



Thematic Review on Correspondent Banking (CB) - Result

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

Due Diligence
process



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

DISCLAIMER

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