

Background Screening Solutions for the Financial Services Industry

Hong Kong and Singapore are financial powerhouses, ranking fourth and fifth, respectively, in the March 2021 *Global Financial Centres Index (GFCI)*.¹ While Hong Kong's financial services industry accounts for roughly 20 percent of the city's GDP, nearly 7 percent of its employment, Singapore is poised to create 6,500 new financial sector jobs in 2021 alone.^{2,3} The industry itself is vast, spanning business-critical services such as banking, insurance, fund management, securities and private equity.

Given that employees working within this industry often have direct access to sensitive, proprietary customer information, background checks should always be a first step in the hiring process.

Why screen? It's required.

Unlike other industries, and depending upon applicable laws and regulatory requirements, financial services businesses are required to background screen their employees.

Industry regulators including the Hong Kong Monetary Authority, the Monetary Authority of Singapore, the Securities and Futures Commission (SFC), the Insurance Authority and other government agencies in various countries oversee screening requirements. For example, the SFC offers formal "Fit and Proper" Guidelines that provide specific direction on what needs to be included in the background screening – these include information on an individual's:

- Current or prior bankruptcy and debt judgements
- Criminal offences
- Professional censure, discipline or disqualification within financial services or other industries
- Relationship(s) to insolvent businesses

Who should be screened? Everybody.

While financial industry screening guidelines, regulations or laws are generally focused on employees who hold regulated positions, the fact is that any employee with access to money, sensitive information and

No more "rolling bad apples" *Reference checks help mitigate risk in the financial sector*

The Hong Kong Monetary Authority is addressing the issue of "rolling bad apples," meaning employees who move between financial institutions without disclosing previous misconduct to their new employer, by creating an endorsed industry standard for reference checking.

Initially, it will apply to banks regulated by the Monetary Authority and will focus on senior staff and cover ten years of employment history.⁴

Learn more at https://www.hkma.gov.hk/media/eng/regulatory-resources/consultations/Enclosure_20200508.pdf

In one of Singapore's largest financial fraud cases... "a Director of Envy Asset Management and Envy Global Trading was charged with cheating and fraud...Ng Yu Zhi, 33, faces two charges of being a party to his two firms that were operated for fraudulent purposes and two charges of cheating a fund management company and its founder cum chief executive of at least S\$48 million." ⁵

Source: [The Business Times](#), March 2021

customers should also be screened even if it is not a specific requirement under applicable laws. That includes nearly all employees and contractors, including:

- Executives and board members
- Directors and managers, including branch managers, relationship managers, project managers
- Owners and associates
- Analysts
- Traders, brokers, underwriters, and originators
- Information technology (IT) professionals, data centre operators, data scientists
- Clerks, support representatives, interns
- Security personnel
- Contractors who perform onsite cleaning, maintenance, construction, etc.















Specialised industry screening can help.

To help financial organisations address unique industry guidelines, First Advantage offers specialised screening for employees working within this highly regulated sector. As an example, below is a list of industry-specific searches available in Singapore. Location-specific industry screening is also available for other cities and jurisdictions throughout Hong Kong and the greater ASEAN region.

- **Credit Check (Administrative):** This is an administrative service to our clients in Singapore who have the permissible purpose to run a credit check from Credit Bureau of Singapore (CBS) for the purpose of employment screening.
- **Financial Regulatory Check:** This involves a search of a specific database managed by an in-country regulatory authority. This search can reveal if an individual has any disciplinary actions charged by the Financial Regulatory Body. The financial regulatory body of Singapore is the Monetary Authority of Singapore (MAS).
- **Monetary Authority of Singapore (MAS) Financial Advisers Check:** The Monetary Authority of Singapore (MAS) maintains a database of Financial Advisers who have been issued a Prohibition Order under the Financial Advisers Act (FAA).
- **Monetary Authority of Singapore (MAS) Securities and Futures Check:** The Monetary Authority of Singapore (MAS) maintains a database of Financial Advisers who have been issued with a Prohibition Order under the Securities and Futures Act (SFA).
- **Monetary Authority of Singapore (MAS) Register of Representatives:** This refers to an online list of individuals who conduct regulated activities under the Securities Futures Act and provide Financial Advisory services under the Financial Advisers Act.

Background Checks Best Practice Guidance

Best practice guidance from experts includes different levels of screening based on the access an individual will have to vulnerable populations, proprietary assets, and financial or fiduciary information.

		Standard Hires		Senior Hires		Regulated Hires	
		Anyone working at a financial institution or insurance organisation. This includes administrative personnel, contractors and interns.		All skilled and specialised employees with access to money, sensitive information or customers. This includes IT and security personnel.		All regulated positions, in addition to all management level, executive and board-level employees, and any employee with fiduciary responsibilities.	
		Hong Kong	Singapore	Hong Kong	Singapore	Hong Kong	Singapore
	Identity Verification	✓	✓	✓	✓	✓	✓
	Criminal Check*	✓	✓	✓	✓	✓	✓
	Civil Litigation Check	✓	✓	✓	✓	✓	✓
	Employment & Education Verification	✓	✓	✓	✓	✓	✓
	Credit Check	✓	✓	✓	✓	✓	✓
	Global Expanded Sanctions	✓	✓	✓	✓	✓	✓
	CV Comparison	✓	✓	✓	✓	✓	✓
	Bankruptcy Check		✓	✓	✓	✓	✓
	Financial Regulatory	✓		✓	✓	✓	✓
	Professional Qualification/Licensing			✓	✓	✓	✓
	Reference Checks			✓	✓	✓	✓
	Global Reputational Media Search			✓	✓	✓	✓
	Directorship Verification			✓	✓	✓	✓
	Social Media Search					✓	✓

*Such as police checks, when available and permissible.

1 <https://www.longfinance.net/programmes/financial-centre-futures/global-financial-centres-index/>

2 <https://www.businesstimes.com.sg/banking-finance/singapores-financial-sector-to-create-6500-roles-in-2021>

3 <https://www.fsd.org.hk/en/press-publications/financial-industry-recruitment-scheme-for-tomorrow-first-launched-to-help-the-industry-tackle-the-pandemic>

4 <https://hsfnotes.com/fsrandcorprime/2020/05/14/hong-kong-monetary-authority-proposes-mandatory-reference-checking-scheme-to-address-rolling-bad-apples-phenomenon/>

5 <https://www.businesstimes.com.sg/government-economy/envy-director-charged-with-fraud-at-least-s1b-invested-in-his-2-firms>

We can help. For more information, contact First Advantage today: