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EVALUATION OF THE PERFORMANCE AND EFFICIENCY OF ANTI-MONEY LAUNDERING POLICIES IN THE BANKING INDUSTRY IN THE REPUBLIC OF SERBIA

EVALUACIJA UČINKA I EFIKASNOSTI POLITIKA SUZBIJANJA PRANJA NOVCA U BANKARSKOJ INDUSTRIJI U REPUBLICI SRBIJI

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Abstract

This study attempts to explore in detail the performance of implemented anti-money laundering (AML) policies within the banking industry in the Republic of Serbia through the analysis of relevant literature and credible publicly available data sources in the field of risk management related to money laundering. Based on the results obtained, an assessment of the performance and efficiency of AML policies in banks has been provided. The results suggest that banks have an AML regime aligned with national and international regulations, as supported by the Basel AML Index. Also, this study highlights that financial sector respondents in Serbia recognize the growing risks of money laundering, emphasizing the role of technological innovations, regulatory frameworks, and international organizations, while also noting the increasing use of advanced tools and the need for further training on international regulations and practical case studies.

Sažetak

Ovim radom se nastoji detaljnije istražiti učinak sprovedenih politika borbe protiv pranja novca u bankarskom sektoru Republike Srbije kroz analizu relevantne literature i verodostojnih javno dostupnih izvora podataka iz oblasti upravljanja rizicima u vezi sa pranjem novca. Na osnovu dobijenih rezultata data je procena učinka i efektivnosti politika protiv pranja novca u bankama. Rezultati sugerišu da banke imaju režim borbe protiv pranja novca koji je usklađen sa nacionalnim i međunarodnim propisima. Takođe, nalazi ističu da ispitanici u finansijskom sektoru u Srbiji prepoznaju rastuće rizike od pranja novca, ističući ulogu tehnoloških inovacija, regulatornih okvira i međunarodnih organizacija, a takođe ističu sve veću upotrebu naprednih alata i potrebu za daljom obukom o međunarodnim propisima i praktičnim studijama slučajeva.

Keywords: *anti-money laundering, policies, performance, banking industry, Republic of Serbia*

Ključne reči: *Borba protiv pranja novca, politike, učinak, bankarski sektor, Republika Srbija*

Introduction

Banks are required to develop and apply all necessary actions and measures to prevent and detect money laundering and terrorist financing, in accordance with both international and national laws, regulations, and guidelines, as well as their own internal policies, in order to effectively manage the related risks.

Money laundering is a widespread problem that affects financial institutions worldwide. Essentially, it involves illegal activities in which criminal networks seek to conceal illicit operations to generate profit [11]. In recent years, following Basel III guidelines and requirements, there has been an increased focus on anti-money laundering (AML) procedures and the roles of compliance officers, specifically Money Laundering Reporting Officers (MLROs) [3]. The main topic of this paper is the effectiveness of AML policies in the banking industry of the Republic of Serbia.

According to the National Risk Assessment (NRA) for 2021 [1], the overall money laundering threat level in Serbia is assessed as medium. This paper aims to evaluate the effectiveness of AML policies and their impact on the overall compliance measures of financial institutions using publicly available, credible reports and data.

The remainder of this paper is structured as follows: Section 2 provides a comprehensive literature review on the consequences of money laundering activities and the measures implemented to detect and prevent the integration of illicit proceeds after legislation is enacted. Section 3 outlines the money laundering statistics in the banking industry while Section 4 presents empirical research and analyzes the results. Finally, Section 5 offers concluding remarks and suggests potential directions for future research.

