Banking Regulation

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Germany

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Introduction

The foundation of German banking law is essentially laid by European law. More than 80% of the law regulating the banking sector in Germany derives from European legislation and is therefore directly or indirectly based on European Directives or European Regulations. Therefore, the key features described in the following article will be very similar to the features described for other member states of the EU. Only where the EU law grants discretion to the member states to form a national regulation, will variations between the EU member states become visible. Differences also appear with respect to the national institutions which carry out and apply European legislation. Furthermore, German courts by their jurisdiction have filled some gaps left by European and national legislation.

Since the financial crisis, European (and with it, German) banking and capital markets law is under constant review and amendment. The rules and regulations for banks and other players in the field of capital markets change constantly – very much to the delight of advisers and banking law attorneys, but to the detriment of banks and capital market businesses, which nowadays have to focus more on regulation than on the business itself.

Regulatory architecture: Overview of banking regulators and key regulations

Banking supervision

The key authorities supervising the German banking sector are: (i) the Single Supervisory Mechanism ("**SSM**") of the European Central Bank ("**ECB**"); (ii) the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"); and (iii) the German Federal Bank (*Deutsche Bundesbank* – "**Bundesbank**"). Besides these key authorities, there is the European Banking Authority ("**EBA**") and the European Securities and Markets Authority ("**ESMA**").

The SSM provides for a separation of the supervision of banks within the European Union between the ECB and the national supervisory bodies (in Germany, BaFin and Bundesbank). Any German bank:

(i) holding assets in the total value of more than €30 billion; or

(ii) whose total value of assets is at least €5 billion and the ratio of whose total assets over the GDP of Germany exceeds 20%; or

(iii) for which BaFin suggests and the ECB decides falls under its supervision; or

(iv) with respect to which the ECB has, on its own initiative, considered the bank to be of significant relevance where it has banking subsidiaries in Germany and at

least another EU member state whose cross-border assets or liabilities represent a significant part of its total assets or liabilities; or

(v) for which public financial assistance has been requested or received directly from the European Financial Stability Facility ("**EFSF**") or the European Stability Mechanism ("**ESM**") is supervised by the ECB (Art. 6 para. 4 Regulation (EU) No 1024/2013). These banks are regarded as being "significant" for the EU banking sector. On this legal basis, the ECB now directly supervises about 120 banks in the EU.

The ECB grants and withdraws the licence to carry out banking business in any EU member state if such banking business comprises the acceptance of funds as deposits from the public and the granting of loans to third parties. The request to obtain such licence must be filed with BaFin which will, as a first step, review the request and send a proposal for decision to the ECB (Art. 4 and 14 of Regulation (EU) No 1024/2013).

If there is no direct competence for the ECB to supervise a bank in Germany, BaFin is the supervising entity for banks in Germany. BaFin is also the competent supervising authority for insurance companies and for all other financial institutions which do not qualify as banks. Bundesbank assists BaFin in its duties. Bundesbank collects data and notifications from the banks and carries out research on various topics. The final decision on which measures are taken towards a bank (or any other relevant person) rests with BaFin.

On the European level, EBA has no direct supervisory power over the banks in Germany. However, the role of EBA is to develop joint rules and standards for the supervision of banks in the EU. Therefore, EBA has an indirect influence on the supervision of banks in the EU.

The ECB is located in Frankfurt. EBA is currently located in London but will – due to Brexit – take its seat in Paris.

BaFin is located in Bonn and Frankfurt. Bundesbank is located in Frankfurt and entertains various local branches which are the competent addressee for any enquiries as to banking issues. Bafin is supervised by the German Ministry of Finance in Berlin.

Key legislation

As the EU has formed the basis for most German banking legislation in recent years, the banking sector is now nearly completely regulated by provisions which are directly or indirectly derived from EU legislation. The German banking act is the *Kreditwesengesetz* ("**KWG**"), which contains the essential rules for banking business in Germany. Any European legislation which is in the form of a directive is translated into corresponding provisions in the KWG. The European key legislation is the Regulation (EU) 575/2013 which, together with the KWG, forms the legislative basis for German banking law.

