

MULTITUDE BANK

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FIAU Corrective Actions Paper Training *The Bank's Approach and Experience*

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Multitude Bank plc

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Who we are

Multitude Bank plc (formerly 'Ferratum Bank plc') has been incorporated and licensed as a **credit institution in Malta since 2012**. The Bank is a subsidiary of Multitude SE, which is listed on the Frankfurt Stock Exchange. The Bank's founder and majority shareholder is Finnish; having ~200 employees and our offices are located in Gzira.

What we do

Traditionally, provision of **unsecured consumer lending** and **deposit-taking services**. Since 2022, the Bank started offering products to corporate clients, including **secured debt financing, current accounts** (in EUR, SEK, CZK & DKK) and more recently, **payment services to institutional clients**.

Market
Coverage

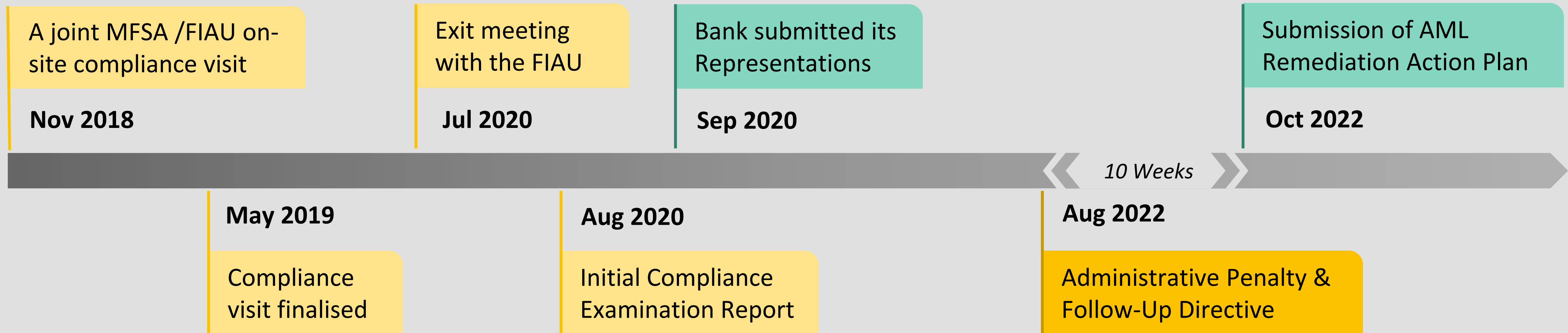
Finland, Sweden, Norway, Denmark, Germany, Estonia, Latvia, Czech Republic, Croatia, Bulgaria, Romania, Slovenia, Poland, Malta

Customer
Interface

Non-face-to-face, Online

FIAU Compliance Examination and Follow-Up Directive - Timeline

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Breaches Determined

Business Risk Assessment	Purpose and Intended Nature of Business
Customer Risk Assessment	Transaction Monitoring
Customer Due Diligence / PEPs	Suspicious Transaction Reporting

Designing a Robust Remediation Action Plan

- 1 Defined **Issue Areas**
- 2 Defined **Issues under each Area**, including: 'known knowns', 'known unknowns' & 'unknown unknowns'
- 3 Undertook a Root Cause Analysis (Design failure vs Control Effectiveness failure)
- 4 Defined **Actions** to resolve identified Issues
- 5 Understood and defined **Linked Issues, Cadence, Dependencies** (*System or Technological Limitations*)
- 6 Assigned **Issue Priority**
- 7 Assigned **Action and Issue Owners** separately
- 8 Defined Action and Issue **Due Dates** (*Internal vs External deadlines*)
- 9 Established a **Central Repository & Progress Tracking** mechanism
- 10 Drafted detailed **Action and Issue closure rationale**



