INTEGRATED-BASED COMPETENCIES IN COUNTERING FINANCIAL CRIMES

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Introduction

The global fight against financial crime is of paramount importance and more needs to be done at the international, regional and national levels to identify and help stem the flow of illicit finance.

To explore this issue in greater depth, the financial institutions, policy makers, regulators and law enforcement authorities in multiple jurisdictions to gauge current perspectives within the financial services industry and the public sector on challenges facing the global financial crime risk management regime.

- Tax evasion
- Money Laundering
- Corruption
- Bribery
- Terrorist Financing

LOSSES DUE TO FINANCIAL FRAUD

A total of $42 billion was lost due to financial crimes.

The areas where an enterprise feels losses the most include:
- Direct financial loss
- Reputation damage
- Fines
- Penalties
- Remediation and response costs

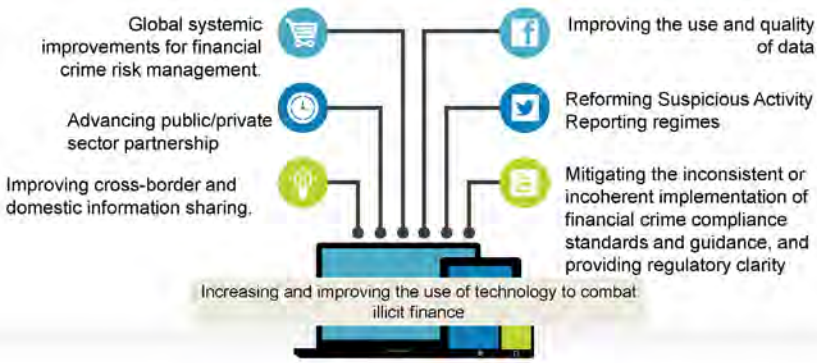
With 2% to 5% of annual global GDP laundered worldwide, illegal funds flowing through legitimate channels facilitate such clandestine activities as terrorism, drug smuggling, human trafficking, and wildlife poaching, among others.

Much has been done, especially following the financial crisis of a decade ago, to make the financial system safer and more accessible.

- The type of fraud experienced directly relates to the amount lost, with areas such as money laundering and insider trading coming in at the costliest of fraud crimes.
- Fines and sanctions were a compounding factor racking up losses for any organization that become a victim of financial fraud.

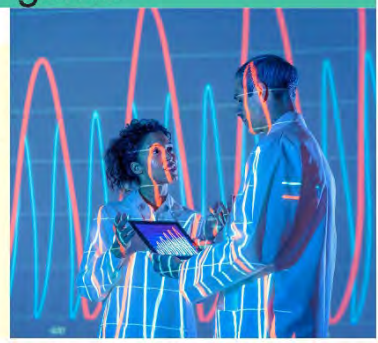
PWC, 2020

Steps to combat criminality in financial services



Training Based on Competencies for Enforcement Agents

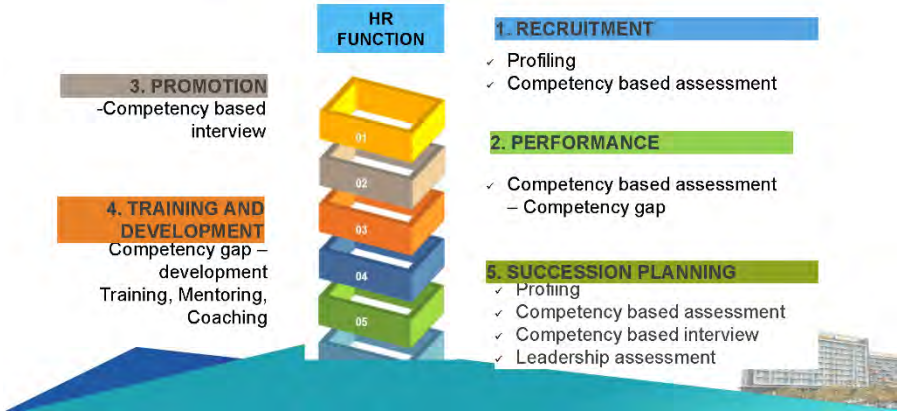
- Lacking an education program based on investigative competencies
- Lacking the necessary mentors to guide our new investigators
- Difficulty to allow members the opportunity to take the time for training
- Need for effective practical training that would support investigative integration and partnerships with other police agencies
- Need for progressive training that was delivered at the appropriate time in their career and throughout their career

