

Why UK Banks Get Fined for AML Failings: A Content Analysis of FCA Enforcement Notices, 2013-2025

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Abstract: *The Financial Conduct Authority (FCA) has fined UK banks more than £730 million for anti-money laundering (AML) failings since 2013, yet few studies have examined what those cases share. This paper reports a content analysis of the 20 FCA Final and Decision Notices that meet stated inclusion criteria, issued to banks and building societies between August 2013 and December 2025 and coded against an eleven-category codebook drawn from the Money Laundering Regulations and FCA rules. Notices recorded a median of seven failure types. Customer due diligence, governance and failure to fix known weaknesses each appeared in 17 notices; in 11 of those 17, the FCA or an external reviewer had raised the weakness first. Penalties excluding disgorgement rose with breach length (Spearman $\rho = 0.73$), but this largely reflects the penalty formula, which applies a percentage to revenue earned over the breach period. Growth outpacing controls and breach of a voluntary requirement appeared only from 2020. Foreign-owned banks accounted for 11 cases and 46.5 percent of penalties, but foreign-owned subsidiaries had a median penalty of £4.9 million against £39.3 million for UK-owned banks. Known weaknesses left unresolved are the most consistent feature of the cases that reach enforcement.*

Keywords: Anti-money laundering, Financial Conduct Authority, Enforcement, Bank penalties, Content analysis

1. Introduction

UK banks are required to stop their services being used to launder the proceeds of crime. The obligation sits in the Money Laundering Regulations, first in the 2007 Regulations and then in the 2017 Regulations that replaced them [1, 2], and in the FCA's own rules requiring firms to keep systems and controls that counter the risk of financial crime. When a bank falls short, the FCA can impose a financial penalty and publish a notice explaining what went wrong and how the penalty was calculated under its five-step framework [3].

Those notices are an unusual source. Banks rarely publish detail about their own AML weaknesses, and supervisory findings are mostly confidential. A Final Notice, by contrast, sets out in plain language which controls failed, for how long, what the firm knew, and why the FCA chose the penalty it did. Since the FCA took over from the Financial Services Authority in April 2013, it has issued 20 notices to banks and building societies that meet the inclusion criteria in Section 4.2, with penalties totalling £731.5 million after settlement discounts [4]. The cases range from a £525,000 penalty on a small subsidiary of a Nigerian bank [5] to £163.1 million on the London branch of Deutsche Bank [6]. Over the same period the FCA also brought the first criminal prosecution of a bank under the Money Laundering Regulations, which ended in a £264.8 million fine for National Westminster Bank in 2021 [7].

Practitioners read these notices closely, and law firms and technology vendors publish summaries of them. Academic work has mostly looked at single cases, at the choice between civil and criminal enforcement, or at one control area. Few studies have treated the full set of bank notices as a dataset and asked what the cases have in common, whether that has changed over time, and what drives the size of the penalty. This paper does that. It codes every FCA AML enforcement notice against a UK bank or building society from 2013 to

2025 and reports what failed, how the failures cluster, and how the penalties were set.

The paper is organised as follows. Section 2 reviews the literature, Section 3 sets out the research questions, Section 4 describes the data and coding, Section 5 presents and discusses the results, and Sections 6 and 7 conclude and suggest further work.

2. Literature Survey

Research relevant to this paper falls into four groups: work on whether enforcement deters, work on why AML weaknesses persist inside banks, studies that analyse enforcement records directly, and the theory that links them.

2.1 Does enforcement deter?

The FCA describes its approach as “credible deterrence”, a philosophy it inherited from the Financial Services Authority [8]. The evidence for deterrence through penalties is mixed. A Campbell systematic review of 106 studies found that laws and punitive sanctions have small and inconsistent deterrent effects on companies, while combinations of interventions perform better [9], and a later meta-analysis reached the same conclusion [10]. Studies of banks are more positive. In the United States, sanctions appear to deter misconduct in the year they are imposed, and large penalties on large banks improve behaviour across the industry [11]. In the UK, enforcement actions produce negative share-price reactions not only for the sanctioned firm but also for comparable peers, which suggests that the market reads enforcement as a signal about the sector [12]. Penalties for AML and sanctions breaches also reduce a US bank's market value in the following quarter [13].

