

SUMMARY OF ESTONIAN NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORIST FINANCING¹

The purpose of this summary is to provide a **brief summary** of the main conclusions, assessments and proposals of the topics analyzed in the framework of the Estonian national risk assessment of money laundering and terrorist financing (hereinafter referred to as the *results of the risk assessment*). **This summary has been prepared based on the data provided in the module summaries for the purpose of providing a brief overview. The more detailed summary of the results of the risk assessments has been provided in the summary of each respective module, and even more detailed explanations can be found in the modules and corresponding tables².**

Introduction:

Deciding on the preparation of a risk assessment and its objectives

The committee established by the Government of the Republic to coordinate the resolution of issues related to the prevention of money laundering and terrorist financing (hereinafter the committee) decided at the meeting held on 17 October 2012 that Estonia would prepare the national risk assessment of money laundering and terrorist financing (hereinafter *risk assessment*). The risk assessment is necessary in particular to review and supplement the existing measures to prevent money laundering and terrorist financing. The conducted risk assessment should highlight the sectoral risks on the basis of which the operational priorities of the relevant authorities can be specified, in order to focus their activities on the higher-risk factors with the greatest potential impact.

In addition to risk mapping, the risk assessment creates preconditions for more efficient use of resources and clarification of relevant legal regulations. The result will also help the supervisory authorities to apply risk-based supervision more effectively and the obliged entities to better understand the obligations arising from the Money Laundering and Terrorist Financing Prevention Act in the risk-based implementation of due diligence measures. In addition, the risk assessment is also required for the successful completion of MONEYVAL V

¹ This summary document has been prepared on the basis of the module summaries in addition to the documents prepared on the basis of the World Bank methodology.

² The summaries have been prepared based on the modules and tables (working documents).

evaluation round³. In this way, i.e. the cross-authority risk assessment is carried out for the first time, and proceeding from the results of the risk assessment, an action plan is prepared to solve the problems identified during the risk assessment.

Preparation of risk assessment

The committee decided to set up a separate working group (hereinafter the *working group*) to carry out the risk assessment. The preparation of the risk assessment is coordinated by the Ministry of Finance (hereinafter referred to as *RAM*) and the members of the working group are the Ministry of Justice (hereinafter referred to as *JUM*), Ministry of the Interior (hereinafter referred to as *SIM*), Ministry of Foreign Affairs (hereinafter referred to as *VÄM*), representatives of the Internal Security Service (hereinafter referred to as *KAPO*), Police and Border Guard Board (hereinafter referred to as *PPA*), Financial Intelligence Unit (hereinafter referred to as *RAB*), Financial Supervision Authority (hereinafter referred to as *FI*), Prosecutor's Office and Tax and Customs Board (hereinafter referred to as *MTA*). The representatives of the private sector also contributed to the preparation of the risk assessment. In total, about 50 people from relevant authorities and private sector participated in the preparation of the risk assessment.

Choice of methodology

The working group met three times in 2012 and 2013 and decided to use the World Bank's relevant methodology to conduct a risk assessment⁴.

Seminar to introduce the World Bank methodology

The Ministry of Finance, in cooperation with the World Bank, organized a seminar on 25 and 26 February 2013, during which the World Bank presented its methodology for preparing a risk assessment. Within the framework of the seminar, separate sub-groups were formed and the necessary activities for preparing the risk assessment were mapped. The representatives of all members of the working group participated in the seminar, as well as the representatives of the Advisory Committee for the Prevention of Money Laundering and Terrorist Financing, Estonian Bar Association, Chamber of Notaries and Estonian Banking Association (more than

³ FATF's standard no. 1 requires the countries to systematically conduct national risk assessments of money laundering and terrorist financing. The 5th evaluation round is expected to start in Estonia in 2020.

⁴ The World Bank methodology for compiling the risk assessment of money laundering and terrorist financing has been also provided in the relevant instruction for preparing the risk assessment *FATF Guidance National Money Laundering and Terrorist Financing Risk Assessment* published on 5 March 2013, available at: http://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf

60 participants in total) attended the seminar. The participants of the seminar were divided into five separate subgroups according to their competencies.

Preparation of risk assessment in subgroups

The sub-groups worked⁵ according to the World Bank methodology, presenting the final result together with the summary to the main risk assessment coordinator RAM. The work of the subgroups was led by the representatives of RAM, RAB and Financial Supervision Authority. The total of more than 50 representatives of relevant authorities and private sector worked in the subgroups.

