

MANAGING CORE RISK IN BANKING

Money Laundering &
Terrorist Financing
Risk Management
Guidelines-2022



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**PBL Money Laundering & Terrorist Financing
Risk Management Guidelines**

May, 2022

**AML & CFT Division
Prime Bank Limited, Head Office**



PREFACE

PRIME Bank is committed to ensure the best practices as per regulatory requirement and international standard towards mitigating the risk of Money Laundering and Terrorist Financing. We have already taken number of initiatives for ensuring AML compliance which includes formulating Policy and implementing through operational activities to prevent the use of our products and services by the perpetrator of ML and TF.

Bangladesh Financial Intelligence Unit (BFIU) has issued new circulars and guidance notes for the banks regarding the risk of Money Laundering and Terrorist Financing. To incorporate the directives of these new circulars and guidance notes, we have revised and updated our existing "PBL Money Laundering & Terrorist Financing Risk Management Guidelines-March 2019".

This Guidelines has incorporated essential elements of the AML Act and Regulations, BFIU Master circular-26 and other circulars, relevant FATF-Recommendations, sanctions compliance, the sound practices of the Basel Committee on banking supervision and other international best practices on AML & CFT and the strategies against proliferation of weapons of mass destruction . It also covers the key areas of AML/CFT like KYC/CDD, Customer acceptance, role & responsibilities of employees, co-operate with the supervisory authority; monitoring and responding to suspicious transactions; risk based approach, e-KYC and Agent banking, reporting requirements; record keeping; training & awareness program etc.

Prime Bank gives utmost priority to make all the employees aware of ML & TF risk through training and issuing AML message, circulars, guidelines throughout the year. This guidelines will help the officials in updating their knowledge and applying into their day-to-day activities.

As a complied bank in AML and other regulatory perspective, we ensure fight against financial crime and criminals who uses banking channels and products in achieving their goal by devastating country's economic growth. This guidelines will benefit the employees to know how to perform their role as a banker and take part in economic development of our country.

We believe AML and CFT compliance is every one's responsibility and it requires commitment from all employees to follow the instructions of "PBL Money Laundering & Terrorist Financing Risk Management Guidelines-2022" for the safety, security and sustainability of our Bank.

I would appreciate all the stakeholders including CAMLCO and AML team who has worked in updating this guidelines. I am also grateful to BFIU and Bangladesh Bank for their directives, guidelines and support to formulate this guidelines.

With all best wishes,



Hassan O. Rashid
Managing Director & CEO
Prime Bank Limited



Acknowledgement

The Chief Anti-Money Laundering Officer (CAMLCO) of PBL would like to thank all members of Central Compliance Committee (CCC) and AML & CFT Division who contributed in reviewing and updating the “**PBL Money Laundering & Terrorist Financing Risk Management Guidelines**”. This guidelines has been revised based on existing MLPA-2012, ATA-2009, BFIU Master Circular No. 26, MLP Rules-2019 and Guidance Notes on Beneficial Owner, PEPs, STR, Prevention of Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction issued by BFIU related to commercial banks. The Chief Anti-Money Laundering Officer (CAMLCO) of PBL is also grateful to BFIU & its team for their support in producing this guidelines.



Md. Ziaur Rahman
DMD & CAMLCO

Chairman of Central Compliance Committee (CCC)



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AML & CFT Policy Statement of PBL

ML & TF RISK MANAGEMENT GUIDELINE:

The primary purpose of ML & TF Risk Management Guidelines is to instruct the development of an AML/CFT control framework that is appropriate and proportionate to ML & TF risk that Prime Bank as a reporting entity may reasonably face. This implies that the ML/TF risk assessment identify and includes all known risks considering the size, range of activities, the complexity of operations, customer types, product and service, distribution channel and jurisdiction perspective as well as the policy and strategy to mitigate and prevent those risks. The resulting risk ratings influence the manner in which and the degree to which should be mitigated and managed.

POLICY ISSUES AND INTRODUCTORY:

In line with the embedding Core Risk Management culture across the banking sector, Prime Bank's first AML guidelines named "**General Guidelines on Anti-Money Laundering Program for Prime Bank Limited**" was approved in its 189th meeting of the board of directors held on December 14, 2003.

