

**ABS Financial Crime Seminar**  
**Wednesday, 2 July 2014**  
**Welcome Remarks by Mr Samuel Tsien**  
**Chairman, ABS / Group CEO, OCBC Bank**

Mr Ong Chong Tee, Deputy Managing Director, Monetary Authority of Singapore,  
Distinguished Guests  
Fellow Bankers  
Ladies and Gentlemen.

Good morning,

On behalf of The Association of Banks in Singapore, welcome to the annual ABS Financial Crime Seminar.

This marks the 11<sup>th</sup> year that the ABS is organising this event, which is attended by 500 professionals from local and regional financial institutions. The largest participation came from OCBC Bank. For the avoidance of doubt, this is not indicative of more incidents associated with AML or CFT at OCBC. On the contrary, there is usually an inverse relationship between active participation and the number of actual incidents. The growing attendance evidenced the increasing importance that the financial sector places on strengthening our defence against financial crime, terrorist financing, money laundering and fraud.

This year, we have taken the seminar one step further by combining it with the “Counter Financing of Terrorism (CFT) Seminar”, for a combined one-and-a-half day programme.

Being an international financial centre, Singapore’s financial system is particularly susceptible to the risk of being abused by criminals to conduct cross-border money laundering, terrorist financing and other criminal financial activities. Our growing asset management and private banking sectors also make us a target for sophisticated financial crimes. Therefore we always need to be vigilant and stay several steps ahead of these criminals. The only way we can do so is to work closely with the regulatory authorities and constantly keep ourselves abreast of the latest developments and modus operandi of those criminal activities.

One key topic which we will be covering tomorrow is the money laundering through the physical movement of goods via the trade system. The UK Financial Conduct Authority’s 2013 review on the banks’ control of financial crime in trade finance found that while banks had generally developed effective controls to ensure that they were not dealing with sanctioned individuals and entities, their policies, procedures and controls to counter money laundering risks in trade flows were generally weak. Furthermore, it noted that most banks did not have adequate systems and controls in place over products and technologies which could have both civilian commercial use, and military/proliferation applications.

The risks of banks unknowingly facilitating the flow of these goods for illegal purposes may rise along with the growth in global trade flows. As the global financial system becomes more knowledgeable and effective in clamping down money laundering activities conducted through the traditional channels of payments and remittances, it is very possible that criminals may resort more to this trade channel.

Three speakers will be shedding more light on this development, including Mr Donald Pearce of the US Embassy in Singapore, who will share with us how the industry can play a part to foster secure trade and control the diversion of civilian use items to military application.

And of course, we are pleased to welcome back eminent Professor Rohan Gunaratna, Head of the International Centre for Political Violence & Terrorism Research at the S. Rajaratnam School of International Studies, NTU. His views on recent and likely future developments in terrorist financial infrastructure are no doubt being keenly sought after.

In the area of complying with international standards of AML and CFT, the banks in Singapore was last assessed by the Financial Action Task Force (FATF) in 2008 to be compliant within international standards on AML and CFT. Singapore has since made further revisions to its legal and regulatory framework, and the MAS has also updated its Notices and Guidelines to the financial industry twice, in 2009 and in 2013, to align with evolving international AML and CFT standards.

The ABS is also updating our AML and CFT Guidelines to take into account the latest changes. We are also organising training programmes and workshops to help member banks update their policies and build up capabilities in this area. Singapore will be up for inspection again by FATF next year, and we expect to achieve satisfactory results in the assessment.

The Ministry of Home Affairs, Ministry of Finance and MAS issued an inaugural risk assessment report on money laundering and terrorist financing risks in January this year. The assessment found that while Singapore has "strong laws, tough enforcement and efficient prosecution", Corporate Service Providers (CSPs) could be an exposure for our financial system. While these providers generally do not handle large amounts of cash, the firms they help to incorporate may be abused by criminals to set up opaque structures for illicit purposes. To mitigate the risk, ACRA has since proposed legislation to regulate the sector. We are pleased to also have with us this morning, Ms P Arul Selvamalar, Senior Deputy Director (Prosecutions) from ACRA who will share with us on the latest on this initiative.

I would also like to thank all the other speakers who are with us today and tomorrow morning to share their expertise and insights on a variety of topics. Your sharing will be invaluable to us as we continue to work together with the regulatory authorities and industry experts to strengthen our controls and defence against financial crimes.

At this point, I would like to invite our key note speaker, Mr Ong Chong Tee, Deputy Managing Director, Financial supervision, of the MAS, on stage to deliver the keynote speech. Thank you very much, Chong Tee, for kindly accepting our invitation to be the keynote speaker for this important annual event. Your presence this morning has made this annual seminar even more important and relevant as we battle the increasing sophistication and complexity of the financial crimes. I would also like to express my appreciation to the MAS and the Commercial Affairs Department who have helped us tremendously in shaping and refining our program this year.

At the end of the one and half days, please give your feedback to the ABS on areas that we can further improve, so that we can make future sessions even more useful, informative and relevant.

Let us now welcome Mr Ong to address us.

Thank you.