The issues related to the conduct of risk assessment and implementation of Money Laundering and Terrorist Financing Prevention Act (*RahaPTS*) have been discussed at the committee meetings on an ongoing basis. The topics related to the strategic risks of money laundering and terrorist financing have also been discussed at the relevant inter-agency meetings.

Result of the work of the subgroups:

As a result of the work of the subgroups that worked according to the World Bank methodology, the following documents have been prepared in the volume of approximately 550 pages:

⁵ Including, relevant statistics were collected and interviews with the private sector were carried out.

Module 1. Proceeds of crime related to money laundering
Module 1. Summary table of proceeds of crime related to money laundering
Module 2. National vulnerability
Module 2. Summary of national vulnerability
Module 2. Annex on national vulnerability
Module 2. Summary tables of national vulnerability
Module 3. Banking sector
Module 3. Summary of the banking sector
Module 3. Summary tables of the banking sector
Module 4. Securities sector
Module 4. Summary of the securities sector
Module 4. Summary tables of the securities sector
Module 5. Insurance sector
Module 5. Summary of the insurance sector
Module 5. Summary tables of the insurance sector
Module 6. Summary tables of other financial service providers
Module 6. Summary of other financial service providers
Module 7. Summary tables of DNFBPs
Module 7. Summary of DNFBPs
Additional module. Summary tables of terrorist financing risks
Additional module. Summary of terrorist financing risks

Annexes to the World Bank methodology⁶:

Annex 1. Analysis of the anti-money laundering system
Annex 2. Overview of cash movements across Estonia at the Russian border and cash issued by Eesti Pank in 2011-2013 (Cash analysis_06.11.2014. Doc).
Annex 3. Impact of information technology developments on money laundering and terrorist financing risks (ANNEX 3_IT risk analysis.doc).

⁶ These annexes are additional analyses prepared by the relevant authorities on the basis of their own methodology.

SUMMARY of the main conclusions, assessments and proposals of the risk assessment work⁷:

Module 1 "Proceeds of crime related to money laundering"

Objective: Module 1 analyzed which predicate offences of money laundering are most common.

Main conclusions and assessments: In summary of the results of the analysis, it can be concluded that the circle of criminal offences, which is a predicate offence of money laundering, is very limited in Estonia. **The predominant predicate criminal offence is computer fraud or fraud (and embezzlement) committed abroad. The remaining offences are predicate offences only in single cases (illicit handling of large quantities of narcotic drugs and psychotropic substances; belonging to the criminal organisation; use of a falsified document; unauthorized and prohibited economic activities; tax offences).**

The seizure and subsequent confiscation of assets are increasingly used in money laundering proceedings. **Confiscations of assets are more frequent pursuant to the court judgments, but the amounts are generally small compared to the amount of the (alleged) predicate offence**, as only small sums received by men of straw for making their accounts available are confiscated in case of computer fraud. In other single cases (e.g. cases where the predicate offence of money laundering is a tax offence), the court has also confiscated larger sums or money laundering funds.

According to the analysis "Crime in Estonia 2013" prepared by the Ministry of Justice, 701 financial crimes, 1019 drug crimes and 322 corruption crimes were registered in 2013. **In the light of criminal statistics, the range of the main predicate offences for money laundering could be wider.**⁸

In case of Module 1, the working group also made a number of proposals to adapt the World Bank methodology in order to be able to draw meaningful conclusions about the risk of money laundering in the country.

⁷ This summary is based on the module summaries and summarizes the conclusions and suggestions. The modules and their summaries provide a more detailed overview. Käesolev kokkuvõte on koostatud moodulite kokkuvõtete alusel ja võtab järeldused ja ettepanekud **lühidalt** kokku. Moodulid ja nende kokkuvõtted sisaldavad detailsemat ülevaadet.

⁸http://www.kriminaalpoliitika.ee/sites/www.kriminaalpoliitika.ee/files/elfinder/dokumendid/18_kuritegevus_eestis_2013.pdf

Module 2 "National vulnerability"⁹

Objective of Module 2: Module 2 analyzed different variables that may affect national vulnerability related to money laundering and terrorist financing.

MAIN CONCLUSIONS AND ASSESSMENTS:

Policy making and Implementation

Rating: 0.90, i.e. medium/high¹⁰.

Proposals:

In order to have a better overview, it is important to regularly assess the hazards, so the risk assessment should be regularly updated.¹¹

Criminalization of money laundering

Rating: 0.7, i.e. medium/ high.

