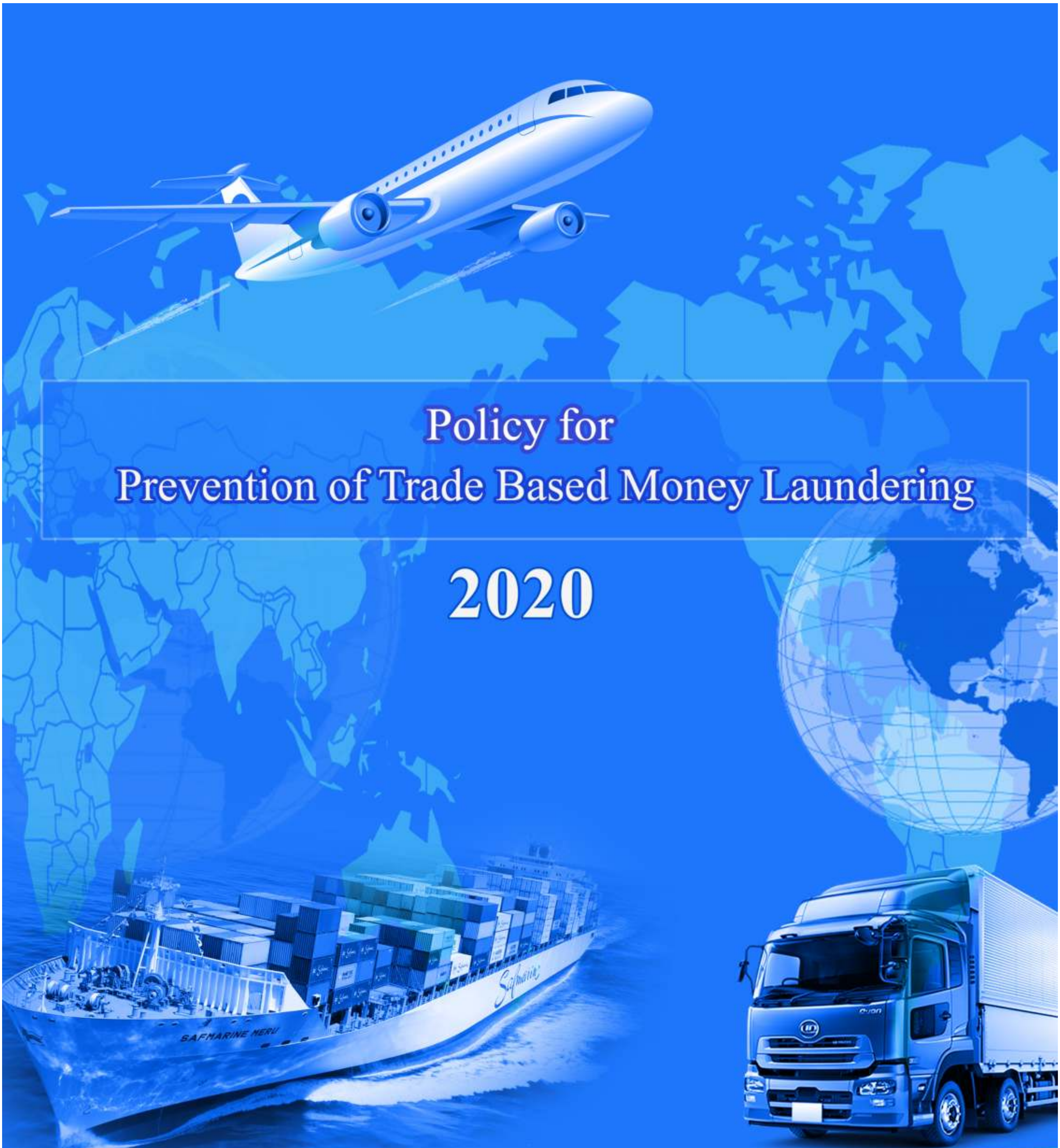

Policy for Prevention of Trade Based Money Laundering

2020

Janata Bank Limited

your committed partner in progress

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ML and TF Prevention Department

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Preface

No country in the world is self-sufficient. Each country may be dependent on one or more other countries for technology or services or agricultural products. So each country exchanges goods and money with other countries. With the advent of modernization and technology, these transactions are constantly increasing in the world. At the same time, the prevalence of international trade is increasing. The risks of terrorism and money laundering are also widespread behind these international trade transactions. Bangladesh is one of the most precarious countries in the world regarding this issue because of the fast growing economy of the country. The services of the apparel industry of this country are quite popular abroad. Moreover, so many products are being exported as well as imported between Bangladesh and other nations. In addition to, Bangladesh is looking forward to altering itself into an advanced economy within two decades. At present, it is a concern of the Bangladesh Government that recent various publications of FATF, APG, GFI and BFIU have drawn attention to the fact that international trade system is being heavily abused for money laundering and terrorist financing purpose to the developing nations like Bangladesh.

Trade related money laundering is a momentous danger to our development and viable progress. Identifying these expansions Bangladesh is completely dedicated to continue at the vanguard of global efforts to fight against Trade Based Money Laundering and Terrorist Financing risk. Counter to this environment and in view of the point that international trade transactions are mainly held through banking system of the country, BFIU, in fulfillment with section 23(d) of Money Laundering Prevention Act, 2012 and section 15 (1) (g) of Anti-Terrorism Act, 2009 is issuing the Guidelines to guide bank to establish appropriate measures and techniques to combat Trade Based Money Laundering and Terrorist Financing.

Janata Bank Limited is vigilant against money laundering and terrorist financing abusing international trade system. It is the corporate commitments of the Bank to prevent any activity that make possible money laundering and terrorist financing. In this perspective the bank has developed the Policy for Prevention of Trade Based Money Laundering in line with BFIU Guidelines.

The trade processors are advised to take the opportunity to create a line of defense against Trade Based Money Laundering and Terrorist Financing. This Policy will help them in discharging responsibility and ensuring that the bank is not vulnerable to TBML. If the TBML Risk Assessment and Mitigation Mechanism set out in the Policy are being followed meticulously with proper understanding and perspective, it will act as deterrent to criminals for using International Trade as a channel of Money Laundering.

The Policy has been duly approved by the Board of Directors in its 632nd meeting held on 28.09.2020.

Md. Ismail Hossain
Deputy Managing Director &
CAMLCO

Md. Abdus Salam Azad
CEO & Managing Director

List Of Acronyms

ADs	Authorized Dealers
AIT	Advance Income Tax
AML	Anti-Money Laundering
APG	Asia Pacific Group on Money Laundering
ATA	Anti-Terrorism Act
BAFT	Bankers Association for Finance and Trade
BASIS	Bangladesh Association of Software and Information Services
BB	Bangladesh Bank
BCSIR	Bangladesh Council for Scientific and Industrial Research
BE	Bill of Entry
BEPZA	Bangladesh Export Processing Zone Authority
BEZA	Bangladesh Economic Zone Authority
BFIU	Bangladesh Financial Intelligence Unit
BIDA	Bangladesh Investment Development Authority
BL	Bill of Lading
BTB	Back to Back
BUET	Bangladesh University of Engineering and Technology
C & F	Clearing and Forwarding
CAMLCO	Chief Anti-Money Laundering Compliance Officer
CCC	Central Compliance Committee
CCI&E	Chief Controller of Import and Export
CDD	Customer Due Diligence
CFR	Cost and Freight
CFT	Combating Financing of Terrorism
CI	Commercial Invoice
EDD	Enhanced Due Diligence
EDF	Exporters' Development Fund
EPZ	Export Processing Zone
ERC	Export Registration Certificate
ERQ	Exporters Retention Quota
EZ	Economic Zone
FATF	Financial Action Task Force
FCA	Financial Crime Authority
FE	Foreign Exchange
FERA	Foreign Exchange Regulation Act

FOB	Free on Board
GFET	Guidelines for Foreign Exchange Transactions
GFI	Global Financial Integrity
IMP Form	Import Form
IRC	Import Registration Certificate
IPO	Import Policy Order
LC	Letter of Credit
LCAF	Letter of Credit Authorization Form
LTR	Loans Against Trust Receipt
ML	Money Laundering
MLPA	Money Laundering Prevention Act
MPLR	Money Laundering Prevention Rules
NBR	National Board of Revenue
NPL	Non performing Loan
OBU	Off-shore Banking Units
OIMS	Online Import Monitoring System
PEZ	Private Economic Zone
PF	Proliferation Financing
PI	Proforma Invoice
PSI	Pre Shipment Inspection
RBA	Risk Based Approach
SAR	Suspicious Activity Report
SBLC	Standby Letter of Credit
STR	Suspicious Transaction Report
TF	Terrorist Financing
TBML	Trade Based Money Laundering
TMD	Treasury Management Division/Department
TTP	Trade Transaction Profile
TTI	Total Tax Incidence
USD	US Dollar

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Chapter 1
Introduction

1.1 Background

Criminals change their strategy off and on to divert attention of law enforcement agencies. Unless and until society gets affected intensely, it rarely responds. Likewise trade based money laundering drew attention of global bodies not long ago. Only in 2006 the Financial Action Task Force (FATF) recognized trade based money laundering as one of the major methods by which criminal organizations and terrorist financiers move money for the purpose of disguising its origins and integrating it back into the formal economy. And in 2008 FATF, in its best practice paper, states "The term trade-based money laundering and terrorist financing (TBML/TF) refers to the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illegal origins or finance their activities". Like many countries Bangladesh is also affected by trade based money laundering and ensuing illicit outflow. Concerns in this area are almost unanimously agreed by all relevant agencies and authorities.

Against such backdrop, to combat TBML/TF Janata Bank Limited (the bank) has devised this policy in line with BFIU's recommendations to guide effective control measures.

1.2 Products & Services Related to Trade

Though exhaustive list of trade related products and services are not practicable, some indicative examples of products or services that fall within the scope of the Guidelines are:

a) All types of Commercial Documentary Credits

b) All types of Bank Guarantees

c) All types of Standby LCs

d) All types of Bills for Collections

e) Open Account Transactions

f) Cash in Advance

g) All kinds of trade finance and payments

h) Import and export of services and software.

i) Trade finance products (such as factoring, forfeiting, etc.) which do not exist or are not allowed in Bangladesh have not been covered in this Policy. Before such products are allowed by the bank, ML & TF risks of these products be assessed and consulted with BFIU.

1.3 Scope/Definition of Customer

1.3.1 A customer is defined as-

(i) any person or entity maintaining an account or a business relationship of any type,

(ii) the beneficial owner of the account or business relationship,

(ii) any person or entity involved in a financial transaction that may pose reputational or other risk to the institution,

(iii) any person or entity involved in a high value transaction conducted in single occasional transaction,

(iv) the person or entity as defined by BFIU times to times.

1.3.2 Parties involved in any single transaction through banking channel-

- must be two parties,
- three or more parties depending on the nature of transaction.

1.3.3 Outside the banking channel, there are also some other intermediaries involved in trade.

1.4 Parties Involved and Their Role in Trade

Many parties actively participate in international trade in various points and they differ from one country to another based on the local regulatory requirements involved in the process. Even the parties involved in import are slightly different from those in export. The major players in import and export business are as follows:

1.4.1 Major Parties and their Role in Import

The importer is the primary player in the import market and other participants have their respective roles are as under:

a. Buyer and seller furnishes sale/purchase contract.

b. Exporter supplies the goods/services as per the terms agreed in the LC/Contract.

c. Shipping Lines/Airlines/Transport Agency transports the goods from exporter's end to the importer's end.

d. Port Authority is the custodian of the goods till those are released properly.

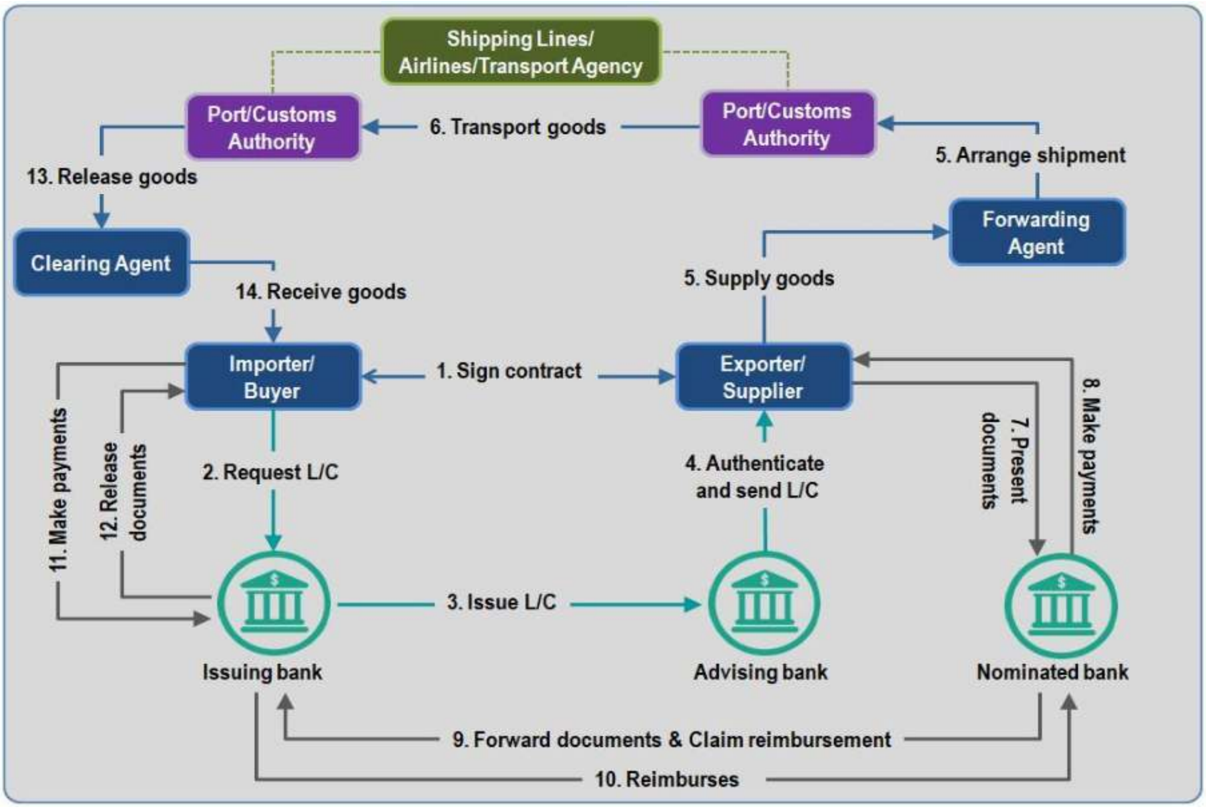
e. Customs Authority is responsible to assess collect duties-taxes, issue release order for the imported goods and combat trade based money laundering.

f. Clearing Agent acts as the agent of importer to release the goods from the customs.

g. Indenter is the agent of exporter.

The process flow in a documentary credit

Among the trade payment methods mostly followed in Bangladesh are documentary credit and documentary collection. In a documentary credit process, the issuing banks have primary obligations in the transaction. The process flow is as under:



1. The Buyer (importer) and the seller (exporter) furnish sale/purchase contract.
2. The applicant (Buyer) requests the issuing bank to open documentary credit on account of the buyer.
3. The issuing Bank issues the credit in favor of the beneficiary and transmits through the advising bank (usually).
4. The advising bank advises the credit to the beneficiary (Seller).
5. The beneficiary ships the goods, prepares, collects & collates the required documents under the credit and presents to the nominated bank (usually).
6. The nominated bank forwards documents to the issuing bank/confirming bank. Nominated bank can honour/negotiate documents i.e. make payments and claim re-imbursement if documents are in order as per LC terms.
7. Issuing bank on receipt of complying presentation and /or obtaining documents effects payment to the beneficiary and/or nominated bank, as the case may be.
8. The applicant releases documents from the issuing bank.

9. The applicant clears the goods from the customs through his appointed clearing agent.

1.4.2 Major Parties and their Role in Export

Though the process of export is literally the reverse to the import, some participants change their roles in the process. However, the exporter is obviously the primary player in the market and the other players in the process support export surrounding the primary player. The roles of the parties are as follows:

a. Buyer and seller furnishes sale/purchase contract.
b. LC issuing Bank issues the LC.
c. LC Advising Bank advises the LC to the exporter/supplier.
d. Exporter ships the goods to the importer/buyer or named destination.
e. Forwarding Agent acts as the agent of exporter to arrange shipment of the goods.
f. Shipping Lines/Airlines/Transport Agency transports the goods from supplier's end to the buyer's end.
g. Exporter prepares, collects and submits docs to bank.
h. LC issuing bank makes payment to the exporter as per the terms agreed in the LC.
i. Port Authority is the custodian of the goods.
j. Customs Authority is responsible to assess, collect duties-taxes and allow goods to export from exporting country and permits goods to release.
k. LC Nominated Bank honours/negotiates/prepays/purchases/discounts the documents.
l. Indenter is here the agent of buyer.

The process flow in a documentary collection

Under documentary collection, banks involve in the transaction without incurring its own payment undertaking & the process flow (from exporter perspective) is as under:

a. The Buyer (importer) and the seller (exporter) furnishes sale/purchase contract
b. The principal (exporter) ships the goods & submits documents to the remitting bank
c. The remitting bank sends documents to the collecting bank
d. The collecting bank sends documents to the presenting bank [sometime collecting and presenting bank are same]
e. The presenting bank releases documents to the drawee (the importer) as per collection instructions, and
f. The drawee clears the goods from the customs through his appointed clearing agent.

1.4.3 Instructing Parties

In a trade finance transaction, banks are not always involved into transactions at the request or instruction from its own customer. In addition to bank's own customer, the instructing party may be, for example, but not limited to:

For	Instructing Party	Commercial Bank's Role as instructed party
Documentary Credit	Issuing Bank	Advising Bank, Nominated Bank, Confirming Transferring Bank
	Advising Bank	2nd Advising Bank
Documentary Collection	Remitting Bank	Collecting and/or presenting bank [if collecting bank and presenting bank are the same]
	Collecting Bank	Presenting Bank, [if collecting bank and presenting bank are not the same]
Cash In advance	Ordering customer/ institution	Inward remittance receiving bank
Guarantee backed by counter guarantee Including standby LC	Counter guarantor/ Issuer/ Guarantor	Guarantor, Advisor, Confirmer, Nominated person etc.

1.4.4 Counter Parties

There must be at least one counter party in a trade finance transaction. Counter party may be for instances but not limited to as under:

For	Counter Parties
Documentary Credit	Issuing Bank, Nominated Bank, Confirming Bank, Advising Bank, 2nd Advising Bank, Beneficiary, and Applicant etc.
Documentary Collection	Principal, Remitting bank, Collecting bank, Presenting bank, Drawee etc.
Cash in Advance	Ordering Institution, Customer, Exporter etc.
Guarantee/Standby LC	Issuer, Counter guarantor, confirmer, guarantor etc. Counter parties in trade finance transaction can be broadly categorizes in two forms: • Banks or financial institutions • Any party other than banks or financial institutions

Depending on the risk and vulnerabilities of the instructing and counter parties mentioned above, the bank ensure due diligence measures in line with this guidelines, relevant BFIU circulars, local regulations and international best practices.

1.4.5 Related Parties to Trade

In order to execute a trade transaction, there are inherently more parties involved other than buyer and seller. For the purpose of this Policy, those parties are called “related parties to trade”. “Related parties to trade” are-

- traders,
- brokers,
- shipper/consignor,
- notify parties,
- shipping lines,
- freight forwarders.

The bank must conduct Reasonable due diligence measures (i.e. sanction screening/adverse media screening etc.), at least on TBML alerted transactions in a risk based approach, on “related party to trade” as well.

1.5 Trade of Services

Lion share of trade is backed by underlying goods, however, trade of service items are also on the rise. Service import and export therefore should be dealt with adequate due diligence as scope and vulnerability of service items to TBML is increasing day by day.

Some example of trade of service items are as follows:

- software,
- data entry,
- repair/renovation
- refilled/overhauling,
- transporting,
- carrying,
- delivering

For the assessment and mitigation of ML, TF and PF threats arising out trade of service transaction the trade processing staff will follow bellow stated process but not limited to:

(i) Must verify and checked whether the competitive price of the service has been quoted or not,

(ii) Must verify the certificate issued by BASIS and documents evidencing customs and perform EDD to ensure payment of duties and taxes are enough.

(iii) Must check the genuineness and reliability of the importer and supplier to ensure that transactions arising out of such arrangement may not pose ML, TF and PF threats.

(iv) Must follow the instruction and Guidelines for Foreign Exchange Transactions (GFET) and Acts, regulations and instructions from competent authorities form the regulatory framework of trade services in Bangladesh.

Chapter 2

Overview & Landscape of Trade Based Money Laundering in Bangladesh

2.1 Overview of Trade Based Money Laundering

The term Trade Based Money Laundering and Terrorist Financing (TBML/TF) refers to the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illegal origins or finance their activities.

International trade activity is critical to an integrated economy and involves numerous components that can be manipulated for the benefit of money launderers and terrorist financiers such as banks, currency exchange, free trade zones, cross-border payments, ports, invoices, goods, shipments, shell companies and credit instruments that oftentimes are inherently complex transactions. Trade-based money laundering is significant money laundering techniques that have proven successful in illicit finance.

The 2006 FATF study concluded that TBML represents an important channel of criminal activity and, given the growth of world trade, an increasingly important money laundering and terrorist financing vulnerability. Moreover, as the standards applied to other money laundering techniques become increasingly effective, the use of trade-based money laundering can be expected to become increasingly attractive.

The Technique of trade-based money laundering:

1. Over-invoicing & Under-invoicing
    - Over-invoicing: By invoicing the goods or service at a price above the fair market price, the seller is able to receive value from the buyer (i.e., the payment for the goods or service will be higher than the value that the buyer receives when it is sold on the open market).
    - Under-invoicing: By invoicing the goods or service at a price below the fair market price, the seller is able to transfer value to the buyer (i.e., the payment for the goods or service is lower than the value that the buyer will receive when it is sold on the open market).
2. Over-shipping or Short-shipping:

    The difference in the invoiced quantity of goods and the quantity of goods that are shipped whereby the buyer or seller gains excess value based on the payment made.

3. Ghost-shipping:

   Fictitious trades where a buyer and seller collude to prepare all the documentation indicating goods were sold, shipped and payments were made, but no goods were actually shipped.
4. Shell companies:

   Used to reduce the transparency of ownership in the transaction.
5. Multiple Invoicing:

   Numerous invoices are issued for the same shipment of goods, thus allow-ing the money launderer the opportunity to make numerous payments and justify them with the invoices.
6. Black market trades:

   Commonly referred to as the Black Market Peso Exchange whereby a domestic transfer of funds is used to pay for goods by a foreign importer.

Like many countries Bangladesh is also affected by Trade Based Money Laundering and ensuing illicit outflow. Concerns in this area are almost unanimously agreed by all relevant agencies and authorities.

This chapter provides an overview of trade based money laundering in Bangladesh. In particular, the chapter highlights on regulatory framework as well as the scope and vulnerabilities of Bangladesh trade. As this global offence of trade based money laundering differs in extent and mechanism from country to country, Bangladesh's experience in trade based money laundering has been depicted here to guide the bank towards adopting proper mitigation measures.

2.2 Regulatory Framework Governing Bangladesh Trade

Several Acts, regulations and instructions from competent authorities form the regulatory framework of trade services in Bangladesh. The local regulations which primarily construct the regulatory framework of Bangladesh are shown in the table below:

Sl	Acts, regulations and instructions	Function /Applicability
01	The Foreign Exchange Regulation Act, 1947	lays the foundation of regulatory framework by which the Bangladesh trade is mostly governed.
02	The Import and Export Control Act, 1950	controls the import and export of goods to and from Bangladesh
03	The Customs Act, 1969	defines the operational customs procedures of import and export in Bangladesh.

04	The Bangladesh Bank Order, 1972	empowers Bangladesh Bank (BB) as the Central Bank of the country to formulate and implement intervention policies in the foreign exchange market and to hold and manage the official foreign reserves of Bangladesh.
05	The Importers, Exporters and Indentors (Registration) Order, 1981	empowers the Chief Controller of Import and Export (CCI&E) to issue license as Import Registration Certificate (IRC), Export Registration Certificate (ERC), Import Permit (IP) and Export Permit (EP) to importer and exporter of Bangladesh to perform trade.
06	Import Policy Order (IPO) & Export Policy	Government of Bangladesh formulates for a three year period.
07	BEPZA, BEZA, EZ and PEZ regulations	Regulations regulate the import and export of Special Economic Zones. Various Ministries, Departments and Divisions of Govt. import against permission of these authorities.
08	FE circulars and FE circular letters	Bangladesh Bank issues instructions under Foreign Exchange Regulation Act (FERA) in the form of FE circulars and FE circular letters from time to time to regulate foreign exchange market of the country
09	Guidelines for Foreign Exchange Transactions (GFET)	summarizes all the instructions issued for authorized dealers (ADs) and money changers.

