

Countering discrimination by banks in Wwft-compliance

DeNederlandscheBank

EUROSYSTEEM

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1 Summary and key messages

De Nederlandsche Bank (DNB) has received signals that Dutch citizens perceive discrimination in their interaction with banks. Often, such perceived discrimination involves customer and due diligence and transaction analysis, which banks are obliged to perform under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financieren van terrorisme – Wwft*). As the banking regulator charged with supervising Wwft compliance, DNB launched an inquiry in response to these signals.

This inquiry aims to answer the question whether banks take measures to counter discrimination in Wwft compliance, and if so, what those measures are. To do so, DNB submitted a survey to 25 banks, which combined serve 98% of Dutch retail and SME customers in the Netherlands.

Section 4.1 presents the findings of the inquiry. In summary, these are as follows:

- **While the banks report a broad array of measures, these vary widely in terms of specificity and focus.** Some examples are provided of specific or targeted measures aimed at countering discrimination in customer due diligence, but more often they refer to generic measures counteracting discrimination (such as internal codes of conduct and training) that do not necessarily relate to the Wwft domain or the bank's relationship with its customers.
- **Many banks consider the risk of exclusion as the main type of potential discrimination.** For the majority of banks, measures aimed at counteracting discrimination seem to focus on preventing the exclusion of (groups of) customers on the basis of their personal characteristics. Banks less frequently cite the

risk of indirect discrimination,¹ or discrimination in the sense of being treated differently or disadvantaged.

- **Banks' discrimination prevention training programmes often focuses on the workplace, rather than on customer relationships.** Banks offer their staff, management and boards a wide range of discrimination awareness and prevention programmes. Many are, however, of a generic nature or deal with workplace situations rather than interactions with customers.

Based on these findings, DNB concludes that improvement is needed in the measures which banks take to counter discrimination. Our recommendations are as follows:

1. Adopt a comprehensive definition of discrimination that includes not only the risk of exclusion but also the risk of disparate treatment or of being disadvantaged.
2. Implement measures to effectively detect (perceived) discrimination, and use the insights gained to improve communication with customers so as to counteract (perceived) discrimination.
3. Provide more training programmes on bias and discrimination to staff across all organisational tiers, and broaden their scope to include customer interaction.
4. Develop a policy that focuses specifically on countering discrimination in customer relations, and evaluate its effectiveness.
5. Clarify how the three lines of defence contribute specifically to countering discrimination, including through the reviews and assessments banks perform.

¹ Indirect or proxy discrimination is discrimination in which an apparently neutral and objective characteristic indirectly refers to a ground for discrimination.

6. Create a comprehensive overview of all measures (explicitly) aimed at counteracting discrimination.

Section 4.2 provides details of these recommendations.

DNB will act on the findings of this inquiry as part of its supervisory activities. DNB will provide feedback to all surveyed banks and host a roundtable session in autumn 2024. The aim of that session will be to further interpret the findings and recommendations in dialogue with the sector and civil society organisations, explore ways to counter discrimination, and discuss areas of tension within *Wwft* compliance.

DNB aims to conduct a follow-up survey in 2025, in which banks will be asked to provide a comprehensive overview of their measures aimed at counteracting discrimination, also highlighting how they have incorporated the above recommendations.

2 Background and context

De Nederlandsche Bank (DNB) is committed to a financial system that is not only accessible, but also inclusive: the system must work for all groups of citizens in society. Discrimination is incompatible with an inclusive financial system, and is prohibited by law. Over the past year, several signals have emerged about citizens having perceived discrimination in their dealings with banks. More specifically, this concerned interactions between citizens and banks in the context of *Wwft* compliance. As the banking regulator charged with supervising *Wwft* compliance, DNB subsequently decided to launch an inquiry in response to these signals.

Next to DNB, other organisations also looked into this matter. The Dutch Banking Association (NVB) has conducted a self-assessment among its members on dealing with signals of discrimination, and published its findings in early 2024. The Ministry of Finance commissioned a survey by KPMG on the exact nature, context and extent of signals of (perceived) discrimination. As the *Wwft* supervisor, DNB has focused its inquiry on the measures banks have taken to counter discrimination in complying with this act.

The *Wwft* requires banks to assess all their customers for money laundering risks, and assign risk profiles based on that assessment. To perform such assessments, banks ask their customers many, and in some cases probing, questions. If a bank considers money laundering risk to be increased, for example because a customer conducts transactions with high-risk countries,² it must ask additional questions and take measures, for example by monitoring transactions more strictly. If excessive money laundering risk cannot

be mitigated, a bank is obliged to terminate or refrain from entering into the relationship with that customer. At its core, the *Wwft* requires banks to differentiate between customers, monitor customers with an increased money laundering risk more strictly, and deny access to the financial system to customers who pose an excessive money laundering risk. This is the gatekeeper role that the *Wwft* assigns to banks.

The European legislation that forms the basis of the *Wwft* also requires that the latter's implementation respects citizens' fundamental rights and the prohibition on discrimination. This is why DNB's inquiry focuses on what banks do to counter discrimination when complying with the *Wwft*.

