

Singapore's National Money Laundering and Terrorist Financing Risk Assessment (NRA)

- 1. Singapore National Risk Assessment Report and Results**
- 2. What the NRA means in relation to Entities**
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1. Singapore's National Risk Assessment

- Key aim is to assess and deepen the understanding of money laundering and terrorist financing (ML/TF) risks in Singapore
- Led by Ministry of Home Affairs, the Ministry of Finance and the Monetary Authority of Singapore
- Steering Committee for combating ML/TF established in 1999
- Whole-of-government approach involving over 15 agencies
 - Attorney General's Chambers, Ministry of Law, Commercial Affairs Department (Singapore Police Force), Corrupt Practices Investigation Bureau, Casino Regulatory Authority, Accounting and Corporate Regulatory Authority, etc.

1. Singapore's National Risk Assessment

- Based on the FATF Guidance on National Money Laundering and Terrorist Financing Risks Assessment published in February 2013, and other international practices.
- Singapore's NRA was published in January 2014
- NRA analysis include:
 - Threat analysis on ML/TF crimes
 - Covers 14 financial sub-sectors (e.g. Banks, Life Insurance, Remittance Agents, etc.)
 - Covers 8 non-financial sectors (e.g. Casinos, Lawyers, Corporate Service Providers etc.)
- Refer to the following link for more information:
http://www.mha.gov.sg/news_details.aspx?nid=MzA3Nw%3D%3D-dllky22HZAc%3D



1. Singapore's National Risk Assessment

- To enable relevant authorities and the private sector, to better adopt risk-appropriate anti-money laundering and counter-terrorist financing (AML/CFT) measures and allocate resources to mitigate identified risks



2. What the NRA means in relation to Entities

Enterprise-wide Risk Assessment

- All entities are required to identify and assess ML/TF risks on an enterprise-wide level and to take into account the NRA results.
- The enterprise-wide level ML/TF risk assessment should:
 - Be in addition to the assessment of ML/TF risks at individual customer-level and the entity should risk-assess its overall customer base
 - Include a consolidated assessment of ML/TF risks that exists across all the entity's business units / activities in or outside of Singapore
 - Form the basis of entities' overall risk-based approach and should enable entities to understand its vulnerabilities to ML/TF risks
 - Be approved by the entities' senior management

2. What the NRA means in relation to Entities

Broad ML/TF Risk Factors that may be considered :

Customers

- Target customer markets and segments;
- Customer profile and number of customers identified as high risk
- Volume and size of its transactions and funds transfers, considering the usual activity of the bank and the profile of its customers

Countries or jurisdictions

- Countries or jurisdictions its customers are from or in
- Countries or jurisdictions where the entity has operations in

Products, services, transactions and delivery channels

- Nature, scale, diversity and complexity of the entity's business activities
- Nature of product, services offered by entity
- Distribution channels, including the extent to which the entity deals directly with the customer or the extent to which it relies (or is allowed to rely on) third parties to conduct CDD and the use of technology

2. What the NRA means in relation to Entities

Enterprise-wide Risk Assessment

- **Authorities will be checking on entities' risk assessment as a priority once the new regulations are in effect.** Risk assessment and the relevant information should be available to the Authority upon request.
- Risk assessments should be duly documented and kept up-to-date
- The nature and extent of AML/CFT risk management systems and controls should be commensurate with the ML/TF risks identified via the enterprise-wide ML/TF risk assessment process.
- Entities should put in place adequate policies, procedures and controls to mitigate the ML/TF risks.
- The enterprise-wide ML/TF risk assessment should also guide the allocation of AML/CFT resources within the entities.

2. What the NRA means in relation to Entities

- Incorporation of NRA results by entities in other areas:
 - i. Entities should incorporate the NRA's **higher risk sector results** into their customer risk assessment process as well

Key Results of the NRA Report – Higher Risk Sectors

- **Financial Sector**
 - Full Banks
 - Money-changers and Remittance Agents
 - Internet-based Stored Value Facility holders

- **Non-Financial Sector**
 - Corporate Service Providers
 - Pawnbrokers
 - Casinos

2. What the NRA means in relation to Entities

- Incorporation of NRA results by entities in other areas:
 - ii. Entities should consider the NRA's **higher risk crime type results** when performing on-going monitoring of the conduct of customers' account and scrutiny of customers' transactions

Key Results of the NRA Report – Higher Risk ML/TF Crime Types

- **ML Threats - Domestic Origins**
 - Unlicensed Money Lending
 - Cheating
 - Criminal Breach of Trust
- **ML Threats - Foreign Origins**
 - Cheating
 - Corruption
- **TF Threats**
 - Foreign Funding

The End
