

Money Laundering and Terrorist Financing: Comparison of Laws and Regulations in the United States and in the European Union

Money laundering and terrorist financing have increasingly become issues in both the United States of America and the European Union. Money laundering, defined as illegally obtaining and hiding money, usually in foreign banks or in the accounts of illegitimate businesses, has even become grounds for federal criminalization in the United States. This call for vigilant attention to money laundering was caused, in part, by the connection that money laundering has to terrorist financing, which consists of financially supporting or providing for individual terrorists or terrorist groups. In the following paper, we will discuss some of the similarities and differences between the regulations put in place to stop these acts in the United States through the Bank Secrecy Act and the Criminal Code and in the European Union through the Anti-Money Laundering Directive.

Both the United States government and the governing bodies of the European Union realize that money laundering and terrorist financing are more often than not crimes on an international scale. The United States has a system for filing Suspicious Activity Reports (SARs) when criminal conduct is a possibility within a financial institution. Likewise, in the European Union a complex risk assessment must be completed and filed when criminal conduct is suspected. While a SAR is sent to the Financial Crimes Enforcement Network (FinCEN), an agency of the United States Department of the Treasury, each Member State in the European Union is required to have their own department to collect, sort, and manage these reports. This agency, referred to as a Financial Intelligence Unit (FIU), operates independently and may have laws and regulations more rigid than those generally specified by the European Union.

In conclusion, the money laundering and terrorist financing policies set in place by the United States government and the Commission of the European Union are overall very similar. With the current rise in online transactions, innovative technologies, and globalization, financial institutions should be alert and aware of any potential criminal activity. As stated in the directive issued by the European Union, “Money laundering and terrorist financing are international problems and the effort to combat them should be global.”