



MENA Financial Crime Compliance Group launches initiatives to combat trade-based financial crime and corruption

Michael Matossian, executive vice president and chief compliance officer of Arab Bank, helped found the MENA Financial Crime Compliance Group (FCCG) six years ago and is its current deputy chair. Here, he provides an update on the Group's activities.

Financial crime transcends borders and betrays communities and ecosystems. It steals trillions of dollars from people all over the world while allowing criminals to expand their illicit operations. Addressing the true human, societal, and economic impact of financial crime is a never-ending challenge that requires cross-border

collective action from policy makers, governments, law enforcement, regulators, and financial institutions.

The financial services industry is under pressure from government and regulators to demonstrate convergence with international standards and to demonstrate best practice. While banks cannot be expected to be the world's policemen, we can embrace a higher purpose by recognising our moral obligation to act as gatekeepers to stop the flow of the proceeds of crime.

Methods of detecting and preventing the abuse of the financial system cannot remain static as criminals constantly find creative ways to perpetrate their crimes. A new paradigm is needed, one that deepens cooperation amongst all participants in the financial sector, both

public and private, towards a sharper, more risk-targeted approach. This collaboration will allow various stakeholders to connect the dots more quickly across the sector to spot areas with the highest perceived risks and evolving threats warranting enhanced vigilance and controls.

This is an area that MENA FCCG, a group of 13 leading financial institutions from nine MENA countries, has championed over the past six years since its inception in 2016.

When we launched MENA FCCG, we said that the purpose which underpinned the Group was to make a “collective impact in the fight against financial crime”. Here are our most recent actions undertaken to deliver on this mission.

Notable accomplishments

As regulatory requirements across Europe are generally stricter with higher levels of personal liability than their parent companies in the Middle East, compliance officers are further challenged to accelerate adoption of leading practices and emergent technologies.

In November 2021, the Group officially launched a Europe chapter at an inaugural meeting in London. The chapter aims to extend MENA FCCG’s objectives to Europe by bringing together compliance professionals of Arab banks operating in Europe to enhance financial crime literacy and support implementation of best practices. The establishment of the chapter is a major milestone for MENA FCCG; it seeks to extend the Group’s activities to Europe to provide a hand to Arab banks in embracing leading practices and meeting heightened regulatory expectations.

Thomas Noone, head of compliance and MLRO at Europe Arab Bank (UK), chairs the group. The chapter currently has 11 founding member banks. FCCG Europe operates as an autonomous body under the umbrella of the MENA FCCG.

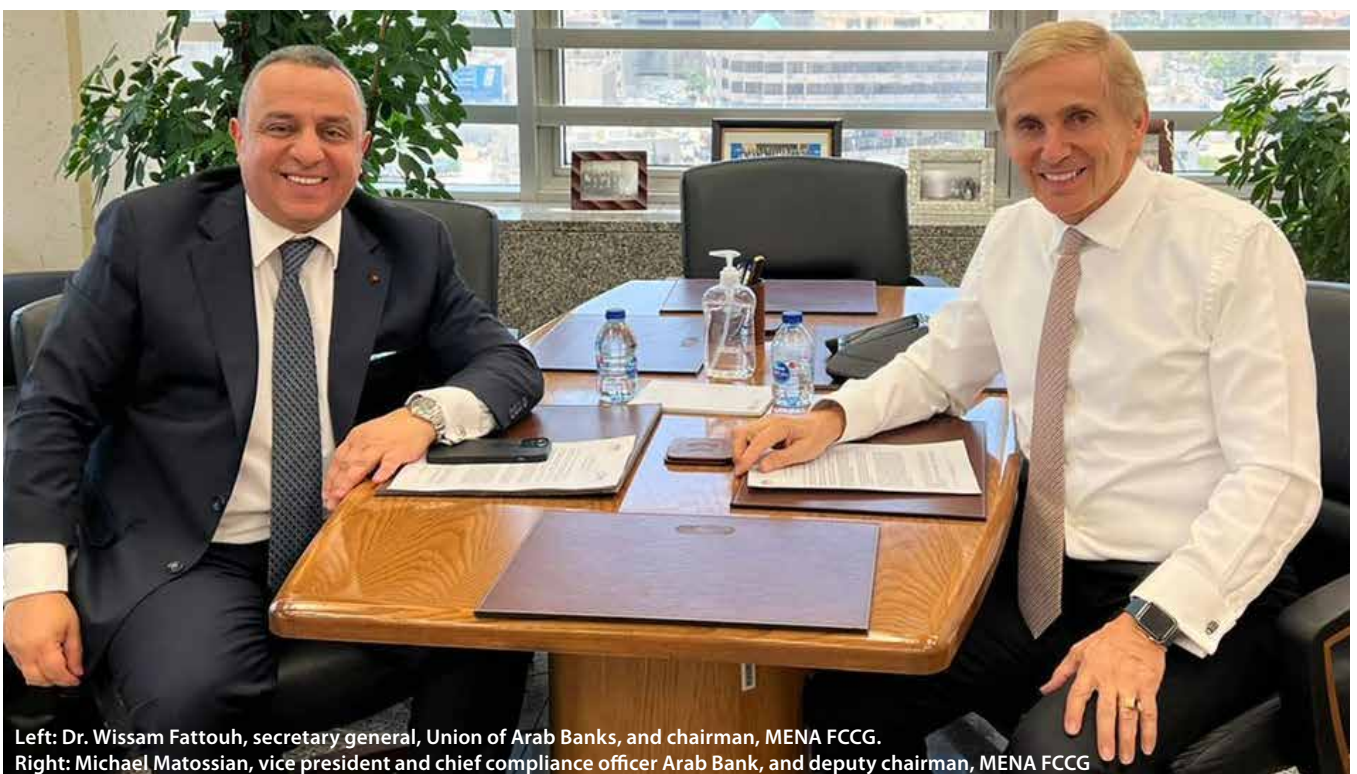
The Arab Bankers Association acts as the strategic partner and the chapter has entered a strategic alliance with Themis Services, a specialist financial crime consultancy. “MENA

