

**SPI Project:**  
**Amendment of the AML Law**

**Impact Assessment Questionnaire**

Prepared by  
**Convergence Program**

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## 1. Context

### Project Working Group

With SPI Committee endorsement, a public-private Project Working Group, including representatives of the banking community, NBR, AML Office, and Ministry of Public Finance has been set up to come up with a draft amendment of the current domestic regulation on Anti Money Laundering, aimed at harmonizing the existing law with the provisions of the EU Third Directive as well as improving the effectiveness of AML reporting, while observing high AML standards.

The Project Working Group has the following structure:

<b><i>Project Owner (PO):</i></b>	Petre Bunescu, RBA Vice President
<b><i>Project Manager (PM):</i></b>	Doru Bebe Bulata, Director, BCR
<b><i>Deputy Project Manager (DPMs):</i></b>	Paula Lavric, State Secretary, AML Office Alis Avramescu, Deputy Director, NBR
<b><i>Members :</i></b>	Liana Teodorescu, Manager, Bancpost Magdalena Calangiu, Manager, Finansbank Victoria Preoteasa, Manager, OTP Bank Romania Constantin Jumuga, Manager, BRD-GSG Sergiu Boga, Compliance Officer, Unicredit Isabelle Chelariu, Legal Adviser, NBR Magdalena Scriciu, Advisor, MoPF Simona Butoi, Expert, MoPF

### Amendment proposals

The Project Working Group has prepared a set of proposals that can be broken down in 2 categories:

I – Proposals reflecting the implementation of the principles established by the Third Directive “Directive 2005/60/EC of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing” (the Third Money Laundering Directive);

II – Proposals aimed at improving current domestic law in aspects not dealt with the Third Directive.

The amendment proposals represent work-in-progress of the Project Working Group. As there is not yet unanimity among stakeholders on some proposals listed, some amendments present different options representing regulatory solutions proposed by different stakeholders (namely, banks, AML Office and NBR).

### **Regulatory Impact Assessment**

The purpose of this questionnaire is to make an economic assessment of the proposals in terms of the impact they would have on the Romania banking industry. This Regulatory Impact Assessment (RIA) seeks to provide an estimate of the costs and benefits from each provision, trying also to identify the area where the majority of costs and benefits will be concentrated. This will help regulators and banks to acknowledge the compliance costs of the adoption of this Directive.

RIA findings meet two purposes:

- i) for provisions containing regulatory options, findings can help make the Project Working Group reach consensus on a commonly agreed solution;
- ii) for all remaining provisions, impact assessment will be an helpful tool for implementation of the Third Directive. By highlighting the cost drivers of the Law, RIA data will help guide the preparation of cost-effective secondary regulation.

On behalf of the Project Manager, SPI Secretariat will send the questionnaire to all Romania’s banks. Data received will be treated with the utmost confidentiality. Findings will be provided only on aggregate basis.

## Data presentation

Summary of overall additional costs and benefits according to P&L main items affected  
(Mln, RON)

	EU Third Directive		Other Proposals		Grand Total	
	Additional costs	Additional benefits	Additional costs	Additional benefits	Additional costs	Additional benefits
Personnel expenses						
Other Administrative and Operating expenses						

### EU Directive Section

Item	Options	Type of marginal impact	Economic Impact (Mln, RON)
Reduction in the suspension period and prolongation of the suspension period	Option I	Additional benefits	
	Option II	Additional benefits	
	Option III	Additional benefits	
FIU's obligation to provide the reporting entities general information on AML activities	Option I	Additional benefits	
	Option II	Additional benefits	

### Other Proposals Section

Item	Options	Type of marginal impact	Economic Impact (Mln, RON)
Threshold of Cross-border transfers	Option I	Additional benefits	
	Option II	Additional benefits	

**Annex - Impact Assessment detailed article by article**

# of proposal	Article (Third Directive & Other Proposals)	Detail of the proposed measure	Additional Costs	Additional benefits
1				
2				
3				
....				

**Impact Assessment on consumers**

In order to have a full assessment of the impact of the enactment of the regulatory changes proposed, the SPI Secretariat with Convergence Program support will prepare a short RIA questionnaire to estimate the impact of the proposed regulations on consumers of financial services.