Besides the acceptance of funds from the general public as deposits and the granting of loans to third parties, the KWG defines various other forms of business as banking business, such as the trading with financial instruments in its own name for the account of others (*Finanzkommissionsgeschäft*), the storage and management of securities for others (*Depotgeschäft*), the granting of guarantees for others (*Garantiegeschäft*) etc. (§ 1 para. 1 KWG). Even if a person conducts a business which does not entail the lending of money, the business might nevertheless be considered as a banking business under the KWG and will require a banking licence as such. Conducting banking businesses or rendering financial services without a licence is a criminal offence. Therefore, it is advisable to review in detail the provisions of the KWG prior to starting a business in the financial sector.

Besides the banking business, the KWG also regulates financial services (*Finanzdienstleistungen*) such as: the brokerage of financial instruments (*Anlagevermittlung*); rendering advice with respect to financial instruments (*Anlageberatung*); management of funds invested in financial instruments for others (*Finanzportfolioverwaltung*), etc. (§ 1 para. 2 KWG). Any person wishing to conduct banking business or to render financial services according to the KWG is regarded as an "institute" and requires a licence under § 32 KWG. Such licence is only granted if the requirements for setting up and operating such institute under the rules of the KWG are complied with. The KWG contains rules for the managing directors of such institutes, the capital requirements, liquidity provisions, risk-management procedures, installation of various compliance systems (anti-money laundering mechanisms, data protection, remuneration guidelines, etc.).

The rules of the KWG apply to all institutes carrying out their business in Germany. The rules are also applicable to a business which operates from abroad but targets customers in Germany (e.g. by setting up a website in German for German customers).

If a bank or other financial institute holds a licence in one of the states forming the European Economic Area it may – without any additional licence from BaFin but subsequent to a notification with the relevant home regulation authority – also conduct its business in Germany (§ 53b KWG). Under limited restrictions, it may also open a branch in Germany. This so-called European passport rule is not applicable to businesses seated outside the European Economic Area. Such businesses must apply with BaFin for a licence and must comply with all German rules for opening a banking business or for rendering financial services.

Beside the KWG, there are a number of other pieces of core legislation affecting the banking business.

The most prominent piece of legislation is the Capital Investment Act (*Kapitalanlagegesetzbuch* – "**KAGB**"). In legal practice, it is sometimes unclear whether an intended business falls under the categories of the KWG or the KAGB. The KAGB is based on the European Directive on Alternative Investment Fund Managers (AIFMD – 2011/61/EU). It regulates the manager of an investment fund. The KAGB defines an investment fund as an organism for collective investments, which collects capital from investors in order to invest such capital for the benefit of the investors according to a defined investment strategy, and which is not an operative business outside of the financial sector. Due to this definition, a business which collects funds from third parties and which does not fall into the category of a bank under the definition of the KWG might still be regarded as an investment fund under the KAGB so that the manager of such fund has to comply with the various regulations under the KAGB, including the necessity to obtain a licence as a capital management company (*Kapitalverwaltungsgesellschaft*).

Payment providers are regulated by the Payment Services Supervision Act (*Zahlungsdiensteaufsichtsgesetz*) which is based on the European Payment Services Directive. The German Anti-Money Laundering Act (*Geldwäschegesetz*) is applicable to all players in the financial sector. The trading of securities is regulated by the Securities Trading Act (*Wertpapierhandelsgesetz*) which contains various sets of compliance rules for securities trading.

Beside this key legislation, the Germany regulator BaFin (and its European counterparts) publishes, on an ongoing basis, further circulars, interpretations, guidelines, decisions, etc. to various topics which have an impact on the day-to-day business of German banks.

Recent regulatory themes and key regulatory developments

Recent changes – implementation of MiFID II

The Second Markets in Financial Instruments Directive ("**MiFID II**") was implemented into German law as of January 3rd 2018 mostly via the Securities Trading Act (*Wertpapierhandelsgesetz* – "**WpHG**"), which has been completely recast. The most relevant new or enhanced requirements regarding investor protection concern (i) product governance, (ii) best execution, (iii) conflicts of interest management, (iv) inducements including unbundling of research, (v) transparency on costs/charges, and (vi) recording of telephone and email communications. They are mostly laid down in various European regulations and ESMA guidelines. Some additional details, however, are laid down in two German regulations specifying rules of conduct and organisational requirements (WpDVerOV) and the qualification of employees for specific functions (WpHGMaAnzV), and in the BaFin circular on minimum requirements for the compliance function (MaComp), which has been revised and was published for consultation in November 2017.

