dutch banking association

NVB Industry Baselines

Risk-based approach for Client Due Diligence (CDD) by Dutch banks

strong banks
strong society

What are the NVB Industry Baselines?

The NVB Industry Baselines are a Dutch Banking Association (NVB) publication. The Industry Baselines set out clear principles for the risk-based application of the open norms in the Money Laundering and Terrorist Financing (Prevention) Act (Wwft) for CDD by banks. The NVB Industry Baselines include Risk-based Industry Baselines and Sector Industry Baselines.

NVB Risk-based Industry Baselines
Starting in May 2023 the NVB delivered a set of NVB Risk-based Industry Baselines in phases. These provide banks with clear principles for the targeted and proportionate implementation of their Wwft obligations. Or more specifically: for risk-based CDD. The NVB Risk-based Industry Baselines were designed in consultation with the regulatory Dutch Central Bank (DNB) and the Ministry of Finance.

NVB Sector Baselines
Those NVB Sector Baselines deal with client due diligence and the risks in those specific sectors. They describe risk-increasing and risk-reducing factors, favouring targeted and proportional CDD. These Sector Baselines are based on discussions with representatives of various industry associations, DNB and – for some sectors – the Ministry of Finance.

Why the NVB Industry Baselines?

The Industry Baselines set out clear principles for the risk-based application of the open norms in the Wwft in CDD. The aim is to improve consistency and risk relevance in CDD. Banks want to be effective and efficient gatekeepers. This is based on CDD that minimises the impact on bona fide clients but makes it difficult for criminals to abuse the financial system for criminal purposes including money laundering.

Who are the NVB Industry Baselines for?

Banks can use them as a starting point for their policies and processes when conducting their CDD. The Industry Baselines answer the question: what constitutes adequate implementation of the statutory CDD? What should banks know and record about clients and risks? The Industry Baselines are designed for banks, but they also give other parties clarity. Those parties include clients (organisations) and employees in certain sectors. The Industry Baselines also give other gatekeepers a better understanding of what information banks need for their legal AML/CFT requirements regarding clients and transactions.

Which Baselines are being published?

In 2023 these NVB Risk-based Industry Baselines have been published:
- UBO identification and verification of the UBO's identity;
- Pseudo-UBO;
- EDD measures for EC high risk third countries;
- Expected Transaction Profile (ETP);
- Client data actualisation (part of ODD);
- Ongoing Due Diligence (ODD);
- Models in alert and event generation.
- Politically Exposed Persons (PEPs);
- Source of Funds (SoF).

In 2023 these Sector Baselines were published:
- Not for profit organisations (NPOs);
- Crypto-Asset Service Providers (CASPs);
- Sex workers.

In preparation are Standards for Cash, Real Estate and Adverse media.

What is the status of NVB Industry Baselines?

The NVB Industry Baselines describe clear principles. The examples from the Industry Baselines are illustrative and not exhaustive. Banks decide for themselves whether and how to use the NVB Industry Baselines. Each bank individually determines its own policy and risk appetite. Each bank also decides whether and which additional questions to ask its client. Using the Industry Baselines is not a statutory requirement: they provide guidance on how to adequately implement the risk-based approach, described for and by banks and in consultation with DNB. The NVB publication: AML, CTF & Sanctions Guidance II (April 2020) will be replaced in stages by the new NVB Industry Baselines.