**2. Proposals to be assessed**

<b>Proposals complying with EU Third Directive</b>	
#	Proposed measure
1	Adding to the definitions sections with the „politically exposed persons” definition.
2	Introducing the possibility that the compliance officer analyzes the reports on suspicious transactions and send to the FIU only the cases of reasonable suspicion, in line with the provisions of Art. 22 (1) a) of the Third Directive and with the provisions of the Italian and English law (now compliance officers have to send all the reports on suspicious transactions they receive from branches without any right to have a deeper analysis) – see Art. 3. - (1)of the Romanian law;
3	Reduction in the suspension period (from 3 banking days to 24 hours)
4	Reduction in the period in which the FIU has to inform the reporting entity on the suspension or on the prolongation of the suspension
5	Reduction in the prolongation of the suspension period (from 4 banking days to 48 hours). The Directive provides the possibility of suspending the suspicious transactions or not executing these transactions; some laws don’t provide this (UK, Greece, France, UK), and some others foresee

	a 24 hours /48 hours period (Austria, Hungary and Italy, with no prolongation and generally under the condition of not disturbing the current business). See Art. 3 - (2) and Art. 3 - (3) of the Romanian law;
6	Protection of all reporting entities (legal persons also) by non-disclosing their identity on reports, in line with Art. 27 of the Third Directive – see Art. 6 - (1 <sup>1</sup> ) of the Romanian law;
7	FIU’s obligation to provide twice a year to the reporting entities general information on AML activities, typologies (it is already in the current law, without any frequency), in line with Art. 35 (2) Third Directive – see Art. 6 - (7) of the Romanian law;
8	FIU’s obligation to provide feedback on the results of the reports on suspicious transactions within 6 months from reporting date according to Art. 35 (3) Third Directive see Art. 6 - (7) of the Romanian law;
9	No penal, civil or disciplinary accountabilities for non-execution or delayed execution of a transactions, according to Art.26 Third Directive and legal provisions in some countries (France, Austria) – added in <b>Art. 7</b> of the Romanian law;
10	The risk based approach of the clients according to Chapter 2, Customer due diligence, Art. 6 – 17 of the Third Directive, to be included in the KYC rules issued by the supervisory authorities and the amending term (60 days from law enactment date) - see Art. 9 - (7) of the Romanian law;
11	Supervisory authorities to report to FIU the information on money laundering and/or terrorist financing.
12	Supervisory authorities to update the secondary regulations
13	More persons to be appointed for law applications by the reporting entities, in case the nature, volume and complexity of their activity require so – see <b>Art. 14.</b> - (1) of the Romanian law;
14	Clarifications on the responsibilities of the executive management, of the persons appointed to apply the law in the reporting entities and of the compliance officers (executive management to approve and implement the internal policies and procedures, the compliance officers to co-ordinate the implementation process) – see Art. 14 - (1 <sup>1</sup> );
15	The accountability of all reporting entities for the application of the law (not only of some of them – see Art. 14 (2) of the Romanian law.
16	The sanctions for not observing the law to be applied to both reporting entities and individuals

<b>Other proposals</b>	
#	<b>Proposed measure</b>
17	Increase in the reporting threshold from EUR 10000 to EUR 15000 for cash transactions
18	Increase in the reporting threshold from EUR 10000 to EUR 50000 for cross-border transfers.
19	Decreasing the frequency of reporting from daily to bi-monthly for the cash transactions and cross-border transfers– see Art. 3 - (6) of the Romanian law;
20	In case the reporting date is a non-banking day, the report to be sent in the next banking day
21	Not including the cash operations between banks, between banks and the central bank and between banks and the State Treasury in the report to the FIU (no money laundering risk) - see Art. 3 - (6) of the Romanian law;
22	Credit institutions to be consulted when the FIU is designing the report for cash transactions and cross-border transfers – see Art. 3 - (9) of the Romanian law;

23	Decrease in the identification threshold from EUR 10000 to EUR 5000 for prudential reasons – see Art. 9 - (2) of the Romanian law;
24	Denomination of the penalties in RON instead of ROL
25	Term of 60 days for the supervisory authorities to update the secondary regulations

### 3. Type of Regulatory Optimization

All provisions contained in this document fall into the following taxonomy of Regulatory optimization:

- **Strategic objective:**                      **Industry competitiveness;**
- **Strategic area:**                              **Rule of law and contract enforcement;**
- **Value-creation driver:**                      **Civil, penal and administrative regulations affecting costs of banking activity.**

