



# **UNIFORM ANTI MONEY LAUNDERING POLICY AND LAUNDERING PROCESS ERADICATION**

**Thesis submitted for the degree of Doctor of Philosophy**

**by**

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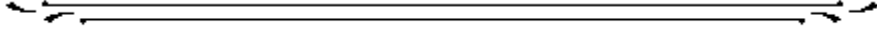
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بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ  
(يَرْفَعُ اللّٰهُ الَّذِیْنَ اٰمَنُوْا مِنْكُمْ وَالَّذِیْنَ اُوْتُوا الْعِلْمَ دَرَجٰتٍ وَاللّٰهُ بِمَا تَعْمَلُوْنَ خَبِیْرٌ)

{for Allah will raise the ranks of those among you who believe and of those among you who are erudite! Allah is aware of all that which you do!}

(المجادلة: 11)



## **PhD Abstract**

This study aims to investigate the effect of uniform anti-money laundering policy adoption in Bahrain. The implementation of such a policy is required to improve transparency that may assist Bahrain Government, CBB and Financial Intelligence Unit (FIU) to compel investors to declare sources of money to banks voluntarily and Non-Banking Financial Companies (NBFCs) and report all violations of regulatory benchmarks to Compliance Directorate (CD) and FIU. The elevation of such transparent information exchange will deter launderers from placement, layering and integrating ill-gotten gains through the Bahraini financial institutions as well as constricting legitimisation of laundered proceeds and retarding funding of criminal activities.

To examine the above, this study adopted a mixed method research design, comprising of in-depth interviews and secondary data. 31 employees from various banks and NBFCs were interviewed, and the secondary data was collected from banks, NBFCs, CD, FIU and the Public Prosecutor. These were analysed using content and correlation analysis to assess the validity of in-depth responses and secondary data.

The findings of the study reveal the necessity to conform to the Basel guidelines and Financial Actions Task Force (FATF) 40 recommendations. The conformity to these equips banks and NBFCs to utilise Customer Due Diligence (CDD), Enhanced Due Diligence (EDD) and Risk-Based Due Diligence (RBDD). Their judicious application enables them to communicate Suspicious Activity Reporting (SAR) and Suspicious Transaction Reporting (STR), share authentic information, analyse and report all breaches and awareness to the CBB, FIU, Ministry of Interior and Public Prosecutor. They are required to search, detect, convict, confiscate illicit wealth and constrict unlawful activities, signalling the impact of the uniform policy. Their utilisation is needed to enable banks and NBFCs to discharge the role of gatekeepers and disrupt money-laundering process.

Finally, the study justifies the necessity to establish the conceptual framework and adopt FATF fully to reform anti-money laundering governance. They allow CBB and FIU to collaborate with banks and NBFCs, improve countermeasures and apply these

to protect the financial integrity of Bahrain. Focus on such key goals stimulates a review of customer identity and sources of fund assess the authenticity of funding sources declared by customers and initiate search and seizure of tainted money.

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## **Dedication**

This thesis work is dedicated to my mother. She has been a constant source of support and inspiration during the entire tenure of study. I am thankful for having her guidance.

This work is also dedicated to my wife and children. They have supported me unconditionally. They encouraged me to work hard for things that I aspire to achieve.

# Declarations

This thesis gives an account of the research undertaken by Ali Abdulla Ebrahim Ali Aljawder. Some of the material displayed herein has already been published:

## **CONFERENCE PUBLICATIONS**

BAM 2017

...

## **JOURNAL PUBLICATIONS**

...

## **DOCTORAL SYMPOSIUM PAPERS**

Ahlia University 2016

Ahlia University 2017

...

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## Appendix 15: Abbreviations

AML	Anti-money laundering
CD	Compliance Directorate
CDD	Customer due diligence
COE	Council of Europe
EDD	Enhanced Due Diligence
EU	European Union
FATF	Financial Actions Task Force
FIU	Financial Intelligence Unit
GDP	Gross Domestic Product
GFI	Global Financial Integrity
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
KYC	Know Your Customer
ML	Money Laundering
MOF	Ministry of Finance
NBFCs	Non-banking finance companies
PEP	Politically exposed persons
PP	Public Prosecutor
RBDD	Risk Based Due Diligence
SAR	Suspicious Activity Reporting
STR	Suspicious transaction report
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
UNITNDPS	United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
UNSC	United Nations Security Council
UK	United Kingdom

# CHAPTER 1

## Introduction and Background

### 1.0. Introduction

This study examines the regulation, implementation and effectiveness of Anti-Money Laundering (AML) policies in Bahrain. The proliferation of money laundering activities significantly threatens the global financial markets, national security and businesses around the world, and undermines the financial integrity of jurisdictions, allowing organised criminals to benefit from the profits of their illicit gains. It is argued that money laundering demands a coordinated international response (Ryder 2012). Accordingly, Gilmore (2004, p.51) argues that ‘the initial impetus for co-ordinated international action to combat money laundering arose ... out of growing concern within the world community about the problems of drug abuse and illicit trafficking’. The European Union Council of Ministers argued that the adoption of such measures at the national level without considering international coordination would have little effect (Ryder 2014). This research argues that the implementation and effectiveness of these international and global strategies will only become effective if the national governments and various stakeholders have the appropriate mechanism for implementation. This resonates with Sherman (1993, p.16) that argues that ‘the fight against money laundering is not the sole responsibility of government and law enforcement agencies. Its effectiveness calls on the collective will and commitment and the combined effort of the public and private sector working together.

Accordingly, there is a proliferation of research and reports on the urgency to combat Money Laundering (ML), stamp out fraudulent exploitation of banking and financial systems by criminals. Furthermore, prevent conversion of ill-gotten money into legitimate income, eradicate terrorist financing and sustain economic progress of nations (Basel 2014, Brien *et al* 2011, de Koker 2011, FinCan 2016, Gnutzmann *et al* 2010, IMF 2014, Lowery and Ramachandran 2015, Omar and Hajudin 2015, OECD 2013 and Saperstein *et al* 2015).

Notwithstanding, the relevance of such goals, governments, institutions, banks and Non-Banking Finance Companies (NBFCs) fail to adopt and implement measures to realise them. This failure is attributed to the absence of transparency, which is influenced by the following factors (Ardizzi *et al.*, 2014; Castells, 2010, Cousin and Albert, 2002; Zoppei, 2015):

- Application of Anti-Money Laundering (AML) laws, rules and regulations that are at variance with the guiding principles of United Nations Conventions, International Monetary Fund, World Bank, Financial Actions Task Force (FATF) and Egmont Group.
- Inadequate access to information about transactions in banks within a country and between banks of different countries.
- Inefficient information sharing between institutions, such as the Financial Intelligence Unit (FIU), in different countries.

In addition to the above, ML control is not attained due to the legal compulsion to protect private laws and human rights, implying that Compliance Directorate (CD) and FIU are duty-bound to refer financial crimes to the Public Prosecutor (PP), obtain authorisation to search and seize unaccounted for wealth. The time lost in such a process allows launderers to place ill-gotten money, layer and integrate them, legitimising laundered proceeds and aiding terrorism. Their eradication requires governments to enforce transparency guided by uniform AML policy (Cousin and Albert, 2002; Ferwerda, 2012; Gallant, 2010).

Some researches justify the relevance of transparency in policy, systems, procedures, and actions to rein in corruption (Gibbs, 2018; Gottschalk, 2011). They do not explain and establish its importance to control ML, signalling the impact of inadequate understanding about the exchange of information between banks and institutions within a country (van den Broek, 2014). Also, dissemination of information between institutions (FIU and CD) in different countries (Cassella, 2018), examination of opaque financial transactions (Schneider *et al* 2015), review of opaque business transactions, withdrawal of privacy rights of customers in banks (Dhillon *et al* 2013), removal of protection for politically exposed persons (PEP) and authorisation of FIU to

search and seize prior to referring cases to prosecutors (Jayasekara, 2018). The absence of learning about transparency poses a challenge in combating and mitigating ML.

As a result, there is a need for further research to show the impact, effectiveness and influences these measures have in assisting the Ministry of Finance (MOF), FIU and Central Bank of a country to guide banks, investors and companies to be transparent in all transactions, mitigating ML and encouraging the inflow of legitimate investment. Major institutions like the UN, IMF, and World Bank recommend the use of transparent measures to govern nations, but silent on the explicit reference of such measures to eradicate. This is due to international laws that authorise and empower governments to enact laws, employ rules, and utilise regulation to manage national interests, denoted by capital inflow and investment growth. The elevation of these stimulates business growth, national income, and per capita income, representing economic growth and dominance in the global market.

Consequently, nations globally tend to develop and implement lax and opaque AML policies to promote capital inflow in primary and secondary markets, leading to their monetisation, a precondition of economic growth. Despite the awareness of flawed governance, corrective measures are deliberately overlooked to accommodate tainted money to sustain banks' liquidity and solvency, compromising the future of nations. This reinforces the necessity to implement a universally representative AML policy that aids banks and institutions to track report and block business and financial transactions. The access to credible information about the identity of offenders/criminals and attempted transgression of banking laws make it possible for regulators and law enforcement agencies locally and globally to coordinate, search, confiscate illegal proceeds, blacklist and prosecute such violators.

The above state measures are further expounded in section 1.1. It justifies the necessity to change the current AML policy and mitigate laundering. The details in section 1.2 clarify the essence of such policy change, guiding implementation of laws, rules, and regulatory practices that dissuade conversion of criminal proceeds into legitimate earning. The aim and objectives of this research are defined with an outline of the thesis presented, summarising the conclusions in sections 1.3, 1.4 and 1.5 respectively.



## 1.1. Background to the Research Problem

The urgency to combat and eradicate ML, an outcome of drug and human trafficking, corruption and organised crime, originated from 1988. The reference to its elimination is evident from the reports of United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (UNITNDPS), International Monetary Fund (IMF), World Bank and United Nations Office on Drugs and Crime (UNODC) in 1988, 2001, 2006, and 2011 respectively. They endorse criminalisation of bribery of private and public sector officials, embezzlement of national wealth, illicit enrichment, concealment, and trafficking through a series of supervisory, legal, regulatory, and administrative measures. Governments globally are recommended to use such measures to eradicate criminals and criminal activities (Chong and López-de-Silanes, 2007), stamp out terrorists and terrorism (Haigner et al. 2012). Central to such goals is the commitment to eliminate the opportunity to convert illegal proceeds into legitimate earnings and prevent their investment in banks and designated non-banking financial institutions to retain the trust of the international community (Chatain *et al.* 2009). Notwithstanding such commitment, control initiatives aided by the Financial Action Task Force (FATF), Wolfsberg Money Laundering Principles, European Commission (EC) Directive on ML, National Financial Intelligence Units, Europol Convention and Eurojust (Mohamed, 2002), failed to yield desired results (OECD, 2014). This is exemplified by the following examples-

- UNODC in 2009 estimated global criminal proceeds at 3.6% of global GDP and 2.7% (US\$ 1.6 trillion) of which was laundered.
- Global Financial Integrity (GFI) valued illicit financial flows from developing countries as much as US\$ 5.8 trillion (2001-2011), contributed primarily by the People's Republic of China, Mexico, Malaysia, Russian Federation and Saudi Arabia.

They signal the outcomes of inept anti-money laundering (AML) policy implementation, leading to enactment of inconsistent laws and weak enforcement, deployment of flawed regulatory framework, and the employment of weak institutional framework (Ferwerda, 2008). Also, limited international co-operation, information exchange and enforcement uniformity weaken the fight against ML.

To counter the dangers of ML, major international banks in association with EU banks took it upon themselves to formulate guidelines, known as Wolfsberg Money Laundering Principles (TWG, 2012). The rationale behind such initiative was to assign a critical role to the banks to prevent placement, layering, and integration. It is believed that launderers mostly use banks to legitimise criminal proceeds. Although, they aided laundering (OECD, 2014), as forecasted by IMF and World Bank in 2000 - ‘global money laundering per annum will be 5%-6% (US\$ 2.0- US\$ 2.5 trillion) of world GDP in 2006’ (Schneider, 2010). These standards (identity verification, due diligence, prohibition of customers, information renewal, and suspicious activity reporting) set by Wolfsberg Group failed to arm the banks to prevent laundering (Mohamed, 2002). Accumulation of such tainted wealth is accentuated by the drive by banks to exploit ‘identity protection policy’, support launderers to elevate profit and encourage money laundering-

- HSBC laundered money originating from countries, like Colombia, Cuba, Iran, Libya, Myanmar, Mexico, and Sudan. It paid a record fine of US\$ 1921 million in 2012 to avoid criminal proceeding.
- Standard Chartered Bank violated sanctions on Iran, Libya, Myanmar and Sudan and laundered money. It paid US\$ 667 million in a civil penalty in 2012.
- ING laundered money from sanctioned countries like Cuba and Iran. It settled allegations by US regulators and paid US\$ 619 million in 2012.
- JP Morgan violated sanctions by the US Office of Foreign Asset Control and transacted with clients from Cuba, Iran, Sudan, and Liberia. It paid a fine of US\$ 88.3 million in 2011.
- Barclays’ transactions with sanctioned countries, like Cuba, Iran, Myanmar and Sudan, in violation of regulatory provisions led to the payment of penalties (US\$ 298 million) and settlement of criminal charges imposed by the US Department of Justice.

The OECD (2014) notes that some other globally known banks like RBS, Credit Suisse, Lloyds Banking Group and Riggs Bank aided ML in violation of regulatory guidelines between 2004 and 2010. They paid high penalties (US\$ 16 million-538 million) to defer prosecutions in the USA. The examples indicate that AML initiatives over 40 years are rendered weak due to the following:

- Limited authorisation of private institutions to enforce AML laws and regulations. Such weaknesses hinder suspicious transaction reporting (STR), delay screening, and derail the actions of investigating entities (van den Broek, 2014). These demand strategy change. Adoption of this by the Governments is required to undertake customer due diligence (CDD) and assess whether banks' customers are money launderers (Gordon, 2011). The attainment of these hinges on access to information and transparency that are preconditions of the effective investigation, prosecution, conviction and ML eradication.
- The apathy of banks (50%) to adopt a policy to mitigate the risk of a financial crime involving trade finances (Brien *et al.*, 2011). It emboldens teams in the department in banks to overlook ML red flags (Godefroy *et al.*, 2011). Such neglect leads to suboptimal reporting of suspicious transactions, denoting the outcome of inadequate due diligence (FCA, 2013). This facilitates the conversion of dirty money into legitimate income.
- Flawed ML directives are exploited by criminals to launder proceeds of drug trafficking in violation of the Vienna Convention. Mitigation of such crime requires governments to comply with the Strasbourg Convention to combat placement, layering, and integration of proceeds of crime. Adherence to the convention supports the selective application of the directive, giving room to criminals to exploit loopholes and launder money (Mohamed, 2002).
- Inconsistent introduction of ML directive. For example, the impact of the EU's third ML directive in the United Kingdom (UK) is inconsequential. This is attributed to the superiority of the UK's legislation that surpasses the contents of the proposed directive. Such gap leads to compliance failure. This is evident in some countries in the EU. The failure to comply with the directive hinders the adoption of a uniform anti-money laundering requirement (AMLR) framework, allowing launderers to exploit such frailties in EU member countries and their banks to launder money through structuring (Yeandle *et al.* 2005).
- The absence of standard laws and regulations that prevents the development and implementation of guidelines to track and convict online money launderers. Such deficiencies fuelled the growth of cybercrime (attack on computer servers) by 1343% during 2001-2007, and 57% of all attacks targeted banking and

finance sectors. They result in annual ML of US\$ 222 billion through the internet, signalling the adverse impact of an opaque system (Schwartz, 2009).

- The disinterest of global multilateral agencies to blacklist over hundred tax havens. Banks in these tax havens are authorised to open accounts in fictitious names and manage anonymous accounts in contravention of AML standards (FATF) and Basel guidelines, facilitating drug traffickers, gangsters and money launderers to convert dirty money and conceal illegally acquired assets (Bjelajac, 2011), establishing the adverse impacts of non-transparency.
- The demotivation to establish an international enforcement agency to track cross border transactions and money launderers, globally making it difficult for regulators to eliminate the menace of ML (Yeandle *et al.*, 2005).

The problems cited above explain the need to adopt AML policies that help to address the following-

- Track, detect, search, seize, apprehend and convict money launderers supported by cross border intelligence sharing by banks, CDs and FIUs;
- Discourage banks to overlook or suppress customer identity, the source of fund and suspicious transactions;
- Adopt consistent and uniform AML legislation and regulation to stamp out structuring, placing, layering, and integrating dirty money.

## **1.2. Transparent AML Policy and its Significance in Banks**

Transparent AML policy is required to guide banks to act and prevent ML. It demands implementation of a framework that drives them to comply with regulatory principles, exchange actionable information with CD and FIU (Pušara and Pušara, 2011), enabling law enforcement authorities to convict launderers (drug traffickers, smugglers, criminals, tax evaders and terrorists), punish them and seize illegal proceeds (Gordon, 2011). Chong and López-de-Silanes (2007) reinforces its relevance. They highlighted the essence of policy transparency from the viewpoint of ML eradication to encompass-

- disclosure of information by banks and DNBFCs, which makes the cost of laundering prohibitive

- criminalisation of crimes and confiscation of proceeds as the outcomes of banks' resolve to meet regulatory demands presented in Basel and FATF
- international cooperation between FIUs, supporting engagement with international law enforcement agencies, monitoring currency flow across borders, and providing mutual legal assistance to dismantle safe harbours.

AML policy transparency is needed to control omission of traces of crimes, detect unlawful activities and alert banks about them. This would enable them to initiate actions in conformity to Basel (2014) and Wolfsberg (TWG, 2011) guidelines, and intercept attempts to launder money by criminals. Aranda (2010) argues the need to dismantle dichotomous legal and regulatory measures, leading to the removal of obstacles and initiation of actions enforceable by law. Their uniformity improves banks' abilities to utilise EDD, intervene and report, freeze dirty wealth by eliminating structuring and layering, contribute to crime control, minimise exposure to risks and enhance sustainability.

The report of IADB (2012) sheds light on the importance of AML policy transparency in protecting a country's financial sector from potential abuse by criminals. Maintaining the integrity of the sector needs employment of robust monitoring and evaluating systems to strengthen transparency (Moura, 2011). They enhance the accountability of institutions governing it. In such a scenario, it is the outcome of seamless information exchange between institutions (CD and FIU) and banks (Kar and LeBlanc, 2013, Takáts, 2011), improving openness and strengthening supervision (Said *et al.*, 2013). As a result, they mitigate oversight, leading to criminal convictions and curbing the abuse of financial instruments (Levi and Reuter, 2006). These enhance the rating of the financial sector in a country, winning the trust of investors globally and ensuring the inflow of legitimate investment.

With reference to money laundering control, policy transparency is recommended to foster coordination between law enforcement agencies. Such transparency aids coordination and policing by the joint task force to increase strategic surveillance of politically disturbed areas and terrorist safe havens, strengthen intelligence gathering, heightens disruption of ML cycle and accelerates recovery of tainted assets (Haigner *et al.*, 2012). TIUK (2014) links them to efficient tracking of offences such as tax fraud,

extortion, bribery, and terrorism, extraditing, and convicting offenders, including Politically Exposed Persons (PEP). It is important to note that policy transparency is not an automatic process. It is the outcome of concerted effort to set a uniform AML standard, needed to safeguard the financial system used by a host of entities, like lawyers, accountants, estate agents, financial advisors and trusts, known to launder money (Gordon, 2011). The utility of the standard is understood when OECD (2014) is analysed in conjunction with TIUK (2014). It serves to filter transactions of such offenders; prevent the nexus between such offenders (gatekeepers), PEPs, and banks; mitigate exposure of banks to ML risk; improve the reputation of the financial sector and contribute to benefit delivery.

The above discussion justifies the relevance of policy transparency to improve regulatory monitoring and law enforcement to eradicate ML and consequent distortion of a country's banking and financial system.

### **1.3. Research Aim & Objectives**

This research reports that a model AML policy demands implementation to motivate banks and investors to disclose sources of all transactions (ASBA, 2014) voluntarily, influencing inflow of legitimate investment (Malady et al., 2014). This implies that its utilisation is recommended to promote information sharing, enabling institutions engaged in banking supervision (CD) and enforcement (FIU) to guide banks to use EDD and stem the flow of dirty money to enhance reliability and reputation of a country's financial system globally (FATF, 2011). The literature explains that policy transparency, risk-based banking supervision, efficient law enforcement, search, seizure, conviction (Torre and Nikolic, 2014), and ML eradication are related (IBRD, 2005). Their association reinforces its role to eliminate the exploitation of banks to structure, place, layer and integrate laundered money.

Thus, a clear comprehension of the key areas involving AML policy is called for (Aiolfi and Bauer, 2012; Choo, 2008). A transparent policy enables all stakeholders to understand the role of laws, framework, institutions in enforcing compliance, banks in implementing laws, international cooperation in exchanging information. They are utilised to develop a transparent policy that may assist FIU to guide CD and banks to

detect and convict launderers, seize tainted assets and stamp out the menace of ML globally.

The aim of this thesis is, therefore, to *“investigate the outcome of anti-money laundering policy adoption in a country. This helps to develop a model that may assist Ministry of Finance (MOF), Central Bank, and FIU to compel banks and investors to be transparent in all transactions, leading to increased inflow and legitimate investment.”*

This research highlights the need for information exchange centred on AML strategy adoption. Notwithstanding the available analysis of the literature on Know Your Customer (KYC), CDD, STR, search, seizure, confiscation and conviction, there is need to understand in the context of a specific country, like Bahrain. The factors can be utilised to develop a model of legally tenable transparent actions. Further, to enhance ML control, this research seeks to:

- Identify the impact of FIU’s lead in detecting launderers and laundered assets to eradicate structuring and placement.
- Assess the relevance of banks in leading the fight against ML, eliminating layering and integration.
- Examine the role of banks in gathering actionable intelligence and engaging in the enforcement of regulatory measures.

They will provide the roadmap to develop and utilise a transparent AML policy. The following are the objectives of this study:

- To critically examine existing literature on anti-money laundering and understand the relevance of transparency to mitigate it.
- To explore and evaluate factors influencing the banks and investors to declare the source of money in all transactions.
- To examine the factors that shape anti-money laundering regulation to control the placement of illegal money.
- To develop and propose a model for enabling transparent actions to minimise layering and legitimising illegitimate money.

- To test and assess the efficacy of the model from the viewpoint of mitigating integration and increasing investment inflow in a country.

#### **1.4. Intended Contribution of this Study**

This study aims to create new knowledge about the role of integrated governance and explain how it can be used by companies, banks and NBFCs, regulators and law enforcement agencies to collaborate, share information (customer identity and track record, transaction history and investment patterns) and act collectively (search, sue, seize and confiscate) to deter criminals from money laundering. Access to such knowledge is required to magnify comprehensive learning about anti-money laundering measures and how these can be used to eradicate accumulation of illicit wealth, enrich credibility of a country's banks, elevate investment, and stimulate economic growth.

#### **1.5. Thesis Outline**

This thesis is divided into eight chapters. It follows the methodology employed by Phillips and Pugh (1994), mentioned in Kamal (2008), comprising of four distinct elements - background theory, focal theory, data theory and novel contribution. Background theory explains the research area, presented in Chapter-1. It examines the field of research and defines the problem domain, explained in Chapter-2. The second element, denoted by focal theory, helps to present a conceptual framework, as examined in Chapter-3. Data theory helps examine critical issues, such as appropriate epistemological stance, usage of a suitable research methodology and conditions affecting the choice of research strategy, which are discussed in Chapter-4.

Further, data theory assists in dealing with the data collection process and analysis that are reported in Chapter-5. The fourth element helps to link the importance of this thesis to the development of discipline being researched (Chapter-6). In Chapter-7, the researcher summarises the research presented in this thesis with a brief outline of contributions. It contains a discussion about the potential areas for further research. This thesis comprises of seven chapters, each providing an understanding of various issues considered critical for this research.

#### **1.6. Conclusion**

Based on research in this chapter, it can be said that eradication of ML is feasible when banks in conjunction with the Central Bank and FIU spearhead the fight against



criminals to mitigate conversion of ill-gotten money into legitimate income. Realisation of this calls for deployment of transparent AML policies. This demands adoption of AML laws, rules, regulations, and framework in conformity to the guiding principles of UN Conventions, IMF, World Bank, FATF, and Egmont Group. Such conformity complements information exchange between banks and enforcement agencies within and beyond a country, aiding withdrawal of privacy rights and authorisation to search and seize wealth with unknown sources. Their timely utilisation will deter placement, layering, and integration.

The above implies that elimination of criminal proceeds into legitimate earning is feasible when FIU in coordination with CD guides banks to gather and share actionable intelligence to assist legal action and conviction, dissuading PEPs, investors, companies and other entities (lawyers, accountants, estate agents, financial advisors and trusts) to be instruments of ML. The realisation of this needs (a) empowerment of institutions to enact laws, employ rules and utilise regulation, and (b) strict enforcement of the law to mitigate financial terrorism and manage national interests, represented by the growth of capital inflow and investment, clean business, and national income.

## CHAPTER 2

### Literature Review

#### 2.0. Introduction

A uniform AML policy implementation is required to monitor banks, regulate, enforce laws in a country to act and prevent money laundering (ML), denoted by conversion of illegal proceeds into legitimate earnings. Chatain *et al.*, (2009), Gallant (2010) and Haigner *et al.*, (2012) recommended its adoption to prevent launderers from exploiting a country's banking system to place, layer and integrate the proceeds of predicate crime. The mission to mitigate its exploitation becomes a reality when AML policy guides the use of uniform AML framework, standard laws and common regulatory practices to track, detect, search, seize, apprehend and convict launderers. Their application is necessary to dissuade launderers to smurf and place, layer and integrate dirty money, impeding the conversion of tainted money into legitimate earning.

Gilmour (2014) states that countermeasures to deter ML become a reality when the regulators, like the Compliance Directorate (CD) and Financial Intelligence Unit (FIU) guide banks to take the lead to combat placement. The reliance on such strategy is influenced by the perception that banks are best equipped to comply with the demands of AML policy. According to Lacey and George (2003) compliance with this requires banks to verify customer identity through Know Your Customer (KYC), Suspicious Transaction Reporting (STR) and Suspicious Activity Reporting (SAR).

Their implementation requires investors to disclose voluntarily the sources of all transactions that are reported by banks to CD and FIU to stem the flow of ill-gotten wealth, denoting the impact of Enhanced Due Diligence (EDD) and transaction monitoring. Pušara and Pušara (2011) justify their implementation to stamp out the abuse of a country's banks and banking system, enrich their reliability and accelerate inflow of legitimate investment. Due diligence and monitoring to yield results need to be guided by an AML policy that supports information exchange between banks, regulators and public prosecutors. They are the basis of transparent actions. Their implementation is feasible when different laws and regulatory principles do not exhibit contradictions, necessary preconditions of prosecution and conviction of launderers.

This insight clarifies that all current policy initiatives regarding ML eradication lose their edge in the face of inefficient customer identity verification (Said *et al.*, 2013), including KYC, Customer Due Diligence (CDD), and STR.

The above analysis leads the researcher to explore further, identify current gaps in knowledge, and present a new model to eliminate ML. This is feasible when banks detect launderers and high-risk customers to prevent placement, eradicate layering and integration. The attainment of these depends on the efficient exchange of actionable intelligence between banks, CD, FIU, and uniform enforcement of the law.

Their relevance in detecting predicate crime, preventing exploitation of banks and mitigating ML can be understood from an interpretation of Bartlett (2002), Choo (2008) and Ferwerda (2008). The current global strategy to use banks to combat laundering can yield decisive result only if banks, CDs and FIUs source and share information across borders. Such trans-border schemes will help to detect and report the attempts to deposit proceeds of drug trafficking, tax fraud, bribe and embezzlement. These countermeasures help to dismantle the process of using banks to deposit tainted money, impeding placement. Healy *et al.* (2009) endorse early initiatives. When sustained, they impede fraudulent actions of corrupt officials, politically exposed persons (PEPs) and politicians to mask the origin of tainted money supported by multiple transactions and fund transfers between accounts in a country and beyond. It hinders criminal abuse of banks (commercial, investment, private and correspondent) and complex loans, purchase and sale of real estate (Morareanu, 2011), mitigating layering and retarding isolation of criminal proceeds from their source. It also halts their reintegration into the legal, financial system.

This chapter explores existing literature to examine critically various measures available to prevent and eradicate the issues of money laundering. These are:

- a. Transparency;
- b. Uniform regulation to persuade banks and investors to declare the source of money in all transactions;
- c. Model AML policy to eradicate placement of illegal proceeds;

- d. Standard AML practices to aid transparent actions and minimise layering of ill-gotten money;
- e. Assessment of the relevance of regulatory enforcement in mitigating integration.

Bjelajac (2011), Doyle (2002) and Heineman and Heimann (2006) highlighted the importance of eradicating ML. Consequently, it is imperative to examine flawed AML policy, laws, regulations and enforcement that hinder coordination between law enforcement agencies and ML control. Their transformation is needed to strengthen strategic surveillance of offenders (Gordon, 2011), including PEP, to disrupt ML cycles or ML stages and accelerate recovery of tainted assets (Haigner *et al.* 2012). The realisation of these (strategic surveillance of offenders, disruption of ML stages and recovery of tainted assets) calls for AML policy change. This is recommended to monitor predicate crimes, search and seize criminal proceeds, prosecute and convict offenders for misusing the financial system. Haken (2011) argues that its loopholes are exploited by traffickers, lawyers, notary, accountants, estate agents, financial advisors and trusts to aid and abate ML.

**Figure 1.1. Segments & Value of Illicit Trade**

Market	Value of Illicit Trade (\$ in Billion)	Market	Value of Illicit Trade (\$ in Billion)
Drugs	320	Gemstones	0.86
Humans	31.6	Oil	10.8
Wildlife	10	Timber	7
Counterfeiting	250	Fish	9.5
Human Organs	1.2	Art	6.3
Small Arms	1	Gold	2.3

This study explains why a change in AML policies will promote transparency and voluntary initiative of commercial firms, banks, insurance companies and gambinos to transmit information about clients and suspicious transactions to CD and FIU. It also clarifies how such policy change will help the regulators to work against the ML process and mitigate its scourge. As a result, it uses six terms like predicate crime, ML process, AML conventions, AML policy, AML regulation and AML laws. For this study ML and AML are defined as:

<b>-ML :</b>	the process of converting proceeds of predicate crime into legitimate earning.
<b>-AML:</b>	a set of policies, regulations and laws to deter conversion of illegal proceeds into legitimate income.

## 2.1. Taxonomy of Money Laundering & Anti Money Laundering

There is no unanimity among researchers and institutions regarding the theoretical foundation of ML. However, the theoretical foundations can be classified into two categories based on the views of Clep and Man (2009), Gilmore (1999), Lilley (2006), Masciandaro (2013), Schott (2006) and Uribe (2003).

### Taxonomy of Money Laundering

Author	Criminal Acts
	Predicate Crime
Clep and Man (2009), Gilmore (1999), Lilley (2006), OECD Convention (2009), UN Convention (1988, 1999, 2006), UNDOC (2004, 2011)	<ul style="list-style-type: none"> <li>• Human Trafficking</li> <li>• Drug Trafficking</li> <li>• Extortion</li> <li>• Organised Crime</li> <li>• Robbery</li> <li>• Terrorism</li> <li>• Terrorist Financing</li> <li>• White Collar Offense</li> <li>• Tax Fraud</li> <li>• Bribe</li> <li>• Embezzlement</li> </ul>
	Process
Masciandaro (2013), Odeh (2010), Reuter (2012), Schott (2006) and Uribe (2003)	<ul style="list-style-type: none"> <li>• Smurfing</li> <li>• Placement</li> <li>• Layering</li> <li>• Integration</li> </ul>

The above classification aligns with Reuter and Truman (2004) and Levi and Reuter (2006). They categorise predicate offences into drug dealing, other blue-collar crimes, white collar crimes, bribery and corruption, and terrorism. This categorisation is not universally accepted universally because, some schools of thought argue that crime does not automatically result in money laundering (Moser 1995, Passas 2005, Takáts 2011, van Duyne *et al.* 2004 and Welling 1989). Baldwin and DiPerna (2007), Chatain *et al.*, (2009), Gordon (2011) and Irwin *et al.*, (2012) relate ML to the process (smurfing, placement, layering and integration) exploited by criminals to convert ill-gotten wealth into legitimate earning. As a result, crime and process are combined to explain the scourge of ML and indicate the AML measures needed to mitigate it.

Croissant (2007), Ensminger (2002), Levi (2005), Mohamed (2002), Odeh (2010), Reuter (2012), van den Broek (2014), Yepes (2011), Asian Development Bank (ADB) report in 2003 and Council of Europe (COE) report in 1990 are interpreted to classify AML into following categories:

### Taxonomy of Anti Money Laundering

Author	Conventions
COE (1990), OECD Convention (2009), UN (1988), UN (1999), UN (2006), UNDOC (2011)	<p><b><u>United Nations Convention</u></b></p> <ul style="list-style-type: none"> <li>• Vienna Convention in 1988               <ul style="list-style-type: none"> <li>- Control Illicit Traffic Narcotic Drugs &amp; Psychotropic Substances</li> </ul> </li> <li>• Palermo Convention in 2001               <ul style="list-style-type: none"> <li>- Control Transnational Organized Crime</li> </ul> </li> <li>• Merida Convention in 2005               <ul style="list-style-type: none"> <li>- Control Corruption</li> </ul> </li> </ul> <p><b><u>European Union Convention</u></b></p> <ul style="list-style-type: none"> <li>• Strasbourg Convention in 1990               <ul style="list-style-type: none"> <li>- Search, Seize and Confiscate proceeds of crime</li> </ul> </li> <li>• Warsaw Convention in 2005               <ul style="list-style-type: none"> <li>- Search, Seize, Confiscate and control Terrorist Financing</li> </ul> </li> </ul> <p><b><u>OECD Convention</u></b></p> <ul style="list-style-type: none"> <li>- Combat Bribery of Foreign Public Officials in International Business Transaction</li> </ul> <p><b><u>African Union Convention</u></b></p>
Ai (2012), Bjelajac (2011), Croissant and Barlow (2007), Ensminger (2002), Ferragut (2012), Gordon (2011), Marriage (2013), Odeh (2010), Reuter (2012), Schwartz (2009), van den Broek (2014)  ADB (2003), Basel (2014), Directive (EU) 2015, FATF (2004), Wolfsberg Group (2011, 2012)	<p><b>Policy</b></p> <p><b><u>European Directive</u></b></p> <ul style="list-style-type: none"> <li>- 1991: Prevent the use of the financial system to launder money</li> <li>- 2001: Prevent the use of the financial system to launder money</li> </ul> <p><b><u>Basel Committee on Banking Supervision</u></b></p> <ul style="list-style-type: none"> <li>- Compliance Directorate</li> <li>- Customer Due Diligence</li> <li>- Financial record sharing within jurisdictions to combat terrorist financing</li> </ul> <p><b><u>Wolfsberg Principles</u></b></p> <ul style="list-style-type: none"> <li>- AML Principles</li> <li>- Statements</li> </ul> <p><b><u>Financial Action Task Force</u></b></p> <ul style="list-style-type: none"> <li>- 40+9 recommendation (CDD, EDD, RBDD, KYC, STR, SAR, CTR)</li> </ul>
Ai (2012), Bjelajac (2011), Croissant and Barlow (2007), Ensminger (2002), Gordon (2011), Levi (2005), Marriage (2013), Reuter (2012), Ryder	<p><b>Regulation</b></p> <p><b><u>Egmont Group of Financial Intelligence Unit</u></b></p> <ul style="list-style-type: none"> <li>- Information Exchange</li> <li>- Best practice</li> <li>- Report to prosecutors</li> </ul> <p><b><u>Financial Crime Enforcement Network (FinCEN)</u></b></p>

<p>(2011), Schwartz (2009), van den Broek (2014), Yepes (2011)</p> <p>ADB (2003), CFTC, Egmont Group (2014), FCA (2013), FinCEN, FINRA,</p>	<ul style="list-style-type: none"> <li>- Combat threats to the integrity of financial systems</li> <li>- Report Foreign Bank &amp; Financial Accounts</li> <li>- SAR review</li> </ul> <p><b><u>Financial Industry Regulatory Authority (FINRA)</u></b></p> <ul style="list-style-type: none"> <li>- Compliance with Bank Secrecy Act</li> <li>- Detect and report Suspicious Activity</li> <li>- Risk-based Customer Identification Program</li> <li>- Currency Transaction Report</li> <li>- Report International Transportation of Currency or Monetary Instruments</li> <li>- Blocked Property Reporting</li> <li>- Blocked Transaction Reporting</li> </ul> <p><b><u>US Commodities Futures Trading Commission (CFTC)</u></b></p> <ul style="list-style-type: none"> <li>- Establish AML Programme</li> <li>- SAR</li> <li>- Customer identity</li> <li>- Due Diligence Measures for certain accounts involving Foreign Persons</li> <li>- Share information between financial institutions and law enforcement</li> <li>- Report International Transportation of Currency or Monetary Instruments</li> </ul> <p><b><u>Financial Conduct Authority (FCA)</u></b></p> <ul style="list-style-type: none"> <li>- Regulates firms involved in financial activities</li> <li>- RBDD to combat money laundering and terrorist financing</li> </ul>
<b>Law</b>	
<p>Baldwin and DiPerna (2007), Croissant and Barlow (2007), Mohamed (2002), Odeh (2010), Schwartz (2009)</p> <p>ADB (2003), IMOLIN</p>	<p><b><u>Model Laws</u></b></p> <ul style="list-style-type: none"> <li>- Commonwealth Model for Prohibition of Money Laundering</li> <li>- OAS-CICAD Model Regulations concerning laundering offences</li> <li>- IMF/UNDOC Model Legislation</li> <li>- UNDCP Model Mutual Assistance in Criminal Matters Bill</li> <li>- UN Model Treaty on Mutual Assistance in Criminal Matters</li> </ul> <p><b><u>Laws in G-8 Countries</u></b></p> <ul style="list-style-type: none"> <li>- Anti-Terrorism, Crime &amp; Security Act</li> <li>- Anti-Money Laundering Act</li> <li>- Anunzio Wylie Law</li> <li>- Bank Secrecy &amp; Money Laundering Control Act</li> <li>- Crime and Courts Act</li> <li>- Gramm-Leach Bailey Act</li> <li>- Proceeds of Crime Act</li> <li>- Serious Organized Crime &amp; Police Act</li> <li>- US Patriot Act</li> </ul>

This classification (Taxonomy of Anti Money Laundering) is adopted in this study to understand the theoretical gaps and flaws in policy implementation. A critical review of these explains the origin of such flaws - ‘countries are authorised to implement policy

in conformity to existing legal framework and constitution'. It helps to gauge why such authorisation is exploited by corrupt lawmakers and their front men/ companies to abuse weak AML governance and banking regulation, for example, CDD, to launder money. Further interpretation defines the underlying reasons for such malaise, influenced primarily by 'non-transparency'. This stems from the absence of information sharing between CD and FIU in a country and beyond. The inadequacy of information dissemination emboldens launderers to abuse the financial system with impunity to place, layer and integrate tainted money. To sustain these corrupt politicians, PEPs and professionals enact dichotomous laws and employ weak regulatory practices. They indulge in such practices deliberately to shun the central demands of international conventions and AML policies, making it difficult to track, search, investigate, seize, prosecute, convict launderers, increase the cost of laundering and utility of laundering (Schneider, 2010). Understanding the shortcomings that help to formulate AML policy that guides banks, CD and FIU in a country and beyond to collaborate, share information, stimulate transparency, constrict criminalisation and criminal exploitation of financial system, raise the cost of fraudulent transactions and mitigate ML.

## **2.2. Money Laundering**

A thorough understanding of predicate crimes and the process of converting proceeds of these crimes into legitimise use highlights the need for AML policies and enforcement of regulation to prevent ML. Furthermore, such understanding will highlight regulatory flaws that allow criminals to transform laundering into a covert industry. There is a need to develop a model a non-conflicting AML policy that aids transparent regulatory actions to mitigate and eradicate such predicate crimes. The following sections critically examine - (a) predicate crime and its key aspects, and (b) ML process and actions to dismantle it.

### **2.2.1. Predicate Crime**

Predicate crime is not a new phenomenon (Uribe 2003). At the dawn of civilisation, mercenaries plundered rulers, citizens and traders to garner wealth, assume power and expand territory. The strategy to utilise such brutality to accomplish their goals changed with the transformation of societies and economies. Socioeconomic maturity influenced the focus on governance, leading governments around the world to develop institutions,



enact laws and implement regulatory measures to stamp out such crimes. To circumvent these and defraud citizens, firms and government, the criminals used complex techniques to exploit legal and regulatory laxities. Dysfunctional systems gave them the scope to acquire illicit wealth, aiding the creation of an underground economy that threatens to annihilate banking and financial systems globally.

According to Clep and Man (2009) and Uribe (2003), crime and laundering flourished between 67 AD and 580 AD. The absence of regulation enabled the pirates and criminals to plunder gold and counterfeit silver coins, hide and use them to garner assets, isolating them from origins of crime to evade punishment and conviction. Between 1529 and 1920, emboldened merchants and moneylenders defrauded and intimidated citizens into generating unlawful wealth, concealing and converting these into legitimate earnings.

**Figure 1.2. History of Crime & Money Laundering**

Period	Crime & Actions to Launder Money
1529	Kidnapping, hostage taking, demanding ransom (coins) and concealing such unlawful income to avoid conviction and confiscation.
1612	Piracy, loot gold, cover-up such unlawful acquisitions and change them into legitimate earning.
1920	Gambling, bootlegging, extortion and organised crime, initiated by Al Capone in the 1920s, were linked to laundering.

The central elements of predicate crime become clear when the policies of the World Bank (WB), The International Bank for Reconstruction and Development (IBRD), and International Monetary Fund (IMF) are analysed. They rely on the interpretation of the Vienna Convention (United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances) in 1988 to highlight predicate crimes like:

- Drug trafficking, human trafficking, extortion and unauthorised trade in arms (Weld, 2011).
- Bribery, fraud, tax evasion and financial irregularities (OECD 2014).
- Concealment of identities to pursue criminal activities and evasion of prosecution (FATF 2004).

In 1986, the United States established laws to criminalise such actions, convict launderers, and stamp out laundering. In his work, Lilley (2006) correlates the twin tower attack (9/11) to ML and terrorist financing. To eradicate these, the United States in partnership with the European Union linked earnings from drug and human trafficking, financial fraud, tax evasion, extortion, protection money, theft, unauthorised arms dealing and war financing to money laundering and terrorist financing, leading them to establish AML policies, complementary laws and regulations to mitigate conversion of tainted money into legitimate wealth.

The above analysis is instrumental in understanding different crimes. It helps to decipher how money is laundered and what needs to be done to formulate a model AML policy, comprising of the uniform framework, regulations, and enforcement. Their uniformity is required to elevate transparent information exchange and integrate collective actions to search, prosecute, seize, confiscate, and convict launderers. They eradicate contradictions, constituting the foundation of deterrence. This mitigates ML and legitimisation of criminal proceeds.

### **2.2.2. Money Laundering Process**

Reuter and Truman (2005), Thony (2000), ADB (2000) and Crime and Misconduct Commission (2005) use some conventions (Strasbourg, Palermo, Vienna, Merida, COE and OECD), to develop a comprehensive definition of ML. This is represented by criminal exploitation of banks and financial institutions to place, layer and integrate proceeds of predicate crimes and legitimise them. Gilmore (1999) relates them to ML. The subsequent sections examine how tainted wealth is integrated into an economy.

a) **Placement**: Ogbodo and Mieseigha (2013) argue that placement is the first stage of ML. In this stage, launderers take recourse to smurfing (breaking high volume of cash in small lots) to deposit currency, earned through fraud, tax evasion and trafficking, in commercial banks, private banks and insurance companies. According to Altinkaya and Yucel (2013), launderers use this strategy to mask the source of tainted money, limiting the prospect of detection, because, it conforms with the limits set by banks to accept deposit by cash, cheque or bank draft, avoiding laundering scrutiny. Alasmari (2014) criticises arbitrary enforcement of such limits set by CD and FIU in a country. When a Money Laundering Reporting Officer (MLRO) adheres to such limits, suspicious

transaction reporting is compromised (Lilley, 2006). This stymies search, seizure, prosecution and conviction (Gordon, 2011). Such weakness stems from AML policy dysfunction. This hinders information sharing between banks, CD and FIU in a country and beyond, enabling launderers to abuse the financial system and legitimise proceeds of predicate crime. As a result, Haigner *et al.*, (2012), Pušara and Pušara (2011) and Realuyo (2012) recommend the adoption of Risk-Based Due Diligence (RBDD) to combat ML at the placement stage (Solin and Zerzan, 2010). It will make it difficult for launderers to conceal identities and activities (Gilmour, 2014), exploit banking systems and deal in cash, and convert such proceeds of crime into legitimate earning (Pena, 2007).

b) **Layering**: At this stage, launderers use a series of complex electronic fund transfer to move dirty money and prevent their detection (Cummings and Stepnowsky 2011 and Okunlola 2014). The strategy enables them to conceal and distance tainted money from its source (Morareanu, 2011), leaving no audit trail (Ferwerda *et al.*, 2011) and obscuring source and ownership (Moshi, 2007). Bjelopera and Finklea (2012) recommend full implementation of articles prescribed in Strasbourg Convention, Vienna Convention, OECD Convention, Palermo Convention, Warsaw Convention (COE), European Directive of 1991 and 2000 to deter criminals from exploiting banks and their services. Such deterrence makes it possible to disrupt their fraudulent practices and mitigate exploitation of banks and financial institutions. Sustained focus on these helps to break up the nexus between launderers and their friends or relatives engaged in the bank, prohibiting legalisation of criminal proceeds. This results in a disproportionate rise in laundering cost and leads launderers to abandon the abuse of the financial system to legitimise proceeds of tax evasion, bribe, embezzlement, extortion, and trafficking.

According to Akici (2011), launderers use banks and Gambino to transfer money internationally, especially in financial centres known to rely on lax regulations. They use a series of bank-to-bank wire transfer to move money from one account to another in different countries. At the same time, account holders (launderers) withdraw and deposit different amount of money (in conformity to permissible limits) in various currencies (Sundarakani and Ramasamy, 2015), obliterating the source and ownership of such illicit money (Ferwerda *et al.*, 2011). Chong and López-de-Silanes (2007)

analysed this racket. They use statistical indices to explain that illicit money garnered through tax fraud (0.60) is laundered through banks (0.46) and financial institutions (0.52). Likewise, Bjelopera and Finklea (2012) reinforce such findings:

*‘Criminals use banks and businesses (shell companies) to move money around the globe and launder money in offshore centres, such as Panama and Isle of Man, distancing ill-gotten money from their criminal origins’.*

The review presented above highlights the repercussion of flawed AML policy, aiding the adoption and implementation of opaque rules and regulation. Such unsound policy hinders information sharing between banks, CD and FIU and law enforcement, prosecution and conviction.

They explain that the strategy to use banks and non-banking firms to eliminate ML has failed. Such failure is contributed by hackneyed compliance with regulatory directives, like Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), Currency Transaction Report (CTR), Suspicious Activity Report (SAR) and Suspicious Transaction Report (STR). Transformation of this situation necessitates transparent due diligence and reporting to CD and FIU by banks.

c) **Integration:** Bartlett (2002) highlights the need to eradicate dichotomous AML policies and common reporting practices, involving CDD, CTR, SAR and SAR, to stamp out integration. They are taken advantage of by launderers to embed proceeds of crime into legitimate economic and financial systems. The initiative helps them to blend tainted money with all other productive assets in an economy (Schroeder, 2001), facilitating their legal use for commercial purposes (Irwin et al., 2012), such as investment in businesses (hotel, real estate and jewellery). The following table establishes the association between predicate crimes and laundering process.

**Figure 1.3 Predicate Crimes & Money Laundering**

Particulars	Fraud (%)	Drug Trafficking (%)	Tax Evasion (%)	Human Trafficking (%)	Commodity Trafficking (%)	Theft (%)
Capital Market Investment	18	8	15	-	21	14
Derivatives	2	3	-	-	-	1
Real Estate Acquisition	20	18	23	-	7	17
Precious Metals & Stones	-	3	-	-	-	1
Purchase Consumer Goods for Export	5	5	-	-	1	4
Purchase of Luxury Goods	2	8	-	25	-	14
Using Currency to Supplement Apparently Legitimate Transaction	5	15	-	-	14	-
Import/Export Business	4	18	23	-	36	-
Purchase & Smuggling of Arms	-	-	-	-	-	14

The impact of non-transparent AML policy on integration is apparent. It aids launderers to legitimise proceeds of crime and make it appear legally earned (Gelemerova, 2011), masking all criminal trails entirely and making it difficult to detect them (Soudijn, 2012). The launderers invest illicit money in legitimate investment opportunities, such as stock and bond, generate wealth and invest in fraudulent businesses, seen in the above table. Further, the flawed AML policy renders the strategy used by banks to fight ML ineffective. It weakens exchange of information, retards detection of crime and impairs conviction (Irwin et al., 2014), encouraging criminals to abuse the financial system to invest tainted money and legitimise them (Shelley, 2013). Such practices are stimulated by the enforcement of regulations that are inconsistent and work at cross-purposes (Jerez, 1997), for example:

- |                         |        |                 |
|-------------------------|--------|-----------------|
| a. Voluntary Disclosure | Versus | a. Secrecy      |
| b. Search & Seizure     | Versus | b. Privacy      |
| c. Arrests              | Versus | c. Human Rights |

The dichotomy noted above makes it difficult to enforce regulations, exploited by criminals and launderers. Reversing this calls for modifying flawed regulatory provisions, arming prosecutors to convict and confiscate, withdrawing special

privileges extended to politicians and PEP. Such change promotes transparency, mitigating the scope to integrate tainted money and stamping out ML.

### **2.3. Dismantle Money Laundering Process**

Bjelajac (2011) and Weibing (2011) relate ML to a high volume of money (currency) transfer by using a transnational network of financial institutions, gambinos and private cash carriers. Likewise, Schneider (2010) claims that laundering accounts for US\$ 2.0 trillion - US\$ 2.5 trillion, which is 5%-6% of global GDP in 2006. It is relevant to note that the banking sector contributes to 20% - 25% of money laundered globally. He refers to the IMF estimate and claims that drug traffickers infuse 2%-5%/year of global GDP, accounting for US\$ 600 billion out of which the share of drug traffickers is 16.6% or US\$ 100 billion (Realuyo, 2012), illustrating the inadequacy of current AML policy and regulatory practices. Furthermore, Inter-American Development Bank (IDB) report in 2006 highlights the growing menace of drug trafficking in Latin America, accounting for 2.5%-6.3% per year or US\$ 338 billion (Chong and López-de-Silanes, 2007), and signifying the adverse impact of non-transparent AML policy and regulatory practices.

Altinkaya and Yucel (2013) suggest that launderers seek to legitimise proceeds of predicate crime by exploiting and usurping banking and financial system to place, layer and integrate tainted money in profitable ventures, generate a high return and garner wealth. Al-Nuemat (2014) states drug traffickers; embezzlers and terrorists reinvest proceeds of predicate crime to finance terrorism. The absence of uniform AML policy emboldens them to bribe corrupt officials (police, customs officers and immigration officers) and transport weapons. Moreover, they exploit lax CDD and EDD practices in banks and insurance companies. They invest tainted money, transfer to tax havens through complex transactions and convert them to legitimate businesses in international business centres. Accordingly, Bjelajac (2011) argues eradicating these practices necessitate the adoption of AML policy that helps to annihilate the ML stages, namely placement, layering and integration. To be an effective deterrent, transparent information exchange is required.

The above analysis reinforces the importance of a uniform AML policy and complementary regulatory measures. These will strengthen transparent due diligence and reporting practices which are needed to control omission of traces of crimes and

detect unlawful activities. It will enable banks to initiate actions in conformity to the guidelines of Basel (2014) and Wolfsberg (TWG, 2011), and intercept attempts to launder money by criminals. To realise these, decisive actions are required to alter regulatory flaws and initiate actions enforceable by law. Such alteration improves the abilities of banks to use EDD and RBDD. This makes it possible for banks and MLROs to monitor transactions, avoid under and over reporting to hide and aid fraud, detect and aid laundering prevention in association with CD and FIU, and help the regulators to coordinate with law enforcement agencies to disrupt ML process. The outcome establishes the worth of judicious and transparent information exchange, search, seizure, prosecution, conviction and confiscation. Their use deters criminals to invest and take over banks, abuse their systems and legitimise proceeds of predicate crime. Such deterrence minimises exposure of banks to high risk of collapse.

The inference sheds light on the importance of ML deterrence. This is needed to strengthen the integrity of the banking sector, implement robust monitoring and evaluation of systems, stimulating transparency. This makes it difficult for launderers to abuse banks and non-banking financial companies and legitimise illicit income. Finally, the deterrence enhances the rating of the financial sector in a country, winning the trust of investors globally and ensuring the inflow of legitimate investment.

#### **2.4. Frameworks to Combat Money Laundering**

The necessity to adopt a uniform policy, employ transparent regulatory measures and eradicate the scourge of ML is advocated by Masciandaro (2013). He states that their realisation becomes a reality when top priority is given to global participation and transparent actions to prevent crime and corruption, abuse of the financial system and misuse of regulation to launder money. Strong policy driven countermeasures (Schott, 2006) are necessary to mitigate money laundering. Their adoption in conformity to the following conventions makes it possible to deter crime, criminal abuse of law, accumulation of tainted wealth and terrorist financing. Weld (2011) claims that such deterrence is complemented by strong law (national and international), aiding search, seizure, confiscation, prosecution and conviction.

a) ***The Strasbourg Convention***

This endorses the definition of ML in the Vienna Convention to take into account the ‘*proceeds of any criminal offence*’. It helps the member states in Europe to establish mechanisms for cooperation, share information and adopt legislative measures to criminalise predicate crimes, investigate them and confiscate illegal proceeds (COE, 1990). They are required to conform to its principles to eradicate the scourge of laundering.

Notwithstanding such lofty aims, the operating principles of the convention fail to recommend measures to change privacy law. Offenders, including PEP, abuse it. They exploit it to avoid search, prosecution and conviction (van den Broek, 2014) to aid and abate laundering (Ai, 2012). ML amounting to US\$ 2.1 trillion (3.6% of GDP) in 2009 denotes the impact of such actions (Marriage, 2013).

b) ***The OECD Convention***

This includes bribery and corruption in international business transactions (foreign exchange) and corruption of public officials. Its key guidelines are enshrined in Articles 1, 2 & 3. Article 1 guides persons assuming legislative and administrative positions in a public enterprise and agency in a foreign country to discharge official duties honestly, debarring them from using official positions to influence a decision to secure personal benefits. Violation of this is illegal. Article 2 states that legal persons are required to adhere to legal principles and accept the consequences of violating them. Article 3 states the consequences of violations, such as punishments, criminal penalties and extradition.

The convention entrusts member states with the responsibility to follow up and monitor enforcement of the operating principles enshrined in all the articles to stamp out ML (OECD, 2011). The singular focus on corruption in high places and its control is inadequate. Its indifference to include politicians and overdrive to shelter PEP and economic offenders in the name of upholding human rights become counterproductive. Such flaws afford them the scope to exploit Human Rights Laws and weak extradition treaties to flee to tax havens (Bjelajac, 2011), avoid conviction and launder money (Schwartz, 2009).



c) *The Palermo Convention against Transnational Organised Crime*

This seeks to stamp out organised crime (e.g. criminal association, laundering, corruption and obstruction of justice). It recommends actions against migrant trafficking over land, air and sea; illegal production of arms and the unauthorised sale of firearms. To eradicate them, member states are required to adopt UNDOC (2004) and establish domestic criminal offence law (resolution 55/25), guiding formulation and steps to investigate, prosecute, punish and prevent criminals engaged in human trafficking specially women and children, migrant smuggling, illicit manufacturing and trafficking in firearms, including their parts, components and ammunition.

They signal the emergence of the effort to sanction laundering to combat funding of war crimes and terrorism. However, such initiatives do not guarantee eradication of placement. This is attributed to the authorisation of states by multilateral institutions to enact laws. In his research Gordon (2011) notes that such authorisation to legislate laws is abused by politicians and bureaucrats, drafting dichotomous laws. Baldwin and DiPerna (2007) view this as a hindrance to enforce dichotomous laws. This leads offenders to exploit such weakness to pursue criminal activities and accumulate tainted wealth, conforming to GFI report in 2011. It estimates that the global illicit flow of goods, guns, people and natural resources is US\$ 650 billion per year out of which drug smuggling (US\$ 320 billion per year) and counterfeiting (US\$ 250 billion per year) account for US\$ 570 billion per year, indicating the inadequacy of Palermo Convention to rein in crime and ML.

d) *Vienna Convention*

Levi and Reuter (2006) and the World Bank report in 2003 refer to the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) to define ML. This is related to the conversion of earnings through drug trafficking by traffickers. It is exploited by criminals to obscure the origin or source of such earning, making it possible to evade prosecution and conviction. In the initial period, the convention restricted predicate crime to drug trafficking. Skewed focus on this led the member states globally to pay scant attention to other offences, like tax fraud, theft, bribe, prostitution, forced labour and kidnapping. Brien *et al.* (2011) note a definite shift in the attention of the United Nations. In the United Nations Convention

against Transnational Organised Crime (2004), the member states agreed to a broader definition of predicate crime to deter organised crime from acquiring wealth. The need to look beyond drug trafficking to mitigate ML is visible. Notwithstanding their awareness about it and motivation to adopt complementary law enforcement measures that help to detect, search, freeze, seize and confiscate illicit crime, drug trafficking and ML continue unabated. The example of cocaine trafficking in the USA justifies such outcome – ‘*drug traffickers in the country launder US\$ 30.5 billion, earned through Cocaine trade*’.

The above inference explains that a comprehensive definition of predicate crime and commitment to apply the following articles in conformity to FATF are inadequate to control ML (Zagaris, 2004):

- Article 18(1) - Banks and financial institutions are duty bound to use KYC and STR to dissuade criminals to exploit them to legitimise proceeds of crime.
- Article 18(2) – Non-banking businesses, such as money transfer agencies are required to monitor and detect cross border transaction to control terrorism.

The preceding analysis justifies the need for comprehensive implementation of the following measures to combat ML and eradicate terrorist financing:

- Policy transformation.
- Removal of jurisdictional limitation.
- Seamless information exchange between regulators and law enforcement agencies nationally and globally (customs, CD, FIU and police).
- Speedy prosecution of criminals and conviction.

#### e) ***Merida Convention***

This represents the commitment of the United Nations to combat corruption internationally. Brunelle Quraishi (2010) notes that to attain this goal it adopted a resolution in the General Assembly (UN Resolution No 55/61 dated 4.12.2004), deputed ad-hoc committee members, persuaded them to draft an effective anti-corruption legal instrument, negotiated its clauses with member states for acceptance and ensured their acceptance by 140 member states. Babu (2006) states that Article 68

(1) of Resolution 58/4 authorised implementation of actions required by the convention:

- Prevent corruption efficiently and effectively demands the administration of decisive measures to discourage indulgence in corruption (grand and petty) and amassing of illegal wealth by government officials and politicians. It necessitates the inclusion of preventive policies, comprising of the establishment of anti-corruption bodies and mass communication of campaign finance raised by political parties during the election. Also, the adoption and implementation of such policies are required to safeguard public services.
- Criminalise corruption and promote integrity, accountability and judicious management of public affairs, such as trading in influence, abuse of functions, illicit enrichment, embezzlement. According to Argandona (2006), member states are obliged to draw a comprehensive list of criminal and other offences and pass complementary laws to realise such goals. Their enforcement makes it possible to prosecute and convict offenders.
- Commitment to cooperate internationally. Member states agree to collaborate and share information and knowledge (including evidence) about corrupt practices undertaken by officials and politicians. Lilley (2006) claims that such knowledge exchange arms the legal system, regulatory bodies and enforcement agencies to function without undue influence to combat corruption and prosecute criminals.
- Stolen asset recovery, its repatriation to rightful owners and deployment for productive practices (Webb, 2005).

The convention fails to deliver the desired result. This is attributed to the apathy of member states and their lawmakers to accept and maintain a uniform legal system and relinquish jurisdictional privileges extended to public officials. Babu (2006) claims that a vast majority of such member states, for example, Nigeria, Indonesia and Mexico, exploit their constitutional rights to justify the adoption of weak legislative and

enforcement practices, hindering the investigation, prosecution and adjudication of crime in line with the principles set in the convention. The leaked report involving Panama speaks volumes in terms of the impact of such failure, clarifying the need to harmonise legal and regulatory instruments to combat criminal offence and ML.

**f) *The Convention for the Suppression of the financing of Terrorism***

This takes into account terrorist activities, networks (Article-4) and financing (Article-5) to investigate (Article-12) and undo terrorist infrastructure (Article- 2) globally. It demands member states to adopt and implement decisive steps to combat terrorist financing (direct and indirect) through domestic measures. Focus on these is recommended to eliminate criminal use of trusts (charitable, social and cultural) to raise fund and finance illicit arms trafficking, drug dealing and racketeering to aid terrorist activities, conforming to Resolution 51/210 mentioned in UN (1999). Moreover, the member states are required to exchange information and initiate concerted actions to realise the mission set in the convention.

The initiative to present a comprehensive list of offences and eradicate them to dismantle ML processes and terrorist infrastructure is noteworthy. Mohamed (2002) notes that such goals are underachieved, illustrating the disinterest of member states to adopt an effective regulatory framework. This hinders financial transaction monitoring, reporting (SAR and STR) and conviction (Gordon, 2011). Awareness about these emboldens the launderers to place, layer and integrate illegal proceeds and fund terrorists (Chatain *et al.*, 2009), denoting the impact of harnessing opaque regulatory and enforcement systems. Criminals defraud institutions and the public to garner black money and exploit the systemic inefficiency. The estimate of Kar and LeBlanc (2013) reinforces such outcome, represented by the illicit outflow of US\$ 6.2 trillion from third world countries between 2002 and 2011.

**g) *Warsaw Convention (Council of Europe)***

Zoppei (2015) links its ratification to combat ML and terrorist financing in Europe. Member states sought to trace transfer of tainted money to prevent funding of crime (valance, kidnappings, terrorism and political extremism). To attain this goal the committee of ministers of the European Community accepted Recommendation 10 to

develop and implement a robust AML policy. They guided the banks to participate and collaborate with law enforcement agencies to stamp out the scourge of laundering and crime. Given this, 47 countries in Europe ratified the guiding principles (articles) in 1990 and further improved in 2005 to enhance cooperation between them. Such initiative is endorsed to promote mutual assistance, strengthening their abilities to unearth crime, track activities that contravene the law, search (Article-4), seize (Article-5), confiscate (Article-3), prosecute and convict criminals. Cindori (2007) explains its utility from the viewpoint of utilising a common criminal policy (COE 1990), regulatory practice and law enforcement initiative, such as FIU (Article-12). They magnify the collective abilities to stamp out serious crime and conversion of criminal proceeds, limit security threats and terrorism (article-9) and eradicate terrorist financing (COE 2005).

The realisation of such missions is necessary to minimise the circulation of tainted wealth in Europe, making it difficult for criminals, corrupt politicians and PEPs to invest such ill-gotten wealth to acquire banks, insurance companies, artworks, real estate, hotels and established companies. The advocacy for such deterrence and demand for conformity to FATF (Article-13) stem from the commitment to improve sovereign rating and reliability of the states, transforming them into a preferred destination for capital investment.

The above interpretation implies that the AML policy frameworks adopted in the conventions are deficient in undoing the ML process and its mechanisms. This aligns with Ryder (2011), who argued ‘99.9% of the proceeds of crime are laundered successfully’. Also, he uses the example of Her Majesty’s Treasury to reinforce the failure of ML control. It estimates that the value of organised crime in the United Kingdom (UK) is over 20 billion Pound. This is represented by criminal acts, like drug trafficking (50%), excise fraud (25%), fraud (12%), counterfeiting (7%). These cost the economy 3 billion Pound a year.

The inference drawn above suggests the failure of policy enforcement. According to Ensminger (2002), the origin of this is linked inextricably to the operating principles of the conventions. They authorise the member states to utilise the core principles of

conventions to develop and implement policy and regulatory framework. To be valid, these need to conform to their constitution and socio-political compulsions. Politicians, lobbyists and interest groups exploit such authorisation to frame weak policies with loopholes exploited by PEPs. The shortcomings constitute the basis of non-transparency, frustrating the initiatives of regulators to track, inspect, search, seize and convict offenders to mitigate ML. Ferragut (2012) notes that illicit drug (heroin, cocaine and marijuana) trade in the United States is valued more than US\$ 95.2 billion, a handy contribution of Mexican cartels who receive US\$ 29 billion. The consequences of an inefficient AML policy. It hinders timely reporting by banks to CD and FIU in a country and beyond. Weak reporting is denoted by inefficient information exchange, constricting transparency. Launderers exploit this to abuse banking system and legitimise tainted wealth.

#### *h) African Union Convention (AUC)*

It draws inspiration from UNCAC in 2003, facilitating corruption prevention and stolen asset recovery. Eigen (2002) and Sturman (2002), states that 11 African countries (TI members) attached top priority to stolen asset recovery and repatriation (Scher, 2005). These are adopted in the Nyanga Declaration. Despite such lofty goals, the member states fail to deter laundering. This becomes visible from the following example:

- African Union in 2004 noted that corrupt practices in Africa result in yearly loss of US\$ 148 billion, which is equivalent to 25% of the continent's GDP.

Opara (2007) and Scher (2005) highlights the inadequacy of AUC to influence change on the ground, suggesting that corruption in high places, organised crime, terrorist financing and terrorism continue unabated. However, Olaniyan (2004) contradicts such standpoint. He states that the convention provides a powerful means to control corruption, hold heads of states responsible for exploiting banking system, track and confiscate laundered money and repatriate tainted money to the states, justifying its worth in providing an effective framework to adopt and implement a uniform and robust AML policy. However, its deficiencies to attain these are known. They are attributed to the following, propounded by Boister (2015):

- lack of ability to link corruption to a violation of human rights, constricting delivery of remedies to victims of corruption;
- inability to mitigate claw-back clauses, undermining progressive provisions, such as withdrawal of immunity to public officials and their prosecution (Article-7); consider illicit enrichment as an offence (Article-8) and the right to a fair trial to suspects (Article-14);
- disinterest to hold states accountable for the failure to discharge all obligations;

The weaknesses affect the resolve of member states adversely to eradicate corruption by prosecuting violators within the purview of human rights laws. The heightened focus on these impedes their abilities to adopt strict AML practices, implying hackneyed use of EDD. The validity of such inference becomes clear from the example of the South African initiative and its consequences (Foot, 2007, Rosand and Ipe, 2008):

*‘the draft AML and anti-terrorism legislation were sent back to the drawing board after human rights organisations criticised them as draconian and unconstitutional, requiring the member states to invoke United Nations Security Council (UNSC) Resolution 1373, attach priority to human rights issues and adopt a single AML and anti-terrorist law’.*

Norman *et al.*, (2015) notes that the concern for human rights forces governments to enact and employ contradictory laws which are exploited by launderers to seek reprieve and sustain unlawful accumulation of tainted wealth. This explains the impact of enacting convoluted legal framework that promotes the use of complex legal provisions and hinders mitigation of ML. The elevation of legal complexity stimulated by multiple layers of law and legal provisions hinders transparency (Lyden, 2003, Sagastume et al, 2016). It constricts the abilities of CBs and FIUs in the member states to scrutinise SAR and STR, share information, initiate investigation, seize tainted wealth and prosecute launderers (Hameiri and Jones, 2015, Liu, 2017).

Finally, the review aligns with Yesak (2014), Spahn (2013) and Carr and Goldby (2009), highlighting the deficiencies of the conventions to eliminate corruption. These are summarised below:

- ***Petty corruption*** - The payment of a bribe to acquire birth certificates, passports and ration cards in underdeveloped countries, like Bangladesh and India can be controlled by invoking tough criminal laws and arming prosecutors, though their utility to eliminate ML practices, such as smurfing, is debatable.
- ***Grand corruption*** - The usage of offshore shell companies and round-tripping of black money, hawala transactions to transfer proceeds of predicate crime to tax havens and private banking services to stash ill-gotten wealth in Swiss Banks cannot be minimised by enforcing contradictory laws, for example, criminal law, human rights law and privacy law.

The underlying reasons for the failure of the conventions to aid ML eradication are visible. Acute prioritisation of law enforcement to control crime, corruption and financial terrorism hinders AML policy adoption. The focus on building police state yields less than the desired results. To mitigate the impact of this, collective actions to enforce uniform regulation are required to promote transparency. The attainment of this necessitates the isolation of politicians and PEPs from framing anti-laundering policy. To be effective, this needs to guide banks, CD and FIU within a country and beyond to:

- exchange information about customers, services used, SWIFT messages and transactions;
- share information about the actions of private banks, correspondent banks and non-banking companies;
- eliminate the prospect of layering;

Banks are required to implement the measures mentioned above to combat laundering (Blum *et al.* 1998, Otto *et al.*, 2015). This is necessary to deter corruption, abuse of institutions and misuse of the financial system to legalise illicit proceeds. Their eradication becomes a reality when member states implement transparent and robust regulatory measures - '*search, seize tainted wealth, prosecute, confiscate and convict launderers*'.



The inference presented above highlights the necessity to reduce dependence on policing and stimulate collaboration between banks, CBs and FIUs to mitigate petty and grand corruption and stamp out ML. The realisation of this requires seamless information sharing between the entities, rendering it possible for regulators to monitor the behaviour of accounts, track suspicious transactions, transfer cases to the public prosecutor and aid conviction. Decisive actions on this demand the use of uniform and transparent AML practices aided by FATF 40, the nine Recommendations and Basel. Conformity to these is essential to arm CBs and FIUs to achieve the following:

- access reports (CTR, SAR and STR) jointly;
- adopt aggressive countermeasures to dismantle ML process;
- use banks to combat ML;

## **2.5. AML Policy to Mitigate Money Laundering**

The global reliance on conventions, such as UNCAC, OECD, COE and AU fails to stamp out the scourge of ML. This failure stems from the inability to support the adoption of a transparent AML policy. The absence of this leads the regulators to use contradictory regulatory measures that hinder risk-based scrutiny, undermining the CDD, EDD and RBDD. The demotivation to attach priority to these exposes a country's banking and financial system to the high risk of abuse by criminals. When focus on assessment, detection and prevention is compromised, the drive of launderers to use human carriers to deposit the proceeds of crime (trafficking, smuggling and organised crime) in small lots in banks is stimulated. The strategy allows them to place and legitimise such tainted money.

The inference aligns with Ardizzi *et al.* (2014). They use the example of Italy to explain the impact of non-transparent and inconsistent AML Policy and regulation. The fall out of these is seen in the inability to eradicate ML (5.1% illegal trafficking and 1.3% organised crime syndicate), accounting for 6.4%-6.6% of GDP. Such malaise stems from less than satisfactory ML prevention. Limited success to rein in laundering stems from the use of flawed AML practices by banks and financial institutions, allowing criminals to exploit friends, family members and agents to place, layer and integrate illicit money (cash and currency). The Wolfsberg Standard explains the source of such

weakness - '*banks find the identification of intermediaries and agents difficult*'. The dysfunction can be altered when the FATF 40+9 recommendation is used to raise alert and report a suspicion. The awareness of CBs and FIUs about these makes it possible to:

- combat AML violation by a person, an intermediary or an institution, such as a private bank or a commercial bank or an investment bank;
- deter designated non-financial businesses to exploit the financial system and eliminate the conversion of illicit money into legitimate earnings;
- eradicate involvement of professionals in aiding and abetting white collar crime and ML.

Pieth (2012) justifies the essence of implementing the FATF 40+9 recommendations in conjunction with Wolfsberg Standard to minimise the abuse of banks to deter ML. Their implementation and initiation of CDD prevent financial and non-financial businesses to withhold confidential information to aid infusion of dirty money into businesses and allow criminals to gain legitimacy. The work of Ardizzi *et al.*, (2014) echoes the interpretation of Pieth (2012). They state that Wolfsberg Standard seeks to control risks of ML in private banking and other financial crimes in the banking industry. It leans on OECD Convention and FATF to recommend the application of KYC and CDD to eradicate the misuse of the financial system by criminals engaged in bribery, drug trafficking, human trafficking, and terrorist activities.

**a) *The European Directives of 1991 and 2001***

They harmonise the mechanisms to prevent the exploitation of financial institutions to launder dirty money. This is attained by auditing receipt of deposits and refunds, inspecting and controlling gambinos, and reviewing professional service providers (auditors and accountants, real estate agents, attorneys and notaries, owners of casinos, cash and currency smugglers). They mark the advent of countermeasures to combat exploitation of the financial systems to regularise proceeds of crime.

The analysis reveals the failure of member states to adopt a comprehensive definition of ML, denoting the impact of fragmented efforts to adopt an exhaustive list of predicate

offences (drug trafficking, blue-collar crime, white-collar crime, bribery and corruption and terrorism) and punish offenders. The failures, signified by the absence of a holistic effort hinder enactment and enforcement of uniform laws. Consequently, Yepes (2011) justifies the duties of the member states to criminalise and combat laundering. In practice, they give scant priority to these, leading them to adopt and enforce policy and regulatory practices that are conflicting and contradictory. Politicians, PEPs, traffickers and smugglers to launder money, exploit these.

b) *Wolfsberg Group*

Ryder (2012) endorses the contribution of Wolfsberg Group in prescribing anti-corruption and anti-laundering guidelines as deterrents. The International Due Diligence Repository (IDDR) developed by it allows private and correspondent banks to challenge launderers and dissuade them from abusing the banking system to legitimise proceeds of the predicate offence. The outcome is linked to efficiency to host all information and documents about ‘Counterparty banks, licenses of financial institutions and subsidiaries, copies of corporate governance, biographies of Board Members and senior managers, annual reports.’

Brütsch and Lehmkuhl (2007) accept the measures promulgated by Wolfsberg Group to fight corrupt practices in the banking sector globally are in conformity to Basel. The scandals in the European banking sector and the drive to combat corruption, economic crime and ML lead the participants in the group to set principles, standards and guidelines. Compliance to these is mandatory, requiring private and correspondent banks to monitor, scrutinise, and eliminate the abuse of trade credit, cash card and trade finance to launder money and finance terror. According to Pieth (2012), their prioritisation culminated in the enforcement of risk-based approach to assess and regulate actions and activities of such banks and their clients, facilitating identification of PEPs and beneficial owners, detection of their actions and prevention of laundering. In addition to heightened commitment to uphold AML, counter terrorist financing and sanctions compliance, Wolfsberg Group guidelines demand total transparency in interbank payment messages. Aiolfi and Bauer (2012), argue it leads the group to collaborate with the Clearing House Association, developing and approving measures to promote transparency of international wire transfer, aided by:

- basic messaging principles to promote good practice for payment system;
- development of enhanced payment message formats in conjunction with SWIFT.

They represent the group's collective action in association with financial institutions, regulators and intergovernmental bodies on a global scale, making it possible to counter ML and terrorist financing.

In their critical appraisal of global AML measures Levi and Reuter (2006) claim that in the absence of a clear strategy to aid policing and efficient enforcement, aggressive countermeasures employed by Wolfsberg Group to eradicate ML and terrorist financing may not be adequate. The inadequacy becomes apparent as argued by Schneider (2010). He notes that drug traffickers exploit the global financial system to launder US 600 billion annually, which is 2%-5% of world GDP. This establishes its failure to rein in ML. Such an outcome is attributed to the Wolfsberg Group's heightened reliance on the philosophy of corporate responsibility. Adherence to such philosophical stand is insufficient to operationalise the following, which are necessary to enhance transparency and eradicate the scope to place and layer dirty money and legitimise them (Pettengill, 2013):

- information exchange (inland and cross border) of STRs between CBs and FIUs;
- uniform implementation of AML policy and regulatory measures;
- adoption of uniform law adoption and enforcement;
- jurisdictional restriction withdrawal, facilitating the criminal trial of a foreign national in a local court against predicate crimes committed in the country of origin.

They are beyond the self-regulation initiatives of Wolfsberg Group. Their alignment with FATF 40+9 recommendations, Egmont Group and Basel, are necessary. Conformity to the frameworks is essential to prevent the abuse of private banks, money transfer to shell companies in tax havens, round tripping and integration of tainted money in the mainstream economy (Ardizzi *et al.*, 2014). Further, the Wolfsberg

Group's standards yield results provided the constitution of the following relate to the FATF framework and is united by uniform regulatory practices (Farrar and Pippel, 2004):

- subsidiary public bodies;
- subsidiary private bodies, such as the American Bankers Association and Law Society of England & Wales;
- FATF style regional bodies, like the Caribbean Financial Action Task Force, Committee of Experts on the Evaluation of Anti-Money Laundering Measures & Financial of Terrorism (MONEYVAL), Financial Action Task Force of Latin America (GAFILAT) and the Middle East & North Africa Financial Action Task Force (MENAFATF);

Collectively they provide the foundation of AML governance. This guides regulation, policing, criminalisation, prosecution and conviction of launderers. The validity of such an inference can be questioned from the viewpoint of transparency. This becomes a reality when all the parties (private bodies, public institutions and regional bodies) agree to adopt and implement a comprehensive framework, leaving no room for the member states to adopt lax laws and employ regulatory actions that aid and abate laundering.

### c) *Basel*

Basel (2014) recommends the inclusion of guidelines to arm banks, deter ML and terrorist financing, and mitigate their exposure to risk. Adherence to its standard assumes importance to protect their safety and soundness, limiting the prospect of abuse of financial services to convert tainted money into legitimate earnings. Their advocacy stems from the commitment to sustain the integrity of the international financial system. Basel (2014) recommends the adoption of standards issued by FATF to combat ML and terrorist financing. They are utilised by its committee to draft comprehensive guidelines for banks operating in multiple geographies (Sharman, 2008). Their application makes it possible to attain the following (Godefroy *et al.*, 2011):

- deter laundering of illicit proceeds or acquire or transfer money to support terrorists;

- eradicate the attempts of launderers to acquire banks, enhancing their financial stability, reliability and reputation globally;
- aid governments to combat corruption and improve sovereign rating.

An analysis of Morgan (2003) in association with Basel (2014) emphasises the possibility to highlight actions that realise the goals stated above. To this end, banks are required to initiate a series of actions in conformity to the FATF 40+9 recommendations:

- ‘risk management related to ML and terror financing, efficient governance of banks, three lines of defence (publicise policies and procedures to all staff, judicious management of AML initiatives and monitoring, internal and external audit), transaction monitoring, KYC and beneficial owner identification, record keeping and information management, STR and asset freezing, AML in a cross border context’.

IMF (2014) explains their worth in mitigating ML in Switzerland. Notwithstanding the benefits seen in the report, the success of Basel in controlling the scourge of ML is debatable. Doyle (2002) refers to the following examples to justify the weaknesses of Basel and FATF to deter banks from aiding laundering:

- ‘Citibank helped Raul Salinas, the brother of the former president of Mexico, to move more than \$ 87 million through its private banking division. It was also accused of assisting in similar ploys for Omar Bongo, the president of Gabon, for transferring bribe’.

The preceding inference vindicates the central argument of this study that in the absence of transparency, and a robust application of Basel that aligns with the guiding principles of FATF, the desired results may not be achieved (Arnone and Padoan, 2007), and implying mitigation of ML (Moshi, 2007).

**d) FATF 40+9 recommendation**

Shami (2015) endorses the views of Maggetti (2012) about the necessity to adopt and implement them. He notes that effective countermeasures are enshrined in the FATF 40+9 recommendations, providing the founding pillars of comprehensive AML policy. The adoption of this makes it possible for member states (188 nations and the majority of financial centres) to conform to a uniform standard set in it and promote the strict implementation of regulatory, operational and legal measures. They aid the prevention of ML, terrorist financing and associated threats to the integrity of the global financial system. Farias and Almedia (2014) state that their realisation hinges on full conformity to the FATF recommendations that help to develop and implement measures (regulation and legislation) to criminalise and combat ML and terrorist financing, arm financial institutions to initiate CDD and operationalise FIUs globally.

In his work van Fossen (2003) states that FATF guides nations to adopt robust AML policy in conformity to the standards elaborated in it. In case of non-compliance, it employs the strategy of ‘naming and shaming’, compelling adoption and implementation of AML policy. It also calls upon member states to implement regulatory (financial) practices and combat ML to prevent placement, layering, and integration of illicit money and deter illicit cash flows, making it possible to curtail crime and terrorist financing. To attain its mission, FATF uses ratings to review compliance and non-compliance. In case of non-compliance, states are blacklisted, impeding the abilities to attract foreign capital and retain them. For example, a state may lose 20% of its foreign direct investment on blacklisting. Christensen (2012) states that it adversely affects a state’s financial advantage and economic progress vis a vis compliant states, requiring all the regulators to adhere to the following sections of FATF recommendations:

**i) Protect the financial integrity**

Duyne *et al.*, (2005) note that FATF recommendations require banks, financial institutions and regulators in member states to protect financial integrity. Adherence to Recommendation-1 in Section B is essential to reform the legal system, enact AML laws and ratify Vienna Convention to criminalise predicate crimes. Recommendations 4, 6 and 8 demand full implementation of legally enforceable measures. Regulators and

law enforcement agencies are duty bound to use them to track drug trafficking, search and seize tainted money, prosecute, confiscate criminal proceeds and convict traffickers, making it possible to prevent them from abusing the financial system of member states and deter ML.

***ii) Adopt and implement AML measures***

Stessens (2000) notes that recommendations in Section - C in FATF direct member states to improve the readiness of banks and non-banking financial institutions (NBFCs) to adopt and implement AML measures, resulting in ML eradication. Recommendation-12 directs regulators and CDs to demand full implementation of KYC. Compliance with this is necessary to decipher the identities of customers (individual and corporate, name, origin, type of profession/business, address and all other identification details) before opening an account and initiating a transaction. In case of any doubt regarding their identities, banks and NBFCs are called upon to initiate CDD (Recommendation-13). They need to utilise SAR and STR to inform CD and FIU if there are existent reason and evidence to believe that a customer is seeking to place proceeds of predicate crime (Recommendation-16), rendering it possible to initiate investigation and prosecution. The reporting practice and subsequent actions by them aid the prevention of ML in COE and OECD conventions. Recommendation-19 needs to be observed in the absence of such an obligation. It calls upon banks and NBFCs to terminate accounts of suspicious customers.

***iii) Failure to collaborate and exchange reports***

Doyle (2002) states that section D in FATF explains the underlying reasons for the failure of member states to collaborate, exchange SAR and SAR, initiate actions to investigate and extradite launderers, recover proceeds of crime and compensate victims of trafficking, fraud, embezzlement, smuggling and other predicate crimes. The details presented in it explain the initiatives needed to mitigate ML globally, justifying the validity of this research.

***iv) Maintain proportionate and dissuasive sanctions***

James (2002) notes the relevance of FATF recommendation-35, advising member states to maintain proportionate and dissuasive sanctions to deal with natural and legal persons. Penal action needs to be enforced if a bank and its employees fail to comply



with AML directives. Its enforcement leads to the imposition of sanctions on it, its directors and seniors, signalling the impact of invoking individual liability.

Doyle (2002) highlights the fault lines of FATF and gaps that impede countermeasures to combat ML. The failure to attain this mission is linked to its inadequacy to deter trade-based laundering (over and under-invoicing), denoting the adverse impact of flawed supervision regime. Omar *et al.*, (2014) add another dimension. They highlight the impact of an inept reporting regime. Lack of agreement about the stringency of reporting sensitive issues by branches and subsidiaries persists. FATF Recommendation-24 calls upon member states to implement reporting system to combat and eradicate smurfing (breaking down a large sum of tainted money into small lots), needed to prevent placement by drug traffickers and mitigate laundering. Further, Morgan (2003) notes adherence to Recommendation-22 is required to enforce FATF in territories that are precluded and equip banks and financial institutions to detect and prevent money laundering, though the local laws and regulation may not complement its adoption. Notwithstanding such a goal, the inadequacy of its implementation is known, impeding global adoption of the standard and compromising anti-laundering measures.

## **2.6. AML Practice & Money Laundering Control**

An analysis of the Basel Committee, FATF and Wolfsberg Group recommends the using banks to stamp out ML. Haigner *et al.*, (2012) and Realuyo (2012) endorse their use as the first line of defence to dismantle the laundering process - ‘smurfing (breaking high volume of cash into small lots), placing, layering and integrating’ proceeds of fraud, tax evasion and trafficking. Their mitigation is feasible when ‘due diligence’ and ‘reporting’ are employed judiciously to inform CD and FIU, facilitating enforcement of the law, initiation of prosecution and conviction of criminals. They make it difficult for launderers to conceal identities and activities, exploit the banking system to convert such proceeds of crime into legitimate earning.

### **a) Risk Based Due Diligence (RBDD)**

Ai (2012) cites FATF to justify their importance in combating ML. Their adoption is required to detect and categorise customers into two distinct classes, such as high risk

and low risk. Nano (2012) recommends a rigorous review of the former comprising of non-residents, PEPs, private banks and legal persons. Their practice of transferring proceeds of the predicate crime, investing in trusts, tax havens to acquire assets is known. Their prevention necessitates categorisation and sustained review. Ahlers (2013) emphasises robust assessment of low-risk customers, like regulated financial institutions, public companies and insurance companies (selling life insurance policies and insurance policies for pension schemes). In conformity to FATF, banks and non-banking financial institutions are required to report all departures to CD and FIU, facilitating initiation of preventive measures to launder money. They necessitate information exchange (nationally and beyond) between banks, CD and FIU, and promotes uniform regulatory enforcement. The realisation of such an objective requires the transformation of current banking supervision and regulatory enforcement practices. Such change is feasible when lawmakers adopt AML policy that aids information exchange (Ferragut, 2012) and transparency (USSCINC, 2013). Their elevation allows banks to coordinate with regulators (Masciandaro, 2013), improve banking supervision efficiency to detect launderers at placement stage (Schneider, 2010) and mitigate the incidence of ML (Weibing, 2011).

**b) Enhanced Due Diligence (EDD)**

Transparency International report in 2014 explains the relevance of unambiguous AML policy adoption. This is recommended to implement regulatory measures that complement it, mitigating conflict and elevating the scope to prevent ML. They aid uninterrupted review of corruption, an investigation within and beyond a country, detection of tainted money, their seizure and recovery. Edgardo and Jan (2005) subscribe to unbiased review, assessment and reporting to realise such goals and insulate banks from fraudulent exploitation by launderers, highlighting the outcome of full compliance with FATF recommendation -1. Conformity to this requires banks to identify and verify customers, gain familiarity with their transactions and aims, and initiate EDD, provided there is ground to suspect a customer's transaction. In the case of PEPs, selective usage of EDD is best avoided. They are prone to abuse civil and commercial laws to acquire money and transfer them to offshore shell companies and financial centres, justifying the necessity to use EDD to place them in risk category (FATF recommendation – 12) and prevent placement. Therefore, banks and their

MLROs are duty bound to report all departures from FATF recommendations 1 and 12 objectively to CD and FIU, aiding eradication of ML.

**c) Customer due diligence (CDD)**

Morgan (2003) states that the elevation of transparency to combat ML is a precondition. The feasibility of its attainment hinges on unbiased review, assessment and reporting. The theoretical standpoint of Levi and Reuter (2006) justify their relevance. They recommend the application of CDD from the viewpoint of sustained assessment, reporting, regulation, supervision and sanctions. These are necessary to stifle placement and layering. It requires banks to establish internal control and risk management procedures to track account holders and beneficial owners. The measures allow them to conform to Basel guidelines to:

- adopt and implement customer acceptance policy;
- ascertain customer identities (names), location (origin) and behaviour of their accounts;
- monitor high-risk accounts;

They help to source information, understand the environment in which customers function and manage risk. de Koker (2006) endorses them to prevent criminals to exploit a country's financial system to deposit proceeds of crime and regularise them to derive unlawful benefits. In case of credible suspicion, banks are advised to report all material facts (supported by evidence) about suspect accounts to CD and FIU for further investigation and prevention of ML. The demand for adherence to them is enshrined in FATF.

**d) Suspicious Activity Reporting (SAR)**

Bjelajac (2011) recommends the banks to use a reporting system to assess customer identity, their demand for services, like cash and smart cards, and report these objectively, provided a departure from FATF is noted. Sustained information exchange and access to them allow CD and FIU to determine customer delinquency, such as engagement in internet-based gambling and investment in offshore centres in contravention of laws and regulatory guidelines. Lyden (2003) justifies the use of fact-

based information exchange to stimulate awareness of regulators, initiate countermeasures to combat round-tripping of tainted money and integration into the mainstream economy, reinforcing the role of transparent SAR to stamp out abuse of banks to legitimise the proceeds of crime.

**e) Suspicious Transaction Reporting (STR)**

Sundarakani and Ramasamy (2015) relate non-dichotomous policy and regulatory measures to effective ML prevention. Costa (2008), argues that the relevance of transparent reporting of suspicious transactions becomes visible. He claims that unambiguous reporting is the prime mover of adequate regulation and supervision. The elevation of their efficiency minimises ML cost. This is the outcome of effective search, seizure, confiscation of tainted wealth and conviction of launderers, signalling the impact of transparent reporting of transactions that follow FATF. It leaves no room for customers and their agents to manoeuvre AML regime of banks to place, layer and integrate proceeds of crime. The inference suggests that a fact-based STR reveals the fault lines in a customer's intent in a transaction. Banks are duty bound to red flag it through objective reporting. It is important to note that deliberate over, under or misleading reporting obscures comprehension of CD and FIU about a customer's complicity in legitimising proceeds of crime. As a result, FATF demands accurate reporting to support regulatory actions. To improve transparency and honesty, it guides the regulators to dismantle the nexus between employees in banks and customers, limiting false reporting (false positive or false alarm), improving AML policy implementation and strengthening regulatory action.

The above weaknesses of prevalent regimes are captured in the 2013 FCA report citing the United Kingdom as an example. It shows that inconsistent AML policy, weak supervision regime aided by the weak framework and contradictory rules blur the understanding of MLROs, leading them to mismanagement of assessment and reporting. The outcome of their mismanagement and consequent non-transparency are detailed below.

**Figure 1.4. Banks & Failure Details**

% of Banks	Details of Failures
50	Failed to apply EDD, constraining information analysis about customers and PEP, including their nominees.
33	Overlooked credible charges against such customers.
75	Erred in taking actions to scrutinise the legitimacy of the source of fund and integrity of customers and nominees.
50	Showed indifference to implement procedures to detect trade-based ML and detect associated risks.

Also, the FCA report in 2013 highlights a series of oversights and laxities that allowed criminals to use business firms in conjunction with banks to layer illicit money:

- The absence of safeguards to mitigate relationship managers' conflict of interest, weakening actions against ML.
- Insufficient scrutiny against PEP, undermining the fight against ML.

Such drawbacks (handy contributions of non-transparent ML control measures) are exploited by criminals in the United Kingdom to flout laws and rules and launder money, nourishing a shadow economy that seeks to wreck banking and financial systems. The war against ML mitigation to yield the desired result necessitates the implementation of a uniform AML policy, eradicating the prospect of local customisation. This mitigates all contradictions and inconsistencies. For example, Basel 1, 2 & 3 were implemented verbatim internationally (Ai, 2012), improving the sustainability of banks.

## **2.7. AML Policy & Relevance of Transparency**

The failure to stamp out plunder, exploitation, corruption and ML is attributed to fragmentation of initiatives. Lethargy to adopt and implement a comprehensive policy to control and mitigate laundering becomes visible when the United Nations Convention against Corruption (UNCAC), OECD Convention, Council of Europe (COE) Convention and African Union Convention (AUC) are reviewed critically in association with Wolfsberg Guidelines, Basel and Financial Action Task Force (FATF) 40+9 recommendations. Lilley (2006) links their failure to yield a result to the absence

of empowerment of member states to enact and implement uniform laws in conformity to their constitutions. Uribe (2003) believes that the divergence between them (an outcome of political compulsion) weakens the efficacy of the regulators to evaluate the incidence of laundering and direct law enforcement agencies to search, prosecute, convict launderers and confiscate proceeds of crime. Also, such penal actions are diluted due to the lack of consensus to exchange and share information regarding fraudulent acts, like bribery, trafficking, corruption, tax fraud and embezzlement. This thought aligns with Alexander and Khan (2012), Carr and Goldby (2009), Harris (2011), Hartman (2001), Lacey and George (2003), and Storm (2014) reinforces such conclusion.

A review of Choo (2008) and Liargovas and Repousis (2011) in conjunction with Fossat *et al.*, (2012) explains clearly why member states globally fail to implement decisive measures to search, seize, prosecute, confiscate and convict launderers and eradicate the scourge of ML. Such failure is stimulated by the:

a) **The absence of a global law enforcement agency.** It emboldens corrupt officials and businesspersons to defraud institutions and launder money, vindicating the standpoints of Smith *et al.*, (2007). They note that lax enforcement in developing countries ‘*allows criminals to extort and steal ten times, approximately \$100 billion in foreign assistance provided by all the governments and civil organisations in the world*’.

b) **Overdrive of governments to protect human rights.** It persuades the lawmakers to enact and employ ‘soft law instruments’. According to Stessens (2000), such instruments imply lack of justiciability of instruments in which rules are enshrined rather than to the contents of the rules themselves. Their utilisation to combat ML by member states is resisted by financial institutions. The impact of such shortcoming is noted in the work of Schneider *et al.*, (2015) that argued tax fraud and laundering in the EU in 2013 led to budget losses worth Euro 1 trillion, signalling a growth of Euro 136 billion compared to 2009 (Schneider *et al.*, 2015).

c) **Pledge to honour the privacy of citizens**, specially PEPs and professionals (Accountants, Lawyers and Bureaucrats). van Fossen (2003) notes that overarching concern to protect privacy encourages organisations like Heritage Foundation and The Centre for Freedom and Prosperity to oppose OECD initiatives and protect individual and financial privacy, limiting the necessity to use KYC and share personal information, track suspicious transactions and initiate measures to eradicate ML. The adverse impact of heightened concern for privacy, civil liberties and human rights is visible (Amoore and Goede, 2005).

d) **The propensity of banks to conceal identities of clients**. Choo (2008) argues the propensity of banks to conceal identities stems from the fear of alienating clients, losing business and aggravating compliance costs. He also notes that corrupt clients, mainly PEPs, take advantage of the banks' drive to hide identities. Such actions allow them to seek out jurisdictions from which to base their activities that have the least severe punishments or which have no extradition treaties. The consequence of inadequate harmonisation, regulation and law enforcement is noticeable. Criminals and corrupt officials exploit such laxity to park, round-trip and legitimise ill-gotten wealth, exposing economies of countries (tax heavens) to high risk of failure.

e) **Indifference to strengthen transparency**. Healy *et al.*, (2009) subscribe to the prevalence of such an outcome. They stress that banks are not aware of the end use of information related to KYC, CTR, SAR and STR required by CD and FIU. They cite the example of Bankers Association in the USA. It recommends to regulators and law enforcement agencies that the information about outcomes of due diligence be shared with the banks. It points out that such transparent action is critical to stopping the efforts of criminals and terrorists to evade AML scrutiny.

f) **Drive to sustain capital inflows and economic growth**. Liargovas and Repousis (2011) note that countries are inclined to link economic growth to money supply and liquidity. Attention to these leads their lawmakers (politicians) and regulators to pay low priority to the prohibition of cash inflow. For example, developing countries receive US\$ 316 billion because of remittances from 192 million migrants. Such fund is utilised ostensibly for projects that elevate per capita income and consumption. The

heightened focus on these demotivates institutions and regulators to enforce enhanced RBDD and secure legitimate investment.

The analysis of above factors from the viewpoint of Doyle (2002), Gnutzmann *et al.*, (2010), Stessens (2000) and Yepes (2011) helps to shed light on the theoretical gaps and explain:

- Why AML policies fail to enhance transparency.
- What impairs actions to improve transparency and mitigate ML?
- Which actions demand implementation to foster transparency and stamp-out ML?

The theoretical gaps when interpreted from the viewpoint of [Dhillon](#) *et al.*, (2013), clarify the underlying reasons for the failure to enforce AML law. It weakens the abilities of CD and FIU in member states to monitor and deter fund inflow in questionable business sectors, like real estate (Nelen, 2008). Perri and Brody (2011) state that such outcome is inextricably linked to under or overreporting of suspicious transactions, curbing the drive of regulators and law enforcing agencies to rein in organised crime, eliminate white collar crime (Gottschalk, 2011) and eradicate ‘hawala’ transactions (underground money transfer) (Liargovas and Repousis, 2011). These inadequacies stem from inconsistent AML policy and absence of transparency. Continuity of such malaise:

- weakens the commitment of banks to track launderers and report suspicious transactions to CD and FIU;
- erodes interest of public prosecutors to convict launderers and seize ill-gotten money;
- aggravates cost to detect laundering, which is a far greater than the volume of confiscation of tainted money (de Koker, 2006).

The frailties cited above elucidate the repercussion of lack of commitment to control ML, implying that member states do little to reform AML policy and regulations to eliminate it (Gallant, 2010). The absence of reform fails detection of illegal



transactions, rendering ML prevention ineffective (Schneider *et al.* 2015). Awareness about such deficiency encourages criminals to abuse the financial system and launder money, explaining why the global strategy to use banks to combat ML yields less than satisfactory results. This is represented by their failure to prohibit placement, layering and integration.

## **2.8. Policy and Enforcement Paralysis & Impact on ML Mitigation**

The underlying reasons for policy and enforcement paralysis demand understanding. The root cause of this is linked to the fragility of conventions, like UNCAC, OECD Convention, COE and AUC. The following interpretation clarifies their central weaknesses. A clear comprehension of these is required to ascertain the actions needed to circumvent them and combat ML.

### ***a) Absence of mandate to enforce uniform regulatory practices and law***

Alexander and Khan (2012), Brzoska (2011), Carr and Goldby (2009), Christensen (2007), Kirby (2008) and Olaniyan (2004) link the fault lines of conventions to the absence of a mandate to enforce uniform regulatory practices and law adoption by member states (developed and developing countries). Their enforcement is required to combat corruption, criminalise laundering and convict launderers. The watered-down attempt to employ such measures originates from their apathy to agree on operating principles enshrined in the articles of the conventions (Harris, 2011), for example, the 71 articles in UNCAC. It emboldens offenders to hide the identity, smurf and round trip tainted money by using complex transactions, abuse the banking system and legitimise illegal proceeds (Greenburg and Roth, 2011). This is exemplified by alleged British Aerospace (BAE) slush fund and Al Yamamah defence contracts. Unabated laundering reinforces the weaknesses of the conventions to combat corruption and ML globally (Heineman and Heimann, 2006), denoting the inabilities of member states to:

- Initiate legal and regulatory reform, aiding obfuscation of facts and derailment of justice (Keen and Lighthart, 2004).
- Make information exchange between institutions in a country and beyond mandatory, encouraging ML worth US\$ 2.85 trillion (Unger *et al.* 2006).

- Authorise institutions to monitor fraudulent practices, like under and overvaluation of goods in international trade, control them, leading Transparency International (TI), mentioned in Sullivan (2009), to state that ‘*half of the world is faced with corruption*’.

**b) Legal, procedural & capacity gaps**

Hechler (2010) establishes the inadequacy of UNCAC. The shortcoming accentuates the deficiency to provide a blueprint for anti-corruption reform amid political apathy, hindering AML initiatives of member states. The convention presents a series of key initiatives without orderly direction, fuelling the risk of failure of implementation to control corruption. Such failure vitiates countermeasures to eradicate ML. His observation about the absence of country-specific reform is noteworthy. Its absence obscures understanding about the dynamics of corruption, rendering it difficult to initiate actions (EDD and RBDD) and rein in corrupt practices to eradicate laundering. For example, the inability to control bribery worth US\$ 1 trillion is visible in the World Bank estimate (2001-02). Its continuity is correlated to the inaction on the part of member states to bridge legal, procedural and capacity gaps, aided by disinterest to operationalise the following articles (Argandona, 2006):

**Figure 1.5 UNCAC & Key Articles**

Article	Particulars	Article	Particulars
2 & 16	<i>solicitation of a foreign public official of undue advantage;</i>	24	<i>concealment;</i>
18	<i>trading in influence;</i>	3 & 27	<i>preparation for an offense of corruption;</i>
19	<i>abuse of functions;</i>	21	<i>making bribery in the private sector;</i>
20	<i>illicit enrichment;</i>	22	<i>embezzlement in the private sector;</i>

Further, Section 3 of the convention explains the weaknesses to integrate the AML standard, rendering it challenging to implement EDD. Its absence hinders the identification of entities, analysis of risks they pose, review of transactions and reporting of suspicious activities to regulators. Flawed due diligence aided by regulatory laxities emboldens frauds and corrupt officials to launder money. The interpretation explains the impact of non-transparent regulatory practices. It also clarifies why member states are encouraged to show limited interest to criminalise

corruption and prevent the abuse of banking and financial systems. Hechler (2010) adds another dimension:

*‘the absence of interest to mitigate laundering originates from heightened concern for inflow of investment, liquidity and economic growth’.*

**c) *Political compulsions and the drive to protect corrupt politicians***

Lacey and George (2003), Natarajan (1997), Opara (2007) and Pacini *et al.*, (2001), relate the dysfunctional conventions to the weaknesses elucidated by Carr and Goldby (2009). They note that political compulsions and drive to protect corrupt politicians motivate the lawmakers to fragment laws, making it difficult to enforce them. This renders conviction of launderers difficult (Hechler, 2010). Argandona (2006) states that the *‘maze of laws when applied leads to ambiguity and erroneous interpretation’*, obscuring the view of law enforcement officials to implicate offenders under appropriate sections of the law. Altamirano (2007), Schneider *et al.*, (2015) and Smith *et al.* (2007) attribute such scenario to the outcome of the disinterest of lawmakers (politicians) to reform AML policy. The absence of reform is exploited to harmonise the key provisions of conventions with existing legal and regulatory frameworks that are fractured and flawed. The strategy to harmonise provisions of conventions derails regulatory actions, allowing PEPs, corrupt officials and criminals to plunder the wealth and manipulate banking systems to legitimise proceeds of crime.

**d) *Contradictory laws & law enforcement inadequacy***

Webb (2005) and Hartman (2001) argue that the compulsions of countries in Europe to adopt and ratify the articles, specially **Article - 2, 6, 12 and 13**, of COE Convention to enact laws, deter corruption (bribery of domestic and foreign private and public officials to influence trade) and stamp out predicate offence is in conformity with **Article - 3** of the Vienna Convention. Lacey and George (2003) note that countries beyond the region are not liable to implement such measures, rendering enforcement of anti-laundering measures, for example, due diligence, transaction monitoring, search, seizure and confiscation, weak. According to McDougall (2005) such redundancy originates from the following flaws:

- adoption of a narrow view by states to criminalise predicate offences (active and passive bribery);
- exclusion of offences, such as extortion, embezzlement, nepotism and insider trading;
- the absence of an adequate mechanism to protect informants and authorities from combatting corruption;
- use of terms, like ‘facilitating’, to trace, seize and freeze property/asset garnered through unlawful means. It weakens confiscation of returns on such assets;
- the absence of mutual legal assistance due to overwhelming concern for fundamental interest, national sovereignty and national security;
- exclusion of potential litigation and civil cases to reduce pressure on the judiciary. This undermines initiatives to fight corruption and predicate crime.

The failure to correct such deficiencies weakens the framework, blurs legal clarity, hinders law enforcement and impairs regulatory actions (Yukins, 2006), furnishing corrupt officials to launder money. Smith (1992) relates this to the laxity of the financial system -

- Augusto Pinochet, former President of Chile, embezzled state funds to acquire 10 tons of gold and stashed them in a Hong Kong bank. He also invested plundered money in Swiss Banks.
- A significant proportion (30%-40%) of donor aid worth US\$ 7 billion delivered in Aceh Province, Indonesia after the Tsunami in 2004 was stolen. Others note that 25% of 50000 homes constructed are wood (70%) used failed to agree to build codes.

The outcome reinforces the inadequacy of the COE Convention to eradicate ML. The strategy to utilise the frameworks of Inter American Convention against Corruption, Vienna Convention, Palermo Convention and OECD Convention yields less than satisfactory results, illustrating their frailties to stamp out the scourge of laundering. This is contributed by the inability to circumvent the inimical impacts of Human Rights Laws and Privacy Laws in the EU. They compel States protect confidential information (secrecy) about citizens, expatriates, professionals (Rubin, 1998), retarding

enforcement of articles in conventions that help to source and track information, search, seize and convict (Kirby, 2008).

The analysis explains why the COE Convention is deficient in preventing predicate crimes and mitigating ML. Brzoska (2011) interprets its failure from the viewpoint of enactment and enforcement of conflicting laws. These promote non-transparency, blurring facts and hindering detection of predicate crimes. Webb (2005) links its weakness to the inability of member states to make the cost of laundering prohibitive, suggesting that the benefits derived from accumulating tainted money are far higher than the cost incurred to legitimise them. He states that launderers agree to shed 20%-30% to smurf proceeds of corruption. They exploited PEPs and traffickers to harness corrupt practices and integrate laundered money in mainstream economic activities.

e) ***Selective implementation to suit local laws that are convoluted***

This aids embezzlement, smurfing and placement by PEPs, non-financial businesses and criminals. Farrar and Pippel (2004) link it to the obfuscation of laws and regulations, arming such offenders to aid and abate laundering. The inference substantiates the need to frame and adopt non-conflicting laws and withdraw jurisdictional limitations.

f) ***Hinder criminal investigation***: The theoretical standpoints of Argandona (2006), Lacey and George (2003), Scher (2005), Slawotsky (2013), Smith *et al.* (2007) and Spahn (2013) reinforce the above inference. They shed light on the causes of deficiencies of the conventions; illustrating how they impede a criminal investigation, promote corruption and laundering. Comprehension about them is necessary to reject flawed assumptions involving conventions and initiate corrective measures to combat ML.

g) ***The overarching concern for human rights***

Rosand and Ipe (2008), Wouters *et al.*, (2012) and Yukins (2006) relate the limited success of conventions to an overarching concern for human rights, which is exploited to camouflage inadequate actions against ML through legal sanction. The origins of these are rooted in the assumptions that corruptions (petty and grand) of PEPs and government officials are best masked by using contradictory legal systems for cross

purposes (Nuland, 2007; Mortman, 1992), for example, using human rights laws to obstruct information gathering and criminal prosecution of launderers. The lawyers exploit such confounding provisions of law to plead in favour of launderers (Webb, 2005, Slawotsky, 2013), encouraging bribery, trafficking, bank fraud, tax fraud and other organised crimes to amass tainted wealth and legitimise them. Awareness about legal loopholes is used to exploit retail banks, private banks and hawala to receive and transfer tainted money and legitimise them.

#### ***h) No obligation to enforce framework & political complicity***

Carr and Goldby (2009) note member states are not legally bound to enforce article-6 of the OECD convention. Its usefulness to shape anti-bribery laws and stamp out corruption is noteworthy. It recommends the inclusion of '*bribery of foreign public officials*'. The interest to adhere to the operating principles of the convention wanes when the economically disadvantaged countries beyond the EU are considered. For Heineman and Heimann (2006) the overall apathy stems from inadequate commitment of economically disadvantaged countries to implement four measures to convict corrupt officials - '*enforcement, enactment and implementation of legislation, institutional reforms to create a society of laws and transmission of positive values and norms to combat corruption*', mitigate corrupt practices and eradicate laundering. The forces that perpetuate such weaknesses are the consequences of political complicity to protect corrupt officials in high places (OECD, 2009), making it possible to exploit legally accepted non-transparent practices (secrecy) to encourage rampant corruption, illegal wealth accumulation and their transfer to tax havens aided by banks (private, investment and correspondent). The validity of these consequences becomes clear in the examples below:

- Bribe worth US\$ 1 trillion/year is paid. The amount excludes public funds embezzled and plundered by officials in high positions in government.
- Suharto, former Indonesian President, plundered US\$ 15-35 billion from Indonesia. Moreover, Transparency International reports that ex-presidents in the Philippines (Ferdinand Marcos), Zaire (Mobutu) and Nigeria (Abacha) have embezzled US\$ 5 billion each.

German (2002) and Heineman and Heimann (2006), highlights factors that influence the failure of OECD convention. The adoption of the convention along with current flaws culminates in the endorsement of feeble treaties and enactment of inept international laws (Harris, 2011) that aid corrupt officials and launderers to take refuge in soft states (Michael and Polner, 2007) and launder money (Pacini *et al.*, 2001). For example, Article 10 (2) of the convention is regarded as sufficient to extradite a foreign public official charged for taking a bribe. The measure is valid provided mutual extradition treaties exist. Further, Article 5 demands that economic concerns are given no priority when it involves investigation and prosecution (Cousin and Albert, 2002). In practice, such directive principles are violated, extending adequate scope to corrupt officials and economic offenders to abuse financial system to place, layer, integrate and legitimise illicit earning.

***i) Clawback clauses & failure to mitigate their impacts***

The **Article 10 (d)** of AUC criminalises corruption, laundering and terrorism. Unlike OECD and COE conventions, it demonstrates high commitment to combat ML and terrorist financing (Sturman, 2002), influencing the member states to enact national laws, establish FIU, exchange information, train officials, cooperate with international financial institutions and develop AML methodology. These are promulgated to eradicate the menace of ML and stamp out terrorist financing and terrorism.

***j) Limited compliance:***

This exposes banks and financial system in a country to the high risk of abuse, which leads to an adverse rating of an economy, flight of capital and economic crisis.

Ryder (2012) demands uniform regulatory and enforcement practices to comply with the benchmarks set in FATF, like Compliant (C) and Largely Compliant (LC). Application of uniform practices is endorsed to mitigate compliance failures, such as Partial Compliant (PC) and Non-Compliant (NC). Yepes (2011) states that a vast majority of countries in the world fail to comply, for instance:

**Figure 1.6 Countries & Non-Compliance of FATF**

Regions	Compliance Failure (%)	Regions	Compliance Failure (%)
Western Region	45	Sub Saharan Africa	72
MENA	53	Latin America & Caribbean	62

East Asia	83	South Asia	73
Europe & Central Asia	52		

They justify the failure of the current AML regime. Transformation of such deficiency is required to deter criminals to break large deposits into small lots, smuggle cash and currency, misuse travellers' cheques to layer tainted money. It needs to be sustained to discourage them from exploiting joint account, loan at zero interest rate, fake contracts and underground banking to layer money, legitimise proceeds of crime and finance terrorism.

***k) Inadequate reporting of suspicious activities, CTR and STR***

It hinders the confiscation of proceeds of crime. Ryder (2012) recommends the adoption of a transparent AML policy to guide banks and MLROs to refrain from wilful over and under reporting about suspicious transactions and criminal suppression of material facts (suspicious activities). Incisive reporting practice must be enforced. It allows CDs and FIUs to investigate, search, seize and initiate prosecution to dissuade criminals from exploiting the financial system to legitimise proceeds of predicate crime.

Finally, it may be said that robust implementation of due diligence and reporting in conformity to FATF 40+9 recommendation is necessary to overcome the flaws in UNCAC, OECD, COE, AU, Palermo, Strasbourg Conventions and Wolfsberg Standard. According to Maggetti (2012), the effectiveness of AML policy and regulation is judged from the viewpoint of corruption and laundering control, making it difficult for launderers to disguise tainted money and place these in the financial system. An effective AML policy leads banks, CD and FIU to adopt measures that support identification, prevention, investigation, prosecution and conviction, facilitating confiscation of proceeds of crime. As a countermeasure, it helps to unearth evidence of fraud and suspicious movement of money, making it possible to recover proceeds of crime, return them to the rightful owners and prosecute criminals.

