



**Janata Bank Limited**

Anti-Money Laundering Section, General Banking Department,  
Head Office, 110 Motijheel C/A, Dhaka-1000, Bangladesh

## **ANTI-MONEY LAUNDERING POLICY**

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# **ANTI-MONEY LAUNDERING POLICY**

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## Preface

Money Laundering is a serious threat to financial system of all countries and it leads to destruction of the country's sovereignty image and character. This has been widely recognized at the international level. The recognition has culminated in concerted efforts the world over to fight this ultra-criminal activity through enactment of stringent laws, regulations and measures aimed at securing financial systems against money laundering. The consequences of money laundering are terrific and devastating. So combating money laundering is very much essential for the economy of a country. Globally money laundering has become an important issue in recent years. FATF (Financial Action Task Force) was constituted in 1989 and is a concrete step initiated at the global level. The Government of Bangladesh responded to this issue by enacting Money Laundering Prevention Act, 2002 wherein money laundering has been criminalized and the role of Banks to fight against money laundering has been specified. Later on the law was replaced by Money Laundering Prevention Act, 2009 with a lot of additions. Janata Bank Limited considered the fight against money laundering as a team effort and has drawn this policy in line with Bangladesh Bank's **"Guidance Notes on Prevention of Money Laundering"** & **"Money Laundering Prevention Act, 2009"**. AML risk is one of the vital core risks in Banking sector as defined by Bangladesh Bank. Failure to comply with AML guidelines may bring a serious reputation and legal risk for a Bank. However, any of them can result in significant financial loss to a Bank vis-à-vis divert considerable management time and energy resolving problems that may arise. Anti-Money Laundering policies are critical element for the effective management of core risks in Banking. Effective and structured AML policies and implementation protect a Bank's/FI's reputation and the integrity of Banking by minimizing the probability of Bank's becoming a vehicle for financial crime.

We have developed this policy for our Bank in line with the recommendations of Bangladesh Bank's core risk guidelines on prevention of money laundering & the 40(forty) recommendations of FATF.

The Policy has been duly approved by the Board of Directors in its 206th meeting held on 2<sup>nd</sup> November 2011.

Sd/-

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General Manager &  
CAMLCO

Sd/-

**S M Aminur Rahman**  
CEO & Managing Director

**JANATA BANK LIMITED**  
**ANTI-MONEY LAUNDERING POLICY**  
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## Chapter: 1

### INTRODUCTION

#### 1.1 Introduction

- 1.1.1 This Anti-Money Laundering Policy (AML Policy) of Janata Bank Limited has been developed keeping in consistency with the “Guidance Notes on Prevention of Money Laundering” & relevant circulars issued by Bangladesh Bank to facilitate implementation of the Money Laundering Prevention Act, 2009.
- 1.1.2 Since banks are vulnerable to being used by money launderers, Bangladesh Bank (Central Bank of Bangladesh) assesses the adequacy of anti-money laundering procedures adopted by banks and the degree of compliance with such procedures. Being a banking company, Janata Bank Limited is in an obligation to comply with the rules, regulations and guidelines issued by Bangladesh Bank from time to time.
- 1.1.3 This policy is designed to assist Janata Bank Limited to comply with Bangladesh's anti-money laundering rules and regulations. Janata Bank Limited intends to use this policy as a criterion to assess the adequacy of its internal control, policies and procedures to counter money laundering.

#### 1.2 Definition of Money Laundering in “Money Laundering Prevention Act, 2009”

- 1.2.1 Section 2(Ta) of the Money Laundering Prevention Act, 2009 defines the offence of money laundering as follows:  
“Money Laundering” means -
- (i) transfer, conversion, remitting abroad or remitting or bringing from abroad to Bangladesh proceed or property acquired through commencement of a predicate offence for the purpose of concealing or disguising the illicit origin of the proceed or property or transferring abroad of proceed or property acquired through legal or illegal means;
  - (ii) conduct or attempt to conduct a financial transaction in a manner that will not be required to report under this Act;
  - (iii) do such activity so that the illegitimate sources of such proceed or property can be concealed or disguised or attempt to do such activity or knowingly assist or conspire to perform such activity.

1.2.2 Property has been defined in Section 2(Na) of the Act as follows:

“Property” means -

- (i) any kind of asset, whether tangible or intangible, movable or immovable; or
- (ii) cash, legal document or instrument in any form, including electronic or digital, evidencing title to, or interest in, such assets.

1.2.3 Predicate offence has been defined in Section 2(Tha) of the Act as follows:

“Predicate Offence” means following such offence, proceeds or property derived from committing which are laundered or attempted to be laundered:

- (1) Corruption and bribery;
- (2) Counterfeiting currency;
- (3) Counterfeiting documents;
- (4) Extortion;
- (5) Fraud;
- (6) Forgery;
- (7) Illicit arms trade;
- (8) Illicit narcotic drugs and psychotropic substances trade;
- (9) Illicit trade of stolen and other goods;
- (10) Kidnapping, illegal restraint, hostage-taking;

- (11) Murder, grievous bodily injury;
- (12) Woman and child trafficking;
- (13) Smuggling and trafficking of local and foreign currency;
- (14) Theft or robbery;
- (15) Trafficking of human beings and illicit diversity;
- (16) Dowry; and
- (17) Any other offence which Bangladesh Bank with the approval of the Government and by notification in the Official gazette declares as predicate offence for the purpose of this Act.

Later on 30.09.2010, Bangladesh Bank through AML Circular-26 includes 6(six) more crimes as Predicate Offence.

- (1) Terrorism & Terrorist Financing;
- (2) Counterfeiting and Piracy of Products;
- (3) Environmental Crime;
- (4) Sexual Exploitation;
- (5) Taking market advantage through transactions by using price sensitive information of the capital market before it becomes public and trying to control or manipulate the market to gain personal advantage (Insider trading and market manipulation);
- (6) Organised Crime;

### **1.3 International Definitions of Money Laundering**

- 1.3.1 The U.S. Customs Service, an arm of the Department of Treasury, provides a lengthy 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.”
- 1.3.2 Another definition of Money Laundering under U.S. Law is, “... the involvement in any one transaction or series of transactions that assists a criminal in keeping, concealing or disposing of proceeds derived from illegal activities.”
- 1.3.3 The European Union 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 or of assisting any person who is involved in committing such an offence or offences to evade the legal consequences of his action, the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from serious crime.”
- 1.3.4 A concise working definition was adopted by Interpol General Secretariat Assembly in 1995, 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.”
- 1.3.5 The Joint Money Laundering Sterling Group (JMLSG) of the U.K. defines it as “the process whereby criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding prosecutions, conviction and confiscation of their criminal funds.”

1.3.6 Interpol General Secretariat Assembly defined money laundering in 1995 “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”.

1.3.7 In layman terms, money laundering is most often described as the “turning of dirty or black money into clean or white money”. If undertaken successfully, money laundering allows criminals to legitimize “dirty” money by mingling it with “clean” money, ultimately providing a legitimate cover for the source of their income.

#### 1.4 Reasons behind Money Laundering

1.4.1 Criminals engage in money laundering for three main reasons:

- Show Legitimacy of Funds: Money represents the lifeblood of the organization that engages in criminal conduct for financial gain because
  - it covers operating expenses;
  - replenishes inventories;
  - purchases the services of corrupt officials to escape detection;
  - furthers the interests of the illegal enterprise; and
  - pays for an extravagant lifestyle;

To spend money in these ways, criminals must make the money they derived illegally appear legitimate.

- Hide Sources of Illicit Proceeds: A trail of money from an offense to criminals can become incriminating evidence. Criminals must obscure or hide the source of their wealth or alternatively disguise ownership or control to ensure that illicit proceeds are not used to prosecute them.
- Shield against Investigation and Seizure: The proceeds from crime often become the target of investigation and seizure. To shield ill-gotten gains from suspicion and protect them from seizure, criminals must conceal their existence or, alternatively, make them look legitimate.

