



NatWest Group Detecting and Preventing Financial Crime

Supporting materials to 13 December press statement

13 December 2021

Case overview

Prosecution of National Westminster Bank Plc by the Financial Conduct Authority under the Money Laundering Regulations 2007



What was NatWest prosecuted for?

- NatWest pled guilty on 7 October 2021 to three offences under the Money Laundering Regulations 2007 relating to the monitoring of the accounts of a single UK incorporated customer between 2012 and 2016
- The bank was subsequently fined £264.77m

What happened?

- A combination of issues led to NWG's failure to detect and prevent potential criminal activity by one customer
- These included weaknesses in the bank's automated systems as well as certain shortcomings in adherence to our monitoring and investigations procedures

How many customers were involved?

- One customer only
- Customer was exited from the bank in October 2016

Our response to the threat of financial crime



Financial Crime detection and prevention is a top priority for the bank

SIGNIFICANT INVESTMENT

We have made significant ongoing investment in financial crime capabilities, systems and infrastructure

- **Past spend:** Over the last 5 years (2016-2020), we have invested in excess of £700m in financial crime activities
- **Organisation:** Created of a new and centralised financial crime team with 5,000 specialist financial crime colleagues, dedicated to detecting and preventing financial crime, representing c.8% of the bank's workforce
- **Internal Audit:** Increased the size of our internal audit team focussed on financial crime by 30%
- **Customer Due Diligence:** Put in place an ongoing multi-year programme to remediate customer records
- **Governance:** Launched new executive governance committee focused on financial crime

TECHNOLOGY DEPLOYMENT

We have deployed industry standard technology to detect and prevent financial crime

- **Transaction Monitoring:** Core bank technology solution upgraded. Additional specific solution delivered for NatWest Markets
- **AML Case Management:** Upgraded AML investigation case management tooling
- **Customer Due Diligence and Onboarding:** Made significant investment across the bank in onboarding and CDD platforms

CULTURE AND CAPABILITY

We have made detecting and preventing financial crime part of everyone's job in the bank

- **Annual all staff training:** Train everyone in the bank every year in financial crime, with targeted additional training where required
- **Leadership objectives:** Added specific objectives for financial crime for all leadership across the bank
- **Financial Crime Academy:** Created Financial Crime specific training academy. We believe everyone at the bank has a role in tackling financial crime. We continue to train and upskill our employees to play their role

EXTERNAL PARTNERSHIPS

We work actively with others to tackle financial crime – this is essential to manage the threat

- **Work with industry, law enforcement, regulators and government:** Public private partnerships are a core part of our work and one in which we take an active role
- **Partnerships include:** Joint Money Laundering Intelligence Taskforce, Joint Fraud Taskforce and various UK Finance industry groups

Future commitments to fight financial crime



We will continue our strategy to detect and prevent financial crime through significant investment, with a focus on technology, culture and capability and external partnerships

SIGNIFICANT INVESTMENT

We will continue to make significant ongoing investment in financial crime capabilities, systems and infrastructure

- **Future spend:** £1bn funding planned over the next five years on new technologies and capabilities to further enhance Customer Due Diligence (CDD), Transaction Monitoring, Sanctions and Anti-Bribery and Corruption systems
- **Multi-year Transformation:** Financial crime transformation programme mobilised with an enterprise-wide, multi-year roadmap defined

TECHNOLOGY DEPLOYMENT

We will continue to deploy industry standard technology to detect and prevent financial crime

- **Transaction Monitoring systems:** System upgrades to all areas continues, with an increasing focus on data-led, machine-based learning, and cloud-based technology
- **Customer Due Diligence:** New InLife CDD system for Commercial planned in 2022, using industry recognised technology solutions
- **Completeness & accuracy of FinCrime data:** Initiatives launched to ensure completeness and accuracy of feeds to financial crime systems

CULTURE AND CAPABILITY

We will continue to make detecting and preventing financial crime part of everyone's job

- **Single bank-wide performance goal:** New 2022 financial crime performance goal to be implemented for all staff
- **Learning:** Targeted financial crime training for customer facing colleagues and launch of financial crime roadshows
- **Capability:** Delivery of a FinCrime capability diagnostic to identify knowledge gaps

EXTERNAL PARTNERSHIPS

We continue to work actively with others to tackle financial crime – this is essential to manage the threat

- **Continue to work with industry, law enforcement, regulators and government:** to counter the significant and evolving threat of financial crime to our customers, our economy and our society
- **Continue to share information with our customers to protect themselves:** where relevant continue to share information with our customers on how to identify financial crime and steps they can take to protect themselves
- **Continue to engage in benchmarking exercises:** taking the opportunity to benchmark our response so that we continue to build our approach