Other work questions how much penalties achieve. Across 671 penalties on 68 listed banks, share prices tended to rise

when a penalty was announced, consistent with investors welcoming the end of uncertainty and with penalties being smaller than the gains from misconduct [14]. Macartney and Calcagno argue that the £326 billion of post-crisis fines on US and UK banks served regulators' need for legitimacy more than deterrence [15]. In AML specifically, heavy fines can also distort behaviour: Takáts shows that the threat of penalties pushes banks to over-report, diluting the value of suspicious activity reports [16], and Unger and van Waarden find that the move to a risk-based approach increased reporting while lowering its quality in most countries because firms feared sanctions [17]. More fundamentally, Pol argues that AML policy has less than 0.1 percent impact on criminal finances and that blaming banks may hide flaws in the policy itself [18].

2.2 Why AML weaknesses persist

A second group of studies asks why banks keep failing. UK practitioners describe a disconnect between the risk-based approach in regulation and the way supervision is carried out [19]. Burdon and Sorour used a longitudinal interpretive design to study UK regulatory fines and the responses of sanctioned and unsanctioned firms, and found a cyclical "evolutionary compliance" rather than a stable compliance culture: firms respond to sanctions in similar ways to protect their legitimacy, then drift [20]. Knudsen and Vikkelsø show how frequent reorganisation and high staff turnover at Danske Bank weakened its capacity to act on repeated warnings about money laundering between 2007 and 2015 [21]. Braithwaite notes that repeat offending is concentrated in time and place, so early intervention at known problem points does more than reactive deterrence [22]. The FCA's own 2022 review of six challenger banks found weak customer risk assessment, incomplete due diligence and poorly reasoned alert closures, with controls lagging business growth [23].

2.3 Studies of enforcement records

Analysing published enforcement decisions is an established method elsewhere. Dharmasiri and colleagues coded 298 settled disciplinary orders of the US audit regulator and linked the types of violation to the frequency and severity of sanctions, finding that larger audit firms were penalised more heavily [24]. Argibay Molina analysed all sanctions imposed by Argentina's financial intelligence unit between 2016 and 2019 and found them too slow and too small to be dissuasive [25]. Korzeb and colleagues mapped penalties on 53 large European banks across 36 jurisdictions [26], and Atkins compared the NatWest criminal conviction with the FCA's civil penalty against HSBC [27].

For FCA AML notices, the evidence is thin. Russell analyses FCA enforcement notices from the past decade through ISO 31000 and finds persistent weaknesses in business-wide risk assessment [28]. Burdon and Sorour's study is the closest in method: they analysed the press releases of the FCA and of 23 financial services firms fined between 2013 and 2016 to see how firms responded to sanctions. They did not code the notices themselves, focus on AML or examine how penalties were set [20]. Outside peer-reviewed journals, a data provider's review of 22 notices from 2020 to 2025 links 68

percent of cases to data deficiencies [29], and a vendor's decade review lists the largest fines [30]. None of these studies covers the full population of FCA AML notices against banks with a stated codebook, examines what drives penalty size, or compares firm types and periods. That is the gap this paper addresses.

2.4 Theoretical lens

The paper draws on responsive regulation and deterrence theory. Responsive regulation holds that regulators should escalate from persuasion to sanctions when lighter interventions fail, and that enforcement works best when it carries a clear moral message [31, 22]. If the FCA follows this logic, the notices should show a history of warnings that went unanswered. Deterrence theory, as written into the FCA's penalty framework [3], expects penalty size to follow the scale and duration of the breach and the firm's revenue. Section 5 asks whether the notices are consistent with these expectations. It cannot test them, because firms that were warned and then fixed their controls, and so were never fined, do not appear in the data.

3. Problem Definition

The paper asks four questions about FCA AML enforcement against UK banks and building societies between 2013 and 2025:

RQ1. Which AML control failures appear in the notices, and how often do they occur together?

RQ2. What factors are associated with the size of the penalty?

RQ3. Has the pattern of failures changed between earlier (2013–2019) and later (2020–2025) notices?

RQ4. Do outcomes differ between UK banks, UK subsidiaries of foreign banks and UK branches of overseas banks?

