

Taking responsibility and doing the right thing for clients

Front-line staff and compliance officers must continue to shift their mind-set from what might have been acceptable in the past towards exhibiting the right conduct, based on accountability, according to several senior practitioners in the compliance community.

Accountability is key in today's more compliant world of wealth management – and this must start with compliance and front-line staff understanding what their responsibilities for.

Once this is clear, individuals need to ensure they conduct themselves in the way they need to and which is aligned with the goals of the organisation.

The need for this, as well as for firms to organise themselves to ensure they treat the customer fairly, is becoming increasingly pressing given the reality of personal liability seen in the wake of the 1MDB scandal.

A HOLISTIC APPROACH TO SUITABILITY

In particular, suitability needs to be embraced by front-line staff given the ever-brighter spotlight in Singapore and Hong Kong on selling risks. This is in line with the fact that the expectations of regulators are for institutions, and individuals at the front-line, to meet stricter and higher standards.

But the solution isn't box-ticking, by just reading out a disclaimer to clients, or sending them all the various documents in advance.

Instead, suitability and the concept of doing the right thing for clients, requires bankers to take more of a holistic approach.

This means they need to take responsibility for having specific conversations with clients to ensure they understand what they are buying.

This is also important if, a worst-case scenario, anything goes wrong in the future and transcripts of conversations are used as part of court hearings.

There is also a need in relation to this to educate clients about what is required of them. This has become especially important given the number of changes that clients now have to face.

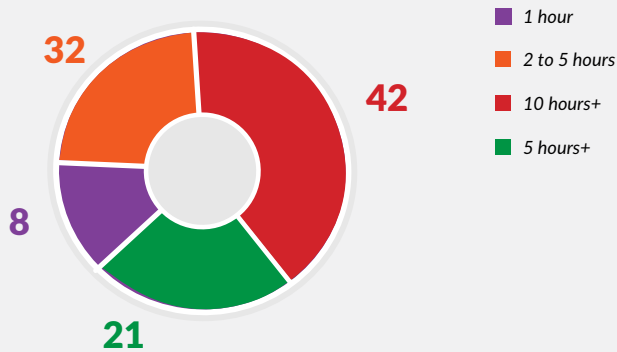
Panel speakers

- Evelyn Koh, Head, Compliance, Private Banking Clients, Singapore, Standard Chartered Bank
- Gary Soh, Chief Compliance & Operations Officer, Nexus Financial Services
- Woon Hum Tan, Partner, Shook Lin & Bok
- Rolf Haudenschild, Country Head, Singapore, BRP Bizzozero & Partners



Evelyn Koh
Standard Chartered Bank

HOW MUCH OF YOUR TIME EVERY WEEK IS SPENT DOING COMPLIANCE-RELATED ACTIVITIES RATHER THAN TALKING TO YOUR CLIENTS ABOUT THEIR NEEDS? (by number of votes)



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



Gary Soh
Nexus Financial Services

MORE LIABILITY IN COMPLIANCE

Although the fallout in Singapore in 2016 of the BSI Bank, Falcon Private Bank and other failures shouldn't change how compliance departments perceive their role, the upshot is that their role involves more personal risk today.

Further, regulations have been considerably tightened over recent years, with more assessments than have been done in previous years.

It is now about catching up and bringing everyone up to the same standard.

Heads of department, therefore, need to get their staff to understand their own responsibilities and to show that they make decisions with due care, diligence and integrity.

They also need to document their challenge in forums and discussions, to offer evidence of their approach to processes and controls.

In this way, a compliance manager is, among other things, is someone who manages compliance and regulatory risk for the institution they work for.

Increasingly in today's environment, compliance officers also need to be able to articulate to senior management within the business the rationale for their decisions – both for what they reject as well as what they approve.



Woon Hum Tan, Shook Lin & Bok

Not only does this involve staking one's personal credibility and reliability in order to be effective, but it also serves as the mitigation as approvals will need to be defended should a regulator ask questions about them.

This creates a challenge in finding compliance practitioners who are able to identify risk and explain it internally and externally if required.

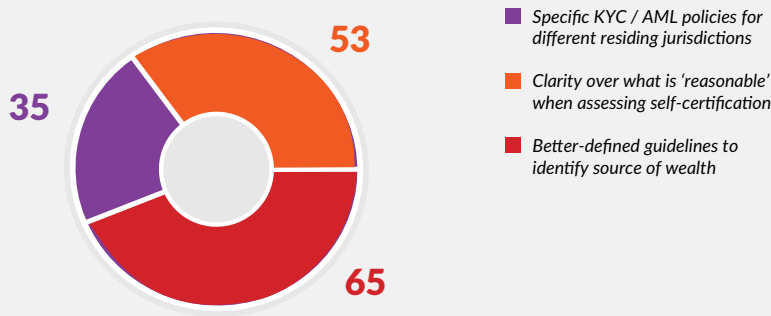


Rolf Haudenschild, BRP Bizzozero & Partners

STREAMLINING REGULATIONS

Senior industry practitioners also believe there is a need to try to reduce the amount of regulatory overlap that exists across jurisdictions.

**WHAT IS THE MOST EFFECTIVE WAY TO MANAGE THE DUE DILIGENCE NOW REQUIRED FOR NEW ACCOUNTS?
(by number of votes)**



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

More collaboration amongst regulators can help to achieve this, with one option being that international bodies can issue global standards.

To be able to do this, regulators must first agree a set of priorities and define a common approach and intent to regulatory prescription which is relevant to the health of international banking centres. ■

Compliance officers also need to be able to articulate to senior management within the business the rationale for their decisions