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# Process of national risk assessment in the field of AML/CFT carried out in the Republic of Azerbaijan

The Decision of the Cabinet of Ministers of the Republic of Azerbaijan dated 21.10.2020 was adopted in accordance with the tasks arising from the "National Action Plan for the Promotion of Open Government for 2020-2022" approved by the Decree of the President of the Republic of Azerbaijan dated 27.02.2020. Coordination Council was formed in order to ensure periodic risk assessment of the anti-money laundering and combating the financing of terrorism (AML/CFT) system, to prepare for the V round evaluation by MONEYVAL Committee of the Council of Europe, which will take place in the relevant field, and to ensure effective domestic cooperation in these directions according to the decision. Judicial and law enforcement authorities, supervisory bodies for AML/CFT, other relevant state institutions and heads of public associations standing for the private sector are represented in the Coordination Council headed by the Deputy Prime Minister of the Republic of Azerbaijan.

5 working groups were formed for the implementation of the national risk assessment (NRA) in the field of AML/CFT, the methodology for conducting the NRA was approved as well at the first meeting of the Coordination Council held on 25.12.2020. The relevant working groups began to operate since the beginning of 2021, and the preliminary draft report was prepared in the beginning of 2022. Analyzes within the framework of the NRA were conducted on the basis of the processing of information provided by the institutions represented in the Coordination Council on the given questionnaires, as well as interviews and discussions conducted with them, along with domestic and international analysis documents available in public sources.

The analyzes mainly covered the years 2015-2020. Unlike the NRA conducted in 2015, in this assessment, more attention was paid to the effectiveness indicators of the AML/CFT system of Azerbaijan.

Based on the results of the assessment of current threats in the field of AML/CFT, tax and related crimes, corruption, illegal drug trafficking and smuggling constitute predicative crime categories that pose a high risk for ML in the country. As for sectorial risks, the banking sector, real estate and transactions on legal entities have been identified as the riskiest sectors.

Within the framework of the NRA, weaknesses in fighting potential on regional and national levels were also identified, analyzed and evaluated. Numerous indicators were analyzed to reveal weaknesses in the national fighting potential. In terms of regional risks, the weaknesses of banks, other financial institutions, as well as non-financial institutions and professionals were assessed.

Finally, the main risks of terrorism and terrorist financing on radical-religious and ethnic grounds in Azerbaijan and the potential of fighting against them were analyzed. The NRA analysis also show that new challenges are emerging to strengthen legal regulation and institutional capacity in the fight against the financing of proliferation of weapons of mass destruction.