Continued wins against financial crime

Cyprus:

Despite a lingering reputation that it inherited from past shortcomings, Cyprus has been successfully engaged in a protracted battle against Money Laundering. Even in the midst of an economic crisis, it has proactively terminated accounts, lost profit and turnover and engaged in an aggressive clean-up campaign under the most stringent rules. In other words, a complete overhaul and transformation of its culture.

Recent Progress

- Transparency International
  
  Cyprus’ position in the Corruption Perception Index published by Transparency International (TI) remains stable over the years. It ranked 41st out of 180 countries in the 2019 survey.
  
  Furthermore, in 2017, Cyprus ranked 1st in the survey carried out by TI for AML Transparency Measures and Quality of Reporting. The TI report mentioned explicitly that “Cyprus disclosed the most complete set of anti-money laundering data among the 12 analysed countries (including USA, UK, Germany, Luxembourg, France, Australia).”

- Moneyval Report
  
  The Cyprus Fifth Round Mutual Evaluation Report by Moneyval was published in February 2020. The report identified that Cyprus has taken positive steps towards anti-money laundering and countering the financing of terrorism. The report has not revealed any weaknesses for the banking sector which scored excellent marks.

- Fulfilment of IMF-ECB rescue rules
  
  In 2013, when Cyprus applied to the Troika (Eurogroup, IMF, ECB) for a rescue package, the rescue plan included several AML-related issues, all of which were fulfilled by the end of 2015.

- Recognition from OECD
  
  Cyprus is included in the OECD White List of “Largely Compliant” jurisdictions.

- Ahead of the curve: early adopter of CRS, FATCA and other rules
  
  Since December 2013, Cyprus has implemented the strictest AML regulatory framework in Europe and since then, remains ahead of all EU regulatory developments in the area.
  
  Cyprus has been cited as an Early Adopter of CRS (Common Reporting Standards) of OECD and is fully aligned with FATCA.

- US and Cyprus
  
  US FDI to Cyprus in 2014 amounted to $3.5 bn
  “U.S. foreign direct investment in Cyprus rebounded in 2016 to surpass its prior peak of $2.7 billion in 2014”
Bank of Cyprus:
The Bank of Cyprus has engaged since beginning of year 2014 in a very demanding and rigorous anti-financial crime remediation programme which has successfully been implemented by the end of year 2015. Today’s compliance function of Bank of Cyprus adheres to the highest standards and it is fully aligned with US, EU and local regulatory frameworks.

Recent Progress

- Eliminating Professional Intermediaries
  - 1601 Intermediaries in 2014
  - Currently 302 Intermediaries

- Customer Terminations and Rejections
  - 10612 customers terminated / suspended (**)
  - 5803 potential new customers rejected exclusively on Compliance (KYC/AML) grounds in years 2015-2019.
  - (**) customers have multiple accounts.

- Loss of turnover on own initiative
  - Estimated €6.1 billion as a result of terminations / suspensions in years 2015-2019.

- Foregone net profits on own initiative
  - Estimated from customers terminated / suspended in years 2015-2019.
  - €19.6 million

- Proactive reporting before requests from authorities
  - In all cases mentioned in the Press and by Political Commentators, the Bank has been proactive in its reporting: It flagged, noted and reported in a timely and comprehensive manner all suspicious activity before any requests were made by authorities.

New regulators and oversight
- The listing in the LSE has entailed persistent maintenance of the highest corporate governance standards. BOC is now regulated by 7 separate, international competent authorities in 4 jurisdictions (Cyprus, Ireland, the UK and the EU).

USA Patriot Act (and then some)
- Fully adheres to all relevant local, European and international legislation, including the USA Patriot Act, UK corporate governance code and EU regulation.

Alerts
- 35.5K alerts generated on average every month in 2019 by the Bank’s specialized AML system, demonstrating a pro-active stance.

Reports
- 880 STRs reports
- 870 PUD reports proactively filed since 2015

Awards
- 2016 Transparency International Award for Best Practices, Initiatives and Actions to Reduce Corruption and/or Increase Transparency in Cyprus.
- 2017, 2018, 2019 and 2020 Best Corporate Governance Corporation (Cyprus) Award by World Finance (UK).
- 2017, 2018 and 2019 the Bank of the Year (Cyprus) Award, of Corporate Insider’s Business Excellence Awards (UK).
- 2020 Special Recognition Award – Banking Governance Europe by Ethical Boardroom magazine (UK).

US and Bank of Cyprus
- Major shareholders hailing from North America (US and Canada) account for 10.76% of shareholding, as of 31/12/2019.

Sources:
- Bank statistical information as at 31/12/2019.