

The Danish Financial Supervisory Authority

Statement on two AML inspections at Danske Bank A/S

Introduction

In 2019, the Danish Financial Supervisory Authority (the Danish FSA) conducted inspections of two key elements of the initiatives to prevent money laundering and terrorism financing at Danske Bank A/S (the bank).

On 28 and 29 March 2019 and on 10 May 2019, the Danish FSA conducted an on-site inspection regarding the bank's customer due diligence measures.

On 12 and 13 September 2019, the Danish FSA conducted an on-site inspection at the bank regarding the bank's transaction monitoring.

The inspections were function-based inspections of the AML area conducted as part of the ongoing supervision of the bank, and the purpose of the inspections was to examine whether the bank complied with the relevant provisions of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism (the Danish AML Act) and rules laid down pursuant to the act.

Prior to the inspections, the bank took various steps to strengthen its initiatives to prevent money laundering and terrorism financing. It should be noted that this process continued after the inspections, with new steps being taken. In the light of the time that has passed since the inspections were completed, the issues described in the report may have changed.

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 has a very high 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.

This being the case, the Danish FSA assesses that the bank's inherent risk of being used for money laundering and terrorism financing is high.

On balance, the two inspections addressed in this statement give rise to the following reactions:

Danske Bank is ordered to ensure that it has adequate written procedures in place in the AML area, including ensuring consistency between the bank's overall, general guidelines in the area and its other procedures. Furthermore, Danske Bank must prepare a systematic and detailed overview of how the individual provisions of the Danish AML Act and other applicable regulations of the individual jurisdictions have been implemented into the bank's overall, general guidelines in the area.

Danske Bank is ordered to ensure that it has adequate customer due diligence data on all customers in accordance with the Danish AML Act, including ensuring that the bank, where relevant, has information about the purpose and intended nature of the individual business relationships. In this context, Danske Bank is ordered to maintain and update data on customers whose data has not already been maintained

and updated in accordance with the Danish AML Act by the end of the first quarter of 2021. Danske Bank must prepare and submit an up-to-date plan for this process.

In connection with maintaining and updating customer due diligence data, Danske Bank is ordered to ensure that the bank makes an individual risk classification of each customer.

Furthermore, Danske Bank is ordered to ensure that it investigates all alerts triggered by suspicious transactions in a timely manner and that it processes backlogs of alerts not fully processed. Danske Bank must prepare and submit a plan for how and when this will be in place.

Finally, Danske Bank is reprimanded for the fact that its electronic transaction monitoring did not cover certain customer groups during a period from before 2015 to the end of 2018.