UIFAND
UNITAT D'INTEL·LIGÈNCIA FINANCERA D'ANDORRA

Sectorial Risk Assessment 2026 Principality of Andorra

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FINANCIAL SECTOR

The financial system in the Principality of Andorra

1. Definition of the sectors that make up Andorra's financial system

This section of the NRA sectoral study analyses the vulnerability of Andorra's financial system to money laundering (ML). Its scope therefore focuses on banking groups, financial institutions, insurance companies and other entities that meet the FATF definition of non-bank financial institutions.

In accordance with this standard, Andorran legislation defines financial obliged entities in Article 2.1 of *Law 14/2017 of 22 June on the prevention and combating of money or securities laundering and* the financing of terrorism [1](hereinafter, Law 14/2017). Specific mention should be made of virtual asset service providers, which are financial obliged entities under that article, but will be examined separately to determine, independently, the risks of virtual asset activity in the Principality of Andorra.

Therefore, taking into account the study categories, the financial sector in the Principality of Andorra contributes approximately 13% directly to Andorra's GDP and supports the country's economy through lending by banking institutions.

As regards the labour market, the financial sector employed approximately 1,750 people in 2025, representing around 3.6% of all employees in the Principality. This share has fallen since 2021, when it stood at approximately 4.4%, mainly as a result of employment growth across the Andorran economy, while employment in the financial sector remained relatively stable.

These significant figures are also determined mainly by banking institutions and the economic groups they form, since the remaining entities are small companies that, in most cases, employ only a small number of people.

For the purposes of this assessment, the following sectors have been defined, taking into account how the preventive systems implemented by the entities apply:

Banking sector

Includes Andorran banking institutions, as well as management companies of collective investment undertakings and insurance companies that belong to banking groups.

[1] https://portaljuridicandorra.ad/L2017014_10

Non-bank financial sector

Includes independent management companies of collective investment undertakings and independent investment financial institutions (those that do not belong to a banking group).

Financial agents linked to these entities are considered part of the obliged entity pursuant to Article 18.6 of Law 14/2017.

Non-bank insurance sector

Includes Andorran life insurance companies, as well as branches of foreign companies, that do not belong to an Andorran banking group.

Agents of insurance companies are considered part of the obliged entity to which they are linked, pursuant to Article 18.6 of Law 14/2017.

Insurance brokers have been taken into account indirectly, since in many cases both parties (the insurance company and the broker) apply customer due diligence measures, or the broker provides documentation to the insurance company. However, no specific information was requested from these intermediaries.

Postal sector

Includes offices of foreign postal entities operating in the Principality of Andorra.

2. How the different sectors of Andorra's financial system were assessed

The sectoral assessment used the World Bank (WB) methodology, adapted to the characteristics of the Andorran financial system and to the information available for 2021–2025. The money laundering risk of each sector is assessed by combining the identified threats with the vulnerabilities associated with its activities, products and services.

The assessment of ML vulnerability is based on an analysis of various products and general variables. The general variables assess the quality of AML/CFT controls in each sector. Specifically:

- Comprehensiveness of the AML/CFT legal framework.
- Effectiveness of supervisory procedures and practices.
- Availability and application of administrative sanctions.
- Availability and application of criminal sanctions.
- Availability and effectiveness of entry controls.
- Staff integrity.
- Staff knowledge of AML/CFT.
- Effectiveness of the compliance function (organisation).
- Effectiveness of systems for detecting and reporting suspicious transactions.
- Level of market pressure to comply with AML/CFT standards.

- Availability of and access to beneficial ownership information.
- Availability of reliable identification infrastructure.
- Availability of independent information sources.

Variables assessing inherent activity-related risk criteria must be analysed for each and every business line in each sector. These variables are:

- Total size / volume of the product or service.
- Average transaction size for the product or service.
- Complexity and diversity of the portfolio.
- Use of agents.
- Typical customer profile.
- Presence of an investment/deposit feature.
- Level of cash activity.
- Frequency of international transactions.
- Other vulnerability factors.
- Presence of product- or service-specific AML/CFT controls.

Although the criteria used to define the business lines to be analysed are briefly described below, the following table summarises, by sector, each of the products, services or channels analysed.

Sector	**Product, service or channel with inherent vulnerability**
Banking sector	Product 1: Private banking Product 2: Retail banking Product 3: Corporate banking Product 4: Loans secured by mortgages Product 5: Loans secured by securities or cash Product 6: Unsecured loans Product 7: Funds transfers Product 8: Foreign subsidiaries Product 9: Safe-deposit boxes
Non-bank financial sector	Product 1: Wealth management Product 2: Financial advice Product 3: Investment fund management Product 4: Financial intermediation

Non-bank insurance sector	Product 1: Unit-linked insurance Product 2: Savings life insurance Product 3: Protection life insurance Product 4: Pension and retirement plans
Postal sector	Product 1: Postal money orders Product 2: Funds transfers

3. How data and information were collected

The information used to analyse the variables mentioned above comes from various sources: specific requests for information, AML/CFT audit reports, regular submissions of information, records based on in situ supervisory actions, both financial and AML/CFT, meetings between authorities and with the sector, among others. The main sources include:

Specific information request for the 2026 National Risk Assessment

For this study, the information requests used in the previous National Risk Assessment were reviewed and updated to collect data for 2021–2025 and obtain the information needed to assess the variables set out in the WB methodology.

The requests were channelled through the professional associations representing the different sectors: Andorra Banking (ABA) for the banking sector; the Association of Investment Financial Entities (ADEFI) for the non-bank financial sector; and the Association of Insurance and Reinsurance Companies of Andorra (ARADA) for the insurance sector.

For the postal sector, information was communicated and provided directly to the authority on an individual basis.

AML/CFT audit reports

As financial obliged entities, the entities analysed in this section are required, pursuant to Article 40.1 of Law 14/2017, to commission an independent external audit annually to verify compliance with legal provisions.

Accordingly, this assessment used information contained in the audit reports submitted to the UIFAND for financial years 2021 to 2025, as well as the reviews conducted by this authority. It is important to note that the audit reports must meet content and presentation criteria, which facilitated the processing and aggregation of the information submitted.

Periodic information submissions

This study used periodic information provided by banking institutions in accordance with UIFAND Technical Communiqué Nº CT-01/2020, which established annual submissions of information on client assets under management, funds transfers and cards issued, and repealed Technical Communiqué Nº CT-05/2018.

Information on cross-border funds flows submitted quarterly by banking institutions under Joint AFA-UIFAND Technical Communiqué Nº CT-01/2021 was also used.

This information, covering 2021–2025, made it possible to analyse trends in assets under management, customer characteristics and the cross-border activity of banking institutions, both individually and on a consolidated basis.

On-site inspections

In addition to statistics from general on-site inspections conducted during the reference period, inspection or follow-up reports provided information on common practices or widespread deficiencies in the various sectors. Thematic on-site inspections covering an entire sector or a large part of it are also particularly useful for a national risk assessment.

4. Composition by type of entity

As at 31 December2025, the financial system of the Principality of Andorra comprised the following types of entities:

Banking groups	**Number**
Banking entities	3
CIU management companies	3
Insurance companies operating in the life insurance sector	3
Total	**9**

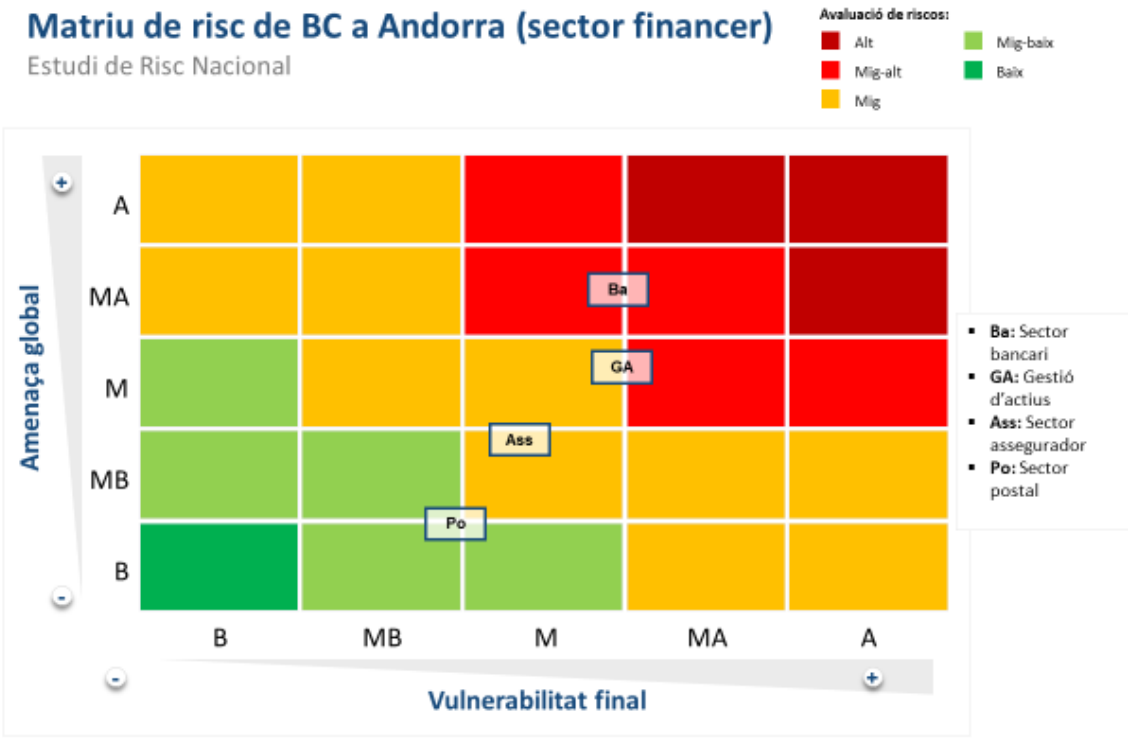
Other financial investment entities[b]	**Number**
Investment financial companies	1
Investment financial agencies	1
Wealth management companies	3
Financial advisers	10
CIU management companies	2
Total	**17**

Life Insurance companies[a]	**Number**
Andorran companies	6
Foreign companies	4
Total	**10**

Postal sector	**Number**
Andorran entities	0
Offices of foreign entities	2
Total	**2**

(a) Excludes 73 intermediaries.
(d) Excludes 14 financial agents acting exclusively for other investment financial institutions.

On this basis, the ML risk matrix resulting from the NRA analysis is as follows:



Banking sector

1. General description of the sector

The banking sector is the largest component of Andorra's financial system, both in scale and in importance to the Principality's economy. As of 31 December 2025, the sector comprised three privately owned, domestically controlled banking institutions, although a significant part of their activity is carried out through subsidiaries established in other jurisdictions.

As in the previous study, the banking sector also includes collective investment undertaking management companies and insurance entities integrated into banking groups. These entities carry out distinct activities and are subject to specific obligations arising from the nature of the services they provide. However, they belong to integrated financial groups and generally share the AML/CFT prevention systems and controls of their respective banking institutions. For this reason, their activities are analysed together with those of the banking sector, while taking into account, in the vulnerability analysis, any specific characteristics or risks arising from their activities.

The Andorran banking business model combines traditional banking for the domestic market with significant specialisation in private banking and wealth management.

In the local market, institutions provide commercial banking services to individuals, businesses and institutions, including bank accounts, deposits, payment methods, and financing for individuals and businesses. This activity makes banking institutions the main channel for financing the Andorran economy.

Private banking and wealth management are also among the most distinctive features of the Andorran banking model. This activity mainly comprises wealth management and advisory services, financial intermediation, and discretionary, individually tailored portfolio management. In general, the range of products and services offered by banking institutions is not highly complex, although in recent years the model has continued to evolve towards higher value-added services, mainly related to wealth management.

The activities of banking groups are complemented by other financial services provided directly or through entities belonging to the respective groups. These include management of collective investment undertakings, custody and depositary services, including virtual assets, insurance activity including investment products, and certain services for businesses and institutional clients. As a result, banking groups account for a very significant share of the financial activity carried out in the Principality.

The importance of private banking and wealth management is also reflected in the composition of assets under management. As at 31 December 2025, on a consolidated basis, client deposits represented approximately 15% of the total assets managed by banking groups, while the remaining 85% consisted of off-balance-sheet assets.

Transformation and consolidation of the banking sector during 2021–2025

The period under review was marked by a process of transformation and consolidation in the Andorran banking sector. In 2021, five banking institutions operated in the Principality, five CIU management companies, and four insurance companies owned by banking groups. Two corporate acquisition and subsequent integration transactions began during that year and were completed in 2022.

As a result, the sector went from five to three banking institutions, a structure that remained stable for the rest of the period under review. This has also led to a reduction in the number of collective investment undertaking (CIU) management companies and insurance companies belonging to banking groups. This process led to greater concentration of banking activity and assets under management among fewer institutions, as well as the integration of the structures, customer bases and activities of acquired entities into the resulting groups.

From an AML/CFT prevention perspective, the transactions also involved integrating the respective control and prevention systems. These processes were verified by external auditors and subject to ongoing supervision by the AFA and UIFAND.

Scale and characteristics of activity

As at 31 December 2025, banking institutions established in Andorra managed client assets of EUR 26,349 million (individual basis). Of this amount, EUR 9,107 million consisted of client deposits and EUR 17,242 million of off-balance-sheet assets.

On a consolidated basis, including activity carried out by banking group entities abroad, assets under management amounted to EUR 109,529 million in 2025, of which EUR 16,702 million were deposits and EUR 92,827 million were off-balance-sheet assets.

The difference between the individual and consolidated figures highlights the importance that international activity has acquired within the business model of Andorran banking groups. In particular, while activity carried out by entities established in the Principality remains significant relative to the national economy, most of the groups' assets under management now relate to activity conducted through their foreign entities.

In this regard, institutions must apply AML/CFT prevention policies and procedures at group level, including to their foreign branches and subsidiaries, in accordance with the applicable legal framework. This obligation also entails considering the adequacy and equivalence of preventive measures applicable in the jurisdictions where they operate.

Regarding client deposits at banking institutions established in Andorra, as at 31 December 2025, 80.9% belonged to resident clients, while deposits of non-resident clients represented approximately 19.1% of the total. This distribution shows that deposit-taking activity carried out directly from the Principality is mainly linked to the domestic market, while the international component of the business model is particularly evident in the wealth management activity that groups conduct through foreign subsidiaries.

At the end of 2025, total credit extended in Andorra stood at EUR 5,562 million, equivalent to approximately 140% of GDP.

In terms of human resources, as at 31 December 2025, banking groups employed 2,911 people, of whom 1,243 worked in Andorra and 1,668 in other jurisdictions. Thus, more than half of the groups' employees worked outside the Principality, further demonstrating the sector's international scale.

International presence

As noted above, international scale is one of the main characteristics of the Andorran banking sector's business model and is relevant to the analysis of its AML/CFT vulnerabilities.

The internationalisation of the Andorran banking sector reflects, among other factors, the limited size of the local market and existing restrictions on providing certain services directly abroad from Andorra. It has developed mainly through the establishment or acquisition of entities in other jurisdictions, in processes involving both Andorran authorities and those of the relevant jurisdictions. These entities therefore hold the necessary authorisations in the countries where they operate and are subject to supervision by the respective competent authorities.

As at 31 December 2025, Andorran banking groups provided banking services through locally authorised entities in Spain, Luxembourg and Monaco. They also maintained an international presence through entities providing investment services in Spain, Luxembourg, Brazil, Switzerland, the United States and certain Central and South American jurisdictions. By contrast, their presence has been reduced in certain markets, including Panama, Brazil, and has ceased in Israel, Chile, Peru and the Bahamas.

It should be noted that assets under management in Spain and Luxembourg account for 82,7% of the total assets managed by foreign subsidiaries.

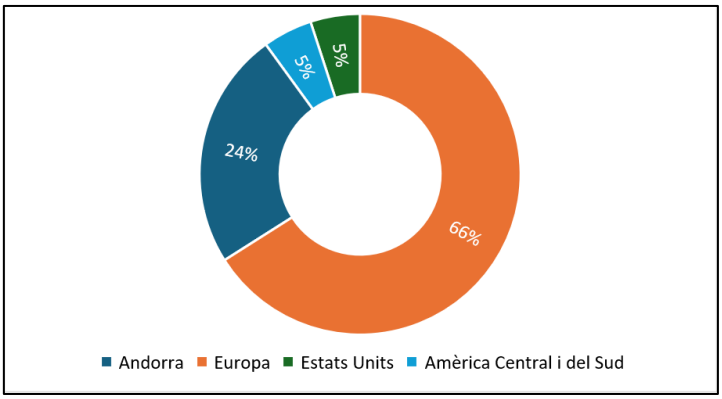


Banking subsidiaries: Spain, Luxembourg and Monaco.

Other types of subsidiaries: Brazil, Spain, United States, Luxembourg, Mexico, Panama, Switzerland and Uruguay.

The volume of assets managed through entities located abroad continued to grow and, at the end of 2025, more than 75% of banking groups' client assets were managed through their foreign subsidiaries. Considering the volume of assets under management and the number of entities abroad, the sector's evolution shows a trend towards a greater international scale of business, implemented through a more concentrated geographic and corporate structure.

Geographic distribution of the assets under management



2. Inherent vulnerability of the sector

The starting point is to consider the inherent vulnerability of the banking sector and then, in the following section, assess the quality of the controls implemented. These aggregate concepts involve considering banking institutions' prevention systems together, although they may differ according to each institution's characteristics, business model and group structure.

In this regard, one of the main changes during the period under review was the consolidation of the banking sector, which went from five banking institutions to three, integrated into three banking groups. This consolidation process also contributed to a reduction in the number of collective investment undertaking (CIU) management companies and insurance companies belonging to banking groups. In 2022, two acquisition and subsequent merger processes were completed, involving four banking groups with distinct AML/CFT prevention systems. The integration processes entailed the adaptation and harmonisation of the AML/CFT preventive frameworks of the absorbed entities with those of the acquiring entities, as well as a review of internal procedures and control structures and, where necessary, of the governance and oversight mechanisms in this area.

The changes made to the prevention systems were reviewed by external AML/CFT auditors through reports prepared both in the financial year before and the year after the mergers. In addition, as a common practice, acquiring institutions applied review and acceptance procedures to clients from acquired institutions to bring them into line with their own prevention systems. These processes also consolidated business relationships and accounts held by common clients and reorganised the departments responsible for AML/CFT control and prevention functions.

Banking institutions also apply their policies and procedures at group level, covering both the banking institution itself and the collective investment undertaking management companies and insurance entities integrated into it. Current legislation also requires foreign subsidiaries to apply preventive measures at group level, in accordance with Article 41 of Law 14/2017.

With this overall perspective, the vulnerability analysis must address the sector formed by the three banking groups in the Principality of Andorra, including the collective investment undertaking management companies and insurance companies belonging to those groups, as well as the vulnerability arising from international business conducted through foreign subsidiaries. Accordingly, these entities are excluded from the analysis of the other financial and insurance sectors in this study to avoid double counting.

With this preliminary point established, the selection of products, services or channels with inherent risk is crucial to the analysis of the banking sector's overall vulnerability. This study retains the same risk factors considered in the 2020 National Risk Assessment, in order to assess how the identified vulnerabilities have evolved during the period under review.

The 2016 National Risk Assessment considered seven risk factors specific to banking activity, which informed the development of specific actions to mitigate the identified risks. Subsequently, experience gained, evolving threats, and recommendations and

observations made in international evaluations, particularly by Moneyval, led to a review of the inherent risk factors included in the 2020 study.

This update retains those factors, as they continue to reflect the main characteristics of Andorran banking activity and make it possible to analyse the evolution of inherent risk during 2021–2025.

The first group of products consists of a segmentation of clients into private banking, corporate banking and retail banking, using client assets under management as the main variable.

The second group consists of customer lending, broken down by type of collateral. The products considered are loans and credit facilities secured by mortgages, by securities or cash, and unsecured loans.

The remaining products do not form a segmentation group as such, but remain highly relevant to the AML/CFT risk assessment given the characteristics of the Andorran banking sector. These products are funds transfers, foreign subsidiaries and safe-deposit boxes.

The risk contribution of these factors was already considered indirectly in the 2016 National Risk Assessment. In the 2020 study, they were treated individually to measure their inherent risk contribution. The same approach is retained in this update.

The characteristics and inherent risk of each of the services or products mentioned are described and analysed below.

2.1. Private banking

Private banking remains a highly significant business within the Andorran banking sector and the Andorran economy, although during the period under review its relative share of the Principality's banking activity declined.

As at 31 December 2025, assets under management for private banking clients represented 53% of all client assets under management in the banking sector, compared with 65% at the end of 2019. Relative to the Andorran economy, these assets amounted to approximately 3.5 times the country's GDP, compared with 4.8 times in 2019. In absolute terms, however, assets under management remained relatively stable during 2021–2025.

Among other indicators, private banking clients represented 14% of all banking-sector clients, compared with 17% in 2019. The decline was even more significant in the number of accounts, which currently represent 13% of all sector accounts, compared with 30% in 2019. These figures show a loss of relative weight for private banking in assets under management and client numbers, and particularly in bank accounts.

Absolute figures also show significant differences over time. Between 2019 and 2025, assets under management for private banking clients increased by 3.2%, while the number of clients fell by 5.5% and the number of accounts declined by 58.7%. As a result, average assets under management per account rose significantly, from approximately EUR 223,000 in 2019 to EUR 553,000 at the end of 2025. The latter is 17.2 times Andorra's average annual salary, compared with 9.4 times in 2019.

The decline in the number of accounts must be considered in light of the changes experienced by the banking sector during the period. In particular, the two mergers completed in 2022 led to the integration of the acquired institutions' client portfolios and the consolidation of common accounts and business relationships. Other factors that may help explain this trend include the termination of business relationships, the conversion of numbered accounts into existing named accounts, simplifying some business relationships, and the closure of certain client-owned investment structures. Consequently, the decrease in account numbers cannot be interpreted solely as a decline in private banking activity.

The decrease in client numbers was more moderate, although it varied significantly by client type. In particular, the number of legal-entity clients fell by 37.6% between 2019 and 2025, far more than the overall decrease in private banking clients. This trend should also be considered in the context of sector reorganisations and changes in business relationships with clients.

According to information provided by the institutions, assets under management increased by 7.1% relative to 2019 after excluding the effects of market valuations and exchange rates. This increase, together with the previously mentioned declines in the number of private banking accounts and clients, resulted in greater concentration of assets under management per bank account.

To put these figures in context, client classification in the private banking segment reflects the commercial and segmentation criteria applied by banking institutions, which do not necessarily match the wealth thresholds used internationally to identify High Net Worth Individuals (HNWIs). Therefore, classifying a client as private banking does not necessarily mean that the client has high net worth according to those international benchmarks, although in this study the current average amount per account is closer to internationally used classification criteria.

From an AML/CFT perspective, the volume of assets under management and the potential capacity to move funds are relevant to the analysis of private banking's inherent vulnerability. Despite the segment's declining relative share of the banking sector, the scale of assets under management and the increase in average account balances remain significant factors in the assessment.

Other characteristics of private banking clients are also relevant to their risk profile, particularly that 57% reside abroad while holding38.4% of assets under management.

It is also important to note that more politically exposed persons (PEPs), both Andorran and foreign, were identified than in the previous study. Nevertheless, PEPs account for only 1.1% of the private banking client portfolio.

International transfers by private banking clients are substantial, while cash deposits and withdrawals are not.

These clearly defined characteristics should enable institutions to calibrate customer due diligence measures, particularly with regard to source of funds, international money movements and identified political exposure.

Taking into account the criteria analysed, the inherent vulnerability calculation for private banking, without considering the contribution of banking institutions' control systems, places it at a medium-high vulnerability level.

2.2. Retail banking

Assets under management for retail banking clients across the banking sector represented 1.4 times Andorra's GDP at the end of 2025, compared with 1.1 times in 2019. This figure remained relatively stable during the period under review, with a positive trend. However, the monetary significance of retail banking relative to total banking business remains limited: retail banking client assets accounted for 21% of total client assets undermanagement, compared with 15% in 2019, showing a gradual increase in this segment's relative share of the banking sector.

As regards other indicators, retail banking accounts for 74% of banking institutions' clients and 74% of client accounts, compared with 71% and 59%, respectively, in 2019. Consequently, this segment accounts for a very significant share of the sector's business relationships and bank accounts.

In terms of business trends, aggregate assets under management for retail banking clients increased considerably relative to 2019 (+69.1%), while the number of clients and accounts fell by 17.2% and 26.4%, respectively. As a result, average assets managed per account rose from approximately EUR 27,000 in 2019 to EUR 38,900 in 2025.

Geographically, clients continue to be predominantly Andorran residents. At the end of 2025, residents of the Principality represented approximately 81% of all clients, compared with 87.6% in 2019. Andorran residents also held approximately 86.9% of retail banking assets under management.

By client type, politically exposed clients account for only 0.7% of all clients and are mostly Andorran PEPs. Individuals remain overwhelmingly predominant, representing approximately 98.2% of retail banking clients. However, the data also include a small number of legal entities, which account for approximately 11% of assets under management in this segment.

Cash use in retail banking client accounts followed a distinct trend during the period under review. Cash deposits fell by 27.3% relative to 2019, while cash withdrawals rose by 3.6%. Overall, the volume of cash transactions decreased by 8.2%.

International transfer volumes, by contrast, rose significantly compared with 2019. In 2025, the number of transfers was seven times the 2019 figure and their total value had more than doubled. This change is explained by the spread of new payment methods developed in recent years, such as SEPA transfers and the *Bizum* system. However, the average transfer amount fell from EUR 4,400 to EUR 1,600.

Considering the criteria analysed, the inherent vulnerability calculation for retail banking, without considering the contribution of banking institutions' control systems, places it at a medium vulnerability level.

2.3. Corporate banking

At the end of 2025, assets under management for corporate banking clients across the banking sector amounted to 1.7 times Andorra's GDP, compared with 1.5 times in 2019.This figure fluctuated during the period under review. However, corporate banking remains moderately significant relative to total banking business: corporate banking client assets accounted for 26% of total client assets under management, compared with 20% in 2019, showing an increase in this segment's relative share of the banking sector.

Among other indicators, corporate banking accounts for 12% of banking institutions' clients, a share unchanged from 2019, and 13% of client accounts, compared with 10% in 2019.

Corporate banking experienced a significant increase relative to 2019 in aggregate assets under management (+59.5%), as well as in the number of clients (+17.8%) and accounts (+22.6%). This trend reflects the economic dynamism of recent years and the transformations in the banking sector during the period.

In terms of risk profile, clients are predominantly resident in Andorra, reflecting the nature of business activity carried out in the Principality. Politically exposed clients are an insignificant factor among foreign clients and a moderate one among local clients.

Cash use in corporate banking client accounts is another relevant factor in assessing the segment's inherent vulnerability. Cash deposits are associated, among other activities, with businesses that rely heavily on this payment method, such as supermarkets, restaurants, bars and hotels. However, in 2025 cash deposits were 22% lower than in 2019, and withdrawals were down 30%.

By contrast, as shown in the analysis of retail banking, international transfers in corporate banking increased considerably, by 83% in number and 133% in total value. The average transfer amount also rose from EUR 11,500 to EUR 14,600.

Considering the criteria analysed, the inherent vulnerability calculation for corporate banking, without considering the contribution of banking institutions' control systems, places it at a medium-high vulnerability level.

2.4. Customer lending secured by mortgages

At the end of 2025, mortgage-secured lending across the banking sector amounted to 0.7 times Andorra's GDP, compared with 1.1 times in 2019. Loans and credit facilities secured by mortgages accounted for 51% of total customer lending, compared with 61% in 2019, showing a gradual decline in the relative share of this type of financing in the banking sector.

