

Financial Institutions

MAS Issues Industry Perspectives on Best Practices – Management of Money Laundering, Terrorism Financing and Sanctions Risks from Customer Relationships with a Nexus to Digital Assets

On 11 July 2023, the Monetary Authority of Singapore ("**MAS**") published a paper titled "[Industry Perspectives on Best Practices – Management of Money Laundering, Terrorism Financing and Sanctions Risks from Customer Relationships with a Nexus to Digital Assets](#)" ("**Paper**"). The Paper is produced by the AML/CFT Industry Partnership ("**ACIP**") working group on Digital Assets Risk Management.

By way of background, the Digital Assets Risk Management Group was established under the ACIP in August 2022 and included representatives from the banks (OCBC, SCB, HSBC, JP Morgan, DBS, UOB, Citibank, Maybank), MAS, Commercial Affairs Department and Ernst & Young.

The Paper aims to provide financial institutions ("**FIs**") with a foundational framework to advance understanding and management of money laundering ("**ML**"), terrorism financing ("**TF**") and sanctions risks arising from customer relationships with nexus to digital assets in the Singapore context by:

- (a) presenting a high-level overview on the classes of digital assets and proposing risk factors for assessing relevance of digital assets from the AML/CFT perspective;
- (b) identifying the possible types of customer nexus to digital assets such as cryptocurrencies and analysing the underlying risk profiles; and
- (c) clarifying risk management objectives and assessing incremental risk management capabilities required to manage these associated risks.

The Paper also shares case studies and highlights the "red flags" and best practices that FIs could adopt to identify, manage and mitigate the associated ML, TF and sanctions risks.

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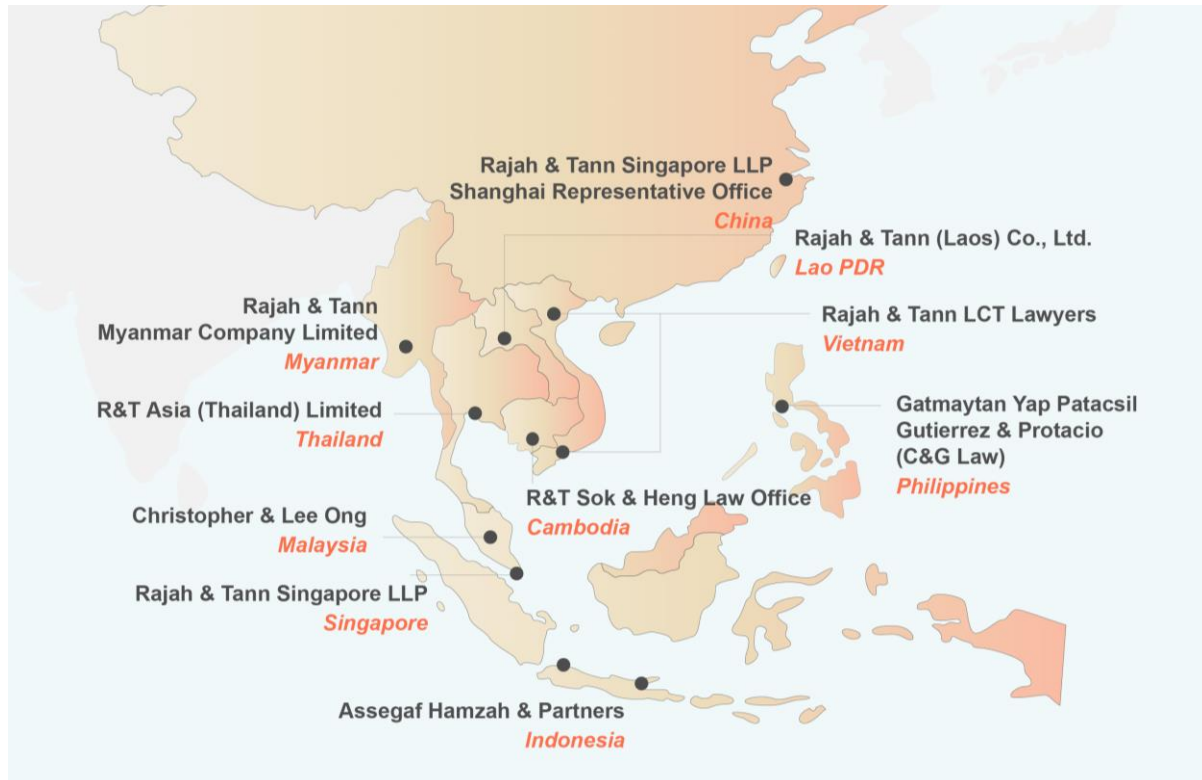
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