#### 1.5 Stages of Money Laundering

1.5.1 There is no single method of laundering money. In most of the criminal cases, the initial proceeds usually take the form of cash. For example, bribery, extortion, robbery and street level trade of drugs are almost always made with cash. This cash needs to enter into the financial system by some means so that it can be converted into a form which can be more easily transformed, concealed or transported.

1.5.2 Despite the variety of methods employed, the laundering is not a single act but a process accomplished in 3(three) basic stages, placement, layering and integration.

Placement-the physical disposal of the initial proceeds derived from illegal activity. This is the movement of cash from its source. On occasion the source can be easily disguised or misrepresented. This is followed by placing it into circulation through financial institutions, casinos, shops, exchange houses, security brokers, and other businesses, both local and abroad.

Layering- separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity. The purpose of this stage is to make it more difficult to detect and uncover a laundering activity. It is meant to make the trailing of illegal proceeds difficult for the law enforcement agencies.

Integration-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 they re-enter into the financial system appearing as normal business funds.

These three steps are illustrated in the following page:



1.5.3 The three basic steps may occur as separate and distinct phases. They may also occur simultaneously or more commonly, may overlap. How the basic steps are used depends on the available laundering mechanisms and the requirements of the criminal organizations.

1.5.4 The table below provides some typical examples of the stages of money laundering.

Placement Stage	Layering Stage	Integration Stage
Cash paid into bank (sometimes with employees complicity or mixed with proceeds of legitimate business).	Sale or switch to other forms of investment.	Redemption of contract or switch to other forms of investment.
Cash exported.	Money transferred to assets of legitimate financial institutions.	False loan repayments or forged invoices used as cover for laundered money.
Cash used to buy high value goods, property or business assets.	Telegraphic transfers (often using fictitious names or funds disguised as proceeds of legitimate business).	Complex web of transfers (both domestic and international) makes tracing original source of funds virtually impossible.
Cash purchase of single premium life insurance or other investment.	Cash deposited in outstation branches and even overseas banking system.	
	Resale of goods/assets.	

## 1.6 Why We Must Combat Money Laundering?

1.6.1 Money Laundering has 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. This drives up the cost of government for increased law enforcement and health care expenditures (for example, for treatment of drug addicts).

- 1.6.2 Money Laundering diminishes government tax revenue. It also makes government tax collection more difficult. This results in higher tax rates.
- 1.6.3 Money laundering distorts asset and commodity prices and leads to misallocation of resources. It can lead to an unstable liability base and to unsound asset structures thereby creating risks of monetary instability for banks.
- 1.6.4 One of the most serious microeconomic effects of money laundering is felt in the private sector. Money launderers often use front companies, for co-mingling their illicit proceeds with legitimate funds, to hide the ill-gotten gains. Because of substantial illicit funds, these front companies can subsidize their products and services at levels well below market rates. This makes it difficult for legitimate businesses to compete against front companies. This situation can result in the crowding out of legitimate private sector businesses by criminal organizations.
- 1.6.5 Among its other negative socioeconomic effects, money laundering transfers economic power from the market, government and citizens to criminals.
- 1.6.6 The social and political costs of laundered money are also serious as laundered money may be used to corrupt national institutions. Bribing of officials and governments undermines the moral fabric in society, weakens collective ethical standards and corrupts our democratic institutions.
- 1.6.7 Nations cannot afford to have their reputation and banks cannot have their image tarnished by an association with money laundering, especially in today's global economy. Money laundering weakens confidence in and reputation of a bank. A bank tainted by money laundering accusations from regulators law enforcement agencies or the press risks the loss of its good market reputation as well as reputation of the country.

## **1.7 How Janata Bank Limited Can Help in Combating Money Laundering?**

- 1.7.1 One of the best methods of preventing and combating money laundering is a sound knowledge of a customer's business and pattern of financial transactions and commitments. In this principle, Janata Bank Limited has already adopted sound "Know Your Customer" procedure to record full and correct information of the customers so as to avoid involvement in money laundering.
- 1.7.2 Thus the Bank's effort to combat money laundering largely focuses on the process where the launderer's activities are more susceptible to recognition and therefore concentrates to a large extent on the deposit taking procedures i.e., the placement stage.
- 1.7.3 Branches must keep transaction records that are comprehensive enough to establish an audit trail. Such records can also provide useful information of the people and organizations involved in laundering schemes.
- 1.7.4 Anti-Money Laundering Section & Training Institute (JBTI) of the Bank also deal with employees training programs which are designed to make awareness about money laundering techniques and tools etc so as to combat money laundering.

## Chapter: 2

### REQUIREMENTS OF THE LAW

#### 2.1 Requirements of the Money Laundering Prevention Act, 2009

2.1.1 The legislation specifically relating to money laundering is contained in the Money Laundering Prevention Act, 2009, the provisions of which supersedes whatever may contain in any other Act in force in Bangladesh.

2.1.2 So far as financial service providers are concerned, the Act:

- defines the circumstances, which constitute the offence of money laundering [See Section 2(Ta) of the Act],
- provides penalties for the commission of the offence [See Section 4, 5, 6, 7, 8 and 25 of the Act],
- requires reporting organizations to retain correct and full information used to identify their customers [See Section 25(1) (Ka) of the Act],
- requires reporting organizations to retain transaction records at least for 5 (Five) years after termination of relationships with the customers [See Section 25(1) (Kha) of the Act], and
- imposes an obligation on reporting organizations and their employees to make a report to the Bangladesh Bank where:
  - they suspect that a money laundering offence has been or is being committed [See Section 25(1)(Gha) of the Act] and;
  - provide customer identification and transaction records to Bangladesh Bank from time to time on demand [See Section 25(1)(Ga) of the Act].

2.1.3 Reporting Organizations have been defined in section 2(Tha) of the Act as follows:

“Reporting Organizations” mean:

- (1) Banks;
- (2) Financial institutions;
- (3) Insurance companies;
- (4) Money changers;
- (5) Companies or institutions remitting or transferring money;
- (6) Other business institutions licensed by Bangladesh Bank; or
- (7) Such other institutions as Bangladesh Bank with the approval of Government may notify from time to time.

Later on 30.09.2010, Bangladesh Bank through AML Circular-26 included 6(six) more “Reporting Organizations” which are given below:

- (1) Stock Dealer & Stock Broker;
- (2) Portfolio Manager & Merchant Banker;
- (3) Security Custodian;
- (4) Asset Manager;
- (5) Non Profit Organization;
- (6) Non Government Organization;

## 2.2 The Offence of Money Laundering

The money laundering offences are, in summary:

