

FCMC imposes a penalty on AS “Reģionālā investīciju banka”

06.11.2020

The Board of the Financial and Capital Market Commission (hereinafter – the FCMC) on 03.11.2020 decided to impose a fine of EUR 473 076 on AS "Reģionālā investīciju banka" (hereinafter – the Bank) for irregularities in detecting the source of funds, which were identified during the FCMC's inspection in the large value cash transactions carried out by the Bank's high-risk clients from high-risk jurisdictions. Accordingly, the Bank failed to ensure adequate risk management and was exposed to disproportionate reputational risk.

In 2019, the FCMC carried out an on-site inspection of the activities of the Bank and established that the Bank, on certain occasions, had failed to comply with the regulatory obligation to verify the origin of financial resources. The Bank had not obtained documents verifying the origin of the cash paid into its customer accounts. Although above infringements relate to individual cases and after the execution of the transactions the Bank took substantial measures to improve the internal control system, in view of the amount of cash and other factors raising the risks, the FCMC considers it appropriate, necessary and proportionate to apply a fine for the irregularities identified.

The FCMC points out that in accordance with the Law on the Prevention of Money Laundering and of Terrorist and Proliferation Financing the internal control system is a package of measures involving activities aimed at ensuring compliance with the requirements of the Law. In order to provide for proper implementation of the internal control system, not only procedures are to be developed but also their effective application in practice. As part of the FCMC's inspection, it was concluded that the Bank had not ensured an effective internal control system for the transactions examined during the inspection.

According to regulatory requirements, if a client from a high-risk jurisdiction performs a large value cash transaction, it is considered to be a high-risk exposure. Such transactions should be subject to an enhanced customer due diligence and requirements include the package of measures to be taken by banks to ascertain the legal origin of financial assets.

Further information:

Communications and Financial Literacy Division

Financial and Capital Market Commission

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