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AML/CFT:  
WHAT DO  
REGULATORS  
REALLY EXPECT  
FROM BANKS?

# IS THE CURRENT AML/CFT REGIME EFFECTIVE?

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USD 50 – 100 bn is spent every year towards compliance

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Global financial institutions were fined \$26 Billion for AML, Sanctions & KYC Non-Compliance in the last decade

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Less than 1% of criminal funds are frozen or confiscated

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80 to 90% SARs/STRs have no immediate value to law enforcement agencies



## Banks

Monitoring of individual transactions

Technology implementation to cut costs & increase efficiency

Defensive reporting leading to large numbers of STRs

Tendency to focus on technical compliance

## Regulators

Identification of trends and patterns

Technology along with logical reasoning and audit trails

Quality of reporting vs. quantity of reporting

Effective compliance alongside technical compliance

# ARE GOALS ALIGNED?



## More Handholding

Feedback on STRs

Publication of RFIs, typologies

More training programmes



## Open Communication

Sectoral guidance

Sharing of good practices

More transparency



## Penalties as Deterrents

Low tolerance for delays

No latitude for negligence and  
ignorance

Penalties more severe and  
stringent

# CURRENT REGULATORY APPROACH TOWARDS REPORTING ENTITIES



## Newer Regulations

Cryptocurrencies  
Shell companies  
Wildlife trafficking  
Human trafficking



## Fintech & Innovation

Encouragement to innovation  
Sandbox approach  
SupTech



## Information Sharing

Cross-country, regional and  
global co-operation  
Multi-agency forums

# REGULATORS' INTERACTION WITH THE ECO-SYSTEM



COMPLIANCE  
EFFECTIVENESS



RIGHT ATTITUDE



TONE FROM THE TOP

WHAT ARE REGULATORS REALLY  
LOOKING FOR?

Understand the  
Implications of  
Emerging Financial  
Crime Risks

Review Risk  
Identification,  
Assessment and  
Governance  
Frameworks

Communicate  
Proactively with the  
Regulator

WHAT SHOULD BANKS DO?

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Thank You

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