The next section outlines the purpose, method and scope of the inquiry. Section 4 sets out the inquiry's findings, recommendations and the steps DNB plans to take next. Section 5 presents the findings in detail. Section 6 is a glossary of terms with their definitions.

² The European Commission determines which countries are classified as high-risk.

3 Purpose, method and scope of the inquiry

3.1 Purpose

The primary purpose of this inquiry is to identify whether, and, if so, what measures banks take to counter discrimination whilst complying with the *Wwft*. At the same time, it identifies the scope of measures aimed at countering discrimination which banks have implemented.

As such, the inquiry provides insight into the management of discrimination risk, as well as the differences between approaches that banks adopt. Assessing whether discrimination has actually occurred is beyond the scope of this inquiry. The insight obtained about the management of discrimination risk can serve as a starting point for dialogue with the sector on countering discrimination, together with the findings from the NVB's self-assessment and the Ministry of Finance's survey on perceived discrimination, conducted by KPMG.

3.2 Method and scope

This inquiry was conducted using a survey with closed and open-ended questions. The closed questions were posed to establish *whether* measures had been taken and the open questions to determine the *nature* of these measures. The questions were designed along the lines of the various *Wwft* compliance processes: from integrity risk analysis and (integrity) risk appetite, through policy-making and implementation, to training, audits, and dealing with complaints. The open-ended questions were used to gain insight into the range of measures behind the closed answers. A consequence of this approach is that the open-ended answers vary in terms of detail and level of abstraction (see Section 4: findings).

The survey was submitted to 25 banks operating in the Netherlands, providing services to retail and SME customers. Together, these 25 banks serve 98% of Dutch-based retail and SME customers (reference year 2023).

3.3 Definition of discrimination

In this inquiry, DNB uses the definition of discrimination used by the Netherlands Institute for Human Rights (*College voor de Rechten van de Mens*): discrimination is treating people differently, disadvantaging or excluding them on the basis of certain (personal) characteristics. These characteristics are referred to as grounds for discrimination. The characteristics protected by equal treatment legislation are³:

- Religion or belief
- Philosophy of life
- Political affiliation
- Race
- Gender
- Nationality
- Sexual orientation
- Marital status
- Disability or chronic illness
- Age
- Part-time or full-time employment
- Temporary or permanent employment
- Taking up leave under the Work and Care Act (*Wet arbeid en zorg*)

³ Source: Netherlands Institute for Human Rights, [Procedure for assessing discrimination complaints](#)

It is important to note that not all forms of disparate treatment are prohibited and qualify as discrimination. For example, someone aged under 17 cannot hold a driving licence, and so will rightly be rejected for a job as a truck driver on justifiable grounds. But rejection on grounds of ethnicity or gender, for example, is not justified.

Let's look at an example from Wwft compliance. A bank will subject a customer transferring money to Senegal to additional checks, regardless of their nationality, as Senegal is a high-risk country⁴ and transactions with this country as their destination must be monitored more closely. This is allowed and indeed required by law. Conversely, a customer who lives and works in the Netherlands and has Senegalese nationality may not be subjected to additional checks solely for being a Senegalese national. That would constitute discrimination based on the unjust ground of nationality.

Discrimination therefore means treating people differently on unjust grounds. This does not alter the fact that disparate treatment on just grounds can still be *perceived* as discrimination.

⁴ As determined by the European Commission: [Anti-money laundering and countering the financing of terrorism at international level - European Commission \(europa.eu\)](#)

4 Findings, recommendations and next steps

The answers which the banks provide to both the closed and the open-ended questions reveal several patterns. The findings and recommendations set out in this section reflect these patterns. Section 4.3 describes the steps DNB plans to take next. Section 5 contains the answers to the closed questions as well as their interpretations.

4.1 Findings

- **Answers vary in terms of detail and level of abstraction.** DNB surveyed a broad group of banks (see section 3). The diversity of this group is reflected in their answers to the open-ended questions – these range from concise and generic to comprehensive and granular.
- **Some banks cite examples of concrete or specific measures aimed at countering discrimination in the Wwft domain.** Examples include issuing instructions on how to conduct ‘inclusive Wwft interviews’ with customers, organising training sessions on preventing ethnic profiling, or testing digital models against principles of ethical fairness.
- **However, they mostly refer to generic, less concrete or less customer-oriented measures.** For instance, in the survey’s comment fields, banks frequently refer to internal codes of conduct that prohibit discrimination, outline their generic checks and balances, mention hotlines and desks for reporting wrongdoing, including whistle-blowing schemes, and describe in-house discrimination prevention training programmes that focus on inclusion in the workplace.
- **Banks stress that their policies are not based on personal characteristics that could be grounds for discrimination.** They say these characteristics are neither used to exclude groups in risk analyses nor in policies or work instructions, thereby mitigating or at least reducing the risk of discrimination. Only a few banks mention the risk of indirect discrimination in this context, in which a seemingly neutral and objective characteristic indirectly refers to a ground for discrimination.⁵
- **Most banks seem to view discrimination as primarily the risk of excluding (categories of) customers from the financial system; less so as the risk of disadvantaging customers or treating them differently.** In the comment fields, many banks describe the specific measures they take to avoid excluding (groups of) customers from services on unjust grounds. They mention measures to prevent customers from being treated *differently* in identical situations based on personal characteristics less frequently.
- **Banks receive very few complaints related to discrimination. Customers seem to hesitate to file complaints.** Over half of the banks surveyed say they received no discrimination complaints at all. The other banks report very low numbers. Less than 1% of the total number of complaints are related to discrimination. The survey commissioned by the Ministry of Finance on perceived discrimination shows that discrimination is perceived more frequently than reported to banks, which seems to indicate that customers hesitate to file a complaint.