Proposals:

To achieve the compliance of the legal system with Vienna, Palermo and Warsaw Conventions and eliminate the practical difficulties with regard to the burden of proof by relevant trainings or by clarifying the regulations.

STR data analyses

Rating: 0.7, i.e. medium/ high.

Proposals:

⁹ The significance of the assessments given in this module can be summarized: the higher the rating, the lower the risk.

¹⁰ The significance of the assessments given in this module can be summarized: the higher the rating, the lower the risk.

¹¹ Estonia has the right to use the World Bank methodology for risk assessment in the future also free of charge and without restrictions, incl. we can always supplement the existing methodology according to our own needs.

- To raise the awareness of obliged entities about the procedure for reporting about suspicious transactions through appropriate guidance and training.
- To supplement RahaPTS so that RAB has the opportunity to request additional information from lawyers and to ensure the confidentiality of data when requesting information from the persons beyond the scope of RahaPTS.
 - Supervisory authorities should increase international cooperation and coordination of activities with their counterparts in other countries.
 - RAB could further collect better statistics on on-the-spot evaluation visits and inquiries to RAB, as well as on the requests for assistance on money laundering and terrorist financing formally submitted to supervisory authorities.
 - Appropriate IT systems for security authorities should be developed to collect better statistics and analyze reports more effectively and to share information internally.

Capacity of financial crime investigators

Rating: 0.60, i.e. medium.

Proposals:

To analyze whether it is reasonable to harmonize the level of financial crime services in the investigation of financial crimes, including money laundering, and increase the resources and knowledge of investigators, especially in the Northern Prefecture, or whether the respective capacity should be concentrated in the Central Criminal Police¹².

Integrity and independence of financial crime investigators

Rating: 0.90, i.e. high.

Proposals:

¹² The developments in criminal policy in 2018 provide for the following (clause 28): *in order to combat serious and highly damaging financial and corruption crimes, a sufficient number of investigators and prosecutors specializing in these crimes should be provided in each investigative body and district prosecutor's office.* See: http://www.just.ee/sites/www.just.ee/files/elfinder/article_files/kriminaalpoliitika_arengusuunad_aastani_2018.pdf

According to the remark submitted by the Ministry of the Interior, the capacity of financial crimes in the Central Criminal Police is being developed in parallel with the capacity of corruption crimes. It should be further analyzed whether it makes sense to carry out a similar capacity development in the Northern Prefecture or whether it should be concentrated in Central Criminal Police, similarly to corruption crimes.

- To analyze whether the investigators can be provided with additional mechanisms to ensure independence compared to other investigators.
- To reduce heavy workload and change the motivation system so that the investigators are motivated to investigate complex financial crimes¹³.

International cooperation in criminal matters

Rating: 0.81, i.e. high.

Proposals:

- To analyze the recommendations made by MONEYVAL, in particular whether the principle of dual criminality limits the provision of international assistance due to some shortcomings in the criminalization of terrorist financing and whether the compliance with MLAs¹⁴ can be limited by the deficiencies detected in the implementation of FATF standard 3¹⁵.
- Law enforcement authorities could be even more active in submitting MLAs to other countries in the future.

Integrity and independence of financial crime prosecutors

Rating: 0.9, i.e. high.

Capacity of Financial Crime Prosecutors

Rating: 0.61, i.e. medium/high.

Proposals:

- To analyze the specialization of prosecutors or increase resources and change the motivation system so that the prosecutors are more motivated to prosecute more financial crimes, including money laundering crimes.
- To provide additional relevant training for prosecutors, including abroad.

¹³ The anti-corruption strategy also includes specific actions to improve the investigation of financial crimes.

¹⁴ Requests for international legal assistance (mutual legal assistance)

¹⁵ Old FATF's standard no. 3 regulates confiscation and other temporary restrictive measures.

Domestic cooperation

Rating: 0.75, i.e. medium/high.

Proposals:

- To analyze the possibilities of creating access to MTA to MIS platform, which includes information on the initiated money laundering investigations;
- More precise possibilities for regulating the systematic sharing of operational information between MTA and RAB should be analyzed in accordance with the recommendations given by MONEYVAL experts.
- RAB could increase supervisory cooperation with the Chamber of Notaries and Estonian Bar Association.

Integrity and independence of presiding officers

Rating: 1.00, i.e. high.

Capacity of presiding officers

Rating: 0.60, i.e. medium.

