

# **SPEECH BY MR DAVID CHEW, DIRECTOR, COMMERCIAL AFFAIRS DEPARTMENT, SINGAPORE POLICE FORCE, AT THE AML/CFT INDUSTRY PARTNERSHIP (“ACIP”) DIALOGUES ON MONDAY, 14 MAY 2018**

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Distinguished Industry Partners and Government Colleagues,

Good morning. Today, Kim Leng and I have the privilege of launching two Best Practice Papers by the Anti-Money Laundering/Counter-Financing of Terrorism Industry Partnership (“ACIP”).

## **Launch of ACIP**

2. ACIP was established one year ago, in April 2017. This industry partnership was timely in light of the increased scale and complexity of ML/TF where criminals are constantly exploring new ways to exploit our financial system to launder their criminal proceeds and evade detection by law enforcement. As the methods employed by criminals are always evolving, a partnership between the public and private sector is essential if we are to stay one step ahead of the criminals and their professional intermediaries. This collaboration is also crucial in ensuring that all key stakeholders are vigilant against sophisticated financial criminals who seek to take advantage of Singapore’s role as an international financial centre and global trading hub.

3. ACIP brings together key government and private sector stakeholders to deepen our collective understanding of the new and emerging money laundering and terrorism financing (ML/TF) threats facing Singapore. Our collaboration sharpens

industry's development and implementation of effective risk mitigation measures. It also strengthens the detection and deterrence capabilities of Singapore's Anti-Money Laundering and Counter-Financing of Terrorism ("AML/CFT") regime.

### **First-Year Anniversary of ACIP – We Have Achieved Many Fruitful Returns**

4. Over the past year, the ACIP Steering Group and the two Working Groups, comprising relevant industry participants from the financial sector and beyond, have studied the risk areas in trade-based money laundering (TBML) and the misuse of legal persons in Singapore. We and the private sector participants have had frank conversations and honest exchanges of our observations on these two risk areas. We have collectively identified best practices and risk mitigation measures that can be implemented to good effect upstream.

5. These extensive discussions and collaborations have culminated in tangible outcomes before you – the two Best Practice Papers on countering 'Trade-Based Money Laundering' and the 'Misuse of Legal Persons' in Singapore. Kim Leng will share with you the highlights of the two papers and the two panel discussions will give you a chance to develop this conversation.

6. At this juncture, I would like to convey our appreciation and gratitude to ACIP's key industry partners, many of whom are here today. I would like to thank Ms Loretta Yuen from OCBC and Ms Mabel Ha from UBS – the co-chairs of the working group studying "Legal Persons", as well as Mr Victor Ngo from UOB and Mr Willem Toren from Standard Chartered Bank – the co-chairs of the working group studying "Trade-

Based Money Laundering". They have performed an outstanding service in leading their members in the Working Groups to produce the Best Practice Papers. I would also like to thank all the members of the two Working Groups for their contributions and support to ACIP. Please join me in giving them a hand.

7. We plan to build on the good work achieved by the working groups through a number of initiatives. For example, ACIP will share the typologies and best practices in the two Best Practice Papers with the broader industry, beyond the financial sector. The Association of Banks of Singapore and the Institute of Banking and Finance will incorporate the key points from these Best Practice Papers into their future training. STRO, Singapore's Financial Intelligence Unit, will also update their guidance on TBML red flag indicators gleaned from the Best Practice Paper as a reference for all reporting entities. ACIP's products are not the end, but rather, the beginning of many more meaningful work-streams. I strongly encourage you to take a close look at the papers and adapt the key points to your needs.

8. In addition to the tangible products, I am also heartened to witness the intangible outcomes in ACIP which are equally valuable. Firstly, the dialogue amongst the financial supervisors, law enforcement agencies and the private sectors have greatly improved. We have become more open in the sharing of our respective observations on the industry, its risks and opportunities. This has led to a greater understanding of the financial crime landscape and has generated actionable insights that is crucial in combating financial crimes.

9. This openness would not have been possible if not for the trust between the public and private sectors that we have built over the past year. We witnessed members' strong commitment to mobilise resources in support of ACIP initiatives to effectively address the key ML/TF risks that Singapore faces. This trust is an important foundation for further and closer cooperation between ACIP members.

10. ACIP has also developed capacity-building initiatives for all of our members, as well as for budding compliance officers. On TBML, CAD sensitised the private sector on the typologies of TBML, while the co-chairs of the Working Group provided training to all ACIP members on the ML risks of common trade financing products. The ACIP shared feedback with NTU Business School on their newly-launched Compliance elective for their banking and finance majors. We are heartened to see ACIP not just equipping the banking industry of today but also developing the compliance officers of tomorrow as well.

## **Designated Non-Financial Businesses and Professions Are Also Important**

### **Nodes in AML/CFT Defences**

11. In addition to compliance officers in financial institutions, professional intermediaries play a significant role as gatekeepers in the overall AML/CFT strategy.

12. We have made a conscious effort to involve professional intermediaries like lawyers, accountants and corporate service providers (CSPs) in ACIP. This is because in the course of their work, these professional intermediaries also interact extensively with the same customers whom the banks serve. These touch points play a key role

in detecting and reporting suspicious activities to us at STRO. At this point, I would like to thank our professional intermediaries – KPMG, Deloitte, as well as various Law firms and Corporate Service Providers – for contributing their valuable expertise and experience to the ACIP Working Groups. We hope to continue to involve them and other professional intermediaries in ACIP.

13. Through ACIP, we also seek to sensitise these professional intermediaries to the real risk of them being engaged by criminals to facilitate their illicit transactions. For example, lawyers and corporate service providers run the risk of setting up complex corporate structures to help criminals camouflage the true owners of tainted money.

14. Some professional intermediaries have fallen short of their important gatekeeper duties in our AML/CFT regime. We recently prosecuted a number of corporate service providers for incorporating and acting as resident directors of companies that were used to launder criminal proceeds. We have also taken to task a lawyer and an accountant for failing to report suspicious transactions.

### **Looking ahead**

15. ACIP has made significant progress in strengthening cooperation, increasing a system-wide understanding of the financial crime landscape as well as the enhancing the detection and reporting of suspicious activities. A well-informed and sensitized industry means that law enforcement agencies like CAD are better able to receive timely and actionable financial intelligence. To this end, STRO will be rolling out a new

STR form which provides more standardized and granular data fields. These structured data fields allow STRO to apply data analytics on the information provided by industry.

## **Conclusion**

16. We must continue to deepen this public-private collaboration, a key component in Singapore's fight against financial crime. All of us, including you seated here, have a part in ensuring that Singapore remains a safe and trusted place for finance and trade.

17. Finally, I would like to thank the ABS for kindly hosting this dialogue. I look forward to a very fruitful discussion. Thank you very much.