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PRESS RELEASE

Anti-Money Laundering on top of the agenda in Nordic banks–

But persistent challenges remain

There is strong support on board level for financial crime prevention and massive investments have been made. A new report from FCG shows that AML compliance however remains a persistent challenge, explained by a lack of competence across functions, legacy systems in parallel with constant regulatory updates.

The report is based on interviews with senior AML executives at ten leading Nordic banks on anonymous basis, analyzing key issues in risk management, efficiency and performance in relation to AML. Of the five rating questions included, respondents said that the ability to establish key performance indicators for measuring AML is relatively underdeveloped, while sanctions screening is considered quite advanced.

Respondents confirm that the issue of efficiency is critical, exemplified by the view that *important customer data that should determine transaction monitoring is partly regarded as unusable*. Banks find themselves scrambling to catch up on process updates and dealing with IT debts. In the words of one respondent, *when a bank does not know how many high-risk customers it has, the problem is something else than having a proper understanding of the law*.

“-In the past few years, the financial sector has made significant progress with regards to AML. Thanks to these interviews, we now have a picture of the current situation”, says Louise Brown, Director FCG Advisory, co-author of the report.

Investments in AML is driven by the fear of sanctions, fines and reputational damage. The report shows that banks have a better understanding of the relationship between financial crime prevention and corporate social responsibility, referring to ESG. However, functions on various levels are struggling to grasp the purpose, causes and effects of AML.

“-Among the more noteworthy results in the report points to the discrepancy between the KYC process and understanding of significant risks in the business. Respondents said there is a view that AML does not add any business value, ” says Louise Brown.

“-FCG's report points out important aspects that anyone who is affected by the money laundering regulations should address. It is a welcome contribution to all functions working to improve AML, ”says Fredrik Hulting, Head of Financial Crime at Skandiabanken about the report.

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