

# **National Money Laundering (ML) & Terrorism Financing (TF) Risk Assessment (NRA) 2017**



# Agenda

- ❑ **Overview of National Risk Assessment**
- ❑ **Results of Threat/Crime & Terrorism Financing Assessment**
- ❑ **Results of Sectoral Assessment**
- ❑ **Results of Non-Profit Organisation Assessment**
- ❑ **Post NRA 2017**



# National Risk Assessment – Why?

## International Standards

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### FATF Recommendation 1

- **Identify, assess, and understand** the ML and TF risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at **ensuring the risks are mitigated effectively**.
- Apply a **Risk Based Approach** to ensure that measures to prevent or mitigate ML and TF are **commensurate with risks identified**.
- Require FIs and DNFBPs to identify, assess and take effective action to mitigate their ML and TF risks.

### FATF Immediate Outcome 1

- **ML and TF risks are understood** and, where appropriate, **actions coordinated domestically to combat** ML and the financing of terrorism and proliferation.

## Malaysia National Risk Assessment

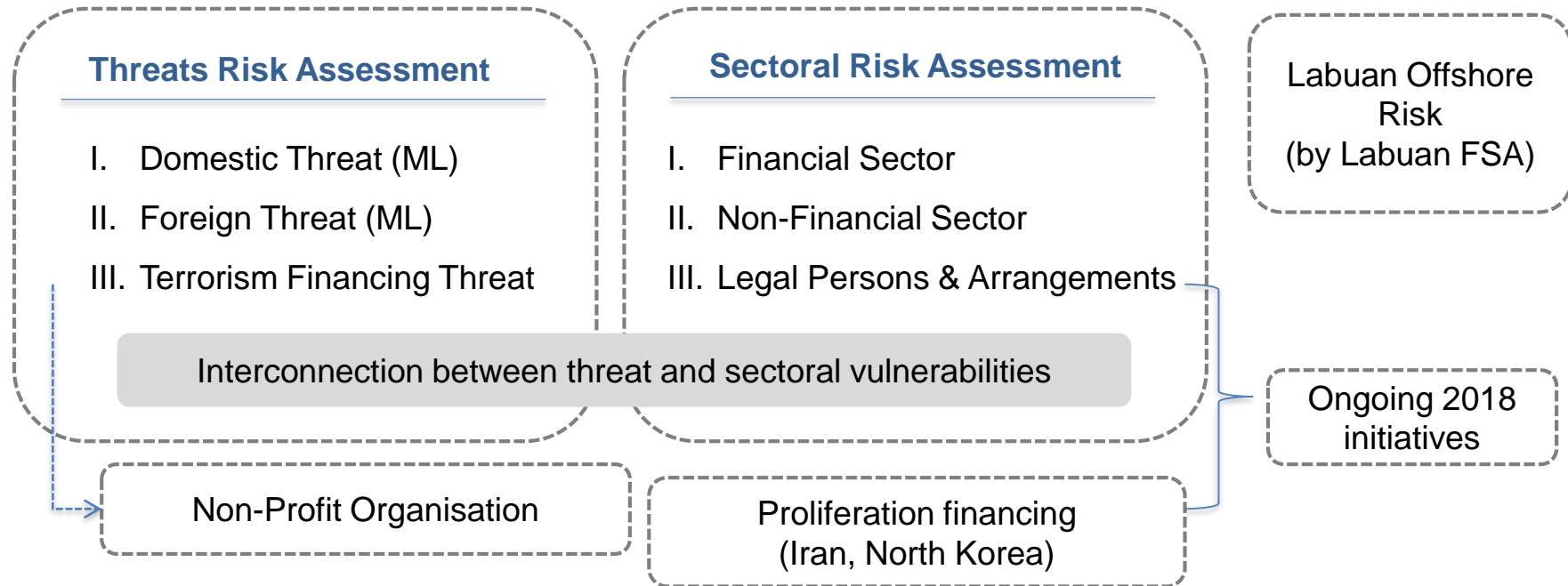
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- Conducted on a 3-year cycle - effective system in identifying, assessing and understanding ML/TF risks for the country
- Foundation for robust risk-based national strategies and policies to combat ML/TF risk
  - Coordinated actions and efficient allocation of resources among domestic stakeholders
  - Enhancement of risk based approach across public and private sectors



