

Experiences from inspections

With focus on governance

Stig Nielsen

Director

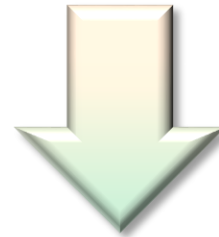
Finanstilsynet, Danmark

What are the expectations?



A.P. Møller,
early 20th century

“The one who has the ability also has the duty”



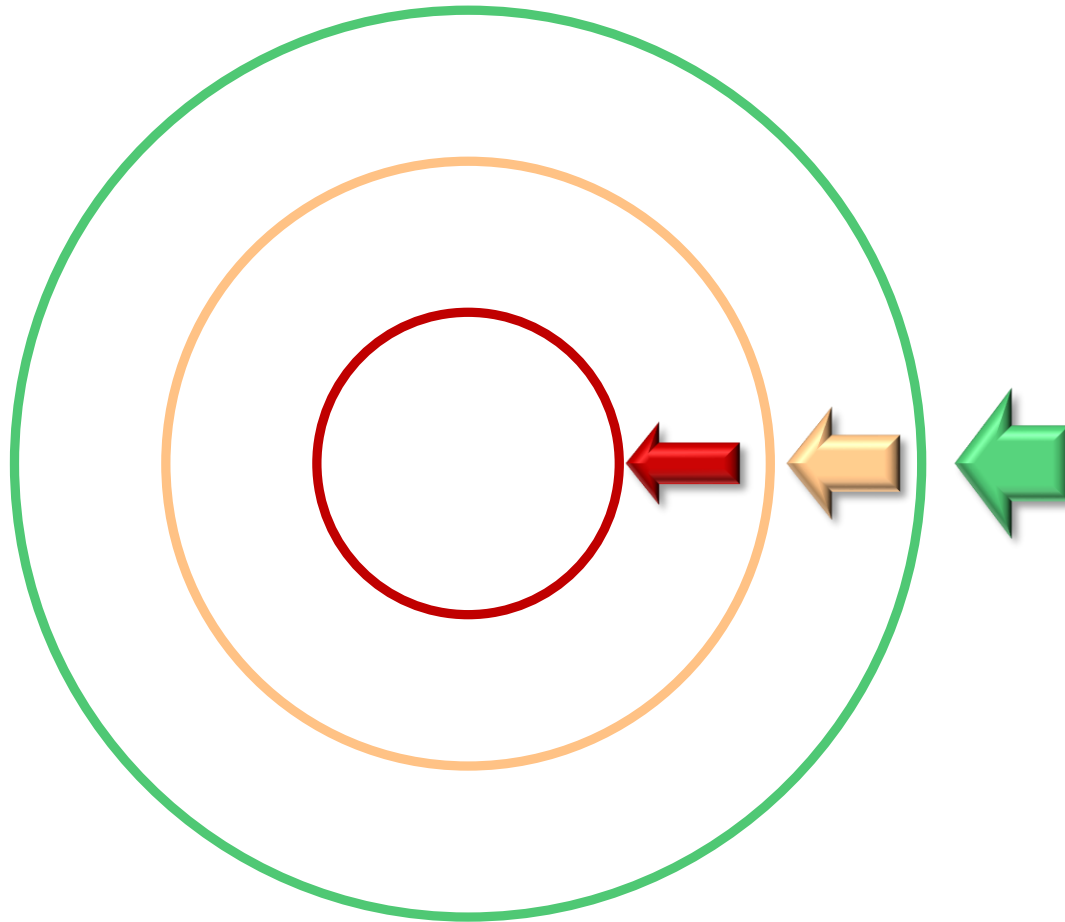
The Community,
early 21st Century

“The one who has been given the duty must also have the ability”

Experience 1: Insufficient awareness

- The management has not been aware of the contract with the community
 - The management has not been aware of the requirements of the legislation and that they have changed
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The information may change on the way to management

