

The rising challenge of Compliance

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Is it so....?

How is the banking model being re-shaped by the new
AML/ KYC regime?

Not really!

How is the banking model being *enhanced* ~~re-shaped~~ by the ~~new~~
AML/ KYC regime?

Compliance is a rising challenge....

1 Regulatory Action

7 times increase in
regulatory fines

2 Rising Costs

USD 270 Billion

2018

Global Banks - Compliance &
Regulatory Cost

3 Reputational Risk

USD 45 Billion

There is a lot at Stake

4 Poor Client Experience

1 in 3

Fis have lost potential customers due to
inefficient or slow onboarding

5 Threat Evolution

USD 2.4 Trillion
e-commerce market,
Lone wolf terrorists,
cyber criminals

6 Regtech Investments

USD 9.5 Billion
spent in 5 years

looking at few institutional consequences...

Swiss banker was sentenced to 10 years in prison: “I fully blame myself for being in this situation,” Krull said as he sobbed. “I apologize for making a bad decision. I pray and hope you won’t look at me as a bad person.” *Bloomberg October 29, 2018*

ING disciplines 10 employees: “Given the seriousness of the matter and the many reactions among stakeholders...we came to the conclusion it is appropriate that responsibility is taken at executive board level” *Reuters, September 11, 2018*

“Estonia kicks Danske Bank out of the country after the money-laundering scandal” *Estonian World February 22, 2019*

“for allowing itself to be used to launder a river of drug money flowing out of Mexico and other bank lapses” *Reuters December, 17, 2012*

and individual accountability!

MUFG

Bank of England (PRA) imposed financial penalties on The Bank of Tokyo-Mitsubishi and imposed financial penalties on the former Chair of Mitsubishi UFJ Securities International plc1 (MUS (EMEA)) and a former Non-Executive Director of MUS (EMEA).

