

**REPORT**  
**of the General Inspector of Financial**  
**Information**  
**on the implementation of the *Act of 1 March***  
***2018 on counteracting money laundering and***  
***financing of terrorism***  
**in 2020**

Warsaw, March 2021

## TABLE OF CONTENTS

<b>1. INTRODUCTION</b>	<b>5</b>
<b>2. BASIC INFORMATION ON THE NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM</b>	<b>6</b>
2.1. NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM	6
2.2. INFORMATION ON CATEGORIES OF FINANCIAL INSTITUTIONS	10
2.2.1. ENTITIES OPERATING IN THE FINANCIAL MARKET	10
2.2.2. OTHER CATEGORIES OF OBLIGATED INSTITUTIONS	21
<b>3. INFORMATION ON DATA SUBMITTED TO THE GIF1</b>	<b>30</b>
3.1. INFORMATION ON SUSPICIOUS TRANSACTIONS	30
3.2. INFORMATION ON SUSPICIOUS ABOVE THRESHOLD TRANSACTIONS	34
3.3. INFORMATION FROM CASH TRANSPORTATION DECLARATIONS	37
<b>4. ANALYSES</b>	<b>41</b>
4.1. COUNTERACTING MONEY LAUNDERING	41
4.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS	41
4.1.2. DIRECTIONS OF ANALYSES – EXAMPLES	45
4.2. COUNTERACTING OF FINANCING OF TERRORISM	48
<b>5. CONTROLS</b>	<b>50</b>
5.1. INFORMATION FROM WHISTLEBLOWERS	50
5.2. CONTROLS PERFORMED BY THE GIF1	50
5.3. CONTROLS CARRIED OUT BY THE SUPERVISORY AUTHORITIES	53
5.4. ADMINISTRATIVE PROCEEDINGS FOR THE IMPOSITION OF FINANCIAL PENALTIES	53
<b>6. NATIONAL COOPERATION</b>	<b>54</b>
6.1. EXCHANGE OF INFORMATION WITH DOMESTIC ENTITIES	54
6.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF THE PROSECUTOR'S OFFICE AND COURTS	56
6.1.2. COOPERATION WITH THE NATIONAL REVENUE ADMINISTRATION BODIES	58
6.1.3. COOPERATION WITH BODIES SUBORDINATED TO THE MINISTER OF THE INTERIOR	59
6.1.4. COOPERATION WITH STATE PROTECTION SERVICES	60
6.1.5. COOPERATION WITH THE Central ANTI-CORRUPTION BUREAU	60
6.1.6. COOPERATION WITH OTHER AUTHORITIES	60
6.1.7. COOPERATION WITH THE NATIONAL CENTRE FOR CRIMINAL INFORMATION	61
6.2. FEEDBACK	61
6.3. DATA CONCERNING CRIMINAL PROCEEDINGS	67
6.4. TRAINING ACTIVITY	68
<b>7. INTERNATIONAL COOPERATION</b>	<b>70</b>
7.1. COOPERATION WITH THE EUROPEAN COMMISSION	70

## SPIS TREŚCI

7.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING	70
7.1.2. EU-FIU PLATFORM	72
7.3. MONEYVAL	74
7.4. CONFERENCE OF THE STATES PARTIES TO THE WARSAW CONVENTION	75
7.5. EGMONT GROUP	76
7.6. FINANCIAL ACTION TASK FORCE (FATF)	78
7.7. EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM (EAG)	80
7.8. TASK FORCE TO COUNTER MECHANISMS OF FINANCING THE SOCALLED ISLAMIC STATE	81
7.9. BILLATERAL COOPERATION	82
7.9.1 MEMORANDA OF UNDERSTANDING ON COOPERATION	82
7.9.2 EXCHANGE OF INFORMATION WITH FOREIGN FIUs	82
7.10. OTHER INTERNATIONAL INITIATIVES	87
7.10.1 TWINNING PROJECT FOR MOLDOVA	87
7.10.2. CONFERENCE DEDICATED TO THE NATIONAL RISK ASSESSMENT	87
7.10.3. WORKSHOPS DEDICATED TO COUNTERACTING THE USE OF NON-PROFIT ORGANISATONS TO FINANCE TERRORISM	88
7.10.4 REGIONAL WORKSHOPS DEDICATED TO THE IMPLEMENTATION OF FATF RECOMMENDATION 8	88
7.10.5 COOPERATION WITHIN THE FRAMEWORK OF AID PROGRAMMES OT THE EUROPEAN UNION (TAIEX, EU ACT) AND OTHER INTERNATIONAL ORGANISATIONS	89
7.11 INTERNATIONAL COOPERATION IN THE AREA OF AML/CFT SUPERVISION AND CONTROL	89
7.11.1 COOPERATION WITH THE EUROPEAN BANKING AUTHORITY (EBA)	89
7.11.2 COOPERATION WITH COMPETENT SUPERVISORY AUTHORITIES IN PARTICULAR COUNTRIES	92
8. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES	93
<b>9. FINANCIAL SECURITY COMMITTEE</b>	<b>94</b>
<b>10. DRAFT STRATEGY FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM</b>	<b>95</b>
<b>11. LEGAL ACTIVITY</b>	<b>96</b>

## Abbreviations and acronyms:

<b>ABW</b>	Internal Security Agency
<b>AML/CFT</b>	<i>anti-money laundering and counter- financing of terrorism</i>
<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>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 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 , that stipulates the creation of a monitoring mechanism to ensure the application of its provisions)
<b>Dz. U.</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>	Eurasian Group on Combating Money Laundering and Financing of Terrorism (the organisation established in 2004, being a FATF-style regional body and a FATF affiliate member)
<b>EBA</b>	European Banking Authority
<b>EGMLTF</b>	Expert Group on Money Laundering and Terrorist Financing, operating by 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>FTF</b>	Foreign Terrorist Fighters
<b>GIFI</b>	General Inspector of Financial Information
<b>WSE S.A.)</b>	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
<b>GUS</b>	Statistics Poland
<b>IAS</b>	Revenue Administration Regional Office
<b>ISIS</b>	Islamic State of Iraq and Sham
<b>ITMCFM</b>	International Training and Methodology Centre for Financial Monitoring

<b>FIU</b>	Financial Intelligence Unit (in accordance with FATF Recommendation No. 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>NRA</b>	National Revenue Administration
<b>NCCI</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>	National Police Headquarters
<b>NPI</b>	National Payment Institution
<b>KNF</b>	Polish Financial Supervision Authority
<b>ML/TF</b>	money laundering / terrorism financing
<b>SPI</b>	Small Payment Institution
<b>MONEYVAL</b>	also referred to as MONEYVAL, i.e. the 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 basic 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 Ordinance No 162 of the Prime Minister of 25 October 2006 as an auxiliary body of the Council of Ministers to ensure the interoperability 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>RP</b>	Republic of Poland
<b>SAR</b>	Suspicious Activity Report
<b>SG</b>	Border Guard
<b>SKOK</b>	Cooperative Savings and Credit Union
<b>SKW</b>	Military Counter-intelligence Service
<b>SNRA</b>	Supranational Risk Assessment (related to the area of money laundering and financing of terrorism)
<b>STR</b>	Suspicious Transaction Report
<b>EU</b>	European Union

## 1. INTRODUCTION

The tasks envisaged in the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism* (consolidated text: Journal of Laws of 2020, item 971, as amended), hereinafter referred to as the *AML/CFT Act*, were implemented in 2020 in the conditions of the COVID-19 pandemic, which was an additional challenge, in particular as regards analytical, control and information exchange activities carried out by the General Inspector of Financial Information both in Poland and abroad, that could not be performed – unlike a significant part of public administration duties – from home office.

However, the impact of the pandemic on counteracting money laundering and financing of terrorism was also much more direct. The pandemic was particularly conducive to the emergence of new threats, as well as the intensification of some identified previously. In April last year, the GIFI posted on the website ([www.gov.pl/web/finanse/komunikaty-giif](http://www.gov.pl/web/finanse/komunikaty-giif)) Communication No. 23, in which it referred, among others, to these threats, as well as the manner of information exchange with the obligated institutions in the difficult pandemic time.

In 2020, there was a significant increase in the number of notifications of the suspicion of committing the crime referred to in Article 299 of the *Penal Code* submitted by the GIFI to prosecutor's offices (in the case of main notifications – by approx. 18.1% compared to 2019, and in the case of supplementary notifications – by approx. 15.1%). An increase was recorded also in the number of blocked accounts (by approx. 4.8% compared to the previous year) and the total value of funds on those accounts.

Information exchange, both at the national and international level, was intensified as well. While the statistical data on requests for information sent to the GIFI by the cooperating units show a more or less similar scale as in 2019, there was an approx. 21.0% increase as regards information received pursuant to Article 81 of the *AML/CFT Act*. In turn, the exchange of information with foreign Financial Intelligence Units (FIUs) increased again. In 2020, the GIFI received approx. 8.6% more requests for information than in the previous year, and sent approx. 18.9% more requests for information to foreign FIUs than in 2019.

However, the activities undertaken by the GIFI in 2020 were not limited only to the core FIU responsibilities, but were also related to other areas, including training. For example, at the beginning of the year, the GIFI organised a conference on the National Assessment of the Risk of Money Laundering and Financing of Terrorism, attended by foreign guests as well as representatives of the cooperating units and obligated institutions. The GIFI organised also training dedicated to the application of specific restrictive measures and the National Assessment of the Risk of Money Laundering and Financing of Terrorism for representatives of cooperative banks.

## 2. BASIC INFORMATION ON THE NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

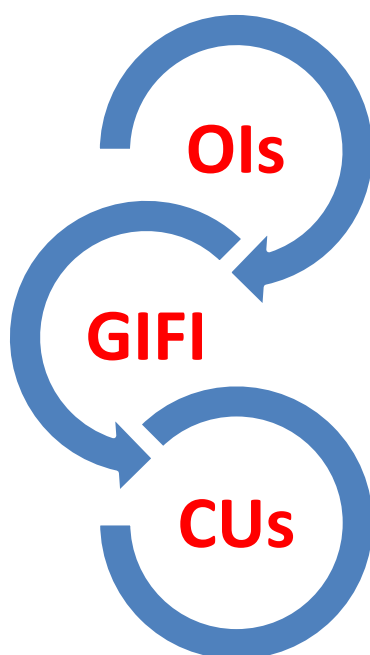
### 2.1. NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

The structure of the Polish system for counteracting money laundering and financing of terrorism (hereinafter referred to as “AML/CFT system”) is determined above all by the provisions of both the national law and the law of the European Union (EU). The *AML/CFT Act* is the underlying legal act that defines the rules for this system operation. Its provisions specify the bodies and entities operating in the AML/CFT system and determine their duties and powers.

The Polish system for counteracting money laundering and financing of terrorism involves:

- the GIFI;
- obligated institutions (OIs);
- cooperating units (CUs).

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



The obligated institutions as well as the GIFI and the cooperating units interact with each other. The effectiveness of operations of each component of the structure determines that of the others. On the one hand, the activities carried out by the obligated institutions directly affect the activities initiated by the GIFI, that, in turn, affect the actions taken by the cooperating units (in particular law enforcement bodies or supervisory authorities). On the other hand, the

effectiveness of the work of the cooperating units affects activities undertaken by the GIFI, which in turn is reflected in the scope of activities carried out by the obligated institutions. In general, the Polish system for counteracting money laundering and financing of terrorism may be described as a system of inter-connected vessels, in which the quality of the operation of each component is important for the operation of other components 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 financing of terrorism. However, it is the GIFI – as the central component of the system – that has the relatively greatest impact on the operation of the entire system. The GIFI performs its tasks with the support of the Department of Financial Information in the Ministry of Finance.

The GIFI is appointed and dismissed by the Prime Minister at the request of the minister competent for public finance, following consultation with the minister – member of the Council of Ministers competent for the coordination of the operation of special forces (if appointed by the Prime Minister). The GIFI is the Secretary or Undersecretary of State in the office supporting the minister competent for public finance.

The tasks of the GIFI include the processing of data in accordance with the procedure specified in the *AML/CFT Act* and taking action to counteract money laundering and financing of terrorism, in particular:

- analysing information related to assets suspected by the General Inspector to be associated with crime of money laundering or financing of terrorism;
- carrying out of the transaction suspension or bank account blocking procedure;
- requesting submission of information on transactions and disclosure thereof;
- submission of information and documentation justifying the suspicion of committing an offence to competent authorities;
- exchange of information with the cooperating units;
- developing the national assessment of the risk of money laundering and financing of terrorism and strategies for counteracting such criminal offences, in cooperation with the cooperating units and obligated institutions;
- exercising control over compliance with the provisions on counteracting money laundering and financing of terrorism;
- issuing decisions on entry into the list of persons and entities towards whom or which specific restrictive measures 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 financing of terrorism;
- imposing administrative penalties referred to in the *AML/CFT Act*;
- making knowledge and information relating to the provisions on counteracting money laundering and financing of terrorism available in the Public Information Bulletin, on the website of the Ministry of Finance;



- initiating other measures to counteract money laundering and financing of terrorism.

The obligated institutions are listed in Article 2(1) of the *AML/CFT Act*. They have been divided into 25 categories. The obligated institutions include entities from both the financial and non-financial sector.

They have a relatively large number of duties that include, in particular, the identification and assessment of the risk of money laundering and financing of terrorism associated with business relationships established by customers or occasional transactions they make. Depending on this risk and its assessment, the obligated institutions apply adequate customer due diligence measures to gain information on their customers and identify the purpose for which their customers use their services and products.

The obligated institutions notify the GIFI of any circumstances that may give rise to the suspicion of committing an offence of money laundering or financing of terrorism and of any justified suspicions that a given transaction or given assets may be related to either of the two aforementioned offences.

The obligated institutions also provide the GIFI with information on the so-called above threshold transactions, i.e. ones whose value exceeds the equivalent to EUR 15 thousand and that involve:

- a cash payment into an account or a cash withdrawal (i.e. a cash transaction),
- a transfer of funds (including a transfer from outside the territory of the Republic of Poland to a recipient for whom the obligated institution acts as payment service provider), excluding certain exemptions as specified in the *AML/CFT Act*;
- a transaction of purchase or sale of a foreign currency;
- a notary deed as specified in the *AML/CFT Act*.

At the request of the GIFI, the obligated institutions block accounts and suspend transactions and submit or make available information and documents held. They may also suspend a transaction or block an account based on a relevant decision of the prosecutor.

To counteract terrorism and financing of terrorism, the 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 the obligated institutions to verify how they perform their duties in counteracting money laundering and financing of terrorism. Control over the obligated institutions is exercised also, within their competences, by the following entities in accordance with the rules laid down in other provisions:

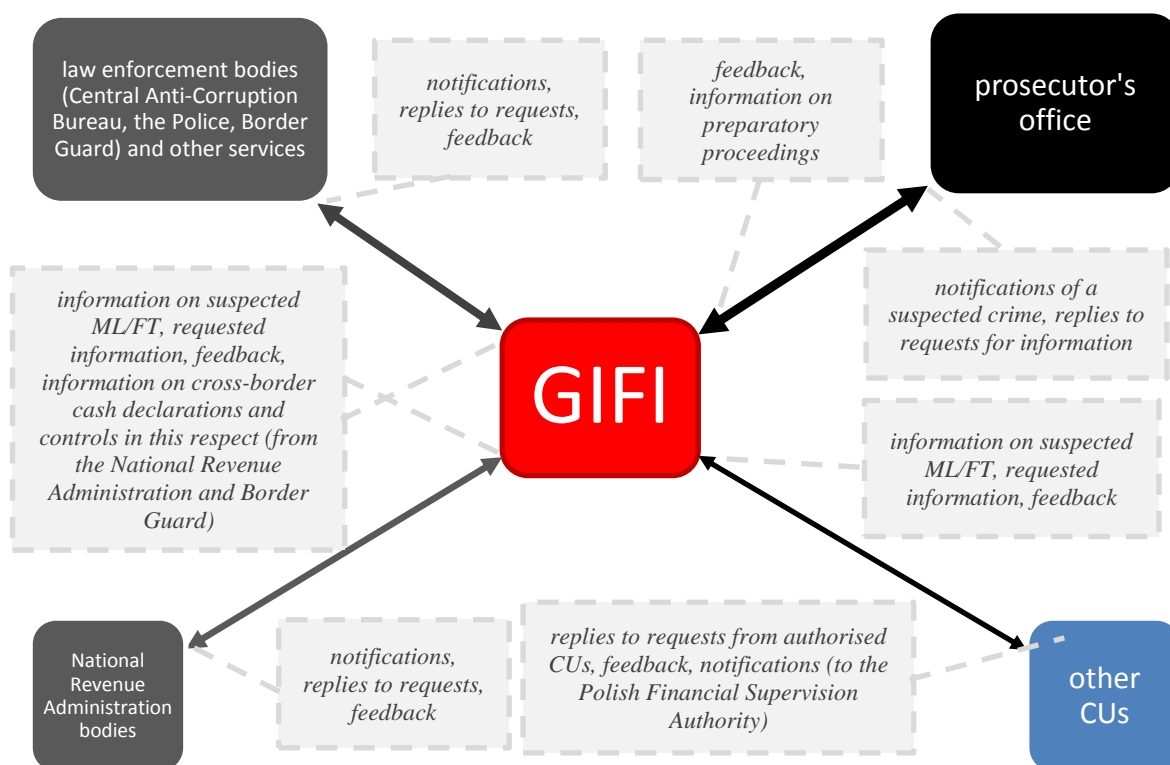
- the President of the National Bank of Poland (over entities running currency exchange offices (bureaux de change));
- the Polish Financial Supervision Authority (KNF) (over institutions under its supervision);
- the National Cooperative Savings and Credit Union (over cooperative savings and credit unions);
- presidents of the courts of appeal (over notaries);

- heads of the customs and tax control offices (over all the obligated institutions);
- voivodes or district governors (over associations);
- competent ministers or districts governors (over foundations).

The cooperating units are bodies of the governmental administration, bodies of the local governmental units and other state organisational units, as well as the National Bank of Poland, the Polish Financial Supervision Authority and the Supreme Audit Office.

Like the obligated institutions, they immediately notify the GIFI of the suspicion of committing an offence of money laundering or financing of terrorism. At the request of the GIFI, they also submit or make available, within their statutory competences, information and documents held. Furthermore, the Border Guard and the heads of customs and tax control offices provide the GIFI with data from declarations regarding EU cross-border cash transportation.

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



The GIFI verifies suspicions of money laundering or financing of terrorism contained in the reports and notifications based on the information received from the obligated institutions, cooperating units and foreign FIUs. In the case of a justified suspicion of money laundering or financing of terrorism, the GIFI notifies the competent prosecutor that initiates, in cooperation with law enforcement bodies, steps to verify 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 about:

- issuing a decision to block an account or suspend a transaction;
- suspension of proceedings;
- reopening of suspended proceedings;

- issuing a decision to present offence charges.

Furthermore, prosecutors are obliged to notify the GIFI of issuing a decision to block an account or suspend a transaction, initiation of proceedings, presenting charges, bringing an indictment, and other matters related to an offence of money laundering or financing of terrorism.

On the other hand, on written request, the GIFI submits the collected information or documents to courts and prosecutor's offices for the purposes of criminal proceedings. At the written and justified request of other cooperating units specified in the *AML/CFT Act*, it also makes available information held in so far as required for the purpose of their statutory tasks. Should reasons occur to suspect that an offence or a fiscal offence has been committed, excluding an offence involving money laundering or financing of terrorism, the GIFI submits to the competent authorities (i.e. law enforcement bodies, special forces or the Head of the NRA) any information that justifies the suspicion to enable them to take steps within their statutory tasks. Furthermore, if the GIFI suspects for justified reasons that the provisions on the operation of the financial market have been violated, it submits the information justifying the suspicion to the Polish Financial Supervision Authority (KNF).

Due to the international dimension of offences of money laundering and financing of terrorism, the GIFI exchanges information with foreign FIUs.

At the justified request of a foreign FIU, the GIFI may allow to transfer information it has made available to other authorities or foreign FIUs or to use this information for any purpose other than the tasks of financial intelligence units. Analogically, the GIFI may also request a foreign FIU to allow it to transfer the information provided by this FIU to courts, prosecutor's offices and other cooperating units, other foreign FIUs, or to use this information for purposes other than the performance of its tasks.

Furthermore, the GIFI may request an obligated institution to suspend a transaction or block an account at the justified request of a foreign FIU "that allows for confirming the probability of the suspicion of committing an offence of money laundering and financing of terrorism".

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

In accordance with the *Act on counteracting money laundering and financing of terrorism*, there are 25 categories of obligated institutions that include entities operating in the financial market and a numerous group of entities operating outside this market.

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

The description of categories of entities operating in the financial market presented below 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>1</sup>, the National Cooperative Savings and Credit Union and the NBP, concerning the entities they supervise.

### *Banking sector*

By the end of December 2020, banking activity was carried out by 596 entities<sup>2</sup> (30 commercial banks, 530 cooperative banks and 36 branches of credit institutions). The banking sector had a network of 11,568 outlets (5,551 branches, 2,911 affiliated branches and agencies and 3,106 representative offices). The banks employed approx. 149 thousand people. The changes in the structure of the banking sector were largely due to the COVID-19 pandemic. The banks continued efforts to increase operational efficiency by optimising employment and the sales network, as a result of which the number of employees in the banking sector decreased by 8 thousand, i.e. from 157 thousand people (as at the end of December 2019) to 149 thousand people (as at the end of December 2020). Between the end of 2019 and the end of 2020, the number of branches decreased from 6,120 to 5,551, that of affiliated branches from 3,268 to 2,911, while the number of representative offices decreased from 3,393 to 3,106.

The stability of the banking sector is crucial for the entire financial system. The situation of the banking sector in Poland remains stable, despite the decline in GDP related to pandemic restrictions. The capital base remained stable. Own funds of the banks increased as at the end of 2020 by 10.8% (y/y) from PLN 210 to 233 billion.

The current liquidity situation at commercial banks remained good. All commercial banks achieved the required LCR<sup>3</sup> of 100%. At the end of the fourth quarter of 2020, the average LCR for the sector was 193%.

The net financial result as at the end of December 2020 was PLN 7.7 billion and was lower by PLN 6.0 billion than the result recorded as at the end of 2019, mainly due to higher write-offs and provisions (an increase by PLN 4.1 billion y/y).

As at the end of December 2020, 25 banks (8 commercial and 17 cooperative ones) reported a total loss of PLN 1.5 billion. These banks held an approx. 8.5% share in the assets of the commercial and cooperative banking sector. The remaining banks in the sector recorded a total profit in the amount of PLN 9.0 billion.

As at 31 December 2020, assets of the banking sector amounted to PLN 2,356 billion. 89.6% of this amount is managed by commercial banks, the share of cooperative banks in banking assets is 7.1%, and that of branches of credit institutions is 3.3%.

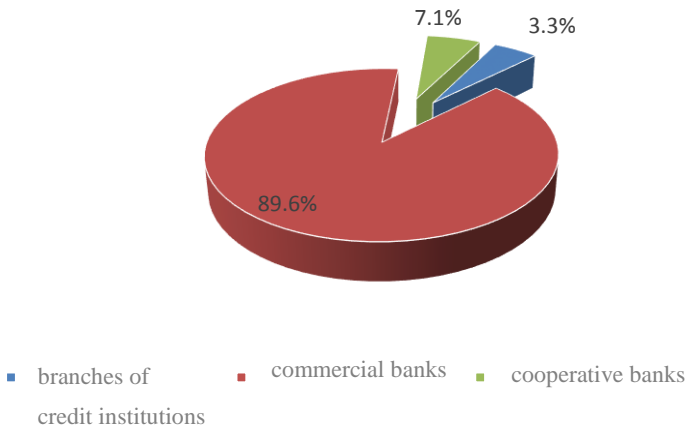
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<sup>1</sup> The information presented has been selected from a broader description of the financial market sectors provided by the Polish Financial Supervision Authority.

<sup>2</sup> Own data of the Polish Financial Supervision Authority as at 17 March 2021.

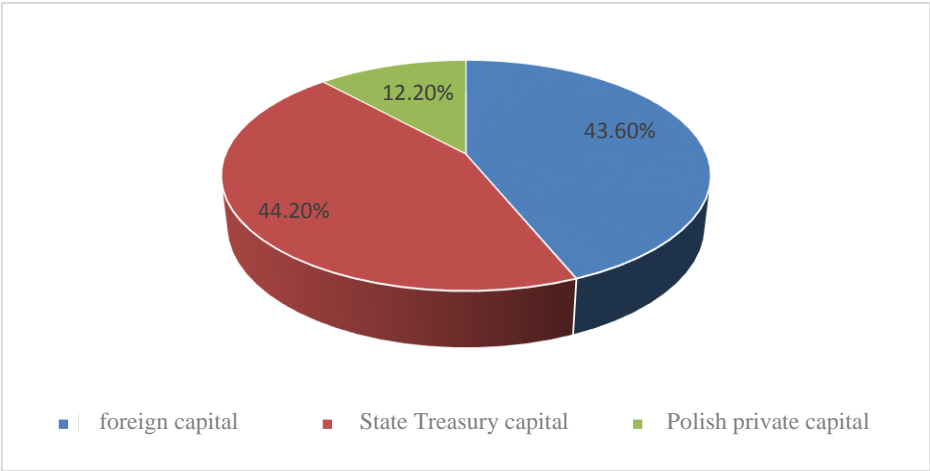
<sup>3</sup> LCR – *Liquidity Coverage Ratio*. The ratio describes the volume of liquid assets required by the institution to survive in crisis conditions specified by the regulator (value of liquid assets/estimated net outflow > = 100%).

Chart 1. Structure of entities operating in the banking sector in 2020



As for the breakdown accounting for the dominant entity, 44.2% of the banking sector assets are controlled by the State Treasury, 43.6% of assets are controlled by foreign capital, and only 12.2% of assets are controlled by Polish private capital. The concentration of the banking sector is moderate. As at the end of December 2020, the assets of the 5 largest banks accounted for 54.6% of the assets of the entire sector.

Chart 2. Structure of the banking sector by the origin of capital in 2020



Due to the difficult economic situation of the country, the banking sector is currently facing many problems and challenges, that mainly include:

- record low interest rates that exert a negative pressure on the deposit base and make some households and businesses seek alternative forms of investment. On the other hand, low interest rates lower borrowers’ financing costs – in the event of a significant increase in interest rates, some debtors may have problems with timely payment of their liabilities;
- limitations related to the pandemic, affecting some enterprises, which in turn has a direct impact on both their ability to settle liabilities and the number of their employees. This indirectly affects the unemployment rate, which has a key impact on the solvency of households. The anti-crisis measures included also a decrease in interest rates, which deteriorated the interest income of banks. At the same time, the crisis-related weakening

of the zloty against other currencies exacerbates the problems related to foreign currency housing loans;

- legal and reputational challenges resulting from the adoption of new legislative proposals, in particular those weakening the legal position of the bank as a creditor, and those related to the application of the CJEU judgments;
- legal factors resulting from the significant increase in the number of foreign currency loans subject to court proceedings.

Due to the increased level of risks in the banking sector, the Polish Financial Supervision Authority (KNF) recommended that they did not pay dividends from the profit for 2019. Furthermore, as for the profit for 2020, the Commission recommended, as part of the dividend policy, temporary suspension of dividends payment.

According to available data, 530 cooperative banks and 2 associating banks were operating in Poland as at 31 December 2020. As for the latter, these were BPS SA and SGB-Bank SA. Cooperative banks operated two systems of institutional protection covering 518 cooperative banks and both associating banks. 12 banks operated outside the structures of the associations and protection systems. After the four quarters of 2020 – due to the merger process and due to forced restructuring in two cases – the number of cooperative banks decreased by 8 compared to the number of these banks as at the end of 2019.

From December 2019 to December 2020, the assets of cooperative banks increased by 10.9%, i.e. by PLN 16.5 billion, to PLN 167.2 billion. The assets of the associating banks increased by 6%, i.e. by PLN 3.1 billion, to PLN 54.1 billion. Credit risk is the primary risk in the operation of cooperative banks – the share of loans in assets was approx. 75.1%.

From December 2019 to December 2020, the own funds of cooperative banks increased by 5.4%, i.e. to PLN 13.1 billion.

The cooperative sector, excluding the associating banks, has a fairly stable share in the banking market, amounting to approx. 7.5% of the total assets (together with the associating banks this share is approx. 9%). The share of deposits is approx. 9.7%.

