

Section IV

MONEY LAUNDERING RISK

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INTRODUCTION

With enactment of Money Laundering Prevention Act, 2002, there appears a new challenge before bankers to stop the process of legitimizing illegally-earned money through banking channels. Banks and financial institutions are vulnerable to use by the money launderers who are adept at concealment using innocent-looking schemes or taking advantage of the speed of digital transactions.

Apart from the severe criminal consequences that the law has for (witting or unwitting) complicity by the Bank and its personnel in money laundering, there are also the unquantifiable effects of reputation loss in the marketplace and with partner-institutions. To ensure that the banking system is untainted by this criminal activity, the Bangladesh Bank has mandated the adoption of these anti-money laundering policies and procedures. It should be noted that these policies and procedures are not to be construed as interpretations of the law.

1. Mission Statement and Objectives

Mission Statement

One of the largest nationalized commercial banks (NCB) in the country, Agrani Bank's employs an international network of banking partnerships to facilitate the conduct of international trade and commerce. As a good business citizen that values its reputation, the Bank will ensure that its operations remain untainted by the money laundering activities of criminal entities. It will achieve this goal through a knowledgeable branch workforce that employs up-to-date techniques for knowing its customers and reports suspicious activities on a timely basis to the Bangladesh Bank.

Operational and Performance Objectives

- *Customer Knowledge*

The Bank will employ newly-devised application procedures and forms that are designed to know the background and usual routines of customers' business activities as well as their personal circumstances. These will be retroactively applied to the Bank's existing base of customers and all prospective opening transactions so as to provide the baseline information which will be compared with future transaction behavior and thereby facilitate the identification of "suspicious" activity.

- *Control Structure & Reporting Procedures*

A discrete organizational unit has been established to handle the anti-money laundering aspects within the internal control function, with direct and simultaneous reporting lines to the Anti-Money Laundering Division of Bangladesh Bank and the Board's Internal Audit Committee. The organization will be staffed with officers who are trained to: recognize events and patterns that are associated with money laundering practices; and report these without reservation in the prescribed formats.

- *Risk Management*

The policies and procedures contained in these guidelines are intended to implement the Money Laundering Prevention Act effectively, by:

- a) increasing awareness by Bank staff of the importance of combating money laundering and cooperating in any investigative actions by regulators;
- b) preventing the opening of accounts by customers who cannot be adequately identified through prescribed documents, or who cannot explain the projected amount of their transactions through their business and personal circumstances;
- c) strengthening the control environment through pro-active activities, such as implementing audit trails, that will reveal any and all money laundering

activity, and determine whether or not any of the Bank staff might have omitted to follow the prescribed guidelines or, worse, had abetted the commission of criminal acts; and

- d) preventing the loss of the Bank's reputation or financial costs that may ensue from unreported money laundering within the Bank's areas of control

2. Definitions

- 2.1 The **U.S. Customs Service**, an arm of the Department of the Treasury provides a definition of money laundering as:

" The process whereby proceeds, reasonably believed to have been derived from criminal activity, are transported, transferred, transformed, converted or intermingled with legitimate funds for the purpose of concealing or disguising the true nature, source, disposition, movement or ownership of those proceeds; the goal of the money laundering process is to make funds derived from or associated with illicit activity appear legitimate."

- 2.2 The **EU** defines it as:

"The conversion or transfer of property, knowing that such property is derived from serious crime, for the purpose of concealing or disguising the illicit origin of the property and assisting any person who is involved in committing such an offence or offences to evade the legal consequences of his action, and the concealment or disguise of the true nature, source, location, disposition, movement, right with respect to, or ownership of property, knowing that such property is derived from serious crime."

- 2.3 A concise working definition was adopted by the **Interpol General Secretariat** assembly in 1955, which defines money laundering as;

"...any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources."

- 2.4 Finally, a definition of what constitutes the offence of money laundering under Bangladesh law is set out in section 2(two) of the **Money Laundering Prevention Act.2002 (Act No. 7 of 2002)** which reads as follows:

"Money Laundering means -

(Au) Properties acquired or earned directly or indirectly through illegal means,

(Aa) Illegal transfer, conversion, concealment of location or assistance in the above act of the properties acquired or earned directly or indirectly through legal or illegal means."

Since a good number of initiatives are being undertaken to combat money laundering by the different countries of the world, including Bangladesh, Agrani Bank for its part requires definite action plans to avoid the associated risks which are described as follows:

2.5 **Reputation Risk**

It is defined as potential to cause adverse publicity regarding bank's business practices and associations, whether accurate or not, that will cause a loss of confidence in integrity of the Bank. It poses a major threat to bank, since the nature of the bank's business requires maintaining confidence of depositors, creditors and the general market place.