# Overview of Assessment Scope & Methodology

## Scope



## Data Points

Case Studies

Independent Reports

Statistical Data

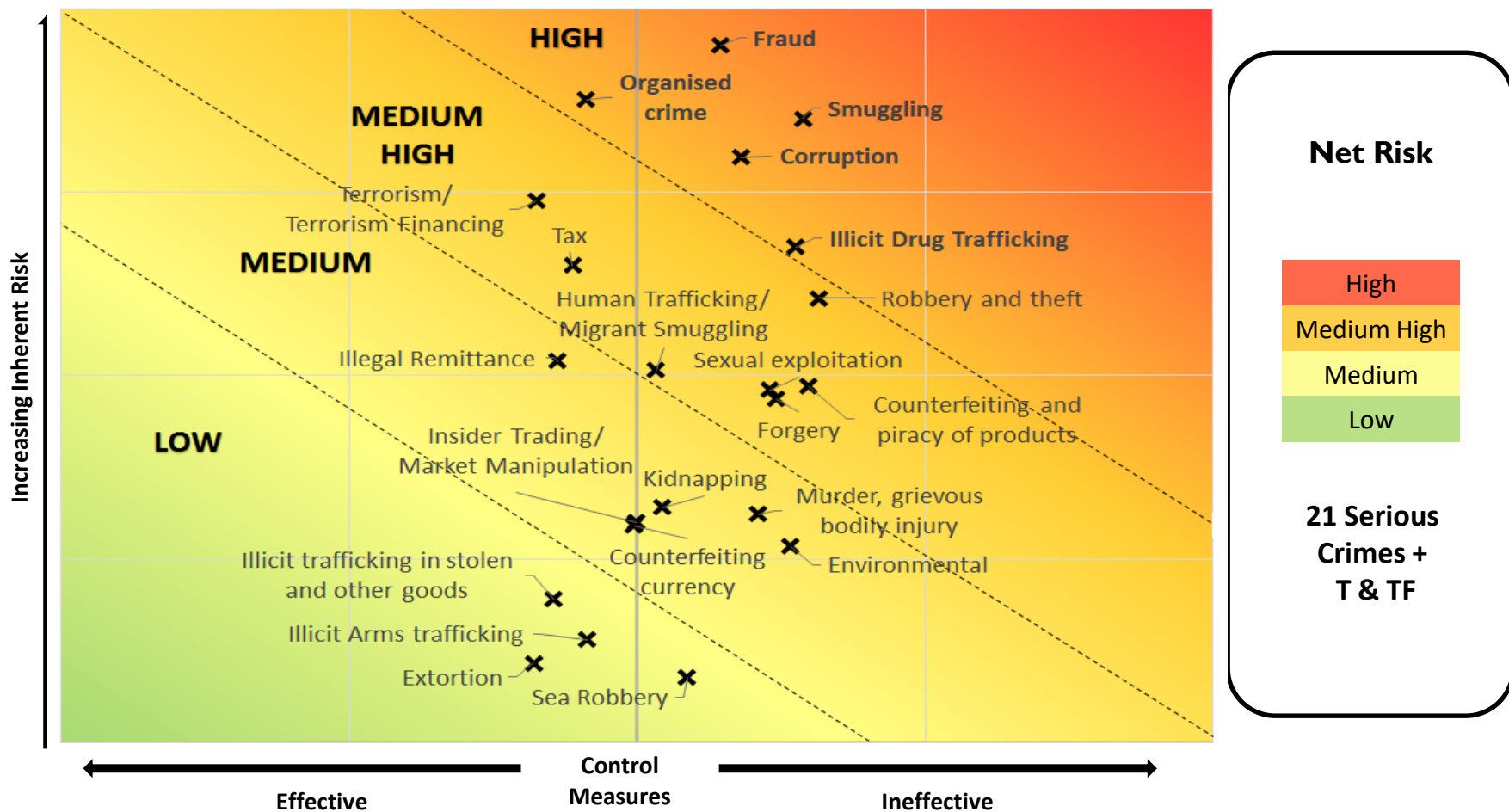
Perception Surveys

Expert Views

**Results** : Net Risk after considering effectiveness of control measures



# Threat (Crime), Terrorism & Terrorism Financing Risk Assessment Results



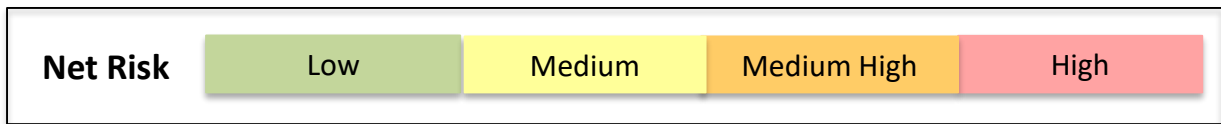
Control effectiveness is relative to the inherent risk : higher risk requires greater control measures

# Sectoral risk assessment results: Net ML & TF Risk Rating

\* Both ML & TF

Control Measures	<b>Weak</b>	<ul style="list-style-type: none"> <li>Onshore Money Brokers*</li> <li>Insurance Intermediaries*</li> <li>Labuan Capital Market*</li> <li>Labuan Money Brokers (TF)</li> </ul>	<ul style="list-style-type: none"> <li>Other Financial Services Providers*</li> <li>Labuan Money Brokers (ML)</li> <li>Jewelers (TF)</li> </ul>	<ul style="list-style-type: none"> <li>Jewelers (ML)</li> </ul>	
	<b>Marginal</b>	<ul style="list-style-type: none"> <li>Labuan Insurers*</li> <li>Labuan Banks*</li> <li>Estate Agents (TF)</li> <li>Cosecs (TF)</li> <li>Trust Companies (TF)</li> <li>Labuan Trust Companies (TF)</li> <li>Lawyers (TF)</li> <li>Accountants (TF)</li> </ul>	<ul style="list-style-type: none"> <li>E-Money and Non-Bank Cards*</li> <li>Non-Bank Financial Institutions*</li> <li>Estate Agents (ML)</li> <li>Cosecs (ML)</li> <li>Trust Companies (ML)</li> <li>Labuan Trust Companies (ML)</li> <li>Lawyers (ML)</li> <li>Accountants (ML)</li> </ul>		
	<b>Acceptable</b>	<ul style="list-style-type: none"> <li>Gaming Outlets (TF)</li> </ul>	<ul style="list-style-type: none"> <li>Insurers*</li> <li>Capital Market (TF)</li> <li>Gaming Outlets (ML)</li> </ul>	<ul style="list-style-type: none"> <li>Banks (TF)</li> <li>Capital Market (ML)</li> <li>Money Services*</li> </ul>	<ul style="list-style-type: none"> <li>Banks (ML)</li> </ul>
	<b>Strong</b>		<ul style="list-style-type: none"> <li>Casino (TF)</li> </ul>	<ul style="list-style-type: none"> <li>Casino (ML)</li> </ul>	
		<b>Low</b>	<b>Medium</b>	<b>Medium High</b>	<b>High</b>

← Inherent Risk →



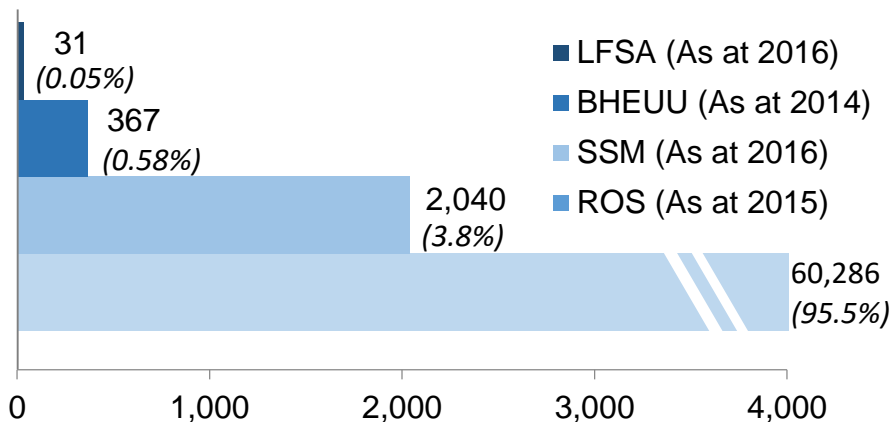
# NPO Assessment Results

## Malaysia NPO Landscape

Total No. of NPOs: 62,724

Charity	17,614	Religious	11,957
Cultural	2,877	Educational	544
Fraternal	292	Others	29,331
Assets	RM34 bil	% of GDP	3.1%
Population		31.3 million	

## Number of NPOs according to regulators



## Possible usage of NPO for TF purposes (based on Suspicious Transaction Report (STR) information)

**RAISING**

- Donations from public to NPOs

**MOVING**

- Cash courier
- Fund transfer

**USING**

- Possible funding individuals to conflict zone
- Funds were transferred to various individuals

## Risk Focus: Sub-sectors and Characteristic

	Classification	No. of NPOs	Risk Ratings
Sub-sectors	<b>Religious</b>	9,035	<b>MH</b> MH M
	<ul style="list-style-type: none"> <li>Worshippers Society</li> <li>Management Committee</li> </ul>		
Sub-sets Characteristics	<b>Charity</b>	9,075	<b>M</b> MH M
	<ul style="list-style-type: none"> <li>Members Welfare</li> <li>Societal Welfare</li> </ul>		
Sub-sets Characteristics	Received TF intelligence	10	
	High cash intensity in asset	2,924	
	High cash transaction	3,545	
	Have operations in HiRA	26	
	Have transactions with HRA	42	