Proposals:

- To provide appropriate training for judges on a regular basis.
- To consider opportunities for the specialization of judges and increase resources to ensure faster case proceedings and adoption of competent decisions.

Criminal penalties

Rating: 0.70, i.e. medium/high.

Asset forfeiture laws

Rating: 0.60, i.e. medium.

Proposals:

- To analyze the shortcomings of the confiscation and seizure regime, including the recommendations made in the report by MONEYVAL experts, and ensure that the legal system complies with the Warsaw Convention.
- To increase awareness through appropriate training and guidance.

Capacity of asset forfeiture investigators

Rating: 0.70, i.e. medium/high.

Proposals:

- To analyze and, if possible, implement the relevant recommendations of MONEYVAL experts.
- To organize in-service training for investigators.
- To improve existing technical tools.

Integrity and independence of asset forfeiture investigators

Rating: 1.00, i.e. high.

Asset forfeiture orders

Rating: 0.60, i.e. medium.

Proposals:

To analyze the possibilities of changing the safekeeping of confiscated or seized assets to ensure confiscation and the possibilities of making the asset realisation system more efficient.¹⁶

International cooperation in asset forfeiture

Rating: 0.90, i.e. high.

Proposal: To analyze and, if possible, follow up on the recommendations made by MONEYVAL experts.

¹⁶ These issues also need to be analyzed in order to ratify the Warsaw Convention.

Auditing and accounting standards and practices

Rating: 0.81, i.e. high.

Identification infrastructure

Rating: 0.81, i.e. high.

Availability of independent information sources

Rating: 1, i.e. high.

Corporate and trust transparency

Rating: 0.50, i.e. medium.

Proposals:

To analyze and, if possible, implement the recommendations of MONEYVAL experts in ensuring the transparency of legal entities and beneficial owners.

Tax disclosure

Rating: 0.91, i.e. high.

Financial integrity

Rating: 0.81, i.e. high.

Proposals:

To continue to pay close attention to preventing and responding to corruption.

Formalization of economy

Rating: 0.9, i.e. high.

Proposals:

To continue to prevent the informal economy.

Module 3 "Banking sector"

Objective: Module 3 analyzed the risks of money laundering and terrorist financing in the banking sector.

Key Findings, assessments and proposals: The analysis of the impact of risk criteria affecting the activities of credit institutions indicated that the criteria covered by the methodology have a significant impact on reducing anti-money laundering and anti-terrorist financing risks, the **willingness of credit institutions to apply anti-money laundering standards and due diligence measures is high**, the diligence and knowledge of employees are in accordance with the established legislation and correspond to the associated risks. Credit institutions have applied high corporate governance practices, which ensure the responsibility of the management for the implementation of applied due diligence measures. The measures to identify the management and ownership structure of the companies were also found to be satisfactory. The legal technical measures implemented in the sector for the identification and independent verification, processing and storage of the submitted data meet the objectives of the standard.

However, a number of criteria were found to have room for improvement, for example, it was found that **the penalties and the effectiveness of enforcement of due diligence measures could be higher**. To sum up, the analysis indicates that the **vulnerability of the banking sector was relatively low and that the assessment of the impact of the effectiveness of the supervisory and control systems applied was relatively high. The indicators of transaction quality and due diligence policy were also high**.

In particular, based on MONEYVAL's relevant assessment (questioning the adequacy of the resources allocated to the supervision of anti-money laundering and anti-terrorist financing measures and the ability of the supervision to impose financial penalties in case of identified deficiencies) the **impact of the quality of supervisory activities was rated as medium/high**.

Despite the legal technical measures applied to establish the transparency of corporate governance and ownership structure applied in Estonia, the assessment of this criterion was also low/medium. The identification of the beneficial owner depends to a large extent on the availability of the data based on supervisory findings. **In complex ownership structures it is difficult to identify the beneficial owner** through the direct or indirect holding or control of shares, stocks or voting rights, including in the form of bearer shares. In this case **there is also a problem in identifying the beneficial owner who otherwise controls the management of the legal entity**. However, in case of complex ownership structures, verification in another way is one of the main ways to identify the beneficial owner.

The relatively high share of non-resident customers in deposits, especially for individual credit institutions, can be considered as the main money laundering risk factors in the banking sector. Also, the concentration of non-resident deposits in the hands of individual customers with very large balances¹⁷.

Module 4 "Securities sector"

Objective: Module 4 analyzed the risks of money laundering and terrorist financing in the securities sector.

