**Lesson 04**

**Overview**

In this worksheet, we put together all the concepts that we have covered over the last few weeks.

Before you attempt this worksheet, be sure to work through the materials in **lessons 1-3** to get a good understanding and insight to the complexities of financial regulations and compliance, as well as the benefits of regulatory technology.

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| **Worksheet** | **Notes** |
| Section A | Problem Statement Solution |
| Section B | Presentations |
| Section C | Submissions |
| Section D | Working on your Graded Assignment |

**Section C** introduces the graded assignment, while **Section D** lists the submissions required for today.

**Section A – Problem Statement Solution**

After the past few weeks of learning about regulatory technology, you will now need to present your findings and a proposal to Steve the senior manager from MeBank based on what you have learnt in weeks 1-3.

Prepare a set of presentation slides documenting the problems in MeBank and propose what needs to be done as well as any systems that could help MeBank in their compliance efforts.

Below are some **sample** questions to consider when preparing your presentation:

* As a bank based in Singapore, what are some regulations MeBank need to follow? Come up with a checklist.
* What is the current situation in MeBank based on the checklist you have created.
* Identify the risks in MeBank and potential consequences.
* How can the risks be addressed? What should MeBank do?
* What systems are in place? Are they adequate? Propose possible systems with justifications on why you chose them.

**Note:**

* The points above are not exhaustive, the team should come up with additional points where necessary.
* Be sure to include diagrams or tables where appropriate.
* In each of the slides, include the name of the member who worked on the slides.

**Section B – Presentations**

In class, each team will have the opportunity to present their proposals.

**When your team is presenting…**

You will be receiving feedback from your classmates and lecturer. Note down any feedback in the table below:

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| **What’s good?** | **What can be improved?** |
| Most Issues are addressed.  In-depth analysis of issues.  The solutions given to the issues and summary is good.  Added part for what is the job of the financial advisors | Relate more to the topic. Matthew can talk louder and the font size should be larger. The slides are too lengthy. Differences of KYC or eKYC is irrelevant? |

**When others are presenting…**

As a team, note down interesting observations and question to ask the presenting team. You should also note down what’s good about the presentation, as well as areas of improvements. After the team has presented, share with them your thoughts.

An example is shown below:

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| **Presenting Team** | **Observations**  **(What’s good? Areas of improvements?)** | **Questions to ask presenting team** |
| Team X | The checklist by Team 1 is rather thorough, however it is quite wordy.  The risks and potential consequences mentioned by team 1 does not make sense.  … | How does risk A, result in the consequence mentioned by the team? Can you give an example? |
| Team 1 | “Know Your Customer” can be explained more. Jumbio mentioned in eKYC. Just mentioned suspicious when received a large amount to launder. Too wordy. Not confident. | How to explain more on “Know You Customer”? |
| Team 2 | Issue 1 and 2 were pointed out. Problem and solution pointed out. Everybody has their own slides and part. Did not highlight the AML framework. | How should Mebank implement the AML policies? |
| Team 3 | About Mebank explained. There is a slide for reviewing the issues. The recommendation slides font is too small. The small amount of money laundering is in the issue but no solution. AML utilizes AI and blockchain, different from the rest of the team, good point. Missing “Know Your Products” explanation and more explanation for “Know Your Customer”. Bullet points are quite understandable. Guidelines but no consequence. | What solution can propose to Mebank for the small amount of money being laundered in Mebank? |
| Team 4 | In team 4 | In team 4 |
| Team 5 | The font of money laundering and Mebank solution 2 slides are very small. Problems taken from the problem statement are issued out (current problems). No conclusion and too lengthy for staff training. | What is the conclusion for the whole Mebank solution? |

**Section C –** **Submissions**

* Worksheet (Team folder)
* Team presentation slides (Team folder)

**Section D – Working on the Graded Assignment**

Refer to **C369\_Graded\_Assignment.pdf**. This document describes the assignment that you will be working on for this module.