4. Methodology

4.1 Research Design

The study uses a content analysis of regulatory enforcement documents, combining deductive coding against a predefined codebook with descriptive and rank-based statistics. The design follows earlier studies that coded published enforcement decisions to identify what regulators sanction and how severely [24, 25]. The unit of analysis is the enforcement notice. Final Notices suit this purpose because they are public, follow a consistent structure (summary of reasons, facts, failings and penalty calculation), and set out the regulator's own account of what went wrong.

4.2 Data and Inclusion Criteria

The population was identified by screening every entry on the FCA's annual fines pages for 2013 to 2026 [4]. A notice was included if (1) it was issued by the FCA on or after 1 April 2013; (2) the penalised firm was a bank or building society; (3) the notice found a breach of the Money Laundering Regulations, or a breach of Principle 2, Principle 3 or SYSC 6 in which money laundering risk was identified as part of the failing; and (4) a financial penalty was imposed. Criterion (3)

is the operational test for mixed cases: a financial crime case counts only if the notice itself ties the failing to money laundering risk.

Screening identified 24 bank cases concerning financial crime controls. Criterion (3) decided the five borderline cases. The 2025 penalty on Barclays Bank UK was included because it found breaches of Principle 3 and SYSC 6 and cites the risk of money laundering through client money accounts [32]. Four cases were excluded: the 2022 Barclays penalty concerning Premier FX, a Principle 2 breach about oversight of a payment services customer and protection of its clients' money; the 2021 Credit Suisse penalty, which concerned bribery and corruption risk; the 2015 Bank of Beirut penalty, which found a breach of Principle 11 only, for misleading the FCA about remediation [33]; and the 2021 NatWest case, a criminal prosecution with a court-imposed fine rather than an FCA notice [7]. The final population is 20 notices, 15 Final Notices and 5 Decision Notices, all of which were settled. No bank AML penalties were published between January and

September 2026. Each notice was downloaded from the FCA website.

4.3 Codebook Development

The codebook in Table 1 was built in two steps. Eight categories (A to G and J) were derived deductively from the structure of the Money Laundering Regulations 2017 and the FCA's SYSC rules: risk assessment, customer due diligence, enhanced due diligence, ongoing monitoring, transaction monitoring, sanctions screening, governance and internal controls, and suspicious activity reporting [2]. Three further categories (H, I and K) were added inductively after an initial reading of the notices because the FCA repeatedly cited them as failings or aggravating factors: growth outpacing controls, failure to remediate known weaknesses, and breach of a voluntary or imposed requirement. Category I has two sub-codes: I1 where the weakness was first raised by the FCA, a skilled person or another external party, and I2 where it was raised only by the firm or its internal audit. Each category has a written decision rule (Table 1).

Table 1: Codebook of AML failure categories

Code	Category	Coded when the notice criticises...
A	Risk assessment	Business-wide or customer risk assessment, risk rating or risk appetite
B	CDD at onboarding	Identification, verification or purpose and nature of the relationship
C	Enhanced due diligence	PEPs, high-risk customers, correspondent banks, source of wealth or funds
D	Ongoing monitoring	Periodic or event-driven reviews and refreshing customer information
E	Transaction monitoring	Automated system design, coverage, thresholds, data feeds or alert backlogs
F	Sanctions screening	Screening of customers or payments against sanctions lists
G	Governance	Oversight, management information, MLRO or compliance resourcing, three lines of defence
H	Growth	Only where the notice states that growth outpaced financial crime controls
I	Failure to remediate	Not fixing a known weakness. I1: first raised by the FCA, a skilled person or other outside party; I2: raised only by the firm or its internal audit
J	Suspicious activity reporting	How the firm identified, escalated or reported suspicion (not reports filed later after a look-back)
K	Requirement breach	Only breach of a voluntary requirement or a requirement imposed by the FCA

4.4 Coding procedure

Each notice was read in full and coded for the presence or absence of each category. A category was coded as present only where the notice explicitly criticised the firm on that point; background descriptions, statements of the law, statements about the industry in general and actions taken after the relevant period were not coded. For every positive code the dataset records the paragraph numbers of the supporting passages, and borderline negative decisions are noted with a reason. Two decision rules needed tightening during coding. Category K was limited to breaches of a voluntary requirement or a requirement imposed by the FCA, not breaches of Principles or rules. Category J was coded only where the notice criticised how the firm handled suspicion; suspicious activity reports filed later as a result of a look-back exercise were treated as a consequence of the monitoring failure (E), not as a separate J failing.