**2.9. Conclusion**

This chapter examined the failures of current AML policy, regulatory measures and enforcement practices to stamp out ML. It establishes the need to embrace uniform institutional governance globally and nationally to implement homogenous AML



policy and practices. The essence of these is justified when the need to monitor transactions, regulate actions of banks, enforce the law, prosecute and convict launderers is considered. Their use is recommended to deter such criminals from smurfing, placing, layering and integrating proceeds of predicate crime and convert them into legitimate earning. The interpretation of authors and international conventions indicate the attainment of such outcomes relies on the synergy between regulators (CD and FIU) and financial institutions (banks and NBFCs) in a country and beyond. It stresses on collaborative actions to track, report, detect, search, seize, apprehend, prosecute and convict launderers, reinforcing the need to curb AML policy divergence internationally. The measure makes it possible for regulators to employ countermeasures (CDD, EDD, KYC, CTR, SAR and STR) and compel banks and NBFCs to take the lead to combat ML. This dissuades launderers to abuse a country's banks and banking system.

The interpretation of the works of authors highlights the need for government networks globally to allow global institutions like Basel Committee for Bankers, FATF, Egmont Group, IMF, UN and Wolfsberg Group to coordinate with national institutions, formulate and implement a common strategy (transparent and risk-based due diligence) and practice (authentic reporting) to use banks to combat laundering. Such strategic practice is necessary to source, transmit and share information (KYC, CTR, SAR and STR) between banks, CDs and FIUs in a country and beyond. It is required to impede the attempts of corrupt officials, PEPs and politicians to use multiple transactions and transfer fund between accounts in a country and beyond to mask the origin of tainted money (proceeds of corruption, drug trafficking, tax fraud, bribe and embezzlement), implying that government networks make it difficult to abuse banks and layer proceeds of crime. The disruption of ML process halts their reintegration in the financial system, illustrating clearly the strategic measures needed to dismantle ML process and safeguard the financial system.

The review leads to a new understanding - 'uniform governance and government networks to aid enforcement of homogenous AML measures need to be supported by network society'. This provides the foundation of horizontal communication and share information between institutions in a country and beyond, stimulating collective and

transparent AML actions (track, report, search, seize, prosecute and convict) to deter corrupt officials, PEPs and politicians to exploit the financial system and launder money. The current failure of governments to stamp out ML is attributed to the absence of voluntary information exchange that leads to fragmentation of AML policy and practice. Such a flaw encourages corrupt politicians and lawmakers in countries to develop lax AML regulatory framework and vague AML laws and ensure their enforcement. They embolden criminals to launder money, reinforcing the need to establish a communication network, integrate regulators globally and mitigate conversion of illegal proceeds into legitimate earning.

Finally, the review of literature, conventions and practices suggests the emergence of a model solution to assess its validity to mitigate ML and protect the integrity of national and global financial markets - 'uniform governance, government networks and horizontal communication are required to implement the recommendations of Basel Committee for Bankers, FATF and Egmont Group to influence governments and institutions to act and make the cost of ML prohibitive'. The elevation of cost is required to diminish the utility of laundering. This implies that unambiguous and uniform AML practices assume importance to monitor, scrutinize and eliminate the abuse of financial services (trade credit, cash card, trade finance and wire transfer) to launder money and finance terrorists.

## CHAPTER 3

### Bahrain & Anti Money Laundering

#### 3.0. Introduction

The previous chapter examined existing literature on anti-money laundering mechanisms and their shortcomings in the global fight against money laundering. This chapter presents a concise synopsis of the Kingdom of Bahrain, which is the context of this research study. It further explores the financial sector of the country, which is a focus of this research in combating money laundering in Bahrain. Also, the chapter examines the effectiveness of existing AML initiatives and measures in Bahrain.

Bahrain is a constitutional monarchy situated in the middle of the Arabian Gulf, west of the Asian continent. It used to be a trade centre because of its location and attracted different empires such as Sumerians, Assyrians, Arabs, Persian, Portuguese and British (The Report, 2015). Since centuries ago, Bahrain has always been as a main point of entrance into Arabian land through the Arabian Gulf. Over the decades, there has been a shift from its traditional industries of fishing to oil exploration, financial services among others. The kingdom is arguably a leader in the banking industry (The Report, 2015) although, it is still highly reliant on its oil revenues (ILO, 2008).

Bahrain has over 400 licensed financial institutions, epitomising a rich mix of international, regional and local features. They provide a variety of financial services, focusing on wholesale banking, insurance and funds/asset management (IGA 2018). The financial sector is arguably the most significant sector of the economy, accounting for over 27% of the GDP (IGA 2018). It is also the largest employer in Bahrain and is supervised and regulated by the Central Bank of Bahrain (CBB). Bahrain's banking system consists of traditional and Islamic Banks and is the most significant component of the financial system, accounting for over 85% of the total financial assets (IGA 2018). The traditional segment includes 19 Retail Banks, 69 Wholesale Banks, 2 Specialised Banks and 36 representative offices of Overseas Banks (IGA 2018). The Islamic sector includes 6 Retail Banks and 18 Wholesale Banks, proffer a large number of Sharia Compliant products and services, and the numbers are increasing continuously.

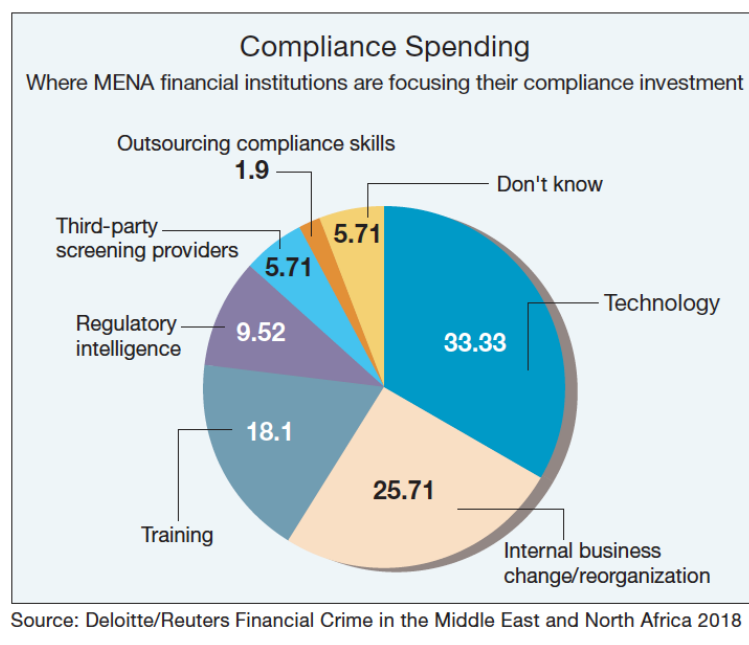
The Banking Sector has played a pivotal role in the emergence of Bahrain as a leading financial centre in the region. In December 2006, the Banking Sector Assets stood at over US\$180 billion, twelve times more than the Annual GDP (IGA 2018). The industry growth has been supported by an open market economy; stable and prudent macro-economic and fiscal policies; a credible regulatory framework in line with international standards; and a notably strong and well qualified local workforce. All these factors have combined to cement Bahrain's position as a regional banking centre, successfully attracting numerous foreign banking organisations to establish a physical presence in the country.

Bahrain has employed exemplary measures in conformity to Anti Money Laundering frameworks, like FATF, Basel and COE to insulate banks (commercial and investment), insurance companies, money exchanges, auditing companies, legal firms and commercial establishments that stimulate economic development. The drive to implement FATF 40+9 recommendations arms the Central Bank of Bahrain (CBB), Financial Intelligence Unit (FIU) and law enforcement agencies in Bahrain to compel firms engaged in key business segments, for example, financial services, auditing, legal and trading to monitor, report and prevent conversion of illegal proceeds into legitimate earning. Prevention of such crime is attributed to efficient tracking, detecting, searching, seizing, apprehending and convicting. These deter launderers from exploiting banks, insurance and other firms to smurf, place, layer, integrate tainted money and legitimise them, justifying the impact of robust utilisation of CDD, EDD, KYC, CTR, SAR and STR. Their uninterrupted utilisation dissuades traffickers, frauds, embezzlers and terrorists from abusing Bahrain's banks and banking system, enhancing their reliability, accelerating inflow of legitimate investment and improving economic growth.

The Fourth Round of Mutual Evaluation Report in 2018 explains that CBB, FIU and law enforcers coordinate and cooperate to retrieve and transmit information, making it possible to guide and direct Money Laundering Reporting Officers (MLRO) in banks, insurance companies and non-banking finance companies to know about customers in detail, ascertain sources of money, assess origin of transactions, report suspicious transactions to Compliance Directorate (CD) and red flag questionable accounts. Sustained use of such practices led to 43 investigations and 9 convictions, highlighting

Bahrain’s success to deter criminals, frauds, drug traffickers, human traffickers, smugglers and terrorists, from exploiting banks and non-banking finance companies to convert proceeds of predicate crime into legitimate earning. The Bahrain Bank Association Annual Report (2017) claims that they provide the foundation of the banks’ success in impeding money laundering in Bahrain.

The Government of Bahrain, as a signatory to FATF, has initiated robust actions to track, detect, deter criminals to invest money, control financial firms or commercial entities and legitimise ill-gotten wealth. Such deterrence signifies the impact of risk-based review of beneficiaries, onsite supervision of activities and prosecution of offenders (MOIC 2018). Adherence to such pro-active and collaborative measures makes it possible for regulators and law enforcement agencies to insulate Bahrain’s economy from abuse. This also explains their success to communicate, act decisively, harmonise and exploit informal channels to cooperate with the central banks, regulators and law enforcement agencies beyond Bahrain to stamp out the scourge of laundering, terrorism and collapse of banks, firms and overall economy (Central Bank of Bahrain 2019). Domat (2018) highlights Bahrain’s agility to invest in anti-laundering measures in coordination with other countries in the GCC to promote national and regional economic interests.



It can be inferred from the above data that the prevention of money laundering is correlated to banks’ commitment to invest and implement Enhanced Due Diligence (EDD) and Risk-Based Due Diligence (RBDD). The MLROs engaged in banks attach

top priority to such due diligence practices, leading them to implement Know Your Customer (KYC), Suspicious Transaction Reporting (STR), Suspicious Activity Reporting (SAR) and Currency Transaction Reporting (CTR). The focus on these allows banks to conform to the recommendations of FATF. Strict adherence to its recommendations (40+9) by CD and FIU compels banks to deter abuse of the banking system by offenders. It improves the legitimacy of banks internationally, accentuating inflow of clean money and Foreign Direct Investment. However, the data in JLL reports in 2011 do not corroborate such claims. They suggest that as a tax haven, Bahrain and the banks in it accommodate the proceeds of tax evasion, a predicate crime. Such flaws highlight the failure of CD and FIU to guide them to source and share information in Bahrain and beyond and combat the scourge of laundering, detect and report attempts to deposit proceeds of tax fraud, bribe and embezzlement.

They imply that launderers (corrupt officials and PEPs) circumvent inadequate countermeasures used by CD, FIU and banks to place, layer and integrate tainted money, to denote the impact of absence of transparency (as evident from Bahrain's lowly 62<sup>nd</sup> rank in the global transparency index), cross border collaboration, networking and law enforcement efficiency. The failure of banks in Bahrain to mitigate money laundering is denoted by its low ranking (81<sup>st</sup> of out of 146). This is manifested in the 2017 Basel AML Index Report.

### **3.1. Banks in Bahrain & Anti Laundering Measures**

CD, FIU and law enforcement agencies in Bahrain have partially succeeded in mitigating money laundering, necessitating eradication of the placement stage. The less than adequate success to stamp out this criminal act is explained in the 2018 Financial Secrecy Index. The report enunciates Bahrain's failure to compel all to declare suspicious identities and activities voluntarily (Financial Services Index 0.48), dissuade exploitation of banking systems, retard cash transactions and halt the conversion of criminal proceeds into legitimate earning, denoting the country's laxity to initiate the following measures.

## **Customer Due Diligence**

Vishwanathan (2018) notes the suppression of transparency to combat ML impedes unbiased review, assessment and reporting. Such outcome signifies the overall failure of regulators in the MENA including Bahrain to apply CDD, making it impossible to assess, report, regulate, supervise and sanction. These are necessary to stifle placement and layering. It illustrates the consequence of the banks' frailty to establish internal control and risk management procedures to track account holders and beneficial owners. Such weaknesses affect conformity to Basel guidelines to-

- a. adopt and implement customer acceptance policy;
- b. ascertain customer identities (names), location (origin) and behaviour of their accounts;
- c. monitor high-risk accounts.

Marston (2018) states Bahraini regulators do not fully understand and exposed to the risks of money laundering and terrorist financing. An interpretation of his views suggests that the limited application of Basel Guidelines makes it difficult for regulators and law enforcement agencies to source information, understand the environment in which customers function and manage risk.

Awareness about these is exploited by criminals to indulge in fraudulent investment practices including smuggling, prostitution, human trafficking and drug trafficking activities, implying Bahrain's failure to prevent criminals from exploiting the country's financial system, depositing proceeds of crime and regularising them to derive unlawful benefits. Partial compliance does not motivate banks to report such facts (supported by evidence) to CD and FIU for further investigation and prevention of ML.

## **Enhanced Due Diligence**

Jowder and Rahimi (2018) explain the relevance of transparency to initiate unambiguous AML measures to prevent ML in Bahrain. The adoption and application of such measures are required to support an uninterrupted review of corruption, investigation within and beyond, detection of tainted money, seizure and recovery. Marston (2018) notes that unbiased review, assessment and reporting to realise such goals and insulate banks from fraudulent exploitation by launderers are hindered by lack of transparency, signalling the results of inabilities of CD, FIU and law

enforcement agency to collaborate and harmonise anti-laundering measures. Such frailty renders full compliance with FATF recommendation -1 void. This implies that banks in Bahrain are less than successful in identifying and verifying customers, gaining familiarity with their transactions and aims. The prevalence of such condition stimulates PEPs to abuse civil and commercial laws to acquire assets, transfer them to offshore shell companies and retransfer them to financial centres, justifying the necessity to use EDD to place them in risk category in conformity to FATF recommendation – 12 and prevent placement.

### **Risk-Based Due Diligence**

Shorrocks (2018) justifies the importance of RBDD to combat ML based on FATF. Its adoption is required to detect and categorise customers into two distinct classes, such as high risk and low risk. Notwithstanding the demand for such detection and classification, Bahrain's success to comply with FATF is limited. Marston (2018) notes regulatory laxities in the country to review non-residents, PEPs, private banks and legal persons, magnifying their abilities to transfer proceeds of the predicate crime, invest in trusts in tax heavens and acquire assets. Eradication of such abuse calls for a robust assessment of low-risk customers, like regulated financial institutions, public companies and insurance companies (selling life insurance policies and insurance policies for pension schemes). Limited conformity to FATF allows banks and non-banking financial institutions to embrace ineffective reporting practice, impairing comprehension of CD and FIU of all departures. They necessitate information exchange (nationally and beyond) between banks, CD and FIU. The realisation of such a mission requires the transformation of current banking supervision and regulatory enforcement practices. Such change aids information exchange and transparency. These enhance the abilities of banks to coordinate with regulators, detect launderers at the placement stage, and mitigate the incidence of ML.

From the above analysis, arguably, CD and FIU in Bahrain need to employ transparent and collaborative measures to Know Your Customer and support eradication of money laundering. Meticulous implementation of such measures is required to utilise fact and evidence-based reporting, making it possible to employ countermeasures, deter abuse of the financial system to launder money and decipher the following:

- customer background and source of money;



- the authenticity of activity and conformity to commercial and financial laws;
- the purpose of the transaction, its recipients and jurisdiction;
- risk (red flag) and demand for regulatory action.

The efficacy of AML initiatives to dismantle placement requires an unwavering commitment to implementing KYC in conjunction with CTR, SAR and STR. Focus on it is required to empower banks in Bahrain to employ deterrents, such as search, seizure, confiscation, prosecution and conviction. These are necessary to dismantle money-laundering practices.

### **3.2. Reporting Inadequacy in Bahrain & Anti Money Laundering**

The failure to manage Anti Money Laundering is related to weak and inefficient reporting mechanism denoted by the absence of evidence-based reporting. This is considered necessary to stimulate transparency, making it difficult for launderers to abuse financial system to invest tainted money and legitimise proceeds of crime.

#### **Suspicious Activity Reporting**

Marston (2018) notes banks in Bahrain underutilise the objective reporting system to assess customer identity and their demand for services such as cash smart cards. The absence of seamless flow of information and access to them retards collective abilities of CD and FIU to determine customer delinquency, such as engagement in internet-based gambling and investment in offshore centres in contravention of law and regulatory guidelines. Arguably, fact-based information exchange stimulate awareness of regulators about all abuses, initiate countermeasures to standoff round-tripping of tainted money and their integration in the mainstream economy, reinforcing the necessity to use transparent SAR and stamp out abuse of banks in Bahrain.

#### **Suspicious Transaction Reporting**

Shorrocks (2018) links Bahrain's ML control failure to inept STR. He states that irrelevant reporting and inefficient regulatory supervision encourage launderers to exploit the financial system and launder money. Unsuccessful searches, seizure, confiscation of tainted wealth and conviction of launderers, show the impact of flawed reporting of transactions that breach FATF. It equips all criminals and their agents to manoeuvre the AML regime of banks and place, layer and integrate the proceeds of crime. The inference suggests the absence of a fact-based STR hinders the detection of

fault lines in a customer's intent in a transaction. Banks are duty bound to red flag it through objective reporting. It is important to note that deliberate over, under or misleading reporting obscures comprehension of CD and FIU in Bahrain about a customer's complicity to legitimise the proceeds of crime. As a result, the regulator in the country should initiate actions to improve transparency and honesty, facilitating the eradication of nexus between employees in banks and customers, limiting false reporting (false positive or false alarms) and facilitating regulatory action.

### **3.3. Conclusion**

The analysis highlights the relevance of implementing AML measures by banks in Bahrain. Their adoption by banks is required to monitor, regulate and prevent money laundering (conversion of illegal proceeds into legitimate earning). They aid exploitation of efficient regulatory practices to track, detect, search, seize, apprehend and convict launderers. These deter launderers from misusing Bahrain's banking system to smurf, place, layer and integrate proceeds of predicate crime and legitimise them. It is also observed that effective AML measures make it possible to guide banks to take the lead to dismantle money-laundering process. This is the outcome of CDD, EDD, RBDD, KYC, CTR, SAR and STR. Judicious implementation of these dissuades traffickers, frauds, embezzlers and terrorists from abusing the country's banks and banking system, magnifying their reliability.

Finally, compliance with FATF 40+9 recommendations is desired. It is required to employ uniform AML measures, making it feasible to build standard regulatory practices. These render it possible to initiate uniform countermeasures, aiding prevention of ML and terrorist financing. Prevention of these is necessary to sustain the integrity of the banking system and combat money laundering.

## CHAPTER 4

### Conceptual Framework

#### 4. 0. Introduction

Uniform policies and governance practices are a prerequisite for an AML policy to be effective and prevent exploitation of financial institutions (banks and non-banking finance companies) from laundering money in a globalised world. Effective implementation of these is required to promote international cooperation to monitor and regulate financial institutions to mitigate the conversion of illegal proceeds into legitimate earnings. The realisation of this demands operationalisation of government networks and cooperation between institutions nationally and internationally to thwart launderers from exploiting a country's financial system to smurf, place, layer and integrate proceeds of predicate crime. Their implementation makes it possible to track, detect, search, seize, apprehend and convict launderers, constraining conversion of tainted money into legitimate earning.

ML mitigation becomes a reality when governance in a country and beyond is effective. This is determined by the free flow of relevant and actionable information that fosters transparency. Its elevation provides the basis for judicious AML policymaking, practices and regulatory measures. Robust implementation of these discourages launderers from exploiting the financial system to launder money. To justify the validity of the argument this study takes into account the views of Keohane (2000) - *'he claims that the world is governed by international institutions for the benefit of the majority, though they threaten their liberties'*. This study adopts his theoretical standpoint to interpret the roles of institutions like the Basel Committee for Bankers, FATF, Egmont Group, IMF, UN and Wolfsberg Group in initiating international governance to combat ML. The uniform application of these guidelines makes it feasible for CD and FIU to curb the freedom of criminals (drug traffickers, human traffickers, extortionists, frauds, warlords and terrorists) from abusing the banking system and legitimise proceeds of crime.

This study adopts the theoretical foundation of Keohane (2000) and Slaughter (2004) to justify the role and relevance of deterrence. This yield results when Governments use

government networks internationally. Slaughter (2004) claims that '*such networks are anchored on relatively loose, cooperative arrangements among institutions within and beyond borders, forming the core of the new world order of governance*'. Governments globally are required to embrace this to improve institutional synergy, actionable information sharing and voluntary actions making it possible to deter, combat, mitigate the scourge of laundering and:

- initiate Enhanced Due Diligence (EDD);
- receive, review and transmit reports, such as Know Your Customer (KYC), Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR) to regulatory authorities within and beyond a country;
- search, seize and prosecute launderers nationally and internationally;

The AML measures stated above, and their relevance is insufficient to explain clearly which factors mitigate laundering. Therefore, this study further adopts Castell's theory (2010) in addition to Keohane (2000) and Slaughter (2004) to demonstrate the pertinence of such outcome. The realisation of this hinges on the drive of institutions to employ transparent regulatory actions and integrated administrative measures. Castell establishes the relevance of a new form of network society to govern institutions (financial, political and legal), control global problems (financial crisis), deter their exploitation by criminals, and stamps out the growth of the global criminal economy amid current social, technological, economic and cultural changes. To reinforce the credibility conceptual framework of this research, it is safe to state that efficient governance of global institutions aided by horizontal communication networks (internet and wireless) is required to attain such outcomes, implying that AML practices yield desired results when regulators internally, regionally and globally collaborate with the help of information technology supported communication horizontally and vertically. Such communication is required to monitor customer information (KYC), suspicious report transactions (STR) and suspicious activities (SAR) to CD and FIU in a country and beyond to:

- the track, detect, search, seize ill-gotten wealth by launderers (PEPs, tax evaders, human and drug traffickers, beneficiaries of front companies, warlords and terrorists);

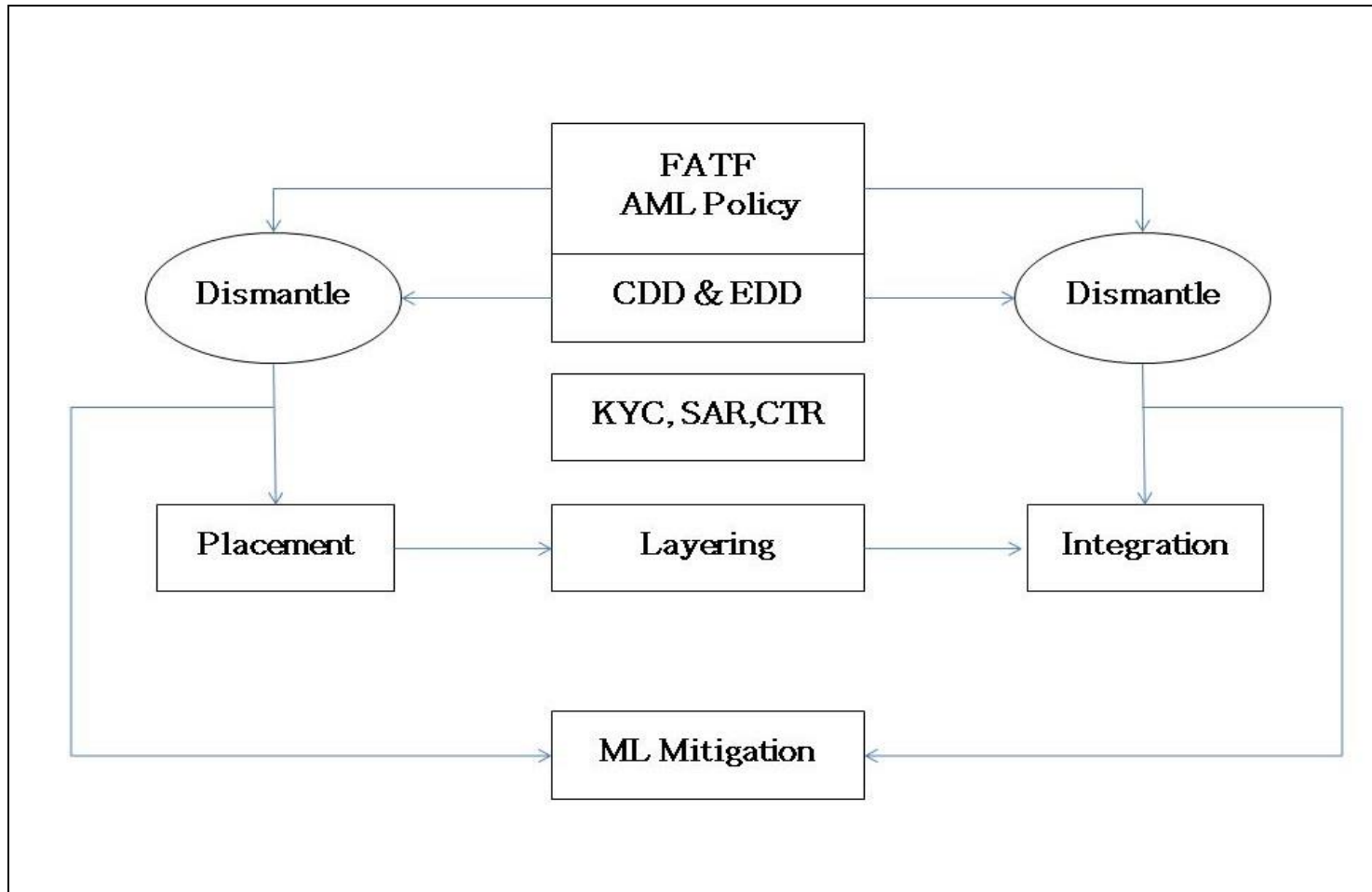
- apprehend, prosecute and convict them and eradicate the abuse of banking and financial system to place, layer and integrate illegitimate earning;
- eliminate their attempt to take over banks and non-banking financial companies (NBFCs) and improve the stability, reliability and rating of a nation's financial system.

The validity of this inference aligns with Castells (2010), Keohane (2000) and Slaughter (2004) arguing that '*judicious use of seamless communication is required to protect the global financial market from being abused*'. This is attributed to uninterrupted information sharing between banks and NBFCs, and regulators nationally and beyond. Such information exchange, aiding unhindered reporting, makes it difficult for launderers to use tainted money to rig markets (equity, spot, futures, options and commodity) and garner wealth at the cost of investors. It provides the founding pillar of a stable and reliable financial market that motivates customers (firms and individual investors) to invest, reinforcing the invaluable role of transparent communication in supporting global financial network to eliminate ML.

#### **4.1. Investigating Factors Improving Transparency & Mitigate ML**

This study adopts the theories of Keohane (2002) and Slaughter (2004) as a hybrid to construe the views of Castells (2010), Geiger and Wuensch (2006) and Takáts (2011). The analysis highlights the relevance of critical factors aiding the enrichment of institutional synergy; establishment of uniform policies and their implementation to govern banks and NBFCs. It further highlights the initiation of risk-based due diligence, retrieval and dissemination of information about customers, financial transactions and risks instantly by regulators. They provide the guiding pillars of transparent and effective AML measures (policy, procedures, laws and enforcement). Their orderly implementation mitigates ML, enunciating and establishing the factors that provide the foundation of effective AML initiatives.

Figure 2.1. Conceptual Framework



The above framework highlights the necessity to develop, implement, adapt, use and enforce uniform AML policy such as FATF, AML regulations and rules, and AML practices.

This study further adopts the hybrid {Keohane (2002) and Slaughter (2004)} in critically analysing Omar and Hajudin (2015) to establish the merits of objective actions to formulate uniform AML policy, regulations and practices. These make it possible for governments globally to build and harness institutions, like CDs and FIUs. Such uniform measures help to track transactions and abuse of financial institutions by launderers (criminals) immediately. Uninterrupted tracking makes it possible for them to assess the veracity of offences (smurfing, placing, layering and integrating criminal proceeds); and enforce legal measures, demotivating criminals to exploit banks, insurance companies, investment companies and money exchanges to legitimise ill-gotten wealth.

Furthermore, this study examined the theory of Takáts (2011) - 'Cry Wolf' and explain that the attainment of the goals, mentioned above, depends on honest reporting practices, elucidating how over (false positive) or under (false negative) reporting of suspicious transactions and activities by banks and NBFCs hinder regulatory actions to deter launderers. Eradication of their crimes calls for the implementation of authentic information exchange aided by AML enforcement. To be effective, this needs to be complemented by uniform AML policy, laws, rules and practices. In the current environment, bank monitors transactions and reports suspicious activities to CD that uses them to identify launderers and initiate investigations. It is important to note that regulators globally penalise banks when the latter fail to report suspicious transactions and activities. Banks invest heavily to monitor and report, resulting in over-reporting to avoid such consequences. Such ineffective reporting constricts the abilities of CD to detect offenders and inform FIU, impairing investigation and prosecution. These flawed AML practices foster the global illicit flow of goods, guns, people and natural resources. The following measures propounded by Takáts (2011) are required to mitigate ML, justifying the validity of the conceptual framework adopted for this study

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- Optimise fines to encourage banks to monitor purposefully and minimise reporting flaws (over or under reporting);
- Pay fees or incentives to motivate banks to judiciously monitor and authentically report, stamping out false positives and negatives;
- Retain the policy of maximum fines to ensure authentic reporting, promote government investigation, maximise prosecution of launderers and elevate marginal benefits of prosecuting them.

Further, the theoretical validity of the conceptual framework has been established by fusing the theories of Keohane (2002) and Slaughter (2004) to that of Castells (2010), Takáts (2011) and Geiger and Wuensch (2006). Their interpretation leads this research to state that ML eradication is directly correlated to uniform global governance and AML practices; institutional synergy at the global level, decisive enforcement initiatives; optimum information sharing and elevation of transparency. The endorsement of such actions stems from the motivation to maximise the cost of ML, thus dissipating its utility and perceived benefits. The validity of aligns with Geiger and Wuensch (2006) – ML prevention is effective when AML practices, laws, rules, regulations and enforcement measures -

- deprive the launderers' access to illicit assets, contracting revenue from predicate crime and the interest to engage in criminal activities;
- elevate transaction cost, making laundering cost prohibitive;
- increase the probability of search, seizure, detection and conviction;

This study considers the following factors, namely 'monitor and detects criminals and their activities', 'establish and enforce regulatory policy', 'enhance transparency', 'dispense with jurisdictional restrictions', 'elevate institutional synergy' and 'initiate inclusive practices', to attain the goals set:

a) **Monitor and detect criminals and their activities**

The drive to stamp out ML demands efficient tracking of criminals and criminal activities within a country and beyond. The theories of Keohane (2002) and Slaughter (2004) aligns with van Witwassen (2015) to establish the role of global institutions, which is a prerequisite to effective governance. This is considered necessary to combat



ML. The attainment of this becomes a reality when banks, insurance companies and financial institutions globally track the transfer of tainted money to prevent funding of crime, denoted by fraud, trafficking and terrorism. van den Broek *et al.*, (2010) note that the prevention of these depends on global collaboration between countries and their regulatory institutions to embrace and implement a robust AML policy, deemed essential to guide banks and NBFCs to participate and collaborate with law enforcement agencies to stamp out the scourge of laundering and crime. Cindori (2007) endorses the utility of such cooperation and decisive action at the global level. They promote mutual assistance, strengthening collective abilities of institutions, regulators and law enforcement agencies to unearth crime, track activities that contravene laws, search, confiscate, prosecute and convict criminals. Its urgency can be gauged from a review (Eurodad Report in 2015) of similar anti-tax evasion initiatives involving 15 EU countries. The report argues that the governments in the region (geography) sought to use a similar initiative, known as Base Erosion and Profit Shifting (BEPS). This initiative will monitor, promote information exchange, eradicate bank secrecy and arm whistleblowers to detect and prevent tax dodgers/profit shifters (individuals and corporations), stem the flight of money to tax havens and eradicate the problem of round-tripping.

The report also reveals that the absence of such initiative (BEPS) cost the Latin American Countries £893.4 million Euros in 20 years (1993-2013) and developing countries 5.1573 trillion Euros, making it difficult to eradicate tax fraud, mitigate financial crime and control economic erosion. Furthermore, this study examined the work of Levi and Reuter (2006) to justify the merits of such goal realisation. This is necessary to minimise the circulation of tainted wealth, making it difficult for criminals, including corrupt bureaucrats and politicians to use shell companies to invest such ill-gotten wealth to acquire assets (banks, insurance companies, artworks, real estate, hotels and known companies) and destabilise economic fabric of countries.

The outcomes reinforce the benefits of policy led intervention, like tax treaties and tax rulings, to detect economic offence and ML risk, highlighting the impact of transparent reporting by banks to CD and FIU in a country and beyond. It leaves no room for launderers to abuse the financial system and legitimise tainted wealth.

b) **Establish and enforce regulatory policy**

Ferwerda (2008) argues that the mitigation of ML depends on the development and use of a uniform policy that is accepted, implemented and enforced globally to deter financial crime. This research aligns his work to Keohane (2002), Slaughter (2004), Castells (2010) and Lowery & Ramachandran (2015) to substantiate the essence of adopting and using a comprehensive AML policy. Such a comprehensive policy will deter launderers from:

- exploiting systemic weaknesses, like tax havens and offshore financial centres;
- manipulating cross border regulatory weaknesses, such as secrecy jurisdiction;
- abusing the financial system, contributed to by the absence of transparency and financial regulations;
- misusing lax tax regimen beyond the national border and stash illicit money;
- using ineffective standards and cooperation internationally to invest illegal assets inadequately.

With reference to the above, this study explores the work of Cobham et al., (2015) critically and recommends the strict establishment of a transparent regulatory framework. This framework makes it feasible to '*place relevant information on public record for all stakeholders to access*', '*source private financial data by authorised authorities, such as CD and FIU*' and '*collect, analyse and share relevant information with foreign counterparts*'. These measures hinder illicit sourcing money and financing terrorism, reinforcing the necessity to utilise a robust policy and secrecy index ('0' perfect transparency and '100' complete secrecy) to eradicate jurisdictional limitations. Sustained mitigation of these is feasible when multiple policies (Basel, FATF, UNCAC, OECD, COE and AU) to control such social malaise are dispensed with.

In this respect, this research adopts the recommendation of Ai (2012) to elucidate the necessity to adopt an all-encompassing AML regulation to diminish over-reliance on banks and NBFCs to combat ML. Its employment in conjunction with Anti Money Laundering Index, such as the Basel Anti Money Laundering Index (BAMLI), is justified to include all non-financial organisations and deter criminals to launder money. The origin of such success stems from the ability to enhance transparency by applying risk-based scrutiny (CDD, EDD and RBDD). Gordon (2011) explains that the

motivation to attach priority to these insulates financial and non-financial systems of countries globally, making it difficult for criminals to exploit them to legitimise proceeds of crime (trafficking, smuggling and organised crime).

The justification detailed above confirms the theoretical standpoint of Pieth (2012). He blends FATF 40+9 recommendations and other standards, namely Wolfsberg Standard, to minimise the abuse of banks and deter ML. Their integrated implementation aids the initiation of Customer Due Diligence (CDD), discouraging financial and non-financial businesses from withholding confidential information to infuse dirty money into businesses and allow criminals to gain legitimacy. It is also relevant to note that the Wolfsberg Standard seeks to control the risks of ML in private banking and other financial crimes in the banking industry. It leans on the OECD Convention and FATF to recommend the application of KYC and CDD to eradicate the misuse of the financial system by criminals engaged in bribing, drug trafficking, human trafficking and terrorist financing. Such policy intervention arms CBs and FIUs internationally to:

- combat AML violation by a person or an intermediary or an institution, such as a private bank, commercial bank or investment bank;
- deter designated non-financial businesses to exploit the financial system and eliminate the conversion of illicit money into legitimate earnings;
- eradicate the involvement of professionals in aiding and abetting white-collar crime and ML.

**c) Enhanced Transparency**

AML yields result when information exchange between all the stakeholders is clear and actionable. This study examined Arnone and Padoan (2007) and Arnone and Borlini (2010) in conjunction with Keohane (2002), Slaughter (2004) and Castells (2010) to validate the association between transparency and ML control, rendering it possible to endorse the worth of efficient exchange of unambiguous information between countries and regulatory bodies, enforcement agencies, banks and NBFCs. Their dissemination allows regulators all over the world to ascertain the authenticity and legal validity of transactions managed by banks, insurance firms, gambinos and private cash carriers, making it difficult for criminals (human and drug traffickers,

frauds and terrorists) to exploit a transnational network to launder money. It signifies the impact of transparent AML policy and regulatory practices.

To justify the merits of policy transparency and regulatory efficiency, this study interpreted the views of Gelemerova (2009) in association with the theoretical foundations of Keohane (2002) and Slaughter (2004). Consequently, laundering is the outcome of over or inept regulation, denoted by a multiplicity of policies, opaque laws, convoluted rules and complex enforcement regimen. Launderers take advantage of these, connive with employees in banks and dodge due diligence (CDD, EDD and RBDD) to place, layer and integrate illicit earnings in profitable ventures, generate a high return and garner wealth. This aligns with the catastrophic consequences of such flaws from the work of Ryle *et al.*, (2015): 'Panama Paper'.

The active engagement of HSBC's private banking arm in Switzerland helped to aid and abet dictators, politicians, warlords, smugglers (blood diamond), arms dealers and celebrities to shelter illicit cash are legendary. It served unlawful interests of such offenders hailing from a host of countries, like Britain, Russia, India, Congo, Paraguay and Ukraine. They were guided to evade and violate all laws, regulations, directives (European Savings Directive) to smuggle out US\$ 100 billion from various countries and invest in tax havens, contributing to the accumulation of illicit money worth US\$ 7.6 trillion held in these jurisdictions. Such criminal acts continued despite the prevalence of multiple AML policies (Basel, FATF, UNCAC, OECD and COE) and a plethora of strict regulatory practices. The examples presented in this section make it possible to draw a valid inference - policy and regulatory multiplicity culminate in lax governance, opaque regulatory practices, fragile financial system, accelerate corruption and laundering.

The founding anchors that '*inadequate clarity impacts the failure of ML control*' is clear. It is exacerbated by the absence of uniform AML policy and robust CDD and EDD practices. A critique of Bjelajac (2011) concludes that the eradication of such laundering practices necessitates the adoption of such a policy led practice. This promotes honest information exchange and visible outcomes, making it possible to dismantle ML stages and deter laundering. It is clear from Unger and Waarden (2009) such outcomes can be attained when governments all over the world restore rule-based

reporting and abandon discretionary reporting, restricting the freedom to report and mask laundering. The withdrawal of discretionary reporting is promulgated to eradicate arbitrary and inefficient detection, assessment and reporting, altering the propensity to present inadequate or excessive information. It is strongly recommended to realise key goals (minimise inconsistency, elevate homogeneity and attain standardisation), rendering it possible for law enforcement agencies to search, detect, convict and confiscate illicit wealth and transfer it to legitimate owners.

i

The inference reinforces the importance of a uniform AML policy and corresponding regulatory measures to strengthen transparent due diligence and reporting practices. They are needed to control the omission of traces of crimes, detect unlawful activities and alert banks about them, enabling them to initiate actions in conformity to the regulatory guidelines and intercept attempts to launder money by criminals. Further, decisive actions are required to alter regulatory complexities. Their minimisation improves the collective competence of banks to use EDD and RBDD making it possible for them to monitor transactions, avoid under and over reporting to hide and aid fraud, detect and aid laundering prevention in association with CD and FIU, and help the regulators to coordinate with law enforcement agencies to disrupt ML process.

The outcome establishes the worth of ‘exchange of unambiguous and transparent information’, to aid search, seizure, prosecution, conviction and confiscation. Sustained use of these deters criminals from abusing the financial system and legitimise proceeds of predicate crime.

d) **Dispense with jurisdictional restrictions**

ML mitigation is related to the uniform adoption and implementation of law enforcement practices by all the countries. Carter (2009) endorses them to withdraw special privileges to enact and enforce weak laws without exception, impairing the abuse of lax local anti-laundering laws by criminals and economic offenders. It is necessary to eradicate their abilities to:

- connive with local lawmakers and circumvent restrictive measures;
- misuse institutional weaknesses and regulatory fault lines, take over banking and non-banking entities, garner and legitimise illicit wealth.

With reference to the above, this study analyses the views of Bricknell *et al.*, (2011) to conclude that - '*uniform anti-laundering law enforcement practices dissuade criminals to use cash carriers to transfer cash out of a country, initiate complex transactions to obscure the origin or source of illicit earnings and integrate these in the banking system. They make it impossible to exploit jurisdictional restriction, hide identity, transport cash, take advantage of legal and regulatory laxities, evade prosecution and conviction, mitigating predicate crime (tax fraud, theft, bribe, prostitution, forced labour and kidnapping) and misuse of banks and NBFCs to place, layer and integrate proceeds of such crime*'.

The theoretical pertinence of the above conclusion is obvious and in conjunction with Cotton (2015) and Brunelle-Quraishi (2010), Keohane (2002) and Slaughter (2004). Their standpoint establishes the need to embrace a globally accepted regulatory, law enforcement and trial practices. These yield results provided an international AML court is established, regulatory actions harmonised, special privileges to enact weak laws and enforce them selectively are withdrawn. They are required to deter economic offenders, fraudulent acts, criminal actions and eradicate the incidence of crime (economic offence and fraudulent acts), reinforcing the necessity to attach priority to government networks and collaboration internationally. They are required to attain key goals like honest actions (KYC and RBDD); prompt reporting (STR and SAR) by financial institutions (banks and NBFCs); information exchange between regulators (CDs), law enforcement agencies (FIUs) and police; and speedy prosecution, conviction and confiscation of criminal proceeds.

Greenberg *et al.*, (2009) favour the importance of such initiatives and corroborates Babu (2006) to establish using independent anti-corruption bodies to safeguard public interest nationally and internationally. The attainment of such a goal is linked ostensibly to the enactment and enforcement of local laws that complement the international framework. They enable local governments to combat corruption without prejudice, prosecute and convict offenders, recover stolen assets and repatriate them to rightful owners. The validity of such goal attainment is in congruence with the views of Mugarura (2012).

He endorses the use of a global AML court that is similar to the Dispute Settlement Mechanism (DSA) of the World Trade Organisation (WTO), playing a '*facilitative role*

*in streamlining fragile AML/CFT standards in individual national jurisdictions*'. He states that *'before the adoption of DSA in 1995, the world trade system lacked transparency and credibility and it was on the verge of collapsing. This trend changed with the adoption of DSA in Marrakesh in 1995. This allowed WTO dispute settlement panel to adjudicate cases, deliver judgments, settle disputes and protect the sanity of world trade system'*. Based on this analysis, it is safe to conclude that crime, exploitation of financial system, ML and terrorist financing can be combated if the following actions are initiated in prevailing international treaties. To adopt a global AML court and harmonise different laws and systems.

The above deduction reinforces the necessity to withdraw the current practice of extending special constitutional rights to adopt weak legislative and enforcement practices in some countries like Nigeria, Indonesia and Mexico. The withdrawal is recommended to influence lawmakers globally to maintain a uniform legal system. Also, harmonise legal and regulatory instruments, and relinquish jurisdictional privileges (exploited by corrupt public officials and PEPs), eradicating trial delays, combating criminal offences (abuse of private banks, money transfer to shell firms in tax heavens, round tripping and integration of tainted money in mainstream economy), mitigating ML and protecting the health of global financial system and global economy.

e) **Elevate Institutional Synergy**

Uniform AML policy, regulatory measures and enforcement practices yield results (like mitigating ML) when institutions nationally and globally coordinate and share information actively. Such synergy is necessary to monitor transactions, regulate actions of banks, enforce the law, prosecute and convict launderers. The views of Flores *et al.*, (2011; Williams (2001) and Keohane (2002), make it possible to gauge the worth of such institutional synergy, represented by government networks (Slaughter, 2004) in deterring criminals to smurf, place, layer and integrate proceeds of predicate crime and convert them into legitimate earnings.

Synergy at multiple levels (between countries, governments, institutions, regulators and law enforcement agencies) is mandatory to enhance transparency, improve monitoring, strengthen policing and stamp out the scourge of ML. Eberlein and Newman (2008)

corroborates Saperstein *et al.*, (2015) and highlights the need for synergy at multiple levels, which aligns with de Oliveira (2012). She explains the importance of building a partnership between multiple entities, such as Governments, institutions, regulators ombudsmen and law enforcement agencies to ensure robust adoption and implementation of FATF. Advocacy for such collaboration stems from the motivation to encourage its strict implementation, adhere to the 40+9 recommendations and prevent their selective adoption, making it possible for the 187 nations to use robust regulatory practices, harmonise AML laws, combat the scourge of ML and protect the soundness of their collective financial and economic systems. Further, the inference outlined here leads to the conclusion - 'Governments globally need to delegate power to international institutions, like Basel, COE, FATF, International Monetary Fund (IMF) and World Bank to help the countries and comply with harmonised regulatory measures.

The explanation presented above justifies the role of inter and intragovernmental and institutional cooperation and coordination to mitigate ML, signalling the impact of their influence. This emboldens all (CD, FIU, bank and NBFC) to track, report, detect, search, seize, apprehend, prosecute and convict launderers. It also stimulates regulators to employ countermeasures (CDD, EDD, KYC, CTR, SAR and STR) and compel banks and NBFCs to take the lead to combat ML. Such initiatives dissuade launderers from abusing the banking system. Likewise, Zakhele (2013) based on Slaughter (2004) reinforces the role of synergy, aided by government networks. These enable all countries and designated institutions, like Basel, FATF, UNCAC, OECD and COE to work together and regulate the actions of banks and NBFCs to:

- constrict the abilities of launderers from exploiting the banking system and integrate proceeds of crime;
- disable frauds to use the bureaucracy as a shield, perpetrate an economic offence, accumulate illicit wealth and finance terror;
- disrupt channels used by launderers to export cash to tax havens or jurisdictions known to employ lax laws and use round tripping to legitimise illicit money.

Moreover, greater cooperation between countries is required to arm the FATF standard to guide lawmakers to harmonise AML laws, standardise regulation and combat crime.



These are envisaged to enrich the health of the global economy, though they may curb civil liberties and impose a cost burden on countries.

The deduction presented above reinforces the essence of government networks to allow global institutions to formulate and implement uniform strategic practices to use banks to combat laundering. They are necessary to source, transmit and share information (KYC, CTR, SAR and STR) between banks, CDs and FIUs internationally. Dissemination of such knowledge is required to deter corrupt officials, PEPs and politicians to use complex transactions and transfer funds between accounts in a country and beyond to obliterate the origin of criminal proceeds. For example, wealth garnered through corruption, drug trafficking, tax fraud, bribe and embezzlement. The mitigation of this establishes the relevance of government networks, making it difficult to abuse banks and layer proceeds of crime. The disruption of the ML process halts their reintegration in the financial system, illustrating clearly the roles of synergy, transparency and uniform practices. These are needed to dismantle the ML process and safeguard the financial system.

#### **f) Initiate Inclusive Practices**

An analysis of Asongu and Nwachukwu (2016) based on Keohane (2002), Slaughter (2004) and Castells (2010) reinforces the validity of inclusivity. The adoption and robust implementation of an inclusive AML policy is required to correct the current fault lines. They make it possible to delegitimise proceeds of all forms of crime, such as human trafficking, drug trafficking, bribery, tax fraud, illegal trade in arms and terrorist financing. The employment of such anti-laundering policy is endorsed to eradicate flawed governance and complex enforcement practices, magnifying the abilities of countries, governments and institutions to track, search, seize and convict launderers, halt accumulation of illicit wealth and deter misuse of the financial system as a vehicle to invest tainted wealth.

Given the above, this study endorses use of a FATF style policy without exception, meaning jurisdictional relaxation currently extended in a host of regions must be withdrawn. This reinforces the necessity to adopt and implement an inclusive policy

led regulatory regimen. In this respect, the work of Hannig and Jansen (2010) is noteworthy. This research adopts their standpoint to justify the validity of a new understanding -

*‘Uniform policy led governance, and enforcement practices complemented by government networks are required to implement holistic AML measures and mitigate ML in a globally interconnected society’.*

They facilitate purposeful horizontal communication, making it possible for institutions (CD and FIU) to share information in a country and trans-border (Choo (2008) and Slaughter (2004) to legitimise the utility of such initiative. Uninterrupted information exchange is proposed to promote transparent anti-laundering actions (report, search, seize, prosecute and convict) and deter corrupt officials, PEPs and politicians from exploiting the financial system and launder money. It is a prerequisite to the success of ML control. As a result, voluntary information exchange magnifies the abilities of Governments to alter lax AML regulatory framework and vague AML laws and their enforcement and correct crime and laundering, monitoring fault lines.

They are necessary to dissuade criminals from laundering money, reinforcing the need to establish a communication network to review current policy dichotomies, embrace a holistic and robust AML policy, integrate regulators globally and mitigate conversion of illegal proceeds into legitimate earning.

According to de Koker (2011) and Shehu (2012), several conventions and practices highlight the essence of an all-inclusive AML solution. This is required to protect the integrity of national and global financial markets, justifying the necessity to *‘harmonise the recommendations of Basel, FATF and Egmont Group to influence institutions to act and make the cost of ML prohibitive’*. Cost elevation is imperative to reduce the utility of ML. This implies that a global AML policy supports authentic information exchange between banks, institutions and regulators assume importance to monitor, scrutinise and eliminate the abuse of financial services (trade credit, cash card, trade finance and wire transfer) to launder money and finance terrorists.

The analysis in this section reveals the role and relevance of the conceptual framework. Sustained use of this aids regulators and law enforcement agencies to monitor, regulate and guide banks in a country to act, disrupt the ML cycle and prevent ML. The

application of the model will equip the CD and FIU to take the lead and deploy effective countermeasures, complemented by the following:

- initiate due diligence;
- verify customer identity of persons involved in a transaction and source of money;
- communicate suspicious transaction and activities;
- detect the actions and activities of correspondent banks;
- monitor actions of gambinos;
- detect cash carriers, their prosecution and conviction;
- eradicate jurisdictional laxities.

The use of the model is promulgated to stimulate clarity and visibility of pertinent information, allowing banks to prevent criminals from exploiting the banking system to launder money and promote inflow of legitimate investment. Further, implementing the model supports harmonisation of different regulatory principles and laws, considered as '*necessary preconditions of prosecution and conviction of launderers*'. It yields results when the factors discussed in the next section are also implemented.

#### **4.2. Critical Scrutiny of Additional Measures & Implementation of the Framework**

Such scrutiny highlights the necessity to integrate additional measures, like AML law review and new legislation, close monitoring of and reliance on knowledge-based AML practices to prevent and mitigate ML.

##### **a) AML Law Review & New Legislation**

This study aligns with Hameiri and Jones (2015) to highlight the absence of unanimity of motivation and socio-political leanings in drafting and legislating laws to stunt ML offence. They cite examples of American (US) and European Union (EU) initiatives to justify the validity of such observations. The lawmakers in the US are motivated to enact laws that enable institutions to fight the menace of drugs, disrupt ML cycle and eradicate ML. Likewise, EU lawmakers are stimulated to develop and ratify laws that

arm institutions to combat the scourge of terrorism, demotivate terrorists from abusing the banking system and impair efforts to convert illicit money into legitimate wealth.

Similarly, Quaye and Coombs (2011) show governments motivation in different jurisdictions (France, Germany, Hongkong, Malaysia, Indonesia, Nigeria, Senegal, South Africa, Switzerland) and global institutions to enact different laws to control ML. They explain that multiple laws, like Narcotics Drugs Act 1990, Serious Fraud Act 1993, Foreign Exchange Act 2006, Whistle Blower Act 2006, Anti Money Laundering Act 2008, Anti-Terrorism Act 2008, Anti Money Laundering Regulation 2008, Mutual Legal Assistance Act 2010 and Organised Crime Act 2010, compound the failure to detect and prosecute criminals, hindering ML mitigation. This is attributed to weak efforts to ascertain the causes of laundering. Such frailties lead lawmakers, regulators and administrators to attack the symptoms (Costa, 2008), resulting in the introduction of ineffective AML policy, weak laws that hinder prosecution of offenders and inefficient enforcement practices.

The relevance of the above drawbacks can be noted from the actions of multilateral institutions, like the United Nations (UN) after the Vietnam War. Its drive to eradicate drug trade, drug abuse and criminalise laundering is known, though its effectiveness to mitigate ML is debatable. Further, the EU's commitment to attack the scourge of terrorism and political extremism failed to mitigate ML. Multiple conventions between 1988 and 1990 adopted several resolutions, but the outcomes of such initiatives are dissatisfactory. This is linked to the inability of the member states to agree on a uniform legal system to track and attack serious crime and a global standard to enrich cooperation between member states, improving search, seizure, prosecution, conviction and confiscation (Hamin *et al.*, 2016).

The author interpreted Pérezts *et al.*, (2014). It helped the author to justify that nonexistent law review, and the absence of uniform thinking failed the suppression of ML. The alteration of such inadequacy is necessary to motivate lawmakers and regulators to review and unify prevailing fragmented laws, interpret their utility to combat ML in the current global socio-political environment and enact an all-encompassing law to try, prosecute and convict criminals. Such actions are endorsed to

raise the cost of ML. This study argues that the elevation of such cost imperative will dissuade criminals from laundering illicit earning. Given this, Arnone and Borlini (2010) proposed the adoption and enforcement of uniform criminal laws and transparent administrative measures to:

- deter MLROs, professionals in financial institutions and NBFCs to connive with criminals (tax evaders), hide wrongdoing (arms trafficking) and aid placement and integration of illicit earnings into a lawful economy;
- make it impossible for bureaucrats, PEPs and business owners to exploit legal frailties and aid and abate transformation of illicit wealth (proceeds of tax fraud, extortion, smuggling and trafficking) into legitimate earnings;
- impair terrorist financing and proliferation of banned substances (nuclear substance).

a) **Close Monitoring and Reliance on Knowledge-based AML Practices**

It is imperative for the voluntary participation of banks and NBFCs to assess activities involving, account opening, deposits, withdrawals and payments. It should also include reporting without prejudice to the CD (regulator) and FIU (enforcement agency) in a country and beyond provided the actions of customers (individual depositors, companies, accounting firms and legal consultants) breach the restrictions imposed in Basel, demands of the Egmont Group and standards set in FATF.

The reference to purposeful monitoring is noted in the work of de Koker and Harwood (2015) and this study recommends the use of close monitoring practices aided by incisive CDD. This is required to promote transparency and secure meaningful evidence. Their use is mandatory to identify, report, minimise and control criminal abuse of the financial system to launder ill-gotten wealth and finance terror. Banks, insurance, leasing and commodities trading companies in more than 180 jurisdictions are obliged to use insightful CDD in conformity to the guiding principles enshrined in FATF. To legitimise the relevance of the practice, the researcher attaches priority to the FATF Recommendation 10. This makes it obligatory on the part of countries in all jurisdictions to compel banks and NBFCs to initiate the following:

- identify customers and verify their identity aided by authentic and independent documents and information;

- detect beneficial owners, take steps to ascertain their identity and establish beyond doubt the material validity of such persons;
- assess and understand the background, ownership and legal rights of legal persons;
- source information and determine the nature of business relationships correctly.

It is evident in Recommendation 10 that financial institutions are required to apply coercive due diligence to establish business relationships and critically assess transactions managed during the tenure of such relationships (FATF, 2011). This makes it possible to ensure all transactions or exchanges relating to the background of customers, the nature of their businesses and risks, and source of funds are vetted. The Recommendation also directs banks to rely less on voluntary information disclosure by customers/investors.

Further, the meticulous application of Recommendation 10 is envisaged to migrate to risk-based due diligence (RBDD). This is necessary to enhance transparency and assess ML risk judiciously, rendering it feasible to employ proportional risk control responses (FATF, 2014). In this respect, the review of Flores *et al.* (2011) is noteworthy. They propose the application of enhanced due diligence, such as RBDD to ascertain and mitigate higher risk. The worth of such due diligence is not limited to the detection of customer risk alone. It supports the detailed understanding of the financial position of banks and insurance companies, their exposure to ML risks and the impact of such risks on their sustainability. Understanding the above measures allows the gatekeepers, such as MLROs in such institutions to report suspicious transactions to CD and FIU decisively. Access to such information/data/knowledge enables governments globally to employ anti-laundering initiatives, harness government networks and collaborate, investigate all reported laundering offences purposefully and implement administrative measures. Relating them to the standpoint of Paton (2009) makes it possible to state that the heightened use of such proactive anti-laundering practices is advocated to raise the cost of laundering and dissuade offenders, traffickers and criminals from laundering money and fund terrorism.

The above reasoning highlights the invaluable role of information exchange and knowledge dissemination. Their relevance becomes clear when the works of Gao and

Ye (2007), Arnone, and Borlini (2010) are analysed. An acute reliance on traditional avenues and use of legislative intervention to ‘*define laundering, suspicious activity and suspicious transaction*’, and authorise anti-laundering measures, namely *search, investigate, prosecute, convict, seize and confiscate*’ fails to deter launderers, exemplified by the statement of Michel Camdessus, Managing Director, IMF in 1998 - ‘*2% to 5% of global GDP is laundered annually*’. Central to such failure is the inability to:

- develop and implement a uniform legal framework to combat the ML menace;
- enact uniform anti-laundering law in all the jurisdictions and adopt it without exception;
- present uniform definition of laundering, suspicious activity, suspicious transaction, and ML cycle (placement layering and integration);
- share information voluntarily and dissuade criminals to launder money.

Furthermore, it is safe to highlight the importance of abandoning traditional AML measures that obfuscate identification and detection, reinforcing the necessity to collaborate at the global level, align, share critical information about STR and SAR and establish a common surveillance framework. Holistic use of such practices is recommended to eradicate inconsistency of judgment, criminal connivance, inefficient investigation and conviction. The advocacy for data or information supported by the knowledge-based initiative is influenced by the drive to consolidate anti-laundering information, support uninterrupted analysis, exploit social networks to gather intelligence, monitor criminal patterns of criminal actions, predict trends, intervene and enforce the law, and dismantle the ML cycle. Its validity can be gauged when the works of Unger and Waarden (2009) and Shin *et al.*, (2008) are linked and interpreted. Integration between governments, harmonisation and exchange of knowledge, isolation of human engagement to detect suspicious transaction and activity are given priority to minimise the risk of under, over and false reporting. Their mitigation enables the regulators and enforcement agencies to model ML patterns (crime patterns) and intercept all attempts of launderers to defraud banks and NBFCs, exploit ineffective administrative measures, and place, layer and integrate ill-gotten wealth.

The analysis presented above justifies the need to implement knowledge-based systems, detect and report high or low-risk suspicious transactions to FIUs globally.

Governments globally need to embrace such systems to enhance - ‘*transparent actions, decisions and reports*’ and stimulate the effectiveness of ML control measures. Their realisation is necessary to comply fully with FATF and Basel Standards, enabling banks to take the lead, collaborate with regulators globally to combat the scourge of ML.

### **4.3. Conclusions**

In conclusion, the use of the conceptual model is justified from the viewpoint of enhancing transparency. The elevation of this is recommended to deter abuse of banks and NBFCs and legitimise the proceeds of predicate crime. It constricts the scope to place, layer, integrate tainted money in profitable ventures, and generate high returns. Moreover, it necessitates the use of transparent due diligence to discourage drug traffickers, embezzlers and terrorists from reinvesting proceeds of predicate crime to finance terror.

The advocacy for using the conceptual model stems from the drive to develop and employ uniform AML policy, considered necessary to promote clarity. This retards the ability of launderers to bribe corrupt officials and initiate unethical activities (transport weapons). It dissuades them from exploiting financial institutions, transferring illegitimate wealth to tax havens, use a series of complex transactions, legitimise proceeds of such crime and transfer them to international business centres. The role of uniform AML practices is championed to exchange authentic information, dismantle the ML stages (placement, layering and integration) and eradicate laundering practices.

The analysis signals the relevance of a uniform AML policy and complementary regulatory measures to strengthen transparent due diligence and reporting practices needed to control the omission of traces of crimes, detect unlawful activities and alert banks about these, enabling them to initiate actions in conformity to the guidelines of Basel and Wolfsberg, and intercept attempts to launder money by criminals. To realise these, decisive actions are recommended. They help to alter regulatory flaws and initiate actions that are enforceable by law. Their alteration improves the abilities of banks to use EDD and RBDD to monitor transactions, avoid under and over reporting to hide and aid fraud, detect and aid laundering prevention in association with CD and FIU, and help the regulators to coordinate with law enforcement agencies to disrupt the ML process. The outcome establishes the worth of thoughtful and transparent information



exchange, search, seizure, prosecution, conviction and confiscation. Their use deters criminals to invest and take over banks, abuse their systems and legitimise proceeds of predicate crime. Such deterrence minimises the exposure of banks to a high risk of collapse.

## CHAPTER 5

### Research Methodology

#### 5.0. Introduction

An interpretation of such detailed responses and data is necessary to predict the merits of AML policy to motivate banks and investors to disclose voluntarily the sources of all transactions, promoting information sharing and enabling institutions (CD and FIU) engaged in banking supervision and enforcement to guide banks to use enhanced due diligence (EDD) and stem the flow of dirty money. This chapter presents the methodology adopted by the thesis. It presents the research design, statistical approach, validity and reliability. Furthermore, it discusses and presents a description of the sample and setting, data collection methods and data analysis, with an exposition of the development and description of the questionnaire and highlights obstacles experienced during data collection. It also presents the ethical issues considered to protect the rights and privacy of the respondents. In addition, this chapter examines specialist studies in policy transparency and AML. These include Castells (2010), Chatain *et al.*, (2009), Gallant (2010), Gilmour (2014), Haigner *et al.*, (2012), Keohane (2000), Passas (2005), Slaughter (2004), Takáts (2011) and van Duyne *et al* (2004). ,

This study adopts a mixed method research to achieve the objectives of this study, a transparent AML policy. This makes it possible to gather and use secondary data and in-depth responses (Bell, 1995). To understand the importance of mixed methodology, the contributions of Cohen *et al.*, (2007) and Kervin (1999) are analysed. It facilitates the selection of respondents, banks and non-banking finance companies (NBFCs) to gather detailed responses and reliable secondary data.

The absence of valid information about AML policy in Bahrain is pivotal to the adoption of a mixed methodology. As such, interviews of employees engaged in banks and NBFCs and secondary data collection from these organisations become pertinent. Further, AML policy research yields the desired result when the following factors are analysed critically, established from a review of Ferwerda (2008) in conjunction with Creswell and Clark (2011). They are transparent regulation, instant information sharing with CD and FIU, enforcement of the law and placement, layering and integration prevention.

Over-dependence on secondary data (hard data) weakens such analysis and outcomes (Palinkas *et al.*, 2015). The use of mixed method assists in examining qualitative information and quantitative data and probing the extent to which they complement each other (McCusker and Gunaydin, 2014). They enable the researcher to scrutinise and answer the research questions, study the importance of AML policy that promotes transparent actions (de Koker, 2011) and draws valid inferences. They make it feasible for to find the importance of such policy-led transparent actions deemed necessary to guide banks and NBFCs to prevent and eradicate placement, layering and integration.

### **5.1. Research Philosophy**

This research adopts the theoretical standpoints of Chowdhury (2014), Groenewald (2004), Ponelis (2015), Sobh and Perry (2005), Žukauskas *et al.* (2018) to review the research philosophies, selecting one that supports the current study. According to Sobh and Perry (2005), research philosophy is defined by a researcher's faith in a specific data collection method, making it possible to analyse data, draw the inference and justify the validity of a phenomenon. Groenewald (2004) explains that researchers use multiple research philosophies such as Ontology, Epistemology, Positivism, Realism, Interpretivism and Phenomenology. The use of one or a combination of these depend on the problem analysed.

On the other hand, Žukauskas *et al.* (2018) argue that the adoption of a positivistic approach to research is necessary to gather data, allowing a researcher to manipulate and interpret such data to develop and justify the relevance of a hypothesis/conceptual framework. However, Ponelis (2015) claims that over-reliance on positivistic approach may lead to an erroneous conclusion. This is attributed to the preference to analyse hard data that suppress the communication of details. As a result, Chowdhury (2014) recommends the adoption of Phenomenology, rendering it feasible for a researcher to interact extensively with the respondents, analyse the in-depth responses, decipher the validity of a hypothesis/conceptual framework and justify the solution.

Based on the above, this research considers the combined adoption of Positivism and Phenomenology, to support the mixed method, which is complemented by In-depth Interview and Secondary Data.

## **5.2. Research Design**

research design is seen as a plan that guides a study (Demetis (2014) citing Yin (1984)). It enables a researcher to detect and identify a problem that the research aims to solve. This is achieved by creating the objectives and research questions, gather in-depth responses, collect secondary data, and extrapolate to draw inferences and establish the validity of the model.

To achieve the objectives of this study, de Vaus (2001) exploratory study design was adopted because of the absence of reliable studies; and the dearth of data, information and knowledge concerning research related to policy transparency in Bahrain and other countries in the Gulf Co-operation Council (GCC).

The selected research design allows the researcher to present the characteristics of respondents employed in banks and NBFCs used in this study. Morton and Williams (2009) and van den Akker *et al.*, (2006b) helps to justify the merits of aiding the exploration of a phenomenon when information is scarce, such as use of transparent AML policy - influences the FIU to take the lead in detecting launderers and laundered assets to eradicate structuring and placement, encourages banks in spearheading the fight against ML and eliminate layering and integration; and supports enforcement of regulatory measures in Bahrain.

Comprehension about their views facilitates the use of secondary data and In-depth Interview Formats, noted in Appendix-1 and 7. According to Myers *et al.*, (2010), their use allows a researcher to gather secondary data and detailed responses in line with a plan to complete the study.

### **5.2.1. Detailed Response and In-depth Interview**

This study relies on qualitative (detailed response) and quantitative (secondary data) information collection approaches. The in-depth interview is especially useful for gathering and processing detailed responses, processing and presenting them, and analysing information presented.

Patton (2002) endorses the employment of this method as it lends flexibility, making it possible to present questions and explore in detail during the interviews. Boyce and Neale (2006) support its suitability in AML policy research. Rallis and Rossman (2012)

justify it as a supplementary method to collect detailed responses about the necessity to employ an AML policy that helps to discourage banks to overlook or suppress customer identity, the source of fund and suspicious transactions; and adopt consistent and uniform AML legislation and regulation to stamp out structuring, placing, layering and integrating dirty money.

The benefit of the interview is emphasised by Legard *et al.*, (2003) from the viewpoint of disseminating personal information and analysing beliefs. The theories propounded by researchers, like Patton (1999) are given priority to interview 31 designated employees engaged in banks and NBFCs. Their reviews make it possible to explore the necessity to adopt AML policy to track, detect, search, seize, apprehend and convict money launderers supported by cross border intelligence sharing by banks, CD and FIU in Bahrain. The questions in the interview (Appendix-1) are administered to gather valid responses. Analysis of data from the interviews is essential to interpret the credibility of the association between the following:

- AML policy transparency and ML mitigation;
- AML regulation and control placement of illegitimate money; and
- Transparent anti-laundering actions and eradication of layering and legitimisation of illegal money.

To complete the interviews, appointments were requested from respondents engaged in banks and NBFCs. The interview process was explained to the participants and on receipt of confirmed appointments, the interviews were held. Each respondent was interviewed for two and a half hours each day, and three were required to complete the interview. The interviews were conducted between 11<sup>th</sup> of May 2017 and 24<sup>th</sup> of July 2017.

Before each interview, the respondents were informed and assured about the following:

- their views, critical opinions and comments would be used to complete this study;
- their responses would be anonymous and
- all ethical steps would be adhered to retain validity, reliability and legitimacy of the interviews.

The author permitted the respondents to voice their experiences freely without any influence, minimising the probability of bias and distortion. Their absence improves the reliability and validity of results, realising the objectives of this study.

### 5.2.2. Quantitative Method & Secondary Data

Smith (2006) supports the use of secondary data to gather data from banks, NBFCs, CD and FIU. The use of preselected items in the format guides the researcher to approach the entities and source data generated in them. The review of the following supported the selection of such items:

**Figure 3.1 Review of Authors & Charter and Secondary Data Selection**

<i>Researchers</i>	<i>Charter/Convention</i>
Car and Goldby (2009)	FATF
Maggetti (2012)	Council of Europe (COE)
<u>Perri and Brody (2011)</u>	Egmont Group (EG)
Ryder (2012)	The Wolfsberg Group (TWG)
Ryle <i>et al.</i> (2015)	Basel Committee on Banking Supervision (Basel)
Schneider <i>et al.</i> (2015)	United Nations (UN)

To gather secondary data, authorities engaged in the following organisations in Bahrain were contacted, and their consent obtained.

**Figure 3.2 Target Respondents & In-depth Interview**

a) Six (6) Commercial Banks;	b) Five (5) Money Exchange;
c) Five (5) Investment Banks;	d) One (1) Private Bank;
e) Four (4) Insurance Companies;	f) CD;
g) FIU;	h) Public Prosecutor;

The author personally visited the designated authorities, presented the data format and explained the reasons for secondary data collection between 5th of June 2017 and 14th of June 2017. The data formats from the authorities were collected between 10th of July 2017 and 13th of July 2017. The formats were also audited fully to check the precision of data submitted by them. It required another one week to process the data in the formats and generate data that can be used to complete this study.

### 5.3. Sampling

Sampling is the process of selecting subsets from a population of interest (banks, NBFCs, CD and FIU). The study of the sample leads to generalisation of result that can be applied back to the population from which they were chosen. This research adopts a purposive sampling method where the participants were selected based on preselected criteria (employees in banks, NBFCs, CD and FIU) relevant to the objectives of this study.

According to Dworkin (2012), *‘the sample size used in qualitative research methods is smaller than quantitative research methods; the former is concerned with garnering an in-depth understanding of a phenomenon. In-depth interview work is more inductive and emergent in its process. As such the aim is to analyse the relationship between categories while attending to how the lived experience of respondents can be understood’*. His views are used to develop the sample frame, involving qualitative and quantitative methods. To complete it, information available in CD, FIU and Ministry of Justice in Bahrain are used. They are contacted to collect reliable information involving the following and the extent to which they conform to FATF, COE, Egmont Group, Basel, The Wolfsberg Group and UN.

**Figure 3.3 Sample Frame & Target Entities**

Categories of Organisations	Number
a) Commercial Banks	23
b) Islamic Banks	6
c) Insurance Companies	25
d) Investment Bank (Category-1)	20
e) Money Exchange	6

Further, thirteen (13) Money Laundering Reporting Officers (MLROs), fifteen (15) Relationship Management Executives, ten (10) tellers working in banks and NBFCs, are approached for an in-depth interview. Following yardsticks were used for their selection.

**Figure 3.4 MLRO/Relationship Executive/ Teller & Selection Yardsticks**

a) Education	b) Professional Certification
c) Years of experience	d) Expertise;

They ensure that the MLROs are competent to understand the demands of AML guidelines of Central Bank of Bahrain (CBB), use KYC operating processes and

procedures, advice and implement EDD, decipher the meaning of questions during the interview, present impartial, unprejudiced and comprehensive answers.

Seventy Four (74) Chief Operating Officers (COO) were approached in the beginning through CBB. Their consent was solicited to involve one MLRO each from each bank and NBFC. Nevertheless, forty-three (43) of them rejected the request of the researcher on the grounds of undermining secrecy and governance. Thirty-one (31) consented to participate in the interview.

### **5.3.1. Sample Size Determination**

Latham (2007) citing Frey *et al.*, (2000), defines a sample as a subgroup of the population that is studied to explain the validity of a phenomenon. It is a method of selecting a limited number of respondents from a larger population. They are used to predict results that are relevant to the defined population. Guo *et al.*, (2013) justify the necessity to select the right sample size that is large enough to improve the reliability of results. Their standpoint indicates that larger the sample sizes are more reliable and leads to less bias and error.

Guo *et al.*, (2013) is a proponent of quantitative study as opposed to qualitative study. However, Marshall (1996) states that '*an appropriate sample size in a qualitative study is one that helps to answer research questions; for very detailed studies the sample size may be in single figure. Themes or explanations stop emerging from the data (data saturation)*'. Likewise, Guest *et al.*, (2006) examined the following studies to establish the need to use a small sample in a qualitative study.

- Bertaux (1981), highlights the statistical validity to use 15 respondents;
- Morse (1994), signalling the statistical reliability to use 6 respondents in the phenomenological study and 30-50 respondents for ethnographic and grounded theory studies;
- Creswell (1998), argues the need to interview between 5-25 respondents in the phenomenological study and 25 for grounded theory study; and
- Kuzel (1992) defines the requirement to interview 6-8 respondents for a homogenous sample.



Given the above, the standpoint of Guest *et al.*, (2006) is considered to select the sample frame that is made up of -

1. 13 MLROs, 7 Relationship Management Executives and 8 tellers in Commercial Banks;
2. 2 Fund Sourcing Managers in Investment Banks;
3. 5 Remittance Specialists and 3 Tellers in Money Exchanges;
4. 1 Manager in Housing Bank;

They are selected at random from a list of seventy-four (74) top commercial banks, investment banks, money exchangers and insurance companies registered with CBB. The initiative supports a fair representation of such respondents known to demonstrate expertise in ML control and shed light on the subject relevant to Bahrain.

This study also used secondary data to examine the association between AML policy transparency and mitigation of ML denoted by the eradication of placement, layering and integration in Bahrain. Sorensen *et al.*, (1996) highlight the optimum sample size to gather secondary data from banks (49), Insurance Companies (25), FIU, CD and the Public Prosecutor in the country. To ascertain the sample size, this study adopts the views of McCrum-Gardner (2010), rendering it possible to use the following and gather secondary data to complete the study:

a) Power: This is the probability of rejecting a theoretical standpoint when the alternative is true. At a given significance level (0.05), the power of a test is increased by having a larger sample size. The minimum acceptable level is considered to be 80%. There is an eight in ten chance of detecting a difference of the specified effect size (Cunningham and McCrum-Gardner, 2007).

b) Type I and type II errors: The former occurs if the standpoint of a researcher is rejected when it is true. From the definition of significance level, this will occur in 1 in 20 times if the test is valid at 5% significance level. The probability of a type I error is the significance level of the test, signified by alpha ( $\alpha$ ). Type II error occurs if the theoretical stand is not rejected when the alternative is true. It is defined by beta ( $\beta$ ). The power of a test is the probability of not making a type II, denoted by  $1-\beta$  (McCrum-Gardner, 2010).

This study attaches priority to the theoretical stand of Andersen *et al.*, (2011) to use a secondary data format (Appendix-7) and gather secondary data from banks, NBFCs, CD, FIU and PP in Bahrain. Given this, the author sought active engagement of CBB, Ministry of Interior, Ministry of Justice and Islamic Affairs to access the organisations and institutions in Bahrain without any hindrance.

The views of Guo *et al.*, (2013) are analysed in association with Prajapati *et al.*, (2010) to ascertain optimum sample size, comprising of banks, NBFCs, CD, FIU and PP in Bahrain. The sample size is attained to mitigate bias and improve reliability.

- The first stage of stratification: This involves banks and NBFCs in Bahrain. Out of 74 of such organizations 6 commercial banks, 6 money exchanges, 6 investment banks, 1 private bank and 4 insurance companies were selected at random.
- The second stage of stratification: This helped to select risk management departments in the organisations and contact MLROs, elevating homogeneity of the subjects in the sample.
- CD, FIU and PP are independent institutions involved in regulation, intelligence gathering, economic offence control, and law enforcement. All of them have been selected to source pertinent secondary data.

The theories advocated by Faul *et al.*, (2007) and Baguley (2004) are combined and analysed to adopt 'G Power' and use the following statistical benchmarks recommended by McCrum-Gardner (2010) to determine the sample size:

- Test = one-tailed
- Effect size  $f = 0.50$
- Error probability ( $\alpha$ ) = 0.50
- Power ( $1 - \beta$  error probability) = 0.80

t-test	correlation:	Point	Biserial
Model			
Analysis:		A priori: Compute Required Sample Size	
Input:		Tail(s)	=One
		Effect Size $f$	=0.50
		$\alpha$ err probability	=0.50
		Power ( $1 - \beta$ err probability)	=0.80
Output		Non centrality parameter $\delta$	=2.6457513
		Critical t	=1.7291328
		Df	=19

Total Sample Size	=21
Actual Power	=0.8172279

The output indicates that access to 21 organisations would be sufficient for this study. The study examines and analyses secondary data gathered with the help of secondary data format in Appendix-7 in conjunction with detailed responses of MLROs, sourced through interviews.

#### 5.4. Collection of In-depth Responses & Secondary Data

It is visible from the preceding sections that the researcher to gather detailed responses, collected secondary data, interpret them to complete the study and justify the role of a transparent AML policy in dismantling ML process (placement, layering and integration) uses qualitative and quantitative data. The adoption of the methods facilitated the employment of in-depth interview and secondary data format. The author solicited help from the following authorities to gather detailed responses and secondary data:

**Figure 3.5 Authorities Contacted & Gather Responses and Secondary Data**

a)Governor of CBB	b)Financial Intelligence Directorate, Ministry of Interior
c)Minister of Justice and Islamic Affairs	d)Director, FIU
e)Chief Executives of banks & NBFCs	f)Risk Management Managers in banks & NBFCs
g)MLROs in banks & NBFCs	

Consequently, with the support of the above authorities, the researched conducted in-depth interviews (Appendix-1) comprising of 6 questions and collected secondary data compressed in 10 tables (Appendix-7). The following steps were observed to complete the task:

a) The researcher introduces the details of the research along with in-depth interview and secondary data formats to MLROs in banks and NBFCs, Directors in CD and FIU and PP on the following dates respectively:

- i. 19th of May 2017 to 26th May 2017;

ii. 5th of June 2017 and 14th of June 2017.

b) 13 MLROs, 7 Relationship Management Executives, 8 Tellers in Commercial Banks; 2 Fund Sourcing Managers in Investment Banks; 5 Remittance Specialists and 3 Tellers in Money Exchanges; and 1 Manager in Housing Bank were contacted by the researcher on different dates between 27th May 2017 and 24th July 2017 to complete the interviews. This initiative helped to acquire detailed responses that were analysed. They helped to understand the extent to which a transparent AML policy anchored on CDD and EDD, aided by KYC and STR mitigates ML in Bahrain. It helped the researcher to predict the impact of the policy in motivating banks and NBFCs to eradicate placement, layering and integration.

c) The secondary data format was explained to 1 MLRO, 1 Relationship Executive, 1 Teller, 1 Fund Sourcing Manager each in 21 banks and NBFCs, 1 Director each in CD and FIU, and 1 PP. They were guided to present relevant data between 15th June 2017 and 9th July 2017. Fully completed formats were finally collected between 10th of July 2017 and 13th of July 2017. Their acquisition facilitated data processing for critical analysis and interpretation.

#### 5.4.1. Development of In-depth Interview Format and Secondary Data Format

This research employs both in-depth interview and secondary data as key instruments to collect detailed responses and secondary data. The researcher considers the factors used by Castells (2010), Gilmour (2014), Keohane (2000), Slaughter (2004) and Takáts (2011) in association with the following:

#### Figure 3.6 Instrumentation & Frameworks Used

a) FATF recommendations	b) COE guidelines
c) EG guidance	d) TWG anti-corruption guidance
e) Basel guidelines	f) UN conventions

They helped to modify the factors to suit local conditions and the design in-depth interview and secondary data formats. They contain the following –

<b>Instruments</b>	<b>Content</b>
a) In-depth Interview Format:	Six Questions
b) Secondary Data Format:	Ten Data Formats

They allow the researcher to take into account all issues that support the critical assessment of the association between AML policy transparency, robust due diligence, thorough reporting, sound law enforcement, speedy conviction and ML mitigation in Bahrain. Further, they aid the attainment of the objectives of this study. The steps mentioned in the following section are used to develop the research instruments -

a) A general review of AML policy research motivates the researcher to give credence to factors involving governance, risk assessment, deterrent actions (search, seize, prosecute, convict, confiscate and return) and disrupt the ML process to eradicate the prospect of smurfing, placement, layering and integration. It influences him to place questions to elicit detailed responses about anti-laundering practices. This helps to determine what banks and NBFCs in Bahrain could do to employ EDD and share information with CD and FIU to deter criminals to exploit the financial system and convert the proceeds of crime into legitimate earnings. They are deemed relevant to explore the central research questions of this study.

b) Pilot studies were conducted to enrich the reliability of the in-depth interview and secondary data. They help to gather valuable comments from MLROs in Banks and NBFCs and Directors in CD and FIU. Such comments are utilised to modify the questions and factors presented in the secondary data, rendering it possible to gather detailed responses and meaningful data.

c) The researcher contacted the following participants to contribute to the study -

- i. Three (3) MLROs engaged in banks and NBFCs: The In-depth Interview Format was administered to them;
- ii. Eight (8) Risk Managers and Directors employed in banks, NBFCs, CD and FIU respectively: The secondary data format was introduced to them.

d) Finally, the following tests were applied to determine the validity of the in-depth interviews and secondary data-

**Figure 3.7 Statistical Packages Used**

<b>Statistical Test</b>	<b>Statistical Package pioneered by</b>	<b>Research Instruments</b>
Kappa	The Centre for Collaborative & Interactive Technologies ( <a href="http://www.ccitonline.org">www.ccitonline.org</a> )	In-depth Interview Format
PPV	MedCalc Software ( <a href="http://www.medcalc.org">www.medcalc.org</a> )	Secondary Data Format

#### 5.4.2. In-depth Interview Format Design

This study adopted the theoretical interpretation of DiCicco-Bloom and Crabtree (2006) to design and develop the interview format. This enables the MLROs to communicate their experiences about full adherence to Basel guidelines, FATF recommendations, COE guidelines and TWG anti-corruption guidance by banks and NBFCs (Campbell *et al.*, 2013). Their detailed responses and analysis enable the researcher to establish the validity of the conceptual model, role of AML policy transparency in guiding banks and NBFCs to initiate actions and disrupt ML process, making it difficult to legitimise ill-gotten wealth, insulating the financial system from criminal abuse and encouraging investors to invest in Bahrain.

**Question-1:** Can you inform me about the following -

- Your educational background;
- Your professional background;
- Years of engagement in the bank/insurance company/money exchange.

These questions are necessary to understand the educational and professional background of MLROs. Their analysis is necessary to ascertain the extent to which banks and NBFCs in Bahrain employ CDD and EDD, in conformity to Basel guidelines and FATF recommendations to stamp out the malaise of ML.

**Question-2:** Which of the international conventions do the Government of Bahrain follows to combat money laundering and terrorist financing (AML/CFT)? Please explain the following -

- why the convention is followed;

- how the convention supports or constricts AML/CFT;

It aims to gather detailed responses and understand which international convention is followed by CBB to guide banks and NBFCs to combat ML and terrorist financing and the extent to which implementation of such convention promotes or deters such crime.

The respondents stress on 17 factors, namely universal Standard Set to combat ML.

Bahrain's membership of MENAFATF, assessment of actions of private banks in conformity FATF, initiation of actions on KYC, initiation of Due Diligence, use of Wolfsburg to assess actions of correspondent banks, adherence to EU directive to combat ML, following of Joint Money Laundering Group in UK, implementation of laws aided by Bahrain Amiri Decree - AML 2001, enforcement of law aided by Bahrain Amiri Decree - AML 2001, regulation of banks aided by Bahrain Amiri Decree - AML 2001, CBB regulation to control financial crimes, CBB regulation to monitor capital market, employment of Due Diligence, monitoring of activities of customers/investors, screening of activities of customers/investors and use of Word Check System to monitor customer accounts

**Question-3:** Which AML/CFT policy does your bank/insurance company/money exchange follow to mitigate money laundering? Please explain if the policy aids or hinders money-laundering mitigation?

It seeks to elicit a comprehensive response from MLROs about adherence of AML policy by banks and NBFCs to mitigate ML and understand how such policy encourages or discourages criminals, politicians, PEPs and bureaucrats from abusing the financial system to legitimise criminal proceeds.

The respondents mention a total of 13 items, such as Bank AML Policy is linked to Bahrain's Policy and CBB's Policy, Bank AML regulation is linked to Basel & FATF, use of KYC requirements for different type of customers, use of EDD for high risk customers, use of new customers on-boarding committee (CBC), use of EDD & CBC for PEPs, use of EDD & CBC for Charity Account holders, use EDD & CBC for correspondents banks, use EDD & CBC for non-residents in Bahrain, use of EDD &

CBC for non GCC residents, use of EDD & CBC for 10 million customers and review of customers against the Sanctioned List.

**Question-4:** Does adherence to AML/CFT policy by your bank/insurance company/money exchange supports or retards mitigation of Smurfing, Placement, Layering and Integration?

It is introduced to unravel the impact of adherence to AML/CFT policy by banks and NBFCs in Bahrain and the extent to which such policy implementation discourages criminals to exploit the financial system to smurf, place, layer and integrate tainted money.

The respondents highlighted 12 factors, such as support of customer analysis, support for use of automated system, establishment of detection system, adoption of reporting practice, aiding of regulatory intervention, aiding of enforcement, guidance of search, guidance of seizure, guidance of prosecution, guidance of conviction, initiation of confiscation and the integration stage.

**Question-5:** It is possible to explain why adherence to AML/CFT policy by your bank/insurance company/ money exchange improves or constricts actions on KYC, STR, SAR, CTR, CDD and EDD (Risk Based)?

It aims to evoke detailed responses from MLROs about the underlying reasons for adhering to a robust AML/CFT policy by banks and NBFC and how it strengthens or weakens KYC, STR, CTR, CDD and EDD (Risk Based).

A total of 30 items were highlighted, for example improvement of CDD, improvement of KYC, improvement of STR, improvement of EDD. Others were reviews aided by system excellence and information access, intervention aided by information exchange, actions aided by institutional agility. Also, affirmative answer to classification, customer type of classification, by nationality, individual, joint account, company account, partnership, charity, charitable association. They also highlighted the use of the following: sanctioned list, show of flag, and its use for AML monitoring database, world check system, OFAC list, PEPs list, and use of more than 200 lists, linkage of the lists with our AML system, checking of new customers against lists, daily screening



of new customers, daily screening of old customers and use of threshold for different categories of customers.

**Question-6:** Can you explain the extent to which AML/CFT initiatives of your bank/insurance company/ money exchange help or fail regulators and law enforcement agencies to track, investigate, seize, prosecute launderers, convict launderers and confiscate ill-gotten wealth?

It is presented to find out how AML/CFT initiatives of banks and NBFCs help or fail regulators and law enforcement agencies to track, investigate, seize, prosecute and convict launderers, and confiscate ill-gotten wealth.

The respondents stated 13 items, which are bank use of effective ML control, use of the above to minimize ML, use of the above to limit ML risk, use of the above to deter offenders to launder money, grant of confidence to such entities to do business, awareness of launderers about AML, identification of launderers as a measure of AML, motivation of launderers to find new ways to launder money, globalization and rapid money transfer and increased ML, technology diffusion and wire transfer and increased ML, facilitate investigation and minimization of ML.

The examination is required to justify the validity of the model and develop a theory about AML/CFT policy transparency and its impact on due diligence, strict law enforcement and ML process eradication.

#### **5.4.3. Secondary Data Collection Format Design**

The theoretical standpoint of Sorensen *et al.*, (1996) is used in association with Keohane (2000), Slaughter (2004), Takáts (2011), FATF recommendations, COE guidelines, TWG anti-corruption guidance, Basel guidelines and UN conventions to develop the secondary data collection format (Appendix-7), improving its utility to collect secondary data and present reasoning.

**Format-1:** It helps to source data to ascertain the extent to which banks and NBFCs initiate CDD, namely KYC, isolate criminal offenders and deter abuse of the financial system and stamp out the scourge of ML. It includes 3 factors, KYC, Flaws Detected by Internal and External Auditors.

**Format-2:** It facilitates data collection and reviews practices of banks and NBFCs to use STR that allows CD to undertake an investigation in conjunction with FIU and eradicate the malaise of ML. It covers 8 factors related to Suspicious Transactions Reporting (STR) including 4 types of offences (offence thresholds), reports probed by CD and FIU independently, and Punitive Action taken by them.

**Format-3:** It assists data acquisition that helps in the appraisal of the extent to which access to STRs allows law enforcement agencies to initiate actions and eradicate the malaise of ML. It contains 12 factors, such as Offences Reported including 4 offence types (offence threshold), Initial Investigation, Search, Confiscate, and Cases Transferred to Public Prosecutor, Convictions, False Alarms and action taken against False Alarms.

**Format-4:** It is introduced to source data and assessed the commitment of banks and NBFCs to adhere to FATF recommendation and eradicate legitimisation of tainted money. It accommodated 8 factors, for example Recommendation-4, Recommendation-6, Recommendation-8, Recommendation-12, Recommendation-13, Recommendation-16, Recommendation-19 and Recommendation-35.

**Format-5:** It helps to gather data and analyse how private banks in Bahrain give credence to Wolfsberg Group principles and dissuade professionals, beneficial owners and PEPs from abusing financial instruments to place and layer the proceeds of crime. It includes 7 factors, like Monitor, Scrutinize, Eliminate, Detect Actions, Prevent ML, Basic Messaging Principles and Enhanced Payment Message linked to Abuse of Trade Card, Abuse of Cash Card, Abuse of Trade Finance, Identify, PEPs, Beneficial Owners and Interbank Payment Message.

**Format-6:** It is administered to gather data and analyse the dedication of commercial banks, investment banks and private banks to follow the Basel Guidelines, implement sound risk management practices and demotivate criminals from abusing the financial system.

It includes 17 factors, notably Assessment & Understanding of Risk, Governance Arrangements, Three Lines of Defence, IT System, Identification, Verification, Risk

Profiling, Ongoing Monitoring, Record Keeping, Updating Information, Supplying Information, STR, Asset Freezing, Global Process of Managing Customer Risk, Risk Assessment & Management, AML/CFT Risk Policies & Procedures, Group-wide Information Sharing and Information Sharing.

**Format-7:** It is used to acquire data, interpret whether banks and NBFCs in Bahrain employ RBDD, and discourage offenders from placing, layer and integrate criminal proceeds. It contains 14 factors, namely Transfer proceeds of predicate crime, Invest in trusts in tax heavens, Asset Acquisition, Yes, No, Placement, Layering and Integration connected to Detect Non-resident Customers & Thwart, Detect PEPs & Thwart, Detect Private Banks & Thwart, Detect Legal Persons & Thwart, Information Exchange & Supervision and Adherence to Regulation & Eradicate.

**Format-8:** It was administered to source data and analyse how FIU thwarts ML in Bahrain. It includes 8 factors, like Bribery, Trafficking, Corruption, Embezzlement, and Terrorist Activities linked to Number of Offences Reported, Initial Investigation, Search, Cases Transferred to Public Prosecutor and Number of Convictions.

**Format-9:** It is employed to collect data and interpret whether the CBB and Government of Bahrain adhere to FATF and employ AML measures against professional firms. It includes 12 factors, such as monitor predicate crimes, search, seizes criminal proceeds and prosecutes launderers related to Bureaucrats, Lawyers, Notary, Auditing Firms & Accountants, Real Estate Firms & Estate Agents, Financial advisors and Trusts.

**Format-10:** It is administered to gather data and analyse whether the Government of Bahrain, CD, FIU and PP, adopt and implement anti-laundering measures to stamp out the scourge of predicate crime and deter conversion of tainted money. It contains 16 factors, namely monitor predicate crimes, search, seize criminal proceeds and prosecute launderers related to Human Trafficking, Drug Trafficking, Extortion, Organized Crime, Robbery, Terrorism, Terrorist Financing, White Collar Offence, Financial Fraud, Bribe and Embezzlement.

In the end, the study seeks to analyse, interpret and establish the impact of dependent variables on independent variables.

### **5.5. Pilot Study & Test of Validity**

Two pilot studies were conducted to pre-test the in-depth interview Format and secondary data format seen in Appendix-1 and Appendix-7 respectively. They enabled the researcher to finalise the instruments. Their use ascertains the procedures needed to gather detailed responses and secondary data. The action made it possible to find out the validity of items and instructions in the instruments. It improved their reliability, facilitating the collection of valid responses and secondary data.

The in-depth interview format and secondary data format were pretested between 3rd April 2017 and 12th April 2017. To complete the task, the researcher -

- a) Introduced the former to MLROs working in two (2) banks and one (1) insurance company and secured detailed responses (Appendix-2). Completion of each interview required two and a half hours each for three days (3) days (between 3rd of April 2017 and 6th of April 2017).
- b) Administered the latter on -
  - i) eight (8) MLROs employed in two (2) commercial banks, two (2) investment banks, two (2) money exchanges and two (2) insurance companies;
  - ii) one Director each engaged in CD and FIU;
  - iii) one PP.

It took three (3) days (between 10th of April and 12th of April) to collect the fully completed secondary data Format (Appendix-9).

The steps mentioned above allow the researcher to ensure the in-depth interview and secondary data format did not fail the study. Flawed interpretation of in-depth interview questions and items (factors) highlighted in the secondary data format could result in incorrect answers and transfer of incorrect data. Such weaknesses could mislead the results of the study.

According to Golafshani (2003), Pace *et al.*, (2011) and Fleischhacker *et al* (2012) the reliability of factors (items) used in this study, implying that all the items of formidable importance are to be used in in-depth interview and secondary data format (Appendix-1 and 7). The reliability tests employed in the pilot studies aid the determination of their balance and applicability.

Inter-Rater Reliability and Positive Predictive Value Analysis were employed to interpret the reliability and validity of each factor (item). Kappa Coefficient greater than 0.70 (McHugh, 2012), Positive Predictive Value (PPV) and Negative Predictive Value (NPV) ranging between 0.60-0.70 (Šimundić, 2008) are used as valid indicators of reliability for the measures.

The Kappa Coefficient, PPV and NPV referred above, are presented in the following sections. In the case of the latter two, the inclusion of items is interpreted.

#### Factors in In-depth Interview Format

Particulars	Generalized Kappa for Rater 1, ... Rater n data
Conform to Universal Standard set to combat ML	.915
Initiate actions on Due Diligence and KYC	.929
CBB regulation to control financial crimes	.856
Bank AML Policy is linked to Bahrain's Policy	.743
Support customer analysis and aid law enforcement	.849
Placement, Layering and Integration stages	.969
CDD, EDD, STR and Intervention aided by information exchange	.752
Classification by class	.835
Use for AML monitoring and world check system	.856
Bank uses effective ML control and limits ML risk	.863

Source - Appendix-5

#### Factors in Secondary Data Format

Particulars	Predictive Values	
	Positive	Negative
Commercial Bank and Analyse Customer Identity	95.20%	
Money Exchange and Analyse Customer Identity	95.36%	
Investment Bank and Analyse Customer Identity	84.26%	
Insurance Company and Analyse Customer Identity	79.11%	

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

Commercial Bank and STR	54.55%	83.33 %
Money Exchange and STR	50.80%	56.10 %
Investment Bank and STR	50.00%	
Insurance Company and STR	42.86%	
Law enforcement and impact	73.21%	89.66 %
Conformity to FATF Recommendation	50.00%	
Private & Correspondent Banking and Wolfsberg Group	62.89%	79.03 %
Basel Conformity and Assess & Understand Risk	50.00%	100.00 %
Basel Conformity and Cross Border Customer Risk Management	50.00%	
RBDD and Adherence to Regulation & Eradicate ML Cycle	50.00%	
RBDD and Detect PEPs & Actions	50.00%	
RBDD and Detect Private Banks & Actions	21.74%	
RBDD and Detect Legal Persons & Actions	50.00%	
FIU & Actions and Steps to Mitigate ML	55.17%	87.50 %
FIU & Actions and Offence Investigated	81.25%	30.00 %
AML & Professional Entities and Bureaucrats	98.54%	18.00 %
Monitor and Real Estate Agents	92.91%	36.78 %
Action Against Predicate Crime - Human Trafficking	70.00%	
Action Against Predicate Crime - Terrorism	66.67%	

With reference to Predictive Value Analysis, the views of Keohane (2000), Slaughter (2004) and Takáts (2011); recommendations of FATF; guidelines of COE guidelines, TWG anti-corruption and Basel; and conventions of UN are given credence to retain the following -

a) Adverse NPV values related to items like Commercial Bank and STR (83.33%), Money Exchange and STR (56.10%), Law enforcement and impact (89.66%), Private & Correspondent Banking and Wolfsberg Group (79.03%), Basel Conformity and Assess & Understand Risk (100%) and FIU & Actions and Steps to Mitigate ML (87.50%).

c) Weak PPV values include Money Exchange and STR (50.80%), Investment Bank and STR (50%), Insurance Company and STR (42.86%). Others are Conformity to FATF Recommendation (50%), Basel Conformity and Assess & Understand Risk (50%), Basel Conformity and Cross Border Customer Risk Management (50%), and RBDD. Adherence to Regulation & Eradicate ML Cycle (50%), RBDD and Detect PEPs & Actions (50%), RBDD and Detect Private Banks & Actions (21.74%), RBDD

and Detect Legal Persons & Actions (50%) and FIU & Actions and Steps to Mitigate ML (55.17%).

d)

### **5.6. Validation of In-depth Responses and Secondary Data Content Analysis**

The views of Elo *et al.* (2014) are employed to grasp and analyse the thoughts, belief and judgment of MLROs, Directors and PP engaged in banks and NBFCs, CD, FIU, Ministry of Justice and Islamic Affairs and the office of Public Prosecutor respectively. The interpretation of detailed responses makes it possible to explain how the adoption of a robust AML policy promotes the adoption of CDD, EDD, KYC, STR, search, seizure, confiscation and conviction of criminals, traffickers and frauds in Bahrain, demotivating them to exploit its financial system, hindering the legitimisation of the proceeds of crime. It is necessary to establish the role of a transparent AML policy in stimulating investors to declare the source of money in all transactions. Banks and NBFCs are to assume the role of gatekeepers and control placement of illegal money. They help to elevate inflow of investment in Bahrain.

Finally, the views of Mayring, (2000) are used to analyse subjective responses noted in Appendix-6. It facilitates critical evaluation of content. This allows the researcher to understand the merits of regulatory and law enforcement initiatives in the country and stamp out the abuse of ML. In-depth understanding about these enables him to draw valid inferences about the association between clear AML policy, information exchange, disruption of ML process and mitigation of laundering.

### **Correlation Analysis**

The theoretical standpoint of Zou *et al.* (2003) is given priority to utilise the Pearson Correlation Coefficient ( $r$ ) and analyse how it helps to measure and interpret the strength of a linear or nonlinear relationship between variables, facilitating interpretation of the association between independent and dependent variables. It represents values between +1 and -1, ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+1). The sign ' $r$ ' explains the direction of relationship and helps to interpret the relationships between two variables'. It helps to decipher the relationship of the following:

- i. FIU's lead in detecting launderers and laundered assets in Bahrain and eradication of structuring and placement;
- ii. Banks' lead in fighting ML in Bahrain and elimination of layering and integration;
- iii. The banks' drive to gather and communicate actionable intelligence in Bahrain for efficient enforcement of regulatory measures.

Content and Correlation Analysis is required to examine the relationship between transparent AML policies; information exchange (KYC, STR and CTR) within and beyond the national boundary; disruption of placement, layering and integration; and mitigation of ML. The research techniques including the statistical technique align the pillars of valid inferences with the theoretical merits of Castells (2010), Chatain *et al* (2009), Gallant (2010), Gilmour (2014), Haigner *et al* (2012), Keohane (2000), Passas (2005), Slaughter (2004), Takáts (2011).

#### **5.6.1. Analysis of In-depth Responses and Secondary Data Analysis**

The following steps were used to analyse in-depth responses and test the research questions and conceptual framework:

- a) **Step-1:** Read the detailed responses and quotes.
- b) **Step-2:** Mark and categorise them based on themes and connect complementary themes.
- c) **Step-3:** Segregate the themes into independent and dependent variables, and assess their impacts on outcomes.
- d) **Step-4:** Interpret the impacts on outcomes.
- e) **Step-5:** Note contradictory responses and assess how these influence outcomes.
- f) **Step-6:** Link all the outcomes and establish the validity of the association between independent and dependent variables.
- g) **Step-7:** Draw valid inference.

#### **Analysis of Secondary Data**

The following stages were employed to interpret secondary data and test the research questions and conceptual model. They are:



- a) **Stage-1:** ‘G Power’ employed to complete reliability test. This enables the researcher to test all the variables and ascertain whether each factor is reliable for further analysis and interpretation.
- b) **Stage-2:** ‘Exploratory data analysis’ is used to examine secondary data.
- c) **Stage-3:** ‘InVivoStat’ is deployed to utilise Correlation Analysis and ascertain the impact of independent variables on the mitigation of placement, layering and integration, abuse of the financial system and predicate crime and ML.

The steps and stages above help to -

- a) Adopt appropriate research design, efficient, in-depth response and secondary data gathering methods.
- b) Select relevant respondents, institutions (banks, NBFCs, CD, Ministry of Justice and Islamic Affairs), source reliable responses, and secondary data, thus diminishing error. This impact positive measurement in tests, making it possible to draw valid inferences about the correlation between transparent AML policy, robust law enforcement (search, seize, convict and confiscate), eliminate abuse of banks and NBFCs and eradicate ML.
- c) Identify variability, enriching detailed response and data quality. Interpretation of these enhanced the ability to predict the readiness of institutions in Bahrain to attach top priority to policy transparency. This is necessary to guide continuous monitoring, employ strict law enforcement and deter ML.
- d) Credible reporting of the above measures.

### **5.7. Ethical Consideration in Research**

Fouka and Mantzorou (2011) and Houghton *et al.* (2010) describe research ethics in qualitative and quantitative studies. To complete this research, the rights of respondents (MLROs, Relationship Executives, Tellers, Remittance Specialists and Fund Sourcing Managers) are protected. The standpoints of Howe and Moses (1999) are considered to assure the rights (privacy, physical wellbeing and psychological comfort) are protected. The researcher follows Cohen *et al.* (2007) to maintain confidentiality. This helps to win their trust and faith to improve the quality of responses and secondary data quality,

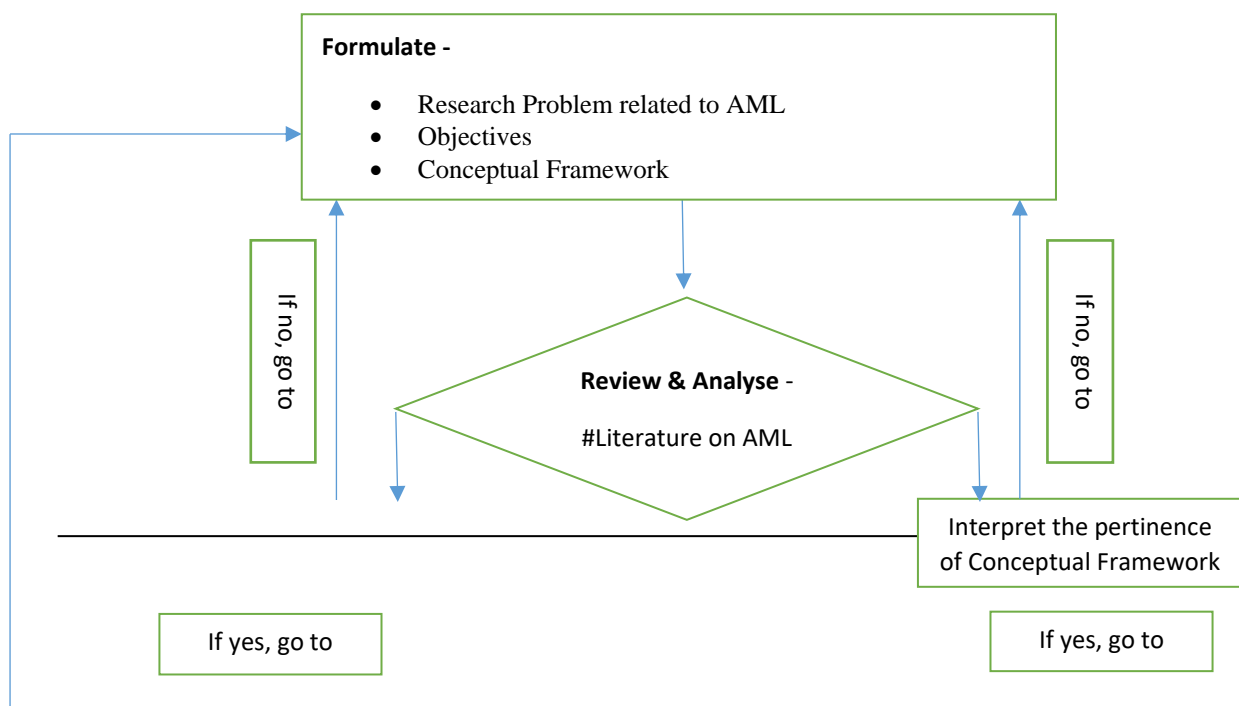
enriching the research outcomes and validity of inferences. The researcher adopts the following steps to attain the above -

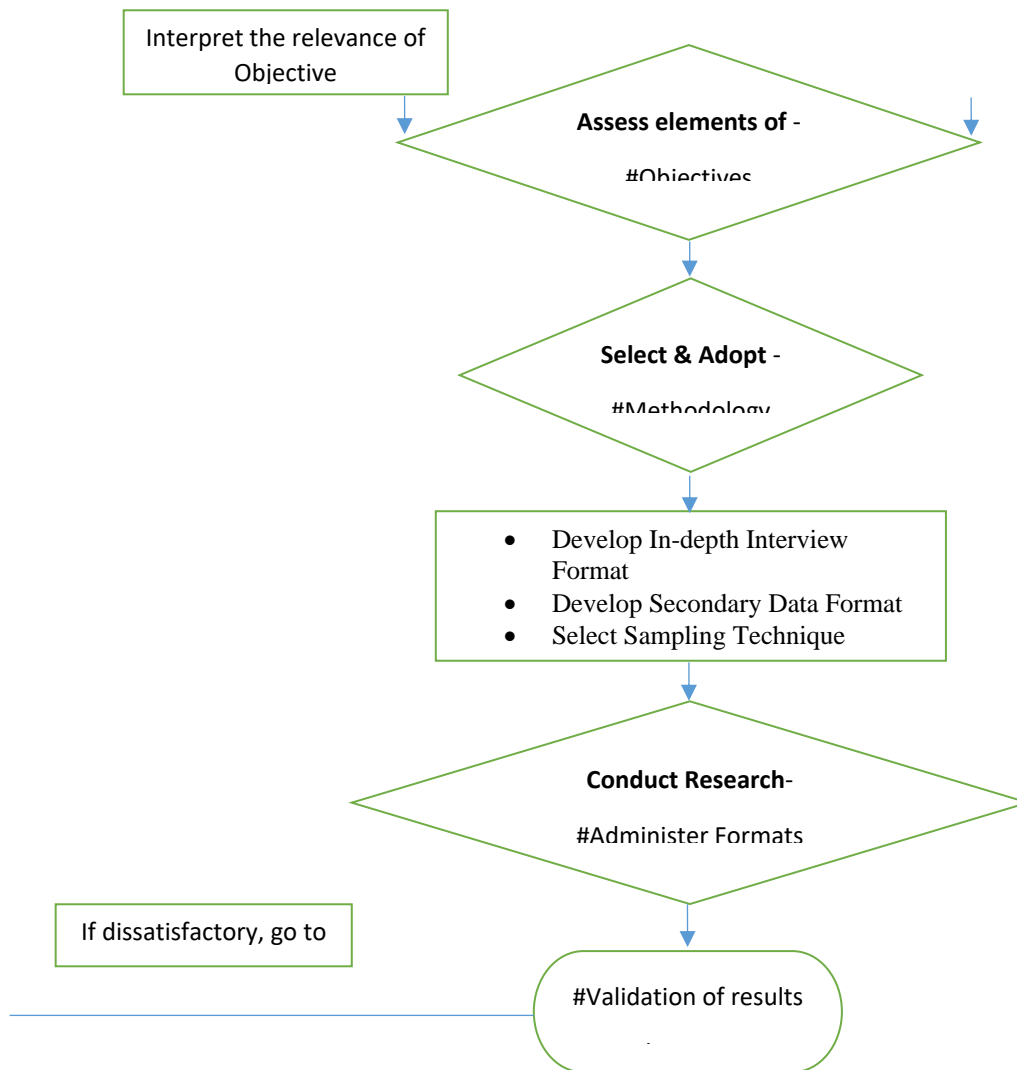
a) The authorities in Banks and NBFCs, CD, FIU, Directorate of Public Prosecution (Ministry of Justice) members were advised to refrain from influencing MLROs, Directors and PP to participate in in-depth interviews and gather secondary data. They were informed about the objectives of this study even if respondents participated voluntarily. Also, the MLROs, Relationship Management Executives, Risk Management specialists, Tellers, Remittance Specialists, Managers, Directors and PP were informed about the study. The importance of their responses and benefits from the study were further explained to them. Therefore, not to conceal data or present outdated secondary data. Finally, they were advised not to ask for transcripts or audio records of responses of the MLROs, Relationship Management Executives, Tellers, Fund Sourcing Managers, Remittance Specialists and Manager. The steps mentioned above were necessary to protect the confidentiality of responses.

b) The MLROs, Relationship Management Executives, Tellers, Fund Sourcing Managers, Remittance Specialists and Manager were allowed to withdraw from the interview and Risk Management specialists, Directors and PP were also allowed to refuse data dissemination if they desired. No pressure was exerted to influence their decision either way.

### 5.8. Designing the Study (Research)

Figure 3.8 Research Design





a) The drive to examine the underlying reasons for Bahrain's' little success to mitigate ML, the absence of transparent AML policy, limited use of EDD and low inflow of foreign direct investment in the country influenced this study.

b) This study presented a critical analysis of existing literature to understand the theoretical relevance and viewpoints of the experts. They support the need for possible solutions to improve EDD and mitigate placement. It becomes clear that Bahrain's' inabilities to stamp out ML (conversion of proceeds of crime) may have been contributed by the failure to adopt and implement a comprehensive and transparent AML policy, making it difficult to -

- i. embrace recommendations of FATF, Basel, COE and TWG;
- ii. detect smurfing and placement; and report;

- iii. employ decisive law enforcement (search, seize, convict and confiscate);
- iv. mitigate layering and integration.

It is safe to argue that it is necessary to utilise due diligence (KYC), reporting (STR, SAR and CTR) and risk management practices to deter criminals (frauds, traffickers, PEPs and professional firms) from exploiting banks and NBFCs and convert proceeds of predicate crime into legitimate earnings. However, in this linear relationship, it is not clear whether transparent AML policies establish ML control.

This gap in the literature encourages the framing of research objectives, questions and conceptual model. The objectives help to show how transparent AML policies guide a regulator like the CBB to collaborate with banks and NBFCs, share information with FIU and promote law enforcement to discourage launderers. They are necessary to monitor and detect violation of banking norms and criminal attempts to exploit the financial system in Bahrain. Their absence would weaken governance, thereby –

- i. emboldening launderers to exploit accounting and law firms to orchestrate series of complex financial transactions and obliterate sources of the tainted fund;
- ii. impeding trust and faith of investors to invest in Bahrain;
- iii. impoverishing economic growth of the country.

The realisation of the magnitude of these problems shaped the development of the conceptual model that reveals the essence of global integration of governments, improving institutional synergy; actionable information sharing and voluntary measures (deter, combat and mitigate the scourge of laundering), reinforced by search, seizure and prosecution of launderers nationally and internationally.

In view of the above, the researcher undertook an exploratory study to test the conceptual model and attain the objectives of the study. It was imperative to understand the phenomenon in the absence of the availability of existing literature relevant to the region, reliable data and transparency. Priority is given to gather in-depth responses and

secondary data from multiple sources, leading to the adoption of the in-depth interview and secondary data format to circumvent the problem.

