

ASIAPAC BANKING GUIDE FOR NONPROFITS


*HOW TO OPEN AND MANAGE AN ORGANIZATIONAL
BANK ACCOUNT*



SINGAPORE



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1. OPENING AN ORGANIZATIONAL BANK ACCOUNT

a. What are the requirements to open an organizational bank account?

i. Do organizations have to be physically present in the country to open a bank account? I.e., can they operate in country X but have a bank account in country Y? Is the presence of a statutory representative required or can the presence be fulfilled through an authorization?

A foreign incorporated company or company owned by foreigners can generally open a bank account in Singapore.

Generally, most banks may require the physical presence of the director and authorised signatories at the bank as a matter of internal policy. Some banks permit clients to visit its overseas branches as an alternative.

ii. Are there specific requirements for CSOs to open accounts by law or asked in practice by the banks (e.g, years of operations, annual turnover, to have director or member of governing body to be national of the country)

Generally, there are no specific requirements for civil society organisations (“CSOs”) to open bank accounts. However, internal policies of a bank may require documents and information to be provided (see response to question 1(a)(iv) below).

iii. Who is authorized/required to open a bank account? Can this be done online, or that person needs to be present in the country?

The bank account shall be opened by an authorised signatory of the CSO. Generally, the authorised signatory needs to be present in Singapore. Some banks permit clients to visit an overseas branch, or allow for remote applications by Skype / phone or by signing in front of a notary public / the High Commissioner of Singapore as an alternative.

iv. What is the process of setting up a bank account? E.g., how long it takes, is there a practice to have an interview in the bank?

Singapore banks are expected to collect detailed information from foreign clients regarding their professional backgrounds and proposed business plan. Consequently, opening a bank account can take a few weeks for foreign-owned businesses.

Banks will generally request for the following documents and information:

- a certified true copy of the company's Certificate of Incorporation;
- completed corporate account opening forms;
- a certified true copy of the company's Articles of Association;
- a certified true copy of the company's business profile from the Company Registrar;
- a board of directors resolution sanctioning the opening of the account with their signatories;
- proof of residency for the company's shareholders, directors, and ultimate beneficial owners;
- information on the ultimate beneficial owners (the entity which owns more than 25 percent of the company's shares, controls more than 25 percent of the company's voting rights, or who has significant control over the business); and
- detailed information on the company and its proposed business activities, potential clients/customers, as well as anticipated transaction activity. The requests can vary between banks.

2. BANKING ACTIVITIES

a. What customer due diligence requirements are in place and what is their impact on civil society organizations' banking activities?

The law requires financial institutions to verify the following points for every corporate customer and their authorised representatives. (See Notice of the Monetary Authority of Singapore (“MAS”)¹, as well as the response to question 1(a)(iv) above.)

- Full name and any alias;
- Identification number from an ID certified by a lawyer or notary public;
- Residential / registered business address;
- Date of incorporation / date of birth;
- Place of incorporation / nationality; and
- Due authority to act on behalf of organisation.

A bank is also required to observe the conduct of the customer's account and scrutinise transactions undertaken to ensure they are consistent with the customer's profile.

Simplified CDD (paragraph 7 of MAS Notice)²

A bank may perform simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of the customer, and any beneficial owner of the customer if it is satisfied that the risks of money laundering and terrorism financing are low.

Enhanced CDD (paragraph 8 of MAS Notice)³

Where the bank assesses the customer or the business relations with the customer to be of higher risk, the bank shall perform enhanced CDD measures, which shall include:

1 <https://www.mas.gov.sg/regulation/notices/notice-626>

2 <https://www.mas.gov.sg/regulation/notices/notice-626>

3 <https://www.mas.gov.sg/regulation/notices/notice-626>

- obtaining the approval of the bank’s senior management to retain the customer;
- establishing the source of funds of the customer and any beneficial owner; and
- conduct enhanced monitoring of business activities of the customers.

b. Which internal principles or official (central bank) “suspicious transaction” monitoring criteria are in place affecting the civil society organizations? Is it publicly available?

