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FATF Singapore report

From ratings to reality

From ratings to reality: What Singapore's Financial Action Task Force assessment signals for financial institutions

Recognition has been achieved, but expectations have risen. In this new environment, financial institutions must prove not just that controls exist, but that they work. The question is no longer whether frameworks meet the standard, but whether they can demonstrably deliver against it.

On 6th May 2026, the Financial Action Task Force (FATF) released its latest mutual evaluation report on Singapore's anti-money laundering and counter-terrorist financing (AML/CFT) framework. Singapore's top-tier outcome marks a significant progression from its 2016 assessment, moving from "strong but with material gaps" to being recognised as a benchmark jurisdiction despite materially tougher FATF standards.

Beyond the rating itself, the report signals a continued shift in regulatory expectations. While Singapore was recognised for strengths in areas including risk-based supervision and the use of financial intelligence, FATF also identified areas for improvement, particularly around enforcement outcomes, ownership transparency, and oversight of non-financial sectors. For financial institutions, Deloitte believes the message is clear: the focus has moved decisively beyond technical compliance toward demonstrable effectiveness and measurable risk outcomes.

Far from signalling that firms can afford to stand still, the assessment reinforces that "good" is now the baseline. Institutions will increasingly be expected to evidence how effectively risks are identified, managed and escalated in practice, rather than simply demonstrating that controls exist on paper. Firms that continue to rely on static, checklist-driven approaches risk falling behind a rapidly evolving supervisory agenda. To remain best-in-class, institutions should be strengthening control effectiveness, enhancing risk-led decision-making, and investing in capabilities that support more defensible and measurable outcomes.



From ownership to legitimacy: Beneficial ownership and source of wealth



For financial institutions, a clear signal from the FATF report is the rising expectation around transparency. A defining shift in recent evaluations is the move from formal to substantive transparency, extending beyond identifying beneficial owners (BOs) to building a coherent, evidence-backed view of how wealth has been accumulated and whether it aligns with a client's profile and activities. As a hub for company formation and wealth management, Singapore is inherently exposed to these evolving expectations. This reflects a broader shift from transparency as a compliance requirement to transparency as a test of credibility, placing greater emphasis on whether institutions can stand behind the ownership and wealth narratives they rely on.

FATF highlighted that while Singapore firms demonstrate a reasonably good understanding of risks associated with the misuse of domestically incorporated companies, there is a more limited understanding in relation to legal arrangements, unregistered foreign companies and complex structures. Notably, while basic BO information is generally available, it is often not verified beyond customer due diligence (CDD), raising questions around both its accuracy and its usability in an investigative context.

This is where the practical challenge for institutions becomes most apparent. Moving from identification to corroboration is inherently resource-intensive, particularly where ownership structures span multiple jurisdictions and source of wealth is derived from diverse or less transparent activities. Many firms have historically relied on documentation-heavy approaches, but these are increasingly difficult to sustain at scale. In response, institutions are beginning to leverage advanced analytics and artificial intelligence (AI) to triangulate data, identify inconsistencies, and prioritise higher-risk cases for deeper review. However, this does not remove the need for judgement. In Singapore, regulatory expectations remain clear: institutions are expected to understand a client's overall wealth profile, but to apply corroboration proportionately, focusing on the material aspects that underpin the relationship and its associated risks. The challenge, therefore, is not simply gathering more information, but demonstrating that what has been gathered is meaningful, defensible, and sufficient. Deloitte expects this to become an increasingly important area of supervisory focus, particularly in higher-risk and cross-border relationships.

Proving effectiveness: Beyond policies to outcomes

Regulatory expectations have shifted from the existence of controls to evidence that those controls actually work. Even where transparency improves, the question becomes whether firms can demonstrate that this information is meaningfully used to detect and mitigate risk. In Deloitte's view, FATF is no longer focused on "technical compliance", but rather the downstream application and risk-focused outcomes of policy. This positions effectiveness, rather than framework design, as the primary lens through which AML/CFT programmes are assessed.

