized contracts. Circular flows disguise illicit origins and integrate funds.	Layering ⇒ Integration	Buyer/seller controlled by the same beneficial owner; inflated contract price; intra-group loan funding; rapid resale of properties; suspicious refinancing arrangements designed to legitimize illicit funds.
Notarized private loan agreements concealing illicit cash	Individuals with little or no visible income conclude high-value loan contracts before a notary, creating enforceable receivables to legitimize criminal proceeds. Repayments recycle funds.	Layering ⇒ Integration	Lender's income inconsistent with loan size; above-market interest rates; frequent notarized loan contracts; rapid reinvestment.
Manipulation of real estate valuation	Notaries certify transactions based on prices declared by the parties, which may be artificially low or inflated, thereby enabling the concealment or legitimization of illicit proceeds.	Layering ⇒ Integration	Declared prices far from market value; missing valuation documents; collusion with appraisers.
Rapid property transfers and ownership layering	Repeated resale of the same property among related parties to disguise beneficial ownership and obscure audit trails.	Layering	Same property transferred several times in a short period; related buyers/sellers; lack of economic rationale.
Misuse of notarial trust or escrow accounts where permitted under national law	Funds held in notarial escrow accounts to mask origins before disbursement to third parties.	Placement ⇒ Layering	Large deposits without commercial rationale; anonymous beneficiaries; transfers to seemingly unrelated parties used to obscure beneficial ownership and the source of funds.
Certification of fictitious documentation	Notaries verify the identity of parties and certify documents submitted for notarization. Where such documents are substantively false (e.g. fictitious loan agreements or invoices), notarization may unintentionally provide legal form to transactions used for layering or tax evasion.	Layering	Discrepancies between notarized content and evidence; frequent similar documents; lack of supporting records.
Notarized betting-slip declarations used to legitimize cash	Individuals deposit large amounts of cash claiming betting winnings, supported by notarized statements. The notarization gives false legitimacy to unverifiable funds that are then used for real estate purchases.	Layering ⇒ Integration	Repeated large cash deposits; bearer betting slips without named winners; repetitive same-day betting and payout activity lacking a clear gambling rationale; notarized declarations used instead of official betting documentation.
Straw men and nominee owners in notarized transactions	Property is frequently registered in the names of relatives or nominees to conceal beneficial ownership. Notaries authenticate the transfer in accordance with formal legal requirements and the information provided by the parties.	Integration ⇒ Layering	Buyers without financial capacity; repeated appearance of same notary; ownership through proxies or front persons.
Underreporting or misreporting of property prices	Notaries record sales below market value while additional payments are made in cash outside the contract.	Layering ⇒ Integration	Declared sale price below market; cash side-payments.
Legalization of illegally constructed property	Criminal funds are used to finance unlicensed construction; the properties are later legalized through notarization, integrating illicit proceeds.	Placement ⇒ Integration	Recent constructions suddenly legalized; rapid transfer of ownership; unregistered investors.

METHOD	MECHANISM	STAGE	INDICATORS
Use of offshore or shell companies in notarized documents	Notaries certify formation or ownership transfers between entities that obscure ultimate beneficial owners and facilitate circular transactions.	Layering ⇒ Integration	Offshore entities; multiple ownership layers; frequent restructurings followed by asset purchases.
Notarial certification of fictitious corporate or tax documents	Notaries authenticate contracts or related documents that are subsequently used to substantiate false commercial transactions, such as fictitious invoicing schemes. These arrangements typically constitute tax or accounting fraud as predicate offences, while illicit proceeds laundered through such schemes may later be integrated into the financial system through asset purchases, corporate transactions or circular financial flows.	Layering	Matching fake invoices; quick cash withdrawals; links between notarial certifications and VAT refund claims.

FIGURE 4 Overview of techniques used by notaries to conceal illicit proceeds.

SOURCE: National risk assessments; interviews conducted with experts in the region[49]

Lawyers

While legislation regulating the legal profession varies from country to country in the Western Balkans, there are uniform legal and ethical norms that require lawyers to act with integrity, honesty, independence and fairness, while also safeguarding client confidentiality and avoiding conflicts of interests.[50] Privilege and professional secrecy are important principles that seek to prevent client information or advice from being disclosed. Bar associations provide licenses to lawyers and are vested with disciplinary powers in relation to professional misconduct; they also provide training and other supportive functions.

The FATF, EU and Council of Europe have established specific requirements for lawyers as part of AML initiatives. Lawyers are not obliged to report information obtained from clients when determining their legal position or when defending or representing them in judicial proceedings, including related advice. This protection applies before, during and after proceedings. However, it does not apply if the attorney is involved in money laundering or terrorist financing, provides advice for such purposes, or knows that the client seeks advice for these purposes.[51] Moreover, the FATF requires lawyers to carry out CDD and keep records whenever they assist clients in activities, such as buying or selling real estate, handling client funds or assets, managing bank or securities accounts, organizing contributions for companies, setting up or managing legal entities or arrangements, or dealing with the purchase and sale of business entities.[52]

By setting up companies, trusts or financial arrangements, lawyers knowingly or unknowingly help obscure beneficial ownership and the origin of funds. By acting as intermediaries in property deals, financial transfers or the opening of bank accounts, lawyers can help distance criminals from their assets.

- Creating offshore shell companies with hidden owners
- Setting up trusts or foundations to obscure control
- Opening bank accounts in secrecy jurisdictions
- Acting as nominee directors or shareholders
- Drafting sham loan or service agreements between shell entities
- Facilitating cross-border fund transfers
- Assisting with real estate or luxury asset purchases
- Using client/escrow accounts to move funds
- Ignoring or failing to report suspicious activity

FIGURE 5 Money laundering techniques that make use of legal services.
SOURCE: FATF

In the Western Balkans, lawyers demonstrate uneven levels of understanding of money laundering risks. While some possess solid knowledge of the phenomenon, others display limited awareness of the risk mitigation measures required of them, which leads to them negligently facilitate suspicious transactions and underlines the need for sustained, targeted training.[53]

YEAR	ALBANIA	BOSNIA AND HERZEGOVINA	KOSOVO	MONTENEGRO	NORTH MACEDONIA	SERBIA
2020	0	1	1	–	3	5
2021	1	0	2	–	7	6
2022	0	0	1	–	1	1
2023	0	0	0	–	2	0
2024	0	0	1	–	2	0

