

**ANNUAL  
REPORT**

**2018-19**



Bangladesh Financial Intelligence Unit  
Bangladesh Bank



# BFIU Annual Report 2018-19



Bangladesh Financial Intelligence Unit  
Bangladesh Bank

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Executive Director, BB & Deputy Head, BFIU

### **Members**

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## Message from the Governor



The financial system is frequently facing threats to its integrity as criminals, money launderers and tax evaders try to use it as a conduit to launder funds, evade taxes and even finance terrorist activities. Regulators and law enforcement agencies have responded with investigations and prosecution, but the nature of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction is ever-evolving and becoming increasingly complex. Recognizing this reality, Bangladesh Financial Intelligence Unit (BFIU) has been set up and entrusted with adequate authorities and responsibilities by the Money Laundering Prevention Act, 2012 and Anti-Terrorism Act, 2009 and relevant Rules thereunder to function as the central agency in Bangladesh. BFIU hence is performing the role of regulator and supervisor on anti-money laundering (AML) and combating financing of terrorism (CFT) of all reporting organizations while also functioning as a domestic hub of collecting and collating information for developing intelligence to be used in investigation by the law enforcement authorities. In this context, I find it heartening that BFIU is publishing its Annual Report for the year 2018-19. The report presents all stakeholders with a picture of the activities done by BFIU over the past year.

Bangladesh has made headway over the last few years in implementing an AML & CFT regime that is compliant with international standards. The Mutual Evaluation of Bangladesh conducted by the Asia Pacific Group on Money Laundering (APG) in 2016 rated Bangladesh as a largely compliant jurisdiction. Subsequent follow up reports have resulted in positive re-ratings on a number of Financial Action Task Force (FATF) Recommendations. Bangladesh Bank appreciates the key work done by BFIU and all relevant agencies that has enabled such progress to be made.

Relevant legislation and the regulatory framework enable BFIU's autonomy and the performance of its functions. Recognizing this fact, Bangladesh Bank has been providing BFIU with the required human resources, administrative, logistic, technical, financial and other supports in order to attain its objectives. We are at a critical junction in the economic trajectory of our country, having graduated from the list of Least Developed Countries. It is now imperative to position Bangladesh as an attractive and safe investment destination. Bangladesh Bank is working relentlessly, in tandem with the Government, to improve the country's Sovereign Credit Rating and ensure sustainable economic growth. The above objectives will be attained when our financial system is robust, encouraging others to trade, invest more and partner with us.

I extend my heartfelt thanks to the BFIU team for publishing this comprehensive but succinct overview of their activities in the past year and commend the officials of BFIU and all relevant agencies that have devoted themselves for securing a compliant AML & CFT regime and upholding the country's image in the international arena.

**(Fazle Kabir)**  
Governor, Bangladesh Bank



## Foreword

In order to maintain an efficient system to prevent money laundering (ML), terrorist financing (TF) and financing proliferation (PF) of weapons of mass destruction as entrusted by Money Laundering Prevention Act, 2012 and Anti-Terrorism Act, 2009 Bangladesh Financial Intelligence Unit (BFIU) has been making concerted efforts since its inception. Like the previous years, the year 2018-19 also marks significant accomplishments. During 2018-19 the Unit has issued new Guidance Notes on Prevention of Terrorist Financing and Financing Proliferation of WMD, Guidelines for Beneficial Owners, Guidance on Reporting Suspicious Transaction, Guidance Notes on Politically Exposed Persons for all the Reporting Organizations (ROs). During the same period Money Laundering Prevention Rules, 2019 has also been issued which, apart from detailing responsibilities of BFIU, encompasses the responsibilities of prudential regulators, LEAs and ROs to effectively combat ML, TF and PF. Several workshops, meetings and outreach programmes have been arranged to raise awareness and enrich the compliance capabilities of the ROs. These programmes have also helped the participants to create a systematic and strategic mechanism of detecting and reporting suspicious transactions and activities.

In the year 2018-19, the Unit has received remarkable number of STRs/SARs and CTRs from the ROs and information exchange requests from the LEAs and other sources. Applying tactical and strategic analysis, BFIU disseminated substantial number of intelligence reports and exchanged information with the respective LEAs. Furthermore, as part of international engagement and cooperation and for professional development of the relevant officials, BFIU participated at various international training programmes, workshops and seminars on prevention of money laundering and countering financing of terrorism.

BFIU continuously works to develop and facilitate domestic and international cooperation. For quality intelligence development, the Unit extends to and receives cooperation from foreign FIUs through Egmont Secure Web. Apart from this, the Unit also shares and receives such facilities from foreign FIUs under Memorandum of Understanding (MOU). In the year 2018-19 it has signed MOU with 08 foreign FIUs. BFIU is providing technical support to FIU of Maldives and Bhutan for Egmont Group membership. Moreover, it is providing expertise and strategic supports to a number of jurisdictions and organizations.

In accordance with the updated guidance of FATF, BFIU has taken numerous efforts in the last year to ensure that Bangladesh remains fully compliant with the FATF recommendations in terms of both technical compliance and effectiveness. And as a result of such pragmatic efforts, Bangladesh has achieved upgraded rating in technical compliance in the APG's follow up report of Mutual Evaluation. Certainly, the year 2018-19 has been another splendid year for BFIU as Bangladesh has been honoured to perform the responsibilities of Co-Chair of APG for the period of 2018-2020.

BFIU is firmly committed to work closely with all relevant agencies and stakeholders to build a robust and effective AML & CFT regime in Bangladesh. Despite various challenges, BFIU has continued working with dedication to serve the nation. I really feel privileged to work with the dedicated and passionate officials of BFIU as well as other relevant agencies whose contributions are indispensable for the prevention of ML, TF and PF.

Finally, I am very much happy to present the Annual Report, 2018-19 which will provide a snapshot of the activities of BFIU during the year. I hope all the stakeholders will find the annual report useful and will be benefited from it.

A handwritten signature in blue ink, appearing to read 'Abu Hena'.

**(Abu Hena Mohd. Razee Hassan)**  
Head of BFIU

Chapter	Topic	Page No
<b>1</b>	<b>BFIU at a Glance</b>	9
1.1	Background	10
1.2	Vision	11
1.3	Mission	12
1.4	Objectives	13
1.5	Reporting Organizations of BFIU	14
1.6	Functions of BFIU	15
1.7	Regulatory Framework	16
1.8	Organogram of BFIU	17
<b>2</b>	<b>Major Activities in FY 2018-19</b>	18
2.1	Issuance of Circulars, Circular Letter and Guidance to Reporting Organizations	19
2.2	Intelligence Management	20
2.2.1	Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR)	20
2.2.2	Request for Information Exchange	22
2.2.3	Cash Transaction Report (CTR)	23
2.3	Dissemination of Intelligence	24
2.3.1	Dissemination of Intelligence Based on STR and SAR	24
2.3.2	Information Exchange	25
2.3.3	Dissemination related to Terrorism and Terrorism Financing Cases	27
2.4	Monitoring and Supervision	27
2.4.1	Off-site Supervision	30
2.4.1.1	Off-site Supervision of Banks	30
2.4.1.2	Off-site Supervision of NBFIs and other Reporting Organizations	31
2.4.2	On-site Supervision	32
2.4.2.1	System Check Inspection	32
2.4.2.1.1	System Check Inspection of Banks	32
2.4.2.1.2	System Check Inspection of NBFIs	33
2.4.2.1.3	On-site Inspection of other Reporting Organizations	33
2.4.2.2	Special Inspection	34
2.5	Special Meeting with the Non-Bank Financial Institutions Scored Lower Rating on AML & CFT System Check Inspection	34
2.6	Time-Bound Action Plan (TBAP) for Improving AML & CFT Compliance of the State-owned Banks and One Private Commercial Bank	35
<b>3</b>	<b>Domestic Cooperation and Engagement</b>	36
3.1	National Coordination Committee on AML & CFT	37
3.2	Working Committee on AML & CFT	38
3.3	Central Task Force for Preventing Illegal Hundi Activities, Illicit Flow of Funds and Money Laundering	39
3.4	Inter-agency Task Force for Stolen Asset Recovery (StAR)	40

# TABLE OF CONTENTS

Chapter	Topic	Page No
3.5	Engagement with Law Enforcement Agencies	40
3.6	Capacity Building Programs for Law Enforcement Agencies and Other Relevant Stakeholders	41
<b>4</b>	<b>International Cooperation and Engagement</b>	42
4.1	Signing of Memorandum of Understanding	43
4.2	Financial Action Task Force (FATF)	47
4.2.1	FATF Working Group and Plenary Meeting	47
4.2.2	FATF Week	48
4.3	Asia/Pacific Group on Money Laundering (APG)	48
4.3.1	21st APG Annual Meeting	49
4.3.2	APG/EAG Joint Typology Workshop	50
4.3.3	Participation in the APG Mutual Evaluation Process	51
4.4	Egmont Group	51
4.4.1	25th Egmont Group Plenary Meeting and Egmont Committee, Working Group & Regional Meetings	51
4.4.2	Working as Co-sponsor to Facilitate Bhutan FIU and Maldives FIU's Egmont Group Membership	52
4.4.3	Egmont Group's Securing an FIU (SEC-FIU)	53
4.4.4	Intelligence Exchange at the International Level	54
4.5	10th Session of the Implementation Review Group of UNCAC	54
4.6	4th Annual Counter-Terrorism Finance Summit	55
4.7.1	10th Meeting of the BIMSTEC Sub-group on Anti-Money Laundering and Combating Financing of Terrorism	56
4.7.2	Workshop on Cyber Terrorism and Cyber Security for BIMSTEC Member Countries	57
4.8	2nd Financial Inclusion Global Initiatives Symposium	57
4.9.1	9th Global Standards Proportionality Working Group Meeting and 10th AFI Global Policy Forum	58
4.9.2	10th Global Standards Proportionality Working Group and 19th Financial Inclusion Data Working Group Joint Meeting	59
4.10.1	Conference on Empowering Women Leaders in International Anti-Money Laundering and Counter Financing of Terrorism	59
4.10.2	UNODC/TPB Workshop on Intelligence and Investigation	60
4.10.3	UNODC Workshop for SE Asian Countries on CFT and PF	61
4.10.4	UNODC Regional Workshop on International Cooperation in Criminal and Financial investigations of Corruption Crimes and Links to Money Laundering	62
4.10.5	UNODC Workshop on Maritime Counter-Terrorism	62
4.10.6	Workshop on Combating TF, PF and Financing of Non-State Actor Acquisition of Biological, Chemical and Nuclear Weapons	63
4.11	Pre-ME and Mock Mutual Evaluation for Korean Government Authority	64



Chapter	Topic	Page No
4.12	Technical Assistance Provided to the Government of Nepal by APG and BFIU	64
4.13	International Cybersecurity Congress	65
4.14	Providing Technical Support to Nepal FIU in Processing/Analyzing STR/SAR	65
4.15	Regional Prosecutors' Symposium	66
4.16	Panel Discussion on Financial Inclusion of Refugees as a Means of Self-Reliance	66
4.17	2nd Meeting of the ITU-T Focus Group Digital Currency including Digital Fiat Currency (FG DFC) and the ITU Workshop on Standardizing Digital Fiat Currency (DFC) and its Applications	67
4.18	4th Bilateral US-Bangladesh CFT Banking Dialogue	67
4.19	CAMLCO Conference, Bangkok, Thailand	68
<b>5</b>	<b>Professional Development of BFIU Officials</b>	<b>70</b>
5.1	Assessor Training Workshop of APG	71
5.2	U.S-Bangladesh Bilateral Counterterrorism Mutual Exchange Study Visit	72
5.3	In-house Training	72
5.4	Domestic Training Program	73
<b>6</b>	<b>Awareness Program and Capacity Building of Reporting Organizations</b>	<b>74</b>
6.1	CAMLCO Conference	75
6.1.1	CAMLCO Conference for Banks	75
6.1.2	CAMLCO Conference for Non-Bank Financial Institutions	77
6.1.3	CAMLCO Conference for Capital Market Intermediaries	78
6.1.4	CAMLCO Conference for Insurance Companies	79
6.2	Capacity Building Program for DNFbps	80
6.3	AML & CFT Conference for the MD/CEOs of Non-Bank Financial Institutions	81
6.4	Conference on AML & CFT for the CEOs of the Scheduled Banks	82
6.5	Awareness Program for the Board of Directors of the Scheduled Banks	83
6.6	Capacity Building Initiatives for NGO/NPO	83
6.7	Workshop for LEAs and Regulators on MLPR	84
<b>7</b>	<b>Strategic Analysis Report</b>	<b>85</b>
<b>8</b>	<b>Case Study</b>	<b>91</b>
<b>9</b>	<b>List of Abbreviations</b>	<b>110</b>

## BFIU in FY 2018-19

01

### Receipt of STRs/SARs & CTRs

3573 STRs/SARs<sup>1</sup> from ROs and other sources  
561 information exchange request from LEAs and other sources  
19237962 CTRs from Banks & NBFIs

02

### Signing of MoU

With 08 foreign FIUs in 2018-19  
Total 68 MoUs until June 2019

03

### International Cooperation

34 requests received from the FIU of different countries/jurisdictions  
62 requests made to the FIU of different countries/jurisdictions

04

### Intelligence Dissemination to the LEAs

52 intelligence report  
491 information exchange

05

### Monitoring and Supervision of ROs

130 system check inspections  
63 special inspections

06

### New Regulations

Money laundering prevention rules, 2019  
Circular on preventing ML, TF & PF regarding wire transfer  
Circular on exchange of information among the reporting organizations  
Circular on internal control and foreign branches and subsidiaries of "Financial Institution Group"  
Guidance notes on prevention of TF & PF, beneficial owners, reporting suspicious transaction and politically exposed persons

07

### Capacity Building Initiatives for ROs and Stakeholders

4 CAMLCO conferences  
76 training programs for compliance officers  
14 training programs for law enforcement agencies and other stakeholders

08

### Participation of BFIU Officials in

72 international training, workshop, meeting and conference

09

### Mutual Evaluation of Bangladesh

Technical Compliance	Effectiveness
8 Compliant	3 Substantial
26 Largely Compliant	4 Moderate
6 Partially Compliant	4 Low

<sup>1</sup>Number of STRs/SARs includes STRs or SARs received from ROs and Complaints received from individuals or other sources.



**BFIU**  
at a  
glance

### Background

The Annual Report of Bangladesh Financial Intelligence Unit (BFIU) is an attempt to demonstrate the activities of the Unit, as the central agency to combat money laundering (ML), terrorist financing (TF) and financing proliferation of weapons of mass destruction (PF), undertakes and the achievement it attains in a financial year. In materializing its vision of establishing a robust financial system in Bangladesh effectively deterring ML, TF & PF and other related offences BFIU works in close coordination with all the relevant national as well as international partners and agencies. In fact, as a founding member of the Asia/Pacific Group on Money Laundering (APG), an FATF style regional body that enforces FATF standards on AML & CFT in Asia/Pacific region, Bangladesh has been participating in APG's annual plenary meetings since 1997 and has been nominated as the Co-Chair of APG for the period of 2018-2020 and on behalf of the Government of Bangladesh, Head of BFIU has been performing the role.

As a member of APG, Bangladesh is committed to implement FATF Recommendations. To combat ML, TF & PF and deliver maximum accomplishments, BFIU makes all out efforts to fully discharge its responsibilities as national analysis center to receive, analyze and disseminate financial intelligence as well as regulator and supervisor as entrusted with it by Money Laundering Prevention Act, 2012, Anti-Terrorism Act, 2009 and relevant Rules thereunder. However, the journey of BFIU started with the establishment of the then Anti-Money Laundering Department at Bangladesh Bank in 2002. Afterwards, the Anti-Money Laundering Department was transformed into BFIU on 25 January, 2012 under the provision of Money Laundering Prevention Act, 2012. With the amendment in the Money Laundering Prevention Act, 2012 in the year 2015, the Unit achieved operational independence fully.

In fulfilling its mission, the Unit renders cooperation and assistance to a number of members and jurisdictions, and receives cooperation and assistance from a number of agencies, donors and providers. For effective analysis and as part of international cooperation BFIU obtained Egmont Group membership in July, 2013 and also signed MoU with 68 FIUs till June 2019.

On domestic front Bangladesh has established a strong legal and institutional framework to usher in an effective AML & CFT regime in the country. National Coordination Committee with Finance Minister as the Convener is the apex body to guide and oversee formulation and implementation of AML & CFT related policies in line with international requirements. There is also a Working Committee to execute and implement decisions of the NCC and United Nations Security Council Resolutions implementation committee to ensure implementation of UNSCRs. BFIU plays an important role in all these committees.

Against such a backdrop, the activities of BFIU encompass analyzing Suspicious Transaction/Activity Reports (STRs/SARs), Cash Transaction Reports (CTRs) & information related to money laundering (ML)/financing of terrorism (TF)/Proliferation Financing (PF) received from reporting organization & other sources and disseminating information/intelligence thereon to relevant law enforcement and investigative agencies, exchanging information related to money laundering and terrorist financing with its foreign counterparts, participating and contributing to various domestic and international AML & CFT initiatives and performing everything relevant to fulfill the objective of combating these crimes. This Annual Report like the previous ones presents all such activities and initiatives undertaken during FY 2018-19.



# VISION

A robust financial system in Bangladesh effectively deterring money laundering, terrorist financing and proliferation financing and other related offences.

# MISSION

# MISSION

# MISSION

Putting in place effective legal, administrative and judicial arrangements for prevention of money laundering, terrorist & proliferation financing and other related offences; through-

- ✔ Continual upgrading of AML & CFT legal and regulatory frameworks in line with the needs of evolving circumstances;
- ✔ Maintaining broad based awareness of AML & CFT issues amongst regulators, law enforcers, reporting organizations and the general people through workshops, seminars, public campaigns and so forth;
- ✔ Developing human resources and required infrastructures of BFIU for effective intelligence management;
- ✔ Building and bolstering detecting and reporting capacities of the reporting entities in different sectors to ensure better compliance;
- ✔ Deepening liaisons among BFIU, law enforcement and judiciary to expedite investigation, trial and adjudication of ML & TF offences; and
- ✔ Strengthening contact and liaison with foreign FIUs for better information exchange in ML & TF offences; with regional and global bodies for sharing relevant experiences and upgrading AML & CFT best practices and standards.

