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Home » Opinion » Legal Wise by MdME | Anti-money laundering: Putting Macau on the map

# LEGAL WISE BY MDME | ANTI-MONEY LAUNDERING: PUTTING MACAU ON THE MAP

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The past decade has brought into sharp relief the structural importance of transparency and control in financial activities. The financial system has always been an integral part of our everyday lives with daily interaction with financial institutions for almost every fiduciary need. Together with the increased sophistication in technical means and financial structures, the increasing dematerialization of this activity has created a status quo which has introduced an added element of risk and a greater need for control and monitoring of capital fluxes. With new global threats such as terrorism and the existence of criminal enterprises with far-reaching connections, financial regulators the world over have seen an increased need to fight the creativity of criminals and to prevent money being moved through regulated institutions for illegal purposes.

In this context, the importance of anti-money laundering legislation is self-

evident, and Macau has tried to adapt to the changing times by introducing laws and regulations which require customer identification, detailed information on transactions and extensive record-keeping. These efforts have put perhaps an added strain on individual relationships between banks and people such as you or I, but they are the price to pay for a more credible and safer financial system. The fact of the matter is that Macau has seen the need to address these issues with a tough hand. Recent cases such as the criminal charges levied against former Secretary for Transportation and Public Works Ao Man Long and, more recently, against top prosecutor Ho Chio Meng are clear examples of the fact that this is not a far-off concern or the dominion of criminal kingpins, but rather a very real concern, and one from which Macau's authorities have not and should not shy away.

Recently, after years of success, but which, according to international observers, still require perfecting, the local regulator has seen fit to adopt stricter standards and to raise compliance demands to more significant levels. It was in this context that late last year the Macao Monetary Authority came out with enhanced anti-money laundering regulations, which essentially maintained the structure of the existing framework, but enhanced it with the creation of a compliance officer, new requirements for transactions posing a higher risk (e.g. transactions with politically exposed persons, perhaps in recognition that the abovementioned politically connected money laundering cases showed a need for added diligence), and with significant relevance, introducing a risk based approach, allowing institutions to better manage their actions in face of specific risk profiles.

These requirements bring to the fore Macau's growing need to establish itself as a credible financial jurisdiction, providing a sound investment environment and, above all, to bring itself on par with the rules under which the remainder of the financial world operates. International institutions operating in the MSAR welcome these changes, which fold neatly into their own compliance requirements, and industry specialists are taking note of this momentum and are beginning to recognize Macau's role in a sounder APAC banking environment. One such example is the Asia Pacific Loan Markets Association, which will be hosting an event for its members in Macau and intends to advance the awareness and discussion of AML issues in the MSAR.

\*Partner at MdME Lawyers

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