

Compliance in Asian Wealth Management Forum 2018

video highlights

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At the Hubbis Compliance in Asian Wealth Management Forum in Singapore on January 18th, we interviewed leading industry experts. Want to know what you missed - [click here](#) to view the highlights.

You can also read the transcripts in this document - and click on the name of the person to view their individual comments.

Denise Lim

PwC

I thought the panel was extremely interesting this morning. There were quite a number of lawyers on the panel. I'm from PwC, a financial crime partner. We talked a lot about the topic of CRS and AEI, around tax avoidance, fund structures. We talked a bit about where the industry is currently at, and some of the struggles and challenges that the financial institutions are facing at this point in time.

From my perspective, it's a couple of more months before Singapore goes through its first reporting period. The FI's are going through a wave of activity at this point in time, trying to get all the self certifications from their clients, performing all the pre-existing account due diligence work, and making sure that they're ready for reporting come the end of May.

The interesting thing that we talked about is around what the regulators or what the financial institutions are going to do with the data collected. That will be something to look out for. It'll be interesting to see how regulators talk within themselves, across the different types of regulators be it the MAS, the tax authorities, and also how they're going to actually share and get insights from the rest of the regulators around the world.

I think it's a fantastic event. I'm very surprised with the turn out here. Lots of people from front office, from middle office, also from all the compliance functions. Good buzz, well run, and well organised event. Happy to be pleased and part of this session. Thank you.

Matthew Maddocks

RISKflo

The panel discussions this morning were really interesting, because we were talking about challenges of last year and challenges coming ahead. I think they're going to be very similar, a lot of change management, a lot of disruption, but hopefully a lot of positive disruption in the FinTech, in the RegTech space coming along and influencing what goes on in the banks, and insurance companies, etc.

Hopefully, helping the compliance community to solve some of the manual labour and cottage industries, that we've certainly burdened by. It's been really interesting. I think there's

always a good turnout for Hubbis events, and I think it's also because people see the value in them, and it's a great networking opportunity. It's important for us to get out and talk amongst our practitioner colleagues, and it provides a great opportunity for that.

Andreas Wenger

IMTF

Today, I talked about the support of regulatory technology, RegTech, for the compliance. Nowadays, the challenge of the data that all the banks have, it's often not easy to find out who the customer is, who is the source of wealth, and who is the ultimate beneficial owner. RegTech will help the banks to screen and do





the analysis of the data, rules will help in the whole client life cycle to support front office to back office to be compliant and reduce the cost for the bank.

Overall, RegTech is really a support front to end, and will help them to be compliant, help the client, improve the client journey, and at the end, reduce the risk of regulatory fines or other issues. It's a great event. I mean, we have a great spot that you gave us, it's awesome. The panels are very interesting, good on the content, funny people. It's a good event, it has content and also a little bit of entertainment.

Rob Phillips

RP Digital Security

We're seeing an increase in cyber crime conducted by external actors. These could be individuals, these could be gangs of people really, and their purpose is to hijack financial transactions in your company. It's become very easy these days for them to insert ransomware onto your corporate network, listen to email conversations and then hijack financial transactions for their own gain. The increase in cryptocurrency use also can be an area where we can make some money, but also it's an area



where there is a lot of risk. We deal with cases now where there are cryptocurrency hacks going on. You can have cryptocurrencies hacked directly from your computer or from your crypto exchange.

Alison Fidler

Standard Chartered Bank

I think the interesting topics for today are the globalisation of regulation and how we are imposing that or implementing that. It is very difficult implementing global regulation across multiple jurisdictions. There are conflicts with the local regulations. Differences about whether or not we're taking ourselves out of the markets. That is the real challenge.

The other one is around harmonisation of regulations. One point that I don't think we picked up is the sophistication of the regulators and the ability of regulators in some of the countries to actually keep up with the regulations that, maybe, more sophisticated regulators are putting in place and therefore the challenges that you have in dealing with them.

Stefan Kuhn

Credit Suisse Private Banking

Very good conference today. We had very, very meaningful discus-



sions on ethics and governance. I like the board very much. I think there were a lot of takeaways for the audience, for their daily business. We had also a very good panel on emerging risk for 2018. We talked about automatic exchange of information. We had feedback on cyber security, on data integrity. I think overall, again, a lot of takeaways for the audience.

I guess on everyone's agenda is driving efficiency, digitisation, how can we use technology to make compliance better, faster, have more information, enriched information so that people, case managers can turn around their cases faster. Today's event was again a very, very successful event. More than 450 people that were interested, I noticed that were not only compliance officers, even people from front office, from first line of defense. I think that's a great success for this Hubbis event.