- 2.2.1 Offence of Money Laundering: The act of money laundering will be treated as an offence [See Section 4(1) of the Act].
- 2.2.2 Offence Committed by a Company: If any offence under this Act has been committed by a company then every proprietor, director, manager, secretary, or other officer or employees or representative who had direct involvement with the offence shall be deemed to be guilty for such offence [See Section 27(1) of the Act]. However, it is a defense for any person as aforesaid can prove that such offence was committed without his knowledge or it has occurred despite his best efforts to prevent it [See Section 27(1) of the Act].
- 2.2.3 Offence of Not Retaining Information: It is an offence for reporting organizations not to retain correct and full information used to identify their customers during their account relationships.  
It is also an offence for reporting organizations not to retain transaction related records for at least 5 (Five) years after termination of relationships with the customers.(Sec-25(1)Kha.
- 2.2.4 Offence of Not Reporting Suspicious Transactions: It is also an offence for reporting organizations not to make a report to Bangladesh Bank where they suspect that a money laundering offence has been or is being committed. (Sec-25(1)Gha.
- 2.2.5 Offence of Not Providing Information on Demand: It is also an offence for reporting organizations not to provide customer identification and transaction records to Bangladesh Bank from time to time on demand.
- 2.2.6 Offence of Violating Freezing or Attachment Order: It is an offence for any person to violate any freezing order or attachment order passed under this Act [See Section 14(5) of the Act].
- 2.2.7 Offence of Divulging Information: It is an offence for a person to divulge any information relating to an investigation or any other related information to any person, organization or news media for the purpose of frustrating the investigation or making adverse influence over the investigation [Section 6(1) of the Act].
- 2.2.8 Offence of Using or Publishing Information: It is also an offence for any person, organization or agent authorized under the Act to use, publish or divulge any information except for the purpose of the Act, which was collected, received, retrieved and known by him/her during the period of his/her employment or appointment period or after completion of his/her employment or appointment contract [Section 6(2) of the Act].
- 2.2.9 Offence of Obstructing or Refusing to Assist an Investigation: It is an offence under the Act for any person to obstruct or refuse to assist the investigating officer engaged in any investigation under the Act [Section 7(1)(Ka) of the Act].
- 2.2.10 Offence of Refusing to Submit Reports: It is an offence under the Act for any person or refuse to submit reports or supply information without any reasonable ground under the Act [Section 7(1)(Kha) of the Act].
- 2.2.11 Offence of Providing False Information: It is an offence for any person to provide false information knowingly about the sources of funds or the identity of an account holder or the beneficial owner or nominee of an account [Section 8(1) of the Act].

## 2.3 Penalties for Money Laundering Offences

All offences under the Act are cognizable, non-compoundable and non-bailable. All penalties for commencement of the offences have prison terms and/or fines as prescribed in the Act as follows:

- 2.3.1 Penalty for Offence of Money Laundering: Any person engaged in money laundering or abetting, aiding or conspiring in the commission of such offence shall be punishable with imprisonment for a term not less than 6 (Six) months and a maximum not exceeding 7 (Seven) years, and in addition to this, property involved with the offence shall be forfeited in favor of the state [See Section 4(2) of the Act].
- 2.3.2 Penalty for Offence Committed by a Company: If any company has been engaged in money laundering activity, either directly or indirectly, then registration of that company shall be liable for cancellation [See Section 27(2) of the Act].
- 2.3.3 Penalty for Offence of Not to Retain Information or Not to Report Suspicious Activity or Not to Provide Information on Demand: If any reporting organization fails to retain correct and full customer identification information and transaction records or fails to report a suspicious activity or fails to furnish required information as per the Act, then Bangladesh Bank may impose a fine of not less than Taka 10 (Ten) thousand and not more than Taka 5 (Five) lac upon that reporting organization [See Section 25(2)(Ka) of the Act].  
In addition to the above fine as mentioned in sub section 25(2)(Ka) of the Act, Bangladesh Bank may cancel the registration or license of the company. And where appropriate, Bangladesh Bank shall inform the permitting or licensing authority of the reporting organizations so that the concerned authority may take necessary actions against the concerned reporting organization in accordance with their own laws or rules and regulations [See Section 25(2)(Kha) of the Act].
- 2.3.4 Penalty for Offence of Violating Freezing or Attachment Order: If any person violates a freezing order or an attachment order, then he/she will be punishable with an imprisonment not exceeding 1 (One) year or a fine of not exceeding Taka 5 (Five) thousand, or both [See Section 5 of the Act].
- 2.3.5 Penalty for Offence of Divulging, Using or Publishing Information: If any person divulges any information relating to an investigation or any other related information for frustrating the investigation or making adverse influence over the investigation or uses, publishes or divulges any information except for the purpose of the Act, then he/she will be punishable with an imprisonment not exceeding 2 (Two) years or a fine of not exceeding Taka 10 (Ten) thousand, or both [See Section 6(3) of the Act].
- 2.3.6 Penalty for Offence of Obstructing or Refusing to Assist an Investigation or Refusing to Submit Reports: If any person obstructs or refuses to assist the investigating officer engaged in any investigation or refuses to submit reports or supply information without any reasonable ground under the Act, then he/she will be punishable with an imprisonment not exceeding 1 (One) year or a fine of not exceeding Taka 5 (Five) thousand, or both [See Section 7(2) of the Act].
- 2.3.7 Penalty for Offence of Providing False Information: If any person provides false information knowingly about the sources of funds or the identity of an account holder or the beneficial owner or nominee of an account, then he/she will be punishable with an imprisonment not exceeding 1 (One) year or a fine of not exceeding Taka 50 (Fifty) thousand, or both [See Section 8(2) of the Act].

## 2.4 Responsibilities of Bangladesh Bank

The Act provides Bangladesh Bank wide responsibilities for prevention of money laundering and wide ranging powers to take adequate measures to prevent money laundering, facilitate its detection, monitor its incidence, enforce rules and to act as the

prosecuting agency for breaches of the Act. The powers and responsibilities of Bangladesh Bank are, in summary [See Section 23 of the Act]:

- 2.4.1 Analyze cash transactions and all suspicious transaction information of a reporting institution and maintain a database of the same.
- 2.4.2 Collect from reporting organizations any information or report related to the transaction where there are reasonable grounds to believe that the transaction is involved with money laundering.
- 2.4.3 Issue an order to any bank or financial institution to suspend or stop transactions of an account for a period not exceeding 30 (Thirty) days where there are reasonable grounds to suspect that proceed or property acquired through commencement of a crime have been deposited to the account of a person. Provided that the order so passed may be extended for another 30 (Thirty) days for the purpose of further investigation.
- 2.4.4 Issue, from time to time, necessary instructions to the reporting organizations for the purpose of prevention of money laundering.
- 2.4.5 Monitor activities of the reporting organizations to ensure proper reporting and the compliance of its directions or instructions and, if necessary, inspect the reporting organizations physically.
- 2.4.6 Provide training and arrange meeting, seminar etc. for the officers and employees of the reporting organizations or any other organizations or institutions as Bangladesh Bank considers necessary for the purpose of proper implementation of the Act,
- 2.4.7 Carry out any other functions in attaining the objectives of the Act.
- 2.4.8 If the investigating organization requests for information related to investigation of money laundering or any suspicious transaction, Bangladesh Bank shall provide such information, if not obliged otherwise by the existing laws or any other cause.
- 2.4.9 Investigating Organization has been defined in section 2(Ga) of the Act as follows:  
“Investigating Organization” means Anti-Corruption Commission, established under the Anti-Corruption Commission Act, 2004 (Act No. V of 2004) and it also includes any officer empowered by the Commission for the purpose.

## Chapter: 3

### REQUIREMENTS OF ANTI-MONEY LAUNDERING POLICY

#### 3.1 Senior Management Commitment

3.1.1 The most important element of a successful anti-money laundering program is the commitment of senior management of the Bank to the development and enforcement of the anti-money laundering objectives which can deter criminals from using their facilities for money laundering, thus ensuring that they comply with their obligations under the law. For the purpose of this policy, senior management means the CEO & Managing Director and the Board of Directors of the Bank.

3.1.2 Senior management must send the signal that the corporate culture is as concerned about its reputation as it is about profits, marketing, and customer service. As part of the Bank's anti-money laundering policy the CEO & Managing Director, on behalf of the senior management, should send a statement to all employees on an annual basis that clearly sets forth the Bank's policy against money laundering and any activity which facilitates money laundering or the funding of terrorist or criminal activities. Such a statement should evidence the strong commitment of the Bank and its senior management to comply with all laws and regulations designed to combat money laundering.

