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Media release

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Embargo

Prevention of money laundering: banks and securities dealers on track

Banks and securities dealers are adequately implementing the Money Laundering Ordinance that came into effect on July 1, 2003. This is the conclusion reached by the Swiss Federal Banking Commission (SFBC) following the evaluation of the comprehensive implementation audits conducted by statutory auditors at more than 900 banks, Raiffeisen banks, securities dealers and fund management companies. The result validates the risk-oriented approach the SFBC has adopted with regard to the prevention of money laundering in the banking sector.

October 12, 2005 – The banks and securities dealers have duly implemented the Money Laundering Ordinance. This is the conclusion of the report published today by the SFBC on the implementation audits. The report evaluates the audits conducted by the statutory auditors at all banks and securities dealers. This is the first time that the SFBC has audited in such a systematic, in-depth and comprehensive manner regulations it issued. This underscores the high importance the SFBC attaches to the prevention of money laundering. The SFBC will remain so committed, also with regard to the ongoing supervision of banks, securities dealers and fund management companies.

The SFBC issued the SFBC Money Laundering Ordinance, which is based on the Money Laundering Act, in December 2002. The ordinance came into effect in July 2003 and applies to banks, securities dealers and fund management companies that manage accounts. It requires these institutions to take a systematically risk-oriented approach to the prevention of money laundering. In the case of higher-risk business relationships and transactions, more stringent due diligence standards apply, and these relationships and transactions must be investigated in more detail. Banks are required to define criteria for identifying higher-risk business relationships and transactions, and if necessary to introduce a computer-based transaction monitoring system.

The institutions have successfully achieved these demanding tasks. As expected, the biggest challenge was the additional checks in the case of higher-risk business relationships and the production of informative documentation relating to these checks. There is still room for improvement in some cases. The SFBC rates the efforts of the banks in training their employees as being very good. Most banks are also making major efforts in the development and extension of their IT systems for identifying higher risks. However, due to the lack of a general methodological basis, the SFBC decided not to gather information on the costs.

The results of the evaluation are positive. The risk-oriented approach allows for the optimal use of resources for compliance purposes. The institutions have achieved a comparable level of implementation. They are also using the option of selecting different criteria in order to adapt the risk-oriented approach to the particular aspects of their business activity. The SFBC therefore does not consider that any further supervisory requirements for implementation of the risk-oriented approach are necessary for the moment. Adjustments in individual areas of the current regulation may prove necessary following a thorough analysis of international developments.