



You never know the value of a good Operational Risk policy until the lack of one bites you, and Europe is in the middle of a swathe of bites.

[Op risk data: SEC issues first fine under cyber risk rule, Risk.net, Oct 10, 2018](#)

[European banking still has a massive money laundering problem, CNN Business, Sep 20, 2018](#)

In September, Société Générale provisioned EUR1.1billion against penalties expected from US authorities for an operational risk loss over sanctions violations involving Iran, Cuba and Sudan in 2014. The investigation involved DOJ, Treasury, The Fed, Dept of Financial Services and Federal and NY Attorneys. Resolution is expected any time.

ING paid EUR775million in September to Dutch regulators after admitting poor controls on AML and the CFO had resigned. Den Danske have announced after internal investigations that they uncovered a large number of suspicious accounts and transactions from 2007-2015. As a result, the CEO has announced he will step down and the Danish Regulator is reopening its own investigation. In 2012 HSBC paid \$1.92bn in settlement on money-laundering issues. And in Asia, Punjab National bank was defrauded due to what appears to be poor Op Risk policy implementation.

Having a complete and robust Op Risk strategy and policy is hugely important, but often the issue isn't with the plans, it's with incomplete or poor implementation. As the financial penalties and the loss of key experienced executives show, when you have a problem in Op Risk the cost is large. Most countries now have clear and extensive regulations in place and banks have clear policies in place to make sure they don't slip up and do not break sanctions laws or allow Money Laundering.

All these cases, and many more, it repeatedly shows that you must have

1. Robust and complete policies and strategies in place
2. Technology in place to support the controls and monitoring
3. Staff in place, from top to bottom, who have the right knowledge and understanding
- 4.

Losing a top executive will not change much apart from assuage regulators, training the knowledge of your staff to be fully aware of the dangers and risk out there – will.

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- Foreign Corrupt Practices Act (FCPA) (New)
- Singapore Anti-Money Laundering (AML)
- Hong Kong Anti-Money Laundering (AML)
- Anti-Bribery & Corruption (ABC) in Asia
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