To introduce the instruments to MLROs and institutions, sampling was used to introduce the instruments to MLROs and institutions. This helped to administer:

- i. In-depth Interview Format to 13 MLROs, 7 Relationship Management Executives, 8 Tellers in Commercial Banks; 2 Fund Sourcing Managers in Investment Banks; 5 Remittance Specialists and 3 Tellers in Money Exchanges; and 1 Manager in Housing Bank;
- ii. a secondary data format to 21 organisations in the financial sector, CD, FIU and Directorate of Public Prosecutions, Ministry of Justice and Islamic Affairs.

The initiative helped to gather in-depth responses and secondary data needed to complete analysis and draw valid inferences. Correlation Analysis was used to determine the impact of uniform AML policies on -

- i. enriched institutional synergy;
- ii. improved governance of banks and NBFCs;
- iii. elevated risk-based due diligence;
- iv. strengthened information dissemination about customers and financial transactions.

They helped to highlight the necessity to develop, implement and enforce uniform AML policy, such as FATF; AML regulations and rules; and AML practices to eradicate ML.

Moreover, qualitative content analysis was used to categorise the detailed responses of 13 MLROs, 7 Relationship Management Executives, 11 Tellers, 2 Fund Sourcing Managers, 5 Remittance Specialists and 1 Manager based on themes and connect complementary themes, making it possible to segregate them into independent and dependent variables and assess and interpret their impact on outcomes.

Finally, the research protocol was unique because of the dearth of literature in the region. There is no need for large sample size since the problem is uniform in all the countries in the world. Moreover, regulatory, legal and law enforcement environments are homogeneous. Therefore, there is no necessity to collect large in-depth responses

and secondary data, though this could further improve the accuracy of results. To achieve the above, this research adopted a mixed method approach.

In view of the above, a repeat visit of the previous steps is avoided, though the researcher was ready for such an outcome.

### **5.9. Conclusion**

This chapter presented the research design, selection of respondents and organisations, and ascertainment of sample size, gathering of in-depth responses and secondary data, detailed response and secondary data validation techniques, ethics and designing of the research. It also presented a detailed description of the research methodology. Furthermore, it presented the data collection of both primary and secondary sources (in-depth response) and secondary data collection. These helped the researcher to examine how continuous tracking makes it possible to assess the veracity of offences (smurf, place, layer and integrate criminal proceeds) and enforce legal measures to demotivate criminals from exploiting banks, insurance companies, investment companies and money exchanges to legitimise ill-gotten wealth in Bahrain.

The next chapter presents the detailed responses of MLROs and secondary data for analysis and interpretation to show the valid relationship between transparent AML policies; information exchange (KYC, STR and CTR) within and beyond the national boundary; disruption of placement, layering and integration; and mitigation of ML.

## **CHAPTER 6**

### **Preliminary Findings, Discussions & Validation of the Conceptual Framework**

#### **6.0. Introduction**

The goal of this study is to analyse the relevance of a transparent AML policy in Bahrain and its use to elevate information exchange and enforce compliance. This essence is to establish the impact of transparent policies in assisting in stamping out the menace of ML. This can be achieved through banks, investment banks (IBs), money exchanges (MEs) and insurance companies (IC1) in Bahrain to use CDD and EDD to know their customers (KYC), investigate their attempts to place and layer tainted money and report (STR) to CD and FIU. Also, for CDs to collaborate with FIU, Ministry of Interior (MOI) and the Public Prosecutor (PP) to initiate a criminal investigation, prosecute, convict launderers, seize tainted assets and repatriate them to rightful owners. This chapter presents the results and discusses the results gathered from the data collected through interviews (Appendix-12) and other secondary sources (Appendix-14).

This study highlights the importance of implementing a framework that motivates banks, IBs, MEs and ICI in Bahrain to comply with regulatory principles, exchange actionable information with CD and FIU. It explains why the framework promotes disclosure of information by financial firms, criminalisation of crimes (drug trafficking, smuggling, tax evasion and terrorism), conviction of criminals and confiscation of proceeds of crime in conformity to the regulatory demands presented in Basel and FATF. Their realisation justifies the results of international cooperation between FIUs, supporting engagement with international law enforcement agencies, monitoring currency flow across borders, and providing mutual legal assistance to dismantle the ML process (placement, layering and integration) and safe heavens.

Further, the study uses correlation analysis to explain the importance of AML policy transparency to control the omission of traces of crimes, detect unlawful activities and alert banks about these, enabling them to initiate actions in conformity to the guidelines

of Basel and Wolfsburg, and intercept attempts to launder money by criminals. An analysis of such association helps to predict how the adoption of uniform regulatory measures makes it possible to remove obstacles and initiate actions that are enforceable by law. Their uniformity improves the abilities of banks, IBs, MEs and ICI in Bahrain to use EDD, intervene and report, freeze dirty wealth by eliminating structuring and layering and minimise exposure of financial firms to ML risks and enhances sustainability.

The findings of the study are presented in a narrative. The study is guided by three research questions:

- i. How does corporate transparency prevent shell companies from concealing the identity of illegally obtained proceeds?
- ii. How does a voluntary declaration of the sources of fund enable banks to control receipt of money earned from criminal acts?
- iii. How does STR help to identify the sources of illegal proceeds and prohibit their investment?

Answers to the above are derived by interpreting the responses to the in-depth interview conducted and secondary data gathered.

## **6.1. Analysis of Results**

The tables related to in-depth interview and secondary data are analysed in two sections, namely Section-‘A’ and Section-‘B’. They contain specific items involving CDD, EDD, KYC, STR, CTR, laundering process, a collaboration between CD and FIU; PP and initiation of the criminal investigation, prosecution and conviction of launderers; Seizure of tainted assets and their repatriation to rightful owners and ML mitigation. The detailed responses and secondary data corresponding to them are interpreted to answer the research question (3), assess the validity of the framework proposed in this study and draw valid inferences.

### **6.1.1. Respondents & their Backgrounds**

The first question seeks to examine the background of respondents engaged in banks, IBs, MEs and ICI in Bahrain. A detailed review of their responses is used to determine



the outcome of information exchange centred AML strategy adoption on KYC, CDD and STR and search, seizure, conviction of criminals and confiscation of tainted money. They help the researcher develop and establish the relevance of the AML framework that assists MOF, CBB and FIU to compel financial firms and investors in Bahrain to be transparent and eradicate the scourge of ML.

**Table 1 Respondents & Background**

Organisation	Respondent	Detailed Response
B-1	R-1	I am a chartered accountant from India.....special certificates for internal audit area, like CECA, CIA, CECAMS and ICA.....appointed as deputy MLRO since 2005.....total around 17 years in AML field.
B-2	R-2	I have a master degree in Economics, obtained CAMS and CAMS advance audit..... Worked in CBB for 9 years....started as deputy MLRO and now I am a group MLRO and head of compliance.
B-3	R-4	I have got a BS degree in Finance and an MBA from the USA. ....Worked in CBB in the inspection department for about almost 3 years.....joined current bank 10 years ago as the deputy MLRO of the bank and later.....MLRO.
B-4	R-5	I am a certified anti-money laundering specialist. Qualified as ICA in 2015.....I was designated as an MLRO in 2015.....I was the Deputy MLRO in 2013 .....2 years DMLRO and now 2 years as an MLRO.
IB-5	R-6	I hold a master's degree in public administration from 2001.....I have been in banking since 2002 and moved to anti-money laundering unit for 2 years.....the country compliance manager and MLRO.....
IB-6	R-7	I have a BSC from Bahrain University in accounting.....and qualifications, like ACAMS, ICA and CSFSA from the IIA.....I worked with effect from June 1988.....in 2011 I shifted to Compliance .....I am in compliance almost 6 years.....
HB-7	R-8	I completed B.S in Law from Bahrain University and MBA from University of University college of Bahrain.....have ICA.....worked as MLRO in Bahrain Brouse and for the past 9 years.....
WB-8	R-9	I have a BS in Business Management from the University of Swansea Wales, ICA from University of Manchester and professional advance diploma in Islamic Finance.....I was an associate auditor with E&Y.....joined CBB's Compliance directorate for around two and a half years.....later on I moved to my bank as MLRO.
ME-9	R-10	I am graduate from Mumbai University.....I am working for 5 years as a DMLRO in my money exchange. In total working for nearly 9 years now.
ME-10	R-11	I am degree holder.....I have been working here the company for almost 11 years.....handling the remittances and other back-office work.....
ME-11	R-12	I am a commerce graduate; Completed compliance officer program from BIBF... promoted to DMLRO and worked for 3 years.....joined this company as an MLRO and working for seven years.
ME-12	R-13	I hold an MBA, PG Diploma in risk management, ICA diploma and CAM certification.....I am experienced almost 10 years in AML and related compliance.
IC-1	R-3	I have BS degree in Finance & Management, insurance diploma and I am a member of ACAMS, ACCA.....Joined Ion Middle East as MLRO and I'm the MLRO in Zurich Middle East.....I have completed around 8 years.
B4	R-14	I am a business graduate from BIBF, Bahrain....trained in-house to learn about compliance. I am engaged in the front end of the corporate banking division for 3 years.
B-9	R-15	I have a graduate degree from Bahrain Polytechnic.....extensive training from my bank about ML compliance. I am a relationship management supervisor in the corporate banking division for 1 year.
B-1	R-16	I am a business graduate from Women's University, Bahrain.....in-house training on compliance. I am working as a corporate banking officer for 2 years.

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

B-5	R-17	I have a graduate degree from BIBF, Bahrain.....extensive training from my bank about ML compliance. I am a relationship management supervisor in the corporate banking division for 1 year.
B-10	R-18	I am a business graduate from Gul University.....trained in-house to learn about compliance. I am engaged in the front end of the corporate banking division for 2 years.
B-2	R-19	I am a business graduate from Bahrain University.....in-house training on compliance. I am working as a corporate banking officer for 3 years.
B-11	R-20	I am a business graduate from Leeds University, UK.....trained in-house to learn about compliance. I work as a relationship management executive in the corporate banking division for 1 year.
B-4	R-21	I'm a business diploma holder from Bahrain University, Bahrain.....trained in-house regularly on AML compliance. I am a teller in the bank for 2 years.
B-9	R-22	I am a business diploma holder from Bahrain University.....trained in-house regularly on AML compliance. I am a teller in the bank for 1 year.
B-1	R-23	I'm a business diploma holder from Bahrain University.....trained in-house regularly on AML/CFT. I am a teller in the bank for 4 years.
B-5	R-24	I am a business diploma holder from Bahrain University.....trained in-house regularly on AML compliance. I am a teller in the bank for 2 years.
B-10	R-25	I am a business diploma holder from Bahrain University.....trained in-house regularly on AML compliance. I am a teller in the bank for 2 years.
B-2	R-26	I am a diploma holder in business from Bahrain University.....trained in-house regularly on AML compliance. I am a teller in the bank for 3 years.
B-11	R-27	I am a diploma holder in business from Bahrain University.....trained in-house regularly on AML compliance. I am teller in the bank for 2 years.
ME-13	R-28	I am a diploma holder in business from Bahrain Polytechnic.....trained in-house regularly on AML/CFT compliance. I am teller in money exchange for 1 years.
ME-14	R-29	I am a graduate degree holder in business from Philippines University....trained in-house regularly on AML/CFT compliance. I am teller in money exchange for 3 years.
ME-15	R-30	I am a graduate degree holder in business from University of Kerala.....trained in-house regularly on AML/CFT compliance. I am teller in money exchange for 2 years.
B-12	R-31	I am a graduate from University of Mumbai, India.....trained in-house regularly on AML compliance. I am teller in the bank for the last 2 years.

The table above shows all the respondents (100%) are educated, certified (AML and risk management) and experienced. Out of them 67.74% are engaged in banks, 22.58% are employed in money exchange and 9.68% are deputed in insurance companies. Their responses are analysed and interpreted to find if adherence to the FATF recommendations, Basel and IMF guidelines, UN conventions and Wolfsburg principles makes it possible for CBB and FIU in Bahrain to promote the use of a model AML policy, uniform regulations and standard AML practices, to motivate financial firms (banks, IBs, MEs and ICI) and investors to declare the sources of money in all transactions. They reveal how such learning stimulates transparent actions, retarding all fraudulent attempts to place illegal proceeds and convert them into legitimate earnings. The minimisation of these thwarts the drive of criminals, fraudsters, traffickers, PEPs and cash carriers to layer ill-gotten money, rendering it feasible to stamp out the scourge of ML and protect the integrity of Bahrain's financial system.

To analyse further, secondary data (Appendix-11) is gathered, processed and presented in Appendix -14.

Category of Organization	Number of Organizations	%
Banks	6	28.57
Investment Banks	6	28.57
Private Bank	1	4.76
Money Exchange	4	19.05
Insurance Company	4	19.05
Total	21	100

A critical review of data gathered from the organisations in the table shows the relationship between regulatory and law enforcement initiatives promulgated by CD and FIU; and the drive of financial firms (banks, IBs, MEs and ICI) in Bahrain to combat ML.

The association establishes the ways in which regulatory demands in Bahrain compel banks, IBs, MEs and ICI to share information; detect all flawed actions, such as hide identity to place, layer and integrate tainted money; and report all attempts to deposit proceeds of crime, for example drug trafficking, tax fraud, bribe and embezzlement. Unanimity between outcomes of two sets of examinations guides the researcher to assess the validity of the framework, recommend robust countermeasures to dismantle the ML process, necessary to impede placement, layering and integration.

### **6.1.2. International Convention & Combat of Money Laundering and Terrorist Financing**

The second question helps to understand the extent to which the regulatory authority and law enforcement agencies in Bahrain adopt and use FATF recommendations, Basel guidelines, IMF guidelines, UN convention and Wolfsburg principles to establish anti-money laundering practices, like KYC, STR, SAR and CTR; protect the financial system from criminal abuse by launderers; and thwart their criminal attempts to convert proceeds of predicate crime into legitimate earnings.

A detailed analysis of presented in Table-2 (Appendix-12) clarifies whether AML/CFT practices recommended by CBB and FIU motivate financial firms (banks, IBs, MEs and ICI) to be gatekeepers, use due diligence (CDD and EDD) and eradicate the drive to smurf and place tainted money.

### **Table 2 International Convention & Combat Money Laundering by Bahrain**

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

Organisation	Respondent	Detailed Response
B-1	R-1	Bahrain follows MENAFATF guidelines.....FATF guidelines are universal .....it sets standards for combating money laundering & terrorist financing.....Wolfsburg standards are linked to private banks..... Bahrain relies on Amri decree in 2001 to control AML.....it uses CBB regulation on financial crimes model..... enhance control aided by KYC, monitoring and screening.....
B-2	R-2	Bahrain adheres to FATF and MENAFATF principals. To control financial crime and laundering, Bahrain depends on AML law 2001 and CBB rulebook.....Bahrain adheres to Wolfsburg initiative.....correspondent banking...CBB requires banks to follow Basel standards related to AML and compliance .....
B-3	R-4	.....Bahrain follows FATF recommendations, United Nations resolutions and CBB rules to combat AML.....Banks in Bahrain are directed to follow regulatory and enforcement measures of Central Bank and the Ministry of Interior .....we use about 20 scenarios in the automated system.....sends us alerts about suspicious behaviours, sanctioned people.....lead us to abide by OFAC sanctions and.....
B-4	R-5	Bahrain AML law that defines money laundering provides the framework including Directives and penalties.....Further, CBB issued the FCU model (Financial Crime Unit) compelling all banks and financial firms to use KYC, follow international sanction directives, AML regulation and rules.....We follow Basel guidelines, FATF recommendations to develop the bank's AML policy and procedures.....
IB-5	R-6	We follow United Nations Security Council resolution.....keep a close eye on OFAC measures.....rely on circulars coming from the CBB.....Bahrain is a member of FATF and follows its recommendations. Bahrain does not want to be isolated ...when we do not meet the international standard established global banks will shun local banks.....as a result, Bahrain follows international standard...
IB-6	R-7	Bahrain government is a member of FATF, and it follows all the recommendations made. The government used them to enact and implement AML law in 2001. In 2002, the CBB introduced rules and regulations. Adherence to all these heightens transparent operations, like wire transfers.....On top of that Basel is followed by CBB... protect its reputation globally to assure inflow of FDI.
HB-7	R-8	...Bahrain follows the UN resolutions and FATF guidelines. We use our AML laws to deter money laundering and the terrorist financing that has spread across the globe.....They help to protect Bahrain from absorbing dirty money and its conversion.....We are not a conventional bank. Our clients are different .....Notwithstanding such reality, we implement anti-money laundering measures – Customer Due Diligence and KYC.....
WB-8	R-9	Kingdom of Bahrain and banks in the country follow FATF regulations...our policies and procedures help to combat financial crime, mainly money laundering and terrorist financing. Further CBB conducts on-site examinations to ensure that all the banks comply Basel guidelines.....The initiatives allow the banks to avoid blacklisting, isolation and closure.
ME-9	R-10	In our exchange, we follow the rulebook provided by CBB to monitor and detect launderers. These are the outcomes of conformity to FATF recommendations. Adherence to these enables us to combat money laundering and fight terrorism.....
ME-10	R-11	FATF recommendations yes.....follow the rules to combat any money laundering ...
ME-11	R-12	The conventions followed are FATF and United Nations Resolution. They help to combat laundering in association with CBB.....Priority is also given to OFAC executive orders to suppress terrorist financing....we scan and monitor customers and transactions to comply with principles of conventions.....we initiate CDD during customer on boarding and mitigate all the specified.....
ME-12	R-13	...Bahrain government also follows the FATF 40 recommendations.....The financial sector will be guided by AML law and complementary laws that are used to govern financial sector.....make it impossible for criminals to exploit financial institutions to convert proceeds of crime into legitimate earning.
IC-1	R-3	Bahrain follows some international conventions the most prominent is FATF and its recommendations. It is also a member of UN bodies and multilateral entities like the World Bank and IMF. Compliance with their guidelines aids AML initiatives. Bahrain is also a part of IAIS. This allows the country to fight financial crime. ....Collectively they are followed to stamp out the scourge of laundering.
B4	R-14	I know that we follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.

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B-9	R-15	We follow MENAFATF and its guidelines and regulations. I know that Bahrain is a member of MENAFATF.
B-1	R-16	Bahrain follows MENAFATF guidelines and regulations. My country is a member of MENAFATF.
B-5	R-17	Follow MENAFATF and its guidelines and regulations. I know that Bahrain is a member of MENAFATF.
B-10	R-18	I know that we follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-2	R-19	Bahrain follows MENAFATF guidelines and regulations. My country is a member of MENAFATF.
B-11	R-20	We follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-4	R-21	I know that we follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-9	R-22	My bank follows MENAFATF guidelines and regulations.
B-1	R-23	We follow the MENAFATF guidelines.
B-5	R-24	Follow MENAFATF guidelines.
B-10	R-25	I know that my bank uses MENAFATF guidelines.
B-2	R-26	The bank follows MENAFATF guidelines.
B-11	R-27	Follow MENAFATF guidelines.
ME-13	R-28	I know that we use MENAFATF guidelines.
ME-14	R-29	We follow the MENAFATF guidelines.
ME-15	R-30	I know that my exchange follows MENAFATF guidelines.
B-12	R-31	My bank follows the guidelines of FATF in addition to MENAFATF.

It is visible from the above responses (100%) that the Bahrain Government relies on a plethora of conventions. These are primarily FATF 40 recommendations, UN Resolutions, World Bank and IMF Guidelines, Basel Guidelines and Wolfsburg principles to equip regulators and law enforcement agencies, such as CBB, FIU, Ministry of Interior and Public Prosecutor respectively to enshrine rules and adopt practices to combat ML. The institutions in the country use these initiatives to guide and direct banks, IBs, MEs and ICI to initiate due diligence. For example CDD and EDD, and dissuade cash carriers, hawala traders, criminals, frauds, PEPs, shell companies and officials from exploiting the financial system and roundtrip money gained through tax fraud and foreign exchange law violation in another country. Also, smurf, place, layer and integrate tainted money, and convert proceeds of crime into legitimate earning.

The responses of R2 corresponds to the analysis noted above -

*‘...FATF and MENAFATF principles are adhered by Bahrain. ...currently the Bahrain government is undergoing mutual evaluation with MENAFATF to review the country’s agreement and readiness to implement AML measures. As a matter of fact, Bahrain enacted AML law in 2001 in conformity to international standard...being a conventional retail bank licensed by CBB, my bank is required to follow regulatory*

*compulsions and practices seen in CBB Rulebook. Such measures help to control financial crime....Hence, our policy and procedures are dictated by CBB...all banks and institutions in Bahrain following the policy and procedures to detect, investigate and control money laundering process, to involve placement or structuring. ....My bank uses international best practices to formulate ground rules to align with CBB and collaborate with FIU...They help to protect my bank against ML/TF’.*

A critical analysis of the response of R2 highlights the impact of upholding the Basel guidelines of 2014 by CBB. Their full implementation makes it possible to arm banks, IBs, MEs and ICI and deter ML and terrorist financing, and mitigate their exposure to risk. The commitment of CBB to adhere to Basel guidelines stems from the drive to protect safety, soundness and integrity of the banking and financial system. An acute focus on them helps to give credence to standards issued by FATF. This leads CBB to initiate decisive regulatory measures and practices, preventing the abuse of financial services to convert tainted money into legitimate earnings and fund terrorists. The regulatory deterrents help to eradicate the attempts of launderers to acquire banks in Bahrain, enhancing their financial stability, reliability and reputation internationally. Also, combat corruption in Bahrain’s financial sector and improve the sovereign rating. The overwhelming response (100%) in favour of FATF 40+9 recommendations originates from the interest to embrace a comprehensive policy and establish an effective regulatory mechanism. This is acquired by using three lines of defence (publicise policies and procedures to all staff, judicious management of AML initiatives and transaction monitoring, internal and external audit), KYC and beneficial owner identification, record keeping and information management, STR, SAR, CTR and asset freezing. An explicit reference to them by R1, R5, R9 and R12 enunciates the need to employ a policy led AML initiative in Bahrain.

*‘Bahrain follows MENAFATF guidelines and regulatory demands because FATF guidelines set globally acceptable standards for combating money laundering & terrorist financing. ...In addition, CBB in Bahrain directs Private Banks and Correspondent Banks to follow Wolfsburg principles. ...Bahrain also relies on EU Directive and Joint Money Laundering Group in the UK to control money laundering. ...Major anti-laundering frameworks rely on FATF and demand the use of due diligence, including KYC, additional checks and Suspicious Transaction and*

*Suspicious Activity Reporting to minimise money laundering. Bahrain does not want to be isolated by undermining the convention and its sanctioned program and allow banks and national economy to suffer. ...To improve Bahrain image and rating, Bahrain also takes note of UN sanctions list and directives of OFAC to control money laundering. ....Banks in Bahrain uses AML policy in conformity to financial plan module of CBB and complies with regulatory demands. To lend substance, CBB depends on the US Patriot Act to develop the rulebook and combat money laundering.'*

A more in-depth analysis of the responses reveals the key reasons behind Bahrain's commitment to conform to the demands of global anti-laundering frameworks, notably FATF, and advance robust countermeasures. The focus is the resolve to evade blacklisting and better national rating, attracting foreign capital, retaining them and sustaining economic progress. It is imperative to design, adopt and implement a national AML policy, required to arm CBB, FIU and Ministry of Interior to embrace regulatory, operational and legal measures. They aid the prevention of ML, signalling and justifying the impact of CDD, EDD and RBDD. Their merit is heralded by R12 -

*'....the frameworks used by Bahrain help to implement complementary rules and regulations. My exchange follows these to scan customer identity, monitor transactions and ascertain the source of money. Collectively these are considered in CDD. This is used compulsorily before on boarding customers, making it possible to categorise them, detect frauds, isolate such launderers and lessen money-laundering risks...the on boarding process helps to assess the authenticity of documents and validity of personal ID. ....We check and monitor them every month to ensure that all information is valid and they are in line with his occupation..... The AML designed by CBB and followed by us make it possible to segregate high-risk nationals. This eliminates the prospect of transacting with people residing in high-risk countries.....mitigate laundering risk.'*

Elucidation of the above statement including those of others illustrates Bahrain's decision to follow the FATF recommendations. It emanates from the desire to protect its financial integrity. The full implementation of Recommendation-1 in Section B in conjunction with Recommendations - 4, 6 & 8 supports the reform of legal system; enactment of AML law; ratification of Vienna Convention to criminalise predicate crimes and approval of legally enforceable measures. Regulators and law enforcement

agencies in Bahrain are duty bound to use financial firms (banks, IBs, MEs and ICI) to track drug trafficking, search and seize tainted money, prosecute, confiscate criminal proceeds and convict traffickers, impeding abuse of the financial system and deterring ML. These are corroborated by secondary data in Table-1 (Appendix-1), covering a period between 2014 and 2016. It is evident from the data that AML practices of CD and FIU of banks, IBs, MEs and ICI in collaboration with CD and FIU mitigate ML.

Financial Firms	Total No of Customer Identity Reviewed -2014-2016 (Total)	Total Flaws Detected by Internal Auditor-2014-2016 (Total)	Total Flaws Detected by External Auditor-2014-2016 (Total)	Total Punitive Action Taken by Management - 2014-2016 (Total)
Bank-1	635213	22931	1156	361
Bank-2	372534	14868	832	199
Bank-3	566403	20983	1301	401
Bank-4	308721	11219	1174	315
Bank-5	183022	6539	670	153
Bank-6	208586	10538	857	131
InvBnk-16	23450	2731	509	164
InvBnk-15	18028	2139	431	144
InvBnk-12	16207	2130	600	93
InvBnk-13	20735	2725	887	103
InvBnk-14	16937	1888	555	94
InvBnk-17	17378	2154	619	104
InsC-48D	24316	2341	618	171
InsC-50D	54429	5302	576	184
InsC-49D	25538	2370	689	113
InsC-51D	55796	4999	1763	134
MnyEx-51E	491235	20890	1016	208
MnyEx-39E	586400	21158	907	202
MnyEx-40E	474418	11191	855	129
MnyEx-41E	547928	12332	888	145
Total	4647274	181428 (3.90%)	16903 (0.36%)	3548076%)

The data above reinforces the validity of the statements of respondents. They unravel the merits of robust regulatory intervention by CBB, leading banks and NBFCs to implement KYC. This culminates in an identity review of 4,647,274 customers. A comprehensive audit of their AML practices leads to the detection of a relatively small proportion of flaws - internal auditor (3.90%) and external auditor (.36%).

A low proportion of flaws show the impact of continuous monitoring, reporting, prosecuting, convicting and confiscating. Sustained use of these by the respondents highlights the agility of the customer identity verification systems, processes,



procedures and practices. Their alignment with FATF recommendations 1, 4, 6 & 8; Basel guidelines in 2014, IMF guidelines and Wolfsberg principles make it possible to detect traffickers, tax frauds, PEPs and corrupt bureaucrats who seek to evade anti-laundering measures. Efficient detection of such criminals impedes the exploitation of Bahrain’s banking and financial system to convert the proceeds of crime into legitimate earnings. This leads the respondents to state that transparent regulatory and enforcement measures complemented by the guarantee to legislate AML law, share information and recover tainted wealth, mitigate round-tripping, smurfing, placing, layering and integrating tainted money, improve Bahrain’s rating and reputation in the global market and foster inflow of FDI, strengthening the country’s economic development.

The above interpretation is exemplified by data presented in Table-1 (Appendix-14) -

**Table-1 Know Your Customer (KYC) between 2014 & 2016**

First variable	Second variable	n	Correlation Coefficient	Test statistic	p-value
Flaws Detected by External Auditor	vs. No of Customer Identity Reviewed	240	0.348	5.732	< 0.0001
Flaws Detected by External Auditor	vs. Punitive Action Taken by Management	240	0.439	7.540	< 0.0001
Flaws Detected by Internal Auditor	vs. No of Customer Identity Reviewed	240	0.881	28.666	< 0.0001
Flaws Detected by Internal Auditor	vs. Punitive Action Taken by Management	240	0.644	12.993	< 0.0001
No of Customer Identity Reviewed	vs. Punitive Action Taken by Management	240	0.548	10.103	< 0.0001

**Pairwise correlations are statistically significantly at the 5% level**

Data in the above table reveal the key money laundering countermeasures used by CBB and FIU to motivate banks, IBs, MnyExs and InsCs to practise CDD to monitor and detect fraudulent attempts of criminals to misuse the banking and financial system denoted by KYC, detect flaws through internal audit (r=.881) and external audit (r=.348). To also share information and report all regulatory breaches, exemplified by punitive action taken by management and flaw detection by the internal auditor (r=.644) and external auditor (r=.439).

Information regarding such breaches is used by CBB and FIU in conjunction with Ministry of Interior to search, seize, prosecute and convict launderers and confiscate

proceeds of predicate crime ( $p < 0.0001$ ). They make it possible to combat and eradicate ML. Bahrain's success in attaining these is attributed to the commitment of banks, IBs, MnyExs and InsCs to share information with the regulatory and law enforcement authorities. It will make it possible to dismantle the process of utilising financial products, multiple transactions and fund transfers between accounts in a country and beyond to mask the origins of tainted money. The realisation of such outcomes is contributed by the robust use of KYC that renders it feasible for the management of commercial, investment, private and correspondent banks, money exchanges and insurance companies in association with CBB to thwart criminal abuse of complex loans, purchase and sale of real estate ( $r = .548$ ,  $p < .0001$ ). The abolition of layering characterises the mitigation of these, inhibiting isolation of proceeds of crime from their source ( $r = .644$ ,  $p < .0001$ ). It also halts their reintegration in the legal, financial system. This signals the outcome of judicious policy supported transparent AML initiatives.

The above interpretation partially answers the second question of the study. It relates to the standpoint of Duyne *et al.* (2005), Doyle (2002), James (2002) and Stessens (2000). When they are related and analysed further, the underlying reasons for ML mitigation in Bahrain becomes clear. Its success is correlated to the conscious attempts of the Bahrain Government in association with CBB, FIU and financial firms including NBFCs to adopt FATF recommendations 1, 4, 6 & 8, reform the legal system and develop laundering deterrents to protect financial integrity. They make it possible to -

- review customer identity and source of the fund;
- assess the authenticity of funding sources declared by customers;
- track drug trafficking, economic offence and shell companies;
- search and seize tainted money;
- prosecute, confiscate criminal proceeds and convict traffickers;

The use of such robust practices prevents abuse of the financial system by criminals to launder money.

Further, adherence to FATF recommendations 12, 13, 16 and 19 improves the readiness of banks and NBFCs to implement AML measures resulting in ML eradication. They guide CBB and CD to demand full implementation of KYC. Compliance with this is necessary to decipher the identities of customers (individual and corporate) including

name, origin, type of profession/ business, address and all other identification details, before opening an account and initiating a transaction. In case of any doubt about their identities, banks and NBFCs are called upon to initiate CDD. This is denoted by the responses of R1, R2, R3, R4 and R5 -

*‘...Further, AML policy, regulation, rule and procedure lead CBB and Financial Crime Unit compel all banks and financial firms to use KYC, STR, follow international sanction directives, hindering the motivation of money launderers to abuse Bahrain’s banking and financial system to place and layer criminal proceeds ...’*

Their responses clarify why regulatory and enforcement authorities in collaboration with the banks and NBFCs protect the integrity of Bahrain’s banking and financial market. They need to use SAR and STR if there is a reason and evidence to believe that a customer is seeking to place proceeds of the predicate crime, rendering it possible to initiate investigation and prosecution ( $r=.644$ ,  $p<.0001$ ). The transparent reporting practice and subsequent actions by them aid the prevention of ML by the termination of accounts of suspicious customers, known to be involved in trafficking, embezzling, smuggling, terrorising and bribing. Its importance is reinforced when the viewpoints of Morgan (2003) and Omar *et al.* (2014) are analysed. They recommend strict regulations and supervision, voluntary disclosure by customers about sources of money and information exchange, seamless review and reporting to combat and eradicate smurfing to prevent placement by drug traffickers and mitigate laundering ( $r=.439$ ,  $p<.0001$ ). They reinforce the relevance of voluntary declaration of the source of fund that enables banks and financial firms in Bahrain to control receipt of money earned from criminal acts.

### **6.1.3. AML/CFT Policy & Mitigation of Money Laundering**

The third question helps to ascertain which specific anti-money laundering policy is used by financial firms (banks, IBs, MEs and ICI) to enhance transparency to monitor activities of customers, regulate transactions, enforce risk management practices and protect Bahrain’s banking and financial system from illegal exploitation by launderers and derail ML process.

Detailed scrutiny of in-depth responses in Table-3 (Appendix-12) highlights whether money-laundering countermeasures advanced by CBB and FIU motivate financial firms to use CDD and EDD and stamp out smurfing, placing and layering ill-gotten money.

**Table 3 AML/CFT Policy Followed & Mitigate Money Laundering**

Organisation	Respondent	Detailed Response
B-1	R-1	Yes, we do have a AML/CFT policy, which is reviewed annually by my bank... conform to regulatory demands of Bahrain..... We use EDD, customer on boarding committee, categorize customers, monitor and review them and their actions .....helps to monitor closely PEPs, charity accounts, correspondent banks, non-residents in Bahrain.....monitoring allows us to identify any risky customers, reject account opening request and report to CD for action.....helps us to report .....entity matches the name and identity in sanctioned list, case is reported to CD.
B-2	R-2	We developed our own AMLCFT policy. It's a manual that is updated annually, approved by board of directors and checked by CBB.....branches in India and Kuwait follow the regulatory demands of local institutions.....policy & procedure are very important. They help to detect, and eliminate money laundering, conform to CBB and eradicate abuse of banking system .....I don't think the policy and procedure anchored on Basel and FATF hinder my bank's AML/CFT initiatives.....
B-3	R-4	Basically we follow FATF and CBB regulations. The central bank has a financial crime module. This relates to FATF recommendations and BASEL guidelines, including AML sanctions recommendations and UN resolutions .....our automated system renders it feasible to trace suspicious transactions. Having said the benefit, the acceptance of the guiding principles of Basel etc results in loss of business, loss of shareholders value, loss of stock price and loss of reputation.....
B-4	R-5	The bank follows AML policy. This allows us to establish procedures to control ML. This is the outcome of our abilities to monitor potential abuses by launderers.....We also follow CBB's recommended practices. This makes it possible to assess, ascertain and eliminate ML risks.....We use EDD and this helps us to monitor transactions constantly. This mitigates the bank's exposure to diverse risks, such as reputational risk, business risk, operational risk etc.
IB-5	R-6	We have a robust AML policy and this conforms to guidelines laid down by CBB. Its full compliance supports our alignment with international standards, like Wolfsburg, FATF recommendation and US patriot act. Full conformity aids identification efficiency and intelligence gathering effectiveness. These protect our bank from all abuses by frauds, traffickers, launderers and terrorists.
IB-6	R-7	.....Yes, we have our AML policy, rules, regulations and practices.....process transactions .....To stamp out ML stages, like smurfing, placement, layering and integration, we use a sophisticated system. This allows us to rate risk. This helps us to raise red tags or red flags, report and conform to the demands of CBB.....The automated system helps us to assess customers we are trying to on board from diverse angles such as jurisdiction, .....
HB-7	R-8	We follow FATF recommendations, Bahrain's AML law and CBB rules. .... Adherence to these supports my function as money laundering officer.....my bank is not a conventional bank. My bank is a housing bank.....They help the tams in my bank to adopt and implement effective policies, procedures and systems.....The use of highly automated AML system integrated to core banking system enables us to identify high risk customers and report about these to CBB.....
WB-8	R-9	Bahrain is a signatory in FATF.....my bank is required to comply with FATF recommendations, Basel guidelines and demands of EGMONT Group etc. Full compliance allows my bank to restrict criminal exploitation of its systems to launder money and fund terrorism. Actions to comply make it possible to develop and implement anti laundering policy, rules, procedures and practices. Detection of shortcomings are reported to CD immediately .....due to the use of an automated transaction monitoring system. ....
ME-9	R-10	We follow the policy, which has been given in form of rulebook by CBB. It is exhaustive and very practical and as a result, it helps us to monitor and manage transactions and fight

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		money laundering.....We are using limited number of correspondent banks and as of now we have not our relationship is we are dealing with this corresponding banks for a very long time.....whatever information they seek from us we provide them and whatever information we want they are able to provide us.....
ME-10	R-11	The rules we follow involve scrutiny, screening transactions and reporting to CD and initiate complementary actions. To sustain these, KYC is initiated....In addition, we use our policy and recommendations of OFAC and FATF. To conform to these, we initiate internal and external audit as prescribed by CBB...
ME-11	R-12	We follow my company's policy and procedure. These are linked to CBB rulebook and guidelines provided by regulator of Bahrain. Conformity to them helps us to review identity of customers and assess whether their origins are linked to sanctioned list. In case names are found to match, STR is filed in CD.....scan, verify and determine beneficial owners/authorized person or the representative and on board a customer .....
ME-12	R-13	We have to.....criminalise money laundering by aligning judicial system. Bahrain's AML law guides all money exchanges to counter money laundering and terrorist financing. Further, CBB supported policies allow AML policies to embrace risk based approach. This helps my exchange to use KYC...
IC-1	R-3	Our insurance company is subject to the financial crime module of rulebook number 3 of the CBB. It is also subject to financial crime act which is issued by royal decree .....Bahrain follows FATF.....I think also we work in a very regulated environment we are subject to 3 or 4 different regulations at the same time, being an international company it support us to have cross border intelligence.....I think Bahrain is one of the best-regulated environments from the viewpoint of ML control.....
B4	R-14	I do not know about them in detail.....I can say that my bank follows KYC and due diligence and control which Basel recommended. I think its recommendations are useful and globally accepted. We implement and enforce the laws and regulations recommended by CBB.....follow KYC due diligence, monitor and screen have improved.....manage AMLCFT well.
B-9	R-15	I cannot explain about them, my bank follows KYC and due diligence and control, which Basel recommended. Its recommendations are useful and accepted by all in the GCC and North Africa. We follow the guidelines set by CBB.....implement due diligence program, like KYC, monitor and screen have improved.....implement AMLCFT well.
B-1	R-16	I know about Basel anti-laundering guidelines. My bank follows these to manage due diligence.....leads us to follow KYC. Its recommendations are useful to control laundering.....enforces the laws and regulations of CBB.....improves my bank's ability to implement KYC.....monitor and screen all the corporate customers.....enables my bank to manage AML/CFT.
B-5	R-17	Will not be able to tell about them.....my bank follows due diligence, specially KYC and control recommended by Basel. Its recommendations are useful and accepted by all in the GCC and North Africa. We follow the guidelines of CBB.....allows us to improve my bank's abilities to implement due diligence program.....monitor and screen corporate customers.....screened through a monitoring system. This allows us to implement AMLCFT.
B-10	R-18	I do not know about them in detail.....we use KYC and due diligence and control which Basel recommended. The recommendations are useful and globally accepted. We implement and enforce the laws and regulations recommended by CBB.....improves the ability to follow KYC due diligence, monitor and screen has improved....enables us to manage AMLCFT well.
B-2	R-19	I know about Basel anti-laundering guidelines.....bank follows these to manage due diligence.....to follow KYC. The recommendations are useful to control laundering. My bank implements and enforces the laws and regulations of CBB.....ability to implement KYC... monitor and screen all the corporate customers.....manage AML/CFT.
B-11	R-20	I have limited knowledge about them.....that my bank follows KYC and due diligence and control which Basel recommended. Its recommendations are useful and globally accepted.....implement and enforce the laws and regulations recommended by CBB.....improves the ability to follow KYC due diligence, monitor and screen have improved..... put through monitoring system for regular checks.....manage AMLCFT well.
B-4	R-21	I only know about Basel, and this leads my bank to manage due diligence and KYC .....implements the laws and regulations of CBB.....improves the ability to follow KYC, monitor and control launderers.....screened through the monitoring system.
B-9	R-22	I know about Basel, and this spurs my bank to manage due diligence and KYC..... implements the laws and regulations of CBB.....improves the ability to follow KYC, monitor and control launderers.....screened through the monitoring system.

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B-1	R-23	We rely on Basel.....manage due diligence and KYC. ....implements the regulatory guidelines of CBB.....improves the ability to implement KYC and screen launderers.....screened through the monitoring system to manage AMLCFT.
B-5	R-24	I only know about Basel. My bank relies on it to manage due diligence and KYC. My bank implements regulations of CBB... Following them improves the ability to follow KYC (monitor and screen launderers). Every customer account is screened to manage AMLCFT.
B-10	R-25	We rely on Basel to manage due diligence and KYC. ....bank implements regulations of CBB.....improves the ability to implement KYC (monitor and screen customers).....screened to manage AML/CFT.
B-2	R-26	I know about Basel. My bank uses Basel to manage due diligence and KYC. ....bank uses regulatory guidelines of CBB.....improves the ability to implement KYC .....customer account is screened to align with AML/CFT.
B-11	R-27	I understand about Basel.....relies on it to manage due diligence and KYC. My bank uses regulatory guidelines of CBB .....improves the ability to implement KYC.....screened to align with AML/CFT.
ME-13	R-28	I have learnt about Basel.....my exchange relies on it and CBB guidelines to manage due diligence and KYC.....regulatory guidelines of CBB .....improves the ability to implement KYC.....screened to conform to AML/CFT practices.
ME-14	R-29	I recognize that my exchange uses Basel and CBB guidelines to manage due diligence and KYC. ....uses regulatory guidelines of CBB .....improves the ability to implement KYC....screened to conform to AML/CFT practices.
ME-15	R-30	My exchange depends on Basel and CBB guidelines to manage due diligence and KYC. ....regulatory guidelines of CBB.....ability to implement KYC.....screened to conform to AML/CFT practices.
B-12	R-31	In addition to FATF, my bank follows Basel guidelines. We give importance to both to use due diligence. KYC is the pillar of due diligence. .... follow the regulatory guidelines of CBB.....implement and use KYC..... customer account is screened vis a vis demands of AML/CFT.

It is noticeable from the responses in the above table that 25.80% of financial firms in Bahrain rely on FATF; 48.38% of such firms, involving banks, IBs, MEs and ICI, depend on a combination of Basel guidelines and FATF and 25.82% of firms in the banking and finance sector in Bahrain lean on internally developed AML/CFT policy in conformity to rules of CBB.

They demonstrate which tracking, reporting, termination and blacklisting procedures, practices and rules are used to mitigate their exposure to ML attacks. Such principle-supported measures are required to promote the motivation of customers to declare the source of fund voluntarily before investment in financial firms. Transparent disclosure makes it possible for banks and NBFCs to implement enhanced and risk-based due diligence; collaborate with CBB, FIU, Ministry of Interior and Public Prosecutor and deter and eradicate abuse of the financial system by money launderers, such as cash carriers, drug and human traffickers, hawala operators, arms smugglers, warlords, frauds, PEPs, shell companies and corrupt officials.

The responses of the majority of respondents, namely R2, R3, R4, R6, R8, R9 and R11 reinforce the inference drawn above. It becomes clear when the answer of R6 is reviewed -

*‘My bank uses an internally developed policy. The policy is anchored on the FATF framework adopted by the Bahrain Government. The policy document gives credence to Recommendation -1. This allows my bank’s top management to attach top priority to the Vienna Convention and take an oath that all measures will be taken to discourage money laundering. The policy also accepts Recommendations 4-6 to adhere and support CBB, FIU and Ministry of Interior to furnish information to make search, seizure, prosecution, conviction and confiscation effective. Further, Recommendation – 8, 12, 13, & 16 to implement precautionary measures to deter laundering, accept self-regulatory practices to initiate KYC and share information (STR and SAR) and make it possible to support punitive actions suggested by regulatory authorities.....My bank follows Basel guidelines to apply judicious practices to protect our reputation.....Yes, our policy agrees to best practice.....allows all the teams engaged in risk management to answer all the questions of our customers. Such communication emboldens our knowledge and learning about risks and the challenges my bank is facing in the international market..... helps to process transaction.....Moreover, my bank’s drive to focus on Recommendation -19, 22 and 24 strengthens our commitment deploy system. The deployment of the system allows us to detect all criminal attempts to use our banking system to smurf, layer and integrate tainted money.....To give an example, we have put in place a very sophisticated system that is based on risk rating and raises red tags or red flags whenever a customer’s identity aligns with a name in a sanctioned list.....ensure that our bank is not being used as a medium to go to clean dirty money’.*

An interpretation of R2, R4 and R9 signals the leaning of banks and NBFCs in Bahrain to adhere to the guiding principles enshrined in FATF and Basel. They take advantage of these frameworks to adopt a uniform AML policy and complementary regulatory measures. Their internalisation by the respondents leads to use of transparent due diligence and reporting practices. These are needed to eradicate the omission of traces of crimes, detect unlawful activities, alert banks, NBFCs about such irregularities,

enabling the banks, and NBFCs to initiate anti-laundering measures; and intercept attempts to launder money by criminals.

The respondents believe that their attainment becomes a reality when decisive actions are taken to correct regulatory flaws and initiate actions enforceable by law. Their correction stimulates the agility of banks and NBFCs to use EDD and RBDD. This allows teams in risk management, including MLROs, to review and update customer identities, denoted by KYC; monitor transactions, aided by automated scanning system and avoid under and over reporting, represented by hackneyed reporting to hide and aid fraud.

They provide the foundation of transparent laundering detection and prevention in association with CD and FIU. The respondents justify the need to realise such clear results to disrupt the ML process. The outcome signals the impact of transparent anti-laundering initiatives. It inspires customers to declare sources of deposits/fund voluntarily, rendering it possible for banks to isolate and control receipt of money earned from criminal acts. The detailed statement of R4 establishes the relevance of transparent actions -

*'...changes of AML policy are needed to enhance transparent measures. The banks including my bank need to focus on clear information exchange, transactions and actions to isolate proceeds of crime. Suffice here to state that my bank's policy is to mitigate money laundering. My bank's primary aim is to ensure that genuine deposits of customers are entertained for deposits and all doubtful deposits/illegally derived money/illegitimate money are shunned. As a result, my bank may not be the primary target of smurfing or placement. Having said this my bank could be exploited for layering or integration. We monitor which customer is moving funds every two months. Launderers do not park tainted money for a longer period...Launderers move and invest funds in post layering stage in private equity, real estate, bonds, jewellery, arts etc. Once these are sold, tainted money is fully legitimized....My bank's robust and automated system, judicious investigation supported by KYC and efficient reporting denoted by STR or SAR make it possible to for risk assessment and management team to eradicate money laundering.....'*



An analysis of the responses of R3, R8, R9, R10, R11, R12 and R13 legitimises the importance of transparent AML policy adoption, supporting honest and open information exchange between six stakeholders likes banks and NBFs; customers and beneficiaries and CBB and FIU. The impetus to encourage transparent practices enables MLROs in financial firms to identify every conceivable hidden agenda of traffickers, frauds, smugglers and PEPs. The action poses an insurmountable challenge to place and layer tainted money. The inference re-establishes the role of disclosure of critical information that is used by CBB and FIU to use effective regulatory and efficient enforcement practices. The former facilitates risk-based scrutiny, promoting EDD and RBDD. The resolve to give credence to them reduces the risk of abuse of Bahrain’s banking and financial system by launderers. When focus on assessment, detection and prevention is enhanced, their drive to use human carriers to deposit proceeds of crime in small lots in banks is stymied. The outcome is reinforced when the data presented in the following table are examined.

Financial Firms	2014-2016							
	Total number of times Cash Threshold Violated	Total No of times wire transfer from shell companies was violated	Total No of counterfeit documents detected	Total No of Illegal activities detected	Total No of reports probed by CD	Total No of reports probed by FIU	Total No of Punitive Action Taken by CD	Total No of Punitive Action Taken by FIU
Bank-1	17	9	10	14	48	40	21	31
Bank-2	24	7	8	6	41	35	14	22
Bank-3	12	9	10	8	39	36	18	18
Bank-4	17	5	9	9	37	35	11	11
Bank-5	13	7	8	6	30	27	13	16
Bank-6	10	16	5	7	26	26	13	14
InvBnk-16	0	2	1	0	2	2	2	2
Inv Bnk-12	5	9	8	19	41	40	19	34
InvBak-15	0	17	17	2	31	30	10	16
InvBnk-14	7	5	8	7	27	25	16	11
InsC-48	0	1	3	0	3	4	1	4
InsC-50	0	0	0	0	0	0	0	0
InsC-49	4	3	4	1	11	10	8	5
MnyEx-51E	124	13	22	18	159	154	43	73
MnyEx-39E	238	21	77	59	433	432	83	186
MnyEx-41E	172	96	34	53	330	325	109	89
MnyEx-40E	26	38	21	42	127	124	31	36
Total	669 (47%)	258 (18%)	245 (17%)	251 (18%)	1385 (97%)	1345 (94%)	412 (30%)	568 (42%)

The detection of violations, involving cash threshold (669), wire transfer from shell companies (258) and counterfeit documents (245) is the consequence of Bahrain's commitment to employ an AML policy that guides CBB and FIU to promote the visibility of actions of customers and financial firms, elevate access to communication between key stakeholders (banks and financial firms, customers and beneficiaries; and regulator and enforcement agency). Heightened visibility makes it possible for the regulator (1385) and enforcement agency (1345) in conjunction with financial firms to probe profoundly and initiate clear and well informed punitive actions (30%) and stimulate unbiased prosecution and conviction (42%).

These reveal that impact of voluntary declaration of sources of the fund by customers. It arms banks and NBFCs to control receipt of illicit money, leading to -

- **Prevention of corruption:** Transparent regulation and complementary measures discourage indulgence in corruption (grand and petty) to amass illegal wealth. The inclusion of clear preventive policies and establishment of anti-corruption bodies help to safeguard banks, NBFCs and Bahrain's national economy.
- **Criminalisation of corruption:** Transparent governance and efficient management of public affairs lead Bahrain to draw a comprehensive list of criminal and other offenders and pass complementary laws to prosecute and convict money launderers.
- **Dedication to cooperate:** Transparent measures aided by the motivation to collaborate and share evidence about corrupt practices of government officials, PEPs and politicians make it possible to arm banks and NBFCs to assume the role of gatekeeper, combat corruption and prosecute criminals.

The analysis of data points out that the Bahrain Government inks purposeful regulatory and enforcement measures, signalling the outcome of internalising Basel, COE, FATF and Wolfsberg. Their holistic use enables the country and its lawmakers to enact laws (AML law 2001). This empowers CBB and FIU to collectively authorise CBB and FIU to probe and find out violations related to cash threshold (47%), a wire transfer from shell companies (18%), attempted use of counterfeit documents (17%) and illegal attempts to place and layer proceeds of crime (18%). Heightened visibility of these

backed by harmonised regulatory and law enforcement initiatives makes it mandatory for banks and NBFCs to assess and monitor intensely all illegal actions of offenders and investigate all fraudulent attempts to place tainted money based on criminal evidence (94%).

They enable MOI, FIU and PP to prosecute launderers and convict them, confiscate proceeds of crime (42%) and transfer such wealth to the rightful owner, justifying the association between the voluntary declaration of funding sources by customers and efficient mitigation of ML. These are reinforced when the values of ‘r’ and ‘p’ in Table- 2 (Appendix-14) are interpreted -

**Table2 Suspicious Transaction Report (STR) between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
No of counterfeit documents detected	vs.	No of Illegal activities detected	55	0.465	3.824	0.0003
No of counterfeit documents detected	vs.	No of Punitive Action Taken by CD	84	0.373	3.638	0.0005
No of counterfeit documents detected	vs.	No of Punitive Action Taken by FIU	85	0.625	7.297	< 0.0001
No of counterfeit documents detected	vs.	No of reports probed by CD	95	0.723	10.094	< 0.0001
No of counterfeit documents detected	vs.	No of reports probed by FIU	95	0.723	10.089	< 0.0001
No of counterfeit documents detected	vs.	No of times wire transfer from shell companies was violated	60	0.240	1.886	0.0643
No of Illegal activities detected	vs.	No of Punitive Action Taken by CD	81	0.541	5.723	< 0.0001
No of Illegal activities detected	vs.	No of Punitive Action Taken by FIU	79	0.574	6.145	< 0.0001
No of Illegal activities detected	vs.	No of reports probed by CD	84	0.763	10.697	< 0.0001
No of Illegal activities detected	vs.	No of reports probed by FIU	84	0.750	10.281	< 0.0001
No of Illegal activities detected	vs.	Number of times Cash Threshold Violated	63	0.634	6.401	< 0.0001
No of Punitive Action Taken by CD	vs.	No of Punitive Action Taken by FIU	118	0.780	13.441	< 0.0001
No of Punitive Action Taken by CD	vs.	No of reports probed by CD	131	0.809	15.643	< 0.0001
No of Punitive Action Taken by CD	vs.	No of reports probed by FIU	129	0.817	15.987	< 0.0001
No of Punitive Action Taken by CD	vs.	No of times wire transfer from shell companies was violated	78	0.616	6.822	< 0.0001

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No of Punitive Action Taken by CD	vs.	Number of times Cash Threshold Violated	96	0.700	9.497	< 0.0001
No of Punitive Action Taken by FIU	vs.	No of reports probed by CD	128	0.874	20.155	< 0.0001
No of Punitive Action Taken by FIU	vs.	No of reports probed by FIU	130	0.887	21.728	< 0.0001
No of Punitive Action Taken by FIU	vs.	No of times wire transfer from shell companies was violated	79	0.323	2.994	0.0037
No of Punitive Action Taken by FIU	vs.	No of times Cash Threshold Violated	91	0.785	11.947	< 0.0001
No of reports probed by CD	vs.	No of reports probed by FIU	150	0.991	92.161	< 0.0001
No of reports probed by CD	vs.	No of times wire transfer from shell companies was violated	89	0.518	5.646	< 0.0001
No of reports probed by CD	vs.	No of times Cash Threshold Violated	104	0.917	23.143	< 0.0001
No of reports probed by FIU	vs.	No of times wire transfer from shell companies was violated	87	0.506	5.410	< 0.0001
No of reports probed by FIU	vs.	No of times Cash Threshold Violated	105	0.924	24.488	< 0.0001

**Pairwise correlations are statistically significant at the 5% level**

A review of data reveals the impact of voluntary declaration of source of the fund on eradication of money laundering -

i) AML policy supported transparency elevation makes it possible for banks and NBFCs to detect fraudulent attempts to conceal identity and source of fund ( $r=.465$ ,  $p<.0003$ ) and report, mainly STR and SAR, to CD and FIU about such irregularities. The detection of criminal attempts to place proceeds of crime and instant communication magnify the abilities of CD ( $r=.723$ ,  $p<.0001$ ) and FIU ( $r=.723$ ,  $p<.0001$ ) to probe, ascertain the gravity of crime and initiate punitive actions ( $r=.625$ ,  $p<.0001$ ), represented by search, seize, prosecute, convict and confiscate ill-gotten wealth.

The outcome establishes the invaluable role of regulation, supervision and due diligence, signified by unbiased review, assessment and reporting. Decisive administration of these measures motivates customers to present valid information. This allows banks and NBFCs in Bahrain to isolate criminals, corrupt officials and politicians, smugglers and traffickers, stifling all unlawful attempts to place and layer tainted money. The attainment of these justifies the role of internal control and risk management practices to track account holders and beneficial owners, rendering it possible for them to conform to Basel guidelines and use KYC to adopt and implement

customer acceptance policy; ascertain customer identities (names), location (origin) and behaviour of their accounts and monitor high-risk accounts.

They encourage customers to share information voluntarily, understand the environment in which they function and manage risk, preventing exploitation of Bahrain's financial system from depositing proceeds of crime and regularising them to derive unlawful benefits. In case of credible suspicion, banks and NBFC's report all material facts about suspect accounts to CD for further investigation and prevention of ML ( $r=.373$ ,  $p<.0005$ ).

ii) The adoption of an unambiguous AML policy drives CBB and FIU to implement complementary regulatory and enforcement measures that inspire all (banks, NBFCs and customers) to share actionable information, mitigating conflict and elevating the scope to prevent ML. Their realisation can be attributed to the proactive actions on the part of banks and NBFCs to detect of breach of cash threshold ( $r=.634$ ,  $p<.0001$ ) and identify a violation of wire transfer from shell companies ( $r=.240$

Speedy detection and identification of such offences are the consequence of customers' and correspondent banks' interest to divulge critical information. Access to these enables CD to probe reports ( $r=.763$ ,  $p<.0001$ ) and punish all attempts to undermine cash threshold ( $r=.541$ ,  $p<.0001$ ) and FIU to search ( $r=.750$ ,  $p<.0001$ ) and punish all violation of cash threshold set by CBB ( $r=.574$ ,  $p<.0001$ ).

They exemplify the outcome of the continuous review of fraud, an investigation within and beyond a country, detection of tainted money, their seizure and recovery, denoted by punitive action taken by CD ( $r=.817$ ,  $p<.0001$ ) on completion of the probe in association with FIU. The worth of robust regulatory and law enforcement initiatives highlighted by spontaneous information exchange by customers, unbiased review and reporting to realise such goals and insulate banks from fraudulent exploitation by launderers is reinforced. They highlight the outcome of Bahrain's full compliance with FATF recommendation -1. Conformity to this emboldens banks and NBFCs to identify and verify customers, gain familiarity with their transactions, their aims, and initiate EDD. It also allows them to scrutinise the profiles of PEPs and their unlawful actions to garner money. They are known to transfer such illicit money to offshore shell companies and retransfer them to financial centres. To prevent such placement, banks

and NBFCs use EDD and place PEPs in risk category (FATF recommendation – 12), aiding the eradication of ML.

iii) The internalisation of FATF 40 recommendations and Basel guidelines to develop AML policy allows Bahrain and its regulatory authority to strengthen honest communication between all stakeholders, enhancing openness, clarity and transparency. These are exemplified by the drive of customers to declare their background and source of money voluntarily. Banks and NBFCs use access to these to detect and categorise customers into two distinct classes, such as high risk and low risk. A rigorous review of -

- high-risk customers, comprising of non-resident, PEPs, private banks and legal persons, leads CD and FIU to access the report, scrutinise this further and detect violation of wire transfer from shell companies ( $r=.506$ ,  $p=<.0001$ );
- low-risk customers, like regulated financial institutions, public companies and insurance companies (selling life insurance policies and insurance policies for pension schemes) guides regulator and law enforcement agencies in Bahrain to identify a violation of cash threshold ( $r=.924$ ,  $p=<.0001$ ).

In conformity to AML policy, CD ( $r=.874$ ,  $p=<.0001$ ) and FIU ( $r=.785$ ,  $p=<.0001$ ) in conjunction with banks and NBFCs acts upon all departures to initiate punitive actions and prevent money laundering. They justify the importance of open information retrieval and dissemination to implement uniform regulatory enforcement. This prevents the practice of transferring proceeds of predicate crime to invest in Bahrain, a known tax haven, and acquire assets.

The realisation of such mission stems from Bahrain's current banking supervision and regulatory enforcement practices. It becomes feasible due to the commitment of lawmakers in the country to develop and adopt an AML policy that aids information exchange and transparency. The elevation of these allows banks and NBFCs to coordinate with CD and FIU, detect launderers at the placement stage, mitigate the incidence of ML and minimise their exposure to the high risk of collapse.

The analysis answers the second question of the study and justifies the validity of the conceptual framework. It vindicates the theoretical standpoints of Arnone and Padoan (2007), Arnone and Borlini (2010), Gelemerova (2009), Gilmour (2014) and Lacey and

George (2003). AML policy is regarded effective when it stimulates open, honest, robust and authentic information exchange between financial firms, regulator and enforcement agency in a country and beyond. Their drive to establish a transparent culture encourages customers to share information voluntarily with banks and NBFs. Such voluntary disclosure enables them to ascertain the regulatory and legal validity of transactions. Their identification is complemented by vigorous due diligence. This makes it difficult for criminals (human and drug traffickers, frauds and terrorists) to exploit the banking and financial system to launder money, corroborating the views of R1 -

*‘Yes, we do have AML/CFT policy which is reviewed annually by my bank and the subsidiaries in Kuwait.....and Oman. We have a policy.....that conform to regulatory demands of Bahrain.....use EDD, customer on boarding committee, categorize customers, monitor, and review them and their actions.....transparent measures.....voluntary disclosure .....helps to monitor closely PEPs.....correspondent banks, non-residents in Bahrain, non GCC residents who want to arrive in Bahrain and open an account, high net-worth customers (owning BD ten million). Sustained monitoring allows us to identify any risky customers, reject account opening request and report to CD for action.....matches the name and identity in the sanctioned list, the case is reported to CD’.*

The merits of in-depth response of R1 and others (R2 to 13) are reinforced when data in Table-2 (Appendix-14) are analysed from the viewpoint of Lacey and George (2003), Pušara and Pušara (2011) and Said *et al.* (2013). Transparency supported voluntary disclosure makes it challenging for launderers (dictators, politicians, warlords, smugglers and arms dealers) to dodge CDD to abuse cash threshold ( $r=.917, p<.0001$ ) set by CBB; exploit wire transfer from shell companies ( $r=.518, p<.517$ ) and garner illicit wealth.

They uphold the role of voluntary disclosure and countermeasures to deter money laundering. They signal the outcome of strategic use of KYC, STR ( $r=.991, p<.0001$ ) and SAR. Access to these enables CD and FIU to halt the flow of ill-gotten wealth and abuse of Bahrain’s banks and banking system, enriching their reliability and accelerating inflow of legitimate investment. This becomes a reality when they detect

and isolate launderers and high-risk customers, rendering it feasible to prevent placement, eradicate layering and stamp out integration. This depends on the efficient exchange of actionable intelligence between banks, CD and FIU, and uniform enforcement of the law. The responses of R5 highlights their essence -

*‘The bank follows AML policy. This allows us to establish procedures to control ML. This is the outcome of our abilities to monitor potential abuses by launderers.....We also follow CBB’s recommended practices. This makes it possible to assess, ascertain and eliminate ML risks.....We use EDD, and this helps us to monitor transactions constantly. This mitigates the bank’s exposure to various risks, such as reputational risk, business risk, operational risk etc’.*

The relevance of association between the voluntary declaration of the source of fund by customers and mitigation of money earned from criminal acts is established.

**6.1.4. AML/CFT Policy & Disruption of Money Laundering Cycle to Mitigate Laundering**

The fourth question is introduced to determine the usefulness of Bahrain’s AML/CFT policy and why its adherence enables banks and NBFCs to interrupt and dismantle the money laundering process. Disruption of these is necessary to delegitimise money laundering and protects the nation’s banking and financial system.

A critical review of in-depth responses in Table-4 (Appendix-12) elucidates the relevance of anti-laundering measures necessary to promote transparency. These allow CBB and FIU in Bahrain to delegitimise and eradicate smurfing, placing and layering proceeds of crime.

**Table 4 AML/CFT Policy & Disrupt Money Laundering Cycle and Mitigate Laundering**

Organisation	Respondent	Detailed Response
B-1	R-1	We follow procedures to discourage launderers to use our banking system to launder money.....Our anti laundering initiatives and controls are sound enough to protect bank’s financial and reputational conditions locally.....application of AML measures, such as EDD, makes it impossible for frauds to exploit our bank to place and layer ill-gotten money.....This is unlike HSBC a key entity in Panama scandal .....



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		The most dangerous stage is the integration stage because at this stage it is difficult to trace and detect the money.
B-2	R-2	We use policy and procedure plus an automated AML system.....allows us to detect suspicious ML activity, for example to control smurfing .....any deposit of BD 6000 more than one time in a month triggers alert in the system. In such a case a relationship manager or a branch manager will have to check if deposit of additional BD 6000 is genuine and consistent with customer profile..... other rule even for corporations we have a bigger threshold for BD20K and In term of the placement phase we have controls on customer on boarding. We use Risk based Due Diligence..... if a client falls in high risk category.....scan against the UN sanctions and OFAC list allow tellers to manage thousands of customers and isolate potentially suspicious customers and report..... use the AML system to track an increase in the customer deposit above 150% on an average in the last 3 months.....
B-3	R-4	Whether it's smurfing, placement, layering etc, we assess attempts on the part of customers to indulge in such wrong doing and stop irregular transactions.....KYC is implemented and this helps us to be sure about legal standing of a current or prospective customer.....In case of any dichotomy all attempts to deposit money is blocked .....thwarting layering, round tripping and further investment in real estate... Wolfsburg Group is followed by private banks in Bahrain .....strengthen control. With reference to compliance with FATF, BASEL....all the principles are followed fully...
B-4	R-5	Our AML policy covered all the red flags and thwarts 3 AML stages, like smurfing, placement, layering and integration.....control and prevent such laundering stages.  As an anti-smurfing procedure and action, we monitor breach of thresholds scenarios. For example, if a customer has deposited small amount of say BD 6000 and he again deposits similar amount in two days, red flag will be triggered due to breach of aggregate limit set.....AML monitoring system.  Yes. Anti-layering initiative is established.....check such transactions against inbuilt 25 scenarios.....AML system enables us to eradicate the most dangerous stage in ML cycle known as placement.....
IB-5	R-6	.....The bank's primary aim is to ensure that clients have genuine funds and these are not acquired through illegal means....my bank is an investment bank and as a result, it will never be a target for smurfing or placement. A fraudulent client to layer or integrate illicit fund may misuse my bank. A white collar criminal may place tainted money in my bank's private equity, hold such equity for 3 to 4 years and exit after this period, legitimizing money garnered through illicit acts..... This is the third stage of money laundering called integration.....Yes. My bank and relationship manager...uses Enhanced Due Diligence..... I have raised STR ...  Yes, placement is the most serious stage and if neglected it can destroy a bank's future... Yes, Basel guidelines related anti laundering are followed fully...
IB-6	R-7	We use an Oracle-based system called FCCM to detect Placement, Layering and Integration. It helps us to follow the Financial Crimes and Compliance Module.....We use three systems. One system is dedicated to tracking ID... The second system is used to screen customer data against blacklists published by OFAC, UK, EU, United nation, CBB.....If a customer's identity matches a name in the blacklist, MLRO is required to report him and block him and initiate actions to terminate relationship .....AML measures.....EASTNET, COMPLAINT is sponsored by Thomson Reuters .....
HB-7	R-8	Yes, the anti-laundering system helps us to mitigate the bank's exposure to laundering risk. Also, the bank's policy makes it difficult to smurf or place tainted wealth. Each customer is allowed to have one account in my bank. The policy helps us to link the account to his CPR and track behaviour of the account.....layering happens only when there are cash transactions and money coming in the account.....customer has to declare source and proof of money, and he has to narrate how the amount will be used..... The main risk is cash. Many of our other customers bring in cash to repay housing loan instalment.....Cash can be dirty. To justify the authenticity, a customer is compelled to proof, irrespective of volume, making it impossible for a customer to dodge our AML system, repay the loan and secure a property.....
WB-8	R-9	The AML system we have helps us to select the best customer, open an account when finding clean and stop suspicious transactions. These disallow placement or layering. Deep monitoring allows us to track all the transactions of customers and compare them with stated monthly financial activity.....If any abnormal account movement is noted, a red flag is raised, and it is reported to CD. For example, a customer's monthly salary is BD 3000, but we see that he is depositing BD 5000. This will be construed as an offence through the deposit volume is less than the threshold of BD 6000. Such an occurrence is red flagged and reported..... I would say placement is critical.....

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ME-9	R-10	We follow the CBB rulebook and develop our AML policy. This helps us to raise awareness, train employees, monitor, detect, report and punish.....For placement, occasionally we get someone who would approach us without giving us any background information about the source of the fund to converting such fund into legitimate earning. In such a case we raise STR, block account opening and deter all laundering attempts.....When the placement itself is not possible the subsequent stage does not rise at all. As a result, we tolerate no laxity in thwarting placement.
ME-10	R-11	The AML policy helps us to control smurfing, placement and layering. The system enabled red flagging allows us to prevent laundering. As an anti-laundering initiative, we monitor breach of all threshold scenarios.....If a customer deposits a small amount of say BD 6000 and he again deposits similar amount in 4 days, a red flag is triggered due to a breach of aggregate limit set .....To create an effective barrier, we also set a lower threshold of BD 3000. If we detect that a customer is depositing BD 2500 repeatedly, a red flag is triggered by the AML monitoring system.....For this purpose, we use a system developed by Polaris.
ME-11	R-12	The AML system we use allows us to monitor and select the best customer, authorize on boarding and account opening when found clean and isolate suspicious transactions. These retard the abilities of launderers to place and layer tainted money. Uninterrupted monitoring allows the team in the bank to track all the transactions of customers..... Red flag is raised and STR is communicated to CD. To give an example, a customer is self-sufficient to transact BD 3000, but we see that he is seeking to fund repeated transactions worth BD 5000. This will be considered as an attempt to launder money known as placement.....less than the threshold of BD 6000. Such an occurrence is red flagged and reported to CD..... The AML system we use helps us to monitor and detect smurfing, trigger alert, raise STR and inform CD.....eradicating ML.
ME-12	R-13	Yes. As a money exchange company, we will be in trouble if we show any laxity and allow launderers to abuse our organization to smurf and place tainted money. To smurf, a launderer posing as a customer splits a big sum of money into small amounts and tries to send that money from different branches in order to avoid detection. The AML system not only helps to monitor transactions.....decide during on boarding stage capacity to initiate transactions, say BD 300 and link this with a declared source of fund. Any breach, for example, transaction worth BD 1000, will lead to blocking of transaction and flash message. This requires reporting, namely STR...Since we do not allow abuse of our system to place money, the question of layering and integration does not concern us.
IC-1	R-3	Tough regulatory environment makes it difficult for launderers to abuse an insurance company and retain the purity of financial services landscape.....knowledgeable enough to avoid any money laundering when it comes to the 4 layers of ML.  I think when it comes to an insurance entity.....Launderers launder their funds or at least they would use us for layering tainted fund by an engaging web of complex transactions and investing finally in fund-linked insurance products, hiding fully the origin of such transactions.....such risks are controlled by conforming to FATF and CBB guidelines.....
B4	R-14	We do have an AML/CFT policy, and this is strictly implemented.....clearly defined all the KYC requirements for different type of customers like standard customer, corporate customer and put them in different categories like high-risk customer, risky customer and low-risk customer.....implement EDD.....isolate risky customers, report and stop operating an account.....discourage launderers we control, monitor and screen the customers at the time of opening bank account and match their names against sanctions list.
B-9	R-15	My bank has an AML/CFT policy, and this is implemented.....defined KYC requirements for different type of corporate customers who are classified as high-risk customer, risky customer and low-risk customer.....to implement EDD..... bank to segregate risky customers, report and stop operating an account..... demotivate launderers we monitor, screen and control actions of corporate customers at the time of opening bank account and match their names against sanctions list.
B-1	R-16	My bank has an AML/CFT policy.....has defined all the KYC requirements for different categories of customers such as high-risk customer, risky customer and low-risk customer.....implement EDD.....separate risky corporate customers, report and stop operating an account.....discourage launderers we monitor and screen the customers at the time of opening bank account and match their names against sanctions list.
B-5	R-17	The bank has an AML/CFT policy, and this is implemented.....KYC requirements for corporate customers who are classified as a high-risk customer, risky customer and low-risk customer.....EDD... my bank to segregate risky customers, report and stop operating an account..... we monitor, screen and control actions of corporate customers at the time of opening bank account and match their names against sanctions list.
B-10	R-18	We have an AML/CFT policy.....policy has clearly defined all the KYC requirements for different type of customers like a standard customer, corporate customer and put them in different categories like a high-risk customer, risky customer and low-risk customer.....

		EDD.....segregate risky customers, report and stop operating an account..... discourage launderers we control, monitor and screen the customers at the time of opening bank account and match their names against sanctions list.
B-2	R-19	My bank has AML/CFT policy.....has defined all the KYC requirements for different categories of customers such as high-risk customer, risky customer and low-risk customer.....to separate risky corporate customers, report and stop operating an account.....discourage launderers we monitor and screen the customers..... opening bank account and match their names against sanctions list.
B-11	R-20	We follow AML/CFT policy, and this is strictly used.....defined all the KYC requirements for different type of customers like standard customer, corporate customer and put them in different categories like high-risk customer, risky customer and low-risk customer.....isolate risky customers, report and stop operating an account..... discourage launderers.....screen the customers at the time of opening bank account and match their names against sanctions list.
B-4	R-21	My bank has an AML/CFT policy, and this is implemented.....complete details. I know that my bank classifies customers in terms of risk for further action.....stop launderers we control, monitor and screen the customers at the time of opening bank account.
B-9	R-22	Bank has AML/CFT policy, and this is implemented. I do not know the complete details. I know that my bank classifies customers in terms of risk for further action.
B-1	R-23	My bank has AML/CFT policy and this is implemented....know complete details.
B-5	R-24	The bank uses AML/CFT policy and this is implemented...have complete details.
B-10	R-25	My bank uses AML/CFT policy, and this is implemented...have complete details.
B-2	R-26	The bank uses the AML/CFT policy. I cannot explain further. My knowledge is limited.
B-11	R-27	The bank uses AML/CFT policy..... I cannot explain it in detail.
ME-13	R-28	My money exchange uses AML/CFT policy.....I cannot explain the policy in detail.
ME-14	R-29	The exchange uses an AML/CFT policy.
ME-15	R-30	My exchange uses AML/CFT policy.
B-12	R-31	My Bank uses a robust AML/CFT policy. However, I cannot provide further detail.

i) Bahrain Government in partnership with CBB and FIU gives credence to Basel guidelines and a plethora of conventions. These include the COE, FATF, Merida, OECD, Palermo, Strasbourg and Vienna, to define money laundering and develop a robust AML policy that promotes clarity and visibility about the following, making it possible to monitor and track exposure of banks and NBFCs to laundering abuse -

- background of customers/ depositors;      - source of fund;
- deposit and withdrawal pattern;              - cycles of money transfer and destination;

Visibility is enriched due to uninterrupted use of CDD, EDD and RBDD. Sustained use of these practices encourages individual customers and companies to exchange information and declare about their backgrounds, sources of money, fund transfer and beneficiaries. Visibility about these details the scourge of smurfing, placing, layering and round-tripping, constricting the scope to convert proceeds of crime (tax evasion, embezzlement, trafficking and smuggling) into legitimate earnings. This is reinforced when the in-depth responses of all the respondents (100%) are noted in detail. In this context, the response of R2 is noteworthy -

*‘We use policy and procedure plus an automated AML system. Their use in all our branches allows us to detect suspicious ML activity, for example, to control smurfing .....any deposit of BD 6000 more than one time in a month triggers an alert in the system. In such a case, a relationship manager or a branch manager will have to check if a deposit of additional BD 6000 is genuine and consistent with customer profile.....we have another rule even for corporations. We have a bigger threshold for BD20K. In term of the placement phase, we review and control corporate approval and customer on boarding. We use Risk-based Due Diligence.....if a client falls in a high risk category, we call for additional documents certified by a lawyer that justifies the source of additional fund.....for PEPs we require details, such as anticipated annual turnover, the source of wealth etc ..... KYC measure helps to mitigate any risks of placement and drive to scan against the UN sanctions, and OFAC list allow tellers to manage thousands of customers and isolate potentially suspicious customers and report to our team for further action.....we use an anti-layering system that helps us to track behavioural rules related to daily and monthly deposit. For example, we use the AML system to track an increase in the customer deposit above 150% on an average in the last three months. When it is breached, an automatic alert is triggered.....the trigger is also activated when a customer withdraws money immediately after deposit.....such rule-based triggers helps to eradicate layering.....This disallows launderers to try and integrate fraudulent earnings’.*

It is apparent from the above that strict regulatory measures and clear demands of CBB (regulator) pose insurmountable challenges for companies in Bahrain to register companies in tax havens/ countries known to demonstrate regulatory laxities, transfer wealth garnered illegally, use web of transactions for layering such tainted wealth and making it look legitimate, retransfer and integrate proceeds of crime in mainstream economy of Bahrain. Round-tripping is impeded due to the efficacy of a uniform AML policy, denoting the impact of internalising global anti-laundering conventions, for example, the Basel guidelines and FATF. Adherence to them in conjunction with complementary regulatory measures guides meticulous use of transparent due diligence (CDD, EDD and RBDD) and reporting. Flawless use of these stimulates transparent information exchange controlling omission of traces of crime; detecting unlawful activities and alerting banks about these and deterring money laundering.

They denote the consequence of uninterrupted monitoring of transactions by MLROs. It results in just reporting (SAR and STR). This helps to reveal all irregular and unethical activities on the part of companies/individuals, leading to prevention of laundering in association with CD and FIU. It allows them to disrupt the ML process, aided by search, seizure, prosecution, conviction and confiscation. The use of these discourages all to abuse the financial system, round trip tainted money/proceeds of crime and legitimise them, relating to the statements of all the respondents. For example, R5 claims that -

*‘Our AML policy covered all the red flags and thwarted 3 laundering stages, like smurfing, placement, layering and integration. The system supported red flagging helps to control and prevent such laundering stages.....As an anti-smurfing procedure and action we monitor breach of thresholds scenarios.....if a customer has deposited a small amount of say BD 6000, and he again deposits similar amount in two days, a red flag will be triggered due to a breach of aggregate limit set.....we also set a lower threshold of BD 3000. If we detect that a customer is depositing BD 2900 repeatedly, a red flag will be triggered by the AML monitoring system. Yes. Anti-layering initiative is established. Let us say a customer activates multiple transactions to circumvent the alerts. We check such transactions against inbuilt 25 scenarios. Such checking helps to detect attempts on the part of the customer to layer and integrate at a subsequent date.....AML system enables us to eradicate the most dangerous stage in ML cycle known as placement...For this purpose my bank uses AMLOCK.....’.*

ii) The inference sheds light on the importance of corporate transparency, eradication of concealment of facts and mitigation of money laundering. This is needed to strengthen the integrity of the banking sector. The elevation of transparency makes it difficult for companies and individual customers to defy rules, abuse banks and NBFCs and legitimise illicit income. This deterrence enhances the rating and reliability of Bahrain’s financial sector, ensuring the inflow of legitimate investment. Data presented in the following table justify its worth -

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Month	Total number of times Cash Threshold Violation Reported (2014-2016)	Total no of times rule violation about a wire transfer from shell companies Reported (2014-2016)	Total no of times counterfeit documents detection Reported (2014-2016)	Total no of Illegal activity detected & Reported (2014-2016)	Total Laundering Offence Reported	Total no of Initial Investigation conducted (2014-2016)	Total no of Search conducted (2014-2016)	Total no of times Confiscation initiated (2014-2016)	Total no of Cases Transferred to Public Prosecutor (2014-2016)	Total number of Convictions (2014-2016)	Total no of False Alarms (2014-2016)	Total no of Action Taken Against False Alarms (2014-2016)
Jan	3	1	0	1	5	5	5	0	2	0	2	1
Feb	1	1	1	0	3	2	1	0	1	1	1	0
Mar	1	1	1	1	4	4	2	1	2	1	1	0
Apr	2	1	1	3	7	7	6	0	3	2	3	1
May	2	1	1	1	5	3	3	1	1	0	0	0
Jun	0	0	2	1	3	3	1	0	1	1	1	1
Jul	1	1	1	0	3	2	2	0	1	1	1	1
Aug	4	1	1	0	6	5	3	0	2	2	1	0
Sep	1	1	1	0	3	3	2	0	0	1	2	0
Oct	2	0	0	1	3	3	1	0	0	1	0	1
Nov	2	1	1	2	6	4	3	0	2	1	0	1
Dec	0	0	0	0	0	0	0	0	0	0	0	1
Total	19	9	10	10	48	41	29	2	15	11	12	7
%					48 (100%)	85.42	60.42	4.17	31.25	22.92	25	14.58

A review of data clarifies the relevance of anti-laundering practices. Their adoption leads CBB to authorise and empowers banks and NBFCs to monitor and track customer profiles including that of companies. Focus on KYC, SAR and STR requires them to be transparent. This compels them to abandon all unlawful actions, shed interest to dodge regulatory deterrents and declare all key information involving constitution of business, shareholders and holdings, licenses, auditors, prime activities, bankers, business associates, receipts and expenses. Voluntary declaration about these dissuades them from using shell companies or spurious identities. The demotivation to use these allows banks and NBFCs to isolate fraudulent companies, trace violation of cash threshold (19), ascertain rule violation about a wire transfer from shell companies (9), determine counterfeit or forged documents used (10) and illegal activity detected (10) during 2014-2016. These outcomes lead to CBB, FIU and Ministry of Interior in Bahrain to conduct an initial investigation (85.42%) and search (60.42%). They enable them to assess the veracity of offences and commence confiscation (4.17%). Prima facie acceptance of guilt by owners/board of directors/shareholders of an offending company

prompts enforcement agencies in Bahrain to transfer cases to the Public Prosecutor (31.25%), resulting in their convictions (22.92%).

The explanation presented above establishes the role of transparent information exchange in curbing the propensity to place and layer proceeds of fraud (round tripping, tax evasion and economic offence). Clarity of information disseminated deters launderers to use the strategies to mask the source of tainted money, circumvent limits set by CBB to accept deposits by cash, cheque or bank draft and avoid laundering scrutiny. The response of R11 justify the pertinence of such outcomes-

*‘The AML policy helps us to control smurfing, placement and layering. The system enabled red flagging allows us to prevent laundering. As an anti-laundering initiative, we monitor breach of all threshold scenarios.....If a customer deposits a small amount of say BD 6000 and he again deposits similar amount in 4 days, a red flag is triggered due to a breach of aggregate limit set .....To create an effective barrier, we also set a lower threshold of BD 3000. If we detect that a customer is depositing BD 2500 repeatedly, a red flag is triggered by the AML monitoring system. Yes. Anti-layering initiative is implemented. Let us say a customer initiates multiple transactions to avoid the alerts. To plug this gap, we check such transactions against multiple inbuilt scenarios. Such checking helps to detect attempts on the part of the customer to layer and integrate at a subsequent date .....Automated AML system enables us to stamp out the key stage in ML cycle known as placement...For this purpose, we use a system developed by Polaris’.*

The response presented above illustrates the critical roles of CDD, EDD and RBDD, defining eloquently why these stimulate corporate transparency. This allows FIU, Ministry of Interior and Public Prosecutor to enforce the law and initiate search, seizure, confiscation, prosecution and conviction, eradicating the abuse of the financial system and legitimising proceeds of the predicate crime, evident from the response of R8 -

*‘Yes, anti-laundering system helps us to mitigate the bank’s exposure to laundering risk. Also, the bank’s policy makes it difficult to smurf or place tainted wealth. Each customer is allowed to have one account in my bank. The policy helps us to link the account to his CPR and track behaviour of the account.....Let me tell you that layering happens only when cash transactions and money is coming in the account,*

meaning different amounts at different times. This is not allowed. The customer has to declare source and proof of money, and he has to narrate how the amount will be used.....A customer is allowed to deposit to repay loan instalments. This proves that we monitor customers closely.....The main risk is cash. Many of our other customers bring in cash to repay housing loan instalment.....Cash can be dirty. To justify the authenticity, a customer is compelled to proof, irrespective of volume, making it impossible for a customer to dodge our AML system, repay the loan and secure a property.....The AML system helps us to detect frauds’.

iii) To justify the materiality of such a viewpoint about the association between corporate transparency and money laundering eradication, data in Table-3 (Appendix-14) need to be analysed in detail

**Table-3 Search, Seize, Confiscate & Convict between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
No of Action Taken Against False Alarms	vs.	No of Illegal activity detected & Reported	12	0.408	1.413	0.1879
No of Action Taken Against False Alarms	vs.	No of Search conducted	12	0.111	0.352	0.7323
No of Action Taken Against False Alarms	vs.	No of times Confiscation initiated	12	-0.529	-1.972	0.0769
No of Action Taken Against False Alarms	vs.	No of times rule violation about wire transfer from shell companies Reported	12	-0.488	-1.768	0.1075
No of Action Taken Against False Alarms	vs.	No of times counterfeit documents detection Reported	12	-0.255	-0.833	0.4241
No of Action Taken Against False Alarms	vs.	No of Convictions	12	-0.110	-0.350	0.7335
No of Action Taken Against False Alarms	vs.	No of times Cash Threshold Violation Reported	12	-0.164	-0.527	0.6100
No of Cases Transferred to Public Prosecutor	vs.	No of False Alarms	12	0.494	1.796	0.1027
No of Cases Transferred to Public Prosecutor	vs.	No of Illegal activity detected & Reported	12	0.653	2.727	0.0213
No of Cases Transferred to Public Prosecutor	vs.	No of Initial Investigation conducted	12	0.833	4.752	0.0008
No of Cases Transferred to Public Prosecutor	vs.	No of Search conducted	12	0.803	4.261	0.0017
No of Cases Transferred to Public Prosecutor	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.573	2.209	0.0517
No of Cases Transferred to Public Prosecutor	vs.	No of times counterfeit documents detection Reported	12	0.245	0.798	0.4434



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No of Cases Transferred to Public Prosecutor	vs.	No of Convictions	12	0.458	1.628	0.1345
No of Cases Transferred to Public Prosecutor	vs.	No of times Cash Threshold Violation Reported	12	0.505	1.852	0.0937
No of False Alarms	vs.	No of Illegal activity detected & Reported	12	0.305	1.013	0.3348
No of False Alarms	vs.	No of Initial Investigation conducted	12	0.642	2.649	0.0243
No of False Alarms	vs.	No of Search conducted	12	0.661	2.789	0.0192
No of False Alarms	vs.	No of times Confiscation initiated	12	-0.245	-0.799	0.4429
No of False Alarms	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.422	1.470	0.1722
No of False Alarms	vs.	No of times counterfeit documents detection Reported	12	0.165	0.530	0.6080
No of False Alarms	vs.	No of Convictions	12	0.428	1.497	0.1653
No of False Alarms	vs.	No of times Cash Threshold Violation Reported	12	0.164	0.525	0.6111
No of Illegal activity detected & Reported	vs.	No of Initial Investigation conducted	12	0.699	3.087	0.0115
No of Illegal activity detected & Reported	vs.	No of Search conducted	12	0.663	2.803	0.0187
No of Illegal activity detected & Reported	vs.	No of times Confiscation initiated	12	0.083	0.264	0.7975
No of Illegal activity detected & Reported	vs.	No of Convictions	12	0.266	0.872	0.4035
No of Illegal activity detected & Reported	vs.	No of times Cash Threshold Violation Reported	12	0.180	0.580	0.5747
No of Initial Investigation conducted	vs.	No of Search conducted	12	0.882	5.932	0.0001
No of Initial Investigation conducted	vs.	No of times Confiscation initiated	12	0.022	0.069	0.9463
No of Initial Investigation conducted	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.479	1.728	0.1147
No of Initial Investigation conducted	vs.	No of times counterfeit documents detection Reported	12	0.162	0.519	0.6149
No of Initial Investigation conducted	vs.	No of Convictions	12	0.566	2.171	0.0550
No of Initial Investigation conducted	vs.	No of times Cash Threshold Violation Reported	12	0.661	2.785	0.0193
No of Search conducted	vs.	No of times Confiscation initiated	12	0.023	0.071	0.9447
No of Search conducted	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.610	2.435	0.0352
No of Search conducted	vs.	No of times counterfeit documents detection Reported	12	-0.015	-0.048	0.9627

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No of Search conducted	vs.	No of Convictions	12	0.269	0.882	0.3986
No of Search conducted	vs.	No of times Cash Threshold Violation Reported	12	0.636	2.603	0.0263
No of times Confiscation initiated	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.258	0.845	0.4178
No of times Confiscation initiated	vs.	No of times counterfeit documents detection Reported	12	0.135	0.430	0.6761
No of times Confiscation initiated	vs.	No of Convictions	12	-0.291	-0.962	0.3586
No of times Confiscation initiated	vs.	No of times Cash Threshold Violation Reported	12	-0.033	-0.106	0.9179
No of times rule violation about a wire transfer from shell companies Reported	vs.	No of times counterfeit documents detection Reported	12	0.174	0.559	0.5884
No of times rule violation about a wire transfer from shell companies Reported	vs.	No of Convictions	12	0.225	0.732	0.4810
No of times rule violation about a wire transfer from shell companies Reported	vs.	No of times Cash Threshold Violation Reported	12	0.475	1.705	0.1189
No of times counterfeit documents detection Reported	vs.	No of Convictions	12	0.432	1.514	0.1610
No of times counterfeit documents detection Reported	vs.	No of times Cash Threshold Violation Reported	12	-0.248	-0.809	0.4372
No of Convictions	vs.	No of times Cash Threshold Violation Reported	12	0.302	1.001	0.3407

**Pairwise correlations are statistically significant at the 5% level**

AML practices in Bahrain yield results due to the clarity of information exchanged by banks, NBFCs, CBB and FIU, influencing decisive actions and money laundering control. Efficient detection and authentic information dissemination by banks and NBFCs about the following render it feasible for the regulator and enforcement agency to conduct initial investigation ( $r=.833$ ,  $p<.0008$ ), initiate search ( $r=.803$ ,  $p<.0017$ ), ascertain the gravity of offence ( $r=.653$ ,  $p<.0213$ ) and convict criminals and frauds ( $r=.458$ ,  $p<.1345$ ) illegal activities representing cash threshold violation ( $r=.505$ ,  $p<.0937$ ) and rule violation involving wire transfer from shell companies ( $r=.573$ ,  $p<.0517$ ).

It is also visible from the table that mitigation of reporting violations by banks and NBFCs about the following transgressions aids confiscation of criminal proceeds ( $r=-$

.529,  $p < .0769$ ), wire transfer rules by shell companies ( $r = -.488$ ,  $p < .1075$ ), counterfeit documents ( $r = -.255$ ,  $p < .4241$ ) and cash threshold ( $r = .164$ ,  $p < .6100$ ).

Unambiguous information exchange between regulatory bodies, enforcement agencies, banks and NBFCs makes it difficult for criminals (human and drug traffickers, frauds and terrorists) to exploit the transnational network to launder money, denoting the impact of transparent practices. The use of these complemented by suspicious activity reporting system helps to assess customer identity, demand for services and their use, upholding the views of R 10-

*‘.....our AML policy. This helps us to raise awareness, train employees, monitor, detect, report and punish.....For placement, occasionally we get someone who would approach us without giving us any background information about the source of the fund to converting such fund.....In such a case we raise SAR and STR, block account opening and deter all laundering attempts.....When the placement itself is not possible the subsequent stage does not rise at all.....’.*

Access to holistic information allows them to review and report all regulatory guideline violations accurately to CD and FIU. It enables them to initiate countermeasures to stop round-tripping of tainted money and integration in the mainstream economy, reinforcing the role of transparent reporting to stamp out abuse of the financial system to legitimise the proceeds of crime. This is best attained when MLROs in banks and NBFCs take the responsibility to implement EDD and RBDD, identify all illegal activities objectively ( $r = .305$ ,  $p < .3348$ ) and report them to CD and FIU. Robust reporting aided by STR allows the entities to track all lapses, such as wire transfer from shell companies ( $r = .422$ ,  $p < .1722$ ), launch investigation ( $r = .699$ ,  $p < .0115$ ) and initiate searches ( $r = .661$ ,  $p < .0192$ ), making it possible to gather substantial evidence of all offences and crimes. This allows the institutions to take recourse to legal actions and transfer all laundering cases to the public prosecutor in Bahrain ( $r = .505$ ,  $p < .0937$ ), resulting in prosecution and conviction of all launderers ( $r = .428$ ,  $p < .1653$ ).

The above reveals the importance of non-dichotomous policy and regulatory measures to prevent money laundering. They signify the relevance of transparent reporting of suspicious transactions, deemed as the prime mover of efficient regulation. This assists effective search, seizure, confiscation of tainted wealth and conviction of launderers,

signalling the impact of clear reporting of transactions that contravenes FATF recommendation. They dissuade companies and individual customers from maneuvering the AML regime of banks and place, layer and integrate proceeds of crime, establishing the substance of fact-based STR. The use of this reveals the fault lines in a customer's intent in a transaction. Banks and NBFCs red flag it through objective reporting.

Notwithstanding the validity of the inference involving Bahrain's conscious effort to promote just and honest reporting of suspicious transactions, the prevalence of flawed reporting by employees in banks and NBFCs is noted. Deliberate over, under or misleading reporting of cash threshold violation ( $r=.164$ ,  $p<.611$ ) and counterfeit document use ( $r=.165$ ,  $p<.6080$ ) obscures comprehension of CD and FIU about a customer's complicity in legitimising proceeds of crime. Such frailty retards conviction and confiscation ( $r=-.291$ ,  $p<.3586$ ). Its revision demands accurate reporting and decisive regulatory actions in conformity to FATF ( $r=.636$ ,  $p<.0263$ ). Incorporation of such practices is required to dismantle the nexus between employees in banks and customers. The need to eradicate false reporting is clear ( $r=.162$ ,  $p<.6149$ ). Awareness about it leads the Bahrain Government to implement AML practices founded on five defining principles – 'clarity, congruity, authenticity, openness and speed'. Adherence to them enables the CBB to initiate tough regulatory action ( $r=.661$ ,  $p<.0193$ ), influencing prudent reporting of all violations by banks and NBFCs to CD and FIU ( $r=.479$ ,  $p<.1147$ ). Exchange of such information provides the foundation of the initial investigation, corroborating the views of R6 -

*'...Yes. My bank and relationship manager use enhanced Due Diligence.....  
when high net-worth investors seek to deploy fund in private equity projects let us say  
Murhaba, we invariably check their backgrounds. In case of doubt, I have raised STR.  
I have investigated two cases. In the first case, the investor was from Italy. He called  
and informed that Euro 50 million belonging to European politicians are available for  
investment, and the investment could be raised to Euro 200 to 250 million. The  
transaction was rejected and reported to CD.....*

*Yes, placement is the most serious stage, and if neglected it can destroy a bank's future.  
A bank may be taken over by criminals if smurfing or placements are not detected. A*

*regulator like CBB may decide wind down such a negligent bank, eroding the wealth of shareholders.....?’*

The underlying reasons for Bahrain’s success to stamp out plunder, exploitation, corruption and money laundering are noted. This success is attributed to the unification of initiatives. The agility to adopt and implement a comprehensive policy to control and mitigate laundering are noteworthy, affirming the guiding roles Basel guidelines, FATF 40 recommendations and Wolfsberg principles in aiding the Ministry of Interior, FIU and Public Prosecutor to search, prosecute, convict launderers and confiscate proceeds of crime, like bribery, trafficking, corruption, tax fraud and embezzlement.

iv) It is seen from the above that uniform AML policy, regulatory measures and enforcement practices help to mitigate money laundering, establishing the merits of conceptual framework propounded in this study. They motivate all the stakeholders (banks, NBFCs, CBB, FIU, Ministry of Interior and Public Prosecutor) in Bahrain to coordinate and share information. Such practices guide bank and NBFCs to take the lead to monitor transactions and actions of customers or companies and the Public Prosecutor to prosecute and convict launderers. The validity of such an outcome becomes clear when data in the following table are examined in the light of institutional synergy and government networks. Focus on these deters criminals to smurf, place, layer, integrate proceeds of predicate crime, and convert them into legitimate earnings.

Recommendation	Total Regulatory Intervention in 2014-16	Total Law enforcement & Actions in 2014-2016	Total KYC in 2014-2016	Total CDD in 2014-2016	Total STR in 2014-2016	Total SAR in 2014-2016	Total Report 2014-2016	Total Inform CD in 2014-2016	Total Inform FIU in 2014-16	Total Investigate in 2014-2016	Total Prosecute in 2014-2016	Total Account Termination (Banks) in 2014-2016	Total Account Termination (NBFCs) in 2014-2016	Total Legal Person & Sanction in 2014-2016	Total Penal Action against Banks in 2014-2016
4	63	63	0	0	63	63	126	63	63	63	63	63	63	0	0
6	51	51	51	51	51	51	102	51	51	51	51	51	51	0	51
8	51	51	51	51	51	51	102	51	51	51	51	51	51	51	51
12	39	39	39	39	39	39	78	39	39	39	39	39	39	39	39
13	30	30	30	30	30	30	60	30	30	30	30	30	30	0	30
16	63	63	63	63	63	63	126	63	63	63	63	0	0	0	63
19	51	51	51	51	51	51	102	51	51	51	51	51	51	51	51
35	51	51	0	0	0	0	0	0	51	0	0	0	0	51	51

Total			285	285	348	348	696	348	399	348	348	285	285	192	336
%							696 (100%)	50	57.33	50	50	40.94	40.94	27.58	48.27

Data in the table explain robust coordination between the key stakeholders (banks, NBFCs, CBB, FIU and Ministry of Interior). The synergy is a precondition to transparency enhancement. This empowers the banks and NBFCs to monitor customer profiles (285), assess risk and scrutinise documents (285). Sustained use of such actions allows them to report suspicious transactions (348) and suspicious activities (348) to CD (50%) and FIU (57.33%). Access to information about all criminal transgressions emboldens the regulator and law enforcement agency in Bahrain to investigate (50%) and detect specific laundering offences, meriting termination of accounts in banks (40.94%) and NBFCs (40.94%). When they are understood and policing abilities enriched, the scope to transfer offenders (duly supported by substantial evidence) to the Public Prosecutor is elevated, culminating in their prosecution (50%) and penal action against legal persons (27.58%) and banks (48.27%). The unwavering prioritisation of these actions in conjunction with Basel guidelines and FATF recommendations helps Bahrain Government to stamp out the scourge of money laundering, justifying the relevance of building a partnership to initiate holistic action between multiple entities, governments, institutions, regulators, ombudsmen and law enforcement agencies. The advocacy for such collaborative practice is related to the resolve of lawmakers in the country to harmonise AML policy, practices and laws, making it possible to combat the scourge of money laundering and protect the soundness of its collective financial and economic systems.

The pertinence of the inference drawn above is vindicated when data in Table-4 (Appendix-14) are analysed in detail.

**Table-4 Banks & NBFCs and Conformity to FATF between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Account Termination (Banks)	vs.	Inform CD	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	Inform FIU	8	-0.011	-0.028	0.9785
Account Termination (Banks)	vs.	Investigate	8	0.514	1.467	0.1928

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Account Termination (Banks)	vs.	KYC	8	0.018	0.043	0.9671
Account Termination (Banks)	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
Account Termination (Banks)	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
Account Termination (Banks)	vs.	Penal Action against Banks	8	-0.530	-1.533	0.1762
Account Termination (Banks)	vs.	Prosecute	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
Account Termination (Banks)	vs.	SAR	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	STR	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	CDD	8	0.018	0.043	0.9671
Account Termination (NBFCs)	vs.	Inform CD	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	Inform FIU	8	-0.011	-0.028	0.9785
Account Termination (NBFCs)	vs.	Investigate	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	KYC	8	0.018	0.043	0.9671
Account Termination (NBFCs)	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
Account Termination (NBFCs)	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
Account Termination (NBFCs)	vs.	Penal Action against Banks	8	-0.530	-1.533	0.1762
Account Termination (NBFCs)	vs.	Prosecute	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
Account Termination (NBFCs)	vs.	SAR	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	STR	8	0.514	1.467	0.1928
CDD	vs.	Inform CD	8	0.514	1.467	0.1928
CDD	vs.	Investigate	8	0.514	1.467	0.1928
CDD	vs.	KYC	8	1.000	Inf	< 0.0001
CDD	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
CDD	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498

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CDD	vs.	Penal Action against Banks	8	0.675	2.243	0.0661
CDD	vs.	Prosecute	8	0.514	1.467	0.1928
CDD	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
CDD	vs.	SAR	8	0.514	1.467	0.1928
CDD	vs.	STR	8	0.514	1.467	0.1928
Inform CD	vs.	Investigate	8	1.000	Inf	< 0.0001
Inform CD	vs.	KYC	8	0.514	1.467	0.1928
Inform CD	vs.	Law enforcement & Actions	8	0.499	1.409	0.2085
Inform CD	vs.	Legal Person & Sanction	8	-0.431	-1.171	0.2859
Inform CD	vs.	Penal Action against Banks	8	-0.149	-0.368	0.7256
Inform CD	vs.	Regulatory Intervention	8	0.499	1.409	0.2085
Inform CD	vs.	SAR	8	1.000	Inf	< 0.0001
Inform CD	vs.	STR	8	1.000	Inf	< 0.0001
Inform FIU	vs.	Investigate	8	0.499	1.409	0.2085
Inform FIU	vs.	KYC	8	-0.011	-0.028	0.9785
Inform FIU	vs.	Law enforcement & Actions	8	1.000	Inf	< 0.0001
Inform FIU	vs.	Legal Person & Sanction	8	-0.125	-0.308	0.7682
Inform FIU	vs.	Penal Action against Banks	8	0.024	0.058	0.9556
Inform FIU	vs.	Prosecute	8	0.499	1.409	0.2085
Inform FIU	vs.	Regulatory Intervention	8	1.000	Inf	< 0.0001
Inform FIU	vs.	SAR	8	0.499	1.409	0.2085
Inform FIU	vs.	STR	8	0.499	1.409	0.2085
Investigate	vs.	KYC	8	0.514	1.467	0.1928
Investigate	vs.	Law enforcement & Actions	8	0.499	1.409	0.2085
Investigate	vs.	Legal Person & Sanction	8	-0.431	-1.171	0.2859
Investigate	vs.	Penal Action against Banks	8	-0.149	-0.368	0.7256
Investigate	vs.	Prosecute	8	1.000	Inf	< 0.0001
Investigate	vs.	Regulatory Intervention	8	0.499	1.409	0.2085
Investigate	vs.	SAR	8	1.000	Inf	< 0.0001



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Investigate	vs.	STR	8	1.000	Inf	< 0.0001
KYC	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
KYC	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
KYC	vs.	Penal Action against Banks	8	0.675	2.243	0.0661
KYC	vs.	Prosecute	8	0.514	1.467	0.1928
KYC	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
KYC	vs.	SAR	8	0.514	1.467	0.1928
KYC	vs.	STR	8	0.514	1.467	0.1928
Law enforcement & Actions	vs.	Legal Person & Sanction	8	-0.125	-0.308	0.7682
Law enforcement & Actions	vs.	Prosecute	8	0.499	1.409	0.2085
Law enforcement & Actions	vs.	Regulatory Intervention	8	1.000	Inf	< 0.0001
Law enforcement & Actions	vs.	SAR	8	0.499	1.409	0.2085
Law enforcement & Actions	vs.	STR	8	0.499	1.409	0.2085
Legal Person & Sanction	vs.	Penal Action against Banks	8	0.354	0.928	0.3892
Legal Person & Sanction	vs.	Prosecute	8	-0.431	-1.171	0.2859
Legal Person & Sanction	vs.	SAR	8	-0.431	-1.171	0.2859
Legal Person & Sanction	vs.	STR	8	-0.431	-1.171	0.2859
Penal Action against Banks	vs.	Prosecute	8	-0.149	-0.368	0.7256
Penal Action against Banks	vs.	Regulatory Intervention	8	0.024	0.058	0.9556
Penal Action against Banks	vs.	SAR	8	-0.149	-0.368	0.7256
Penal Action against Banks	vs.	STR	8	-0.149	-0.368	0.7256
Prosecute	vs.	Regulatory Intervention	8	0.499	1.409	0.2085
Prosecute	vs.	SAR	8	1.000	Inf	< 0.0001
Prosecute	vs.	STR	8	1.000	Inf	< 0.0001
Regulatory Intervention	vs.	SAR	8	0.499	1.409	0.2085
Regulatory Intervention	vs.	STR	8	0.499	1.409	0.2085
SAR	vs.	STR	8	1.000	Inf	< 0.0001

**Pairwise correlations are statistically significant at the 5% level**

Data in table-4 (Appendix-14) corroborate the standpoint of the researcher – adoption of uniform AML policy and practices enhances transparent information exchange. This

prohibits individual customers and companies from hiding sources of money garnered through tax fraud, bribe and embezzlement of public fund'. It is pertinent to note that efficient exchange of unambiguous information, assisted by CDD, permits CBB, FIU, banks and NBFCs to monitor and track their identities ( $r=1.000$ ,  $p<.0001$ ) and actions (receipts, payments, deposits and withdrawals). They inform CD when a breach of guidelines and conventions (Basel, COE, FATF and OECD) is noted ( $r=.514$ ,  $p<.1928$ ). Awareness about such contravention, aided by SAR ( $r=.514$ ,  $p<.1928$ ), STR ( $r=.514$ ,  $p<.1928$ ) and red flags encourage the directorate in collaboration with FIU to launch an investigation ( $r=.514$ ,  $p<.1928$ ) and initiate prosecution ( $r=.514$ ,  $p<.1928$ ). It is important to note that banks and NBFCs are punished if reporting is compromised ( $r=.675$ ,  $p<.0661$ ). The reliance on efficient regulatory and enforcement regimen makes it impossible for customers and companies to exploit Bahrain's financial system, place and layer proceeds of fraud.

The interpretation delineated above highlights that AML policy transparency; CBB's regulatory efficiency; voluntary disclosure of identity and sources of the fund; and money laundering eradication are correlated. It also explains that convoluted policies, inept regulation and complex laws cripple due diligence ( $r=-.011$ ,  $p<.9785$ ). This impairs just reporting ( $r=-.149$ ,  $p<.07256$ ) and vitiates law enforcement practices, encouraging launderers to find ways to connive with employees in banks and NBFCs, hide questionable identities ( $r=-.011$ ,  $p<.9785$ ) and illegal transactions. Such shortcomings impede penal actions against frauds ( $r=-.027$ ,  $p<.9498$ ), aiding placement, layering and integration of illicit earnings in profitable ventures, generate a high return and garner wealth. The defeat of laundering demands the use of robust and transparent anti-laundering practices, denoted by CDD, EDD and RBDD. Their decisive use, complemented by KYC makes it possible for the MLROs and risk management teams in banks and NBFCs to monitor assess and detect frauds and fraudulent transactions. Identification and communication about these ( $r=.514$ ,  $p<.1928$ ) allow CBB and FIU to intervene ( $r=.499$ ,  $p<.2085$ ) and investigate ( $r=1.000$ ,  $p<.0001$ ). Prudent management of these makes it possible to prosecute politicians, smugglers, arms dealers and celebrities for sheltering illicit cash ( $r=1.000$ ,  $p<.0001$ ). It dissuades them to evade and violate all laws, regulations, directives (European Savings Directive) to smuggle out wealth and invest in tax havens, eradicating the accumulation of illicit money in such jurisdictions. The inference drawn

justifies the role of uniform governance and transparent regulatory practices in promoting transparency. This prevents companies or customers from exploiting shell entities to conceal the source of illegally obtained proceeds, roundtrip and integrate these. As a result, it can be said that clarity of shared information mitigates corruption and legitimisation of tainted money. Sustained minimisation of these strengthens Bahrain's financial system.

The interpretation presented above answers the first question of the study and establishes the pertinence of the conceptual framework. It corroborates the views advanced by Bjelajac (2011), de Koker (2006), Levi and Reuter (2006), Morgan (2003) and Waarden (2009). Uniform AML policy assisted uninterrupted due diligence (CDD, EDD and RBDD) allows banks and NBFs to share authentic and unambiguous information (SAR and STR). Access to such information makes it possible for CBB, FIU and Ministry of Interior in association with the Public Prosecutor to initiate consistent, homogenous, standardised and holistic actions to realise key goals - 'search, detect, convict and confiscate illicit wealth and transfer it to legitimate owners'. The outcomes uphold the relevance of a robust AML policy and complementary regulatory measures, stimulating transparent due diligence and reporting practices. The responses of R2, R4, R5 and R6 in Table-4 (Appendix-12) relate to such outcomes -

*'We use Risk-based Due Diligence .....if a client falls in a high risk category, we call for additional documents certified by a lawyer that justifies the source of additional fund.....for PEPs we require details, such as anticipated annual turnover, the source of wealth etc.....KYC measure helps to mitigate any risks of placement and drive to scan against the UN sanctions, and OFAC list allow tellers to manage thousands of customers and isolate potentially suspicious customers and report to our team for further action.....we use an anti-layering system that helps us to track behavioural rules related to daily and monthly deposit'.*

Its robust use abolishes erroneous detection of traces of crimes, trace unlawful activities and alert banks about them. They enable CD and FIU to intercept all attempts to launder money by criminals, justifying the need to monitor transactions, report violations of Basel guidelines and FATF 40 recommendations, aid laundering prevention in partnership with CD and FIU, help them to coordinate and disrupt the ML process -

‘place, layer and integrate proceeds of predicate crime and legitimize them’. Data in Table-4 (Appendix-14) establish the impact of countermeasures (CDD) to acquire and review information customers ( $r=1.000$ ,  $p<.0001$ ); report to CD when regulatory violations are noted ( $r=.514$ ,  $p<.1928$ ); investigate the fraudulent actions of customers ( $r=.514$ ,  $p<.1928$ ) and prosecute dishonest customers and terminate their accounts in NBFCs and banks ( $r=.514$ ,  $p<.1928$ ).

The deduction presented above conforms to the standpoint of de Oliveira (2012), Eberlein and Newman (2008), Flores *et al.* (2011), Saperstein *et al.* (2015), Slaughter (2004), and Williams (2001). It legitimises the role of transparency contributed by the adoption of consistent AML policy, regulatory measures and enforcement practices, mitigating money laundering. The need to network with institutions (nationally and globally) and share information is established. It allows banks and NBFCs to monitor transactions, CBB to regulate their actions, FIU to enforce the law and Public Prosecutor to prosecute and convict launderers, deterring criminals to smurf, place, layer and integrate proceeds of predicate crime and convert them into legitimate earnings. Institutional networking is mandatory to enhance transparency, strengthen policing and stamp out the scourge of ML. Data in Table-4 (Appendix-14) agree to the practices of stakeholders -

- due diligence and report in detail ( $r=.514$ ,  $p<.1928$ );
- a report in detail and enforce the law ( $r=.499$ ,  $p<.2085$ );
- introduce decisive control and prosecute ( $r=1.000$ ,  $p<.0001$ );
- undermine regulatory guideline by banks and NBFCs and penal actions against these ( $r=.354$ ,  $p<.3892$ );

When stakeholders share information objectively, the abilities of Bahrain Government, CBB, FIU, ombudsmen and Ministry of Interior to build partnership and implement FATF are enhanced. Their enhancement guides CBB to use robust regulatory practices and leads FIU to harmonise AML laws, making it possible for banks and NBFCs to combat the scourge of ML and protect the soundness of the country’s financial systems. The results relate to the perception of R5, R6, R7 and R8 seen in Table-12 (Appendix-12) -

*‘Our AML policy covered all the red flags and thwarted 3 AML stages, like smurfing, placement, layering and integration. The system supported red flagging helps to control and prevent such laundering stages. As an anti-smurfing procedure and action we monitor breach of thresholds scenarios.....For example, if a customer has deposited a small amount of say BD 6000 and he again deposits similar amount in two days, a red flag will be triggered due to a breach of aggregate limit set.....we also set a lower threshold of BD 3000. If we detect that a customer is depositing BD 2900 repeatedly, a red flag will be triggered by the AML monitoring system’.*

The analysis justifies the association between open information exchanges and voluntary drive of companies to declare sources of wealth. The interrelationship highlights the underlying essence of collaboration, influencing CD, FIU, bank and NBFCs to track, report, detect, search, seize, apprehend, prosecute and convict launderers. They signal the impact of countermeasures (CDD, EDD, KYC, CTR, SAR and STR), compelling all to take the lead to combat laundering and constrict the abilities of launderers to exploit the banking system and integrate proceeds of crime ( $r=1.000$ ,  $p<.0001$ ). Also to disable fraudsters from using the bureaucracy as a shield, perpetrate an economic offence, accumulate illicit wealth ( $r=.499$ ,  $p<.2085$ ). Furthermore, to disrupt channels used by launderers to export cash to tax havens, use round tripping to legitimise illicit money ( $r=.354$ ,  $p<.3892$ ).

The disruption of the money laundering process halts the reintegration of illicit wealth with the financial system, illustrating clearly the roles of synergy, corporate transparency and voluntary declaration of illegally obtained proceeds.

