

Palestinian Compliance with Anti-Money Laundering Standards: An Analytical Study of the Efforts of the Financial Follow-Up Unit and Their Implications for Mutual Evaluation

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Abstract: This study examines the evaluation and improvement of operational processes within organizational systems, with a focus on enhancing efficiency, coordination, and service quality. It aims to identify gaps in existing workflows and propose practical solutions to improve overall performance.

A mixed-method approach was used, combining process analysis with data collection tools such as observations and performance tracking. The findings highlight key inefficiencies related to process standardization, communication, and monitoring.

Based on these results, the study provides practical recommendations to optimize operations, improve resource utilization, and support effective decision-making. Overall, it demonstrates the importance of continuous improvement in strengthening organizational performance, particularly in resource-constrained environments.

Keywords: Money Laundering ,Terrorism Financing, Financial Intelligence Unit (FIU), Mutual Evaluation, Palestinian Compliance ,FATF, International Standards.

1 Introduction

In recent decades, the world has witnessed rapid developments in the fields of science and technology, alongside the emergence of globalization as a phenomenon that has transformed the world into what resembles a small,

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interconnected village or a single integrated state. Despite the many positive outcomes associated with these transformations, they have also produced negative implications across several sectors, particularly the economic sector and financial stability.

These developments have contributed to the emergence of new forms of crime that differ from traditional criminal activities, such as transnational organized crime, drug trafficking, arms smuggling, and human trafficking. Among these crimes, money laundering stands out as one of the most serious due to its direct impact on national, regional, and international economies.

In response to the seriousness of this crime, most countries around the world have sought to combat it through national legislation and international agreements, relying on the Forty Recommendations issued by the Financial Action Task Force (FATF), which constitute the primary international reference framework for combating money laundering and terrorist financing. In this context, the State of Palestine established the Financial Follow-Up Unit pursuant to Anti-Money Laundering and Counter-Terrorist Financing Decree-Law No. (20) of 2015 and its amendments. The legal framework was further strengthened by the issuance of Decree-Law No. (39) of 2022, designating the Unit as an independent body responsible for implementing national policies aimed at combating these crimes, in cooperation with relevant ministries and institutions at the national level, as well as with counterpart units and international organizations at the international level.

The significance of this study lies in examining the legal foundation for the establishment of the Financial Follow-Up Unit in Palestine and analyzing the extent of its operational independence in carrying out its functions free from external influence. In addition, the study evaluates the Unit's domestic efforts in coordinating with national authorities, as well as its international efforts in information exchange, the signing of agreements, and participation in financial action networks, ultimately leading to mutual evaluation based on the degree of compliance with international standards.¹

2 Significance of the Study

The significance of this study stems primarily from its national dimension, as it highlights the legal foundation for the establishment of the Financial Follow-Up Unit in the State of Palestine and analyzes its mandates and the extent of its operational independence in accordance with the decree-laws issued in relation to combating money laundering and terrorist financing, including Decree-Law No. (20) of 2015 and its amendments, as well as Decree-Law No. (39) of 2022.

The study demonstrates the vital role of this Unit in safeguarding the Palestinian economy from risks associated with financial crimes and in strengthening confidence in the banking and financial sectors, which in turn contributes positively to attracting investments and promoting economic stability.

The importance of this study also emerges from its international dimension, as it examines the extent of Palestine's compliance with international standards for combating money laundering and terrorist financing, particularly the Forty Recommendations issued by the Financial Action Task Force. Furthermore, the study highlights the significance of Palestine's accession to relevant international conventions, such as the United Nations Convention against Transnational Organized Crime and the United Nations Convention against Corruption, in addition to its participation in regional and international financial action groups. This

¹ The main legal and regulatory references related to anti-money laundering and counter-terrorism financing in Palestine include the Anti-Money Laundering and Counter-Terrorism Financing Law No. (20) of 2015 and its amendments, the Anti-Money Laundering and Counter-Terrorism Financing Law No. (39) of 2022, as well as international standards such as the Financial Action Task Force (FATF) and its Forty Recommendations on Anti-Money Laundering and Counter-Terrorism Financing. Additional resources include the Palestine Monetary Authority's legislation portal (www.pma.ps/Legislati) and the Financial Follow-up Unit's decisions regarding high-risk and non-compliant jurisdictions ([/ffu.ps/a](http://ffu.ps/a)).

participation entails being subject to the mutual evaluation mechanism, which measures the extent to which countries comply with international standards.

In addition, the study gains practical importance through its assessment of the efforts of the Financial Follow-Up Unit in both domestic and international cooperation, whether through information exchange with counterpart financial intelligence units, the signing of memoranda of understanding, or the development of mechanisms for mutual legal assistance. Accordingly, this research does not merely address the theoretical dimension, but also seeks to provide an analytical framework.

3 Research Objectives

This study aims to achieve a set of scientific and practical objectives, which can be summarized as follows:

1. **To identify the legal and institutional framework** of the Financial Follow-Up Unit in Palestine by clarifying its nature, mandates, and the legislative basis upon which it is established in accordance with the decree-laws related to combating money laundering and terrorist financing.
2. **To analyze the development of Palestinian legislation** in the field of anti-money laundering and counter-terrorist financing, highlighting how successive decree-laws have contributed to the establishment of the Financial Follow-Up Unit and the strengthening of its powers in line with international standards.
3. **To assess the operational and administrative independence** of the Financial Follow-Up Unit and evaluate its ability to perform its duties free from any external influence or interference, thereby ensuring the integrity and effectiveness of its work.
4. **To clarify the Unit's national and international efforts**, whether through coordination with local ministries and institutions or through cooperation with counterpart financial intelligence units and international organizations, in accordance with relevant domestic laws and international agreements.
5. **To highlight the importance of accession to international conventions and financial action groups**, and to explain the implications of such participation, particularly the State of Palestine's subjection to the mutual evaluation mechanism that measures the extent of compliance with international standards for combating money laundering and terrorist financing, including those established by the Financial Action Task Force.
6. **To provide a comparative analytical perspective** between the Palestinian experience and international practices in combating money laundering, with the aim of identifying strengths and weaknesses and proposing ways to enhance institutional and legislative performance.

4 Research Problem

The responsibilities entrusted to the Financial Follow-Up Unit at both the national and international levels are of considerable importance due to their significant impact on the economic landscape of the State of Palestine. This is particularly the case as the Unit addresses one of the most serious forms of crime affecting the state's economic policy money laundering and terrorist financing. Accordingly, the research problem centers on the following main question:

To what extent have Palestinian legislations regulated the efforts of the Financial Follow-Up Unit in a manner consistent with international standards for combating money laundering and terrorist financing, and in a way that strengthens the position of the State of Palestine in the mutual evaluation process?

From this central question, several sub-questions emerge:

1. **What legislative mechanisms** has the Palestinian legislator adopted in establishing the Financial Follow-Up Unit?
2. **Does the Palestinian legal framework ensure** the institutional and functional independence of the Financial Follow-Up Unit?
3. **What is the nature of the Unit's domestic and international efforts** in combating money laundering

and terrorist financing?

4. **To what extent are these efforts aligned with the standards of the Financial Action Task Force and other relevant international standards?**
5. **What are the most significant international conventions and financial action groups** that the State of Palestine has joined in the field of combating money laundering and terrorist financing?
6. **What is the position of the State of Palestine in the results of the mutual evaluation** following its accession to financial action groups, and what impact has this had on strengthening national compliance?

5 Research Methodology

In order to achieve the intended objectives of this study, the researcher adopted the **descriptive method** to explain the establishment of the Palestinian Financial Follow-Up Unit, its mandates, and the international conventions to which the State of Palestine has acceded in the field of combating money laundering and terrorist financing. The **analytical method** was employed to examine the legal provisions governing this Unit and to assess the extent of its independence, ultimately leading to an analysis of its domestic and international efforts in this field.

Furthermore, the study relied on the **deductive method** when moving from the general principles set out in legislation and international standards to specific conclusions regarding the level of Palestinian compliance. It also utilized the **inductive method** by examining practical developments and the efforts undertaken in this area, and deriving general conclusions from these observations. In addition, the **comparative method** was applied to enable a comparison between Palestinian legislation, international standards, and comparative experiences. This approach ensures the presentation of a precise and comprehensive academic perspective regarding the position of the State of Palestine within the mutual evaluation framework.

Research Structure

In order to achieve the intended objectives of this study, the researcher structured the paper into **two main sections**, each divided into **two subsections**, and each subsection further divided into **two parts**, as follows:

Section One: The Legal and Institutional Structure of the Palestinian Financial Follow-Up Unit

Subsection One: The Legal Establishment and Institutional Independence of the Palestinian Financial Follow-Up Unit

- **Part One:** The Establishment of the Financial Follow-Up Unit
- **Part Two:** The Independence of the Financial Follow-Up Unit

Subsection Two: Institutional Cooperation of the Palestinian Financial Follow-Up Unit: The Domestic and Cross-Border Framework in Light of Council of Ministers Resolution No. (17) of 2018

- **Part One:** The Domestic Framework for Cooperation between the Financial Follow-Up Unit and Relevant National Authorities
- **Part Two:** Cross-Border Cooperation of the Financial Follow-Up Unit with Counterpart Units in Combating Money Laundering

Section Two: The International Framework for Combating Money Laundering: Coordination and Mutual Evaluation

Subsection One: The Conceptual Framework of the Financial Action Task Force

- **Part One:** The Financial Action Task Force (FATF): Definition and Its International Reference through the Forty Recommendations
- **Part Two:** Foundations of International Cooperation of the Financial Follow-Up Unit between National Legislation and International Conventions

Subsection Two: Mutual Evaluation and the Accession of the State of Palestine to the Middle East and

North Africa Financial Action Task Force

- **Part One:** The Middle East and North Africa Financial Action Task Force (MENAFATF)
- **Part Two:** The Mutual Evaluation Mechanism and Its Impact on Strengthening the State of Palestine's Compliance with International Standards for Combating Money Laundering and Terrorist Financing.

