



Combating Financial and Related Crimes New Dimension of Cooperation and Collaboration

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Issues that need immediate and collective action...

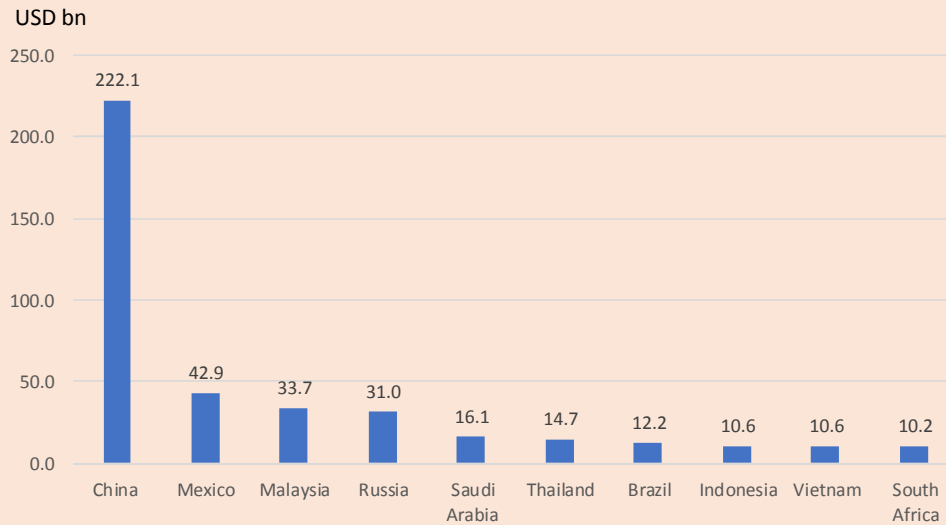
1. Financial crimes continue to pose significant threats to financial stability and national economy
2. Government losses huge revenues
 - a) Outflow of illicit funds
 - b) Tax evasion and customs duties
 - c) Smuggling of prohibited goods
3. Effective and deterrent measures remains an ongoing hurdles for enforcement agencies in combating financial crime effectively

Main factors ...

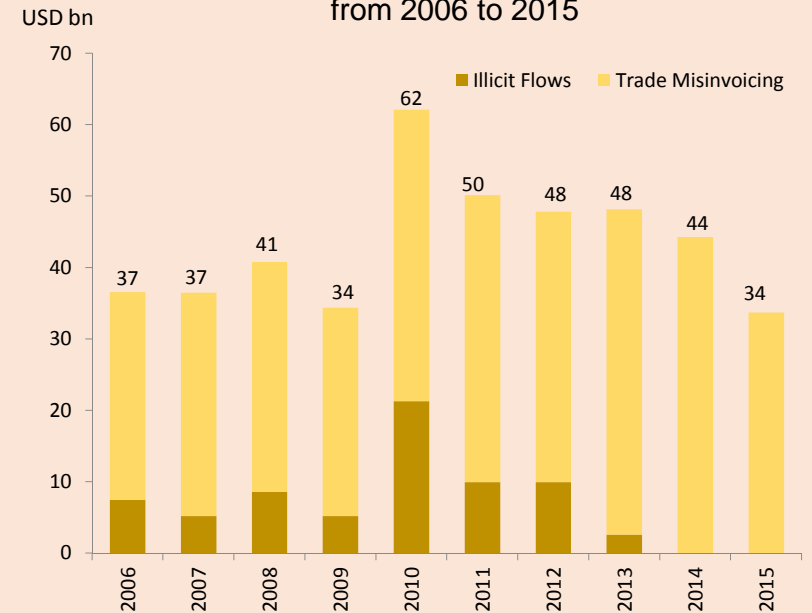
1. Criminals are getting smarter, more advance and high-tech
2. Offences cut across agencies and legislations
3. Lack of coordination at national level – LEAs working in silos
4. Fragmented investigations
5. Long and porous border control

Malaysia is ranked third in terms of total illicit financial flows for 2015

Illicit Financial Flows for year 2015 Top 10 Countries



Malaysia's Estimated Yearly Illicit Financial Flows from 2006 to 2015



Most of Malaysia's illicit financial flows are mainly due to trade mispricing channel, similar to other export-oriented economies

80% Deliberate Trade Mispricing

- a) Transfer Pricing by MNC : practice of shifting profits overseas by over/under invoicing intra-company transactions.
- b) Over/under declaration by importers and exporters
- c) Third party Invoicing

20% Error and Omission, e.g.