FIGURE 6 Number of suspicious transaction reports submitted by lawyers in the Western Balkans, 2020–2024.
SOURCE: National risk assessments

Figure 6 shows the persistently low levels of suspicious transaction reporting across all jurisdictions over the five years to the end of 2024. Notably, several countries recorded negligible STRs throughout this period. While not broken down into annual statistics, only two suspicious transactions were submitted by lawyers in Montenegro between 2020 and 2025.[54]

The overall pattern suggests very limited practical engagement of lawyers with AML/CFT reporting obligations, which may reflect a combination of low levels of risk awareness, uncertainty regarding the scope of professional secrecy exemptions, and insufficient guidance or supervisory outreach. This clear structural underreporting underscores the need for clearer regulatory expectations, targeted training and more effective supervisory feedback mechanisms tailored to the legal profession.

Across the Western Balkans, significant gaps remain in the regulation and supervision of the legal profession with respect to AML obligations. Relevant supervision of lawyers should be carried out by bar associations (also known as chambers of advocacy) and FIUs, but the process is not systematic or effective, leaving significant gaps in oversight. The absence of an effective supervisory regime and sanctions framework weakens compliance.

This combination of insufficient understanding, weak due diligence and ineffective supervision contributes to a regulatory environment in which the misuse of legal services for money laundering can flourish.

Albania

Lawyers can be held accountable by Albania's bar association only for failing to comply with reporting obligations. However, the scope of sanctions remains unclear, particularly in terms of which breaches trigger penalties and whether these are proportionate and dissuasive.[55]

Bosnia and Herzegovina

Under Bosnia and Herzegovina's newly adopted Law on the Prevention of Money Laundering and Financing of Terrorist Activities, lawyers are exempt from the obligation to report suspicious transactions to the FID when representing clients in judicial, administrative and mediation proceedings, as well as in procedures related to the establishment of a client's legal status. This marks a significant departure from the previous legal framework, under which the reporting exemption applied solely to lawyers acting as defence counsel in criminal proceedings.[56] From an AML perspective, this weakens the reporting framework by reducing lawyers' reporting obligations and limiting authorities' ability to detect the misuse of legal services for money laundering.

According to a prosecutor in Republika Srpska, money laundering investigations triggered by reports from lawyers, notaries and auditors are rare or non-existent.[57] CDD remains weak, with little client analysis especially related to verifying the source of funds and identifying beneficial ownership.[58] For example, loan agreements are used to introduce illicit funds into the formal economy, offering a facade of legitimacy through formally valid documentation. Such contracts allow individuals to justify large cash inflows as loans, effectively concealing the criminal origins of money.[59]

In Brčko District, usurious lending and money laundering are often interlinked, as formally documented loan agreements may be used for concealing the illicit origin of proceeds and present criminal ones as legitimate repayments of interest income. In this context, loan contracts, often certified by lawyers and notaries, are used to disguise illicit funds as legitimate repayments or interest income, frequently without adequate verification of the source of funds or the financial standing of the parties involved.[60]

Kosovo

The risk assessment for the Kosovo Chambers of Advocates not only identified areas of corruption risk, but also weaknesses in the AML framework such as limited awareness, supervision and suspicious transaction reporting.[61] There is persistent ambiguity between professional confidentiality and statutory reporting obligations. The tension between attorney–client privilege and AML duties has significantly constrained the effectiveness of suspicious transaction reporting, as lawyers frequently interpret confidentiality as a justification for non-reporting.

Montenegro

In Montenegro, the situation is marked by legal ambiguity. Under AML/CFT legislation, lawyers are required to apply measures when assisting clients in the planning or execution of specific transactions, including financial or real estate transactions. However, where lawyers are involved in the establishment of foreign trusts, they are not classified as reporting entities for those activities.[62]

Although some experienced lawyers may be able to recognize suspicious clients based on professional intuition, hesitation persists in reporting suspicious transactions because of a perceived conflict between mandatory reporting obligations and the principle of client confidentiality.[63] Lawyers may also hesitate due to concern that filing reports could discourage clients from seeking their services.

North Macedonia

North Macedonia's bar association has never conducted AML-related onsite supervision of lawyers. Even if granted the necessary authority, it would take considerable time and resources to develop the expertise required for the bar association to function effectively as a supervisory body.[64] The boundaries between professional secrecy and statutory reporting remain unclear, with many legal practitioners citing client confidentiality as a reason for non-reporting. In addition, the FIU notes a lack of specialized AML training for lawyers and notaries, particularly concerning techniques of money laundering involving illegally constructed buildings, VAT refund schemes and fictitious business relationships.

Serbia

The risk of money laundering by lawyers is high in Serbia.[65] In addition to notaries, lawyers participate in the drafting of contracts used in money laundering operations, especially in the real estate sector. Their roles often include drafting real estate contracts, managing assets, overseeing the establishment of companies and conducting financial transactions for clients – activities closely tied to high-risk sectors like real estate and banking.

Flagging suspicious transactions

In one case in Serbia, a lawyer's account became suspicious to the staff of a particular bank after they identified frequent deposits from a public bailiff that amounted over time to €276 953.[66] At the same time, the lawyer made repeated payments back to the same public bailiff totalling €40 713. The circular nature of these transactions, combined with the absence of a clear legal purpose, raised red flags at the bank. Additionally, the lawyer frequently made cash withdrawals of €1 250, the maximum amount exempt from mandatory justification. Over time, these repeated withdrawals reached €120 590. Owing to doubts about the legitimacy of the payments by the public bailiff to the lawyer and the cash withdrawals, the case was submitted to the prosecution authorities.[67]

Accountants

Accountants and auditors undeniably provide financial services in a substantive professional sense. However, they are classified as DNFBPs due to the deliberately narrow, functional definition of 'financial services' adopted by the FATF.

