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Premiere in the region: Moldova will implement, with the USAID support, a state-of-the-art IT solution to prevent money laundering risks and to monitor banks shareholders

The National Bank of Moldova (NBM) will have a state-of-the-art IT solution, which will support efforts to prevent and combat money laundering and terrorist financing (AML/CFT). This advanced solution will also support the monitoring of possible changes in the banks' shareholding. The IT solution, which is a first for the region, will be implemented with the support of the *USAID Project "Transparency of the Financial Sector in Moldova" (FSTA)* and its main features were presented today during an online event hosted by the National Bank.

The participants revealed that the new IT system will provide NBM employees with a series of advanced functionalities, based on artificial intelligence and machine learning algorithms. The software will allow the supervision of all banking operations, as it will function as a single point of access and visualization of the information contained in numerous databases. At the same time, the concept of operation based on risk analysis will make it possible to detect suspicious activities and issue alerts. This will facilitate both the early identification of money laundering and terrorist financing risks and the detection of suspicious changes in the ownership structure of banks.

In his opening speech, the Governor of the NBM, **Octavian Armașu**, appreciated the support provided by USAID within the mentioned project and underlined that the implementation of the new IT solution comes in the context of the reforms carried out in recent years in the banking sector of the Republic of Moldova to support the country's economic development for the benefit of society as a whole. "*Close monitoring of the banking sector, the identification and assessment of inherent risks and the implementation of mitigation measures are not only important tasks, but also real challenges. This is given that financial market developments are becoming more dynamic and require more and more prompt approaches from the supervisor. The large number of transactions, the huge volume of data is a real challenge for the supervisor, because it can no longer be efficiently processed manually in the template database. There is a need for automated data processing based on modern big data analytics platforms, which increase the efficiency of surveillance.*", said Octavian Armașu.

In this connection, the USAID Mission Director, **Scott Hocklander**, appreciated the NBM's efforts to strengthen its capacity to prevent and combat financial crime and to ensure the transparency of banks' shareholders. "*USAID is committed to supporting anti-corruption initiatives aimed at ensuring a stable and reliable financial market. We are confident that the implementation of this IT solution, along with staff training, will significantly improve the ability of the Moldovan authorities to expose and combat financial crimes and reduce corruption, allowing a more robust approach to preventing illegal or suspicious money transfers and ensuring the sustainability of the financial system. A transparent and stable financial system is essential for stimulating Moldova's economic growth and attracting new investments* ", the American official underlined.

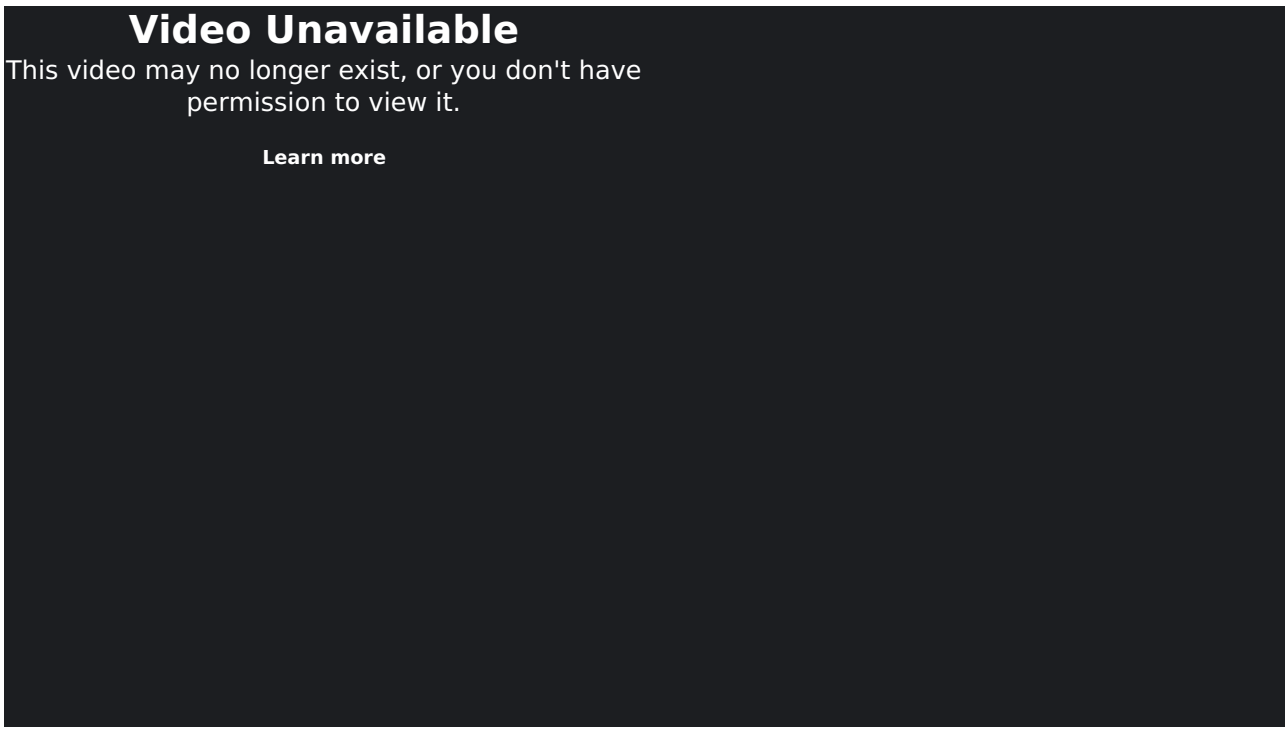
The NBM's openness for taking over best practices was also noted by USAID FSTA Project Director **Matthew Macellaro**. "*We are happy to work side by side with a team of dedicated professionals who have helped us in this complex process of sketching the technical requirements, starting from the specifics and realities of the*

financial sector in the Republic of Moldova. We are looking forward to successfully implementing this innovative digital solution, to see its full potential," said the project representative.

Matthew Macellaro also listed other activities supported under the USAID FSTA Project to advance financial sector reforms. These include the support provided to the Single Central Depository in the development of a retail platform, through which citizens will be able to buy and sell state securities directly, as well as methodological support in creating the prerequisites for interconnection with other central depositories in the European Union.

The IT solution in the field of preventing and combating money laundering and terrorist financing will be implemented over 25 months, based on a Memorandum of Understanding signed by the NBM and representatives of the USAID FSTA Project, which, in addition to technical support, provides thematic training for the NBM employees and reporting entities.

The event can be viewed here.



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