Recent changes – consumer protection and product intervention

Since the Retail Investor Protection Act (*Kleinanlegerschutzgesetz*) came into force in 2015, collective consumer protection has been legally fixed as a supervisory objective of BaFin. BaFin can issue orders on the basis of the Act Establishing the Federal Financial Supervisory Authority ("**FinDAG**") in order to prevent or rectify irregularities in the interests of consumer protection. Also since 2015, i.e. prior to the implementation of MiFID II, BaFin can adopt measures of product intervention for the sake of collective consumer protection. With the implementation of MiFID II, similar rights should have been established for all corresponding national authorities in the European Union and also for the three European authorities (ESAs). Within the context of product intervention, BaFin has so far examined the offering of contracts for difference and credit-linked notes to retail clients.

Recent changes – authorisation as a securities trading firm or securities trading bank

From January 3rd 2018, securities trading firms and securities trading banks have to comply with the Delegated Regulation (EU) 2017/1943 when applying for authorisation; section 32 (1) sentence 2 of the German Banking Act (KWG) is no longer applicable. Certain application forms have to be used, which BaFin publishes on its website.

Pursuant to section 32 (1a) KWG, an authorisation is also necessary for proprietary business that is engaged in addition to banking or financial services, as well as for proprietary business of a company that conducts it as a member or participant of an organised market or multilateral trading facility, or by means of direct electronic access to a trading venue, or with commodity derivatives, emissions allowances or derivatives of emissions allowances.

Recent changes – supervisory assessment of bank-internal capital adequacy concepts

The Guideline on the Supervisory Assessment of Bank-Internal Capital Adequacy Concepts – published by BaFin and Deutsche Bundesbank in 2011 – has been revised and published for consultation in September 2017. The reasons for the revision were significant changes due to the SSM and the supervisory review and evaluation process ("**SREP**"). The guidelines cover the goals and main principles of the internal capital adequacy assessment process ("**ICAAP**"), risk types, risk quantification and stress tests.

Recent changes – regulation on remuneration

After a consultation period of nearly one year, the revised German regulation on remuneration (InstitutsVergV) was adopted in August 2017. The terms "fixed" and "variable" remuneration are now defined such that there can be no third category of remuneration.

Further changes regard termination/severance payments, the variable remuneration of so-called risk takers (including clawbacks) and internal documentation regarding the decision process on remuneration. The revised regulation even offers a simplification for small non-CRR institutes, which are no longer required to disclose information on their remuneration principles. Groups of institutes are obliged to formulate group-wide remuneration principles, however, asset managers subject to the Capital Investment Act ("**KAGB**") may be excluded as they have to follow the remuneration rules laid down by ESMA.

Recent changes – amendment of the minimum requirements for risk management

BaFin's revised Minimum Requirements for Risk Management ("**MaRisk**") were finally published in October 2017 after a consultation phase since February 2016. The major changes concern the aggregation of risk data (for "significant" institutes) and risk reporting, the risk culture and outsourcing management. Certain internal supervisory functions like internal audit, risk control and compliance may no longer be outsourced completely (with exceptions for small institutes and groups). An outsourcing management, including a regular report to the management board, has to be implemented.

Recent changes – supervisory requirements for IT in financial institutes

In November 2017 BaFin published for the first time Supervisory Requirements for IT in Financial Institutes ("**BAIT**"). They contain requirements on: (i) IT strategy; (ii) IT governance; (iii) information risk management; (iv) information security management; (v) user access management; (vi) IT projects and application development; (vii) IT operations; and (viii) outsourcing and other external procurement of IT services. Institutes need to establish an information security officer who reports to the management board at least quarterly.

Recent changes – the second payment services directive

On January 13th 2018, the revised Payment Services Supervision Act ("**ZAG**") implementing the second payment services directive came into force. Payment service providers had to notify BaFin within two weeks after January 13th in case they wished to continue to offer payment services after July 13th 2018. Within four weeks they had to provide information on how they fulfil additional requirements of the new ZAG, which are: (i) procedures for monitoring, handling and following up on security incidents and security-related customer complaints; (ii) processes for filing, monitoring, tracking and restricting access to sensitive payment data; (iii) business continuity arrangements; (iv) the principles and definitions applicable to the collection of statistical data on performance, transactions and fraud; and (v) a security policy document including a detailed risk assessment.

