STEP Hungary Conference 2026
Presenter: Dr Gábor B. Szabó, TEP

Keynote Speech: The Realities of Anti-Money Laundering in Wealth Management

Esteemed Colleagues, Ladies and Gentlemen, Dear Friends,

Paolo's professional excellence is measured by his ability to speak with incredible restraint and utmost diplomacy about one of the greatest professional misunderstandings of our time: the deviations of the fight against money laundering and its impact on our profession of wealth management. Allow me to state upfront that I possess far less of this diplomatic capability, so I must apologize in advance to anyone who might be offended by my somewhat blunter tone.

The mere fact that we are forced to dedicate time to this topic at a professional conference clearly demonstrates that something is fundamentally wrong in the world. We ought to be discussing the presentation of professionally efficient, creative wealth management structures and methodologies, exploring solutions to practical problems, and eliminating operational errors. Instead, an increasingly significant portion of our working hours and operating costs is consumed by the need to arm ourselves against the state-imposed risks in relation to the inadequate fight against money laundering. Because let us be perfectly clear: **these rules pose an elemental risk and danger primarily not to the money launderers themselves, but to us, the service providers**.

For anyone who is familiar even slightly with the mysteries and miseries of the "anti-money laundering universe," the first thing that becomes obvious is its **complete failure rate**. Unfortunately, I cannot recall the exact source from a few years ago, but according to a comprehensive study by one of the "Big Name" global consulting firms, of the hundreds of billions of dollars forced upon the world's financial service providers to invest in anti-money laundering structures and procedures, only around 1% has been recovered in the form of laundered money intercepted through these structures. And since I haven't yet met to any counter opinion from the "consecrated"

supranational anti-money laundering organizations, this frustrating statistic can only mean two things: **either the significance of money laundering is vastly overblown, or the system forced upon service providers is entirely unfit for purpose. I believe it is a mix of both.**

Colleagues of my age may well remember that at the dawn of the fight against money laundering, the entirely legitimate goal was solely to prevent the laundering of illicit funds derived from highly dangerous crimes. Such crimes included drug trafficking, illegal arms dealing, kidnapping, human trafficking, and prostitution. And because the various state and international agencies tasked with eradicating these crimes were already struggling with a severe deficit of success, the “brilliant” idea was conceived that financial service providers—primarily banks—must be actively engaged in combat. Let them carry out state duties, naturally without any form of compensation, even though they were entirely unsuited for this task in both professional preparation and mentality, neither then, nor thirty years later today.

Furthermore, the "major crimes money laundering" regime was swiftly replaced by the "all crimes money laundering" regime, which was primarily and transparently tailored towards tax evasion, thereby further increasing the burden on service providers. Moreover, the scope of the service providers has continuously expanded to the very borders of incomprehensibility.

Of course, service providers quickly realized that there was no way to escape, and as a sort of self-defense mechanism, a new profession emerged relatively quickly: it is the **"anti-money laundering compliance industry".** However, the primary objective here was never the actual prevention, or even the mere detection, of money laundering—since service providers' capabilities in this regard are severely limited—but rather **the construction of defense mechanisms against regulatory inspection regimes and the resulting fines**. **Let us be honest: this is all our strength and resources allow for.** We spend fortunes building and maintaining compliance mechanisms, we tick off our reporting obligations that we believe to be sufficient—which, of course, the FIU authorities subsequently and reliably declare to be inadequate, though we never quite know what

would be enough—and in the absence of any feedback, we haven't an idea whether any of this has yielded any actual results. In this professional circle, however, I can tell you a secret: **it hasn't.** In the meantime, however, we have learned to lie to our clients professionally without shame, because the prohibition of tipping off represents a criminal law risk for us.

I wish to avoid giving the impression that I consider anti-money laundering efforts unnecessary; I merely wish to voice my opinion that **the current regime is unfit for this role**. It is, however, remarkably fit for fattening up a few supranational and hundreds of national bureaucratic agencies, whose primary task is not the apprehension of money laundering, but **the design of fundamentally inadequate systems**, **the continuous monitoring of service providers, andpenalizing them**. Financial compliance has now become a global industry employing hundreds of thousands of people, which, while largely incapable of preventing or uncovering money laundering offences, has learned very well to defend its own legitimacy and making itself indispensable to political decision-makers. Let it be clear: **the process has now become irreversible, and the main goal is the self-serving survival of the system.**

The real question is whether the operators of this fundamentally inadequate system are capable of change, and introduce a genuine, large-scale reform. For instance, can the EU's new anti-money laundering super-team, AMLA, be considered the first step of this reform, or, with its planned staff of 400, will it only be another—albeit rather expensive—feather in the cap, serving only to increase bureaucratic pressure on market participants? The concept of trying to grab the system through the 40 major European financial institutions doesn't sound like a bad plan. However, we do not see the details yet, but we all know that the devil is in the detail. We shall see, but I have my strong reservations.

My time frame unfortunately does not allow me to list my critical remarks in detail, but I must absolutely touch upon one that directly affects our profession. Paolo also mentioned that it is unjustified for authorities to treat the trust industry as a high-risk activity. Unfortunately, this is the case in Hungary as well. The National Risk Assessment Program treats fiduciary asset management (the Hungarian form of trust) as such, without

justification, as if it were a self-evident truth. However, this reveals nothing other than the fact that those who evaluate it in this manner have no idea about the essence and operational characteristics of trust industry, and instead of learning, they simply copy the "gospel" of international guidelines. The only problem is that this absurdity leaks down to the banking sector, where, as a result of the aforementioned self-defense reaction, it is no longer questioned. The trustee is treated by the bank's compliance office as a high-risk service provider from whom it is best to keep distance, or with whom the business relationship is cut off after the first incomprehensible transaction, rather than asking a question or seeking an explanation. In other words, **the banks are rather debanking instead of asking**.

Based on all this, I would like to make a proposal to STEP Worldwide to establish an award for the first person who can finally explain to us exactly ***why*** we are conducting a high-risk activity. Until then, let us continue to carry our burdens with dignity! Thank you for your enduring attention.