

POLICY AND GUIDELINES FOR
MONEY LAUNDERING AND TERRORIST
FINANCING RISK MANAGEMENT

(September, 2019 Revision, Version - 6)

Published by



Money Laundering & Terrorist Financing Prevention Division
Islami Bank Bangladesh Limited
(Based on Islamic Shari'ah)

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Islami Bank Bangladesh Limited.

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Sixth Edition : September 2019

PREAMBLE

An efficient and stable banking system is the prerequisite for overall development of the country. To maintain stability and integrity of international financial system, Financial Action Task Force (FATF), an inter-governmental body, established by G-7 in 1989, has set 40 recommendations for preventing money laundering and terrorist financing.

To oversee the implementation of these recommendations in Asia Pacific region, the Asia/Pacific Group on Money Laundering (APG), FATF-style regional body, was founded in 1997, of which Bangladesh is a founding member. FATF has further extended its mandate to include proliferation of financing and accumulated all 40+9 recommendations into 40 recommendations in February 2012.

In line with the international initiatives and standards, Bangladesh has also enacted Money Laundering Prevention Act (MLPA), 2012 (Amendment- 2015) and Anti Terrorism Act (ATA), 2009 (as amended in 2012 & 2013). The new acts address all the deficiencies identified in the Mutual Evaluation of Bangladesh conducted by APG to determine the extent of its compliance with the global standard. Both the Acts have empowered Bangladesh Financial Intelligence Unit (BFIU) to perform the anchor role in combating ML & TF through issuing guidance and directives for reporting agencies including Commercial Banks, as defined in section 2(g) of MLPA, 2012 (Amendment-2015). Mentionable that APG conducted 3rd round mutual evaluation of Bangladesh in 2016.

Later on, Bangladesh Financial Intelligence Unit (BFIU) issued BFIU Master Circular 10 dated 28.12.2014, circulated Money Laundering Prevention Rules-2013 & Anti Terrorism Rules-2013 vide BFIU Circular Letter No. 03/2015, dated 09.04.2015, *Money Laundering & Terrorist Financing Risk Management Guidelines* vide BFIU Circular Letter No. 05/2015 dated 10.09.2015 through which necessary directions/instructions/guidelines for effective prevention of Money Laundering & Terrorist Financing in the banking sector were provided. BFIU issued Circular No. 19 on 17.09.2017 discontinuing Circular No. 10 dated 28.12.2014 and compiling all necessary guidelines for the AML & CFT Programs for the Banks & Non Banks Financial Institutions (NBFI). Besides, BFIU issued Circular No. 1: Money Laundering Prevention Rule-2019, Circular No. 21: Amendment of BFIU Circular No. 19 issued on 17.09.2017, Circular No. 22: Sharing of information among the Financial Institutions, Circular No. 23: Issuance of instructions for Group's Financial Institutions including Foreign Branches and subsidiaries for AML & CFT Compliance and lastly, BFIU issued Guidance Notes for Prevention of Terrorist Financing and Financing of Proliferation of weapons of mass destruction.

In line with the above Guidelines, there has been a tremendous need to review the existing Policy and Guidelines for Money Laundering and Terrorist Financing Risk Management (*November, 2017*). Accordingly, **the Policy and Guidelines for Money Laundering and Terrorist Financing Risk Management (September, 2019 Revision)** of Islami Bank Bangladesh Limited (IBBL) has been prepared incorporating all the relevant instructions/information contained in the aforesaid regulatory documents on getting due approval from the august Board of Directors in its 281st Meeting held on 12.09.2019 which shall be considered as a part of this Policy.

The purpose of this Policy and Guidelines for Money Laundering and Terrorist Financing Risk Management (*September, 2019 Revision*) of Islami Bank Bangladesh Limited (IBBL) is to express the bank's strong commitment to comply with the law of the land, streamline the Anti Money Laundering and Terrorist Financing systems & procedures, define the duties & responsibilities of the officials at different levels of Management, ensure effective compliance so as to keep both IBBL and the country safe from Money Laundering and Terrorist Financing risks.

This Policy and Guidelines for Money Laundering and Terrorist Financing Risk Management (*September, 2019 Revision*) of IBBL shall be applicable to its all Wings, Divisions, Departments at Head Office, Zonal Offices, Branches and entire workforces shall require to abide by the same compulsorily which shall be reviewed at least once in a year on getting due approval from the Board of Directors of the Bank.