## 4. Impact assessment section

### 4.1. Proposals complying with EU Third Directive

#### 1. Subject Matter, Scope and Definitions

##### 4.1.1.1

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation
1	Art. 3.8	To add the „politically exposed persons” definition in the law.	None

See Section “Customer due diligence”

## 2. Customer due diligence

### 4.1.2.1.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
10	Art. 6-17	The risk based approach of the clients according to Chapter 2, Customer due diligence, Art. 6 – 17 of the Third Directive, to be included in the KYC rules issued by the supervisory authorities and the amending term (60 days from law enactment date) - see Art. 9 - (7) of the Romanian law;	None	<b>Impact rationale:</b> The Directive requires “appropriate risk management procedures” to be in place when dealing with PEPs vs the present framework in which neither PEPs nor risk-based approach are envisaged	<b>Income Statement:</b> - Personnel Expenses; - Other Administrative and operating expenses;	Firstly, it needs to be gauged if the risk based approach entails lower or higher staff resources vs the present compliance technique. This is measured through the magnitude of the additional staff cost stemming from the new compliance procedures that have to be implemented.  Secondly, it has to be checked whether other additional costs and/or benefits can occur.

## Detailed Analytical Approach

### Additional costs

#### Question 1.a.

What is your estimate about the additional costs due to such provision enhancing due diligence?

<b>I. Personnel costs</b> (choose only one option with "x")(*)	
a) No significant increase	
b) Up to 60 minutes per week more overall	
c) Up to 120 minutes per week more overall	
d) Up to 180 minutes per week more overall	
e) More than 180 minutes per week overall	
(*)= To make reference to your bank/group as a whole	

#### Question 1.b.

<b>II. Other costs</b>	
a)	Should other relevant additional costs (reporting, IT - dedicated independent verification for all consumers resident, non-resident by using PEP dedicated databases, etc.) arise, please indicate here below the item that is worth being mentioned

**Question 1.c.**

<b>III. IT investment</b>	
Please indicate the estimated amount of costs that your bank/group will incur for PEP's enhanced due diligence (please choose one option):	
a)	up to EUR 50,000
b)	between EUR 50,000 and EUR 100,000
c)	between EUR 100,000 and EUR 200,000
d)	more than EUR 200,000.

**Additional Benefits**

**Question 1.d.**

<b>IV. Additional benefits</b>	
1)	Do you estimate that this provision will bring significant additional benefits?
Yes	
No	
2)	If yes, please indicate which relevant benefits are foreseen (i.e., reduced reputational risk)

### 3. Reporting Obligations

#### 4.1.3.1.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
2	Art. 22.1	To introduce the possibility that the compliance officer analyzes the reports on suspicious transactions and send to the FIU only the cases of reasonable suspicion, in line with the provisions of Art. 22 (1) a) of the Third Directive and with the provisions of the Italian and English law (now compliance officers have to send all the reports on suspicious transactions they receive from branches without any right to have a deeper analysis) – see Art. 3. - (1)of the Romanian law.	None	<b>Impact rationale:</b> This provision narrows down the scope of compliance, by specifying that reporting activity will occur under “reasonable suspicion” vs .“general suspicion” earlier.	<b>Income Statement:</b> - Personnel Expenses;	This provision should impact on costs reduction (namely a benefit) which could be measured by quantifying the % of reports falling into this narrower definition out of the total reports made in 2006. To this regard, banks are asked to detect transactions eligible for “reasonable suspicious” out of all general suspicious transactions reported throughout 2006. The estimated reduction in quantity will be multiplied for the cost of labour.

## Detailed Analytical Approach

### Additional Costs

No relevant cost is anticipated

### Additional Benefits

#### Question 1.

Questions			
a)	Number of cases send by your bank to AML Office in 2006	#	
b)	Overall time needed to investigate / process / send the reports indicated in a) to AML Office (FTE - full time days)		
c)	Please estimate the % of cases that would qualify as "of reasonable suspicion" out of those in a)	%	
i)	up to 50%		
ii)	between 50-75%		
iii)	more than 75%		

