

Report on inspection in Arbejdernes Landsbank (anti-money laundering area)

Introduction

In June 2025, the Danish Financial Supervisory Authority (FSA) made an inspection visit to Arbejdernes Landsbank. The inspection concerned a review of the anti-money laundering area and included verification of the bank's compliance with the requirements for customer due diligence, monitoring, the duty to investigate and register as well as internal control procedures. The review also comprised the bank's compliance with EU sanctions.

Risk assessment and summary

Arbejdernes Landsbank is a Danish systematically important financial institution (SIFI). The bank has approximately 370,000 customers and its business model is based on traditional banking business as a nationwide bank with a significant concentration in the major Danish cities. The bank focuses on private customers, associations and organisations as well as small and medium-sized businesses. The bank also has financial institutions as respondent connections.

The Danish FSA assesses that the bank has a high inherent risk of being used for money laundering or terrorist financing. The Danish FSA's assessment is based on a number of factors, including the bank's range of full-service banking solutions and products, such as cash management, as well as its customer composition, supply channels and geographical exposure.

The inspection has given rise to supervisory reactions in a number of areas.

The Danish FSA's assessment is that the bank has not adequately evaluated and, where relevant, obtained information about the purpose and intended nature of its business relationships. This applies to both private and business customers with the bank.

Sufficient knowledge of its customers is a prerequisite for an enterprise to make a correct risk classification and to have the necessary basis for monitoring customers and transactions. The monitoring must be based on the risk classification and information about the customer's expected purpose and use of the business relationship. This is essential, as the aim of effective customer monitoring is to detect suspicious transactions and form the basis for any notification of the Danish Financial Intelligence Unit.

Therefore, the bank is ordered to assess and adequately obtain information about the purpose, intended nature and, if necessary, origin of the funds of its business relationships. The bank must also evaluate the information that it obtains. The bank must ensure that the information can be documented to the Danish FSA.ⁱ

It is also the Danish FSA's assessment that the bank has not implemented enhanced customer due diligence procedures to the necessary extent in relation to high-risk customers.

The bank's knowledge of its customers is the foundation for its ability to detect activities, behaviour or transactions that are atypical for the customer or that are otherwise suspicious. If the bank finds that there is a high risk that the bank could be used for money laundering or terrorist financing, it is even more important for the bank to have in-depth knowledge of the customer, especially about the circumstances that the bank regards as high risk. When the bank does not implement sufficiently enhanced customer due diligence procedures for high-risk customers, this entails a risk that it will not have the necessary customer knowledge to detect suspicious circumstances and that it will not be able to perform effective monitoring of its customers.

Therefore, the bank is ordered to implement the necessary enhanced customer due diligence procedures when the bank assesses that there is an increased risk of money laundering or terrorist financing.ⁱⁱ

The Danish FSA also assesses that the bank does not sufficiently investigate alarms from its monitoring and does not record the investigations or assessments that it makes in connection with the alarm processing.

Missing or insufficient investigations entail a significant risk that the bank can be used for money laundering or terrorist financing. This also involves a risk that the bank fails to notify the Danish Financial Intelligence Unit of all relevant matters that are of great importance to the ability of the police or other authorities to take action against crime.

Correspondingly, missing or insufficient registration entails a risk that the bank internally loses knowledge about the history of a customer relationship and potentially fails to identify customer behaviour patterns over time. There is also a risk that the bank will not be able to provide the necessary information about investigations of suspicious circumstances and that it cannot make correct notifications to the Danish Financial Intelligence Unit.

Therefore, the bank is ordered to ensure that it adequately investigates suspicious transactions and activities. The bank must also ensure that the results of these investigations are recorded and stored.ⁱⁱⁱ

Finally, it is the Danish FSA's assessment that the bank takes too long to initiate its alarm processing, which increases the risk that the bank does not conclude the processing of the alarms as quickly as possible and within the bank's own deadline, as stated in the bank's procedures. This means that there is a significant risk that the bank is also not able to notify the Danish Financial Intelligence Unit immediately when necessary.

The Danish FSA therefore issues a risk notification to the bank that the bank's case processing time for alarms generated in its automated transaction monitoring system entails a risk that it does not notify the Danish Financial Intelligence Unit immediately when necessary.

ⁱ Section 11(1) paras (4) and (5) and section 11(4) of the Danish Anti-Money Laundering Act (*Hvidvaskloven*).

ⁱⁱ Section 17(1) of the Danish Anti-Money Laundering Act.

ⁱⁱⁱ Section 25(1) and (2) and section 25(3), see section 30, of the Danish Anti-Money Laundering Act.