

POLITICALLY EXPOSED PERSONS AND THE STRUCTURAL LIMITS OF ROMANIA'S AML/CFT FRAMEWORK

Ana Bădescu¹

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Abstract: *This paper examines key weaknesses in Romania's anti-money laundering and counter-terrorist financing (AML/CFT) regulatory framework, with a particular focus on the detection and prosecution of money laundering involving politically exposed persons. The analysis begins with an original audit of the May 2025 list of important public functions maintained by Romania's National Integrity Agency, which serves as the main reference tool for screening politically exposed persons. By cross-checking the list against the categories defined in the relevant legislation, the paper shows that this instrument is incomplete and therefore unreliable as a basis for effective compliance. The paper then identifies two additional structural vulnerabilities: the uneven supervisory coverage of obliged entities outside the banking sector and an enforcement system in which major cases frequently expire due to limitation periods or fail to be investigated at all. Taken together, these deficiencies suggest that Romania's AML/CFT framework is not merely affected by isolated implementation gaps, but suffers from structural limitations that weaken its capacity to identify, investigate, and prosecute money laundering risks associated with politically exposed persons.*

Keywords: *Anti-money laundering; Politically exposed persons; National Integrity Agency; MONEYVAL, Romania*

Introduction

Despite decades of investment in anti-money laundering and counter-terrorist financing regulation (AML/CFT), the gap between policy ambition and real-world results remains wide. AML interventions are

¹ Ana Bădescu is a PhD student in Political Science at the Faculty of European Studies, Babeş-Bolyai University, Cluj-Napoca. Email: Ana.Badescu@ubbcluj.ro.

estimated to intercept less than 0.1 per cent of criminal finances, while the cost of compliance across the financial sector exceeds the value of recovered assets by a factor of more than one hundred.² Literature reviewing twenty years of evidence reaches the same conclusion: there is no evidence that money laundering has become more difficult or expensive for criminals, and evaluations have largely measured formal compliance rather than actual outcomes. While the Financial Action Task Force regime has been highly successful at the level of formal compliance and program implementation, it has paid almost no attention to outcome effectiveness. The result is a transnational legal order in which states adopt laws and create institutions but do not necessarily implement them in practice, a condition described by experts in the field as symbolic compliance.³ This gap between the formal and actual compliance is likely to widen. Criminal networks are increasingly using artificial intelligence to generate synthetic identities, mimic legitimate transaction patterns, and automate financial crime at a scale that compliance systems were not designed to handle.⁴

The core problem is structural as the system has, since its emergence in the early 1990s, relied mainly on requiring institutions to follow rules and file reports, a model whose effectiveness has been increasingly questioned in the literature reviewed above.

The World Bank's review of FATF assessments found that, of the one hundred and twenty-four jurisdictions evaluated against Recommendation 12 on politically exposed persons, sixty-one per cent were non-compliant and a further twenty-three per cent were only partially compliant; the pattern was not concentrated in less developed jurisdictions but was, if anything, worse among the more developed.⁵ Against this backdrop, this study examines why

² Ronald F. Pol, "Anti-money Laundering: The World's Least Effective Policy Experiment? Together, We Can Fix It", in *Policy Design and Practice*, vol. 3, no. 1, 2020, pp. 73–94.

³ Michael Levi, Peter Reuter, "How Well Does the Money Laundering Control System Work?", in *Crime and Justice*, vol. 54, 2025, pp. 1–60, <https://doi.org/10.1086/735665>. See also Terence C. Halliday, Michael Levi, Peter Reuter, "Anti-Money Laundering: An Inquiry into a Disciplinary Transnational Legal Order", in *UC Irvine Journal of International, Transnational, and Comparative Law*, vol. 4, no. 1, 2019, pp. 1–25.

⁴ Sauradeep Bag, "The Use of AI in Arresting Financial Crime", in *ORF Issue Brief*, no. 726, 2024, pp. 1–12.

⁵ Theodore S. Greenberg, Larissa Gray, Delphine Schantz, Carolin Gardner, Michael Latham, "Politically Exposed Persons: Preventive Measures for the Banking Sector", Washington, D.C.:

Romania's system, even on its own terms, is structurally unable to detect and prosecute money laundering by Politically Exposed Persons.