3.1.3 The statement of compliance policy should at a minimum include:

- A statement that all employees are required to comply with applicable laws and regulations and corporate ethical standards.
- A statement that all activities carried on by the Bank must comply with applicable governing laws and regulations.
- A statement that complying with rules and regulations is the responsibility of each individual in the Bank in the normal course of their assignments. It is the responsibility of the individual to become familiar with the rules and regulations that relates to his/her assignment. Ignorance of the rules and regulations is no excuse for non-compliance.
- A statement that should direct employees to a compliance officer or other knowledgeable individuals when there is a question regarding compliance matters.
- A statement that employees will be held accountable for carrying out their compliance responsibilities.

#### 3.2 Written Anti-Money Laundering Policy

3.2.1 The Board of Directors shall administer and maintain the anti-money laundering policy that ensures and monitors compliance with anti-money laundering legislation, including record keeping and reporting requirements. Such a compliance policy shall be written, approved by the Board of Directors, and noted as such in the Board meeting minutes.

3.2.2 The written anti-money-laundering policy at a minimum should establish clear responsibilities and accountabilities within the Bank to ensure that policies, procedures, and controls are introduced and maintained which can deter criminals from using the Bank for money laundering and the financing of terrorist activities, thus ensuring that we comply with our obligations under the legislation.

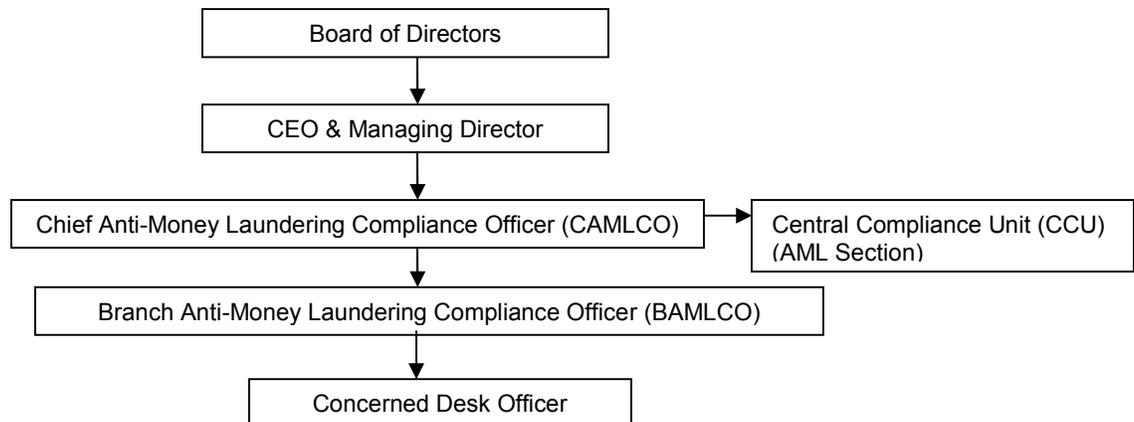
3.2.3 The anti-money laundering policies should be reviewed regularly and updated as necessary based on any legal/regulatory or business/operational changes, such as additions or amendments to existing anti-money laundering rules and regulations or business.

## Chapter: 4

### ORGANIZATIONAL STRUCTURE

#### 4.1 Janata Bank Limited Anti-Money Laundering Organogram

##### 4.1.1 The Anti-Money Laundering Organization of Janata Bank Limited is given below:



#### 4.2 Establishment of Anti-Money Laundering Department

4.2.1 To supervise and monitoring the over all activities of AML and CFT, the Bank shall constitute a separate Anti-Money Laundering Department (AMLDD) at its Head Office. Until the Anti-Money Laundering Department is formed, Anti-Money Laundering Section (AMLS) of General Banking Department will conduct AML and CFT related tasks.

4.2.2 AMLDD will implement and enforce corporate-wide anti-money laundering policies, procedures and measures of the Bank and will report directly to Chief Anti-Money Laundering Compliance Officer (CAMLCO).

##### 4.2.3 Functions of Anti-Money Laundering Department (AMLDD) will be:

1. Formulate, monitor, review and enforce the Bank's Anti-Money Laundering/CFT Policy.
2. Formulate, monitor, review and enforce the Bank's Know Your Customer (KYC) policy and identification procedure for detection of suspicious transaction/account activities.
3. Issue anti-money laundering circulars, instructions and circulate Bangladesh Bank circulars and policy guidelines to the branches and concerned officers of the Bank.
4. Ensure timely anti-money laundering reporting and compliance to Bangladesh Bank, including CTR, STR, KYC Update, Taskforce Data & other data required by Bangladesh Bank etc.
5. Monitor the Bank's Self Assessment and Independent Testing Procedures for AML compliance and any corrective action.

6. Conduct inspection on branches and concerned controlling offices regarding anti-money laundering compliance.
  7. Respond queries of and issue necessary instructions to the branches so as to money laundering apprehensions.
  8. Develop and conduct training courses in collaboration with the Bank's Training Institute (JBTI) to raise the level of awareness of compliance in the Bank.
  9. Place Memorandum before the Board of Directors at least once a year regarding the status of the anti-money laundering activities undertaken by the Bank.
  10. Extend all out cooperation to Bangladesh Bank Inspection Team, Internal Audit Team and External Audit Team and other law enforcement Agencies as and when required.
- 4.3 Chief Anti-Money Laundering Compliance Officer (CAMLCO) and his Functions
- 4.3.1 The Bank shall designate a Chief Anti-Money Laundering Compliance Officer (CAMLCO) at its head office who will be sufficiently senior and have sufficient authority to implement and enforce anti-money laundering policies, procedures and measures and report directly to the CEO & Managing Director.
  - 4.3.2 The CAMLCO should be the central point of contact for communicating with the regulatory agencies regarding the Bank's anti-money laundering programs. All employees engaged in the Bank at all levels must be made aware of the identity of the CAMLCO as well as branch level BAMLCOs.
  - 4.3.3 Functions of Chief Anti-Money Laundering Compliance Officer (CAMLCO) will be:
    1. Controlling, Monitoring, Supervision and Administrative works of Anti-Money Laundering Department.
    2. Coordination of various jobs related to anti-money laundering.
    3. Attending various meetings with the delegates of local banks, foreign banks, Bangladesh Bank and various law enforcement agencies.
    4. Formulate, monitor, review and enforce the Bank's Anti-Money Laundering Policy.
    5. Formulate, monitor, review and coordinate Combating Financing of Terrorism (CFT) Policy and identification procedure for detection of suspicious transaction/account activities.
    6. Formulate, monitor, review and coordinate Customer Acceptance Policy for the Bank.
    7. Issue clear-cut instructions to classify the accounts of branches based on activity/KYC profile.
    8. Issue anti-money laundering circulars, instructions and circulate Bangladesh Bank circulars and policy guidelines to the branches and concerned officers of the Bank.
    9. He will ensure that a message from the CEO & MD is issued on an annual basis telling the same covers the instructions laid down at Section 3.1 of Guidance notes on Prevention of Money Laundering (Bangladesh Bank) to all employees of the Bank.

10. Ensure timely anti-money laundering reporting and compliance to Bangladesh Bank, including CTR, STR, KYC Update, Taskforce Data & Other Data required by Bangladesh Bank etc.
11. Monitor the Bank's Self Assessment and Independent Testing Procedures for AML compliance and any corrective action.
12. Respond queries of and issue necessary instructions to the branches so as to money laundering.
13. Extend all out cooperation to Bangladesh Bank Inspection Team, Internal Audit Team and External Audit Team and other law enforcement Agencies as and when required.
14. Develop and conduct AML/CFT training courses in collaboration with the Bank's Training Institute to raise the level of awareness of compliance in the Bank.
15. Place Memorandum before the Board of Directors at least once a year regarding the status of the anti-money laundering activities undertaken by the Bank.

