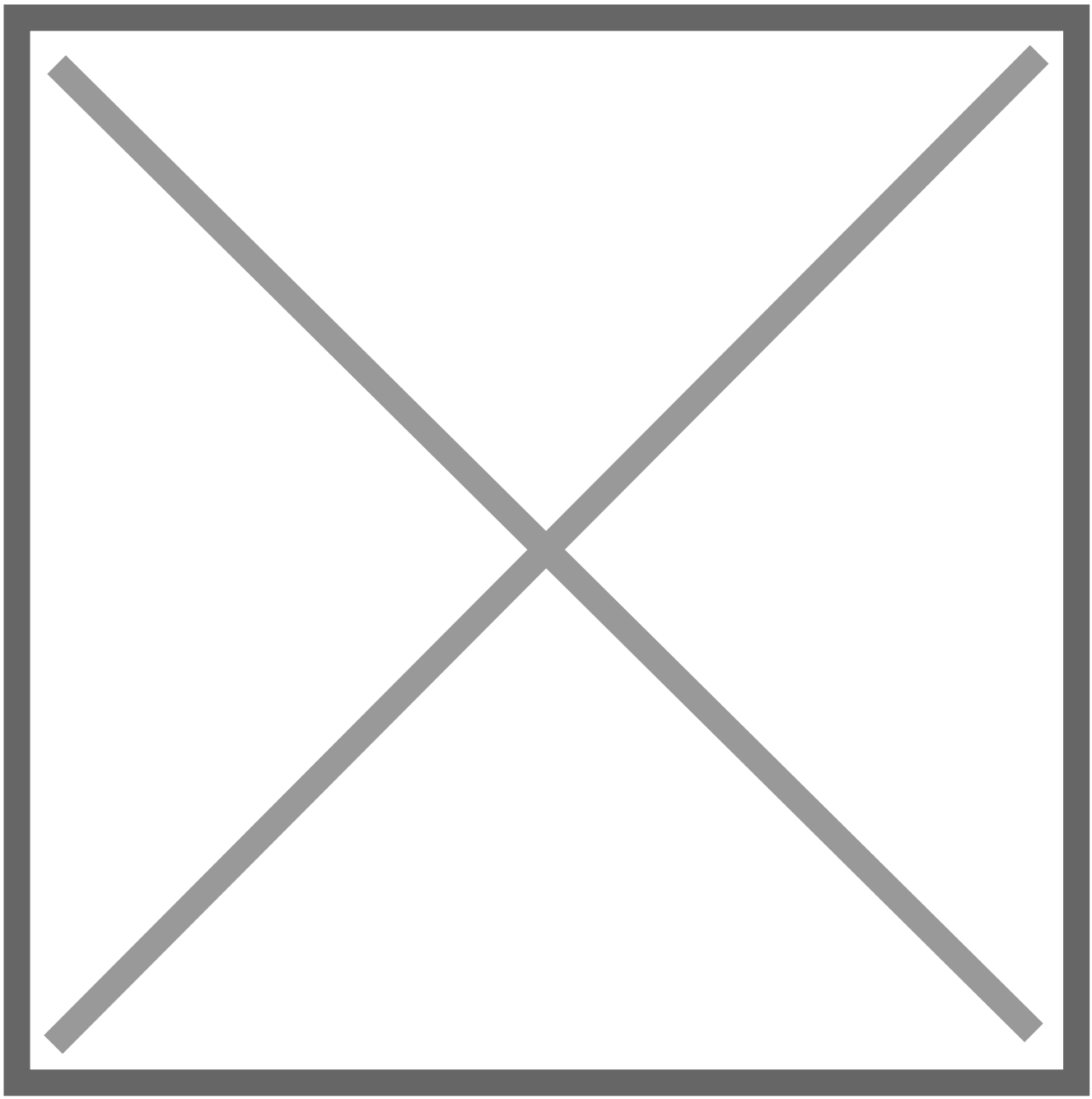
Vatican



Carmelo Barbagallo, president of the Vatican's Financial Information Authority, gestures during an interview at the Vatican in this July 2, 2020, file photo. The Vatican has amended its transparency laws and expanded the role of its Financial Information Authority in monitoring financial transactions. (CNS/Reuters/Remo Casilli)

Junno Arocho Esteves

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Continuing its efforts to combat money laundering and financial mismanagement, the Vatican amended its transparency laws and expanded the role of its financial watchdog agency in monitoring financial transactions.

According to a statement released Oct. 10, the Vatican said it updated its legislation, more commonly known as Law XVIII.

Passed in 2013, Law XVIII regulated financial activities and paved the way for collaboration and an exchange of information between the Vatican's Financial Information Authority, known by the Italian acronym AIF, and its international counterparts, and monitored financial transactions.

In an interview with Vatican News published Oct. 10, Carmelo Barbagallo, a seasoned Italian finance inspector who was appointed to lead AIF by Pope Francis in late November, said the updated law followed an anti-money laundering directive adopted by the European Union in 2018.

According to the European Commission's website, the directive enhanced "the powers of the EU Financial Intelligence Units and provides them with access to broad information for the carrying out of their tasks."

It also limits "anonymity related to virtual currencies and wallet providers" and improves "the cooperation and exchange of information" between anti-money laundering supervisors as well as with the European Central Bank.

"The latest amendments to Law XVIII are part of an overall strategy aimed at making the management of Vatican finances increasingly transparent, within a framework of intensive and coordinated checks," Barbagallo told Vatican News.

"Consistent with this path, Law XVIII has further strengthened the defense mechanisms and controls of entities that, in the performance of their noble purposes, are in various ways affected by financial flows," such as nonprofit organizations, legal persons, voluntary organizations and public authorities, he said.

The update is among Francis' recent efforts to ensure financial transparency and centralize control over the Vatican's finances.

The pope met Oct. 8 with experts from Moneyval — the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism — who were at the Vatican conducting a two-week onsite inspection.

In his address to the experts, the pope said that financial transparency measures enacted in the Vatican "are meant to promote a 'clean finance,' in which the 'merchants' are prevented from speculating in that sacred 'temple.'"

Barbagallo reiterated the pope's sentiment and said that "prudent management and effective control are not only legal but also moral duties."

"This is even more true when it is the flow of money that is subject to supervision: movements [of money] that may be at the service of a just cause, but may sometimes derive from illegal activities to be 'laundered' or directed to sow terror," Barbagallo told Vatican News.

"The awareness of potential threats and vulnerabilities, the effectiveness of controls and the transparency of financial choices also help to avoid risks that could affect the missionary and charitable activities of the Catholic Church," he said.

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