

Torbey: Excessive tech use in banks can open doors for hackers

The excessive use of technology in the banking sector may increase the risk of account hacking and hence money laundering operations, Joseph Torbey, the president of the Executive Committee of the Union of Arab Banks said Thursday. “The more technology and information technology are relied on, unfortunately, the more new channels are opened up for hackers, money launderers and financiers of terrorism, who usually have the knowledge and the very sophisticated technological tools that some banks and financial institutions may not have. This is a concern, not only for IT managers, but also for compliance managers, AML / CFT units, and similar concerns about the potential negative effects of reliance on financial technology to regulators,” Torbey told participants in the opening of the Money Laundering and Terrorism Funding conference organized by UAB. Lebanese and Arab banks, as in the case of developed countries, have invested heavily in technology and IT to improve the performance of the lenders and to cater to the demands of their customers. “The main role we will discuss in this forum is the role of FIUs (Financial Intelligence Units) and regulatory authorities in issuing directives and guidelines that help banks and financial institutions comply with international AML / CFT regulations and how to deal with the difficulties imposed on noncompliant banks,” Torbey said. The chairman commented on the amendments made by the Financial Action Task Force to enhance the crackdown on money laundering and terrorism funding around the globe. “As you know, the amendments to the FATF recommendations are aimed at strengthening the risk-based approach and the banks’ commitment to conduct a comprehensive AML / CFT risk assessment for clients, countries, geographical regions, products, services, processes and delivery channels and that the AML / CFT management function is harmonized with the overall risk management framework of the Bank,” he added. Torbey stressed that the new instructions also emphasized the need for policies, controls and procedures to manage and reduce the risks of money laundering and terrorist financing and enhance due diligence measures consistent with the degree of risk identified by the evaluation, and to classify clients according to their degree of risk. “Money laundering has doubled dramatically over the past two decades. The United Nations Office on Drugs and Crime estimated global money laundering in 2016 at around 2-5 percent of global GDP, estimated at \$1.5 trillion to \$2 trillion, and Global spending on compliance against money laundering is expected to exceed \$8 billion,” Torbey said. He warned that serious criminal operations can occur anywhere in the world.