\* \* \*

4.1.3.2.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
3	Art. 22-24	Reduction in the suspension period: <u>Option 1.</u> from 3 banking days to 24 hours; <u>Option 2.</u> from 3 banking days to 48 hours; <u>Option 3.</u> no suspension, only instructions for not carrying out the transaction.	<b>Art. 3 (2)</b>	<b>Impact rationale:</b> By reducing both the suspension period and the prolongation of the suspension, these provisions could positively impact on all costs related with complaints due to suspended operations. Currently, regulation on suspension does not specify since when length of time accrues, for prolongation, instead, the current law does not have any timeline for notifying it.	<b>Income Statement:</b> - Personnel Expenses; - Other administrative Expenses; - Other operating expenses;	Firstly, main economics of suspended operations and related complaints need to be gathered. This measure represents the reference item in respect of which to assess the estimated benefit, taking into account the 3 options at stake..
4	Art. 22-24	Reduction in the period in which the FIU has to inform the reporting entity on the suspension or on the prolongation of the suspension. <u>Option 1:</u> from 24 hours (no further clarifications given in the current law) to 24 hours since the notification has been received [for suspension]; and 48 hours since the notification has been received to 48 hours [for prolongation].	<b>Art. 3 (4)</b>			
5	Art. 22-24	Reduction in the prolongation of the suspension period: <u>Option 1.</u> from 4 banking days to 48 hours; <u>Option 2.</u> from 4 banking days to 72 hours; <u>Option 3.</u> abrogate the article (no prolongation). The Directive provides the possibility of suspending the suspicious transactions or not executing these transactions; some laws don't provide this (UK, Greece, France, UK), and some others foresee a 24 hours / 48 hours period (Austria, Hungary and Italy, with no prolongation and generally under the condition of not disturbing the current business). See Art. 3 - (2) and Art. 3 - (3) of the Romanian law.	<b>Art. 3 (3)</b>			
6	Art.27	Protection of all reporting entities (legal persons also) by non-disclosing their identity on reports, in line with Art. 27 of the Third Directive – see Art. 6 - (1 <sup>1</sup> ) of the Romanian law.	<b>Art. 6 (1)</b>			

### Breakdown of options

	Items	
	Suspension period	Prolongation of suspension period
<b>Option 1</b>	From 3 banking days to 24 hours	From 4 banking days to 48 hours
<b>Option 2</b>	From 3 banking days to 48 hours	From 4 banking days to 72 hours
<b>Option 3</b>	No suspension, only instructions for not carrying out the transaction	To abrogate the article (no prolongation)

### Detailed Analytical Approach

#### Additional Costs

No relevant cost is anticipated.

## Additional Benefits

### Question 1.a.

a)	No. of suspended operations in 2006	# operations	
b)	With reference to total operations suspended in 2006, please estimate the overall time needed to offer to the customer explanations for not performing the transactions (FTE, namely fulltime days)	# full days	
c)	No. of customers' complaints arisen as a result of operations suspended in 2006	# complaints	
d)	No. of complaints that have been compensated over 2006, regardless the year they originated	# complaints	
e)	With reference to item d), indicate the amount of compensations given in 2006 (RON)	RON	
f)	Time needed to deal with customers' complaints referred to in c) (FTE - full time days)	# full days	

**Question 1.b.**

a	With regard to the 3 options shown in the table above, please make your assessment on the impact that <b>each of them</b> can have in reducing the number of complaints due to suspended operations			
		Option 1	Option 2	Option 3
i)	Yes			
ii)	No			
b)	If yes, please estimate the possible magnitude of the impact:			
		Option 1	Option 2	Option 3
i)	By reducing the number of customer complaints by 5% at most?			
ii)	By reducing the number of customer complaints by 15% at most?			
iii)	By reducing the number of customer complaints by more than 15%.			

**Question 1.c.**

a	Do you think that options listed below can yield relevant additional benefits to the bank/group other than the reduction of number of complaints (as per question earlier)? (*)	
i)	Option 1	
ii)	Option 2	
iii)	Option 3	

(\*)= Write an answer only if relevant additional benefits are envisaged.

\* \* \*

4.1.3.3.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
11	Art. 25	Supervisory authorities to report to FIU the information on money laundering and/or terrorist financing	<b>Art. 17 (1)</b>	<b>Impact rationale:</b> Being allowed to report to FIU, the Supervisory Authority can help improve the quality and burden of the reporting process of banks (namely banks will be provided with further information on what has to be reported, how to report better and so on) Currently (baseline), this task is not undertaken by the Supervisory Authority	<b>Income Statement:</b> - Operational Expenses	Banks are asked to assess whether this potential additional source of information can have a beneficial additional impact on the whole AML reporting business line. The magnitude of the potential benefit - expressed as annual average gross cost of a bank employee- would consist in a reduction of operational costs

## Detailed Analytical Approach

### Additional Costs

No relevant cost is anticipated.

