



Thai Institute of Directors

Enterprise with Integrity

PROMOTING GOOD GOVERNANCE, ETHICS AND ANTI-CORRUPTION IN BANKING BUSINESS

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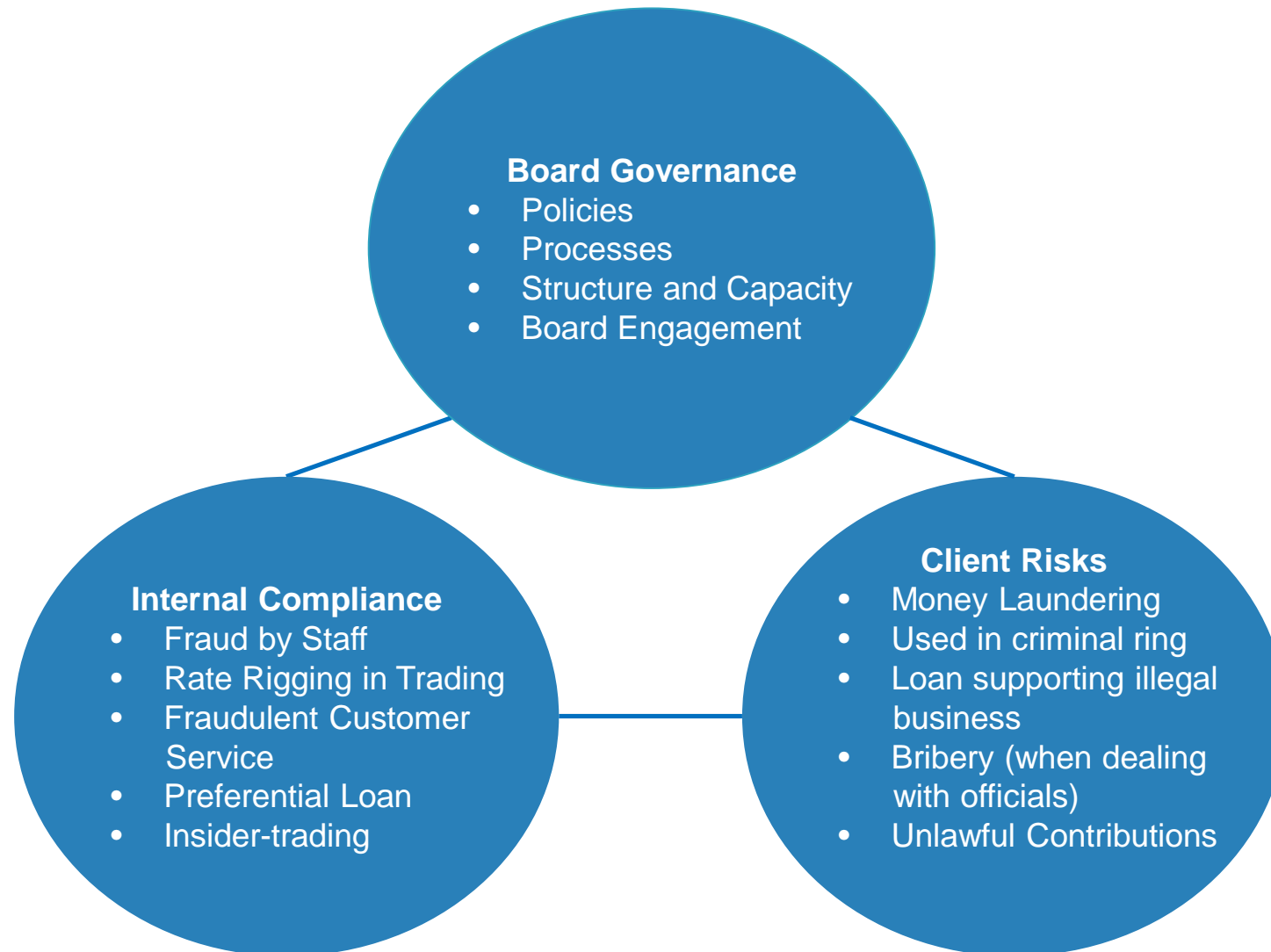
President and CEO

Thai Institute of Directors

23 July 2018

- **One of the Country's three "Integrity" sectors.**
- **Integrity is required for both financial institutions and regulator.**
- **Features specific to the Financial Sector**
 - **Key Resource Allocation Mechanism**
 - **Trust**
 - **Systemic Risk**

- 1. External : Regulation that minimizes excessive risk-taking emphasizing capital requirements, disclosure, and intensive supervisory process.**
- 2. Internal : Policies and process that deal with Board governance, internal compliance, and client risks.**



- **Changing face of Banking Activities i.e. products, customer preference, digital technology transformation.**
- **International Anti-Corruption Requirements**
 - **Anti-bribery Act**
 - **FATF/PEP**
 - **Asset Recovery**
 - **Beneficial Ownership**
- **Public Expectations**
 - **Not dealing with shady business**
 - **Clean Business**
 - **Professionalism of staffs**

“ Do we have
adequate tools
to deal with
Governance and
Corruption Risks? ”

1. Regulations



- **Anti – Money Laundering (AML/FATF)**
- **BOT's Rules and Regulations**
 - **Adequate Policy and Process**
 - **Fit and Proper**
 - **Directors' Handbook**
- **Key Banking Process to watch**
 - **KYC**
 - **Process to deal with Corruption and Client Risks**
 - **E-banking**
 - **Procurement and dealing with officials**

2. Anti-Corruption Tool



To date, **914 companies** have joined CAC and **325** have been certified.

Financial Firms	Total
Signatories Companies	144
Certified Companies	75

As of 20 July 2018

- 1. Asset Repossession Process**
- 2. Mortgage Process**
- 3. Collateral Validation**
- 4. Credit Approval Counterpart (with SOE or Gov. Agency)**
- 5. Vendor Selection in Procurement**

3. Corruption Risk and Dealing with PEP



- **Politically Exposed Persons mean “someone who has been entrusted with a Prominent Public Function”.**
- **FI needs to have policy and process to deal with PEP.**
- **Three Steps**
 - **Customer Due Diligence**
 - **Risk Assessment**
 - **Senior-level Management Approval**

The Labaton Sucharow Study in 2015

- **47% feel it is likely that their competitors have engaged in illegal or unethical behavior to gain an edge.**
- **1/5 feels it is at least sometimes necessary for financial services professionals to engage in illegal or unethical activity in order to succeed.**
- **32% feel compensation structure or bonus plans pressure employers to compromise ethical standards or violate the law.**
- **Employer of less than 10 years of experience more than two times is likely to use non public information than those with 20 years of experience, reporting 32 and 14 percent respectively.**

- **Culture is a key driver of conduct within the financial industry.**
- **Strong culture leads to sustained high performance for the long term.**
- **Positive culture of doing the right thing ensures good outcomes for customers.**

- **Have Adequate Policies and processes in place**
- **Promoting Culture of Integrity**
- **Ensure Adequate Effective Controls and Reporting**
- **Targets and Remuneration (Reward Process not outcome)**
- **Leading by example**

Q&A