MAS inspections

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MAS supervises DPT licensees through off-site monitoring of returns and STR copies, through thematic reviews across groups of licensees and through on-site inspections of individual firms. An inspection begins with a notification letter and a request for documents. These are typically the risk assessment, the policies, the organisation chart, the compliance committee minutes, the STR register and the audit reports, together with a customer list from which the inspectors select a sample. The on-site phase involves interviews with the compliance officer, management and front-line staff, walk-throughs of the systems and detailed review of the sampled files. The inspection closes with a letter of findings. The letter classifies observations by severity and requires a remediation plan within a stated period.[1]

MAS's published findings from its DPT thematic inspections have identified recurring weaknesses. Risk assessments did not reflect the firm's actual business. Source-of-wealth corroboration for higher-risk customers was inadequate. Transaction-monitoring thresholds were set without analysis and never recalibrated. Travel-rule implementation for transfers to other VASPs was incomplete and transfers to unhosted wallets received insufficient scrutiny. STR filing was delayed and compliance functions were under-resourced relative to

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transaction volumes.[2] Each of these maps onto a chapter of this Part. A firm that has read the paper and tested itself against each finding before the inspection has done most of what MAS will ask.

Notes

1. MAS, Enforcement Monograph, 2018, and MAS Enforcement Reports, on the supervisory and enforcement process; MAS, Information Paper on AML/CFT controls of DPT service providers, summarising thematic inspection findings. ↩
2. MAS, Information Paper on Strengthening AML/CFT Controls of Digital Payment Token Service Providers, sections on risk assessment, CDD, transaction monitoring and value transfers. ↩

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