# Objectives

To establish an effective and operational FIU;

To play a vital role in ensuring an effective AML & CFT regime in Bangladesh;

To adopt latest technologies and develop IT infrastructure and software to ensure strong reporting environment;

To ensure seamless flow of information and ensure participation of all stakeholders in AML & CFT initiatives;

To play an active role in the global AML & CFT initiatives and ensure utmost cooperation at international level;

To identify and address emerging threats, methods and techniques of money laundering, terrorist financing & proliferation financing of weapons of mass destructions; and

To create awareness regarding money laundering and terrorist financing across the country.

# Reporting Organizations of BFIU

Banks  
Financial Institutions

Stock Dealers and  
Stock Brokers  
Portfolio Managers and  
Merchant Bankers  
Securities Custodians  
Asset Managers  
Non-Profit Organizations  
Non Government  
Organizations

2002

2008

2010

2012

Insurers  
Money Changers  
Any company or institution which  
remits or transfers money or money  
value  
Any other institution carrying its  
business with the approval of  
Bangladesh Bank

Cooperative Societies  
Real Estate Developers  
Dealers in Precious Metals or Stones  
Trust and Company Service Providers  
Lawyers, Notaries, Other Legal  
Professionals and  
Accountants



# Functions of BFIU

- Receive Suspicious Transaction/Activity Reports (STRs/SARs) from the reporting organizations and Cash Transaction Reports (CTRs) from banks and financial institutions and receive the complaints from different sources.
- Analyze the STRs/SARs from Reporting Organizations (ROs) and CTRs from banks and financial institutions and the complaints received from different sources.
- Produce financial intelligence reports and disseminate those to investigating agencies for further action.
- Maintain a database of all STRs/SARs, CTRs and related information.
- Issue necessary directions and guidance notes from time to time to reporting organizations to prevent money laundering (ML), terrorist financing (TF) and proliferation financing (PF) activities.
- Ensure compliance of the respective Acts and Rules/Regulations/Directives through on-site and off-site supervision of the reporting organizations.
- Monitor the implementation of UNSC Resolutions including UNSCR 1267 and its successors, UNSCR 1373 and UN Security Council Resolutions related to proliferation financing of weapons of mass destruction.
- Impart training to the officials of the reporting organizations, investigating authorities, prosecutors, regulatory agencies and other related organizations or institutions.
- Sign Memorandum of Understanding (MoU) with foreign FIUs to exchange financial intelligence on ML, TF & PF.
- Provide and collect information to/from other FIUs under bilateral arrangements.
- Cooperate and work together with various international organizations including FATF, APG, EGMONT Group, World Bank, IMF, ADB, and UNODC regarding AML & CFT issues.
- Perform secretarial job for UN bodies, National Coordination Committee (NCC) and Working Committee on AML & CFT (NCC) and take necessary steps to implement the decisions taken in the committees.
- Work as the secretariat of inter agency Task Force for Stolen Asset Recovery (StAR).
- Perform activities related to the Central Task Force for preventing illegal hundi activities, illicit flow of fund and money laundering and monitor implementation of the decisions of the meetings.
- Arrange regular meeting with Anti Corruption Commission (ACC), Bangladesh Police and other relevant agencies and monitor the implementation of the decisions of the meeting.
- Arrange regular meeting with various regulators like BSEC, IDRA, MRA, NGOAB and different Self Regulatory Bodies (SRBs).
- Carry out other related functions to prevent and combat money laundering, terrorist financing and proliferation financing activities respectively.
- Create public awareness against ML, TF & PF.

## **Regulatory Framework**

**BFIU works under the provisions of Money Laundering Prevention Act, 2012 and Money Laundering Prevention Rules, 2019; Anti-Terrorism Act, 2009 and Anti-Terrorism Rules, 2013.**



The background is a vibrant green with a vertical gradient. It is filled with various abstract geometric patterns: concentric circles, some solid and some dotted; wavy lines; small squares and triangles; and larger shapes with diagonal hatching. The overall aesthetic is modern and dynamic.

## Major Activities in FY 2018-19

### Major Activities in FY 2018-19

Bangladesh Financial Intelligence Unit (BFIU) serves as the national central agency and exercises regulatory and supervisory responsibilities bestowed on it with a view to combating money laundering (ML), financing of terrorism (TF) and financing of proliferation of WMD (PF). Apart from analyzing STR/SARs & CTRs and disseminating intelligence and sharing information to the law enforcement/investigating agencies, BFIU takes regulatory/supervisory and policy reform initiatives to protect the country's financial sector from being exploited by the perpetrators. The major initiatives, taken by BFIU in FY 2018-19, are briefly discussed in the following sections.

#### 2.1 ▀ Issuance of Circulars, Circular Letter and Guidance to Reporting Organizations

Under the provisions of Money Laundering Prevention Act, 2012 and Anti-Terrorism Act, 2019; BFIU issues necessary directions (circular, circular letter, guidance etc.) time to time to the Reporting Organizations of Bangladesh. In FY 2018-19, BFIU issued Circular No. 21 on 30 January 2019 amending and replacing section 9 of the Circular No. 19. BFIU also issued Circular No. 22 regarding the exchange of information among the reporting organizations and Circular No. 23 instructing for Internal Control and Foreign Branches and Subsidiaries of "Financial Institution Group" on 31 January 2019.

In addition to the above mentioned circulars, BFIU has issued a circular letter on 24 February 2019 to circulate Money Laundering Prevention Rules, 2019 (amendment of Money Laundering Prevention Rules, 2013). In the amended rules, the responsibility of the reporting organizations, the use of intelligence reports and other information obtained from the BFIU, the controlling authority of the reporting organizations, information exchange, the responsibility of the investigating agency, freezing and confiscation of the property of the accused person/entity, management of confiscated property etc. have been clarified in details. Furthermore, in line with the international standards the responsibility of the prudential regulators of the ROs has also been incorporated in detail.

Circular/Circular Letter No.	Issue Date	Subject of Circular/Circular Letter
Circular No. 21	30/01/2019	Amendment of instructions for schedule banks for prevention of money laundering, terrorist financing and proliferation financing regarding wire transfer
Circular No. 22	31/01/2019	Instructions regarding Exchange of Information among the reporting organizations
Circular No. 23	31/01/2019	Instructions regarding Internal Control and Foreign Branches and Subsidiaries of "Financial Institution Group"
Circular Letter No. 01/2019	24/02/2019	Money Laundering Prevention Rules, 2019

Furthermore, in FY 2018-19 the Unit has issued new Guidance Notes on Prevention of Terrorist Financing and Financing Proliferation of WMD, Guidelines for Beneficial Owners, Guidance on Reporting Suspicious Transaction, Guidance Notes on Politically Exposed Persons for all Reporting Organizations (ROs).

## 2.2 Intelligence Management

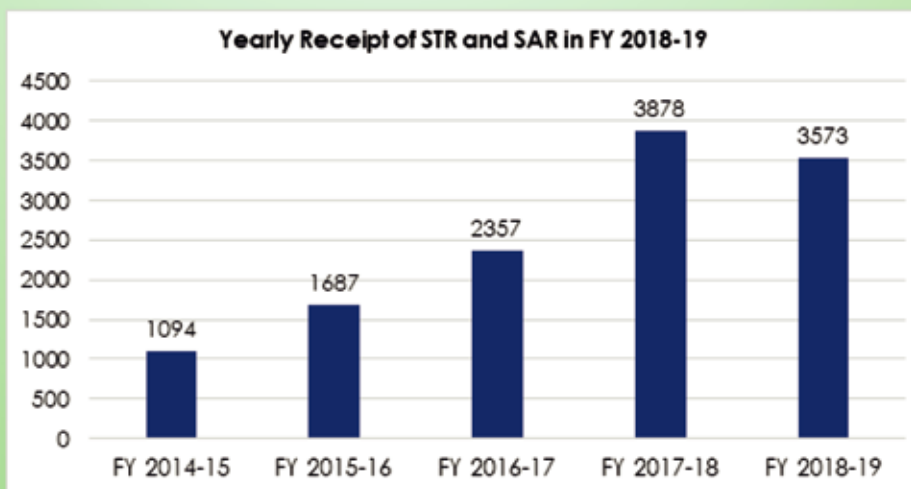
Cash Transaction Report (CTR) submitted by Banks and NBFIs, Suspicious Transaction/Activity Report (STR & SAR) submitted by the reporting organizations and information exchange request made by different government agencies serve as the major data sources from which BFIU derives financial intelligence reports to disseminate the same to the competent authority for next course of action. Besides, CTR and STR/SAR information derived from the ROs, BFIU entertains information from the public or other private organizations very sincerely. Any individual as well as government agency and private organization can lodge information regarding ML, TF & PF to BFIU addressing General Manager and Operational Head of BFIU. Government agencies can also make request to BFIU for information. Over the years the number of such information requests received by BFIU has been increasing.

BFIU also pays attention to media report/news related to ML, TF, & PF to seek serviceable information. Moreover, information provided by the regulatory authorities and supervisory bodies, intelligence shared by the intelligence agencies and law enforcement agencies, and information provided by the foreign FIUs or other foreign counterparts add value to the intelligence management of BFIU.

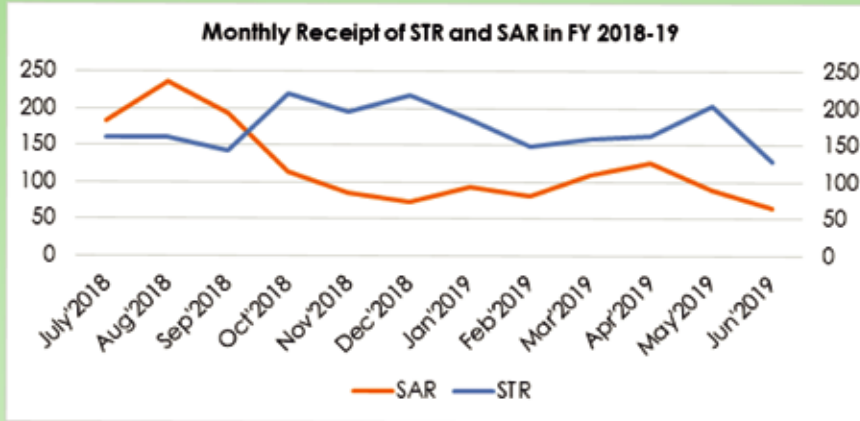
In fulfilling the core financial intelligence mandate and following international best practice, BFIU believes in the confidentiality of information derived from the reporting organization and shared intelligence by the law enforcement agencies and foreign counterparts.

### 2.2.1 Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR)

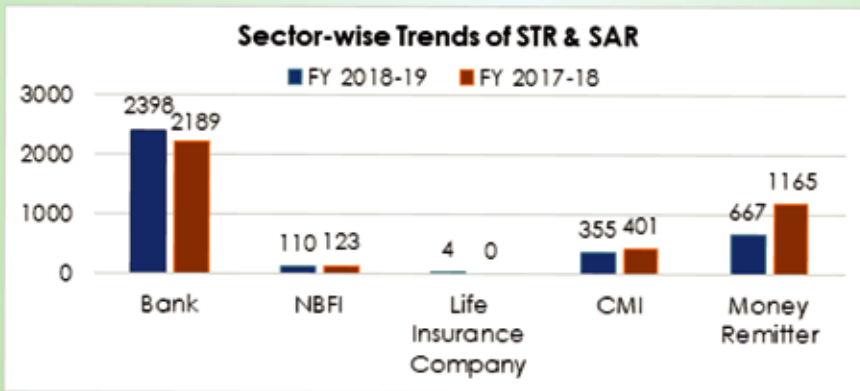
The provisions of section 25(1)(d) of the MLPA, 2012 and section 16(1) of the ATA, 2009 have made a legal obligation for the reporting organizations to submit STR spontaneously to BFIU. A good number of STR/SAR is one of the key indicators of the existence of a strengthened AML & CFT regime. Suspicious transaction or activity reporting system has been introduced to protect the reporting organizations from being exploited by the money launderers and terrorist financiers, and to ensure the soundness of the national AML & CFT program. In FY 2018-19, BFIU has received 2084 STRs and 1489 SARs (Total 3573) from the Banks, Non-Bank Financial Institutions (NBFIs), Money Remitters, Capital Market Intermediaries (CMI) and other sources.



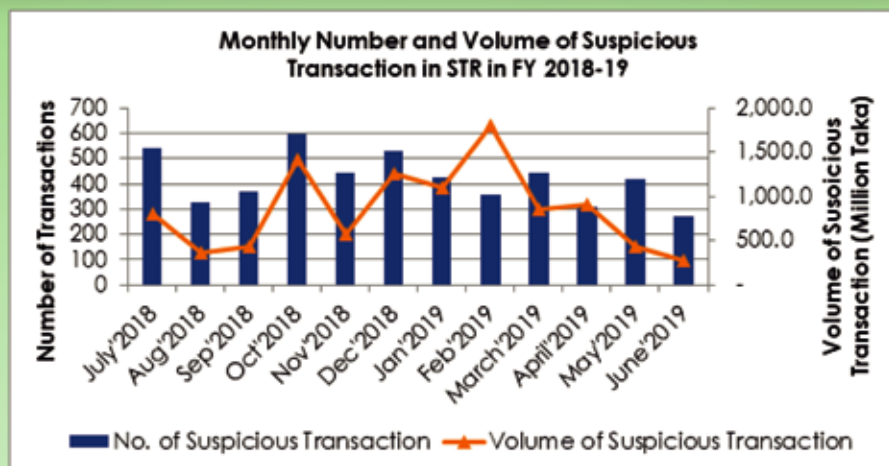
A comparative study of the STR & SAR received over the past 05 (five) years shows that BFIU has been receiving STR & SAR from the reporting organizations in an increasing trend since the enactment of MLPA in 2012. Yet, the FY 2018-19 has seen a slight decrease of the number of STRs & SARs by 7.86% as compared to that of FY 2017-18.



BFIU has received 298 STRs & SARs, on an average, in each month of FY 2018-19 while the figure was 323 in the previous year. The highest number of STR and SAR was received in October 2018 and August 2018 respectively. On the other hand, the lowest number of STR and SAR was received in June 2019.



Banks constitute the largest part in the financial system of Bangladesh. The 2nd National Risk Assessment on ML & TF reveals that the banking sector is more vulnerable to ML & TF for its wide range of products, services and network. The majority of STR/SARs received from the banking sector complement the NRA findings reflecting the banking sector's exposure of ML & TF risks. In FY 2018-19, BFIU received 2398 STRs & SARs (67.86% of the total STRs & SARs) from the scheduled banks. Moreover, MFS were the 2nd highest reporting organizations lodging 667 STRs & SARs (18.87% of the total STRs & SARs) to BFIU in FY 2018-19.



Mentionable that, reporting organizations have lodged 5036 suspicious transactions valuing BDT 10218.42 million in the STRs during FY 2018-19 while the number of reported suspicious transactions was 5422 (value BDT 9217.50 million) in the previous year.

### 2.2.2 Request for Information Exchange

Apart from STR/SAR, BFIU receives information exchange requests from different government agencies. Over the years the number of such information exchange requests received by BFIU has been increasing.

The fiscal year 2018-19 has seen 14.5% rise of information exchange requests than in the fiscal year 2017-18. Over the years, Bangladesh Police and Anti-Corruption Commission constitute the major sources for the information exchange requests. In the year 2017-18 BFIU received 186 information exchange requests from ACC whereas in the year 2018-19 such requests dropped to 58 only. Apparently, it may seem that the number of corruption cases has been decreasing in the country. But the fact is that following a court order ACC has been empowered to seek information directly from the ROs which they could not previously without going to the court. The striking fact that while information exchange requests from ACC has been decreased, such requests from other sources has been increased radically recording a 65% increase in the year 2018-19 than the previous year.

Table 1: Sources and Number of Requests for Information Exchange

Source/ Sender Org.	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
ACC	53	29	71	186	58
Bangladesh Police	26	50	109	226	247
Others (BB, Customs, DNC, Intelligence Agencies)	268	97	96	78	256
Total	347	176	276	490	561

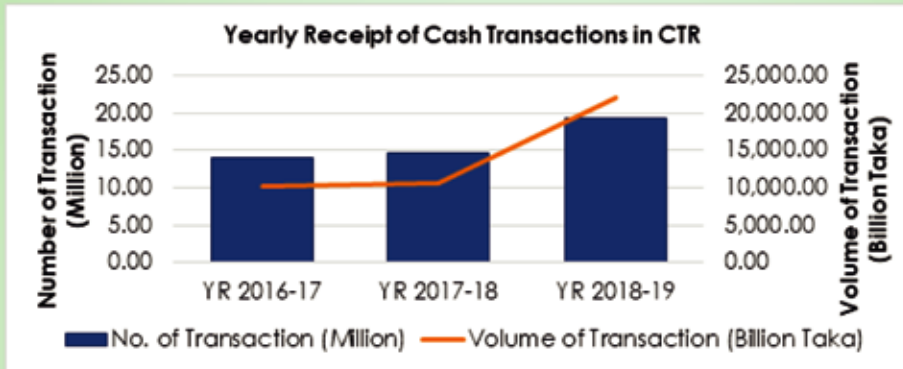
The increase in the number of request from the government agencies for exchanging information and financial intelligence shows that over the period of past 05 (five) fiscal years, BFIU's engagement with other government agencies such as Bangladesh Bank (BB), Bangladesh Customs, Department of Narcotics Control (DNC) and other agencies have increased significantly.



