Report on **Bachelor Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Daniela Vadasová
Advisor:	Mgr. Magda Pečená, Ph.D.
Name:	**Assessment of AML/CFT Practices and Suspicious Transaction Reporting in the European Union Member States**

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

The thesis searches for drivers of the number of „STRs" – suspicious transactions reports, reports produced by financial institutions in case they identify a transaction having predefined features of potential money laundering. There is a substantial legislation, regulation, and supervision of AML in the EU, supported by FATF (Financial Action Task Force) and its 40 Recommendations, but an overall effective and efficient framework reducing money laundering is a goal still to be achieved.
Daniela looks into the drivers of the numbers of suspicious transactions as precursors to money laundering conducted in the European Union Member States between 2016 and 2021 and looks more closely at crime specific, enforcement specific and macroeconomic drivers. Interestingly, this period covers also the Covid-19 pandemic, specific period for STRs on one side and predicate offences on the other[1]. For her analysis, Daniela chose the effect of predicate offences on number of STRs, where another relevant causality would be the reverse (if numbers of STRs imply number of predicate offences).

I must give credit to Daniela for her extensive data collection effort, highlighting the problems with reliable and standardized data to fully evaluate the efficiency of existing AML/CFT frameworks. Additionally, there are many complex factors often working in opposite or ambiguous directions. That may be also a reason why the results of the analysis are not convincing (actually proving that the topic is extremely complex).

I also credit Daniela for providing explanation of all the non-trivial concepts related to the thesis (STR, predicate offence), and giving overview of the institutional structure of the AML/CFT framework. Daniela seemed to devote herself to the topic. The cooperation with her was very smooth.

Contribution - AML/CFT topic has been of high relevance ever since. Nowadays the financial institutions devote increasing resources to the AML/CFT effort. Daniela provided thesis that are of standard structure and delivery, but the topic itself is not trivial and needed extensive research (incl. legal research). The knowledge she earned would be of value for many financial institutions now.

Methods – The methods used were adequate to the analysis performed. Daniela made use of extensive econometric analysis, which was appropriate to the topic.

Literature – I did not identify any shortcomings in Daniela´s work with literature, the literature used was relevant and up to date. AML/CFT topic is of high relevance and the most relevant primary sources are legal frameworks and international standards.

Manuscript form – I did not find any shortcomings in the manuscript form, the thesis is logically structured, easy to follow, clear in hypotheses tested, results and their interpretation. The level of (English) language and formulation skills are high. Daniela has referred to her use of AI tools.

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[1] Predicate offence refers to any offence generating proceeds that could be used to commit the offence of money laundering.

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The results of the Urkund analysis do not indicate significant text similarity with other available sources, all other similarities are well sourced.

In my overall view, the thesis is very good, fulfills the requirements for master thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest grade A.

Overall evaluation and suggested questions for the discussion during the defense

Question: Speaking about the opposite causality (effect of the number of STRs on the number of predicate or general offences (passing successfully through the court proceeding)), can you comment on it? Seeing a direct impact of the STRs on the number of criminal offenses would be a great motivation for AML/CFT officers in the financial institutions or FIU officers.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
Contribution	*(max. 30 points)*	25
Methods	*(max. 30 points)*	30
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	95
GRADE	**(A – B – C – D – E – F)**	**A**

NAME OF THE REFEREE: Mgr. Magda Pečená, Ph.D.

DATE OF EVALUATION: 26. 8. 2023

Digitally signed (26. 8. 2023)
Magda Pečená

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Referee Signature

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EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F