



**FINANCE
DENMARK**

Recommendation summary

25 specific proposals for anti-money laundering and counter-terrorist financing measures

- the social contract calls for social tools

Over the past 11 months, the Anti-Money Laundering Task Force has identified, analysed and discussed the role and contribution of the financial sector in relation to anti-money laundering (AML) and counter-terrorist financing (CTF). The work has been centred around four tracks laid down in the Task Force's mandate and a supplementary track (increased transparency) as requested by the Task Force.

The result of this in-depth work is 25 specific recommendations to banks, Finance Denmark, authorities and the general public. The aim of the Task Force has been to ensure that banks commit more strongly to the social contract, meeting society's reasonable expectation that the financial sector will lead the way. In this context, it has been essential to the Task Force also to provide recommendations on how the financial sector obtains the tools and resources necessary to solve this task – also from the authorities. Broadly speaking, a defined social obligation calls for specific social tools.

The 25 recommendations are comprehensive and impose obligations on the sector, trade organisations, authorities and the general public. The majority of the recommendations are solutions outlined for implementation by the sector and Finance Denmark. The most extensive recommendations include: a vision of industry-wide IT collaboration by 2025, a joint AML/CTF intelligence unit, six principles of conduct, training collaboration and experience sharing, raising awareness of the general public, an annual conference and report describing the scope and efforts, safe-deposit box monitoring, whistle-blower support, in-depth evaluation of reported money laundering suspicions, a collaboration with the Danish Financial Intelligence Unit (FIU) under the State Prosecutor for Serious Economic and International Crime, and increased focus on EU cooperation.

For a brief description of the 25 recommendations, see below:

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Main track 1: Joint IT solutions

1. Five specific anti-money laundering IT projects

- The Task Force recommends wider collaboration on joint IT solutions to combat money laundering – and wider efforts to combat financial crime
- Against this background, the Task Force recommends the implementation of five specific AML IT projects:
 1. KYC (Know Your Customer): New common customer due diligence standard
 2. Passport validation: New solution to validate matches between CPR and passport numbers
 3. Joint PEP/RCA register: New joint register to be operated by the authorities
 4. Joint data register: Register of the above three initiatives
 5. Account ownership portal: Portal showing who holds a bank account or safe-deposit box.

2. Vision of industry-wide IT collaboration by 2025

- The Task Force recommends the immediate launch of a pre-project to identify precisely what is required to realise the vision of industry-wide IT collaboration by 2025. The aim of long-term, comprehensive, industry-wide AML/CTF collaboration is very ambitious, and many technical and regulatory challenges will have to be overcome in the process. For instance, legislative changes will be required for banks to be able to share customer data.
- The Task Force recommends investigating, on the basis of this pre-project identification, whether a shared industry utility can be set up to streamline the collection, verification, storing and sharing of data and documents supporting the sector's AML/CTF procedures and processes. The purpose would be to combat and prevent money laundering and terrorist financing using digital and data-driven solutions.
- The Task Force recommends that the vision of industry-wide IT collaboration be linked closely to the recommendation of stronger partnerships with authorities, including the *Joint AML/CTF Intelligence Unit (recommendation no 4)*.

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Main track 2: Stronger partnerships with authorities

3. Dilemmas must be exposed



- The Task Force recommends that the sector and public authorities jointly discuss the dilemmas relating to AML/CTF measures, based on considerations taking into account the nature of information and the nature of the crime, and look at how to optimise collaboration in general, including the general exchange of information, and the possibilities of exchanging information in concrete cases.

4. Danish JMLIT equivalent: Joint AML/CTF Intelligence Unit

- The Task Force recommends that a Joint AML/CTF Intelligence Unit ("Fælles Efterretningsenhed for Hvidvask og Terrorfinansiering") be set up with representatives from banks, the police, the Danish Defence Intelligence Service, the Danish Security and Intelligence Service and the Danish Tax Agency.
- The Task Force recommends the introduction of a separate provision in the Danish AML Act allowing the authorities, within the framework of the General Data Protection Regulation and the Danish Financial Business Act, to set up this unit, which will provide a forum for exchanging confidential information on "big fish" and cases with major social impact subject to appropriate precautionary measures.

5. AML Forum

- The Task Force recommends that the Danish AML Forum ("Hvidvaskforum") should not only support the sharing of knowledge and experience but should also work to ensure a truly holistic approach across authorities in the form of, for instance, common supervisory priorities.

6. Danish Data Protection Agency

- The Task Force recommends that the Danish Data Protection Agency play a larger role in the AML Forum and AML Forum+ ("Hvidvaskforum+").

