

Conduct, Governance & Accountability: Wealth Management Proposition

The Hubbis Compliance in Asian Wealth Management Forum 2020 in Singapore launched with a highly topical panel discussion focusing on the key compliance challenges for the year ahead. The experts on the panel highlighted the intensifying drive from regulators for higher standards of conduct, greater individual and corporate accountability, enhanced monitoring, and how the banks and other wealth management firms can react with more training, more defined standards and digitisation.

These were the topics discussed:

- *What are the main compliance challenges for the year ahead?*
- *What's important to the business owner - how do they think about compliance and regulation?*
- *Risk Heat Map 2020 - what goes up, what goes down and why?*
- *How does digital help?*
- *A big shift in MAS' stance towards accountability and conduct. What does this mean to you?*
- *The constantly evolving regulatory landscape: Monitoring and staying on track with implementation - what do we need to achieve this?*
- *How can compliance professionals be proactive not reactive?*
- *What are the challenges Compliance face during client on-boarding with the Banks? Banks are becoming more stringent and taking at least 2-3 months to open an account.*
- *Whistleblowing Compliance - Reporting and training solutions relating to whistleblowing.*
- *Combatting Financial Crime including Anti Money Laundering, Countering Terrorist Financing, Anti Bribery measures - where should compliance teams focus their efforts?*

PANEL SPEAKERS

- **Vincent Koo,**
Head of Compliance,
EFG Bank
- **Evelyn Koh,**
Head, Network
Compliance, Wealth
Management Standard
Chartered Bank
- **Damian Hitchen,**
CEO Singapore,
Swissquote
- **Chye Kit Chionh,**
Co-Founder & CEO,
Cynopsis Solutions
- **Mona Zoet ,**
Founder,
RegPac
- **Philipp Piaz,**
Partner,
Finaport



[Link to Event Homepage](#)



THE KEY TAKEAWAYS

In a global, digitised world replete with regulation, vigilance is ever more essential

There are many headwinds facing the wealth management industry globally, especially the increasing levels of cross-border investment, the rising tide of regulation and the need for cyber-hygiene amidst the proliferation of digital technologies. All these factors create new risks and additional challenges for compliance.

Ethics and governance are vital to the compliance battle

The ethics of wealth management firms and the conduct of their employees are essential elements in the war against non-compliance, especially as regulators around the world focus ever-greater attention on acting in the best interests of the clients, and individual responsibility as well as collective accountability.

Balance required for sustainable businesses

Private banks and wealth management firms need to balance commercial drive and objectives with client-centricity. Conduct, governance and accountability are key areas to consider, and the compliance teams need to work with the senior management and business generators to provide a balanced perspective.

Digital solutions and digital challenges

In an increasingly digital environment at the banks and other wealth management firms, new algorithms can help in a broad range of areas, from KYC/onboarding to AML monitoring and so forth. However, at the same time, there are also huge risks relating to data security, identity theft and so forth, so compliance experts must involve themselves in the broadest sense to help ensure that technology and software solutions are fit for purpose and secure.

Stay agile

Compliance professionals no longer work in a world of ticking boxes, their role is far more challenging and much more interesting than ever before. They must stay entirely current, especially as more agile technologies and methodology protocols are employed.

Embrace change, don't resist it

There is a danger that private banks and wealth management firms do not place enough emphasis on compliance across all aspects of their firms, in other words, that they see compliance as a silo that might be hidden away downstairs. However, compliance is required throughout every sphere of activity internally, as compliance teams must be vigilant across all areas of a bank, and all disciplines.

Be business centric as well

Compliance teams should see themselves as helping to provide solutions that are aligned with the commercial objectives of the businesses. Be engaged with the business heads, and engender open discussion internally to find the optimal solutions.

Remember that no gain comes without potential pain

There is a rapidly increasing emphasis from the regulators worldwide on individual and collective accountability, so training from the ground up as to individual and firm-wide responsibility and accountability is essential.



PHILIPP PIAZ
Finaport

AN EXPERT OPENED THE DISCUSSION BY SETTING THE SCENE, remarking that the headwinds include geopolitical risks, market volatility, the increased levels of cross-border activity, and struggles with digitisation. “All these factors create new risks for the businesses and additional challenges for compliance. Digital, for example, means you have to be vigilant across jurisdictions, as there is greater cross-border activity and therefore risk, including monitoring and of course financial crime potentially.”

Another eminent guest observed that key topics today are ethics and conduct, where the regulators are putting a lot of emphasis across all areas of private banking and wealth management, including sales, pricing and other key segments. A fellow panellist agreed, adding that when promoting products to clients, the firms must be intent on acting in the best interests of the client, not focusing on the profitability of their firms. “Sometimes, even if regulations permit a certain activity or product, the bank can decide it against that from the client’s perspective.”

Balance needed

“Yes,” came another voice, “the days where you can sell anything to anybody and hope to get that big bonus are probably gone. We need to protect the client because if the client doesn’t have confidence in the industry, the industry will die. But we also need to make money, so there is



DAMIAN HITCHEN
Swissquote



EVELYN KOH
Standard Chartered Bank

a fine balance required, and that is challenging the whole model right now, as people still want to achieve high revenues and bonuses, but need to heed the regulatory and conduct issues to preserve good judgment.”