As we go through the lessons, you will be expected to come up with an online financial services business proposal, prototype and a static web page to demonstrate your business idea.

Before you can begin building your business idea, you will need to do some research and planning.

Answer the questions below to plan the details of your online financial business.

Note:

* This section is to provide some guidance in the graded assignment.
* Completion of this section in no way means that your assignment is completed.
* Refer to C369 Graded Assignment Part 1.pdf for details.

1. List down the sectors that MAS regulates (<https://www.mas.gov.sg/regulation>)

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| Banking, Capital Markets, Insurance & Payments. |

1. What are some of the types of services in each of the sectors? (<https://eservices.mas.gov.sg/fid/>)

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| **Sector** | **Financial service** |
| Banking | Local Bank: DBS BANK LTD.  Qualifying Full Bank: BANK OF CHINA LIMITED  Full Bank: TRUST BANK SINGAPORE LIMITED  Wholesale Bank: COMMONWEALTH BANK OF AUSTRALIA  Merchant Bank: J.P. MORGAN (S.E.A) LIMITED  Finance Company: HONG LEONG FINANCE LIMITED  Money Broker: BGC PARTNERS (SINGAPORE) LIMITED  Representative Office (banking): EUROCLEAR BANK  Financial Holding Company (banking): DBS GROUP HOLDINGS LTD |
| Capital Markets | Capital Markets Services Licensee: 4D VENTURES PTE. LTD. Approved CIS Trustee: BOS TRUSTEE LIMITED Registered Fund Management Company: AAIC INVESTMENT PTE. LTD  Exempt Capital Markets Services Entity: AXIS BANK LIMITED  Licensed Trust Company: CAMELOT TRUSTEES LIMITED  Exempt Trust Company: CITIBANK N.A.  Approved Exchange: ASIA PACIFIC EXCHANGE PTE. LTD.  Approved Holding Company: ICE FUTURES SINGAPORE PTE. LTD.  Approved Clearing House: ICE CLEAR SINGAPORE PTE. LTD. |
| Insurance | Direct Insurer (Life): MANULIFE (SINGAPORE) PTE. LTD.  Direct Insurer (General): AIG ASIA PACIFIC INSURANCE PTE. LTD.  Direct Insurer (Composite): AIA SINGAPORE PRIVATE LIMITED  Reinsurer (Life): SCOR SE SINGAPORE BRANCH  Reinsurer (General): ASTRO RE PTE. LTD.  Reinsurer (Composite): SWISS RE ASIA PTE. LTD.  Captive Insurer (Life): NORTHERN INSURANCE PTE LTD  Captive Insurer (General): ALS INSURANCE PTE. LTD.  Captive Insurer (Composite): NEXUS INSURANCE ASIA PTE. LTD. |
| Payments | Credit and Charge Card Licensee: WEX Finance Inc.  Money-changing Licensee: 12 HRS MONEY EXCHANGER  Standard Payment Institution: QQ PAY PTE. LTD.  Major Payment Institution: ALIPAY MERCHANT SERVICES PTE. LTD.  Designated Payment System Operator: MONETARY AUTHORITY OF SINGAPORE  Designated Payment System Settlement Institution: DBS BANK LTD.  Licensed Credit Bureau: Experian Credit Bureau Singapore Pte. Ltd. |
| Financial Advisory | Licensed Financial Adviser: 1291 ASIA PTE. LTD.  Exempt Financial Adviser: 360 ONE CAPITAL PTE. LTD. |

1. Select 3 financial services that you find interesting and describe them in more detail.

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| **Financial Service** | **Description** |
| Money Broker | A person or company that negotiates loans between banks or other financial institutions. In this case is a company, arranges short-term loans usually in large amounts. Also, trades and invest stocks, bonds & funds. |
| Approved Clearing House (Capital Market) | It is an intermediary between buyers and sellers of financial instruments. It is an agency or separate corporation of a futures exchange responsible for settling trading accounts, clearing trades, collecting and maintaining margin monies, regulating delivery, and reporting trading data. |
| Major Payment Institution | They are licensed and regulated under the Payment Services Act (“PS Act”) to provide payment services without being subject to the specified thresholds. They are a large and influential organization that specializes in facilitating financial transactions and providing payment services to individuals, businesses and other entities which enable the transfer of funds between parties, locally & internationally. |

