Living in the post-1MDB world

Wealth management firms realise the urgency around making sure they don't fall prey to the same kinds of control failures of the likes of BSI Bank and Falcon Private Bank.

Panel speakers

- ***David Vignola**, Head, Compliance, Private Bank and Wealth Management, Standard Chartered Bank*
- ***Matt Maddocks**, Institutional Operational Risk, Retail Wealth & International Banking, Asia, ANZ*
- ***Arijit Chakraborty**, Senior Vice President & Chief Legal & Compliance Officer, Manulife*
- ***Douglas Lee**, Head of Compliance, Heritage Trust Group*

Making sure that the control failures seen in Singapore in 2016 are not repeated replies on financial institutions reviewing and reinforcing the various processes and checks-and-balances in place.

A key part of this is to focus on the importance of acting on lessons learned as a way of making a competitive advantage from risk and compliance.

For this to happen, and compliance requirements to be operationally feasible, this must also translate into organisations taking a commercially-sensible approach – not one which is purely theoretical.

Indeed, with the volume and complexity of regulations unlikely to get any lighter, senior compliance practitioners in Asian wealth management are hoping to see more consistency in requirements to help them manage the burden.

A CULTURE OF PREVENTION

Some practitioners are also spending a lot more time highlighting within their organisations the importance of sharing both internal and external lessons learned. This is not just within a business unit, but across the whole organisation.

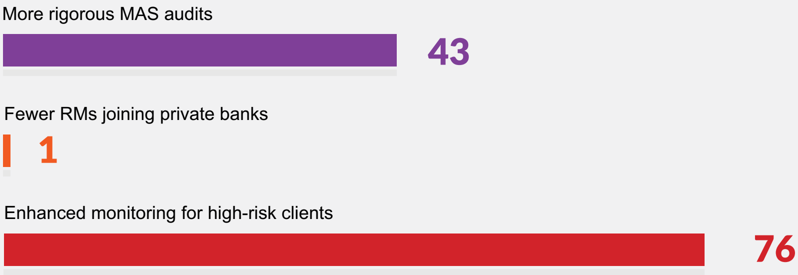
An expected benefit of this, is that it promotes risk-based thinking, which adds value to any business and allows more scope for potential solutions to be explored without starting from a blank page.

However, compliance professionals also know that senior management are responsible need to handle immediate, short-term and longer-term risks.

And it is difficult to juggle between the immediate financial performance risk and medium to long-term risks of partial compliance. While no senior management will accept non-compliance, the cost of 'perfect' compliance is not realistic either.

David Vignola
Standard Chartered Bank

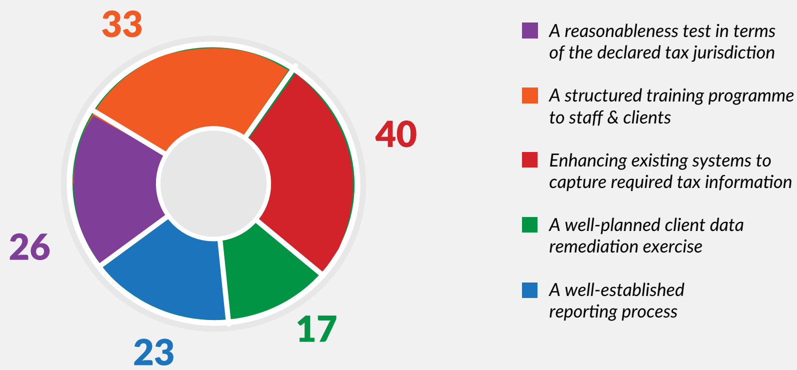
WHAT'S THE MOST LIKELY IMPACT IN SINGAPORE IN 2017 OF THE 1MDB FALL-OUT? (by number of votes)



Source: Hubbis Compliance in Asian Wealth Management Forum 2017, Singapore

Matt Maddocks, ANZ

WHICH OF THESE STEPS TO REDUCE RISK IS MOST OVER-LOOKED? (by number of votes)



Source: Hubbis Compliance in Asian Wealth Management Forum 2017, Singapore

Arijit Chakraborty, Manulife

COST-BENEFIT PRACTICALITIES

Preventing a BSI / Falcon-type situation is a challenge, however, when it comes to onboarding clients who appear to be able to provide every supporting document which is required as corroborative evidence.

One of the avenues for recourse is intensive, enhanced monitoring for high-risk clients.

However, organisations need to determine whether the cost justifies the benefit if you charge a fixed fee income. How can firms recover the cost? Otherwise, do they reject the risk entirely?

There is no way to eliminate the risk of control failures totally, but financial institutions need to be well-informed of the costs and benefits. ■

Douglas Lee, Heritage Trust Group