Anti-money laundering disclosures and banks' performance

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Abstract

Purpose – The purpose of this paper is to explore the extent of anti-Money laundering (AML) disclosures in the annual reports and websites by differentiating between UAE Islamic and conventional banks, and examine the effect of AML disclosure on UAE bank's performance.

Design/methodology/approach – This study uses content analysis to explore the extent of AML disclosure in the annual reports and the dynamic panel data two-step robust system to study the impact of the AML disclosures on banking performance.

Findings – The findings show that AML disclosure is at a low level for all UAE banks, conventional and Islamic banks. The results also show that the degree of AML disclosure on the websites of the banks is higher than that in the annual reports.

Research limitations/implications – The sample for this study comes only from banks traded on UAE markets. Thus, the results may not be generalizable to banks traded on other financial markets.

Practical implications – Because of the cross-border character of the money laundry practices, our study suggests the UAE central bank to internationalize the AML regulations and develop an international AML regime as efforts to respond to the international development of the money laundry practices.

Originality/value – This is the first study that develops an index to measure the AML disclosure and contributes significantly in providing greater insight in respect to AML disclosure in banking industry within the emerging markets.

Keywords Islamic banks, Dynamic panel data, Anti-money laundering, Banking performance, Voluntary disclosures

Paper type Research paper

1. Introduction

Money laundering is defined as a process where illegally obtained money, such as from drug trafficking, terrorist activity or other serious crimes, is given an appearance of having originated from a legitimate source.

At the international level, there are many endeavors to combat the crime of money laundering and they are found in the efforts of the World Bank promoting measures halting or slowing the flow of money into the emerging markets, the international accords including the Vienna Convention, the 1990 Council of Europe Convention, the Basel Committee Statement of Principles, the European Union Directive, the International Criminal Police Organization (INTERPOL), the Resolution of the International Organization of Securities Commissions and the Financial Action Task Force (FTAF).

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To support further the combat against money laundering, a set of guidelines have been developed by the legislative and regulatory authorities to promote a transparent reporting. In USA, the Patriot Act (2001) requires all the financial institutions to establish anti-money laundering (AML) programs, and among others the development of internal policies, procedures and controls to prevent money laundering, the designation of a money laundering compliance officer, an ongoing training program for awareness of money laundering and an independent audit function to test the programs.

In literature, there are many studies examining money laundering and more particularly the factors affectingmoney laundering (Nair, 2007), the overview of the AML laws (Sham, 2006; Kwok, 2008; Subbotina, 2008; Shanmugan *et al.*, 2003; Shanmugan and Thanasegaran, 2008; Nguyen, 2014; Azzam and Tommalieh, 2013), description of the money laundering techniques and cases (He, 2010; Simser, 2014; Ahmad and Mohamed, 2012) and the effectiveness of AML regulations (Kemal, 2014; Yeoh, 2014).

In the context of the emerging market economies located in the Gulf region, to our knowledge, there is no single research about AML. Therefore, our research provides the first insight regarding this topic by exploring AML disclosure in the annual reports of the banks by differentiating between Islamic and Conventional banks. This is a very attractive research opportunity because in UAE, there is an emphasis on forcing all the listed companies to comply with the AML disclosure guidelines.

Against this background, we conduct this research with the aim of exploring the extent of AML disclosure in the annual reports and websites of the banks and then examining any possible difference between the Islamic and Conventional banks. The three main research questions in the paper are as following: First, to what extent the UAE listed banks disclose their AML indicators? Second, is there any significant difference between Islamic and conventional banks in the AML disclosure? Third, is there any significant impact of AML disclosure of banking performance?

This study contributes significantly in providing greater insight in respect to the AML disclosure in banking industry within the emerging markets. In fact, our findings make the banks aware of the extent of their AML disclosure and help the central bank develop an AML framework and disclosure guidelines to improve the transparency and compliance.

