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Our Reference :

JPPPW/POL/2500/02

4 May 2017

To the Chief Executive Officers
All Money Services Business (MSB) Licensees

Tuan/Puan,

Preventive Measures against Illegal Financial Schemes

We refer to the recent announcement made by Bank Negara Malaysia (Bank) on 29 April 2017 in relation to the illegal financial schemes that promise unrealistically high returns.

2. In safeguarding the stability of the overall financial system, the Bank would like to remind all MSB licensees on their responsibility to preserve the integrity and confidence in the MSB industry. Given the adverse implications of such financial schemes to the public, the financial sector and the economy at large which may cause broader economic and institutional damage, MSB licensees must remain vigilant and cautious by not allowing themselves to become conduits that facilitate such schemes, by any means whatsoever, that may involve cross border flows.

3. In light of the rapid growth of such schemes in Malaysia, MSB licensees are hereby directed to heighten their vigilance and proactively take steps to protect themselves and the MSB industry at large from being involved in such illegal movement of funds, by:

- (i) Strengthening "customer due diligence" (CDD) policies and processes and its implementation to ensure that such illegal schemes are not on boarded;
- (ii) Strengthening transaction monitoring capabilities so that anomalies in trends of transactions can be quickly identified and investigated;
- (iii) Enhancing suspicious transaction report (STR) reviews to facilitate early identification of such schemes;
- (iv) Utilising all possible channels of information to identify suspicious customers, including but not limited to information made available in the Consumer Alert & Updates and Financial Fraud Alert in the Bank's official website when conducting on boarding and STR reviews;
- (v) Ensuring rigorous and robust review processes are similarly applied throughout the entire organisation, including the branch and agent networks; and
- (vi) Intensifying education to staff on AML/CFT requirements.

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4. MSB licensees are reminded to ensure full compliance with the *Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001* and the Policy Document on *Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) – Money Services Business (Sector 3)* issued by the Bank, particularly on paragraph 20.1 where MSB licensees must not commence business relations or perform any transaction in relation to a potential customer, or shall terminate business relations in the case of an existing customer, if the licensee is unable to comply with the CDD requirements. Any non-compliance is viewed seriously by the Bank and the Bank will not hesitate to take enforcement actions against any MSB licensee found to be in breach of the law.

Sekian.