7. Danish Agency for Digitisation and Udbetaling Danmark

- The Task Force recommends considering the involvement of the Danish Agency for Digitisation and the Danish authority responsible for paying and controlling public benefits ("Udbetaling Danmark") in the AML Forum and the AML Forum+.

8. Quarterly report and feedback from the Danish Financial Intelligence Unit on suspicions reported

- The Task Force recommends that the Danish FIU look at ways to improve feedback on suspicions reported by the financial sector to the authorities.

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Main track 3: Training

9. Case-based training and experience sharing

- The Task Force recommends that AML officers be offered training programmes that include experience sharing, case work and dilemmas.

10. Biannual conferences focusing on experience sharing

- The Task Force recommends that Finance Denmark hold biannual conferences with experience-sharing opportunities. This will promote uniform behaviour in the sector in practice.

Main track 4: Principles of conduct

11. Six principles of conduct

- The Task Force recommends six principles of conduct to the sector, supporting its anti-money laundering and counter-terrorist financing commitment.
- The Task Force recommends that Finance Denmark support the sector's implementation of these principles.

12. Focus on culture and transparency

- The Task Force recommends that the sector, building on the principles of conduct, focus on ethics before profit, that the need for oversight be recognised and that a targeted transformation of the corporate culture be pursued.

13. Tone from the top, cascading down the organisation

- The Task Force recommends that the sector, building on the principles of conduct, focus on setting the tone from the top and that all parts of the organisation underline the importance of combating money laundering and terrorist financing.

Main track 5: Increased transparency

14. Management commentary

- The Task Force recommends that the individual banks undertake to outline their anti-money laundering and counter-terrorist financing commitment, including their anti-money laundering policy, in the management commentary of their annual reports.

15. Dedicated webpage

- The Task Force recommends that on their websites, the banks dedicate a webpage to providing targeted and publicly available information about their anti-money laundering and counter-terrorist financing efforts.

16. Annual conference

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- The Task Force recommends that Finance Denmark hold an annual conference thematising some of the challenges and dilemmas of financial crime.

17. Annual report

- The Task Force recommends that Finance Denmark prepare an annual report with a detailed account of the sector's efforts in the area, including the development in suspicions reported, allocation of resources, staff etc.

18. Raising awareness

- The Task Force recommends that Finance Denmark increase its efforts to raise awareness among bank customers and the general public, explaining banks' efforts in this area and their obligations, including in relation to obtaining customer data and the purpose of this. This could be done through information campaigns, social media, pamphlets and direct (e)mail to bank customers.

19. Whistle-blower support

- The Task Force recommends that the respective boards of directors – in addition to ensuring whistle-blower schemes in all banks – consider how to support whistle-blowers, for example by offering legal advice.

20. Collaboration with the State Prosecutor for Serious Economic and International Crime

- The Task Force recommends that the sector, by way of the Joint AML/CTF Intelligence Unit, allocate staff for the purpose of an exchange programme focusing on knowledge sharing for a period of up to three months.

21. Evaluation of suspicions reported to the Danish Financial Intelligence Unit

- The Task Force recommends that the sector, together with the FIU, annually evaluate money laundering suspicions reported by banks for the purpose of assuring the proper quality of suspicions reported and to avoid unnecessary reporting.

22. Safe-deposit boxes

- The Task Force recommends that the sector compiles data on safe-deposit boxes. The reason for focusing on safe-deposit boxes is that they may be used to store criminal property, narcotics, black money, etc.
- The Task Force then recommends that the sector consider more closely how to establish a satisfactory level of preventive measures and processes when banks offer this service.

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- The Task Force furthermore recommends that the sector enter into a dialogue with the Danish FSA on industry guidelines with respect to effective monitoring of safe-deposit boxes as part of customer due diligence and monitoring requirements.

23. Banking Forum under AML Forum+

- The Task Force recommends as a supplementary political initiative that, in addition to the AML Forum for authorities and the AML Forum+ for authorities and trade organisations, a Banking Forum ("Bankforum") focusing on banks be set up with representatives from Finance Denmark and its members. Such a forum would provide a platform for detailed and industry-specific mutual knowledge sharing as well as discussions about specific topics.

24. EU+

- The Task Force recommends that Finance Denmark work to ensure that future EU regulation will explicitly provide for establishment by the member states of a body similar to the Danish Joint AML/CTF Intelligence Unit and for cross-border exchange of information between these national units.

25. Guidelines on Danish AML Act

- The Task Force recommends a continued focus on providing up-to-date guidelines on the anti-money laundering legislation, supporting in particular those areas where anti-money laundering and other legislation overlap as well as on specific situations where legislative history provides little guidance.

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