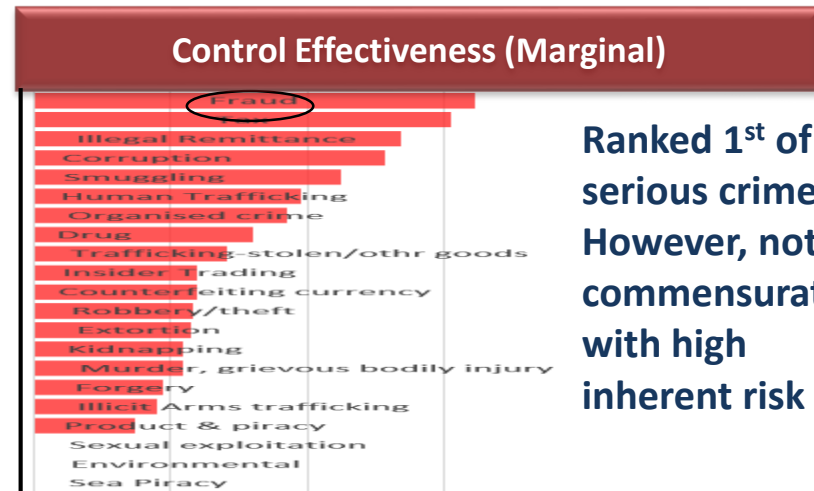
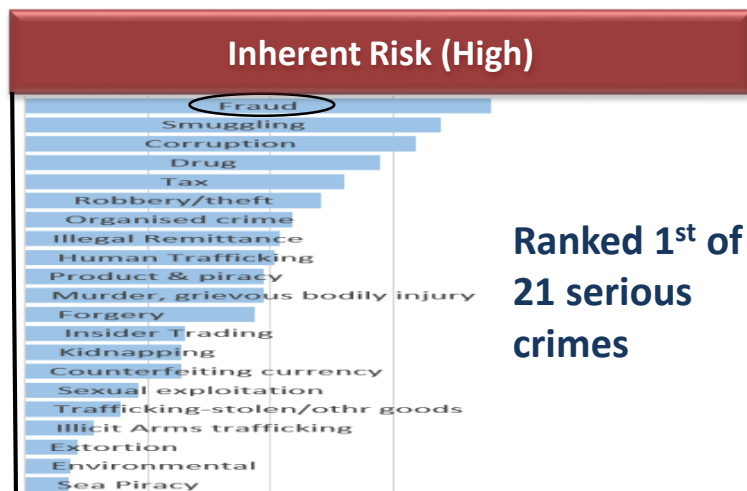
HRA : High Risk Area

# High Risk Crimes, Terrorism & Terrorism Financing





# High Risk Crime - Fraud



## Main driving factors

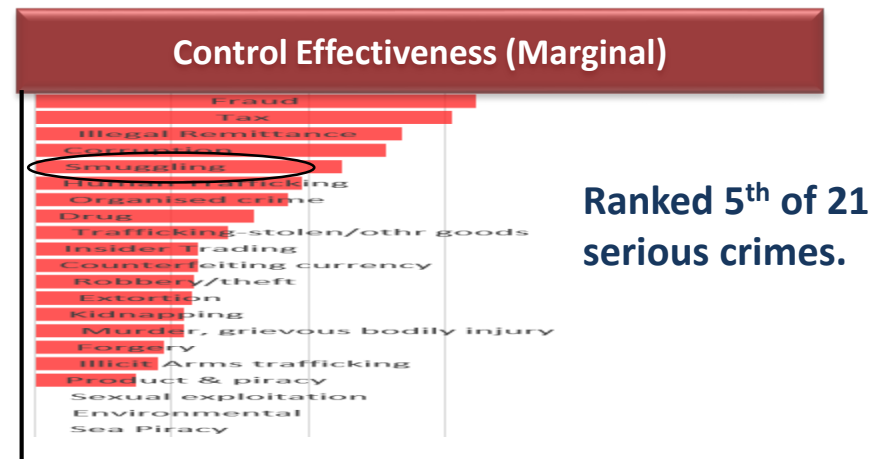
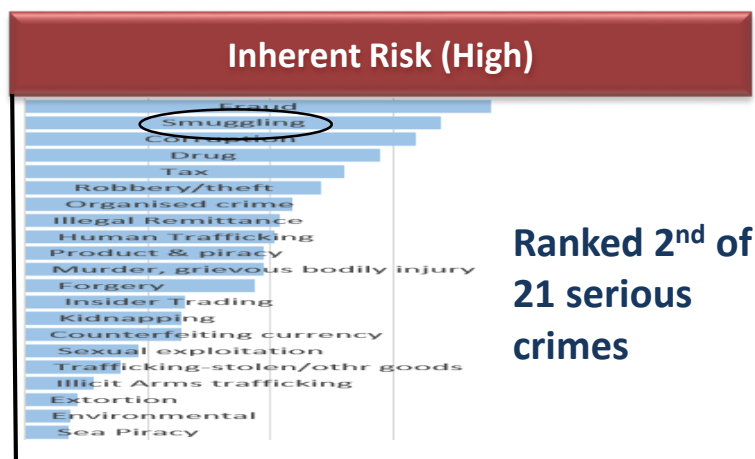
- Ranked either 1<sup>st</sup> or 2<sup>nd</sup> in 11 out of 13 risk indicators involving:
  - Investigations
  - STRs
  - Foreign threats

- Ranked either 1<sup>st</sup> or 2<sup>nd</sup> in 10 out of 14 AML indicators involving:
  - Enforcement actions
  - Prosecutions
  - Judiciary
- Perceived to be relatively ineffective in combating the crime (10<sup>th</sup>)

## Observations

- International nature of fraud cases – challenges for domestics and cross jurisdiction coordination
- Illegal financial scams operators exploit gap in enforcement – various legislations overseen by different law enforcers
- Abuse of financial systems – rampant use of bank accounts and mule account holders in committing fraud and laundering of proceeds

# High Risk Crime - Smuggling



## Main driving factors

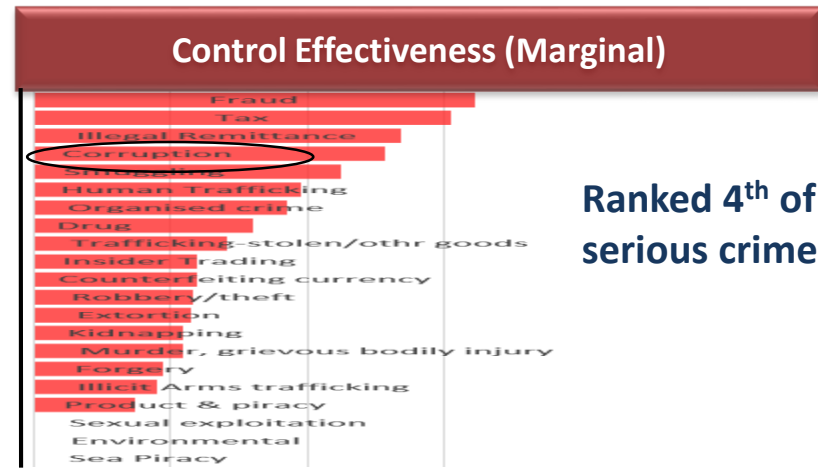
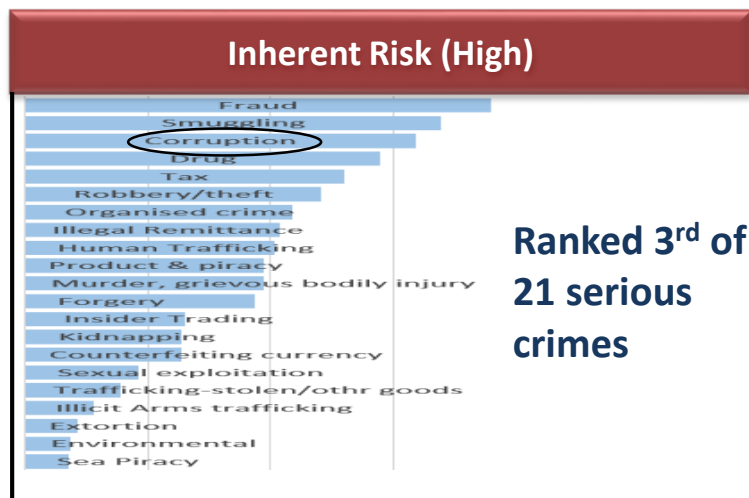
- High investigation:
    - 3<sup>rd</sup> in both number and amount involved in cases
  - Large amount involved in STRs reported by RIs (2<sup>nd</sup>)
  - Perceived to be high risk (4<sup>th</sup>), high connection with other crimes (3<sup>rd</sup>) and foreign threat (3<sup>rd</sup>)
- High ML enforcement actions:
    - 5<sup>th</sup> in amount involved in ML cases
    - 6<sup>th</sup> in ML investigation
  - High ML prosecution actions (4<sup>th</sup>)
  - Perceived to be relatively ineffective (11<sup>th</sup>)

