

Loss Event

BNP Paribas

BL0301 - Retail Banking

ELO402 - Improper Business or Market Practices

EUR 10,000,000.00 | Euro

FR - France

Western Europe

Banking

## BNP Paribas fined EUR 10 million by ACPR for AML failures

On 2 June 2017, the French Prudential Supervision and Resolution Authority (ACPR) fined BNP Paribas EUR 10 million (USD 11.2 million) for its inadequate anti-money laundering (AML) control measures.

The penalty was imposed on the bank following the regulatory investigation into the bank's internal measures for preventing money laundering (ML) and terrorist financing (TF) in 2015. At the time, the ACPR found a number of major shortcomings in the bank's internal control measures. In particular, the ACPR highlighted:

- failures in reporting suspicious transactions to Tracfin, the French Ministry of Finance's AML unit;
- failures in reporting initial and supplementary reports of suspicious transactions;
- lack of employees assigned to the processing of suspicious activity reports, which resulted in the bank failing to exercise its reporting obligations;
- use of inefficient detection tools for discovering suspicious transactions, despite the increase in numbers of suspicious transactions;
- delays in updating and developing procedures for the detection of suspicious transactions; and
- delays in responding to Tracfin inquiries as a result of employees not having access to all the information they needed.

The ACPR observed that BNP Paribas' reporting failures had included reporting delays of 285 days in 2013, reporting delays of 413 days in 2014 and reporting delays of 285 days in 2015. In February 2016, the number of suspicious transaction reports awaiting processing reached 3,039.

The ACPR also found that some of the deficiencies had been already highlighted in a previous regulatory investigation in 2012.

The regulator also noted that when BNP Paribas had reorganised its AML function, it delayed updating its procedures relating to the reporting of suspicious transactions. The ACPR found that although BNP Paribas had decided on the reorganisation in February 2013 and carried it out between June 2013 and March 2015, the bank did not establish a new handbook for dealing with suspicious transactions until November 2015, and did not establish written procedures until September 2016.

The ACPR judged that due to BNP Paribas' size, its AML failures had affected the entire French system of AML and counter-terrorist financing (CTF). Consequently, the ACPR censured BNP Paribas and fined it EUR 10 million, an amount larger than the total of all fines imposed by the ACPR in 2016.

In deciding the fine, the regulator recognised that in 2015, the same year the ACPR conducted its investigation, BNP Paribas had reached a USD 8.97 billion settlement with US authorities over alleged sanctions violations. It also took into account the significant efforts BNP Paribas had taken to correct the deficiencies. A spokesperson for BNP Paribas said that the bank had completely overhauled its AML measures starting in July 2014.

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**Source(s)**

[acpr.banque-france.fr](http://acpr.banque-france.fr), [www.latribune.fr](http://www.latribune.fr), [www.zonebourse.com](http://www.zonebourse.com),  
[uk.reuters.com](http://uk.reuters.com),

**Related links**

**[BNP reaches USD 8.97 billion settlement regarding US economic sanctions violations](#)**

**Event**

<b>Published In Media</b>	<b>Date of Occurrence - From</b>	<b>Date of Occurrence - To</b>	<b>Discovery Date</b>	<b>Date of Recognition/Settlement</b>
02 June 2017			01 January 2015	02 June 2017
<b>Loss Amount USD</b> 11,228,600.00	<b>Loss Amount EURO</b> 10,000,000.00		<b>Provision</b> No	<b>Boundary Risk</b> Other Risk
<b>Industry Event</b>	<b>Scenario</b> SC0006 - AML Failures		<b>Product</b> PD0601 - Consumer Current Accounts	<b>Process</b> PC1502 - Non-Financial Regulatory Reporting
<b>Event Closed</b> No	<b>ORX Member</b> Yes		<b>Role of Firm</b> LS0307 - Position Taking (Principal)	
<b>Cause 1</b> CS0403 - Inadequate Policy / Procedure	<b>Cause 2</b>		<b>Cause 3</b>	
<b>Jurisdiction / Choice of Law</b> LS0105 - Western Europe (excluding United Kingdom)	<b>Counterparty</b> LS0211 - Regulator		<b>Environmental Volatility</b> LS0406 - Not Identifiable	