Among other indicators, mortgage-secured lending accounts for 17% of banking institutions' borrowers and 13% of outstanding transactions at the end of 2025, compared with 19% and 27%, respectively, in 2019.

Mortgage-secured lending fell by 7.5%in volume compared with 2019, despite the substantial dynamism of the Andorran real estate market over the same period, while the number of clients increased by 19.2%. As a result, average financing per client fell

from approximatelyEUR362,000 in 2019 to EUR 278,000 in 2025. This amount remains significant, however, representing 8.8 times Andorra's average annual salary.

In terms of risk profile, borrowers with mortgage-secured lending are mainly individuals resident in Andorra. Politically exposed clients are also a factor to consider, although the data indicate limited incidence, mainly linked to the domestic context.

Regarding client activity, cash use has declined while fund movements through international transfers have increased, in line with the banking institutions' overall portfolio.

Mortgage-secured lending also includes an additional control step, since creating the collateral requires the transaction to be formalised in a public deed and therefore involves a notary.

Considering the criteria analysed, the inherent vulnerability calculation for mortgage-secured lending, without considering the contribution of banking institutions' control systems, places it at a medium-low vulnerability level.

2.5. Customer lending secured by securities or cash

At the end of 2025, lending secured by securities or cash across the banking sector amounted to 0.3 times Andorra's GDP, unchanged from 2019. Loans and credit facilities with this type of security accounted for 22% of total customer lending, compared with 18% in 2019, although this share fluctuated during the period under review.

Among other indicators, lending secured by securities or cash accounts for 6% of banking institutions' borrowers and 5% of outstanding transactions at the end of 2025, percentages that have not changed significantly since 2019.

This type of financing is mainly associated with private banking clients, particularly Lombard loans and other forms of credit secured by pledging securities portfolios or cash. These products provide liquidity using financial assets deposited with or managed by banking institutions as collateral, without requiring their liquidation. As a result, they are associated with specific types of ML/TF risk.

Lending secured by securities or cash increased by 38.8% in volume compared with 2019, while the number of clients rose by 21.5%. Average financing per client consequently increased from approximately EUR 311,000 in 2019 to EUR 355,000 in 2025. This amount represents approximately 11 times Andorra's average annual salary and demonstrates the significance of the amounts involved in this type of transaction.

When assessing client risk profiles, particular consideration should be given to client residence and legal form, as well as the concentration of financing amounts. Clients resident in Andorra and individuals predominate, although non-resident clients and legal entities have significantly higher average financing amounts. These characteristics are relevant to the product's inherent vulnerability, particularly given its association with private banking clients and the possibility that collateral consists of high-value portfolios of financial assets.

Cash use has declined while fund movements through international transfers have increased, in line with the banking institutions' overall portfolio. However, because this

type of financing is associated with private banking clients, international transfers may be more significant from a vulnerability perspective.

Considering the criteria analysed, the inherent vulnerability calculation for lending secured by securities or cash, without considering the contribution of banking institutions' control systems, places it at a medium-high vulnerability level.

2.6. Unsecured customer lending

Lending classified as "Other loans and credit facilities" is more heterogeneous than the preceding categories, since it includes all financing transactions that are not secured by mortgages, securities or cash. This category includes, among other products, personal loans and authorised overdraft facilities.

At the end of 2025, lending in this category across the banking sector amounted to 0.4 times Andorra's GDP, unchanged from 2019. However, its relative share of lending business increased: it represented 27% of total customer lending, compared with 22% in 2019, and showed an upward trend during the period under review.

Among other indicators, this type of financing accounts for 77% of banking institutions' borrowers and 82% of outstanding transactions at the end of 2025, compared with 75% and 68%, respectively, in 2019. These figures show that the product is highly significant in terms of transaction numbers, despite its lower monetary volume than mortgage-secured lending.

Lending in this category increased by 50.1% in volume compared with 2019, while the number of clients rose by 28.7%. Average financing per client consequently increased from approximately EUR 29,000 in 2019 to EUR 34,000 in 2025. The latter represents 1.1 times Andorra's average annual salary and is considerably lower than the corresponding figure for the other types of financing analysed.

The heterogeneity of the products in this category means that client and transaction characteristics can differ significantly according to the purpose and terms of the financing. In general, the characteristics are similar to those of the other lending factors, with a predominance of clients resident in Andorra and individuals.

Considering the criteria analysed, the inherent vulnerability calculation for unsecured lending, without considering the contribution of banking institutions' control systems, places it at a medium vulnerability level.

2.7. Funds transfers

In 2025, the total volume of transfers in which Andorran banking institutions participated, both sent and received, amounted to 6.2 times Andorra's GDP, compared with 7.3 times in 2019. However, the 2019 figures included transfers between accounts at the same banking institution, whereas the 2025 figures exclude these transactions. The figures are therefore not directly comparable. Excluding internal transfers from the 2019 data, transfer volume amounted to 3.9 times GDP, showing a significant increase in activity during the period under review.

In 2025, international transfers amounted to approximately EUR 10.8 billion. They represented 20.9% of the total number of transfers and 43.9% of their value, compared with 19.9% and 50%, respectively, in 2019, also excluding internal transfers. These figures show that international transfers remain significant in the movement of funds through the Andorran banking sector.

The number of transfer orders also increased between 2019 and 2025. Together with the total value, this resulted in a significant decrease in the average value per international transfer, from EUR 15,054 in 2019 to EUR 7,583 in 2025.

Average domestic transfer values were lower and also declined, from EUR 3,351 in 2019 to EUR 2,522 in 2025.

Of the international transfer volume, 52.6% consisted of transfers sent abroad and the remaining 47.4% of transfers received. This distribution is more balanced than in 2019, when outgoing transfers represented 59.5% of the total volume.

The main countries of origin or destination for international transfers are broken down as follows:

	2019 ranking		
	Country	Share	Cumulative
1	Spain	43.5%	43.5%
2	France	10.2%	53.7%
3	United Kingdom	7.2%	60.9%
4	United States	7.2%	68.2%
5	Switzerland	4.2%	72.4%
6	Russia	3.1%	75.5%
7	Germany	2.6%	78.1%
8	Netherlands	2.4%	80.5%
9	Luxembourg	2.4%	83.0%
10	Panama	2.1%	85.1%

	2025 ranking		
	Country	Share	Cumulative
1	Spain	46.0%	46.0%
2	France	10.0%	56.1%
3	United Kingdom	8.0%	64.1%
4	United States	4.5%	68.6%
5	Switzerland	4.1%	72.7%
6	Belgium	4.1%	76.8%
7	Germany	3.6%	80.4%
8	Luxembourg	2.8%	83.2%
9	Netherlands	2.3%	85.5%
10	Panama	1.6%	87.1%

The 2025 geographic distribution of international transfers remains similar to that in 2019. Spain and France account for more than half of cross-border transactions, and the ten leading countries account for 87.1% of the total.

The relative share of the United States has declined, while Belgium has joined the leading jurisdictions. International transfers involving Russia have fallen to a negligible level following Andorra's adoption of the sanction's framework related to that country's war with Ukraine.

Overall, the data show an increasing concentration of international flows in the main European jurisdictions with which Andorra has economic and financial relations.

Andorran banking institutions joined the Single Euro Payments Area (SEPA) in March 2019. The period under review therefore covers a time when the system was already in place, while its operational consolidation has facilitated euro transfers with other participating jurisdictions.

Andorran banking institutions do not allow transfers to be sent using cash: cash must first be deposited into an account before the transfer can be sent. Similarly, restrictions apply to incoming transfers, which cannot be collected directly in cash; the amount received is credited to the client's account. An inherent feature that greatly limits risk is that transfers cannot be made by people who do not hold an account with the institution (walk-in customers).

Overall, funds transfers are a highly significant service for the Andorran banking sector, both in monetary volume and number of transactions. The substantial growth in international activity, the geographic concentration of flows and the ability to move large sums between jurisdictions are relevant factors in assessing the service's inherent vulnerability.

Considering the criteria analysed, the inherent vulnerability calculation for funds transfers, without considering the contribution of banking institutions' control systems, places the service at a medium vulnerability level.

2.8. Foreign subsidiaries

The international presence of Andorran banking groups is highly relevant to the analysis of the sector's inherent vulnerabilities, both because of the scale of business conducted outside the Principality and the range of jurisdictions in which they operate.

According to data published by the Andorran Financial Authority, at the end of 2025 more than 75% of Andorran banking groups' client assets were managed through foreign subsidiaries. This demonstrates the importance of international activity in the groups' business and its relevance to the assessment of the sector's inherent vulnerabilities.

Geographically, Andorran banking groups maintain international activity through subsidiaries in several European and American jurisdictions, particularly Spain, Luxembourg, Monaco, Switzerland and the United States. During the period under review, this international presence was reorganised, becoming more concentrated in certain jurisdictions while activity was reduced or ended in other markets.

The activities of foreign subsidiaries are mainly related to private banking, asset management, financial intermediation and advice, as well as management of collective investment undertakings and, in some cases, insurance services.

Lending has a smaller role, equivalent to 6.1% of subsidiaries' assets under management. This is explained by the fact that the subsidiaries as a whole also include non-bank entities that cannot provide lending products. Cash use is likewise insignificant at foreign banks because of their business model and non-existent at non-bank subsidiaries.

The risk profile of clients is shaped by the characteristics of the markets in which foreign subsidiaries operate and the nature of the services they provide. In particular, private banking and wealth management could involve business relationships with non-resident clients, legal entities and somewhat complex wealth structures, as well as transactions with a significant international dimension.

Taken together, however, clients resident in the jurisdictions where the foreign subsidiaries are established account for 98.4% of business relationships. This high proportion shows that subsidiaries' activity is predominantly onshore, meaning that it is mainly directed at clients resident in the markets where they operate, and generally does not follow a business model based on attracting non-resident clients. Nevertheless, non-residents hold approximately 14.5% of assets under management, a larger share than their proportion of clients, indicating higher average wealth for this smaller group.

Individuals account for approximately 98.2% of client relationships. However, legal entities hold 56.8% of assets under management (including collective investment undertakings or investment funds), indicating higher average wealth for this group. This is relevant to the analysis of inherent vulnerability, particularly regarding the potential use of complex corporate and wealth structures.

Politically exposed clients make up a very small share of the overall portfolio. However, approximately 22.5% of clients identified as PEPs are internationally politically exposed persons, compared with 30.6% in the previous study. This highlights the need to consider risks associated with political exposure in jurisdictions other than those where subsidiaries operate.

International transfers remain a significant part of subsidiaries' operations. Aggregate data show that transfers sent abroad account for approximately 54% of the total value of international transfers, while incoming transfers account for the remaining 46%. This indicates a degree of balance between incoming and outgoing flows, with a slight predominance of outgoing transfers.

Furthermore, account should be taken of the inherent complexity associated with conducting financial activities across different jurisdictions and in environments with varying risk profiles. This complexity is mitigated by the fact that the entities are subject to the applicable AML/CFT legal and regulatory frameworks and requirements in each jurisdiction in which they operate, as well as to oversight by the respective competent supervisory authorities. This requires proper coordination of AML/CFT prevention systems at group level, including common policies and procedures, information sharing and oversight of subsidiaries' activities, without prejudice to obligations under each jurisdiction's rules.

Considering the criteria analysed, the inherent vulnerability calculation for foreign subsidiaries, without considering the contribution of banking institutions' control systems, places the activity at a high vulnerability level.

2.9. Safe-deposit boxes

Regardless of capacity, service or characteristics, the Andorran banking sector had a total of 19,081 safe-deposit boxes at the end of 2025, compared with 15,503 in 2019. On average, this amounts to one safe-deposit box for every 11 clients of banking institutions, a ratio that has remained relatively stable since 2019.

Despite this high availability, use of the service is very limited and declined during the period under review. Rented safe-deposit boxes represented 20% of total capacity in 2017, falling to 12% in 2019 and around 8% at the end of 2025. In absolute terms, the number of rented boxes declined from 1,893 in 2019 to 1,438 in 2025, despite increased

capacity. This trend shows a gradual loss of importance for the service within banking activity.

All rented safe-deposit boxes must be linked to a bank account at the same institution. However, only 0.7% of bank accounts were linked to a safe-deposit box at the end of 2025, compared with 1% in 2019, confirming the limited impact of this service on the sector's business relationships overall.

The information analysed does not reveal any specific client risk characteristics that differ significantly from those of banking institutions' clients as a whole. In particular: (i) two-thirds of clients with safe-deposit boxes reside in Andorra; (ii) they are mainly individuals; (iii) very few politically exposed clients use this product; (iv) cash activity in accounts linked to safe-deposit boxes is less than half the level reported in 2019; and (v) transfers in these accounts have increased, as in the other factors analysed.

Nevertheless, the nature of the service entails certain inherent vulnerabilities, since banking institutions do not know what is actually deposited in safe-deposit boxes or how the stored goods or securities move. This limitation is inherent to the product and must be taken into account in the assessment, despite its limited use.

Considering the criteria analysed, the inherent vulnerability calculation for safe-deposit boxes, without considering the contribution of banking institutions' control systems, places the service at a medium vulnerability level.

3. Quality of AML controls

The main characteristics of the controls implemented are as follows:

3.1. Internal control systems

Internal control bodies

Banking groups establish their control structures based on their size and the risks to which they are exposed, among other factors. These structures therefore differ between institutions, although all must have bodies or functions related to AML/CFT as required by current legislation, such as the board of directors, the OCIC, the compliance function, the risk management function and the internal audit function.

External AML/CFT audits provide an additional verification layer, enabling remote supervision by UIFAND and follow-up on recommendations arising from on-site inspections, *as* well as those made by the auditor. During the period, requirements for auditors' verification work, report content and criteria for reasoned assessments were revised. Changes to checks on the application of group-wide policies and procedures, and on the equivalence of legal frameworks in jurisdictions where subsidiaries are located, are also relevant.

Staff integrity and AML/CFT knowledge

Banking groups have implemented measures to ensure the trustworthiness and integrity of their staff. These measures aim, on the one hand, (i) to protect staff from

being used by criminals to launder money and, on the other hand, (ii) to prevent criminals or persons associated with criminals from joining or remaining employed by the institution.

Current legislation also requires prior AFA authorisation for the appointment of senior managers or persons to control functions. Checks carried out by the AFA in cooperation with UIFAND include assessing these individuals' experience, knowledge, and integrity. The AFA has strengthened this framework by continuously monitoring compliance with the criteria assessed during prior authorisation processes.

All banking institutions have implemented staff training programmes on AML/CFT designed to cover their entire workforce. An external auditor assesses the adequacy of these programmes annually.

Customer due diligence measures

Customer due diligence measures require the identification and verification of the identity of the client, the beneficial owner and anyone acting on the client's behalf, in accordance with Article 9.1 of Law 14/2017. These measures apply to both individual and legal-entity clients. Banking institutions have not delegated these obligations to third parties.

Moneyval assessed this new legal frame work under FATF Recommendation 10 as largely compliant. One of the most significant improvements was the adoption of criteria for applying simplified measures to business relationships with certain low-risk characteristics. The aim is to focus resources on more complex business relationships and apply a risk-based methodology.

Record retention

The record-retention obligation under Article 37 of Law 14/2017 has been harmonised with European requirements, establishing a five-year retention period for all client documents, data, records and other information, as well as the results of all analyses conducted.

In addition, as financial obliged entities, banking institutions must digitise client data and information obtained through customer due diligence measures and ensure that the information they retain is accessible so they can respond to requests from authorities.

This new legal framework improved Andorra's rating under FATF Recommendation 11 to compliant.

Ongoing monitoring and suspicious activity detection systems

A common feature of all banking institutions in the Principality of Andorra has been investment in systems to monitor client activity and detect suspicions that should be reported. This is a crucial control in the country's AML prevention system, as many

laundering processes involving several obliged entities can be detected when criminals or persons associated with them carry out a series of transactions, exhibit an unusual pattern of behaviour or act differently than expected. In the vast majority of cases, this involves the use of a bank account.

More precise detection tools and the staff managing the alerts they generate require scenarios to be designed for potential suspicions and specific procedures to continually improve the effectiveness of this control. UIFAND emphasises that institutions should manage their risks as efficiently as possible by defining risk scenarios that best match the characteristics of their business.

Suspicious transaction reports

84% of suspicious transaction reports submitted in 2025 came from the Andorran banking sector.

As noted above, banking institutions have alert systems that use defined scenarios or fixed rules to identify activity potentially linked to money laundering, as well as trained staff to manage these alerts.

Direct communication with UIFAND's Operational Area has also contributed to improved quality of the reports submitted.

3.2. Controls by the competent authorities

Controls on market entry

The main rules governing entry controls in the banking sector are:

- Law 35/2010 of 3 June on the authorisation regime for establishing new operating entities in the Andorran financial system[2].
- Law 7/2013 of 9 May on the legal regime for operating entities in the Andorran financial system and other provisions governing the conduct of financial activities in the Principality of Andorra[3].
- Law 7/2024 of 27 May on the organisation and operation of operating entities in the financial system and market abuse, which replaces Law 8/2013 of 9 May[4].

This regulatory framework establishes a prior authorisation regime for creating new banking institutions, administered by the AFA. It includes verification of compliance with the applicable legal, organisational and operational requirements, as well as assessment of the suitability and propriety of qualifying shareholders, senior management and control function holders.

In this context, the regulatory and supervisory framework for financial institutions was assessed by MONEYVAL under FATF Recommendation 26 on the regulation and supervision of financial institutions.

[2] https://portaljuridicandorra.ad/L2010035
[3] https://portaljuridicandorra.ad/L2013007
[4] https://portaljuridicandorra.ad/L2024007

During the period under review (2021–2025), the AFA did not receive any applications for authorisation to establish a new banking institution, nor any applications for authorisation concerning the incorporation of new financial entities into existing banking groups.

Supervisory actions

UIFAND's supervisory actions include on-site inspections and off-site supervision. With regard to on-site supervision, it should be noted that the banking sector comprises three banking institutions. In recent years, the supervisory approach has generally involved conducting one on-site inspection of a banking institution per year, thereby allowing the entire banking sector to be covered over a three-year cycle.

However, the scope of these supervisory activities should not be assessed solely from the perspective of the individual banking institution subject to inspection. To the extent that certain subsidiaries within banking groups share AML/CFT systems, policies, procedures and governance structures, the review of these elements at the banking institution level also enables the assessment of relevant aspects of the control framework applicable to its subsidiaries.

Furthermore, on-site inspections are not limited to the year in which the inspection report is issued, but entail subsequent follow-up by the UIFAND and, where applicable, the AFA on the recommendations issued and verification of the corrective measures implemented, supplemented by the work carried out by external auditors in the field of AML/CFT.

Another relevant feature is that the most recent on-site inspections of banking institutions have been conducted jointly by the AFA and the UIFAND. In addition, consideration is being given to adopting thematic approaches aimed at focusing supervisory reviews on emerging risks or areas presenting heightened risk exposure.

Sanctions regime

The current legal framework, set out in Chapter 12 of Law14/2017, Articles 69 to 90, includes a sanctions regime that classifies breaches of AML/CFT obligations as minor, serious or very serious according to their severity. Legislative amendments introduced in recent years have strengthened this regime, which MONEYVAL assessed under FATF Recommendation 35 on sanctions.

This framework is complemented by the powers conferred on the AFA under the sanctioning regime applicable to financial institutions. In particular, carrying out financial activities subject to authorisation without having obtained the requisite prior authorisation may result in the imposition of sanctions provided for under the applicable legislation. Furthermore, the prudential regulatory framework enables the AFA to take action where circumstances arise that affect compliance with the fitness and propriety requirements applicable to members of senior management and persons responsible for control functions, including the adoption of appropriate supervisory measures.

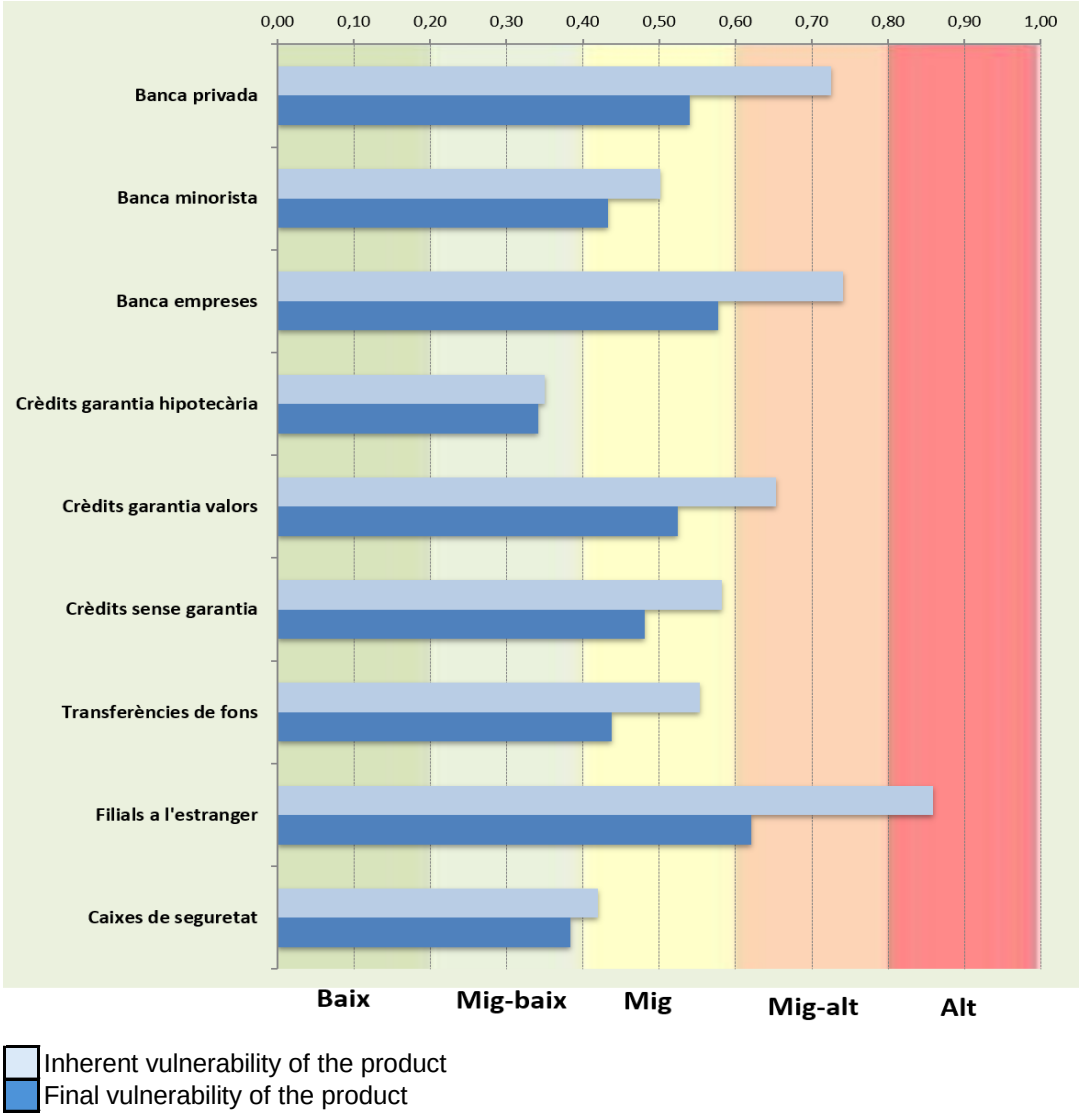
The effective application of this sanctions regime has been demonstrated in recent years through the processing and resolution of sanctions proceedings, including the

imposition of sanctions on entities in the banking sector. However, the exercise of sanctioning powers is an exceptional supervisory measure, adopted when breaches of legal obligations are identified, without prejudice to preventive, monitoring and corrective measures taken by the competent authorities.

4. Vulnerability rating

Under the World Bank methodology, the variables analysed indicate a medium-high level of AML control quality in Andorran banking groups, which affects the inherent vulnerability calculation for each product as follows:

Mitigation of inherent vulnerability by risk factor



Inherent vulnerability of the product
Final vulnerability of the product

The consolidated summary of conclusions for the banking sector is therefore as follows:

Quality of AML controls	**Medium-high**
Final sector vulnerability	**Medium**

Non-bank financial sector

1. General description of the sector

The non-bank financial sector consists mainly of collective investment undertaking management companies not owned by Andorran banking groups and investment financial institutions. The latter include investment financial companies, investment financial agencies, wealth management companies and financial advisers, which may provide various investment and ancillary services depending on the type of entity and its authorisation.

As at 31 December 2025, two collective investment undertaking management companies independent of banking groups operated in Andorra, unchanged from the previous National Risk Assessment.

As at 31 December 2025, 15 investment financial institutions were registered, compared with 11 at the end of 2019. The sector comprises one investment financial company, one investment financial agency, three wealth management companies and ten financial advisers.

Type of entity	Number of entities as at 31/12/2025
Independent CIU management companies	**2**
Investment financial institutions	**15**
Investment financial companies	*1*
Investment financial agencies	*1*
Wealth management companies	*3*
Financial advisers	*10*
Total non-bank financial entities	**17**

The increase in the number of entities during the period under review was concentrated mainly among financial advisers, which rose from six entities at the end of 2019 to ten at the end of 2025. This trend has accelerated in recent years.

The main differences between types of investment financial institutions are relevant when assessing the sector's characteristics. In particular, financial advisers, who account for two-thirds of existing entities, do not manage or hold their clients' funds or assets. Their activity consists of making investment recommendations; the client decides whether to act on them, and any resulting transactions are carried out through the banking institution where the client's assets are held.

Client assets managed or advised

As at 31 December2025, independent collective investment undertaking management companies had total assets of EUR 3.3 million and managed or advised client assets of EUR 220 million. Their scale is small compared with management companies belonging to banking groups.

At the same date, investment financial institutions as a whole had total assets of EUR 12.7 million and managed or advised client assets of EUR 1,674 million. This figure includes both discretionary managed assets and assets for which only advisory services are provided; it therefore does not represent assets over which the institutions have disposal authority in their entirety.

Compared with the previous National Risk Assessment, the sector's activity increased significantly. Assets managed by independent collective investment undertaking management companies rose from EUR 87 million in 2019 to EUR 220 million in 2025. Similarly, assets managed or advised by investment financial institutions increased from EUR 921 million at the end of 2019 to EUR 1,674 million at the end of 2025. This increase coincided with growth in the number of entities of the latter type, although, as noted above, a significant share of the new entities are financial advisers who do not manage or hold client assets.

The activities of Andorran non-bank financial institutions are conducted within Andorra and, therefore, their international exposure does not generally arise from the direct conduct of activities in other jurisdictions. Nevertheless, during the period under review, an Andorran investment financial institution established a subsidiary in Monaco, following the authorisation procedure in that jurisdiction. The establishment was authorised in advance and monitored by the competent Andorran authorities, the AFA and UIFAND, within their respective areas of responsibility.

As at 31 December 2025, 14 financial agents were registered with the AFA: nine acted exclusively for investment financial institutions and five for a collective investment undertaking management company. The number of agents also increased from the previous National Risk Assessment, when seven financial agents were registered at the end of 2019.

2. Inherent vulnerability of the sector

As noted, this sectoral analysis includes only non-bank financial institutions, since collective investment undertaking management companies belonging to banking groups are included in the banking-sector analysis.

With this preliminary point established, the selection of products and services with inherent risk is crucial to assessing the overall vulnerability of the non-bank financial sector. The four risk factors considered in previous studies are retained: wealth management, financial advice, collective investment undertaking management and financial intermediation.

During the period under review, the scale and composition of the sector's activity changed significantly, particularly in wealth management and financial advice. These two activities account for almost all assets managed or advised by the institutions

analysed, while collective investment undertaking management is smaller and no financial intermediation activity is recorded.

The characteristics and inherent vulnerability of each of these products and services are described and analysed below.