⁵ A well-known example of indirect discrimination involves the use of postcodes by banks to determine where they want to provide mortgage loans, and on what terms. In 2006, the Netherlands Institute for Human Rights (then: Equal Treatment Commission) ruled that this practice constituted indirect discrimination and banned it. Incidentally, making an indirect distinction is not prohibited a priori, but its discriminatory impact must always be assessed. For example, in 2014, the Institute ruled that the use of postcodes to set insurance premiums for death risk did not constitute prohibited discrimination and was therefore permissible, in part because of the limited variance in premiums.

- **Most banks offer their staff, including board members and senior management, a wide range of discrimination awareness and prevention training programmes, but these rarely deal with customer relations.** 75% of banks say they offer such programmes, ranging from recognising unconscious biases to dilemma training. A few banks cite discrimination awareness and prevention programmes explicitly aimed at the *Wwft* compliance practice, but the majority of the programmes deal with discrimination in the workplace.
- **There are safeguards attached to the use of alert lists so that citizens' rights are protected.** Banks can alert each other about fraudulent customers such as 'money mules' by using the 'external referral register'. Placement on this list means that a person will be denied access to new financial products for up to eight years. The use of this register is governed by a central protocol administered by the Dutch Banking Association and other sector associations. The protocol contains uniform criteria for registration, requires a test as to whether registration is proportionate, and sets out how customers may object to registration. The protocol has been approved by the Dutch Data Protection Authority.
- Based on the patterns outlined above, DNB concludes that positive initiatives and practices can be identified, but they are not yet applied across the board. DNB therefore sees room for improvement or additions to measures aimed at counteracting discrimination.

4.2 Recommendations

DNB sets out the following recommendations to this end:

1. **Adopt a comprehensive definition of discrimination that includes not only the risk of exclusion but also the risk of disparate treatment or of being disadvantaged.** | We recommend that banks adopt a complete and consistent definition of discrimination that includes not only the risk of exclusion but also the risk of disparate treatment or of being disadvantaged. If the definition is not complete, it is likely that the measures will not be complete either.
2. **Implement measures to effectively detect (perceived)⁶ discrimination, and use the insights gained to improve communication with customers so as to counteract (perceived) discrimination.** | Existing complaint frameworks do not seem to be effective in detecting (perceived) discrimination. We therefore recommend that banks use multiple ways to detect (perceived) discrimination, and engage in dialogue with stakeholders. One example is spot-checking telephone conversations for actual or perceived discrimination. We also recommend that banks use these insights to make customer due diligence communications more inclusive and culturally sensitive.
3. **Provide more training programmes on bias and discrimination to staff across all organisational tiers, and broaden their scope to include customer interaction.** | Many banks provide bias and discrimination training, which can help raise awareness of the risk of

⁶ We use the term *perceived* discrimination to distinguish it from *actual* discrimination. Perceived discrimination is the *interpretation* of an incident as discrimination. Actual discrimination refers to incidents where someone is actually excluded or disadvantaged on unjust grounds. Perceived discrimination may correspond to actual discrimination, but not necessarily. Nevertheless, perceived discrimination has a negative impact on individual well-being and trust in societal institutions (Netherlands Institute for Social Research, *Ervaren discriminatie in Nederland II*, 2020)

discrimination in customer service. Not all banks do so. We recommend that they provide such training in order to make their staff more aware of the risk of discrimination. The training programmes provided by some banks solely focus on inclusion in the workplace, rather than on interaction with (external) customers. We recommend they broaden the scope to include customer interaction. Management can demonstrate to its staff that it genuinely prioritises training by offering it not just to bank professionals but also to higher-tier staff.

4. Develop policies that focuses specifically on countering discrimination in customer relations, and evaluate its effectiveness. | It is important that banks have specific policies in place to counter discrimination, not only in the workplace but also in customer relations. Not all banks have such a policy. We expect the remaining banks to draw one up. We recommend that banks that already do have such policies in place critically evaluate them, also in view of the findings of the Ministry of Finance survey conducted by KPMG. In addition, our inquiry reveals that several banks' policies are limited to personal characteristics. This is insufficient, given that there are also real risks of indirect or proxy discrimination based on other characteristics.

5. Clarify how the three lines of defence contribute specifically to countering discrimination, including through the reviews and assessments they perform. | The *three lines of defence* play a crucial role in the management of risks, and therefore also in the management of the risk of discrimination. Many banks say they use the *three lines of defence* to counter discrimination. We expects banks to be able to describe their activities in practice and discuss to what extent second- and third-line investigations and assessments explicitly address discrimination.

