Basel Committee on Banking Supervision
Consultative Document on Core Principles for Effective Banking Supervision
Response of Sachin Shah, Independent Researcher, Write and Financial Crime Compliance Professional

September 9, 2023

Basel Committee on Banking Supervision,
Centralbahnplatz 2,
4051 Basel,
Switzerland.

Submitted electronically to https://www.bis.org/bcbs/commentupload.htm

Re: Consultative Document – Core Principles for Effective Banking Supervision: Response of Sachin Shah, Independent Financial Crime Compliance Professional

Dear Mr. Secretary General,

I appreciate the opportunity to respond on the Consultative Document on Core Principles for Effective Banking Supervision. [1]

I understand that Basel Committee on Banking Supervision has published the consultative document and is seeking the views of stakeholders on the revised Core Principles. The draft standard proposed for public consultation reflects both the structure and contents of the Core Principles standard of the Basel Core Principles Task Force formed in April 2022.

I also understand that the draft standards consider the broad range of inputs and has been guided by several thematic topics and the revised Core Principles continue to be outcome-oriented rather than prescriptive on process.

Reviewing the draft document, revised Core Principles, and the assessment criteria, I truly appreciate the approach undertaken by the committee to maintain consistency between these Core Principles

[1] By way of background, I have been actively involved in AML/CFT since the late 2000s. I am an independent researcher, writer, and financial crime compliance professional with 23 years of experience with multi- jurisdictional exposure into India, Middle East, and APAC region. I am also Ex-Compliance Officer and MLRO and currently associated with one of the largest Indian technology consulting firms in their global financial crime compliance advisory leadership team. I have the privilege to work with some of the leading global banks and have worked in different roles ranging from Financial Crime Compliance Assurance, Financial Crime Compliance Advisory, Transaction Monitoring, and trainings. I am also a board member of AFCFS India chapter and an avid writer and author contributing to the global though leadership. I have close to 20 global publications to my credit. By qualification, I earned a Bachelor of Arts in Management and Master of Management Science degree.

and other corresponding standards for securities, insurance, as well as the standards for anti-money - laundering (AML) and counter-terrorist financing (CFT) and transparency.

Considering the fact that these Core Principles act as minimum standards for sound prudential regulation and supervision of banks and banking system, I would like to submit following views regarding **Principle 29 – Abuse of financial services**.

(a) The committee may consider to include one more essential criterion on the Risk Assessment in Principle 29 – Abuse of financial services. It may be noted that on review of the available literature on the best practices to mitigate the risk related to the abuse of financial services, conducting regular Risk Assessment is a much-emphasized regulatory expectation in the current global landscape.

    Additionally, the FATF Recommendations (February 2012, as amended in February 2023), point # 5 of the interpretive notes to the FATF recommendations also mentions about the risk assessment for Money Laundering/Terrorist Financing (ML/TF) risks which has direct linkage with Principle 29 on Abuse of financial services.

Inclusion of the above point as an additional criterion in Principle 29 – Abuse of financial services will not only ensure the reflection of one of the key regulatory expectations of the current global landscape but will also make Principle 29 consistent with the FATF Recommendations.

To summarize, Basel Committee on Banking Supervision may consider including an additional essential criterion on the Risk Assessment for Principle 29 – Abuse of financial services.

Thank you for your consideration.

s/

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