4.3.4 The Chief Anti-Money Laundering Compliance Officer (CAMLCO) should possess:

- Proven leadership and organizational skills and ability to exert managerial control;
- Excellent communication skills, with ability to clearly and diplomatically articulate issues, solutions and rationale; an effective trainer to raise the level of awareness of the control and compliance culture;
- Solid understanding of AML regulatory issues and product knowledge associated with a broad range of relevant financial services, banking activities;
- High degree of judgment, good problem solving skills and be results oriented to ensure sound implementation of control and compliance processes and procedures;
- High personal standard of ethics, integrity and commitment to fulfilling the objectives of the position and protecting the interest of the Bank.

The Chief Anti-Money Laundering Compliance Officer (CAMLCO):

- Must be familiar with the ways in which any of his bank's products and services may be abused by money launderers;
- Must be able to assist his bank develop effective AML policies, including programs to provide AML training to all personnel;
- Must be able to assist his bank assess the ways in which products under development may be abused by money launderers in order to establish appropriate AML controls before product is rolled out into the marketplace.
- Must be capable of assisting his bank evaluate whether questionable activity is suspicious under the standard set forth in the AML Policy and under any applicable law and regulation;
- Must attend each year at least one formal AML training program, either internal or external;

- 4.3.5 Education/Training: The Chief Anti-Money Laundering Compliance Officer (CAMLCO) should have a working knowledge of the diverse banking products offered by the Bank. The person could have obtained relevant banking and compliance experience as an internal auditor or regulatory examiner, with exposure to different banking products and businesses. Product and banking knowledge could be obtained from being an external or internal auditor, or as an experienced operations employees.
- 4.3.6 Experience: The Chief Anti-Money Laundering Compliance Officer (CAMLCO) should have a minimum of ten years of experience, with a minimum of three years at a managerial/ administrative level.
- 4.3.7 Central Compliance Unit (CCU): There will be a high powered Central Compliance Unit (CCU) to supervise the operational tasks of Anti-Money Laundering Department/Anti-Money Laundering Section. Central Compliance Unit (CCU) will be headed by CAMLCO. Another 2(two) members will be:
- a) Deputy General Manager, General Banking Department
  - b) Assistant General Manager, AMLS, GBD

#### 4.4 **Branch Level Organization Structure**

- 4.4.1 Branches need to be organized adequately in accordance with the Bangladesh Bank Guidance Notes on Prevention of Money Laundering within the framework of Managing Core Risk in Banking and internal circulars to strengthen our emphasis towards prevention of Money Laundering campaign.
- 4.4.2 In this regard, each branch will create a Branch Anti-Money Laundering Compliance Committee (BAMLCC) consisting of the following members:
1. Branch Manager & BAMLCO;
  2. Incharge, GBD/Deposit;
  3. Incharge, Foreign Exchange(For AD Branches);
  4. Incharge, Credit/Advance;
  5. Officer, A/C Opening;
- 4.4.3 The Committee (BAMLCC) will review Anti-Money Laundering activities of the branch at the end of each month and preserve minutes of the meeting.
- 4.4.4 The following persons will act as Branch Anti-Money Laundering Compliance Officer (BAMLCO) depending on the type of branches:
1. AGM/Incharge, GBD(For Local Office & Corporate-1 Branches);
  2. Assistant Branch Manager(2<sup>nd</sup> Officer)(For Corporate-2 Branches);
  3. Branch Manager/Assistant Branch Manager(For Grade-1, 2, 3 & 4 Branches);

Branch Anti-Money Laundering Compliance Officer (BAMLCO) will have sufficient authority to implement and enforce anti-money laundering policies, procedures and measures and can report directly to Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Head Office regarding all the anti-money laundering matters. Branch Manager will have overall supervision ensuring that the AML program is effective within the branch.

4.4.5 BAMLCO's responsibilities will be as follows:

1. Manages the transaction and monitoring process.
2. Reports any suspicious activity to Branch Manger and if necessary to the CAMLCO.
3. Provide on the job AML training to Branch employees.
4. Update policy with AML laws/regulations and communicate to all employees.
5. Submit Branch returns to Controlling Office for onward submission to CAMLCO as per specific schedule.
6. Perform AML Risk Assessment for the branch.
7. Perform periodic Quality Assurance on the AML program in the branch.
8. Perform Self Assessment on AML performance of the branch and ensure compliance and any corrective action.
9. Overall responsibility to ensure that the branch has an AML program in place and that is working effectively.
10. Ensure that the required reports and systems are in place to maintain an effective AML program.
11. Preserve all circulars & instructions issued from Bangladesh Bank and Head Office, circulate the copies among all the officers for necessary information acquaintances.
12. Getting AML tasks done by Officers;

## Chapter : 5

### KNOW YOUR CUSTOMER (KYC) PROCEDURES

#### 5.1 Know Your Customer (KYC) Policy

5.1.1 The Bank's primary defense against being involved in money laundering, terrorist financing and other criminal activities is to know its customers. For this reason, Janata Bank Limited has developed comprehensive Know Your Customer (KYC) procedure.

5.1.2 Know Your Customer procedure includes the following requirements:

- Verify and document the identity of customers who establish relationships, open accounts or conduct significant transactions.
- Obtain basic background information on customers.
- Obtain, document and confirm any additional customer information, including sources of funds, income and wealth and the nature and extent of the customer's expected transactions, commensurate with the assessment of the money laundering risk posed by the customer's expected use of products and services.
- Ensure that branches do not do business with any individual or entities whose identities cannot be confirmed, who do not provide all required information or who have provided information that is false or that contains significant inconsistencies that cannot be resolved after further investigation.
- Monitor customer transactions and/or accounts to identify transactions that do not appear to be consistent with normal or expected transactions for the particular customer, category of customer, product or service.

5.1.3 Details of these practices are presented in the Know Your Customer (KYC) procedure of the Bank, which includes the following key elements:

- (1) Customer Acceptance Policy (Annexure-I)
- (2) Customer Identification,
- (3) Risk classification of accounts based on activity or KYC profile.

## Chapter : 6

### RISK MANAGEMENT

- 6.1 Risk Categorization, Based on Activity/KYC Profile
- 6.1.1 When opening accounts, the concerned employees/officer must assess the risk that the accounts could be used for "money laundering", and must classify the accounts as either High Risk or Low Risk.
- 6.1.2 **Risk Rating:** The risk assessment may be made using the uniform KYC Profile Form of the Bank in which the following 7 risk categories are scored using a scale of 0 to 5, where scale 4-5 denotes High Risk, scale 3 denotes Medium Risk and scale 0-2 denotes Low Risk:
- a. Occupation or nature of customer's business
  - b. Net worth/sales turnover of the customer
  - c. Mode of opening the account
  - d. Expected value of monthly transactions
  - e. Expected number of monthly transactions
  - f. Expected value of monthly cash transactions
  - g. Expected number of monthly cash transactions
- 6.1.3 **Risk Assessment:** The risk scoring of less than 14 indicates Low Risk and more than 14 would indicate High Risk. The risk assessment scores are to be documented in the KYC Profile Form.
- 6.1.4 **Judgmental Risk Assessment:** However, management may judgmentally override this automatic risk assessment to "Low Risk" if it believes that there are appropriate mitigates to the risk. This override decision must be documented (reasons why) and approved by the Branch Manager and BAMLCO.
- 6.1.5 **Annual Update of KYC and Transaction Profile:** KYC Profiles and Transaction Profiles must be updated and re-approved at least annually for "High Risk" accounts (as defined above). There is no requirement for periodic updating of profiles for "Low Risk" transactional accounts. These should, of course, be updated if and when an account is reclassified to "High Risk", or as needed in the event of investigations of suspicious transactions or other concern.
- 6.1.6 **Politically Exposed Persons (PEPs):** If the customer is a Politically Exposed Person as defined in AML Circular No. 14 dated 25 September 2007, the account will automatically become a High Risk Account.
- 6.1.7 Branches should exercise the following Enhanced Due Diligence (EDD), for all high risk accounts:
- Have the risk management system to identify high risk accounts.
  - Obtain senior management (GM & above) approval for opening such high risk accounts.
  - Take reasonable measures to establish the source of wealth and source of funds.
  - Conduct ongoing monitoring of the business relationship.