Designing a Robust Remediation Action Plan

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Issue Ref.	Issue Area	Issue Sub-Area	Issue / Gap Description	Source	Affected Teams/ Product	Issue Owner/s	Issue Priority	Issue Due Date	Issue Closure Date	Issue Status
MB_1	Business Risk Assessment	Jurisdiction Risk Assessment	The jurisdictional risk assessment must capture all relevant geographies and customer connections.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_2	Business Risk Assessment	Risks and Controls	Risk and control assessments must differentiate risks across products and customer segments, and controls must be aligned and evidenced.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_3	Business Risk Assessment	Risks and Controls	Risk and control assessments must differentiate risks across products and customer segments, and controls must be aligned and evidenced.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress

Issue Ref.	Issue Area	Issue Sub-Area	Issue / Gap Description	Source	Affected Teams/ Product	Issue Owner/s	Issue Priority	Issue Due Date	Issue Closure Date	Issue Status
MB_8	Customer Risk Assessment	Governance	AML/CFT governance frameworks must ensure appropriate risk assessments, with outcomes integrated into the overall business risk framework.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_11	CDD - Onboarding	Identification and Verification	Customer identification and verification procedures must be robust and evidence-based.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_13	CDD - Screening	PEPs	PEP screening and onboarding procedures must be robust and evidence-based.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_21	Record Keeping	Record Keeping	Record-keeping procedures must be accurate and complete.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_22	Ongoing Monitoring	Transaction Monitoring	Transaction monitoring rules must be robust and evidence-based.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_33	Reporting	Internal Reporting	Internal reporting procedures must be robust and evidence-based.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress
MB_35	Training and Awareness	Training	Training and awareness programs must be robust and evidence-based.	Fuku CBR	FCC Team	Person 1 Person 2	High	Apr-23		In Progress

Action Ref.	Action/s Required	Linked with / Dependent on	Action Owners	Action Due Date	Action Closure Date	Overall Action Status	Action Status Comments	Supporting Evidence (DRA, etc)
MB_1.1	Ensure that all operating jurisdictions are subject to appropriate risk assessments, with outcomes integrated into the overall business risk framework.	MB_5.2	Person A	Dec-18	Dec-18	Completed	The jurisdiction risk assessment methodology was updated to ensure all relevant geographies and customer connections are captured.	MB_1.1_Risk Assessment Document.pdf
MB_3.1	Review and update risk scenarios under each risk factor to ensure they are comprehensive, relevant, and supported by clearly documented mitigating controls.	MB_2.1 MB_11.2	Person A Person B	Apr-23		Not started	N/A	N/A
MB_3.2	Align product risk assessments across different risk assessment methodologies to ensure consistency.	MB_2.1 MB_11.2	Person A Person B	Apr-23		Dependency	The product risk assessment methodology is being enhanced to ensure risk factors are aligned across business and customer assessments, with	N/A
MB_8.1	Review and update governance frameworks (e.g., Board Charter) to ensure clear role differentiation between executive and non-executive members, particularly in	/	Person D	Jul-22	Jul-22	Completed	The risk appetite statement was enhanced to better reflect its business model and clarified governance responsibilities for AML/CFT	MB_8.1 CRA Governance
MB_11.1	Review customer due diligence procedures to ensure that document verification, quality, and certification requirements are clearly specified and applied	MB_16.2	Person E Person F Person G	Nov-22		In Progress	AML/CFT procedures are in the process of being updated to include clearer requirements for customer identification and verification.	N/A
MB_15.1	Strengthen audit trail processes to ensure that all customer and transaction screening activities are clearly recorded, with logs stored in a manner that	/	Person H	May-23		Blocked	N/A	MB_15.1 Lending PEP screenings
MB_21.1	Review record-keeping processes and procedures across business units to identify gaps, and establish agreed timeframes for remediation.	MB_10	Person I Person K	Jul-23		In Progress	The record-keeping framework is being enhanced across all products to ensure processes and systems support comprehensive, accessible, and	MB_21.1 Record Keeping
MB_22.1	Conduct a comprehensive review of transaction monitoring rules to ensure that controls remain aligned with the nature and risks of the products and	/	Person M	Jan-21	Jan-21	Completed	The transaction monitoring programme was enhanced with additional reports and scenarios. Work is ongoing to automate monitoring.	MB_22.1 Ongoing Monitoring Transaction Monitoring
MB_33.1	Explore and implement more user-friendly, automated methods to enhance the internal reporting of unusual or suspicious activities.	MB_12.3 MB_14.9	Person T Person T	Mar-22	Mar-22	Completed	An electronic reporting tool was introduced for unusual activity, simplifying the process for staff and enabling quicker escalation and tracking of	MB_33.1 Reporting Internal Reporting
MB_35.1	Update training policies to introduce more frequent and tailored training on financial crime and compliance topics.	/	Person S	Apr-22	Apr-22	Completed	The AML/CFT training policy was updated to ensure more frequent, tailored training sessions for employees and directors, with Board	MB_35.1 SuD AML/CFT Training Policy 2022.pdf

