

Singapore to boost money-laundering controls amid 1MDB-linked probe
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Reuters

Singapore's central bank said it will enhance controls against money-laundering and take swift action against banks following damaging findings that financial institutions in the city-state handled money flows linked to Malaysian state fund 1MDB.

"There is no doubt that the recent findings have made a dent on our reputation as a clean and trusted financial centre," Ravi Menon, managing director of the Monetary Authority of Singapore, said at its annual news conference today.

"MAS are determined to fix the problem, working together with the industry."

Menon said the central bank would bolster its enforcement, conduct rigorous investigations and take swift action against errant financial institutions.

The comments came after authorities in Singapore announced last week that they had seized S\$240 million (RM719.5 million) of assets in an investigation of 1MDB-related fund flows for possible money laundering.

They also said they found problems at three major banks: top local lender DBS Group Holdings Ltd, the world's largest private bank UBS AG, and UK-based bank Standard Chartered.

An onsite inspection of another Swiss bank, Falcon PBS, owned by one of the world's leading sovereign wealth funds - Abu Dhabi's International Petroleum Investment Company (IPIC), in April 2016 found "substantial breaches" of anti-money-laundering regulations, the MAS said.

Last week's announcement came after Singapore's central bank said in May it was closing down the Singapore operations of Swiss private bank BSI AG for serious breaches of anti-money laundering rules, the first such action in 32 years.

Menon said the central bank would not go into the details of its ongoing investigations into banks and other financial institutions, but it showed that the financial sector was particularly vulnerable to money laundering and illicit financing risks.

The MAS will also take a different tack when it comes to money-laundering offences, potentially naming and shaming banks for larger breaches, Menon said, deviating from its past practise of conducting investigations on other offences in private.

Menon said the central bank is exploring the use of machine learning algorithms to identify manipulative trading behaviours in capital markets or to detect money laundering transactions.

"It is neither realistic nor desirable to expect the MAS to police every single transaction or activity in our financial markets," he said. "The responsibility lies with every FI (financial institution) to instil high standards of risk management and proper conduct at all levels."

Between 2013 and 2016, the MAS conducted 608 inspections of financial institutions, he said, which was a six-fold increase of that conducted from 2010 to 2013.

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