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Länsförsäkringar Bank is issued a remark and must pay administrative fine

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Länsförsäkringar Bank has been deficient in its work to prevent money laundering and terrorist financing. The bank is therefore being issued a remark and must pay an administrative fine of SEK 90 million.

Finansinspektionen (FI) has investigated whether Länsförsäkringar Bank has complied with the rules in the anti-money laundering regulations. According to these rules, the bank must monitor its ongoing business relationships and individual transactions and report any suspected money laundering and terrorist financing to the Swedish Police Authority.

The investigation shows that Länsförsäkringar Bank has been deficient in its compliance with the rules to identify deviant activities and transactions that could entail a risk that the bank was used for money laundering and terrorist financing. The bank is therefore being issued a remark and must pay an administrative fine of SEK 90 million.

In order to monitor its many transactions and customers, Länsförsäkringar Bank has used an automated system for transaction monitoring. However, this automated system has been deficient and, as a result, there have been risks that the bank may have been used for money laundering and terrorist financing.

"Large banks handle a large volume of transactions. This requires automated systems to identify suspicious transactions. It is not sufficient to only have one system – the system must also be adapted to the risks to which the operations are exposed and designed in such a way as to identify suspicious behaviour. This is where the bank has clearly failed in its important work to prevent money laundering and terrorist financing," says FI's Acting Director General Susanna

Grufman.

The bank's system for transaction monitoring has not considered the individual due diligence Länsförsäkringar Bank has conducted for each customer. The system has also not considered the customer's risk class or all of the risks that bank has identified itself in its general risk assessment. This has impaired the bank's possibilities for being able to identify deviant customer behaviour, stop suspicious transactions and report them to the Financial Intelligence Unit. Länsförsäkringar Bank also has not validated its model for transaction monitoring and has not had certain procedures and guidelines in place.

FI's Board of Directors decided on the sanction on 13 December 2022

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Press Office

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☎ +46 70-300 47 32