Risk is in the Eye of the Beholder

The Difficulties Faced by the Offshore Regulator

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The views expressed in this paper are the personal views of the writer. The content of this paper does not contain any endorsement or implied accuracy by the writer’s employer.

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INTRODUCTION

This paper considers the position of the regulator in a small offshore country, tasked with fulfilling its obligation to assess levels of compliance with anti-money laundering/counter-terrorist financing\(^1\) (AML/CTF) legislation and international standards. In particular, the paper considers the examination challenges faced by the regulator for those financial institutions licensed in the country but with a number of operating and support functions situated across country borders.

Despite a common overarching policy to comply with international standards in AML/CTF, the regulator and the financial institution will have differing assessments on the level of risk and likely impact within their own area of responsibility. As a result of the differing levels of risk and impact each stakeholder will oversee the respective control environments proportionate to the risk assessed.

The paper examines the background to the significant economic contribution by the financial sector to offshore financial centers; the responsibility of the regulator to maintain the integrity of the financial system; and the strategic objectives of multijurisdictional financial institutions to drive costs out of the business.

The paper is written from the viewpoint of the offshore regulator faced with the challenge of undertaking effective examinations when the mitigating controls span multiple countries.

This writer concentrates on two specific areas of the world of offshore finance, being the banking sector with its subsidiary and branch operations and the money services business (MSB) whose representation are managed through their agency network. Both have similar

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\(^1\) Prevention of Terrorist Financing is more commonly referred to in shortened form as CFT - Combating the Financing of Terrorism.
characteristics, with a customer facing network with back office support and compliance functions centralized and operating outside of the country.

**Offshore Financial Centers: The Background**

Weak economies of small offshore countries have led governments to look at the provision of financial services as a means to bolster revenue beyond the typical source of tourism. It is estimated by the Tax Justice Network\(^2\) that between $21 trillion to $32 trillion of private wealth is located untaxed or lightly taxed in countries throughout the world. Financial centers developed rapidly as each country looked at its peers and saw them prosper. Much is to be gained and this is clearly evident in offshore centers such as Bermuda and the Cayman Islands where both have grown in wealth from earnings by foreign investors.

There are many good reasons why it is legitimately possible to take advantage of the financial services offered by an offshore financial center; avoiding tax by setting up effective tax planning structures; and by providing secrecy for legitimate reasons.

It is the secrecy aspect that has attracted the most attention in recent years from the larger countries such as the U.K. and the U.S. claiming that funds placed in offshore centers are a means to support tax evasion. Hence, the commonly used description of offshore centers as tax havens. An individual distancing himself from his assets, retaining control but with an opaqueness so that no one can identify the true owner can be very attractive; for example, secrecy is attractive to the medical doctor in New York wishing to keep his assets out of sight of his litigious patients. However, this ability to obtain secrecy is equally attractive to the criminal who, having obtained his ill-gotten gains by corruption, drug dealing or other proceeds generating crimes, also requires distance, control and secrecy. For that very reason

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the criminal is also attracted to the offshore center. The biggest dilemma is that the methods by which funds are transferred to tax havens are exactly the same for legitimate sources as well as for illicit funds.

As a matter of concept the role of the regulator is to maintain the financial integrity of the country, protecting the financial system from abuse. Successful regulation facilitates the growth encouraging investing with confidence in a stable financial market.

A strong regulatory environment will attract the right kind of investor, and other legitimate investors will naturally gravitate by association. Conversely a country with a reputation of weak local laws and failure to follow international standards will be more attractive to criminals. Put simply those with the wrong reasons to take advantage of secrecy will move quickly towards the weaker countries.

The Regulatory Framework

The country intent on generating much needed revenue through offshore finance must operate within international standards. The most prominent body setting policy and standards for AML/CTF is the Financial Action Task Force (FATF). In 2012, the FATF, while continuing with its framework of peer reviews (referred to as mutual evaluations) and public reporting, revised its recommendations to meet the ever-changing landscape of money laundering and terrorist financing risks and methods. At the country level, overt compliance plays a major part in improving public perception, in turn it is a key driver of success in the world of offshore finance.

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The FATF Recommendations are wide-ranging and are aimed at creating an environment of preventative measures by way of strong legislation, coupled with strong and effective enforcement regimes applied in cases of noncompliance, by the regulatory authorities.

