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# **Thematic Review on Correspondent Banking (CB) - Result**

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**Aug 2024**

# Objective & Scope

## Objective

- Assess exposures and effectiveness of Bank's due diligence and monitoring on CB relationships, in line with Financial Action Task Force (FATF) call for countermeasures on high-risk jurisdictions.

## Scope



Governance



Risk Appetite



CB Services



Due diligence



Client Risk Rating Methodology



Ongoing Due Diligence



Transaction Monitoring



Payment Channel e.g.  
SWIFT



Termination of  
Relationship



Training

# Executive Summary

## Result

In general, most Labuan banks did not provide CB services as majority are branches and relied on HQ for banking transactions. For Labuan banks that provide CB services, there was no major structural gaps observed as adequate due diligence assessment were conducted during CB relationships establishments and on ongoing basis.

## Areas for Improvement

- 1) CB client risk rating
- 2) Agreement for CB services
- 3) On-going transaction screenings to include 'hot words' (e.g. chemical/biological items)
- 4) AML/CFT training to include CB areas.

# THANK YOU

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