

Press release

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FINMA proceedings: HSBC Private Bank (Suisse) SA violated money laundering regulations

HSBC Private Bank (Suisse) SA breached its obligations in the prevention of money laundering in connection with two politically exposed persons and thereby seriously violated financial market law. This was established in the context of enforcement proceedings by the Swiss Financial Market Supervisory Authority FINMA, which has imposed measures to ensure that compliance with the law is restored. The decision orders that, until these measures have been implemented in full, the bank may not enter into any new business relationships with politically exposed persons.

In December 2021, FINMA opened enforcement proceedings against HSBC Private Bank (Suisse) SA in connection with banking relationships held with two politically exposed persons and these proceedings have now been concluded. HSBC Private Bank (Suisse) SA has co-operated with FINMA's proceedings.

Serious violation of supervisory law

HSBC Private Bank (Suisse) SA operated two high-risk business relationships where it failed to carry out an adequate check of either the origins, purpose or background of the assets involved. In addition, a number of high-risk transactions were insufficiently clarified and documented, making it impossible to establish the legitimate nature of these transactions. The transactions in question were carried out between 2002 and 2015 and amounted to a total of more than USD 300 million. The funds, which originated from a government institution, were transferred from Lebanon to Switzerland and – generally after a short time – primarily flowed back to other accounts in Lebanon. At no time did the bank clarify why a transitory account held with it was used for these transactions.

In its checks, the bank failed to recognise the indications of money laundering presented by these transactions; it likewise failed to satisfy requirements for the initiation and continuation of customer relationships with politically exposed persons, and was thus in serious breach of its due diligence obligations. The bank further failed to notify the Money Laundering

Reporting Office over a protracted period. It still did not submit a report even in 2016, when it decided to close the relevant business relationships in light of various risks. Such a report was not filed until September 2020. By doing so, the bank did not comply with either the reporting obligations or the anti-money laundering requirements, in serious breach of supervisory provisions.

FINMA imposes measures

FINMA has ordered the bank to conduct a review, with regard to anti-money laundering aspects, of all the current high-risk business relationships and business relationships with politically exposed persons. It must also check the correct categorisation of the risks presented by its other customers. An audit agent will monitor the implementation of these measures on site on an ongoing basis and will submit a report to FINMA.

The bank may not enter into any new business relationships with politically exposed persons until such time as completion of the reviews has been confirmed by the audit agent. In addition, HSBC Private Bank (Suisse) SA must issue FINMA with a comprehensive presentation of the responsibilities within its board of directors and executive management as well as details of how they are assigned. The decision has not entered into force.