FCCG is an extremely useful group in a part of the world where banks are seen as at a greater risk than average from a financial crime point of view,” said George Kanaan, ABA Chief Executive Officer. “The European chapter is also of great value vis-a-vis host country regulators. We have already had a meeting with the FCA which was a foundation stone on which much will be built. The ABA supports this initiative in all of its aspects and stands ready to help in any way it can,” he added.

The chapter’s advisory committee also includes two MENA FCCG representatives to ensure proper support by the parent. The chapter has already made significant progress in a short time. This includes contacts with the City of London Corporation, the City of London Police Authority, regulatory authorities in the UK and international standard setters and regulators such as the Financial Action Task Force, Interpol, the Organisation of Economic Cooperation and Development, and the European Banking Authority. We are planning a workshop to which we will invite the heads of compliance of all Arab banks operating in Europe.

Outside its support of FCCG Europe, MENA FCCG continued actions towards making a difference in the fight against financial crime. Notably, the Group continued working with the Global Coalition to Fight Financial Crime (GCFFC) – MENA Chapter on three major initiatives:

(1) promoting the establishment of a Public Private Partnership (PPP) in the MENA region at the domestic level with a view to creating the first transnational PPP for sharing financial intelligence. An effective PPP needs political support, must create a relationship of trust among participants, and address data protection issues in relation to sharing tactical information relevant to law enforcement or national intelligence investigations both domestically and internationally. Actions are underway. For example, in 2022, the Group delivered a presentation on sanctions compliance to law enforcement and prosecutors in Jordan at an event organized by the Financial Services Volunteer Corps (FSVC)



Left: Dr. Wissam Fattouh, secretary general, Union of Arab Banks, and chairman, MENA FCCG.
Right: Michael Matossian, vice president and chief compliance officer Arab Bank, and deputy chairman, MENA FCCG



and had follow-up meetings with the head of the government's AML unit.

(2) augmenting the work of the GCFFC Expert Working Group on Anti-Bribery and Corruption (ABC). One idea that is being discussed is to enrich current indicators by conducting an independent analysis of existing ABC indexes and the various proxy indicators used to measure elements of development, business conduct, and governance. This analysis would then be used to identify areas of potential weakness in assessment methodologies. The Group could then engage with the producers of each index to enrich and support their work.

and

(3) establishing a regional project on Trade Based Financial Crime (TBFC). An experts working group will soon release a comprehensive TBFC reference guide in English and Arabic enriched with latest real-life case studies. The guide offers in-depth insights into how illicit funds, goods or services move through trade flows. Significantly, MENA FCCG is contemplating the feasibility of a university-accredited course as a certificate programme for TBFC deploying this soon to be released guide. The purpose of this university-accredited course is to make an immediate impact on the careers of the participants, as today's real world requires a high level of technical expertise. A well-trained workforce with hands-on experience in detecting and preventing the criminal exploitation of trade finance can dramatically improve detection, meet regulatory obligations, and make a

collective impact in reducing financial crime.

A fundamental pillar of MENA FCCG's work is outreach to banks across the region and capacity building. The Group made contact with the Federation of Sudanese Banks to explore how MENA FCCG members can provide support to banks in Sudan in bolstering their compliance programs via awareness sessions (in the form of webinars) in collaboration with the Federation.

Sudanese banks have long been isolated from the outside world. If the country is to resume its proper place in the international community and economic linkages are to be re-established, these institutions need to understand and begin applying best practices and current standards. As part of its outreach, MENA FCCG also has plans to reach out to Libyan banks.

MENA FCCG is committed to make a difference in the fight against financial crime and has set its objectives into the agendas of many regional and international regulatory agencies and standards setters.

Financial crime is an infinite challenge; we are conscious we cannot win at this game, but we can effectively manage the risks it poses to the economies and communities where we live and work by building greater staff capacity and keeping up to date on the latest typologies and improving year-over-year. Looking forward for continuing collective actions towards enhancing the global response to the changing face of financial crime. ■

MENA FCCG Founding Members

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Incoming MLRO – NBE UK

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