Context

PEPs are individuals who hold, or have recently held, prominent public functions, and who are considered to present a higher risk of involvement in bribery and corruption. Their relatives and close associates must also be treated as PEPs.⁶ The World Bank's study of how the PEP regime operates in practice shows that the rigour of the framework matters less at the level of the banks, which generally identify and refuse PEPs of questionable integrity, than further downstream: corrupt PEPs typically conceal their identity through associates and complex corporate vehicles, rely on intermediaries such as lawyers, accountants or company service providers, and route funds through jurisdictions where AML controls are weak or poorly enforced. In a country with Romania's documented history of political interference in public institutions, the rigor with which the PEP framework is designed is central to whether the system can detect these cases.

Although Romania's PEP framework has been the subject of MONEYVAL evaluation and follow-up reporting, the assessments do not test whether the list provided by ANI (National Integrity Agency), which is the operational instrument on which the framework depends, is itself complete. Drawing on an independent audit of the May 2025 ANI list against the legal categories defined by Article 3(2) of Law 129/2019, it identifies specific omissions that no published evaluation has so far recorded: one state-owned enterprise in the energy sector, and three political parties with active parliamentary representation.

In its most recent evaluation, published in 2023, MONEYVAL rated Romania's AML/CFT system as achieving Moderate effectiveness in 10 out of 11 assessed outcomes.⁷ These weaknesses exist against a broader decline

World Bank / Stolen Asset Recovery Initiative, 2010, <https://documents1.worldbank.org/curated/en/611261468155103854/pdf/542500PUB0Expo101Official0Use0Only1.pdf>.

⁶ *Ibidem*, p. 3.

⁷ MONEYVAL, "Anti-money Laundering and Counter-terrorist Financing Measures – Romania", Fifth Round Mutual Evaluation Report, Strasbourg: Council of Europe, 2023, p. 15.

in governance efficiency indicators: by 2025, Romania ranked 44th out of 143 countries in the Rule of Law Index and scored 45 out of 100 in the Corruption Perceptions Index, placing it among the lowest-performing EU member states on both indicators.⁸ The introduction of a directly applicable EU AML Regulation and the establishment of a new EU-level supervisory authority (AMLA) from 2027 onwards raises the stakes further, as some weaknesses that have persisted will be harder to maintain under stricter supervised standards.⁹

Romania's difficulties are not unique in the region. By the end of 2023, twenty of the thirty-three states evaluated by MONEYVAL in its fifth round were placed in enhanced follow-up, including every Central and Eastern European member: Bulgaria, Croatia, Czechia, Hungary, Poland, Slovakia, and Slovenia. The trend in the region is of underperformance against FATF standards.

One particular section stands out for Romania, which is the one of compliance with FATF Recommendation 12 (politically exposed persons). Bulgaria, Hungary, and Slovakia have each secured re-ratings on Recommendation 12 in MONEYVAL follow-up reports adopted between 2021 and 2025, moving from "partially compliant" to "largely compliant" after targeted legislative reforms.¹⁰ The PEP framework is precisely the area where other jurisdictions in the region have made progress, and where Romania has not. Romania remains in MONEYVAL's enhanced follow-up category, having failed to secure a single re-rating in its first progress report submitted in 2025.¹¹

⁸ World Justice Project, "WJP Rule of Law Index 2025", Washington D.C.: World Justice Project, 2025, p. 11; Transparency International, *Corruption Perceptions Index 2025*.

⁹ Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, OJ L, June 19, 2024; Regulation (EU) 2024/1620 establishing the Anti-Money Laundering Authority (AMLA), OJ L, June 19, 2024; Directive (EU) 2024/1640, OJ L, June 19, 2024.

¹⁰ MONEYVAL, "Bulgaria: 1st Enhanced Follow-up Report", Strasbourg: Council of Europe, 2024; MONEYVAL, "Hungary: 4th Enhanced Follow-up Report", Strasbourg: Council of Europe, 2021; MONEYVAL, "Slovak Republic: Follow-up Report", Strasbourg: Council of Europe, 2026.

¹¹ MONEYVAL, "Romania: 1st Enhanced Follow-up Report & Technical Compliance Re-Rating", Strasbourg: Council of Europe, 2025, p. 3.

Weaknesses in the Architecture of the System

Obligated entities are expected to balance their interest of increasing profits against being compliant, while enforcement bodies remain largely absent from the initial stages of detection and investigation. Romania's framework reflects this absence, and the three weaknesses examined below each represent a point where that structure of the system has produced a measurable institutional gap.

