



## **FCMC enters into an administrative agreement with Joint Stock Company "Citadele banka"**

30.04.2020

The Financial and Capital Market Commission (hereinafter – the FCMC) and the Joint Stock Company "Citadele banka" (hereinafter – the Bank) have entered into an administrative agreement regarding the inspection of the Bank's activities carried out by the FCMC in 2018, reaching an agreement by both parties on taking the necessary measures to further improve the scope of anti-money laundering, counter-terrorism and counter-proliferation financing (hereinafter – AML/CTF/CPF).

In 2018, the FCMC carried out a regular on-site inspection of the Bank, identifying certain shortcomings in the field of AML/CTF/CPF. The Bank had not provided for sufficient operation of individual internal control system components for the management of money laundering and terrorism financing risks inherent in its activities and customers; e.g. in some cases it had not obtained and documented supporting information on the customer's beneficial owner; in some cases it had not paid sufficient attention to all complex, unusually large inter-related transactions and had not obtained documents supporting the business of customers and in some cases it neither had ensured timely and high-quality customer due diligence and documentation, nor had decided properly on the termination of business relations with the customer, if it has not been possible to conduct enhanced customer due diligence.

The Bank has developed an action plan for the improvement of the internal control system for the management of money laundering and terrorism and proliferation financing risks to ensure the development and efficiency of internal control system in the AML/CTF/CPF (hereinafter – the Action Plan). The Action Plan should be implemented by 31.12.2020.

The FCMC has imposed a fine of EUR 647 070 on the Bank for irregularities in the field of AML/CTF/CPF. In determining the amount of the penalty, the FCMC takes into account that at the moment of entering into the agreement the Bank had already taken part of the measures specified in the Action Plan, for example, the establishment of KYC (Know Your Customer) Competency Centre,

further improvement of documentation and IT systems, recruitment of additional staff in the field of AML/CTF/CPF, as well as it has launched the measures to mitigate money laundering and terrorism financing risks inherent in the customer base.

The Bank undertakes to contribute EUR 2 335 000 to the strengthening of the internal control system in the field of AML/CTF/CPF in 2020.

Further information:

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