So, what does effectiveness mean in practice? It is reflected not in the volume of activity, but in the quality of outcomes. This includes the timely identification of higher-risk relationships, the ability to distinguish genuine alerts from noise (false positives), and the robustness of investigations and escalation decisions. Of note, there is increasing scrutiny on the quality, not quantity, of suspicious transaction reporting, and whether these reports are actionable and contribute meaningfully to law enforcement efforts.

In Singapore's case, FATF acknowledged strong inter-agency collaboration and the ability to identify and investigate large-scale financial crime, as demonstrated in recent high-profile cases. However, it also noted that enforcement outcomes may not yet fully reflect the scale and complexity of the risks, raising broader questions around deterrence. For financial institutions, this reinforces that effectiveness is no longer something that can be deferred to law enforcement. Supervisory expectations are shifting toward what firms can independently demonstrate through higher quality suspicious transaction report (STR) clearer escalation, and tangible evidence that controls are identifying and disrupting suspicious activity.

This has direct implications for how AML/CFT frameworks are designed and assessed. Increasingly, supervisors are looking beyond the presence of policies and procedures to how well they perform in practice, whether controls are appropriately calibrated, whether decision-making is consistent and well-evidenced, and whether firms can clearly articulate how risks are identified, investigated and, where necessary, escalated. In this context, Deloitte believes metrics such as alert volumes or processing times will become increasingly less meaningful in isolation unless they can be clearly linked to risk outcomes.



Cross-border risk under the microscope: From transactions to networks

If effectiveness is the new benchmark, then the ability to identify risk across increasingly complex and cross-border financial flows becomes critical. Singapore's position as a global financial and trade hub inherently exposes institutions to multi-jurisdictional risk, where illicit activity is often structured across multiple entities, accounts and geographies to obscure the flow of funds. In this context, traditional transaction monitoring approaches, largely rules-based and siloed, are becoming increasingly strained. This reflects a structural shift in how financial crime risk is expected to be identified, moving from isolated transaction monitoring toward a more connected, network-based understanding of activity.

A key theme emerging from the FATF assessment is the need for institutions to better identify and understand these complex risk patterns, particularly where they span borders and involve interconnected networks of parties. This requires a shift from linear monitoring of individual transactions toward a more holistic view of customer behaviour and relationships. Singapore's landmark USD 3 billion dollar money laundering case stands a good example of the cross-border threats driving the now critical need for financial institutions to have effective network identification controls. Similarly, Singapore's Collaborative Sharing of Money Laundering/Terrorism Financing Information & Cases (COSMIC) initiative highlights the heightened expectation from regulators for banks to not only identify networks within their own environments, but also across the ecosystem.

In practice, this is driving greater adoption of advanced analytics, including network analysis and behavioural modelling, to detect patterns that would not be visible through conventional scenarios alone. Rather than assessing transactions in isolation, institutions are increasingly expected to connect the dots, linking customers, counterparties and flows across time and geography to identify potentially suspicious activity. This is particularly relevant in areas such as trade-based money laundering, the use of mule accounts, and the layering of funds through complex corporate structures.



However, as with earlier themes, technology in and of itself is not the end state. The challenge lies in integrating these capabilities into existing control frameworks in a way that enhances, not obscures, risk understanding. This includes ensuring that outputs are explainable, that alerts generated are actionable, and that insights derived from analytics are effectively translated into investigative and reporting decisions.

Importantly, this is not an entirely new direction for the market. Many institutions have already been exploring the use of advanced analytics, network detection and AI-driven monitoring, with some programmes well into design or implementation phases. The FATF assessment therefore serves to crystallise this direction of travel, reinforcing that capabilities once seen as enhancements are rapidly becoming baseline expectations. For firms on the cusp of investment decisions, the message is clear: delaying further risks not only falling short of evolving supervisory expectations, but also lagging behind peers who are already embedding these capabilities into their control frameworks. In an environment where effectiveness is the benchmark, “good” is no longer sufficient; institutions will increasingly be judged on their ability to proactively identify complex, cross-border risk using more sophisticated, data-driven approaches.