Key findings, assessments and proposals: In conclusion, group 4 considered that, in the context of overall vulnerability, **more attention should be paid to staff training and that the criminalization of the respective money laundering offences should also be increased. In terms of products and services, there was a higher risk in the accounts opened by legal entities in their own name.**

Module 5 "Insurance sector"

Objective: Module 5 analyzed the risks of money laundering and terrorist financing in the insurance sector.

Key findings, assessments and proposals: In conclusion, group 5 considered that, in the context of overall vulnerability, **more attention should be paid to staff training, the punishment of relevant money laundering offences should be increased and public awareness of anti-money laundering should be raised** in order to ensure higher external pressure on the insurance industry. **In terms of products and services, unit-linked life insurance had a higher risk.**

Module 6 Other financial service providers

Objective: The aim of the module is to analyze the vulnerability of different financial service providers due to their products and services and their customer base. The module is intended to cover the part of the financial sector other than the banking, securities and insurance sector which is assessed by other modules. Control measures are assessed separately to decipher sector-specific vulnerability.

¹⁷ A more detailed assessment of the risk criteria addressed and the vulnerability of banking products has been provided in Annex 1.

Vulnerability of other financial service providers by industry¹⁸:

Currency exchange

The sector 's vulnerability rating, together with control measures, is M - *medium*. On a scale of 0-1, the rating was 0.48.

The recommendations for influencing or changing the situation¹⁹:

Training	Supervision	Changes in legislation
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Payment service providers

The vulnerability rating of the sector was medium - M - *medium* for the sector of payment service providers. On a scale of 0-1, the rating is 0.43.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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E-money institutions

The sector 's vulnerability rating was low - L - *low*. On a scale of 0-1, the vulnerability is 0.00.

There are no recommendations to influence or change the situation.

Service of alternative means of payment

Taking into account both structural indicators and control measures, the vulnerability assessment of the sector was medium low - ML - *medium low*. On a scale of 0 to 1, the sum of the vulnerability indicators is 0.20.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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¹⁸ Rating on the scale H (high) - high, M (medium) - medium and L (low) - low. For the risk level, the lowest value is 0 and the highest is 1.0.

¹⁹ The color tone indicates the level of importance of the recommended measure. The darkest = most recommended, etc.

Savings and loan associations

Taking into account both structural indicators and control measures, the vulnerability assessment of the sector in this module was medium low - ML - *medium low*. On a scale of 0-1, the sum of the vulnerability indicators is 0.36.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Other financial service providers - leasing

The vulnerability of the sector is assessed by the module as medium low in the above circumstances - ML - *medium low*. On a scale of 0-1, the rating is 0.38.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Other financial service providers - loans

Summary

The vulnerability of the sector is assessed as medium low - ML - *medium low*. On a scale of 0-1, the rating is 0.33.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Collateral and guarantee transactions

In the sum of structural indicators and control measures, the sector 's vulnerability is medium low – ML – *medium low*. On a scale of 0-1, the rating is 0.31.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Module 7 “Designated Non-Financial Business and Professions (DNFBPs)”²⁰

Objective: Module 7 analyzed the risks of money laundering and terrorist financing as to designated non-financial business and professions.

Key findings, assessments and proposals: The DNFBP sector is well covered by regulations and it is worth emphasizing that **the range of DNFBPs in the Estonian RTRTS is wider than required by international standards**. The aggregate risk-vulnerability index has been found to be low and in a few cases medium-low, which can also be considered a real result.

Casinos and remote gambling

The sector's vulnerability rating, together with control measures, is ML - *medium low*.

The recommendations for influencing or changing the situation²¹:

Training	Supervision	Changes in legislation
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Real estate agencies and real estate rental market

The sector's vulnerability rating was moderately low for real estate brokerage - ML - *medium low* and for real estate rent - ML - *medium low*. Necessary measures:

Training	Supervision	Changes in legislation
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²⁰ The Financial Action Task Force (FATF) standards list “Designated non-financial Businesses and Professions” (see pages 125-126: http://www.fi.ee/public/aml/FATF_eesti_keeelne_tolge.pdf).