Content analysis is used to explore the extent of AML disclosure in the annual reports of the banks and construct an AML index including 50 items. The empirical results show that the degree of overall AML disclosure of conventional banks is significantly higher than that of Islamic banks. These results help the banks to optimally disclose their information and improve the quality of their AML disclosures.

The remainder of the paper is organized as follows: Section 2 contains the literature review on the AML. Section 3 focuses on data and the empirical methodology. Section 4 presents the empirical results and finally the conclusion in Section 5.

2. Literature review

2.1 General overview of the money laundering

Money laundering has become, in the past two decades, an increasing area of focus for many governments and researchers. In fact, in literature, there are many studies examining money laundering and more particularly the factors affecting money laundering (Nair, 2007), the overview of the AML laws (Sham, 2006; Kwok, 2008; Subbotina, 2008; Shanmugan *et al.*, 2003; Shanmugan and Thanasegaran, 2008; Nguyen, 2014; Azzam and Tommalieh, 2013), description of the money laundering techniques and cases (He, 2010; Simser, 2014; Ahmad and Mohamed, 2012) and the effectiveness of the AML regulations (Kemal, 2014; Yeoh, 2014).

In the examination of the factors affecting money laundering, Nair (2007) examines the relationship between technology (information and communication technology infrastructure), quality of human capital, efficiency of the legal framework, corporate governance and capacity for innovation on the pervasiveness of money laundering in developed and developing countries. Empirical analysis on a sample of 88 developed and developing countries during 2004-2005 showed that efficient legal framework with good corporate governance lowers the pervasiveness of the money laundering activities. In addition, the results reveal that a high innovative capacity contributes negatively to the pervasiveness of money laundering activities.

Other researches provide overviews of the AML laws in different countries such as Hong Kong, China, Russia, Malaysia and Jordan. In fact, Kwok (2008) provides an overview of the AML laws in Hong Kong and in particular in the Organized and Serious Crimes Ordinance. Kwok confirms that the Hong Kong authorities are serious about combatting money laundering crimes and the statutory scheme in Hong Kong is comprehensive and in line with the international standards. In a comparative study, Sham (2006) examines the criminal laws and regulations on money laundering control in China and Hong Kong and confirms that money laundering problem is growing in China. The existing laws in China are inadequate to combat the money laundering and this because of restrictive application, insufficient details and weak institutional framework. In Russia, Subbotina (2008) analyzes the domestic AML regime and tests its compliance with the international standards. By using a comparative approach, the domestic regulations have been analyzed with the focus on the four key elements of the prevention pillar of any AML regime: customer due diligence, reporting, regulation and supervision and sanctions. The findings of this research reveal that the Russian AML has undergone significant changes but is still far from complete and is being improved over time, and it mostly formally complies with the international AML requirements. In Malaysia, Shanmugan *et al.* (2003) and Shanmugan and Thanasegaran (2008) highlight the growth of money laundering and the efforts taken by the Malaysian authorities to curb it. The researchers confirm that the Malaysian authorities take proactive initiatives that range from the enactment and implementation of the AML Act 2001, the establishment of the Financial Intelligence Unit of the Central Bank of Malaysia and the Southeast Asia Regional Centre for Counter-Terrorism to the requirement of suspicious transaction reporting amongst professional accountants and lawyers. It was found that Malaysia continues to make a broad and sustained effort to combat money laundering and terrorist financing flows within its borders. In the same spirit, Nguyen (2014) examines the adoption of the international AML regimes in the developing countries and confirms that Vietnam has gradually developed its AML legal framework in compliance with international AML standards to avoid economic sanctions and reputational damage, but the corruption weakens a willingness to implement AML counter-measures. In addition, the ambiguity of Vietnamese AML provisions, inadequate informative guidance on such provisions, a lack of specialized investigators and the absence of a specialized authority to investigate money laundering have affected the investigation and prosecution of the specific crime. All these factors shape the situation in which Vietnam has formal compliance of the law in the books but feeble enforcement in practice. In the description of the overview of money laundering in Jordan, Azzam and Tommalieh (2013) have classified the money laundering activities into three types: internal money laundering, money laundering from an external source and money laundering abroad. To combat the money laundering, the Jordanian authorities have developed many laws regulating the money transactions. In addition, the Central Bank of Jordan puts a lot of efforts and actions by issuing AML directives.

