



Client Alert – MAS Imposes Composition Penalty of S\$1 million on Bank J. Safra Sarasin Ltd, Singapore Branch for AML/CFT Failures (April 2021)

Introduction

On 14 April 2021, the Monetary Authority of Singapore (MAS) imposed a composition penalty of S\$1 million on Bank J. Safra Sarasin Ltd, Singapore Branch (BJS) for failing to comply with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requirements.

Key Findings

The MAS stated that between March 2014 to September 2018, BJS committed serious AML/CFT breaches which resulted material lapses in their AML/CFT control processes during customer onboarding and in the ongoing monitoring of business relations with customers. The lapses below had placed BJS at higher risk of being used as a conduit for illicit activities:

1. Failure to establish, by appropriate and reasonable means, the source of wealth and source of funds of customers and beneficial owners of the customers who presented higher risks of money laundering and terrorism financing. The MAS stated that BJS relied on the customers' representations without obtaining information to corroborate them; and
2. Failure to adequately inquire into the background and purpose of unusually large or unusual patterns of customer transactions that had no obvious economic purpose.

Conclusion

MAS required BJS to appoint an independent party to validate the effectiveness of the bank's remediation measures and report the findings to MAS.

Our Analysis

MAS remains committed to monitor and assess any potential vulnerabilities in financial institution processes. MAS will be taking appropriate actions against FIs whose policies and controls fail to address the appropriate ML/TF risks in their business activities. It has reminded Boards and Senior Management who fall short in their duties that they will held to account for AML / CFT failures.

In view of this enforcement action, financial firms in Singapore are encouraged to strengthen and implement effective AML/CFT policies and control measures to combat against money laundering and terrorism financing.

How we can help

ComplianceAsia's dedicated AML Services team comprises experienced professionals from law enforcement, corporate banking, and regulatory compliance. We provide AML/CFT services tailored to our clients' needs, from preparing AML/CFT policies and procedures, independent auditing to KYC full onboarding.

A key aspect of a successful AML/CFT program is the compliance audit function, reviewing and analysing the process and performance of client due diligence, from document collection and standards, to regular screening and evaluation of sanctions and adverse media hits. Our reports combine an overview of the necessary documentation required for the compliant performance of



customer due diligence with the supporting evidence collected during the onboarding process and show where gaps and deficiencies are present.

Alternatively, you can opt to have our AML Services team conduct the risk assessments based on documents collected yourself, or have the team carry out full end-to-end onboarding, contacting your customer and performing regular screening post-onboarding.

About ComplianceAsia

ComplianceAsia is the longest established compliance consulting firm in Asia Pacific established in 2003 with offices in Hong Kong, Shanghai, Singapore, Tokyo and London. We have an unmatched track record of completing complex compliance consulting projects for financial firms in the APAC region.

With over 70 staff, including compliance experts with experience in dealing with the SFC, HKMA, MAS, CSRC, JFSA and Asian exchanges, we provide independent, unbiased advice on Asian financial industry legislation and regulations. Our international client base consists of asset managers, hedge funds, private equity funds, family offices, broker-dealers, insurers, wealth managers and investment banks.

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