

14 December 2015

Report on inspection of product development at Jyske Bank A/S

Introduction

In September 2015, the Danish Financial Supervisory Authority (FSA) inspected Jyske Bank A/S.

The inspection was in the form of a thematic functional inspection based on the rules of the FSA's Executive Order on the management and control of banks, etc. in respect of product development and product management. The inspection particularly focused on Jyske Bank's home loan products: Jyske F1, Jyske F3, Jyske F5 and Jyske L30.

Summary and risk assessment

The inspection was carried out as part of the FSA's initial work to establish a product supervision programme based on the European Banking Authority's (EBA) guidelines for product development and product management processes. During the inspection, the FSA discussed with Jyske Bank to which extent the bank has made arrangements to comply with the upcoming rules.

As a consequence of the EBA's guidelines on product development, banks that develop financial products must implement product development and product management processes that, among other things, ensure that the product matches the needs of a limited target group, that the risks associated with the product have been assessed and found appropriate for the target group, that the product has been sufficiently tested, and that the costs relating to the product are transparent and reasonable considering the purpose of the product.

The EBA's guidelines will apply as of 3 January 2017.

The FSA assesses that Jyske Bank has made arrangements so that the bank complies with the rules of the FSA's Executive Order on the management and control of banks, etc. on product development. Consequently the inspection did not give rise to any reactions on the part of the Financial Supervisory Authority.