2.6 Operations Risk

It is defined simply as the risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems or from external events.

2.7 Legal Risk

It is the possibility that lawsuits, adverse judgments or contracts that turn out to be unenforceable can disrupt or adversely affect the operations or condition of a bank. The bank may suffer fines, criminal liabilities and special penalties imposed by the regulators.

The above-listed risks are categorized as “unquantifiable risks” in that associated losses, both financial and non-financial, are difficult to anticipate before or immediately after they occur. The point is to ensure, for this reason, that the risks do not materialize at all and that the Bank must have contingency plans in place to mitigate any and all adverse consequences of the risks.

3. Money Laundering Operations

Following is a description of how money laundering is undertaken, in order to understand how it can be prevented operationally through various control mechanisms:

3.1 Stages of Money Laundering

Despite the variety of methods employed, the laundering is not a single act but a process accomplished in following three basic stages:

3.1.1 Placement

This refers to the methodology for the physical disposal of the proceeds derived from illegal activities.

3.1.2 Layering

Separating illicit proceeds from their source by creating complex layers of financial transactions designed to cover up or disguise the audit trail and provide anonymity.

3.1.3 Integration

This refers to the provision of apparent legitimacy to wealth derived criminally. If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that re-entry into the financial system appears as normal business funds.

3.2 Sources of Illegal Money

Following are the commonly known sources of illegal money:

- Drugs/narcotics
- Smuggling
- Terrorism
- Illegal Weapons Trafficking
- Forgery
- Fraud
- Bribery
- Corruption
- *Hundi* business
- Tax evasion, etc.

(Note: As of June 2005, the total volume of these illegal business activities – except for tax evasion – has been estimated at a total volume worldwide of US\$1.5-trillion.)

3.3 Why Money Laundering Must Be Combated

The reasons for combating money laundering are enumerated below:

- Money laundering has potentially devastating economic, security and social consequences. It provides the fuel for drug dealers, smugglers, terrorists, illegal arms dealers, corrupt public officials, and others to operate and expand their criminal enterprises.
- It diminishes government tax revenue and therefore indirectly harms honest taxpayers.

- It distorts asset and commodity prices and leads to misallocation of resources.
- It transfers economic power from the market, government and citizens to criminals.
- The social and political costs of laundered money are very serious, as laundered money may be used to corrupt national institutions and bribing may become institutionalized.
- Money flow is unfettered across borders, thereby violating the sovereign rights of countries.
- Money launderers use the money generated through *hundi* business. As a result, inward remittance is hampered and the country is deprived from earning foreign exchange.
- Finally, money laundering distorts import-export trade through under-invoicing and over-invoicing.

3.4 International Anti Money laundering Initiatives

- 1973 : Enactment of Bank Secrecy act (BSA), 1973 in the USA. This act was adopted for record keeping and reporting of big monetary transactions.
- 1986 : Enactment of Money Laundering control Act, 1986 in USA. This law was adopted to criminalize laundering of proceeds of criminal activity,
- 1988 : United Nations Vienna Convention against illicit traffic in Narcotic Drugs and Psychotropic Substances. The Vienna Convention laid the ground work for efforts to combat money laundering by creating an obligation for signatory countries including Bangladesh to criminalize the laundering of money.
- 1989 : The G-7 Summit took a great step forward in combating international money laundering with the creation of the Financial action Task Force (FATF). The FATF has set out 40 recommendations so far in combating money laundering with 8 further recommendations.
- 1990 : Council of Europe Convention was held .
 Different regional organizations were formed for combating money laundering.
 Financial intelligence Units (FIUs) were formed in many countries.

3.5 Bangladesh Initiatives

- 3.5.1 Enactment of Money Laundering Prevention Act 2002 (Ac No-7, 2002).
- 3.5.2 A high powered Central Task Force has been formed in Bangladesh Bank. This Task Force reviews big transactions and gives necessary directives. The deputy Governor of Bangladesh Bank is the Chairman of this Task force with the members of representatives from home, commerce, foreign affairs, law. Justice and Parliamentary affairs ministries, Police (Special Branch), Anti-Corruption Commission (Bank Branch) , National Revenue Board (Excise/Income Tax), Security Exchange Commission and MDs of NCBs including 10 nominated MDs from Private banks. Besides, seven regional task forces are formed in seven regional Offices of Bangladesh Bank.

3.5.3 The following 4 statements are to be sent in the Central task force of Bangladesh bank :

Statement 1 :

- Seized money and gold (equivalent to Tk. 10 lac and above) by DIG (Crime) of Police Head Quarters and National Revenue Board in every two months.

Statement 2 :

- Transaction above Tk. 1. Crore in 6 months in a particular account by Banks.

Statement 3 :

- Unusual/suspicious transaction reporting.