- a) Smuggling
- b) Kickbacks and corruption
- c) Tax and custom duties evasion
- d) Cross border movements of cash

Long and porous borders facilitate smuggling activities



Big challenges for enforcement to control entire border

1. Beach 4,675km (Sem. Malaysia 2,068km, East Malaysia 2,607km)
2. Lot of secret alleys ('lorong tikus') and landing places - including private jetty
3. Open land borders
4. Need drastic actions and the co-operation of all parties to control borders

Combating Financial Crimes : Key Lessons Learned from other Jurisdictions (e.g. US,UK, Australia, Ireland, Nigeria)

1. Establishment of a Centralised Agency to Combat Serious and Organised Crime
2. Effectiveness of Unified and Coordinated Departments
3. Effective and Efficient Multi-Agency Task Force
4. Accessibility to Information and Intelligence
5. Strong Support from Government and LEAs
- availability of Resources and Funding
6. Strong Governance and Oversight
7. Public-Private Sector Partnership
8. Centralised Seized Asset Management
9. Supportive Legislations and Guidelines

Prior to the establishment of NFCC, Special Task Force was formed to deal with leakages in revenue and outflow of illicit funds



Mandate

- Supported the Government:
- Reduced leakages in spending
 - Improved collection of revenue

Mission

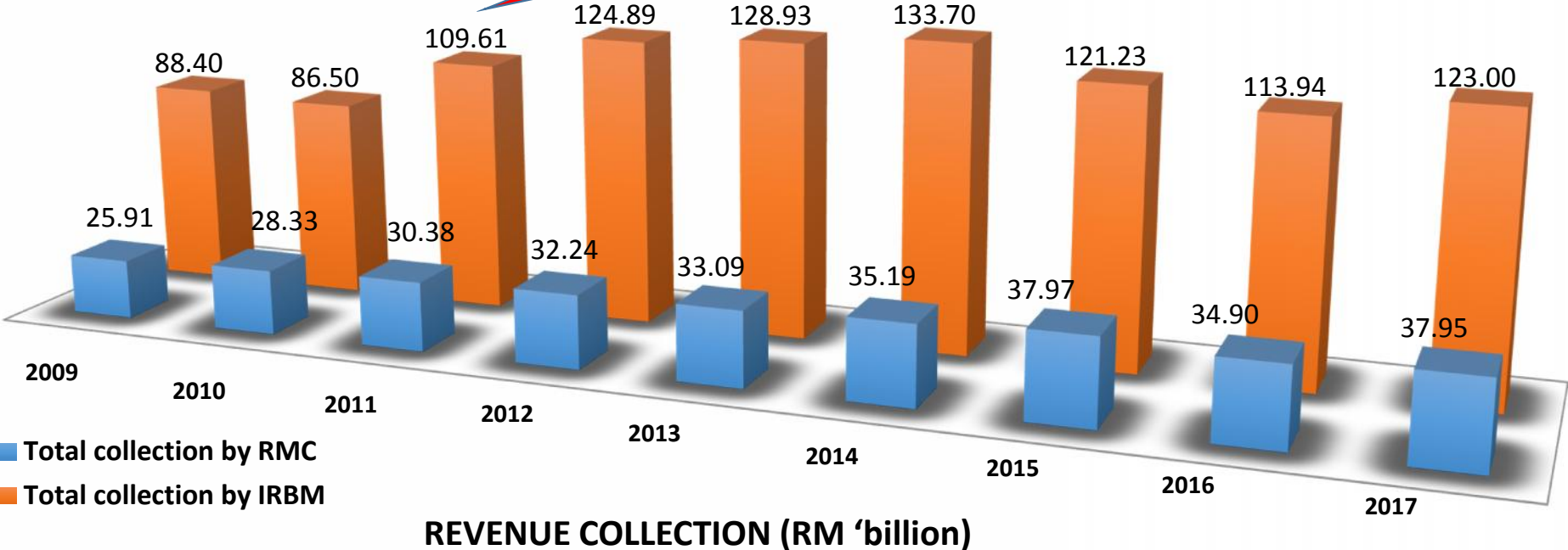
- Spearhead more effective coordination and collaboration among key law enforcement authorities in the country as well as between local and international enforcement agencies to mitigate illicit activity and financial flows and other related crimes

