

Kalezić for “Dan”: There Is No Reliable Method for Calculating the Damage Caused by Money Laundering

Preventing money laundering and terrorist financing is not merely a regulatory or technical obligation, but a matter of economic security, public trust and the state’s international credibility. It is an area requiring a strong institutional response, effective supervision and zero tolerance for abuse, stated Kalezić.

She sees the appointment as Vice-Governor as a great professional recognition, but also as a highly responsible duty in the final phase of the European integration process, says **Gordana Kalezić**, Vice Governor of the Central Bank of Montenegro (CBCG) for “Dan.”

As a member of the CBCG’s senior management team, she sees her role as actively contributing to the safeguarding the financial system’s stability and resilience, strengthening its integrity, and ensuring the consistent application of European standards across all areas of the CBCG’s operations.

She believes that the forthcoming period presents an opportunity to safeguard the Montenegrin financial system’s stability and resilience through the CBCG’s professional, responsible and transparent work, and to further strengthen public confidence in it. In this context, she emphasises that the financial system’s integrity is one of the key values and a fundamental prerequisite for full membership in the EU.

“Preventing money laundering and terrorist financing is not merely a regulatory or technical obligation, but a matter of economic security, public trust and the state’s international credibility. It is an area requiring a strong institutional response, effective supervision and zero tolerance for abuse, the essence of which lies in building a resilient and reliable financial system that safeguards the economy and the country’s reputation,” Kalezić highlighted. Since 2019, she has served as Director of the Directorate for Supervision of AML/CFT Compliance and the Financial and Credit Institutions Consumer Protection at the CBCG.

As she added, over the past two years, the CBCG has, precisely for this reason, implemented a comprehensive and systemic approach to improving the regulatory and supervisory framework in the field of anti-money laundering and counter-terrorist financing alongside a strong strengthening of risk management systems and preventive mechanisms across all obligated entities within the system.

“Particular focus is on the consistent application of regulations, the enhancement of supervisory practices, the strengthening of analytical capacities, and the clear setting of expectations regarding accountability and compliance. The results of such an approach are measurable, visible and fundamentally significant: for the first time in its history, the CBCG has imposed decisive and effective supervisory measures, including financial penalties totalling almost 4.5 million euros. These measures were not an end in themselves; rather, they had a strong deterrent effect, sent an unequivocal message of zero tolerance for abuse, and confirmed the CBCG’s readiness to safeguard the financial system’s integrity in a fully independent and professional manner. Ultimately, the essence of preventing money laundering and terrorist financing lies in building a resilient, transparent and reliable system that protects the economy, citizens and the country’s reputation, while at the same time enabling the stable and sustainable functioning of the financial sector in line with the highest international standards,” Kalezić stated.

Dedicated AML/CFT supervisory function

In the process of aligning the financial system with international standards, particularly since the establishment of a dedicated supervisory function in the AML/CFT field, the CBCG has played a key role in developing the regulatory and supervisory framework for the financial sector under its remit, Kalezić emphasised.

“It has included the introduction of a risk-based approach to supervision, the strengthening of internal controls and risk management systems within banks, and the continuous enhancement of supervisory practices in this area. At the same time, institutional capacities and inter-institutional cooperation have been reinforced, alongside active participation in international evaluation processes, including MONEYVAL, which have enabled an objective assessment of the system and its gradual improvement in line with recommendations and international best practice,” Kalezić said.

This approach has been recognised and positively assessed by key international partners and European institutions.

“The message we are sending both to Brussels and to the domestic public is clear: the CBCG acts decisively and professionally, in line with the highest European standards, with the clear objective of ensuring a stable, transparent and reliable financial system, ready for Montenegro’s full membership of the EU,” Kalezić emphasised.

Can the financial losses Montenegro has suffered in recent years as a result of money laundering and terrorist financing be quantified? Is this measurable, and does it fall within the realm of assumptions or precise figures?

Given that the objective of money laundering and terrorist financing is the deliberate concealment of financial flows, there are no reliable methodological models that would enable a precise calculation of financial damage in absolute terms, either at global or national level, including in Montenegro.