Recent changes – asset management companies

In December 2017 BaFin published a report with guidelines on liquidity stress testing by German asset-management companies (subject to the KAGB). Asset management companies usually grant a short-term redemption option, although they are invested in assets of different liquidity. Stress tests serve to manage the resulting liquidity risk. The report outlines current industry practice and the particularities of the German market. According to the guidelines, the design of liquidity stress tests should account appropriately for the business model and size of the asset management company. The reporting and governance policies must be clear and consistent. The stress scenarios and the monitoring frequency should be suitable for the individual fund.

In addition, BaFin published an interpretative guidance in December 2017 on the roles and tasks of an alternative investment fund manager ("**AIFM**") in comparison to an AIF managed by this AIFM. German AIFs are usually legal entities with their own legal form. Given the

requirement (AIFMD and KAGB) that for an externally managed AIF, the corresponding AIFM should take all decisions and actions concerning the collective portfolio management, the question arose of which decisions and actions remain with the AIF, and which contracts regarding the AIF are concluded by the AIFM, and which by the AIF. The interpretative guidance helps to clarify the roles and tasks of the AIFM and the AIF.

Intended future changes – Basel III reforms

In December 2017 the Basel Committee on Banking Supervision ("**BCBS**") proposed reforms for the regulatory framework of the banking industry (Basel III reforms, informally known as Basel IV). The BCBS states that the revisions seek to restore credibility in the calculation of risk-weighted assets ("**RWAs**") and improve the comparability of banks' capital ratios. Hence, one central topic of the Basel III reforms is the way banks calculate their RWAs. The BCBS proposed an "output floor", which means that RWAs determined using a bank's internal models may not fall below 72.5% of the value obtained by using standardised models. Further, "input floors", i.e. the input parameters of internal models, may not fall below certain levels. Other topics are the approaches for credit risk, credit valuation adjustment risk, operational risk and a leverage ratio buffer. The proposed reform still has to be translated into law. The implementation of the revised framework is currently planned over five years between 2022 and 2027.

Intended future changes – rules for investment firms

In December 2017, the European Commission adopted a proposal for a regulation and proposal for a directive to amend the current EU rules for investment firms. The aim of the review is to introduce more proportionate and risk-sensitive rules for investment firms. Under these proposals, the vast majority of investment firms in the EU would no longer be subject to rules that were originally designed for banks. At the same time, the largest and most systemic investment firms would be subject to the same regime as banks. The two acts would amend the existing framework for investment firms.

Developments – Fintechs

BaFin had launched a fintech project at the end of 2015. One objective was to provide fintech companies with guidance in order for them to better understand BaFin's supervisory viewpoint. Depending on their business models, fintech companies also require authorisation from BaFin and must meet the relevant supervisory requirements. The principle of "same business, same risk, same rules" applies, in combination with the principle of proportionality. In order to provide fintech companies with an introduction to the range of issues covered by supervision, BaFin's website offers customised information for fintech companies which addresses questions regarding the most commonly used fintech business models. BaFin has also made available a contact form on its website that entrepreneurs can use to contact the authority with specific questions. A newly established unit within the President's Directorate will concentrate on innovative financial technologies.

Bank governance and internal controls

Key requirements for governance of banks

The management board of banks must consist of at least two members. Depending on the size and complexity of the business, more than two management board members may also be required by BaFin. For certain investment firms, one management board member is sufficient. The management board members of an institute shall have the necessary professional qualifications, be trustworthy and dedicate sufficient time to performing their

functions. A prerequisite for the professional qualifications of management board members is that they have adequate theoretical and practical knowledge of the business concerned, as well as managerial experience. An applicant shall normally be assumed to have the necessary professional qualifications if he/she has three years' managerial experience at an institute of comparable size and type of business.

In January 2018, BaFin published an article stating that given the growing importance of IT, it will be providing greater flexibility for the appointment of IT specialists. In order to facilitate the further development of IT know-how at management board level, the period spent gaining necessary practical banking business experience before assuming a management position may, where appropriate, be reduced to six months. In order for such an easing of the practical experience requirements to be justified, the person responsible for the IT portfolio must have extensive theoretical and practical knowledge of this field. The move towards greater flexibility is nonetheless limited due to the collective responsibility of the management board members.

