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Imperial Leadership Academy

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Presents

2-Day Capacity Building Program Global Banking and Financial Compliance: the 21st century Challenge for Corporate and Bank Directors. How to sustain the financial transformation and avoid Financial Meltdown!

Date: **7-8th July 2008**. Venue: **Transcorp Hilton Hotel, Abuja**

Global Compliance Course: First Day

1. Introduction to the compliance course

Compliance is at the sharp end of banking practice for the 21st century. Failure to accept and implement this lesson risks massive public and customer censure at best, collapse at worst. The stakes are so high; board directors must immerse themselves in the topic, and take responsibility for it. Leaving it to middle-tier management is not just abnegation of responsibility, it is also courting disaster.

This course examines the context for the new compliance regime, the costs of compliance, specific compliance aspects for banks, and the risk of non-compliance.

Session One: The New Board Responsibility

This session examines the context for the new status of compliance. It stresses the growing emphasis on corporate governance and ethics in the boardroom.

Banks are expected to be transparent in their practices, answerable in terms of daily decisions and accountable for their errors. This translates at board level into improved governance procedures, greater emphasis on ethics, and most critically, highest standards of communication and openness between all layers and stakeholders in the corporation.

Banks are at the sharp end of society's expectations for an improved compliance culture. They set the tone and standard for the commercial environment. They decide who borrows money, they act as partners to the country's largest corporations and even to its government, and they set standards in commercial practice. Failure in their compliance has implications for markets in particular, and for the financial system more widely.

Session Two: Implementing a Compliance Culture

This session indicates how a strategy geared to compliance and governance can be implemented. It stresses that the initiative must come from the board and that the compliance strategy is factored into every element of operations

Directors set the tone for the entire 'compliance' climate. A strategic decision to review, monitor and constantly raise levels of governance inside a bank is an imperative in the boardroom of the well-managed bank.

Compliance structures must be created to gather and analyse information for presentation to the board. Compliance directors must work closely with lawyers and operational managers to set parameters of behaviour and standards.

New legislation must be trawled through and assessed. Compliance needs to be factored into a corporation-wide strategy.

Session Three: Investing in Compliance

This session assesses the cost of a compliance culture. Compliance and governance legislation with which banks must comply is mushrooming and this has investment and personnel implications. Compliance is expensive. Failure to spend the money can have much greater costs, as we shall see.

Session Four: Recouping the Cost of Compliance

This session argues that the bank can recoup some of the large and growing cost of compliance by using information required for compliance in a customer management strategy.

Session Five: The Individual Responsibility

An institution does not obtain compliance without the co-operation, indeed active involvement of its team of employees. This requires first of all knowledge and information to ensure people

understand their duties. It also requires motivation and encouragement. Given that compliance starts not from imposed systems but from personal qualities like loyalty and sense of responsibility, the institution will want to give carrots for heightened awareness and sticks for those that are slapdash.

Session Six: Key Legislation

This session examines a number of key pieces of legislation and regulation, as far as they impact on banking compliance strategy. Pieces to be examined include Sarbanes Oxley, The Banking Secrecy Act and the Patriot Act.

Implications for the global role, behaviour and compliance strategy at the bank's highest level will be assessed. The need for top-level awareness and scrutiny is paramount at every stage.

Session Six: The Risk of a Compliance Failure

This session examines the risks of a breakdown in the compliance culture. Here the implications are grave for the reputation of the corporation as a whole and for the board as a competent entity. I look at some cases where reputational meltdown has had fatal consequences.

The onus on the boardroom of a bank to ensure its compliance is state-of-the-art has never been greater. The enemy of compliance is complacency. Rooting that out is a good place to start!

Global Compliance Course: Day Two

Latest Anti-Money Laundering Developments

Compliance with money laundering law and regulations is probably the greatest concern to the financial institution. There are two reasons for this.

First, money laundering law is changing most dramatically, and institutions are in danger of being left behind the curve. Responsibilities required by regulations like the Third EU Directive and the Patriot Act place increasing burdens on the compliance function. Even the institution that seeks to be compliant can slip out of gear if his team are not on top of new law.