2.1. Wealth management

At the end of 2025, non-bank financial institutions managed approximately EUR 989 million in wealth management assets, compared with EUR 440 million in 2019. This represents a 124.8% increase since the previous study, although most assets relate to clients introduced by financial agents. Looking only at 2021–2025, assets under management rose by 62.5%.

Wealth management accounted for approximately 51.8% of the non-bank financial sector's combined managed or advised assets, compared with 43.6% in 2019. This shows the activity's increased relative importance within the sector.

Among other indicators, the number of clients rose from 416 in 2021 to 752 in 2025, an increase of 80.8%. Average assets under management per client were approximately EUR 1.3 million, slightly below the 2019 figure.

Individuals accounted for approximately 87.2% of business relationships and 82.5% of assets under management. Legal entities therefore made up a small share of clients, although their use of corporate and wealth structures may create specific vulnerabilities.

As regards geographic risk, clients resident in Andorra represented 44.3% of the total and held 51.2% of assets under management. Clients resident in other OECD countries accounted for 40.4% of business relationships and 38.2% of assets. Clients resident in other jurisdictions represented 15.3% of clients and 10.6% of managed assets.

These figures show that, despite the importance of clients resident in Andorra, the activity has a significant international dimension, with more than half of business relationships involving non-resident clients. This requires consideration of risks associated with clients' jurisdictions of residence and the legal structures used to channel certain investments.

The incidence of politically exposed persons was limited. At the end of 2025, seven PEP clients were identified: six domestic and one foreign. Together, they represented approximately 0.9% of all clients.

AML/CFT audit information also shows that assets managed by non-bank financial institutions are held mainly in Andorra, although positions are also held with financial institutions in various foreign jurisdictions. This is relevant to the inherent vulnerability analysis because it involves relationships with depositary institutions subject to different regulatory and supervisory frameworks.

Wealth management companies do not use omnibus accounts. Instead, they operate through accounts held directly by clients at banking institutions. Consequently, managed assets are not part of the management companies' own assets and are not held in accounts in their name, making it harder for banking institutions to monitor clients individually and directly.

In 2025, approximately EUR 159 million was contributed to managed portfolios and EUR46 million was withdrawn. These amounts represented 16% and 4.7%, respectively, of assets under management at the end of the year.

Reported data show no cash contributions in 2025, although some cash withdrawals were recorded. This activity accounted for a very small proportion of assets under management and of the activity's funds movements.

Considering the criteria analysed, the inherent vulnerability calculation for wealth management, without considering the contribution of non-bank financial institutions' control systems, places the activity at a medium-high vulnerability level.

2.2. Financial advice

At the end of 2025, non-bank financial institutions advised on approximately EUR 849 million in assets, compared with EUR 434 million in 2019. This represents an increase of 95.5% since the previous study and 23.5% during 2021–2025.

Financial advice accounted for approximately 44.4% of the non-bank financial sector's combined managed or advised assets, compared with 43.1% in 2019. It therefore remains one of the main activities carried out by the institutions analysed.

Financial advisers are the most numerous types of investment financial institution.

The number of clients increased from 165 in 2021 to 397 in 2025, a rise of 140.6%. Average advised assets per client were approximately EUR 2.1 million, compared with EUR 3.3 million in 2019. This shows an expansion in the client base accompanied by a decrease in average wealth per business relationship.

Financial advice consists of personalised recommendations on financial instruments, without the advisory institution holding client assets or having the ability to execute transactions directly. Advised assets remain deposited with financial institutions, which are responsible for their custody and for executing the relevant transactions.

Individuals accounted for approximately 87.4% of business relationships and held around 72% of advised assets. Thus, despite the presence of legal entities, the activity is conducted mainly with individual clients, both by number and by assets.

As regards geographic risk, clients resident in Andorra represented approximately 60.2% of the total and held 58% of advised assets. Clients resident in other OECD countries accounted for 33% of business relationships, while those resident in other jurisdictions made up the remaining approximately 6.8%.

This distribution shows a greater concentration in clients resident in Andorra than in wealth management, while an international client base remains relevant to the inherent vulnerability analysis.

In 2025, 17 domestic PEP clients were identified, representing approximately 4.3% of all clients. No international PEP clients were recorded. Assets advised for domestic PEPs represented approximately 5.1% of the total.

A particularly relevant feature of this activity is that, by its nature, it does not allow funds to enter the financial system directly through the adviser, nor can the adviser transform,

hold or transfer those funds. Any recommendations are implemented, where applicable, through transactions executed by the financial institutions where clients hold their assets.

This significantly reduces the possibility of using the service directly to place or move funds of illicit origin. However, financial advisers are required to monitor increases and decreases in advised portfolios and establish their rationale and the justification for the source of funds.

Information obtained through AML/CFT audit work shows that a significant share of advised assets is deposited with Andorran financial institutions, although substantial amounts are also held by depositary institutions in other jurisdictions, mainly Spain, Luxembourg and Switzerland.

Considering the criteria analysed, the inherent vulnerability calculation for financial advice, without considering the contribution of non-bank financial institutions' control systems, places the activity at a medium-high vulnerability level.

2.3. Investment fund management

Collective investment undertaking management by non-bank financial institutions is relatively small compared with the sector's other activities. At the end of 2025, managed CIU assets amounted to approximately EUR 73 million, representing 3.8% of the managed or advised assets of the institutions analysed, compared with 13.3% in 2019.

During 2021–2025, assets under management increased by 16.6%, from EUR 62.6 million to EUR 73 million. This represents moderate growth in absolute terms, while the activity's relative importance in the sector declined as wealth management and financial advice expanded more rapidly.

Reported data show 11 managed CIUs or sub-funds at the end of 2025, compared with 15 in 2021. The number of participants was 91, down from 97 in 2021, indicating some reduction in business relationships despite growth in assets under management.

Individuals represented approximately 80.2% of participants. However, legal entities held 76% of managed assets, indicating higher average wealth for this group. This is relevant to assessing inherent vulnerability, particularly when investments are channelled through corporate structures.

Participants resident in Andorra represented approximately 42.9% of the total and held 52.7% of managed assets. Participants resident in other OECD countries accounted for 27.5% of participants and 45.7% of assets, while those resident in other jurisdictions represented 29.7% of participants but only 1.6% of assets.

Reported data identified no PEP participants, either domestic or foreign.

Product complexity requires distinguishing between the legal type of managed CIUs and the composition of the assets in their portfolios. The first determines investment possibilities and restrictions applicable to the vehicles, while the second identifies actual exposure to more complex financial instruments, low-liquidity assets or assets that are difficult to value.

The marketing and distribution channels for units must also be considered. When the management company markets CIU units directly, it may establish direct relationships with investors and participate in subscription and redemption processes. When distribution takes place through intermediary institutions, the distributors' characteristics and the relationships established with them become particularly relevant.

In 2025, approximately EUR 11.2 million was contributed to managed CIUs and EUR 5.6 million was redeemed. These amounts represented 15.3% and 7.7%, respectively, of assets under management at year-end.

No cash contributions or redemptions associated with this activity were recorded in 2025.

Considering the criteria analysed, the inherent vulnerability calculation for investment fund management, without considering the contribution of non-bank financial institutions' control systems, places the activity at a medium-high vulnerability level.

2.4. Financial intermediation

Financial intermediation is one of the investment services that certain types of non-bank financial institutions may provide, subject to the relevant authorisations.

However, data provided by the institutions analysed show no financial intermediation activity during 2021–2025. No intermediated assets, clients, accounts or portfolios linked to this service, or funds movements arising from its provision, were recorded.

This continues the trend observed in the previous study, which had already found no financial intermediation activity in 2019.

The potential risk arises from the possibility that certain authorised institutions may provide this service, which involves greater participation in transmitting or executing orders in financial instruments and, depending on the authorised service, may involve relationships with entities responsible for asset custody and administration.

The assessment considers only the inherent vulnerability of certain entities that could provide this service, reduced to reflect the absence of activity during the reference period.

Considering the criteria analysed, the inherent vulnerability calculation for financial intermediation, without considering the contribution of non-bank financial institutions' control systems, places the activity at a **medium-low vulnerability level**.

3. Quality of AML controls

The main characteristics of the controls implemented are as follows:

3.1. Internal control systems

Internal control bodies

Although non-bank financial institutions assess their exposure to risk and define measures based on those assessments, the size of many institutions often prevents them from establishing multiple lines of control or creating dedicated bodies to perform functions, as may be done in banking institutions.

As operating entities in the Andorran financial system, non-bank financial institutions must have a board of directors with at least three members and a specific function overseeing the institution's management. AML/CFT audit reports are also submitted to the board for consideration.

Non-bank financial institutions must also have an Internal Control and Communication Body (OCIC), responsible for monitoring compliance with the institution's AML/CFT system. At the end of 2025, all non-bank financial institutions had a fully established OCIC.

Staff integrity and AML/CFT knowledge

Non-bank financial institutions have small and relatively stable workforces. Their controls include recruitment procedures that assess candidates' integrity, as well as measures to protect the institution through staff awareness activities, training courses and information made available to employees.

During the period analysed, particular emphasis was placed on controls applied when establishing professional relationships with financial agents who introduce clients. These controls must include checks on agents' suitability and verification that introduced clients meet acceptance requirements through the due diligence measures defined by the non-bank financial institution.

Each institution also establishes the staff training programme it considers most appropriate, including training for financial agents. In addition, ADEFI periodically organises AML/CFT sessions for its members, sometimes engaging a consultancy or specialist firm.

Customer due diligence measures

Customer due diligence requires identifying and verifying the identity of the client, beneficial owner and anyone acting on the client's behalf. These measures apply to both individual and legal-entity clients. Non-bank financial institutions have not delegated these obligations to third parties.

Moneyval assessed this legal framework under FATF Recommendation 10 as largely compliant.

Transaction scrutiny

Although the most significant part of the activity involves monitoring positions in accounts held in the client's name, whether for wealth management or financial advice, and those accounts are monitored by the banking institutions where they are held, non-bank financial institutions are fully aware of their obligation to scrutinise client transactions and verify the source of funds where required.

Record retention

The five-year record-retention obligation covers all client documents, data, records and other information, as well as the results of all analyses conducted.

In addition, as financial obliged entities, non-bank financial institutions must digitise client data and information obtained through due diligence measures and ensure that the information they retain is accessible so they can respond to requests from authorities.

Suspicious transaction reports

Non-bank financial institutions submitted only three suspicious transaction reports during the reference period. This is a very low reporting level, particularly given the volume of assets managed or advised by the sector.

3.2. Controls by the competent authorities

Controls on market entry

The rules governing access controls for the non-bank financial sector are the same as those set out for the banking sector.

This regulatory framework establishes an authorisation and market entry control system which includes, among other aspects, the verification of the requirements applicable to qualifying shareholders, members of senior management and persons responsible for control functions, as well as the adequacy of the entities' organisational structures and internal control mechanisms.

Under MONEYVAL follow-up procedures, FATF Recommendation 26 on the regulation and supervision of financial institutions was rated largely compliant. This rating concerns technical compliance with the Recommendation's requirements and is not, by itself, an assessment of the overall effectiveness of market-entry controls.

As noted in the sector description, the increase in the number of entities during the period analysed was concentrated mainly among financial advisers, which rose from six at the end of 2019 to ten at the end of 2025.

Supervisory actions

UIFAND's supervision of non-bank financial institutions includes on-site inspections and off-site supervisory actions.

During 2021–2025, UIFAND conducted five on-site inspections, all of them general inspections. These actions resulted in reports setting out identified deficiencies and relevant recommendations or corrective measures, followed by monitoring of their implementation.

Off-site supervision mainly involved analysing AML/CFT audit reports, reviewing periodic information requested from institutions and following up on identified deficiencies.

Sanctions regime

The current legal framework establishes a sanctions regime that classifies breaches of AML/CFT obligations as minor, serious or very serious according to their severity. Legislative amendments introduced in recent years have strengthened this regime, which MONEYVAL assessed under FATF Recommendation 35 on sanctions.

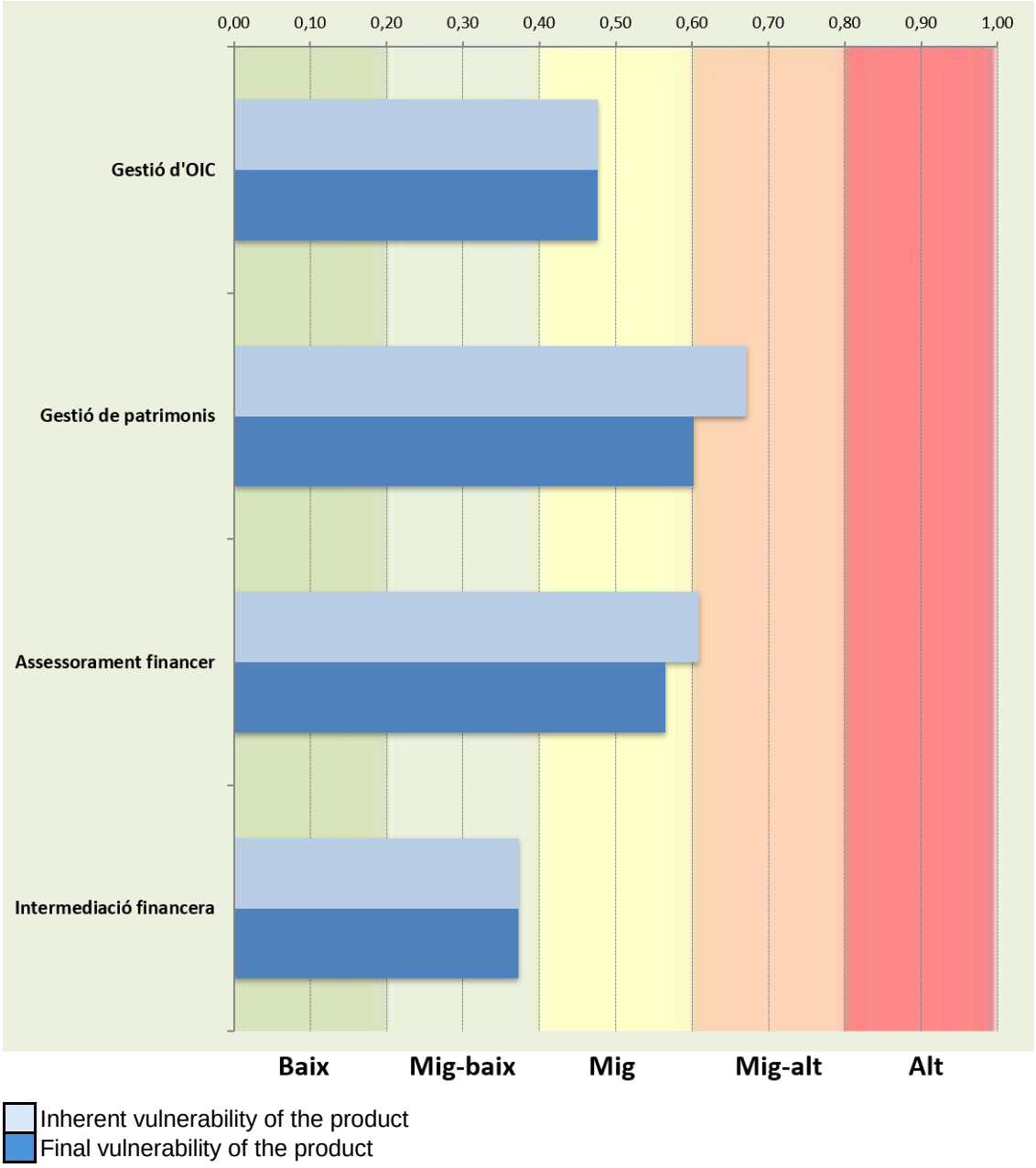
This framework is complemented by the powers conferred on the AFA under the sanctioning regime applicable to financial institutions. In particular, carrying out financial activities subject to authorisation without having obtained the requisite prior authorisation may result in the imposition of sanctions provided for under the applicable legislation. Furthermore, the prudential regulatory framework enables the AFA to take action where circumstances arise that affect compliance with the fitness and propriety requirements applicable to members of senior management and persons responsible for control functions, including the adoption of appropriate supervisory measures.

During the period analysed, no administrative sanctions proceeding named a non-bank financial institution as a potential offender.

4. Vulnerability rating

Under the World Bank methodology, the variables analysed indicate a medium level of AML control quality in the non-bank financial institutions sector, which affects the inherent vulnerability calculation for each product as follows:

Mitigation of inherent vulnerability by risk factor



The consolidated summary of conclusions for the non-bank financial sector is therefore as follows:

Quality of AML controls	**Medium**
Final sector vulnerability	**Medium**

Non-bank insurance sector

1. General description of the sector

The analysis of the non-bank insurance sector is limited to insurance entities that do not belong to banking groups and carry out life insurance business. Under Andorran AML/CFT legislation, these entities are obliged entities in respect of their life insurance activity.

As at 31 December 2025, ten non-bank insurance entities operated in the life insurance sector: six Andorran entities and four branches of foreign entities authorised to operate in the Principality of Andorra. Four of these entities operated exclusively in life insurance, while six combined this activity with other lines.

Non-bank entities operating in life insurance	Andorran entities	Branches of foreign entities	Total
Life insurance only	2	2	4
Life insurance and other lines	4	2	6
Total	**6**	**4**	**10**

For AML/CFT purposes, these ten companies have nine prevention systems subject to supervision, since two branches are integrated into a single company.

Sector transformation during 2021–2025

During the period analysed, insurance activity underwent several reorganisations, resulting, among other factors, from the sector's adaptation to the new legal framework and from corporate transactions and portfolio transfers.

These changes included the reorganisation of insurance activity previously linked to two banking groups and the subsequent entry of a foreign insurance group into the share capital of one of the resulting entities.

As a result, part of the activity that was included in the bank-assurance perimeter in the previous National Risk Assessment is now part of the non-bank insurance sector. The sector's current figures are therefore not directly comparable with those for 2019.

During the period under review, life insurance portfolios were also transferred between entities. Some entities ceased operating in this line and transferred their portfolios to other insurers, leading to some concentration in life insurance.

Consequently, the change in premium volume between 2019 and 2025 should not be interpreted directly as growth in the sector's business, since part of the variation reflects

changes in the scope of the analysis. In addition, much of the increase in premiums relates to products supplementing public health coverage.

Characteristics of the activity

The business of non-bank insurers operating in life insurance is conducted in the Andorran market. Branches of foreign entities operate in the Principality under the relevant authorisations and are part of the prevention systems of insurance entities domiciled and supervised in other jurisdictions.

The activity of entities in this sector also differs significantly according to the nature of the products sold. An entity's classification as a life insurer does not mean that all of its activity has the same AML/CFT characteristics.

In particular, some activity relates to products designed mainly to cover personal and health risks, including products that supplement public social security benefits, and whose primary purpose is not saving or investment. At the same time, the sector sells life products with savings, investment or value-accumulation components that have a more significant financial function.

This distinction is particularly relevant to the analysis of AML/CFT vulnerabilities, since the ability to accumulate value, make contributions, withdraw funds early or mobilise assets creates a potentially different exposure from products designed mainly to cover a risk. This issue is examined in more detail in the sector's vulnerability analysis.

The reorganisation during the period also meant that some life products with savings or investment components remain within bancassurance entities and are therefore analysed together with the banking sector.

A development during the period was the establishment in 2023 of the Association of Insurance and Reinsurance Companies of Andorra (ARADA), which brought the country's various types of insurance companies together in a single association. This represents a significant improvement over the sector associations previously in place, enabling more coordinated and effective dialogue with supervisory authorities, particularly UIFAND on AML/CFT matters.

Life insurance business volumes

For life insurance activity, information provided by the entities analysed, excluding portfolios transferred from bancassurance, shows that at the end of 2025 combined technical provisions and vested rights amounted to EUR 157.8 million, compared with EUR 167.7 million in 2021, a decrease of 5.9%.

Gross premiums written in 2025, also excluding portfolios transferred from bancassurance, amounted to EUR 10.7 million, compared with EUR 14.8 million in 2021, a decrease of 27.8%. By contrast, surrenders increased by 13.1%, from EUR 7.6 million in 2021 to EUR 8.6 million in 2025.

These figures show that, despite a decline in activity during the period under review, the sector retains a significant volume of assets linked to life products, which are the main area of interest in assessing AML/CFT risks.

According to the AFA's Register of Insurance Intermediaries, a total of 73 insurance intermediaries operating in the life insurance sector are registered as of December 2025, of whom 86.3% were brokers and 13.7% agents. Of the total, 58.9% were legal entities and 41.1% individuals, with legal entities predominating among brokers (65.1%) and individuals among agents (70.0%).

The number of intermediaries increased by 15.9% compared with 2019, with the increase concentrated among brokers, a group presenting greater money laundering risk. In addition, 13 of the intermediaries currently registered joined during 2021–2025; all were brokers and legal entities.

2. Inherent vulnerability of the sector

The assessment of inherent vulnerability in the insurance sector covers only Andorran insurers and branches of foreign insurers that operate in life insurance and do not belong to banking groups. Insurers integrated into banking groups are analysed as part of the banking sector, given their links to those groups' clients and prevention systems.

The analysis also includes vulnerabilities associated with insurance intermediaries' involvement in marketing products, but does not assess individually the quality of controls applied by life insurance brokers that are obliged entities.

The four groups considered in the previous study are retained: unit-linked, savings life (including policies where investment risk falls on the client and those where it falls on the insurer), protection life, and pension and retirement plans. These products differ in purpose, ability to accumulate assets, surrender options and client profiles, resulting in different levels of inherent AML/CFT risk.

Non-bank insurance entities are mainly active in non-life insurance. Consequently, life products, which are the focus of this analysis because of their AML/CFT relevance, account for only part of the sector's total business.

Overall, the relatively small scale of life insurance activity and the characteristics of many products limit the sector's exposure to AML/CFT risks. However, certain products with investment components, wealth accumulation features and early surrender options may present specific vulnerabilities requiring separate analysis. Insurance intermediaries are included in the sector's inherent vulnerability analysis only in part: their contribution to insurers' risk is considered, but not the quality of their controls where they are obliged entities (life insurance brokers).

2.1. Unit-linked insurance

This is a life-investment product in which the policy holder bears the investment risk and which includes death cover. The ability to accumulate wealth and make early surrenders are the main features that may increase its vulnerability to money laundering.

At the end of 2025, associated technical provisions had decreased by 16.6% compared with 2021. Despite this decline, unit-linked products account for a significant share of total technical provisions and vested rights for the life products analysed, although they

have only 69 clients. This high concentration of assets is one of the product's main vulnerability factors.

Gross premiums written also declined, while surrenders increased. This highlights the significance of outflows, which in 2025 amounted to approximately 7.5% of the product's technical provisions.

Individuals account for virtually all business relationships. The international component remains particularly significant: 68.1% of clients are non-residents and hold approximately 63.6% of technical provisions. Most non-resident clients come from OECD countries, although clients from other jurisdictions are also identified. No clients are politically exposed.

In 2025, cash surrenders were recorded in considerable amounts, equivalent to 9.9% of total surrenders. This is a specific vulnerability factor because accumulated value in the product can be converted into cash. Cash premium payments (inflows)are insignificant.

The analysis concludes that the product's **inherent vulnerability is medium risk**.

2.2. Savings life insurance

Savings life products are primarily intended to build savings, although they may include an investment component. This category includes different types of single-premium and regular-contribution policies, in which investment risk may fall on the policy holder or the insurer. The ability to accumulate assets and make early surrenders are the main inherent vulnerability factors.

At the end of 2025, technical provisions for these products amounted to EUR 43.2 million, compared with EUR 42.9 million in 2021, a virtually stable trend. Gross premiums written fell from EUR 7.7 million to EUR 4.7 million over the same period, while surrenders declined from EUR 2.8 million to EUR 2.6 million.

The number of clients fell from 1,576 in 2021 to 1,351 in 2025, a decrease of 14.3%. Average provisions per client were approximately EUR 32,000, significantly below the average for unit-linked products.

Individuals account for virtually all business relationships. In addition, 95.1% of clients reside in Andorra and hold 97.4% of technical provisions, so the activity has a limited international component. In 2025, 19 domestic PEP clients were identified and no international PEPs were recorded.

Cash activity is insignificant.

The analysis concludes that the product's **inherent vulnerability is medium risk.**

2.3. Protection life insurance

Protection life products are primarily intended to provide financial cover against certain contingencies, particularly the death, disability or serious illness of the insured person. Unlike life-investment or savings life products, they do not enable wealth accumulation or early surrender, which considerably limits their inherent vulnerability to money laundering.

These products continue to account for most life insurance clients. At the end of 2025, the entities analysed reported 5,329 clients and 5,563 policies, compared with 6,972 clients and 7,313 policies in 2021, decreases of 23.6% and 23.9%, respectively.

Gross premiums written in 2025 amounted to EUR 3.3 million, slightly below the 2021 figure. Total insured capital amounted to EUR 469.4 million, compared with EUR 608.3 million in 2021. This represents the capital covered by policies, not assets accumulated or available to clients. The figures analysed also exclude the protection life portfolio transferred from bancassurance during the reference period. That portfolio is nevertheless considered in the qualitative assessment of the product's inherent vulnerability, but its exposure to AML/CFT risks is very limited.

Individuals account for 99.3% of clients, while residents of Andorra make up 99.8%. This high concentration of resident clients demonstrates the essentially domestic nature of the activity.

A significant share of these policies is linked to financing transactions, particularly mortgage or consumer loans, where the lending financial institution may be named as the beneficiary of the cover. Benefits are also conditional on the occurrence of events specified in the contract, limiting the potential to use the product to move funds at discretion.

Cash use recorded for this product is insignificant.

The analysis concludes that the product's inherent vulnerability is medium-low risk.

2.4. Pension and retirement plans

Pension and retirement plans are primarily intended to build long-term savings to supplement clients' income in retirement. They have a long-time horizon and contractual conditions governing access to funds, although exceptional early surrender may be permitted.

Most pension and retirement plan in the Andorran market are offered by companies belonging to Andorran banking groups and are not analysed in this section. The products considered here are policies intermediated by Andorran branches of foreign insurance companies.

At the end of 2025, vested rights amounted to EUR 34.1 million, compared with EUR 28.2 million in 2021, an increase of 21%. Despite the small number of clients, these products account for approximately 21.6% of the combined technical provisions and vested rights for the life products analysed.

The number of clients fell from 202 in 2021 to 138 in 2025, as did gross premiums written. This contrasts with the increase in vested rights and results in average assets per client of approximately EUR 247,000.

All clients are individual's resident in Andorra. In 2025, six domestic PEP clients were identified and no international PEPs were recorded.

Surrenders recorded in 2025 were low relative to total vested rights. This indicates limited movement of accumulated assets, consistent with the product's long-term savings purpose.

The analysis concludes that the product's inherent vulnerability is medium-low risk.

3. Quality of AML controls

The main characteristics of the controls implemented are as follows:

3.1. Internal control systems

All insurance entities operating in life insurance in the Principality of Andorra are legal entities and have internal AML/CFT policies and procedures, which are reviewed annually by an external auditor assessing the adequacy of internal controls in light of the entity's nature, complexity and size. During the period analysed, auditors made recommendations to align internal manuals with companies' actual practices.

In most cases, the internal control and communication body is made up of a manager who is also the UIFAND representative and performs other functions within the entity. The resources devoted to this area are not extensive but are considered sufficient given the sector's characteristics and small size.

In addition to controls carried out in Andorra, control functions at branches of foreign insurance companies are generally performed by the parent company, as are OCIC functions, with specialist teams and substantial resources.

Compliance with AML/CFT obligations

Customer due diligence and transaction monitoring measures should be adapted to the risk of products and clients. Protection life products involve limited activity, while unit-linked and savings life products require more intensive controls over source of funds, contributions and surrenders.