The guidelines were revised in December 2012. The guidelines were named "**Guidelines on Prevention of Money Laundering & Terrorist Financing for Prime Bank Limited**" which was approved in its 390th meeting of the board of directors held on December 13, 2012.

In September 2016, a comprehensive revision of the guidelines was initiated based on BFIU Master Circular 10/2014 & BFIU "Money Laundering and Terrorist Financing Risk management guidelines"-2015. The guidelines were named "**Money Laundering & Terrorist Financing Risk Management Guideline for Prime Bank Limited**" approved in its 453rd meeting of the board of directors held on September 25, 2016.

In May 2019, another revision of the guidelines was initiated based on BFIU Master Circular 19/2017 & BFIU "Money Laundering and Terrorist Financing Risk management guidelines"-2015. The guidelines were renamed as "**PBL Money Laundering & Terrorist Financing Risk Management Guideline**" and approved in its 490th meeting of the board of directors held on May 05, 2019.

To accommodate the recent regulatory changes [BFIU Master Circular No. 26; BFIU guidance notes, directives & circulars; BFIU Guidelines on e-KYC; BFIU Guidelines on prevention of TBML], PBL has reviewed and updated the existing "PBL Money Laundering & Terrorist Financing Risk Management Guideline" and circulated among all employees of the bank.

Chapter 07 "Trade Based Money Laundering (TBML)" of "PBL Money Laundering & Terrorist Financing Risk Management Guideline- March -2019" is replaced by separate guidelines "**PBL Trade Based Money Laundering (TBML) Prevention and Risk Management Guidelines - June 2020**", which has been approved by the board of directors on 18th June, 2020.



OBJECTIVE OF THIS GUIDELINES:

Broad Objective:

To ensure that a system is established within the financial institution through which Money Laundering and Terrorist Financing control is managed and implemented through stringent and appropriate procedures in order to discharge our legal and moral duties..

Specific Objective:

Apart from this broad objective, the specific objectives are:

- a. To Prevent Money Laundering, Terrorist Financing & Proliferation Financing through banking channels.
- b. To Ensure the implementation of required provisions of Acts, Rules and Instruction & Directives of BFIU;
- c. To prevent the PBL's products or services from being used as a channel for Money Laundering and Financing of Terrorism;
- d. To build awareness on the importance of AML & CFT among all employees, members of the Board of Directors, owners and customers of PBL.
- e. To prevent damage to the PBL's name and reputation by associating with money launderers or terrorist financiers or proliferation financier of weapon of mass destruction;
- f. To assist regulators/law enforcement agencies in their efforts to investigate and track money launderers & terrorist financiers.

SCOPE OF THIS GUIDELINES:

This policy sets out:

- a. The obligations of Prime Bank with respect to the requirements imposed under the MLPA-2012 (including all amendments -2015), ATA-2009 (including all amendments -2012 & 2013), BFIU ML & TF Risk Management Guidelines, MLP Rules-2019, BFIU Master Circular-26, BFIU Circulars -22, 23, 24 & 25 and Other BFIU Guidance notes on Countering-Terrorist and Proliferation-Financing, PEPs, Beneficial Owner & STR dated 31-01-2019, BFIU Guidelines for Prevention of Trade Based Money Laundering along with other instructions & directives of BFIU;
- b. Requirements imposed on implementing a comprehensive risk-based approach in managing ML/TF risks; and
- c. Roles & Responsibilities of the Board of Directors, Senior Management, CAMLCO, CCC members, Deputy CAMLCO, BAMLCO /DAMLCO, Head Office & Branch Officials in putting in place the relevant AML/CFT measures.

BENEFITS OF THIS GUIDELINES:

- a. Will enable PBL to increase awareness on anti-money laundering & combating financing of terrorism among all the employees.
- b. Explain our duties and responsibilities under Money Laundering Prevention Act 2012(amended in 2015) and Anti-Terrorism Act 2009 (amended in 2012 & 2013).
- c. Help us to meet the regulatory requirements and international standards.
- d. Introduce and continuing AML & CFT compliance program of the Bank, monitoring & reporting system.
- e. Understand the consequences of non-compliance.
- f. Answer our queries regarding the AML/ KYC/CDD procedures of the Bank.