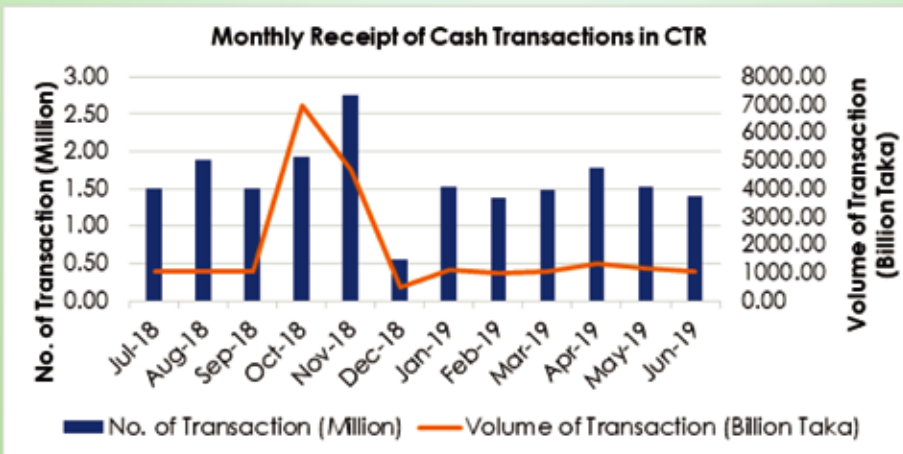
### 2.2.3 Cash Transaction Report (CTR)

Section 23(1) (a) of the MLPA, 2012 has empowered BFIU to obtain Cash Transaction Report (CTR) from the reporting organizations and analyze the same. At present, Banks and NBFs submit CTR to BFIU on monthly basis as per the direction of BFIU circulars issued under section 23(1)(d) of the MLPA, 2012 and section 15(1)(d) of the ATA, 2009. BFIU has defined CTR as any kind of cash deposit or withdrawal valued BDT 1.00 million or more (or of equivalent foreign currency) through one or more transactions in an account in a single day. The information contained in the CTR is used for the analysis of STR/SAR and off-site supervision and for strategic analysis relevant to AML & CFT issues.

Banks & NBFs submit CTRs of the month by the 21st day of the succeeding month using goAML web incorporating all the transaction as per the definition of BFIU. In FY 2018-19, Banks have submitted 19.24 million transactions (value BDT 21987.05 billion) in CTR whereas NBFs have submitted 3070 transactions (value BDT 4.16 billion). The total number of transactions and volume of transactions have risen by 30.81% and 49.57% respectively as compared to that of FY 2017-18.



The cash transactions reported over the last few years to BFIU by Banks and NBFs shows increasing trend.



In FY 2018-19, on an average, 1.60 million cash transactions valuing BDT 1832.25 billion have been received in each month. The highest number and volume of transactions were in November 2018 and October 2018 respectively. On the other hand, the lowest number and volume of transactions were in December 2018.

### 2.3 Dissemination of Intelligence

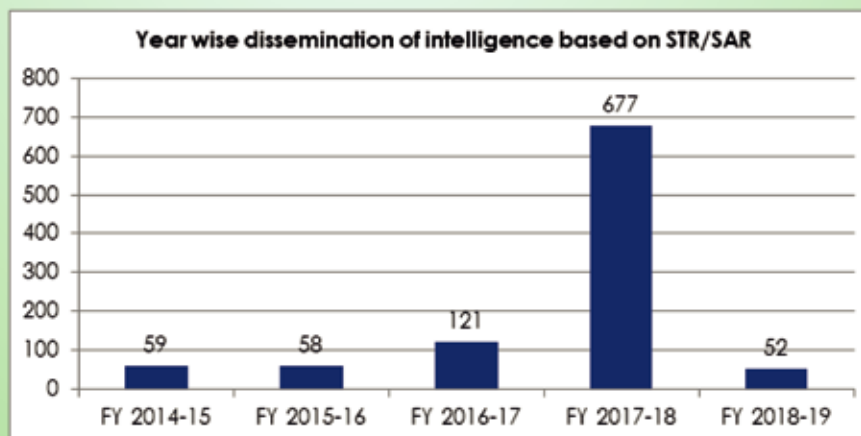
Dissemination of financial intelligence, analyzing STR/SAR, CTR and information collected from different sources, is one of the core functions of an FIU. Section 23(1) (a) of the MLPA, 2012 and section 15(1) (a) of the ATA, 2009 have empowered BFIU to analyze STR/SAR/other information received from reporting organizations and other sources, collect additional information for the purpose of analysis and provide financial intelligence/information on the same relating ML & TF to the investigating or law enforcement agencies for taking necessary action under the provisions of the said acts.

Furthermore, upon request of any investigating agency, BFIU provides ML or suspicious transaction related information under the provision of section 23(2) of the MLPA, 2012. BFIU also provides, on request or spontaneously, information relating to ML & TF to other government agencies as per section 24(3) of the MLPA, 2012. Besides, BFIU, as per section 15(2) of the ATA, 2009, provides information regarding TF or suspicious transactions to appropriate law enforcement agencies, as well as extends its cooperation to them for the investigation of such cases.

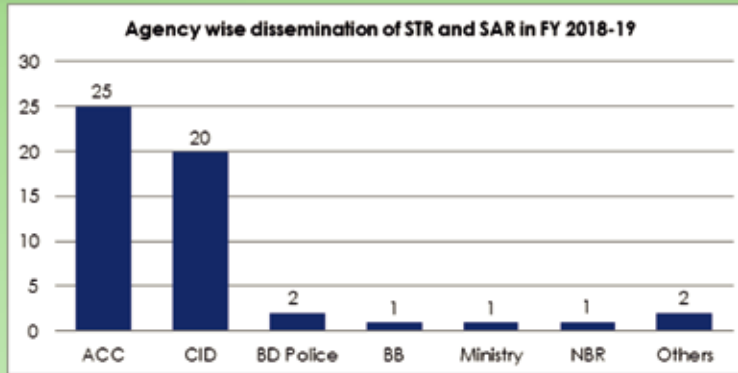
Upon receipt of STR/SAR, BFIU prioritizes the cases based on predefined indicators and then a competent analyst is assigned to analyze the case. The analyst collects additional information, as required, from different sources including reporting organizations, independent regulatory bodies, investigating agencies and other agencies. After analysis of STR/SAR, if it is presumed that there is element of ML and/or TF, then the case is disseminated, with prior approval of the higher authority of BFIU, to the competent authorities for the next course of action.

#### 2.3.1 Dissemination of Intelligence Based on STR and SAR

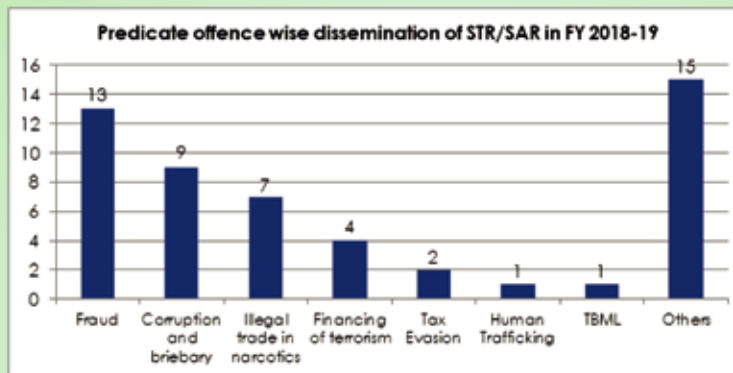
In FY 2018-19, BFIU has disseminated 52 (fifty two) intelligence reports based on STRs and SARs<sup>1</sup>. The dissemination statistics over the last few years show that the number of dissemination to the LEAs has been gradually increasing since the enactment of MLPA, 2012. It also shows that the number of dissemination in FY 2017-18 was so extraordinarily high (677) compared to previous years and the year after. The reflection was because of the dissemination of 609 STR/SARs relating to Hundi (informal remittance or use of DFS platform for disbursing remittance).



Furthermore, agency wise dissemination statistics of the FY 2018-19 highlights that ACC and CID topped the list in terms of highest number of intelligence dissemination destination as usual.



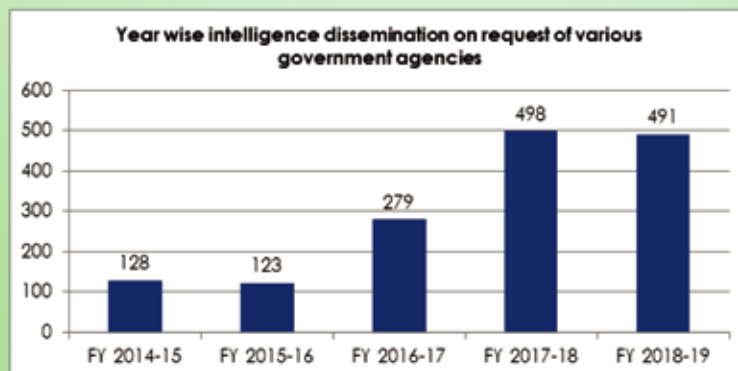
On the other hand, predicate offence wise dissemination statistics of FY 2018-19 shows that the top predicate offences were fraud and corruption respectively which more or less reflects that the nature of offences, and thus the vulnerabilities of the findings of National Risk Assessment in 2015.



### 2.3.2 Information Exchange

Effective information sharing is one of the cornerstones of a well-functioning anti-money laundering and counter-terrorist financing (AML & CFT) framework. BFIU always fosters the spirit of rendering cooperation with other stakeholders engaged in fighting ML, TF & PF by sharing financial information with prompt action.

In FY 2018-19, BFIU has responded to 491 information exchange requests by sharing financial information to the law enforcement/investigative agencies.

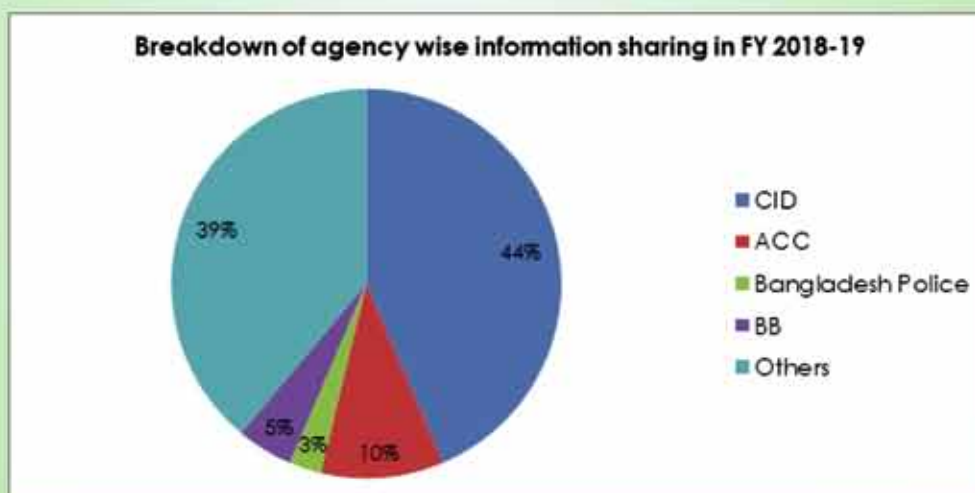


From FY 2018-19 the number of complaints and the dissemination based on so has been incorporated in the number of SAR. So, the number of sharing information based on the request from the agencies this year is being seen slightly decreased apparently. In fact, considering information request in the previous years, the number of information sharing on request has been increased in some extent.

Table 2: Agency wise information exchange

Agency Name	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
CID	50	103	217	214
ACC	25	88	191	50
Bangladesh Police	0	47	16	13
BB	15	21	8	23
Others	31	17	66	191
Total	123	279	498	491

The prime recipients of such shared information are Criminal Investigation Department (CID) of Bangladesh Police, Anti-Corruption Commission (ACC), Bangladesh Police and other Intelligence Agencies.



#### Predicate Offence wise Information Exchange

An Analysis carried on the intelligence/information shared with the law enforcement/investigating agencies demonstrated that fraud & forgery, tax evasion & customs related offences, corruption, trade in narcotics and smuggling induced money laundering are five key predicate offences which are still the key drivers of illegal asset accumulation in the country. In FY 2018-19, about 52.76% cases were related to these key predicate offences.

### 2.3.3 Dissemination related to Terrorism and Terrorism Financing Cases

BFIU has disseminated 10 (ten) terrorism and terrorism financing related cases in the year 2018-19. Sources of terrorism cases have primarily been STR/SARs and media reports including social media and LEAs. As part of analysis, BFIU officials have scrutinized 42 accounts out of which 27 accounts have been frozen for varying periods. The primary recipients of these cases are Counter Terrorism and Transnational Crime Unit and Criminal Investigation Department of Bangladesh Police. Over a period of past 5 (five) fiscal years, BFIU has disseminated a total of 57 cases related to terrorism and terrorism financing.

Table 3: Number of Financing of Terrorism related cases

Period	No. of Financing of Terrorism case
FY 2018-19	10
FY 2017-18	16
FY 2016-17	11
FY 2015-16	10
FY 2014-15	10

### 2.4 Monitoring and Supervision

Section 23(1)(e) of the MLPA, 2012 and section 15(1)(c) and (e) of the ATA, 2009 have empowered BFIU to supervise the activities of the reporting organizations and carry out on-site inspections. Hence BFIU is functioning simultaneously as the national analysis center and supervisory authority. To make an efficient and effective monitoring mechanism, Monitoring and Supervision wing of BFIU has been divided into the following six sub-wings:

a)	Bank Monitoring
b)	Non-Bank Financial Institutions Monitoring
c)	NGO/NPO & Money Changers Monitoring
d)	Capital Market Intermediaries Monitoring
e)	Insurance Monitoring
f)	DNFBPs & Cooperatives Monitoring

As part of an effective and updated monitoring system, in line with the FATF recommendation 1, BFIU has adopted Risk-Based Approach (RBA) to supervise the reporting organizations. In line with the approach, the supervisory activities of BFIU are focused on the sectors and entities that are most vulnerable to ML, TF & PF and are at high risk of regulatory non-compliance. Furthermore, while implementing RBA, BFIU has taken account of a number of risk factors faced by ROs including sectoral, client, geographic, delivery channel or service/product risks. In order to identify the potential risks and mitigate those risks, to emend the compliance deficiencies and to plan and prioritize supervisory programs, BFIU has considered three different types of risk assessments: National Risk Assessment, Sectoral Risk Assessment and Enterprise Level Risk Assessment.

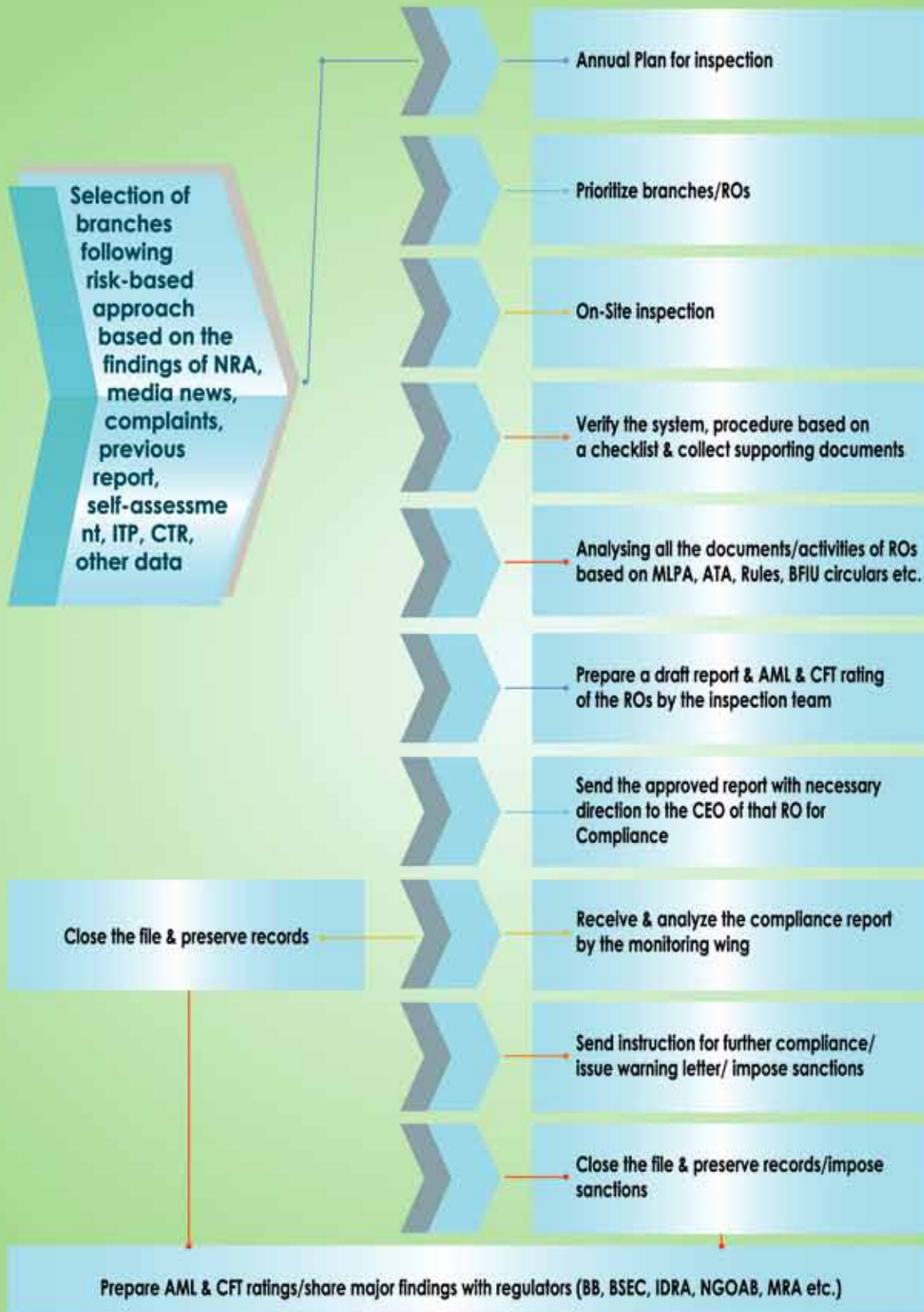
In the Risk-Based Supervision, BFIU has established a formal framework to allocate its supervisory resources. Resources can be focused on reporting organizations that bear higher risks relative to their peers and allocated to particular higher risk areas within individual entities. Under this supervision system there is a process of continuous updating risk assessments through onsite inspections findings, off-site reviews and BFIU's intelligence that create an "early warning" or "AML rating" system for the reporting organizations to anticipate and deal with the emerging issues.