Section One: The Legal and Institutional Structure of the Palestinian Financial Follow-Up Unit

The Financial Follow-Up Unit was established pursuant to the Anti-Money Laundering Decree-Law No. (20) of 2015 and its amendments as an independent body aimed at combating money laundering and terrorist financing, and at protecting the national economy from the negative consequences associated with these two crimes. The Unit also seeks to enhance the effectiveness of systems and procedures related to anti-money laundering and counter-terrorist financing in Palestine, while strengthening frameworks of domestic cooperation with all competent authorities.

Furthermore, the Unit works to implement the objectives approved by the National Committee for Combating Money Laundering and Terrorist Financing, which is responsible for formulating policies aimed at addressing these crimes at both the national and international levels.²

According to this definition as stated on the official website of the Palestinian Financial Follow-Up Unit, the Unit is characterized by its independence within the framework of its work related to combating money laundering and terrorist financing crimes, as well as in implementing policies aimed at addressing these two crimes at both the national and international levels.

Article (34) of Decree-Law No. (39) of 2022 concerning Anti-Money Laundering and Counter-Terrorist Financing specifies the mandates of the Financial Follow-Up Unit as follows: ³

1. **Receiving and analyzing reports** submitted by financial institutions and designated non-financial businesses and professions regarding suspicious financial activities.
2. **Receiving and requesting information** from competent authorities subject to the provisions of this law in relation to money laundering, terrorist financing, and predicate offenses.
3. **Conducting operational and strategic analysis** based on the reports received.
4. **Receiving reports of daily transactions**, both domestic and cross-border, concerning natural and legal persons, and undertaking the necessary legal arrangements through financial institutions.
5. **Maintaining comprehensive statistics** related to reports of suspicious transactions and activities, and preserving them administratively.
6. **Developing guidelines and providing feedback** to financial institutions and designated non-financial businesses and professions to assist them in detecting and reporting suspicious transactions.

It is evident that the Palestinian legislator has granted the Financial Follow-Up Unit broad powers to limit the spread of money laundering and terrorist financing crimes, primarily through cooperation and information exchange with competent authorities, financial institutions, and designated non-financial businesses and professions. This is achieved by requiring these entities to submit reports on suspicious financial activities, which are then analyzed by the Unit, followed by the provision of feedback and necessary guidance to enhance detection and reporting mechanisms.

The Financial Follow-Up Unit in Palestine was established pursuant to Anti-Money Laundering Decree-Law No. (20) of 2015 and its amendments as an independent body aimed at combating money laundering and terrorist financing and protecting the national economy from their adverse effects. The Palestinian legislator has emphasized the independence of this Unit while linking it to the National Committee for Combating Money Laundering and Terrorist Financing, which is responsible for formulating the general policies in this field. ⁴

² The website of the Financial Follow-up Unit – Palestine: <https://www.ffu.ps/ar> – visited on 25/12/2024 at 18:25.

³ Website: <http://muqtafi.birzeit.edu/pg/getleg.asp?id=17653> – visited on 25/12/2024 at 19:05.

⁴ Palestine, Decree-Law No. 20 of 2015 on Combating Money Laundering and Terrorism Financing; Muhammad Abdel Aziz Shawqi, *Money Laundering and Terrorism Financing: A Comparative Study in Egyptian and Arab Law*, Cairo: Dar Al Nahda Al Arabiya, 2018, p. 74.

Article (34) of Decree-Law No. (39) of 2022 defines the mandates of the Financial Follow-Up Unit, which include receiving and analyzing reports submitted by financial institutions and designated non-financial professions, requesting information from competent authorities, conducting operational and strategic analyses, receiving reports of daily domestic and cross-border transactions, maintaining comprehensive statistics, and developing guidelines and providing feedback to relevant institutions. These powers reflect the broad scope of the Unit's functions across both operational and supervisory domains.⁵

Through these mandates, it is evident that the Palestinian legislator has granted the Financial Follow-Up Unit broad powers not only in the collection and analysis of information, but also in its exchange with competent authorities, as well as in providing technical support and guidance to financial institutions and designated non-financial professions.

This enhances the Unit's capacity to curb the spread of money laundering and terrorist financing through effective mechanisms of institutional cooperation and coordination.⁶

International experiences confirm that Financial Intelligence Units constitute a fundamental pillar in combating money laundering and terrorist financing, as they work to align national legislation with international standards and to enhance cross-border cooperation. The World Bank has also emphasized that these units represent a key instrument in promoting financial transparency and safeguarding emerging economies from risks associated with financial crimes.⁷

It is noteworthy that Decree-Law No. (39) of 2022 grants the Financial Follow-Up Unit the authority to take legal measures and actions once reasonable grounds for suspicion exist regarding any transaction or activity related to money laundering, terrorist financing, or any associated predicate offenses. In such cases, the Unit is empowered to refer the report to the Public Prosecutor, who may take the necessary legal measures after being provided with all relevant information upon request.

Furthermore, the Unit has the authority to transmit information related to the proceeds of crimes suspected to be linked to money laundering, terrorist financing, and predicate offenses, along with the results of its analyses, to the competent authorities. The Unit's reports, in this context, are considered official documents and constitute admissible evidence with probative value in legal proceedings.⁸

Furthermore, the Director of the Unit is authorized to order the suspension of any transaction suspected of involving money laundering or terrorist financing for a period of three working days. Upon the request of the Director, the Public Prosecutor may extend the suspension for an additional period not exceeding seven days.⁹

Section One: Legal Establishment and Institutional Independence of the Palestinian Financial Monitoring Unit

The severity of crimes related to money laundering and terrorist financing, and the negative repercussions they

⁵ Decree-Law No. 39 of 2022 on Combating Money Laundering and Terrorism Financing; Sami Muhammad Abu Zaid, *Combating Money Laundering in Arab Legislation: An Analytical Study*, Amman: Dar Al Thaqafa for Publishing and Distribution, 2016, p. 102.

⁶ National Committee for Combating Money Laundering and Terrorism Financing, *Palestinian Council of Ministers Decisions on Activating Institutional Cooperation*, 2022; Financial Follow-up Unit; Financial Action Task Force (FATF), *International Standards on Combating Money Laundering, Terrorism Financing, and the Proliferation of Weapons*, Paris: Organisation for Economic Co-operation and Development (OECD), 2012–2022, www.fatf-gafi.org.

⁷ World Bank, *Reference Guide on Combating Money Laundering and the Financing of Terrorism*, 2nd ed., Washington, DC: World Bank, 2011, (documents.worldbank.org via Bing).

⁸ See Decree-Law No. 39 of 2022 on Combating Money Laundering and Terrorism Financing, Article 42.

⁹ See Decree-Law No. 39 of 2022 on Combating Money Laundering and Terrorism Financing, Article 44.

have on the national economy and general economic policies along with their direct impact on investment prompted the Palestinian legislator to establish a specialized unit to combat such offenses. This initiative also responds to international obligations requiring states to implement frameworks for international cooperation, activate mutual legal assistance, and facilitate information exchange. Accordingly, it was imperative that the Palestinian Financial Monitoring Unit enjoys institutional privileges, most notably independence, in order to perform its duties efficiently and impartially, free from administrative or political influence, in full compliance with relevant international standards.¹⁰

Subsection One: The Establishment of the Financial Monitoring Unit

To understand the establishment of the Financial Monitoring Unit, it is necessary to refer to the provisions set forth by the Palestinian legislator in the decrees by law related to combating money laundering and terrorist financing, as follows:

1. **Decree by Law No. (9) of 2007 on Combating Money Laundering**, which in Article 23 stipulates the creation of an independent unit to combat the crime of money laundering (referred to as the Financial Monitoring Unit). This unit is to serve as a national information center, with its headquarters at the Palestine Monetary Authority.¹¹ The researcher observes, based on the provisions of this article, that the Financial Monitoring Unit was initially concerned solely with money laundering offenses and not other related crimes. This focus may be attributed to the nascent stage of addressing such crimes and the fact that the State of Palestine had not yet acceded to the relevant international conventions.
2. **Decree by Law No. (20) of 2015 on Combating Money Laundering and Terrorist Financing**¹² Article 23 of this decree by law stipulates the establishment of an independent unit as a national central unit to combat the crimes of money laundering and terrorist financing, referred to as the **Financial Monitoring Unit**, with its headquarters at the Palestine Monetary Authority. Upon reviewing the provisions of this article, the researcher notes that it expanded the Unit's mandate to include not only money laundering but also terrorist financing. Furthermore, the article granted judicial policing powers to the Director and employees of the Unit in the exercise of their official duties.
3. **Decree by Law No. (39) of 2022 on Combating Money Laundering and Terrorist Financing** Article 34 of this decree by law provides for the establishment of an independent unit as a national central unit to combat money laundering, the predicate offenses associated therewith, and terrorist financing, known as the **Financial Monitoring Unit**, headquartered at the Palestine Monetary Authority.¹³ The researcher observes that this decree, which repealed the previous laws, expanded the scope of crimes addressed by the Financial Monitoring Unit. In addition to money laundering and terrorist financing, the Unit's mandate now includes the predicate offenses linked to money laundering. This gradual legislative expansion reflects the legislator's response to the rapid evolution of these crimes, which have taken diverse forms in line with international developments and the need for international cooperation and information exchange to combat such offenses, particularly through joining relevant international conventions.

It is noteworthy that the establishment of the Financial Monitoring Unit has also become an international requirement based on the standards for combating money laundering and terrorist financing, as follows:

1. **Recommendation 1 of the Financial Action Task Force (FATF)**, concerning risk assessment and the application of a risk-based approach, emphasizes the necessity of designating an authority or establishing a mechanism to coordinate measures for risk assessment and resource allocation. This

¹⁰ Decree-Law No. 20 of 2015 on Combating Money Laundering and Terrorism Financing, as amended by Decree-Law No. 39 of 2022; Muhammad Abdel Aziz Shawqi, *Money Laundering and Terrorism Financing: A Comparative Study in Egyptian and Arab Law*, Cairo: Dar Al-Nahda Al-Arabiya, 2018, p. 74.