6. Create a comprehensive overview of all measures (explicitly) aimed at counteracting discrimination. | DNB expects banks to have a comprehensive overview of their measures aimed at countering discrimination, which they can provide to their internal control functions and the external supervisor and other stakeholders. This can be done, for example, as part of the SIRA. DNB will ask the relevant banks further questions on these measures in 2025, as well as on how DNB's recommendations have been followed up.

4.3 Next steps

The outcome of this inquiry and of the NVB's self-assessment and the Ministry of Finance's survey on perceived discrimination call for action. In its capacity as supervisory authority, DNB plans to take the following next steps.

- 1. Provide one-on-one feedback to individual banks** | The banks surveyed in this inquiry will receive individual feedback on the outcome. This feedback will include comparisons with other banks.
- 2. Organise a roundtable session** | In autumn 2024, we will host a roundtable session to engage in a joint dialogue with the sector and civil society organisations on our findings and recommendations and discuss ways to counter discrimination, as well as the areas of tension and dilemmas in *Wwft* compliance.
- 3. Conduct a follow-up survey in 2025** | We will survey banks again in 2025 on their anti-discrimination measures, and on how they have implemented the recommendations set out in this report.

5 Survey results

This section uses pie charts to illustrate the answers provided to the closed survey questions. The questions address the different stages and processes of Wwft compliance – from risk analysis, through policy-making, to implementation and monitoring, as well as complaint handling and audits. Below, we present the answers to these questions, accompanied by further clarification based on the answers that banks could provide in free-text fields. This provides insight into the nature of the measures banks have taken.

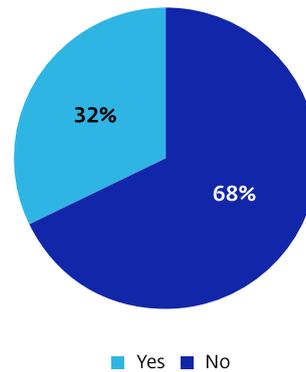
Where of added value, we also provide a textual indication of the number of banks citing a particular measure. These numbers are phrased as ‘the majority’, ‘the minority’, etc., occasionally qualified by ‘large’ or ‘small’. A large majority is closer to 100% than to 50%, and a large minority is closer to 50% than to 0%, etc.

These qualifications are meant to be indicative, and do not represent a drill-down that adds up back to 100%. This is because banks sometimes cite multiple measures.

5.1 Risk analysis and policy aimed at countering discrimination

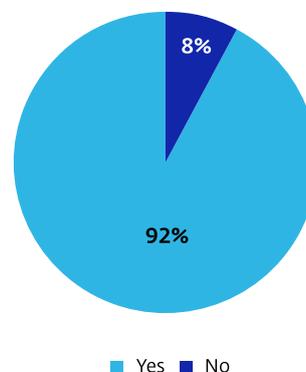
In this section, banks were asked whether they conduct a discrimination risk analysis, and whether they have formulated policies to counter discrimination in the widest sense of the word.

5.1.1 Does your bank conduct a risk assessment of the likelihood of discrimination in your operational management?



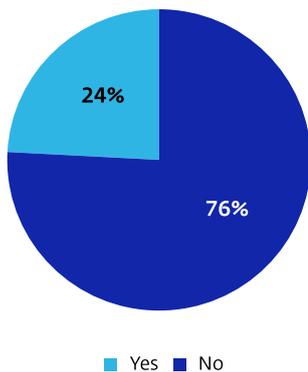
The banks that answered the above question in the affirmative said that, while no overarching risk analysis of discrimination is conducted, they do carry out such a risk analysis as part of other processes, for example when changing existing or launching new products. Some banks say models and systems involving automated decision-making are subject to ethical fairness analyses.

5.1.2 Has your bank formulated policies to counter discrimination?



A large majority of banks say they have policies in place to counter discrimination. Almost all banks refer to generic anti-discrimination provisions in their internal code of conduct. Where reference is made to specific policies, most of these are staff diversity policies. 33% of banks do refer to concrete customer policies that include anti-discrimination provisions, such as a privacy policy, a product approval & review process-policy and a treating customers fairly-policy.

5.1.3 Do you plan to draw up (additional) policies on discrimination?

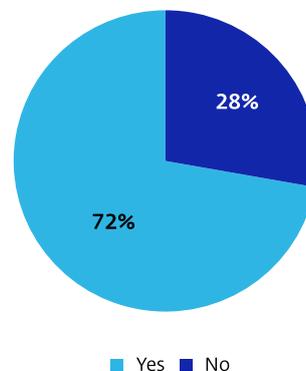


The majority of banks say they do not plan to draw up additional or overarching policies. This is substantiated in part by a preference for enforcing targeted, process-specific anti-discrimination provisions, such as those in the product approval & review process mentioned above. Banks that answered 'no' to the question under 5.1.2 say they plan to draw up policies, as do banks whose anti-discrimination policies are aimed at staff, rather than customers.

