

# CONFERENCE PROCEEDINGS

11TH INTERNATIONAL CONFERENCE ON  
FINANCIAL CRIME AND  
TERRORISM FINANCING  
— 2019 —

## BUILDING TRUST AND TRANSPARENCY: Collaborate, Accelerate, Strengthen

5-6 November 2019  
Shangri-La Hotel, Kuala Lumpur

Jointly organised by

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## “[Blockchain’s] biggest benefit is its ability to create unique digital assets, titles and documents.”

Roberto Capodieci

transactions will be simplified. Access to data on blockchain can be either public where everyone has access or private where only a select group has access, depending on the business model and the requirements of the transactions.

Blockchain produces a lot of data that can be used for big data analysis and behavioural analysis. Behaviour analytical software and artificial intelligence (AI) can find patterns in blockchain transactions that may not be readily apparent to the naked eye but may still match known illicit behaviour based on data from past criminal cases. So, depending on what is needed by banks and regulators to fight financial crime, custom solutions can be prepared using blockchain systems to meet the requirements. **Roberto Capodieci** concluded by reminding that the potential for the application of blockchain technology is vast.

### Q & A Session

**Q: How can customers be convinced to make use of blockchain technology considering challenges which can be faced in combining blockchain with existing systems?**

**Roberto Capodieci** shared that there is in fact too much expected of blockchain to the extent that some clients must be discouraged from trying to use blockchain as it is not a solution for all problems. It is an underlying technology which is to be used together with existing systems. Therefore, clients need to have a good understanding of blockchain and blockchain technology providers need to properly discuss and assess the needs of the client before recommending suitable solutions. To the extent possible, blockchain should be integrated with existing systems to make compliance work more efficiently and to meet the requirements of regulators.

**Q: Cryptocurrency may disrupt the current way of banking. How are banks leveraging emerging technologies to adapt and evolve?**

**Roberto Capodieci** said that the biggest promoters of cryptocurrency are the banks themselves. They are very keen to adopt it but nevertheless need to work within the regulatory environment that is focused on ensuring the security of the financial system.

It remains to be seen whether the financial industry will benefit from the peer-to-peer system compared to the music and movie industries. There has been mixed reception with some regulators approaching the new development with caution while some financial institutions have made investments to prepare prototypes for pilot projects.

23

**Roberto Capodieci** highlighted that it is important to understand the technology and what the market wants. Regardless of what is designed or restricted for use, consumers will use what is ultimately more convenient for them. The better approach to take is to know the technology, appreciate what consumers wish to have and regulate the use properly. It is inevitable that people will eventually use cryptocurrency. What is needed is a legitimate way for cryptocurrency to be used.

Besides making possible the use of cryptocurrency, blockchain has several other benefits. Its biggest benefit is its ability to create unique digital assets, titles and documents. Each financial transaction performed on blockchain is unique and cannot be counterfeited. It can also be used for the validation of data and timestamping. Nevertheless, it should be noted that blockchain is not a complete solution which covers everything. It is an underlying technology which should be integrated with existing systems (for example, government-provided digital signatures) to allow more banks and institutions to work together securely. A blockchain transaction can be verified with a government-issued digital signature so that it becomes admissible evidence in court.

Blockchain can be deployed for digital document management. In the business world, a digital invoice, a bill of lading, and the related bank transactions can be connected through blockchain. As the system is secure, it will not be possible for the documents to be mixed up. When business transactions are carried out through documents that are transmitted electronically on blockchain, the tracking of