The following variables were also recorded: notice date and type; firm type; final penalty, penalty before settlement discount and any disgorgement; the start and end of the relevant period; the provisions breached; and, where recorded, the Step 2 base, the seriousness level, any reduction for proportionality and the adjustments at Steps 3 and 4 of the penalty framework [3]. The notice date is the date printed on

the notice, which sometimes differs by a few days from the date on the FCA's fines page. Where a notice set out more than one relevant period, the period covering the AML failings was used: the Primary Relevant Period for Sonali Bank [34] and the main Relevant Period for Standard Chartered [35], which contains the shorter correspondent banking period. Firm type was assigned by the country of the ultimate parent or controlling owners at the notice date, using the notice and the firm's published accounts. On this rule Santander UK, whose parent is the Spanish Santander group, and Gatehouse Bank, whose controlling family and major shareholders are Kuwaiti [36], are UK subsidiaries of foreign banks.

4.5 Analysis

For RQ1, the frequency of each category and the number of categories per notice were calculated. For RQ2, the outcome was the final penalty excluding disgorgement, because disgorgement returns a benefit rather than punishing the breach. Associations with three variables (number of categories, length of the breach period and enforcement lag) were measured with Spearman rank correlation, with tied values given average ranks. The breach period runs from the start to the end of the relevant period, and the enforcement lag from the end of the relevant period to the notice date.

Because Step 2 of the framework is a percentage of the firm's relevant revenue, a partial Spearman correlation controlling for the logarithm of relevant revenue was calculated for the 12 notices for which it was recorded. For RQ3, notices were split by year of issue into 2013–2019 ($n = 7$) and 2020–2025 ($n = 13$), and category counts were compared with Fisher's exact test. For RQ4, penalties and the number of categories were summarised by firm type and compared with the Mann–Whitney test. All tests are two-sided.

Because the study covers the whole population of bank notices that meet the criteria, the figures describe that population directly. The p-values are reported only as a guide to how easily an association could arise by chance in a group this small; they do not support generalisation to other regulators or firm types. Finally, a sensitivity check repeated the main figures without the most borderline included case (Barclays Bank UK, 2025) and with the four excluded financial crime cases added.

4.6 Rigour

Each notice was coded twice: an initial reading and a second, separate extraction pass using the tightened decision rules, with disagreements resolved by re-reading the relevant paragraphs. The two passes agreed on 213 of the 220 codes (96.8 percent, Cohen's $\kappa = 0.93$). The second pass is not

independent of the first, so it is reported as a consistency check, not as inter-coder reliability, and no second coder was used. The codebook is published in Table 1, and the coded dataset, with supporting paragraph references and coding notes for every notice, is provided as a supplementary file. The main threats to validity are discussed in Section 5.7.

5. Results and Discussion

5.1 Overview of the cases

Table 2 lists the 20 notices. Penalties totalled £731.5 million, with a median of £18.9 million and a range from £0.5 million to £163.1 million. Before settlement discounts the total would have been £1,018.3 million; every firm settled at the earliest stage and received the 30 percent discount, worth £286.8 million in total. Three penalties included disgorgement: Barclays 2015 (£52.3 million), Deutsche Bank (£9.1 million) and Starling (£1.0 million). Two firms were sanctioned more than once: Guaranty Trust Bank (UK) in 2013 and 2023 [5, 37], and Barclays in 2015 and twice in 2025 [38, 39, 32]. Thirteen notices were issued in the six years from 2020 to 2025, against seven in the seven years from 2013 to 2019, and 2025 alone produced four. Table 3 sets out the penalty steps recorded from the notices.