### *Cooperative Savings and Credit Unions*

As at the end of the 4<sup>th</sup> quarter of 2020, there were 23 active cooperative savings and credit unions (SKOK)<sup>4</sup>. Twenty of them carry out financial settlements for their members, while the others provide only credit, loan and deposit services, i.e. do not keep payment accounts for their members<sup>5</sup>. By providing deposit, loan and credit services as well as financial settlements, the SKOKs are an alternative to the banking sector, but assets of the SKOKs account for only approx. 0.40% of the banking sector assets.<sup>6</sup>

As at 31 December 2020, the SKOKs recorded a total profit of PLN 2.91 million. The number of outlets of the cooperative savings and credit unions was 737.

In accordance with Article 3 of the *Act of 5 November 2009 on cooperative savings and credit unions* (Journal of Laws of 2020, item 1643), the objective of the SKOKs is to collect cash only

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<sup>4</sup> Own SKOK data as at 28 January 2021

<sup>5</sup> Own data of the National Cooperative Savings and Credit Union as at 28 January 2021

<sup>6</sup> As above

from its members, grant loans and credits to them, carry out financial settlements on their behalf and act as an intermediary in concluding insurance agreements.

The SKOKs carry out financial settlements for their members being providers of payment services in accordance with Article 4(2)(9) of the *Act of 19 August 2011 on payment services* (consolidated text: Journal of Laws of 2020, item 794, as amended), and render payment services for their members. By providing deposit, loan and credit services as well as financial settlements, the SKOKs are an alternative to the banking sector.

Compared to the end of 2019, own funds of the SKOKs decreased by 12.90%, i.e. by PLN 69.35 million, and their amount shown as at the end of December 2020 was PLN 468.34 million.

As at the end of December 2020, the solvency ratio of the SKOKs was 5.16%. Compared to the balance as at the end of 2019, assets held by the SKOKs increased by 1.11%, i.e. by PLN 104.66 million.

The gross loan and credit portfolio increased by 7.16% y/y, i.e. by PLN 480.64 million, while the value of deposits increased analogically by 1.74%, i.e. by PLN 152.01 million.

The economic and financial situation of the SKOKs varies. The operation of some 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 December 2020, 12 SKOKs were obliged to implement a program of rehabilitation proceedings.

The sector of cooperative savings and credit unions is monitored and supervised by the Office of the Polish Financial Supervision Authority, whose activities are aimed at reducing risks occurring in particular entities in the sector to ensure the security of deposits kept by these entities. Restructuring activities may be supported, if approved by the European Commission, with public funds. In 2020, there was no need to mobilize such funds, despite the ongoing COVID-19 pandemic and the related difficulties in the banking sector.

### *Sector of Payment Institutions*

The sector includes national payment institutions (NPI), small payment institutions (SPI) and offices of payment services (OPS). These entities are authorised to render payment services, but they differ significantly in terms of, among other things, the scope of the authorised services, geographical territory, the legal form, license obligations, and capital requirements. Supervisory activities undertaken by the Polish Financial Supervision Authority (KNF) with respect to NPIs include, in particular, verification of standard statutory reporting, analysis of the achieved financial results in terms of their compliance with the financial plans presented at the licensing process stage, and examination of the compliance of the operation of NPIs with the applicable national and Community regulations.

As at 31 December 2020,<sup>7</sup> there were 38 NPIs, 82 SPIs, 4 providers rendering only the bank account data access service, 1 national electronic money institution and 1,372 OPSs.

As of the end of the 4<sup>th</sup> quarter of 2020, the NPIs recorded PLN 674.6 million own funds. According to the reports submitted by the NPIs to the Polish Financial Supervision Authority (KNF), during the four quarters of 2020, the NPIs executed 2,20 billion payment transactions in the total amount of PLN 229.14 billion. In the same period, the SPIs executed (according to

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<sup>7</sup> Own data of the Polish Financial Supervision Authority as at 17 March 2021

the reports) 5.03 million transactions totaling PLN 680.37 million. To compare, Polish National Clearing House executed 2.31 billion payment orders in the amount of PLN 5,955.87 billion in the Elixir system, subject to that part of the transactions processed by the NPIs take place in other settlement systems, e.g. Express Elixir and BlueCash. Given the above, the share of the sector of national payment institutions in the total amount of payment transactions in Poland can be considered insignificant.

### *Life insurance sector<sup>8</sup>*

As at 31 December 2020, insurance class I (life insurance) was composed of 27 licensed insurance institutions of which one institution – CA ŻYCIE TU S.A., registered in the National Court Register on 16 July 2020, did not start its insurance activity in this period, while AMERIGO ŻYCIE TUW (following the change of its name from MACIF ŻYCIE TUW and transfer of the insurance portfolio to SALTUS TU na ŻYCIE S.A.) filed, on 5 August 2020, a petition to the National Court Register for voluntary liquidation.

The insurance institutions operated approx. 11.85 million insurance agreements. Their revenues were dominated by gross premiums written. During the four quarters of 2020, in the life insurance class, its total amount was PLN 20.75 billion and accounted for 32.71% of the total gross premium written of the entire insurance sector.

As at the end of 2020, the structure of direct insurance in class I was dominated by life insurance (group 1), accounting for 38.35% of the gross premium written. Supplemental accident and sickness insurance (group 5), accounting for 31.99% 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 institution is determined based on specific indices or other base values), accounting for 28.37% the total premium of the class.

The net profit of class I insurance institutions was PLN 2.25 billion, while income tax reported by these insurance institutions was PLN 0.64 billion (PLN 637 million).

As at the end of 2020, the life insurance institutions reported equity of PLN 12.86 billion, which accounts for 13.50% of their assets.

As at the end of the 4<sup>th</sup> quarter of 2020, the solvency of the insurance institutions was at a high, secure level – all the class I insurance institutions met the solvency requirements understood as the minimum of the amount of eligible own funds covering the solvency capital requirement and eligible basic own funds for coverage of the minimum capital requirement.

### *Capital sector*

#### **Brokerage houses and offices**

The *Act of 29 July 2005 on trading in financial instruments* (consolidated text: Journal of Laws of 2021, item 328) is the primary legal act regulating the operation of brokerage houses in the territory of Poland.

Brokerage activities involve, among others, accepting and transferring orders for buying or selling financial instruments, buying or selling securities on one's account, managing portfolios

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<sup>8</sup> As above



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 a permit from the Polish Financial Supervision Authority.

As at 31 December 2020, brokerage activities were carried out by:

- 9 banks, including 7 brokerage houses (no change compared to 2019);
- 36 brokerage houses (37 in 2019);
- 1 commodity brokerage house (no change compared to 2019).

Trust services were offered in the same period by 11 banks (12 in 2019).

*Table 1. Numbers of entities, by category, carrying out brokerage activities in 2017 - 2020*

<b>Type of entity</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Brokerage houses	44	40	37	36
Commodity brokerage houses	1	1	1	1
Banks offering brokerage services	11	9	9	9
Trustee banks	13	12	12	11
<b>TOTAL</b>	<b>69</b>	<b>62</b>	<b>59</b>	<b>57</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 the orders referred to above on the account of the ordering party;
- buying or selling securities on one's account;
- managing portfolios consisting of one or more financial instruments;
- investment advisory;
- offering financial instruments;
- executing other agreements of a similar nature, as long as they relate to financial instruments.

Investment companies differ in terms of the scope of the brokerage licence held. 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 2020, brokerage activities were carried out by 36 brokerage houses varying in terms of the scope of activities performed. One brokerage house obtained a permit to carry out brokerage activities, but did not commence operations by 31 December 2020. As at 31 December 2020, 19 brokerage houses 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 2020, brokerage houses kept 621,725 financial instrument accounts on behalf of their customers (an increase by 4.62% compared to 2019), with a total value of financial instruments of PLN 127,569,825,746.91 (an increase by 96.62% compared to 2019). The amount of customers' cash deposited on cash accounts was PLN 6,277,092,743.50 (an increase by 51.71% compared to 2019).

In 2020, 12 brokerage houses provided services involving the management of customers' assets. As at 31 December 2020, these entities managed customers' assets worth PLN 5,983,195,838.58 (a decrease by 8.56% compared to 2019).

According to the data included in monthly reports for December, as at the end of 2020, brokerage houses generated a net profit of PLN 584,673,200.98, compared to PLN 27,862,000 reported in 2019. The several-fold increase in the net profit of brokerage houses results from the exceptionally good stock exchange situation in 2020.

On 31 December 2020, the equity of brokerage houses amounted to PLN 2,068,979,952.68 (an increase by 34.13% compared to 2019), and their total assets amounted to PLN 9,852,819,469.94 (an increase by 50.74 % compared to 2019).

### **Commodity brokerage houses<sup>9</sup>**

The only commodity brokerage house licenced by the Polish Financial Supervision Authority generated, according to the latest audited financial statements (for 2019), profit in the amount of PLN 1,645,312.95, while its equity as at the end of 2019 amounted to PLN 8,855,178.66, and the amount of its total assets was PLN 54,066,074.92. According to the data contained in the monthly report for December, the commodity brokerage house incurred in 2020 a net loss of PLN -1,350,120.76, and its equity, as at 31 December 2020, amounted to PLN 7,505,057.89.

### **Brokerage offices**

As at 31 December 2020, brokerage offices kept 1,421,078 financial instrument accounts on behalf of their customers (an increase by 6.38% compared to 2019), with a total value of financial instruments of PLN 340,138,982,358.56 (an increase by 50.60% compared to 2019). The amount of customers' cash deposited on cash accounts used to handle financial instrument accounts was PLN 10,543,981,209.70 (an increase by 69.19% compared to 2019). By managing portfolios consisting of one or more financial instruments, brokerage offices managed customers' assets in the amount of PLN 1,166,869,652.74 (an increase of 85.16% compared to 2019).

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<sup>9</sup> As above

## **Trustee banks**

As at 31 December 2020, trustee banks operated 42,697 securities accounts (an increase by 0.89% compared to 31 December 2019) with assets worth PLN 694,678,177,340.00 (a decrease by 9.12% compared to 31 December 2019).

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

The principles for establishing and operating investment fund management companies established in the territory of the Republic of Poland are regulated by the *Act of 27 May 2004 on investment funds and the management of alternative investment funds* (consolidated text: Journal of Laws of 2020, item 95, as amended).

An investment fund is a legal person whose exclusive activity consists in investing cash collected through public, and in the cases specified in the aforementioned act – also private, offering of 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 2020, there were 56 investment fund management companies<sup>10</sup> authorised by the Polish Financial Supervision Authority, that managed assets in the total amount of PLN 372.40 billion. As at the end of 2020, the investment fund management companies managed 737 investment funds, including the funds in liquidation. The total number of investment funds comprised 47 open-ended investment funds, 68 specialist open-ended investment funds, and 622 closed-ended investment funds. As at 31 December 2019, the total value of their assets was PLN 315.73 billion. The value of the portfolios consisting of one or more financial instruments managed by the investment fund management companies was PLN 56.67 billion.

The value of assets deposited in the investment funds as at the end of 2020 accounted for approx. 14% of GDP for 2019 and for approx. 30% of the capitalisation of the Stock Exchange as at the end of December 2020. It should also be noted that the total assets of the investment funds as at the end of 2020 were twice as high as the value of the net assets of open-ended pension funds as at the end of December 2020.

As at 31 December 2020, the total assets of investment fund management companies was PLN 2,932,178 thousand, of which 47% was cash in the amount of PLN 1,389,642 thousand.

The value of the equity of investment fund management companies as at the end of 2020 was PLN 2,165,255 thousand.

In the period from 1 January 2020 to 31 December 2020, the total net profit of investment fund management companies amounted to PLN 849,205 thousand.

In 2020, investment fund management companies generated total revenues of PLN 3,444,592 thousand, which included mainly revenues from investment fund management of PLN 3,242,236 thousand. The total costs incurred by investment fund management companies in 2020 amounted to PLN 2,387,851 thousand, of which 21% were variable costs of distribution in the amount of PLN 489,575 thousand.

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<sup>10</sup> As above

### *Entities running currency exchange offices (bureaux de change)<sup>11</sup>*

Performing the tasks specified in the *Act of 27 July 2002 – Foreign Exchange Law* (consolidated text: Journal of Laws of 2020, item 1708) and in the *AML/CFT Act*, the President of the NBP keeps a register of currency exchange offices and exercises control over currency exchange services as well as supervises the fulfillment by the respective entrepreneurs of the obligations relating to counteracting money laundering and financing of terrorism. As at 31 December 2020, the register of currency exchange offices included 2,478 entrepreneurs running currency exchange offices. As at 31 December 2020, currency exchange services were provided in 4,752 currency exchange offices, while in 386 ones the provision of these services was suspended.

*Table 2. Value of the foreign currencies bought and sold in currency exchange offices in the 4<sup>th</sup> quarter of 2019 and the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020 (in PLN million)*

<b>Period</b>	<b>Foreign currencies bought</b>	<b>Foreign currencies sold</b>	<b>Balance of turnover</b>
4 <sup>th</sup> quarter of 2019	23,120	15,308	7,812
1 <sup>st</sup> quarter of 2020	20,374	12,650	7,724
2 <sup>nd</sup> quarter of 2020	15,591	8,828	6,763
3 <sup>rd</sup> quarter of 2020	22,726	15,945	6,781

### *Other institutions*

Besides the aforementioned obligated institutions (described based on the data of the Polish Financial Supervision Authority (KNF), the National Cooperative Savings and Credit Union and the NBP), 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 specific financial institutions.

The provisions of Chapter 5aa of the *Act of 12 May 2011 on consumer bank loan* (consolidated text: Journal of Laws of 2019, item 1083, as amended) set out conditions that must be fulfilled by a lending institutions to be permitted to operate. In accordance with Article 59aa(1) of this act, the lending institution may commence business activity following its entry the register of lending institutions. The register of lending institutions has been kept by the Polish Financial Supervision Authority (KNF) since 2017. According to information published on the website of this authority (access date: 17 February 2021), the register listed 509 lending institutions<sup>12</sup>.

As for the definitions 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 2020, item 1896, as amended), which defines it in Article 4(1)(7) as “the financial institution mentioned 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

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<sup>11</sup> Besides entrepreneurs running currency exchange offices, 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*, these are obligated institutions.

<sup>12</sup> The register was updated on 8 February 2021

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 a financial holding company, a mixed financial holding company, a payment institution 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 an asset management company, but excluding insurance holding companies and mixed-activity insurance holding companies”. Thus, factoring and leasing companies (with respect to financial leasing) and entities whose core business 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” should be considered to be financial institutions that are not the obligated institutions mentioned in the *AML/CFT Act*<sup>14</sup>.

According to the Statistics Poland information<sup>15</sup> of 11 January 2021 on entities entered in the national official register of national economy REGON, as at the end of 2020, the register listed 642 economic entities reporting economic activity involving financial leasing – Polish Classification of Activities (PKD) 64.91.Z. According to the above-mentioned Statistics Poland data, most companies in this industry were registered in the Mazowieckie Voivodship – 225.

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 installments). The ownership of the fixed asset may, but does not have to, be ultimately transferred to the lessee. This type of lease covers all or virtually all costs, including interest.

According to the Statistics Poland data contained in the quarterly information on entities of the national economy, as at 31 December 2020, the National Official Register Business Register REGON (excluding natural persons running only private farms) included a total of 9,034 registered entities running economic activity defined by PKD (Polish Classification of Activities) code – 64.99Z, i.e. other financial service activities, not classified elsewhere, excluding insurance and pension funds (this subclass includes, among others, factoring activities)<sup>16</sup>.

Apart from the aforementioned financial institutions, the National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.* – KDPW S.A.) and the company employed to carry out the activities referred to in Article 48(1)(1) of the Act of 29 July 2005 on trading in financial instruments (consolidated text: Journal of Laws of 2021, item 328,) are also obligated institutions in so far as they keep securities accounts or omnibus accounts.

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<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-2020.7.8.html>, accessed on 17 February 2021

<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-2020.7.8.html>, accessed on 17 February 2021

KDPW S.A. and KDPW\_CCP, along with GPW S.A. and BondSpot S.A., are classified by the Polish Financial Supervision Authority (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 emission limit value with the number of securities on the market, handling corporate events, performing the obligations of issuers, and operating a mandatory compensation system. On the other hand, KDPW\_CCP S.A. is a clearing house, owned by the KDPW in 100%.

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

### *Obligated institutions exercising 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 exercise of a freelance profession requires high skills and knowledge.

In accordance with Article 1(1)-(2) of the Polish *Notary Public Act* of 19 February 1991 (Journal of Laws of 2020, item 1192), a notary public acts within the scope of its powers as a person of public trust, taking advantage of the protection conferred on public officers, whereas notarial activities performed by the notary public in compliance with the 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 its activities the notary public is obliged to ensure due protection of the rights and legitimate interests of parties and other individuals for whom this activity may cause legal effects). According to the National Notary Council data, the notary public profession was practiced by 3,432 individuals<sup>17</sup>.

Notaries public 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 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;
- the transformation or merger of companies;

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<sup>17</sup> [https://krm.org.pl/1197/Znajdz\\_notariusza](https://krm.org.pl/1197/Znajdz_notariusza). Information from the website, tag: [Europejski Spis Notariuszy – wyszukiwarka](#), accessed on 17 February 2021

- disposal of an enterprise;
- disposal of shares in a company

An attorney is a lawyer providing legal assistance in accordance with the Act of 26 May 1982 – Law of the Bar (Journal of Laws of 2020, item 1651). An attorney is obliged to keep confidential any facts he or she may become aware of in the course of providing legal assistance. The professional confidentiality obligation does not apply to any information that is made available under the provisions on counteracting money laundering and financing of terrorism – to the extent defined therein.

According to information of the National Register of Attorneys and Attorney Trainees kept by the Polish Bar Association, as at 17 February 2021 there were 19,930 attorneys practicing their profession<sup>18</sup> and 86 foreign lawyers providing legal assistance.<sup>19</sup>

As for a legal adviser, this is a lawyer providing legal assistance in accordance with the *Act of 6 July 1982 on Legal Advisers* (Journal of Laws of 2020, item 75). 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).

According to information contained in the search engine of legal advisers, made available by the National Chamber of Legal Advisers, there were 48,714 legal advisers as at 17 February 2021.<sup>20</sup>

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 assets belonging to the customer;
- conclusion of agreements on keeping a bank account, a securities account or carrying out related activities;
- 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 advisers and statutory auditors*

Tax advisers practice their profession in accordance with the *Act of 5 July 1996 on tax advisory services* (consolidated text: Journal of Laws of 2020, item 130). In accordance with Article 2(1) of the aforementioned act, tax advisory services include:

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<sup>18</sup> <http://rejestradwokatow.pl/adwokat/ewidencja>, accessed on 17 February 2021

<sup>19</sup> <http://rejestradwokatow.pl/prawnikzagraniczny/ewidencja>, accessed on 17 February 2021

<sup>20</sup> [Rejestradow.pl](http://Rejestradow.pl), accessed on 17 February 2021

<sup>21</sup> With the exception of legal advisers and foreign lawyers practicing under an employment relationship or serving in offices providing services to public administration bodies, other state 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*.

- providing taxable persons, taxpayers and collectors, at their request or on their behalf, with advice, opinions and explanations concerning their tax and customs obligations and the administrative enforcement procedure in relation to the obligations;
- keeping, on behalf of and for the benefit of taxable persons, taxpayers 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 taxable persons, taxpayers and collectors, accounting records, tax books and other records for tax purposes, tax returns and tax statements, or providing them with respective assistance;
- representing taxable persons, taxpayers 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 sub-paragraph.

The activities referred to in the first and last sub-paragraph may be carried out only by the entities indicated in the aforementioned act, i.e. natural persons entered in the list of tax advisers, attorneys and legal advisers, and in the case of the activities referred to in the first sub-paragraph – also statutory auditors. The following entities are also entitled to carry out the activities mentioned in the first and fourth sub-paragraph (provided that they carry out these activities exclusively through their employers referred to in the preceding sentence):

- 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 to audit financial statements under other provisions;
- 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 which are otherwise subject to a fine. The tax adviser is obliged to conclude a civil-liability insurance agreement for the tax services he or she renders.

Providing legal assistance or tax advisory services to customers, tax advisers 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 17 February 2021, there were 8,881 registered tax advisers.<sup>22</sup>

Statutory auditors practice their profession in accordance with the *Act of 11 May 2017 on statutory auditors, audit firms and public supervision* (consolidated text: Journal of Laws of 2020, item 1415). Pursuant to Article 3(1), in the framework of their professional activity, statutory auditors conduct financial audits and provides 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 economic activity on their own behalf and on their own account or as a partner of an audit firm, or as a

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<sup>22</sup> <https://krdp.pl/doradcy.php>, accessed on 17 February 2021



natural person under the employment relationship with an audit firm, or as a natural person (including a person conducting economic activity in any other scope than specified above) who has concluded a civil-law contract with an audit firm. In accordance with information from the register of statutory auditors kept by the National Council of Statutory Auditors, as at 17 February 2021, there were 5,374<sup>23</sup> statutory auditors and 1,399 audit firms<sup>24</sup>

### *Entities operating games of chance, betting, card games and games on gaming machines*

The operation of the gambling market is regulated by the *Gambling Act of 19 November 2009* (consolidated text: Journal of Laws of 2020, item 2094) and the implementing regulations to this act. The provisions 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. They include: numbers games, lotteries, telebingo, cylindrical games, dice games, cash bingo games, raffle bingo games, raffle lotteries, promotional lotteries, and audiotote lotteries.

Betting involves bets on 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 guessing the occurrence of various events, including virtual ones, in which participants pay stakes, and the amount won depends on the ratio of payment to the prize agreed between the host bet and the payer, i.e. bookmaking.

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 via the Internet, 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.

Operating numbers games, cash lotteries, telebingo games and games on gaming machines outside casinos and the organisation of online gambling (excluding 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 *Gambling Act of 19 November 2009* provides that the organisation of gambling requires – depending on the type of the game – a licence or a permit obtained from the minister competent for public finance or a permit obtained from the competent director of the Revenue Administration Regional Office (*Izba Administracji Skarbowej – IAS*).

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<sup>23</sup> [Rejestr biegłych rewidentów | PIBR](#), accessed on 17 February 2021

<sup>24</sup> <https://pana.gov.pl/firmy-audytorskie/>, accessed on 17 February 2021

As at 17 February 2021, there were 51 licences issued for operating casinos, that specify the location of each of the casinos<sup>25</sup>. As at the same date, there were a total of 20 legal entities operating in the betting market<sup>26</sup>, that were authorised by the Minister of Finance to organise betting. The permit of the Minister of Finance for organising betting in permanent outlets was held by 13 entities, while 19 entities held the permit of the Minister of Finance for organising and operating online betting. There was one legal entity authorised to organise and conduct other types of gambling in the Internet, such as games on gaming machines, card games, cylindrical games, dice games ([www.totalcasino.pl](http://www.totalcasino.pl)) and numbers games and cash lotteries ([gry.lotto.pl](http://gry.lotto.pl)).

The table below shows the amount of tax on gambling in 2019 – 2020.<sup>27</sup>

Table 3. Tax on gambling by game type in 2019 and in 2020 (in PLN thousand)

Game type	2019	2020
<b>Monopoly</b>	1,082,620	1,182,820
<i>Numbers games</i>	760,352	765,614
<i>Cash lotteries</i>	225,874	219,420
<i>Games on gaming machines</i>	16,701	34,324
<i>E-casino</i>	79,693	163,462
<b>Casinos</b>	457,570	319,250
<b>Mutual betting</b>	823,866	873,660
<i>in permanent outlets</i>	166,224	126,752
<i>Online</i>	657,642	746,908
<b>Audiotele lotteries</b>	10,512	9,549
<b>Raffle lotteries</b>	13	4
<b>Total</b>	2,364,056	2,375,730

### *Postal operators*

In accordance with Article 3(12) of the *Act of 23 November 2012 – Postal Law* (consolidated text: Journal of Laws of 2020, item 1041), 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 information contained in the register of postal operators kept by the President of the Office of Electronic Communications, as at 17 February 2021, there were 296 postal operators.<sup>28</sup>

<sup>25</sup><https://www.podatki.gov.pl/media/6053/wykaz-obowi%C4%85zuj%C4%85cych-koncesji-na-kasyna-gry-wed%C5%82ug-stanu-na-24-04-2020-r.pdf>, accessed on 17 February 2021

<sup>26</sup>[Zakłady wzajemne i gry hazardowe przez Internet \(podatki.gov.pl\)](https://www.podatki.gov.pl/zaklady-wzajemne-i-gry-hazardowe-przez-internet), accessed on 17 February 2021

<sup>27</sup><https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/>, accessed on 17 February 2021

<sup>28</sup>[Rejestr operatorów pocztowych - Urząd Komunikacji Elektronicznej \(uke.gov.pl\)](https://www.uke.gov.pl/rejestr-operatorow-pocztowych), accessed on 17 February 2021

### *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* (Journal of Laws of 2020, item 2167), “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 the Statistics Poland data of 29 December 2020, there were 15.3 thousand foundations (data as at 31 December 2019).<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.

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 programs and organisational structures and adopts internal acts concerning its activities, while its operations are based on the social work of its members. An association may employ staff, including its members, for the performance of its activities.

According to the Statistics Poland data of 29 December 2020, there were 69.9 thousand associations (data as at 31 December 2019).<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 from district governors and voivodes in accordance with the procedure defined in Article 14(4) of the *AML/CFT Act*, supervised associations included 4 obligated institutions (data as at 31 December 2020).<sup>31</sup>

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<sup>29</sup> <https://stat.gov.pl/obszary-tematyczne/gospodarka-spoieczna-wolontariat/gospodarka-spoieczna-trzeci-sektor/wspolpraca-organizacji-non-profit-z-innymi-podmiotami-w-2019-r-wyniki-wstepne,9,4.html>, accessed on 17 February 2021

<sup>30</sup> <https://stat.gov.pl/obszary-tematyczne/gospodarka-spoieczna-wolontariat/gospodarka-spoieczna-trzeci-sektor/wspolpraca-organizacji-non-profit-z-innymi-podmiotami-w-2019-r-wyniki-wstepne,9,4.html>, accessed on 17 February 2021

<sup>31</sup> The information provided by district governors and voivodes was based on their knowledge. Some respondents pointed out to the limited ability to determine which associations met the conditions indicated in Article 2(1)(22) of the *AML/CFT Act* (i.e. during controls carried out in accordance with other provisions or by collecting declarations from the associations).

### *Other non-financial obligated institutions*

A considerable 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 2021, item 162) (hereinafter referred to as *Entrepreneurs’ Law*). These include the obligated institutions specified in Article 2(1)(12), (16)-(18), (23)-(24) of the *AML/CFT Act*.

According to information published at <https://giedykryptowalut.pl/najwieksze-giedy-i-kantory-kryptowalut/> (access on 18 February 2021), at least 37 currency exchange offices and crypto-currency exchanges rendered their services online in Polish. The entities may be classified to obligated institutions referred to in Article 2(1)(12) of the *AML/CFT Act*.

According to information available at <https://wymianakrypto.pl/bitomaty>, there are currently at least 67 bitcoin ATMs in Poland<sup>32</sup>. Most of them operate in Masovia - 15. A bitcoin ATM is a device used for exchanging bitcoins for cash or cash for bitcoins. Some bitcoin ATMs also allow for exchanging bitcoins for other crypto-currencies.

The distinction between a crypto-currency exchanges and a crypto-currency bureaux de change is based on the differences in their business models. Crypto-currency bureaux de change provide their services both on the Internet and in stationary service points. They enable their customers to buy or sell a certain amount of decentralised virtual currency units. They do not offer storage services for these units or private keys to access them. On the other hand, crypto-currency exchanges provide a wider range of services. Buy and sell transactions of crypto-currency units can be concluded with a crypto-currency 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 portfolios on their behalf.

A real estate intermediary – an entrepreneur conducting economic activity in the field of real estate intermediary services – may participate in the real estate trading. Real estate intermediary services consist in the paid performance of activities aimed at concluding agreements by other persons. The scope of real estate agency services is specified by an agency agreement. The agreement must be executed in writing or in electronic form under pain of nullity. It is not possible to specify the number of real estate agents, as each entrepreneur may perform real estate agency activities 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 report on national economy entities as at 31 December 2020, the National Official Business Register REGON (excluding natural persons running only private farms) included 20,608 entities reporting the activity defined by the Polish Classification of Activities (PKD) code – 6831Z, i.e. intermediary services in the real estate trading<sup>33</sup>.