#### **6.1.5. Anti-Laundering Policy Aided Due Diligence & Reporting**

The fifth question is presented to assess the effectiveness of Bahrain’s AML/CFT policy and why following it improves abilities of banks and NBFCs to manage customer due diligence, customer knowledge and benchmark violation reporting, considered essential eradicate money laundering.

A detailed exploration of in-depth responses in Table-5 (Appendix-12) explains the materiality of countermeasures against money laundering. Their use allows banks and NBFCs in association with CBB and FIU in Bahrain to stamp out the conversion of proceeds of crime into legitimate earnings.

**Table 5 AML/CFT Policy & Due Diligence and Reporting**

Organisation	Respondent	Detailed Response
B-1	R-1	We follow CBB and Basel guidelines to develop AML policy and procedures..... initiate CDD and EDD.....attach top priority to KYC. This action allows us to know all the customers, classify them and find out if anyone is indulging in a fraudulent or illegal transaction and control laundering .....allows us to take precautionary measure, for example detecting and isolating sanctioned entities and countries. The red flag is activated when such cases are detected.....use AML monitoring system..... This helps us to explore a database of frauds.....check each customer against 2 million names and more than 200 lists..... set threshold amount and this depends on the account type.
B-2	R-2	In our bank, we use an AML manual.....complete KYC, initiate STR and communicate CTR. Communication of these to CD enables us to eliminate money laundering.....making it possible to assess the risk associated with customer types. This helps to set a standard and act in right direction to stamp out ML.....CBB compels every bank to track all deposits above BD3000, assess the beneficiaries and ascertain the deposits are suspicious or not.....get the approval of regulatory authorities for all inward wire transfer in Bahrain. To track these we use automated AML system, conform to CBB guidelines and rules. To comply with Basel guidelines, we have developed EDD policy and procedure... categorise customers by status...and label these as high-risk customers.....
B-3	R-4	.....We conduct KYC in both the cases to control ML.....We follow CBB rules and regulations to establish controls. To activate these, we call for IDs, proof of income, address, employment and nature of employment. Access to such information enables us to understand customers and their behaviour, transaction patterns and delinquency .....When deviations from such benchmarks are noted, alerts are triggered instantly.....Let us say a customer's monthly earning is BD 1000 and all of a sudden he starts to deposit BD 20000-BD 30000; red flag is raised..... investigate the matter and conclude.....  .....follow Basel guidelines in conjunction with CBB rules...
B-4	R-5	Adherence to AML safety policy and procedures assumes importance in my bank ..... AML function helps to examine all kinds of customer actions in the bank. AML policy based function drives us to implement KYC and detect all wrongdoing. ...leads to filing STR to CD and report to FIU....The CDD and EDD make it possible to embed risk categorization and risk matrix. Incorporation of these in AML policy renders fight against ML effective .....Once a conclusion is reached about breach of limits, the offence is reported to CD by MLRO.....Yes, all the banks need to conform to Wolfsburg group.....
IB-5	R-6	My bank's policy is divided into 2 sections. The first section involves AML and second section involves KYC. AML and KYC are two different but complementary subjects. ....to complete CIPP (client identification procedure), recommended by the US patriot act. In addition, my bank makes it mandatory to furnish valid documents involving nationality, date of birth.....KYC enables my bank to assess the authenticity of the fund, investment pattern, services preference, product choice (mutual fund, fixed deposit) and deposit or withdrawal frequency vis a vis information furnished about self-earning.....  Breach of threshold in retail or consumer bank will be treated as a threat.....AML review team is required to assess violation and report.....YES..... Filing STR must be sustained to insulate banks from the exploitation of money launderers.....
IB-6	R-7	KYC action is influenced by AML policy.....prompts us to obtain all the necessary documents for example identity of beneficial owner and source of fund .....My bank is a Wholesale Bank, and all our customers are companies.....my bank asks for copies of registration of companies, audited balance sheet, memorandum of association.....These help us to make sure that the companies are not shell companies and hailing from tax heavens.....For the purpose of due diligence, the framework provided by FATF is followed.....My bank has developed best practices to control laundering.....allows teams in my bank to categorise companies, ranging between high risk and low risk.....motivates my bank's MLRO to investigate, red flag and communicate STR..... Conform to FC module (Financial Crime module) and Wolfsburg.
HB-7	R-8	.....Following KYC policy helps us to know about customers and sources of their funding.....KYC allows us to assess whether cash bought is genuine..... This is what we face when customers come and obtain a loan from MoH and go..... next time you see him is after 15 years when they want to settle.....Monthly instalments in cash

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		<p>payments.....not like a normal bank where credit cards are issued, and salaries are transferred.....Aided by all information, we can track them.....We are not required to report STRs.....</p> <p>Internally, staff in our bank inform MLRO if any suspicious actions on the part of customers are noted.....We are not legally required to initiate CDD.....</p>
WB-8	R-9	<p>.....dodge AML system, place and layer money.....To control such laxities, my bank follows FATF and Basel guidelines..... follows regulatory guidelines of CBB.....Please remember that FATF is followed by Bahrain to embrace and implement minimum AML regulations. CBB intervenes to ensure that every licensee is complying with regulatory demands. Full compliance requires my bank to attach top priority to KYC, STR, SAR, CTR, CDD and EDD.....incorporated in FCM (Financial Crime Module).....mutual screening is initiated by CD aided by automated system.....check whether a customer is in the sanctioned list. Learning about this allows my bank to report and stop dealing with such a customer.</p>
ME-9	R-10	<p>Adherence to AML/CFT policy is very important, especially in a money exchange firm. My exchange is into multiple activities, like exchange management, remittance and transaction in precious metals. Each activity requires my exchange to adopt and implement AML/CFT policy recommended by CBB. The policy implementation allows team members in the exchange to initiate CDD. This help to use KYC and use STR.....</p> <p>Yes. KYC application helps us to review individuals who are also known to manage small businesses...</p>
ME-10	R-11	<p>In our exchange, CPRs of all the customers are reviewed. We have our KYC document and direct them to sign it once reviews and processing are over. From the details presented cashiers in our exchange know which case should be red flagged and reported.....Saved KYC database linked to CPR triggered an automated alert, making it possible to thwart ML. This justifies the importance of CDD...</p> <p>We have also noted that whenever companies remit money big amounts get involved. CDD guides us to isolate frauds... Yes in-house you can check all receipts and remittance reports for 3 months .....use them audit and track their legitimacy.....report all wrongdoing and breaches if needed.</p>
ME-11	R-12	<p>.....In my exchange, we use KYC before customers are authorized to receive, send and pay money. KYC policy allows us to verify CPR, rendering it feasible to profile a customer and his exposure to risk. Customer profiling in the context of KYC is aided by thorough verification of occupation, monthly earning, activity, the intensity of transactions and purposes, beneficiaries etc. When a transaction breaches the AML policy based benchmark set, STR alert is triggered.....This helps to adhere to regulatory demands related to foreign exchange transaction and remittance industry .....AML self-declaration allows our exchange to set activity and transaction benchmarks, review money coming from the legal source, observe customers activity statements and all mismatches.....trigger alert.....We use STR only.</p> <p>CDD starts when a customer comes for the first time...</p>
ME-12	R-13	<p>Our AML policy is revised periodically. The recent revision was last month. Currently, we are evaluating question number 8.....The change rules demand fine-tuning of our AML policy. On incorporation of changes, the board members are informed for approval.....Our policy covers all the areas like KYC, rules about currency exchange, wire transfer, bank transfer. These are also covered under CDD.</p> <p>Individuals are walk-in customers who come to a branch and seek to avail our service. The staffs in the branch ask for CPR or Passport.....On completion of these, sanction check, known as WELL CHECK, is initiated.....</p>
IC-1	R-3	<p>.....I looks at KYC. We are subject to CBB KYC requirements. Adherence to KYC helps to investigate client. We use KYC before on boarding clients. It helps to assess their financial position making it feasible to build a financial profile or a risk-based profile. ML risk is mitigated when MLRO uses STR and SAR. He reports all regulatory and policy breaches to CBB and FIU, minimising my firm's exposure to ML threat. To sustain this, my firm uses CDD. Initiation of this, KYC is activated.....EDD is used to assess the riskiness of clients.</p> <p>The MLRO will receive an internal SAR from our employees, and then the MLRO will conduct an in-depth investigation to the transaction and clarify whether there is any reason to suspect any client. If MLRO notes violations, he files SAR to CBB and FIU.....</p>
B4	R-14	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....They are backed by a well-established policy related to AML/CFT. This allows us to use KYC and know our customers. I cannot</p>

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		<p>explain in detail CDD or EDD.....we classify each and every customer such as individual account, company account, partnerships and charitable association.</p> <p>I can explain about Suspicious Transaction Reporting.....my bank uses a database linked to 2 million plus names and more than 200 lists.....a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-9	R-15	<p>My bank uses systems, procedures and practices that do not allow the launderers to use our banking system and launder money. I will not be able to answer this question. All the stages are harmful.</p> <p>Khaleeji Commercial Bank uses an AML/CFT policy. The adoption of such a policy allows us to use know your customers (KYC). I cannot discuss CDD or EDD.....banks segregates every corporate customer like company account and charitable association.....suspicious Transaction Reporting. I know that my bank uses a database linked to millions of names hosted in 200 lists.....customer wants to open an account, the name is tracked based on the database. An account is acceptable when basic threshold is cleared.</p>
B-1	R-16	<p>Yes. We follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....All the stages are harmful. I do not have the knowledge to separate and qualify them.</p> <p>My bank follows a well-established policy related to AML/CFT. This allows the teams in the bank to use KYC and know customers. I cannot explain in detail CDD or EDD...I know that we classify all the corporate customers.....know what is Suspicious Transaction Reporting. I can say that my bank uses a database linked to 2 million names and more than 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-5	R-17	<p>My bank uses systems, procedures and practices that do not allow the launderers to use our banking system and launder money. I will not be able to give an answer to this question .....all the stages are harmful. The bank uses AML/CFT policy.....allows us to use know your customers (KYC). I cannot discuss CDD or EDD.</p> <p>The bank segregates each and every corporate customer like company account and charitable association.....Suspicious Transaction Reporting.....the bank uses a database linked to millions of names hosted in 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is acceptable when basic threshold is cleared.</p>
B-10	R-18	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....all the stages are serious. I cannot separate and qualify them.....said my bank follows a well-established policy related to AML/CFT. This allows us to use KYC and know our customers. I cannot explain in detail CDD or EDD.....we classify the customers such as individual account, company account, partnerships and charitable association.</p> <p>I can explain about Suspicious Transaction Reporting. I know that my bank uses a database linked to 2 million names hosted in 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-2	R-19	<p>Yes. We follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....all the stages are harmful. I do not have the knowledge to separate and qualify them...said the bank is led by a well-established policy related to AML/CFT. This allows the teams in the bank to use KYC and know customers. I cannot explain in detail CDD or EDD.....I know that we classify all the corporate customers.</p> <p>I know what is Suspicious Transaction Reporting.....that my bank uses a database hosted by more than 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-11	R-20	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....all the stages are serious. I cannot separate and qualify them.....follows an established policy related to AML/CFT. This allows us to use KYC and know our customers. I cannot explain in detail CDD or EDD.</p> <p>I know that we classify each and every customer such as individual account, company account, partnerships and charitable association.....can explain about Suspicious Transaction Reporting.....my bank uses a database linked to 2 million names</p>



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		available in 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.
B-4	R-21	I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.  I cannot answer the question about laundering stages.....know that my bank follows a policy related to AML/CFT.....allows my bank to know about customers and control laundering. I know that we classify all the customers.....Suspicious Transaction Reporting. Senior managers manage this.
B-9	R-22	I can tell you that we follow a set of practices that do not let the launderers to use our bank to launder money. However, I cannot answer this question fully.  I know that my bank follows a policy related to AML/CFT. This allows my bank to control laundering.....we classifies all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
B-1	R-23	I can tell you that we have practices that do not let the launderers to use our bank to launder money.....cannot answer this question.  I know that my bank follows a policy related to AML/CFT. This allows my bank to know about customers and control laundering. Yes. My bank classifies all the customers. I know about Suspicious Transaction Reporting. Senior managers manage this.
B-5	R-24	The bank follows practices that do not let the launderers to use our bank to launder money. I cannot answer the question about money laundering stages.  My bank follows a policy related to AML/CFT. This allows my bank to control laundering. I know that we classify all the customers.....about Suspicious Transaction Reporting. This is managed by MLRO.
B-10	R-25	My bank follows practices that do not let the launderers to use our bank to use my bank to clean dirty money. However, I cannot answer the question about stages of ML.  My bank follows a policy related to AML/CFT. This allows my bank to control laundering. I know that we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
B-2	R-26	I can tell you that we have practices that do not let the launderers to use our bank to launder money.....cannot answer this question.  I know that my bank follows a policy related to AML/CFT. This allows my bank to know about customers and control laundering. Yes. My bank classifies all the customers. I know about Suspicious Transaction Reporting. This is managed by MLRO.
B-11	R-27	The bank follows practices that do not let the launderers to use our bank to launder money. However, I cannot answer the question about money laundering stages.  My bank follows a policy related to AML/CFT. This allows my bank to control laundering. I know that we classify all the customers.....about Suspicious Transaction Reporting. This is managed by MLRO.
ME-13	R-28	I can tell you that we follow a set of practices that do not let the launderers to use our money exchange to launder money. However, I cannot answer the question about money laundering stages.  I know that my bank follows a policy related to AML/CFT. This allows my exchange to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
ME-14	R-29	My exchange follows practices that do not let the launderers to use exchange to launder money. However, I cannot answer the question about money laundering stages.  I know that my bank follows a policy related to AML/CFT. This allows my exchange to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
ME-15	R-30	I can tell you that we follow a set of practices that do not let the launderers to use our exchange to launder money. However, I cannot answer the question about money laundering stages.  I know that my bank follows a policy related to AML/CFT. This allows my exchange to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.

B-12	R-31	<p>I can tell you that we follow a set of practices that do not let the launderers to use our bank to launder money. However, I cannot answer the question about money laundering stages.</p> <p>I know that my bank follows a policy related to AML/CFT. This allows my bank to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.</p>
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It is evident from the detailed responses that the Bahrain Government adopts and implements a uniform AML framework and common regulatory practices to track, detect and prevent money laundering. The use of representative regulatory practices, supported by Basel guidelines and FATF 40 recommendations leads CBB and FIU to enforce uninterrupted exploitation of CDD, EDD and RBDD. The reliance on them makes it possible for banks and NBFCs in the country to attach top priority to KYC, SAR and STR, requiring customers to disclose the sources of money and origins of all transactions voluntarily. Sustained monitoring of these is recommended to enhance awareness of CD and FIU about any fraudulent attempt to violate limits set and circumvent probe, justifying the essence to stamp out the abuse of the financial system and eradicate money laundering. The responses of all the respondents confirm the outcome, for example, R2 states that -

*‘In our bank, we use an AML manual.....complete KYC, initiate STR and communicate CTR. Communication of these to CD enables us to eliminate money laundering.....making it possible to assess the risk associated with customer types. This helps to set a standard and act in right direction to stamp out ML.....CBB compels every bank to track all deposits above BD3000, assess the beneficiaries and ascertain the deposits are suspicious or not.....get the approval of regulatory authorities for all incoming wire transfer in Bahrain. To track these we use automated AML system, conform to CBB guidelines and rules. To comply with Basel guidelines, we have developed EDD policy and procedure... categorise customers by status...and label these as high-risk customers.....’*

An interpretation of the responses highlights the relevance of due diligence, especially EDD. This aids risk-based categorisation of customers, an essential requirement elucidated in FATF framework. It enables banks and NBFCs to scrutinise the background, activities and motivation of politicians, bureaucrats, PEPs, charities, professional firms, clubs and associations. They employ complex measures to the source, receive, transfer, invest and manage unaccounted for money, contradicting primary tenets of global frameworks, like Basel, COE, FATF, IMF and Wolfsberg. The

banks and NBFCs view such activities with great scepticism. This leads them to determine risk profiles of such customers, ascertain transaction trends, identify violation thresholds and discover breaches of regulatory compulsions. Any departure from regulatory guidelines is immediately reported to CD and FIU, making it impossible for them to place, layer and integrate tainted money. The responses of all the respondents relate to such outcomes, for example, detailed response of R9 -

*‘Please remember that launderers and terrorist are becoming smarter in finding new ways to dodge AML system, place and layer money, delink source of fund, generate wealth and finance terror. To control such laxities, my bank follows FATF and Basel guidelines related to anti-laundering measures. My bank also follows regulatory guidelines of CBB.....Please remember that FATF is followed by Bahrain to embrace and implement minimum AML regulations. CBB intervenes to ensure that every licensee is complying with regulatory demands. Full compliance requires my bank to attach top priority to KYC, STR, SAR, CTR, CDD and EDD.....My bank initiates KYC and maintains all the documents to guarantee that a customer is not a potential risk. If an inconsistency is found between a customer’s stated position and actions, STR is used to report the flaws to CD and FIU.....For example for EDD one needs to have a basis to work. Such basis is provided by FATF, and CBB embraces the recommendations and incorporated in FCM (Financial Crime Module)..... My bank sets minimum requirements which help are exploited to combat money laundering and terrorist financing.....Further mutual screening is initiated by CD aided by an automated system. Access to this allows my bank to check whether a customer is in the sanctioned list. Learning about this allows my bank to report and stop dealing with such a customer’.*

The analysis presented above implies that the regulator and enforcement agency in Bahrain use banks and NBFCs to combat laundering. This is aided by information sharing and judicious reporting, deterring all attempts to deposit proceeds of drug trafficking, tax fraud, bribe and embezzlement. The countermeasures dissuade corrupt officials (police, customs officers and immigration officers), PEPs and politicians to mask the origin of tainted money supported by multiple transactions and fund transfers between accounts in a country and beyond (tax havens). They hinder criminal abuse of banking system and complex loans, purchase and sale of assets –

- mitigating layering and retarding isolation of criminal proceeds from their source;
- halting their reintegration within the legal, financial system;

The above analysis justifies the importance of a uniform AML policy and regulatory measures to strengthen due diligence and reporting practices. Uninterrupted use of these is needed to detect unlawful activities. Banks and NBFCs in Bahrain unearth them to initiate actions in line with global policy frameworks, like FATF, Basel and Wolfsberg, corroborating the results in the following table.

2014-2016																			
	Assess & Understand Risk	Governance Assessments	Three Lines of Defence	IT System	Customer Acceptance Policies	Identification	Verification	Risk Profiling	Ongoing Monitoring	Record Keeping	Updating Information	Supplying Information	STR	Asset Freezing	Global Process of Managing Customer Risk	Risk Assessment & Management	AML/CFT Risk Policies & Procedures	Group-wide Information Sharing	Cross border Information Sharing
Bank-1	22	22	22	3	22	22	22	22	22	22	3	3	2 2	9	9	9	9	3	3
Bank-2	19	19	19	3	19	19	19	19	19	19	3	3	1 9	13	13	13	13	0	0
Bank-4	20	20	20	3	20	20	20	20	20	20	3	3	1 8	20	20	20	20	0	0
Bank-6	20	20	20	3	20	20	20	20	20	20	3	3	2 0	20	20	20	20	3	3
Bank-3	18	18	18	3	18	18	18	18	18	18	3	3	1 8	18	18	18	18	0	0
Bank-5	14	14	14	3	14	14	14	14	14	14	3	3	1 4	14	14	14	14	3	3
InvBank-16	8	8	8	3	8	8	8	8	8	8	3	3	8	0	8	8	8	8	8

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	InvBnk-15	InvBnk-14	InvBnk-12	InvBnk-13	PvtBnk-20	Total
	12	3	8	9	6	159
	12	3	8	9	6	159
	12	3	8	9	6	159
	3	3	3	3	3	36
	12	3	8	9	6	159
	12	3	8	9	6	159
	12	3	8	9	6	159
	12	0	8	0	0	141
	12	3	8	9	6	159
	12	3	8	9	6	159
	3	3	8	9	6	50
	3	0	8	0	0	32
	$\frac{1}{2}$	0	8	0	0	139
	12	0	8	0	0	114
	12	3	8	9	6	140
	12	0	8	0	0	122
	12	3	8	9	6	140
	3	0	3	0	0	23
	3	0	3	0	0	23

It is noticeable from the above table that banks and NBFCs in Bahrain give credence to anti-laundering measures practised by CBB and FIU. Unwavering focus on such measures leads the financial firms to use EDD and RBDD, conforming to the regulatory demands of FATF and Basel. Their use between 2014 and 2016 makes it possible to Assess & Understand Risk (159), signalling the impact of employing AML/CFT Risk Policies & Procedures (140), Group-wide Information Sharing (23) and Cross border Information Sharing (23). The motivation to conform to global anti-laundering frameworks and use these enables financial firms in the country to implement Customer Acceptance Policy (159), Three Lines of Defence (159);, Governance (159) and IT System (36).

Their meticulous implementation allows such firms to conform to the regulatory demands of CBB, stimulating their commitment to verify customer identity (159), profile attendant risk (141) and monitor activities of such categorised customers (159). Access to such information is used to scrutinise their deposit, withdrawal, transfer and investment patterns, rendering it feasible to track all regulatory breaches and report to CD and FIU (139) immediately. When irregularities are detected, they initiate decisive actions to investigate, prosecute, convict and freeze assets (114). Due attention on

policy led anti-laundering intervention guides the firms to review the use of banking products, minimising their exploitation by launderers between 2014 and 2016-

	Total Monitor Abuse of Trade card in 2014-2016	Total Scrutinize Abuse of Trade card in 2014-2016	Total Eliminate Abuse of Trade card in 2014-2016	Total Monitor Abuse of Cash card in 2014-2016	Total Scrutinize Abuse of Cash card in 2014-2016	Total Eliminate Abuse of Cash card in 2014-2016	Total Monitor Abuse of Trade finance in 2014-2016	Total Scrutinize Abuse of Trade finance in 2014-2016	Total Eliminate Abuse of Trade finance in 2014-2016	Total Identify PEPs and detect actions in 2014-2016	Total Identify PEPs and prevent ML in 2014-2016	Total Identify Beneficial Owners and detect actions in 2014-2016	Identify Beneficial Owners and prevent ML in 2014-2016	Total Interbank payment message and follow basic messaging principles in 2014-2016	Interbank payment message and use enhanced payment messaging principles in 2014-2016
Bank-5	22	17	9	19	11	5	0	0	0	12	4	0	0	0	0
PvtBnk-20	15	8	19	9	9	3	0	0	0	16	7	0	0	0	0
InvBnk-13	5	5	3	10	10	3	0	0	0	4	3	0	0	0	0
InvBnk-12	19	13	7	13	13	8	0	0	0	13	8	0	0	0	0
Bank-3	21	21	12	20	20	8	0	0	0	22	7	0	0	0	0
Bank-4	21	21	11	14	14	10	0	0	0	16	7	0	0	0	0
Bank-1	20	20	11	21	21	12	0	0	0	20	8	0	0	0	0
Bank-6	21	21	11	15	15	9	0	0	0	19	8	0	0	0	0
Bank-2	21	21	12	20	20	8	0	0	0	22	7	0	0	0	0
InvBnk-14	5	5	3	10	10	3	0	0	0	4	3	0	0	0	0
InvBnk-16	19	13	7	13	13	8	0	0	0	13	8	0	0	0	0
InvBnk-15	21	21	12	20	20	8	0	0	0	22	7	0	0	0	0
InvBnk-17	19	13	7	13	13	8	0	0	0	13	8	0	0	0	0
PvtBnk-20	15	8	19	9	9	3	0	0	0	16	7	0	0	0	0
Total	244	207	143	206	198	96	0	0	0	212	92	0	0	0	0
%	100	84.83	58.6	84.42	81.14	39.34	0	0	0	86.88	37.7	0	0	0	0

Data in the table explain that a robust AML policy and regulatory practices lead banks and NBFCs in Bahrain to Monitor Abuse of Trade card (244). In 84.83% of cases, such information is retrieved for further scrutiny. Repetition of this practice eliminates abuse of Trade by 58.60%. A similar impact is observed in the case of Cash Card (39.34%). The detection of such abuse made it possible to assess the activities of high net-worth investors including PEPs (86.88%) and dissuade them from laundering money (37.70%). Its material pertinence is corroborated by the responses of R7 in Table-5 (Appendix-12), establishing the association between AML policy adoption, due

diligence use, instant information dissemination (reporting) and laundering eradication

‘KYC action is influenced by AML policy that helps to cover all possible scenarios irrespective of a customer meeting RM.....The KYC action prompts us to obtain all the necessary documents for example identity of beneficial owner and source of fund.....My bank is a Wholesale Bank, and all our customers are corporates or companies. To initiate KYC, my bank asks for copies of registration of companies, audited balance sheet, memorandum of association .....These help us to make sure that the companies are not shell companies and hailing from tax heavens.....For due diligence, the framework provided by FATF is followed.....My bank has developed best practices to control laundering. Following best practice (CVV) allows my bank to ..... categorise companies, ranging between high risk and low risk.....If on completion of KYC and evaluation based on 13 scenarios companies are bracketed as risky, STR is raised. This deters placement....enable my bank to monitor a customer that is known to deal with LC. All of a sudden, the customer tries to raise LC or trade finance, seeks to use wire transfer to invest the fund in a country that is known to aid ML, such as Sudan. Such revelation motivates my bank’s MLRO to investigate, red flag and communicate STR.....FC module (Financial Crime module) and Wolfsburg’.

The relevance of the views of the respondent is best understood when data in Table-5 (Appendix-14) are interpreted and linked to theoretical standpoints of noted researchers.

**Table-5 Private Banks & Correspondent Banks and Conformity to Wolfsberg Group between 2014 & 2016**

First variable		Second variable	N	Correlation Coefficient	Test statistic	p-value
Eliminate Abuse of cash card	vs.	Identify PEPs and detect actions	14	0.610	2.665	0.0206
Eliminate Abuse of cash card	vs.	Identify PEPs and prevent ML	14	0.677	3.185	0.0078
Eliminate Abuse of cash card	vs.	Monitor Abuse of Cash card	14	0.676	3.179	0.0079
Eliminate Abuse of cash card	vs.	Scrutinize Abuse of Cash card	14	0.777	4.275	0.0011
Eliminate Abuse of trade card	vs.	Identify PEPs and detect actions	14	0.660	3.046	0.0102
Eliminate Abuse of trade card	vs.	Identify PEPs and prevent ML	14	0.465	1.820	0.0939
Eliminate Abuse of trade card	vs.	Monitor Abuse of Trade card	14	0.401	1.515	0.1556

Eliminate Abuse of trade card	vs.	Scrutinize Abuse of Trade card	14	0.211	0.749	0.4684
Identify PEPs and detect actions	vs.	Identify PEPs and prevent ML	14	0.719	3.579	0.0038
Identify PEPs and detect actions	vs.	Monitor Abuse of Cash card	14	0.676	3.178	0.0080
Identify PEPs and detect actions	vs.	Monitor Abuse of Trade card	14	0.805	4.699	0.0005
Identify PEPs and detect actions	vs.	Scrutinize Abuse of Cash card	14	0.763	4.084	0.0015
Identify PEPs and detect actions	vs.	Scrutinize Abuse of trade card	14	0.811	4.806	0.0004
Identify PEPs and prevent ML	vs.	Monitor Abuse of Cash card	14	0.247	0.883	0.3947
Identify PEPs and prevent ML	vs.	Monitor Abuse of trade card	14	0.716	3.548	0.0040
Identify PEPs and prevent ML	vs.	Scrutinize Abuse of Cash card	14	0.448	1.737	0.1080
Identify PEPs and prevent ML	vs.	Scrutinize Abuse of trade card	14	0.518	2.098	0.0578
Monitor Abuse of Cash card	vs.	Scrutinize Abuse of Cash card	14	0.884	6.557	< 0.0001
Monitor Abuse of trade card	vs.	Scrutinize Abuse of trade card	14	0.863	5.911	< 0.0001
<b>Pairwise correlations are statistically significant at the 5% level</b>						

Data in the table reveal that banks and NBFCs in Bahrain use AML policy aided due diligence, namely EDD and RBDD to categorise customers in diverse risk classes, intercept their fraudulent attempts to abuse financial services to circumvent regulatory provisions and deter placement of proceeds of crime. To realise them, CBB and FIU compel financial firms to monitor ( $r=.676$ ,  $p=<.0080$ ) and scrutinise ( $r=.811$ ,  $p=<.0004$ ) PEPs who seek to abuse banking system and services to place and layer ill-gotten money in contravention of regulatory norms and laws. Such rigorous review ( $r=.884$ ,  $p=<.0001$ ) allows the firms to assess the gravity of their fraudulent attempts and other violations, leading MLROs in them to report to CD and FIU, who in turn initiate punitive measures to eliminate the abuse of cash card ( $r=.610$ ,  $p=<.0206$ ) and trade card ( $r=.660$ ,  $p=<.0102$ ), deter export of money to tax havens or offshore financial centres governed by lax laws and impair integration and eradicate money laundering.

The impact of incisive due diligence and reporting is visible. They enable the financial firms in Bahrain to collaborate with CD and FIU; support search, seizure, prosecution, conviction and confiscation; disrupt the ML process and eradicate the scope to legitimise proceeds of predicate crime. Such deterrents reduce the risk minimises exposure of banks and NBFCs to high risk of collapse. The underlying reasons for their success to stamp out laundering can be understood when data in Table-6 (Appendix-14) are interpreted-



**Table-6 Banks & NBFs and Conformity to BASEL between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
AML/CFT Risk Policies & Procedures	vs.	Assess & Understand Risk	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Cross border Information Sharing	36	-0.007	-0.039	0.9691
AML/CFT Risk Policies & Procedures	vs.	Customer Acceptance Policy	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Global Process of Managing Customer Risk	36	1.000	Inf	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Governance Arrangements	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Group-wide Information Sharing	36	-0.007	-0.039	0.9691
AML/CFT Risk Policies & Procedures	vs.	Identification	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Ongoing Monitoring	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Record Keeping	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Risk Assessment & Management	36	0.919	13.596	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Risk Profiling	36	0.779	7.250	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	STR	36	0.723	6.101	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Three Lines of Defence	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Updating Information	36	-0.127	-0.744	0.4619
AML/CFT Risk Policies & Procedures	vs.	Verification	36	0.842	9.091	< 0.0001
Assess & Understand Risk	vs.	Cross border Information Sharing	36	0.006	0.033	0.9739
Assess & Understand Risk	vs.	Customer Acceptance Policy	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Global Process of Managing Customer Risk	36	0.842	9.091	< 0.0001
Assess & Understand Risk	vs.	Governance Arrangements	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Group-wide Information Sharing	36	0.006	0.033	0.9739
Assess & Understand Risk	vs.	Identification	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001

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Assess & Understand Risk	vs.	Risk Profiling	36	0.938	15.79 5	< 0.0001
Assess & Understand Risk	vs.	STR	36	0.898	11.92 3	< 0.0001
Assess & Understand Risk	vs.	Three Lines of Defence	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Updating Information	36	-0.214	-1.275	0.2108
Assess & Understand Risk	vs.	Verification	36	1.000	Inf	< 0.0001
Cross border Information Sharing	vs.	Customer Acceptance Policy	36	0.006	0.033	0.9739
Cross border Information Sharing	vs.	Global Process of Managing Customer Risk	36	-0.007	-0.039	0.9691
Cross border Information Sharing	vs.	Governance Arrangements	36	0.006	0.033	0.9739
Cross border Information Sharing	vs.	Identification	36	0.006	0.033	0.9739
Cross border Information Sharing	vs.	Ongoing Monitoring	36	0.006	0.033	0.9739
Cross border Information Sharing	vs.	Record Keeping	36	0.006	0.033	0.9739
Cross border Information Sharing	vs.	Risk Assessment & Management	36	0.137	0.805	0.4265
Cross border Information Sharing	vs.	Risk Profiling	36	0.133	0.780	0.4405
Cross border Information Sharing	vs.	STR	36	0.151	0.891	0.3794
Cross border Information Sharing	vs.	Three Lines of Defence	36	0.006	0.033	0.9739
Cross border Information Sharing	vs.	Updating Information	36	-0.149	-0.880	0.3850
Cross border Information Sharing	vs.	Verification	36	0.006	0.033	0.9739
Customer Acceptance Policy	vs.	Global Process of Managing Customer Risk	36	0.842	9.091	< 0.0001
Customer Acceptance Policy	vs.	Governance Arrangements	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Group-wide Information Sharing	36	0.006	0.033	0.9739
Customer Acceptance Policy	vs.	Identification	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Customer Acceptance Policy	vs.	Risk Profiling	36	0.938	15.79 5	< 0.0001

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Customer Acceptance Policy	vs.	STR	36	0.898	11.92 3	< 0.0001
Customer Acceptance Policy	vs.	Three Lines of Defence	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Updating Information	36	-0.214	-1.275	0.2108
Customer Acceptance Policy	vs.	Verification	36	1.000	Inf	< 0.0001
Global Process of Managing Customer Risk	vs.	Governance Arrangements	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Group-wide Information Sharing	36	-0.007	-0.039	0.9691
Global Process of Managing Customer Risk	vs.	Identification	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Ongoing Monitoring	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Record Keeping	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Risk Assessment & Management	36	0.919	13.59 6	< 0.0001
Global Process of Managing Customer Risk	vs.	Risk Profiling	36	0.779	7.250	< 0.0001
Global Process of Managing Customer Risk	vs.	STR	36	0.723	6.101	< 0.0001
Global Process of Managing Customer Risk	vs.	Three Lines of Defence	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Updating Information	36	-0.127	-0.744	0.4619
Global Process of Managing Customer Risk	vs.	Verification	36	0.842	9.091	< 0.0001
Governance Arrangements	vs.	Group-wide Information Sharing	36	0.006	0.033	0.9739
Governance Arrangements	vs.	Identification	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Governance Arrangements	vs.	Risk Profiling	36	0.938	15.79 5	< 0.0001
Governance Arrangements	vs.	STR	36	0.898	11.92 3	< 0.0001
Governance Arrangements	vs.	Three Lines of Defence	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Updating Information	36	-0.214	-1.275	0.2108
Governance Arrangements	vs.	Verification	36	1.000	Inf	< 0.0001
Group-wide Information Sharing	vs.	Identification	36	0.006	0.033	0.9739

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Group-wide Information Sharing	vs.	Ongoing Monitoring	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Record Keeping	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Risk Assessment & Management	36	0.137	0.805	0.4265
Group-wide Information Sharing	vs.	Risk Profiling	36	0.133	0.780	0.4405
Group-wide Information Sharing	vs.	STR	36	0.151	0.891	0.3794
Group-wide Information Sharing	vs.	Three Lines of Defence	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Updating Information	36	-0.149	-0.880	0.3850
Group-wide Information Sharing	vs.	Verification	36	0.006	0.033	0.9739
Identification	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Identification	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Identification	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Identification	vs.	Risk Profiling	36	0.938	15.79 5	< 0.0001
Identification	vs.	STR	36	0.898	11.92 3	< 0.0001
Identification	vs.	Three Lines of Defence	36	1.000	Inf	< 0.0001
Identification	vs.	Updating Information	36	-0.214	-1.275	0.2108
Identification	vs.	Verification	36	1.000	Inf	< 0.0001
Ongoing Monitoring	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Ongoing Monitoring	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Ongoing Monitoring	vs.	Risk Profiling	36	0.938	15.79 5	< 0.0001
Ongoing Monitoring	vs.	STR	36	0.898	11.92 3	< 0.0001
Ongoing Monitoring	vs.	Three Lines of Defence	36	1.000	Inf	< 0.0001
Ongoing Monitoring	vs.	Updating Information	36	-0.214	-1.275	0.2108
Ongoing Monitoring	vs.	Verification	36	1.000	Inf	< 0.0001
Record Keeping	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Record Keeping	vs.	Risk Profiling	36	0.938	15.79 5	< 0.0001
Record Keeping	vs.	STR	36	0.898	11.92 3	< 0.0001
Record Keeping	vs.	Three Lines of Defence	36	1.000	Inf	< 0.0001

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Record Keeping	vs.	Updating Information	36	-0.214	-1.275	0.2108
Record Keeping	vs.	Verification	36	1.000	Inf	< 0.0001
Risk Assessment & Management	vs.	Risk Profiling	36	0.895	11.708	< 0.0001
Risk Assessment & Management	vs.	STR	36	0.852	9.501	< 0.0001
Risk Assessment & Management	vs.	Three Lines of Defence	36	0.821	8.392	< 0.0001
Risk Assessment & Management	vs.	Updating Information	36	-0.412	-2.634	0.0126
Risk Assessment & Management	vs.	Verification	36	0.821	8.392	< 0.0001
Risk Profiling	vs.	STR	36	0.970	23.432	< 0.0001
Risk Profiling	vs.	Three Lines of Defence	36	0.938	15.795	< 0.0001
Risk Profiling	vs.	Updating Information	36	-0.452	-2.958	0.0056
Risk Profiling	vs.	Verification	36	0.938	15.795	< 0.0001
STR	vs.	Three Lines of Defence	36	0.898	11.923	< 0.0001
STR	vs.	Updating Information	36	-0.456	-2.989	0.0052
STR	vs.	Verification	36	0.898	11.923	< 0.0001
Three Lines of Defence	vs.	Updating Information	36	-0.214	-1.275	0.2108
Three Lines of Defence	vs.	Verification	36	1.000	Inf	< 0.0001
Updating Information	vs.	Verification	36	-0.214	-1.275	0.2108

**Pairwise correlations are statistically significant at the 5% level**

Data in the table explain that banks and NBFCs in Bahrain demonstrate exemplary success in thwarting money laundering. This is attributed to their drive to embrace Basel guidelines. These are internalised to develop risk management practices and implement them ( $r=.919$ ,  $p<.0001$ ), signalling the impact of robust due diligence. Such sustained implementation allows them to initiate detailed scrutiny of customer background, investment propensity and transaction pattern. Awareness about them helps to profile customer risk ( $r=.779$ ,  $p<.0001$ ). Comprehension about this ( $r=.842$ ,  $p<.0001$ ) is factored in configuring a customer acceptance policy ( $r=.842$ ,  $p<.0001$ ), employed ostensibly to accept or reject customers during customer on-boarding stage ( $r=1.000$ ,  $p<.0001$ ). This is managed with the help of uninterrupted review ( $r=.842$ ,  $p<.0001$ ), making it feasible to identify ( $r=.842$ ,  $p<.0001$ ) violations of recommended benchmarks and report them to CBB and FIU ( $r=.723$ ,  $p<.0001$ ). Moreover, the

financial firms use Three Lines of Defence ( $r=.842$ ,  $p<.0001$ ) to eradicate money laundering, highlighting the impact of publicising policies and procedures to all staff; managing AML initiatives and monitoring judiciously and auditing (internal and external audit).

Their meticulous use enables them to monitor transactions and track risk ( $r=.821$ ,  $p<.0001$ ) and employ countermeasures, such as KYC to identify beneficial owners, keep records ( $r=1.000$ ,  $p<.0001$ ) and manage information, STR ( $r=.898$ ,  $p<.0001$ ) and freeze asset. Unwavering deployment of these allows banks and NBFCs to mitigate the risk of abuse of products by frauds to convert tainted money into legitimate earnings, making it possible to combat corruption, improve reputation and enhance financial stability. The outcome demonstrates the need to give priority to transparent reporting and robust application of Basel in line with the guiding principles of FATF, yielding best results. Their inclusion in AML policy is required to correct current weaknesses, like lapses in building information repository and updating it periodically ( $r=-.214$ ,  $p<.2018$ ). The alteration arms financial firms in Bahrain to report strategically to CBB and FIU. Information exchange in time allows them to employ strict actions and delegitimise proceeds of all forms of crime, such as human trafficking, drug trafficking, bribery, tax fraud, illegal trade in arms and terrorist financing. The employment of such anti-laundering practices allows such firms in Bahrain to track, report ( $r=.898$ ,  $p<.0001$ ), search ( $r=1.000$ ,  $p<.0001$ ), seize and convict launderers; halt accumulation of illicit wealth; and deter misuse of the financial system as a vehicle to invest tainted wealth ( $r=.821$ ,  $p<.0001$ ).

This reinforces the need to adopt and implement an inclusive policy led regulatory regimen. This justifies the relevance of purposeful information exchange. Efficient information management helps CD and FIU to promote and apply transparent anti-laundering measures, involving report, search, seize, prosecute and convict. Such actions deter corrupt officials, PEPs and politicians from exploiting financial services, for example, cash card, trade card, trade finance and wire transfer, and launder money.

The interpretation presented above answers the third question of the study. It justifies the materiality of the conceptual framework. When it is related to the viewpoints of Akici (2011), Bjelopera and Finklea (2012), Chong and López-de-Silanes (2007),

Edgardo and Jan (2005) and Ferwerda *et al.* (2011), the validity of association between uniform AML policy implementation, customer onboarding practice adoption (profile customer), regulatory benchmark violation and detection, transparent information dissemination (SAR and STR) and money laundering prevention becomes clear. Transparent and efficient reporting of abuses by customers is needed to unearth the source of illegal proceeds and constrict their investment, justifying the role of due diligence ( $r=1.000$ ,  $p=<.0001$ ) to initiate regulatory intervention ( $r=1.000$ ,  $p=<.0001$ ). This is used by CBB and FIU to launch an investigation ( $r=1.000$ ,  $p=<.0001$ ), complete prosecution ( $r=1.000$ ,  $p=<.0001$ ), terminate accounts ( $r=.514$ ,  $p=<.1928$ ) and eradicate the scope to place and layer tainted money. The result enunciates the merits of clear investigation of corruption by CD in collaboration with the Ministry of Interior, efficient detection of tainted money, their seizure and recovery. Unwavering employment of such comprehensive regulatory and enforcement practices insulates banks and NBFCs from fraudulent exploitation by launderers, demonstrating the impact of full compliance with FATF recommendations. Data in Table-7 (Appendix-14) confirm fully to the outcomes. They allow financial firms to initiate EDD (identify and verify customers, gain familiarity with their transactions and aims). A total view of customers' transactions including those of PEPs makes it possible to track their propensity to abuse civil and commercial laws to acquire money ( $r=1.000$ ,  $p=<.0001$ ), retard their transfer to offshore shell companies ( $r=.612$ ,  $p=<.0117$ ) and impair retransfer to financial centres ( $r=.741$ ,  $p=<.0010$ ), eradicating placement and layering ( $r=.614$ ,  $p=<.0114$ ). When these are eradicated, the scourge of money laundering is mitigated.

The inference is drawn above also agrees to theories propounded Bjelopera and Finklea (2012), Cummings and Stepnowsky (2011), Morareanu (2011) and Okunlola (2014). It justifies why anti-money laundering success is correlated to the adoption and application of transparent information dissemination (SAR and STR), robust law enforcement and unbiased prosecution. These practices make it impossible for launderers to use financial services to move dirty money and prevent their detection. They aid uninterrupted monitoring ( $r=1.000$ ,  $p=<.0001$ ), identity verification ( $r=1.000$ ,  $p=<.0001$ ), risk assessment ( $r=.821$ ,  $p=<.0001$ ) and profiling ( $r=.938$ ,  $p=<.0001$ ), repository building ( $r=1.000$ ,  $p=<.0001$ ), constricting the abilities of money launderers to obscure the source of tainted money garnered through tax fraud, embezzlement, bribe

and corruption. Such deterrence makes it possible to disrupt their fraudulent practices (withdraw and deposit different amount of money in different currency in smaller amounts known as smurfing) and mitigate exploitation of financial firms and their services (trade card, cash card and wire transfer), prohibiting legalisation of criminal proceeds. This results in a disproportionate rise in laundering cost and leads launderers to abandon the abuse of the financial system to legitimise proceeds of tax evasion, bribe, embezzlement, extortion and trafficking.

The analysis presented above reinforces the essence of a uniform AML policy, regulation, rules and law enforcement practices, denoted by the collective drive to monitor, assess, report, investigate, search, seize, prosecute, convict and confiscate. These eliminate money laundering in Bahrain.

#### 5.1.6. AML/CFT Initiatives & Regulatory and Law Enforcement Efficiency

The last question is presented to analyse the efficacy of Bahrain’s regulatory and law enforcement initiatives to eradicate money laundering. It explains why robust scrutiny, vigilance, trial, sentence and seizure make it possible to deter launderers from placing, layer and integrate the process of a crime.

A thorough interpretation of in-depth responses in Table-6 (Appendix-12) highlights the relevance of deterrence applied to -

- mitigate the abuse of banks, NBFCs and their services;
- stamp out the conversion of proceeds of crime into legitimate earning;

**Table 6 AML/CFT Initiatives & Aid Regulators and Law Enforcement Agencies in Bahrain**

Organisation	Respondent	Detailed Response
B-1	R-1	From my experience, the bank could help. My bank needs to establish AML/CFT control.....Robust control AML/CFT helps to minimise my bank’s and country’s exposure to ML risk, signalling the outcome of AML regulation and enforcement .....Flawless management of these allows all to collaborate and deter launderers..... These give confidence to all the entities to do business.
B-2	R-2	My bank’s efforts are critical. Such drive helps us to investigate, prevent and eliminate ML cycle in Bahrain. The guidelines of CBB and FIU are followed to discourage all to use my bank’s services to place and layer illegal or illicit money.....activate red flag, requiring our MLRO to communicate STR to CD and FIU.....As a bank, we strengthen detection system to identify potentially suspicious activity.....this aids search, arrest, prosecution and confiscation of illicit earning.....
B-3	R-4	My bank has automated the anti-laundering and risk assessment processes to monitor, track, report to CD and FIU. Purposeful reporting allows public prosecutor to search, seize, confiscate, prosecute frauds and deter ML. It is important to note that the team in the bank



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		scans 200,000 active accounts. Uninterrupted scanning, supported by the automated system, supports detection of abnormal transactions and intervention .....Any departure from guidelines presented in CBB rulebook and Basel anti-laundering guidelines lead to red flagging. Ministry of Interior uses this control financial crime.....
B-4	R-5	We fully support the anti-laundering initiatives of our bank. Such initiatives help CBB, FIU and Public Prosecutor to source required information from MLRO, intervene and punish criminals, seeking place and layer tainted money.....we reply to key information step by step, enabling law enforcement agencies in Bahrain to freeze a fraudulent account, prosecute, punish frauds and seize all tainted assets..... It is relevant to remember that my bank is clearing bank for BD clearing for many banks .....We use EDD to scan the accounts and follow principles set Wolfsburg .....It is clear from my statements that transparency and information sharing aided by KYC.....use this to share information and abide by international practices .....Automatic Fund Transfer between banks demands use of swift code and IBAN.....
IB-5	R-6	We track, understand and report to CD, FIU and Ministry of Interior. Based on the report, they investigate further and initiate actions to seize tainted wealth.....We receive circulars from CD and act. In conformity to the directions of CBB, we freeze tainted assets.....When asked, our MLRO is required to share bank account details to assess the behavior of account.....When a criminal is tracked to launder money by my bank, the offence is reported in the form of STR and criminal prosecution is launched aided by public prosecution, resulting in the conviction of criminal offenders .....This supports the confiscation of tainted wealth.....
IB-6	R-7	In my opinion, most of the systems use do not help CBB to get all the information. When we submit STR to FIU, we have to give information in a graphic form about the origin of money and where such money was forwarded. To track and ascertain the authenticity of a transaction, FIU seeks more information. In such a case we are required to communicate SWIFT Code, size of the transaction, jurisdictional issues and fit with the sanctioned list, applicant's address and his ID, the identity of beneficiary and actual account movement. Information sharing about such issues conforms to demands of FIU or from CBB.....We fight the criminal exploitation of Bahrain's banking system to garner and convert illicit wealth. To attain this goal, my bank cooperates with another bank within Bahrain and abroad.....
HB-7	R-8	The regulator and law enforcement agency in Bahrain seek customer details, account statements and amount in their account. We help them by investigating and informing customer details. Whenever MOI directs us to freeze amounts, we initiate action without delay. We also act upon circulars received from MoI.....though we never faced launderers, and we have never seen wealth being confiscated.....It is important to remember that as a housing bank we do not have access to information about customer wealth..... Customer opens an account when he is extended housing facility by MoH. EMI is directly deducted from salaries.....CRS an outcome of US Government effort facilitates information sharing about customers. This elevates transparency. To promote this, the Government of Bahrain adopted the strategies recommended by CRS to combat ML.
WB-8	R-9	Yes. We collaborate with CBB and MOI to combat laundering. The central bank communicates a list of accounts to be frozen and demands other actions in conformity to the legal system in Bahrain.....In line with CBB rules, we track, report, aid investigation and support confiscation. All these are made possible by actions and cooperation of local authorities.....My bank provides them with all the information about the transaction. This is the outcome of the unfailing focus on KYC. This mitigates ML and terrorist financing.....
ME-9	R-10	I note that CBB and other governing authorities in Bahrain want us to act as the gatekeeper to combat ML and CFT. According to their demands, we provide information about customers, transactions, the source of money, beneficiary and country of origin of beneficiary.....Let me tell you that fight against ML fails when employees engaged in money exchange supports laundering. We follow anti-laundering guidelines of Bahrain Government, regulatory authorities and enforcement agencies, making it possible to discourage launderers, criminals and frauds from exploiting money exchange system to convert proceeds of crime into legitimate earning.
ME-10	R-11	My exchange complies with the guidelines of CBB and reports if any breach of such guidelines is noted .....I do not know how the enforcement agencies track and punish launderers. Our duty ends with the following guidelines and reporting all wrongdoing. For example, we reported against an Indonesian customer when he tried to transact around BD 20000.....
ME-11	R-12	We try to monitor and track anything suspicious. We are obliged to report online about customers and their suspicious actions to CD, FIU and MOI. We report about suspicious actions, including transactions of customers along with documentary evidence of all receipts and remittances. When a mismatch is found between the profile of different beneficiaries

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		(labour, tailor and waiter) and money remitted, we use all the reporting options to report to regulator and enforcement agencies in Bahrain.....constantly monitor, track, investigate and report any attempt on the part of a customer to defraud money exchange system to smurf and place tainted money in conformity to executive orders of OFAC or United Nations.....Further, Public Prosecutor and Ministry of Justice recommend blacklisting of customers .....
ME-12	R-13	As a money exchange, our role is a bit limited here. If you start from the suspicious transactions, let me tell you that they are reported to CBB and FIU. In fact, we receive some enquiries from FID department in conjunction with CBB. In such a case, we are required to communicate a detailed report without delay attaching all the documents called for, such as ID copy, transaction statement available in the system and the details of beneficiaries.....When we send such report, it becomes possible for CD, FIU, MOI and Public Prosecutor initiate legal action, order arrest of criminal or fraud, probe, convict, confiscate tainted wealth and remit this to rightful owner.....
IC-1	R-3	From my experience, I can say that we have a good track record for supporting CD, FIU and Public Prosecutor in Bahrain. Such support allows the Public Prosecutor to track, investigate, convict launderers and confiscate their ill-gotten wealth.....We use powerful software to store, extract review all customer, transaction and payment related information. Whenever CD and FIU demand such information to punish a potential offender and seize his assets, such information are transmitted instantly. Such initiatives allow regulatory authorities in Bahrain thwart money laundering.....Yes.....support such initiatives, we have right policies and procedures. These allow us to control financial crime. Let me also tell you that KYC is not enough. All will have to be vigilant, rendering it feasible to track, prosecute and convict launderers.....As a part of multinational insurance company, we observe frameworks and guidelines to deter potential offenders in Bahrain and mitigate the risk of ML.
B4	R-14	I cannot explain in many words.....bank helps. It uses AML/CFT to control money laundering effectively.....can not answer this question because I do not know.....believe that laundering increase is linked to criminalisation and abilities of criminals to dodge controls. Yes, Information exchange between institutions and departments will help to mitigate ML.
B-9	R-15	I cannot answer this question clearly.....can say that my bank helps.....use AML/CFT to control money laundering.....Cannot answer. I believe that money laundering growth is related to the socio-economic problem. The greed to earn money at any cost leads ethics fewer companies to dodge controls..... Information acquisition and delivery will support to stop ML.
B-1	R-16	I cannot explain in many words.....bank helps.....apply AML/CFT to control money laundering.....can not give an answer to this question. I do not know.....laundering increase is linked to the abilities of criminals to by-pass controls. Yes, Information sharing helps to control ML.
B-5	R-17	I am not able to answer this question.....can say that my bank guides..... employ AML/CFT to control money laundering.....do not know. Cannot answer. I consider that money laundering growth is related to socio-economic condition.....greed to earn money at any cost leads ethics less companies to dodge controls and launder money.....Speedy communication may help to eradicate ML.
B-10	R-18	I cannot explain this.....bank helps.....deploys AML/CFT to control money laundering effectively.....I cannot give an answer to this question because I do not know.....believe that laundering increase is linked to criminalization and abilities of criminals to dodge controls.....Yes, Information management and delivery among Compliance Directorate, FIU, Police and Public Prosecution will help to reduce ML.
B-2	R-19	I am not qualified enough to give an answer.....bank trains.....uses AML/CFT to control money laundering.....can not answer this question. I do not know.....say that laundering increase is linked to the abilities of criminals to by-pass controls.....Information dissemination can minimise ML.
B-11	R-20	I will not be able to say.....My bank uses AML/CFT to control money laundering effectively.....I do not know.....I believe that laundering increase is linked to the criminalization of system and abilities of criminals to avoid controls. Yes, Instant transfer of information will help to mitigate ML.
B-4	R-21	I do not have an answer to this question.....I do not know.....Yes. I am of the view that instant communication between regulators and law enforcement agencies will support the end of launder practices of criminals.
B-9	R-22	I cannot answer this question.....do not know. Yes, information sharing and instant information delivery will eradicate ML.
B-1	R-23	I cannot explain in many words.....bank helps. It uses AML/CFT to control money laundering effectively.....can not answer this question because I do not know.....believe that laundering increase is linked to abilities of criminals to circumvent

		controls. Yes, information sharing between the Ministry of Interior and the financial regulator will help to erase ML.
B-5	R-24	I cannot answer this question.....do not know. Yes, instant communication and information exchange will minimise ML.
B-10	R-25	I do not know and as a result, cannot answer this question.....Yes, instant communication will stop ML.
B-2	R-26	I have no answer to this question.....do not know.....Yes, instant information dissemination will help to reduce ML.
B-11	R-27	With my limited knowledge, I cannot answer this question.....Yes, speedy information delivery will support the reduction of ML.
ME-13	R-28	I have less than required knowledge to answer this question.....Yes, quick information exchange will mitigate ML.
ME-14	R-29	I do not know. Hence, cannot answer this question.....Yes, speedy communication between all the parties will eradicate ML.
ME-15	R-30	I cannot answer this question.....do not know. Yes, fast information exchange will minimize ML.
B-12	R-31	I do not know. In view of this, cannot answer this question .....Yes, instant communication will stop ML.

A detailed evaluation of the responses of the respondents in the table reveals the following -

1) Money laundering is controlled when robust actions are taken to prevent the legitimisation of wealth accumulated through bribery, corruption, fraud, smuggling and war crime. The conversion of proceeds of such crime into legitimate earnings is impaired when law enforcement policies and practices are implemented. They make it possible to criminalise violations, deter illicit enrichment, hinder embezzlement and eradicate obstruction of justice. To attain such goals and comply with the recommendations of FATF, the Bahrain Government draws a comprehensive list of criminal and other offences and pass complementary laws, rendering it feasible to prosecute and convict offenders. The responses of respondents corroborate the outcomes. For example, R4 states that -

*‘My bank has automated the anti-laundering and risk assessment processes to monitor, track, report to CD and FIU. Purposeful reporting allows public prosecutor to search, seize, confiscate, prosecute frauds and deter ML. It is important to note that the team in the bank scans 200,000 active accounts. Uninterrupted scanning, supported by the automated system, supports detection of abnormal transactions and intervention .....To be a partner in anti-laundering initiatives of Bahrain’s regulator and law enforcement agency, we train the teams, especially AML executives, making it possible to observe and detect all abnormalities.....All the employees are equipped with knowledge and skills to identify suspicious transactions, the mitigating*

*margin of error thwarting suspicious transaction and laundering risks. ....In a transaction, one party may be blacklisted, found in sanctioned list and hail from a sanctioned country. My bank's AML system will help to trace the authenticity of money/fund received..... Any departure from guidelines presented in CBB rulebook and Basel anti-laundering guidelines lead to red flagging. Ministry of Interior uses this control financial crime.....'*

A critical interpretation of the response helps to decipher the underlying reasons behind the drive of CD and FIU to collaborate and share information, arm the Ministry of Interior and Public Prosecutor in Bahrain and enforce anti-laundering laws. Flawless administration of these results in speedy investigation and searches targeted seizure of illicit assets, decisive prosecution, robust conviction and confiscation of proceeds of crime. They support the recovery of stolen assets and their repatriation to rightful owners, validating the viewpoints of R5 -

*'We fully support the ant laundering initiatives of our bank. Such initiatives help CBB, FIU and Public Prosecutor to source required information from MLRO, intervene and punish criminals, seeking place and layer tainted money.....Concerning the investigation, we reply to key information step by step, enabling law enforcement agencies in Bahrain to freeze a fraudulent account, prosecute, punish frauds and seize all tainted assets.....my bank is clearing bank for BD clearing for many banks. These banks need to maintain a relationship my bank and have an account. We use EDD to scan the accounts and follow principles set Wolfsburg.....he allows my bank to retain valid correspondent banking relationship \$ and Euro.....Further, to conform to FATF, Basel and other guidelines, we are required to attach priority to controlling cyber-crime and use it to exploit the banking system to garner wealth. Anti-hacking measures allow my bank to eradicate laundering initiatives on the part of frauds.....It is clear from my statements that transparency and information sharing aided by KYC. We use this to share information and abide by international practices.....AFTS (Automatic Fund Transfer) between banks demands use of swift code and IBAN.....In the absence of these details, no fund transfer will be allowed by CD, FIU and Ministry of Interior.....'*

The review indicates the importance of uniform regulatory practices and law enforcement. Their meticulous use magnifies the abilities of Bahrain to combat corruption and fraud, criminalise laundering and terrorist financing, and convict launderers. Awareness about these dissuades such offenders from hiding their identity, smurf, round trip tainted money by using complex transactions and abuse the banking system to legitimise illegal proceeds.

2) The inference drawn above relates to the data in Table 8 (Appendix-14) -

**Table 8 FIU & Actions to eradicate ML between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Bribery Convicted	vs.	Bribery Investigated	37	0.954	18.790	< 0.0001
Bribery Convicted	vs.	Bribery Reported	37	0.952	18.329	< 0.0001
Bribery Convicted	vs.	Bribery Search	37	0.964	21.573	< 0.0001
Bribery Convicted	vs.	Bribery to PP	37	0.971	23.982	< 0.0001
Bribery Investigated	vs.	Bribery Reported	37	0.990	41.314	< 0.0001
Bribery Investigated	vs.	Bribery Search	37	0.989	39.864	< 0.0001
Bribery Investigated	vs.	Bribery to PP	37	0.983	32.021	< 0.0001
Bribery Reported	vs.	Bribery Search	37	0.982	30.904	< 0.0001
Bribery Reported	vs.	Bribery to PP	37	0.978	27.850	< 0.0001
Bribery Search	vs.	Bribery to PP	37	0.991	43.856	< 0.0001
Corruption Convicted	vs.	Corruption Investigated	37	0.907	12.711	< 0.0001
Corruption Convicted	vs.	Corruption Reported	37	0.918	13.663	< 0.0001
Corruption Convicted	vs.	Corruption Search	37	0.911	13.059	< 0.0001
Corruption Convicted	vs.	Corruption to PP	37	0.941	16.500	< 0.0001
Corruption Investigated	vs.	Corruption Reported	37	0.984	33.153	< 0.0001
Corruption Investigated	vs.	Corruption Search	37	0.981	29.882	< 0.0001
Corruption Investigated	vs.	Corruption to PP	37	0.941	16.399	< 0.0001
Corruption Reported	vs.	Corruption Search	37	0.976	26.509	< 0.0001
Corruption Reported	vs.	Corruption to PP	37	0.951	18.177	< 0.0001
Corruption Search	vs.	Corruption to PP	37	0.962	20.976	< 0.0001
Embezzlement Convicted	vs.	Embezzlement Investigated	37	0.933	15.352	< 0.0001
Embezzlement Convicted	vs.	Embezzlement Reported	37	0.906	12.642	< 0.0001
Embezzlement Convicted	vs.	Embezzlement Search	37	0.927	14.622	< 0.0001
Embezzlement Convicted	vs.	Embezzlement to PP	37	0.958	19.873	< 0.0001

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Embezzlement Investigated	vs.	Embezzlement Reported	37	0.975	26.018	< 0.0001
Embezzlement Investigated	vs.	Embezzlement Search	37	0.991	42.877	< 0.0001
Embezzlement Investigated	vs.	Embezzlement to PP	37	0.974	25.227	< 0.0001
Embezzlement Reported	vs.	Embezzlement Search	37	0.965	21.899	< 0.0001
Embezzlement Reported	vs.	Embezzlement to PP	37	0.948	17.575	< 0.0001
Embezzlement Search	vs.	Embezzlement to PP	37	0.974	25.506	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity Investigated	37	0.934	15.433	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity Reported	37	0.932	15.219	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity Search	37	0.948	17.659	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity to PP	37	0.958	19.873	< 0.0001
Terrorist Activity Investigated	vs.	Terrorist Activity Reported	37	0.989	39.760	< 0.0001
Terrorist Activity Investigated	vs.	Terrorist Activity Search	37	0.990	42.274	< 0.0001
Terrorist Activity Investigated	vs.	Terrorist Activity to PP	37	0.971	23.969	< 0.0001
Terrorist Activity Reported	vs.	Terrorist Activity Search	37	0.984	32.703	< 0.0001
Terrorist Activity Reported	vs.	Terrorist Activity to PP	37	0.970	23.768	< 0.0001
Terrorist Activity Search	vs.	Terrorist Activity to PP	37	0.983	31.579	< 0.0001
Trafficking Convicted	vs.	Trafficking Investigated	37	0.949	17.802	< 0.0001
Trafficking Convicted	vs.	Trafficking Reported	37	0.950	17.905	< 0.0001
Trafficking Convicted	vs.	Trafficking Search	37	0.962	20.778	< 0.0001
Trafficking Convicted	vs.	Trafficking to PP	37	0.979	28.461	< 0.0001
Trafficking Investigated	vs.	Trafficking Reported	37	0.992	46.319	< 0.0001
Trafficking Investigated	vs.	Trafficking Search	37	0.982	30.893	< 0.0001
Trafficking Investigated	vs.	Trafficking to PP	37	0.966	22.170	< 0.0001
Trafficking Reported	vs.	Trafficking Search	37	0.981	29.854	< 0.0001
Trafficking Reported	vs.	Trafficking to PP	37	0.965	21.691	< 0.0001
Trafficking Search	vs.	Trafficking to PP	37	0.980	29.048	< 0.0001

**Pairwise correlations are statistically significant at the 5% level**

A detailed analysis of the data in the table reveals the commitment of the Bahrain Government to employ a uniform AML policy, impairing launderers and constricting money laundering. This offence is mitigated when balanced regulation, transparent governance and judicious law enforcement are given top priority. Their well-panned implementation is necessary to inhibit corrupt practices (active and passive bribery, extortion, embezzlement, nepotism and insider trading) of individuals (domestic and foreign private and public officials) or companies, indicating the impact of a clean

investigation, clear information exchange, tough judicial actions and unbiased anti-laundering measures. For example, speedy and flawless reporting of bribery ( $r=.990$ ,  $p<.0001$ ) makes it possible for the FIU and Ministry of Interior to investigate ( $r=.989$ ,  $p<.0001$ ) and search ( $r=.982$ ,  $p<.0001$ ). These help them to ascertain the veracity of the crime and transfer the case to the public prosecutor for an unbiased and well-organized trail ( $r=.978$ ,  $p<.0001$ ), resulting in the conviction of the offender ( $r=.954$ ,  $p<.0001$ ). The manifestation of such outcome is also seen in the case of other offences like corruption ( $r=.941$ ,  $p<.0001$ ), embezzlement ( $r=.958$ ,  $p<.0001$ ), terrorist activities ( $r=.958$ ,  $p<.0001$ ) and trafficking ( $r=.979$ ,  $p<.0001$ ).

The inference highlights the role of administration of strategic countermeasures. Their continuous use makes it possible to fight corruption and terminate predicate offences in Bahrain noted in Table-9 (Appendix-14), reinforcing the need to harness an inclusive policy supported by enforcement measures, like due diligence, transaction monitoring, search, seizure and confiscation. Its motivation to use them is attributed to the resolve to alter deficient framework. The change magnifies legal clarity, strengthens law enforcement and improves regulatory actions, preventing criminals to exploit banks and NBFCs to launder money. The role of law enforcement in Bahrain supports a holistic drive to combat money laundering. Its usefulness is elevated due to promising to employ EDD and RBDD. Their judicious application makes it possible to detect, monitor, assess and deter criminals from exploiting the banking system to place, layer and integrate tainted money, constricting laundering.

3) The deduction presented above agrees to the data in Table 10 (Appendix-14) -

**Table 10 Action against Predicate Crimes between 2014 & 2016**

Year/ Month	Human Trafficking		Drug Trafficking		Extortion		Organized Crime		Robbery		Terrorism		Terrorist Financing		White Collar Offence		Financial Fraud		Bribe		Embezzlement	
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b
14-Jan	1	2	1		34		-	-	-	-	2		-	-	-	-	74		3		2	
14-Feb	-	2	1		32		-	-	-	-	3		-	-	-	-	85		2		0	
14-Mar	1	2	1		31		-	-	-	-	2		-	-	-	-	28		1		0	
14-Apr	2	2	2		36		-	-	-	-	2		-	-	-	-	25		1		2	
14-May	1	2	-		24		-	-	-	-	5		-	-	-	-	39		1		5	
14-Jun	5	2	2		23		-	-	-	-	1		-	-	-	-	50		0		1	
14-Jul	1	2	1		15		-	-	-	-	2		-	-	-	-	27		0		4	
14-Aug	3	2	-		20		-	-	-	-	8		-	-	-	-	26		1		3	

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14-Sep	1	2	-	20	-	-	-	-	6	-	-	-	-	40	3	3
14-Oct	-	2	1	19	-	-	-	-	4	1	2	-	-	22	2	1
14-Nov	-	2	-	14	-	-	-	-	6	-	-	-	-	22	0	1
14-Dec	1	2	-	11	-	-	-	-	14	-	-	-	-	33	2	2
15-Jan	4		3	15	-	-	-	-	20	1		-	-	28	1	2
15-Feb	1		1	17	-	-	-	-	25	1		-	-	23	3	2
15-Mar	0		1	16	-	-	-	-	41	-		-	-	29	1	3
15-Apr	1		4	21	-	-	-	-	34	-		-	-	29	2	3
15-May	2		4	25	-	-	-	-	31	-		-	-	24	2	4
15-Jun	3		-	20	-	-	-	-	27	-		-	-	20	1	2
15-Jul	1		4	24	-	-	-	-	35	-		-	-	12	0	2
15-Aug	1		4	12	-	-	-	-	37	-		-	-	25	2	8
15-Sep	1		5	10	-	-	-	-	54	-		-	-	28	1	7
15-Oct	2		-	17	-	-	-	-	16	-		-	-	32	0	6
15-Nov	3		1	25	-	-	-	-	37	-		-	-	33	1	8
15-Dec	1		-	22	-	-	-	-	34	-		-	-	35	1	6
16-Jan	2		6	21	-		-	-	28	-		-	-	38	-	7
16-Feb	1		2	24	-		-	-	28	-		-	-	54	3	5
16-Mar	2		2	31	-		-	-	13	-		-	-	69	2	7
16-Apr	1		1	22	-		-	-	25	1		-	-	46	1	11
16-May	2		-	13	-		-	-	22	-		-	-	38	2	4
16-Jun	1		3	12	-		-	-	23	-		-	-	30	-	6
16-Jul	2		-	18	-		-	-	13	-		-	-	28	-	11
16-Aug	3		1	18	-		-	-	18	-		-	-	34	3	9
16-Sep	2		2	29	-		-	-	24	-		-	-	21	-	8
16-Oct	2		3	27	-		-	-	11	-		-	-	31	1	6
16-Nov	1		7	21	-		-	-	19	-		-	-	49	2	11
16-Dec	1		2	16	-		-	-	31	-		-	-	43	3	8
	56	24	65	755					701	4	2			1270	48	170
%		42.85								50						

The resolve of the Bahrain Government, including the regulator (CBB) and law enforcement agency (FIU), to monitor criminal activities and punish criminals is established. Although data inadequacy does not fully justify such conclusion on account of all types of crime. Notwithstanding such weakness, the prohibitive initiatives make it possible for the Ministry of Interior and Public Prosecutor to thwart criminalisation of the nation's banking and financial systems. The attainment of such a goal is contributed by the agility of banks and NBFCs to scrutinise customer backgrounds, review transactions and report to CD and FIU if any regulatory breach is observed. Ready access to such information enables law enforcement agencies to investigate, prosecute and convict offenders who indulge in human trafficking (42.85%) and terrorist financing (50%).



The examination demonstrates the adequacy of the AML policy to eradicate money laundering. It is required to stamp out the scourge of laundering. This is the outcome of transparent information exchange and is considered necessary to gather actionable intelligence, search, seize and convict criminals who are adept in laundering money in Bahrain. Their active use makes laundering costly, minimising the benefits derived from accumulating tainted money. The rise of laundering cost dissipates human trafficking, terrorism and terrorist financing, financial fraud and embezzlement. Laundering cost elevation impairs smurfing and round-tripping, rendering it difficult for PEPs, non-financial businesses and criminals to place, layer and integrate proceeds of crime and legitimise it. The inference agrees to the views of the respondents, for example, R8 states that -

*‘The regulator and law enforcement agency in Bahrain seek customer details, account statements and amount in their account. We help them by investigating and informing customer details. As a matter of fact, whenever MOI directs us to freeze amounts, we initiate action without delay. We also act upon circulars received from MoI.....though we never faced launderers, and we have never seen wealth being confiscated.....It is important to remember that as a housing bank we do not have access to information about customer wealth..... Customer opens an account when MoH extends him housing facility. EMI is directly deducted from salaries.....In general because of ICT, one can initiate multiple transactions by using mobile, Such facility is available in our bank but it's monitored closely with the help of U4U and N4U plus.....ML has been accentuated by the access of frauds and criminals to mobile and online transactions..... CRS an outcome of US Government effort facilitates information sharing about customers. This elevates transparency. To promote this, the Government of Bahrain adopted the strategies recommended by CRS to combat ML’.*

4) The interpretation sheds light on the importance of adopting and implementing Basel guidelines, COE, FATF recommendations, OECD framework. Their implementation supports criminal investigation, impairs corruption and constricts laundering in Bahrain. Comprehension about them is necessary to initiate corrective measures and combat the scourge of such offences, justifying the role of legislating uniform laws that enable banks and NBFCs to disrupt and dismantle money-laundering cycle and

eradicate the menace of laundering. Also equip FIU to combat the scourge of terrorism, deter terrorists from abusing the banking system and impairing efforts to convert illicit money into legitimate wealth.

Bahrain Government in association with lawmakers enacts and ratifies uniform criminal laws and enforcement practices in conformity to AML policy. The actions strengthen search, seizure, prosecution, conviction and confiscation, deterring MLROs in banks and NBFCs to connive with criminals, hide criminal offence, like human trafficking and terrorist financing; and aid placement and integration of illicit earnings with the lawful economy.

The review presented above answers the third question of the study and justified the relevance of the conceptual framework. When it is linked to the theoretical standpoints of Costa (2008), Hameiri and Jones (2015) and Quaye and Coombs (2011) in conjunction with Bjelajac (2011), Lyden (2003) and Sundarakani and Ramasamy (2015) the significance of enactment and ratification of uniform anti-laundering law and implementation of complementary measures is understood. The data in Table-8 and 9 (Appendix-14) make it possible to infer that lawmakers in Bahrain are motivated to enact laws that enable the Ministry of Interior to fight the menace of trafficking ( $r=.949$ ,  $p<.0001$ ), disrupt the ML cycle ( $r=.962$ ,  $p<.0001$ ) and eradicate ML. Their motivation to initiate decisive anti-laundering measures stems from the belief that money laundering is best controlled with the availability of laws to guide regulatory authorities, law enforcement agencies and banks to assess and report all breaches and investigate, prosecute and confiscate.

They are deemed necessary for lawmakers, regulators and administrators to impair efforts to convert illicit money into legitimate wealth. This is attributed to competence to ascertain causes of laundering and prosecute launderers. To attain these the key stakeholders in Bahrain rely on robust reporting in line with global frameworks, like Basel guidelines, FATF recommendations and COE. Conformity to them allows banks and NBFCs, as gatekeepers, to use a reporting system to assess customer identity, their demand for services, like cash card and smart card, and report these objectively, noticeable in the response of R2 -

*‘My bank’s efforts are critical. Such drive helps us to investigate, prevent and eliminate ML cycle in Bahrain. The guidelines of CBB and FIU are followed to discourage all to use my bank’s services to place and layer illegal or illicit money. Any attempt to use such illegal means on the part of customers will activate the red flag, requiring our MLRO to communicate STR to CD and FIU. Red flagging results in investigation and freezing of transactions.....Transactions are unfrozen when CBB finds everything in order.....This helps us to set up a monthly monitoring target. Reporting of this aids search, arrest, prosecution and confiscation of illicit earning.....’*

Sustained information exchange and access to them allow CD and FIU to determine customer abuses, like investment in offshore centres in violation of laws and regulatory guidelines. Fact-based information exchange enhances their awareness about it, initiates countermeasures to combat placement of tainted money (Table-9) and integration into the mainstream economy, reinforcing the role of clear reporting to stamp out abuse of banks to legitimise the proceeds of crime ( $r=.991$ ,  $p<.0001$ ). The impact of efficient search, seizure, confiscation of tainted wealth and conviction of launderers ( $r=.954$ ,  $p<.0001$ ), reinforcing the impact of clear reporting of transactions. It leaves scope for customers to manoeuvre the AML regime of banks and place, layer and integrate proceeds of crime. Banks and NBFCs are duty bound to red flag all flawed acts through objective reporting, making it possible to dismantle the nexus between employees in banks and customers. The deduction agrees to R9 -

*‘Yes. We collaborate with CBB and MOI to combat laundering. The central bank communicates a list of accounts to be frozen and demands other actions in conformity to the legal system in Bahrain.....In line with CBB rules, we track, report, aid investigate and support confiscation. All these are made possible by actions and cooperation of local authorities.....My bank provides them with all the information about the transaction. This is the outcome of the unfailing focus on KYC. This mitigates ML and terrorist financing.....Further, in conformity to Basel guidelines, my bank trains employees, making it possible to track the activities of criminals who seek to exploit the banking system to launder money. Adherence to Basel enables my bank to combat ML and terrorist financing...’*

This reveals the impact on anti-laundering initiatives. It helps to attack serious crime by implementing decisive measures to mitigate money laundering. The malaise is impaired by robust law enforcement, denoted by search, seizure, prosecution, conviction and confiscation.

## **6.2. Conclusion**

In summary, it can be said that this study establishes the -

i) The need to employ a uniform AML policy - Conformity to Basel guidelines and FATF 40 recommendations elevates its usefulness. This is necessary to equip banks and NBFCs to use CDD, EDD and RBDD. Their judicious application enables them to share authentic information, analyse and report all breaches. Consequently, the CBB, FIU, Ministry of Interior and Public Prosecutor to search, detect, convict, confiscate illicit wealth and constrict unlawful activities. The association between authentic information exchange, interception of launderers and prevention of laundering is justified.

Uniform policy supported by information dissemination helps the CBB, FIU and Ministry of Interior to coordinate with banks and NBFCs. Their use as gatekeepers makes it possible for the regulator, law enforcement agencies and judiciary to disrupt the money laundering process - 'place, layer and integrate proceeds of predicate crime and legitimise them'. The outcome reinforces the use of a uniform AML policy, information sharing, transparency and AML practices. They deter criminals to smurf, place, layer, integrate the proceeds of predicate crime and convert them into legitimate earnings, re-establishing the need to focus on institutional networking to strengthen policing and stamp out the scourge of money laundering.

When banks and NBFCs share information objectively, the ability of the Bahrain Government, CBB, FIU, ombudsmen and Ministry of Interior to build a partnership is enhanced. The stimulation of such partnership is advocated to adhere entirely to FATF 40 recommendations, making it possible for CBB to use robust regulatory practices and FIU to harmonise AML law enforcement practices.

They embolden banks and NBFCs to combat the scourge of ML and protect the soundness of the country's financial systems, signalling the impact of countermeasures.

They compel them to take the lead to combat laundering, halting the reintegration of illicit wealth into the financial system. This reinvigorates the role of synergy, corporate transparency and voluntary declaration of illegally obtained proceeds.

ii) Role of reform - Robust adoption of FATF 40 recommendations supports the attainment of such a goal. This allows institutions in Bahrain to collaborate, reform countermeasures and apply these in collaboration with banks and NBFCs to protect its financial integrity. Focus on such key goals leads them to review customer identity and sources of the fund, assess the authenticity of funding sources declared by customers and search and seize tainted money; prosecute, confiscate criminal proceeds and convict traffickers.

The use of customer profiling and subsequent categorisation prevents abuse of the financial system by criminals to launder money. This leads CD to demand full implementation of KYC by banks and NBFCs, rendering it possible to decipher the name, origin, type of profession/ business, address and all other identification details, before opening an account and initiating a transaction. They scrutinise such information and communicate reports (SAR and STR) if there are substantial reason and evidence to believe that a customer is seeking to place proceeds of predicate crime, rendering it possible to initiate investigation and prosecution. The transparent reporting practice and subsequent actions enable prevention of money laundering aided by the termination of accounts of suspicious customers known to be involved in trafficking, embezzling, smuggling, terrorising and bribing. It reinforces the relevance of voluntary declaration of the sources of fund by customers, enabling banks and NBFCs in Bahrain to reject receipt of money earned from criminal acts.

iii) Importance of Reporting - They signal the outcome of strategic use of KYC, STR and SAR. Access to these enables CD and FIU to halt the flow of ill-gotten wealth and abuse of Bahrain's banks and banking system, enriching their reliability and accelerating inflow of legitimate investment. Attainment of these becomes a reality when banks and NBFCs detect and isolate launderers and high-risk customers, rendering it feasible to prevent placement, eradicate layering and stamp out integration.

iv) The validity of the conceptual framework - The adoption of this supports the implementation of uniform AML policy. This guides banks and NBFCs to use customer on boarding practice, detect violation of benchmarks set and disseminate transparent information (SAR and STR). They make it possible to prevent money laundering. Transparent and efficient reporting of abuses by customers is needed to unearth the source of illegal proceeds and constrict their investment, justifying the role of regulatory intervention. This is used by CBB and FIU to initiate scrutiny, complete prosecution, terminate accounts, eradicate the scope to place, and layer tainted money. The result enunciates the merits of clear investigation of corruption by CD in collaboration with the Ministry of Interior, efficient detection of tainted money, their seizure and recovery. The steady employment of such countermeasures insulates banks and NBFCs from fraudulent exploitation by launderers.

This study reinforces the essence of a uniform AML policy, regulation, rules and law enforcement practices, denoted by the collective drive to monitor, assess report, investigate, search, seize, prosecute, convict and confiscate. These eliminate money laundering in Bahrain.

## **Chapter 7**

### **Conclusions & Critical Review**

#### **7.0. Introduction**

This final chapter summarises the findings of the preceding chapters. It also presents the theoretical and practical implications expounded in this thesis. Furthermore, it presents a conclusion to the study, contribution and limitations of the study. The chapter reviews the major empirical results of this research with respect to adopting and implementing uniform anti-money laundering policies in the Kingdom of Bahrain to tackle the issues of money laundering broadly defined.

A plethora of studies (Bartlett (2002), Bjelajac (2011), Choo (2008), Clep and Man (2009), Doyle (2002), Ferwerda (2008), Gilmour (2014), Heineman and Heimann (2006), Lilley (2006), Masciandaro (2013), Schott (2006) and Uribe (2003) when analysed in association with those of Alexander and Khan (2012), Carr and Goldby (2009), Harris (2011), Hartman (2001), Lacey and George (2003), and Storm (2014), Liargovas and Repousis (2011), Smith *et al.* (2007), Stessens (2000) and van Fossen (2003) highlight the need to adopt and implement a uniform anti-money laundering (AML) policy. It is believed that such a policy will guide banks and NBFCs to follow global framework to employ robust regulatory measures and eradicate the abuse of banking and financial system by launderers to convert proceeds of crime into legitimate

earning. Also deter criminals from circumventing anti-laundering practices to place, layer and integrate tainted money and support exchange of actionable information between regulator, law enforcement agency and financial firms.

An analysis of their standpoints justifies the utility of a uniform AML policy. Bahrain's drive to use this stems from the commitment to give credence to the following -

- Basel and COE guidelines;
- FATF recommendations;
- UNCAC convention;
- OECD and IMF guidelines;
- Wolfsberg Standard.

Their internalisation allows the regulator in Bahrain to use consistent regulatory practices, such as risk-based scrutiny. This originates from the resolve of the regulator to attach top priority to due diligence, like CDD, EDD and RBDD. Their implementation insulates the banking and financial system from the risk of abuse by criminals, who indulge in bribery, fraud, embezzlement, theft, trafficking, smuggling, organised crime and war crimes. Prioritising the following measures make it difficult for launderers to use smurfing to deposit the proceeds of crime in small lots in banks to place and legitimise tainted money. These include assessment, aided by KYC; detection and prevention.

The above details illustrate the underlying reasons for Bahrain's success to rein in laundering. The eradication of this crime is linked to the use of robust AML practices by banks and financial institutions, stymying the abilities of criminals to use friends, family members and agents to place, layer and integrate illicit money. The comprehensive use of FATF 40+9 recommendations is visible. It enables the banks and NBFCs in Bahrain to raise alert and report suspicion, enabling CBB and FIU to combat AML violation by a person, an intermediary or an institution. Further, the outcome highlights the impact of KYC and CDD. Their policy driven usage allows them to eradicate the misuse of Bahrain's financial system by criminals.

The national commitment to adopt and implement a comprehensive policy helps to mitigate money laundering. It empowers the country and lawmakers to enact and



implement uniform laws in conformity to the constitution, making it possible for the regulator (CBB) to -

- Remove protection of individual and financial privacy. it promotes the usage of KYC and share personal information, rendering it feasible to track suspicious transactions and initiate measures to eradicate abuse of laundering;
- Evaluate the incidence of laundering and direct law enforcement agencies (FIU, Ministry of Interior and Public Prosecutor) to search, prosecute, convict launderers and confiscate proceeds of crime. Awareness about these discourages criminals, corrupt officials and businesspersons to defraud institutions and launder money.

They signal the impact of harmonisation between regulation and law enforcement in Bahrain, making it difficult for offenders, like corrupt PEPs, to abuse the banking and financial system. The complementarity compels banks and NBFCs in Bahrain to use KYC, CTR, SAR and STR. Ease of access to these allows CD and FIU to initiate transparent actions. This is embraced to thwart the efforts of criminals and terrorists to evade AML scrutiny. This emboldens the institutions in Bahrain to monitor and deter fund inflow to questionable business sectors, like real estate. Such outcome is inextricably linked to effective reporting of suspicious transactions, enabling the central bank and Ministry of Interior to rein in organised crime, eliminate white-collar crime and eradicate 'hawala' transactions (underground money transfer). Their eradication highlights the effectiveness of the strategy used by the regulator and enforcement agencies to use banks and NBFCs to prohibit placement, layering and integration, reinforcing the use of global frameworks, standard laws and common regulatory practices.

### **7.1. Conclusion**

The Bahrain Government in association, the CBB, FIU and Ministry of Interior, adopts and implements uniform AML policy. This is singularly embraced by banks and NBFCs, leading to unflinching use of due diligence namely - CDD; EDD and RBDD. Their employment enables the stakeholders, like banks, investment banks, money exchanges and insurance company to report (SAR, STR and CTR) the abuse of regulatory standards. Awareness of such breaches allows the CBB, FIU, Ministry of Interior and Public Prosecutor to initiate punitive actions to search, detect, convict and

confiscate illicit wealth and transfer it to legitimate owners. It emboldens institutions to detect and eradicate financial crimes, establishing the requirement unequivocally to review customer profiles and categorise them by exposure to risk; assess the authenticity and merits of transactions and report violations of regulatory guidelines of CBB. They provide the founding pillars of laundering prevention, halting the drive of criminals to place, layer and integrate proceeds of predicate crime and legitimise them. It can be inferred that eradication of such malaise is correlated to transparency elevation. This is the resultant impact of collaboration between institutions and information exchange, supporting effective enforcement practices. It elevates the resolve of banks and NBFCs to scrutinise transactions; CBB to supervise transaction processing and management practices of banks, investment banks, money exchanges and insurance company and the FIU to prosecute and convict launderers, who seek to abuse the banking and financial system by converting proceeds of crime to legitimate earning.

Conversion of illicit earning is impaired due to regulatory efficiency of CBB that uses institutional networking to stimulate efficient policing, deterring criminals from laundering processes (smurf, place, layer and integrate) to convert proceeds of predicate crime. The outcome establishes the role of objective information sharing. This is the mainstay of a partnership between the CBB, FIU and Ministry of Interior. The elevation of collaborative practices supports the robust implementation of FATF, guiding, which includes the CBB to employ tough regulatory practices; FIU to harmonise AML laws; and banks and NBFCs to combat money laundering and protect the soundness of Bahrain's financial system.

The analysis justifies the role of countermeasures. Flawless implementation of these halts the reintegration of illicit wealth, establishing the role of transparent corporate governance and voluntary declaration. The use of such practices prevents abuse of the financial system by criminals, denoting the impact of KYC. Therefore, making it possible to decipher the name, origin and type of profession/ business. It also identifies the address and all other identification details, before opening an account and initiating a transaction. The partnership between CD, banks and NBFCs helps to use SAR and STR if there is a valid reason and conclusive evidence to believe that a customer is

seeking to abuse regulatory benchmarks to launder money. Access to such reports helps to initiate investigation and prosecution of delinquent customers involved in trafficking, embezzling, smuggling, terrorising and bribing. It provides the foundation of money laundering prevention, justifying the need to comply with global frameworks, namely Basel and COE guidelines, FATF recommendations, UNAC convention, OECD and IMF guidelines, and Wolfsberg Standard.

To examine the validity of the association between uniform AML policy, transparent regulation and law enforcement, disruption of money laundering process and its eradication, this study used the following to interpret results and draw valid inferences.

<b>Particulars</b>	<b>Number of Respondents</b>	<b>Sources</b>
In-depth Interview	31	
Secondary Data		Banks, NBFCs, CD, FIU & PP

Correlation Analysis and Content Analysis were applied to explore the validity of their responses and draw inferences. Conclusions are presented from the viewpoint of transparency; uniform regulation to persuade banks and investors to declare the source of money in all transactions. Also, model AML policy to eradicate placement of illegal proceeds; standard AML practices to aid transparent actions and minimise layering of ill-gotten money. Finally, assessed the impact of regulatory enforcement in mitigating integration.

### **7.1.1. Conclusion from the First Question of the Study**

How does corporate transparency prevent shell companies from concealing the identity of illegally obtained proceeds?

In-depth responses in Table – 3, 4 and 5 (Appendix-12) and data in Table 2, 3, 4 and 6 (Appendix-14) showed the ways corporate transparency can be used to deter fraudulent or false companies from hiding illicit proceeds and converting these into legitimate earnings. The Bahrain Government in collaboration with CBB and FIU employs these guiding principles laid down in global conventions, like Basel, COE, FATF, Merida, OECD, Palermo, Strasbourg and Vienna. It uses them to compel companies, including

erring entities, to reveal their backgrounds, source of money, deposit and withdrawal pattern, cycles of money/fund transfer and destination (financial centre) unconditionally. It also empowers the institutions (CBB and FIU) to engage banks and NBFCs as gatekeepers. They are authorised to gather such information and analyse them, trace regulatory breaches and report such flaws if there is evidence to substantiate them. Access to these enables the Ministry of Interior (law enforcement) to initiate robust preventive measures and prosecute all erring companies, deterring directors, managers and professionals in them from abusing regulatory guidelines, conceal facts to convert (round tripping, smurfing and over-invoicing) proceeds of crime (trafficking, bribery, smuggling, fraud, war crime and embezzlement) into legitimate earnings. The response of R4 in Table-4 (Appendix-12) highlights the validity of such outcome-

*‘Whether it is smurfing, placement, layering, we assess attempts on the part of customers to indulge in such wrongdoing and stop irregular transactions. KYC is implemented, and this helps us to be sure about the legal standing of a current or prospective customer. In case of any dichotomy, all attempts to deposit money are blocked, thwarting layering, round tripping and further investment in real estate. Wolfsburg Group is followed by private banks in Bahrain to strengthen control. With reference to compliance with FATF, and BASEL, all the principles are duly followed,*

The responses are in agreement with Al-Nuemat (2014) and Bjelajac (2011) that justify the relevance of the association between tough regulatory measures, transparency and money laundering eradication. They make it difficult for companies in Bahrain to register companies in tax havens/ countries known to demonstrate regulatory laxities, transfer wealth garnered illegally, use web of transactions to layer tainted money and make it look legitimate, retransfer and integrate proceeds of crime into the mainstream economy of Bahrain. Further, round tripping is impeded due to the effectiveness of a uniform AML policy, signalling the impact of embracing global anti-laundering conventions, like FATF. Adherence to this in conjunction with complementary regulatory measures guides the meticulous use of transparent due diligence (CDD, EDD and RBDD) and reporting (SAR, STR and CTR). Their sustained usage elevates transparent information exchange, detecting unlawful activities (criminal breach of regulatory norms and law) and alerting banks about them to eradicate money laundering. These aligns with the views of R6 -

*'The bank's primary aim is to ensure that clients have genuine funds and these are not acquired through illegal means my bank is an investment bank, and as a result, it will never be a target for smurfing or placement. A fraudulent client may misuse my bank to layer or integrate illicit fund. A white-collar criminal may place tainted money in my bank's private equity, hold such equity for 3 to 4 years and exit after this period, legitimising money garnered through unlawful acts. This is the third stage of money laundering called integration. Yes. Enhanced Due Diligence is used by my bank and relationship manager. I have raised STR, Yes, placement is the most serious stage, and if neglected it can destroy a bank's future. Yes, Basel guidelines related to anti-laundering are followed fully..'*

The response mirrors the standpoint of Masciandaro (2013) and Schott (2006). It reinforces the need to adopt a uniform policy, employ transparent regulatory measures and eradicate the scourge of money laundering. Their realisation becomes a reality when top priority is given to global anti-laundering frameworks and transparent actions for prevention of crime and corruption, abuse of the financial system and misuse of regulation to launder money. The eradication of this abuse requires companies to rely on transparent practices, shunning the concealment of facts and mitigating money laundering. The promotion of such practices makes it difficult for them to legitimise illicit income, according to Ardizzi *et al.* (2014).

To stamp out the malaise of money laundering, Bahrain Government relies on clear information exchange between banks, NBFCs, CBB and FIU. Efficient dissemination of information stimulates decisive anti-laundering actions. Its heightened usage makes it possible for them to detect illegal activities representing cash threshold violation ( $r=.505$ ,  $p<.0937$ ) and rule violation involving wire transfer from shell companies ( $r=.573$ ,  $p<.0517$ ). Awareness about these guides the CD and FIU to conduct an initial investigation ( $r=.833$ ,  $p<.0008$ ), initiate a search ( $r=.803$ ,  $p<.0017$ ), ascertain the gravity of the offence ( $r=.653$ ,  $p<.0213$ ), convict criminals and fraudsters ( $r=.458$ ,  $p<.1345$ ). These reinforce the essence of unambiguous information exchange between regulatory bodies, enforcement agencies, banks and NBFCs. Access to such holistic information makes it difficult for criminals or erring firms to exploit the transnational network to launder money; and allows regulator and law enforcement agencies to review all regulatory guideline violations accurately.

They are the outcomes of countermeasures used by banks and NBFCs, conforming to the views of Levi and Reuter (2006) and Pettengill (2013). Such actions help to thwart round-tripping of tainted money and their integration with the mainstream economy, reinforcing the role of transparent reporting to stamp out abuse of the financial system to legitimise the proceeds of crime. This is best attained when MLROs in banks and NBFCs take responsibility to implement EDD and RBDD, identify all illegal activities objectively and report them to CD and FIU. Robust reporting aided by STR allows them to track all lapses, launch investigations and initiate searches, making it possible to gather material evidence of all offences and crimes. Access to knowledge about them allows the institutions to take recourse to legal actions and transfer all laundering cases to the Public Prosecutor in Bahrain, resulting in prosecution and conviction of launderers.

On the other hand, data in Table-3, 4 and 6 (Appendix-14) disagree with the outcome. They imply that regulatory laxities encourage flawed reporting of suspicious transactions by employees in banks and NBFCs in Bahrain. Deliberate over, under or misleading reporting of violations, like cash threshold ( $r=.164$ ,  $p<.611$ ) and counterfeit document usage ( $r=.165$ ,  $p<.6080$ ), obscures comprehension of CD and FIU about a customer's or company's complicity in legitimising proceeds of crime. Such frailty retards conviction and confiscation ( $r=-.291$ ,  $p<.3586$ ). The impact of current use of an imperfect AML policy is visible. This retards application of effective due diligence (CDD, EDD and RBDD), constricting accurate reporting and decisive regulatory actions in conformity to FATF. The adoption of such weak practices makes it difficult to dismantle the nexus between employees in banks and customers, compromising clear reporting ( $r=.162$ ,  $p<.6149$ ). This weakens Bahrain's AML practices. The failure to embrace five defining principles – 'clarity, congruity, authenticity, openness and speed' impairs the CBB's drive to initiate tough regulatory action, failing investigation and money laundering eradication.

The conclusion demands the CBB, FIU, Ministry of Interior, banks and NBFCs in collaboration with the lawmakers to evaluate critically the impact of national anti-laundering initiatives vis a vis Basel guidelines, FATF 40 recommendations and Wolfsberg Group principles. The review, duly aided by mutual evaluation report of MENA FATF, is required to assist all to -

- harmonize anti-laundering vision and mission;
- adopt anti-laundering regulatory benchmarks;
- adopt and implement common law to punish all laxities in reporting a breach of benchmarks;
- unify anti-laundering goals and practices;
- blend and implement information exchange culture and practices.

They make it possible to initiate due diligence (CDD, EDD and RBDD), monitor customer profiles; assess risk and scrutinise documents. The employment of such robust anti-laundering measures is required to stamp out plunder, exploitation, corruption and money laundering. The eradication of this highlight the worth of integrated anti-laundering initiatives, known to promote voluntary communication of facts, implying transparency. The elevation of this is necessary to arm the Ministry of Interior and FIU to associate with the banks, NBFCs and Public Prosecutor to freeze and terminate accounts and search, prosecute and convict launderers. Also to confiscate proceeds of crime, like bribery, trafficking, corruption and tax fraud; and eradicate money laundering. These are deemed necessary to delegitimise the proceeds of predicate crime.

### **7.1.2. Conclusion from the Second Question of the Study**

How does a voluntary declaration of source of fund enable banks to control receipt of money earned from criminal acts?

In-depth responses in Table – 3 and 5 (Appendix-12) and data in Table 2 and 5 (Appendix-14) explain how self-declaration of funds by customers make it possible for banks to intercept dirty money and eradicate their integration from the mainstream economy. To sustain these and mitigate the incidence of money laundering, the CBB and FIU in partnership with banks and NBFCs utilise deterrents, like tracking, reporting, terminating and blacklisting to eradicate their exposure to laundering abuse. The advocacy for such practices is guided by the drive to motivate customers to declare voluntarily the source of their funds before investment in financial firms. The uninterrupted use of such disclosure makes it possible for banks and NBFCs to implement enhanced risk-based due diligence; collaborate with the CBB, FIU, Ministry of Interior and Public Prosecutor and deter and eradicate the abuse of the financial system by money launderers, such as cash carriers, drug and human traffickers, hawala

operators, arms smugglers, warlords, frauds, PEPs, shell companies and corrupt officials.

The analysis above aligns with the response of R6, justifying the necessity to focus on FATF Recommendations -

*‘My bank uses an internally developed policy anchored on FATF framework adopted by Bahrain Government....gives credence to Recommendation -1 and allows my bank’s top management to attach top priority to Vienna Convention and take oath that all measures will be taken to discourage money laundering. Also accepts Recommendations 4-6 to adhere and support CBB, FIU and Ministry of Interior to furnish information to make search, seizure, prosecution, conviction and confiscation effective. Recommendation – 8, 12, 13, & 16 to implement precautionary measures to deter laundering, accept self-regulatory practices to initiate KYC and share information (STR and SAR) and make it possible to support punitive actions suggested by regulatory authorities. My bank follows Basel guidelines to apply judicious practices to protect our reputation.’*

The response mirrors the theoretical viewpoint of Morgan (2003) and Shami (2015). The practices referred above require the banks and NBFCs to adhere to the guiding principles enshrined in FATF and Basel. They take advantage of these frameworks to adopt a uniform AML policy and complementary regulatory measures. Internalisation of these leads them to use robust due diligence (EDD). The utilisation of this also allows MLROs to review and update customer identities (KYC), monitor transactions (aided by an automated scanning system) and avoid under and over reporting. At the same time, it inspires customers or companies to declare the sources of deposits/funds voluntarily, rendering it possible for banks to isolate and control receipt of money earned from criminal acts. They enable banks and NBFCs to discharge the role of gatekeeper and eradicate their exploitation to launder money (Stessens 2000).

To employ such deterrents effectively to stimulate transparent actions, the recommendations of R4 need full implementation -

*‘Changes of AML policy are needed to enhance transparent measures. The banks including my bank need to focus on clear information exchange, transactions and*



*actions to isolate proceeds of crime. My bank's policy is to mitigate money laundering, our primary aim is to ensure that genuine deposits of customers are entertained for deposits and all doubtful deposits/ illegally derived money/illegitimate money are shunned and monitor which customer is moving funds every two months. Launderers do not park tainted money for a longer period. Launderers move and invest funds in post layering stage in private equity, real estate etc. Once these are sold, tainted money is fully legitimised My bank's robust and automated system, judicious investigation supported by KYC and efficient reporting make it possible to for risk assessment and management team to eradicate money laundering.'*

The impetus to encourage transparent practices enables MLROs in banks and NBFCs to find out the hidden agendas of abusers (traffickers, frauds, smugglers and PEPs). This poses a challenge to place and layer tainted money, re-establishing the role of disclosure of critical information. The CBB and FIU have effective regulatory and efficient enforcement practices. To establish an effective regulatory regime, risk-based scrutiny (EDD and RBDD) is utilised. This reduces the risk of abuse of Bahrain's banking and financial system by launderers. Its mitigation is linked to focus on assessment, detection and prevention, deterring the use of human carriers to deposit proceeds of crime in small lots in banks. This mirrors the standpoints of Haigner *et al.* (2012) and Realuyo (2012).

It is evident from Table-2 and 5 (Appendix-14) that the voluntary declaration of the sources of fund is the key to money laundering eradication. AML policy that supports transparency elevation allows banks and NBFCs to detect fraudulent attempts to conceal identity and source of fund ( $r=.465$ ,  $p<.0003$ ) and report (STR and SAR) to CD and FIU about such irregularities. The detection of criminal attempts to place the proceeds of crime and instant communication magnify the abilities of CD ( $r=.723$ ,  $p<.0001$ ) and FIU ( $r=.723$ ,  $p<.0001$ ) to probe, ascertain the gravity of crime and initiate punitive action ( $r=.625$ ,  $p<.0001$ ), like prosecution, conviction and confiscation of ill-gotten wealth. To sustain anti-laundering practices, decisive initiatives are invested in strengthening regulation, supervision and due diligence, supporting unbiased review, assessment and reporting. These are administered to strengthen governance, motivating customers to present valid information. It allows banks and NBFCs in Bahrain to isolate criminals, corrupt officials, politicians,

smugglers and traffickers, stifling all unlawful attempts to place and layer tainted money. Internal control and risk management practices are used to track account holders and beneficial owners. They encourage customers or companies to share information voluntarily, understand the environment in which they function and manage risk. When these are sustained, exploitation of Bahrain's financial system to legitimise proceeds of crime is prevented, as portrayed by Edgardo and Jan (2005) and Nano (2012).

On the contrary, data in Table 3 (Appendix-14) contradict such outcomes. Lax adoption of FATF 40 recommendations and Basel guidelines hinder honest communication between all the stakeholders, constricting openness, clarity and transparency. Such weakness impairs the resolve of customers and companies to declare their background and sources of money voluntarily. Such failures retard the ability to detect and categorise customers. For example, suboptimal information exchange hinders the detection of counterfeit documents used to transfer money electronically (wire transfer) from shell companies ( $r=.240$ ,  $p<.0643$ ). Such frailty thwarts the initiatives of FIU to punish such fraudulent entities ( $r=.323$ ,  $p<.0037$ ). The failures to prevent laundering are clear. In the absence of policy supported mandate and uniform regulatory practices, the banks and NBFCs find it challenging to collaborate with the regulator and law enforcement agencies to combat corruption. This weakness makes it difficult to criminalise and convict money launderers, conforming to data in Table-5 (Appendix-14). For example, the watered down attempt to employ such measures hampers scrutiny of abuse of trade cards ( $r=.211$ ,  $p<.4684$ ) and cash cards by PEPs ( $r=.247$ ,  $p<.3947$ ). These outcomes signal the disinterest of Bahrain Government to adopt and implement all the recommendations in FATF, guidelines in Basel and principles in Wolfsberg Group. The absence of an integrated application of these enhances opacity. This emboldens offenders to hide their identity, smurf, round trip tainted money by using complex transactions, abuse the banking system and legitimise illegal proceeds.

The conclusion demands the adoption of decisive measures by the Bahrain Government to alter the fragmentation of initiatives. It is required to take into account the following to develop a uniform policy to control and mitigate laundering -

- United Nations Convention against Corruption (UNCAC);
- OECD Convention;

- Council of Europe (COE);
- Convention and African Union Convention (AUC);
- Wolfsberg Guidelines;
- Basel
- Financial Action Task Force (FATF) 40+9 recommendations.

The government and lawmakers need to implement the operating principles, supporting the adoption of uniform regulatory and law enforcement practices. The commitment to use them drives the CBB, FIU and Ministry of Interior to collaborate with banks and NBFCs. The synergy between them is proposed to support information exchange about bribery, trafficking, corruption, tax fraud and embezzlement. Access to such knowledge enables the police to search, prosecute, convict launderers and confiscate proceeds of crime, dismantling money-laundering process (placement, layering and integration). The eradication of this is called for to insulate banks and NBFCs from laundering attacks and high risk of collapse.

### **7.1.3. Conclusion from the Third Question of the Study**

How does STR help to identify the source of illegal proceeds and prohibit their investment?

Responses in Table - 5 and 6 (Appendix-12) and data in Table - 6 and 7 (Appendix-14) show how objective reporting is used to detect sources of illicit proceeds and prohibit their investment. To attain such goal, the Bahrain Government adopts and implements a uniform AML framework and common regulatory practices to track, detect and prevent money laundering. The utilisation of such practices, in conformity to Basel guidelines and FATF 40 recommendations, make it possible for the CBB and FIU to enforce uninterrupted exploitation of CDD, EDD and RBDD. Reliance on them allows banks and NBFCs to focus on customer review (KYC) and reporting (SAR and STR). Their uniform usage prompts customers to disclose sources of money and origins of all transactions. CD and FIU need to access such information to curb all attempts to abuse limits set by the former. The disinterest to breach the limits set mitigates money laundering, mirroring the perception of the respondents, as stated by R2 -

*‘In our bank, we use an AML manual.....complete KYC, initiate STR and communicate CTR. Communication of these to CD enables us to eliminate money*

*laundering.....making it possible to assess the risk associated with customer types. This helps to set a standard and act in right direction to stamp out ML.....CBB compels every bank to track all deposits above BD3000, assess the beneficiaries and ascertain the deposits are suspicious or not.....get the approval of regulatory authorities for all incoming wire transfer in Bahrain. To track these we use automated AML system ...conforms to CBB guidelines and rules. To comply with Basel guidelines, we developed EDD policy and procedure... categorise customers by status...and label these as high-risk customers.....’*

The outcome conforms to the standpoints of Costa (2008), Sundarakani, and Ramasamy (2015). To sustain it, reporting and due diligence are given priority. The application of EDD is envisaged to categorise customers according to risks; a key requirement elucidated in the FATF framework. It enables banks and NBFCs to scrutinise the background and activities of politicians, bureaucrats, PEPs, charities, professional firms, clubs and associations. Such scrutiny enhances their learning about measures used by such entities to find , receive, transfer, invest and manage unaccounted for money in contravention of global frameworks, like Basel, COE, FATF, IMF and Wolfsberg. It allows banks and NBFCs to determine risk profiles of such customers, ascertain transaction trends, identify violation thresholds and discover breaches of regulatory compulsions. All departures from regulatory guidelines are reported (SAR and STR) to CD and FIU, making it impossible for them to thwart placement and integration of tainted money, conforming to the response of R9 -

*‘...launderers and terrorist dodge AML system, place and layer money, delink source of fund, generate wealth and finance terror. To control such laxities, my bank follows FATF and Basel guidelines.....follows regulatory guidelines of CBB. Please remember that FATF is followed by Bahrain to embrace and implement minimum AML regulations. CBB intervenes to ensure that every licensee is complying with regulatory demands. Full compliance requires my bank to attach top priority to KYC, STR, SAR, CTR, CDD and EDD. My bank initiates KYC and maintains all the documents to guarantee that a customer is not a potential risk. Further mutual screening is initiated by CD aided by automated system. Access to this allows my bank to check whether a customer is in sanctioned list.....stop dealing with such a customer’.*

The result noted above relates to the viewpoint of Bjelajac (2011), de Koker (2006) and Lyden (2003). It implies that the CBB and FIU direct banks and NBFCs to combat laundering. To eradicate this, information sharing and judicious reporting need to be used. They deter all attempts to deposit proceeds of drug trafficking, tax fraud, bribe and embezzlement. The countermeasures (reporting) dissuade corrupt officials, PEPs and politicians to mask the origin of tainted money supported by multiple transactions and fund transfers between accounts in a country and beyond. They impair the abuse of Bahrain's banking system, making it possible to mitigate layering and retard isolation of criminal proceeds from their source and halt reintegration within the legal, financial system. Furthermore, they justify the importance of uniform AML policy, regulatory measures and reporting practices. Their uninterrupted utilisation is necessary to detect unlawful activities, eradicating laundering. This is in agreement with the viewpoint of Ensminger (2002) and Ferragut (2012).

Data in Table – 6 and 7 (Appendix-14) agree to such an outcome. Banks and NBFCs are required to use incisive due diligence and reporting, making it possible to develop risk management practices and implement them ( $r=.919$ ,  $p<.0001$ ), categorise customers in conformity to risk ( $r=.779$ ,  $p<.0001$ ) and initiate continuous review ( $r=.842$ ,  $p<.0001$ ). These countermeasures, comprising of KYC ( $r=1.000$ ,  $p<.0001$ ), STR ( $r=.898$ ,  $p<.0001$ ) and asset freezing, need to be used to -

- mitigate the risk of abuse of banking services by frauds;
- eradicate conversion of tainted money into legitimate earnings;

The outcome demonstrates the need to give priority to transparent reporting and robust application of Basel in line with the guiding principles of FATF. Access to STR and SAR allows CD and FIU to employ strict actions and delegitimise proceeds of all forms of crime (human trafficking, drug trafficking, bribery, tax fraud, illegal trade in arms and terrorist financing), signalling the outcome of search, seize, prosecute and convict. Tough law enforcement is used to dissuade corrupt officials, PEPs and politicians from exploiting financial services (cash card, trade card, trade finance and wire transfer) and launder money (Altinkaya and Yucel (2013), Schneider (2010) and Weibing (2011)).

On the other hand, a set of data in Table 6 and 7 (Appendix-14) contradict the inference presented above, implying that banks do not share adequate information ( $r=-.007$ ,

$p < .9691$ ) in Bahrain and beyond ( $r = -.007$ ,  $p < .9691$ ). Consequently, such weak practices results in the failure of the CBB to implement AML/CFT Risk Policies & Procedures in violation of global frameworks. The preference to use such reckless practices, denoted by weak STR ( $r = -.456$ ,  $p < .0052$ ), poses a challenge for banks and NBFCs to assess and understand risk ( $r = -.214$ ,  $p < .2108$ ), meaning they do not use customer acceptance and onboarding policy. It also reveals that deliberate usage of fragile practices hinders the eradication of placement, layering and integration. They hinder the confiscation of the proceeds of crime, originating from heightened drive to adopt weak AML policy, misleading banks and MLROs to erroneously report about suspicious transactions and suppress material facts about suspicious activities.

The consequence of poor AML practice and law enforcement is visible. It signals the failure of CD and FIU to investigate, search, seize and initiate prosecution, emboldening criminals to exploit the financial system to legitimise the proceeds of predicate crime.

In the final analysis, it becomes clear that the regulator and law enforcement agencies in Bahrain are required to focus on the recommendations in Sections - C in FATF. Their full implementation improves the readiness of banks and NBFCs to adopt and implement AML measures, resulting in money laundering eradication. Further, the implementation of Recommendation-12 is needed to use KYC. Full compliance with this is desired to assess the identities of customers (individual and corporate, name, origin, type of profession/business, address and all other identification details) before regularising an account. In case of any doubt regarding their identities, banks and NBFCs are called upon to make use of CDD (Recommendation-13) and SAR and STR. Access to them allows CD and FIU to find out abuse of regulatory provisions to place the proceeds of predicate crime (Recommendation-16), making it possible to investigate customers, prosecute and terminate accounts (Recommendation -19). These are important to prevent money laundering.

## **Chapter 8**

### **Recommendation**

#### **8.0. Introduction**

This study was conducted to find out the measures needed to eradicate the abuse of Bahrain's banking system to place, layer and integrate money garnered through criminal acts, protect the sustainability of banks and stimulate inflow of foreign direct investment. These underpinned the aim of the study.

This study aimed to investigate the outcome of anti-money laundering policy adoption in Bahrain. It developed a framework that may assist Bahrain Government, CBB and FIU to compel investors to declare sources of money voluntarily to banks and NBFCs and banks and NBFCs to report all violations of regulatory benchmarks to CD and FIU. This research also critically examined existing literature such as Alexander and Khan (2012), Bjelajac (2011), Carr and Goldby (2009), Clep and Man (2009), Doyle (2002), Ferwerda (2008), Gilmour (2014), Harris (2011), Heineman and Heimann (2006), Lilley (2006), Liargovas and Repousis (2011), Masciandaro (2013), Schott (2006), Storm (2014), Uribe (2003) and van Fossen (2003). The review of literature enabled this study to interpret the utility of transparent AML policy required to guide banks and NBFCs to employ due diligence (KYC, CDD, EDD and RBDD) and prevent money laundering.

The theoretical standpoints of various studies aligned with data acquired from financial institution and law enforcement agency in Bahrain to assess how to exchange actionable

information with CD and FIU; disrupt money laundering cycle and convict launderers (traffickers, smugglers, criminals, tax evaders and terrorists), punish them and seize illegal proceeds. The position of several existing studies is that a transparent policy is required to enable all to enforce compliance, guide banks and NBFCs to collaborate and exchange information, assist CD and FIU to detect and convict launderers, seize tainted assets and stamp out the menace of money laundering.

