

**REPORT**  
**of the General Inspector of Financial Information**  
**on the implementation of the provisions of the Act**  
**of 1 March 2018**  
*on counteracting money laundering*  
*and financing of terrorism*  
**in 2023**

Warsaw, March 2024

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## Abbreviations and acronyms:

<b>ABW</b>	Internal Security Agency
<b>AML/CFT</b>	anti-money laundering and counter-terrorism financing
<b>OPS</b>	Office of Payment Services
<b>CAT</b>	ABW Anti-Terrorist Centre
<b>CBA</b>	Central Anti-Corruption Bureau
<b>CBŚP</b>	Central Investigation Bureau of the Police
<b>CBZC</b>	Central Cybercrime Bureau
<b>CIFG</b>	Counter-ISIL Finance Group
<b>COP</b>	Conference of the Parties to the CETS 198, i.e. the Conference of the States Parties to the Warsaw Convention (the body established under Article 48 of the <i>Council of Europe Convention of 16 May 2005 on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism</i> , that stipulates the creation of a monitoring mechanism to ensure the application of its provisions)
<b>DLT</b>	Distributed Ledger Technology – a type of technology facilitating distributed recording of encrypted data
<b>Journal of Laws</b>	Journal of Laws of the Republic of Poland
<b>OJ</b>	Official Journal of the European Union (OJ of the EU)
<b>EAG</b>	The Eurasian Group on Combating Money Laundering and Financing of Terrorism (organization established in 2004 as a FATF-style regional body and a FATF associate member)
<b>EBA</b>	European Banking Authority
<b>EGMLTF</b>	Expert Group on Money Laundering and Terrorist Financing, operating at the European Commission
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>ESMA</b>	European Securities and Markets Authority
<b>FATF</b>	Financial Action Task Force, established in 1989 during the G-7 Summit in Paris, dealing with the analysis and assessment of threats related to money laundering and financing of terrorism, in particular in the context of 40 recommendations it has issued, defining the international standards concerning the counteracting of money laundering and financing of terrorism and their proliferation
<b>GIFI</b>	General Inspector of Financial Information

<b>GPW S.A.</b>	Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange)
<b>GUS</b>	Statistics Poland
<b>IAS</b>	Revenue Administration Regional Office
<b>OI</b>	obligated institution referred to in Article 2(1) of the <i>Act of 1 March 2018 on counteracting money laundering and financing of terrorism</i> (Journal of Laws of 2023, item 1124, as amended)
<b>ISIS</b>	Islamic State of Iraq and Sham
<b>FIU</b>	Financial Intelligence Unit (in accordance with FATF Recommendation 29, the financial intelligence unit means “a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and financing of terrorism, and for the dissemination of the results of the analysis”, that “should be able to obtain additional information from obligated institutions and should have access to timely financial, administrative and criminal information that it requires to perform its functions properly”)
<b>CU</b>	cooperating unit referred to in Article 2(2)(8) of the <i>Act of 1 March 2018 on counteracting money laundering and financing of terrorism</i>
<b>KAS</b>	National Revenue Administration
<b>KCIK</b>	National Centre of Criminal Information
<b>KDPW S.A.</b>	National Depository of Securities (Krajowy Depozyt Papierów Wartościowych S.A.)
<b>EC</b>	European Commission
<b>KGP</b>	Police Headquarters
<b>DPI</b>	domestic payment institution
<b>KNF</b>	Polish Financial Supervision Authority
<b>UKNF</b>	Office of the Polish Financial Supervision Authority
<b>ML/TF</b>	money laundering/terrorism financing
<b>SPI</b>	Small Payment Institution
<b>MONEYVAL</b>	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (the body of the Council of Europe established in 1997 for the monitoring and assessment of the compliance of the MONEYVAL member states with key international AML/CFT rules, as well as of the effectiveness of their implementation, being a FATF-style regional body and a FATF affiliate member)
<b>ITTT</b>	Inter-Ministerial Team for Terrorist Threats (established by <i>Ordinance 162 of the Prime Minister of 25 October 2006</i> as an auxiliary body of the Council of Ministers to ensure cooperation of the governmental administration in detecting, preventing and counteracting terrorism)
<b>NBP</b>	National Bank of Poland
<b>OSCE</b>	Organization for Security and Co-operation in Europe

<b>PKD</b>	Polish Classification of Activities
<b>AML/CFT</b>	anti-money laundering/counter-terrorism financing
<b>RP</b>	Republic of Poland
<b>SAR</b>	Suspicious Activity Report
<b>BG</b>	Border Guard
<b>SKOK</b>	cooperative savings and credit union
<b>SKW</b>	Military Counter-Intelligence Service
<b>SNRA</b>	Supranational (ML/TF) Risk Assessment
<b>STR</b>	Suspicious Transaction Report
<b>EU</b>	European Union

# 1. INTRODUCTION



The past year was full of a number of events important from the point of view of counteracting money laundering and financing of terrorism. First of all, it is worth paying attention to the new National Assessment of the Risk of Money Laundering and Financing of Terrorism published at the end of 2023, that includes certain changes in the layout of its content and the method of presenting information compared to the first document dedicated to these issues, published in 2019. For example, when assessing the so-called “residual” risk, reference was made to areas of activities that may be related to the risk of money laundering or terrorism financing, and not only to possible scenarios of the emergence of this risk. At the same time, more extensive reference was made to mitigating measures that should be applied with respect to the identified risk of money laundering or terrorism financing. A description of the analysis of the main predicate offences for money laundering and its findings were also included.

Last year saw also important events related to international cooperation. First of all, it is worth mentioning the High-Level Conference of the Council of Europe’s Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) held in Warsaw on 25 April 2023, during which MONEYVAL’s Strategy on anti-money laundering, combating the financing of terrorism and proliferation financing for 2023-2027 was adopted. Moreover, importantly for Poland, a person representing the General Inspector of Financial Information (GIFI) was entrusted, in September 2023, with performing the duties of the Chairperson of the Egmont Group that brings together FIUs, until June 2024. It is worth recalling that since 2022, this person has been serving as a deputy chairperson of this international organisation.

As regards the GIFI’s analytical work and its outcomes, a significant increase in the number of initiated analytical proceedings as well as the number of the so-called main notifications to the prosecutor’s office on suspected money laundering/terrorism financing offences (by approx. 45.1% compared to 2022) and the number of blocked accounts (by approx. 60.8% compared to 2022) should be noted. In Subsection 4.1.2 hereof, a concise description of examples of anonymised analytical proceedings, completed with notifications to the prosecutor’s office, has been presented. The presented cases show the diversity of these proceedings, both in terms of possible predicate offences and criminals’ *modi operandi*.

Analytical work is also accompanied by intensive work related to bilateral, so-called “operational”, exchange of information, both at national and international levels. Its description can be found in Section 6 and Subsection 7.9 hereof.

The GIFI not only inspects obligated institutions and imposes administrative sanction on some of them for non-compliance with AML/CFT regulations, but also takes action to increase their knowledge and awareness of counteracting money laundering and terrorism financing. In 2023, the GIFI – to meet the needs of obligated institutions – launched a series of virtual training courses intended for employees of obligated institutions (representatives of cooperating units were also invited to them). Last year, the GIFI also continued publishing typological newsletters – an initiative launched in 2022, as well as communications addressed to obligated institutions.





## 2. KEY INFORMATION ON THE NATIONAL ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING SYSTEM

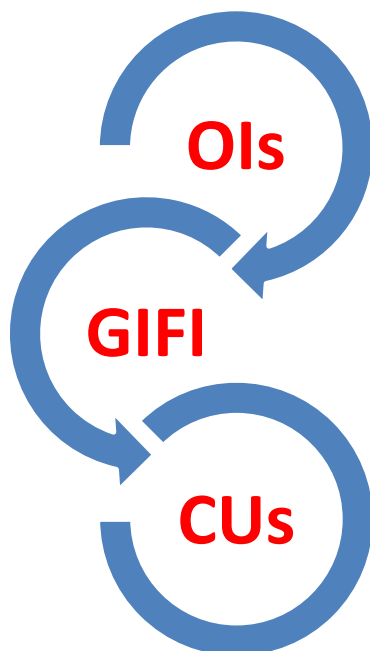
### 2.1. NATIONAL ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING SYSTEM

The Polish anti-money laundering and counter-terrorism financing system (hereinafter referred to as “AML/CFT system”) is based on the provisions of both national law and the law of the European Union (EU). The principles and procedures regulating the operation of this system are governed primarily by the *AML/CFT Act* that specifies measures aimed directly at counteracting money laundering and terrorism financing, as well as the powers of cooperating bodies and units, characterises obligated institutions, and regulates their obligations under the AML/CFT system.

The Polish AML/CFT system consists of:

- General Inspector of Financial Information (GIFI);
- obligated institutions (OI);
- cooperating units (CU).

*Figure 1. Structure of the Polish AML/CFT system*



Obligated institutions, the GIFI and its cooperating units interact with each other. On the one hand, activities carried out by obligated institutions directly affect the activities initiated by the GIFI, that, in turn, significantly affect the operation of cooperating units (in particular law enforcement agencies or supervisory authorities). On the other hand, the effectiveness of the work of cooperating units affects activities undertaken by the GIFI, which in turn is reflected

in the scope of activities carried out by obligated institutions. Overall, the Polish AML/CFT system may be described as a system of inter-connected vessels, in which the quality and effectiveness of the operation of each element is important for the operation of the other segments and the entire system.

Pursuant to the *AML/CFT Act*, the minister competent for public finance (as the supreme financial information authority) and the GIFI are the government administration bodies competent for counteracting money laundering and terrorism financing. Given the scope and nature of the tasks implemented by the General Inspector of Financial Information, this authority – as the central element of the system – has relatively the greatest impact on the operation of the entire system. It should be emphasised that the operation of this system is also greatly affected by the stage of its development, i.e. the legislative process consisting primarily in transposing solutions provided for in relevant EU directives into the Polish legal system.

Pursuant to the *AML/CFT Act*, the GIFI performs its tasks with the support of an organisational unit of the Ministry of Finance, i.e. the Financial Information Department. Since 2017, employment in this Department has been systematically increasing. Human resources of this Department increased from 65 FTEs in 2017 to 122 in 2023. The organisational challenge is to ensure adequate office facilities for all employees. The GIFI – as an authority – does not have its own budget. It relies in this regard on the resources of the Ministry of Finance.

The GIFI is appointed and dismissed by the Prime Minister at the request of the minister competent for public finance, in consultation with the minister – member of the Council of Ministers competent for the coordination of the operation of secret services, if appointed by the Prime Minister.

Pursuant to Article 12(1) of the *AML/CFT Act*, the GIFI's tasks include taking action to counteract money laundering and terrorism financing, in particular:

- analysing information concerning assets suspected by the GIFI of being related to an offence of money laundering or terrorism financing;
- suspending transactions or blocking banks accounts;
- requesting submission of information on transactions and disclosure thereof;
- submitting information and documents substantiating the suspicion of committing an offence to competent authorities;
- exchange of information with cooperating units;
- developing the national assessment of the risk of money laundering and terrorism financing as well as strategies for counteracting such offences in cooperation with cooperating units and obligated institutions;
- exercising control over compliance with the provisions on counteracting money laundering and terrorism financing;
- issuing decisions on entry into the list of persons and entities towards whom or which specific restrictive measures, involving the freezing of assets or refraining from making them available, in particular by refraining from granting loans, consumer loans or mortgage loans, refraining from making donations, and refraining from making payments for goods or services, are applied, or their delisting, and keeping this list;

- cooperation with competent authorities in other countries, as well as foreign institutions and international organisations dealing with counteracting money laundering or terrorism financing;
- exchange of information with foreign financial intelligence units, including running a contact point for the purposes of such exchange;
- imposing administrative penalties referred to in the *AML/CFT Act*;
- making knowledge and information relating to the provisions on counteracting money laundering and terrorism financing available in the Public Information Bulletin, on the website of the office supporting the minister competent for public finance;
- processing information in accordance with the procedures specified in the Act,
- initiating other activities to counteract money laundering and terrorism financing.

Obligated institutions are subject to the requirements and restrictions provided for in the *AML/CFT Act*. The list of obligated institutions specified in Article 2(1) of this Act is extensive, as it covers 30 enumerated categories of various entities – representing both the financial and non-financial sectors. It should be emphasised, however, that this is an exhaustive list, which means that only the entities indicated in the aforementioned provision are obliged to fulfil the legal obligations arising from this Act. However, the list of obligated institutions is constantly changing, which results from extending AML obligations to new entities, or, more broadly, to areas including activities that may be related to broadly understood risks covered by the Act. In 2023, the list of obligated institutions was extended to include two types of entities: economic operators running pawnshops<sup>1</sup> and entities operating a settlement system based on Distributed Ledger Technology (DLT) or a trading and settlement system based on DLT<sup>2</sup>.

The key obligation of obligated institutions is the identification and assessment of the risk of money laundering and terrorism financing associated with business relationships established by these institutions with customers or occasional transactions they make. Depending on this risk and its assessment, obligated institutions apply adequate customer due diligence measures to gain information on their customers and identify the purpose for which these customers use their services and products. Obligated institutions notify the GIFI of any circumstances that may give rise to a suspicion of committing an offence involving money laundering or terrorism financing, and of any reasonable suspicions that a given transaction or given assets may be related to money laundering or terrorism financing.

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<sup>1</sup> Referred to in the *Act of 14 April 2023 on consumer pawnshop loans* (Journal of Laws of 2023, item 1285).

<sup>2</sup> The category introduced by the *Act of 16 August 2023 amending certain acts in connection with ensuring the development of the financial market and the protection of investors in this market* (Journal of Laws of 2023, item 1723). This category includes entities operating a DLT settlement system referred to in Article 2(7) of *Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU* (OJ L 151, 02.06.2022, p. 1), or a DLT trading and settlement system referred to in Article 2(10) of this Regulation, in so far as they operate DLT accounts referred to in Article 3(28c) of the *Act of 29 July 2005 on trading in financial instruments*, or a DLT record referred to in Article 131u(1) of this Act.

Under the *AML/CFT Act*, obligated institutions are required to provide the GIFI with information on above threshold transactions, i.e. ones whose value exceeds EUR 15 thousand and that involve:

- a cash deposit or withdrawal;
- a transfer of funds (including a transfer from outside the territory of the Republic of Poland to a payee for whom the obligated institution acts as payment service provider) with certain exemptions as specified in the *AML/CFT Act*;
- an executed foreign exchange purchase or sale transaction or intermediation in such a transaction;
- an activity carried out in the form of a notary deed, specified in the *AML/CFT Act*.

At the GIFI's request, obligated institutions block bank accounts and suspend transactions as well as submit or make available to the General Inspector information and documents held. They also suspend transactions or block bank accounts under a relevant decision of a prosecutor.

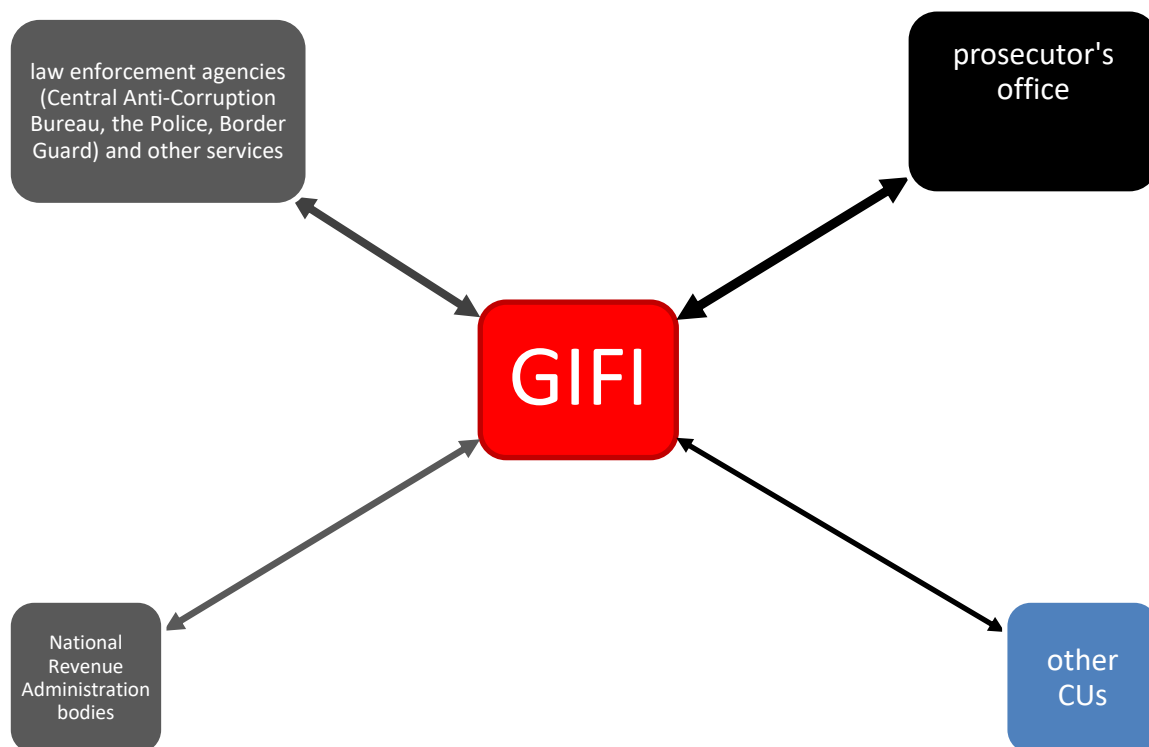
To counteract terrorism and terrorism financing, obligated institutions also implement specific restrictive measures against the persons and entities entered in the lists published in the Public Information Bulletin, on the website of the minister competent for public finance.

The GIFI is authorised to exercise control over obligated institutions to verify how they perform their duties in the area of counteracting money laundering and terrorism financing. Pursuant to Article 130(2) of the *AML/CFT Act*, control over obligated institutions is exercised also, within their competence, by the following entities (in accordance with the rules laid down in other provisions):

- President of the National Bank of Poland (over entities conducting currency exchange business);
- Polish Financial Supervision Authority (over institutions under its supervision);
- National Association of Cooperative Savings and Credit Unions (over cooperative savings and credit unions);
- presidents of the courts of appeal (over notaries);
- heads of the customs and tax control offices (over all obligated institutions);
- voivodeship or poviast governors (over associations);
- ministers or poviast governors (over foundations).

Cooperating units include government administration bodies, local government bodies and other state organisational units, as well as the National Bank of Poland, the Polish Financial Supervision Authority and the Supreme Audit Office. Like obligated institutions, they are required to immediately notify the GIFI of a suspicion of committing an offence involving money laundering or terrorism financing. At the request of the GIFI, they also submit or make available, within their statutory powers, information and documents held.

*Figure 2. Structure of the information flow between the GIFI and cooperating units*



The GIFI verifies suspicions of money laundering or terrorism financing contained in received reports and notifications based on information received from obligated institutions, cooperating units and foreign FIUs. In the case of a reasonable suspicion of money laundering or terrorism financing, the GIFI notifies the competent prosecutor who takes, in cooperation with law enforcement agencies, steps to confirm information obtained from the GIFI, collect evidence, and bring an indictment against the suspects. Following the receipt of such notification, the prosecutor is obliged to notify the GIFI of:

- issuing a decision to block a bank account or suspend a transaction;
- suspension of proceedings;
- resumption of suspended proceedings;
- issuing a decision to bring charges.

Furthermore, prosecutors are obliged to notify the GIFI of issuing a decision to block a bank account or suspend a transaction, initiation of proceedings, presenting charges, bringing an indictment, and other matters related to an offence involving money laundering or terrorism financing. In turn, at a written request, the GIFI submits the collected information or documents to courts and prosecutors' offices for the purposes of pending criminal proceedings. Moreover, the GIFI provides the information held, including financial information and financial analyses, at a written and reasonable request of other cooperating units indicated in the *AML/CFT Act*, i.e. the entities listed in Article 105(1) as well as the Chairperson of the Polish Financial Supervision Authority, the President of the National Bank of Poland, the President of the Supreme Audit Office, and the national administrator referred to in Article 3(22) of *Commission*

*Regulation (EU) No 389/2013 of 2 May 2013*<sup>3</sup>, the minister competent for foreign affairs, the minister competent for public finance, the Head of the National Revenue Administration, the director of the Regional Revenue Administration Office or the head of the customs and tax control office – insofar as required to implement their statutory tasks. When providing information to the indicated entities, the GIFI specifies the purposes for which this information may be used.

In the case of becoming aware of a suspicion of a fiscal offence or an offence other than money laundering or terrorism financing, the GIFI shall submit information substantiating this suspicion to the competent law enforcement agencies, so that they take steps resulting from their statutory tasks. The GIFI may also provide the information held to law enforcement agencies *ex officio*, so that they take steps as part of their statutory tasks. Furthermore, in the event of a reasonable suspicion of a violation of regulations related to the operation of the financial market, the GIFI shall provide the information substantiating this suspicion to the Polish Financial Supervision Authority.

Due to the international nature of money laundering and terrorism financing crime, the GIFI exchanges information with foreign FIUs. At a reasonable request of a foreign FIU, the GIFI may allow for transferring information it has made available to other authorities or foreign FIUs or for using this information for purposes other than those related to the tasks of financial intelligence units. Similarly, the GIFI may also request a foreign FIU to allow the GIFI to share the information provided by this FIU with courts, prosecutors and other cooperating units, other foreign FIUs, or to use this information for purposes other than the performance of its tasks. Furthermore, pursuant to Article 113(4) of the *AML/CFT Act*, the GIFI may request suspending a transaction or blocking a bank account at a reasonable request of a foreign FIU that includes information sufficient to substantiate the suspicion of committing an offence involving money laundering or terrorism financing.

Having regard to the foregoing, it should be stated that the anti-money laundering and terrorism financing system is a complex structure, closely related to all solutions contained in the *AML/CFT Act* and other provisions of national and EU law. This system largely affects many areas related to running a business, the operation of corporate entities, establishing business relationships and concluding transactions. It should be emphasised that counteracting money laundering and terrorism financing is one of the important tasks of the state aimed at reducing crime and ensuring security.

The effectiveness of the system for counteracting this illegal practice depends, among other things, on the reliability of the obligated institutions in fulfilling their statutory obligations. Therefore, in order for these obligations to be fulfilled, the *AML/CFT Act* provides for sanctions, both administrative and criminal ones, for failure to meet them. Administrative sanctions would be insufficient to ensure the effectiveness of counteracting money laundering and terrorism financing, therefore the criminalisation of money laundering is substantiated and

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<sup>3</sup> *Commission Regulation (EU) 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No 920/2010 and No 1193/2011 (OJ L 122, 03.05.2013, as amended)*

is also provided for in international agreements (e.g. the Vienna Convention or the Palermo Convention) and is included in FATF Recommendation 3.

In the light of the above, the importance of proper cooperation between authorities and units, determining the effectiveness of the system as a whole, in both administrative and criminal aspects, can be clearly seen.

The importance of the risk-based approach in solutions used in the system must to be emphasised. The adoption of the *AML/CFT Act* was aimed at reducing the risk of money laundering offences (Article 299 of the Penal Code). In this regard, FATF Recommendation 1 should be invoked, according to which: *“Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. This approach should be an essential foundation to efficient allocation of resources across the anti-money laundering and countering the financing of terrorism (AML/CFT) regime and the implementation of risk-based measures throughout the FATF Recommendations. Where countries identify higher risks, they should ensure that their AML/CFT regime adequately addresses such risks. Where countries identify lower risks, they may decide to allow simplified measures for some of the FATF Recommendations under certain conditions. Countries should require financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess and take effective action to mitigate their money laundering, terrorist financing and proliferation financing risks”*.

For the system to operate effectively, it is essential to ensure adequate actions to formulate a correct risk assessment and take effective customer due diligence measures against money laundering and terrorism financing. The activities taken in this regard by obligated institutions are also very important in this respect, as by the proper performance of their obligations under the Act, they clearly contribute to the effectiveness of the entire system. In order to ensure the accomplishment of the goal for which the system has been created, appropriate cooperation between the authorities and cooperating units that control the activities of obligated institutions is also necessary, which is related to the adequacy of the application of sanctions that will effectively lead to taking appropriate actions by obligated institutions.

Therefore, the entire system acts like a specific organism in which the operation capacity of its particular elements needs to be maintained to ensure its effectiveness, which also requires cooperation and timely information exchange to ensure the effective operation of supervisory authorities with respect to obligated institutions that are to supervise the correct operation of the system, among others, by taking relevant legal measures to ensure its effectiveness.

The proper fulfilment of obligations arising from the *AML/CFT Act* depends on the proper understanding of the applicable regulations. The GIFI plays an important role in ensuring the reliability of actions taken by obligated institutions, among others, through ongoing transfer of knowledge on the application of AML/CFT regulations through training and publishing announcements in the Public Information Bulletin (BIP) on the website of the office supporting the minister competent for public finance. The GIFI's powers and responsibilities relating to sharing knowledge and information are also carried out through the development of a national

assessment of the risk of money laundering and financing of terrorism as well as strategies for counteracting these offences in cooperation with cooperating units and obligated institutions.

It is obvious that the adequate level of knowledge of legal regulations relating to counteracting money laundering and financing of terrorism translates into a higher quality of fulfilment of their obligations by obligated institutions, which in turn increases the effectiveness of the entire system.

Disseminating knowledge by the GIFI of the application of AML/CFT regulations is a preventive action that may result in mitigating sanctions against obligated institutions.

The construction and the way of the operation of the system as a whole is directly affected by the legislation process that is an important element that ensures the operation of the system as a whole.

The ability to exchange information with foreign financial intelligence units makes counteracting money laundering and financing of terrorism gain international overtones.

The shape and the way of the operation of the national AML/CFT system are affected by international regulations, which is reflected, for example, in the implementation of directives or FATF Recommendations.

## **2.2. INFORMATION ON CATEGORIES OF OBLIGATED INSTITUTIONS**

Pursuant to the *AML/CFT Act*, there are 30 categories of obligated institutions, including entities operating in the financial market and a numerous group of entities operating outside that market.

### **2.2.1. ENTITIES OPERATING IN THE FINANCIAL MARKET**

The following description of categories of entities operating in the financial market has been drawn up based on information obtained by the GIFI under Article 14(4) of the *AML/CFT Act* from the Polish Financial Supervision Authority (KNF)<sup>4</sup>, the National Association of Cooperative Savings and Credit Unions and the National Bank of Poland (NBP), concerning the entities supervised by them.

#### ***Banking sector***

As at the end of December 2023, banking activities were carried out by 555 entities (29 commercial banks, 492 cooperative banks and 34 branches of credit institutions and foreign banks). The banking sector included a network of 10,100 facilities (4,996 branches, 2,370 affiliated branches and agencies, and 2,738 representative offices). The banks employed 144,700 people.

In the analysed period, the trend of reducing the banking network continued – banks continued efforts to increase the effectiveness of their operations by optimising the sales network (the trend of reducing the banking network). Between 2022 and 2023, there was a slight increase in the number of the banking sector employees, i.e. from 143,200 (data as at the end of December

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<sup>4</sup> The presented information has been selected from a more extensive description of the financial market sectors provided by the KNF.



2022) to 144,900 (data as at the end of December 2023). The number of bank branches decreased between the end of 2022 and the end of 2023 from 5,083 to 4,948. The number of affiliated branches, agencies and other facilities decreased from 2,403 (as at the end of 2022) to 2,342 (as at the end of 2023). The downward trend was recorded also in the number of representative offices, whose number decreased from 2,816 (as at the end of December 2022) to 2,716 (as at the end of December 2023).

The situation of the banking sector remained stable, despite the unstable macroeconomic and geopolitical environment. In 2023, an increase in capital adequacy ratios was observed, which was mainly related to profit retention. Banks' own funds increased at the end of Q3 2023 by 14.5% (y/y) from PLN 214 to 245 billion. At the same time, there was a slight decrease in the total amount of annualised risk exposure (by 5% to PLN 1,113 billion). The Tier 1 capital ratio was 20.4%, and the total capital ratio was 22%. In the same period of 2022, these ratios were 16.4% and 18.2%, respectively.

The current liquidity situation in commercial banks remained good. All commercial banks met the applicable LCR<sup>5</sup> standard of 100%. As at the end of Q3 2023, the average LCR for the commercial banks sector (excluding associating banks) was 205%. The requirement regarding the NSFR<sup>6</sup> was also met by all banks, and its average value in the period concerned was 163%.

The net financial profit as at the end of September 2023 was PLN 21.2 billion. The significant increase in the y/y profit was due to still relatively high interest rates and, as a result, an increase in interest income, despite a significant increase in interest costs (interest costs increased from PLN 27.1 to 54.0 billion, while interest income increased from PLN 82.0 to PLN 126.2 billion).

The net financial profit as at the end of September 2023 was PLN 21.2 billion. The significant increase in the y/y profit was due to still relatively high interest rates and, as a result, an increase in interest income, despite a significant increase in interest costs (interest costs increased from PLN 27.1 to 54.0 billion, while interest income increased from PLN 82.0 to PLN 126.2 billion).

As at the end of September 2023, four commercial banks showed a total loss of PLN 6.0 billion. These banks had an approx. 1.2% share in the assets of the sector of commercial and cooperative banks. Other banks in the sector reported a total profit of PLN 28.9 billion.

As regards branches of credit institutions, nine entities, with a 13.6% share in the assets of all branches of credit institutions, reported a total loss of PLN 2.83 billion.

In the first three quarters of 2023, the banking environment was relatively favourable, especially due to the high level of interest rates, as well as, among others, low unemployment and rapidly growing nominal wages. For this reason, there was a significant improvement in the performance ratios compared to the previous year. As at the end of Q3 2023, ROE<sup>7</sup> was 11.58% (+10.4 p.p. y/y), ROA<sup>8</sup> was 0.91% (+0.82 p.p. y/y) and R/I (provisions and write-offs to income ratio) remained stable in the range of 19.49% - 19.35%. On the other hand, the banks regained the net interest margin (increase from 2.88% to 3.77% in the same period of the previous year) with strict cost control – the C/I ratio fell from 55.04% to 44.10%.

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<sup>5</sup> Liquidity Coverage Ratio

<sup>6</sup> Net Stable Funding Ratio

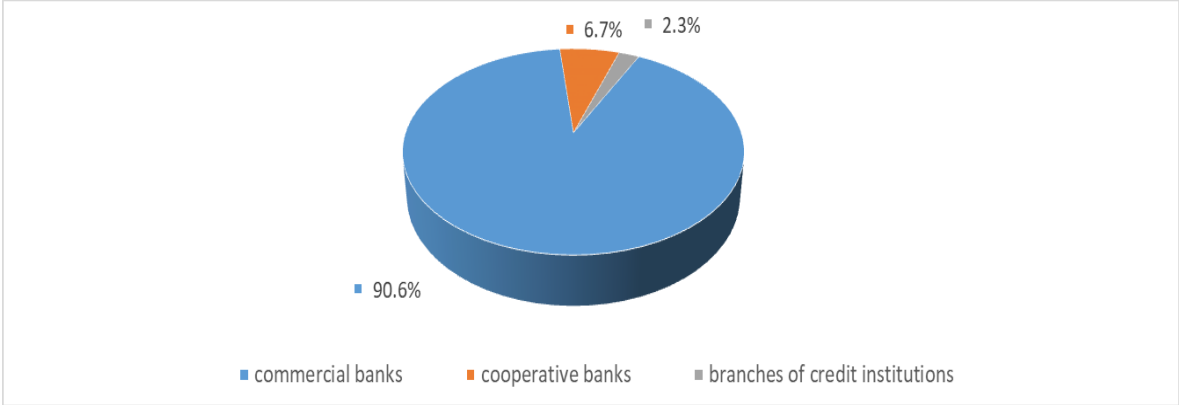
<sup>7</sup> return on equity

<sup>8</sup> return on assets

In Q3 2023, the growth rate of the banking sector balance increased by 8.4% y/y to PLN 2,965.9 billion. The main items in the asset structure of commercial and cooperative banks included loans and advances (53.6%, PLN 1,589.4 billion). Debt instruments accounted for 32.5% of the assets (PLN 963.7 billion), while the other receivables – for 13.9% (PLN 412.8 billion). As for liabilities, the main items included deposits (PLN 2,141.5 billion, 72.2%), own issues (PLN 264.8 billion, 8.9%) and equity (PLN 252.4 billion, 8.5%).

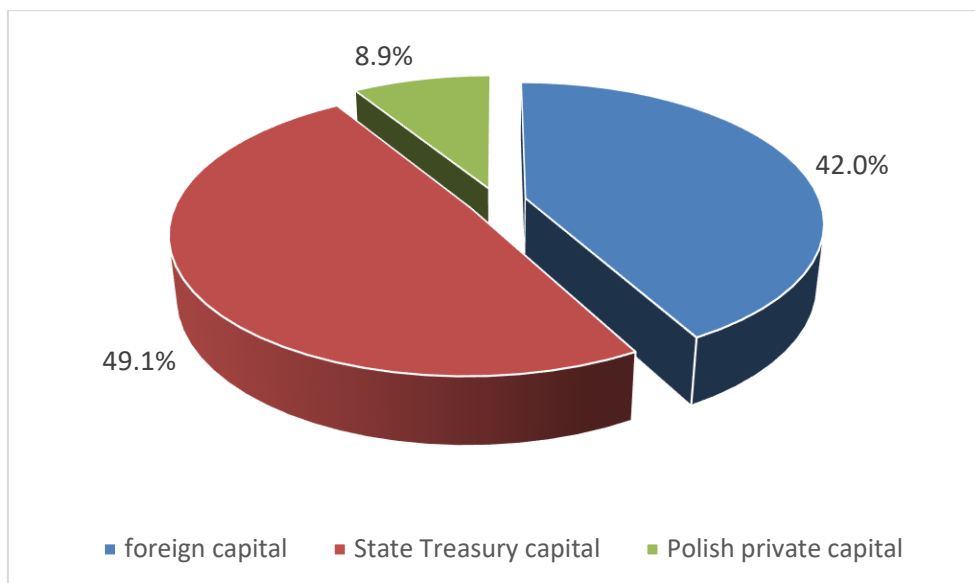
The stability of the banking sector is crucial for the stability of the entire financial system. As at the end of September 2023, assets of the banking sector amounted to PLN 2,967 billion, which accounted for approx. 88.9% of GDP in the last four quarters. 90.6% of the sector’s assets were managed by commercial banks, the share of cooperative banks in banking assets was 6.7%, and that of branches of credit institutions was - 2.3%.

*Chart 1. Banking sector structure as at the end of September 2023 by percentage of particular entities in the total value of its assets*



In the breakdown by dominant entities, 49.1% of the banking sector assets were controlled by the State Treasury, 42.0% by foreign capital, and 8.9% by Polish private capital. The concentration of the banking sector is moderate. As at the end of September 2023, the assets of the five largest banks accounted for 59.1% of the sector’s assets. Compared to 49.9% as at the end of December 2018, an upward trend can be observed, which results, among others, from positive economies of scale in larger institutions.

*Chart 2. Percent structure of the banking sector by the origin of capital as at the end of September 2023*



Current challenges/problems facing the banking sector include:

- (1) RRE (FX) loans – a portfolio of foreign currency mortgage loans generating systemic risk mainly due to the legal risk related to the high number of lawsuits filed by borrowers and the direction of court decisions regarding the shape of loan agreements.
- (2) Regional/geopolitical risk – resulting from the armed invasion of the Russian Federation into Ukraine may imply an outflow of investments, PLN depreciation, liquidity disruptions, a decline in asset prices and a decline in household activity. The ongoing conflict in the Middle East poses an additional threat.
- (3) Political risk – regulatory uncertainty remains an important determinant of long-term business decisions (e.g. mortgage payment holidays).
- (4) Potentially reduced capital surpluses and the risk of credit rationing – resulting from the reduction, as a result of the materialisation of risks, of capital surpluses over regulatory requirements in the banking system, which may lead to limited availability of credit through its rationing, thus negatively affecting the GDP growth rate.
- (5) Risk of questioning WIBOR – the risk concerns borrowers questioning loan agreements in which the WIBOR index is used.
- (6) Operational challenges faced by the banking sector related to the process of replacing the WIBOR reference index with the new WIRON reference index.

### *Cooperative banks*

Cooperative banks offer a relatively simple range of bank services and products. As at the end of September 2023, there were 492 cooperative banks and 2 associating banks: BPS SA and SGB-Bank SA. Cooperative banks operated two systems of institutional protection (BPS

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<sup>9</sup> The WIRON(R) index, previously known as WIRD(R), is the Warsaw Deposit Market Index. It is based on unsecured deposit transactions in the group of credit and financial institutions. The WIRON(R) index shows the cost of obtaining money on the market, taking into account only transactions involving unsecured deposits with an overnight maturity (ON), thus it accurately shows only actual transactions made within one day.

Association Protection System and SGB Cooperative Protection System) covering 482 cooperative banks and both associating banks, while 10 cooperative banks operated unassociated and unprotected. After the three quarters of 2023 – due to the merger process – the number of cooperative banks decreased by 3.

From September 2022 to September 2023, the assets of cooperative banks increased by 9.7%, i.e. by PLN 17.7 billion, to PLN 199.8 billion. The assets of the associating banks increased by 13.9%, i.e. by PLN 7.3 billion, to PLN 60.0 billion. Credit risk is the primary risk faced by cooperative banks – the share of loans in their assets was approx. 65.7%. Cooperative banks are still primarily interested in financing business and agricultural activity (loans for this purpose account for approx. 66.0% of receivables from the non-financial sector). Such loan structure is undoubtedly affected by the history of cooperative banks – they were established primarily to finance the activity of farmers and craftsmen. Traditionally, cooperative banks collect deposits mainly from individuals. In cooperative banks, there is a growing surplus of deposits from the non-financial sector over loans to this sector. It is invested mainly in the associating banks and in debt instruments, mainly of the State Treasury and the NBP, and, to a lesser extent, in loans for local governments. Debt instruments of the State Treasury and the NBP accounted for 24.3% of the value of cooperative banks' assets.

From September 2022 to September 2023, the own funds of cooperative banks increased by 22.1%, i.e. to PLN 16.7 billion. The total capital ratio (TCR) of cooperative banks was 22.6%, compared to 19.6% in September 2022, while Tier1 was 22.2%, compared to 19.1% in September 2022. The increase in the TCR was largely due to 2022 profit distribution. In September 2023, all cooperative banks met the minimum requirement for own funds, taking the combined buffer requirement into account. As at the end of September 2023, the own funds of the associating banks were higher by 13.4% than in September 2022 and amounted to PLN 2.4 billion. Tier1 capital accounted for 71.6% of own funds (69.8% in September 2022).

Cooperative banks have a fairly stable share in the banking market, amounting to approx. 6.7% of the total assets (together with the associating banks this share is approx. 8.8%). The share of deposits is approx. 10%.

### ***Cooperative savings and credit unions (Polish: Spółdzielcze Kasy Oszczędnościowo-Kredytowe – SKOK)***

In accordance with Article 3 of the *Act of 5 November 2009 on cooperative savings and credit unions* (consolidated text: Journal of Laws of 2023, item 1278), the objective of cooperative savings and credit unions (hereinafter referred to as SKOK) is to collect cash only from its members, grant loans and credits to them, carry out financial settlements on their behalf, and provide insurance brokerage services.

Pursuant to Article 130(2)(1)(c) of the *AML/CFT Act*, read together with Article 63(1) of the *Act of 5 November 2009 on cooperative savings and credit unions*, control over SKOKs is exercised by the National Association of Cooperative Savings and Credit Unions.

The financial services provided by SKOKs correspond, to the extent specified above, to those provided by banks. By accepting deposits, providing loans and credits, as well as offering financial settlements, SKOKs are thus an alternative to the banking sector system.

Along with banks, SKOKs are part of the financial sector that is of key importance for the state's economy. The financial sector, hence also SKOKs, due to the type of the services provided, is exposed to risks related to money laundering and financing of terrorism.

As at the end of Q3 2023, there were 18 Unions and the National Association of Cooperative Savings and Credit Unions (19 entities in total). In 2023, there were no mergers between SKOKs requiring the consent of the Polish Financial Supervision Authority.

As at 30 September 2023, SKOKs showed a total net loss of PLN 33.70 million (as at the end of December 2022, 19 SKOKs operating at that time showed a profit of PLN 94.85 million).

Compared to the end of 2022, own funds of SKOKs increased by 2.13%, i.e. by PLN 8.91 million, and their amount shown as at the end of September 2023 was PLN 418.98 million. As at the end of September 2023, the SKOKs' solvency ratio was 4.39% and was lower than the 5% threshold required by law. Compared to the balance as at the end of 2022, assets held by SKOKs increased by 3.95%, i.e. by PLN 415.32 million, to PLN 10,508.34 million.

The gross loan and credit portfolio increased by approx. 1.08%, i.e. by PLN 84.26 million to PLN 7,775.87 million, while the value of deposits increased by 5.79%, i.e. by PLN 570.79 million to PLN 9,854.22 million.

The economic and financial situation of SKOKs varies. The operation of some of the SKOKs is secure, while the economic and financial situation of the others is difficult and requires remedial or restructuring measures. As at the end of September 2023, 10 SKOKs were required to implement a rehabilitation programme. In 2023, there was no need to mobilise public funds to ensure the security of deposits collected by these entities.

Pursuant to Article 130(2)(1)(c) of the *AML/CFT Act*, the National Association of Cooperative Savings and Credit Unions exercises control over SKOKs. The National Association of Cooperative Savings and Credit Unions has dedicated neither human nor financial resources solely for the implementation of control tasks in the field of counteracting money laundering and financing of terrorism (all employees and units participating in this process also perform other tasks entrusted to them, including other types of controls).

### *Payment institutions sector*

This sector includes domestic payment institutions (DPI), small payment institutions (SPI), account information service providers (AISP), domestic electronic money institutions (DEMI), and payment service providers (PSP), supervised by the KNF. These entities are authorised to render payment services, but they differ significantly in terms of, for example, the scope of the authorised services, geographical territory covered, legal form, licencing requirements, and capital requirements.

As at 31 December 2023, the Register of Electronic Money Providers<sup>10</sup> and Issuers included: 43 DPIs, 181 SPIs, 15 AISPs, 1 DEMI and 1,086 PSPs. As of the end of Q3 2023, DPIs recorded own funds in the amount of PLN 1.31 billion. According to the reports submitted by DPIs to the KNF, in the period from 1 January 2023 to 30 September 2023, DPIs performed a total of 2.81 billion payment transactions with a total value of PLN 399.77 billion. In the same period, SPIs executed a total of 13.08 million transactions totalling PLN 2.64 billion.

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<sup>10</sup> Concerns payment service providers.

For comparison, Krajowa Izba Rozliczeniowa S.A. (Polish National Clearing House) processed in Elixir in the same period 1.65 billion payment orders totalling PLN 6.21 trillion. It should be noted, however, that some of the transactions made by the DPIs are cleared in other clearing systems, e.g. Express Elixir, Euro Elixir and BlueCash. Therefore, the importance of the DPI sector in the macroeconomic context is negligible.

### *Life insurance sector*

As at the end of Q3 2023, insurance class I (life insurance) was composed of 23 insurance companies authorised to carry out insurance activity (all of them carried out operating activities).

Life insurance companies operated approx. 11.82 million insurance agreements. In the revenue structure of insurance companies, gross premium written prevailed. During the three quarters of 2023, its amount in the life insurance class was PLN 17.02 billion and accounted for 29.50% of the total gross premium written of the entire insurance sector.

As at the end of Q3 2023, the structure of direct insurance in class I was dominated by life insurance (group 1), accounting for 46.16% of the gross premium written. Supplemental accident and sickness insurance (group 5), accounting for 35.97% of the gross premium written, came second, followed by group 3 insurance (life insurance, if related to an insurance capital fund, as well as life insurance in which compensation from the insurance company is determined based on specific indices or other base values), accounting for 16.81% the total premium of the class.

In the three quarters of 2023, life insurance companies paid out claims and benefits in the amount of PLN 12.32 billion. As at the end of Q3 2023, life insurance companies also established gross technical and insurance provisions in the amount of PLN 71.05 billion.

The net profit of class I insurance companies was PLN 2.71 billion, while income tax reported by these insurance companies amounted to PLN 0.62 billion.

As at the end of Q3 2023, the total amount of assets of life insurance companies was PLN 86.17 billion, including:

- PLN 31.75 billion supporting the economy and public finance through domestic bonds and other fixed income securities;
- PLN 5.49 billion invested in company shares and other variable-yield securities.

As at the end of Q3 2023, life insurance companies reported equity of PLN 11.00 billion, which accounted for 12.76% of their assets.

As at the end of Q3 2023, the solvency of life insurance companies was at a high, secure level. All class I insurance companies showed coverage of the solvency ratios (understood as the minimum from the amount of eligible own funds to the capital solvency requirement and eligible basic own funds to the minimum capital requirement), including 17 class I insurance companies with solvency ratios above 175%. For class I, the following factors had the greatest impact on the extent of the capital solvency requirement: customer churn risk, mortality risk, catastrophe risk in life insurance, and the risk of expenses in life insurance (as part of actuarial risk in life insurance) and interest rate risk, as well as asset concentration risk, stock price risk and credit spread risk (within the market risk).

## Capital sector

### Brokerage houses and offices

The *Act of 29 July 2005 on trading in financial instruments* (consolidated text: Journal of Laws of 2023, item 646, as amended) is the primary legal act regulating the operation of brokerage houses and offices in the territory of Poland.

Brokerage activities involve, among others, accepting and transferring orders for buying or selling financial instruments, proprietary buying or selling securities, managing portfolios consisting of one or more financial instruments, investment advisory, offering financial instruments, and rendering services under agreements on investment and services sub-issuances. Brokerage activities may be carried by an investment firm being a brokerage house or a bank carrying out brokerage activities. Brokerage houses may carry out brokerage activities in the form of a joint stock company, a limited joint-stock partnership, a limited-liability company, a limited partnership, a partnership or a general partnership. An entity that intends to carry out brokerage activities must obtain an authorisation of the Polish Financial Supervision Authority.

As at the end of 2023, authorisations to carry out brokerage activities were held by:

- 30 brokerage houses and 9 banks in different respects provided for in Article 69(2) and (4) of the *Act of 29 July 2005 on trading in financial instruments*;
- 12 custodian banks;
- 1 commodity brokerage house (activities provided for in Article 38(2) of the *Act of 26 October 2000 on commodity exchanges* (consolidated text: Journal of Laws of 2023, item 380, as amended).

Among the entities indicated above, one brokerage house and one custodian bank did not commence activities covered by the licences held in 2023.

Table 1. Numbers of entities, by category, carrying out brokerage activities in 2018 – 2023

Type of entity	2018	2019	2020	2021	2022	2023
Brokerage houses	40	37	36	36	33	30
Commodity brokerage houses	1	1	1	1	1	1
Banks conducting brokerage activities	9	9	9	9	9	9
Custodian banks	12	12	11	11	9	12
<b>TOTAL</b>	<b>62</b>	<b>59</b>	<b>57</b>	<b>57</b>	<b>52</b>	<b>52</b>

As part of brokerage activities, investment companies carry out activities involving, in particular:

- accepting and transferring orders for buying or selling financial instruments;

- implementing orders referred to above on the account of the ordering party;
- proprietary buying or selling securities;
- managing portfolios consisting of one or more financial instruments;
- investment advisory;
- offering financial instruments;
- providing services as part of the performance of concluded underwriting contracts, or concluding and performing other agreements of a similar nature, as long as they relate to financial instruments.

Investment companies differ in terms of the scope of their brokerage licences. There are companies that perform one type of brokerage activity as well as companies that offer a wide range of brokerage services.

### **Brokerage houses**

As at 31 December 2023, out of the 30 brokerage houses authorised to conduct brokerage activities, 15 ones held financial instruments or cash of customers. These entities, as a rule, also perform a much wider range of activities, and therefore have greater opportunities to diversify the sources of revenue generation.

As at 31 December 2023, brokerage houses kept 1,121,607 financial instrument accounts of their customers (an increase of 21.81% compared to 31 December 2022), with a total value of financial instruments of PLN 153,744,539,310.49 (a decrease of 9.67% compared to 31 December 2022). The amount of customers' cash deposited on cash accounts was PLN 7,760,998,430.51 (a decrease of 2.75% compared to 31 December 2022).

As at the end of 2023, 8 brokerage houses provided services involving the management of customers' assets. As at 31 December 2023, these entities managed customers' assets worth PLN 6,987,763,210.89 (an increase of 16.49% compared to 31 December 2022).

According to the data contained in their December monthly reports, the brokerage houses generated in 2023 net profit of PLN 972,647,636.02 (an increase of 7.18% compared to 2022). As at 31 December 2023, the equity of the brokerage houses amounted to PLN 2,864,918,450.94 (an increase by 10.03% compared to 31 December 2022), and their total assets amounted to PLN 12,304,920,292.86 (an increase of 1.37% compared to 31 December 2022). Monthly reports contain preliminary data that is not subject to verification by an auditor.

### **Commodity brokerage houses**

The only commodity brokerage house holding a licence granted by the Polish Financial Supervision Authority (according to the data contained in the December monthly report in 2023) recorded a net profit of PLN 158,315,122.91 (a decrease of 40.41% compared to 2022), and its equity as at 31 December 2023 amounted to PLN 200,462,874.24 (a decrease of 26.34% compared to 31 December 2022). Monthly reports contain preliminary data that is not subject to verification by an auditor.

### **Brokerage offices**



As at 31 December 2023, brokerage offices kept for their customers 1,879,026 financial instrument accounts (an increase by 2.29% compared to 31 December 2022), with a total value of financial instruments of PLN 507,474,044,381 (an increase of 14.48% compared to 31 December 2022). The amount of customers' cash deposited in cash accounts used to handle financial instrument accounts was PLN 9,198,929,147 (an increase of 13.05% compared to 31 December 2022). By managing portfolios consisting of one or more financial instruments, brokerage offices managed customers' assets in the amount of PLN 2,375,540,672 (an increase of 23.12% compared to 31 December 2022).

### **Custodian banks**

As at 31 December 2023, custodian banks operated 39,423 securities accounts (a decrease of 0.62% compared to 31 December 2022) with assets in the amount of PLN 935,932,488,100 (an increase of 14.63% compared to 31 December 2022).

### **Investment fund management companies (TFI)**

The rules for establishing and operating investment fund management companies registered in the territory of the Republic of Poland are defined in the *Act of 27 May 2004 on investment funds and the management of alternative investment funds* (consolidated text: Journal of Laws of 2023, item 681, as amended).

An investment fund is a legal person whose sole activity consists in investing cash collected through public, and in the cases specified in the aforementioned Act – also non-public, offering of the purchase of investment units or investment certificates in securities, money market instruments, and other property rights specified in this Act. An investment fund is managed by an investment fund management company.

As at 31 December 2023, there were 56 investment fund management companies authorised by the Polish Financial Supervision Authority, that managed assets in the total amount of PLN 427.8 billion. As at the end of 2023, the investment fund management companies managed 651 investment funds, including those in liquidation. The total number of investment funds included 42 open-ended investment funds, 69 specialist open-ended investment funds, and 540 closed-ended investment funds. As at 31 December 2023, the total value of the investment funds' assets was PLN 360.9 billion. The value of the portfolios consisting of one or more financial instruments managed by investment fund management companies was PLN 66.9 billion.

The value of assets deposited with the investment funds as at the end of 2023 accounted for approx. 12% of GDP for 2022 and for approx. 25% of the capitalisation of the Stock Exchange as at the end of December 2023. It should also be noted that the total assets of the investment funds as at the end of 2023 were 73% higher than the value of the assets of open-ended pension funds.

As at 31 December 2023, the total assets of the investment fund management companies was PLN 3,207,464 thousand, 38% of which was cash in the amount of PLN 1,211,193 thousand. The total value of the equity of the investment fund management companies as at the end of 2023 was PLN 2,296,843 thousand. In the period from 1 January 2023 to 31 December 2023, the total net profit of the investment fund management companies was PLN 801,444 thousand. In 2023, the investment fund management companies generated total revenue of PLN 3,675,579 thousand, which included mainly revenue from investment fund management of PLN 3,369,122 thousand. The total costs incurred by the investment fund management companies in 2023

amounted to PLN 2,627,353 thousand, 18% of which were variable distribution costs of PLN 482,376 thousand.

### *Currency exchange office operators<sup>11</sup>*

Performing the tasks specified in the *Act of 27 July 2002 – Foreign Exchange Law* (consolidated text: Journal of Laws of 2022, item 309) and in the *AML/CFT Act*, the President of the NBP keeps a register of currency exchange services and exercises control over currency exchange services, as well as supervises the fulfilment by currency exchange office operators of their obligations relating to counteracting money laundering and terrorism financing.

As at 31 December 2023, the register included 2,288 currency exchange office operators and 4,755 currency exchange offices. As at 31 December 2023, currency exchange services were provided in 4,521 currency exchange offices, while in 234 ones the provision of these services was suspended.

*Table 2. Value of foreign currencies bought and sold in currency exchange offices in Q4 2022 and in Q1, Q2 and Q3 2023 (in PLN million)*

<b>Period</b>	<b>Foreign currencies bought</b>	<b>Foreign currencies sold</b>	<b>Balance of turnover</b>
Q4 2022	26,051	21,503	4,548
Q1 2023	22,888	16,764	6,124
Q2 2023	22,605	15,583	7,022
Q3 2023	26,538	15,602	10,936

In 2023, 497 controls were carried out at 433 currency exchange office operators. The controls covered 710 currency exchange offices.

In the course of 85 controls, irregularities in the field of counteracting money laundering and terrorism financing were found. These controls concerned the activities of 88 operators in 150 currency exchange offices. Irregularities in the performance of the obligations under the *AML/CFT Act* included: failure to designate management staff or failure to designate an employee responsible for ensuring compliance of the obligated institution’s operations with the provisions of the *AML/CFT Act*; failure to carry out or update an ML/TF risk assessment; a risk assessment inadequate to the business activity conducted; failure to apply or document customer due diligence measures; failure to store the findings of ongoing analysis of transactions carried out; lack of an internal procedure of the obligated institution; lack of training programmes or training programmes inadequate for the activity conducted; failure to provide the GIFI with information on transactions above EUR 15,000; untimely provision of information to the GIFI or providing the GIFI with incomplete information.

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<sup>11</sup> Besides currency exchange office operators, banks and branches of credit institutions, currency exchange is conducted also by other entities that do it via the Internet. There are also entities providing services consisting in collecting and matching currency exchange orders from various customers and organising/enabling such exchange between them. Pursuant to Article 2(1)(11) of the *AML/CFT Act*, they are obligated institutions.

In 2023, 26 decisions on the imposition of administrative penalties were issued in connection with ascertaining non-compliance with the obligations arising from the *AML/CFT Act*. The total amount of the fines imposed under the decisions issued in 2023 was PLN 419,000.

### *Other institutions*

Besides the aforementioned obligated institutions, there are also other obligated institutions operating in the financial market, i.e. lending institutions referred to in Article 2(1)(25) of the *AML/CFT Act*, as well as some financial institutions.

The provisions of Chapter 5a of the *Act of 12 May 2011 on consumer loan* (consolidated text: Journal of Laws of 2023, item 1028, as amended) set out conditions that must be met by a lending institutions to be permitted to operate. In accordance with Article 59aa(1) of the aforementioned Act, the lending institution may commence business activity following its entry into the register of lending institutions. The register of lending institutions has been kept by the KNF since 2017. According to information available on the website, the register listed 527 lending institutions<sup>12</sup> compared to 517 ones in 2022.

As for the definition of a financial institution, the *AML/CFT Act* refers to the provisions of the *Act of 29 August 1997 – Banking Law* (consolidated text: Journal of Laws of 2023, item 2488, as amended) that defines it in Article 4(1)(7) as “the financial institution referred to in Article 4(1)(26) of *Regulation No 575/2013*”. The invoked provision of *Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012* (OJ L 176 27.6.2013, p. 1) stipulates that “«financial institution» means an undertaking other than an institution<sup>13</sup>, the principal activity of which is to acquire holdings or to pursue one or more of the activities listed in points 2 to 12 and point 15 of Annex I to *Directive 2013/36/EU*, including financial holding companies, mixed financial holding companies, payment institutions within the meaning of *Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market*, and asset management companies, but excluding insurance holding companies and mixed-activity insurance holding companies”. Thus, factoring and leasing companies (with respect to financial leasing) and entities whose primary activity involves “consulting services for economic enterprises concerning their capital structure, industrial strategy and the related issues, as well as consulting and services related to mergers and acquisitions of economic enterprises”<sup>14</sup> should be considered financial institutions that are not other obligated institutions specified in the *AML/CFT Act*.

According to the Statistics Poland information<sup>15</sup> of 10 March 2023 on national economy entities entered in the National Official Business Register REGON, as at the end of 2023, the register listed 619 (compared to 614 in 2022) economic entities reporting economic activity involving financial leasing – Polish Classification of Activities (PKD) 64.91.Z. According to the above-

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<sup>12</sup> <https://rpkip.knf.gov.pl/index.html?type=RIP>, read on 10.03.2024

<sup>13</sup> Defined in Article 4(1)(3) of *Regulation 575/2013* as “a credit institution or an investment firm”.

<sup>14</sup> Point 9 of Annex I to *Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC* (OJ L 176 27.6.2013, p. 338).

<sup>15</sup> <https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2023.7.13.html>, access on 10.03.2024

mentioned Statistics Poland data, most companies in this industry were registered in the Mazowieckie Voivodeship – 222 (compared to 219 in 2022).

Financial (capital, investment) leasing consists in the transfer by the financing party (lessor) of the right to use certain fixed assets (or the right to use and obtain benefits) to the user (lessee) for a definite period in exchange for appropriate fees (leasing instalments). The ownership of the fixed asset may, but does not have to, be ultimately transferred to the leaseholder. This type of lease covers all or virtually all costs, including interest.

According to the Statistics Poland data<sup>16</sup> contained in quarterly information on national economy entities as at 31 December 2023, the National Official Business Register REGON included (without natural persons running only private farms) a total of 8,251 (compared to 8,441 in 2022) entities reporting the activity defined by the Polish Classification of Activities (PKD) code – 64.99.Z, i.e. other financial service activities, except insurance and pension funding not elsewhere classified (this subclass includes, among others, factoring services).

Apart from the aforementioned financial institutions, Krajowy Depozyt Papierów Wartościowych S.A. (Central Securities Depository of Poland), hereinafter referred to as KDPW S.A., and the company commissioned to carry out the activities referred to in Article 48(1)(1) of the *Act of 29 July 2005 on trading in financial instruments* are also obligated institutions in so far as they keep securities accounts or omnibus accounts.

KDPW S.A. and KDPW\_CCP, along with GPW S.A. and BondSpot S.A., are classified by the KNF as entities of the capital market infrastructure. KDPW S.A. is a central depository for securities and it is tasked, among others, with operating and supervising the securities registration system and the settlement system for transactions in financial instruments, as well as with supervising the compliance of the issue limit value with the number of securities on the market, handling corporate events, performing issuers' obligations, and operating a mandatory compensation system. KDPW\_CCP S.A. is a clearing house, owned by the KDPW in 100%.

## **2.2.2. OTHER CATEGORIES OF OBLIGATED INSTITUTIONS**

### *Obligated institutions pursuing legal professions*

Legal professions are professions of public trust that are pursued in the scope and manner described in specific provisions. They are usually regulated, i.e. they are subject to control by both the state and particular corporations. The pursuit of a liberal legal profession requires high skills and knowledge.

In accordance with Article 1(1)-(2) of the *Act of 14 February 1991 on Notary* (consolidated text: Journal of Laws of 2022, item 1799, as amended), a notary acts within the scope of his/her powers as a person of public trust, taking advantage of the protection conferred on public officers, whereas notarial activities performed by the notary in accordance with law, take the form of an official document. The notary's tasks are to ensure the security and regularity of legal transactions (in accordance with Article 80(2) of the aforementioned *Act*, in the course of

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<sup>16</sup><https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2023.7.13.html>, access on 10.03.2024

their activities, the notary is obliged to ensure due protection of the rights and legitimate interests of the parties and other individuals for whom this activity may cause legal effects).

According to information provided by the National Council of Notaries, as at 12 March 2024, the profession of notary was practised by 3,954 individuals (compared to 3,777 ones in 2022)<sup>17</sup>.

Pursuant to Article 2(1)(13) and (13a) of the *AML/CFT Act*, notaries are obligated institutions in so far as they perform their activities in the form of a notarial deed, including:

- transfer of the ownership of an asset, including the sale, exchange or donation of a movable property or real estate;
- conclusion of an agreement on the division of inheritance, dissolution of co-ownership, life annuity, pension in exchange for the transfer of the ownership of real estate and on the distribution of jointly held assets;
- assignment of the cooperative member's ownership right to premises, perpetual usufruct right, and the alleged promise of separate ownership of premises;
- in-kind contribution following a company establishment;
- conclusion of an agreement documenting a contribution or an increase in the contributions to a company or a contribution or an increase in the share capital;
- transformation or merger of companies;
- transfer of an enterprise;
- transfer of shares in a company;
- keeping a register of shareholders of simple joint-stock companies and taking action related thereto.

An attorney is a lawyer providing legal assistance in accordance with the *Act of 26 May 1982 – Law of the Bar* (consolidated text: Journal of Laws of 2022, item 1184, as amended). An attorney is obliged to keep confidential any facts they may become aware of in the course of providing legal assistance. The obligation of professional secrecy does not apply to information made available under the AML/CFT regulations – to the extent specified in these regulations.

According to information included in the National Register of Attorneys and Attorney Trainees kept by the Polish Bar Association, as at 12 March 2024, there were 22,232 attorneys practicing their profession<sup>18</sup> and 101 foreign lawyers providing legal assistance.<sup>19</sup>

As for a legal counsel, this is a lawyer providing legal assistance in accordance with the *Act of 6 July 1982 on legal advisers* (consolidated text: Journal of Laws of 2022, item 1166, as amended). In particular, legal advisers provide legal advice and consultation, prepare legal opinions and draft legal acts, as well as act as representatives or defenders before authorities and courts (including the Supreme Court, the Constitutional Court, the Supreme Administrative Court, the Court of Justice of the European Union and the European Court of Human Rights).

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<sup>17</sup> <https://krn.org.pl> – information on the website from tab [Europejski Spis Notariuszy – wyszukiwarka](#), access on 12.03.2024

<sup>18</sup> <https://rejestradwokatow.pl/adwokat/wyszukaj>, access on 12.03.2024

<sup>19</sup> <http://rejestradwokatow.pl/prawnikzagraniczny/ewidencja>, access on 12.03.2024

According to the information contained in the search engine of legal advisers, provided by the National Chamber of Legal Advisers, as at 12 March 2024, there were 53,360 legal advisers<sup>20</sup> (compared to 51,811 ones in 2022).

Like legal advisers and foreign lawyers<sup>21</sup>, attorneys are obligated institutions in so far as they provide customers with legal assistance or tax advisory in the area of:

- purchase or sale of real estate, an enterprise or an organised part of an enterprise;
- management of cash, financial instruments or other customer's assets;
- concluding an agreement for operating a bank account, a securities account or performing activities related to keeping these accounts;
- in-kind contribution to a capital company or increasing the share capital of a capital company;
- establishing, operating or managing capital companies or trusts.

### *Tax advisors and expert auditors*

Tax advisors practice their profession in accordance with the *Act of 5 July 1996 on tax advisory services* (consolidated text: Journal of Laws of 2021, item 2117). In accordance with Article 2(1) of the aforementioned *Act*, tax advisory services include:

- providing taxpayers, tax remitters and collectors, at their request or on their behalf, with advice, opinions and explanations concerning their tax and customs obligations as well as the administrative enforcement procedure in relation to these obligations;
- keeping, on behalf of and for the benefit of taxpayers, tax remitters and collectors, accounting records, tax books and other records for tax purposes, and providing them with respective assistance;
- drafting, on behalf of and for the benefit of taxpayers, tax remitters and collectors, tax returns and declarations, or providing them with respective assistance;
- representing taxpayers, tax remitters and collectors in proceedings before public administration bodies and with respect to judicial review of decisions, rulings and other administrative acts in cases referred to in the first subparagraph.

The activities referred to in the first and last subparagraphs may be carried out only by the entities indicated in the aforementioned Act, i.e. natural persons entered in the list of tax advisors, attorneys and legal advisers, and in the case of the activities referred to in the first subparagraph – also statutory auditors. The following entities are also entitled to professionally perform the activities mentioned in the first and fourth subparagraphs (provided that these activities are performed only by persons employed in these entities, indicated in the preceding sentence):

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<sup>20</sup> [Rejestrzadcow.pl](https://rejestrzadcow.pl), access on 12.03.2024

<sup>21</sup> Excluding legal advisers and foreign lawyers practicing their profession under an employment relationship or service in offices providing services to public administration authorities, other government or local government organisational units, and in entities other than companies referred to in Article 8(1) of the *Act of 6 July 1982 on Legal Advisers*.

- professional organisations with legal personality, cooperatives, associations or chambers of commerce, as long as their statutory activities include also tax advisory services provided exclusively to their members;
- audit firms authorised under other provisions to audit financial statements;
- limited-liability companies or joint stock companies that meet the conditions listed in Article 4(1)(3) of the aforementioned *Act*.

Professional tax advisory services are subject to statutory protection and they must not be carried out by unauthorised entities that are otherwise subject to a fine. The tax advisor is obliged to conclude a civil-liability insurance agreement for the tax services they provide.

Tax advisors providing legal assistance or tax advisory services to clients are obligated institutions to the same extent as attorneys, legal advisers or foreign lawyers. Moreover, they are obligated institutions in so far as they provide tax advisory services other than those listed in Article 2(1)(14) of the *AML/CFT Act*.

As at 13 March 2024, there were 8,942 registered tax advisors (compared to 8,893 ones in 2022).<sup>22</sup>

Statutory auditors practise their profession in accordance with the *Act of 11 May 2017 on statutory auditors, audit firms and public supervision* (Journal of Laws of 2023, item 1015, as amended). Pursuant to Article 3(1) of the aforementioned *Act*, in the framework of their professional activity, statutory auditors conduct financial audits and provide attestation services other than financial audits, that are not reserved to be performed by statutory auditors, as well as related services. The statutory auditor may practice their profession as: a natural person conducting business activity in their own name and on their own behalf or as a partner of an audit firm, or as a natural person under an employment relationship with an audit firm, or as a natural person (including a person conducting business activity otherwise than specified above) who has concluded a civil-law contract with an audit firm.

In accordance with information from the register of expert auditors kept by the National Council of Expert auditors, as at 12 March 2024, there were 4,919 statutory auditors<sup>23</sup> (compared to 5,204 ones in 2022) and 1,229 audit firms<sup>24</sup> (compared to 1,248 ones in 2022).

### ***Entities carrying out business activities involving games of chance, betting, card games and games on gaming machines***

The operation of the gambling market is regulated by the *Act of 19 November 2009 – Gambling Law* (consolidated text: Journal of Laws of 2023, item 227) and the implementing regulations to this *Act* that define gambling as games of chance, betting, card games and games on gaming machines.

Games of chance are games (including those arranged online) where the prize is either of a pecuniary or material nature, and whose result is primarily determined by chance. These are: draw-based games, lotteries, telebingo, cylindrical games, dice games, cash bingo games, raffle bingo games, raffles, promotional lotteries, and audio-text lotteries.

<sup>22</sup> <https://krdp.pl/doradcy.php>, access on 13.03.2024

<sup>23</sup> Register of expert auditors | PIBR, access on 12.03.2024

<sup>24</sup> <https://strefa.pana.gov.pl/wyszukiwarka/>, access on 12.03.2024

Betting involves bets for pecuniary or material prizes, consisting in guessing the results of a sports competition between people or animals, in which participants pay stakes, and the amount of the prize depends on the total amount of the paid stakes – these are sweepstakes. Besides sweepstakes, betting includes also bookmaking, i.e. guessing the occurrence of various events, including virtual ones, in which participants pay stakes, and the amount won depends on the ratio of the payment to the prize agreed between the host bet and the payer.

Games on gaming machines are games of chance that are played with the use of mechanical, electromechanical or electronic devices, including computer hardware, and games with rules corresponding to the rules of games on gaming machines arranged online, where the prizes are of a pecuniary or material nature, and where the game contains an element of chance.

Card games include black jack, poker and baccarat, if played for pecuniary or material prizes.

Carrying out business activity involving draw-based games, cash lotteries, telebingo games and games on gaming machines outside casinos, and arranging online gambling (except for betting and promotional lotteries) is subject to the state monopoly. The state monopoly is exercised by the minister competent for state assets, who establishes for this purpose, in consultation with the minister competent for public finance, single-person companies of the State Treasury.

The *Act of 19 November 2009 – Gambling Law* provides that the organisation of gambling requires – depending on the type of the game – a licence or authorisation of the minister competent for public finance or an authorisation of the competent director of the Revenue Administration Regional Office (Izba Administracji Skarbowej – IAS).

As at 8 February 2024, there were 51 licences issued for operating casinos, specifying the location of each of the casinos<sup>25</sup>. As at the same date, there were a total of 22 entities operating in the betting market<sup>26</sup>, authorised by the Minister of Finance to organise betting. An authorisation issued by the Minister of Finance for organising betting in betting shops was held by 8 entities, while 22 entities held this Minister’s authorisation for organising and operating betting online. One entity was authorised to organise and conduct other types of gambling online, including games on gaming machines, card games, cylindrical games, dice games ([www.totalcasino.pl](http://www.totalcasino.pl)) as well as draw-based games and cash lotteries ([www.lotto.pl](http://www.lotto.pl)).

The table below shows the amount of tax on gambling in 2022 – 2023<sup>27</sup>

Table 3. Tax on gambling by game type in 2022 and in 2023 (in PLN thousand)

Game type	2022	2023
<b>Monopoly</b>	<b>1,893,853</b>	<b>2,272,077</b>
<i>Draw-based games</i>	900,753	952,460
<i>Cash lotteries</i>	337,780	407,791
<i>Games on gaming machines</i>	118,407	161,246

<sup>25</sup><https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/kasyna-gry/>, access on 13.03.2024

<sup>26</sup>[Zakłady wzajemne i gry hazardowe przez Internet \(podatki.gov.pl\)](https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/zaklady-wzajemne-i-gry-hazardowe-przez-internet/), access on 13.03.2024

<sup>27</sup><https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/sprawozdawczosc/>, access on 13.03.2024



<i>Online casino games</i>	536,913	750,580
<b>Casinos</b>	546,033	580,835
<b>Betting</b>	1,475,638	1,627,060
<b>Audio-text lotteries</b>	21,765	23,209
<b>Raffles</b>	1	6
<b><u>Total</u></b>	<b>3,937,290</b>	<b>4,503,187</b>

### *Postal operators*

In accordance with Article 3(12) of the Act of 23 November 2012 – Postal Law (consolidated text: Journal of Laws of 2023, item 1640), a postal operator is an economic operator authorised to perform postal activity based on an entry in the register of postal operators. The Postal Law also provides for the existence of a designated operator – a special type of postal operator obliged to provide postal services. In accordance with the decision of the President of the Office of Electronic Communications, from 1 January 2016 to 31 December 2025, Poczta Polska S.A. is the operator designated to provide universal postal services in the Republic of Poland.

According to the information contained in the register of postal operators kept by the President of the Office of Electronic Communications, as at 13 March 2024, there were 279 postal operators<sup>28</sup> (compared to 282 ones in 2022).

### *Foundations and associations*

A foundation is a legal form of a non-governmental organisation in which capital allocated for a specific purpose plays an important role. In accordance with Article 1 of the *Act of 6 April 1984 on foundations* (consolidated text: Journal of Laws of 2023, item 166), “a foundation may be established to implement socially or economically useful objectives in line with the fundamental interests of the Republic of Poland, that include, in particular: health care, development of the economy and science, education and upbringing, culture and arts, social care and welfare, environmental protection and preservation of monuments”. Foundations may pursue several objectives at the same time.

According to Statistics Poland information of 19 December 2023, there were 19.3 thousand foundations in Poland (data as at 31 December 2022).<sup>29</sup>

Foundations are obligated institutions in so far as they accept or make cash payments with a value equal to or greater than the equivalent of EUR 10,000, regardless of whether the transaction is carried out as a single operation or several operations that appear to be related to each other.

<sup>28</sup> <https://bip.uke.gov.pl/rop/rejestr-operatorow-pocztowych>, access on 13.03.2024

<sup>29</sup> <https://stat.gov.pl/obszary-tematyczne/gospodarka-spoeczna-wolontariat/gospodarka-spoeczna-trzeci-sektor/dzialalnosc-stowarzyszen-i-podobnych-organizacji-spoecznych-fundacji-spoecznych-podmiotow-wyznaniowych-oraz-samorzadu-gospodarczego-i-zawodowego-w-2022-r-wyniki-wstepne.3.10.html>, access on 13.03.2024

An association is a basic organisational and legal form in which one of the most important citizen rights enshrined in the Constitution – i.e. the right to freedom of association and joint activities – is exercised. In accordance with Article 2(1) of the *Act of 7 April 1989 – Law on Associations* (consolidated text: Journal of Laws of 2020, item 2261), it is a “voluntary, self-governing, sustainable non-profit-making association”.

An association independently determines its objectives, action programmes and organisational structures and adopts internal acts concerning its activities, while its operations are based on the voluntary work of its members. An association may employ staff, including its members, to perform its activities.

According to Statistics Poland information of 19 December 2023, there were 68.9 thousand associations (data as at 31 December 2022).<sup>30</sup>

Only those associations that have legal personality are obligated institutions in so far as they accept or make cash payments with a value equal to or greater than the equivalent of EUR 10,000, regardless of whether the transaction is carried out as a single operation or several operations that appear to be related to each other.

According to information obtained in accordance with Article 14(4) of the AML/CFT Act from governors of districts, governors of provinces (voivodes) and ministers<sup>31</sup>, a total of 15 obligated institutions were identified (as at 31 December 2023)<sup>32</sup>. Among the obligated institutions supervised by the aforementioned authorities, there were 2 associations, while in 13 cases the competent authorities defined the legal form of the supervised entity as a foundations. Based on the information provided to the GIF, 92% of governors of districts assessed human and financial resources held as sufficient to carry out tasks in the field of counteracting money laundering and financing of terrorism, while the remaining 8% of them assessed their human and financial resources as insufficient. In the vast majority of governor’s of districts offices, tasks related to the implementation of AML/CFT obligations were carried out by one or two employees, and the costs of these activities included primarily the employee’s salary, the cost of postage and stationery consumption and the training cost. Depending on the inclusion of the employee’s tasks in the work regulations in a particular governor’s of districts office, these costs ranged from several hundred PLN to nearly PLN 55,000 per annum. In the vast majority of governor’s of districts offices, one or two AML/CFT training sessions were conducted in 2023.

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<sup>30</sup> <https://stat.gov.pl/obszary-tematyczne/gospodarka-spoeczna-wolontariat/gospodarka-spoeczna-trzeci-sektor/dzialalnosc-stowarzyszen-i-podobnych-organizacji-spoecznych-fundacji-spoecznych-podmiotow-wyznaniowych-oraz-samorzadu-gospodarczego-i-zawodowego-w-2022-r-wyniki-wstepne,3.10.html>, access on 13.03.2024

<sup>31</sup> As part of their supervision or control, the performance by obligated institutions of their AML/CFT obligations is controlled by governors of provinces (voivodes) or governors of districts – in relation to associations, and ministers or governors of districts – in relation to foundations, in accordance with the rules set out in this Act.

<sup>32</sup> The information provided by ministers, governors of districts and governors of provinces (voivodes) was based on their knowledge. Some respondents – particularly governors of districts – pointed out to the limited ability to determine which associations met the conditions specified in Article 2(1)(22) of the *AML/CFT Act* (i.e. during inspections carried out in accordance with other provisions or by collecting declarations from the associations).

### *Other non-financial obligated institutions*

A substantial group of obligated institutions operating outside the financial market comprises economic operators conducting non-regulated activity, mainly under the provisions of the *Act of 6 March 2018 – Entrepreneurs’ Law* (consolidated text: Journal of Laws of 2024, item 236, as amended), hereinafter referred to as *Entrepreneurs’ Law*. These include obligated institutions specified in Article 2(1)(10a), (12), (15a), (16)-(18), (23)-(24), (24a) and 26<sup>33</sup> of the *AML/CFT Act*.

From 23 March 2023, *Regulation (EU) 2022/858 of the European Parliament and of the Council* on a pilot regime for market infrastructures based on distributed ledger technology, (DLT Pilot Regime, DLT Pilot, DLTR) shall apply in the European Economic Area.

Entities operating a DLT settlement system have become obligated institutions<sup>34</sup>. These are the entities referred to in Article 2(7) of *Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU* (OJ L 151, 02.06.2022, p. 1), as well as entities operating a DLT trading and settlement system referred to in Article 2(10) of this Regulation, in so far as they maintain DLT accounts referred to in Article 3(28ac) of the *Act of 29 July 2005 on trading in financial instruments*, or the DLT records referred to in Article 131u(1) of this Act.