5.2 Integrity risk analysis (IRA) and risk appetite under the Wwft

Every bank is required by law to prepare an analysis of the integrity risks it faces, given, among other things, the products it offers, the countries in which it operates, and the customer groups it serves. In an (integrity) risk appetite statement, a bank documents the risks it considers unacceptable and therefore excludes, as well as the risks it is prepared to accept. In both processes, there is a risk of treating groups of people differently on unjust grounds, such as excluding certain nationalities from service provision.

5.2.1 Does your bank take measures to prevent discrimination when identifying integrity risks?

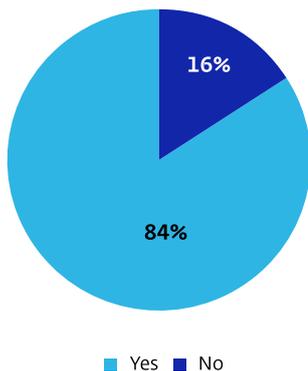


28% of banks say they do not take any specific measures to counter discrimination when conducting integrity risk analysis. Half of this group does not provide any further comments. The others say they do not take any specific measures because conducting the IRA does not involve any personal characteristics that could constitute possible grounds for discrimination. It should be noted that other banks used the same line of reasoning to answer this question in the affirmative.

The latter provide varying substantiations. The majority argue that they mitigate the risk of discrimination in the IRA process by explicitly not using personal characteristics that could constitute possible grounds for discrimination. Where IRAs concern 'high-risk countries' as determined by the European Commission, banks say they do not look at the nationality of customers, but at the country where they are domiciled or a tax resident, or to a transaction's country of origin or destination.

Some banks generally refer to the effectiveness of their three lines of defence model, in which independent departments review the IRA process and outcomes. The assumption here is that a review would detect any discriminatory patterns.

5.2.2 Are you taking measures to prevent the (integrity) risk appetite statement from leading to the discriminatory exclusion of people?



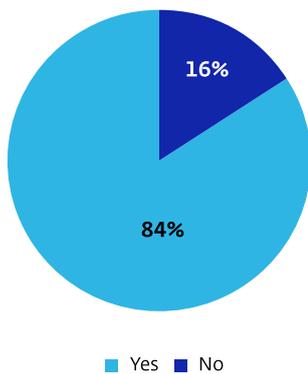
All the banks that answered 'yes' cite as their most important measure the fact that they do not use any personal characteristics in their risk appetite statement under the *Wwft*, meaning they therefore do not exclude groups of (retail) customers. Some banks say they exclude certain legal entities as customers due to the heightened integrity risk of the sector in which they operate, or because their activities are contrary to the bank's core values (e.g. tobacco industry). More generally, half of the banks cite their internal code of conduct prohibiting discrimination and the effectiveness of their three lines of defence model - again based on the assumption that reviews by multiple parties would detect any discriminatory practices.

One bank says that as of 2024 it has explicitly added the risk of discrimination to its risk appetite statement - with an appetite of zero.

5.3 Creation and implementation of a customer integrity policy

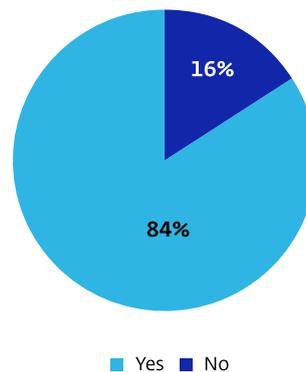
In this section, banks were asked how they ensure that their *Wwft* policy or customer integrity policy does not contain any provisions that (unintentionally) result in discrimination, such as risk classifications of customers on unjust grounds. However, policy documents alone do not suffice – banks were also asked how they equip their staff to counter discrimination when implementing the policies. Lastly, we asked banks what mechanisms they have in place to adjust policies based on feedback from the 'shop floor', i.e. the departments executing the policies on a daily basis.

5.3.1 Do you take measures to ensure that your customer integrity policy does not contain any discriminatory provisions?



Asked about the nature of these measures, a majority of banks referred to the generic effectiveness their three lines of defence model. A large minority of banks cite the use of objective criteria in their policies, and indicate that they exclude personal characteristics that could constitute possible grounds for discrimination. Two banks (which together serve over one-third of retail customers), refer to data ethics principles against which they assess the processing of personal data. One bank mentions as a concrete measure in its integrity policy that automated handling of a product application may not lead to rejection, but must always be handled by a human being.

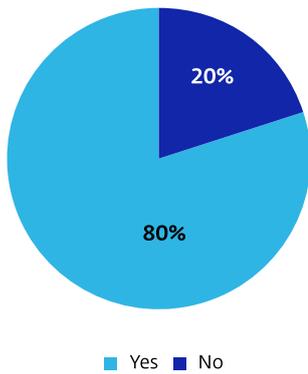
5.3.2 Do you take measures to enable your staff to avoid discrimination in implementing the policy?



The banks answering 'yes' to this question name a wide range of measures, from generic to specific. Reference is made to corporate cultures, codes of conduct prohibiting discrimination, awareness training sessions, as well as speak-up channels for employees to report any wrongdoing. Banks also cite the customer integrity policy itself as a measure, to the extent it is based on objective criteria, does not contain any discriminatory provisions and is reviewed by internal parties. They also see limiting employees' discretion in customer due diligence (e.g. using standardised customer rejection criteria) as a measure, arguing that standardised criteria leave no room for any bias among individual employees.

