

25/06/2020



DECISION

Skandinaviska Enskilda Banken AB
via the Chairperson of the Board
106 40 STOCKHOLM

FI Ref.19-8698
Notification No. 1

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Remark and administrative fine

Finansinspektionen's decision (to be announced on 25 June 2020 at 3:00 p.m.)

1. Finansinspektionen is issuing Skandinaviska Enskilda Banken AB (502032-9081) a remark.

(Chapter 15, section 1 of the Banking and Financing Business Act [2004:297])

2. Skandinaviska Enskilda Banken AB shall pay an administrative fine of SEK 1,000,000,000.

(Chapter 15, section 7 of the Banking and Financing Business Act)

To appeal the decision, see *Appendix 1*.

Summary

Skandinaviska Enskilda Banken AB (SEB AB or the bank) is a joint stock banking company authorised to conduct banking business in accordance with the Banking and Financing Business Act (2004:297).

Finansinspektionen has investigated SEB AB's compliance with the rules for governance and control with regard to anti-money laundering measures in the bank's subsidiaries in Estonia, Latvia and Lithuania. The investigation covers the period 2015–Q1 2019.

Finansinspektionen has not investigated the compliance of the Baltic subsidiaries with the local anti-money laundering regulations. Neither does the investigation bring up the matter of whether money laundering has occurred in the Baltic subsidiary banks and in such a case to what extent.

Finansinspektionen makes the assessment that deficiencies in the Baltic subsidiary banks may result in risks for SEB AB at both group level and institution level and that the bank must manage such risks.

Non-resident customers in parts of the Baltic operations have represented a significant share of the subsidiary banks' business volumes, particularly in terms of deposits. The volumes decreased during the period under investigation. A large proportion of the volumes from non-resident customers come from customers the subsidiary banks themselves have classified as high risk. For the category resident customers with non-resident beneficial owners, the Estonian subsidiary bank did not have information about beneficial owners in a searchable data field prior to 2016, which has made it difficult to analyse the exposures to non-resident beneficial owners. However, it is clear that a significant proportion of the transaction volumes in this category also come from customers the subsidiary banks themselves have classified as high risk, particularly in the Estonian subsidiary bank.

Parts of the operations in SEB AB's subsidiary banks have been exposed to an elevated risk of money laundering, not only due to the general increase in the risk level from their geographical location but also due to the composition of the subsidiary banks' customer relationships. It has therefore been of particular importance to design appropriate measures to combat money laundering.

Finansinspektionen's investigation shows that SEB AB has not had sufficient governance and control of the Baltic subsidiary banks with regard to the anti-money laundering work. SEB AB has not identified and managed the elevated compliance and reputational risks that some of the non-resident customers and resident customers with non-resident beneficial owners imposed on the group. SEB AB repeatedly received information about deficiencies in some of the central pillars of the work to combat money laundering in the Baltic subsidiary banks but did not take sufficient action. The investigation furthermore shows that the subsidiary banks have not had sufficient resources in their work to combat money laundering. SEB AB has thereby not fulfilled the requirements imposed upon it.

The deficiencies have been of such a nature that Finansinspektionen judges there to be grounds on which to intervene against SEB AB. The observed violations are not negligible, but neither are they so serious that there is cause for Finansinspektionen to consider withdrawing the bank's authorisation or issuing the bank a warning. Finansinspektionen is therefore issuing SEB AB a remark that will be accompanied with an administrative fine of SEK 1,000,000,000.