Since trade involves extra-territorial parties, some international rules, regulations and practices are also part of the broader regulatory framework. It is to be noted that the local regulations generally prevail over the international ones. International rules, regulations and practices are as follows:

- General Agreement on Tariffs and Trade (GATT),
- Uniform Customs and Practice for Documentary Credits (UCPDC-600),
- Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits (URR- 725), Uniform Rules for Collections (URC-522),
- International Standard Banking Practices (ISBP-745),
- International Standard Practices (ISP-98),
- Uniform Rules for Documentary Guarantee (URDG-758),
- Guarantees issued under applicable law and Incoterms-2010.

2.3 Regulatory Framework in Combating TBML in Bangladesh

2.3.1 Money Laundering Prevention Act, 2012:

As per section 2 (v) (ii) of Money Laundering Prevention Act, 2012 smuggling of money or property is money laundering while section 2 (a) of the Act defines “smuggling of money or property” as-

i) transfer or holding money or property outside the country in breach of the existing laws in the country; or
ii) refrain from repatriating money or property from abroad in which Bangladesh has an interest and was due to be repatriated; or
iii) not bringing into the country the actual dues from a foreign country, or paying to foreign country in excess of the actual dues;

It can be easily comprehended that in Bangladesh context, international trade is one of the avenues abusing which smuggling of money or property and illicit outflow can take place.

Punishment of money laundering

As per Sec-4 of the Act,-

Sub Sec-(2)

Any person who commits or abets or conspires to commit the offense of money laundering is liable to be punished for minimum 4 years and maximum 12 years of imprisonment,

Sub Sec-(3)

In addition to that a fine equivalent to twice the value of the property involved in the offence or BDT 1 million whichever is higher shall be imposed.

Sub Sec-(4)

The punishment for an entity in this regard is a fine of not less than twice the value of the property or BDT 2 million whichever is higher; in addition to that license is also liable to be cancelled.

The law of the land, therefore, prohibits smuggling of money or property in the strictest term and provides stringent punishment for the offence. Despite such stringent legal provisions Banks may willingly or inadvertently become vulnerable to this offence.

Furthermore, Guidelines for Foreign Exchange Transactions (GFET) and Import Policy Order have made specific mandatory requirement for ensuring pricing competiveness prior to any international trade transactions:

2.3.2 Import Policy Order 2015-2018: Chapter 2 "General Provisions for Import", Section 5(4) "Import at competitive rate":

a) Import shall be made at the most competitive rate and it is obligatory for the importers, at any time, to submit documents to Import Control Authority regarding the price paid or to be paid by them;

b) in case of import under Untied Commodity Aid in the private sector, goods shall be imported at the most competitive rate by obtaining quotations from at least three suppliers or indentors representing at least two source countries: Provided that this condition shall not apply for opening LC up to Tk. one lac; and

c) for import at the most competitive rate by the public sector importers, quotations have to be invited before opening letter of credit, and goods shall be imported at the most competitive price.

2.3.3 Guidelines for foreign Exchange transactions (GFET), 2018: volume-1

2.3.3.1 Chapter 7, Para 20: "Verification of import price etc":

"Before opening of LC or issuing LCAF, the AD shall have to take usual and reasonable cautionary measures to ensure that both the exporter and importer are bonafide business person of the goods concerned, the exporting country is the usual exporter of the goods concerned and the price of the goods concerned is competitive in terms of prevailing price in the international market on the date of contract and/or similar imports in contemporary period. ADs are advised to verify the above, if needed, with the help of concerned Bangladesh Mission abroad."

2.3.3.2 Chapter 8, Para 7 "Certification of EXP forms by ADs":

(b) In order to avoid any loss of foreign exchange to the country, ADs shall not certify any EXP form unless they have satisfied themselves with regard to the followings: (iv) Bonafides of the buyers/consignees abroad and their credentials etc. where necessary, ADs should make discreet enquiries in this regard through their correspondents abroad etc., greater care should be taken particularly in cases of shipments against contract alone and shipments on CAD/DA basis. Where ADs doubt the bonafides and standing of the buyers/consignees abroad or where owing to common interest or otherwise they suspect collusion with the intent of' delaying or avoiding repatriation of export proceeds ADs should report such cases promptly to Bangladesh Bank. Similarly, ADs should report to Bangladesh Bank cases where it comes to their knowledge that the exporters are directly or indirectly connected with or have any financial or other interest in the buyer/consignee abroad. Where felt necessary, discreet enquiry about the bonafides and credentials of the charter party should also be made in case the shipment is to be against a charter party Bill of Lading so as to avoid loss of cargo/foreign exchange.

These are only few examples of regulatory instructions. In fact, there are many other regulatory instructions relevant to combating TBML.

2.4 Scope of TBML in Bangladesh

Generally criminals use trade finance to obscure the illegal movement of funds through misrepresentation of price, quality and/or quantity of goods and services. And to do this, in most cases, there might be collusion between the seller and the buyer. The collusion may well arise as both parties could be controlled by the same person/entity. The transfer of value in this way may be executed in a number of ways such as Over Invoicing, Under Invoicing, Multiple Invoicing, Short shipment, Over Shipment, Phantom Shipment, and Complicated Payment Structure, discount, price changes, freight charges or without making any payment at all etc. Bangladesh is not an exception in this regard. However, some of the vulnerabilities are given below.

2.4.1 Import Procedure and Some Avenues for TBML in Bangladesh

i. TBML through several IRCs:

Import procedure in Bangladesh generally begins by obtaining an Importer Registration Certificate (IRC) from the Office of the Chief Controller of Import and Export (CCI & E) under the Importers, Exporters and Indentors (registration) Order, 1981. According to this Order, an importer can get one IRC for commercial and one for industrial import. Importers may take the opportunity to have more than one IRC to use one in TBML as throughout the import procedure and reporting of the transactions importers are identified through IRCs not through their names. Moreover, family members of a trader having same business address may obtain IRCs and abuse them to commit TBML.

ii. TBML through excess of LCAF value:

Letter of Credit Authorization Form (LCAF) is mandatory for importer as it is the declaration of amount, value, HS code and the description of the goods as per Customs First Schedule and terms of import. After declaration of LCAF, importers are allowed to open/issue LC/Contract by the ADs. On the basis of the LC/Contract declaring on IMP by the importers ADs can sale/make payment of LC/Contract documents. Though importers are strictly prohibited from making payment in excess of LCAF value, sometimes abusing FC/ERQ accounts or other means, they pay more than the value of the LCAF or of Expired value and thus facilitate TBML.

iii. TBML through misuse of incoterms:

Major portion of imported goods are imported on CFR basis in Bangladesh where freight charges are invoiced to the importer. In some cases, it has been found that freight charges reached several times of the FOB value. In fact, freight and other charges can also be an approach of TBML.

iv. Under Invoicing:

Value of goods to be imported can be a technique of TBML as value can be quoted less than the actual price (Under invoicing) of the goods with a deliberate intention to evade import duties and taxes. Generally, most of the amount of under invoiced import is paid through hundi or hawala. Evasion of taxes and duties i.e. custom related offenses is the predicate offence of ML in Bangladesh according to MLPA, 2012. On the other hand, capital machinery and raw materials (of which import duties are lower) can be imported quoting more than the actual price (Over invoicing) of goods as a medium of TBML.

v. Fabrication of the Bill of Lading (BE):

Banks are responsible to make payment against the import documents if found in order and no discrepancy arises. Yet, documents can be received directly by the importer and the goods can be released from the customs. In that case, banks may make payment based on the customs certified bill of entry (BE) submitted by the importer. This practice takes place while releasing goods with copy documents. TBML can occur in these situations as there are opportunities to fabricate the import documents and related BE by the malafide importer.

vi. Fake Bank Guarantee:

Banks are permitted to make advance payment against import without prior approval of BB based on a repayment guarantee from a bank abroad. This guarantee is not needed for remittance up to USD 5,000 (and USD 25,000 from ERQ accounts). Moreover, fabricated/fake/false bank guarantee can create a scope of TBML through payment of advance remittance against import.

vii. By fresh IRC to avoid import liability:

After making payment against the goods to be imported, importers are liable either to import the goods or to bring back the amount remitted in proper banking channel

(Article 4(3), FERA, 1947). BB marks out the duration of the process 4 months after the date of making payment. Failure to transport the goods within the prescribed duration makes the related Bill of Entry (BE) overdue and no importer can get any import facility (opening LC/making advance payment, or enhancement of existing LC/Contract value) from any bank in Bangladesh having overdue BE against any of its previous import without the prior approval of BB. Importers may take the opportunity to surrender the IRC (intended to avoid the import liability and also to be involved in TBML) against which BE is being overdue and get another IRC for a fresh start.

viii. Fictional damage of goods to get insurance waiver:

The incidence of loss or damage of the goods-in-transit or before release as well as cancellation of shipment may be used as a medium of TBML. Compensation against the damaged goods or return of the remittance against cancelled shipment can be received from sources/third parties directly not related to the exporter of the goods. Again, loss of goods before release from the customs can be fictional (intended to evade tax and commit capital flight) to get the insurance claim and get waiver from submission of the BE.

ix. Misuse of the bonded warehouse facility (intended to evade tax):

The ADs are allowed to open back-to-back (BTB) import LCs against export LCs operating under the bonded warehouse system, subject to observance of domestic value addition requirement. Misuse of the bonded warehouse facility (intended to evade tax) by selling the imported goods to the local market can also be an example of TMBL in import. Again, BTB LCs opened against arranged/fake master LCs can also be used in TBML where no export occurs showing some 'valid' reasons though raw materials imported duly against the BTB LCs.

x. Settlement of credit through credit facilities:

ADs are allowed to open deferred (Under Chapter 7, Para 33(a) of GFET, 2018), or usance basis L/C. As there are instances and vulnerabilities of abuse of suppliers' and buyers' credit, utmost care should be given to those payments where payments are settled through buyers' credit or suppliers' credit.

xi. TBML through CMT facilities:

Exporters are allowed to export on CMT (Cutting, Making and Trimming) basis as well as to import the raw materials on Free of Cost (FOC) basis. Since this FOC import does not require any bank endorsement and there is no matching of bill of entry with the value, customers can manipulate the FOC items.

xii. By non-physical goods:

Import of non-physical goods (software and others) can be a medium of TBML as keeping track of import process of such non-physical goods is difficult for any reporting/regulatory agency.

xiii. By misuse of personal consumption facilities:

Import Policy Order allows actual users to import up to a certain limit (USD 7,000.00 per year) for their personal consumption. As AD banks have no control to monitor this limit through any system individuals might import through different ADs exceeding the limit and sell them commercially to the market illegally.

xiv. By international cards:

Consumers can purchase goods online by making payment through international credit or debit cards or unused portion of Travel Quota and later receive goods through courier. Criminal proceeds might be transferred through this online payment.

2.4.2 Export Procedure and Some Avenues for TBML in Bangladesh

i. By more than one number of ERCs:

Export procedure in Bangladesh generally starts with obtaining Exporter registration Certificate (ERC) from the CCI&E under the Importers, Exporters and Indentors (registration) Order, 1981. According to the order, an exporter can get only one ERC for export. Exporters may take the opportunity to have more than one ERC to use one in TBML, as throughout the export procedure and reporting of the transactions, exporters are identified through ERCs not through their names.

ii. Under invoicing:

Value of goods to be exported can be a medium of TBML as value can be quoted less than the actual price (under invoicing) of the goods intended to siphon money abroad.

iii. Intentional overdue of export bills:

After shipment of the goods for export, exporters are liable to repatriate export proceeds in full (Section 12 of FERA, 1947). BB marks out the duration of the repatriation of export proceeds within 4 months after the date of shipment. Failure to receive the full export proceeds within the prescribed duration makes the related Export Bill overdue. Exporter can be out of track having huge amount of overdue export bills intended to commit money laundering through export.

iv. Through Commission:

Commission, brokerage fee or other trade charges to be paid to foreign importers/agents (of which up to 5% ADs can allow) may also sometimes be abused for TBML.

v. TBML by international cards:

Payments in Foreign Exchange may be made through international cards (debit/credit/prepaid etc.) which are categorically mentioned in Chapter 19 of GFET, 2018. ADs should meticulously monitor the issuance and end-use of those cards.

vi. Deliberately non-realization of export bill:

Partial drawing of export bill/Advance Receipt against export can be abused for TBML. It is the responsibility of the ADs to follow up each such case and to ensure that the balance amount is also realized within the prescribed period.

vii. Transshipment:

Shutting out of a shipment by a particular vessel and re-shipment in another vessel should be checked. This is because there are opportunities of TBML as transshipment through one or more jurisdictions for no apparent economic reason is suspicious.

viii. Cancellation of Shipment:

The incidence of loss or damage of the exported goods in-transit or before release as well as cancellation of shipment (for which payment has not already been received) may be used as a medium of TBML. Compensation against the damaged goods can be received from other sources/third parties directly not related to the importer of the goods.

ix. Export of non-physical goods:

Export of non-physical goods (software and others) can be a medium of TBML as keeping track of the export process of the non-physical goods is difficult for any reporting/regulatory agency.

x. By using buying house for deliberate delay:

Buying House Arrangement/Buyer Nominated Supplier Arrangement can be a medium of TBML. Shipment of goods can illicitly be delayed by the buying houses through 'arranged game' for getting discount on the exported value. Again, buyer nominated supplier can quote higher price for the raw materials and thus money laundering can take place.

xi. Transaction by exchange house instead of banking channel:

Transaction in large volume through other than banking channel such as exchange house etc. is vulnerable to TBML.

xii. By wage earners remittance:

In the name of export proceeds wage earners' remittance may be brought into Bangladesh to claim cash incentives.

xiii. Misuse of Inward remittance by Bangladeshi business man

Inward remittance may be brought from the countries where Bangladeshis have direct/indirect business and cash incentive may be claimed.

xiv. By usance bill:

ADs are allowed to discount the usance bill (para 25, chapter 8). ADs should take utmost care while discounting or purchasing foreign documentary export bills.

2.5 Remittance of Royalty, Technical Assistance Fees etc.

Under Section 18 of Bangladesh Investment Development Authority Act, 2016, approved industrial enterprises shall have to take approval from Bangladesh Investment Development Authority (BIDA) and other competent authorities for payment of royalty, technical know-how, operational service fees, management fees, technical assistance and franchise fees.

Vulnerabilities:

While making remittance of royalty and other technical fees, banks may expose them to money laundering by not conducting due diligence under the following conditions:

a) Ambiguous agreement/contract between local company and technical service provider;
b) Auditor's certificates regarding net remittable amount;
c) Suspicion remains about the genuineness of the papers (copies of the royalty/technical assistance agreements, documentary evidences); and
d) Lack of adequate due diligence on the underlying trade.

Adequate measures should be taken to combat TBML in this case and instructions contained in para 26, 27 & 28 of chapter 10 of GFET, 2018 should be followed meticulously when such remittances are executed.

2.6 Some Avenues for TBML through OBUs, EPZs, EZs and PEZs in Bangladesh

Trade finance through OBUs and different mode of international trade practiced in the EPZs, EZs, PEZs are sometimes abused for TBML. As OBUs can borrow funds from banks and FIs from both home and abroad they are more vulnerable to TBML. It can provide finance facilities against purchase/supply order, corporate guarantee, personal guarantee of the directors of company etc. with borrowed fund. However, recovery of the fund may not be possible due to lack of verification of the authenticity of the documents, willful default of the borrowers and poor or biased customer risk assessment. In such cases Bangladeshi nationals can also siphon money if they have beneficial ownership or control on the company in whose favour the financing facilities are provided.

In case of companies in Special Economic Zones, directors' liabilities are limited by shares. When the company falls into trouble due to taking more exposure through more foreign/local loan or trade gap, they may transfer, sell or even wind up the company keeping the outstanding liabilities in Bangladesh. The situation arises sometimes that the company makes payment for import without entry of the goods, or export is done but the proceeds are not realized. Keeping these liabilities pending owners/directors transfer, sell or wind up the company and leave the country. Bankers should provide proper information to regulators in time before winding up of these companies. Bankers should apply enhanced due diligence while providing trade and other services to these companies of Economic Zones.

In Bangladesh context letter of credit is safe compared to other mode of trade (such as Open Account, Cash in Advance etc.) in TBML perspective. However, it is also undeniable that TBML risk may arise under LC if the LC is between parent and affiliates or if the trade is just an arranged game. Because of this, TBML risk mitigation measures here need to be stringent, otherwise trade should be facilitated by banks through LC applying adequate due diligence only.

As banking sector of the country is more vulnerable to TBML, bankers should remain familiar with the different methods that may be abused for TBML. To get further insight, some case studies in Bangladesh context are discussed in Appendix A.

2.7 Key Challenges and Difficulties in Preventing Trade Based Money Laundering in Bangladesh

01) Price Verification for Financial Crime Control

As discussed in 2.3 according to Import Policy Order, importers are obligated to import goods at competitive prices. Banks are also advised in the GFET, 2018 to take usual and reasonable cautionary measures to ensure that the price of the goods concerned is competitive in terms of prevailing price in the international market on the date of contract and/or similar imports in contemporary period. They are also advised to verify the above, if needed, with the help of concerned Bangladesh Mission abroad. Due to lack of relevant business information, such as the terms of business relationship, volume discounting or specific quality, or feature, specifications of goods involved bankers have to be cautious in making meaningful determinations about the appropriateness of the unit price. Moreover, many products are not traded in public markets and their market prices are also not publicly available. Even where goods are publicly traded, the current prices may not reflect the agreed price used in any contract of sale or purchase and these details will not usually be available to the banks involved due to competitive sensitivity of such information.

02) Transfer Pricing

Transfer pricing is a related party transaction commonly used by transnational corporation as part of their financial and tax planning strategy. Multinational organizations use transfer pricing to shift taxable income from jurisdictions with relatively high tax rates to jurisdictions with relatively low tax rates to minimize income tax. Similar strategies are also employed in relation to import duties and value added tax. TBML can occur when international trade is abused for transfer pricing. This poses a significant challenge which needs to be overcome.

03) Limited Skilled Manpower

Performing the foreign exchange activities involves proper communication with the client, various banks of the country as well as abroad. A single error may cost thousands of dollars. In Bangladesh there are limited skilled manpower who are able to understand and handle the foreign exchange dealings very well. As such, skill development through proper training is a must to address TBML risk.

04) Extreme Competition

Unhealthy competition is driving bankers to constantly hunt for aggressive business and profit target. Thus working under pressure of such target combined with the fear of losing customers and presence of other competitor banks officials sometimes ignore minor trade related due diligence which makes the bank a victim to TBML. Unhealthy competition poses a challenge to combating TBML.

05) Absence of Co-ordination

Absence of coordination is also one of the major challenges in combating TBML. A coordinated Risk Management Unit/Division in combination of all concerned agencies may be formed to ensure co-ordination & concerted efforts. Besides, National Board of Revenue (specially the Valuations and Audit unit)/ Customs and Bangladesh Banks may also work to assess the value of the imported or exported goods/commodities/services. Arrangements may be in place so that customs authority and banks may be aware through mutual information sharing mechanism when there is abnormal increase in the number and value of LC of a particular company/firm etc., risky import of goods such as Reconditioned Capital Machinery, Software, Chemicals where complexity exists in determining price and description of the products, cases where importer and exporter are related, when import and export goods are inconsistent with the nature of trade of the customer, inconsistency in price exists, when an LC is frequently amended, where beneficiary desires payment in third country or party, when Bill of Lading does not mention container number, does not bear invoice number, where miscellaneous charges such as freight, lading charge etc. are abnormal.

06) Absence of Management Information Systems (MIS) and a Central Data Base

Lack of MIS and a central data base or uniform price list of various commodities is also a hindrance to preventing under invoicing and over-invoicing by those engaged in trade operations.

07) Duty/Tax structure

At times, bankers disagree with the quoted price in the Proforma Invoice (PI), because they fail to match the given price which is sometimes far away from the actual price of the commodity in the international market. In some items of imports importers may quote higher price in line with customs' rate of duty even though the price may be less than the price mentioned in NBR's minimum price list (Minimum price list can be found in SRO 142-AIN/2017/28/Customs dated 01/06/2017.) Though there is no scope of tax/VAT evasion against such imports, it may be abused for TBML.

The Challenges and difficulties faced by the sector and the specific trend of trade based money laundering in Bangladesh indicates the challenging task the banks have to accomplish to protect themselves from this financial crime.

Chapter 3

Risk Based Approach and Trade Based Money Laundering Controls Policy of Janata Bank Limited

3.1. Purpose of the policy

As the Trade Based Money Laundering (TBML) has devastating role in the economy of the country, Janata Bank Limited (the bank) is committed to combat and prevent it. To that point fight against TBML is a necessary and important component of the mission of the bank. Additionally, the bank is committed to respect national and international standards with regard to the terrorist financing (TF) and proliferation of weapons of mass destruction (WMD) as well as United Nations Security Council sanctions.

The bank is committed to ensuring that the risks of TBML are reduced to the lowest possible levels, both internally and in its dealings with external parties. Where there is the possibility of TBML, the bank will deal with it in a decisive, timely and controlled manner. In line with the Guidelines for Prevention of Trade Based Money Laundering of BFIU and international best practice, the bank wishes to establish written policies, procedures and systems of internal control, which may be revised from time to time, to address the risks arising from TBML. Within this framework, the bank:

a. is committed to working and co-operating with all counterparties/related parties and regulators to prevent TBML.
b. expects all its officials, executives, staff members and counterparties, including its customers to observe the highest standards of ethics and to provide the Bank with any help, information and support in combating TBML.
c. will assess the trade related documents, transactions case to case to identify the anomalies and submit suspicious transaction/activity report to BFIU.

This Policy must be read together with the following laws, rules, regulations and guidelines:

b) Money Laundering Prevention Act, 2012;
c) Money Laundering Prevention Rules, 2019;
d) Anti-Terrorism Act, 2009;
e) Anti-Terrorism Rules, 2013;
f) Foreign Exchange Regulations Act, 1947;
g) Customs Act, 1969;
h) The Import and Export Control Act, 1950;
i) Importers, Exporters and Indentors (Registration) Order, 1981;

j) Value Added Tax Act, 1991;

k) Import Policy Order and Export Policy in force;

l) Rules, Govt. SROs, Circulars, Circular letters, Guidelines, instructions issued by relevant authorities/regulators.

3.1.1 Scope, Area and Applicability of the Policy

a) The Policy is meant for mitigation of money laundering, terrorist financing and proliferation financing of weapons of mass destruction risks.

b) Recommendations of the Policy are mainly on the trade related activities of the banks with the customers and relevant third parties and trade based money laundering risks of bank-to-bank relationships should also be taken adequate care of.

c) Instructions given in the Policy are applicable to all the Authorized Dealer branches (ADs), Off-shore Banking Units (OBUs) and any other branches, area offices, divisions and head office departments of the bank engaged in trade related activities.

3.1.2 Roles & Responsibilities:

3.1.2.1 Board

- Approve the Policy and any revisions thereto;
- Delegate authority to the Risk Management Committee (RMC) authority to monitor and implement the Policy and operational procedures for preventing and combating trade based money laundering/terrorism financing transactions stipulated in the Policy.

3.1.2.2 Risk Management Committee of the Board (RMC)

- Review the Policy and put forward suggestions for the Board approval;
- Monitor the implementation of the policy and operational procedures;

3.1.2.3 CEO & MD

- Review and discuss the formulation and implementation of the Policy with the Central Compliance Committee;
- Put forward corresponding opinions and suggestions in a timely manner to RMC, and supervise the effective implementation of the policies and procedures.

3.1.2.4 Central Compliance Committee

- Review and discuss the implementation of the Policy in quarterly meeting.
- Review the yearly Enterprise wide TBML Risk Assessment report submitted by ML & TFPD.

- Propose New Strategy and Policy to combat TBML. Submit annual report to RMC of BoD with recommendation of CEO & MD of the Bank.