See MAS Guidelines to banks on prevention of money laundering and countering the financing of terrorism.⁴

Banks are required to have adequate processes and systems for detecting and identifying suspicious transactions. The MAS also expects banks to put in place effective and efficient procedures for reporting suspicious transactions.

An extract of the illustrative and non-exhaustive list of suspicious transactions are:

- Transactions which do not make economic sense:
 - Customer has many bank accounts with the same bank; frequent transfers between different accounts or high liquidity.
 - Assets withdrawn immediately after being deposited.
 - Intensive use of a previously inactive account.
 - Unusual bank guarantees or indemnities not in accordance with market practice.
- Transactions involving large amounts of cash:
 - Frequent withdrawal of large cash amounts that do not appear to be justified by the customer’s business activity.
 - Exchanging an unusually large amount of small-denominated notes for those of higher denomination.

⁴ <https://www.mas.gov.sg/~media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Commercial%20Banks/Regulations%20Guidance%20and%20Licensing/Guidelines/GUIDELINES%20TO%20MAS%20NOTICE%20626%20ON%20PREVENTION%20OF%20MONEY%20LAUNDERING%20AND%20COUNTERING%20THE%20FINANCING%20OF%20TERRORISM.pdf>

- Transactions involving bank accounts:
 - High velocity of funds through an account, i.e., low beginning and ending daily balances, which do not reflect the large volume of funds flowing through an account.
 - An account operated in the name of an offshore company with structured movement of funds.
- Transactions involving transfers abroad:
 - Repeated transfers of large amounts of money abroad accompanied by the instruction to pay the beneficiary in cash.
 - Building up large balances, not consistent with the known turnover of the customer's business, and subsequent transfer to account(s) held overseas.
- Transactions involving unidentified parties:
 - Customers who wish to maintain a number of trustee or client accounts that do not appear consistent with their type of business, including transactions that involve nominee names.
- Investment-related transactions:
 - Requests by a customer for investment management services where the source of funds is unclear or not consistent with the customer's apparent standing.
- Other:
 - Purchase of large amounts of precious metals.
 - Account activity not consistent with customer's known profile (age, occupation, income).
 - Frequent change of address and authorised signatories.

c. Do the banks in the country of operations have any restrictions/limitations to bank transactions and transfers to certain jurisdictions (such as high-risk ones).

i. If yes, is the list of jurisdictions publicly available?

Broadly, the *Financial Services and Markets Act 2022*⁵ and related regulations require financial institutions to:

⁵ <https://sso.agc.gov.sg/Acts-Supp/18-2022/Published/20220511?Doc-Date=20220511#pr192->

- Immediately freeze funds or other financial assets or economic resources of designated individuals and entities;
- Not enter into financial transactions or provide financial assistance or services in relation to: (i) designated individuals, entities, or items; or (ii) proliferation, nuclear, or other sanctioned activities; and
- Inform MAS of any fact or information relating to the funds, other financial assets, or economic resources owned or controlled, directly or indirectly, by a designated individual or entity,

in respect of financial sanctions targeted countries (in line with UN Security Council Resolutions).

Banks will also refer to the Financial Action Task Force (“FATF”) list of high-risk countries established as part of the global fight against money laundering and terrorist financing as an indication of the level of customer due diligence to apply – and this guides banks in their risk assessment and mitigation measures.⁶

The list financial sanctions targets (publicly available online⁷) includes: Russia, Democratic Republic of Congo, Iran, North Korea, Libya, Somalia, South Sudan, Sudan, and Yemen

The FATF black list⁸ establishes high-risk jurisdictions (Iran, North Korea) and the grey list⁹ establishes jurisdictions under surveillance.

ii. What would be the procedures the bank would follow in this case for their CSO clients?

Where the bank assesses the CSO customer or the business relations with the CSO customer to be of higher risk due to transactions related to high-risk countries, the bank shall perform enhanced CDD measures (see response to question 2(a) above).