The Regulation allows financial instruments to be dematerialised, traded, cleared and settled in a blockchain-based infrastructure, without having to apply the requirements of MiFID<sup>35</sup>, MiFIR<sup>36</sup> and CSDR<sup>37</sup>, that may cause practical or interpretation difficulties in the blockchain environment.

Obligated institutions referred to in Article 2(1)(12) of the *AML/CFT Act* include entities conducting business activities consisting in the provision of services in the field of: exchange between virtual currencies and legal tenders, exchange between virtual currencies, brokerage in the exchange referred to in point (a) or (b) , operating accounts referred to in Article

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<sup>33</sup> Economic operators conducting pawnbroking activities referred to in the *Act of 14 April 2023 on consumer pawnbroking loans* (Journal of Laws of 2023, item 1285). Article 2(1)(26) was added by the Act of 14 April 2023 (Journal of Laws of 2023, item 1285) that entered into force on 7 January 2024. Economic operators conducting pawnbroking activities are obliged to obtain an entry in the register. The register of economic operators conducting pawnbroking activities is kept by the Polish Financial Supervision Authority. Conducting pawnbroking activities without an entry in the register is a prohibited act punishable by a fine of up to PLN 500,000. The Act on pawnbroking activities does not provide for the supervision of the Polish Financial Supervision Authority over economic operators conducting pawnbroking activities. This means, in particular, that the Polish Financial Supervision Authority is not authorised to request information and explanations from these entities and to control their activities for their compliance with law, or to assess whether they meet the requirements provided for by law. Compliance with the Act on pawnbroking activities is controlled by the Trade Inspection.

<sup>34</sup> Article 2(1)(10a) of the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism*

<sup>35</sup> Markets in Financial Instruments Directive (*Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) Text with EEA relevance*) that establishes a uniform legal framework for banks, brokerage houses and other entities conducting brokerage activities in the European Union, as well as Iceland, Norway and Liechtenstein.

<sup>36</sup> MiFID II/(Markets in Financial Instruments Directive – see above)/MiFIR package regulates trading in financial instruments as well as supervision over investment activities and services. The package applies to financial markets, commodity markets as well as participants in these markets.

<sup>37</sup> *Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (CSDR)*.

2(2)(17)(e) of the Act, i.e. ones maintained in the form of electronic identification data sets enabling authorised persons to use virtual currency units, among others to conduct their exchange transactions.

In accordance with the information available on the website of the Regional Revenue Administration Office in Katowice<sup>38</sup>, as at 12 March 2024, the register of virtual currency service providers included 1214 entities.

In accordance with the information posted at <https://coinatmradar.com/bitcoin-atm-near-me/>, at least 249 bitcoin ATMs<sup>39</sup> are currently in use in Poland (compared to 229 in 2022).

The number of bitcoin ATMs in Poland (but also worldwide) is constantly growing. Every year, a significant increase in their number is recorded. The growth rate of the number of these devices shows that there are more and more people interested in a quick exchange of cryptocurrencies, e.g. for cash (despite high amounts of commission on such transactions). In one bitcoin ATM, it is also possible to buy/sell particular types of cryptocurrencies.

The distinction between a cryptocurrency exchange and a cryptocurrency exchange office results from the differences in their business models.

Cryptocurrency exchange offices provide their services both online and in land-based outlets. Providers of these services enable their customers to buy or sell a certain number of units of decentralised virtual currencies. They do not offer storage services for these units or private keys to access them.

Cryptocurrency exchanges offer a wider range of services. Buy and sell transactions involving cryptocurrency units can be concluded with a cryptocurrency exchange, as well as – based on matching buy and sell offers of its customers – between their different users. They also offer their customers management of electronic wallets on their behalf.

A real estate broker<sup>40</sup> – an economic operator conducting business activities involving real estate intermediation – may participate in real estate trading. Real estate intermediation consist in the paid performance of activities aimed at concluding contracts by other persons. The scope of real estate brokerage services is specified by a real estate intermediation contract. The contract must be executed in writing or in electronic form under pain of nullity. It is not possible to specify the actual number of real estate intermediaries as each economic operator may perform real estate intermediation, provided that they hold civil liability insurance for damage caused in connection with the performance of these activities.

According to the Statistics Poland data contained in the quarterly information on national economy entities, as at 31 December 2023, the National Official Business Register REGON (excluding natural persons running solely private farms) included a total of 22,671 entities

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<sup>38</sup><https://www.slaskie.kas.gov.pl/izba-administracji-skarbowej-w-katowicach/zalatwianie-spraw/rejestr-dzialalnosci-w-zakresie-walut-wirtualnych>, access on 13.03.2024

<sup>39</sup> <https://coinatmradar.com/bitcoin-atm-near-me/>, access on 13.03.2024

<sup>40</sup> Pursuant to Article 2(1)(18) of the *AML/CFT Act*, real estate brokers within the meaning of the *Act on real estate management* are obligated institutions, except for real estate intermediation aimed at concluding a rental or lease agreement for real estate or a part thereof, where the monthly rent is less than the equivalent of EUR 10,000.

(compared to 21,878 ones in 2022) reporting the activity defined by the Polish Classification of Activities (PKD) code 6831Z, i.e. real estate brokerage<sup>41</sup>.

In accordance with Article 76a(1) of the *Accounting Act of 29 September 1994* (Journal of Laws of 2023, item 120, as amended), bookkeeping services are a business activity within the meaning of the provisions of the aforementioned *Entrepreneurs' Law*, consisting in the provision of services in the area of:

- keeping accounting records based on accounting evidence, in which economic events are recorded in the chronological and continuous order;
- determining or verifying on a regular basis, by means of stocktaking, the actual balance of assets and liabilities;
- measurement of assets and liabilities and determining financial profit/(loss);
- drawing up financial statements;
- collecting and storing accounting evidence and other documents provided for in the aforementioned *Act*.

Bookkeeping services may be rendered by any economic operator, provided that bookkeeping activities are performed by persons who have full legal capacity and have not been convicted by a final court judgement of an offence against the reliability of documents, property, economic transactions, trading in money and securities, of a fiscal offence and of any offences specified in Chapter 9 of the aforementioned *Act*. An economic operator conducting such activity is also required to conclude, no later than on the day preceding the first day of performing its business activity, a civil-liability insurance agreement for damage caused in connection with its economic activity in the field of bookkeeping services.

In accordance with Article 2(1)(16) of the *AML/CFT Act*, obligated institutions also include economic operators within the meaning of the *Entrepreneurs' Law*, that are not other obligated institutions, providing services in the area of:

- establishing a legal person or an organisational unit without legal personality;
- serving as a member of the management board or enabling another person to perform this function or a similar function in a legal person or an organisational unit without legal personality;
- providing a registered office, address of establishment or address for correspondence and other related services to a legal person or an organisational unit without legal personality;
- acting or enabling another person to act as the trustee of a trust established by means of a legal act;
- acting or enabling another person to act as a person exercising rights attached to stocks or shares to the benefit of an entity other than a company listed on the regulated market

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<sup>41</sup><https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2023,7,13.html>, access on 13.03.2024

subject to the requirements related to information disclosure in compliance with the European Union law or subject to equivalent international standards.

Moreover, pursuant to Article 2(1)(15a) of the *AML/CFT Act*, obligated institutions also include economic operators within the meaning of the *Entrepreneurs' Law*, whose primary business activities include the provision of services consisting in preparing tax returns, keeping tax books, providing advice, opinions or explanations regarding tax or customs legal provisions, that are not other obligated institutions.

According to the Statistics Poland data contained in the quarterly information on national economy entities as at 31 December 2023, the National Official Business Register REGON included (excluding natural persons running only private farms) a total of 26,156 entities (compared to 23,785 ones in 2022) reporting the activity defined by the Polish Classification of Activities (PKD) code – 82.11.Z, i.e. office administration services<sup>42</sup>. This sub-class covers “activities related to the day-to-day office administration, such as reception services, financial planning, accounting, bookkeeping, HR services and mail delivery, performed on commission”.

According to the information available on the website of the Regional Revenue Administration Office in Katowice<sup>43</sup>, as at 12 March 2024, the register of trust and company service providers included 2,029 entities.

One of the banking activities specified in Article 5 of the *Act of 29 August 1997 – Banking Law* consists in providing access to a safe deposit box, provided that such activities are performed by banks. However, providing access to safe deposit boxes may also be economic activity within the meaning of the *Entrepreneurs' Law*.

A relatively large category of obligated institutions comprising business in various sectors is composed of economic operators that accept or make cash payments for commodities in the amount equal to or exceeding the equivalent of EUR 10,000, regardless of whether the payment is made as a single transaction or as a series of transactions which seem to be related to each other. Although Article 19 of the *Entrepreneurs' Law* obliges economic operators to make and accept payments related to their business activities through their payment accounts, whenever the one-off value of a transaction, regardless of the number of resulting payments, exceeds PLN 15,000 or its equivalent, it applies only to business-to-business transactions.

In accordance with Article 2(1)(24a) of the *AML/CFT Act*, obligated institutions also include economic operators within the meaning of the *Entrepreneurs' Law*, conducting business activities consisting in:

- trade in or brokerage in the trade in works of art, collectibles and antiques within the meaning of Article 120(1)(1)-(3) of the *Act of 11 March 2004 on tax on goods and services* (Journal of Laws of 2022, item 931, as amended), also where such activity is carried out in art galleries or auction houses, or using a free port, understood as a zone or

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<sup>42</sup><https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2023,7,13.html>, access on 13.03.2024

<sup>43</sup><https://www.slaskie.kas.gov.pl/izba-administracji-skarbowej-w-katowicach/zalatwianie-spraw/rejestr-dzialalnosci-na-rzecz-spolek-lub-trustow>, access on 13.03.2024

room where goods are treated as not located within the customs territories of Member States or third countries, including the use of a duty-free zone;

- storage of works of art, collectibles and antiques within the meaning of Article 120(1)(1)-(3) of the *Act of 11 March 2004 on tax on goods and services*, where such activity is carried out using a free port referred to above

- with respect to transactions with a value equal to or greater than the equivalent of EUR 10,000, regardless of whether the transaction is carried out as a single operation or several operations that appear to be related to each other.

The indicated new category of obligated institutions is to reduce the shadow economy in the area of alternative investments that have been developing dynamically recently. The group of obligated institutions that apply customer due diligence measures under the AML/CFT Act includes in this aspect, among others, organisations trading in works of art or acting as brokers therein (also if such trade is carried out through art galleries and auction houses), where the value of the transaction or series of related transactions is at least EUR 10,000.

Brokers in trade in works of art or persons storing such goods are also obliged to perform similar activities. This concerns mainly art dealers, small galleries, and economic operators offering the storage of works of art and collectibles. This applies to free ports<sup>44</sup> – special zones where goods (including those of high value, such as works of art) may be stored for an unlimited period, without the obligation to pay taxes or duties on this account. If the value of such transactions or several related transactions is at least EUR 10,000, the indicated entities are also treated as obligated institutions.

According to Statistics Poland data contained in the information on the activities of art galleries<sup>45</sup>, as at the end of 2022<sup>46</sup>, the aforementioned activities were carried out in Poland by 310 art galleries (compared to 313 ones in 2021).

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<sup>44</sup> A free port is a kind of duty-free zone where goods, including those of high value, such as works of art, may be stored for an unlimited period, without the obligation to pay taxes or duties on this account. The best known free ports are located in Switzerland. The Financial Action Task Force states in its publications that free ports – due to insufficient security regulations, poor inspections and supervision – may be used for money laundering and financing of terrorist activities.

<sup>45</sup><https://stat.gov.pl/obszary-tematyczne/kultura-turystyka-sport/kultura/dzialalnosc-galerii-sztuki-w-2022-roku,10,6.html>, access on 13.03.2024

<sup>46</sup> Relevant Statistics Poland data for 2023 is not available



### 3. INFORMATION ON DATA SUBMITTED TO THE GIFI

#### 3.1. INFORMATION ON SUSPICIOUS TRANSACTIONS

In 2023, 4,746 suspicious activity reports (SAR), i.e. descriptive notifications of suspicious activities and transactions, were registered in the GIFI's IT system and used in ongoing analytical proceedings. The aforementioned notifications describe a few, several or even several hundred transactions (inter-related through parties thereto, circumstances in which a transaction was exercised, similar execution periods and/or involvement of the same assets) and their accompanying circumstances that according to the reporting institution/entity may be related to money laundering or financing of terrorism. These notifications often include additional data and documents substantiating the suspicion, and are aimed at facilitating the proceedings (e.g. account records, copies of the documents concerning transactions, etc.). The greater the spectrum of information provided in SARs, the greater the ability to swiftly verify received data and combine it with information from other sources, and the shorter the time to complete the activities undertaken by the GIFI in cooperation with the prosecutor's office and law enforcement agencies. Descriptive notifications may include, in particular, information on the reporting entity's suspicion that an offence has been committed, and on the accompanying circumstances. Table 4 (data for 2023 is presented against the data for the preceding years) shows the categories of entities submitting SARs to the GIFI.



Table 4. Number of SARs received in 2001-2023

Period	Obligated institutions	Cooperating units	Other sources	Total
2001 (since July)	102	115	14	231
2002	358	237	19	614
2003	739	211	15	965
2004	860	521	16	1,397
2005	1,011	500	15	1,526
2006	1,351	530	17	1,898
2007	1,244	648	28	1,920
2008	1,287	460	68	1,815
2009	1,362	464	36	1,862
2010	1,462	476	59	1,997
2011	2,004	461	62	2,527
2012	1,954	436	37	2,427
2013	2,399	789	77	3,265
2014	2,739	823	75	3,637
2015	2,863	604	53	3,520
2016	3,290	853	55	4,198
2017	3,272	796	47	4,115
2018	2,982	543	97	3,622
2019	3,696	294	110	4,100
2020	3,587	179	39	3,805
2021	3,574	251	27	3,852
2022	4,280	208	17	4,505
2023	4,381	357	8	4,746

The number of descriptive notifications has remained high (more than 3,500 SARs per annum) for ten years now (*Chart 3*). The number of SARs in 2023 was record high – nearly 4,850, i.e. 5% more than in the previous year.

Chart 3. The number of SARs received in 2006-2023

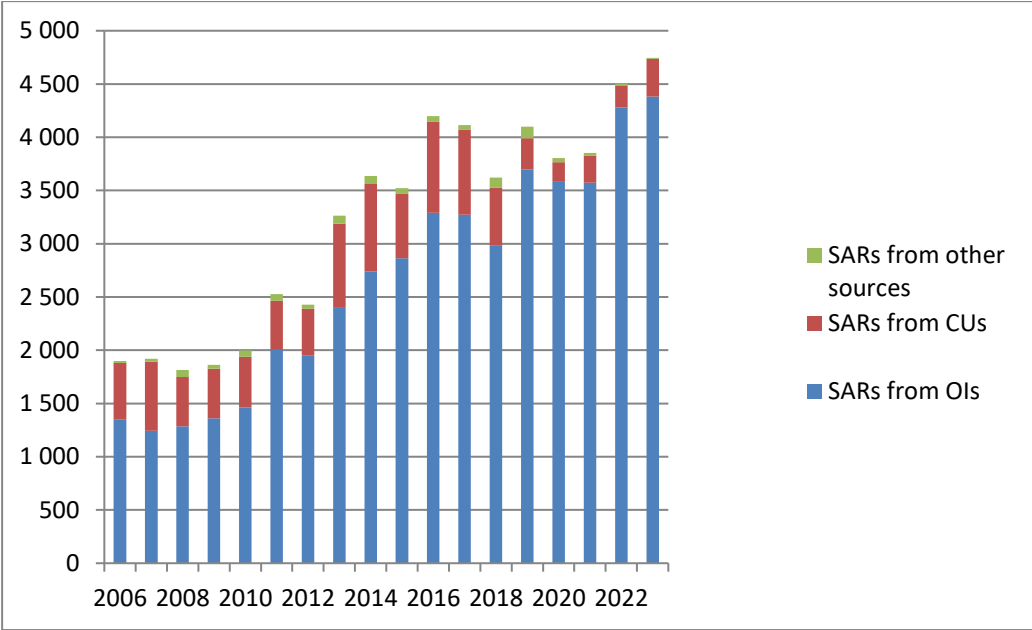
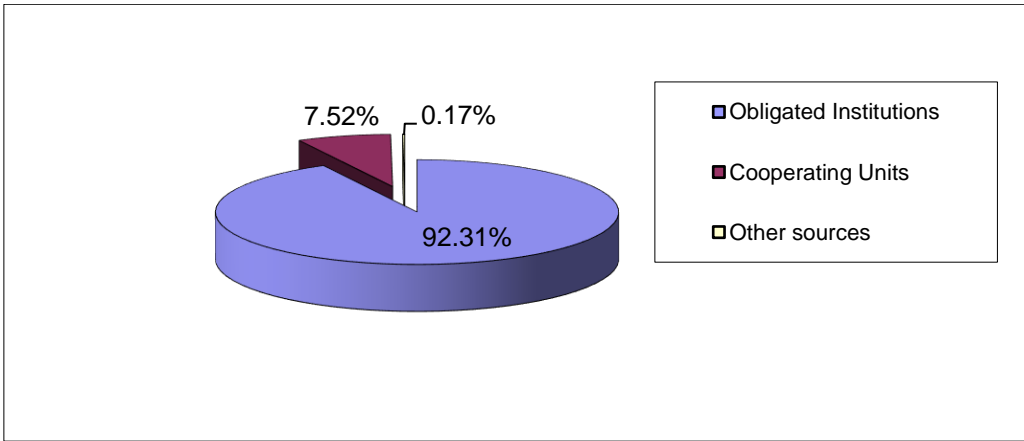


Chart 4 shows the percentage of descriptive notifications received from particular sources of information (a significant increase in the percentage of SARs from cooperating units).

Chart 4. Sources of SARs in 2023



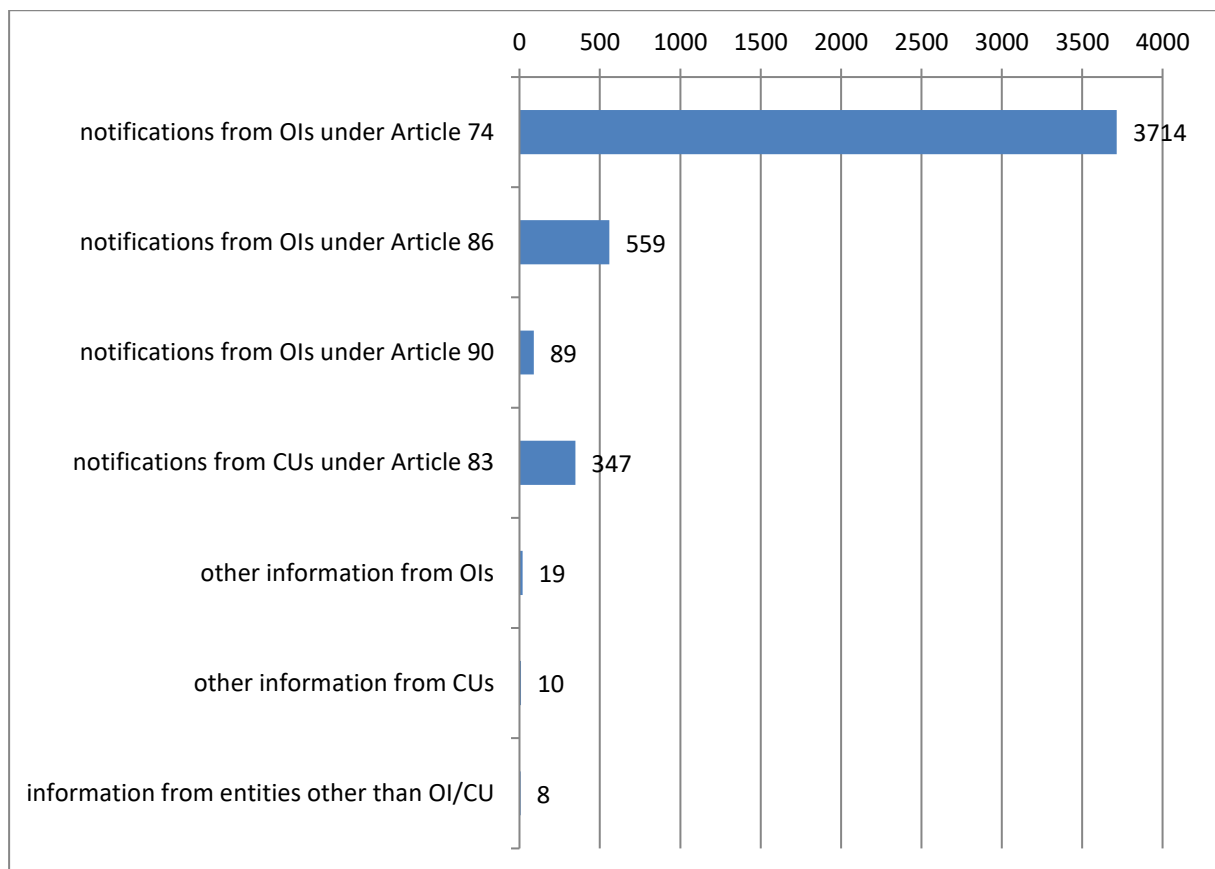
The total number of SARs registered in 2023 includes notifications and reports that differ depending on the circumstances of the events they concern, as well as the rationale and procedures for their submission to the GIFI. The applicable *Act on counteracting money laundering and financing of terrorism* specifies – in the following articles:

- 74 (notification by an obligated institution of circumstances that may indicate a suspected offence of money laundering or financing of terrorism),

- 83 (notification by a cooperating unit of a suspected offence of money laundering or financing of terrorism),
- 86 (notification by an obligated institution of becoming aware of a reasonable suspicion that a specific transaction or specific assets may be related to money laundering or financing of terrorism),
- 90 (notification from an obligated institution of a transaction that the obligated institution reasonably suspects to be related to money laundering or financing of terrorism, where the submission of the notification prior to the transaction was impossible),

different rationale for submitting a SAR by an obligated institution or a cooperating unit to the GIFI. Chart 5 shows the numbers of different types of SARs registered by the GIFI in 2023.

*Chart 5. Types of SARs in 2023*

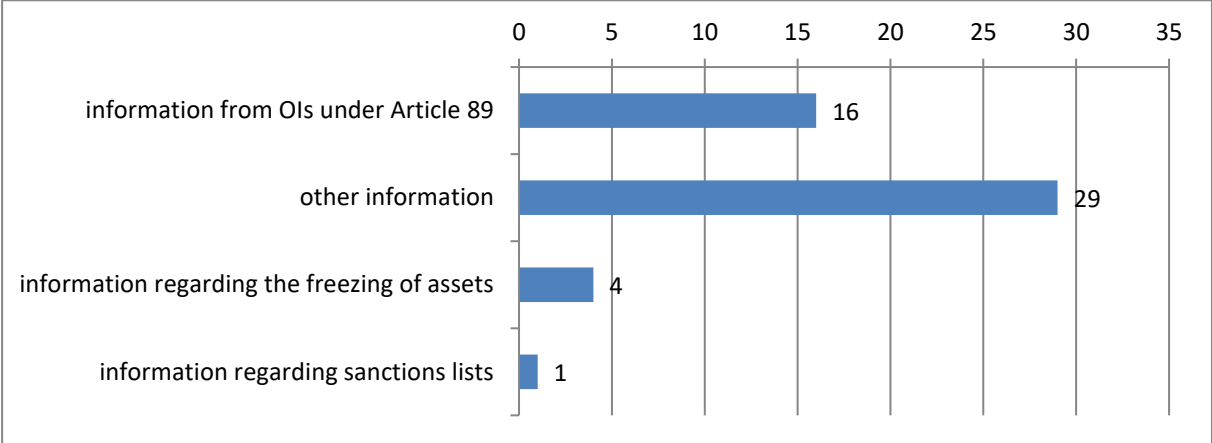


In 2023, 357 SARs from cooperating units (CU) were registered, which means that their number compared to the previous year (208) almost doubled.

In 2023, the GIFI received a record high number (4,381) of SARs from obligated institutions. 2023 was the fifth full year when the amended reporting regulations were in force and the change in this respect took place in the second half of 2018. Comparing with caution the year-to-year data, the increase in the average number of SARs in 2019-2021 relative to the directly preceding years may be associated with the elimination of the suspicious transaction report (STR) from the categories of information that obligated institutions reported to the GIFI in the preceding years. In the previous years, the GIFI used to receive tens of thousands of such reports a year (in 2018, there were nearly 43 thousand STRs), whereby the overwhelming majority of them were related to information reported in SARs. In the current legal system, cases relating to single transactions that formerly could be reported as STRs unrelated to simultaneously submitted SARs were probably the reason for the increased number of SARs in 2019-2023. Regardless of this natural reason for the increase in the number of SARs, the upward trend in their number is likely to be related also to the increasingly intensified analysis carried out by obligated institutions, e.g. in connection with the GIFI’s training activities (see Subchapter 6.4).

Besides SARs related to information on circumstances indicating a possible link with money laundering and/or financing of terrorism, the GIFI also receives other types of descriptive notifications that contain information on offences other than money laundering and/or financing of terrorism. The numbers of such notifications – that are included in ongoing analytical proceedings – registered in the GIFI’s ICT system in 2023 are presented in Chart 6.

Chart 6. Types of SARs concerning offences other than ML/TF in 2023



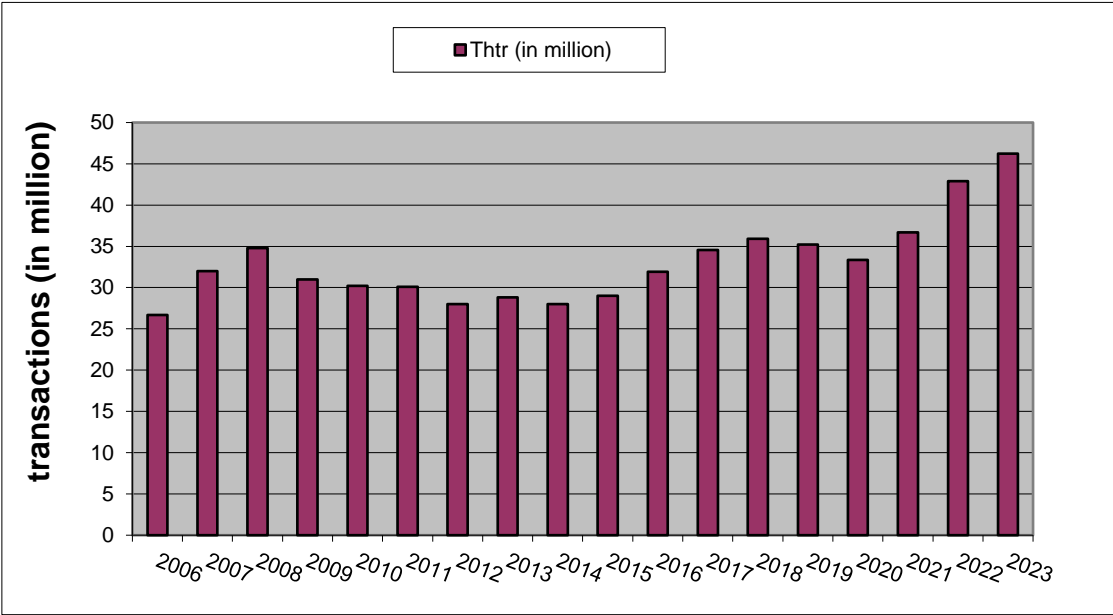
**3.2. INFORMATION ON SUSPICIOUS ABOVE THRESHOLD TRANSACTIONS**

In 2023, the GIFI was informed about 46.25 million above threshold transactions reported under Article 72 of the AML/CFT Act (and additionally 13.2 thousand correcting reports). This information is collected in the GIFI’s IT system and processed by the Department of Financial Information in the Ministry of Finance – both for the purposes of analytical proceedings carried out by the GIFI and for the purposes of analyses carried out to respond to requests submitted

by competent authorities. Information on aforementioned transactions, reported pursuant to Article 72, is also made available in the source form to authorised bodies pursuant to the provisions of Article 105(2) of the *AML/CFT Act*.

For many years, the volume of information on transactions of this type submitted annually to the GIFI remained at a similar level (Chart 7), but over the last three – four years, it has been rapidly increasing (in 2022, its volume increased by nearly 17%, and in 2023 by 8% compared to the previous year). In 2023, the number of corrections to information on transactions sent by obligated institutions remained at a similar level.

*Chart 7. Volume of information on above threshold transactions received by the GIFI*



Obligated institutions submit data on the above-mentioned transactions in aggregate or separately, in the form of a file, on a continuous basis. Currently, all data is transferred electronically, and besides transfer through the GIFI’s secure Internet website, which used to be the dominant method until 2018, the communication channel based on the network service of the ICT system of the GIFI, enabling the automation of the process on the part of the obligated institution, is widely used.

Transfer of information through the secure Internet website makes it possible both to send a file with information on multiple transactions, generated in a relevant format by the system of the obligated institution (this solution was used in the past mainly by large institutions that reported multiple transactions on a monthly basis, but these institutions currently use mostly a new channel based on the network services of the GIFI's ICT system), and to complete a form (equivalent to an electronic document constituting a template of the electronic transaction card) directly on the Internet website (this solution is used mainly by smaller institutions that report few transactions on a monthly basis).

Out of the aforementioned 46.25 million transactions, information about which was submitted to the GIFI databases in 2023, 3.71% were transactions classified by obligated institutions as cash deposits or withdrawals. This figure is smaller than in 2021 (4.31%), 2022 (4.44%) and 2017-2019 (in 2019, the percentage of such transactions was 6.08%, in 2018 – 6.26% and 6.72% in 2017). Following a slight increase in 2022, the gradual decline observed in previous years continued.

At the same time, 8.10% of transactions were classified by obligated institutions as coming from abroad, and this figure was similar to that recorded in the previous year, when this type of information accounted for 8.31% of all above threshold transactions.

More precise information obtained from reports submitted pursuant to Article 72 of the Act allow for better insight into the structure of information and its better classification, which makes it possible to better assess the risk related to particular types of transactions, and also gives insight into important information (unavailable directly to the GIFI before 2020) on transactions particularly susceptible to ML/TF risks. This is enabled by, for example, categorisation of information on fund transfers. As for data reported in the new manner since 2020, the GIFI obtained insight into the structure of the types of the process initiating funds transfers, as an example to find out that while 83.88% of outgoing transfers in 2023 were initiated as a result of ordering a “traditional” credit transfer, the remaining 16.12% of above threshold transfers resulted from the execution of domestic or foreign money orders (8.09%) or from the execution of transfers initiated with the use of a payment card, electronic money instrument, mobile phone or other digital or IT device, or otherwise (8.02% in total).

The aforementioned 8.09% of above threshold transfers resulting from the execution of money orders in 2023 correspond to information on over 3,013 thousand money transfers. On the other hand, in the same data sample, the aforementioned 8.02% of above threshold transfers resulting from the execution of an order initiated with the use of a payment card, electronic money instrument, mobile phone, other digital or IT device, or otherwise, correspond to information on nearly 2,987 thousand money transfers. The percentage of particular groups of transfers related to remittances is very similar to that in the previous year, but the absolute numbers are higher due to an 8% increase in the total number of transactions.

A similar situation occurs thanks to the categorisation of information on fund transfers from abroad. As for the reported data, the GIFI obtains not only information on more than twice as many transfers of this type than before 2020 (which are a group more susceptible to ML/TF risks than other transfers), but also an insight into the structure of the method of initiating a fund transfer. In 2023, 76.63% of above threshold transfers from abroad resulted from the execution of transfer orders, 12.38% of such transfers reached Polish obligated institutions as a result of the execution of money orders, and 11.99% of incoming transfers from abroad were

classified by the receiving obligated institutions as resulting from the execution of a different type of order. In absolute numbers, this corresponds to, respectively, over 2,834 thousand transfers from abroad, over 464 thousand remittances from abroad, and over 449 thousand fund transfers from abroad of other type. In absolute numbers, these figures are higher than in 2022 due to an 8% increase in the total number of transactions. The proportions remained at a level similar to the corresponding data from 2022.

The presented absolute volumes of various types of information show, on the one hand, the scale of the issue related to the efficient combination of collected information with other data sources, and, on the other hand, the ability to differentiate procedures for information classified to different risk areas. In 2019, this concerned only part of the information on above threshold transactions, while in the case of the information collected in the following years, it was already possible for information on all transactions entering the ICT system of the GIFI.

The received information on transactions was made available in the ICT system of the GIFI as input data for further analyses. In particular, this information was subjected to automatic analytical processes. For example, all information on transactions was verified for possible links with entities suspected of terrorism financing or entities from high-risk/sanctioned countries. Links between information on transactions and other types of information available in the system (e.g. with enquiries of external entities – a prosecutor’s office, foreign FIUs, etc.) are automatically searched for, to be then used in analytical proceedings or to be transferred to external entities (as a response to a request for information or on the GIFI’s initiative). The above-mentioned links were searched for with the use of the analytical models available in the ICT system of the GIFI, to be used both in the processes of automatic report generation and in *ad hoc* analyses for the purposes of a specific problem.

Information on above threshold transactions is used both for the extraction of data on transactions and entities involved in them, being a helpful source of data used in analytical proceedings, and for the extraction of data regarding suspicious entities’ accounts. Information on transactions is available for analysis both in a simple form, where by asking a question about a specific entity or account, it is possible to access the collected data, and as the source for the analysis of links – by using the search facility in the database of inter-related objects (bank accounts, entities), i.e. those being in a defined type of relationship (e.g. entities or bank accounts inter-related through the transaction chain). This type of analysis of links as regards accounts applied mainly to accounts the information about which was extracted from information on above threshold transactions – but with the access to data from the account database (SInF) obtained by the GIFI in 2023, the process of extending this type of analysis to include information related to other accounts the information about which does not come directly from information on above threshold transactions, was initiated.

## 4. ANALYSES

### 4.1. COUNTERACTING MONEY LAUNDERING

Obtaining, collecting, processing and analysing information in accordance with the provisions of the *AML/CFT Act* and taking action to counteract money laundering and financing of terrorism is the basic task of the GIFI. When performing this task, the GIFI examines the course of transactions with respect to which it has reasonable suspicion, provides authorised entities with information about transactions, and obtains requested information from obligated institutions, as well as cooperates with foreign institutions and international organisations dealing with counteracting money laundering or financing of terrorism. All the above-mentioned activities are undertaken in order to conduct comprehensive analysis of the collected information in terms of ML/TF offences that could have been committed by suspected entities. The analysis is aimed at substantiating that assets subject to the respective transactions originate from proceeds from a prohibited act.

#### 4.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS

In 2023, the GIFI initiated 3,443 analytical proceedings regarding suspected money laundering or financing of terrorism. Compared to 2022, the number of initiated proceedings increased by approx. 59% and was the highest in at least 5 years.

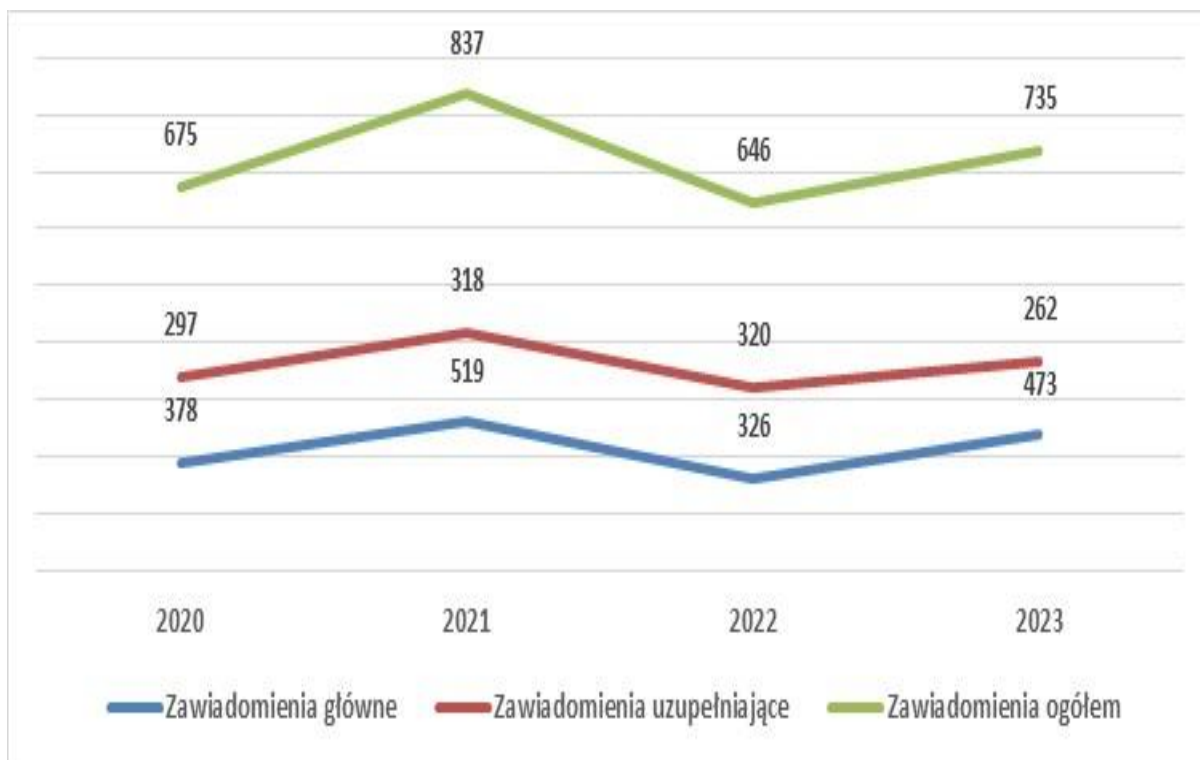
As a result of the analyses carried out in 2023, 473 notifications of suspected money laundering offences (the so-called main notifications) were submitted to prosecutors' offices. Compared to 2022, the number of main notifications sent to prosecutors' offices increased by approx. 45%. This figure was still approx. 9% lower compared to the record-breaking 2021 (see Chart 8). The amount of assets covered by the main notifications submitted to prosecutors' offices in 2023, converted into PLN, was over PLN 9.61 billion, which represents an increase by approx. 235% and approx. 13% compared to 2022 and 2021, respectively.