¹¹ Website – <http://muqtafi.birzeit.edu/pg/getleg.asp> – Accessed on 01/02/2026 at 16:10.

¹² Website – <https://maqam.najah.edu/legislation/95/> – Accessed on 02/02/2026 at 17:35.

¹³ Website – <http://muqtafi.birzeit.edu/pg/getleg.asp> – Accessed on 02/02/2026 at 18:25.

principle is further reinforced by **Recommendation 2**, which addresses national cooperation and coordination, along with other related FATF recommendations.¹⁴

2. **The Palermo Convention of 2000**, which, in Article 7 concerning measures to combat money laundering, provides for the establishment of a financial intelligence unit to serve as a national center for collecting, analyzing, and disseminating information related to potential money laundering activities.¹⁵
3. **The Egmont Group of Financial Intelligence Units**, which the Palestinian Financial Monitoring Unit joined in 2019 to facilitate information flow, build capacity, and trace illicit funds and proceeds of crime.¹⁶

The researcher observes that these international conventions and financial action groups, in their efforts to enhance the effectiveness of combating money laundering and terrorist financing, have stipulated the necessity of establishing a specialized and independent unit. Such a unit strengthens international cooperation and information exchange, thereby contributing to the reduction of these crimes and achieving more effective outcomes.

Subsection One: The Establishment of the Financial Monitoring Unit

The Palestinian legislator recognized early on the serious impact of money laundering crimes on the national economy. Accordingly, **Decree by Law No. (9) of 2007 on Combating Money Laundering** was issued, whereby Article 23 provided for the establishment of an independent unit called the **Financial Monitoring Unit**, headquartered at the Palestine Monetary Authority, to serve as a national information center. At that time, its role was limited exclusively to combating money laundering, reflecting both the nascent stage of addressing these crimes and Palestine's lack of engagement with the relevant international conventions at that stage.¹⁷

With the evolution of emerging challenges, **Decree by Law No. (20) of 2015 on Combating Money Laundering and Terrorist Financing** was issued. Article 23 of this decree established a national central unit to combat money laundering and terrorist financing, granting its Director and employees judicial policing powers in the exercise of their duties. This expansion reflects the legislator's recognition of the severity of terrorist financing, its close link to money laundering, and the necessity of granting the Unit broader powers to ensure its effectiveness.¹⁸

Subsequently, **Decree by Law No. (39) of 2022 on Combating Money Laundering and Terrorist Financing** reaffirmed the establishment of an independent unit as a national central unit, headquartered at the Palestine Monetary Authority, tasked with combating money laundering, the predicate offenses associated therewith, as well as terrorist financing. This decree repealed the previous laws and expanded the Unit's mandate to include predicate offenses related to money laundering, reflecting the evolving nature of these crimes, their multiple manifestations, and the growing need for international cooperation and information exchange.¹⁹

¹⁴ Website – <https://www.menafatf.org/sites/default/files/Newsletter/FATF> – Accessed on 02/02/2026 at 21:15.

¹⁵ Website – <https://www.menafatf.org/sites/default/files> – Accessed on 02/02/2026 at 20:20.

¹⁶ Website – <https://www.ffu.ps/ar/Article/69> – Accessed on 02/02/2026 at 20:40.

¹⁷ Palestinian Cabinet, Legislative Decree No. (9) of 2007 on Combating Money Laundering; Abdullah Mohammed Al-Asaf, *Money Laundering in Arab Legislation: A Comparative Study*, Amman: Dar Al-Thaqafa, 2014, p. 56.

¹⁸ Legislative Decree No. (20) of 2015 on Combating Money Laundering and Terrorism Financing; Sami Mohammed Abu Zaid, *Combating Money Laundering in Arab Legislation: An Analytical Study*, Amman: Dar Al-Thaqafa for Publishing and Distribution, 2016, p. 102.

¹⁹ Legislative Decree No. (39) of 2022 on Combating Money Laundering and Terrorism Financing; Mohamed Abdel Aziz Shawqi, *Money Laundering and Terrorism Financing: A Comparative Study in Egyptian and Arab Law*, Cairo: Dar Al-Nahda Al-Arabiya, 2018, p. 74.

At the international level, **Recommendations 1 and 2 of the Financial Action Task Force (FATF)** emphasize the necessity of a national authority to coordinate measures, assess risks, and allocate resources principles that align with the establishment of the Palestinian Financial Monitoring Unit. Furthermore, **the Palermo Convention of 2000**, in its Article 7, provides for the creation of a national financial intelligence unit to collect, analyze, and disseminate information related to money laundering. In 2019, Palestine joined the **Egmont Group of Financial Intelligence Units**, thereby strengthening international cooperation and information exchange.²⁰

Accordingly, it can be concluded that the establishment of the Palestinian Financial Monitoring Unit resulted from a sequential and gradual domestic legislative evolution, supported by international requirements and standards. Its independence and expanded mandate reflect the Palestinian legislator's commitment to harmonizing national legislation with international standards and enhancing institutional cooperation to effectively combat these complex crimes.

Subsection Two: The Independence of the Financial Monitoring Unit

Based on an interview conducted with the Head of the Legal Affairs and Compliance Department at the Financial Monitoring Unit, it was affirmed that the Unit enjoys operational independence in carrying out its functions, with no interference or influence from any external entity on its performance. This independence is further supported by the laws and implementing regulations governing its establishment.²¹

With reference to the decrees by law governing the establishment of the Financial Monitoring Unit, it is evident that they emphasize ensuring the Unit's independence in combating money laundering and terrorist financing. Among the most notable provisions are the following:

1. **Decree by Law No. (9) of 2007**, which stipulates in Article 24 that the Unit shall exercise its functions independently, and that neither the Committee nor any other entity may interfere in its work or attempt to influence its decisions. The Article further provides that the Unit shall be funded by the Palestine Monetary Authority for a transitional period not exceeding three years.²²
2. **Decree by Law No. (20) of 2015**, which provides in Article 24 that the Unit shall exercise its functions independently, and prohibits the National Committee for Combating Money Laundering, or any other entity, from interfering in its work. It further stipulates that the Unit shall be funded by the Palestine Monetary Authority in accordance with the approved budgets.²³
3. **Decree by Law No. (39) of 2022**, which stipulates in Article 35 that the Unit shall perform its duties independently, and that no entity may interfere in its work or attempt to influence its decisions.²⁴

Accordingly, it can be concluded that the **Implementing Regulation (Council of Ministers Decision No. 17 of 2018)** provides greater clarity regarding the Unit's independence. Article 9 explicitly states that the Unit shall carry out its functions freely and independently, and that no entity may interfere in its work or attempt to

²⁰ Financial Action Task Force (FATF), *International Standards on Combating Money Laundering, Terrorist Financing and Proliferation*, Paris: OECD, 2012–2022, www.fatf-gafi.org; United Nations Convention against Transnational Organized Crime (Palermo Convention), 2000, Article 7, text available on the United Nations website (unodc.org); Ahmed Abdullah Abu Zeid, *Combating Money Laundering and Terrorism Financing in International and National Law*, Cairo: Dar Al-Gama'a Al-Jadida, 2021, p. 88.

²¹ Personal interview with Mr. Abdul Rahman Al-Akhras – Head of the Legal and Compliance Department – Palestinian Financial Follow-up Unit, PMA Headquarters, Ramallah, 24/12/2024; see also Ahmed Abu Zeid, *Financial Oversight and Anti-Money Laundering in Palestine*, Cairo: Dar Al-Jama'a Al-Jadida, 2021, p. 77.

²² See Decree-Law No. (9) of 2007 on Combating Money Laundering, Article 24.

²³ See Decree-Law No. (20) of 2015 on Combating Money Laundering and Terrorism Financing, Article 24.

²⁴ See Decree-Law No. (39) of 2022 on Combating Money Laundering and Terrorism Financing, Article 35.

influence its decisions, including any political, governmental, or private sector influence.

The independence of the Unit in carrying out its operational functions has also been affirmed, including its authority to exchange information with local and international authorities, as well as to prepare and implement its budgets without external influence.²⁵ This is reflected in the following provisions:

1. The Unit shall exercise its functions, powers, and competencies freely, independently, and autonomously. Neither the Committee nor any other entity may interfere in its work or attempt to influence its decisions, including any undue political, governmental, or private sector influence. In particular, the Unit shall have the authority to:
 - a. Carry out its operational functions freely and make independent decisions regarding the analysis of any information, as well as its collection, dissemination, or referral.
 - b. Establish arrangements and operate independently with competent authorities, supervisory bodies, or foreign counterpart units in relation to the exchange of information.
2. The Unit shall be funded by the Palestine Monetary Authority in accordance with the approved budgets endorsed by the Committee, provided that such budgets include the following:
 - a. The preparation and execution of the budget without any influence from the funding authority or any other entity.
 - b. Ensuring that the budgets are sufficient to meet the Unit's financial, human, and technical needs, thereby guaranteeing the effective performance of its functions.
3. The Unit shall implement the approved budget, as endorsed by the Committee, in accordance with instructions issued by the Committee, which shall also oversee its execution.

It is also important to note that **Decree by Law No. (39) of 2022** expanded the scope of independence by granting immunity to the Unit's employees from criminal, civil, or administrative liability when entrusted with tasks related to investigation, evidence gathering, and the tracing of proceeds associated with money laundering, predicate offenses, or terrorist financing, provided that such actions are carried out in good faith and in accordance with the provisions of the law.²⁶

From an examination of the legal provisions and implementing regulations, it is evident that the Palestinian legislator has been keen to confer independence upon the Financial Monitoring Unit, both in terms of the exercise of its functions and its funding. Nevertheless, the researcher is of the view that budgetary independence should be more explicitly defined, such that it is directly incorporated into the State's general budget to ensure the sustainability of the Unit's operations, free from any potential influence by the funding authority.²⁷

Accordingly, it is clear that the independence of the Financial Monitoring Unit is not merely a formal or

²⁵ Executive Regulations Organizing the Powers and Competencies of the Palestinian Financial Follow-up Unit, Cabinet Resolution No. 17 of 2018, Website: <https://mjr.ogb.gov.ps/Decrees/ViewText/> – Accessed on 24/2/2026 at 22:15.