Within the AML/CFT framework, financial institutions are identified by their direct role (or lack thereof) in the custody, transfer or intermediation of funds, rather than by the financial nature of the expertise involved. Accountants and auditors do not handle client funds or execute transactions; instead, they analyze, structure and assess financial information, often after the fact. Their inclusion among DNFBPs therefore does not reflect a denial of their financial role, but a risk-based recognition that their professional services and gatekeeping position may be misused to facilitate or conceal illicit financial activity.[68]

The accounting sector plays a central role in both preventing and facilitating money laundering. In many countries, accountants are among the first professionals consulted by small businesses and individuals for financial or regulatory advice. They possess direct insight into clients' financial flows, business structures and sources of income. This gives them an important function in detecting suspicious activities, but it also exposes the sector to significant risks of abuse. Professional accountants in practice offer a wide range of services, including bookkeeping, financial statement preparation, tax compliance and company formation.

These same services can be exploited by criminal networks to disguise illicit proceeds, most commonly through falsified contracts, manipulated financial statements or the creation of shell entities. While large international accounting firms generally apply global AML policies, smaller practices or individual accountants often face challenges in understanding and implementing these obligations, especially in conducting CDD.[69] Limited knowledge and risk awareness make individual accountants and small practices particularly vulnerable to misuse by clients seeking to legitimize illicit funds.

YEAR	ALBANIA	BOSNIA AND HERZEGOVINA	KOSOVO	MONTENEGRO	NORTH MACEDONIA	SERBIA
2020	0	–	0	–	0	6
2021	0	–	0	–	0	20
2022	0	–	0	–	0	14
2023	0	–	0	–	0	1
2024	0	2	1	–	0	12

FIGURE 7 Number of suspicious transaction reports submitted by accountants in the Western Balkans, 2020–2024.

SOURCE: National risk assessments

Across the Western Balkans, the accounting profession is governed by dedicated national legislation that regulates its organization, licensing and professional practice. In parallel with these sector-specific frameworks, accountants are subject to AML/CFT oversight by FIUs, while their broader professional and prudential conduct is supervised by designated professional bodies or regulatory authorities. Within national AML/CFT regimes, accountants are explicitly designated as obliged entities and are therefore subject to defined compliance obligations. In some jurisdictions, such as Bosnia and Herzegovina, accounting and auditing legislation goes further by expressly requiring professionals engaged in accounting, auditing and supervisory activities to monitor continuously and identify conduct indicative of money laundering or terrorist financing offences.[70]

Some services offered by accountants are particularly vulnerable to money laundering, such as financial and tax advice, company and trust formation, and execution or facilitation of financial transactions.[71] Multiple transactions between various shell companies that share the same head office and accountant also indicate potential money laundering schemes.[72] In such cases, it is very unlikely that accountants play an unwitting role.

In one documented example, a highly experienced accountant was reported to act as an advisor to criminal groups operating in both Bosnia and Herzegovina and Serbia, charging fees proportionate to the amounts being laundered.[73] This case illustrates the use of specialized professional expertise being leveraged to design and manage laundering processes.

Accountants across the Western Balkans are among the least active obliged entities in submitting STRs to FIUs. Over the five years to the end of 2024, no STRs were filed by accountants in Albania or Montenegro; one was filed in Kosovo; and two were filed in Bosnia and Herzegovina.

Serbia stands out as an exception, with a total of 53 STRs filed by accountants over the five years to the end of 2024.[74] Between 2021 and 2023, accountants in Serbia submitted 35 suspicious activity reports (SARs) with an estimated total value of €19.1 million. However, even in Serbia, the accounting sector, in value terms, submits fewer STRs than banks and public notaries.[75]

The overall regional picture is likely to reflect a combination of limited awareness, weak supervisory oversight and insufficient commitment to AML obligations by accountants. Risk also stems from foreign accountants who conduct transactions in the Western Balkans. The Albanian Special Structure Against Corruption and Organized Crime (SPAK) conducted a major investigation into money laundering allegedly perpetrated by a group of Albanians and Italians on behalf of the Cosa Nostra mafia organization. The investigation revealed that an Italian accountant had opened accounts in Montenegro and Albania, with €18.4 million deposited in the latter country. The accountant was recorded as saying, 'We will first make them [the funds] disappear, then transfer them to Hong Kong or somewhere else.'[76]

In July 2024, Kosovo's special prosecution filed an indictment against six individuals, including one accountant, on charges of money laundering and computer fraud. Authorities seized approximately €1.63 million in connection with this case.[77] The defendants are accused of operating as a structured criminal group that allegedly laundered illicit proceeds between 2015 and 2023,[78] with the accountant suspected of facilitating the movement and concealment of funds. No public information has been released regarding the specific mechanisms or methods used by the group to allegedly launder the funds.

Accountants also play an important role in creating invoices and transactions for fictious services to launder illicit money.[79] A case investigated in 2021 by authorities in Bosnia and Herzegovina, Croatia and Slovenia resulted in the arrest of a group of 19 people for alleged money laundering, including a Slovenian tax expert, who reportedly led the group.[80] This outfit allegedly created IT-related invoices, transferred millions of euros through bank accounts in several countries and withdrew money in cash.

A similar case involving the use of fictitious invoices issued by certified accountants was identified in Serbia. According to the country's NRA, the organized group consisted of an alleged principal perpetrator, four licensed accountants and an accounting agency.[81] This laundering scheme involved recruiting individuals under whose names the accountants established sole proprietorships. These entities were then used to issue fictitious invoices under the direction of the main organizer. Once these false invoices were settled, the funds were withdrawn either by the accountants themselves or by the business owners, who subsequently returned the cash to the lead player. The laundered funds were then cycled back to the original providers of illicit funds to create the illusion of legitimate business transactions. Through this method, approximately €1.19 million is thought to have been laundered.

National data further indicates that over the period 2021–2023, the total amount laundered through accounting agencies under investigation in Serbia reached €5.69 million, while €3.49 million was identified under cases at the indictment stage and a further €2.25 million was attributed to cases where final convictions were achieved.[82]

Auditors

Similar to accounting legislation, audit laws in several jurisdictions do not contain dedicated AML/CFT provisions. In such cases, auditors are designated as obliged entities under the general AML/CFT framework and are therefore required to comply with it. However, Bosnia and Herzegovina has introduced specific AML/CFT-related provisions in its law on accounting and auditing, which further define and reinforce the responsibilities of auditors in this area.[83]

The Special Courts Against Corruption and Organized Crime, the judicial arm of Albania's anti-corruption framework, complements the prosecutorial and investigative work of SPAK. Both bodies play a role in Albania's efforts to prosecute money laundering cases.
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The work of auditors intersects directly with that of accountants when screening complex financial structures, shell companies, falsified documentation and manipulated accounts. Auditors knowingly or unknowingly validate suspicious financial statements. The sector's relatively small size – in terms of both the number of licensed auditors and audit firms (and overall revenue) – partly explains the limited number of inspections carried out on auditors by FIUs.