**The first objective** - 'To critically review literature on anti-money laundering and understand the relevance of transparency in mitigating it'. AML yields result when information exchange between all the stakeholders is clear and actionable. Arnone and Padoan (2007) and Arnone and Borlini (2010) allude to the association between transparency and ML control. They endorse the worth of efficient exchange of unambiguous information between regulatory bodies, enforcement agencies, banks and NBFCs. Their dissemination allows CBB to ascertain the authenticity and legal validity of transactions managed by banks, insurance firms and money exchange firms, making it difficult for criminals (human and drug traffickers, frauds and terrorists) to exploit a transnational network to launder money. It signifies the impact of transparent AML policy and regulatory practices. These are necessary to strengthen balanced regulation, needed to change obsolete policy, opaque laws, convoluted rules and complex enforcement regimen. Money launderers take advantage of these, connive with employees in banks and dodge due diligence (CDD, EDD and RBDD) to place, layer and integrate illicit earnings in profitable ventures, generate a high return and garner wealth. It is safe to call for the eradication of the catastrophic consequences of such abuses (Ryle *et al.* 2015).

The present study clarifies why transparent actions and collaboration between CBB, FIU, banks, NBFCs and customers are required to protect the integrity of Bahrain's financial market. Bahrain's financial market will be adequately protected if there are tough regulatory and supervision initiatives; self-disclosure by customers about sources of money and information exchange (KYC, SAR and STR) and seamless review and reporting to combat and eradicate smurfing and placement of proceeds of predicate crime. They will prevent the abuse of bank and NBFCs by criminals, reinforcing the relevance of voluntary declaration of the source of fund. This enables them to control receipt of money earned from criminal acts. Such self-declaration is necessary to adopt



and implement transparent reporting practice and subsequent actions by them, such as termination of accounts of suspicious customers involved in trafficking, embezzling, smuggling, terrorising and bribing.

**The second objective** - ‘To explore and evaluate factors that influence the banks and investors to declare the source of money in all transactions’. Fossen (2003), Godefroy *et al* (2011), Maggetti (2012), Ryder (2012) and Sharman (2008) highlight the need to establish government networks globally and nationally. Global institutions like Basel Committee for Bankers, FATF, Egmont Group, IMF, UN and Wolfsberg Group should cooperate with national institutions, to formulate and implement a common strategy (transparent and risk-based due diligence) and practice (authentic reporting) for use by banks to combat laundering. Such strategic practice is necessary to guide customers to declare the source of money and inform banks and NBFCs; and guide them to share such information with CDs and FIUs in Bahrain and beyond.

The strategic initiative is required to impede the attempts of criminals to use multiple transactions and transfer funds between accounts in a country and across border to mask the origin of tainted money (proceeds of corruption, drug trafficking, tax fraud, bribe and embezzlement). To attain the goal, the Bahrain Government needs to establish government networks, making it difficult to abuse banks and layer proceeds of crime. The disruption of the money laundering process halts their re-integration in the financial system. It justifies the need to apply strategic measures needed to dismantle money-laundering process and safeguard the financial system. The mission is best realised when uniform governance and government networks are deployed to enforce homogenous AML measures. They make it possible to track, report, search, seize, prosecute and convict criminals and mitigate money laundering.

The current study presents the utility of uniform AML policy. This elevates open, honest, robust and authentic information exchange between financial firms, regulator and enforcement agency in Bahrain and beyond. Their drive to establish a transparent culture encourages customers to share information voluntarily with banks and NBFCs. Such voluntary disclosure enables them to ascertain the regulatory and legal validity of transactions, such as abuse of cash threshold set by CBB and exploit wire transfer from

shell companies. Their identification is aided by vigorous due diligence. This makes it difficult for criminals (human and drug traffickers, frauds and terrorists) to dodge CDD, exploit the banking, financial system, and launder money, reinforcing the role of voluntary disclosure. This helps to employ countermeasures to deter money laundering, signalling the outcome of robust use of KYC, STR and SAR. Access to these enables CD and FIU to halt the flow of ill-gotten wealth and abuse of Bahrain's banking system enriching its reliability and accelerating inflow of legitimate investment. They are the consequence of detection and isolation of launderers (high-risk customers), rendering it feasible to prevent placement, eradicate layering and stamp out integration.

**The third objective** - 'To investigate the factors that influence anti-money laundering legislation to control placement of illegitimate money'. Arnone and Borlini (2010), Hamin *et al.* (2016) and Pérezts *et al.* (2014) expounded on the inability of the member states to agree on a uniform legal system to track and attack serious crime and a global standard to enrich cooperation between member states, improving search, seizure, prosecution, conviction and confiscation.

An interpretation of the theoretical standpoint of researchers explains that the review of non-existent law and absence of uniform thinking failed the suppression of money laundering. The alteration of such inadequacy is necessary to motivate lawmakers and regulators to review and unify current fragmented laws, interpret their utility to combat money laundering in the current global socio-political environment and enact an all-encompassing law to try, prosecute and convict criminals. Such actions are endorsed to raise money-laundering cost. The researcher of this study considers the elevation of such cost imperative to dissuade criminals to launder illicit earning. In view of this, the adoption and enforcement of uniform criminal laws and transparent administrative measures are proposed to -

- deter MLROs, professionals in banks and NBFCs to connive with criminals, hide wrongdoing and aid placement and integration of illicit earnings in the lawful economy;
- make it impossible for bureaucrats, PEPs and business owners to exploit legal frailties and aid and abate transformation of illicit wealth into legitimate earnings;
- impair terrorist financing and proliferation of banned substances.

The current study partially establishes the relevance of anti-money laundering legislation to control placement of illegitimate money. Notwithstanding the fragility of the outcome, it defines Bahrain's interest to follow FATF recommendations, namely Recommendation-1 in Section B in conjunction with Recommendations - 4, 6 & 8, ensuring reform of the legal system; enactment of AML law to prosecute and convict money launderers; ratification of Vienna Convention to criminalise predicate crimes and approval of legally enforceable measures. Bahrain Government is required to use these in supporting the CBB and FIU to use banks and NBFCs to track the attempts of criminals to smurf, place and layer tainted money; detect and investigate their fraudulent measures to integrate proceeds of crime and search, seize, prosecute, confiscate criminal proceeds and convict traffickers.

They impede abuse of banking and financial system, deterring money laundering. This explains the utility of uniform AML policy and anti-money laundering law enactment. The study highlights Bahrain's commitment to conform to the demands of global anti-laundering frameworks, notably FATF, and advance robust countermeasures (CDD, EDD and RBDD). The focus on these is correlated to the resolve to evade blacklisting and better national rating, attracting foreign capital, retaining them and sustaining economic progress. Top priority is given to these factors to design, adopt and implement a national AML policy, required to arm CBB, FIU and Ministry of Interior to embrace regulatory, operational and tough legal measures.

The outcome necessitates transparent regulatory and enforcement measures complemented by the guarantee to legislate AML law and share information to recover tainted wealth; mitigate round-tripping, smurfing, placing, layering and integrating tainted money and improve Bahrain's rating and reputation in the global market and foster inflow of FDI, strengthening the country's economic development.

**The fourth objective** - 'To develop and propose a framework for enabling transparent actions to minimise layering and legitimising illegitimate money'. Keohane (2002), Slaughter (2004), Castells (2010), Geiger and Wuensch (2006) and Takáts (2011) justify the relevance of factors that support the enrichment of institutional synergy, establishment of uniform policies and their implementation to govern banks and NBFCs, initiation of risk-based due diligence, retrieval and dissemination of

information about customers, financial transactions and risks instantly by regulators. They provide the guiding pillars of transparent and efficient AML measures that include policy; procedures; laws and enforcement. Their orderly implementation mitigates money laundering. Objective actions about them make it possible for Bahrain Government to build and harness institutions, like CD and FIU, making it possible for them to track transactions and detect abuse of banks and NBFCs by launderers immediately. Sustained tracking and intercepting enable them to assess the veracity of offences (smurfing, placing, layering and integrating criminal proceeds); and enforce legal measures, demotivating criminals to exploit banks, insurance companies, investment companies and money exchanges to legitimise ill-gotten wealth.

This study justifies the importance to develop and propose a framework for enabling transparent actions to minimise layering and legitimising illegitimate money. It reveals that AML policy that enables transparency elevation make it possible for banks and NBFCs to detect fraudulent attempts to conceal the identity and source of the fund and report (STR and SAR) to CD and FIU about such irregularities. The detection of criminal attempts to defraud banks and NBFCs, place proceeds of crime and honest communication magnify the abilities of CD and FIU to probe, ascertain the gravity of crime and initiate punitive actions, represented by search, seize, prosecute, convict and confiscate ill-gotten wealth. The outcome establishes the invaluable role of regulation, supervision and due diligence, signified by unbiased review, assessment and reporting. Decisive administration of these measures motivates customers to present valid information. This allows banks and NBFCs in Bahrain to isolate criminals, corrupt officials and politicians, smugglers and traffickers, stifling all unlawful attempts to place and layer tainted money. The attainment of these justifies the role of internal control and risk management practices to track account holders and beneficial owners, rendering it possible for them to conform to Basel guidelines and utilise KYC to adopt and implement customer acceptance policy, ascertain customer identities (names), location (origin) and behaviour of their accounts and monitor high-risk accounts. They motivate customers to share information voluntarily, understand the environment in which they function and manage risk, preventing exploitation of Bahrain's banking and financial system to deposit proceeds of crime and regularise them to derive lawful benefits.

**The fifth objective** - ‘To test and assess the efficacy of the framework by justifying integration to increase the inflow of investment in a country.’ Bartlett (2002), Irwin *et al.* (2012), Schroeder (2001), Shelley (2013) and Soudijn (2012) enunciate the need to adopt and implement uniform AML policy and report (CTR, SAR and SAR) honestly to stamp out integration. This will benefit banks, NBFCs in collaboration with CD and FIU to thwart criminals from embedding proceeds of crime into legitimate economic and financial systems. Such deterrent action makes it difficult for launderers to blend tainted money with all other productive assets in a nation’s economy, represented by investment in businesses, like hotels, real estates and jewellery. The outcome of transparent AML policy on integration is apparent. It demotivates launderers to legitimise proceeds of crime and makes it appear legally earned, revelling all criminal trails thoroughly and making it easy to detect them. Taking advantage of these, CD and FIU can intercept all attempts to invest illicit money in legitimate investment opportunities (stock and bond) and generate wealth.

Further, uniform AML policy renders the strategy used by banks and NBFCs to fight money laundering efficiently. It stimulates information exchange, promotes detection of crime and heightens conviction, discouraging criminals to abuse the financial system to invest tainted money and legitimise them. The advocacy for transparency and consistency noted makes it easy to enforce regulations. Upholding this demands modification of inept regulatory provisions in Bahrain, arming prosecutors to convict and confiscate. It helps to expose criminals (bureaucrats, politicians and PEP) to greater scrutiny, mitigating the scope to integrate tainted money and stamping out money laundering.

The current study argues why the framework helps to mitigate integration and increase investment inflow in a country. It is clear that the commitment of the Bahrain Government to follow FATF and CBB to adhere to Basel guidelines stems from the drive to protect safety, soundness and integrity of the banking and financial system. An acute focus on them leads the Government and CBB to initiate decisive regulatory measures and practices, preventing the abuse of financial services to convert tainted money into legitimate earnings and fund terrorists. The regulatory deterrents help to -

- eradicate the attempts of launderers to acquire banks in Bahrain, enhancing their financial stability, reliability and reputation internationally;
- combat corruption in Bahrain's financial sector and improve sovereign rating.

They are the outcomes of Bahrain's interest to embrace a comprehensive policy and establish an efficient regulatory mechanism. These are attained by using three lines of defence (publicise policies and procedures to all staff, judicious management of AML initiatives and transaction monitoring, internal and external audit. Also, KYC and beneficial owner identification; record keeping and information management; STR, SAR and CTR; and asset freezing. They are the outcomes of Bahrain's resolve to employ robust countermeasures. The focus is the resolve to evade blacklisting and better national rating attracting foreign capital, retaining them and sustaining economic progress.

Top priority is given to these factors to design, adopt and implement a robust national AML policy, required to arm CBB, FIU and Ministry of Interior to embrace regulatory (CDD, EDD and RBDD), operational and legal measures. They strengthen the prevention of money laundering. It emanates from a desire to protect its financial integrity. The full implementation of FATF Recommendation-1 in Section B in conjunction with Recommendations - 4, 6 & 8 to reform of the legal system; enactment of AML law; ratification of Vienna Convention to criminalise predicate crimes and approval of legally enforceable measures. Such goal attainment complements continuous monitoring, reporting, prosecuting, convicting and confiscating. Sustained use of these magnifies the agility of customer identity verification systems, processes, procedures and practices. Their alignment with these (FATF Recommendations 1, 4, 6 & 8; Basel guidelines in 2014; IMF guidelines; Wolfsberg principles) makes it possible to detect traffickers, tax frauds, PEPs and corrupt bureaucrats who seek to evade anti-laundering measures.

Efficient detection of criminals stated above impedes the exploitation of Bahrain's banking and financial system to convert the proceeds of crime into legitimate earnings. This makes it possible to state that transparent regulatory and enforcement measures complemented by the guarantee to legislate AML law, share information and recover tainted wealth, mitigate round-tripping, smurfing, placing, layering and integrating

tainted money, improve Bahrain's rating and reputation in the global market and foster inflow of FDI, strengthening the country's economic development.

### **Conceptual Framework –**

The conceptual frame of this study was underpinned by Keohane (2002), Slaughter (2004), Castells (2010), Geiger and Wuensch (2006), Omar and Hajudin (2015), Takáts (2011), to establish the validity of conceptual framework. The theoretical validity of the framework is established by combining the theories of Keohane (2002), Slaughter (2004), Castells (2010), Takáts (2011) and Geiger and Wuensch (2006). It reveals from their interpretation that money- laundering eradication is directly correlated to uniform global governance and AML practices, institutional synergy global level and decisive enforcement initiatives, optimum information sharing and elevation of transparency. The endorsement of such actions stems from the motivation to maximise the cost of ML, thus dissipating its utility and perceived benefits. The realisation of such goals is contributed by money laundering prevention, justifying the materiality of transparent AML practices, laws, rules, regulations and enforcement measures to deprive launderers' access to illicit assets, contracting revenue from predicate crime and the interest to engage in criminal activities, elevate transaction cost, making laundering cost prohibitive and increase the probability of search, seizure, detection and conviction.

The validity of the conceptual framework is further reinforced when the following were examined -

- *Monitor & detect criminals & criminal activities:* Eradication of money laundering calls for efficient tracking of criminals and criminal activities within a country and beyond. Its attainment is linked to effective governance. This allows banks, insurance companies and financial institutions globally to track the transfer of tainted money, preventing funding of crime (fraud, trafficking and terrorism). The prevention of these is aided by collaboration between countries and their regulatory institutions to embrace and implement a robust AML policy. This allows banks and NBFCs in Bahrain to participate and collaborate with law enforcement agencies to stamp out the scourge of laundering and crime.
- *Establish & enforce regulatory policy:* Mitigation of ML depends on the development and utilisation of uniform policy that is accepted, implemented and enforced globally to deter financial crime. It will demotivate launderers from exploiting

systemic weaknesses, manipulate cross border regulatory weaknesses, abuse the financial system, misuse lax tax regimen and park illicit money, use ineffective standards and cooperation internationally to invest illegal assets. The best outcome is attained when a transparent regulatory framework is utilised to place relevant information on public record for all CD, FIU, banks and NBFCs to access, source private financial data by authorised authorities (CD and FIU) and collect, analyse and share relevant information with foreign counterparts. They hinder illicit sourcing money and financing terrorism, reinforcing the necessity to utilise a robust.

- *Enhance transparency:* AML yields results when information exchange between all the stakeholders is clear and actionable. It signals the outcome of the efficient exchange of unambiguous information between countries and regulatory bodies, enforcement agencies, banks and NBFCs. Their dissemination allows regulators all over the world to ascertain the authenticity and legal validity of transactions managed by banks, insurance firms, gambinos and private cash carriers, making it difficult for criminals (human and drug traffickers, frauds and terrorists) to exploit a transnational network to launder money.

- *Elevate institutional synergy:* Uniform AML policy, regulatory measures and enforcement practices mitigate money laundering when institutions nationally and globally coordinate and share information actively. Such synergy represented by government networks is necessary to monitor transactions, regulate actions of banks, enforce the law, prosecute and convict launderers. These pose challenges for criminals to smurf, place, layer, integrate proceeds of predicate crime, and convert them into legitimate earnings.

They justify the adoption, and robust implementation of an inclusive AML policy is required to correct all weaknesses. They make it possible to delegitimise proceeds of all forms of crime, such as human trafficking, drug trafficking, bribery, tax fraud, illegal trade in arms and terrorist financing. The employment of such anti-laundering policy is endorsed to eradicate flawed governance and complex enforcement practices, magnifying the abilities of countries, governments and institutions to track, search, seize and convict launderers, halt accumulation of illicit wealth and deter misuse of the financial system as a vehicle to invest tainted wealth.



### **8.1. Implications**

While some theoretical implications were noted, this study shows some initiatives for AML practices, relevant to banks, NBFCs, CBB, FIU, Ministry of Interior and Public Prosecutor. For example, eradication of criminal abuse of financial institutions calls for the adoption of AML policy that encourages open, honest, robust and authentic information exchange between financial firms, regulator and enforcement agency in Bahrain and beyond. The drive to establish a transparent culture motivates customers and companies to share information voluntarily with them. Such self-disclosure is required to ascertain the regulatory and legal validity of transactions accurately. It also supports due diligence (CDD, EDD and RBDD). Banks and NBFCs need to use these to detect and categorise customers into two distinct classes, such as high risk and low risk. A rigorous review of high-risk customers, comprising of non-resident, PEPs, private banks and legal persons, leads CD and FIU to access the report, scrutinise this further and detect violation of wire transfer from shell companies. Low-risk customers like regulated financial institutions, public companies and insurance companies (selling life insurance policies and insurance policies for pension schemes) guides regulator and law enforcement agencies in Bahrain to identify a violation of cash threshold.

Awareness about them makes it possible to deter criminals (human and drug traffickers, frauds and terrorists), constricting exploitation of banking and financial system to launder money. The drive to realise such mission stems from Bahrain's resolve to comply with Basel guideline, COE guideline, FATF 40+9 recommendation and adopt and implement new banking supervision and regulatory enforcement practices. Their realisation can be attributed to the commitment of lawmakers in the country to develop and adopt a robust AML policy that aids information exchange and transparency. The elevation of these allows banks and NBFCs to coordinate with CD and FIU, detect launderers at placement stage, mitigate the incidence of money laundering, minimise their exposure to the high risk of collapse and accelerate the growth of foreign direct investment.

The findings emphasise the need to employ decisive actions to prevent the legitimisation of wealth accumulated through bribery, corruption, fraud, smuggling and war crime. The conversion of proceeds of such crime into legitimate earnings can be

impaired when law enforcement policies and practices are implemented. They are required to criminalise violations, deter illicit enrichment, hinder embezzlement and eradicate obstruction of justice. To attain such goals and comply with the recommendations of FATF, Bahrain Government follows the guiding principles. It had a comprehensive list of criminal and other offences, and passed complementary laws, rendering it feasible to prosecute and convict offenders. They enable CD and FIU to collaborate and share information, arm the Ministry of Interior and Public Prosecutor in Bahrain and enforce anti-laundering laws. Flawless administration of these results in speedy investigation and searches targeted seizure of illicit assets, decisive prosecution, robust conviction and confiscation of proceeds of crime. They support the recovery of stolen assets and their repatriation to rightful owners. The advocacy to adopt and implement uniform regulatory practices and law enforcement is explicit. Their meticulous use magnifies the abilities of Bahrain to combat corruption and fraud, criminalise laundering and terrorist financing, and convict launderers. Awareness about these dissuades such offenders from hiding their identity, smurf, round trip tainted money by using complex transactions and abuse the banking system.

Finally, the study provides a possible solution in dismantling money-laundering cycle. To attain this, the Bahrain Government is required to embrace a uniform/comprehensive policy and establish an efficient anti-laundering regulatory mechanism. To accomplish this, CBB is required to collaborate with banks and NBFCs to use three lines of defence - publicise policies and procedures to all staff; judicious management of AML initiatives and transaction monitoring and internal and external audit. Their application is needed to initiate KYC and identify beneficial owner, manage information repository and disseminate information (STR, SAR, and CTR), freeze assets, halt accumulation of illicit wealth and deter misuse of the financial system as a vehicle to invest tainted wealth.

Unwavering use of these is necessary to embolden banks and NBFCs to mitigate the risk of abuse of services by frauds to convert tainted money into legitimate earnings, making it possible to combat corruption, improve reputation and enhance financial stability. These justify the need to give priority to transparent reporting and robust application of Basel in line with the guiding principles of FATF to eradicate the scourge of laundering.

## **8.2. Contribution of the Study**

This study contributes new insight to already existing knowledge that can be used to monitor and detect activities of money launderers, convict them and eradicate money laundering.

a) Money laundering can be prevented when lawmakers and regulators in all the countries adopt and implement transparent Anti Laundering Policy, making it possible for exchange of actionable information, initiate decisive actions and protect the integrity of global financial market such as banks, NBFCs, insurance companies and money exchangers; Central Banks, FIUs and law enforcement agencies.

Seamless information dissemination between them allows the regulators and law enforcement agencies to ascertain the legal validity of transactions managed by financial institutions. It dissuades money launderers from exploiting transnational networks to launder money, highlighting the outcome of changes related to obsolete policy, opaque laws, convoluted rules and complex enforcement regimen. Such change renders it difficult for money launderers to take advantage of policy and administrative laxities, connive with employees in banks and dodge due diligence (CDD, EDD and RBDD) to place, layer and integrate illicit earnings in profitable ventures, generate a high return and garner wealth.

b) Implement transparent, tough regulatory and enforcement practices to compel banks and investors to declare the source of money in all transactions. The attainment of this calls for the establishment of a global government network. This is necessary to allow global institutions like Basel Committee for Bankers, FATF, Egmont Group, IMF, UN and Wolfsberg Group to work with national institutions, guide financial institutions to implement a common transparent and risk-based due diligence strategy; compel banks, NBFCs, insurance companies and money exchangers to utilise clear reporting practice (CTR, SAR and STR) and arm financial institutions to combat laundering. The measures can impede the attempts of criminals to use multiple transactions and transfer fund between accounts in a country and beyond to mask the origin of tainted money.

c) Adopt and implement anti-money laundering legislation to eradicate placement of illegal money. The attainment of this goal necessitates the adoption of a uniform legal system; implementation of law reform to track and attack crime all over the world and cooperation between member states, improving search, seizure, prosecution, conviction and confiscation.

Prevailing non-existent law review and the absence of uniform thinking fail the suppression of money laundering. Change of such frailty is possible when the Vienna Convention is ratified to criminalise predicate crimes. It requires the unification of fragmented AML laws to combat money laundering in the current global socio-economic condition; adoption of an all-encompassing law to prosecute money launderers immediately, implementation of strategies to review high-risk accounts (KYC and EDD) and conviction of criminals, including bureaucrats, PEPs, business owners and terrorists.

Such actions are required to raise money-laundering cost and dissuade criminals to launder illicit earning. The outcome justifies the relevance of adopting and enforcing uniform criminal laws and transparent administrative measures in conformity to a) FATF recommendations, especially 1, 4, 6 & 8; b) Basel guidelines in 2014; c) IMF guidelines; and d) Wolfsberg principles.

### **8.3. Recommendation for Practice**

For anti-laundering policy and practices in Bahrain, it is pertinent to note that the resolve to develop and enforce a uniform AML policy to deter money laundering and abuse of banking and financial system is challenging. Therefore, anti-laundering practices and their enforcement are yet to be flawlessly implemented. Under the circumstances, the motivation to adopt and implement all the recommendations of FATF, guidelines of Basel and articles of global conventions provokes problems noted in Chapter 6. They do not readily solve such problem. Therefore, this study recommends the following:

a) Bahrain Government in collaboration with CBB, FIU, Ministry of Interior and judiciary needs to integrate global frameworks like Basel, COE, FATF, OECD, UNCAC and Wolfsberg, develop a comprehensive policy to control and mitigate laundering and enact and implement uniform laws in conformity to the constitution.

Their integrated implementation renders it feasible to stamp out plunder, exploitation, corruption and money laundering. The alignment between anti-laundering policy driven practices and laws magnifies the abilities of CD to scrutinise the incidence of laundering and aid FIU to search, prosecute, convict launderers and confiscate proceeds of crime. The abilities to utilise such penal actions become a reality due to the voluntary interest of banks and NBFCs to exchange and share information (KYC, SAR and STR) with CD and FIU about bribery, trafficking, corruption, tax fraud and embezzlement. They are necessary to initiate due diligence (CDD, EDD and RBDD), reveal the identities of such criminals and elevate the cost of money laundering, justifying the need to harmonise regulation and law enforcement. Bahrain Government needs to embrace such practices to track suspicious transactions and initiate countermeasures to -

- promote AML scrutiny;
- dissuade corrupt customers and companies from exploiting banking and financial services;
- eradicate the abuse of laundering.

The outcomes establish the need for transparency enhancement, signalling the impact of balanced reporting of suspicious transactions, stimulating the drive of regulators and law enforcing agencies to rein in organised crime, eliminate white-collar crime and eradicate ‘hawala’ transactions (underground money transfer). Focus on them is recommended to strengthen the commitment of banks to track launderers and report suspicious transactions to CD and FIU; elevate interest of public prosecutors to convict launderers and seize ill-gotten money and detect laundering.

To attain these, Bahrain is required to reform AML policy and regulations to eliminate the scourge of money laundering. The reform is necessary to exchange actionable information and detect illegal transactions, rendering prevention of abuse of banking and financial system effective. It prohibits placement, layering and integration. The eradication of these crimes calls for robust engagement with uniform AML policy driven laws, rules and practices. Sustained employment of these is required to embolden banks and NBFCs in the current socio-economic environment to monitor transactions

and report suspicious activities to CD that uses them to identify launderers, initiate investigations and complete prosecution, conviction and confiscation in time.

Bahrain Government, including CBB, FIU, Ministry of Interior, banks and NBFCs, need to comprehend the invaluable role of transparency that promotes end-to-end information exchange, improving clarity and uniformity of details disseminated. Effective exchange of unambiguous information regulator and enforcement agency to ascertain the authenticity and legal validity of transactions managed by banks and NBFCs, making it difficult for human and drug traffickers, frauds and terrorists to exploit a transnational network to launder money, reinforcing the relevance of adopting transparent AML policy and regulatory practices.

b) The development and implementation of transparent anti-laundering practices calls for the need to use and apply FATF Recommendation 10. Bahrain Government is required to accord priority to it, making it possible for CBB to migrate to RBDD. It is necessary for banks and NBFCs to use this to enhance transparency and assess money laundering risk judiciously, rendering it feasible to employ proportional risk control responses and mitigate higher risk. It is worthwhile to note that such due diligence is not limited to the detection of customer risk alone. It is required to support the detailed understanding of the financial position of banks and NBFCs, their exposure to money laundering risks and impact of these on their sustainability. MLROs in banks and NBFCs need to comprehend these clearly and report suspicious transactions to CD and FIU. Access to such information/data/knowledge enables Bahrain Government in collaboration with CBB, FIU, Ministry of Interior and lawmakers to employ anti-laundering initiatives, investigate purposefully all reported laundering offences and implement administrative measures. Heightened use of such proactive anti-laundering practices is advocated to raise the cost of laundering and dissuade offenders, traffickers and criminals from exploiting Bahrain's banking and financial systems to launder money and legitimise proceeds of crime.

It is important for the Bahrain Government and its lawmakers to know the relationship between RBDD, information exchange and knowledge dissemination. Such knowledge will help in implementing a uniform legal framework to combat the money laundering menace, enacting uniform anti-laundering law without exception, develop a uniform

definition of laundering, suspicious activity, suspicious transaction, and money laundering cycle, denoted by placement layering and integration and share information voluntarily and dissuade criminals to launder money. Their use by the Bahrain Government is necessary to abandon the traditional AML measures that obfuscate identification and detection, reinforcing the need to collaborate at all levels, align, share critical information about STR and SAR and establish a common surveillance framework.

The continuous use of such practices without encumbrances is recommended to eradicate inconsistency of judgment, criminal connivance, inefficient investigation and conviction. The advocacy for data or information support and knowledge-based initiative is influenced by the drive to consolidate anti-laundering information, support uninterrupted analysis, exploit social networks to gather intelligence, monitor criminal patterns of criminal actions, predict trends, intervene and enforce the law, and dismantle the money laundering cycle. To attain such goals, the Bahrain Government needs to give credence to integration between governments; harmonisation and exchange of knowledge and isolation of human engagement to detect suspicious transaction and activity.

Bahrain Government in conjunction with CBB, FIU and Ministry of Interior are required to give priority to minimise the risk of under, over and false reporting by banks and NBFCs. Their mitigation is necessary to enable CBB and FIU to model crime patterns and intercept all attempts of launderers to exploit ineffective administrative measures and place, layer and integrate ill-gotten wealth.

Further, Bahrain Government in association with Ministry of Finance is required to guide CBB to integrate Basel guidelines and FATF recommendations to equip banks and NBFCs, deter money laundering and terrorist financing and mitigate their exposure to risk. Integrating the frameworks assumes pertinence to protect their safety and soundness, limiting the prospect of abuse of banking and financial services to convert tainted money into legitimate earnings. Their advocacy is needed to sustain the integrity of Bahrain's banking and financial system.

c) Bahrain Government is required to accord top priority to inclusive practices. The adoption and implementation of these make it possible to frame an inclusive AML

policy. This is necessary to alter the fault lines, making it possible to delegitimise proceeds of all forms of crime, such as human trafficking, drug trafficking, bribery, tax fraud, illegal trade in arms and terrorist financing. The use of such anti-laundering policy is endorsed to eradicate flawed governance and complex enforcement practices, magnifying the abilities of CBB, FIU, banks and NBFCs to track, search, seize and convict launderers, halt accumulation of illicit wealth; and deter misuse of the financial system as a vehicle to invest tainted wealth.

The realisation of such goals demands the adoption of FATF style policy. This reinforces the need to adopt and implement an inclusive policy led regulatory regimen, denoting the outcome of uniform policy resulting in good governance and enforcement practices. The impact of seamless information exchange is visible. Implementation of such practice is necessary to promote transparent anti-laundering actions, such as report, search, seize, prosecute and convict and deter corrupt officials, PEPs, politicians and criminals from exploiting Bahrain's banking and financial system and launder money. They are necessary to dissuade criminals from laundering money, reinforcing the need to establish a balanced anti-laundering policy, employ robust regulatory and enforcement practices, and mitigate conversion of illegal proceeds into legitimate earning. This implies that the adoption of a global AML policy will support authentic information exchange and equips the CBB, FIU, banks and NBFC to monitor, scrutinise and eliminate the abuse of financial services (trade credit, cash card, trade finance and wire transfer), disrupting money laundering cycle. Its relevance in delivering such a result, establishes the need to employ robust countermeasure. These include:

- initiate EDD and RBDD;
- verify customer identity (persons involved in a transaction and source of money);
- communicate SAR and STR;
- detect the actions and activities of correspondent banks;
- monitor actions of money exchange companies;
- detect cash carriers;
- change Bahrain's status as tax heaven.



They are required to allow banks to thwart criminals from exploiting the banking and financial system to launder money and promote inflow of legitimate investment.

#### **8.4. Recommendation for Further Studies**

This study critically examined how a uniform AML policy and governance practices will enable CBB, FIU, banks and NBFCs to prevent exploitation of Bahrain's banking and financial system and eradicate money laundering. It does not explain adequately what needs to be done to integrate them, reform current regulatory and law enforcement practices, enact globally representative laws and alter prevailing frailties (noted in Mutual Evaluation Report by MENA FATF). Further, it does not fully explain in which way the adoption and implementation of a uniform and robust AML policy accentuate inflow of foreign direct investment (FDI) in Bahrain. Finally, it does not fully explain why money laundering countermeasures and economic development of the country are related.

In view of the above, further research is needed show the impact of uniform AML policy and complementary law enforcement practices in the Gulf Cooperation Council. Such a study should focus on transparent transactions of customers/companies and investors/investment companies; the inflow of legitimate investment and economic development.

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## Appendix 1: Indepth Interview Questions

Q.1. Can you inform about the following -

- Your educational background;
- Your professional background;
- Years of engagement in the bank/insurance company/money exchange;

Q.2. Which international convention Government of Bahrain follows to combat money laundering and terrorist financing (AML/CFT)? Please explain the following -

- why the convention is followed;
- how the convention supports or constricts AML/CFT;

Q.3. Which AML/CFT policy your bank/insurance company/money exchange follows to mitigate money laundering? Please explain why it aids or hinders money laundering mitigation.

Q.4. Why adherence to AML/CFT policy by your bank/insurance company/money exchange supports or retards mitigation of the following -

- Smurfing;
- Placement;
- Layering;
- Integration;

Please explain in detail.

Q.5. It is possible to explain why adherence to AML/CFT policy by your bank/insurance company/ money exchange improves or constricts actions on the following -

- KYC;
- STR;
- SAR;
- CTR;
- CDD;
- EDD (Risk Based);

Please explain in detail.

Q.6. Can you explain the extent to which AML/CFT initiatives of your bank/insurance company/ money exchange help or fail regulators and law enforcement agencies to -

- Track;
- Investigate;
- Seize;
- Prosecute launderers;
- Convict launderers;

- Confiscate ill-gotten wealth;
- Please explain in detail.



## Appendix 2: In-depth Interviews-Pilot Study

**Table 1 Respondents & Background**

Organization	Respondent	Detailed Response
B-1	R-1	<p>I'm a chartered accountant from India, I have also a special certificates for internal audit area and information system, like CECA, CIA than I have been looking after the compliance for 14 years in the bank I got the CECAMS and I have done the international diploma in compliance in (ICA).</p> <p>I have my experience for more than 24 years in total, and I been in the accounting, audit field for more than 12 and since than I have working in compliance and money laundering (AML function) field.</p> <p>I appointed as deputy MLRO since 2005, So in total around 17 years in AML field.</p> <p>I report to deputy group CEO as he responsible for legal and risk compliance, and he reports to group CEO managing director. In addition to this I report to the audit and compliance committee on quarterly bases.</p>
B-2	R-2	<p>I have a master degree in Economics my BS as well in Developing Economics, I have obtained CAMS and CAMS advance audit, also currently obtaining CAMS towards crime financial investigation, and also ICA advance diploma and compliance.</p> <p>I started working with CBB I the financial stability directorates then I have worked in semi government institution (TAMKEN) in strategy and policy directorate there, followed in the compliance in BBK.</p> <p>Years with engagement with BBK are 9 years, since 2008 and I started as deputy MLRO and now I'm a group MLRO and head of compliance.</p>
IC-1	R-3	<p>I have Bachler degree in finance and management from UK University, insurance diploma from BIBF, I'm also a member of ACAMS I also a chartered accountant ACCA and I have completed a Qatar regulatory certificate.</p> <p>I have started with Takaful International as junior compliance officer, then I became a deputy MLRO and compliance supervisor, then I</p>

	<p>joined Ion Middle East as MLRO and I'm the Head Of MLRO in Zurich Middle East covering Bahrain, UAE and Qatar.</p> <p>I started with Takafil international in 2009, and I have completed around 8 years' experience in compliance, and in the current employment 3 years.</p>
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**Table 2 International Convention & Combat Money Laundering by Bahrain**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>Bahrain follows MENAFATF guidelines and regulations because the FATF guidelines much more universal globally sets standards for combating money laundering &amp; terrorist financing, Bahrain has been a member of MENAFATF and the headquarter of it. I think the recommendations are robust and universally accepted.</p> <p>Basel or Wolfsburg standards focusing more in private banking and financial institutions, so we follow these standards and recommendation especially for private banking and KYC and due diligence and control which they recommended. Also there are additional checks which we do adhere to all correspondent banks look for adherence to Wolfsburg recommendations and we follow that one as well also we look at EU directive and joint money laundering group in UK they are very useful especially to understand the process and procedures rather than the principles.</p> <p>Yes, by implementing the law and regulations and to inforce these laws, we have in Bahrain Amri degree law for AML 2001 and after that we have CBB regulation on financial crimes model we also have similar law in which applicable to capital market, there are a lot of serious initiatives based on those we enhance control and procedures, the level of KYC due diligence and monitoring screening have improved substantially. When I joined the bank before 17 years back there is no compliance department also there is no AML. Almost every customer account goes to monitoring system for regular checks. We also use word checks system for monitoring customer accounts; throughout all of this we have very significant improvement to AMLCFT.</p>
B-2	R-2	<p>There are FATF and MENAFATF principals that Bahrain adheres to, and I thanks that currently the government of Bahrain is undergoing mutual evaluation with MENAFATF to conduct an examination on AML. However there is AML law 2001, so there is international standard we as bank being conventional retail bank licensed by CBB, the requirements and regulations that we followed came from financial crime CBB rulebook. So most our policy and procedures at BKK reflect all the requirements issued by CBB.</p>

		<p>We adhere to Wolfsburg initiative, as a part of the correspondent banking relationship we provide an assessment to our correspondent banking parties that we fully adhere to the Wolfsburg principles, that is before we entering to any relationship with them, basically the JPMorgan and city bank they all request detailed questioners on our adherence to Wolfsburg principle that we need to complete before they accept our business.</p> <p>I van comments on Basel standers relating to AML and compliance, on annual bases whenever the internal audit conduct an examination on AML compliance, they also they conduct an examination on Basel standers. We are conforming to the Basel principles.</p> <p>It's a part of AML policy and procedure, however it is very important to know that the US banks as well as the European banks requesting more and more information about our costumers any transactions that go through the correspondent bank they are permitted to request for information on they request especially about money changers, we restricted USD clearing and EURO clearing for that issue since JPMorgan and City Bank do not want to deal with money changers, but they come back to us and they request certain information about certain customers, transactions, and we have to return back to the with a specific certain time let say 5 days, we usually bearing in mind that there is a confidentiality laws in Bahrain, we need to reach a balance because we need to maintain between secrecy and disclosing a certain information.</p> <p>We confirm to the financial crime module rulebook which is set based on the FATF recommendations, how we asses our compliance with it? , there is an annual external audit requirement for the whole group, that has to be examine by the board of directors and to be send to CBB by April every year. There is internal audit as well preform on AML compliance on 18 months cycle so every year and half, being domestically a systematic bank and important bank in Bahrain as per the CBB, we annually inspected by them which they also examine the AML complaint, periodically, the compliance directorate in CBB which in charge of AML also conduct their examination of bank, and the last examination was in 2016.</p> <p>It was a good report, however there was much room for enhancements and enhancements of KYC especially, and enhancements monitoring of charity and clubs associations, PEPs and their associate which is challenging for PEPs and their associates or companies that are under their control, there has been certain observations that we are dealing instantly and immediately.</p>
IC-1	R-3	<p>Bahrain follows a number of international conventions the most prominent is FATF and its recommendations, it also a member of UN bodies and related international federations and entities like World</p>

		<p>Bank and IMF which they have a considerations of ML, Bahrain is also part of IAIS when it comes to insurance regulations which is related to financial crimes regulations, FIU of Bahrain is a part of Egmont group. Collectively these are the international bodies that Bahrain part of. I think also to be a part of international banking and financial institutions and international communities you have to follow a strict guideline also to allow for international cooperation in the combating AMLCFT and for Bahrain to place itself as part of that its important for us to be part of international community which being the under signatory like FATF, IMF, or Egmont Group gives us an opportunity to be part of that international community.</p> <p>Bear in mind, I'm not banking compliance officer. My understanding from Wolfsburg is principle of international agreement that have signed by a numbers of banks and jurisdictions across the world that would govern banks and international institutions as part of that also covers the controls and regulations to financial crimes and combating AMLCFT.</p> <p>I think at a point of time there is created a level of awareness necessary across the international communities and I think the conventions have been dynamic enough to change the way we operating to avoid being constricts, a good example that FATF changed its recommendations 2012 from being a very prescriptive check books exercise to risk based approach. I think its very important to have best market gaudiness to how proceed combating of ML as per international conventions in that regards.</p>
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**Table 3 AML/CFT Policy Followed & Mitigate Money Laundering**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>yes, we do have a policy which is reviewed on annual bases and AMLCFT by the group as well as the bank, the Ahli united bank has subsidiaries not only in Bahrain , we have branches in Kuwait, Dubai UK and Iraq, and an associate in Libya, Egypt and Oman as well. What we have, we have a group of AML policy and then we have a Bahrain AML policy specific to Bahrain regulations, I think the group AML policy for the entire group as broad, and Bahrain AML policy for local. We clearly defined all the KYC requirements for different type of customers like standard customer, individual stander corporate, high risk customer and what type for EDD required. We have a different KYC due diligence forms for high risk customer and we also have new customer on boarding committee set up in the bank looking for review high risk customers EDD clients, so that on boarding committee it has five members their responsibilities looking in to EDD wherever the</p>

		<p>clients meet the EDD standards, there is review process in terms of on customers boarding and then if the customers fail to EDD those who are PEPs or who have a charity accounts, correspondents banks or who are non-residents in Bahrain or non GCC residents who want to come and open an account or who have a noteworthy of more than ten millions, those categories of customers get in to EDD and review process. So from these processes we are able to identify any risky customers and if you want to report also or stop opening an account we will reject the customer, if the information not clear, so we refer that suspicious to the committee also. It has been a lot of improvements in term of mitigating ML because of earlier any customer or any money launderer for example could go to any branch gives his ID open an account and then slowly he can start doing his transections but right now we are doing the screening at the branch at the level itself, so if he is not a normal customer then goes to senior managements review so there is a defiantly mitigation because customer if not meet the criteria of the bank then we say sorry we cannot open an account for you, if he meeting the criteria but the information provided not meet EDD will be difficult to open the account. In addition to that other than the policy just to answer your question, we also have I in term of real control practices for monitoring we have a system we screen the customers at the time for on boarding against sanctions list and we also have them screened on daily bases as automated process as AML system if there are any hits matches then we get it alerted and report, I remember one case few years back we found one person on the sanction list, so we got that one because of the system which match his name with the sanction list.</p>
B-2	R-2	<p>We developed our own AMLCFT policy it's a manual and updated on the annual bases, approved by board of directors and checked by CBB on annual bases, it's for the group, India and Kuwait the follow the same requirements, however where the Kuwait regulations or India regulations defer the rule is to follow the higher of the two requirements.</p> <p>Yes, this is for the Group; however we have branches in Kuwait, India and CrediMax. They also report to us but in Kuwait there might restrict requirements, for example the threshold in Kuwait is different than us, and they have to follow what their own. But India and Kuwait have to be audited on Bahrain requirements on annual bases and they submit the report to us. So the policy and procedure is very important, like the convention set the standard for Bahrain, so the policy and procedure set the Standard for BBK, BBK staff or how we are going to operate, detect or eliminate money laundering, so it set the standers , that is way very important. Also we should have updated and have it approved by the board and CBB. I don't think it hinders, I think by having this policy and procedure, for instance the business might feel these requirements hinder their ability to attract business, or for example the trade finance department hider their activity to attract for execute certain transactions that might be potentially suspicious but we think in the end of the day</p>

		if we run safe and sound business and eliminate any risk of ML/TF this will increase our productivity and protect our bank and we will flourish more, so I think it is an ambidite culture in BBK that you know this policy and procedure facilitate having culture that respect you know the requirements of MOI and CBB and as well the important that eliminating any ML/TF.
IC-1	R-3	Our insurance company is subject to the financial crime module of role book number 3 of the CBB it is also subject to financial crime act which is issued by royal degree as well. Both of which are Bahrain sign up to the FATF recommendations by doing so we are following the FATF, you also peer in mind being international insurance company, you are subject to a numbers of jurisdictions which include Switzerland and being that headquarter globally and other subsidiaries in UK. I think also we are very regulated environment we are subject to 3 or 4 different regulations at the same time, being an international company it support us to have cross border intelligence as well think of the sense that I'm in Bahrain and I have a counterpart in Asia and I have another counterpart in Brazil and together we could pick up the phone and discuss any potential concern that we have on cross borders level. I think Bahrain is one of the best regulated environments of ML prospective at least in the region and this also helps us to have the credibility when we discussing some ML potential concern cross border.

**Table 4 AML/CFT Policy & Disrupt Money Laundering Cycle and Mitigate Laundering**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>As bank acutely we do have procedures not to let the launderers to use our banking system to launder money which can have a serious impact on bank and country so we need to have a proper system and control in place to make sure that not only the bank or stockholders protected but also the, in today's world I think the most sensitive issue for any governments and any enterprises is the risk to support money laundering or terrorist activity that will reflect with serious impact on governments prospective. And we have seen a case like HSBC or Panama scandal that will affect the reputation of the institutions.</p> <p>The most dangerous of course is the integration stage defiantly because if it's reached that stage will very difficult to trace and detect the money.</p>
B-2	R-2	We have the policy and procedure plus the automated AML system that we deployed across all our branches, help and detecting suspicious ML activity.so for smurfing we have for example rules that detect singe and cumulative BD6K cash deposit across the period for one month for a

		<p>single customer, so that well be triggered instantly and the relationship manager or the branch manager will have to check if this is genuine or if this consistence with the customer profile or not. So we have other rule even for corporations we have a bigger threshold for BD20K and we have the similar rule for that. In term of the placement phase we have controls on customer on boarding, we have KYC and CDD measures that are risk based , so if it's normal risk client or higher risk client, is it a higher risk client we will perform enhance due diligence where we require additional documentation may be certified by lawyer that may be if he is bringing large amount of money we will require another banks source of fund, for PEPs we require details anticipated , annual turnover , source of wealth, so the KYC that we preform helps mitigate any risks of placement as well as we scan against the UN sanctions as well as OFAC list throughout the automated AML system, and the source of fund identification any transection tellers and customers representative are directed that for any transections that are above BD6K for individuals not inline to establish customer activity large retail bank we carry hundreds thousands of accounts of and we deal with thousands of transections everyday so they cannot detect each and every BD6K but anything that potentially suspicious either for a corporate of individual it's immediately the source of is requested and immediately reporting to our team is mandated.</p> <p>The layering again through the AML system we have behavioral rules that are daily and monthly, for example we track an increase in the customer deposit above 150% the average of the last three months and that triggers an alert, we have rules where deposit followed by immediate withdrawals that is triggered. We also certain reports that track aggregated activity over a period of time that we can select, so the automated AML system being risk based , being rule based helps us track weather is structuring layering even in terms of placement it helps us a lot.</p> <p>Once the money integrated in to the financial sector or in to the economy is very hard to detect, at the layering and smurfing phase there are certain red flags that you can detect but once it is integrated or blended with the legitimate money is very difficult to detect. And when he incorporates when the money launderer or the criminal establishes a legitimate business and the legal funds are integrated to it, it's very difficult to detect.</p>
IC-1	R-3	<p>Being part of the an appropriate regulated environment creates a level across the financial services landscape to make it difficult to money launderers to launder their money, I think it is comforting to us to know that the banks we deal or money exchanger we deal or insurance company that we deal with them or brokers that we deal with are all similarly regulated to us and subject to same regulations and in hence that would knowledgeable enough to avoid any money laundering when it comes to the 4 layers of ML.</p>

		<p>I think when it comes to us as insurance it would be relation to placement or layering, I think most people would try to place insurance contracts of saving natures to basically launder their funds or at least they would use us to layering a transections which it comes from banks or exchange to our company and their after going to another which deviate the original.</p> <p>I think we have some of our products which are of saving nature similar to investments products which can be a very attractive to money launderers without sad where are aware of a such risk and we have a right controls to challenge a such offenders.</p> <p>While maintaining our confidentiality we have seen some people try to deviate their tax responsibility broad by trying to invest it locally which under the FATF recommendations this be considered as financial crimes and optional ML as well, I have seen some potential clients have restricted measures in their banks they would use insurance companies to move their money a cross while avoiding to use banks as well, so these the most prominent examples I have them in my mind.</p>
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**Table 5 AML/CFT Policy & Due Diligence and Reporting**

Organization	Respondent	Detailed Response
B-1	R-1	<p>I mentioned earlier basically the adherence of this policy, procedures which we have in term of AML KYC helps in terms of KYC we got to know who are customers basically we do the pre assessments of the clients if they CDD or EDD and then in terms of when we do the reviews we are able to identify id there are any suspicious transactions which is happening, because of the policy and regulation which we have, we have implemented more than one controls and systems, we do have an obligation in place to make sure to identify any potential activity and analyze it, that is way adherence to this policy is very critical and it helps , if you don't have policy will not able to do this activity.</p> <p>yes, we do classify, so each customers have a customer type classification and also the nationality is also there so for every customer , if they are individual or joint account or company account or partnerships, charity or charitable association. Based on these classifications we also have the levels of due diligence like foe example nationality is there then, of course some countries or sanctioned entities will show flags on them.</p> <p>Actually, in terms of the systems which we use for AML monitoring, we have database which world check system where in this an external</p>



		<p>system which have all the sanctions list, OFAC and other list PEPs list, which it has more than 2 million names and more than 200 lists we have subscribe for that and interface with our AML system. As procedures when a customer wants to open an account the branches will first search the name of the new customer in the AML system and world checks database if it shows clear then we will open an account. So also we have a daily screening for the new and existing customers. In our AML system we have also a different category for the threshold amount it depends on the accounts types.</p>
B-2	R-2	<p>Basically our AML manual touches upon KYC, STR, CTR, and normal due diligence and enhance due diligence and on the general bases it is impotent because it sets the control for all staff in order to comply with and help the bank in detecting and eliminating money laundering, so KYC there is a matrix that we need to follow and it's risk based approach where all employees are trained to perform KYC in accordance to the risk associated with the customer the type of the customer, the establish profile of the customer, so this is very important to set as the standard. We have a detailed Metrix for example what do we need to follow in terms of KYC for Bahraini residence and for GCC residence and non-residence, for under formation accounts and any other. For STR or SAR we do reports for certain suspicious activity and suspicious transactions or suspicious customers. So the policy and procedures provide us with the STR reporting hierarchy like who to report to and incase if you face difficulty to reporting to your supervisor, you can come anonymously to one of our MLRO team and report. Also if you don't want to fill the form because of certain fear or anything you come and discuss it directly with our team at any time. So the policies and procedures spell out what are the red flags of STR, what do you do with if you think it's suspicious transactions, what is your responsibilities to report and if you don't report, how are reviewed by the law and this is we trained our staff for that they cannot turn a blind eye and say I will not report and that the duty of another staff. We trained the staff that the AML is the responsibility of each individual in the bank. And also who to report to and what happens after the reporting weather it's an investigated by our team and found that genuinely suspicious we can report it to the FIU and CBB, we do not need to take permission to any of our management, so this is all spelled out in the policies and procedures. For the charity transactions again in line with the CBB requirement of tracking all deposits above BD3K assessing the beneficiary and assessing weather suspicious or not, and getting the approval from authorities for all wire transfer toward from Bahrain, we have spelled that in the policy and we detect using the automating AML system, we have rule for that, so our system generate we review and send to authorities and CBB in monthly bases. For the CDD again would be the same as KYC , for EDD policy and procedure spelled out the requirements what dose any member of staff needs to acquire if for example PEP establishes a relationship with a bank , charities , clubs and associations, money changers where other bank do not cater to money changers , but we do. We feel that our economic</p>

		<p>obligations to support certain sectors of the economy especially CBB licenses, but we treat them as high risk customers and we preform EDD. We are one other banks in Bahrain that we have department for small and medium enterprises, so we do treats small and medium enterprises as high risk and we EDD and enhance monitoring in according to the policy.</p>
<p>IC-1</p>	<p>R-3</p>	<p>Absolutely if I look at KYC as an example we are subject to CBB KYC requirements is a very sophisticated set of regulations as well and by that whenever we feel that we need to investigate client we find that we have a full KYC on board, it is very easy for us to look at the client and understand their financial circumstances. And build a financial profile or a risk based profile which against any ML risk as well, if we look at STR and SAR we have a suspicious activity report that is explained to all our employees when they are expected to raise suspicious activity report to the knowledge of MLRO, the MLRO their after would consider the risk associated with the SAR and consider weather the suspicious activity report would be a file to CBB &amp; FIU, the CTR is not something we usually use it in insurance company, I have considered in our insurance company to avoid any cash transactions to avoid any ML threat, CDD I think it's an extensions to KYC where after we received KYC we analyze it to understand the circumstances of the clients to build a risk profile to the client will be the bases of intensity of our AML, EDD as well the more enhance of due diligence where if we considered a client as high ML risk we would put him on our EDD list where we would subject the client to more intense AML oversight as a part of our relationship.</p> <p>The MLRO would receive an internal SAR from our employees and then the MLRO will conduct in-depth investigation to the transaction and clarify whether if there is any suspicious in this regard, however in the meantime they would raise all activity on the clients' accounts and MLRO will considered the need of raising requirements of clarifications to the client before making a decision weather a suspicious activity that would require filing to the authority or not, once the investigation completed if the MLRO decides to make a filing the MLRO would complete the filling and kept the branch manager briefed on the potential filing made while making sure that the branch manager understand the confidentiality of such filing we also then make the notification to FIU and CBB then we would communicate with the CBB and FIU before releasing a such transactions we decided not to release a such transection until to get a feedback from FIU and CBB.</p> <p>They might, however because we have different nature of operation we are not like a bank, you do not have an ATM to withdraw any funds at any point in theory if a client required withdraw any fund that would require on the subject to our approval and subject to a timeline as alone as we are within the time limit we are comfortable with this as we</p>

		always clearly with FIU and CBB that we expect a response with so and so date otherwise we will considered an approval.
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**Table 6 AML/CFT Initiatives & Aid Regulators and Law Enforcement Agencies in Bahrain**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>From my experience the bank could help if they have a good AMLCFT control effectively I always say AML is traffic system in the country, you cannot say a zero accident in country the same with the AMLCFT system at least to are trying to minimize the or limited the ML and risk of it. If we don't have a system in place defiantly the offenders will use the financial system very freely to launder money and up using it.</p> <p>It gives a confidence to those entities to do business.</p> <p>There are two reasons, the first one is the awareness and identification of ML has gone up, the second is the launders have more motivations to find new venues and other thinks in terms of globalization to place their money with no borders using the new technologies like wire transfer.</p> <p>Yes, it helps to minimizing the ML and helps to investigate it.</p>
B-2	R-2	<p>I think our efforts critical to close the investigative, basically prevention of or elimination of money laundering cycle in Bahrain. Its basically I think if illegal or illicit money flows through the banking sector then banks will be very impotent source for investigators in FIU and CBB to provide them with the source of information or any red flags. We help them though STR, daily liaising with FIU on any transections, freezing orders and historical transections blocking and unblocking orders, freezing and unfreezing orders, CBB team have their investigation as well as FIU team. We carry our own monitoring database that is reviewed by CBB team in terms of any activity or any costumer suspicious. I think we provide supports and we are a source of information to the authorities. So we would like to basically step up more and work more in terms to detect any potentially suspicious activity. Being a large bank in Bahrain and being a limited team of 5 there is so much we can review and so we handle both AML and compliance, so I think that is way deployed and automated system to help us and we set up a monthly monitoring target to help us, we do not</p>

		<p>want to hinder any investigation either indirectly, so we try through a direct efforts to help the regulators as much as possible.</p> <p>We have a corporate division, we segregate the business, there is a department handling small, medium enterprise, and there is a department handling large enterprises including government. We have certain KYC developed for legal entities; we have a certain requirements that they need to fulfil, if any facilities are extended to the corporate annual KYC update mandate it for the customers.</p>
IC-1	R-3	<p>I think when I look at my experience especially with Zurich we have a good track record supporting the authority and or convicting and confiscating the launderers if a such an aquirence happened but we usually are subject to we are a part of circulation that is made by CBB and we are aware of any individual that being tracked or investigated by the authorities we are very quick to confirm holding a such client to the CBB and the authority which help them to track such induvial, we have a very in-depth information management software which would help to extract any information related to the client which would help the investigation on going with the authority, also would have the ability to freeze with a matter of split in a second that would help the authorities holding or sizing any potential assets that we hold in relation to clients we also have experience of what the authority would require in related to such information that help them to prosecute any potential offenders and also we would share a such information as soon as we tracked or wanted or investigated individual we will help the authority in their efforts with the public persecution in convicting and one the decision have been made we would freeze all assets that we hold that related to convicting launderers until we receive notice from the authority on how we would deal on such assets, we would not release any assets until we receive a such information.</p> <p>Yes, I see where you coming from I think it is important for bakers and financial institutions to understand their obligation under the law their ethical obligations in fighting any ML concerns and have the right policies and procedures in place to support the end result it unfortunate that all entities understand the end goal of the financial crime regulations they would feel as soon as I have KYC have met my obligation the real end goal of such regulations is to stop ML activities from being up using the financial institutions to launder money and help the authority to prosecute and also effectively convict launderers , if all financial intuitions understand that this is the end goal, then it would be very tough for offenders the launder money.</p> <p>I think it a nature of our regulatory landscape against the money launderers, see the money launderers they are always a step ahead of us, and we usually respond on what the money launderers doing not as a proactive actions, the money launderer dose the laundering and then we respond. Ideally we should be a proactive to make difficult to them. We also we need to understand not all our clients engage in ML activity</p>

	<p>and we need to avoid to make abusing the clients unnecessary , obvisly thses only the suspicious an dthe client can be free from any ML concern , so you are either too intense however you might upusing the clients or however you could be to easer so the money launderers can make use your platform to launder money.</p> <p>I think in proactivity, we need the authorities and regulators need to tack a step front of regulators rather then follow, usually what we have seen is weather in FATF or any other local regulation, we see everybody is aware of this issue and after 3 months we see a follow up regulation come up in this regard ideally this shouldn't come up from the beginning and we should though of a potential scenario of ML , before actually they come and put regulations and control in this regard, I think that's the proactivity. Also we should peer in mind while being a proactive we should respect the clients and not up use any potential client.</p> <p>Absolutely, actually for being a part of multinational company we were privilege with such initiative and potential wanted people in Bahrain or also wanted in somewhere else because we made the filing here or the head office, have seen the same individual has been convicted of a potential ML in the UK or in Bahrain at the same time , so this a very useful initiatives where you are making it more difficult for money launderers to transfer their money a cross jurisdictions, in the world we live in today you can transfer your money within a minute between Bahrain and another jurisdiction and unless you are able to respond to AML concerns at the same way the money launderers could easily transfer their money outside if they are outside your jurisdiction.</p>
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## Appendix 3: Indepth Interview-Coding

Q1. Can you inform about demographic background?

Code	Subject
profactdeg	Professional Accounting Degree
profcert	Professional Certification
cia	International Diploma in Compliance
bsdegree	BS Degree
twntforyr	Experience for more than 24 years
tnyrless	Experience less than 10 years
twlvysr	Working in AML
mlrosentyr	MLRO for 17 years
mlrolstnyr	MLRO less than 10 years
repdyceo	Report to deputy group CEO
rpadndcmcm	Report to Audit & Compliance Committee

Q2. Which international convention Government of Bahrain follows to combat money laundering and terrorist financing (AML/CFT)? Why it is followed?

Code	Subject
menafatf	Universal Standard Set to combat ML
member	Bahrain is a member of MENAFATF
asesprvbnk	Assess actions of private banks in conformity FATF
kyc	Initiate actions on KYC
duedilgnc	Initiate Due Diligence
aseswofsbgr	Wolfsburg to assess actions of correspondent banks
flweudir	Follow EU directive to combat ML
flwjntmlgrp	Follow Joint Money Laundering Group in UK
impllaw	Implement law aided by Bahrain Amri Decree - AML 2001
enfrclaw	Enforce law aided by Bahrain Amri Decree - AML 2001
rglatbnk	Regulate banks aided by Bahrain Amri Decree - AML 2001
cbbfincrme	CBB regulation to control financial crimes
cbbcappmkt	CBB regulation to monitor capital market
emplduedlg	Employ Due Diligence
mntractvts	Monitor activities of customers/investors
scrnactvts	Screen activities of customers/investors
wrkchecksys	Use Word Check System to monitor customer accounts

Q3. Which AML/CFT policy your bank follows to mitigate money laundering? Please explain why it aids or hinders money laundering mitigation?

Code	Subject
amlfatf	Bank AML Policy is linked to Bahrain's Policy
amplccbb	Bank AML Policy is linked to CBB's Policy
amlreglftf	Bank AML regulation is linked to Basel & FATF
usekyccust	Use KYC requirements for different type of customers
useeedcust	Use EDD for high risk customer
useonbrdcmnt	Use new customer on boarding committee (CBC)
useeddpep	Use EDD & CBC for PEPs
useddchrty	Use EDD & CBC for Charity Account holders
eddbcrcrbk	Use EDD & CBC for correspondents banks
eddbcrcrnt	Use EDD & CBC for non-residents in Bahrain
eddbcrcrst	Use EDD & CBC for non GCC residents
eddbcrcmlst	Use EDD & CBC for 10 million customers
rvwcustsnclst	Review customers against Sanctioned List

Q4. Why adherence to AML/CFT policy by your bank supports or retards mitigation of the following-

- Smurfing;
- Placement;
- Layering;
- Integration;

Please explain in detail.

Code	Subject
sprtctanal	Support customer analysis
sprtautosys	Support automated system usage
estdctcsyst	Establish detection system
adptrepprct	Adopt reporting practice
regltintrvnt	Aid regulatory intervention
aidenfrcmnt	Aid enforcement
guidesrch	Guide search
guideseizr	Guide seizure
guideprctn	Guide prosecution
guidecnvctn	Guide conviction
initconfctn	Initiate confiscation
intgtrnstg	The integration stage

Q5. It is possible to explain why adherence to AML/CFT policy by your bank improves or constricts actions on the following -

- KYC;
- STR;
- SAR;
- CTR;
- CDD;
- EDD (Risk Based);

Please explain in detail.

Code	Subject
impvridd	Improves CDD
impvkyc	Improves KYC
imprvsstr	Improves STR
impvredd	Improves EDD
revsysexcl	Review aided by system excellence
reinfoacs	Review aided by information access
intinfoexch	Intervention aided by information exchange
instagility	Actions aided by institutional agility
yesclsfy	Yes we classify
custclasfctn	Have a customer type classification
clasfctnntlty	Classification by nationality
clasfctnindv	Classification by individual
clasfctnjnact	Classification by joint account
clasfctncmac	Classification by company account
clasfctnprtn	Classification by partnership
clasfctncht	Classification by charity
clasfctnchtas	Classification by charitable association
usesnctlst	Use sanctioned list
showflags	Show flag
amlmnrng	We use for AML monitoring
usedatabase	We have database
usewrlchsys	We use world check system
useofac	We use OFAC list
peplist	We use PEPs list
usetwhndlst	We use more than 200 lists
lnklistamlsys	Link the lists with our AML system
chnwclist	Check new customer against lists
scrnwcust	Daily screen new customers
scrnoldcst	Daily screen old customers
thrsdfrcates	Use threshold for different categories of customers



Q6. Can you explain the extent to which AML/CFT initiatives of your bank help or fail regulators and law enforcement agencies to -

- Track;
- Investigate;
- Seize;
- Prosecute launderers;
- Convict launderers;
- Confiscate ill-gotten wealth;

Please explain in detail.

<b>Code</b>	<b>Subject</b>
efctamlcntrl	Bank uses effective ML control
minml	Use the above to minimize ML
lmtmlrisk	Use the above to limit ML risk
dtofdldmn	Above deter offenders to launder money
no	No
conftodobsn	They give confidence to such entities to do business
awlndaml	Awareness of launderers about AML
idnldmsaml	Identification of launderers as a measure of AML
lndmtnwlnmn	Launderers are motivated to find new ways to launder money
glbmnrld	Globalization and rapid money transfer & increased ML
tchdfwrtrml	Technology diffusion and wire transfer & increased ML
yes	Yes
invndminml	It helps to investigate and minimize ML

## Appendix 4: Indepth Interview-Rating

Q1. Can you inform about your demographic background?

Code	Subject	Rater-1	Rater-2	Rater-3
profactdeg	Professional Accounting Degree	2		2
profcert	Professional Certification	2	2	
cia	International Diploma in Compliance	2	2	
insdip	Insurance Diploma			2
bsdegree	BS Degree		2	2
twntforyr	Experience for more than 24 years	2		
	Experience more than 10 but less than 24 years			2
tnyrless	Experience less than 10 years		2	
twlvysr	Working in AML	2	2	
mlrosentyr	MLRO for 17 years	2		
	MLRO more than 10 years but less than 17 years			2
mlrolstnyr	MLRO less than 10 years		2	
repdyceo	Report to deputy group CEO	2		
rpadndcmcm	Report to Audit & Compliance Committee	2	2	2

Q2. Which international convention Government of Bahrain follows to combat money laundering and terrorist financing (AML/CFT)? Why it is followed?

Code	Subject	Rater-1	Rater-2	Rater-3
menafatf	Universal Standard Set to combat ML	2	2	2
member	Bahrain is a member of MENAFATF	2	2	2
wrldbknk	World Bank	2	2	2
imf	IMF	2	2	2
iais	IAIS	1	1	2
egmnt	Egmont Group	1	1	2
asesprvbnk	Assess actions of private banks in conformity FATF	2	1	1
kyc	Initiate actions on KYC	2	2	2
duedilgnc	Initiate Due Diligence	2	2	2
aseswofsbgrg	Wolfsburg to assess actions of correspondent banks	2	2	1
flweudir	Follow EU directive to combat ML	2	1	1

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

flwjntmlgrp	Follow Joint Money Laundering Group in UK	2	1	1
cnfcbbrules	Conform to CBB rules	1	2	2
impllaw	Implement law aided by Bahrain Amri Decree - AML 2001	2	2	2
enfrclaw	Enforce law aided by Bahrain Amri Decree - AML 2001	2	2	2
rglatbnk	Regulate banks aided by Bahrain Amri Decree - AML 2001	2	2	1
cbbfincrme	CBB regulation to control financial crimes	2	2	2
cbbcapiamt	CBB regulation to monitor capital market	2	2	1
emplduedlg	Employ Due Diligence	2	2	2
mntractvts	Monitor activities of customers/investors	2	2	2
scrnactvts	Screen activities of customers/investors	2	2	2
wrdchecksys	Use Word Check System to monitor customer accounts	2	1	1

Q3. Which AML/CFT policy your bank follows to mitigate money laundering? Please explain why it aids or hinders money laundering mitigation?

Code	Subject	Rater-1	Rater-2	Rater-3
amlfatf	Bank AML Policy is linked to Bahrain's Policy	2	2	1
amlplcbb	Bank AML Policy is linked to CBB's Policy	2	2	1
amlreglftf	Bank AML regulation is linked to Basel & FATF	2	2	1
extrnladt	External audit on AML compliance	1	2	2
intrnladt	Internal audit on AML compliance	1	2	2
usekyccust	Use KYC requirements for different type of customers	2	2	2
useedcust	Use EDD for high risk customer	2	2	2
useonbrdcmnt	Use new customer on boarding committee (CBC)	2	2	2
useeddpep	Use EDD & CBC for PEPs	2	2	2
useddchrty	Use EDD & CBC for Charity Account holders	2	2	1
eddcbccrsbk	Use EDD & CBC for correspondents banks	2	1	1
eddcbcnrndnt	Use EDD & CBC for non-residents in Bahrain	2	2	2
eddcbcgcrst	Use EDD & CBC for non GCC residents	2	2	2

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eddcbctnmlest	Use EDD & CBC for 10 million customers	2	1	1
rvwcustsnclst	Review customers against Sanctioned List	2	2	1

Q4. Why adherence to AML/CFT policy by your bank supports or retards mitigation of the following-

- Smurfing;
- Placement;
- Layering;
- Integration;

Please explain in detail.

Code	Subject	Rater-1	Rater-2	Rater-3
sprtctstanal	Support customer analysis	2	2	2
setdepthrs	Set deposit threshold	2	2	2
sprtautosys	Support automated system usage	2	2	2
estdectysyst	Establish detection system	2	2	2
cstonbd	Customer onboarding practice	2	2	2
adptrepprct	Adopt reporting practice	2	2	2
regltintrvnt	Aid regulatory intervention	2	2	2
aidenfrmnt	Aid enforcement	2	1	2
guidesrch	Guide search	2	1	1
guideseizr	Guide seizure	2	1	1
guideprctn	Guide prosecution	2	1	1
guidecnvctn	Guide conviction	2	1	1
initconfctn	Initiate confiscation	2	1	1
intgtrnstg	The integration stage	2	2	1
placmntst	The placement stage	1	1	2
lyerngst	The layering stage	1	1	2

Q5. It is possible to explain why adherence to AML/CFT policy by your bank improves or constricts actions on the following -

- KYC;
- STR;
- SAR;
- CTR;
- CDD;
- EDD (Risk Based);

Please explain in detail.

Code	Subject	Rater-1	Rater-2	Rater-3
imprvredd	Improves CDD	2	2	2
imprvkyc	Improves KYC	2	2	2

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imprvsstr	Improves STR	2	2	2
impvredd	Improves EDD	2	2	2
revsysexcl	Review aided by system excellence	2	2	2
revinfoacs	Review aided by information access	2	2	2
intinfoexch	Intervention aided by information exchange	2	2	2
instagility	Actions aided by institutional agility	2	1	1
yesclsfy	Yes we classify	2	2	2
custclasfctn	Have a customer type classification	2	2	2
clasfctnntnlty	Classification by nationality	2	2	2
clasfctnindv	Classification by individual	2	2	2
clasfctnjnact	Classification by joint account	2	2	2
clasfctnmac	Classification by company account	2	2	1
clasfctnprtn	Classification by partnership	2	2	1
clasfctncht	Classification by charity	2	2	1
clasfctnchtas	Classification by charitable association	2	2	1
usesnctlst	Use sanctioned list	2	1	1
showflags	Show flag	2	2	2
amlmnrng	We use for AML monitoring	2	2	2
usedatabase	We have database	2	2	1
usewrldchsys	We use world check system	2	2	1
useofac	We use OFAC list	2	2	1
peplist	We use PEPs list	2	2	1
usetwhndlst	We use more than 200 lists	2	1	1
lnklistamlsys	Link the lists with our AML system	2	1	2
chnwstlist	Check new customer against lists	2	1	2
scrnwcust	Daily screen new customers	2	2	2
scrnoldcst	Daily screen old customers	2	2	2
thrsdfreatcs	Use threshold for different categories of customers	2	2	2

Q6. Can you explain the extent to which AML/CFT initiatives of your bank help or fail regulators and law enforcement agencies to -

- Track;
- Investigate;
- Seize;
- Prosecute launderers;
- Convict launderers;
- Confiscate ill-gotten wealth;

Please explain in detail.

Code	Subject	Rater-1	Rater-2	Rater-3
efctamlcntrl	Bank uses effective ML control	2	2	1
insefctmlcn	Insurance company uses effective ML control			2

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minml	Use the above to minimize ML	2	2	2
lmtmlrisk	Use the above to limit ML risk	2	2	2
dtofdldmn	Above deter offenders to launder money	2	2	2
no	No	2	2	1
conftodobsn	They give confidence to such entities to do business	2	2	1
awlndaml	Awareness of launderers about AML	2	2	2
idnldmsaml	Identification of launderers as a measure of AML	2	2	2
lndmtnwlnmn	Launderers are motivated to find new ways to launder money	2	2	2
glbmnrld	Globalization and rapid money transfer & increased ML	2	2	2
tchdfwrtrml	Technology diffusion and wire transfer & increased ML	2	2	1
yes	Yes	2	2	2
invndminml	It helps to investigate and minimize ML	2	2	2



## Appendix 5: Indepth Interview-Kappa Test

Q1. Can you inform about demographic background?

Subject	Bank-1	Bank-2	Insurance Company-1
Professional Accounting Degree	1		1
Professional Certification	1	1	
International Diploma in Compliance	1	1	
Insurance Diploma			1
BS Degree		1	1
Experience for more than 24 years	1		
Experience more than 10 but less than 24 years			1
Experience less than 10 years		1	
Working in AML	1	1	
MLRO for 17 years	1		
MLRO more than 10 years but less than 17 years			1
MLRO less than 10 years		1	
Report to deputy group CEO	1		
Report to Audit & Compliance Committee	1	1	1

Q2. Which international convention Government of Bahrain follows to combat money laundering and terrorist financing (AML/CFT)? Why it is followed?

Subject
Universal Standard Set to combat ML
Bahrain is a member of MENAFATF
Word Bank
IMF
IAIS
Egmont Group

							Sum_x 2		
	4	14	0	0	0	0	46	=Prod_Cats	
Total # of ratings	12	32	0	0	0	0	18	=Sum_Cats	
prop (p)	0.222	0.778	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			

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*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	12	32	0	0	0	0			
den = nm(m-1) pq	345.7	345.7	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.965	0.907	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.915	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	3	=N_Items							
# of categories (k):	6								

<b>Subject</b>
Assess actions of private banks in conformity FATF
Initiate actions on KYC
Initiate Due Diligence
Wolfsburg to assess actions of correspondent banks
Follow EU directive to combat ML
Follow Joint Money Laundering Group in UK
Conform to CBB rules

							Sum_x 2		
	8	13	0	0	0	0	43	=Prod_Cats	
Total # of ratings	26	36	0	0	0	0	21	=Sum_Cats	
prop (p)	0.381	0.619	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	26	36	0	0	0	0			
den = nm(m-1)pq	471.7	471.7	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.945	0.924	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.929	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	7	=N_Items							
# of categories (k):	6								

<b>Subject</b>
Implement law aided by Bahrain Amri Decree - AML 2001
Enforce law aided by Bahrain Amri Decree - AML 2001
Regulate banks aided by Bahrain Amri Decree - AML 2001



CBB regulation to control financial crimes
CBB regulation to monitor capital market
Employ Due Diligence
Monitor activities of customers/investors
Screen activities of customers/ investors
Use Word Check System to monitor customer accounts

							Sum_x <sup>2</sup>		
	4	23	0	0	0	0	69	=Prod_Cats	
Total # of ratings	14	52	0	0	0	0	27	=Sum_Cats	
prop (p)	0.148	0.852	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	14	52	0	0	0	0			
den = nm(m-1)pq	252.4	252.4	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.945	0.794	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.856	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	9	=N_Items							
# of categories (k):	6								

Q3. Which AML/CFT policy your bank follows to mitigate money laundering? Please explain why it aids or hinders money laundering mitigation?

<b>Subject</b>
Bank AML Policy is linked to Bahrain's Policy
Bank AML Policy is linked to CBB's Policy
Bank AML regulation is linked to Basel & FATF
External audit on AML compliance
Internal audit on AML compliance
Use KYC requirements for different type of customers
Use EDD for high risk customer
Use new customer on boarding committee (CBC)
Use EDD & CBC for PEPs
Use EDD & CBC for Charity Account holders
Use EDD & CBC for correspondents banks
Use EDD & CBC for non-residents in Bahrain
Use EDD & CBC for non GCC residents
Use EDD & CBC for 10 million customers
Review customers against Sanctioned List

							Sum_x2	
	11	34	0	0	0	0	99	=Prod_Cats
Total # of ratings	40	86	0	0	0	0	45	=Sum_Cats
prop (p)	0.244	0.756	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props
	1	2	3	4	5	6		
*****	1.000	1.000	1.000	1.000	1.000	1.000		
<u>BY CATEGORY</u>	CAT1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6		
num = sum_xi*(m-xi)	40	86	0	0	0	0		
den = nm(m-1)pq	369.4	369.4	0.0	0.0	0.0	0.0		
gen kappa_cat1 =	0.892	0.767	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!		

Enter # of raters (m):	3	=N_Raters	.743	= Generalized Kappa for Rater 1, ... Rater n data				
Enter # of items (n):	15	=N_Items						
# of categories (k):	6							

Q4. Why adherence to AML/CFT policy by your bank supports or retards mitigation of the following-

- Smurfing;
- Placement;
- Layering;
- Integration;

Please explain in detail.

<b>Subject</b>
Support customer analysis
Set deposit threshold
Support automated system usage
Establish detection system
Customer onboarding practice
Adopt reporting practice
Aid regulatory intervention
Aid enforcement
Guide search
Guide seizure
Guide prosecution
Guide conviction
Initiate confiscation

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							Sum_x 2		
	11	28	0	0	0	0	93	=Prod_Cats	
Total # of ratings	34	68	0	0	0	0	39	=Sum_Cats	
prop (p)	0.282	0.718	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	34	68	0	0	0	0			
den = nm(m-1)pq	405.0	405.0	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.916	0.832	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.849	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	13	=N_Items							
# of categories (k):	6								

<b>Subject</b>
The integration stage
The placement stage
The layering stage

							Sum_x 2		
	5	4	0	0	0	0	15	=Prod_Cats	
Total # of ratings	16	14	0	0	0	0	9	=Sum_Cats	
prop (p)	0.556	0.444	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	16	14	0	0	0	0			
den = nm(m-1)pq	493.8	493.8	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.968	0.972	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.969	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	3	=N_Items							
# of categories (k):	6								

Q5. It is possible to explain why adherence to AML/CFT policy by your bank improves or constricts actions on the following -

- KYC;
- STR;
- SAR;
- CTR;
- CDD;
- EDD (Risk Based);

Please explain in detail.

Code	Subject	Rater-1	Rater-2	Rater-3
impvridd	Improves CDD	2	2	2
impvkyc	Improves KYC	2	2	2
imprvsstr	Improves STR	2	2	2
impvredd	Improves EDD	2	2	2
revsysexcl	Review aided by system excellence	2	2	2
revinfoacs	Review aided by information access	2	2	2
intinfoexch	Intervention aided by information exchange	2	2	2
instagility	Actions aided by institutional agility	2	1	1

							Sum_x 2		
	2	22	0	0	0	0	68	=Prod_Cats	
Total # of ratings	6	46	0	0	0	0	24	=Sum_Cats	
prop (p)	0.083	0.917	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
***** *	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	6	46	0	0	0	0			
den = nm(m-1)pq	152.8	152.8	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.961	0.699	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.752	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	8	=N_Items							
# of categories (k):	6								

Subject
Yes we classify
Have a customer type classification

Classification by nationality
Classification by individual
Classification by joint account
Classification by company account
Classification by partnership
Classification by charity
Classification by charitable association
Use sanctioned list
Show flag

							Sum_x 2		
	6	27	0	0	0	0	79	=Prod_Cats	
Total # of ratings	22	64	0	0	0	0	33	=Sum_Cats	
prop (p)	0.182	0.818	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	22	64	0	0	0	0			
den = nm(m-1)pq	297.5	297.5	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.926	0.785	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.835	= Generalized Kappa for Rater 1, ... Rater n data
Enter # of items (n):	11	=N_Items		
# of categories (k):	6			

Code	Subject	Rater-1	Rater-2	Rater-3
amlmntng	We use for AML monitoring	2	2	2
usedatabase	We have database	2	2	1
usewrldchsys	We use world check system	2	2	1
useofac	We use OFAC list	2	2	1
peplist	We use PEPs list	2	2	1
usetwhndlst	We use more than 200 lists	2	1	1
lnklstamlsys	Link the lists with our AML system	2	1	2
chnwcstlist	Check new customer against lists	2	1	2
scrnwcust	Daily screen new customers	2	2	2
scrnoldcst	Daily screen old customers	2	2	2
thrsdfrcatcs	Use threshold for different categories of customers	2	2	2

							Sum_x <sup>2</sup>		
	8	25	0	0	0	0	71	=Prod_Cats	

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Total # of ratings	30	64	0	0	0	0	33	=Sum_Cats	
prop (p)	0.242	0.758	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT 1	CAT2	CAT3	CAT 4	CAT5	CAT 6			
num = sum_xi*(m-xi)	30	64	0	0	0	0			
den = nm(m-1)pq	367.3	367.3	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.918	0.826	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			

Enter # of raters (m):	3	=N_Raters	.856	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	11	=N_Items							
# of categories (k):	6								

Q6. Can you explain the extent to which AML/CFT initiatives of your bank help or fail regulators and law enforcement agencies to -

- Track;
- Investigate;
- Seize;
- Prosecute launderers;
- Convict launderers;
- Confiscate ill-gotten wealth;

Please explain in detail.

<b>Subject</b>
Bank uses effective ML control
Insurance company uses effective ML control
Use the above to minimize ML
Use the above to limit ML risk
Above deter offenders to launder money

							Sum_x <sup>2</sup>		
	1	12	0	0	0	0	33	=Prod_Cats	
Total # of ratings	4	28	0	0	0	0	13	=Sum_Cats	
prop (p)	0.077	0.923	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT1	CAT 2	CAT 3	CAT 4	CAT 5	CAT 6			
num = sum_xi*(m-xi)	4	28	0	0	0	0			

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den = nm(m-1)pq	142.0	142.0	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.972	0.803	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.863	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	5	=N_Items							
# of categories (k):	6								

**Subject**  
 No  
 They give confidence to such entities to do business

							Sum_x <sup>2</sup>		
	2	4	0	0	0	0	10	=Prod_Cats	
Total # of ratings	8	12	0	0	0	0	6	=Sum_Cats	
prop (p)	0.333	0.667	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT	CAT	CAT	CAT	CAT	CAT			
	1	2	3	4	5	6			
num = sum_xi*(m-xi)	8	12	0	0	0	0			
den = nm(m-1)pq	444.4	444.4	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.982	0.973	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.979	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	2	=N_Items							
# of categories (k):	6								

**Subject**  
 Awareness of launderers about AML  
 Identification of launderers as a measure of AML  
 Launderers are motivated to find new ways to launder money  
 Globalization and rapid money transfer & increased ML  
 Technology diffusion and wire transfer & increased ML

							Sum_x <sup>2</sup>		
	1	14	0	0	0	0	41	=Prod_Cats	
Total # of ratings	4	30	0	0	0	0	15	=Sum_Cats	
prop (p)	0.067	0.933	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT	CAT	CAT	CAT	CAT	CAT			
	1	2	3	4	5	6			

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num = sum_xi*(m-xi)	4	30	0	0	0	0			
den = nm(m-1)pq	124.4	124.4	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.968	0.759	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.833	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	5	=N_Items							
# of categories (k):	6								

<b>Subject</b>
Yes
It helps to investigate and minimize ML

							Sum_x <sup>2</sup>		
	1	5	0	0	0	0	14	=Prod_Cats	
Total # of ratings	4	12	0	0	0	0	6	=Sum_Cats	
prop (p)	0.167	0.833	0.000	0.000	0.000	0.000	1.000	Row = Cat_Props	
	1	2	3	4	5	6			
*****	1.000	1.000	1.000	1.000	1.000	1.000			
<u>BY CATEGORY</u>	CAT	CAT	CAT	CAT	CAT	CAT			
	1	2	3	4	5	6			
num = sum_xi*(m-xi)	4	12	0	0	0	0			
den = nm(m-1)pq	277.8	277.8	0.0	0.0	0.0	0.0			
gen kappa_cat1 =	0.986	0.957	#DIV /0!	#DIV /0!	#DIV /0!	#DIV /0!			

Enter # of raters (m):	3	=N_Raters	.966	= Generalized Kappa for Rater 1, ... Rater n data					
Enter # of items (n):	2	=N_Items							
# of categories (k):	6								



## Appendix 6: Indepth Interview-Final

**Table 1 Respondents & Background**

Organization	Respondent	Detailed Response
B-1	R-1	<p>I'm a chartered accountant from India, I have also a special certificates for internal audit area and information system, like CECA, CIA than I have been looking after the compliance for 14 years in the bank I got the CECAMS and I have done the international diploma in compliance in (ICA).</p> <p>I have my experience for more than 24 years in total, and I been in the accounting, audit field for more than 12 and since than I have working in compliance and money laundering (AML function) field.</p> <p>I appointed as deputy MLRO since 2005, So in total around 17 years in AML field.</p> <p>I report to deputy group CEO as he responsible for legal and risk compliance, and he reports to group CEO managing director. In addition to this I report to the audit and compliance committee on quarterly bases.</p>
B-2	R-2	<p>I have a master degree in Economics my BS as well in Developing Economics, I have obtained CAMS and CAMS advance audit, also currently obtaining CAMS towards crime financial investigation, and also ICA advance diploma and compliance.</p> <p>I started working with CBB I the financial stability directorates then I have worked in semi government institution (TAMKEN) in strategy and policy directorate there, followed in the compliance in BBK.</p> <p>Years with engagement with BBK are 9 years, since 2008 and I started as deputy MLRO and now I'm a group MLRO and head of compliance.</p>
IC-1	R-3	<p>I have Bachler degree in finance and management from UK University, insurance diploma from BIBF, I'm also a member of ACAMS I also a chartered accountant ACCA and I have completed a Qatar regulatory certificate.</p> <p>I have started with Takaful International as junior compliance officer, then I became a deputy MLRO and compliance supervisor, then I</p>

		<p>joined Ion Middle East as MLRO and I'm the Head Of MLRO in Zurich Middle East covering Bahrain, UAE and Qatar.</p> <p>I started with Takafil international in 2009, and I have completed around 8 years' experience in compliance, and in the current employment 3 years.</p>
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**Table 2 International Convention & Combat Money Laundering by Bahrain**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>Bahrain follows MENAFATF guidelines and regulations because the FATF guidelines much more universal globally sets standards for combating money laundering &amp; terrorist financing, Bahrain has been a member of MENAFATF and the headquarter of it. I think the recommendations are robust and universally accepted.</p> <p>Basel or Wolfsburg standards focusing more in private banking and financial institutions, so we follow these standards and recommendation especially for private banking and KYC and due diligence and control which they recommended. Also there are additional checks which we do adhere to all correspondent banks look for adherence to Wolfsburg recommendations and we follow that one as well also we look at EU directive and joint money laundering group in UK they are very useful especially to understand the process and procedures rather than the principles.</p> <p>Yes, by implementing the law and regulations and to inforce these laws, we have in Bahrain Amri degree law for AML 2001 and after that we have CBB regulation on financial crimes model we also have similar law in which applicable to capital market, there are a lot of serious initiatives based on those we enhance control and procedures, the level of KYC due diligence and monitoring screening have improved substantially. When I joined the bank before 17 years back there is no compliance department also there is no AML. Almost every customer account goes to monitoring system for regular checks. We also use word checks system for monitoring customer accounts; throughout all of this we have very significant improvement to AMLCFT.</p>
B-2	R-2	<p>There are FATF and MENAFATF principals that Bahrain adheres to, and I thanks that currently the government of Bahrain is undergoing mutual evaluation with MENAFATF to conduct an examination on AML. However there is AML law 2001, so there is international standard we as bank being conventional retail bank licensed by CBB, the requirements and regulations that we followed came from financial crime CBB rulebook. So most our policy and procedures at BKK reflect all the requirements issued by CBB.</p>

		<p>We adhere to Wolfsburg initiative, as a part of the correspondent banking relationship we provide an assessment to our correspondent banking parties that we fully adhere to the Wolfsburg principles, that is before we entering to any relationship with them, basically the JPMorgan and city bank they all request detailed questioners on our adherence to Wolfsburg principle that we need to complete before they accept our business.</p> <p>I van comments on Basel standers relating to AML and compliance, on annual bases whenever the internal audit conduct an examination on AML compliance, they also they conduct an examination on Basel standers. We are conforming to the Basel principles.</p> <p>It's a part of AML policy and procedure, however it is very important to know that the US banks as well as the European banks requesting more and more information about our costumers any transactions that go through the correspondent bank they are permitted to request for information on they request especially about money changers, we restricted USD clearing and EURO clearing for that issue since JPMorgan and City Bank do not want to deal with money changers, but they come back to us and they request certain information about certain customers, transactions, and we have to return back to the with a specific certain time let say 5 days, we usually bearing in mind that there is a confidentiality laws in Bahrain, we need to reach a balance because we need to maintain between secrecy and disclosing a certain information.</p> <p>We confirm to the financial crime module rulebook which is set based on the FATF recommendations, how we asses our compliance with it? , there is an annual external audit requirement for the whole group, that has to be examine by the board of directors and to be send to CBB by April every year. There is internal audit as well preform on AML compliance on 18 months cycle so every year and half, being domestically a systematic bank and important bank in Bahrain as per the CBB, we annually inspected by them which they also examine the AML complaint, periodically, the compliance directorate in CBB which in charge of AML also conduct their examination of bank, and the last examination was in 2016.</p> <p>It was a good report, however there was much room for enhancements and enhancements of KYC especially, and enhancements monitoring of charity and clubs associations, PEPs and their associate which is challenging for PEPs and their associates or companies that are under their control, there has been certain observations that we are dealing instantly and immediately.</p>
IC-1	R-3	<p>Bahrain follows a number of international conventions the most prominent is FATF and its recommendations, it also a member of UN bodies and related international federations and entities like World Bank and IMF which they have a considerations of ML, Bahrain is also part of IAIS when it comes to insurance regulations which is related to</p>

		<p>financial crimes regulations, FIU of Bahrain is a part of Egmont group. Collectively these are the international bodies that Bahrain part of. I think also to be a part of international banking and financial institutions and international communities you have to follow a strict guideline also to allow for international cooperation in the combating AMLCFT and for Bahrain to place itself as part of that its important for us to be part of international community which being the under signatory like FATF, IMF, or Egmont Group gives us an opportunity to be part of that international community.</p> <p>Bear in mind, I'm not banking compliance officer. My understanding from Wolfsburg is principle of international agreement that have signed by a numbers of banks and jurisdictions across the world that would govern banks and international institutions as part of that also covers the controls and regulations to financial crimes and combating AMLCFT.</p> <p>I think at a point of time there is created a level of awareness necessary across the international communities and I think the conventions have been dynamic enough to change the way we operating to avoid being constricts, a good example that FATF changed its recommendations 2012 from being a very prescriptive check books exercise to risk based approach. I think its very important to have best market gaudiness to how proceed combating of ML as per international conventions in that regards.</p>
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**Table 3 AML/CFT Policy Followed & Mitigate Money Laundering**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>yes, we do have a policy which is reviewed on annual bases and AMLCFT by the group as well as the bank, the Ahli united bank has subsidiaries not only in Bahrain , we have branches in Kuwait, Dubai UK and Iraq, and an associate in Libya, Egypt and Oman as well. What we have, we have a group of AML policy and then we have a Bahrain AML policy specific to Bahrain regulations, I think the group AML policy for the entire group as broad, and Bahrain AML policy for local. We clearly defined all the KYC requirements for different type of customers like standard customer, individual stander corporate, high risk customer and what type for EDD required. We have a different KYC due diligence forms for high risk customer and we also have new customer on boarding committee set up in the bank looking for review high risk customers EDD clients, so that on boarding committee it has five members their responsibilities looking in to EDD wherever the clients meet the EDD standards, there is review process in terms of on customers boarding and then if the customers fail to EDD those who are PEPs or who have a charity accounts, correspondents banks or who</p>

		<p>are non-residents in Bahrain or non GCC residents who want to come and open an account or who have a noteworthy of more than ten millions, those categories of customers get in to EDD and review process. So from these processes we are able to identify any risky customers and if you want to report also or stop opening an account we will reject the customer, if the information not clear, so we refer that suspicious to the committee also. It has been a lot of improvements in term of mitigating ML because of earlier any customer or any money launderer for example could go to any branch gives his ID open an account and then slowly he can start doing his transections but right now we are doing the screening at the branch at the level itself, so if he is not a normal customer then goes to senior managements review so there is a defiantly mitigation because customer if not meet the criteria of the bank then we say sorry we cannot open an account for you, if he meeting the criteria but the information provided not meet EDD will be difficult to open the account. In addition to that other than the policy just to answer your question, we also have I in term of real control practices for monitoring we have a system we screen the customers at the time for on boarding against sanctions list and we also have them screened on daily bases as automated process as AML system if there are any hits matches then we get it alerted and report, I remember one case few years back we found one person on the sanction list, so we got that one because of the system which match his name with the sanction list.</p>
<p>B-2</p>	<p>R-2</p>	<p>We developed our own AMLCFT policy it's a manual and updated on the annual bases, approved by board of directors and checked by CBB on annual bases, it's for the group, India and Kuwait the follow the same requirements, however where the Kuwait regulations or India regulations defer the rule is to follow the higher of the two requirements.</p> <p>Yes, this is for the Group; however we have branches in Kuwait, India and CrediMax. They also report to us but in Kuwait there might restrict requirements, for example the threshold in Kuwait is different than us, and they have to follow what their own. But India and Kuwait have to be audited on Bahrain requirements on annual bases and they submit the report to us. So the policy and procedure is very important, like the convention set the standard for Bahrain, so the policy and procedure set the Standard for BBK, BBK staff or how we are going to operate, detect or eliminate money laundering, so it set the standers , that is way very important. Also we should have updated and have it approved by the board and CBB. I don't think it hinders, I think by having this policy and procedure, for instance the business might feel these requirements hinder their ability to attract business, or for example the trade finance department hider their activity to attract for execute certain transactions that might be potentially suspicious but we think in the end of the day if we run safe and sound business and eliminate any risk of ML/TF this will increase our productivity and protect our bank and we will flourish more, so I think it is an ambidite culture in BBK that you know this policy and procedure facilitate having culture that respect you know</p>

		the requirements of MOI and CBB and as well the important that eliminating any ML/TF.
IC-1	R-3	Our insurance company is subject to the financial crime module of role book number 3 of the CBB it is also subject to financial crime act which is issued by royal degree as well. Both of which are Bahrain sign up to the FATF recommendations by doing so we are following the FATF, you also peer in mind being international insurance company, you are subject to a numbers of jurisdictions which include Switzerland and being that headquarter globally and other subsidiaries in UK. I think also we are very regulated environment we are subject to 3 or 4 different regulations at the same time, being an international company it support us to have cross border intelligence as well think of the sense that I'm in Bahrain and I have a counterpart in Asia and I have another counterpart in Brazil and together we could pick up the phone and discuss any potential concern that we have on cross borders level. I think Bahrain is one of the best regulated environments of ML prospective at least in the region and this also helps us to have the credibility when we discussing some ML potential concern cross border.

**Table 4 AML/CFT Policy & Disrupt Money Laundering Cycle and Mitigate Laundering**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>As bank acutely we do have procedures not to let the launderers to use our banking system to launder money which can have a serious impact on bank and country so we need to have a proper system and control in place to make sure that not only the bank or stockholders protected but also the, in today's world I think the most sensitive issue for any governments and any enterprises is the risk to support money laundering or terrorist activity that will reflect with serious impact on governments prospective. And we have seen a case like HSBC or Panama scandal that will affect the reputation of the institutions.</p> <p>The most dangerous of course is the integration stage defiantly because if it's reached that stage will very difficult to trace and detect the money.</p>
B-2	R-2	<p>We have the policy and procedure plus the automated AML system that we deployed across all our branches, help and detecting suspicious ML activity.so for smurfing we have for example rules that detect singe and cumulative BD6K cash deposit across the period for one month for a single customer, so that well be triggered instantly and the relationship manager or the branch manager will have to check if this is genuine or if this consistence with the customer profile or not. So we have other rule even for corporations we have a bigger threshold for BD20K and</p>

		<p>we have the similar rule for that. In term of the placement phase we have controls on customer on boarding, we have KYC and CDD measures that are risk based , so if it's normal risk client or higher risk client, is it a higher risk client we will perform enhance due diligence where we require additional documentation may be certified by lawyer that may be if he is bringing large amount of money we will require another banks source of fund, for PEPs we require details anticipated , annual turnover , source of wealth, so the KYC that we preform helps mitigate any risks of placement as well as we scan against the UN sanctions as well as OFAC list throughout the automated AML system, and the source of fund identification any transection tellers and customers representative are directed that for any transections that are above BD6K for individuals not inline to establish customer activity large retail bank we carry hundreds thousands of accounts of and we deal with thousands of transections everyday so they cannot detect each and every BD6K but anything that potentially suspicious either for a corporate of individual it's immediately the source of is requested and immediately reporting to our team is mandated.</p> <p>The layering again through the AML system we have behavioral rules that are daily and monthly, for example we track an increase in the customer deposit above 150% the average of the last three months and that triggers an alert, we have rules where deposit followed by immediate withdrawals that is triggered. We also certain reports that track aggregated activity over a period of time that we can select, so the automated AML system being risk based , being rule based helps us track weather is structuring layering even in terms of placement it helps us a lot.</p> <p>Once the money integrated in to the financial sector or in to the economy is very hard to detect, at the layering and smurfing phase there are certain red flags that you can detect but once it is integrated or blended with the legitimate money is very difficult to detect. And when he incorporates when the money launderer or the criminal establishes a legitimate business and the legal funds are integrated to it, it's very difficult to detect.</p>
IC-1	R-3	<p>Being part of the an appropriate regulated environment creates a level across the financial services landscape to make it difficult to money launderers to launder their money, I think it is comforting to us to know that the banks we deal or money exchanger we deal or insurance company that we deal with them or brokers that we deal with are all similarly regulated to us and subject to same regulations and in hence that would knowledgeable enough to avoid any money laundering when it comes to the 4 layers of ML.</p> <p>I think when it comes to us as insurance it would be relation to placement or layering, I think most people would try to place insurance contracts of saving natures to basically launder their funds or at least they would use us to layering a transections which it comes from banks or exchange to our company and their after going to another which deviate the original.</p>

		<p>I think we have some of our products which are of saving nature similar to investments products which can be a very attractive to money launderers without sad where are aware of a such risk and we have a right controls to challenge a such offenders.</p> <p>While maintaining our confidentiality we have seen some people try to deviate their tax responsibility broad by trying to invest it locally which under the FATF recommendations this be considered as financial crimes and optional ML as well, I have seen some potential clients have restricted measures in their banks they would use insurance companies to move their money a cross while avoiding to use banks as well, so these the most prominent examples I have them in my mind.</p>
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**Table 5 AML/CFT Policy & Due Diligence and Reporting**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>I mentioned earlier basically the adherence of this policy, procedures which we have in term of AML KYC helps in terms of KYC we got to know who are customers basically we do the pre assessments of the clients if they CDD or EDD and then in terms of when we do the reviews we are able to identify id there are any suspicious transactions which is happening, because of the policy and regulation which we have, we have implemented more than one controls and systems, we do have an obligation in place to make sure to identify any potential activity and analyze it, that is way adherence to this policy is very critical and it helps , if you don't have policy will not able to do this activity.</p> <p>yes, we do classify, so each customers have a customer type classification and also the nationality is also there so for every customer , if they are individual or joint account or company account or partnerships, charity or charitable association. Based on these classifications we also have the levels of due diligence like foe example nationality is there then, of course some countries or sanctioned entities will show flags on them.</p> <p>Actually, in terms of the systems which we use for AML monitoring, we have database which world check system where in this an external system which have all the sanctions list, OFAC and other list PEPs list, which it has more than 2 million names and more than 200 lists we have subscribe for that and interface with our AML system. As procedures when a customer wants to open an account the branches will first search the name of the new customer in the AML system and world checks database if it shows clear then we will open an account. So also we have a daily screening for the new and existing customers. In our AML</p>



		<p>system we have also a different category for the threshold amount it depends on the accounts types.</p>
B-2	R-2	<p>Basically our AML manual touches upon KYC, STR, CTR, and normal due diligence and enhance due diligence and on the general bases it is impotent because it sets the control for all staff in order to comply with and help the bank in detecting and eliminating money laundering, so KYC there is a matrix that we need to follow and it's risk based approach where all employees are trained to perform KYC in accordance to the risk associated with the customer the type of the customer, the establish profile of the customer, so this is very important to set as the standard. We have a detailed Metrix for example what do we need to follow in terms of KYC for Bahraini residence and for GCC residence and non-residence, for under formation accounts and any other. For STR or SAR we do reports for certain suspicious activity and suspicious transactions or suspicious customers. So the policy and procedures provide us with the STR reporting hierarchy like who to report to and incase if you face difficulty to reporting to your supervisor, you can come anonymously to one of our MLRO team and report. Also if you don't want to fill the form because of certain fear or anything you come and discuss it directly with our team at any time. So the policies and procedures spell out what are the red flags of STR, what do you do with if you think it's suspicious transactions, what is your responsibilities to report and if you don't report, how are reviewed by the law and this is we trained our staff for that they cannot turn a blind eye and say I will not report and that the duty of another staff. We trained the staff that the AML is the responsibility of each individual in the bank. And also who to report to and what happens after the reporting weather it's an investigated by our team and found that genuinely suspicious we can report it to the FIU and CBB, we do not need to take permission to any of our management, so this is all spelled out in the policies and procedures. For the charity transactions again in line with the CBB requirement of tracking all deposits above BD3K assessing the beneficiary and assessing weather suspicious or not, and getting the approval from authorities for all wire transfer toward from Bahrain, we have spelled that in the policy and we detect using the automating AML system, we have rule for that, so our system generate we review and send to authorities and CBB in monthly bases. For the CDD again would be the same as KYC , for EDD policy and procedure spelled out the requirements what dose any member of staff needs to acquire if for example PEP establishes a relationship with a bank , charities , clubs and associations, money changers where other bank do not cater to money changers , but we do. We feel that our economic obligations to support certain sectors of the economy especially CBB licenses, but we treat them as high risk customers and we preform EDD. We are one other banks in Bahrain that we have department for small and medium enterprises, so we do treats small and medium enterprises as high risk and we EDD and enhance monitoring in according to the policy.</p>

		<p>Absolutely if I look at KYC as an example we are subject to CBB KYC requirements is a very sophisticated set of regulations as well and by that whenever we feel that we need to investigate client we find that we have a full KYC on board, it is very easy for us to look at the client and understand their financial circumstances. And build a financial profile or a risk based profile which against any ML risk as well, if we look at STR and SAR we have a suspicious activity report that is explained to all our employees when they are expected to raise suspicious activity report to the knowledge of MLRO, the MLRO their after would consider the risk associated with the SAR and consider weather the suspicious activity report would be a file to CBB &amp; FIU, the CTR is not something we usually use it in insurance company, I have considered in our insurance company to avoid any cash transactions to avoid any ML threat, CDD I think it's an extensions to KYC where after we received KYC we analyze it to understand the circumstances of the clients to build a risk profile to the client will be the bases of intensity of our AML, EDD as well the more enhance of due diligence where if we considered a client as high ML risk we would put him on our EDD list where we would subject the client to more intense AML oversight as a part of our relationship.</p> <p>IC-1 R-3 The MLRO would receive an internal SAR from our employees and then the MLRO will conduct in-depth investigation to the transaction and clarify whether if there is any suspicious in this regard, however in the meantime they would raise all activity on the clients' accounts and MLRO will considered the need of raising requirements of clarifications to the client before making a decision weather a suspicious activity that would require filing to the authority or not, once the investigation completed if the MLRO decides to make a filing the MLRO would complete the filling and kept the branch manager briefed on the potential filing made while making sure that the branch manager understand the confidentiality of such filing we also then make the notification to FIU and CBB then we would communicate with the CBB and FIU before releasing a such transactions we decided not to release a such transection until to get a feedback from FIU and CBB.</p> <p>They might, however because we have different nature of operation we are not like a bank, you do not have an ATM to withdraw any funds at any point in theory if a client required withdraw any fund that would require on the subject to our approval and subject to a timeline as alone as we are within the time limit we are comfortable with this as we always clearly with FIU and CBB that we expect a response with so and so date otherwise we will considered an approval.</p>
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**Table 6 AML/CFT Initiatives & Aid Regulators and Law Enforcement Agencies in Bahrain**

Organization	Respondent	Detailed Response
B-1	R-1	<p>From my experience the bank could help if they have a good AMLCFT control effectively I always say AML is traffic system in the country, you cannot say a zero accident in country the same with the AMLCFT system at least to are trying to minimize the or limited the ML and risk of it. If we don't have a system in place defiantly the offenders will use the financial system very freely to launder money and up using it.</p> <p>It gives a confidence to those entities to do business.</p> <p>There are two reasons, the first one is the awareness and identification of ML has gone up, the second is the launders have more motivations to find new venues and other thinks in terms of globalization to place their money with no borders using the new technologies like wire transfer.</p> <p>Yes, it helps to minimizing the ML and helps to investigate it.</p>
B-2	R-2	<p>I think our efforts critical to close the investigative, basically prevention of or elimination of money laundering cycle in Bahrain. Its basically I think if illegal or illicit money flows through the banking sector then banks will be very impotent source for investigators in FIU and CBB to provide them with the source of information or any red flags. We help them though STR, daily liaising with FIU on any transections, freezing orders and historical transections blocking and unblocking orders, freezing and unfreezing orders, CBB team have their investigation as well as FIU team. We carry our own monitoring database that is reviewed by CBB team in terms of any activity or any costumer suspicious. I think we provide supports and we are a source of information to the authorities. So we would like to basically step up more and work more in terms to detect any potentially suspicious activity. Being a large bank in Bahrain and being a limited team of 5 there is so much we can review and so we handle both AML and compliance, so I think that is way deployed and automated system to help us and we set up a monthly monitoring target to help us, we do not want to hinder any investigation either indirectly, so we try through a direct efforts to help the regulators as much as possible.</p> <p>We have a corporate division, we segregate the business, there is a department handling small, medium enterprise, and there is a department handling large enterprises including government. We have certain KYC developed for legal entities; we have a certain requirements that they need to fulfil, if any facilities are extended to the corporate annual KYC update mandate it for the customers.</p>

<p>IC-1</p>	<p>R-3</p>	<p>I think when I look at my experience especially with Zurich we have a good track record supporting the authority and or convicting and confiscating the launderers if a such an aquirence happened but we usually are subject to we are a part of circulation that is made by CBB and we are aware of any individual that being tracked or investigated by the authorities we are very quick to confirm holding a such client to the CBB and the authority which help them to track such induvial, we have a very in-depth information management software which would help to extract any information related to the client which would help the investigation on going with the authority, also would have the ability to freeze with a matter of split in a second that would help the authorities holding or sizing any potential assets that we hold in relation to clients we also have experience of what the authority would require in related to such information that help them to prosecute any potential offenders and also we would share a such information as soon as we tracked or wanted or investigated individual we will help the authority in their efforts with the public persecution in convicting and one the decision have been made we would freeze all assets that we hold that related to convicting launderers until we receive notice from the authority on how we would deal on such assets, we would not release any assets until we receive a such information.</p> <p>Yes, I see where you coming from I think it is important for bakers and financial institutions to understand their obligation under the law their ethical obligations in fighting any ML concerns and have the right policies and procedures in place to support the end result it unfortunate that all entities understand the end goal of the financial crime regulations they would feel as soon as I have KYC have met my obligation the real end goal of such regulations is to stop ML activities from being up using the financial institutions to launder money and help the authority to prosecute and also effectively convict launderers , if all financial intuitions understand that this is the end goal, then it would be very tough for offenders the launder money.</p> <p>I think it a nature of our regulatory landscape against the money launderers, see the money launderers they are always a step ahead of us, and we usually respond on what the money launderers doing not as a proactive actions, the money launderer dose the laundering and then we respond. Ideally we should be a proactive to make difficult to them. We also we need to understand not all our clients engage in ML activity and we need to avoid to make abusing the clients unnecessary , obvisly thses only the suspicious an dthe client can be free from any ML concern , so you are either too intense however you might upusing the clients or however you could be to easer so the money launderers can make use your platform to launder money.</p> <p>I think in proactivity, we need the authorities and regulators need to tack a step front of regulators rather then follow, usually what we have seen is weather in FATF or any other local regulation, we see everybody is aware of this issue and after 3 months we see a follow up</p>
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	<p>regulation come up in this regard ideally this shouldn't come up from the beginning and we should though of a potential scenario of ML , before actually they come and put regulations and control in this regard, I think that's the proactivity. Also we should peer in mind while being a proactive we should respect the clients and not up use any potential client.</p> <p>Absolutely, actually for being a part of multinational company we were privilege with such initiative and potential wanted people in Bahrain or also wanted in somewhere else because we made the filing here or the head office, have seen the same individual has been convicted of a potential ML in the UK or in Bahrain at the same time , so this a very useful initiatives where you are making it more difficult for money launderers to transfer their money a cross jurisdictions, in the world we live in today you can transfer your money within a minute between Bahrain and another jurisdiction and unless you are able to respond to AML concerns at the same way the money launderers could easily transfer their money outside if they are outside your jurisdiction.</p>
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## Appendix 7: Secondary Data Format

**Format-1**

**Know Your Customer (KYC)**

**Year -2014/2015/2016**

Commercial Banks/Investment Banks/Private Banks/Insurance Companies/Money Exchange								
Months	Bank-1				Bank-2			
	No of Customer Identity Reviewed	Flaws Detected by Internal Auditor	Flaws Detected by External Auditor	Punitive Action Taken by Management	No of Customer Identity Reviewed	Flaws Detected by Internal Auditor	Flaws Detected by External Auditor	Punitive Action Taken by Management
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								

**Note: the above statement contains only 2 banks. You must do the same all major commercial banks, investment banks, private banks, insurance companies and money exchange**

**Format-2**

**Suspicious Transaction Report (STR)**

**Year -2014/2015/2016**

<b>Commercial Banks/Investment Banks/Private Banks/Insurance Companies/Money Exchange</b>																
<b>Months</b>	<b>Bank-1</b>								<b>Bank-2</b>							
	<b>No of Suspicious Transactions Reported</b>				<b>No of reports probed by CD</b>	<b>No of reports probed by FIU</b>	<b>No of Punitive Action Taken by</b>		<b>No of Suspicious Transactions Reported</b>				<b>No of reports probed by CD</b>	<b>No of reports probed by FIU</b>	<b>No of Punitive Action Taken by</b>	
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>			<b>CD</b>	<b>FIU</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>			<b>CD</b>	<b>FIU</b>
<b>Jan</b>																
<b>Feb</b>																
<b>Mar</b>																
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<b>Nov</b>																
<b>Dec</b>																

**TO means Type of Offence**

**Note: the above statement contains only 2 banks. You must do the same all major commercial banks, investment banks, private banks, insurance companies and money exchange**

**Format-3**

**Search, Seize, Confiscate & Convict**

**Year -2014/2015/2016**

Months	No of Offences Reported				Initial Investigation	Search	Confiscate	Cases Transferred to Public Prosecutor	Number of Convictions	No of False Alarms	Action Taken Against False Alarms
	TO-1	TO-2	TO-3	TO-4							
<b>Jan</b>											
<b>Feb</b>											
<b>Mar</b>											
<b>Apr</b>											
<b>May</b>											
<b>Jun</b>											
<b>Jul</b>											
<b>Aug</b>											
<b>Sep</b>											
<b>Oct</b>											
<b>Nov</b>											
<b>Dec</b>											

**TO means Type of Offence**

**Note: the above statement contains only 2 banks. You must do the same all major commercial banks, investment banks, private banks, insurance companies and money exchange**



**Format-4**

**Banks & NBFCs and Conformity to FATF**

**Year -2014/2015/2016**

Names of Banks/Investment Banks/Insurance Companies/Money Exchange	Recommendation-4		Recommendation-6		Recommendation-8		Recommendation-12		Recommendation-13		Recommendation-16		Recommendation-19		Recommendation-35	
	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC

**Note:**  
**Conformity : CON**  
**Non-Conformity : NC**

**Format-5**

**Private Banks & Correspondent Banks and Conformity to Wolfsberg Group**

**Year -2014/2015/2016**

Name of Banks	Abuse of Trade Card			Abuse of Cash Card			Abuse of Trade Finance			Identify PEPs		Beneficial Owners		Interbank Payment Message	
	Monitor	Scrutinize	Eliminate	Monitor	Scrutinize	Eliminate	Monitor	Scrutinize	Eliminate	Detect Actions	Prevent ML	Detect Actions	Prevent ML	Basic Messaging Principles	Enhanced Payment Message
BMI Bank															
Dexia Private Bank															
Gulf One Bank															
GIB Capital															
Al Salam Bank															
BISB															
BBK															

Format-6

Banks & NBFCs and Conformity to BASEL

Year -2014/2015/2016

Names of Banks & NBFCs	Year	Sound ML Risk Management											Group-wide & Cross-border Context						
		Assessment, Understanding, Management & Risk Mitigation				Customer Acceptance Policy	Customer & Beneficial Owner			Management Information			STR	Asset Freezing	Global Process of Managing Customer Risk	Risk Assessment & Management	AML/CFT Risk Policies & Procedures	Group-wide Information Sharing	Information Sharing
		Assess & Understand Risk	Governance Arrangements	Three Lines of Defense	IT System		Identification	Verification	Risk Profiling	Ongoing Monitoring	Record Keeping	Updating Information							
BBK																			
NBB																			
BISB																			
Ithmaar Bank																			
Al Salam Bank																			
GIB																			
ABC																			
BMI Bank																			
Gulf One Bank																			
Dexia Private Bank																			