Conduct, governance and accountability are key areas of focus, another expert agreed, although these concepts are far from new. He said how the audience had heard from the MAS about the vital importance of a culture of trust and ethics, the critical importance for the MAS of digital hygiene to keep Singapore as the top-notch financial centre. “What we see here is the regulator now focussing a lot more on conduct issues as well as governance and accountability and stressing the key role technology is playing and the vigilance we all need relating to that.” He added that we need to understand the risks of living in a data-driven society.

The speed of light

Another panellist noted that with a digital bank and the speed of transactions and activity accelerating all the time, transaction monitoring is a core area of concern. “Technology actually cannot solve all these concerns,” he explained, “so the compliance experts must work on technology and software solutions that are fit for purpose, so exactly the right information comes out.” A colleague agreed, warning against the silo approach and advising that greater internal collaboration must be achieved.



VINCENT KOO
EFG Bank

DO YOU EXPECT YOUR DAY TO LIFE IN 2020 - FROM A COMPLIANCE AND REGULATORY PERSPECTIVE TO BE:

More painful



Less painful



Source: Compliance in Asian Wealth Management Forum 2020

“Yes,” opined a panellist, “and with more technology people in wealth management firms, remember that they probably do not really understand wealth management.” Accordingly, collaboration and communication are truly essential to ensure that the right processes and outcomes are achieved.

Be agile

As a compliance professional with long experience, another guest said it is also essential to stay entirely current, especially as more agile methodology protocol is practised.

“As an independent wealth management firm,” another guest observed, “compliance and KYC are actually helping the sustainability of our business, and technology helping significantly in assessing risk quicker, and earlier. We work closely with the MAS and I have to say they are at the cutting edge of the global regulators and maintain a dialogue with the independent firms, which is vital to all of us.”

A guest agreed, adding that the combination of a forward-looking business perspective and the application of conduct and compliance are essential to staying in business and staying client-focused and also relevant.

Don’t accept change, embrace it

“Yes, we not only have to accept these changes,” said another panellist, “but we need to embrace them.” Another colleague agreed, noting that it is essential to be clear internally about roles, to define responsibilities, to boost training. “Compliance needs to actually be involved in all these activities with the banks and with the projects,”



CHYE KIT CHIONH
Cynopsis Solutions

he said. “You need to understand the technology, the development of processes such as the agile approach compared to the waterfall approach, as compliance must be vigilant across all areas of a bank, all disciplines. In short, your knowledge has to be much broader than ever before.”

Be commercial

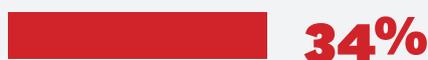
“Agreed,” came another view, “so the compliance team should be providing a solution that is aligned with the commercial business model of the entity, and then you work that solution, you train your people, and then you can hit the ground

ARE YOU WORRIED THAT YOU AS AN INDIVIDUAL ARE MORE ACCOUNTABLE AND RESPONSIBLE?

Yes



No



Source: Compliance in Asian Wealth Management Forum 2020

running while still remaining fully compliant. It is absolutely essential to take that approach.” But what we have seen for many decades in our industry, he said, is that there has been a lack of communication and then roadblocks appear, or crises ensue.

From a regulatory compliance perspective, the panels both agreed that every year is more painful, with increasing regulation and ever greater complexities. “To stay relevant and stay in business,” an expert commented, “we must in compliance be continuously curious to understand the challenges that the business is facing. We need to look ahead to the challenges, so the new breed of compliance officer is to say ‘I am curious’ about the business, about the concerns arising, and that way we can alleviate their pain and our own compliance pain.”

More pain expected

“We all agree that the wave of new regulations, and the increasing expectations from clients, all that will not change,” said another expert. “Don’t resist this, accept it all, find a most intelligent way to handle it and be engaged with the business, and discuss internally to find the optimal way forward.”

A fellow panellist concurred, adding that from Singapore’s perspective, clearly regulations and compliance will get tougher. And he offered the example of the Payments Services Act that was due to come into effect on January 28. “Even before it is coming into effect, the MAS had actually issued consultation papers to amend the Act itself late last year, so compliance teams need to keep abreast of all these new laws and their evolution, in order



MONA ZOET
RegPac

to be in a better position to advise your business colleagues and to add value. And to reiterate what the MAS said earlier today, cyber hygiene is another vital area to cover for risk management.”

Accountability

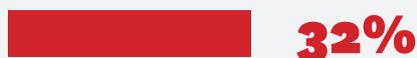
Turning to the increased emphasis from the MAS and regulators worldwide on accountability, the panel advised that RMs must realise that they are responsible for their actions and to some extent to ensure that they are diligent in first onboarding and then monitoring their clients. “You might

IS DIGITAL AND TECHNOLOGY HELPING YOU WITH YOUR COMPLIANCE CHALLENGES?

Yes



No



Source: Compliance in Asian Wealth Management Forum 2020

be justified in worrying about it, yes, but you just have to deal with it,” said one expert. “And the compliance function is no longer a tick-the-box protocol, it is actually very exciting, as compliance is now much more in the driver’s seat than ever before.”

The final word was on transparency, with one guest remarking that it is incredibly difficult to assess fees and charges from the market, to see through to the embedded fees and the opaque nature of the industry. “We have a really long way to go in terms of transparency,” he concluded. ■

DO YOU THINK PRIVATE BANKS FIRST PRIORITY IS FEES FOR THEMSELVES NOT DELIVERING VALUE TO THEIR CLIENTS?

Yes



No



Source: Compliance in Asian Wealth Management Forum 2020

