

Strengthening AML/CFT Frameworks: Reinforcing Singapore's Defenses Against Money Laundering and Terrorism Financing



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In early 2022, the Singapore police force launched a comprehensive and coordinated investigation into a group of individuals operating covertly. Information about this group of individuals was identified from different sources of information including Suspicious Transaction Reports ("STRs") filed by various Financial Institutions ("FIs"). These reports are critical in detecting money laundering and terrorism financing activities.

By August 2023, the Singapore police force had gathered sufficient evidence and arrested ten suspects in a series of simultaneous raids at multiple locations. More than S\$3bn of suspected illicit funds and assets including cash, luxury items, property and cryptocurrency had been seized to date. These individuals set up companies to open bank accounts used to funnel money laundering activities and terrorism financing that were subsequently used to purchase a variety of assets.

Following the incident, an Inter-Ministerial Committee ("IMC") was formed to provide recommendations on further strengthening Singapore's Anti-Money Laundering/Countering the Financing of Terrorism ("AML/CFT") framework. The IMC issued a set of recommendations on 4 October 2024 after completing its review. The key takeaway from these recommendations is the emphasis on the role of gatekeepers in both financial services and non-financial services. Under the Financial Action Task Force ("FATF") standards of which Singapore is a member, Designated Non-Financial Businesses and Professions are defined as follows:

- casinos
- accountants
- trusts
- real estate salespersons and estate agencies
- dealers in precious metals
- dealers in precious stones
- lawyers, notaries, other independent legal professional
- company service providers.

On this basis, the following non-financial businesses and professions have been identified in the IMC:

- accountants
- Corporate Service Providers ("CSP")
- casinos
- Precious Stones and Precious Metal Dealers ("PSPMD")
- lawyers
- developers and real estate professionals.

The above-mentioned entities are "gatekeepers" with primary responsibility for conducting AML/CFT checks prescribed under key legislation and standards set by the relevant supervisory authority (sector supervisor).

Sector supervisors have been active in enhancing AML requirements in their respective sector. For example, the Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act 2019 (PSPM Act) was amended in February 2024 to expand the scope of precious products. Precious products now include PSPM products priced above S\$20,000, regardless of the value attributable to the PSPM components.

Consequently, PSPMDs are now required to conduct Customer Due Diligence (“CDD”) and file cash transaction reports on transactions involving a broader range of precious products

In July 2024, all business entities providing corporate services were required to be registered as Corporate Service Providers and must comply with AML/CFT requirements for CSPs.

There is an increased focus and scrutiny on AML/CFT checks both in financial services and non-financial services. We can expect further guidance and more detailed recommendations from the various regulatory authorities as AML/CFT standards are further enhanced.

How Waystone can help

Our team of regulatory compliance experts is well-equipped to conduct thorough AML/CFT audits for Financial Institutions in Singapore. We provide a comprehensive outsourced AML compliance solution, covering customer onboarding and periodic reviews, Politically Exposed Persons (“PEPs”) and sanctions screening, transaction monitoring, AML reporting and expert guidance on financial crime prevention.

Waystone will act as your liaison with investors to handle AML/CFT checks and the following:

- **identify the customer** – obtain relevant documents (e.g. company registration, shareholding structure, personal IDs, passports etc) to ascertain the identity of the customer and the beneficial owner
- **identify connected persons and authorised signatories** – Obtain relevant documents (e.g. personal IDs, passports, driver licence) to ascertain the identity of connected persons and authorised signatories
- **background of customer** – inquire into the background of the customer to understand any potential ML/TF risks
- **screening** – conduct screening of the customer, beneficial owners, connected persons, authorised signatories to ascertain if there are any adverse news (e.g. PEP) or sanctions associated with the customer
- **risk assessment** – prepare a documented risk assessment of customer based on the findings on CDD checks
- **CDD report** – prepare CDD report with findings on each customer documenting our observations and risk rating prior to onboarding the customer.
- **ongoing monitoring** – assist to refresh CDD documents and perform periodic screening upon request.

If you would like to discuss how we can assist your firm with any of the AML/CFT services mentioned above, please reach out to your Waystone’s Compliance Solutions team or contact us below.

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