

An aerial night photograph of a city, likely Ho Chi Minh City, Vietnam. The image shows a wide river with a bridge crossing it. The city lights are visible in the background, and the sky is a deep blue with some clouds. The overall scene is illuminated by the city lights and the twilight sky.

# **Issue and challenges of Vietnamese Commercial Banks in implementing AML measures**

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# content

1. Issues & Challenges
2. Suggested solutions



### Provisions on KYC/CDD measures

- Some cases that need to conduct KYC/CDD are not described really clearly;
- Not built on risk based approach

### Provisions on Beneficial owner

- Request to identify the beneficial owner of individual customer
- No specific guidelines for some types of beneficial owners of individual customers
- The percentage of ownership and control used to determine beneficial owner is too low compared to international laws
- Some provisions do not facilitate the collecting of information on the beneficial owner of the Customers

### Provisions on controlling ML risk when providing new technology products and services

- The term “face-to-face” to collect the KYC information has not been clarified, leading to vague KYC outsourcing regulations
- There is no instructions on the factors that should be considered to identify and emulate the money laundering risks, and on appropriate measures to prevent and mitigate the risks arising.

### Provisions on screening measure

- There is no direct and clear articles on the time and method of applying the measure of screening customers and transactions against AML lists

### Provisions on Monitoring measure

- Suspicious signs have not been added in time

# ISSUES

## Issues on AML software/system

- The prices of the top AML solutions are quite high compared to the ability/level of investment of commercial banks in Vietnam;
- Most systems have been invested long time ago, the deployment is not synchronized
- The implementation experience of the Banks is not good
- The quality of data for the system is not really good

## Other issues & challenges

### **Sources of information supporting the prevention of money laundering and information sharing mechanisms in Vietnam**

Vietnam has not applied the one citizen-one unique ID mechanism

The national database on citizens has not been built completely

There is no clear mechanism for providing and exchanging the AML information between local commercial banks as well as between local commercial banks and the correspondent banks.

### **Human resources for AML**

Not strong enough in terms of both quality and quantity



## Regarding AML law & regulations

SOLUTIONS

**Building the provisions on KYC/CDD measures on risk based approach**

**Regarding the provisions on Beneficial owner**

- Consider to amend the requirements on collecting the information of beneficial owners of individual customers.
- Consider to amend the ownership percentage as a basis for determining the beneficial owner of legal customer
- Create a clear mechanism for commercial banks to access official information sources to proactively verify the information of the beneficial owner of the customer.

**Issue clearer regulations on AML risk management measures when providing products and services related to new technologies**

## Regarding AML law & regulations (cont.)

### For screening

- Regulate more clearly on when and how to conduct the screening measures.
- Update frequently the blacklist and warning list

### For monitoring measures

- Consider to add more suspicious signs related to international payment, trade finance or related to the using of new technologies, especially those of particular characteristics which were repeatedly reported by credit institutions and other reporting subjects in Vietnam.





# Suggested Solutions!

## —SBV should

- Regularly issues detailed and specific guidance on implementing AML law and regulations;
- Regularly holds conferences for facilitating Commercial banks to discuss AML activities as well as to share the experiences on implementing AML measures and the experiences on deploying AML information technology systems at commercial banks.
- Reviews the money laundering trends and methods in Vietnam, assesses the national money laundering risks and publish the information to Vietnamese commercial banks.
- Organizes seminars for the senior-level executives of commercial banks to disseminate the importance of AML activities as well as the importance of AML solutions to AML activities.

# Thank you

Ho Chi Minh, 02/12/2017