## Chapter : 7

### MONITORING TRANSACTIONS

#### 7.1 Transaction Profile (TP)

7.1.1 Transaction Profile (TP) is an important document for monitoring transactions and recognizing suspicious transactions. The following steps and points should be noted while preparing transaction profiles:

- Take interview with the customer and request him/her to fill in the Transaction Profile Form as recommended by Bangladesh Bank. The main features of the Form for both deposit and withdraw would be:
  - Various types of transactions (i.e. nature of transactions)
  - No. of transactions (monthly)
  - Maximum size (per transaction)
  - Total value (monthly)
- Before filling in, it has to be ensured by the Designated Officer that the customer's understanding is sufficient to fill the required cells of Transaction Profile Form.
- Assist customer in filling the Transaction Profile Form if any complexity arises.
- Officer must match the information mentioned in TP with all points covered in KYC guidelines. He has to establish normal resemblances between the two declared statements. Questions might be politely asked to customer for any noted discrepancy.

#### 7.2 Transaction Monitoring Process

7.2.1 **Monthly Review of Accounts:** The designated officer(s) will review transactions in accounts for the previous month to identify changes or exceptions or inconsistencies with the customers' declared Transaction Profile (TP). Such review may be done with the help of Ledger and Cash Book.

7.2.2 **Points to Review:** The following points should be reviewed:

- a. No. of monthly deposits: Declared in TP vs. actual transaction,
- b. Maximum amount per deposit: Declared in TP vs. Actual transaction,
- c. Total monthly deposit: Declared in TP vs. actual transaction,
- d. No. of monthly withdrawals: Declared in TP vs. actual transaction,
- e. Maximum amount per withdrawal: Declared in TP vs. Actual transaction,
- f. Total monthly withdrawal: Declared in TP vs. actual transaction,
- g. Geographical origin/destination (e.g., issuing bank, branch etc.).

7.2.3 **Reporting of STR to AMLD:** If the branch does not become satisfied with the customer's clarification then the issue will have to be reported as a Suspicious Transaction Report (STR) to the Branch AML Compliance Officer (BAMLCO). BAMLCO will review the STRs along with responses from the customer as well as designated officer and record in writing, with reasons, in details whether the transactions are to be viewed as connected with money laundering or not. If the reported issue does not appear to be connected with money laundering, then BAMLCO will close the issue at his end after putting his comments on the STR form. If the reported issue appears to be connected with money laundering, then BAMLCO will send immediately the details of the incident along with a copy of the above form to the CAMLCO.

7.2.4 **Maintaining Secrecy:** The above review will be done as a part of the daily functions of the branch. It should be kept in mind that all exceptions may not be suspicious. Also, branch officials should be very much cautious in dealing with customers. They should perform the job in a manner that do not create any panic and do not disclose any information to any person.

## Chapter : 8

### DETECTION AND REPORTING OF SUSPICIOUS TRANSACTIONS

#### 8.1 **Statutory Obligation for Reporting of Suspicious Transactions**

- 8.1.1 Section 25(1)(Gha) of the Money Laundering Prevention Act,2009 obligates us to make a report to Bangladesh Bank where a suspicion arises that a money laundering offence has been or is being committed.
- 8.1.2 In this regard, all branches must ensure that,
- each relevant employee knows the person whom they should report as suspicious;
  - there is a clear reporting chain under which those suspicions will be passed without delay to the Chief Anti Money Laundering Compliance Officer (CAMLCO).
- 8.1.3 Once employees have reported their suspicions to the appropriate person in accordance with the proper internal reporting procedure, they have fully satisfied their statutory obligations.

#### 8.2 **How to Detect Suspicious Transactions?**

- 8.2.1 As there are unlimited types of transactions that a money launderer or a terrorist financier may use, it is difficult to define a suspicious transaction. However, in most of the cases, a suspicious transaction will be one that is inconsistent with a customer's known, declared, legitimate business or other personal activities. Therefore, the first key to detect that a transaction, or series of transactions, may be unusual is to know enough about the customer's transactions with the Bank.
- 8.2.2 At the time of determining whether a customer's transaction may be suspicious, a branch must consider the following questions:
- Is the size of the transaction consistent with the normal activities of the customer?
  - Is the transaction rational in the context of the customer's business or personal activities?
  - Has the pattern of transactions, conducted by the customer, changed?
  - Where the transaction is international in nature, does the customer have any obvious reason for conducting business with the other country involved?

#### 8.3 **Procedure for Reporting of Suspicious Transactions**

- 8.3.1 Every Business and individual has normally certain kind of transactions in line with their business/ individual needs, which is declared in the Transaction Profile (TP) of the customer. Transactions inconsistent with the declared TP will be considered unusual.
- 8.3.2 All officials of the Bank must be alert to transactions that are inconsistent with the customer's KYC information. If any unusual transaction is found, then the employees who have noticed it should follow the following procedures to determine whether a STR should be filed or not:
- Review the account opening form, KYC documentation, transaction profile etc.
  - Check to see if the subject has been reported previously for suspicious activity.
  - Seek information about the subject of the investigation from other people, if necessary.
  - Review account statement and transaction records of the customer who is the subject of the investigation. At least 6 months' review of account activity should be done.

- Seek information from the respective officer who is responsible for the account or directly from the customer, if necessary. Before contacting with the customer, BAMLCO must be consulted with to assess whether it is appropriate to contact the customer.
- 8.3.3 If the issue appears reportable, then the concerned employee will immediately prepare a report as per the prescribed form and then send it to the BAMLCO. BAMLCO should acknowledge receipt of the report.
- 8.3.4 Sufficient information should be disclosed on the report, including the followings:
- Full details of the customer and the reason for the suspicion to enable the investigating officer to conduct appropriate enquiries.
  - If a particular offence is suspected, this should be stated so that the report may be passed to the appropriate investigation team with minimum delay.
  - Where additional relevant evidence is held which could be made available to the investigating officer, this should be noted on the form.
- 8.3.5 BAMLCO will analyze the reported incident properly in the light of all other relevant information and record in writing with reasons in details whether the transaction is connected with money laundering or terrorist financing or not. If the reported issue does not appear to be connected with money laundering, then BAMLCO will close the issue at his end after putting his comments on the STR form annexed in the Instruction Circular No.79/08 dated 21/09/2008. If the reported issue appears to be connected with money laundering or terrorist financing, then BAMLCO will send immediately the details of the incident along with a copy of the above form to the CAMLCO.
- 8.3.6 **Documents to be enclosed with the STR:** At the time of forwarding an STR to the CAMLCO, BAMLCO should enclose the following documents with the STR Form:
- Photocopy of Account Opening Form, KYC, Transaction Profile etc.
  - Photocopy of all documents related to Account Opening (including Passport, National ID Card, Trade License etc.),
  - Statement of the Account for at least 1 (One) year.
  - Relevant vouchers.
- 8.3.7 **STR Register:** All investigation issues must be documented in a register. The register should include the investigation issue and the rationale for the disposition of the case. In addition, any unusual activity for which decision was taken not to file a STR should also be documented in the register.
- 8.3.8 Anti-Money Laundering Section (AMLS) will examine and analyze the reports received and record its observations on the above form and if they consider the incident to be reportable, then they will submit the same directly to the General Manager, Anti-Money Laundering Department, Bangladesh Bank within 7(Seven) days (for suspicion of Money Laundering) or 3(Three) days (for suspicion of Terrorist Financing) and maintain confidentiality.
- 8.3.9 At the time of deciding whether or not a report should be submitted to Bangladesh Bank, all other relevant information available within the Bank concerning the person or business should be considered.  
This may include a review of the followings:
- other transaction patterns and volumes through the account or accounts in the same name,
  - the length of the relationship, and
  - referral to identification records held.

