



Media & Publications

Imposition of fine on Hellenic Bank Public Company Ltd

(15 July 2016)

The Central Bank of Cyprus (CBC), within the remit of exercising its supervisory role, may take, under subsection (6) of section 59 of the Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2016, all or any of the measures listed therein in the event of non-compliance by a supervised person with the legal and regulatory framework for preventing and combating money laundering. The decision is based on the procedures and principles of administrative law and, thus, the CBC provides inter-alia the person concerned with the opportunity to be heard before taking a final decision.

Therefore the CBC, by a decision dated 13 July 2016, decided to impose sanctions in the form of a fine on Hellenic Bank Public Company Ltd (Hellenic Bank) amounting to €1.145.000 for failure to comply with certain provisions of the Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2016 and of the Directive issued by the CBC for the Prevention of Money Laundering and Terrorist Financing, December 2013 (Fourth Edition). If the fine is paid before 20 July 2016 this will be reduced by 15% or €171.750.

The omissions and/or weaknesses identified arise from the findings of the on-site examination conducted in September 2014, covering Hellenic Bank's activities in the preceding years, and relate primarily to the implementation of due diligence measures and customer identification procedures, including the construction of detailed customer business profiles and monitoring of transactions. The imposition of the fine does not constitute identification of incidents of suppression of proceeds from illegal activities.

Hellenic Bank has provided assurances to the CBC that it has undertaken remedial corrective measures and actions immediately following the finalisation of the 2014 CBC onsite examination and that it will continue taking the necessary steps for full compliance with its obligations. The CBC had already been informed that Hellenic Bank has taken significant steps in this direction, well prior to the imposition of the fine. Furthermore, it is noted that Hellenic Bank's Board and Management are committed to work in close and transparent cooperation with the CBC in order for Hellenic Bank to be fully in line with the legal and regulatory framework for preventing and combating money laundering.

The decision of the CBC underlines its commitment to the international standards, strict compliance with the legal and regulatory framework as well as zero tolerance to any acts, omissions or weaknesses whenever these occur or have occurred which could lead to the exploitation of the Cypriot banking system for the purposes of illicit activities.

The CBC considers it necessary to clarify that, following the completion of the onsite examination and before the imposition of the administrative fine, Hellenic Bank provided acceptable to the CBC assurances as to the assumption of corrective measures.