

Overcoming the AML Challenges of Entering New Markets



*Guillermo Horta M
Managing Director
AML Compliance Head
Mexico & Latam*

1

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

CURRENT SITUATION

- ✓ Overall economic, social and political environment – violence & corruption indexes, organized crime, financial crisis, etc
- ✓ Pressure from business units – development of new products and strategies to enter new and emerging markets
- ✓ Pressure from international organizations, local authorities and public opinion - role of banks in the AML & TF arena
- ✓ Non existence of AML controls and lack of participation of non financial entities in AML & TF efforts

2

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

CURRENT SITUATION

- ✓ Inadequate risk based approach for AML & TF and inadequate interpretation of international AML & TF regulations
- ✓ Non existence of unified, secure and trustable of international ID documents
- ✓ Existing limitations around information sharing – bank secrecy provisions
- ✓ Lack of open communication between banks and authorities
- ✓ Non existence of local typology reports and local negative lists in some countries

3

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

REGIONAL SITUATION IN LATAM



4

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

REGIONAL DRUG TRAFFICKING ROUTES IN LATAM



5

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference
March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

REAL IMAGE OF CASH SMUGGLING CASE - MEXICO



6

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference
March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

SOME POSSIBLE SOLUTIONS

- ✓ Adequate allocation of resources to Compliance and Control functions
- ✓ Centralization of AML, TF and Fraud risk management
- ✓ Development of tailored based AML programs, following global core standards
- ✓ Open interaction between Compliance and business units to avoid promoting high risk products and services in certain geographies
- ✓ Ensure internal monitoring & testing are performed under a risk based approach

7

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

SOME POSSIBLE SOLUTIONS

- ✓ Perform exchange projects with other banks for the identification of regional or local best practices
- ✓ Development of centralized AML Monitoring hubs
- ✓ Increase awareness of AML & TF across business units – focused training efforts
- ✓ Issuance of regional & local ML & TF typologies – adequate use of MIS
- ✓ Ensure regulators' testing programs are developed under a risk based approach

8

MoneyLaundering.com 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

Overcoming the AML Challenges of Entering New Markets



***Guillermo Horta M
Managing Director
AML Compliance Head
Mexico & Latam***