In Albania, the Agency for Financial Intelligence trained 445 auditors in tracking money laundering and terrorist financing between 2020 and 2024, representing 7.6% of all trained personnel across the country's reporting entities.[84] Despite the significant number of auditors trained, no STRs were submitted by auditors in Albania during this period. Moreover, enforcement outcomes have been minimal. Inspections conducted during this period resulted in only four administrative warnings, representing a marginal share of all administrative measures imposed on obliged entities by the agency.

Oversight of auditors is also limited in Kosovo and North Macedonia. Kosovo's FIU conducted 21 inspections and issued 106 recommendations between 2020 and 2024, but imposed no sanctions.[85] Between 2019 and 2023, North Macedonia's FIU did not open any cases involving audit firms. While nine inspections were conducted during this period, no violations were identified.[86]

Serbia's APML carried out 269 inspections of auditors and audit firms between 2021 and 2023, identifying 16 instances of irregularities. Most violations related to deficiencies in CDD, particularly the identification of legal entities and their legal representatives, often due to incomplete or outdated documentation.[87] However, Serbian auditors demonstrated a higher level of reporting activity than their Western Balkan peers. Over the period 2020 to 2024, Serbian auditors submitted 41 STRs, four of which were forwarded to the competent public prosecutor's office for potential criminal action, while information from nine SARs was shared with the country's Tax Administration service.[88]

Although auditors in Montenegro possess a solid professional understanding of AML/CFT and are endowed with significant capacity, regulatory authorities have made little use of them, resulting in few tangible outcomes. As a result, auditors' gatekeeping function remains largely one of meeting compliance formalities, rather than being fully embedded within an intelligence-led system aimed at detecting and prosecuting money laundering.[89] Additionally, auditors and accountants are typically classified within the same category of obliged entities and are therefore often analyzed jointly in statistical data. Over the period 2020 to 2025, only seven reports on suspicious transactions were submitted by accountants and auditors in Montenegro.[90]

Real estate brokers

Across the Western Balkans, real estate brokers and business consultants may, in certain circumstances, contribute to money laundering risks where their services are used to facilitate property transactions, corporate arrangements or advisory structures that obscure beneficial ownership and assist in the integration of illicit proceeds into the legal economy.[91]

In Bosnia and Herzegovina, notarization of property transactions is a requirement only in Republika Srpska and Brčko District; it is not mandatory in the FBiH. This legal gap stems from a 2015 ruling of the Constitutional Court of the Federation of Bosnia Herzegovina,[92] which annulled provisions of a law on notaries that required all property sale contracts to be notarized. The court held that mandatory notarization infringed the constitutional rights to freedom of contract and to access to justice, as parties could validly conclude agreements in a form other than notarization.

As a result, property sale and purchase agreements in the FBiH can be drafted and authenticated by lawyers or by licensed real estate agents. These intermediaries are regulated under the Law on Mediation in Real Estate Transactions,[93] which defines them as natural or legal persons registered to perform real estate mediation. Under this law, real estate mediation involves identifying and connecting the principal with a third party to facilitate negotiations and prepare for a legal transaction related to a specific property, whether it is a purchase, sale, exchange, or lease.

Under the 2024 Law on the Prevention of Money Laundering and Financing of Terrorist Activities in Bosnia and Herzegovina, Article 5 designates real estate intermediaries as obliged entities. Real estate intermediaries are mandated to conduct CDD and report suspicious transactions when they exceed BAM20 000 (€10 230). Only registered intermediaries who meet legal requirements can charge for services, and they must issue invoices. However, although the 2024 law also increased the powers of authorities to monitor suspicious financial flows, supervision remains weak due to limited institutional capacity and a lack of targeted inspections. Some interviewees who work in this sector emphasized that corruption is prevalent, especially as certain intermediaries have links to ruling parties.[94]

Bosnia and Herzegovina's real estate market remains particularly vulnerable to money laundering due also to the prevalence of cash-intensive transactions, informal commission arrangements and limited scrutiny of the origin of funds used for high-value purchases. Many commission-based activities are reportedly conducted without formal contracts or receipts, often in cash, making transactions difficult to trace and monitor. Real estate intermediaries and notaries involved in authenticating property-related transactions have been identified as particularly exposed to misuse in situations where large amounts of cash may enter legal financial processes without adequate verification of beneficial ownership or the source of funds. Many commission-based activities are undertaken without formal contracts or receipts, often in cash, making tracking difficult.

Overall, significant implementation challenges persist due to fragmented entity-level regulations and uneven supervisory practices, which continue to create regulatory gaps and 'grey zones' that can be exploited for money laundering purposes. Compared to Republika Srpska and Brčko District – as well as other regional countries where notarization is still required for property transactions – the model adopted by the FBiH amounts to a major blind spot that professional enablers of money laundering can exploit to integrate illegal proceeds into the legitimate economy.

ENABLING NETWORKS

While the previous section examined individual professions, this section focuses on how these players operate collectively within structured money laundering networks. Across the Western Balkans, professional money laundering is the most sophisticated form of third-party money laundering, characterized by specialized facilitators who provide modular, on-demand services, such as legal structuring, financial layering and integration, often supporting multiple laundering schemes in parallel.[95]

These networks combine the expertise of accountants, lawyers, notaries, real estate brokers, auditors and business consultants to disguise criminal proceeds as legitimate wealth. They thrive on interdependence and compartmentalization: each professional performs a discrete role that appears lawful, ensuring that no single participant retains a full picture of the laundering process. Lawyers and notaries lend legal authentication and legitimacy to illicit transactions, accountants fabricate a credible financial narrative through falsified invoices and statements, and real estate intermediaries integrate illicit funds into tangible assets, especially in the FBiH.

