

# DNB AML/CFT program and what's next

Iceland, November 29th 2012

The logo for DNB, consisting of the letters 'D', 'N', and 'B' in a teal color. A vertical teal line runs through the center of the 'N' and extends from the top of the 'D' down to the bottom of the 'B'.

# DNB

- DNB is Norway's largest financial services group and among the largest in the Nordic region
  - Banking, insurance, asset management, real estate
- Key figures:
  - Personal customers in Norway: 2.1 million
  - Corporate clients in Norway: More than 210 000
  - Number of employees: 14 000, of whom close to 30 per cent work outside Norway
  - Total combined assets: Euro 360 billion
- Network
  - Ca 200 branches in Norway
  - Postal network
  - 1200 in store banking outlets
  - 23 countries



Agenda AML – Strategy 2013 - 2015



Procedure and work flow



Group guidelines for compliance with anti-money laundering and counter financing of terrorism regulations in DNB



### DNB - anti-money laundering and counter terrorist financing concept

Group Security  
August 2012

- Organization
- Risk Based approach
- Training
- Independent verification and audit

No customer is so important that is justifies deviating from the anti-money laundering regulations.

Governing documents



Managers handbook - support



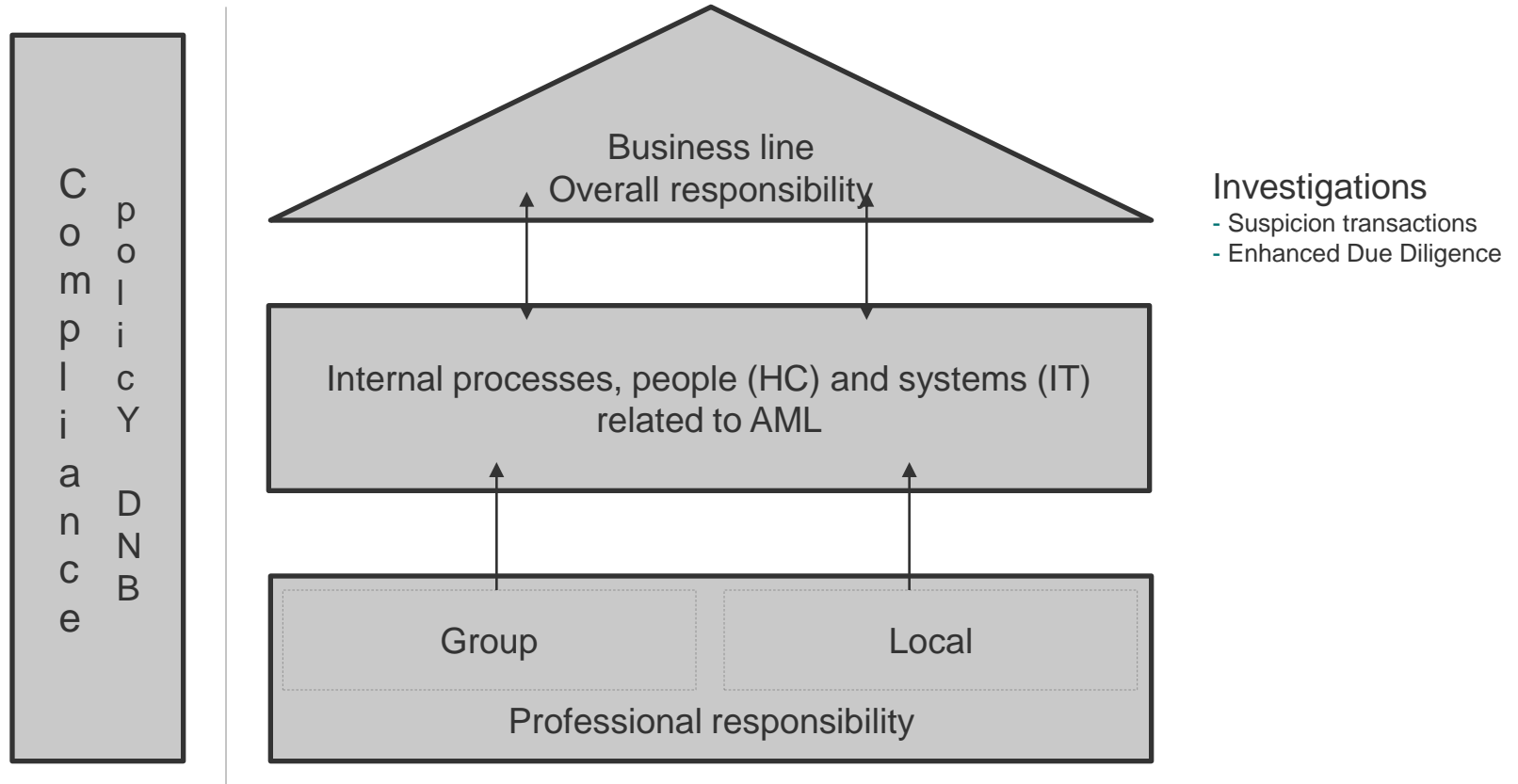
IT solution – Users Handbook



Best Practice

Support documents

# Interaction and responsibilities AML compliance



# Risk bases approach – "value chains"

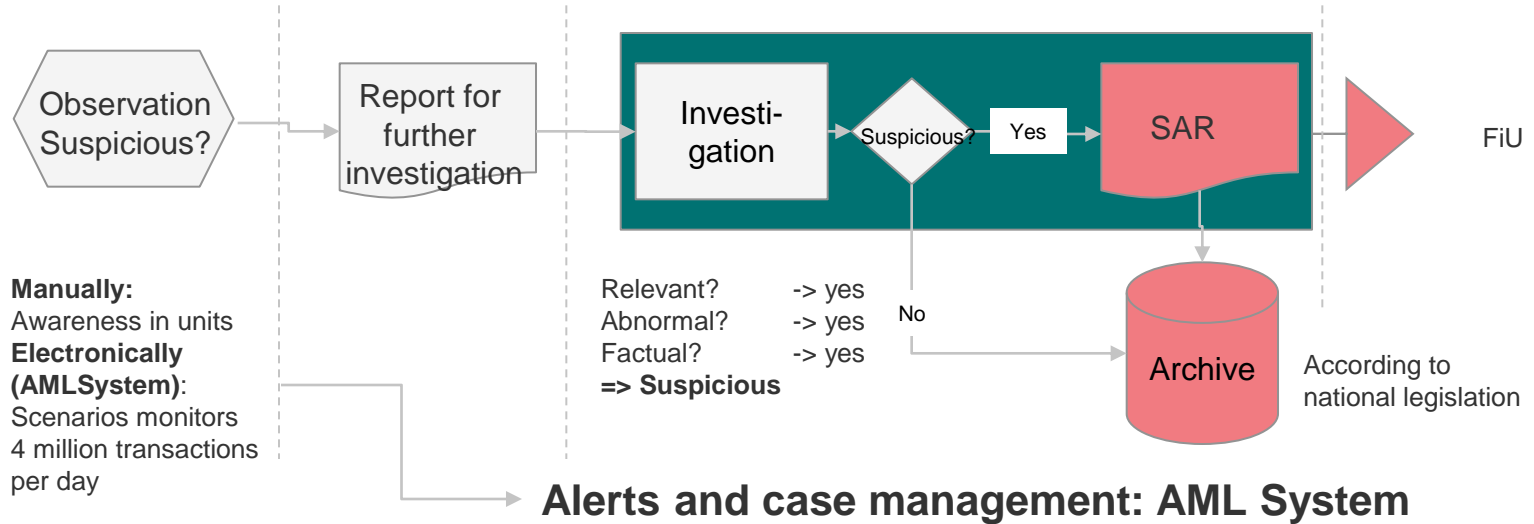