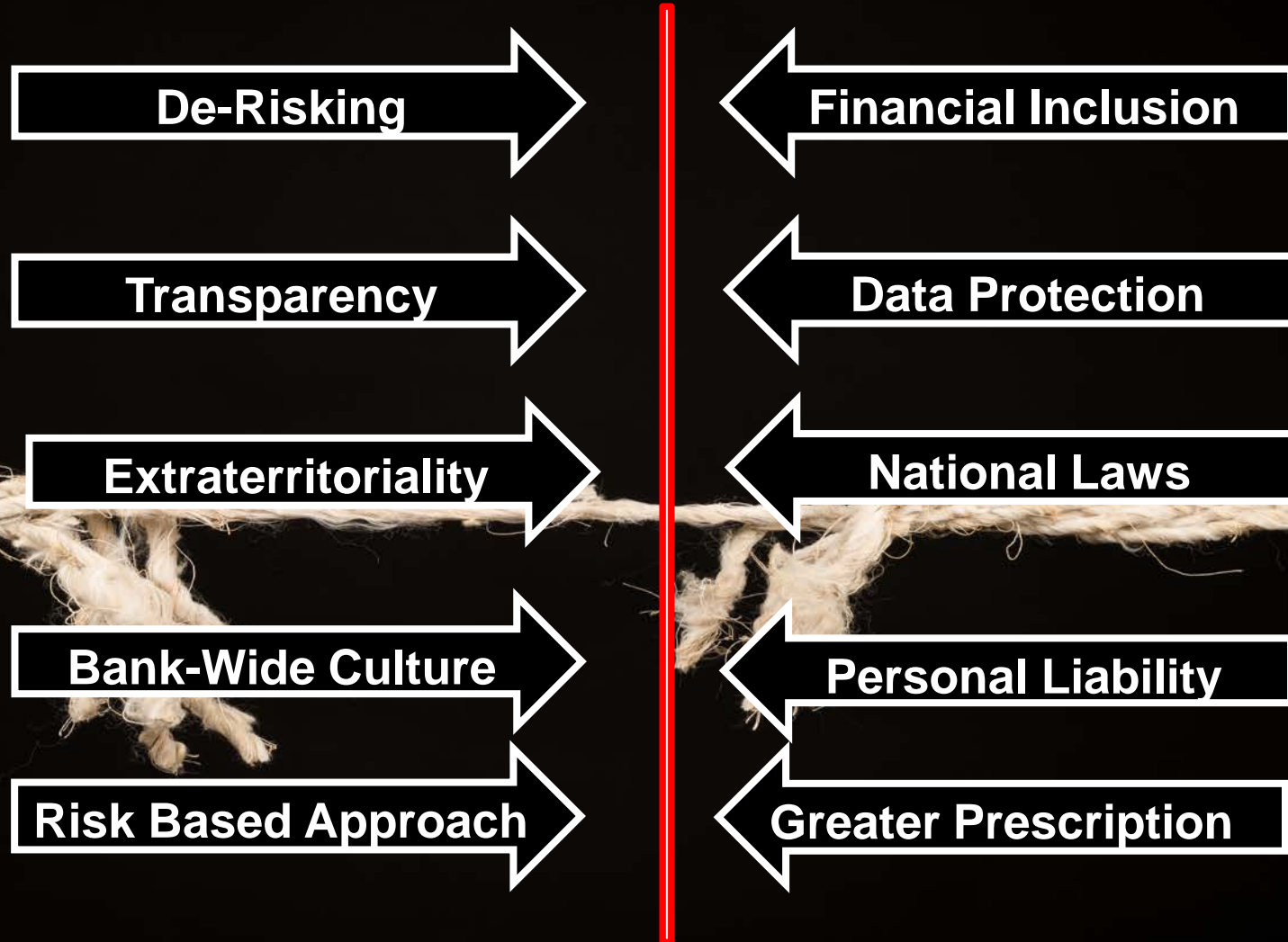
Julius Baer

U.S. Department of Justice Filed Against Bank Julius Baer of Switzerland with Deferred Prosecution Agreement Requiring Payment of \$547 Million, as well as guilty pleas of two Julius Baer client advisers.