The obliged subjects of the RahaPTS (designated non-financial businesses and professions) are:

- Casinos (gambling operators) - § 3 (1) 3) of RTRS
- Remote gambling operators (internet casinos) - § 3 (1) 3) of RTRTS
- Real estate agencies - § 3 (1) 4) of RTRTS
- Companies engaged in real estate rental - § 3 (1) 4) of RTRTS
- Traders, including traders of precious metals and stones, traders of antiques and art, traders of cars and boats and traders of scrap metal - § 3 (1) 5) and 6¹ of RTRTS
- Lawyers - § 3 (2) of RTRTS
- Notaries - § 3 (2) of RTRTS
- Other legal service providers - § 3 (2) of RTRTS
- Auditors - § 3 (1) 7) of RTRTS
- Service providers of trust funds and companies - § 3 (1) 9) of RTRTS
- Accounting service providers and tax advisers - § 3 (1) 7) and 8) of RTRTS
- Trustees in bankruptcy - § 3 (2) of RTRTS
- Bailiffs - § 3 (2) of RTRTS
- Pawnbrokers - § 3 (1) 6) of RTRTS
- Non-profit organizations - § 3 (1) 10) of RTRTS.

²¹ dark blue = very necessary; light blue = required; white = not required

Traders - precious stones and gold

The sector 's vulnerability rating was medium - M - *medium*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Traders - cars and boats

Taking into account both structural indicators and control measures, the vulnerability assessment of the sector was medium low - ML - *medium low*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Traders - art and antiques

Taking into account both structural indicators and control measures, the vulnerability assessment of the sector in this module was medium low - ML - *medium low*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Traders - scrap metal

The overall rating for the structural indicators is medium - M - *medium*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Lawyers

Taking into account the risks arising from the compliance with the reporting obligation and despite the small total number of reports, the rating of the structural indicators is: low - L - *low*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Notaries

In the sum of structural indicators and control measures, the vulnerability indicator of notaries is low - L - *low*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Other legal service providers

As this is an unregulated profession, there is no data on the requirements of professional ethics, which is why the rating of this indicator is low - L - *low*. However, although the number of reports is low, these have been of relatively good quality, therefore the adequacy rating for the reporting obligation is high - H - *high*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Auditors

Based on the structural indicators, the module 's assessment of the sector' s vulnerability is low - L - *low*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Trust and company service providers

In conclusion, the vulnerability risk due to the structural indicators of the sector corresponds to the rating - M - *medium*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Accounting services and tax consultants

The aggregate vulnerability indicator calculated on the basis of structural indicators is therefore medium - M - *medium*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Trustees in bankruptcy and bailiffs

In terms of structural indicators, both professions are low - risk sectors, the aggregate rating is low - L - *low*.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Pawnshops

The overall rating of the structural indicators is low - L - *low* for the above reasons.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Non - profit organizations

In total, the total amount of structural indicators gives the rating of M - *medium* as an indicator of money laundering vulnerability.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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DNFBPs that are not currently obliged subjects

Betting operators

In conclusion, the vulnerability of betting operators by money launderers is probably low - L - low.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Lottery operator

The vulnerability of the lottery operator by money launderers is low - L - low on the example of structural indicators.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Collection service

The aggregate rating of structural indicators is low - L - low.

The recommendations for influencing or changing the situation:

Training	Supervision	Changes in legislation
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Additional module "Terrorist financing risks"

Objective: Within the framework of the additional module, the risks of terrorist financing in Estonia were analyzed.

Conclusions and assessments: According to worksheet 6, **the risk analysis worksheet has assessed the risk of using illegal funds to finance terrorism, the economic and geographical environment worksheet provides the possibility to use Estonia as a transit country for TR and the links of local Muslim communities with terrorist risk areas and countries have received the rating M - medium. The legal worksheet has assessed the inadequate implementation of the Schengen compensation mechanisms as a medium risk: the problem areas are the obligation for accommodation establishments to register guests under the**

Tourism Act, the lack of PNR data for air passengers and the lack of identification for ship passengers.

Therefore, Estonia should further analyze the possibilities of implementing the Schengen compensation mechanisms, including the digitization of the registration system for accommodation service users, the establishment of legal regulation for the processing of air passenger data (PNR) and the identification of ship passengers²².

With regard to the legal environment, it is also important to analyze the relevant recommendations presented in the report of MONEYVAL Estonia's fourth evaluation round and the possibilities for their implementation²³.

²² At the moment (as of 17 December 2014), the draft Tourism Act has been developed, which will create a database for the registration of users of accommodation services. The draft has not been approved by the Government of the Republic. A PNR working group has been set up; On 18 November 2014, the Riigikogu approved the draft that obliges airlines to forward PNR passenger information to law enforcement authorities from 2016 onwards. The proposals have been made to improve security controls for ship passengers.

²³ in particular, for example, FATF's recommendation no. 35 and special recommendation II