The introduction of the 2012 FATF Recommendations has also triggered a significant change in approach with regard to the mutual evaluation process. Revised mutual evaluations commenced in 2014 and saw the FATF adopt assessments of both technical compliance and effectiveness of a country in applying the FATF Recommendations.

Therefore, it follows that the regulator, through its supervisory and regulatory regime, must be able to demonstrate effective implementation of the FATF recommendations.

The FATF recommendations are just that—recommendations. Each country can tailor the recommendation to meet local conditions. However, with the offshore market playing such an important part in the global economy, peer reviews and competition amongst offshore financial centres drive almost an almost universal desire to achieve compliance with the standards as written.

FATF Recommendations relevant to the regulator are:

- Recommendation 26 Regulation and supervision of financial institutions
- Recommendation 27 Powers of supervisors
- Recommendation 35 Enforcement
The FATF paper demonstrates effectiveness of regulatory supervision: “Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of the AML/CFT systems,”

- A demanding licensing regime for those wishing to be set up as a financial institution
- Supervision, which includes regular on and offsite examinations
- Strong and effective enforcement powers
- By moral suasion influencing behavior patterns of management

**Financial Institutions: The View of Risk**

Financial institutions operating in offshore centers, which have relatively small populations with high customer demands for progressive products, experience challenges in achieving the required return on investment.

Key international financial institutions (major banks and MSBs) look to implement economies of scale to reduce costs in their operating model. The result being that customer facing outlets in the offshore country are predominantly sales focused with operations and compliance departments centralized, most likely in a different country. By reason of the remoteness from the front-line customer facing outlets, implementation of risk management controls and supervision can become problematic.

The first issue that we must recognize is that within an organization different stakeholders will have their own views of risk because there are different objectives for the risk assessment. The same principle applies for external stakeholders.

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Traditional methods of assessing risk to an organization are as a function of impact and likelihood. Definitions of these two important factors are:

- **Impact**: (or consequence), which refers to the extent to which a risk event may affect the enterprise. Impact assessment criteria as a result of a money laundering or terrorist financing matters may include financial, reputational, regulatory, employee, customer and operational impacts.
- **Likelihood** represents the possibility that a given event will occur.

A number of departments within an organization will undertake risk assessments within their own spheres of responsibility. The risk in general terms being considered as the failure to meet a particular objective.

For a large publicly owned bank or money service provider the impact of a money laundering or terrorist financing (ML/TF) event occurring in a small offshore country is likely to be considered in the lower ranges because of size and remoteness from head office.

By virtue of its lower risk rating, resources, particularly those allocated to risk management, are likely to be tightly controlled by numbers of personnel because the low risk rating suggests that a high level of monitoring in areas where impact and likelihood of a risk event occurring is low and therefore not cost effective.

**Risk Management: Three Lines of Defense**

The banking profession has commonly adopted the three lines of defense as its risk management framework.

In its position paper, the Institute of Internal Auditors describes the three lines of defense structure as follows:

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<table>
<thead>
<tr>
<th>First Line of Defense</th>
<th>Operational management</th>
<th>Operational managers own and manage their own risks. They are also responsible for implementing correcting process and control deficiencies.</th>
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<tbody>
<tr>
<td>Second Line of Defense</td>
<td>Risk management and compliance</td>
<td>Management establishes risk management and compliance functions to ensure the first line of defense is properly designed, in place, and operating as intended. Each of these functions has a degree of independence from the first line of defense but they are by nature management functions.</td>
</tr>
<tr>
<td>Third Line of Defense</td>
<td>Internal audit</td>
<td>Internal auditors provide the governing body and senior management with comprehensive assurance based upon the highest level of independence and objectivity within the organization.</td>
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</table>

The IIA position paper goes on to say that all three lines of defense should exist in some form at every organization regardless of size and complexity. Examples can be that internal audit can be asked to take on the role of managing the organizations’ risk management or compliance functions. Other situations evidence the blurring of the role of compliance from applying management oversight of the first line to operating as a center of excellence for say
the customer due diligence (CDD) process. In such a case compliance effectively becomes operational and the first line. This begs the question: Who applies oversight to the compliance function performing operational activities?