3.1.2.5 ML & TF Prevention Department

- Maintain and update the Policy on bi-annual basis or when necessary as guided by BFIU for submission to Central Compliance Committee's review;
- Advise on questions raised by Bank staff related to the Policy, including its applicability and potential violations;
- Compile and maintain a list of clients/external counterparties which are subject to sanction by the bank;
- Control to ensure approval of any deviations from the Policy;
- DCAMLCO, the Head of ML & TFPD will perform the role and responsibility of Level 3 as nominated by CAMLCO;
- Conduct yearly Enterprise wide TBML Risk Assessment and submit report to the CCC major issues identified in the trade related activity of the bank;
- Ensure training to the staff and senior management from time to time on the laws and regulations as well as bank policies and procedures of Prevention of TBML jointly with Janata Bank Staff College;
- Assist ICTD to develop a web based software for "Central database of trade customers";
- Monitor & ensure the posting of data into the "Central database of trade customers'' done by ADs;
- After getting report from BAMLCOs of the branches analyze and escalate the potential suspicious report to BFIU as per Janata Bank Limited's instruction Circular No. 965 dated 12/07/2020 circulated in line with BFIU Circular No.-26 dated 16/06/2020;

3.1.2.6 Operation Divisions (Treasury & Foreign Trade Division, All Credit Division and ICT Division)

- The Head of Trade or the competent Official of Foreign Trade Division will perform the role and responsibility of Level 2 of Corporate-1 branch as nominated by the CEO & MD of the bank;
- The Head of Trade will nominate Level-2 officers for AD branches of corporate-2 & Grade A to C.
- Ensure proper implementation of this policy in their respective division, for ensuring the integrity of the assets of the bank;

- Ensure regular control and risk assessments, that is suitable to prevent TBML & TF;
- Monitor effectiveness of the policy by regularly reviewing and assessing key risk indicators and qualitative factors;
- Perform integrity and due diligence as per internal procedures;
- Perform ongoing monitoring on the true purpose, end use of disbursed funds and capital source/use of transactions with clients and counterparties;
- Perform ongoing monitoring on trade transactions;
- Perform ongoing monitoring on SWIFT and all web based transactions;
- Co-operate with the ML & TFPD to carry out Prevention of TBML work;
- Submit report to the ML & TFPD if identified any suspicious transactions;
- Assist the ML & TFPD, and co-operate with the work of investigation personnel.

3.1.2.7 ICT Division

- Will develop a web based software for "Central database of trade customers";
- Will ensure all technical supports for the implantation of TBML software.

3.1.2.8 Internal Audit Division

- Record reports of trade practice, analyze the evidence and initiate investigation if necessary as per the Whistleblower Procedures;
- Consult with the ML&TFPD during investigation if needed;
- Evaluate the effectiveness of the policies and operational procedures. If any internal control deficiencies observed in audit and investigations, put forward improvement measures.
- Report to the RMC of BoD on the investigation findings;
- Inform the Human Resources Division on any sanctions related to the bank staff pursuant to the investigation, if any, carried out by the Internal Audit Division under the provisions of this policy;
- Keep proper record of all reports and investigations and maintain confidentiality of such information.

3.1.2.9 Human Resources Division

- Ensure skilled and expert manpower in Foreign Trade as well as AML & CFT in AD branches;
- Ensure skilled and expert manpower in Foreign Trade as well as AML & CFT in ML & TFPD;

- Assist the ML & TFPD in arranging training;
- Ensure higher training and
- Execute the disciplinary actions/sanctions to the Executives/ Officers and staff of the bank according to the instruction of BFIU;

3.1.2.10 Janata Bank Staff College

- Conduct Prevention of TBML training course regularly;
- Include a session on Prevention of TBML in other training courses.

3.1.2.11 Other Divisions including the Executives/Officers and Staff of Head Office, Divisional Office, Area Office and all Authorized Dealer (ADs) branches, Off-shore Banking Units (OBUs) and any other branches of the bank engaged in trade related activities

- Understand the requirements of policies, procedures and guidelines of the bank to the extent required by their duties;
- Participate in trainings organized by the ML&TFPD of the bank according to their duty requirements; and
- Obtaining and recording customer identification and other customer information as required under the law;
- Report to the head of their division and the ML&TFPD when they become aware of or have doubt on any suspicious activities.
- Report to the head of branches if Executives/Officers and Staff of the branches become aware of or have doubt on any suspicious activities.
- BAMLCOs of the branches after getting report from Executives/Officers and Staff of the branches analyze and escalate the potential suspicious report to ML&TFPD.

3.1.2.12 All Authorized Dealer (ADs) branches

- Transaction processors, i.e. maker, checker, authorizer, reviewer, verifier, designated officials of all Authorized Dealer (AD) branches will perform the roles and responsibilities of Level 1;
- Understand the requirements of policies, procedures and guidelines of the bank to the extent required by their duties;
- Implement the instructions of the Policy for Prevention of TBML & perform all duties as described.
- Participate in trainings organized by the ML & TFPD of the bank according to their requirements.

3.1.3 Implementation:

The implementation of this policy will commence immediately after its approval by the Board of Directors.

3.2 TBML Risk Assessment & Mitigation Mechanism

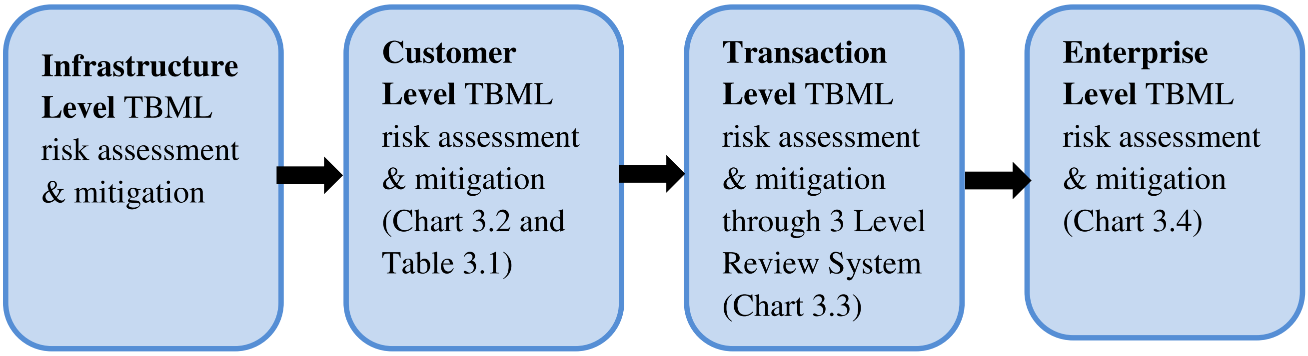
The key challenges to prevent TBML are shown in below chart:

Trade Based Money Laundering (TBML) risk may arise and affect due to inadequate infrastructure of the bank, inaccurate assessment of the customer before on board, poor identification and handling of TBML alert while conducting trade transaction by the officials concerned and overall for failure of the bank to address the risk at the enterprise or institute level. Considering these Janata Bank Limited (the bank) will establish four level risk assessment and mitigation process to combat and prevent TBML. The risk assessment must be documented, reviewed from time to time and updated accordingly. The levels of risk assessment are as follows:

1) Infrastructure level
2) Customer level
3) Transaction level and
4) Enterprise level

The flowchart level of risk assessment and mitigation mechanism is shown below:

Chart 3.1: TBML Risk Assessment & Mitigation Mechanism



3.2.1 Infrastructure Level Risk Assessment:

To combat trade based money laundering the bank intends to perform automated Sanction Screening, price verification, transaction monitoring and reporting system.

To that end the bank has implemented automated SWIFT Screening System. This system enables the bank to screen sanction imposed by the competent authorities, to monitor the Export/Import (inward/outward), Foreign Remittance and Cover Fund.

Including existing system the bank will establish below stated own infrastructure for price verification, transaction monitoring and sanction screening in line with exposure to its international trade in line with instruction of BFIU Guidelines:

(1) Standard Sanction Screening process:

The Hon'ble BoD has approved to purchase a complete AML Solution Software integrated with existing Core Banking Solution Software Temenos-24 (T-24) which is under processing. The under processing software included **TBML Module** consists of:

- Vessel Tracking System.
- Commodity price verification system.
- Adverse Media Report screening.

The proposed AML solution Software included Sanction Screening module. This module will enable the bank to (i) Screen - UNSCR, OFAC, US, EU and domestic sanction list or any other sanction imposed by individual countries/jurisdiction in which the bank has correspondent banking relationship or international business.

(2) Standard for manual screening ;

The bank will ensure manual screening for all trade customers.

(3) Central Database for Trade customer:

The bank will also establish own database for its Trade customer based on previous transaction, history of customer's trade including commodity, pricing, country of export and import.

(4) Subscribe for publicly available website:

In the interim time before establishing automated system the bank will subscribe for publicly available online commodity pricing website.

(5) Ensure Vessel Tracking System from reliable and standard website.

3.2.2 Customer Level TBML Risk Assessment and Mitigation Mechanism:

(a) General ML/TF Risk Assessment and Mitigation:

The customer level risk assessment starts with the establishment of customer relationship. To mitigate ML/TF Risk the trade processing staff of AD branches will -

(i) ensure assessment of ML/TF risk while establishing business relationship/account opening with the trade customer,

(ii) take necessary mitigation measures as outlined in relevant BFIU circular and ML & TF risk management Guidelines issued by BFIU.

(b) Risk Assessment related to Trade:

As in most cases there are some products and commodities, various delivery channels and jurisdictions through which TBML occurs it is quite convenient to have a risk based approach. To identify risk related with the above mentioned area the bank will –

(i) Conduct Risk assessment using model (Table 3.1). Collect required information for the risk assessment model (a) KYC, TP, LCAF, LC opening format, Invoice and TTP, (b) projection submitted in the format by the fresh/new customers & (d) historical data for the existing and old customers.

(ii) ensure independent evaluation/assessment of importers and exporters by own staff and ensure/examine to the extent practicable.

(iii) ensure the relationship between importers and exporters through third parties.

(iv) ensure Customer level risk assessment for newly on boarded trade customer before initiation of trade transactions.

(v) perform customer level risk assessment for existing trade customers, as early as possible but should not be later than next periodic review of KYC in pursuance with BFIU Circular No. 26 dated 16/06/2020. According to that circular it is mandatory to review KYC for high risk customer after 1 year and for low risk customer after 5 years.

(c) Trade related CDD/EDD:

The bank will perform trade related CDD at the time of establishing relationship/opening account with the customer along with conducting general CDD or separately before starting trade transaction. After completion of CDD/EDD, the customer will be allowed to go for trade transaction. The bank will conduct CDD in line with risk-based framework and consider the following requirements as suggested in 3.2.2.2, which are not exhaustive rather indicatives. CDD & EDD process depend on the risk level of the customer as describe below:

- **Trade related CDD for low & medium risk**

  If a customer's risk level is found low or medium, bank will conduct CDD for the trade customers before trade transaction takes place.

- **Trade related EDD for high risk**
  If a customer is assessed as high risk, escalate to Level 3 for further scrutiny and verification. If Level 3 is satisfied, they may approve the customer for transaction after conducting EDD. If Level 3 is not satisfied considering the magnitude of risk, bank's risk appetite and internal policy, they may reject the customer for trade transaction.

(d) Trade Transaction through 3 Level Review Systems:

The bank will implement three Level Review System for trade transaction related risk. When a customer is allowed for trade transaction, trade transaction will take place following three level Review System as mentioned in section 3.2.3.

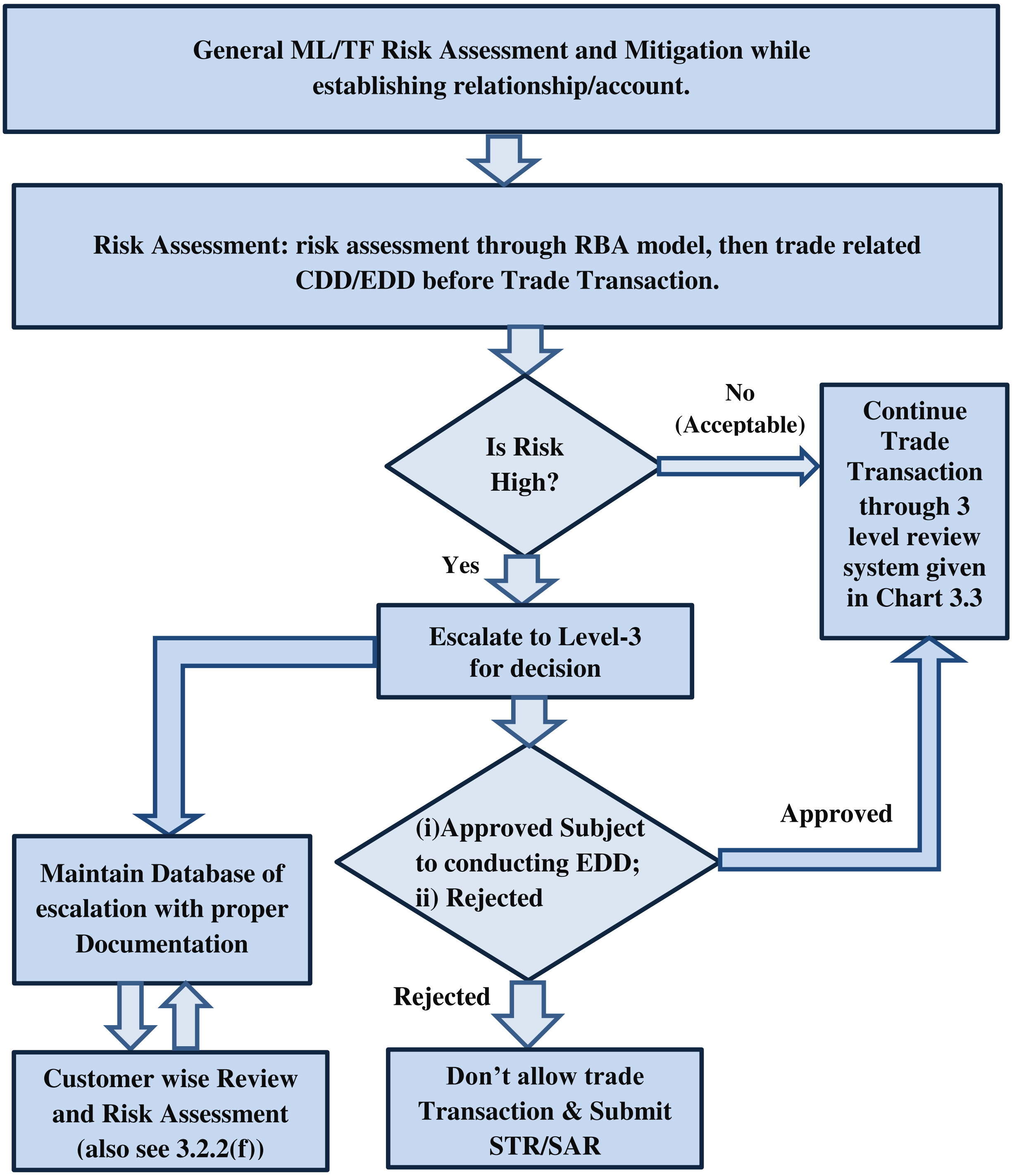
(e) Maintaining a database of escalations with proper documentation:

The bank will establish a database with the customer assessed as high risk to facilitate yearly customer wise review and assessment.

(f) Review and Assessment of Customers:

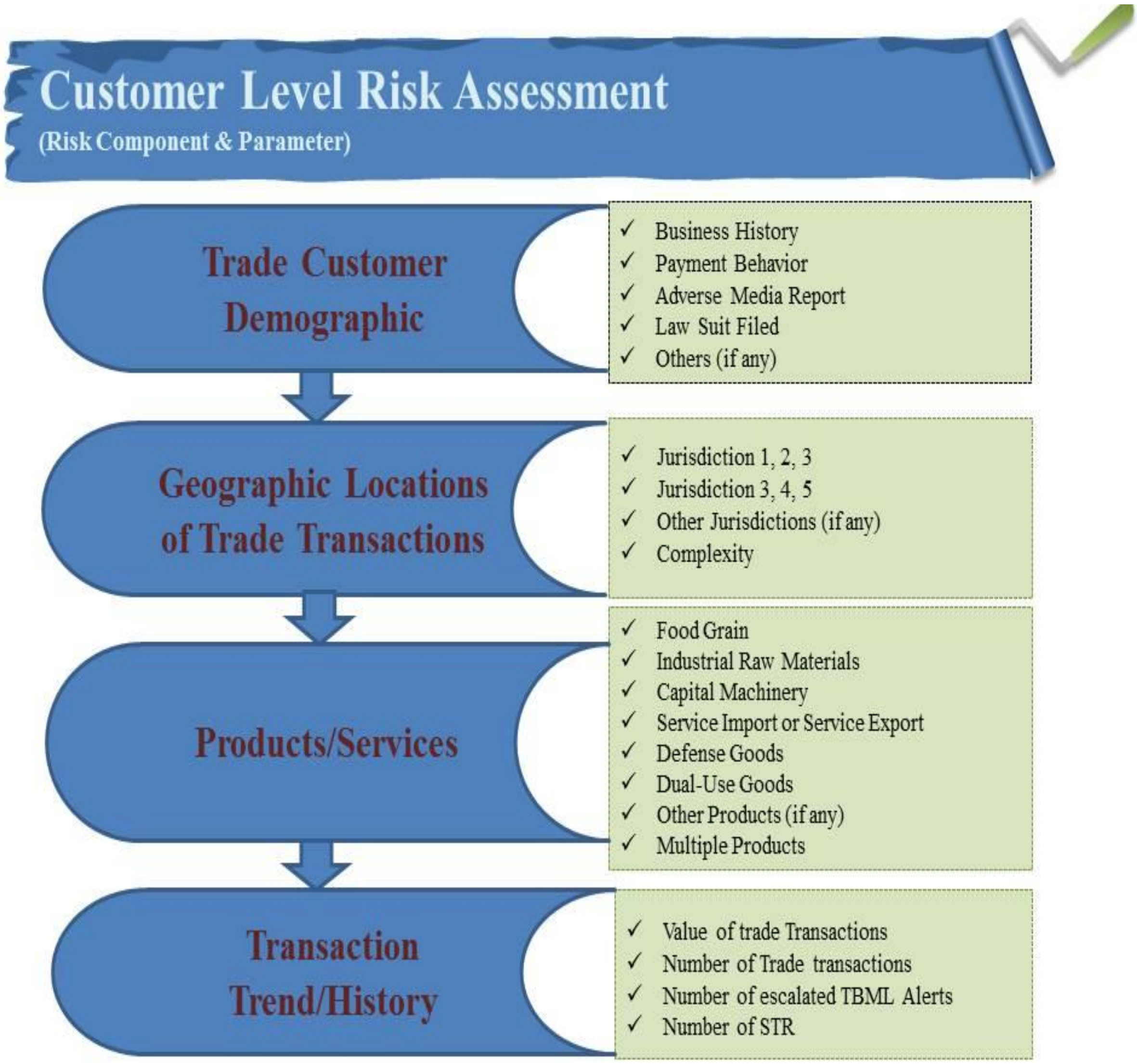
The bank will conduct customer review and assessment for high risk customers every year, for medium risk customers every three years and for low risk customers it shall be every 5 years. The review system mentioned in Chart 3.2 will facilitate input for the enterprise wide risk assessment and assist bank to update TBML trend and typology and devise appropriate policy and strategy at the enterprise level.

Chart 3.2: Customer Level TBML Risk Assessment and Mitigation Framework of Janata Bank Limited



3.2.2.1 Customer Level Risk Assessment

Customer Level risk components and parameters are shown below:



The Bank will ensure customer level risk assessment by following the qualitative and quantitative assessment (Q^2-method) scoring model as shown in the Table 3.1 depending on respective risk exposure and experience vetted by BFIU.

Table-3.1

Janata Bank Limited

--------------------------- Br.

RBA Model for Trade Customer's Risk Assessment

Sl No	Risk Component	Sl No	Risk Parameter		Risk Score (0-3)[3] Max Score	Obtained Score	Composite Risk Level (∑Obt._Score)*100 / ∑Max._Score
1	**Trade Customer Demographic**	1	Business History [4] (Business/Industry Risk)				
			1.Type of Business (Follow the list Annexure-7)	• Sl No 1-23 • Sl No 24-36 • Sl No 37-52	3 2 1		
			2. Is Customer PEPS/ IPs	• Yes • No	3 1		
			3. Net Worth (BDT In Crore)	• >200 • 50 -200 • < 50	1 2 3		
			4. No of Employee	• > 200 • 100-200 • < 100	3 2 1		
			5. Age of Business (The number of years the Customer has been engaged in the primary line of business).	• > 10 years • 2 - 10 years • < 2 years	1 2 3		
			6. Business Outlook (considering the industry, market share and economic factors).	• Favorable • Stable • Slightly Uncertain	1 2 3		
			7. Industry Growth	• Strong (10%+) • Moderate (1% - 10%) • No Growth (<1%)	1 2 3		
			8. Market Competition	• Dominant Player • Moderately Competitive • Highly Competitive	1 2 3		
			9. Entry/Exit Barriers	• Difficult • Average • Easy	3 2 1		
			10. Experience (Management & Team in the related line of business)	• > 10 years • 5–10 years • 1–5 years	1 2 3		
			11. Second Line/ Succession	• Ready • within 1-2 years • >2 years	1 2 3		
			12. Team Work	• Very Good • Moderate • Poor	1 2 3		
			13. Security Coverage (Primary)	• Registered. • Hypothecation • No Security.	1 2 3		
			14. Security Coverage (Property Location)	• Municipality/prime • Remote Area. • No collateral.	1 2 3		

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Sl No	Risk Component	Sl No	Risk Parameter		Risk Score (0-3)[3]		Composite Risk Level
					Max Score	Obtained Score	(∑Obt._Score)*100 ∑Max._Score
1	**Trade Customer Demographic**	1	Business History [4] (Business/Industry Risk)				
			15. Support (Guarantee)	• Personal with high net worth • Personal with average net worth • No Support (Guarantee)	1 2 3		
			16. Account Conduct	• >3 years with faultless record, • < 3 years with faultless record, • Frequent Past dues & Irregular dealings	1 2 3		
			17. Utilization of Limit (actual/Projection)	• More than 60% • 40-60% • Less than 40%	1 2 3		
			18. Compliance of Covenants/Condition	• Full Compliance • Some Non - Compliance • No Compliance	1 2 3		
			19. Personal Deposit	• Maintain significant Deposit • No Depository relation	1 3		
			20. Profitability	• high profit, • moderate profit • loss	1 2 3		
			Sub Total		60		
		2	Payment Behavior [5]				
			Proceed Realization (Export)	Regular	1		
				Irregular	3		
			Pre Finance repayment (Export)	Regular	1		
				Irregular	3		
			Post Finance repayment (Export)	Regular	1		
				Irregular	3		
			Import Payment	Regular	1		
				Irregular	3		
			Sub Total		12		
		3	Adverse Media Report[6]	No	1		
				Yes	3		
		4	Law Suit Filed[7]	No	1		
				Yes	3		
		5	Others (if any)	No	1		
				Yes	3		
	Total				81		
2	**Geographic locations of Trade transactions**	6	Jurisdiction[8] 1 (Strict/partial sanction)		3		
		7	Jurisdiction 2 (Sectoral Sanctioned)		3		
		8	Jurisdiction 3 (High risk Under increased monitoring)		3		
		9	Jurisdiction 4 (Land lock)		2		
		10	Jurisdiction 5 (FATF - Compliant)		1		
		11	Other Jurisdictions (if any) Border Area		2		
		12	Complexity		3		
	Total				3		

=03=

Sl No	Risk Component	Sl No	Risk Parameter		Risk Score (0-3)[3] Max Score	Obtained Score	Composite Risk Level (∑Obt._Score)*100 / ∑Max._Score
3	**Products/ Services**	13	Food Grain	Medium risk	3		
		14	Industrial Raw Materials	Low risk	1		
		15	Capital Machinery	Medium risk	2		
		16	Trading Goods	High risk	3		
		17	Service Import or Service Export	Low risk	1		
		18	Defense-Goods[9]	High risk	3		
		19	Dual-Use Goods[10]	High risk	3		
		20	Other products (if any)	Medium risk	2		
		21	Multiple Products	Medium risk	2		
	Total				3		
4	**Transactions Trend / History**	22	Value of trade transactions (Fig in Crore) per year	• > 200 • 50 -200 • < 50	4 3 1		
		23	Number of trade transactions per year	• > 200 • 100-200 • < 100	3 2 1		
		24	Number of escalated TBML alerts (within 5/3 years)	• >60 • 1-60 • No alerts	3 2 0		
		25	Number of STR	No	1		
				Yes	3		
	Total				13		
	Grand Total				100		
Grand Total				(∑obt_score)		(∑Max_ score)	

Comprehensive Risk level	Threshold in %	Actual Risk Level
High Risk	75% and above	
Medium Risk	50% and above but below 75%	
Low Risk	Below 50%	

3 'O' represents no risk, '1' represents low risk, '2' represents medium risk and '3' high risk.
4 Business history of the customer, frequency of his/her trade default, his/her/its reputation in running business etc. within the period.
5 Payment behaviour of the customer.
6 Adverse media report on the customer and/or the products he deals with and its impact or sensitivity.
7 Law suit filed against the customer related to his/her trade.
8 Jurisdiction with which the customer conducts import and export business, AML/CFT risk associated with the jurisdiction, FATF public document and other relevant lists etc.
9 & 10 Consult Import Policy Order, website of World Customs Organizations and other reliable sources.

