

The grey list and the European high-risk list

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

In June 2024 the Financial Action Task Force (FATF) placed Monaco under increased monitoring, the so-called grey list, after its mutual evaluation by the Council of Europe's committee MONEYVAL, adopted in December 2022, had identified strategic deficiencies in the effectiveness of its system against money laundering and terrorist financing. The European Commission followed. By Delegated Regulation (EU) 2025/1184, adopted on 10 June 2025 and in force since 5 August 2025, it added Monaco to the list of high-risk third countries under the Anti-Money Laundering Directive, together with Algeria, Angola, Côte d'Ivoire, Kenya, Laos, Lebanon, Namibia, Nepal and Venezuela. The same regulation removed the United Arab Emirates, Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal and Uganda.¹ The listing obliges banks and other obliged entities in the European Union to apply enhanced due diligence to business relationships and transactions involving Monaco.

Monaco responded with legislative and institutional reforms. At its plenary of June 2026 the FATF found that the Principality had substantially completed its action plan, which opened the way to an on-site verification. The reforms cited by the FATF included stronger sanctions for breaches of anti-money laundering rules, additional resources for the financial intelligence unit, better reporting of suspicious transactions and more seizures of suspected criminal property. Monaco's supervisor also imposed a fine of EUR 6 million on UBS for compliance failures. Press reports in September 2026 expected Monaco to leave the grey list at the plenary that ends on 30 October 2026, but no decision had been taken when this chapter was completed.² Removal from the European list would follow later, through a further delegated regulation.

1 What Monaco means for Lugano

For Lugano, Monaco is a competitor on the residence market with a different profile. It offers the absence of income tax and inheritance tax for most foreigners, the Mediterranean climate and a high level of personal security. Its costs of living and housing are among the highest in the world. Its small territory also limits the supply of residences. For Italian families its disadvantages are the presumption of Italian residence, the reputational effect of the grey listing between 2024 and 2026 and a banking sector that, despite its French supervision, has no better access to Italy than Lugano. Henley & Partners estimated a net inflow of only 200 millionaires to Monaco in 2025, against 3,000 for Switzerland, and described Monaco as popular above all with ultra-high-net-worth individuals from the United Kingdom, Africa and the Middle East.³ The GFCI placed Monaco eighty-third in March 2026.⁴ The two centres compete for a small number of very wealthy Italian clients, but Monaco does not threaten the broader market of Italian entrepreneurs and professionals on which Lugano relies.

Essentials. Monaco has 26 full-service banks supervised by the French ACPR and about EUR 180 billion of financial assets deposited in them. Residence requires accommodation and sufficient means, in practice a bank deposit in the order of EUR 500,000. Monaco was grey-listed by the FATF in June 2024 and added to the EU list of high-risk third countries from 5 August 2025. In June 2026 the FATF found its action plan substantially completed, and removal from the grey list was expected in October 2026. Italian citizens who move to Monaco remain subject to the presumption of Italian residence in Art. 2(2-bis) TUIR, from which Switzerland has been exempt since 2024.

2 Notes

1. Stibbe, "European Commission Updates High-Risk Third Countries List", 2025, <https://www.stibbe.com/publications-and-insights/european-commission-updates-high-risk-third-countries-list>, on Commission Delegated Regulation (EU) 2025/1184 amending Delegated Regulation (EU) 2016/1675. On the grey listing see FATF, "Jurisdictions under Increased Monitoring – June 2024", <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-june-2024.html>, which records Monaco's high-level political commitment of June 2024 following the adoption of its MONEYVAL mutual evaluation report in December 2022. ↩

2. Sumsb, "Monaco, Bulgaria and Côte d'Ivoire tipped to leave FATF grey list", 18 September 2026, <https://sumsub.com/media/news/monaco-bulgraria-and-cote-d-ivoire-tipped-to-leave-fatf-grey-list/>. ↩
3. Henley & Partners (above). ↩
4. GFCI 39 (above), Table 1. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/lugano-the-grey-list-and-the-european-high-risk-list