

How Money Laundering (AML) and Terrorism Financing (CTF) Threaten Economic Stability

adriantan.com.sg/how-money-laundering-aml-and-terrorism-financing-ctf-threaten-economic-stability

Tuesday, October 1,
2019

Financial crimes associated with identity theft, fraud, money laundering, tax evasion, market manipulation and terrorist financing have grown at an alarming rate that is threatening global financial stability.



The 2018 Thomson Reuters True Cost of Financial Crime report revealed that the annual cost of financial crime to the global economy is estimated at US\$1.45 trillion, with US\$166 billion in the Asia Pacific region alone.

According to the United Nations Office on Drug and Crime, around US\$800 billion to US\$2 trillion, or estimated 2%-5% of global GDP, is laundered globally in a year.

Money Laundering and Terrorist Financing – Twin Global Challenges

Money laundering is an illegal act where illicit funds are made legitimate or made to appear legitimate by concealing or disguising the illegal origin, including but not limited to the true nature, source, location, of the funds.

Terrorist financing, on the other hand, is the act of funding or providing financial support to terrorists, terrorists' activities, or terrorist organisations.

These illicit activities have a corrosive and corrupting effect on the economic system and society as a whole.

Money laundering and terrorist financing not only hurt economic stability and hamper the economic growth of a country, but they also compromise the stability, transparency, and efficiency of financial institutions, and damage their reputation and credibility.

Today, money laundering and terrorist financing pose significant challenges to integrity and public trust in financial institutions.

How Anti-Money Laundering and Counter-Terrorism Financing (“AML/CFT”) Strengthen Economic Stability?

Effective AML/CFT controls mitigate the adverse effects of financial criminal activity and promote the integrity and stability of financial markets.

From compliance with regulations to tracking beneficial information of customers and transactional activity, a well-implemented AML/CFT plan demonstrates to an organisation’s stakeholders and employees that the organisation is committed to doing business ethically and responsibly.

AML/CFT controls not only help an organisation to comply with regulations, but it offers the opportunity to identify gaps and vulnerabilities along with the business processes that may or may not be AML/CFT related.

Corporate Best Practices In AML/CFT

As Singapore’s largest home-grown international accounting network, with offices in more than 70 countries, 3E Accounting’s global footprint puts it in a unique position to make a positive contribution at the forefront of the fight against financial crime.

3E Accounting recognises the importance of safeguarding the integrity of the financial system.

As a registered filing agent, 3E Accounting carries out its duty conscientiously and diligently for all its clients while maintaining the highest level of care and compliance on due diligence review which is aligned with guidelines from regulatory authorities.

3E Accounting will conduct a strict due diligence review as appropriate when onboarding clients.

3E Accounting will also perform relevant periodic and on-going monitoring due diligence review, and will not hesitate to reject or terminate a client if thorough due diligence according to 3E Accounting’s risk assessment policy on a client is unable to be completed.

In a recent Compliance Review conducted by external assessors which were appointed by the Singapore Accounting and Corporate Regulatory Authority (ACRA), 3E Accounting achieved full compliance.

The Compliance Review covered the firm's internal processes, whether the firm has an effective risk-based assessment and approach, conducts customer due diligence and obtains beneficial ownership information and has internal controls in place as well as provisions for suspicious transaction reporting.

This achievement highlighted 3E Accounting's strong internal policies, procedures, and controls in place to mitigate the risks of money laundering and terrorism financing.

It demonstrated 3E Accounting's professionalism and commitment to help maintain Singapore's reputation as an international financial and business hub.

It also guarantees the quality of services as a global accounting firm that upholds the value of integrity.

3E Accounting's Best Practices in AML/CFT and compliance with regulatory requirements has shown the way for other industry players and global firms to manage financial crime risk.

It is only when corporations and countries work together that we can make a positive contribution to the global AML/CFT regime and protect the safety and stability of economies and communities where we live and work

Read more at: <https://www.3ecpa.com.sg/press/3e-accounting-full-compliance-achievement-highlighted-in-interview/>

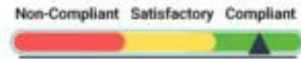
Compliance Review



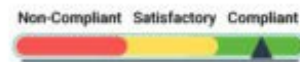
General Information About 3E Accounting's Business Activities And Overall Assessment Of Money Laundering And Terrorism Financing Risks.



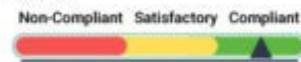
3E Accounting's Risk Based Approach And Risk Assessment Concerning Money Laundering And Terrorism Financing Risks.



3E Accounting's Internal Policies, Procedures And Controls.



Customer Due Diligence Undertaken And Obtaining Of Beneficial Ownership Information.



Suspicious Transaction Reporting by 3E Accounting.



Internal Communication Of Internal Policies, Procedures And Controls And Training By 3E Accounting.