8.3.10 Care should be taken to guard against a report being submitted to Bangladesh Bank as a matter of routine without undertaking reasonable internal enquiries to determine that all available information has been taken into account.

8.3.11 However, if employee continues to encounter suspicious activities on an account which they have reported previously, they should continue to make reports whenever a further suspicious transaction occurs.

#### **8.4 Requirements for Documentation**

- 8.4.1 All suspicious Activity Reports should be kept in custody for the following tenures:
- Records of suspicions, which were raised internally with the CAMLCO but not disclosed to Bangladesh Bank, should be retained for 5 (Five) years from the date of the transaction.
  - Records of suspicions which Bangladesh Bank has advised to be of no interest should be retained for a similar period.
  - Records of suspicions that assist with investigations should be retained until Janata Bank Limited is informed by Bangladesh Bank that they are no longer required.

#### **8.5 Internal Reporting**

8.5.1 All reports, statements, queries and communications related to anti-money laundering functions must be addressed to the following:

Deputy General Manager  
General Banking Department  
Anti-Money Laundering Section  
Janata Bank Limited  
Head Office  
110 Motijheel C/A (19th Floor)  
Dhaka-1000.  
Telephone: +880-2-9550873, 9558386  
PABX : +880-2-9556245-49, Ext: 432,205,549  
Fax : +880-2-9564644  
E-Mail : [aml@janatabank-bd.com](mailto:aml@janatabank-bd.com), [gbd@janatabank-bd.com](mailto:gbd@janatabank-bd.com)

#### **8.6 External Point of Contact for Reporting**

8.6.1 The national reception point for reporting of suspicions by the CAMLCO is:

The General Manager  
Anti-Money Laundering Department  
Bangladesh Bank  
Head Office, Dhaka-1000.

8.6.2 The Anti-Money Laundering Department of Bangladesh Bank can be contacted during office hours at the following numbers:

Telephone: +880-2-7120659, 7124366  
Fax : +880-2-7120371

## Chapter : 9

### SELF ASSESSMENT & INDEPENDENT TESTING PROCEDURES SYSTEM

#### 9.1 Self Assessment Process

9.1.1 All branches should establish self-assessment process that will assess how effectively the branch's anti-money laundering procedures enable management to identify areas of risk or to assess the need for additional control mechanisms. Branches should follow the following steps to assess itself in a quarterly basis:

- Branches shall assess themselves and prepare a Report on the basis of Self Assessment Checklist annexed in the Instruction Circular No.38/08 dated 28/04/2008 on a quarterly basis.

- On the basis of such assessment, the branch shall arrange a meeting on monthly basis of all important officials of the branch and to be presided over by the Branch Manager of the branch.

The meeting shall –

- discuss the branch's self assessment report;
- identify areas of risk/problem; if any
- find out ways or recommendations to mitigate the risk/problem areas; and
- maintain minutes;

Next meetings shall also discuss -

- the issued discussed in the previous meeting;
- assigned responsibilities; and
- their implementation status;

- Every branch shall send their

- Self Assessment Report;
- steps taken by the branch; and
- recommendations in this regard;

to the Anti-Money Laundering Section(AMLS) and Internal Audit Department-1/ Internal Audit Department-2 of Head Office within the 20th day of the next month after completion of each quarter.

#### 9.2 Independent Testing Procedures

9.2.1 Internal Audit Department-1 & 2 shall perform the following duties:

- Internal Audit Department-1 & 2 shall examine the Self Assessment Reports received from branches and shall inspect instantly any branch where any risky area has been identified. IAD-1 & 2 shall report the same to the senior management of the Bank.

- As a part of its own natural branch audit/inspection program/schedule, IAD-1 & 2 shall check the anti-money laundering performance of the branch at the time of performing branch audit/ inspection program. IAD-1 & 2 shall include a separate Chapter on Anti-Money Laundering in its Branch Audit Report on the basis of Independent Testing Procedures Checklist annexed in the Instruction Circular No.38/08 dated 28/04/2008. A copy of the anti-money laundering chapter of the inspection report shall be submitted to the Anti-Money Laundering Section(AMLS) on a Quarterly basis.

9.2.2 Anti-Money Laundering Section (AMLS) shall perform the following duties:

- Anti-Money Laundering Section (AMLS) shall examine the Self Assessment Reports received from branches, prepare an overall Assessment Report and submit it to the CEO & Managing Director with comments and recommendations on a half-yearly basis.

- AMLS shall prepare a checklist based Assessment Report of the branches inspected in a quarter on the basis of inspection reports submitted by IAD-1 & 2 after inspecting branches. Such report should be submitted to the CEO & Managing Director with comments and recommendations. Comments also should be added taking into consideration the Self Assessment Reports submitted by the branches inspected.
- AMLS shall submit a report on the above to the Anti-Money Laundering Department of Bangladesh Bank, Head Office, Dhaka on a half-yearly basis within 60 days after completion of the concerned half year.
- After reviewing the Independent Testing Reports received from IAD-1 & 2, AMLS shall conduct special inspection in those branches which is rated Unsatisfactory & Marginal. AMLS shall also take necessary measures to improve the compliance standard of those branches and report the same to the senior management of the Bank.

## Chapter : 10

### KEEPING OF RECORDS

#### 10.1 Statutory Requirements

- 10.1.1 Section 25(1)(Ka) of the Money Laundering Prevention Act,2009 requires us to retain correct and full information used to identify customers during their account relationships.
- 10.1.2 Section 25(1)(Kha) of the Act requires us to retain transaction related records for at least 5 (Five) years after termination of relationships with the customers.
- 10.1.3 The records prepared and maintained by Branches and Head Office on its customer relationships and transactions should be such that:
- requirements of legislation and Bangladesh Bank directives are fully met;
  - competent third parties will be able to assess the Bank's observance of money laundering policies and procedures;
  - any customer can be properly identified and located;
  - all suspicious activity reports received internally and those made to Bangladesh Bank can be identified; and
  - the Bank can satisfy within a reasonable time any enquiries or court orders from the appropriate authorities as to disclosure of information.

#### 10.2 Documents Verifying Evidence of Identity and Transaction Records

- 10.2.1 Records relating to verification of identity will generally comprise:
- a description of the nature of all the evidences received relating to the identity of the verification subject;
  - the evidence itself or a copy of it or, if that is not readily available, information reasonably sufficient to obtain such a copy.
- 10.2.2 Records relating to transactions will generally comprise:
- details of personal identity, including the names and addresses, etc. as prescribed by Bangladesh Bank under M.L.P. Circular No. 02 dated 17-07-2002 and subsequent directives pertaining to:
    - 1)the customer;
    - 2)the beneficial owner of the account or product;
    - 3)the non-account holder conducting any significant one-off transaction;
    - 4) any counter-party;
  - details of transaction including:
    - 1)the nature of such transactions;
    - 2)customer's instruction(s) and authority;
    - 3)source(s) and volume of funds;
    - 4)destination(s) of funds;
    - 5)book entries;
    - 6)custody of documentation;
    - 7)the date of the transaction;
    - 8)the form (e.g. cash, cheque) in which funds are offered and paid out.
- 10.2.3 These records of identity must be kept for at least 5 (Five) years from the date when the relationship with the customer has been terminated. This is the date of:
- i. the carrying out of the one-off transaction, or the last transaction in a series of linked one-off transactions; or

- ii. the ending of the business relationship; or
- iii. the commencement of proceedings to recover debts payable on insolvency.