At smaller entities, transactions are monitored mainly through manual procedures. These may be proportionate to the volume of activity but have limitations in detecting unusual patterns. The availability and digitisation of documentation are also important for ensuring transaction traceability and facilitating supervision.

Other areas requiring particular attention include the effectiveness of PEP identification mechanisms, updating financial sanctions checks and staff training. These issues had already been identified as areas for improvement in the previous study.

Other relevant factors

Insurance intermediaries' involvement in marketing products is a factor to consider, particularly when they participate in identifying clients and collecting documentation. Insurers must ensure that preventive measures are properly applied and that necessary information is accessible.

Companies must have an acceptance process for collaborators who introduce clients; this process must involve more than simply confirming that the collaborator is registered in the AFA's Register of Intermediaries. Work on this issue has continued with

companies, as has the written formalisation of the respective responsibilities of companies and intermediaries in meeting AML/CFT obligations.

3.2. Controls by the competent authorities

Entry controls

The AFA is responsible for prudential supervision and insurance activity The authorisation and registration procedures incorporate fitness and propriety requirements for significant shareholders, members of the management body, general management and persons responsible for control functions, as well as organisational requirements that help prevent unsuitable individuals or structures from entering the sector.

AML/CFT supervision

UIFAND supervises compliance with preventive obligations by analysing annual external audit reports, conducting other off-site supervisory actions and carrying out risk-based on-site inspections. These actions make it possible to identify deficiencies, issue recommendations and monitor corrective measures.

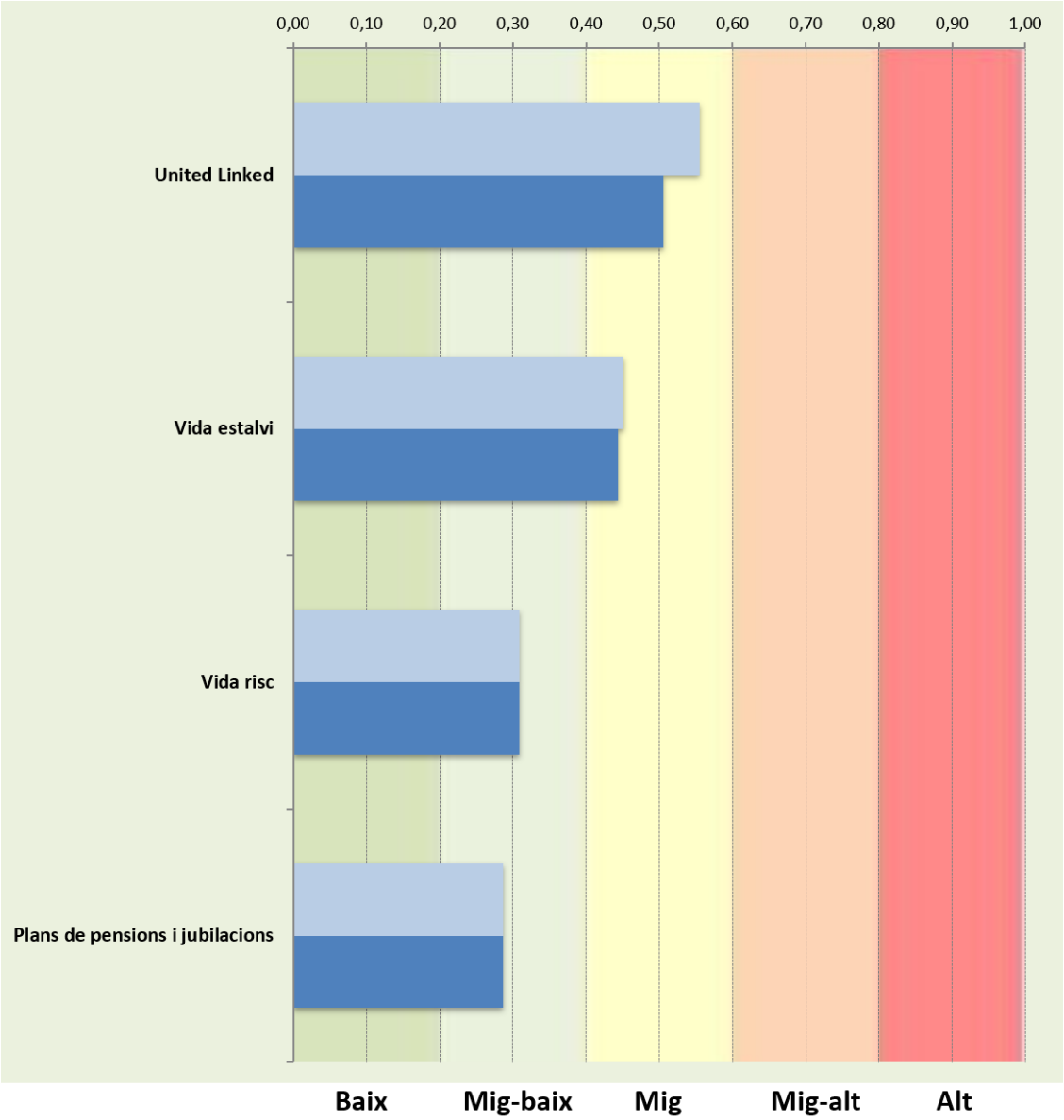
Sanctions regime

Andorran legislation establishes an administrative infringement and sanctions regime applicable to breaches of AML/CFT obligations, providing an additional tool to strengthen compliance and the effectiveness of mitigation measures.

This framework is complemented by the sanctioning and supervisory powers conferred on the AFA in relation to financial institutions, enabling it to take action against the conduct of activities without the requisite authorisation or other breaches of the requirements applicable to financial institutions and their management and control bodies.

4. Vulnerability rating

Under the World Bank methodology, the variables analysed indicate **a medium** level of AML control quality in the non-bank insurance sector, which affects the inherent vulnerability calculation for each product as follows:



The consolidated summary of conclusions for the non-bank insurance sector is therefore as follows:

Quality of AML controls	**Medium**
Final sector vulnerability	**Medium**

Postal sector

1. General description of the sector

The Andorran postal sector consists of two offices of public postal operators from neighbouring countries *(Correos* in Spain and La Poste in France), established in the Principality under historical agreements for postal services. However, changes in their activities have led La Poste to stop providing services subject to AML/CFT obligations in Andorra. This section therefore covers the office that continues to provide such services and notes only the most relevant characteristics observed.

During 2021–2025, payment activity in the sector remained very small compared with the volume of international transfers channelled through Andorra's banking system.

The services analysed mainly comprise postal money orders and international funds transfers through specialised platforms. Transactions are conducted in person, users are identified, and individual amounts are generally small.

2. Inherent vulnerability of the sector

Funds transfer services have inherent exposure to money laundering and terrorist financing risks due to their cross-border nature, use of cash and the ability to send or receive funds quickly.

In the Andorran postal sector, however, this exposure is limited by the small scale of activity, low transaction values and predominance of individual clients making transfers for personal or family reasons.

A significant part of activity consists of remittances sent by resident workers to their countries of origin, particularly in Latin America. These transactions are of moderate value and follow patterns consistent with their stated purpose, although their international component and use of cash require appropriate monitoring.

2.1. Postal money orders

This service has low activity volumes and low average transaction values. It is subject to identification requirements, limits and specific controls. These features, together with the predominantly individual user base, help limit its inherent vulnerability.

The analysis concludes that the product's inherent vulnerability is **medium-low risk.**

2.2. Funds transfers

This service allows money to be sent and received through an international payment network with a broader geographic reach than postal money orders. The speed of transactions, use of cash and involvement of operators in different jurisdictions are vulnerability factors.

However, the usually low transaction values, operational limits and predominance of personal remittances help moderate this exposure.

Overall, the sector's inherent vulnerability is considered limited, given the scale of activity and characteristics of transactions, without prejudice to the specific risks associated with international funds transfer services. The analysis concludes that the product's inherent vulnerability is medium risk.

3. Quality of AML controls

The main characteristics of the controls implemented are as follows:

3.1. Internal control systems

The activity subject to AML/CFT obligations has internal policies and procedures, control bodies and transaction-monitoring mechanisms, supported by specialist compliance structures.

Prevention systems include procedures for client identification, risk classification, financial sanctions screening, operational limits and detection of unusual transactions.

The individual risk assessment is updated annually and an external AML/CFT audit is conducted to verify that procedures are adequate and identify possible areas for improvement. This documentation is submitted annually to UIFAND at an in-person meeting where developments and potential risks in the activity are discussed.

3.2. Controls by the competent authorities

The AFA exercises its responsibilities for authorisation and registration, while UIFAND supervises compliance with AML/CFT obligations.

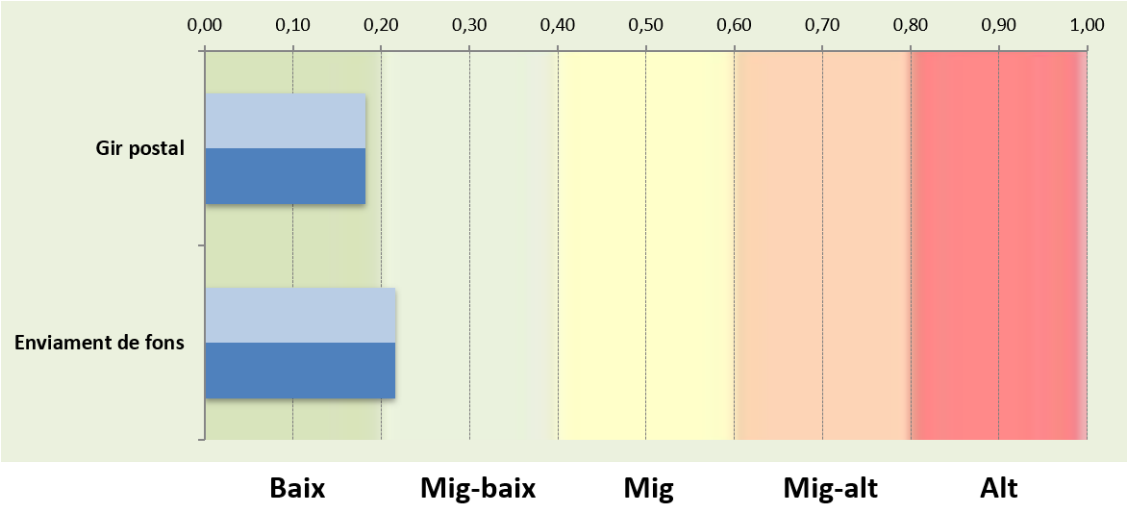
Supervision includes analysing annual external audit reports, following up on identified deficiencies and recommendations, and carrying out other risk-based supervisory actions.

4. Vulnerability rating

The sector's limited scale, low transaction amounts and structured preventive procedures help limit its overall exposure to money laundering and terrorist financing risks.

However, the cross-border nature of the services, use of cash and need to monitor accumulated transactions require competent authorities to maintain effective monitoring mechanisms and detect unusual transactions.

With these points in mind, and under the World Bank methodology, the variables analysed indicate a medium level of AML control quality in the postal sector, which affects the inherent vulnerability calculation for each product as follows:

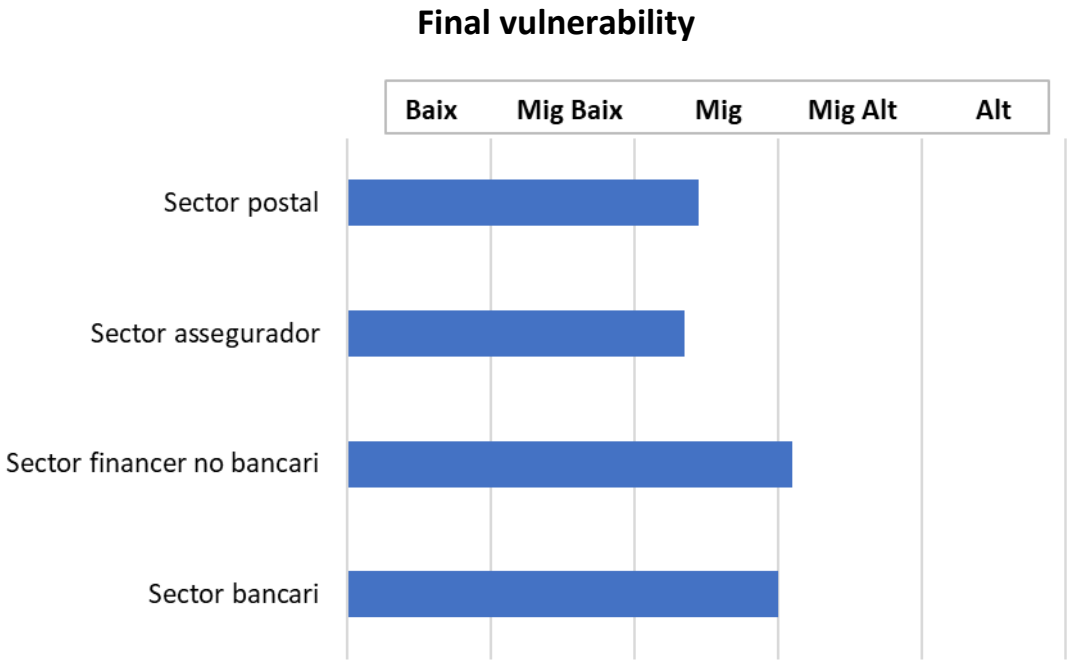


The consolidated summary of conclusions for the postal sector is therefore as follows:

Quality of AML controls	**Medium**
Final sector vulnerability	**Medium-low**

Final conclusions for the financial sector

1. Vulnerability rating for each sector



2. Improvement measures

Based on the analysis of financial-sector risks and vulnerabilities, and the assessment of prevention systems and supervisory actions, the following improvement measures have been identified to strengthen the effectiveness of the AML/CFT system.

Regulatory framework

1. Develop the regulatory framework for insurance intermediation, particularly regarding market entry, intermediaries' responsibilities and AML/CFT obligations, taking into account the specific nature of their activity and their relationship with insurers.

Supervision

2. Establish mechanisms for periodically collecting information from non-banking financial institutions and insurance companies to determine and update their money laundering and terrorist financing risk profiles and guide supervisory planning and intensity.

3. Promote coordination and awareness-raising with the financial sector, particularly non-banking financial institutions and insurance companies, to improve understanding of the specific risks associated with their activities.

Internal control systems

4. Strengthen the effective application of a risk-based approach in due diligence procedures, particularly regarding source of funds, transaction monitoring and updating client information.

5. Improve the effectiveness of unusual transaction detection systems through cross-sector reviews of alert criteria, identification of linked transactions and alignment of controls with the specific risks of each activity.

6. Develop guidance to strengthen procedures for identifying and monitoring politically exposed persons and applying financial sanctions, ensuring information is updated regularly and affected persons and entities are checked.

External AML/CFT audit

7. Focus external audits more strongly on verifying the actual effectiveness of prevention systems, particularly the adequacy of controls for identified risks and follow-up on detected deficiencies.

8. Improve the effectiveness of unusual transaction detection systems through cross-sector reviews of alert criteria, identification of linked transactions and alignment of controls with the specific risks of each activity.

AML/CFT knowledge

9. Promote specialised training tailored to each sector's risks, with particular attention to detecting suspicious transactions, financial sanctions and higher-risk products or services.

NON-FINANCIAL SECTOR

The designated non-financial businesses and professions (DNFBPs) sector in Andorra

This section of the NRA analyses the vulnerability of Andorra's non-financial sector to money laundering. Accordingly, it focuses on non-financial obliged entities, particularly designated non-financial businesses and professions (DNFBPs) as defined by the standards of the Financial Action Task Force (FATF).

Non-financial obliged entities are defined in Article 2(2) of Law 14/2017, as currently in force. For the purposes of this assessment, the following non-financial businesses and professions were considered:

- Lawyers and other independent legal professionals, in the cases provided for in Law 14/2017.
- Notaries.
- Real estate agents.
- Gambling operators (analysed in a separate section).
- Auditors, external accountants, tax advisers and other professionals whose principal business or professional activity is to provide material assistance, support or advice on tax matters.
- Economists, managers and providers of services to companies, other legal entities, trust legal instruments and other fiduciary structures.
- Persons who trade in high-value goods, insofar as they are obliged entities according to the Law (including, among others, dealers in vehicles and dealers in precious metals and stones).

1. How the non-financial sectors were assessed

As for the financial sector, the NRA used the World Bank (WB) methodology for national money laundering and terrorist financing risk assessments. Under this methodology, each sector's overall risk results from combining the identified money laundering threats with its level of vulnerability.

The assessment of money laundering vulnerability is based on analysis of a set of general variables and variables inherent to activities or products.

The general variables assess the strength of the system for preventing money laundering and terrorist financing (AML/CFT) applicable to each activity or profession. Specifically, the following aspects are analysed:

- Comprehensiveness of the AML/CFT legal and regulatory framework.
- Effectiveness of supervisory procedures and practices.
- Availability and application of the administrative sanction's regime.
- Availability and application of the criminal sanction's regime.
- Availability and effectiveness of controls on access to the activity.
- Integrity of professionals.
- Professionals' knowledge of AML/CFT obligations.

- Effectiveness of the compliance function.
- Effectiveness of systems for detecting, analysing and reporting suspicious transactions.
- Availability of and access to beneficial ownership information.
- Availability of reliable identification infrastructure.
- Availability of independent and reliable information sources.

Variables inherent to activities or products assess the vulnerabilities specific to each sector or profession. The following factors are analysed:

- Scale and volume of activity in the non-financial sector.
- Client profile.
- Level of cash use.
- Existence of products or services that allow a high degree of anonymity.
- Types of money laundering identified for the sector.
- Possibility of establishing business relationships without the client being physically present.
- Use of agents, intermediaries, introducers or other third parties.
- Possibility of using the activity in fraud, evasion or other economic-crime schemes that may generate illicit funds.
- Difficulty in ensuring transaction traceability.
- Other specific characteristics relevant to the sector or activity analysed.

These inherent vulnerability factors may be assessed globally for each profession or activity, or specifically by product or service, depending on the nature of the sector. Accordingly, different analytical methodologies were used to reflect the characteristics of each activity or profession.

The following table shows the products analysed for each non-financial sector under review:

Non-financial sector	Products analysed
Lawyers and members of other independent legal professions	Product 1: Purchase or sale, or other disposal, of real estate or entities. Product 2: Management of client funds, securities or other assets. Product 3: Opening or management of bank accounts, savings accounts or securities accounts. Product 4: Organisation of contributions required to form, operate or manage companies. Product 5: Formation, operation or management of trusts, companies, associations, foundations or other similar arrangements. Product 6: Other activity subject to Law 14/2017.

Notaries	Product 1: Formation, operation or management of companies. Product 2: Formation, operation or management of associations, foundations, trusts or other similar arrangements. Product 3: Purchase or sale, or other disposal, of real estate or entities. Product4: Other activity subject to Law 14/2017.
Real estate agents	Product 1: Intermediation in the purchase and sale of real estate. Product 2: Monthly rents exceeding EUR 10,000. Product 3: Other activity subject to Law 14/2017.
Gambling – casino and bingo –	Entire sector
External accountants, auditors, tax advisers / economists, managers and other providers of services to companies	Product 1: Accounting and accounting advice services. Product 2: Audit services. Product 3: Tax advice. Product 4: Formation, operation, management and provision of services to companies. Product 5: Formation, operation, management and provision of services to trusts. Product 6: Other activity subject to Law 14/2017.
Dealers in high-value goods[5]	Product 1: Purchase and sale of vehicles involving cash transactions of EUR 10,000 or more. Product2: Purchase and sale of precious metals and stones (PMS), involving cash transactions of EUR 10,000 or more. Product 3: Purchase and sale of other high-value goods, such as works of art, antiques, philatelic items, collectibles or similar goods, involving cash transactions of EUR 10,000 or more. Product 4: Other activity subject to Law 14/2017.

2. How data and information were collected

For this assessment, information was collected through questionnaires addressed to obliged entities, competent authorities and professional groups (professional associations), and by analysing other available sources.

2.1. Questionnaires

Different types of questionnaires were prepared to reflect the characteristics of the various sectors under review.

[5]Only insofar as payments are made or received in cash in an amount equal to or greater than EUR 10,000 or its equivalent in foreign currency, whether in one transaction or in several transactions that appear to be related.

Questionnaires addressed to professional associations and chambers

These questionnaires sought information on, among other things, mechanisms for entering a profession or activity, integrity requirements, professionals' knowledge of AML/CFT obligations and risks identified by the sectors themselves.

The professional bodies consulted were:

- Andorran Bar Association.
- Chamber of Notaries.
- Andorran Association of Real Estate Agents and Managers (AGIA).
- Association of Accountants of the Principality of Andorra.
- Association of Tax and Fiscal Advisers of Andorra (AATF).
- Andorran Association of Economists (COEA).
- Association of Management Companies and Administrative Managers of Andorra (AGGA).
- Association of Vehicle Importers of Andorra (AIVA).
- Guild of Jewellers and Watchmakers of Andorra.

The questionnaires were sent during April 2026, and all organisations consulted returned them duly completed within the deadline.

Questionnaires addressed to obliged entities in the various non-financial sectors

Three types of questionnaires were prepared to collect information from obliged entities:

- Questionnaire to determine the response scope, used to identify the regulated activities carried out by each obliged entity under Law 14/2017 and determine which specific questionnaires had to be completed and submitted to UIFAND.
- General questionnaire, designed to assess the quality and effectiveness of the AML/CFT systems, procedures and controls implemented by obliged entities in each sector. This questionnaire was common to all sectors under review.
- Activity, or service-specific questionnaire, designed to collect information on the inherent vulnerabilities of the activities, products or services carried out by each profession or sector analysed.

These questionnaires were distributed to members through the relevant professional associations and chambers during March 2026.

In some professions, membership of a professional association or chamber is not mandatory. In addition, some members of certain associations or chambers do not carry out activities subject to the obligations under Law 14/2017.

Before analysing the results, responses were validated and cleaned to exclude questionnaires that did not meet the requirements for inclusion in the assessment. This included removing duplicate responses, incomplete or inconsistent questionnaires (for example, where only one of the two questionnaires—the general or activity-specific questionnaire—had been completed), and responses from individuals or entities that were not obliged entities.

The response rate for each sector analysed is shown below:

Non-financial sector	Questionnaire type		Number of responses[6]	Number of respondents[7]	Response rate[8]
Lawyers and members of other independent legal professions	General questionnaire Product questionnaire	/	86	230	37.39%
Notaries	General questionnaire Product questionnaire	/	5	5	100%
Real estate agents	General questionnaire Product questionnaire	/	171	315	54.29%
External accountants, auditors, tax advisers / economists, managers and other providers of services to companies	General questionnaire Product questionnaire	/	323	461 (138 AATF + 224 COEA + 40 accountants + 59 AGGA)	70.01%
Dealers in high-value goods	General questionnaire Product questionnaire	/	18 (7 vehicle dealers + 10 precious metals and stones dealers + 1art dealer)	25 (12 AIVA + 13 Guild)	72%

2.2. Qualitative and quantitative information provided by UIFAND

The study of non-financial sectors also took into account qualitative and quantitative information provided by UIFAND's Operational and Supervision Areas.

In particular, data were analysed on the number and quality of suspicious transaction reports (STRs) received, the money laundering risk profiles associated with certain activities, products or services, and information obtained through supervisory work, particularly on-site inspections of obliged entities.

This information was especially relevant for putting questionnaire data in context, cross-checking the results and assessing variables related to the quality and effectiveness of AML/CFT systems and of UIFAND's supervision.

[6]The number of responses excludes those that were not valid, whether because they were duplicates or for other reasons.

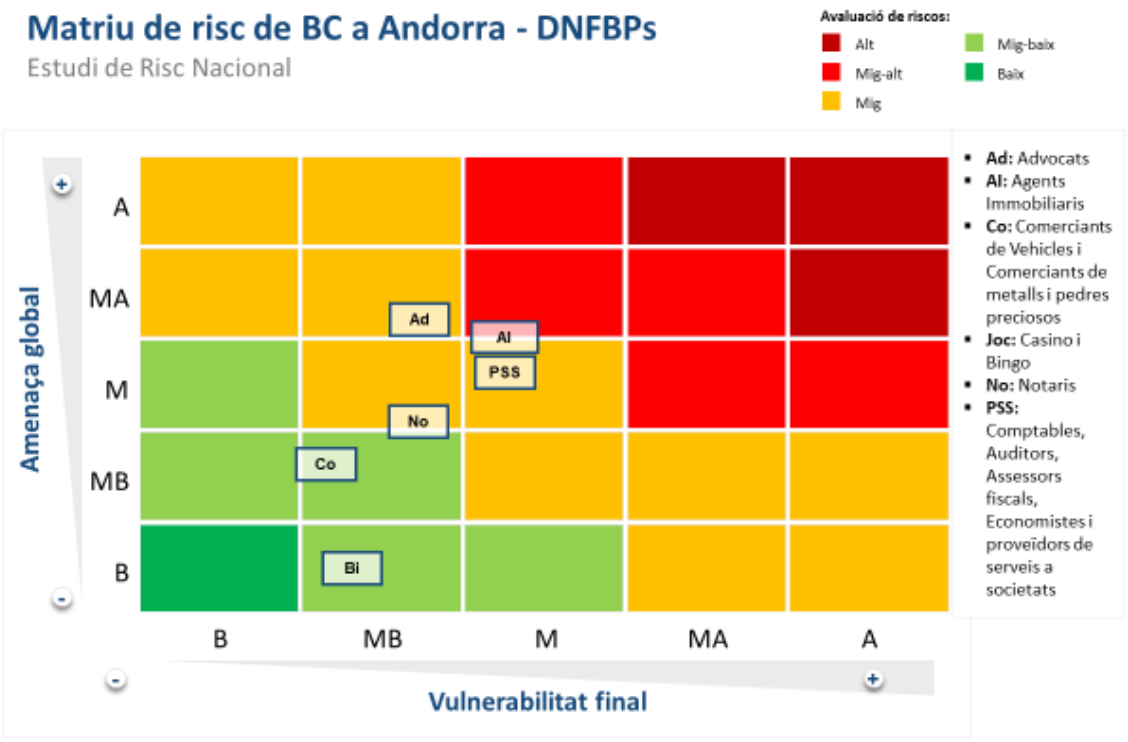
[7]The number of members of each professional association and chamber was provided by the relevant association or chamber.

[8]The response rate is calculated using the total membership of the various professional associations and chambers, although not all members carry out activities subject to AML/CFT obligations.

2.3. Information provided by competent authorities and other bodies

Finally, specific information on the various sectors (such as professional codes of conduct or statutes) and legal references were also considered, both in AML/CFT and sector-specific areas.

On this basis, the money laundering risk matrix resulting from the NRA analysis is as follows:



Lawyers and members of other independent legal professions

1. General description of the sector

The Andorran legal profession consists mainly of small law firms and self-employed practitioners. Their activity focuses primarily on legal advice and representing and defending clients' interests in various areas of law.

However, not all professionals in the sector are obliged entities for AML/CFT purposes. Under Article 2.2(b) of Law 14/2017, only lawyers and members of other independent legal professions are subject to the obligations in that law when they participate in or assist clients with any of the transactions specifically listed in the Law (see Products 1 to 5 below).

Based on information in UIFAND's internal records, an estimated 128 of the 230 registered lawyers carry out activities that make them obliged entities. This estimate is indicative, since determining the activities carried out by each professional requires individual verification, particularly through supervisory work.

The analysis considers the main regulated activities listed in Article 2.2(b) of Law 14/2017, grouped into the following categories to assess their inherent and residual vulnerabilities and their relative share of the sector's activity:

- Product 1: Participation in the purchase or sale, or other disposal, of real estate or legal entities.
- Product 2: Management of client funds, securities or other assets.
- Product 3: Opening or management of bank accounts, savings accounts or securities accounts.
- Product 4: Organisation of contributions required to form, operate or manage companies or other legal entities.
- Product 5: Formation, operation or management of trusts, companies, associations, foundations or other similar legal or fiduciary arrangements.
- Product 6: Other activities subject to the obligations under Law 14/2017.