Network structures

These structures are fragmented yet highly cooperative, allowing money to pass through multiple professional layers, each protected by confidentiality, professional privilege or procedural formality, before re-emerging as 'clean'. Prosecutors and regulators across the region stress that these networks exhibit common behavioural indicators: layering through shell companies, transfers inconsistent with genuine business pricing across jurisdictions, rapid changes in asset ownership and frequent use of 'gift' or 'partnership' contracts to conceal true beneficial ownership. Red flags are often ignored or wrongly rationalized, while financial inconsistencies are masked through professional validation. Despite advanced AML frameworks, cross-border investigations remain slow and supervisory coordination is limited, providing fertile ground for professional money launderers to adapt and operate undetected.

Albania

Professional money laundering networks in Albania exhibit the following features:

- Complex legal structures: Professional money launderers create multi-layered corporate entities, often using shell companies and trusts, to obfuscate the true beneficial ownership of assets.[96]

- Exploitation of confidentiality norms: Client confidentiality and professional secrecy, foundational principles of legal and notarial practice, can be manipulated to prevent oversight and reporting of suspicious transactions.[97]
- Manipulation of documentation: Falsified contracts, fake invoices and misrepresented financial statements are employed to distort audit trails, particularly in real estate and high-value asset transactions.[98]

Bosnia and Herzegovina

Bosnia and Herzegovina illustrates the depth and interconnection of professional networks across formal institutions and illicit financial ecosystems. Investigations by the Center for Investigative Journalism have documented systematic collusion between notaries, lawyers and municipal officials involved in illegal property registrations and land transfers.[99] Notaries authenticate forged ownership documents; lawyers coordinate transactions for clients seeking to launder illicit proceeds; and real estate intermediaries manipulate cadastral data to obscure true ownership.

A prosecutor explained that professional launderers typically construct multi-layered transaction chains, involving shell companies, cross-border transfers and falsified documentation, often using lawyers and accountants to mask ownership. Identified behavioural indicators include evasive explanations of income sources, visible wealth disproportionate to lawful earnings, and complex corporate structures (the latter extending across the region). Another prosecutor emphasized that successful investigations into professional money launderers require both legal and financial literacy, noting that fellow prosecutors often lack training and access to forensic accounting tools, hindering complex investigations. Inter-agency communication remains fragmented and mutual legal assistance is slowed by procedural barriers, meaning that financial trails often go cold.[100]

The techniques most commonly used by professional money launderers in Bosnia and Herzegovina are bank transfers between shell companies; commingling illicit proceeds in cash-intensive businesses; trade-based money laundering through falsified invoices; and round-trip loan schemes, in which funds are routed offshore and 'returned' as legitimate loans. Bosnia and Herzegovina's securities commission has also noted the growing abuse of cryptocurrencies and decentralized finance mechanisms – including mixers, chain-hopping and over-the-counter trading – in erasing digital trails. There are also emerging risks from artificial intelligence-enabled identity falsification and 'wash trading' in digital assets.[101]

A court archive in Albania. Across the Western Balkans, weak institutional enforcement has allowed legal professionals to collaborate with the financial and real estate sectors, providing a strong foundation for integrating illicit finances. © *Gent Shkullaku/AFP via Getty Images*

Parallel insights from investigative journalists depict a grey-market fusion between criminal and professional economies, characterized by notaries certifying contracts without verifying the economic substance of transactions, lawyers drafting 'side agreements' that conceal true investors and accountants consolidating these transactions into tax compliant records. Such interlocking services close the laundering loop, embedding criminal capital within Bosnia and Herzegovina's property and financial markets under the guise of professional compliance.[102]

Kosovo

Kosovo's professional enablers form tight inter-professional linkages servicing both organized crime groups and politically exposed persons. Lawyers establish and manage companies on behalf of clients; accountants maintain falsified records and annual statements; and notaries legitimize property and loan contracts that serve as vehicles for integration.[103] Placement occurs through cash-intensive businesses and remittance inflows, while layering is facilitated by corporate vehicles designed to obscure beneficial ownership.

Although the 2023 guideline on AML/CFT for legal professionals provided advice and guidance on compliance obligations, the volume of STRs registered by lawyers and notaries remains negligible.[104] Interviews highlight that professional secrecy, coupled with commercial dependence on powerful clients, sustains a culture of non-reporting. This professional discretion effectively transforms AML oversight into a voluntary system, allowing criminal funds to move freely within Kosovo's formal economy.[105]

Montenegro

According to Montenegro's NRA and a report on money laundering techniques produced by the country's FIU, professional networks in the country operate through highly structured, service-based collaborations between notaries, lawyers, accountants and real estate intermediaries.[106] Notaries often facilitate rapid title transfers, inflated property valuations and sales to offshore-linked buyers, while lawyers and accountants design corporate vehicles and financing structures to conceal beneficial ownership.[107] Montenegro's 2023 mutual evaluation report and NRA note that real estate remains one of the highest-risk sectors, with foreign buyers and offshore structures increasingly used to obscure beneficial ownership and launder proceeds of crime.[108]

MONEYVAL's December 2025 follow-up report on Montenegro echoes these findings, highlighting that the country's professional intermediaries focus primarily on formal compliance rather than substantive risk assessment, and that inter-agency coordination between the FIU, Ministry of Justice and Chamber of Notaries remains underdeveloped.[109] This institutional fragmentation allows professional money launderers to exploit legal intermediaries as transactional buffers.

North Macedonia

Professional money laundering networks in North Macedonia, consisting of lawyers, accountants and notaries, have been implicated in falsifying contracts, fabricating loan agreements and engineering VAT refund schemes that conceal the origins of funds.[110] According to North Macedonia's FIU, notaries filed 182 STRs over the period 2021–2024, but only a few of these reports resulted in investigations, reflecting a perception among professionals that money laundering is a low-risk pursuit.[111] Moreover, undervaluation of properties in notarized deeds remains a prevalent layering technique, especially in the context of ongoing legalization of informal construction, where large sums of illicit capital are integrated into the legitimate property market.[112]

Serbia

In Serbia, professional collaboration is institutionalized within the financial and real estate systems. The country's 2024 NRA identifies the real estate, accounting and brokerage sectors as critical conduits for laundering. Notaries, brokers and accountants routinely formalize undervalued property sales, fictitious loans and inflated invoices, providing a legal facade for illicit funds.[113]

In early 2026, the discovery of at least €968 880 obtained from cocaine trafficking in Serbia unveiled a criminal group that was active between 2019 and 2024. Allegedly, this group concealed the illicit earnings by storing cash in safe deposit boxes and investing in real estate in Serbia and Austria, while the group's organizer remains abroad, in Ecuador.[114]

Serbia's APML documented a significant increase in STRs over the period 2021 to 2023, underscoring persistent procedural vulnerabilities. The convergence of illegal construction, shell companies and asset transfers through opaque intermediaries reveals how professionals embed criminal proceeds within legitimate structures.[115] Law enforcement sources note that these actors use their licensing and fiduciary status to lend credibility to transactions that would otherwise raise suspicion.