Relevant data such as jurisdiction, products, services, value & number of trade transactions can be obtained from TTP. In assigning score, the bank will also take into account the factors described in section 2.4-2.6.

3.2.2.2 Trade Related CDD Requirements

The bank will conduct CDD in line with risk based framework and consider the following requirements as suggested below. The trade related CDD requirements will be performed at the time of establishing relationship/opening account with the customer along with conducting general CDD or separately before starting trade transaction.

1. The bank will Collect required documents & information such as:
    - Nature of business including major goods, services and jurisdictions the customer deals with;
    - Usual delivery / transportation mode for goods or services;
    - Major suppliers and buyers;
    - Products and services to be utilized from the bank;
    - Existing/anticipated account activities;
    - Usual methods and terms of payment and settlement;
    - Any observations/ratings on the customer by concerned departments;
    - Any previous suspicious transaction/activity reports to BFIU;
    - Other information from the relevant staff;
    - Trade Transaction Profile.
    - Credit report, CIB report of the supplier/buyer before starting transaction,
    - IRC / ERC of the customer
2. Ensure verification of the documents & information mentioned above through reliable and independent sources.
3. Ascertain and verify the identity of the beneficial owners of the trade customer.
4. Conduct enhance due diligence if required.
5. Record Keeping.
6. Understand business, production capacity, end-use of goods, the principal counterparties, the countries where the counterparties are located and the goods or services that are exchanged, as well as the expected annual transaction volumes and flows to conduct Customer Due Diligence (CDD) for trade customers.
7. Updating CDD information in accordance with BFIU Circulars and ML&TF Risk Management Guidelines.
8. Maintaining customer wise trade transaction profile (TTP) including items of goods, value, volume, nature of business, and principal counterparty country etc. A sample is given at Appendix- C. TTP should be made available to Level 1, 2 & 3 so that they can easily check that a transaction is within the agreed profile of the customer. Until TTP is

integrated within core banking system, it may remain offline outside of the core banking system. Level 2 shall conduct TTP, review and decide on certain transactions escalated by Level 1. If necessary, Level 3 may also consult TTP while taking ultimate decision on transactions escalated by Level 2. Post facto review of TTP against trade transactions may be conducted at least annually to identify TBML Alerts.

9. The CDD processes are expected to include “feed-back loops” where a trigger event in a transaction or normal review process leads to new information or questions about a relationship. Objective behind updating of the CDD profile is to ensure that the information in the CDD profile is current. The reviews may also lead to the status of the relationship with the customer being escalated for decisions related to additional controls being applied or the exit of the customer.
10. Verify Identity of supplier /buyer and ensure that the entity is not a Shell co.
11. Collect information/ report of the issuing bank/paying bank /authorizing bank and ensure that the bank is not a Shell bank.
12. The Bank will develop its own process of “customer/transaction level risk assessment” based on its risk exposure.

3.2.3 Transaction Level TBML Risk Assessment & Mitigation through 3 Level Review System

The Policy of the bank regarding Transaction Level TBML Risk Assessment & Mitigation is 3 Level Review system as shown in Chart 3.3. Depending on TBML risks trade transactions shall be disambiguated at level 1 or shall require escalations to level 2 or level 3 before they are executed or rejected and reported to BFIU as STR/SAR. All three levels, their roles and responsibilities are described below:

3.2.3.1 Level-1

3.2.3.1.1 Defining Level-1

Level 1 generally includes the transaction processors, i.e. maker, checker, authorizer, reviewer, verifier, designated officials.

3.2.3.1.2 Roles and Responsibilities of Level-1:

i. Ensure that the customer has a current, approved KYC record and TTP in place before processing transactions.
ii. Perform TBML Alert analysis, Sanction screening and execute transaction.
iii. Escalate TBML Alerts/Potential hits of the transactions to Level 2, where required.
iv. Escalate Suspicious Transactions/Activities to Level 2.
v. Keep record properly.

3.2.3.1.3 Level 1 Review, Disposition and Escalation Guidance:

Level 1 personnel of the ADs will ensure that every trade transaction should undergo TBML Alerts analysis and sanction screening. Initial TBML Alert analysis and screening should be completed at Level 1. The required elements of TBML Alert analysis and screening are set forth as below.

1. Maker or processor will review the transactions and identify relevant ML, TF, Sanction and TBML Alert and raise them to checker, reviewer, verifier, authorizer or designated officials;
2. Checker, reviewer, verifier, authorizer or designated officials will further review the transactions and TBML Alerts.
3. When needed, reviewer will examine through different channels i.e. internet, telephone, email etc. to get more information related to the transaction for the disposition of those TBML Alerts with proper rationales and the mitigating factors.
4. The TBML Alert analysis represents the minimum amount of due diligence required for each trade transaction before it may be executed.
5. In addition, Level 1 officials should use their expertise and experience to evaluate each transaction on its merits and escalate any potential concerns to Level 2.
6. If checker, authorizer, or designated officials cannot disambiguate or resolve the TBML Alert will escalate those to Level 2.
7. All transactions that contain potential TBML Alerts and sanction hits and that cannot be resolved by Level 1 processor should be escalated to Level 2.
8. All the disposition must be documented for periodic review.

3.2.3.2 Level-2

3.2.3.2.1 Defining Level-2

Level 2 generally includes officials with adequate expertise able to further analyze the merits of an escalation from Level 1 processor and the relevant suspicion itself. They are likely to require extensive knowledge of trade based money laundering risk and make appropriate use of third party data sources (Third party data sources reliability of which is standard in practice) to verify key information. Level-2 official may be Trade compliance officer/Head of trade or designated officials in any case, they should have adequate seniority and skill to conduct the role of level 2.

The bank will appoint Level-2 officials as-

Branch Type	Responsible Officials	Assigned By
Corporate-1 branch	• General Manager, Treasury & Foreign Trade • Head of Trade.	CEO & MD
Corporate-2 branch to grade C branch	• DGM, import/Export • Head of Trade.	• General Manager, Treasury & Foreign Trade • Head of trade.

3.2.3.2.2 Roles and Responsibilities at Level 2

i) Review and examine the TBML Alerts raised by level 1.

ii) Review TTP on certain Alerts.

iv) Disambiguate with proper rationale and justification.

v) Proper documentation.

3.2.3.2.3 Level 2 Review, Disposition and Escalation Guidance

1. The Level 2 shall deeply analyze the alerts escalated to them and determine their merit. If they can easily resolve them with adequate justification they shall do so with documents and instruct Level 1 to allow the transaction,
2. shall escalate to Level 3 if they cannot resolve the TBML Alert,
3. may allow transactions escalating the Alert(s) to Level 3 if TBML risk appears very low yet for certain reasons they cannot resolve TBML Alerts.
4. If, after the transaction Level 3 finds the transaction suspicious, STR shall be submitted.

3.2.3.3 Level-3

3.2.3.3.1 Defining Level-3

Level 3 generally includes officials with vast experience and expertise on trade based money laundering process. Level 3 should be able to further assess the merits of an escalation from Level 2 officials.

The bank intends to appoint DCAMLCO/officials as assigned by CAMLCO in Level 3.

3.2.3.3.2 Roles and Responsibilities at Level 3

i. Conduct comprehensive review and examine the TBML Alerts raised by Level 2.
ii. Consult TTP if necessary.
iii. Disambiguate with proper rationale and justification.
iv. File STR/SAR where required.
v. Document properly.

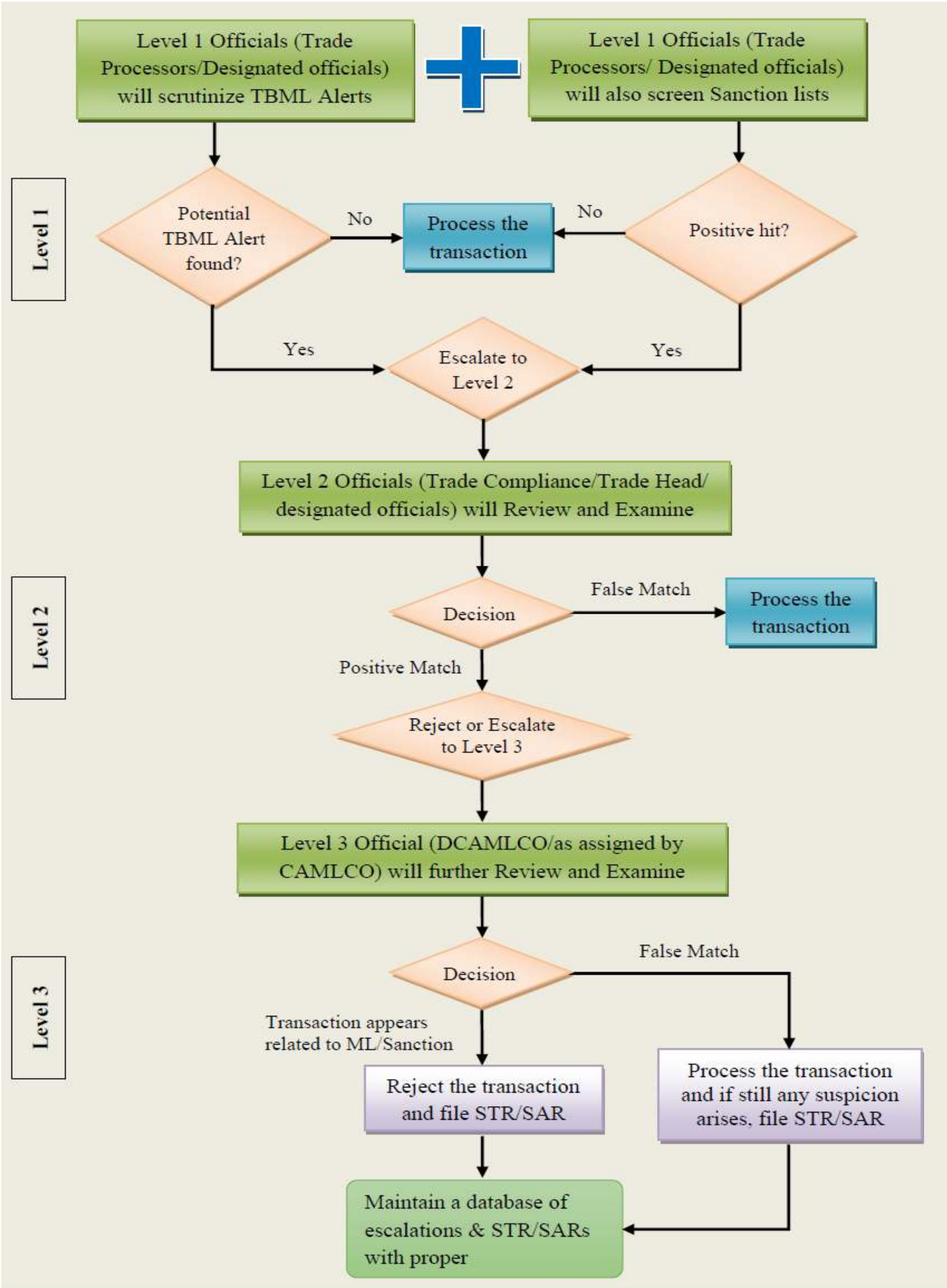
3.2.3.3.3 Level 3 Review and Disposition Guidance

- Level 3 shall complete a comprehensive review and determine if there are facts that reasonably mitigate the TBML Alerts associated with the transaction.
- If Level 3 identifies facts that reasonably mitigate each of the TBML Alerts associated with the transaction shall explain and document the mitigating factors for each alert and allow the transaction to proceed.
- If the TBML Alerts are not resolved and the activity or transaction remains suspicious Level 3 shall prepare and submit Suspicious Activity/Transaction Report to BFIU according to Instruction Circular No. 965/2020 dated 12/07/2020 (BFIU Circular No. 26 dated 16/06/2020).
- Level 3 shall determine whether the activity or transaction in question should be permitted or rejected and whether the activity or transaction warrants a Suspicious Activity Report.
- If Level 3 is apparently satisfied with the available information, he/she may approve the transaction with a remark for further scrutiny or more information for complete satisfaction on post facto basis.
- Before submission of STR/SAR to BFIU, CAMLCO will ensure compliance with due procedure, required data and documents in line with the instructions given in relevant BFIU circular.
- All Level 2 and Level 3 escalation dispositions of TBML Alerts or screening hits should be properly documented.
- Shall escalate to Level 3 if they cannot resolve the TBML Alert.

Table-3.2 Step by step activities in 3 Level Review System are shown below:

Level	Activity	Steps
Level-1	KYC, TTP/ CDD, EDD	• Prepare comprehensive TTP using CBS data, TP-KYC, LCAF, LC, questionnaire (if required) • Business risk scoring from Table 3.1 • Comprehensive Customer Record (Business, Transaction Behaviour, Payment etc.)
	Sanction Screening	• Realtime Screening of full transactional message • Screening of embargoed and restricted items. • Screening of all possible sanctions covered in SWIFT/automated module • Screening Management & Logistics
	Price Verification	• Verify Price from Primary & Secondary Source • Verify price from own database
	Transaction Monitoring	• Monitoring all payment parties-countries, banks and customers involved • Perform on-going transaction monitoring • Vessel Tracking • Identify AML Alert (Follow Appendix A, B & C)
Level-2	Oversight Screening	• Review Escalation by level 1 • Check all the trade document. • Verify Price from Primary & Secondary Source • Verify price from own database • Justify AML Alert
	Advanced Screening	• Evaluate the scenario • Escalate Report in the next level if not disambiguate • Conduct Sanction Screening • Analyze Media Report
Level-3	Monitoring & Submission of SAR	• Review escalated cases by Level-2 • Validate decision rationale • Ensure process & controls remain effective over time • Inform Management/BFIU • Submit SAR to BFIU

Chart 3.3: Flow Chart of Three Level Review System of Janata Bank Limited



3.2.3.3.4 Some Illustration and TBML Alerts Finding & Resolution

Some Illustration and TBML Alerts Finding & Resolution are explained below that should be followed by Level -1, Level -2 & Level 3 to perform trade transactions:

Illustration 1: Example of Finding & Resolution in Level 1

Subject: AML concern ref. 123abc…., Applicant or Buyer: XYZ, Singapore, Consignee: PQR, Columbia, Goods shipped to: Columbia, Beneficiary: ABC Co. Ltd, Bangladesh, Applicant Bank: ABC Bank Ltd, Singapore, Value: USD 50,000.00 Goods: Handicrafts.

This is an Export Bill in which the goods, "Handicrafts" is being shipped to Columbia.

TBML Alerts	**Finding & Resolution in Level-1**
1. Buyer is from Singapore; Goods are consigned and shipped to Columbia. 2. High Risk Country: Columbia. 3. High Risk Goods: Handicrafts.	1. Goods are **shipped as per export contract.** 2. Buyer has an **agent in Columbia** to sell the goods. 3. Bangladeshi **exporter's line of business** is to export handicrafts **Ok to process at level-1**

Illustration 2: Example of escalation From Level 1 to Level 2

Subject: AML concern ref. 123abc….,Applicant: XYZ Trading Co., Lagos, Nigeria, Beneficiary: ABC Co. Ltd, Bangladesh; Issuing Bank: ABC Bank Ltd, Nigeria, Value: USD 50,000.00.

This is an export LC in which goods, "Sugarcane" is being shipped to Nigeria.

Finding & Resolution in Level-1	**Finding & Resolution in Level-2**
<u>**TBML Alert**</u> a. **business line mismatch:** Goods are inconsistent with beneficiary's **business line**. b. **Port of loading** not provided in the LC. c. **Over Invoicing:** Price per unit of the sugarcane appears to be high. d. **High risk country: Nigeria**. <u>***Resolution***</u> **Escalate to: Level 2**	a. **D&B search** on the beneficiary confirms that it is involved in the export and import of sugarcane and sugar products. b. **The amendment of LC**- received from the issuing bank confirmed that the port of loading is Chattogram, Bangladesh. c. **Unit price**: provided is consistent with the current market price available online. d. **High risk country:** Since applicant is registered in Nigeria and shipment is also made to Nigeria, it is ok to process the transaction. <u>***Resolution***</u> **Level 2 shall instruct Level 1 to conduct the transaction.**

Illustration-3: Example of escalation From Level 1 & Level 2 to Level 3

Subject*: AML concern ref. 123abc., against an import LC for importing 10 (ten) 1500cc Toyota Cars. Applicant: XYZ Automobile Co., Bangladesh, Beneficiary: ABC Co. Ltd, in Hong Kong. Issuing Bank: XY Bank Ltd, Value: USD 60,000.00.*

Level-1	Level-2	Level-3
TBML Alert ***1.Under invoicing:*** Current market price of these 10 cars are $100,000.00 whereas the invoice shows it as $60,000.00 (price variance identified is $40,000.00) ***2. related parties:*** Applicant and beneficiary are related parties. *3.**High risk product*** is involved. ***Resolution*** escalated to Level 2:	scrutinized and could not disambiguate with level-1. ***Resolution*** escalated to Level 3 stating same alerts as mentioned by Level 1.	examined the TBML Alerts and found that the alerts are valid and rejected the transaction with rationale given below: ***Finding*** Under-invoicing is attempted through this LC application since the invoice price is quoted much below the fair or competitive market price. So it is recommended to reject the transaction. ***Resolution*** filed an STR against this money laundering attempt by the importer in Bangladesh.

Illustration-4: Example of escalation From Level 1 & Level 2 to Level 3

Subject*: ML/TF concern ref. 123abc………...., against an inward remittance to be processed as advance receipt against export through Advance Receipt Voucher (ARV) at the request of exporter ABC Co. Ltd, in Bangladesh. For Value: USD 15,000.00 buyer, XYZ Co. in China.*

Level-1	Level-2	Level-3
Finding & Resolution in 1) SWIFT message does not mention purpose and there is no reference in the message to connect this remittance with the advance payment. Only customer's instruction mentions that this is advance receipt for export.	Reviewed and escalate to Level 3 with same rationales.	Reviewed and examined the TBML Alerts and disambiguated these alerts with the rationales below: Level 3 Disambiguation with rationales: 1. Though SWIFT message does not mention the purpose or reference, buyer is mentioned as same. Moreover, export contract shows the payment term as advance payment. Besides, exporter has declared the purpose as advance payment against export in the request letter.

2) The bonafides of buyer is not ensured. 3) Shipment date is unusually longer i.e. 9 (nine) months, whereas goods are ready made garments that need maximum 4 months for shipment. 4) This exporter has also received more advance payments earlier against which shipment has not yet been made. ***Resulation*** TBML Alerts identified and escalated from Level 1 to Level 2		He also submitted the ARV and copy of the contract against this transaction. 2. Further examination shows that buyer is a trading company who also trades ready-made garments. 1. Some shipments may take longer period. ***Resulation*** It is ok to go ahead with this transaction as the exporter has track record of shipment default after receiving advance payment. In this case advance payment of the customer should be released. Perform monitoring and if shipment is not done after reasonable time period make report to regulators.

3.2.3.4 Screening System of Janata Bank Limited:

Implementation of Sanction Policy

Janata Bank Limited will not allow any transaction with any sanctioned country (List of category wise country is in Annexure-2). On risk based approach partial match or potential/indirect sanction link should be avoided consulting with ML & TF prevention department.

The bank will maintain a combination of automated and manual controls for sanction screening which is relevant in the context of AML and counter-terrorist financing (CTF) efforts. The policy of the bank is to screen both on board customer, walk-in customer, remittance beneficiary. The trade customer also undergoes screening process as well as to screen all relevant entities including related parties, counter-parties (such as suppliers, tax agents, lawyers etc.).

The bank is intended to screen vessels, ports, products purchased and others. Furthermore, transaction screening is expected to be carried out against sanctioned countries, ports, customers, entities, accounts as well as Dual Use Goods etc.

1) Sanction screening should be conducted on individual, entity, banks, insurer, NGO/NPO, country, port, flag, vessel etc. The screening should also be conducted on all the parties involved in the transaction and geographic location to the transaction, such as seller of

the goods, the shipping company, any agents or third parties, countries or ports etc. that appear in the transactions.

2) For sanction screening it is important to ensure that there is no "risk based approach" i.e. only screening certain transaction or parties. All parties (known to the bank) related to the transactions at the time and additional parties that come into the picture as the transaction progresses are required to be screened.

3) Vessel tracking (origin port, transshipment, destination port) and its voyage history should be tracked to determine whether it has docked at embargoed countries during its previous voyage and dealt with sanctioned entities or embargoed goods. It should be borne in mind that vessels may change their names but cannot change their IMO number; hence cross-checking IMO number through a reliable source is recommended. Few Sanctioned Vessels & Shipping lines that have changed their names and a list of Landlocked Countries have been given in Appendix-C.

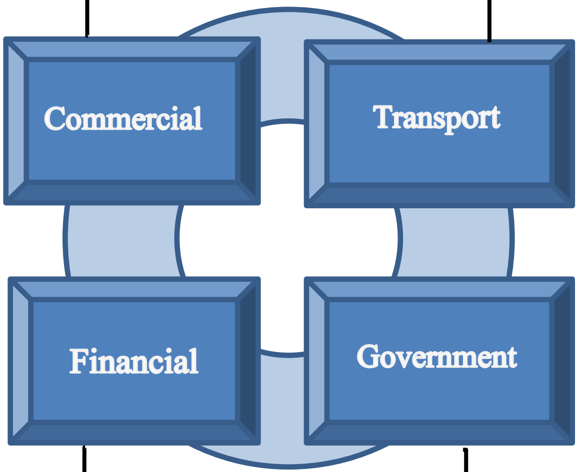
4) Care should also be taken to PEPs/IPs screening, adverse media screening, High Risk Country screening.

5) Typically, the following elements are, but not limited to, checked via automated /manual procedure:

    a) Unit prices
    b) Number of items shipped
    c) Shipping marks
    d) Trade term – often an Incoterms rule followed by a place
    e) Commercial contract
    f) The documentary credit applications
    g) The guarantee applications
    h) The documents presented under import documentary credits
    i) The documents presented under export documentary credits
    j) The documents presented under import documentary collections
    k) The documents presented under export documentary collections
    l) Guarantee demands
    m) All incoming and outgoing non-SWIFT messages etc.

6) Some trade documents that must obtain and verify from independent source with due and reasonable care are listed below:

Table 3.3: Trade Documents



1. Quotation
2. Sales Contract
3. Proforma Invoice
4. Commercial Invoice
5. Packing List
6. Inspection Certificate
7. Insurance Policy
8. Insurance Certificate
9. Product Testing Certificate
10. Health Certificate
11. Phytosanitary Certificate
12. Fumigation Certificate
13. ATA Carnet
14. Consular Invoice

1. Shipping Order S/O.
2. Dock Receipt D/R or Mate's Receipt
3. Bill of Lading (B/L)
4. House Bill of Lading (Groupage)
5. Sea Waybill
6. Air Waybill (AWB)
7. House Air Waybill (HAWB) Shipping Guarantee
8. Packing List (sometimes Packing Note)

1. Documentary Credit D/C
2. Standby Credit
3. Collection Instruction
4. Bill of Exchange (B/E) or Draft
5. Trust Receipt (T/R)
6. Promissory Note

1. Certificate of Origin (CO)
2. Certificate of Origin
3. Generalized Systems of Preferences (GSP) Form A (or as From A)
4. Import/Export Declaration
5. Import/Export License
6. International Import Certificate (IIC)
7. Delivery Verification Certificate (DVC)
8. Landing Certificate
9. Customs Invoice

3.2.3.5 Price Verification

The bank will develop centralized/automated own database and frame clear policies and procedures to guide trade processing staff in performing price checks. The policies should, at a minimum, mention the level of acceptable price variance and escalation procedures when significant price difference is identified. Provision of different threshold for different types of underlying goods and services may be allowed on the basis of periodic market price assessment. To enhance the effectiveness of the price checks care should be taken to ensure avoidance of any conflict of interest.

(a) The bank will verify the invoice, quoted/ declared price of the goods to be imported with the current price of those potential imported goods in the international market. The trade personnel also verify the deviation in the price and to trace the over or under invoicing.

Bank will strictly follow guidelines of Bangladesh Bank and the Ministry of Commerce, GUIDELINES FOR FOREIGN EXCHANGE TRANSACTIONS-2018 (Volume-1) Chapter # 7, Page # 34, Section-II, Para 20.