Function

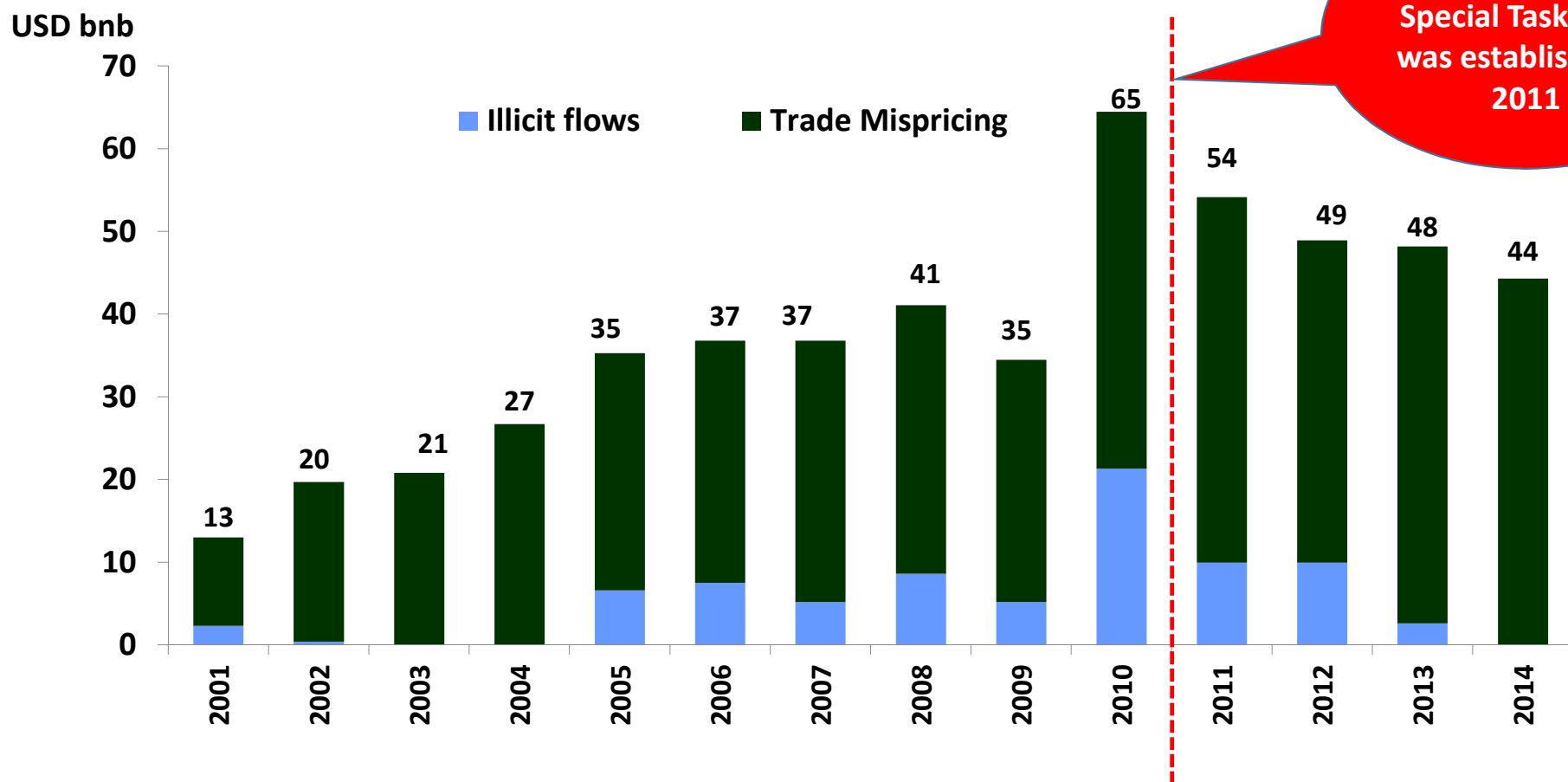
- Provided inter-agency coalition and collaboration to combat:
 - a) economic sabotage
 - b) organized financial crimes
 - c) corruption
 - d) recover proceeds of crimes
 - e) strengthen border control to curb smuggling and inflow and outflow of illicit funds
 - f) improve/increase Government revenues

