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## **Statement on AML inspection at Danske Bank A/S – sanctions screening**

### **Introduction**

On 15 December 2020, the Danish Financial Supervisory Authority (the Danish FSA) conducted an inspection at Danske Bank A/S (the bank). The inspection was conducted as a function-based inspection of the AML area as part of the ongoing supervision of the bank. The purpose of the inspection was to examine whether the undertaking complies with regulations containing rules on financial sanctions against countries, persons, etc.

### **Summary**

Danske Bank is the largest financial institution in Denmark. The bank provides all types of banking services, including complex financial products for investors, full-service banking solutions for business customers as well as asset management and investment services. The bank has a very large number of personal, business and institutional customers, and many customers have complex group structures and/or financial arrangements. The bank has subsidiaries, branches and representative offices in a number of foreign jurisdictions. Transaction volumes, including cross-border funds transfers, are substantial.

The bank has considerable activities in securities trading, including wholesale and private banking, and cooperates with a large number of cross-border correspondent banks.

In the opinion of the Danish FSA, the international nature of the bank, including its large number of cross-border transactions and investment activities and its large number of foreign customers, entails a high inherent risk of the bank's customers breaching applicable regulations on financial sanctions against countries, persons, etc.

The inspection gave rise to the following risk information:

The Danish FSA finds that there is a risk that possible breaches of sanctions may not be detected by the bank's sanctions screening because the bank does not have procedures in place for cooperation, including the exchange of information, between the units responsible for sanctions screening, customer due diligence data and transaction monitoring.

The Danish FSA also finds that there is a risk that possible breaches of sanctions may not be detected and escalated to the bank's team of experts in the Sanctions & Embargo Team, who investigate possible breaches of sanctions, because the employees of the units of the bank who deal with customer due diligence data and transaction monitoring to prevent breaches of sanctions receive no training.

In addition, the Danish FSA finds that there is an increased risk of employee errors and abuse in the sanctions area because of matters relating to the bank's internal controls in the sanctions area, including the fact that the four-eyes principle is not applied in connection with the screening of customers, the organisation of controls of manual processes for escalation as well as the organisational embedding of the Sanctions and Embargo Team in Group Compliance.