### Additional Benefits

#### Question 1.

a)	Do you estimate that your bank could achieve a decrease in operational costs with investigating, processing and reporting to FIU for the cases identified and reported by authorities?	
i)	Yes	
ii)	No	
b)	If the answer is yes, could you please estimate the decrease in operational costs (*) at:	
i)	a) less than EUR 17,000	
ii)	b) between EUR17,000 and EUR51,000	
ii)	c) more than EUR51,000	
(*)= As bench mark of operational costs, please consider the annual average gross cost of a bank employee (EUR 17,000)		

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\*

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#### 4.1.3.4.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
9	Art. 26	No penal, civil or disciplinary accountabilities for non-execution or delayed execution of a transaction, according to Art. 26 Third Directive and legal provisions in some countries (France, Austria) – added in Art. 7 of the Romanian law.	<b>Art. 7</b>	<b>Impact rationale:</b> This provision could enable a bank to set up proper procedures so that no risk is faced in terms of penal/civil/administrative responsibilities. Under current regulation, banks face such kind of responsibilities.	<b>Income Statement:</b> - Operational Expenses	As first step, it needs to be investigated whether banks are facing responsibilities under the current regulation and which size. Secondly, banks are asked to assess to what extent they would avoid incurring such risks (penalties) under the new proposed regulation..

### Detailed Analytical Approach

#### Additional Costs

No relevant cost is anticipated.

## Additional Benefits

### Question 1.

a)	Could your bank be subject to potential disciplinary, civil and/or penal accountabilities for non-execution of transactions?	
i)	Yes	
ii)	No	
b)	Does your bank estimate that the proposed provisions can have a positive impact by increasing the effectiveness of reporting, including reducing the legal costs by:	
i)	less than EUR17,000	
ii)	between EUR17,000 and EUR51,000	
iii)	more than EUR51,000	
(*)= As bench mark of operational costs, please consider the annual gross cost of a bank employee (EUR 17,000)		

## 4.. Record Keeping and Statistical Data

### 4.1.4.1.

None.

## 5. Enforcement Measures

### 4.1.5.1.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
7	Art. 35.2	<p><u>Option 1.</u> FIU's obligation to provide twice a year to the reporting entities general information on AML activities, typologies (it is already in the current law, without any frequency), in line with Art. 35 (2) Third Directive – see Art. 6 - (7) of the Romanian law.</p> <p><u>Option 2.</u> to keep the current provisions, without specifying the frequency, as this may challenge the institutional capacity to deal with this task.</p>	<b>Art. 6 (7)</b>	<p><b>Impact rationale:</b> Can frequency of FIU reporting have an impact on the quality of AML activities carried out by banks? This is the economic reasoning to be assessed by comparing a twice-a-year option with the no-action option where currently reporting takes place on not-regular basis. .</p>	<p><b>Income Statement:</b> - Operational Expenses</p>	Banks are asked whether they can perceive some benefit (mainly in terms of cost reduction) in having a report delivered twice a year vis-à-vis an undetermined frequency (as currently stated). Should some benefit arise, it is expected that this may lie with the operational costs area. For this reason, the possible benefit will be expressed in the annual average gross cost of a bank employee
8	Art. 35.3	FIU's obligation to provide feedback on the results of the reports on suspicious transactions within 6 months from reporting date according to Art. 35 (3) Third Directive see Art. 6 - (7) of the Romanian law.	<b>Art. 6 (7)</b>	<p><b>Drivers:</b> - <b>Strategic objective:</b> Industry competitiveness; - <b>Strategic area:</b> Rule of law and contract enforcement; - <b>Value-creation driver:</b> Civil, penal and administrative regulation affecting banking activity</p>		

## Detailed Analytical Approach

### Additional Costs

No relevant cost is anticipated.