Impact on the success of integrated actions ... increase in revenue collections by IRBM and RMC

Multi-agency Special Task Force was established in early 2011

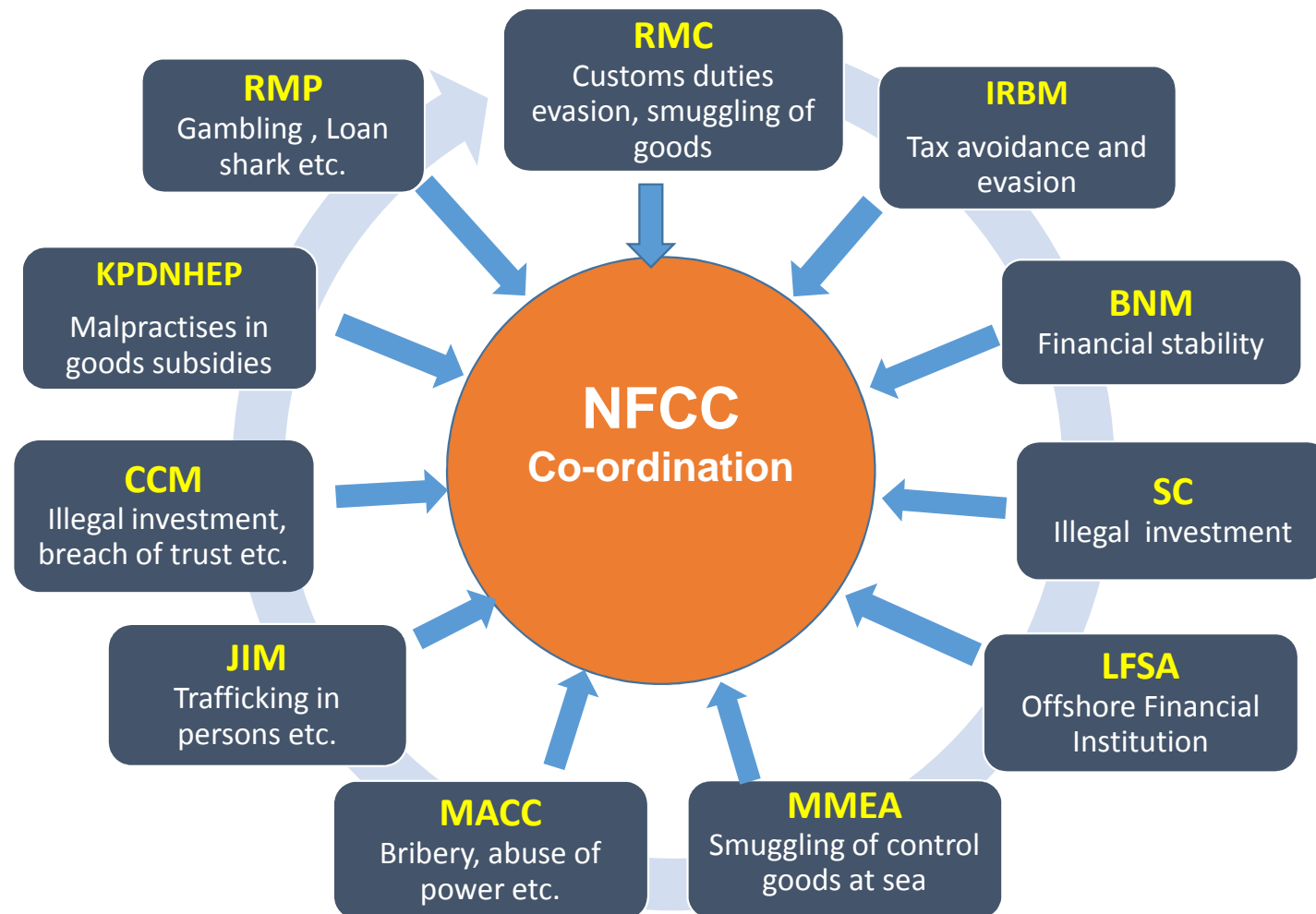


Impact on the success of integrated actions ... Less illicit outflow of funds from 2011 - 2014