COMPLIANCE POLICY STATEMENTS:

- a. That in order to protect Bank's reputation and to meet its legal and regulatory obligations, it is essential that PBL shall minimize the risk of being used by Money Launderers & terrorist financiers. With that end in view, it will be an obligatory responsibility for all employees and management of the Bank to realize and combat the situation on these critical risk issues of ML, TF & PF.
- b. That Keeping the AML & CFT issues in mind, PBL has developed a written AML & CFT compliance program duly approved by the Board of Directors that ensures and monitors compliance with the Acts, Rules & BFIU directives including record keeping and reporting requirements;
- c. That the written AML&CFT compliance program establish clear line of responsibilities, accountabilities & reporting within the organization to ensure that policies, procedures, and controls are introduced and maintained which can deter criminals from using our facilities for money laundering and the financing of terrorist activities, thus ensuring that we comply with our obligations under the law;
- d. That the program is tailored to our bank and are based upon an assessment of the money laundering and terrorist financing risks, taking into account the bank's business structure and factors such as its size, location, activities, methods of payment, and risks or vulnerabilities to money laundering and terrorist financing;
- e. That it includes standards and procedures to comply with applicable laws and regulations to reduce the prospect of criminal abuse; addresses our 'Know Your Customer' ("KYC") policy and identification procedures before opening new accounts, monitoring existing accounts for unusual or suspicious activities, information flows, reporting suspicious transactions, hiring and training employees and a separate audit or internal control function to regularly test the program's effectiveness;
- f. That it also includes a description of the roles the AML&CFT Compliance Officers(s)/Unit and other appropriate personnel who will play significant roles in monitoring compliance with and effectiveness of AML&CFT policies and procedures.
- g. That it develops and implements screening programs to ensure high standards when hiring employees; implements standards for employees who consistently fail to perform in accordance with an AML&CFT framework; incorporates AML&CFT compliance into job descriptions and performance evaluations of appropriate personnel; and has the arrangements for program continuity despite changes in management or employee composition or structure;
- h. Formulation and review of this policy will be initiated by CCC as and when required, while period between successive reviews shall not exceed three years.
- i. That it is the responsibility of every employee to protect the institution from exploitation by money launderers and terrorist financiers and officials will be held responsible for non-compliance with the applicable laws and the institution's policy including the criminal, civil and disciplinary penalties and reputational harm that may result from any bank with money laundering and terrorist financing activity.
- j. That it is the responsibility of the every individual to become familiar with the rules and regulations that relate to his or her assignment. Ignorance of the rules and regulations is no excuse for non-compliance.



- k. That PBL will support government, law enforcement agencies and BFIU in their efforts to combat the use of the financial system for the laundering of the proceeds of crime or the movement of funds for criminal purposes.

AML & CFT POLICY MANAGEMENT:

- a. CAMLCO is the authority to explain sense and sentiment of the policy. In case any ambiguity developed due to English version of the BFIU Circulars, original Bangla text to be considered. Laws of the land are to be considered superior to any policy and process of any bank and that of central bank. However, in case of any unintentional contradiction prevails or developed in future, international standards and laws and regulations adopted by the Government of Bangladesh and all relevant laws of land in force of Bangladesh, directives & guidelines of Bangladesh Financial Intelligence Unit (BFIU) shall prevail.
- b. CAMLCO shall be the custodian of the policy. AML & CFT Division will coordinate the review and up gradation process of policy in conjunction with Central Compliance Committee (CCC).
- c. This policy shall be applicable across PBL & its' both local and foreign branches and subsidiaries. Bank will ensure the comply of all the rules and regulations stipulated in MLPA-2012 (including all amendments in 2015), ATA-2009 (including all amendments in 2012 & 2013) by its foreign branches and subsidiaries. In case of any failure and inability of complying such rules and regulations, foreign branches and subsidiaries should inform to CCC or AML & CFT Division according to BFIU Circular No. 23 dated 31-01-2019.
- d. As per instruction & directives of BFIU, PBL has prepared its own guidelines approved by the Board of Directors to prevent money laundering and terrorist financing. Accordingly, change of guidelines is to be approved by the Board of Directors of PBL. MD's approval suffices the changes of guidelines as recommended by CAMLCO/CCC, which to be ratified by Board of PBL within 180 days of such approval.
- e. Formulation and review of this guidelines based on legal/regulatory or business/ operational changes should be reviewed & updated at a reasonable time or time-to-time which will be initiated by CCC, otherwise, the period between successive reviews shall not exceed 3 (three) years.