Statement 4 :

- Smuggled goods (equivalent to Tk.10 lac and above by DIG (Crime) and NBR.
- Conducting training programs regarding anti-money laundering.
- Different Circulars and instructions issued by Bangladesh Bank from time to time and ensure compliance therewith.

4. Requirements Under the Money Laundering Prevention Action, 2002

The term “money laundering” is defined in Sections 2(two) of the Act.

Responsibilities of banks and other Institutions engaged in financial activities are mentioned in different sections and sub-sections of the Act, as follows;

- Section 19 ka requires the establishment of the correct and complete identity of their customer. It also requires that transaction records are kept at least for 5 years after termination of relationship with the customers.
- Section 19 Kha of the Act requires institutions to provide customer identification and transaction records to Bangladesh Bank from time to time on demand.
- Section 19 Ga of the Act requires reporting suspicious transactions relating to money laundering offenses to Bangladesh Bank.
- Section 19(2) of the Act requires that information be preserved as fixed by Bangladesh Bank through publications by Circular or Gazette notification from time to time.
- Section 19(3) of the Act requires that Bangladesh Bank will inform the relevant authority giving permission or license of the failure to keep and provide information or negligence committed by Banks, financial and other Institutions engaged in financial activities, so that the authority can take appropriate action.
- Section 19(4) of the Act requires that the banks, financial institutions and other institutions engaged in financial activities that are found to be responsible for failure to keep and provide information, or are negligent, are subject to imposed penalties of maximum of BDT one lac, but not less than BDT ten thousand.

4.1 The Offences of Money Laundering

Offences mentioned in different sections and sub-sections of the Act are as follows:

- Properties acquired or earned directly or indirectly through illegal means and illegal transfer, conversion, concealment of location or assistance in the above act of the properties acquired or earned directly or indirectly through legal or illegal means (*Section 2*).
- Violation of the Seizure Order of the property by the Court (*Section 10*).
- Violation of Freezing Order of the Property by the Court (*Section 11*).
- Tipping off (*Section 16*).
- Obstructing investigation (*Section 17*).

4.2 Penalties for Money Laundering

Following are the penalties mentioned in different sections and sub-sections of the Act;

- A minimum imprisonment for six months and a maximum of up to seven years, plus a fine equivalent to double the money laundered (*Section 13*).

- A maximum imprisonment for one year or a maximum fine of Taka ten thousand, or both, for violation of Seizure Order (*Section 14*).
- A maximum imprisonment for one year or a maximum of Taka five thousand or both for violation of Freezing Order (*Section 15*).
- A maximum imprisonment of one year or a maximum fine of Taka ten thousand, or both, for tipping off (*Section 16*).
- A maximum imprisonment of one year or a maximum fine of Taka ten thousand, or both, for obstruction of investigation (*Section 17*).

4.3 Responsibilities of Bangladesh Bank

Following are the responsibilities as laid down in the Act;

- Investigate all money laundering offences.
- Supervise and monitor the activities of banks, financial institutions and other institutions engaged in financial activities.
- Call for reports relating to money laundering from banks, financial institutions and other institutions engaged in financial activities.
- Analyze such reports and take appropriate action.
- Provide training to the employee of banks, financial institutions and other institutions engaged in financial activities.
- Perform all other acts in attaining the objectives of the Act.

5. Principal Guidelines

The following policy guidelines shall be maintained and updated with any amendments made in the Money Laundering Prevention Act, 2000, as well as new/changed guidelines of the Bangladesh Bank.

The bank shall continuously communicate clearly with all employees, through a circular from Chief Executive Officer, the Bank's policies and procedures against money laundering. The Anti-Money Laundering Unit shall be entrusted with the responsibility to issue such circular on annual basis. Besides, all other necessary circulars and guidelines relating to anti money laundering shall be provided by the Unit from time to time.

- The executives and Officers at every time shall have specific job description within Organisational structure relating to their responsibility in anti money laundering compliance.
- The branches shall comply with the norms and procedures in opening accounts of the customers and collect accurate and complete information and keep records properly.
- The branches shall prepare KYC profile for new and already opened accounts and keep and follow the profile in maintaining accounts.
- The branches shall collect probable Transaction Profile from the customers in each account as per prescribed format.
- The branches / Offices shall send a report relating to suspicious transaction following organizational structure as per prescribed format.
- The branches shall preserve records of transactions of the customer as per guidelines.
- All the concerned employees of the bank shall be imparted training on anti money laundering.
- The Zonal Offices shall submit a compliance report to Branches Control Division, Head Office (Central Compliance Unit) annually depending on effectiveness of anti money laundering measures taken by the branches.
- The Branches Control Division shall inspect the branches and monitor the adequacy and effectiveness of the anti money laundering programs. MD's Squad and Audit Inspection Division shall also take the similar steps as per management instructions.
- Anti Money Laundering Unit of Head Office shall establish an annual self assessment process that will assess how effectively the bank's anti money laundering procedures are complied with. The AML unit shall prepare a report and submit to the management for review.
- The branches shall maintain all out precautionary measures so that they are allowed to be used by the Money Launderers, failing which the concerned persons shall be responsible.