TABLE OF CONTENTS

SL. No.	Particulars	Page No.
	AML & CFT Policy Statement	1
1	CHAPTER-I: Introduction	2-4
1.1	Preamble	2
1.2	Scope of Application	2
1.3	Objectives of the Guideline	2
1.4	Definition of Money Laundering	3
1.5	Stages of Money Laundering	3
1.6	Definition of Terrorist Financing	3
1.7	The Link Between Money Laundering and Terrorist Financing	4
2	International, National & IBBL Initiatives on AML & CFT	5-10
(A)	International Initiatives	5
(B)	National Initiatives	8
(C)	IBBL Initiatives	9
3	CHAPTER-3: COMPLIANCE PROGRAM	10-15
3.1	Components of AML & CFT Compliance Program	11
3.2	Development of AML & CFT Compliance Program	11
3.3	Senior Management Role	11
3.4	Policies and Procedures	13
3.5	Customer Acceptance Policy	14
3.6	Customer Rejection Policy	15
3.7	Standard Operating Procedures (SOPs)	15
3.8	Onsite and Offsite Supervision	15
4	CHAPTER- 4: Compliance Structure	16-23
4.1	Central Compliance Committee	16
4.2	Chief Anti-money Laundering Compliance Officer (CAMLCO)	17
4.3	Zonal Anti Money Laundering Compliance Officer (ZAMLCO)	18
4.4	Branch Anti Money Laundering Compliance Officer (BAMLCO)	19
4.5	Internal Control and Compliance	20
4.6	External Auditor	21
4.7	Fixing up the responsibilities	21
4.8	Organization chart for the purpose of AML & CFT	23
05	CHAPTER – 5: CUSTOMER DUE DILIGENCE	24-42
5.1	General Rule for CDD	24
5.2	Timing of CDD	26
5.3	Transaction Monitoring	26

SL. No.	Particulars	Page No.
5.4	In case where conducting the CDD measure is not possible	27
5.5	Central Customer on-boarding	28
5.6	Screening System of IBBL	28
5.7	Exception when opening a bank account	28
5.8	Customer Identification	28
5.9	Verification of Source of Funds	29
5.10	Verification of Address	29
5.11	Walk-in/ One off Customers	29
5.12	Non Face to Face Customers	29
5.13	Customer Unique Identification Code	30
5.14	Correspondent Banking	26
5.15	Agent Banking	31
5.16	Politically Exposed Persons (PEPs), Influential Persons and Chief Executives or Top Level Officials of any International Organization	31
5.17	Wire Transfer	34
5.18	CDD for Beneficial Owners	36
5.19	Reliance on Third Party	37
5.20	Management of Legacy Accounts	37
5.21	Individual Customers	37
5.22	Appropriateness of documents	38
5.23	Joint Accounts	38
5.24	Change in address or other details	38
4.25	Introducer	38
5.26	Minor	39
5.27	Corporate Bodies and Other Entities	39
5.28	Companies Registered Abroad	40
5.29	Partnerships and Unincorporated Businesses	40
5.30	Powers of Attorney/Mandates to Operate Accounts	41
5.31	Internet, Online Banking and adoption of new technology	41
5.32	Know-your-Employees (KYE)	41
5.33	CDD for CSR Beneficiary	42
5.34	Third Party (ies)	42
06	CHAPTER –6: CUSTOMER ACCEPTANCE POLICY	43-55
6.1	Who is a Customer?	43
6.2	Know Your Customer (KYC) Program	44

SL. No.	Particulars	Page No.
6.3	Know Your Customer (KYC) Procedure	44
6.4	Salient features of Customer Acceptance Policy (CAP)	45
6.5	KYC Documentation	55
6.6	KYC Exception	55
07	CHAPTER – 7: CUSTOMER REJECTION POLICY	56-57
08	CHAPTER- 8: TRANSACTION MONITORING	58-64
09	CHAPTER – 9: TRADE BASED MONEY LAUNDERING (TBML)	65-69
9.1	How Trade Based Money Laundering (TBML) can be done	65
9.2	Tools use for Trade Based Money Laundering (TBML)	65
9.3	Red Flags for Trade Based Money Laundering	67
9.4	Measures to prevent Trade Based Money Laundering (TBML)	68
9.5	Record Keeping for Trade based Money Laundering (TBML)	69
9.6	Screening	69
9.7	Reporting of STR/ SAR	69
9.8	Exception review and monitoring	69
9.9	Training & motivation for TBML	69
10	CHAPTER – 10: RECORD KEEPING	70-74
10.1	Records to be Kept	70
10.2	Customer Information	70
10.3	Transactions	71
10.4	Internal and External Reports	71
10.5	Other Measures	71
10.6	Formats and Retrieval of Records	72
10.7	Documents Verifying Evidence of Identity and Transaction Records	72
10.8	Wire Transfer Transactions	73
10.9	Investigations	74
10.10	Training Records	74
10.11	Branch Level Record Keeping	74
11	CHAPTER – 11: REPORTING of STR and CTR	75-81
11.1	Suspicious Transaction Reporting	75
11.2	Identification of STR/SAR	75
11.3	Identification	76
11.4	Evaluation	77
11.5	Disclosure	77
11.6	Tipping Off	77

