Chapter: 14. Combatting financial crime

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This concluding chapter studies the regulation compelling banks and financial institutions to play an active part in combatting financial crime. Regulation takes two approaches: one is to enforce anti-money laundering law through banks and financial situations; and the other approach is to enforce anti-money laundering law against them if they should be found to be complicit in transferring proceeds of crime. Under the first approach, regulation imposes duties on banks and financial institutions to act as gatekeepers to prevent money laundering from taking place and to identify such incidents so as to help regulators carry out enforcement. Under the second approach, banks and financial institutions may be punished for sometimes inadvertently becoming complicit in money laundering, and this provides a strong incentive for them to treat their gatekeeper roles seriously. The chapter then considers the regulatory duty of due diligence, financial intelligence reporting, and internal control and governance.