

Federal Financial Services Authority (BaFin)

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BaFin is Germany's financial regulator and is responsible for ensuring the stability and integrity of the German financial system.

The **Federal Financial Services Authority** or **Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)** was established in 2002 to serve as the primary regulator of Germany's financial markets and institutions. BaFin was created by the Financial Services and Integration Act 2002, effectively merging three existing Federal agencies: the Banking Supervisory Office, the Supervisory Office for Securities Trading, and the Insurance Supervisory Office. Today, BaFin integrates the regulatory functions of those agencies with authority over Germany's banks, financial services companies, insurance companies, stock exchanges, and other obligated institutions. An important part of BaFin's role as regulator is to identify and eliminate financial crime – a function which includes promoting anti-money laundering in Germany, and counterterrorist financing.

An independent institution, the Federal Financial Services Authority reports directly to the German Federal Ministry of Finance and is led by a board of four executive directors and its president, currently Felix Hufeld. BaFin is one of the largest supervisory authorities in the EU: it maintains two headquarter locations in Bonn and Frankfurt and is funded by levies on the financial institutions that it supervises. What Does BaFin Do?

BaFin's main focus is the supervision and regulation of financial institutions in Germany in order to maintain the stability and safety of the wider financial system. In this capacity, it conducts a range of supervisory practices under the authority of legislation including the German Civil Code, the Banking Act, the Insurance Supervision Law, and the Securities Trading Act. BaFin's duties and responsibilities include:

- Licensing new banks and financial institutions for operation in Germany.
- Performing ongoing supervisory functions to ensure compliance with BaFin rules and regulations.
- Collecting financial statements and reports from financial institutions, and evaluating that information in coordination with Deutsche Bundesbank.
- Auditing and reviewing banks and financial institutions to assess their compliance performance.

Source: <https://complyadvantage.com/insights/bafin-what-is-the-federal-financial-supervisory-authority/>

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Last update: **2022/04/02 15:19**