The distribution of these activities within the business volume of professionals participating in the study is shown below:

Distribution of products and services in the legal sector

Product	2021	2022	2023	2024	2025
Product 1	16.00%	14.20%	15.70%	16.60%	15.60%
Product 2	0.50%	0.10%	0.30%	0.10%	0.10%
Product 3	7.70%	8.40%	7.10%	6.00%	4.00%
Product 4	17%	13.90%	15.40%	14.80%	11.90%
Product 5	54.20%	50.10%	53.80%	52.40%	56.80%

Product 6	4.60%	13.30%	7.70%	10.10%	11.60%
Total	100%	100%	100%	100%	100%

The distribution of activities subject to the obligations under Law 14/2017 carried out by lawyers during 2021–2025 shows a clear concentration in services related to the formation, operation and management of companies and other legal arrangements, as well as participation in the purchase or sale, or other disposal, of real estate or legal entities.

During the period analysed, obliged entities participating in the study reported a total of 5,337 transactions within the scope of Law 14/2017. Of these, 2,862 transactions (53.6%) related to the formation, operation or management of companies, trusts, associations, foundations or other similar legal arrangements.

Participation in the purchase or sale, or other disposal, of real estate or entities accounted for 833 transactions (15.6%), while organising contributions required to form, operate or manage companies accounted for 765 transactions (14.3%).

By contrast, management of client funds, securities or other assets accounted for a very small share of the sector, with only 10 reported transactions (0.2%). Opening or managing bank, savings or securities accounts was also limited, with 344 transactions (6.4%).

These figures relate exclusively to activities subject to Law 14/2017 reported by obliged entities participating in the assessment, not to the full range of professional activity carried out by lawyers.

2. Inherent vulnerability of the sector

2.1. Participation in the purchase or sale, or other disposal, of real estate or entities

Lawyers' participation in the purchase or sale, or other disposal, of real estate or entities maintained a relatively stable share of all activities subject to Law 14/2017, accounting for between 14.2% and 16.6% of reported transactions each year during 2021–2025.

In absolute terms, however, activity increased. Reported transactions rose from 137 in2021 to 216 in 2025, an increase of 57.7% during the period under review. This increase was concentrated mainly in 2024 and 2025, following relatively stable activity between 2021 and 2023.

Compared with the 2020 NRA, which covered 2017–2019, this trend does not change the position of this activity within the legal sector. Participation in purchase and sale transactions remains one of the main activities lawyers carry out that are subject to AML/CFT obligations, with a similar share and essentially unchanged risk characteristics.

From an AML/CFT risk perspective, this activity continues to have significant inherent vulnerability because it allows professionals to participate in asset-transfer transactions that may be used to conceal or integrate illicit funds. Rigorous application of due diligence is therefore essential, particularly in identifying the client and beneficial owner, verifying the source of funds and analysing the economic purpose of transactions.

2.2. Management of client funds, securities or other assets, and opening or management of bank accounts, savings accounts or securities accounts

Management of client funds, securities or other assets remains clearly marginal in the legal sector. Only 10 transactions were reported during 2021–2025, remaining below 1% of all activities subject to Law 14/2017 in every year. This is consistent with the 2020 NRA for 2017–2019, which had already found very little activity in this area.

The relative share of opening or managing bank, savings or securities accounts declined over the period. This activity represented 7.7% of reported transactions in 2021, peaked at 8.4% in 2022 and then fell steadily to 4.0% in 2025. This trend mainly reflects growth in other regulated activities, particularly those involving the formation and management of legal arrangements, rather than a significant decline in the absolute number of reported transactions.

Despite their limited quantitative incidence, both activities continue to present significant inherent AML/CFT vulnerability because they involve direct participation in managing or moving third-party funds. They therefore require rigorous due diligence, particularly client and beneficial-owner identification, source-of-funds verification and monitoring of transactions.

2.3. Formation, management and operation of companies and other legal arrangements (associations, foundations, trusts or other similar arrangements)

Available data show that these activities are the main area of work for lawyers subject to Law 14/2017. A total of 2,862 transactions were reported during 2021–2025, rising from 464 in 2021 to 785 in 2025, an increase of 69.2%.

Their share of all regulated activities remained above 50% throughout the period, ranging from 50.1% in 2022 to 56.8% in 2025. This confirms that forming, operating and managing companies and other legal arrangements remains the activity with the largest share of lawyers' work subject to AML/CFT rules.

Activities involving the organisation of contributions required to form, operate or manage companies remained relatively stable in volume, rising from 146 transactions in 2021 to 164 in 2025, an increase of 12.3%.

However, their relative share of all regulated activities declined steadily, from 17.1% in 2021 to 11.9% in 2025. Thus, although the absolute volume remained stable, growth was slower than in the sector's regulated activities overall.

From an AML/CFT risk perspective, these activities continue to present high inherent vulnerability because they may facilitate the creation or use of legal arrangements that conceal or make it harder to identify the beneficial owner of assets. Effective due diligence is therefore essential, particularly to identify and verify beneficial owners, understand ownership and control structures, and establish the economic purpose of transactions.

3. Quality of AML controls

The inherent vulnerability levels of the products described above are mitigated by AML/CFT measures and controls implemented by obliged entities, as well as by supervisory, regulatory and control mechanisms exercised by competent authorities and, where applicable, professional associations. These controls include, among others:

3.1. Control systems implemented by members of the sector

Availability of internal control procedures

The analysis shows a positive change since 2020. Almost all lawyers who are obliged entities now have internal AML/CFT policies and control procedures, demonstrating widespread implementation of compliance mechanisms in the sector. These procedures are generally documented in writing and define due diligence measures (including enhanced measures where applicable), client acceptance policy, risk classification, detection and reporting of suspicious transactions, record retention, and identification and verification of beneficial owners, among other matters. Cases where procedures are not documented in writing are exceptional and mainly arise where current legislation does not require it, given the nature of the obliged entity.

Lawyers are generally aware of the need to apply these control mechanisms, even when a client already has business relationships with other obliged entities, such as banks.

Identifying and verifying beneficial owners is not a widespread difficulty in the sector. However, difficulties may arise with complex corporate structures, multi-layered ownership chains or foreign entities, particularly when the necessary information is less accessible. In such cases, rigorous due diligence is essential to ensure proper identification and verification of beneficial owners.

Lawyers commonly use templates and guidance provided by the Andorran Bar Association (CADA) when preparing internal procedures. However, these must be adapted to the characteristics, size and risk profile of each law firm in accordance with the risk-based approach.

In practice, client due diligence is mainly carried out by staff responsible for the business relationship. A significant number of firms also have dedicated control staff, while others assign these responsibilities across the team. This diversity reflects the range of organisational structures in the sector, from sole practitioners and small firms to more complex organisations with dedicated AML/CFT compliance resources.

Application and calibration of due diligence measures

The procedures described above mean that most lawyers in the sector routinely apply due diligence measures to their clients.

In general, the due diligence measures applied are appropriate to the client's risk level: simplified measures for low-risk clients, standard measures for medium-risk clients and enhanced measures for high-risk clients. However, cases still arise where the measures are not fully calibrated to the identified risk, mainly for two reasons:

- **Prudent application of criteria:** in some cases, enhanced measures are applied to clients who do not necessarily present high risk, or simplified measures are used only to a limited extent even when they could apply.
- **Insufficient alignment between risk and measures:** in other cases, the measures adopted are not sufficient to manage the identified risk properly, or the client's risk classification does not accurately reflect the client's characteristics.

These situations may create vulnerabilities if measures are disproportionate to the risk, control resources are not sufficiently focused on the highest-exposure cases, or widespread use of enhanced measures in lower-risk situations reduces their effectiveness and departs from the risk-based approach.

Client risk classification systems

In general, lawyers classify clients according to money laundering and terrorist financing risk using systems that vary in how formalised they are. Data from this update show that all obliged entities participating in the study classify clients according to assigned risk level, demonstrating that this measure is established across the sector.

The distribution of clients among risk categories remained stable during the period analysed. Most clients are classified as low risk, followed by medium-risk clients, while high-risk clients account for a small proportion of the total.

Customer knowledge

As noted, AML/CFT measures are mainly applied by staff responsible for the business, although some firms have dedicated control personnel or distribute these functions across all staff. This organisational model, consistent with the size and structure of firms, generally supports strong knowledge of clients.

Delegating due diligence to third parties remains exceptional in the sector. As a result, obliged entities themselves directly apply due diligence in almost all cases, contributing to direct knowledge of clients and their transactions.

Business relationships are usually established through direct contact with the client, and it is uncommon for this to occur through representatives or other obliged entities. When it does happen, it is generally an isolated situation. Lawyers report that such cases do not prevent proper client identification or compliance with AML/CFT due diligence obligations.

Systems for detecting and identifying PEPs

In general, the sector has procedures and tools to identify politically exposed persons (PEPs), as required by AML/CFT rules. However, clients classified as PEPs remain a small share of total clients managed by the sector, both for Andorran and foreign PEPs, as shown below:

Share of PEP clients in total clients

Number of PEP clients	Total
I have no PEP clients	98.92%
Domestic PEP clients	0.97%
Foreign PEP clients	0.11%
Total	**100%**

Available data show that the number of PEP clients identified remained stable throughout the period and very low relative to total clients. This is consistent with the sector's general risk profile and the nature of the services lawyers provide.

Risk identification

There is a widespread perception in the sector that both lawyers' businesses and their clients generally present a relatively low level of money laundering and terrorist financing risk. However, the identification of risks inherent to professional activity has evolved significantly in recent years.

Lawyers regularly identify as key AML/CFT risks the potential use of legal services in transactions with corporate, asset-related or financial components. These include risks from forming and managing companies or complex legal arrangements, difficulty identifying beneficial owners, real estate transactions, source-of-funds verification, certain client profiles—particularly PEPs, non-residents or clients with complex corporate structures—and the risk that a professional may be used to give money laundering transactions an appearance of legality.

Professionals also identify other relevant risk factors, including the international component of certain transactions, involvement of representatives or third parties, management of client funds or assets, use of payment methods that are difficult to trace, and difficulties that may arise in identifying beneficial owners or verifying information provided by clients.

Overall, the responses show that the sector is more mature in identifying risks inherent to its activity and has better assimilated the risk-based approach required by AML/CFT rules. Although the general perception remains that exposure is relatively low, lawyers clearly identify the main scenarios in which their services may be used for money laundering or terrorist financing.

Systems for detecting and reporting suspicions

Formally, the sector is aware of its obligation to report suspicions and that this obligation takes precedence over professional secrecy, except in cases provided for by Law 14/2017, such as exercising the right of defence or providing legal advice under the terms of that Law.

Lawyers generally also have internal procedures governing the reporting of suspicions to the Internal Control and Communication Body (OCIC), where applicable, and to UIFAND.

The sector continues to rely mainly on manual monitoring to identify unusual or suspicious transactions. This is supported by the risk-based approach, knowledge of the client, periodic review of the professional relationship and updates to the client's profile. These measures are usually complemented by document checks and searches of public sources, such as sanctions lists and other available information sources.

By contrast, use of automated monitoring and detection systems remains limited. This is consistent with the nature of lawyers' work, which is mainly based on specific professional engagements rather than ongoing business relationships, and with the fact that in most cases there is no transactional activity suitable for automated monitoring.

However, the number of suspicious transaction reports (STRs) filed by the sector in recent years remains low, with a total of four during the period analysed.

Use of independent information sources

Members of the sector generally have access to reliable, independent information sources to support compliance with AML/CFT obligations. In particular, most lawyers have external information providers and use open sources, alongside widespread access to Andorra's Companies Register.

As regards international information sources, a significant share of the sector reports access to foreign public registers, although such access is less widespread than access to domestic sources.

Overall, these data show improved availability of independent information sources compared with the 2020 assessment. However, information and documents provided by the client remain essential to due diligence, supplemented where appropriate by consultation of independent sources.

3.2. Controls implemented by authorities and professional associations

Controls on entry to the profession

The regulatory framework governing entry to the legal profession is clear, structured and adequate to ensure that only individuals meeting the legally required standards of suitability, integrity and competence may enter. The system combines Government controls, as the competent authority for authorising regulated professions, with the professional regulation, supervision and disciplinary functions assigned to the Andorran Bar Association. The framework is based mainly on:

- Obtaining authorisation to practise, the certificate of aptitude governed by the Regulation on requirements for obtaining a certificate of aptitude to practise as a lawyer (in force since 20 February 2019), and admission to the Andorran Bar Association.
- Law 48/2014 of 18 December on the legal profession and the Andorran Bar Association, which regulates entry requirements, disciplinary rules, grounds for loss of membership and applicable sanctions.
- The Andorran Bar Association's functions in regulating the profession, enforcing professional conduct rules, supervising members and exercising disciplinary powers.

During 2021–2025, the Bar processed 78 applications for admission (58 practising and 20 non-practising lawyers), with no refusals of membership or revocations of professional authorisation recorded. Entry controls continue to be based on verifying the legal, professional and integrity requirements established by applicable rules.

Consequently, the entry regime is a robust mechanism for controlling access to the profession and professional integrity. However, from an AML/CFT prevention perspective, obligations under Law 14/2017 are not requirements for authorisation or entry to the profession; they apply during professional practice when the activity falls within the scope of that Law.

Measures to ensure the integrity of the sector

The legal profession has several mechanisms to ensure ethics, professional conduct and the integrity of the sector, including:

- Law 48/2014 of 18 December on the legal profession and the Andorran Bar Association.
- The Statutes of the Andorran Bar Association, approved on 26 March 2025.
- The Code of Conduct of the Council of Bars and Law Societies of Europe (CCBE), applicable to Andorran lawyers.
- Other rules governing professional practice adopted by the Andorran Bar Association.

This framework sets out the ethical and professional conduct principles applicable to the profession and establishes disciplinary rules with penalties calibrated to the severity of breaches. Sanctions may include fines, temporary suspension from practice or, in the most serious cases, expulsion from the Bar.

Sanctionable conduct includes practising without meeting legal requirements, breaching professional duties or conduct rules, violating professional secrecy, conflicts of interest, unauthorised practice and convictions for intentional offences in cases provided for by law.

The Andorran Bar Association performs the professional regulation, organisation, supervision and disciplinary functions assigned under Law 48/2014. During 2021–2025, 11 disciplinary cases were processed, all relating to breaches of professional conduct; none specifically concerned AML/CFT non-compliance.

AML/CFT training

The Andorran Bar Association continues to provide members with AML/CFT training and support tools. However, training during 2021–2025 was less extensive than in the period covered by the previous assessment.

Specifically, the Bar organised only one AML/CFT training activity during the period analysed:

Number of training sessions organised by the Andorran Bar Association

Year	Number of sessions	Title / main topic	Number of attendees
2025	1	Prevention of money laundering and terrorist financing	75

The training, delivered by a specialist firm in the Principality with UIFAND's participation, lasted six hours over two days. It covered lawyers' main obligations as obliged entities, the sanctions regime and practical aspects of compliance. The session included a final test to assess the knowledge acquired.

Approximately 32% of Bar members attended. This figure should be interpreted in light of the limited capacity of the event and the fact that not all members carry out activities within the scope of Law 14/2017.

In addition to training, the Bar provides members with compliance support tools, including procedure manuals, document templates, regulatory updates, seminars and access to certain databases supporting the application of due diligence measures.

Information request data also show that professionals supplement Bar-organised training with courses provided by other specialised public and private bodies. This helps

maintain an adequate general level of knowledge in the sector, although training intensity varies between firms.

Regarding participation in training, 43% of respondents had not completed any specific AML/CFT training between 2021 and 2024. This fell to 15% when 2025 was included, coinciding with the Bar's training initiative and demonstrating its positive impact.

Overall, the sector continues to have adequate training resources and support materials to facilitate compliance with AML/CFT obligations. However, compared with 2017–2019, the number of training activities organised by the Bar fell significantly, from five to one during 2021–2025. This reduced continuity, together with the fact that a significant share of professionals received no specific training for several years despite regulatory changes during the period, indicates room to improve the coverage and frequency of specialised training.

AML/CFT supervisory actions

Like other non-financial obliged entities, lawyers are subject to UIFAND's AML/CFT supervision. The following inspections were carried out during 2021–2025:

Number of sector inspections

Year	2021	2022	2023	2024	2025	Total
Number of sector inspections	0	3	1	2	1	7

As a result of these supervisory actions, UIFAND opened two sanction proceedings for formal and organisational AML/CFT breaches, imposing a total of EUR 9,001 in fines.

Number of administrative proceedings in the sector following an on-site inspection

Year	Inspections	Sanction proceedings	Amount of fines
2021	0	0	-
2022	3	1	EUR 3,001
2023	1	0	-
2024	2	0	-

2025	1	1	EUR 6,000

On-site inspections conclude with an individual report setting out findings and recommendations for improvement. UIFAND subsequently follows up, usually after six months or a year, depending on the deficiencies identified and the observed risk level.

Aggregated inspection findings show recurring areas for improvement, particularly in documenting and applying due diligence measures.

The main deficiencies identified are:

- **AML/CFT manuals:** generic internal documents that are poorly adapted to the reality of law firms, with gaps regarding PEPs, beneficial owners, source of funds and international restrictive measures.
- **Client files:** deficiencies in identifying and verifying beneficial owners, substantiating the source of funds, documenting the purpose of the business relationship, justifying risk classification and maintaining traceability of checks performed.
- **Individual risk assessments (IRAs):** often descriptive and formal in approach, with underdeveloped methodologies and little use of quantitative elements.
- **Procedures relating to PEPs**: incomplete application of enhanced measures and required independent checks.
- **Restrictive measures and international sanctions**: deficiencies in systematic screening, recording checks and handling possible false positives.
- **AML/CFT training:** more structured, regular and better documented programmes are needed, particularly programmes tailored to the sector's activity.

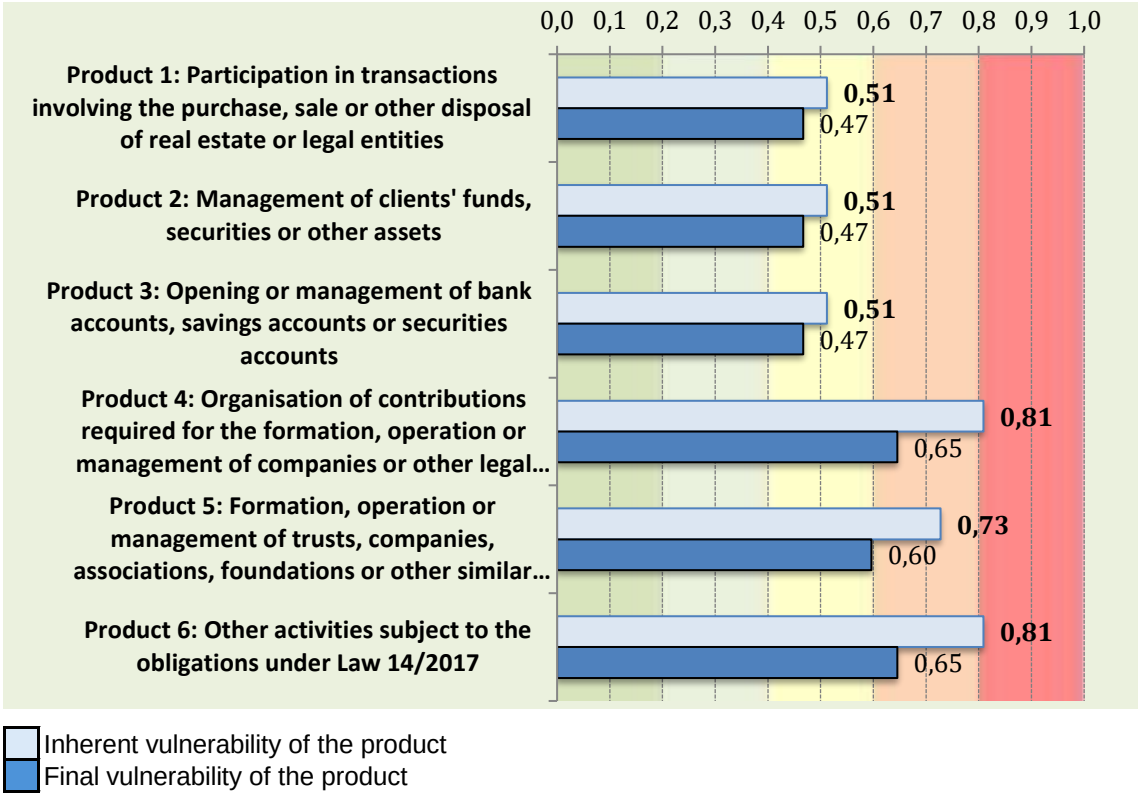
These deficiencies show common areas for improvement in implementing prevention systems, particularly documentation of measures applied, the risk-based approach and traceability of due diligence work.

Overall, supervisory work during the period analysed shows ongoing inspection activity and systematic follow-up on recommendations. The findings can guide future supervisory actions towards areas most in need of improvement.

4. Vulnerability rating

Based on the analysis conducted, the inherent vulnerability of each product analysed in the legal sector can be assessed as follows:

Inherent and final vulnerability of products in the legal sector



As shown, the sector's inherent vulnerability is reduced by the quality of the AML/CFT controls implemented, which is considered medium-high. Overall, the sector's final vulnerability is estimated to be **medium-low.**

Compared with 2020, the sector shows greater maturity in identifying risks and improved formal implementation of controls. However, supervisory work shows that the main challenge remains ensuring that controls are effectively applied, documented and justified in line with risk.

Quality of AML controls	**Medium-high**
Final sector vulnerability	**Medium-low**

Notaries

1. General description of the sector

Notaries are governed by the consolidated Notarial Act, approved by Law 14/2021 of 28 May[9] (hereinafter, Law 14/2021), which regulates the organisation of the Andorran notaries, requirements for entry to and practice of the profession, and the functions assigned to notaries as public officials authorised to authenticate legal acts.

Under Article 1 of the consolidated Notarial Act, notaries are legal professionals vested with a public function who exercise public faith in private-law legal relationships formalised without the involvement of judicial bodies. In this role, they authenticate contracts and other non-judicial acts, enter them in notarial records and issue the corresponding copies with the legal effects provided for by law.

The Chamber of Notaries of Andorra, governed by Articles 33 and 34 of the same consolidated Act, is a professional public-law body with its own legal personality, of which all practising notaries must be members. Its functions include institutional representation of the profession, regulation of professional practice, protection of professional interests and monitoring compliance with professional and ethical duties.

The composition of the profession changed several times during 2021–2025. In 2021, two new notaries took office after passing the relevant competitive examination called by the Government. In 2025, one notary retired and a new notary was appointed, effective 5 July 2025. Accordingly, when this report was prepared, the Andorran notaries comprised five practising notaries.

1.1. Activities

As public officials authorised to authenticate legal acts, notaries execute a very large number of public instruments every year. However, they are obliged entities for AML/CFT purposes only when they engage in the activities listed in Article 2.1(b) of Law 14/2017.

Based on the activities carried out by the sector and the methodology used in this NRA, four product categories were identified for the analysis of the sector's inherent vulnerability:

- Product 1: Formation, operation or management of companies.
- Product 2: Formation, operation or management of associations, foundations, trusts or other similar legal arrangements.
- Product 3: Purchase or sale, or other disposal, of real estate or entities.
- Product 4: Other activity subject to Law 14/2017.

[9] https://portaljuridicandorra.ad/L2021014

During 2021–2025, notaries reported 24,428 transactions involving activities within the scope of Law 14/2017. Activity was concentrated mainly in the formation, operation or management of companies, with11,138 transactions (45.6%), and the purchase or sale, or other disposal, of real estate or entities, with11,106 transactions (45.5%). By contrast, formation, operation or management of associations, foundations, trusts or other similar legal arrangements accounted for only 166 transactions (0.7%), while "Other activity subject to Law 14/2017" comprised 2,018 transactions (8.3%).

These figures show that notaries' activities subject to AML/CFT rules are concentrated mainly in corporate and real estate matters, while involvement in other legal arrangements is marginal.

The data analysed relate exclusively to activities subject to Law 14/2017 reported by notaries, not to all notarial activity carried out during the period under review.

Distribution of products and services in the notarial sector

Product	2021	2022	2023	2024	2025
Product 1	45.10%	42.30%	44.50%	48.70%	46.60%
Product 2	1.00%	0.70%	0.80%	0.60%	0.50%
Product 3	51.20%	49.20%	45.20%	40.10%	44.40%
Product 4	2.70%	7.80%	9.50%	10.60%	8.50%
Total	100%	100%	100%	100%	100%

1.2. Client profile

Notaries handle a very large number of clients in activities subject to Law 14/2017. Data for 2021–2025 show that most clients are individuals, representing approximately 74% to 79% of clients each year, while legal entities make up the remaining 21% to 26%.

Clients are mainly resident in Andorra, accounting for approximately two-thirds of the total. Among non-residents, clients from Spain and France predominate, accounting for most of the sector's international business relationships.

During the period analysed, both individual and legal-entity clients increased steadily, in line with the overall growth in notarial activity. This growth occurred in all available residence categories, with aggregate data showing no significant change in the geographic distribution of clients.

Overall, the figures show that notarial activity is carried out mainly with clients connected to the Principality of Andorra and neighbouring countries. Nevertheless, notaries' regular participation in corporate and real estate transactions requires rigorous due diligence, particularly when legal entities, international transactions or complex ownership structures are involved.

2. Inherent vulnerability of the sector

2.1. Formation, operation and management of companies

The formation, operation and management of companies are among the main activities carried out by notaries that are subject to Law 14/2017. They include formalising key corporate acts, such as incorporating companies, amending articles of association, transferring shares, appointing directors and increasing or reducing capital, among other transactions related to company operations.

During 2021–2025, both the number of transactions and their economic value increased steadily. The number of authorised transactions rose from 1,371 in 2021 to 3,238 in 2025, in line with the growth of corporate activity in the Principality and the central role of notaries in formalising key acts related to company organisation and operations.

From an AML/CFT perspective, this activity has significant inherent vulnerability because corporate structures may be used to conceal beneficial owners or make transactions harder to trace. Enhanced due diligence should therefore be applied where appropriate, particularly to identify and verify beneficial owners, understand control structures and verify the source of funds.

2.2. Formation, operation and management of associations, foundations, trusts or other similar arrangements

This product accounts for a very small share of Andorran notarial activity. During 2021–2025, the number of transactions remained stable, between 29 and 38 per year, with economic volumes significantly lower than for the other products analysed.

This limited activity shows that notarial involvement in these types of legal arrangements is marginal among activities subject to Law 14/2017.

From an AML/CFT perspective, the low volume of activity means limited quantitative exposure. However, some of these arrangements may present inherent vulnerabilities, particularly if used to conceal the beneficial owner, economic purpose or effective control. Due diligence required by law therefore remains necessary, particularly to identify and verify beneficial owners and understand the purpose and structure of the entity.

2.3. Purchase or sale, or other disposal, of real estate or entities

Notaries' participation in the purchase or sale, or other disposal, of real estate or entities is one of the main activities they carry out that is subject to Law 14/2017. This product includes formalising transfers of real estate and other transactions involving entities that require notarial involvement.

A total of 11,106 transactions were formalised during 2021–2025. Activity increased overall, with an initial rise between 2021 and 2022, stability in 2023 and 2024, and a significant increase in 2025, when 3,090 transactions were recorded, the highest figure of the period.

From an AML/CFT perspective, this product has high inherent vulnerability, since real estate transactions and transfers of entities may involve significant amounts and be used to introduce or integrate illicit funds into the economic system. Rigorous due diligence is therefore particularly important, including identification of the parties and beneficial owners, verification of the source of funds where appropriate and analysis of the transaction's economic rationale.