Table 2: FCA AML enforcement notices against UK banks and building societies, 2013–2025

#	Year	Firm	Type	Penalty	Breach period (yrs)	Failure codes	Source
1	2013	Guaranty Trust Bank (UK) Ltd	UK subsidiary of foreign bank	£0.5m	2.2	A B C D F	[5]
2	2014	Standard Bank PLC	UK subsidiary of foreign bank	£7.6m	3.6	A B C D I2	[40]
3	2015	Barclays Bank plc	UK bank	£72.1m	3.5	A B C D E G	[38]
4	2016	Sonali Bank (UK) Ltd	UK subsidiary of foreign bank	£3.3m	3.9	A B C D E F G I I J	[34]
5	2017	Deutsche Bank AG (London branch)	UK branch of overseas bank	£163.1m	4	A B C D E G I2 J	[6]
6	2018	Canara Bank (London branch)	UK branch of overseas bank	£0.9m	3.2	A B C D E F G I I J	[41]
7	2019	Standard Chartered Bank	UK bank	£102.2m	5.1	B C D F G I I J	[35]
8	2020	Commerzbank AG (London branch)	UK branch of overseas bank	£37.8m	4.9	A B C D E G I I	[42]
9	2021	HSBC Bank plc	UK bank	£63.9m	8	E G I I	[43]
10	2022	Ghana International Bank Plc	UK subsidiary of foreign bank	£5.8m	5	A B C D E F G I2	[44]
11	2022	Gatehouse Bank plc	UK subsidiary of foreign bank	£1.6m	3.1	A B C D G I2	[45]
12	2022	Santander UK Plc	UK subsidiary of foreign bank	£107.8m	4.8	A B C D E G H I I J	[46]
13	2023	Guaranty Trust Bank (UK) Ltd	UK subsidiary of foreign bank	£7.7m	4.7	A B C D E F G I I	[37]
14	2023	Al Rayan Bank PLC	UK subsidiary of foreign bank	£4.0m	2.7	A B C D G I I	[47]
15	2024	Starling Bank Ltd	UK bank (digital)	£29.0m	4	A F G H I I K	[48]
16	2024	Metro Bank plc	UK bank	£16.7m	4.5	E G I2	[49]
17	2025	Monzo Bank Ltd	UK bank (digital)	£21.1m	3.7	A B C D E G H I I K	[50]
18	2025	Barclays Bank plc	UK bank	£39.3m	6.3	A B C D E G J	[39]
19	2025	Barclays Bank UK PLC	UK bank	£3.1m	2.3	B I2	[32]
20	2025	Nationwide Building Society	UK building society	£44.1m	4.7	A B C D E F G I I J	[51]

Penalty after settlement discount, including any disgorgement. Failure codes follow Table 1; I1 and I2 show who first raised the unresolved weakness. Type follows the ultimate-parent rule in Section 4.4. Supporting paragraph references for every code are in the supplementary dataset.

Table 3: Penalty steps recorded from the notices

#	Firm	Step 2 base	Level	Reduced for proportion	Step 3	Step 4	Before discount
1	Guaranty Trust Bank (UK) Ltd	Pre-2010 regime	–	–	–	–	£0.8m
2	Standard Bank PLC	£50.3m	4	No	5%	None	£10.9m
3	Barclays Bank plc	£52.3m	4	No	20%	×3	£80.5m
4	Sonali Bank (UK) Ltd	£24.7m	4	No	20%	None	£4.6m
5	Deutsche Bank AG (London)	£11,577.0m	4	Yes	10%	None	£229.1m
6	Canara Bank (London)	£7.1m	4	No	20%	None	£1.3m
7	Standard Chartered Bank	n/r	n/r	n/r	n/r	n/r	£145.9m
8	Commerzbank AG (London)	£1,091.1m	4	Yes	20%	None	£54.0m
9	HSBC Bank plc	n/r	n/r	n/r	n/r	n/r	£91.4m
10	Ghana International Bank Plc	n/r	n/r	n/r	n/r	n/r	£8.3m
11	Gatehouse Bank plc	£9.4m	3	No	20%	×2	£2.3m
12	Santander UK Plc	£234.0m	n/r	n/r	n/r	n/r	£154.0m
13	Guaranty Trust Bank (UK) Ltd	£29.8m	4	No	40%	×1.75	£11.0m
14	Al Rayan Bank PLC	n/r	n/r	n/r	n/r	n/r	£5.7m
15	Starling Bank Ltd	£1,119.0m	4	Yes	0%	None	£41.0m
16	Metro Bank plc	£2,117.5m	4	Yes	0%	None	£23.8m
17	Monzo Bank Ltd	£111.8m	4	No	20%	+£10m	£30.1m
18	Barclays Bank plc	n/r	n/r	n/r	n/r	n/r	£56.2m
19	Barclays Bank UK PLC	£34.7m (client money)	4	No	-15%	None	£4.4m
20	Nationwide Building Society	n/r	n/r	n/r	n/r	n/r	£63.0m