Throughout the Western Balkans, collaboration among legal, financial and real estate professionals provides a strong foundation for integrating illicit finance. The weak enforcement of AML laws, fragmented supervision and cultural reliance on professional discretion sustain this ecosystem. Prosecutors and regulators consistently cite the same vulnerabilities: inadequate beneficial ownership verification, slow international cooperation, inconsistent risk-based supervision and a shortage of STRs delivered by DNFBPs.

What emerges is a self-reinforcing system that blurs the line between legality and criminal enterprise. Professional money laundering enablers no longer act as isolated service providers but as networked facilitators operating through individuals and firms whose technical expertise, institutional legitimacy and social networks collectively embed illicit wealth within the region's formal economy. Unless these professional networks are disrupted through targeted supervision, inter-agency intelligence sharing and self-regulatory bodies becoming genuinely accountable, the Western Balkans will continue to serve as a safe operational environment for high-end money launderers, combining new and old-fashioned techniques to blend compliance with complicity seamlessly.

Case study: professional money laundering enablers

This case study involved at least three principal legal entities/companies – X1, X2 and X3 – together with corresponding corporate bank accounts operating across multiple jurisdictions. Investigators identified indicators consistent with the three classic stages of money laundering: placement, layering and integration. The scheme relied on cross-border transfers, loan arrangements, commercial invoices and inter-company transactions to disguise the origin and movement of criminal proceeds. The principal jurisdictions were the United Arab Emirates (UAE), Hong Kong, China, Croatia and a Western Balkan country. Financial investigators estimated that approximately US$5–6 million moved through the structure over the relevant period.

Placement stage: Illicit funds entered the formal financial system primarily through international transfers originating from foreign corporate entities. X2, a company registered in the UAE, and X3, a company incorporated in Hong Kong, transferred substantial sums to X1, a technology-oriented company registered in a Western Balkan jurisdiction. The transfers were presented as legitimate business activity. Individual transactions frequently amounted to several hundred thousand US dollars, while cumulative inflows exceeded several million. By structuring the transfers as ordinary commercial and financing arrangements, the actors were able to introduce large amounts of illicit proceeds into the regulated banking system without immediately attracting suspicion. The use of corporate entities operating in different jurisdictions also created a veneer of legitimacy and commercial credibility.

Layering stage: Following placement, X1 functioned as the primary recipient and redistribution vehicle for the funds. The money was subsequently transferred through multiple corporate accounts, jurisdictions and counterparties in a complex sequence of financial movements intended to obscure the origin, ownership and ultimate destination of the proceeds. Investigators identified numerous inter-company transactions involving entities connected to the UAE, Hong Kong, Croatia and China. Funds were often moved in smaller tranches and supported by contractual documentation, loan agreements, invoices and business justifications that created an appearance of lawful commercial activity. Some transfers were linked to alleged purchases of mining equipment and technology services, while others were characterized as temporary financing arrangements between associated companies. The repeated movement of funds across borders and between related legal entities complicated the identification of transaction trails.

Integration stage: In the final stage, the laundered proceeds were integrated into the legitimate economy through business expenditures, operational payments and asset acquisitions, including real estate-related investments. By routing the funds through corporate structures and presenting them as legitimate loans, revenues or commercial financing, the scheme enabled criminal proceeds to acquire an apparently lawful status. The use of technology-oriented companies and cross-border business transactions further enhanced the appearance of legitimacy, making the funds more difficult to distinguish from genuine commercial income.

REGULATORY LIMITATIONS

The principal gap exploited by professional money launderers in the Western Balkans lies not in the absence of legal frameworks but in the limited operational capacity and weak institutional coordination of supervisory bodies. Professional chambers tend to emphasize procedural compliance – maintaining manuals, submitting forms and organizing occasional training – over the proactive detection of laundering techniques. The scarcity of joint inspections, poor data exchange between FIUs and DNFBPs, and lack of risk-based targeting mean that high-risk professionals go largely unsupervised. Scrutiny of transactions and follow-up on behavioural indicators remain largely absent.

Albania

Oversight gaps in Albania stem primarily from the limited powers of professional chambers, including the National Chamber of Advocates, the National Chamber of Notaries and the Public Oversight Board, which possess only partial authority to conduct AML/CFT inspections. As highlighted by MONEYVAL, these bodies lack the statutory power to compel the production of documents or carry out unannounced inspections; they are also hindered by a shortage of resources for risk-based supervision. Consequently, disciplinary action against professionals is rare. In 2024, only 10 notaries and one lawyer were sanctioned for AML breaches.[116]

Equally problematic, while Albania's FIU receives STRs from DNFBPs, it provides little analytical feedback, reducing the incentive for proactive reporting. This gap means that high-risk sectors, particularly construction and real estate, remain vulnerable, with notaries and accountants frequently processing transactions with insufficient scrutiny. Furthermore, although the National Chamber of Notaries is legally tasked with organizing mandatory AML training, these sessions are irregular and rarely adapted to the techniques of professional money laundering networks active in Albania's economy.

Bosnia and Herzegovina

While the number of STRs has increased since the new AML/CFT law was enacted in 2024, it remains to be seen whether this will feed through into prosecutions and convictions, which are minimal at present. Prosecutors acknowledge that few STRs are filed on the basis of genuine suspicion; most are filed as a precautionary measure by reporting entities seeking to avoid potential regulatory or supervisory sanctions, reflecting a box-ticking approach to compliance rather than a culture of substantive risk assessment.[117] Professional bodies – including the chambers of notaries and the bar associations – still lack coordinated AML supervision mechanisms. Media investigations reveal that disciplinary action against complicit notaries and lawyers is rare, even when they are implicated in real estate fraud or illegal registration schemes. These weaknesses perpetuate a cycle of show over substance, in which professional oversight exists formally but fails to deter or detect laundering in practice.