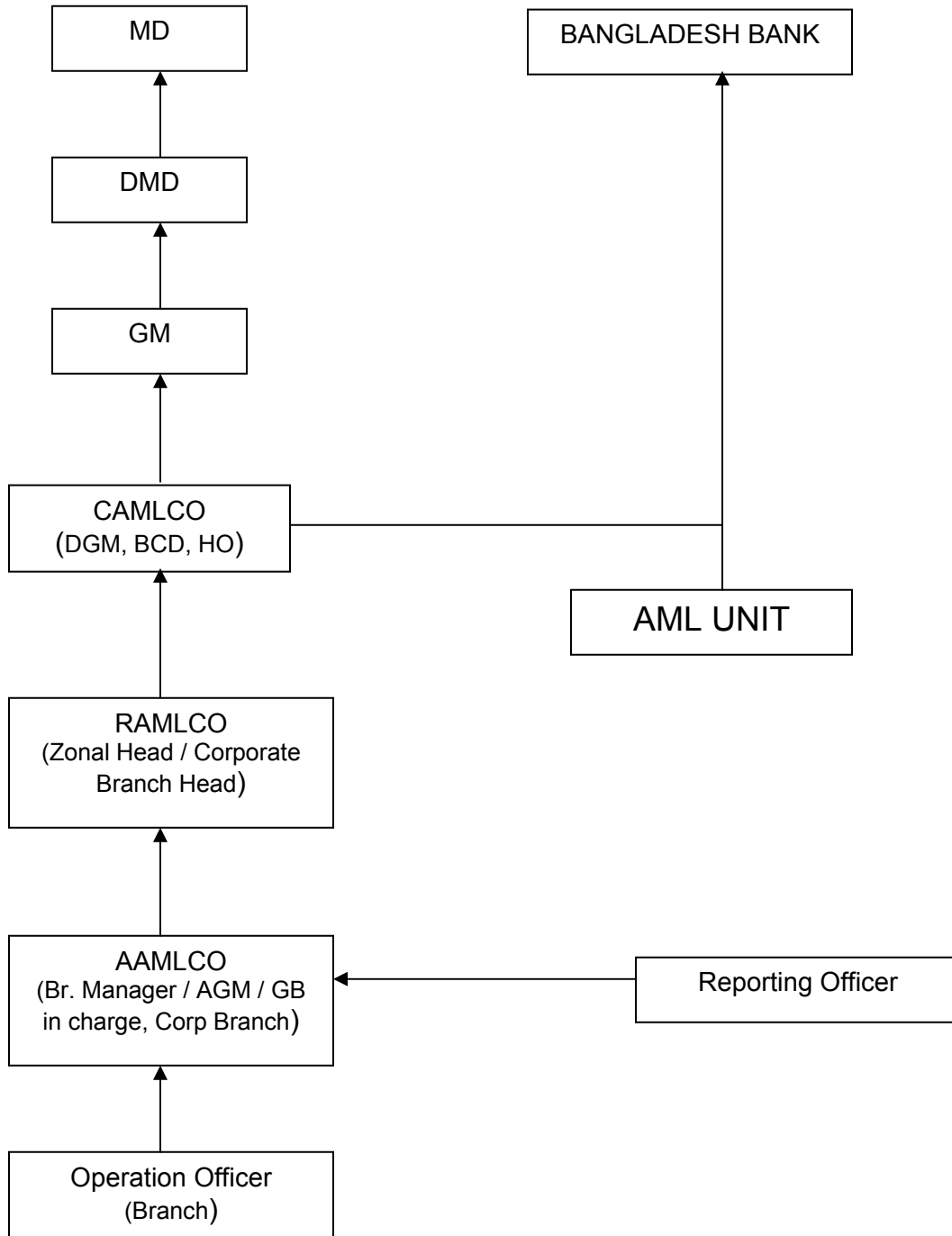
6. ORGANIZATIONAL STRUCTURE

6.1 The role of the following individuals shall be considered as vital in the effectiveness of AML program.

- Account Opening Officer
- Officers in desks of General Banking / Bills / Remittances / Credit / Foreign Exchange etc.
- Branch Managers / Branch Heads
- Zonal Heads
- Heads of concerned Divisions of Head Office.
- Senior Management
- Chief Executives Officer

Agrani Bank shall maintain an organizational structure for effective compliance of anti money laundering activities as shown in the next page.