(b) The bank will ensure that the Import shall be made at the most competitive rate and it is obligatory for the importers, at any time, to submit documents to Import Control Authority regarding the price paid or to be paid by them. Before opening LC or issuing LCAF, the bank will take usual and reasonable cautionary measures to ensure that (1) both the exporter and importer are bonafide business person of the goods concerned, (2) the exporting country is the usual exporter of the goods concerned and (3) the price of the goods concerned is competitive in terms of prevailing price in the international market on the date of contract and/or similar imports in contemporary period.

(c) In case of import under Untied Commodity Aid in the private sector, goods shall be imported at the most competitive rate by obtaining quotations from at least three suppliers or indentors representing at least two source countries: Provided that this condition shall not apply for opening LC up to Tk. one lac; and

(d) For import at the most competitive rate by the public sector importers, quotations have to be invited before opening letter of credit, and goods shall be imported at the most competitive price.

(e) Sources of Information for verification: Both Primary and Secondary sources can be exercised for the authentication and verification of the Quoted price by the Importer(s) in the LC opening process specially mentioned in the Proforma Invoice (PI).

Primary Sources:

i) Registered importers and indentors who frequently import or discharge same goods.

ii) Available Government Agencies such as Statistics Department, Commerce Ministry, Bangladesh Bank Journals, guidelines for price list of NBR mentioned in the SRO 142-AIN/2017/28/Customs dated 01/06/2017 or as amended/updated time to time for compliance etc.

Secondary Sources:

i) Inter-bank, Inter-branch communication and exchange & share of information regarding the price of import goods.

ii) Media, newspapers where the updates are available for the international prices of the goods to be imported.

iii) The websites where the relevant price updates and news are available. Some of the related indicative websites can be followed like:

- www.indexmundi.com
- www.mongabay.com
- www.fao.org/economic/est/prices
- www.money.cnn.com/data/commodities
- www.importexportplatform.com

3.2.3.6 TBML Alerts

KYC process is the foundation on which the individual transaction should be evaluated/ examined for TBML Alerts. However, compliance checks carried out on the trade finance transactions are to a large degree, Manual. This requires a structured risk-based approach to identify, escalate and examine unusual/suspicious activities. One such approach is to work with “TBML Alerts.” A non-exhaustive list of “TBML Alerts” indicators is provided in the **Appendix B & C.** However, the bank will regularly update the TBML Alerts and make them easily accessible to the relevant staff.

3.2.4. Enterprise/Institute Wide TBML Risk Assessment and Mitigation:

As an enterprise the bank will conduct yearly Enterprise/Institute Wide TBML Risk Assessment using holistic approach. In assessing enterprise level risk assessment the bank will use input from internal source, external sources and from review of international and regulatory changes.

The objective of Enterprise/Institute Wide TBML Risk assessment is to formulate new Strategy and Policy or taking any other corrective/precautionary measure required to combat TBML if any shortfall/risk is observed. The CCC of the bank will:

- ensure Enterprise wide TBML risk assessment following the Enterprise/ Institute Wide TBML Risk Assessment and Mitigation framework as shown in 3.2.4.1 .
- review Policy Strategy depending on TBML risk assessment.
- take into account gaps found through annual review.
- review new trend and typology related to TBML and include relevant ones for guidance after getting Approval of Board/MANCOM.
- revisit TBML Alerts to mitigate the risks.

3.2.4.1 Enterprise/Institute Wide TBML Risk Assessment and Mitigation Framework of Janata Bank Limited:

Chart 3.4: Institutional/Enterprise-level TBML Risk Management Framework

Input from External Environment/ factors:

Identify emerging risks

Input from Internal source for risk assessment of the Institution:

Review the existing own trade based money laundering guidelines:

i. Review the data base of Level 3 escalations and STRs without using identity of the customer.
ii. Consolidate overall no. of Alerts raised to level 3 and how they were addressed.
iii. Consider inclusion or deletion of high risk country and why.
iv. Review, to the extent practicable, TBML alerted counterpart [for import: Beneficiary / Exporter, for Export: Applicant/importer]
v. Revisit the existing Alerts (along with input from The Model in 3.2.2) based on previous year operation and knowledge of any recent techniques used by trade based money launderers.
vi. Revise policy, if and when required.
Review customers' risk assessment as per RBA model.

Input from Regulatory Changes:

Review domestic and International regulatory changes.

Yearly Review Team (e.g. CCC)

Propose New Strategy and Policy to Combat TBML risk

Review and Approval by Board/MANCOM for Implementation

3.3 Few More Notes on Trade Controls

a) All relevant staff and officials of the bank should be made aware and remain updated of trade controls. Dissemination through regular correspondence should also be emphasized.

b) To assess the effectiveness and adequacy of the trade controls, independent review[11] should be done from time to time. Frequency of review should be based on ML/TF risks faced by the bank, emergence of any particular or special need arising out of changes in regulatory instructions etc.

c) Trade Controls should address all possible difficulties that relevant officials may face in combating TBML.

d) Bank should make use of rule based alert/exception reports or detection scenarios to the extent reasonably practicable. Some examples of detection scenarios based on TBML Alerts have been given at Appendix C.

e) Trade Controls should ensure clear division of roles and responsibilities and ownership of risks relating to critical functions.

f) Trade Controls should require decisions relating to trade transactions, work flow procedures and TBML Alerts to be documented appropriately for audit trail purposes, having regard to the record keeping standards as mentioned in MLPA, 2012, GFET, 2018 and ML & TF Risk Management Guidelines. They should also include mechanism to ensure that customer information including applicable trade processes and relevant updates is captured in the relevant bank's customer database, in order to facilitate the assessment and ongoing monitoring of customer activities.

g) Apart from the yearly review of strategy and policy by senior management as mentioned in Chart 3.4 bank should involve senior management in planning and implementation of Trade Controls. Considering size and exposure to TBML risks, bank may decide the period of such review.

h) The trade transactions conducted through any IT or Technological Platform of a bank will be governed under the directives of Bangladesh Bank issued from time to time.

i) Relevant senior officials having awareness of contemporary intelligence & knowledge on geopolitics and other cross border regulatory restrictions which are not as much stringent as that of Sanction but may lead to regulatory and legal hassle should guide the transaction level officials on due diligence measures to be exercised in such situations.

j) Trade Controls should be readily identifiable by and made known to all relevant officials engaged in trade related activities.

[11] Independent review means reviews done by officials other than Level 1, 2, 3 officials as designated by the bank.

3.4 Suspicious Transaction/Activity Reporting

a) The bank always file an STR/SAR as and when required. The bank follows the instruction under MLPA, ATA and relevant BFIU circulars. In complex situations the bank seeks opinion from BFIU.

b) The bank performs monitoring trade transaction, sanction screening, price verification, analysis & verification of all trade documents to identify TBML Alerts and submit STR/SAR if suspicious.

c) The Bank will submit STR/SAR in accordance with the procedure shown in the Chart 3.3.

d) The bank will follow the example as shown in Appendix-A & B of this policy.

e) Before submission of STR/SAR, DCAMLCO and CAMLCO will ensure compliance with instructions of relevant BFIU circular.

f) Risk of tipping off should also be managed.

3.5 Training on Trade Based Money Laundering

Most AML/CFT laws and regulations require financial institutions to have as part of their formalized AML/CFT compliance programs training for "appropriate" or "relevant" employees. Training is one of the most important ways to stress the importance of AML/CFT efforts, as well as educating employees about what to do if they encounter potential money laundering. Training also acts as an important control in the mitigation of money laundering risks to which the financial institution may be exposed.

An effective training program should not only explain the relevant AML/CFT laws and regulations, but also cover the institutions' policies and procedures used to mitigate money laundering risks. The term "training" will include both formal training courses and ongoing communications that serve to educate employees and maintain their ongoing awareness about AML/CFT requirements, such as e-mails, newsletters, periodic team meetings, intranet sites and other means that facilitate the sharing of information.

Training Policy of Janata Bank Limited is to build up skilled manpower as it is a key challenge to prevent TBML. The bank strongly believes that the trade processing persons should be well trained; they must have knowledge not only of trade also the national and international law, regulations and technique regarding prevention of ML, TF and PF. With this view the Janata Bank Staff College, Regional Staff Colleges as well as ML & TFPD of Head Office regularly arrange training program for all the staffs and refresher training every two year and any time or as when new/changes policy advised by BFIU or regulators, Import Export policy of the Land. As per instruction of ML & TF Risk Management Guidelines of BFIU and BFIU Circular No. 26, the bank has ensured 100% AML & CFT training of its staff. The bank will ensure that concerned officials understand the trade based money laundering in both national and international context, bank's exposure to TBML and its own Trade Controls. Considering above requirements and guidance of BFIU,

a) The bank has been conducting regular training on prevention of TBML and refresher training biannually.
b) The bank ensures training for level 1, 2, 3 officials to make them skilled to identify

TBML Alert and mitigate in line with BFIU guidelines.

c) Training should be designed in such a way that the trainees are able to provide, or contribute to training depending on their background, role and experience.

d) For officials involved in day to day trade processes role based training will also be included. Objective behind such training should be to impart training to them on TBML specific risks and responsibilities.

e) Trade based money laundering training should form a core part of the bank's training calendar or training plan.

f) Ensure keeping of training records properly.

3.5.1 Scope of Training

a. **Customer-facing staff:** This is the financial institution's first line of defense - the employees who need the deepest practical understanding of why AML/CFT efforts are important and what they need to do to be vigilant against money laundering.

b. **Operations personnel:** Non-customer facing personnel within an organization's lines of business are also included in the first line of defense and should not be overlooked in the delivery of specialized training.

c. **AML/CFT compliance staff:** Under the direction of a designated compliance officer, this function coordinates and monitors the organization's day-to-day AML/CFT compliance program. It is the second line of defense. Given this area's responsibility for managing the organization's adherence to AML/CFT regulations, more advanced ongoing training to stay abreast of requirements and emerging trends is important. Often, this will require attending conferences or AML/CFT- specific presentations that are more robust in nature.

d. **Independent testing staff:** Independent testing personnel are the organization's third line of defense. Because this functional area independently assesses the adequacy of the AML/ CFT compliance program, these employees should receive periodic training concerning regulatory requirements, changes in regulation, money laundering methods and enforcement, and their impact on the organization.

e. **Senior management and board of directors:** The board and senior management do not need the same degree of training as personnel in the first, second or third lines of defense. Specialized training for the organization's leadership should address the importance of AML/CFT regulatory requirements, penalties for noncompliance, personal liability, and the organization's unique risks. Without a general understanding of this information, senior management and the board cannot adequately provide for AML/CFT oversight, approve AML/CFT policies, or provide sufficient resources.

Appendix A

Some instances of abuse of trade in Bangladesh context

(Lessons should be learnt from related large scams published in various media, the case studies published in the BFIU annual reports and other relevant sources as well)

Case 1: TBML through bill of entry fabrication

Mr. 'P', an importer, opens an LC amounting USD 7,58,710.30 for import of edible oil. Bank made payment of the full amount (USD 7,58,710.30) based on shipping documents and endorsed the same in favor of the importer for the purpose of releasing the goods. Instead of those documents, a set of fabricated documents were submitted to the customs as the value of goods arrived under that LC was only USD 54,150.00. However, goods could not be released from customs due to failure in quality inspection. Meanwhile, a fabricated copy of bill of entry valuing USD 7,58,710.30 was submitted to the bank evidencing the proper release of the goods. When the fabrication was revealed by Bangladesh Bank, explanation was called and subsequently the remitted amount (USD 7,58,710.30) was returned from two different countries other than the beneficiary's country and no evident relation was found with the beneficiary regarding this refund.

TBML Alerts:

1. Inadequate assessment of trade customer.
2. Refund from third countries not related to beneficiary.
3. Supplier country was not the producer of the goods.
4. Shipping documents not verified.
5. Bill of Entry not verified by the bank.
6. Though large amount, adequate cautionary measures were not taken.

Case 2: TBML through releasing high value goods using copy documents

Mr. 'M', an importer of trading goods, opened two LCs worth USD 12,180 and 5,240 during August 2016 at a Bangladeshi commercial bank for importing Tyres and released the goods from Customs against the second LC using copy documents. Bank was informed by the importer that goods against the other LC were under process of release. No import payments were made due to non-receipt of original shipping documents. Due to non-receipt of the payment, complaint was lodged by the beneficiary with necessary documents. The LCs as referred to by the complaint of non-payment was for USD 6, 39, 478 and was not issued by any Bangladeshi bank, rather it was issued by a finance company of a western country during

June 2016. However, analysis reveals that in addition to the LC opened at the western country the two commercial invoices also refer LCs issued by the Bangladeshi bank; and the name, address, IRC and BIN mentioned in the two invoices completely match with the information in OIMS. Moreover, name and quantity of the goods as mentioned in the invoices also bear similarity with the ones mentioned in the Bill of Entry. Therefore, it appears that the LC issued in the western country has connection with the LCs issued by the Bangladeshi commercial bank. In collusion with the exporter, the importer perhaps wanted to avoid tax opening LCs of lower value and releasing goods through copy documents. As the breach of trust between importer and exporter occurred and the exporter didn't receive payment, complaint was lodged and the incidence came to light.

TBML Alerts:

1. Inadequate assessment of trade customer.
2. Probable collusion between importer and exporter.
3. Issuance of LC by a finance company from third country.
4. Proper due diligence in value and unit price verification of the goods was not conducted.

Case-3: TBML through phantom shipment

Mr. 'F', an importer of fruits, usually operates with 'P Bank' with small scale LCs. All on a sudden, he opened account with three other banks and at a time opened 21 LCs with the four banks worth USD 9,106,842.50. Banks made import payments based on shipping documents. No single shipment was made against the LCs and the amounts remitted were not refunded.

TBML Alerts:

1. Lack of proper due diligence for the customer by the three banks.
2. Vessel container was not tracked.
3. Number and value of LC inconsistent with customer's business pattern.

Case-4: TBML through import of old/used capital machinery

Mr. 'M' opened a usance LC to import old/used capital machinery for around USD 16,000.00 in 2016. Within one month and a half shipment was made and documents were received by the bank. Though initially discrepancy was established under UCP 600, payment was made by the bank. While releasing machine from Customs, it was found that the minimum economic life exceeds the limit permitted in current IPO and the certifying authority was not nominated by NBR. Goods were confiscated by Customs. Meanwhile, import payments were made and the machineries were placed for public auction by the Customs.

Appendix A

TBML Alerts:

1. Import involved high risk goods.
2. Certifying authority was not nominated by NBR.
3. Importer and exporter were somehow related parties.
4. Old/used machinery import rules and regulations were violated by the bank and the importer.

Case-5: TBML through importing different goods

Mr. 'Z', a new importer opened an LC for importing malt beverage (lower duties and taxes) from Singapore worth USD 5,460. Goods were shipped and shipping documents were received by the bank. Upon instigation of the importer, bank official raised a minor discrepancy and held the documents. Meanwhile, Customs imposed higher taxes and duties on the goods while releasing those as it was revealed that the goods were light-alcoholic beer. Consequently, customer refused to take the goods. Goods were confiscated and placed for public auction by Customs. The highest bidder who got the auctioned goods was the agent of the importer. Thus, importer released the goods, sold it in the market and then informed the bank of his readiness to accept the discrepant documents. Therefore, bank made the import payments. In this way, Customs lost the applicable taxes and probably the rest of the prices of the light-alcoholic beer was suspected to be paid through informal channel.

TBML Alerts:

1. Misrepresentation of goods for duty and tax evasion purpose.
2. Importer behavior to raise discrepancy in the beginning and afterwards his readiness to receive discrepant documents.

Case 6: TBML attempted at first through sea port then through land port

An attempt was made to remit more than USD 4,27,500 submitting forged documents such as No Objection Certificate of a commercial bank in Bangladesh and that of a western country at a land custom house. A transferrable LC opened in January, 2018 at the bank of a western country mentions import of 500 MT of onion at the rate of 855 USD (per MT). The Bangladeshi commercial bank's NOC showed a signature of branch manager and another signature of President & CEO & CFO while foreign bank's NOC showed one signature of CFO and another signature of President & CEO & CFO. However, Bangladeshi commercial bank branch didn't have official of such rank. When the Customs official took step to verify, this illegal attempt ended in vain. Matter of concern is that the consignee of the goods was a customer of that commercial bank in Bangladesh.

Appendix A

TBML Alerts:

1. Lack of adequate KYC and verification of trade customers by the bank in such situations.
2. Immediate steps have to be taken after getting the verification notices in such circumstances.
3. All ADs, Customs and relevant agencies should be informed immediately after such incidences.

Case 7: SWIFT password was hacked from back office and used to make fraudulent payment

SWIFT password was hacked and payment instruction was made to the Nostro A/C to pay USD for the payment against import. Consequently payment was made and statement was sent to back office accordingly. But back office did not scrutinize and the middle office also didn't reconcile with the requisition from the branch to pay USD against import payment. Next day another instruction was made to pay GBP but GBP was not available in the Nostro A/C. Treasury Management Department (TMD) was asked to place GBP to the nostro account of GBP but TMD had no requisition in support with the instruction. TMD asked the Nostro A/C to stop the payment. USD payment had already been executed and it was not possible to recover the amount.

TBML Alerts:

1) SWIFT message did not mention underlying transaction reference.
2) Lack of checking by back office and no reconciliation by middle office.
3) Rationale behind payment instruction was not verified.

Case 8: Guarantees converted into funded liabilities

Exporter received contract from a European country for export of vessel and received advances in various installments from the importer. Advance payment guarantee and performance guarantee were issued by the exporter's bank. Counter guarantees were issued by another foreign bank. Exports were not executed within the stipulated time and contracts were cancelled. Consequently guarantees were encashed by the foreign bank. Local bank created forced loan to pay guarantee amount with interest. The client i.e. the exporter failed to pay the amount and the loan converted to term loan and finally turned into Non Performing Loans.

TBML Alerts:

1) End use of advanced receipt against prospective Export was not monitored and confirmed by the bank.
2) Performance of the exporter was not assessed accurately.

Case 9: TBML through import & export using related parties

Company 'X' in Bangladesh is owned by an Influential Person (IP). This company has been awarded a government project to install a power plant for which they opened LC favoring a beneficiary company 'Y' located in Singapore to import capital machineries, spare parts and accessories of BDT 2 billion. Accordingly, the Company 'X' made payment against the said LC.Another company 'Z' in Bangladesh has a sale contract with company 'Y' in Singapore to export agro product to India for BDT 1 billion. Export proceeds are received by company 'Z' from company 'Y' in Singapore through another bank in Bangladesh though goods are shipped to India. This company 'Z'

has received cash incentive of BDT 0.2 billion (@20%) from the Government against export of the agro-products. Company 'Z' is newly registered as an exporter and obtained ERC from the CCI&E. Findings show that Company 'Y' in Singapore is an affiliate company of company 'X' and the owner of company 'X' is also a partner of company 'Z'. Export price of agro product in documents is unusually high and the quantity exported is under-shipped. Thus the government money is embezzled through trade transactions.

TBML Alerts:

1) Transaction is not in line with customer's Trade Transaction Profile (TTP) or line of business.
2) Importer and exporter are related parties and there is common interest.
3) Over Invoicing and Under Shipment against agro product export to India.
4) Goods shipped from Bangladesh to India but importer is located in Singapore.

Case 10: TBML through trade fraud by supplier

Company 'ABC' in Bangladesh availed an LC to import capital machinery from Switzerland for USD 50,000.00. LC was confirmed by a foreign bank in Bangladesh. Presenting documents beneficiary claimed payment from confirming bank (CB). CB honored the claim of beneficiary and placed claim to issuing bank in Bangladesh. Issuing bank paid by creating a Loan against Trust Receipt. After few days of payment importer lodged a claim to the issuing bank that goods received by them is not the desired goods, rather they are old spoiled machineries. Meanwhile, after receiving the money beneficiary closed their account in the Swiss bank. Applicant filed a case in the court in Bangladesh. An analysis showed that though it was regulatory obligations to obtain supplier's credit report, issuing bank as well as the confirming bank did not obtain it before opening and confirming LC. Applicant complained against the bank that the loss incurred due to banks' failure to obtain supplier's credit report before opening LC. As such they claimed that banks should bear the loss since they would not be able to repay the import loan.

TBML Alerts:

1) Supplier's credit report was not obtained.
2) Supplier's line of business was unknown.
3) Payment term was favorable to beneficiary with less protection to applicant.
4) Importer and exporter may be related parties with common interest.

Case 11: TBML by sending fund to importing country through hundi and repatriating as export proceeds while transferring original export proceeds to a third country.

'ABC' is a pharmaceutical finished goods exporter of Bangladesh. This company mainly generates its revenue from domestic sale and hardly exports in countries like India, Pakistan and UAE. Most of its export is based on sales contract and mode of payment is 90 days deferred from shipment date.

It uses multiple banks as nominated bank but the transaction volume is low. 3 different banks issued EXPs favoring this exporter for exporting finished products to India, Pakistan and UAE against different contracts. After shipment to 3 different countries, exporter submits export bill in 3 different EXP issuing banks. After ninety 90 days payment is received from Pakistan only but the other EXPs become overdue after 120 days from shipment. It is revealed afterwards that exporter contacts with Hundi businessmen to send money from Bangladesh to India. Indian Hundi counterpart deposits fund into banking channel using dishonest businessmen. Indian importer sends export proceeds from their banking channel to ABC co.'s exporting bank. Export proceeds are received through MT103 instead of MT202 message in the name of exporter without mentioning export bill reference. Exporter submits the request letter to realize the proceeds against the overdue export bill and thus EXP overdue becomes regular. This fund is also used to convert it as export proceeds for shipment to UAE. Goods shipped to India and UAE are sold to that local market and sales proceeds are transferred to an offshore hub.

TBML Alerts:

1) Export proceeds received through MT103 instead of MT202.
2) Swift message does not mention the underlying transaction reference number.
3) Payment received from third country.

Case 12: TBML through import LC issuance and import payment

'ABC' is a very reputed and leading company in Bangladesh in computer and accessories. This company has multiple joint ventures in countries like Singapore, Malaysia, Hong Kong, China, China and India. They are also involved in providing financial services and have some trust operations in Cayman Island. This company (non EPZ in nature) is also dominant in Bangladesh with good reputation as conglomerate and their business slogan is 'Customer is first'. They are willing to pay higher fees if same day payment is guaranteed. The company imports different types of computers, parts and accessories from different countries of the world. They have both industrial and commercial IRCs. 'ABC' company requested their bank 'X' to issue one import LC favoring beneficiary in Singapore. PI indicates import LC value is $1,000,000.00 consisting of import of computer monitor, keyboard and other accessories. They prefer 'X' bank as it makes payment very quickly after receiving import documents and customer always likes to pre accept the discrepancy. Customer also wants to avail UPAS benefit as this import is industrial in nature. Though customer opens LC under industrial IRC, their underlying purpose is to sell the imported items commercially. Conducting due diligence,

bank issues import LC and receives import bill later on. While lodging import bill, bank official finds that some of the items are not available in PI but these are included in CI. When asked by bank, importer confirms that they import product on demand and schedule is very tight. In addition, computer technology is ever changing element. Hence during shipment they changed some of the items with change in unit price. When bank official wants to take more time for scrutiny, customer becomes unhappy about the service and threatens to move business to other banks. Customer also confirmed that their counterpart in Singapore wants payment copy by the same day. Considering charges, commission and other incomes, the size of business and customer pressure, bank processes the bill and makes payment. Thus importing inferior quality goods and over invoicing leads to TBML.

TBML Alerts:

1) Customer is very keen to waive discrepancy and make quick payment.
2) Customer is not concerned about charges.

3) Customer always expresses his acceptance on import documents before receiving import bill.
4) Avails UPAS benefit under industrial LC for commercial purpose.
5) Trust in Cayman Island may be owned by both importer and exporter.

Case 13: Involvement of third party (unrelated party) for layering and integration via buying house commission.

'X' is a very reputed and leading company in Bangladesh for garments manufacturing items and accessories. This non EPZ company has multiple joint ventures in countries like Singapore, Malaysia, Hong Kong China, China and India. They are also involved in financial business and have some trust operations in British Virgin Islands. They conduct banking with couple of prominent banks in Bangladesh. Company 'X' imports different raw materials from different countries and exports finished goods to prominent market like US, EU etc. and enjoys bonded warehouse facility for import for industrial consumption. On one occasion 'X' imports cotton from Uzbekistan, Zimbabwe through Singapore for USD 75,000.00 keeping master export LC of USD 100,000.00 as lien. 3 months later, exporter submits export bill for USD 100,000.00 with the additional instruction to the negotiating bank that 40% export payment will be paid to the buying house/commission locally as commission which is transferrable from ERQ account. When asked about the excessive commission, exporter replies to the negotiating bank that the quality of goods is inferior in nature and outdated. Convinced with the response, negotiating bank processes the export bill. Buying house receives the fund with legitimacy and thus underlying commission is used to perpetrate money laundering.

