

ME banks must comply with AML/CFT legislation, says Doha Bank CEO

Compliance with Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) legislation is a priority for banks, payment service providers, and other Non-financial Institutions (NFIs) in the Middle East, a top official of Doha Bank has said.

Speaking at the US-Mena Private Sector Dialogue 2019 held in New York, Doha Bank CEO Dr R Seetharaman said, "In the global fight against financial crime, each world region faces unique challenges, and those faced by the Middle East are some of the most complex."

Hosted by the Union of Arab Banks and the Federal Reserve Bank of New York, the event was held under the theme "The Challenges and Opportunities for Mena Banks - Understanding and Meeting US Regulatory Expectations and the Expectations of their Correspondents".

"By deploying a risk-based approach to client classification, financial institutions can determine the correct level of due diligence on a case-by-case basis, enabling them to tap into a wider market. Sixty three percent of financial institutions in the Mena region expect



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to make more technology investments over the next two years.

"Technology support is vital in implementing risk-based approach to sanctions compliance. The potential of emerging new technologies in the form of Artificial Intelligence (AI), Robotics

Process Automation (RPA), and blockchain needs be leveraged to further automate routine AML and KYC processes and reduce associated regulatory cost pressures," Seetharaman said.

On key challenges facing financial institutions in the Middle East, Seetharaman said, "Growing influence and scrutiny by Financial Action Task Force (FATF), rising size and number of fines, customer due diligence challenges, and the disruption of Fintech and Regulatory technology (Regtech) firms are the major challenges faced by the regional financial institutions." He also highlighted the impact of US AML rules on foreign financial institutions and key initiatives on correspondent banking.

On reforms implemented by Qatar, Seetharaman said in June 2017, the US and Qatar signed an agreement aimed at combating the financing of terrorism. In the same year, a legal framework on local classifications was established to identify persons and entities involved in the financing of terrorism, he continued.

Seetharaman said to make Qatar's AML/CFT system "the most effective and robust in the region," the National

Anti-Money Laundering and Terrorism Financing Committee (NAMLC) signed a memorandum of understanding with Washington-based Financial Integrity Network (FIN) to be its principal adviser in 2017.

The Qatar Central Bank, Qatar Financial Markets Authority, and Qatar Financial Centre Regulatory Authority have each issued guidance to their financial institutions addressing critical areas of compliance with the regulators' AML/CFT rules and requirements in 2018, Seetharaman said.

"In September 2019, the Qatar Central Bank announced the issuance of Law No 20 of 2019 on issuing a law on combating money laundering and terrorism financing to replace combating money laundering and terrorism financing law promulgated by Law No 4 of 2010.

"The new law reflects Qatar's continued commitment to combating money laundering and terrorist financing in all its forms, in accordance with the latest international standards adopted by major international organisations, including Financial Action Task Force (FATF)," Seetharaman said.