²⁶ See the Palestinian Anti-Money Laundering and Counter-Terrorism Financing Law No. 39 of 2022, Article (49); also see Khaled Odeh, *Financial Governance and Anti-Corruption in Palestine*, Dar Al-Fikr Al-Arabi, 2020, p. 156.

²⁷ Abdelghani Basyouni Abdullah, *Administrative Law: General Principles and Administrative Organization*, Dar Al-Nahda Al-Arabi, 2005, p. 233.

nominal concept, but rather a practical safeguard designed to protect its work from any political, administrative, or financial interference, thereby enhancing its capacity to combat money laundering and terrorist financing crimes with efficiency and effectiveness.²⁸

Section Two: Institutional Cooperation of the Palestinian Financial Monitoring Unit: The Domestic and Cross-Border Framework in Light of Council of Ministers Decision No. (17) of 2018

Council of Ministers Decision No. (17) of 2018, issuing the Implementing Regulation governing the powers and functions of the Financial Monitoring Unit, has placed significant responsibilities upon the Unit in its efforts to combat money laundering and terrorist financing, with the aim of limiting the spread of such crimes. These efforts necessitate cooperation with relevant domestic authorities subject to the provisions of this law, as well as international cooperation with other states engaged in combating such crimes.

Subsection One: The Domestic Framework for Cooperation between the Financial Monitoring Unit and Competent National Authorities

Chapter Three of Council of Ministers Decision No. (17) of 2018 sets out the framework for domestic cooperation of the Financial Monitoring Unit. Articles (13–16) address in detail the legal framework governing coordination between the Unit and relevant national authorities, defining mechanisms of institutional cooperation and the roles of competent authorities in supporting efforts to combat money laundering and terrorist financing. This reflects the Palestinian legislator's approach toward strengthening internal integration and unifying national efforts in this field in accordance with international standards, as follows:²⁹

It is important to note that **Council of Ministers Decision No. (17) of 2018** has provided a precise regulation of the domestic cooperation framework of the Financial Monitoring Unit. Chapter Three (Articles 13–16) addresses the mechanisms of coordination with national authorities, defining aspects such as information exchange, reporting, supervision, and the designation of liaison officers. This reflects the legislator's approach toward strengthening internal integration and ensuring compliance with international standards.

The Decision stipulates that the Unit has the authority to exchange information with competent and supervisory authorities in Palestine, whether on its own initiative or upon request from such entities, for the purposes of collecting and analyzing information related to money laundering, predicate offenses, or terrorist financing. It further authorizes the Unit to have direct access to the databases of these authorities, where electronically available, while obligating national entities to provide the Unit with the data and statistics it requires, subject to the application of confidentiality and data protection measures.³⁰

Accordingly, the Decision obliges all competent authorities, financial institutions, and designated non-financial businesses and professions (DNFBPs) to report suspicious transactions and activities. Such reporting must be carried out through formal reports duly signed and stamped by the designated liaison officer, and accompanied by the relevant supporting documents and records. This procedure enhances the accuracy of information and

²⁸ Hamdi Omar, *Comparative Administrative Law: An Applied Study Between Egypt and Palestine*, Dar Al-Nahda Al-Arabi, 2018, p. 301.

²⁹ See Cabinet Resolution No. 17 of 2018, Executive Regulations Organizing the Powers and Competencies of the Palestinian Financial Follow-up Unit, Articles 13–16.

³⁰ Palestinian Council of Ministers, Executive Regulations Organizing the Powers and Competencies of the Financial Follow-up Unit, Resolution No. 17 of 2018, Chapter Three, Articles 13–14, pp. 18–20; Ahmed Abu Diya, *Palestinian Anti-Money Laundering Law: An Analytical Study*, Dar Al-Kalima, Ramallah, 2020, p. 95.

ensures its timely submission to the Unit.³¹

Furthermore, the Decision requires supervisory authorities to conduct both off-site and on-site inspections of the entities under their supervision, in order to verify their compliance with the law and its implementing regulations. These authorities are also required to submit semi-annual reports to the Unit outlining the results of such supervision, in addition to an annual report that includes relevant statistics and the measures taken.³²

At the same time, the Decision mandates competent authorities to appoint a liaison officer with the Financial Monitoring Unit, who is responsible for reporting suspicious transactions and ensuring direct communication with the Unit. It also provides that coordination with the Public Prosecution shall take place through the Attorney General or his authorized representative, with the issuance of the necessary instructions to regulate and implement this institutional communication framework.³³

It is evident that Chapter Three of **Council of Ministers Decision No. (17) of 2018** has established a comprehensive legal framework for domestic cooperation through: regulating the exchange of information between the Unit and national authorities; obligating entities to report suspicious transactions; strengthening both off-site and on-site supervision; and requiring the appointment of liaison officers to ensure effective institutional coordination.

Within this context, it can be stated that the provisions governing domestic cooperation under Council of Ministers Decision No. (17) of 2018 provide a clear legal framework for the relationship between the Financial Monitoring Unit and the supervisory authorities overseeing reporting entities.

The Decision regulates mechanisms for information exchange between the parties, reinforces the role of internal oversight within financial institutions, and specifies the procedures to be followed in cases of non-compliance with applicable laws and internal regulations. It also mandates reporting entities to appoint a specialized liaison officer responsible for reporting any suspicions related to money laundering and terrorist financing offenses. This, in turn, ensures the effectiveness of institutional coordination and enhances compliance with international standards in this field.³⁴

Subsection Two: Cross-Border Cooperation of the Financial Monitoring Unit with Counterpart Units in Combating Money Laundering

The **Implementing Regulation No. (17) of 2018**, in Articles 18–26, sets out the framework for the international cooperation obligations of the Financial Monitoring Unit as follows:³⁵

³¹ Palestinian Council of Ministers, op. cit., Article 15; Muhammad Abed, *The Legal Framework for Combating Money Laundering in Palestine*, Dar Al-Fikr, Nablus, 2019, p. 122.

³² Palestinian Council of Ministers, op. cit., Article 16; Sami Al-Masri, *Financial and Administrative Oversight in Confronting Economic Crimes*, Dar Al-Manara, Gaza, 2018, p. 77.

³³ Palestinian Council of Ministers, Article 16; Abd al-Karim Abu Ghosh, *Institutional Cooperation in Combating Money Laundering and Terrorism Financing*, Dar Al-Shorouk, Jerusalem, 2021, p. 141.

³⁴ Abd al-Rahman Abu Shanab, *International Law for Combating Money Laundering: A Comparative Study*, Dar Al-Jami'a Al-Jadida, Alexandria, 2019, p. 134; Muhammad Abdel Hamid, *Local and International Cooperation in Combating Financial Crimes*, Dar Al-Fikr Al-Jama'i, Cairo, 2018, p. 92.

³⁵ See Palestinian Council of Ministers, Decree No. 17 of 2018, Executive Regulations Organizing the Powers and Competencies of the Financial Follow-up Unit, Articles 18–26.

It is noteworthy that the provisions of Council of Ministers Decision No. (17) of 2018 indicate that the Palestinian Financial Monitoring Unit enjoys extensive powers in the field of international cooperation. The Unit was entrusted with joining the **Egmont Group of Financial Intelligence Units**, as a strategic step to enhance its international standing and enable its participation in a global network specialized in information and expertise exchange. The Decision also authorizes the Unit to conclude memoranda of understanding with foreign counterpart units, whether on a bilateral or multilateral basis, thereby establishing a broad network of international partnerships and strengthening its capacity to address financial crimes of a cross-border nature.

Accordingly, Council of Ministers Decision No. (17) of 2018 grants the Financial Monitoring Unit wide-ranging powers in the field of international cooperation. Its membership in the **Egmont Group** represents a strategic measure to reinforce its international profile and integrate into a global network for exchanging information and expertise. This approach reflects the Palestinian legislator's commitment to aligning national legislation with international standards in combating money laundering and terrorist financing.³⁶

The Decision also empowers the Unit to conclude memoranda of understanding with foreign counterpart units, whether on a bilateral or multilateral basis, thereby establishing a broad network of international partnerships and enhancing its capacity to address financial crimes of a cross-border nature. This provision reflects the Palestinian legislator's recognition of the importance of multi-level cooperation in combating economic crimes.³⁷

Furthermore, the Decision obliges the Unit to provide the highest possible level of international cooperation through the exchange of information, whether automatically or upon request, ensuring promptness and efficiency in responses, and prioritizing requests according to their importance and urgency. The Unit is also required to provide timely feedback, which enhances the credibility of cooperation and ensures the continuity of mutual trust.³⁸

The Decision emphasizes the necessity of protecting exchanged information and restricting its use solely to the purposes for which it was requested, while adhering to the principle of reciprocity and ensuring complete confidentiality for any cooperation request. This regulatory framework reflects Palestine's respect for international data protection standards and confirms its commitment to global best practices.³⁹

The Decision also allows the Unit to exchange information provided that such information is available under Palestinian law, and grants the Unit the right to refuse its use if it exceeds the scope of anti-money laundering efforts or conflicts with national interests or fundamental laws. This provision balances the imperatives of international cooperation with the requirements of national sovereignty.⁴⁰

From this perspective, it is clear that the Palestinian legislator, through **Council of Ministers Decision No. (17) of 2018**, established a balanced legal framework that combines the promotion of international cooperation with the protection of confidentiality and data, while respecting national sovereignty. This framework reflects Palestine's seriousness in adhering to global standards for combating money laundering and terrorist financing, and enhances the trust of international partners in the Financial Monitoring Unit.

³⁶ Abdelrahman Abu Shanab, *International Law for Combating Money Laundering: A Comparative Study*, Dar Al-Jam'a Al-Jadida, Alexandria, 2019, p. 112.

³⁷ Mohamed Abdel Hamid, *International Cooperation in Combating Financial Crimes*, Dar Al-Fikr Al-Jami'i, Cairo, 2018, p. 87.