Theoretical background
Money Laundering and Its Stages

The practice of concealing the illicit origins of criminal proceeds to make them appear legitimate for future use is known as money laundering, and it has become a major global concern [6][9]. The extent of money laundering remains difficult to quantify, yet it is widely acknowledged as significant. According to estimates from the United Nations Office on Drugs and Crime (UNODC), between 2% and 5% of global GDP is laundered annually. This amounts to an estimated range of EUR 715 billion to EUR 1.87 trillion per year [5]. Thus, money laundering is a criminal activity with significant economic consequences. As a global phenomenon, it has a wide range of adverse effects: it undermines the efficiency, stability, and transparency of financial institutions; disrupts economies; weakens the effectiveness of reform programs; discourages foreign investment; and damages a country's international reputation. At the national level, according to the Law on the Prevention of Money Laundering and the Financing of Terrorism (RS Official Gazette Nos. 113/2017, 91/2019, 153/2020, and 92/2023 – hereinafter: The Law) [10], money laundering is defined as:

1. Converting or transferring property obtained through criminal activity.
2. Concealing or misrepresenting the true nature, origin, location, movement. disposition, ownership, or rights related to property acquired through criminal activity.
3. Acquiring, possessing, or using property derived from criminal activity.

These activities are also considered money laundering when conducted outside the territory of the Republic of Serbia.

The money laundering process typically consists of three distinct stages: first, the placement of illicit funds into the financial system; second, the layering of these funds to obscure their origins; and third, the integration of the funds to legitimize them through the purchase of goods and assets [4].

Literature Review

According to Usman Kemal [8], effective preventive measures and robust law enforcement efforts are essential for mitigating money laundering crimes. Another study highlights the importance of Money Laundering Reporting Officers (MLROs) meeting international standards and obtaining relevant certifications, reflecting a broader trend in the literature that advocates enhanced training and qualifications in the fight against money laundering [12]. Idowu & Obasan [7] examine the crucial role that anti-money laundering (AML) policies play in improving the performance of banks in Nigeria, focusing on three banks in Lagos State.

In its capacity as the supervisory authority for banking operations, the National Bank of Serbia conducts indirect oversight of how banks handle risks associated with money laundering and terrorist financing. At least once a year, it releases a report based on data obtained from the Questionnaire on Banks' Activities in Managing Money Laundering and Terrorism Financing Risks (referred to as the Questionnaire). This report evaluates the importance and role of the banking sector within the broader AML/CFT system, highlighting the banks' critical position due to their systemic relevance. Moreover, the analysis supports the enhancement of a risk-based supervision model for monitoring banks' AML/CFT measures.

The Basel AML Index is a leading independent ranking of money laundering and terrorist financing (ML/TF) risks worldwide [2]. It provides risk scores based on data from 18 publicly available sources, including the Financial Action Task Force (FATF), Transparency International, the World Bank, and the World Economic Forum [2]. These risk scores assess five key domains that contribute to elevated ML/TF risks: the quality of the AML/CFT framework, corruption levels, financial transparency, the regulatory environment, and political stability [2].

National Bank of Serbia Guidelines for Anti-Money Laundering

To ensure effective risk control related to money laundering and the financing of terrorism, banks are obligated to implement a comprehensive set of preventive and detection measures. These measures must align with both international standards and domestic legal requirements, as well as with the bank's own internal procedures and policies. In doing so, banks are expected to adopt a proactive and systematic approach that includes customer due diligence, continuous monitoring of transactions, identification of suspicious activities, and the application of enhanced procedures in high-risk scenarios. Furthermore, internal controls, employee training, and regular audits form essential components of an effective AML/CFT framework within banking institutions. Only through the consistent application of these integrated mechanisms can banks adequately respond to evolving threats and ensure compliance with their regulatory obligations.

Accordingly, banks are required to define in their internal policies and procedures how they will identify and verify both customers and their beneficial owners. They must also outline the process for gathering and assessing information about the customer's business relationships or transactions, as well as how they will continuously monitor the customer's activities. Furthermore, banks must describe the enhanced due diligence measures they will implement in cases where a higher risk of money laundering or terrorist financing is identified. This increased risk may stem from factors such as the nature or structure of the business relationship, the way a transaction is carried out, the type of transaction, the ownership setup of the client, or other relevant circumstances.

To detect potentially suspicious or irregular activities, banks are also expected to have systems in place to effectively monitor their clients' business operations. To manage AML/CFT risks properly, banks must adhere to legal requirements and establish comprehensive internal controls and procedures. These must be aimed at both preventing and identifying money laundering and terrorist financing activities, in line with the law, its supporting regulations, and the guidance provided by the National Bank of Serbia.

