



## **Thematic Review on Anti-Bribery and Corruption (ABC) Controls 2023 - Result**

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Labuan Financial Services Authority  
August 2024

## Thematic Review on ABC: Background Overview

### Background

The thematic review was conducted due to:

- One of the action plans under NCC<sup>1</sup> roadmap 2021-2023 action plan, as corruption was identified as one of the main crimes in the National Risk Assessment (NRA) 2020

### Objective

- To assess **adequacy of control measures** related with bribery & corruption (B&C) by key sectors
- To **increase awareness** on the need to manage the risk of B&C and effectiveness of control measures in place to protect institutions from being abused

### ABC Requirements<sup>2</sup>

- All Labuan entities (LE) are subjected to Section 17A of MACC Act 2009 (Amendment 2018), while two LE (*1 Investment Bank and 1 Trust Company*) are subjected to Arahan YAB Perdana Menteri No. 1 Tahun 2008 (Arahan PM)
  - ❖ Arahan PM requires the appointment of Integrity Officer to carry out the Organisational Anti-Corruption Plan (OACP) in ensuring the institution is free from corruption, wrongdoing, abuse of power and abuse.
  - ❖ MACC key preventive measures: Corporate Integrity Pledge (CIP), ABC management system, establishment of Integrity & Governance Unit (IGU), OACP and Corruption Risk Management
- LFSA's AML/CFT and TFS for Labuan KRIs (AML Guidelines) requires adequate risk assessments, mitigation and monitoring of threats and vulnerabilities at institutional level, which includes the risk of exposure and abuse from bribery and corruption (B&C) related activities.

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<sup>1</sup> The National Coordination Committee (NCC), which comprise of government ministries and agencies, supervisory authorities and law enforcement agencies, is a body responsible for coordinating, implementing and monitoring Malaysia's (AML/CFT) initiatives.

<sup>2</sup> The Government body were bound by Arahan YAB Perdana Menteri No. 1 Tahun 2018 while the Commercial Organisation (CO) bound by Section 17A MACC Act 2009, which came into effect on 1<sup>st</sup> June 2020.

## Thematic Review on ABC: Scope & Methodology

### Scope of Self Assessment Questionnaires (SAQ)

#### Governance & Oversight

- Institutional Risk Appetite
- Institutional Corruption Risk Assessment (CRA)
- Governance & Risk Management
- Organisational Anti-Corruption Plan (OACP)
- Controls to Manage Bribery & Corruption Risk
- Compliance & Internal Audit

#### Risk Assessment & Controls

- Risk Appetite
- Training & Awareness
- Customer Risk Profiling (CRP)
- Policies & Procedures (P&P)
- Customer Due Diligence (CDD, EDD, ODD)
- Transaction Monitoring (TM)
- STR Reporting
- Legal Enforcement Agency (LEA) Management

### Methodology

- Review conducted via SAQ on identified sectors: Labuan Banks, Investment banks, Insurance (Life) and Trust Company

## Executive Summary

Most LE leverage on compliance unit/department to manage B&C risk. Low STR reported and LEA order received related to B&C.

**Areas for improvement:**

- a) Enhance understanding on ABC and include T.R.U.S.T principles in managing B&C Risk
- b) *Policies and Procedures*
- c) *Institutional Risk Assessment*
- d) *Periodic Review & Transaction Monitoring*
- e) *Customer Risk Profiling*
- f) *Specific Training on B&C*

# ***THANK YOU***

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## **DISCLAIMER**

This presentation should not be regarded as offering a complete explanation on AML/CFT and is subject to changes. Labuan FSA does not accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.