**ORGANISATIONAL STRUCTURE
(Reporting Lines)**



6.2 Designation of Anti Money Laundering Compliance Officer

The Officer shall be involved with the compliance of anti money laundering in different activity center shall be designated as follows:

Head Office Level

The bank shall designate the Divisional Head (DGM) of Branches Control Division as Chief Anti Money Laundering Compliance Officer (CAMLCO) at its Head Office. He will have sufficient authority to implement and enforce corporate wide anti money laundering policies, procedures and measures along with investigation of suspicious transaction. The CAMLCO shall be central point for communicating with the regulatory bodies. An AML Unit shall function in Branches Control Division (BCD) which is termed as the Central Compliance Unit. The manpower of this Unit shall be fixed internally by the management on the basis of requisition of BCD.

Zonal Level

The Zonal Heads/Corporate Branch Heads shall be designated as " Regional Anti Money Laundering Compliance Office (RAMLCO)".

Branch Level

Branch Manager/AGM/In-charge, GB of Corporate Branch, shall be designated as " Anti Money Laundering Compliance Office (AMLCO)".

The Operation Office/Staff of the branch shall be responsible for identification and reporting of suspicious transactions as " Reporting Office."

6.3 Responsibilities of AML Unit

- Monitor, review and Co-ordinate application and enforcement of Bank's compliance policies. This includes an AML risk assessment, practices, procedures and control of account opening. Kyc Procedures, ongoing account/traction monitoring for detecting suspicious transactions and a written AML training Plan.
- Monitor changes of laws /regulations and directives of Bangladesh bank that may require revisions to the Policy and making these revisions.
- Respond to compliance questions and concerns of the staff and advise zones/branches and assist in providing solutions to potential issues involving compliance and money launder risks.
- Ensure the bank's AML Policy is complete and up-to-date, maintains Onngoing awareness of new and changing business activities.
- Develop and maintain ongoing relationships with regulatory authorities, external and internal auditors, Zonal and Branch Heads to assist in early identification of compliance issues.

- Assist in review of control procedures in the bank to ensure legal and regulatory compliance and in the development of adequate and sufficient testing procedures to prevent and detect compliance lapses.
- Monitor the bank's self-testing for AML compliance and any corrective action.
- Manage Suspicious Activity Reporting Process through:
 - *Reviewing transactions referred by Zone/Branch.*
 - *Reviewing Transactional Monitoring Reports.*
 - *Ensuring appropriate preparation of internal Suspicious Activity Reports (SARs).*
 - *Ensuring SARs are accompanied by documentation of branches decision.*
 - *Reviewing and follow-up process to ensure that planned corrective action including possible termination of an account, be taken in a timely manner.*
 - *Managing the process for reporting suspicious transaction to Bangladesh Bank after appropriate internal consultation.*

Responsibilities of Officer / Staff relating to Anti Money Laundering Compliance activities shall be laid down as follows.

Job Title	Role / Responsibilities
Account Opening Officer	<ul style="list-style-type: none"> • Performs due diligence on prospective clients prior to opening an account. • Be sure regarding identification of the account holder • Ensures that all the papers have been obtained • Obtain transaction profile at the time of opening an account. • Prepares KYC Profile.
Desk Officers, GB / Bills / Remittances / Credit / Foreign Exchange	<ul style="list-style-type: none"> • Obtain documentary evidences for big deposit / transaction. • Monitor KYC Profile and transaction profile. • Report suspicious transaction to branch managers / Supervisor.
Branch Manager / AGM / Manager of GB, Corporate Branch (AMLCO)	<ul style="list-style-type: none"> • Ensure that anti money laundering procedures are complied with effectively. • Be first point of contact for any AML issues.
Zonal Head / Corporate Branch Head (RAMLCO)	<ul style="list-style-type: none"> • Ensure that anti money laundering procedures are complied effectively in all branches / sections under jurisdiction.
Divisional Head of BCD (CAMLCO)	<ul style="list-style-type: none"> • Implements and enforces bank's anti money laundering policies. • Reports suspicious transactions to Bangladesh Bank on behalf of Agrani Bank. • Gives directives to the branch / zone for required action.
Senior Management	<ul style="list-style-type: none"> • Formulation of bank's anti money laundering policies and procedures and monitoring for implementation.
Chief Executive Officer	<ul style="list-style-type: none"> • Overall responsibility to ensure that bank has an AML program in place and that it is working effectively.

7 PROCEDURES AND PROCESSES

7.1 Know your Customer (KYC) Procedure :

The branches shall maintain KYC profile for recognition of customer properly and identification of risk customers under set procedures. (See Appendix 1: KYC Profile).