Having submitted a notification on a suspected money laundering offence, the GIFI most often obtains and processes additional information on previous or subsequent transactions carried out by entities and persons whose activities were covered by the main notification, requests data from foreign FIUs or additional information on trading partners or related entities. The collected materials and the findings of additional analyses are transferred to the prosecutor's office as the so-called supplementary notifications (in 2023, the GIFI prepared 262 such notifications). The total assets that were the subject of suspected offences in the supplementary notifications amounted to approx. PLN 0.12 billion.

*Chart 8. Numbers of notifications submitted to the prosecutor's office and notifications submitted to*



cooperating units in 2020-2023<sup>47</sup>



Zawiadomienia główne	Number of main notifications
Zawiadomienia uzupełniające	Number of supplementary notifications
Zawiadomienia ogółem	Total number of notifications

Source: the GIFI's own data as of 20 March 2024

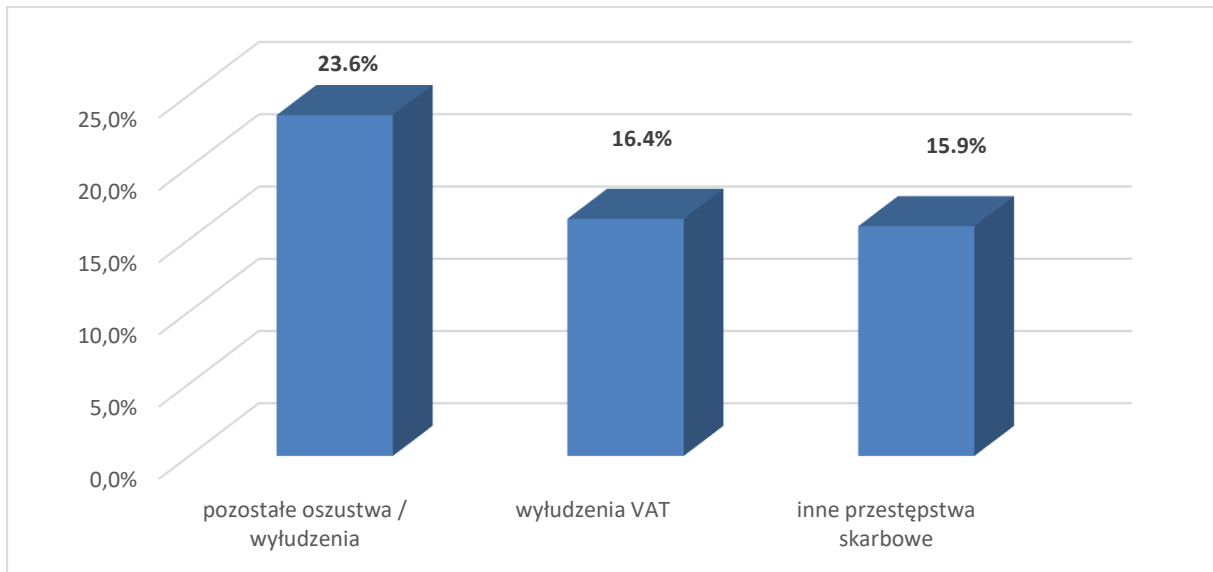
Approx. 23.6% of the total number of notifications concerned suspected money laundering involving proceeds related to various types of fraud and deception, approx. 16.4% – VAT fraud, while 15.9% of the notifications concerned other fiscal offences (see Chart 9). It should concomitantly be emphasised that the GIFI's notifications may concern several predicate offences. According to the GIFI, the first of these groups includes offences relating to:

- investment, consisting in making natural persons, often foreigners, unfavourably dispose of property by offering these persons fictitious investment, mainly in cryptocurrencies;
- impersonating another person or a trading partner and persuading mainly businesses to order payments to fraudsters' accounts;
- phishing to obtain data enabling access to financial products or other confidential information enabling fund theft.

Chart 9. Percentage of the most common predicate offences in the GIFI's notifications in 2023 (by the

<sup>47</sup> According to entries in the GIFI's IT system as of 21 March 2024

total number of notifications with a specific case typology)



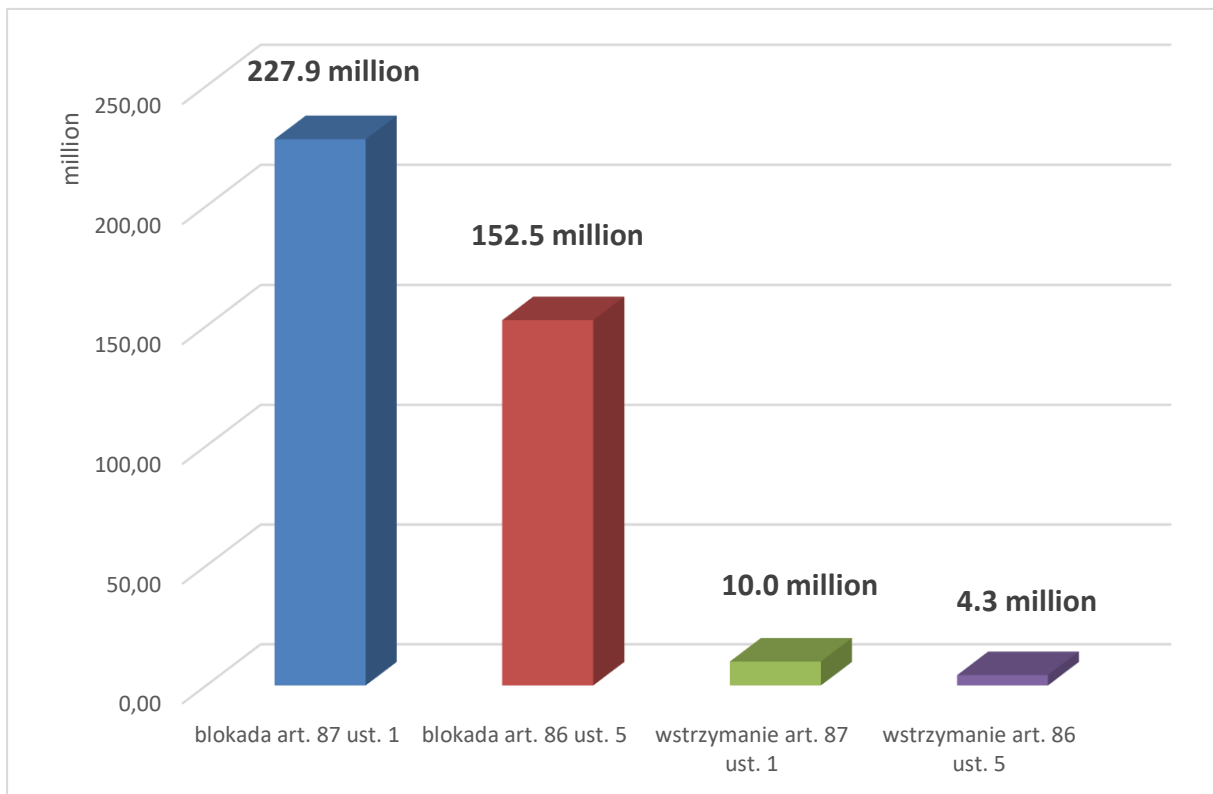
pozostałe oszustwa/wyłudzenia	other fraud
wyłudzenia VAT	VAT fraud
inne przestępstwa skarbowe	other fiscal offences

Source: the GIFI's own data as of 20 March 2024

Having received notifications from obligated institutions pursuant to Article 86 of the *AML/CFT Act*, the GIFI blocked 679 accounts with funds with a total value of approx. PLN 152.5 million<sup>48</sup> and suspended 52 transactions for a total amount of approx. PLN 4.3 million (see: Chart 10). Compared to 2022, the value of such blocked accounts and suspended transactions increased by approx. 36.2%, while the number of blocked accounts increased by approx. 73.2% (392 accounts were blocked in 2022).

Chart 10. Total value of blocked accounts/suspended transactions in 2023, specifying the legal grounds

<sup>48</sup> The amounts of funds in blocked accounts are estimated ones and their actual amount may be higher due to the specific characteristics of account blocking – while an account remains blocked by the GIFI, it can still be credited, but it is not possible to withdraw or transfer funds deposited in it to other accounts.

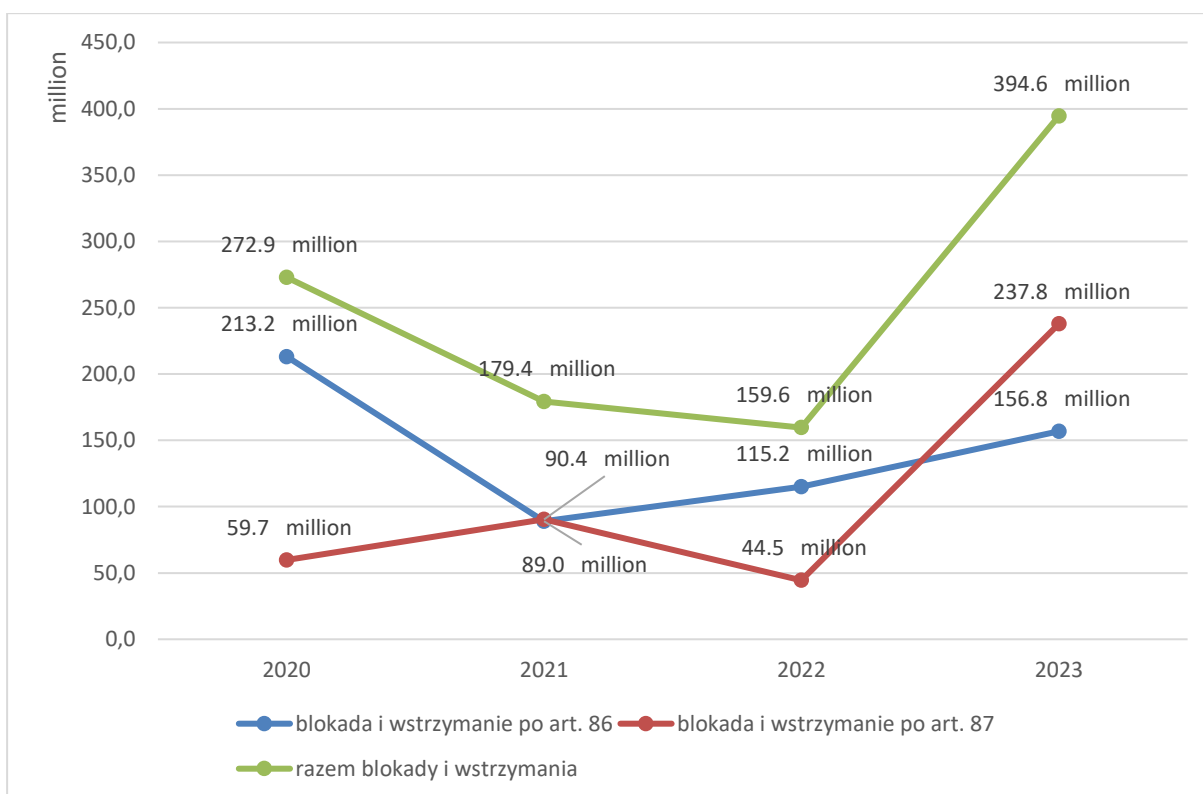


blokada art. 87 ust. 1	blockade under Article 87(1)
blokada art. 86 ust. 5	blockade under Article 86(5)
wstrzymanie art. 87 ust. 1	suspension under Article 87(1)
wstrzymanie art. 86 ust. 5	suspension under Article 86(5)

Source: the GIF I's own data as of 20 March 2024

In 2023, the GIF I, on its own initiative, blocked 461 accounts with a total balance of approx. PLN 227.9 million, and suspended 7 transactions for the total amount of approx. PLN 10.0 million. The chart does not include a single blockade for PLN 9,416 made by foreign FIUs on the GIF I's initiative. In 2023, the total value of blocked accounts and suspended transactions, including the blockades and suspensions carried out by foreign FIUs on the GIF I's initiative, amounted to over PLN 394 million, which is an increase of approx. 138% compared to 2022.

Chart 11. Value of account blockades and transaction suspensions in 2020-2023 (in PLN million; without those carried out by foreign FIUs on the GIF I's initiative)



blokada i wstrzymanie po art. 86	blockades and suspensions under Article 86
blokada i wstrzymanie po art. 87	blockades and suspensions under Article 87
razem blokady i wstrzymania	blockades and suspensions in total

The GIFI submitted 432 notifications to the authorised bodies (i.e. in the manner specified in Article 106(1) or (1a) of the *AML/CFT Act*).

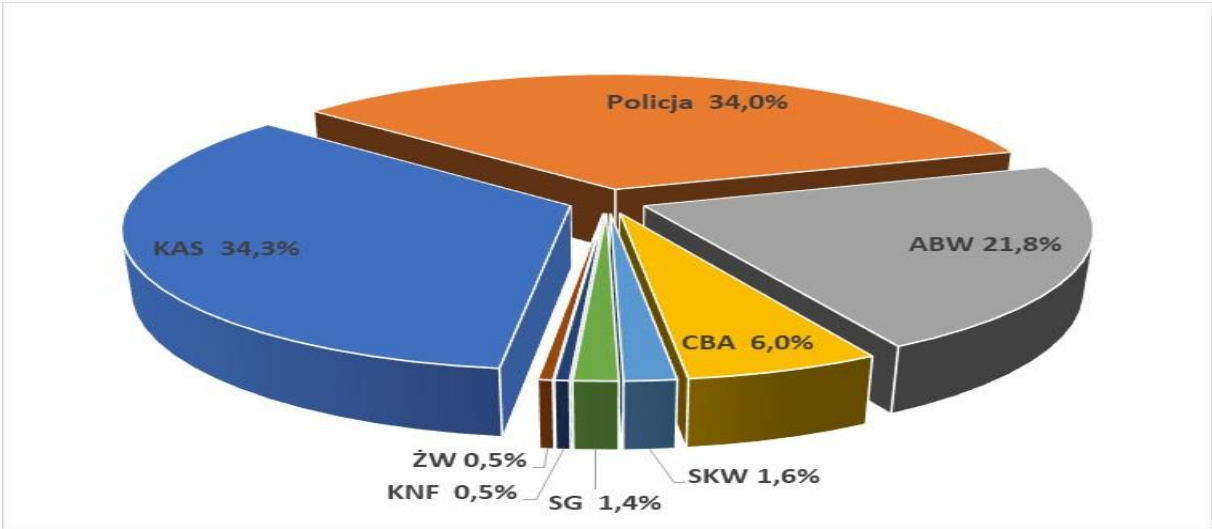
*Table 5. Numbers of notifications submitted to the authorised bodies in 2023*

Cooperating units	Number of notifications
National Revenue Administration (KAS)	148
Police (Police Headquarters with the Central Investigation Bureau of the Police (CBŚP) and the Central Cybercrime Bureau (CBZC))	147
Internal Security Agency (ABW)	94
Central Anti-Corruption Bureau (CBA)	26
Military Counter-Intelligence Service (SKW)	7
Border Guard (BG)	6
Polish Financial Supervision Authority (KNF)	2
Military Police	2
<b>Total</b>	<b>432</b>

In 2023, the greatest numbers of the GIFI's notifications were addressed to the KAS bodies (approx. 34.3%) and the Police bodies (approx. 34.0%). The GIFI informs the central Police authorities of suspected offences other than money laundering and financing of terrorism. Most

of the notifications sent to the KAS bodies concern suspected fiscal offences related to VAT. The other notifications contain information regarding suspicions of concealing the object of taxation, understatement of revenue, undisclosed income or fiscal offences related to goods imports.

Chart 12. Percentage of notifications sent by the GIFI by cooperating units



Policja 34,0%	Police 34.0%
KAS 34,3%	KAS 34.3%
ABW 21,8%	ABW 21.8%
ŻW 0,5%	MP 0.5%
KNF 0,5%	KNF 0.5%
SG 1,4%	BG 1.4%
SKW 1,6%	SKW 1.6%

Source: the GIFI's own data as of 20 March 2024

In 2023, the largest number of notifications were sent by the GIFI on its own initiative to the National Revenue Administration bodies (see Chart 12). As in the previous years, the overwhelming majority of these notifications concerned suspicions of various fiscal offences related to VAT, including understatement or failure to disclose turnover through forging or concealing invoices, input VAT fraud, “missing trader” fraud, carousel fraud, and intra-Community transactions. Some of the notifications contained information regarding suspicions of concealing the object of taxation, understatement of revenue, undisclosed income or fraud in the import of goods.

The notifications submitted by the GIFI to the National Revenue Administration bodies were often used by these bodies to initiate control proceedings to verify the correctness of calculation and payment of taxes being the State budget income from personal income tax, corporate

income tax and value added tax. The findings of control proceedings repeatedly showed that the controlled entities did not conduct the actual declared economic activity and were issuing “blank” VAT invoices that were then used by buyers to unduly diminish output VAT, which depleted the amounts due to the State Treasury. Furthermore, the aforementioned control proceedings indicated that the controlled entities did not pay VAT amounts to the competent tax office, as demonstrated on sale invoices they issued. The findings of the control proceedings and the collected evidence were used to initiate investigations into fiscal offences, that were then transformed into investigations conducted under the supervision of prosecutors’ offices. As a result of the coordination of actions taken, the GIFI participated in such prosecutors’ investigations, providing evidence consisting of the analyses of financial flows, and blocked accounts where it could reasonably suspect that the identified assets originated from proceeds from a prohibited act.

The GIFI also provided a significant number of notifications to the Police, including the Central Investigation Bureau of the Police. The information contained in those notifications was used by the aforementioned cooperating units to undertake their statutory activities that resulted, among others, in instigating preparatory proceedings. The information submitted by the GIFI was also used in pending proceedings.

Another large group of notifications contained information provided to the Internal Security Agency. Those notifications included data regarding transactions that could be related to a suspicion of a prohibited act, the examination of which falls within the competence of the Agency, including identifying, preventing and detecting offences against the economic foundations of the state and its security, identifying, preventing and detecting any acts of corrupting public servants, and any offences concerning manufacture of or trading in goods, technologies and services that are of strategic importance for the security of the state, illegal production or possession of and trade in weapons, ammunitions and explosives, weapons of mass destruction as well as intoxicants and psychotropic substances in international trade.

Notifications including a comprehensive analysis of suspicious and economically unjustified financial flows submitted by the GIFI on its own initiative, following their verification and completion of their statutory activities by law enforcement agencies, constituted comprehensive evidence providing sufficient grounds for the initiation of an investigation or were incorporated into pending criminal proceedings. The information sent by the GIFI was also repeatedly used by prosecutors to prepare written requests to the GIFI for disclosure of information collected in accordance with the procedure and within the scope provided for in the Act for the purposes of pending criminal proceedings. Preparatory proceedings carried out in connection with the notifications sent by the GIFI made it possible to present charges of committing an offence to a number of people and to recover assets worth many million. In many cases, the coordination of activities carried out by the GIFI and the competent law enforcement agencies made it possible to arrest members of criminal groups and block bank accounts with assets derived from proceeds from prohibited acts.

#### **4.1.2. EXAMPLES OF ANALYSIS DIRECTIONS (INCLUDING SANITISED CASES)**

##### ***Laundering money derived from corruption, fraud and misappropriation of public funds from Ukrainian state entities operating in the arms industry***

The accounts of Ukrainian citizens were credited with high-value transfers from foreign entities under trust deeds and loans or their repayment. These accounts also recorded numerous deposits of customers' cash.

By applying customer due diligence measures, obligated institutions obtained numerous explanations from customers regarding the source of deposited funds. The explanations were often not confirmed by the findings made by the GIFI and were inconsistent with the findings of the analysis of financial flows. The information provided to the GIFI on cross-border declarations also showed that these persons did not declare that they had brought cash into Poland. This meant that they probably did not fulfil their obligations under Article 18 of the *Act of 27 July 2002 – Foreign Exchange Law* (consolidated text: Journal of Laws of 2022, item 309), according to which residents and non-residents crossing the state border are obliged to report, in writing, to the customs authorities or the Border Guard authorities, bringing legal tenders to Poland where their value exceeds the equivalent of EUR 10,000.00.

Part of the funds collected by the aforementioned persons was then transferred to Western European countries to their own accounts or those of related companies as loans, as well as to entities dealing in real estate brokerage.

In the case in question, documents provided by one of the customers showed that the funds allegedly came from the repayment of a loan granted by the customer to another Ukrainian citizen. However, the findings made by the GIFI showed that those funds were in fact transferred from foreign company A, that was financed by a Ukrainian state-owned enterprise exporting and importing arms, military products and technologies, and special-purpose equipment. Moreover, according to information from open sources, foreign company A ran two websites. One of them, registered in a country other than that of the company's registered office, contained information that the company dealt with aircraft repairs. According to the information contained on the second website, registered in Ukraine, the company dealt with maintenance of industrial equipment, provided logistics services and delivered the highest quality grain to international markets. Moreover, the GIFI found that the Ukrainian citizen to whom the loan was allegedly granted and foreign company A were related to persons suspected of laundering money derived from proceeds from investment fraud to the detriment of natural persons, mainly from Western European countries. It was also found that some of the funds from foreign company A were transferred to entities suspected of laundering money that was likely derived from smuggling dual-use goods to Russia. A similar transaction pattern was also recorded on accounts kept for three other Ukrainian citizens. The analysis of transactions on the accounts of another foreign company B showed that its foreign accounts were credited with transfers made as payment for marketing services, ordered by a Polish company implementing a contract for the supply of arms to the Ukrainian Ministry of Defence. Foreign company B, in turn, transferred funds to Ukrainian citizens as loans, even though most of the funds were deposited in interest-free accounts for a relatively long time. The marketing services were probably fictitious, as the foreign company in question did not conduct any actual business activity, did not employ any staff, and was represented by a straw man.

People with business and family connections made deposits into accounts opened at the same time with several banks, which was an attempt to conceal the actual amount of cash held, totalling almost one million dollars. In each of the banks, they claimed that the funds came from their income. At the same time, they claimed that they did not submit foreign exchange declarations because they allegedly brought cash to Poland in amounts below EUR 10,000 crossing the border many times. The findings showed that the funds could have come from prohibited acts committed in Ukraine and from undisclosed income from real estate rental.

In the above case, the GIFI blocked funds equivalent to approx. PLN 20 million in the personal accounts of the Ukrainian citizens and submitted notifications to the prosecutor's office on suspicion of money laundering offences.

### *Laundering money obtained by deceit from funds for aid for refugees*

As part of the analysis of a case initiated by a bank pursuant to Article 86 of the *AML/CFT Act*, it was established that the account of a company dealing with accounting and taxes was credited, within two days, with funds under a loan in the total amount of PLN 1.5 million, by another Polish company (dealing with real estate rental and management).

It was established that the crediting company had funds from a foundation that had previously received funds from a foreign non-governmental non-profit organisation providing meals to people affected by wars and natural disasters. The analysis also showed that the account of the analysed company was credited also with transfers ordered by another foundation (personally related to the analysed company), that also received funds from foreign non-governmental non-profit organisations.

Based on the above information, the GIFI blocked the account and sent a notification to the prosecutor's office.

The GIFI also received in the case in question a prosecutor's motion regarding the activities of an organised criminal group involved in subsidy fraud and laundering money derived from this illegal practice, among others based on fictitious VAT invoices regarding also the above entities.

According to the findings made by the prosecutor's office, the accounts of the foundations involved in the case were credited by the aforementioned non-governmental organisations with cash in the total amount of at least PLN 32 million. The thus collected funds were transferred to a number of Polish companies (including those involved in the case in question), as payments for invoices, to be subsequently transferred to other entities and natural persons, as loans, shareholder subsidies and refunds of subsidies.

The transaction pattern indicated that the funds obtained from foreign non-governmental non-profit organisations to help refugees from across the eastern border were not used as intended. A significant part of the obtained funds was transferred to companies and businesses with personal or capital connections, as payments for invoices, loans, shareholder subsidies and refunds. The analysis of the case showed that part of the funds obtained in this way was withdrawn in cash by persons representing the aforementioned companies to purchase real estate.

The characteristics of the aforementioned transactions indicated laundering money deceitfully obtained from funds (intended for aid for refugees) from the aforementioned organisations.



Based on the above information, in reference to the previous notification, the GIFI blocked nine accounts of the aforementioned entities and sent a second notification to the prosecutor's office.

### *Laundering money obtained from fraud to the detriment of investors*

The analysis of information collected in the cases indicated that the fraud was committed to the detriment of individuals encouraged to take loans and purchase investment notes by companies included in the public warning list. The funds were invested in:

- cryptocurrencies and transferred to the accounts of natural persons managing the company and persons related to them, including their family members, e.g. under the guise of repayment of fictitious loans or donations,
- start-ups whose activities resulted in multi-million losses for each of several dozen companies personally linked to the company collecting funds from investors.

During the analysis of information and documentation, it was established that:

- companies, via their websites, offered the opportunity to invest capital in debt financial instruments (including promissory notes issued in tranches), with a very attractive rate of return or secured on the assets of the company or persons organising the venture;
- persons purchasing promissory notes were to be entitled to participate in profits earned through investment in virtual currencies or start-ups,
- the companies' accounts were credited with transfers from a large group of natural persons (often foreigners, and the transfer titles indicated payments related to promissory notes (including a series of promissory note issues, "promissory note agreement", "promissory note loan", etc.),
- the companies intentionally misled customers by providing information intended to give the impression that the investments guaranteed high profits, used a purchased "certificate of credibility", referred to alleged past events that did not concern their business activities, or showed the rate of return on one investment, but did not refer to the entire portfolio,
- representatives of these companies were guarantors of written promissory note liabilities (loan agreements) for amounts exceeding tens of millions of zlotys; whereby neither the companies nor their representatives had assets that could be used as investment security,
- according to the findings of the analysis of the accounts the interest paid did not come from income from capital investments, but from investors' payments, and the mechanism used by the companies resembled a pyramid scheme,
- the companies were entered on the public warning list kept by the KNF, and the Office of the KNF sent notifications to the prosecutor's office of suspicion of committing offences related to conducting business involving investing funds in securities and money market instruments as well as accumulating funds in order to burden them with risk without a relevant authorisation,
- some of the funds were also transferred to the accounts of entities and persons related to the company, e.g. as repayments of non-existent loans, in the form of donations or

payments to related entities providing alleged services to companies raising funds from investors.

The GIFI blocked the accounts and notified the prosecutor's office. The total amount of assets blocked in the accounts of the companies and related natural persons exceeded PLN 8 million.

### *Laundering money from business email compromise fraud*

The case was initiated based on a notification from an obligated institution regarding suspicious transactions carried out on the accounts of two natural persons and their sole proprietorship businesses. The suspicions resulted, among others, from the names of the businesses that had been formulated in such a way as to facilitate impersonation of foreign business entities.

The accounts recorded a single credit from an Asian company, whereby the payee – according to the transfer title – was supposed to be another foreign company, and not the enterprise to whose account the funds were transferred. Following the credit transaction, a number of transfers were made, but most of the funds were, however, withdrawn in cash. It was established (among others, based on information from the Central Cybercrime Bureau /one of the cooperating units) that the activities of the aforementioned people are related to a business email compromise offence (i.e. obtaining funds deceitfully by indicating a fraudulent account in an email, instead of the account used for standard settlements with the trading partner). It was also found that this illegal practice was related to the use of multiple accounts belonging to natural persons acting in this case as straw men. In the course of activities carried out both based on the notifications sent to the GIFI by obligated institutions and as a result of the GIFI's own analyses, funds identified as originating from a money laundering offence involving the aforementioned fraud were blocked, and notifications of a suspected offence were sent to the competent prosecutor's office.

### *Laundering money obtained from fraud through online fundraisers*

The case was initiated by a motion from the prosecutor's office from which it followed that proceedings were being conducted with respect to unfavourable disposal of the assets of unidentified donors, concealing from them that funds to achieve the objectives of fundraisers organised by a foundation had been raised. Despite the ongoing proceedings, the foundation continued the aforementioned fundraisers. The funds collected in this way were transferred from the foundation's accounts to the accounts of entities involved in criminal activities.

The analysis carried out by the GIFI showed that the account of the foundation was credited with funds in the total amount of at least PLN 40.3 million, transferred mainly by natural persons as payments/donations for online fundraisers. The thus raised funds were then transferred mainly to multiple entities whose shares were held by the representative of the foundation concerned. Ultimately, the funds were used primarily for the purchase of real estate.

Moreover, all of the aforementioned companies were characterised by an increased level of tax risk, and in the tax returns they submitted, they reported small amounts of tax to be brought forward to the next period or did not submit tax returns and JPK\_VAT files.

Public websites contained a number of negative opinions regarding the activities of the analysed foundation.

The characteristics of the aforementioned transactions indicated laundering money obtained deceitfully from fundraisers organised to help sick children/children with disabilities, and defrauding the foundation of the aforementioned funds by ordering transfers based on fictitious documents/contracts to companies that ultimately purchased real estate.

Based on the above information, the GIFI blocked 18 accounts of the aforementioned entities and sent a notification to the prosecutor's office.

### *Laundering money originating from education subsidy fraud*

A cooperating unit notified the GIFI about a possible money laundering offence. Its doubts were raised by the findings made during an inspection involving a person running educational institutions regarding the subsidies received. Funds intended solely to cover the current expenses of a kindergarten or school were transferred from the account of a sole proprietorship to multiple accounts kept for a natural person – the owner of this sole proprietorship and the person running the educational institutions.

The GIFI found that the activities observed by the cooperating unit were part of a broader pattern of activities, consisting in the regular transfer of part of the subsidies to personal accounts. These funds were deposited in personal and corporate accounts for several years, after which they were accumulated in a single account, from which a total of PLN 1.2 million was transferred to a capital company as a loan. Shortly after it received these assets, this company transferred them to another, related company that used them to purchase real estate for PLN 3 million. In the following months, transfers from the aforementioned companies were also made to the personal account of the person running the educational institutions, as loan repayment.

In the course of the analysis, it was found that the information from the inspection carried out by the cooperating unit, pointing to numerous irregularities in the settlement of subsidies, as well as the collected financial data indicates that the case in question may have involved laundering of money derived from an offence of exposing public finance to depletion through misappropriation of grants or subsidies. Based on these findings the GIFI sent a notification to the prosecutor's office.

### *Laundering money derived from fiscal offences*

#### **Example 1**

As part of the case it was found that accounts kept for multiple entities, including companies, natural persons related to them, as well as a sole proprietorship, were used to launder money derived from benefits related to:

- avoiding the payment of goods and services tax or understating its amount to be paid by including purchases from missing traders in VAT returns and SAFs,
- unauthorised use of a change in the VAT rate related to a fictitious change in the identity of goods from technical to edible,
- issuing false documents in order to obtain a financial benefit by stating the false identity of the goods to be sold on invoices and other documents related to economic transactions (warehousing and transport ones).

Some of the trade in goods was of a carousel nature or transactions with no economic justification were made. The goods that were supposed to be imported from Ukraine to Poland to one of the intermediaries were then resold abroad, from where they were resold once again to a Polish company. In another case, a foreign trading partner made payments to Polish companies and at the same time received transfers from the entity that supplied goods to both companies. These transactions indicated carousel trade in goods whose identity was changed in the documents from technical to edible at some stage of trading in order to unduly reduce the rate of tax on goods and services.

The manner in which commercial transactions were carried out indicates that the alleged intra-Community supply of goods carried out by some entities was fictitious. Under market conditions, the company should not extend the chain of transactions through fictitious intra-Community supply of goods, but declare sales to Polish recipients of goods at a 23% rate and pay the due VAT on domestic sales. According to the GIFL, transfers made through foreign companies were only intended to authenticate fictitious commercial transactions, extend the chain of transactions and make it more difficult to identify changes made in the documentation regarding the characteristics and intended use of the goods. At the same time, such transactions made it much more difficult to locate, detect, seize or forfeit funds held by these entities. This made it possible to launder money related to fiscal offences involving failure to disclose the subject of taxation or tax base to the competent authority and exposing the tax to depletion by declaring a fictitious intra-Community supply of goods instead of a domestic sale that should be taxed at a 23% rate.

Some of the enterprises participating in the criminal activity were represented by straw men who did not have the skills or ability to run a business and generate turnover worth hundreds of millions of zlotys. The business was in fact controlled by members of a criminal group. The person authorised to handle the accounts of one of the shell companies was not formally related to this company, but simultaneously served as the president of the management board or a member of the supervisory body in three other companies that derived the greatest benefits from the illegal practice. In another case, the person authorised to the accounts of a Polish company acted as the managing director of a foreign entity, thus controlling the turnover between the trading partners.

Accounts kept for several companies were credited with funds from recipients – both Polish and foreign companies, that were sold goods that did not meet the relevant requirements and had a fictitiously changed identity. In this way, the sellers obtained a much higher price for the offered product whose supply was significantly limited due to technical conditions and the costs that had to be incurred to obtain it.

Funds from the sale of goods were transferred to subsequent Polish companies that purchased raw materials from foreign suppliers. During sales between Polish entities, apparent activities were carried out to confirm the actual change in the identity of the goods. Fictitious activities within the criminal group were confirmed through customs and tax inspections, tests of samples of the goods, as well as administrative proceedings conducted by the competent supervisory authorities.

Part of the financial benefits derived from the criminal activity was transferred from the account of one of the companies to the accounts of the president's sole proprietorship as payment for invoices, and then to the personal account to be mainly withdrawn in cash. Funds from another

company were transferred to the account kept for the president and partners as awards, additional bonuses and dividends that were many times higher than their salaries. In yet another case, part of the funds was transferred as payments for services provided by family members, advance payments and real estate rental costs paid by the company to the wife of one of the partners.

In the above cases, the GIFI blocked several dozen accounts kept for the shell companies and companies and persons that benefited from the criminal practice, and sent a notification to the prosecutor's office. The total amount of blocked assets exceeded PLN 30 million.

### **Example 2**

The GIFI conducted a number of analyses regarding entities selling imported goods on the Polish market. Even though the goods were imported from abroad, the companies involved in the criminal activity reported only domestic sales and purchases from enterprises that did not conduct actual business activity. To make it more difficult to detect people involved in criminal activities, straw men were commonly used to act as presidents of management boards and purported shareholders. At the same time, many financial flows did not correspond to the actual flow of goods, nor were they consistent with the data on sales and purchases in the SAFs submitted by particular companies.

The entities involved in this illegal practice showed the following features:

- (1) operated mainly in the form of limited liability companies,
- (2) were newly established and headquartered in virtual offices,
- (3) were purchased largely by foreigners or unemployed Poles,
- (4) did not pay salaries to management board members or employees,
- (5) had relatively small share capital,
- (6) their shareholders often held shares in several or a dozen other limited liability companies operating in a similar way,
- (7) activities related to the transfer or withdrawal of funds in cash were often performed on behalf of the companies by the same persons who were not formally related to these companies; it was found that one of these persons acted on behalf of at least over a hundred companies,
- (8) analysis of the National Revenue Administration tax databases showed that:
  - in the submitted SAFs, from the first month of their operation, they declared turnover of millions of zlotys and the amounts of output and input tax at the same level, as a result of which no VAT was paid to the tax office,
  - it happened that they did not file CIT returns or showed no income in submitted returns,
  - in their SAFs, they declared purchases from several dozen similarly operating limited liability companies that did not conduct actual business activity.

Almost all funds credited to the companies' bank accounts were gradually withdrawn in cash or exchanged for USD or EUR at currency exchange offices and also withdrawn in cash. Part

of the debits to the accounts included transfers to entities providing virtual currency exchange services, offering sale of investment gold or operating in the automotive industry. Payments on behalf of other companies whose activities were already subject to investigations carried out by prosecutors' offices, and whose accounts had been previously blocked by the GIFI and prosecutors' offices or the National Revenue Administration bodies, were also recorded.

Transfers ordered by the companies were often made without the use of the split payment mechanism. Transfers were also made to pay the amount due from the invoice in 100% of the gross amount, illegally using for this purpose only the funds deposited in the VAT account.

As a result of the GIFI's analyses regarding entities selling imported goods on the Polish market, in 2023, the GIFI requested to block the accounts belonging to 78 entities in this sector for a total amount of PLN 5.5 million. Based on the GIFI's notifications, prosecutors' offices throughout Poland initiated a number of investigations against these entities into offences under Article 299(1) and (5) of the Penal Code.

### **Laundering money derived from the benefits of unregistered employment of foreigners**

An analytical case was opened based on several notifications from various banks regarding limited liability companies and natural persons of Polish and Lithuanian origin whose accounts were credited with funds from one of the Western European countries from a recurring group of several (approx. 10) enterprises that, as it was later found, were established relatively recently, had minimal share capital, operated mainly in the construction, finishing or real estate industries, and were managed by people of Polish and Lithuanian origin.

The funds crediting the accounts of these Polish companies or natural persons were:

- withdrawn from the accounts of these Polish companies from ATMs in the same Western European country from which the funds crediting the aforementioned accounts originated;
- transferred to foreign accounts of a group of several hundred natural persons of Polish and Ukrainian origin as "transfer to the subcontractor";
- transferred as "transfer to the subcontractor" to the Polish accounts of a dozen or so natural persons of Polish and Eastern European origin, from which, as it was later established, were largely withdrawn abroad using one payment card, and at the same time, transactions were often made with the second payment card in Poland, which may indicate that one of these cards was made available to an unauthorised person. At the same time, according to Central Registration and Information on Business (CEiDG), these persons did not conduct any business activity, contrary to what the titles of the transactions could suggest.

What added impetus to conduct and complete the analysis and submit a notification to the prosecutor's office was information received from a foreign FIU that, based on SARs transferred by its obligated institutions (i.e. banks), identified hidden (unregistered) employment of foreigners whose organisers and main beneficiaries included Poles and foreigners from beyond Poland's eastern border.

### **Laundering money derived from trafficking in narcotic substances/drugs/medicinal products**

### **Example 1**

The analysis of the case was initiated by a notification from law enforcement agencies of activities carried out against an organised criminal group involved in the production and distribution of narcotic substances (methamphetamine and related substances). The drugs were sold via an online portal on the Darknet, and payments for orders were made in cryptocurrencies. The analysis of the obtained financial data showed that one of the main organisers of the illegal activities carried out suspicious transactions both using his personal bank accounts and within the wallet kept for him by a virtual currency exchange.

Assets from the sale of narcotic substances were received only in the form of cryptocurrencies. Then the aforementioned virtual assets were exchanged for PLN through transactions concluded with other exchange users who made transfers to the suspect's bank account in connection with the purchase of digital assets. This practice made it difficult to link funds received from various natural persons with cryptocurrencies received in connection with illegal activities and then sold via the stock exchange. Moreover, the suspect introduced some of the received assets in the form of cryptocurrencies into the financial system using a payment card issued by the exchange. In this way, virtual assets were converted into fiat currency and then into various goods purchased by the card's holder. Moreover, the person suspected of the production and sale of narcotic substances as well as money laundering did not show in his tax returns income corresponding to the financial flows recorded in his accounts. Following the analysis, a decision was made to notify the prosecutor's office and block the virtual assets deposited in the exchange wallet, and to block the funds in the suspect's bank accounts.