Key requirements for the organisation of a bank

Institutes have to implement a proper business organisation, an adequate internal control system, an adequate risk-management system, an effective internal audit and sound principles of remuneration.

Functions to be appointed are a risk-controlling function, a compliance function and functions covering anti-money laundering and data privacy protection. In addition, with the recently published BAIT an information security officer also has to be appointed; with the revised MaRisk an outsourcing management function is required; and with the implementation of MiFID II also a complaints-management function.

Bank capital requirements

The current regulation of the capital requirements for banks relies on the proposals by the BCBS, which are known as "Basel III". The regulation of the capital requirements are contained in Sec. 10 *et seq*. KWG, Art. 25 et seq. of the Regulation (EU) 575/2013 and the German Regulation on Solvability (*Solvabilitätsverordnung*). The capital of a bank consists of the so-called Tier 1 Capital (*Kernkapital*) and the Tier 2 Capital (*Ergänzungskapital*). The Tier 1 Capital is divided in Common Equity Tier 1 items (*hartes Kernkapital*) and Additional Tier 1 items (*zusätzliches Kernkapital*). The Common Equity Tier 1 items consists of the paid-in equity, defined reserves and retained profits. As a rule, 8% of the RWA must be covered by the bank's capital, of which 6% must consist of Tier 1 Capital, of which 4.5% must be Common Equity Tier 1 items. In addition, there must be various capital buffers for unforeseen circumstances, which must also consist of Common Equity Tier 1 items, e.g. a capital preservation buffer in the amount of 2.5% of the RWA. Furthermore, new balance sheet ratios have been introduced such as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**") which shall preserve a reasonable current and future liquidity of the bank. The capital requirement rules do not depend on the legal form in which the bank conducts its business.

Rules governing banks' relationships with their customers and third parties

Regulations applicable to customers

The loan agreement between a bank and its customer is only loosely regulated in the German Civil Code (*Bürgerliches Gesetzbuch* – "**BGB**"). The borrower may terminate a

loan agreement with a fixed interest rate, at the latest after a term of 10 years. As a rule, the lender may terminate the loan agreement during the term if the value of a guarantee granted to secure the loan has decreased significantly, or if the financial circumstances on the side of the borrower deteriorated so that the repayment of the loan is endangered. If the borrower is a consumer, the loan agreement must be in writing. Furthermore, the bank must comply with a large number of information duties towards the customer (consumer). If such information duties are not fully complied with by the bank, the customer (consumer) may revoke the loan agreement, which may result in the loss of interest for the bank.

Since the loan agreement and other banking transactions are not regulated in detail by the BGB, the association of banks (and such of saving banks) have drafted a set of general terms and conditions for banking business (*AGB Banken* and *AGB Sparkassen*). Most banks refer in their agreements with customers to these general terms and conditions, so that they usually are applicable to the relationship between the bank and its customers. However, these general terms and conditions are subject to the respective provisions of the BGB regulating any general terms and conditions, so that German courts in single cases have ruled some of these general terms and conditions to be void. Therefore, the general terms and conditions are updated on a constant basis.

If a bank is involved in the trading of securities with customers, sections 63 *et seq*. of the WpHG apply. These provisions contain a set of rules which a bank has to comply with when dealing with a customer. The bank must act in the sole interest of its customer, and any conflict of interest must be avoided or disclosed to the customer in a timely manner. The bank must comprehensively inform the customer of the relevant features of a security or of any other financial transaction it undertakes for its customer. The bank may not accept provisions of any kind from third parties for rendering advice or carrying out the business for its customers, unless it has been disclosed in detail to the customer. The set of rules to be observed by the bank depends on the type of transaction which the bank carries out for the customer, and whether the customer is deemed to be a professional customer or a private customer.

Beside these statutory rules, German courts have established various rules based on case law which aim to protect the customer in specific cases. German courts take the view that if a customer approaches a bank in order to receive advice on a specific transaction, security, fund, etc., the bank and the customer enter into an agreement orally under which the bank is obliged to inform the customer comprehensively on the intended transaction, investment into a security or fund, etc. If the bank does not comply with its duty to inform and educate the customer comprehensively, the bank is liable for all damages the customer incurs with such transaction, security, fund, etc. Based on this jurisdiction, banks in the past have been ordered by German courts to pay substantial amounts of damages to retail customers.