For this reason, international practice does not refer to exact amounts, but rather to estimates and ranges based on macroeconomic indicators and analytical models. Estimates by relevant international institutions suggest that the global volume of money laundering and terrorist financing ranges between approximately 2 and 5 per cent of GDP. It is important to emphasise that these are indicative estimates intended to illustrate the scale of the problem, rather than figures that can be attributed to individual countries.

Although the financial damage cannot be measured in precise amounts, the consequences of money laundering and terrorist financing may be serious, long-term and systemic. They are reflected in threats to the financial system’s integrity, reduced investor confidence, the creation of reputational risks, and negative effects on the country’s overall economic stability.

In this context, the CBCG plays an important role within the regulatory and supervisory framework overseeing credit institutions. The CBCG continuously contributes by improving regulations in the field of AML/CFT, supervising their implementation in the banking sector, monitoring the adequacy of internal policies and risk management systems, and strengthening the capacities of financial institutions under its remit through a risk-based approach, ongoing training, and cooperation with domestic and international institutions. At the same time, the regulatory and supervisory framework is continuously aligned with the EU acquis, as well as with the recommendations and standards of the FATF and MONEYVAL.

Due to the limitations in measuring financial damage, modern policies place their focus on prevention and strengthening system resilience, rather than on estimating losses in absolute terms. The key objective is to identify risks at an early stage, limit the scope for abuse, and safeguard the financial system's stability and integrity.

SEPA and TIPS bring greater consumer protection and financial security

As far as the CBCG is concerned, all activities are carried out on the basis of clearly defined objectives, in a transparent and decisive manner, with a view to enhancing the system and its capacities in the period ahead and achieving full compatibility with our partner institutions within the European System of Central Banks. When it comes to the system's readiness, through access to the EU financial market via SEPA integration led by the CBCG, citizens and businesses have already had the opportunity to experience the benefits of membership well ahead of the deadline and Montenegro's full accession to the EU. The first step was taken through accession to SEPA, and we are already making significant progress towards further integration and the enhancement of payment systems through the TIPS (TIPS Clone) instant payment system, the launch of which is expected as early as July. These reforms bring greater protection of rights, enhanced financial security, more stable and transparent banking services, and safer and more efficient flows of money and capital for citizens.

Based on your extensive experience in this field, how would you describe Montenegro's development path from 2006 to the present day, as we stand on the threshold of EU membership?

Montenegro has undergone a complex and gradual development path in building its AML/CFT system. This process began in 2003 with the establishment of the basic institutional and regulatory framework and has continued through its ongoing strengthening and alignment with international standards, a process to which I have had the opportunity to contribute through decades of professional engagement in this field. During this exceptionally dynamic period, numerous initiatives were implemented that contributed to strengthening institutional capacities, from combating economic crime and money laundering to aligning the financial system with international standards within evaluation processes such as MONEYVAL, and similar mechanisms.

In addition, the activities undertaken by the CBCG under negotiating Chapter 4 – Free Movement of Capital, which was recently provisionally closed, including the full alignment of the domestic legislative framework with EU regulations and the implementation of European standards, as well as the strong development of payment systems within the framework of Montenegro's accession to SEPA, have significantly accelerated the achievement of concrete and high-quality results in terms of the effectiveness of the anti-money laundering and counter-terrorist financing system — something of which we at the CBCG are particularly proud.

All of these activities confirm that Montenegro, through continuous reforms and the dedicated work of relevant institutions, has significantly strengthened the integrity and resilience of its financial system.

Will our banking system and the CBCG be ready for 2028 and entry into the EU financial market? What will this mean for Montenegrin citizens in terms of financial security, interest rates, and the movement of money and capital?

I firmly believe that the CBCG, as well as our banking system and the entire financial sector under the supervision and strong leadership of the CBCG, will be fully prepared for integration into the EU financial

market by 2028. The CBCG is already accelerating all necessary activities and reforms to ensure that both the institution and the financial system are ready well in advance. I am confident that we are on the right path and progressing at a good pace.

EU accession will bring benefits and advantages to citizens and businesses alike, offering new opportunities within the European financial space, greater competitiveness, and consequently more favourable conditions and wider access to financial products and investments. I have no doubt that these changes will further strengthen our financial sector's stability and resilience, laying solid foundations for long-term development and prosperity for all citizens of Montenegro.