

## **HSBC Malta hosts event to help customers turn compliance into business advantage**

HSBC Malta hosted a first-of-its-kind customer event in Malta focused on financial crime risks and associated compliance obligations, which have increased markedly from the past. A packed hall of business and corporate customers learned about how these changes to the banking landscape are affecting them and the opportunities and risks they present for their companies.

The event was opened by the bank's Chief Executive Officer Andrew Beane, who spoke about the importance of achieving international compliance standards to support Malta's long term economic growth and reputation in the global economy. He compared modern-day financial crime compliance requirements to airport security, explaining that security in the financial system is achieved because everybody needs to comply in order to have access.

Featuring HSBC's Europe Financial Crime Compliance Head for Commercial Banking Bharati Chandrashekar and Malta-based ARQ Group's Risk and Compliance Partner Dr Manfred Galdes - the business breakfast then examined strategic risks and advantages from compliance requirements within the Maltese and global financial systems.

A number of topics were covered, including Malta's specific compliance risks, the impact of the various local and global regulations, as well as the role of correspondent banks and their relation to financial crime risk management of cross-border payments, particularly in the U.S. dollar.

According to Dr Manfred Galdes, financial institutions today are coping with new domestic and international risks as a result of which they have to go much deeper into their customer profiles. "The way we look at financial crime risk today has changed mainly because the international standards have changed, the requirement that the Financial Action Task Force on Money Laundering (FATF) has set out for countries and institutions across the globe to comply with are definitely more rigorous than ever before," said Dr Galdes.

Worldwide, financial crime is on the rise prompting regulators to enact stricter standards, which in turn have made financial institutions more invasive when processing customer transactions, he said. "We are living in a very different world to the one we lived in 10 years ago. If we had to compare the type of customers a bank deals with today and the regulatory compliance that the bank has to implement today with what used to happen a decade ago, we'd realise that the change is quite dramatic," said Dr Galdes.

Malta is expected to be reviewed in 2018 by Moneyval, an independent monitoring body within the Council of Europe that will be evaluating the effectiveness of the country's systems to combat money laundering and the financing of terrorism.

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HSBC's Bharati Chandrashekar said: "Particularly in a market like Malta, where HSBC has a significant market share and is the largest international bank operating in the country, it is particularly important that we provide customers with a much better understanding of what the requirements are from financial crime risk management perspective."

"Banks have an increased responsibility to ensure they bring customers along in this journey so that we can work together and help protect the integrity of the financial system we all depend on," she added.

The experts said that whilst the financial institutions are keen to bring customers along in this new operating environment, businesses can create advantage for themselves by putting in place policies and controls that guard them against bad reputation, third party misdeeds, and risky payments.

"Reaching out to customers is crucial since the knowledge of the customer as to why these checks are carried out is limited. When they are asked probing questions about where they get their money from, and the proceeds of their wealth, people tend to feel uncomfortable. We need to get to a stage where people realise that this is for their benefit and it is the only way in which financial services can be accessed. Eventually, we should get to a stage where being subjected to stringent due diligence becomes the accepted norm," explained Dr Galdes.

The presentations were followed by a panel discussion in which CEO Andrew Beane and HSBC Malta Head of Commercial Banking Michel Cordina joined Dr Galdes and Ms Chandrashekar.

"Implementing the highest level of compliance standards can cause some short-term inconvenience when we ask our customers for more information and documentation than we used to do in the past. But there is a clear benefit as companies will have the advantage of being able to grow their businesses with key counterparties locally and internationally knowing they have met HSBC's high standards which have been designed to meet the highest global as well as local compliance requirements. And by working together with our customers, we also safeguard Malta, our reputation and our economy," said Michel Cordina.

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**(from left) Michel Cordina, Bharati Chandrashekar, Manfred Galdes and Andrew Beane during the panel discussion which drew a number of questions about financial crimes compliance from the audience**

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