Step 2 base is relevant revenue unless stated. Level is the seriousness level (Level 3 = 10%, Level 4 = 15% of the base). Step 3 is the adjustment for aggravating and mitigating factors; Step 4 the adjustment for deterrence. “–” means the step does not apply. n/r: not recorded in this study’s extraction; the full calculation is set out in the penalty section of each notice. The 2013 Guaranty Trust Bank penalty was set under the regime in force before 6 March 2010 [5].

5.2 What failed (RQ1)

Table 4 shows how often each category appeared. Failures were rarely isolated: notices recorded a median of 7 of the eleven categories (mean 6.6, range 2 to 9), and only one notice, the 2025 penalty on Barclays Bank UK for client money account opening [32], recorded fewer than three. The most common categories were customer due diligence at onboarding, governance and failure to remediate, each in 17 notices (85 percent), followed by risk assessment, enhanced due diligence and ongoing monitoring, each in 16 (80 percent).

Table 4: Frequency of failure categories, overall and by period of notice

Category	All (n = 20)	2013–19 (n = 7)	2020–25 (n = 13)	p
Risk assessment	16 (80%)	6 (86%)	10 (77%)	1
CDD at onboarding	17 (85%)	7 (100%)	10 (77%)	0.52
Enhanced due diligence	16 (80%)	7 (100%)	9 (69%)	0.25
Ongoing monitoring	16 (80%)	7 (100%)	9 (69%)	0.25
Transaction monitoring	13 (65%)	4 (57%)	9 (69%)	0.65
Sanctions screening	8 (40%)	4 (57%)	4 (31%)	0.36
Governance	17 (85%)	5 (71%)	12 (92%)	0.27
Growth	3 (15%)	0 (0%)	3 (23%)	0.52
Failure to remediate	17 (85%)	5 (71%)	12 (92%)	0.27
SAR	7 (35%)	4 (57%)	3 (23%)	0.17
Requirement breach	2 (10%)	0 (0%)	2 (15%)	0.52

Counts, with percentages of each group. *p* = two-sided Fisher’s exact test comparing the two periods.

Category I needs careful reading. In 17 of the 20 cases the firm had not fixed a weakness that was already known. In 11 of the 17 the weakness had first been raised by the FCA, a skilled person or another outside party (I1): Commerzbank’s London branch, for example, received FCA feedback on risk rating, due diligence and transaction monitoring in December 2012, nearly five years before its relevant period ended [42].

In the other 6 the problem was identified by the firm or its internal audit (I2): Metro Bank staff raised the data fault that kept 60 million transactions out of automated monitoring in 2017 and 2018, but no substantive action followed [49]. Where the notice dates the first warning, the weakness remained unresolved for a median of 4.8 years before the end of the relevant period (range 2 to 8 years, *n* = 11).

The source of the warning seems to matter to the penalty. Of the six I1 cases with a recorded Step 3 figure, five had their penalty increased, with a median uplift of 20 percent; of the five I2 cases, three were increased, with a median of 5 percent. That fits the framework, which treats ignored regulatory warnings as an aggravating factor [3]. It also means the FCA has a reason to set out prior warnings in detail, so category I partly reflects how notices are written to justify a penalty. With that caveat, the pattern is consistent with responsive regulation, in which penalties follow when lighter interventions have failed [31, 22], with Knudsen and Vikkelso’s account of repeated unanswered warnings at Danske Bank [21], and with Burdon and Sorour’s finding that compliance in UK financial services moves in cycles rather than settling [20].

The frequency of weak risk assessment supports Russell’s finding that it is a recurring weakness [28]. The notices describe banks that typically had policies; what they lacked was the governance to see that the policies were not working and the follow-through to fix them. That is consistent with the FCA’s observations on challenger banks [23] and with Parker’s argument that enforcement only works when firms take the underlying obligation seriously [31].

