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Statement on inspection at Danske Bank A/S (AML)

Introduction

The Danish Financial Supervisory Authority (the Danish FSA) conducted an inspection at Danske Bank A/S in March and May 2025. The inspection was an inspection of the AML area. The inspection comprised the bank's risk assessment regarding money laundering and terrorism financing and the bank's AML policy and internal controls in the area.

Risk assessment and summary

Danske Bank is the largest financial institution in Denmark. The bank provides all types of banking services ranging from simple deposit accounts for personal customers to complex financial products for investors and full-service banking solutions for business customers of all sizes as well as asset management and investment services. The bank also has considerable activities in securities trading, trade finance and private banking and cooperates with a large number of cross-border correspondent banks.

The bank has a very large number of personal, business and institutional customers, and many customers have complex group structures and/or financial arrangements. A large number of customers reside or are domiciled outside Denmark, and a large number of personal customers are distance customers.

The bank also has subsidiaries and branches in a number of foreign jurisdictions. The number of transactions, including cross-border transfers of funds, is considerable, and a large number of customer transactions are executed via Danske eBanking or through the bank's cash handling.

The Danish FSA assesses that the bank's inherent risk of being used for money laundering or terrorism financing is high. The assessment is based on the bank's size, customer portfolio, product portfolio and geographical exposure, among other things.

On the basis of the inspection, a number of areas have given rise to supervisory reactions.

The Danish FSA finds that the bank does not identify and assess the inherent risk of all of the specific risk factors.

The purpose of the bank's risk assessment is to identify and assess all the risks to which the bank may be exposed so that the risk assessment becomes an operational and useful tool. The risk assessment must provide an overview and an understanding of the bank's inherent risks and must form the basis for the bank's AML policy, business procedures and internal controls that are to describe how these risks are addressed.

The bank's risk assessment is thus essential to the bank's work to prevent money laundering and terrorism financing. If the bank does not identify and assess all its relevant risk factors, there is a risk that the bank does not have an accurate basis for its risk management throughout the organisation.

The bank is therefore ordered to revise its risk assessment so that it both identifies and assesses all relevant risk factors associated with the bank's business model.ⁱ

ⁱ Section 7 of the Danish Anti-Money Laundering Act

Moreover, the Danish FSA assesses that, when the bank's risk assessment must be adjusted, it means that the bank must consequently revise its policy for effective prevention, mitigation and management of the risks of money laundering and terrorism financing.

If the bank's risk assessment is inadequate, it entails a risk that the bank does not have an accurate basis for its risk management and thus will not establish adequate procedures to effectively counter and manage all the bank's risks. A risk-based and effective risk management based on the bank's AML policy, business procedures and internal controls is material and essential to mitigate the bank's risk of being used for money laundering or terrorism financing.

The bank is therefore ordered to revise its policy on the money laundering and terrorism financing area (the AML area) so that there is consistency between the bank's risk assessment and risk management, ensuring that the bank's strategic goals for preventing money laundering and terrorism financing are met. The bank must thus ensure that its policy on the AML area is based on the bank's revised risk assessment. Moreover, the bank must assess whether its business procedures and internal controls should also be revised.ⁱⁱ

The Danish FSA notes that, already before the inspection, the bank was working on improving and systematising the process for preparing its risk assessment as well as policy and procedures.

ⁱⁱ Section 8 of the Danish Anti-Money Laundering Act