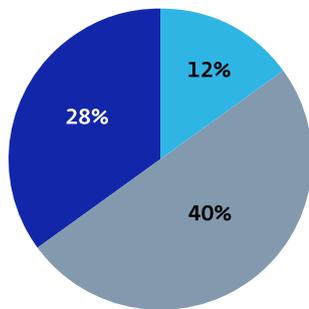
A small minority of banks (which together do serve the majority of retail customers in the Netherlands) refer to specific work instructions that help employees counter discrimination in the *Wwft* domain, such as how to deal with (special categories of) personal data in customer due diligence, and how to assess charities.

5.3.3 Does your bank have mechanisms in place that provide feedback from the shop floor to policymakers on how policies work in practice?



Banks also refer to the effectiveness of their three lines of defence model, and operational staff are also involved in drawing up or revising policies. In the same context, a minority of banks cite regular consultations between those that draw up the policies and those that implement them. These consultations provide opportunities for feedback on the effectiveness of the customer integrity policy in practice.

5.3.4 Do these mechanisms explicitly address (potential) discrimination?



Lastly, banks refer to quality assurance for customer due diligence. The customer files are periodically reviewed by independent quality assurance staff. One bank explicitly mentions that (telephone) customer interaction is also subjected to spot checking, with discrimination being one of the aspects checked. Outcomes of these checks are used as input for clarifying and tightening work instructions.

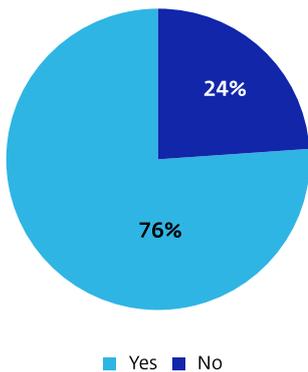
■ Yes, all of them do ■ No, none of them do ■ Some do, some don't

A majority of surveyed banks cite generic mechanisms, such as employee surveys and speak-up channels such as whistleblowing and grievance mechanisms. These mechanisms allow employees to report unwanted practices, including discrimination.

5.4 Training programmes

Even when policies, processes and procedures do not in theory include any aspects that could potentially lead to discrimination, it can still occur in practice. This means it is essential for employees, regardless of their hierarchical position, to be able to recognise discrimination and to know how to deal with it. In this section, banks were asked how they equip their employees with training and awareness to recognise, prevent and act on discrimination when it occurs.

5.4.1 Do you offer training to your staff to recognise and act on discrimination?



A quarter of the banks surveyed say they do not offer training on recognising and intervening in cases of discrimination. One of them says it plans to introduce such training before the end of this year.

Over three quarters of the banks surveyed answered this question in the affirmative. Asked about the nature of these training programmes, the banks provided varying answers. A large majority in this group cite a generic code of conduct and/or compliance and integrity training programmes which devote attention to the subject of discrimination to varying degrees.

Just over a quarter of banks additionally describe various training programmes aimed at promoting inclusion and recognising (unconscious) bias. However, some banks comment that these programmes mainly concern inclusion in the workplace, and less explicitly customer relations.

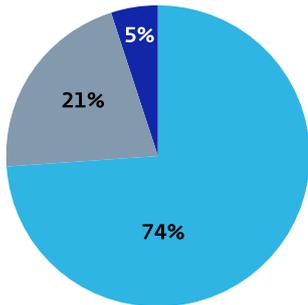
A small minority (which together service around one-third of Dutch retail customers) refer to training specifically aimed at customer interaction, whether in the context of *Wwft* compliance or not. In this context, banks mention training programmes aimed at conducting inclusive KYC conversations, preventing ethnic profiling, and promoting awareness of (unconscious) bias in the KYC context. However, these programmes either have recently been developed or are currently under development.

Banks were also asked to indicate which relevant (job) groups are being offered these training programmes, and how they are provided – e-learning or in-class. The relevant groups are:

- Staff with customer contact
- Back office staff
- Compliance staff
- Audit staff
- Management board/senior management
- Supervisory Board

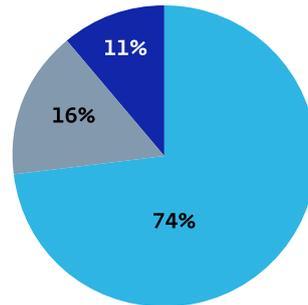
The charts below show the outcomes for all banks by group. In about 70% of cases, these (job) groups are offered training in recognising and countering discrimination. E-learning is the most common form of training. Training programmes offered to supervisory boards are significantly less common, at 50%.