MONEY LAUNDERING STATISTICS IN THE BANKING INDUSTRY

Statistics related to suspicious money laundering transactions in the banking industry in the Republic of Serbia are derived from the annual Questionnaires on banks' activities in managing money laundering and terrorism financing risks. Figure 1 presents the Suspicious Transaction Reports (STRs) received from banks during the period 2020–2022.

Figure 1 shows a decrease in the overall number of Suspicious Transaction Reports (STRs), from 1,228 in 2021 to 856 in 2022, reflecting an approximate decrease of 30 percent. This reduction in reported STRs may reflect the implementation of more stringent anti-money laundering (AML) procedures and policies in the previous year. This analysis could indicate that effective AML policies and procedures are in place, with the volume of STRs submitted serving as a measure of the effectiveness of AML processes.

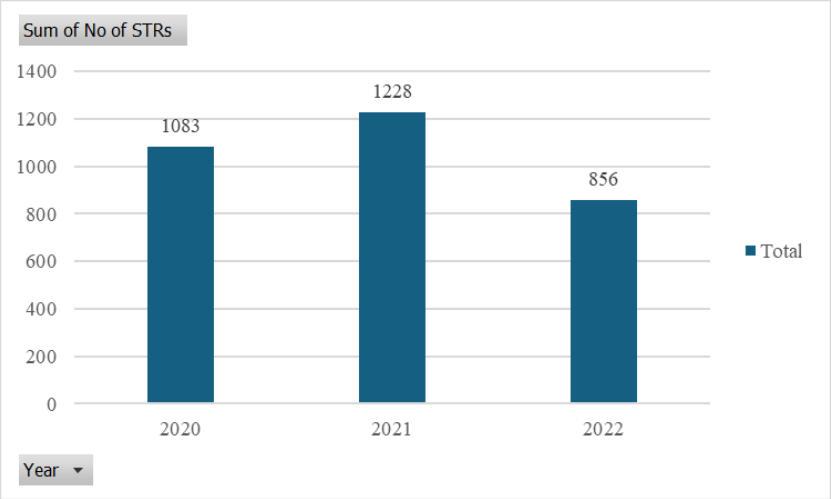

Figure 1. The quantity of STRs in 2020-2022

Source: Author, based on data from the National Bank of Serbia's annual Questionnaire

Moreover, according to the current Risk Classification of Countries based on the Basel AML Index, 2023, the Republic of Serbia ranks as a medium-risk country [2]. A higher risk rate typically indicates lower effectiveness of anti-money laundering (AML) procedures and less transparency within the country. Based on the credible data available for 2023, the Republic of Serbia ranks 97th out o;f 152 countries (from high to low risk) and scores 4.74 on a scale of 10. This score is significantly lower than the highest score of 8.25 and slightly higher than the lowest score of 2.87 within the sample of 152 countries [2]. The overall score is determined based on several factors, including the quality of the AML/CFT framework, corruption levels, financial transparency, the regulatory environment, and political stability. These factors collectively place the Republic of Serbia in the medium-risk category for financial crimes.

EMPIRICAL RESEARCH

Methodology

In this study, descriptive statistics were used for data analysis, with the mean and standard deviation (SD) calculated for numerical variables, while categorical variables were presented with the number of respondents and their percentage share. A t-test for independent samples was applied to compare two groups, whereas ANOVA was used to analyze differences among multiple groups. The data were analyzed using SPSS software, version 20 (IBM SPSS Statistics). A sample of 86 responses has been collected from employees working in different banks located in Serbia through the questionnaire.