### 10.3 **Formats and Retrieval of Records**

10.3.1 Records may be retained in any of the following formats:

- documents can be retained in their original hard copy form, or
- the Bank may establish reliable procedures for holding records in microfiche or electronic form.

Whatever the format may be, all records should be capable of retrieval without undue delay.

10.3.2 Record requirements are the same regardless of the format in which they are kept or whether the transaction was undertaken by paper or electronic means. Documents held centrally must be capable of

- distinguishing between the transactions relating to different customers, and
- identifying where the transaction took place and in what form.

### 10.4 **Wire Transfer Transactions**

10.4.1 Investigations of major money laundering cases have shown that criminals make extensive use of telegraphic transfers (TT) and electronic payment and message systems because of the complexity of cross-border investigations. Investigations become more difficult if the identity of the original ordering customer (i.e. purchaser) or the ultimate beneficiary is not clearly shown in a TT and electronic payment message instruction.

10.4.2 In such a situation, all branches must include accurate and meaningful information of the followings on all outgoing funds transfers:

- the originator (name, account number, and where possible address),
- the beneficiary (account name and/or account number) and
- the related messages that are sent.

All these information should remain with the transfer or related message throughout the payment chain.

10.4.3 Records of electronic payments and messages must be kept for at least 5 (Five) years.

### 10.5 **Investigations**

10.1.3 The only valid role that a Bank plays in assisting law enforcement agencies, investigating a money laundering case, is a provider of relevant information, particularly where the money launderer has used a complex web of transactions specifically for the purpose of confusing/obscuring the audit trail.

10.5.1 Where Janata Bank Limited has submitted a report of suspicious activity to Bangladesh Bank or where the branch knows that a client or transaction is under investigation, the Branches shall not destroy any relevant records without the agreement of the Bangladesh Bank even though the 5 (Five) years limit is over.

10.5.2 The Branches and Anti-Money Laundering Section at Head Office shall maintain a register or tabular records of all investigations related to anti-money laundering made to it by the Bangladesh Bank and all disclosures to the Bangladesh Bank. The register should contain at a minimum the following details:

- i) the date and nature of the enquiry;
- ii) details of the account(s) involved; and
- iii) be maintained for a period of at least 5 years.

## 10.6 **Training Records**

10.6.1 Anti-Money Laundering Section & Janata Bank Training Institute will conduct training courses on anti-money laundering and maintain records of the followings:

- i) details of the content of the training programs provided,
- ii) the names of employees who have received the training,
- iii) the date on which the training was imparted,
- iv) the results of any testing carried out to measure employees understanding of the money laundering requirements, and
- v) an on-going training plan.

## Chapter : 11

### TRAINING AND AWARENESS

#### 11.1 Statutory Requirements

- 11.1.1 Section 23(1)(Cha) of the Act requires Bangladesh Bank to provide training and arrange meetings, seminars etc. for the officers and staffs of the reporting organizations or any other organizations or institutions as Bangladesh Bank may consider necessary for the purpose of proper implementation of the Act.
- 11.1.2 Since Banks themselves have responsibilities under the Act in relation to identification, reporting and retention of records, Janata Bank Limited must ensure that its employees are adequately trained to discharge their responsibilities.
- 11.1.3 Janata Bank Limited shall take appropriate measures to make its employees aware of:
- Policies and procedures to prevent money laundering and for identification, record keeping and internal reporting;
  - Legal requirements; and
  - Provide employees with training in recognition and handling of suspicious transactions;

#### 11.2 The Need for Employees Awareness

- 11.2.1 The effectiveness of this Policy depends on the extent to which Janata Bank's employees appreciate the serious nature of the background against which the legislation has been enacted.
- 11.2.2 In this context, Janata Bank Limited shall introduce comprehensive measures to ensure that-
- All employees are fully aware of their own responsibilities and statutory obligations;
  - All employees are aware that they can be personally liable for failure to report information in accordance with internal procedures.
  - All employees are trained in a manner that they co-operate fully and provide prompt reports of any suspicious transaction.

#### 11.3 Education and Training Programs

- 11.3.1 All relevant employees of the Bank should be educated in "Know Your Customer (KYC)" requirements. The training in this respect should cover:
- the need to know the true identity of the customer; and
  - the need to know about the type of business activities expected in relation to that customer at the outset to understand what might constitute a suspicious activity;

Relevant employees should be alert to any change in the pattern of a customer's transactions or circumstances that might constitute criminal activity.

#### 11.4 New Employees

- 11.4.1 All new employees, irrespective of the level of seniority shall be trained on:
- background to money laundering,
  - anti-money laundering laws, regulations, circulars and instructions,
  - reporting of suspicious transactions,
  - reporting of cash transactions, and
  - self assessment and independent testing procedures.

## 11.5 **Tellers/Foreign Exchange Dealers**

11.5.1 Members of employees who deal directly with the public are the first point of contact with potential money launderers. So their efforts are vital to the Bank's anti-money laundering procedures.

11.5.2 These employees must be made aware of

- their legal responsibilities,
- factors that may give rise to suspicions, and
- the procedures to be adopted when a transaction is deemed to be suspicious.

11.5.2 It is vital that 'front-line' employees are made aware of the Bank's policy for dealing with non-regular (walk-in) customers particularly where large transactions are involved, and the need for extra vigilance in such cases.

## 11.6 **Back Office Employees**

11.6.1 Members of employees who are in a position to deal with account opening, or to accept new customers, or to receive Pay Order/DD/TT/FDR application forms and cheques for deposit into customer's account or other investments must receive appropriate training on the processing and verification procedures.

11.6.3 In addition, these employees must understand and be trained on:

- the need to verify the identity of the customer,
- the Bank's account opening and customer/client verification procedures.

11.6.4 Such employees should be aware that:

- the offer of suspicious funds or the request to undertake a suspicious transaction need to be reported to the Branch Anti-Money Laundering Compliance Officer, whether or not the funds are accepted or the transactions proceeded, and
- must know what procedures to follow in these circumstances.

## 11.7 **Branch Managers**

11.7.1 Persons responsible for supervising or managing employees should be provided with a higher level of instruction covering all aspects of money laundering procedures.

11.7.2 Such instruction should also highlight the followings:

- the offences and penalties arising from the Act for non-reporting and for assisting money launderers;
- internal reporting procedures, and
- the requirements for verification of identity and the retention of records.

## 11.8 **Branch Anti-Money Laundering Compliance Officer (BAMLCO)**

11.8.1 BAMLCOs should receive in-depth training on:

- all aspects of the money laundering legislation,
- Bangladesh Bank directives,
- internal policies,
- validation and reporting of suspicious transactions, and
- new trends, techniques and patterns of criminal activity.

## 11.9 Refreshers' Training

- 11.9.1 In addition to the above relatively standard requirements, training should be tailored to the needs of specialized areas of the Bank's business. Contents of training programs should be kept under review and updated when necessary.
- 11.9.2 To ensure that employees do not forget their responsibilities, Anti-Money Laundering Section and Janata Bank Training Institute should arrange refreshers' training at regular intervals.

## Chapter : 12

### TRADE BASED MONEY LAUNDERING

#### 12.1 **Definition & Process**

12.1.1 The process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illicit origins.

12.1.2 Trade-based money laundering involves using one of the following schemes to disguise the illicit origin of money:

- over- and under-invoicing of goods and services;
- multiple invoicing of goods and services; or
- false description of goods and services.

#### 12.2 **Response of Janata Bank Limited to Combat Trade Based Money Laundering**

12.2.1 Janata Bank Limited is well-aware of trade based money laundering. Authorized Dealer (AD) branches of Janata Bank Limited are instructed to closely monitor over- and under-invoicing of goods and services. We are also going to undertake continuous training courses on "Trade Based Money Laundering" for the concerned officers working in the Foreign Exchange Desks.