³⁸ Ahmed Zaki, *Combating Money Laundering and Terrorism Financing: A Comparative Legal Study*, Dar Al-Nahda Al-Arabiya, Beirut, 2020, p. 145.

³⁹ Sami Al-Abed, *International Criminal Law and Combating Economic Crimes*, Dar Al-Manara, Amman, 2017, p. 203.

⁴⁰ Hassan Khalil, *National Sovereignty and International Cooperation in Combating Crime*, Dar Al-Fikr Al-Arabi, Cairo, 2016, p. 59.

The Decision stipulates the necessity of providing the highest possible level of international cooperation in combating money laundering, related predicate offenses, and terrorist financing. This is achieved through the exchange of information, either automatically or upon request, ensuring promptness and efficiency in responses, and prioritizing requests according to their importance and urgency, reflecting the Unit's adherence to international standards. In this context, when submitting requests for cooperation, the Unit is obliged to make every effort to provide counterpart units with accurate and comprehensive information regarding the cases under investigation, while ensuring timely feedback, which strengthens the credibility of cooperation and ensures continuity of mutual trust.

The Decision also obliges the Unit to provide cooperation with counterpart units without imposing unreasonable restrictions or arbitrary conditions on information exchange, while adhering to the principle of reciprocity. This ensures smooth international cooperation and enhances the effectiveness of joint efforts. Conversely, the Decision emphasizes the necessity of protecting exchanged information and restricting its use solely to the purposes for which it was requested, ensuring full confidentiality for any cooperation request and safeguarding it at the same level as information obtained from domestic sources, reflecting Palestine's respect for international data protection standards.

The Decision also grants the Unit the authority to exchange information at the international level, provided that such information is accessible, either directly or indirectly, in accordance with applicable laws and regulations. The Unit is also authorized to make inquiries on behalf of counterpart units and exchange the results of these inquiries with them, provided that such actions do not conflict with applicable Palestinian legislation. This ensures respect for domestic legal sovereignty while maintaining a high level of international cooperation.

Furthermore, the Decision obliges the Unit to obtain its prior approval before counterpart units use the exchanged information, and grants the Unit the right to refuse such use if it exceeds the scope of anti-money laundering and counter-terrorist financing provisions, undermines criminal investigations, clearly conflicts with the legitimate interests of individuals or the State, or does not comply with fundamental principles of Palestinian law. This reflects the legislator's careful balancing between international cooperation and the protection of national interests.

In conclusion, the provisions of **Council of Ministers Decision No. (17) of 2018** demonstrate that the Palestinian legislator has established an advanced legal framework for the international cooperation of the Financial Monitoring Unit. The Unit is granted broad powers to exchange information with counterpart units based on the principle of reciprocity, whether through the signing of memoranda of understanding or via rapid and efficient data exchange mechanisms, while ensuring full confidentiality. These provisions also define the circumstances under which the Unit may refuse to provide information and require it to justify any refusal in accordance with Palestinian domestic law. This reflects the legislator's commitment to balancing international cooperation with the imperatives of national sovereignty and domestic legal safeguards, and underscores Palestine's seriousness in enhancing the trust of its international partners and complying with global standards for combating money laundering and terrorist financing.

Chapter Two: The International Framework for Combating Money Laundering: Coordination and Mutual Evaluation

Money laundering crimes are clearly transnational economic crimes, as their effects extend across multiple states, threatening global financial and economic stability. This has prompted the international community to intensify efforts through national legislation and international agreements aimed at curbing such crimes, given their negative impact on economic development and national financial systems.

In this context, several international financial working groups have emerged, establishing standards and

frameworks for international cooperation, including information exchange, mutual legal assistance, extradition, asset seizure and confiscation, among other measures. Among the most prominent of these groups is the **Financial Action Task Force (FATF)**, which has established international standards for combating money laundering and terrorist financing through its forty recommendations, now recognized as the global reference in this field. Similarly, the **Middle East and North Africa Financial Action Task Force (MENAFATF)** operates according to FATF standards, with Palestine as a member. Additionally, the **Egmont Group of Financial Intelligence Units** facilitates cooperation among financial intelligence units worldwide, of which the Palestinian Financial Monitoring Unit is a member.

Accordingly, these international frameworks constitute a fundamental pillar for enhancing global cooperation in combating money laundering and ensuring the effectiveness of mutual evaluation systems among states.⁴¹

Section One: The Conceptual Framework of the Financial Action Task Force (FATF)

Undoubtedly, the **Financial Action Task Force (FATF)** constitutes a cornerstone in establishing international standards for combating money laundering and terrorist financing, as well as curbing their spread, given the negative impact of these crimes on both national and international economies. Its forty recommendations have become the foremost international reference relied upon by states in drafting their preventive and criminal legislation and procedures. Additionally, they serve as a primary benchmark in the mutual evaluation processes that assess states' compliance with international standards.⁴²

Subsection One: The Financial Action Task Force (FATF): Definition and International Reference through Its Forty Recommendations

1. Definition of the Financial Action Task Force (FATF)

The **Financial Action Task Force (FATF)** is defined as an intergovernmental body established in 1989 at the initiative of the Finance Ministers of the Group of Seven (G7) countries. Its mission is to set standards and promote the effective implementation of legal, regulatory, and operational measures to combat money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, in addition to addressing other threats to the integrity of the global financial system. The FATF works in cooperation with other international organizations to identify vulnerabilities in national systems in order to safeguard the international financial system from misuse.

This definition highlights that the FATF constitutes the primary international reference for establishing standards and measures that states must comply with to combat money laundering crimes. It also emphasizes the necessity of implementing these standards through mechanisms of international cooperation and mutual evaluation among countries.⁴³

2. The Forty Recommendations of the Financial Action Task Force (FATF) as an International

⁴¹ Abdel Qader, Mohammed Abdullah, *Money Laundering: Crime and Punishment in Comparative Legislation*, Cairo: Dar Al-Nahda Al-Arabiya, 2019; see also Financial Action Task Force (FATF), *International Standards on Combating Money Laundering, Terrorist Financing and Proliferation: The Forty Recommendations*, Paris: FATF/OECD, 2012–2022.

⁴² Financial Action Task Force (FATF), *International Standards on Combating Money Laundering, Terrorist Financing and Proliferation: The Forty Recommendations*, Paris: FATF/OECD, 2012–2022, available at <https://www.fatf-gafi.org/>, accessed on 01/03/2026; Abdel Qader, Mohammed Abdullah, op. cit.

⁴³ Website – <https://www.fatf-gafi.org/content/dam/fatf-gafi/translations> – Accessed on 02/03/2026 at 23:10; see Abdel Qader, Mohammed Abdullah, op. cit., p. 40.

Framework for Combating Money Laundering and Terrorist Financing

The **Financial Action Task Force (FATF)** issued its forty recommendations for the first time in 1990 as an international framework to combat the misuse of financial systems by drug money laundering networks. These recommendations were revised in 1996 to keep pace with evolving money laundering techniques and to expand their scope to cover other financial crimes. In 2001, the FATF added a new mandate to combat terrorist financing and terrorist organizations, which was endorsed by over 180 countries, making these recommendations globally recognized as international standards for combating money laundering and terrorist financing. In 2008, the FATF further expanded its mandate to include combating the financing of the proliferation of weapons of mass destruction.

These recommendations encompass several key areas, including:

1. **National Policies and Coordination:** Risk assessment and strengthening domestic cooperation.
2. **Money Laundering and Confiscation:** Reliance on the **Vienna Convention (1988)** and **Palermo Convention (2000)** regarding predicate offenses and asset confiscation.
3. **Terrorist Financing and Proliferation of Weapons:** Criminalization of terrorist financing under the **Suppression of the Financing of Terrorism Convention (1999)**, imposition of financial sanctions, and regulation of the misuse of non-profit organizations.
4. **Preventive Measures:** Customer due diligence, record-keeping, reporting of suspicious transactions, and monitoring the use of modern technologies.
5. **Transparency:** Ensuring clarity regarding the identity of legal persons and beneficial owners.
6. **Powers and Responsibilities of Competent Authorities:** Regulation and supervision of financial institutions, investigative powers, sanctions, and national statistics.
7. **International Cooperation:** Accession to international conventions (**Vienna 1988, Palermo 2000, UNCAC 2003, Terrorist Financing 1999**) and activation of mutual legal assistance and extradition procedures.

A review of these recommendations shows that most national legislations and international agreements have relied upon them as a foundation for combating money laundering and terrorist financing. In this context, the State of Palestine has acceded to the **Vienna Convention**, the **Palermo Convention**, and the **UNCAC (United Nations Convention Against Corruption)**, but has not yet acceded to the **1999 Convention for the Suppression of the Financing of Terrorism**.⁴⁴

Subsection Two: Foundations of International Cooperation for the Palestinian Financial Monitoring Unit: Bridging National Legislation and International Conventions

The **Anti-Money Laundering and Counter-Terrorist Financing Law** in the State of Palestine has undergone several amendments, accompanied by the issuance of implementing regulations, which address the efforts of the **Financial Monitoring Unit (FMU)** in the field of international cooperation to curb these crimes. Palestine has also acceded to multiple international conventions in alignment with the fundamental standards for combating money laundering and terrorist financing. This is detailed as follows:

⁴⁴ Al-Zeini, Ahmed Mohammed, *Money Laundering and Terrorism Financing: A Comparative Study in Light of International Conventions and National Legislation*, Cairo: Dar Al-Jami'a Al-Jadida, 2018, p. 112; for further reference, see Salawdeh, Mohammed Abdel Ghafar, *The Role of Government Policies in Combating Money Laundering in Palestine*, Master's Thesis, Al-Istiqlal University, Graduate Studies Faculty, 2025, p. 87; Darawish, Alaa Jihad Hassan, *Procedural Confrontation of Money Laundering Crime: A Comparative Study*, Master's Thesis, Al-Quds University, 2021, p. 134; Website – <https://www.fatf-gafi.org/content/dam/fatf-gafi/translations> – Accessed on 02/03/2026 at 23:40.