TBML Alerts:

1) Imports from landlocked countries which are risky for terrorism and sanctions.
2) Use of bonded warehouse facility for tax evasion.
2) Lack of verification and understanding of the quality of the goods.
3) Excessive commission.

Case 14: TBML through over invoicing

M/s. 'R' Enterprise, a client of 'X' Bank branch, located in border area, deals in import and export business. Besides, the client also deals with the cattle business from India to Bangladesh. The client usually imports onion from India. M/s. 'R' Enterprise approaches 'X' branch to avail an LC valued USD 60,000 for importing 100 Metric Ton onion from India favoring M/s. 'D' Enterprise. 'X' branch issues the LC in favor of M/s. 'D' Enterprise, India. M/s. 'R' Enterprise receives the goods and sells in the market duly and payment is made accordingly. But it is observed that it sells TK. 25000/- per Metric Ton in the open market while the total import cost per Metric Ton onion is of BDT. 50,000/-. Later M/s. 'D' Enterprise makes cross border smuggling of 30 cattle from India to Bangladesh. M/s. 'R' Enterprise receives the cattle, sells them in the market and gets illicit proceeds.

TBML Alerts:

1) Over invoicing.
2) Illegal cross border.

Case 15: TBML by two brothers through different methods

Mr. 'X', an expatriate from Chapai Nawabganj District lives in Dubai, UAE with free visa. He operates a grocery shop in Dubai. His younger brother 'Y', credit client of branch 'A' deals in paddy, rice and cattle business and works as an agent of his elder brother. 'X' convinces the Bangladeshi expatriates visiting his shop to send their money to Bangladesh through him providing 1 or 2 percent higher rate than banking channel with the surety of making payment to him after confirmation of receiving money by their beneficiaries in Bangladesh either in account or in cash. When the expatriates agree, he directs his younger brother 'Y' to deliver money to the respective beneficiaries' bank accounts or in cash. Upon confirmation of receiving money by their beneficiaries, the expatriates pay money to 'X'. In the mean time, 'Y' gets bank's credit showing different purposes or earns money from illicit sources and with that money he pays to the beneficiaries in Bangladesh. 'X' with that money buys gold and diamond ornament, gold bar having great demand in Bangladesh for the belief of their purity. Usually he sends gold and diamond ornament through the agent under Bangladesh Customs baggage rules. 'Y' receives such gold and diamond ornament, gold bar and sells them in the open market. With that money, he adjusts bank dues against credit and buys real estate in his own and his brother's name.

TBML Alerts:

1) The remittance is coming from UAE through Alternative Remittance System and the perpetrator takes credit from a local bank to disburse the money to the local beneficiary.
2) The colluder partners engaged in a valid trade cycle under Customs baggage rules.

Appendix A

Case study 16: TBML through Offshore Banking Unit

A Singapore based fund-raising and investment company named 'A' approaches a reputed bank in Bangladesh named 'X' seeking loan of USD 20.00 million. The company 'A' is registered in Singapore to conduct its operations as a financial organization. But the license is cancelled, thereby turning the fake company fully invalid.

'A' submits an ordinary application to borrow fund from 'X' Bank in Bangladesh in collusion with Bank's high officials and Board members. 'A' does not submit any Articles of Association, Business Profile, Registration Certificate and Memorandum of Article of Association along with its application. Mr. 'B', a Canadian citizen, is a director of company 'A' and signs the loan application on behalf of 'A'.

The 'X' Bank signs the deal with 'A' to invest USD 20 million on condition that 'A' would give return of 8% interest on the loan. 'A' also promises of investing USD 80 million with the Bank within 95 days of getting loan USD 20 million.

'A' creates a subsidiary company named 'C' in Dubai to act as Special Purpose Vehicle (SPV) to transfer the borrowed fund. To work as SPV, it is obligatory to be a financial Institution or an investment company but 'C' is a trading company. 'C' opens an account in UAE based 'Y' Bank. The account with 'Y' Bank is supposed to be jointly controlled by 'A' and 'X' Bank as per loan agreement. But actually this does not happen.

Later, it is found that the Chairman of 'X' Bank is the nominee of Bank's fund e.g., USD 20 million and a joint signatory of the account maintained with 'Y' bank in Dubai.

'X' Bank finally remits the USD 20 million funds to 'Y' Bank. Later on fund cannot be traced. It is noted that since 'X' Bank does not have foreign currency, it buys USD with BDT from interbank money market in Dhaka with higher price. Just after remitting the fund 'C' withdraws the total fund and closes the account maintained with 'Y' Bank.

TBML Alerts:

1. Investment abroad manipulating OBU loans and ultimately leading to money laundering.
2. Failure of OBU to take legal advice from both local and foreign law firm before investing abroad.
3. Failure to comply with regulatory rules in OBU fund management.

Appendix A

Case study 17: TBML through fake documents

Mr 'X', proprietor of 'A Food Products' opened 3 current accounts in 3 branches of 3 different banks. The account opening form used the official address in Banani, Dhaka and factory address in Salna, Gazipur. The customer was willing to export turmeric, pepper powder spices but no proof regarding the export capacity or previous business experience of the customer was preserved.

A foreign buyer located in Dubai named 'M/s. B Trading LLC', Dubai, remitted USD 15,98,545.00 favoring the account of 'A Food Products' through an exchange house named 'Y Exchange Center LLC', Dubai, UAE using 26 Advanced FTTs. Out of this 26 Advanced FTTs, 10 FTTs amounting USD 6,08,035.00 were shown as export proceeds of turmeric, pepper powder spices. 20% cash incentive was claimed by the exporter and bank authorities reclaiming the same amount from Bangladesh Bank credited BDT 98, 15, 689.00 to the party account. Rest of the 16 FTTs had no export documents preserved in the branches. These remittances were not reported to Bangladesh Bank by the AD branches. The entire amount was encashed through the current accounts of the customer. During inspection it was found that all the export documents were fake. Forged bills of lading were prepared using the letter head pad of a foreign shipping company and seal and signature of its local shipping agent. All these were used to prepare forged export documents and claim cash incentive by the customer. The inspection team communicated with the local agent of the bill of lading issuer. The shipping agent by a letter informed the Bangladesh Bank as well as the commercial banks that the exported goods against which cash incentive was claimed were not shipped by them, rather the exporter used fake seal and name of the shipping agent. Upon receiving such letter from the said shipping agent, Bangladesh Bank directed the banks to realize the said cash incentive amount from the customer.

TBML Alerts:

1) The customer engages in transactions that are inconsistent with his business strategy or profile.
2) Amount of foreign currency transacted through exchange house is abnormal and doesn't match with the reality.
3) Essential documents not presented/obtained and verified properly.

Case study 18: TBML through back-to-back LC

A UK based buyer, 'XYZ Ltd'. placed export order through sales contract by two local garment buying houses named 'A' and 'B' Apparels Ltd. The foreign buyer lured the

Bangladeshi exporters invoicing higher price per unit of export goods. In exchange the buyer put conditions to procure high priced raw materials from its nominated suppliers based in China.

Receiving the sales contract, Bangladeshi exporters opened back to back letter of credit (BTB LC) in order to procure raw materials. After the shipment of several consignments these exporters came to know that the foreign buyer 'XYZ Ltd'. did not receive the exported garments. The exported goods were left unattended in the Manchester port and exporters were bearing higher rental cost for the containers. At that time Bangladeshi garment exporters could understand that they had fallen victim to fraudulence. In the name of BTB LC money was siphoned off from the country, but export proceeds could not be repatriated. During BB inspection it was observed that banks did not take ratings and information of the credit reports of the foreign buyer and supplier into consideration. It was also revealed that one director of 'XYZ Ltd.' was Chinese. This director may have linkage with or may be one of the suppliers in China. Banks also did not justify the market price of raw materials though unit price of raw materials was very high. In the meantime, the Chinese suppliers started knocking Bangladesh Bank for settlement of BTB LCs. Some banks already paid and some held the documents as discrepant.

TBML Alerts:

1) Buyer nominated supplier.
2) Credit Report of buyer and the supplier was not taken, and in some cases report was taken but was not analyzed properly.
3) The price is unusual.
4) Probable collusion between buyer and supplier of raw materials.

Case study 19: TBML through fraud

During an inspection by Bangladesh Bank on a private commercial bank branch, it was observed that the bank branch was intentionally hiding the overdue export bill as well as overdue EXPs. As a result the customer could continue to avail the facilities like cash incentive, EDF loan, BIDA approved low cost foreign loan. It is challenging to find out those hidden overdue export bills among thousands of EXPs. But during inspection it was found that five customers were given cash incentive even though they had overdue export bills. The amount of cash incentive disbursed through this malpractice was more than BDT 300 million. The bank was instructed to immediately return the cash incentive amount disbursed violating Bangladesh Bank regulations and take necessary action against the responsible officials.

TBML Alerts:

1) Willful non-reporting of overdue export bills.
2) Cash incentives allowed to customer not eligible as per regulations.
3) Advanced cash incentives allowed.

Case 20: TBML through purchase of foreign documentary bills

During inspection by Bangladesh Bank on a commercial bank branch it was observed that several customers were exporting leather goods to foreign countries. The largest portion of the loan portfolio of the bank branch was composed of Foreign Documentary Bill Purchase (FDBP). Most of the export bills of leather goods were of 90 days deferred LC term. But the branch was found to provide 120 days tenor to hide the number of overdue export bill. The branch not only exaggerated the tenor of the export bill but also purchased those bills without receiving the acceptance from the LC issuing bank. The branch was already exposed to greater risks by purchasing export bills without acceptance. Moreover, it continued purchasing the bills of the customer who already had overdue export bill. During further analysis it was found that four of the export companies had the same owner. The motive was to simplify the process of purchasing more bills on account of a customer if others fall overdue.

TBML Alerts:

1. Willful non-reporting of overdue export bills.
2. Allowing longer term trade financing.
3. Purchasing bills without acceptance from the LC issuing bank.
4. Purchasing bills of the customer who already had overdue export bill.

Appendix B

TBML Alerts

TBML Alert, a warning sign, is not in itself an indication that something is wrong but that given the nature of the client's business and the nature of the underlying transaction, the TBML Alert merits further review.

The TBML Alerts may be sub-divided into the following categories, i.e.

a. The transactions
b. The goods and size of shipment
c. Transport
d. Payment
e. Country
f. Party/parties
g. Discrepancies
h. Unusual documentation

Banks should take into consideration the TBML Alerts described below while conducting trade operations:

TBML Alert No.	TBML Alerts	Purpose/Rationale with example
Applicant/Beneficiary		
Alert # 1	**Importer and exporter are related parties and there is common interest.**	In most cases of illegally transferred fund, applicant and beneficiary are related or connected parties or there are some common interests between them. So bank needs to be aware of whether the applicant and beneficiary of a trade transaction are in any way related to some common interests. In this context, bank should also follow instructions contained in para 2 of Chapter 7 and para 7(b)(iv) & para 7(c) of Chapter 8 of GFET, 2018.
Alert # 2	**Transacting parties appear to be affiliated, conduct business out of a residential address or provide only a registered agent's address.**	Party 'A' enters into a contract with party 'B' for import of goods through documentary credit. The contact address of party 'B' appears C/O: legal representative name and its address details, or prior to opening of LC, credit report of party 'B' reveals that party B's line of business is not consistent with underlying goods. In both instances, the exporter may try to hide

		the true beneficial owner of the transaction.
Alert # 3	**Customer behaviour.**	The behaviour of the customer may give rise to TBML alerts. For example, the customer suddenly becomes anxious and puts pressure on the bank, or offers bribery, threatens to terminate business relationship to execute the transaction.
Alert # 4	**Any of LC/Contract/Guarantee parties are known to be owned or controlled by Politically Exposed Persons (PEPs) or Influential Persons (IPs).**	PEPs & IPs may exert undue influence to conduct trade transaction in their favour. As such banks need to have an effective mechanism to identify PEPs' involvement in the trade transactions as applicant or beneficiary or any other party.
3rd Parties		
Alert # 5	**Involvement of the parties in the trade transaction cannot be explained.**	It has been seen that applicant and beneficiary are not willing to explain the rationale of involvement of intermediaries in the transaction. At this backdrop, though banks may not be able to know all the parties involved in the transaction, they should understand why they are involved, and involved parties with no apparent logical role in the transaction should be examined further.
Illustration	Party 'A' approaches Bank 'B' to open an LC favouring beneficiary of country 'C'. Party 'A' requests bank to advise the LC in any bank in Country 'D' instead of country 'C'. However, there is no information in proforma invoice on the basis of which the reason of such demand by the beneficiary can be ascertained. In addition to that the beneficiary further demands credit available in another country not related to beneficiary's country. This type of scenario needs further analysis in order to understand different parties' involvement in the transaction.	
Alert # 6	**Too many intermediaries making transaction overly complex.**	An applicant or beneficiary may approach a bank for a trade transaction with too many intermediaries involved in the transaction with an ill motive of executing transaction through creating complexity. As part of due diligence bank should understand the

		justification of involvement of intermediaries within the trade cycle. Contact from unexplained parties may be an indicator of a transaction that is more complex than it appears or an indication of unusual activity.
The transactions		
Alert # 7	**Transaction structure appears unnecessarily complex or unusual and designed to obscure the true nature of the transaction.**	Though financially solvent, the applicant may avail trade finance facility from the bank in order to disguise the true nature of the transaction. He may use unusual trade term, involve many countries & intermediaries in the transactions. Hence, as part of process banks should review the structure and complexity of an LC/Contract. Banks should analyze financial products and transaction structures and determine if they are intended to obscure the true nature of the transaction. For example; it is clear from the transaction structure that giving an undertaking to the beneficiary was not the purpose behind issuing the documentary credit.
Illustration	**Transaction structure appears unnecessarily complex:** Party 'A' enters into the contract with party 'B' for import of goods through documentary credit. The underlying agreement is that Party 'B' (the beneficiary) will send some regulatory documents directly to the applicant. Documentary credit only requires that all regulatory documents like: fumigation certificate, phyto-sanitary certificate, quarantine certificate etc. be directly sent to the applicant by the beneficiary. The credit also requires being transferable. Bank 'X' opens a transferable LC with the above condition, which is subsequently transferred to 2nd beneficiary. The issuing bank has received presentation from the transferring bank which indicates that 2nd beneficiary assigned its proceeds to the third parties and requests the issuing bank to pay directly to the third party. Considering the above case, there are few elements that may be considered as alerts, i.e.	

	1. The beneficiary sends few regulatory documents directly to the applicant: By doing this, the beneficiary is able to keep the required regulatory documents outside the bank's operational purview. 2. The LC is transferable: Under general circumstance, there is no harm in making the LC transferable. But the issuing bank should understand the reasonable ground for transfer. In some situations, the beneficiary sometimes insists on the condition to gain tax benefit and to create gateway to transfer fund from one country to another. Moreover, the issuing bank should have prior knowledge of the prospective 2nd beneficiaries and if possible restrict transfer within the beneficiaries. By doing this issuing bank has prior knowledge of those with whom they are dealing. Furthermore, the issuing bank should also understand whether it will restrict the transfer within the first beneficiary country or give authority to the transferring bank to make the transferred credit available in 2nd beneficiary's country. The issuing bank should have prior knowledge about 2nd beneficiary's country with whom the issuing bank intends to deal. 3. The beneficiary sends few regulatory documents directly to the applicant: By doing this, the beneficiary is able to keep the required regulatory documents outside the bank's operational purview. The LC is transferable: Under general circumstance, there is no harm in making the LC transferable. But the issuing bank should understand the reasonable ground for transfer. In some situations, the beneficiary sometimes insists on the condition to gain tax benefit and to create gateway to transfer fund from one country to another. Moreover, the issuing bank should have prior knowledge of the prospective 2nd beneficiaries and if possible restrict transfer within the beneficiaries. By doing this issuing bank has prior knowledge of those with whom they are dealing. Furthermore, the issuing bank should also understand whether it will restrict the transfer within the first beneficiary country or give authority to the transferring bank to make the transferred credit available in 2nd beneficiary's country. The issuing bank should have prior knowledge about 2nd beneficiary's country with whom the issuing bank intends to deal.

	4. Assignment of proceeds: Even though it is not possible to have prior knowledge about request for assignment of proceeds until receipt of notice of assignment or indication in covering schedule, it is quite unusual to receive assignment of proceeds notice under transferable LC. Even in regular irrevocable LC, if the issuing banks receive assignment of proceeds notice, it indicates that the issuing bank is requested to deal with third parties other than the beneficiary.	
Alert # 8	**The customer engages in transactions that are inconsistent with the customer's business strategy or profile.** **(Transaction is not in line with the customer's line of business or with his/her TTP)**	Any trade transaction that deviates from the customer's existing line of business may have ill-motive to transact against criminal proceeds or may simply move money rather than goods through accommodation of bill etc. Hence, as part of trade specific due diligence measures, banks should take adequate measures to understand the current trading profile of the customer and its future plans on an ongoing basis. Ensuring these, banks may identify which trade products are suitable and which trade products are vulnerable for a particular trade customer at the outset of a trade relationship. The measures will also help them identify the extent of deviation of a particular trade transaction from the customer's strategy and future plans.
Illustration	Company 'X' imports garlic, cardamom etc. through Bank 'A' regularly. Suddenly he approaches bank to import 10,000 MT of rice, inconsistent with his regular import items. The underlying purpose may be to facilitate hiding the true beneficial owner of the transaction. This may also be applicable where the customer approaches bank to open LC for larger quantity than his regular import volume without having any reasonable ground or any business expansion. Company 'Y' generally imports metals but suddenly opened an LC to import some electronics which are unusual and prices are unknown to the market. In this way value can be transferred using such new items of goods. It may be that both the importer and the exporter are sister concern managed by the shareholders. As there may not be any physical movement of the goods, the respective transaction has no economic value other than transfer of money from the importer to exporter in the guise of trade.	

<table>
<tr><td>Alert # 9</td><td colspan="2">The Trade Finance transaction contains non-standard terminology and/or non-standard clauses.
Documentary credits often stipulate very standard clauses as documents requirement, which is by its nature very traditional. If a bank receives an export LC or the customer approaches bank to open an import LC with non-standard terminology or clauses, it may be an indication that the counterpart is trying to convince bank of the creditworthiness of the party and legitimacy of the underlying transaction.
Examples:
Non Standard Terminologies in documentary credit:
✓ Assignable
✓ Divisible
✓ Unconditional
✓ Unconditional revolving etc.
Non Standard Clauses in documentary credit:
✓ Ready, willing and able”
✓ “Letter of interest”
✓ “proof of product”
✓ “The funds are “good, clean and cleared, of non- criminal origin”
✓ “This is a bearer instrument letter of credit”
✓ “to be advised between applicant and beneficiary”
✓ “A prime bank guarantee issued by one of the top 50 or 100 world banks or a cash wire transfer” etc.
The above mentioned indications on a documentary credit are very unusual. In such cases banks should further scrutiny.</td></tr>
<tr><td>Alert # 10</td><td>Frequent amendment/ extension/ cancellation pattern.</td><td>An LC that has been repeatedly amended should be treated carefully. After an excessive number of amendments, the parties should be required to have a new LC issued. Correction of a slight misspelling of a beneficiary name or of the company designation (i.e. “LLP” vs. “Corp.”), should be handled as a transfer rather than as an amendment.</td></tr>
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Alert # 11	**The transaction appears to involve the use of front or shell companies for the purpose of hiding the true parties involved.**	Banks should look at the geographic location and addresses of the parties to a transaction paying special attention to those countries or areas where front or shell companies are known to operate. If a bank suspects that a party could be a front or shell company, it should take adequate steps to determine the identity of the suspect entity and whether the entity is designed to hide the true nature of the participants to the transaction.
Alert # 12	**Guarantee/Stand by LC fails to reference underlying project or contract.**	When a bank issues guarantee, or receives counter guarantee ultimately to issue guarantee, it may fail to incorporate all the required information including reference of underlying projects. Hence, banks need to ensure the apparent authenticity of the underlying contract, bid etc. based on which the guarantee is being issued. If beneficiary of the guarantee is a government entity, then it could be easily verified via their website. In case of private beneficiary extra due diligence should be applied for the underlying contract. e.g copy of the contract, copy of paper announcement etc.
Alert # 13	**Fake underlying transactions against a guarantee/ SBLC/LC.**	Banks need to ensure the identity of the applicant, beneficiary and the underlying documents in order to avoid conflict of interest. Guarantee might be fake if both applicant and beneficiary are related entities and there is no such underlying transactions/performance. It can be executed through KYC for the parties in order to confirm that no same parties or related/common interest parties are involved in them.
Value/Price		
Alert # 14	**The price is unusual, e.g. very high or very low.**	Buyer and seller negotiate price and the pricing is based on quality and costs of the goods, packaging, freight, customs duties, documentation preparation fees, inspection fees, insurance and many other factors. Therefore, it may not be easy for banks to ascertain the market price for all the components and circumstances that go into the price of a product. Bank officials

		should take adequate measures to try to identify any blatant or obvious pricing irregularities that may indicate the inconsistencies of pricing of the goods being shipped. Also note para 20 of Chapter 7 of GFET, 2018.
Illustration	**Typology: 1** Company 'X' approaches Bank 'B' to open LC to import mobile phone or car. The price that as revealed in the proforma invoice is very low as compared to local market price. Moreover, the customs authority fixes certain amount or percentage of duty based on per piece etc. to prevent duty or tax evasion. The reason for quoting unit price very low may be for adjustment of debt which arises out of conducting transaction through informal or alternate remittance system. **Typology: 2** Company 'X' approaches Bank 'C' to open LC to import certain goods. Bank 'B' faces difficulties in knowing the exact unit price due to the nature of goods like capital machinery or chemical mixture etc. In some cases, local duty or tax is very nominal as the underlying goods have correlation with the economic development of the country. **Typology: 3** Company 'X' approaches Bank 'D' to open LC for import of rice or onion. The importer made certain percentage of advance payment through informal channel and opened LC up to the value where customs authority has reference value for custom valuation. But the actual price is higher than that of reference value. By doing so, the importer is able to avoid custom duty and taxes for the advance payment made. Similarly, excess amount of freight and other charges may also be taken into consideration.	
Alert # 15	**Under Invoicing (against market price).**	Invoicing goods at a price below the fair market price, the exporter can transfer value to the importer. Here the importer receives high value goods at a lower price. After re-selling the goods importer receives full value and thus additional value is received by the importer from exporter through under-invoicing. Importer is also able to pay less customs duty/tax by under-invoicing. Trade processors should follow the mechanism and guidelines to be established by their own bank in pursuance with these guidelines.

Alert # 16	**Over Invoicing (against market price).**	Invoicing goods at a price above the fair market price value can be transferred from importer to exporter. Bank should frame appropriate policy in this regard and trade processors should follow the same.
Alert # 17	**Invoice showing significant amount of misc. charges e.g. handling charges.**	Money can also be transferred from one country/party to other country/party showing significant amount of misc. charges/handling charges/ unidentified charges/in the invoices of goods/services for laundering purpose. Bank should know the justification behind such unusual charges and act accordingly to prevent TBML.
Alert # 18	**There are indications of double invoicing / Multiple Invoicing.**	**Double Invoicing:** This is very much relevant for local trade transaction. Double invoicing is where a subsidiary purchases goods from a parent at too high a price, or a parent purchases from a subsidiary at too low a price. **Multiple Invoicing:** This is also very much relevant for local trade transaction. More than one invoice for the same international trade transaction, which enables a money launderer or terrorist financier to justify multiple payments for the same shipment. Though with the establishment of FX Dashboard, multiple invoicing is very hard to do onshore, reasonable care should be taken in case of off shore.
		Payment
Alert # 19	**The payment terms appear inconsistent with the transaction.**	An importer or exporter may default willfully and launder money if payment terms of the financing is made without due consideration to the nature and/or conversion cycle of the underlying goods. For example, if an importer is financed for 365 days to import perishable goods like onin etc., when his business is to sell fish, he may abuse the facility and launder money through different ways (send money abroad through over invoicing with bank's finance, or may go willful default and use the money to

		launder or finance terrorism etc.). Hence, taking into consideration the market practice and business of the buyer and seller banks should determine whether payment terms are consistent with the nature and asset conversion cycle of the goods being shipped and act accordingly.
Alert # 20	**The transaction involves the receipt of payments from third- party entities that have no apparent connection with the transaction.**	As third party payment arrangements can be used to disguise the identity of the true payor and true source of funds, they may expose to the risk of money laundering and/or unwanted sanctions evasions. Banks need to know and be satisfied with the underlying arrangement with the 3rd party who pay or receive the payments of the trade transaction.
Illustration	Bank 'I' issues an LC for raw cotton from Uzbekistan and LC available with any bank in UAE with an advising bank in UAE. After making shipment, while the beneficiary is trying to make presentation, UAE bank refuses to handle the transaction. Later on the beneficiary makes direct presentation to the issuing bank. Bank 'I' makes an attempt to make the payment through MT103, which its foreign correspondent bank refuses to process. Much later, the beneficiary makes the presentation through his bank in Latvia where the beneficiary maintains business account and Bank 'I' effects payment accordingly.	
Alert # 21	**Changing the place of payment i.e. payment is to be made to beneficiary's account held in another country other than beneficiary's stated location.**	Banks should take into account that in some instances, beneficiary under an LC directly sends documents to the issuing bank within instruction to effect payment to a third country. This situation may arise either the beneficiary is not able to route trade document through banking channel due to possible sanction hits or trying to park the proceeds in relatively lax jurisdiction.
Alert # 22	**Payment instruction changes in the last minute without any reason.**	It should be borne in mind that last minute changes to payment instructions, inconsistent with the terms of the trade instrument, or instructions to effect payment to a third party or account unrelated to the trade instrument could indicate unusual activity.

