Risk based AML-supervision

ACAMS Nordics Chapter
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Anti-Money Laundering Division
Finansinspektionen
Risk based supervision
Risk based supervision

Step 1: Collection of information and identification of ML/TF threats and vulnerabilities

Step 2: Risk Assessment

Step 3: Acting on the risk Assessment

Step 4: Monitoring and Follow-up action
Step 1

- Risk assessing the AML/CFT, nationally and internationally
- Risk assessing threats and vulnerabilities within sectors
Step 2

- Using statistics and gathered information, e.g. SARs, surveys, periodic reporting and information sharing between authorities

- Risk assessing the companies within the sectors chosen

- Producing results on where to go and where supervision is needed the most
Step 3

- Gathering information about companies e.g. risk assessments, mitigating actions
- Evaluating where key areas might be and where supervision is needed the most
- Conducting supervisory investigations
Step 4

- Monitoring the results of the supervision
- Monitoring the companies remediation plans
- Gaining experience which will contribute to future risk assessment and selection of companies supervised
Risk based supervision

Step 1: Collection of information and identification of ML/TF threats and vulnerabilities

Step 2: Risk Assessment

Step 3: Acting on the risk Assessment

Step 4: Monitoring and Follow-up action
Risk based investigation
Risk based investigation

- Create hypothesis based on risk exposure, modus operandi of money laundering or financing of terrorism, etc.
- Create questions depending on the hypothesis
- Base the requests, interviews, samples etc. on the questions and hypothesis
- The questions are then used in the investigation to assess whether the financial institution can manage the hypotheses
THE PANAMA PAPERS
The Panama Papers

Example of hypothesis

• Beneficial owners use offshore structures to take advantage of the anonymity in order to evade tax or hide illegally earned money

• Foreign companies or beneficial owners uses financing of e.g. construction projects to launder money

• Companies use accounts of offshore entities to corruptly obtain government contracts in states with high levels of corruption
Steps in the Investigation

Letter of notification (aviseringbrev)

Request of information (begäran om info)

Possible request of additional information (komplettnerande begäran)

Final report (slutskrivelse) or sanctions procedure (sanktionsprocessen)

Verification document (avstämningsskrivelse)

On-site visit 1-4 days (platsbesök)
Requests

- Internal routines, risk assessments etc
- Samples of transactions, customer data, scenarios etc
- Due diligence, transaction alarms, SARs, audit log, statistics etc
- Reports from 2\textsuperscript{nd} and 3\textsuperscript{rd} line to the management and board
On-site visit

- **Presentation (as requested)**
- **Questions**
- **Interviews with management and employees**
- **Access to systems and documentation**
Verification document

The relevant law (aktuella bestämmelser)

The findings (iakttagelserna)

The preliminary assessment (preliminär bedömning)

But it all starts at the on-site visit (platsbesöket)
Sanctions Procedure
Steps in the Sanctions Procedure

Due to the deficiencies the investigation could escalate into the sanctions procedure.

The FSA’s responsible legal division will evaluate the findings.

FSA will always communicate with the company before any decision.

Warning, remark, administrative fine and withdrawal of authorization to conduct operations.