

Sustainable Finance Must Be the Basis of Malaysia's Post-Covid Future

Failure to do so will undermine long-term profitability and economic prosperity

BANKING INSIGHT

IDEAS FOR LEADERS | JULY/AUGUST 2020

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PROLIFERATION FINANCE

STILL OUT OF SIGHT, OUT OF MIND?

Defence expert with world's oldest international security think tank weighs in.

As director of the Centre for Financial Crime and Security Studies at the Royal United Services Institute (RUSI), Tom Keatinge is at the forefront of advocating for banking's greater role in disrupting the flow of money towards the illicit arms trade.

Proliferation finance — funds or financial services used in activities to procure weapons of mass destruction — is a growing global concern. Tools have been designed to disrupt the underlying financial network that enables proliferators and their facilitators to procure, ship, and receive illicit goods, however its effectiveness hinges on close cooperation between the government and private sector.

The road is long. In 2016, Keatinge co-authored RUSI's first research paper on the subject titled, *Out of Sight, Out of Mind? A Review of Efforts to Counter Proliferation Finance*. But for the majority of financial sector stakeholders, the light bulbs have yet to come on.

In Kuala Lumpur last November and on panel for the 2019 edition of the AICB's International Conference on Financial Crime and Terrorism Financing (IFCTF), Keatinge's insight into proliferation financing was shared with over a thousand delegates in a plenary moderated by Bank



Tom Keatinge

Negara Malaysia.

In this exclusive interview, we revisit themes from his talk and research.

Q First off, are bankers liable if they are found to have inadvertently financed arms to sanctioned countries, i.e. Iran or North Korea?

Yes, you are absolutely liable. You're never going to have a perfectly secure system, but if your systems and procedures don't even recognise the risk of North Korean financing, then your systems and procedures are negligent, aren't they?





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