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<sup>32</sup> Access on 10 March 2021

<sup>33</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-2020,7,8.html>, accessed on 17 February 2021

In accordance with Article 76a(1) of the *Accounting Act of 29 September 1994* (Journal of Laws of 2021, item 217), bookkeeping services are a business activity within the meaning of the provisions of the *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 entrepreneur 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 turnover, trading in money and securities, of a fiscal offence and of any offences specified in Chapter 9 of the aforementioned act. An entrepreneur 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 entrepreneurs 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;
- fulfilling a function of a member of the management board or enabling other person to fulfil 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 any other person to act as the trustee of a trust established by means of a legal act;
- acting or enabling other person to act as a person exercising rights arising from stocks or shares to the benefit of an entity other than a company listed on the regulated market subject to the requirements related to information disclosure in compliance with the European Union law or subject to equivalent international standards.

According to the Statistics Poland data contained in the quarterly report on national economy entities as at 31 December 2020, the National Official Business Register REGON (excluding natural persons running only private farms) included 19,344 entities reporting the activity defined by the Polish Classification of Activities (PKD) code – 8211Z, i.e. office administration

services<sup>34</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”.

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 subject economic activity within the meaning of the *Entrepreneurs’ Law*.

A relatively large category of obligated institutions comprising economic operators in various sectors is composed by entrepreneurs 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 inter-related. Although Article 19 of the *Entrepreneurs’ Law* obliges entrepreneurs to make and accept payments related to their economic activity 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.

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<sup>34</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-2020.7.8.html>, accessed on 17 February 2021

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

#### 3.1. INFORMATION ON SUSPICIOUS TRANSACTIONS

In 2020, 3,805 Suspicious Activity Reports (SAR), i.e. descriptive notifications of suspicious activities and transactions, were registered in the IT system of the GIFI to be used in analytical proceedings conducted. 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 the reporting institution/unit believes may be related to money laundering or financing of terrorism. These notifications often include additional data and documents justifying 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 the GIFI takes up in cooperation with the prosecutor's offices and law enforcement bodies. Descriptive notifications may include, in particular, information on the suspicion of the reporting entity that an offence has been committed, and on the accompanying circumstances. Table 4 (data for 2020 is presented against the data for the preceding year) shows the categories of entities submitting SARs to the GIFI.

*Table 4. Number of SARs received in 2001-2020*

<b>Period</b>	<b>Obligated institutions</b>	<b>Cooperating units</b>	<b>Other sources</b>	<b>Total</b>
2001 (starting from 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 <sup>35</sup>	294*	110	4,100
2020	3,587	179	39	3,805

The number of descriptive notifications has remained high for eight years now (Chart 3). 2020 was the second full year of the application of the amended SAR reporting regulations. The number of SARs is comparable to that recorded last year – despite the change in the conditions caused by the pandemic.

Chart 3. Number of descriptive SARs received in 2006-2020

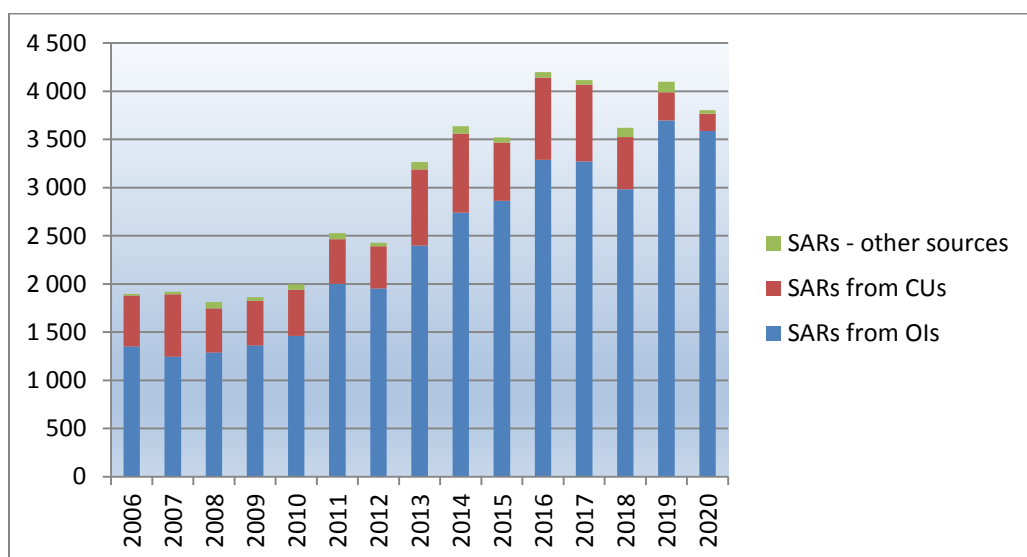
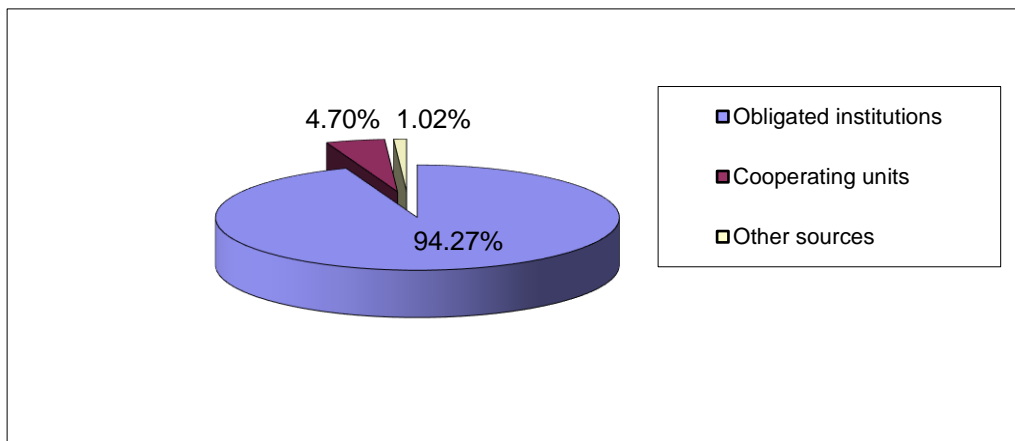


Chart 4 illustrates the percentage share of suspicious activity reports received from the different sources of information.

<sup>35</sup> Compared to the annual report of the GIFI for 2019, there were corrections in the number of SARs from the obligated institutions (-1) and in the number of SARs from the cooperating units (+1).



Chart 4. Sources of descriptive SARs in 2020

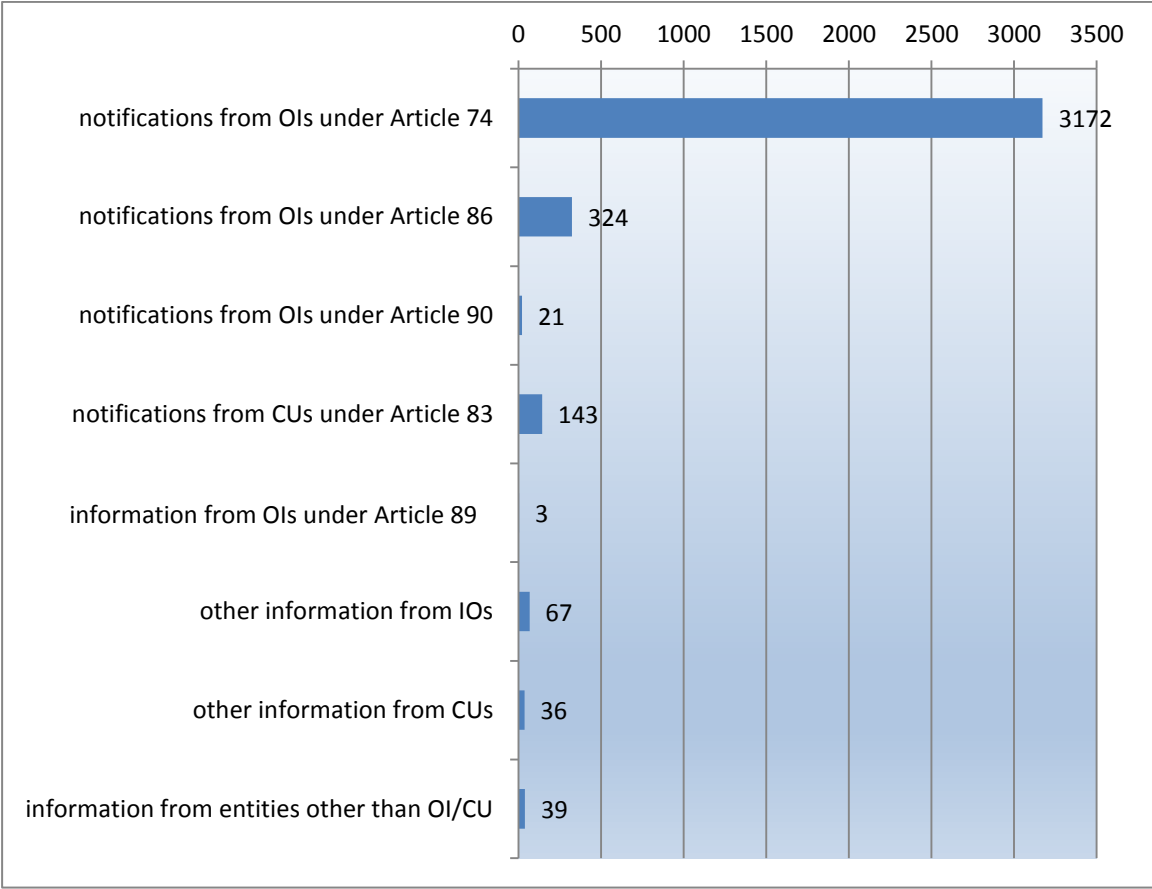


The total number of SARs registered in 2020 includes notifications and reports that refer to different circumstances of the events they refer to, and are marked by different premises and different procedures for their submission to the GIFI. The applicable *Act on counteracting money laundering and financing of terrorism* specifies – in the following provisions:

- Article 74 (notification by the obligated institution of any circumstances that may indicate a suspected crime of money laundering or financing of terrorism),
- Article 83 (notification by the cooperating unit of a suspected crime of money laundering or financing of terrorism),
- Article 86 (notification by the obligated institution of becoming aware of a justified suspicion that a specific transaction or specific assets may be associated with money laundering or financing of terrorism),
- Article 89 (information from the obligated institution of notifying the prosecutor of having become aware of a reasonable suspicion that the assets subject to a transaction or deposited on the account originate from a crime other than that of money laundering or financing of terrorism or a fiscal crime, or are associated with a crime other than that of money laundering or financing of terrorism or a fiscal crime),
- Article 90 (notification from the obligated institution of a transaction that the obligated institution reasonably suspects to be associated with a crime involving money laundering or financing of terrorism, where the submission of the notification prior to the transaction was impossible)

– different premises under which an obligated institution or a cooperating unit may submit a SAR to the GIFI. *Chart 5* shows the numbers of different types of SARs registered by the GIFI in 2020.

Chart 5. Types of descriptive SARs in 2020



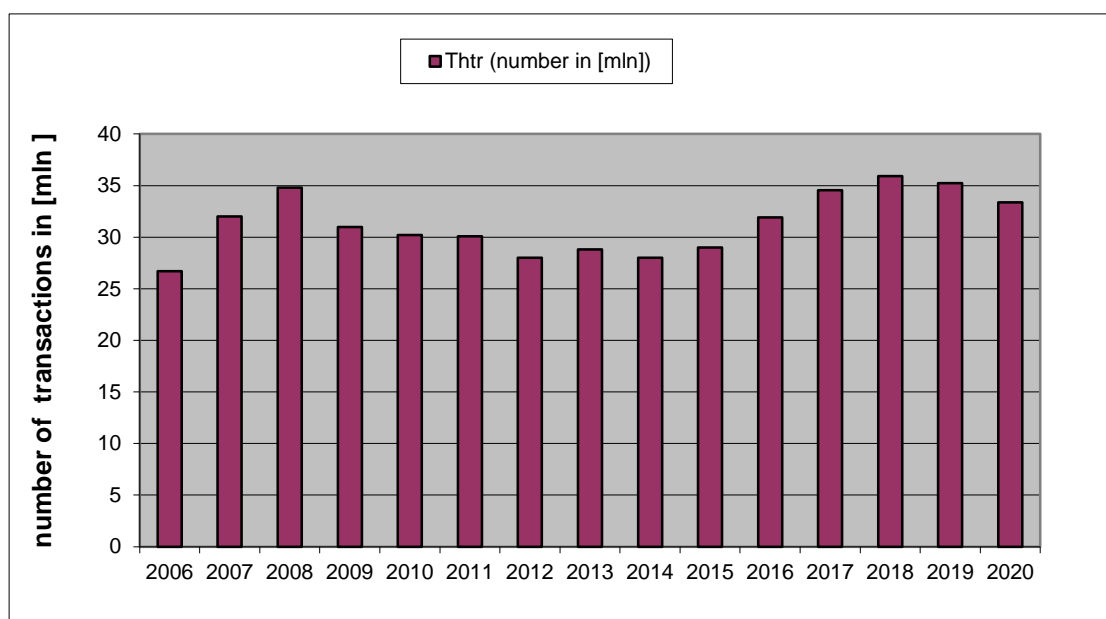
In 2020, there were 179 registered SARs reported by the cooperating units, which is yet another decline compared to the previous year. The GIFI mentioned a decline in the number of SARs reported by the cooperating units already in its report for 2019, which is also confirmed in the data for 2019 and 2020 (in 2020, this decline was additionally enhanced by the pandemic).

In 2020, the GIFI registered 3,587 SARs reported by the obligated institutions. Their number within the last two years has been high and is approx. 20% higher than their average number in 2014-2018. As explained in the comments concerning Table 4, 2020 was the second full year of implementation of the amended provisions regarding reporting, and the respective amendment was introduced in the second half of 2018. Therefore, when the year-to-year data is compared with adequate caution, the increase in the number of SARs in 2019 and 2020 compared to the directly preceding years may be associated with the removal of the Suspicious Transaction Report (STR) from the categories of information which the obligated institutions reported to the GIFI in the preceding years. In the past, the GIFI used to receive tens of thousands of such reports a year (in 2018, there were nearly 43 thousand Suspicious Transaction Reports), whereby the overwhelming majority of them referred to information reported in SARs. Under the current legal order, suspicious transactions that formerly could be reported as STRs independently of SARs submitted at the same time were probably the reason of the increased number of SARs in 2019 and 2020.

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

In 2020, the GIFI was informed about 33.37 million above threshold transactions (under Article 72 of the *AML/CFT Act*), the equivalent of which exceeds the statutory threshold (and also 894 thousand correcting information). This information is collected in the IT system of the GIFI and processed by the Department of Financial Information in the Ministry of Finance – both for analytical proceedings carried out by the GIFI and for the purposes of analyses carried out to respond to requests submitted by competent authorities. The number of such transactions reported to the GIFI on an annual basis remains at a similar level (Chart 6), while – following the amendment to the provisions in 2018 – in 2019, the transitional periods concerning the manner of reporting above threshold transactions to the GIFI expired, and 2020 was the first full year in which reporting took place in accordance with the new rules. The amendment to the provisions also referred to the categories of reported transactions, the catalogue of reporting obligated institutions, and the content of information on transaction reported to the GIFI. The 2018 amendment to the provisions and the expiry of the transitional periods for the manner of reporting above threshold transactions causes that the statistics for 2019-2020 must be directly compared against the preceding years with adequate caution, whereby the total number of transactions reported to the GIFI in 2019 and 2020 did not change significantly (only a slight decrease, probably due to the pandemic, was recorded). This shows that the limited reporting of certain types of information did not have a significant impact on the total number of reports – in accordance with Article 72 of the *AML/CFT Act*, four types of transactions listed in this article are currently reported: cash deposits/withdrawals, transfers of funds, foreign currency buy/sell transactions, and certain notarial activities. The catalogue of reported transactions was limited by removing certain categories, e.g. transactions without a noticeable cash trading, that covered different cases until the second half of 2018, now cover exclusively the listed types of notarial activities (which is an amendment in itself because the former catalogue of notarial activities to be reported was not exhaustive).

Chart 6. Number of reports on above threshold transactions received by the GIFI



The obligated institutions submit data on the above-mentioned transactions in aggregate or separately, in the form of a file, on a continuous basis (as opposed to the reporting deadlines valid in the preceding years, i.e. once a month until the 14<sup>th</sup> day after the end of each calendar month in which the transactions were registered). Currently, all data is transferred electronically, and besides the transfer through the secure Internet website of the GIFI, which was 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.

Data transfer through the secure Internet website makes it possible both to send a file with data on multiple transactions, generated in a relevant format from the system of the obligated institution (this solution was used in the past mainly by large institutions that reported many transactions on a monthly basis, but these institutions currently use mostly a new channel based on the network services of the ICT system of the GIFI), and to complete a form (being equivalent to the template of electronic document 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 33.37 million transactions, information about which was submitted to the GIFI databases in 2020, 4.93% were transactions classified by the obligated institutions as cash deposits or withdrawals. This figure represents a decrease compared to the previous years – in 2019, this was 6.08%, in 2018 – 6.26%, and in 2017, such transactions accounted for 6.72%. The decline in the previous years was systematic, but this year's one is definitely greater (over one p.p. compared to 0.2-0.5 p.p.).

At the same time, 7.03% of transactions were classified by the obligated institutions as transfers from abroad, which was one percentage point more than in 2019, when 6.05% of transactions were classified as such. In 2018, transactions classified by the obligated institutions in their reports as transfers from abroad accounted for 3.51% (as in the previous years). The new regulations, in force since the second half of 2018, clearly increased the number of transfers of funds from abroad reported to the GIFI, thus putting an end to at least some of the interpretative

speculations associated with the previously applicable regulations. As a result, a two-fold increase in the number of reported transfers from abroad was recorded, which should be considered a positive manifestation of the adaptation of the obligated institutions in this respect to the applicable regulations and reduction in a significant gap in the information available for analyses carried out by the GIFI. The change in the structure of reported information, forcing the indication of the country where a given account is kept, also improved the ability to analyse the actual directions of cash flows. Unfortunately, a more detailed analysis of the data provided as part of information on transfers from abroad shows that there are still problems with interpreting which types of transactions should be reported in this way and what information on entities and accounts should be included. Unification of the approach in this area is an important task for the next year.

Changes in the method of reporting information on above threshold transactions generally allow for better insight into the structure of information and its better classification, which affects the ability to better assess the risk associated with particular types of transactions, and also gives insight into relevant information, that used to be unavailable to the GIFI directly, on transactions particularly susceptible to risks related to money laundering/financing of terrorism. This is enabled by, for example, categorisation of information on fund transfers. As for data reported in the new manner since 2019, the GIFI obtained insight into the structure of the types of the process initiating funds transfers, to find out that while 84.98% of outgoing transfers were initiated as a result of ordering a “traditional” credit transfer or direct debit, the remaining 15.02% of above threshold transfers resulted from the execution of domestic or foreign money orders (7.38%) 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 (7.64% in total).

The aforementioned 7.38% of above threshold transfers resulting from the execution of money orders correspond to over 1,978 thousand money transfers. On the other hand, in the same data sample, the aforementioned 7.64% 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 nearly 2 050 thousand transfers of funds.

A similar situation occurs thanks to the categorisation of information on fund transfers from abroad. As for the data reported in a new manner, the GIFI obtains not only information on more than twice as many transfers of this type (which constitute a group more susceptible to ML/TF risks than other transfers), but also an insight into the structure of the manner in which a fund transfer is initiated. According to available data, 83.71% of above threshold transfers from abroad are the result of the execution of transfer orders, 10.66% of them reach Polish obligated institutions as a result of the execution of money orders, and 5.62% of 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 1,963 thousand transfers from abroad, over 250 thousand remittances from abroad, and nearly 132 thousand fund transfers from abroad of other type.

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, show 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 2020, 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 ICT 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 financing terrorism or entities from high-risk/sanctioned countries. Links between information on transactions and other types of information available in the system (e.g. with inquiries 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 initiative of the GIFI). The above-mentioned links were searched for with the use of the analytical models available in the ICT system of the GIFI, to be then 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 the accounts of suspicious entities and information on transactions themselves, being a helpful source of data used in analytical proceedings. 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 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 applies only to accounts the information of which has been extracted from information on above threshold transactions – currently, the GIFI does not have access to other database of accounts that would enable this type of analysis.

### **3.3. INFORMATION FROM CASH TRANSPORTATION DECLARATIONS**

In accordance with Article 85(1) of the *AML/CFT Act*, the Border Guard and National Revenue Administration bodies provide the GIFI with data from declarations regarding EU cross-border cash transportation. In 2020 (like in 2011-2018), this data was submitted through the electronic communication channel – directly to the ICT system of the General Inspector of Financial Information. The GIFI received information about 9.9 thousand cash transportation notifications (in 2017 – 11.8 thousand, in 2018 – 13.0 thousand, in 2019 – 14.9 thousand), contained in 5.8 thousand transportation declarations (in 2017 – 7.1 thousand declarations, in 2018 – 7.8 thousand declarations, in 2019 – 9.3 thousand declarations). In accordance with the electronic document template, the GIFI receives information on cash import/export notifications separately for each type of imported/exported cash reported in one transportation declaration. Part of 5.8 thousand transportation declarations include two or more notifications concerning different types of funds. Of the data submitted in 2020, 8,635 notifications referred to declarations of cash imported into the territory of the EU, while 686 notifications referred to declarations of cash exported from the territory of the EU (the GIFI also received 206 notifications from declarations regarding cash transportation between the EU Member States and 336 declarations regarding cash transportation between non-EU countries). The number of declarations submitted by the Border Guard and customs authorities in 2020 decreased to 66% of the number of declarations submitted in 2019, which reflects directly restrictions on the

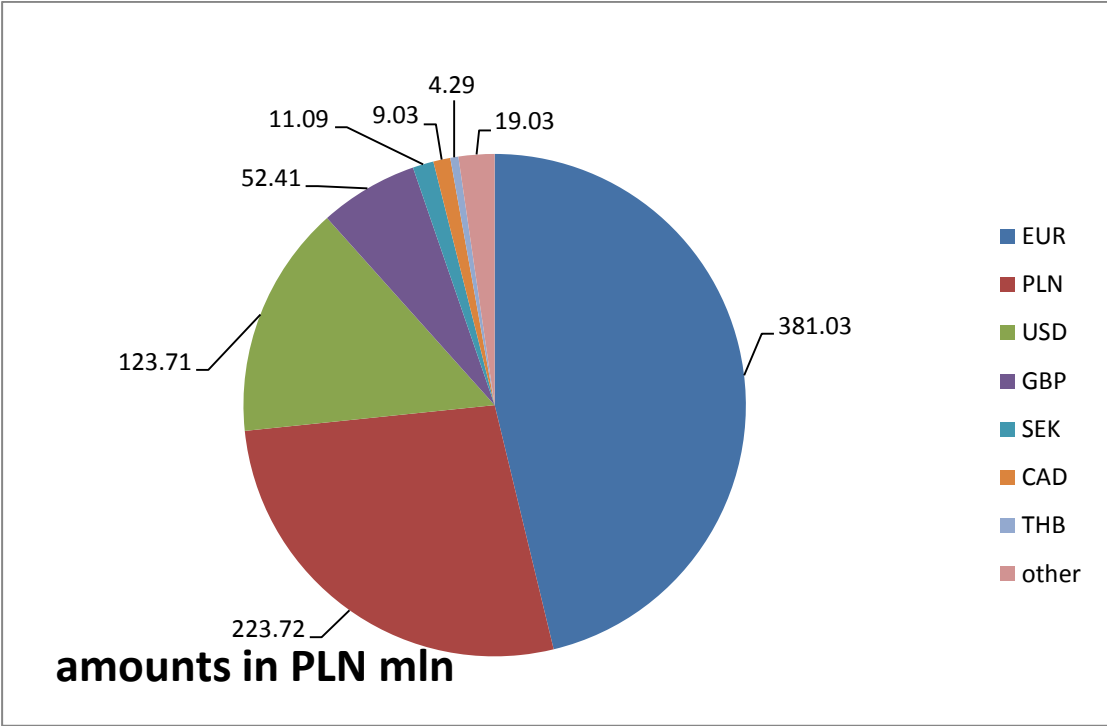
movement of people across EU borders in the year of the pandemic. This is also reflected in the aggregate value of the amounts reported in declarations of cash imported into the EU: in 2016 – PLN 830.9 million, in 2017 – PLN 1,154 million, in 2018 – PLN 1,231 million, in 2019 – PLN 1,421 million, in 2020 – PLN 824 million (all amounts in this chapter given in PLN have been converted according to the average weekly exchange rate of a given currency). Figures for the aggregate amount of cash declared as exported from the EU were as follows: in 2016 – PLN 120.2 million, in 2017 – PLN 155.3 million, in 2018 – PLN 136.4 million, in 2019 – PLN 182 million, in 2020 – PLN 108.4 million.

The value of cash declared as imported to the EU amounted to (order according to the value in PLN):

- EUR 86.8 million,
- PLN 223.7 million
- USD 32.3 million,
- GBP 10.5 million,
- SEK 26.0 million,
- CAD 3.1 million,
- THB 34.3 million.

The total amounts declared in the above mentioned currencies separately exceed the value of PLN 4 million.

Chart 7. Share of particular currencies in cash declared as imported to the EU in 2020



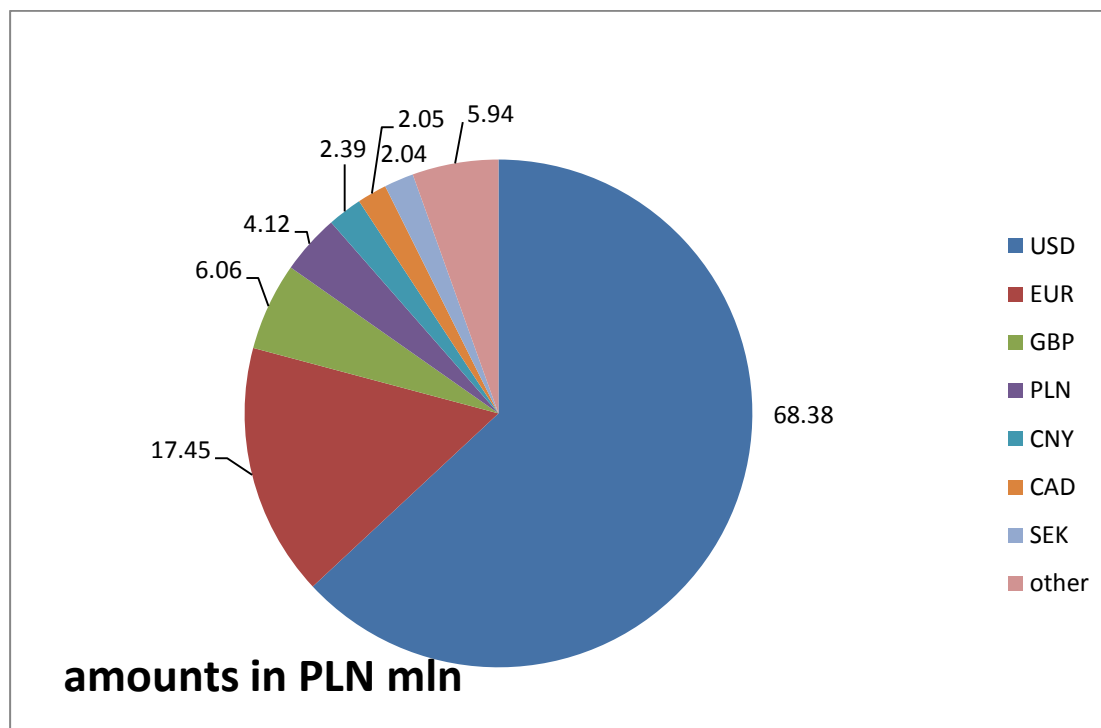
The information on declarations submitted to the GIFi also concerned transportation of cash in lower amounts in 53 other currencies (in 2015, this was 12 other currencies, in 2016 – 35, in 2017 – 37, in 2018 – 42, in 2019 – 69). The share of particular currencies in cash declared as imported into the EU is shown in Chart 7 (amounts in PLN million).

The value of cash declared as exported from the EU amounted to (order according to the value in PLN):

- USD 18.0 million,
- EUR 4.0 million,
- GBP 1.2 million,
- PLN 4.1 million,
- CNY 4.3 million,
- CAD 0.7 million,
- SEK 5.0 million.