1. The ANI List of Important Public Functions

Romania's framework for identifying politically exposed persons rests on the following mechanism: under Law 129/2019, the National Integrity Agency is responsible for drawing up and publishing a list of important public functions, which serves as the primary reference tool for obligated entities carrying out PEP screening. For a bank determining whether a client requires enhanced due diligence, or for a notary assessing a transaction involving a public official, the ANI list is the first step. Its accuracy, completeness, and currency are important in this process, as a significant portion of Romania's AML system depends on them.

The self-reporting component is the main weakness, as ANI's list carries a disclaimer at the beginning: it contains only the information that institutions and organizations have submitted up to the date of publication. The practical consequence is that the list's completeness is a function of institutional compliance with the reporting obligation, not of any independent verification by ANI. Under Article 3(34) of Law 129/2019, ANI establishes through its own methodology the manner of transmission and the data structure that reporting entities must use, but if an entity required to report does not do so, it simply does not appear on the list.¹² There is no publicly documented mechanism through which ANI systematically cross-checks the list against other data sources to identify omissions. Such a mechanism would be easy to implement.

The gaps this produces are easily verifiable. To test the completeness of the ANI list, I conducted an independent audit of the May 2025 edition, cross-referencing each section against the categories of public function

¹² Agenția Națională de Integritate (ANI), "Lista funcțiilor publice importante", May 26, 2025, p. 1 (introductory note).

defined by Article 3(2) of Law 129/2019 and against publicly available sources. The audit identified gaps that fall into two distinct categories.

The first category concerns state-owned enterprises: Electrocentrale București SA, the principal thermal energy generator for the capital and a company wholly owned under the Ministry of Energy, is absent from section g) of the May 2025 list. Its absence means that no obliged entity receives any official signal to apply enhanced due diligence to its leadership, despite the company falling within the legal category that section is intended to cover.

Another important category that was identified during the audit was for the parliamentary party officials. Article 3(2)(c) of Law 129/2019 explicitly provides that members of the governing bodies of political parties are politically exposed persons. ANI's section c) translates this into a list of governing body members of parties registered at the Bucharest Tribunal. Yet the May 2025 edition, published during the 2024–2028 legislative term, omits three parties with active parliamentary representation: Alianța pentru Unirea Românilor (AUR), SOS România, and Partidul Oamenilor Tineri (POT). The list itself acknowledges the structural reason in a footnote: certain parties had not transmitted the required information by the date of publication.¹³

The legal framework does provide for consequences. Articles 42 and 43 of Law 129/2019 establish civil, disciplinary, administrative, and criminal liability for breaches of the law's provisions, with Article 43 defining a range of contraventions sanctionable by fine.¹⁴ What is not apparent from the public record is whether these provisions have ever been applied to a political party or a state-owned enterprise that failed to transmit its governance data to ANI. The absence of any documented enforcement action appears to create in effect, a compliance system based on voluntary participation, which is wrong, as it is a tool that obliged entities are expected to rely on as an authoritative reference.

To conclude this section, the list is incomplete because self-reporting is voluntary, and self-reporting remains voluntary because non-compliance carries no practical consequence.

¹³ *Ibidem*, footnote re: non-transmission by political parties.

¹⁴ Romania, "Law no. 129/2019", art. 42, para. (1) and art. 43, paras. (1)–(3).

2. Unequally Obligated Entities

Law 129/2019 extends AML/CFT obligations to a broad range of entities beyond the banking sector, including notaries, lawyers, accountants, real estate agents, and bailiffs.¹⁵ Supervisory responsibility is correspondingly distributed: the National Bank of Romania supervises credit institutions, the NOPCML covers certain non-bank entities, and self-regulatory bodies, such as the National Union of Notaries, the National Bar Association, and the Body of Expert Accountants, are delegated supervisory functions over their own memberships. This distribution creates an inequality that becomes obvious in the distribution of Suspicious Activity Reports.

Romanian law requires a licensed notary to authenticate every real estate transaction, making notaries the gatekeepers for a sector consistently identified as among the highest-risk for money laundering. Yet NOPCML's own data records near-zero SAR filings from notaries: in 2024, credit institutions accounted for 68.55 per cent of all SARs received, while notaries and lawyers combined contributed just 2.46 per cent, and real estate agents and developers only 0.02 per cent.¹⁶ Practitioner analysis confirms that AML obligations formally imposed on notaries, including the designation of compliance officers and the application of customer due diligence procedures, have not produced meaningful supervisory outcomes.¹⁷

Such an asymmetry in the way that the compliance rules apply to an incentive to route illicit finance through notarial and real estate channels precisely because they combine high transaction amounts with low supervisory intensity.