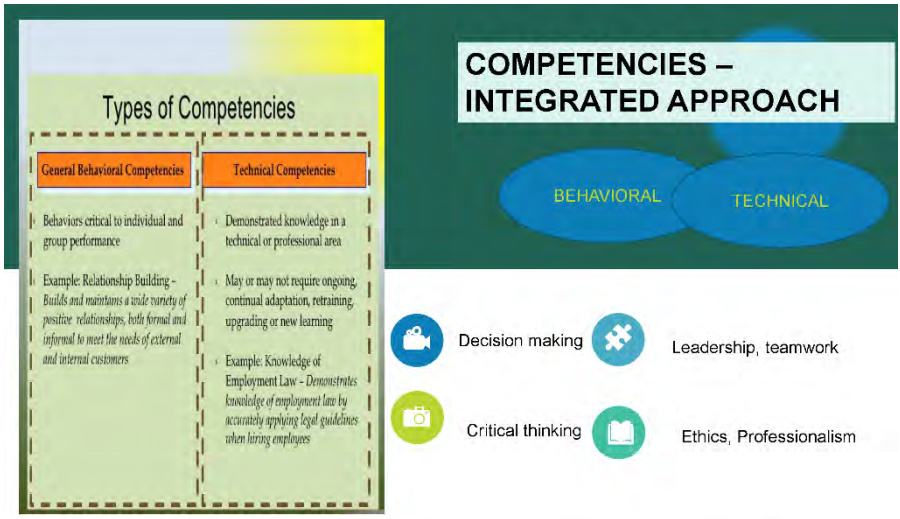


•Integrated-based Competency

- Integrated-based competency to combat financial crime refers to a **comprehensive and coordinated approach** to fighting financial crime by leveraging various resources, expertise, and technologies across different entities and sectors.
- It involves **collaboration and information sharing** among financial institutions, regulatory bodies, law enforcement agencies, and other relevant stakeholders.

COMPETENCY BASED TALENT MANAGEMENT





INVESTIGATION OFFICER'S COMPETENCY PROFILE

EXAMPLE

CONSTABLE COMPETENCY PROFILE

COMPETENCY	ROLE LEVEL AND INDICATORS
ADAPTABILITY Adjusts own behaviours and approaches in light of new information, and changing situations. Tailors approach to meet needs of individuals and groups.	**Modifies own behaviour or approach to adapt to a situation (Level 2)** • Is open-minded and gives consideration to new ideas and work processes • Effectively manages own personal resistance or reaction to change • Displays a positive attitude when working under conditions that are unclear or frustrating
ETHICAL ACCOUNTABILITY AND RESPONSIBILITY Takes responsibility for actions and makes decisions that are consistent with high ethical policing standards	**Handles ethical dilemmas effectively (Level 2)** • Aligns behaviours to organizational and policing ethical values • Acts and speaks in a straightforward, honest, truthful and trustworthy manner • Accepts responsibility for own actions regardless of consequences • Avoids and prevents situations that could give rise to conflict of interest • Considers different ethical aspects of a situation when making decisions • Identifies and seeks to balance competing values when selecting approaches or recommendations for dealing with a situation
INTERACTIVE COMMUNICATION Utilizes communication strategies in an effort to achieve common goals, influence and gain others' support.	**Fosters two-way communication (Level 2)** • Seeks to ensure that factual messages are clearly understood, useful and timely • Checks own understanding of others' communication • Elicits comments or feedback on what has been said • Maintains consistently open and consistent communication with others • Persuades others through presentations and debate to adopt a course of action that they are advancing
ORGANIZATIONAL AWARENESS Understands and uses organizational awareness to deliver optimal services. Seeks to understand the critical concerns and most important issues of stakeholders to find optimal solutions	**Understands informal policing structure and culture. (Level 2)** • Has a good understanding of the unwritten, informal structure, culture and rules • Effectively uses both formal and informal channels or networks for acquiring information, assistance and accomplishing work goals • Recognizes unspoken organizational constraints what is and is not possible at certain times or in certain ranks • Recognizes and uses the policing culture and the language that will yield the best response
PROBLEM SOLVING Identifies problems, implements solutions and evaluates the outcomes.	**Solves basic problems (Level 2)** • When predefined solutions are not applicable, identifies straightforward practical solutions • Selects solutions to basic problems, considering predefined options and using clear criteria/procedures • Verifies problems have been solved

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Individual Unit of Analysis – Thesis titles