The total amounts declared in the above mentioned currencies separately exceed the value of PLN 2 million. There was a significant decrease in the amount of cash declared as PLN exported outside the EU (PLN 37.6 million in 2016, PLN 79.8 million in 2017, PLN 66.6 million in 2018, and PLN 61.7 million in 2019). The information on declarations submitted to the GIFi also concerned transportation of cash in lower amounts in 35 other currencies. The share of particular currencies in cash declared as exported from the EU is shown in Chart 8 (amounts in PLN million).

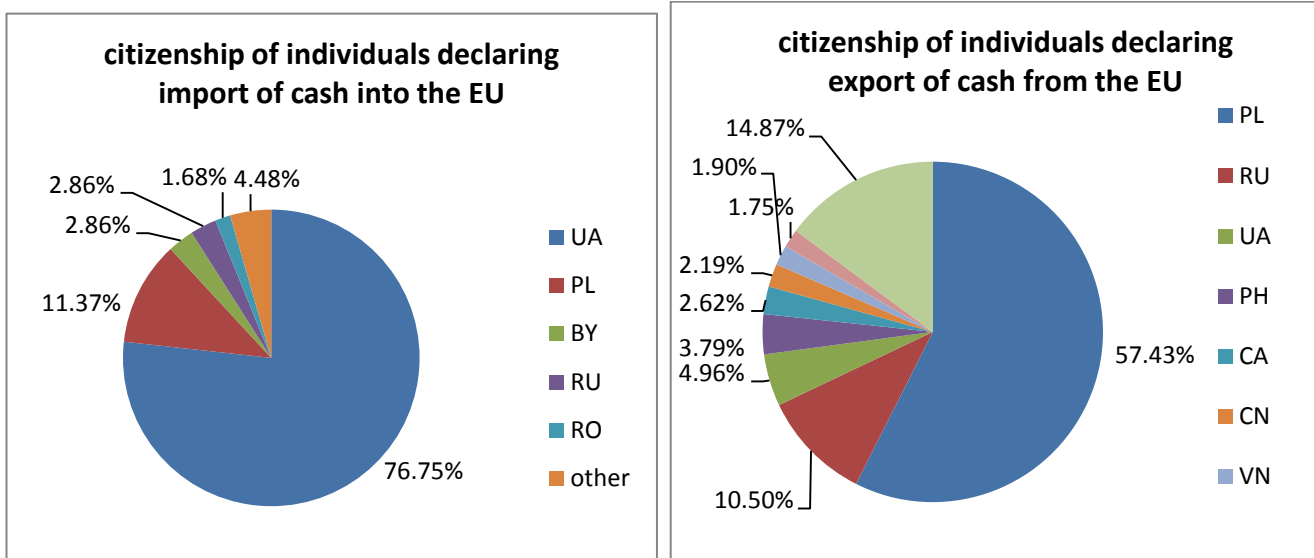
Chart 8. Share of particular currencies in cash declared as exported from the EU in 2020



Import was most often declared (as in previous years) by citizens of Ukraine (in 76.75% of cases), followed by citizens of Poland (in 11.37% of cases), Belarus (in 2.86% of cases), Russia (in 2.86% of cases), Romania (in 1.68% of cases), as well as citizens of 42 other countries. Export was most often declared by citizens of Poland (in 57.43% of cases), Russia (in 10.50% of cases), Ukraine (in 4.96% of cases), the Philippines (in 3.79% of cases), Canada (in 2.62% of cases), China (in 2.19%), Vietnam (in 1.9% of cases), Israel (in 1.75% of cases), as well as citizens of other 33 countries. The percentage share of cash import/export declarations by citizenship of the declaring individuals is presented in Chart 9.

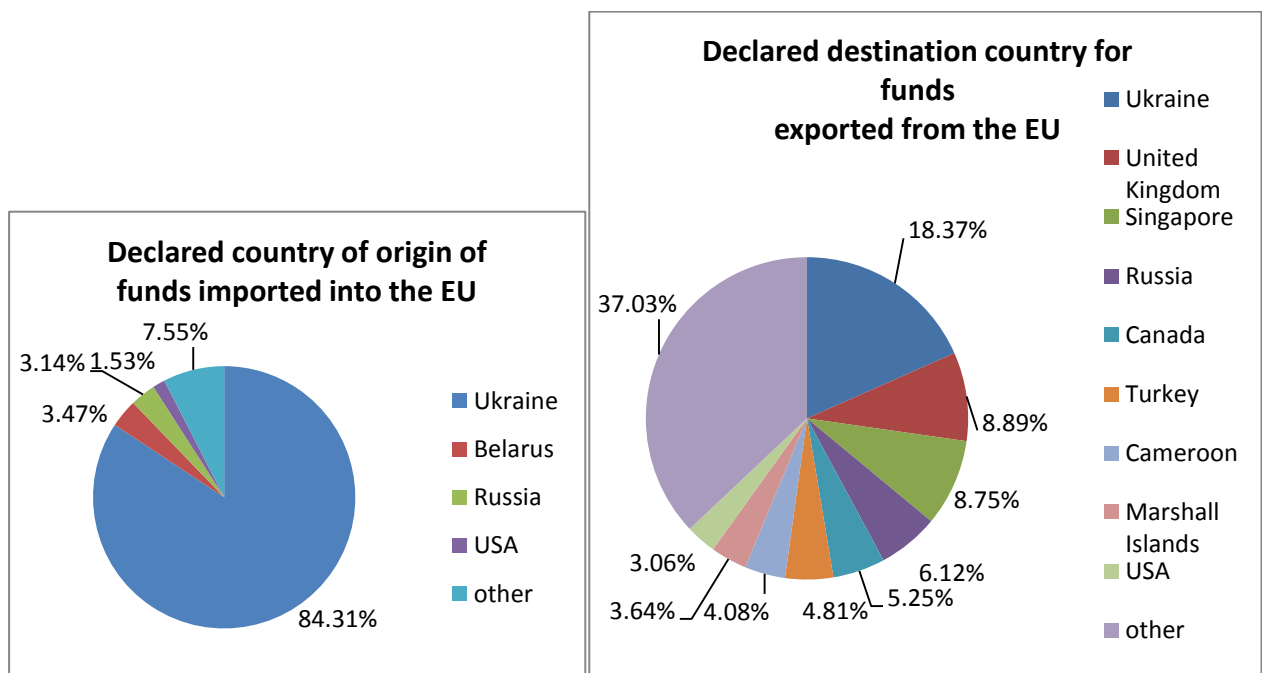


Chart 9. Percentage share of cash import/export declarations by citizenship of the declaring individuals in 2020



The analysis of the directions from which cash was imported into the EU shows that as much as 84.31% of declarations related to cash funds imported from Ukraine (as in previous years), 3.47% – from Belarus, 3.14% – from Russia, 1.53% – from the USA (the remaining declarations concerned imports from 48 other jurisdictions). In the case of cash exports from the EU, it was also Ukraine where cash was declared to be exported most often (18.37% of cases), followed by the United Kingdom (8.89%), Singapore (8.75%), Russia (6.12%), Canada (5.25%), Turkey (4.81%), Cameroon (4.08%), Marshall Islands (3.64%), and the USA (3.06%). The remaining declarations related to exports to 43 other jurisdictions, whereby export declarations were much less concentrated than import declarations (“other” jurisdictions for exports account for more than 37% of the total, against 7.55% of the total for “other” countries declared as a source). The percentage share of cash import/export declarations by declared import/export directions is presented in Chart 10.

Chart 10. Cash imports/exports by declared directions in 2020



## 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. 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 the 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 a crime of money laundering or financing of terrorism that could be committed by suspected entities. The analysis is aimed at substantiating that assets subject to the respective transactions originate from proceeds from a prohibited act.

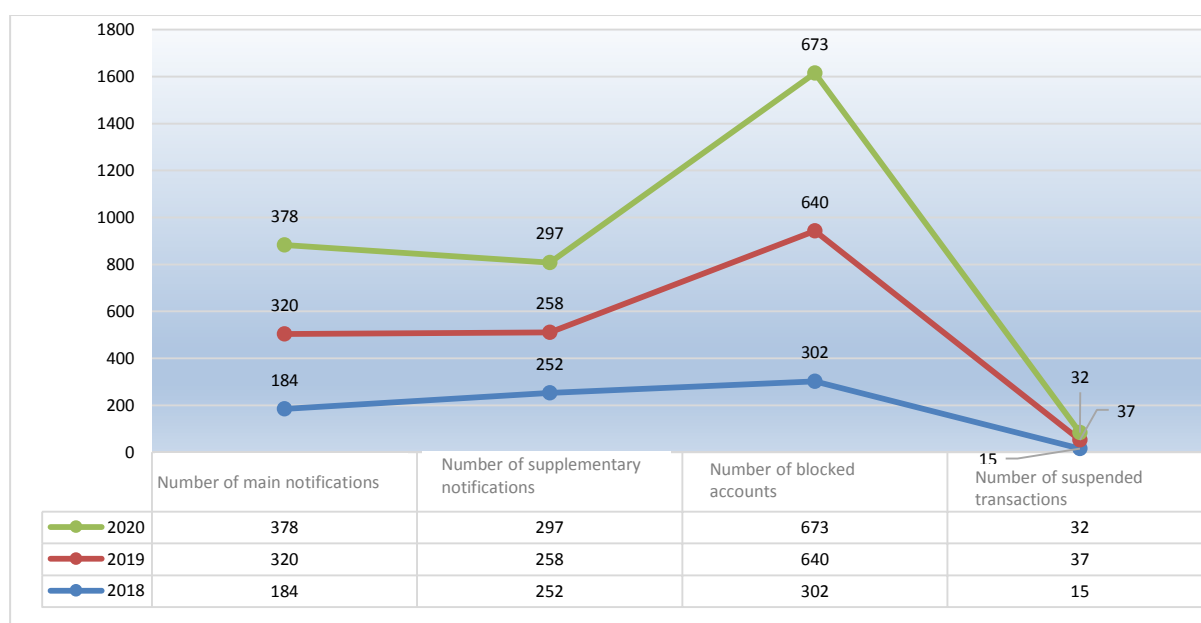
#### 4.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS

Performing its statutory tasks, the General Inspector of Financial Information initiated in 2020 – according to the information obtained – 2,257 analytical proceedings. This number includes proceedings regarding suspected money laundering, proceedings in the area of counteracting financing of terrorism, as well as proceedings initiated based on information provided by the obligated institutions, that could not perform their obligations concerning customer due diligence, and that did not conduct a transaction, sign a contract with a customer, or terminated the existing business relationships. In 2020, there was a decrease in the number of analytical cases initiated by the GIFI compared to the previous year – the total number of initiated analyses decreased by nearly 10%. As a result of the conducted analytical proceedings:

- 1) 378 notifications of suspected crimes involving money laundering (the so-called main notifications) were submitted to the locally competent prosecutor's offices. In the analysed year, there was an approx. 18.1% increase in the number of the above-mentioned notifications compared to the previous year. The total amount of assets that were the subject of suspected crimes was approx. PLN 15.1 billion. The notifications were submitted to the prosecutor's offices pursuant to Article 103, Article 86(8) or Article 87(3) of the *AML/CFT Act*, i.e. they were drawn up based on the data held by the GIFI, its processing or analysis. The GIFI also provided the prosecutor's offices with its evidence justifying the suspicion of money laundering. Besides the aforementioned main notifications, the GIFI also submitted 297 supplementary notifications to the prosecutor's offices, including the evidence concerning the parties or subject of their proceedings regarding money laundering, that justified the suspicion that such offence was committed. The evidence was collected in the course of follow-up analytical proceedings conducted by the GIFI. The total amount of assets that were the subject of suspected offences was approx. PLN 0.3 billion.

- 2) The GIFI blocked 673 accounts with a total balance of approx. PLN 246.2 million, and suspended 32 transactions for the total amount of PLN 26.7 million. On the initiative of the GIFI, 300 accounts with a total balance of PLN 57.4 million were blocked, and 13 transactions for the total amount of PLN approx. PLN 2.4 million were suspended. Moreover, in 2020, the GIFI requested a foreign financial intelligence unit to use its powers to block an account, and this unit complied with this request, as a result of which two foreign accounts with a total balance of PLN 13.8 million were blocked. The aforementioned amounts of funds on blocked accounts are estimated ones, the 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 no longer possible to withdraw or transfer funds deposited on them to other accounts.
- 3) The GIFI submitted on its initiative to the competent bodies and units 498 reports.

Chart 11. Numbers of notifications submitted to the prosecutor's office, blocked accounts and suspended transactions in 2018-2020

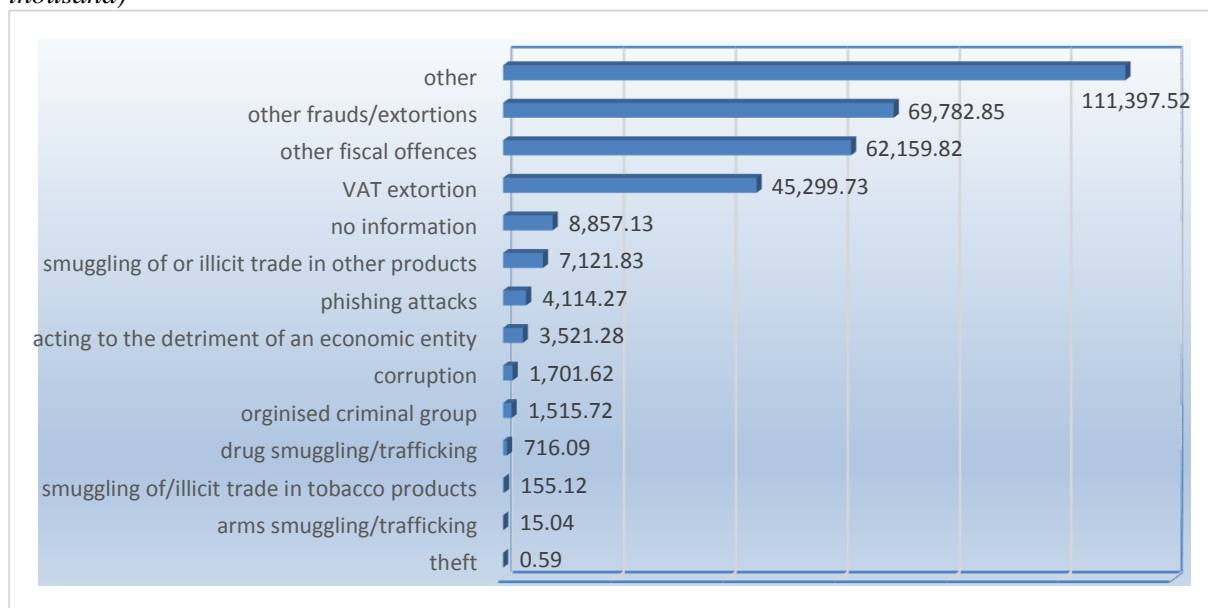


Source: internal data of the GIFI

The chart above presents the quantitative (broken down into annual periods) summary of the main and supplementary notifications submitted by the GIFI to the prosecutor's offices under the *AML/CFT Act*. The amounts of suspended transactions and funds on accounts blocked at the request of the GIFI were compared in the same way. Based on the above-mentioned data for 2017-2020, a clear upward trend in the indices concerned can be observed. It should also be emphasised that a strong upward trend occurs in the statistics regarding the number of main notifications submitted to the prosecutor's offices (in 2020, an increase by approx. 18.1% compared to the previous year) and the number of blocked accounts (in 2020, an increase by approx. 5.2% compared to the previous year and by approx. 122.9% compared to 2018). In the analysed period, a similar trend continued as regards the number of transactions suspended by the GIFI (15 transactions were suspended in 2018, 37 – in 2019, and 32 – in 2020).

Chart 12. Breakdown of assets deposited on blocked accounts or being subject to suspended

transactions according to the typology concerning the suspension of a predicate offence (in PLN thousand)



Source: internal data of the GIFI

In the analysed reporting period, the GIFI sent to the competent bodies and units the following number of notifications:

- 160 notifications to the National Revenue Administration bodies;
- 130 notifications to the Police (including the Central Bureau of Investigation of the Police);
- 77 notifications to the Internal Security Agency;
- 82 notifications to the Central Anti-Corruption Bureau;
- 24 notifications to the Border Guard Headquarters;
- 10 notifications to the Military Counter-intelligence Service;
- 11 notifications to the Polish Financial Supervision Authority;
- 2 notifications to the Military Police Headquarters;
- 2 notifications to the Foreign Intelligence Agency.

In 2020, most of the notifications initiated by the GIFI were addressed to the National Revenue Administration bodies. As in previous years, a significant number of them indicated the suspicion of tax fraud related to the value added tax. The notifications reported circumstances related to prohibited acts, such as understatement or non-disclosure of turnover due to forging or hiding invoices, extortion of input VAT, “missing trader” fraud, carousel fraud – in intra-Community transactions. A significant part of the notifications contained information regarding the suspicion 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 accounting for the State budget income, including personal income tax, corporate income tax, and value added tax. The results of control proceedings repeatedly indicated that the controlled entities had not conducted the actual declared economic activity, had been 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 inquiries concerning fiscal offences, resulting afterwards in investigations under the supervision of the prosecutor’s offices. As a result of the coordination of actions, 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.

Another significant group comprised notifications to the Police, including the Central Investigation Bureau of the Police. The information contained in the aforementioned notifications was used by the General Police Headquarters and the Central Bureau of Investigation of the Police to undertake their statutory activities that resulted, among others, in instigation of preparatory proceedings. The information submitted by the GIFI was also used in pending proceedings.

The notifications addressed by the GIFI to the Internal Security Agency referred to transactions that could be related to the 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 production or trading in goods, technologies and services that are of strategic significance for the security of the State, illegal production or possession of and trading in weapons, ammunitions and explosives, weapons of mass destruction as well as intoxicants and psychotropic substances in international trade.

It should be emphasised that the 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 bodies, constituted comprehensive evidence providing sufficient grounds for the initiation of an investigation or were incorporated into the already 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 the information collected in accordance with the procedure and within the scope provided for in the *AML/CFT Act* for the purposes of the 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 several million. In many cases, the coordination of activities carried out by the GIFI and the competent law enforcement bodies enabled arresting members of criminal groups and blocking bank accounts with assets derived from proceeds from prohibited acts.

It is also worth noting that in the analysed reporting period, the GIFI, under Article 113(2) of the *AML/CFT Act*, provided the cooperating units with information obtained previously from foreign financial intelligence units, upon their consent, with 34 reports that helped increase the

effectiveness of operations of these entities. Most of this information (over 60%) was provided to the Police.

Furthermore, the information received from foreign financial intelligence units, with respect to which the foreign FIU agreed to the disclosure of information obtained from it, was also transferred to prosecutor's offices along with a notification of suspected money laundering.

#### **4.1.2. DIRECTIONS OF ANALYSES – EXAMPLES**

##### *Cases relating to capital investment fraud*

One of the cases involved extorting funds from many individuals for alleged investments in the Forex market. The aggrieved parties made payments to the accounts of business entities being in fact the so-called “straw men”, that were then transferred to several foreign entities.

The information obtained by the GIFI from law enforcement bodies indicated that this illegal practice was handled by an international crime group. The group operated its own “call centres” used to persuade people from various countries to make investments. Some of the funds were paid out to the people who had previously made payments – to prove that the funds were actually invested and generated the expected profits. In this way, criminals could count on positive opinions in social media or on Internet forums.

In this case, the GIFI requested several times to block the relevant accounts and sent notifications to the competent prosecutor's office.

Another case concerned extortion of funds for alleged capital investments from natural persons in one of the EU countries. The aggrieved parties made payments to the account of a limited liability company whose name was similar to a foreign brokerage company licenced to trade in securities. The aggrieved parties were probably convinced that they entrusted their funds to this company or its subsidiary.

The Polish company was established by a national of country A being a member of the EU. The collected evidence justified the presumption that this person was supported by “barkers” who attracted people willing to invest. The account of the Polish company was logged on from the territory of country A, which indicates that the whole criminal practice was conducted in country A, whereas the accounts were opened in Poland to obstruct the operations of the law enforcement bodies in country A, in particular to prevent seizure of funds on the accounts after these bodies were contacted by the aggrieved parties from country A.

The GIFI requested to block the company accounts in two banks and sent notifications to the competent prosecutor's office.

##### *Trade in precious metals of unknown origin*

The case concerned the purchase of precious metals, mainly gold and silver, by a married couple running a currency exchange office and a pawnshop. Precious metals were then sold to two foreign entities dealing with their processing.

These people claimed that gold and silver came from jewelry purchased from many people. However, this information raised doubts as the very high value of transactions would mean that the group of customers would have to be very large. It should be noted that gold and silver

jewelry is a popular gift for special occasions and the recipients usually do not sell it without important reasons. Moreover, these people operated in only a few outlets and it was doubtful that they could have so many customers selling their jewelry.

In this case, the GIFI sent a notification to the competent prosecutor's office.

### *Fraud committed to the detriment of a postal operator*

The case concerned attempted extortion of funds from a postal operator through the fictitious operation of a postal operator agency.

Several transfers for the total amount of PLN 4 million were made to the newly opened account of a natural person at one of the banks. In the course of the analysis and collection of information from the ordering party's bank, the following circumstances were established. It is very likely that in the newly opened postal operator agency (contract concluded a few days earlier), fraud involving booking fictitious cash payments for a total amount exceeding PLN 14 million for the sale of land (as stated in the notarial deed) occurred. The funds under fictitious payments at the postal operator agency were then transferred to the account of a natural person and then partially transferred to other accounts of that person at other banks.

As established by the postal operator, the above-mentioned postal operator agency ceased to operate immediately after the described transactions were carried out (the case of the postal operator agency was reported to the Police by the postal operator).

The GIFI requested to block the accounts with the funds in question and sent a notification to the prosecutor's office.

### *Fraud related to offering protective face masks*

The case concerned extortion of funds from many natural persons in connection with offering protective face masks. The accounts (in EUR and PLN) of a Polish company were credited with funds from natural persons and economic entities. The transactions were described with transfer titles indicating orders for protective face masks. The total amount of credits posted on the said accounts exceeded several million PLN within 4 months. Part of the funds was transferred to another Polish company, to one of the Asian countries and withdrawn in cash abroad. The bank maintaining the accounts of the company concerned began to receive more and more messages from the banks of the transferors, requesting the this bank to return the funds, as well as complaints about ordered transactions that could suggest fraud. A number of negative reports on transactions concluded with the company were found in generally available databases. According to the comments, it could be concluded that a large number of people had been deceived when purchasing protective face masks through a website that is no longer operational.

The analysed company was not registered as a VAT payer and did not submit any tax returns to the Polish tax authorities throughout the period of its operation. The sole shareholder and at the same time the CEO of the company and the company itself were monitored by law enforcement bodies in connection with fraud.

The GIFI blocked a significant part of funds on the accounts of the company in question and sent a notification to the prosecutor's office.

### ***Fiscal offences related to the settlements of companies providing road transport services***

The case concerned the settlements of Polish companies for the provision of road transport services as part of the operations of two companies: A and B (companies with an international range of operations headquartered outside Poland).

Two Polish citizens founded several companies that most probably dealt with organising and providing transport services as part of the operations of two companies A and B providing road transport services. The accounts of the Polish companies were credited with funds from A and B. Within the last three years, the said accounts were credited with more than PLN 100 million. The funds deposited on the bank accounts were transferred between the accounts of the analysed companies to be finally transferred to the accounts of natural persons (most likely drivers providing transport services) or withdrawn in cash. One of the banks maintaining accounts for the Polish entities requested the companies, as part of application of customer due diligence measures, for documents confirming the origin of the funds. As the representatives of the companies did not present any documents, the bank terminated their bank account agreements.

The Polish companies did not submit any tax returns to the competent tax authorities and were not authorised to make intra-Community transactions.

The GIFI blocked the account of one of the companies concerned and sent a notification to the prosecutor's office.

### ***Money laundering by a group of foreign nationals using accounts opened in one of the banks***

The case was initiated by the GIFI in 2020. It concerned a group of entities related to foreign nationals from one of the Asian countries, and was conducted to verify a probable offence of money laundering.

The foreign nationals with no ties to the Republic of Poland used companies established in Poland as the so-called 'moving entity', i.e. funds coming from abroad were distributed among Polish companies to be transferred to further beneficiaries without any tax activities. In the analysed cases, the GIFI noticed the lack of economic justification for establishing companies in Poland and the lack of reasons for business relationships of these companies with the Polish market. Moreover, the funds came from entities that did not operate in the sectors declared in the National Court Register by the representatives of the companies.

In the above cases, the GIFI notified the competent units of the prosecutor's office. Recognising the notifications received from the GIFI as a justified suspicion of an offence of money laundering, the prosecutors, pursuant to Article 86(9) and (11) of the *AML/CFT Act*, issued decisions to initiate investigations and block the accounts of the entities concerned for six months.

According to the GIFI, what these cases had in common was the fact that the companies opened their company accounts in the same bank branch of an obligated institution. Requests for opening and keeping an account were prepared and verified by the same business customer consultant who, in the period from April 2018 to June 2020, opened company accounts for a total of 183 entities, including 47 companies run by foreign nationals. In 18 cases, the operations of these companies suspected of money laundering were notified by



the GIFI to prosecutor's offices. Taking into account the number of suspected companies whose accounts were opened by the man referred to above and the nature of the operations of these companies, the GIFI put forward and substantiated the hypothesis that this man may be one of the links in the money laundering practice.

According to the information collected by the GIFI, the above-mentioned bank employee could draw up and verify agreements on opening company accounts without the relevant consent of the compliance unit. Thus, this man, as a representative of an obligated institution, failed to exercise due diligence and did not apply customer due diligence measures when establishing business relationships, and he could facilitate opening company accounts that were then used for criminal purposes, thus fulfilling the criteria of a prohibited act stipulated in Article 299(2) of the *Penal Code*.

## **4.2. COUNTERACTING OF 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 financing of terrorism. Information used to initiate analyses comes mainly from the cooperating units and the banking sector.

Performing its statutory tasks in the area of counteracting financing of terrorism in 2020, the GIFI initiated 9 analytical proceedings regarding transactions that could be related to financing of terrorism. The proceedings were conducted based on information received from the cooperating units and the obligated institutions, as well as information or requests received from foreign financial intelligence units.

The proceedings initiated based on information from the obligated institutions concerned usually transactions carried out by natural persons from the countries with increased terrorism risk, i.e. ones where terrorist groups are active and from countries where military operations are carried out. The GIFI examined the flows on personal bank accounts and money transfers involving these individuals. In cooperation with the Anti-Terrorist Centre of the Internal Security Agency<sup>36</sup>, the GIFI analysed the links with individuals or entities from countries with increased terrorism risk and identified their links with terrorist organisations. Verification of suspicions of financing of terrorism led in some cases to their confirmation or detection of illegal commercial activities unrelated to financing of terrorism, or on the contrary – to confirmation that certain transactions were carried out as legal financial activities connected, for example, with family or business ties with entities established in countries with increased terrorism risk.

### **Cooperation with foreign FIUs**

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<sup>36</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 be evidence of financing of terrorism.

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 these requests and information, frequently supplementing them with additional data, and then submitted them to the Internal Security Agency with the consent of the foreign FIU.

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

In 2020, the GIFI received 38 requests from the Internal Security Agency for information on individuals and entities suspected of financing terrorism. The GIFI replied to all requests, forwarding the information received from the obligated institutions to the Internal Security Agency. In some cases, the information provided by the GIFI was supplemented with data received from foreign FIUs, with their consent.

### **Additional information**

In 2020, having carried out analyses related to suspected financing of terrorism, the GIFI sent, pursuant to Article 106 of the *AML/CFT Act*, a total of 11 notifications to the Internal Security Agency. In the Polish anti-terrorist system, it is the Internal Security Agency that has a statutory obligation to identify terrorist threats and prevent acts of terror. Moreover, according to the information held by the GIFI, in 2020, prosecutors conducted 2 preparatory proceedings regarding a suspicion of the offence specified in Article 165a of the *Penal Code*.