### **Example 2**

The analysis of the case was initiated at the request of the prosecutor's office conducting an investigation into the activities of an organised criminal group involved in trafficking significant quantities of cannabis. A number of people performing various functions and operating in several European Union countries were involved in the group's activities. According to the prosecutor's office, the funds from drug sales were received in cash (euro).

The GIFI's analysis included financial transactions recorded in the bank accounts of persons involved in the group's activities, as well as other transactions – reported to the GIFI pursuant to the provisions of the Act. It was found that besides the traditional methods of introducing illegally obtained funds into the banking system, including mainly cash deposits, some of the persons participating in the illegal activities legalised the funds through bookmakers and casinos. Cash was used to place bets in betting shops, in amounts ranging from several to several thousand zlotys per bet. The funds from the winnings were transferred in full by bookmaker companies to the bank accounts of persons placing bets in betting shops. In this way, the accounts of the persons involved in the illegal activities were credited with a total of approx. PLN 1.8 million. It is worth noting, however, that due to the fact that bets were placed at betting shops, outside players' accounts that recorded transactions, the actual amount of cash used to place bets is unknown. However, based on the GIFI's observations, the vast majority of those who regularly place bets suffer losses. Therefore, it can be estimated that the total amount of funds used by the group members to place bets was well above PLN 2 million. Outflows from the bank accounts of those suspected of participating in the organised criminal group indicated that the generated funds were invested mainly in real estate.

Tax returns of the aforementioned persons did not reflect the scale of credits recorded in the accounts. Based on the analyses and findings made, the GIFI submitted to the competent prosecutor's office a notification of a reasonable suspicion of committing an offence under Article 299 of the Penal Code.

### **Example 3**

The case concerns an organised criminal group involved in the production and trade in wholesale quantities of medicinal products with anabolic effects. The group manufactured finished medicinal products in several locations/factories using production lines. The manufactured medicinal products were sold through two online stores established for this purpose. The recipients of the products included natural persons from Poland and Western Europe. However, funds from the sale of manufactured products were transferred to bank accounts kept for foreign straw men. These funds were then withdrawn in cash in several voivodeships and became a permanent source of income for the criminal group members. Proceeds from the sale of manufactured products amounted to over PLN 1.7 million and the organised illegal activities were carried out for at least one year.

The analysis of the case also showed that some members of the criminal group were personal trainers. The case was carried out together with a cooperating unit. The GIFI blocked the accounts kept for the straw men and members of the organised criminal group, and then sent a notification to the prosecutor's office.

Nine people were detained in the case. The investigators accuse them of marketing counterfeit medicines worth at least PLN 2 million. In the course of the activities carried out as part of the case, 18 machines used to manufacture counterfeit medicines (worth approx. PLN 20 million), several tonnes of components used for the production of medicines, and several tonnes of finished medicinal products, whose total street value was initially estimated at approx. PLN 50 million, were seized. Cash and legal tenders deposited in the bank accounts in the total amount of over PLN 1 million were secured against future fines.

## **4.2. COUNTERACTING THE FINANCING OF TERRORISM**

The main goal of the GIFI in the area of counteracting financing of terrorism is to cut terrorist organisations off their financing sources. The statutory tasks of the GIFI provide for obtaining, collecting, processing and analysing information in accordance with the statutory provisions and transferring it to the competent state authorities. Due to the variety of sources used to finance terrorism, the analysis covers both transactions reported to the GIFI as suspicious, as well as legal transactions carried out by entities in circumstances that give rise to suspecting them of being related to terrorism financing. Information used to initiate analyses comes mainly from cooperating units and the banking sector.

When performing its statutory tasks in the area of counteracting financing of terrorism in 2023, the GIFI initiated 10 analytical proceedings regarding transactions that could be related to financing of terrorism. The proceedings were conducted based on information received from cooperating units and obligated institutions, as well as information or requests received from foreign financial intelligence units (FIU).



The proceedings initiated based on information from obligated institutions concerned usually transactions carried out by natural persons from countries with higher terrorist risk, i.e. ones where terrorist groups are active, and from countries where military operations are carried out. The GIFI examined then the flows on personal bank accounts and money orders involving these persons. In cooperation with the Anti-Terrorist Centre of the Internal Security Agency<sup>49</sup>, the GIFI analysed the connections with individuals or entities from countries with higher terrorist risk and identified their links with terrorist organisations. Verification of suspicions of terrorism financing led in some cases to their confirmation or detection of illegal commercial activities unrelated to terrorism financing, or on the contrary – to confirmation that certain transactions were carried out as part of legal financial activity conducted, e.g. due to family or business links, with entities based in higher risk countries.

### **Cooperation with foreign FIUs**

Requests for information and spontaneous information related to financing of terrorism received from foreign FIUs, based on which analytical proceedings were initiated, usually related to transactions carried out by individuals residing in the territory of the Republic of Poland, who received funds from natural persons suspected of having links with terrorist groups or transferred funds to such natural persons. The GIFI verified such information, possibly extending its verification to include additional information, and then transferred it to the Internal Security Agency.

### **Cooperation with the Internal Security Agency**

In 2023, the GIFI received nine letters from the Internal Security Agency regarding possible terrorism financing, including requests for information on individuals and entities suspected of financing terrorism. The GIFI replied to all requests, forwarding the information received from institutions to the Internal Security Agency. In some cases, the information provided by the GIFI was supplemented with information received from foreign FIUs.

### **Additional information**

As a result of analyses related to the aforementioned issues, the GIFI sent, pursuant to Article 106/106(1a) of the *AML/CFT Act*, a total of 20 notifications to the Internal Security Agency.

The GIFI is a member of the Interministerial Team for Terrorist Threats (ITTT) – an ancillary body of the Council of Ministers that is to ensure cooperation of the government administration bodies in preparing to prevent terrorist events, taking control over them through planned activities and responding to them. The basic tasks of the Team include: monitoring terrorist threats as well as their analysis and assessment; presenting opinions and conclusions to the Council of Ministers; developing draft standards and procedures for responding to terrorist events, initiating, coordinating and monitoring activities undertaken by competent government administration bodies to prepare for preventing terrorist events, taking control over them through planned activities and responding to them; developing proposals aimed at improving the methods and forms of preventing terrorist events, preparing to take control over these events

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<sup>49</sup> The Anti-Terrorist Centre of the Internal Security Agency is a coordination and analytical unit dedicated to counteracting and combating terrorism, among others, with respect to obtaining information on money laundering or fund transfers that may serve as evidence of terrorism financing.

and responding where such events occur, as well as requesting competent authorities to undertake legislative work in this regard.

In 2023, the Chairperson of the Interministerial Team for Terrorist Threats decided to dissolve its task force – Permanent Expert Group. Pursuant to this decision, ongoing exchange of information on terrorist events in Poland is carried out on the principles provided for in the *Act of 10 June 2016 on anti-terrorist activities*.

The key topics covered by the Team's work in 2023 included the level of threat of a terrorist attack in Poland in the context of the war in Ukraine and the situation on the eastern border of the Republic of Poland.

## 5. INSPECTIONS

### 5.1. INFORMATION FROM WHISTLEBLOWERS

Pursuant to Article 80 of the *AML/CFT Act*, the GIFI receives reports of actual or potential violations of the *AML/CFT* regulations from employees and former employees of obligated institutions or other individuals who perform or performed activities for obligated institutions on a basis other than an employment relationship. Therefore, in order to fulfil this obligation, the GIFI has enabled submitting the aforementioned reports in electronic form to the email address: sygnalisci.GIIF@mf.gov.pl, or sending them in paper form to the correspondence address indicated by the GIFI.

Based on the information received by the GIFI in 2023, 78 cases were entered in the whistleblowing register. Irregularities identified in whistleblowers' reports concerned, among others, suspected fiscal offences, failure to perform obligations under the *AML/CFT Act* by obligated institutions, suspicious transactions or illegal business activities. Some of the reports received by the GIFI were transferred to the competent authorities so that they could perform their statutory tasks (including tax offices) and some of them were used by the GIFI to perform its own statutory tasks. The remaining reports that contained information that did not refer to actual or potential violations of the *AML/CFT* regulations, as well as information that could not be used by other authorities, were left unexamined.

In accordance with Article 53a of the *AML/CFT Act*, the GIFI also receives reports regarding retaliation against employees and persons performing activities for obligated institutions. To this end, the GIFI has enabled submitting reports in electronic form to the email address: GIIF.53a@mf.gov.pl, or in paper form to the correspondence address indicated by the GIFI. Although various messages were sent to the above email address, none of them met the statutory reporting requirement, and thus no case was registered.

### 5.2 INSPECTIONS PERFORMED BY THE GIFI

Pursuant to the provisions of the *AML/CFT Act*, in 2023, the GIFI carried out nine inspections in the following obligated institutions (according to the date of the post-inspection statement, i.e. post-inspection statements in 2023): :

- banks – 2
- auction house – 1
- obligated institutions referred to in Article 2(1)(12) of the *AML/CFT Act* – 2
- obligated institutions referred to in Article 2(1)(19) of the *AML/CFT Act* – 1
- obligated institutions referred to in Article 2(1)(20) of the *AML/CFT Act* – 2
- obligated institutions referred to in Article 2(1)(21) of the *AML/CFT Act* – 1

The inspections revealed irregularities in the fulfilment of the obligations under the *AML/CFT Act* by the inspected obligated institutions. As a result of the inspections carried out, a total of

157 irregularities related to formal and substantive shortcomings were found. The identified irregularities included, among others:

### **1. Formal shortcomings:**

- failure to implement the assessment of the risk of money laundering and financing of terrorism referred to in Article 27 of the *AML/CFT Act* or to adapt it to the provisions thereof;
- failure to implement internal procedures regarding AML/CFT regulations referred to in Article 50 and Article 53 of the *AML/CFT Act* or to adapt them to the provisions thereof.

### **2. Substantive shortcomings:**

- failure to formally appoint a person/persons from the senior management staff responsible for the performance of the duties set out in the *AML/CFT Act*, in accordance with its Article 6, and to appoint a person responsible for implementing the obligations set out in this Act, in accordance with its Article 7, as well as an employee responsible for supervising the compliance of the obligated institution's activities with the relevant regulations – in accordance with Article 8 of the Act concerned;
- failure to perform or improper performance of an analysis and assessment of risks related to business relationships or occasional transactions, as referred to in Article 33(2)-(3) of the *AML/CFT Act*;
- failure to apply the customer due diligence measures referred to in Article 34(1)-(4) of the *AML/CFT Act*;
- violation of the obligation to provide the GIFI with information pursuant to Article 72 of the *AML/CFT Act*;
- failure to meet the obligation under Article 46(1) of the *AML/CFT Act*, i.e. to determine whether a customer or a beneficial owner is a politically exposed person, in accordance with Article 2(2)(3), Article 2(2)(11) and Article 2(2)(12) of the *AML/CFT Act*;
- failure to meet the obligation to apply the specific restrictive measures, referred to in Article 117 of the *AML/CFT Act*, due to the failure to verify the presence of persons and entities on the sanction lists referred to in Article 118 of the *AML/CFT Act*;
- violation of Article 52 of the *AML/CFT Act* pursuant to which obligated institutions shall ensure the participation of individuals fulfilling obligations related to counteracting money laundering and financing of terrorism in training programmes regarding the performance of those obligations, taking personal data protection issues into account;
- violation of Article 43(3), pursuant to which obligated institutions carry out ongoing analysis of the transactions carried out;
- failure to apply the enhanced customer due diligence measures referred to in Article 43 of the *AML/CFT Act*;
- failure to meet the obligation under Article 46(2) of the *AML/CFT Act*, regarding business relationships with politically exposed persons referred to in Article 2(2)(3), Article 2(2)(11) and Article 2(2)(12) of the *AML/CFT Act*;

- failure to record discrepancies between the information collected in the Central Register of Beneficial Owners and the information regarding the customer's beneficial owner established by the company, and failure to take steps to explain the reasons for those discrepancies – pursuant to Article 61a of the *AML/CFT Act*;
- failure to meet the obligation to notify the GIFI, in accordance with Article 74 of the *AML/CFT Act*, of any circumstances that may indicate the suspicion of a money laundering or terrorism financing offence;
- failure to fulfil the obligation under Article 46(2) of the *AML/CFT Act*, regarding business relationships with politically exposed persons referred to in Article 2(2)(3), Article 2(2)(11) and Article 2(2)(12) of the *AML/CFT Act*.

As for the identified violations, the GIFI issued post-inspection recommendations to the obligated institutions concerned so that they fulfil their obligations under the *AML/CFT Act*.

It was recommended, among others, to:

- formally appoint a person/persons from the senior management staff responsible for the performance of the duties set out in the *AML/CFT Act*, in accordance with its Article 6, and to appoint a person responsible for implementing the obligations set out in this Act, in accordance with its Article 7, as well as an employee responsible for supervising the compliance of the obligated institution's activities with the relevant regulations – in accordance with Article 8 of the Act concerned;
- fulfil the obligation to identify the ML/TF risk related to a business relationship or an occasional transaction, and to assess the risk level in accordance with Article 33(2)-(3) of the *AML/CFT Act*;
- take action to reliably fulfil the obligations under Article 34(1)(1)-(4) of the Act, i.e. identify the customer and verify their identity; identify the beneficial owner and take reasonable steps in order to: verify the beneficial owner's identity, determine its structure of ownership and control – in the case of a customer that is a legal person, an organisational unit without legal personality or a trust; each time assess business relationships and, as appropriate, obtain information on their purpose and intended nature, as well as monitor on an ongoing basis the customer's business relationships;
- adapt/implement the procedures in accordance with Article 50 and Article 53 of the *AML/CFT Act*;
- ensure the participation of persons performing duties related to counteracting money laundering and financing of terrorism in training programmes in order to enforce the application of statutory requirements, in accordance with Article 52 of the *AML/CFT Act*, as well as the requirements provided for in the internal procedures of the obligated institutions;
- mandatorily determine whether a customer or a beneficial owner is a politically exposed person, in accordance with Article 2(2)(3), Article 2(2)(11) and Article 2(2)(12) of the *AML/CFT Act*;
- fulfil the obligation to provide the GIFI with information, referred to in Article 72 of the *AML/CFT Act*;

- notify the GIFI, in accordance with Article 74 of the *AML/CFT Act*, of any circumstances that may indicate a suspicion of money laundering or financing of terrorism;
- fulfil the obligation to provide the GIFI with information, referred to in Article 76 of the *AML/CFT Act*;
- verify customers for their presence on the sanction lists referred to in Article 118 of the *AML/CFT Act*.

In 2023, the GIFI sent two notifications to the prosecutor's office regarding employees of obligated institutions (one obligated institution from the financial sector, the other from the non-financial sector), indicating a reasonable suspicion of committing an offence under Article 156(1)(1) of the *AML/CFT Act*<sup>50</sup>. In both cases, the initiated criminal proceedings are in the preparatory phase.

### **5.3. INSPECTIONS CARRIED OUT BY SUPERVISORY INSTITUTIONS**

Pursuant to the provisions of Article 131(5)(3) of the *AML/CFT Act*, supervisory institutions provide the GIFI with information on the findings of inspections carried out. According to the data held by the GIFI, a total of 603 inspections were carried out in 2023, of which:

- the National Bank of Poland carried out 497 inspections,
- the Polish Financial Supervision Authority carried out 19 inspections,
- Customs and Tax Control Offices carried out 35 inspections,
- ministers, voivodeship governors and poviats governors carried out 13 inspections,
- the National Association of Cooperative Savings and Credit Unions carried out 4 inspections,
- Presidents of Courts of Appeal carried out 54 on-site visits.

### **5.4. ADMINISTRATIVE PROCEEDINGS REGARDING IMPOSITION OF ADMINISTRATIVE SANCTIONS**

Pursuant to the provisions of the *AML/CFT Act*, proceedings concerning imposition of administrative sanctions on obligated institutions for irregularities in the performance of the obligations referred to in Article 147, Article 148 and Article 149 of the *AML/CFT Act*, shall be conducted in accordance with the provisions of the Code of Administrative Procedure. Imposition of administrative sanctions is part of the GIFI competence. When determining the type and amount of an administrative sanction, the GIFI takes into account the circumstances listed in Article 150(4) of the *AML/CFT Act*, including the gravity of the infringement and its duration, as well as the scope of the obligated institution's responsibility and its financial capacities. The GIFI conducts administrative proceedings following its own inspections and

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<sup>50</sup> Article 156. 1. Whoever, acting on behalf of or for the benefit of the obligated institution:

(1) fails to fulfil the obligation to notify the General Inspector of circumstances that may indicate a suspicion of committing a crime of money laundering or terrorism financing, or the obligation to notify the General Inspector of a justified suspicion that a specific transaction or assets being the subject to such transaction may be related to money laundering or terrorism financing.

inspections carried out by heads of customs and tax control offices, presidents of courts of appeal, the National Association of Cooperative Savings and Credit Unions, ministers, governors of provinces (voivodes) and governors of districts. The number of administrative proceedings conducted by the GIFI is also closely related to the number of inspections carried out by it.

In 2023, the GIFI initiated nine administrative proceedings. Three of them were initiated in connection with irregularities identified as a result of inspections carried out by the GIFI, while the remaining six proceedings were initiated as a result of inspections carried out by other authorities. In 2023, the GIFI completed three proceedings with administrative decisions regarding the imposition of administrative sanctions.

In 2023, the Minister of Finance received three appeals against the decisions of the GIFI. As a result of the appeal proceedings, the Minister of Finance issued a total of four administrative decisions.

In 2023, three complaints against the decisions of the Minister of Finance were submitted to the Voivodeship Administrative Court.

In 2023, the Voivodeship Administrative Court dismissed two complaints from obligated institutions and annulled the contested decisions in two judgements.

The Minister of Finance filed one cassation appeal to the Supreme Administrative Court, and in one case, a complaint to the Supreme Administrative Court was filed by the party.



## 6. NATIONAL COOPERATION

### 6.1. EXCHANGE OF INFORMATION WITH DOMESTIC ENTITIES

In 2023, the GIFI continued cooperation with domestic entities.

Competent authorities – primarily the prosecutor’s office and other law enforcement agencies – used the data held by the GIFI. Information collected in the manner and scope specified in the *AML/CFT Act* was made available by the GIFI at the request of courts and prosecutors for the purpose of criminal proceedings in accordance with Article 104 of the *AML/CFT Act*. Information on transactions was also transferred by the GIFI on request to the services subordinated to and supervised by the minister competent for the interior: the Police and the Border Guard, as well as the Heads of the Internal Security Agency, the Military Counter-Intelligence Service, the Central Anti-Corruption Bureau (hereinafter referred to as CBA) under Article 105(1) of the *AML/CFT Act*. Other bodies authorised to obtain transaction information included the Head of the National Revenue Administration, directors of revenue administration regional offices, heads of customs and tax control offices, and other bodies in accordance with Article 105(3) of the *AML/CFT Act*.

Since 13 July 2018, the organisational units of prosecutors’ offices have been obliged to provide information on issued decisions to block a bank account or suspend a transaction, initiate proceedings, present charges and bring an indictment, in cases related to a money laundering or terrorism financing offence, under Article 81 of the *AML/CFT Act*. The other law enforcement agencies authorised to conduct criminal proceedings (as well as other cooperating units) submitted notifications of a suspected money laundering or terrorism financing offence under Article 83(1) and (2) of the *AML/CFT Act*.

The quantitative data analysis concerning the exchange of information with domestic entities shows stabilised cooperation with the GIFI. There was, however, a decrease in the number of requests sent to the GIFI by organisational units of the prosecutors’ offices. At the same time, once again there was an increase in the volume of information provided by organisational units of prosecutors’ offices under Article 81 of the *AML/CFT Act*.

It should be also emphasised that since 13 July 2018, there have been more authorities referred to as law enforcement agencies, that may request information from the GIFI. 2023 was the fifth full year when these authorities were allowed to use the information held by the GIFI. These authorities currently include:

- Chief Commander of the Police,
- Commander of the Central Bureau of Investigation of the Police,
- Commander of the Central Cybercrime Bureau,
- Chief Commander of the Border Guard,
- Chief Commander of the Military Police,
- Internal Supervision Inspector,
- Commander of the Bureau of Internal Affairs of the Police,
- Commander of the Office for Internal Affairs of the Border Guard.

Furthermore, since 13 July 2018, under Article 105(3) of the *AML/CFT Act*, it has also been possible to submit requests for information by the following authorities:

- minister competent for public finance – with respect to the request referred to in Article 11(2) of the *Gambling Act of 19 November 2009*,



- minister competent for foreign affairs – within its statutory competence with respect to the application of specific restrictive measures.

### **6.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF THE PROSECUTOR'S OFFICE AND COURTS**

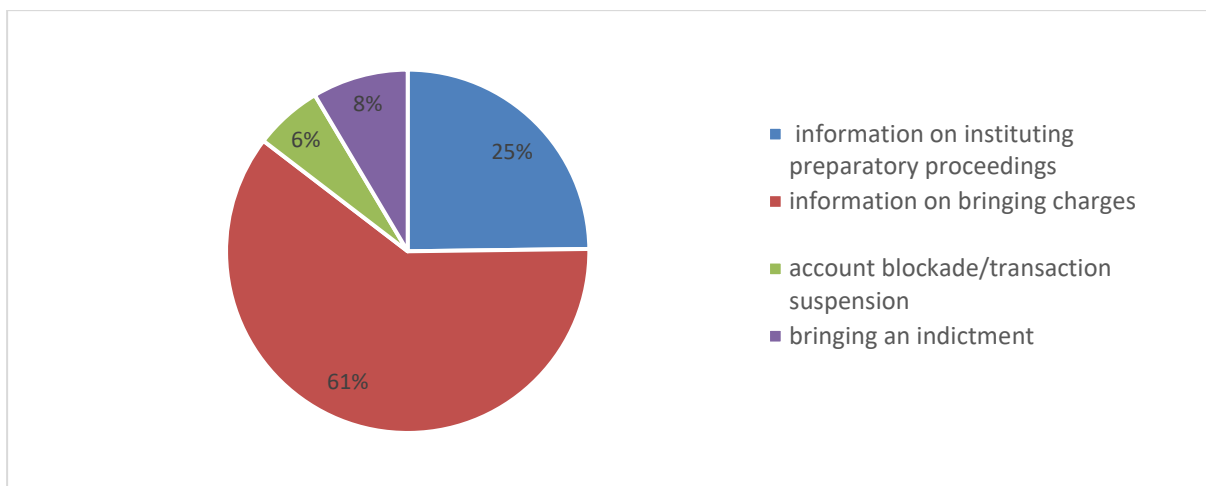
Pursuant to Article 104 of the *AML/CFT Act*, in 2023, the GIFI received from organisational units of the prosecutors' offices 593 requests for information concerning at least 3,402 entities (in 2022, the GIFI received 631 requests for information concerning 3,156 entities). It should also be emphasised that the requests submitted in 2023 concerned at least 2,150 bank accounts.

In recent years, the cooperation with the prosecutors' offices has been more effective, as confirmed by the still large number of requests for information submitted to the GIFI by the organisational units of prosecutors' offices. Starting from 2014, organisational units of prosecutors' offices submitted over 500 requests for information each year, which is a significant increase compared to the preceding years (in 2013, 400 requests were recorded), while in 2017-2019, the number of such requests submitted per annum was over 700. In 2023, just like in 2021-2022, there was an increase in the number of such requests, that referred to assets and were largely aimed at identifying assets. Furthermore, with the use of requests for information and the information thus obtained, the organisational units of the prosecutors' offices were able to present charges to suspects to a greater extent, in particular under Article 299 of the Penal Code.

In 2023, the GIFI also received 12 requests for information from courts concerning 9 entities. For comparison, in 2022, the GIFI received 9 requests for information concerning 17 entities.

In 2023, the GIFI received 363 pieces of information under Article 81 of the *AML/CFT Act* from organisational units of prosecutors' offices (the prosecutor notifies the GIFI of issuing a decision to block a bank account or suspend a transaction, initiation of proceedings, presenting charges and bringing an indictment in cases related to a money laundering or terrorism financing offence), which means an increase compared to 2022, when this figure was 329.

*Chart 13. Breakdown of information received from organisational units of prosecutors' offices under Article 81 of the AML/CFT Act in 2023*



In 2023, prosecutors transferred information concerning initiation of proceedings regarding a suspected offence referred to in Article 299 of the Penal Code (90 pieces of information) or presenting charges under this provision (220 pieces of information). Moreover, in 22 cases, organisational units of prosecutors' offices provided information on issued decisions to block a bank account or suspend a transaction in cases relating to a money laundering or terrorism financing offence. In 31 cases, information concerned bringing an indictment. In some cases, organisational units of prosecutors' offices also requested the GIFI to consider undertaking its statutory activities to block bank accounts or suspend transactions.

Based on the information submitted by the competent authorities under Article 81 of the *AML/CFT Act*, the GIFI carried out its statutory activities to cut criminals off assets, thus preventing them from legalising proceeds from prohibited acts. As a result of such cooperation, the GIFI sent to the competent organisational units of prosecutors' offices – based on the information received – notifications of a suspected offence referred to in Article 299 of the *Penal Code*.

In 2023, just like in previous years, organisational units of prosecutors' offices also happened to submit in a single letter information under Article 81 of the *AML/CFT Act*, requesting at the same time information under Article 104(1) of the *AML/CFT Act*, which facilitated more effective and more efficient exchange of information. The GIFI recorded 57 such cases.

It should be emphasised that when acting in accordance with Article 81(4) of the *AML/CFT Act*, the GIFI immediately notifies the prosecutor of being in possession of information related to the information submitted under Article 81(1) of the *AML/CFT Act*. In 2023, information provided by organisational units of prosecutors' offices was frequently related to information held by the GIFI. In such situations, whenever a positive response from the GIFI was obtained, the information held by the GIFI was requested, which in many cases had an impact on further procedural activities carried out by organisational units of prosecutors' offices, e.g. in the form of extending the range of charges presented to suspects.

In 2023, secure electronic information exchange channels were used to cooperate with organisational units of prosecutors' offices. The said secure electronic information exchange channels were also used by the GIFI to obtain information from obligated institutions from which information was received on transactions covered by the provisions of the *AML/CFT Act* for the purposes of cooperation between the GIFI and organisational units of prosecutors' offices. It was largely due to the subject of the requests, that concerned a large number of entities

or a large number of accounts. Providing this data in an electronic version, and even more in an editable form, greatly accelerated the process of handling the requests. Furthermore, such cases also related to accelerating the response by the GIFI, due to urgent procedural activities carried out by organisational units of prosecutors' offices.

In 2023, cooperation with organisational units of prosecutors' offices was continued through participation of representatives of the Department of Financial Information in initiatives aimed at exchanging experiences in the field of counteracting money laundering and financing of terrorism. These initiatives made it possible to disseminate good practice to ensure more effective cooperation between the GIFI and representatives of organisational units of prosecutors' offices.

### **6.1.2. COOPERATION WITH THE NATIONAL REVENUE ADMINISTRATION BODIES**

In 2023, the GIFI received 119 requests from the heads of customs and tax control offices regarding 283 entities, which means a decrease in the number of submitted requests compared to 2022, when the GIFI received 148 requests concerning 563 entities.

As part of this cooperation, increased effectiveness of cooperation with the National Revenue Administration bodies could still be observed. In 2023, the exchange of request-related correspondence repeatedly resulted in the commencement of further cooperation between the authorities under Article 83 of the *AML/CFT Act*. As a result of this cooperation, the GIFI sent to the competent organisational units of prosecutors' offices – based on the information received from the National Revenue Administration bodies – notifications of a suspected offence referred to in Article 299 of the Penal Code. The statutory activities undertaken by the GIFI were also intended to cut criminals off assets, and thus prevent them from legalising proceeds from prohibited acts, in this case particularly from fiscal offences.

In 2023, the GIFI also received 101 requests for information from directors of revenue administration regional offices regarding 132 entities, compared to 75 requests received in 2022 with respect to 126 entities.

### **6.1.3. COOPERATION WITH BODIES SUBORDINATED TO THE MINISTER OF THE INTERIOR**

In 2023, pursuant to Article 105(1) of the *AML/CFT Act*, the GIFI received 141 requests for information from Police organisational units, that concerned 908 entities (compared to 111 request concerning 975 entities received in 2022), whose significant part was submitted by authorised individuals representing the Office for Combating Economic Crime of the Police Headquarters, the Central Investigation Bureau of the Police and the Central Cybercrime Bureau. As in previous years, cooperation related to the processing of requests for representatives of the Police bodies was smooth and effective.

Moreover, in 2023, the GIFI replied to 35 requests concerning 264 entities, submitted by authorised representatives of the Headquarters of the Border Guard, which represents an

increase in the number of requests compared to 2022, when the GIFI received 30 requests concerning 391 entities.

Units supervised by and subordinate to the minister competent for the interior also fulfilled the obligations specified in Article 83(1) of the *AML/CFT Act*, which significantly extended cooperation in counteracting the offence specified in Article 299 of the *Penal Code*. In 2023, the GIFI received 85 such pieces of information from the Police organisational units, concerning 568 entities.

Based on the information received, the GIFI was able to more effectively fulfil its statutory obligations, also by blocking accounts. The activities undertaken with respect to analyses conducted by the GIFI enabled more effective cooperation already at the stage of operational and reconnaissance work of services subordinate to and supervised by the minister competent for the interior, including, in particular, in identifying assets at the initial stage of operational and reconnaissance activities, as well as later, at the investigation stage.

#### **6.1.4. COOPERATION WITH STATE SECURITY SERVICES**

In 2023, the GIFI received 21 requests for information held by it from the Military Counter-Intelligence Service. The requests concerned 33 entities. To compare, in 2022, the GIFI received 20 requests concerning 37 entities.

In 2023, as part of national cooperation, the GIFI received from the Head of the Internal Security Agency – pursuant to Article 105(1) of the *AML/CFT Act* – 35 (compared to 34 in 2022) requests for providing by the GIFI information about persons/entities suspected of committing financing of terrorism offences, offences affecting the economic foundations of the state, and offences involving the production of and trade in goods, technologies and services of strategic importance for state security. In 2023, the GIFI also received from the Internal Security Agency one (in 2022, also one) piece of information on a suspected money laundering or financing of terrorism offence pursuant to Article 83(1) of the *AML/CFT Act*.

#### **6.1.5. COOPERATION WITH THE CENTRAL ANTI-CORRUPTION BUREAU**

In 2023, under Article 105(1) of the *AML/CFT Act*, the GIFI received from the Central Anti-Corruption Bureau 17 requests for information regarding at least 70 entities, and 5 notifications concerning 76 entities, provided pursuant to Article 83(1) of the *AML/CFT Act*.

Given 23 requests regarding 86 entities received in 2022, in 2023, the GIFI's cooperation with the Central Anti-Corruption Bureau diminished.

#### **6.1.6. COOPERATION WITH OTHER AUTHORITIES**

In 2023, the Minister of Finance sent to the General Inspector of Financial Information 28 requests pursuant to Article 11(2) of the *Gambling Act of 19 November 2009* (consolidated text: Journal of Laws of 2023, item 227). The replies to the requests concerned a total of 127 entities.

In 2023, the GIFI received 23 requests for information held by it from the Chair of the Polish Financial Supervision Authority. The requests concerned 47 entities.

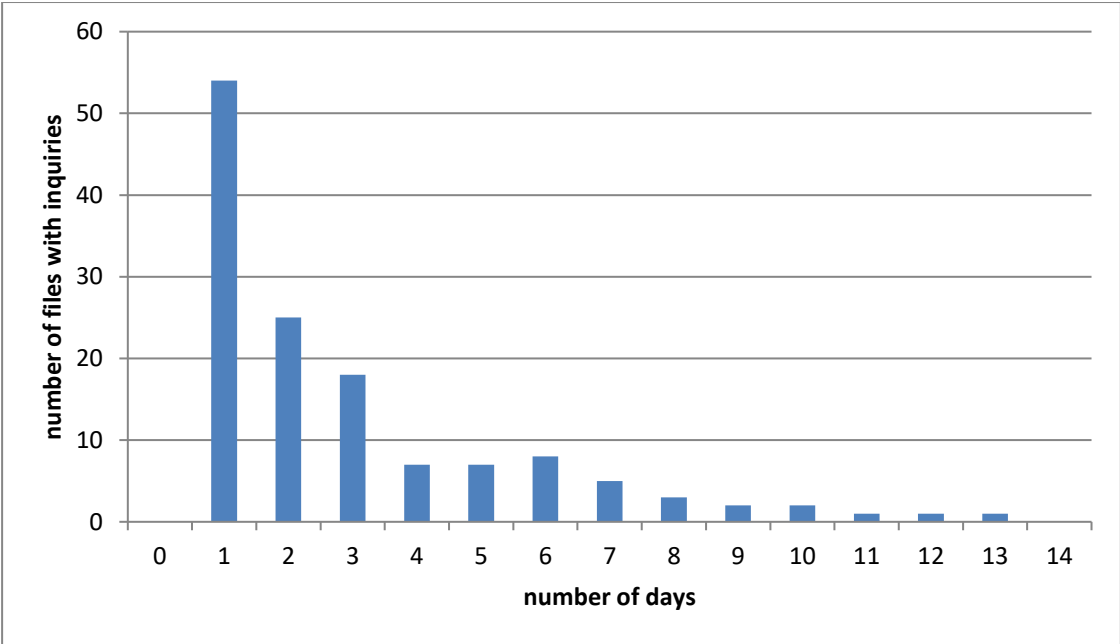
In 2023, the GIFI also received 55 requests for information from the Military Police, that concerned 112 entities. To compare, in 2022, the Military Police submitted 30 requests concerning 72 entities. The GIFI also received from the Military Police 10 notifications pursuant to Article 83(1) of the *AML/CFT Act*, concerning 14 entities.

**6.1.7. COOPERATION WITH THE NATIONAL CENTRE FOR CRIMINAL INFORMATION**

In 2022, the GIFI cooperated with the Head of the National Centre for Criminal Information (KCIK). The GIFI transferred criminal information *ex officio* (6,572 registrations) and sent 700 inquiries, including 547 requests to supplement criminal information addressed to obligated entities.

The KCIK also submitted inquiries to the GIFI. In 2023, these concerned 2,106 entities. After checking its databases, the GIFI replied in 538 cases that the subject indicated in the inquiry was identified in the analytical proceedings carried out by the GIFI. Inquiries from the National Centre for Criminal Information are sent to the GIFI electronically, in an agreed format, which enables to partially automate the generation and provision of reports. In 2023, the aforementioned inquiries concerning 2,106 entities were submitted in the form of 125 electronic files, directly to the GIFI’s IT system. Generation and provision of a response (to be directly downloaded from the secure website of the GIFI’s ICT system) usually takes a few days. The median of the distribution of the number of days for providing the response is 2 days, and the distribution of the number of days elapsed from the submission of the inquiry to the provision of the response is shown in the chart below.

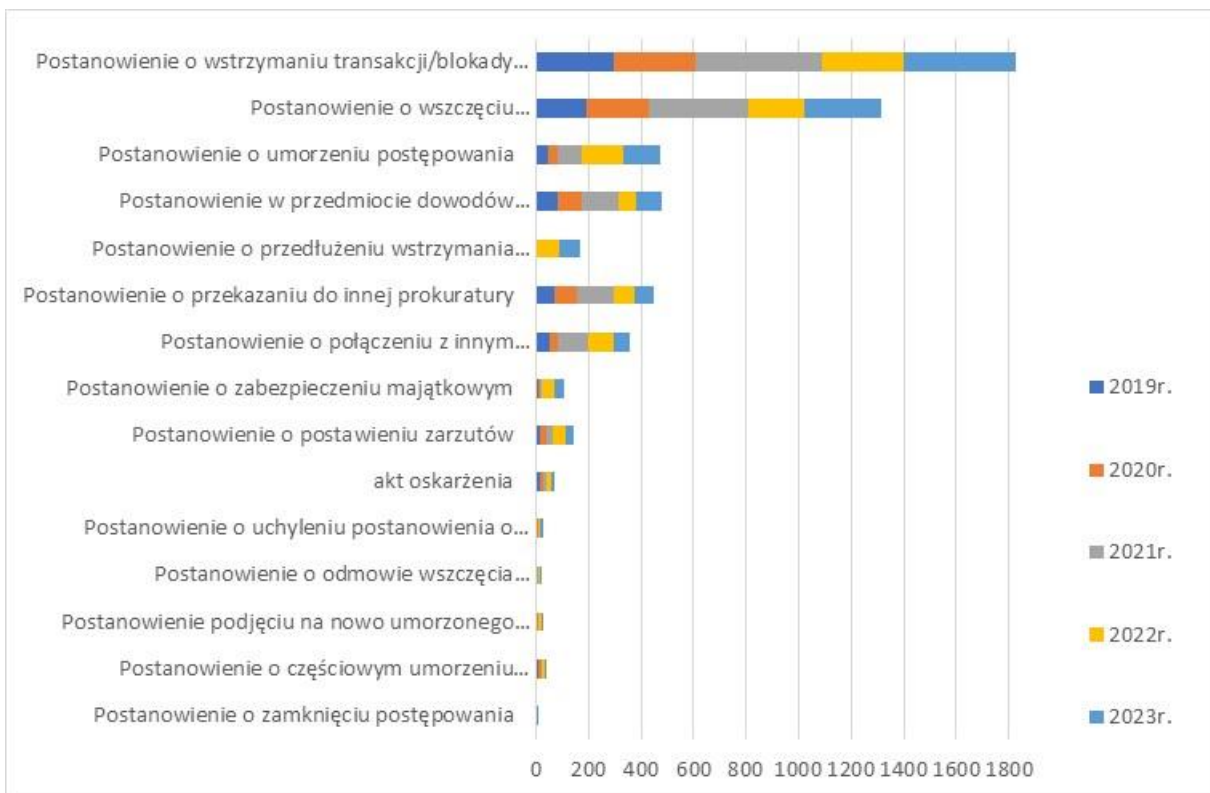
*Chart 14. Number of days elapsed from the submission of the inquiry to the provision of the response in 2023*



## 6.2 FEEDBACK

The prosecutor's office may provide feedback to the notifying body at various stages of ongoing criminal proceedings. The information provided by prosecutors may take various forms and concern various aspects of criminal proceedings. The prosecutor's decision may include an assessment of the collected evidence and present the procedural actions taken. The provision of Article 107 of the *AML/CFT Act* is a special one under which (and also pursuant to the relevant provisions of the Code of Criminal Procedure) prosecutors are obliged to provide feedback on actions taken in connection with notifications of a suspected money laundering or financing of terrorism offence received from the GIFI (this applies to information on: issuance of a decision to block an account or suspend a transaction; suspension of proceedings; resumption of suspended proceedings; issuance of a decision to present a charge of committing an offence). The data presented below concern the volume of all types of feedback received by the GIFI from prosecutors (in the form of pleadings) prepared in the course of preparatory proceedings. The information concerned is related to analytical proceedings in which the GIFI sent notifications of a suspected offence to the prosecutor's office in 2023.

