

(English version)

**Question for written answer E-001447/25  
to the Commission  
Moritz Körner (Renew)  
(9 April 2025)**

*Subject:* Hawala banking

The potential misuse of hawala, the informal value transfer system, for money laundering or terrorism financing purposes, is known and was already assessed by the Commission in its biennial Supranational Risk Assessment Report in 2019. According to the Commission, the problem is less of a legislative nature but more of proper enforcement.

1. Since 2019, what steps has the Commission taken to improve enforcement, and can the Commission say how much it has reduced the usage of this illegal payment service?
2. If the Commission cannot say whether the use of the informal value transfer system, hawala, has been reduced, does it plan to present a legislative proposal to limit its use in the EU? If not, why not?

Submitted: 9.4.2025

**Answer given by Ms Albuquerque on behalf of the European Commission  
(19 June 2025)**

Hawala is an informal, trust-based money transfer system often used for money remittances. It operates outside traditional banking, without using authorised financial institutions.

Under EU legislation, all operators providing payment services <sup>(1)</sup> must become authorised payment institutions. This mandates such operators to perform customer due diligence <sup>(2)</sup> and report suspicious transactions to law enforcement authorities <sup>(3)</sup>.

Enforcement actions have been ongoing since 2019, both at national level and through international monitoring mechanisms. The Commission actively participates in the Financial Action Task Force and MONEYVAL <sup>(4)</sup> mutual evaluation processes, which assess countries' compliance with anti-money laundering and countering the financing of terrorism (AML/CFT) standards.

These evaluations have identified risks associated with informal value transfer systems, including hawala, in both EU Member States and third countries.

They recommend strengthening supervision and adopting measures, practices and detailed guidelines on effective parallel financial investigations.

Conducting these types of funds transfers informally and without authorisation already exposes their perpetrators to the risk of being severely sanctioned in all EU Member States. Hence, making a legislative proposal to limit the use of hawala has so far not been considered necessary.

Instead, the focus remains on practical enforcement and supervision. With the entry into application of the AML/CFT package adopted in 2024 <sup>(5)</sup> and the establishment of the AML Authority (AMLA), the EU and its Member States will further enhance their capacities to supervise illicit financial flows, including when performed through unauthorised hawala activities.

---

<sup>(1)</sup> Which includes money remittance, as per Annex I, point 6 of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (PSD2).

<sup>(2)</sup> As per Article 11 of Directive (EU) 2015/849, OJ L 141, 5.6.2015, p. 73-117.

<sup>(3)</sup> As per Article 33 of Directive (EU) 2015/849, OJ L 141, 5.6.2015, p. 73-117.

<sup>(4)</sup> Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism.

<sup>(5)</sup> [https://finance.ec.europa.eu/news/latest-update-anti-money-laundering-and-countering-financing-terrorism-legislative-package-2024-04-24\\_en](https://finance.ec.europa.eu/news/latest-update-anti-money-laundering-and-countering-financing-terrorism-legislative-package-2024-04-24_en).