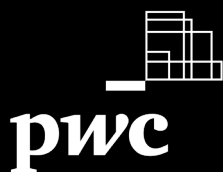


PwC straightaway
Guidance on the Singapore
inter-ministerial anti-money
laundering (AML) paper

Key points to know and actions to take
October 2024



What should I know about the inter-ministerial AML paper?

In response to the recent surge in complex financial crimes, including one of the world's largest money laundering cases in August 2023, Singapore established the Inter-Ministerial Committee (IMC) on Anti-Money Laundering (AML). The IMC, chaired by Minister Indraneel Rajah, aims to reinforce Singapore's reputation as a trusted financial and business hub through a comprehensive review of its AML framework. The August 2023 case involved the seizure of over S\$3 billion worth of assets and highlighted gaps in the existing AML safeguards, prompting the government to initiate regulatory enhancements.

The IMC's review, completed in November 2023, focuses on fortifying three key pillars —Proactive Prevention, Timely Detection, and Effective Enforcement — to ensure Singapore's AML framework remains robust against evolving criminal methodologies. The IMC's recommendations are designed to strengthen the vigilance of all gatekeepers, including financial institutions, estate agents, corporate service providers (CSPs), and other designated non-financial businesses and professions (DNFBPs).

This guidance document will provide an overview of these changes, highlight key takeaways for affected organisations, and outline practical steps for implementing the new requirements.



Five key points to note

Point 1. Strengthened AML standards for gatekeepers:

- Financial institutions, CSPs, and DNFBPs must adopt stricter Customer Due Diligence (CDD) and ongoing monitoring practices.
- New requirements to identify and verify Ultimate Beneficial Owners (UBOs) and detect suspicious activities at early stages.
- Enhanced regulatory expectations for sectors previously deemed low risk, such as estate agencies and dealers in precious stones and metals.

Point 2. New obligations for high-risk sectors:

- Casinos, precious metal dealers, and digital payment providers must now implement expanded CDD measures.
- Lowered transaction thresholds triggering CDD obligations for casinos and precious product transactions.
- Stricter reporting timelines and audit requirements for regulated entities.

Point 3. Introduction of the NAVIGATE platform:

- A Whole-of-Government (WOG) interface called NAVIGATE has been launched to facilitate seamless data sharing among law enforcement, regulatory agencies, and gatekeepers.
- The platform enhances early detection by integrating financial, tax, and trade data, enabling more comprehensive risk assessments.

Point 4. Reinforced Compliance for Corporate Service Providers (CSPs):

- CSPs must now be registered under the newly introduced Corporate Service Providers Act 2024.
- Enhanced fit-and-proper requirements for nominee directors to mitigate the risk of shell companies being used for money laundering.

Point 5. New enforcement and penalty frameworks:

- Strengthened legislative levers, including amendments to the Corruption, Drug Trafficking and Other Serious Crimes Act (CDSA), to enable more effective prosecution of complex transnational money laundering cases.
- Increased penalties for non-compliance and failure to meet AML obligations.

What are the lessons learnt from major money laundering cases?

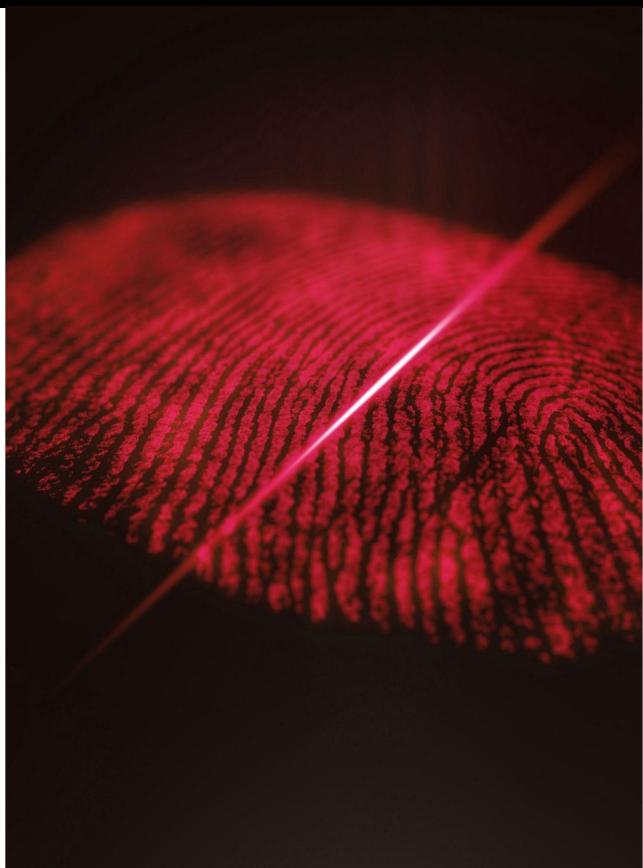
The August 2023 case serves as a pivotal lesson in understanding how sophisticated criminals exploit loopholes and regulatory blind spots. Key lessons include:

1. Importance of cross-sector collaboration: The August 2023 case was cracked due to coordinated efforts between financial institutions, CSPs, and law enforcement agencies. This underscores the need for information-sharing platforms like NAVIGATE.