To combat money laundering activities more effectively and efficiently, He (2010) describes various money-laundering techniques and analyzes the reasons why these methods prevail. Money-laundering ways include cash smuggling, making use of banks, insurance company, shell-company or front-company. In addition, criminals also turn to real estate, lottery, international trade and offshore company to launder money. Sometimes lawyers and accountants are exploited by money launderers. With the wide use of electronic money and internet, criminals prefer to launder money through non-face-to-face transactions. To combat money laundering more effectively and efficiently, the responsibility should not be shouldered by the government alone, but there should be a solid establishment of AML awareness. In the same spirit, Simser (2014) also explores the emerging money laundering activities and techniques in Canada and confirms that the risks of the money laundering continue to evolve at a rapid pace because of the widespread use of the online transfer of money. Hence, the AML systems, imposing generally risk-based rules, should remain robust and need to constantly take note of emergent trends and threats to combat money laundering in a more effective and efficient way. In Malaysia, Ahmad and Mohamed (2012) evaluate the effort to curb money laundering activities and examine money laundering cases investigated by the Central Bank under AML and anti-terrorism financing. They analyzed the contents of public releases by the enforcement division of the Central Bank for the period 2007 to 2011. Their results reveal that the main predicate offence related to the money laundering charges are on illegal deposit taking and the directors of companies are the leading group of people charged under the money laundering. In addition, the findings also show that only half of the cases investigated have been charged in court.

In the effort of checking the effectiveness of AML regulations, Kemal (2014) investigated and analyzed some key variables influencing the effectiveness of AML regulations in Pakistan. In his exploratory study, Kemal (2014) investigated the impact of three regulations, namely: customer record keeping, employee training and suspicious transaction reporting on money laundering. By using a sample of hundred responses collected from employees working in different banks located in Pakistan, the results show a significant impact of employee training on money laundering in banking system and more particularly a moderate inverse relationship between employee training and money laundering. In addition, AML regulation of customer record keeping has a weak impact on money laundering in developing countries. In the same spirit of research but in a different context, Yeoh (2014) reviews inadequacies of AML and whistleblowing laws, particularly in the UK financial services sector. His findings reveal that the preponderance of defensive reporting particularly in the financial services sector appears to blunt the effectiveness of AML laws in the UK. In addition, working adults are generally unaware or unfamiliar with whistleblowing laws, whereas the laws themselves are also deficient in some ways even though they have been adopted and adapted in various other jurisdictions because of its perceived comprehensiveness. It was also found that the early disclosures of wrongdoings through whistleblowing might have helped to reduce the magnitude of the adverse consequences, and hence the importance of whistleblowing in the combat against money laundering.

2.2 Basel anti-money laundering index

At the international level, so far, there is only one and unique AML index measuring the money laundering risk at the country's level. This index is constructed by Basel Institute and includes five categories and 14 indicators indicating a country's risk level in money laundering and terrorist financing based on its adherence to AML and counter-terrorism financing (CTF) standards and other risk categories such as financial and transparency regulations, public transparency and accountability, corruption and political and legal risk.

