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European Central Bank
Mrs Danièle Nouy
Chair of the Supervisory Board
60640 Frankfurt am Main
Germany

16.04.2018, Brussels

Dear Chair of the Supervisory Board,
Dear Madame Nouy,

After the inglorious failure of the ABLV bank, a new Latvian institution will come under direct supervision of the ECB. The Citadel Bank is set to become the next client of the ECB.

As other banks in Latvia the bank seems to have a substantial chunk of non-resident customers as demonstrated on page 38 of its annual report of 2017. In order to avoid yet another embarrassing failure of the Banking Union with regards to risks related to financial crime, I call on you to perform a thorough entry check before taking over the direct supervision of Citadel Bank. The entry check should be done as a full asset quality review taking into account money laundering risks and should be carried out with substantial direct involvement of SSM staff. Furthermore, higher risks for financial crime should then lead to effective and significantly higher SREP surcharges. As the Central Bank of Latvia is a member of the SSM and also the anti-money laundering supervisor in Latvia, it should be possible to ensure that this check is performed rigorously.

I trust in your leadership to contribute to drain the swamp of dirty money that is putting our banking union into disrepute. Obviously, the competences of the ECB are important but limited when it comes to financial crime. The European legislators have to take their part of the responsibility. I am grateful for your clear words in this regard, but also for the support of Mario Draghi and Vítor Constâncio. It would certainly be helpful issuing a formal opinion of the ECB/SSM to the European institutions how it plans on solving the pandemonium of financial crimes in the European banking sector.

Yours sincerely,

Sven Giegold
Member of the Banking Union Working Group of the European Parliament
Former co-rapporteur for the creation of the SSM