

# IN THE FIGHT AGAINST MONEY LAUNDERING, EUROPE TACKLES CASH CONTROLS

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On October 2, 2018, the European Council adopted a regulation aimed at improving controls on cash entering or leaving the E.U. This follows an agreement reached with the European Parliament in June to replace the Cash Controls Regulation (regulation 1889/2005), which applies since 2007 as an integral part of the E.U.'s anti-money laundering and combating the financing of terrorism framework.

The new regulation provides the necessary tools to more efficiently tackle threats in the areas of terrorist financing, money laundering, tax evasion, and other criminal activities. It reflects the latest international standards for combating money laundering and terrorism financing as developed by the Financial Action Task Force ("F.A.T.F."). These improvements are needed as terrorists and criminal organizations have managed to circumvent existing rules.

The existing rules require travelers entering or leaving the E.U. to declare cash (or its equivalent) amounting to €10,000 or more. The new legislation extends these obligations. The new definition of cash will also cover unaccompanied cash, meaning cash that is sent by post, freight, or courier shipment, and highly liquid instruments and commodities such as checks, traveler's checks, prepaid cards, and gold. Under the new legislation, a declaration will be required irrespective of whether travelers entering the E.U. with the requisite amount of cash are carrying the cash on their person, in their luggage, or by other means of transport. If the cash is not personally carried but otherwise transported, the relevant authorities will have the power to ask the sender or the recipient to make a declaration relating to the cash. The authorities will be able to request any accompanied cash to be made available for control and carry out controls on any consignments, packages, or means of transport that may contain unaccompanied cash.

E.U. Member States will exchange information among themselves and the European Commission where there are indications that the cash is related to criminal activity that could adversely affect the financial interests of the E.U.

The new regulation will not prevent Member States from providing additional national controls on movements of cash, provided that these controls are in accordance with the E.U. basic freedoms.

Once the new regulation is signed by the European Council and the European Parliament, it will be published in the E.U. Official Journal and will enter into force 20 days thereafter.

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