



**Asia-Pacific  
Economic Cooperation**

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Session 3

## **The Role of the Private Sector in Corruption Prevention**

Submitted by: ANZ



**Best Fit Practices and Experience Sharing  
Workshop on Corruption Prevention  
Mechanisms in APEC Economies  
Port Moresby, Papua New Guinea  
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# ***THE ROLE OF THE PRIVATE SECTOR IN CORRUPTION PREVENTION***

**MARK BAKER  
MANAGING DIRECTOR  
ANZ BANK (PNG) LTD**

## ANZ BANKING GROUP & APEC

- ANZ operates in 34 markets across Australia, New Zealand, Asia, Pacific, Europe, America and the Middle East
- 46,000 staff serving Retail, Commercial and Institutional clients
- The Bank operates in 15 of the 21 APEC countries
- ANZ has had a continual presence in Papua New Guinea for the past 108 years
- Operations in PNG cover Retail, Commercial and Institutional clients across 15 branches with 470 staff

# Bribery and corruption – a real issue

## TIP OF THE ICEBERG: THE ROLE OF THE BANKS IN THE FIFA STORY

### Former bank staff charged in \$2m bribe and corruption probe

China charges former regional bank chief with corruption

### ICBC Standard Bank Plc dodges corruption probe

THE AUSTRALIAN | MARCH 18, 2015 10:38AM

India bank chief arrested over bribery | Standard Bank Plc will pay nearly £22m after admitting it failed to prevent bribery by two bankers

4 August 2014 | Busir

November 30, 2015 5:54 pm

### Standard Bank to pay \$25m to settle bribery case

### Deutsche Bank: Bribery Scandal in Japan

Posted on 16. July 2014 by p2 / facing finance

Financial institutions do get caught up in bribery and corruption scandals

## CORRUPTION PERCEPTIONS INDEX 2015

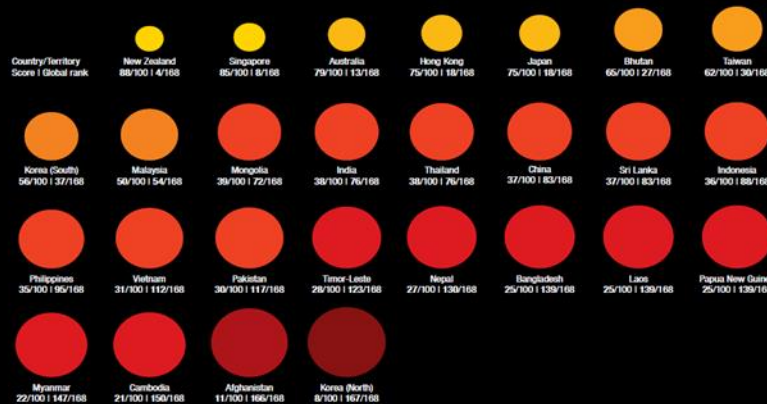
### Asia Pacific

Global Average score 43/100  
Asia Pacific Average score 43/100  
**67%** of countries score below 50 out of 100

Score: 0 ← 100  
Highly corrupt ← Very clean

### #cpi2015

The 2015 Corruption Perceptions Index measures the perceived levels of public sector corruption in 168 countries/territories around the world. To see the full results go to: [www.transparency.org/cpi](http://www.transparency.org/cpi)



It is a real risk in our region

# Preventing Bribery and Corruption in the Private Sector



## High Risk Situations:

- Dealings with government departments and public officials
- The use of agents and other third party intermediaries
- Activities in jurisdictions where bribery and corruption is known to be high
- Dealing with junior public officials who make requests for facilitation payments
- Dealing with third party suppliers/agents/consultants in an industry/sector which has higher levels of corruption



## Internal Risks:

- Weak governance and controls of bribery and corruption
- Poor understanding of obligations
- Failure to implement risk-based approach to anti-bribery and anti-corruption third party due diligence
- Weak due diligence and ongoing due diligence on third party relationships
- Failure to monitor accounts and payments
- Inadequate training and awareness on anti-bribery and anti-corruption requirements

# Impacts of non-compliance

- **Community impact.**

- Bribery and Corruption undermines fair competition, stifles economic growth, corrodes public trust and political development, impacts human rights and gender equality and ultimately undercuts its own existence.

- **Impact on Business** - in addition to reputational damage

- Civil and criminal action/penalties
- Loss of private-supply contracts or barred from government work
- Loss of company licences

- **Impact on staff and contractors** – in addition to dismissal

- Civil Penalty
- Criminal Penalty – fines and/or imprisonment

## Red flags – raising awareness

- Sudden change in the lifestyle of a colleague without a valid justification, when this colleague has dealings with government entities /officials.
- Inappropriate payment requests made by agents (e.g. to make payment to a third party account).
- Public officials serve as directors or hold beneficial ownership of agents or joint venture partners.
- A Third Party does not appear to be qualified to perform the duties for which it is engaged to assist ANZ.
- Requests for gifts or entertainment that are disproportionate and appear excessive to the business relationship.
- Requests for illegal payments to speed up routine government action.
- Vague, non-specific description for payments made in accounting entries.

# Real examples of misconduct in Banking across Asia Pacific.....

- Receiving corrupt payments in exchange for processing commercial loans.
- Attending a hospitality event hosted by a vendor who was seeking approval for multi million dollar service agreement during the tender process.
- Making excessive claims for entertainment and failing to declare entertainment provided by customers.
- Accepting bribes from a customer who was using accounts to commit fraud.
- Receiving a large cash payment to process wire transfers through personal account on behalf of a customer.



# Best Practice – Private Sector approach to combatting bribery and corruption....

- Anti-Bribery and Anti-Corruption Policy and Requirements
- Mandated Bribery and Corruption Risk Assessments
- General and Role Specific Training
- Third Party Due Diligence and Risk Assessments
- Global Gift and Entertainment Register



**Code of Conduct and  
Ethics Policy Framework**

# Building a safe environment for staff to speak up.....

Trust and reputation can be everything in the Private Sector and our employees play a critical part and responsibility in maintaining that.

Develop avenues for employees to escalate issues or concerns that conflict with the best interests of your business through;

- Management team
- Human Resources
- Internal Audit and Compliance
  
- **Whistleblower Protection Program**
  - Whistleblower Protection Officers
  - External Whistleblower reporting service

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