The Regulatory View on Risk

The regulator has an integral role to play in protecting the reputation of the country as a stable and high integrity financial sector. To support protecting the reputation of the country, policy-making bodies and key regulators clearly demonstrate the strong and active role that must be adopted:

- Financial regulators are initially bound by Recommendation 26 of the FATF Regulations, which states that “Countries should ensure that financial institutions are subject to adequate regulation and effective supervision and are effectively implementing the FATF Recommendations.”

- FinCEN, as the U.S.’ primary AML/CTF regulator, has the strategic goal “[t]o safeguard the financial system from evolving money laundering and national security threats.”

- The Basel Committee on Banking Supervision in its paper “Sound Management of Risks related to Money Laundering and Financing of Terrorism,” states explicitly in Section IV-The Role of the Supervisor, that “Banking Supervisors are expected to comply with FATF Recommendation 26.”

In discharging the responsibility of protecting the reputation of the country, the regulator must apply a risk based approach to supervision.

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Assessing risk at the country level (referred to as The National Risk Assessment) is subject to extensive guidance contained in the guidance paper\(^8\) “FATF Guidance National Money Laundering and Terrorist Financing Risk Assessment: February 2013.” This document is in response to Recommendation 1 of the FATF Recommendations\(^9\) in which countries must, through the national risk assessment, “identify, assess and understand the ML/TF risks they face.”

The goal of the FATF standard is to ensure that countries can mitigate their ML/TF risks effectively, and the national risk assessment is clearly intended to serve as the basis for application of the risk based approach.\(^10\)

The methodology of risk assessment described in the guidance is based upon three factors:

- Threats
- Vulnerabilities
- Consequences

While slightly differing from the traditional approach of impact and likelihood discussed earlier, there is close alignment of the factors of impact and consequences. The consequences (impact) of a major, or a series of smaller money laundering or terrorist financing event(s) could be catastrophic to the reputation of a country in its efforts to attract good quality investors using legitimately obtained funds.

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\(^8\) http://www.fatf-gafi.org/topics/methodsandtrends/documents/nationalmoneylaunderingandterroristfinancingriskassessment.html


The FATF provides guidance to supervisors in the implementation of risk-based supervision of banks.\textsuperscript{11} The overarching objective of risk-based supervision is to devote the greatest level of supervision to those areas of highest risk.

A key informant on the level of inherent ML/TF risk in a financial institution is the contribution to risk management by the reporting of the compliance and internal audit regimes within the financial institution. Access to relevant internal reports should be a key component of the supervisory process.

**The Position of Other Supervisory and Policy-Making Bodies**

A strategic centralization policy by banks is not new. Initial commentary by the Basel Committee on Banking Supervision was presented in 2004. Subsequently a number of supervisory and policy-making bodies have expressed their interpretation of necessary supervisory frameworks to reflect the positioning of risk and controls in the centralized world.

*The impact of centralization*

- The Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision recognized in its paper published in 2004 on Consolidated KYC Risk Management\textsuperscript{12} “many banks have begun centralizing certain processing systems and databases for internal risk management or efficiency purposes. In these circumstances banks should complement local monitoring with transactions monitoring at the centralized site.”


\textsuperscript{12} Basel Committee on Banking Supervision: Consolidated KYC Risk Management October 2004.
The Federal Financial Institutions Examination Council (FFIEC)\(^\text{13}\)

The Bank Secrecy Act Anti-Money Laundering Examination Manual 2010 addresses the approach to risk of centralization by stating: “Banks should assess risk both individually within business lines and across all activities and legal entities.”\(^\text{14}\)

The writer of this paper interprets this guidance by the FFIEC, to mean that while banks are encouraged to look at risk on an enterprise-wide basis, a more granular “bottom up” view along business lines, activities and entities should also be performed.

**Control of foreign branches and subsidiaries and cross border considerations.**

- The FFIEC speaks further in its section “Foreign Branches and Offices of U.S. Banks – Overview”\(^\text{15}\) that banks are expected to have in place “AML Policies, procedures and processes at the foreign office should comply with local requirements and be consistent with the parent branch standards—however they may need to be tailored for local and business practices.”\(^\text{16}\)

- The Financial Action Task Force (FATF)

  In Recommendation 18 the FATF makes their position clear: “Financial institutions should be required to ensure that their foreign branches majority owned subsidiaries apply AML/CFT measures consistent with the home country requirements implementing the FATF Recommendations through the financial groups’ programmes against money laundering and terrorist financing.”\(^\text{17}\)