Rolf Haudenschild

Ingenia Consultants

In the wealth management industry, it's obviously very important that you can provide services across borders. There is hardly any individual nowadays and even less high net worth individuals who stick to one specific country. There are financial centers, but from the financial

centers, financial institutions also provide their services into other countries. It is highly important how the financial services can be provided in those other countries. How can you find a client? What products can you offer? What are the restrictions on it? There are many different ways to deal with it. FinTech, RegTech is making some demands in it, but at the same time regulations are not moving too much yet, so the banks, the financial players, they have to deal with it themselves.

Today's event provides value I think to every single compliance officer and even beyond. There is very interesting topics being discussed by very senior people within the industry. You get good insights into what is happening in the industry in general, and the thinking of the thought leaders, essentially. You may not get the most minute detail on any aspect which is simply not possible to cover within one conference, then we would be doing conferences all year, but it gives you a very good

insight of the broad approaches to it from the leading institutions, from leading people, the thought leaders in the industry.

Stefano Demichelis
Kroll

I've been involved in the LIBOR in last year's LIBOR and Forex fixing investigation. It's always happens when the regulators and when you think something has just finished something else is going to come up. I can bet my money that they are going to come with potential breach of anti-competition laws in European anti competition laws, especially for financial institutions that have a footprint in Europe.

The capital case, although is very sensitive, I think is going to create a big ripple effect across the structure. I think compliance is going to have a bit of a hard time trying to catch up things of the past to make sure that something similar is not happening or will not happen in the future. Because let's face it, as soon as the

regulator comes knocking compliance is the first one to fall.

Jarrod Baker
FTI Consulting

Today we're talking about cultural compliance and how you get that message throughout your organisation or any organisation. I think the things you need to think about is integrity, doing the right thing when no one is watching. I think the overall idea of a culture of compliance is that integrity. How do you make everyone in your organisation act with integrity? That whole notion of, are they doing it when no one is looking? People get worried about how do they comply with these laws. One of the big requirements that regulators, like the US Department of Justice, put on organisations, is the tone at the top and how you train and provide advice to your employees.

I look at it saying, how do you bring that training to life? How do you make the employee understand not only why the laws are there,





scare them with the impact of those laws, but also bring that to life. Give them hypothetical scenarios. Tell them about the newspaper test, how would they feel if their conduct made it to the front page of a newspaper. Give them those hypothetical scenarios where they get to debate that sometimes there's no right or wrong answer with how these laws might be violated. What you want them to do in that debate, is bring the discussion up. Then the appropriate decision can be made by the business as, do we have a problem or is that actually okay?

Overall I think, training is a vital tool to actually get that message across. Cultural compliance, I want to sum it up by saying, for an organisation, if they worry about how do they comply with certain rules and regulations. If they get that spirit right, the spirit of compliance and that notion of doing the right thing when no one is looking is what integrity is all about. Follow that spirit and then the letter of the law is going to be followed, in most cases.

Julia Leong
PwC

I think it is really important for senior management to focus on the topic of culture because as much as organisations have policies, procedures, controls, compliance, ethics programmes in place, I think it is important for senior leaders to have the notion that it is them who the members of the organisation look to in terms of what the right behavior is, what is the right thing by our customers. I think whilst it's not something that brings financial results immediately, I think it's absolutely critical that senior leaders of today and tomorrow take this topic very seriously.



It is also important, in building on what I've just earlier, I really believe that it is important to show as opposed to just tell what good behavior is and I think this has to be demonstrated day in day out. So many times I've seen town halls, chairman's meeting where the first item is, "What have we done in terms of financial performance?" Whilst that is not wrong, I think there should be equal weighting to what do we do with our people, what's the culture that we have today? Are we comfortable with the way we treat our customers? Are we doing the right things by our employees? I think that's a very slight shift, but I think again this is more from a senior management point of view. I think it is absolutely important that they constantly balance the two and really lead by example.

Peter Kiernan
Consultant

We're going to be talking about cryptocurrencies, very much in vogue at the moment, with lots and lots of newspaper coverage, lots and lots of speculation. We're going to be looking at how this is moving forward, what the opportunities for regulation are, and where we think the cryptocurrency genre is moving forward to in the next years and months. I thought it was a really good discussion, lots of interesting views, a high degree of technical knowledge and expertise and lots of thoughtful answers. I think it's a great venue, really well set up. Panels are really good, diverse, strong choices, lots of interesting conversations and a certain amount of fun to be had for all if you choose to look for it.

Vikna Rajah
Rajah & Tann

There are two points. The first

point is this. There's a global change towards transparency. And as a result, we're probably going to see a lot more onshoring of companies. In fact, I've seen that in practice for trust structures moving away from offshore underlying holding companies to onshore holding companies, because in many instances it can actually be tax neutral, but you do not have the stigma of having offshore companies in play. That's the first point.