## Observations

- Common items being smuggled:
  - Into Malaysia – consumables & electronic goods, alcohol, tobacco, mobile phones, firecrackers, rice
  - Out of Malaysia – electronic products, rubber tyres
- Mostly perpetrated by crime syndicates – abused the long and porous border & possibly assisted by complicit officials



# High Risk Crime - Corruption



## Main driving factors

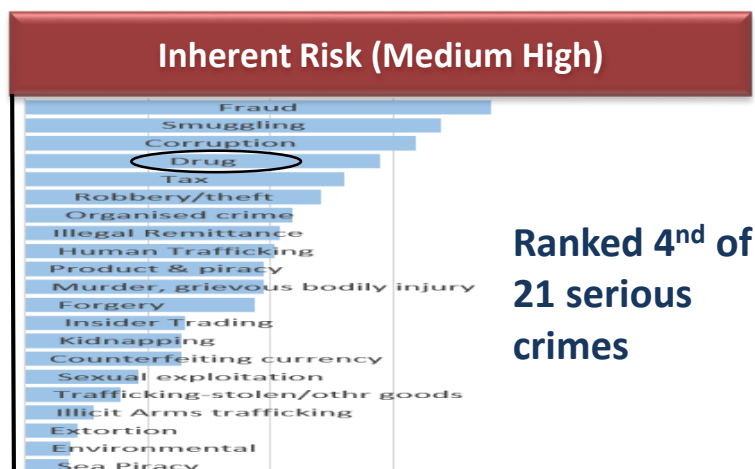
- High investigation:
    - 6<sup>th</sup> in number and 5<sup>th</sup> in amount involved in cases
  - High STRs reported by RIs
    - 4<sup>th</sup> in number and 5<sup>th</sup> in amount involved
  - Perceived to be the highest risk crime & most connected with other crimes
- High ML enforcement actions:
    - 1<sup>st</sup> in amount seized & 3<sup>rd</sup> in amount frozen
    - 2<sup>nd</sup> in amount involved in ML cases
    - 5<sup>th</sup> in ML investigation
  - High ML prosecution actions (2<sup>nd</sup>)
  - Perceived to be 2<sup>nd</sup> most ineffective

## Observations

- Offenders of corruption crime (2014-2017) : proportional ratio between public officials (48%) and civilians (52%)
- 2014 – 2016 : Approximately 50% of arrested civil servant below 40 year-old
- Weakening perception of corruption in the country – Transparency International : 2014 (51<sup>st</sup>), 2015 (54<sup>th</sup>), 2016 (55<sup>th</sup>), 2017 (62<sup>nd</sup>)



# High Risk Crime – Illicit Drug Trafficking



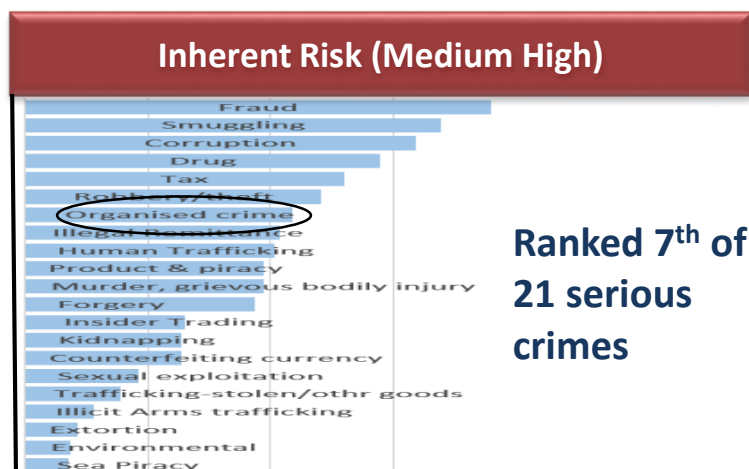
## Main driving factors

- High amount involved in cases investigated (6<sup>th</sup>)
- Perceived to be high risk (5<sup>th</sup>) and foreign threat (1<sup>st</sup>)
- High ML investigation (1<sup>st</sup>)
- Absence of ML prosecution and conviction
- Perceived to be most effective

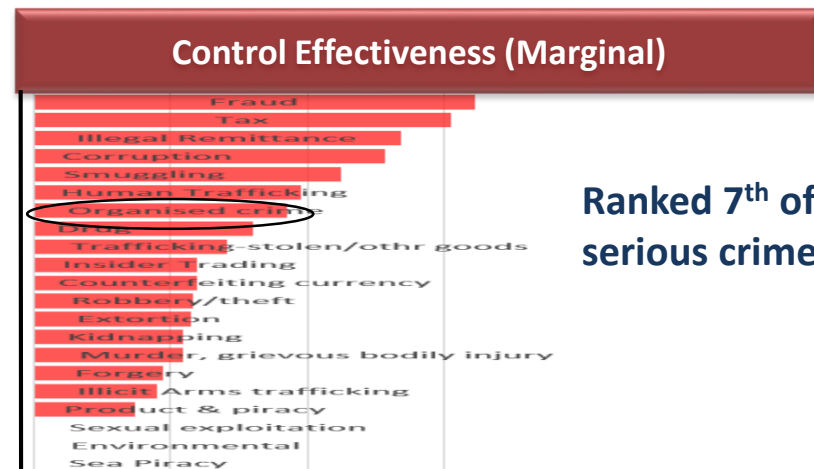
## Observations

- Geographical location of Malaysia - foreign source of drugs transiting into and/or from the country
- Expanding drugs market in Malaysia – number of new users detected daily: 2016 (64), 2017 (49)
- Perpetrated by domestic or international organised crime syndicates

# High Risk Crime – Organised Crime



Ranked 7<sup>th</sup> of 21 serious crimes



Ranked 7<sup>th</sup> of 21 serious crimes.

## Main driving factors

- Relatively high investigations (5<sup>th</sup>) and amount involved in STRs (7<sup>th</sup>)
- High ML enforcement actions:
  - 4<sup>th</sup> in ML investigations
  - 2<sup>nd</sup> in IP with freezing & 6<sup>th</sup> in amount frozen

Net risk qualitatively raised from Medium High to High due to:

