

## **Encik Abu Hassan Alshari Yahaya: Anti-money laundering and combating the financing of terrorism**

Welcoming remarks by Mr Encik Abu Hassan Alshari Yahaya, Assistant Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the ASEAN Regional Bank Supervision Workshop on “Anti-Money Laundering and Combating the Financing of Terrorism”, Kuala Lumpur, 3 March 2015.

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Welcome to Malaysia. I hope you have had a pleasant journey travelling to KL and managed to have a good rest. I also hope that the facilities being offered here at our Lanai Kijang are adequate to meet your expectations. It is a great honour for Bank Negara Malaysia to host and co-organise the ASEAN Regional Bank Supervision Workshop on Anti-Money Laundering and Combating the Financing of Terrorism. I would like to take this opportunity to thank the World Bank for formulating the programme and organising this workshop and our utmost gratitude to the Government of Canada for the generous financial support that has made the hosting and organizing of this course possible.

As a country that has just gone through its on-site mutual evaluation process, we have seen that the role of supervision is very important in the development of a country’s AML/CFT regime. There is critical need for the integration between AML/CFT, prudential and business conduct supervision as well as between those supervisors and the law enforcement authorities. These inter-linkages prove to us that collective effort is key in combating ML/TF effectively.

The international standards require supervisors to appropriately supervise, monitor and regulate financial institutions for compliance with AML/CFT requirements commensurate with their risks. As such, to effectively implement the above, a country’s AML/CFT supervision has to be embedded in the broader framework of prudential and business conduct supervision. This is to leverage on and optimise the synergies, expertise and resources to ensure effectiveness of both overall supervision of financial institutions and specific AML/CFT supervision. Supervisors are required to ensure effective management of ML/TF risk and compliance with AML/CFT requirements by the financial institutions by assessing institution’s policies, procedures and processes for identifying and managing ML/TF risk and in complying with regulatory requirements.

This integration also ensure that supervisors are coherent and apply high standards in fulfilling their responsibilities for both AML/CFT and prudential supervision. As for AML/CFT, supervisors have to include AML/CFT risk in their risk based approach to supervisions and to be fully aware of consequences and implications of theirs supervised institutions’ failures to adequately identify and manage all risks including ML/TF risk. This is because the issue is no longer just about technical compliance but more importantly, whether the supervisory framework has been effective in mitigating and in ensuring adequate enforcement against ML/TF.

Therefore, to equip supervisors in fulfilling their duties to conduct AML/CFT supervision, courses such as this is important to provide all of you with an understanding of the importance of reviewing the operational, legal, and reputational risks associated with ML/TF and their impact on the overall bank assessment. This course will provide first and foremost, an overview of the international standards relating to AML/CFT supervision matters, operational aspects of the supervision work by incorporating publicly available case studies in the training modules, technical aspects of anti-money laundering and combating the financing of terrorism, supervision of banks, conduct of on-site and off-site bank supervision, and sharing of real bank cases on supervision on AML/CFT.

I do hope that aside from benefiting from the course, participants will make full use of these forums as a platform to network and exchange views on key AML/CFT supervisory issues, collaborate, compare practices and share relevant information.

On that note, I would like to once again thank all of you here today for attending this workshop and for the speakers, Mr Stuart Yikona, Ms. Pramita Moni Sengupta, Mr. Mehmet Kerse, Ms. Desiree Ann Chereebin and Ms Leonora Emini who are willing to share your experiences for the collective benefits of everyone here attending the workshop. Our appreciation again to the Government of Canada for the support for this programme. I wish all of you a successful and productive workshop ahead and please take the time to explore Kuala Lumpur and its surroundings. Thank you and have a pleasant and enriching day ahead.