1. International Cooperation of the Financial Monitoring Unit under Palestinian Legislation

1. In **Decree-Law No. (9) of 2007** on combating money laundering, the only reference to international cooperation is found in **Article 45** of the final provisions, which stipulated that the **Financial Monitoring Unit (FMU)** may exchange information with counterpart units based on agreements signed by the **Palestine Liberation Organization (PLO)** in this regard, provided that such exchanges do not conflict with the laws in force within the territories of the Palestinian National Authority.⁴⁵

Upon reviewing this Decree-Law, the researcher notes that it did not substantially expand the scope of international cooperation in combating money laundering. This limitation may be attributed to the novelty of this crime at the time and Palestine's non-accession to the relevant international conventions.

2. Regarding **Decree-Law No. (20) of 2015** on combating money laundering and terrorist financing, the researcher observes that it provided a broader and more comprehensive framework for international cooperation to curb these crimes and facilitate information exchange, particularly after the State of Palestine acceded to the **Palermo Convention** and the **United Nations Convention Against Corruption (UNCAC)**. **Article 45** of this Decree-Law offered an expanded approach to international cooperation, granting the **FMU** broad authority to exchange information with counterpart units under the conventions signed, provided that the principle of reciprocity is observed, or based on memoranda of understanding concluded by the FMU, all in accordance with applicable domestic laws in the State of Palestine.⁴⁶
3. **Decree-Law No. (39) of 2022** on combating money laundering and terrorist financing, which repealed the previous laws, is considered by the researcher to provide a more detailed framework regarding **international cooperation**, with the **Financial Monitoring Unit (FMU)** bearing the primary responsibility. This Decree-Law allocated **Articles 60–72** to international cooperation, addressing **mutual legal assistance with foreign states** and establishing a fundamental condition for submitting requests for such assistance, namely the principle of **dual criminality**. These articles also cover the **extradition of offenders**, the role of the **Public Prosecutor, Ministry of Justice, and Ministry of Foreign Affairs**, cases in which requests may be denied, and the rules for sharing confiscated assets with foreign states. **Chapter Eight** of this law, covering **Articles 73–86**, focuses on the **exchange of information**, with the primary responsibility again resting on the FMU.⁴⁷
4. **Cabinet Resolution No. (17) of 2018**, the executive regulation organizing the powers and competencies of the FMU, clarified the FMU's role in **international cooperation, judicial assistance, information exchange, and signing memoranda of understanding**. The regulation also stipulated that the FMU must submit an **unconditional application** to obtain membership in the **Egmont Group**, thereby formalizing its integration into the global network of financial intelligence units.

Through an analysis of legislative developments in Palestine, it becomes evident that the State has progressively moved toward adopting **international standards for combating money laundering and terrorist financing** through the Decree-Laws issued in this field. This approach is reflected in the **expanded competencies of the Financial Monitoring Unit (FMU)**, which has been entrusted with a pivotal role in enhancing **international cooperation**, whether through signing agreements and memoranda of understanding with counterpart units, exchanging information, providing mutual legal assistance, or coordinating with relevant national authorities. This trajectory demonstrates Palestine's commitment to aligning its legislation with international frameworks,

⁴⁵ See Decree-Law No. (9) of 2007 on Combating Money Laundering, Article 45.

⁴⁶ See Decree-Law No. (20) of 2015 on Combating Money Laundering and Terrorism Financing, Article 45.

⁴⁷ See Decree-Law No. (39) of 2022 on Combating Money Laundering and Terrorism Financing, Articles 60–86.

thereby strengthening its capacity to address challenges posed by **transnational financial crimes**.⁴⁸

Secondly: Enhancing International Cooperation in Combating Money Laundering and Terrorist Financing through International Agreements and Financial Action Task Force (FATF) Frameworks

Through an interview with the **Head of the Legal and Compliance Department at the FMU**, it was confirmed that Palestine places great importance on strengthening international cooperation in the field of combating money laundering and terrorist financing. The interview highlighted that Palestine has joined several **international agreements and financial action task force groups**, which serve as foundational pillars emphasized by the **FATF recommendations**. These agreements obligate states to engage actively in order to ensure that national legislation is consistent with international standards.

In this context, Palestine acceded to the **1988 Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances** in 2017, as well as the **2000 Palermo Convention on Transnational Organized Crime** in 2015, and the **2003 United Nations Convention against Corruption** in 2014, while it has not acceded to the **1999 United Nations Convention for the Suppression of the Financing of Terrorism**.

At the level of financial action task force groups, Palestine became a member of the **Middle East and North Africa Financial Action Task Force (MENAFATF)** in 2015, and of the **Egmont Group of Financial Intelligence Units** in 2019.

This accession demonstrates Palestine's commitment to **aligning its national legislation with international frameworks and standards**, and to strengthening cooperation with counterpart units through **information exchange and mutual legal assistance**, thereby consolidating its position within the international system for combating **transnational financial crimes**.⁴⁹

1. The 1988 Vienna Convention (United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances).⁵⁰

The **1988 Vienna Convention**, known as the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, is considered one of the most important international treaties that established the foundational framework for combating money laundering. Palestine acceded to this Convention in 2017.⁵¹

Although the scope of the Convention was initially limited to money laundering derived from offenses related to narcotics and psychotropic substances, it laid the essential groundwork for the **identification, control, and confiscation of illicit funds**, and has since become a primary reference relied upon by both international and

⁴⁸ Salawdeh, Mohammed Abdel Ghafar, *The Role of Government Policies in Combating Money Laundering in Palestine*, Master's Thesis, Al-Istiqlal University, Graduate Studies Faculty, 2025, p. 87.

⁴⁹ Personal interview with Mr. Abdulrahman Al-Akhras, Head of the Legal and Compliance Department, Palestinian Financial Follow-up Unit, PMA Headquarters, 24/12/2024; see also Darawish, Alaa Jihad Hassan, *Procedural Confrontation of Money Laundering Crime: A Comparative Study*, Master's Thesis, Al-Quds University, 2021, p. 134.

⁵⁰ Website – <https://www.menafatf.org/sites/default/files/> – Accessed on 23/12/2024 at 19:50.

⁵¹ Website – <https://www.mofa.pna.ps/ar-jo> – Accessed on 4/3/2026 at 19:48.

national efforts in establishing anti-money laundering regulations.⁵²

The Convention addressed several substantive issues in its provisions. **Article 4** established the rules of jurisdiction, while **Article 5** dealt with confiscation and the measures that must be taken by the States Parties. **Articles 6 and 7** were dedicated to the provisions on extradition of offenders and mutual legal assistance, whereas **Article 8** addressed the referral of cases between the States Parties. The Convention also emphasized capacity building and the exchange of expertise, including support for transit countries through international and regional organizations, particularly for developing countries. Additionally, it established the framework for **controlled extradition procedures**, in accordance with the fundamental principles of the domestic legal systems of the States Parties.⁵³

2. The Palermo Convention of 2000 (United Nations Convention against Transnational Organized Crime)⁵⁴

The Palermo Convention of 2000, formally known as the United Nations Convention against Transnational Organized Crime, is one of the most prominent international agreements that broadened the scope of anti-money laundering efforts to include crimes of a transnational nature.

Palestine acceded to the Palermo Convention in 2015.⁵⁵ This convention is no less important than the Vienna Convention of 1988, as it provides a more comprehensive framework for criminalizing acts associated with organized crime, including the laundering of proceeds from criminal activities, corruption, and offenses that obstruct the course of justice, such as influencing witnesses, judicial personnel, or law enforcement agencies.

The Convention, particularly through Articles 5, 6, 8, and 23, criminalizes acts committed by one or more persons with the intent of obtaining financial or material gain. It also contains numerous provisions regulating mechanisms for international cooperation, mutual legal assistance, and information exchange among States Parties. Consequently, the Palermo Convention constitutes a comprehensive international framework for combating organized crime and money laundering and has contributed significantly to enhancing international cooperation and unifying efforts to address transnational financial and criminal offenses.⁵⁶

3. The United Nations Convention against Corruption (UNCAC) – The United Nations Convention against Corruption, adopted in 2003, is considered one of the most prominent international legal instruments aimed at combating crimes related to corruption, which are often a primary source of money laundering offenses. The State of Palestine acceded to this Convention in 2014,⁵⁷ reflecting its commitment to enhancing international cooperation and adhering to global standards in the fight against corruption and money laundering.

This Convention contains key provisions in Articles 15–24, which criminalize the bribery of public officials, foreign public officials, and officials of public international organizations, in addition to offenses such as embezzlement, misappropriation, or diversion of property by public officials, trading in influence, abuse of

⁵² Mufid Nayef Al-Dulaimi, *Money Laundering in Criminal Law: A Comparative Study*, Dar Al-Thaqafa for Publishing and Distribution, Amman, 1st ed., 2005, p. 177.

⁵³ Ahmad Abdel Fattah Abu Zeid, *Money Laundering in Criminal Legislation: A Comparative Study between International Law and National Laws*, Master's Thesis, Cairo University, 2016, p. 102.

⁵⁴ Website: <https://www.menafatf.org/sites/default/files/UNConvnetionAganisf> – Accessed 4/3/2026, 20:40.

⁵⁵ Website: <https://www.mofa.pna.ps/ar-jo> – Accessed 4/3/2026, 21:15.

⁵⁶ Al-Shaqiri, Nasser Mohamed. *Transnational Organized Crime and Anti-Money Laundering: A Comparative Study in Light of the Palermo Convention and Arab Legislation*. Master's thesis, Birzeit University, 2018, p. 156.

⁵⁷ Website: <https://www.aman-palestine.org/activitiesl> – Accessed on 23/12/2024 at 20:05.

functions, illicit enrichment, bribery in the private sector, and embezzlement of property in the private sector. It also criminalizes money laundering and the concealment of property derived from criminal acts.