The GIFI is a member of the Inter-ministerial Team for Terrorist Threats (ITTT) which is an ancillary body of the Council of Ministers, that is to ensure cooperation of the governmental administration in the identification, prevention and combating terrorist threats. The basic tasks of the Team include: monitoring terrorist threats, presenting opinions and conclusions to the Council of Ministers, developing draft standards and procedures regarding combating terrorism, initiating and coordinating activities undertaken by the competent bodies of the governmental administration. As part of the work of the Team, in 2020, proposals for directional changes to the *Act of 10 June 2016 on anti-terrorist activities* (consolidated text: Journal of Laws of 2019, item 796, as amended) were discussed, and an analysis of this act operation was performed. In 2020, in connection with the completion of the “*National Anti-Terrorist Programme for 2015-2019*” (M.P. of 2014, item 1218 – archival act), the Team adopted proposals for final reports on the completed implementation of the Programme priorities – including the report on the implementation of Priority 9: “Implementation of the conclusions of the evaluation of Poland in terms of compliance of the Polish system for counteracting financing of terrorism with international standards, in particular with respect to: the method of penalising crimes involving financing of terrorism; enhancing the coordination of activities in the area of counteracting this type of crime”. The implementation of Priority 9 was led by the GIFI. The very completion of the Programme implementation took place in 2020, by presenting to the Council of Ministers a report with information on the implementation of all priorities included in the Action Plan, which is an integral part of the Programme. The above-mentioned documents are classified.

## 5. CONTROLS

### 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 provisions on counteracting money laundering and financing of terrorism from employees and former employees of the obligated institutions or other individuals who perform or performed activities for the obligated institutions on a basis other than an employment relationship. Therefore, in order to fulfil this obligation, the GIFI makes it possible to submit the above-mentioned reports in an electronic form to the e-mail address: [sygnalisci.GIIF@mf.gov.pl](mailto:sygnalisci.GIIF@mf.gov.pl), or send them to the correspondence address indicated by GIFI.

Based on the information received by the GIFI in 2020, 50 cases were entered in the register of anonymous reports (over 150 reports were received – both in electronic and paper form). Some of the reports received by the GIFI were forwarded to the competent authorities in order to perform by them their statutory tasks (to tax offices, revenue administration regional offices, prosecutor's offices, the Police), some of them were used by the GIFI to perform its own statutory tasks. The remaining part of the reports that contained information that did not refer to actual or potential violations of the provisions on counteracting money laundering and financing of terrorism, as well as information that could not be used by other authorities, was left unexamined.

### 5.2. CONTROLS PERFORMED BY THE GIFI

Pursuant to the provisions of the *AML/CFT Act*, in 2020, the GIFI carried out **7 controls** in the following obligated institutions:

- banks – 3,
- notaries public – 2,
- entities operating in the gambling market – 1,
- investment fund management company – 1,

The controls revealed irregularities in the fulfillment of the obligations under the *AML/CFT Act* by the obligated institutions. The identified irregularities include:

#### 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 of this act,
- failure to implement internal procedures regarding *AML/CFT* provisions referred to in Article 50 and Article 53 of the *AML/CFT Act* or to adapt them to the provisions of this act.

## 2) substantive irregularities:

- failure to perform the obligations referred to in Article 6, Article 7 and Article 8 of the *AML/CFT Act*, regarding identification of persons responsible for the performance of obligations specified in the *AML/ CFT Act*,
- failure to perform or improper performance of an analysis and assessment of risks related to a business relationship or an occasional transaction referred to in Article 33(2) of the *AML/CFT Act*,
- failure to apply the customer due diligence measures referred to in Article 34(1) of the *AML/CFT Act*,
- failure to apply enhanced customer due diligence measures, in accordance with the internal procedure in force in the obligated institution,
- failure to meet the obligation under Article 46 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 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 meet the obligation to ensure the participation of employees fulfilling the obligations associated with counteracting money laundering and financing of terrorism in training programmes referred to in Article 52 of the *AML/CFT Act*,
- failure to meet the obligation to provide the GIFI with information, referred to in Article 72 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 crime of money laundering or financing of terrorism,
- failure to meet the obligation to provide the GIFI with information, referred to in Article 76 of the *AML/CFT Act*,
- failure to meet the obligation to immediately block an account, provided for in Article 87(2) of the *AML/CFT Act*,
- failure to meet the obligation to apply 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*,
- conducting transactions that may be related to the offence referred to in Article 299 of the *Penal Code*.

As for the identified violations, the GIFI issued post-control recommendations to the obligated institutions to enable them to fulfil their obligations under the *AML/CFT Act*. It was recommended, among others, to:

- designate persons responsible for the performance of obligations specified in the *AML/CFT Act*, in accordance with Article 6, Article 7 and Article 8 of the *AML/CFT Act*,

- prepare a risk analysis assessment for the obligated institution, referred to in Article 27 of the *AML/CFT Act*,
- fulfil the obligation to identify the risk of money laundering and financing of terrorism associated with the business relationship and to assess the risk level in accordance with Article 33 of the *AML/CFT Act*,
- document the applied customer due diligence measures in accordance with Article 34(3) of the *AML/CFT Act*,
- fulfil the obligation provided for in Article 41(1)(3) and (4) of the *AML/CFT Act*,
- 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 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*,
- adapt/implement the procedures in accordance with Article 50 and Article 53 of the *AML/CFT Act*,
- ensure the participation of employees fulfilling the obligations associated with counteracting money laundering and financing of terrorism in training programmes, to enforce the fulfilment of the statutory obligations, 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,
- 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 the 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*,
- taking immediate action with respect to requests of the GIFI to suspend a transaction or block an account in accordance with Article 87 of the *AML/CFT Act*,
- verify customers' presence on the sanction lists referred to in Article 118 of the *AML/CFT Act*.

Pursuant to Article 144 of the *AML/CFT Act*, information on the findings of controls carried out by the GIFI controllers was transferred to the supervisory authorities for its further official use.

Moreover, in 2020, in connection with a control carried out, the GIFI sent to the prosecutor's offices 4 notifications of an offence that had the features of the acts specified in Article 156 and Article 157 of the *AML/CFT Act*.

### 5.3. CONTROLS CARRIED OUT BY THE SUPERVISORY AUTHORITIES

Pursuant to the provisions of Article 131(5)(3) of the *AML/CFT Act*, the supervisory authorities provide the GIFI with information on control findings. According to the data held by the GIFI as at 5 February 2021, in 2020:

- the National Bank of Poland carried out **329 controls in currency exchange offices**,
- the Polish Financial Supervision Authority carried out **17 controls**,
- the Presidents of Appeal Courts carried out **110 inspections in notary offices**,
- the National Association of Cooperative Savings and Credit Union carried out **4 controls in Cooperative Savings and Credit Unions**,
- ministers or district governors carried out **1 control in a foundation**,
- Customs and Tax Control Offices carried out **15 controls**.

### 5.4. ADMINISTRATIVE PROCEEDINGS FOR THE IMPOSITION OF FINANCIAL PENALTIES

Pursuant to the provisions of the *AML/CFT Act*, proceedings concerning imposition of administrative sanctions on the 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*, are 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 number of administrative proceedings conducted by the GIFI is closely related to the number of controls performed by it.

In 2020, under the provisions of the *AML/CFT Act*, the GIFI initiated 19 administrative proceedings. 11 of them were initiated in connection with irregularities identified as a result of controls carried out by the GIFI, while the remaining 8 proceedings were initiated as a result of controls carried out by other authorities. In 2020, the GIFI completed 14 proceedings, by issuing administrative decisions imposing on obligated institutions administrative sanctions in the form of financial penalties. In 2020, the Minister of Finance, Funds and Regional Policy conducted 6 appeal proceedings against the GIFI decisions. As a result of the appeal proceedings, the Minister of Finance, Funds and Regional Policy issued 4 administrative decisions, including 3 decisions to impose on obligated institutions administrative sanctions in the form of financial penalties. In 2020, 1 complaint against the decision of the Minister of Finance, Funds and Regional Policy was filed with a Provincial Administrative Court. In 2020, the Supreme Administrative Court dismissed in full 1 cassation appeal.

## 6. NATIONAL COOPERATION

### 6.1. EXCHANGE OF INFORMATION WITH DOMESTIC ENTITIES

In 2020, the GIFI continued cooperation with domestic entities.

Competent authorities – primarily the prosecutor’s office and other law enforcement bodies – use the data held by the GIFI. Information collected in the manner and to the extent 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, and the Heads of the Internal Security Agency, the Military Counter-intelligence Service, the Central Anti-Corruption Bureau under Article 105(1) of the *AML/CFT Act*. Other bodies authorised to obtain information on transactions included the Head of the National Revenue Administration, Directors of the 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 prosecutor’s offices have been obliged to provide information on issued decisions to block a bank account or suspend a transaction, initiation of proceedings, presenting charges and bringing an indictment, and other matters related to an offence of money laundering or financing of terrorism under Article 81 of the *AML/CFT Act*. The other law enforcement bodies authorised to conduct criminal proceedings (like other cooperating units) submit notifications about a suspected offence of money laundering or financing of terrorism 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 that, however, systematically increases every year, particularly with the organisational units of the prosecutor’s office. The cooperation with the Police and the Border Guard intensified, while that with the Central Anti-Corruption Bureau and Military Counter-Intelligence Service was reduced. The greatest decrease in information exchange was recorded in the case of the National Revenue Administration bodies.

*Table 5. Summary data on the cooperation with selected domestic entities (under Article 32, Article 33 and Article 14(2) of the AML/CFT Act of 16 November 2000 and Article 81 and Articles 104-105 of the AML/CFT Act of 1 March 2018) in 2016-2020*

Institution	Year	Number of requests under Article 32 and Article 33 of the previous act/Article 104 and Article 105 of the AML/CFT Act in force	Number of requests under Article 14 of the previous act/Article 81 of the AML/CFT Act in force
organisational units of the prosecutor’s offices	2016	597	51
	2017	747	77
	2018	737	90
	2019	732	191
	<b>2020</b>	<b>844</b>	<b>236</b>
	2016	1	<i>not applicable</i>

courts <sup>37</sup>	2017	6	<i>not applicable</i>
	2018	8	<i>not applicable</i>
	2019	9	<i>not applicable</i>
	<b>2020</b>	<b>7</b>	<b><i>not applicable</i></b>
National Revenue Administration bodies	2016	1,405	<i>not applicable</i>
	2017	834	<i>not applicable</i>
	2018	575	<i>not applicable</i>
	2019	428	<i>not applicable</i>
	<b>2020</b>	<b>317</b>	<b><i>not applicable</i></b>
Internal Security Agency	2016	54	4
	2017	40	1
	2018	72	7
	2019	81	2
	<b>2020</b>	<b>86</b>	<b>2</b>
Central Anti-Corruption Bureau	2016	26	0
	2017	31	2
	2018	27	2
	2019	104	3
	<b>2020</b>	<b>84</b>	<b>6</b>
the Police	2016	145	55
	2017	109	40
	2018	108	54
	2019	126	94
	<b>2020</b>	<b>159</b>	<b>104</b>
Border Guard	2016	27	2
	2017	29	2
	2018	16	1
	2019	21	0
	<b>2020</b>	<b>36</b>	<b>2</b>
Military Counter-Intelligence Service	2016	0	0
	2017	4	0
	2018	49	0
	2019	53	0
	<b>2020</b>	<b>37</b>	<b>1</b>
Military Police	2019	5	0
	<b>2020</b>	<b>15</b>	<b>0</b>
<b>Total:</b>	2016	2,255	112
	2017	1,800	122
	2018	1,592	154
	2019	1,559	290
	<b>2020</b>	<b>1,585</b>	<b>351</b>

It should be also emphasised that since 13 July 2018, there have been more authorities referred to as law enforcement bodies, that may request information from the GIFI. 2020 was the second full year when these authorities could use the information held by the GIFI. These authorities currently include:

- Commander-in-Chief of the Police (previously under authorisation by the minister competent for the interior),

<sup>37</sup> Applies to courts submitting requests for information in connection with criminal cases dealt with.



- Commander of the Central Bureau of Investigation of the Police (previously under authorisation by the minister competent for the interior),
- Commander-in-Chief of the Border Guard (previously under authorisation by the minister competent for the interior),
- Commander-in-Chief of the Military Police,
- Internal Supervision Inspector,
- Commander of the Bureau of Internal Affairs of the Police (previously under authorisation by the minister competent for the interior),
- Commander of the Bureau of Internal Affairs of the Border Guard (previously under authorisation by the minister competent for the interior).

Furthermore, since 13 July 2018, under Article 105(3) of the *AML/CFT Act*, requests for information may also be submitted 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 competences with respect to the application of specific restrictive measures.

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

Pursuant to Article 104 of the *AML/CFT Act*, in 2020, the GIFI received from organisational units of the prosecutor's offices 844 requests for information concerning 5,141 entities, which represents an increase by approx. 15% compared to the previous year (in 2019, the GIFI received 732 requests for information concerning 5,350 entities). It should also be emphasised that the 2020 requests concerned at least 2,062 bank accounts.

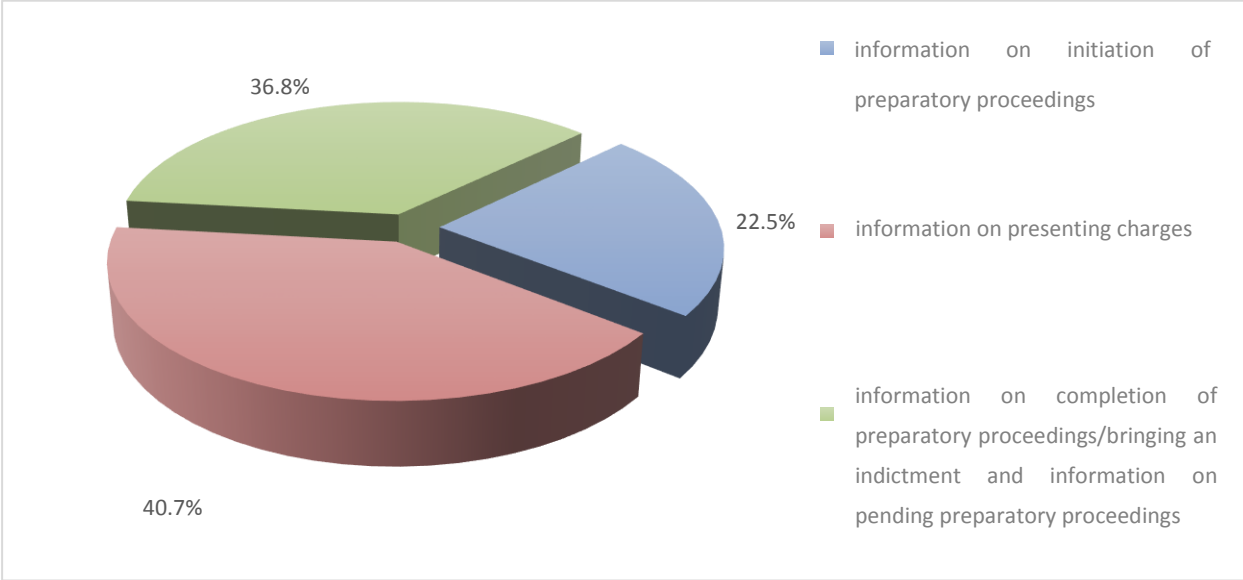
Over the last several years, the cooperation with the prosecutor's offices has been more effective, as confirmed by the large number of requests for information submitted to the GIFI by the organisational units of the prosecutor's offices. Since 2014, organisational units of the prosecutor's offices submitted over 500 requests for information each year, which represents a significant increase compared to the preceding years (in 2013, 400 requests were recorded), while in 2017-2019, the number of these requests submitted per annum was over 700. Continuing the trend of 2019, 2020 marked an increase in the number of the requests that referred to and were mainly aimed at determination of assets. The number of the requests under mutual legal assistance increased as well. Furthermore, with the use of requests for information and the information thus obtained, the organisational units of the prosecutor's offices were able to present charges to suspects to a greater extent, in particular under Article 299 of the *Penal Code*.

In 2020, the GIFI also received 7 requests for information from courts concerning 7 entities. For comparison, in 2019, the GIFI received 9 requests for information concerning 7 entities.

In 2020, the GIFI received 236 reports under Article 81 of the *AML/CFT Act* from organisational units of the prosecutor's offices (prosecutors notify the GIFI of having issued a decision to block a bank account or suspend a transaction, initiation of proceedings, presenting

charges and bringing an indictment in cases related to an offence of money laundering or financing of terrorism), which represents a significant increase compared to 2019, when this figure was 191.

Chart 13. Information received from organisational units of the prosecutor’s offices under Article 81 of the AML/CFT Act in 2020



In 2020, most of the transferred information concerned initiation of proceedings regarding a suspicion of the offence referred to in Article 299 of the *Penal Code* (53 reports) or presenting charges under this provision (96 reports). In several dozens of such cases, the organisational units of the prosecutor’s offices requested the GIFI also to consider undertaking its statutory activities to block accounts or to suspend transactions.

Based on the information submitted by the competent authorities under Article 81 of the *AML/CFT Act*, the GIFI undertook 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 the prosecutor’s offices – based on the information received – notifications of the suspected offence referred to in Article 299 of the *Penal Code*.

In 2020, just like in previous years, the organisational units of the prosecutor’s offices submitted in one 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.

It should be emphasised that acting in accordance with Article 81(4) of the *AML/CFT Act*, the GIFI immediately notifies the prosecutor of possessing information related to the information submitted under Article 81(1) of the *AML/CFT Act*. In 2020, information provided by organisational units of the prosecutor’s offices was frequently combined with 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 the prosecutor’s offices, e.g. in the form of extending the catalogue of charges presented to suspects.

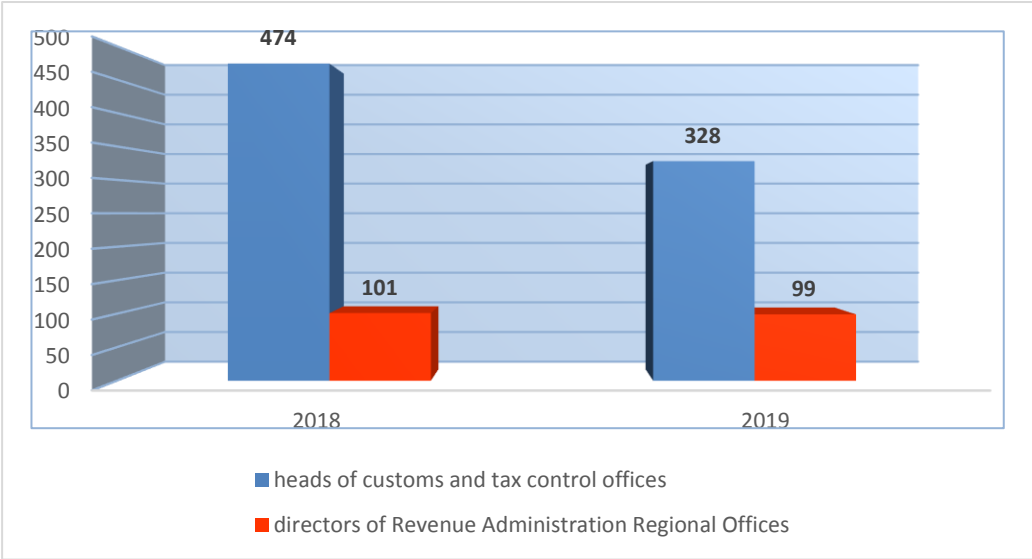
In 2020, secure electronic information exchange channels were used to cooperate with organisational units of the prosecutor’s offices. The said secure electronic information exchange channels were also used by the GIFI to obtain information from the obligated institutions, from which information was received on transactions covered by the provisions of the *AML/CFT Act* for the purposes of cooperation between the GIFI and organisational units of the prosecutor’s 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 the prosecutor’s offices.

In 2020, cooperation with the organisational units of the prosecutor’s 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 practices to ensure more effective cooperation between the GIFI and representatives of organisational units of the prosecutor’s offices.

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

In 2020, the GIFI received 190 requests from heads of customs and tax control offices regarding 714 entities. This is a decrease in the number of submitted requests compared to 2019, when GIFI received 328 requests concerning 1,473 entities.

*Chart 14. Cooperation with the National Revenue Administration bodies under Article 105 of the AML/CFT Act in 2019-2020*



Despite the decline in the number of requests for information, an increase in the effectiveness of cooperation with the National Revenue Administration bodies has been observed in recent years. In 2020, 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 the prosecutor's 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 funds derived from proceeds from prohibited acts, in this case in particular from fiscal offences.

In 2020, the GIFI also received 127 requests for information from directors of revenue administration regional offices regarding 806 entities, compared to 99 requests received in 2019 with respect to 255 entities.

In 2020, due to the prevailing pandemic, it was not possible to continue permanent cooperation consisting in co-organising training sessions to broaden knowledge in the area of counteracting money laundering and financing of terrorism with the participation of representatives of the National Revenue Administration bodies. However, representatives of the management of the Department of Financial Information took part in quarterly meetings with the management of the National Revenue Administration, during which they had the opportunity to share information on good practices aimed at ensuring more effective cooperation between the GIFI and organisational units of the National Revenue Administration.

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

Pursuant to Article 105(1) of the *AML/CFT Act*, in 2020, the GIFI received 159 requests for information from Police organisational units, that concerned at least 700 entities, a significant part of which were submitted by authorised individuals representing the Criminal Bureau of the Police Headquarters and the Central Investigation Bureau of the Police. As in previous years, cooperation related to the processing of requests for representatives of the Police bodies was smooth and effective.

However, it should be emphasised that the number of requests increased in 2020 compared to 2019, when the GIFI received 126 requests from organisational units of the Police, concerning 973 entities.

Furthermore, in 2020, the GIFI replied to 38 requests concerning 408 entities, submitted by authorised representatives of the Border Guard Headquarters, which represents a significant increase in the number of requests compared to 2019, when the GIFI received 21 requests concerning 297 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 Criminal Code. In 2020, the GIFI received 104 such reports from the Police organisational units, concerning 626 entities.

Based on the information received, the GIFI was able to more effectively fulfil its statutory obligations, also by blocking accounts. The activities undertaken in the area of 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 interior, including, in particular, in identifying assets at the initial stage of operational and reconnaissance activities, as well as later during investigation.

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

In 2020, as part of cooperation under Article 105(1) of the *AML/CFT Act*, the GIFI received from the Head of the Internal Security Agency 86 requests for information on at least 482 entities, compared to 81 requests regarding 899 entities received in 2019. In 2020, the GIFI also received 2 notifications from the Head of the Internal Security Agency, pursuant to Article 83 (1) of the *AML/CFT Act*, concerning 6 entities.

It should be emphasised that in 2020, cooperation with the Internal Security Agency remained statistically at a level similar to that observed in 2019.

In 2020, the GIFI received 37 requests for the information held by the GIFI from the Military Counter-Intelligence Service. The requests concerned at least 100 entities. Over the years, cooperation in this respect has been enormously intensified, and now remains at a similar statistical level. To compare, in 2019, the GIFI received 53 requests concerning 162 entities, while in 2017, only 4 requests were submitted by the Military Counter-Intelligence Service.

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

Under Article 105(1) of the *AML/CFT Act*, the GIFI received from the Central Anti-Corruption Bureau 84 requests for information regarding at least 958 entities, and 6 notifications provided pursuant to Article 83(1) of the *AML/CFT Act*, concerning 116 entities.

Cooperation with the Central Anti-Corruption Bureau diminished in 2020, compared to 104 requests concerning 646 entities received in 2019.

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

In 2020, the GIFI received 33 requests from the minister competent for public finance to establish whether there were any threats related to money laundering or financing of terrorism as regards specific entities, that were submitted under Article 11(2) of the *Gambling Act of 19 November 2009* (consolidated text: Journal of Laws of 2020, item 2094). These requests concerned 164 entities.

In 2020, the GIFI received 13 requests from the Chairperson of the Polish Financial Supervision Authority, concerning 45 entities, addressed to the GIFI in connection with ongoing proceedings related to granting or changing a permit for the provision of payment services as a domestic payment institution.

In 2020, the GIFI also received 15 requests for information from the Military Police, that concerned 89 entities. Compared to 5 such requests received in 2019, exchange of information was enhanced.

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

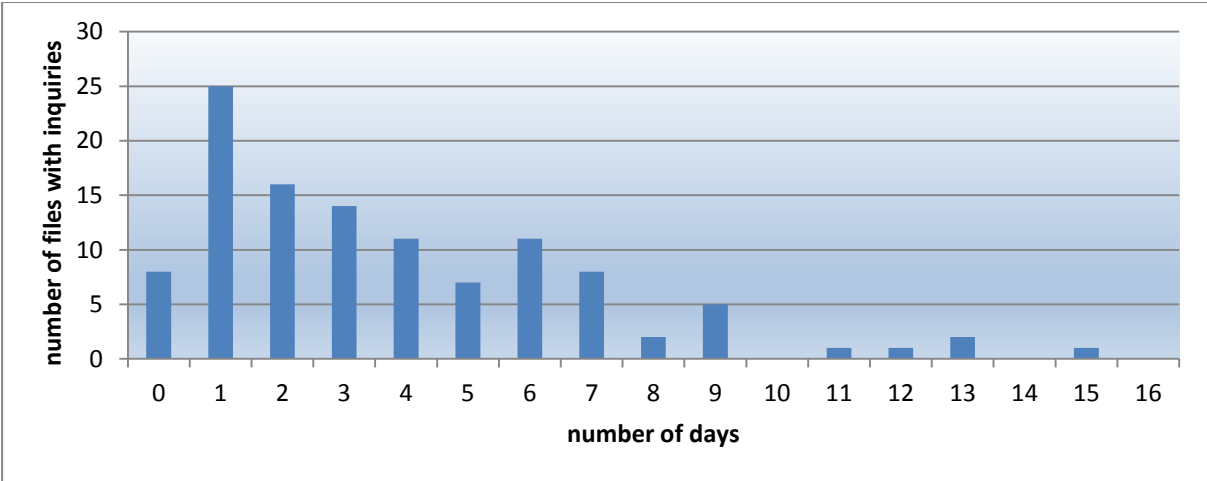
In 2020, the GIFI cooperated with the Head of the National Centre for Criminal Information. The GIFI transferred criminal information ex officio (4,843 registrations), but – as in 2019 – it did not submit any inquiries to the system of the National Centre for Criminal Information.

The total number of registrations (4,842) included information on:

- offences – 311 registrations,
- individuals – 655 registrations,
- entities – 514 registrations,
- accounts – 3,362 registrations.

The National Centre for Criminal Information also sent inquiries to the GIFI. In 2020, these concerned 2,553 entities. After checking the data bases, the GIFI answered 853 times that the subject indicated in the inquiry was identified in the analytical proceedings carried out by the GIFI. Inquiries of the National Centre for Criminal Information are sent to the GIFI electronically, in an agreed format, which enables to partially automate the generation and dissemination of reports. In 2020, the aforementioned inquiries concerning 2,553 entities were submitted in 112 electronic files, directly to the IT system of the GIFI. Verification of data from inquiries of the National Centre for Criminal Information is to a large extent automated – generation and provision of responses (to be directly downloaded from the secure website of the ICT system of the GIFI) takes up to a few days. The median of the distribution of the number of days for providing responses is 3 days. The distribution of the number of days elapsed from the submission of the inquiry to the provision of the response is shown in Chart 15.