⁶ <https://www.mas.gov.sg/publications/fatf-statement/2023/june-2023-fatf-statement>

⁷ <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/regulations-for-targeted-financial-sanctions> , <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions>

⁸ <https://www.fatf-gafi.org/en/publications/high-risk-and-other-monitored-jurisdictions/documents/public-statement-october-2019.html>

⁹ <https://www.fatf-gafi.org/en/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-october-2019.html>

3. OBLIGATIONS AND REPORTING REQUIREMENTS

a. Are banks required to provide CSO clients' financial information to CSO regulatory authorities or public officials? If yes, under what circumstances must banks do so, and what types of information must they provide?

Yes. A bank may be required to disclose information of CSO clients to a police officer, public officer, or court for an investigation or prosecution, or where disclosure is otherwise in compliance with the provisions of the *Banking Act 1970*, the *Deposit Insurance and Policy Owners' Protection Schemes Act 2011*, or any notice or directive issued by the Monetary Authority of Singapore.

The full list of reasons for disclosure of a bank customer's information is set out in Schedule 3 of the *Banking Act 1970*.¹⁰

b. What obligations do banks have to protect the privacy of clients' information?

See relevant Banking legislation online.¹¹

Customer information must not, in any way, be disclosed by a bank in Singapore or any of its officers to any other person except as expressly provided in the *Banking Act 1970* (Section 47 – Privacy of customer information). However, there are various exceptions as set out in Schedule 3 of the *Banking Act* (see response to question 3(a) above).

Additionally, banks are required to report suspicious transactions to the authorities (see response to question 2(b) above).

c. Are there specific reporting obligations for banks to inform governments on civil society banking in certain circumstances?

As discussed above, suspicious transactions and, more generally, any suspicions relating to anti-money laundering/fight against terrorism concerns may give rise to voluntary provision of

10 <https://sso.agc.gov.sg/Act/BA1970?ProvIds=Sc3-#Sc3->

11 <https://sso.agc.gov.sg/Act/BA1970?ProvIds=P17-#pr47->

information by banks. Otherwise, information has to be provided on demand in case of investigations coming from police, courts, or public authorities.

d. Are you aware of any change in regulation/practice due to the Russian sanctions?

See details online of relevant financial sanctions imposed by the Singapore Government in respect of Russia.¹² See also information online, which sets out payments and transactions that are excluded from the scope of such financial measures.¹³ Additionally, see the following article, which elaborates on other related aspects of the Russian sanctions impact on banking practices in Singapore, in relation to arbitration and currency transactions.¹⁴

Banks are not permitted to:

- (a) establish business relations with or undertake any financial transaction for;
- (b) enter into any financial transaction with;
- (c) provide, or facilitate or procure the provision of, any financial assistance or service (including but not limited to the granting of export credits, guarantees, insurance or re-insurance) to; or
- (d) transfer any financial assets or resources, or other assets or resources, to, any designated banks (i.e., VTB Bank Public Joint Stock Company; VTB Bank Public Joint Stock Company; Promsvyazbank Public Joint Stock Company; Bank Rossiya) or designated entities which are connected to Russia.

A bank that has in its possession, custody, or control in Singapore, any funds, financial assets, or economic resources owned or controlled, directly or indirectly, by designated banks or entities which are connected to Russia must:

- (a) immediately freeze all such funds, financial assets, or economic resources, as the case may be; and

¹² <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions>

¹³ <https://www.mas.gov.sg/-/media/mas-media-library/regulation/anti-money-laundering/targeted-financial-sanctions/mas-notice-snrn02-14-mar-2022final.pdf>

¹⁴ <https://www.dlapiper.com/en/insights/publications/2022/03/singapore-imposed-sanctions-on-russia>

(b) ensure that such funds, financial assets, or economic resources are not made available, whether directly or indirectly, to or for the benefit of a designated banks or entities which are connected to Russia.



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