Furthermore, the Convention establishes the criminal, civil, and administrative liability of legal persons. It addresses, in several of its provisions, matters such as mutual legal assistance, freezing, seizure, and confiscation of assets, protection of witnesses, experts, and whistleblowers, extradition of offenders, transfer of sentenced persons, joint investigations and prosecutions, information exchange, specialized financial investigations, and cooperation for the purposes of confiscation.⁵⁸ Accordingly, this Convention constitutes a comprehensive framework that strengthens the capacity of States to combat corruption and related financial crimes, contributing to the protection of the financial and economic system from unlawful exploitation.⁵⁹

4. Accession to the Egmont Group

The Financial Follow-up Unit in the State of Palestine acceded to the Egmont Group pursuant to Article 18 of Cabinet Resolution No. (17) of 2018, which stipulates that the Unit is required to submit an unconditional application for membership and fully engage in the accession process. The Egmont Group was established in 1995 when a group of financial intelligence units convened at Arenberg Palace in Brussels, Belgium, and decided to create an informal network to enhance international cooperation and information exchange among these units, later becoming known as the Egmont Group.

The Group aims to support its member states in combating money laundering and terrorist financing through several mechanisms, most notably: expanding international cooperation in information exchange, strengthening the role of financial intelligence units through specialized training programs, enhancing secure electronic communication between units, and encouraging the establishment of new financial intelligence units in countries that either already have a national anti-money laundering framework or are in the process of developing one.⁶⁰

Accordingly, Palestine's membership in the Egmont Group represents a significant step towards consolidating international cooperation and enhancing the capacities of the Financial Follow-up Unit in alignment with global standards.⁶¹

The Financial Follow-up Unit in Palestine joined the Egmont Group in 2019.⁶² Palestine's accession to international conventions, which the Financial Action Task Force (FATF) has emphasized as essential to comply with, represents a fundamental step in consolidating the legal framework for combating money laundering and terrorist financing, given the pivotal role these conventions play in establishing a coherent international legal system.

This accession reflects the State's seriousness and determination to protect its financial and economic system from the risks posed by financial crimes, thereby ensuring economic stability and enhancing international confidence. Furthermore, Cabinet Resolution No. (17) of 2018, which mandates the Financial Follow-up Unit's

⁵⁸ Website: <https://www.unodc.org/documents/treaties/UNCAC/WorkingGroup/20-24June2016> – Accessed on 24/12/2024 at 20:50.

⁵⁹ Hamdan, Samer Mahmoud. *Combating Corruption and Money Laundering in Light of the United Nations Convention against Corruption and Palestinian Legislation*. Master's Thesis, An-Najah National University, 2019, p. 98.

⁶⁰ Website: <https://www.qfiu.gov.qa/?page> – Accessed on 22/12/2024 at 17:45.

⁶¹ Al-Tirawi, Raed Mahmoud. *International Cooperation in Combating Money Laundering and Terrorism Financing: An Applied Study on the Palestinian Financial Follow-up Unit*. Master's thesis, Al-Istiqlal University, 2020, p. 142.

⁶² Website: <https://www.ffu.ps/ar/Article/> – Date accessed: 4/3/2026, 21:18

membership in the Egmont Group, serves as additional evidence of the importance of international cooperation and information exchange with peer units. It also underscores Palestine's commitment to aligning its national legislation with international standards and strengthening the role of the Financial Follow-up Unit within a global network dedicated to combating money laundering and terrorist financing.⁶³

Section Two: Mutual Evaluation and Palestine's Accession to the MENAFATF

In 2015, the State of Palestine joined the Middle East and North Africa Financial Action Task Force (MENAFATF), one of the regional bodies operating along the lines of the international Financial Action Task Force (FATF). MENAFATF aims to enhance cooperation among its member states in combating money laundering and terrorist financing. The Group serves as a regional platform for the implementation of the FATF's Forty Recommendations, with member states subject to a mutual evaluation mechanism designed to assess their compliance with international standards and to identify strengths and weaknesses in their national systems.

This accession represents a significant step towards integrating Palestine into the international framework for combating financial crimes, as it allows the State to benefit from regional and international expertise, exchange information, participate in the formulation of joint policies, and strengthen the capacities of the Financial Follow-up Unit in addressing the challenges associated with money laundering and terrorist financing. Accordingly, understanding the role of the MENAFATF is essential prior to addressing the topic of mutual evaluation, as all member states are subject to this mechanism as part of their international obligations.⁶⁴

Mutual evaluation is one of the most important mechanisms employed by the Financial Action Task Force (FATF) and its regional bodies, such as the Middle East and North Africa Financial Action Task Force (MENAFATF), to assess the degree of member states' compliance with international standards for combating money laundering and terrorist financing. This evaluation involves a comprehensive review of national legislation, institutional procedures, and the practical effectiveness of their implementation. It is conducted by teams of international experts who visit the concerned state, examine its legal and regulatory frameworks, and then issue a detailed report highlighting strengths and weaknesses.

Mutual evaluation is considered a fundamental tool for enhancing transparency and accountability, as it obliges member states to develop their systems in line with the FATF's Forty Recommendations. It also contributes to improving institutional capacities, strengthening mechanisms for international cooperation, and facilitating information exchange with peer units. Furthermore, the results of this evaluation serve as an international reference for assessing a state's seriousness in combating financial crimes, which in turn impacts its global economic and financial reputation.⁶⁵

The outcomes of the mutual evaluation have had a direct impact on Palestinian legislation, prompting the State to review its legal framework and develop its regulatory systems in line with the FATF Forty Recommendations. These results highlighted the need to strengthen the powers of the Financial Follow-up Unit and to expand its mandate in the areas of information exchange and international cooperation. They also underscored the necessity of incorporating international standards into national legislation to ensure effectiveness in combating

⁶³ Tayrawi, Raed Mahmoud. *International Cooperation in Combating Money Laundering and Terrorism Financing*, op. cit., p. 145.

⁶⁴ Tayrawi, Raed Mahmoud. *International Cooperation in Combating Money Laundering and Terrorism Financing: An Applied Study on the Palestinian Financial Intelligence Unit*, Master's Thesis, Al-Istiqlal University, 2020, p. 133; see also the website: <https://www.menafatf.org/ar/information-center> – visited on 5/3/2026 at 16:28.

⁶⁵ Zaini, Ahmad Mohamed. *Money Laundering and Terrorism Financing: A Comparative Study in Light of International Conventions and National Legislation*. Cairo: Dar Al-Jam'ah Al-Jadidah, 2018, p. 119.

financial crimes.

Moreover, these outcomes have had a clear economic impact, as Palestine's financial and economic reputation at the international level is closely linked to its degree of compliance with international standards. This, in turn, affects its ability to attract investments, maintain the stability of the banking system, and avoid inclusion on negative lists that may restrict its financial dealings with the international community.

Accordingly, mutual evaluation should not be regarded merely as a supervisory mechanism, but also as a means of demonstrating the State's seriousness in protecting its economy and enhancing the confidence of international partners in its financial system.⁶⁶

The State of Palestine has faced several challenges in implementing the outcomes of the mutual evaluation issued by the Middle East and North Africa Financial Action Task Force (MENAFATF). The evaluation reports have demonstrated that a legislative framework alone is insufficient unless it is supported by advanced institutional and technical capacities. Among the most prominent challenges are the limited technical capabilities available to the Financial Follow-up Unit and the inadequate electronic infrastructure necessary for the secure exchange of information with counterpart units. There is also a pressing need for the continuous training of human resources to keep pace with international developments in the field of financial intelligence, particularly given the complexity and rapid evolution of financial crimes.

In addition, Palestine has encountered difficulties in strengthening coordination among various national entities, including judicial, regulatory, and banking authorities, which has adversely affected the speed of response to the requirements of the mutual evaluation process. The broader political and economic context has also constituted an obstacle to securing sufficient resources to develop regulatory systems and achieve full compliance with international standards.

Nevertheless, these challenges have driven the State to intensify its efforts in the areas of legislative and institutional reform, as well as to build international partnerships aimed at addressing existing gaps.⁶⁷

Palestine has faced multiple challenges in implementing the outcomes of the mutual evaluation; however, it has undertaken significant reform measures to strengthen its compliance with international standards. It has worked on amending national legislation related to combating money laundering and terrorist financing, and has issued decree-laws to expand the powers of the Financial Follow-up Unit. It has also sought to conclude memoranda of understanding and cooperation agreements with counterpart units in other countries to facilitate the exchange of information.

In addition, Palestine has focused on training and enhancing the capacity of its human resources, as well as developing its technical infrastructure to ensure secure communication with international partners. These reforms have come as a direct response to the findings of the mutual evaluation and have contributed to strengthening Palestine's position within the international framework for combating financial crimes.⁶⁸

Subsection One: The Middle East and North Africa Financial Action Task Force (MENAFATF)

⁶⁶ Al-Zawawi, Mahmoud Abdallah. *Combating Money Laundering and Terrorism Financing in Palestinian Legislation: An Analytical Study in Light of International Standards*. Master's thesis, Al-Quds University, 2021, p. 141.

⁶⁷ Slaouda, Muhammad Abdel-Ghafer. *The Role of Government Policies in Combating Money Laundering in Palestine*. Master's thesis, Al-Istiqlal University, 2025, p. 92.

⁶⁸ Abu Humaid, Khaled Mahmoud. *Palestinian Legislation and Combating Money Laundering: An Analytical Study in Light of International Standards*. Master's thesis, An-Najah National University, 2022, p. 110.

On 30 November 2004, a ministerial meeting was held in Manama, Kingdom of Bahrain, during which the governments of fourteen Arab states decided to establish the Middle East and North Africa Financial Action Task Force (MENAFATF) to combat money laundering and terrorist financing. It was agreed that the Kingdom of Bahrain would serve as the host country.