Results and Discussion

The conducted study included a total of 86 respondents, with men accounting for 48.8% (42), while women were slightly more numerous at 51.2% (44). Regarding respondents' experience in the financial sector, the majority, 44.2% (38), have less than 5 years of work experience. A total of 34.9% (30) have between 5 and 10 years of experience, while 20.9% (18) have been engaged in this field for more than 10 years. Most respondents in this study, 44.2% (38), work as compliance officers. A total of 34.9% (30) hold managerial positions in the risk sector, while 16.3% (14) serve as executive directors. Other positions in the financial sector were reported by 4.7% (4) of the respondents. The assessment of the current level of money laundering risk in the Republic of Serbia varies among respondents. The majority, 34.9% (30), consider the risk to be moderate, while 39.5% (34) perceive it as high. A smaller percentage of respondents, 18.6% (16), rate the risk as very high. A low level of risk was indicated by 2.3% (2) of the respondents, while only 4.7% (4) believe that the risk of money laundering in Serbia is very low. Table 1 presents the key characteristics of the respondents, including gender distribution, years of experience in the financial services sector, current job position, and their assessment of money laundering risk levels in the Republic of Serbia.

Table 1. Sociodemographic and Professional Characteristics of Respondents

Characteristics of Respondents	**N (%)**
Gender	
Male	42 (48,8)
Female	44 (51,2)
Years of Experience	
Less than 5 years	38 (44,2)
5-10 years	30 (34,9)
More than 10 years	18 (20,9)
Current Position	
Compliance Officer	38 (44,2)
Risk Manager	20 (34,9)
Executive Director	14 (16,3)
Other	4 (4,7)
Assessment of the Current Level of Money Laundering Risk	
Very low	4 (4,7)
Low	2 (2,3)
Medium	30 (34,9)
High	34 (39,5)
Very high	16 (18,6)

Respondents evaluated the importance of various factors influencing the level of money laundering risk in the Republic of Serbia on a scale from 1 to 5 (Table 2). According to the results, the most significant factors, as perceived by respondents, are innovative financial products (4.47±0.59) and technological advancement (4.44±0.50), indicating the perception that digitalization and the development of new financial instruments may contribute to an increased risk. The regulatory framework received a score of 4.28±0.55, while criminal activities (4.14±0.46) and association with fraudulent schemes (4.12±0.54) were also recognized as significant factors. The "Other" category had the lowest average score of 3.53±1.03.

Table 2. Key Factors Influencing the Level of Money Laundering Risk in the Republic of Serbia

Factors Influencing Money Laundering Risk	Min	Max	Mean	SD
Regulatory framework	3	5	4,28	0,546
Technological advancement	4	5	4,44	0,500
Innovative financial products	3	5	4,47	0,588
Criminal activities	3	5	4,14	0,464
Association with fraudulent schemes	3	5	4,12	0,541
Other	1	5	3,53	1,026

The relationship between respondents' sociodemographic and professional characteristics and their assessment of the significance of various factors influencing the level of money laundering risk in the Republic of Serbia was examined (Table 3). No significant differences in factor assessments were found between genders ($p>0.05$). However, differences were observed regarding respondents' years of experience. Respondents with less than 5 years of experience gave the highest ratings for the regulatory framework (4.47±0.506), technological advancement (4.68±0.471), and criminal activities (4.32±0.471), whereas those with more than 10 years of experience assigned lower ratings to these same factors (regulatory framework 4.11±0.323, technological advancement 4.22±0.428, criminal activities 4.00±0.485). These differences were statistically significant for the regulatory framework ($p=0.011$), technological advancement ($p=0.000$), and criminal activities ($p=0.006$). Regarding current positions, compliance officers gave the highest ratings for the regulatory framework (4.37±0.489) and technological advancement (4.53±0.506), while respondents in other positions assigned lower ratings. Risk managers rated criminal activities as more significant (4.20±0.407), whereas executive directors assigned even higher importance to criminal activities (4.43±0.514). Statistically significant differences were observed for the regulatory framework ($p=0.002$) and criminal activities ($p=0.001$). Respondents who rated the current level of money laundering risk as very high gave the highest ratings for technological advancement (4.75±0.447) and innovative financial products (4.63±0.500), while those who perceived the risk as low or medium assigned lower ratings to these factors. These differences were statistically significant for technological advancement ($p=0.015$) and innovative financial products ($p=0.044$). These findings suggest that younger and less experienced respondents, as well as those in higher managerial positions, perceive the regulatory framework, technological advancement, and criminal activities as more significant factors in combating money laundering.