7.2 The following are indicative of the **required information** for the establishment of customer identification:

7.2.1 Account Holders

7.2.1a Individual account

- ✓ Name
- ✓ Father's/Mother's/Husband's name.
- ✓ Present and Permanent address
- ✓ Date of birth,
- ✓ Age
- ✓ Nationality
- ✓ TIN Number(if any)
- ✓ Passport or identity Card by employer/Ward Commissioner/Chairman, Union *Parishad* or certificate of identification given by a valued person acceptable to bank.
- ✓ Photographs (**compulsory**).

7.2.1b Corporate or Business enterprise Account

Sole Proprietary Firm

Trade License and the relevant information as mentioned under individual account above regarding operator of the account.

Partnership Firm

Partnership deed, trade license and the relevant in formations as mentioned under individual account above for identification of the partners.

Limited Company

- Certificate of Incorporation
- Certificate of Commencement of Business (for Public Limited Co.)
- Memorandum of association
- Articles of association
- Resolution of the meeting of the Board of Directors
- Declaration and consent of Directors, and
- The relevant information as mentioned under individual account above regarding account operators.

7.2.1c Others

Club/society

Particulars of Office bearers, bye-laws or constitution, government approval letter (if registered)

Co-operative Society

Attested bye-laws by Co-operative Officer, particulars of Office bearers, resolution for opening account, Certificate of Registration, etc.

Private School, College, Madrassa

Complete identification of the members of Governing/Managing Committee, resolution for opening account etc.

Trustee Board

Certified copy of Trust Deed, complete identification of the members of Trustee Board, resolution for opening account, etc.

Other Customers except account Holders

The full identification including name and address of walk-in-customers shall be obtained by the branches in case of extending banking service like remittance etc.

For the purpose of complete and correct identification additional relevant information shall be obtained and preserved.

7.3 Transaction Monitoring Procedure

The branches shall obtain, Transaction Profile at the time of Opening account from the customer and preserve and monitor it. (**See Appendix 2: Transaction Profile**).

7.4 Detection of Unusual /Suspicious Transactions

The Bank's designated personnel should be trained to recognize/detect suspicious circumstances that warrant attention under the Act. Suspicion should be aroused when, for example, the Bank obtains no reasonable explanation for the transaction at hand from the customer or when the circumstances are inconsistent with the transaction profile declared by the customer earlier.

Some aspects/characteristics for detecting suspicious cases are discussed below:

7.4.1 Money laundering through cash

- Generally, transactions are made through cheques/draft, but sudden huge cash deposit occurs.
- Cash deposits for some period and a sudden withdrawal.
- Cash deposit through pay-in-slip of small amounts and ultimately the balance becomes high.

7.4.2 Money Launder through Bank Account

- The customer maintains many accounts and accumulation of the balances is high.
- The customer uses a bogus address or a Post Office Box address.
- The customer lives in a place, but opens accounts in different places.
- The customer opens a number of accounts in different branches of different banks in the same place, and then accumulates all the money in a single account for transfer of the entire balance elsewhere.

- Frequent transfers to / from the same locations.
- A huge amount is deposited through collection through a dormant account and withdrawn.
- Foreign remittance is deposited in the account and withdrawn.

7.4.3 Money Laundering through Loan account

- The customer repays all the outstanding balance of a problem loan account unexpectedly and without an explained source of funds
- The customer applies for loan against third-party collateral security, the source of which is unknown and inconsistent with the customer's position.

7.4.4 Miscellaneous

- A large volume of transactions inconsistent with known source of income or wealth of a customer
- High activity and low balances
- Insensitivity to transaction charges
- Changes in account activity patterns or inconsistency with account activity history
- Refusal to provide identification or other information
- Attempts to evade record-keeping requirements
- Walk -in customer or account brought in by intermediary Party.
- Suspicious looking documents, etc.

7.5 Suspicious Transactions Reporting Procedure

The suspicious transactions detected by the branch shall be reported in the prescribed format (Appendix 4) immediately. The reporting line shall be as follows:

- 7.5.1 The reporting Officer (Staff shall report regarding a suspicious transaction to the AMLCO (Branch Manager /AGM or Manager, GB of Corporate Branch).
- 7.5.2 AMLCO shall The verify The genuineness of the report and being satisfied, he shall report to the Zonal Head / Corporate Branch Head (RAML CO).
- 7.5.3 RAMLCO shall verify the genuineness of the report and in turn, he shall report to CAMLCO (DGM,BCD).
- 7.5.4 CAMLCO shall be responsible and authorised person for reporting to Bangladesh Bank. He must be informed of the report pros and cons and verify the genuineness of the report before sending it to Bangladesh Bank.
- 7.5.5 This reporting line shall be as possible as, quick and concise. All precautionary measures shall be taken, so that the report must not be disclosed.
- 7.5.6 All reports regarding suspicious transaction or any transaction under investigation shall be documented in a register to be maintained in the branch, Zonal Office and AML Unit of BCD in Head Office.