Managing the Action Plan

Secure high-level alignment on the Plan with Board, Senior Management and Key Stakeholders

Understanding resource capacity and consider outsourcing where needed

Define core Project Team and Standing Meetings (planning vs operational)

Prepare for the unexpected and implement temporary/ manual processes to mitigate risk

Do not be overly optimistic and ask the right questions

Ensure long-term /strategic solutions vs short-term /cosmetic solutions

Raise capacity / implementation issues early

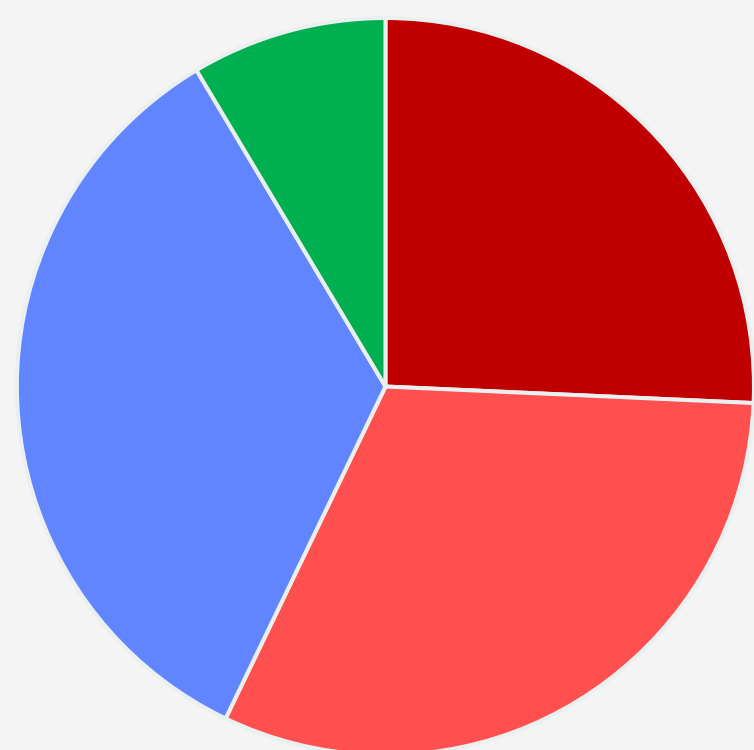
Run parallel workstreams where possible

Comprehensive validation and testing to confirm effectiveness of remediated controls

