

NEW ASIFMA REPORT CALLS FOR INCREASED HARMONISATION AND TRANSPARENCY IN ANTI-MONEY LAUNDERING/KNOW-YOUR-CLIENT PRACTICES IN ASIA

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News

[ASIFMA](#), the financial industry's leading regional trade association, today released a new report co-authored with Herbert Smith Freehills, "[Best Practices for Anti-Money Laundering/Know-Your-Client \(AML/KYC\) in Asia](#)".

The report addresses the key developments needed in Asia to raise and harmonise standards in a fragmented market and ensure the region is prepared to meet the complex challenges that lie ahead.

"Many of the AML/KYC implementation issues remain high on the global agenda - and for good reason," said Mark Austen, CEO of ASIFMA. "Differing guidelines and regulations among jurisdictions in Asia as well as divergent interpretation of these guidelines and regulations among financial institutions have led to fragmentation, inconsistencies and varying practices among firms. We have developed this report to help guide the region's response to these issues and institute a more consistent set of best practices."

"In a region with more AML laws, more active enforcement and more regulatory attention than ever before, harmonisation is no longer desirable but critical, said [Will Hallatt](#), Partner at Herbert Smith Freehills. "Harmonisation could also improve efficiency and potentially open up a competitive advantage for those institutions that can streamline the process for clients and customers alike."

This initiative follows an earlier survey conducted in 2017 by ASIFMA and PwC where 55 firms from both the buy and sell side were surveyed on the documents and data collected for four categories of institutional clients in the capital markets and trading businesses in 12 Asia-Pacific jurisdictions.

The primary objective of this industry study was to obtain an overview of market practice to determine what constitutes good practice for KYC and associated controls. The best practices drew on this survey as well as industry workshop meetings.

“In particular, challenges in resourcing and dealing with regulatory change remain,” said Mark. “The number of personnel working on KYC compliance in financial institutions has rocketed from an average of 68 in 2016 to over 300 in 2017. Despite this, almost one-third of firms report that resources remain their biggest challenge in conducting KYC and customer due diligence, with another third citing that the volume of regulatory change is the key challenge in the KYC process.”

The report focuses on nine key areas of best practice which are jurisdiction-neutral although reference was largely drawn from industry consensus of best practices currently applied by members in Hong Kong and Singapore:

1. identification and verification of customers and their beneficial owners;
2. obtaining information when looking to establish a business relationship;
3. identification and verification of persons purporting to act on behalf of customers;
4. the timing of due diligence measures;
5. the application of simplified CDD measures;
6. the monitoring of business relationships;
7. factors to consider in developing a risk-based approach;
8. use of intermediaries or third parties to carry out CDD; and
9. aspects of CDD documentation.

About ASIFMA

ASIFMA is an independent, regional trade association with over 100 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region. More information about ASIFMA can be found at: www.asifma.org.

For further information, please contact ASIFMA (details below) or your regular Herbert Smith Freehills' media contact.

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