*Chart 15. Breakdown of feedback received from prosecutors in 2019-2023, related to analytical proceedings in which the GIFI sent notifications of a suspected offence to the prosecutor's office, by information type<sup>51</sup>*



Decision to suspend/block...

<sup>51</sup> According to information recorded in the GIFI's IT system as at 25 March 2024

Decision to initiate...
Decision to discontinue proceedings
Decision regarding real evidence...
Decision to extend suspension/blockade
Decision to refer to another prosecutor's office
Decision to combine with other...
Decision on security on property
Decision to bring charges
Indictment
Decision to revoke a decision to...
Decision to refuse to initiate...
Decision to resume discontinued...
Decision to partially discontinue...
Decision to close proceedings

Table 6. Breakdown of feedback from prosecutors<sup>52</sup>

<b>Breakdown of feedback from prosecutors (Chart 15)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Decision to close proceedings	1	1	1	2	1
Decision to partially discontinue proceedings	12	8	3	12	3
Decision to resume the discontinued proceedings/investigation	1	6	4	8	4
Decision to refuse to initiate proceedings	3	2	4	8	7
Decision to revoke a decision to block an account	4	2	5	7	11
Indictment	16	14	12	18	12
Decision to bring charges	16	21	24	52	28
Decision on security on property	7	8	6	50	34
Decision to combine the proceedings with other proceedings/investigation	49	36	114	96	63

<sup>52</sup> Besides the above information, the GIFI also received information about other decisions issued by prosecutors, in particular information on decisions to suspend criminal proceedings or to resume suspended proceedings.

Decision to refer proceedings to another prosecutor's office	68	90	135	79	73
Decision to extend transaction suspension/account blockade	0	0	0	86	83
Decision regarding real evidence/ to require the release of a specific item or items	82	92	138	68	101
Decision to discontinue proceedings	47	37	92	157	139
Decision to initiate proceedings/investigation	193	235	378	217	293
Decision to suspend a transaction/block an account	296	313	479	310	430

### **6.2.1 NATIONAL REVENUE ADMINISTRATION BODIES**

The National Revenue Administration is a specialist government administration body that performs tasks regarding income from taxes, customs duties, fees and non-tax budget receivables, protection of the interests of the State Treasury and protection of the customs territory of the European Union. It also provides services and support to taxpayers and tax remitters in the proper performance of their tax obligations as well as to economic operators in the proper performance of their customs obligations. The KAS includes the Customs and Tax Service – a uniform and uniformed formation made up of officers. The authorised KAS bodies receive information from the GIFI that is relevant to their statutory tasks. The KAS usually used the information provided by the GIFI in its analyses and checks to identify threats in the areas subject to its supervision, in particular in terms of the performance of the obligations related to public levies. In the Polish legal system, violations of prohibitions and orders under financial law falling within the responsibilities of the Minister of Finance, i.e. tax law, customs law, foreign exchange law and gambling law, are penalised under the *Act of 10 September 1999 – Fiscal Penal Code* (consolidated texts: Journal of Laws of 2023, item 654) and under the *Act of 6 June 1997 – Penal Code* (consolidated text: Journal of Laws of 2024, item 17, as amended). The information requested by the KAS bodies from the GIFI was, among other things, to confirm or exclude identified mechanisms of fiscal fraud and to indicate other entities suspected of involvement in fiscal crimes and offences. The information received was used in determining whether a customs and tax control or a tax control as well as preliminary proceedings should be initiated in cases regarding a suspected fiscal offence, as well as in the course of such controls and proceedings. The purpose of these activities is to ensure the proper enforcement of taxes and to secure the State Treasury levies.

On the other hand, the information submitted to the KAS bodies by the GIFI on its own initiative (under Article 106(1) of the *AML/CFT Act*) was analysed for its possible relation with suspected fiscal offences.

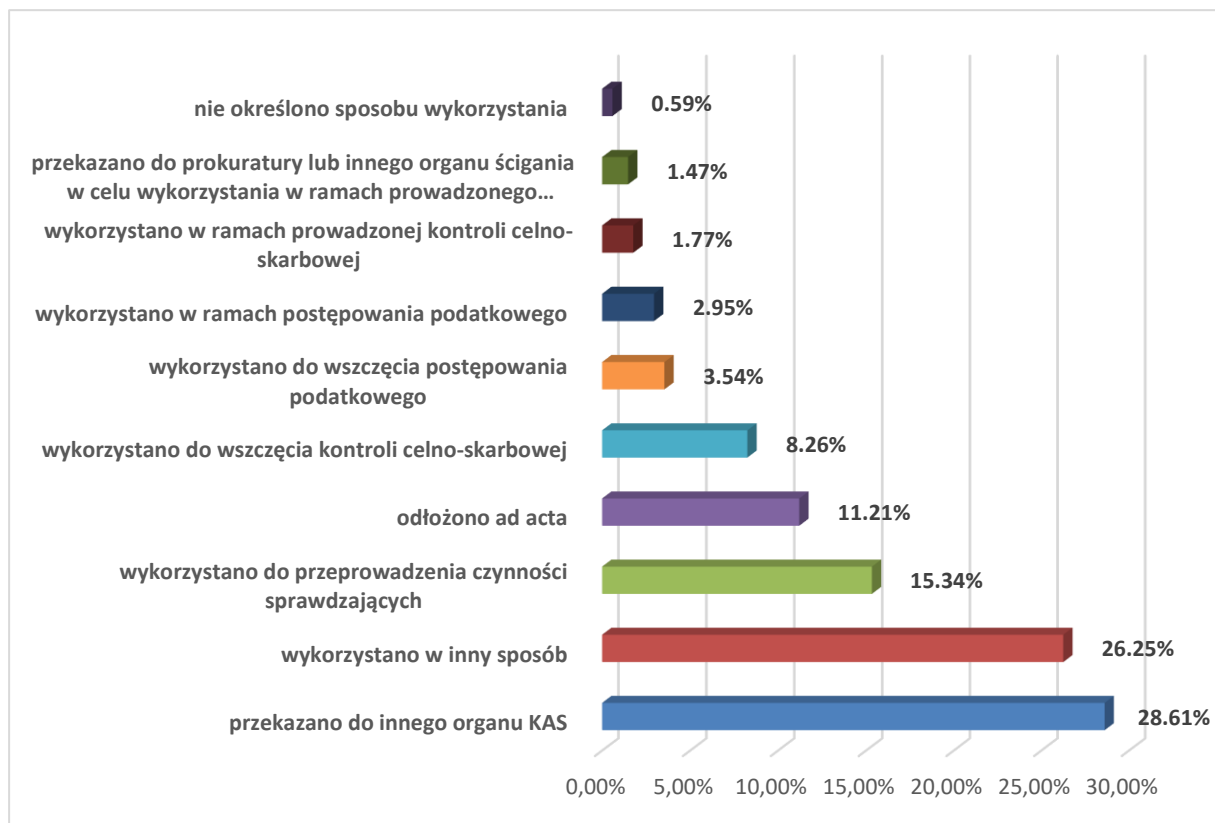
Under Article 14(5) of the *AML/CFT Act*, the GIFI received information from particular KAS bodies, that indicated that in 2023, based on the information provided by the GIFI (both under Article 105(4) and Article 106(1) of the *AML/CFT Act*):

- at least 97 pieces of information were forwarded to other KAS bodies for further examination;
- at least 89 pieces of information were used by the KAS bodies “otherwise” in the course of their activities, among others, as part of cases that are being analysed, investigated into, suspended, etc.;



- at least 52 pieces of information were used in the course of verification procedures;
- following their analysis by the KAS bodies, at least 38 pieces of information were not acted upon and were eventually shelved;
- the KAS bodies used at least 28 pieces of information to initiate customs and tax controls or tax proceedings;
- at least 12 pieces of information was used by the KAS bodies to initiate tax proceedings;
- at least 10 pieces of information were used by the KAS bodies in the course of tax proceedings;
- at least 6 pieces of information were used by the KAS bodies as part of ongoing customs and tax controls;
- at least 5 pieces of information were forwarded to the prosecutor's office or another law enforcement agency to be used as part of criminal proceeding;
- in at least 2 cases no method of use was specified.

Chart 16. Breakdown of information received by the KAS bodies from the GIFI by the method of its use



not specified

transferred to the prosecutor's office or another law enforcement agency to be used as part of pending...
used as part of pending customs and tax control
used as part of tax proceedings
used to initiate tax proceedings
used to initiate tax and customs control
shelved
used to carry out verification procedures
used otherwise
transferred to another KAS body

### **6.2.2 THE POLICE**

According to the information received from the Police Commander in Chief, in 2023, the Criminal Bureau of the Police Headquarters received 97 pieces of information from the GIFI under Article 106(1) of the *AML/CFT Act*. Each piece of information received by the Criminal Bureau of the Police Headquarters was transferred to locally and materially competent organisational units of the Police for official activities to be taken, including:

- data obtained based on 8 pieces of information was transferred to evidence collected as part of ongoing preparatory proceedings;
- data provided based on 1 piece of information is being verified as part of verification procedures pursuant to Article 307 of the Code of Criminal Procedure;
- 88 pieces of information obtained from the GIFI were verified as part of operational and reconnaissance activities; in 4 cases, the performed activities did not confirm the information received.

In 2023, pursuant to Article 105(1)(1) of the *AML/CFT Act* (at the request of the Police Commander in Chief), the GIFI provided information in 34 cases in connection with pending operational cases. The information provided by the GIFI is still being analysed and supplemented with self-made findings and it is used in ongoing operational and reconnaissance activities carried out by the Police organisational units. In 2023, the Police also provided the GIFI with a total of 27 pieces of information pursuant to Article 83(1) of the *AML/CFT Act*.

According to the information provided by the Central Investigation Bureau of the Police pursuant to Article 14(5) the *AML/CFT Act*, in 2023, this Bureau submitted to the GIFI 50

requests for information<sup>53</sup>. Following its analysis, the received information was used in operational activities, including:

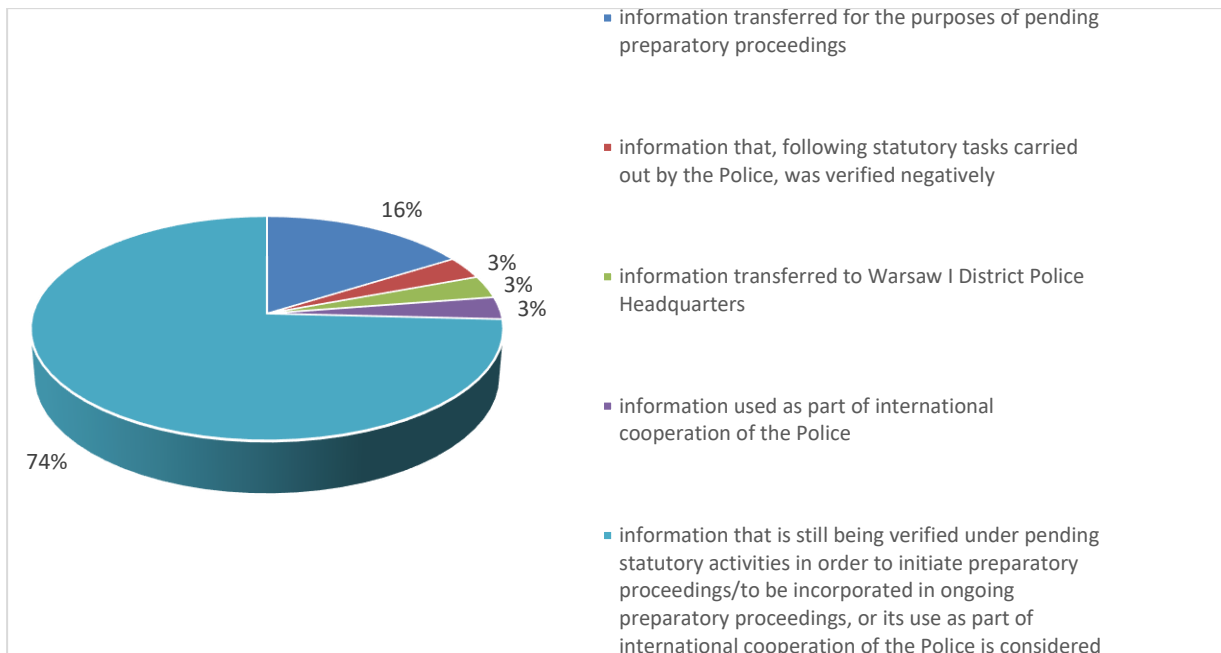
- in 5 cases, the information was forwarded to ongoing preparatory proceedings;
- in 1 case, the information was used as part of international cooperation of the Police;
- in 1 case, the obtained information was verified negatively – no preparatory proceedings were initiated based on the provided materials;
- in 4 cases, the response received from the GIFI indicated the lack of information on transactions or bank accounts of the individuals or business entities covered by the requests;
- in the case of 36 requests, the obtained information is still being verified by the Central Investigation Bureau of the Police as part of its statutory activities. As part of these activities, among others, a criminal analysis is being carried out and the documentation is being prepared to be transferred to an organisational unit of the prosecutor's office to initiate preparatory proceedings/to be incorporated in ongoing preparatory proceedings;
- in the case of 3 requests, the response received from the GIFI indicated the need to supplement the requested information.

The Central Investigation Bureau of the Police also informed that in 2023, it initiated 13 preparatory proceedings under Article 299 of the *Penal Code*. The Bureau neither initiated nor completed any preparatory proceedings under Article 165a of the *Penal Code*. According to the information concerned, in the proceedings carried out by the Central Investigation Bureau of the Police, 835 suspects were presented a total of 1,182 charges of committing a prohibited act under Article 299 of the *Penal Code*.

*Chart 17. Breakdown of notifications received by the Central Investigation Bureau of the Police from the GIFI by the method of their use*

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<sup>53</sup> The requests concerned 191 natural persons, 116 entities and 18 bank accounts.



In 2023, the Central Investigation Bureau of the Police received from the GIFI a total of 31 pieces of information under Article 106(1) of the *AML/CFT Act*. The received information was used as follows:

- 5 pieces of information were forwarded to preparatory proceedings;
- 1 piece of information, following the relevant statutory activities taken by the Police, was verified negatively;
- 1 piece of information was forwarded to Warsaw I District Police Headquarters;
- 1 piece of information was used as part of international cooperation of the Police;
- 23 pieces of information are still being verified in the course of statutory activities, as part of which, among others, a criminal analysis is being carried out and the documentation is being prepared to be transferred to an organisational unit of the prosecutor's office to initiate preparatory proceedings/to be incorporated in ongoing preparatory proceedings, or its use in international cooperation of the Police is being considered.

### **6.2.3. OTHER AUTHORITIES**

The Central Anti-Corruption Bureau indicated that in 2023, it received 23 pieces of information from the GIFI, 21 of which were used as part of the official activities carried out by this agency.

The Border Guard Headquarters informed that in 2023, it received from the GIFI a total of 39 pieces of information, 33 of which were provided by the GIFI at a written and substantiated request of the Border Guard, while the remaining 6 were provided in connection with suspecting by the GIFI an offence other than money laundering or financing of terrorism, so that the Border Guard could undertake activities provided for in its statutory tasks.

The Bureau of Internal Affairs of the Border Guard informed that in 2023, it did not submit to the GIFI any request for information under Article 105 of the *AML/CFT Act*.

Based on the information provided by the Military Counter-Intelligence Service, in 2023, this Service sent to the GIFI 13 requests for information. No activities other than internal analytical and technical procedures were undertaken by the Military Counter-Intelligence Service based on information received from the GIFI. The Military Counter-Intelligence Service did not transfer the information obtained from the GIFI to other authorities or public administration bodies, nor did it use this information to carry out other “further activities” within the meaning of Article 14(2)(11) of the *AML/CFT Act*.

The data for 2023 obtained from the Military Police Headquarters indicate that in 2023, the Military Police obtained from the GIFI, in response to 64 requests it submitted, 60 pieces of information regarding 24 entities and 71 individuals. The obtained information was used as part of 33 forms of operational work.

The Office of the Polish Financial Supervision Authority notified that in 2023, it received from the GIFI under Article 106(1) of the *AML/CFT Act*, 2 pieces of information regarding a reasonable suspicion of a violation of regulations related to the operation of the financial market. Based on both pieces of information, the Office of the Polish Financial Supervision Authority undertook analytical activities provided for in the *AML/CFT Act* and in acts regulating particular sectors of the financial market. The Office also informed that in 2023, it did not submit to the prosecutor’s office any notifications of a suspected offence, resulting from an analysis of the information provided by the GIFI. As regards human resources involved in the implementation of AML/CFT tasks, the Office of the Polish Financial Supervision Authority informs that as at the end of 2023, it employed 18 persons that were directly involved in the activities provided for in the *AML/CFT Act*. These employees perform control, supervisory and international tasks and conduct administrative proceedings regarding AML/CFT. In order to strengthen the AML/CFT area, in December 2023, a separate organisational unit was created within the structures of the Polish Financial Supervision Authority, i.e. an Anti-Money Laundering Department. Recruitment of new employees was also carried out throughout 2023 in order to strengthen the human resources in the AML/CFT area, and will also be continued in 2024. Until the planned employment level is achieved, human resources in this institution are insufficient. The financial resources allocated to the Anti-Money Laundering Department are sufficient to carry out the entrusted tasks.

The President of the Supreme Audit Office announced that in 2023, it did not request the GIFI to provide information in accordance with the provisions of the *AML/CFT Act*.

The National Centre for Emissions Management (KOBiZE) notified the GIFI that in 2023, it did not send any inquiries/requests for information to the GIFI under the *AML/CFT Act*.

### **6.3 DATA CONCERNING CRIMINAL PROCEEDINGS**

Pursuant to Article 14(3) of the *AML/CFT Act*, the Minister of Justice is obliged to provide the GIFI with aggregate data on:

- the number of criminal proceedings initiated and completed in cases related to money laundering and on the number of criminal proceedings initiated and completed in cases related to financing of terrorism;
- the number of individuals that were presented with charges of money laundering and the number of individuals that were presented with charges of financing of terrorism;

- the number of individuals convicted by a final court judgement for money laundering and the number of individuals convicted by a final court judgement for financing of terrorism;
- the types of predicate offences referred to in Article 1(e) of the *Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, done in Warsaw on 16 May 2005* (Journal of Laws of 2008, item 1028 and of 2018, item 1328), hereinafter referred to as the “Warsaw Convention”, to which the information indicated in the preceding subparagraphs refer;
- assets that were frozen or with respect to which transactions were suspended or accounts were blocked, or for which property searching, seizure or forfeiture was adjudicated.

According to the data provided by the Ministry of Justice, in 2023, regional and district courts initiated 362 court criminal proceedings against 1,096 individuals, regarding an offence under Article 299 of the *Penal Code*. During the same period, the courts completed 263 criminal proceedings in cases regarding the aforementioned offence. According to the data of the Ministry of Justice, in 2023, 324 persons were finally<sup>54</sup> sentenced for committing a money laundering offence under Article 299 of the *Penal Code*, while 524 persons were sentenced in the first instance. In the course of these proceedings, property worth in total PLN 910,805 and assets worth PLN 5,324,200 were seized, as well as forfeiture was adjudicated with respect to property with a total value of PLN 1,101,197,811.

Information provided by the Ministry of Justice also shows that in 2023, common courts did not initiate any criminal proceedings regarding an offence under Article 165a of the *Penal Code*, and completed no criminal proceedings under this article. In 2023, no person was convicted in the first instance for an offence under Article 165a of the *Penal Code*, and there were no final convictions for financing of terrorism.

Court criminal proceedings conducted in Poland in 2023 under Article 299 of the *Penal Code* related to the following predicate offences referred to in Article 1(e) of the *Warsaw Convention*:

- under the following articles of the *Penal Code*: Article 228 (passive bribery), Article 258 (organised criminal group and criminal association), Article 263 (unlicensed manufacture or possession of weapons), Article 270 (substantive deceit), Article 271 (intellectual deceit), Article 272 (obtaining certification of untruth under false pretences), Article 279 (burglary), Article 286 (fraud), Article 294 (qualified types of the offences referred to in Article 278(1), (2) or (5), Article 278a(1), Article 284(1) or (2), Article 285(1), Article 286(1) or (2), Article 287(1), Article 288(1) or (3), Article 290(1) or in Article 291(1), with respect to high-value property);
- under the following articles of the *Fiscal Penal Code*: Article 54 (tax evasion); Article 56 (untrue tax data);
- offences under the *Act of 29 July 2005 on counteracting drug addiction*;
- other offences (under the *Penal Code* and special acts);
- other unspecified offences.

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<sup>54</sup> According to the information obtained from the Ministry of Justice, the data in this regard is provided by Divisions of Regional Courts (1<sup>st</sup> instance) and District Courts. What matters is whether the ruling is final or not, it does not matter in which instance it became final.

## 6.4. TRAINING ACTIVITY

In 2023, cooperation with organisational units of prosecutors' offices was continued through participation of representatives of the Department of Financial Information in initiatives aimed at exchanging experiences in the field of counteracting money laundering and financing of terrorism. These initiatives made it possible to disseminate good practice to ensure more effective cooperation between the GIFI and representatives of organisational units of prosecutors' offices.

In 2023, the General Inspector, implementing the provisions of the AML/CFT strategy<sup>55</sup>, launched a 3-year training programme dedicated to obligated institutions and cooperating units. The training will be carried out by the FIU in collaboration with cooperating units.

The programme covers the following training:

- Suspicious Activity Report? – it's easy! How to skilfully improve reporting.
- Customer due diligence measures – their purpose, relation to the ML/TF risk assessment and scope.
- Politically exposed persons.
- Money laundering and terrorism financing within non-profit organisations. Main threats.
- What is the Central Register of Beneficial Owners? Practical aspects of identification and verification of the beneficial owner.
- Consequences of failure to fulfil obligations provided for in the *AML/CFT Act*.
- Assessment of ML/TF risk: Identification and assessment of the ML/TF risk by obligated institutions. Identification and assessment of risks related to business relationships or occasional transactions. National ML/TF Risk Assessment and Supranational ML/TF Risk Assessment.
- What are the methodology and recommendations of the Financial Action Task Force? Immediate outcomes.
- Control of the fulfilment of AML/CFT obligations by obligated institutions.
- Application of specific restrictive measures with respect to the financing of terrorism and proliferation.
- Countries with increased ML/TF risk. Characteristics, types, threats.
- Money laundering: threats arising from predicate offences.
- Gatekeepers. The use of non-financial sector enterprises in money laundering offences.

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<sup>55</sup> Resolution No. 50 of the Council of Ministers of 19 April 2021 on the adoption of the strategy for counteracting money laundering and financing of terrorism (Monitor Polski (M.P.) of 2021, item 435). The strategy activities include, among others, training courses aimed at improving the AML/CFT knowledge of employees of obligated institutions and cooperating units, as well as exchanging knowledge and experience between participants of the AML/CFT system.

The aforementioned training courses are held periodically, and the training topics will be repeated in subsequent years. Participation in training is free of charge, and obligated institutions and cooperating units can register an unlimited number of employees.

Moreover, in 2023, a representative of the Department of Financial Information conducted training for representatives of the Military Police, that took place at the Polish Army Representative Centre in Czarny Piec.

In June 2023, a representative of the Department of Financial Information took part in the fifth edition of the PTXXI conference organised in Gdynia, that focused on issues related to combating ICT crime. The project was co-organised by the Central Cybercrime Bureau.

In 2023, a representative of the Department of Financial Information participated in two training meetings for asset recovery coordinators of the Central Investigation Bureau of the Police and the management staff of the Boards and Units of the Central Investigation Bureau of the Police, respectively.

Moreover, in September 2023, a representative of the Department of Financial Information took part in the next edition of the tax course conducted for Police officers by the Police Academy in Szczytno.

In 2023, a representative of the Department of Financial Information also participated in three meetings organised for officers of the Operational and Investigative Board of the Border Guard with the participation of the Border Guard College in Koszalin.

In 2023, representatives of the management of the Department of Financial Information took part in quarterly meetings with the National Revenue Administration management, during which they had the opportunity to share information on good practice aimed at ensuring more effective cooperation between the GIFl and the organisational units of the KAS.

In 2023, 18 new communications regarding the activities of the General Inspector of Financial Information were published in the Public Information Bulletin on the website of the office supporting the minister competent for public finance. The GIFl's communications are a form of communication between this authority and cooperating units and obligated institutions. These messages provide obligated institutions and cooperating units with important interpretative guidelines and present the GIFl's practical view on how to fulfil AML/CFT obligations. They help ensure a more complete understanding of the applicable AML/CFT regulations and optimise their correct application, which translates into increased effectiveness of the Polish AML/CFT system.

### **Publication of the GIFl's typological newsletters**

As part of sharing AML/CFT knowledge and information, the GIFl started in 2022 and continued in 2023, the regular publication of a typological newsletter. The newsletter is supposed to help obligated institutions recognize activities that may be related to ML/TF and broaden their general knowledge of counteracting these offences. In 2023, the GIFl published four typological newsletters:

- Guidelines for obligated institutions on the process of laundering money originating from corruption;
- Guidelines for obligated institutions on how to counteract the financing of terrorism;



- Guidelines for obligated institutions on the process of laundering money originating from trafficking in antiques and works of art.;
- The use of gatekeepers in money laundering offences.

Newsletters can be downloaded after logging in to the account of the obligated institution in the ICT System of the General Inspector of Financial Information. Obligated institutions that do not have access to the indicated website may send a request to share the newsletter to the following address: newslettergiif@mf.gov.pl. Information about subsequent issues of the typological newsletter is published in the form of a message on the GIFI's website.

#### **“Sanctions: the growing role of regulation in the AML process” conference**

The GIFI co-organised with the London Stock Exchange Group a conference attended by representatives of the public and private sectors: “Sanctions: the growing role of regulation in the AML process”, dedicated to the role of specific restrictive measures in AML/CFT processes in connection with the current geopolitical situation. The conference, under the auspices of the Minister of Finance, was held on 22 November 2023 in Warsaw. The GIFI's representatives gave speeches in discussion panels dedicated to the purposes and effectiveness of sanctions and the role of state authorities in the sanction system. Representatives of the Internal Security Agency, the Ministry of Justice, the Department for Supervision of the Controls of the Ministry of Finance and the private sector also participated in the conference as panellists and participants. During the meeting, current and future challenges related to the use of new technologies in AML/CFT processes were also discussed. In 2023, representatives of the GIFI actively participated as speakers or participants in numerous training courses and workshops as well as conferences during which AML/CFT issues were raised. Qualifications were enhanced both online and during physical meetings.

## 7. INTERNATIONAL COOPERATION

### 7.1. COOPERATION WITH THE EUROPEAN COMMISSION

#### 7.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING

##### Expert Group on Money Laundering and Terrorist Financing

The Expert Group on Money Laundering and Terrorist Financing (EGMLTF), bringing together representatives of the EU Member States, is to support the European Commission in defining policy directions in the area of counteracting money laundering and financing of terrorism, developing legal acts, as well as providing advice at the stage of preparing proposals on implementing measures and coordination of cooperation between EU Member States.

In 2023, representatives of the GIFI participated in two online meetings of the EGMLTF and in one meeting in Brussels. The meetings covered topics related to the internal affairs of the European Union and external affairs within the framework of international cooperation.

As regards the internal affairs, the meetings were dedicated mainly to:

- enforcement of EU regulations, including:
  - verification of the transposition and effective implementation of *Directive 2015/849* and *Directive 2018/843*;
  - an EU pilot project concerning beneficial owners;
- implementation of tasks within the current legal framework and the AML/CFT Action Plan, including:
  - research on threats and vulnerabilities to terrorism financing in the non-profit sector;
  - a focal point for Member States' notification obligations;
  - central AML/CFT database of the European Banking Authority;
  - a uniform list of politically exposed persons;
  - a project to interconnect centralised bank account registers;
  - preparation of level two legislation under the future legal framework;
  - preparation of a report for the European Parliament and the Council in accordance with Article 65 of *Directive 2015/849*;
  - establishment of an *ad hoc* subgroup in the non-financial sector;
  - implementation of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, in the area of “Counteracting Money Laundering and Terrorism Financing”;
  - a list of competent authorities of obligated entities in accordance with Article 48(1a) of *Directive 2015/849*.

The issue of the “Questionnaire on the law enforcement mechanisms present in different Member States” aimed at understanding the nature of national supervisory and enforcement

authorities, was also discussed. The questionnaire was prepared by FIU Malta that shared its observations and conclusions drawn from the responses received from EGMLTF members.

With respect to the external affairs, as part of preparations for the FATF and MONEYVAL plenary meetings, issues relating to the assessment of national AML/CFT systems and projects implemented and planned to be implemented by working groups operating within these bodies were discussed.

Moreover, in 2023, as in previous years, EGMLT members were consulted as part of a written procedure on draft Commission delegated regulations amending Delegated Regulation (EU) 2016/1675 concerning the list of high-risk third countries and on a questionnaire used to collect statistical data related to the effectiveness of Member States' AML/CFT systems.<sup>56</sup>

### **7.1.2. EU-FIU PLATFORM**

In 2023, representatives of the GIFI actively participated in the work of the EU-FIU Platform. The purpose of the platform is to provide the Commission with advice and knowledge of national experts, facilitate cooperation between Member States' FIUs, and exchange information on, among others, trends and factors relevant to the assessment of ML/TF risks at national and supranational level, as well as the identification of suspicious cross-border transactions. In 2023, four regular meetings of the EU-FIU Platform were held (including two ones in the form of video conference).

The implemented tasks included, in particular:

- supporting the European Commission in preparing AML/CFT regulations, among others, by participating in the activities of a special CSM group dealing with the FIU coordination and support mechanism;
- determining a strategy and priorities as well as defining and approving medium- and long-term plans for the development of the EU system for the exchange of information among FIUs – FIU.net.

Members of the EU-FIU Platform listened to presented information and held discussions on:

- establishing the Anti-Money Laundering and Countering the Financing of Terrorism Authority (AMLA) and establishing a Task Force to prepare the grounds for establishing the AMLA in the following areas: (i) human resources; (ii) budget; (iii) IT resources; (iv) building;
- activities of the Task Force to prepare for establishing the AMLA and the Joint Research Centre (JRC) for a project to develop a concept for a data analysis tool for the AMLA. This tool will be used by the FIU to conduct joint cross-border analyses within and with the operational support of the AMLA;
- a proposal for a new anti-corruption directive – a criminal law instrument with three main pillars: (i) strengthening prevention; (ii) criminalising corruption, and (iii) ensuring effective investigation into and prosecution of corruption offences;
- the work and report of the EU CoBa – Correspondent Banking Project team. The report aims to provide EU Member States with a better understanding of ML/TF risk exposure,

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<sup>56</sup> Data collected pursuant to Article 44 of *Directive 2015/849*.

provide greater insight into Member States' correspondent banking risk management strategies, and better inform EU Member States of their risk exposure as well as useful measures and practices mitigating this risk;

- the FATF report on ML/TF in the art and antiques market, adopted in January 2023 and co-led by the European Commission and the USA. The report highlights a number of good practices undertaken by countries to address the challenges they face in this risk area, including the establishment of specialist units and access to relevant databases, as well as cooperation with experts and archaeologists to help in identifying, tracing, investigating and repatriating cultural property. The report also includes a list of risk indicators that can help public and private sector entities identify suspicious activity in the art and antiques markets;
- Eurojust's report on ML, adopted in October 2022. The report analysed Eurojust cases from 2016 to 2021 and focused on several specific topics, such as predicate offences, complex ML schemes, the role of FIUs, and asset recovery ;
- Europol report "The Other Side of the Coin: an Analysis of Financial and Economic Crime", published in September 2023, containing a financial and economic crime threat assessment and insights on ML and various predicate offences.

## **7.2. COOPERATION WITH THE COUNCIL OF THE EU**

In 2023, the Council of the European Union, chaired by the Swedish and then Spanish Presidency, conducted negotiations on the AML/CFT package presented by the European Commission in July 2021. A representative of the GIFI actively participated in the meetings of the working group in the Council of the EU and presented Poland's position on the outlined elements of the package.

In 2023, the GIFI continued activities as part of the preparation for the Polish Presidency of the Council of the European Union in the first half of 2025. These activities included, among others, participation of representatives of the GIFI in a series of training courses for members of the Presidency Corps and internship of a representative of the GIFI in the Permanent Representation of the Republic of Poland to the European Union to acquire practical knowledge of the work of working groups of the Council of the EU.

## **7.3 MONEYVAL COMMITTEE**

In 2023, two meetings of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) were held – on 22-26 May and 11-15 December.

During 2023, the Committee carried out 3 evaluation missions (Azerbaijan, Montenegro and Jersey) and adopted 4 reports as part of the 5<sup>th</sup> round of peer reviews on the effectiveness of the AML/CFT systems in Azerbaijan, Montenegro, North Macedonia and Romania. The Committee also periodically reviewed the progress of the Member States in this process after the adoption of evaluation reports, based on the reports submitted by these states, as well as analyses prepared by the MONEYVAL Secretariat. The progress review covered also Poland.

On 22-26 May 2023, the 65<sup>th</sup> plenary session of the MONEYVAL Committee was held, as part of which discussions were held during the meetings of the Evaluation Working Group, and then during the plenary session on the evaluation reports from the peer evaluation of North Macedonia and Romania. During the meeting, the outcomes of the high-level ministerial meeting held in Warsaw (25 April 2023) were discussed. During the plenary meeting, a typologies report entitled: “Money Laundering Risks in the World of Virtual Assets”, prepared under the leadership of the Isle of Man delegation, was also discussed and adopted. As part of strengthening cooperation with other monitoring mechanisms and bodies of the Council of Europe, MONEYVAL also exchanged views with the Monitoring Committee on the Manipulation of Sports Competitions (Macolin Convention) on possible future cooperation between these bodies.

The discussion at the meeting was largely dedicated to planning a new evaluation round, due to the MONEYVAL declaration towards the FATF and other FATF-style regional bodies to launch a new evaluation cycle (6<sup>th</sup> round of MONEYVAL evaluations) already in 2024. Thus, the principles and regulations of future evaluations were also discussed.

A representative of the GIFL, as the Chairwoman of the MONEYVAL Committee, represented it in the work of other international bodies, among others, she regularly participated in FATF plenary meetings, in the FATF Forum for the Private Sector (presenting MONEYVAL’s preparations for the new evaluation round) and in the FATF and INTERPOL initiative, the so-called FIRE meeting, dedicated to intensifying criminal asset recovery. Moreover, Ms Elżbieta Franków-Jaśkiewicz presented a report on the Committee’s activities for 2022 to the Committee of Ministers of the Council of Europe, participating in an exchange of views with representatives of the Council of Europe member states on MONEYVAL initiatives and current issues related to counteracting money laundering, financing of terrorism and proliferation.

On 11-15 December 2023, the 66<sup>th</sup> plenary session of MONEYVAL was held, during which the assumptions and procedure for the next – 6<sup>th</sup> round of evaluations of the MONEYVAL member states in terms of compliance with FATF standards were adopted and the order of mutual evaluations in this round was approved.

During the meetings, reports on the assessment of the AML/CFT systems of Azerbaijan and Montenegro were also discussed and adopted. Both countries, in accordance with the MONEYVAL procedures, will report on progress in the implementation of international AML/CFT standards in two years. The Committee also adopted the progress reports of Cyprus, Lithuania and Slovenia. The adoption (through a written procedure) of the progress reports of Poland and Croatia was also communicated.

During the December plenary session, the member states elected a new MONEYVAL Chairperson. After over 4 years of holding this function by a representative of Poland – Ms Elżbieta Franków-Jaśkiewicz, the task of managing MONEYVAL work was entrusted to Mr Nicola Muccioli from San Marino. Two MONEYVAL deputy chairpersons (Ms Astghik Karamanukyan from Armenia and Mr Matis Mäcker from Estonia) and two members of MONEYVAL Office (Mr Daniel-Marius Staicu from Moldova and Ms Jennifer Palpacuer from Monaco) were also elected.

### **Poland’s progress report**

In 2023, Poland was evaluated in terms of its progress in implementing the recommendations of the MONEYVAL evaluators included in the report on the evaluation of the Polish AML/CFT system, adopted during MONEYVAL plenary meeting in December 2021.

Having analysed the adjustments made, in April 2023, Poland submitted to the MONEYVAL Secretariat a request to increase its rating for Recommendation 34 (Guidelines and feedback) and Recommendation 15 (New technologies). In June 2023, a completed progress questionnaire on these Recommendations as well as relevant supplementary information and additional materials were submitted to the MONEYVAL Secretariat.

The draft progress report, prepared based on documents drawn up by Poland, providing for raising Poland's rating for Recommendation 34 to LC (largely compliant) and assuming maintaining its rating for Recommendation 15 as PC (partially compliant), was adopted as part of the so-called written procedure, without plenary discussion at MONEYVAL meeting in December 2023.

Raising the rating for Recommendation 34 was possible due to the actions taken by Polish competent authorities in terms of publishing AML/CFT guidelines and conducting training for obligated institutions.

With respect to Recommendation 15, Poland has introduced a register of virtual assets service providers, fit and proper requirements for natural persons conducting activities related to virtual assets or being partners, members of management bodies or beneficial owners of entities conducting such activities, as well as penalties for failure to comply with the registration obligation. Moreover, the threshold from which virtual currency service providers are obliged to apply CDD measures for occasional transactions has been lowered to EUR 1,000. However, the reasons for the refusal to raise Poland's rating as regards compliance with Recommendation 15 included: no specific requirements in place for obligated institutions to assess ML/TF risks related to new technologies, products, services or business practices before their release; failure to apply to VASPs the bank transfer requirements set out in FATF Recommendation 16; inconsistency of the scope of the definition of the virtual assets service provider contained in the *AML/CFT Act* with the VASP definition used by the FATF.

