

Statement on anti-money laundering inspection (transaction monitoring) at Sydbank A/S

Introduction

During the period from October to December 2019 the Danish FSA conducted an inspection as regards transaction monitoring in the anti-money laundering area at Sydbank A/S. The inspection was conducted by the consulting firm Deloitte on behalf of the Danish FSA and formed part of a cross-sector review as regards transaction monitoring in the anti-money laundering area at a section of large banks in Denmark.

Employees at the Danish FSA participated in parts of the review. On the basis of the final report produced by Deloitte, the Danish FSA has prepared an inspection report comprising the reactions of the Danish FSA on the basis of the observations of the inspection.

Risk assessment and summary

The bank is one of the largest Danish financial institutions. The bank offers its customers a wide range of financial products, including private banking activities. In addition the bank has a broad network of correspondent partners.

On the basis of an inspection conducted in 2018 the Danish FSA assessed in 2019 that the bank's inherent risk of being used for money laundering and terrorist financing was high. The assessment by the Danish FSA was based on the bank's size and its financial product offerings entailing a high risk of money laundering and terrorist financing as well as the bank's extended network of correspondent partners. The Danish FSA has not had a reason to change its assessment.

Taking into account the observations and conclusions in Deloitte's review two areas give rise to supervisory reactions.

The bank's IT monitoring system includes a series of parameters and threshold values that may be set by the bank. The bank is ordered to provide adequate documentation of the bank's chosen settings in the monitoring system.

Furthermore the bank is ordered to ensure that it carries out a sufficient examination of alarms from the monitoring, including in connection with specific instructions as to how the examination must be carried out and that the findings of the examinations are noted and filed.