### Additional Benefits

#### Question 1.

a)	Does your bank estimate that Option 1, as compared with Option 2 (do nothing option), will have a significant beneficial impact on the operational exploitation of STRs, including an improvement in the customer risk assessment process?	
i)	Yes	
ii)	No	
b)	If the answer is yes, does your bank estimate that the operational costs (*) could be reduced by:	
i)	less than EUR17,000	
ii)	between EUR17,000 and EUR51,000	
iii)	more than EUR51,000	
(*)= As bench mark of operational costs, please consider the annual average gross cost of a bank employee (EUR 17,000)		

**6. Implementing Measures.**

**4.1.6.1.**

None.

**7. Final Provisions**

**3.1.7.1.**

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation
12	Art. 45	Supervisory authorities to update the secondary regulations	

No significant measurable impact.

\* \* \*

4.1.7.2.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation
13	Reference to art. 14 (1)	More persons to be appointed for law applications by the reporting entities, in case the nature, volume and complexity of their activity require so – see Art. 14. (1) of the Romanian law	<b>Art. 14 (1)</b>

No significant measurable impact.

\* \* \*

### 4.1.7.3.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
14		Clarifications on the responsibilities of the executive management, of the persons appointed to apply the law in the reporting entities and of the compliance officers (executive management to approve and implement the internal policies and procedures, the compliance officers to co-ordinate the implementation process) – see Art. 14 (1).	<b>Art. 14 (1)</b>	<b>Impact rationale:</b> This provision can have some impact on identifying responsibilities better so that the reporting process management can benefit to some extent. Currently, there is no linkage between executive management and law compliance from a responsibility point of view.	If a quantitative impact can be appraised, in addition to a qualitative one, benefit lies with;  <b>Income Statement:</b> - Operational Expenses	A qualitative assessment of this provision is run by asking banks whether they appraise that this provision can further clarify the sharing of responsibilities within reporting entities, in conformity with the international relevant standards

### Detailed Analytical Approach

#### Additional Costs

No relevant cost is anticipated.

**Additional Benefits**

**Question 1.**

Do you consider that this provision further clarifies the sharing of responsibilities within reporting entities, in conformity with the international relevant standards (FATF, EU Third Directive)?		
i)	Yes	
ii)	No	

\* \* \*

**4.1.7.4.**

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation
15		The accountability of all reporting entities for the application of the law (not the individuals assigned by them – see Art. 14 (2) of the Romanian law.	<b>Art. 14 (2)</b>

No significant measurable impact

\* \* \*

4.1.7.5.

#	Third Directive reference article(s)	Proposed measure	Current domestic regulation
16	??	The sanctions for not observing the law to be applied to both reporting entities and individuals	Art. 22 (3)

No significant measurable impact

## 4.2. Other proposals

This section contains proposals which are not related to the Third Directive adoption and put forward by banks, AML Office and National Bank of Romania.

Answers pertaining to the questions below, will allow the assessment of regulatory implications from an economic viewpoint only.

### 4.2.1.

#	Proposed measure	Current domestic regulation	Rationale	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
17	Cash transactions: increase in the reporting threshold from EUR 10,000 to EUR 15,000.	<b>Art. 3 (6)</b>	...	<b>Impact rationale:</b> By increasing the reporting threshold, currently it is at EUR 10,000, is expected to exclude reporting duties for those cash transactions falling in between EU10,000 and EUR 15,000.	<b>Income Statement:</b> - Personnel expenses; - Operational Expenses	From this provision, the reporting of some transactions should be excluded. This entails potential operational savings. To this regard, banks are asked to provide number of reports of cash transactions in order to catch the amount of transactions interested by this provision. This amount will be processed with staff costs needed per each transaction. It is also investigated whether costs other than personnel impact on this provision.
18	Cross-border transfers: increase in the reporting threshold from EUR 10,000 to <u>Option 1:</u> EUR 50,000; <u>Option 2:</u> EUR 15,000 .	<b>Art. 3 (7)</b>	...	<b>Impact rationale:</b> Reasoning similar to that above applies for cross-border transactions as well. In this case, there are 2 options proposing different thresholds. Under baseline, threshold is EUR	<b>Income Statement:</b> - Personnel expenses; - Operational Expenses	Reasoning and methodology are the same as the one above. Estimated benefits pertaining to each option will have to be assessed along with the rationale underpinning each option proposed.

			10,000..		
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## Detailed Analytical Approach

### Additional Costs

No relevant cost is anticipated.

