



Media Release

Singapore's first best practice paper on enhancing anti-money laundering audit in banks launched by ABS and industry group

SINGAPORE, 21 October 2024 – Singapore's first industry-led best practice paper to enhance Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) audits in banks was launched today by The Association of Banks in Singapore (ABS), in partnership with the Anti-Money Laundering Audit Peer Group (AAPG)¹.

Developed by the AAPG since October 2022 in consultation with industry and professional associations, the "*AAPG Best Practice Paper – Enhancing AML/CFT Audit Effectiveness for Banks*" seeks to boost AML/CFT auditing standards in Singapore's financial sector by providing both bank internal auditors as well as external auditors that work with banks a common framework to formulate and execute AML/CFT audits.

In the paper, the AAPG sets out Baseline Standards and Best Practices for auditors to consider when conducting AML/CFT audits in banks, referencing practices of banks and audit firms that contributed to AAPG's benchmarking survey in 2023. Baseline Standards set out expected minimum audit standards and practices that internal and external auditors should adopt, while Best Practices refer to existing good practices which auditors are encouraged to adopt in line with the risk profiles of their bank or clients.

Building on the findings of the survey, the AAPG developed detailed guidance on several focus areas for both internal audit and external audit functions, such as risk assessment, the scope and methodology of audits, reporting and following up on findings, as well as the nature and extent of external audit coverage. In addition to the focus areas, the AAPG noted that more banks have adopted data analytics as part of their AML/CFT audits to good outcomes. This has helped to identify higher risk customers/segments for closer audit scrutiny more sharply. Case studies have been included on how financial institutions could deploy analytics to enhance their AML/CFT audit processes.

Mrs Ong-Ang Ai Boon, Director, ABS, said: "ABS welcomes the AAPG's initiative to develop this first set of best practices to guide internal and external auditors in their conduct of AML/CFT audits in banks. The guidelines set a common baseline standard for auditors in their assessments of the suitability and effectiveness of a bank's AML/CFT policies and procedures – and their implementation."

Ms Loo Siew Yee, Assistant Managing Director, Policy Payments & Financial Crime, Monetary Authority of Singapore (MAS), said: "A strong and capable audit function undergirds the effectiveness of financial institutions' controls against money laundering and terrorism financing. We welcome the industry-led initiative by the AAPG to set out good practices for audit practitioners, including the use of data analytics and continued innovation of audit approaches."

Derrick Goh, Group Head of Audit, DBS, and Co-Chair of the AAPG, said: "The auditing community plays a key role in ensuring that financial institutions continue to stay ahead in the dynamic AML/CFT risk landscape and maintaining Singapore's position as a trusted financial hub. This inaugural best practice paper is an important milestone since the AAPG's formation two years ago, to guide the financial industry towards strengthening AML/CFT audit practices.

¹ Please refer to Annex A for more info on the AAPG.



“I would like to thank AAPG members for their contributions and active sharing of ideas, including the innovative use of data analytics, to uplift auditing standards in the industry.”

Harry Lim, Group Head of Audit, OCBC, and Co-Chair of the AAPG, said: “Thorough and robust AML/CFT audits are important in the detection and prevention of increasingly sophisticated financial crimes. As a financial hub, Singapore is regarded as a safe haven to do business, and the regulatory and legal environment here make it an ideal springboard for many foreign companies into ASEAN. We hope that this best practice paper will be a valuable resource to financial institutions in giving them guidance for AML/CFT audits and mapping out a framework to assess their controls to mitigate the risks of money laundering and terrorism financing.”

Please refer to Annex B for additional quotes from industry associations and audit firms.

The AAPG is the latest example of how the industry has been addressing money laundering and terrorism financing risks. In 2017, the AML/CFT Industry Partnership, or ACIP, was formed as a private-public partnership bringing together the financial sector, regulators, law enforcement agencies and other government entities to collaboratively identify, assess and mitigate key and emerging money laundering and terrorism financing risks facing Singapore.

Annex A – About AAPG

The industry led AAPG was established in October 2022 to facilitate AML/CFT audit best practices in Singapore’s financial industry, and to promote engagement with the Monetary Authority of Singapore (MAS) and the wider audit community on key AML/CFT risk areas.

It was formed in recognition that both internal audit functions and external audit firms play key roles in ensuring that financial institutions’ internal policies, procedures and controls remain adequate to combat money laundering and terrorism financing risks, and to stay ahead of the constantly evolving risk landscape.

DBS and OCBC are the current Co-Chairs of the AAPG. Other members of the AAPG are:

- Citibank Singapore
- Goldman Sachs (Singapore) Pte.
- GXS Bank Pte. Ltd.
- HSBC Bank (Singapore) Limited
- MariBank Singapore Private Limited
- Standard Chartered Bank (Singapore) Limited
- UBS AG Singapore Branch
- United Overseas Bank Limited
- BDO LLP
- Deloitte and Touche LLP
- Ernst and Young Advisory Pte. Ltd.
- Forvis Mazars LLP
- KPMG LLP
- PricewaterhouseCoopers LLP
- The Institute of Internal Auditors Singapore
- The Institute of Singapore Chartered Accountants



MAS participates in the AAPG's discussions as an observer.

Annex B – Quotes from Industry

Stephen Ching, President, The Institute of Internal Auditors Singapore (IIA), said: “This best practice paper is a timely advancement to enhance AML/CFT audits within the banking sector. As the Global Internal Audit Standards outline, internal auditors are key to assessing and enhancing risk management and control processes. This new guidance strengthens the alignment of audit practices with evolving risks, ensuring that both internal and external auditors are well-equipped to uphold the integrity of Singapore's financial institutions. By fostering a unified approach, this initiative reinforces a common commitment to safeguarding Singapore's position as a trusted global financial hub.”

Ms Fann Kor, CEO of the Institute of Singapore Chartered Accountants (ISCA): said, “As the national accountancy body of Singapore, ISCA is committed to fostering higher standards in auditing and professional integrity. We are glad that the collaborative efforts of the AAPG have culminated in this best practice paper, which provides clear and practical guidelines for both internal and external auditors. By adopting these guidelines, auditors will be better equipped to detect and mitigate the risks of money laundering and terrorism financing, as well as providing clarity to both them and their clients to reduce ambiguity. This will also strengthen trust in Singapore as a global financial hub.”

Ms Radish Singh, EY ASEAN Financial Services Risk Management Leader, said: “The AAPG best practice paper signifies the importance placed on upholding robust AML/CFT standards in Singapore. This is yet another step in the right direction to continually enhance cooperation and capabilities in combatting financial crime. The paper is a great example of the collaborative efforts by the financial services industry to share practices with one another, with the aim of creating greater clarity and consistency.”

Yura Mahindroo, Partner, PwC Singapore, said: “The AAPG is a great example of how banks, internal and external audit professionals and industry associations can collaborate in strengthening Singapore's AML/CFT defences, and we learnt a lot from each other through the process. This best practice paper will help empower internal and external auditors to navigate evolving AML / CFT risks in the financial sector more confidently and consistently.”

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About the Association of Banks in Singapore

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities and other stakeholders towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding and trust among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking communities in Singapore. Today, ABS has a membership of over 150 local and foreign banks.

More information on the ABS is available on the association's website, www.abs.org.sg.