Table 3. Relationship Between Respondents' Sociodemographic and Professional Characteristics and the Assessment of Money Laundering Risk Factors in the Republic of Serbia

Respondent Characteristics	Regulatory Framework	Technological Advancement	Innovative Financial Products	Criminal Activities	Association with Fraudulent Schemes	Other
Gender						
Male	4,19±0,594	4,43±0,501	4,52±0,671	4,19±0,505	4,19±0,594	3,48±1,273
Female	4,36±0,487	4,45±0,504	4,41±0,497	4,09±0,421	4,05±0,480	3,59±0,726
Years of Experience						
Less than 5 years	4,47±0,506	4,68±0,471	4,37±0,589	4,32±0,471	4,11±0,559	3,63±0,998
5-10 years	4,13±0,629	4,27±0,450	4,53±0,629	4,00±0,371	4,20±0,551	3,33±1,155
More than 10 years	4,11±0,323	4,22±0,428	4,56±0,511	4,00±0,485	4,00±0,485	3,67±0,840
Current Position						
Compliance Officer	4,37±0,489	4,53±0,506	4,47±0,506	4,05±0,399	4,00±0,569	3,79±0,963
Risk Manager	4,40±0,498	4,40±0,498	4,53±0,507	4,20±0,407	4,27±0,583	3,33±1,028
Executive Director	4,00±0,555	4,43±0,514	4,43±0,756	4,43±0,514	4,14±0,363	3,43±1,089
Other	3,50±0,577	4,00±0,000	4,00±1,155	3,50±0,577	4,00±0,000	3,00±1,155
Assessment of Current Money Laundering Risk Level						
Very low	4,00±0,000	4,00±0,000	5,00±0,000	4,00±0,000	4,00±0,000	4,00±0,000
Low	4,00±0,000	4,00±0,000	5,00±0,000	4,00±0,000	4,00±0,000	3,00±0,000
Medium	4,20±0,551	4,47±0,507	4,27±0,583	4,27±0,583	4,07±0,583	3,33±1,213
High	4,24±0,554	4,35±0,485	4,47±0,615	4,00±0,348	4,06±0,547	3,65±0,917
Very high	4,63±0,500	4,75±0,447	4,63±0,500	4,25±0,447	4,37±0,500	3,63±1,025

The study examined respondents' perceptions of the role of international organizations, the adequacy of AML regulations, the ability of institutions to identify risks, as well as the application of technology and training in combating money laundering and fraud (Table 4). The majority of respondents in this study recognize the importance of international organizations such as FATF, IMF, and the World Bank in shaping AML policies in Serbia, with 44.2% (38) of respondents considering their role very significant and 51.2% (44) significant. Only 4.6% (4) of respondents rated their influence as neutral or weak. Regarding the adequacy of current AML regulations in addressing new money laundering methods (cryptocurrencies, fintech, insurance fraud), 62.8% (54) of respondents believe that the regulations fully address these challenges, while 34.9% (30) think they only partially do so. Only 2.3% (2) of respondents consider the regulations inadequate. When it comes to the ability of their institutions to identify and assess risks, 51.2% (44) of respondents rate this ability as very high, while 34.9% (30) rate it as high. A smaller percentage, 11.6% (10), consider it moderate, while only 2.3% (2) believe it is low. The most common sources of data for AML risk assessment include internal client and transaction data, cited by 93.0% (80) of respondents. External data from regulatory bodies and international organizations are used in 4.7% (4) of cases, while 2.3% (2) of respondents rely on employee training and experience. The use of artificial intelligence and advanced analytics in detecting fraud and money laundering is present in 69.8% (60) of institutions, while 20.9% (18) plan to introduce such technologies. Only 9.3% (8) of respondents stated that they currently do not use such technologies. The majority of respondents rate the potential of new technologies (blockchain, AI, big data) in combating fraud and money laundering as very high—62.8% (54), while 37.2% (32) believe they have moderate potential. No respondent considers these

technologies insignificant or without a meaningful impact. A large majority of institutions already use automated systems to detect suspicious transactions and fraud—93.0% (80), while 7.0% (6) plan their implementation. No respondent reported that their institution does not plan to use such systems. A total of 67.4% (58) of respondents believe that employees in their institutions are adequately trained to recognize and prevent fraud and money laundering. Partial training is reported by 25.6% (22) of respondents, while 7.0% (6) consider that their institution lacks adequate training.