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<td>Alert # 23</td>
<td>Applicant (customer) controls the payment.</td>
<td>The trade finance transaction includes a feature by which the buyer effectively controls the payment. This could indicate that the seller and buyer are colluding in a non-competitive manner and that they have an underlying relationship outside an expected trading relationship which is not known to the banks.</td>
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<td></td>
<td colspan="2">Applicant (customer) controls the payment:

Bank ‘X’ issues sight LC with a condition that payment will be effected upon receipt of applicant’s acceptance regarding receipt of goods in good order. This type of clause enables applicant to control payment. Providing such condition, the applicant can actually delay the payment though inconsistent with its nature of goods or local regulations. In other word, there might be collaboration between the buyer and seller beyond the knowledge of the bank.
Bank that issues LC with applicant control documents should be aware about requirement of applicant control and underlying transaction. Such as: import of capital machinery may be done with provision of split presentation as under:
- 15% advance payment
- 70% upon presentation and
- The rest 15% after proper installation of the capital machinery supported by applicant certificate

For import of capital machinery, the above split payment is customary. But split presentation or shifting payment obligation from beneficiary’s presentation to applicant control document for trading items or industrial raw materials import, may need further analysis.</td>
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<td>Alert # 24</td>
<td>Claimed/lodged shortly while guaranty validity is a long tenor.</td>
<td>Long tenor guarantee is normally issued against a long term contract/ project/performance (i.e 24 months period). The guarantee claim is supposed to be placed after a reasonable long period of time when applicant fails to execute that long term project/contract. If situation arises that a claim is lodged within a short time after the guarantee is issued, e.g. one month, the guarantee issuing bank should take it as an alert and should perform proper due diligence by confirming the genuineness of the claim from the beneficiary office.</td>
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Alert # 25	**Issuance of fraudulent Letter of Undertaking (LoU).**	Bank should have independent policy in place to operate SWIFT system which includes checker and maker system and periodic auditing, both by internal and external auditors. In addition, SWIFT system should be integrated with their core banking system (CBS).
Illustration	Two employees of 'XYZ Bank' send unauthorized Letters of Undertakings (LoUs), essentially bank guarantees, to foreign banks, on behalf of their customer M/s. 'ABC Gems Ltd'. Owned by "Mr. X". The LoUs were undertaken to make payment in favor of foreign beneficiary for imports if on maturity, importer fails to pay, 'XYZ Bank' would make the payment. On receipt of guarantee foreign bank provides loan to the importer. The tenure of this loan varies from ninety days up to even five years for capital goods. The money gets used to settle the payment for imports. The money raised through this guarantees is not used to make payments for imports rather used to settle loans taken earlier. In fact, every time a firm related to Mr. 'X' asks for a bank guarantee, it is to settle an older loan taken through a previous bank guarantee. Thus, the amounts go up to around BDT 11,4000 million. LOUs were issued without any collateral or any usual process of the bank through colluding two bank officials of 'XYZ Bank' and the 'XYZ Bank employee sends these guarantees in the absence of credit limits and collateral security. Secondly, he does not make an entry in the bank's Core Banking Software (CBS). In some cases, a corresponding entry is made in the core banking system, but for lower amounts. Even regular audits may not find it. Bank's reconciliation department also could not find out the mismatch. It is revealed that in the said Bank, there is no SWIFT operating procedure in place, SWIFT is not integrated with the Bank's CBS and the SWIFT operation of that is not centralized and absence of proper auditing system i.e. IT audits did not take place. On this pretext, the ill motive customer was able to complete the evil scheme with the support of colluding employees of the Bank. Using such valid tools, dishonest officials of the bank in collusion can launder money.	
The goods and size of shipment		
Alert # 26	**There are no goods (Phantom Shipment)**	Banks should be aware that under these circumstances the beneficiary or applicant refuses to provide documents to prove

		shipment of goods (possible phantom shipping or multiple invoicing). For Example: LC or bank guarantee purportedly covers the movement of goods but fails to call for presentation of transport documents. LC covers steel shipment but allows a forwarders cargo receipt (FCR).
Alert # 27	**No goods description mentioned in documents/ Descriptions of the goods/services are not clear or are coded or disguised.**	Not having goods' description is itself an alert. Bank should know the goods or services of underlying transaction from the related trade documents, such as LC, BL, invoice etc.
Illustration for Alerts 26 & 27	As we know from documentary credit operation that Banks deal with documents not with underlying goods, service or performance, issuance of LC without asking for transport document or allowing copy of transport document to be presented may facilitate phantom shipment. In addition to that documentary credit containing a condition "document acceptable as presented" or "all discrepancy accepted except value and quantity" may also have similar implication. Client may approach for issuance of local LC with above clause or without mentioning description of the goods. The inherent agenda in such cases may be to avail loan from the bank under the banner of trade finance.	
Alert # 28	**The customer deviates significantly from its historical pattern of trade activity (in terms of markets, monetary value, frequency of transactions, volume, or merchandise).**	Banks need to understand the customer's traditional business patterns as part of the trade specific customer due diligence process that reviews and examines the customer's business activity, such as the frequency of shipments, the value, volume, types of products and/or services in which the customer typically deals. Banks should have processes that will identify significant variations in these trading patterns.
Alert # 29	**Transaction involves obvious dual use goods.**	Dual use items are goods, software, technology, documents and diagrams, which may have both civil and military applications. Identification of dual use goods is difficult given their possible

		complex and technical nature. While banks may be in a position to identify obvious dual use of goods, corporate clients should be best suited for making this determination. Each bank should refer to its own policies and procedures on how to appropriately identify and address the identification and handling of such goods.
Illustration	Though most of the banks are aware of obvious sanctioned country under UNSCR lists and generally do not open LCs where shipment is made from sanctioned port, company 'X' opened LC for import of bitumen from UAE mentioning any port of UAE and the respective transport document i.e. Bill of lading also mentions shipment from Jebel Ali, a UAE port inconsistent with the LC terms. But later on upon analysis of shipment routing, it is revealed that the ship indeed started its journey from the Jebel Ali but instead of moving toward Chittagong, it went to Bandar Abbas (an Iranian port) then came back to Jebel Ali and then started journey towards Chittagong. Moreover, Bank should also be careful in importing goods from certain country where underlying goods is not within the exportable basket of the exporting country.	
Alert # 30	**Different HS Code is used.**	In trade documents (i.e. LC, Invoice, EXP etc.) different HS code may be used to avoid high rate of customs duty. Bank should identify the goods description with appropriate HS Code as per Customs First Schedule of Bangladesh.
Alert # 31	**Quantity of goods exceeds the known capacity of the shipping containers or tanker capacity or abnormal weights for goods are suspected.**	Under shipment, over shipment, no shipment might occur when quantity of mentioned goods exceeds the capacity of the shipping containers/ tanker. Bank should try to know apparent capacity of the container, tanker etc.
Alert # 32	**High risk goods/services are involved.**	Goods/Services are assigned as high risk when those particular items of goods/ services are used for illicit purposes. Bank management should make relevant officials aware of the high risk goods and services from time to time.

Transport		
Alert# 33	**Transportation route/ information is inconsistent with underlying transaction.**	Commercial banks should take into consideration whether the transport route appearing in documents is unusual or inconsistent. It may be that the transport route does not make sense for the purpose of the customer/goods shipped. It may also be that the actual transport route is inconsistent with the expected and documented transport route.
Alert# 34	**Transshipment through a country for no apparent reason.**	Nature of goods, applicant & beneficiary country distance/location does not justify transshipment or transshipment from a country which is geographically absurd. For example: Shipment of raw cotton from Singapore, which is unusual.
Alert # 35	**The mode or method of shipping is unclear or the shipping route is unclear.**	If the mode of shipment and shipping route is not clear or kept hidden, there might be involvement of some sanctioned/embargoed country/port/location/entities. Banks should perform due diligence to identify the mode and route of the shipment.
Alert # 36	**Goods to be shipped from one country/place but supplier/ beneficiary is located in another country/place.**	Bank should check the valid reason for the shipment from a third country where beneficiary is not located. There might be underlying illicit arrangement between the beneficiary and the party in third country from where shipment is made.
Alert # 37	**Vessel/Container number cannot be tracked through web search.**	Container number consists of an internationally standard format. The number includes four letters and seven digits, with the last digit referred to as the check digit. (i.e. XXXU1234567). It is used for documentation purposes, including invoice, consular statement, bill of lading and others. Vessels can also be tracked through web link. Banks should check the vessel tracking /container tracking through web link to ensure that the vessel/ container number appearing in the documents is valid.

Alert # 38	**The bill of lading describes containerized cargo but without container numbers or with sequential container numbers.**	If bill of lading/shipping document does not contain the container number while the goods are shipped through containerized cargo, banks need to further scrutinize and ensure that the shipments appearing in the document is valid.
Country/Jurisdiction/Geographical Location/Sanction		
Alert # 39	**Customer shipping items to, through, or from higher money laundering risk jurisdictions including countries identified by FATF as stated in FATF Public document.**	Banks should understand where the customer undertakes business and on what basis as part of trade specific customer due diligence activities. As some countries, entities and individuals present heightened risk for financial crimes, care should be exercised to understand the rationale for the customer conducting business in higher risk jurisdictions. To the extent possible, banks should determine if there is a valid reason, and if the business is within their risk parameters.
Alert# 40	**Transaction involves high risk jurisdiction/country.**	
Alert# 41	**Transaction involves sanctioned entities /countries /individuals.**	
Discrepancies		
Alert # 42	**Goods' description in the documentary credit.**	**Examples:** There are significant discrepancies between the description of the goods on the bill of lading (or invoice) and the documentary credit, i.e. it is apparent that they are not the same type of goods.
Alert# 43	**Clauses in the documentary credit.**	If clauses in the documentary credit are not examined and addressed carefully by the bank, colluding parties may abuse trade and perpetrate TBML.
Illustration	**Clauses in the documentary credit:** Bank 'I' issued LC for or on behalf of the customer 'X' in favour of the beneficiary 'Y' for import of raisin. After issuance of LC, the customer remitted 15% of actual goods value through informal channel. As soon as the beneficiary 'Y' received fund, the beneficiary 'Y' demanded an amendment for addition of clause "document	

	acceptable as presented" or "all discrepancy acceptable except value and quantity". Bank 'I' issued the amendment reluctantly. Later on, the beneficiary made presentation except pre-shipment inspection certificate and phyto-sanitary certificate. Upon analysis, it was revealed that quality of the shipped goods was inferior and not fit for human consumption but the fact is that the presentation was complying due to the amendment.	
Alert # 44	**Essential documents presented in copy form or not presented.**	Essential documents such as invoices or transport documents are missing or presented in copy form.
Alert # 45	**Waivers: Amount significantly overdrawn, Advance waivers provided etc.**	The documentary credit / guarantee is significantly overdrawn; i.e. the drawing under the documentary credit/ guarantee is significantly above the outstanding amount of the documentary credit / guarantee.
Illustration 44 & 45	**Essential documents presented in copy form or not presented:** **Waivers: Amount significantly overdrawn, Advance waivers provided etc:** Bank 'I' issued LC favoring the beneficiary 'Y' for its new customer 'X' under 50% margin. The beneficiary made presentation of copy of bill of lading instead of original. The customer approached banks to waive the discrepancies, which later on agreed after depositing 100% margin. Bank 'I' effected payment accordingly. After a few days, the bank received another presentation under documentary collection with payment instruction to deliver documents against payment for different customer of the Bank 'I'. After checking documents, it was found that the original bill of lading of the earlier LC related documents had been presented. Moreover, the beneficiary was also different from the LC. In the meantime, the new customer also disappeared. Bank should take into consideration the type of discrepancy they are given waiver and should have an understanding of its after effect. Sometimes, it is also seen in local documentary credit practice that bankers generally allow 10% excess payment on the plea of 10% tolerance level with or without LC conditions. While affecting such type of payment, bank should take due care of nature of goods, applicability of tolerance and change in unit price etc.	

Alert # 46	**The customer is overly keen to waive discrepancies.**	Banks need to understand the motive behind the customer's keenness to accept the discrepancies and the gravity of the discrepancies. Although this is not related to trade rules, additional responsibility in respect of KYC (Know Your Customer), DD (Due Diligence) and EDD (Enhanced Due Diligence) have been vested on the bankers. When acceptance is provided by the importer to the discrepant documents, the banker should verify the kind of discrepancy accepted and whether this may pose money laundering risk.
Unusual Documentation		
Alert # 47	**Documents required or presented is unusual to related trade transaction.**	Banks should be cautious if documents appear to have been altered, fraudulent, are inconsistent or illogical, or when documentary presentations do not include required transport documents, as this could be an indication of unusual activity. Although the failure of documents to appear on their face to comply with the terms and conditions of an LC may be routine discrepancies, certain unusual discrepancies may require additional due diligence. Examples include the presentation of documents showing a place of origin, loading, transshipment or destination entirely inconsistent with what is expected, the presentation of documents showing goods description entirely inconsistent with the expected goods, and the presentation of documents showing much higher or lower values or costs than expected.
Alert# 48	**There are indications that documents have been reused.**	

Product wise TBML Alerts, Some Relevant Lists and Examples

Some of the important Products specific TBML alerts are given below. They do not eliminate the alerts mentioned in Appendix B.

TBML Alerts common to almost all the products below and therefore should be guarded against are:

i. Under Invoicing (against market price)
ii. Over Invoicing (against market price)
iii. Underlying goods is not in line with the customer's line of business.
iv. Descriptions of the goods are not clear or are coded or disguised.
v. The method of payment appears inconsistent with the risk characteristics of the transaction.
vi. The transaction involves sanctioned entities.

Issuance of LC/LCAF

Price, Quantity and descriptions of Goods:

a. High risk goods or high risk jurisdiction/country is involved.
b. Transaction involves restricted or banned items of goods.
c. Different HS Code is used

Mode and Location of Shipment:

✓ Goods to be shipped from one country/place but supplier/beneficiary are located in another country/place and payment to be made to a different 3rd country/place.

✓ The mode or method of shipping is unclear or the shipping route is unclear.

Payment Method:

a. Changing the LC beneficiary or collection payee name and address just before payment is to be made. Including requests for assignment of proceeds or transfer at the time documents are presented.
b. LC transfer or assignment of proceeds request names a transferee or assignee in an offshore financial haven. Request for transfer, assignment or other financing under an LC which has expired or not in effect.
c. The customer offers to pay unusually high fees to the Bank.

Applicant, Beneficiary and Other Parties/Entities Involved:

a. Supplier's credit report is not available.
b. Supplier's line of business is not in congruence with the goods imported.
c. Transaction is not in line with the customer's TTP (Trade Transaction Profile) or when an exporter steps outside normal business activities.
d. Any of LC parties are known to be owned or controlled by senior public figure. Transaction involves an unusual intermediary (e.g. middleman is travel agency handling shipment of machine parts) or too many intermediaries making transaction overly complex.

LC Clauses and Required Documents:

i. Unusual/non-standard clause is inserted in the LC.
ii. LC without regulatory required documents.
iii. Significantly amended letters of credit without reasonable justification or changes to the beneficiary or location of payment.

Import Bill (Scrutiny/Acceptance/Payment/Financing) & Export Bill (Scrutiny/ Financing/ Payment)

Price, Quantity and Descriptions of Goods:

- ✓ Under Shipment (in terms of quantity)
- ✓ Over shipment (in terms of quantity)
- ✓ Discrepancies in Goods description, quantity and shipment locations.
- ✓ Where the quantity of goods exceeds the known capacity of the shipping containers or tanker capacity. Or where abnormal weights for goods are suspected.

Invoice:

- ✓ There are indications of double invoicing.
- ✓ Invoice showing significant amount of misc. charges e.g. handling charges.
- ✓ The documentation appears illogical, fraudulent and/or improperly modified from its original content, or certain documentation is absent that would be expected given the nature of the transaction.

Transport & other Documents:

i. The bill of lading describes containerized cargo but without container numbers or with sequential container numbers.

Appendix C

ii. Phantom shipment - where no goods are shipped at all and the documentation is completely falsified
iii. The mode or method of shipment is unclear or the shipping route is unclear.
iv. Vessel / Container number cannot be tracked through web search.
v. There are indications that documents have been re-used.
vi. There are dubious unauthorized alterations or amendments to the documents.

Payment Methods:

a) Payment is to be made to beneficiary's account held in another country other than the Beneficiary's stated location.
b) Payment is to be made to personal A/C of beneficiary instead of company A/C.

Others:

- The customer is overly keen to waive discrepancies.
- Transaction involves an unusual intermediary (e.g. middleman is travel agency handling shipment of machine parts) or too many intermediaries making transaction overly complex.

Export LC Advising

High risk goods or high risk jurisdiction/country is involved as per Appendix B.

- Transaction involves restricted or banned items of goods.

Export LC/Contract Lien and Pre-shipment financing (B2B facility/Packing Credit/Working Capital Loan):

Price, Quantity and descriptions of Goods:

- High risk goods or high risk jurisdiction/country is involved.
- Transaction involves restricted or banned items of goods.

Mode and Location of Shipment:

- Goods to be shipped from one country/place but supplier/beneficiary are located in another country/place and payment to be made to a different 3rd country/place.
- The mode or method of shipment is unclear or the shipping route is unclear.

Appendix C

Payment Method:

Applicant, Beneficiary and Other Parties/Entities Involved:

- Bonafides of buyer is not known.
- Buyer's line of business is not in congruence with the underlying goods.
- Transaction is not in line with the customer's TTP (Trade Transaction Profile) or when an exporter steps outside normal business activities.
- Any of LC parties are known to be owned or controlled by senior public figure.
- Transaction involves an unusual intermediary (e.g. middleman is travel agency handling shipment of machine parts) or too many intermediaries making transaction overly complex.

LC Clauses and Required Documents:

- Unusual/non-standard clause is inserted in the LC.
- LC without regulatory required documents.
- Significantly amended letters of credit without reasonable justification or changes to the beneficiary or location of payment

Shipping Guarantee

IDO/Shipping Guarantee is just copy document endorsement by bank and in addition bank issues a shipping guarantee favouring shipping company. While issuing IDO/Shipping Guarantee, **TBML alerts** relevant to IDO/Shipping guarantee mentioned below should be taken into consideration:

Price, Quantity and Descriptions of Goods:

i. Under Shipment (in terms of quantity)
ii. Over shipment (in terms of quantity)
iii. Discrepancies in Goods' description, quantity and shipment locations.
iv. Where the quantity of goods exceeds the known capacity of the shipping containers or tanker capacity. Or where abnormal weights for goods are suspected.

Invoice:

i. There are indications of double invoicing.
ii. Invoice showing significant amount of misc. charges e.g. handling charges.

iii. The documentation appears illogical, fraudulent and/or improperly modified from its original content, or certain documentation is absent that would be expected given the nature of the transaction.

Transport & other Documents:

i. Original import documents against the LC are already in the bank.
ii. There are indications that documents have been re-used.
iii. Transport document is not endorsed to the order of the bank as per LC terms.

Guarantee/Standby Letter of Credit (SBLC)

i. Guarantee/ Standby LC fails to reference underlying project or contract (except for insurance related LCs, where the LC calls for a draft only. This is an acceptable practice).
ii. Applicant and beneficiary are related party and there is common interest.
iii. Claimed/lodged shortly whilst guaranty validity is a long tenor.
iv. Fake underlying transactions.
v. In case of transfer, there is a possibility to effect payment to a sanctioned or AML related party.

Service Export

a) Swift message does not mention any purpose of the transaction.
b) The reference number of underlying service contract/LC/Invoice is not mentioned in the Swift payment message.
c) Importer and exporter are related parties.
d) Description of service is not clear.
e) Exporter and importer line of business do not support the services.
f) Exporter is not capable of providing those underlying services.
g) Payment received from a third party not mentioned in underlying contract.
h) Price of service unusually high or low.

NOTE: All the **TBML alerts** stated above are subject to change based on change in the nature and magnitude of trade based ML/TF.

Annexure-1

Trade Transaction Profile (TTP)

Janata Bank Limited

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General Information:

Customer Name and Address: IRC number: ERC number: BEPZA/EZ permission no: BIN No.: Vat reg. No.: TIN No.:	
Particulars of Business	Details
Type of Business (Commercial/Industrial/Others	
Nature of Business (RMG/Textile/Pharmaceuticals/Trading/Agro etc.)	
Import items (including service/performance)	
Export items (including service/performance)	
Types of Trade Loan from bank and others FIs	
Types of Guarantee/Standby LC	
Importing Countries	
Exporting Countries	

Transaction Information:

Details of Transactions	Monthly Average Volume of Transactions		Monthly Average Value of transactions in Million USD	
Details	Minimum	Maximum	Minimum	Maximum
Import LC Issuance				
Import through collection/contract				
Import payments				
Export LC/Contract				
Export Proceeds realization				
Other invisible receipt (inward remittances)				
Other invisible payment (outward remittance)				
Guarantee/Standby LC				
Import Loan (EDF/UPAS/LATR/MPI/MIB/etc.)				
Import Under Aid/Barter/or any other special arrangements				
Import payment through FC				

account				
Term Loan for Machinery Import				
Export Loan foreign (Discounting/Purchase)				
Local Export Loan (discounting/Purchase/Musharaka Documentary Bills etc.)				
Others				

I/We the undersigned hereby confirm that the anticipated transaction amount and frequency are my/company's normal transactions. I/We further confirm that if necessary, I/we will revise our transaction profile from time to time.

Signature: .... Signature: ....

Name: .... Name: ....

Designation: .... Designation: ....

Date: .... Date: ....

For Bank's Use only

The Trade Transaction Profile (TTP) of the client has been reviewed in accordance with the instruction of Bangladesh Financial Intelligence Unit (BFIU).

Designated bank official's name (with seal), signature and date

Annexure-2

Some Examples of Detection Scenarios based on TBML Alerts

Detection Scenarios	Probable Rules
❖ Transactions through Land lock countries	❖ Should be a Pre-transaction & Automated detection; otherwise relevant officials should check against list of land lock countries.
❖ Unauthenticated Letter of Credits (LCs)/ Fake LCs	❖ Should be a Pre-transaction & Partly Automated detection; Rest of physical inconsistencies should be checked against a trade-check-list by knowledgeable officials.
❖ Round figure relatively big-bill-amounts submission/ payment	❖ Should be a Post-transaction & Automated detection alert/ report.
❖ Parties in Sanctions List/ High Risk Jurisdiction list	❖ Should be a Pre-transaction & Automated detection; otherwise officials should check manually at-least against the key list of comprehensive–Sanctioned-country list (UN, OFAC, EU, HMT(BoE)
❖ Letter of Credit (LC) Overdrawn by large value	❖ Should be a Pre-transaction & Automated detection; otherwise officials to check manually.
❖ Future dated bill of lading/ Pre dated bill of lading	❖ Should be a Pre-transaction & Automated detection; otherwise officials to check manually.
❖ Trend to high risk countries	❖ Should be a Post-transaction & Automated detection alert/ report.
❖ Inconsistency with customer business i.e. not in line with customer's regular activities	❖ Should be a Post-transaction & Automated detection alert/ report, however pre-checking by knowledgeable officials is also highly recommended.
❖ Fraudulent documents/ Tampered documents/ Phantom shipping	❖ Should be a Post-transaction & Automated detection alert/ report, however pre-checking by knowledgeable officials is also highly recommended.
❖ Payment to a third party or to unrelated party	❖ Should be a Post-transaction & Automated detection alert/ report, however pre-checking by knowledgeable officials is recommended.
❖ Same address of Beneficiary/ Applicant, Drawer/ Drawee, Related parties /other address inconsistencies	❖ Should be a Post-transaction & Automated detection alert/ report, however pre-checking by knowledgeable officials is recommended.
❖ Discrepancies-that are Material in trade documents	❖ Should be a Pre-transaction & Partial Automated detection alert/ report, however pre-checking by knowledgeable officials is

	highly recommended.
❖ Trade Transaction related or involving parties in tax havens e.g. Bermuda, Bahams, Monaco, Jersey, Isle of Man, Luxembourg, Ireland, Mauritius, Panama British Virgin Islands, Cayman Island etc.	❖ Should be a Post-transaction & Automated detection alert/report, however pre-checking by knowledgeable officials is recommended.