### **High-Level MONEYVAL Conference**

On the initiative of Magdalena Rzeczkowska, the Minister of Finance, a High-Level Conference of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) was held in Warsaw on 25 April 2023. The Conference was attended by representatives of MONEYVAL member states and representatives of observer states from the Financial Action Task Force (FATF), in the rank of ministers responsible for AML policy, as well as heads of Financial Intelligence Units. The meeting was organised by the Ministry of Finance of the Republic of Poland and MONEYVAL.

During the conference, the ministers and delegates committed to improving the effectiveness of national mechanisms to prevent money laundering, terrorism financing and the proliferation of weapons of mass destruction. In the Declaration of Ministers and high-level delegates of the member states and territories of MONEYVAL adopted at the end of the meeting, ministers emphasised that illicit financing poses a major threat to economic development and security,

making the effective fight against money laundering and terrorism financing more urgent than ever.

The ministers and delegates present in Warsaw recognised the need to intensify actions and increase the effectiveness of measures implemented as part of the fight against money laundering and terrorism financing, and committed to strengthen and improve them in their countries over the next five years. They also expressed their support for further actions, as appropriate, in connection with Russia's aggression against Ukraine, including the seizure and confiscation of funds. They also stressed that Russian Federation's actions run counter to the FATF core principles aiming to promote security, safety, and the integrity of the global financial system.

During the meeting, the ministers also endorsed the MONEYVAL Strategy on counteracting money laundering and combating the financing of terrorism and proliferation for 2023-2027, defining MONEYVAL priorities in the preparation and launch of the 6<sup>th</sup> round of mutual evaluations of MONEYVAL member states to be implemented in 2024-2032.

#### **Participation in evaluations carried out by MONEYVAL member states**

In 2023, representatives of the GIF, the National Public Prosecutor's Office and the Office of the Polish Financial Supervision Authority participated as evaluators in the evaluations of the AML/CFT systems of Jersey, Macedonia and Bosnia and Herzegovina. The evaluation report of Macedonia was adopted at MONEYVAL plenary meeting in May 2023. The evaluations of Jersey and Bosnia and Herzegovina are still being carried out – the evaluation reports of these countries are planned to be discussed in 2024.

In the period from June to August 2023, a representative of Poland participated in the development of the draft report on Croatia's progress, acting as one of the reviewers of the adjustments made by this country to achieve compliance with FATF standards. The representative of Poland evaluated Croatia's progress in achieving compliance with FATF Recommendation 23 (DNFBPs: Other measures) and FATF Recommendation 32 (Cash couriers). The task of the Polish reviewer was to verify whether the legal, institutional and operational framework had changed since the previous evaluation (as regards the recommendations with respect to which Croatia obtained high compliance ratings in the mutual evaluation report), analysis of the above-mentioned evaluation report for possible substantive errors, and development of a proposal for the content of the progress report with respect to the recommendations indicated above. The proposal for the content of the progress report was based on the information contained in the evaluation report and information about the adjustments made obtained from Croatia. As the MONEYVAL community had no reservations to the Croatian progress report, it was adopted in the framework the so-called written procedure, with no plenary discussion, at MONEYVAL meeting in December 2023.

#### **7.4. CONFERENCE OF THE STATES PARTIES TO THE WARSAW CONVENTION**

In relation to the implementation of the provisions of the Warsaw Convention and Poland's participation in the Conference of the States Parties to the Warsaw Convention (COP), the GIF continued the actions related to activities taken at this forum.

On 9-10 November 2023, the 15<sup>th</sup> Plenary meeting of the COP was held. The meeting was opened by a speech by Ms Hanne Juncher, Director of the Information Society and Action against Crime in the Council of Europe, who welcomed the completion of the Convention ratification process by Estonia and Morocco, thus increasing the number of States Parties to the Convention to thirty-nine. Ms Juncher emphasised that asset recovery remains a priority for the Council of Europe, which, based on the insights of MONEYVAL and the COP, leads to continuous improvements in the standards regulating this area. Ms Juncher also informed the COP participants about the outcomes of the MONEYVAL ministerial conference held in Warsaw in April 2023, which resulted in the adoption of the High-Level MONEYVAL Declaration and the MONEYVAL strategy for 2023-2027. Both documents call for greater synergies between the aforementioned bodies of the Council of Europe.

The COP Secretariat also announced that in accordance with the EU Strategy to Tackle Organised Crime 2021-2025, the European Union plans to ratify the Warsaw Convention, which is to be finalised in 2024.

During the 15<sup>th</sup> plenary meeting of the COP, the discussion on the status of declarations and reservations of States Parties to the Warsaw Convention continued. Some states expressed their readiness to continue the process of reviewing their declarations (regarding Article 3(4) of the Convention). Therefore, the President proposed that if the States Parties concerned agreed, he would send a letter to the competent authorities of these States to that effect. Taking into account the conclusions of the thematic reports (monitoring the implementation of the Convention) adopted so far, the COP President planned to address a letter on the review of the declarations to the competent authorities in Poland, Slovenia, the Russian Federation and Ukraine. The representative of Poland informed that as regards withdrawal of the declaration made to Article 3(4) of the Convention, the pre-consultation process supervised by the Ministry of Justice had been completed and it was planned to initiate work at the national level to withdraw this declaration.

In accordance with the COP Rules of Procedure and reporting requirements for new States Parties, the COP Secretariat conducted an analysis of Estonia's compliance with the provisions of the Convention which were subject to Thematic Monitoring Reports since 2018 and presented it during the meeting. As a result, the Conference of the Parties adopted new sections to its 2018-2022 Horizontal Review Reports in respect of Estonia's implementation of Article 3(4); 6; 7(2)(c) and Articles 19(1); 9(3); 10(1) and (2); 11; 14 and 25 (2) and (3) of the Warsaw Convention.

During the meeting, the follow-up reports Articles 11, 25 and 14 were also adopted and the progress made by Azerbaijan and San Marino was taken into account. The COP heard the information provided by Turkey, the Russian Federation and Serbia and decided to make certain editorial changes in the conclusions of the reports regarding the Russian Federation's compliance with Article 11 (Previous decisions) and Article 14 of the Convention (Postponing domestic suspicious transactions).

A comparative analysis of the revised FATF standards and the Convention's provisions was also presented, drawing attention to possible areas where the new standards go beyond those of the Convention and vice versa. The analysis included issues such as provisional measures to secure confiscation, asset management, return and disposal of confiscated assets, non-conviction-based confiscation, reversal of the burden of proof, suspension of suspicious



transactions, international cooperation, sharing of confiscated assets, and informal cooperation. As a result, a document was developed detailing each of these areas and their coverage in both the revised FATF standards (Recommendations 4 and 38) and the Warsaw Convention. During the meeting, it was agreed that the said comparative analysis (prepared by a COP scientific expert) would be published on the COP restricted website after the publication of the revised FATF standards.

The COP objectives and actions for 2024-2026 were also presented, on the basis of the elements set out in the Council of Europe programme and budget. Three key objectives which should inform the COP's priorities were indicated. These are:

- supporting the effective implementation of the Warsaw Convention by States Parties through continuous monitoring process;
- ensuring the continued relevance of the Warsaw Convention and identifying areas of priority focus for the work on the future additional protocol;
- supporting signatures, ratifications and entries into force of the Warsaw Convention.

Each objective includes a set of actions, implementation of which is of key importance for achieving these objectives. The actions concern, among others, thematic monitoring reviews on the new States Parties' application of the Convention and follow up reporting, development of new interpretative notes and the review of the existing ones, and organisation of thematic events in the States Parties to discuss new trends and good practice in the implementation of the Convention. The States Parties welcomed this initiative and expressed their readiness to support the proposed actions.

During its 15<sup>th</sup> meeting, the COP held elections for the President, Vice President and COP Bureau members, for terms starting in January 2024. There were two voting rounds for the President. Based on the results of the second round, Ms Oxana Gisca (Republic of Moldova) was elected as President of the COP for a first two-year term.

Ms Claudia Elion (the Netherlands) was elected as Vice President for a first two-years term. Mr Azer Abassov (Azerbaijan) and Mr Aram Kirakossian (Armenia) were re-elected as COP Bureau members for a further two-year term. Mr Muhammed Karaca (Türkiye) was elected as a Bureau member for a first two-year term.

## **7.5. EGMONT GROUP**

In 2023, the Polish Financial Intelligence Unit continued its involvement in the activities of the Egmont Group, associating 170 FIUs from around the world, by participating in works, initiatives and meetings at the working and plenary level. Last year, Poland's input in the Group's work was even greater, as in September 2023, the Heads of the FIUs entrusted Ms Elżbieta Franków-Jaśkiewicz, a representative of the GIFI, with the function of the acting Chair of this international body. This function will be held by her until June 2024, i.e. until the next plenary meeting of the Egmont Group.

Last year, representatives of the GIFI participated in the meetings of the EG Working Groups, where they were involved, as usual, in the work of the International Exchange Working Group fo-and the Technical Assistance and Training Working Group as well as cooperation with the

Egmont Group Secretariat. They also participated in the 29<sup>th</sup> plenary meeting and the meeting of the Heads of FIUs.

A representative of the GIFI, involved in the activities of the Information Exchange Working Group, participated in the work and discussions on the projects that, once completed, were presented for adoption by the FIU Heads. These projects concerned, among others, detecting trade-based money laundering and misuse of corporate structures, Phase II of the FIUs' capabilities and involvement in the fight against the financing of extreme right-wing terrorism, FIUs' role in the fight against the abuse of non-profit organisations for TF activity, and the abuse of virtual assets for terrorism financing. The Group also discussed and approved the report developed as part of the "The Use of Open-Source Intelligence in FIU Operational and Strategic Analysis" project.

Reports prepared by the Information Exchange Working Group enable its members to improve their knowledge. A number of them are used by the Technical Assistance and Training Working Group, in whose work representatives of the GIFI are also involved, to develop e-learning training plans that are later available on the ECOFEL platform. This working group was involved, among others, in the development of training on VASP risk assessment and AML supervision as well as a joint online course on combatting modern slavery and trafficking in human beings with the UN University's Finance Against Slavery and Trafficking (FAST) initiative. Representatives of the GIFI are involved in both projects.

Apart from its working groups, the Egmont Group has its own regional structures. Representatives of the GIFI are involved in the activities of the Europe I region that includes FIUs from EU Member States. During the last year's meetings, the discussion within the region focused on issues related to the EU AML package and other EU activities, as well as problems in cooperation with other regions.

It should be noted that the Egmont Group has been working on the modernisation of its secure information exchange system (i.e. Egmont Secure Web) for several years. During the 29<sup>th</sup> plenary meeting, the Heads of FIUs decided that this process would be finalised in October 2023. This required parallel actions of all FIUs, involvement of the IT team and preparation of analytical departments through participation in training and webinars organised by the Egmont Group Secretariat. Thanks to the undertaken preparatory activities, the process was successful.

An extraordinary meeting of the Heads of FIUs, chaired by Ms Elżbieta Franków-Jaśkiewicz, was held in October 2023. The meeting was devoted to the EG's activities in the light of the statement of its strategic partner – the FATF – with respect to the Russian Federation. The activities of the Russian FIU – ROSFINMONITORING were assessed. It was recognised that trust in this unit was seriously weakened, thus, in order to protect the reputation of the Egmont Group, as well as its operational goals, it was decided to suspend the membership of the Russian unit, and the previous decisions from December 2022 were upheld.

## **7.6. FINANCIAL ACTION TASK FORCE (FATF)**

Poland is not a member of the FATF, but it has the opportunity to participate in its work through its representatives who participated in the meetings (including online ones) of this body as part of the MONEYVAL delegation and by presenting their opinions on the implementation of the FATF Recommendations during EGMLTF meetings.

FATF President T. Raja Kumar continued his chairmanship of this body, implementing the priorities set at the beginning of his presidency, in particular in the area of enhancing the recovery of criminal assets, increasing the effectiveness of global AML measures, and strengthening the FATF partnership with regional bodies.

Since Russia's brutal aggression against Ukraine in February 2022, the FATF was discussing with its members the steps that can be taken against Russia as a country that had violated the principles of peaceful coexistence and cooperation with its neighbours, in particular having regard to combating money laundering and the financing of terrorism and proliferation. In view of the continuation of the war in Ukraine, taking into account the loss of trust in Russia by FATF member states and the risks arising from the long-term armed conflict, including those related to money laundering and the financing of terrorism and proliferation, a decision was made during the FATF plenary session in February 2023 to suspend Russia's membership in this organisation.

Having regard to the indicated priority actions, on 21 June 2023, a high-level FATF-FSRB meeting was held at the initiative of the FATF President, during which the preparations of the global network for the new evaluation round, the need to support the preparations and the evaluation process by FATF member states and international organisations, as well as its strategic vision were discussed. During the meeting, it was decided that such meetings and strategic discussions between the FATF and FSRBs would be held on a regular basis.

The FATF is gradually enhancing recommendations dedicated to transparency in the operation of beneficial owners, which is important from the perspective of monitoring transactions by obligated institutions and for competent national authorities combating money laundering and terrorism financing. Thus, following consultations, the FATF agreed on amendments to Recommendation 25 regarding transparency and beneficial owners of legal arrangements.

Guidelines on Recommendation 24 on transparency and beneficial ownership of legal persons were also adopted, which will help states and the private sector properly understand the previously introduced changes.

The FATF continued its work in the area of virtual assets, undertaking the process of monitoring the implementation of standards by the states belonging to the global network, among others by collecting information and developing a road map for states of importance for the VASP sector, as well as those that show shortcomings in this area. The aim of this action is to support identified states in strengthening the implementation of measures that will prevent the abuse of this sector by criminals.

As the recovery of criminal assets is also a priority of the current Singapore FATF Presidency, FATF members approved amendments to Recommendation 4 regarding confiscation and provisional measures and Recommendation 38 regarding mutual legal assistance: freezing and confiscation. Continuing the previously undertaken activities in cooperation with INTERPOL, another roundtable meeting, dedicated to strengthening asset recovery processes and the tools that can be used for this purpose, was organised in Lyon, at INTERPOL's headquarters. The meeting was attended by practitioners from FATF member states, as well as representatives of leading international organisations dealing with organised crime, such as INTERPOL, EUROPOL and the EGMONT GROUP.

Last year, the FATF held plenary discussions on evaluation reports regarding Brazil (joint report with GAFILAT), Indonesia, Qatar (evaluation conducted in cooperation with the Gulf Cooperation Council) and Luxembourg. It should be noted that after the adoption of the evaluation report regarding Indonesia and after quick elimination of certain systemic deficiencies, in particular with respect to strengthening the supervision over obligated institutions, in autumn 2023, Indonesia became the 38<sup>th</sup> member state of the FATF.

The FATF continued its work to mitigate the unintended consequences and incorrect or inconsistent implementation of FATF recommendations, that can lead to financial exclusion of the NPO sector as well as misdirection of actions and resources with respect to this sector. For this purpose, public consultations were conducted last year, leading to amendments to FATF Recommendation 8 dedicated to the NPO sector and its protection against being used to finance terrorism. A best practice document was also developed to support the activities of states and institutions in the protection of non-profit organisations against their possible use to finance terrorism.

The key activities of the FATF also include the assessment of the risks of money laundering and the financing of terrorism and proliferation in its member states and the global network, as well as providing its members with information about the latest identified trends, typologies, risks and ways to mitigate them. Thus, last year, the FATF carried out numerous project works in its working groups, resulting in the adoption of, among others, a report on money laundering and terrorism financing in the art market, the use of crowdfunding to finance terrorism, the use of golden visas, i.e. citizenship by investment programmes to launder money or finance terrorism, as well as money laundering and terrorism financing related to cyber fraud.

The FATF also conducted intensive preparations for the launch of a new evaluation round, working on universal procedures for mutual evaluations that will apply to all members of the global network, as well as developing a methodology for determining the order of evaluations of its member states.

It is worth noting that last year, the GIFI's representatives participated not only in the FATF meetings, but also in its other activities.

From 27 November to 1 December 2023, the GIFI's representatives took part, for the second time, in the Train the Trainer – FATF Standards Course conducted by the FATF Training Institute in Busan, South Korea. The purpose of the course was to acquire knowledge to conduct training for obligated institutions and cooperating units (at home and abroad) in the understanding and effective implementation of FATF standards.

From 30 October to 3 November 2023, two representatives of the GIFI took part in the FATF ICRG Reviewer Training in Paris. This training was aimed at preparing a group of experts reviewing countries' reports for a new round of evaluations of AML/CFT systems as part of the ICRG – a key process for reviewing countries' compliance by the FATF.

The participation of Polish representatives in FATF training significantly increases their knowledge of international AML/CFT standards and processes carried out by the FATF and makes them part of the group of international experts actively participating in the global AML/CFT system, thus strengthening Poland's position in international bodies dedicated to these issues.

### **Promotion of FATF activities**

As part of the regular activities of the GIFI aimed at promoting FATF initiatives at the national level, besides providing on a regular basis current information on FATF activities and publishing information on FATF lists (including translations of FATF statements into Polish), reports and documents, as well as selected information materials regarding FATF publications or public consultations, the GIFI made available on its website and provided cooperating units with the Polish translation of the international FATF standards in the field of combating money laundering and financing of terrorism, i.e. the FATF Recommendations and Methodology.

## **7.7. EURASIAN GROUP ON COMBATING MONEY LAUNDERING (EAG)**

Since 2007, Poland has been an observer in the Eurasian Group on Combating Money Laundering (EAG) – a FATF-style regional body and associate member of the FATF. The primary goal of the EAG is to protect the integrity of the global financial system by ensuring consistent implementation of the FATF recommendations by countries from the Eurasian region. As the Russian Federation plays a leading role in the work of this organisation, Poland, since Russia's aggression against Ukraine, has not been actively implementing activities resulting from the observer status in the Group.

## **7.8. COUNTER ISIS FINANCE GROUP**

Although numerous effective countermeasures have already been taken to fight ISIS (also financially), the threat of terrorist attacks still exists. Therefore, curtailing ISIS funding remains one of the important goals of the international community and – given new methods of terrorism financing – is still a challenge. The participation of the GIFI's representatives in the activities of a working group of the Counter ISIS Finance Group (CIFG) confirms Poland's role and involvement in the coordinated activities of the international community to combat ISIS funding. The Group was established in 2015. It currently brings together nearly 70 countries and international organisations, and coordinates action against ISIS financial support networks around the world. It is co-chaired by representatives of Saudi Arabia, the United States and Italy.

In 2023, one CIFG meeting was held. It took place on 7 June in Riyadh, Saudi Arabia. Representatives of over 40 countries – Group members from all over the world – participated in the meeting both on-site and online. A representative of the GIFI participated in the meeting online. The meeting focused on ways of ISIS funding and combating this funding in Asia and Africa. Representatives of CIFG member states and independent experts shared information about current sources and methods of ISIS funding, presented selected cases conducted against ISIS to show, among others, how coordinated actions and information exchange between states and with the private sector, including non-profit organisations, effectively strengthen actions against ISIS (law enforcement investigations, possibilities and effects of the application of targeted financial sanctions). In particular, the presented cases concerned the disclosure and disruption of ISIS transactions conducted outside the formal financial system, including through the hawala system and cash couriers, using the non-profit sector and using virtual assets and mobile payment systems.

The CIFG meeting also sought to engage more closely with countries vulnerable to exploitation by individuals and entities providing ISIS with funds, to strengthen those countries' ability to

investigate, apply financial sanctions against ISIS-affiliated individuals, and take other actions against ISIS funding, as well as to support jurisdictions with deficiencies in their AML/CFT systems in striving to ensure compliance with international FATF standards in this area (in particular in the area of supervision over informal cash transfer channels, virtual asset service providers, entities trading in precious metals, and vulnerable non-profit organisations).

## **7.9. BILLATERAL COOPERATION**

### **7.9.1. BASIS OF INFORMATION EXCHANGE WITH FOREIGN FIUs**

Memoranda of understanding on the exchange of information in the area of combating money laundering and financing of terrorism, and cooperation undertaken thereunder, correspond to the provisions of *Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, of 16 May 2005*, i.e. the Warsaw Convention (CETS 198), as well as standards developed in this area by the Egmont Group. The scope of the information received and made available, particularly additional information, depends each time on the scope of the inquiry and compliance with the fundamental provisions of the national law.

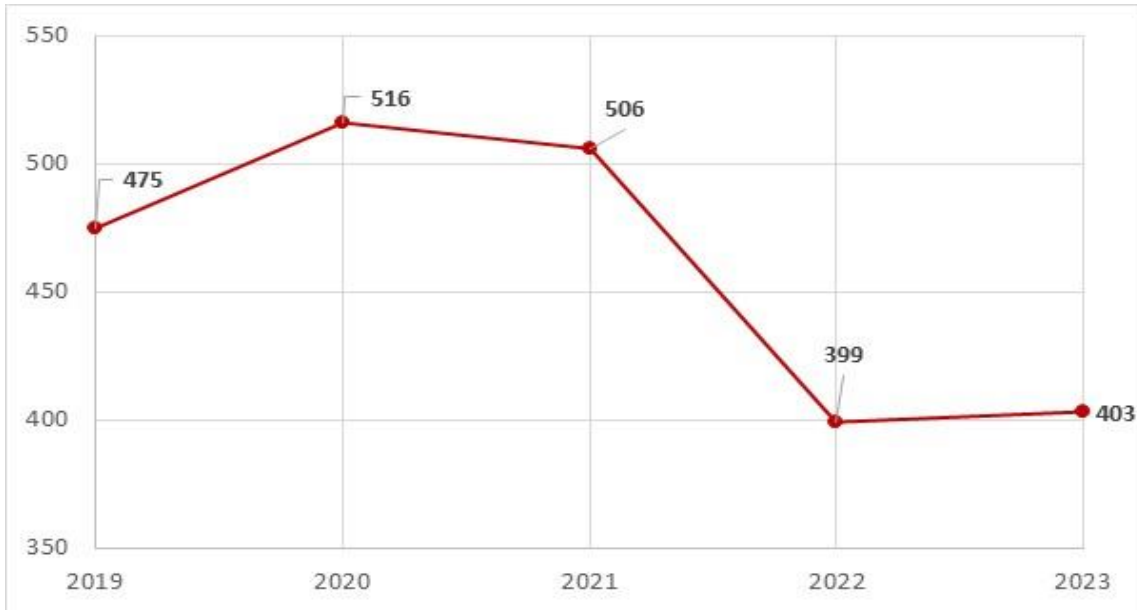
In the current legal situation, the GIFl's cooperation in the exchange of financial information related to counteracting money laundering and financing of terrorism with EU countries is regulated by Article 111(1) of the *AML/CFT Act*. Pursuant to Article 111(2) of the *AML/CFT Act*, the GIFl makes its financial information available to FIUs from non-EU countries on a reciprocal basis, and the exchange of information under the Warsaw Convention is regulated by Article 111(3) of the *AML/CFT Act*. Thus, in 2023, the GIFl did not sign any further memoranda of understanding on the exchange of information on counteracting money laundering and financing of terrorism.

### **7.9.2 EXCHANGE OF INFORMATION WITH FOREIGN FINANCIAL INTELLIGENCE UNITS**

#### **Requests and information received by the GIFl from its foreign partners**

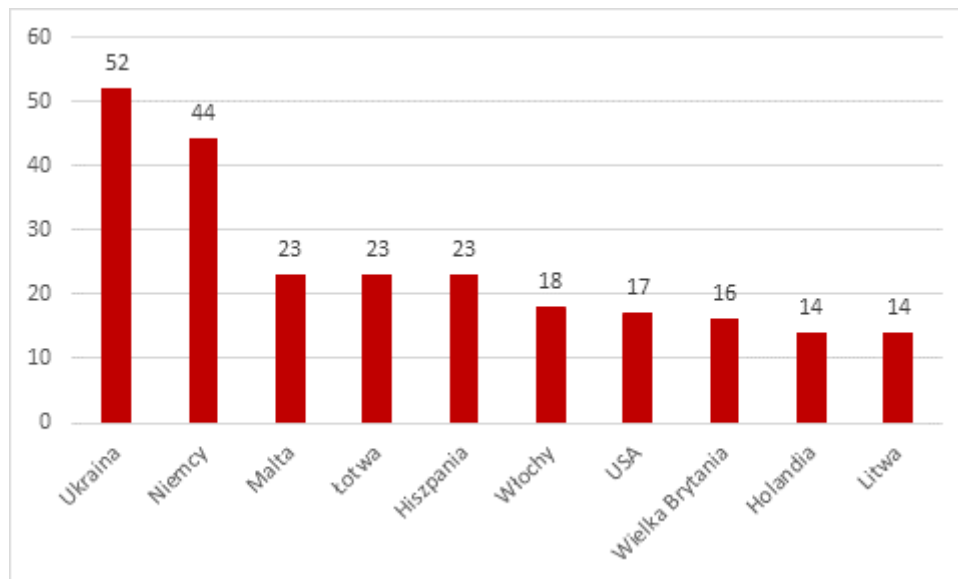
In 2023, the GIFl received 403 requests from foreign FIUs that concerned a total of 1,770 entities, which means a slight increase in the number of inquiries compared to the previous year. The GIFl responded to all requests.

*Chart 18. Inquiries from foreign FIUs in 2019-2023*



Approximately 66% of the inquiries came from the FIUs of the EU Member States. The GIFI received the greatest number of inquiries from the FIUs in Germany, Latvia and Malta. As for FIUs from non-EU countries, the largest number of requests for information were submitted to the GIFI by Ukraine, the USA and the United Kingdom.

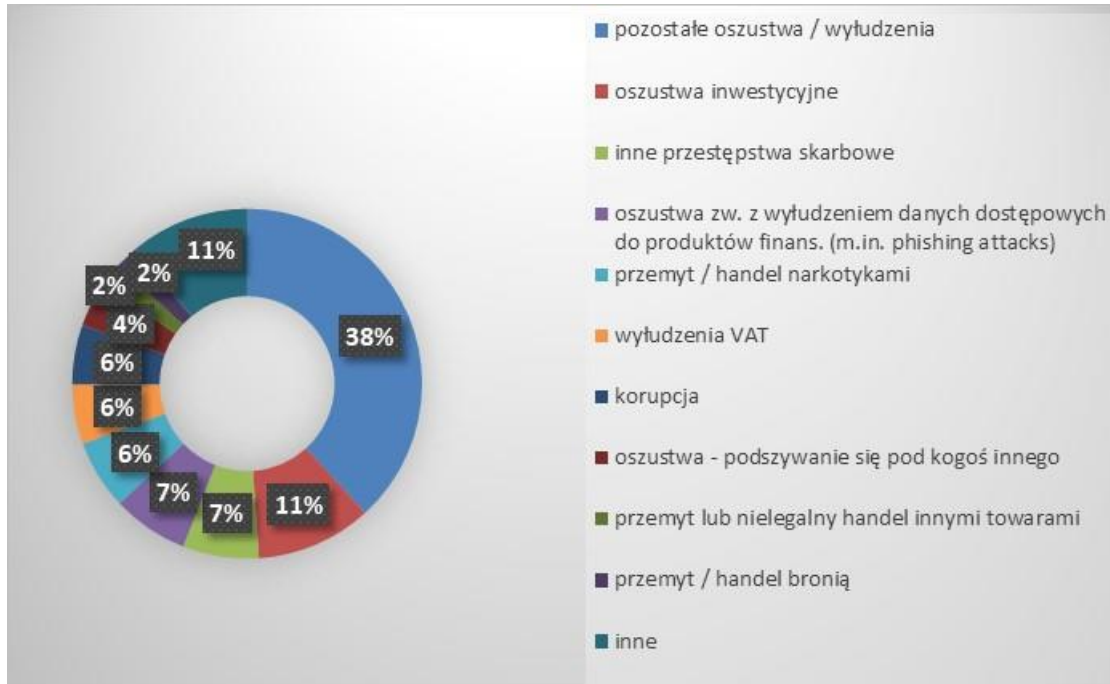
Chart 19. Top 10 countries from which foreign FIUs sent the largest numbers of inquiries in 2023



Ukraine Germany Malta Latvia Spain Italy USA UK The Netherlands Lithuania

Seven requests related to possible financing of terrorism. In 69 requests, information related to possible money laundering was indicated, without specifying the possible predicate offence. In the other cases, potential fraud or fiscal offences were most often indicated as the predicate offence. Requests concerning entities suspected of, among others, drug smuggling, arms trafficking and corruption were also received.

Chart 20. List of the most common predicate offences for money laundering indicated in the requests sent by foreign FIUs in 2023



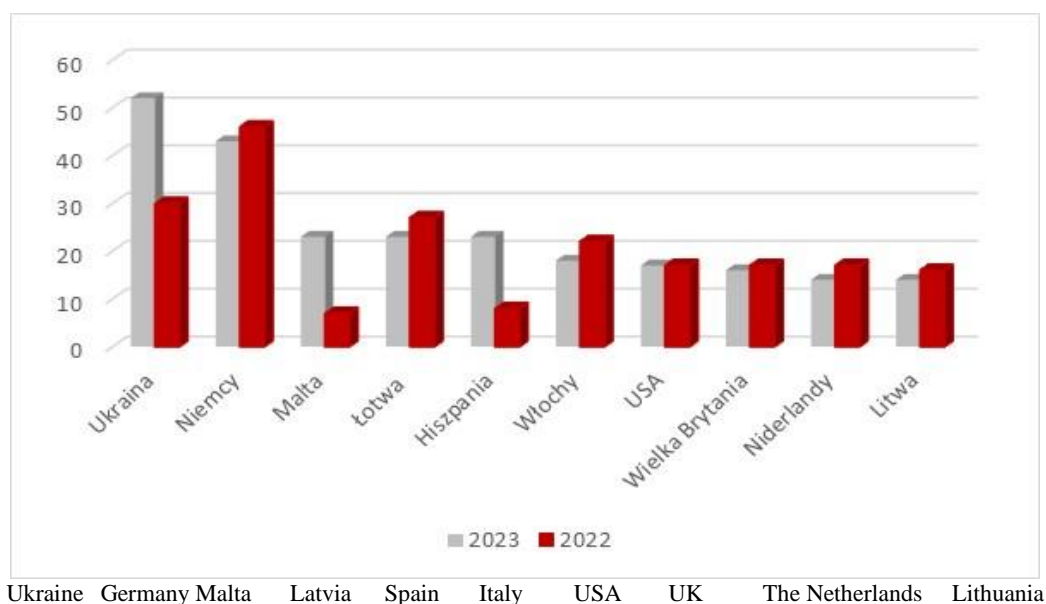
other fraud
investment fraud
other fiscal offences
fraud related to obtaining by deceit data enabling access to financial products (including phishing attacks)
drug smuggling/trafficking
VAT fraud
Corruption
deceit – impersonating another person
smuggling of or trafficking in other goods
arms smuggling/trafficking
other

In 2023, the GIFI also received 4 requests from EUROPOL concerning a total of 72 entities. Information exchange with EUROPOL is conducted under Article 115 of the *AML/CFT Act*.

In 2023, an intensification of cooperation with the Ukrainian partner compared to the previous year (52 inquiries in 2023 compared to 30 inquiries in 2022) was recorded. There also an increase in the numbers of requests from the Maltese and Spanish FIUs. However, the numbers of requests from the French and Slovak FIUs decreased significantly.



Chart 21. Top 10 countries from which foreign FIUs sent the largest numbers of inquiries in 2023 compared to 2022



Due to the effective exchange of information between the GIFI and foreign FIUs, the GIFI often facilitates the establishment of cooperation between domestic and foreign law enforcement agencies.

Besides requests, foreign FIUs provide the GIFI also with foreign information on Polish entities or assets transferred to/from the territory of Poland. This information concerned unusual transactions or possible predicate offences, or was derived from analyses showing a possible connection of the described transactions with money laundering or financing of terrorism. In 2023, the GIFI received a total of 26,482 such pieces of information, almost twice less than in 2022 (46,675).

Such information can be divided into the following categories:

- spontaneous information provided to the GIFI as a result of an operational or strategic analysis performed by another FIU – 339;
- cross-border reports on notifications of suspicious transactions reported by foreign counterparts of obligated institutions in other Member States and submitted to the GIFI in accordance with Article 53(1) and (3) of Directive 2015/849<sup>57</sup>;
- other information provided by foreign FIUs or institutions and international organisations dealing with counteracting money laundering or financing of terrorism – 37.

Chart 22. Foreign information provided by other FIUs in 2019-2023

<sup>57</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC

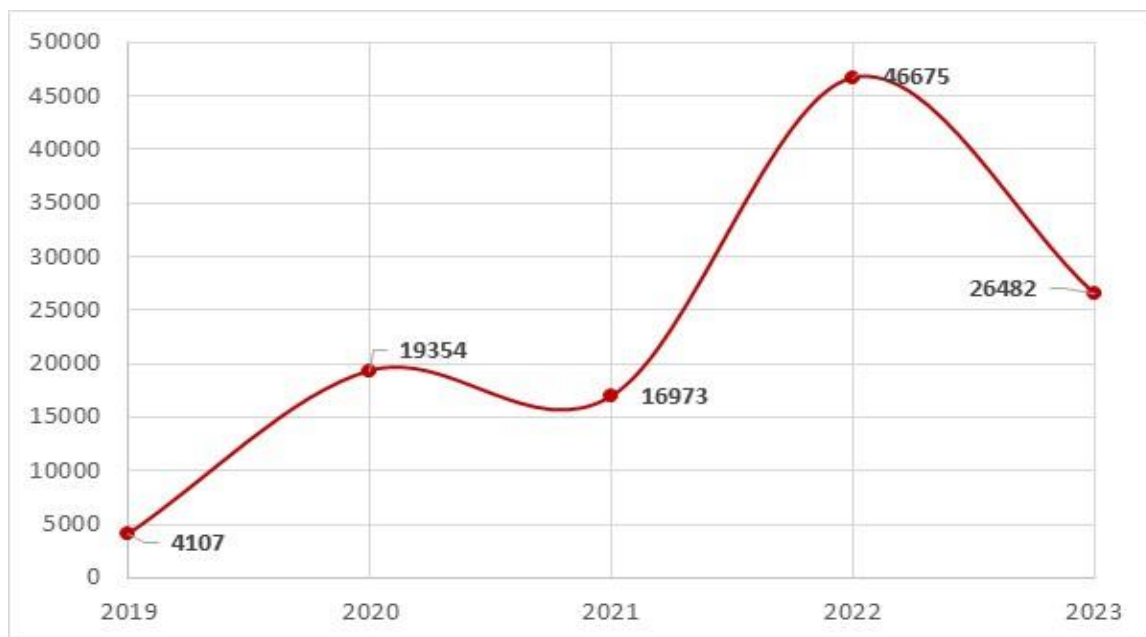
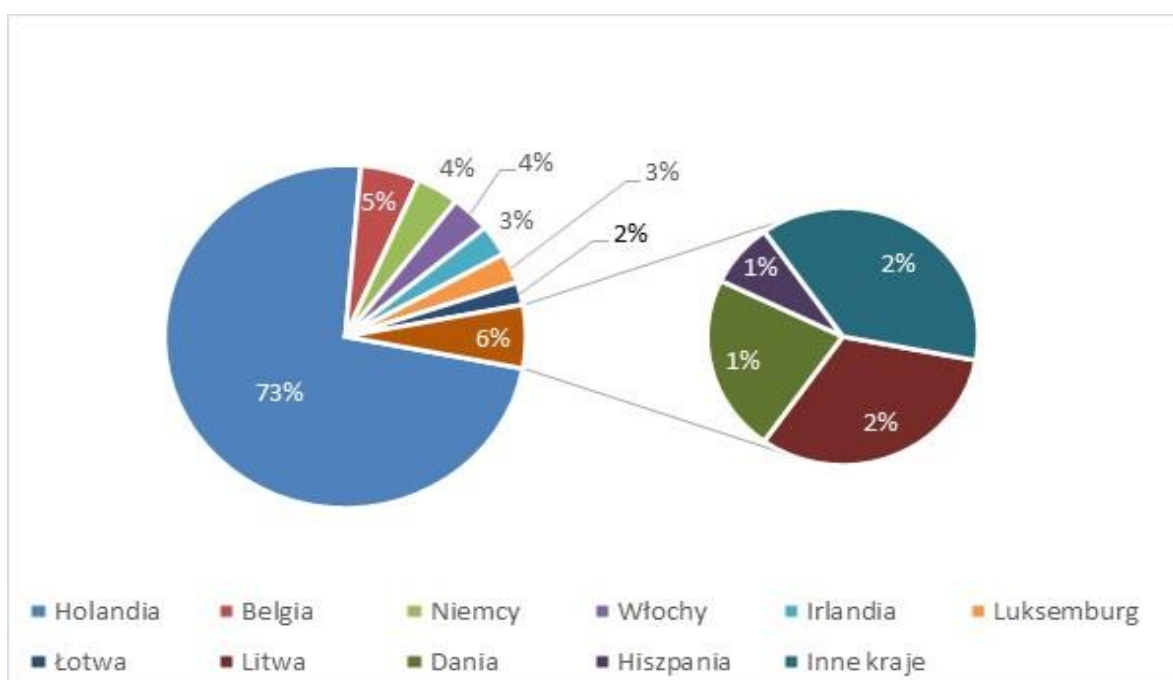


Chart 23. Countries from which foreign FIUs sent the greatest volume of foreign information in 2023



The Netherlands	Belgium	Germany	Italy	Ireland	Luxembourg
Latvia	Lithuania	Denmark	Spain	Other countries	

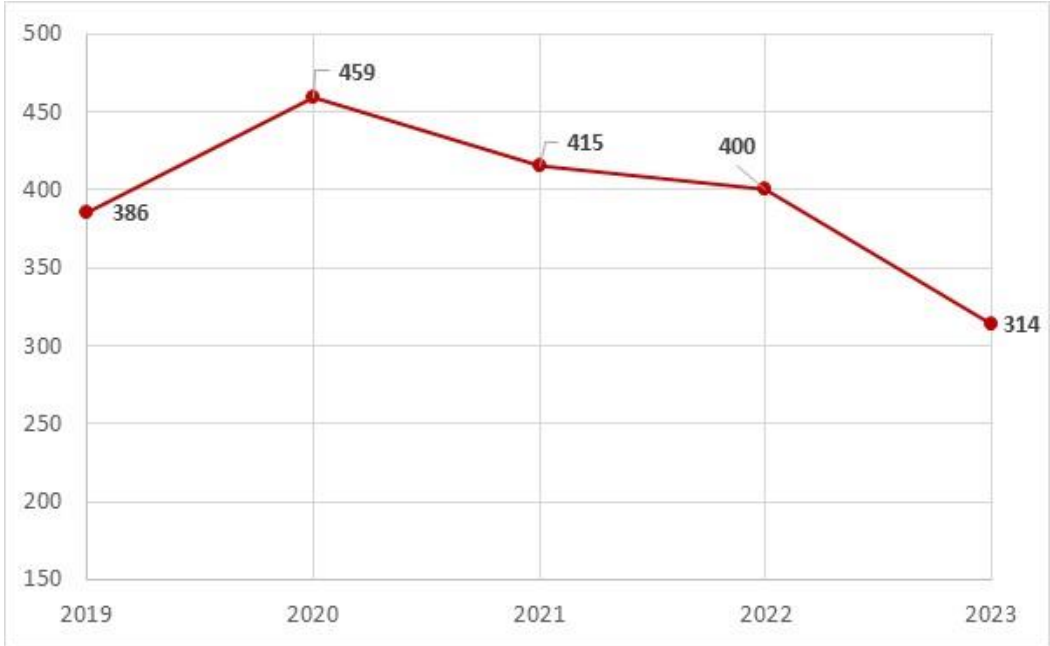
The discussed decrease in foreign information was once again a derivative of the number of cross-border reports received from the Netherlands, whose number decrease from 39,800 to 19,438. Cross-border reports from the Netherlands, accounting for over 73% of all foreign information, relate to unusual transactions (hence they are called unusual transaction reports) that are possibly related to Poland. Provided information usually covers single transactions, which results in a large number of received reports. The Dutch FIU has attempted to consolidate reported data regarding the same entities into fewer reports.