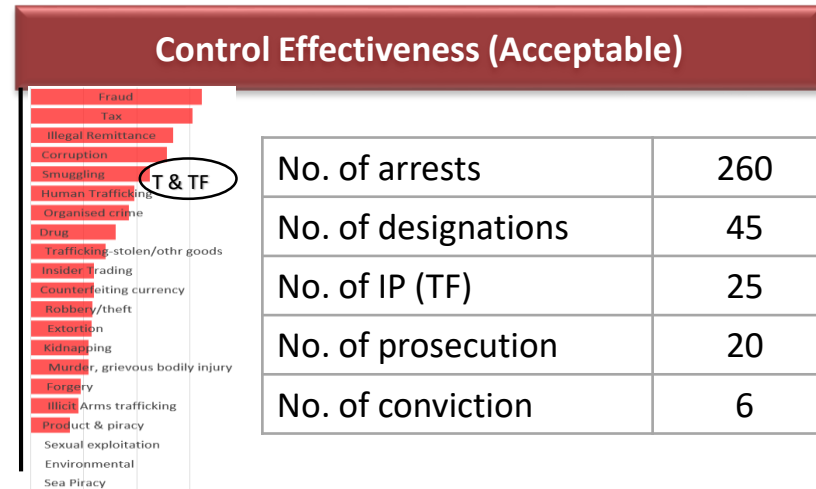
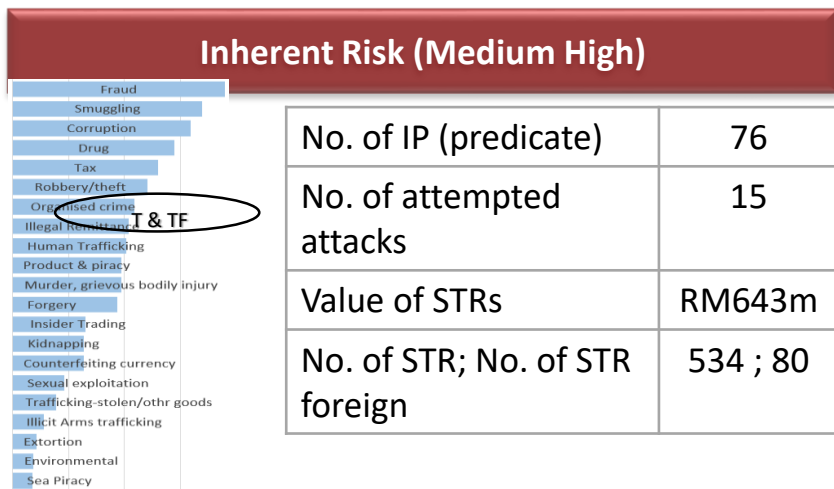
- Most of the serious crimes are perpetrated by organised crime groups.
- Lower data indicators which do not reflect actual risk level due to enforcement actions taken against individuals within an organized crime syndicate for their corresponding predicate crimes instead of the relevant regulation on organized crimes.

## Observations

- Main challenges faced in combating the crime:
  - Enforcement scope limited by definition of law: Serious offence of organised crime = offence punishable by imprisonment of 10 years or above (international standard is 4 years)
  - Complicity of public officials : case of senior police officers offering protecting racket to crime groups
  - Fear instilled in law enforcers : burning of property/vehicles, shootings



# Terrorism & Terrorism Financing – Medium High Risk



## Main driving factors

- Porous land and sea border enable transiting of value and terrorists between Malaysia and neighboring countries.
- Large and potentially sympathetic Muslim population
- Increased IS threat due to affiliation of Malaysia's militants with the Salafi Jihadi/Wahhabi ideology
- Intense enforcement by PDRM's Special Branch
- Success in preventing terrorist attacks and dismantling terrorist groups

## Observations

- No evidence of terrorist financing being linked to extortion, robbery, smuggling, fraud or drugs
- Pew Research Centre : 11% Malaysian show favourable attitude towards IS (Lebanon 1%, Jordan 3%, Palestinian 6%, Turkey 5%, Indonesia 9%).
- 95-98% of Malaysians recruited via social media and online messaging apps.
- Malaysian response to the ideological threat posed by jihadist-Salafism has not been as equally vigorous or successful as its operational responses. (The evolution of jihadist-Salafism in Indonesia, Malaysia and The Philippines, and its impact on security in Southeast Asia, 2016).



# Main Sectors



# Sectoral Summary Report: Banking

Inherent ML Risk  
Inherent TF Risk

High  
Medium High

Control  
Acceptable

Net ML Risk  
Net TF Risk

High  
Medium High

Inherent Risk			Control Measures		Net Risk		
	ML	TF				ML	TF
Conv LO	H	H	Conv FO	A	Conv LO	H	H
Conv FO	H	MH	Islamic FO	A	Conv FO	H	MH
Islamic LO	H	H	Islamic LO	A	Islamic LO	H	H
Investment	MH	MH	Conv LO	A	Investment	MH	MH
DFI	MH	MH	Investment	A	DFI	MH	MH
Islamic FO	M	M	DFI	A	Islamic FO	M	M
Labuan Banks	L	L	Int Islamic	A	Labuan Banks	M	M
Int Islamic	L	L	Labuan Banks	M	Int Islamic	L	L

## Observations:

- Highest number and value involved in relation to both ML and TF investigations and prosecutions:
  - ML: Current and savings accounts most commonly frozen & seized in investigations.
  - TF: Noticeable increase in the usage of bank accounts to raise and move funds.
- As at 2016, losses involving mule accounts = RM500 million (>13,500 cases investigated)
- Associated with fraud, corruption, tax evasion, illicit drug trafficking, smuggling, and insider trading/market manipulation.

## Key Contributors (Inherent Risk):

- Highest value of transactions (188 billion transactions amounting to RM356 quadrillion).
- Highest cash transactions (737 million transaction valued at RM260 trillion).
- Provides high risk products/ services (e.g. CASA, trade finance, IFT, foreign exchange).
- Highest number of customers (72 million).

### Note:

- Banking sector has the **largest asset size** (RM2.9 trillion) across all sectors
- TF risk rated at **Medium High** due to lower score on 'likelihood of TF occurring' compared to ML

Source: 2016 data from RIs, Supervisors and FIED

## Key Contributors (Controls):

- Acceptable** level of market entry control and procedures.
- Acceptable** level of RIs' Internal Controls i.e. improved **quality and quantity of STRs** and **minor gaps** in compliance and risk management functions for some RIs

Source: 2014 – 2016 data from Supervisors and FIED





# Sectoral Summary Report: Capital Market Intermediaries

Inherent ML Risk  
Inherent TF Risk

Medium High  
Medium

Control  
Acceptable

Net ML Risk  
Net TF Risk

Medium High  
Medium

Inherent Risk			Control Measures		Net Risk		
	ML	TF				ML	TF
FMUTC	MH	M	FMUTC	A	FMUTC	MH	M
Stockbroking	MH	M	Stockbroking	A	Stockbroking	MH	M
Derivative Broking	M	M	Derivative Broking	A	Derivative Broking	M	M

*FMUTC: Fund Management and Unit Trust Companies*

## Observations:

1. ML threats generally lower than other financial sectors.
2. Mostly associated with insider trading/market manipulation and fraud. Isolated case of corruption proceeds laundered through stockbroking firm.

## Key Contributors (Inherent Risk):

1. **All products** offered by capital market intermediaries are assessed as higher ML/TF risk exposure.
2. Access to capital market products via **non-face-to-face channels** i.e agents and electronic delivery channels increase ML / TF vulnerabilities
3. **High** number of transactions facilitated (82% of total transactions) by capital market intermediaries to both local and global clients.
4. **Relatively high** number of customers identified as higher ML risk; while TF risk is assessed as low.