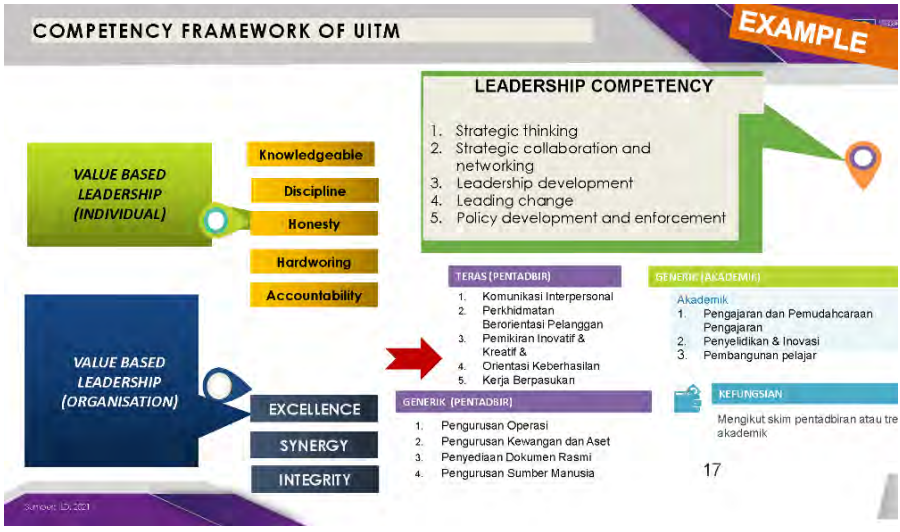
	Name
Ethical Decision Making of Malaysian External Auditors	Razana Juhaida Johari
Analysis on Money Laundering Risk in Banking Institutions: A Behavioural Judgement Approach	Yusarina Mat Isa
Fraud Risk Judgment Performance In Public Sector Procurement: The Effects of Continuous Audit Technology, Task Structure & Auditor Expertise	Mohd Daniel Mohd Nassir
Fraud Risk Judgment and Decision Making of Financial Institution's Officers: The Influence of Individual Competency, Organization Efficiency and Task Effectiveness	Natalia Hakimi
Ethical Decision Making of Indonesian Auditors: The Relevance of Professional Skepticism, Independence and Ethical Environment in Achieving A Quality Audit	Yanto Kamaruddin
Effect of Fraud Detection Competency on Fraud Risk Performance by Local Government Internal Auditors in Indonesia	Mochammad Solichin
Analysis on Anti Money Laundering Risk Judgment Among Compliance Officers in Financial Industry - Money Service Business	Ainul Huda Jamil

TOPICS ON LEARNING AND DEVELOPMENT

- Understand the enormous size of the problem of financial crime & AML
- Examine global regulatory standards and how they are changing
- Comply with the requirements laid down by the regulators
- Recognize on how to dealing with sanctions & how to identify sanction breakers
- Evaluate & refine your due diligence process
- Identify various types of suspicious transactions and take the necessary actions required by the law
- Formulate appropriate measures to prevent attempts by parties to launder money through the organization
- Ensure your policies & procedures capture the right AML/FC data
- Apply best practice in spotting and dealing with potential high risk individuals & corporate
- Organize AML/FCC Department that protects you, your customers and your business

INTEGRATING COMPETENCY BASED MANAGEMENT

(sharing the case of Universiti Teknologi MARA)



COMPETENCY LINKAGES

The competencies can be linked to

- Performance assessment
- Succession Planning
- Promotion/ Secondments
- Training
- Recruitment

FOCUS ON:

1. Different level of competencies
2. Different types of competencies
3. Different needs of competencies

SUPPORTED BY:

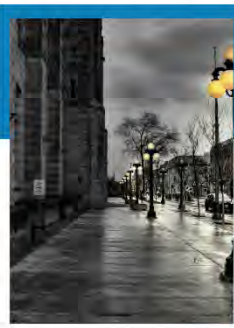
- SYSTEM –HR2U
- STRUCTURE –Profiling Assessment and Development

CONCLUSION

•The investigative competencies will allow for enforcement agencies the opportunity to access the investigative training.

•This formal development program will lead to a higher level of professional investigative standards.

•This program will lead to consistent investigative procedures and practices throughout the enforcement agencies.



Any potential liability risk will be mitigated by providing an investigative training program for enforcement agents.

This will help to provide a training that is defensible, systematic, developmental and competency based.

FIGHTING FINANCIAL CRIMES

'In many settings, regulatory compliance is an end to be achieved rather than a means for making the financial system safer and more resilient. Rebalancing that thinking might open more eyes to serious gaps in the system.'

Delloitte LLP,
The Wall Street Journal,
Jan 2020