

## **Anti-Money Laundering Measures and Business Ethics**

### **❖ Syllabus**

#### **1. Definitions**

- Money Laundering
- Terrorism Financing
- Relationship with other crimes and world economy

#### **2. Money Laundering**

##### a) Methodology

- Placement
- Layering
- Integration
- Issuance of Cheque

##### b) Sources and Techniques - Crimes and Civil wrongs

- Nature of crimes

Corruption, Drug Trafficking, Ransom, Counterfeiting, Copy Rights violations, Arms Smuggling, Stock Exchange Frauds Learning from 79 Federal Violations in USA.

- Nature of Civil Wrongs

Structured Insurance Policies, Letter of Credit, Abuse of Credit Cards, Structured Loans, Under or Over Invoicing, Transit Trade, Free Zone Concessions, Correspondent Banking, Negotiable instruments, Telegraphic Transfers, Off shore transactions.

- Formal Institutions

Off shore or shell Banks, Insurance and Investments Companies, Bureau De Change, Pension Funds, Shell Corporations, Venture Capital, Casinos, Travel Agencies, Real Estate Agents.

- Informal Institutions

Cash Business and Transactions, Hundi, Hawala, Fin Chin, Peso Exchange System, Antique Dealers, Precious Commodities dealers. Lotteries.

#### **3. How the banks are abused?**

- Review of the accounts with case Studies
- Review of the customers with case studies
- Review of the transactions with case studies
- Case studies of BCCI, Bank of America etc.
- Walking Accounts and Numbered Accounts

#### **4. International Initiatives and relevance with KYC**

##### a) Initiatives

- Concepts and Objectives
- Bank of International Settlement and Basel Committee
- UN Convention on Financing of Terrorism 1999
- UN Convention on Narcotic Drugs 1988
- OECD Conventions on Corruption and Bribery 1997
- UN Convention Against Transnational Organized Crimes 2000
- Financial Action Task Force's Recommendations (1990 and 2001) 40 + 8

##### b) Implications

- National and International Implications
- Initiatives by national agencies like State Bank, SECP and National Accountability Bureau
- Identification, Monitoring, Training, Auditing and Anti-Money Laundering Units
- Reporting to AML units and to Authorities
- Global co-operation and KYC

#### **5. How to exercise KYC in Pakistan?**

- Procedure laid down by Financial Action Task Force
- Procedure laid down by State Bank
- Recommended steps
- Step One: Policy
- Step Two: Identification and Record Keeping
- Step Three: Monitoring
- Step Four: Reporting
- Evaluation of: Customer related risks, Transaction related risks, Jurisdiction related risks
- Role of AML units and Compliance Officers

#### **6. Business Ethics**

##### a) Ethics and approaches in Ethics

##### b) Ethical Power: Purpose, Perspectives, Patience, Persistence, Pride

##### c) Work Ethics

- Mission and Goal related
- Work related
- Style related
- Belief related

##### d) Building Ethical Organization

- Organizational Tools to Cultivate ethics
- Ethical Decision making

##### e) Factors responsible for Ethical & moral erosion

##### f) Promoting ethics at work place