Compliance in Asian Wealth Management Forum 2019

Video Highlights

At the Hubbis Compliance in Asian Wealth Management Forum 2019 in Singapore on January 17th, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

Click here to view the video highlights.

We hope you enjoy this summary – it's packed with content from the forum. You can click on the speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

Link to Content Summary page
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Link to Event Homepage

Who did we interview?

Adriel Loh
Managing Director,
Global Head of Compliance
Bank of Singapore
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Raffael Maio
Managing Director APAC,
Co-founder
NetGuardians
Watch Video

Daniel P. Levison
Partner
Morrison & Foerster
Watch Video

Andreas Wenger
General Manager, Asia Pacific
IMTF
Watch Video

Tan Woon Hum
Partner, Head of Trust, Asset &
Wealth Management Practice
Shook Lin & Bok
Watch Video

Conrad Lim
Managing Director & Deputy Chief
Executive Officer,
Senior Regulatory Counsel Asia
LGT Bank
Watch Video

Rolf Haudenschild
Co-Founder, Head of Regulatory &
Risk Services
Ingenia Consultants
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Josh Heiliczer
Partner, Advisory Services
EY
Watch Video

Prof Gunter Dufey
Professor Emeritus of
Corporate Strategy,
International Business
and Finance
University of Michigan Ross
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Noor Quek
Founder,
Chief Executive Director
NQ International
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Vikna Rajah
Partner,
Head of Tax,
Trust & Private
Client
Rajah & Tann
Watch Video

Zac Lucas
Founder, Head of Legal
Centenal
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Laurence Lancaster
Barrister-at-Law,
Group Head of Tax
Sovereign Group
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Adriel Loh
Managing Director,
Global Head of Compliance
Bank of Singapore
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I think one of the main focuses of the regulators in the year ahead is really about culture. It's about the fact that private banks need to have the right culture, the right compliance culture to be able to balance the business needs as well as the regulatory risk that they will face. Especially in the area of private banking where it's inherent high risk, the need to ensure that there is a very strong senior management tone from the top in terms of supporting their compliance culture is very important. We see this with the new senior management accountability regime coming into place. I think how we remunerate our bankers is going to be a big area of focus, whether or not they are remunerated financially but whether there are factors, qualitative factors of conduct and culture and compliance and risk factors that are also included, that impact them financially if there were to be misconduct. I think that's something that's the regulators are really going to want to see within the private banks.

Raffael Maio
Managing Director APAC,
Co-founder
NetGuardians
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So where I see probably one of the significant challenges is new technology. And a lot of banks are jumping into it - it is really that the whole institution embraces it. Because of course, how things were done 15 years ago and now with this new type of technology, cryptocurrency and so forth, there is a training component that needs to be addressed from an institution's perspective to really accompany their staff in this new journey.

Daniel P. Levison
Partner
Morrison & Foerster
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Some things I think we need to consider this year, similar to last year, anti-bribery, corruption but also economic sanctions as well. It's been a focus. We've seen Singapore companies get into trouble with the U.S. authorities on economic sanctions and I think that's going to be a trend that continues.

Andreas Wenger
General Manager, Asia Pacific
IMTF
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The regulators are still changing and trying to tighten up their regulations. So the banks need to adapt and just focus on being compliant. And not just adding manpower, really invest to support the future business. So this is an area where I think the tools will help. And the banks will also be able to support future regulatory changes in a better way.

Conrad Lim
Managing Director & Deputy
Chief Executive Officer,
Senior Regulatory Counsel Asia
LGT Bank
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As I mentioned in the panel, it would back to the fundamentals, back with meaning. Meaning that it's not just about checking boxes,

in fact, it should be away from checking boxes. Really doing things with quality, with real knowledge. It has to be quality work. Meaning not rubbish, superficial, just doing things in a hurry. Because the regulators and certainly the auditors are now picking through samples with great care and skill and if they come across work that's not done with great care and skill, it's going to haunt us.