*Source: 2016 data from RIs, Supervisors and FIED*

## Key Contributors (Controls):

1. **Acceptable** level of market entry control and procedures.
2. **Acceptable** level of internal controls by RIs reflected by **minor gaps** in established AML/CFT compliance programme for some RIs in subsector

*Source: 2014 – 2016 data from Supervisors and FIED*



# Sectoral Summary Report: Insurance and Takaful Operators (ITO)

Inherent ML Risk	Medium	Control	Acceptable	Net ML Risk	Medium
Inherent TF Risk	Medium			Net TF Risk	Medium

Inherent Risk	Control Measures		Net Risk		
	ML	TF			
Life	MH	MH	Life	MH	MH
Family T	M	M	Family T	M	M
Comp T	M	M	Comp T	M	M
Comp Ins	M	M	Comp Ins	M	M
Comp Re	L	L	Labuan ITO	M	M
Comp ReT	L	L	Comp Re	L	L
Labuan ITO	L	L	Comp ReT	L	L
Life Re	L	L	Gen ReT	L	L
General	L	M	Gen Re	L	L
Gen Re	L	L	General	A	
Gen ReT	L	L	Life Re	A	
			Comp Re	A	
			Labuan ITO	M	

## Observations:

- Generally lower threat as compared with other financial sectors.
  - Mainly ML risks rather than TF risks.
- Several cases of civil servants purchasing insurance policies using proceeds from corruption.
- Also associated with fraud and tax evasion.

## Key Contributors (Inherent Risk):

- Lower** number of transactions as compared to banks at 102.2 mil. transactions amounting to RM91.48 billion.
- Extensive local network i.e. **highest number of agents at 215,552**.
- Lowest value of cash transactions** at 12.3 million transactions amounting to RM4.4 billion;
- Low number of higher risk customers** (less than 1% of total customer).
- High number of ML-related STRs reported on life and composite insurer**, but low for other sub-sectors

## Key Contributors (Controls):

- Acceptable** level of market entry control and procedures.
- Acceptable** level of RIs' internal controls i.e. **minor gaps** in established AML/CFT compliance programme for some RIs in subsector.

Source: 2016 data from RIs, Supervisors and FIED

Source: 2014 – 2016 data from Supervisors and FIED



# Sectoral Summary Report: Money Services Businesses

Inherent ML Risk  
Inherent TF Risk

Medium High  
Medium High

Control  
Acceptable

Net ML Risk  
Net TF Risk

Medium High  
Medium High

Inherent Risk			Control Measures		Net Risk		
	ML	TF			ML	TF	
Money Changing	MH	MH	Remittance	A	Money Changing	MH	MH
Remittance	MH	MH	Money Changing	A	Remittance	MH	MH
MC&R, MC&R&W	MH	MH	MC&R, MC&R&W	M	MC&R, MC&R&W	H	H
MC&W	M	M	MC&W	M	MC&W	MH	MH

## Observations:

1. Some licensed MSB involved in illegal remittance activities.
2. Some delicensed MSB continued to carry on illegal remittance activities.
  - Facilitating cross border funds transfer related to fraud, tax and smuggling.
3. Investigations also revealed MSB being abused to transfer funds in TF activities.

## Key Contributors (Inherent Risk):

1. Approx **99%** of its transactions are **cash-based**.
2. **All products** offered by MSB sectors are identified as **high** risk for ML and TF
3. At-risk local network is **relatively high** for ML and TF
4. **Relatively high** number and value of STRs reported on the sector:
  - ML (220): amounting to RM2,214 million
  - TF (1): amounting to RM254 million in '14
5. **2** incidences of TF investigations.

Source: 2016 data from RIs, Supervisors and FIED

## Key Contributors (Controls):

1. **Acceptable** level of market entry control and procedures
2. RIs' internal control assessed as **Marginal** i.e. reflected by **major gaps** in established AML/CFT compliance programme for most RIs in subsector i.e. Quality of STR

Source: 2014 – 2016 data from Supervisors and FIED



# Sectoral Summary Report: E Money, Non Bank Affiliated Charge & Credit Card

Inherent ML Risk  
Inherent TF Risk

Medium  
Medium

Control  
Marginal

Net ML Risk  
Net TF Risk

Medium High  
Medium High

	Inherent Risk		Control Measures	Net Risk	
	ML	TF		ML	TF
E-money (Large)	MH	MH	M	H	H
Non-bank Credit Card	M	M	W	H	H
Charge Card	M	M	W	H	H
E-money (Small)	M	L	W	H	MH

## Observations:

- E-money accounts created using fictitious identification.
  - Used for criminal activities, e.g. selling counterfeit goods & pornographic materials.
- Peer to peer fund transfer can be abused for ML & TF
  - Terrorist received funds transfer through e-money account.

## Key Contributors (Inherent Risk):

- Types of products offered are identified as **high** risk for ML and TF
- Products are offered through higher risk delivery channels** via agents and electronic channels.
- Less than 1% of customers** in 2016 identified as higher risk (7,600 customers).
- Relatively low** number and value of STR reported on the sector:
  - ML: 31 STRs amounting to RM240 million
  - TF: None
- 1** case of ML investigations; none for TF.

Source: 2016 data from RIs, Supervisors and FIED

## Key Contributors (Controls):

- Marginal** level of market entry control and procedures.
- Marginal** internal controls by RIs due to **poor** quality of STR reported by sector and **major gaps** in AML/CFT compliance programme for most of the RIs' in subsector.

Source: 2014 – 2016 data from Supervisors and FIED



# Sectoral Summary Report: Labuan Banking

Inherent ML Risk  
Inherent TF Risk

Low  
Low

Control  
Marginal

Net ML Risk  
Net TF Risk

Medium  
Medium

Inherent Risk	Control Measures		Net Risk	
	ML	TF	ML	TF
<b>Banks</b>	<b>H</b>	<b>MH</b>	<b>Banks</b>	<b>A</b>
Labuan Com Banks	<b>M</b>	<b>M</b>	L Conv Inv Bank	<b>M</b>
L Islamic Inv Bank	<b>L</b>	<b>L</b>	L Islamic Bank	<b>M</b>
L Islamic Bank	<b>L</b>	<b>L</b>	Labuan Com Banks	<b>M</b>
L Conv Inv Bank	<b>L</b>	<b>L</b>	L Islamic Inv Bank	<b>M</b>
			Labuan Com Banks	<b>H</b>
			L Islamic Inv Bank	<b>MH</b>
			L Islamic Bank	<b>M</b>
			L Islamic Bank	<b>M</b>
			L Conv Inv Bank	<b>M</b>
			L Conv Inv Bank	<b>M</b>

## Observations:

1. Pose lower ML and TF risks compared with onshore counterparts, mainly due to
  - Low volume of transactions facilitated (< 1% of that for onshore banking sector)
  - Prohibition of cash transactions
  - Low occurrence of ML and TF activities
2. No TF threat observed during period under review.
3. Proceeds from fraud in several investigations flew through Labuan Banks.

## Key Contributors (Inherent Risk):

Despite having high product and delivery channel risks, inherent risks remain low due to:

### 1. Prohibition on cash transactions (LFSSA 2010)

- Total transactions less than 1% of the Malaysian banking sector.

### 2. Low number of higher ML/TF risk customers

- Less than 1% of Malaysian banking sector.

### 3. Low number of at-risk ML/TF global networks

- 1% for ML; 5% for TF due to corresponding banking relationships in higher risk countries.

### 4. Low incidences of ML cases and none for TF.

## Key Contributors (Controls):

1. **Marginal** level of market entry control and procedures
2. **Marginal** internal controls by RIs reflected by low number of STRs and **major gaps** in established AML/CFT compliance programme for most RIs in subsector.

Source: 2016 data from RIs, Supervisors and FIED

Source: 2014 – 2016 data from Supervisors and FIED



# Sectoral Summary Report: Dealers in Precious Metals & Stones

Inherent ML Risk  
Inherent TF Risk

Medium High  
Medium

Control  
Weak

Net ML Risk  
Net TF Risk

High  
High

Inherent Risk			Control Measures		Net Risk		
	ML	TF				ML	TF
DPMS	MH	M	DPMS	W	DPMS	H	H

## Observations:

1. Jewelleries are one of the most commonly seized or frozen assets in investigations, mainly fraud & illicit drug trafficking.
2. No TF activities associated with DPMS during the period under review. However, there was past case where sanctioned individual used gold products as collateral for loans.