3. Quality of AML controls

3.1. Controls implemented by authorities and professional associations

Notarial activity takes place within a regulated institutional framework with various control mechanisms relating to the profession's legal regime, entry to and practice of the notarial function, professional supervision and compliance with AML/CFT obligations. The main elements of this control system are described in the following sections.

Regulatory framework for the notaries

The notarial profession is governed by Law 14/2021, which establishes the organisational framework for the notaries, regulates the performance of notarial functions and defines the rights, duties and functions of notaries and the Chamber of Notaries of Andorra.

From an AML/CFT perspective, this framework strengthens the integrity of the sector through a specific legal regime for notarial practice, including professional control mechanisms, ethical obligations and safeguards linked to the profession.

This framework is complemented by the specific obligations under Law 14/2017 that apply to notaries when they carry out activities subject to that Law.

Access to the profession

Entry to the notarial profession is subject to a particularly rigorous system of institutional control.

Under current rules, notaries are appointed by the Government of Andorra through a competitive examination based on objectivity, publicity and transparency. Applicants must, among other conditions, hold the relevant legal qualification, enjoy full civil and political rights, have no convictions for intentional offences, pass the examinations called by the Government and complete initial training and a supervised internship. The examinations include theoretical, practical, language and psychometric tests and cover current AML/CFT legislation.

During 2021–2025, the notarial profession changed composition several times, with two new appointments following selection procedures and one replacement following retirement. These changes took place within the same regulated entry framework and did not alter the profession's structural characteristics.

The number of notarial positions is legally limited, and the entry system—based on competitive selection and technical and personal suitability requirements—together with low turnover, provides a high level of control over entry to the profession. For this reason, this factor is not assessed separately under the sector's vulnerability methodology.

Professional liability regime

Notaries are subject to a specific disciplinary regime under Law 14/2021, without prejudice to any civil, criminal or administrative liability arising from their professional conduct.

Disciplinary authority rests with the body designated by law, while the Chamber of Notaries performs the professional conduct functions assigned to it by legislation. The Law classifies breaches as minor, serious or very serious and establishes sanctions including fines, temporary suspension, disqualification and, in the most serious cases, expulsion from the profession.

For AML/CFT matters, final administrative sanctions imposed for breaches of AML/CFT legislation may also constitute disciplinary offences in the notarial profession. Serious or very serious breaches of Law 14/2017 may therefore result in both AML/CFT supervisory sanctions and consequences for the right to practise.

AML/CFT training is also part of the knowledge required for entry to the profession, helping ensure that new notaries receive adequate initial preparation. However, notarial rules do not specifically require evidence of internal AML/CFT control systems to obtain or retain authorisation to practise, without prejudice to obligations under Law 14/2017.

Supervision

As obliged entities, notaries are subject to UIFAND's AML/CFT supervision. During 2021–2025, UIFAND conducted four on-site inspections in the notarial sector:

Number of inspections in the notarial sector

Year	2021	2022	2023	2024	2025	Total
Number of inspections in the notarial sector	1	-	1	1	1	4

Given the sector's small size and changes in its composition, these actions enabled UIFAND to review almost the entire notarial profession during the period analysed, achieving very high supervisory coverage.

As in other supervised sectors, each on-site inspection resulted in an individual report with findings and recommendations for improvement, which UIFAND subsequently follows up to verify implementation.

Unlike the period covered by the 2020 NRA, when one inspection led to sanctions for serious breaches of Law 14/2017, no AML/CFT sanction proceedings arising from inspections were opened in 2021–2025. This trend reflects a generally favourable level of compliance, while supervision remains essential for verifying that internal procedures are applied effectively and identifying areas for improvement.

The disciplinary regime under Law 14/2021 also provides a complementary safeguard for professional integrity. Final administrative sanctions for breaches of AML/CFT rules may lead to disciplinary liability in the notarial profession, including disqualification or expulsion where appropriate. According to information from the Chamber of Notaries, only one disciplinary case was processed during the period, and it was unrelated to AML/CFT rules.

Overall, the available data show an established supervisory system with broad sector coverage and no detected breaches during the period analysed that led to the exercise of AML/CFT sanctioning powers.

3.2. Control systems implemented by members of the sector

Record retention

Record retention is an essential part of the AML/CFT system because it ensures business relationships can be traced and enables information to be provided to competent authorities when requested.

The Chamber of Notaries organises and manages the General Archive of Notarial Records, which centralises records from abolished notary offices and those more than 25 years old (Articles 34.1(g), 35 bis and 36 of Law 14/2021). Practising notaries must safeguard their own records and deposit with the Chamber each month an index of the public instruments they have executed (Article 13 of Law 14/2021).

Article 37of Law 14/2017 also requires obliged entities to retain documents and records relating to due diligence measures and transactions for the legally established period. For notaries, this obligation is supplemented by the specific record-retention regime under notarial rules. These records, which include original deeds and acts authenticated by notaries, are public documents initially held by the notary and later deposited in the relevant archives in accordance with applicable rules.

Responses show that all notaries have systems for retaining documentation related to AML/CFT obligations. Sixty per cent use both paper and electronic formats, while 20% retain records exclusively on paper and the remaining 20% exclusively in electronic form.

These figures show increasing digitisation of records, although a mixed model remains the most common. Overall, the applicable regulatory framework and custody systems allow the sector to ensure the retention, integrity, availability and traceability of documentation required for AML/CFT compliance.

Knowledge

Training is essential to ensure effective application of AML/CFT measures, particularly in identifying unusual or suspicious transactions and complying with obligations under Law 14/2017.

According to information provided by obliged entities, during 2021–2025 all notaries and notary-office staff involved in activities subject to AML/CFT rules received relevant training. Training included external specialist courses, internal sessions and activities organised by professional bodies.

Notaries identify real estate and corporate transactions as the activities most exposed to money laundering and terrorist financing risks. They also identify legal entities and complex structures, difficulty identifying beneficial owners, source of funds, PEP involvement, higher-risk jurisdictions and transactions lacking an economic rationale consistent with the client profile as relevant factors.

This knowledge is reflected in internal risk management systems. All notaries have an Individual Risk Assessment (IRA) that is updated and reviewed regularly. In terms of overall risk, three notary offices (60%) are classified as medium-low, one (20%) as low and one (20%) as medium, with none classified as high risk.

Overall, the available data demonstrate a high level of knowledge of AML/CFT risks and applicable obligations, supported by ongoing training and widespread use of individual risk assessments.

Regulatory compliance

Questionnaire responses show that all notary offices have written internal control procedures to comply with obligations under Law 14/2017.

UIFAND's on-site inspections generally confirm that this internal control framework exists, although recommendations show that the sector's main challenge is practical implementation. Internal procedures need to be better adapted to each notary office's operational reality, and controls must be applied effectively in line with the specific risk of each transaction.

Four of the five notary offices have dedicated staff responsible for applying due diligence measures and internal AML/CFT controls; in the remaining office, these functions are performed by all staff. This model is consistent with the sector's small size, with the notary ultimately responsible for compliance.

Regarding the effective application of controls, three of the five notary offices reported refusing to establish at least one business relationship during 2021–2025 as a result of

due diligence measures. The reported cases were few and involved situations where required information or documentation could not be obtained.

Identification and reporting of suspicions

Responses to the information request show that all notaries have mechanisms to identify unusual or suspicious transactions. Four of the five notaries (80%) conduct manual monitoring based on client risk profiles, while one (20%) has a dedicated transaction-monitoring system.

All notaries screen clients against international sanctions lists, mainly through specialist external providers. For ongoing business relationships, these checks are supplemented by periodic reviews: 60% of notaries conduct them at least quarterly, while the others adjust frequency to the risk level of each relationship.

Overall, the results show that the sector has adequate mechanisms for detecting possible suspicious transactions, combining direct client knowledge with external verification tools and a risk-based approach.

Law 14/2017 requires reporting to UIFAND any transaction giving rise to indications or suspicions. The Decree of 17 June 2020 approving the Regulation on the code of conduct, internal rules and fees of notaries also provides that professional [10]secrecy cannot be invoked where there is a legal duty to cooperate with competent authorities.

During 2021–2025, the sector submitted a total of seven suspicious transaction reports (STRs).

Number of suspicious transaction reports in the notarial sector

Year	2021	2022	2023	2024	2025	Total
STRs	1	1	1	2	2	**7**

Beneficial owner

Identifying and verifying beneficial owners is a particularly relevant due diligence measure in notarial work, mainly in corporate and real estate transactions involving legal entities or complex ownership structures.

According to information provided by notaries, verification is carried out systematically using information in Andorra's Companies Register, supplemented where necessary by client documentation, foreign public registers or other independent information sources.

[10] https://portaljuridicandorra.ad/R20200617A

Notaries generally report no significant difficulties in domestic transactions. The main difficulties arise when foreign legal entities or complex corporate structures are involved, in which case additional documentation may be needed to substantiate a beneficial-ownership declaration issued by the competent authorities in the country of origin.

Some professionals also note that beneficial-ownership declarations provided by clients may occasionally contain errors or fail to identify the beneficial owner correctly. These cases are checked when preparing the public instrument and, where appropriate, by obtaining supplementary documentation.

Overall, the available data show that generally adequate mechanisms are in place to identify beneficial owners, although transactions with an international component or complex structures require enhanced due diligence and documentary controls.

Independent information sources

Independent information sources are essential for verifying information provided by clients and strengthening due diligence under Law 14/2017.

According to the responses received, all notaries have access to Andorra's Companies Register, the main official source for verifying corporate information and supporting identification of representatives and beneficial owners of Andorran entities.

All notaries also report access to specialist private verification tools, such as *World-Check* or *Namebook*, which allow them to cross-check client information, consult international sanctions lists and identify possible AML/CFT risk factors.

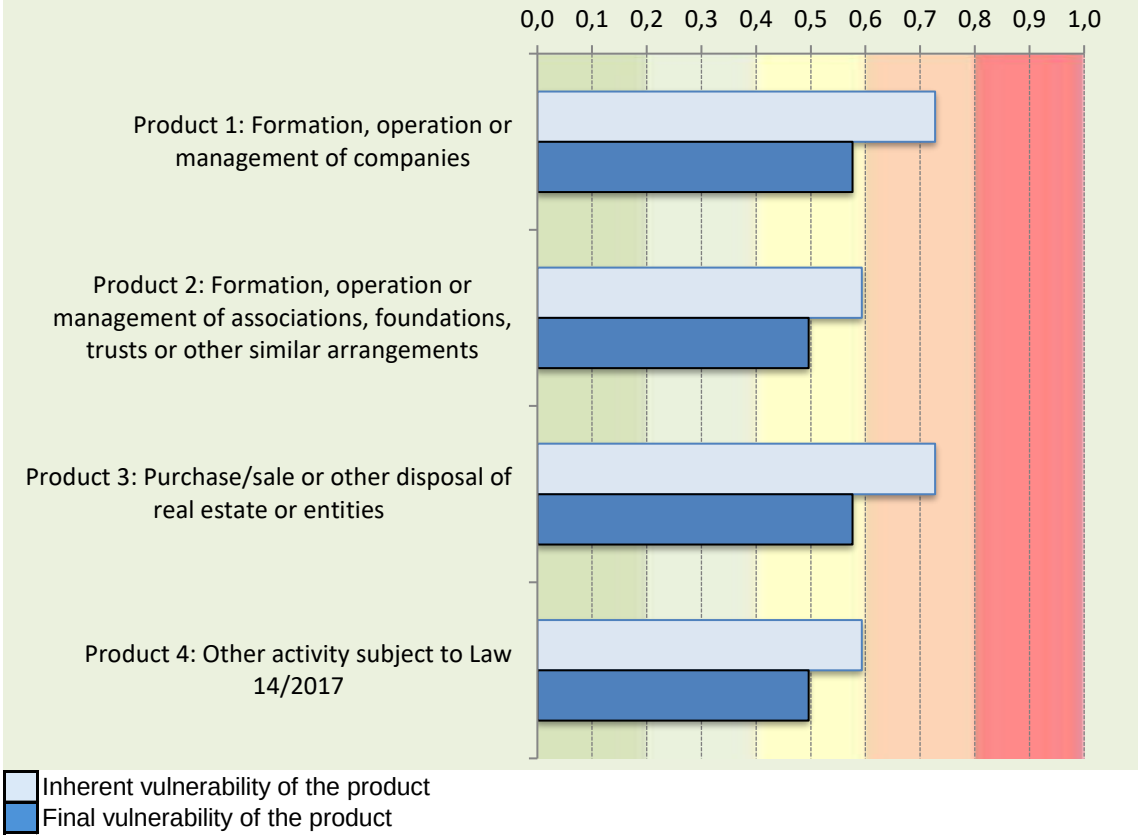
As regards international information sources, two of the five notaries have direct access to foreign public registers, while the others obtain necessary information through client documentation or other verification methods when required by the transaction. This is consistent with the predominance of domestic activity, which limits the need for direct searches of foreign registers.

Overall, the available data show that the sector has broad access to independent public and private information sources that support verification of clients, representatives and beneficial owners, as well as identification of AML/CFT risk factors.

4. Vulnerability rating

Based on the analysis conducted, the inherent vulnerability of each product analysed in the notarial sector can be assessed as follows:

Inherent and final vulnerability of products in the notarial sector



As shown, the inherent vulnerability of the products analysed is reduced by the quality of the sector's AML/CFT controls, which was assessed as medium-high. The controls implemented reduce inherent vulnerability across all four products, although final vulnerability levels differ between Products 1 and 3 on the one hand and Products 2 and 4 on the other.

Despite the high level of control implementation, improvements are still needed in practical application and in adapting controls to the specific risk of each transaction.

Consequently, the sector's final vulnerability is estimated to be **medium-low.**

Quality of AML controls	**Medium-high**
Final sector vulnerability	**Medium-low**

Real estate agents

1. General description of the sector

All real estate agents and managers belong to AGIA, the Andorran Association of Real Estate Agents and Managers. As at 31 March 2026, AGIA had 315 members and 292 member entities, increases of 22.1% and 28.6%, respectively, compared with the 2020 NRA, which recorded 258 members and 227 member entities.

According to responses to the information request, the sector continues to consist mainly of small businesses. Specifically, 41% of obliged entities reported that they consist of one person, another 41% have no more than two or three employees, and only 18% have four or more employees.

The Andorran real estate market includes a wide range of properties, including multi-unit and detached homes, commercial premises, industrial buildings, warehouses and other real estate assets. This diversity means transaction values vary widely according to property type, location, size and characteristics. Official data from the Statistics Department show that during 2021–2025 the Andorran real estate market changed significantly, with both an increase in the number of transactions and a general rise in residential property and land prices.

No official information is available to determine what proportion of real estate sales in the Principality involved an estate agent and distinguish them from transactions without an agent.

1.1. Activities

Real estate agents mainly intermediate purchases, sales and leases of real estate and, in that capacity, are obliged entities for AML/CFT purposes.

Based on the activities carried out by the sector and the methodology used in this National Risk Assessment (NRA), three product categories were identified for the analysis of inherent vulnerability:

- Product 1: Intermediation in the purchase and sale of real estate.
- Product 2: Monthly rents exceeding EUR 10,000.
- Product 3: Other activity subject to Law 14/2017.

Data reported by obliged entities show that the sector's activity is overwhelmingly concentrated in intermediation in real estate sales, which accounts for approximately 80% of transactions subject to Law 14/2017 throughout the period analysed. By contrast, intermediation in monthly rents exceeding EUR 10,000 is clearly marginal, while other activities subject to the rules account for approximately one-fifth of reported transactions.

The data analysed relate exclusively to activities subject to Law 14/2017 reported by real estate agents participating in this exercise.

Distribution of products and services in the real estate agency sector

Product	2021	2022	2023	2024	2025
Product 1	78.20%	82.17%	80.98%	78.62%	79.87%
Product 2	0.12%	0.30%	0.17%	0.32%	0.30%
Product 3	21.68%	17.53%	18.85%	21.06%	19.83%
Total	100%	100%	100%	100%	100%

1.2. Volume

During 2021–2025, the Andorran real estate market continued to expand significantly in both the number of transactions and the economic value of properties transferred. According to official data from the Statistics Department,[11]this growth was accompanied by a general increase in residential property and land prices, resulting in a significant rise in the overall value of real estate transactions.

Data reported by real estate agents for this assessment show a similar trend. The value of transactions subject to Law 14/2017 rose from EUR 407.6 million in 2021 to EUR 801.5 million in 2025, almost doubling in five years. This increase was driven mainly by intermediation in real estate sales, which consistently accounted for more than 99% of the reported economic volume.

The number of reported transactions also generally increased. Transactions subject to Law 14/2017 rose from 1,674 in 2021 to 2,370 in 2025, with sustained growth during the period and a consistent predominance of intermediation in real estate sales.

These figures confirm that activity subject to AML/CFT rules remains heavily concentrated in real estate sales, both in transaction numbers and economic volume.

Distribution of products and services in the real estate agency sector

Product	2021	2022	2023	2024	2025
Product 1	406,794,040	555,866,985	512,260,701	612,381,277	799,664,949
Product 2	26,000	211,486	70,460	54,700	250,760
Product 3	760,759	822,244	1,353,967	2,086,148	1,551,632
Total	**407,580,799**	**556,900,715**	**513,685,128**	**614,522,125**	**801,467,341**

[11]Press release published on 07/08/2025 by the Government Statistics Department analysing two statistics: A117 – Real estate transaction statistics and A145 – Housing and land price statistics. https://www.estadistica.ad/portal/apps/sites/#/estadistica-ca/pages/publicacions

1.3. Client profile

Data provided by real estate agents show that individuals predominate, accounting for between 71% and 75% of clients during 2021–2025, while legal entities account for 25% to 29%. In absolute terms, client numbers increased in both categories, with a slight rise in the relative share of legal entities.

Clients are concentrated mainly in Andorra, which accounted for approximately two-thirds of the total throughout the period analysed. Among non-residents, Spain was the main country of residence, followed by France. Client numbers generally increased across all residence categories, while the geographic distribution remained substantially stable.

2. Inherent vulnerability of the sector

2.1. Activities related to the purchase and sale of real estate

Intermediation in real estate sales is the main activity carried out by real estate agents that is subject to Law 14/2017, with 7,740 transactions reported during 2021–2025, approximately 80% of all transactions subject to AML/CFT rules.

By its nature, this activity has several inherent vulnerability factors. First, the high value of real estate allows significant wealth to be concentrated in a single transaction, which may facilitate the placement or integration of illicit funds.

Real estate transactions may also be complex, both because of the number of parties involved—real estate agents, notaries, financial institutions, lawyers and other professionals—and because of how transactions are financed and structured. In some cases, this complexity may make it harder to verify the source of funds and the transaction's economic rationale.

Another relevant factor is the possible involvement of legal entities or complex ownership structures, particularly where foreign entities participate, which may make it harder to identify and verify beneficial owners. The international component may also increase the complexity of checks when non-resident clients, foreign entities or funding sources in other jurisdictions are involved. Available data show clients resident in Andorra as well as clients mainly resident in Spain and France, and some in other jurisdictions.

Finally, real estate assets can be held and transferred over time, so their acquisition may preserve or integrate illicit wealth and later provide liquidity through a subsequent transfer.

Overall, intermediation in real estate sales has significant inherent vulnerability, mainly because of the high value of the assets, the ability to concentrate substantial amounts in a single transaction and the potential complexity of transactions, particularly when legal entities, complex ownership structures or international elements are involved.

2.2. Monthly rents exceeding EUR 10,000

Monthly rents exceeding EUR 10,000 are subject to Law 14/2017 under Article 2.2(d), but account for a very small share of the sector. A total of 24 transactions were reported for 2021–2025, approximately 0.2% of all transactions subject to AML/CFT rules, with a combined value of EUR 613,406.

The main inherent vulnerability of this activity arises from the high value of the contracts, which may involve significant transactions. Depending on the specific transaction and the parties involved, other risk factors may also arise, such as legal entities, complex ownership structures or clients with an international component.

Consequently, this activity has limited quantitative exposure in the sector because of its small volume, without prejudice to inherent risks arising from the specific characteristics of each transaction and the clients involved.

3. Quality of AML controls

3.1. Controls implemented by authorities and professional associations

Entry to the profession

Under Article 3 of the Law on Real Estate Agents and Managers[12] of 15 December 2000, as amended by Law 40/2022, practising the profession requires Government authorisation and compliance with statutory requirements. Entry is currently governed by Decree 46/2023 of 25 January 2023 approving the Regulation implementing the Law on Real Estate Agents and Managers[13], as amended by Decrees 91/2023 and 259/2025.

Professional competence may be demonstrated by passing a profess

sional aptitude test or completing a real estate management course organised by the University of Andorra (UdA). Offered since 2023, the course includes a specific AML/CFT module delivered and assessed by UIFAND.

The membership process involves the ministry responsible for trade and AGIA; membership is mandatory to practise. As a public-law corporation, AGIA performs the professional regulation and oversight functions assigned to it by legislation.

During 2021–2025, AGIA processed 85 applications for entry, one of which was refused under Article 5 of the Law on Regulated Professions. Five authorisations were also revoked following the suspension of rights due to unpaid fees. AGIA reports that the entry process verifies legal and professional requirements, including suitability, integrity, training and experience.

AML/CFT legislation forms part of the knowledge framework relevant to professional practice, and AGIA states that it is considered in entry procedures and when

[12]Consolidated text of the Law on Real Estate Agents and Managers: https://portaljuridicandorra.ad/L20001215G

[13]Consolidated text of the Regulation implementing the Law on Real Estate Agents and Managers: https://portaljuridicandorra.ad/R20230125H

reconsidering membership following possible breaches. However, applicants are not required to submit their internal AML/CFT procedures when seeking authorisation.

Compared with the analysis in the2020 NRA for 2017–2019, controls on entry to the profession have generally become more effective: applications are not all automatically accepted, formal refusals are possible and membership may be reconsidered following AML/CFT breaches.

Measures to ensure the integrity of the sector

The Law on Real Estate Agents and Managers assigns AGIA functions to oversee members' compliance with applicable rules, promote professional ethics and exercise disciplinary powers within the profession. Sector rules also establish offences and sanctions for professionals who breach obligations inherent to their activity. Sanctions may include fines and, in cases provided for by law, measures affecting the right to practise.

AGIA also has statutes and professional conduct rules governing members' rights and duties and promoting integrity, professionalism and respect for clients' interests. Entry requirements include evidence of no criminal record and compliance with current professional competence requirements.

AGIA also has supervisory mechanisms to detect and report unauthorised professional practice, which the sector itself identifies as a risk to the proper functioning of the real estate market.

Consequently, the real estate sector has a regulatory, ethical and disciplinary framework that promotes appropriate standards of professional integrity. Although these mechanisms do not eliminate the risk of undue influence or corruption, they are relevant mitigating factors that reduce the sector's exposure to such risks.

AML/CFT supervisory actions

During 2021–2025, a total of ten inspections of real estate agents were carried out.

Number of inspections in the real estate agency sector

Year	2021	2022	2023	2024	2025	Total
Number of inspections in the real estate agency sector	-	2	3	2	3	10

Supervisory actions revealed recurring shortcomings in the sector's AML/CFT systems, mainly concerning the quality of AML/CFT manuals, individual risk assessments (IRAs),

client risk classification, due diligence, beneficial-owner identification, source-of-funds verification, internal governance and staff training.

Overall, the deficiencies show an overly formalistic application of AML/CFT obligations and insufficient maturity in internal control systems, particularly in applying the risk-based approach.

In this context, on 17 May 2023 UIFAND published an Information Note for the real estate sector, followed on 31 May 2023 by the Real Estate Sector Guide. The Note details the main areas for improvement identified through supervision, while the Guide identifies the sector's main inherent risks and explains applicable obligations and mitigation measures. Areas highlighted include preparing IRAs, internal procedures and controls, risk classification of parties, and identification and verification of beneficial owners.

These supervisory tools help strengthen application of the risk-based approach and harmonise prevention standards across the sector.

Sanctions

Among other functions, AGIA exercises disciplinary powers relating to professional conduct. During 2021–2025, it took various measures concerning members, mainly for non-payment of membership fees and failure to affiliate a member with a real estate agency. One disciplinary action for negligence in professional duties resulted in a one-year suspension of rights. According to AGIA, none of these actions specifically concerned breaches of AML/CFT rules.

Regarding administrative AML/CFT sanctions, UIFAND conducted ten inspections in the sector during 2021–2025 and opened three sanction proceedings, imposing a total of EUR 460,500 in fines. Two proceedings were opened in 2023, resulting in fines totalling EUR 10,500, and one in 2025, resulting in a EUR 450,000 fine.

The breaches sanctioned in 2023 mainly concerned deficiencies in internal control procedures and preparation of the IRA. The 2025 fine resulted from very serious breaches involving the absence of an IRA and adequate internal control procedures.

Overall, sanctions reveal weaknesses in risk management and internal control systems at some operators and show that preventive AML/CFT compliance needs to be strengthened further, particularly the risk-based approach and internal control procedures.

Number of administrative sanctions resulting from inspections

Year	Total inspections	Total sanction proceedings	Total amount of fines
2021	0	0	
2022	2	0	
2023	3	2	EUR 10,500
2024	2	0	
2025	3	1	EUR 450,000

3.2. Control systems implemented by members of the sector

Regulatory compliance

- *Availability of internal control procedures*

A total of 94.7% of surveyed real estate agents report having internal AML/CFT control procedures. Of these, 53.2% say their procedures are documented in writing, while 17.5% have procedures that exist but are not documented. The latter figure represents an improvement since the 2020 assessment, although there is still room to improve the documentation of internal control procedures.

In addition, 24% of surveyed real estate agents report that an external expert was involved in preparing their internal control procedures, indicating some specialist support in establishing AML/CFT controls.

Obliged entities reporting that they do not have internal control procedures account for 5.3% of respondents. Notably, 56% of this group are individuals and therefore would not be subject to the requirement in Article 40.2(b) of Law 14/2017.

Regarding AML/CFT training content, 90.6% of surveyed real estate agents say that training covers the obliged entity's internal procedures. This shows a high degree of integration between AML/CFT training and the internal procedures applicable to each obliged entity.

Although results show progress since the previous assessment, awareness and supervision efforts should continue, particularly to ensure that internal control procedures are properly documented, proportionate to the size and complexity of the business, and accurately reflect procedures actually applied in practice.

- *Clients rejected under internal procedures*

A total of 12.3% of surveyed real estate agents report having rejected a client in the past five years due to a lack of information or documentation, while the remaining 87.7% say they have not rejected any. In most cases, only a small number of clients were involved.

These results show that on some occasions, insufficient information or documentation prevented a business relationship from being established, in line with AML/CFT due diligence obligations.

- *Client control tools*

According to the sector survey, 56.7% of surveyed real estate agents report using specialist external providers to meet AML/CFT obligations. Open-source information is also widely used: 94.7% of respondents say they use it. Regarding access to public registers, 69.0% have access to Andorra's Companies Register, while 21.6% also have access to foreign public registers.

Overall, respondents widely use information sources and support tools to apply due diligence measures, although automated client-control systems remain uncommon. Given the sector's characteristics—fewer transactions, generally one-off and not linked to ongoing relationships, and clients who can generally be monitored individually—widespread implementation of such systems, which are more common in other financial sectors, is not necessary.

Identification and reporting of suspicions

During 2021–2025, real estate agents submitted a total of three suspicious transaction reports (STRs) to UIFAND: one in 2021 and two in 2023. Although the absolute number remains low, it is an increase from the previous period, when only one report was recorded.

Regarding detection mechanisms, the sector survey shows that most professionals have procedures to identify potentially unusual or suspicious transactions, mainly through manual controls based on client risk, source-of-funds checks, open-source searches and sanctions-list screening. A significant share also relies on specialist external AML/CFT providers, and most professionals have received training on money laundering and terrorist financing typologies.