5.3 What drives the penalty (RQ2)

Excluding disgorgement, penalty size was strongly associated with the length of the breach period (*p* = 0.73, *p* = 0.0002) and was not clearly associated with the number of

failure categories ($p = 0.23$, $p = 0.34$) or the enforcement lag, which had a median of 3.3 years ($p = 0.04$, $p = 0.86$). The breach-length result should not be read as a measure of persistence. Step 2 applies a percentage to the revenue the firm earned from the relevant business during the breach period [3], so a longer breach and a larger firm both raise the figure mechanically.

The 12 notices for which relevant revenue was recorded show this directly. Penalty was closely associated with log relevant revenue ($p = 0.86$, $p = 0.0003$), and breach length and revenue were themselves correlated ($p = 0.62$). Holding revenue constant, the partial correlation between breach length and penalty fell to 0.33 ($p = 0.32$), while the partial correlation for the number of categories rose to 0.63 ($p = 0.04$). In this subset, then, once size is accounted for, notices with more failings tended to carry larger penalties, plausibly through the seriousness level and Step 3. Twelve cases are too few to rely on this, but it reverses the impression given by the raw correlation and is worth testing on a larger set.

Table 3 also shows where the formula was overridden. Four Step 2 figures were cut for proportionality because a percentage of relevant revenue would have produced an excessive penalty: Deutsche Bank's from a base of £11.6 billion of revenue, Commerzbank's, Starling's and Metro Bank's [6, 42, 48, 49]. For the largest firms the penalty is therefore set by judgement as much as by arithmetic. Deterrence uplifts at Step 4 were rare: Barclays' 2015 penalty was multiplied by three [38], Gatehouse Bank's was doubled [45], Guaranty Trust Bank's second penalty was multiplied by 1.75 [37], and Monzo's had £10 million added for breaching a voluntary requirement [50]. Sonali and Canara were also barred from taking deposits from new customers for 168 and 147 days respectively [34, 41].

Measured case by case, the median time from the start of the relevant period to the notice was 7.7 years (range 4.5 to 11.7). Argibay Molina criticised Argentina's AML sanctions as too slow to deter [25]; a gap of nearly eight years between the start of the conduct and the public penalty raises the same question in the UK, even though the FCA's penalties are far larger.

5.4 Change over time (RQ3)

The clearest change is the arrival of two categories that did not appear before 2020. Growth outpacing controls (H) appeared in three later notices, Santander, Starling and Monzo [46, 48, 50], and breach of a voluntary requirement (K) in two, both digital banks that opened accounts for high-risk customers after agreeing with the FCA not to [48, 50]. This matches the FCA's own finding that challenger banks' controls had not kept pace with their growth [23].

Other differences between the periods are small and rest on a handful of cases. Transaction monitoring appeared in 9 of 13 later notices against 4 of 7 earlier ones, led by system-level failures at HSBC, Metro Bank and Nationwide [43, 49, 51]; enhanced due diligence and ongoing monitoring appeared in every earlier notice and in 9 of 13 later ones; suspicious activity reporting fell from 4 of 7 to 3 of 13. None of these differences is statistically significant (Fisher's exact $p \geq$

0.17), and the number of categories per notice barely changed (mean 7.0 against 6.4, Mann-Whitney $p = 0.78$). They should be read as tentative. The split also follows notice year, while conduct often began much earlier: Santander's relevant period started in 2012. The median penalty rose from £7.6 million to £21.1 million, which reflects larger firms appearing in the later group as much as any change in approach.

5.5 Firm type (RQ4)

Table 5: Penalties and failure categories by firm type

Firm type	Cases	Total	Share	Median	Mean categories
UK bank or building society	9	£391.4m	53.50%	£39.3m	5.8
UK subsidiary of foreign bank	8	£138.3m	18.90%	£4.9m	7
UK branch of overseas bank	3	£201.8m	27.60%	£37.8m	8

Applying the ultimate-parent rule, foreign-owned firms accounted for 11 of the 20 cases and 46.5 percent of the money (Table 5). The two foreign-owned groups look very different. The three London branches of overseas banks include the two largest continental European cases, Deutsche Bank and Commerzbank, and took 27.6 percent of the total. The eight UK subsidiaries of foreign banks took 18.9 percent, with a median penalty of £4.9 million against £39.3 million for UK banks. Apart from Santander UK, they are much smaller banks, owned by groups in Nigeria, South Africa, Bangladesh, Ghana, Kuwait and Qatar.