Note: The Frequency of Report (Real-time/Daily/ Monthly) and the risk priority (High/ Medium/ Low) of the Alert can be assigned by respective Bank based on their Risk-Appetite, system & resource capacity. However, no need to mention that, High risk alerts like Sanction-violation should be detected & worked upon preferably on real-time basis or at-least on daily basis with top priority.

Annexure-3

List of Landlocked Countries:

• Afghanistan • Angora • Armenia • Austria • Azerbaijan • Belarus • Bhutan • Bolivia • Botswana • Burkina Faso • Burundi • Central African Republic • Chad • Czech Republic • Ethiopia • Hungary • Kazakhstan • Kosovo • Kyrgyzstan • Laos • Liechtenstein • Luxemburg • Macedonia • Malawi	• Mali • Moldova • Mongolia Artsakh • Nepal • Niger • Paraguay • Rwanda • San Marino • Serbia • Slovakia • South Ossetia • South Sudan • Swaziland • Switzerland • Tajikistan • Turkmenistan • Uganda • Uzbekistan • Vatican City • West Bank • Zambia • Zimbabwe

Annexure-4

Example of Few Sanctioned Vessels/Shipping Lines that changed names

Vessels:

- **Abila - IMO 9213399 * Alvan - IMO 9165798 * Amina - IMO 9305192**
- **Arezoo - IMO 9165786 * Artin - IMO 9305221 * Aysan - IMO 9165803**
- **Baseej-1 - IMO 8746301 * Basht - IMO 9346536 * Behnavaz – IMO 9346548**
- **Behta - IMO 9349590 * Dadgar - IMO 9357729 * Deniz - IMO 9569700**
- **Dew Drop - IMO 9569695 * Dusk - IMO 9569712 * Genco - IMO 9387798**
- **Golsan - IMO 9165815 * Iran Noor - IMO 9079066 * Klos C - IMO 8918710**
- **Lotus - IMO 9165827 * Manlai - IMO 9465851 * Orang - IMO 9051650**
- **Oura - IMO 9387815 * Pendar - IMO 9209324 * Perarin - IMO 9209350**
- **Rosemary - IMO 9209336 * Sana - IMO 9209336 * Sarvin - IMO 9209348**
- **Shabdis - IMO 9349588 * Shahraz - IMO 9349576 * Touska - IMO 9328900**
- **Zardis - IMO 9349679 * Ka Rim Chon-IMO 8314811 * Sadaf Poshtiban – IMO 8422084**

Shipping Lines:

- **Aran Asman Co * Arash Mehr International Transport**
- **Caribbean Navigation Company * Hafez Darya Arya Shipping Line**
- **IRISL * Payam Marand Tarabar**
- **RAHVAND * SOUTH SHIPPING LINE IRAN**
- **SEIBOW LOGISTICS LIMITED * NITC**

The lists and examples mentioned above are not exhaustive. These are indicatives only.

Annexure-5

Trade data and brief analysis

Top 100 items Import LC/Contract opened during 2013-2017 in Bangladesh has been given below for Guidance only. How tax structure impacted import into Bangladesh can be inferred from the table.

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
1	52010000	Cotton, not carded or combed	12,250.44	0%
2	99000000	Services	12,134.40	
3	10011990	Wheat and Meslin-> Other	4,655.32	0%
4	15119090	Palm Oil (Excl. Cude) & Its Fractns. Nes. Incld. Refiend Palm Oil	4,581.69	20.07%
5	89080000	Vessels and other floating structures for breaking	4,258.56	1,500 BDT/MT + 800 BDT/MT 4%
6	17011400	Other cane sugar	4,010.88	Specific Customs taxes and duties based on SRO
7	27101262	High speed diesel oils,	3,651.20	34.07%
8	52094200	Denim, With >=85% Cotton, >=200g/M2	3,458.05	89.42%
9	25231020	Cement Clinkers, Imported by Vat Registered Manufacturers of cement	3,055.80	625.40%
10	27101911	Other Fuel Oils, Furnace Oils, TV	2,982.42	34.07%
11	85171210	Cellular (Mobile/fixed wireless) telephone set	2,814.81	28.50%
12	27101150	Petroleum Oils And Oils Obtained From Bituminous Minerals, Other Than Crude; Preparations Not Elsewhere Specified Or Included, Containing By Weight 70% Or More Of Petroleum Oils Or Of Oils Obtained From Bituminous Minerals, These Oils Being The Basic Constituents Of The Preparation; Waste Oils --> Other Medium Oils And Preparations	2,793.63	34.07%
13	15071000	Crude Oil, whether or not degummed	2,670.27	20.07%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
14	62171000	Clothing Accessories, Nes	2,305.62	127.84%
15	72083920	F./hot-rolled .... Imp. By VAT regd T. Former & pre-fab. building manufacind.	2,077.77	37.07%
16	12019090	Soya beans, whether or not broken other than Seed, EXCL. Wrapped/canned upto 2.5 Kg	1,844.28	0%
17	27090000	Petroleum Oils And Oils Obtained From Bituminous Minerals, Crude TV	1,755.46	31.07%
18	72044900	Ferrous waste and scrap, nes	1,647.71	1,500 BDT/MT + 800 BDT/MT 4%
19	39021000	Polypropylene, In Primary Forms	1,597.70	31.07%
20	72071100	Semi-Products Of Iron/Steel,<0.25% Carbon, Of Squarish Section	1,597.01	844.08%
21	31021000	Urea, Whether Or Not In Aqueous Solution	1,524.80	0%
22	31053000	Diammonium Hydrogen orthophosphate (Diammonium Phosphate)	1,471.73	0%
23	10063000	Rice --> Semimilled Or Wholly milled Rice, Whether Or Not Polished Or Glazed	1,468.61	Variable (10%-28%)
24	23040000	Oil-Cake And Other Solid Residues, Of Soya-Bean Oil	1,265.00	15.57%
25	27011900	Other Coal, Not Agglomerated, Nes	1,184.27	25.07%
26	31031020	Mineral Or Chemical Fertilisers, Phosphatic--> Triple Superphosphates	1,177.73	0 %
27	27101269	Other gas oils (EXCL. Lithg diesel oil &high speed disel oils)	1,166.35	86.42%
28	10011090	Wheat And Meslin --> Wheat/Mealing Wheat	1,163.21	0%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
29	10063090	Semi-Milled Or Wholly Milled Rice	1,117.10	10%
30	23099010	Preparations Of A Kind Used In Animal Feeding --> Poultry/Dairy/fish feed	1,115.87	10.32%
31	27101169	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparation; waste oils --> other	1,084.21	86.42%
32	32041600	Reactive Dyes And Preparations Based Thereon	1,079.40	31.07%
33	39011000	Polyethylene having a specific gravity of less than 0.94	1,073.70	31.07%
34	7031019	Onions, Fresh Or Chilled, Nes	1,072.91	0%
35	52052100	Combed Single Cotton Yarn, With >=85% Cotton, Nprs,>=714.29 Decitex (<=14mn	1,048.67	37.07%
36	84472000	Flat Knitting Machines; Stitch-Bonding Machines	1,040.97	11.12%
37	52081100	Unbleached Plain Woven Fabrics Of Cotton With>=85%Cotton, =<100g/M2	1,026.36	89.42%
38	39041000	Polyvinyl Chloride, Not Mixed With Other Substances, In Primary Forms	954.88	31.07%
39	7134090	Dried Lentils, Shelled, Nes	938.05	0%
40	52114200	Coloured Denim, With <85% Cotton, >200g/M2	874.12	89.42%
41	7132090	Dried Chickpeas (Garbanzos) Shelled, Nes	826.24	0%
42	31042000	Potassium Chloride	825.21	0%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
43	60011000	Long Pile Fabrics, Knitted Or Crocheted	825.21	89.42%
44	52084200	Coloured Plain Cotton Woven Fabrics With >=85% Cotton, >100g/M2	806.50	89.42%
45	10059090	Other Maize, Excluding wrapped/canned upto 2.5 kg	802.35	5%
46	87112021	Piston Engine, Capacity>50cc not >250cc,Motorcycle,In CKD with four stroke engine	781.91	89.42%
47	52093900	Dyed Woven Cotton Fabrics, With >=85% Cotton, >=200g/M2, Nes	779.32	89.42%
48	85021300	Generating Sets With Compression-Ignition Engines, >375 Kva	770.07	26.27%
49	55093200	Multiple Or Cabled Yarn, >=85% Acrylic Or Modacrylic Staple Fibres, Nprs	745.21	37.07%
50	87032211	Recond. Motor Cars & oth. Vehicles, incl.stn. wagons, CBU, cap.>1000cc,but=<1500cc	732.17	127.84%
51	79011190	Zinc, Not Alloyed, >=99.99% Pure, Nes	723.53	31.07%
52	54023300	Textured Yarn of Polyester	721.07	58.69%
53	4022191	Milk & cream in powd, gran or oth. solid form fat..exceed1.5% imp by VAT reg. Milk & pr	717.65	37.07%
54	52093200	Dyed 3 Or 4-Thread Twill (Incl. Cross Twill), With >=85% Cotton	710.33	89.42%
55	52052400	Com. Sin. Cot. Yarn, With>=85%Cot.,Nprs, <192.31de.But>=125de>52mn But<=80mn	709.19	37.07%
56	54011000	Sewing Thread Of Synthetic Filaments	701.87	37.07%
57	84522100	Automatic Sewing Machines	677.77	26.27%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
58	48109200	Other Paper & P. Board, Multiply Paper & Paperboard	673.83	58.69%
59	52051100	Uncombed Sin. Cot. Yarn, With>=85%Cot.,Nprs,=>714 .29 Decitex (<=14mn).	669.69	37.07%
60	27111300	Butanes, Liquefied	652.45	7.07%
61	47032900	Semi- Or Bleached Non-Coniferous Chemical Wood Pulp, Soda..., Nes	650.06	5.07%
62	38099100	Finishing Agents Etc. Of A Kind Used In The Textile Or Like Industries Nes	647.41	31.07%
63	7131090	Dried Peas Shelled, Nes	643.60	0%
64	76011000	Unwrought Aluminium, Not Alloyed	607.45	31.07%
65	55032000	Synthetic Staple Fibres, Of Polyesters, Not Carded, Combed Or Processed	596.96	10.32%
66	74031100	Cathodes And Sections Of Cathodes Of Refined Copper	571.05	31.07%
67	84118200	Gas Turbines, Of A Power >5000kw	567.90	26.27%
68	52052300	Com. Sin. Cot. Yarn, With >=85% Cot., Nprs, <232.56deci(>43mm) But>=192.31de (<=52mn	566.94	37.07%
69	52083100	Dyed Plain Cotton Woven Fabrics With >=85% Cotton, =<100g/M2	561.76	89.42%
70	84514000	Washing, Bleaching Or Dyeing Machines, Nes	554.40	26.27%
71	8081090	Apples, Fresh, Nes	539.49	89.42%
72	72072000	Semi-Products Of Iron Or Non-Alloy Steel, >=0.25% Carbon	512.69	844.08%
73	85176290	Other reception, transmission app.(excl. modem, telephonic/telegraphic switch.	481.26	58.69%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
74	88039000	Parts Of Aircraft (Excl. Aeroplanes/Helicopters)	462.54	5.07%
75	55096200	Yarn, <85% Acrylic Or Modacrylic Staple Fibres, Mixed With Cotton, Nprs	456.73	37.07%
76	27101921	Lubricationg oil that is oil such as is not ordinarly used below 220 f.., tv	454.88	49.08%
77	39076090 39076990	polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallylesters and other polyesters, in primary forms --> other	454.71	24.99% 26.07%
78	87042219	Motor Vehicles for the transport of goods-> Other, CBU	453.79	N/A, (87042217-37.06%, 87042216-58.69%)
79	84463000	Weaving Machines For Weaving Fabrics, >30cm Wide, Shuttleless Type	447.83	11.12%
80	84798900	Machines, having individual functions, nes	444.88	26.27%
81	72031000	Ferrous Products Obtained By Direct Reduction Of Iron Ore, In Lumps...	442.55	1,000 BDT/MT + 800 BDT/MT 4%
82	15111010	Crude palm oil imported by VAT registered edible oil refinery industries	431.30	32.07%
83	84713000	Portable Digital Adp Machines, Wt<=10 Kg, Comp. At least Cpu, Keyboard & Display.	427.19	5%
84	84518000	Machines For Wringing, Dressing, Finishing... Textile Yarns, Fabrics...	424.54	26.27%
85	84223000	Machinery For Filling, Closing...Etc. Bottles, Cans Etc. & Aerating Drinks	417.23	26.27%
86	52083900	Dyed Woven Cotton Fabrics, With >=85% Cotton, Nes	409.51	89.42%
87	4021091	Milk And Cream In Solid Forms Of =<1.5% FAT imported by vat reg. Milk and	400.77	37.07%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
88	89061000	Warships	397.42	31.07%
89	84452000	Textile Spinning Machines	380.29	11.12%
90	25210000	Limestone flux; Limestone and other calcareous stones, of a kind used for the manufacture of lime or cement --> limestone flux; limestone and other calcareous stones, of a kind used for the manufacture of lime or cement	370.75	68.89%
91	85022000	Generating sets with spark-ignition internal combustion piston engines	370.36	26.27%
92	28362000	Disodium Carbonate	355.03	31.07%
93	55041000	Artificial Staple Fibres, Of Viscose Rayon, Not Carded, Combed Or Processed	351.16	10.32%
94	38089110	Insecticides For Dairy, Poultry and Agricultural purposes	349.92	10%
95	72071900	Semi-Products Of Iron Or Non-Alloy Steel, <0.25% Carbon, Nes	349.60	844.08%
96	10011190	Durum wheat Seed, EXCL. Wrapped/canned upto 2.5 Kg	348.29	0%
97	27101200 27101239	Petroleum Oils And Oils Obtained From Bituminous Minerals, Other Than Crude; Preparations Not Elsewhere Specified Or Included, Containing By Weight 70% Or More Of Petroleum Oils Or Of Oils Obtained From Bituminous Minerals, These Oils Being The Basic Constituents Of The Preparation; Waste Oils --> Light oils & preparations.	347.90	86.42%
98	60012100	Looped Pile Fabrics Of Cotton, Knitted Or Crocheted	345.69	89.42%
99	52030000	Cotton, Carded Or Combed	336.91	26.07%

SL No.	HS CODE	Commodity Name	LC Value (USD in Millions)	TTI
100	48041100	Unbleached Kraft liner, Uncoated Paper & Paperboard In Rolls Or Sheets	334.92	37.07%
	Total:		132,110.16	

Source: Bangladesh Bank Dashboard

The table is an indication that zero tax, low tax and high tax goods are vulnerable to be abused for TBML. Goods imported in huge/bulk amounts are also vulnerable in this context.

a) In the table above we can see that the duty of the cane sugar (H.S Code 1701.14.00) imported during 2013-2017 was BDT 2000, whereas the same type of cane sugar (H.S Code 1701.99.00, 1701.91.00) in which import/customs duty was BDT 4500 was either not imported or was reported as the H.S Code bearing low import duty.

b) Instances are there where even though HS Code was reported correctly price was quoted so low (e.g USD 1.00 for hair drier) that market never justifies and the motive of which was obviously to evade tax.

c) In some cases it has been found that price of the goods like Maize (H.S Code 10059090) imported from China during 2017 ranged from USD 186 to 218 Per MT; the same goods imported from Brazil also ranged from $184 to $222, and the ones imported from India ranged from $210(March 2018) to $252 (Jan 2018). There are also examples where we can see that a customer imported same goods (H.S Code 1302.32.00 for example) from the same country at a price of $3.79/kg in January, 2018 and at a price of $37.55/kg in February, 2018. Though in the later case the import was made through air the price was significantly higher. On 1st January, 2017 while importing Onions (HS Code 0703.10.19) from India price ranged from $130 to $350 and the import duty was 0%. In importing Looped Pile Fabrics of Cotton, Knitted or Crocheted (HS Code 60012100,) from same country and during the same week price fluctuated tremendously though TTI was 89.42%. There are ample evidences that price fluctuated significantly while importing goods bearing no duty, less duty and high duty (where importer doesn't bother for tax and his motive is to siphon money). Therefore, even before access to a combined database by the banks, they should conduct due diligence establishing and analyzing their own database.

d) During 2016-2017 in some cases it was found that freight charges in the import of fruits like apple ranged from around 26% to 55% of FOB Value. This sort of abnormality should trigger TBML Alert and entails due diligence on the part of the bankers.

There are huge number of low value cases where under no commercial value goods are imported which should trigger alerts and entail due diligence on the part of the customs officials. Before endorsing these type of documents bankers should conduct CDD. As import is conducted though

e) LCAF without opening LC, caution should be taken in these sorts of cases by bank officials through proper KYC.

f) In some cases it has been seen that some EPZ companies were importing goods (industrial salt etc. for example) from local suppliers and were again exporting to local traders, lack of justification of which triggers alert.

Some of the factors derived from analysis of export data of several years:

a) Higher percentage of cash incentive contributes to boosting certain export goods. These goods are vulnerable to be over invoiced as more proceeds ensure more cash incentive to the exporters.

b) To ensure a stable forex reserve, exporter is not barred by the regulators to export even for failure to repatriate export proceeds in time (within 4 months). Some exporters have been seen to take advantage of this and continue exporting to same country/beneficiary for a few years even though most of the proceeds were not realized. Non-repatriation or even long delay in repatriation may increase vulnerability to TBML.

c) Sometimes it has been seen that during the same period and within the same market products with same features and quality have significant differences in price.

d) Use and import of old machineries by the exporters to produce export goods triggers TBML alert.

e) Irregular products or commodities prices of which are not easily available are vulnerable to TBML.

Annexure-6

Jurisdictions under Increased Monitoring - June 2020

The statement on Jurisdictions under Increased Monitoring, adopted in June 2020 remains in effect for the remaining jurisdictions identified at that time:

High Risk Countries:

1. Albania
2. The Bahamas
3. Barbados
4. Botswana
5. Cambodia
6. Ghana
7. Jamaica
8. Mauritius
9. Myanmar
10. Nicaragua
11. Pakistan
12. Panama
13. Syria
14. Uganda
15. Yemen
16. Zimbabwe

Source: https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2020.html

Countries under strict/partial sanction and locally prohibited Entities:

RED (Sanctioned, Strict Prohibition):

1. Iran
2. DPRK (North Korea)
3. Syria
4. Cuba
5. Crimea & Sevastopol
6. Sudan

Source : https://www.tradecompliance.pitt.edu/embargoed-and-sanctioned-countries

AMBER (Sectoral sanction / AML concern, specific or part prohibition):

1. Russia
2. Belarus
3. Venezuela
4. Zimbabwe
5. Myanmar
6. Bosnia & Herzegovina
7. Iraq
8. Laos PDR
9. Uganda
10. Afghanistan

11. Vanuatu
12. Yemen
13. Jersey
14. Cayman Island
15. British Virgin Island

Local (Strict Prohibition):

1. Shahadat-E- Al Hikma Party Bangladesh
2. Jamatul Mujahedin Bangladesh (JMB)
3. Jagrata Muslim Janata Bangladesh (JMJB)
4. Harkatul Jehad Al Islami
5. Hijbut Tahrir Bangladesh
6. Ansarullah Bangla Team (ABT)
7. Ansar Al- Islam
8. Allahr Dol

Source: https://www.bb.org.bd/bfiu/openpdf.php

Annexure-7

List of Business

ক্র.	গ্রাহকের ব্যবসার ধরণ	স্কোর
১	জুয়েলারি/স্বর্ণ/মূল্যবান ধাতুর ব্যবসা	৫
২	মানি চেঞ্জার/কুরিয়ার সার্ভিস/ মোবাইল ব্যাংকিং এজেন্ট	৫
৩	রিয়েল এস্টেট ডেভেলপার/এজেন্ট	৫
৪	নির্মাণ প্রকল্প প্রোমোটার/ঠিকাদার	৫
৫	শিল্প ও পুরাতত্ত্বের ডিলার	৫
৬	রেস্তোরা/বার/নাইট ক্লাব/ পার্লার/ আবাসিক হোটেল ব্যবসা	৫
৭	আমদানি/রপ্তানি ও আমদানি/রপ্তানি এজেন্ট	৫
৮	জনশক্তি রপ্তানি ব্যবসা	৫
৯	আগ্নেয়াস্ত্রের ব্যবসা	৫
১০	গার্মেন্টস ব্যবসা/গার্মেন্টস এক্সেসরিজ/প্যাকেজিং/বায়িং হাউজ	৫
১১	শেয়ার/স্টক ডিলার, ব্রোকার, পোর্টফোলিও ম্যানেজার, মার্চেন্ট ব্যাংকার	৫
১২	সফটওয়্যার/তথ্য ও প্রযুক্তি ব্যবসা	৫
১৩	অফশোর/নন-রেসিডেন্ট কর্পোরেশন	৫
১৪	এনজিও/এনপিও	৫
১৫	চলচ্চিত্র প্রযোজনা/পরিবেশনা সংস্থা	৫
১৬	মোবাইল ফোন অপারেটর/ইন্টারনেট অথবা ক্যাবল টিভি অপারেটর	৫
১৭	জমি/বাড়ি কেনাবেচার মধ্যস্থতাকারী	৫
১৮	ইন্সুরেন্স/ব্রোকারেজ এজেন্সি	৫
১৯	ধর্মীয় প্রতিষ্ঠান/সংস্থা ও শিক্ষা প্রতিষ্ঠান	৫
২০	ট্রাস্ট	৫
২১	ব্যবসা (পেট্রোল পাম্প/সিএনজি স্টেশন)	৫
২২	সফটওয়্যার ব্যবসা	৫
২৩	শিপ ব্রেকিং ব্যবসা	৫
২৪	ব্যাংক/লিজিং/ফাইন্যান্স কোম্পানি	৪
২৫	ব্যবসা (ইনডেন্টিং)	৪
২৬	ব্যবসা (আউটসোসিং)	৪

ক্র.	গ্রাহকের ব্যবসার ধরণ	স্কোর
২৭	ল ফার্ম/ইঞ্জিনিয়ারিং ফার্ম/ কনসালটেন্সি ফার্ম	৪
২৮	জ্বালানী ও বিদ্যুৎ উৎপাদন কোম্পানী	৪
২৯	প্রিন্ট ও ইলেকট্রনিক মিডিয়া	৪
৩০	ট্রাভেল এজেন্ট/ট্যুরিজম কোম্পানী	৪
৩১	টাকা ১০ মিলিয়ন এর বেশি বিনিয়োগকারী মার্চেন্ট	৪
৩২	চেইন স্টোর/শপিং মল	৪
৩৩	ফ্রেইট/শিপিং/কার্গো এজেন্ট/ সিএন্ডএফ এজেন্ট	৪
৩৪	মোটর কারের ব্যবসা (নতুন/ রিকন্ডিশন)	৪
৩৫	চামড়া/চামড়াজাত পণ্যের ব্যবসা	৪
৩৬	নির্মাণ সামগ্রীর ব্যবসা	৪
৩৭	ব্যবসায় এজেন্ট	৩
৩৮	সুতা/ঝুট ব্যবসায়ী	৩
৩৯	পরিবহন অপারেটর	৩
৪০	ব্যবসা (ঔষধ প্রস্তুত ও বাজারজাতকরণ)	৩
৪১	হিমায়িতকরণ ব্যবসা (কোল্ড স্টোরেজ)	৩
৪২	ব্যবসা (বিজ্ঞাপণ)	৩
৪৩	সার্ভিস প্রোভাইডার	৩
৪৪	তামাক এবং সিগারেটের ব্যবসা	৩
৪৫	এমিউজমেন্ট পার্ক/বিনোদন ব্যবসা	৩
৪৬	মোটর পার্টস ট্রেডার/ওয়ার্কশপ	৩
৪৭	পোল্ট্রি/ডেইরি/ফিশিং ফার্ম	২
৪৮	এগ্রো বিজনেস/রাইস মিল/ বেভারেজ	২
৪৯	ছোট ব্যবসা (বিনিয়োগ টাকা ৫০ লক্ষ এর কম)	২
৫০	কম্পিউটার/মোবাইল ফোন ডিলার	২
৫১	উৎপাদক (অস্ত্র ব্যতীত)	২
৫২	অন্যান্য (সুনির্দিষ্টভাবে)	১-৫

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