

Compliance in Asian Wealth Management Forum 2020 Video Highlights



At the Hubbis Compliance in Asian Wealth Management Forum 2020 in Singapore on January 16th, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

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Who did we interview?

Andrew Chow

Compliance
Previously at BNP Paribas

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Damian Hitchen

CEO Singapore
Swissquote

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Vincent Koo

Head of Compliance
EFG Bank

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Philipp Piazz

Partner
Finaport

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John Shoemaker

Registered Foreign Lawyer
Butler Snow

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Christina McNamara

Associate Director, Operational
Risk & Regulatory Compliance
IHS Markit

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Tan Woon Hum

Partner, Head of Trust, Asset &
Wealth Management Practice
Shook Lin & Bok

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Anu Phanse

Operational Risk and Business
Compliance
Swissquote

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Andreas Wenger

General Manager, Asia Pacific
IMTF

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Rene Hess

Co-Founder
LexiFi

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Andrew Chow
Compliance
 Previously at BNP Paribas
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The main opportunities for compliance offices really have to do with both conduct and technology. Conduct, to the extent that now there's personal responsibility, it's important that you understand what your responsibilities are, how to dimension that, and make sure that you're able to actually do what is necessary as per what the individual accountability and conduct guidelines are, as far as the MAS are concerned. Now, a lot of that has to do with your reporting lines, your ability to influence decisions both laterally and upwards, and also, I guess, it's more in the context of understanding technology as well. Because technology has to do with conduct; if you actually think about it, when you actually have a digital platform, you need to think about how ethical it operates, how you can actually make sure that there is proper transparency as far as the program is concerned. So all of that actually falls under the overarching umbrella of conduct.

Damian Hitchen
CEO Singapore
 Swissquote
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Clearly, as we mentioned today, the compliance burden and monitoring responsibilities will continue to get larger, and larger, and larger. And that's what's quite refreshing about today's conference is that you've got people from business alongside people from compliance. As we talked about this morning, it's

really critical that compliance professionals are involved in every aspect of the business. I think the days that they were just the gatekeepers to account opening and monitoring are now gone. They need to be up to speed in terms of regulation, where the industry is heading, to essentially make sure business is running compliantly, not compliance is running the business.

Vincent Koo
Head of Compliance
 EFG Bank
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In terms of the challenges for the year ahead; we know about the UBS thing, we know that MAS is asking the industries to conduct some reviews, independent reviews on pricing, disclosure practices, etc. That's something that needs to be done. And obviously for banks which have not implemented relevant controls, that's going to come. So that is actually quite a big part of the work, especially on a suitability front. In terms of opportunity; honestly, I think it's really about digitisation. How can you actually help the bankers do things better? How can you use IT to improve your control environment? That's the bigger one that I would see in 2020. That would be my personal objective.

Philipp Piaz
Partner
 Finaport
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I believe one of the mistakes one should not make is just because this year's topic is a different topic than last year's, let's just say initiatives on AML, and CFT, to forget about the importance





of those. I had mentioned earlier today that the whole compliance thing is actually not just a tick box exercise, but very much a culture that companies should live. Avoiding hassle, and avoiding potentially costly mistakes starts at the very beginning from choosing your clients, choosing VRMs, and just be very, very cautious. Think of it as your own business; is that a risk you want to take or not?

John Shoemaker
Registered Foreign Lawyer
Butler Snow
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2020, coincidentally and nicely fitting with the theme, 2020 is often associated with vision and clarity and I think that is going to be a theme this year as the knock-on effects of transparency really start to take effect. We're going to see clarity around tax authorities and regulatory authorities instituting follow-ups in audits to really see 'are companies and are families taking these rules seriously?'

Are they genuinely complying with them? Or are we still stuck in the old banking secrecy and privacy days? For Asia, I think that is a particular highlight on the problems that we still face on a regulatory basis. They don't genuinely take into account the real need for privacy. Europe and America are entirely different cultures, entirely different systems. There may be a rule of law that is definite there that we don't necessarily have that clarity in Asia.

Christina McNamara
Associate Director, Operational Risk & Regulatory Compliance
IHS Markit
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Well, looking forward at the next year ahead, some of the main challenges I think we'll see is the increased regulation and scrutiny, specifically around the OECD initiatives; CRS, the Common Reporting Standard, has been around now for two and a half years, but what we have seen is the OECD making

continuous strides to strengthen the regulation, identify gaps, and increase what wealth managers are going to have to do from a due diligence as well as reporting perspective. If you look at the citizenship-by-investment and residence-by-investment scheme requirement that has been rolled out in Singapore, that places additional burden on the due diligence as far as source of wealth, as well as tax residency in different schemes, investors may be taking advantage of, as well as the mandatory disclosure rules, which hasn't hit Asia yet, but we will see that as a trickle down effect from the EU directive.

Tan Woon Hum
Partner, Head of Trust, Asset & Wealth Management Practice
Shook Lin & Bok
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I think the major challenges this year would be the uncertainty in the market, as well as the expectations of the organisations to meet targets. I think that indirectly will create pressure to increase revenue, increase work, increase fees. So when they push forward, I think what the professionals need to remember is that the compliance, the AML, the KYC, the CFC issues must still be complied with. The professional conduct, the accountability, the responsibility, and the professional advice, and the work that they do must still be up to standard, even though there's increased pressure and the uncertainties ahead for themselves and their investors. I think that translates to perhaps doing much more in a shorter time and trying to do much more in a smaller space.

Anu Phanse
Operational Risk and Business Compliance
 Swissquote
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So definitely I think cybercrime is one area where MAS is really focusing a lot on currently. The other one is going to be the Payment Services Act, which is going to come into play end of this month (January 2020). There's going to be a lot of things around that, and a lot of new companies which are setting up payments businesses, so there's going to be a heavy focus on that. The other one is going to be individual accountability, which is a new area again. And it's pretty scary for all the senior management, because it's going to really make them responsible. So yeah, I think those.

Andreas Wenger
General Manager, Asia Pacific
 IMTF
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Still the whole technology side will be very challenging for

the banks to implement new technologies, to adapt and also appreciate what technologies can do. I think the whole data that the banks have is still a lot not structured. A lot of stuff is paper based. And I think there the banks need to evolve, make it digital, and then also make use of the data. I mean, just if you have the data and don't use it, I think this is a big challenge. And then if you use bad data, you get bad results. So I think working with the data that banks have in a good way, using it in a good way, use technology to use it, that will be a big challenge for this year.

Rene Hess
Co-Founder
 LexiFi
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For our clients, will be that they will need to address the current regulation, in particular in trade documentation requirements. And for this, they will have the ability to dynamically react to the current market condition, and have the ability to exactly disclose the relevant risk to their clients. ■