BFIU has also observed how the risk profile of both individual reporting organizations and the industry changes over time. These observations are useful, from the perspectives of BFIU, to look into the adequacy of its legislation and reviewing existing policy for accommodating relevant issues.

The AML & CFT supervisory program of BFIU is a continuous process divided into four steps. At each step, more information is collected about the reporting organizations and its potential risks of ML, TF & PF non-compliance. These four steps are:



## Work Flow of Monitoring & Supervision Mechanism



### 2.4.1 ▼ Off-site Supervision

Off-site supervision aims at regular monitoring, analyzing and reviewing the periodic reports submitted by reporting organizations (ROs) in compliance with BFIU requirements. The findings from off-site supervision play a significant role in policy issues and decisions of on-site supervision including risk based supervision. BFIU's off-site supervision employs various methods and activities at the desk-level including –

- Assessing the Self-Assessment Reports and the results of Independent Testing Procedure (ITP) submitted by the ROs biannually;
- Preparing sectoral and individual risk assessment of the ROs and their non-compliance risks;
- Ensuring compliance of the ROs with submission of STR/SAR and CTR and information obtained from the same;
- Analyzing the information, both quantitative and qualitative, collected from regulatory/supervisory authority and obtained from open sources;
- Assessing compliance questionnaires, documents prepared by the ROs etc.

#### 2.4.1.1 ▼ Off-site Supervision of Banks

As per the instruction of BFIU circular, each branch of the banks is obliged to prepare a Self-Assessment Report based on a predefined checklist twice a year and submit the same to the Internal Audit Department and Central Compliance Committee (CCC) of its Head Office. The Internal Audit Department has to analyze those reports and arrange for branch inspection, if necessary, informing the AML Division of the bank. Furthermore, the said department, while inspecting the branches as part of its regular program, is required to prepare a report on the status of the AML & CFT system of the branches through the checklist of Independent Testing Procedure (ITP) and award rating based on their findings. In addition to that, Internal Audit Department conducts a separate AML & CFT inspection on at least 10% branches of their annual planning.

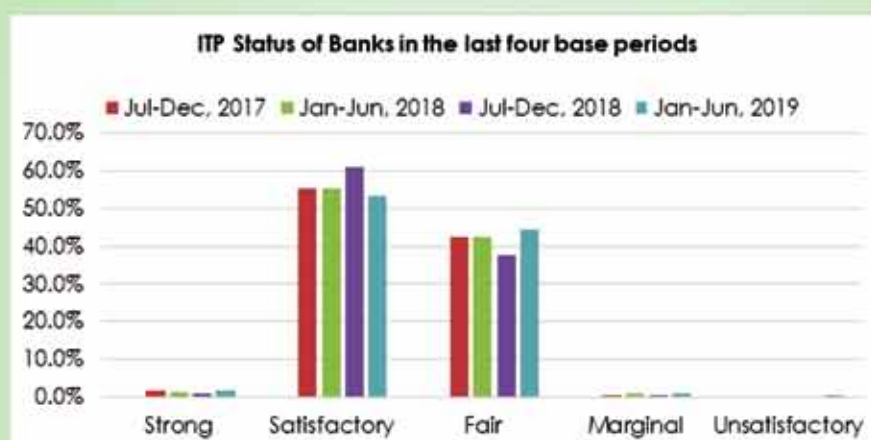
The Internal Audit Department has to send the report based on those inspections (Independent Testing Procedure or ITP) to the CCC. Then the CCC has to evaluate the two reports (self-assessment and ITP) to prepare a biannual evaluation report. This report is submitted to the highest level of bank management for their opinion and necessary direction. Furthermore, the banks are required to submit the summary of the two reports, Self-Assessment Report and ITP to BFIU on half yearly basis.



The ITP ratings of the last six base periods (July-December, 2016 to January-June, 2019) are given below:

Table 4: Ratings of Banks as per ITP

Base Period	No. of Branch	Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Jul-Dec, 2016	4133	88	1967	2016	57	5
Jan-Jun, 2017	4096	71	1841	2161	23	0
Jul-Dec, 2017	4381	60	2455	1817	49	0
Jan-Jun, 2018	3968	74	2192	1691	11	0
Jul-Dec, 2018	4248	53	2358	1805	32	0
Jan-Jun, 2019	3869	43	2353	1452	21	0



#### 2.4.1.2 Off-site Supervision of NBFIs and other Reporting Organizations

NBFIs also submit the summary of self-assessment report and independent testing procedure report on half yearly basis following the similar procedures of the banks. Other reporting organizations like Insurance Companies and Capital Market Intermediaries submit the summary of self-assessment report to BFIU in the same manner. The results of ITP of the NBFI branches are presented below:

Table 5: Ratings of NBFIs as per ITP

Base Period	No. of Branch	Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Jul-Dec, 2016	65	00	30	34	01	00
Jan-Jun, 2017	70	00	32	35	03	00
Jul-Dec, 2018	74	00	28	33	13	00
Jan-Jun, 2019	69	00	26	35	08	00

Apart from that, BFIU has also conducted off-site supervision through questionnaire at 30 Real Estate Developers' firms and 30 Dealer in Precious Metal or Stones' firms this year.

## 2.4.2 On-site Supervision

BFIU prepares an annual on-site inspection plan based on the entity level risk assessment report of the ROs, and BFIU's own assessment (considering the previous inspections findings, self-assessment report and independent testing results). Reporting organizations which fall under 'High Risk' category are subject to more frequent onsite supervision. Findings of BFIU and AML & CFT risk rating are shared with the relevant regulators for their review and necessary actions. Basically two types of onsite supervision— system check inspection and special inspection— are carried out by BFIU.

### 2.4.2.1 System Check Inspection

AML & CFT system check inspection is conducted on a six-month cycle to oversee the compliance level of the reporting organizations with respect to the provisions under MLPA, 2012, ATA, 2009 and BFIU circulars and guidelines. AML & CFT risk management procedures of the ROs are also examined in the inspections. A system check inspection is basically conducted to review the following areas:

- Evaluation of Compliance Officer
- KYC & CDD procedure
- Transaction monitoring
- CTR submission and analysis
- STR identification and submission
- Report submission by branch to CCC/CCU
- Self-Assessment
- Knowledge and awareness of the employees on AML & CFT
- Record keeping
- Compliance of the recommendations of the previous audit/inspection report

Based on the findings of the system check inspection, the reporting organizations, head office and branches, are awarded a rating (Unsatisfactory, Marginal, Fair, Satisfactory or Strong) for their compliance with AML & CFT related rules, regulations, acts and BFIU circulars.

#### 2.4.2.1.1 System Check Inspection of Banks

BFIU has conducted system check inspection on head offices of 23 banks and their 49 branches during FY 2018-19. The number of inspections has fallen to some extent as compared to that of the previous year.

Table 6: System Check Inspection of Banks

Financial Year	Head Offices	Branches
FY 2014-15	56	213
FY 2015-16	00	56
FY 2016-17	57	57
FY 2017-18	26	54
FY 2018-19	23	49

#### 2.4.2.1.2 System Check Inspection of NBFIs

BFIU has conducted system check inspection on head offices of 2 NBFIs in FY 2018-19. However, the number of such inspections respectively has fallen as compared to that of the previous year.

Table 7: System Check Inspection of NBFIs

Financial Year	Head Offices	Branches
FY 2014-15	21	22
FY 2015-16	6	9
FY 2016-17	5 (special)	5 (special)
FY 2017-18	20	10
FY 2018-19	2	0

#### 2.4.2.1.3 On-site Inspection of other Reporting Organizations

##### A) Insurance Companies:

To monitor and supervise the AML & CFT activities of the insurance companies of Bangladesh, BFIU coordinates with Insurance Development and Regulatory Authority (IDRA), their prudential regulator. In FY 2018-19, BFIU has conducted onsite inspection on head offices of 25 insurance companies (15 General and 10 Life) and their 15 branches (10 General and 05 Life). Out of 40 inspections during FY 2018-19, 25 were in Dhaka.

Table 8: On-site Inspection of Insurance Companies

Financial Year	General Insurance			Life Insurance		
	Head Offices	Branches	Total	Head Offices	Branches	Total
FY 2015 -16	18	17	35	16	14	30
FY 2016 -17	19	11	30	15	10	25
FY 2017 -18	08	06	14	15	08	23
FY 2018 -19	15	10	25	10	5	15

## B) NGOs/NPOs

To monitor the AML & CFT compliance level of the NGOs/NPOs, BFIU has conducted 16 on-site inspections on their head offices in FY 2018-19.

Table 9: System Check Inspection of NGOs/NPOs

Financial Year	Head Offices	Branches	Total
FY 2017-18	10	0	10
FY 2018-19	16	0	16

### 2.4.2.2 Special Inspection

Besides the regular system check inspection, BFIU also conducts special inspection on the branch of the ROs if it gets lower rating repeatedly in the system check inspection or has any non-compliance issue detected in the system check inspection. Some special inspections are also carried out to monitor the reporting organizations' compliance level of STR & SAR submission and to examine whether banks and NBFIs are submitting CTR correctly and properly. In this case, branches are selected based on the transaction volume, operational importance, location, risk level etc. In addition to this, BFIU conducts special inspection for further analysis of STRs & SARs, complaints and other information as and when required.

Table 10: Number of Special Inspection

Reporting Organization	Head Offices	Branches
Bank	09	50
NBFI	03	-
Others	01	-

In FY 2018-19, BFIU has conducted a total of 63 special inspections of which 13 were on head offices and 50 were on branches.

### 2.5 Special Meeting with the Non-Bank Financial Institutions Scored Lower Rating on AML & CFT System Check Inspection

A special meeting has been arranged on 28 October 2018 for the 06 (six) financial institutions that got the lowest score in the AML & CFT system check inspection conducted by BFIU in FY 2017-18. Apart from that, AML & CFT compliance of those institutions was not up to the mark. The meeting was presided over by the Deputy Head of BFIU. Other officials of BFIU, MD/CEOs, CAMLCO and Deputy CAMLCO of those Financial Institutions were present in the meeting.

In the meeting, the attendee NBFIs have been encouraged to take effective & efficient strategies for upgrading their AML & CFT condition showing them their AML & CFT Compliance Status, number of submitted CTR & STR and different non-compliance issues.

## 2.6 **Time-Bound Action Plan (TBAP) for Improving AML & CFT Compliance of the State-owned Banks and One Private Commercial Bank**

BFIU inspected various branches of state-owned banks before the 3rd Mutual Evaluation of APG to assess the AML & CFT compliance level of state-owned Banks. A few lapses were then found. Besides, Bangladesh's 3rd Mutual Evaluation Report-2016 by APG highlighted various shortcomings of state-owned banks' AML & CFT prevention measures. In this context, a meeting was thus arranged with these banks to ensure proper risk management in preventing money laundering and terrorist financing .

Subsequently, separate Time-Bound Action Plans (TBAP) was developed with periodic consultation with senior officials (including the Managing Directors) of state-owned banks and one private commercial bank. In the last three years, state-owned banks have responded by outlining various steps taken to implement the Action Items of their respective Time-Bound Action Plans. Yet, during on-site inspection on the Head offices and branch offices of those banks, BFIU has found some insufficiency and lapses in the activities undertaken by these banks. As a consequence, discussions were held on AML Core Risk Management with the banks. During FY 2018-19, a total of six meetings have been arranged for the management including CAMLCOs, Deputy CAMLCOs and other concerned senior officials of state-owned banks and the said private commercial bank. At those meetings, the banks have been informed about their progress and lapses in implementing their action items under the Time-Bound Action Plans.



# Domestic Cooperation and Engagement

## Domestic Cooperation and Engagement

Money laundering, terrorist financing and proliferation financing lie at the intersection of crime and finance and require a synchronized cooperation among many different authorities to be dealt with. FATF recommendation 2 requires the countries should ensure that the policymakers, the financial intelligence unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities, at the policymaking and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. BFIU, as the national central agency of the country, always fosters a spirit of cooperation for the effective combating of ML, TF and PF. It strongly adheres to the policy of mutual cooperation and has been working closely with all the relevant stakeholders since its inception. During FY 2018-19 BFIU has taken a number of initiatives to intensify domestic cooperation and engagement with the various ministries, divisions and relevant agencies of Bangladesh.

### 3.1 National Coordination Committee on AML & CFT

National Coordination Committee (NCC) is the apex platform to formulate policies and procedures in preventing money laundering and terrorist financing in Bangladesh. The committee, comprising members of all relevant agencies, is headed by the honorable Finance Minister while the Head of BFIU is the member secretary of the committee. The committee met once in FY 2018-19 and made several important decisions and recommendations which are as follows:

- The draft National Strategy for Prevention of Money Laundering and Combating Financing of Terrorism 2019-2021 has been approved. Concerned ministries, departments and agencies shall send their opinion and statement of commitment on draft National Strategy. BFIU will take the initiative to publish National Strategy.
- As a Central Agency for providing Mutual Legal Assistance in criminal matters, the Ministry of Home Affairs (MoHA) will establish a separate wing to provide and receive mutual legal assistance under the Mutual Legal Assistance on Criminal Matters Act 2012. Initiatives have to be taken for employing manpower, providing training, formulating procedures and inserting relevant information on the website to facilitate communication with similar foreign counterparts.
- All related ministries, departments and agencies will send their progress report to BFIU on implementation of Action Items formulated for implementing recommendations of the Mutual Evaluation Report. BFIU will communicate with all related ministries, departments and agencies in this regard.

- Necessary steps should be taken to encourage the import of gold legally to prevent gold smuggling.
- Bangladesh Bank (BB) will take necessary initiatives and provide advice to the Government, if applicable, to implement the recommendations of a research paper formulated by Bangladesh Bank and BFIU to discourage/reduce cash transactions.
- BFIU will send the proposal to the Financial Institutions Division of Ministry of Finance on an urgent basis regarding the necessary amendments of the Companies Act, 1994.
- Necessary steps should be taken to prevent unauthorized bitcoin and other cryptocurrency transactions in Bangladesh.
- The National Board of Revenue will ensure the collection of tax from those who travel to Bangladesh with a travel visa and subsequently change their visa type. In this regard, necessary steps should be taken for making arrangements for the access of NBR to the online database of Special Branch of Bangladesh Police.
- Money or money value remit service provider must have approval from Bangladesh Bank. Law enforcement agencies will take necessary actions against unauthorized money or money value remitter.

### 3.2 **Working Committee on AML & CFT**

The second highest body for combating money laundering and terrorist financing in the country is the Working Committee on AML & CFT. This committee works for ensuring coordinated institutional effort to implement the policies for combating money laundering and terrorist financing. Secretary of Financial Institutions Division, Ministry of Finance is the convener of the committee. The Head of BFIU is one of the members of the committee. The committee met once in the fiscal year 2018-19. The important decisions taken on that meeting are as follows:

- All law enforcement agencies will regularly hold quarterly meetings with BFIU to review the usefulness of intelligence reports and the progress of related cases sent by BFIU to law enforcement agencies to prevent money laundering and financing of terrorism.
- Concerned ministries, departments and agencies need to send progress reports on action plans approved by National Coordination Committee to implement the FATF's recommendation number 5, 7 and 8 related to assess the effectiveness of the legal framework and institutional framework for preventing money laundering and terrorist financing.
- The Registrar of Joint Stock Companies and Firms (RJSC) and BFIU will take necessary steps to identify the current progress in the amendment of the Companies Act, 1994 and implementation of laws and various recommendations of IO-5 to enhance the competence of RJSC.
- To prevent over-invoicing or other means of trafficking, scanners should be set up at all ports for the screening of import/export products.
- A review report will be presented at the next meeting on the inclusion of cybercrime as a predicate offence.



- Concerned ministries, departments and agencies of working committee will notify their 'Primary Contact Information' to BFIU for the free flow of information, inter-ministerial/inter-agency cooperation.
- As per recommendation made in the Mutual Evaluation Report, the National Risk Assessment (NRA) on money laundering, terrorist financing and related offences need to be updated.
- BFIU, along with international donor agencies, will take necessary measures to organize capacity building program for law enforcement agencies.

### 3.3 **Central Task Force for Preventing Illegal Hundi Activities, Illicit Flow of Funds and Money Laundering**

With the objective of curbing and deterring illegal hundi activities, illicit flows of funds and money laundering, a two layered task force i.e. the central Task Force and divisional Task Force has been formed in 2017 replacing the previous central and regional Task Force. The Task Force works to coordinate the activities of different investigative agencies, law enforcement agencies, prudential regulators of reporting organizations and BFIU.

The Head of BFIU is the convener of the reformed central Task Force which includes representatives from National Board of Revenue (NBR), Anti-Corruption Commission (ACC), Bangladesh Securities and Exchange Commission (BSEC), Department of Cooperatives, Insurance Development and Regulatory Authority (IDRA), NGO Affairs Bureau (NGOAB), Department of Narcotics Control (DNC), Registrar of Joint Stock Companies and Firms (RJSC), Police Headquarters, Dhaka Metropolitan Police (DMP), Criminal Investigation Department (CID) and the supervision-related departments of Bangladesh Bank. In addition, 8 (eight) representatives from scheduled banks, 2 (two) representatives each from financial institutions, capital market intermediaries, non-government organizations (NGOs), insurance companies and cooperative societies are also members of the Task Force. The General Manager and Operational Head of BFIU is the member secretary of the central Task Force.

The central Task Force is mandated to convene quarterly meetings to discuss the progress achieved in implementing its goals. In FY 2018-19 the central Task Force met 04 (four) times. The major decisions taken at the meeting are as follows:

- An analysis report detailing annual charges, including user basis charge paid by banks to the Election Commission needs to be presented at the next meeting of the National Coordination Committee on AML & CFT.
- Investigations shall have to be done on the 145 fraudulent cooperative societies reported by all the divisional Task Forces, and a written request to be sent to the Department of Cooperatives to take necessary action against their unlawful activities.
- Information of the cooperative societies which operate illegal banking activities using the term "Bank" reported by the Department of Cooperatives and BRPD of Bangladesh Bank, which stall any action taken against them by regulatory authorities by filing writ petitions, to be presented along with suggestions for future course of action at the next meeting of the National Coordination Committee.

