

Regulators are working hard to increase transparency in financial markets

- FATCA is an extra-territorial US requirement – significant penalties for non-compliance
- Final FATCA regulations change some of the earlier announced compliance dates
- Technology will play a key role in delivering an efficient compliance response
- It is inevitable that European financial secrecy will decline -

To manage money laundering risk, you need to understand the operating environment

- African banks are expanding their customer base by looking outside of the cities and looking into rural areas
- Due diligence is sometimes difficult – limited KYC documents, no utility bills, limited pre-existing customer due diligence

Emerging markets have specific risk factors

- Industry factors, e.g. mining
- Cultural disposition to regulatory compliance
- Geographic factors, e.g. proximity to borders
- Few compliance experts available
- Reputation concerns, especially from social media

FATCA compliance required by 2014 / 2017 – “no time to wait”

- FATCA 14 – withholding on US source income
- FATCA 17 – withholding on US gross proceeds
- Scope – US citizens or residents, and also US legal entities
- Inter-governmental agreements can simplify the process
- New items in final regulations, e.g. ‘sponsoring entity concept’

A number of related initiatives are best managed as a program

- A number of initiatives require parallel change and compliance activities
- The scope and scale of requirements documentation is substantial and complex
- Rigorous programme management is required to manage dependencies and reduce delivery risk

A programme approach may deliver cost efficiency

- Total organisational impact and opportunity assessment is key
- Banks should actively pursue a re-use strategy for client due diligence

Organisations are having to increase compliance staff

- Barclays is reported to be hiring an additional 1500 officers
- Organisations are finding it hard to keep up with regulation
- McKinsey estimates that Basle III will generate 70K new compliance jobs in Europe

European financial secrecy will decline

- Luxembourg announces intention to ease banking secrecy
- The Cyprus crisis has increased the focus on ‘tax havens’
- Luxembourg announcement increases pressure on Austria