Records of suspicious, which were raised internally with the CAMLCO, but not disclosed to Bangladesh Bank, shall be retained for five years from the date of

the transaction. Records of suspicious which Bangladesh Bank has advised are of no interest shall be retained for the similar period. Records of suspicious that assist with investigations shall be retained until the bank is informed by Bangladesh Bank that they are no longer needed.

The complete and correct records of customer identification and transaction shall be retained for at least five years after termination of relationships with the customer as per Section 19(Ka) of the Act. The records prepared and maintained must include:

- Requirements of legislation and directives of Bangladesh Bank are fully met,
- Any customer can be properly identified and located.
- All suspicious records received internally and those made to Bangladesh Bank can be identified.
- The bank can satisfy within a reasonable time any enquires or court orders from the appropriate authorities as to disclosure of information,

Records relating to transactions shall include:

- Nature of transaction.
- Instruction of the customer.
- Source and volume of funds.
- Date of transaction.
- Book entries
- Destination of fund
- Custody of documentation
- The form (i.e. cash, cheques, etc.) in which funds are offered and period out.

7.6 Training

The Act emphasizes the importance of training for all the employees for combating money laundering. The training records shall be maintained as follows as evidence of compliance:

- Training materials
- Names of the employees who have received training
- Date on which the training was delivered
- Training evaluation
- An ongoing training Plan.

Besides, the required records shall be maintained as per directives of Bangladesh Bank from time to time.

7.6.1 Training Guidelines:

- All the employees of the Bank shall be imparted training on money laundering prevention for awareness.
- Agrani Bank Training Institute (ABTI) shall arrange training, workshop on money laundering prevention in phases every year.
- ABTI shall incorporate at least one session on money laundering prevention in all training programs conducted for the period of one week or more.

- ABTI shall conduct outreach training, workshops on money laundering prevention in different areas of the country.
- The Zonal Offices/Corporate Branches shall arrange training, workshops on money laundering prevention locally for their employees.
- The branch managers shall arrange on-the-job training programs on money laundering prevention for the branch personnel time to time. The Zonal Head or his representative may attend such programs.

8. MISCELLANEOUS

8.1 Self assessment Process

The bank shall establish an annual self-assessment process that will assess how effectively the bank's anti-money laundering procedures enable management to identify areas of risk or to assess the need for additional control mechanism. The AML Unit of Head shall prepare a report which shall provide conclusions to the followings:

- Whether anti-money laundering procedures are in place.
- Whether anti-money laundering procedures are being adhered to,
- Whether anti-money laundering procedures comply with all policies, controls and statutory requirements.

8.2 System of Independent Procedures Testing:

Testing shall be conducted at least annually by the bank's internal audit personnel, Internal Control team formed by Branches Control Division. The MD's Squad may also investigate into the matter relating to money laundering. Besides, Zonal Offices/Corporate branches shall review and submit an annual report on anti-money laundering program carried on by the branches. This review shall include:

- Interviews with the employees handling transactions and interviews with their supervisors, to determine their knowledge and compliance with the bank's anti money laundering procedures.
- A sampling of large transactions followed by a review of transaction record retention forms and suspicious transaction referral forms.
- A test of validity and reasonableness of any exemptions granted by the bank,
- A test of the record keeping system according to the provisions of the Act.

8.3 Verification Points for the Auditors

Following points should be considered by the auditors while verifying the suspicious transactions.

- Whether the Account Opening Form (AOF) has been filled in properly;
- Whether all the information and papers relating to customer identification has been taken at the time of opening account;

- Whether Thanks Letters have been sent to account holder and introducer / acknowledgement receipt has been retained / inspection has been taken place physically;
- Whether the credit report has been taken from other branch in which identification of the customer has given;
- Whether The Transaction Profile has been taken and the transactions are reviewed on the basis of Transaction Profile;
- Whether the special care is taken to the risk customers/accounts as per KYC Profile;
- Whether the suspicious transactions are reported;
- Whether the reports are investigated, sent and retained properly;
- Whether all the employees of the branch have been imparted training on anti-money laundering;
- Whether the employees are informed of the latest circular, instructions etc. on money laundering;
- Whether The training records of anti money laundering workshop are maintained properly;
- Whether the anti money laundering compliance is made properly; and
- Whether the walk-in-customer's identification is maintained properly.