Responding to rising expectations: Priorities by sector

While the themes outlined above are broadly applicable across the market, their implications, and the actions required, vary by sector. What is clear, however, is that rising regulatory expectations are converging around a common set of priorities. At a minimum, institutions should be reassessing whether their frameworks not only meet regulatory requirements in form, but also deliver demonstrable outcomes in practice. Deloitte recommends that, at a minimum, institutions across the market prioritise the following areas in response.

Sector	Key challenge	Priority focus
Large / international financial institutions	Managing complexity and ensuring consistency across jurisdictions	• Enhance control effectiveness testing and evidence frameworks • Improve STR quality and escalation consistency across markets • Scale network analytics and cross-border monitoring capabilities • Strengthen group-wide visibility of risks and typologies • Source of wealth remediation exercises
Local / mid-sized banks	Balancing rising expectations with resource and legacy constraints	• Prioritise material risk areas and avoid overly broad uplift programmes • Introduce targeted automation and analytics to reduce manual burden • Strengthen Ultimate Beneficial Owner (UBO) and source of wealth corroboration approaches • Build clear, defensible control testing and documentation frameworksm
Fintechs and digital asset players	Scaling controls alongside growth and innovation	• Embed AML/CFT controls into product and customer lifecycle design • Leverage data and analytics as core control capabilities • Strengthen governance, escalation and reporting frameworks • Demonstrate control maturity to regulators and counterparties
Designated non financial businesses and professions (e.g. lawyers, accountants, corporate service providers)	Moving from policy awareness to effective implementation	• Develop practical, risk-based frameworks tailored to business models • Enhance understanding of beneficial ownership and source of wealth • Operationalise controls beyond policy documentation • Improve monitoring, documentation and escalation processes

Moving forward: A higher bar for AML/CFT in Singapore

Overall, the latest assessment by FATF represents a significant endorsement of Singapore's AML/CFT framework, and a reflection of the sustained efforts by both government and industry over the past decade. It is not a picture of a system under strain, but of one that is maturing and being recognised as a global benchmark. For most institutions, this should be reassuring; many already have robust frameworks in place and are actively investing in further enhancements. More importantly, it signals that the benchmark itself is evolving, raising the baseline against which institutions will be assessed going forward.



However, the more important takeaway lies in the shift in baseline expectations. The standard has moved decisively beyond compliance in form toward demonstrable effectiveness in practice. Deloitte believes the FATF assessment provides one of the clearest signals yet that capabilities previously viewed as strategic enhancements or longer-term investments, whether in analytics, control validation, or data capabilities, are rapidly becoming core requirements and baseline expectations. In this context, "good" is no longer sufficient; it is simply the starting point.

The pace of change is also unlikely to slow. As regulatory expectations continue to evolve, firms that act decisively now will be better positioned to keep pace, while those that delay risk falling behind both supervisory expectations and market peers. The window for incremental change is narrowing, and institutions should take the opportunity to accelerate programmes that strengthen the effectiveness and defensibility of their frameworks.

Finally, while Singapore's overall effectiveness is clear, FATF's observations on enforcement outcomes, particularly in relation to penalties, suggest that a firmer approach may emerge over time. Against this backdrop, firms should take a forward-looking view of their investment in AML/CFT capabilities, recognising that the cost of enhancement today may be outweighed by the potential impact of more assertive enforcement in the future.

Against a backdrop of rapidly evolving expectations, Deloitte is well positioned to assist financial institutions and DNFBPs in translating the FATF assessment into practical and proportionate action. From control effectiveness and source of wealth corroboration to analytics-enabled monitoring and programme enhancement, firms should take the opportunity now to strengthen and future-proof their AML/CFT frameworks ahead of increasing regulatory scrutiny.

Contact us

Graham Dawes
Forensic and Financial Crime Leader
Deloitte Southeast Asia
gdawes@deloitte.com

Kalyani Vasan
Forensic & Financial Crime Partner
Deloitte Southeast Asia
mvasan@deloitte.com

Jamie King
Forensic & Financial Crime Director
Deloitte Singapore
tking@deloitte.com

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