\(^{13}\) Federal Financial Institutions Examination Council: [https://www.ffiec.gov/](https://www.ffiec.gov/)

\(^{14}\) FFIEC Bank Secrecy Act Anti-Money Laundering Examination Manual Page 28

\(^{15}\) FFIEC Bank Secrecy Act Anti-Money Laundering Examination Manual Page 169

\(^{16}\) FFIEC Bank Secrecy Act Anti-Money Laundering Examination Manual Page 169

The interpretative notes to Recommendation 18 goes on to state “Financial groups’ programmes against money laundering and terrorist financing should be applicable to all branches and majority owned subsidiaries of the financial group.” These programmes should include measures which inter alia refer to “the development of appropriate compliance management arrangements and an independent audit function to test the system.

Transaction Monitoring—An Example

Based upon the writers’ personal experience, a good example to describe the issues of risk assessment and operational centralization is to examine the process of transaction monitoring in the context of a regulated financial institution in a small offshore center.

The objective of the transaction monitoring process is to identify unusual activity and determine if it is suspicious and requiring disclosure to the financial intelligence unit (FIU) to be made.

The sources of transactions and the monitoring process typically consists of:

- Customer transactions, which take place at the outlet and are captured into the transactional database at the point of entry. These transactions, in a retail banking environment, will be for personal and commercial customers, using cash and/or cheques.
- Other transactions, such as incoming wire transfers, are processed remotely in a centralized unit receiving high volumes of wire transfer payments relating to many outlets.
- An automated interrogation tool is run centrally to examine transactions the following day after processing. The tool generates alerts, reporting breaches against pre-determined rules. The alerts are subject to manual scrutiny, again in a centralized

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18 Recommendation 20; FATF 2012 Recommendations;
location with the objective of filtering out false positive alerts and unusual activity deemed acceptable.

The inherent weakness in this operating approach is that there is no one single person in the first line of defense with clear accountability for the effective monitoring of transactions.

In the operating model so far described, the compliance unit, again based in a different country, is advised by the centralized interrogation unit of activity considered unusual and possibly suspicious. The decision to determine if unusual activity warrants disclosure to the FIU as suspicious activity is made by the compliance unit. This arrangement significantly blurs the role of compliance as the second line of defense as their function, in this case, becomes more aligned to a first line of defense management role.

The weakness is further compounded by the inability of the second line of defense to perform the traditional oversight role, which should cover all three areas performing transaction monitoring; the branch outlet; the wire transfer unit; and the interrogation unit.

Internal audit as the third line of defense is typically expected to provide the board, or audit committee of the board, with assurance on the effectiveness of the compliance function. Internal audit, based upon their risk assessment will determine the frequency and intensity of their assurance work within the constraints of cost and time. Because of different stakeholder views of the level of inherent risk, the frequency and intensity of their assurance may not match the expectations of the regulator.

The Challenge Facing the Regulator

The local regulator has a clear responsibility to protect the financial stability and reputation of the country.

In the transaction monitoring example quoted in the previous section, the differing approaches to risk assessment by the regulator and the financial institution has resulted in
significant difficulties in the regulator relying upon the financial institution’s assessment of compliance with the local legislation.

In discharging its mandate to protect the reputation of the country from abuse by money laundering and terrorist financing, the regulator will be looking for a commensurate level of supervision and compliance by the financial institution. The dilution of the control environment described in the example above is the risk response by a financial institution looking to achieve cost effective compliance in a country which may not figure high in their risk profiling of market representation.

In assessing its approach to an examination of the financial institution, the regulator is obliged to recognize:

- The front-line staff will be in the best position to understand the rationale and typical financial activity of their customers. However this position is weakened by the inevitable focus on sales. AML/CFT training is often considered as second to sales training.
- Approaches for business which are aborted for whatever reason are only seen by the front-line staff. Particularly in an offshore environment aborted approaches are a rich source of suspicious activity as criminals look for the “weakest link” to enter the financial system.
- The examiner must assess the process of setting and managing the rules of the interrogation application and consider their relevance to the local environment.
- The examiner must assess the quality of the controls to ensure complete and accurate transfer of transactions into the interrogation software.
- The examiner requires assurance on the competency of the manual process of identifying suspicious activity which will include determination and treatment of false positives.
• The local money laundering reporting officer (or BSA officer) is charged with the unfettered responsibility to report suspicious activity. The examiner must establish how, in a remote centralized environment, this is achieved and in turn supervised.

