

Annex D – Proposed Amendment to Guidelines to MAS 3001

Notice Paragraphs 6.33 to 6.36

6-12 CDD Measures for Non-Face-to-Face Account Relationships or Non-Face-to-Face Relevant Business Transactions Undertaken without an Account Being Opened

6-12-1 A reference to “specific risks” in paragraph 6.34 of the Notice includes risks arising from establishing account relationships, undertaking transactions in the course of an account relationship or undertaking relevant business transactions without an account being opened, according to instructions conveyed by customers over the internet, post, fax or telephone. A licensee should note that applications, transactions and relevant business transactions undertaken across the internet may pose greater risks than other non-face-to-face business contact due to the following factors:

- (a) the ease of unauthorised access to the facility, across time zones and location;
- (b) the ease of making multiple fictitious applications without incurring extra cost or the risk of detection;
- (c) the absence of physical documents; and
- (d) the speed of electronic transactions,

that may, taken together, aggravate the ML/TF risks.

6-12-2 The measures taken by a licensee for verification of an identity in respect of non-face-to-face account relationships with or relevant business transactions undertaken in the course of an account relationship or relevant business transactions undertaken without an account being opened for the customer will depend on the nature and characteristics of the product or service provided and the customer’s risk profile.

6-12-3 Where verification of identity is performed without face-to-face contact (e.g. electronically), a licensee should apply additional checks to manage the risk of impersonation. The additional checks may consist of robust anti-fraud checks that the licensee routinely undertakes as part of its existing procedures, which may include —

- (a) telephone contact with the customer at a personal, residential or business number that can be verified independently;
- (b) confirmation of the customer’s address through an exchange of correspondence or other appropriate method;
- (c) subject to the customer’s consent, telephone confirmation of the customer’s employment status with his employer’s human resource department at a listed business number of the employer;
- (d) confirmation of the customer’s salary details by requiring the presentation of recent bank statements, where applicable; ~~or~~

- (e) provision of certified identification documents by lawyers or notaries public;
- (f) requiring the customer to make an initial deposit into the account with the licensee from funds held by the customer in an account with a bank in Singapore;
- (g) real-time video conferencing that is comparable to face-to-face communication, in addition to providing electronic copies of identification documents;
- (h) verifying the identity of a customer through a document the customer has signed with a secure digital signature using a set of PKI based credentials issued by a certified Certificate Authority under the Electronic Transaction Act; or
- (e)(i) use of new technology solutions¹ including, but not limited to, the use of biometric technologies (e.g. fingerprint or iris scans, facial recognition etc.) which should be linked incontrovertibly to the customer.

6-12-4 A licensee should regularly review the effectiveness of its checks to manage the risk of impersonation following the conduct of its non-face-to-face business contact.

6-12-5 Regarding the independent assessment requirement in paragraph 6.36 of the Notice, the assessment may be included as part of the annual external audit conducted by the licensee's external auditor. In appointing the external auditor or qualified independent consultant, the licensee should consider the competency of the external auditor or qualified independent consultant, including their track record, and knowledge of new technology solutions and regulatory requirements.

¹ A technology will be considered new if it is new to, or has yet to be widely adopted, by financial institutions in Singapore for the purposes of onboarding of customers.