Multi-agency Special Task Force was established in 2011

NFCC has been established to collectively combat financial crimes and related illegal activities
- New Dimension of Cooperation and Collaboration

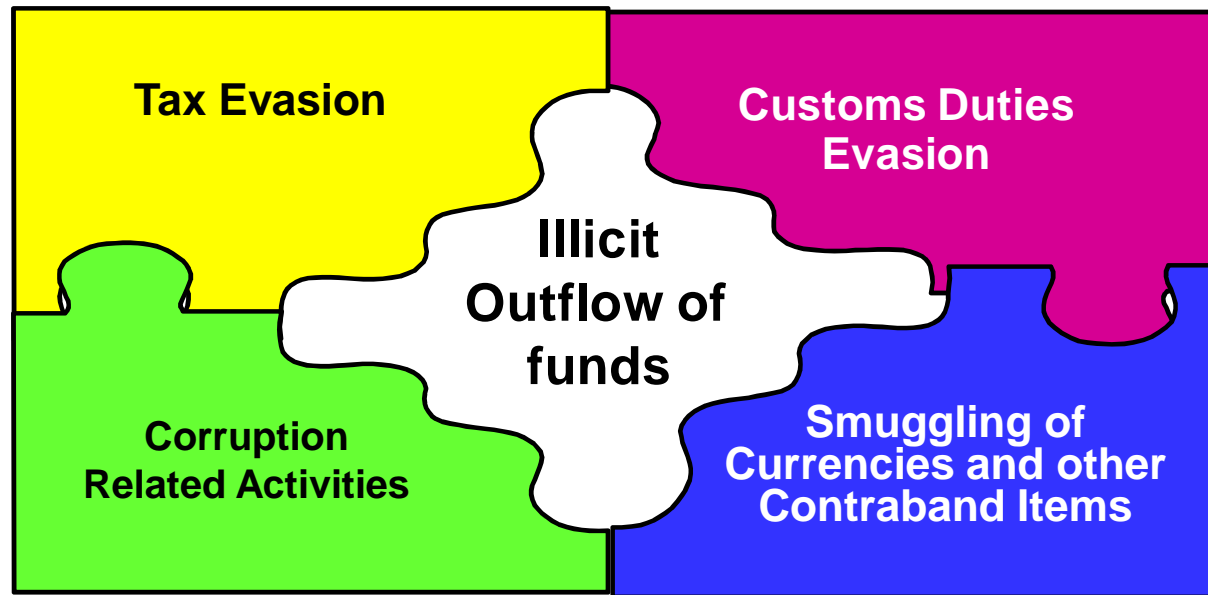


NFCC to Co-ordinate investigations on Financial Crimes

1. Formalize joint operations platform for law enforcement agencies
 - a) Formulate coordinated strategies and action plans
 - b) Remove unwarranted working in 'silo'
 - c) Authority to undertake task and coordinate among the LEAs to ensure criminals and networks of organized crime disrupted and prevented
 - d) Single point of reference – Pool of specialist with combination of skills and expertise
2. Establish a common database
 - a) Equipped with latest technological capabilities
 - b) Significant multi-agency intelligence capability
3. Provide effective and efficient management of frozen, seized and forfeited assets



NFCC complements LEAs in Combating Financial and Organized Crimes



Guiding Principles

1. NFCC will not erode / eliminate / remove / reduce existing roles and functions of LEAs
2. NFCC will focus on investigations to recover proceed of crimes involving
 - a. Multiple agencies and legislations
 - b. Cross-border crimes
 - c. Complex crimes, i.e. financial crimes, cyber crimes, economic crimes, etc
3. NFCC to conduct investigations on cases
 - a) Approved by the Executive Committee
 - b) Referred by LEAs to NFCC and approved by the Executive Committee

National Financial Crime Centre (NFCC)

FUNDAMENTAL

Provide intra-agency collaboration to combat organised financial crimes that would harm Malaysia.