• Typically the regulator would rely upon internal compliance and internal audit reviews to inform their examination. Audit and compliance determine their review timetable on the perception of risk and the regulator may be unable to force the frequency and scoping of such reviews.

Examination coverage is broad as evidenced by the brief outline above. It is clear that not all controls are performed “in the building” of the licensee. The ability to effectively test compliance efficiently relies upon the cooperation of management of the financial institution, their assurance functions and of other regulatory bodies.

Money Services Businesses

The content of this paper has a significant focus on banking. However, as mentioned in the introduction on page 2, MSBs (referred to as Money or Value Transfer Services [MVTS] by the FATF), have, in the main a very similar operating model through a network of agents located at numerous locations in many countries. The agent operating the customer facing outlet(s) is; licensed by the local regulator; treated as a financial institution; and consequently obliged to comply with AML/CTF legislation of the country in which they operate.\textsuperscript{19} Regulatory compliance includes the responsibility of the locally based money laundering reporting officer to report suspicious activity to the FIU.

MSBs process high volumes of low-value transactions. The local customer facing outlet captures customer instructions and data, which typically is processed remotely in a centralized processing unit. CDD and point of entry transaction monitoring is performed at

\footnote{\textsuperscript{19} FATF Recommendation 14}
the local outlet. However, the key control in respect of transaction monitoring is by way of automated systems which interrogate the transactional database and generate alerts. Management of alerts and identification of unusual and possible suspicious activity is performed in a centralized unit in another country. High volumes of activity can only be monitored using automated interrogation and clearly this approach to monitoring fits well with a centralized unit.

The principal money service provider will have similar cost constraints over its compliance and internal audit functions, which will affect their monitoring and oversight coverage.

With MSBs classed as financial institutions the local regulator is responsible to protect the reputation of the country. To discharge that responsibility the regulator must have a clear line of site through the transmission process and be able to examine all controls wherever they are performed. Similar to the banking sector, work performed by compliance and internal audit as second and third lines of defense, respectively, is a valuable informant to the regulator, provided that frequency and intensity of review is acceptable.

**Conclusion**

The complete end-to-end process commencing with customer facing activities, through the centralized units to suspicious activity reporting must be in the examiner’s scope when assessing effective compliance, by the financial institution, with both legislation and best practices. Supervisory and policy setting bodies have made their position clear in their statements on the desired internal control frameworks in respect of centralized units spanning borders. The local regulator’s mandate to protect the country remains constant.

The one changing factor is that the financial institution itself is driven by competing priorities of achieving cost efficiencies and the need for regulatory compliance.
It is the view of the writer that the pursuit of cost efficiencies has resulted in organizational structures which:

- Compromise the standard three lines of defense model by blurring the role of compliance as the second line of defense
- Weaken the oversight regimes of both compliance and internal audit.

The writer also considers that the cause is predicated upon the differing viewpoints of ML/TF risk more simply referred to as *Risk is in the Eye of the Beholder*. It is clear that the supervisory and policy maker view is that risk has to be assessed to a level of detail that drives effective oversight by the head office. The converse being that the head office has a view of risk in the smaller branches and subsidiaries as of lesser impact to the group as a whole, and hence there is less appetite to invest in the oversight and compliance regimes.

The reality is that there is ample evidence, from a variety of sources, that there is risk in outlying subsidiaries and branches.

- The compliance issues faced by HSBC are symptomatic of a deficient head office and foreign subsidiary/affiliate relationship. The report\(^\text{20}\) by the Permanent Subcommittee on Investigations of the U.S. cites weak AML/CTF controls throughout the group particularly the affiliates HSBC Bank USA N.A. and HSBC Mexico.
- More recently, in July 2015, the Hong Kong Monetary Authority announced\(^\text{21}\) it had fined the Hong Kong Subsidiary of the State Bank of India HK$7,500,000 (US$970,000) for four specified provisions of the Hong Kong Anti Money laundering legislation.

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• Accountants KPMG in its paper “Internal Audit Top 10 Key Risks in 2015”\(^{22}\) place International Operations as the fourth highest risk, naming compliance with corporate policies and regulations as a key risk driver.