Kosovo

The AML/CFT framework in Kosovo is broadly aligned with FATF standards but continues to suffer from institutional and procedural deficiencies. Risk-based supervision is limited. Supervisory bodies lack the means to implement targeted monitoring or impose effective sanctions, allowing professional money laundering networks to operate with impunity across professional sectors.[118] Another notable gap is the absence of 'fit-and-proper' background checks for professionals such as notaries and accountants – an obligation that exists for banks and financial institutions.[119] Without such vetting, individuals guilty of prior misconduct or possessing political connections can enter these sectors unchecked.

Montenegro

Oversight of professional money laundering risks in Montenegro remains fragmented, with limited supervisory capacity among sectoral bodies and weak inter-agency coordination. Although the Law on the Prevention of Money Laundering and Terrorist Financing designates notaries, accountants and auditors as obliged entities, compliance supervision focuses largely on documentation rather than risk profiling or behavioural indicators.[120]

Montenegro's FIU acknowledges that an imbalance between the number of cash transaction reports and the near absence of STRs points to systemic weaknesses in detection. In 2024, notaries submitted over 13 000 cash transaction reports, but only two STRs, despite operating in one of the country's most exposed sectors. This discrepancy indicates that many professionals meet formal reporting obligations without applying meaningful due diligence or recognizing red flags.[121]

Risk-based supervision in Montenegro is under-developed and most professional chambers lack analytical units capable of identifying high-risk clients or transactions. Although legally mandated, training programmes are irregular and often limited to compliance checklists. As a result, professionals, especially notaries, continue to work in a reactive rather than preventive manner.

North Macedonia

Professional oversight of AML/CFT obligations in North Macedonia is insufficiently harmonized across sectors, enabling professional money launderers to operate under the radar.[122] The FIU reports persistent challenges in monitoring notaries, lawyers and accountants, especially given the limited resources of (and weak cooperation between) supervisory authorities.[123] The Chamber of Notaries and the Bar Association perform only basic administrative supervision, primarily verifying whether entities maintain AML policies on paper rather than assessing their implementation or effectiveness.

Montenegro's coastal real estate sector – fuelled by foreign cash purchases – has drawn concern from anti-corruption groups over its vulnerability to money laundering. *© Maxim Konankov/ NurPhoto via Getty Images*

The FIU's own data indicates low levels of reporting and poor quality STRs. Of the 14 STRs filed by notaries in 2024 – the lowest number of annual STRs filed by notaries so far this decade in North Macedonia – most did not result in follow-up investigations.[124] Interviews conducted with employees of the FIU and professional chambers revealed that many notaries fail to recognize suspicious indicators or underestimate their obligations under the AML law. Despite the formal existence of inter-agency coordination frameworks, information sharing between the FIU, professional chambers and tax authorities needs to be improved.

Serbia

Structural gaps in the AML framework in Serbia are compounded by legal loopholes that exclude private real estate investors from regulatory oversight. Individuals who build or sell residential or commercial property are not required to register with the Business Registers Agency, open escrow accounts or enter the VAT system.

As a result, a large proportion of high-value property transactions are undertaken outside AML/CFT monitoring, allowing criminals to integrate illicit funds through informal construction and resale markets. Professional chambers and supervisory agencies exhibit limited inter-institutional coordination, and inspections of notarial and accounting offices are sporadic. Serbia's 2024 NRA identified weak operational information sharing as a major systemic gap.[125]

The absence of intelligence-led cooperation prevents stakeholders from developing techniques that reflect current laundering methods. This, in turn, affects the quality of suspicious activity reporting, as professionals lack both contextual understanding and data to identify developing threats.[126] Improved information exchange between supervisory authorities and reporting entities would enable a more targeted, intelligence-based approach. It would also strengthen transaction monitoring, enhance the accuracy of SARs and ensure that AML enforcement resources are concentrated where risk exposure is highest.

CONCLUSION AND RECOMMENDATIONS

Throughout the Western Balkans, the supervisory environment for DNFBPs is beset by broadly consistent structural weaknesses, despite variations in institutional arrangements and legal frameworks. Although all countries have adopted AML/CFT legislation that is officially aligned with FATF and EU standards, this normative alignment has not resulted in effective or comparable supervisory practices.

Instead, supervision is characterized by fragmented mandates, uneven institutional capacity and limited operational coordination between supervisory authorities. Supervision is also limited by capacity issues, with inspections often carried out by staff who lack specialized expertise in financial investigations or money laundering techniques, leading to a primarily procedural rather than risk-based approach.

As a result, DNFBPs across the region generally meet basic requirements such as registration, record-keeping and suspicious transaction reporting, but are only marginally integrated into intelligence-led AML/CFT frameworks. Supervisory planning rarely systematically relies on financial intelligence, threat assessments or feedback. Enforcement actions are infrequent and largely corrective. This limits the preventive capabilities of DNFBPs, especially in cases involving professional enablers and complex cross-border laundering schemes.

Professional secrecy, originally intended to safeguard client confidentiality, has, in practice, become a systemic compliance blind spot in parts of the region, particularly within the legal and notarial sectors. While attorney–client privilege is intended to be limited in scope and does not override AML/CFT obligations when lawyers, notaries or accountants act as intermediaries, it is nonetheless frequently invoked, formally or informally, to justify minimal engagement with suspicious transaction reporting. In this context, AML requirements are often treated as administrative obligations rather than as core risk-mitigation tools, leading to under-reporting and reduced scrutiny of high-risk clients and transactions. This deference to confidentiality, combined with the lack of sanctions for non-compliance, allows professional enablers to operate with near impunity.

In cases where FIUs receive STRs, feedback mechanisms are often limited. Reporting entities rarely receive analysis that would help them to spot laundering techniques, other practical guidance, or sector-specific alerts from FIUs. Regionally, the absence of standardized information-sharing protocols between FIUs, tax administrations, land registries and professional bodies perpetuates a narrow and constrained approach. Mutual legal assistance and cross-border data exchange are slow, often requiring court orders even for preliminary intelligence requests.