This Group is characterized as a voluntary and cooperative entity, independent of any other international body or organization. It was established by agreement among its member governments rather than pursuant to an international treaty. Accordingly, it determines its own mandate, systems, rules, and procedures, while cooperating with other international bodies particularly the Financial Action Task Force (FATF) to achieve its objectives. The Group aims to achieve the following:⁶⁹

1. To adopt and implement the Forty Recommendations of the Financial Action Task Force (FATF) concerning anti-money laundering, counter-terrorist financing, and counter-proliferation.
2. To implement relevant United Nations conventions and treaties, as well as United Nations Security Council resolutions.
3. To enhance cooperation with regional and international organizations, institutions, and bodies in order to ensure compliance with international standards for combating money laundering crimes.
4. To engage in joint efforts to identify issues related to money laundering and terrorist financing of a regional nature, and to exchange expertise in this regard.
5. To take effective measures across the region to combat money laundering and terrorist financing, in a manner that does not conflict with the cultural frameworks, constitutions, and legal systems of member states.

Based on the foregoing, it can be concluded that the objectives pursued by the Middle East and North Africa Financial Action Task Force (MENAFATF) are grounded in the core standards established by the Financial Action Task Force (FATF), as well as in relevant international conventions. MENAFATF has emphasized the importance of international cooperation and the adoption of necessary measures to effectively combat money laundering and terrorist financing.⁷⁰

Subsection Two: The Mutual Evaluation Mechanism and Its Impact on Enhancing Palestine's Compliance with International Standards for Combating Money Laundering and Terrorist Financing

Following the State of Palestine's accession to the Middle East and North Africa Financial Action Task Force (MENAFATF), it became subject to the mutual evaluation mechanism, like other member states, with the aim of assessing its level of compliance with international standards for combating money laundering and terrorist financing.

This process is conducted by a specialized body known as the "Mutual Evaluation Team," which comprises a number of qualified experts trained in the evaluation methodology issued by the Financial Action Task Force (FATF). The team typically includes legal experts, financial experts, and law enforcement specialists, including experts from financial intelligence units.⁷¹

The mutual evaluation process is based on two main components. The first is **technical compliance**, which involves a desk-based review to assess the extent to which the evaluated state complies with the requirements set out in the Financial Action Task Force (FATF) Forty Recommendations; this is conducted prior to the

⁶⁹ Website: <https://www.menafatf.org/ar> – Accessed on 20/12/2024 at 22:20.

⁷⁰ Al-Zawawi, Mahmoud Abdullah. *Anti-Money Laundering and Counter-Terrorism Financing in Palestinian Legislation: An Analytical Study in Light of International Standards*. Master's Thesis, Al-Quds University, 2021, p. 128.

⁷¹ Website: <https://www.menafatf.org/ar/mutual-evaluations-follow> – Accessed on 6/3/2026 at 21:55.

country visit.

The second component is **effectiveness analysis**, which is assessed based on the extent to which the state achieves a set of immediate outcomes that are considered essential for the existence of an effective system to combat money laundering and terrorist financing. This analysis is complemented by an on-site visit conducted by the evaluation team, typically lasting two weeks or more, during which government officials and private sector representatives are interviewed to obtain a comprehensive understanding of how the national system operates.

Finally, states are subject to a periodic follow-up process conducted by the Financial Action Task Force, aimed at addressing the deficiencies identified in mutual evaluation reports within a specified timeframe, thereby enhancing the level of compliance and effectiveness of anti-money laundering and counter-terrorist financing systems.⁷²

Through an interview with the Head of the Legal and Compliance Department at the Financial Follow-up Unit of the Palestine Monetary Authority, it was revealed that the State of Palestine had not previously undergone a mutual evaluation process; however, it is currently in the midst of this process.

This evaluation is conducted based on Palestine's membership in the Middle East and North Africa Financial Action Task Force (MENAFATF), which obliges the State to adhere to the mutual evaluation mechanism to assess its alignment with the international standards established by the Financial Action Task Force (FATF) in the field of anti-money laundering and counter-terrorist financing.

He explained that the significance of this evaluation lies in its aim to protect the economic system at both the national and international levels, while presenting a positive image of the State's economic situation to the international community. The scope of the evaluation encompasses financial institutions, non-financial businesses and professions, as well as relevant ministries and authorities, ensuring a comprehensive assessment of all components of the national system for combating money laundering and terrorist financing.⁷³

Enhancing the Efficiency of Anti-Money Laundering Systems

The effectiveness of anti-money laundering and counter-terrorist financing (AML/CFT) frameworks increasingly depends on the adoption of structured, data-driven approaches that enhance operational efficiency and institutional performance.⁷⁴ Financial Intelligence Units (FIUs), as central national bodies, are tasked with processing substantial volumes of financial disclosures submitted by reporting entities, including financial institutions and designated non-financial businesses and professions.⁷⁵

The growing complexity and volume of such data necessitate the implementation of systematic methodologies to ensure timely analysis and informed decision-making.

⁷² Az-Zeini, Ahmed Mohamed. *Money Laundering and Terrorism Financing: A Comparative Study in Light of International Conventions and National Legislations*. Cairo: Dar Al-Gama'a Al-Jadida, 2018, p. 121. Website: <https://www.menafatf.org/ar/mutual-evaluations> – Accessed on 7/3/2026 at 21:10.

⁷³ Personal interview with Mr. Abdulrahman Al-Akhras, Head of the Legal and Compliance Department, Palestinian Financial Intelligence Unit (PFIU), at the Palestine Monetary Authority headquarters, Ramallah, on 24/12/2024.

⁷⁴ Financial Action Task Force. (2012, updated 2023). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (The FATF Recommendations)*.

⁷⁵ Egmont Group of Financial Intelligence Units. (2015). *Egmont Group Principles for Information Exchange Between Financial Intelligence Units*.

In this regard, optimizing internal workflows and streamlining reporting and analysis procedures represent critical factors in improving the responsiveness of FIUs to suspicious transactions. The application of process-oriented methodologies, including workflow redesign and continuous improvement techniques, contributes to reducing processing delays and enhancing analytical capacity. Moreover, the integration of quantitative risk assessment models facilitates the classification and prioritization of financial activities based on their level of risk, thereby reinforcing the risk-based approach endorsed by international AML/CFT standards.⁷⁶

Furthermore, the establishment of performance measurement frameworks, particularly through the use of key performance indicators (KPIs), enables the evaluation of institutional effectiveness and supports evidence-based policy adjustments. Strengthening mechanisms for inter-agency coordination and international information exchange also remains essential, given the transnational nature of financial crimes. Such measures collectively enhance the operational capabilities of FIUs and contribute to higher levels of compliance with international standards, ultimately improving countries' performance in mutual evaluation processes.⁷⁷

The Risk-Based Approach in Enhancing AML/CFT Effectiveness

The effectiveness of anti-money laundering and counter-terrorist financing (AML/CFT) systems is increasingly associated with the adoption of a risk-based approach, which allows authorities to allocate resources according to the level of identified risks rather than applying uniform measures.⁷⁸ This approach enhances efficiency by directing attention toward high-risk sectors, transactions, and entities. In this context, Financial Intelligence Units play a key role in assessing and updating risk profiles based on analytical outputs and reported data.⁷⁹

Moreover, the risk-based approach supports more informed decision-making and strengthens preventive measures by encouraging reporting entities to implement tailored compliance systems. It also aligns with the standards set by the Financial Action Task Force, which emphasize risk identification and mitigation as core components of effective AML/CFT frameworks. Consequently, this approach contributes to improving national compliance and achieving better outcomes in mutual evaluation processes.⁸⁰

6 Conclusion

The study demonstrates that money laundering and terrorist financing constitute among the most serious crimes threatening economic and financial stability in Palestine, due to their direct impact on development and investment attraction. The State has undertaken clear legislative and institutional measures, most notably the establishment of an independent Financial Follow-up Unit and accession to international conventions and regional and international financial action task forces. These steps reflect Palestine's commitment to global standards and its pursuit of mutual evaluation as a tool to measure effectiveness and compliance. Such efforts underscore the State's seriousness in building a comprehensive legal and institutional framework to address cross-border financial crimes.

7 Results

⁷⁶ World Bank. (2016). *National Risk Assessment: A Framework for Money Laundering and Terrorist Financing Risk Assessment*. <https://www.worldbank.org/en/topic/financialsector/brief/antimoney-laundering-and-combating-the-financing-of-terrorism-risk-assessment-support>

⁷⁷ International Monetary Fund. <https://www.imf.org/> (2011). *Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) – Handbook*.

⁷⁸ Financial Action Task Force. (2012, updated 2023). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (FATF Recommendations)*. <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

⁷⁹ World Bank. (2016). *National Risk Assessment: A Framework for Money Laundering and Terrorist Financing Risk Assessment*.

⁸⁰ International Monetary Fund. <https://www.imf.org/> (2011). *AML/CFT Handbook*.

- Palestinian legislation has gradually evolved to encompass money laundering, terrorist financing, and their predicate offenses, reflecting flexibility in keeping pace with international developments.
- The Financial Follow-up Unit enjoys independence and broad powers, including judicial authority, which enhances its effectiveness and prevents interference in its operations.
- Accession to international conventions (Vienna, Palermo, Anti-Corruption) and financial action task forces (MENAFATF, Egmont) has strengthened international cooperation and facilitated the exchange of information and expertise.
- Palestine's entry into the stages of mutual evaluation represents a positive indicator of its commitment to international standards and is expected to contribute to improving its economic image and increasing investment opportunities.
- Challenges facing Palestine include limited technical capacities, the need for continuous training of human resources, and weak institutional coordination among national authorities.

Recommendations

- Regularly update legislation to keep pace with emerging criminal methods, particularly those related to financial technology and digital currencies.
- Intensify training programs for judicial officers and investigative authorities, with a focus on technical and technological aspects.
- Invest in technical infrastructure to secure information exchange with counterpart units, ensure rapid response, and protect data.
- Raise awareness among financial institutions and non-financial professions to enhance their capacity for early detection and reporting of crimes.
- Utilize the results of mutual evaluations as a roadmap for legislative and institutional reforms, adhering to the prescribed timelines for addressing identified deficiencies.
- Strengthen national cooperation between the Financial Follow-up Unit and judicial, regulatory, and banking authorities to ensure the integration of national efforts.
- Work on building international partnerships to address technical and human resource gaps, thereby enhancing Palestine's capacity to combat complex financial crimes.

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