*Chart 15. Number of days elapsed from the submission of the inquiry to the provision of the response in 2020*



**6.2 FEEDBACK**

*National Revenue Administration bodies*

The National Revenue Administration is a specialised government administration that performs tasks in the field of revenue from taxes, customs duties, fees and non-tax budget receivables,

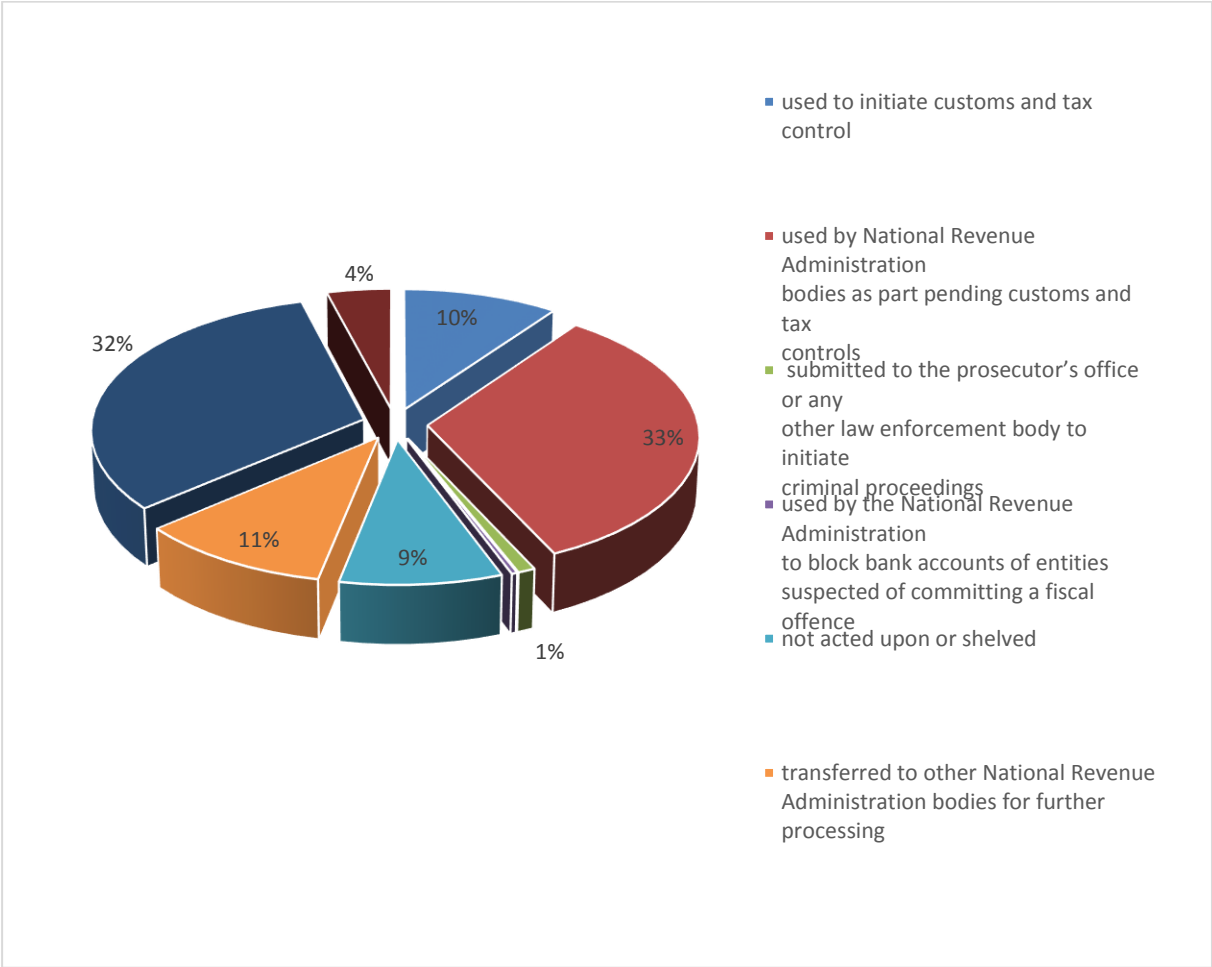
protection of the interests of the State Treasury and protection of the customs territory of the European Union. The competent bodies of the National Revenue Administration receive information from the GIFI that is relevant to their statutory tasks. The National Revenue Administration usually used the 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 or injunctions under financial order, within the competences of the Minister of Finance, i.e. the tax, customs, foreign exchange and gambling law, are penalised under the *Act of 10 September 1999 – Fiscal Penal Code* (consolidated texts: Journal of Laws of 2021, item 408) and under the *Act of 6 June 1997 – Penal Code* (consolidated text: Journal of Laws of 2020, item 1444, as amended). The information requested by the National Revenue Administration bodies from the GIFI was, among other things, to confirm or exclude identified mechanisms of fiscal frauds and to indicate other entities suspected of involvement in fiscal offences and crimes. The information received was used in the process of determining whether a customs and tax control and a tax control and preliminary proceedings should be initiated in cases of a suspected fiscal crime as well as in the course of the controls and proceedings. The purpose of these activities is the correct enforcement of taxes and securing the State Treasury levies.

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

Under Article 14(5) of the *AML/CFT Act*, the GIFI received information from particular National Revenue Administration bodies that indicated that in 2020, based on the information provided by the GIFI (both under Article 105(4) and Article 106(1) of the *AML/CFT Act*):

- the National Revenue Administration bodies used 63 or more reports to initiate customs and tax controls;
- the National Revenue Administration bodies used 209 or more reports in the course of ongoing customs and tax controls;
- 6 or more reports were forwarded to the prosecutor's offices or other law enforcement body to initiate criminal proceeding;
- 2 or more reports were used by the National Revenue Administration bodies to block bank accounts of entities suspected of committing a fiscal crime;
- 56 or more reports were not acted upon and were eventually shelved, following the analysis of the National Revenue Administration bodies;
- 67 or more reports were forwarded to other National Revenue Administration bodies for further processing;
- 203 or more reports are currently subject to in-depth analyses, operational activities, and monitoring by the National Revenue Administration bodies;
- 26 or more reports were used by the National Revenue Administration bodies otherwise as part of their activities.

Chart 16. Breakdown of information received by the National Revenue Administration bodies from the GIFI by the method of its use



**The Police**

According to the information received from the Commander-in-Chief of the Police, the Criminal Bureau of the Police Headquarters received 24 reports from the GIFI under Article 106(1) of the *AML/CFT Act* in 2020. The information from the GIFI is transferred by the Criminal Bureau of the KGP to local and materially competent organisational units of the Police for official activities to be taken. The data obtained based on 5 reports was forwarded to the prosecutor’s office in order to initiate preparatory proceedings. The data obtained based on one report was transferred to evidence collected as part of ongoing preparatory proceedings, while the data derived from another report was forwarded to the National Tax Administration. As for the remaining 17 reports obtained from the GIFI that informed about a suspicion of committing a crime other than money laundering or financing of terrorism, the materials justifying this suspicion are analysed and verified as part of operational and reconnaissance activities. Organisational units of the Police to which the information in question was provided are obliged to directly inform the GIFI, in accordance with Article 108(1) of the *AML/CFT Act*, about the manner of its use.

Pursuant to Article 105(1)(1) of the *AML/CFT Act*, at the request of the Commander-in-Chief of the Police), the General Inspector of Financial Information provided in 2020 information in 52 cases in connection with pending operational cases. The data obtained from the GIFI under



one request, along with the evidence collected in the cases, was forwarded to the prosecutor's office to initiate preparatory proceedings, while the data obtained under four requests was deemed to constitute useful evidence and entered into the files of the ongoing preparatory proceedings. The information provided by the GIFI in the remaining cases is still being analysed and used in ongoing operational and reconnaissance activities.

According to the information provided by the Central Bureau of Investigation of the Police under Article 14(5) the *AML/CFT Act*, in 2020, this body submitted 66 requests for information to the GIFI<sup>38</sup>. Following its analysis, the feedback was used in operational activities, including:

- in 12 cases, the information was forwarded to be used in pending preparatory proceedings;
- in 2 cases, the information was used as part of international exchange of Police information;
- in 5 cases, the obtained information was verified negatively – no preparatory proceedings were initiated under based on provided evidence;
- in 10 cases, the response from the GIFI indicated the lack of information on the transactions of the individuals or economic entities covered by the requests or their bank accounts;
- in 37 cases, the obtained information is still being verified by the Central Bureau of Investigation of the Police as part of its statutory activities. These activities include, among others, criminal analysis and drawing up documentation to be transferred to an organisational unit of the prosecutor's office to initiate preparatory proceedings/be incorporated in pending preparatory proceedings.

In 2020, the Central Bureau of Investigation of the Police informed also that it initiated 12 preparatory proceedings under Article 299 of the *Penal Code* and completed 35 proceedings carried out in this respect. The Central Bureau of Investigation of the Police did not initiate or complete any preparatory proceedings under Article 165a of the *Penal Code*. According to the aforementioned information, 632 suspects were presented – in the proceedings conducted by the Central Bureau of Investigation of the Police – with a total of 981 charges of committing a prohibited act under Article 299 of the *Penal Code*.

In 2020, the Central Bureau of Investigation of the Police received from the GIFI a total of 30 reports under Article 106(1) of the *AML/CFT Act*, that were used as follows:

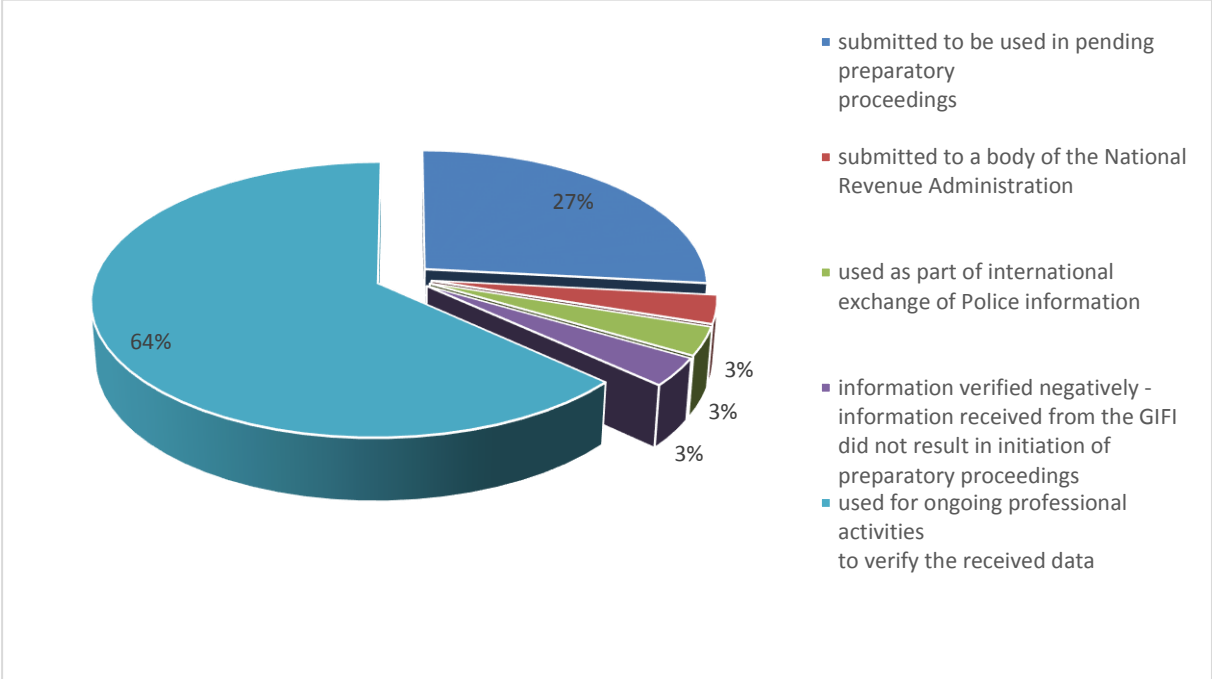
- 8 reports were forwarded to preparatory proceedings;
- 1 report was forwarded to a body of the National Revenue Administration;
- 1 report was used as part of the international exchange of Police information;
- 1 report was verified negatively – no preparatory proceedings were initiated based on information provided by the GIFI;
- 19 reports are being used in official activities aimed at verifying the information obtained.

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<sup>38</sup> The requests concerned information on 382 natural persons, 245 economic entities and 81 bank accounts.

Information obtained by the Central Bureau of Investigation of the Police under Article 106 of the *AML/CFT Act* was used as part of its statutory activities, involving, in particular, issues regarding irregularities in cryptocurrency trading; irregularities related to online transaction platforms that cooperate with affiliate networks for promotional purposes; frauds related to offering investment tokens; irregularities related to the activities of private entities.

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



**Other authorities**

According to the data received from the Internal Security Agency pursuant to Article 14(5) of the *AML/CFT Act*, in 2020, the Agency received 166 letters from the GIFI, 148 were of which were replies to requests for information submitted by the Agency, provided under Article 105 of this act. Moreover, in 2020, the Internal Security Agency received 18 letters being notifications/information, sent on the initiative of the GIFI. Based on the information provided by the GIFI, operational activities were undertaken or the provided information was used as part of detailed operating procedures implemented pursuant to Article 5(1)(2) of the *Act on the Internal Security Agency and the Foreign Intelligence Agency* (identification, prevention and detection of crimes: espionage, terrorism, crimes affecting the economic foundations of the State, corruption, crimes involving production of and trade in goods, technologies and services of strategic importance for the State security, illegal production and possession of as well as trade in weapons, ammunition and explosives, weapons of mass destruction as well as narcotics and psychotropic substances, crimes in international trade and crimes against the judiciary). The knowledge derived from the information provided by the GIFI was used in the ongoing work of the relevant departments of the Agency.

The Central Anti-Corruption Bureau indicated that in 2020 it received from the GIFI 132 reports, 129 of which were used as part of the official activities of this authority, while the remaining 3 ones are subject to further verification. As a result of activities carried out based

on the information received from the GIFI, the Central Anti-Corruption Bureau sent 5 notifications of a suspected crime to the competent units of the prosecutor's office.

The Border Guard Headquarters informed that in the period from 1 January 2020 to 31 December 2020, it received from the GIFI a total of 55 reports. This information was provided by the GIFI either at the written and justified request of the Border Guard or in connection with suspecting by the GIFI a crime other than money laundering or financing of terrorism, so that the Border Guard could undertake activities provided for in its statutory tasks. At the same time, the Border Guard Headquarters informed about 4 cases of providing the GIFI with information regarding a suspicion of a crime involving money laundering or financing of terrorism.

The Bureau of Internal Affairs of the Border Guard informed that in 2020, it submitted to the GIFI one written request for disclosure of information under Article 105 of the *AML/CFT Act*. However, the information submitted was not acted upon by the Bureau, nor was it transferred to another authority or unit of the public administration to initiate preliminary proceedings, present charges, block a bank account or suspend a transaction, or issue a decision on seizure of assets.

The data obtained from the Military Police Headquarters for 2020 indicate that in 2020, the Military Police obtained from the GIFI, in response to submitted requests, 36 reports regarding 85 entities. The information obtained was used in 13 forms of operational work, based on which 2 investigations were initiated as at 31 December 2020: one under Article 229(1) of the *Penal Code*, and the other under Article 231(2) of the *Penal Code*. Moreover, one inquiry was initiated under Article 286(1) of the *Penal Code*.

Based on the information provided by the Military Counter-Intelligence Service, it is known that this Service identifies 16 requests for information addressed to the GIFI. No activities other than internal analytical activities were undertaken by the Military Counter-Intelligence Service based on information received from the GIFI. The Military Counterintelligence Service did not transfer the information obtained from the GIFI to other authorities or public administration units, nor did it undertake other "further activities" within the meaning of Article 14(2)(11) of the *AML/CFT Act*.

The Office of the Polish Financial Supervision Authority notified that in 2020, it received from the GIFI under Article 106(1) of the *AML/CFT Act*, 11 reports with information on a reasonable suspicion of infringement of regulations related to the operation of the financial market. Based on all aforementioned reports, the Office of the Polish Financial Supervision Authority undertook analytical activities provided for in the *AML/CFT Act*, as well as in acts regulating particular sectors of the financial market. In 2020, the Office of the Polish Financial Supervision Authority sent one notification to the prosecutor's office as a result of the notification provided in 2019. Furthermore, on 7 January 2021, the Office of the Polish Financial Supervision Authority submitted to the prosecutor's office – based on information provided to it by the GIFI in 2020 – one notification of a suspected crime.

The President of the Supreme Audit Office announced that in 2020, it did not request the GIFI to provide information in accordance to the provisions of the *AML/CFT Act*.

### 6.3 DATA CONCERNING CRIMINAL PROCEEDINGS

In accordance with Article 14(5) 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 on the number of individuals that were presented with charges of financing of terrorism;
- the number of individual 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), 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 blocked, or for which property searching, seizure or forfeiture was adjudicated.

According to the data provided by the Ministry of Justice, in 2020, regional and district courts initiated 266 court criminal proceedings against 858 individuals, concerning the crime mentioned in Article 299 of the *Penal Code*. In the same period, the courts completed 148 criminal proceedings concerning the aforementioned crime. According to the data cited by the Ministry of Justice, in 2020, 186 individuals and one collective entity were finally sentenced<sup>39</sup> for committing the aforementioned crime involving money laundering under Article 299 of the *Penal Code*, whereas 270 individuals were sentenced in the first instance. In the course of these proceedings, assets worth in total PLN 277,009 were seized, and forfeiture was adjudicated for assets with a total value of PLN 25,443,299.

Information provided by the Ministry of Justice also shows that in 2020, common courts initiated one criminal proceeding in relation to the crime under Article 165a of the *Penal Code*, and completed one criminal proceeding under this article. As a result of the proceedings concluded in 2020 in connection with the offence under Article 165a of the *Penal Code*, one person was convicted in the first instance, and there were no final convictions in 2020 for financing of terrorism.

Court criminal proceedings conducted in Poland in 2020 under Article 299 of the *Penal Code* referred to the following predicate offences referred to in Article 1(e) of the Warsaw Convention:

- under the following articles of the *Penal Code*: Article 229 (active bribery), Article 230 (paid protection), Article 258 (organised group and criminal association), Article 263

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<sup>39</sup> According to the information obtained from the Ministry of Justice, the data in this section 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.

(unlicensed manufacture or possession of weapons), Article 270 (substantive deceit), Article 271 (intellectual deceit), Article 279 (burglary), Article 282 (extortion racket), Article 286 (fraud), Article 294 (qualified types of the crimes mentioned 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), against valuable assets);

- under the following articles of the *Penal Code*: Article 54 (evasion of tax obligation), Article 56 (untrue tax data);
- the crimes mentioned in the *Act of 29 July 2005 on counteracting drug addiction*;
- other crimes (under the *Penal Code* and specific acts);
- other crimes not defined.

#### **6.4. TRAINING ACTIVITY**

Despite the pandemic and significant communication restrictions, in 2020, representatives of the GIFI actively participated as speakers or participants in numerous training courses and workshops (including those referred to in the other chapters of the Report), as well as conferences dedicated to money laundering and financing of terrorism. These included:

- conference dedicated to the National Assessment of the Risk of Money Laundering and Financing of Terrorism, that took place on 23-24 January 2020 in the Ministry of Finance, on the initiative of the GIFI, with the participation of foreign guests and representatives of cooperating units and obligated institutions,
- training entitled “Application of Specific Restrictive Measures and the National Assessment of the Risk of Money Laundering and Financing of Terrorism – Threats and Vulnerabilities”, organised by the GIFI for representatives of cooperative banks in February 2020,,
- international conference on the protection of human life and public health in the context of the pandemic, organised by the Greek Presidency of the Council of Europe on 3 June 2020,
- virtual workshops dedicated to the Strategy for Mitigation of the Risk of Money Laundering and Financing of Terrorism, presented by the Ukrainian Financial Intelligence Unit, and a seminar on financial monitoring held in September and December 2020 at the invitation of the OSCE Office in Kiev and the Ukrainian Financial Intelligence Unit,
- series of virtual seminars dedicated to, among others, risks in the area of virtual assets and mobile payments, organised within the Egmont Group and conducted by representatives of financial intelligence units from Israel, Germany, South Africa and the USA,
- 6<sup>th</sup> International EAG/ITMCFM Forum on the Functioning of the AML/CFT System in the Challenging Epidemiological Situation and Consultations with the private sector, organised in September 2020 within EAG and in cooperation with the International Training and Methodology Centre for Financial Monitoring,

- international workshops dedicated to experiences of countries in implementing FATF Recommendation 8 relating to counteracting the use of non-profit organisations to finance terrorism, organised by the Moldovan financial intelligence unit,
- virtual workshops dedicated to methods of enhancing cooperation to increase the effectiveness of preventing the use of non-profit organisations to finance terrorism, organised by the GIFI in cooperation with the RUSI research institute on 30 November – 1 December 2020,
- training in the obligations of obligated institutions in the area of counteracting financing of terrorism, including the application of specific restrictive measures, organised by the GIFI for representatives of customs and tax control offices, courts of appeal and the National Cooperative Savings and Credit Union in December 2020.

Furthermore, obligated institutions and cooperating units participated in 2020 in meetings and workshops (mainly in the form of videoconferences) organised and conducted by representatives of the GIFI, preparing for the 5<sup>th</sup> Round of mutual evaluations in the area of counteracting money laundering and financing of terrorism conducted by MONEYVAL.

## 7. INTERNATIONAL COOPERATION

### 7.1. COOPERATION WITH THE EUROPEAN COMMISSION

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

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

In 2020, five meetings of the EGMLTF attended by representatives of the GIFI were held. The meetings were dedicated, among others, to the progress made by states in the implementation of the provisions of *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*<sup>40</sup> (hereinafter referred to as Directive 2015/849) and in the implementation of the provisions of *Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU*<sup>41</sup> (hereinafter referred to as Directive 2018/843). The EC informed the EU Member States about infringement proceedings initiated against countries that failed to notify the provisions of Directive 2015/849 and carried out further verification of the completeness and correctness of its implementation. The EC also informed that it had sent official notifications to EU Member States regarding the failure to fulfil the notification obligation or to fully transpose Directive 2018/843, and started the assessment of the notified transposition measures. During the meetings, EGMLTF members shared information on the situation regarding transposition into national legal systems of the EU legal requirements provided for in the above-mentioned directives, including on the state of play beneficial owner and bank account registration.

The states were also informed about the progress of activities aimed at drawing up a report on the effectiveness of the implementation of Directive 2015/849. In 2020, the Council of Europe, at the request of the European Commission, continued the series of study visits to the Member States to assess the effectiveness of the implementation of the provisions of Directive 2015/849. In early 2022, a final report will be developed based on the assessment reports of particular Member States. Due to the situation caused by COVID-19, the schedule of these activities has changed.

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<sup>40</sup> OJ L 141, 05.6.2015, p. 73.

<sup>41</sup> OJ L 156, 19.6.2018, p. 43.

During the EGMLTF meetings, discussions continued on high-risk third countries, focusing on the procedures for dealing with these countries. They also aimed to coordinate the EU approach to listing high-risk third countries with the process carried out within the FATF. The Group consulted on the new evaluation methodology in accordance with Directive 2015/849 and the new delegated act<sup>42</sup>, that were adopted on 7 May 2020. Then, EGMLTF members presented their opinions on the assessments of third countries provided by the EC. At the end of 2020, the EC consulted the EGMLTF by way of a written procedure on the next draft delegated regulation<sup>43</sup>.

During the EGMLTF meetings, representatives of the Member States, including Poland, shared opinions with the European Commission on, among others, the following EU initiatives:

- Data on counteracting money laundering from courts and prosecutor's offices;
- Public consultation on virtual assets;
- Lists of national exemptions for providers of gambling services;
- European Commission opinion on specific restrictive measures;
- Pilot project concerning information on the beneficial owner;
- Interconnection of central registers of Member States;
- Merging beneficial owner registers;
- Structural reform support programme;
- Reports of the expert group on electronic identification and remote Know-Your-Customer processes;
- European Semester;
- Consolidated list of trusts and similar legal arrangements governed by the national law of the Member States, as reported to the Commission in relevant notifications pursuant to Article 31(10) of Directive 2015/849;
- Reports on trusts and similar legal arrangements.

During the meetings, the EGMLTF members had the opportunity to be listed to information on activities undertaken in other fora, including the UE-FIU Platform and the European Banking Authority.

The EGMLTF meetings were also a convenient platform for discussing issues related to the assessment of the national systems for counteracting money laundering and financing of terrorism by the FATF and MONEYVAL. Another topic discussed was the position of the EC as a member of the FATF with respect to the matters raised during the meetings of this body and the development of a consistent position of the EC and of the Member States. As regards

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<sup>42</sup> *Commission Delegated Regulation (EU) 2020/855 of 7 May 2020 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding the Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Mongolia, Myanmar/Burma, Nicaragua, Panama and Zimbabwe to the table in point I of the Annex and deleting Bosnia-Herzegovina, Ethiopia, Guyana, Lao People's Democratic Republic, Sri Lanka and Tunisia from this table* (OJ L 195, 19.6.2020, p. 1).

<sup>43</sup> *Commission Delegated Regulation (EU) 2021/37 of 7 December 2020 on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Mongolia from the table in point I of the Annex* (OJ L 14, 18.1.2021, p. 1).



this approach, the more extensively discussed topics included the recognition by the FATF of the supranational nature of the EU.

The participants of the meetings discussed also *Commission Communication on an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing*<sup>44</sup>, adopted on 13 May 2020.

The EC Action Plan is built around the following 6 pillars:

- I. Ensuring the effective implementation of the existing EU AML/CFT framework;
- II. Establishing an EU single rule book on AML/CFT;
- III. Bringing about EU level AML/CFT supervision;
- IV. Establishing a support and cooperation mechanism for FIUs;
- V. Enforcing Union-level criminal law provisions and information exchange;
- VI. Strengthening the international dimension of the EU AML/CFT framework (“A stronger EU in the world”).

The most important reforms proposed by the Commission include issuing an EU regulation that would harmonise a number of provisions in force in the Member States in the area of AMF/CFT, including a list of obligated institutions, customer due diligence measures, rules of supervision over obligated institutions, reporting obligations, FIU tasks, registers of beneficial owners and of bank accounts. The Commission believes that current Directive 2015/849 allows for too far-reaching differences in the implementation of EU law by the Member States, which result in disturbances in the operation of the European single market.

Another important change announced is the establishment of the EU AMF/CFT supervisory authority, that would directly supervise obligated institutions with the highest ML/FT risk that conduct cross-border activities. According to the Commission, the quality and effectiveness of national supervisory systems varies depending on the human and financial resources available to particular national authorities. This can lead to gaps in the EU AMF/CFT system, that is as strong as its weakest link. The new EU authority would also assist national supervisory authorities, ensure the uniform application of EU rules, and facilitate the flow of information between national authorities.

In the summer, public consultation on the above-mentioned Action Plan was held. Its culmination was a high-level conference and public hearing on 30 September 2020. The Council of the European Union endorsed the EC Action Plan in its Conclusions of 5 November 2020 (No. 12608/20). As announced by the Commission, draft EU legal acts should be presented in the first half of 2021.

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

In 2020, representatives of the GIFI actively participated in the work of the EU-FIU Platform, getting involved in the matters discussed by this body. The Platform acts as an advisory body of the EC on the ongoing cooperation between the FIUs of the EU Member States. The Platform

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<sup>44</sup> OJ C 164, 13.5.2020, p. 21

sessions are devoted to discussing, among others, new EU initiatives to counteract money laundering and financing of terrorism, proposals how to improve the exchange of information between the Financial Intelligence Units, joint analysis of cases with a cross-border component, the supra-national risk assessment, and reporting suspicious cross-border transactions.

As in 2019, four meetings of the EU-FIU Platform were held in 2020. Nevertheless, due to the ongoing COVID-19 pandemic, three meetings were held in the form of videoconferences (apart from the meeting held in February 2020).

Important topics discussed during the meetings included the transfer of the management of FIU.net to the European Commission. Due to the decision of the European Data Protection Supervisor of 19 December 2019, the existing administrator of the network – EUROPOL, lost its capacity to further administer the system due to the lack of relevant legal grounds for data processing. The transfer of the system was originally supposed to take place in December 2020, but due to numerous difficulties and delays (among others, due to the ongoing pandemic), the deadline for the transfer was extended to September 2021.

The discussion concerned also *Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing* published by the European Commission. One of its six pillars, i.e. “support and coordination mechanism for FIUs”, is intended to enhance cooperation between FIUs and increase their effectiveness. “A stronger EU in the world” is a pillar that concerns the issues of EU cooperation with international organisations, the purpose of which is to set standards, monitor and cooperate in the field of counteracting money laundering and financing of terrorism, among others, with the FATF, MONEYVAL and the Egmont Group.

The discussions within the Platform concerned also the content of *Council Conclusions on anti-money laundering and countering the financing of terrorism*, correlating with the pillars set out in the Action Plan.

As the support and cooperation mechanism for financial intelligence units was defined as one of the priorities of the activities carried out, a representative of the GIFFI participated in activities of the working group established in October 2020 as part of the EU-FIU Platform. The aim of the group’s work was to develop a document summarising possible solutions for the organisation of the cooperation mechanism. These solutions include possible organisational schemes of the mechanism as well as potential issues that could fall within the scope of its tasks.

## **7.2. COOPERATION WITH THE COUNCIL OF EUROPEAN UNION**

On 5 November 2020, the EU Council published *Council Conclusions on anti-money laundering and countering the financing of terrorism*. The document approves the commencement of work on the harmonisation of the AML/CFT provisions in the form of a new regulation, as well as indicates the priorities related to new, possible forms of supervision at the EU level, as well as concepts of creating support and cooperation mechanisms for financial intelligence units. Work relating to the above issues is expected to continue in 2021, in particular within the Commission and its advisory bodies.