5.4.2 Staff with customer contact



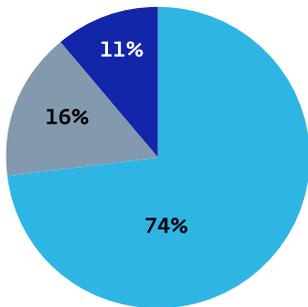
■ Yes, e-learning ■ Yes, in-class and e-learning ■ No

5.4.5 Audit staff



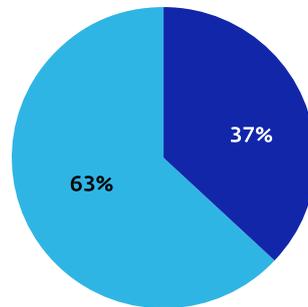
■ Yes, e-learning ■ Yes, in-class and e-learning ■ No

5.4.3 Back office staff



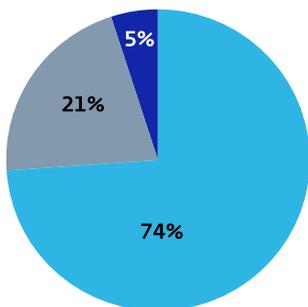
■ Yes, e-learning ■ Yes, in-class and e-learning ■ No

5.4.6 Management board/senior management



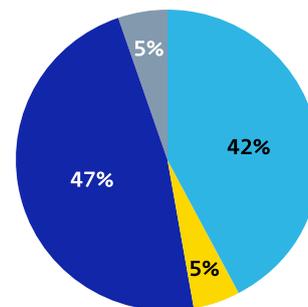
■ Yes, e-learning ■ Yes, in-class and e-learning

5.4.4 Compliance staff



■ Yes, e-learning ■ Yes, in-class and e-learning ■ No

5.4.7 Supervisory Board

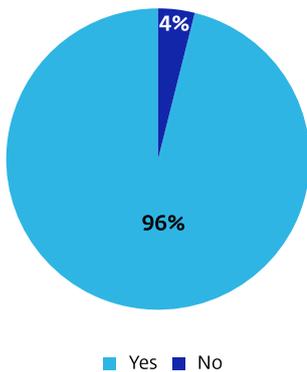


■ Yes, e-learning ■ Yes, in-class and e-learning ■ Yes, in-class ■ No

5.5 Complaint mechanisms

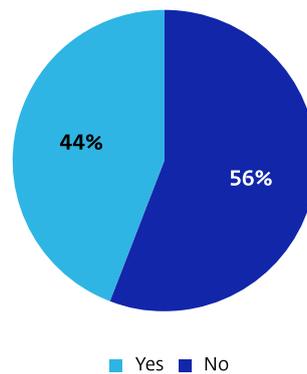
Complaint mechanisms have an important signalling function, enabling banks to use signals 'from outside' to improve their practices and adjust them where necessary. In this section, banks were asked about the remedial effect of complaint mechanisms, and the number of complaints about discrimination they received.

5.5.1 Has your bank set up mechanisms to use complaints (both in terms of their content and their numbers) as a prompt to revise policies and procedures?



Almost all banks confirm that they have set up mechanisms to adjust policies and procedures based on complaints. They cite root cause analyses of complaints, key performance indicators and key risk indicators for complaints or complaint handling, and regular reports and trend analyses provided to bodies in which policymakers are also represented.

5.5.2 Did your bank receive any complaints related to discrimination over the period 2022/2023?

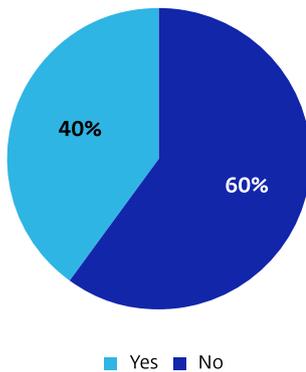


Over half of the banks say they have not received any complaints related to discrimination. For banks that did receive discrimination complaints, their proportion of the total number of complaints is very small. It was less than 1% for 9 of the 11 banks that received such complaints.

5.6 Audits

Audit services, or the third line of defence, are an important source of independent opinion for a bank. They can provide management with an independent view of the quality of operational management and the effectiveness of policies and procedures. If a bank requires a higher degree of independence, it may choose to engage the services of an external auditor. The banks surveyed were asked whether they have (external) audits into possible discrimination carried out.

5.6.1 Do you have (external) audits or investigations carried out into discrimination in your operational management?



Nearly two-thirds of surveyed banks say they do not carry out audits into discrimination. The banks answering in the affirmative describe varying audit scopes.

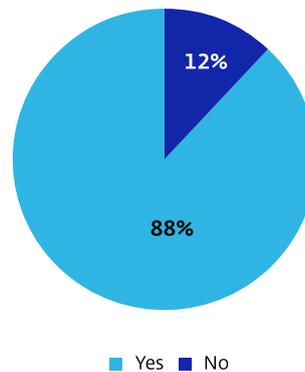
Half of them referred to more generic audits into unwanted behaviour or violations of the code of conduct. Discrimination is implicit in this, albeit often with a focus on the workplace. One bank said it had a specific (workplace-focused) audit into diversity & inclusion carried out, using the results to design guidelines for inclusive customer contact.

One-third of the banks in this category said that, while they do not carry out any audits solely into discrimination, they do include it in their audits of complaint handling, product design (product approval & review process) and treating customers fairly.

5.7 Referral registers

Many banks use what are known as referral registers - warning lists on which banks place (former) customers that have committed criminal offences such as fraud or acted as a money mule. The purpose of these lists is to keep rogue customers out of the financial system. Registration in the External Referral Register (EVR), which can be accessed by all participating banks, can have far-reaching consequences: for up to a maximum of eight years, registered customers are denied access to (new) financial products offered in the Dutch market. In this section, banks were asked how they safeguard proportionality when using referral registers.