## Key Contributors (Inherent Risk):

1. Unable to determine number of higher risk customers due to absence of data.
2. **Higher risk products identified**, i.e. gold and diamond are of high value, easily transferrable and non-traceable.
3. Large local presence with **high number of firms at local higher risk areas (77%)**.
4. **High number of STR reported on** – 2<sup>nd</sup> highest within the DNFBPs sector.
5. No STR reported on the sector involving TF.

Source: 2016 data from RIs, Supervisors and FIED

## Key Contributors (Controls):

1. **Weak** level of market entry control and procedures.
2. **Weak** internal controls by RIs reflected by absence of STRs reported and **significant gaps** in established AML/CFT compliance programme for all RIs' in subsector.

Source: 2014 – 2016 data from Supervisors and FIED



Inherent Risk			Control Measures		Net Risk		
	ML	TF			ML	TF	
CASINO	MH	M	CASINO	S	CASINO	M	L

## Observations:

1. Limited case studies related to ML activities during the period under review.
2. Minimal likelihood of casino being abused for TF activities.
3. Junket operators utilised over 90% of higher risk facilities.

## Key Contributors (Inherent Risk):

1. Total **cash transaction** value made by casino account for **24% of total cash transactions value** transacted by DNFBPs (2<sup>nd</sup> highest)
2. **Higher risk delivery channels**, i.e. use of agents (junkets from various jurisdictions) and offering of external advice electronically (provides anonymity to the sources of funds)
3. **Higher risk products and services** identified, i.e. 4 out of 16 products/ services
4. **Higher risk customers** account for 0.37% out of total customer.
5. No investigation / prosecution on casino
6. No STR reported on the casino for TF.

Source: 2016 data from RIs, Supervisors and FIED

## Key Contributors (Controls):

1. **Acceptable** level of market entry control and procedures.
2. **Acceptable** internal control observed in Casino reflected by **minor gaps** in established AML/CFT compliance programme i.e. Quality of STR

Source: 2014 – 2016 data from Supervisors and FIED

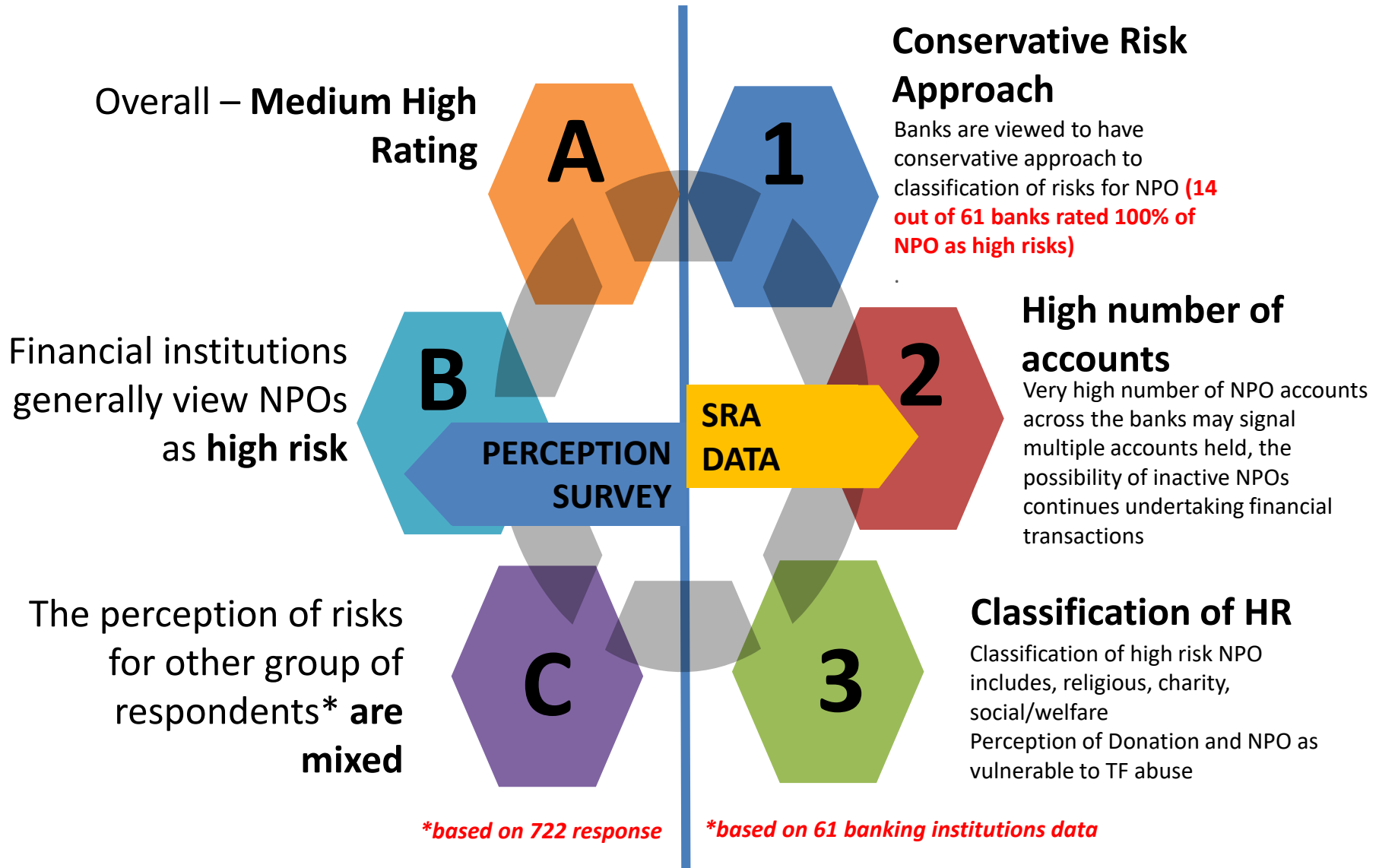


# NPO Assessment





# Observations – Inherent Risks (Perception Survey and SRA 2017 Data)



# Observation – Control Measures



## ADEQUACY OF LAWS

- Most international standards requirements met
- Rectification of gaps from MER 2015 necessary
- The need to comply with the new revision of Recommendation 8 of FATF Standards



## STRENGTH OF MONITORING/SUPERVISION

- No of supervisors over no of higher risk NPOs/ NPO population varies across regulators
- No of onsite/ of site monitoring varies
- Based on current no of supervisors, coverage on higher risk NPOs may have been met by certain regulator



## LEVEL OF COMPLIANCE

- Spectrum of annual compliance (50-100%)



## EFFECTIVENESS OF ENFORCEMENT

- Level of enforcement actions vis-à-vis non compliance varies across regulators, depending on agencies' approach