The conclusion of this paper is, despite guidance prescribing a strong regulatory and policy framework, the adage of “the further you are away from head office, the weaker the control environment is” rings true. However this distance from head office and resultant weak control environment is attributable to the rather historic assumption of a “gung ho” attitude to risk by management, operating thousands of miles away with minimal communication. More so, it is an informed assessment by head office that the impact of AML/CTF risks occurring is not sufficient to warrant anything other than a light touch to compliance supervision.

MSBs are not supported by the same depth of guidance by supervisory and policy-making bodies as the banking sector. However MSBs are subject to the same AML/CTF regulations built upon the FATF Recommendations. The regulatory faces the same responsibility and should look to the approach described in this paper to discharge their responsibilities.

**Solutions**

The diversity of interpretation of risk is an issue driven by cost. Any solution must involve a meeting of the minds by the respective stakeholders. Increased consultation must commence and must bring to the table:

• A meaningful examination and challenge of risk from the viewpoint of all stakeholders. To achieve this, not only should the risk assessment be considered but the underlying assumptions and source data challenged from every viewpoint.

• Are risk drivers and actual experiences sufficiently wide ranging?

• What is history of actual money laundering leading to prosecution?

• What are the experiences by the supervisory, internal audit and compliance stakeholders in relation to compliance standards?

• What is the experience of the country being used as a conduit for money laundering or terrorist financing even though predicate crimes are not prevalent in the country?

• As described in the FATF Guidance Risk Based Approach for the Banking Sector,23 would risk assessments performed on specific products or lines of business, delivery channels, customer categories and operational processes, enable head office to selectively target compliance work on higher risk areas thereby controlling cost but continuing to maintain focus?

• Co-operation between regulators should be leveraged. Do the home and host regulators have similar or differing views on the risk of centralization within their own spheres of responsibility? Every effort must be made to resolve differences in risk assessments to equal satisfaction.

• The potential impact of a more aggressive stance by the local regulator in assessing the approach to oversight by head office must be considered. The impact from increased supervisory work may of course be an increase in licensing fees for the banking sector.

The regulator must avoid the temptation to “rush into the building” of its licensee. Time would be well spent in understanding the risk assessed and the respective roles

of compliance and internal audit in the context of the three lines of defense. In particular, instead of pressing internal audit to come and visit the licensee, the local regulator should be demanding that internal audit assesses the group’s oversight and governance regimes from the top downwards viewpoint.

In summary, working to solutions will require concessions on both sides in the context of maintaining the overarching common objective of compliance with local legislation.
### Bibliography

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<th>Footnote Number</th>
<th>Source</th>
<th>Description</th>
<th>Website</th>
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<tr>
<td>2</td>
<td><strong>Tax Justice Network:</strong></td>
<td>An independent international launched in 2003. Dedicated to high level research, analysis and advocacy in the area of international tax and harmful impacts of tax evasion.</td>
<td><a href="http://www.taxjustice.net">www.taxjustice.net</a></td>
</tr>
<tr>
<td>3, 4, 6, 8, 9, 10, 11, 17, 18, 19, 23</td>
<td>Financial Action Task Force</td>
<td>An intergovernmental body established in 1989 by the Ministers of its Member countries. Objectives are to set standards and promote effective legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. A “policy making body” which works to generate the necessary political will to bring about national legislative and regulatory reforms.</td>
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<td>5</td>
<td><strong>The Institute of Internal Auditors (IIA)</strong></td>
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<td>7</td>
<td><strong>Financial Crimes Enforcement Network (FINCEN).</strong></td>
<td>FinCEN’s mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis and dissemination of financial intelligence and strategic use of financial authorities.</td>
<td><a href="http://www.fincen.gov">www.fincen.gov</a></td>
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<td>13, 14, 15, 16</td>
<td><strong>Federal Financial Institutions Examination Council. (FFIEC).</strong></td>
<td>A formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau.</td>
<td><a href="http://www.ffciec.gov">www.ffciec.gov</a></td>
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<td>12</td>
<td><strong>Basel Committee on Banking Supervision.</strong></td>
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<td><a href="http://www.bis.org">www.bis.org</a></td>
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<td>The Basel Committee is the primary global standard-setter for the prudential regulation of banks and provides a forum for cooperation on banking supervisory matters. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability.</td>
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