NATURE

A broad coalition of **law enforcement** agencies that investigate organised financial crimes

MANDATE / FUNCTION

Co-ordinate investigations with regards to organized financial crimes as per agreed strategies and scopes set by the Executive Committee

Executive Committee

To operationalize as per agreed strategies and scopes set by the Advisory Board in combating financial and economic crimes activities

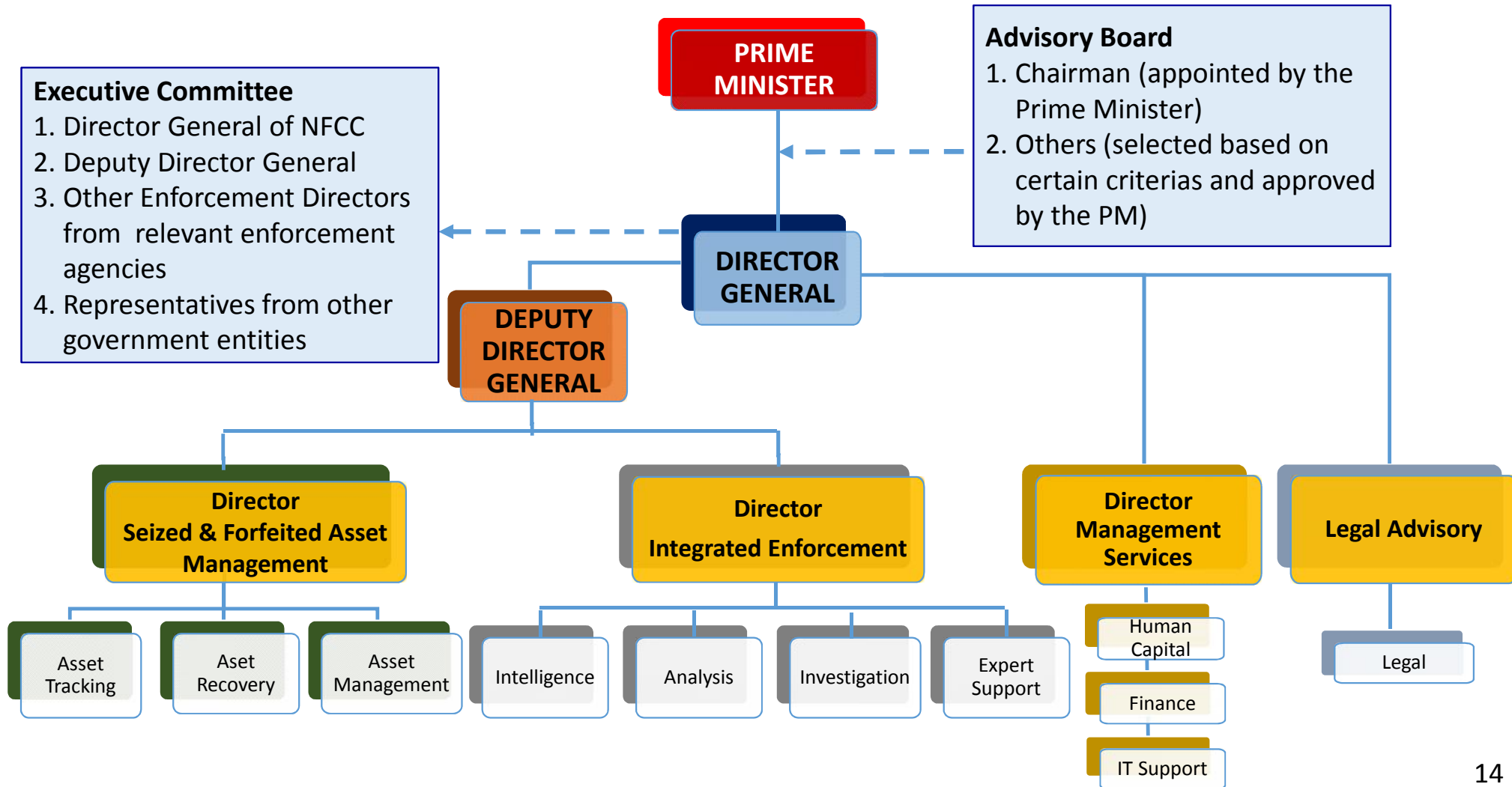
ADVISORY BOARD

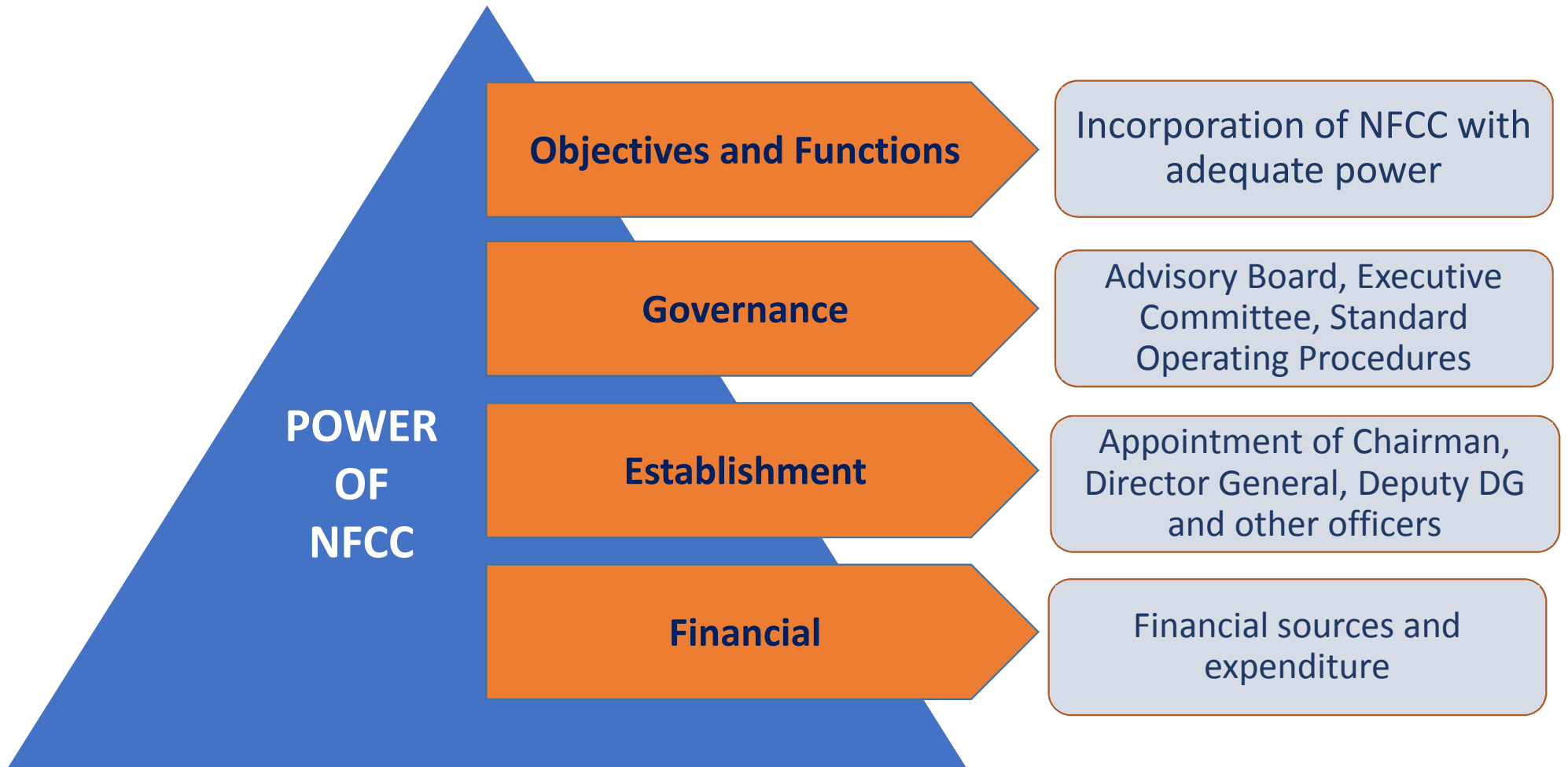
High profile individual with experiences in investigation and prosecution