Second, the damage to an institution found to be handling the proceeds of crime or of terrorism cannot be overestimated in terms of reputation. This damage hurts staff morale, customer loyalty and trading relationships. The discovery and disclosure of a serious breach can be fatal to an organisation.

Third, and related to this, is the importance of anti-money laundering procedures as part of an anti-fraud and anti-abuse culture. The institution that complies with procedures has a greater chance of putting employees under notice that they work for an ethical and uncompromising organisation.

Session One: Background to the AML developments

- Historical context
- The FATF Recommendations
- The Money Laundering regulations 2007
- Nigerian Implementation strategy – the risk based approach and the *better regulation*” agenda
- Derogations - but no gold plating
- New areas of business brought into the regulated sector – including lending and leasing firms and company formation agents
- New exemptions

Session Two: Enhanced due diligence

- The new regulations, from guidance to law.
- The beneficial owner regime
- The impact on trusts
- Ongoing monitoring
- The effect on *tipping off* and new law
- The role of retrospective identification
- Simplified Due Diligence

Session Three: Politically Exposed Persons – a new burden for Banks and corporations

- Requirements to identify PEP
- Establishing the source of wealth
- Monitoring relationships with PEPs
- The scale of the corruption problem
- Changing role of The Independent Corrupt Practices and Other Related Offences Commission (ICPC)
- Role of A National Anti-corruption Volunteer Corps (NAVC)

Session Four: Banking Issues

- Correspondent banks
- The shell bank prohibition
- Anonymity and bank accounts

Session Five: branches and majority-owned subsidiaries Due diligence

- Record keeping
- Mandatory harmonisation
- Due Diligence and Reliance on third parties
- Regulated firms and eligible third parties
- Staged implementation strategy

Session Six: Supervision and enforcement

The changing powers and structure of:

- The Nigerian Economic and Financial Crimes Commission (EFCC)
- The Customs and tax authorities
- Nigerian Police Authorities. The need for training and guidance in AML techniques

2. Course faculty and Capacity Building Consultants:



Nick Kochan

Nick Kochan has extensive experience as a journalist and analyst in the field of financial crime and money laundering. He has written for many national newspapers and British and US magazines. Nick Kochan has written reports on Corporate Governance for the Economist Intelligence Unit and on a

number of national economies for Euromoney. He wrote the leading biography of the UK Chancellor of the Exchequer, Gordon Brown. Nick Kochan has conducted extensive research into ethnic money transfer systems commonly known as Hawala.

Nick Kochan is an accomplished Conference speaker, Trainer and moderator. He has addressed conferences hosted by The Economist, by the Financial Times and by the London Metropolitan University. Nick Kochan has advised corporations on security and communications strategy. He has also written corporate and media reports. Nick Kochan was educated at Magdalen College School, Oxford, and the University of Cambridge. Nick is also the Contributing Editor for The Banker magazine.



Richard Pratt

Richard Pratt is a consultant on financial services regulation, specialising in anti money laundering and capital markets. His projects have included regulation in countries in the European Union, East and Central Europe, Asia and the South Pacific, East and West Africa, the Middle East and the Caribbean. He is a member of the Board of the UK Financial Services Compensation Scheme.

Richard is a member of the panel of consultants for the International Monetary Fund, the European Parliament, the World Bank (FIRST), the Commonwealth Secretariat and the United Nations Office on Drugs and Crime.

Richard writes and lectures on regulatory issues. He is the editor of a book on anti-money laundering measures for regulators published by Central Banking Publications (“How to combat money laundering and terrorist financing”) and also editor of a book published by the IMF on international regulatory co-operation (“Working together”). He is a regular lecturer at the Cambridge international symposium on economic crime and Course Director of an anti-money laundering course held in Windsor each year. Richard was previously Director General of the Jersey Financial Services Commission and Director of External Affairs at the London International Financial Futures and Options Exchange. For over twenty years he was a policy adviser in HM Treasury in the UK.

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