- The Department of Narcotics Control will verify and update a list of individuals and organizations suspected of involvement in the illegal drugs trade and forward it to BFIU. The list need to be screened and combined with the information from Suspicious Transaction reports, and where applicable, the names to be provided to Reporting Organizations (ROs) for regular reporting to BFIU.
- BFIU will take initiatives to address the AML & CFT risks associated with "Nagad", the mobile banking service provided through the Bangladesh Post Office and its elevated daily transaction limit.
- The proposal from Police Headquarters for the inclusion of Cyber Crime as a Predicate Offence for AML & CFT purposes to be raised at the Working Committee on AML & CFT, and the decisions of the Working Committee taken therewith to be implemented.

### **3.4 ▽ Inter-agency Task Force for Stolen Asset Recovery (StAR)**

Financial Institutions Division of Ministry of Finance, on behalf of the Government, has formed an "Inter-agency Task Force by issuing notification no.53.009.022.00.00.003.2011-191 dated 20.01.2011 to return assets that are stolen/siphoned off from the country. Attorney General of Bangladesh is the convener of the Task Force. Other members of this Task Force are Chairman, National Board of Revenue, Deputy Governor, Bangladesh Bank, Director General, Anti-Corruption Commission (ACC), Joint Secretary, Financial Institutions Division, Ministry of Finance, Director General, Prime Minister's Office, Joint Secretary, Ministry of Home Affairs, Director General, Ministry of Foreign Affairs, Member, Bangladesh Securities and Exchange Commission, Executive Director, Bangladesh Bank. Bangladesh Financial Intelligence Unit works as the secretariat of the Task Force.

The Task Force is mandated to take initiatives to return the assets that are stolen/siphoned off from the country and in this regard make communication with concerned foreign counterparts, collect information and maintain internal coordination. It is recognized worldwide that both money laundering and stolen asset recovery are by their very nature, inter-agency endeavors since each government agency brings its specialized skills, knowledge and technique to the effort. In FY 2018-19, the Task Force met 03 (three) times and took several initiatives according to its mandate.

### **3.5 ▽ Engagement with Law Enforcement Agencies**

BFIU has regular engagements with the Law Enforcement Agencies (LEAs) and intelligence agencies. BFIU arranges meeting with Anti-Corruption Commission (ACC) and Criminal Investigation Department (CID) regularly for dialogue on ML, TF & PF related cases and to monitor the advancement. During FY 2018-19, BFIU met two times with ACC and CID respectively. These meetings facilitate bilateral and multilateral cooperation between relevant authorities and enhance mutual consultations promoting mutual contacts, exchanging information and identifying hindrances and ways of overcoming hindrance for effective implementation of AML & CFT regime of the country.

### **3.6** **Capacity Building Programs for Law Enforcement Agencies and Other Relevant Stakeholders**

To strengthen domestic cooperation in the fight against money laundering, terrorist financing and proliferation financing, BFIU arranges regular capacity building programs for the officials of the law enforcement agencies in association with the relevant stakeholders. Over the past years BFIU arranged various capacity building programs on AML & CFT issues where participants from Anti-Corruption Commission (ACC), Bangladesh Police, National Board of Revenue (NBR), Department of Narcotics Control (DNC), Bangladesh Securities & Exchange Commission (BSEC) attended.

During FY 2018-19, BFIU arranged 12 (twelve) training programs for the investigators of Bangladesh Police. In those training programs investigation techniques of financial crimes were shared with the police officials in order to enhance their capacity in investigating money laundering and terrorist financing related cases. Moreover, U.S. Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) and Police Staff College in collaboration with BFIU have organized 02 (two) Workshops on 'Financial Investigation' for all the relevant stakeholders of AML & CFT regime of Bangladesh.



## International Cooperation and Engagement

## International Cooperation and Engagement

It is quite impossible to ensure a stable AML & CFT regime without enhanced international cooperation in an age where money could be moved across borders at anytime and anywhere. Considering the emerging of new products and technologies within financial system and the evolving nature of ML & TF offences, BFIU has enriched its capacity and enhanced its cooperation with the FIUs and the competent government authorities of all jurisdictions with a view to playing an effective role in combating money laundering and terrorist financing. Furthermore, FATF recommendation 40 requires countries to ensure clear and effective gateways to facilitate the prompt and constructive exchange directly between counterparts, either spontaneously or upon request, of information relating to both money laundering and the underlying predicate offences. BFIU has continued its assistance and cooperation with its counterparts by responding to all the requests received and has been seeking cooperation respective jurisdictions in relevant cases. In FY 2018-19 the unit has also contributed to global cooperation efforts on AML & CFT by attending every possible forum, workshop, training, seminar etc. and arranging programs at home.

### 4.1 ▀ Signing of Memorandum of Understanding

Money laundering and the financing of terrorism are offenses global in nature. So it follows that Financial Intelligence Units (FIUs) often have to extend cooperation and exchange information relating to ML, TF and related offences with authorities in other jurisdictions for effective case investigations. Being a member FIU of the Egmont Group, BFIU is authorized to exchange information with 164 member FIUs through ESW. Going beyond its requirements as an Egmont member FIU, BFIU has taken initiative to sign MoUs with the other FIUs, Egmont members and non-members alike, to facilitate the information exchange process and strengthen relationships with them. BFIU signed MoUs with the FIUs of Maldives, Democratic Republic of Timor-Leste, Laos PDR, Palau, Bermuda, Montenegro, Cook Islands and Isle of Man in FY 2018-19.

#### **MOU with Maldives FIU:**

The Memorandum of Understanding between BFIU & Maldives FIU was signed in July 2018. The Head of BFIU, Operational Head of BFIU and other officials of BFIU were present at the signing ceremony where, authorities of FIU Maldives were represented by the Head of Maldives FIU.





#### **MOU with Palau FIU:**

Bangladesh FIU has extended its cooperation and support to counterparts all over the world, including Pacific Island nations. As part of this venture, BFIU signed a Memorandum of Understanding with Palau FIU in July 2019. The Head of BFIU and the head of Palau FIU signed the MOU on behalf of their respective FIUs. The Operational Head of BFIU and other officials of BFIU were also present at the signing ceremony.

#### **MOU with Lao PDR FIU:**

Some of the major drug smuggling routes in Asia pass through Laos PDR. Bangladesh has also suffered greatly from the trafficking of illegal narcotics in recent years. In order to boost cooperation in cracking down on this shared menace, a Memorandum of Understanding between BFIU & Lao PDR FIU was signed in July 2018. The Head of BFIU, Operational Head of BFIU, Head of Laos FIU and other officials from both organizations were present.



### MOU with Timor-Leste FIU:

Timor-Leste is one of the newest countries on the world map and located at the east of the Indonesian archipelago. Bangladesh has taken the initiative to formalize a cooperative relationship with Timor-Leste in the AML & CFT domain. The Head of BFIU, Operational Head of BFIU, Head of Laos FIU and other officials from both organizations were present at the Signing of a Memorandum of Understanding between BFIU & Timor-Leste FIU in July 2018.



Until June 2019, BFIU has signed 68 MoUs with its counterparts. The following table shows the list of the FIUs of different countries with whom BFIU has signed MoU so far:

Sl no.	Name of FIU	Year of signing
1	Financial Intelligence Unit - Malaysia (UPWBNM)	August 2008
2	Financial Information Unit - Nepal (FIU-Nepal)	October 2008
3	Anti-Money Laundering Council – Philippines (AMLC)	December 2008
4	Indonesian Financial Transaction Reports And Analysis Centre (PPATK)	March 2009
5	Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA)	July 2009
6	Korea Financial Intelligence Unit (KoFIU)	July 2009
7	Cambodia Financial Intelligence Unit (CAFIU)	October 2009
8	Anti-Money Laundering Office - Thailand (AMLO)	September 2010
9	Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka)	October 2010
10	United Kingdom Financial Intelligence Unit (UKFIU)	November 2010 (Renewed on February 2014)
11	Suspicious Transaction Reporting Office, Singapore (STRO)	December 2011
12	Financial Intelligence Centre, South Africa (FIC)	July 2012
13	Mongolia Financial Information Unit (FIU-Mongolia)	July 2012
14	Japan Financial Intelligence Center (JAFIC)	January 2013
15	Myanmar Financial Intelligence Unit (MFIU)	March 2013
16	Financial Information Unit-Argentina (UIF)	October 2013
17	The State Prosecutor for Serious Economic and International Crime (FIU-Denmark)	February 2014
18	Financial Intelligence Unit of Trinidad and Tobago (FIUTT)	June 2014

SI no.	Name of FIU	Year of signing
19	Belgian Financial Intelligence Processing Unit (CTIF-CFI)	June 2014
20	Saudi Arabia Financial Investigation Unit (SAFIU)	June 2014
21	Financial Intelligence Unit of Peru (FIU-Peru)	June 2014
22	Financial Intelligence Unit - India (FIU-India)	June 2014
23	Reporting Center for Unusual Transactions (MOT-Aruba)	June 2014
24	Financial Crimes Investigation Board, Turkey (MASAK)	June 2014
25	General Directorate for the Prevention of Money Laundering, Albania (GDPML)	June 2014
26	Financial Intelligence Units of Bhutan (FIU-Bhutan)	July 2014
27	The State Bank of Vietnam	July 2014
28	Financial Information Processing Unit, Morocco (UTRF)	October 2014
29	Financial Intelligence Directorate, Bahrain (FID)	January 2015
30	Financial Intelligence Unit Brunei Darussalam (FIE, AMBD)	January 2015
31	The Federal Financial Monitoring Service, Russian Federation (FFMS)	June 2015
32	Fiji Financial Intelligence Unit (FIU-Fiji)	June 2015
33	The State Financial Intelligence Service under the Government of the Kyrgyz Republic (FIS)	June 2015
34	Financial Analysis Unit-Panama (UAF-Panama)	June 2015
35	The Financial Intelligence Unit of Barbados (FIU-Barbados)	June 2015
36	The Australian Transaction Reports and Analysis Centre (AUSTRAC)	July 2015
37	China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC)	August 2015
38	Anti Money Laundering and Counter Terrorist Financing Unit- Jordan (AMLU)	August 2015
39	Special Investigation Commission, Lebanon (SIC)	February 2016
40	Committee on Financial Monitoring of the Ministry of Finance of the Republic of Kazakhstan	February 2016
41	The Nigerian Financial Intelligence Unit (NFIU)	February 2016
42	Department on Struggle Against Tax, Currency Crimes and legalization of criminal incomes at the Prosecutor General's Office of the Republic of Uzbekistan	June 2016
43	Financial Intelligence Office, Macao (GIF)	June 2016
44	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)	August 2016
45	Meldpunt Ongebruikelijke Transacties Suriname (FIU-Suriname)	August 2016
46	Portuguese Financial Intelligence Unit (UIF)	October 2016
47	The Unit for Combating Money Laundering – Cyprus (MOKAS)	October 2016
48	The Finnish Financial Intelligence Unit (RAP)	January 2017
49	Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU)	January 2017



Sl no.	Name of FIU	Year of signing
50	The General Inspector of Financial Information ((GIIF))	March 2017
51	The Icelandic Financial Intelligence Unit (FIU-ICE)	June 2017
52	Service d'Information et de Contrôlesur les Circuits Financiers (SICCFIN)	July 2017
53	Superintendencia de lasInstituciones del Sector Bancario of the Bolivarian Republic of Venezuela (UNIF)	July 2017
54	Solomon Islands Financial Intelligence Unit (SIFIU)	July 2017
55	The Vanuatu Financial Intelligence Unit (FIU-Vanuatu)	July 2017
56	Financial Analysis and Supervision Unit of Papua New Guinea (FASU)	July 2017
57	The New Zealand Police Financial Intelligence Unit (NZ Police FIU)	March 2018
58	The Financial Intelligence Unit of the United Republic of Tanzania (FIU-Tanzania)	March 2018
59	The Financial Intelligence Centre of the Republic of Namibia (FIC)	March 2018
60	Directorate General for Investigation of Financial Operations (DGOIF)	March 2018
61	Financial Intelligence Unit – Maldives (FIU-Maldives)	July 2018
62	The Financial Intelligence Unit of the Democratic Republic of Timor-Leste (FIU- Timor-Leste)	July 2018
63	Anti-Money Laundering Intelligence Office, Lao PDR (AMLIO)	July 2018
64	The Palau Financial Intelligence Unit (FIU-Palau)	July 2018
65	The Financial Intelligence Agency, Bermuda (FIA)	September 2018
66	Administration for the Prevention of Money Laundering and Terrorism Financing, Montenegro	September 2018
67	Cook Islands Financial Intelligence Unit (FIU - Cook Islands)	September 2018
68	The Isle of Man Financial Intelligence Unit (IOM)	September 2018

## 4.2 Financial Action Task Force (FATF)

FATF, an intergovernmental policy making and standard setter on combating ML, TF and PF continues to focus on ensuring that its standards provide strong and powerful tools to enable countries to protect the integrity of the financial system and contribute to safety and security. To boost FATF's efforts in this regard Bangladesh always greets FATF's initiatives with warm appreciations and actively participates in its programs. Following are some of the programs in which Bangladesh attended during FY 2018-19.

### 4.2.1 FATF Working Group and Plenary Meetings

The 2nd FATF Plenary Meeting presided over by FATF President Mr. Marshall Billingslea of the United States was held in Paris, France during 17-22 February 2019. BFIU was represented by two delegates at the meeting.

Considering the changing nature of the threats posed by ISIL, AQ and their affiliates, the FATF agreed at its February plenary on a holistic approach to combat terrorist financing, and

# FATF WEEK

Paris, 17-22 February 2019



*BFIU officials in the FATF Plenary  
17-22 February 2019, Paris, France*

considered new priority actions that would improve understanding of evolving terrorist financing risks, enhance the effectiveness of global implementation of CFT standards and support the development of CFT regimes in higher-risk regions through its global network. Furthermore, recognizing the need to adequately mitigate the money laundering and terrorist financing risks associated with virtual asset activities, the FATF has set out more detailed

implementation requirements for effective regulation and supervision/monitoring of virtual asset service providers. At this juncture, the FATF is working on a new Interpretive Note to Recommendation 15 (New Technologies) which will be updated on June 2019.

## 4.2.2 **FATF Week**

FATF week was held during 16-21 June 2019 in USA under FATF's new 'Open-ended Mandate' for the first time. A two-member Bangladesh delegation headed by the Executive Director and Deputy Head of BFIU, along with the representatives from the 205 members of the FATF Global Network, the IMF, UN, World Bank and others, attended the meeting. During this meeting, the participants celebrated 30th Anniversary of the FATF.

In this plenary, the FATF showed its firm commitment to mitigate risks from virtual asset activities, including a public statement and risk-approach guidance on virtual assets and virtual asset service providers. The new, open-end mandate thrive FATF into a new dimension. As a global standard setter body in combating money laundering, terrorist financing and proliferation financing, the FATF, with the support from the G20, agreed to launch a strategic review of its own processes. This review analyzes the progress made on effective implementation of AML & CFT measures, reviews the FATF/FSRB assessment processes, and identifies drivers of positive change.

The FATF reaffirmed its priority as combating the financing of terrorism and agreed to pursue further work to strengthen the FATF Standards on countering the financing of proliferation. Moreover, three updated risk-based approach guidance papers published in the plenary aims to support the implementation of the risk-based approach, taking into account national ML & TF risk assessments and AML & CFT legal and regulatory frameworks.

## 4.3 **Asia Pacific Group on Money laundering (APG)**

As a founder member, Bangladesh has been participating in the different programs of APG, an intergovernmental body consisting of 41 member jurisdictions, since its inception in 1997. Being the central agency to combat ML, TF and PF in Bangladesh, BFIU is taking the lead role in its various initiatives and programs. In FY 2018-19 participants from Bangladesh attended the following programs organized by APG.

### 4.3.1 21st APG Annual Meeting



Bangladesh Delegation  
at the 21st Annual  
Meeting of the APG,  
21-27 July 2018,  
Kathmandu, Nepal

The 21st APG Annual Meeting, Technical Assistance and Training forum was held in Kathmandu, Nepal during 21-27 July 2018. A high level Bangladesh delegation led by Head of BFIU, the then Deputy Governor of Bangladesh Bank, attended the meeting. Bangladesh delegation comprised of government officials from Prime Minister's Office, Ministry of Home Affairs, Ministry of Foreign Affairs, Ministry of Law, Justice and Parliamentary Affairs, Anti-Corruption Commission, Bangladesh Police, Department of Narcotics Control, Directorate General of Forces Intelligence, Bangladesh Securities and Exchange Commission and Insurance Development and Regulatory Authority Bangladesh and BFIU.

Mutual Evaluation Reports of Palau, Cook Islands, Indonesia and Myanmar were adopted in the plenary. Furthermore, the 2nd Enhanced Follow-up Report of Bangladesh was approved with a re-rating of largely compliant in FATF Recommendation 19 where Bangladesh was rerated as Largely Compliant with its directives. The delegation from Bangladesh participated actively in the three concurrent technical seminars on De-risking, Beneficial Ownership and Asset Recovery. At the end of the plenary, Bangladesh assumed the role of APG Co-Chair for the term 2018-2020. The Head of BFIU, as nominated by the government, is serving as the Co-Chair since then. The new co-chair of APG, taking over the role, has focused on upholding APG mandate as well as prioritizing de-risking concern, risk of virtual assets and crypto currencies.

#### 4.3.2 ▽ APG/EAG Joint Typology Workshop

The Asia Pacific Group on Money Laundering (APG) and The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) jointly organized a Typology Workshop during 03-05 December 2018 in Novosibirsk, Russia.



*Bangladesh Delegation at the typology workshop, 03-05 December 2018, Novosibirsk, Russia*

A delegation from Bangladesh, led by the General Manager and Operational Head of BFIU attended the workshop. The delegation had representation from both the government and private sector. The government representatives comprised officials from the Anti-Corruption Commission, Directorate General of Forces Intelligence (DGFI) and BFIU where Dutch-Bangla Bank Ltd, One Bank Ltd and Islami Bank Bangladesh Ltd participated as private sector representatives.

