

EUROPEAN BANKING GUIDE FOR NONPROFITS

HOW TO OPEN AND MANAGE AN ORGANIZATIONAL BANK ACCOUNT



European Center for
Not-for-Profit Law



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SWEDEN

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European Center for
Not-for-Profit Law

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1. OPENING AN ORGANISATIONAL BANK ACCOUNT

a. What are the requirements to open an organisational bank account?

i. Do organisations have to be physically present in the country to open a bank account? I.e., can they operate in country X but have a bank account in country Y? Is the presence of a statutory representative required or can the presence be fulfilled through an authorization?

In principle, no. The presence of a statutory representative in Sweden is generally not required to open an organizational bank account in Sweden.

ii. Are there specific requirements for CSOs to open accounts by law or asked in practice by the banks (e.g, years of operations, annual turnover, to have director or member of governing body to be national of the country)

The organization needs to have a registration number to open a bank account and to apply for a registration number the organization must do the following:

- The organization must have draft statutes (the rules of the association which includes a detailed description of the organization's purpose, the name of the organization, and how decisions shall be made within the organization).
- A meeting for the formation of the association must have been held and meet certain formal requirements.
- The organization must apply for a registration number with the Swedish Tax Agency.

There is also common onboarding banking practice as part of the due diligence process that can require the organization to answer different questions about the identification, purpose, and representatives of the organization and also require certain types of documents, certifications, or supporting documents to be provided.

iii. Who is authorized/required to open a bank account? Can this be done online, or that person needs to be present in the country?

The person opening the bank account must be authorized to represent the organization. It is normally the board of the organization that can represent the organization.

The exact process for opening a bank account varies from bank to bank, but online account opening or account opening without physical presence is not uncommon. The bank may require that documents that are sent are original or certified by an authority and that the money originates from bank accounts in the name of the organization.

iv. What is the process of setting up a bank account? E.g., how long it takes, is there a practice to have an interview in the bank?

To open a bank account, an application must be submitted and all required documentation needs to be provided. The organization may also need to answer follow-up questions or provide additional documentation. When the bank has all the information and all answers needed (which may take some time), then a bank account is normally opened within between several days and several weeks, depending on the specific bank. A personal meeting is not mandatory but might ease the account opening process.

2. BANKING ACTIVITIES

a. What customer due diligence requirements are in place and what is their impact on civil society organisations' banking activities?

Customer due diligence in place follows the Swedish implementation of the general EU Anti Money Laundering (AML) Legislation and the Swedish Tax Legislation.

Depending on the legal form of the organization, required information and documentation should usually include contact information to the organization (name, address, email, registration number, telephone number, webpage), information about the incorporation and the draft statutes, information about the board/the chairman of the board), other representatives and

members, information about the purpose and business of the organization and information about the economics and origin of funds and payments.

The bank will usually ask for such documents and information if and to the extent they are required. Please note that it may be more difficult for banks to process documents in foreign languages.

b. Which internal principles or official (central bank) “suspicious transaction” monitoring criteria are in place affecting the civil society organisations? Is it publicly available?

The internal principles and monitoring criteria follow the legal AML framework. Banking activities of organizations are not specifically monitored. In Sweden, there are two main laws that regulate combating money laundering, the Anti-Money Laundering Act (2017:630) and the Act on Penalties for Money Laundering Offences (2014:307). Information on these acts and on Sweden’s work combatting money laundering and terrorist financing can be found [here](#).

Each bank will have its own monitoring regime in place, which is not official. But in general, monitoring includes determining whether the organization is a politically exposed person or affiliated with one and whether transactions are carried out in connection with a high-risk country. Each bank must also adapt a risk-based approach when it comes to monitoring, which means that they need to identify which customers and situations may be more likely to be involved in money laundering or terrorist financing and enhance the monitoring activities in relation to those customers and situations. Banks also have the obligation to screen all parties of the organization against the EU and UN sanctions list.

c. Do the banks in the country of operations have any restrictions/limitations to bank transactions and transfers to certain jurisdictions (such as high-risk ones).

In Sweden, there is no local official list of restrictions/limitations of transactions with certain jurisdictions: it is up to each bank to make its own risk assessments of countries and to act accordingly, so each bank might have its own restrictions

or limitations. The local supervisor, the SFSA, refers to the list of high-risk countries provided by the European Commission and the FATF list of countries not aligning or having structural deficiencies against the FATF recommendations.

i. If yes, is the list of jurisdictions publicly available?

The country list rating of banks is internal confidential information. The list from the European Commission and the FATF are publicly available.

ii. What would be the procedures the bank would follow in this case for their CSO clients?

The bank would apply the same procedures as for all its clients – no difference would be made. The bank will ask questions about the organization and their representatives and about the origin of funds and expected transaction pattern. The bank may be obliged to inform authorities of suspicious transfer or to refuse to make a specific transfer or “freeze” funds. The bank may also terminate the banking relationship.

3. OBLIGATIONS AND REPORTING REQUIREMENTS

a. Are banks required to provide CSO clients’ financial information to CSO regulatory authorities or public officials? If yes, under what circumstances must banks do so, and what types of information must they provide?

The banks are not required to provide reporting on a regular basis to a regulatory authority. Such information would be only required in case of demands arising from a judicial authority, a tax authority or a specific request coming from the bank’s supervisory authority.

b. What obligations do banks have to protect the privacy of clients' information?

Banks must comply with banking secrecy which means the banks have the duty to maintain professional secrecy on any customer related facts and evaluations of which they may have knowledge. Banks may only disclose customer related information if they are legally required to do so or if the customer has consented thereto or if the banks are authorized to disclose banking affairs.

c. Are there specific reporting obligations for banks to inform governments on civil society banking in certain circumstances?

No.

d. Are you aware of any change in regulation/practice due to the Russian sanctions?

Yes, the Swedish banks are affected by the European sanctions against Russia and cannot, among other things, handle transactions to and from certain Russian citizens and legal persons and to freeze funds.



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