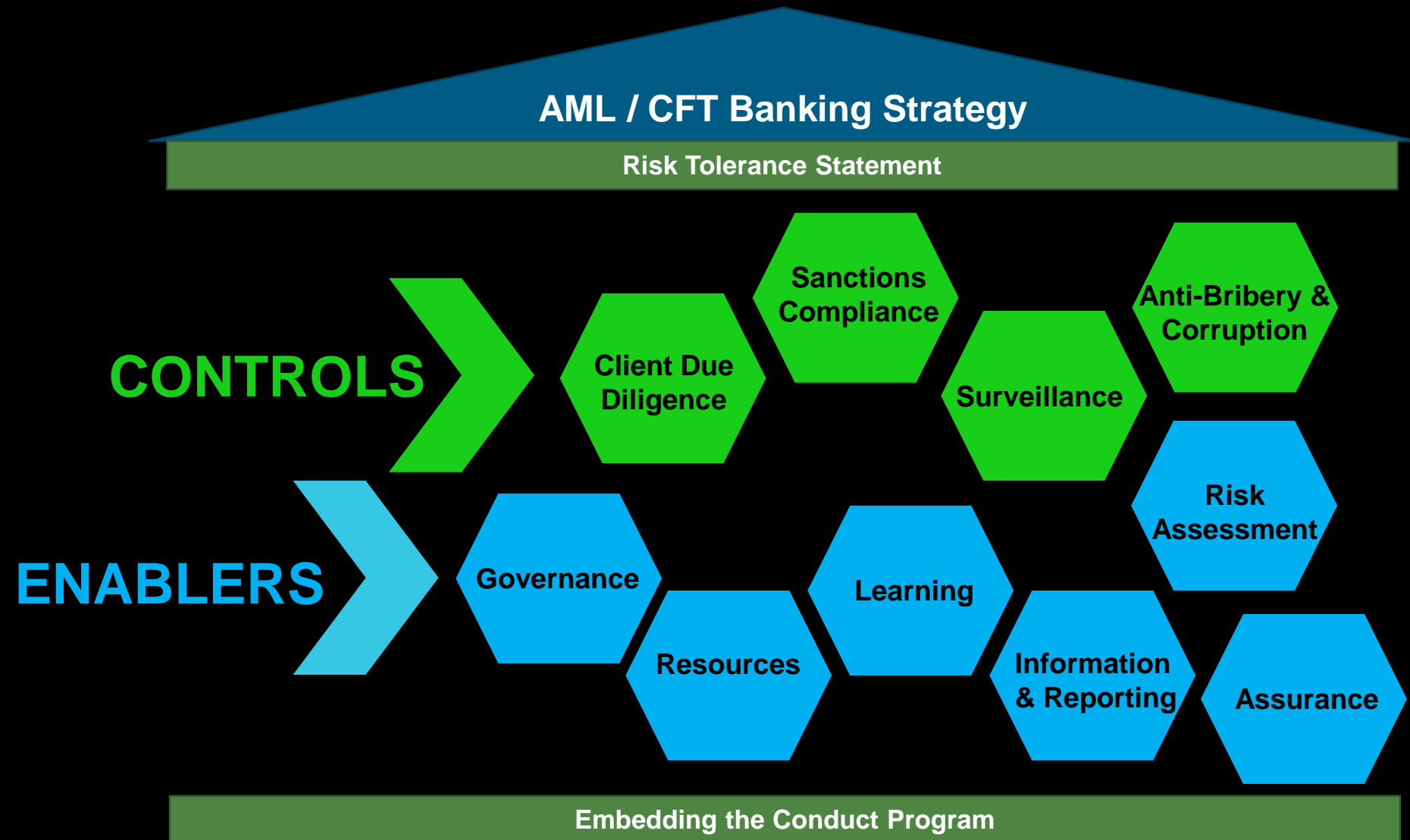
Goldman Sachs

A former senior Goldman Sachs banker in Asia pleaded guilty to U.S. bribery and money laundering charges and his deputy was arrested in Malaysia. Admitted to paying bribes to Malaysia and Abu Dhabi officials and circumventing Goldman's internal accounting controls.

So the industry is in tension!



But there is a control framework to follow..



And since the threat is evolving...so should our response!



**Centralization of KYC information
and Use of Blockchain
technology**

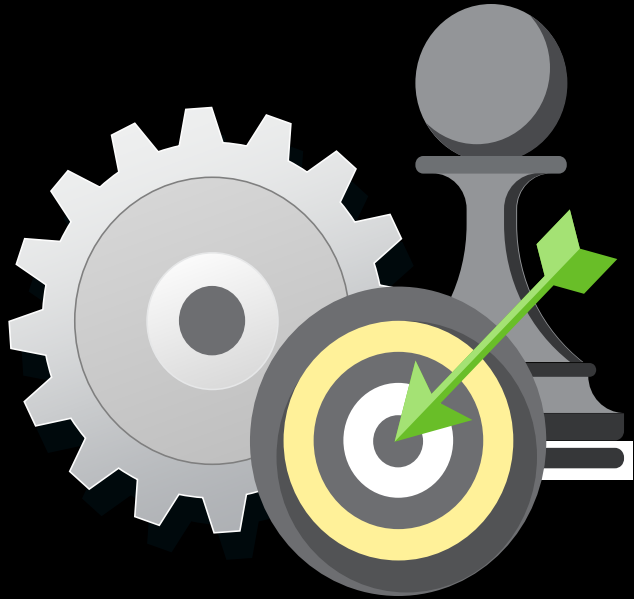


**Artificial Intelligence &
Advanced Analytics**



**Behavioural profiling - Optimization
Layers**

If Banks get it right, there are tremendous dividends!



- ✓ Less interception of client transactions with improved safety
- ✓ Being able to offer more services such as international trade
- ✓ Better identification of client needs and more customer centric products
- ✓ Play an effective role in fighting financial crime & socio economic evils
- ✓ Contribute in transparency, documentation of and growth of economy

We are playing our part!



- ✓ Substantial investments in our Compliance Program
- ✓ Helping industry creating capacity by conducting workshops on
 - Trade based money laundering
 - Conduct
 - Correspondent Banking
 - Terrorist Financing
- ✓ eLearning modules for clients on AML/CFT etc.

and so can you!



As a Society

Develop partnerships and international coalitions to deter, detect and disrupt the sources and pipelines from and through which financial crime takes place.

- **Share Best Practices**
- **Ensure** adherence to laws & Regulations
- **Work** with Law Enforcement
- **Prevent, identify, eliminate**

Thank You

Your curiosity can prevent atrocities

Play your part in fighting financial crime
Question anything that does not feel right

BE DILIGENT. BE CURIOUS. BE VIGILANT.