Around 300 delegations from APG and EAG member jurisdictions participated in the workshop where three concurrent breakout sessions were organized, each on Terrorist Financing using Proceeds of Crime including organized crime, Risks and Investigative techniques associated with Virtual Assets and Human Trafficking and People Smuggling. The risks, methods and trends of money laundering and terrorist financing around the world were expounded by different Investigative Authorities, Financial Intelligence Units, and Private Organizations. BFIU co-led the project on Terrorist Financing using Proceeds of Crime including organized crime with Russia and India, while the General Manager and Operational Head of BFIU the session. Moreover, a representative of BFIU presented a comprehensive case study on terrorist financing using proceeds of crime. In the session on virtual assets, the managing director of Dutch-Bangla Bank made a presentation on digital assets, their development and associated risk factors. Representatives from different jurisdictions of APG/EAG shared their experiences on the emerging issues and challenges to prevent money laundering and combating terrorist financing.

### 4.3.3 Participation in the APG Mutual Evaluation Process

One of the core components of the APG work programme is conducting Mutual Evaluations (ME) of its member jurisdictions and all APG members are committed to support the APG's ME programme by providing suitably qualified experts to the evaluation teams. Bangladesh is very much cooperative and engaged in supporting the APG's Mutual Evaluation programme.

Deputy General Manager of BFIU, Mr. Kamal Hossain, trained and qualified in the FATF's assessment methodology, takes part in the Mutual Evaluation of Solomon Island in the year 2018-19. Earlier, he had the experience of taking part in the Mutual Evaluation of Thailand in which he contributed as FIU/Financial Expert. Apart from working on various technical compliance issues, he assessed effectiveness of supervision and ML & TF preventive measures.

### 4.4 Egmont Group

The Egmont Group, comprised of 164 Financial Intelligence Units, provides a platform for the secure exchange of expertise and financial intelligence on combating money laundering and terrorist financing and serves as a trusted gateway for sharing financial information domestically and internationally in accordance with global AML & CTF standards. BFIU achieved the membership of Egmont group in the Egmont plenary held during 01-05 July 2013 in Sun City, South Africa. Through its membership BFIU has achieved access to a wider global platform which facilitates relationship-building with other FIUs and exchanging views, experiences and information via Egmont secure web. As before, BFIU has continued to participate in different programs of the Egmont Group in FY 2018-19.

#### 4.4.1 25th Egmont Group Plenary Meeting and Egmont Committee, Working Group & Regional Meetings



*BFIU officials at the 25th Egmont Group meeting held in Jakarta, Indonesia during 29-31 January 2019*

The Egmont Group Plenary Meeting and Egmont Committee, Working Group & Regional Meetings are held every year. The 25th Egmont Group Plenary Meeting was held in Sydney, Australia during 24-27 September 2018 and Egmont Committee, Working Group & Regional Meetings took place in Jakarta, Indonesia during 29-31 January 2019.

Two delegations of BFIU, one headed by Deputy Head of BFIU and the other headed by Operational Head of BFIU participated in the Working Group meetings and Plenary meeting respectively. Meetings of Information Exchange on ML & TF Working Group (IEWG), Membership, Support and Compliance Working Group (MSCWG), Policy and Procedures Working Group (PPWG) and Technical Assistance and Training Working Group (TATWG) were also held in both cases. Representatives from different FIUs, observers and other partner organizations attended working group meetings and participated in topic wise discussions. BFIU officials joined the projects titled "Business E-mail Compromise Phase II; Addressing Impediments to Bilateral and Multilateral Information Exchange; Flexible, Consistent Information Exchange Standards". In the Regional Meeting, BFIU shared the experience of working as a co-sponsor with Republic of Korea FIU and Sri Lanka FIU enabling Bhutan FIU and Maldives FIU respectively to get Egmont Group membership and shared the current status of the two FIUs in the meetings. The Heads of FIU of the Asia Pacific region discussed the possibility of 'Multilateral Memorandum of Understanding' among member FIUs of that region for information exchange and the regional needs that the Egmont Centre of FIU Excellence and Leadership (ECOFEL) could assist with. In the meeting, BFIU signed MoU with the FIUs of Montenegro, Cook Islands and Isle of Man during the meetings.

#### 4.4.2 **Working as Co-sponsor to Facilitate Bhutan FIU and Maldives FIU's Egmont Group Membership**



*BFIU and Sri Lankan FIU Delegates with the Governor of Central Bank of Maldives*

BFIU is sponsoring Maldives FIU and Bhutan FIU in the process of securing the Egmont Group membership along with Sri Lankan FIU and Republic of Korea FIU respectively. Currently, BFIU, as 'Legal Sponsor' is reviewing the AML & CFT legal framework of FIUs of Maldives and Bhutan. Besides, BFIU is also reviewing the operational status of the said FIUs. The findings of BFIU are shared with the Sri Lankan FIU and Republic of Korea FIU from time to time. BFIU is providing feedback to the FIUs of Bhutan and Maldives from time to time to meet up the identified gaps.

Moreover, BFIU and SFIU delegates visited Maldives during 23-25 April 2019 to acquaint Maldives authorities fully with the required knowledge of the Egmont membership process, requirements and experience and thus assess their internal procedures, organizational structure, information technology and security. During the visit co-sponsors informed Maldives FIU about the identified gaps in their Act/Rules/Manual and provided an action plan to mitigate the gaps and to fulfill the required Egmont membership criteria thereby. Furthermore, BFIU, as co-sponsor, responsible for providing technical assistance and support to the candidate FIU, has provided Bhutan FIU with an Oracle Based Software on 09 January 2019 for collecting Cash Transaction Report (CTR) from reporting entities. Subsequently, BFIU has organized a 03(three) day long training sessions on the use of the software for the officials of Bhutan FIU at BFIU premises.

#### 4.4.3 ▽ Egmont Group's Securing an FIU (SEC-FIU)



*BFIU official along with the participants of Egmont Group's Securing an FIU (SEC-FIU) Train-The Trainer Course, 03-07 December 2018, Taipei, Taiwan*

The Securing an FIU (SEC-FIU) Train-The Trainer Course was held in Taipei, Taiwan during 03-07 December 2018. The course was hosted by the Anti-Money Laundering Division (AML) of Taiwan where thirty two (32) participants from thirty (30) FIUs attended. One of the officials of BFIU attended the program. The training course was divided into two parts (a) Component of FIU-SEC and (b) Practice Train-the-Trainers skills. The whole training program covered eight (08) sessions including day-long practical session and group assignment & presentation. The objective of the Securing an FIU course was to assist participants in conducting a security risk assessment and identify corresponding controls that would inform the development of security policies and procedures.

#### 4.4.4 Intelligence Exchange at the International Level

FATF, in recommendation 40, enjoins the countries to ensure clear and effective gateways to facilitate the prompt and constructive exchange directly between counterparts, either spontaneously or upon request, of information relating to both money laundering and the underlying predicate offences. As a member of the Egmont Group of FIUs, BFIU exchanges information with the member FIUs through Egmont Secure Web (ESW) as and when required. Besides, BFIU also exchanges information with the non-Egmont member FIUs. During FY 2018-19 BFIU has received 34 requests from the FIU of different countries/jurisdictions and provided information accordingly. BFIU has also made 62 requests to the FIU of different countries/jurisdictions.

#### 4.5 10th Session of the Implementation Review Group of UNCAC

*Bangladesh delegation at the 10th session of the Implementation Review Group of UNCAC, 27-29 May 2019, Vienna, Austria*



The 10th session of the Implementation Review Group of the United Nations Convention against Corruption (UNCAC) was held in Vienna during 27-29 May 2019. This Review Group assists the State parties of the UNCAC in having an overview of the review process for the purposes of identifying good practices, technical assistance matters and ensuring the effective implementation, facilitating to the exchange of information and experiences among them.



A six-member Bangladesh delegation comprised of officials from different ministries including one official of BFIU participated in the session. The theme of the tenth session was the analysis of information on practices, challenges, observations and technical assistance needs revealed from the country reviews of chapter V (Asset Recovery) of the UNCAC. During the session, topics regarding performance of the mechanism for the review of implementation of the Convention; considerations of the set of non-binding recommendations and conclusions based on lessons learned concerning the implementation of chapters III (Criminalization and law enforcement) and IV (International cooperation) of the Convention; and a panel session on challenges, good practices, and lessons and procedures allowing the confiscation of proceeds of corruption without a criminal conviction were discussed.

#### 4.6 ▀ 4th Annual Counter-Terrorism Finance Summit



*Delegation of Bangladesh in the 4th Annual Counter-Terrorism Finance Summit, 05-08 November 2018, Bangkok, Thailand*

The Thai capital Bangkok hosted the '4th Annual Counter-Terrorism Finance Summit' during 05-08 November 2018. The summit was a joint initiative by Australia, Indonesia and Thailand where around 350 delegates from 31 countries in the Asia Pacific and Middle East regions and 12 international organizations including the World Bank attended. Officials from the FIUs, relevant law enforcement agencies, regulatory agencies, national security agencies as well as researchers from/affiliated with the private sectors of the participating countries attended the summit. The theme of this 4th Annual Summit was "Regional Synergies for Regional Solutions".

A four-member delegation from Bangladesh led by the Executive Director of Bangladesh Bank and Deputy Head of BFIU joined the summit. The other members of the delegation were from DGFI, Counter-Terrorism Unit of Bangladesh Police and BFIU.

At the program, different countries shared their experiences regarding the nature of recent terrorist activities, new techniques for financing terrorism and their various national, social and civil society initiatives to deal with these threats. The last day of the summit saw the issuance by participating countries of the 'Thailand Communiqué', which expresses a strong commitment to prevent terrorism and its financing activities.

#### 4.7.1 **10th meeting of the BIMSTEC Sub-group on Anti-Money Laundering and Combating Financing of Terrorism**



*Bangladesh Delegation at the 10th meeting of the BIMSTEC Sub-group on Anti-Money Laundering and Combating Financing of Terrorism, 19-20 November 2018, Kathmandu, Nepal*

The 10th Meeting of the BIMSTEC (Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation) Sub-group on Anti-Money Laundering and Combating the Financing of Terrorism (SGAML-CFT) was held in Kathmandu, Nepal during 19-20 November 2018. The delegation of all member countries of BIMSTEC participated the meeting. A three-member delegation team headed by the Executive Director of Bangladesh Bank and Deputy Head of BFIU attended the program. Various contemporary issues like Sanitized version of National Risk Assessment of the member countries, Risk of ML & TF in financial inclusion through Mobile Financial Services (MFS), Corruption and bribery related to money laundering were discussed in the meeting. The member countries shared their views and experiences on those issues. In addition to that the meeting focused on the implementation of human resources development and capacity building to combat money laundering and the financing of terrorism. Bangladesh delegation actively participated in the discussion of the meeting and presented two case studies on corruption and bribery related money laundering.

#### 4.7.2 Workshop on Cyber Terrorism and Cyber Security for BIMSTEC Member Countries



*BFIU official along with the participants in the Cyber Terrorism and Cyber Security workshop, 18 February-01 March, 2019 in Hyderabad, India*

A training course on Counter Terrorism, Cyber Terrorism, Cyber Security, and Counter Trans-National Crimes for National Security Officers of BIMSTEC Member States arranged by the Government of India was held at Sardar Vallabhbhai Patel National Police Academy (SVP NPA), Hyderabad, India from 18 February to 01 March 2019. National Security Officers from Bangladesh, Bhutan, Nepal, Myanmar, Sri Lanka and Thailand participated in the course (total 36 Officers, 06 from each country). An official from BFIU, along with representatives of Bangladesh Police, Rapid Action Battalion, ICT Division, and Ministry of Foreign Affairs, participated at the training course.

The participants, including delegation of Bangladesh, delivered a country presentation which covered current scenario of the respective country, priorities and way ahead regarding security related issues which provided a short overview of the current status of BIMSTEC countries and initiatives taken by them on various security-related issues. The two week long course with multi-dimensional topics and lectures along with practical sessions provided a great opportunity for the participants to know the strategies and tactics of Countering Terrorism and how to handle other security related issues. This knowledge will help to counter emerging security threats facing by BIMSTEC region.

#### 4.8 2nd Financial Inclusion Global Initiatives Symposium

The 2nd Financial Inclusion Global Initiatives (FIGI) Symposium, jointly organized by the World Bank, Bank for International Settlements, International Telecommunications Union and the Bill and Melinda Gates Foundation, was held in the Egyptian capital, Cairo, during 22-24 January 2019. A total of 47 countries represented by 304 delegates and 07(seven) international organizations participated in the symposium. Enabling Inclusive DFS Ecosystems: National and Thematic Insight was the theme of the symposium.

Bangladesh delegation was represented by the Director General of the National Identity Card wing of Bangladesh Election Commission, the General Manager and Operational Head of BFIU and one Joint Director of BFIU.



*Bangladesh Delegation at the 2nd Financial Inclusion Global Initiatives Symposium, 22-24 January 2019, Cairo, Egypt*

The different sessions of the symposium were dedicated to showcase how the digital financial service ecosystem had worked in various countries, how it had advanced the goal of financial inclusion and what technologies were being used to reduce the risk of money laundering and terrorist financing at national and international levels. The three working groups, who have been working on the above-mentioned issues for the last year and a half, shared the results of their work and experiential matters with participants at the symposium. BFIU is a member of the Digital ID working group and one of the officials of this Unit has been serving as Co-Lead on the "G20 Digital ID On-Boarding: A Policy Option" project alongside the World Bank.

The Director General of the NID wing of the Election Commission, participated as a panelist in the session titled 'Application of Digital ID in the financial sector-Key Considerations'. Another key event at the symposium was the 'KYC 2.0: Emerging KYC Registry approaches to enhance financial inclusion', where BFIU delegation served with distinction alongside experts from Mexico, Egypt and the World Bank.

#### **4.9.1 9th Global Standards Proportionality Working Group Meeting and 10th AFI Global Policy Forum**

The 9th Global Standards Proportionality (GSP) Working Group Meeting in conjunction with the 10th Global Policy Forum (GPF) was held in Sochi, Russia during 03-07 September 2018. The said meeting of the two forums was organized by Alliance for Financial Inclusion (AFI) and co-hosted by The Bank of Russia and Alliance for Financial Inclusion.

The GSP working group provides a platform for AFI members to find out effective ways to implement global standards for financial stability and integrity proportionately and ensure that financial inclusion is pursued in tandem with a safe and sound financial system. The main

agenda of the working group meeting were discussion on survey results on shadow banking & draft guidance note, AML, CFT & financial Inclusion- proposal on practical toolkits to balance financial inclusion and financial integrity, survey results on Basel standards implementation etc. The Membership council of AFI endorsed Sochi Accord on FinTech for Financial Inclusion, ratified AFI Board of Directors and Committees. It also ratified Bangladesh Bank as Chair of the Global Standards Proportionality Working Group for the next term.

#### **4.9.2** ▶ **10th Global Standards Proportionality Working Group and 19th Financial Inclusion Data Working Group Joint Meeting**

The 10th Global Standards Proportionality (GSP) Working Group Meeting was held in Cairo, Egypt during 11-14 March 2019. The Meeting was organized by Alliance for Financial Inclusion (AFI). The Main agenda of the working group meeting were AFI Policy Models in Practice, RegTech for Financial Inclusion: Re-engineering Regulatory and Supervisory Processes for the Digital Age, National Action Plans to Stem the Tide, Incorporating Financial Inclusion into FSAPs, Policy Leadership Alliance: Policy Guidance and In-country Implementation Modality etc. At the meeting, Deputy General Manager of BFIU and working group chair, Mr. A.K.M. Ramizul Islam, got an award under the Working Group Advocate category.

#### **4.10.1** ▶ **Conference on Empowering Women Leaders in International Anti-Money Laundering and Counter Financing of Terrorism**



*BFIU officials along with other participants at the conference in Vienna, Austria organized by UNODC*

A conference on "Empowering Women Leaders in International Anti-Money Laundering and Counter Financing of Terrorism" was arranged by the Cybercrime and Anti-Money Laundering Section (CMLS) of United Nations Office on Drugs and Crime (UNODC) in Vienna, Austria during 15-17 April 2019. The main motto of the conference was to implement UNODC Strategy for Gender Equality and the Empowerment of Women in accordance with operative paragraphs of the resolution 26/3 i.e. mainstreaming a gender perspective into crime prevention and criminal justice policies and programs and into efforts to prevent and combat transnational organized crime. It was an assemblage of 150 experts from different AML & CFT communities-law enforcement, financial intelligence units, prosecuting authorities, customs and taxation authorities, ministry of finance, and intelligence agencies from 35 countries where two delegates from BFIU joined.

At the conference, the experts of different international organizations delivered presentations focusing on existing international efforts to support women leaders in AML & CFT regime, their recruitment, retention and professional development and the promotion of a culture of gender equality. The conference aimed at producing an outcome document, based on the discussions, which can serve as a practical tool to promote change; so to strengthen gender mainstreaming and, ultimately, improve responses to prevent and counter money laundering and terrorist financing and make an easy path for women empowerment and increase the number of women participation in the arena of AML & CFT.

#### 4.10.2 ▀ UNODC/TPB Workshop on Intelligence and Investigation



*BFIU officials at the UNODC/TPB Workshop on Intelligence and Investigation, 19-23 November 2018, Madrid, Spain*

The United Nations Office on Drug and Crime Terrorism Prevention Branch (UNODC/TPB) conducted a Train-the Trainers workshop on "The use of special investigation techniques in criminal investigation of digital communication channels in terrorist cases" in Madrid, Spain during 19-23 November 2018. The workshop was conducted in cooperation with experts from the cyber terrorism group of the Guardia Civil (Civil Guard) of Spain and the Spanish national police. Total 15 participants from Bangladesh, Sri Lanka and Maldives attended the workshop. Two officials of BFIU attended the program as Bangladesh delegation.

The aim of this program was to provide technical assistance to the investigators and prosecutors on online investigation and securing digital evidence to more effectively investigate and prosecute terrorist cases. The contents of the workshop were Internet-based Investigation, Virtualization, Deep Web, Dark Web, Open Source Intelligence (OSINT), Search Engine Hacking, Metadata, Processing Information from Social Network, Security Measures related to emails, Anonymous Browsing, Computer Forensic etc. During the five-day long workshop, the participants also performed various exercises that enriched their capacity in this field.