2. Emerging threats: Criminals increasingly use digital payments and complex legal structures to conceal illicit funds. The case demonstrated that traditional financial institutions, CSPs, and digital payment service providers must work together to address this growing risk.

3. Necessity for proactive enforcement: The case revealed that merely having strong regulations is insufficient without robust enforcement. Singapore's proactive approach, including covert intelligence gathering and swift asset seizures, was critical in achieving successful outcomes.

4. Vulnerabilities in corporate structures: Shell companies and nominee directors played a crucial role in layering and obfuscating the origins of illicit funds. This has led to tighter regulations on CSPs and new disclosure requirements for UBOs



Who is impacted?

The IMC's recommendations and the ensuing legislative changes impact several key sectors.

Financial institutions (banks, payment service providers)

- Required to implement more stringent CDD and monitoring mechanisms.
- Must align with the new NAVIGATE platform for information sharing and suspicious activity reporting.

Corporate Service Providers (CSPs):

- Enhanced fit-and-proper requirements for CSPs and their senior management.
- Increased obligations for maintaining accurate UBO data and screening prospective clients

Estate agencies and precious metal dealers

- New transaction thresholds trigger CDD for high-value transactions.
- Requirements to identify and verify identities of beneficial owners and report suspicious activities.

Gatekeepers in non-financial sectors

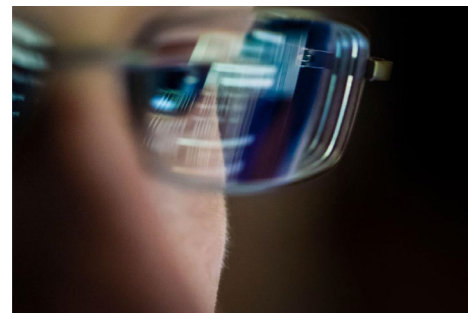
- Lawyers, accountants, and other professionals must now implement AML measures in line with sector-specific guidance

Digital payment providers

- Implement advanced technology solutions for CDD, transaction monitoring or case management.
- Develop dashboards and real-time reporting tools for effective AML oversight.

Questions organisations should ask themselves

1. Have we fully comprehended our overall AML risk profile, taking into account our product and service offerings, the customers we serve, and other pertinent criteria that need to be assessed?
2. Do we maintain a comprehensive register of all our AML obligations, along with the relevant policies, procedures, and controls required to meet these obligations?
3. Are our Customer Due Diligence (CDD) and ongoing monitoring processes sufficiently robust to address high-risk clients and sectors?
4. Are we effectively identifying and verifying Ultimate Beneficial Owners (UBOs), particularly in the context of complex legal entities and cross-border transactions?
5. How robust are our technology solutions in supporting our AML functions?
6. Have we conducted an independent review to identify any gaps in our AML processes?
7. Are our senior management and board members fully cognisant of their responsibilities and potential liabilities associated with non-compliance with AML requirements?



How PwC Singapore can help

1 Health check and independent party review

This entails the review of key focus higher risks areas to provide management with a perspective of where they are at with respect to complying with relevant AML/CFT requirements. Depending on the needs, this can be a detailed or high level review focused on key risk areas. On a regular basis, PwC can also support in Quality Assurance and Compliance Testing.

2 AML Target Operating Model (TOM) review and augmentation

In certain instances, the entity-in-review may need to relook at its AML TOM. PwC can support in this aspect, including working with the entity-in-review on roadmap development, process re-engineering and augmentation of its model, processes and system adopted.

3 Drafting relevant AML/CFT framework, policies and procedures

PwC can support the entity-in-review with drafting and augmentation of internal requirements to be established, including Enterprise-Wide Risk Management (EWRA).

4 Transaction Monitoring (TM) system review

PwC can support the review of Transaction Monitoring (TM) system scenarios, segmentation, parameters, and thresholds. We will use our internal database to provide relevant benchmarks for assessing your TM system.

5 Remediation of customer accounts

The entity-in-scope may require remediation of its customer accounts in order to meet uplifted requirements set forth by the regulators or its own requirements.

PwC can support the entity-in-review with the remediation of these customer accounts, particularly those which are more complex and judgemental in nature.

6 Support for AML/CFT system implementation and review

The entity-in-scope may require support in AML/CFT system implementation or enhancements. Key areas PwC can support in are as follows:

- Business functionality specification
- User Acceptance Testing (UAT)
- Project Management Office

Contact us



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