3. Weak Enforcement Outcomes

The third and most consequential weakness in Romania's AML/CFT framework is operational: even where the legal architecture is adequate, the chain from financial intelligence to criminal conviction rarely closes in cases

¹⁵ *Ibidem*, art. 2, para. (1).

¹⁶ Oficiul Național de Prevenire și Combateră a Spălării Banilor (ONPCSB), "Raport de activitate 2024", Bucharest: ONPCSB, 2025, p. 61.

¹⁷ Andrei Dumitrescu, Andrei Rusu, "Romania", in Stephanie Brooker, M. Kendall Day (eds.), *International Comparative Legal Guides. Anti-Money Laundering Laws and Regulations 2025–2026*, London: Global Legal Group, 2025, <https://iclg.com/practice-areas/anti-money-laundering-laws-and-regulations/romania>.

involving politically exposed persons. MONEYVAL's 2023 Mutual Evaluation Report identified "challenges in relation to investigating, prosecuting and convicting in cases related to politically exposed persons/high level officials".¹⁸

The scale of the problem becomes visible when the lifecycle of a Suspicious Activity Report is traced end-to-end. In 2024, ONPCSB received 22,470 SARs, of which 69 per cent originated from banks.¹⁹ Of these, ONPCSB transmitted 182 disclosures to the High Court prosecutor and 122 to other prosecution units.²⁰ The number of reports that become investigations decreases, but the narrowing that follows from investigation to indictment to conviction is where PEP cases disappear. There are two structural features of the Romanian criminal justice system that lead to this consequences. The first is the extraordinary length of proceedings. DNA's 2024 activity report records that 70.9 per cent of defendants had cases lasting more than five years.²¹ The second is the legal consequence of that length. Constitutional Court Decision no. 358/2022 reset the rules on prescription interruption in a way that allowed the statute of limitations to run out on cases already in progress.²² In 2025 alone, 172 defendants saw their criminal proceedings terminated on grounds of prescription rather than acquittal on the merits.²³ An ongoing investigative reporting series has highlighted that ONPCSB's strategic analyses systematically avoid profiling the money-laundering exposure of politicians as a category.²⁴

¹⁸ MONEYVAL, "'Anti-money Laundering and Counter-terrorist Financing Measures – Romania, Fifth Round Mutual Evaluation Report", Strasbourg: Council of Europe, 2023, Immediate Outcome 7.

¹⁹ Oficiul Național de Prevenire și Combatere a Spălării Banilor (ONPCSB), "Raport de activitate 2024", Bucharest: ONPCSB, 2025, p. 61.

²⁰ *Ibidem*.

²¹ Direcția Națională Anticorupție (DNA), "Raport de activitate 2025", Bucharest: DNA, 2025, p. 17, <https://www.pna.ro>.

²² Curtea Constituțională a României, "Decizia nr. 358/2022", *Monitorul Oficial al României*, partea I, nr. 565, 9 June 2022.

²³ Direcția Națională Anticorupție (DNA), *op cit*.

²⁴ Attila Biro, "Politicienii, ocoliți de analizele agenției care combate spălarea banilor," Context.ro, (ongoing investigative series), 2026, <https://context.ro/politicienii-ocoliti-de-analizele-agenției-care-combate-spălarea-banilor/>, accessed May 2026.

Conclusion

Previous literature argues that the FATF order has been almost exclusively measured in terms of formal compliance and program implementation, while program effectiveness and outcome effectiveness have been left aside, producing what they describe as symbolic compliance.²⁵

This paper has identified three structural weaknesses in Romania's AML/CFT framework that applies to politically exposed persons. The first finding was through a direct audit of the May 2025 ANI list against the categories established by Law 129/2019, this paper has shown that the primary reference tool for PEP screening is incomplete. One state-owned enterprise in the energy sector and three parties with active parliamentary representation: AUR, SOS România, and POT, are absent from the May 2025 edition.

Supervisory coverage of the entities expected to act on that list is uneven, with intensive National Bank of Romania oversight of credit institutions, compared to very few SAR filings from notaries and the real estate sector, meaning that the lightest scrutiny is where corrupt PEPs are likely to route their funds.²⁶ Convictions occur, but the cases involving PEPs are likely to end with the running of the statute of limitations rather than with a proper judgment. The Romanian case therefore illustrates why formal compliance with the AML regime would not, on its own, be a substitute for the structural conditions under which the regime could actually be effective.

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