#### 4.10.3 ▀ UNODC Workshop for SE Asian Countries on CFT and PF

An UNODC Workshop for South and Southeast Asian Countries on countering the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction took place during 04-06 December 2018 in Singapore. A two member Bangladesh delegation comprising each official from Bangladesh Police and Bangladesh Financial Intelligence Unit attended that workshop.

Organized by the Terrorism Prevention Branch of UNODC and INTERPOL, the program was designed to counter the financing of terrorism and the Proliferation of WMD in light of international papers and accepted standards. At the workshop, various topics like international legal infrastructure, financial intelligence for mutual assistance among countries and other emerging issues were discussed.



*Bangladesh Delegation at the UNODC Workshop for SE Asian Countries on CFT and PF, 04-06 December 2018, Singapore.*

#### 4.10.4 ▀ UNODC Regional Workshop on International Cooperation in Criminal and Financial Investigations of Corruption Crimes and links to Money Laundering



*Delegation of Bangladesh at the UNODC Regional Workshop, 12-14 November 2018, New Delhi, India*

A three-day long workshop, held in New Delhi during 12-14 November 2018, was organized by UNODC for investigators, prosecutors and judges of Bangladesh, Bhutan, Maldives, Nepal, Sri Lanka and India who are handling complex corruption cases that involve financial transactions. The participants were from diverse sectors like the Anti-Corruption Authority, FIU, Enforcement Directorate and Police.

Different sessions of the workshop covered various topics including UNCAC and other international standards in investigating and prosecuting corruption and other crimes, the use of open source data in investigations and money laundering typologies in the South Asian region. At the workshop, the participants were introduced to a novel technique, that of building a Corruption Investigation Planning Matrix to properly plan out the investigation's development. Furthermore, each participating country's anti-corruption authority presented their most successful corruption cases, the investigative techniques and tools that they applied, the processes by which how they built teams and secured cooperation with other agencies, and collected evidence while resolving the challenges.

Actually, the workshop was a follow-up to the earlier regional workshop held in Colombo during 17-19 October 2017 aiming to prepare channels of direct communication and facilitate a common understanding of investigative procedures and international cooperation among countries of the South Asian region.

#### 4.10.5 ▀ UNODC Workshop on Maritime Counter-Terrorism

The UN Office on Drugs and Crime (UNODC) and the International Maritime Organization (IMO) hosted a sub-regional workshop on maritime counter-terrorism during 27-29 November 2018 in London, United Kingdom. An official of BFIU attended the workshop.



Resource Persons from BFIU, UNODC and IMO at UNODC Workshop on Maritime Counter-Terrorism, 27-29 November 2018, London, United Kingdom



This workshop provided an overview of UN Security Council Resolution 1540 (2004), its assistance to States to implement this resolution, and synergies between the resolution and other nonproliferation instruments, including the Non-Proliferation Treaty (NPT), Biological Weapons Convention (BWC) and Chemical Weapons Convention (CWC). Special attention has been given to the aspects of maritime safety and the significance of 1540 national contact points.

#### 4.10.6 Workshop on Combating TF, PF and Financing of Non-State Actor Acquisition of Biological, Chemical and Nuclear Weapons



Bangladesh Delegation at the Workshop on Combating TF, PF and Financing of Non-State Actor Acquisition of Biological, Chemical and Nuclear Weapons, 05-08 February 2019, Bali, Indonesia

A cross regional workshop for South Asia and East Asia on the international counter terrorism legal framework that seeks to prevent the acquisition of biological, chemical and nuclear (BCN) weapons by non-state actors, and the legal instruments of the International Maritime Organization (IMO) was held during 05-08 February 2019 in Bali, Indonesia. The workshop was jointly organized by UNODC and IMO highlighting the international cooperation and global security issues.

The workshop brought together eminent experts from global bodies and jurisdictions and participants from across South and East Asian countries. A four member Bangladesh delegation comprising officials from Ministry of Foreign Affairs (MoFA), Ministry of Home Affairs (MoHA), Bangladesh Police and Bangladesh Financial Intelligence Unit took part in the workshop and shared Bangladesh experience on combating terrorist financing and financing of proliferation of weapons of mass destruction with illustrated case examples.

#### **4.11 ▀ Pre-ME and Mock Mutual Evaluation for Korean Government Authority**

The APG Regional Pre-Mutual Evaluation Training was held in Seoul, South Korea during 03-05 September 2018. The Asia Pacific Group on Money Laundering and Korean Government organized this workshop for those regional countries that will undergo for their upcoming Mutual Evaluation. Thirty-three officials from India, Nepal, Vietnam, South Korea, Laos PDR, Tonga, Papua New Guinea, Japan, Brunei, Pakistan, Uzbekistan and Maldives attended this workshop.

In the margin of Pre-Mutual Evaluation Training program, a Mock Mutual Evaluation exercise exclusively for South Korean government authority also held during 06-07 September, 2018.

An official of BFIU participated in both the workshops as a "Resource Person".

#### **4.12 ▀ Technical Assistance provided to the Government of Nepal by APG and BFIU**



*BFIU official along with the participants at the Technical Assistance Program for Government of Nepal*

APG and BFIU's joint Technical Assistance Program for the Government of Nepal, focusing on increasing the financial investigation capabilities of Nepalese law enforcement agencies was arranged in 2019. Mr. Masud Rana, Joint Director of BFIU served as a Mentor on behalf of APG and BFIU who conducted a Scoping Mission in Nepal from 18-22 February 2019 and following that, provided the deliverables of the TA Program in the second and final visit to the country during 28-29 June 2019. Additionally, during 24-28 June 2019 under the overall purview of the Technical Assistance Program, he has conducted several workshops for increasing the financial investigation capabilities/competences of Nepalese anti-corruption authorities, Nepalese money laundering investigation departments, Nepal FIU and improving financial investigation potential in Nepal police's Criminal Investigation Bureau.

Based on the Scoping Mission, the major recommendations of the Technical Assistance Program were submitted to the Nepalese authorities for their use. The BFIU mentor has also designed and provided to the Nepalese authorities several documents that would guide them in implementing the suggested reforms.

#### 4.13 **International Cybersecurity Congress**

One of the officials of BFIU along with an official from Ministry of Information participated in the International Cybersecurity Congress (ICC) held in Moscow, Russia during 20-21 June 2019. The ICC is a unique platform that unites representatives from government, international business and recognized industry experts in an open dialogue on the most pressing issues of cybersecurity in the age of global digitalization. A total of 2729 participants from 65 countries and 637 companies attended this program. At the program, the participants discussed the global strategies and avenues for international cooperation in cybersecurity. The program was a great opportunity for the participants to be informed about the most relevant and pressing cybersecurity issues in the context of global digitalization.

#### 4.14 **Providing Technical Support to FIU-Nepal in Processing/Analyzing STR/SAR**



*BFIU officials with the participants of the Processing/Analyzing STR/SAR training program, 04-07 February 2019, Nepal*

Upon request of Nepal Rastra Bank, BFIU nominated two officials to impart training to the officials of Nepal FIU on "Processing/Analyzing of STR/SAR and preparation of Analysis Report through goAML Application. The nominated officials visited Nepal during 04-07 February 2019 to conduct the said training program. At the program, the officials of BFIU have shared experience, views and ideas on technical and business issues of goAML application. They have also formulated seven recommendations which could assist Nepal FIU in implementing goAML live in full-fledge.

#### 4.15 ▶ Regional Prosecutors' Symposium

The United States Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) organized a mutual exchange program titled "Regional Prosecutors' Symposium" during 26 February - 01 March 2019 in Jakarta, Indonesia. Around 60 (sixty) prosecution participants from Bangladesh, Nepal, Sri Lanka, Malaysia and Indonesia attended the symposium. The program was aimed to deepen the existing channels of cooperation and open the new ones among the attendee countries. The program was designed in two sessions: Financial Investigations and Coordination with Money Laundering Task Force. BFIU nominated an official to participate in the symposium. The nominated official from BFIU conducted a session on "Role of BFIU in Complex investigation."



*Bangladesh Delegation at the Regional Prosecutions' Symposium, 26 February- 01 March 2019, Jakarta, Indonesia*

#### 4.16 ▶ Panel Discussion on Financial Inclusion of Refugees as a Means of Self-Reliance



*BFIU official at the Panel Discussion on Financial Inclusion of Refugees as a Means of Self-Reliance, 10 January 2019, New Delhi, India*

A panel discussion on Financial Inclusion of Refugees as a Means of Self-Reliance has been arranged by Migration and Asylum Project of M.A.P on 10 January 2019 in New Delhi, India.

M.A.P, formerly known as Ara Legal Initiative, is one of the foremost advocates for refugees in the region and uses the law as an effective tool to expand the legal protection space for this group. It is the first organization to work towards the financial inclusion of refugees in India through its pioneering project which aims to give them access to basic banking and financial services.

An official of BFIU attended the daylong workshop. Issues regarding demands and barriers of inclusion of refugees, their access to financial services and their livelihood and income status have been discussed at the workshop. It has been identified that the lack of recognizable documentation is a prime barrier to access to banks. The panel discussion was held as a part of the Project, to discuss the unique barriers and potential solutions to overcome the barriers, and to share leanings from the implementation of the projects in the previous period. The main objective of the program was to bring together some key influencers in this space to share best practices from their experiences, highlight existing legal/policy avenues in India that refugees could benefit from and discuss potential, realistic policy solutions to address roadblocks to inclusion of refugees.

#### **4.17 ▽ 2nd Meeting of the ITU-T Focus Group Digital Currency including Digital Fiat Currency (FG DFC) and the ITU Workshop on Standardizing Digital Fiat Currency (DFC) and its Applications**

2nd meeting of the ITU-T Focus Group Digital Currency (FG DFC) and the ITU Workshop on Standardizing Digital Fiat Currency (DFC) and its Applications took place in New York, United States during 18-20 July 2018.

The main issue dealt with this event was Standardizing Digital Fiat Currency and its Applications. Central bankers, monetary policy-makers and blockchain academics, NGO's, and blockchain fanatics of all kinds were present in the meeting.

Most of the presentations and discussions of the workshop were about the use of crypto technologies—the technologies behind cryptocurrencies and blockchain to create substitutes for digital bank deposits and/or cash and currency.

#### **4.18 ▽ 4th Bilateral US-Bangladesh CFT Banking Dialogue**



*BFIU officials along with participants at the 4th Bilateral US-Bangladesh CFT Banking Dialogue, 08-10 August 2018, Thailand*

Bangladesh Financial Intelligence Unit (BFIU) and the United States Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) jointly organized "4th US-Bangladesh Bilateral CFT Banking Dialogue" for the Chief Executive Officers (CEOs) of scheduled banks of Bangladesh during 08-10 August 2018 was held in Thailand.

The Head of BFIU, the then Deputy Governor of Bangladesh bank, the Chairman of the Association of Bankers, Bangladesh (ABB), and 23 Chief Executive Officers (CEOs) of different scheduled banks of Bangladesh participated in the program. Officials and lawyers from the US Embassy Dhaka, US Treasury's Financial Crimes Enforcement Network (FinCEN), Anti-Money Laundering Office (AMLO), Thailand and BFIU facilitated the program as resource persons. This program focused on the recent trends on AML & CFT issues like Trade-Based Money Laundering, Correspondent Banking and De-Risking, Cyber Security, Emerging Technologies and Threat Finance, RegTech and Artificial Intelligence. In addition to the discussion sessions, the participants of the program visited the Anti-Money Laundering Office (AMLO), Thailand where common Asia regional anti-money laundering and combating the financing of terrorism (AML & CFT) issues were.

#### 4.19 **AML & CFT Compliance Officers' Conference, Bangkok, Thailand**



*BFIU officials along with participants at AML & CFT Compliance Officers' Conference, 12-14 August 2018, Thailand*

The United States Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) collaborated with Bangladesh Financial Intelligence Unit (BFIU) jointly organized the "AML & CFT Compliance Officers' Conference" for the Chief Anti-Money Laundering Compliance Officers (CAMLCOs) of the scheduled banks of Bangladesh. The Conference was held in Bangkok, Thailand during 12-14 August 2018 where the Head of the BFIU and the then Deputy Governor of Bangladesh Bank, Chairman of the Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB) and 49 CAMLCOs of different scheduled banks of Bangladesh participated in the program.

Officials of the Department of Justice's Financial Crime Enforcement Network (FinCEN), Anti-Money Laundering Office (AMLO), Thailand and BFIU facilitated the program as resource persons. Considering the direct involvement of the CAMLCOs in the implementation of AML & CFT procedures in their own organizations, the program focused on emerging issues like new technologies, terrorist financing, good governance, current trends in money laundering, cyber security, bank de-risking etc. A panel composed of CAMLCOs from Thai-based Kasikornbank (KBank) and two Bangladeshi banks led a discussion on common regional money laundering compliance issues in Asia.



## Professional Development of BFIU Officials



## Professional Development of BFIU Officials

Human resources, the fuel of any organization, play a crucial role in performing and carrying out regular activities of the institution. In this age of evolving technology where perpetrators are more astute, an effective FIU without skilled and agile workforce is impossible. BFIU always believes in human ingenuity to learn and stresses the need for professional development of its human resources to make them better prepared for emerging threats and vulnerabilities. And as part of such initiatives BFIU, like previous years, took every care and arranged trainings and workshop both home and abroad. For training and workshops the Unit has received cooperation from a number of international organizations and foreign agencies. Capacity development initiatives have yielded much desired outcome. Some of the officials of the Unit are contributing in different AML & CFT forums globally with technical and expertise assistance. BFIU takes learning as a continuous process and always tries to keep its officials abreast of the latest knowledge to fulfill the mission bestowed on it.

### 5.1 ▸ Assessor Training Workshop of APG

Assessor Training Workshop is a very effective platform to prepare the AML and CFT personnel as assessor for the Mutual Evaluation of different jurisdictions. BFIU officials had been trained by this program from time to time and benefitted from the course to strengthen own jurisdictions' AML & CFT regime as well as to have the opportunity to be an assessor in ME of other jurisdictions in future.

In FY 2018-19 one official of BFIU participated in the assessors training program held in Auckland, New Zealand during 11-15 March 2019 and completed all the sessions with much appreciation.



*Bangladesh participant in the APG Assessor Training, 11-15 March 2019, Auckland, New Zealand*

## 5.2 U.S-Bangladesh Bilateral Counterterrorism Mutual Exchange Study Visit



*Bangladesh Delegation at the U.S-Bangladesh Bilateral Counterterrorism Mutual Exchange Study Visit, 23 September – 04 October 2018, USA*

The United States Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) organized a study visit on U.S-Bangladesh Bilateral Counterterrorism Mutual Exchange during 23 September - 04 October 2018. The Bangladesh delegation team was comprised of judges, prosecutors, solicitor, investigators and analysts of different agencies including BFIU. The study-tour covered Attorney General's Office, District Courts, FBI Office, Supreme Court, U. S Treasury Department, U.S. Department of Justice, U. S State Department, OPDAT, Bank of America etc. in Charlotte, North Carolina, Charlottesville, Virginia and Washington DC. At the visit, the participants had the opportunity of learning about the mechanism of fighting terrorism and terrorism financing as each office briefly presented their system and shared their experiences to combat terrorism and terrorist financing.

### 5.3 In-house Training

BFIU arranges in-house training programs on regular basis to enhance the capacity of the officials. Whenever an official receives training or attends workshop, seminar, summit etc. at home and abroad, s/he has to share her/his experience with all other officials of BFIU. This culture maximizes the utility of training program, workshop, seminar, summit etc. at a cost effective way. Apart from that, BFIU also invite resource person for its in-house training to discuss updated regulatory frameworks both home and abroad.

In FY 2018-19, six (6) in-house training programs have been arranged where various topics such as Money Laundering Prevention Act, 2012, Anti-terrorism act, 2009, Money Laundering Prevention Rules 2019, UNSCR resolutions, FATF Recommendations including recent updates, Risk Based Supervision Manual, Techniques of using open source data efficiently for analysis purposes, Blockchain Technology and Crypto Assets etc were discussed.

#### **5.4 ▼ Domestic Training Program**

Bangladesh Bank Training Academy regularly arranges training program for the banking sector officials. In FY 2018-19, 28 officials of BFIU received training on banking sector related diverse topics such as Banking Law and Regulations, Monetary Policy Formulation and Implementation process in Bangladesh Bank, ICT Risk Management, Core Risk Management, Prevention of Money Laundering and Terrorist Financing, Emerging Threats in IT Security in Bangladesh Financial Sector & Control Measure, TOT on Trade Based Money Laundering, Training Program on SDGs Implementation, IT Auditing, Prevention of Financial Crime in Bank, Integrity & Anti-corruption in Financial Sector, Techniques of Inspection of Banks and NBFIs and Report Writing, Guidelines on ICT Security, Islamic Banking and Finance, Understanding Economic Analysis, Financial Stability Analysis etc. Apart from those training, all the officials of BFIU participated in IT Security and Awareness program.

Furthermore, Bangladesh Institute of Bank Management (BIBM) has organized two special training programs for BFIU officials on Trade-Based Money Laundering and Financial Crime. Forty five (45) BFIU officials attended those training programs.



**Awareness Program and  
Capacity Building of  
Reporting Organizations**

## Awareness Program and Capacity Building of Reporting Organizations

An FIU's success largely depends on the reporting organizations ability to effectively identify and report transactions. BFIU has been relentlessly and immensely trying to enhance the awareness of the ROs on AML & CFT issues and making strategic and operational efforts to enhance their capacity to ensure better compliance. In line with such activities, BFIU arranges meetings, conferences and training programs for the reporting organizations of Bangladesh time to time and further provides resource persons to the ROs and other regulatory, investigative and relevant agencies.

### 6.1 CAMLCO Conference

To provide appropriate guidance to the ROs, raise awareness of the compliance officers on latest AML & CFT scenario and ensure their accountability to comply with the existing domestic and international regulations and guidelines, BFIU arranges conferences for the compliance officers of all the ROs separately every year at a broad level. In short the conference has been framed as CAMLCO conference and it serves as the hub of discussion on various issues especially AML & CFT issues, sharing knowledge and experience in combating AML & CFT threat and updated regulatory framework etc.