Table 4. Respondents' Attitudes on AML Policies, Regulations, and Technological Solutions

Respondents' Attitudes	**N (%)**
The role of international organizations (FATF, IMF, World Bank) in shaping AML policies in Serbia	
Very significant	38 (44.2)
Significant	44 (51.2)
Neutral	2 (2.3)
Weak	2 (2.3)
No influence	0 (0.0)
Current AML regulations adequately address new money laundering methods (e.g., cryptocurrencies, fintech, insurance fraud)	
Yes, fully	54 (62,8)
Partially	30 (34,9)
No	2 (2,3)
The ability of your institution to identify and assess money laundering and fraud risks	
Very high	44 (51,2)
High	30 (34,9)
Moderate	10 (11,6)
Low	2 (2,3)
Very low	0 (0,0)
Sources of data used by your institution to assess money laundering and fraud risks	
Internal client and transaction data	80 (93.0)
External data (regulatory bodies, international organizations)	4 (4.7)
Employee training and experience	2 (2.3)
Other	
Use of artificial intelligence or advanced analytics in your institution for fraud and money laundering detection	
Yes	60 (69,8)
No	8 (9,3)
Planned in the future	18 (20,9)
Assessment of the potential of new technologies (blockchain, AI, big data) in preventing fraud and money laundering	
Very high	54 (62,8)
Moderate	32 (37,2)
Low	0 (0,0)
No significant impact	0 (0,0)
Use of automated systems for detecting suspicious transactions and fraud in your institution	
Yes	80 (93,0)
No, but planned	6 (7,0)
No	0 (0,0)
Adequate employee training in the institution for fraud detection and prevention	
Yes, fully	58 (67,4)
Partially	22 (25,6)
No	6 (7,0)

The respondents in this study evaluated which topics are the most important for future training in the field of money laundering and fraud prevention (Table 5). According to the results, the highest importance was assigned to international regulations and standards (4.37±0.58) and the use of technology in AML strategies (4.35±0.53), indicating the need for a better understanding of global regulations and technological tools in the fight against money laundering. Practical case studies were rated 4.33±0.52, while identifying suspicious transactions received a score of 4.26±0.44, highlighting the high relevance of these topics for future training. The "Other" category had the lowest average rating (4.09±0.71).

Table 5. Key Topics for Future Training on AML Policies and Fraud

Topics Most Important for Future AML and Fraud Training	**Min**	**Max**	**Mean**	**SD**
Identification of suspicious transactions	4	5	4,26	0,439
Use of technology in AML strategies	3	5	4,35	0,526
International regulations and standards	3	5	4,37	0,575
Practical case studies	3	5	4,33	0,519
Other	2	5	4,09	0,713

The relationship between respondents' sociodemographic and professional characteristics and their evaluation of the importance of different topics in the fight against money laundering was examined (Table 6). Gender and years of experience were not associated with any topic ($p>0.05$), while the respondents' current position was associated with the topics "International regulations and standards" ($p=0.011$) and "Practical case studies" ($p=0.002$). The assessment of the current risk level was associated with the topic "International regulations and standards" ($p=0.011$). Regarding gender, men assigned slightly lower ratings to international regulations and standards (4.33±0.650) compared to women (4.41±0.497), while ratings for practical case studies were similar between genders. Respondents with less than 5 years of experience assigned slightly higher ratings to international regulations and standards (4.42±0.500) and practical case studies (4.32±0.471) compared to those with more than 10 years of experience (4.44±0.511 for international regulations and standards, 4.33±0.485 for practical case studies). Compliance officers gave the highest ratings for international regulations and standards (4.47±0.506) and practical case studies (4.47±0.506), while risk management managers assigned slightly lower ratings to practical case studies (4.27±0.450). Respondents who rated the current risk level as "high" assigned higher scores to international regulations and standards (4.53±0.615), while those who rated the risk level as "medium" assigned lower scores (4.13±0.507).