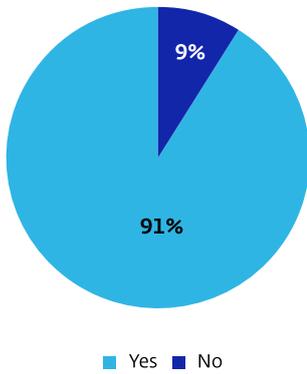
5.7.1 Does your bank keep registers to exclude customers who have previously been involved in crimes, e.g. fraudsters?



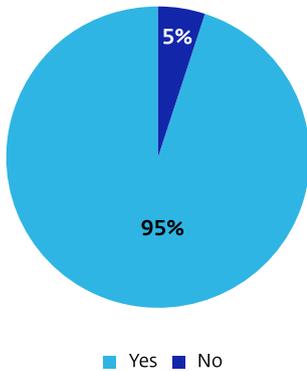
Over 80% of banks report using referral registers. All of these banks say they use the External Referral Register (EVR), which other banks can also access. About half of these banks explicitly state they also keep an internal referral register (IVR), accessible only to the bank itself (or other parts of the group of companies).

5.7.2 Criteria for registration

Has your bank documented the criteria for placing someone on such a list, e.g. in a policy document?



Are these criteria periodically reviewed by someone other than the original author?



The EVR is linked to the Incident Alert System Protocol for Financial Institutions (PIFI) – a central protocol administered by the Dutch Banking Association and several other sector associations. This protocol documents the criteria on the basis of which a customer may be placed on the list. Given the major impact which registration in the EVR can have on an individual, banks are bound by the proportionality principle. The protocol also unambiguously lays down the rights of the data subject, for example the right of access, the right to object to processing, or the right to data rectification or erasure. Since the protocol obliges participating banks to keep documentation, the correctness of placement in the register can be checked retrospectively. The participating sector associations evaluate the protocol's effectiveness every two years. The protocol has been approved by the Dutch Data Protection Authority.

Besides the EVR, a number of banks report using an internal alert list, or IVR. The impact of being placed on such a list is smaller because the list is not accessible to other banks. Almost all banks say the criteria for placement on the internal alert list are drawn up in cooperation between the first and second lines of defence. The Compliance department (second line of defence) or Audit department (third line of defence) monitors and reviews the placement criteria and the IVR's effectiveness.

Glossary

Term	Definition
External referral register (EVR)	A register on which customers that have committed fraud or money laundering can be placed, to prevent them from becoming customers at other financial institutions. This register can be accessed by other participating financial institutions. Placement on the EVR is based on criteria set out in the PIFI protocol.
Integrity risk analysis	A comprehensive analysis of the integrity risks a financial institution faces, given its products and customer base, and the countries in which it operates. This statutorily required analysis forms the starting point for the anti-money laundering measures which a financial institution takes.
Internal referral register (IVR)	An internal alert list, which a financial institution can use to exclude customers that have previously committed fraud. An IVR cannot be accessed by other financial institutions.
Key performance indicator (KPI)	KPIs are clearly defined indicators used by organisations to drive desired outcomes, e.g. a specific period within which a complaint must be satisfactorily dealt with.
Key risk indicator (KRI)	KRIs are indicators which flag risks that exceed specific values. An example is complaint handling lead times; if these become (too) long, this indicates that a process is not working well.
Know-your-customer (KYC)	An umbrella term for the principle that financial institutions must know customers and their risk profiles. Customer due diligence is carried out under this principle.
PIFI protocol	PIFI stands for Incident Alert System Protocol for Financial Institutions. This protocol is administered by several sector associations, including the Dutch Banking Association. It set out the conditions under which the EVR can operate. It has been reviewed and approved by the Dutch Data Protection Authority.
Product approval & review process (PARP)	PARP is a statutorily required process that financial institutions must follow when developing products, to ensure that the product matches the customer target group, and that the product works well for (future) customers under different scenarios.
Risk appetite statement (RAS)	In the RAS, a financial institution defines the risks it is or is not prepared to take. In this inquiry, we have asked banks about their RAS in relation to Wwft requirements, which is their integrity risk appetite statement.

Term	Definition
Root cause analysis	An analysis of the root causes of a problem, incident or complaint, to resolve not just the symptom, but the underlying cause.
Speak-up channels	A collective term for procedures, measures and mechanisms that financial institutions put in place to detect signals of wrongdoing. Examples include whistleblowing protocols and confidential counsellors.
Three lines of defence model	An organisational model for managing risk in financial institutions. The first line are the departments that own risks and are therefore responsible for managing them. The second line are departments such as Compliance or Operational Risk Management, which draw up policies and, in their independent role, monitor and assess risk management activities carried out by the first line. The third line is the internal audit service, which, by conducting audits, can form the most independent opinion on the effectiveness of processes.
Treating customers fairly	An umbrella term for policies and procedures aimed at ensuring a fair outcome for customers of financial institutions, for example with regard to costs or access to financial services.

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