1. Suspicious Transaction

2. Sanction list filtering - payments

3. RB Customer Due Diligence on boarding - KYC

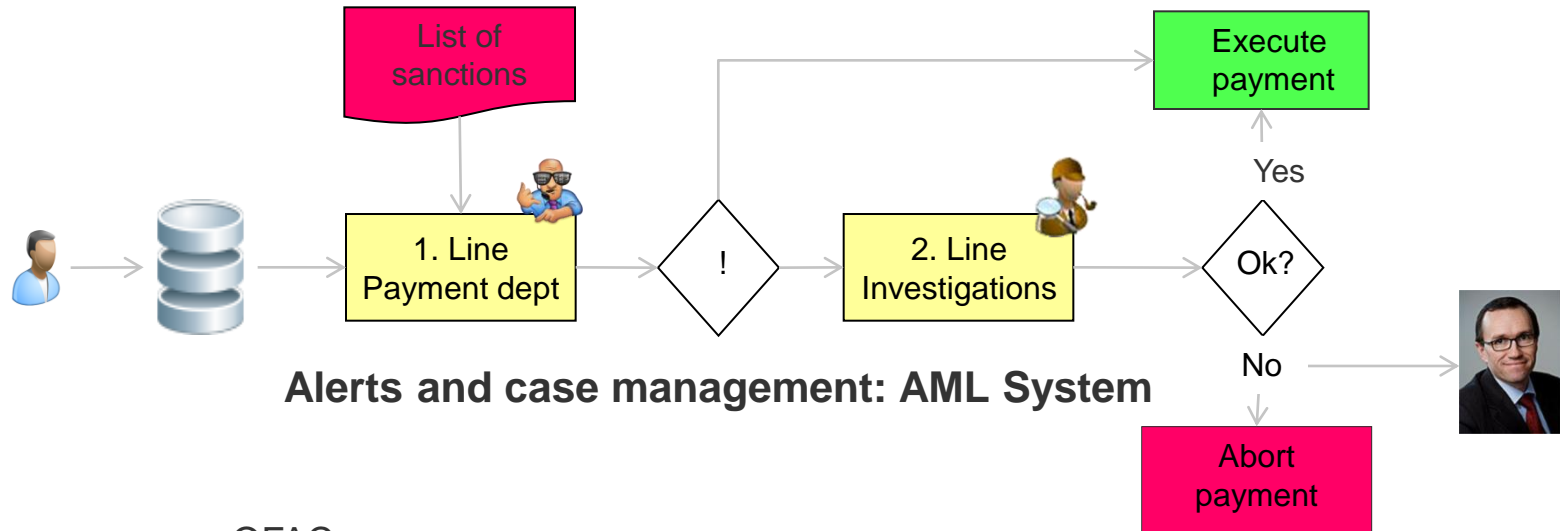
4. RB Ongoing Due Diligence

# 1 Suspicious transactions



**Business responsibility:**  
Adequate flagging parameters (scenarios) due to own business and customer portfolio

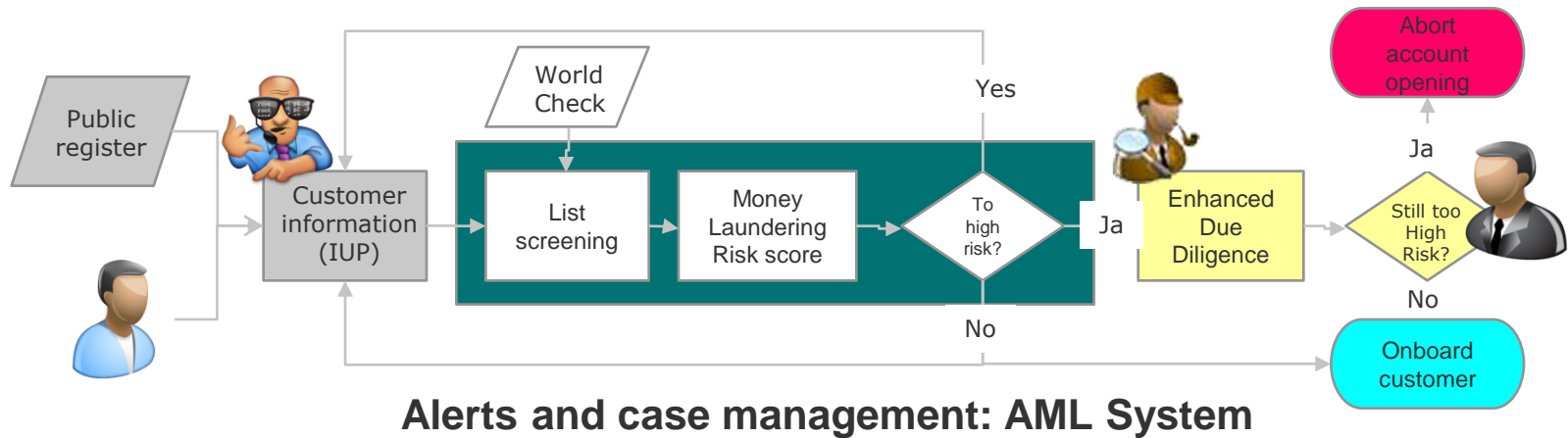
## 2 Filtering of sanction lists – payments



- OFAC
- UN
- EU
- Required by national legislation
- PEPs
- DNB - jurisdiction require enhanced awareness

DNB Sanctions Forum: Interpretations and practical consequences in DNB

# 3 Risk based customer due diligence on boarding - KYC



Responsibility for performing customer due diligence obligations are always business