Table 6. Relationship Between Sociodemographic and Professional Characteristics and Ratings of Different AML Topics

Respondent Characteristics	Identification of Suspicious Transactions	Use of Technology in AML Strategies	International Regulations and Standards	Practical Case Studies	Other
Gender					
Male	4,19±0,397	4,43±0,501	4,33±0,650	4,38±0,582	4,10±0,821
Female	4,32±0,471	4,27±0,544	4,41±0,497	4,27±0,451	4,09±0,603
Years of Experience					
Less than 5 years	4,26±0,446	4,47±0,506	4,42±0,500	4,32±0,471	4,05±0,613
5-10 years	4,20±0,407	4,20±0,407	4,27±0,691	4,33±0,606	4,07±0,691
More than 10 years	4,33±0,485	4,33±0,686	4,44±0,511	4,33±0,485	4,22±0,943

Current Position					
Compliance Officer	4,21±0,413	4,32±0,574	4,47±0,506	4,47±0,506	4,21±0,704
Risk Manager	4,33±0,479	4,40±0,498	4,40±0,498	4,27±0,450	4,00±0,643
Executive Director	4,14±0,363	4,29±0,469	4,29±0,726	4,29±0,469	4,00±0,961
Other	4,50±0,577	4,50±0,577	3,50±0,577	3,50±0,577	4,00±0,000
Assessment of Current Money Laundering Risk Level					
Very low	4,50±0,577	4,50±0,577	4,00±0,000	4,50±0,577	4,00±0,000
Low	4,00±0,000	4,00±0,000	5,00±0,000	4,00±0,000	5,00±0,000
Medium	4,27±0,450	4,33±0,606	4,13±0,507	4,40±0,498	4,07±0,944
High	4,18±0,387	4,35±0,485	4,53±0,615	4,35±0,597	4,06±0,649
Very high	4,38±0,500	4,37±0,500	4,50±0,516	4,13±0,342	4,13±0,342

The respondents evaluated various measures that could contribute to improving the system for preventing money laundering and fraud in the Republic of Serbia (Table 7). The most important measure identified was the implementation of advanced technologies and automation (4.53±0.59), highlighting the recognized need for modernization and digitalization of AML processes. Improved cooperation between banks and regulatory bodies was also highly rated (4.40±0.62), suggesting that respondents acknowledge the importance of better coordination and information sharing in the fight against financial crime. Increased regulatory controls received an average rating of 4.21±0.46, indicating the need for stricter oversight and implementation of regulatory standards. The category "Other" had the lowest average rating (3.79±1.03), with greater variations in responses, which may indicate differing opinions among respondents regarding additional measures that could enhance the AML system.

Table 7. Proposed Measures for Enhancing the AML System in the Republic of Serbia to Combat Fraud

Proposed Measures for Enhancing the AML System in the Republic of Serbia to Combat Fraud	**Min**	**Max**	**Mean**	**SD**
Increased regulatory controls	3	5	4,21	0,463
Improved cooperation between banks and regulatory bodies	3	5	4,40	0,619
Advanced technologies and automation	3	5	4,53	0,588
Other	1	5	3,79	1,030