In the construction of this index, Basel Institute does not generate its own data but relies on data from various publicly available sources such as the FATF, the World Bank, Transparency International and the World Economic Forum. This index assesses a country's overall risk of money laundering and does not measure the actual existence of money laundering activity in the country, but it indicates the vulnerability of a country regarding money laundry and terrorist financing based on its adherence to AML and CTF standards and other risk categories. In the creation of the composite index, each indicator is scaled from 0-10, where 0 indicates a lowest risk level and 10 the highest risk level. After the scaling, each indicator receives a weight to aggregate all the scores into one overall score. In this process, Basel Institute has not been applying the equally weighted method but instead its own scheme of weighting according to the importance of the indicator. To reduce the subjectivity, many external experts with compliance and risk assessment background have been consulted. At the end, the overall score ranges from 0 (low risk) to 10 (high risk) and the ranking covers 162 countries. The major limitation of the Basel AML index is the fact that it only applies to countries and not to financial institutions or corporations. In this paper, we undertook an extensive review of financial reporting standards, AML regulations around the world and UAE regulations regarding AML, and we have suggested a comprehensive AML index that applies to the financial insinuations and corporate level. To the best of our knowledge, our paper is the first article that suggests an AML corporate disclosure index.

2.3 Anti-money laundering regulations in UAE

The UAE has been identified as one of the highest risk areas for money laundering and according to Basel Institute of Governance (2014); the UAE is ranked 103 with a score of 6.33. At the same time, it is considered as one of the most proactive in taking steps to reduce this risk. In fact, in UAE, there are many efforts in combatting the money laundering and they include:

- the formation of a national committee in 2000 to face money laundering. Its role is to develop the appropriate actions to be taken by the banks and the financial institutions;
- the creation of a section by the Central Bank to counter money laundering within the circle of supervision and inspection of banks; and
- the Central Bank's circulars to be operating by the banks and they include instructions and guidance for financial transactions to ensure there are no suspicious laundering operations.

Besides the aforementioned efforts, the UAE legislation poses penalties for money launderers, including jail terms of up to 10 years, fines of up to AED 500,000 or both. Businesses face even harsher penalties, including fines ranging between AED 300,000 and AED 1m. In addition the Central Bank can also impose sanctions and revoke the license of banks falling foul of its AML procedures. This legislation further beefs up the regulatory framework and it can penalize board members, managers and staff of companies that fail to report money laundering or terrorist financing carried out by their companies with a jail term of up to three years, a fine of up to AED 100,000 or both (Arnold, 2014).

In its annual report, US State Department found the UAE to have made the greatest strides in cutting off illegal flows of money to extremist groups, especially in regulating the informal money transfer operators (Khan, 2014).

In this context, we conduct our research to explore the extent of AML disclosure in the annual reports and examine the compliance of the banks with the AML regulations. In our research, we use the banks because money laundering is most prevalent in the banking sector, as banks deal with the money's deposition, withdrawal and transfer; therefore, it is necessary to examine the compliance of banks with AML regulations.

3. Data and methodology

3.1 Data

The three objectives of our paper are to develop a comprehensive disclosure index of AML, measure the AML disclosure degree of UAE conventional and Islamic banks from both annual reports and websites and examine the impact of AML disclosure on banks' performance. The data were hand collected from the annual reports and websites of all banks listed on the UAE financial markets during the period 2003-2013. Our final sample included 176 firms-year observations of all banks listed on both Dubai Financial Market and Abu Dhabi Securities Exchange.

3.2 Methodology

This study investigates the extent of AML disclosure by using the content analysis of the annual reports and websites of the banks. To develop an AML disclosure index and determine its items, an extensive review of financial reporting standards and AML regulations around the world has been undertaken. These regulations include the US AML requirements along with the publications of Protiviti (2012), Bank Secrecy Act (1970), Money Laundering Control Act (1986), Anti-Drug Abuse Act (1986), Money Laundering and Financial Crimes Strategy Act (1994) and Intelligence Reform and Terrorism Prevention Act (2004). In addition, many other regulations have been reviewed, such as the global AML recommendations and the FATF (2012), the Anti-Money Laundering and Counter-Terrorism Financing Act (2006), the Prevention of Money Laundering Act (2002), the UK regulations and Terrorism Act (2000), along with the Anti-terrorism, Crime and Security Act (2001), Proceeds of Crime Act (2002) and Serious Organized Crime and Police Act (2005). Furthermore, the UAE regulatory requirements and guidelines regarding compliance and AML have been reviewed and they include the Anti-Money Laundering and Suspicious Cases Unit Publications (2013), Federal Law No (4) (2002) regarding the criminalization of money laundering and Circular Concerning Procedures for Anti Money Laundering (2004).