The subsidiaries' cases were no narrower in what failed. They recorded a mean of 7.0 categories, against 5.8 for UK banks and 8.0 for branches, and seven of the eight showed failure to remediate. The difference in categories between foreign-owned and UK firms is not statistically significant (Mann-Whitney $p = 0.25$). Their small penalties follow from small relevant revenue at Step 2, as the framework intends. The practical point is that counting cases and counting pounds give different pictures of where enforcement falls: as with auditors, where the largest firms receive the heaviest sanctions [24], a revenue-based formula concentrates money on large firms even when small firms fail as broadly.

5.6 Sensitivity

Removing Barclays Bank UK (2025), the most borderline included case, leaves 19 notices with a median penalty of £21.1 million. The breach-length correlation becomes $p = 0.70$ and the category correlation $p = 0.14$, and no category frequency moves by more than five percentage points. Adding the four excluded financial crime cases raises the total to £1,146.3 million across 24 cases, with the median unchanged at £18.9 million. The foreign-owned share falls to 42.7 percent, or rises to 55.5 percent if the NatWest court fine, which is not an FCA penalty, is left out. The main findings do not depend on the inclusion decisions, but the share of money attributed to foreign-owned firms does, and it moves with any single large case.

5.7 Limitations

The study has five main limitations. First, Final Notices are written by the regulator and agreed in settlement, so they record what the FCA chose to set out, which may not be everything that went wrong. Because prior warnings are an aggravating factor at Step 3, the FCA has a particular reason to document them, which may inflate category I. Second, the population is small and cannot support multivariate modelling; the correlations are descriptive, and the size-adjusted analysis covers only the 12 notices for which relevant revenue was recorded. Third, coding was carried out by one researcher with AI-assisted extraction in both passes, and no second coder was used; the second pass checks consistency, not independent judgement. Fourth, firm type rests on ownership at the notice date, and one large case can move the shares in Table 5 by several points. Fifth, the dataset covers only cases that reached a penalty. Supervisory actions such as voluntary requirements, skilled person reviews and private warnings, which the notices show often came first, are not public and are not counted, and neither are firms that were warned and then fixed their controls.

6. Conclusion

This paper analysed the 20 FCA AML enforcement notices against UK banks and building societies from 2013 to 2025 that meet its inclusion criteria. Enforcement followed clusters of failure: the typical notice recorded seven failure categories, with customer due diligence, governance and unresolved known weaknesses each in 17 cases. In 11 of those 17 the weakness had first been raised by the FCA or another outside party, and those cases tended to attract larger Step 3 uplifts. Penalty size followed breach length and firm revenue, as the penalty framework is designed to do, so breach length says more about the formula than about persistence. Growth outpacing controls and breach of a voluntary requirement appeared only in notices from 2020, both involving fast-growing banks.

Whether these penalties deter other banks is a separate question on which the evidence is mixed [9, 11], and critics argue that bank fines serve regulators' legitimacy as much as deterrence [15]. For compliance teams, the practical lesson is that the riskiest period comes after a weakness is found. Tracking remediation to completion, escalating stalled actions to the board and testing whether fixes work are the steps most often missing in these cases. For the FCA, the gap between the number of cases and the share of penalties for small foreign-owned subsidiaries shows that revenue-based penalties say little about how broad the failings were in small firms.

7. Future Scope

Several extensions would strengthen this work. The dataset could be extended to all firm types, including payment and e-money institutions, investment firms and brokers, and to outcomes published by other UK AML supervisors, which would also provide enough cases for multivariate modelling of penalty size. The deterrence question could be tested directly by looking at whether peer banks changed their disclosures, control investment or hiring after major notices,

building on the market-value approach of Gowin and colleagues [13] and on evidence that UK enforcement affects peer firms [12]; a related question is whether rising AML enforcement leads banks to over-report suspicious activity, as Takáts predicts [16]. Whether restrictions on new business, used against two small banks here, are a stronger sanction for small firms than the fine itself is an open question. Finally, FCA notices could be compared with enforcement under the EU's new Anti-Money Laundering Authority as its decisions begin to be published.

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