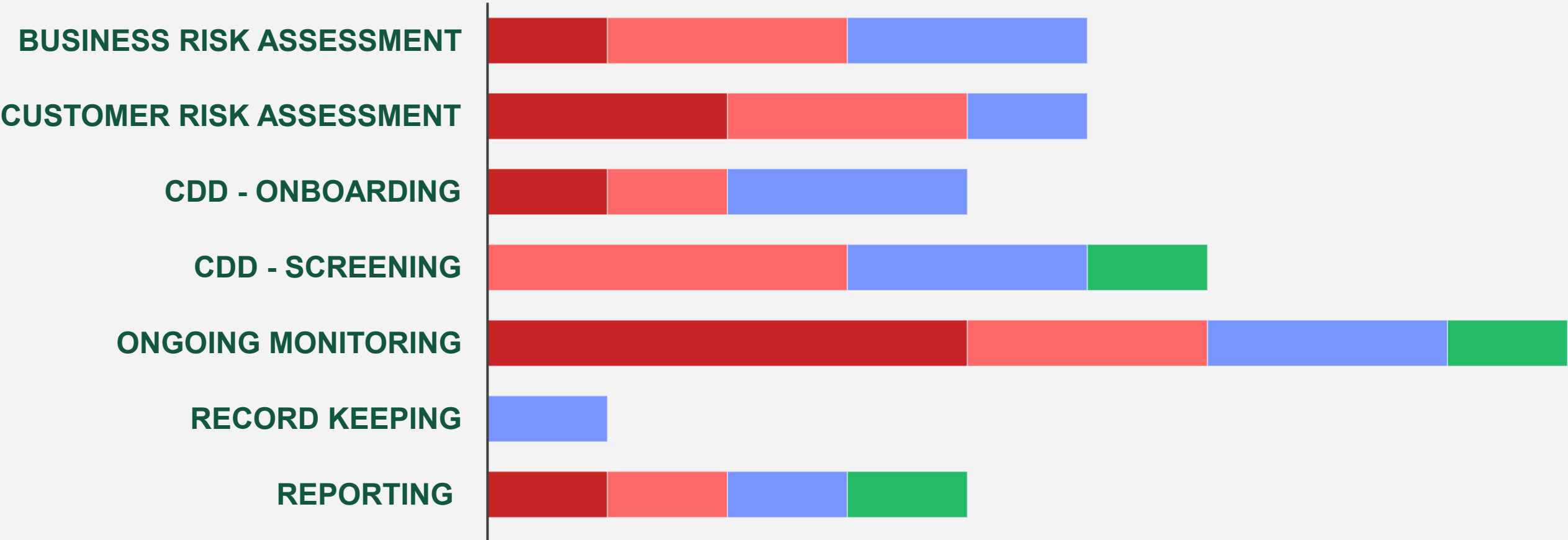
Continuous internal follow-up and reporting (both upwards and downwards)