Representatives of the GIFFI were actively involved in the formulation of the draft *Council Conclusions on anti-money laundering and countering the financing of terrorism*, as well as

coordinated the process of preparing comments to subsequent versions of the Conclusions at national level.

### 7.3. MONEYVAL

Despite the pandemic, MONEYVAL continued its work. A working meeting of the Committee was held in July 2020, and the first hybrid plenary session was held in September. Both events were attended by a permanent Polish delegation composed of representatives of the GIF, the Polish Financial Supervision Authority and the National Public Prosecutor's Office.

During the working meeting of the Committee in July 2020, strategic issues, such as MONEYVAL Workplan, amendments to MONEYVAL Rules of Procedure and FATF Strategic Review, were discussed. Typological issues were also discussed, among others, by adopting the *Guidance on conducting typologies work* and specifying examples of directions for future typological activities. The MONEYVAL Secretariat presented the Horizontal review of Immediate Outcome 9, dedicated to counteracting financing of terrorism, with respect to the MONEYVAL members, as well as issues relating to interpretation of the FATF standards. During the meeting, the MONEYVAL Secretariat discussed also a report dedicated to COVID-19, entitled "Money laundering and terrorism financing trends in MONEYVAL jurisdictions during the COVID-19 crisis"<sup>45</sup>, in which the Committee identified challenges, trends and typologies, as well as actions taken at the national policy level to mitigate the impact of the pandemic on the effectiveness of the fight against money laundering and financing of terrorism.

During the MONEYVAL plenary meeting, held in September in a hybrid form, the evaluation reports relating to Georgia and Slovakia were adopted. It should be noted that MONEYVAL was the first to discuss reports in this form, to share afterwards its experiences with the FATF and other regional bodies. The participants discussed also, among others, the selection of typologies research topics. The Committee members selected for implementation the proposal submitted by Poland, and dedicated to the issues of AML supervision during the crisis caused by the pandemic. The project is underway and its results will be presented this year.

Due to the pandemic, the FATF decided to postpone its evaluation process, thus MONEYVAL decided to postpone also evaluators' on-site visits planned in 2020 by several months. As a result of this decision, only two visits took place: to the Holy See and to San Marino. The evaluators' visit to Poland, planned for October, was postponed to 2021, so will the visit to Croatia.

A representative of the GIF, Ms Elżbieta Franków-Jaśkiewicz, the Chairperson of MONEYVAL, participated in July 2020, in a meeting with the Secretary General of the Council of Europe, Ms Marija Pejčinović Burić, during which they discussed, together with the chairs of other bodies and committees of the Council of Europe, the issues of their strategic tasks and long-term mission and vision. Ms Elżbieta Franków-Jaśkiewicz participated also in an international conference on the protection of human life and public health in the context of the pandemic, organised by the Greek Presidency in the Council of Europe. In September 2020, she presented the Committee of Ministers of the Council of Europe with a report on the activities of MONEYVAL in 2019, as well as answered questions about planned activities for

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<sup>45</sup> <https://rm.coe.int/moneyval-2020-18rev-covid19/16809f66c3>

the coming years. Ms Elżbieta Franków-Jaśkiewicz participated in this discussion together with Mr Marcus Pleyer, the President of the FATF, who presented the FATF priorities and referred to the tasks of MONEYVAL, which is a regional FATF body and its associate member.

At the invitation of the OSCE Office in Kiev and the Ukrainian FIU, the MONEYVAL Chairperson participated in virtual workshops dedicated to the presentation by the Ukrainian Financial Intelligence Unit of the *Strategy for Mitigating the Risk of Money Laundering and Financing of Terrorism*, and in a seminar on financial monitoring, that took place in September and December 2020.

As part of the preparation for the evaluation, the GIFI organised in 2020 a series of meetings and workshops with cooperating units and obligated institutions. The GIFI collaborated with the authorities involved in the fight against money laundering and financing of terrorism in the development of input to technical compliance and effectiveness assessment questionnaires. Both questionnaires with accompanying documents were submitted to the MONEYVAL Secretariat to present activities taken in Poland to implement the tasks and meet the standards set out in the 40<sup>th</sup> FATF Recommendation and 11 Immediate Outcomes, dedicated to the assessment of system effectiveness. Completed questionnaires together with the information gathered during the evaluators' on-site visit are the basis for the preparation of the evaluation report.

Based on the submitted questionnaires, the evaluators and the MONEYVAL Secretariat prepared a draft report on technical compliance and submitted it to Poland at the end of 2020 for additional information to be provided by the competent authorities. Furthermore, they developed a document indicating the main areas that will be of interest to the evaluators, requiring a scoping note from Poland. Arrangements were also made on the agenda of a two-week local visit.

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

In relation to the implementation of the provisions of the Warsaw Convention and the participation of Poland in the Conference of the Parties to the Warsaw Convention (COP), the General Inspector of Financial Information continued its activities at this forum.

On 27-28 October 2020, the 12<sup>th</sup> (remote) meeting of the COP was held, during which the amended form of reviewing the implementation of the provisions of the Warsaw Convention in the States Parties thereto was continued. Thematic horizontal reviews of selected articles of the Convention were discussed.

During the 12<sup>th</sup> COP session, its participants discussed draft reports on:

- implementation of Article 3(4) of the Warsaw Convention (concerning the reversed burden of proof);
- implementation of Article 7(2c) and Article 19(1) of the Warsaw Convention (concerning the monitoring of a bank account, also at the request of another state).

The representative of the GIFI acted as a rapporteur of the horizontal report on the implementation of Article 7(2c) and Article 19(1) of the Convention, therefore the representative participated in the process of preparing the report, and during the plenary session,

the representative made its presentation and participated in the plenary discussion aimed at agreeing the final content of the report and its adoption by the COP General Assembly.

The horizontal discussion at the COP forum regarding the implementation of the indicated articles of the Convention showed that the Polish authorities should intensify actions aimed at filling the gaps and full implementation of the above-mentioned articles into the national system.

The agreed draft horizontal report on the implementation of Article 7(2c) and Article 19(1) was adopted by the General Assembly of the COP and published on the website of the Council of Europe in the COP tab<sup>46</sup>.

As for the horizontal report on the implementation of Article 3(4) of the Convention (reversed burden of proof), it was decided to postpone the adoption and publication of this report until explanations to the Interpretation Note regarding Article 3(4) are prepared and agreed on.

During the above-mentioned session, it was also agreed that the next horizontal review of the implementation of selected provisions of the Convention would take place during the regular 13<sup>th</sup> COP meeting in October 2021. The review will cover the implementation of Article 10(1) and (2) of the Convention – relating to the liability of collective entities.

During the meeting, there was also a discussion on the amendments to the 2018 and 2019 thematic reports relating to Monaco and Russia.

## **7.5. EGMONT GROUP**

In 2020, representatives of the GIFI continued their engagement in the activities of the Egmont Group, both during the meetings, by joining the work of the Working Group on Information Exchange and the Working Group on Technical Assistance and Training, as well as by providing support or sharing their experiences with partner units and cooperating with the Egmont Group Secretariat.

Last year, due to the pandemic, the plenary session of the Egmont Group was abandoned, and only working group meetings were organised, except for one that was held remotely. Representatives of the GIFI participated in all of them, engaging in the activities, projects and discussions.

Instead of a plenary session, the heads of the financial intelligence units of the Egmont Group participated in virtual seminars, sharing their experience regarding topics related to risks in the area of virtual assets and mobile payments. The series of seminars conducted by representatives of the financial intelligence units from Israel, Germany, South Africa and the USA was aimed at:

- increasing the level of understanding among the members of the Egmont Group of ML/FT risks related to new financial technologies, with particular emphasis on virtual assets and virtual assets service providers and mobile payment services (MPS),
- provide the financial intelligence units of the Egmont Group with knowledge and experience to adequately recognise ML/FT risks related to new financial technologies,

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<sup>46</sup> <https://www.coe.int/en/web/cop198/implementation/reports>

and thus strengthen international cooperation and exchange of information in this area in order to effectively counteract money laundering and financing of terrorism.

Participating in the work of the Egmont Group, representatives of the GIFI were involved in the implementation of training and typological projects. Moreover, they participated in the evaluation of examples of analytical cases submitted by the financial intelligence units to the annual competition for the best analytical case within the Egmont Group (Best Egmont Case Award – BECA). The GIFI also submitted one of the analytical cases carried out in recent years to the aforementioned competition. Last year, the case presented by the FIU from Brunei Darussalam was awarded. Although the case submitted by the GIFI did not win the BECA trophy, it was distinguished by selecting it for publication, prepared by the Egmont Group, containing interesting analytical cases – The Best Egmont Case Award Publication 2014-2020.

The Egmont Group, regardless of the restrictions caused by the pandemic, continued work on numerous typological projects (including ones related to asset recovery and cooperation of financial intelligence units with asset recovery offices; analysis of the so-called laundromat phenomenon, cooperation in the FinTech area and the use of modern solutions in the field of finance, enhancing the exchange of information between the units with the use of IT systems, financing of extreme right-wing terrorism or laundering money from major corruption cases).

A number of projects have been transformed into training programmes that are available to FIUs and law enforcement bodies on the ECOFEL training platform. The activities carried out by the Egmont Group show that it puts emphasis on strengthening cooperation with law enforcement bodies (including in the area of asset recovery or counteracting corruption), but also strives to strengthen cooperation between its members.

Meetings of the working groups, as well as participation in virtual seminars, enabled the GIFI to strengthen cooperation with partner financial intelligence units and exchange experiences in the area of counteracting money laundering and financing of terrorism.

### *Europe 1*

The GIFI – together with other units from the EU Member States that are part of Europe I Region – participated in virtual meetings of its regional group, that in the inter-session period, are held along the EU-FIU Platform meetings. During discussions held at this forum, European FIUs discussed new EU regulatory initiatives aimed at strengthening the AML/CFT framework, among others, as regards the establishment of a coordination and support mechanism for FIUs, and noted the adoption by the EU Council of Conclusions reaffirming that FIUs and cooperation among them should be strengthened, while respecting their operational independence and autonomy.

The participants discussed also extensively the issues related to the transfer of the FIU.Net information exchange network from Europol to the European Commission and the possible effects of this change in the location of the system.

The European FIUs also shared their views on the case of FinCEN files and the consequences of this case for cooperation of units, including those from EU Member States whose reports were made public. The representatives of Europe I Region were informed about the statement by the Chairwoman of the Egmont Group and the statement by FinCEN in this regard.

In 2020, new regional co-chairpersons responsible for representing the Region in the work of the EG Committee and for mediation in disputes at the regional level were elected.

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

The GIFI cooperated with the FATF by participating in meetings of MONEYVAL and the European Commission, regarding the implementation of the FATF Recommendations.

In July 2020, the FATF presidency was taken over from China by Germany, that will be the first country to hold it for two years. One of the priorities of both presidencies, apart from counteracting money laundering and financing terrorism, included the continuation of the work started in 2019 on the implementation of the strategic review of the effectiveness of evaluation processes carried out by both the FATF and the FATF-Style Regional Bodies (FSRB). This review aims to develop processes for the next round of mutual evaluations, periodic follow-up and compliance enforcement procedures as part of the work of the International Cooperation Review Group (ICRG). In 2020, the FATF agreed on the key elements of the evaluation processes to preserve their comprehensiveness and equal treatment of countries, as well as to improve their time adequacy, emphasise efficiency and strengthen the risk-based approach with respect to processes. Completion of the work as part of the review, including amendments to the methodology, is scheduled for 2021.

As part of its priorities for 2020, the FATF has adopted *Guidance on Digital Identity*<sup>47</sup>, to help the public and private sectors to better understand how the digital identity system works. The Guidance explains the FATF requirements relating to customer identification, verification and ongoing monitoring, as well as how to adapt these activities to the ability to use the digital identification system components. The Guidance indicates the risks and benefits of digital identification, such as the possible reduction in financial exclusion. The FATF recognises the benefits of digital identification in its positive translation into AML/CFT efforts. The rapid development of digital identification increases the efficiency and security of the customer identification process in the financial sector and can eliminate human control deficiencies.

Another strategic activity of the FATF was the continuation of activities aimed at mitigating the risk of money laundering and financing of terrorism from the sector of virtual asset trading and virtual assets service providers (VASP). Following the introduction of a new standard in this area in 2019, the FATF undertook to carry out 12-month monitoring of the effects of the new regulation and established a Contact Group aimed at improving the compliance of the virtual assets sector and virtual assets service providers with the above-mentioned FATF standards. As a result, a report on the above-mentioned monitoring<sup>48</sup> was drawn up. According to this report, the public and private sectors had made progress in the implementation of the travel rule, which requires transparency regarding the payer and payee, and it had been established that there was no need to revise the FATF standards. However, counseling in this area should be provided and the monitoring of the situation should be enhanced. For this reason, in 2020, the FATF launched another (second) 12-month review of the virtual assets sector,

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<sup>47</sup> <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/digital-identity-guidance.html>

<sup>48</sup> <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/12-month-review-virtual-assets-vasps.html>

which is expected to last until June 2021, and initiated activities to raise awareness of the risks for this sector. In September 2020, the FATF developed and published *Virtual Assets – Red Flag Indicators of Money Laundering and Terrorist Financing*<sup>49</sup>, supplemented with case studies for the sector concerned.

In 2020, the FATF prepared a Report for the G20 on the analysis of the risk of money laundering and financing of terrorism related to stablecoins and the application of the FATF standards to such assets<sup>50</sup>. The aforementioned report was adopted by the General Assembly of the FATF and published in July 2020. The report supplemented the activities undertaken by the IMF and the Financial Stability Council. The content of the report confirmed that the FATF standards were applicable in the case of trading in stablecoins and did not need to be revised at the time of the report. The Report also shown that the above-mentioned sector was subject to active adaptations, which necessitates monitoring of the related risks.

One of the FATF priorities in 2020 was also to improve cooperation with FATF-Style Regional Bodies to ensure compliance with the FATF standards within the global community. Despite difficulties caused by the COVID-19 pandemic, regional bodies ensured the continuity of the mutual evaluation process.

The COVID-19 pandemic necessitated prompt revision of the FATF priorities for 2020. Part of the activity of this body was redirected to the discussion on how to continue the mutual evaluation processes during the pandemic that made it necessary to postpone evaluation visits and identification of countries with insufficient compliance with the FATF standards. It was also discussed how to counteract trends in Covid-19-related crime, i.e. counterfeiting medical products, investment fraud or taking advantage by criminals of accelerated implementation of incentives stimulating the national economy at the time of crisis.

As a follow-up to the activities undertaken in 2019, the FATF published in July 2020 the report entitled *Money Laundering and the Illegal Wildlife Trade*<sup>51</sup>, with guidance on actions that may counteract combat this illegal practice.

The FATF also continued its efforts to enhance its standards regarding counteracting financing of the proliferation of weapons of mass destruction, initiated already in 2019. Following public consultations, the FATF amended the content of Recommendation 1 and the Interpretive Note to this recommendation. The above-mentioned amendments require the public and private sectors to identify and assess, as well as manage and mitigate risks of possible violations, non-compliance, or avoidance of sanctions related to proliferation financing. The FATF also amended the content of Recommendation 2 and the Interpretive Note to this recommendation in order to improve national cooperation and coordination, as well as the exchange of information between national authorities.

In 2020, the FATF also continued its efforts to inform the international community about threats to the security of the international financial system from countries that had insufficiently adapted their national AML/CFT systems to international standards. To this end, the FATF published the list entitled High-Risk Jurisdictions subject to a Call for Action (FATF “black

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<sup>49</sup> <http://www.fatf-gafi.org/publications/methodsandtrends/documents/virtual-assets-red-flag-indicators.html>

<sup>50</sup> [http://www.fatf-gafi.org/publications/virtualassets/documents/report-g20-so-called-stablecoins-june-2020.html?hf=10&b=0&s=desc\(fatf\\_releasedate\)](http://www.fatf-gafi.org/publications/virtualassets/documents/report-g20-so-called-stablecoins-june-2020.html?hf=10&b=0&s=desc(fatf_releasedate))

<sup>51</sup> <http://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-wildlife-trade.html>



list”) as well as the list entitled Jurisdictions under Increased Monitoring (FATF “grey list”). Publication of the above lists was the result of activities carried out by the FATF International Cooperation Review Group. The ICRG monitors not only the national AML/CFT systems of its members, but also those of members of the FATF-Style Regional Bodies. In 2020, Albania, a member of MONEYVAL, was entered onto the FATF gray list.

In order to promote activities undertaken by the FATF, the General Inspector published on its website information on public FATF lists (including translations of statements into Polish), as well as selected information materials regarding FATF publications, including information on red flags relating to virtual assets and the publication of the Guidance on Digital Identity.

Representatives of the GIFI, being part of the MONEYVAL delegation, participated in meetings of the working groups, as well as plenary sessions of the FATF, that were held three times last year, mainly remotely.

This allowed for direct participation of representatives of the Polish FIU in the work on the evaluation reports of the FATF member states, the activities of the FATF Working Groups, and the consultations on working documents drawn up to increase the awareness of various entities in the area of counteracting money laundering and financing of terrorism. Access to reports, materials and documents prepared by this body helped increase the knowledge of employees, both of the Polish FIU, as well as the cooperating units and obligated institutions. The experience gained was used in the preparation to the evaluation of the Polish AML/CFT system as part of the 5<sup>th</sup> round of MONEYVAL mutual evaluations.

## **7.7. EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM (EAG)**

Poland continued its works as an observer in the Eurasian Group on combating money laundering and financing of terrorism (EAG). Only Group member states were invited to participate in the first EAG meeting in 2020. The permanent Polish delegation (representatives of the GIFI and the Polish Financial Supervision Authority) participated in the remote plenary session of the EAG and in the meetings of the working groups that took place in November 2020.

In 2020, the EAG continued strengthening cooperation with organisations from the Eurasia region, among others, a draft cooperation agreement with the Eurasian Economic Commission (EEC) was adopted.

The EAG also supported initiatives aimed at increasing knowledge and competence in the area of counteracting money laundering and financing of terrorism in its member states. In this respect, activities relating to technical assistance coordination for the member states were coordinated (for example, a pilot project of technical assistance coordination for Tajikistan was implemented). Close cooperation was also continued with the International Training and Methodology Center for Financial Monitoring (ITMCFM), that in 2020 worked on the remote training system and modernised the videoconference system, which included the creation of a library of materials from videoconferences. The EAG also decided to create a pool of experienced experts who will be involved in activities (technical assistance projects, training, typology projects) aimed at improving compliance with international standards and

strengthening the framework of counteracting money laundering and financing of terrorism in the Group member states.

In 2020, the EAG presented the preliminary results of the project on identifying and assessing the risk of money laundering and financing of terrorism in two sub-regions of the Eurasian region: (1) Belarus and Russia and (2) Russia and Central Asia, as well as information on the progress of work on the project “Typology of the Use of Preventive Measures by Financial Institutions to Detect Crime and Assess Risk” and assumptions for the project “EAG Guidance on Financial Investigations Concerning Money Laundering and Financing of Terrorism”. The projects will be continued in 2021. In 2020, the EAG conducted a review of the typological research carried by then for its updating and compiled the topics of proposed future typologies.

The activities of the Group member states and observers in the work of the EAG were also summarised (including participation in EAG meetings and seminars organised by the Group, input in typological projects and technical assistance for the member states). Due to inactivity (including long absence from the Group meetings), the observer status of Lithuania was suspended.

In September 2020, the EAG organised, in cooperation with the ITMCFM, 6<sup>th</sup> International EAG/ITMCFM Forum on the Functioning of the AML/CFT System in the Challenging Epidemiological Situation and Consultations with the private sector. Representatives of the GIFI had the opportunity to listen to a number of interesting speeches, dedicated, among others, to activities of supervisory authorities and the private sector in the times of the COVID-19 crisis. At the request of the GIFI, the experiences of the Polish banking sector were presented at this forum by a representative of one of the Polish banks.

Due to the adoption by the FATF of the document on the principles of evaluation during the COVID-19 pandemic and the change in the date of the evaluation of India, the EAG adequately updated the rules of the second round of mutual evaluations of its member states and the schedule for this round. It was also decided to suspend the evaluation process in 2020 and to postpone evaluations accordingly to the next year.

## **7.8. TASK FORCE TO COUNTER MECHANISMS OF FINANCING THE SOCALLED ISLAMIC STATE**

In 2020, the GIFI continued its work within the Counter ISIL Finance Group (CIFG), operating as one of the working groups of the Global Coalition to Counter the Islamic State (Daesh).

One remote CIFG meeting was held in 2020. During the meeting, up-to-date information on the actions of the Global Coalition against Daesh and the current trends in the methods of raising funds by Daesh was presented.

As every year, the Group, co-chaired by Saudi Arabia, Italy and the United States, monitored the activities taken by the member states under the adopted Action Plan. During the 2020 meeting, these activities were presented by CIFG member states from different regions of the world: Iraq, Spain, Italy and Libya.

## 7.9. BILATERAL COOPERATION

Legal grounds for exchange of information between the GIFI and its foreign partners<sup>52</sup> are provided for in the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism*. Besides the aforementioned act, the GIFI pursues cooperation under:

- *Council Decision of 17 October 2000 concerning arrangements for cooperation between financial intelligence units of the Member States in respect of exchanging information* (OJ L 271, 24.10.2000);
- Warsaw Convention;
- bilateral agreements signed by the GIFI with its foreign counterparts.

### 7.9.1 MEMORANDA OF UNDERSTANDING ON COOPERATION

Memoranda of Understanding on the exchange of information in the area of combating money laundering and financing of terrorism, and cooperation undertaken thereunder, are compliant with 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, as well as standards developed in this area by the Egmont Group<sup>53</sup>. 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 basic provisions of the national law.

In the current legal situation, the GIFI cooperation in the scope of the exchange of financial information related to counteracting money laundering and financing of terrorism with EU countries is regulated under Article 111(1) of the *AML/CFT Act*. Pursuant to Article 111(2) of the new *AML/CFT Act*, the GIFI 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 under Article 111(3) of the new *AML/CFT Act*. Thus, in 2020, the GIFI 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 FIUs

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

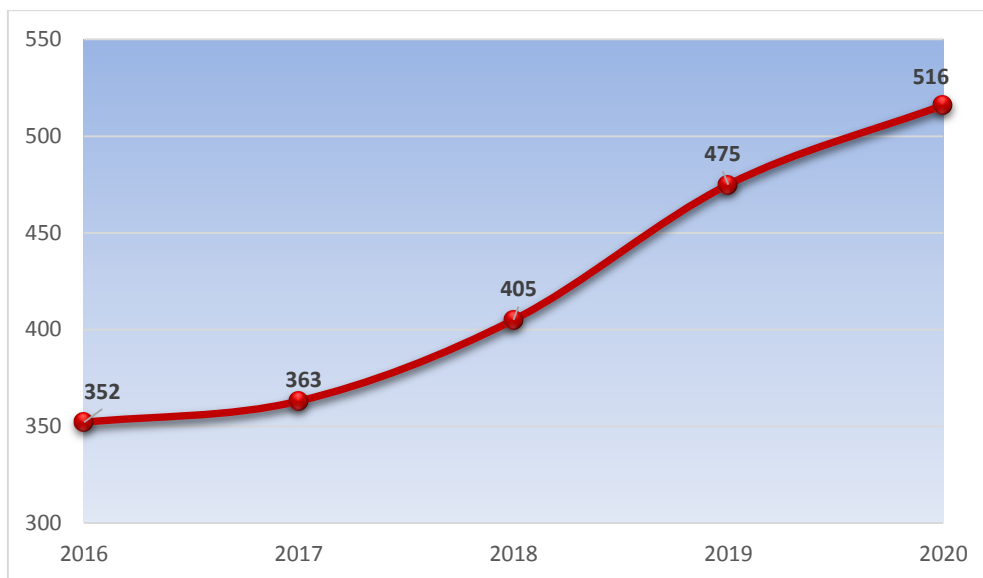
In 2020, the GIFI received 516 requests from foreign FIUs, that concerned a total of 2,320 entities. This represents an increase in the number of inquiries by approx. 8.6% compared to 2019, and is a continuation of the trend of tightening cooperation with partners. The GIFI responded to all requests.

*Chart 18. Inquiries from foreign financial intelligence units in 2016-2020*

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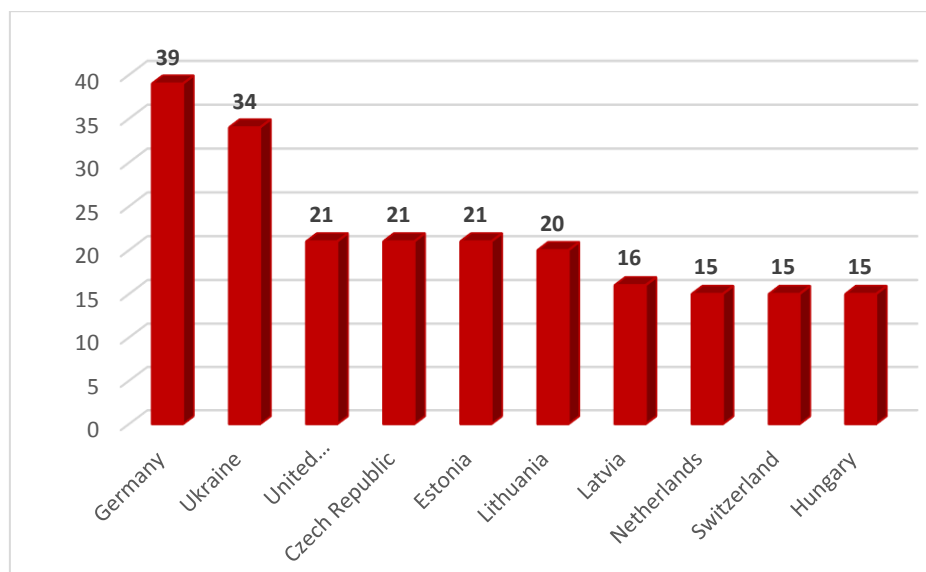
<sup>52</sup> Foreign financial intelligence units, Europol, competent authorities of other countries, foreign institutions and international organisations dealing with counteracting money laundering or financing of terrorism.

<sup>53</sup> Egmont Group of financial intelligence units principles for information exchange between financial intelligence units



Over 68% of the inquiries came from the FIUs of the EU Member States. The GIFI received the greatest number of inquiries from the FIUs in France, Germany and Lithuania. As for FIUs of non-EU countries, the largest number of requests for information were submitted to the GIFI by the United Kingdom and Ukraine.

*Chart 19. Top 10 countries from which foreign FIUs sent the most inquiries in 2020*



In 2020, the GIFI also received 3 inquiries from Europol, concerning a total of 23 entities. Information exchange with Europol is conducted under Article 115 of the *AML/CFT Act*.

The inquiries received by the GIFI concern mainly suspicion of laundering money likely to come from financial frauds and fiscal crimes. There are also single requests concerning entities suspected of, for example, financing of terrorism, smuggling, human trafficking and corruption. Due to the effective exchange of information between the General Inspector and foreign financial intelligence units, the GIFI often facilitates establishment of cooperation between domestic and foreign law enforcement bodies. The GIFI received also requests for cooperation in the area of supervision over compliance with AML/CFT provisions by obligated institutions.

### ***Blockage of funds on a foreign account***

*The General Inspector received a request from a foreign financial intelligence unit, concerning a Polish citizen. The foreign unit presumed that there might be criminal proceedings carried out against this person in Poland, concerning the suspicion of committing a number of crimes, including corruption. The applicant indicated that the wife of the abovementioned citizen had control over a foreign account with a balance of approx. EUR 900,000, that could be related to prohibited acts. The GIFI verified the information on the criminal proceedings conducted in Poland and, with the consent of the foreign unit, transferred the information to the competent unit of the prosecutor's office. The prosecutor conducting the proceedings, supported by the GIFI, prepared a request for international legal assistance. With the close cooperation between the GIFI, the foreign financial intelligence unit and the competent law enforcement bodies in both countries, it was possible to suspend the planned withdrawal of the funds from the foreign account within a short time.*

Besides requests, foreign units provide the GIFI also with foreign information on Polish entities or assets that have been 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 2020, the GIFI received a total of 19,354 such reports, compared to 4,107 in the previous year, which is an almost fivefold increase. These reports can be categorised as follows:

- Spontaneous information provided to the GIFI following an analysis by another financial intelligence unit – 309;
- Cross-border reports on notifications of suspicious transactions reported in other Member States and submitted to the GIFI in accordance with Article 53(1) and (3) of Directive 2015/849 – 19,039;
- Other information provided by foreign financial intelligence units or institutions and international organisations dealing with counteracting money laundering or financing of terrorism – 6.