The second point, we have to recognise that the global climate is changing towards tax avoidance. What would have been acceptable, tax efficient planning 10 years ago, could be considered tax avoidance now. Actually, what could be considered tax avoidance a few years ago may even cross the line to evasion. And it's something which I've seen in practice. It was a fantastic event, great panelists, very well organised. Well done to you.

Woon Hum Tan
Shook Lin & Bok

Some of the things that we've discussed today was Common Reporting Standards, data protection, and how do we educate the clients, the advisors, on the reporting requirements and what to do to sanitise structures, and whether things like the Panama Papers, the Paradise leaks have any impact on onshoring or offshoring, and whether there's a flow of activity and funds from offshore into an onshore jurisdiction like Singapore.

Today's event is a good collection of advisors, professional senior people and industry players as well, coming together as usual at a Hubbis event. We tried to think about what is effecting the industry, the players, and think forward two steps, to see how the regulators should be responding and acting, how our clients would require our services and advice to chuck the pass forward, and more importantly is just network and to share ideas and to see what's in, what's out, and what the majority is doing, so that we calibrate and see if we're all moving in the right direction, in the right way.

Peter Coleman
United Security Solutions

One of the things that we've been looking at over the last 10 to 15 years in compliance environments has always been starting with tone at the top. This tone of the top concept is critical to organisations being compliant, and everybody within the organisation being compliant.

What we've been seeing very recently, even here in Singapore, is a critical value at that turn of the top whereby the message is either not getting through or the message that's being sent down from the top is contrary to what the message should be.

That leads people in other parts of the business to feel that they have an obligation to do something that may be non-compliant, may be

against the law, or against one of the many regulatory compliance statutes around the world. I think that's something that's got missed. Part of that might be because people feel that the potential for being prosecuted or called in front of a regulator may be less than it might have been 10 years ago with some of the changes we've seen in various administrations in different countries that do apply these laws lately.

For me, I think the most critical issue is that if the employees of an organisation feel that there's no need to comply, and that the message that's coming down from their most senior leadership is weak or contrary, then you'll continue to have ongoing compliance values across any range of industries and businesses that you want to talk about.

Ville Oehman
Helvetic Investments

I think a lot of awareness building needs to be done. There's a tremendous amount of information about cryptos and blockchain in general, and it's increasingly all over the place. There's a lot of also fake news about it, so the fundamental homework needs to be done by anybody who's starting to get into the serious compliance discussion about cryptos. From the crypto perspective, the interesting part is that we're talking about regulation, and requirements, and compliance. But for crypto specifically, we're not there yet. We don't



have the clear regulatory environment. It's in the works, and that makes the discussion very interesting for us, because we need to be there actively as part of it, we need to create examples of how things can be in compliance, and so forth. It's a moving target for us, very good to be part of it.

Conrad Lim
LGT Bank

It was basically about compliance trends of 2017 and what we would expect for 2018. It's amazing, just a span of a few months. What was so exciting or topical seemed almost like old news. We went through the old chronology of 2017. We were talking about AML. The debacles at BSI and Falcon and of course, the widespread finds among some of the leading banks in Singapore.

We talked about FinTech and RegTech. We also touched on global regulations such as MiFIIID and its impact on practitioners in Singapore. What was more interesting and got us going was the addition in our panel of a cryptocurrency fund manager and obviously the buzzword as early

as January has been about Bitcoin and the so called promised riches and the challenges it poses to us traditional banks. How we deal or cope with this new alternative to the ethic process that we've been so used to dealing with.

That's always a challenge because with the avalanche of regulations, global, regional and definitely not least local, it's been a huge deluge or avalanche of regulation just struggling to cope. We've been pretty reactive, we're always under resourced. The difficult thing is trying to cope with the core, the crux of what these regulations are trying to deal with. As well as, typical of any of us in the risk management sphere, dealing with the unknown unknowns.

Regulations are always pretty backward looking. Dealing with the last crisis, the last problems. Obviously, trying to make sure that we comply and conform to the latest expectations and obviously with media audit trail to show that we've discharged our regulatory obligations. But at the same time, again, dealing with all the various unex-

pected things that will happen in the course of our business.

It's a fantastic opportunity. I guess, maybe, we Asians have always been very education and certificate focused. I think, if we're going to be very serious as a financial center, for the region, if not internationally, as well as promoting ourselves as one of the leading financial centres, we need to make sure that our practitioners are duly certified and that at least they have at least minimum, if not average standards, which the rest of the world, our clients, believe in. No more different from say being an engineer, an architect or a doctor or lawyer. There should be a minimum standard of quality that one would expect when dealing with a financial professional from Singapore.

I'm excited. I think the fun thing about Hubbis events is that you always going to spark up new ideas, you meet new people, exchange of the roles or the challenges facing us. What's much more interesting is just the exchange and coming up with new ideas. Hopefully new solutions as to how we can all do business better. ■