Reporting and Progress Tracking

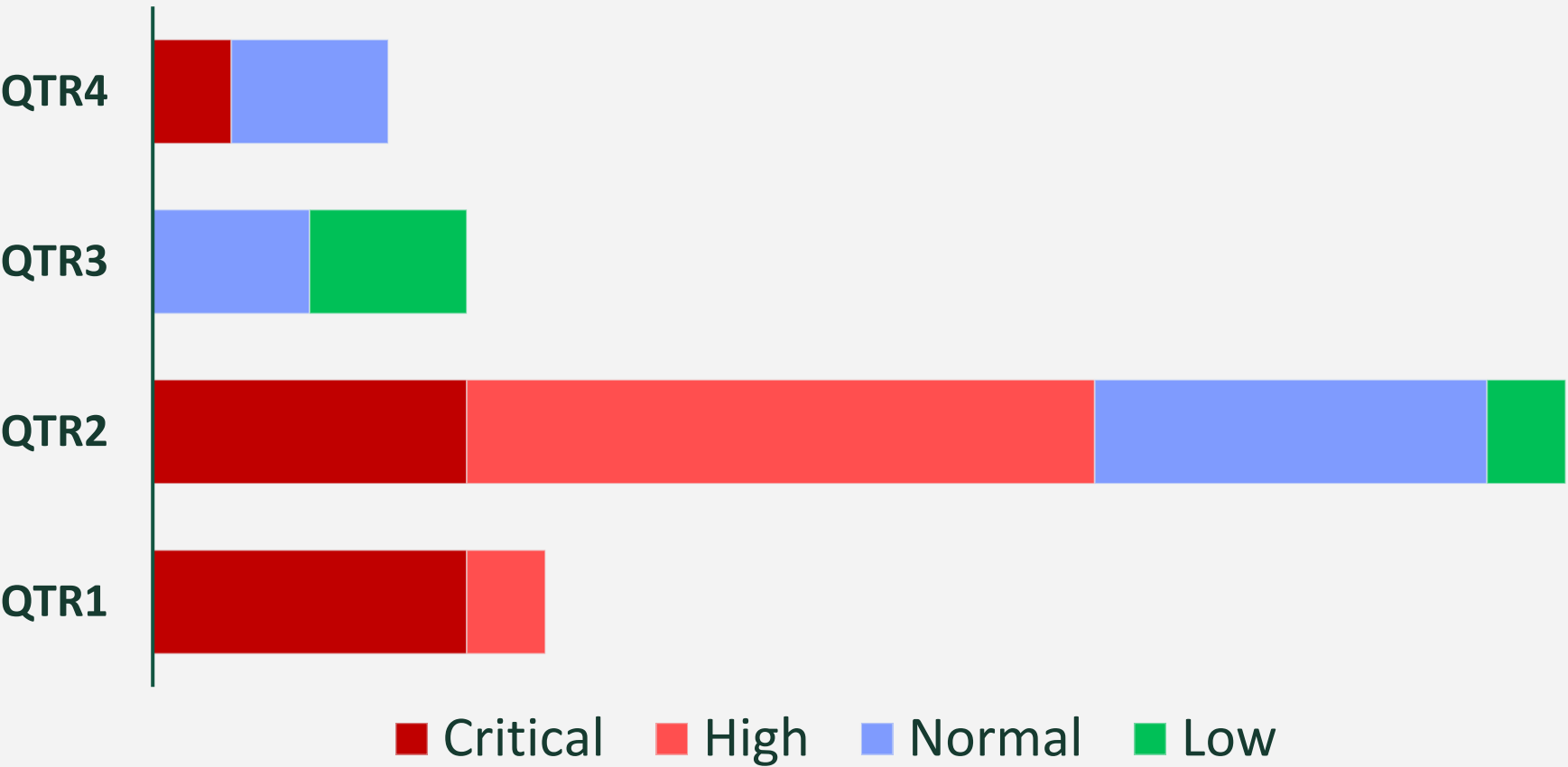
Total Issues, by Priority



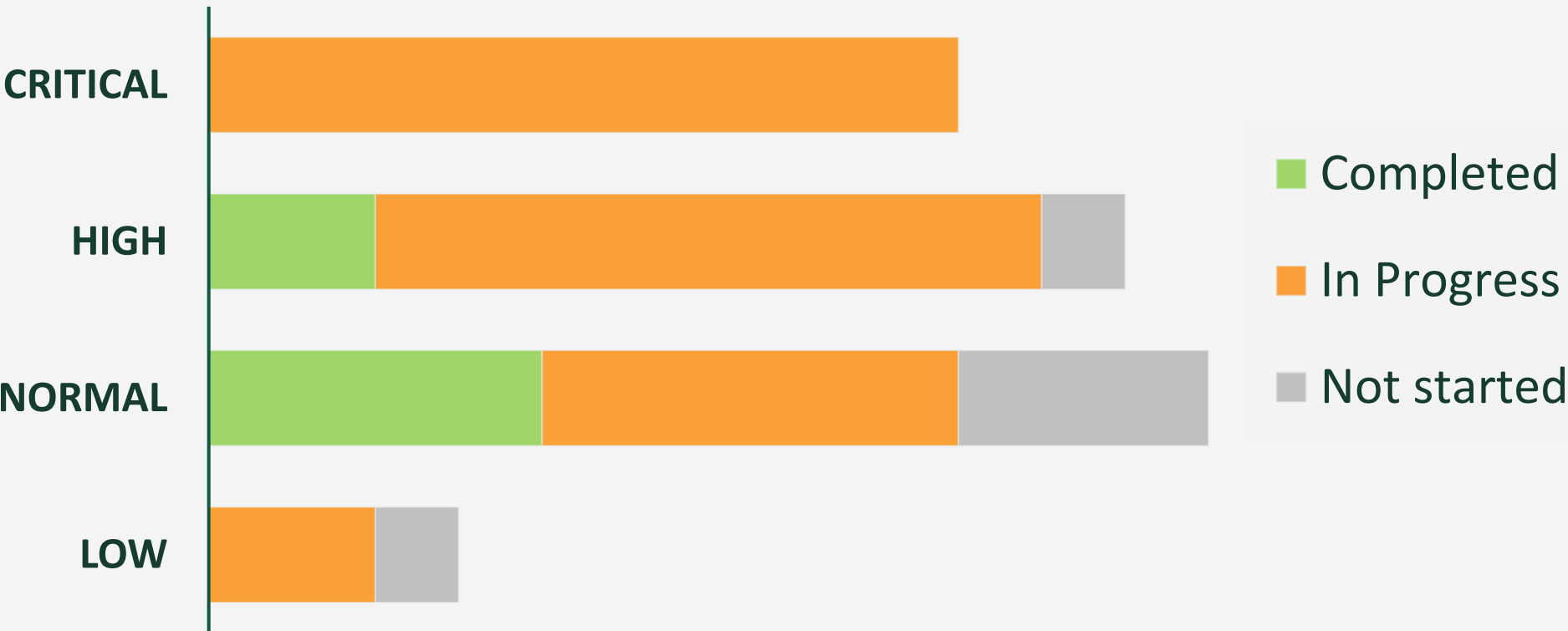
Issue Priority, by Area



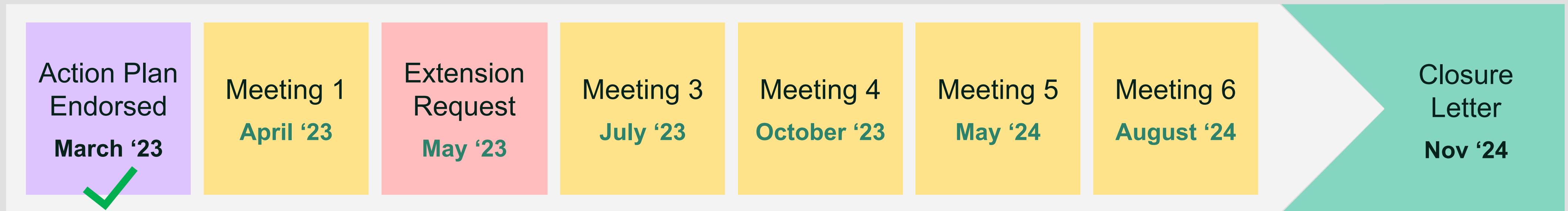
Open Issues, by Due Date and Status



Action Status, by Priority



Follow-Up Meetings with the FIAU



- ☐ Progress update on closed /open actions, by priority
- ☐ Live system demonstrations, linking issues, risks and controls (Onboarding, CRA, TM)
- ☐ Contributing to Agenda-setting based on the need at the time / priorities
- ☐ Providing clear, concise and complete updates on actual progress and reliable forecasts
- ☐ Extension requests on certain action items – (solid rationale and interim measures needed)

Key Takeaways

- ❑ Unique opportunity to **continue to enhance the institution's AML Compliance Culture** and secure **alignment with the FIAU on other current AML/CFT topics, risk and issues**
- ❑ Adopt a **Risk-Based Approach** throughout the process and **link risks and controls** effectively
- ❑ **Identify → Analyze → Quantify → Prioritize → Design → Implement → Track → Validate → Evidence**
- ❑ When in doubt, ask
- ❑ Supporting a BAU environment and ensuring effective remediation requires:

COMMITMENT

COMPETENCE & CAPACITY

CLEAR COMMUNICATON & COLLABORATION

CONSISTENCY

CONTINUOUS IMPROVEMENT



THANK YOU