### Additional Benefits

#### Question 1.

<b>I. Cash transactions</b>			
Number of reports to AML Office of cash transactions (year 2006):			
i)	Number of reports to AML Office from EUR 10,000 (as stated by current regulation)	#	
ii)	Number of reports to AML Office from EUR 15,000 (as stated by the propoosal)	#	
<b>II. Cross-border transactions</b>			
Number of reports to AML Office of cross-border transfers (year 2006):			
i)	from EUR 10,000 (as stated by current regulation)	#	
ii)	<u>Option 2:</u> from EUR 15,000	#	
ii)	<u>Option 1:</u> from EUR 50,000	#	
<b>III. Economics of processing transactions</b>			
Average time needed to process/report transactions (minutes per transaction)			
i)	For each suspicious transaction	min. per trans.	
ii)	For each cash transaction	min. per trans.	
iii)	For each crossborder transaction	min. per trans.	

	AML reporting system management and maintenance		
a)	Average time needed in 2006 for reporting system maintenance (full time equivalent)	FTE	
b)	IT costs for AML purposed (including AML IT development)		
	Overall annual IT costs for AML purposes	RON	
c)	Other gen. administrative expenses incurred in 2006		
i)	Costs for floppy disks and/or paper consumed for daily reporting	RON	
ii)	Estimated % with the AML reports archiving in total archiving costs	%	

\* \* \*

#### 4.2.2.

#	Proposed measure	Current domestic regulation	Rationale
19	Decreasing the frequency of reporting from daily to bi-monthly for the cash transactions and cross-border transfers– see Art. 3 - (6) of the Romanian law	<b>Art. 3 (6)</b>	...

No significant measurable impact

\* \* \*

#### 4.2.3.

#	Proposed measure	Current domestic regulation	Rationale
20	In case the reporting date is a non-banking day, the report to be sent in the next banking day		

No significant measurable impact is envisaged.

\* \* \*

4.2.4.

#	Proposed measure	Current domestic regulation	Rationale	Impact rationale and drivers	Financial Statement Impact points	Analytical Approach
21	Not including the cash operations between banks, between banks and the central bank and between banks and the State Treasury in the report to the FIU (no money laundering risk) - see Art. 3 - (6) of the Romanian law;	<b>Art. 3 (6)</b>	...	<p><b>Impact rationale:</b> The exclusion of these operations results in a positive impact on operational work which is no longer required for such transactions.</p> <p><b>Drivers:</b> - <b>Strategic objective:</b> Industry competitiveness; - <b>Strategic area:</b> Rule of law and contract enforcement; - <b>Value-creation driver:</b> Civil, penal and administrative regulation affecting banking activity</p>	<p><b>Income Statement:</b></p> <ul style="list-style-type: none"> <li>- Personnel expenses;</li> <li>- Operational Expenses</li> </ul>	Potential savings can be assessed by identifying and measuring the amount of transactions referred to in this provision. For this reason, banks are asked to provide figures about transaction/per counterpart. Based on this amount, potential operational and personnel savings will be found out by taking into account other economics already provided before.

## Detailed Analytical Approach

### Additional Costs

No relevant cost is anticipated

### Additional Benefits

#### Question 1.

Number of cash operations occurred in 2006 (then included in reports to AML Office):		
i) between your bank and other banks	#	
ii) between your bank and NBR	#	
iii) between your bank and the State Treasury	#	

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#### 4.2.5.

#	Proposed measure	Current domestic regulation	Rationale
22	Credit institutions to be consulted when the FIU is designing the report for cash transactions and cross-border transfers – see Art. 3 – (9) of the Romanian law;		

No significant measurable impact is envisaged.

\* \* \*

#### 4.2.6

#	Proposed measure	Current domestic regulation	Rationale
23	Decrease in the identification threshold from EUR 10000 to EUR 5000 for prudential reasons – see Art. 9 - (2) of the Romanian law.		

No significant measurable impact on the banking industry is envisaged.

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#### 4.2.7

#	Proposed measure	Current domestic regulation	Rationale
24	Denomination of the penalties in RON instead of ROL		

No significant measurable impact is envisaged.

\* \* \*

#### 4.2.8

#	Proposed measure	Current domestic regulation	Rationale
25	Term of 60 days for the supervisory authorities to update the secondary regulations		

No significant measurable impact is envisaged.