



PERSATUAN BANK BANK DALAM MALAYSIA
THE ASSOCIATION OF BANKS IN MALAYSIA

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■ **MACAU SCAMS**

Missed **potential** for banks



FOR hundreds of victims in this country, the Macau scam is a financial disaster. For the police, it is a white collar crime that is proliferating. For financial institutions, it is a dereliction of duty towards depositors – even if inadvertent rather than intentional – and a missed opportunity for banks to expand their clientele for wealth creation business.

Three hallmarks of the Macau scam are:

- ▶ Trickster claims to be calling from a bank, the court, police or other government institution;
- ▶ Trickster claims victim is being investigated for alleged improprieties;
- ▶ To avoid victim's account being frozen, trickster persuades victim to transfer money from his/her bank account and deposit it into several bank accounts.

Newspaper reports suggest “Macau scam” is a phrase derived from the belief, yet to be proven, that either the perpetrators or the earliest victims were from the former Portuguese colony.

Victims of Macau scammers include:

- ▶ a clerk in Penang who lost RM15,000 last week;
- ▶ an executive in Terengganu conned of RM1.2 million last month;
- ▶ a 65-year-old pensioner in Sarawak scammed of his life savings totalling RM300,000 last month;
- ▶ a Felda settler made poorer by RM68,000 in August; and

▶ a 62-year-old pensioner in Johor swindled of his RM288,000 nest egg in June.

Several victims were also defrauded of amounts ranging from RM2,500 to RM10,000 suggesting Macau scammers are heartless financial vacuum cleaners targeting even small savers.

More worrying, the number of individuals who have been conned by Macau scammers this year and the resulting losses have accelerated.

According to Commercial Crime Investigation Department deputy director (Cyber & Multimedia Crime Investigation) SAC Datuk Ahmad Noordin Ismail, there were 1,627 Macau scams with losses totalling RM98.3 million in the first nine months of this year – a sharp jump from 862 cases involving RM25.8 million during the same period last year.

Despite police repeatedly warning individuals to double check before transferring money into multiple bank accounts purportedly belonging to institutions of authority, these warnings are clearly ineffective.

What is needed is a different approach. Financial institutions should take a proactive approach towards account holders. Given the fact that collective losses to Macau scammers totalled almost RM100 million this year, victims of Macau scammers represent a potential opportunity for banks to expand significantly their wealth management activities.

On Tuesday, Bank Negara Malaysia (BNM) Governor Datuk Nor Shamsiah

Yunus announced effective Jan 1, 2019, banks must report any cash transactions exceeding RM25,000 in their daily threshold report. Previously, the trigger for reporting cash transactions was RM50,000.

This announcement is timely and could be further used to thwart Macau scammers. BNM's announcement means banks will have to re-set their computers to send alerts

to staff whenever a cash transaction exceeds RM25,000.

If the withdrawal comprises a significant proportion of funds in the depositor's accounts – for example 40% or more – these alerts should prompt staff to ask the account holder the purpose of the transaction.

Bank staff should be trained to suggest a two-step approach – the account holder should check whether the caller was a Macau scammer and the account holder should consult a family member about the advisability of the proposed withdrawal. That most Macau scammers required their victims to transfer funds to two or more bank accounts suggest they are aware of banks' current trigger of RM50,000 for the daily threshold report.

Additionally, banks should also re-configure their computer systems to alert staff whenever a bank account is closed weeks after its opening and after a significant sum has been deposited.

If the account holder opts for a cash withdrawal, the bank staff should advise it would be safer to opt for an electronic

transfer of funds.

While waiting for the formalities of closing an account to be completed, bank staff should talk to the account holder to determine whether the latter is part of the Macau scam or an individual who allowed his/her bank account to be used by the Macau scammer.

Furthermore, banks should offer more investment options for depositors with RM25,000 or more in their bank accounts. Currently, most financial institutions focus on those with deposits exceeding RMI million. However, the ever-expanding Macau scams suggest there is a pressing need to help those with smaller sums to invest wisely.

Banks should note Tan Sri Tony Fernandes, founder of Asia's biggest fastest growing budget airline, has demonstrated there is money to be made by offering cut-price air fares to ordinary salaried workers, thus enabling everyone to fly.

Although the savings of some victims of Macau scammers may be small, pooled together, the sum isn't derisory. Furthermore, small savers are more numerous than high net worth individuals.

Conceiving investment products for those with RM25,000 or more could widen banks' client for wealth management business, generate higher returns than fixed deposits for small savers and ultimately benefit the Malaysian economy.

Opinions expressed in this article are the personal views of the writer and should not be attributed to any organisation she is connected with. She can be contacted at siochchoo@thesundaily.com

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