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The Basel Committee

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Sound management of risks related to money laundering and financing of terrorism - consultative document

The Swedish Bankers' Association welcomes the opportunity to comment on the Basel Committee consultation paper concerning risks related to money laundering and financing of terrorism.

As a member of the European Banking Federation (EBF) we are also a member of the European Banking Industry Committee (EBIC). We support the conclusions in the EBIC response to the consultation paper. However, from the perspective of Swedish banks we want to emphasize the following.

Title II, Section 3, Customer and beneficial owner identification, verification and risk profiling, contains a number of requirements on what a bank must or should do to be compliant with the guidelines. Section 3 requires a bank to, not only identify beneficial owner but also to verify the information.

The requirement to identify beneficial owners and to verify that information is in reality an issue of access to information. The lack of public information makes it an obstacle to apply the requirements in practice and to check the accuracy of information given by the customer on beneficial ownership. Today an operator has, to a great extent, to rely on information from the customer without a possibility to correctly check the information by public registers or lists. A public register/list would facilitate and improve the possibilities for the operator to fulfill the requirement to check the beneficial ownership. In the light of the latter it will be difficult for banks to fulfill the requirement to verify the information on beneficial owners.

A bank should, further, obtain customer identifications papers including a copy of the identity card. States have different systems of identification of their citizens. Depending on the system used, there is reason to review the requirement of having to take a copy of the identity document. We believe more flexibility is accurate.

We also see that there is a need to review the provision on customer due diligence. Even in the case of enhanced due diligence the operators should be able to apply a



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risk-based approach and also to reflect new methods and new technologies. In this sense the provision should be more flexible. When the operator has taken measures, e.g. in relation to a non face-to-face customer, in accordance with applicable requirements, the operator should then be able to base the regular monitoring and review on the risk the customer represents after the initial due diligence phase.

SWEDISH BANKERS' ASSOCIATION



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