The relationship between respondents' sociodemographic and professional characteristics and their evaluation of proposed measures for improving the AML system in the Republic of Serbia was examined (Table 8). Gender, years of experience, and current position were not associated with any of the proposed measures ($p>0.05$). However, the assessment of the current level of money laundering risk was associated with all proposed measures. Respondents who rated the current risk level as "medium" and "high" gave higher scores for increased regulatory controls (medium: 4.33±0.479, high: 4.24±0.431), while respondents who rated the risk as "low" gave lower scores (3.00±0.000). The difference in ratings was statistically significant ($p=0.001$). For improved cooperation between banks and regulatory bodies, respondents with "medium" and "high" risk ratings also gave higher scores (medium: 4.53±0.629, high: 4.41±0.500) compared to those who rated the risk as "low" (3.00±0.000) ($p=0.000$). Advanced technologies and automation received the highest ratings from respondents who assessed the risk as "medium" (4.67±0.479) and "high" (4.41±0.609), while respondents with "low" risk ratings gave lower scores (3.00±0.000). This difference was also statistically significant ($p=0.000$). Regarding other measures, respondents who rated the risk as "very high" gave the highest scores (4.50±0.516), while those who rated the risk as "low" gave the

lowest scores (3.00±1.155) (p=0.001). These results indicate that the perception of the current money laundering risk level is significantly associated with the evaluation of proposed AML system improvement measures, where respondents who perceive a higher risk tend to place greater value on the proposed measures.

Table 8. Relationship Between Respondents' Sociodemographic and Professional Characteristics and Proposed Measures for Improving the AML System in the Republic of Serbia

Respondent Characteristics	Increased Regulatory Controls	Improved Cooperation Between Banks and Regulatory Bodies	Advanced Technologies and Automation	Other
Gender				
Male	4,19±0,397	4,43±0,668	4,57±0,501	3,76±0,932
Female	4,23±0,522	4,36±0,574	4,50±0,665	3,82±1,126
Years of Experience				
Less than 5 years	4,16±0,370	4,37±0,489	4,58±0,500	3,95±1,161
5-10 years	4,20±0,407	4,47±0,730	4,53±0,629	3,53±0,973
More than 10 years	4,33±0,686	4,33±0,686	4,44±0,705	3,89±0,758
Current Position				
Compliance Officer	4,26±0,554	4,47±0,603	4,63±0,589	4,16±0,679
Risk Manager	4,20±0,407	4,27±0,691	4,40±0,621	3,80±0,925
Executive Director	4,14±0,363	4,43±0,514	4,57±0,514	3,14±1,512
Other	4,00±0,000	4,50±0,577	4,50±0,577	2,50±0,577
Assessment of Current Money Laundering Risk Level				
Very low	4,00±0,000	3,50±0,577	5,00±0,000	3,00±1,155
Low	3,00±0,000	3,00±0,000	3,00±0,000	5,00±0,000
Medium	4,33±0,479	4,53±0,629	4,67±0,479	3,40±1,163
High	4,24±0,431	4,41±0,500	4,41±0,609	3,82±0,869
Very high	4,13±0,342	4,50±0,516	4,63±0,500	4,50±0,516

The study indicates that respondents in Serbia's financial sector recognize the high risks associated with money laundering. Most participants assess the current risk level as high or medium, which is linked to the growing influence of technological innovations and advanced financial products, which are considered factors that further increase the risk. The regulatory framework and institutional capabilities for assessing and managing risks were generally rated positively. Additionally, international organizations play a key role in shaping anti-money laundering policies. The application of technology in combating fraud and money laundering is increasing, with many institutions already using advanced tools such as artificial intelligence and automated systems for detecting suspicious transactions. Respondents evaluated that employees are largely trained to recognize fraud, and future training is expected to focus even more on international regulations, technological tools, and practical case studies. These findings suggest that financial institutions acknowledge the importance of technology and education in the fight against money laundering while also highlighting opportunities for further improvement of regulatory and educational approaches in this field.

CONCLUSION

Efficient utilization of anti-money laundering (AML) regulations and standards contributes to reducing criminal activity, maintaining economic stability, and preserving public confidence in the integrity of financial institutions. In doing so, it not only protects the financial system but also benefits individuals and society at large. Future research should be based on structured interviews with employees working in AML departments of various banks in the region. This approach would examine the impact of AML regulatory systems on individual banks, considering the various components of the Basel AML Index, where the application of a comparative method would provide an even clearer insight into the effectiveness of AML strategies.

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