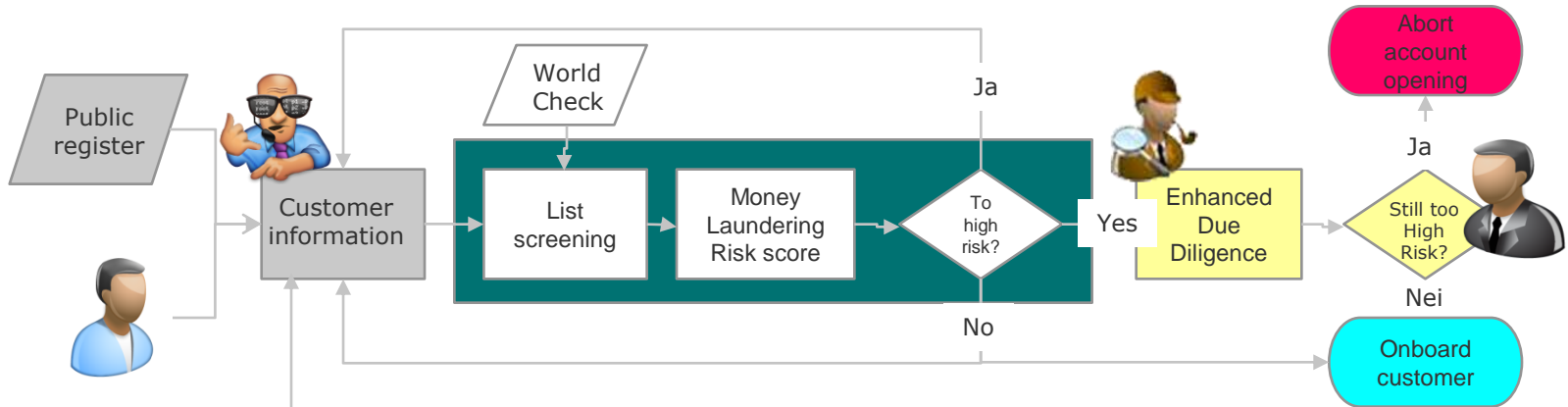


# 3 Risk based customer due diligence on boarding - KYC

## Due diligence level (money laundering risk)

- Standard
- Simplified
- Enhanced
  - Why coming to us, source of funds, estimation of value, reputation and rumour, former banking relation, customers market, additional information
  - PEP – always enhanced  
Why PEP, approval from superior manager, identify source og income and fortune, former banking relation, press information, why us
- Escalation
  - Enhanced
  - Change in due diligence level

# 4 Risk based on going due diligence



Follow up existing customers and ensure that transactions are in accordance with our knowledge to customer and customers business

- △ Hit on liste
- △ Suspicious transaction
- △ Deviation from expected behaviour (IUP)

## 4 Risk based on going due diligence

### Update of customer information

- Customers having loan/credit - yearly
- Enhanced due diligence level - yearly
- Standard due diligence level – within 3 year
- Incidents

Business responsibility:

Adequate risk parameters in risk module relevant to own business

# Training

## Employees dealing with customers/customers' transactions

- Yearly basic training
- Target oriented training – within 3 years

## AML System users (Detica)

- Relevant training in use of the Detica system

## Investigators

- Competence and capacity reflecting size and complexity of the principal organization, customer served and products delivered
- Norway, Lithuania and Latvia – ACAM certification required

## Abbreviations og terminology

## Managers handbook

- Summary of P & Ps
- Your duties as manager
- Support and tools

## Professional network

- Best practice
- IT support requirement
- Information hub

## Best Practice, ex

- Checking beneficial owners
- Origin of funds
- Ongoing customer due diligence
- Sanction lists (not completed)
- Enhanced customer due diligence

## What's next

Examine and make sure consistent compliance and cost effective use of the organization and solutions implemented

## Risk assessments

- The organizations robustness
- Risk assessment as basis for practical anti money laundering work (IT supported). Business owns the risk

Customer segment	Product/ transaction	Geography	Distribution	Probability	Consequence	Risk	Actions

- Customer risk



# What's next

- Security culture – training and daily consciousness
  - Focus on account officers/customer contacts
  - Objectives on internal reporting of possible SARs – awareness training
  - AML as part of other certification areas (finance advisor, credit advisor etc)
- Success management – measurement of compliance
  - Non compliance are expensive (business risk, compliance risk, reputation risk)
    - Narrow sector (investigation)
    - Awareness in the organization – reporting appetite
  - Is it possible to measure degree of compliance?
    - Bench marking (total AML capacity and competence, ration analysis – investigation)
    - Evaluations of degree of success
    - **Objectives and measuring**

## What's next

- Examine the mode of operations in the IT AML System
  - Optimize use of infrastructure and technology. What do we see today which was impossible to understand 4 years ago due to experience and maturity
  - Examine consequences of new FATF and EU 4
- Sanctions

Thank you