SL. No.	Particulars	Page No.
11.7	Cash Transaction Report	78
11.8	Reporting of Suspicious Transactions	78
11.9	Internal Reporting Procedures and Records	80
11.10	Submission of Cash Transaction Report (CTR)	80
12	CHAPTER – 12: TRAINING AND AWARENESS	82-87
12.1	Employee Screening	82
12.2	Know Your Employee (KYE)	82
12.3	Training for Employee	82
12.4	Customer Awareness	83
12.5	Awareness of Mass People	83
12.6	The Need for Staff Awareness	83
12.7	Education and Training Programs	84
12.8	General Training	84
12.9	New Employees	84
12.10	Customer Service/Account Opening Officer/Tellers/Foreign Exchange Dealers	84
12.11	Investment Officials	85
12.12	Processing (Back Office) Offices	85
12.13	Trade Processing Officer	85
12.14	Audit and compliance staff	85
12.15	Senior Management/Operations Supervisors and Managers	85
12.16	Senior Management and Board of Directors	86
12.17	Anti Money Laundering Compliance Officer	86
12.18	Training Procedures	86
12.19	Refresher Training	86
12.20	General Policy of IBBL to the Training	87
13	CHAPTER -13: TERRORIST & PROLIFERATION FINANCING	88-91
13.1	Introduction	88
13.2	Sources of Fund/ Raising of Fund	88
13.3	Movement of Terrorist Fund	88
13.4	Targeted Financial Sanctions	90
13.5	Automated Screening Mechanism of UNSCRs	90
13.6	Role of IBBL in Preventing TF & PF	91
14	CHAPTER-14: Screening	92-93
14.1	The lists to be screened with	92

SL. No.	Particulars	Page No.
14.2	Whom to be Screened	93
14.3	Periodic Re-screening	93
15	CHAPTER-15 : RISK BASED FRAMEWORK	94-123
15.1	Risk Categorization-Based on Activity/KYC Profile	94
15.2	Obligation for ML & TF Risk Assessment and Management	95
15.3	Assessing Risk	95
15.4	Risk Management and Mitigation	96
15.5	Risk Management Structure	97
15.6	Risk Management Framework	97
15.7	Calculation of Risk Score	103
15.8	Risk Assessment and Management Exercise	105
15.9	Risk Register of IBBL	105
16	CHAPTER-16 :Internal Audit, Independent Testing & Self Assessment	124-130
16.1	Why the audit function is necessary	124
16.2	Why the audit function must be independent	124
16.3	Whom they report	124
16.4	The ways of performing audit function	124
16.5	Internal Audit	124
16.6	Requirement of Independent Testing	125
16.7	Requirement of Self Assessment	125
16.8	Self Assessment Report	127
16.9	Independent Testing Procedures	127
16.10	Internal Audit Department's or ICCW's Obligation Regarding Self Assessment or Independent Testing Procedure	127
16.11	Obligations of Audit & Inspection Division (A&ID)	127
16.12	Branches obligations	158
16.13	Obligations of Central Compliance Unit (CCU) regarding Self Assessment & Independent Testing	129
16.14	Assessment of Internal Controls	129
17	Chapter-17: Anti Bribery and Corruption Compliance Program of IBBL	130-135
17.1	Introduction	131
17.2	Importance of Anti Bribery and Corruption compliance in Banks/ Financial Institution	131
17.3	Scope of Bribery and Corruption in IBBL	131
17.4	IBBL's initiatives to prevent Bribery & Corruption prevention/ mitigation	132
17.5	ABC Compliance program of IBBL	134
17.6	Conclusion	135