

Newgate News

The FCA has fined HSBC Bank plc (HSBC) £63,946,800 for failings in the anti-money laundering processes

HSBC failed to address weaknesses in its automated transaction monitoring system.

In particular, HSBC failed to:

- consider whether the scenarios used to identify indicators of money laundering or terrorist financing covered relevant risks until 2014; and carry out timely risk assessments for new scenarios after 2016;
- appropriately test and update the parameters within the systems that were used to determine whether a transaction was indicative of potentially suspicious activity;
- check the accuracy and completeness of the data being fed into, and contained within, monitoring systems.

The FCA said "HSBC's transaction monitoring systems were not effective for a prolonged period despite the issue being highlighted on numerous occasions. These failings are unacceptable and exposed the bank and community to avoidable risks, especially as the remediation took such a long time. HSBC continued their remediation to address these weaknesses after the relevant period."

Firms have an obligation to perform ongoing due diligence on customers, and one of the most effective ways of doing this is by using an automated transaction monitoring programme. As outlined by the FCA, it is important for firms to test their transaction monitoring programmes to ensure they are suitable for tackling the money laundering risks faced by the firm.

For more information on the FCA's decision, click [here](#).

Financial Crime Unit

Newgate Compliance has a dedicated Financial Crime Unit helping firms to manage their financial crime risk. Our team offer clear advice, practical solutions and dedicated support from experienced professionals.

Please contact Newgate Compliance if you require guidance on how to strengthen your firms' onboarding and ongoing due diligence processes, as well as transaction monitoring controls.

Find out more about your financial crime offering and services [here](#).



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About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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