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AIB fined €2.3 million for breaches relating to terrorist financing and money laundering

The bank also failed to conduct required due diligence on accounts predating Ireland's money-laundering laws.

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Source: Leah Farrell

THE CENTRAL BANK has fined Allied Irish Bank (AIB) nearly €2.3 million for a series of anti-money laundering and terrorist financing compliance failures.

The €2,275,000 fine relates to six breaches of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (CJA 2010).

AIB had admitted to all six breaches.

The fine related to failings in the bank's controls, policies and procedures relating to money laundering and terrorist financing.

Those breaches persisted on average for over three years.

They included the bank's failure to report suspicious transactions to the gardaí and the Revenue Commissioners, and also the failure to conduct due diligence on some 573,000 customers who had accounts with the bank which predated the creation of Ireland's first money laundering and terrorist financing laws in 1995.

The action taken against AIB is the second such sanction placed against an Irish bank in the last six months, after Ulster Bank was fined €3.3 million for similar breaches last November.

Regarding the failings in anti-money laundering (AML), the bank's dedicated AML unit was guilty of taking more than 18 months to address a backlog of suspicious activity alerts. That backlog at one stage stood at over 4,200 outstanding alerts for more than 30 days.

"The Central Bank expects that anti-money laundering frameworks are fit for purpose, in that, they are appropriate to the nature, scale and complexity of a firm's business activities," said its director of enforcement Derville Rowland.

“ In particular, we expect that our retail banks, as gateways to the financial system, have in place exemplary anti-money laundering systems and controls.

“ This case emphasises that enforcement of anti-money laundering requirements is, and will remain, a key Central Bank priority and we are prepared to take action where firms fail to comply.

The fine is the Central Bank's 108th such settlement since 2006, during which time sanctions totalling €57 million have been applied.

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