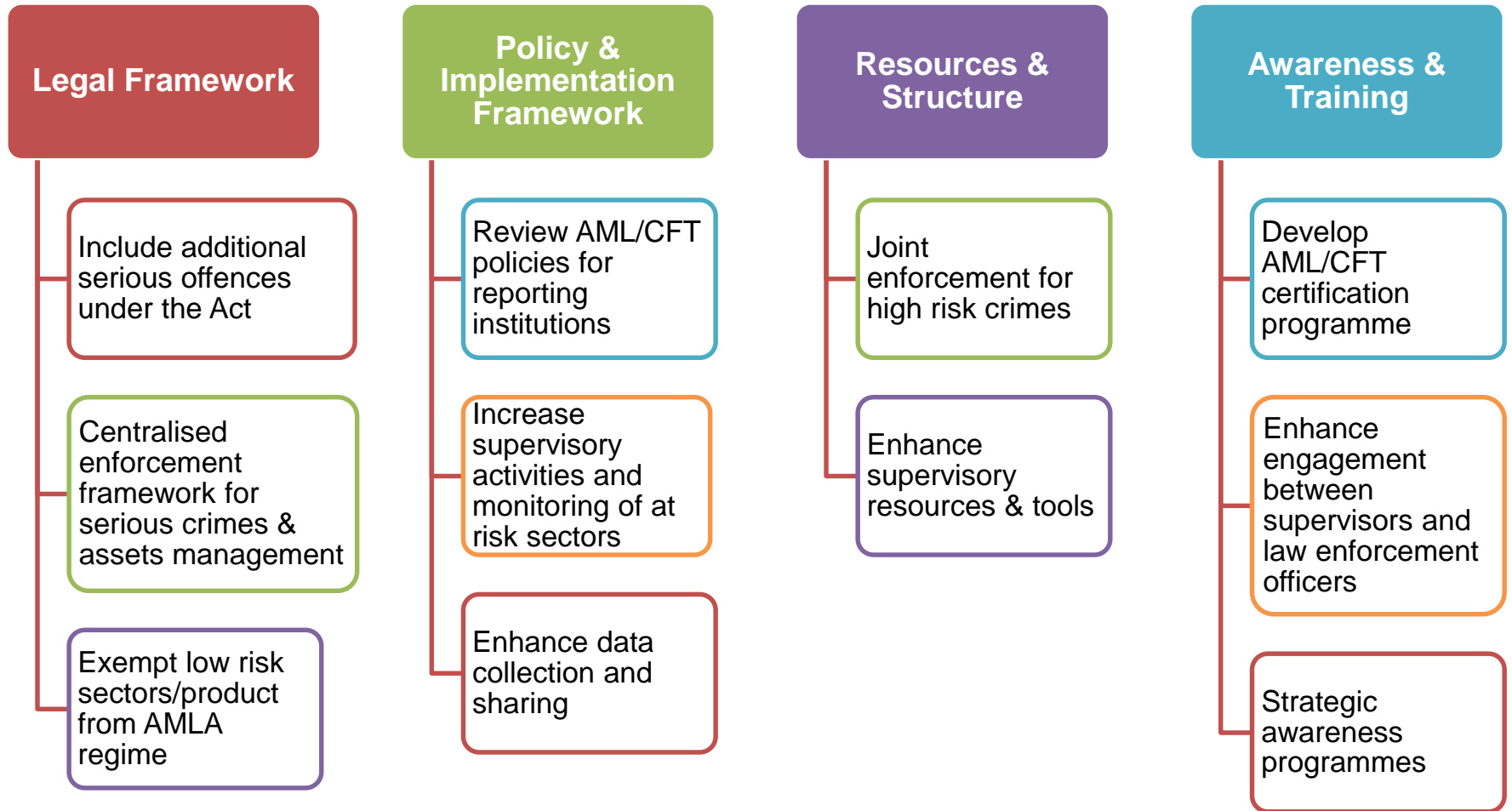
# Post NRA

## – Recalibration of National Strategic Plan



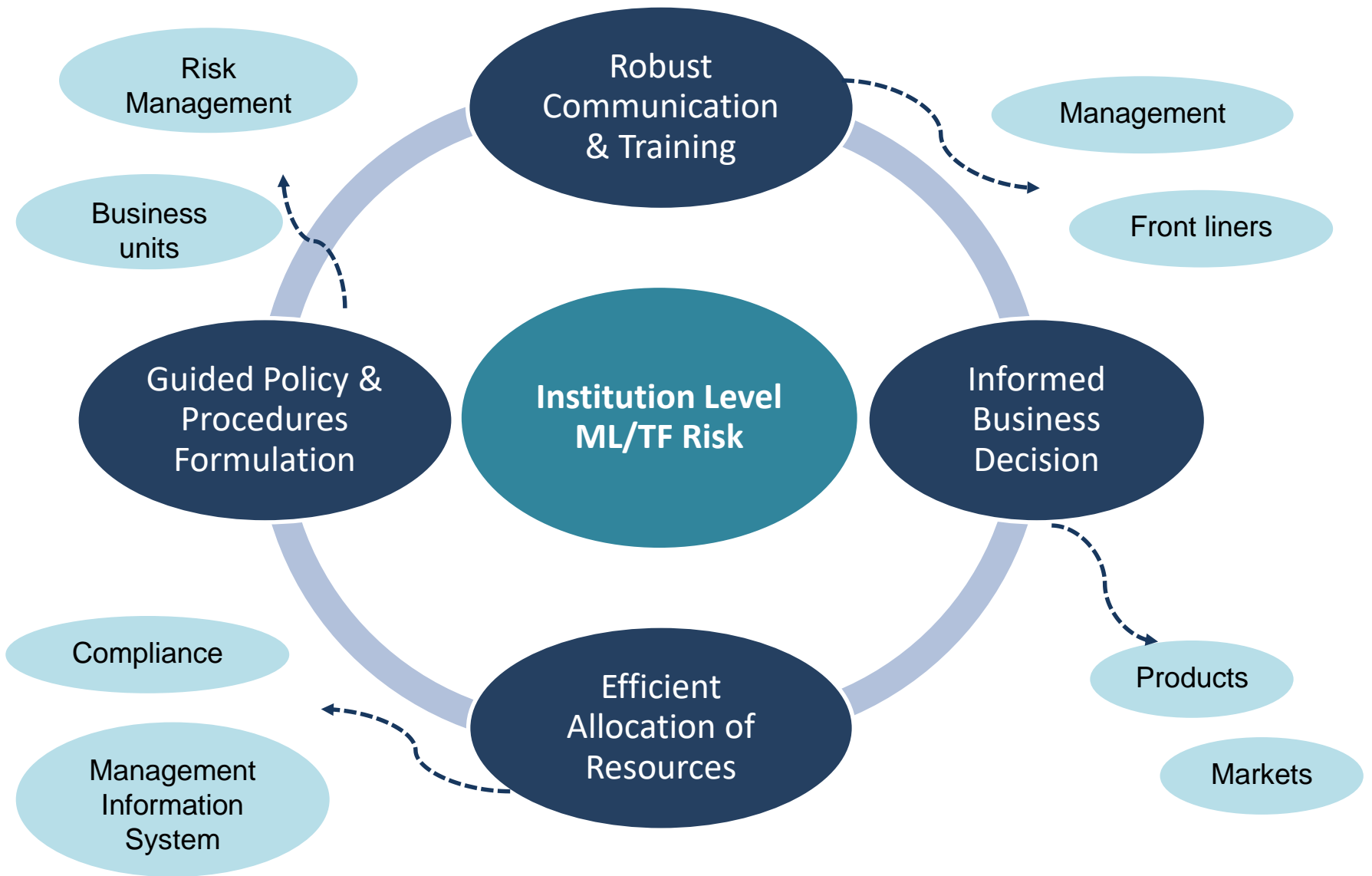
# Post NRA 2017 : Recalibration of NSP

## Potential initiatives – examples



# NRA & The Industry





**Thank You**



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