**Format-7**

**Risk Based Due Diligence**

Year -2014/2015/2016

Names of Commercial Banks/ Insurance Companies/NBFC	Detect Nonresident Customers & Thwart			Detect PEPs & Thwart			Detect Private Banks & Thwart			Detect Legal Persons & Thwart			Information Exchange & Supervision		Adherence to Regulation & Eradicate		
	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Yes	No	Placement	Layering	Integration

**Format-8**

**FIU & Actions to eradicate ML**

**Year -2014/2015/2016**

Months/Years	No of Offences Reported					Initial Investigation					Search					Cases Transferred to Public Prosecutor					Number of Convictions				
	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities
<b>2014</b>																									
Jan																									
Feb																									
Mar																									
Apr																									
May																									
Jun																									
Jul																									
Aug																									
Sep																									
Oct																									
Nov																									
Dec																									
<b>2015</b>																									
Jan																									
Feb																									
Mar																									
Apr																									
May																									
Jun																									
Jul																									
Aug																									
Sep																									
Oct																									
Nov																									
Dec																									
<b>2016</b>																									
Jan																									
Feb																									
Mar																									
Apr																									
May																									
Jun																									
Jul																									
Aug																									
Sep																									
Oct																									

Nov																						
Dec																						

**Format-9**

**AML Initiatives against Professional Entities**

**Year -2014/2015/2016**

Months	Bureaucrats				Lawyers				Notary				Auditing Firms & Accountants				Real Estate Firms & Estate Agents				Financial advisors				Trusts						
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d			
Jan																															
Feb																															
Mar																															
Apr																															
May																															
Jun																															
Jul																															
Aug																															
Sep																															
Oct																															
Nov																															
Dec																															

**Use the following codes (a,b,c & d) and indicate number of cases-**

- a.** monitor predicate crimes
- b.** search
- c.** seize criminal proceeds
- d.** prosecute launderers

**Format-10**

**Action against Predicate Crimes**

**Year -2014/2015/2016**

Months	Human Trafficking		Drug Trafficking		Extortion		Organized Crime		Robbery		Terrorism		Terrorist Financing		White Collar Offence		Financial Fraud		Bribe		Embezzlement		
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	
Jan																							
Feb																							
Mar																							
Apr																							
May																							
Jun																							
Jul																							
Aug																							
Sep																							
Oct																							
Nov																							
Dec																							

- a. Number of cases
- b. Number of actions initiated by regulators

## Appendix 8: Secondary Data-Coding

### Format-1: Know Your Customer (KYC)

Codes	Subject
cstidntrvwd	Customer Identity Reviewed
flwdtcintadt	Flaws Detected by Internal Auditor
flwdtcextadt	Flaws Detected by External Auditor
pntacttkmgt	Punitive Action Taken by Management

### Format-2: Suspicious Transaction Report (STR)

Codes	Subject
toone	Cash threshold
totwo	Wire transfer from shell companies
tothree	Counterfeit documents
tofour	Illegal activities
rptprbcd	Reports probed by CD
rptprbfui	Reports probed by FIU
pnactkcd	Punitive Action Taken by CD
pnactkfiu	Punitive Action Taken by FIU

### Format-3: Search, Seize, Confiscate & Convict

Codes	Subject
toone	Cash threshold
totwo	Wire transfer from shell companies
tothree	Counterfeit documents
tofour	Illegal activities
intlinvstg	Initial Investigation
search	Search
confscf	Confiscate
castrnpp	Cases Transferred to Public Prosecutor
nmbcnvt	Number of Convictions
nmbflsalm	No of False Alarms
actknfsalm	Action Taken Against False Alarms



**Format-4: Banks & NBFs and Conformity to FATF**

<b>Codes</b>	<b>Subject</b>
recfourcon	Recommendation-4-CON
recfournc	Recommendation-4-NC
recsixcon	Recommendation-6-CON
recsixnc	Recommendation-6-NC
receghtcon	Recommendation-8-CON
receghtnc	Recommendation-8-NC
rectlvcon	Recommendation-12-CON
rectlvnc	Recommendation-12-NC
recthrtcon	Recommendation-13-CON
recthrtnc	Recommendation-13-NC
recsxtcon	Recommendation-16-CON
recsxtnc	Recommendation-16-NC
recnintcon	Recommendation-19-CON
recnintnc	Recommendation-19-NC
recthrtfvcon	Recommendation-35-CON
recthrtfvnc	Recommendation-35-NC

**Format-5: Private Banks & Correspondent Banks and Conformity to Wolfsberg Group**

<b>Codes</b>	<b>Subject</b>
abstrdcrmnt	Abuse of Trade Card-Monitor
abstrdcscr	Abuse of Trade Card-Scrutinize
abstrdcsel	Abuse of Trade Card-Eliminate
abscscrmnt	Abuse of Cash Card-Monitor
abscscscr	Abuse of Cash Card-Scrutinize
abscscsel	Abuse of Cash Card-Eliminate
abstrfnmnt	Abuse of Trade Finance-Monitor
abstrfnscr	Abuse of Trade Finance -Scrutinize
abstrfnel	Abuse of Trade Finance -Eliminate
idnpepdac	Identify PEPs- Detect Actions
idnpeppvml	Identify PEPs- Prevent ML
benowndtac	Beneficial Owners- Detect Actions
benownpvml	Beneficial Owners- Prevent ML
ibnpmsmsgpr	Interbank Payment Message- Basic Messaging Principles
Ibnpmsenpms	Interbank Payment Message- Enhanced Payment Message

**Format-6: Banks & NBFs and Conformity to BASEL**

<b>Codes</b>	<b>Subject</b>

**Format-7: Risk Based Due Diligence**

<b>Codes</b>	<b>Subject</b>
nrcsthprcrm	Detect Nonresident Customers & Thwart- Transfer proceeds of predicate crime
nrcsthirtxhv	Detect Nonresident Customers & Thwart- Invest in trusts in tax heavens
nrcsthastacq	Detect Nonresident Customers & Thwart- Asset Acquisition
pepthrprprcr	Detect PEPs & Thwart - Transfer proceeds of predicate crime
pepthintxhv	Detect PEPs & Thwart - Invest in trusts in tax heavens
pepthrastacq	Detect PEPs & Thwart - Asset Acquisition
prbntprprcr	Detect Private Banks & Thwart - Transfer proceeds of predicate crime
prbntintxhv	Detect Private Banks & Thwart - Invest in trusts in tax heavens
prbntastacq	Detect Private Banks & Thwart - Asset Acquisition
lgprthtrprcr	Detect Legal Persons & Thwart - Transfer proceeds of predicate crime
lgprthtintxhv	Detect Legal Persons & Thwart - Invest in trusts in tax heavens
lgprthtastacq	Detect Legal Persons & Thwart - Asset Acquisition
inexcyes	Information Exchange & Supervision-Yes
inexcno	Information Exchange & Supervision -No
adrgerplc	Adherence to Regulation & Eradicate - Placement
adrgerlyrn	Adherence to Regulation & Eradicate - Layering
adrgerintg	Adherence to Regulation & Eradicate - Integration

**Format-8: FIU & Actions to eradicate ML**

<b>Codes</b>	<b>Subject</b>
ofnrepbrb	No of Offences Reported -Bribery
ofnreptrf	No of Offences Reported -Trafficking
ofnrepcrp	No of Offences Reported -Corruption
ofnrepcbz	No of Offences Reported -Embezzlement
ofnreptract	No of Offences Reported -Terrorist Activities
ininvbrb	Initial Investigation -Bribery
ininvtrf	Initial Investigation -Trafficking
ininvcrpt	Initial Investigation -Corruption
ininvemblz	Initial Investigation -Embezzlement
ininvtract	Initial Investigation -Terrorist Activities
srchbrb	Search -Bribery
srchtrfc	Search -Trafficking
srchcrptn	Search -Corruption
srchemlz	Search -Embezzlement
srchtract	Search -Terrorist Activities
cstrppbrb	Cases Transferred to Public Prosecutor -Bribery
cstrpptrfc	Cases Transferred to Public Prosecutor -Trafficking
cstrppcrptn	Cases Transferred to Public Prosecutor -Corruption
cstrppembzl	Cases Transferred to Public Prosecutor -Embezzlement
cstrpptract	Cases Transferred to Public Prosecutor -Terrorist Activities
nmcnvbrb	Number of Convictions -Bribery
nmcnvtrfc	Number of Convictions -Trafficking
nmcnvcrpt	Number of Convictions -Corruption
nmcnvembz	Number of Convictions -Embezzlement
nmcnvtract	Number of Convictions -Terrorist Activities

**Format-9: AML Initiatives against Professional Entities**

<b>Codes</b>	<b>Subject</b>
brcmnprrcr	Bureaucrats -monitor predicate crimes
brcsrch	Bureaucrats -search
brcsezcrprc	Bureaucrats -seize criminal proceeds
brcprclndr	Bureaucrats -prosecute launderers
brccnvofnd	Bureaucrats -convict offenders
lwrmprrcr	Lawyers -monitor predicate crimes
lwrsrch	Lawyers -search
lwrsezcrprc	Lawyers -seize criminal proceeds
lwrprclnd	Lawyers -prosecute launderers
lwrncvofnr	Lawyers -convict offenders
ntrmntprcr	Notary -monitor predicate crimes
ntrsrc	Notary -search
ntrsezcrprc	Notary -seize criminal proceeds
ntrprclndrs	Notary -prosecute launderers
ntrconlndr	Notary -convict offenders

aafmntprcr	Auditing Firms & Accountants -monitor predicate crimes
aafsrch	Auditing Firms & Accountants -search
aafsezerpr	Auditing Firms & Accountants -seize criminal proceeds
aafprclndr	Auditing Firms & Accountants -prosecute launderers
aafcnvtofnd	Auditing Firms & Accountants -convict offenders
rlfmntprcr	Real Estate Firms & Estate Agents -monitor predicate crimes
rlfsrch	Real Estate Firms & Estate Agents -search
rlfsezermpr	Real Estate Firms & Estate Agents -seize criminal proceeds
rlfprclndrs	Real Estate Firms & Estate Agents -prosecute launderers
rlfcvntlndr	Real Estate Firms & Estate Agents -convict offenders
fadmntprcr	Financial advisors -monitor predicate crimes
fadsrch	Financial advisors -search
fadsezermpr	Financial advisors -seize criminal proceeds
fadprcrm	Financial advisors -prosecute launderers
fadenvtond	Financial advisors -convict offenders
trsmntprcr	Trusts -monitor predicate crimes
trssrch	Trusts -search
trssezermpr	Trusts -seize criminal proceeds
trsprclndr	Trusts -prosecute launderers
trscnvtofnd	Trusts -convict offenders

**Format-10: Action against Predicate Crimes**

<b>Codes</b>	<b>Subject</b>
hmtrcses	Human Trafficking -Number of cases
hmtractreg	Human Trafficking -Number of actions initiated by regulators
drgrcses	Drug Trafficking -Number of cases
drgractreg	Drug Trafficking -Number of actions initiated by regulators
extcases	Extortion -Number of cases
extactregt	Extortion -Number of actions initiated by regulators
orgcrses	Organized Crime -Number of cases
orgcractreg	Organized Crime -Number of actions initiated by regulators
rbrcases	Robbery -Number of cases
rbractregl	Robbery -Number of actions initiated by regulators
trocases	Terrorism -Number of cases
troactreg	Terrorism -Number of actions initiated by regulators
trofinces	Terrorist Financing -Number of cases
trofinactreg	Terrorist Financing -Number of actions initiated by regulators
whtclofcs	White Collar Offence -Number of cases
whtclofacreg	White Collar Offence -Number of actions initiated by regulators
finfrses	Financial Fraud -Number of cases
finfractreg	Financial Fraud -Number of actions initiated by regulators
brbcases	Bribe -Number of cases
brbactregl	Bribe -Number of actions initiated by regulators
emblcases	Embezzlement -Number of cases
emblactregl	Embezzlement -Number of actions initiated by regulators

## Appendix 9: Secondary Data-Pilot Study

Table-1 Know Your Customer (KYC)

Months	Bank-1												Bank-2												
	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	
Jan	7381	8934	10540	516	610	770	41	27	23	8	7	5	4797	4990	7761	239	327	401	17	15	21	3	5	8	
Feb	5439	4799	8991	271	329	412	16	17	18	4	6	4	2991	3123	5667	179	189	266	16	13	17	2	7	4	
Mar	10196	11285	10588	305	277	317	21	13	21	6	3	5	3466	3190	8934	207	219	178	11	13	18	5	2	5	
Apr	9323	9921	11780	373	361	288	29	21	19	10	8	9	4661	5671	6519	233	223	198	8	9	11	3	4	3	
May	14082	13591	12776	844	778	671	42	45	39	8	10	6	9857	11201	9569	689	614	451	25	21	21	6	8	4	
Jun	19649	22712	19056	785	810	711	47	50	43	14	22	12	10736	9761	10223	751	779	551	41	36	19	9	5	8	
Jul	20451	19799	23790	932	899	871	55	37	41	27	13	17	11546	12399	11543	692	712	237	39	33	25	8	4	11	
Aug	27782	31288	28966	556	967	660	27	41	35	13	21	15	13875	13228	12900	693	657	332	26	34	21	8	7	2	
Sep	24967	25891	18990	749	884	780	44	39	28	8	12	11	12324	19766	17991	492	430	218	8	12	17	3	2	6	
Oct	29458	26001	21644	589	867	729	41	44	33	14	9	5	12965	13256	14810	810	388	220	73	67	41	14	9	3	
Nov	25861	24381	22811	776	765	810	31	25	31	9	7	4	13987	16987	13288	559	561	340	26	15	16	7	2	6	
Dec	15785	16534	19771	647	571	451	32	16	24	11	14	4	9856	13256	15440	295	277	261	11	16	20	2	5	9	
<b>Money Exchange</b>																									
No	<b>MnyEx-51E</b>												<b>MnyEx-39E</b>												

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	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	
Jan	8724	1002	7789	561	669	548	39	41	34	7	5	4	7899	9899	11299	511	452	701	41	27	12	11	6	5	
Feb	7645	9981	10540	498	540	380	41	67	54	11	4	3	8965	10500	12377	499	513	562	37	35	25	9	9	3	
Mar	8965	9901	11870	591	760	661	47	39	37	9	8	5	11239	12389	17789	610	667	772	47	39	17	4	3	4	
Apr	6971	7811	9920	396	450	450	19	25	38	8	3	4	9812	11290	13766	451	445	562	22	18	21	7	8	2	
May	8891	8891	9100	524	447	667	27	18	16	5	8	3	10050	12780	14235	578	720	629	41	28	29	5	4	2	
Jun	10159	9865	7723	789	661	328	37	28	21	10	9	2	14498	15460	14556	891	778	766	24	32	44	10	5	6	
Jul	13871	12770	13890	677	698	378	23	39	25	7	4	3	17910	16780	18001	644	655	720	17	19	18	4	7	11	
Aug	18920	19340	18549	723	701	277	19	20	17	3	5	8	19845	19456	21883	732	539	542	11	21	27	7	8	6	
Sep	20189	21399	19662	801	771	446	26	21	27	5	4	6	23765	21900	25443	687	518	620	26	17	16	3	3	4	
Oct	22567	19782	21976	785	690	719	23	19	18	8	7	3	25911	23457	19882	733	592	248	31	38	17	2	5	9	
Nov	21294	20540	18623	863	781	189	14	13	17	4	5	4	23988	20546	17987	569	669	430	18	11	24	9	4	5	
Dec	17478	18975	15662	479	551	441	17	15	35	7	8	9	16501	18900	15442	388	421	344	11	27	19	2	3	7	
<b>Investment Banks</b>																									
<b>Months</b>	<b>InvBnk-16</b>												<b>InvBnk-15</b>												
	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	
Jan	478	389	667	71	69	56	8	7	14	3	4	2	312	445	390	66	56	61	7	5	17	3	1	3	
Feb	312	513	1081	42	33	43	6	5	11	2	3	5	250	320	420	31	23	45	3	2	9	1	2	3	
Mar	287	325	987	43	27	38	5	8	10	3	3	6	179	189	319	26	29	31	4	5	11	2	3	5	
Apr	276	447	899	33	31	28	4	3	9	4	2	8	256	224	320	28	22	29	5	8	12	1	5	9	
May	781	686	771	109	89	77	27	16	12	3	5	3	719	661	541	89	78	47	23	17	19	7	5	3	
Jun	667	714	663	86	110	89	13	19	13	7	5	4	698	720	342	81	81	61	11	13	21	5	7	4	
Jul	891	991	971	178	217	78	41	47	21	11	11	4	752	779	552	102	97	78	25	21	8	8	3	5	

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<b>Aug</b>	493	552	752	73	57	66	9	16	23	5	7	6	688	551	429	85	73	38	12	9	16	4	5	2
<b>Sep</b>	816	757	734	97	98	81	14	11	18	7	5	3	511	673	620	83	89	66	9	14	19	3	4	1
<b>Oct</b>	511	557	669	66	71	56	11	17	19	5	4	2	752	780	710	95	66	71	16	21	12	6	4	6
<b>Nov</b>	696	711	678	97	97	88	18	12	13	7	3	4	645	559	642	86	87	49	12	8	13	3	2	8
<b>Dec</b>	589	620	519	76	72	89	13	7	9	4	1	3	314	348	418	39	28	23	5	11	8	2	6	3
<b>Insurance Companies</b>																								
<b>Months</b>	<b>InsC-48D</b>												<b>InsC-50D</b>											
	<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>			<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	445	556	610	57	54	42	17	11	17	5	5	4	1223	990	1120	170	87	78	17	17	11	6	5	4
<b>Feb</b>	612	671	556	41	42	67	11	12	21	4	2	3	1128	876	1092	140	121	56	12	12	17	4	2	6
<b>Mar</b>	442	420	499	37	29	56	8	19	17	4	3	5	1005	1011	1311	117	134	72	26	18	18	3	5	3
<b>Apr</b>	458	289	319	47	30	46	15	15	11	7	6	6	998	1199	1288	129	112	102	17	21	20	8	3	2
<b>May</b>	761	667	441	56	89	78	18	21	13	2	6	4	1298	1277	980	190	210	172	11	11	14	4	4	8
<b>Jun</b>	711	614	569	63	78	90	20	19	15	5	3	5	1135	1765	2199	113	175	112	9	19	21	5	5	4
<b>Jul</b>	889	1071	981	92	210	88	39	29	21	9	8	4	1677	1559	1972	210	202	130	25	13	17	8	8	6
<b>Aug</b>	661	778	899	78	77	48	23	11	26	7	2	5	1677	990	1890	169	154	110	13	21	13	9	7	8
<b>Sep</b>	871	987	677	81	49	51	17	15	18	7	7	5	1550	2100	2367	183	217	129	20	12	19	4	8	2
<b>Oct</b>	763	710	566	69	71	86	19	25	15	3	3	7	1789	1785	2490	119	177	89	19	11	15	3	4	1
<b>Nov</b>	990	881	714	71	64	55	12	19	11	6	4	3	1933	1879	1902	270	280	156	14	14	12	10	8	4
<b>Dec</b>	779	678	781	59	56	34	16	9	13	6	1	5	1654	1453	1867	114	163	140	17	19	11	8	2	3

Table2 Suspicious Transaction Report (STR)

Commercial Banks																									
Months		Bank-1																							
		No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
		2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
		TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
Jan	1	1	-	-	1	-	-	1	1	-	-	-	3	2	1	1	2	1	1	1	-	1	1	1	
Feb	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	-	-	1	1	-	1	
Mar	-	-	-	1	1	1	1	-	-	-	-	-	1	3	-	1	3	-	1	2	-	1	2	-	
Apr	1	1	1	2	-	-	-	1	1	-	-	-	8	1	1	5	-	1	2	1	-	3	1	1	
May	2	-	-	-	-	-	-	-	-	-	1	1	2	-	2	5	-	2	2	-	1	2	-	2	
Jun	-	-	1	1	-	-	-	2	-	-	1	-	2	-	1	2	-	1	-	-	1	-	-	1	
Jul	-	-	-	-	-	1	1	-	-	-	-	2	-	2	-	-	2	-	-	1	-	-	1	-	
Aug	-	-	1	-	3	-	-	-	1	-	-	-	1	3	1	1	-	1	1	-	1	1	2	1	
Sep	1	1	1	-	-	-	-	-	-	2	-	-	3	-	-	2	-	-	1	-	-	1	-	-	
Oct	-	-	-	1	1	-	-	-	1	-	-	-	1	1	1	2	1	1	1	-	-	2	-	1	
Nov	-	-	-	-	1	1	-	1	1	-	1	1	-	3	3	-	1	3	-	1	2	-	1	3	
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Months		Bank-2																							
		No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
		2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
		TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016



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<b>Jan</b>	-	-	-	-	1	-	-	-	2	-	-	1	-	1	3	-	-	3	-	-	1	-	-	2
<b>Feb</b>	-	-	-	-	-	-	-	1	2	-	-	-	-	-	2	-	1	2	-	-	1	-	1	1
<b>Mar</b>	-	-	-	-	1	-	-	-	1	-	-	-	-	1	1	-	-	1	-	1	-	-	-	1
<b>Apr</b>	-	-	-	-	1	1	-	-	3	1	1	-	-	2	4	-	2	5	-	1	2	-	1	3
<b>May</b>	-	-	-	-	2	1	1	-	1	1	1	-	-	4	3	-	2	2	-	2	1	-	1	2
<b>Jun</b>	1	1	-	-	-	1	-	1	1	-	-	-	2	1	-	-	1	1	1	-	-	-	-	-
<b>Jul</b>	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	2	-	1	-	-	1	1	-	-
<b>Aug</b>	-	-	-	-	-	-	-	-	-	-	1	1	-	-	2	-	-	2	-	-	-	-	-	2
<b>Sep</b>	-	-	-	-	-	-	-	-	1	-	1	1	-	-	3	-	-	3	-	-	1	-	-	3
<b>Oct</b>	3	-	1	-	-	-	-	-	-	-	1	-	4	-	1	-	-	1	-	-	1	-	-	-
<b>Nov</b>	2	-	-	-	-	-	-	-	1	-	-	1	2	-	2	2	-	2	-	-	1	-	-	2
<b>Dec</b>	-	-	-	-	-	-	-	-	-	1	1	-	-	-	2	-	-	2	-	-	-	-	-	2
<b>Months</b>	<b>Bank-3</b>																							
	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>					
	<b>2014</b>				<b>2015</b>				<b>2016</b>				<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>							<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Jan</b>																							
<b>Feb</b>																								
<b>Mar</b>																								
<b>Apr</b>																								
<b>May</b>																								
<b>Jun</b>																								
<b>Jul</b>																								
<b>Aug</b>																								
<b>Sep</b>																								
<b>Oct</b>																								
<b>Nov</b>																								

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Dec																										
Money Exchange																										
MnyEx-51E																										
Months	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by							
	2014				2015				2016																	
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							CD			FIU				
													2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015
Jan	1	2	-	-	1	-	-	-	4	1	-	2	3	1	7	1	1	5	2	-	4	-	1	5		
Feb	1	-	-	-	1	-	1	1	8	-	2	1	1	3	10	-	2	11	-	1	3	-	2	7		
Mar	3	-	1	-	-	-	-	-	5	1	2	2	2	-	10	4	-	6	2	-	-	3	-	4		
Apr	-	1	-	-	2	-	1	1	9	-	3	3	1	4	15	-	3	14	-	2	2	-	3	7		
May	2	-	-	1	-	-	-	-	8	1	-	-	2	-	3	3	-	9	2	-	1	2	-	2		
Jun	-	1	1	-	-	-	-	-	4	-	-	-	2	-	3	1	-	4	-	-	-	-	-	2		
Jul	-	-	-	-	-	-	-	-	7	1	1	-	-	-	9	-	-	9	-	-	-	-	-	-		
Aug	1	-	-	-	-	-	-	-	9	-	2	2	1	-	13	1	-	13	1	-	3	-	-	7		
Sep	1	-	1	-	9	-	1	3	4	1	-	-	2	13	5	2	12	1	-	3	1	-	4	1		
Oct	-	-	-	-	-	-	-	-	27	2	3	-	-	-	28	-	-	32	-	-	6	-	-	9		
Nov	3	-	-	1	-	-	1	-	1	-	1	-	4	1	2	4	1	2	2	1	-	3	1	2		
Dec	1	2	-	-	-	-	-	-	12	-	1	1	-	-	14	-	-	13	-	-	7	-	-	8		
MnyEx-39E																										
Months	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by							
	2014				2015				2016																	
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							CD			FIU				
													2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015

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Jan	-	-	-	-	17	5	9	-	-	-	-	-	-	31	-	-	31	-	-	5	-	-	13	-	
Feb	-	-	-	-	8	-	2	-	-	-	-	-	-	10	-	-	9	-	-	2	-	-	7	-	
Mar	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	
Apr	-	-	-	-	33	2	13	15	-	-	-	-	-	63	-	-	60	-	-	4	-	-	9	-	
May	-	-	-	-	23	-	9	-	-	-	-	-	-	32	-	-	32	-	-	3	-	-	11	-	
Jun	10	2	1	1	9	-	-	5	1	-	-	-	16	14	1	6	14	1	5	-	-	3	4	1	
Jul	21	-	7	11	19	4	6	-	-	-	-	-	35	29	-	42	29	-	9	1	-	13	15	-	
Aug	27	5	13	7	10	-	4	3	2	-	-	-	55	17	2	55	17	-	7	4	1	27	7	2	
Sep	19	-	-	11	17	-	3	-	-	-	-	-	42	20	-	47	20	-	13	4	-	28	9	-	
Oct	7	3	5	2	3	-	-	1	-	-	-	-	20	1	-	20	3	-	8	1	-	6	2	-	
Nov	11	-	5	3	-	-	-	-	-	-	-	-	45	-	-	45	-	-	16	-	-	29	-	-	
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Investment Banks</b>																									
Months	<b>InvBnk-16</b>																								
	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>						
	<b>2014</b>				<b>2015</b>				<b>2016</b>																
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>			
																				<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	1	-	-	-	-	1	-
Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Nov	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1	
<b>Months</b>	<b>InvBnk-15</b>																										
	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>								
	<b>2014</b>				<b>2015</b>				<b>2016</b>																		
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>															
													<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
																						<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mar	-	-	3	-	-	1	-	-	-	-	-	3	1	-	-	-	-	-	1	1	-	-	-	-	-	-	
Apr	-	1	-	-	-	-	-	-	-	1	1	-	-	-	2	1	-	1	-	-	1	-	-	1	1	1	
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jun	-	3	-	2	-	-	1	-	-	-	-	6	1	-	5	1	-	2	1	-	2	1	-	1	1	-	
Jul	-	1	1	-	-	-	1	-	-	-	-	-	1	-	2	1	-	2	1	-	-	-	-	1	1	-	
Aug	-	3	2	-	-	2	2	-	-	-	-	5	4	-	5	4	-	5	4	-	-	1	-	-	2	-	
Sep	-	-	1	-	-	1	-	-	-	-	-	1	1	-	1	1	-	1	1	-	1	-	-	1	-	-	
Oct	-	1	1	-	-	-	1	-	-	-	1	2	1	1	2	1	1	2	1	1	-	-	1	2	1	1	
Nov	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	1	
Dec	-	-	1	-	-	2	1	-	-	-	-	1	-	-	-	3	-	-	1	-	-	-	2	-	-	-	
<b>Insurance Companies</b>																											
<b>Months</b>	<b>InsC-48D</b>																										
	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>								
	<b>2014</b>				<b>2015</b>				<b>2016</b>																		
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>															
													<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
																						<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>

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Months	InsC-50D																										
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by								
	2014				2015				2016										CD			FIU					
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
	Jan	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	1	-	-	-	-	-	-	1	
Feb	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1	-	-		
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Nov	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	-	-	-	1			
Dec	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	1	-	-	1	-	1			
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Table-3 Search, Seize, Confiscate & Convict

Months	No of Offences Reported												Initial Investigation			Search			Confiscate			Cases Transferred to Public Prosecutors			Number of Convictions			No of False Alarms			Action Taken Against False Alarms				
	2014				2015				2016				2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016		
Jan	1	1	-	-	1	-	-	1	1	-	-	-	2	2	1	2	2	1	-	-	-	1	1	-	-	-	1	1	-	-	-	-	-	-	-
Feb	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	-
Mar	-	-	-	1	1	1	1	-	-	-	-	-	1	3	-	-	2	-	-	-	1	-	2	-	-	1	-	-	-	-	-	-	-	-	-
Apr	1	1	1	2	-	-	-	1	1	-	-	-	5	1	1	4	1	1	-	-	-	1	1	1	1	-	1	3	-	-	-	-	-	-	-
May	2	-	-	-	-	-	-	-	-	-	1	1	1	-	2	1	-	2	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	1	1	-	-	-	-	-	-	1	-	2	-	1	1	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	1	1	-	-	-	-	-	-	2	-	-	2	-	-	-	-	-	1	-	-	-	-	1	-	-	-	-	-	-	-
Aug	-	-	1	-	3	-	-	-	1	-	-	-	1	3	1	-	2	1	-	-	-	-	1	1	-	1	1	-	1	-	-	-	-	-	
Sep	1	1	1	-	-	-	-	-	-	-	-	-	3	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	
Oct	-	-	-	1	1	-	-	-	1	-	-	-	1	1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	1	1	-	1	1	-	1	1	-	1	3	1	-	2	-	-	-	1	-	1	1	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table-4 Banks & NBFCs and Conformity to FATF

P ar t i c	Recommendation-4	Recommendation-6	Recommendation-8	Recommendation-12	Recommendation-13	Recommendation-16	Recommendation-19	Recommendation-35
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**Table-5 Private Banks & Correspondent Banks and Conformity to Wolfsberg Group**

Name of Banks	Abuse of Trade Card			Abuse of Cash Card			Abuse of Trade Finance			Identify PEPs		Beneficial Owners		Interbank Payment Message																											
	Monitor	Scrutinize		Eliminate	Monitor	Scrutinize		Eliminate	Monitor	Scrutinize		Eliminate	Detect Actions	Prevent ML	Detect Actions	Prevent ML	Basic Messaging Principles		Enhanced Payment Message																						
																	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016										
<b>Bank-5</b>	8	5	9	6	5	6	4	2	3	5	6	8	3	4	4	2	2	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
<b>PvtBnk-20</b>	4	4	7	3	1	4	7	9	3	4	3	2	4	3	2	1	1	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	
<b>InvBnk-13</b>	2	2	1	2	2	1	1	1	1	2	3	5	2	3	5	1	1	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>InvBnk-12</b>	4	6	9	3	4	6	1	3	3	3	3	7	3	3	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Bank-3</b>	8	4	9	8	4	9	6	1	5	9	4	7	9	4	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Bank-4</b>	5	9	7	5	9	7	3	4	4	5	4	5	5	4	5	3	3	4	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Bank-1</b>	7	5	8	7	5	8	5	2	4	8	8	5	8	8	5	3	4	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Bank-6</b>	6	6	9	6	6	9	2	4	5	6	5	4	6	5	4	4	3	2	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Bank-2</b>																																									

Table-6 Banks & NBFs and Conformity to BASEL

Names of Banks & NBFs	Year	Sound ML Risk Management													Group-wide & Cross-border Context					
		Assessment, Understanding, Management & Risk Mitigation				Customer Acceptance Policy	Customer & Beneficial Owner			Ongoing Monitoring	Management Information			STR	Asset Freezing	Global Process of Managing Customer Risk	Risk Assessment & Management	AML/CFT Risk Policies & Procedures	Group-wide Information Sharing	Information Sharing
		Assess & Understand Risk	Governance Arrangements	Three Lines of Defense	IT System		Identification	Verification	Risk Profiling		Record Keeping	Updating Information	Supplying Information							
Bank-1	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
Bank-2	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0	0
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0	0
Bank-4	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0	0
Bank-6	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Bank-3	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0	0
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
InvBnk-16	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
InvBnk-15	2014	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2016	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
InvBnk-14	2014	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2015	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2016	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
InvBnk-13	2014	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2015	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0

Table 7 Risk Based Due Diligence

Names of Commercial Banks/ Insurance Companies/NBFC	Detect Nonresident Customers & Thwart			Detect PEPs & Thwart			Detect Private Banks & Thwart			Detect Legal Persons & Thwart			Information Exchange & Supervision		Adherence to Regulation & Eradicate			
	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Transfer proceeds of predicate crime	Invest in trusts in tax heavens	Asset Acquisition	Yes	No	Placement	Layering	Integration	
																		2014
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Bank-1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
Bank-2	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
Bank-4	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
Bank-6	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
Bank-3	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
InvBnk-16	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
InvBnk-15	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
InvBnk-14	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
InvBnk-13	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
PvtBnk-20	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
InsC-48D	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
InsC-50D	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
PvtBnk-20	2016	1	1	1	1	1	1	1	1	0	1	1	1	0	0	1	0	1
	2014	1	1	1	1	1	1	1	1	0	1	1	1	0	0	1	0	1
	2015	1	1	1	1	1	1	1	1	0	1	1	1	0	0	1	0	1
	2016	1	1	1	1	1	1	1	1	0	1	1	1	0	0	1	0	1

**Table 8 FIU & Actions to eradicate ML**

Months/Years	No of Offences Reported					Initial Investigation					Search					Cases Transferred to Public Prosecutor					Number of Convictions									
	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities					
<b>2014</b>																														
<b>Jan</b>																														
<b>Feb</b>																														
<b>Mar</b>																														
<b>Apr</b>				1					1										1											
<b>May</b>																														
<b>Jun</b>	1			1		1			1		1			1																
<b>Jul</b>	2			1		2			1		2			1					1											
<b>Aug</b>																														
<b>Sep</b>				1					1					1																
<b>Oct</b>				1					1										1										1	
<b>Nov</b>																														
<b>Dec</b>																														

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<b>2015</b>																									
<b>Jan</b>																									
<b>Feb</b>																									
<b>Mar</b>	1					1					1														
<b>Apr</b>																									
<b>May</b>																									
<b>Jun</b>			1					1					1						1					1	
<b>Jul</b>																									
<b>Aug</b>				1					1											1					
<b>Sep</b>																									
<b>Oct</b>																									
<b>Nov</b>			1					1					1												
<b>Dec</b>																									
<b>2016</b>																									
<b>Jan</b>																									
<b>Feb</b>	1					1					1														
<b>Mar</b>	1					1					1														
<b>Apr</b>				1				1					1												
<b>May</b>																									
<b>Jun</b>																									
<b>Jul</b>																									
<b>Aug</b>																									
<b>Sep</b>																									
<b>Oct</b>				1							1									1					1
<b>Nov</b>																									
<b>Dec</b>																									

Table 9 AML Initiatives against Professional Entities

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Months/Years	Bureaucrats				Lawyers				Notary				Auditing Firms & Accountants				Real Estate Firms & Estate Agents				Financial advisors				Trusts			
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d
<b>2014</b>																												
Jan	19	5	1	-	6	1	-	-	-	-	-	-	-	-	-	11	7	1	-	-	-	-	-	-	-	-	-	-
Feb	21	9	-	-	2	-	-	-	-	-	-	-	-	-	-	7	3	1	-	-	-	-	-	-	-	-	-	-
Mar	11	2	-	-	7	1	-	-	-	-	-	-	-	-	-	5	1	-	-	-	-	-	-	-	-	-	-	-
Apr	6	-	-	-	9	2	-	-	-	-	-	-	-	-	-	9	5	-	-	-	-	-	-	-	-	-	-	-
May	37	9	1	1	5	1	-	-	-	-	-	-	-	-	-	3	1	-	-	-	-	-	-	-	-	-	-	-
Jun	28	7	-	-	2	-	-	-	-	-	-	-	-	-	-	7	1	1	1	-	-	-	-	-	-	-	-	-
Jul	22	7	-	-	4	-	-	-	-	-	-	-	-	-	-	6	5	1	-	-	-	-	-	-	-	-	-	-
Aug	43	5	-	-	3	-	-	-	-	-	-	-	-	-	-	7	1	-	-	-	-	-	-	-	-	-	-	-
Sep	39	9	1	1	4	-	-	-	-	-	-	-	-	-	-	9	8	2	1	-	-	-	-	-	-	-	-	-
Oct	24	8	-	-	3	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-
Nov	17	8	-	-	3	-	-	-	-	-	-	-	-	-	-	9	3	1	1	-	-	-	-	-	-	-	-	-
Dec	35	9	-	-	2	-	-	-	-	-	-	-	-	-	-	9	3	1	1	-	-	-	-	-	-	-	-	-
<b>2015</b>																												
Jan	31	8	-	-	3	-	-	-	-	-	-	-	-	-	-	5	1	-	-	-	-	-	-	-	-	-	-	-
Feb	17	3	-	-	7	3	-	-	-	-	-	-	-	-	-	9	4	-	-	-	-	-	-	-	-	-	-	-
Mar	29	5	1	-	2	-	-	-	-	-	-	-	-	-	-	11	3	1	-	-	-	-	-	-	-	-	-	-
Apr	18	3	-	-	2	-	-	-	-	-	-	-	-	-	-	17	3	-	-	-	-	-	-	-	-	-	-	-
May	44	11	-	-	9	1	-	-	-	-	-	-	-	-	-	8	5	1	1	-	-	-	-	-	-	-	-	-
Jun	21	5	-	-	4	-	-	-	-	-	-	-	-	-	-	5	2	-	-	-	-	-	-	-	-	-	-	-
Jul	36	6	-	-	7	3	-	-	-	-	-	-	-	-	-	14	8	3	1	-	-	-	-	-	-	-	-	-
Aug	19	2	1	1	2	-	-	-	-	-	-	-	-	-	-	9	3	-	-	-	-	-	-	-	-	-	-	-
Sep	35	7	1	1	7	5	-	-	-	-	-	-	-	-	-	3	1	-	-	-	-	-	-	-	-	-	-	-
Oct	27	5	-	-	4	-	-	-	-	-	-	-	-	-	-	5	1	-	-	-	-	-	-	-	-	-	-	-
Nov	23	5	-	-	1	-	-	-	-	-	-	-	-	-	-	11	2	-	-	-	-	-	-	-	-	-	-	-
Dec	29	4	1	-	1	-	-	-	-	-	-	-	-	-	-	2	1	-	-	-	-	-	-	-	-	-	-	-
<b>2016</b>																												
Jan	26	5	2	1	3	-	-	-	-	-	-	-	-	-	-	7	3	1	1	-	-	-	-	-	-	-	-	-
Feb	42	8	-	-	8	3	-	-	-	-	-	-	-	-	-	5	2	-	-	-	-	-	-	-	-	-	-	-
Mar	32	6	-	-	5	-	-	-	-	-	-	-	-	-	-	7	3	-	-	-	-	-	-	-	-	-	-	-

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<b>Apr</b>	39	8	1	-	8	2	-	-	-	-	-	-	-	-	-	8	2	2	1	-	-	-	-	-	-	-	-
<b>May</b>	47	4	1	1	9	3	-	-	-	-	-	-	-	-	-	8	1	-	-	-	-	-	-	-	-	-	-
<b>Jun</b>	25	2	-	-	3	-	-	-	-	-	-	-	-	-	-	5	3	-	-	-	-	-	-	-	-	-	-
<b>Jul</b>	49	5	-	-	9	1	-	-	-	-	-	-	-	-	-	9	6	2	-	-	-	-	-	-	-	-	-
<b>Aug</b>	33	4	1	-	5	-	-	-	-	-	-	-	-	-	-	9	4	-	-	-	-	-	-	-	-	-	-
<b>Sep</b>	37	3	-	-	6	-	-	-	-	-	-	-	-	-	-	3	1	1	1	-	-	-	-	-	-	-	-
<b>Oct</b>	44	9	2	1	7	1	-	-	-	-	-	-	-	-	-	5	3	1	1	-	-	-	-	-	-	-	-
<b>Nov</b>	29	7	2	-	2	-	-	-	-	-	-	-	-	-	-	7	5	-	-	-	-	-	-	-	-	-	-
<b>Dec</b>	43	4	-	-	8	1	-	-	-	-	-	-	-	-	-	7	3	1	1	-	-	-	-	-	-	-	-

Table 10 Action against Predicate Crimes

	Human Trafficking		Drug Trafficking		Extortion		Organized Crime		Robbery		Terrorism		Terrorist Financing		White Collar Offence		Financial Fraud		Bribe		Embezzlement	
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b
<b>2014</b>																						
<b>Jan</b>	1	2	1		34		-	-	-	-	2		-	-	-	-	74		3		2	
<b>Feb</b>	-	2	1		32		-	-	-	-	3		-	-	-	-	85		2		0	
<b>Mar</b>	1	2	1		31		-	-	-	-	2		-	-	-	-	28		1		0	
<b>Apr</b>	2	2	2		36		-	-	-	-	2		-	-	-	-	25		1		2	
<b>May</b>	1	2	-		24		-	-	-	-	5		-	-	-	-	39		1		5	
<b>Jun</b>	5	2	2		23		-	-	-	-	1		-	-	-	-	50		0		1	
<b>Jul</b>	1	2	1		15		-	-	-	-	2		-	-	-	-	27		0		4	
<b>Aug</b>	3	2	-		20		-	-	-	-	8		-	-	-	-	26		1		3	
<b>Sep</b>	1	2	-		20		-	-	-	-	6		-	-	-	-	40		3		3	
<b>Oct</b>	-	2	1		19		-	-	-	-	4		1	2	-	-	22		2		1	
<b>Nov</b>	-	2	-		14		-	-	-	-	6		-	-	-	-	22		0		1	
<b>Dec</b>	1	2	-		11		-	-	-	-	14		-	-	-	-	33		2		2	
<b>2015</b>																						
<b>Jan</b>	4		3		15		-	-	-		20		1		-		28		1		2	
<b>Feb</b>	1		1		17		-	-	-		25		1		-		23		3		2	

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<b>Mar</b>	0		1		16		-	-	-		41		-		-		29		1		3
<b>Apr</b>	1		4		21		-	-	-		34		-		-		29		2		3
<b>May</b>	2		4		25		-	-	-		31		-		-		24		2		4
<b>Jun</b>	3		-		20		-	-	-		27		-		-		20		1		2
<b>Jul</b>	1		4		24		-	-	-		35		-		-		12		0		2
<b>Aug</b>	1		4		12		-	-	-		37		-		-		25		2		8
<b>Sep</b>	1		5		10		-	-	-		54		-		-		28		1		7
<b>Oct</b>	2		-		17		-	-	-		16		-		-		32		0		6
<b>Nov</b>	3		1		25		-	-	-		37		-		-		33		1		8
<b>Dec</b>	1		-		22		-	-	-		34		-		-		35		1		6
<b>2016</b>																					
<b>Jan</b>	2		6		21		-		-		28		-		-		38		-		7
<b>Feb</b>	1		2		24		-		-		28		-		-		54		3		5
<b>Mar</b>	2		2		31		-		-		13		-		-		69		2		7
<b>Apr</b>	1		1		22		-		-		25		1		-		46		1		11
<b>May</b>	2		-		13		-		-		22		-		-		38		2		4
<b>Jun</b>	1		3		12		-		-		23		-		-		30		-		6
<b>Jul</b>	2		-		18		-		-		13		-		-		28		-		11
<b>Aug</b>	3		1		18		-		-		18		-		-		34		3		9
<b>Sep</b>	2		2		29		-		-		24		-		-		21		-		8
<b>Oct</b>	2		3		27		-		-		11		-		-		31		1		6
<b>Nov</b>	1		7		21		-		-		19		-		-		49		2		11
<b>Dec</b>	1		2		16		-		-		31		-		-		43		3		8



## Appendix 10: Secondary Data & PPV Analysis

Table 1 (Reference: Appendix-9)

<b>Commercial Bank</b>	Analyse Customer Identity				
<b>KYC</b>	Identity Reviewed (Internal Auditor)	n	Identity Not Reviewed (Internal Auditor)	n	<b>Total</b>
<b>Detected</b>	Flaws Detected (Internal Auditor)	7644	Flaws Detected (External Auditor)	385	8029
<b>Not Detected</b>	No Flaws Detected (Internal Auditor)	204094	No Flaws Detected (External Auditor)	211352	415446
<b>Total</b>		211738		211737	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	3.61%	3.53% to 3.69%
Specificity	99.82%	99.80% to 88.84%
Positive Likelihood Ratio	19.85	17.93 to 21.99
Negative Likelihood Ratio	0.97	0.96 to 0.97
Prevalence of Customer Identity Analysis	50%	49.85% to 50.15%
Positive Predictive Value	95.20%	94.72% to 95.65%
Negative Predictive Value	50.87%	50.85% to 50.89%

<b>Money Exchange</b>	Analyse Customer Identity				
<b>KYC</b>	Identity Reviewed (Internal Auditor)	n	Identity Not Reviewed (Internal Auditor)	n	<b>Total</b>
<b>Detected</b>	Flaws Detected (Internal Auditor)	6963	Flaws Detected (External Auditor)	339	7302
<b>Not Detected</b>	No Flaws Detected (Internal Auditor)	156782	No Flaws Detected (External Auditor)	163406	320188

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<b>Total</b>		163745		163745	
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<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	4.25%	4.16% to 4.35%
Specificity	99.79 %	99.77% to 99.81%
Positive Likelihood Ratio	20.54	18.42 to 22.90
Negative Likelihood Ratio	0.96	0.96 to 0.96
Prevalence of Customer Identity Analysis	50%	49.83% to 50.17%
Positive Predictive Value	95.36%	94.85% to 95.82%
Negative Predictive Value	51.03 %	51.01% to 51.06%

<b>Investment Bank</b>	Analyse Customer Identity				
<b>KYC</b>	Identity Reviewed (Internal Auditor)	n	Identity Not Reviewed (Internal Auditor)	n	<b>Total</b>
<b>Detected</b>	Flaws Detected (Internal Auditor)	910	Flaws Detected (External Auditor)	170	1080
<b>Not Detected</b>	No Flaws Detected (Internal Auditor)	6906	No Flaws Detected (External Auditor)	7647	14553
<b>Total</b>		7816		7817	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	11.64%	10.94% to 12.37%
Specificity	97.83 %	97.48% to 98.14%
Positive Likelihood Ratio	5.35	4.56 to 6.29
Negative Likelihood Ratio	0.90	0.90 to 0.91
Prevalence of Customer Identity Analysis	50%	49.21% to 50.78%
Positive Predictive Value	84.26%	82.01% to 86.28%
Negative Predictive Value	52.55 %	52.33% to 52.76%

<b>Insurance Company</b>	Analyse Customer Identity				
<b>KYC</b>	Identity Reviewed (Internal Auditor)	n	Identity Not Reviewed (Internal Auditor)	n	<b>Total</b>
<b>Detected</b>	Flaws Detected (Internal Auditor)	780	Flaws Detected (External Auditor)	206	986
<b>Not Detected</b>	No Flaws Detected (Internal Auditor)	7325	No Flaws Detected (External Auditor)	7899	15224
<b>Total</b>		8105		8105	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	9.62%	8.99% to 10.29%
Specificity	97.46 %	97.09% to 97.79%
Positive Likelihood Ratio	3.79	3.26 to 4.40
Negative Likelihood Ratio	0.93	0.92 to 0.93

Prevalence of Customer Identity Analysis	50%	49.23% to 50.77%
Positive Predictive Value	79.11%	76.51% to 81.48%
Negative Predictive Value	51.89 %	51.69% to 52.08%

**Table 2 (Reference: Appendix-9)**

<b>Commercial Bank</b>	Suspicious Transaction				
<b>STR</b>	Suspicious transaction probed by Regulator	n	Suspicious transaction not probed by Law Enforcement	n	<b>Total</b>
<b>Detected</b>	Reported to CD & Examined	48	Reported to FIU & Examined	40	88
<b>Not Detected</b>	Not Reported to CD & Examined	2	Not Reported to FIU & Examined	10	12
<b>Total</b>		50		50	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	96.00%	86.29% to 99.51%
Specificity	20.00 %	10.03% to 33.72%
Positive Likelihood Ratio	1.20	1.03 to 1.39
Negative Likelihood Ratio	0.20	0.05 to 0.87
Prevalence of Suspicious Transaction Reporting	50%	39.83% to 60.17%
Positive Predictive Value	54.55%	50.82% to 58.23%
Negative Predictive Value	83.33 %	53.56% to 95.59%

<b>Money Exchange</b>	Suspicious Transaction				
<b>STR</b>	Suspicious transaction probed by Regulator	n	Suspicious transaction not probed by Law Enforcement	n	<b>Total</b>
<b>Detected</b>	Reported to CD & Examined	159	Reported to FIU & Examined	154	313
<b>Not Detected</b>	Not Reported to CD & Examined	18	Not Reported to FIU & Examined	23	41
<b>Total</b>		177		177	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	89.83%	84.40% to 93.86%
Specificity	12.99 %	8.42% to 18.86%
Positive Likelihood Ratio	1.03	0.96 to 1.11
Negative Likelihood Ratio	0.78	0.44 to 1.40
Prevalence of Suspicious Transaction Reporting	50%	44.67% to 55.33%
Positive Predictive Value	50.80%	48.91% to 52.68%

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Negative Predictive Value	56.10 %	41.69% to 69.54%
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Investment Bank	Suspicious Transaction				
<b>STR</b>	Suspicious transaction probed by Regulator	n	Suspicious transaction not probed by Law Enforcement	n	<b>Total</b>
<b>Detected</b>	Reported to CD & Examined	2	Reported to FIU & Examined	2	4
<b>Not Detected</b>	Not Reported to CD & Examined	0	Not Reported to FIU & Examined	0	0
<b>Total</b>		2		2	

Statistic	Value	95% CI
Sensitivity	100.00%	15.81% to 100.00%
Specificity	0.00 %	0.00% to 84.19%
Positive Likelihood Ratio	1.00	1.00 to 1.00
Negative Likelihood Ratio		
Prevalence of Suspicious Transaction Reporting	50%	6.76% to 93.24%
Positive Predictive Value	50.00%	0.00% to 50.00%
Negative Predictive Value		

Insurance Company	Suspicious Transaction				
<b>STR</b>	Suspicious transaction probed by Regulator	n	Suspicious transaction not probed by Law Enforcement	n	<b>Total</b>
<b>Detected</b>	Reported to CD & Examined	3	Reported to FIU & Examined	4	7
<b>Not Detected</b>	Not Reported to CD & Examined	1	Not Reported to FIU & Examined	0	1
<b>Total</b>		4		4	

Statistic	Value	95% CI
Sensitivity	75.00%	19.41% to 99.37%
Specificity	0.00 %	0.00% to 60.24%
Positive Likelihood Ratio	0.75	0.43 to 1.32
Negative Likelihood Ratio		
Prevalence of Suspicious Transaction Reporting	50%	15.70% to 84.30%
Positive Predictive Value	42.86%	29.87% to 56.91%
Negative Predictive Value		

Table 3 (Reference: Appendix-9)

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	Law enforcement				
<b>Intervention &amp; Impact</b>	Offence Reported & Action Taken	n	Prosecution & Outcome	n	<b>Total</b>
<b>Yes</b>	Offence Investigated	41	Cases Referred to Public Prosecutor	15	56
<b>No</b>	Offence Not Investigated	3	Not Reported to FIU & Examined	26	29
<b>Total</b>		44		41	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	93.18%	81.34% to 98.57%
Specificity	63.41 %	46.94% to 77.88%
Positive Likelihood Ratio	2.55	1.69 to 3.84
Negative Likelihood Ratio	0.11	0.04 to 0.33
Prevalence of Law enforcement measures	51.76%	40.66% to 62.74%
Positive Predictive Value	73.21%	64.44% to 80.48%
Negative Predictive Value	89.66 %	73.94% to 96.36%

**Table 4 (Reference: Appendix-9)**

	<b>FATF Recommendation</b>				
<b>FATF Conformity</b>	Regulatory Intervention	n	Outcome	n	<b>Total</b>
<b>Yes</b>	Due Diligence	3	Account Termination	3	6
<b>No</b>	Lax Due Diligence	0	Account Not Terminated	0	0
<b>Total</b>		3		3	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	29.24% to 100.00%
Specificity	0.00 %	0.00% to 70.76%
Positive Likelihood Ratio	1.00	1.00 to 1.00
Negative Likelihood Ratio		
Prevalence of FATF Conformity	50.00%	11.81% to 88.19%
Positive Predictive Value	50.00%	50.00% to 50.00%
Negative Predictive Value		

**Table 5 (Reference: Appendix-9)**

	<b>Private &amp; Correspondent Banking</b>				
<b>Wolfsberg Group</b>	Monitor Cards	n	Impact	n	<b>Total</b>
<b>Yes</b>	Scrutinize	239	Eliminate	141	380
<b>No</b>	Not Scrutinize	26	Do Not Eliminate	98	124

<b>Total</b>		265		239	
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<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	90.19%	85.96% to 93.49%
Specificity	41.00 %	34.71% to 47.53%
Positive Likelihood Ratio	1.53	1.37 to 1.71
Negative Likelihood Ratio	0.24	0.16 to 0.36
Prevalence of Conformity to Wolfsberg Policy	52.58%	48.12% to 57.01%
Positive Predictive Value	62.89%	60.22% to 65.49%
Negative Predictive Value	79.03 %	71.74% to 84.84%

**Table 6 (Reference: Appendix-9)**

	<b>ML Risk Management</b>				
<b>Basel Conformity</b>	Assess & Understand Risk	n	Consequence	n	<b>Total</b>
<b>Yes</b>	Three Lines of Defense	30	Monitoring	30	60
<b>No</b>	Three Lines of Defense Compromised	0	Flawed Monitoring	9	9
<b>Total</b>		30		39	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	88.43% to 100.00%
Specificity	23.08 %	11.13% to 39.33%
Positive Likelihood Ratio	1.30	1.09 to 1.54
Negative Likelihood Ratio	0.00	
Prevalence of Sound Risk Management Practices	43.48%	31.58% to 55.96%
Positive Predictive Value	50.00%	45.71% to 54.29%
Negative Predictive Value	100.00 %	

	<b>ML Risk Management</b>				
<b>Basel Conformity</b>	Cross Border Customer Risk Management	n	Result	n	<b>Total</b>
<b>Yes</b>	Risk Management	30	AML Policy Implementation	30	60
<b>No</b>	Risk Management Absent	0	Flawed AML Policy Implementation	0	0
<b>Total</b>		30		30	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	88.43% to 100.00%
Specificity	0.00 %	0.00% to 11.57%
Positive Likelihood Ratio	1.00	1.00 to 1.00

Negative Likelihood Ratio		
Prevalence of Sound Cross border Risk Management Practices	50.00%	36.81% to 63.19%
Positive Predictive Value	50.00%	50.00% to 50.00%
Negative Predictive Value		

**Table 7 (Reference: Appendix-9)**

	<b>Adherence to Regulation &amp; Eradicate ML Cycle</b>				
<b>Risk Based Due Diligence</b>	Detect Nonresident Customers & Actions	n	Thwart ML	n	<b>Total</b>
<b>Detect</b>	Transfer proceeds of predicate crime	36	Disrupt Placement	36	72
<b>Failure</b>	Information Exchange Compromised	0	Aid Placement	0	0
<b>Total</b>		36		36	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	90.26% to 100.00%
Specificity	0.00 %	0.00% to 9.74%
Positive Likelihood Ratio	1.00	1.00 to 1.00
Negative Likelihood Ratio		
Prevalence of Regulation & Eradication of ML Cycle	50.00%	37.98% to 62.02%
Positive Predictive Value	50.00%	50.00% to 50.00%
Negative Predictive Value		

	<b>Adherence to Regulation &amp; Eradicate ML Cycle</b>				
<b>Risk Based Due Diligence</b>	Detect PEPs & Actions	n	Thwart ML	n	<b>Total</b>
<b>Detect</b>	Transfer proceeds of predicate crime	36	Disrupt Layering	36	72
<b>Failure</b>	Information Exchange Compromised	0	Aid Layering	0	0
<b>Total</b>		36		36	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	90.26% to 100.00%
Specificity	0.00 %	0.00% to 9.74%
Positive Likelihood Ratio	1.00	1.00 to 1.00
Negative Likelihood Ratio		

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Prevalence of Regulation & Dismantle ML Process	50.00%	37.98% to 62.02%
Positive Predictive Value	50.00%	50.00% to 50.00%
Negative Predictive Value		

	<b>Adherence to Regulation &amp; Eradicate ML Cycle</b>				
<b>Risk Based Due Diligence</b>	Detect Private Banks & Actions	n	Thwart ML	n	<b>Total</b>
<b>Detect</b>	Transfer proceeds of predicate crime	10	Disrupt Integration	36	46
<b>Failure</b>	Information Exchange Compromised	0	Aid Integration	0	0
<b>Total</b>		10		36	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	69.15% to 100.00%
Specificity	0.00 %	0.00% to 9.74%
Positive Likelihood Ratio	1.00	1.00 to 1.00
Negative Likelihood Ratio		
Prevalence of Regulation & Control of ML Process	21.74%	10.95% to 36.36%
Positive Predictive Value	21.74%	21.74% to 21.74%
Negative Predictive Value		

	<b>Adherence to Regulation &amp; Eradicate ML Cycle</b>				
<b>Risk Based Due Diligence</b>	Detect Legal Persons & Actions	n	Thwart ML	n	<b>Total</b>
<b>Detect</b>	Transfer proceeds of predicate crime	36	Disrupt Placement	36	72
<b>Failure</b>	Information Exchange Compromised	0	Aid Placement	0	0
<b>Total</b>		36		36	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	100.00%	90.26% to 100.00%
Specificity	0.00 %	0.00% to 9.74%
Positive Likelihood Ratio	1.00	1.00 to 1.00
Negative Likelihood Ratio		
Prevalence of Regulation & Eradication of ML Cycle	50.00%	37.98% to 62.02%
Positive Predictive Value	50.00%	50.00% to 50.00%



Negative Predictive Value		
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Table 8 (Reference: Appendix-9)

AML Measures					
FIU & Actions	Steps to Mitigate ML	n	Thwart ML	n	Total
Yes	Offence Reported	16	Search	13	29
No	Offence Not Investigated	1	Laxity to Prosecute	7	8
<b>Total</b>		17		20	

Statistic	Value	95% CI
Sensitivity	94.12%	71.31% to 99.85%
Specificity	35.00 %	15.39% to 59.22%
Positive Likelihood Ratio	1.45	1.03 to 2.04
Negative Likelihood Ratio	0.17	0.02 to 1.23
Prevalence of AML Measures	45.95%	29.49% to 63.08%
Positive Predictive Value	55.17%	46.62% to 63.43%
Negative Predictive Value	87.50 %	48.82% to 98.09%

AML Measures					
FIU & Actions	Steps to Mitigate ML	n	Thwart ML	n	Total
Yes	Offence Investigated	13	Convictions	3	16
No	Not Referred to Public Prosecutor	7	Failure to Convict	3	10
<b>Total</b>		20		6	

Statistic	Value	95% CI
Sensitivity	65.00%	40.78% to 84.61%
Specificity	50.00 %	11.81% to 88.19%
Positive Likelihood Ratio	1.30	0.55 to 3.08
Negative Likelihood Ratio	0.70	0.26 to 1.90
Prevalence of AML Measures	76.92%	56.35% to 91.03%
Positive Predictive Value	81.25%	64.66% to 91.12%
Negative Predictive Value	30.00 %	13.64% to 53.77%

Table 9 (Reference: Appendix-9)

Deterrents					
AML & Professional Entities	Bureaucrats	n	Thwart ML	n	Total

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<b>Monitor</b>	Predicate Crime	1077	Seize criminal proceeds	16	1093
<b>Overlook</b>	Overlook Offence	870	Apathy to seize	191	1061
<b>Total</b>		1947		207	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	55.32%	53.08% to 57.54%
Specificity	92.27 %	87.75% to 95.52%
Positive Likelihood Ratio	7.16	4.46 to 11.48
Negative Likelihood Ratio	0.48	0.45 to 0.52
Prevalence of Laundering Deterrents	90.39%	89.07% to 91.60%
Positive Predictive Value	98.54%	97.67% to 99.08%
Negative Predictive Value	18.00 %	17.09% to 18.95%

<b>Deterrents</b>					
<b>Real Estate Firms</b>	Real Estate Agents	n	Thwart ML	n	<b>Total</b>
<b>Monitor</b>	Predicate Crime	262	Seize criminal proceeds	20	282
<b>Overlook</b>	Overlook Offence	153	Apathy to seize	89	242
<b>Total</b>		415		109	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	63.13%	58.29% to 67.79%
Specificity	81.65 %	73.09% to 88.42%
Positive Likelihood Ratio	3.44	2.30 to 5.15
Negative Likelihood Ratio	0.45	0.39 to 0.53
Prevalence of Laundering Deterrents	79.20%	75.47% to 82.60%
Positive Predictive Value	92.91%	89.75% to 95.15%
Negative Predictive Value	36.78 %	33.27% to 40.43%

Table 10 (Reference: Appendix-9)

<b>Abuse UN Convention</b>					
<b>Action Against Predicate Crime</b>	Criminal Acts	n	Thwart ML	n	<b>Total</b>
<b>Monitor</b>	Human Trafficking	56	Anti-Trafficking Actions Taken	24	80
<b>No Monitoring</b>	Overlook Crime	32	Disinterest to Act	0	32
<b>Total</b>		88		24	

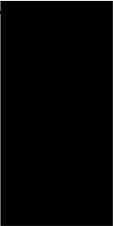
<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	63.64%	52.69% to 73.63%

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Specificity	0.00 %	0.00% to 14.25%
Positive Likelihood Ratio	0.64	0.54 to 0.75
Negative Likelihood Ratio		
Prevalence of Conformity to UN Convention	78.57%	69.81% to 85.76%
Positive Predictive Value	70.00%	66.58% to 73.21%
Negative Predictive Value		

	<b>Abuse International Security</b>				
<b>Action Against Predicate Crime</b>	Terrorism	n	Thwart ML	n	<b>Total</b>
<b>Monitor</b>	Terrorist Acts	4	Counter Terrorism	2	6
<b>No Monitoring</b>	Crime not reported	2	Disinterest to Act	0	2
<b>Total</b>		6		2	

<b>Statistic</b>	<b>Value</b>	<b>95% CI</b>
Sensitivity	66.67%	22.28% to 95.67%
Specificity	0.00 %	0.00% to 84.19%
Positive Likelihood Ratio	0.67	0.38 to 1.17
Negative Likelihood Ratio		
Prevalence of Conformity to UN Convention	75.00%	34.91% to 96.81%
Positive Predictive Value	66.67%	53.18% to 77.88%
Negative Predictive Value		



## Appendix 11: Secondary Data-Final

Table-1 Know Your Customer (KYC)

Months	Bank-1												Bank-2											
	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>Jan</b>	7381	8934	10540	516	610	770	41	27	23	8	7	5	4797	4990	7761	239	327	401	17	15	21	3	5	8
<b>Feb</b>	5439	4799	8991	271	329	412	16	17	18	4	6	4	2991	3123	5667	179	189	266	16	13	17	2	7	4
<b>Mar</b>	10196	11285	10588	305	277	317	21	13	21	6	3	5	3466	3190	8934	207	219	178	11	13	18	5	2	5
<b>Apr</b>	9323	9921	11780	373	361	288	29	21	19	10	8	9	4661	5671	6519	233	223	198	8	9	11	3	4	3
<b>May</b>	14082	13591	12776	844	778	671	42	45	39	8	10	6	9857	11201	9569	689	614	451	25	21	21	6	8	4
<b>Jun</b>	19649	22712	19056	785	810	711	47	50	43	14	22	12	10736	9761	10223	751	779	551	41	36	19	9	5	8
<b>Jul</b>	20451	19799	23790	932	899	871	55	37	41	27	13	17	11546	12399	11543	692	712	237	39	33	25	8	4	11
<b>Aug</b>	27782	31288	28966	556	967	660	27	41	35	13	21	15	13875	13228	12900	693	657	332	26	34	21	8	7	2
<b>Sep</b>	24967	25891	18990	749	884	780	44	39	28	8	12	11	12324	19766	17991	492	430	218	8	12	17	3	2	6
<b>Oct</b>	29458	26001	21644	589	867	729	41	44	33	14	9	5	12965	13256	14810	810	388	220	73	67	41	14	9	3
<b>Nov</b>	25861	24381	22811	776	765	810	31	25	31	9	7	4	13987	16987	13288	559	561	340	26	15	16	7	2	6

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Dec	15785	16534	19771	647	571	451	32	16	24	11	14	4	9856	13256	15440	295	277	261	11	16	20	2	5	9
Bank-3													Bank-4											
Months	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Jan	9871	10876	13982	326	566	829	34	45	25	16	18	8	7201	8719	9887	277	388	456	22	27	34	7	11	10
Feb	10122	11289	14788	421	635	719	44	47	31	11	15	10	6790	7718	10978	219	319	551	26	45	33	10	13	8
Mar	9976	11910	15826	277	423	627	56	41	47	7	11	11	8910	7901	10513	310	417	315	29	29	43	19	8	4
Apr	10765	14288	15660	317	619	680	48	31	27	15	8	11	8934	9105	9722	228	239	279	34	34	27	14	9	2
May	11238	13266	17209	447	699	792	41	38	21	9	10	9	7145	10926	9715	199	190	276	18	37	44	17	4	4
Jun	13209	15661	17441	510	591	891	27	27	38	10	13	14	6425	9815	7815	176	189	337	42	41	31	11	10	6
Jul	12762	15009	19288	403	503	728	39	21	24	11	7	13	7718	8167	9166	337	319	399	45	56	38	12	9	7
Aug	13256	17890	18900	718	458	688	45	29	17	16	9	7	8891	8122	8870	428	277	266	47	42	26	16	7	10
Sep	15987	20245	21330	662	497	527	39	45	39	6	5	10	8910	9176	10991	237	236	271	26	33	29	10	3	6
Oct	16785	22891	25009	818	319	819	23	56	31	17	2	15	7881	8990	10788	291	418	281	19	31	21	11	10	4
Nov	14128	19887	23876	455	587	670	61	19	29	21	16	5	5671	7165	9981	388	209	442	31	37	18	9	11	4
Dec	13989	17660	20134	518	459	785	59	36	21	16	11	8	5610	6744	7661	419	265	371	41	18	20	11	6	2
Bank-5													Bank-6											
Months	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016

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<b>Jan</b>	4563	3425	7165	198	217	187	24	18	23	6	2	4	3662	4152	5617	342	288	334	27	23	19	2	3	4
<b>Feb</b>	3288	3124	6159	176	173	134	17	21	27	3	6	3	3459	4410	6671	451	310	451	34	33	17	2	3	2
<b>Mar</b>	3891	2617	6615	125	187	218	13	16	19	8	8	4	4251	6551	5245	271	190	401	19	24	21	6	5	2
<b>Apr</b>	4516	4152	7816	115	177	318	15	10	12	1	1	4	3876	5614	3526	315	210	339	21	16	28	4	8	4
<b>May</b>	3445	4561	6122	210	193	287	19	19	17	3	5	7	2451	5541	7166	334	221	288	16	17	34	10	1	4
<b>Jun</b>	3918	5142	7156	310	209	176	23	16	18	6	7	1	2817	7712	7189	412	199	281	23	19	31	9	1	7
<b>Jul</b>	4156	6154	7800	288	166	144	17	24	23	8	3	3	3421	7816	7917	271	178	377	27	21	29	3	3	1
<b>Aug</b>	2718	7156	6612	166	189	150	19	21	31	3	7	2	4513	6145	9187	223	145	430	34	34	24	2	5	1
<b>Sep</b>	1917	4513	5431	168	106	189	23	28	18	4	3	3	5435	4516	7816	318	229	229	31	32	18	1	4	2
<b>Oct</b>	2615	5789	6701	99	78	214	10	31	12	6	3	8	6142	6154	8176	308	271	318	26	19	19	5	4	3
<b>Nov</b>	3217	7615	6621	109	126	177	16	11	13	9	4	2	6541	6615	8817	226	299	256	26	21	13	5	1	4
<b>Dec</b>	2716	6514	7102	175	198	187	15	19	12	3	1	2	7155	5145	7165	288	311	224	22	23	16	1	2	7
<b>Money Exchange</b>																								
<b>Months</b>	<b>MnyEx-51E</b>												<b>MnyEx-39E</b>											
	<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>			<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	8724	1002	7789	561	669	548	39	41	34	7	5	4	7899	9899	11299	511	452	701	41	27	12	11	6	5
<b>Feb</b>	7645	9981	10540	498	540	380	41	67	54	11	4	3	8965	10500	12377	499	513	562	37	35	25	9	9	3
<b>Mar</b>	8965	9901	11870	591	760	661	47	39	37	9	8	5	11239	12389	17789	610	667	772	47	39	17	4	3	4
<b>Apr</b>	6971	7811	9920	396	450	450	19	25	38	8	3	4	9812	11290	13766	451	445	562	22	18	21	7	8	2
<b>May</b>	8891	8891	9100	524	447	667	27	18	16	5	8	3	10050	12780	14235	578	720	629	41	28	29	5	4	2
<b>Jun</b>	10159	9865	7723	789	661	328	37	28	21	10	9	2	14498	15460	14556	891	778	766	24	32	44	10	5	6
<b>Jul</b>	13871	12770	13890	677	698	378	23	39	25	7	4	3	17910	16780	18001	644	655	720	17	19	18	4	7	11
<b>Aug</b>	18920	19340	18549	723	701	277	19	20	17	3	5	8	19845	19456	21883	732	539	542	11	21	27	7	8	6

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<b>Sep</b>	20189	21399	19662	801	771	446	26	21	27	5	4	6	23765	21900	25443	687	518	620	26	17	16	3	3	4
<b>Oct</b>	22567	19782	21976	785	690	719	23	19	18	8	7	3	25911	23457	19882	733	592	248	31	38	17	2	5	9
<b>Nov</b>	21294	20540	18623	863	781	189	14	13	17	4	5	4	23988	20546	17987	569	669	430	18	11	24	9	4	5
<b>Dec</b>	17478	18975	15662	479	551	441	17	15	35	7	8	9	16501	18900	15442	388	421	344	11	27	19	2	3	7
<b>Months</b>	<b>MnyEx-40E</b>												<b>MnyEx-41E</b>											
	<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>			<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	8177	7889	9178	456	265	342	21	31	17	7	2	2	10981	12331	15627	456	345	338	34	25	26	4	3	1
<b>Feb</b>	7177	9871	10991	314	441	541	24	24	27	5	4	2	9981	13451	17628	356	421	228	27	22	31	6	2	2
<b>Mar</b>	10918	10231	14299	445	243	255	16	27	31	5	4	2	7781	10041	17781	445	404	178	34	17	26	10	1	2
<b>Apr</b>	9987	12345	17556	253	334	314	17	18	24	1	4	8	8812	11456	18792	518	223	245	44	15	27	8	1	6
<b>May</b>	7888	13460	19876	276	271	198	13	16	16	2	7	2	8910	13426	21340	399	376	446	18	25	19	2	2	2
<b>Jun</b>	8819	15671	18729	225	234	314	14	20	19	3	1	1	9812	16425	19782	279	456	561	19	19	15	2	8	9
<b>Jul</b>	9912	13298	17629	334	314	239	12	27	25	1	2	4	10241	17650	16778	223	389	367	24	17	16	1	4	3
<b>Aug</b>	7881	16771	18726	326	243	265	18	37	29	1	9	2	13021	19762	18920	276	227	412	31	14	18	5	2	1
<b>Sep</b>	8176	17551	19781	452	261	234	31	28	27	4	4	3	14529	21341	22351	337	231	234	42	16	19	9	7	1
<b>Oct</b>	6761	15442	21978	324	276	316	24	35	23	9	4	7	11234	2390	18920	277	309	334	38	23	34	6	3	6
<b>Nov</b>	9920	15901	22590	226	388	335	26	31	39	5	2	3	14551	19872	21341	292	334	391	26	31	26	3	1	8
<b>Dec</b>	8716	9234	21089	337	345	255	16	25	27	2	1	4	17290	19921	23459	314	280	431	22	27	21	4	7	3
<b>Investment Banks</b>																								
<b>Months</b>	<b>InvBnk-16</b>												<b>InvBnk-15</b>											
	<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>			<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>		

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	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>Jan</b>	478	389	667	71	69	56	8	7	14	3	4	2	312	445	390	66	56	61	7	5	17	3	1	3
<b>Feb</b>	312	513	1081	42	33	43	6	5	11	2	3	5	250	320	420	31	23	45	3	2	9	1	2	3
<b>Mar</b>	287	325	987	43	27	38	5	8	10	3	3	6	179	189	319	26	29	31	4	5	11	2	3	5
<b>Apr</b>	276	447	899	33	31	28	4	3	9	4	2	8	256	224	320	28	22	29	5	8	12	1	5	9
<b>May</b>	781	686	771	109	89	77	27	16	12	3	5	3	719	661	541	89	78	47	23	17	19	7	5	3
<b>Jun</b>	667	714	663	86	110	89	13	19	13	7	5	4	698	720	342	81	81	61	11	13	21	5	7	4
<b>Jul</b>	891	991	971	178	217	78	41	47	21	11	11	4	752	779	552	102	97	78	25	21	8	8	3	5
<b>Aug</b>	493	552	752	73	57	66	9	16	23	5	7	6	688	551	429	85	73	38	12	9	16	4	5	2
<b>Sep</b>	816	757	734	97	98	81	14	11	18	7	5	3	511	673	620	83	89	66	9	14	19	3	4	1
<b>Oct</b>	511	557	669	66	71	56	11	17	19	5	4	2	752	780	710	95	66	71	16	21	12	6	4	6
<b>Nov</b>	696	711	678	97	97	88	18	12	13	7	3	4	645	559	642	86	87	49	12	8	13	3	2	8
<b>Dec</b>	589	620	519	76	72	89	13	7	9	4	1	3	314	348	418	39	28	23	5	11	8	2	6	3
<b>Months</b>	<b>InvBnk-12</b>												<b>InvBnk-13</b>											
	<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>			<b>No of Customer Identity Reviewed</b>			<b>Flaws Detected by Internal Auditor</b>			<b>Flaws Detected by External Auditor</b>			<b>Punitive Action Taken by Management</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	366	431	689	34	27	56	19	14	23	8	2	4	458	390	476	78	69	72	27	31	29	1	2	5
<b>Feb</b>	362	347	567	33	37	47	16	18	13	3	1	2	443	422	466	81	91	83	41	22	31	1	1	1
<b>Mar</b>	459	441	554	24	59	42	12	11	17	4	3	1	612	544	561	98	87	68	28	36	22	3	1	1
<b>Apr</b>	287	561	362	61	76	89	17	14	10	1	4	1	715	657	761	107	67	58	27	17	18	7	3	3
<b>May</b>	277	398	455	48	81	90	20	19	11	1	1	3	442	762	667	67	82	65	31	18	34	2	2	2



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Months	InvBnk-14												InvBnk-17											
	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>Jun</b>	216	402	479	44	98	62	11	17	19	3	2	1	398	772	781	48	77	71	19	12	21	3	1	1
<b>Jul</b>	311	362	322	38	115	38	21	17	21	6	3	5	331	563	674	97	49	70	24	28	17	5	4	5
<b>Aug</b>	471	331	651	67	69	71	10	21	18	7	2	2	431	448	543	82	56	69	29	21	12	1	1	8
<b>Sep</b>	662	286	559	54	71	69	17	26	24	1	1	1	459	490	569	79	73	71	41	26	18	1	6	1
<b>Oct</b>	681	349	671	38	32	29	21	19	11	2	4	4	556	521	672	81	77	54	26	19	25	3	4	1
<b>Nov</b>	510	486	551	61	57	41	12	9	13	1	1	1	761	669	745	94	98	67	28	17	23	6	9	3
<b>Dec</b>	378	592	381	108	93	71	19	23	17	2	2	3	651	762	563	89	79	71	31	21	17	2	1	2
<b>Insurance Companies</b>																								
<b>No</b>	<b>InsC-48D</b>												<b>InsC-50D</b>											

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	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>Jan</b>	445	556	610	57	54	42	17	11	17	5	5	4	1223	990	1120	170	87	78	17	17	11	6	5	4
<b>Feb</b>	612	671	556	41	42	67	11	12	21	4	2	3	1128	876	1092	140	121	56	12	12	17	4	2	6
<b>Mar</b>	442	420	499	37	29	56	8	19	17	4	3	5	1005	1011	1311	117	134	72	26	18	18	3	5	3
<b>Apr</b>	458	289	319	47	30	46	15	15	11	7	6	6	998	1199	1288	129	112	102	17	21	20	8	3	2
<b>May</b>	761	667	441	56	89	78	18	21	13	2	6	4	1298	1277	980	190	210	172	11	11	14	4	4	8
<b>Jun</b>	711	614	569	63	78	90	20	19	15	5	3	5	1135	1765	2199	113	175	112	9	19	21	5	5	4
<b>Jul</b>	889	1071	981	92	210	88	39	29	21	9	8	4	1677	1559	1972	210	202	130	25	13	17	8	8	6
<b>Aug</b>	661	778	899	78	77	48	23	11	26	7	2	5	1677	990	1890	169	154	110	13	21	13	9	7	8
<b>Sep</b>	871	987	677	81	49	51	17	15	18	7	7	5	1550	2100	2367	183	217	129	20	12	19	4	8	2
<b>Oct</b>	763	710	566	69	71	86	19	25	15	3	3	7	1789	1785	2490	119	177	89	19	11	15	3	4	1
<b>Nov</b>	990	881	714	71	64	55	12	19	11	6	4	3	1933	1879	1902	270	280	156	14	14	12	10	8	4
<b>Dec</b>	779	678	781	59	56	34	16	9	13	6	1	5	1654	1453	1867	114	163	140	17	19	11	8	2	3
<b>Months</b>	<b>InsC-49D</b>												<b>InsC-51D</b>											
	No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management			No of Customer Identity Reviewed			Flaws Detected by Internal Auditor			Flaws Detected by External Auditor			Punitive Action Taken by Management		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>Jan</b>	359	662	801	91	71	57	16	11	10	1	2	2	990	1412	1820	110	161	203	76	39	44	6	3	1
<b>Feb</b>	534	782	778	87	69	55	20	16	9	1	2	5	891	1762	2319	162	132	189	58	61	73	10	2	1
<b>Mar</b>	299	821	792	70	88	71	21	18	12	1	1	5	779	1491	1920	152	113	165	43	71	49	2	2	3
<b>Apr</b>	276	790	881	83	76	38	19	19	18	3	1	1	1102	1569	1941	138	165	177	39	79	51	1	1	6

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May	501	922	1003	77	59	41	14	32	33	7	1	1	1209	1762	2103	98	145	187	47	32	38	5	5	6
Jun	559	881	990	71	70	81	23	26	31	1	5	6	961	1799	1899	89	176	162	41	61	29	7	8	3
Jul	701	899	779	82	63	79	29	12	26	2	7	2	1235	1438	1562	102	143	110	28	48	38	3	8	2
Aug	923	920	540	59	61	53	31	16	18	3	6	2	1488	1921	1752	118	167	190	39	32	31	1	3	2
Sep	865	772	490	63	57	61	25	14	11	4	6	1	1652	1872	1670	102	98	167	46	22	41	1	4	1
Oct	762	779	566	69	66	82	15	15	19	4	7	3	1765	1598	1492	92	107	116	44	64	55	5	7	5
Nov	790	528	783	77	39	51	18	12	23	1	1	7	1399	1420	1624	99	112	172	81	58	39	6	1	1
Dec	664	448	698	67	47	39	19	17	21	2	1	8	1540	987	1652	127	116	137	77	38	51	2	9	1

Table2 Suspicious Transaction Report (STR)

Commercial Banks																								
Bank-1																								
Months	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
	Jan	1	1	-	-	1	-	-	1	1	-	-	-	3	2	1	1	2	1	1	1	-	1	1
Feb	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	-	-	1	1	-	1
Mar	-	-	-	1	1	1	1	-	-	-	-	-	1	3	-	1	3	-	1	2	-	1	2	-
Apr	1	1	1	2	-	-	-	1	1	-	-	-	8	1	1	5	-	1	2	1	-	3	1	1
May	2	-	-	-	-	-	-	-	-	-	1	1	2	-	2	5	-	2	2	-	1	2	-	2
Jun	-	-	1	1	-	-	-	2	-	-	1	-	2	-	1	2	-	1	-	-	1	-	-	1
Jul	-	-	-	-	-	1	1	-	-	-	-	2	-	2	-	-	2	-	-	1	-	-	1	-
Aug	-	-	1	-	3	-	-	-	1	-	-	-	1	3	1	1	-	1	1	-	1	1	2	1
Sep	1	1	1	-	-	-	-	-	-	2	-	-	3	-	-	2	-	-	1	-	-	1	-	-
Oct	-	-	-	1	1	-	-	-	1	-	-	-	1	1	1	2	1	1	1	-	-	2	-	1
Nov	-	-	-	-	1	1	-	1	1	-	1	1	-	3	3	-	1	3	-	1	2	-	1	3
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Months	Bank-2																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
	Jan	-	-	-	-	1	-	-	-	2	-	-	1	-	1	3	-	-	3	-	-	1	-	-
Feb	-	-	-	-	-	-	-	1	2	-	-	-	-	-	2	-	1	2	-	-	1	-	1	1
Mar	-	-	-	-	1	-	-	-	1	-	-	-	-	1	1	-	-	1	-	1	-	-	-	1
Apr	-	-	-	-	1	1	-	-	3	1	1	-	-	2	4	-	2	5	-	1	2	-	1	3
May	-	-	-	-	2	1	1	-	1	1	1	-	-	4	3	-	2	2	-	2	1	-	1	2
Jun	1	1	-	-	-	1	-	1	1	-	-	-	2	1	-	-	1	1	1	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	2	-	1	-	-	1	1	-	-
Aug	-	-	-	-	-	-	-	-	-	-	1	1	-	-	2	-	-	2	-	-	-	-	-	2
Sep	-	-	-	-	-	-	-	-	1	-	1	1	-	-	3	-	-	3	-	-	1	-	-	3
Oct	3	-	1	-	-	-	-	-	-	-	1	-	4	-	1	-	-	1	-	-	1	-	-	-
Nov	2	-	-	-	-	-	-	-	1	-	-	1	2	-	2	2	-	2	-	-	1	-	-	2
Dec	-	-	-	-	-	-	-	-	-	1	1	-	-	-	2	-	-	2	-	-	-	-	-	2
Months	Bank-3																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
	Jan	-	1	-	1	-	-	-	1	1	-	1	1	2	1	3	2	1	2	1	1	3	2	1

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<b>Feb</b>	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	-	1	-	-	1	
<b>Mar</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Apr</b>	1	-	1	-	-	-	-	-	-	-	-	-	2	-	-	2	-	-	-	-	-	1	-	-	
<b>May</b>	-	-	-	-	1	-	-	-	-	-	1	-	-	1	1	-	1	1	-	-	1	-	-	-	
<b>Jun</b>	-	-	-	1	-	-	1	-	-	-	1	-	-	1	1	1	1	1	-	1	-	-	1-	-	
<b>Jul</b>	-	-	2	1	-	1	-	-	-	-	-	-	3	1	-	3	1	-	1	-	-	1	-	-	
<b>Aug</b>	-	3	-	-	-	-	-	-	-	-	-	-	3	-	-	3	-	-	1	-	-	1	-	-	
<b>Sep</b>	3	1	-	-	-	-	-	2	-	-	-	1	4	2	1	4	1	1	2	1	-	2	1	-	
<b>Oct</b>	2	-	1	-	-	1	-	-	1	-	-	-	3	1	1	3	1	1	-	1	1	-	1	1	
<b>Nov</b>	1	-	-	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	-	-	1	-	-	1	
<b>Dec</b>	-	-	1	-	1	-	-	-	-	-	2	-	1	1	2	1	-	2	1	1	-	1	1	1	
<b>Months</b>	<b>Bank-4</b>																								
	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>						
	<b>2014</b>				<b>2015</b>				<b>2016</b>																
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>			
																				<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	1	-	2	1	-	-	3	-	-	1	-	1	4	3	2	3	3	2	1	1	2	1	1	2	
<b>Feb</b>	-	-	-	1	-	-	-	-	-	1	-	-	1	-	1	1	-	1	1	-	-	1	-	-	
<b>Mar</b>	-	-	-	1	-	1	-	-	1	-	-	-	1	1	1	1	1	1	-	1	-	-	1	-	
<b>Apr</b>	-	-	-	-	3	-	-	1	2	-	-	-	-	4	2	-	4	2	-	-	1	-	-	1	
<b>May</b>	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	-	-	-	-	-	
<b>Jun</b>	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	-	
<b>Jul</b>	-	-	-	-	1	-	-	-	3	-	-	-	-	1	3	-	1	3	-	-	-	-	-	-	
<b>Aug</b>	1	1	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	1	-	1	1	-	
<b>Sep</b>	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	1	-	1	-	-	1	-	-	1	
<b>Oct</b>	-	-	-	-	-	-	1	2	-	-	-	-	-	3	-	1	2	-	-	-	-	-	-	-	
<b>Nov</b>	2	-	-	-	1	-	-	-	-	-	-	-	2	1	-	1	-	-	-	-	-	-	-	-	
<b>Dec</b>	-	-	-	2	-	1	-	-	1	-	1	-	-	1	2	-	-	2	-	-	1	-	-	1	

Months	Bank-5																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
Jan	1	-	3	-	-	1	-	1	2	-	1	-	4	2	3	4	2	3	2	1	2	3	1	2
Feb	1	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1	1	-	-	-	-	1
Mar	1	-	-	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	-	-	1	1	-	1
Apr	2	-	-	1	3	-	2	-	-	-	-	-	4	5	-	3	4	-	1	2	-	2	2	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	1	-	-	1	-	-	-	-	-	-	1	1	-	1	1	-	-	-	-	-	-	-
Jul	-	1	-	-	-	-	-	-	1	-	-	1	1	-	2	1	-	2	1	-	1	1	-	1
Aug	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	1	-	-	1	-	-	1	-
Nov	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	1	-	-	-	1	-	-	1	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-
Months	Bank-6																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
Jan	-	1	-	1	1	2	-	1	-	1	2	-	2	4	3	2	4	3	2	3	1	1	2	1

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Feb	-	-	-	1	1	1	-	-	-	1	-	-	-	2	1	-	2	1	-	1	1	-	2	1
Mar	-	-	-	-	1	1	-	-	-	-	-	-	-	2	-	-	2	-	-	2	-	-	1	-
Apr	1	3	-	-	-	1	-	-	-	-	-	-	4	-	-	4	-	-	1	-	-	3	-	-
May	-	-	-	2	-	-	-	-	-	-	-	-	2	-	-	2	-	-	-	-	-	1	-	-
Jun	-	-	-	-	-	-	-	2	-	-	-	-	-	2	-	-	2	-	-	1	-	-	1	-
Jul	2	-	-	-	-	-	1	-	-	-	-	-	2	1	-	2	1	-	1	-	-	1	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	1	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	1	-	-	-	-	-	1	3	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	1	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	-	-	-	-	-	-
<b>Money Exchange</b>																								
<b>MnyEx-51E</b>																								
<b>Months</b>	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>					
	<b>2014</b>				<b>2015</b>				<b>2016</b>															
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
																			<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Jan	1	2	-	-	1	-	-	-	4	1	-	2	3	1	7	1	1	5	2	-	4	-	1	5
Feb	1	-	-	-	1	-	1	1	8	-	2	1	1	3	10	-	2	11	-	1	3	-	2	7
Mar	3	-	1	-	-	-	-	-	5	1	2	2	2	-	10	4	-	6	2	-	-	3	-	4
Apr	-	1	-	-	2	-	1	1	9	-	3	3	1	4	15	-	3	14	-	2	2	-	3	7
May	2	-	-	1	-	-	-	-	8	1	-	-	2	-	3	3	-	9	2	-	1	2	-	2
Jun	-	1	1	-	-	-	-	-	4	-	-	-	2	-	3	1	-	4	-	-	-	-	-	2
Jul	-	-	-	-	-	-	-	-	7	1	1	-	-	-	9	-	-	9	-	-	-	-	-	-
Aug	1	-	-	-	-	-	-	-	9	-	2	2	1	-	13	1	-	13	1	-	3	-	-	7
Sep	1	-	1	-	9	-	1	3	4	1	-	-	2	13	5	2	12	1	-	3	1	-	4	1
Oct	-	-	-	-	-	-	-	-	27	2	3	-	-	-	28	-	-	32	-	-	6	-	-	9

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Nov	3	-	-	1	-	-	1	-	1	-	1	-	4	1	2	4	1	2	2	1	-	3	1	2
Dec	1	2	-	-	-	-	-	-	12	-	1	1	-	-	14	-	-	13	-	-	7	-	-	8
<b>MnyEx-39E</b>																								
<b>Months</b>	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>					
	<b>2014</b>				<b>2015</b>				<b>2016</b>															
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
																			<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	-	-	-	-	17	5	9	-	-	-	-	-	-	31	-	-	31	-	-	5	-	-	13	-
<b>Feb</b>	-	-	-	-	8	-	2	-	-	-	-	-	-	10	-	-	9	-	-	2	-	-	7	-
<b>Mar</b>	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
<b>Apr</b>	-	-	-	-	33	2	13	15	-	-	-	-	-	63	-	-	60	-	-	4	-	-	9	-
<b>May</b>	-	-	-	-	23	-	9	-	-	-	-	-	-	32	-	-	32	-	-	3	-	-	11	-
<b>Jun</b>	10	2	1	1	9	-	-	5	1	-	-	-	16	14	1	6	14	1	5	-	-	3	4	1
<b>Jul</b>	21	-	7	11	19	4	6	-	-	-	-	-	35	29	-	42	29	-	9	1	-	13	15	-
<b>Aug</b>	27	5	13	7	10	-	4	3	2	-	-	-	55	17	2	55	17	-	7	4	1	27	7	2
<b>Sep</b>	19	-	-	11	17	-	3	-	-	-	-	-	42	20	-	47	20	-	13	4	-	28	9	-
<b>Oct</b>	7	3	5	2	3	-	-	1	-	-	-	-	20	1	-	20	3	-	8	1	-	6	2	-
<b>Nov</b>	11	-	5	3	-	-	-	-	-	-	-	-	45	-	-	45	-	-	16	-	-	29	-	-
<b>Dec</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>MnyEx-41E</b>																								
<b>Months</b>	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>					
	<b>2014</b>				<b>2015</b>				<b>2016</b>															



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	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	2014	2015	2016	2014	2015	2016	CD			FIU			
																			2014	2015	2016	2014	2015	2016	
Jan	12	-	-	1	3	2	1	5	3	7	1	-	13	11	11	12	11	11	4	1	7	3	5	3	
Feb	-	-	-	1	3	1	3	1	-	3	1	-	-	8	4	-	7	4	-	1	1	-	1	1	
Mar	22	5	2	-	8	1	1	7	-	3	-	-	25	15	3	29	17	3	16	3	1	10	7	1	
Apr	13	-	-	-	10	-	1	-	9	-	-	-	13	11	9	13	11	9	3	7	1	1	2	1	
May	5	-	-	-	13	-	-	11	-	8	-	-	5	24	8	3	24	8	1	2	4	1	11	2	
Jun	-	2	-	4	-	-	1	-	13	-	-	3	6	1	16	6	1	15	-	1	5	-	-	4	
Jul	-	-	3	2	-	7	2	-	16	15	-	-	4	9	31	5	8	29	-	2	10	-	1	11	
Aug	7	-	-	2	-	1	-	9	-	17	-	-	9	10	17	9	7	17	3	5	7	3	1	2	
Sep	9	-	-	-	5	-	-	1	-	9	-	1	9	6	10	8	6	10	1	1	2	1	2	1	
Oct	-	-	-	-	8	-	4	3	5	-	-	-	-	15	5	-	15	5	6	4	1	-	6	1	
Nov	-	10	-	-	1	2	-	1	2	-	5	-	-	4	7	-	4	7	1	1	1	-	1	1	
Dec	-	-	7	-	3	-	1	-	2	3	1	1	-	4	7	-	4	7	2	1	3	-	2	3	
<b>Month</b>	<b>MnyEx-40E</b>																								
	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>						
	<b>2014</b>				<b>2015</b>				<b>2016</b>				2014	2015	2016	2014	2015	2016	<b>CD</b>			<b>FIU</b>			
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016	2014
Jan	2	3	-	-	-	1	1	1	-	-	1	-	5	3	1	5	3	1	1	-	1	4	2	-	
Feb	1	-	-	-	-	-	3	1	-	-	-	-	1	4	-	1	4	-	1	1	-	1	2	-	
Mar	-	2	-	2	3	-	1	3	-	-	-	11	4	7	11	4	7	11	1	1	3	4	2	3	
Apr	-	6	-	-	1	-	5	-	-	-	-	-	6	6	-	6	6	-	-	1	-	1	-	-	
May	-	-	-	-	1	2	-	-	-	-	-	-	-	3	-	-	3	-	-	2	-	-	-	-	
Jun	-	-	-	1	-	5	1	-	-	-	-	1	1	6	1	1	6	1	-	3	1	-	1	-	
Jul	-	-	-	1	-	1	-	-	1	-	-	-	1	1	1	1	1	1	-	-	1	-	1	-	

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<b>Aug</b>	-	1	-	1	7	-	-	2	1	1	3	-	2	9	5	2	9	5	-	-	1	-	1	-
<b>Sep</b>	-	6	-	-	-	1	1	2	4	-	-	6	6	4	10	6	4	9	1	1	2	1	2	-
<b>Oct</b>	1	9	-	-	1	-	1	1	-	-	-	-	10	3	-	9	3	-	2	1	-	1	3	-
<b>Nov</b>	-	-	-	-	1	-	2	1	-	-	-	-	-	4	-	-	4	-	-	2	-	-	1	-
<b>Dec</b>	-	-	-	-	1	-	1	3	1	-	1	5	-	5	7	-	5	6	-	4	-	-	4	2
<b>Investment Banks</b>																								
<b>InvBnk-16</b>																								
<b>Months</b>	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>					
	<b>2014</b>				<b>2015</b>				<b>2016</b>															
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
																			<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Jan</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Feb</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Mar</b>	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	1	-	-	1	-	-	1
<b>Apr</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>May</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Jun</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Jul</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Aug</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sep</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Oct</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Nov</b>	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	1	-	-	-	-
<b>Dec</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1

Months	InvBnk-12																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
Jan	1	-	-	1	-	1	-	-	-	1	-	4	2	1	5	2	1	5	2	1	2	1	-	1
Feb	-	-	1	1	-	-	-	-	-	-	-	-	2	-	-	2	-	-	1	-	-	2	-	-
Mar	-	-	1	1	-	-	-	-	-	-	-	-	2	-	-	2	-	-	1	-	-	1	-	-
Apr	-	-	-	1	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	1	-	-
May	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1
Jun	-	-	-	-	-	3	-	-	-	-	-	-	-	3	-	-	3	-	-	-	-	-	-	-
Jul	-	1	-	-	-	-	-	-	-	2	-	-	1	-	2	1	-	2	-	-	2	-	1	1
Aug	-	-	-	2	1	-	-	-	-	-	-	-	2	1	-	2	1	-	1	-	-	-	-	-
Sep	2	-	-	5	-	-	-	-	-	-	-	-	7	-	-	6	-	-	2	-	-	1	-	-
Oct	-	-	-	-	-	-	1	-	-	-	-	2	-	1	2	-	1	2	-	1	1	-	1	1
Nov	-	-	3	-	-	-	-	-	-	-	-	1	3	-	1	3	-	1	-	-	1	-	-	1
Dec	1	-	-	-	-	-	1	-	-	1	1	-	1	1	2	1	1	2	-	1	1	-	1	-
Months	InvBnk-15																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016															

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	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	2014	2015	2016	2014	2015	2016	CD			FIU		
																			2014	2015	2016	2014	2015	2016
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mar	-	-	3	-	-	1	-	-	-	-	-	-	3	1	-	-	-	-	1	1	-	-	-	
Apr	-	1	-	-	-	-	-	-	-	1	1	-	-	-	2	1	-	1	-	-	1	1	1	
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jun	-	3	-	2	-	-	1	-	-	-	-	-	6	1	-	5	1	-	2	1	-	1	1	
Jul	-	1	1	-	-	-	1	-	-	-	-	-	-	1	-	2	1	-	-	-	1	1	-	
Aug	-	3	2	-	-	2	2	-	-	-	-	-	5	4	-	5	4	-	-	1	-	-	2	
Sep	-	-	1	-	-	1	-	-	-	-	-	-	1	1	-	1	1	-	1	-	-	-	-	
Oct	-	1	1	-	-	-	1	-	-	-	1	-	2	1	1	2	1	1	-	-	1	2	1	
Nov	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	1	-	-	-	-	1	
Dec	-	-	1	-	-	2	1	-	-	-	-	-	1	-	-	-	3	-	1	-	-	-	2	
<b>InvBnk-14</b>																								
Months	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Jan	-	1	-	-	1	-	-	2	-	-	1	-	1	3	1	1	2	1	-	1	-	1	-	1
Feb	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	-	-	-
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	1	-	-	-	3	-	-	1	3	-	-	3	-	-	3	-	-	-
May	-	-	-	-	1	-	1	-	-	1	-	-	-	2	1	-	2	1	-	2	1	-	2	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	1	-	-	-	1	-	1	1	-	1	1	-	1	-	-	1	1

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<b>Aug</b>	-	-	-	-	2	-	-	-	1	-	-	-	-	2	1	-	2	1	-	1	-	-	1	1
<b>Sep</b>	-	-	-	1	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	-	-	-
<b>Oct</b>	-	-	1	-	-	1	-	-	-	-	-	-	1	1	-	1	1	-	-	1	-	-	1	-
<b>Nov</b>	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	-	2	-	-	1	-	-	1
<b>Dec</b>	-	-	-	-	1	2	-	-	-	-	1	-	-	3	1	-	3	1	-	2	1	-	1	-
<b>Insurance Companies</b>																								
<b>InsC-48D</b>																								
<b>Months</b>	<b>No of Suspicious Transactions Reported</b>												<b>No of reports probed by CD</b>			<b>No of reports probed by FIU</b>			<b>No of Punitive Action Taken by</b>					
	<b>2014</b>				<b>2015</b>				<b>2016</b>															
	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>	<b>TO-1</b>	<b>TO-2</b>	<b>TO-3</b>	<b>TO-4</b>												
													<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>CD</b>			<b>FIU</b>		
<b>Jan</b>	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	-	-	-	-	1
<b>Feb</b>	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-
<b>Mar</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Apr</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>May</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Jun</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Jul</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Aug</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sep</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Oct</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Nov</b>	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	1	-	-	-	-	-	-	1
<b>Dec</b>	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1	-

Months	InsC-50D																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Months	InsC-49D																							
	No of Suspicious Transactions Reported												No of reports probed by CD			No of reports probed by FIU			No of Punitive Action Taken by					
	2014				2015				2016				2014	2015	2016	2014	2015	2016	CD			FIU		
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4							2014	2015	2016	2014	2015	2016
Jan	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	-	-	1	1	-	-
Feb	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	1	-	-	
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Apr	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	-	1	-	-	1

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May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	1	-
Jul	2	-	-	-	-	-	-	-	-	-	-	-	2	-	-	1	-	-	2	-	-	-	-	-	-
Aug	-	-	-	-	-	-	1	-	-	-	-	-	-	1	-	-	1	-	-	1	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-	-	-	-	1	1	-	1	1	-	1	1	-	1	1	-	1	-
Oct	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	1	-	-	-	-	-	-	-	-	1	-	1	-	1	-	-	-	-	-	-	-	-	-

TO means Type of Offence

TO1: Cash threshold

TO2: wire transfer from shell companies

TO3: counterfeit documents

TO4: Illegal activities

Table-3 Search, Seize, Confiscate & Convict

	No of Offences Reported												Initial Investigation			Search			Confiscate			Cases Transferred to Public Prosecutors			Number of Convictions			No of False Alarms			Action Taken Against False Alarms					
	2014				2015				2016																											
	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	TO-1	TO-2	TO-3	TO-4	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016						
Jan	1	1	-	-	1	-	-	1	1	-	-	-	2	2	1	2	2	1	-	-	-	1	1	-	-	-	1	1	-	-	-	-	-			
Feb	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-		
Mar	-	-	-	1	1	1	1	-	-	-	-	-	1	3	-	-	2	-	-	-	1	-	2	-	-	1	-	-	-	-	-	-	-	-		
Apr	1	1	1	2	-	-	-	1	1	-	-	-	5	1	1	4	1	1	-	-	-	1	1	1	1	-	1	3	-	-	-	-	-	-		
May	2	-	-	-	-	-	-	-	-	-	1	1	1	-	2	1	-	2	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Jun	-	-	1	1	-	-	-	-	-	-	1	-	2	-	1	1	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-

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<b>Jul</b>	-	-	-	-	-	1	1	-	-	-	-	-	-	2	-	-	2	-	-	-	-	1	-	-	-	-	1	-	-	-	-
<b>Aug</b>	-	-	1	-	3	-	-	-	1	-	-	-	1	3	1	-	2	1	-	-	-	1	1	-	1	1	-	1	-	-	-
<b>Sep</b>	1	1	1	-	-	-	-	-	-	-	-	-	3	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-	
<b>Oct</b>	-	-	-	1	1	-	-	-	1	-	-	-	1	1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Nov</b>	-	-	-	-	1	1	-	1	1	-	1	1	-	1	3	1	-	2	-	-	-	1	-	1	1	-	-	-	-	-	
<b>Dec</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

**TO means Type of Offence**

**TO1: Cash threshold**

**TO2: wire transfer from shell companies**

**TO3: counterfeit documents**

**TO4: Illegal activities**

Table-4 Banks & NBFs and Conformity to FATF

Law enforcement & Actions	Regulatory Intervention	Particulars			Recommendation-4			Recommendation-6			Recommendation-8			Recommendation-12			Recommendation-13			Recommendation-16			Recommendation-19			Recommendation-35												
		2014		2015		2016		2014		2015		2016		2014		2015		2016		2014		2015		2016		2014		2015		2016								
		CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC	CON	NC							
21	21																																					
21	21																																					
21	21																																					
17	17																																					
17	17																																					
17	17																																					
13	13																																					
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10	10																																					
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17	17																																					
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17	17																																					
17	17																																					



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Investigate	Inform FIU	Inform CD	SAR	STR	CDD	KYC
21	21	21	21	21	-	-
21	21	21	21	21	-	-
21	21	21	21	21	-	-
17	17	17	17	17	17	17
17	17	17	17	17	17	17
17	17	17	17	17	17	17
13	13	13	13	13	13	13
13	13	13	13	13	13	13
10	10	10	10	10	10	10
10	10	10	10	10	10	10
10	10	10	10	10	10	10
21	21	21	21	21	21	21
21	21	21	21	21	21	21
21	21	21	21	21	21	21
17	17	17	17	17	17	17
17	17	17	17	17	17	17
17	17	17	17	17	17	17
-	17	-	-	-	-	-
-	17	-	-	-	-	-
-	17	-	-	-	-	-

Penal Action against Banks	Legal Person & Sanction	Account Termination (NBFCs)	Account Termination (Banks)	Prosecute
-	-	21	21	21
-	-	21	21	21
-	-	21	21	21
17	-	17	17	17
17	-	17	17	17
17	-	17	17	17
17	17	17	17	17
17	17	17	17	17
13	13	13	13	13
13	13	13	13	13
13	13	13	13	13
10	-	10	10	10
10	-	10	10	10
10	-	-	10	10
21	-	-	-	21
21	-	-	-	21
21	-	-	-	21
17	17	17	17	17
17	17	17	17	17
17	17	17	17	17
17	17	-	-	-
17	17	-	-	-
17	17	-	-	-
17	17	-	-	-

Table-5 Private Banks & Correspondent Banks and Conformity to Wolfsberg Group

Name of Banks	Abuse of Trade Card			Abuse of Cash Card			Abuse of Trade Finance			Identify PEPs		Beneficial Owners		Interbank Payment Message	
	Monitor	Scrutinize	Eliminate	Monitor	Scrutinize	Eliminate	Monitor	Scrutinize	Eliminate	Detect Actions	Prevent ML	Detect Actions	Prevent ML	Basic Messaging Principles	Enhanced Payment Message

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	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016						
<b>Bank-5</b>	8	5	9	6	5	6	4	2	3	5	6	8	3	4	4	2	2	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N				
<b>PvtBnk-20</b>	4	4	7	3	1	4	7	9	3	4	3	2	4	3	2	1	1	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
<b>InvBnk-13</b>	2	2	1	2	2	1	1	1	1	2	3	5	2	3	5	1	1	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N		
<b>InvBnk-12</b>	4	6	9	3	4	6	1	3	3	3	3	7	3	3	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N		
<b>Bank-3</b>	8	4	9	8	4	9	6	1	5	9	4	7	9	4	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N		
<b>Bank-4</b>	5	9	7	5	9	7	3	4	4	5	4	5	5	4	5	3	3	4	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	
<b>Bank-1</b>	7	5	8	7	5	8	5	2	4	8	8	5	8	8	5	3	4	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	
<b>Bank-6</b>	6	6	9	6	6	9	2	4	5	6	5	4	6	5	4	4	3	2	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Bank-2</b>	8	4	9	8	4	9	6	1	5	9	4	7	9	4	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>InvBnk-14</b>	2	2	1	2	2	1	1	1	1	2	3	5	2	3	5	1	1	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>InvBnk-16</b>	4	6	9	3	4	6	1	3	3	3	3	7	3	3	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>InvBnk-15</b>	8	4	9	8	4	9	6	1	5	9	4	7	9	4	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>InvBnk-17</b>	4	6	9	3	4	6	1	3	3	3	3	7	3	3	7	2	1	5	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>PvtBnk-20</b>	4	4	7	3	1	4	7	9	3	4	3	2	4	3	2	1	1	1	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

**Table-6 Banks & NBFCs and Conformity to BASEL**

Names of Banks & NBFCs	Year	Sound ML Risk Management														Group-wide & Cross-border Context				
		Assessment, Understanding, Management & Risk Mitigation				Customer Acceptance Policy	Customer & Beneficial Owner			Ongoing Monitoring	Management Information			STR	Asset Freezing	Global Process of Managing Customer Risk	Risk Assessment & Management	AML/CFT Risk Policies & Procedures	Group-wide Information Sharing	Information Sharing
		Assess & Understand Risk	Governance Arrangements	Three Lines of Defense	IT System		Identification	Verification	Risk Profiling		Record Keeping	Updating Information	Supplying Information							
Bank-1	2014	7	7	7	1	7	7	7	7	7	7	1	1	7	4	4	4	4	1	1
	2015	8	8	8	1	8	8	8	8	8	8	1	1	8	3	3	3	3	1	1
	2016	7	7	7	1	7	7	7	7	7	7	1	1	7	2	2	2	2	1	1
Bank-2	2014	5	5	5	1	5	5	5	5	5	5	1	1	5	3	3	3	3	0	0
	2015	8	8	8	1	8	8	8	8	8	8	1	1	8	6	6	6	6	0	0
	2016	6	6	6	1	6	6	6	6	6	6	1	1	6	4	4	4	4	0	0
Bank-4	2014	9	9	9	1	9	9	9	9	9	9	1	1	5	9	9	9	9	0	0
	2015	5	5	5	1	5	5	5	5	5	5	1	1	6	5	5	5	5	0	0
	2016	6	6	6	1	6	6	6	6	6	6	1	1	7	6	6	6	6	0	0
Bank-6	2014	7	7	7	1	7	7	7	7	7	7	1	1	7	7	7	7	7	1	1
	2015	5	5	5	1	5	5	5	5	5	5	1	1	5	5	5	5	5	1	1
	2016	8	8	8	1	8	8	8	8	8	8	1	1	8	8	8	8	8	1	1
Bank-3	2014	8	8	8	1	8	8	8	8	8	8	1	1	8	8	8	8	8	0	0
	2015	5	5	5	1	5	5	5	5	5	5	1	1	5	5	5	5	5	0	0
	2016	5	5	5	1	5	5	5	5	5	5	1	1	5	5	5	5	5	0	0
Bank-5	2014	4	4	4	1	4	4	4	4	4	4	1	1	4	4	4	4	4	1	1
	2015	7	7	7	1	7	7	7	7	7	7	1	1	7	7	7	7	7	1	1
	2016	3	3	3	1	3	3	3	3	3	3	1	1	3	3	3	3	3	1	1
InvBnk-16	2014	3	3	3	1	3	3	3	3	3	3	1	1	3	0	3	3	3	3	3
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2016	4	4	4	1	4	4	4	4	4	4	1	1	4	0	4	4	4	4	4
InvBnk-15	2014	2	2	2	1	2	2	2	2	2	2	1	1	2	2	2	2	2	1	1
	2015	4	4	4	1	4	4	4	4	4	4	1	1	4	4	4	4	4	1	1
	2016	6	6	6	1	6	6	6	6	6	6	1	1	6	6	6	6	6	1	1
InvBnk-14	2014	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2015	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0

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InvBnk-12	2016	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0	
	2014	3	3	3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	1	1
	2015	2	2	2	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1	1
InvBnk-13	2016	3	3	3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	1	1
	2014	5	5	5	1	5	5	5	0	5	5	5	0	0	0	5	0	5	0	0	0
	2015	2	2	2	1	2	2	2	0	2	2	2	0	0	0	2	0	2	0	0	0
PvtBnk-20	2016	2	2	2	1	2	2	2	0	2	2	2	0	0	0	2	0	2	0	0	0
	2014	2	2	2	1	2	2	2	0	2	2	2	0	0	0	2	0	2	0	0	0
	2015	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0	0
	2016	3	3	3	1	3	3	3	0	3	3	3	0	0	0	3	0	3	0	0	0

Table 7 Risk Based Due Diligence

Names of Commercial Banks/ Insurance Companies/NBFC	Detect Nonresident Customers & Thwart						Detect PEPs & Thwart						Detect Private Banks & Thwart						Detect Legal Persons & Thwart						Information Exchange & Supervision			Adherence to Regulation & Eradicate																				
	Transfer proceeds of predicate crime			Invest in trusts in tax heavens			Asset Acquisition			Transfer proceeds of predicate crime			Invest in trusts in tax heavens			Asset Acquisition			Transfer proceeds of predicate crime			Invest in trusts in tax heavens			Asset Acquisition			Yes	No	Placement			Layering			Integration												
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016									
Bank-1	16	9	1	5	4	2	7	1	9	1	5	4	2	7	5	4	2	2	5	4	2	3	5	1	1	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Bank-2	11	6	9	4	2	1	4	1	6	9	4	2	1	4	4	2	1	1	4	2	1	3	5	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Bank-4	10	8	7	9	4	3	7	1	8	7	9	4	3	7	9	4	3	3	9	4	3	1	5	1	1	3	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Bank-6	6	5	3	8	1	7	5	1	5	3	8	1	7	5	8	1	7	7	8	1	7	1	7	1	1	7	7	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Bank-3	8	1	2	6	5	3	6	1	9	2	6	5	3	6	6	5	3	3	6	5	3	2	7	1	1	3	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1