KYC PROFILE FORM

1	Title of the Account	:	
2	Nature of Account	:	
3	Name and identification of the operator of the account	:	
4	Name of the introducer and A/C. No.	:	
5	Name of the Officer opening Account	:	
6	Source of Fund	:	
7	Nature of Business	:	

8.1 Customer Risk

Category	Risk Level	Rating
Jewellery/Antique/Real Estate business	High	5
Money Exchanger/Off-shore Corporation / Construction promoters	High	5
Restaurant / Bar Casino / Night Club Owners	High	5
Import / Export Agency	High	5
Share / Export Broker	High	5
Finance Company	High	5
Enjoying Banking (Loan) facilities at different location	High	5
Cash related Business (Cash deposit > 25 lac in a month)	High	5
Traders with a turnover of more than 1 crore per annum	High	5
Travel Agency	High	
Transport operator	Medium	3
Auto Dealer (New / Reconditioned)	Medium	3
Shop owner / self employed Professionals / Small Traders	Low	2
Manufacturer (other than arms) / Software business	Low	1
Service / Retired Persons	Low	0

8.2 Transaction Risk (Quarterly Data)

Current A/c		Savings A/c		Risk Level	Rating
Amount in Lac	Number	Amount in Lac	Number		
0-30	0-300	0-15	0-60	Low	0
31-150	301-750	16-60	61-150	Medium	1
>150	>750	>60	>150	High	3

8.3 Risk Assessment

Risk		Risk Rating
a.	Customer Risk (8.1)	
b.	Transaction Risk (8.2)	
Total		

8.4 Over all Assessment

Risk Rating	Risk Level
≥ 7	High
< 7	Low

Comments:

.....
Officer Opening Account

Comments and Approval:

.....
Manager

TRANSACTION PROFILE FORM

Agrani Bank

..... Branch

.....

Title of Account :

A/c No. (CD/SB/STD) :

Probable Transaction Profile

Type of Transactions	Maximum Amount per transaction	No. of transaction (Quarterly)	Volume of transaction (Quarterly)
CREDIT :			
Cash Deposit			
Cheques Deposit			
Foreign Remittance (Inward)			
Inland Remittance (Inward)			
Foreign bills Collection			
Others			
DEBIT :			
Cash Withdrawal			
Cheque Delivey			
Foreign Remittance (Outward)			
Inland Remittance (Outward)			
Others			
OTHERS :			
DD/MT/TT Purchase			
Others			

I / We, the undersigned, hereby confirm that this transaction profile truly represents the transactions arising out of the normal course of business of our organization. I / We, also confirm to revise our Transaction Profile, if necessary time to time.

.....

Signature (s) of Customer (s)

Date :

SUSPICIOUS TRANSACTION REPORTING FORM(Strictly Confidential)

Agrani Bank

..... Branch

.....

Title of Account :

A/c No. (CD/SB/STD) :

1	Name Of Reporting Officer and Designation Name Designation	:	
2	Identification of the Account of Suspicious Transactions Title of A/c A/C No. Nature of A/C. Name A/c Holder Present Address Permanent Address Date of Opening of A/C Name Of Introducer Introducer's Address Introducer's A/c No.	:	
3	Particular of Suspicious Transactions Amount Date (s) of Transactions Nature of transaction	:	
4	Reasons of considering the transaction as suspicious	:	
5	Other information	:	

.....
Signature of Reporting Officer

Time :

Date :

(To be completed by AMLCO)

Reference No.

Date :

I have investigated and analyzed the reported suspicious transaction and found the event under jurisdiction of money laundering in primary stage and is liable for reporting.

.....
Signature of AMLCO
Date :

(To be completed by Zonal Head / Corporate Branch Head)

Reference No.

Date :

I have perused and analyzed the reported suspicious transaction and found the event under jurisdiction of money laundering and is liable for reporting to Central Compliance Unit.

.....
Signature of RAMLCO
Date :

(To be completed by Central Compliance Unit)

Reference No.

Date :

I have perused and analyzed the reported suspicious transaction and found the event under jurisdiction of money laundering and is liable for reporting to Bangladesh Bank.

.....
Signature of CAMLCO
Date :
Phone & Fax No.

KYC Implementation Plan for Existing Accounts

Classification of A/cs based on existing Balance	% of existing A/cs	Completion time
Tk. 1,00,001 and above	100%	July'05 to December' 05
Tk. 50,001 to Tk. 1,00,000	100%	January'06 to June ' 06
Tk. 25,001 to Tk. 50,000	100%	July'06 to December ' 06
Upto Tk. 25,000	Minimum 16.50%	January'07 to June ' 07
Upto Tk. 25,000	Minimum 16.50%	July'07 to December' 07
Upto Tk. 25,000	Minimum 16.50%	January'08 to June ' 08
Upto Tk. 25,000	Minimum 16.50%	July'08 to December' 08
Upto Tk. 25,000	Minimum 16.50%	January'09 to June ' 09
Upto Tk. 25,000	Minimum 16.50%	July'09 to December' 09