

**The AML Forum**  
**Legal Requirements and Audit Procedures.**  
**Biel 4-5 May 2015**  
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**Subject:** Governance and the Control Environment in Banks and Financial Institutions.  
Management Philosophy and Operating Style in Managing Compliance Risk.

1. It would be an illusion to believe that what is taking place today in this field reached a certain maturity.

Some do believe that we are at the beginning of a long elaborated process and there will be more complex requests to come and what is applicable to banks and financial institutions today will inevitably be extended to other sectors, why not industry?

It is “a la mode” today to raise with some anxiety delicate subjects like, Terrorism funds, fiscal evasion for the time being limited US citizen “Fatca”, in addition to complex ratios of solvability and stress regular required tests ...

What about European tax evasion expected system, cyber trade and crimes, Human being organs illegal trade...? The extension of the banks and financial institutions “Insurance companies and funds “responsibilities to subsidiaries with minor Shareholding stake with or without management contract?

2. Because of the extraordinary growth of daily processed Operations by more and more costly Sophisticated software systems controlled or uncontrolled by the banks and the growing number of required complex reports...

Board members, head of risks, compliance or audit committees are facing the challenge of being legally involved in the process of understanding and controlling the what is “going on” and the level of credibility of the operations thus during few meetings of some hours and four to five times a year!!

Board members responsibility towards the shareholders and clients is becoming a crucial issue in a more complex technical and legal environment.

“One should also agree that Irrespective of the size of the institution the work and legal responsibility of the board members is actually the same.”

### **Suggestion for Discussion**

My experience in this field “if you allow me” inspired me to suggest the following process ideas to render the board committees more efficient and proactive with the heads of risk, compliance and audit depts.

- i. To elaborate a “unique standard uniform comprehensive reporting model” designed especially for each department jointly by the banks and by the Central bank controlling authority in order to be used by all banks.

Such form to cover all the chapters by department, systematically and regularly with space for special notes and comments.

It will facilitate the regular construction of data and render the comparison from one period to another easier, first for the bank committee and consequently to the central bank concerned authorities.

- ii. To organize rationally the access of the board members to the management team of the bank concerned by the committees activities when needed without jeopardizing the hierarchy in place...
- iii. Install the culture of trust and discipline of full transparency, the national and international regulations, ratios and politics will continue to increase the complexity of the operations and consequently the complexity of the controlling authorities.

Would it be sound a parallel to the citation about democracy by Thomas Jefferson:

“The best remedy for the ills of democracy is more democracy”

“The best remedy to the ills of complexity is more complexity”

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