FCA fines and imposes a restriction on Canara Bank for anti-money laundering systems failings

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The Financial Conduct Authority (FCA) has fined Canara Bank £896,100 and has imposed a restriction, preventing it from accepting deposits from new customers for 147 days.

Financial services firms are required to maintain robust anti-money laundering (AML) systems and controls, since they are at risk from those seeking to launder the proceeds of crime or to finance terrorism.

Between 26 November 2012 and 29 January 2016, Canara failed to maintain adequate AML systems and failed to take sufficient steps to remedy identified weaknesses, despite having been notified of shortcomings in its AML systems and controls.

Mark Steward, Executive Director of Enforcement and Market Oversight at the FCA, said:

"Financial crime and money–laundering failures are areas of focussed priority for us. Canara was warned its money laundering controls were inadequate and so its failure to remediate them properly is at the more serious end of the range of sanctions."

The Final Notice highlights the importance of branches of overseas banks and their senior management having sufficient understanding of their regulatory responsibilities and ensuring those obligations are met with appropriate resources.

Specifically, the FCA found that Canara failed to maintain adequate systems and controls to manage the risk of money laundering. These failures were systemic and affected almost all levels of its business and governance structure including: (1) Senior Management; (2) Governance / Oversight; (3) three Lines of Defence; (4) Money laundering reporting function; and (5) AML systems and controls.

As a result, Canara breached Principle 3 (taking reasonable steps to organise its affairs responsibly and effectively, with adequate risk management systems) of the FCA's Principles for Businesses.

Canara agreed to resolve the case and qualified for a 30% discount.

The FCA acknowledges that senior management at Canara have fully co-operated and engaged with the FCA's investigation and that the firm's substantive AML deficiencies now have been rectified.

Notes to editors

1. The final notice for Canara.
2. When setting the level of financial penalty one aspect of the assessment is how serious the FCA considers the impact and nature of the breach. In this case the FCA assessed the misconduct as a level four out of five on our scale of seriousness.
3. On 1 April 2013, the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).

4. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
5. Find out more information about the FCA.

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