Based on foreign information received from foreign partners, a total of 88 notifications addressed to cooperating units were prepared in 2023, most often to the Police, the Internal Security Agency and the National Revenue Administration. Information received from foreign partners is also included in other notices and notifications addressed to cooperating units, drawn up based on the findings of analytical proceedings.

**Requests and information provided by the GIFI to its foreign partners**

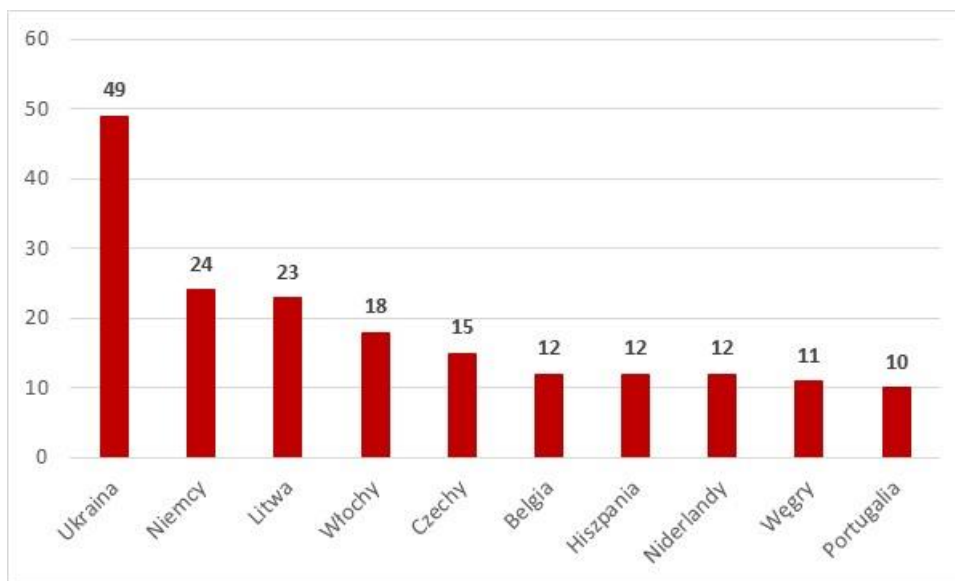
In 2023, the GIFI sent a total of 314 requests for information on 762 entities, most of which (70%) of which were addressed to EU Member States. The number of the requests was lower by approx. 21% compared to the previous year.

*Chart 24. Inquiries sent by the GIFI to foreign FIUs in 2019-2023*



In connection with the conducted analytical cases, the GIFI cooperated most often with the FIUs from Ukraine, Germany and Lithuania. Information obtained from abroad is used primarily to verify whether entities involved in transactions that obligated institutions and cooperating units find suspicious are known to the FIU in connection with suspected money laundering, financing of terrorism or involvement in other criminal activities. The GIFI also receives data and information on financial flows, which makes it possible to determine the source of funds transferred to Poland or the further path of cash flows.

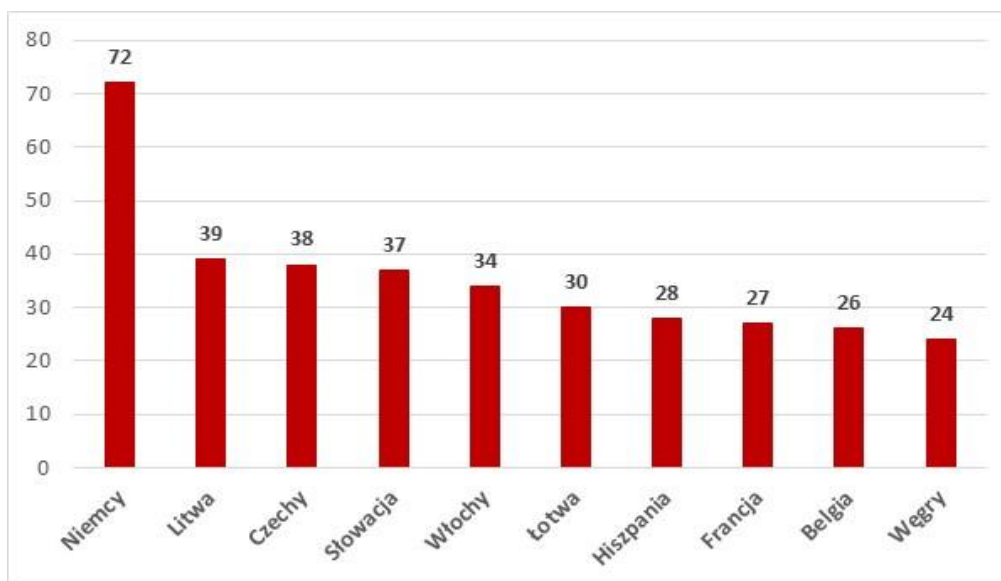
*Chart 25. Top 10 countries – foreign FIUs to which the GIFI sent the largest numbers of inquiries in 2023*



Ukraine Germany Lithuania Italy Czech Republic Belgium Spain The Netherlands Hungary Portugal

In 2023, the GIFI, acting under Article 112(3) of the *AML/CFT Act*, drew up for foreign EU FIUs a total of 588 reports on notifications concerning other Member States, which means a 10% decrease compared to 2022. The reports included information on at least 2,000 entities.

*Chart 26. Top 10 countries – foreign FIUs for which the GIFI drew up the largest numbers of notifications under Article 112(3) of the AML/CFT Act in 2023*



Germany Lithuania Czech Republic Slovakia Italy Latvia Spain France Belgium Hungary

Besides the cross-border reports, 16 spontaneous reports concerning a total of 29 entities and including the findings of analytical proceedings carried out by the GIFI were also provided to foreign partners. The greatest number of them (3) were provided to the UK FIU.

## **7.10. OTHER INTERNATIONAL INITIATIVES**

### **7.10.1 STRENGTHENING THE RISK ASSESSMENT MECHANISMS AND THE AML/CFT STRATEGIC ANALYSIS FUNCTION OF THE POLISH FINANCIAL INTELLIGENCE UNIT**

Since 2022, the “Strengthening the Risk Assessment Mechanisms and the AML-CFT Strategic Analysis Function of the Polish Financial Intelligence Unit” project has been funded by the European Commission and co-funded and implemented in Poland by the Council of Europe. Its purpose is, among others, to support Polish authorities in the implementation of the recommendations from the MONEYVAL evaluation of the Polish AML/CFT system to make it compliant with the FATF standards, and in the implementation of EU regulations in this field.

The project implementation provides for the accomplishment of 7 results outputs. In 2023, the following actions were implemented as part of each output:

Output 1: “Revised methodology for future national ML/TF risk assessments”:

- on 8 and 14 March 2023, working meetings were held with the participation of Council of Europe experts, during which the current methodology for preparing the national ML/TF risk assessment was reviewed and recommendations for its improvement were presented to the competent authorities.

Output 2: “Mapping data available for the national ML/TF risk assessment to identify gaps and provide recommendations to address identified deficiencies”:

- on 17 March 2023, the “Ensuring comprehensive data mapping for the implementation of the national ML/TF risk assessment process” workshop was held in Warsaw. Besides representatives of the GIFI and experts from the Council of Europe, the meeting was attended also by representatives of the National Revenue Administration, Ministry of Justice, Border Guard, National Bank of Poland, Central Anti-Corruption Bureau, Central Investigation Bureau of the Police, Internal Security Agency, Office of the Polish Financial Supervision Authority and the Military Counter-Intelligence Service.

Output 3: “Updated national ML/TF Risk assessment”:

- on 16 March 2023, the “Good practice and challenges in implementing national ML/TF risk assessments – Support for the review of the Polish National ML/TF Risk Assessment” workshop was held. The meeting was attended by experts from the Council of Europe and representatives of the GIFI and cooperating units.

Output 4 “Sectoral ML/TF risk assessments to complement the NRA, among others, in the area of virtual assets (VA) and virtual asset service providers (VASP)”:

- on 6 April 2023, an online workshop on the analysis and assessment of sectoral risks related to virtual assets and virtual asset service providers was held.

Output 5: “Guide on strengthening the strategic analysis function in the Polish FIU”:

- on 5 September 2023, an online working meeting with experts from the Council of Europe was held to review the operation of the strategic analysis in the Polish FIU.

Output 6: “Advice on improving mechanisms for information exchange between the FIU and other competent authorities, including law enforcement agencies (LEAs), as well as on the implementation of electronic suspicious activity reporting (eSAR) within the national financial regulation and supervision system”:

- cooperation between the FIU and supervisory authorities in the field of ML/TF and good practice in other countries in this area was reviewed.

Output 7: “Strengthening the capacities of the FIU through workshops aimed to exchange experiences with the FIUs of other Member States”:

- on 29-30 June 2023, representatives of the GIFI took part in the Council of Europe workshop “Implementing Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) risk-based supervision of virtual assets service providers: good practices and lessons learnt” held in Lisbon ;
- on 16-17 November 2023, a representative of the GIFI participated in “Roundtable on the Council of Europe money laundering and terrorist financing (ML/TF) national and sectoral risk assessment methodologies”. The meeting concerned the methodological support of the Council of Europe in conducting national and sectoral ML/TF risk assessments, practical implementation of the NRA, current trends in national and sectoral risk assessment, ML/TF risk assessment in the virtual asset service provider (VASP) sector, assessment of TF risks in the non-profit sector, assessment of cross-border ML/TF threats in high risk areas, cross-border risks and undetected crime. The meeting was also attended by representatives of the Council of Europe as well as Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, the Czech Republic, Kazakhstan, Kyrgyzstan, Kosovo, Macedonia, Romania, Serbia, Slovakia and Türkiye;
- on 23-24 November 2023, a study visit of the Estonian FIU took place in Poland. Its representatives were provided with information about Polish experiences and practices in the field of strategic analysis, national risk assessment (methodology for preparing the NRA and national cooperation in this area), data modelling, analytical tools, as well as SAR and STR prioritisation.

Events were also held as part of which activities related to several project outputs were carried out at the same time, including:

- on 11-13 December 2023, at the Ministry of Finance, experts from the French FIU (Tracfin) and the National Bank of France conducted a workshop for the Polish beneficiaries of the project, regarding: ML/TF risk assessment methodology, development of AML/CFT supervisory strategies, standardisation of eSAR schemes with respect to AML/CFT and e-commerce, harmonisation of and expressing prior consent for the exchange of information between foreign FIUs, methodology for sanction regulations with respect to on-site inspections, standardisation of control methods in EU Member States, and strategic analysis of VASP. Besides the representatives of the GIFI, the meeting was also attended by representatives of the National Bank of Poland, Polish Financial Supervision Authority, Central Investigation Bureau of the Police, Internal Security Agency, Ministry of Justice and the Central Anti-Corruption Bureau;

- on 16-19 October 2023, a workshop was held in Warsaw, regarding:
  - implementation of electronic suspicious activity reporting – eSAR within the national financial regulation and supervision system: during this part of the meeting, the current status of work on eSAR was presented and potential challenges and opportunities related to its use were discussed;
  - current procedures and framework for information exchange between the FIU and other competent bodies: during the meeting, current regulations regarding the exchange of information between the FIU and cooperating units were reviewed and recommendations to improve the information exchange system were discussed;
  - practical issues related to strategic analysis: during this part of the meeting, representatives of the competent authorities discussed the principles of critical thinking in strategic analysis, trends and typologies in the analytical process, as well as methods of reporting and disseminating strategic analysis products. A representative of the Italian administration presented examples of good practice in this area in Italy.

Online meetings of the Project Advisory Group (PAG) including representatives of the GIFI, cooperating units (Ministry of Justice, National Public Prosecutor’s Office, Internal Security Agency, Office of the Polish Financial Supervision Authority, Police Headquarters, Central Investigation Bureau of the Police, Border Guard and the National Public Prosecutor’s Office) as well as the European Commission and the Council of Europe were also held. During the meetings, the progress in the project implementation was reviewed and further activities were planned.

### **7.10.2 AML/CFT IMPLEMENTATION REVIEW OF POLAND BY EBA**

On 16-20 January 2023, an evaluation visit took place in Poland as part of the AML/CFT Implementation Review of Poland by EBA. On 24-25 January 2023, additional online meetings with the evaluators were held. The review covered the period from 1 January 2020 to 1 February 2023. It was carried out by experts from the European Banking Authority (EBA) with the support of AML/CFT experts from the competent authorities of EU Member States (evaluation team). The review was to identify those areas of the Polish AML/CFT supervision system that require improvement and to support activities undertaken by particular authorities by proposing possible preventive or corrective measures.

The AML/CFT review included, in particular, the examination of:

- adequacy of AML/CFT resources,
- availability of AML/CFT supervisory guidelines,
- level of AML/CFT supervision,
- compliance with the AML/CFT guidelines of the European Supervisory Authorities (ESAs), ESAs guidelines on qualifying holdings, EBA guidelines on liability assessment,
- the level of cooperation with other competent authorities at home and abroad.

The following competent national institutions took part in the evaluation: the GIFI, Office of the Polish Financial Supervision Authority, National Revenue Administration, National Association of Cooperative Savings and Credit Union and the Polish Bank Association.

The review report contains the findings of the process and a set of priority recommendations to be implemented by the GIFI and other competent institutions.

Reviews of EU Member States' supervisory practices aim to ensure effective and consistent supervisory practices and the consistent and effective application of European Union law (in accordance with Article 1(5), Article 8(1)(b) and (e) and Article 29(1) and (2) of *Regulation 1093/2010*). Information summarising these reviews is published by the EBA in EBA Reports on Competent Authorities' Approaches to the Anti-Money Laundering and Countering the Financing of Terrorism Supervision of Banks.

### **7.10.3 OVERVIEW OF THE GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES OF THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT**

The GIFI participated in the second round of the evaluation review of Poland in terms of assessing the implementation of the standard of exchange of information on request (EOIR). Activities in the aforementioned area are monitored within the framework of the system of peer reviews of member states, implemented by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

The second round of OECD peer reviews took into account strengthened standards regarding the availability of information on beneficial owners (as defined in the FATF Recommendations), including access to this information by tax authorities, therefore the review included, among others, issues relating to beneficial owners and the Register of Beneficial Owners.

Representatives of the GIFI participated in activities coordinated by the Ministry of Finance: prepared responses to the questionnaire, participated in a meeting with OECD experts, answered additional questions, and provided opinions on the draft Peer Review Report on the Exchange of Information on Request Poland 2023 (Second Round, Combined Review), that, after its approval on 3 November 2023, was published on the OECD website.

In this report, Poland was assessed as largely compliant with the OECD standards regarding the exchange of tax information on request.

The next step as part of the review will be the implementation of the recommendations indicated in the OECD report, among others, as regards the availability of accounting, banking, ownership and identity information, access to information requested under an information exchange agreement or regarding the rights and safeguards of taxpayers and third parties.

### **7.10.4 REVIEW OF THE IMPLEMENTATION OF THE PROVISIONS OF THE UNITED NATIONS CONVENTION AGAINST CORRUPTION (UNCAC)**

The GIFI participated in the second cycle of the review of the implementation of the provisions of the United Nations Convention against Corruption (UNCAC) by Poland<sup>58</sup>. As part of the review, Poland was assessed in terms of the implementation of the provisions of Chapters II

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<sup>58</sup> Journal of Laws of 2007 No. 84, item 563, United Nations Convention against Corruption



and V (Articles 5-14 and 51-59) of the UNCAC on counteracting corruption and the recovery of corruption proceeds. The review process was coordinated by the Ministry of Justice.

As part of the second cycle of the review, on 21-23 March 2023, representatives of the GIFI participated in meetings with the Assessment Team including representatives of Togo, Hungary and the UNODC Secretariat. The discussion with the Review Team was based, among others, on the Draft Country Review Report, prepared in previous years based on the UNCAC self-assessment checklist. The meetings were aimed at providing members of the Review Team with detailed information on the law and practice related to counteracting corruption and recovering proceeds from this crime. The visit led to the development of the final version of the report assessing the implementation of the Convention provisions by Poland. The Secretariat of the United Nations Office on Crime and Drugs (UNODC) has also prepared a summary of the report, including information on good practice in counteracting corruption in Poland identified by the Team, as well as the Team's recommendations for further work to fully align national regulations with the provisions of the Convention. In August 2023, the GIFI provided the Ministry of Justice with information on activities related to the implementation of the provisions of the Convention, carried out within its remit.

#### **7.10.5. SELECTION OF THE SEAT OF THE ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM AUTHORITY**

The GIFI and its representatives actively participated in the preparations for the selection of the seat of the Anti-Money Laundering/Countering the Financing of Terrorism Authority (AMLA).

Arrangements regarding this selection took place (as agreed at the technical meeting of the European Commission and the European Parliament on 9 June 2023) along a separate path, apart from the trilogues on the draft Regulation establishing the European Anti-Money Laundering/Countering the Financing of Terrorism Authority (AMLAR). After selecting the location of the AMLA's seat, the name of the selected city will be included in the legislative text of the AMLAR.

The criteria for selecting the AMLA's seat were developed during the Swedish Presidency of the Council of the European Union, at a political meeting with the European Parliament on 28 June 2023. The GIFI provided opinions on the proposed criteria at the stage of their arrangement. The following five criteria were ultimately adopted: geographical balance, access to the labour market, existence of adequate education facilities for the children of the AMLA's staff, accessibility of the location as well as the date on which AMLA can become operational on site after the entry into force of the AMLAR. It was also agreed that the location of AMLA's seat should ensure the high quality and reputation of the national AML/CFT framework, training opportunities for AML/CFT activities, opportunities to recruit highly qualified and specialised staff, and allow for close cooperation with European Union institutions, bodies and agencies. The call for applications to host the AMLA was sent to Member States on 28 September 2023, with the deadline for submitting applications falling on 10 November 2023. The following Member States responded to the call for applications: Austria (Vienna), Belgium (Brussels), France (Paris), Spain (Madrid), Ireland (Dublin), Lithuania (Vilnius), Latvia (Riga), Germany (Frankfurt) and Italy (Rome). All submitted applications and their assessments were made publicly available.

In 2023, meetings and talks with representatives of some countries that had submitted their applications to host the AMLA (Austria, Ireland, Lithuania, Germany, Italy), regarding their candidacies, were held at the Ministry of Finance with the participation of GIFI and its representatives.

### **7.10.6 COOPERATION WITH THE UN ACADEMY UNDER THE FAST INITIATIVE**

Cooperation with the United Nations University and the Lichtenstein Initiative – Finance Against Slavery and Trafficking (FAST), initiated at the end of April 2022 with a roundtable meeting on the risks related to human smuggling, modern slavery, as well as related threats to the financial sector, was continued in 2023. Work under the project consisted in sharing expert knowledge and involved the preparation (on the ECOFEL e-learning platform) of a training programme dedicated to human trafficking and modern slavery. In July 2023, the online training tool was officially launched on the ECOFEL e-learning platform. Besides a representative of the GIFI, representatives of FIUs from Egypt, India, Cayman Islands, Canada, Congo, Moldova, South Africa and the UK also took part in the work of the project group.

The project aimed to:

- ensure that FIUs will be able to better contribute to understanding the risks associated with human trafficking and modern slavery; provide FIUs with the tools necessary to better detect and analyse financial information related to the aforementioned phenomena; develop and disseminate specific red flags, case studies and typologies, as well as to support public-private cooperation in this area;
- carry out joint actions for cross-border exchange of financial information, cooperation with other national bodies (including, for example, customs agencies in the context of the ban on the import of goods produced using forced labour), and to increase the effectiveness of financial sanctions aimed at individuals profiting from trafficking in human beings and those who help such individuals.

Moreover, in the second half of 2023, a representative of the GIFI took part in an online meeting regarding the Asset Recovery and Restitution Initiative (ARRI), followed by an interview for the United Nations University regarding, among others, financial inclusion and counteracting trafficking in human beings. The conclusions of the conversation were included in the “The Asset Recovery and Restitution”<sup>59</sup> report published by UN University – Centre for Policy Research at the end of November 2023.

### **7.10.7 ANNUAL CONFERENCE ON COUNTERING THE FINANCING OF TERRORISM**

On 2-3 October 2023, representatives of the GIFI took part in a conference organised by the European Commission as part of the work of the investigation network dedicated to counteracting terrorism financing, established in 2022.

During the meeting, threats related to the financing of terrorism were presented from the EU and international perspective. Threats related to specific areas, such as Afghanistan or the Sahel,

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<sup>59</sup> [https://collections.unu.edu/eserv/UNU:9308/asset\\_recovery\\_and\\_restitution.pdf](https://collections.unu.edu/eserv/UNU:9308/asset_recovery_and_restitution.pdf)

were also presented. The participants also had the opportunity to take part in workshop sessions where, in smaller groups, issues related to cryptocurrencies, OSINT, crowdfunding and non-profit organisations, as well as informal banking systems and the financing of far-right terrorism were discussed.

#### **7.10.8 STUDY VISIT TO LITHUANIA DEDICATED TO THE APPLICATION OF SANCTION REGULATIONS TO INDIVIDUALS SUSPECTED OF LINKS WITH TERRORISM**

On 16 November 2023, representatives of the GIFI participated in a study visit to Lithuania. The visit took place at the request of the Lithuanian FIU. Representatives of the GIFI and representatives of bodies carrying out tasks in the area of implementation and application of sanctions against persons suspected of links with terrorism discussed Polish experiences in developing and implementing regulations regarding the application of sanctions against persons suspected of links with terrorism in a way that allows for ensuring their compliance with the FATF standards (in particular experiences related to entering suspected persons on the sanctions list, cooperation within the Financial Security Committee in this regard, and the obligation to immediately apply sanctions against persons and entities included on UN sanctions lists).

#### **7.10.9 STUDY VISIT OF THE LITHUANIAN FIU TO POLAND**

On 5 October 2023, representatives of the Lithuanian FIU visited Poland. During the meeting, experts from the Polish and Lithuanian FIUs shared experiences regarding challenges related to the Fintech sector, supervision over obligated institutions, prioritisation of analytical cases, IT tools used in case analyses, and the approach to strategic analyses. The assumptions regarding the preparations of both countries for the next round of mutual evaluations by MONEYVAL experts, including some actions taken to implement the experts' recommendations from the 4<sup>th</sup> round of evaluation, were also discussed.

The Lithuanian FIU was represented at the meeting by members of its management and employees of departments responsible for compliance and supervision over obligated institutions and departments conducting case analyses.

### **7.11 INTERNATIONAL COOPERATION IN THE AREA OF AML/CFT SUPERVISION AND CONTROL**

#### **7.11.1 COOPERATION WITH THE EUROPEAN BANKING AUTHORITY (EBA)**

Since 2020, pursuant to Article 9a(7) of *Regulation (EU) No 1093/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Banking Supervision Authority – hereinafter referred to as “EBA”), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC* (OJ L 331, 15.12.2010, p. 12, as amended), hereinafter referred to as Regulation 1093/2010, a Standing Committee on Anti-

Money Laundering and Countering Terrorist Financing (“AMLSC”)<sup>60</sup> has been operating at the EBA. Its main task is to coordinate activities aimed at preventing the use of the financial system for money laundering or financing of terrorism and counteracting such use. The AMLSC also prepares, in accordance with the provisions of *Directive 2015/849* and *Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006* (hereinafter referred to as Regulation 2015/847, OJ L 141, 5.06.2010, pp. 1-18), all draft decisions adopted in this respect by the EBA.

In 2023, representatives of the GIFI actively participated in the meetings of the AMLSC and together with representatives of the Office of the Polish Financial Supervision Authority (UKNF) and the National Bank of Poland (NBP) represented Poland in the Committee. Both authorities cooperate with each other on an ongoing basis other as part of the analysis of materials prepared for the meetings. In 2023, five meetings of the AMLSC were held. During the meetings, topics related to, among others, work carried out by the Committee, including the preparation of draft EBA guidelines, were discussed. The outputs of the work of the competent national authorities in the AML/CFT area, within the AMLSC, include the publications of EBA AML/CFT guidelines addressed to obligated institutions and competent authorities. Discussions on current AML/CFT events (e.g. issues related to cryptocurrencies or international sanctions) were also undertaken at the meetings. Moreover, at the Committee’s meetings, the reports and opinions of the EBA prepared by its working groups (which may include representatives of the European Supervisory Authorities (ESAs), as well as experts from competent national authorities) were put to the vote. In 2023, the EBA also maintained ongoing contact with representatives of EU Member States in order to exchange information and collect additional information from competent national bodies, among others, by sending questionnaires (regarding, for example, the regulation of AML/CFT issues in national law – such data and information is to help in the implementation of tasks imposed on the EBA) to representatives of the above-mentioned bodies.

### AML/CFT colleges

In 2023, Poland continued cooperation with other competent national authorities in the area of AML/CFT as part of Joint Guidelines JC/GL/2019/81 of 16 December 2019 on cooperation and information exchange for the purpose of Directive (EU) 2015/849 between competent authorities supervising credit and financial institutions (The AML/CFT Colleges Guidelines)<sup>61</sup> published by the EBA. In 2023, representatives of the GIFI participated in seven meetings of the AML/CFT colleges, in which the GIFI’s participation was substantiated by its role of the FIU and that of the authority controlling obligated institutions. During the meetings, topics related to AML/CFT supervision of entities to which the colleges relate were discussed and

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<sup>60</sup> In accordance with Regulation 1093/2010, the AMLSC is composed of high-level representatives of authorities and bodies from all Member States competent for ensuring compliance by financial sector entities with *Regulation 2015/847* and *Directive 2015/849*, representatives of the EBA, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority. In addition, the Commission, the European Systemic Risk Board and the Supervisory Board of the European Central Bank shall each appoint one high-level representative to attend the meetings of the AMLSC as observers.

<sup>61</sup> <https://www.eba.europa.eu/regulation-and-policy/anti-money-laundering-and-e-money/jc-guidelines-on-cooperation-and-information-exchange-for-aml/cft-supervision-purposes>

information was exchanged between the competent authorities being members of the AML/CFT college.

#### **Provision of information on administrative sanctions by the GIFI to the EBA**

Pursuant to Article 60 of *Directive (EU) 2015/849*, Member States “shall ensure that a decision imposing an administrative sanction or measure for breach of the national provisions transposing this Directive against which there is no appeal shall be published by the competent authorities on their official website immediately after the person sanctioned is informed of that decision”.

Pursuant to Article 62(1) of *Directive (EU) 2015/849*, Member States shall ensure that their competent authorities inform the European Supervisory Authorities (i.e. EBA, ESMA, EIOPA) of all administrative sanctions and measures imposed in accordance with Article 58 and Article 59 of the Directive on credit or financial institutions, including any appeal in relation thereto and the outcome thereof.

Pursuant to Article 152(7) of the *AML/CFT Act*, information on imposing an administrative sanction on obligated institutions shall be submitted to the European Supervision Authorities. In accordance with the above-mentioned legal regulations, the GIFI shall provide, on an ongoing basis, information on administrative sanctions via eGATE and EuReCa platforms operated by the EBA.

In 2023, the GIFI submitted reports on administrative sanctions imposed by the GIFI, Minister of Finance, President of the National Bank of Poland and the Polish Financial Supervision Authority via eGATE – 24 pieces of information, and via EuReCA – 1 piece of information.

#### **7.11.2 COOPERATION WITH COMPETENT SUPERVISORY AUTHORITIES IN PARTICULAR COUNTRIES**

In 2023, pursuant to Article 50a of *Directive (EU) 2018/843*, an AML/CFT supervisory authority of an EU Member States requested the GIFI for information regarding AML/CFT. Acting pursuant to Article 116 of the *AML/CFT Act*, the GIFI provided a response as part of cooperation with the competent supervisory authority of the EU Member State concerned.

In 2023, no requests from foreign FIUs were submitted to the GIFI pursuant to Article 50a of *Directive 2018/843*, to provide such unit with information on the control and analysis of the ML/TF risk.

In 2023, the GIFI shared on its own initiative with AML/CFT supervisory authorities of EU Member States one piece of information on EU financial institutions operating on a cross-border basis.

Acting pursuant to Article 115a of the *AML/CFT Act*, the GIFI submitted, as part of cooperation with the competent supervisory authorities of an EU Member State, inquiries regarding three obligated institutions.

## 8. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES

Pursuant to the AML/CFT Act, obligated institutions are required to apply specific financial restrictive measures with respect to persons and entities entered on the sanctions lists published on the GIFI website.

In 2023, the GIFI informed obligated institutions and cooperating units about the rules for applying special restrictive measures as part of the training series organised in connection with the implementation of activities provided for in the AML/CFT Strategy.

On 26 September 2023, the GIFI, for the first time ever, made decisions regarding entering persons suspected of having links with terrorism or its financing on the list referred to in Article 120(1)(2) of the *AML/CFT Act* (national sanctions list). Two decisions of the GIFI and the above-mentioned list were published on the GIFI website.<sup>62</sup> The publication of the list by the GIFI imposes a legal obligation on obligated institutions to apply special restrictive measures, consisting in freezing assets of persons indicated on the list and refraining from making assets available to these persons. If special restrictive measures are applied to persons indicated on the list, obligated institutions are obliged to immediately provide relevant information to the GIFI.

The obligated institutions that subscribed to the GIFI newsletter received information on changes on the sanctions lists on an ongoing basis. In 2023, the GIFI published nine newsletters.

In 2023, the GIFI did not receive any notification of freezing assets of entities included in the sanctions lists related to counteracting the financing of terrorism, or refusal to make assets available to such entities.

Since 2022, the GIFI has been empowered to control compliance with the restrictive measures set out in *Regulation 765/2006*, *Regulation 269/2014*, *Regulation 833/2014* and in the *Act of 13 April 2022 on special solutions for counteracting the support of aggression against Ukraine and for the protection of national security* – with respect to obligated institutions referred to in the *AML/CFT Act*.

In 2023, a representative of the GIFI participated as a listener in meetings of the Freeze and Seize Task Force and the associated Asset Freezes and Reporting Subgroup within the Expert Group on EU Restrictive Measures and Extraterritoriality, established in connection with the war in Ukraine. The Freeze and Seize Task Force meets regularly to ensure better coordination among Member States in the enforcement of EU sanctions against Russian and Belarusian individuals and entities and to strengthen cooperation between the European Union and its international partners, including the US and Ukraine. The aim of the Asset Freezes and Reporting Subgroup is to examine how the implementation of EU restrictive measures for asset freezing and reporting on freezes can be improved, in particular in the context of the sanctions for violations of the territorial integrity of Ukraine (*Council Regulation (EU) No 269/2014*).

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<sup>62</sup><https://www.gov.pl/web/finanse/lista-osob-i-podmiotow-wobec-ktorych-stosuje-sie-szczegolne-srodki-ograniczajace-na-podstawie-art-118-ustawy-z-dnia-1-marca-2018-r-o-przeciwdzialaniu-praniu-pieniedzy-i-finansowaniu-terroryzmu>

## 9. FINANCIAL SECURITY COMMITTEE

In 2023, four meetings of the Financial Security Committee (hereinafter referred to the Committee), including one in camera, were held. One working meeting of some Committee members was also held.

During the meetings, Committee members presented information on and discussed, among others:

- progress of work on the preparation of the second NRA<sup>63</sup>. Committee members provided written opinions on the draft document, and the submitted comments were discussed during Committee meetings.
- actions aimed at implementing the recommendations of the MONEYVAL experts, included in the 2021 report on the evaluation of the Polish AML/CFT system;
- activities carried out as part of the AML/CFT Strategy provided for within its particular priorities;
- new rules for the exchange of information between FIUs introduced by the Egmont Group (important from the perspective of cooperating units, as they determine the scope of information that the GIFI may provide and its further use by cooperating units);
- AML/CFT tasks completed in 2023, and action plans to be implemented in 2024 (including the concept of a roadmap for Poland's membership in the FATT);
- certain legislative solutions in the field of AML/CFT, including the *Act on the Financial Information System*.

On 9 November 2023, the Committee adopted by circulation a resolution on the opinion on the “National Assessment of the Risk of Money Laundering and Financing of Terrorism”.

The Committee also processed foreign requests for entering persons and entities suspected of being involved in terrorism or its financing on the national sanctions list, and on 22 September 2023, it made decisions concerning recommendations regarding the application of specific restrictive measures against these persons.

Moreover, on 4 December 2023, the Committee adopted resolutions on the establishment of two working groups: a Working Group on the Exchange of Information on Current ML/TF Methods and their Identification and a Working Group on Scientific Matters.

Members of the Committee also provided opinions on the draft regulations prepared by the Department of Financial Information as part of the implementation of Measure 9 of the AML/CFT Strategy (“Development of tools enabling clear identification and supervision of entities operating on the market that meet the conditions for being considered obligated institutions”) and were consulted on the methodology for estimating laundered income for the purposes of preparing the NRA.

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<sup>63</sup> National ML/TF Risk Assessment referred to in Section 10 of the Report.

Additionally, as part of the Committee's work, a survey was conducted among its members regarding the need for access to databases useful for conducting ML/TF cases and related predicate offences.



## 10. WORK ON UPDATING THE NATIONAL RISK ASSESSMENT AND ON THE IMPLEMENTATION OF THE STRATEGY FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

In fulfilling the statutory obligation under Article 25(1)(3) of the *AML/CFT Act*, the GIFI – in cooperation with the Financial Security Committee, cooperating units and obligated institutions – developed the second edition of the National Risk Assessment of Money Laundering and Financing of Terrorism. The document was signed (accepted) on 27 November 2023 by the minister competent for public finance and published in the Public Information Bulletin on the website of the office supporting the minister competent for public finance;

Pursuant to Article 29(1) of the *AML/CFT Act*, the KOR shall include, among others, a description of the national risk assessment methodology; a description of phenomena related to money laundering and terrorism financing; a description of applicable AML/CFT regulations; indication of the level of the ML/TF risk in the Republic of Poland along with a relevant rationale; conclusions drawn from the assessment of the ML/TF risk; identification of personal data protection issues related to counteracting money laundering and terrorism financing, as well as other required elements. As for technical aspects, the document consists of the main part and three annexes. When preparing the national risk assessment, the GIFI took into account the Report from the Commission to the European Parliament and the Council on the assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities (COM(2022) 554 final), along with an accompanying document constituting the supranational risk assessment (SWD(2022)344 final), published by the European Commission on 27 October 2022. The national risk assessment is important to Poland's actions related to preventing the financial system from being used for money laundering or terrorism financing. The country's actions, based on the analysis of ML/TF risks, are to ensure that the measures taken to prevent or mitigate ML/TF risks are adequate to the identified risks and to result in the effective allocation of resources throughout the national AML/CFT system. Obligated institutions that are obliged to identify and assess ML/TF risks related to their activities may also take into account the applicable national ML/TF risk assessment when preparing their risk assessments.

In 2023, the GIFI implemented the actions provided for in *Resolution 50 on the adoption of the strategy for counteracting money laundering and financing of terrorism* adopted by the Council of Ministers on 19 April 2021. The solutions proposed in the Strategy are to improve the operation of institutions and authorities that constitute the national AML/CFT system. The implementation of the objectives contained in the Strategy should ensure the optimal use of their resources by institutions and authorities, and enable the accomplishment of synergies in counteracting money laundering and financing of terrorism. In accordance with the provisions of the Strategy Action Plan, five actions were planned to be implemented in 2023. Besides the aforementioned actions, the GIFI, as the entity responsible for the implementation of the actions provided for in the Strategy, completed in 2023 the actions whose implementation was postponed from 2022. The implementation of three of the actions in question was abandoned. In two cases, this was due to the provisions of applicable EU regulations (*Regulation 2020/1503*

*on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 and the MiCA Regulation<sup>64</sup>*). In the third case, draft regulations were developed, but due to the change in the technical environment and the signing of agreements for access to new system tools, the implementation of the draft regulations was abandoned.

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<sup>64</sup> In June 2023, *Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937* (MiCA – Markets in Crypto Assets) was published.

## 11. LEGISLATIVE ACTIVITY

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In 2023, the legislative activity of the GIFI concerned, in particular, communication with obligated institutions and cooperating units, and consisted in ongoing sharing of AML/CFT knowledge in the Public Information Bulletin on the website of the office supporting the minister competent for public finance, in the form of the GIFI's communications.

In the first quarter of 2023, the Department of Financial Information completed the work on the draft *Act on the Financial Information System* (UC66).

On 10 February 2023, the provisions of the *Act of 1 December 2022 on the Financial Information System* (Journal of Laws of 2023, item 180) entered into force.

The Act is to implement Article 1(19) of *Directive 2018/843* and *Directive (EU) 2019/1153 of the European Parliament and of the Council of 20 June 2019 laying down rules facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal offences, and repealing Council Decision 2000/642/JHA* (OJ L 186, 11.7.2019, p. 122).

The *Financial Information System* developed under the aforementioned Act is aimed at:

- counteracting money laundering and financing of terrorism;
- preventing and combating serious crimes;
- accelerating and streamlining control proceedings concerning asset declarations;
- implementing the statutory tasks of the Head of the National Revenue Administration in the field of identifying and recovering property at risk of forfeiture, identifying, detecting and combating offences, including fiscal offences, as well as preventing such offences and prosecuting their perpetrators.

In 2023, representatives of the Department of Financial Information participated also in the work under the EU AML/CFT legislative package as part of a working group of the Council of the European Union.

The tasks of the GIFI also included ongoing evaluation of draft normative acts falling within its competence.