*Table 6. Top 10 countries from which foreign FIUs sent the most information in 2020*

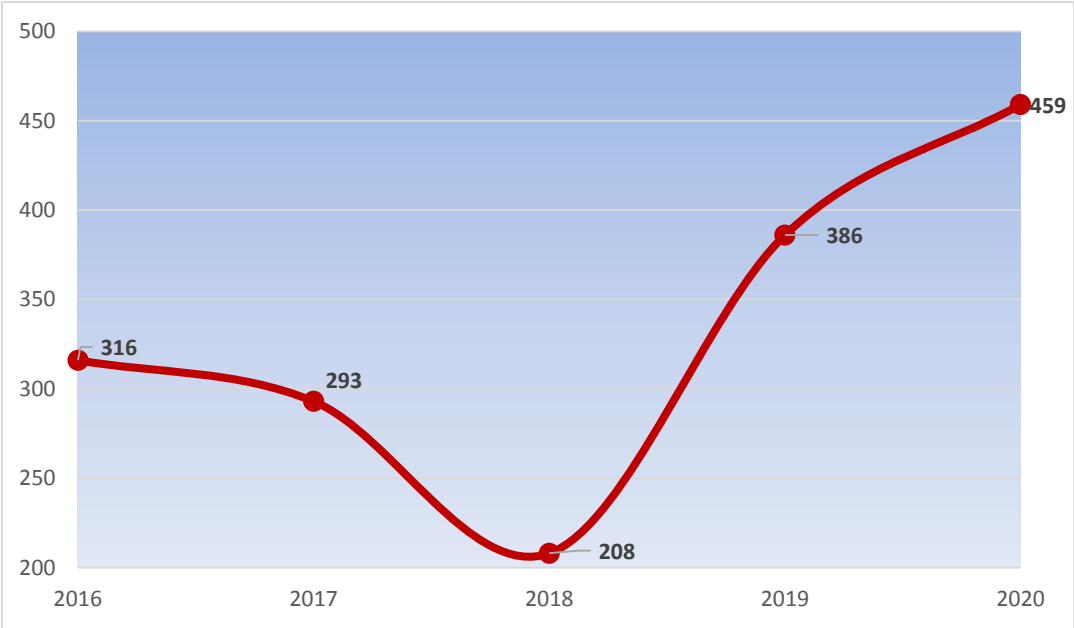
<b>Country</b>	<b>Number of reports</b>
Netherlands	18,351
Luxembourg	330
Germany	187
Italy	168
Malta	77
Belgium	49
Czech Republic	40
Slovakia	23
Latvia	15
Ireland	14
Liechtenstein	12

Cross-border reports from the Netherlands, accounting for almost 95% of all foreign information, relate to unusual transaction reports that are possibly related to Poland. The information provided usually covers particular transactions, which results in a large number of received reports.

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

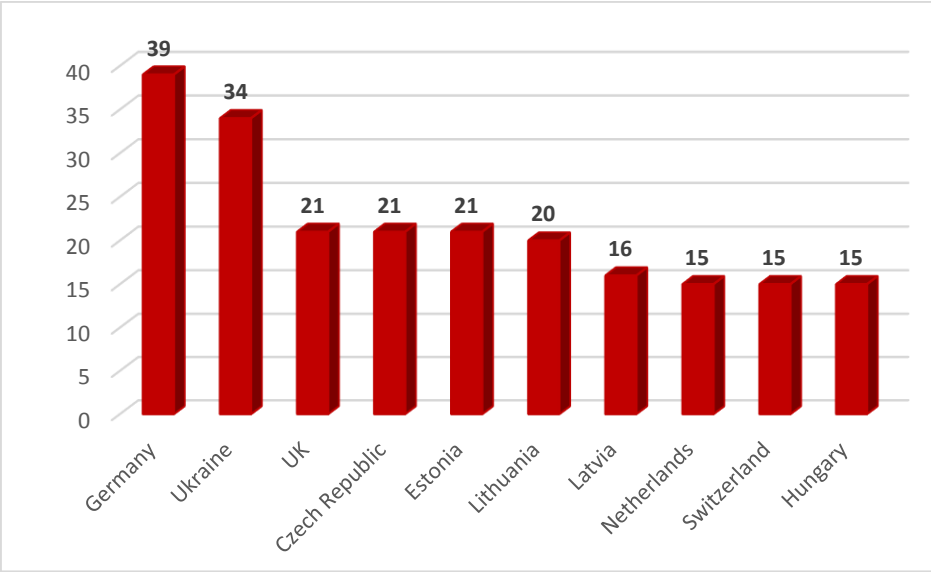
In 2020, the GIFI sent a total of 459 requests for information on 908 entities, 291 (63%) of which were addressed to the EU Member States. One inquiry was also sent to Europol. The number of the requests was higher by approx. 18.9% compared to the previous year.

*Chart 20. Inquiries sent by the GIFI to foreign financial intelligence units in 2016-2020*



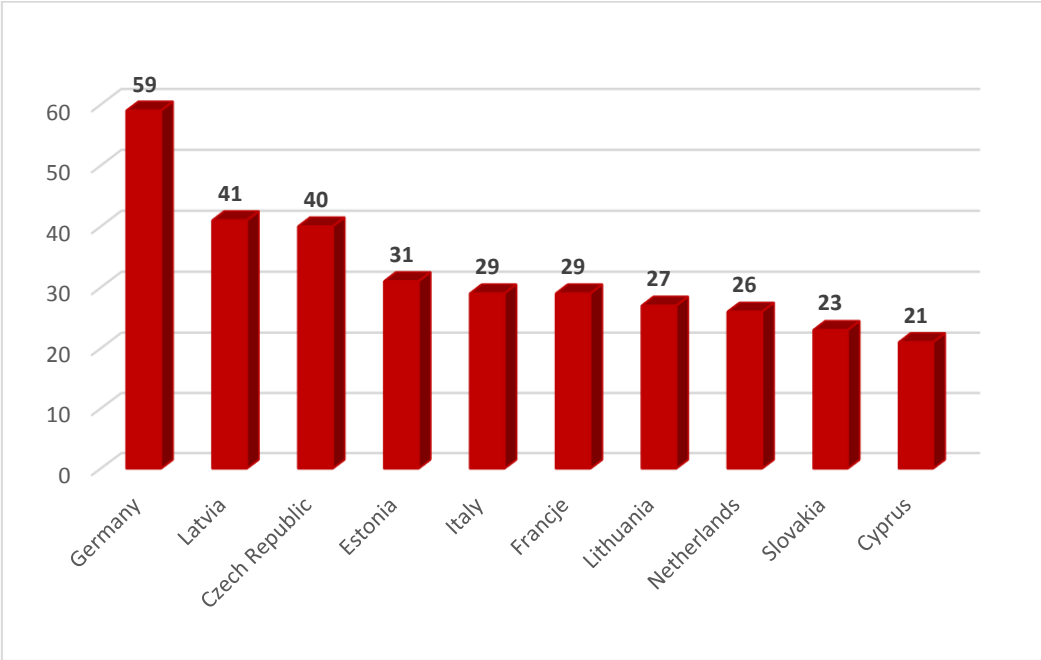
Examining analytical cases, the GIFI most often cooperated with the FIUs from Germany, Ukraine, the Czech Republic, the United Kingdom and Estonia. Information obtained from abroad is used primarily to verify whether entities involved in transactions that the obligated institutions and cooperating units find suspicious, are known to the foreign unit 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 21. Top 10 countries – foreign FIUs, to which the GIFI sent the most inquiries in 2020



In 2020, the GIFI, acting under the provisions of Article 112(3) of the *AML/CFT Act*, drew up for EU foreign financial intelligence units a total of 481 reports on notifications concerning other Member States. Their number is similar to that recorded in 2019. The reports included information on at least 2,003 entities in total.

Chart 22. Top 10 countries – foreign FIUs, for which the GIFI drew up the most notifications under Article 112(3) of the *AML/CFT Act* in 2020



Besides the cross-border reports, 5 spontaneous reports with the findings of analytical proceedings carried out by the GIFI were provided to foreign partners.

## **7.10. OTHER INTERNATIONAL INITIATIVES**

### **7.10.1 TWINNING PROJECT FOR MOLDOVA**

In 2020, representatives of the GIFI continued their efforts in the implementation of the EU twinning project for the Republic of Moldova entitled “Strengthening the system of counteracting money laundering and financing of terrorism in the Republic of Moldova”, initiated as part of a Lithuanian-Polish-German consortium in 2018.

Experts from Poland, in cooperation with specialists from Lithuania and Germany, carried out project activities for Moldovan authorities and services: the Financial Intelligence Unit, the prosecutor’s office, the General Police Inspectorate, the Tax and Customs Service, and the National Bank.

Last year, due to the pandemic, it was decided to carry out expert missions remotely. During the project activities in which representatives of the PFIU were involved, a total of 19 expert missions were carried out as part of 4 project components, dedicated to strengthening Moldova’s national law system in the area of counteracting money laundering and financing of terrorism, strengthening control over obligated institutions, improving analytical processes and cooperation and information exchange between competent services in counteracting financing of terrorism. The GIFI experts supported the Moldavian FIU, among others, in drafting the provisions of the act on financial sanctions and its implementing regulations, and prepared recommendations on strengthening national cooperation between authorities in counteracting money laundering and financing of terrorism.

Due to COVID-19, study visits planned in Poland as part of Component 4 for representatives of control authorities were canceled, despite the already undertaken preparations for their organisation.

### **7.10.2. CONFERENCE DEDICATED TO THE NATIONAL RISK ASSESSMENT**

On 23-24 January 2020, a conference dedicated to the results of the National Assessment of the Risk of Money Laundering and Financing of Terrorism, initiated by the GIFI, was held in the Ministry of Finance, with the participation of foreign guests. The representatives of the GIFI presented the participants with information on the identified risks, typologies and trends at the national level and as part of the supranational risk assessment carried out by the European Commission.

Foreign guests – representatives of Israel, Latvia and the Netherlands – shared with the participants their experiences in the area of preparing national risk assessments in their countries, referred to the FATF recommendations and guidelines in this regard, and presented a number of practical observations regarding the Polish national risk assessment. They also emphasised the need to adopt a national strategy to counteract money laundering and financing of terrorism and an action plan that would account for the results of the national risk assessment.

The conference was attended by a total of over 100 individuals – representatives of obligated institutions as well as bodies and services implementing tasks in the area of counteracting money laundering and financing of terrorism.



### **7.10.3. WORKSHOPS DEDICATED TO COUNTERACTING THE USE OF NON-PROFIT ORGANISATIONS TO FINANCE TERRORISM**

The GIFI, in cooperation with the Royal United Services Institute for Defense and Security Studies (RUSI) organised workshops dedicated to methods of strengthening cooperation between non-profit organisations, the banking sector as well as institutions and bodies implementing tasks in the area of counteracting money laundering and financing of terrorism to increase the effectiveness of preventing the use of non-profit organisations to finance terrorism. The workshops were organised as part of the three-year CRAAFT project<sup>54</sup>, financed with EU funds, whose aim is to popularize knowledge in the area of counteracting financing of terrorism and building an expert network. Its main goal is to promote and support interactions between the public sector and the private one.

The agenda of the meeting covered, in particular, issues related to the vulnerability of some non-profit organisations to financing of terrorism, the FATF standards and guidelines in this regard, the role of banks and other obligated institutions in mitigating the risk of using non-profit organisations to finance terrorism, and the importance of public-private partnership in reinforcing the non-profit sector against abuses related to financing of terrorism.

The workshops were held on 30 November – 1 December 2020 in the form of on-line meetings. The meetings were led by foreign experts invited by the RUSI and were attended by representatives of the non-profit sector, the banking sector and representatives of government administration (financial intelligence units, law enforcement bodies and authorities exercising control over foundations and associations).

### **7.10.4 REGIONAL WORKSHOPS DEDICATED TO THE IMPLEMENTATION OF FATF RECOMMENDATION 8**

Representatives of the GIFI took part in international workshops dedicated to experiences of countries in implementing FATF Recommendation 8, relating to counteracting the use of non-profit organisations to finance terrorism (“EU Global Facility Regional Event on FATF Recommendation 8”), organised by the Moldovan financial intelligence unit. During the workshops, the representative of the GIFI presented information on Polish solutions in this respect. The 5-day on-line meeting was attended, apart from the representatives of the GIFI, by representatives of Georgia, Lithuania, Romania and Ukraine. The workshops focused, in particular, on issues related to conducting FT risk assessments in the non-profit sector in line with Recommendation 8, the effective involvement of non-profit organisations in this process, the practical application of a risk-based approach, and best practices in the area of information exchange and cooperation.

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<sup>54</sup> *Project Collaboration, Research & Analysis Against the Financing of Terrorism*

## **7.10.5 COOPERATION WITHIN THE FRAMEWORK OF AID PROGRAMMES OF THE EUROPEAN UNION (TAIEX, EU ACT) AND OTHER INTERNATIONAL ORGANISATIONS**

The pandemic affected also projects implemented under the aid programmes of the European Union and other international organisations, due to the fact that states focused first on taking action to ensure the continuity of the operation of their competent authorities. Only the relatively stable situation of states made it possible to undertake training and advisory initiatives on a remote basis.

### *TAIEX Programme*

In 2020, as part of the TAIEX programme, representatives of the GIFI participated in:

- Project: “Expert Mission on Free Movement of Capital – Anti-money Laundering” for the so-called Turkish Republic of Northern Cyprus, under which a representative of the GIFI provided training and lectures for the Turkish Republic of Northern Cyprus, representatives of obligated institutions (i.e. banks, insurance companies), and cooperating units (i.e. prosecutor’s offices, the police, tax offices).

The aim of the project is to promote good EU practices related to combating the illegal practice of money laundering and financing of terrorism by presenting and implementing current EU legislation under Directive 2018/843. In 2020, one mission of a representative of the GIFI related to participation in this project took place.

- Expert mission for the Albanian tax administration, regarding the ability to improve the effectiveness of tax collection by influencing the attitudes of taxable persons.

Both missions were carried out on a remote basis.

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

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

#### *Standing Committee on anti-money laundering and countering terrorist financing (AMLSC)*

As part of EU work to step up the fight against illicit money flows and to enhance EU monitoring of risks of money laundering and financing of terrorism, the role and powers of the European Banking Authority (EBA) in supervision over financial institutions in terms of countering money laundering and financing of terrorism were enhanced.

As part of its new role and tasks, the EBA, pursuant to Article 9a(7) of *Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC* (OJ L 331 of 15.12.2010, p. 12, as amended), hereinafter referred to as Regulation 1093/2010, established an internal Standing Committee on anti-money laundering and countering terrorist financing (AMLSC) to coordinate activities in order to prevent the use of the financial system for money laundering or financing of terrorism and countering such use, as well as to prepare, in accordance with

*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 (OJ L 141, 5.6.2010, p. 1), hereinafter referred to as Regulation 2015/847 and Directive 2015/849, all projects and decisions adopted by the EBA.*

The AMLSC started its work in early 2020. It 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, having expertise and decision-making powers in the area of preventing the use of the financial system for money laundering and financing of terrorism, as well as high-level representatives with expertise in different business models and the specific characteristics of this sector, representatives of the EBA, the European Insurance and Occupational Pensions Authority, and the European Securities and Markets Authority. 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 meetings of the Committee as observers. The chairperson of the AMLSC is elected by and from among the Committee members authorised to vote. Currently, the function of the AMLSC chairperson is held by Mr Jo Swyngedouw.

Poland is represented in the AMLSC by representatives of the GIFI and the Office of the Polish Financial Supervision Authority, that closely cooperate in analysis of materials prepared and during meetings of the Committee. In 2020, 5 main meetings of the AMLSC were held. Their participants discussed topics related to the work carried out by the Committee and current events regarding AML/CFT. During the meetings, draft decision prepared by working groups (that may include representatives of the European Supervisory Authorities (ESAs) as well as experts from national competent authorities) are also put to a vote.

Besides the main meetings, several additional *ad-hoc* meetings dedicated to issues requiring further discussion were also held. The EBA has also ongoing contact with representatives of the Member States in order to exchange information, gather additional information from competent national authorities, also for the purposes of developing opinions on ML/FT risks under Article 6(5) of Directive 2015/849, or developing guidelines for competent national authorities. The AMLSC members, including representatives of Polish authorities, also complete questionnaires sent by the EBA representatives, regarding, for example, regulation of AML/CFT issues in national legislation. Thus obtained data and information facilitates the implementation of the tasks imposed on the EBA.

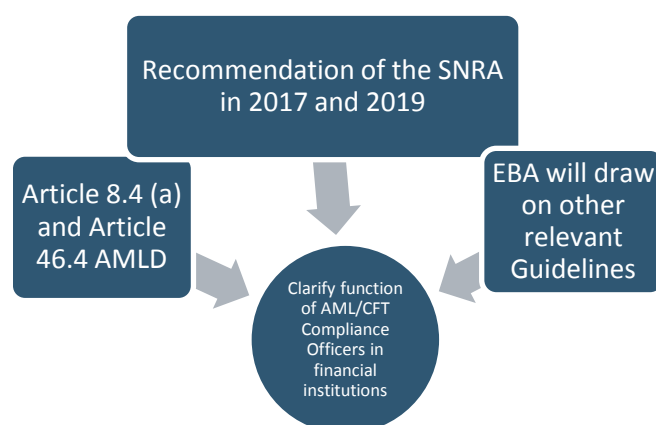
In 2021, the AMLSC will continue its activity, including work on establishing and updating the central database referred to in Article 9a(2) of *Regulation 1093/2010*. Representatives of the GIFI and the Office of the Polish Financial Supervision Authority will continue to participate in meetings of the AMLSC and actively participate in its work.

Poland has launched cooperation with other EU supervisors as part of meetings facilitated by the EBA, called College. The GIFI was invited to participate in the meetings by the central bank of one of the European Union countries. Given the very important role of this entity in the global financial system and the fact that the Polish subsidiary of the group is one of the largest financial institutions in Poland, the participation of the GIFI was fully justified. The College was organised after the disclosure of irregularities that resulted, in one EU countries, in the payment of an enormous amount of money and system changes as well as recovery programmes in the whole group.

### *EBA Working Group for developing “Guidance on the role of AML/CFT Compliance Officer”*

As a result of the 2017 and 2019 joint opinions on the risk of money laundering and financing of terrorism, affecting the financial sector of the European Union, failings in the Member States were identified with respect to internal control of obligated institutions and general policies and procedures for counteracting money laundering and financing of terrorism, which is one of the most common types of infringements. Similarly, in the “post-mortem” review carried out by the European Commission (“EC”) in 2019, it was found that many of the financial institutions included in the EC sample had not established adequate controls and risk management systems, in particular for identifying and reporting suspicious transactions. According to the EBA review, the Member States have no legal or regulatory requirement to appoint an AML/CFT compliance officer, at a sufficiently high level to report to the higher management body of the obligated institution. As a result, there is a risk that AML/CFT supervision may be ineffective, as supervisory findings and follow-up are not made available at the management board level. The lack of sufficient preference and approval at the level of the managing body of the institution also meant that the provision of adequate resources and hiring adequately qualified personnel for AML/CFT tasks was not perceived as a priority, which seems to affect the quality and AML/CFT control mechanisms of the financial institution.

*Figure 3. Grounds for developing guidance on the role of an AML/CFT Compliance Officer*



In view of the above, the work of the EBA Working Group for the development of guidance on the role of AML/CFT Compliance Officer was launched on 6 June 2020 and will be completed in the second half of 2021. The Working Group consists of an EBA representative as the main coordinator managing the work of the Group, and representatives of the competent authorities in Poland, Italy, Romania, Malta, Luxembourg, Cyprus, Belgium and France – one from each country, as well as one representative of the European Central Bank – 10 representatives in total. Poland is represented in the EBA Working Group by a representative of the GIFI. Due to the limited number of representatives included in the Working Group and the issues concerned, the Polish position and input are consulted by the GIFI with the Polish Financial Supervision Authority.

As part of the work performed, representatives of the Working Group present their comments and proposals for input to future guidelines, making references to the relevant provisions of national and international law. The EBA representative also prepares documents, including

EBA publications, that are taken into account in developing the draft guidance on the role of AML/CFT Compliance Officer.

In accordance with the current work schedule, the draft guidance will be published for public consultation in the first half of 2021, and the final version of the guidance will be published, following its approval by the EBA Internal Committee (AMLSC) and the Board of Supervisors (BoS), in the second half of 2021.

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

Pursuant to Article 60 of Directive (EU) 2015/849, the 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, the Member States shall ensure that their competent authorities inform the European Supervisory Authorities (i.e. the EBA, ESMA<sup>55</sup>, EIOPA<sup>56</sup>) of all administrative sanctions and measures imposed in accordance with Article 58 and Article 59 of the Directive on credit institutions or financial institutions, including any appeal in relation thereto and the outcome thereof. Pursuant to Article 152(7) of the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism*, 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 operated by the EBA.

In 2019, the GIFI provided the EBA with information on 2 administrative sanctions, while in 2020, the EBA received via eGATE information on 30 administrative sanctions imposed by the GIFI, the Minister of Finance and the National Bank of Poland.

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

In 2020, pursuant to Article 50a Directive (EU) 2018/843, two foreign authorities of EU Member States, competent for supervision in terms of counteracting money laundering and financing of terrorism, requested the GIFI to provide them with AML/CFT information. Acting pursuant to Article 116 of the *AML/CFT Act*, the GIFI provided two responses as part of cooperation with the competent supervisory authorities of the EU countries.

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<sup>55</sup> European Securities and Markets Authority

<sup>56</sup> European Insurance and Occupational Pensions Authority

## 8. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES

Pursuant to the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism*, obligated institutions are obliged to apply specific financial restrictive measures with respect individuals and entities listed on the sanction lists published on the GIFI website.

In 2020, the GIFI informed the obligated institutions and cooperating units about the rules of applying specific restrictive measures. In particular, the GIFI carried out in February 2020, training entitled “Application of Specific Restrictive Measures and the National Assessment of the Risk of Money Laundering and Financing of Terrorism – Threats and Vulnerabilities” for representatives of cooperative banks. Furthermore, in December 2020, the GIFI launched a series of training courses dedicated to the obligations of the obligated institutions in the area of counteracting financing of terrorism, including the application of specific restrictive measures. The first training series was attended by representatives of customs and tax control offices, courts of appeal and the National Cooperative Savings and Credit Union. The GIFI also established working cooperation with NGO.pl, as part of which the information prepared by the GIFI on the obligations of non-profit organisations as regards the application of specific restrictive measures and the risks of financing of terrorism was published on NGO.pl website.

The rules for applying these measures, including the recommendations of the UN Counter Terrorism Executive Directorate (CTED) applicable to Poland in this area, were discussed with representatives of the cooperating units during a meeting of the Financial Security Committee.

The GIFI responded on an ongoing basis to the inquiries of the obligated institutions regarding the implementation of obligations resulting from the application of specific financial restrictive measures related to counteracting financing of terrorism, sent to a dedicated e-mail box: [srodkiograniczajace@mf.gov.pl](mailto:srodkiograniczajace@mf.gov.pl). The obligated institutions that subscribed to the GIFI newsletter also received information on current changes on the above-mentioned sanction lists.

Moreover, the GIFI participated in the analysis and evaluation of materials examined during the meetings of the Working Party of Foreign Relations Counsellors (RELEX).

In 2020, the GIFI did not receive any notification of the freezing or non-disclosure of assets. It received, however, 2 reports on transactions involving entities whose names or first names and surnames coincided with the names or first names and surnames of entities from the sanction lists or were associated with these entities.

## 9. FINANCIAL SECURITY COMMITTEE

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In 2020, 3 meetings of the Financial Security Committee (hereinafter referred to as the Committee) were held.

Its work was dedicated, in particular, to the *Strategy for Counteracting Money Laundering and Financing of Terrorism* (hereinafter referred to as the Strategy). The Committee members were presented with its assumptions, priorities and activities envisaged under particular priorities. The Committee Members were also informed about the progress of the work on the Strategy and evaluated its draft. The submitted comments were discussed during the Committee meetings. Pursuant to Article 19(2)(3) of the *AML/CFT Act*, the tasks of the Committee include, in particular, evaluating the Strategy, as well as reviewing the progress in its implementation.

In 2020, participants of the Committee meetings were regularly presented with information on the preparations and the current stages of the evaluation of the Polish system for counteracting money laundering and financing of terrorism by MONEYVAL, including, in particular, the expected role of the Committee and its members in the evaluation.

The discussions held during the Committee meetings also focused on the progress of legislative work aimed at the implementation of *Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU*.

Representatives of the GIF also presented the Committee members with information about the evaluation mission of the UN Counter-Terrorism Committee, that took place in December 2019 in Poland, and the preliminary CTED report. The Committee members discussed some of the recommendations contained in the report.

The Committee was also informed about planned cooperation between the General Inspector of Financial Information and the Cardinal Stefan Wyszyński University, as well as the directions of development of the system for counteracting money laundering and financing of terrorism in the European Union and the position of Polish authorities in this regard.

## 10. DRAFT STRATEGY FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

In accordance with the provisions of the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism*, the GIFI prepares a draft strategy for counteracting money laundering and financing of terrorism, hereinafter referred to as the “Strategy”, containing a plan of actions aimed at mitigating the risk related to money laundering and financing of terrorism. The draft Strategy, following its evaluation by the Financial Security Committee (KBF) and approval by the minister competent for public finance, is submitted for examination by the Council of Ministers, that adopts the Strategy by way of a resolution.

In 2020, the work on the Strategy, launched in 2019, was continued. The preliminary draft Strategy was discussed on a working basis within the Financial Security Committee (KBF), and the collected comments helped revise and supplement the content of the draft Strategy.

Meanwhile, the progressing pandemic in Poland and worldwide affected also the occurrence and perception of the risks of money laundering and financing of terrorism. Issues related to the foregoing have been described, among others, in publications of international organisation, such as the Egmont Group (ECOFEL), EUROPOL, the FATF, Moneyval. The GIFI also published a communication in which it informed about the pandemic-related threats in the area of money laundering and financing of terrorism<sup>57</sup>. It was decided to take information about these challenges into account when the Strategy was being prepared.

As pursuant to Article 32(2) of the *AML/CFT Act*, the Council of Ministers adopts the Strategy by way of a resolution, the draft *resolution on the adoption of a strategy for counteracting money laundering and financing of terrorism*, prepared by the GIFI, was entered into the list of works of the Council of Ministers in October 2020. The comments collected in the course of inter-ministerial consultations were discussed at the last meeting of the Financial Security Committee (KBF) in 2020. They made it possible to prepare a revised version of the draft Strategy, that in 2021, was the subject of further work aimed at obtaining an opinion of the KBF, in accordance with the provisions of the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism*.

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<sup>57</sup> Communication No. 23 of the General Inspector of Financial Information regarding threats in the area of money laundering and financing of terrorism related to the spread of COVID-19, published on 10 April 2020 on: <https://www.gov.pl/web/finanse/komunikaty-giif>.



## 11. LEGAL ACTIVITY

In 2020, the legal activity of the GIFI concerned, in particular, communication with the obligated institutions and the cooperating units, and was based on the ongoing sharing of knowledge in the area of counteracting money laundering and financing of terrorism in the Public Information Bulletin on the website of the office providing services to the minister competent for public finance in the form of GIFI Communications.

In 2020, the Department of Financial Information continued the legislative process launched a year earlier on the draft *Act amending the Act on counteracting money laundering and financing of terrorism and certain other acts* (UC24), aimed at implementing the provisions of *Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU* (OJ L 156, 19.6.2018, p. 43), hereinafter referred to as “Directive 2018/843” into the Polish legal system. Until the end of the year, intensive legislative work was carried out at the government level, completed in January 2021 with the adoption of the aforementioned act by the Council of Ministers and its submission to the Sejm of the Republic of Poland.

Moreover, the Department of Financial Information focused in 2020 on developing legal and legislative solutions aimed at implementing Article 1(19) of *Directive 2018/843*, as well as Chapter II of *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 draft *Act on the Financial Information System* was entered onto the list of legislative and programme works of the Council of Ministers under number UC66 on 20 November 2020, and in December that year, it was referred to arrangements, opinions and public consultations. Until the end of 2020, intensive legislative work was carried out to develop the new version of the act concerned, accounting to a large extent the comments submitted in the course of arrangements and public consultations.

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

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General Inspector of Financial Information