However, supervisory work during the period identified areas for improvement in due diligence, beneficial-owner identification, source-of-funds verification and client risk-classification systems, which may affect the ability to detect and analyse suspicious transactions.

Although detection mechanisms are generally proportionate to the nature of the sector's activity, the small number of STRs, together with issues identified in some control systems, shows that detection, analysis and reporting mechanisms should continue to be strengthened.

Number of STRs submitted by the real estate agency sector

Year	2021	2022	2023	2024	2025	Total
STRs	1	-	2	-	-	3

Record retention

Regarding AML/CFT recordkeeping, 72.5% of surveyed real estate agents report retaining records in both paper and electronic formats. A further 17% retain them only electronically and 9.9% only on paper. Only 0.6% say they do not retain AML/CFT documentation.

Overall, almost the entire sector (99.4%) reports retaining AML/CFT documentation, predominantly in both formats or electronically.

Training, knowledge and risk awareness

- *Training*

Real estate professionals have several options for AML/CFT training and support materials, mainly through AGIA but also through specialist external firms, the Chamber of Commerce, the University of Andorra and other professional associations.

During 2021–2025, AGIA organised a total often AML/CFT training sessions, all delivered by Andorran firms specialising in the subject.

Although AGIA does not have aggregated attendance figures, responses to the information request indicate that the share of obliged entities attending these sessions was approximately 13% in 2021, 16% in 2022, 22% in 2023, 23% in 2024 and 28% in 2025. These figures show a positive trend in participation in AGIA's training activities.

Responses from obliged entities also show a positive trend in AML/CFT training. The share that conducted no training activity fell from 76% in2021 to69% in 2022, 61% in 2023, 59% in 2024 and 47% in 2025. Nevertheless, over the full 2021–2025 period, 43% of obliged entities responding to the request reported conducting no AML/CFT training.

Training delivered to obliged entities by external AML/CFT specialists also increased, from 4% of reported training activities in 2021 to 12% in 2025. Internal training, by contrast, remained low and relatively stable, accounting for 3% to 4% of reported training activities.

On-site inspections during the period show that the level and coverage of training vary among obliged entities. In some cases, training is limited to those responsible for AML/CFT functions, with no evidence that the rest of the workforce received specific training. Cases were also identified where training had not been updated to reflect

recent regulatory changes,[14]including Law 37/2021, or was not specifically adapted to the real estate sector.

Overall, the sector has a sufficient and diverse range of AML/CFT training, and participation in training activities improved during the period. However, this has not yet resulted in a consistent level of training among obliged entities. In particular, the fact that 43% of respondents reported no AML/CFT training during 2021–2025 shows that access to or participation in training remains insufficient for a significant share of the sector. Together with inspection findings on training updates and coverage, this indicates that the sector should continue to promote regular, current training tailored to real estate, for both AML/CFT leads and other professionals involved.

- *Knowledge of the sector's money laundering and terrorist financing risks*

Responses show a clear improvement in knowledge of the real estate sector's inherent risks compared with the 2020 assessment. Unlike then, the vast majority of agents now identify specific risks aligned with the main money laundering and terrorist financing factors.

The most frequently identified risk is using real estate sales to channel illicit funds, cited in approximately 75–80% of responses. Other risks include source-of-funds verification (65–70%), difficulty identifying beneficial owners and use of shell companies or opaque structures (60–65%), and non-resident clients, foreign investors or links to higher-risk jurisdictions (55–60%). Cash payments or other payment methods that are difficult to trace remain widely recognised risks (40–45%).

Only a small share of respondents consider risk low or irrelevant to their business, mainly because they carry out activities with limited exposure to sales transactions. Overall, responses show more complete and mature knowledge of money laundering and terrorist financing methods specific to the sector than was reflected in the 2020 exercise.

- *Knowledge of the firm's/business's money laundering and terrorist financing risks*

Regarding internal risk assessment, data show a high level of compliance with the requirement to have an Individual Risk Assessment (IRA). Specifically, 93% of real estate agents have an IRA, while only 7% report not having one.

These assessments have also been updated recently: 64% of IRAs were prepared or reviewed in 2025 or 2026, showing ongoing efforts to keep business risk assessments current.

As regards the overall risk level stated in IRAs, nearly half of firms (49%) classify themselves as low risk, while 41% conclude that their risk is medium or medium-low and only 5% consider it medium-high or high. Overall, these results indicate that the sector

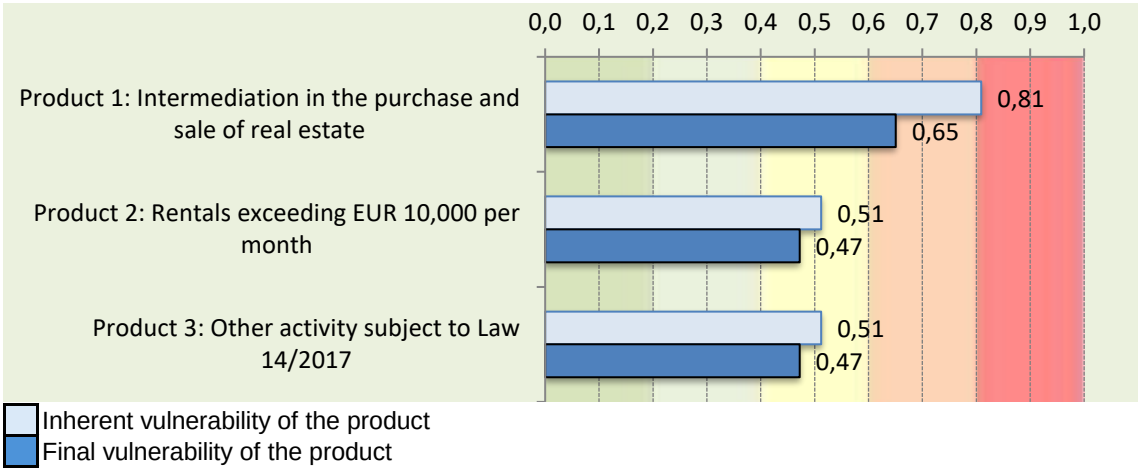
[14]Law 37/2021 amending Law 14/2017 on the prevention and combating of money or securities laundering and the financing of terrorism.

understands its specific risks and that most firms have a formal, up-to-date assessment of their money laundering and terrorist financing exposure.

4. Vulnerability rating

Based on the analysis conducted, the inherent vulnerability of the real estate agency sector can be assessed as follows:

Inherent and final vulnerability of products in the real estate agency sector



The inherent vulnerability of the products analysed is partially mitigated by the quality of the sector's AML/CFT controls, assessed as **medium.**

Overall, the sector's final vulnerability is estimated to be medium.

Quality of AML controls	**Medium**
Final sector vulnerability	**Medium**

External accountants, auditors and tax advisers; economists, managers and other providers of services to companies and other legal arrangements

1. General description of the sector

This section analyses external accountants, auditors and tax advisers, as well as economists, managers and other providers of services to companies and other legal arrangements who carry out activities subject to Law 14/2017 under Article 2(2)(a) and (c). Because of the nature of these activities, one obliged entity may provide several of the services analysed at the same time.

Under Law 14/2017, obliged entities include auditors, external accountants and tax advisers, as well as any other person who undertakes, directly or through related third parties, to provide material assistance, support or advice on tax matters as their principal business or professional activity. Economists, managers and other providers of services to companies and other legal arrangements are obliged entities when they provide services specifically listed in the rules, including forming companies or other legal entities; acting as a director, attorney, secretary, administrator or equivalent; providing a registered, business, postal or administrative address; acting as a trustee or equivalent; and acting as a nominee shareholder for another person.

Therefore, an operator's professional title alone does not determine whether they are an obliged entity. That status depends on the activities actually carried out and whether they fall within the scope of Law 14/2017.

In general, operators have varied business structures, ranging from individual professionals and small practices to larger professional services firms and companies.

To analyse these sectors and determine their inherent vulnerability, the main activities and services provided under the categories subject to Law 14/2017 were considered:[15]

- Product 1: Accounting and accounting advice services.
- Product 2: Audit services.
- Product 3: Tax advice.
- Product 4: Formation, operation, management and provision of services to companies.
- Product 5: Formation, operation, management and provision of services to trusts.
- Product 6: Other activities subject to Law 14/2017.

The distribution of transactions or services provided in these categories is as follows:

[15]This is a methodological classification used to analyse the information collected for the 2026 NRA and does not, in itself, expand the scope of Law 14/2017. Obliged-entity status and the scope of activities subject to the Law are determined in accordance with the legislation in force.

Distribution of products and services in the sector of external accountants, auditors and tax advisers; economists, managers and other providers of services to companies and other legal arrangements

Product	2021	2022	2023	2024	2025
Product 1	52.20%	54.67%	56.25%	56.41%	57.67%
Product 2	2.81%	2.26%	1.84%	1.65%	1.88%
Product 3	23.84%	22.49%	21.69%	20.40%	20.28%
Product 4	17.44%	16.79%	16.01%	17.79%	16.78%
Product 5	0.01%	0.01%	0.02%	0.00%	0.00%
Product 6	3.70%	3.78%	4.19%	3.75%	3.39%
Total	100%	100%	100%	100%	100%

Accounting and accounting advice services were the largest category throughout the period, increasing from 52.20% in 2021 to 57.67% in 2025. Tax advice remained the second-largest category, although its share fell from 23.84% to 20.28%. Company-related services accounted for between 16.01% and17.79%, while audit services accounted for between 1.65% and 2.81%. Trust-related services were marginal, at between 0.00% and 0.02%, and other activities subject to Law 14/2017 represented between 3.39% and 4.19%.

Overall, the activity analysed is concentrated mainly in accounting and accounting advice, followed by tax advice and company-related services.

2. Inherent vulnerability of the sector

2.1. Accounting and accounting advice services

Accounting and accounting advice services have several inherent money laundering vulnerabilities, mainly because professionals have ongoing access to clients' financial and economic information and participate in preparing and managing accounting records. This position may be used to give the appearance of legitimacy to transactions or movements of illicit funds, particularly through the creation or use of accounting documents, invoices or other supporting records.

Risk is also affected by exposure to legal entities and corporate structures, which may increase transaction complexity and make it harder to identify beneficial owners or understand the actual economic activity. Ongoing client relationships may also facilitate the use of professional services to structure, justify or conceal transactions linked to money laundering.

These vulnerabilities should be assessed alongside factors such as client profiles, the nature and complexity of transactions, the use of legal entities and exposure to foreign jurisdictions. None of these factors, considered in isolation, determines the sector's risk level.

2.2. Audit services

Audit services have inherent money laundering vulnerability mainly because auditors have access to clients' financial, accounting and corporate information, as well as documentation and transactions that may reveal movements of funds or structures used to conceal their origin or destination.

Relationships with legal entities and corporate structures may increase the complexity of the activity under review and make it harder to understand beneficial ownership, economic activity or certain transactions, particularly where several entities or jurisdictions are involved. An auditor's report or opinion may also lend credibility to financial information, which could be exploited to give an appearance of legitimacy to transactions or information concealing illicit activity or funds.

These vulnerabilities should be assessed alongside factors such as client profiles, the nature and complexity of transactions, use of legal entities and exposure to foreign jurisdictions. The number or volume of audit services alone does not determine the risk level associated with this activity.

2.3. Tax advice

Tax advice services have inherent money laundering vulnerability mainly because professionals have access to information on clients' assets, financial position and tax affairs and may participate in planning and structuring transactions. This position may be used to structure transactions or movements of funds to conceal their origin, destination or beneficial owner.

Vulnerability may increase when advice involves corporate structures or transactions involving several legal entities, jurisdictions or cross-border movements, particularly where complexity makes it difficult to establish the true economic nature of transactions or the source of funds.

These vulnerabilities should be assessed alongside factors such as client profiles, the nature and complexity of transactions, use of legal entities and exposure to foreign jurisdictions. The nature or volume of tax advice activity alone does not determine its associated risk level.

2.4. Formation, operation, management and provision of services to companies, trust legal instruments, trusts or similar arrangements, and associations, foundations or other legal arrangements

Services involving the formation, operation, management and provision of services to companies, trust legal instruments, trusts or similar arrangements, associations, foundations or other legal arrangements have high inherent money laundering vulnerability, since these structures may be used to conceal beneficial owners, separate formal ownership from actual control of assets or make funds harder to trace.

Vulnerability may increase where complex corporate or fiduciary structures, multiple layers of ownership, intermediaries, cross-border transactions or jurisdictions with different levels of transparency are involved. Professionals who form, administer or provide services to these structures may also have significant knowledge of and influence over their configuration and operation, which could be used to structure or channel transactions to conceal their origin, destination or effective control.

These vulnerabilities should be assessed alongside factors such as client and beneficial-owner profiles, structural complexity, the nature and economic purpose of transactions and exposure to foreign jurisdictions. Use of these structures does not, by itself, imply a high money laundering risk.

3. Quality of AML controls

3.1. Controls implemented by authorities and professional associations

Controls on entry to the profession

Access to the activities analysed is regulated to varying degrees depending on the profession or activity. In general, these activities are subject to the rules applicable to economic and professional activities and, where relevant, to the specific regime for regulated and licensed professions.

There is currently no sector-specific entry regime, compulsory membership system or single professional register for accountants and tax advisers. Their practice is governed mainly by general rules applicable to economic and professional activities. Professional associations, such as the Association of Accountants of the Principality of Andorra (ACP) and the Association of Tax and Fiscal Advisers of Andorra (AATF), are private and voluntary and are not a prerequisite for practising.

During the period analysed, ACP received 40 membership applications and AATF received 22; none were rejected and no memberships were revoked. According to both associations, they do not conduct specific suitability or integrity checks on applicants, and AML/CFT obligations are not criteria for admission or possible revocation of membership. Membership therefore does not provide an effective mechanism for controlling entry to the profession or include specific AML/CFT controls.

For statutory auditors, there is a specific regime for entry, registration and supervision. Law 30/2025 of 15 December on the consolidated text of statutory auditing[16]in the Principality of Andorra (hereinafter, Law 30/2025)[17]and its implementing regulation establish requirements relating to professional competence, registration in the Register of Statutory Auditors of the Principality of Andorra (RACA), professional practice, supervision and quality control. The new regulation specifically develops entry procedures, including a professional competence examination, and assigns authorisation and RACA registration functions to the statutory audit supervisor.

The profession of economist is organised through the Andorran Association of Economists (COEA), established by Law 25/2012 of 18 October[18]. The Law assigns the Association functions in regulating professional practice and safeguarding ethical and professional conduct. During the period analysed, COEA assessed 89 membership applications, accepted 87 and rejected two. According to the Association, refusals were due to failure to meet legal or statutory requirements for entry and membership. No authorisations were revoked. Entry criteria include verification of applicable legal and professional requirements and, according to COEA, suitability and integrity. However, specific AML/CFT obligations are not a separate requirement for admission or revocation, without prejudice to obligations applying to economists when they are obliged entities under Law 14/2017.

There is currently no specific sectoral entry regime for administrative managers and other providers of services to companies and legal arrangements comparable to that for regulated or licensed professions. The Association of Management Companies and Administrative Managers of Andorra (AGGA), established in 2024, is private and voluntary and does not authorise or administratively supervise professional practice. During the period analysed, it received approximately 50–60 membership applications, with no rejections or revocations. AGGA reports that it does not conduct specific suitability or integrity checks or use AML/CFT criteria for admission or revocation.

Overall, entry controls vary in intensity. They are more developed for auditing and the practice of economics, while accountants, tax advisers and administrative managers are not currently subject to specific sectoral licensing or compulsory membership. In these latter cases, professional associations mainly perform representative and membership functions and do not effectively control market entry or apply specific AML/CFT criteria.

Sector integrity

The integrity framework for external accountants, tax advisers, auditors, economists, managers and other providers of services to companies and legal arrangements is now more developed than described in the 2020 assessment, although it differs significantly by profession.

[16] https://portaljuridicandorra.ad/L2025030

[17]Decree 223/2023 of 10 June 2026 approving the Regulation implementing Law 30/2025 of 15 December on the consolidated text of statutory auditing in the Principality of Andorra: https://portaljuridicandorra.ad/R20260610B

[18] https://portaljuridicandorra.ad/L2012025

In general, Law 6/2008 of 15 May on the practice of regulated professions and professional associations[19](hereinafter, Law 6/2008) sets requirements for entry to and practice of regulated professions, as well as professional rights and duties, incompatibilities, professional secrecy and disciplinary rules. Licensed professionals must act in accordance with good professional practice and applicable ethical standards, freely and independently and in the interests of service recipients. The Law also provides for measures against unauthorised practice and professional misconduct, as well as sanctions and, where appropriate, disqualification.

Within this general framework, the following specific features are identified:

- Economists: the profession is organised through COEA and is subject to the relevant membership regime. The Association regulates and represents the profession and promotes good practice and compliance with ethical duties. Its rules also provide for disciplinary mechanisms. Law 6/2008 assigns professional associations public functions and disciplinary powers in relation to professional practice.

- External accountants and tax advisers: these professionals are obliged entities for AML/CFT purposes under Law 14/2017 when they carry out activities within its scope. Where they are licensed professions, their practice is subject to the general framework of Law 6/2008, including duties of good practice, professional secrecy and disciplinary liability. However, neither ACP nor AATF authorises or supervises professional practice, and membership of either is not generally required to practise. Association mechanisms therefore mainly serve private representation and self-regulation, while AML/CFT obligations are governed by Law 14/2017 and the competent authorities.

- Statutory auditors: this is currently the subsector with the most specific integrity framework. Law 30/2025 regulates entry to and practice of the profession, compulsory registration in RACA, continuing education, professional ethics, independence and objectivity, professional secrecy, liability and sanctions. It also establishes a specific system of supervision and quality control under the statutory audit supervisor and the Audit Supervision Commission. The framework was supplemented by the Regulation of 10 June 2026, which further develops RACA, continuing education, supervisory procedures and disciplinary rules. Auditors registered in RACA are also members of COEA's Auditors' Branch, which participates in certain functions for developing and organising the profession, without prejudice to the powers of the public supervisor.

- Administrative managers and other providers of services to companies and legal arrangements: as at the assessment date, there is no sector-specific regime comparable to that for economists or auditors establishing professional requirements, compulsory membership or a dedicated supervisory system. However, these operators may be subject to AML/CFT rules depending on the

[19] https://portaljuridicandorra.ad/L2008006

services they perform, particularly when they provide services to companies or other legal arrangements.
In 2024, AGGA was established and registered in the Associations Register. It represents and coordinates the sector but is not a public authorisation or supervisory body.

Overall, the sector's integrity mechanisms currently have three distinct levels:

- a general framework for regulated professions and disciplinary rules;
- professional association or membership mechanisms with varying requirements depending on the profession; and
- for auditors, a specific system of authorisation, registration, supervision, quality control and sanctions.

By contrast, administrative managers and other providers of services to companies who are not subject to a specific professional regime continue to have a lower level of sectoral regulation, although they remain subject to AML/CFT obligations when they are obliged entities.

Compared with the situation described in the 2020 NRA, the formal integrity framework has been significantly strengthened, particularly for auditors and, to a lesser degree, through consolidation of professional association mechanisms. However, a significant gap remains between professions subject to compulsory membership or specific supervision and those whose integrity mechanisms depend mainly on general rules, AML/CFT obligations and each operator's internal controls.

Sector AML/CFT supervision

During 2021–2025, UIFAND intensified supervision of accountants, auditors, tax advisers, economists, managers and other providers of services to companies and other legal arrangements. A total of 32 inspections were conducted: three in the accounting, audit and tax-advice sector and 29 among economists, managers and other TCSPs.

Number of inspections in the sector

Year	2021	2022	2023	2024	2025	Total
Accountants, auditors and tax advisers	-	-	-	1	2	3
Economists, managers and other TCSPs	-	2	2	24[20]	1	29

[20]A significant part of these actions was carried out as part of a thematic inspection of the TCSPs sector, focusing mainly on beneficial-owner identification and checks against sanctions lists and public sources. On-site and remote supervisory actions identified recurring deficiencies in various elements of AML/CFT prevention systems.

The main areas identified for improvement include the adequacy of internal AML/CFT manuals; preparation and updating of individual risk assessments; risk-based client classification; application of due diligence; identification and verification of beneficial owners; source-of-funds verification; sanctions-list screening; and documentation of analyses performed. Weaknesses were also observed in certain areas of governance, internal control and training.

Supervisory work was supplemented by feedback and awareness-raising for obliged entities, including dissemination of good practices and key areas for improvement. In this regard, UIFAND's Information Note published in April2025 [21]on providers of services to companies and trusts sets out the main findings from supervisory work and recommended improvements.

During 2021–2025, seven sanction proceedings were initiated as a result of supervisory actions, involving total fines of EUR 1,560,251. Sanctions mainly concerned deficiencies in assessing money laundering and terrorist financing risks, individual risk assessments, internal control procedures and compliance with certain technical AML/CFT obligations. Several breaches were classified as serious or very serious.

Year	Total inspections	Total sanction proceedings	Total amount of fines[22]
2021	0	0	
2022	2	1	EUR 15,001
2023	2	0	
2024	24	4	EUR 910,000
2025	3	2	EUR 635,250

Overall, supervisory actions reveal recurring deficiencies in AML/CFT prevention systems and the need to strengthen internal controls, risk management and regulatory compliance.

[21]The Information Note is available at the following link: https://www.uifand.ad/images/stories/Docs/SubjectesObligats/NoFinancers/NI_TCSPS_042025_CAT.pdf

[22]Further information is available in UIFAND's annual reports: https://www.uifand.ad/ca/uifand/memories

3.2. Control systems implemented by members of the sector

AML/CFT training

AML/CFT training among the obliged entities analysed improved during 2021–2025. Professional associations and chambers were involved to varying degrees: AATF organises at least one annual session on AML/CFT obligations and regulatory developments, while ACP and AGGA do not currently organise specific training. COEA organised two training activities during the period, in 2022 and 2024.

Information from obliged entities shows a gradual reduction in the number of entities that conducted no training, particularly among managers and other providers of services to companies, where the share fell from 61% in 2021 to 33% in 2025. During the period, the average share with no training was 18% among accountants and 14% among tax advisers.

Use of specialist training also increased, both through activities organised by the Chamber of Commerce and by engaging external AML/CFT specialists. The latter grew particularly significantly between 2021 and 2025, from 6% to 16% among accountants, 3% to 20% among tax advisers, 5% to 15% among economists and 3% to 18% among managers and other providers of services to companies. Some obliged entities also used internal training.

Overall, the data show improved AML/CFT training and awareness compared with the previous period, as well as greater use of specialist training. This strengthens obliged entities' ability to identify and manage money laundering and terrorist financing risks. However, the continued presence of entities with no training shows that training levels are not yet consistent across the sectors and that ongoing training should continue to be promoted.

Knowledge and awareness of money laundering and terrorist financing risks and obligations

Responses show a high level of knowledge of the main money laundering and terrorist financing risks inherent to providers of services to companies, economists, accountants and tax advisers. Compared with the 2020 NRA, risk typologies are identified more consistently and precisely, reflecting greater awareness among obliged entities of the potential misuse of their professional services.

The most frequently identified risk is the formation or management of companies and opaque corporate structures, and difficulty identifying beneficial owners (80%). This is followed by the use of professional services to give illicit transactions an appearance of legality (60%); high-risk clients, transactions or jurisdictions (55%); and transactions without an economic rationale or with inadequately substantiated sources of funds (50%). Less frequently identified risks include tax crime and accounting or document manipulation (35%), and the use of cash or other payment methods that are difficult to trace (20%). Only around 10% of participants consider their business's inherent risk low or very limited, mainly because of their client types or control measures. Overall,

responses show established knowledge of the main money laundering and terrorist financing typologies affecting the sector.

Knowledge of risks specific to each business or firm also improved significantly compared with 2020. Overall, 95.7% of obliged entities responding reported having an Individual Risk Assessment (IRA). As regards overall residual risk, low risk predominates (49.1%), followed by medium-low risk (29.5%) and medium risk (17.1%).

Overall, the data indicate that the risk-based approach is becoming established in the sector. Almost all obliged entities have a current IRA, mostly updated within the past three years, which is a positive indicator of internal knowledge and management of money laundering and terrorist financing risks.

Availability of internal control procedures

Survey results show widespread implementation of internal AML/CFT procedures among obliged entities in the sectors analysed. The share of professionals reporting that they do not have such procedures is low: 6% among tax advisers, 7% among accountants, and no cases among economists or management companies.

Regarding written documentation, 15% of tax advisers, 17% of accountants, and 12% of both economists and TCSPs report having internal procedures that are not documented in writing. One-third of this group are individuals, which should be considered when interpreting the result: under Article 40.2(b) of Law 14/2017, this type of obliged entity is not required to document procedures in writing. Overall, internal procedures are widely documented, although further improvement is possible.

Responsibility for client due diligence controls varies by sector. Among accountants and tax advisers, controls are mainly performed by staff responsible for the business (53% and 47%, respectively). This share is lower among economists and providers of services to companies (38%), where dedicated control staff (33%) and all staff (30%) are more involved. Overall, 46% of obliged entities assign these controls to staff responsible for the business, 28% have dedicated control staff and 25% assign them to all staff.

Overall, internal AML/CFT control procedures are widely implemented, with substantial documentation and broad assignment of responsibilities for due diligence controls, although there remains room to improve the documentation of internal procedures.

Systems for detecting and reporting suspicions

During 2021–2025, the sectors analysed submitted a total of 11 suspicious transaction reports (STRs) to UIFAND: eight from TCSPs and three from accountants, economists and tax advisers.

Number of STRs submitted by the sector

Year	2021	2022	2023	2024	2025	Total
TCSPs	3	2	-	2	1	8
Accountants, economists and tax advisers	1	-	-	1	1	3
Grand total	**4**	**2**	**0**	**3**	**2**	**11**

Regarding detection mechanisms, the sector survey shows that preventive measures are generally well established. Most professionals report applying risk-based monitoring procedures, checking open sources and sanctions lists, and, in some cases, using specialist external providers. More than 90% of respondents also report that staff training includes specific content on money laundering and terrorist financing typologies.

However, supervisory actions have identified deficiencies in risk assessment, due diligence, beneficial-owner identification and internal control procedures, which may limit the ability to detect and analyse potentially suspicious transactions properly.

Overall, the data show that mechanisms for detecting and reporting suspicions are in place and that some reporting activity exists, particularly among providers of services to companies. Nevertheless, deficiencies identified in internal control systems show that obliged entities' ability to detect, analyse and report potentially suspicious transactions should continue to be strengthened.