Rolf Haudenschild
Co-Founder, Head of Regulatory & Risk Services
Ingenia Consultants
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On a very general basis, compliance is continuing to hit all the wealth managers; small EAMS, banks, even the very large banks. Suitability may be strengthened. That is probably a bit on the longer-term horizon. Disclosures of fees and charges, AML, remains really in the game. Also coming from 1MDB, that is still being cleaned up in Singapore, Malaysia, making an additional push on it. And a final thing that we expect to some extent is that you need to work on your cross-border compliance with more data coming also from the tax assessments, that the regulators may be picking up on those tax assessments made on the information exchanged. And find out where banks, financial intuitions have actually worked across borders without the necessary compliance.

Zac Lucas
Founder, Head of Legal
Centenal
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The main challenge I think is going to be looking at the development of managing disclosure rules. Whether or not financial institutions take it seriously and actually put in place protocols, training, and development programs so that relationship managers understand the risks associated with the managing disclosure rules and can adapt their behaviour requirements in anticipation of the rules coming in.

Josh Heiliczer
Partner, Advisory Services
EY
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Definitely one challenge that everybody's facing is how to use technology; whether or not they can get approval from regulators for new technology and moving towards potentially automation and artificial intelligence. I think the second one is going to definitely be this CRS focus as the automatic exchange of information has happened or is going to happen as countries sign up, once information and inquiries come back from those other jurisdictions where the wealth is moved from to places like Singapore and Hong Kong - that's going to be an issue.

Tan Woon Hum
Partner, Head of Trust, Asset & Wealth Management Practice
Shook Lin & Bok
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Apart from common reporting standards, I would think cross-border sales is something that the government would be looking at because increasingly not just talent but wealth is mobile, is going through borders in a very, very seamless manner and it's going through the internet, it's going through crypto. So I think the regulators are talking and they're trying to look at things like digital tokens, digital currency, and other forms of transfer. So that's something that would be looked at very carefully. The other thing would be EAMs and unfortunately, I think our local regulators have actually said that they look at EAM as something of a high-risk bucket. So rightly or wrongly, they're paying closer attention to EAM to see the compliance weaknesses, the AML weaknesses and how EAM can be a bit more robust and sustainable.

Laurence Lancaster
Barrister-at-Law,
Group Head of Tax
Sovereign Group
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From a UK perspective, we've got this ongoing trust register requirement. This is the requirement that trusts - and they could be overseas trusts potentially with UK income and UK gains - need to register. And the initial registration date for that was last year, the 31st of January 2018, but you may find that trusts were not aware of that and there's this continuous obligation. Or there may have been a trust that didn't have a requirement to register last year, but has got a requirement to register this year. So that is what I'd look out for. Also in the UK, we've just had this requirement to correct legislation, and that's dribbling on and is still ongoing for this year too.

Vikna Rajah
Partner, Head of Tax,
Trust & Private Client
Rajah & Tann
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We have seen UK courts issue UWO's. Essentially orders asking clients to explain how they've accumulated their wealth. And these are very onerous orders to comply with. I think we may start seeing that across jurisdictions, or something similar to that. Undoubtedly there will be increased scrutiny of advisors as well. Who has an obligation to report if they are involved in, or aware of any, tax avoidance or evasion schemes?

Prof Gunter Dufey
Professor Emeritus
of Corporate Strategy,
International Business
and Finance
University of Michigan Ross
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I think obviously the trend has, in my personal view as an academic observer, has been to increase and put more compliance burdens on the industry. However, I think there is now some restrictions because, and in the case of Singapore it is very apparent, it does cut into our business. Fortunately, other people are under the same pressure, and so now we really have to say, "What is our job?" A specific example, compliance with the exchange controls of foreign countries. Clearly, if we play that game, that would be a large end of our business given the nature of the region. So, I think there is politically a trend against it. Let's make sure we choose regulations that have to be followed and where as a jurisdiction we do not play with these rules.

Noor Quek
Founder, Chief Executive Director
NQ International
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I think people are going to become a lot more realistic as they assess the clients and decide that they have to really understand them. The Know Your Client is not just KYC, but the KYC also stands for Know Your Corporate and Know Your Characteristics. You need to work with your teammates to get a full understanding of your clients' circumstances. That's going to encourage teamwork. ■