1. Based on the 3 financial services above, select the one you like best.

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| The one I like best is Major Payment Institution because it offers wide range of payment services that can explore and major payment institutions have the ability to facilitate cross-border payments, reduce transaction fees, enhance transparency and improve the speed and efficiency of transactions both locally and internationally. Therefore, my business can address the growing demand for secure payment solutions etc, making it easier for customers and organizations to conduct transactions and transfer funds between parties, locally and internationally at a low cost. |

1. Do more research on the service you selected and see how you can value-add to the service as part of your business idea.
2. Identify the financial service sector your business will be in
3. Describe the financial services you plan to offer
4. Describe and explain at least 2 regulations your business will need to comply to
5. Describe and explain at least 2 red flags in the transactions your business may encounter
6. Describe and explain how the features on your platform help to:
   * Protect consumers from frauds
   * Prevent money laundering

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| 1. The financial service sector my business will be in is Major Payment Institution. 2. Major Payment Institution that I plan to offer is improving the solution for cross-border payments like reducing fees, enhancing transparency and speed up transfer process to provide a better transaction locally or internationally.   Besides that, can build payment platforms using social media which combining the payment functions with social media to engage the customers to use our platform and make it more convenient for the customers to request and send money immediately via Instagram, Telegram, Twitter, Facebook etc which connects to their contacts or even better just pm the user on the social media platform via their username then they can do the transactions immediately.   1. The 2 regulations my business will need to comply with are Anti-Money Laundering (AML) and Data Protection and Privacy Regulations. Anti-money laundering because to prevent money laundering and financing of illegal activities. As a Major Payment Institution, my business will need to establish AML procedures and implement measures such as Customer Due Diligence, Transaction monitoring and Reporting Suspicious Activities to the relevant authorities. This ensures that the platform is not indirectly money launder or illicit financial transactions.   Data Protection and Privacy Regulations because to handle and protect customer’s sensitive information. As a Major Payment Institution, my business will need to comply with data protection and privacy regulations. This includes obtain proper consent from users for data collection and processing, implementing security measures to safeguard customer data and adhering to regulations such as General Data Protection Regulation (GDPR) or other relevant data protection laws. Therefore, compliance with these regulations can help protect customer’s personal information and maintain their trust in the platform.   1. Two red flags my business may encounter are large suspicious transactions and multiple small suspicious transactions below reporting thresholds. Large suspicious transactions are those transactions that are not within the customer’s normal spending patterns and can be red flag for illicit activities such as money laundering. Therefore, implementing transaction monitoring system can detect such transactions to prevent financial crimes.   Multiple small suspicious transactions below reporting thresholds are by splitting large amounts into smaller amounts for transactions. This is a common technique to evade suspicion and avoid detection. Although these are small transactions but might be indicating that there are suspicious activity. Therefore, implementing monitoring systems that can identify patterns of these transactions to mitigate the risk of money laundering or any other illegal activities.     1. By having a strong authentication and verification processes, implementing authentication and verification procedures such as multi-factor authentication, protecting customers from fraud. This ensures users are authenticated and verified and reduces the risk of unauthorized access and fraudulent transactions.   Besides that, conducting regular training for users and employees can help educate them about fraud prevention measures, how to have a safe transaction practice, and reporting any suspicious activities. Therefore, users and employees can better protect themselves and contribute to a safer platform.  Also, implementing real-time transaction monitoring on my platform as this helps to identify and flag unusual transaction patterns can trigger immediate alerts to the security team. By detecting and blocking suspicious transactions, can prevent fraudulent activities and protect customers from financial loss. |

* Don’t choose local bank cuz the bank are very broad (general)