

Banking on a better world

Standard Chartered CEO BILL WINTERS and General Counsel DAVID FEIN talk to Brunswick's CAROLINE DANIEL about fighting financial crime

THE TERM “MONEY LAUNDERING” TYPICALLY brings to mind movie images of rogue states, terrorists, drug lords and cyber masterminds. It is a romantic subject, and one that Hollywood’s onscreen heroes regularly battle and defeat.

But in the real world, the criminals have been winning. More than \$1 trillion of illicit financing moves through the financial system in a year. Only a small fraction – 0.2 percent – is seized by authorities. That makes it the largest and most profitable crime industry in the world.

Tired of being victims and faced with a steady rise in fines from regulators, banks are becoming more deeply involved in combatting the illegal activity. “Our clear objective is to become a leader in the fight against financial crime,” Standard Chartered CEO Bill Winters says. “We are on the front line in that fight.”

Standard Chartered is one of the world’s most international banks, with over 1,100 branches, offices and outlets in 67 countries across the globe. “We occupy a privileged position as the leading cross-border bank in many of the markets in which we operate,” Winters says.

“Criminal activity impacts human lives at an individual level. The user of the drugs that are trafficked through somebody who is moving money through the banking system; the child who is forced into slavery and human trafficking; the taxpayer that is paying the price for corruption at a government level. These are the consequences of financial crime.”

To combat the activity, the bank has to ensure that all employees, wherever they sit in the bank, see fighting financial crime as an important part of their job, according to David Fein, Standard Chartered’s General Counsel.

“We must build awareness among all our people, and provide a strong foundation of control processes and technology, so that we fulfill our responsibility as a global financial institution,” Fein says.

The bank also wants to reach beyond its own walls to engage with its external stakeholders. Collaboration with other banks is crucial. NGOs can help identify red flags and track related activity, such as human trafficking. Relevant information the bank can provide from its extensive multinational experience can sharpen the practices of regulators and law enforcement.

“We’re bringing public and private sectors in the US and UK together to develop more effective models for discovering and disrupting financial crimes,” says Fein, a former US Attorney for the District of Connecticut. “The opportunity is to focus the resources on more valuable outputs, both for law

enforcement and for the banks’ own compliance programs.”

For Standard Chartered, the long-term goal is to align banks, bank regulators, law enforcement and the public. But there is financial value in getting this right: the company stands to grow operations in some of the international markets where other banks have pulled out.

The IMF has identified the withdrawal of banks from emerging markets as a major issue. Regulators are concerned about banks ditching higher-risk clients to head off the possibility of fines. Such moves can alienate entire communities, growing the ranks of the

unbanked and creating more opportunity for crime. In response, Standard Chartered has developed its own program to share its accumulated knowledge with over 600 banking clients across 40 countries – with the aim of safeguarding those banks’ access to the financial system.

“We see this as a competitive advantage that will actually boost our returns to shareholders in the long term,” Winters says. “I would like every one of our clients and employees to know that fighting financial crime is central to our purpose as a bank. It’s highly damaging to the markets that we serve. It’s highly damaging to ourselves and our colleagues.”

CAROLINE DANIEL is a Partner in Brunswick’s London office advising on media and technology. She was formerly a senior editor with the *Financial Times*.



BILL WINTERS

Based in London, Bill Winters was named Group Chief Executive of Standard Chartered in 2015. He worked with JPMorgan for 26 years, where he was co-Chief Executive of its investment bank from 2004-09.

DAVID FEIN

A former US Attorney for the District of Connecticut, David Fein is Group General Counsel for Standard Chartered.