Table 8 FIU & Actions to eradicate ML

Months/Years	No of Offences Reported					Initial Investigation					Search					Cases Transferred to Public Prosecutor					Number of Convictions					
	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	Bribery	Trafficking	Corruption	Embezzlement	Terrorist Activities	
<b>2014</b>																										
Jan	2	1	4	1	1	2	1	2	0	0	1	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0
Feb	3	1	2	3	1	2	0	1	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0
Mar	1	1	2	1	1	2	1	1	0	0	1	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Apr	2	2	1	1	1	2	1	1	1	0	0	1	0	1	0	0	1	0	1	0	0	1	0	0	1	0
May	2	2	2	4	1	2	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Jun	1	1	1	1	1	1	1	0	1	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Jul	2	4	1	1	2	2	1	0	1	0	2	0	0	1	0	1	0	0	1	0	1	0	0	0	0	0
Aug	3	1	3	1	1	3	1	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0
Sep	4	1	1	1	1	1	1	1	1	0	0	1	1	1	0	0	1	0	0	0	0	1	0	0	0	0
Oct	1	3	1	1	1	1	1	0	1	0	1	0	1	0	1	1	0	1	1	1	0	0	0	1	1	1
Nov	1	3	2	3	1	2	0	0	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Dec	3	1	1	3	0	2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0
<b>2015</b>																										
Jan	4	1	2	0	1	0	1	1	0	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Feb	2	1	2	0	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mar	1	1	1	0	1	1	0	1	0	1	1	1	1	0	1	1	1	0	0	0	1	1	0	0	0	0
Apr	1	1	2	1	1	0	0	0	1	1	0	0	0	1	1	0	0	1	1	1	0	0	1	1	0	0
May	1	1	1	0	1	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Jun	3	1	1	1	0	1	0	1	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Jul	1	1	2	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aug	1	2	3	1	0	0	1	0	1	0	0	0	1	1	0	0	0	1	1	0	0	0	0	0	0	0
Sep	1	2	4	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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<b>Oct</b>	1	2	1	1	0	0	2	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	
<b>Nov</b>	3	2	1	1	1	0	0	1	0	1	0	1	1	0	1	0	1	1	0	1	0	1	0	0	1
<b>Dec</b>	3	2	0	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>2016</b>																									
<b>Jan</b>	0	1	1	2	2	0	1	1	1	1	0	0	1	0	1	0	0	1	0	1	0	0	1	0	0
<b>Feb</b>	1	3	1	1	3	0	2	1	0	2	0	1	1	0	1	0	1	0	0	1	0	1	0	0	1
<b>Mar</b>	1	1	1	1	1	1	0	0	1	1	1	0	0	1	1	1	0	0	1	0	1	0	0	0	0
<b>Apr</b>	2	1	2	1	2	1	1	1	1	1	1	1	1	1	0	0	0	1	0	0	0	0	0	0	0
<b>May</b>	2	4	2	2	2	2	3	1	1	1	1	2	1	1	1	1	1	0	1	1	0	1	0	0	0
<b>Jun</b>	2	1	1	1	1	1	0	0	1	0	1	0	0	1	0	1	0	0	0	0	0	1	0	0	0
<b>Jul</b>	2	1	4	1	2	2	0	0	0	1	2	0	0	0	1	1	0	0	0	1	0	0	0	0	1
<b>Aug</b>	2	1	1	1	3	1	1	0	1	2	1	1	0	1	1	1	0	0	1	1	1	0	0	1	0
<b>Sep</b>	1	1	1	0	4	1	1	0	0	3	1	1	0	0	2	0	1	0	0	1	0	0	0	0	1
<b>Oct</b>	2	1	3	1	1	1	0	1	1	0	1	0	1	0	0	1	0	1	0	0	0	0	1	0	0
<b>Nov</b>	3	3	3	2	1	2	2	1	1	0	2	1	0	1	0	1	1	0	0	0	1	1	0	0	0
<b>Dec</b>	1	3	1	1	3	1	1	1	1	2	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0

Table 9 AML Initiatives against Professional Entities

	Bureaucrats				Lawyers				Notary				Auditing Firms & Accountants				Real Estate Firms & Estate Agents				Financial advisors				Trusts					
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d		
<b>2014</b>																														
<b>Jan</b>	19	5	1	-	6	1	1	1	-	-	-	-	-	-	-	-	-	-	11	7	1	-	11	3	1	1	-	-	-	-
<b>Feb</b>	21	9	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	7	3	1	-	17	5	2	1	-	-	-	-
<b>Mar</b>	11	2	-	-	7	1	-	-	-	-	-	-	-	-	-	-	-	-	5	1	-	-	9	2	-	-	-	-	-	-
<b>Apr</b>	6	-	-	-	9	2	1	1	-	-	-	-	-	-	-	-	-	-	9	5	-	-	1	1	-	-	-	-	-	-
<b>May</b>	37	9	1	1	5	1	-	-	-	-	-	-	-	-	-	-	-	-	3	1	-	-	21	6	1	1	-	-	-	-
<b>Jun</b>	28	7	-	-	2	1	1	-	-	-	-	-	-	-	-	-	-	-	7	1	1	1	18	5	-	-	-	-	-	-
<b>Jul</b>	22	7	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	6	5	1	-	12	4	-	-	-	-	-	-
<b>Aug</b>	43	5	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	7	1	-	-	23	9	-	-	-	-	-	-
<b>Sep</b>	39	9	1	1	4	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8	2	1	19	7	3	1	-	-	-	-



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<b>Oct</b>	24	8	-	-	3	-	-	-	-	-	-	-	-	-	-	1	1	-	-	18	5	-	-	-	-	-	-
<b>Nov</b>	17	8	-	-	3	-	-	-	-	-	-	-	-	-	-	9	3	1	1	15	6	-	-	-	-	-	-
<b>Dec</b>	35	9	-	-	2	-	-	-	-	-	-	-	-	-	-	9	3	1	1	13	6	3	1	-	-	-	-
<b>2015</b>																											
<b>Jan</b>	31	8	-	-	3	-	-	-	-	-	-	-	-	-	-	5	1	-	-	19	7	3	1	-	-	-	-
<b>Feb</b>	17	3	-	-	7	3	1	1	-	-	-	-	-	-	-	9	4	-	-	7	2	1	-	-	-	-	-
<b>Mar</b>	29	5	1	-	2	-	-	-	-	-	-	-	-	-	-	11	3	1	-	17	3	1	1	-	-	-	-
<b>Apr</b>	18	3	-	-	2	-	-	-	-	-	-	-	-	-	-	17	3	-	-	8	2	2	-	-	-	-	-
<b>May</b>	44	11	-	-	9	1	1	-	-	-	-	-	-	-	-	8	5	1	1	31	17	11	3	-	-	-	-
<b>Jun</b>	21	5	-	-	4	-	-	-	-	-	-	-	-	-	-	5	2	-	-	11	5	-	-	-	-	-	-
<b>Jul</b>	36	6	-	-	7	3	-	-	-	-	-	-	-	-	-	14	8	3	1	16	4	1	1	-	-	-	-
<b>Aug</b>	19	2	1	1	2	-	-	-	-	-	-	-	-	-	-	9	3	-	-	12	1	1	1	-	-	-	-
<b>Sep</b>	35	7	1	1	7	5	1	1	-	-	-	-	-	-	-	3	1	-	-	31	5	1	1	-	-	-	-
<b>Oct</b>	27	5	-	-	4	-	-	-	-	-	-	-	-	-	-	5	1	-	-	22	2	-	-	-	-	-	-
<b>Nov</b>	23	5	-	-	1	-	-	-	-	-	-	-	-	-	-	11	2	-	-	31	4	1	1	-	-	-	-
<b>Dec</b>	29	4	1	-	1	-	-	-	-	-	-	-	-	-	-	2	1	-	-	22	4	1	-	-	-	-	-
<b>2016</b>																											
<b>Jan</b>	26	5	2	1	3	-	-	-	-	-	-	-	-	-	-	7	3	1	1	13	3	2	1	-	-	-	-
<b>Feb</b>	42	8	-	-	8	3	-	-	-	-	-	-	-	-	-	5	2	-	-	12	5	-	-	-	-	-	-
<b>Mar</b>	32	6	-	-	5	-	-	-	-	-	-	-	-	-	-	7	3	-	-	30	5	-	-	-	-	-	-
<b>Apr</b>	39	8	1	-	8	2	1	1	-	-	-	-	-	-	-	8	2	2	1	25	6	1	1	-	-	-	-
<b>May</b>	47	4	1	1	9	3	2	1	-	-	-	-	-	-	-	8	1	-	-	24	4	1	1	-	-	-	-
<b>Jun</b>	25	2	-	-	3	-	-	-	-	-	-	-	-	-	-	5	3	-	-	20	2	-	-	-	-	-	-
<b>Jul</b>	49	5	-	-	9	1	-	-	-	-	-	-	-	-	-	9	6	2	-	31	3	1	1	-	-	-	-
<b>Aug</b>	33	4	1	-	5	-	-	-	-	-	-	-	-	-	-	9	4	-	-	23	1	1	-	-	-	-	-
<b>Sep</b>	37	3	-	-	6	-	-	-	-	-	-	-	-	-	-	3	1	1	1	17	3	-	-	-	-	-	-
<b>Oct</b>	44	9	2	1	7	1	1	1	-	-	-	-	-	-	-	5	3	1	1	29	9	2	1	-	-	-	-
<b>Nov</b>	29	7	2	-	2	-	-	-	-	-	-	-	-	-	-	7	5	-	-	22	7	2	-	-	-	-	-
<b>Dec</b>	43	4	-	-	8	1	-	-	-	-	-	-	-	-	-	7	3	1	1	13	4	-	-	-	-	-	-

Use the following codes (a,b,c & d) and indicate number of cases-

- e. monitor predicate crimes
- f. search
- g. seize criminal proceeds
- h. prosecute launderers

**Table 10 Action against Predicate Crimes**

	Human Trafficking		Drug Trafficking		Extortion		Organized Crime		Robbery		Terrorism		Terrorist Financing		White Collar Offence		Financial Fraud		Bribe		Embezzlement	
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b
<b>2014</b>																						
<b>Jan</b>	1	2	1		34		-	-	-	-	2		-	-	-	-	74		3		2	
<b>Feb</b>	-	2	1		32		-	-	-	-	3		-	-	-	-	85		2		0	
<b>Mar</b>	1	2	1		31		-	-	-	-	2		-	-	-	-	28		1		0	
<b>Apr</b>	2	2	2		36		-	-	-	-	2		-	-	-	-	25		1		2	
<b>May</b>	1	2	-		24		-	-	-	-	5		-	-	-	-	39		1		5	
<b>Jun</b>	5	2	2		23		-	-	-	-	1		-	-	-	-	50		0		1	
<b>Jul</b>	1	2	1		15		-	-	-	-	2		-	-	-	-	27		0		4	
<b>Aug</b>	3	2	-		20		-	-	-	-	8		-	-	-	-	26		1		3	
<b>Sep</b>	1	2	-		20		-	-	-	-	6		-	-	-	-	40		3		3	
<b>Oct</b>	-	2	1		19		-	-	-	-	4		1	2	-	-	22		2		1	
<b>Nov</b>	-	2	-		14		-	-	-	-	6		-	-	-	-	22		0		1	
<b>Dec</b>	1	2	-		11		-	-	-	-	14		-	-	-	-	33		2		2	
<b>2015</b>																						
<b>Jan</b>	4		3		15		-	-	-		20		1		-		28		1		2	
<b>Feb</b>	1		1		17		-	-	-		25		1		-		23		3		2	
<b>Mar</b>	0		1		16		-	-	-		41		-		-		29		1		3	
<b>Apr</b>	1		4		21		-	-	-		34		-		-		29		2		3	
<b>May</b>	2		4		25		-	-	-		31		-		-		24		2		4	
<b>Jun</b>	3		-		20		-	-	-		27		-		-		20		1		2	

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<b>Jul</b>	1		4		24		-	-	-		35		-	-		12		0		2
<b>Aug</b>	1		4		12		-	-	-		37		-	-		25		2		8
<b>Sep</b>	1		5		10		-	-	-		54		-	-		28		1		7
<b>Oct</b>	2		-		17		-	-	-		16		-	-		32		0		6
<b>Nov</b>	3		1		25		-	-	-		37		-	-		33		1		8
<b>Dec</b>	1		-		22		-	-	-		34		-	-		35		1		6
<b>2016</b>																				
<b>Jan</b>	2		6		21		-	-	-		28		-	-		38		-		7
<b>Feb</b>	1		2		24		-	-	-		28		-	-		54		3		5
<b>Mar</b>	2		2		31		-	-	-		13		-	-		69		2		7
<b>Apr</b>	1		1		22		-	-	-		25		1	-		46		1		11
<b>May</b>	2		-		13		-	-	-		22		-	-		38		2		4
<b>Jun</b>	1		3		12		-	-	-		23		-	-		30		-		6
<b>Jul</b>	2		-		18		-	-	-		13		-	-		28		-		11
<b>Aug</b>	3		1		18		-	-	-		18		-	-		34		3		9
<b>Sep</b>	2		2		29		-	-	-		24		-	-		21		-		8
<b>Oct</b>	2		3		27		-	-	-		11		-	-		31		1		6
<b>Nov</b>	1		7		21		-	-	-		19		-	-		49		2		11
<b>Dec</b>	1		2		16		-	-	-		31		-	-		43		3		8

c. Number of cases

d. Number of actions initiated by regulators

## Appendix 12: Indepth Response Tables

Table 1 Respondents & Background

Organization	Respondent	Detailed Response
B-1	R-1	<p>I'm a chartered accountant from India.....special certificates for internal audit area, like CECA, CIA.....I got the CECAMS and.....international diploma in compliance in ICA.</p> <p>.....working in compliance and money laundering (AML function) field .....appointed as deputy MLRO since 2005.....total around 17 years in AML field.</p>
B-2	R-2	<p>I have a master degree in Economics.....I have obtained CAMS and CAMS advance audit.....</p> <p>I started working with CBB in the financial stability directorate.....in compliance in the bank.....Working in it for 9 years.....started as deputy MLRO and now I'm a group MLRO and head of compliance.</p>
B-3	R-4	<p>I've got a bachelors in finance from the University of Central Florida. And I have a MBA from Webster University from the Orlando Florida campus.</p> <p>Worked in CBB in the inspection department for about almost 3 years.....I joined current bank 10 years ago.....joined the compliance department.....as the deputy MLRO of the bank and later.....MLRO.</p>
B-4	R-5	<p>I joined the AML department in February, 2013.....certified as anti-money laundering specialist.....qualified as ICA (International Compliance Diploma) in 2015.....</p> <p>I have been designated as a MLRO in 2015.....I was the Deputy MLRO in 2013 .....2 years DMLRO and now 2 years as an MLRO.</p>
IB-5	R-6	<p>I hold master's degree in public administration from 2001.....</p> <p>.....I have been in banking since 2002.....joining GFH.....moved to anti-money laundering unit for 2 years.....was the country compliance manager and MLRO.....</p>
IB-6	R-7	<p>I have a BSC from Bahrain University in accounting.....and qualifications, like ACAMS, ICA for compliance and CSFSA (Certified Financial Service Auditor Certification) from the IIA .</p>

		I worked with effect from June 1988.....in 2011 I shifted to Compliance .....I am in compliance almost 6 years.....investigating the alerts the AML alerts.
HB-7	R-8	I completed B.S in Law from Bahrain University and MBA from University of University college of Bahrain.....have ICA (International Compliance Association).  I was always dealing with the regulator.....working in the compliance department in Batelco for 3 years.....worked as MLRO in Bahrain Brouse and for the past 9 years I have been a compliance manager in ESKAAN Bank.....
WB-8	R-9	I have BSC in Business Management from the University of Swansea Wales..... ICA from University of Manchester..... .....professional advance diploma in Islamic Finance.  I was an associate auditor with E&Y.....joined CBB's Compliance directorate for around two and half years.....later on I moved to Turkiye Finance Katilim Bankasi as head of compliance and MLRO.
ME-9	R-10	I am graduate from Mumbai University.  I am working for 5 years as a DMLRO in BIX money. In total working for nearly 9 years now.
ME-10	R-11	I am degree holder.  I have been working here the company for almost 11 years.....handling the remittances and other back office work.....handling all the back office work so I know most of the transactions in the office.
ME-11	R-12	I am a commerce graduate..... Completed compliance officer program from BIBF  .....I joined Bahrain Financing as a retail teller on the remittance industry .....they placed me as a deputy MLRO and worked for 3 years.....joined as a MLRO in LULU Exchange and working for seven years.
ME-12	R-13	I hold a post graduate degree in business administration, post graduate diploma in risk management.....have ICA diploma, CAM certification.....  I am experienced almost 10 years in AML and related compliance.....I joined the world famous Travelex group as compliance and risk manager from 2011..... 2015 September I joined UAE exchange and till now I am the head of compliance and MLRO.
IC-1	R-3	I have Bachler degree in finance and management.....insurance diploma.....a member of ACAMS, ACCA.....completed a Qatar regulatory certificate.  I have started with Takaful International as junior compliance officer, then I became a deputy MLRO and compliance supervisor.....Ion Middle East as MLRO and I'm the Head Of MLRO in Zurich Middle East.....I have completed around 8 years' experience in compliance, and in the current employment 3 years.
B4	R-14	I'm a business graduate from BIBF, Bahrain.....trained in-house to learn about compliance. I am engaged in front end of corporate banking division for 3 years.
B-9	R-15	I have a graduate degree from Bahrain Polytechnique.....extensive training from my bank about ML compliance.I am a relationship management supervisor in corporate banking division for 1 year.

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B-1	R-16	I'm a business graduate from Women's University, Bahrain.....in-house training on compliance. I am working as a corporate banking officer 2 years.
B-5	R-17	I have a graduate degree from BIBF, Bahrain.....extensive training from my bank about ML compliance. I am a relationship management supervisor in corporate banking division for 1 year.
B-10	R-18	I'm a business graduate from Gul University.....trained in-house to learn about compliance. I am engaged in front end of corporate banking division for 2 years.
B-2	R-19	I'm a business graduate from Bahrain University.....in-house training on compliance. I am working as a corporate banking officer 3 years. I
B-11	R-20	I'm a business graduate from Leeds University, UK.....trained in-house to learn about compliance. I work as a relationship management executive in corporate banking division for 1 year.
B-4	R-21	I'm a business diploma holder from Bahrain University, Bahrain.....trained in-house regularly on AML compliance. I am teller in the bank for 2 years.
B-9	R-22	I'm a business diploma holder from Bahrain University.....trained in-house regularly on AML compliance. I am teller in the bank for 1 year.
B-1	R-23	I'm a business diploma holder from Bahrain University.....trained in-house regularly on AML/CFT. I am teller in the bank for 4 years.
B-5	R-24	I'm a business diploma holder from Bahrain University.....trained in-house regularly on AML compliance. I am teller in the bank for 2 years.
B-10	R-25	I'm a business diploma holder from Bahrain University.....trained in-house regularly on AML compliance. I am teller in the bank for 2 years.
B-2	R-26	I am a diploma holder in business from Bahrain University.....trained in-house regularly on AML compliance. I am teller in the bank for 3 years.
B-11	R-27	I am a diploma holder in business from Bahrain University.....trained in-house regularly on AML compliance. I am teller in the bank for 2 years.
ME-13	R-28	I am a diploma holder in business from Bahrain Polytechnic.....trained in-house regularly on AML/CFT compliance. I am teller in money exchange for 1 years.
ME-14	R-29	I am a graduate degree holder in business from Philippines University.....trained in-house regularly on AML/CFT compliance. I am teller in money exchange for 3 years.
ME-15	R-30	I am a graduate degree holder in business from University of Kerala.....trained in-house regularly on AML/CFT compliance. I am teller in money exchange for 2 years.
B-12	R-31	I am a graduate from University of Mumbai, India.....trained in-house regularly on AML compliance. I am teller in the bank for the last 2 years.

**Table 2 International Convention & Combat Money Laundering by Bahrain**

Organization	Respondent	Detailed Response
B-1	R-1	Bahrain follows MENAFATF guidelines.....FATF guidelines is universal .....it sets standards for combating money laundering & terrorist financing.....

		<p>Wolfsburg standards are linked to private banks.....for private banking and KYC and due diligence.....all correspondent banks look for adherence to Wolfsburg recommendations.....EU directive and joint money laundering group in UK .....understand the process and procedures.....</p> <p>Bahrain relies on Amri decree in 2001 to control AML.....it utilizes CBB regulation on financial crimes model.....law applicable to capital market..... enhance control aided by KYC, monitoring and screening.....Almost every customer account goes to monitoring system for regular checks. We also use word checks system for monitoring customer accounts.....</p>
B-2	R-2	<p>Bahrain adheres to FATF and MENAFATF principals. To control financial crime and laundering, Bahrain depends on AML law 2001 and CBB rulebook.</p> <p>Bahrain adheres to Wolfsburg initiative.....correspondent banking. The initiative helps to assess correspondent banking parties.....city bank demands detailed questionnaires linked to Wolfsburg principle before clearing transactions or accepting business.</p> <p>CBB requires banks to follow Basel standards related to AML and compliance ..... CBB requires all correspondent banks and banks dealing with correspondent banks in USA and Europe to furnish more information about our customers and transactions (USD clearing and EURO clearing). Banks like JPMorgan and City calls for information about certain customers, transactions.....</p> <p>Bahrain follows financial crime module rulebook developed in line with FATF recommendations.....initiate internal audit and manage AML compliance (18 months cycle) .....It was a good report.....much room for enhancements of KYC.....monitoring of charity and clubs associations, PEPs and their associate.....</p>
B-3	R-4	<p>.....global conventions guide Ministry of Interior. But I don't really recall which exact conventions are followed by Bahrain.....</p> <p>Bahrain follows FATF recommendations, United Nations resolutions and CBB rules to combat AML.....Banks in Bahrain are directed to follow regulatory and enforcement measures of Central Bank and the Ministry of Interior .....we use about 20 scenarios in the automated system.....sends us alerts about suspicious behaviors, sanctioned people..... supported by Thomson Reuters for work check and detect suspicious action or transaction stemming from a sanctioned country.....help to obtain compliance clearance. This is the outcome of checking who those people are and what kind of sanctioned transactions are involved.....In case of adverse reporting we block them.</p> <p>.....our political obligations lead us to sign agreements with different countries such as the USA.....lead us to abide by OFAC sanctions and.....Having a gap is not acceptable because it will erode the financial trust of different partners hailing from different countries.</p>
B-4	R-5	<p>Bahrain AML law that defines money laundering provides the framework including Directives and penalties.</p>

		<p>Further, CBB issued the FCU model (Financial Crime Unit) compelling all banks and financial firms to use KYC, follow international sanction directives, AML regulation and rules.</p> <p>We follow Basel guidelines, FATF recommendations to develop the bank's AML policy and procedures. Conformity to MENAFATF and EGMONT group elevates information sharing among all the organizations in different countries in the world. It magnifies transparency and of sharing of information among all the organizations, among all countries in the world.</p>
IB-5	R-6	<p>We follow United Nations Security Council resolution.....keep a close eye on OFAC measures.....rely on circulars coming from the CBB.....</p> <p>.....Bahrain is a member of FATF and follow its recommendations. Bahrain doesn't want to be isolated.....when we do not meet the international standard established global banks will shun local banks.....as a result, Bahrain follows international standard.....</p> <p>.....banking industry follows the FATF recommendations. The initiative allows the government to implement required regulations, enforcement measures to counter the money laundering or terrorist financing.....</p>
IB-6	R-7	<p>Bahrain government is a member of FATF and it follows all the recommendations made. In fact, the government used them to enact and implement AML law in 2001. In 2002 the CBB introduced rules and regulations. Adherence to all these heightens transparent operations, like wire transfers.....On top of that Basel is followed by CBB.....</p> <p>Collective actions help us to combat money laundering and detect risk.....as a financial hub Bahrain has to protect its reputation globally to assure inflow of FDI.</p>
HB-7	R-8	<p>.....Bahrain follows the UN resolutions and FATIF guidelines. We use our own AML laws to deter money laundering and the terrorist financing that have spread across the globe.....They help to protect Bahrain from absorbing dirty money and its conversion.</p> <p>We are not a conventional bank. Our clients are different.....We deal with Bahraini nationals who are approved by the Ministry of Housing to get housing loans and get a house unit.....Notwithstanding such reality, we implement anti money laundering measures – Customer Due Diligence and KYC.....</p>
WB-8	R-9	<p>Kingdom of Bahrain and banks in the country follow FATF regulations.....our policies and procedures help to combat financial crime, mainly money laundering and terrorist financing. Further CBB conducts on site examinations to ensure that all the banks comply Basel guidelines.....</p> <p>The initiatives allow the banks to avoid blacklisting, isolation and closure.</p>
ME-9	R-10	<p>In our exchange we follow the rulebook provided by CBB to monitor and detect launderers. These are the outcomes of conformity to FATF recommendations. Adherence to these enables us to combat money laundering and fight terrorism.....</p>



		Regarding the convention part we will not be able to tell you at our level but from the perspective of the rule book.....it is quite a good one and it is definitely helping us to help the kingdom to fight money laundering and fight terrorist funding.
ME-10	R-11	FATF recommendations yes.....follow the rules to combat any money laundering .....
ME-11	R-12	The conventions followed are FATF and United Nations Resolution. They help to combat laundering in association with CBB.....Priority is also given to OFAC executive orders to suppress terrorist financing.  .....we scan and monitor customers and transactions to comply with principles of conventions.....we initiate CDD during customer onboarding and mitigate all the specified.....we verify IDs, verify sources of money and relate this to his/her occupation.....help to detect high risk nationals and report.....
ME-12	R-13	.....it is Palermo convention.....Bahrain government also follows the FATF 40 recommendations.....1971 narcotics, drugs and psychotropics act that you can say laid down the foundation stone to combat crime and money laundering.  Financial sector will be guided by AML law and complementary laws that are used to govern financial sector.....make it impossible for criminals to exploit financial institutions to convert proceeds of crime into legitimate earning.
IC-1	R-3	Bahrain follows a number of international conventions the most prominent is FATF and its recommendations. It is also a member of UN bodies and multilateral entities like World Bank and IMF. Compliance with their guidelines aids AML initiatives. Bahrain is also a part of IAIS. This allows the country to fight financial crime. ....Collectively they are followed to stamp out the scourge of laundering.  As an insurance company we are not required to give credence to Wolfsburg principle. It is followed by a number of banks in diverse jurisdictions across the world to combat ML and terrorist financing.....
B4	R-14	I know that we follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-9	R-15	We follow MENAFATF and its guidelines and regulations. I know that Bahrain is a member of MENAFATF.
B-1	R-16	Bahrain follows MENAFATF guidelines and regulations. My country is a member of MENAFATF.
B-5	R-17	Follow MENAFATF and its guidelines and regulations. I know that Bahrain is a member of MENAFATF.
B-10	R-18	I know that we follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-2	R-19	Bahrain follows MENAFATF guidelines and regulations. My country is a member of MENAFATF.
B-11	R-20	We follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-4	R-21	I know that we follow MENAFATF guidelines and regulations because Bahrain has been a member of MENAFATF.
B-9	R-22	My bank follows MENAFATF guidelines and regulations.
B-1	R-23	We follow MENAFATF guidelines.
B-5	R-24	Follow MENAFATF guidelines.
B-10	R-25	I know that my bank uses MENAFATF guidelines.

B-2	R-26	The bank follows MENAFATF guidelines.
B-11	R-27	Follow MENAFATF guidelines.
ME-13	R-28	I know that we use MENAFATF guidelines.
ME-14	R-29	We follow MENAFATF guidelines.
ME-15	R-30	I know that my exchange follows MENAFATF guidelines.
B-12	R-31	My bank follows the guidelines of FATF in addition to MENAFATF.

**Table 3 AML/CFT Policy Followed & Mitigate Money Laundering**

Organization	Respondent	Detailed Response
B-1	R-1	<p>Yes, we do have a AML/CFT policy which is reviewed annually by my bank and the subsidiaries in Kuwait, Dubai, UK, Iraq, Libya, Egypt and Oman. We have a policy for the entire group and a policy that conform to regulatory demands of Bahrain..... We use EDD, customer on boarding committee, categorize customers, monitor and review them and their actions.</p> <p>The initiative helps to monitor closely PEPs, charity accounts, correspondent banks, non-residents in Bahrain, non GCC residents who want to arrive in Bahrain and open an account, high networth customers (owning BD ten million). Sustained monitoring allows us to identify any risky customers, reject account opening request and report to CD for action.....We use an automated AML system. If any hit matches, we receive an alert. This helps us to report. In addition, if a name and identity matches the name and identity in sanctioned list, case is reported to CD.</p>
B-2	R-2	<p>We developed our own AMLCFT policy. It's a manual that is updated annually, approved by board of directors and checked by CBB. The branches in in India and Kuwait follow the regulatory demands of local institutions, such as RBI in India..... The branches are required to report to us, though the local requirement, for example in Kuwait, may be different (threshold in Kuwait is different vis a vis Bahrain).</p> <p>As a matter of fact, policy and procedure are very important. They help to detect, and eliminate money laundering, conform to CBB and eradicate abuse of banking system .....I don't think the policy and procedure anchored on Basel and FATF hinder my bank's AML/CFT initiatives..... I am sure they enable us to pursue safe and sound business and eradicate ML/TF risks.</p>
B-3	R-4	<p>Basically we follow FATF and CBB regulations. The central bank has got a financial crime module. This relates to FATF recommendations and BASEL guidelines, including AML sanctions recommendations and UN resolutions.....Speaking about hindrance, our automated system renders it feasible to trace suspicious transactions. Having said the benefit, the acceptance of the guiding principles of Basel etc results in loss of business, loss of shareholders value, loss of stock price and loss of reputation. Investors do not rejoice such impacts.</p>
B-4	R-5	<p>The bank follows AML policy. This allows us to establish procedures to control ML. This is the outcome of our abilities to monitor potential abuses by</p>

		<p>launderers.....We also follow CBB’s recommended practices. This makes it possible to assess, ascertain and eliminate ML risks.....We use EDD and this helps us to monitor transactions constantly. This mitigates the bank’s exposure to diverse risks, such as reputational risk, business risk, operational risk etc.</p>
IB-5	R-6	<p>We have a robust AML policy and this conforms to guidelines laid down by CBB. Its full compliance supports our alignment with international standards, like Wolfsburg, FATF recommendation and US patriot act. Full conformity aids identification efficiency and intelligence gathering effectiveness. These protect our bank from all abuses by frauds, traffickers, launderers and terrorists.</p>
IB-6	R-7	<p>CBB communicates AML rules in Bahrain. The Central Bank relies Basel, FATF and Wolfsburg to develop and implement comprehensive regulatory guidelines. Moreover, we are required to go through Wolfsburg questionnaire, Basel guidelines and FATF recommendations to adopt and use best practices to fight the menace of ML in collaboration with FIU. This in the key entity that oversees all reporting like STRs.</p> <p>Yes, we have our AML policy, rules, regulations and practices. To answer your question about ‘AML activities hindering businesses’, I have to state that such actions and activities do not hinder business, though high networth customers do not like to share graphic professional details, income sources, deposit transfer forecast etc. In spite of such resistance, the customers are aware of the risk and challenges my bank facing. They understand that we have to comply with rules and regulation. Otherwise, we will not be allowed even to process transactions.....To stamp out ML stages, like smurfing, placement, layering and integration, we use a sophisticated system. This allows us to rate risk. This helps us to raise red tags or red flags, report and conform to the demands of CBB.....</p> <p>The automated system helps us to assess customers we are trying to onboard from diverse angles such as jurisdiction, whether incorporated as a private firm, a listed company and such factors are taken into consideration. Comprehension about them helps to determine the risk profile of new customers and take measures to monitor them and their transactions - cash or swift.....When it comes to us, we have to look at it from the viewpoint of placement, layering and integration. For example a company which is involved in steel products normally uses LC to buy inputs and pay for these. To issue LC we are compelled to review its beneficiary and the extent to which the business of the beneficiary is related to the core business of our customer. If alignment is noted, LC is issued. Otherwise, STR is sent to CD.....</p> <p>I don’t know whether regulators globally are talking about having more transparency between the jurisdictions, for example Bahrain has state of the art systems to detect beneficial owners. One can also track such information from Ministry of Commerce. But such details are not easily available in Saudi Arabia, Kuwait, Qatar, Oman and UAE. So in same region national policies differ. Such inconsistency needs to be eradicated and rule making harmonized to mitigate laundering.</p>
HB-7	R-8	<p>We follow FATF recommendations, Bahrain’s AML law and CBB rules. CBB rules are linked to FATF recommendations.....Adherence to these supports my function as money laundering officer.</p> <p>With reference to AML it is important to note that my bank is not a conventional bank. My bank is a housing bank. This poses serious problem and becomes difficult to convince public and make them understand my bank faces risks of exploitation by</p>

		<p>launderers and terrorists. It is an uphill task to explain that identification of beneficiary assumes importance and approval of Ministry of Housing cannot be accepted at face value..... Luckily enough my bank has a host of dynamic banking professionals in the board. They help the tams in my bank to adopt and implement effective policies, procedures and systems.....The usage of highly automated AML system integrated to core banking system enables us to identify high risk customers and report about these to CBB.....</p> <p>In any case, my bank’s system cannot be exploited by frauds and criminals to orchestrate ML and terrorist financing. Housing finance and housing renovation finance for Bahrainis cannot be used by international criminals. No one can open account, my bank does not issue credit or debit cards and print cheque books, use these to draw money from ATMs or tellers.....Inspite of these Basel guidelines are followed fully to comply with regulatory demands of CBB.</p>
WB-8	R-9	<p>Bahrain is a signatory in FATF and as a result, my bank is required to comply with FATF recommendations, Basel guidelines and demands of EGMONT Group etc. Full compliance allows my bank to restrict criminal exploitation of its systems to launder money and fund terrorism. Actions to comply make it possible to develop and implement anti laundering policy, rules, procedures and practices. Utilization of these enable employees in my bank to accept customers or process transactions without proper verification, such as black listed individuals or individuals or companies hailing from black listed country. Detection of such shortcomings are reported to CD without delay .....The detection is rendered successful due to the usage of an automated transaction monitoring system. Access to this allows all in the bank, specially Risk Management team to scan every single detail and then compare the details with global list criminals and terrorists.....The sanctioned list, published by UN, OFAC, European Union and local authorities in Bahrain, is integrated with the automated system. This helps to scan all the names of our customers (existing or new), approve or reject their onboarding, allow or disallow transactions, and report if any inconsistency is noted.</p> <p>All fraudulent attempts on the part of a company, an individual and an organization to initiate transactions are reported without any delay to the local authorities, such as Ministry of Interior or CD. To manage these employees are trained on AML/CFT every year. This allows them to detect potential money laundering or terrorist financing, violation of transaction threshold limit of BD 6000.....the success of such fraud tracking is linked to robust KYC. This enables my bank protect its reputation in regional and global marketplace.....</p>
ME-9	R-10	<p>We follow the policy which has been given in form of rule book by CBB. It is exhaustive and very practical and as a result, it helps us to monitor and manage transactions and fight money laundering.....We are using limited number of correspondent banks and as of now we have not our relationship is we are dealing with this corresponding banks for a very long time its not that our relationship developed overnight or the last couple of years almost all our corresponding banks are at least a decade old and touchwood and thank god we have god no difficulties in dealing with them either financially or in AML part of it or CFT part of it whatever information they seek from us we provide them and whatever information we want they are able to provide us.</p> <p>Yes the Wolfsburg questionnaire. This is used to gather and provide information to the regulators about correspondent banks.....</p>

		As far as I understand BASEL committee is for the financial issues. It is not known for AML. Hence I don't use it.
ME-10	R-11	The rules we follow involve scrutiny, screening transactions and reporting to CD and initiate complementary actions. To sustain these, KYC is initiated.....In addition, we use our policy and recommendations of OFAC and FATF. To conform to these, we initiate internal and external audit as prescribed by CBB.....
ME-11	R-12	We follow my company's policy and procedure. These are linked to CBB rule book and guidelines provided by regulator of Bahrain. Conformity to them helps us to review identity of customers and assess whether their origins are linked to sanctioned list. In case names are found to match, STR is filed in CD.....We seek to get information from the branches. Designated staff members in the branches deal directly with customers, check transaction of the customers and manage forex transactions.....We monitor every action supported by AML tool.....I use these extensively in my money exchange. This makes it possible for teams facing customers to use decisive measures to scan, verify and determine beneficial owners/authorized person or the representative and onboard a customer.....
ME-12	R-13	<p>We have to look into the convention, a 92 page document, and criminalize money laundering by aligning judicial system. Bahrain's AML law guides all money exchanges to counter money laundering and terrorist financing. Further, CBB supported policies allow AML policies to embrace risk based approach. This helps my exchange to utilize KYC, an extension of Customer Identification Program (CIP). To conform to such requirement we collect ID copies of the customer and store these. People having valid CPR are considered for remittance transaction.</p> <p>My exchange uses an efficient transaction monitoring system. If any flaw is noted, we report (STR) immediately to CD. Further conformity to FATF recommendations motivates us to entertain any request to remit fund in countries mentioned in sanctioned list.....</p> <p>Yes. We conform to Wolfsburg principles. Full compliance allows me to enter into a correspondent banking relationship. As a money exchanger we need to have bankers to settle payments in countries like India, Philippines, UK and USA.</p>
IC-1	R-3	Our insurance company is subject to the financial crime module of role book number 3 of the CBB it is also subject to financial crime act which is issued by royal degree as well. Both of which are Bahrain sign up to the FATF recommendations by doing so we are following the FATF, you also peer in mind being international insurance company, you are subject to a numbers of jurisdictions which include Switzerland and being that headquarter globally and other subsidiaries in UK. I think also we are very regulated environment we are subject to 3 or 4 different regulations at the same time, being an international company it support us to have cross border intelligence as well think of the sense that I'm in Bahrain and I have a counterpart in Asia and I have another counterpart in Brazil and together we could pick up the phone and discuss any potential concern that we have on cross borders level. I think Bahrain is one of the best regulated environments of ML prospective at least in the region and this also helps us to have the credibility when we discussing some ML potential concern cross border.
B4	R-14	I do not know about them in detail.....I can say that my bank follows KYC and due diligence and control which Basel recommended. I think its recommendations are useful and globally accepted. We implement and enforce the laws and regulations

		recommended by CBB.....follow KYC due diligence, monitor and screen have improved.....manage AMLCFT well.
B-9	R-15	I cannot explain about them.....my bank follows KYC and due diligence and control which Basel recommended. Its recommendations are useful and accepted by all in the GCC and North Africa. We follow the guidelines set by CBB.....implement due diligence program, like KYC, monitor and screen have improved.....implement AMLCFT well.
B-1	R-16	I know about Basel anti laundering guidelines. My bank follows these to manage due diligence.....leads us to follow KYC. Its recommendations are useful to control laundering.....enforces the laws and regulations of CBB.....improves my bank's ability to implement KYC.....monitor and screen all the corporate customers.....enables my bank to manage AML/CFT.
B-5	R-17	Will not be able to tell about them.....my bank follows due diligence, specially KYC and control recommended by Basel. Its recommendations are useful and accepted by all in the GCC and North Africa. We follow the guidelines of CBB.....allows us to improve my bank's abilities to implement due diligence program.....monitor and screen corporate customers.....screened through monitoring system. This allows us to implement AMLCFT.
B-10	R-18	I do not know about them in detail.....we use KYC and due diligence and control which Basel recommended. The recommendations are useful and globally accepted. We implement and enforce the laws and regulations recommended by CBB.....improves the ability to follow KYC due diligence, monitor and screen have improved.....enables us to manage AMLCFT well.
B-2	R-19	I know about Basel anti laundering guidelines.....bank follows these to manage due diligence.....to follow KYC. The recommendations are useful to control laundering. My bank implements and enforces the laws and regulations of CBB.....ability to implement KYC..... monitor and screen all the corporate customers.....manage AML/CFT.
B-11	R-20	I have limited knowledge about them.....that my bank follows KYC and due diligence and control which Basel recommended. Its recommendations are useful and globally accepted.....implement and enforce the laws and regulations recommended by CBB.....improves the ability to follow KYC due diligence, monitor and screen have improved..... put through monitoring system for regular checks.....manage AMLCFT well.
B-4	R-21	I only know about Basel and this leads my bank to manage due diligence and KYC .....implements the laws and regulations of CBB.....improves the ability to follow KYC, monitor and control launderers.....screened through the monitoring system.
B-9	R-22	I know about Basel and this spurs my bank to manage due diligence and KYC..... implements the laws and regulations of CBB.....improves the ability to follow KYC, monitor and control launderers.....screened through the monitoring system.
B-1	R-23	We rely on Basel.....manage due diligence and KYC. ....implements the regulatory guidelines of CBB.....improves the ability to implement KYC and screen launderers.....screened through the monitoring system to manage AMLCFT.
B-5	R-24	I only know about Basel. My bank relies on it to manage due diligence and KYC. My bank implements regulations of CBB..... Following them improves the ability to

		follow KYC (monitor and screen launderers). Every customer account is screened to manage AMLCFT.
B-10	R-25	We rely on Basel to manage due diligence and KYC. ....bank implements regulations of CBB.....improves the ability to implement KYC (monitor and screen customers).....screened to manage AML/CFT.
B-2	R-26	I know about Basel. My bank uses Basel to manage due diligence and KYC. ....bank uses regulatory guidelines of CBB.....improves the ability to implement KYC .....customer account is screened to align with AML/CFT.
B-11	R-27	I understand about Basel.....relies on it to manage due diligence and KYC. My bank uses regulatory guidelines of CBB .....improves the ability to implement KYC.....screened to align with AML/CFT.
ME-13	R-28	I have learnt about Basel.....my exchange relies on it and CBB guidelines to manage due diligence and KYC.....regulatory guidelines of CBB .....improves the ability to implement KYC.....screened to conform to AML/CFT practices.
ME-14	R-29	I recognize that my exchange uses Basel and CBB guidelines to manage due diligence and KYC. ....uses regulatory guidelines of CBB .....improves the ability to implement KYC.....screened to conform to AML/CFT practices.
ME-15	R-30	My exchange depends on Basel and CBB guidelines to manage due diligence and KYC. ....regulatory guidelines of CBB.....ability to implement KYC.....screened to conform to AML/CFT practices.
B-12	R-31	In addition to FATF my bank follows Basel guidelines. We give importance to both to use due diligence. KYC is the pillar of due diligence. .... follow the regulatory guidelines of CBB.....implement and utilize KYC..... customer account is screened vis a vis demands of AML/CFT.

**Table 4 AML/CFT Policy & Disrupt Money Laundering Cycle and Mitigate Laundering**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	<p>We follow procedures to discourage launderers to use our banking system to launder money and save Bahrain’s economy. Our anti laundering initiatives and controls are sound enough to protect bank’s financial and reputational conditions locally and regionally. The application of AML measures, such as EDD, makes it impossible for frauds to exploit our bank to place and layer ill-gotten money, convert such money into legitimate earning. Sustained drive to thwart laundering heightens reliability of my bank. This is unlike HSBC a key entity in Panama scandal. I remember it had to pay huge fine to save reputation and regain confidence of customers and.....institutions.</p> <p>The most dangerous stage is the integration stage because at this stage it is difficult to trace and detect the money.</p>
B-2	R-2	We utilize policy and procedure plus an automated AML system. Their usage in all our branches allows us to detect suspicious ML activity, for example to control smurfing

		<p>.....any deposit of BD 6000 more than one time in a month triggers alert in the system. In such a case a relationship manager or a branch manager will have to check if deposit of additional BD 6000 is genuine and consistent with customer profile..... So we have other rule even for corporations we have a bigger threshold for BD20K and In term of the placement phase we have controls on customer on boarding. We use Risk based Due Diligence.....if a client falls in high risk category, we call for additional documents certified by lawyer that justifies source of additional fund.....for PEPs we require details, such as anticipated annual turnover , source of wealth etc..... KYC measure helps to mitigate any risks of placement and drive to scan against the UN sanctions and OFAC list allow tellers to manage thousands of customers and isolate potentially suspicious customers and report to our team for further action.....we use anti-layering system that help us to track behavioral rules related to daily and monthly deposit. For example we use the AML system to track an increase in the customer deposit above 150% on an average in the last three months. When it is breached, an automatic alert is triggered.....the trigger is also activated when a customer withdraws money immediately after deposit.....such rule based triggers helps to eradicate layering.....This disallows launderers to try and integrate fraudulent earnings.</p>
B-3	R-4	<p>Whether it's smurfing, placement, layering etc. We assess attempts on the part of customers to indulge in such wrong doing and stop irregular transactions.....KYC is implemented and this helps us to be sure about legal standing of a current or prospective customer.....His CPR is checked first and it helps us to assess source of money. In case of any dichotomy all attempts to deposit money is blocked. This is used to discourage a suspect customer to utilize a web of complex transactions to obliterate the source of money, thwarting layering, round tripping and further investment in real estate or other valuable assets.</p> <p>I believe it is the first stage known as placement needs to be attacked. As a result, all frontlines in my bank are vigorously trained. This helps them to find out a launderer and a suspicious transaction.....</p> <p>In reply to your question I can say that Wolfsburg Group is followed by private banks in Bahrain. They maintain KYC information and follow standards.....strengthen control.</p> <p>With reference to compliance with FATF, BASEL etc let me inform that all the principles are followed fully. We cannot afford to fail. Because if we do as I mentioned it's all about reputation, it's all about trying to protect your bank's value in terms of maintaining that reputation.....</p>
B-4	R-5	<p>Our AML policy covered all the red flags and thwart 3 AML stages, like smurfing, placement, layering and integration. The system supported red flagging helps to control and prevent such laundering stages.</p> <p>As an anti smurfing procedure and action we monitor breach of thresholds scenarios. For example, if a customer has deposited small amount of say BD 6000 and he again deposits similar amount in two days, red flag will be triggered due to breach of aggregate limit set.....we also set lower threshold of BD 3000. If we detect that a customer is depositing BD 2900 repeatedly, red flag will be triggered by the AML monitoring system.</p> <p>Yes. Anti layering initiative is established. Let us say a customer activates multiple transactions in an effort to circumvent the alerts. We check such transactions against inbuilt 25 scenarios. Such checking helps to detect attempts on the part of customer to layer and integrate at a subsequent date.....As a matter of fact, AML system enables us to</p>



		<p>eradicate the most dangerous stage in ML cycle known as placement.....For this purpose my bank uses AMLOCK developed by 3i infotech.....</p>
IB-5	R-6	<p>.....The bank's primary aim is to ensure that clients have genuine funds and these are not acquired through illegal means. It is important to note that my bank is an investment bank and as a result, it will never be a target for smurfing or placement. My bank may be misused by a fraudulent client to layer or integrate illicit fund. A white collar criminal may place tainted money in my bank's private equity, hold such equity for 3 to 4 years and exit after this period, legitimizing money garnered through illicit acts..... This is the third stage of money laundering called integration.....</p> <p>Yes. Enhanced Due Diligence is used by my bank and relationship manager..... when high networth investors seek to deploy fund in private equity projects let's say Murhaba, we invariably check their backgrounds. In case of doubt, I have raised STR. I have investigated two cases. In the first case, the investor was from Italy. He called and informed that Euro 50 million belonging to European politicians are available for investment and the investment could be raised to Euro 200 to 250 million. The transaction was rejected and reported to CD.....</p> <p>Yes, placement is the most serious stage and if neglected it can destroy a bank's future. A bank may be taken over by criminals if smurfing or placement are not detected. A regulator like CBB may decide wind down such a negligent bank, eroding the wealth of shareholders.....</p> <p>Yes, Basel guidelines related anti laundering are followed fully.....Private and Correspondent banks in Bahrain adhere to Wolfsburg.....to safeguard the interests of such banks.....</p>
IB-6	R-7	<p>We use a Oracle based system called FCCM to detect Placement, Layering and Integration. It helps us to follow Financial Crimes and Compliance Module..... We use three systems. One system is dedicated to track ID..... The second system is used to screen customer data against blacklists published by OFAC, UK, EU, United nation, CBB.....If a customer's identity matches a name in the blacklist, MLRO is required to report him and block him and initiate actions to terminate relationship .....We use another system, known as SITESAFE WATCH, to track and assess SWIFT soft messages. It allows us to monitor outgoing and incoming messages, screen all the beneficiaries, beneficiary banks, applicant bank in designated jurisdictions. They are tracked very closely.....LC vessels, tracking vessels.....AML measures.....EASTNET, COMPLINET are sponsored by Thomson Reuters .....</p>
HB-7	R-8	<p>Yes, anti laundering system helps us to mitigate bank's exposure to laundering risk. In addition, bank's policy makes it difficult to smurf or place tainted wealth. Each customer is allowed to have one account in my bank. The policy helps us to link the account to his CPR and track behavior of the account.....Let me tell you that layering happens only when there is cash transactions and money coming in the account, meaning different amounts in different times. This is not allowed. The customer has to declare source and proof of money, and he has to narrate how the amount will be used.....A customer is allowed to deposit to repay loan installments. This proves that we monitor customers closely.....The main risk is the cash. Many of our other customers bring in cash to repay housing loan instalment.....Cash can be dirty. To justify the authenticity, a customer is compelled to proof, irrespective of volume, making it impossible for a customer to dodge our AML system, repay the loan and secure a property.....The AML system helps us to detect frauds.</p>

WB-8	R-9	<p>The AML system we have helps us to select the best customer, open an account when found clean and stop suspicious transactions. These disallow placement or layering. Deep monitoring allows us to track all the transactions of customers and compare them with stated monthly financial activity. In the case of a company, the team compares deposit information vis a vis financial records, size of sales volume. If any abnormal account movement is noted, red flag is raised and it is reported to CD. For example a customer's monthly salary is BD 3000 but we see that he is depositing BD 5000. This will be construed as an offence though the deposit volume is less than the threshold of BD 6000. Such an occurrence is red flagged and reported..... Automated AML system are getting smarter and it can detect smurfing, raise alert and help to report to CD.....It is correct to know that abuse of system need not involve large amounts. It may also happen with small amounts like 50BD and five transactions per day. As a result, each and every transaction is monitored.....Our anti laundering measures enables us to eradicate integration. This is rendered feasible due to the agility to stamp out placement and layering. These are fought vigorously by reviewing all the sources of funds, documents and assessing actions of customers - what they are seeking to buy and sell.....I would say placement is critical.....</p>
ME-9	R-10	<p>We follow the CBB rule book and develop our AML policy. This helps us to raise awareness, train employees, monitor, detect, report and punish.....For placement, occasionally we get someone who would approach us without giving us any background information about source of fund with a view to convert such fund into legitimate earning. In such a case we raise STR, block account opening and deter all laundering attempts.....When the placement itself is not possible the subsequent stage doesn't rise at all. As a result, we tolerate no laxity in thwarting placement.</p>
ME-10	R-11	<p>The AML policy helps us to control smurfing, placement and layering. The system enabled red flagging allows us to prevent laundering. As an anti laundering initiative we monitor breach of all threshold scenarios.....If a customer deposits small amount of say BD 6000 and he again deposits similar amount in 4 days, red flag is triggered due to breach of aggregate limit set .....To create an effective barrier, we also set lower threshold of BD 3000. If we detect that a customer is depositing BD 2500 repeatedly, red flag is triggered by the AML monitoring system.</p> <p>Yes. Anti layering initiative is implemented. Let us say a customer initiates multiple transactions to avoid the alerts. To plug this gap, we check such transactions against inbuilt multiple scenarios. Such checking helps to detect attempts on the part of customer to layer and integrate at a subsequent date .....In fact, automated AML system enables us to stamp out the key stage in ML cycle known as placement.....For this purpose we use system developed by Polaris.</p>
ME-11	R-12	<p>The AML system we use allows us to monitor and select the best customer, authorize onboarding and account opening when found clean and isolate suspicious transactions. These retard the abilities of launderers to place and layer tainted money. Uninterrupted monitoring allows the team in the bank to track all the transactions of customers, identify all fraudulent attempts to deposit volume of money disproportionate to their known income sources. If any abnormal account movement is noted, red flag is raised and STR is communicated to CD. To give an example, a customer is self-sufficient to transact BD 3000 but we see that he is seeking to fund repeated transactions worth BD 5000. This will be considered as an attempt to launder money known as placement though the volume of transaction is less than the threshold of BD 6000. Such an occurrence is red flagged and reported to CD..... The AML system we use helps us to monitor and detect smurfing, trigger alert, raise STR and</p>

		inform CD. The system not only allows us to control placement but also layering and integration. These attempted abuses are thwarted, eradicating ML.
ME-12	R-13	Yes. As a money exchange company we will be in trouble if we show any laxity and allow launderers to abuse our organization to smurf and place tainted money. To smurf, a launderer posing as a customer splits a big sum of money into small amounts and tries to send that money from different branches in order to avoid detection. The AML system not only helps to monitor transactions but also check velocity. Access to the system helps me to decide during onboarding stage capacity to initiate transactions, say BD 300 and link this with declared source of fund. Any breach, for example transaction worth BD 1000, will lead to blocking of transaction and flash message. This requires reporting, namely STR. Frontline staff facing customers are trained to understand system based signals and initiate actions.....To mitigate placement transaction patterns are monitored. A surge in transaction volume involving remittance to a particular country influences alerts, necessitating closer monitoring, reviewing and reporting.....Since we do not allow abuse of our system to place money, the question of layering and integration do not concern us.
IC-1	R-3	Tough regulatory environment makes it difficult for launderers to abuse an insurance company and retain the purity of financial services landscape.....I think it is comforting to us to know that we deal with an insurance company and its brokers..... knowledgeable enough to avoid any money laundering when it comes to the 4 layers of ML.  I think when it comes to an insurance entity, I think most people would try to acquire insurance contracts to save money and mitigate risk. Launderers basically launder their funds or at least they would use us to layer tainted fund by engaging web of complex transactions and invest finally in fund linked insurance products, hiding fully the origin of such a transections.....I think we have some of our products which are very attractive to money launderers.....such risks are controlled by conforming to FATF and CBB guidelines.....
B4	R-14	We do have a AML/CFT policy and this is strictly implemented.....clearly defined all the KYC requirements for different type of customers like standard customer, corporate customer and put them in different categories like high risk customer, risky customer and low risk customer.....implement EDD.....isolate risky customers, report and stop operating an account.....discourage launderers we control, monitor and screen the customers at the time of opening bank account and match their names against sanctions list.
B-9	R-15	My bank has a AML/CFT policy and this is implemented.....defined KYC requirements for different type of corporate customers who are classified as high risk customer, risky customer and low risk customer.....to implement EDD..... bank to segregate risky customers, report and stop operating an account..... demotivate launderers we monitor, screen and control actions of corporate customers at the time of opening bank account and match their names against sanctions list.
B-1	R-16	My bank has a AML/CFT policy.....has defined all the KYC requirements for different categories of customers such as high risk customer, risky customer and low risk customer.....implement EDD.....separate risky corporate customers, report and stop operating an account.....discourage launderers we monitor and screen the customers at the time of opening bank account and match their names against sanctions list.
B-5	R-17	The bank has AML/CFT policy and this is implemented.....KYC requirements for corporate customers who are classified as high risk customer, risky customer and low risk customer.....EDD..... my bank to segregate risky customers, report and stop

		operating an account.....we monitor, screen and control actions of corporate customers at the time of opening bank account and match their names against sanctions list.
B-10	R-18	We have a AML/CFT policy.....policy has clearly defined all the KYC requirements for different type of customers like standard customer, corporate customer and put them in different categories like high risk customer, risky customer and low risk customer..... EDD.....segregate risky customers, report and stop operating an account..... discourage launderers we control, monitor and screen the customers at the time of opening bank account and match their names against sanctions list.
B-2	R-19	My bank has AML/CFT policy.....has defined all the KYC requirements for different categories of customers such as high risk customer, risky customer and low risk customer.....to separate risky corporate customers, report and stop operating an account.....discourage launderers we monitor and screen the customers..... opening bank account and match their names against sanctions list.
B-11	R-20	We follow AML/CFT policy and this is strictly utilized.....defined all the KYC requirements for different type of customers like standard customer, corporate customer and put them in different categories like high risk customer, risky customer and low risk customer.....isolate risky customers, report and stop operating an account..... discourage launderers.....screen the customers at the time of opening bank account and match their names against sanctions list.
B-4	R-21	My bank has a AML/CFT policy and this is implemented.....complete details. I know that my bank classifies customers in terms of risk for further action.....stop launderers we control, monitor and screen the customers at the time of opening bank account.
B-9	R-22	Bank has AML/CFT policy and this is implemented. I do not know complete details. I know that my bank classifies customers in terms of risk for further action.
B-1	R-23	My bank has AML/CFT policy and this is implemented.....know complete details.
B-5	R-24	The bank uses AML/CFT policy and this is implemented.....have complete details.
B-10	R-25	My bank uses AML/CFT policy and this is implemented.....have complete details.
B-2	R-26	The bank uses AML/CFT policy. I cannot explain further. My knowledge is limited.
B-11	R-27	The bank uses AML/CFT policy..... I cannot explain it in detail.
ME-13	R-28	My money exchange uses AML/CFT policy.....I cannot explain the policy in detail.
ME-14	R-29	The exchange uses AML/CFT policy.
ME-15	R-30	My exchange uses AML/CFT policy.
B-12	R-31	My Bank uses a robust AML/CFT policy. However, I cannot provide further detail.

**Table 5 AML/CFT Policy & Due Diligence and Reporting**

Organization	Respondent	Detailed Response
B-1	R-1	We follow CBB and Basel guidelines to develop AML policy and procedures. Utilization of these helps our teams to initiate CDD and EDD. These lead my bank to attach top priority to KYC. This action allows us to know all the customers, classify them and find out if anyone is indulging in fraudulent or illegal transaction and control laundering.....It is important to remember that classification of customer by nationality, income, activity,

		<p>business, transaction pattern, organization and country of origin allows us to take precautionary measure, for example detecting and isolating sanctioned entities and countries. Red flag is activated when such cases are detected.</p> <p>Further, we use AML monitoring system. This helps us to explore database of frauds. We also use world check system that carries sanctions list, offence data published by OFAC and list of PEPs..... we are in a position to check each customer against 2 million names and more than 200 lists..... We authorize opening of an account after world check is completed.....daily screening for the new and existing customers.....set threshold amount and this depends on the account type.</p>
B-2	R-2	<p>In our bank we use an AML manual. This guides all of us to complete KYC, initiate STR and communicate CTR. Communication of these to CD enables us to eliminate money laundering. We are also required to follow risk based approach, making it possible to assess risk associated with customer types. This helps to set a standard and act in right direction to stamp out ML. For example, STR or SAR helps to report certain suspicious activity and suspicious transactions or suspicious customers ..... STR or SAR is initiated when suspicious activities are detected and to complete them no permission is needed.....CBB compels every bank to track all deposits above BD3000, assess the beneficiaries and ascertain the deposits are suspicious or not.....get the approval of regulatory authorities for all inward wire transfer in Bahrain. To track these we use automated AML system, making it possible for my bank to conform to CBB guidelines and rules. To comply with Basel guidelines we have developed EDD policy and procedure. Usage of these enables us to categorize customers by status like PEP, charities, clubs and associations and label these as high risk customers.....</p>
B-3	R-4	<p>.....We've got either a walk in customer or he wants to open account. We conduct KYC in both the cases in an effort to control ML.....We follow CBB rules and regulations to establish controls. To activate these we call for IDs, proof of income, address, employment and nature of employment. Access to such information enables us to understand customers and their behavior, transaction patterns and delinquency.....When deviations from such benchmarks are noted, alerts are triggered instantly.....Let's say a customer's monthly earning is BD 1000 and all of a sudden he starts to deposit BD 20000-BD 30000, red flag is raised. In such a case, we are required to investigate the matter and arrive at a conclusion – such surge is the outcome of personal asset sale.....In each case proof is required and align with the standpoint of Ministry of Interior and the Central Bank of Bahrain.</p> <p>Let me inform that CDD and EDD initiation requires us to categorize organizations based on activities like charities, which is a serious problem. They are scrutinized by vast majority of international banks .....we received instructions from large banks to avoid transfer of charity funding through their accounts. Such banks refuse act like Islamic Banks.....Heightened focus on ethical and conventional banking compels us follow Basel guidelines in conjunction with CBB rules, making it possible for us to manage and govern transactions within the standards set. Awareness about commitment to follow such standards encourage JP Morgan or Standard Chartered or Deutsche <b>Bank process transactions though such</b> scrutinize deeply funds coming from charities.....We may do well to remember that certain socio political and socio economic realities make us live with weaknesses .....fund transfer inward requires clearance from the Ministry of Labor and Social Development and....</p>

B-4	R-5	<p>Adherence to AML safety policy and procedures assumes importance in my bank..... AML function helps to examine all kinds of customer actions in the bank. AML policy based function drives us implement KYC and detect all wrongdoing. Ascertainment of wrongdoing on the part of a customer leads to filing STR to CD and report to FIU.....The CDD and EDD make it possible to embed risk categorization and risk matrix. Incorporation of these in AML policy renders fight against ML effective .....The policy guides internal and external reporting. For example in a branch detection of an illegitimate activity on the part of customer does not authorize an employee to report directly to CD. An employee is duty bound to seek the approval of line manager to file a STR to bank’s MLRO. On receipt of the report the MLRO will initiate an investigation and find all the details involving customer. Once a conclusion is reached about breach of limits, the offence is reported to CD by MLRO.....Yes all the banks needs to conform to Wolfsburg group, making it possible to share documents related to ML with other banks.....This directs all the banks to complete AML questionnaire to transact internationally.....</p>
IB-5	R-6	<p>My bank’s policy is divided into 2 sections. First section involves AML and second section involves KYC. AML and KYC are two different but complementary subjects. KYC supports identification of client based on certain information and certain documents. It is also used to establish relationship with a holding company, partnership company, SPC company etc. To justify the legitimacy of such business, memorandum of association, partnership agreement etc are required. Review of these helps to complete CIPP (client identification procedure), recommended by US patriot act. In addition, my bank makes it mandatory to furnish valid documents involving nationality, date of birth, legal name of person, country of birth, residential address. Clear understanding of a customer’s profile is necessary to determine risk level.....KYC enables my bank to assess the authenticity of fund, investment pattern, services preference, product choice (mutual fund, fixed deposit) and deposit or withdrawal frequency vis a vis information furnished about self-earning..... AML monitoring system.</p> <p>Breach of threshold in retail or consumer bank will be treated as a threat. When it is detected by Transaction Monitoring System, AML review team is required to assess violation and report.....Let us understand a scenario.....if a person deposits BD 100 today and in 7 days BD 80 is withdrawn.....if such withdrawal continues week after week or day after day, alert will occur. Further, it is relevant to note that CBB wants banks in Bahrain to adopt threshold BD 6000/month. An international bank like City Bank adopt \$ 10000/month. Abuse of either, denoted by repeated by withdrawal, amounts to smurfing and when detected by AML system alert is raised. In such a case, compliance team is required to communicate STR to CD and report to FIU.</p> <p>It is also important to note that detecting of smurfing and reporting are not automatic process. Highly advanced integrated information technology needs to be used. For example Citibank Bahrain uses Oscar system, Mashreq Bank uses SAS. Implementation of such systems allows consumer banking and retail banking facilitate ascertainment of smurfing or round tripping. AML policy, procedures and automated system are used to initiate KYC. They arm compliance team to scrutinize client profile, onboard such a client and monitor his actions.....the compliance team can assess his ability to deposit, withdraw by using pay order and receive fund in cheque. If these show variation, STR needs to be raised and sent.</p> <p>YES. I think a MLRO discusses with senior management who in turn directs relationship managers about reporting policy and strategies in conformity CBB guidelines and demands of FIU. Filing STR must be sustained to insulate banks from exploitation of money</p>

		<p>launderers.....In my bank, all murhaba deposits are monitored. All the high network investors are guided to remit fund to our accounts in KHALEEJI or BISB. Such fund is drawn for investment for example in “US Industrial Project client money account”. For this purpose all declarations are obtained and shared to receive approvals, allowing my bank to remit personal wealth (BD 25-BD 30 million) of such investors. Even in such a case if inconsistencies are observed, the matter is reported, such as STR, without delay..... proceeds, dividend or redemption proceeds to the accounts of clients.....</p>
IB-6	R-7	<p>KYC action is influenced by AML policy that helps to cover all possible scenarios irrespective of a customer meeting RM (relationship manager) or a customer sending documentation to RM. The KYC action prompts us to obtain all the necessary documents for example identity of beneficial owner and source of source of fund.....My bank is a Wholesale Bank and all our customers are corporates or companies. To initiate KYC, my bank asks for copies of registration of companies, audited balance sheet, memorandum of association, details of board of directors, BCCI report or similar report (if a foreign company) etc. These help us to make sure that the companies are not shell companies and hailing from tax heavens.....For the purpose of due diligence, the framework provided by FATF is followed. This helps to ascertain validity of permission of government, network of companies, authenticity of fund deployed, main customers and vendors of such companies.....My bank has developed best practices to control laundering. Following best practice (CVV) allows my bank to ensure that such customers are not sanctioned by state or such competent authorities. This allows teams in my bank to categorize companies, ranging between high risk and low risk.....If on completion of KYC and evaluation based on 13 scenarios companies are bracketed as risky, STR is raised. This deters placement. As a result, CBB rules are adhered to and initiate decisive measure. These enable my bank to monitor a customer that is known to deal with LC. All of sudden, the customer tries to raise LC or trade finance, seeks to use wire transfer to invest fund in a country that is known to aid ML, such Sudan. Such revelation motivates my bank’s MLRO to investigate, red flag and communicate STR..... Conform to FC module (Financial Crime module) and Wolfsburg.</p>
HB-7	R-8	<p>.....Following KYC policy helps us to know about customers and sources of their funding. Awareness about these allows us to adjust exposures by cash bought by them. KYC allows us to assess whether cash bought is genuine.....This is what we face when customers come and obtain loan from MoH and go.....next time you see him is after 15 years when they want to settle..... Monthly installments in cash payments.....not like a normal bank where credit cards are issued and salaries are transferred.....Aided by all information we can track them.....We are not required to report STRs.....launder money through housing bank.</p> <p>Internally, staff in our bank inform MLRO if any suspicious actions on the part of customers are noted. He in turn reports online to CD in CBB and Ministry of Interiors. It is important to note that we don’t have risk. This is due nature of transaction.....On daily basis we generate cash transaction report. Anything above BD 5000 deposit on account of EMI is investigated.....We are not legally required to initiate CDD, though as a routine initiative teams in the bank check eligibility prescribed by MOH ..... Yes. EDD is practiced for certain cases. It is not used regularly.</p>
WB-8	R-9	<p>Please remember that launderers and terrorist are becoming smarter in finding new ways to dodge AML system, place and layer money, delink source of fund, generate wealth and finance terror. To control such laxities my bank follows FATF and Basel guidelines related to anti laundering measures. My bank also follows regulatory guidelines of</p>

		<p>CBB.....Please remember that FATF is followed by Bahrain to embrace and implement minimum AML regulations. CBB intervenes to ensure that each and every licensee is complying with regulatory demands. Full compliance requires my bank to attach top priority to KYC, STR, SAR, CTR, CDD and EDD.....My bank initiates KYC and maintains all the documents to guarantee that a customer is not a potential risk. If an inconsistency is found between a customer’s stated position and actions, STR is used to report the flaws to CD and FIU.....For example for EDD one needs to have a basis to work. Such basis is provided by FATF and the recommendations are embraced by CBB and incorporated in FCM (Financial Crime Module)..... My bank sets minimum requirements which help are exploited to combat money laundering and terrorist financing.....Further mutual screening is initiated by CD aided by automated system. Access to this allows my bank to check whether a customer is in sanctioned list. Learning about this allows my bank to report and stop dealing with such a customer.</p>
ME-9	R-10	<p>Adherence to AML/CFT policy is very important especially in a money exchange firm. My exchange is into multiple activities, like exchange management, remittance and transaction in precious metals. Each activity requires my exchange to adopt and implement AML/CFT policy recommended by CBB. The policy implementation allows team members in the exchange to initiate CDD. This help to utilize KYC and use STR.....</p> <p>Yes. KYC application helps us to review individuals who are also known to manage small businesses. If it is individuals, the first thing we do is to review valid CPR and Passport. CPR helps to check whether it’s a valid one. Once this is established, we scan his professional and other details, making it possible for us to categorize him and risk weight. This allows my exchange to initiate and sustain a risk CDD based practice.....If a person walks who earns BD 3000/pm and spends on driver BD 175/pm. In such his spending on driver/year will BD 2100/year. This information is incorporated in the automated AML system. Any extra spending, for example BD 300/pm, will trigger alert, compelling MLRO to initiate investigation and report to CD and FIU.....</p> <p>Yes. Now all the staff members have been trained here. They have been contributing effectively to fight the scourge of money laundering or terrorist funding.....The teams maintain two separate registers, making it possible to note down all the details of the transactions and save corresponding documents. If any untoward transaction behavior is noted, STR is immediately raised by MLRO .....To file STR he logs on to CBB’s website, present the details and complete reporting.....</p>
ME-10	R-11	<p>In our exchange CPRs of all the customers are reviewed. We have our KYC document and direct them to sign it once reviews and processing are over. From the details presented cashiers in our exchange know which case should be red flagged and reported.....Saved KYC database linked to CPR triggered automated alert, making it possible to thwart ML. This justifies the importance of CDD.....</p> <p>We have also noted that whenever companies remit money big amounts get involved. CDD guides us to isolate frauds..... Yes in-house you can check all receipts and remittance reports for 3 months .....use them audit and track their legitimacy.....report all wrongdoing and breaches if needed.</p>
ME-11	R-12	<p>.....In LULU Exchange we use KYC before customers are authorized to receive, send and pay money. KYC policy allows us to verify CPR, rendering it feasible to profile a customer and his exposure to risk. Customer profiling in the context of KYC is aided by thorough verification of occupation, monthly earning, activity, intensity of transactions and purposes, beneficiaries etc. When a transaction breaches the AML policy based benchmark</p>



		<p>set, STR alert is triggered.....Top priority is given to governance. This helps to adhere to regulatory demands related to foreign exchange transaction and remittance industry.....AML self-declaration allows our exchange to set activity and transaction benchmarks, review money coming from legal source, observe customers activity statements and all mismatches. All mismatches trigger alert, resulting in suspicious transaction reporting to CBB or CID or FID. We waste no time to make note for FLA.....Yes it is similar to SARS and CTR. We use STR only.</p> <p>CDD starts when a customer comes for the first time. It is used before customer onboarding. During this stage valid customer ID, profile, occupation, date of birth, full address, status of residency and nationalities are reviewed. In addition, information about his employer is gathered.....All these details need to be presented in a withdrawal slip, check if the deposit amount breached BD 6000. Such transactions are monitored closely. If customer gives wrong information, STR alert is initiated. For example incoming payment is coming from western union and a beneficiary says that money is sent from Kuwait whereas in reality fund is remitted from a non-compliant country. In such a case, the AML system will drop the payment.....To review further, we store and review hard copies of all information and categorize customers such as high risk nationals in home country, correlate currency earned and currency paid to during remittance and interpret the purpose of remitting money abroad.....</p>
<p>ME-12</p>	<p>R-13</p>	<p>Our AML policy is revised periodically. Recent revision was last month. Currently, we are evaluating question number 8.....The change rules demands fine tuning of our AML policy. On incorporation of changes, the board members are informed for approval.....Our policy covers all the areas like KYC, rules about currency exchange, wire transfer, bank transfer. These are also covered under CDD.</p> <p>Individuals are walk-in customers who come to a branch and seek to avail our service. The staffs in the branch ask for CPR or Passport, making it possible to understand whether the customer is already registered. If he unregistered, customer onboarding process is activated. A staff manning a counter will review customer's ID copy, containing information like name of the customer, date of birth, ID number, ID type, ID issue date, ID expiry date and ID issue authority. In addition, other details like customer address, contact number etc are reviewed.....For the corporates, the process is complex. This is due its exposure high degrees of risk. All the corporate customers have to provide all the details presented in the designated booklet of CBB, such as name of company, date of registration, activities and business lines, directors, authorized representatives, their ID copies, bank statements for three months and audited financials. On completion of these, sanction check, known as WELL CHECK, is initiated. It provides a comprehensive sanction check, making it possible to ascertain whether a customer has been convicted. On full review, Head of AML authorizes onboarding or reporting.....</p> <p>Our in-house AML system is used to monitor and check velocity. This helps to set limits to number of transactions and corresponding amount for each transaction. These are linked to each category of customer, like large corporate, sandwich maker etc.....The AML system can disable or enable the customer.....All the fields in the system are mapped vis a vis world checks.....One needs initiate sanction check by availing a service called as NICE ACTIMIZE.....</p> <p>To manage all, my exchange needs to work on 3 different modules. The first module is called as WLF that is Watch List Filtering.....Bahrain government introduced it that is linked to</p>

		UNSA list..... We have to clear dollar led OFAC filtering.....next one is called SAM (Suspicious Activity Monitoring).....Next is the CDD module. This helps to profile customers based on risk perception – ‘low risk, low medium, medium risk, medium high or high five’ .....
IC-1	R-3	<p>.....I look at KYC. We are subject to CBB KYC requirements. Adherence to KYC helps to investigate client. We use KYC prior to onboarding clients. It helps to assess their financial position making it feasible to build financial profile or a risk based profile. ML risk is mitigated when STR and SAR are used by MLRO. He reports all regulatory and policy breaches to CBB and FIU, minimizing my firm’s exposure to ML threat, To sustain this, my firm utilizes CDD. Initiation of this, KYC is activated.....EDD is used to assess riskiness of clients.</p> <p>The MLRO will receive an internal SAR from our employees and then the MLRO will conduct in-depth investigation to the transaction and clarify whether there is any reason to suspect any client. If MLRO notes violations, he files SAR to CBB and FIU.....</p>
B4	R-14	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....They are backed by a well-established policy related to AML/CFT. This allows us to use KYC and know our customers. I cannot explain in detail CDD or EDD.....we classify each and every customer such as individual account, company account, partnerships and charitable association.</p> <p>I can explain about Suspicious Transaction Reporting.....my bank uses a database linked to 2 million plus names and more than 200 lists.....a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-9	R-15	<p>My bank uses systems, procedures and practices that do not allow the launderers to use our banking system and launder money. I will not be able to give an answer to this question. All the stages are harmful.</p> <p>Khaleeji Commercial Bank uses a AML/CFT policy. The adoption of such a policy allows us to use know your customers (KYC). I cannot discuss about CDD or EDD.....banks segregates each and every corporate customer like company account and charitable association.....suspicious Transaction Reporting. I know that my bank uses a database linked to millions of names hosted in 200 lists.....customer wants to open an account, the name is tracked based on the database. An account is acceptable when basic threshold is cleared.</p>
B-1	R-16	<p>Yes. We follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....All the stages are harmful. I do not have the knowledge to separate and qualify them.</p> <p>My bank follows a well-established policy related to AML/CFT. This allows the teams in the bank to use KYC and know customers. I cannot explain in detail CDD or EDD.....I know that we classify all the corporate customers.....know what is Suspicious Transaction Reporting. I can say that my bank uses a database linked to 2 million names and more than 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-5	R-17	My bank uses systems, procedures and practices that do not allow the launderers to use our banking system and launder money. I will not be able to give an answer to this question

		<p>.....all the stages are harmful. The bank uses AML/CFT policy..... allows us to use know your customers (KYC). I cannot discuss about CDD or EDD.</p> <p>The bank segregates each and every corporate customer like company account and charitable association.....Suspicious Transaction Reporting.....the bank uses a database linked to millions of names hosted in 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is acceptable when basic threshold is cleared.</p>
B-10	R-18	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....all the stages are serious. I cannot separate and qualify them.....said my bank follows a well-established policy related to AML/CFT. This allows us to use KYC and know our customers. I cannot explain in detail CDD or EDD.....we classify the customers such as individual account, company account, partnerships and charitable association.</p> <p>I can explain about Suspicious Transaction Reporting. I know that my bank uses a database linked to 2 million names hosted in 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-2	R-19	<p>Yes. We follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....all the stages are harmful. I do not have the knowledge to separate and qualify them.....said the bank is led by a well-established policy related to AML/CFT. This allows the teams in the bank to use KYC and know customers. I cannot explain in detail CDD or EDD.....I know that we classify all the corporate customers.</p> <p>I know what is Suspicious Transaction Reporting.....that my bank uses a database hosted by more than 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-11	R-20	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.....all the stages are serious. I cannot separate and qualify them.....follows an established policy related to AML/CFT. This allows us to use KYC and know our customers. I cannot explain in detail CDD or EDD.</p> <p>I know that we classify each and every customer such as individual account, company account, partnerships and charitable association.....can explain about Suspicious Transaction Reporting.....my bank uses a database linked to 2 million names available in 200 lists. When a customer wants to open an account, the name is tracked based on the database. An account is opened when basic threshold is cleared.</p>
B-4	R-21	<p>I can tell you that we follow systems, procedures and practices that do not let the launderers to use our banking system to launder money.</p> <p>I cannot answer the question about laundering stages.....know that my bank follows a policy related to AML/CFT.....allows my bank to know about customers and control laundering. I know that we classify all the customers.....Suspicious Transaction Reporting. This is managed by senior managers.</p>
B-9	R-22	<p>I can tell you that we follow a set of practices that do not let the launderers to use our bank to launder money. However, I cannot answer this question fully.</p>

		I know that my bank follows a policy related to AML/CFT. This allows my bank to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
B-1	R-23	I can tell you that we have practices that do not let the launderers to use our bank to launder money.....cannot answer this question.  I know that my bank follows a policy related to AML/CFT. This allows my bank to know about customers and control laundering. Yes. My bank classifies all the customers. I know about Suspicious Transaction Reporting. This is managed by senior managers.
B-5	R-24	The bank follows practices that do not let the launderers to use our bank to launder money. I cannot answer the question about money laundering stages.  My bank follows a policy related to AML/CFT. This allows my bank to control laundering. I know that we classify all the customers.....about Suspicious Transaction Reporting. This is managed by MLRO.
B-10	R-25	My bank follows practices that do not let the launderers to use our bank to use my bank to clean dirty money. However, I cannot answer the question about stages of ML.  My bank follows a policy related to AML/CFT. This allows my bank to control laundering. I know that we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
B-2	R-26	I can tell you that we have practices that do not let the launderers to use our bank to launder money.....cannot answer this question.  I know that my bank follows a policy related to AML/CFT. This allows my bank to know about customers and control laundering. Yes. My bank classifies all the customers. I know about Suspicious Transaction Reporting. This is managed by MLRO.
B-11	R-27	The bank follows practices that do not let the launderers to use our bank to launder money. However, I cannot answer the question about money laundering stages.  My bank follows a policy related to AML/CFT. This allows my bank to control laundering. I know that we classify all the customers.....about Suspicious Transaction Reporting. This is managed by MLRO.
ME-13	R-28	I can tell you that we follow a set of practices that do not let the launderers to use our money exchange to launder money. However, I cannot answer the question about money laundering stages.  I know that my bank follows a policy related to AML/CFT. This allows my exchange to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.
ME-14	R-29	My exchange follows practices that do not let the launderers to use exchange to launder money. However, I cannot answer the question about money laundering stages.  I know that my bank follows a policy related to AML/CFT. This allows my exchange to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.

ME-15	R-30	<p>I can tell you that we follow a set of practices that do not let the launderers to use our exchange to launder money. However, I cannot answer the question about money laundering stages.</p> <p>I know that my bank follows a policy related to AML/CFT. This allows my exchange to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.</p>
B-12	R-31	<p>I can tell you that we follow a set of practices that do not let the launderers to use our bank to launder money. However, I cannot answer the question about money laundering stages.</p> <p>I know that my bank follows a policy related to AML/CFT. This allows my bank to control laundering.....we classify all the customers.....Suspicious Transaction Reporting. This is managed by MLRO.</p>

**Table 6 AML/CFT Initiatives & Aid Regulators and Law Enforcement Agencies in Bahrain**

<b>Organization</b>	<b>Respondent</b>	<b>Detailed Response</b>
B-1	R-1	From my experience the bank could help. My bank needs to establish AML/CFT control.....Robust control AML/CFT helps to minimize my bank’s and country’s exposure to ML risk, signaling the outcome of AML regulation and enforcement..... Flawless management of these allows all to collaborate and deter launderers..... These give confidence to all the entities to do business.
B-2	R-2	My bank’s efforts are critical. Such drive helps us to investigate, prevent and eliminate ML cycle in Bahrain. The guidelines of CBB and FIU are followed to discourage all to use my bank’s services to place and layer illegal or illicit money. Any attempt to use such illegal means on the part of customers will activate red flag, requiring our MLRO to communicate STR to CD and FIU. Red flagging results in investigation and freezing of transactions.....Transactions are unfrozen when CBB finds everything in order.....As a bank we strengthen detection system to identify potentially suspicious activity. To sustain such excellence by using automated AML system. This helps us to set up a monthly monitoring target. Reporting of this aids search, arrest, prosecution and confiscation of illicit earning.....
B-3	R-4	My bank has automated the anti laundering and risk assessment processes to monitor, track, report to CD and FIU. Purposeful reporting allows public prosecutor to search, seize, confiscate, prosecute frauds and deter ML. It is important to note that the team in the bank scans 200,000 active accounts. Uninterrupted scanning, supported by automated system, supports detection of abnormal transactions and intervention .....To be a partner in anti laundering initiatives of Bahrain’s regulator and law enforcement agency, we train the teams, specially AML executives, making it possible to observe and detect all abnormalities.....All the employees are equipped with knowledge and skills to identify suspicious transactions, mitigating margin of error thwarting suspicious transaction and laundering risks. ....In a transaction, one party may be blacklisted, found in

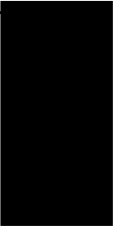
		<p>sanctioned list and hail from a sanctioned country. My bank's AML system will help to trace authenticity of money/fund received.....</p> <p>Any departure from guidelines presented in CBB rulebook and Basel anti laundering guidelines lead to red flagging. Ministry of Interior uses this control financial crime.....</p>
B-4	R-5	<p>We fully support the ant laundering initiatives of our bank. Such initiatives help CBB, FIU and Public Prosecutor to source required information from MLRO, intervene and punish criminals, seeking place and layer tainted money.....With reference to investigation, we reply to key information step by step, enabling law enforcement agencies in Bahrain freeze a fraudulent account, prosecute, punish frauds and seize all tainted assets.</p> <p>It is relevant to remember that my bank is clearing bank for BD clearing for many banks. These banks need to maintain relationship my bank and have an account. We use EDD to scan the accounts and follow principles set Wolfsburg.....his allows my bank to retain valid correspondent banking relationship \$ and Euro.....Further, to conform to FATF, Basel and other guidelines, we are required to attach priority to controlling cyber-crime and use it to exploit banking system to garner wealth. Anti hacking measures allows my bank to eradicate laundering initiatives on part of frauds.....It is clear from my statements that transparency and information sharing aided by KYC. We use this to share information and abide by international practices.....AFTS (Automatic Fund Transfer) between banks demands usage of swift code and IBAN.....In the absence of these details no fund transfer will be allowed by CD, FIU and Ministry of Interior.....</p>
IB-5	R-6	<p>We track, understand and report to CD, FIU and Ministry of Interior. Based on the report, they investigate further and initiate actions to seize tainted wealth.....We receive circulars from CD and act. In conformity to the directions of CBB, we freeze tainted assets.....When asked, our MLRO is required to share bank account details to assess behavior of account.....</p> <p>.....When a criminal is tracked to launder money by my bank, the offence is reported in the form of STR and criminal prosecution is launched aided by public prosecution, resulting in conviction of criminal offenders.....This supports confiscation of tainted wealth.....</p>
IB-6	R-7	<p>In my opinion most of the systems use do not help CBB to get all the information. When we submit STR to FIU, we have to give information in graphic form about the origin of money and where such money was forwarded. To track and ascertain authenticity of a transaction, FIU seeks more information. In such a case we are required to communicate SWIFT Code, size of transaction, jurisdictional issues and fit with sanctioned list, applicant's address and his ID, identity of beneficiary and actual account movement. Information sharing about such issues conforms to demands of FIU or from CBB.....</p> <p>We fight criminal exploitation of Bahrain's banking system to garner and convert illicit wealth. To attain this goal, my bank cooperates with other bank within Bahrain and abroad.....</p> <p>Notwithstanding our unwavering resolve to improve transparency and fight laundering, we do our best to maintain customer confidentiality in accordance governing laws in Bahrain. Focus on conformity to law allows us in association with other institutions to combat ML effectively.</p>
HB-7	R-8	<p>The regulator and law enforcement agency in Bahrain seek customer details, account statements and amount in their account. We help them by investigating and informing customer details. As a matter of fact, whenever MOI directs us to freeze amounts, we initiate action without delay. We also act upon circulars received from MoI.....though we never faced</p>

		<p>launderers and we have never seen wealth being confiscated.....It is important to remember that as a housing bank we don't have access to information about customer wealth..... Customer opens an account when he is extended housing facility by MoH. EMI is directly deducted from salaries.....</p> <p>Our bank is exempt from a host of regulatory demands. In spite of this, we are required to use external audit. Internal audit is managed by MLRO.....In general because of ICT, one can initiate multiple transactions by using mobile, Such facility is available in our bank but its monitored closely with the help of U4U and N4U plus.....ML has been accentuated by the access of frauds and criminals to mobile and online transactions.....</p> <p>CRS an outcome of US Government effort facilitates information sharing about customers. This elevates transparency. To promote this, Government of Bahrain adopted the strategies recommended by CRS to combat ML.</p>
WB-8	R-9	<p>Yes. We collaborate with CBB and MOI to combat laundering. The central bank communicates list of accounts to be frozen and demands other actions in conformity to legal system in Bahrain.....In line with CBB rules, we track, report, aid investigation and support confiscation. All these are made possible by actions and cooperation of local authorities.....My bank provides them with all the information about transaction. This is the outcome of unfailing focus on KYC. This mitigates ML and terrorist financing.....Further, in conformity to Basel guidelines, my bank trains employees, making it possible to track the activities of criminals who seek to exploit banking system to launder money. Adherence to Basel enables my bank to combat ML and terrorist financing.....</p>
ME-9	R-10	<p>I note that CBB and other governing authorities in Bahrain want us to act as the gatekeeper to combat ML and CFT. According to their demands, we provide information about customers, transactions, source of money, beneficiary and country of origin of beneficiary.....Let me tell you that fight against ML fails when employees engaged in money exchange supports laundering. We follow anti laundering guidelines of Bahrain Government, regulatory authorities and enforcement agencies, making it possible to discourage launderers, criminals and frauds to exploit money exchange system to convert proceeds of crime into legitimate earning.</p>
ME-10	R-11	<p>My exchange complies with the guidelines of CBB and report if any breach of such guidelines is noted .....I don't know how the enforcement agencies track and punish launderers. Our duty ends with following guidelines and reporting all wrong doing. For example we reported against an Indonesian customer when he tried to transact around BD 20000.....</p>
ME-11	R-12	<p>We try monitor and track anything suspicious. We are obliged to report online about customers and their suspicious actions to CD, FIU and MOI. We report about suspicious actions, including transactions of customers alongwith documentary evidence of all receipts and remittances. When a mismatch is found between profile of different beneficiaries (labor, tailor and waiter) and money remitted, we use all the reporting options to report to regulator and enforcement agencies in Bahrain.</p> <p>As a matter of fact, we constantly monitor, track, investigate and report any attempt on the part of a customer to defraud money exchange system to smurf and place tainted money in conformity to executive orders of OFAC or United Nations (listing or delisting of names). Further, Public Prosecutor and Ministry of Justice recommend blacklisting of customers. Once</p>

		such instructions are received, MLRO initiates actions to blacklist and block such locally sanctioned customer.....
ME-12	R-13	As a money exchange our role is a bit limited here. If you start from the suspicious transactions, let me tell you that they are reported to CBB and FIU. In fact, we receive a number of enquiries from FID department in conjunction with CBB. In such a case, we are required to communicate a detailed report without delay attaching all the documents called for, such as ID copy, transaction statement available in the system and the details of beneficiaries.....When we send such report, it becomes possible for CD, FIU, MOI and Public Prosecutor initiate legal action, order arrest of criminal or fraud, probe, convict, confiscate tainted wealth and remit this to rightful owner.....
IC-1	R-3	<p>From my experience I can say that we have a good track record for supporting CD, FIU and Public Prosecutor in Bahrain. Such support allows the Public Prosecutor to track, investigate, convict launderers and confiscate their ill-gotten wealth.....As a matter of fact, we use powerful software to store, extract review all customer, transaction and payment related information. Whenever CD and FIU demand such information to punish a potential offender and seize his assets, such information are transmitted instantly. Such initiatives allow regulatory authorities in Bahrain thwart money laundering.....</p> <p>Yes. It is important for bankers and financial firms to understand that under the governing laws of Bahrain that all are obliged to combat ML. To support such initiatives, we have right policies and procedures. These allow us to control financial crime. Let me also tell you that KYC is not enough. All will have to be vigilant, rendering it feasible to track, prosecute and convict launderers.....I believe that money launderers are always a step ahead of us and know very well how to dodge all proactive actions. We respond after launderer has placed and layered ill gotten money. To stop such laxities and their ill effects we need to educate customers, making it impossible for money launderers to exploit financial system.....As a part of multinational insurance company we observe frameworks and guidelines to deter potential offenders in Bahrain and mitigate the risk of ML.</p>
B4	R-14	I cannot explain in many words.....bank helps. It utilizes AML/CFT to control money laundering effectively.....cannot give an answer to this question because I do not know.....believe that laundering increase is linked to criminalization and abilities of criminals to dodge controls. Yes, Information exchange between institutions and departments will help to mitigate ML.
B-9	R-15	I cannot answer this question clearly.....can say that my bank helps.....use AML/CFT to control money laundering.....Cannot answer. I believe that money laundering growth is related to socio-economic problem. The greed to earn money at any cost leads ethics less companies to dodge controls..... Information acquisition and delivery will support to stop ML.
B-1	R-16	I cannot explain in many words.....bank helps.....apply AML/CFT to control money laundering.....cannot give an answer to this question. I do not know.....laundering increase is linked to abilities of criminals to by-pass controls. Yes, Information sharing helps to control ML.
B-5	R-17	I am not able to answer this question.....can say that my bank guides..... employ AML/CFT to control money laundering.....do not know. Cannot answer. I consider that money laundering growth is related to socio-economic condition.....greed to earn money at any cost leads ethics less companies to dodge controls and launder money.....Speedy communication may help to eradicate ML.
B-10	R-18	I cannot explain this.....bank helps.....deploys AML/CFT to control money laundering effectively.....I cannot give an answer to this question because I do not



		know.....believe that laundering increase is linked to criminalization and abilities of criminals to dodge controls.....Yes, Information management and delivery among Compliance Directorate, FIU, Police and Public Prosecution will help to reduce ML.
B-2	R-19	I am not qualified enough to give an answer.....bank trains.....uses AML/CFT to control money laundering.....cannot give an answer to this question. I do not know.....say that laundering increase is linked to abilities of criminals to by-pass controls.....Information dissemination can minimize ML.
B-11	R-20	I will not be able to say.....My bank utilizes AML/CFT to control money laundering effectively.....I do not know.....I believe that laundering increase is linked to criminalization of system and abilities of criminals to avoid controls. Yes, Instant transfer of information will help to mitigate ML.
B-4	R-21	I do not have an answer to this question.....I do not know.....Yes. I am of the view that instant communication between regulators and law enforcement agencies will support the end of launder practices of criminals.
B-9	R-22	I cannot answer this question.....do not know. Yes, information sharing and instant information delivery will eradicate ML.
B-1	R-23	I cannot explain in many words.....bank helps. It utilizes AML/CFT to control money laundering effectively.....cannot give an answer to this question because I do not know.....believe that laundering increase is linked to abilities of criminals to circumvent controls. Yes, information sharing between Ministry of Interior and financial regulator will help to erase ML.
B-5	R-24	I cannot answer this question.....do not know. Yes, instant communication and information exchange will minimize ML.
B-10	R-25	I do not know and as a result cannot answer this question.....Yes, instant communication will stop ML.
B-2	R-26	I have no answer to this question.....do not know.....Yes, instant information dissemination will help to reduce ML.
B-11	R-27	With my limited knowledge I cannot answer to this question.....Yes, speedy information delivery will support reduction of ML.
ME-13	R-28	I have less than required knowledge to answer this question.....Yes, quick information exchange will mitigate ML.
ME-14	R-29	I do not know. Hence, cannot answer this question.....Yes, speedy communication between all the parties will eradicate ML.
ME-15	R-30	I cannot answer this question.....do not know. Yes, fast information exchange will minimize ML.
B-12	R-31	I do not know. In view of this, cannot give an answer to this question .....Yes, instant communication will stop ML.



## Appendix 13: Secondary Data Table

Table1 Appendix-11

Financial Firms	Month	No of Times Cash Threshold Violated (2014)	No of Times Cash Threshold Violated (2015)	No of Times Cash Threshold Violated (2016)	Total number of times Cash Threshold Violated (2014-2016)	No of times wire transfer from shell companies was violated (2014)	No of times wire transfer from shell companies was violated (2015)	No of times wire transfer from shell companies was violated (2016)	Total No of times wire transfer from shell companies was violated (2014-2016)	No of counterfeit documents detected (2014)	No of counterfeit documents detected (2015)	No of counterfeit documents detected (2016)	Total No of counterfeit documents detected (2014-2016)	No of Illegal activities detected (2014)	No of Illegal activities detected (2015)	No of Illegal activities detected (2016)	Total No of Illegal activities detected (2014-2016)	No of reports probed by CD (2014)	No of reports probed by CD (2015)	No of reports probed by CD (2016)	Total No of reports probed by CD (2014-2016)	No of reports probed by FIU (2014)	No of reports probed by FIU (2015)	No of reports probed by FIU (2016)	Total No of reports probed by FIU (2014-2016)	No of Punitive Action Taken by CD (2014)	No of Punitive Action Taken by CD (2015)	No of Punitive Action Taken by CD (2016)	Total No of Punitive Action Taken by CD (2014-2016)	No of Punitive Action Taken by FIU (2014)	No of Punitive Action Taken by FIU (2015)	No of Punitive Action Taken by FIU (2016)	Total No of Punitive Action Taken by FIU (2014-2016)
Bank-1	Jan	1	1	1	3	1	-	-	1	-	-	-	-	-	1	-	1	3	2	1	6	1	2	1	4	1	1	-	2	1	1	1	3
Bank-1	Feb	-	-	-	-	-	-	1	1	1	-	-	1	-	-	-	-	1	-	1	2	1	-	1	2	-	-	1	1	1	-	1	2
Bank-1	Mar	-	1	-	1	-	1	-	1	-	1	-	1	1	-	-	1	1	3	-	4	1	3	-	4	1	2	-	3	1	2	-	3
Bank-1	Apr	1	-	1	2	1	-	-	1	1	-	-	1	2	1	-	3	8	1	1	10	5	-	1	6	2	1	-	3	3	1	1	5
Bank-1	May	2	-	-	2	-	-	-	-	-	-	1	1	-	-	1	1	2	-	2	4	5	-	2	7	2	-	1	3	2	-	2	4
Bank-1	Jun	-	-	-	-	-	-	-	-	1	-	1	2	1	2	-	3	2	-	1	3	2	-	1	3	-	-	1	1	-	-	1	1
Bank-1	Jul	-	-	-	-	-	1	-	1	-	1	-	1	-	-	2	2	-	2	-	2	-	2	-	2	-	1	-	1	-	1	-	1
Bank-1	Aug	-	3	1	4	-	-	-	-	1	-	-	1	-	-	-	-	1	3	1	5	1	-	1	2	1	-	1	2	1	2	1	4
Bank-1	Sep	1	-	-	1	1	-	2	3	1	-	-	1	-	-	-	-	3	-	-	3	2	-	-	2	1	-	-	1	1	-	-	1

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Bank-1	Oct	-	1	1	2	-	-	-		-	-	-		1	-	-	1	1	1	1	3	2	1	1	4	1	-	-	1	2	-	1	3
Bank-1	Nov	-	1	1	2	-	1	-	1	-	-	1	1	-	1	1	2	-	3	3	6	-	1	3	4	-	1	2	3	-	1	3	4
Bank-1	Dec	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-		
Bank-2	Jan	-	1	2	3	-	-	-		-	-	-		-	-	1	1	-	1	3	4	-	-	3	3	-	-	1	1	-	-	2	2
Bank-2	Feb	-	-	2	2	-	-	-		-	-	-		-	1	-	1	-	-	2	2	-	1	2	3	-	-	1	1	-	1	1	2
Bank-2	Mar	-	1	1	2	-	-	-		-	-	-		-	-	-		-	1	1	2	-	-	1	1	-	1	-	1	-	-	1	1
Bank-2	Apr	-	1	3	4	-	1	1	2	-	-	1	1	-	-	-		-	2	4	6	-	2	5	7	-	1	2	3	-	1	3	4
Bank-2	May	-	2	1	3	-	1	1	2	-	1	1	2	-	-	-		-	4	3	7	-	2	2	4	-	2	1	3	-	1	2	3
Bank-2	Jun	1	-	1	2	1	1	-	2	-	-	-		-	1	-	1	2	1	-	3	-	1	1	2	1	-	-	1	-	-	-	
Bank-2	Jul	-	-	1	1	-	-	-		-	-	-		-	-	-		-	-	1	1	2	-	1	3	-	-	1	1	1	-	-	1
Bank-2	Aug	-	-	-		-	-	-		-	-	1	1	-	-	1	1	-	-	2	2	-	-	2	2	-	-	-		-	-	2	2
Bank-2	Sep	-	-	1	1	-	-	-		-	-	1	1	-	-	1	1	-	-	3	3	-	-	3	3	-	-	1	1	-	-	3	3
Bank-2	Oct	3	-	-	3	-	-	-		1	-	1	2	-	-	-		4	-	1	5	-	-	1	1	-	-	1	1	-	-	-	
Bank-2	Nov	2	-	1	3	-	-	-		-	-	-		-	-	1	1	2	-	2	4	2	-	2	4	-	-	1	1	-	-	2	2
Bank-2	Dec	-	-	-		-	-	1	1	-	-	1	1	-	-	-		-	-	2	2	-	-	2	2	-	-	-		-	-	2	2
Bank-3	Jan	-	-	1	1	1	-	-	1	-	-	1	1	1	1	3	2	1	3	6	2	1	2	5	1	1	3	5	2	1	2	5	
Bank-3	Feb	-	-	1	1	-	-	-		-	-	-		-	-	-		-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1
Bank-3	Mar	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-3	Apr	1	-	-	1	-	-	-		1	-	-	1	-	-	-		2	-	-	2	2	-	-	2	-	-	-		1	-	-	1
Bank-3	May	-	1	-	1	-	-	-		-	-	1	1	-	-	-		-	1	1	2	-	1	1	2	-	-	1	1	-	-	-	
Bank-3	Jun	-	-	-		-	-	1	1	-	1	-	1	1	-	-	1	1	1	1	3	1	1	1	3	-	1	-	1	-	1	-	
Bank-3	Jul	-	-	-		-	1	-	1	2	-	-	2	1	-	-	1	3	1	-	4	3	1	-	4	1	-	-	1	1	-	-	1
Bank-3	Aug	-	-	-		3	-	-	3	-	-	-		-	-	-		3	-	-	3	3	-	-	3	1	-	-	1	1	-	-	1
Bank-3	Sep	3	-	-	3	1	-	-	1	-	-	-		-	2	1	3	4	2	1	7	4	1	1	6	2	1	-	3	2	1	-	3
Bank-3	Oct	2	-	1	3	-	1	-	1	1	-	-	1	-	-	-		3	1	1	5	3	1	1	5	-	1	1	2	-	1	1	2
Bank-3	Nov	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	1	2	1	-	1	2	-	-	1	1	-	-	1	1
Bank-3	Dec	-	1	-	1	-	-	-		1	-	2	3	-	-	-		1	1	2	4	1	-	2	3	1	1	-	2	1	1	1	3
Bank-4	Jan	1	-	-	1	-	-	1	1	2	3	-	5	1	-	1	2	4	3	2	9	3	3	2	8	1	1	2	4	1	1	2	4
Bank-4	Feb	-	-	-		-	-	1	1	-	-	-		1	-	-	1	1	-	1	2	1	-	1	2	1	-	-	1	1	-	-	1
Bank-4	Mar	-	-	1	1	-	1	-	1	-	-	-		1	-	-	1	1	1	1	3	1	1	1	3	-	1	-	1	-	1	-	1
Bank-4	Apr	-	3	2	5	-	-	-		-	-	-		-	1	-	1	-	4	2	6	-	4	2	6	-	-	1	1	-	-	1	1
Bank-4	May	-	-	-		-	-	-		1	-	-	1	-	-	-		1	-	-	1	1	1	-	2	-	-	-		-	-	-	
Bank-4	Jun	1	-	-	1	-	-	-		-	-	-		-	-	-		1	-	-	1	1	-	-	1	-	-	-		-	-	-	

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Bank-4	Jul	-	1	3	4	-	-	-		-	-	-		-	-	-		-	1	3	4	-	1	3	4	-	-	-		-	-	-	
Bank-4	Aug	1	-	-	1	1	-	-	1	-	-	-		-	-	-		1	-	-	1	1	-	-	1	1	1	-	2	1	1	-	2
Bank-4	Sep	-	-	-		-	-	-		-	-	1	1	-	-	-		-	-	1	1	1	-	1	2	-	-	1	1	-	-	1	1
Bank-4	Oct	-	-	-		-	-	-		-	1	-	1	-	2	-	2	-	3	-	3	1	2	-	3	-	-	-		-	-	-	
Bank-4	Nov	2	1	-	3	-	-	-		-	-	-		-	-	-		2	1	-	3	1	-	-	1	-	-	-		-	-	-	
Bank-4	Dec	-	-	1	1	-	1	-	1	-	-	1	1	2	-	-	2	-	1	2	3	-	-	2	2	-	-	1	1	-	-	1	1
Bank-5	Jan	1	-	2	3	-	1	-	1	3	-	1	4	-	1	-	1	4	2	3	9	4	2	3	9	2	1	2	5	3	1	2	6
Bank-5	Feb	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	1	2	-	-	1	1	1	-	-	1	-	-	1	1
Bank-5	Mar	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	1	2	1	-	1	2	-	-	1	1	1	-	1	2
Bank-5	Apr	2	3	-	5	-	-	-		-	2	-	2	1	-	-	1	4	5	-	9	3	4	-	7	1	2	-	3	2	2	-	4
Bank-5	May	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-5	Jun	-	-	-		-	1	-	1	1	-	-	1	-	-	-		1	1	-	2	1	1	-	2	-	-	-		-	-	-	
Bank-5	Jul	-	-	1	1	1	-	-	1	-	-	-		-	-	1	1	1	-	2	3	1	-	2	3	1	-	1	2	1	-	1	2
Bank-5	Aug	-	-	-		-	-	-		-	-	-		1	-	-	1	-	-	-		-	-	-		-	-	-		-	-	-	
Bank-5	Sep	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-5	Oct	1	-	-	1	-	-	-		-	-	1	1	-	1	-	1	1	1	-	2	1	1	-	2	-	1	-	1	-	1	-	1
Bank-5	Nov	-	-	-		-	-	-		-	-	-		-	-	1	1	-	-	-		-	-	-		-	-	-		-	-	-	
Bank-5	Dec	-	-	1	1	1	1	-	2	-	-	-		-	-	-		-	-	1	1	-	-	1	1	-	-	-		-	-	-	
Bank-6	Jan	-	1	-	1	1	2	1	4	-	-	2	2	1	1	-	2	2	4	3	9	2	4	3	9	2	3	1	6	1	2	1	4
Bank-6	Feb	-	1	-	1	-	1	1	2	-	-	-		1	-	-	1	-	2	1	3	-	2	1	3	-	1	1	2	-	2	1	3
Bank-6	Mar	-	1	-	1	-	1	-	1	-	-	-		-	-	-		-	2	-	2	-	2	-	2	-	2	-	2	-	1	-	1
Bank-6	Apr	1	-	-	1	3	1	-	4	-	-	-		-	-	-		4	-	-	4	4	-	-	4	1	-	-	1	3	-	-	3
Bank-6	May	-	-	-		-	-	-		-	-	-		2	-	-	2	2	-	-	2	2	-	-	2	-	-	-		1	-	-	1
Bank-6	Jun	-	-	-		-	-	-		-	-	-		-	2	-	2	-	2	-	2	-	2	-	2	-	1	-	1	-	1	-	1
Bank-6	Jul	2	-	-	2	-	-	-		-	1	-	1	-	-	-		2	1	-	3	2	1	-	3	1	-	-	1	1	-	-	1
Bank-6	Aug	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Sep	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Oct	-	-	2	2	1	-	-	1	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Nov	-	-	1	1	-	-	3	3	1	-	1	2	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Dec	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	-	1	1	-	-	1	-	-	-		-	-	-	
InvBnk-16	Jan	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Feb	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Mar	-	-	-		-	-	-		-	-	-		-	-	-		-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

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InvBnk-16	Apr	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
InvBnk-16	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
InvBnk-16	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
InvBnk-16	Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
InvBnk-16	Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
InvBnk-16	Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
InvBnk-16	Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
InvBnk-16	Nov	-	-	-	-	-	1	1	2	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-									
InvBnk-16	Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	1	1	-	-								
InvBnk-12	Jan	1	-	-	1	-	1	1	2	-	-	-	1	-	4	5	2	1	5	8	2	1	5	8	2	1	2	5	1	-	1	2	-	-									
InvBnk-12	Feb	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	2	-	-	2	2	-	-	2	1	-	-	1	2	-	-	2	-	-								
InvBnk-12	Mar	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	2	-	-	2	2	-	-	2	1	-	-	1	1	-	-	1	-	-								
InvBnk-12	Apr	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	-	-	1	-							
InvBnk-12	May	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	-	-	1	-	1							
InvBnk-12	Jun	-	-	-	-	-	3	-	3	-	-	-	-	-	-	-	-	3	-	3	-	3	-	3	-	-	-	-	-	-	-	-	-	-	-	-							
InvBnk-12	Jul	-	-	-	-	1	-	2	3	-	-	-	-	-	-	1	-	2	3	1	-	2	3	-	-	2	2	-	1	1	2	-	-	-	-								
InvBnk-12	Aug	-	1	-	1	-	-	-	-	-	-	-	2	-	-	2	2	1	-	3	2	1	-	3	1	-	-	1	-	-	-	-	-	-	-	-							
InvBnk-12	Sep	2	-	-	2	-	-	-	-	-	-	-	5	-	-	5	7	-	-	7	6	-	-	6	2	-	-	2	1	-	-	-	-	-	1	-	-						
InvBnk-12	Oct	-	-	-	-	-	-	-	-	-	1	-	1	-	-	2	2	-	1	2	3	-	1	2	3	-	1	1	2	-	1	1	2	-	1	1	2	-					
InvBnk-12	Nov	-	-	-	-	-	-	-	-	3	-	-	3	-	-	1	1	3	-	1	4	3	-	1	4	-	-	1	1	-	-	1	1	-	-	1	1	-					
InvBnk-12	Dec	1	-	-	1	-	-	1	1	-	1	1	2	-	-	-	-	1	1	2	4	1	1	2	4	-	1	1	2	-	1	-	-	1	-	1	-	1					
InvBnk-15	Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
InvBnk-15	Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
InvBnk-15	Mar	-	-	-	-	-	1	-	1	3	-	-	3	-	-	-	-	3	1	-	4	-	-	-	-	1	1	-	2	-	-	-	-	-	-	-	-	-					
InvBnk-15	Apr	-	-	-	-	1	-	1	2	-	-	1	1	-	-	-	-	-	-	2	2	1	-	1	2	-	-	1	1	1	-	1	2	-	-	1	-	2	-				
InvBnk-15	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
InvBnk-15	Jun	-	-	-	-	3	-	-	3	-	1	-	1	2	-	-	2	6	1	-	7	5	1	-	6	2	1	-	3	1	1	-	2	-	-	1	-	2	-				
InvBnk-15	Jul	-	-	-	-	1	-	-	1	1	1	-	2	-	-	-	-	-	1	-	1	2	1	-	3	-	-	-	-	1	1	-	2	-	-	-	-	-	2	-			
InvBnk-15	Aug	-	-	-	-	3	2	-	5	2	2	-	4	-	-	-	-	5	4	-	9	5	4	-	9	-	1	-	1	-	2	-	-	-	-	-	-	2	-	2	-		
InvBnk-15	Sep	-	-	-	-	-	1	-	1	1	-	-	1	-	-	-	-	1	1	-	2	1	1	-	2	1	-	-	1	1	-	-	-	-	-	-	-	-	1	-	1		
InvBnk-15	Oct	-	-	-	-	1	-	-	1	1	1	1	3	-	-	-	-	2	1	1	4	2	1	1	4	-	-	1	1	2	1	1	2	1	1	2	1	1	4	-	4		
InvBnk-15	Nov	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1		
InvBnk-15	Dec	-	-	-	-	-	2	-	2	1	1	-	2	-	-	-	-	1	-	-	1	-	3	-	3	1	-	-	1	-	-	-	-	-	1	-	2	-	-	2	-	2	-

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

InvBnk-14	Jan	-	1	-	1	1	-	-	1	-	-	1	1	-	2	-	2	1	3	1	5	1	2	1	4	-	1	-	1	1	-	1	2
InvBnk-14	Feb	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	-	-	-	
InvBnk-14	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InvBnk-14	Apr	-	-	-	-	-	-	-	-	1	3	4	-	-	-	-	-	1	3	4	-	-	3	3	-	-	3	3	-	-	-	-	
InvBnk-14	May	-	1	-	1	-	-	1	1	-	1	-	1	-	-	-	-	2	1	3	-	2	1	3	-	2	1	3	-	2	-	2	
InvBnk-14	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InvBnk-14	Jul	-	-	-	-	-	-	-	-	-	-	-	-	1	1	2	-	1	1	2	-	1	1	2	-	1	-	1	-	1	1	2	
InvBnk-14	Aug	-	2	1	3	-	-	-	-	-	-	-	-	-	-	-	-	2	1	3	-	2	1	3	-	1	-	1	-	1	1	2	
InvBnk-14	Sep	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	-	-	-		
InvBnk-14	Oct	-	-	-	-	-	1	-	1	1	-	-	1	-	-	-	1	1	-	2	1	1	-	2	-	1	-	1	-	1	-	1	
InvBnk-14	Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-	-	2	2	-	-	2	2	-	-	1	1	-	-	1	1	
InvBnk-14	Dec	-	1	-	1	-	2	-	2	-	-	1	1	-	-	-	-	3	1	4	-	3	1	4	-	2	1	3	-	1	-	1	
InsC-48D	Jan	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	1	1	-	-	1	1	-	-	-	-	-	-	1	1	
InsC-48D	Feb	-	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	1	-	-	1
InsC-48D	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Nov	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	-	-	-	-	1	1	
InsC-48D	Dec	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	
InsC-50D	Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

