

PwC straightaway Guidance on the Counter- Proliferation Financing Industry perspective on best practices

Raising the bar on Counter-Proliferation Financing:
From awareness to action
April 2025



What should I know about the ACIP paper?

The AML/CFT Industry Partnership (ACIP) best practice paper on Counter-Proliferation Financing (PF) sets out the growing importance of Counter-PF measures amid intensifying global focus on sanctions evasion and weapons of mass destruction (WMD) risks.

Key points to note

Heightened Counter-PF risks

- Proliferation financing risks are rising in complexity and scope, particularly due to the geopolitical climate and technological advancements that enable illicit procurement networks.

Sanctions evasion typologies

- Financial institutions are at risk of misuse by actors seeking to evade UN or domestic sanctions, often through trade, transshipment hubs, and front companies.

Need for a risk-based Counter-PF framework

- Counter-PF controls should be embedded into broader AML/CFT programs, tailored to the institution's risk profile and operating model.

Data and intelligence as enablers

- Use of data analytics, internal intelligence, and external typologies is essential to detect hidden PF activities.
- The platform enhances early detection by integrating financial, tax, and trade data, enabling more comprehensive risk assessments.

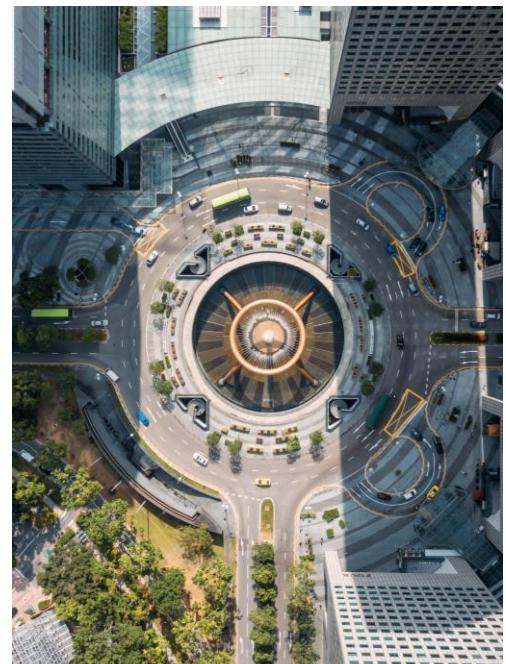
Importance of collaboration

- Combating proliferation financing requires coordinated efforts among banks, insurers, regulators, and international bodies.

Recommended industry best practices

ACIP recommends a suite of good practices for financial institutions, including:

- **Integration of Counter-PF risk into Enterprise-Wide Risk Assessment (EWRA):** Counter-PF, specific risk factors should be considered in customer, product, and jurisdictional risk assessments.
- **Tailored Customer Due Diligence (CDD):** Apply enhanced scrutiny to high-risk sectors (e.g. dual-use goods, shipping), and conduct end-use/end-user verification.
- **Transaction monitoring enhancements:** Calibrate systems to detect red flags related to PF typologies (e.g. unusual trade routes, front companies).
- **Staff awareness and training:** Equip frontline and compliance teams with up-to-date typologies and indicators of PF activities.
- **Strong governance and escalation protocols:** Counter-PF risks should be governed at a senior management level with clear accountability and reporting lines.



Who is impacted?

The Counter-PF best practice guidance is highly relevant to:

Banks and trade finance providers

- Especially those dealing with high-risk jurisdictions and dual-use goods

Insurers and reinsurers

- Where sanctions evasion risks may emerge in coverage of maritime or goods movement

Payment institutions/ digital token payment service providers and fintechs

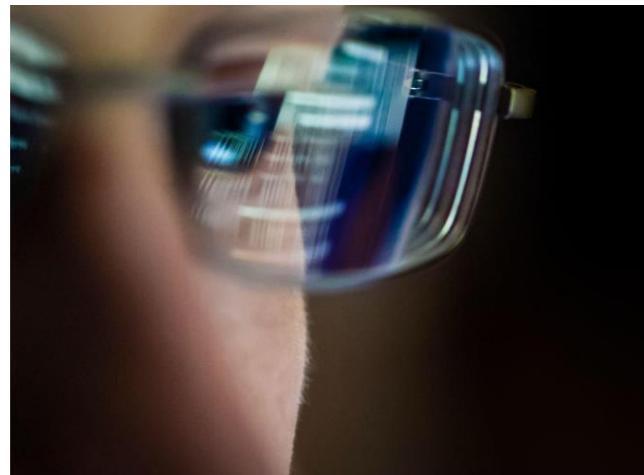
- Due to rapid cross-border flows and technology-driven anonymity risks

Corporate service providers / law firms

- Intermediaries must monitor clients in these sectors for misuse

Questions organisations should ask themselves

1. Do we understand our exposure to proliferation financing risks based on our products, clients, and geographies?
2. Are Counter-PF controls integrated into our overall AML/CFT framework and risk assessment processes?
3. Can our systems detect red flags associated with PF typologies (e.g. front companies, unusual transshipments)?
4. Are we engaging with regulators and peers to share intelligence and strengthen our controls?
5. Are our governance structures aligned with the growing global expectations on Counter- PF?



How PwC Singapore can help

1

Drafting relevant Counter-PF risk assessment frameworks

Tailoring your EWRA and risk taxonomy to include Counter-PF elements. Embedding Counter-PF responsibilities into your enterprise risk structures and board oversight

2

AML Target Operating Model (TOM) review and augmentation

In certain instances, the entity-in-review may need to relook at its Counter- PF TOM. PwC can support in this aspect, including working with the entity-in-review on roadmap development, process re-engineering and augmentation of its model, processes and system adopted.

3

Support for AML/CFT system implementation and review

The entity-in-scope may require support in AML/CFT system implementation or enhancements. Key areas PwC can support are as follows:

- Business functionality specification
- User Acceptance Testing (UAT)
- Project management office

4

Transaction Monitoring (TM) system review

Enhancing transaction monitoring with PF indicators relevant to your operations.

Contact us



Kwok Wui San

Regulatory Risk and Compliance Leader
PwC Singapore
+65 8218 8727
wui.san.kwok@pwc.com



Justin Ong

Financial Services Leader
PwC Singapore
+65 9731 3758
justin.ong@pwc.com



Thangaraja Nada Raja

Partner, Regulatory Risk and Compliance
(Banking and Capital Markets)
PwC Singapore
+65 8338 4156
thangaraja.nada.raja@pwc.com



Ang Sock Sun

Insurance Leader
PwC Singapore
+65 8511 7108
sock.sun.ang@pwc.com



Germaine Huang

Managing Director, Risk Services
PwC Singapore
+65 9786 9138
germaine.z.huang@pwc.com



Julia Leong

Banking and Capital Markets Risk
Services Leader
PwC Singapore
+65 9475 8706
julia.sw.leong@pwc.com