The list of the AML disclosure index and its items are outlined in Appendix. Our suggested disclosure index consists of six categories: the disclosure of general AML information, AML statistics and reports, Know Your Customer (KYC), risk assessments, transactions monitoring and investigations and AML technology. We have measured the degree of AML disclosure from both annual reports and websites of the UAE conventional and Islamic banks. The index value is ranging between 0 and 100 per cent. The value of 0 per cent means no AML disclosed by the bank, while the value of 100 per cent means a full AML disclosure; we use the relative index approach to avoid incorrect penalties for items that are inapplicable to AML disclosure:

$$AMLIi = \sum_{i=1}^{m} Di \Big/ \sum_{i=1}^{n} Di \tag{1}$$

where:

- AMLI = AML index;
- D = 1 if item *i* is disclosed and 0 otherwise;
- n = aggregation of all applicable items; and
- m = number of actual items disclosed.

The means of the overall AML index and the means of each category have been reported to compare the degree of AML between Islamic and conventional banks. In addition, we run a Mann–Whitney test to examine any significant differences of the AML disclosure between Islamic and conventional banks.

The robust generalized method of moment system estimation applied to dynamic panel data proposed by Arellano and Bover (1995) and Blundell and Bond (1998) is used in this study to examine the relationship between the degree of AML disclosure and the bank's performance. Our model also considers the finite sample correction proposed by Windmeijer (2005). This technique provides the panel data with more efficient econometric estimators comparing to the other GMM techniques. It can also control for possible endogeneity and unobservable heterogeneity by allowing some explanatory variables to be jointly determined with the dependent variables. Endogeneity is also defined as the possible correlation between the parameters or variables with the error term. This method controls the endogeneity by using unobservable shocks in the cross-sectional component (Nobanee *et al.*, 2011). We have run the model for the overall AML index and then for each of the six AML categories, as well as for conventional, Islamic and all banks. In our model, we have also included control variables of size and leverage.

The aforementioned estimation approach leads to the following estimation equations:

$$roe_{it} = \alpha + \beta_1 roe_{it_{-1}} + \beta_2 tle_{it_{-1}} + \beta_3 \mathrm{lg}ta_{it_{-1}} + \beta_4 amli_{it} + \varepsilon_{it} \tag{2}$$

In our model, the dependent variable and the independent variables are in the form of first difference:

- the (roe_{it}) is the first difference of the return on equity;
- the ($roe_{it_{-1}}$) is the differenced lagged dependent variable;
- the ($tle_{it_{-1}}$) is a control variable of leverage measured by the first difference of total liability to equity;
- the ($\mathrm{lg}ta_{it_{-1}}$) is a control variable of size measured by the first difference of logarithm of total assets;
- the ($amli_{it}$) is the first difference of the degree of AML disclosure; and
- the (ε_{it}) is the error term.

4. Empirical results

In this section, we report our results of the degree of AML disclosure for all UAE listed banks, Islamic and conventional banks. Table I reports the descriptive statistics of the overall AML disclosure along with the disclosure for each category and samples of conventional banks and Islamic banks from both annual reports and bank's websites. The results from the annual reports show a low degree of AML disclosure for all banks (8.4 per cent) as well as a higher index of AML disclosure for the conventional banks