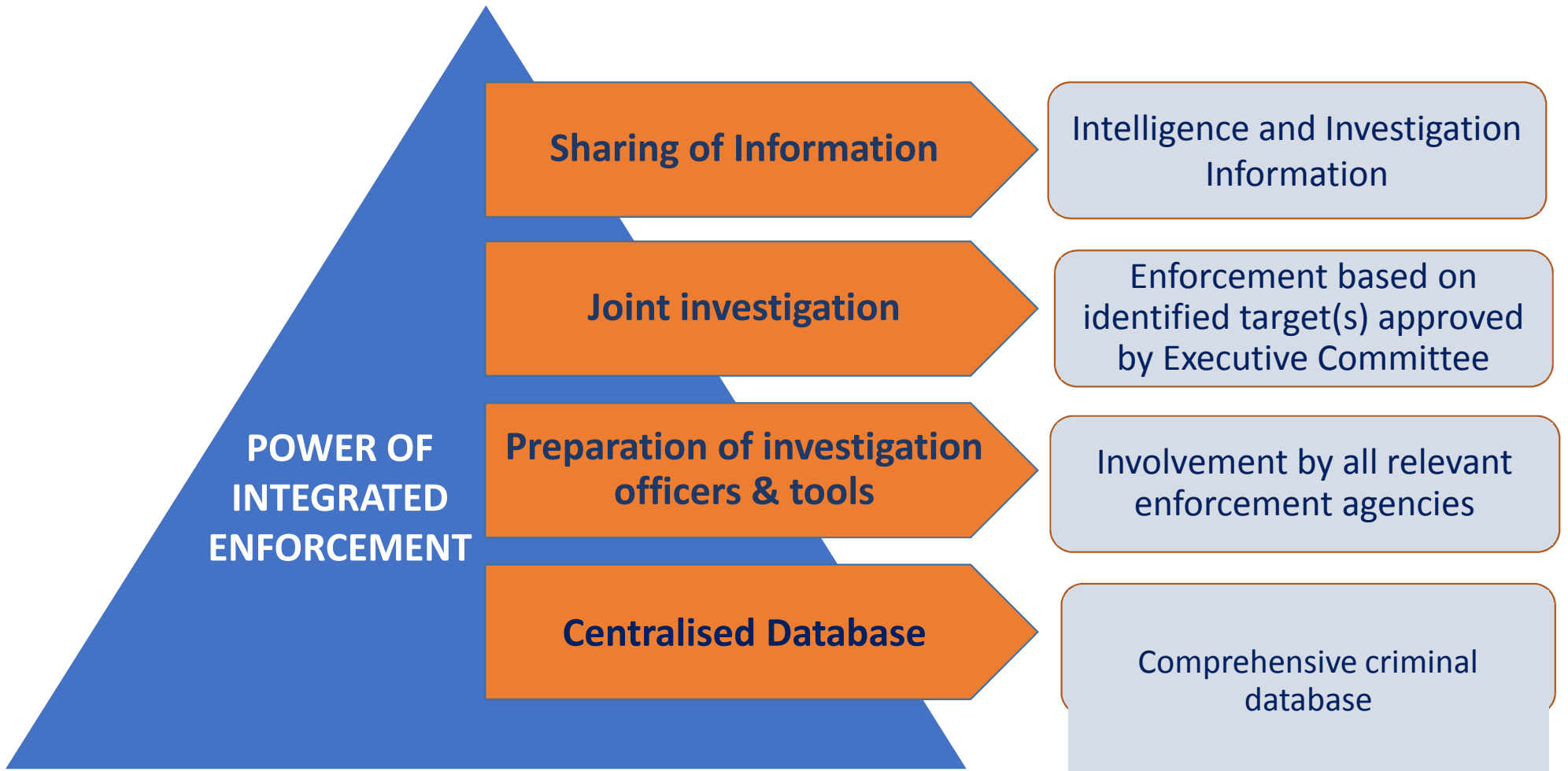
Chairman/ Champion

To be appointed by Prime Minister

Governance Structure of NFCC







Sharing of data is critical in identifying common targets