InsC-50D	Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InsC-50D	Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-50D	Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-49D	Jan	-	-	-	-	-	-	1	1	1	-	-	1	-	-	-	1	-	1	2	1	-	1	2	-	-	1	1	1	-	-	1		
InsC-49D	Feb	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1		
InsC-49D	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-49D	Apr	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1		
InsC-49D	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-49D	Jun	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	1	-	1	-	1	-	-	-	-	-	-	1	-	1			
InsC-49D	Jul	2	-	-	2	-	-	-	-	-	-	-	-	-	-	2	-	-	2	1	-	-	1	2	-	-	2	-	-	-	-			
InsC-49D	Aug	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	1	-	-	1	-	1	-	1	-	1	-	-	-	-	-			
InsC-49D	Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	1	-	1	2	1	-	1	2	1	-	1	2	-	-	1	1		
InsC-49D	Oct	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-49D	Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-49D	Dec	-	-	-	-	-	-	-	1	-	1	2	-	-	-	1	-	-	1	1	-	-	1	-	-	-	-	-	-	-	-			
MnyEx-51E	Jan	1	1	4	6	2	-	1	3	-	-	-	-	-	2	2	3	1	7	11	1	1	5	7	2	-	4	6	-	1	5	6		
MnyEx-51E	Feb	1	1	8	10	-	-	-	-	-	1	2	3	-	1	1	2	1	3	10	14	-	2	11	13	-	1	3	4	-	2	7	9	
MnyEx-51E	Mar	3	-	5	8	-	-	1	1	1	-	2	3	-	-	2	2	2	-	10	12	4	-	6	10	2	-	-	2	3	-	4	7	
MnyEx-51E	Apr	-	2	9	11	1	-	-	1	-	1	3	4	-	1	3	4	1	4	15	20	-	3	14	17	-	2	2	4	-	3	7	10	
MnyEx-51E	May	2	-	8	10	-	-	1	1	-	-	-	-	-	1	-	-	1	2	-	3	5	3	-	9	12	2	-	1	3	2	-	2	4
MnyEx-51E	Jun	-	-	4	4	1	-	-	1	1	-	-	1	-	-	-	-	2	-	3	5	1	-	4	5	-	-	-	-	-	-	2	2	
MnyEx-51E	Jul	-	-	7	7	-	-	1	1	-	-	1	1	-	-	-	-	-	-	9	9	-	-	9	9	-	-	-	-	-	-	-	-	
MnyEx-51E	Aug	1	-	9	10	-	-	-	-	-	-	2	2	-	-	2	2	1	-	13	14	1	-	13	14	1	-	3	4	-	-	7	7	
MnyEx-51E	Sep	1	9	4	14	-	-	1	1	1	1	-	2	-	3	-	3	2	13	5	20	2	12	1	15	-	3	1	4	-	4	1	5	
MnyEx-51E	Oct	-	-	27	27	-	-	2	2	-	-	3	3	-	-	-	-	-	-	28	28	-	-	32	32	-	-	6	6	-	-	9	9	
MnyEx-51E	Nov	3	-	1	4	-	-	-	-	-	1	1	2	1	-	-	1	4	1	2	7	4	1	2	7	2	1	-	3	3	1	2	6	
MnyEx-51E	Dec	1	-	12	13	2	-	-	2	-	-	1	1	-	-	1	1	-	-	14	14	-	-	13	13	-	-	7	7	-	-	8	8	
MnyEx-39E	Jan	-	17	-	17	-	5	-	5	-	9	-	9	-	-	-	-	31	-	31	-	31	-	31	-	5	-	5	-	13	-	13		
MnyEx-39E	Feb	-	8	-	8	-	-	-	-	-	2	-	2	-	-	-	-	10	-	10	-	9	-	9	-	2	-	2	-	7	-	7		
MnyEx-39E	Mar	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	
MnyEx-39E	Apr	-	33	-	33	-	2	-	2	-	13	-	13	-	15	-	15	-	63	-	63	-	60	-	60	-	4	-	4	-	9	-	9	
MnyEx-39E	May	-	23	-	23	-	-	-	-	-	9	-	9	-	-	-	-	32	-	32	-	32	-	32	-	3	-	3	-	11	-	11		
MnyEx-39E	Jun	10	9	1	20	2	-	-	2	1	-	-	1	1	5	-	6	16	14	1	31	6	14	1	21	5	-	-	5	3	4	1	8	

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

MnyEx-39E	Jul	21	19	-	40	-	4	-	4	7	6	-	13	11	-	-	11	35	29	-	64	42	29	-	71	9	1	-	10	13	15	-	28
MnyEx-39E	Aug	27	10	2	39	5	-	-	5	13	4	-	17	7	3	-	10	55	17	2	74	55	17	-	72	7	4	1	12	27	7	2	36
MnyEx-39E	Sep	19	17	-	36	-	-	-	-	-	3	-	3	11	-	-	11	42	20	-	62	47	20	-	67	13	4	-	17	28	9	-	37
MnyEx-39E	Oct	7	3	-	10	3	-	-	3	5	-	-	5	2	1	-	3	20	1	-	21	20	3	-	23	8	1	-	9	6	2	-	8
MnyEx-39E	Nov	11	-	-	11	-	-	-	-	5	-	-	5	3	-	-	3	45	-	-	45	45	-	-	45	16	-	-	16	29	-	-	29
MnyEx-39E	Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MnyEx-41E	Jan	12	3	3	18	-	2	7	9	-	1	1	2	1	5	-	6	13	11	11	35	12	11	11	34	4	1	7	12	3	5	3	11
MnyEx-41E	Feb	-	3	-	3	-	1	3	4	-	3	1	4	1	1	-	2	-	8	4	12	-	7	4	11	-	1	1	2	-	1	1	2
MnyEx-41E	Mar	22	8	-	30	5	1	3	9	2	1	-	3	-	7	-	7	25	15	3	43	29	17	3	49	16	3	1	20	10	7	1	18
MnyEx-41E	Apr	13	10	9	32	-	-	-	-	-	1	-	1	-	-	-	-	13	11	9	33	13	11	9	33	3	7	1	11	1	2	1	4
MnyEx-41E	May	5	13	-	18	-	-	8	8	-	-	-	-	-	11	-	11	5	24	8	37	3	24	8	35	1	2	4	7	1	11	2	14
MnyEx-41E	Jun	-	-	13	13	2	-	-	2	-	1	-	1	4	-	3	7	6	1	16	23	6	1	15	22	-	1	5	6	-	-	4	4
MnyEx-41E	Jul	-	-	16	16	-	7	15	22	3	2	-	5	2	-	-	2	4	9	31	44	5	8	29	42	-	2	10	12	-	1	11	12
MnyEx-41E	Aug	7	-	-	7	-	1	17	18	-	-	-	-	2	9	-	11	9	10	17	36	9	7	17	33	3	5	7	15	3	1	2	6
MnyEx-41E	Sep	9	5	-	14	-	-	9	9	-	-	-	-	-	1	1	2	9	6	10	25	8	6	10	24	1	1	2	4	1	2	1	4
MnyEx-41E	Oct	-	8	5	13	-	-	-	-	-	4	-	4	-	3	-	3	-	15	5	20	-	15	5	20	6	4	1	11	-	6	1	7
MnyEx-41E	Nov	-	1	2	3	10	2	-	12	-	-	5	5	-	1	-	1	-	4	7	11	-	4	7	11	1	1	1	3	-	1	1	2
MnyEx-41E	Dec	-	3	2	5	-	-	3	3	7	1	1	9	-	-	1	1	-	4	7	11	-	4	7	11	2	1	3	6	-	2	3	5
MnyEx-40E	Jan	2	-	-	2	3	1	-	4	-	1	1	2	-	1	-	1	5	3	1	9	5	3	1	9	1	-	1	2	4	2	-	6
MnyEx-40E	Feb	1	-	-	1	-	-	-	-	-	3	-	3	-	1	-	1	1	4	-	5	1	4	-	5	1	1	-	2	1	2	-	3
MnyEx-40E	Mar	-	3	-	3	2	-	-	2	-	1	-	1	2	3	11	16	4	7	11	22	4	7	11	22	1	1	3	5	4	2	3	9
MnyEx-40E	Apr	-	1	-	1	6	-	-	6	-	5	-	5	-	-	-	-	6	6	-	12	6	6	-	12	-	1	-	1	1	-	-	1
MnyEx-40E	May	-	1	-	1	-	2	-	2	-	-	-	-	-	-	-	-	-	3	-	3	-	3	-	3	-	2	-	2	-	-	-	-
MnyEx-40E	Jun	-	-	-	-	-	5	-	5	-	1	-	1	1	-	1	2	1	6	1	8	1	6	1	8	-	3	1	4	-	1	-	1
MnyEx-40E	Jul	-	-	1	1	-	1	-	1	-	-	-	-	1	-	-	1	1	1	1	3	1	1	1	3	-	-	1	1	-	1	-	1
MnyEx-40E	Aug	-	7	1	8	1	-	1	2	-	-	3	3	1	2	-	3	2	9	5	16	2	9	5	16	-	-	1	1	-	1	-	1
MnyEx-40E	Sep	-	-	4	4	6	1	-	7	-	1	-	1	-	2	6	8	6	4	10	20	6	4	9	19	1	1	2	4	1	2	-	3
MnyEx-40E	Oct	1	1	-	2	9	-	-	9	-	1	-	1	-	1	-	1	10	3	-	13	9	3	-	12	2	1	-	3	1	3	-	4
MnyEx-40E	Nov	-	1	-	1	-	-	-	-	-	2	-	2	-	1	-	1	-	4	-	4	-	4	-	4	-	2	-	2	-	1	-	1
MnyEx-40E	Dec	-	1	1	2	-	-	-	-	-	1	1	2	-	3	5	8	-	5	7	12	-	5	6	11	-	4	-	4	-	4	2	6



Table 2 Appendix-11

Financial Firms	Month	No of Times Cash Threshold Violated (2014)	No of Times Cash Threshold Violated (2015)	No of Times Cash Threshold Violated (2016)	Total number of times Cash Threshold Violated (2014-2016)	No of times wire transfer from shell companies was violated (2014)	No of times wire transfer from shell companies was violated (2015)	No of times wire transfer from shell companies was violated (2016)	Total No of times wire transfer from shell companies was violated (2014-2016)	No of counterfeit documents detected (2014)	No of counterfeit documents detected (2015)	No of counterfeit documents detected (2016)	Total No of counterfeit documents detected	No of Illegal activities detected (2014)	No of Illegal activities detected (2015)	No of Illegal activities detected (2016)	Total No of Illegal activities detected (2014-2016)	No of reports probed by CD (2014)	No of reports probed by CD (2015)	No of reports probed by CD (2016)	Total No of reports probed by CD (2014-2016)	No of reports probed by FIU (2014)	No of reports probed by FIU (2015)	No of reports probed by FIU (2016)	Total No of reports probed by FIU (2014-2016)	No of Punitive Action Taken by CD (2014)	No of Punitive Action Taken by CD (2015)	No of Punitive Action Taken by CD (2016)	Total No of Punitive Action Taken by CD	No of Punitive Action Taken by FIU (2014)	No of Punitive Action Taken by FIU (2015)	No of Punitive Action Taken by FIU (2016)	Total No of Punitive Action Taken by FIU
Bank-1	Jan	1	1	1	3	1	-	-	1	-	-	-	-	-	1	-	1	3	2	1	6	1	2	1	4	1	1	-	2	1	1	3	3
Bank-1	Feb	-	-	-	-	-	-	1	1	1	-	-	1	-	-	-	1	-	1	2	1	-	1	2	-	-	1	1	1	-	1	2	2
Bank-1	Mar	-	1	-	1	-	1	-	1	-	1	-	1	1	-	-	1	1	3	-	4	1	3	-	4	1	2	-	3	1	2	-	3
Bank-1	Apr	1	-	1	2	1	-	-	1	1	-	-	1	2	1	-	3	8	1	1	10	5	-	1	6	2	1	-	3	3	1	1	5
Bank-1	May	2	-	-	2	-	-	-	-	-	-	1	1	-	-	1	1	2	-	2	4	5	-	2	7	2	-	1	3	2	-	2	4
Bank-1	Jun	-	-	-	-	-	-	-	-	1	-	1	2	1	2	-	3	2	-	1	3	2	-	1	3	-	-	1	1	-	-	1	1
Bank-1	Jul	-	-	-	-	-	1	-	1	-	1	-	1	-	-	2	2	-	2	-	2	-	2	-	2	-	1	-	1	-	1	-	1
Bank-1	Aug	-	3	1	4	-	-	-	-	1	-	-	1	-	-	-	-	1	3	1	5	1	-	1	2	1	-	1	2	1	2	1	4
Bank-1	Sep	1	-	-	1	1	-	2	3	1	-	-	1	-	-	-	-	3	-	-	3	2	-	-	2	1	-	-	1	1	-	-	1
Bank-1	Oct	-	1	1	2	-	-	-	-	-	-	-	-	1	-	-	1	1	1	1	3	2	1	1	4	1	-	-	1	2	-	1	3
Bank-1	Nov	-	1	1	2	-	1	-	1	-	-	1	1	-	1	1	2	-	3	3	6	-	1	3	4	-	1	2	3	-	1	3	4
Bank-1	Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank-2	Jan	-	1	2	3	-	-	-	-	-	-	-	-	-	-	1	1	-	1	3	4	-	-	3	3	-	-	1	1	-	-	2	2
Bank-2	Feb	-	-	2	2	-	-	-	-	-	-	-	-	-	1	-	1	-	-	2	2	-	1	2	3	-	-	1	1	-	1	1	2
Bank-2	Mar	-	1	1	2	-	-	-	-	-	-	-	-	-	-	-	-	1	1	2	-	-	1	1	-	1	-	1	-	-	1	1	
Bank-2	Apr	-	1	3	4	-	1	1	2	-	-	1	1	-	-	-	-	2	4	6	-	2	5	7	-	1	2	3	-	1	3	4	
Bank-2	May	-	2	1	3	-	1	1	2	-	1	1	2	-	-	-	-	4	3	7	-	2	2	4	-	2	1	3	-	1	2	3	
Bank-2	Jun	1	-	1	2	1	1	-	2	-	-	-	-	-	1	-	1	2	1	-	3	-	1	1	2	1	-	-	1	-	-	-	
Bank-2	Jul	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	2	-	1	3	-	-	1	1	1	-	-	-	1
Bank-2	Aug	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	2	2	-	-	2	2	-	-	-	-	-	-	2	2

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

Bank-2	Sep	-	-	1	1	-	-	-		-	-	1	1	-	-	1	1	-	-	3	3	-	-	3	3	-	-	1	1	-	-	3	3
Bank-2	Oct	3	-	-	3	-	-	-		1	-	1	2	-	-	-		4	-	1	5	-	-	1	1	-	-	1	1	-	-	-	
Bank-2	Nov	2	-	1	3	-	-	-		-	-	-		-	-	1	1	2	-	2	4	2	-	2	4	-	-	1	1	-	-	2	2
Bank-2	Dec	-	-	-		-	-	1	1	-	-	1	1	-	-	-		-	-	2	2	-	-	2	2	-	-	-		-	-	2	2
Bank-3	Jan	-	-	1	1	1	-	-	1	-	-	1	1	1	1	3	2	1	3	6	2	1	2	5	1	1	3	5	2	1	2	5	
Bank-3	Feb	-	-	1	1	-	-	-		-	-	-		-	-	-		-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1
Bank-3	Mar	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-3	Apr	1	-	-	1	-	-	-		1	-	-	1	-	-	-		2	-	-	2	2	-	-	2	-	-	-		1	-	-	1
Bank-3	May	-	1	-	1	-	-	-		-	-	1	1	-	-	-		-	1	1	2	-	1	1	2	-	-	1	1	-	-	-	
Bank-3	Jun	-	-	-		-	-	1	1	-	1	-	1	1	-	-	1	1	1	1	3	1	1	1	3	-	1	-	1	-	1	-	
Bank-3	Jul	-	-	-		-	1	-	1	2	-	-	2	1	-	-	1	3	1	-	4	3	1	-	4	1	-	-	1	1	-	-	1
Bank-3	Aug	-	-	-		3	-	-	3	-	-	-		-	-	-		3	-	-	3	3	-	-	3	1	-	-	1	1	-	-	1
Bank-3	Sep	3	-	-	3	1	-	-	1	-	-	-		-	2	1	3	4	2	1	7	4	1	1	6	2	1	-	3	2	1	-	3
Bank-3	Oct	2	-	1	3	-	1	-	1	1	-	-	1	-	-	-		3	1	1	5	3	1	1	5	-	1	1	2	-	1	1	2
Bank-3	Nov	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	1	2	1	-	1	2	-	-	1	1	-	-	1	1
Bank-3	Dec	-	1	-	1	-	-	-		1	-	2	3	-	-	-		1	1	2	4	1	-	2	3	1	1	-	2	1	1	1	3
Bank-4	Jan	1	-	-	1	-	-	1	1	2	3	-	5	1	-	1	2	4	3	2	9	3	3	2	8	1	1	2	4	1	1	2	4
Bank-4	Feb	-	-	-		-	-	1	1	-	-	-		1	-	-	1	1	-	1	2	1	-	1	2	1	-	-	1	1	-	-	1
Bank-4	Mar	-	-	1	1	-	1	-	1	-	-	-		1	-	-	1	1	1	1	3	1	1	1	3	-	1	-	1	-	1	-	1
Bank-4	Apr	-	3	2	5	-	-	-		-	-	-		-	1	-	1	-	4	2	6	-	4	2	6	-	-	1	1	-	-	1	1
Bank-4	May	-	-	-		-	-	-		1	-	-	1	-	-	-		1	-	-	1	1	1	-	2	-	-	-		-	-	-	
Bank-4	Jun	1	-	-	1	-	-	-		-	-	-		-	-	-		1	-	-	1	1	-	-	1	-	-	-		-	-	-	
Bank-4	Jul	-	1	3	4	-	-	-		-	-	-		-	-	-		-	1	3	4	-	1	3	4	-	-	-		-	-	-	
Bank-4	Aug	1	-	-	1	1	-	-	1	-	-	-		-	-	-		1	-	-	1	1	-	-	1	1	1	-	2	1	1	-	2
Bank-4	Sep	-	-	-		-	-	-		-	-	1	1	-	-	-		-	-	1	1	1	-	1	2	-	-	1	1	-	-	1	1
Bank-4	Oct	-	-	-		-	-	-		-	1	-	1	-	2	-	2	-	3	-	3	1	2	-	3	-	-	-		-	-	-	
Bank-4	Nov	2	1	-	3	-	-	-		-	-	-		-	-	-		2	1	-	3	1	-	-	1	-	-	-		-	-	-	
Bank-4	Dec	-	-	1	1	-	1	-	1	-	-	1	1	2	-	-	2	-	1	2	3	-	-	2	2	-	-	1	1	-	-	1	1
Bank-5	Jan	1	-	2	3	-	1	-	1	3	-	1	4	-	1	-	1	4	2	3	9	4	2	3	9	2	1	2	5	3	1	2	6
Bank-5	Feb	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	1	2	-	-	1	1	1	-	-	1	-	-	1	1
Bank-5	Mar	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	1	2	1	-	1	2	-	-	1	1	1	-	1	2
Bank-5	Apr	2	3	-	5	-	-	-		-	2	-	2	1	-	-	1	4	5	-	9	3	4	-	7	1	2	-	3	2	2	-	4
Bank-5	May	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

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Bank-5	Jun	-	-	-		-	1	-	1	1	-	-	1	-	-	-		1	1	-	2	1	1	-	2	-	-	-	-	-	-	-	-
Bank-5	Jul	-	-	1	1	1	-	-	1	-	-	-	-	-	1	1	1	-	2	3	1	-	2	3	1	-	1	2	1	-	1	2	
Bank-5	Aug	-	-	-		-	-	-		-	-	-	1	-	-	1	-	-	-		-	-	-		-	-	-		-	-	-		
Bank-5	Sep	-	-	-		-	-	-		-	-	-	-	-	-	-	-	-	-		-	-	-		-	-	-		-	-	-		
Bank-5	Oct	1	-	-	1	-	-	-		-	-	1	1	-	1	-	1	1	1	-	2	1	1	-	2	-	1	-	1	-	1	-	1
Bank-5	Nov	-	-	-		-	-	-		-	-	-	-	-	1	1	-	-	-		-	-	-		-	-	-		-	-	-		
Bank-5	Dec	-	-	1	1	1	1	-	2	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	-		-	-	-	-		
Bank-6	Jan	-	1	-	1	1	2	1	4	-	-	2	2	1	1	-	2	2	4	3	9	2	4	3	9	2	3	1	6	1	2	1	4
Bank-6	Feb	-	1	-	1	-	1	1	2	-	-	-		1	-	-	1	-	2	1	3	-	2	1	3	-	1	1	2	-	2	1	3
Bank-6	Mar	-	1	-	1	-	1	-	1	-	-	-		-	-	-		-	2	-	2	-	2	-	2	-	2	-	1	-	1		
Bank-6	Apr	1	-	-	1	3	1	-	4	-	-	-		-	-	-		4	-	-	4	4	-	-	4	1	-	-	1	3	-	-	3
Bank-6	May	-	-	-		-	-	-		-	-	-	2	-	-	2	2	-	-	2	2	-	-	2	-	-	-		1	-	-	1	
Bank-6	Jun	-	-	-		-	-	-		-	-	-	-	2	-	2	-	2	-	2	-	2	-	2	-	1	-	1	-	1	-	1	
Bank-6	Jul	2	-	-	2	-	-	-		-	1	-	1	-	-	-		2	1	-	3	2	1	-	3	1	-	-	1	1	-	-	1
Bank-6	Aug	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Sep	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Oct	-	-	2	2	1	-	-	1	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Nov	-	-	1	1	-	-	3	3	1	-	1	2	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Bank-6	Dec	1	-	-	1	-	-	1	1	-	-	-		-	-	-		1	-	-	1	1	-	-	1	-	-	-	-	-	-	-	
InvBnk-16	Jan	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Feb	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Mar	-	-	-		-	-	-		-	-	-		-	-	-		-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1
InvBnk-16	Apr	-	-	-		-	-	-		-	-	1	1	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	May	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Jun	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Jul	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Aug	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Sep	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Oct	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
InvBnk-16	Nov	-	-	-		-	1	1	2	-	-	-		-	-	-		-	-	1	1	-	-	-		-	-	1	1	-	-	-	
InvBnk-16	Dec	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	1	1	-	-	-		-	-	1	1
InvBnk-12	Jan	1	-	-	1	-	1	1	2	-	-	-		1	-	4	5	2	1	5	8	2	1	5	8	2	1	2	5	1	-	1	2
InvBnk-12	Feb	-	-	-		-	-	-		1	-	-	1	1	-	-	1	2	-	-	2	2	-	-	2	1	-	-	1	2	-	-	2

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

InvBnk-12	Mar	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	2	-	-	2	2	-	-	2	1	-	-	1	1	-	-	1	
InvBnk-12	Apr	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1		
InvBnk-12	May	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1		
InvBnk-12	Jun	-	-	-	-	3	-	3	-	-	-	-	-	-	-	3	-	3	-	3	-	3	-	-	-	-	-	-	-	-	-		
InvBnk-12	Jul	-	-	-	1	-	2	3	-	-	-	-	-	-	1	-	2	3	1	-	2	3	-	-	2	2	-	1	1	2	2		
InvBnk-12	Aug	-	1	-	1	-	-	-	-	-	-	2	-	-	2	2	1	-	3	2	1	-	3	1	-	-	1	-	-	-	-		
InvBnk-12	Sep	2	-	-	2	-	-	-	-	-	-	5	-	-	5	7	-	-	7	6	-	-	6	2	-	-	2	1	-	-	1		
InvBnk-12	Oct	-	-	-	-	-	-	-	-	1	-	1	-	-	2	2	-	1	2	3	-	1	2	3	-	1	1	2	-	1	1	2	
InvBnk-12	Nov	-	-	-	-	-	-	-	3	-	-	3	-	-	1	1	3	-	1	4	3	-	1	4	-	-	1	1	-	-	1	1	
InvBnk-12	Dec	1	-	-	1	-	-	1	1	-	1	2	-	-	-	1	1	2	4	1	1	2	4	-	1	1	2	-	1	-	1		
InvBnk-15	Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InvBnk-15	Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InvBnk-15	Mar	-	-	-	-	1	-	1	3	-	-	3	-	-	-	3	1	-	4	-	-	-	1	1	-	2	-	-	-	-	-		
InvBnk-15	Apr	-	-	-	1	-	1	2	-	-	1	1	-	-	-	-	-	2	2	1	-	1	2	-	-	1	1	1	-	1	2	2	
InvBnk-15	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InvBnk-15	Jun	-	-	-	3	-	-	3	-	1	-	1	2	-	-	2	6	1	-	7	5	1	-	6	2	1	-	3	1	1	-	2	
InvBnk-15	Jul	-	-	-	1	-	-	1	1	1	-	2	-	-	-	-	1	-	1	2	1	-	3	-	-	-	1	1	-	2	2		
InvBnk-15	Aug	-	-	-	3	2	-	5	2	2	-	4	-	-	-	5	4	-	9	5	4	-	9	-	1	-	1	-	2	-	2		
InvBnk-15	Sep	-	-	-	-	1	-	1	1	-	-	1	-	-	-	1	1	-	2	1	1	-	2	1	-	-	1	1	-	-	1		
InvBnk-15	Oct	-	-	-	1	-	-	1	1	1	1	3	-	-	-	2	1	1	4	2	1	1	4	-	-	1	1	2	1	1	4		
InvBnk-15	Nov	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	-	-	-	-	1	1		
InvBnk-15	Dec	-	-	-	-	2	-	2	1	1	-	2	-	-	-	1	-	-	1	-	3	-	3	1	-	-	1	-	2	-	2		
InvBnk-14	Jan	-	1	-	1	1	-	-	1	-	-	1	1	-	2	-	2	1	3	1	5	1	2	1	4	-	1	-	1	1	-	1	2
InvBnk-14	Feb	1	-	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	-	-	-	-		
InvBnk-14	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InvBnk-14	Apr	-	-	-	-	-	-	-	-	1	3	4	-	-	-	-	1	3	4	-	-	3	3	-	-	3	3	-	-	-	-		
InvBnk-14	May	-	1	-	1	-	-	1	1	-	1	-	-	-	-	2	1	3	-	2	1	3	-	2	1	3	-	2	-	2	2		
InvBnk-14	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InvBnk-14	Jul	-	-	-	-	-	-	-	-	-	-	-	1	1	2	-	1	1	2	-	1	1	2	-	1	-	1	-	1	1	2		
InvBnk-14	Aug	-	2	1	3	-	-	-	-	-	-	-	-	-	-	2	1	3	-	2	1	3	-	1	-	1	-	1	-	1	2		
InvBnk-14	Sep	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	-	-	-	-		
InvBnk-14	Oct	-	-	-	-	1	-	1	1	-	-	1	-	-	-	1	1	-	2	1	1	-	2	-	1	-	1	-	1	-	1		
InvBnk-14	Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-	-	2	2	-	-	2	2	-	-	1	1	-	-	1	1	

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

InvBnk-14	Dec	-	1	-	1	-	2	-	2	-	-	1	1	-	-	-	-	3	1	4	-	3	1	4	-	2	1	3	-	1	-	1			
InsC-48D	Jan	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	1	1	-	-	1	1	-	-	-	-	-	-	1	1			
InsC-48D	Feb	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	1	-	-	-	1			
InsC-48D	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
InsC-48D	Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
InsC-48D	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-48D	Nov	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	-	-	-	-	-	1	1		
InsC-48D	Dec	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	-	1	
InsC-50D	Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
InsC-50D	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Sep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-50D	Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-49D	Jan	-	-	-	-	-	1	1	1	-	-	1	-	-	-	1	-	1	2	1	-	1	2	-	-	1	1	1	-	-	-	-	1		
InsC-49D	Feb	1	-	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1	-	-	1	1	-	-	1	1	-	-	-	-	1		
InsC-49D	Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-49D	Apr	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	-	-	1	1	-	1
InsC-49D	May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-49D	Jun	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	1	-	1	-	1	-	1	-	-	-	-	-	-	-	1	-	-	1	
InsC-49D	Jul	2	-	-	2	-	-	-	-	-	-	-	-	-	-	2	-	-	2	1	-	-	1	2	-	-	2	-	-	-	-	-	-	-	
InsC-49D	Aug	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	1	-	1	-	1	-	1	-	-	1	-	-	-	-	-	-	-	-	

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

InsC-49D	Sep	-	-	-		-	-	-		-	-	-		-	-	1	1	1	-	1	2	1	-	1	2	1	-	1	2	-	-	1	1
InsC-49D	Oct	-	-	-		1	-	-	1	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-49D	Nov	-	-	-		-	-	-		-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
InsC-49D	Dec	-	-	-		-	-	-		1	-	1	2	-	-	-		1	-	-	1	1	-	-	1	-	-	-	-	-	-	-	-
MnyEx-51E	Jan	1	1	4	6	2	-	1	3	-	-	-		-	-	2	2	3	1	7	11	1	1	5	7	2	-	4	6	-	1	5	6
MnyEx-51E	Feb	1	1	8	10	-	-	-		-	1	2	3	-	1	1	2	1	3	10	14	-	2	11	13	-	1	3	4	-	2	7	9
MnyEx-51E	Mar	3	-	5	8	-	-	1	1	1	-	2	3	-	-	2	2	2	-	10	12	4	-	6	10	2	-	-	2	3	-	4	7
MnyEx-51E	Apr	-	2	9	11	1	-	-	1	-	1	3	4	-	1	3	4	1	4	15	20	-	3	14	17	-	2	2	4	-	3	7	10
MnyEx-51E	May	2	-	8	10	-	-	1	1	-	-	-		1	-	-	1	2	-	3	5	3	-	9	12	2	-	1	3	2	-	2	4
MnyEx-51E	Jun	-	-	4	4	1	-	-	1	1	-	-	1	-	-	-		2	-	3	5	1	-	4	5	-	-	-	-	-	-	2	2
MnyEx-51E	Jul	-	-	7	7	-	-	1	1	-	-	1	1	-	-	-		-	-	9	9	-	-	9	9	-	-	-	-	-	-	-	-
MnyEx-51E	Aug	1	-	9	10	-	-	-		-	-	2	2	-	-	2	2	1	-	13	14	1	-	13	14	1	-	3	4	-	-	7	7
MnyEx-51E	Sep	1	9	4	14	-	-	1	1	1	1	-	2	-	3	-	3	2	13	5	20	2	12	1	15	-	3	1	4	-	4	1	5
MnyEx-51E	Oct	-	-	27	27	-	-	2	2	-	-	3	3	-	-	-		-	-	28	28	-	-	32	32	-	-	6	6	-	-	9	9
MnyEx-51E	Nov	3	-	1	4	-	-	-		-	1	1	2	1	-	-	1	4	1	2	7	4	1	2	7	2	1	-	3	3	1	2	6
MnyEx-51E	Dec	1	-	12	13	2	-	-	2	-	-	1	1	-	-	1	1	-	-	14	14	-	-	13	13	-	-	7	7	-	-	8	8
MnyEx-39E	Jan	-	17	-	17	-	5	-	5	-	9	-	9	-	-	-		-	31	-	31	-	31	-	31	-	5	-	5	-	13	-	13
MnyEx-39E	Feb	-	8	-	8	-	-	-		-	2	-	2	-	-	-		-	10	-	10	-	9	-	9	-	2	-	2	-	7	-	7
MnyEx-39E	Mar	-	1	-	1	-	-	-		-	-	-		-	-	-		-	-	-		-	1	-	1	-	-	-	-	-	-	-	-
MnyEx-39E	Apr	-	33	-	33	-	2	-	2	-	13	-	13	-	15	-	15	-	63	-	63	-	60	-	60	-	4	-	4	-	9	-	9
MnyEx-39E	May	-	23	-	23	-	-	-		-	9	-	9	-	-	-		-	32	-	32	-	32	-	32	-	3	-	3	-	11	-	11
MnyEx-39E	Jun	10	9	1	20	2	-	-	2	1	-	-	1	1	5	-	6	16	14	1	31	6	14	1	21	5	-	-	5	3	4	1	8
MnyEx-39E	Jul	21	19	-	40	-	4	-	4	7	6	-	13	11	-	-	11	35	29	-	64	42	29	-	71	9	1	-	10	13	15	-	28

Uniform AML Policy Adoption & Money Laundering Eradication in Bahrain

MnyEx-39E	Aug	27	10	2	39	5	-	-	5	13	4	-	17	7	3	-	10	55	17	2	74	55	17	-	72	7	4	1	12	27	7	2	36
MnyEx-39E	Sep	19	17	-	36	-	-	-	-	-	3	-	3	11	-	-	11	42	20	-	62	47	20	-	67	13	4	-	17	28	9	-	37
MnyEx-39E	Oct	7	3	-	10	3	-	-	3	5	-	-	5	2	1	-	3	20	1	-	21	20	3	-	23	8	1	-	9	6	2	-	8
MnyEx-39E	Nov	11	-	-	11	-	-	-	-	5	-	-	5	3	-	-	3	45	-	-	45	45	-	-	45	16	-	-	16	29	-	-	29
MnyEx-39E	Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MnyEx-41E	Jan	12	3	3	18	-	2	7	9	-	1	1	2	1	5	-	6	13	11	11	35	12	11	11	34	4	1	7	12	3	5	3	11
MnyEx-41E	Feb	-	3	-	3	-	1	3	4	-	3	1	4	1	1	-	2	-	8	4	12	-	7	4	11	-	1	1	2	-	1	1	2
MnyEx-41E	Mar	22	8	-	30	5	1	3	9	2	1	-	3	-	7	-	7	25	15	3	43	29	17	3	49	16	3	1	20	10	7	1	18
MnyEx-41E	Apr	13	10	9	32	-	-	-	-	-	1	-	1	-	-	-	-	13	11	9	33	13	11	9	33	3	7	1	11	1	2	1	4
MnyEx-41E	May	5	13	-	18	-	-	8	8	-	-	-	-	-	11	-	11	5	24	8	37	3	24	8	35	1	2	4	7	1	11	2	14
MnyEx-41E	Jun	-	-	13	13	2	-	-	2	-	1	-	1	4	-	3	7	6	1	16	23	6	1	15	22	-	1	5	6	-	-	4	4
MnyEx-41E	Jul	-	-	16	16	-	7	15	22	3	2	-	5	2	-	-	2	4	9	31	44	5	8	29	42	-	2	10	12	-	1	11	12
MnyEx-41E	Aug	7	-	-	7	-	1	17	18	-	-	-	-	2	9	-	11	9	10	17	36	9	7	17	33	3	5	7	15	3	1	2	6
MnyEx-41E	Sep	9	5	-	14	-	-	9	9	-	-	-	-	-	1	1	2	9	6	10	25	8	6	10	24	1	1	2	4	1	2	1	4
MnyEx-41E	Oct	-	8	5	13	-	-	-	-	-	4	-	4	-	3	-	3	-	15	5	20	-	15	5	20	6	4	1	11	-	6	1	7
MnyEx-41E	Nov	-	1	2	3	10	2	-	12	-	-	5	5	-	1	-	1	-	4	7	11	-	4	7	11	1	1	1	3	-	1	1	2
MnyEx-41E	Dec	-	3	2	5	-	-	3	3	7	1	1	9	-	-	1	1	-	4	7	11	-	4	7	11	2	1	3	6	-	2	3	5
MnyEx-40E	Jan	2	-	-	2	3	1	-	4	-	1	1	2	-	1	-	1	5	3	1	9	5	3	1	9	1	-	1	2	4	2	-	6
MnyEx-40E	Feb	1	-	-	1	-	-	-	-	-	3	-	3	-	1	-	1	1	4	-	5	1	4	-	5	1	1	-	2	1	2	-	3
MnyEx-40E	Mar	-	3	-	3	2	-	-	2	-	1	-	1	2	3	11	16	4	7	11	22	4	7	11	22	1	1	3	5	4	2	3	9
MnyEx-40E	Apr	-	1	-	1	6	-	-	6	-	5	-	5	-	-	-	-	6	6	-	12	6	6	-	12	-	1	-	1	1	-	-	1

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MnyEx-40E	May	-	1	-	1	-	2	-	2	-	-	-	-	-	-	-	3	-	3	-	3	-	3	-	2	-	2	-	-	-	-		
MnyEx-40E	Jun	-	-	-	-	-	5	-	5	-	1	-	1	1	-	1	2	1	6	1	8	1	6	1	8	-	3	1	4	-	1	-	1
MnyEx-40E	Jul	-	-	1	1	-	1	-	1	-	-	-	1	-	-	1	1	1	1	1	3	1	1	1	3	-	-	1	1	-	1	-	1
MnyEx-40E	Aug	-	7	1	8	1	-	1	2	-	-	3	3	1	2	-	3	2	9	5	16	2	9	5	16	-	-	1	1	-	1	-	1
MnyEx-40E	Sep	-	-	4	4	6	1	-	7	-	1	-	1	-	2	6	8	6	4	10	20	6	4	9	19	1	1	2	4	1	2	-	3
MnyEx-40E	Oct	1	1	-	2	9	-	-	9	-	1	-	1	-	1	-	1	10	3	-	13	9	3	-	12	2	1	-	3	1	3	-	4
MnyEx-40E	Nov	-	1	-	1	-	-	-	-	-	2	-	2	-	1	-	1	-	4	-	4	-	4	-	4	-	2	-	2	-	1	-	1
MnyEx-40E	Dec	-	1	1	2	-	-	-	-	-	1	1	2	-	3	5	8	-	5	7	12	-	5	6	11	-	4	-	4	-	4	2	6
						89	68	101	258																								



Table 3 Appendix-11

Apr	Mar	Feb	Jan	Month
1	-	-	1	No of Times Cash Threshold Violation Reported (2014)
-	1	-	1	No of Times Cash Threshold Violation Reported (2015)
1	-	-	1	No of Times Cash Threshold Violation Reported (2016)
2	1	1	3	Total number of times Cash Threshold Violation Reported (2014-2016)
1	-	-	1	No of times rule violation about wire transfer from shell companies Reported (2014)
-	1	-	-	No of times rule violation about wire transfer from shell companies Reported (2015)
-	-	1	-	No of times rule violation about wire transfer from shell companies Reported (2016)
1	1	1	1	Total no of times rule violation about wire transfer from shell companies Reported (2014-2016)
1	-	1	-	No of counterfeit documents detection Reported (2014)
-	1	-	-	No of counterfeit documents detection Reported (2015)
-	-	-	-	No of counterfeit documents detection Reported (2016)
1	1	1	0	Total no of times counterfeit documents detection Reported (2014-2016)
2	1	-	-	No of Illegal activity detected & Reported (2014)
1	-	-	1	No of Illegal activity detected & Reported (2015)
-	-	-	-	No of Illegal activity detected & Reported (2016)
3	1	0	1	Total no of Illegal activity detected & Reported (2014-2016)
5	1	1	2	No of Initial Investigation (2014)
1	3	-	2	No of Initial Investigation (2015)
1	-	1	1	No of Initial Investigation (2016)
7	4	2	5	Total no of Initial Investigation conducted (2014-2016)
4	-	-	2	No of Search conducted (2014)
1	2	-	2	No of Search conducted (2015)
1	-	1	1	No of Search conducted (2016)
6	2	1	5	Total no of Search conducted 2014-2016)
-	-	-	-	No of times Confiscation initiated (2014)
-	-	-	-	No of times Confiscation initiated (2015)
-	1	-	-	No of times Confiscation initiated (2016)
0	1	0	0	Total no of times Confiscation initiated (2014-2016)
1	-	-	1	No of Cases Transferred to Public Prosecutor (2014)
1	2	-	1	No of Cases Transferred to Public Prosecutor (2015)
1	-	1	-	No of Cases Transferred to Public Prosecutor (2016)
3	2	1	2	Total no of Cases Transferred to Public Prosecutor (2014-2016)
1	-	-	-	Number of Convictions (2014)
-	1	-	-	Number of Convictions (2015)
1	-	1	-	Number of Convictions (2016)
2	1	1	0	Total number of Convictions (2014-2016)
3	-	-	1	No of False Alarms (2014)
-	-	-	1	No of False Alarms (2015)
-	-	-	-	No of False Alarms (2016)
3	1	1	2	Total no of False Alarms (2014-2016)
-	-	-	0	No of Action Taken Against False Alarms (2014)
-	-	-	-	No of Action Taken Against False Alarms (2015)
-	-	-	-	No of Action Taken Against False Alarms (2016)
1	0	0	1	Total no. of Action Taken Against False Alarms (2014-2016)

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May	2	-	-	2	-	-	-	1	-	-	1	1	-	-	1	1	1	-	2	3	1	-	2	3	-	1	-	1	-	-	1	1	-	-	-	0	-	-	-	0	-	-	-	0					
Jun	-	-	-	0	-	-	-	0	1	-	1	2	1	-	-	1	2	-	1	3	1	-	-	1	-	-	-	0	1	-	-	1	1	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	
Jul	-	-	-	1	-	1	-	1	-	1	-	1	-	-	-	0	-	2	-	2	-	2	-	2	-	-	-	0	-	1	-	1	-	-	-	1	-	1	-	1	-	-	-	1	-	-	-	1	
Aug	-	3	1	4	-	-	-	1	1	-	-	1	-	-	-	0	1	3	1	5	-	2	1	3	-	-	-	0	-	1	1	2	-	1	1	2	-	1	-	1	2	-	1	-	1	-	-	-	0
Sep	1	-	-	1	1	-	-	1	1	-	-	1	-	-	-	0	3	-	-	3	2	-	-	2	-	-	-	0	-	-	-	0	-	-	-	1	2	-	-	2	-	-	-	0	-	-	-	0	
Oct	-	1	1	2	-	-	-	0	-	-	-	0	1	-	-	1	1	1	1	3	-	-	1	1	-	-	-	0	-	-	-	0	-	-	-	1	-	-	-	0	-	-	-	0	-	-	-	1	
Nov	-	1	1	2	-	1	-	1	-	-	1	1	-	1	1	2	-	1	3	4	1	-	2	3	-	-	-	0	1	-	1	2	1	-	-	1	-	-	-	0	-	-	-	0	-	-	-	1	
Dec	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	1	

Table 4 Appendix-11

Recommendation-6	Recommendation-4	
17	21	Regulatory Intervention in 2014
17	21	Regulatory Intervention in 2015
17	21	Regulatory Intervention in 2016
51	63	Total Regulatory Intervention in 2014-16
17	21	Law enforcement & Actions in 2014
17	21	Law enforcement & Actions in 2015
17	21	Law enforcement & Actions in 2016
51	63	Total Law enforcement & Actions in 2014-2016
17	0	KYC in 2014
17	0	KYC in 2015
17	0	KYC in 2016
51	0	Total KYC in 2014-2016
17	0	CDD in 2014
17	0	CDD in 2015
17	0	CDD in 2016
51	0	Total CDD in 2014-2016
17	21	STR in 2014
17	21	STR in 2015
17	21	STR in 2016
51	63	Total STR in 2014-2016
17	21	SAR in 2014
17	21	SAR in 2015
17	21	SAR in 2016
51	63	Total SAR in 2014-2016
17	21	Inform CD in 2014
17	21	Inform CD in 2015
17	21	Inform CD in 2016
51	63	Total Inform CD in 2014-2016
17	21	Inform FIU in 2014
17	21	Inform FIU in 2015
17	21	Inform FIU in 2016
51	63	Total Inform FIU in 2014-16
17	21	Investigate in 2014
17	21	Investigate in 2015
17	21	Investigate in 2016
51	63	Total Investigate in 2014-2016
17	21	Prosecute in 2014
17	21	Prosecute in 2015
17	21	Prosecute in 2016
51	63	Total Prosecute in 2014-2016
17	21	Account Termination (Banks) in 2014
17	21	Account Termination (Banks) in 2015
17	21	Account Termination (Banks) in 2016
51	63	Total Account Termination (Banks) in 2014-2016
17	21	Account Termination (NBFCs) in 2014
17	21	Account Termination (NBFCs) in 2015
17	21	Account Termination (NBFCs) in 2016
51	63	Total Account Termination (NBFCs) in 2014-2016
0	0	Legal Person & Sanction in 2014
0	0	Legal Person & Sanction in 2015
0	0	Legal Person & Sanction in 2016
0	0	Total Legal Person & Sanction in 2014-2016
17	0	Penal Action against Banks in 2014
17	0	Penal Action against Banks in 2015
17	0	Penal Action against Banks in 2016
51	0	Total Penal Action against Banks in 2014-2016









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Bank-3	2016	8	8	8	1	8	8	8	8	8	8	1	1	8	8	8	8	8	1	1
	2014	8	8	8	1	8	8	8	8	8	8	1	1	8	8	8	8	8	0	0
	2015	5	5	5	1	5	5	5	5	5	5	1	1	5	5	5	5	5	0	0
	2016	5	5	5	1	5	5	5	5	5	5	1	1	5	5	5	5	5	0	0
Bank-5	2014	4	4	4	1	4	4	4	4	4	4	1	1	4	4	4	4	4	1	1
	2015	7	7	7	1	7	7	7	7	7	7	1	1	7	7	7	7	7	1	1
	2016	3	3	3	1	3	3	3	3	3	3	1	1	3	3	3	3	3	1	1
InvBnk-16	2014	3	3	3	1	3	3	3	3	3	3	1	1	3	0	3	3	3	3	3
	2015	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
	2016	4	4	4	1	4	4	4	4	4	4	1	1	4	0	4	4	4	4	4
InvBnk-15	2014	2	2	2	1	2	2	2	2	2	2	1	1	2	2	2	2	2	1	1
	2015	4	4	4	1	4	4	4	4	4	4	1	1	4	4	4	4	4	1	1
	2016	6	6	6	1	6	6	6	6	6	6	1	1	6	6	6	6	6	1	1
InvBnk-14	2014	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2015	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2016	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
InvBnk-12	2014	3	3	3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	1	1
	2015	2	2	2	1	2	2	2	2	2	2	2	2	2	2	2	2	2	1	1
	2016	3	3	3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	1	1
InvBnk-13	2014	5	5	5	1	5	5	5	0	5	5	5	0	0	0	5	0	5	0	0
	2015	2	2	2	1	2	2	2	0	2	2	2	0	0	0	2	0	2	0	0
	2016	2	2	2	1	2	2	2	0	2	2	2	0	0	0	2	0	2	0	0
PvtBnk-20	2014	2	2	2	1	2	2	2	0	2	2	2	0	0	0	2	0	2	0	0
	2015	1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	0	1	0	0
	2016	3	3	3	1	3	3	3	0	3	3	3	0	0	0	3	0	3	0	0



Table 7 Appendix-11

Bank-6	Bank-4	Bank-2	Bank-1	
6	10	11	16	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime (2014)
5	8	6	9	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime (2015)
3	7	9	1	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime (2016)
14	25	26	26	Total Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime (2014-2016)
8	9	4	5	Detect Nonresident Customers & Invest in trusts in tax heavens (2014)
1	4	2	4	Detect Nonresident Customers & Invest in trusts in tax heavens (2015)
7	3	1	2	Detect Nonresident Customers & Invest in trusts in tax heavens (2016)
16	16	7	11	Total Detect Nonresident Customers & Invest in trusts in tax heavens (2014-2016)
5	7	4	7	Detect Nonresident Customers & Asset Acquisition (2014)
1	1	1	1	Detect Nonresident Customers & Asset Acquisition (2015)
5	8	6	9	Detect Nonresident Customers & Asset Acquisition (2016)
11	16	11	17	Total Detect Nonresident Customers & Asset Acquisition (2014-2016)
3	7	9	1	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime (2014)
8	9	4	5	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime (2015)
1	4	2	4	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime (2016)
12	20	15	10	Total Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime (2014-2016)
7	3	1	2	Detect PEPs & Thwart & Invest in trusts in tax heavens (2014)
5	7	4	7	Detect PEPs & Thwart & Invest in trusts in tax heavens (2015)
8	9	4	5	Detect PEPs & Thwart & Invest in trusts in tax heavens (2016)
20	19	9	14	Total Detect PEPs & Thwart & Invest in trusts in tax heavens (2014-2016)
1	4	2	4	Detect PEPs & Thwart & Asset Acquisition (2014)
7	3	1	2	Detect PEPs & Thwart & Asset Acquisition (2015)
7	3	1	2	Detect PEPs & Thwart & Asset Acquisition (2016)
15	10	4	8	Total Detect PEPs & Thwart & Asset Acquisition (2014-2016)
8	9	4	5	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime (2014)
1	4	2	4	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime (2015)
7	3	1	2	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime (2016)
16	16	7	11	Total Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime (2014-2016)
1	1	3	3	Detect Private Banks & Thwart & Invest in trusts in tax heavens (2014)
7	5	5	5	Detect Private Banks & Thwart & Invest in trusts in tax heavens (2015)
1	1	1	1	Detect Private Banks & Thwart & Invest in trusts in tax heavens (2016)
9	7	9	9	Total Detect Private Banks & Thwart & Invest in trusts in tax heavens (2014-2016)
1	1	1	1	Detect Private Banks & Thwart & Asset Acquisition (2014)
7	3	1	2	Detect Private Banks & Thwart & Asset Acquisition (2015)
7	3	1	2	Detect Private Banks & Thwart & Asset Acquisition (2016)
15	7	3	5	Total Detect Private Banks & Thwart & Asset Acquisition (2014-2016)
1	1	1	1	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime (2014)
1	1	1	1	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime (2015)
1	1	1	1	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime (2016)
3	3	3	3	Total Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime
1	1	1	1	Detect Legal Persons & Thwart & Invest in trusts in tax heavens (2014)
1	1	1	1	Detect Legal Persons & Thwart & Invest in trusts in tax heavens (2015)
1	1	1	1	Detect Legal Persons & Thwart & Invest in trusts in tax heavens (2016)
3	3	3	3	Total Detect Legal Persons & Thwart & Invest in trusts in tax heavens (2014-2016)
1	1	1	1	Detect Legal Persons & Thwart & Thwart & Asset Acquisition (2014)
1	1	1	1	Detect Legal Persons & Thwart & Thwart & Asset Acquisition (2015)
1	1	1	1	Detect Legal Persons & Thwart & Thwart & Asset Acquisition (2016)
3	3	3	3	Total Detect Legal Persons & Thwart & Thwart & Asset Acquisition (2014-2016)
1	1	1	1	Information Exchange & Supervision (2014)
1	1	1	1	Information Exchange & Supervision (2015)
1	1	1	1	Information Exchange & Supervision (2016)
3	3	3	3	Total Information Exchange & Supervision (2014-2016)
1	1	1	1	Adherence to Regulation & Eradicate Placement (2014)
1	1	1	1	Adherence to Regulation & Eradicate Placement (2015)
1	1	1	1	Adherence to Regulation & Eradicate Placement (2016)
3	3	3	3	Total Adherence to Regulation & Eradicate Placement (2014-2016)
1	1	1	1	Adherence to Regulation & Eradicate Layering (2014)
1	1	1	1	Adherence to Regulation & Eradicate Layering (2015)
1	1	1	1	Adherence to Regulation & Eradicate Layering (2016)
3	3	3	3	Total Adherence to Regulation & Eradicate Layering (2014-2016)
1	1	1	1	Adherence to Regulation & Eradicate Integration (2014)
11.3	11.3	11.3	11.3	Adherence to Regulation & Eradicate Integration (2015) Adherence to Regulation & Eradicate Integration (2016)

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PvBnk-20	InvBnk-17	InvBnk-13	InvBnk-14	InvBnk-15	InvBnk-16	Bank-5	Bank-3
16	7	16	10	11	16	13	8
9	9	11	12	9	7	11	10
2	5	7	8	5	6	7	2
27	21	34	30	25	29	31	20
3	9	8	2	3	7	9	6
4	7	1	2	6	3	4	5
3	6	6	1	4	2	3	3
10	22	15	5	13	12	16	14
11	4	12	6	7	13	11	6
1		1	1	1	1		1
5	3	9	8	5	8	6	9
17	7	22	15	13	22	17	16
2	5	7	8	5	6	7	2
3	9	8	2	3	7	9	6
4	7	1	2	6	3	4	5
9	21	16	12	14	16	20	13
3	6	6	1	4	2	3	3
11	4	12	6	7	13	11	6
3	9	8	2	3	7	9	6
17	19	26	9	14	22	23	15
4	7	1	2	6	3	4	5
3	6	6	1	4	2	3	3
3	6	6	1	4	2	3	3
10	19	13	4	14	7	10	11
3	9	8	2	3	7	9	6
4	7	1	2	6	3	4	5
3	6	6	1	4	2	3	3
10	22	15	5	13	12	16	14
6	5	1	1	1	1	1	2
8	5	2	3	3	4	7	7
1		1	1	1	1		1
15	10	4	5	5	6	8	10
1		1	1	1	1		1
3	6	6	1	4	2	3	3
3	6	6	1	4	2	3	3
7	12	13	3	9	5	6	7
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
3	0	3	3	3	3	0	3
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
3	0	3	3	3	3	0	3
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
3	0	3	3	3	3	0	3
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
3	0	3	3	3	3	0	3
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
3	0	3	3	3	3	0	3
1	0	1	1	1	1	0	1
1	0	1	1	1	1	0	1
11.3	000	11.3	11.3	11.3	11.3	000	11.3



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14-Jul	2	4	1	1	2	2	1	0	1	0	2	0	0	1	0	1	0	0	1	0	1	0	0	0	0
14-Aug	3	1	3	1	1	3	1	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0
14-Sep	4	1	1	1	1	1	1	1	1	0	0	1	1	1	0	0	1	0	0	0	0	1	0	0	0
14-Oct	1	3	1	1	1	1	1	0	1	0	1	0	1	0	1	1	0	1	1	1	0	0	0	1	1
14-Nov	1	3	2	3	1	2	0	0	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0
14-Dec	3	1	1	3	0	2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0
15-Jan	4	1	2	0	1	0	1	1	0	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0
15-Feb	2	1	2	0	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
15-Mar	1	1	1	0	1	1	0	1	0	1	1	1	1	0	1	1	1	0	0	0	1	1	0	0	0
15-Apr	1	1	2	1	1	0	0	0	1	1	0	0	0	1	1	0	0	1	1	1	0	0	1	1	0
15-May	1	1	1	0	1	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
15-Jun	3	1	1	1	0	1	0	1	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0
15-Jul	1	1	2	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15-Aug	1	2	3	1	0	0	1	0	1	0	0	0	1	1	0	0	0	1	1	0	0	0	0	0	0
15-Sep	1	2	4	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15-Oct	1	2	1	1	0	0	2	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	1	0
15-Nov	3	2	1	1	1	0	0	1	0	1	0	1	1	0	1	0	1	1	0	1	0	1	0	0	1
15-Dec	3	2	0	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16-Jan	0	1	1	2	2	0	1	1	1	1	0	0	1	0	1	0	0	1	0	1	0	0	1	0	0
16-Feb	1	3	1	1	3	0	2	1	0	2	0	1	1	0	1	0	1	0	0	1	0	1	0	0	1
16-Mar	1	1	1	1	1	1	0	0	1	1	1	0	0	1	1	1	0	0	1	0	1	0	0	0	0
16-Apr	2	1	2	1	2	1	1	1	1	1	1	1	1	1	0	0	0	1	0	0	0	0	0	0	0
16-May	2	4	2	2	2	2	3	1	1	1	1	2	1	1	1	1	1	0	1	1	0	1	0	0	0
16-Jun	2	1	1	1	1	1	0	0	1	0	1	0	0	1	0	1	0	0	0	0	1	0	0	0	0
16-Jul	2	1	4	1	2	2	0	0	0	1	2	0	0	0	1	1	0	0	0	1	0	0	0	0	1
16-Aug	2	1	1	1	3	1	1	0	1	2	1	1	0	1	1	1	0	0	1	1	1	0	0	1	0
16-Sep	1	1	1	0	4	1	1	0	0	3	1	1	0	0	2	0	1	0	0	1	0	0	0	0	1
16-Oct	2	1	3	1	1	1	0	1	1	0	1	0	1	0	0	1	0	1	0	0	0	0	1	0	0
16-Nov	3	3	3	2	1	2	2	1	1	0	2	1	0	1	0	1	1	0	0	0	1	1	0	0	0
16-Dec	1	3	1	1	3	1	1	1	1	2	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0
	66	59	62	42	44	38	29	21	17	20	23	18	15	13	14	15	10	8	9	9	8	7	5	5	5

Table 9 Appendix-11

Year/Month	Bureaucrats & Prd Crm	Bureaucrats & Serc	Bureaucrats & Crmnl Prcd	Bureaucrats & Prcs Lndr	Lawers & Prd Crm	Lawers & Serc	Lawers & Crmnl Prcd	Lawers & Prcs Lndr	Notary & Prd Crm	Notary & Serc	Notary & Crmnl Prcd	Notary & Prcs Lndr	Audit & Accent firm & Prd Crm	Audit & Accent firm & Serc	Audit & Accent firm & Crmnl Prcd	Audit & Accent firm & Prcs Lndr	Real Estate Firms & Estate Agents & Prd Crm	Real Estate Firms & Estate Agents & Serc	Real Estate Firms & Estate Agents & Crmnl Prcd	Real Estate Firms & Estate Agents & Prcs Lndr	Financial advisors & Prd Crm	Financial advisors & Serc	Financial advisors & Crmnl Prcd	Financial advisors & Prcs Lndr	Trusts & Prd Crm	Trusts & Serc	Trusts & Crmnl Prcd	Trusts & Prcs Lndr
14-Jan	19	5	1	0	6	1	1	1	0	0	0	0	0	0	0	0	11	7	1	0	11	3	1	1	0	0	0	0
14-Feb	21	9	0	0	2	0	0	0	0	0	0	0	0	0	0	0	7	3	1	0	17	5	2	1	0	0	0	0
14-Mar	11	2	0	0	7	1	0	0	0	0	0	0	0	0	0	0	5	1	0	0	9	2	0	0	0	0	0	0
14-Apr	6	0	0	0	9	2	1	1	0	0	0	0	0	0	0	0	9	5	0	0	1	1	0	0	0	0	0	0
14-May	37	9	1	1	5	1	0	0	0	0	0	0	0	0	0	0	3	1	0	0	21	6	1	1	0	0	0	0
14-Jun	28	7	0	0	2	1	1	0	0	0	0	0	0	0	0	0	7	1	1	1	18	5	0	0	0	0	0	0
14-Jul	22	7	0	0	4	0	0	0	0	0	0	0	0	0	0	0	6	5	1	0	12	4	0	0	0	0	0	0
14-Aug	43	5	0	0	3	0	0	0	0	0	0	0	0	0	0	0	7	1	0	0	23	9	0	0	0	0	0	0
14-Sep	39	9	1	1	4	0	0	0	0	0	0	0	0	0	0	0	9	8	2	1	19	7	3	1	0	0	0	0
14-Oct	24	8	0	0	3	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	18	5	0	0	0	0	0	0
14-Nov	17	8	0	0	3	0	0	0	0	0	0	0	0	0	0	0	9	3	1	1	15	6	0	0	0	0	0	0
14-Dec	35	9	0	0	2	0	0	0	0	0	0	0	0	0	0	0	9	3	1	1	13	6	3	1	0	0	0	0
15-Jan	31	8	0	0	3	0	0	0	0	0	0	0	0	0	0	0	5	1	0	0	19	7	3	1	0	0	0	0
15-Feb	17	3	0	0	7	3	1	1	0	0	0	0	0	0	0	0	9	4	0	0	7	2	1	0	0	0	0	0
15-Mar	29	5	1	0	2	0	0	0	0	0	0	0	0	0	0	0	11	3	1	0	17	3	1	1	0	0	0	0
15-Apr	18	3	0	0	2	0	0	0	0	0	0	0	0	0	0	0	17	3	0	0	8	2	2	0	0	0	0	0

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15-May	44	11	0	0	9	1	1	0	0	0	0	0	0	0	0	0	8	5	1	1	31	17	11	3	0	0	0	0
15-Jun	21	5	0	0	4	0	0	0	0	0	0	0	0	0	0	0	5	2	0	0	11	5	0	0	0	0	0	0
15-Jul	36	6	0	0	7	3	0	0	0	0	0	0	0	0	0	0	14	8	3	1	16	4	1	1	0	0	0	0
15-Aug	19	2	1	1	2	0	0	0	0	0	0	0	0	0	0	0	9	3	0	0	12	1	1	1	0	0	0	0
15-Sep	35	7	1	1	7	5	1	1	0	0	0	0	0	0	0	0	3	1	0	0	31	5	1	1	0	0	0	0
15-Oct	27	5	0	0	4	0	0	0	0	0	0	0	0	0	0	0	5	1	0	0	22	2	0	0	0	0	0	0
15-Nov	23	5	0	0	1	0	0	0	0	0	0	0	0	0	0	0	11	2	0	0	31	4	1	1	0	0	0	0
15-Dec	29	4	1	0	1	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	22	4	1	0	0	0	0	0
16-Jan	26	5	2	1	3	0	0	0	0	0	0	0	0	0	0	0	7	3	1	1	13	3	2	1	0	0	0	0
16-Feb	42	8	0	0	8	3	0	0	0	0	0	0	0	0	0	0	5	2	0	0	12	5	0	0	0	0	0	0
16-Mar	32	6	0	0	5	0	0	0	0	0	0	0	0	0	0	0	7	3	0	0	30	5	0	0	0	0	0	0
16-Apr	39	8	1	0	8	2	1	1	0	0	0	0	0	0	0	0	8	2	2	1	25	6	1	1	0	0	0	0
16-May	47	4	1	1	9	3	2	1	0	0	0	0	0	0	0	0	8	1	0	0	24	4	1	1	0	0	0	0
16-Jun	25	2	0	0	3	0	0	0	0	0	0	0	0	0	0	0	5	3	0	0	20	2	0	0	0	0	0	0
16-Jul	49	5	0	0	9	1	0	0	0	0	0	0	0	0	0	0	9	6	2	0	31	3	1	1	0	0	0	0
16-Aug	33	4	1	0	5	0	0	0	0	0	0	0	0	0	0	0	9	4	0	0	23	1	1	0	0	0	0	0
16-Sep	37	3	0	0	6	0	0	0	0	0	0	0	0	0	0	0	3	1	1	1	17	3	-	0	0	0	0	0
16-Oct	44	9	2	1	7	1	1	1	0	0	0	0	0	0	0	0	5	3	1	1	29	9	2	1	0	0	0	0
16-Nov	29	7	2	0	2	0	0	0	0	0	0	0	0	0	0	0	7	5	0	0	22	7	2	0	0	0	0	0
16-Dec	43	4	0	0	8	1	0	0	0	0	0	0	0	0	0	0	7	3	1	1	13	4	0	0	0	0	0	0
	1077	207	16	7	172	29	10	7	0	0	0	0	0	0	0	0	262	109	21	11	663	167	43	19	0	0	0	0

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Year/Month	Human Trafficking		Drug Trafficking		Extortion		Organized Crime		Robbery		Terrorism		Terrorist Financing		White Collar Offence		Financial Fraud		Bribe		Embezzlement	
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b
14-Jan	1	2	1		34		-	-	-	-	2		-	-	-	-	74		3		2	
14-Feb	-	2	1		32		-	-	-	-	3		-	-	-	-	85		2		0	
14-Mar	1	2	1		31		-	-	-	-	2		-	-	-	-	28		1		0	
14-Apr	2	2	2		36		-	-	-	-	2		-	-	-	-	25		1		2	
14-May	1	2	-		24		-	-	-	-	5		-	-	-	-	39		1		5	
14-Jun	5	2	2		23		-	-	-	-	1		-	-	-	-	50		0		1	
14-Jul	1	2	1		15		-	-	-	-	2		-	-	-	-	27		0		4	
14-Aug	3	2	-		20		-	-	-	-	8		-	-	-	-	26		1		3	
14-Sep	1	2	-		20		-	-	-	-	6		-	-	-	-	40		3		3	
14-Oct	-	2	1		19		-	-	-	-	4		1	2	-	-	22		2		1	
14-Nov	-	2	-		14		-	-	-	-	6		-	-	-	-	22		0		1	
14-Dec	1	2	-		11		-	-	-	-	14		-	-	-	-	33		2		2	
15-Jan	4		3		15		-	-	-		20		1		-		28		1		2	
15-Feb	1		1		17		-	-	-		25		1		-		23		3		2	
15-Mar	0		1		16		-	-	-		41		-		-		29		1		3	
15-Apr	1		4		21		-	-	-		34		-		-		29		2		3	
15-May	2		4		25		-	-	-		31		-		-		24		2		4	
15-Jun	3		-		20		-	-	-		27		-		-		20		1		2	
15-Jul	1		4		24		-	-	-		35		-		-		12		0		2	
15-Aug	1		4		12		-	-	-		37		-		-		25		2		8	

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<b>15-Sep</b>	1		5		10		-	-	-		54		-		-		28		1		7	
<b>15-Oct</b>	2		-		17		-	-	-		16		-		-		32		0		6	
<b>15-Nov</b>	3		1		25		-	-	-		37		-		-		33		1		8	
<b>15-Dec</b>	1		-		22		-	-	-		34		-		-		35		1		6	
<b>16-Jan</b>	2		6		21		-		-		28		-		-		38		-		7	
<b>16-Feb</b>	1		2		24		-		-		28		-		-		54		3		5	
<b>16-Mar</b>	2		2		31		-		-		13		-		-		69		2		7	
<b>16-Apr</b>	1		1		22		-		-		25		1		-		46		1		11	
<b>16-May</b>	2		-		13		-		-		22		-		-		38		2		4	
<b>16-Jun</b>	1		3		12		-		-		23		-		-		30		-		6	
<b>16-Jul</b>	2		-		18		-		-		13		-		-		28		-		11	
<b>16-Aug</b>	3		1		18		-		-		18		-		-		34		3		9	
<b>16-Sep</b>	2		2		29		-		-		24		-		-		21		-		8	
<b>16-Oct</b>	2		3		27		-		-		11		-		-		31		1		6	
<b>16-Nov</b>	1		7		21		-		-		19		-		-		49		2		11	
<b>16-Dec</b>	1		2		16		-		-		31		-		-		43		3		8	
	56	24	65		755						701		4	2			1270		48		170	





## Appendix 14: Correlation Data

**Table-1 Know Your Customer (KYC) between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Flaws Detected by External Auditor	vs.	No of Customer Identity Reviewed	240	0.348	5.732	< 0.0001
Flaws Detected by External Auditor	vs.	Punitive Action Taken by Management	240	0.439	7.540	< 0.0001
Flaws Detected by Internal Auditor	vs.	No of Customer Identity Reviewed	240	0.881	28.666	< 0.0001
Flaws Detected by Internal Auditor	vs.	Punitive Action Taken by Management	240	0.644	12.993	< 0.0001
No of Customer Identity Reviewed	vs.	Punitive Action Taken by Management	240	0.548	10.103	< 0.0001

**Pairwise correlations are statistically significantly at the 5% level**

**Table2 Suspicious Transaction Report (STR) between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
No of counterfeit documents detected	vs.	No of Illegal activities detected	55	0.465	3.824	0.0003
No of counterfeit documents detected	vs.	No of Punitive Action Taken by CD	84	0.373	3.638	0.0005
No of counterfeit documents detected	vs.	No of Punitive Action Taken by FIU	85	0.625	7.297	< 0.0001
No of counterfeit documents detected	vs.	No of reports probed by CD	95	0.723	10.094	< 0.0001
No of counterfeit documents detected	vs.	No of reports probed by FIU	95	0.723	10.089	< 0.0001
No of counterfeit documents detected	vs.	No of times wire transfer from shell companies was violated	60	0.240	1.886	0.0643
No of Illegal activities detected	vs.	No of Punitive Action Taken by CD	81	0.541	5.723	< 0.0001
No of Illegal activities detected	vs.	No of Punitive Action Taken by FIU	79	0.574	6.145	< 0.0001
No of Illegal activities detected	vs.	No of reports probed by CD	84	0.763	10.697	< 0.0001
No of Illegal activities detected	vs.	No of reports probed by FIU	84	0.750	10.281	< 0.0001
No of Illegal activities detected	vs.	Number of times Cash Threshold Violated	63	0.634	6.401	< 0.0001
No of Punitive Action Taken by CD	vs.	No of Punitive Action Taken by FIU	118	0.780	13.441	< 0.0001
No of Punitive Action Taken by CD	vs.	No of reports probed by CD	131	0.809	15.643	< 0.0001
No of Punitive Action Taken by CD	vs.	No of reports probed by FIU	129	0.817	15.987	< 0.0001
No of Punitive Action Taken by CD	vs.	No of times wire transfer from shell companies was violated	78	0.616	6.822	< 0.0001
No of Punitive Action Taken by CD	vs.	Number of times Cash Threshold Violated	96	0.700	9.497	< 0.0001
No of Punitive Action Taken by FIU	vs.	No of reports probed by CD	128	0.874	20.155	< 0.0001
No of Punitive Action Taken by FIU	vs.	No of reports probed by FIU	130	0.887	21.728	< 0.0001
No of Punitive Action Taken by FIU	vs.	No of times wire transfer from shell companies was violated	79	0.323	2.994	0.0037
No of Punitive Action Taken by FIU	vs.	No of times Cash Threshold Violated	91	0.785	11.947	< 0.0001
No of reports probed by CD	vs.	No of reports probed by FIU	150	0.991	92.161	< 0.0001
No of reports probed by CD	vs.	No of times wire transfer from shell companies was violated	89	0.518	5.646	< 0.0001
No of reports probed by CD	vs.	No of times Cash Threshold Violated	104	0.917	23.143	< 0.0001
No of reports probed by FIU	vs.	No of times wire transfer from shell companies was violated	87	0.506	5.410	< 0.0001
No of reports probed by FIU	vs.	No of times Cash Threshold Violated	105	0.924	24.488	< 0.0001

**Pairwise correlations are statistically significantly at the 5% level**

**Table-3 Search, Seize, Confiscate & Convict between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
No of Action Taken Against False Alarms	vs.	No of Illegal activity detected & Reported	12	0.408	1.413	0.1879
No of Action Taken Against False Alarms	vs.	No of Search conducted	12	0.111	0.352	0.7323
No of Action Taken Against False Alarms	vs.	No of times Confiscation initiated	12	-0.529	-1.972	0.0769
No of Action Taken Against False Alarms	vs.	No of times rule violation about wire transfer from shell companies Reported	12	-0.488	-1.768	0.1075
No of Action Taken Against False Alarms	vs.	No of times counterfeit documents detection Reported	12	-0.255	-0.833	0.4241
No of Action Taken Against False Alarms	vs.	No of Convictions	12	-0.110	-0.350	0.7335
No of Action Taken Against False Alarms	vs.	No of times Cash Threshold Violation Reported	12	-0.164	-0.527	0.6100
No of Cases Transferred to Public Prosecutor	vs.	No of False Alarms	12	0.494	1.796	0.1027
No of Cases Transferred to Public Prosecutor	vs.	No of Illegal activity detected & Reported	12	0.653	2.727	0.0213
No of Cases Transferred to Public Prosecutor	vs.	No of Initial Investigation conducted	12	0.833	4.752	0.0008
No of Cases Transferred to Public Prosecutor	vs.	No of Search conducted	12	0.803	4.261	0.0017
No of Cases Transferred to Public Prosecutor	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.573	2.209	0.0517
No of Cases Transferred to Public Prosecutor	vs.	No of times counterfeit documents detection Reported	12	0.245	0.798	0.4434
No of Cases Transferred to Public Prosecutor	vs.	No of Convictions	12	0.458	1.628	0.1345
No of Cases Transferred to Public Prosecutor	vs.	No of times Cash Threshold Violation Reported	12	0.505	1.852	0.0937
No of False Alarms	vs.	No of Illegal activity detected & Reported	12	0.305	1.013	0.3348
No of False Alarms	vs.	No of Initial Investigation conducted	12	0.642	2.649	0.0243
No of False Alarms	vs.	No of Search conducted	12	0.661	2.789	0.0192
No of False Alarms	vs.	No of times Confiscation initiated	12	-0.245	-0.799	0.4429
No of False Alarms	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.422	1.470	0.1722
No of False Alarms	vs.	No of times counterfeit documents detection Reported	12	0.165	0.530	0.6080
No of False Alarms	vs.	No of Convictions	12	0.428	1.497	0.1653
No of False Alarms	vs.	No of times Cash Threshold Violation Reported	12	0.164	0.525	0.6111
No of Illegal activity detected & Reported	vs.	No of Initial Investigation conducted	12	0.699	3.087	0.0115
No of Illegal activity detected & Reported	vs.	No of Search conducted	12	0.663	2.803	0.0187
No of Illegal activity detected & Reported	vs.	No of times Confiscation initiated	12	0.083	0.264	0.7975
No of Illegal activity detected & Reported	vs.	No of Convictions	12	0.266	0.872	0.4035
No of Illegal activity detected & Reported	vs.	No of times Cash Threshold Violation Reported	12	0.180	0.580	0.5747
No of Initial Investigation conducted	vs.	No of Search conducted	12	0.882	5.932	0.0001
No of Initial Investigation conducted	vs.	No of times Confiscation initiated	12	0.022	0.069	0.9463
No of Initial Investigation conducted	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.479	1.728	0.1147
No of Initial Investigation conducted	vs.	No of times counterfeit documents detection Reported	12	0.162	0.519	0.6149
No of Initial Investigation conducted	vs.	No of Convictions	12	0.566	2.171	0.0550
No of Initial Investigation conducted	vs.	No of times Cash Threshold Violation Reported	12	0.661	2.785	0.0193
No of Search conducted	vs.	No of times Confiscation initiated	12	0.023	0.071	0.9447
No of Search conducted	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.610	2.435	0.0352
No of Search conducted	vs.	No of times counterfeit documents detection Reported	12	-0.015	-0.048	0.9627
No of Search conducted	vs.	No of Convictions	12	0.269	0.882	0.3986
No of Search conducted	vs.	No of times Cash Threshold Violation Reported	12	0.636	2.603	0.0263
No of times Confiscation initiated	vs.	No of times rule violation about wire transfer from shell companies Reported	12	0.258	0.845	0.4178
No of times Confiscation initiated	vs.	No of times counterfeit documents detection Reported	12	0.135	0.430	0.6761
No of times Confiscation initiated	vs.	No of Convictions	12	-0.291	-0.962	0.3586

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No of times Confiscation initiated	vs.	No of times Cash Threshold Violation Reported	12	-0.033	-0.106	0.9179
No of times rule violation about wire transfer from shell companies Reported	vs.	No of times counterfeit documents detection Reported	12	0.174	0.559	0.5884
No of times rule violation about wire transfer from shell companies Reported	vs.	No of Convictions	12	0.225	0.732	0.4810
No of times rule violation about wire transfer from shell companies Reported	vs.	No of times Cash Threshold Violation Reported	12	0.475	1.705	0.1189
No of times counterfeit documents detection Reported	vs.	No of Convictions	12	0.432	1.514	0.1610
No of times counterfeit documents detection Reported	vs.	No of times Cash Threshold Violation Reported	12	-0.248	-0.809	0.4372
No of Convictions	vs.	No of times Cash Threshold Violation Reported	12	0.302	1.001	0.3407

**Pairwise correlations are statistically significantly at the 5% level**

**Table-4 Banks & NBFCs and Conformity to FATF between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Account Termination (Banks)	vs.	Inform CD	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	Inform FIU	8	-0.011	-0.028	0.9785
Account Termination (Banks)	vs.	Investigate	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	KYC	8	0.018	0.043	0.9671
Account Termination (Banks)	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
Account Termination (Banks)	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
Account Termination (Banks)	vs.	Penal Action against Banks	8	-0.530	-1.533	0.1762
Account Termination (Banks)	vs.	Prosecute	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
Account Termination (Banks)	vs.	SAR	8	0.514	1.467	0.1928
Account Termination (Banks)	vs.	STR	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	CDD	8	0.018	0.043	0.9671
Account Termination (NBFCs)	vs.	Inform CD	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	Inform FIU	8	-0.011	-0.028	0.9785
Account Termination (NBFCs)	vs.	Investigate	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	KYC	8	0.018	0.043	0.9671
Account Termination (NBFCs)	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
Account Termination (NBFCs)	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
Account Termination (NBFCs)	vs.	Penal Action against Banks	8	-0.530	-1.533	0.1762
Account Termination (NBFCs)	vs.	Prosecute	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
Account Termination (NBFCs)	vs.	SAR	8	0.514	1.467	0.1928
Account Termination (NBFCs)	vs.	STR	8	0.514	1.467	0.1928
CDD	vs.	Inform CD	8	0.514	1.467	0.1928
CDD	vs.	Investigate	8	0.514	1.467	0.1928
CDD	vs.	KYC	8	1.000	Inf	< 0.0001
CDD	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
CDD	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
CDD	vs.	Penal Action against Banks	8	0.675	2.243	0.0661
CDD	vs.	Prosecute	8	0.514	1.467	0.1928
CDD	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
CDD	vs.	SAR	8	0.514	1.467	0.1928
CDD	vs.	STR	8	0.514	1.467	0.1928
Inform CD	vs.	Investigate	8	1.000	Inf	< 0.0001
Inform CD	vs.	KYC	8	0.514	1.467	0.1928
Inform CD	vs.	Law enforcement & Actions	8	0.499	1.409	0.2085
Inform CD	vs.	Legal Person & Sanction	8	-0.431	-1.171	0.2859
Inform CD	vs.	Penal Action against Banks	8	-0.149	-0.368	0.7256
Inform CD	vs.	Regulatory Intervention	8	0.499	1.409	0.2085
Inform CD	vs.	SAR	8	1.000	Inf	< 0.0001
Inform CD	vs.	STR	8	1.000	Inf	< 0.0001
Inform FIU	vs.	Investigate	8	0.499	1.409	0.2085
Inform FIU	vs.	KYC	8	-0.011	-0.028	0.9785
Inform FIU	vs.	Law enforcement & Actions	8	1.000	Inf	< 0.0001
Inform FIU	vs.	Legal Person & Sanction	8	-0.125	-0.308	0.7682
Inform FIU	vs.	Penal Action against Banks	8	0.024	0.058	0.9556
Inform FIU	vs.	Prosecute	8	0.499	1.409	0.2085
Inform FIU	vs.	Regulatory Intervention	8	1.000	Inf	< 0.0001
Inform FIU	vs.	SAR	8	0.499	1.409	0.2085

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Inform FIU	vs.	STR	8	0.499	1.409	0.2085
Investigate	vs.	KYC	8	0.514	1.467	0.1928
Investigate	vs.	Law enforcement & Actions	8	0.499	1.409	0.2085
Investigate	vs.	Legal Person & Sanction	8	-0.431	-1.171	0.2859
Investigate	vs.	Penal Action against Banks	8	-0.149	-0.368	0.7256
Investigate	vs.	Prosecute	8	1.000	Inf	< 0.0001
Investigate	vs.	Regulatory Intervention	8	0.499	1.409	0.2085
Investigate	vs.	SAR	8	1.000	Inf	< 0.0001
Investigate	vs.	STR	8	1.000	Inf	< 0.0001
KYC	vs.	Law enforcement & Actions	8	-0.011	-0.028	0.9785
KYC	vs.	Legal Person & Sanction	8	-0.027	-0.066	0.9498
KYC	vs.	Penal Action against Banks	8	0.675	2.243	0.0661
KYC	vs.	Prosecute	8	0.514	1.467	0.1928
KYC	vs.	Regulatory Intervention	8	-0.011	-0.028	0.9785
KYC	vs.	SAR	8	0.514	1.467	0.1928
KYC	vs.	STR	8	0.514	1.467	0.1928
Law enforcement & Actions	vs.	Legal Person & Sanction	8	-0.125	-0.308	0.7682
Law enforcement & Actions	vs.	Prosecute	8	0.499	1.409	0.2085
Law enforcement & Actions	vs.	Regulatory Intervention	8	1.000	Inf	< 0.0001
Law enforcement & Actions	vs.	SAR	8	0.499	1.409	0.2085
Law enforcement & Actions	vs.	STR	8	0.499	1.409	0.2085
Legal Person & Sanction	vs.	Penal Action against Banks	8	0.354	0.928	0.3892
Legal Person & Sanction	vs.	Prosecute	8	-0.431	-1.171	0.2859
Legal Person & Sanction	vs.	SAR	8	-0.431	-1.171	0.2859
Legal Person & Sanction	vs.	STR	8	-0.431	-1.171	0.2859
Penal Action against Banks	vs.	Prosecute	8	-0.149	-0.368	0.7256
Penal Action against Banks	vs.	Regulatory Intervention	8	0.024	0.058	0.9556
Penal Action against Banks	vs.	SAR	8	-0.149	-0.368	0.7256
Penal Action against Banks	vs.	STR	8	-0.149	-0.368	0.7256
Prosecute	vs.	Regulatory Intervention	8	0.499	1.409	0.2085
Prosecute	vs.	SAR	8	1.000	Inf	< 0.0001
Prosecute	vs.	STR	8	1.000	Inf	< 0.0001
Regulatory Intervention	vs.	SAR	8	0.499	1.409	0.2085
Regulatory Intervention	vs.	STR	8	0.499	1.409	0.2085
SAR	vs.	STR	8	1.000	Inf	< 0.0001

Pairwise correlations are statistically significantly at the 5% level

**Table-5 Private Banks & Correspondent Banks and Conformity to Wolfsberg Group between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Eliminate Abuse of cash card	vs.	Identify PEPs and detect actions	14	0.610	2.665	0.0206
Eliminate Abuse of cash card	vs.	Identify PEPs and prevent ML	14	0.677	3.185	0.0078
Eliminate Abuse of cash card	vs.	Monitor Abuse of Cash card	14	0.676	3.179	0.0079
Eliminate Abuse of cash card	vs.	Scrutinize Abuse of Cash card	14	0.777	4.275	0.0011
Eliminate Abuse of trade card	vs.	Identify PEPs and detect actions	14	0.660	3.046	0.0102
Eliminate Abuse of trade card	vs.	Identify PEPs and prevent ML	14	0.465	1.820	0.0939
Eliminate Abuse of trade card	vs.	Monitor Abuse of Trade card	14	0.401	1.515	0.1556
Eliminate Abuse of trade card	vs.	Scrutinize Abuse of Trade card	14	0.211	0.749	0.4684
Identify PEPs and detect actions	vs.	Identify PEPs and prevent ML	14	0.719	3.579	0.0038
Identify PEPs and detect actions	vs.	Monitor Abuse of Cash card	14	0.676	3.178	0.0080
Identify PEPs and detect actions	vs.	Monitor Abuse of Trade card	14	0.805	4.699	0.0005
Identify PEPs and detect actions	vs.	Scrutinize Abuse of Cash card	14	0.763	4.084	0.0015
Identify PEPs and detect actions	vs.	Scrutinize Abuse of trade card	14	0.811	4.806	0.0004
Identify PEPs and prevent ML	vs.	Monitor Abuse of Cash card	14	0.247	0.883	0.3947
Identify PEPs and prevent ML	vs.	Monitor Abuse of trade card	14	0.716	3.548	0.0040

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Identify PEPs and prevent ML	vs.	Scrutinize Abuse of Cash card	14	0.448	1.737	0.1080
Identify PEPs and prevent ML	vs.	Scrutinize Abuse of trade card	14	0.518	2.098	0.0578
Monitor Abuse of Cash card	vs.	Scrutinize Abuse of Cash card	14	0.884	6.557	< 0.0001
Monitor Abuse of trade card	vs.	Scrutinize Abuse of trade card	14	0.863	5.911	< 0.0001

**Pairwise correlations are statistically significantly at the 5% level**

**Table-6 Banks & NBFs and Conformity to BASEL between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
AML/CFT Risk Policies & Procedures	vs.	Assess & Understand Risk	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Cross boarder Information Sharing	36	-0.007	-0.039	0.9691
AML/CFT Risk Policies & Procedures	vs.	Customer Acceptance Policy	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Global Process of Managing Customer Risk	36	1.000	Inf	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Governance Arrangements	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Group-wide Information Sharing	36	-0.007	-0.039	0.9691
AML/CFT Risk Policies & Procedures	vs.	Identification	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Ongoing Monitoring	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Record Keeping	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Risk Assessment & Management	36	0.919	13.596	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Risk Profiling	36	0.779	7.250	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	STR	36	0.723	6.101	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Three Lines of Defense	36	0.842	9.091	< 0.0001
AML/CFT Risk Policies & Procedures	vs.	Updating Information	36	-0.127	-0.744	0.4619
AML/CFT Risk Policies & Procedures	vs.	Verification	36	0.842	9.091	< 0.0001
Assess & Understand Risk	vs.	Cross boarder Information Sharing	36	0.006	0.033	0.9739
Assess & Understand Risk	vs.	Customer Acceptance Policy	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Global Process of Managing Customer Risk	36	0.842	9.091	< 0.0001
Assess & Understand Risk	vs.	Governance Arrangements	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Group-wide Information Sharing	36	0.006	0.033	0.9739
Assess & Understand Risk	vs.	Identification	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Assess & Understand Risk	vs.	Risk Profiling	36	0.938	15.795	< 0.0001
Assess & Understand Risk	vs.	STR	36	0.898	11.923	< 0.0001
Assess & Understand Risk	vs.	Three Lines of Defense	36	1.000	Inf	< 0.0001
Assess & Understand Risk	vs.	Updating Information	36	-0.214	-1.275	0.2108
Assess & Understand Risk	vs.	Verification	36	1.000	Inf	< 0.0001
Cross boarder Information Sharing	vs.	Customer Acceptance Policy	36	0.006	0.033	0.9739
Cross boarder Information Sharing	vs.	Global Process of Managing Customer Risk	36	-0.007	-0.039	0.9691
Cross boarder Information Sharing	vs.	Governance Arrangements	36	0.006	0.033	0.9739

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Cross boarder Information Sharing	vs.	Identification	36	0.006	0.033	0.9739
Cross boarder Information Sharing	vs.	Ongoing Monitoring	36	0.006	0.033	0.9739
Cross boarder Information Sharing	vs.	Record Keeping	36	0.006	0.033	0.9739
Cross boarder Information Sharing	vs.	Risk Assessment & Management	36	0.137	0.805	0.4265
Cross boarder Information Sharing	vs.	Risk Profiling	36	0.133	0.780	0.4405
Cross boarder Information Sharing	vs.	STR	36	0.151	0.891	0.3794
Cross boarder Information Sharing	vs.	Three Lines of Defense	36	0.006	0.033	0.9739
Cross boarder Information Sharing	vs.	Updating Information	36	-0.149	-0.880	0.3850
Cross boarder Information Sharing	vs.	Verification	36	0.006	0.033	0.9739
Customer Acceptance Policy	vs.	Global Process of Managing Customer Risk	36	0.842	9.091	< 0.0001
Customer Acceptance Policy	vs.	Governance Arrangements	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Group-wide Information Sharing	36	0.006	0.033	0.9739
Customer Acceptance Policy	vs.	Identification	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Customer Acceptance Policy	vs.	Risk Profiling	36	0.938	15.795	< 0.0001
Customer Acceptance Policy	vs.	STR	36	0.898	11.923	< 0.0001
Customer Acceptance Policy	vs.	Three Lines of Defense	36	1.000	Inf	< 0.0001
Customer Acceptance Policy	vs.	Updating Information	36	-0.214	-1.275	0.2108
Customer Acceptance Policy	vs.	Verification	36	1.000	Inf	< 0.0001
Global Process of Managing Customer Risk	vs.	Governance Arrangements	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Group-wide Information Sharing	36	-0.007	-0.039	0.9691
Global Process of Managing Customer Risk	vs.	Identification	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Ongoing Monitoring	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Record Keeping	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Risk Assessment & Management	36	0.919	13.596	< 0.0001
Global Process of Managing Customer Risk	vs.	Risk Profiling	36	0.779	7.250	< 0.0001
Global Process of Managing Customer Risk	vs.	STR	36	0.723	6.101	< 0.0001
Global Process of Managing Customer Risk	vs.	Three Lines of Defense	36	0.842	9.091	< 0.0001
Global Process of Managing Customer Risk	vs.	Updating Information	36	-0.127	-0.744	0.4619
Global Process of Managing Customer Risk	vs.	Verification	36	0.842	9.091	< 0.0001
Governance Arrangements	vs.	Group-wide Information Sharing	36	0.006	0.033	0.9739
Governance Arrangements	vs.	Identification	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Governance Arrangements	vs.	Risk Profiling	36	0.938	15.795	< 0.0001
Governance Arrangements	vs.	STR	36	0.898	11.923	< 0.0001
Governance Arrangements	vs.	Three Lines of Defense	36	1.000	Inf	< 0.0001
Governance Arrangements	vs.	Updating Information	36	-0.214	-1.275	0.2108
Governance Arrangements	vs.	Verification	36	1.000	Inf	< 0.0001
Group-wide Information Sharing	vs.	Identification	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Ongoing Monitoring	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Record Keeping	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Risk Assessment & Management	36	0.137	0.805	0.4265
Group-wide Information Sharing	vs.	Risk Profiling	36	0.133	0.780	0.4405
Group-wide Information Sharing	vs.	STR	36	0.151	0.891	0.3794
Group-wide Information Sharing	vs.	Three Lines of Defense	36	0.006	0.033	0.9739
Group-wide Information Sharing	vs.	Updating Information	36	-0.149	-0.880	0.3850
Group-wide Information Sharing	vs.	Verification	36	0.006	0.033	0.9739
Identification	vs.	Ongoing Monitoring	36	1.000	Inf	< 0.0001

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Identification	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Identification	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Identification	vs.	Risk Profiling	36	0.938	15.795	< 0.0001
Identification	vs.	STR	36	0.898	11.923	< 0.0001
Identification	vs.	Three Lines of Defense	36	1.000	Inf	< 0.0001
Identification	vs.	Updating Information	36	-0.214	-1.275	0.2108
Identification	vs.	Verification	36	1.000	Inf	< 0.0001
Ongoing Monitoring	vs.	Record Keeping	36	1.000	Inf	< 0.0001
Ongoing Monitoring	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Ongoing Monitoring	vs.	Risk Profiling	36	0.938	15.795	< 0.0001
Ongoing Monitoring	vs.	STR	36	0.898	11.923	< 0.0001
Ongoing Monitoring	vs.	Three Lines of Defense	36	1.000	Inf	< 0.0001
Ongoing Monitoring	vs.	Updating Information	36	-0.214	-1.275	0.2108
Ongoing Monitoring	vs.	Verification	36	1.000	Inf	< 0.0001
Record Keeping	vs.	Risk Assessment & Management	36	0.821	8.392	< 0.0001
Record Keeping	vs.	Risk Profiling	36	0.938	15.795	< 0.0001
Record Keeping	vs.	STR	36	0.898	11.923	< 0.0001
Record Keeping	vs.	Three Lines of Defense	36	1.000	Inf	< 0.0001
Record Keeping	vs.	Updating Information	36	-0.214	-1.275	0.2108
Record Keeping	vs.	Verification	36	1.000	Inf	< 0.0001
Risk Assessment & Management	vs.	Risk Profiling	36	0.895	11.708	< 0.0001
Risk Assessment & Management	vs.	STR	36	0.852	9.501	< 0.0001
Risk Assessment & Management	vs.	Three Lines of Defense	36	0.821	8.392	< 0.0001
Risk Assessment & Management	vs.	Updating Information	36	-0.412	-2.634	0.0126
Risk Assessment & Management	vs.	Verification	36	0.821	8.392	< 0.0001
Risk Profiling	vs.	STR	36	0.970	23.432	< 0.0001
Risk Profiling	vs.	Three Lines of Defense	36	0.938	15.795	< 0.0001
Risk Profiling	vs.	Updating Information	36	-0.452	-2.958	0.0056
Risk Profiling	vs.	Verification	36	0.938	15.795	< 0.0001
STR	vs.	Three Lines of Defense	36	0.898	11.923	< 0.0001
STR	vs.	Updating Information	36	-0.456	-2.989	0.0052
STR	vs.	Verification	36	0.898	11.923	< 0.0001
Three Lines of Defense	vs.	Updating Information	36	-0.214	-1.275	0.2108
Three Lines of Defense	vs.	Verification	36	1.000	Inf	< 0.0001
Updating Information	vs.	Verification	36	-0.214	-1.275	0.2108

Pairwise correlations are statistically significantly at the 5% level

Table 7 Risk Based Due Diligence between 2014 & 2016

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Adherence to Regulation & Eradicate Integration	vs.	Adherence to Regulation & Eradicate Layering	16	1.000	Inf	< 0.0001
Adherence to Regulation & Eradicate Integration	vs.	Adherence to Regulation & Eradicate Placement	16	1.000	Inf	< 0.0001
Adherence to Regulation & Eradicate Integration	vs.	Detect Legal Persons & Thwart & Invest in trusts in tax heavens	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Integration	vs.	Detect Legal Persons & Thwart & Thwart & Asset Acquisition	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Integration	vs.	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Integration	vs.	Detect Nonresident Customers & Asset Acquisition	16	0.614	2.910	0.0114
Adherence to Regulation & Eradicate Integration	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.548	-2.448	0.0281
Adherence to Regulation & Eradicate Integration	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	0.282	1.101	0.2894
Adherence to Regulation & Eradicate Integration	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.400	-1.632	0.1249
Adherence to Regulation & Eradicate Integration	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	-0.135	-0.512	0.6169
Adherence to Regulation & Eradicate Integration	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.606	-2.848	0.0129
Adherence to Regulation & Eradicate Integration	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.168	-0.636	0.5351

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Adherence to Regulation & Eradicate Integration	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	0.080	0.302	0.7670
Adherence to Regulation & Eradicate Integration	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.548	-2.448	0.0281
Adherence to Regulation & Eradicate Integration	vs.	Information Exchange & Supervision	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Layering	vs.	Adherence to Regulation & Eradicate Placement	16	1.000	Inf	< 0.0001
Adherence to Regulation & Eradicate Layering	vs.	Detect Legal Persons & Thwart & Invest in trusts in tax heavens	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Layering	vs.	Detect Legal Persons & Thwart & Thwart & Asset Acquisition	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Layering	vs.	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Layering	vs.	Detect Nonresident Customers & Asset Acquisition	16	0.614	2.910	0.0114
Adherence to Regulation & Eradicate Layering	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.548	-2.448	0.0281
Adherence to Regulation & Eradicate Layering	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	0.282	1.101	0.2894
Adherence to Regulation & Eradicate Layering	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.400	-1.632	0.1249
Adherence to Regulation & Eradicate Layering	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	-0.135	-0.512	0.6169
Adherence to Regulation & Eradicate Layering	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.606	-2.848	0.0129
Adherence to Regulation & Eradicate Layering	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.168	-0.636	0.5351
Adherence to Regulation & Eradicate Layering	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	0.080	0.302	0.7670
Adherence to Regulation & Eradicate Layering	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.548	-2.448	0.0281
Adherence to Regulation & Eradicate Layering	vs.	Information Exchange & Supervision	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Placement	vs.	Detect Legal Persons & Thwart & Invest in trusts in tax heavens	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Placement	vs.	Detect Legal Persons & Thwart & Thwart & Asset Acquisition	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Placement	vs.	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	16	0.655	3.240	0.0059
Adherence to Regulation & Eradicate Placement	vs.	Detect Nonresident Customers & Asset Acquisition	16	0.614	2.910	0.0114
Adherence to Regulation & Eradicate Placement	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.548	-2.448	0.0281
Adherence to Regulation & Eradicate Placement	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	0.282	1.101	0.2894
Adherence to Regulation & Eradicate Placement	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.400	-1.632	0.1249
Adherence to Regulation & Eradicate Placement	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	-0.135	-0.512	0.6169
Adherence to Regulation & Eradicate Placement	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.606	-2.848	0.0129
Adherence to Regulation & Eradicate Placement	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.168	-0.636	0.5351
Adherence to Regulation & Eradicate Placement	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	0.080	0.302	0.7670
Adherence to Regulation & Eradicate Placement	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.548	-2.448	0.0281
Adherence to Regulation & Eradicate Placement	vs.	Information Exchange & Supervision	16	0.655	3.240	0.0059
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Legal Persons & Thwart & Thwart & Asset Acquisition	16	1.000	251098376.704	< 0.0001
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	16	1.000	251098376.704	< 0.0001
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Nonresident Customers & Asset Acquisition	16	0.206	0.787	0.4444
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.465	-1.968	0.0692
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	-0.122	-0.459	0.6534
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.376	-1.516	0.1517



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Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	-0.266	-1.033	0.3192
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.488	-2.094	0.0549
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.165	-0.624	0.5426
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.158	-0.599	0.5587
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.465	-1.968	0.0692
Detect Legal Persons & Thwart & Invest in trusts in tax heavens	vs.	Information Exchange & Supervision	16	1.000	251098376.704	< 0.0001
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	16	1.000	251098376.704	< 0.0001
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Nonresident Customers & Asset Acquisition	16	0.206	0.787	0.4444
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.465	-1.968	0.0692
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	-0.122	-0.459	0.6534
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.376	-1.516	0.1517
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	-0.266	-1.033	0.3192
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.488	-2.094	0.0549
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.165	-0.624	0.5426
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.158	-0.599	0.5587
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.465	-1.968	0.0692
Detect Legal Persons & Thwart & Thwart & Asset Acquisition	vs.	Information Exchange & Supervision	16	1.000	251098376.704	< 0.0001
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Nonresident Customers & Asset Acquisition	16	0.206	0.787	0.4444
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.465	-1.968	0.0692
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	-0.122	-0.459	0.6534
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.376	-1.516	0.1517
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	-0.266	-1.033	0.3192
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.488	-2.094	0.0549
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.165	-0.624	0.5426
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.158	-0.599	0.5587
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.465	-1.968	0.0692
Detect Legal Persons & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Information Exchange & Supervision	16	1.000	251098376.704	< 0.0001
Detect Nonresident Customers & Asset Acquisition	vs.	Detect Nonresident Customers & Invest in trusts in tax heavens	16	-0.348	-1.391	0.1861
Detect Nonresident Customers & Asset Acquisition	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	0.697	3.641	0.0027
Detect Nonresident Customers & Asset Acquisition	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.449	-1.880	0.0811
Detect Nonresident Customers & Asset Acquisition	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	0.421	1.738	0.1042

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Detect Nonresident Customers & Asset Acquisition	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.353	-1.411	0.1801
Detect Nonresident Customers & Asset Acquisition	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.275	-1.069	0.3032
Detect Nonresident Customers & Asset Acquisition	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.013	-0.050	0.9611
Detect Nonresident Customers & Asset Acquisition	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.348	-1.391	0.1861
Detect Nonresident Customers & Asset Acquisition	vs.	Information Exchange & Supervision	16	0.206	0.787	0.4444
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	16	-0.386	-1.564	0.1401
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect PEPs & Thwart & Asset Acquisition	16	0.841	5.814	< 0.0001
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	0.612	2.898	0.0117
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	0.741	4.133	0.0010
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	0.704	3.714	0.0023
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	0.043	0.160	0.8751
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	1.000	251098376.704	< 0.0001
Detect Nonresident Customers & Invest in trusts in tax heavens	vs.	Information Exchange & Supervision	16	-0.465	-1.968	0.0692
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Detect PEPs & Thwart & Asset Acquisition	16	-0.405	-1.656	0.1200
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	0.141	0.535	0.6012
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.046	-0.173	0.8650
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	-0.348	-1.388	0.1868
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.192	-0.733	0.4755
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	-0.386	-1.564	0.1401
Detect Nonresident Customers & Thwart Transfer proceeds of predicate crime	vs.	Information Exchange & Supervision	16	-0.122	-0.459	0.6534
Detect PEPs & Thwart & Asset Acquisition	vs.	Detect PEPs & Thwart & Invest in trusts in tax heavens	16	0.374	1.511	0.1530
Detect PEPs & Thwart & Asset Acquisition	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	0.472	2.003	0.0649
Detect PEPs & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	0.891	7.353	< 0.0001
Detect PEPs & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	0.027	0.100	0.9221
Detect PEPs & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	0.841	5.814	< 0.0001
Detect PEPs & Thwart & Asset Acquisition	vs.	Information Exchange & Supervision	16	-0.376	-1.516	0.1517
Detect PEPs & Thwart & Asset Acquisition	vs.	Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	16	0.371	1.497	0.1567
Detect PEPs & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	0.480	2.050	0.0596
Detect PEPs & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	0.001	0.005	0.9964
Detect PEPs & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	0.612	2.898	0.0117
Detect PEPs & Thwart & Invest in trusts in tax heavens	vs.	Information Exchange & Supervision	16	-0.266	-1.033	0.3192
Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Asset Acquisition	16	0.298	1.167	0.2627

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Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.269	-1.046	0.3134
Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	0.741	4.133	0.0010
Detect PEPs & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Information Exchange & Supervision	16	-0.488	-2.094	0.0549
Detect Private Banks & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Invest in trusts in tax heavens	16	-0.047	-0.177	0.8622
Detect Private Banks & Thwart & Asset Acquisition	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	0.704	3.714	0.0023
Detect Private Banks & Thwart & Asset Acquisition	vs.	Information Exchange & Supervision	16	-0.165	-0.624	0.5426
Detect Private Banks & Thwart & Invest in trusts in tax heavens	vs.	Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	16	0.043	0.160	0.8751
Detect Private Banks & Thwart & Invest in trusts in tax heavens	vs.	Information Exchange & Supervision	16	-0.158	-0.599	0.5587
Detect Private Banks & Thwart & Thwart Transfer proceeds of predicate crime	vs.	Information Exchange & Supervision	16	-0.465	-1.968	0.0692

**Pairwise correlations are statistically significantly at the 5% level**

**Table 8 FIU & Actions to eradicate ML between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Bribery Convicted	vs.	Bribery Investigated	37	0.954	18.790	< 0.0001
Bribery Convicted	vs.	Bribery Reported	37	0.952	18.329	< 0.0001
Bribery Convicted	vs.	Bribery Search	37	0.964	21.573	< 0.0001
Bribery Convicted	vs.	Bribery to PP	37	0.971	23.982	< 0.0001
Bribery Investigated	vs.	Bribery Reported	37	0.990	41.314	< 0.0001
Bribery Investigated	vs.	Bribery Search	37	0.989	39.864	< 0.0001
Bribery Investigated	vs.	Bribery to PP	37	0.983	32.021	< 0.0001
Bribery Reported	vs.	Bribery Search	37	0.982	30.904	< 0.0001
Bribery Reported	vs.	Bribery to PP	37	0.978	27.850	< 0.0001
Bribery Search	vs.	Bribery to PP	37	0.991	43.856	< 0.0001
Corruption Convicted	vs.	Corruption Investigated	37	0.907	12.711	< 0.0001
Corruption Convicted	vs.	Corruption Reported	37	0.918	13.663	< 0.0001
Corruption Convicted	vs.	Corruption Search	37	0.911	13.059	< 0.0001
Corruption Convicted	vs.	Corruption to PP	37	0.941	16.500	< 0.0001
Corruption Investigated	vs.	Corruption Reported	37	0.984	33.153	< 0.0001
Corruption Investigated	vs.	Corruption Search	37	0.981	29.882	< 0.0001
Corruption Investigated	vs.	Corruption to PP	37	0.941	16.399	< 0.0001
Corruption Reported	vs.	Corruption Search	37	0.976	26.509	< 0.0001
Corruption Reported	vs.	Corruption to PP	37	0.951	18.177	< 0.0001
Corruption Search	vs.	Corruption to PP	37	0.962	20.976	< 0.0001

Embezzlement Convicted	vs.	Embezzlement Investigated	37	0.933	15.352	< 0.0001
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Embezzlement Convicted	vs.	Embezzlement Reported	37	0.906	12.642	< 0.0001
Embezzlement Convicted	vs.	Embezzlement Search	37	0.927	14.622	< 0.0001
Embezzlement Convicted	vs.	Embezzlement to PP	37	0.958	19.873	< 0.0001
Embezzlement Investigated	vs.	Embezzlement Reported	37	0.975	26.018	< 0.0001
Embezzlement Investigated	vs.	Embezzlement Search	37	0.991	42.877	< 0.0001
Embezzlement Investigated	vs.	Embezzlement to PP	37	0.974	25.227	< 0.0001
Embezzlement Reported	vs.	Embezzlement Search	37	0.965	21.899	< 0.0001
Embezzlement Reported	vs.	Embezzlement to PP	37	0.948	17.575	< 0.0001
Embezzlement Search	vs.	Embezzlement to PP	37	0.974	25.506	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity Investigated	37	0.934	15.433	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity Reported	37	0.932	15.219	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity Search	37	0.948	17.659	< 0.0001
Terrorist Activity Convicted	vs.	Terrorist Activity to PP	37	0.958	19.873	< 0.0001
Terrorist Activity Investigated	vs.	Terrorist Activity Reported	37	0.989	39.760	< 0.0001
Terrorist Activity Investigated	vs.	Terrorist Activity Search	37	0.990	42.274	< 0.0001
Terrorist Activity Investigated	vs.	Terrorist Activity to PP	37	0.971	23.969	< 0.0001
Terrorist Activity Reported	vs.	Terrorist Activity Search	37	0.984	32.703	< 0.0001
Terrorist Activity Reported	vs.	Terrorist Activity to PP	37	0.970	23.768	< 0.0001
Terrorist Activity Search	vs.	Terrorist Activity to PP	37	0.983	31.579	< 0.0001
Trafficking Convicted	vs.	Trafficking Investigated	37	0.949	17.802	< 0.0001
Trafficking Convicted	vs.	Trafficking Reported	37	0.950	17.905	< 0.0001
Trafficking Convicted	vs.	Trafficking Search	37	0.962	20.778	< 0.0001
Trafficking Convicted	vs.	Trafficking to PP	37	0.979	28.461	< 0.0001
Trafficking Investigated	vs.	Trafficking Reported	37	0.992	46.319	< 0.0001
Trafficking Investigated	vs.	Trafficking Search	37	0.982	30.893	< 0.0001
Trafficking Investigated	vs.	Trafficking to PP	37	0.966	22.170	< 0.0001
Trafficking Reported	vs.	Trafficking Search	37	0.981	29.854	< 0.0001
Trafficking Reported	vs.	Trafficking to PP	37	0.965	21.691	< 0.0001
Trafficking Search	vs.	Trafficking to PP	37	0.980	29.048	< 0.0001

**Pairwise correlations are statistically significantly at the 5% level**

**Table 9 AML Initiatives against Professional Entities between 2014 & 2016**

First variable		Second variable	n	Correlation Coefficient	Test statistic	p-value
Bureaucrats & Crmnl Prcd	vs.	Bureaucrats & Prcs Lndr	37	0.967	22.298	< 0.0001
Bureaucrats & Crmnl Prcd	vs.	Bureaucrats & Prd Crm	37	0.971	23.942	< 0.0001
Bureaucrats & Crmnl Prcd	vs.	Bureaucrats & Serc	37	0.969	23.302	< 0.0001
Bureaucrats & Prcs Lndr	vs.	Bureaucrats & Prd Crm	37	0.946	17.287	< 0.0001
Bureaucrats & Prcs Lndr	vs.	Bureaucrats & Serc	37	0.943	16.829	< 0.0001
Bureaucrats & Prd Crm	vs.	Bureaucrats & Serc	37	0.997	81.429	< 0.0001
Lawers & Crmnl Prcd	vs.	Lawers & Prcs Lndr	37	0.983	31.973	< 0.0001
Lawers & Crmnl Prcd	vs.	Lawers & Prd Crm	37	0.964	21.575	< 0.0001
Lawers & Crmnl Prcd	vs.	Lawers & Serc	37	0.970	23.652	< 0.0001
Lawers & Prcs Lndr	vs.	Lawers & Prd Crm	37	0.955	19.117	< 0.0001
Lawers & Prcs Lndr	vs.	Lawers & Serc	37	0.967	22.508	< 0.0001
Lawers & Prd Crm	vs.	Lawers & Serc	37	0.979	28.369	< 0.0001
Real Estate Firms & Estate Agents & Crmnl Prcd	vs.	Real Estate Firms & Estate Agents & Prcs Lndr	37	0.982	30.442	< 0.0001
Real Estate Firms & Estate Agents & Crmnl Prcd	vs.	Real Estate Firms & Estate Agents & Prd Crm	37	0.979	28.085	< 0.0001
Real Estate Firms & Estate Agents & Crmnl Prcd	vs.	Real Estate Firms & Estate Agents & Serc	37	0.984	32.729	< 0.0001
Real Estate Firms & Estate Agents & Prcs Lndr	vs.	Real Estate Firms & Estate Agents & Prd Crm	37	0.967	22.352	< 0.0001
Real Estate Firms & Estate Agents & Prcs Lndr	vs.	Real Estate Firms & Estate Agents & Serc	37	0.967	22.456	< 0.0001
Real Estate Firms & Estate Agents & Prd Crm	vs.	Real Estate Firms & Estate Agents & Serc	37	0.996	63.052	< 0.0001

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Financial advisors & Crmnl Prcd	vs.	Financial advisors & Pres Lndr	37	0.987	36.634	< 0.0001
Financial advisors & Crmnl Prcd	vs.	Financial advisors & Prd Crm	37	0.967	22.480	< 0.0001
Financial advisors & Crmnl Prcd	vs.	Financial advisors & Serc	37	0.979	28.652	< 0.0001
Financial advisors & Pres Lndr	vs.	Financial advisors & Prd Crm	37	0.982	30.603	< 0.0001
Financial advisors & Pres Lndr	vs.	Financial advisors & Serc	37	0.985	34.178	< 0.0001
Financial advisors & Prd Crm	vs.	Financial advisors & Serc	37	0.995	60.561	< 0.0001

**Pairwise correlations are statistically significantly at the 5% level**

**Table 10 Action against Predicate Crimes between 2014 & 2016**

Year/ Month	Human Trafficking		Drug Trafficking		Extortion		Organized Crime		Robbery		Terrorism		Terrorist Financing		White Collar Offence		Financial Fraud		Bribe		Embezzlement		
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	
14-Jan	1	2	1		34		-	-	-	-	2		-	-	-	-	74		3		2		
14-Feb	-	2	1		32		-	-	-	-	3		-	-	-	-	85		2		0		
14-Mar	1	2	1		31		-	-	-	-	2		-	-	-	-	28		1		0		
14-Apr	2	2	2		36		-	-	-	-	2		-	-	-	-	25		1		2		
14-May	1	2	-		24		-	-	-	-	5		-	-	-	-	39		1		5		
14-Jun	5	2	2		23		-	-	-	-	1		-	-	-	-	50		0		1		
14-Jul	1	2	1		15		-	-	-	-	2		-	-	-	-	27		0		4		
14-Aug	3	2	-		20		-	-	-	-	8		-	-	-	-	26		1		3		
14-Sep	1	2	-		20		-	-	-	-	6		-	-	-	-	40		3		3		
14-Oct	-	2	1		19		-	-	-	-	4		1	2	-	-	22		2		1		
14-Nov	-	2	-		14		-	-	-	-	6		-	-	-	-	22		0		1		
14-Dec	1	2	-		11		-	-	-	-	14		-	-	-	-	33		2		2		
15-Jan	4		3		15		-	-	-	-	20		1		-	-	28		1		2		
15-Feb	1		1		17		-	-	-	-	25		1		-	-	23		3		2		
15-Mar	0		1		16		-	-	-	-	41		-		-	-	29		1		3		
15-Apr	1		4		21		-	-	-	-	34		-		-	-	29		2		3		
15-May	2		4		25		-	-	-	-	31		-		-	-	24		2		4		
15-Jun	3		-		20		-	-	-	-	27		-		-	-	20		1		2		
15-Jul	1		4		24		-	-	-	-	35		-		-	-	12		0		2		
15-Aug	1		4		12		-	-	-	-	37		-		-	-	25		2		8		
15-Sep	1		5		10		-	-	-	-	54		-		-	-	28		1		7		
15-Oct	2		-		17		-	-	-	-	16		-		-	-	32		0		6		
15-Nov	3		1		25		-	-	-	-	37		-		-	-	33		1		8		
15-Dec	1		-		22		-	-	-	-	34		-		-	-	35		1		6		
16-Jan	2		6		21		-	-	-	-	28		-		-	-	38		-		7		
16-Feb	1		2		24		-	-	-	-	28		-		-	-	54		3		5		
16-Mar	2		2		31		-	-	-	-	13		-		-	-	69		2		7		
16-Apr	1		1		22		-	-	-	-	25		1		-	-	46		1		11		
16-May	2		-		13		-	-	-	-	22		-		-	-	38		2		4		
16-Jun	1		3		12		-	-	-	-	23		-		-	-	30		-		6		
16-Jul	2		-		18		-	-	-	-	13		-		-	-	28		-		11		
16-Aug	3		1		18		-	-	-	-	18		-		-	-	34		3		9		
16-Sep	2		2		29		-	-	-	-	24		-		-	-	21		-		8		
16-Oct	2		3		27		-	-	-	-	11		-		-	-	31		1		6		
16-Nov	1		7		21		-	-	-	-	19		-		-	-	49		2		11		
16-Dec	1		2		16		-	-	-	-	31		-		-	-	43		3		8		
	56	24	65		755						701		4	2			1270		48		170		
%		42.85												50									