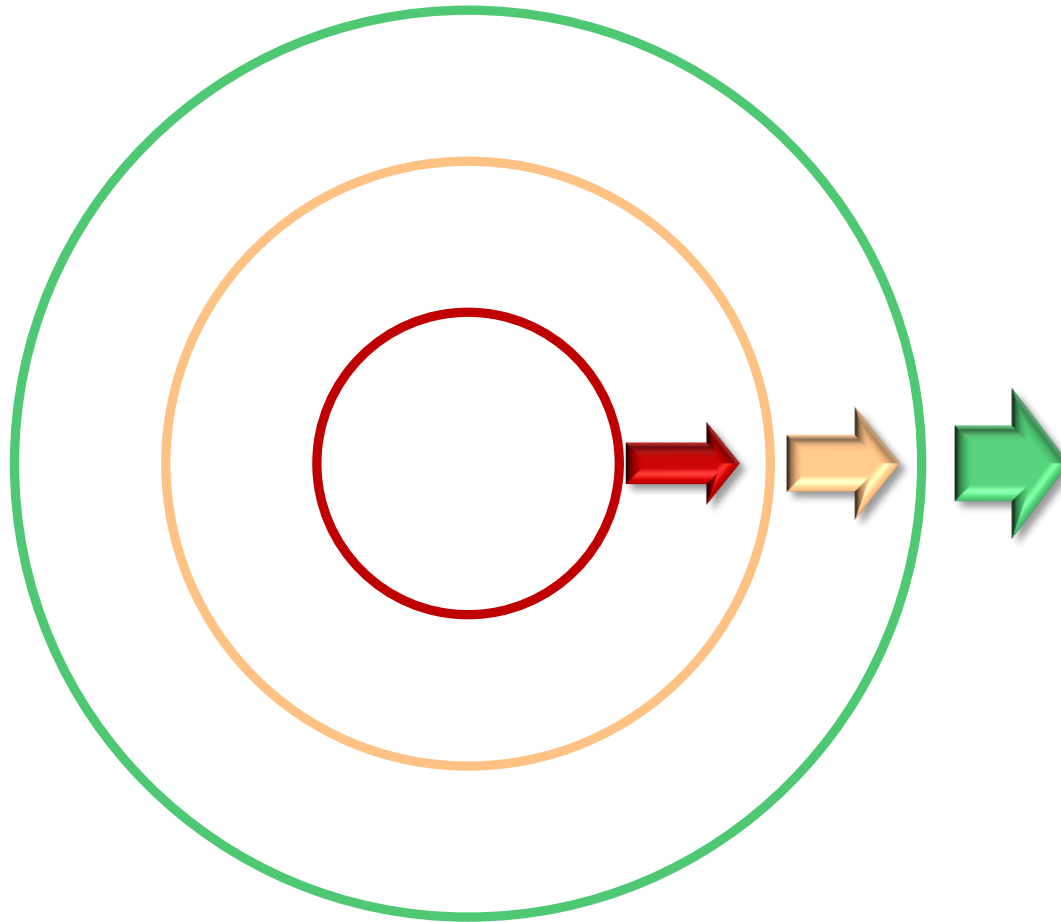


1. It can become less detailed – “no information overload, please”
2. It can become more positive – “tell me the good news”
3. It can become less critical – “the boss is always right”

Experience 2: Wrong or insufficient flows of information

- The management did not know the risks of money laundering and terrorist financing
 - The management did not know the company's own risks of being used for money laundering and terrorist financing
 - The information provided to the management changed throughout the organization
 - The management was not told when something was wrong or when something was not working
 - The management did not sufficiently encourage criticism and warnings
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The information through the organization must be targeted



1. It must be made on a fully informed basis
2. It must be usable for the recipients
3. It should be aimed at those who need it
4. Policies and business procedures are information

Main conclusions from inspections in Denmark

The most frequent reactions:

- The companies do not carry out the tasks on a risk-based basis
 - The risk assessment is not sufficient
 - The policies are not sufficiently operational
 - The procedures are not sufficiently elaborate
 - Knowledge management procedures are not sufficient
 - Customers and transactions are not being closely monitored
 - Correspondent banks are not adequately assessed
 - The separation of functions (3 LoD) is not sufficient
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Experience 4: Insufficient decisions

- The management did not decide what is really needed to prevent money laundering and terrorist financing
 - The management did not make all the strategic decisions
 - The management did not make the decisions operational
 - The 3LoD did not work satisfactorily
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Has things changed?

Yes and no ...