Table I.
Levels of AML disclosure of UAE banks

Means	All banks Reports	All banks Web	Conventional banks Reports	Conventional banks Web	Islamic banks Reports	Islamic banks Web
Overall AML	0.0841379	0.1750000	0.0947253	0.1983333	0.0456000	0.1050000
General	0.0108598	0.0357143	0.0098473	0.0292208	0.0145455	0.0551948
Statistics	0.0416667	0.2812500	0.0531136	0.2222222	0	0.4583333
KYC	0.0094828	0.2062500	0.0120879	0.1250000	0	0.4500000
Risk	0.1975575	0.0885417	0.2316850	0.0555556	0.0733333	0.1875000
Monitoring	0.0969828	0.2656250	0.1071429	0.2083333	0.0600000	0.4375000
Technology	0.0242947	0.0113636	0.0299700	0	0.0036364	0.0454545

Notes: Table I reports means of the overall anti-money laundering (AML) disclosure and the six AML categories that include general AML information, AML statistics and reports, Know Your Customer (KYC), risk assessments, transactions monitoring and investigations and AML technology for of all banks, Islamic and conventional banks listed in the UAE financial markets during the period 2003-2013. The value of the index is ranging between 0 and 100 per cent. The value of 0 per cent means no AML reporting disclosed by banks while the value of 100 per cent means a full AML disclosure. We have reported the AML disclosure from both annual reports and bank's websites

(9.5 per cent) than for the Islamic banks (4.6 per cent). However, the results from bank's websites show higher AML disclosers comparing with the results from annual reports; the websites' AML disclosure for all banks is 17.5 per cent and the AML disclosure for conventional banks is 20 per cent, which is higher than the AML disclosures of Islamic banks (10.5 per cent).

Our findings also show that the disclosure index of the AML varies across the six categories. In addition, Islamic banks have higher disclosure levels from both annual reports and websites for Category 1 "general AML information", while the results show higher annual reports disclosures for conventional banks and higher websites disclosures for Islamic banks for all other categories that include AML statistics and reports, KYC, risk assessments, transactions monitoring and investigations and AML technology.

Table II reports the results of the Mann–Whitney test and shows significant difference in the degree of AML disclosure between conventional banks and Islamic banks for the second category; AML statistics and reports, and for the fourth category; risk assessments. While, the differences of the degree of AML disclosure are insignificant between conventional banks and Islamic banks for the rest of categories.

Table III reports the results of the robust dynamic panel-data two-steps general methods of moment (GMM) system estimation for all, conventional and Islamic banks.

Table II.
Mann–Whitney test of AML disclosure indices of UAE Conventional and Islamic banks

Mann–Whitney test	Overall	General	Statistics	KYC	Risk	Monitoring	Technology
Coefficient	2.487*	−1.764	2.706**	1.726	5.481**	0.177	1.742

Notes: Table II reports the results of Mann–Whitney test of overall AML disclosure and the six AML categories that include general AML information, AML statistics and reports, KYC, risk assessments, transactions monitoring and investigations and AML technology of Islamic and conventional banks listed in the UAE financial markets during the period 2003-2013; *significant at 95% confidence level; **significant at 99% confidence level

The results of the lagged dependent variable for conventional and all banks indicate that the bank's performance in the previous period has insignificant effect on the bank's performance in the current period. The results also show insignificant differences in the leverage and significant differences in the size. The overall AML disclosure index has shown insignificant effect on banks' performance for all banks, conventional banks and Islamic banks. These findings confirm that the degree of AML disclosure has no effect on performance for UAE banks.

5. Conclusion

Money laundering refers to the process by which the proceeds of crime and the original ownership of those proceeds are changed so that they appear to come from a legitimate source (The Law Society, 2013). In this paper, we first develop a measure for the AML disclosure based on the AML regulations, as well as acts and guidelines around the world. Our suggested AML disclosure index includes six main categories; the disclosure of general AML information, AML statistics and reports, KYC, risk assessments, transactions monitoring and investigations and AML technology. We have measured the degree of AML disclosure from both annual reports and websites of UAE conventional and Islamic banks, tested the differences of AML disclosure between UAE conventional and Islamic banks and finally examined the effect of AML disclosure on the performance of UAE conventional and Islamic banks by using dynamic panel data two-steps robust system estimation. The results show that AML disclosure is at a low level. The results also show a higher extent of AML disclosures on the websites of the UAE banks and the conventional banks have higher levels of AML disclosures. Finally, the results of the dynamic panel data two-steps robust system estimation show insignificant effects of the degree of AML disclosures on banking performance.

