

Disclosure of information on measure imposed on credit institution

Supervisory measure against Sberbank banka, d. d. owing to breaches identified in the area of the prevention of money laundering and terrorist financing

Information on person responsible for breach	
Business name and registered office of legal person	Sberbank banka, d. d., Dunajska cesta 128a, 1000 Ljubljana, registration number 5496527000 (hereinafter: the bank)
Information on breach	
Description of circumstances and conduct entailing a breach of the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia, No. 68/2016 and 81/19 ; hereinafter: the ZPPDFT-1)	During the supervision of the bank, Banka Slovenije identified breaches in the ongoing monitoring of customers' business activities in connection with the political exposure of existing customers (Article 49 of the ZPPDFT-1), in the treatment of unusual transactions (Article 50 of the ZPPDFT-1) and in the fulfilment of its obligation to report suspicious transactions to the Office for Money Laundering Prevention (Article 69 of the ZPPDFT-1).
Nature of identified breaches	Weaknesses in the system for anti-money laundering / combating the financing of terrorism
Operational part of order on rectification of breaches	
<p>1. On the basis of the inspection at Sberbank banka d.d., Dunajska cesta 128a, 1000 Ljubljana (hereinafter: the bank), conducted between 1 July 2019 and 31 August 2019 in the area of prevention of money laundering and terrorist financing (hereinafter: AML/CFT) and the implementation of restrictive measures, Banka Slovenije finds that the bank breached:</p> <ul style="list-style-type: none">a) the first and second paragraphs of Article 49 of the ZPPDFT-1, by failing to ensure the ongoing monitoring of the business activities of customers, and by failing to vet and update the data about the political exposure of existing customers, their statutory representatives, their authorised persons or the beneficial owners of legal entities during the vetting and updating of information and documents obtained about customers, which was established for fourteen (14) customers from the sample of customers;b) the first paragraph of Article 50 of the ZPPDFT-1, by failing, in the case of complex and unusually large transactions or transactions that have an unusual composition, do not have a clear economically or legally justified purpose or do not comply with a customer's usual transactions, to examine to a sufficient extent the background and purpose of the transactions and determine the source of the funds ('treatment of unusual transactions'), which was established from the reviewed sample of customers, i.e. by the bank failing to carry out the proper treatment of unusual transactions in respect of one (1) customer, and completing the treatment of unusual transactions in respect of two (2) other customers, but not to the extent possible given the circumstances, as it only requested the customer's explanations and not the presentation of any additional evidence; andc) the first and sixth paragraphs of Article 69 of the ZPPDFT-1, by failing to provide for the consistent reporting of suspicious transactions to the Office for Money Laundering Prevention (hereinafter: the Office), which Banka Slovenije established with respect to seven (7) customers from the reviewed sample of customers.	

To rectify the breaches, the bank must:

- a) appropriately upgrade the bank's internal policies in the scope of ongoing monitoring of business activities, and immediately begin vetting and updating the information and documents obtained about all existing customers to be able to determine whether a customer, the statutory representative or authorised person of the customer or the beneficial owner of the legal entity is a politically exposed person (hereinafter: PEP), requiring the bank to screen, within no more than two months after the delivery of the order, those existing customers for which, in accordance with the bank's policies, the request for the ongoing monitoring of business activities was overdue after the implementation of the [REDACTED] software;¹
- b) provide for the in-depth treatment of unusual transactions by examining the background and purpose of these transactions, which *inter alia* includes the collection of relevant explanations and evidence, such as contracts and invoices; in so doing, alongside the mere formal collection of additional evidence and documentation, the bank shall also ensure that the current information and the collected information and documentation is assessed with requisite criticism;
- c) ensure that all flagged cases of suspicious transactions are reported to the Office without delay.

The bank shall embark without delay on activities to rectify the breaches cited in point 1 of this order on the rectification of breaches (hereinafter: the order). The final deadline for the rectification of the breaches is six months after the delivery of the order. The bank shall also submit a written report to Banka Slovenije by the aforementioned deadline on the measures taken to rectify the breaches, as set out by the first paragraph of Article 251 of the ZBan-2.

2. In connection with the activities to rectify the breaches cited in point 1 of this order, the bank shall draft an action plan clearly defining the activities for the rectification of the breaches, and shall submit it to Banka Slovenije within one month after the delivery of the order.
3. In connection with the activities to rectify the breaches cited in point 1 of this order, the bank shall designate the persons at the bank responsible for rectifying the identified breaches, and shall report their names to Banka Slovenije within one month after the delivery of the order.
4. The breaches identified in this order constitute misdemeanours pursuant to the penal provisions of the ZPPDFT-1, and Banka Slovenije will therefore initiate misdemeanours proceedings against the bank and the responsible persons.
5. In accordance with Article 161 of the ZPPDFT-1, in connection with the imposed supervisory measures, Banka Slovenije shall publish the following information on its website after the imposed measure becomes final:
 - the business name and registered office of the legal entity or the name of the individual;
 - a description of the circumstances and conduct that constitute a breach of the aforementioned law or require the implementation of the ordered measure;
 - the nature of the identified breaches or the type of deficiencies for which the measure was ordered;
 - the operational part of the decision by which the proceedings are legally finalised; and

¹ [REDACTED] – information support for screening customers against the PEP lists and the list of persons against whom restrictive measures were adopted, which the bank implemented in October 2018.

– any rectification of a breach or implementation of an ordered measure.

Information on any rectification of breach or implementation of ordered measure

The bank has submitted an action plan for the rectification of breaches to Banka Slovenije in a timely manner, and reported the names of the persons at the bank responsible for rectifying the identified breaches in a timely manner. The bank addressed the rectification of breaches without delay, and submitted interim reports on 19 June 2020, 6 August 2020 and 9 October 2020 on the measures implemented for the rectification of breaches. The deadline for the rectification of breaches expires on 2 December 2020.

Information as to whether judicial review proceedings have been initiated against the decision in accordance with the ZBan-2

The bank did not initiate a request for judicial relief by the legally prescribed deadline, meaning that Banka Slovenije's decision is final.