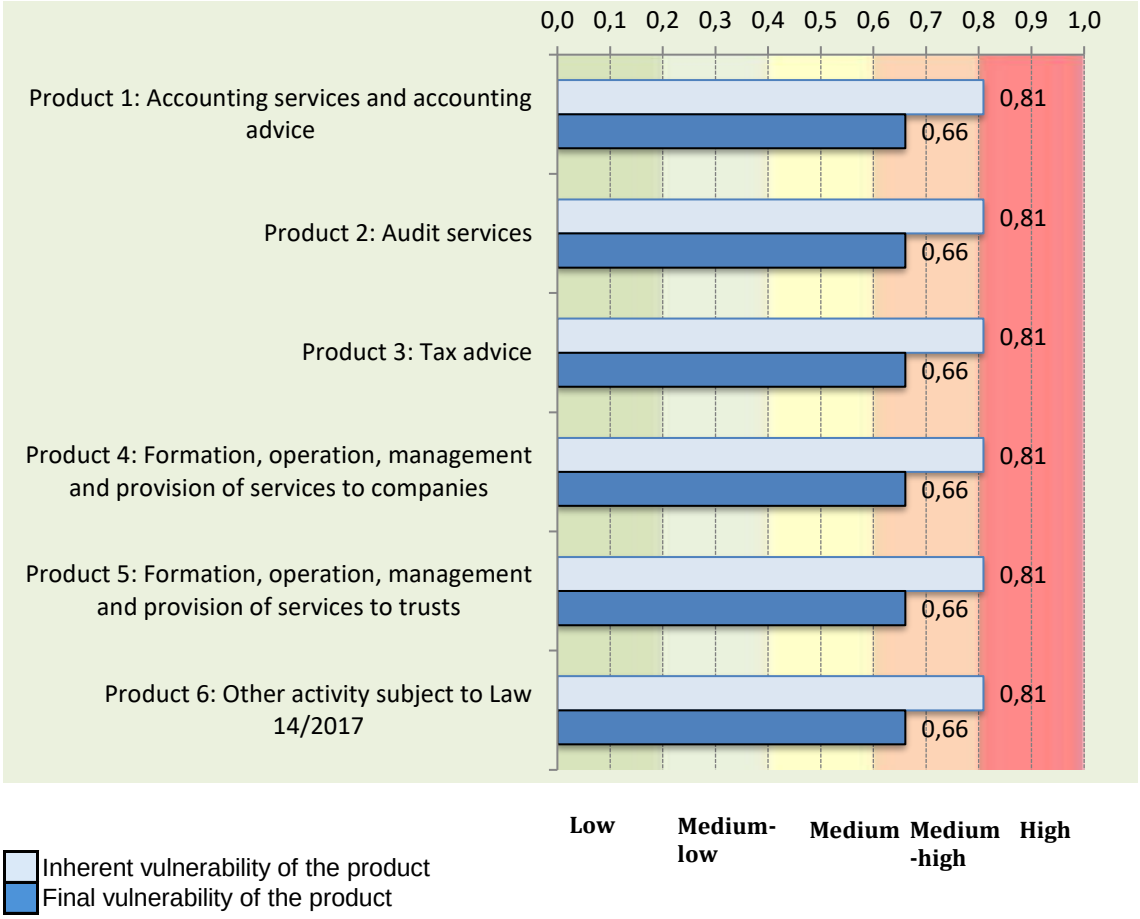
Use of independent information sources

Use of reliable, independent information sources is now much more widespread among obliged entities in the sector than in the 2020 assessment. Specifically, 97.5% report access to open sources and 94.1% to Andorra's Companies Register, while 62.8% have access to external information providers. Access to foreign public registers is more limited, at 32.5%. Overall, the data show greater availability and use of independent sources to supplement and cross-check information provided by clients as part of due diligence, a positive development compared with 2020.

4. Vulnerability rating

Based on the analysis conducted, the inherent vulnerability assessed for each product is as follows:

Inherent and final vulnerability of products in the sectors



The inherent vulnerability levels identified are partially mitigated by the quality of AML/CFT controls, assessed as medium-low.

Overall, the sectors' final vulnerability is estimated to be **medium.**

Quality of AML controls for external accountants, auditors and tax advisers	**Medium-low**
Quality of AML controls for providers of services to companies and other legal arrangements	**Medium-low**
Final vulnerability of the external accounting, audit and tax-advice sectors	**Medium**
Final vulnerability of the sector providing services to companies and other legal arrangements	**Medium**

Dealers in high-value goods

1. General description of the high-value goods dealer sector

Carrying out high-value goods trading activity in the Principality of Andorra is subject to the general administrative authorisation regime for economic activities, including Government authorisation to conduct the activity and the relevant municipal licences to open and operate premises. There is no sector-specific licensing regime beyond the general requirements applicable to commercial activity.

This category includes, among others, vehicle dealers, dealers in precious metals and stones (PMS) and other high-value goods dealers. Depending on the nature of their transactions, these operators may be subject to AML/CFT obligations. These activities are particularly relevant from a money laundering risk perspective because of the nature and value of the goods traded, the possibility of high-value transactions and, in some circumstances, the use of cash.

Some subsectors have private representative associations, such as the Association of Vehicle Importers of Andorra (AIVA) and the Guild of Jewellers and Watchmakers of Andorra. Membership is voluntary and is not required to conduct the activity. These bodies do not regulate, authorise or supervise the sector and have no sanctioning powers.

The PMS subsector mainly includes jewellers and watchmakers, a traditional commercial activity in the Principality. According to the list provided by the Guild of Jewellers and Watchmakers of Andorra, as at 8 May 2026 it had 13 registered members.

According to the list provided by AIVA as at 13 March 2026, the automotive sector association currently has 12 members, representing authorised dealers of major passenger car, motorcycle and commercial vehicle brands. Their activity mainly involves importing and selling new vehicles, although they also provide related services such as buying and selling used vehicles, vehicle repairs and maintenance, and spare-parts sales.

1.1. Activities

Vehicle dealers, dealers in precious metals and stones (PMS) and other high-value goods dealers are subject to AML/CFT rules for purchases and sales where payments made or received in cash amount to EUR 10,000 or more, whether in a single transaction or several transactions that appear to be related.

For this National Risk Assessment, the sector's activity was analysed through the following products:

- Product 1: Purchase and sale of vehicles involving cash transactions of EUR 10,000 or more.
- Product 2: Purchase and sale of precious metals and stones (PMS) involving cash transactions of EUR 10,000 or more.

- Product 3: Purchase and sale of other high-value goods, such as works of art, antiques, philatelic items, collectibles or similar goods, involving cash transactions of EUR 10,000 or more.
- Product 4: Other activity subject to Law 14/2017.

Data collected for 2021–2025 show that AML/CFT-regulated activity reported by participating operators was concentrated mainly in Product 3 (purchase and sale of other high-value goods), which represented between 53.75% and 93.06% of reported transactions during the period analysed.

By contrast, Product 2 (purchase and sale of precious metals and stones) increased its share during the period. Data for this product were provided by PMS dealers participating in the study. The number of transactions rose from 24 in 2021 to 37 in 2025, and its share of all transactions increased from 6.94% to 46.25%.

No transactions meeting the established criteria were reported for Product 1 (purchase and sale of vehicles) during 2021–2025. No transactions were reported for Product 4 (other activity subject to Law 14/2017) either.

In aggregate, the number of transactions reported by participating operators declined significantly during the period, from 346 in 2021 to 80in 2025.

The figures for activities subject to AML/CFT rules should therefore be interpreted as an approximation of activity reported by operators participating in the study, not necessarily as a representation of all activity carried out in the respective subsectors.

Distribution of products and services in the high-value goods dealer sector

Product	2021	2022	2023	2024	2025
Product 1	0.00%	0.00%	0.00%	0.00%	0.00%
Product 2	6.94%	15.64%	27.03%	27.78%	46.25%
Product 3	93.06%	84.36%	72.97%	72.22%	53.75%
Total	0.00%	0.00%	0.00%	0.00%	0.00%

1.2. Client profile

Data provided by high-value goods dealers show that individuals predominate, accounting for between 73.8% and 80.9% of clients during 2021–2025, while legal entities represent 19.1% to 26.2%. In absolute terms, total client numbers fell from 2,306 in 2021 to 1,885 in 2025. During the period, the relative share of individuals gradually declined while that of legal entities increased.

Clients were mainly resident in Andorra, whose share rose from 64.6% in 2021 to 79.3% in 2025. Among non-residents, France was the main country of residence throughout the period, although its relative share declined from 23.4% in 2021 to 17.6% in 2025.

Clients resident in Spain accounted for between 2.4% and 8.3%, while all other jurisdictions had a limited share, below 4% in every year analysed. Consequently, the client base became more concentrated among Andorran residents over the period.

No Andorran or foreign politically exposed persons (PEPs) were reported among the clients included in the information provided during 2021–2025.

Most clients were classified as low risk, accounting for between 84.1% and86.8% during the period. Medium-risk clients represented between 13.2% and 15.8%, while high-risk clients accounted for a marginal share of less than 0.2% in every year analysed.

This information should be interpreted in light of the scope of data reported by participating operators.

2. Inherent vulnerability of the sector

2.1. Purchase or sale of vehicles where payments are made or received in cash in an amount equal to or greater than EUR 10,000, whether in one transaction or in several that appear to be related.

Data for 2021–2025 show that vehicle dealers participating in the study reported no transactions in which payments were made or received in cash in an amount equal to or greater than EUR 10,000, whether in one transaction or in several that appeared to be related. Accordingly, based on available information, the subsector's actual exposure to this type of transaction appears limited.

The vehicle-dealer sector has inherent money laundering exposure, mainly because of the high value of the assets traded, the potential use of cash, the relative ease of transferring and moving vehicles, subjectivity in valuing used vehicles, the potentially cross-border nature of transactions, and the possible use of legal entities or third parties to conceal beneficial ownership or the source of funds. These features may be exploited to place, conceal and integrate criminal proceeds into the formal economy.

2.2. Purchase or sale of precious metals and stones where payments are made or received in cash in an amount equal to or greater than EUR 10,000, whether in one transaction or in several that appear to be related.

Data for 2021–2025 show that the number of transactions by precious metals and stones (PMS) dealers subject to the rules because of cash use remained relatively stable, ranging from 20 to 37 transactions annually. However, their share of all reported transactions rose from 6.94% in 2021 to 46.25% in 2025, mainly because the total number of reported transactions in other categories declined.

From an inherent vulnerability perspective, precious metals and stones have features that may make them attractive for money laundering and terrorist financing: high value relative to size, ease of transport and concealment and, in some cases, the ability to

convert or exchange their value easily. Combined with cash use in high-value transactions, these features may increase the risk of concealing the source of funds, splitting transactions or using third parties. Subsequent transfers or resales may not necessarily be recorded by the original dealer, making traceability more difficult. Accordingly, the inherent vulnerability of PMS dealers mainly arises from the combination of high value and portability, potential cash use and limited traceability of some subsequent transfers.

2.3. Purchase or sale of other high-value goods, such as works of art, antiques, philatelic items, collectibles or similar goods, involving cash transactions of EUR 10,000 or more.

Since the only operator that provided data for this product is an art dealer, the inherent vulnerability analysis focuses mainly on the characteristics of this activity.

From an inherent vulnerability perspective, works of art have features that may be exploited for money laundering and terrorist financing, particularly their high economic value, ease of transport and storage and, in some cases, difficulty in establishing an objective market value. Combined with cash use in high-value transactions, these features may increase the risk of concealing the source of funds, splitting transactions or using third parties. The involvement of intermediaries and the international nature of this market may also make some transactions more complex and difficult to understand or trace.

After a sale, works of art may subsequently change ownership without those transfers necessarily being recorded by the original dealer, making the item and successive transfers harder to trace.

Accordingly, the inherent vulnerability associated with the purchase and sale of works of art mainly arises from their high value and portability, potential cash use, difficulty in establishing their value and limited traceability of some subsequent transfers.

3. Quality of AML controls

3.1. Controls implemented by authorities and professional associations

Entry to the profession

High-value goods trading activity in the Principality of Andorra is subject to the general administrative authorisation regime for economic activities, including Government authorisation and the relevant municipal licences to open and operate premises. There is no sector-specific licensing regime beyond the general requirements for commercial activity.

Certain subsectors, such as vehicle dealers and dealers in precious metals and stones, may be subject to AML/CFT obligations depending on the nature and value of their transactions. Some subsectors also have private representative associations, such as

AIVA and the Guild of Jewellers and Watchmakers, but membership is voluntary and is not required to practise; these associations do not regulate the sector or issue administrative authorisations.

AIVA states that carrying out this activity requires prior Government authorisation and that, once authorised, operators may join the association if they represent a generalist vehicle manufacturer. AIVA reports checking applicants' suitability and integrity. However, AML/CFT obligations are not considered when approving or rejecting membership applications or considering revocations. During the period analysed, AIVA received no new applications and revoked no memberships.

The Guild of Jewellers and Watchmakers does not control entry to the profession or carry out specific suitability and integrity checks on applicants. AML/CFT obligations are also not considered in membership or revocation processes. During the period analysed, it received no new applications and revoked no memberships.

Compared with the previous period, there have been no substantial changes in access controls applied by the sectoral associations analysed. Although AIVA reports checking suitability and integrity, there remain no specific AML/CFT criteria in authorisation, membership or revocation processes. Overall, no significant improvement in sector entry controls has been identified from an AML/CFT perspective.

Integrity

High-value goods dealers in the Principality of Andorra are subject to the general rules applicable to economic and commercial activities. There is no sector-specific framework setting integrity requirements, codes of conduct or professional supervision mechanisms for the sector as a whole.

Some subsectors have private professional associations, such as AIVA and the Guild of Jewellers and Watchmakers. Membership is voluntary, and these bodies do not authorise, supervise or discipline all operators in the sector. As a result, measures to ensure staff integrity and prevent misconduct depend mainly on each company's internal mechanisms and procedures.

Among high-value goods dealers participating in the questionnaire, 61% report having no disciplinary measures or other specific mechanisms to protect the integrity of the business and its staff. Of these entities, 64% have fewer than two employees, which may contribute to less formalised measures of this type.

Overall, specific integrity and disciplinary measures remain limited in formality. This is an area for improvement, particularly in establishing formal measures to prevent misconduct and undue influence or pressure on staff.

Supervision

During 2021–2025, two on-site inspections of precious metals and stones (PMS) dealers were carried out, in 2021 and 2023. They mainly identified procedural and organisational improvements needed in due diligence, beneficial-owner identification, source-of-funds verification, risk classification and formalisation of internal procedures. Recommendations focused on strengthening internal controls, documenting checks, AML/CFT training, detecting potentially suspicious transactions and monitoring cash and related transactions.

Number of inspections in the sector

Year	2021	2022	2023	2024	2025	Total
Number of inspections in the sector	1	0	1	0	0	2

During the period analysed, one sanctions proceeding was recorded, resulting from the 2021 inspection and imposing a fine of EUR 30,002 for two serious breaches relating to internal control procedures and AML/CFT risk assessment.

Therefore, supervisory and sanctioning actions during the period analysed mainly showed that internal controls and AML/CFT risk management need to be strengthened.

Number of administrative proceedings in the sector following an on-site inspection

Year	Inspections	Sanction proceedings	Amount of fines
2021	1	1	EUR 30,002
2022	0	0	-
2023	1	0	-
2024	0	0	-
2025	0	0	-

3.2. Control systems implemented by members of the sector

Availability of internal control procedures

Responses to the questionnaires indicate that most surveyed high-value goods dealers have internal AML/CFT control procedures. Specifically, 88.9% of obliged entities report having procedures; 38.9% say they are documented in writing, and 33.3% report that an external expert helped prepare them. By contrast, 11.1% report having no internal control procedures in this area.

Compared with the previous period, availability and written documentation of internal control procedures have improved, although further efforts are needed in this area.

Application of due diligence measures

Regarding the organisation of client due diligence, all staff perform these functions in 50% of cases, while in 33.3% they are mainly carried out by staff responsible for the business. In addition, 11.1% of obliged entities report having dedicated control staff, showing some specialisation in part of the sector.

This distribution is consistent with the sector's diversity, which includes both small businesses and establishments with more developed organisational structures where control functions may be assigned to dedicated staff.

Regarding delegation, 95% of surveyed high-value goods dealers report that they have not delegated application of due diligence measures to third parties.

Clients rejected under internal procedures

The data show that rejecting the start of a business relationship because information or documentation required for due diligence is missing is not common among high-value goods dealers. During 2021–2025, 16.7% of respondents reported refusing to start a business relationship for this reason, while 83.3% said they had not.

This is similar to the previous period, when 20% of respondents reported rejecting clients at the start of a business relationship. Accordingly, there have been no substantial changes in this area.

Identification and reporting of suspicions

No suspicious transaction reports (STRs) were recorded from members of the high-value goods dealer sector during the 2021–2025 reference period.

Number of STRs submitted by the sector

Year	2021	2022	2023	2024	2025	Total
High-value goods dealers	0	0	0	0	0	0

Regarding detection mechanisms, 44.4% of respondents report using manual monitoring based on client risk, while 50% do not have specific tools for detecting unusual or suspicious money laundering or terrorist financing activity.

Regarding tools and information sources for client identification and verification, 38.9% use both databases or tools from specialist external providers and open sources. Only 16.7% have access to Andorra's Companies Register and 38.9% to foreign public registers.

For international sanctions lists specifically, 38.9% use tools from external providers and 16.7% conduct manual searches directly against the lists.

Although the absence of STRs may partly be explained by the characteristics and business volume of some obliged entities in the sector, this does not rule out difficulties in detecting and identifying suspicious transactions. Given that half of obliged entities lack specific detection procedures or tools, this indicator should be assessed cautiously. The data also show room to improve information-source use and sanctions-list screening.

Record retention

Questionnaire responses show that most surveyed high-value goods dealers retain documentation relating to AML/CFT obligations. Only 5.6% report not retaining AML/CFT documentation.

The most common method is combined paper and electronic retention, used by 50% of dealers. Another 33.3% retain documents exclusively on paper and 11.1% exclusively in electronic format.

Overall, the results show improvement over the previous period, when a significant share of the sector reported not retaining documents or lacking adequate retention mechanisms. Almost all operators surveyed now report having document-retention mechanisms to meet AML/CFT obligations.

Training, knowledge and risk awareness

Neither AIVA nor the Guild of Jewellers and Watchmakers organised specific AML/CFT training during 2021–2025.

Questionnaire responses show that 50% of surveyed obliged entities did not participate in any AML/CFT training during the period analysed. This includes approximately 28% of vehicle dealers and 17% of precious metals and stones (PMS) dealers. A further 11% of surveyed entities report providing internal AML/CFT training to staff.

Overall, AML/CFT training remains an area for improvement in the high-value goods dealer sector, since half of surveyed obliged entities did not participate in training during the period analysed. Strengthening staff training and awareness would help consolidate knowledge of AML/CFT obligations and improve obliged entities' ability to identify and manage risks associated with their activities.

Knowledge of the sector's money laundering and terrorist financing risks

Regarding perceptions of money laundering and terrorist financing risks, AIVA considers the sector low risk, mainly because payment methods are traceable and transactions are properly documented. This is consistent with the previous assessment, in which AIVA also considered the sector to be low risk.

The Guild of Jewellers and Watchmakers assess risk as medium-low and identifies operators' potential failure to meet UIFAND requirements as the main risk factor.

Overall, sector associations assess risk as between low and medium-low. However, these assessments are mainly based on general factors related to transaction traceability and compliance with AML/CFT obligations, without detailed identification of typologies or risks specific to the respective activities.

Knowledge of money laundering and terrorist financing risks in the business

Responses show that high-value goods dealers are generally aware of the main risks associated with their activities. Identified risks include cash use and related traceability difficulties, the high value and ease of transport and resale of some goods, and risks related to clients, payment methods, complex structures and transactions involving higher-risk persons or jurisdictions.

Vehicle dealers identify high transaction values, cash use, exports, non-resident or high-risk clients and certain financing or payment structures as key risks. Precious metals and stones dealers highlight the ease of converting funds into high-value, easily transported goods and subsequently reselling them. Art dealers identify risks relating to the origin and ownership of goods, beneficial owners, transactions and payment methods, as well as valuation.

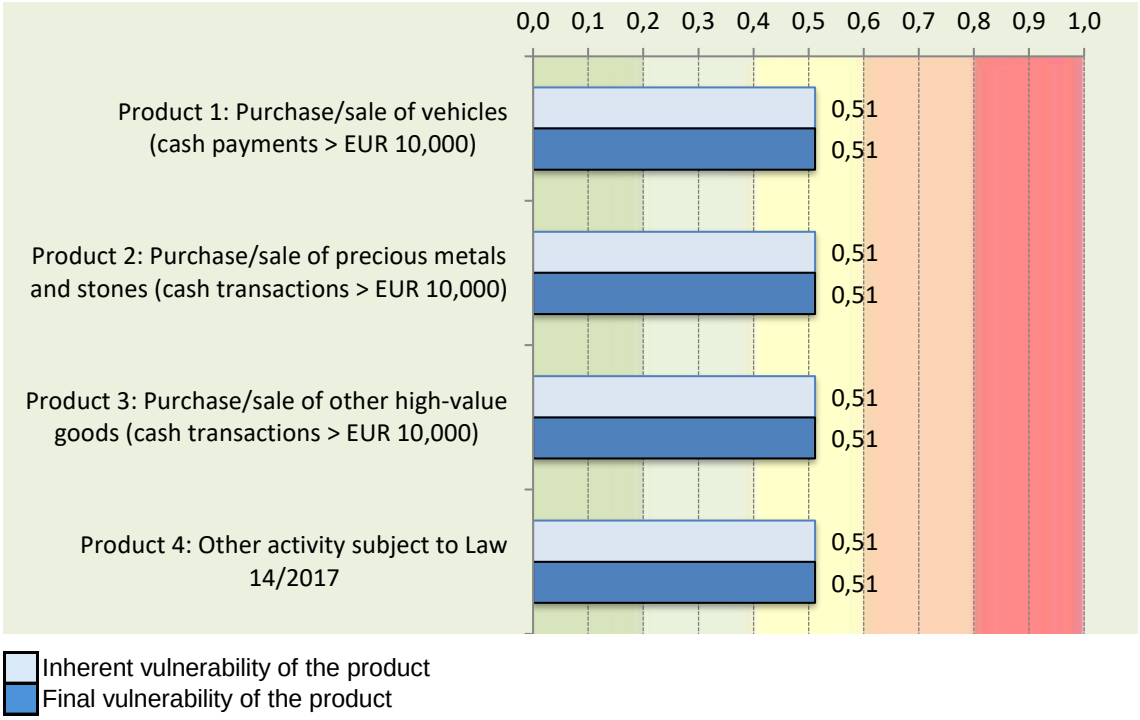
However, four surveyed obliged entities consider the money laundering and terrorist financing risk associated with their activity to be very low. In some cases, this perception is linked to the absence or limited use of cash because of the nature of the activity.

Overall, responses show greater identification of specific risk factors than in the previous period, although risk perceptions vary among operators. This variation highlights the importance of identifying and assessing risks specific to each activity and adopting mitigation measures proportionate to exposure.

4. Vulnerability rating

Based on the analysis conducted, the inherent and final vulnerability of the vehicle purchase and sale product is as follows:

Inherent and final vulnerability of the vehicle dealer sector product



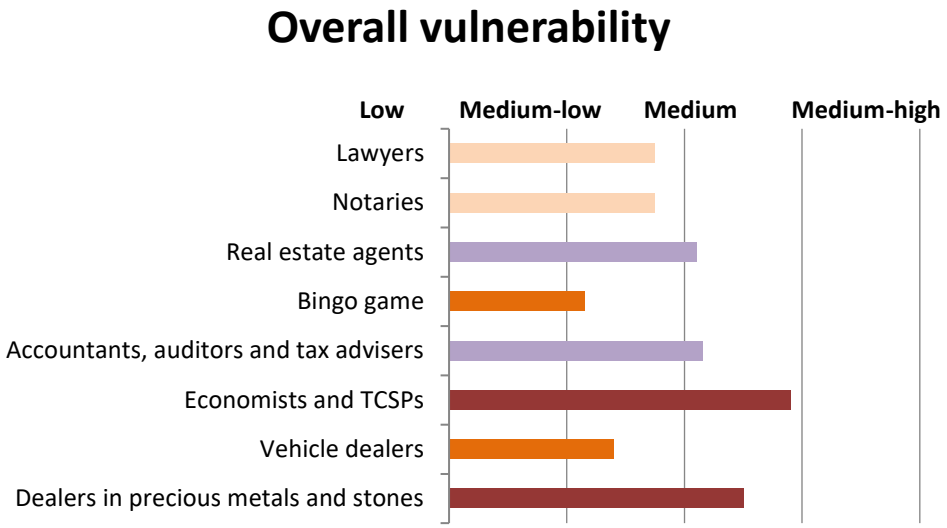
The inherent vulnerability of the products analysed is partially mitigated by the quality of AML/CFT controls, assessed as medium-low. Despite improvements in the availability of internal procedures and record retention, deficiencies remain in formalising controls, detecting suspicious transactions, checking information sources and sanctions lists, training and integrity measures.

Consequently, the sector's final vulnerability is estimated to be medium-low.

Quality of AML controls	**Medium-low**
Final sector vulnerability	**Medium-low**

Final conclusions for the non-financial sector

1. Vulnerability rating for each sector



2. Improvement measures

Analysis of the sectoral risk and vulnerability variables for 2021–2025 identifies areas for improvement that could increase the quality of AML/CFT controls and help reduce each sector's final vulnerability.

Entry controls

1. Regulation and licensing of unregulated sectors: consider establishing sector-specific regulation and a licensing or compulsory membership framework for providers of services to companies, external accountants and tax advisers, ending the voluntary nature of current association membership.

2. Strengthen professional association compliance and disciplinary mechanisms: make granting and renewing membership conditional on effective compliance with certain AML/CFT obligations, such as:

- having tailored internal control procedures;
- having formally notified UIFAND of the OCIC; and
- demonstrating AML/CFT training.

Professional associations and chambers should also include AML/CFT breaches in their disciplinary rules and exercise their sanctioning powers effectively.

3. Establish sanctions for failure to comply with the second additional provision of Law 14/2017, concerning prior notification of activity by providers of services to companies and other arrangements.

Internal control procedures

4. Making IRAs operational: ensure that the IRA is not merely a formal or theoretical exercise, but a dynamic and current tool that identifies the obliged entity's actual risk and determines mitigation measures.

5. Adapting internal procedures and AML/CFT manuals: move beyond generic or standardised manuals and require internal procedures to reflect each obliged entity's operational reality and specific vulnerability factors.

AML/CFT knowledge

6. Quality of client files (KYC): address recurring structural deficiencies in client files reviewed during on-site inspections, *including:*
    - justification of the source of funds and purpose of the business relationship;
    - documentary verification and substantiation of beneficial ownership;
    - documentary evidence of sanctions-list checks and analysis of false positives; and
    - accurate client risk classification and effective calibration of due diligence measures, avoiding identical documentation requirements regardless of risk level.

7. Comprehensive training coverage: ensure that all obliged entities have AML/CFT training plans tailored to their sector, and that all staff—or at least those wholly or partly involved in knowing the client and applying due diligence—receive appropriate, specific AML/CFT training.

Independent information sources

8. Ensure that obliged entities have access to basic information in the Companies and Commercial Registers.

Integrity

9. Strengthen internal compliance and disciplinary rules for non-financial obliged entities: improve knowledge and awareness of AML/CFT obligations, strengthen internal control procedures and ethical standards, particularly in professions with greater shortcomings, and ensure disciplinary measures are applied effectively when breaches occur.

Availability of administrative sanctions

10. Streamline administrative sanction proceedings for minor breaches or isolated non-compliance identified through supervision that does not constitute recurring or systematic conduct.

Supervision

11. Complete work to determine the actual scope of each non-financial sector so that the total number of obliged entities subject to appropriate supervisory actions is known at all times.

12. Given the number of non-financial obliged entities, priority should be given to completing practical implementation of the risk-based supervision system as soon as possible, so that human resources can be allocated as efficiently as possible to mitigate risks in these sectors.

13. Consider introducing supervisory mechanisms beyond on-site inspections for non-financial sectors to ensure accurate and up-to-date information from obliged entities, such as periodic risk-based information requests.

Suspicious transaction reporting

14. Strengthen the ability to detect and report suspicious transactions, particularly in sectors with low reporting levels.

15. Sector-specific typologies and red-flag indicators: making typologies and risk indicators available that reflect the characteristics of each sector would enable obliged entities to provide more targeted staff training and improve their ability to identify potentially suspicious situations.

16. Formal documentation and traceability of suspicion analysis: formally document analysis criteria and decisions to close a case or not report unusual transactions, ensuring internal traceability.

17. Ongoing monitoring: strengthen continuous monitoring of business relationships and reassessment of risks (do not limit checks to client onboarding).