Our findings provide the banks with an insight about the extent of their AML disclosure, help the Central Bank develop the AML disclosure guidelines and increase the awareness of the banks about the importance of the AML disclosure in the objective to comply with the best disclosure practices and improve their transparency. In addition, because of the cross-border character of the money laundry practices, our study suggests UAE Central Bank to internationalize the AML regulations and develop an international AML regime as efforts to respond to the international development of the money laundry practices.

Dependent: performance	All banks	Conventional banks	Islamic banks
Lag Dependent	0.6560115	0.465985	4.48112
Leverage	0.0042069	0.0065622	0.0522948
Size	−0.0238039*	−0.0279322	−0.1022303
Overall AML	−0.0069762	−0.0374974	−4.0573

Notes: Table III reports the results of robust dynamic panel-data two-steps GMM system estimation for the relationship between the degree of the overall AML disclosure on performance of all banks, Islamic and conventional banks listed in the UAE financial markets during the period 2003-2013. Dependent variable and independent variables are in the form of first difference; *significant at 95% confidence level

Table III. Results of robust dynamic panel-data two-steps GMM system estimation of overall AML disclosure index

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Appendix

Table AI.
General anti-money laundering information

No.	Item
1	Anti-money laundering internal policies and procedures
2	Anti-money laundering compliance officer, program or department
3	Anti-money laundering employee-training programs
4	Independent audit of anti-money laundering
5	Raising awareness of anti-money laundering
6	Consulting an anti-money laundering specialist
7	Anti-money laundering cooperation among financial institutions and regulatory authorities

Table AII.
Statistics and reports

No.	Item
1	Currency transactions reports
2	Suspicious activity reports
3	Reports of foreign banks and financial accounts
4	Reports of international transportation of currency or monetary instruments
5	Fund transfer recordkeeping
6	Recordkeeping of purchase and sale of monetary instruments

Table AIII.
Know your customers

No.	Item
1	Customer identification program (CIP)
2	Customer due diligence (CDD)
3	Enhanced due diligence (EDD)
4	Verification of identity
5	Customer defined
6	Account defined
7	Updating CIP for existing customers
8	Anonymous accounts
9	Reliance on third party to do the CDD
10	Verification of casino customers
11	Verification of financial aids activities and fund transfer
12	Verification of non-profit and charitable organizations
13	Blacklisted extremist/terrorist organizations and individuals

No.	Item
1	Enterprise-wide risk assessment
2	Business line risk assessment
3	Customer risk assessment
4	Administration of customer risk assessment
5	Office of foreign assets control risk assessment
6	High-risk customers
7	Politically exposed persons
8	High-risk geographies
9	Nonresident and foreign person risk assessment
10	High-risk products, services and transactions
11	Bulk shipment of currency
12	Bulk money transfer

Table AIV. Risk assessments

No.	Item
1	Monitoring process
2	Roles and responsibilities
3	Investigation process
4	Suspicious activity red flags
5	Financial aids screening and monitoring

Table AV. Transactions monitoring and investigations

No.	Item
1	Suspicious transaction monitoring software
2	Suspicious activity report filling software
3	Case management software
4	Large currency transaction monitoring software
5	Currency transaction report filling software
6	Customer information database
7	Customer risk assessment software
8	Customer verification software
9	Interdiction software
10	Anti-money laundering training software
11	Other anti-money laundering software
12	Other anti-terrorism financing software

Table AVI. Technology

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