The capacity gap is considerable across the region. Many professional chambers lack inspection units, data analysis capabilities and risk-profiling systems to identify high-risk practitioners or clients. Training, where available, is irregular and theoretical, focusing on procedural compliance rather than on laundering techniques linked to real estate manipulation, trade mis-invoicing, offshore structuring or virtual assets. Few supervisory authorities employ data-driven or risk-based methodologies and inspections remain superficially formal rather than forensic, aimed at verifying paperwork rather than detecting laundering indicators. In the absence of clear supervisory signals and risk-based feedback from FIUs, legal and notarial professionals have little incentive, or practical support, to recalibrate reporting practices, contributing to persistent under-reporting and weak preventive engagement.

Finally, the broader institutional ecosystem still privileges form over substance: many AML/CFT obligations are fulfilled through self-certification, statistical reporting and symbolic disciplinary measures rather than meaningful enforcement. The lack of consolidated beneficial ownership registers, centralized databases of politically exposed persons and integrated analytics further limits the ability of authorities to connect cross-border laundering schemes.

Consequently, the Western Balkans remains an environment where professional money launderers can operate with relative impunity, exploiting procedural loopholes and regulatory fragmentation to embed illicit capital within legitimate economies. Addressing these challenges requires moving beyond legislative alignment toward functional integration, establishing joint supervisory task forces, standardizing AML training across professions, institutionalizing real-time data exchange between FIUs and professional bodies, and introducing accountability mechanisms for self-regulated organizations. Without such systemic reform, the region's compliance architecture will continue to provide only the appearance of oversight, enabling professional networks to thrive under the cover of legality.

Efforts to counter professional money laundering in the Western Balkans must evolve from legislative conformity to practical enforcement. To curb professional money laundering networks in the region effectively, the following measures are recommended:

- **Strengthen the institutional capacity and independence of supervisory bodies:** Supervision of notaries, lawyers, accountants and auditors remains fragmented and under-resourced. Where professional chambers play a role in AML/CFT supervision, their responsibilities should be clearly defined and subject to robust state oversight to address inherent conflicts between member representation and enforcement functions. In this context, countries should:
  - introduce proportionate and transparent fit-and-proper requirements for DNFBPs, including checks for serious criminal convictions, relevant disciplinary records and unmanaged conflicts of interest, in line with FATF standards; and
  - designate clear lead supervisors for each DNFBP sector, supported by formal inter-agency coordination with FIUs, tax authorities and relevant ministries to ensure risk-based supervision, consistent enforcement, clear institutional mandates and effective sanctions, while avoiding reliance on pure self-regulation.
- **Implement specific risk-based supervision across DNFBPs:** Most DNFBP oversight still relies on formal documentation rather than risk profiling. To operationalize a risk-based approach:
  - supervisors should adopt sector-specific risk assessment tools to identify high-risk professions, clients and transaction types; and
  - data analytics should be used to detect anomalies such as undervalued property transactions, circular loans or repetitive cash inflows.

- **Enhance transparency of beneficial ownership and corporate structures:** Introduce sanctions for inaccurate or out-of-date beneficial ownership data, applied both to entities and professionals responsible for filings.
- **Clarify the scope of professional secrecy and privilege:** Legal uncertainty surrounding attorney–client privilege and notarial confidentiality continue to affect the consistent application of AML/CFT obligations.
  - Adopt binding interpretative guidance clarifying the statutory limits of professional secrecy, including circumstances in which legal and notarial activities fall outside the scope of privilege, particularly when professionals engage in financial or transactional services or where AML/CFT reporting obligations apply.
  - Strengthen safeguards around client accounts held by legal and notarial professionals by requiring clear segregation, enhanced record-keeping and independent audits, with access to relevant information provided to competent supervisory or investigative authorities in accordance with due process guarantees.
  - Establish secure and confidential compliance support mechanisms within bar associations and notarial chambers to provide guidance on reporting obligations and facilitate lawful reporting, without substituting direct suspicious transaction reporting to the FIU.
- **Improve STR reporting and feedback mechanisms:** STRs from DNFBPs remain sporadic and often low-quality.
  - FIU and DNFBP supervisors should develop and implement minimum STR quality standards, including a standard STR narrative template (who/what/when/why suspicious/supporting documents), mandatory fields relevant to DNFBPs (client profile, service provided, transaction structure, beneficial ownership indicators), quality checklist distributed to all DNFBPs and anonymized examples of 'good STRs' and 'poor STRs' with corrections.
  - Training must shift from general awareness-raising to scenario-based instruction focused on the threshold of suspicion and the practical drafting of STR narratives.
  - FIUs should institutionalize structured feedback channels: (i) case-based feedback addressing recurring reporting deficiencies, and (ii) strategic feedback in the form of periodic DNFBP-focused briefs on spotting money laundering techniques, red-flag indicators and analytical summaries.
  - DNFBP supervisors should also monitor reporting performance through thematic inspections and implement corrective measures when persistent under-reporting or systematic low-quality submissions are observed.
- **Standardize and professionalize AML training and certification:** Training remains compliance-oriented rather than risk-driven. AML training must be mandatory, periodic and accredited, focusing on techniques relevant to professionals (real estate manipulation, shell company layering, VAT refund fraud, trade-based laundering and digital assets).
- **Increase transparency and strengthen proportionate sanctioning for AML breaches:** Require professional chambers to publish annual AML/CFT compliance reports covering inspections, identified deficiencies, imposed measures/sanctions and sector-specific risk assessments.
- **Integrate AML/CFT with broader governance and anti-corruption agendas:** Money laundering cannot be addressed in isolation; in order to ensure systemic resilience, the following measures are required:
  - Embed AML objectives into national anti-corruption strategies and judicial reforms.
  - Strengthen whistleblower protections to encourage reporting of professional misconduct.
  - Align FIU intelligence with anti-corruption prosecution and confiscation mechanisms to strengthen the 'intelligence to asset recovery' chain.
  - FIUs should establish controlled dissemination protocols ensuring that relevant intelligence is transmitted to competent investigative and prosecutorial authorities in a manner that enables timely asset tracing, freezing/seizure measures and confiscation, subject to strict confidentiality safeguards and purpose limitations.

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