Customer complaints

Institutes are required to implement internal measures for handling complaints, to document all complaints (and enable systematic analyses), appoint a complaints manager and inform customers on the complaints-handling process. In addition, certain complaints from retail customers regarding investment services must be reported to BaFin's complaints register.

In June 2017 BaFin published a circular for consultation regarding the implementation of the guidelines for complaints-handling for the securities (ESMA) and banking (EBA) sectors, and a draft general administrative act for CRR credit institutes, with the obligation to submit a complaints report to BaFin once per year.

The German Federal Reserve Bank has installed a central conciliation body (*Schlichtungsstelle bei der Deutschen Bundesbank*). Customers may address such conciliation body if they are

unsatisfied with the services rendered by its bank. The body – in the form of arbitration procedures – seeks to find a settlement between the bank and the customer. However, the customer is at any time free to instigate legal proceedings in court against the bank (and vice versa).

Compensation schemes in the event of a failure of a bank

In Germany there is a mandatory statutory regime for the protection of deposits in place, introduced by the Deposit Protection Act (*Einlagensicherungsgesetz* – "**EinSiG**"). Besides this mandatory scheme, most banks are also members of a protection scheme which was – on a voluntary basis – introduced by the Federal Association of German Banks (*Bundesverband deutscher Banken* – "**BdB**").

Under the EinSiG, the deposits of each customer (private customers and companies as deposit holders) by each bank are secured up to a deposit amount of €100,000. In some special cases, the secured amount is €500,000 (sale proceeds resulting from the sale of real estate inhabited by the deposit holder, etc.); however, only for a maximum duration of six months. Customers may only make claims under the EinSiG after BaFin has formally declared that there is a failure of the relevant bank. Subsequently, BaFin handles the claims of the deposit holders and must pay the respective amount to each deposit holder within a period of seven days after BaFin's declaration has been made. All CRR credit institutes must be a member of the Compensation Institute of German Banks (*Entschädigungseinrichtung deutscher Banken*, "**EdB**"). The EdB is financed by its members and carries out all duties under the EinSiG. According to the EdB, the funds under its control currently will not be sufficient to cover a crisis of all major German banks.

Most private German banks are also members of the voluntary scheme installed by the BdB which is also financed by contributions of its members. According to the statutes of this voluntary scheme, a deposit of each customer, of up to 20% of the bank's equity, is secured. This threshold will be decreased until 2025 to the amount of 8.75%. Although this threshold per customer seems to be quite high, one must consider that the equity of a bank immediately prior to becoming insolvent will be quite low. Furthermore, it must be considered that the statutes do not grant a legal claim to the single customer to receive any amount out of the scheme; any compensation payments made to customers are on a voluntary basis.

Restrictions on inbound cross-border banking activities

Any person who wishes to conduct inbound cross-border activities in Germany (thus addressing German customers) which fall under the rules of the KWG must obtain the necessary licence from BaFin prior to engaging in any such activities. The only exception is when the company seated abroad may rely on the European banking passport mechanism described above. Under the European banking passport mechanism, the person wishing to carry out inbound cross-border banking activities must notify this with its home regulator, which in turn informs BaFin in Germany. Only after having complied with such notification procedures may the inbound banking business be commenced.

Rules against money laundering

All banks and investment firms are so-called "obliged entities" according to the German Money Laundering Act ("**GwG**"). Hence, they must implement an effective risk-management in order to prevent money laundering and terrorist financing, perform a corresponding risk analysis, fulfil specific due diligence requirements, appoint an anti-money laundering officer, identify contracting parties (establishing and verifying the

identity), obtain information on the purpose of the business relationship, clarify whether the contracting party is acting on behalf of a beneficial owner (and, if so, identify the beneficial owner) and continuously monitor the business relationship.

For the identification of the beneficial owner of a legal entity, the obliged entities may use a newly implemented electronic transparency register which is intended to contain information about the beneficial owners of companies. However, the obliged entities are not allowed to rely exclusively on the information the register provides. For the verification of the identity of individuals, the accepted procedures are laid down in the GwG. In addition, BaFin revised a circular in March 2017 describing the requirements for the use of video identification procedures.

For certain payment services (transfer of funds), the European regulation on information accompanying transfers of funds also has to be taken into account.

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