#### 6.1.1 CAMLCO Conference for Banks



Senior Secretary, Financial Institutions Division of Ministry of Finance as Chief Guest at the Inaugural Session of CAMLCO Conference of Banks, 29-31 March, 2019, Habiganj

The 15th CAMLCO Conference for the scheduled banks was held during 29-31 March 2019 at 'The Palace Luxury Resort', Habiganj. BFIU in collaboration with the Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB) arranged three-day long program which was presided over by the Executive Director of Bangladesh Bank and Deputy Head of BFIU Mr. Md. Eskandar Miah. Mr. Md. Asadul Islam, Senior Secretary of Financial Institutions Division, Ministry of Finance was present as the chief guest while the closing ceremony and working sessions were presided over by the General Manager and Operational Head of BFIU, Mr. Md. Zakir Hossain Chowdhury. Senior officials of Bangladesh Bank, concerned BFIU officials, CEOs of several banks and the CAMLCOs and Deputy CAMLCOs of all the scheduled banks attended the conference.

At the opening remarks, the General Manager and Operational Head of BFIU called upon the banks to develop best practices and operational strategies and implement them to prevent the profitable use of illicit funds through the banking system. The Chief Guest, Senior Secretary Mr. Md. Asadul Islam, emphasizing corruption as the single biggest impediment to the country's sustainable development, stressed the need for effective institutional structures to prevent the proceeds of crime entering the financial system, and enhance cooperation between regulators, law enforcing agencies and other stakeholders to make the government's 'zero tolerance policy' towards corruption a successful one.

In his opening address, Deputy Head of BFIU Mr. Md. Eskandar Miah said that money laundering reduces the availability of funds for productive investment and fosters economic instability. On the other hand, terrorism dilapidates the law and order of the society and facilitates other crimes, he added. In both cases, people's right to property is undermined. He also expressed the hope that the spontaneous participation and well thought out recommendations of the discussion panels would guide all stakeholders in stopping the flow of ill-gotten funds and trade based money laundering.

The keynote paper of the conference titled "Use of AML & CFT Measures to Deter Corruption Induced Money Laundering Focusing Illicit Fund Flow" was presented by Mr. Kamal Hossain, Deputy General Manager of BFIU. Besides, several emerging issues and topics like use of corporate vehicles for ML & TF, ML & TF risk arises from digital financial services, correspondent banking relationship, emergence of FinTech focusing on E-KYC project and so on were discussed elaborately. Moreover, a whole day session had been engaged for discussing issues regarding trade based money laundering and draft guidelines for Prevention of TBML focusing RBA. Joint Director of BFIU, Mr. Md. Khairul Anam, presented an overview of the draft Guidelines for Prevention of TBML focusing RBA and invited the bankers to provide their valuable opinions regarding the guideline. Besides, a case study on TBML was presented to the audience. Furthermore, discussions were held on correspondent banking relationship and mitigation of ML & TF risks thereof and salient features of money laundering prevention rules.

In line with the discussions made during the conference the following recommendations were taken for ensuring a more strengthened AML & CFT compliance regime for banks in the country:

- Banks will seriously consider the issue of giving priority to female officers for the post of Chief Anti-Money Laundering Compliance Officer (CAMLCO), subject to their qualifications set out in BFIU circular 19, paragraph 1.3 (a).

- Banks will have to give special importance to the lodging of Suspicious Transaction Reports associated with the use of Corporate Vehicles for money laundering and Trade Based Money Laundering.
- The CAMLCOs will analyze written off loans to scrutinize whether any of those funds were laundered abroad, and thus file STRs to BFIU by 30.6.2019.
- The CAMLCOs will analyze their banks' Relationship Management Agreements (RMA) and inform BFIU within 30.6.2019 if any relationship is found with shell banks.
- Banks will take steps to ensure that branch assessment scores, that reflect compliance with anti-money laundering and terrorism financing requirements and are awarded based on banks' internal audit processes and Independent Testing Procedures (ITPs), truly reflect the branch's level of compliance.
- Banks will analyze the risks involved, and take mitigation measures, before purchasing or using any new software or technology.
- Banks will take steps to deal with the money laundering and terrorism financing risks faced by their clients that provide e-commerce services. They will work with technology-based financial service providers in this regard, if needed.
- Banks that have been unable to deploy/provide chip-based debit or credit cards will take necessary steps to provide them without delay.
- Bangladesh Bank's Payment Systems Department (PSD) will take steps for further clarification of Mobile Financial Service policy rules to account for money laundering and terrorist financing risks.
- The issue of providing one mobile wallet for each National Identification Card and SIM number will be reviewed by the Payment Systems Department of Bangladesh Bank.
- Banks will evaluate the risks associated with and take mitigation measures before storing data in the 'cloud'.
- Every bank will organize awareness programs on AML & CFT for members of its board of directors at least once a year.
- Training programs will be organized for Branch Anti-Money Laundering Compliance Officers (BAMLCO) in vulnerable districts, starting with the lead banks.

At the closing ceremony of the three-day long conference, a vote of thanks was offered to all participants, support providers and relevant stakeholders and a pledge given to take effective steps to realize the prime minister's 'zero tolerance policy' towards money laundering and terrorist financing in the country.

#### **6.1.2** **▶ CAMLCO Conference for Non-Bank Financial Institutions**

Bangladesh Financial Intelligence Unit (BFIU) arranged Chief Anti-Money Laundering Compliance Officers (CAMLCO) Conference 2019 for Non-Bank Financial Institutions (NBFI) during 26-27 April 2019 at the BRAC CDM Rajendrapur, Gazipur. Honorable Head of BFIU, Mr. Abu Hena Mohd. Razee Hassan inaugurated the conference as chief guest while the Executive

Director and Deputy Head of BFIU Mr. Md. Eskandar Miah was present as special guest and the General Manager & Operational Head of BFIU presided over the inaugural session. Officials of BFIU, related Executive Director of Bangladesh Bank, Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA), MD/CEOs of several NBFIs, CAMLCOs and Deputy CAMLCOs of all NBFIs were present in the conference.



Head of BFIU is addressing as Chief Guest at the CAMLCO Conference for NBFIs, 26-27 April, 2019, Rajendrapur, Gazipur

In the working sessions of the conference issues regarding 'Abuse of Corporate Vehicle for Money Laundering: Special Focus on Loan Scam', 'Recent Changes in AML & CFT Regulatory Regime', 'Establishing Sound Compliance Culture for Sustainable Business', 'Challenges and Strategies for NBFIs in Recent Context', 'Industry Best Practices' were discussed by the distinguished presenters from BFIU, BB and BLFCA. Furthermore, the participants were engaged in an open and interactive discussion regarding AML & CFT compliance challenges faced by NBFIs of Bangladesh following the presentation on compliance lapses observed by BFIU.

At the closing session, recommendations were adopted to be implemented in near future to strengthen the AML & CFT compliance structure of this sector.

### 6.1.3 CAMLCO Conference for Capital Market Intermediaries

Bangladesh Financial Intelligence Unit (BFIU) and Bangladesh Securities and Exchange Commission (BSEC) jointly arranged the 4th CAMLCO Conference for the Capital Market Intermediaries (CMI) during 21-22 June 2019 at Ocean Paradise Hotel, Cox's Bazar. Dr. M. Khairul Hossain, Chairman of BSEC, inaugurated the conference as chief guest while Mr. Abu Hena Mohd. Razeen Hassan, Head of BFIU, Md. Helaluddin Nizami, Commissioner of BSEC and Dr. Swapan Kumar Bala Commissioner of BSEC glorified the stage as special guest. Mr. Md. Zakir Hossain Chowdhury, the Operational Head & General Manager of BFIU chaired the inaugural ceremony.



During his speech as chief guest, Dr. M. Khairul Hossain, expressing BSEC's commitment to prevent money laundering and terrorist financing in capital market, pointed out that compliance may cost companies millions, but non-compliance costs even more. No country will come forward with foreign investment, if the capital market is abused as a platform for terrorist activities, terrorist financing or legalizing illicit money, he added. He advised the CAMLCOs to beware of the Insider Traders & Manipulators in this perspective.

While delivering speech as a special guest, Mr. Abu Hena Mohd. Razeen Hassan emphasized the implementation of the 40 recommendations of FATF. He also highlighted some important observations regarding Bangladesh Capital market, which had been focused earlier in the Mutual Evaluation. Mr. Md. Zakir Hossain Chowdhury, the Operational Head & General Manager of BFIU, on his speech as the session chair, emphasized on proper KYC procedure and verification of the source of fund in case of large amount transaction and submission of STR to BFIU if deemed so.

Officials of BFIU and BSEC presented several topics like AML & CFT regime in line with FATF recommendations (Special Focus on CMLs), good governance and role of senior management in implementation of AML & CFT regulatory compliance requirements; establishing sound AML & CFT compliance culture for sustainable business, AML & CFT compliance requirements and implementations of effective Risk Based Approach.

At the feedback session, Deputy General Manager of BFIU presented a comparative statistics of the advancement of compliance culture from the CAMLCO conference 2015 to CAMLCO conference 2019. Based on the presentations and discussion held at the conference, several attributed decisions were taken for CMI including preparation of Uniform Account Opening Form within the year 2019, increasing the number of identified STR/SAR and lodging the same to BFIU, fit and proper test, taking necessary step for the access to NID database, arranging awareness program, cyber security, goAML registration, following proper KYC procedure, legacy account reporting, national integrity strategy etc.

The two-day long conference was ended with a vote of thanks from the representatives of BFIU and BSEC.

#### 6.1.4 CAMLCO Conference for Insurance Companies

Senior Secretary,  
Financial Institutions  
Division of Ministry of  
Finance as Chief  
Guest at the  
Inaugural Session of  
the CAMLCO  
Conference for  
Insurance Compa-  
nies, 20-21 Septem-  
ber, 2018, Cox's  
Bazar



BFIU along with Insurance Development and Regulatory Authority (IDRA) arranged CAMLCO Conference 2018 for Insurance Companies (ICs) during 20-21 September 2018 in Cox's Bazar. The purpose of the program was reviewing the AML & CFT activities in the previous year and preparing work plan emphasizing increased awareness on AML & CFT activities, introducing risk based approach and implementation of UNSCRs, ensuring involvement and awareness of both the higher authority and the board members of ICs.

Senior Secretary of Financial Institution Division, Ministry of Finance inaugurated the two-day long conference. Member of IDRA, the Executive Director & Deputy Head of BFIU, Consultant of BFIU, Executive Director of IDRA, several CEOs of insurance companies, representatives from Bangladesh Insurance Forum and Bangladesh Insurance Association were present and rendered their respective role in different sessions. CAMLCOs of all the insurance companies operating in Bangladesh, officials of BFIU and IDRA were also present.

For the proper understanding and taking initiative accordingly by the insurance companies in preventing money laundering and terrorist financing, some emerging issues like vulnerabilities and risk in insurance sector, role of IDRA in monitoring and supervision of AML & CFT issues; role of underwriters in mitigating ML & TF risk; challenges in implementing AML & CFT measures in insurance companies; AML & CFT risks in insurance sector; role of senior management for effective implementations were discussed in the conference.

Furthermore, on behalf of BFIU, a presentation on AML & CFT implementation status of insurance companies has been conveyed to the audience. After having interactive discussion in all the sessions the following recommendations were taken:

- Arranging a conference for the CEOs of Insurance Companies on prevention of ML & TF.
- Arranging a training or workshop for the underwriters of Insurance Companies on prevention of ML & TF, at divisional cities for the employees of insurance companies and training or workshop for the agents of insurance companies.
- Taking adequate initiatives for implementing UNSCR and gradually implementing automated screening mechanism in the insurance companies.
- Organizing awareness program regarding prevention of ML & TF by the insurance companies for the customers.
- Taking initiatives in order to get access in the government, private and international database to examine the KYC related documents.
- Introducing E-KYC in the insurance sector in a limited scale.

## 6.2 ▼ Capacity Building Program for DNFBPs

Designated Non-Financial Businesses and Professions (DNFBPs) include real estate agents, dealers in precious metals or stones, accountants, lawyers and trust and company service providers. DNFBPs are consistently targeted by criminals for criminal activities and to facilitate theft, fraud, money laundering and other crimes. Thus, the risks related to this sector lie in the potential misuse for ML & TF. Realizing these risks BFIU, has adopted effective measures in line with the FATF recommendations in an attempt to prevent the misuse of DNFBPs in ML & TF.

Including DNFBPs as reporting organization, BFIU has issued guidelines and master circular for them already. Furthermore, Sectoral Risk (AML & CFT) Assessment of DNFBPs (Real Estate Sector) has been completed and its sanitized version has been published in the website. Presently, with the help of World Bank, Sectoral Risk (AML & CFT) Assessment of Dealers in Precious Metals or Stones (DPMS Sector) has been initiated. The AML & CFT risk assessment of other sectors of DNFBPs is going on.

In addition to the said initiatives, in FY 2018-19, BFIU has taken several initiatives to provide guidance and raise awareness among the officials, staffs and stakeholders of DNFBPs. In order to identify the accountants and lawyers who will be the reporting organizations as per the Circular-13, BFIU has formed a joint committee along with the Institute of Chartered Accountants of Bangladesh (ICAB) and Dhaka Taxes Bar Association. After having a number of meetings of this committee, 160 listed accountant firms of ICAB and 1200 plus listed lawyer/firms of Dhaka Taxes Bar Association have been selected as reporting organization. BFIU has already decided to render awareness program for the 160 listed accountant firms of ICAB. Furthermore, BFIU has asked Dhaka Taxes Bar Association to select top 100 firms and take initiatives to make them aware on AML & CFT.

BFIU has also arranged several meetings with the official of Real Estate & Housing Association of Bangladesh (REHAB), Bangladesh Jewelers' Samity (BJS), ICAB and Dhaka Taxes Bar Association to make them aware about their responsibilities regarding the fight against ML & TF treats in this sector.

### 6.3 AML & CFT Conference for the MD/CEOs of Non-Bank Financial Institutions

With the association of Bangladesh Leasing and Finance Companies Association (BLFCA), Bangladesh Financial Intelligence Unit (BFIU) arranged conference on Anti-Money Laundering and Combating Finance of Terrorism for the MD/CEOs of Non-Bank Financial Institutions (NBFIs) on 23 March 2019 at the Radisson Blu Hotel, Dhaka. Honorable Head of BFIU, Mr. Abu Hena Mohd. Razeed Hassan, inaugurated the Conference as chief guest while the Executive Director and Deputy Head of BFIU Mr. Md. Eskandar Miah and Executive Director of Bangladesh Bank Mr. Md. Shah Alam were present as special guest. Mr. Md. Khalilur Rahman, Chairman of BLFCA presided over the conference. Other officials of BFIU, CAMLCOs and Deputy CAMLCOs of all NBFIs were present.

Head of BFIU as Chief Guest at the Conference on AML & CFT Conference for the MD/CEOs of Non-Bank Financial Institutions, 23 March 2019, Dhaka



In his opening speech, Deputy Head of BFIU Mr. Md. Eskandar Miah assured that Bangladesh Bank and BFIU would give necessary support the NBFIs to overcome the shortcomings they are facing in fighting the ML & TF issues and comply with the respective rules and regulations where Executive Director Mr. Md. Shah Alam strongly addressed for having an association of the chairman and board of directors of non-bank financial institutions for raising their voice.

As a key note speaker, the Head of BFIU, Mr. Abu Hena Mohd. Razee Hassan presented on 'ML & TF Risk, good governance and AML & CFT compliance for NBFIs'. Discussing over the risks associated with this sector, he emphasized for establishing good governance in NBFIs and implementing it fully as the sole responsibility goes to the board of directors as well as to the management authority. MD/CEOs and CAMLCOs from different NBFIs also discussed over the key note presentation who ultimately agreed on giving emphasis on the effectiveness on compliance of AML & CFT in this sector.

The conference was very effective. The participants expressed their experiences and views. At the closing session, recommendations were adopted to be implemented in near future to strengthen AML & CFT compliance.

#### 6.4 **Conference on AML & CFT for the CEOs of the Scheduled Banks**

Bangladesh Financial Intelligence Unit (BFIU) in collaboration with the Association of Bankers, Bangladesh Limited (ABB) and Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB), organized a "Conference on Anti-Money Laundering and Combating Financing of Terrorism" for the CEOs of all the scheduled banks of Bangladesh on July 14, 2018. Honorable Governor of Bangladesh Bank, Mr. Fazle Kabir graced the event as the chief guest and Mr. Abu Hena Mohd. Razee Hassan, Head of BFIU was the special guest. Other than CEOs, the CAMLCOs and Deputy CAMLCOs of all the scheduled banks participated in the conference.



Governor, Bangladesh Bank as Chief Guest at the Conference on AML & CFT for the CEOs of the Scheduled Banks, 14 July 2018, Dhaka

The conference was aimed to enhance the understanding and engagement of the top management in combating money laundering and financing of terrorism. Head of BFIU Mr. Abu Hena Mohd. Razee Hassan presented the key note in the conference titled "Good Governance and AML & CFT Compliance in Banks". Mr. Md. Arfan Ali, CEO of Bank Asia Ltd. discussed on top management role to ensure AML & CFT best practices in banks and Mr. Chowdhury MAQ Sarwar, CAMLCO of Eastern Bank presented on scope and challenges of AML & CFT compliance.

### 6.5 Awareness Program for the Board of Directors of the Scheduled Banks

Board of Directors is the main governing body that sets policy and strategies for the organization. Upon decision taken at NCC, BFIU regularly arranges awareness programs for the board of directors of the schedule banks. Such program works as a bridge between the board and regulatory authority. This program drives board members to comply with legal and institutional framework on AML & CFT, adopt new strategy, improve STR/SAR reporting quality and quantity, overcome the existing limitations, put more emphasis on AML & CFT related issues, etc. In FY 2018-19, BFIU arranged 08 (eight) awareness programs for the board of directors where more than 100 participants attended.

### 6.6 Capacity Building Initiatives for NGO/NPO



Principal Secretary, Prime Minister's Office as Chief Guest of the seminar on AML & CFT for NGO/NPO's CEOs and CAMLCOs on 02 May, 2019, Dhaka

The NGO/NPOs are operating in Bangladesh taking registration from NGO Affairs Bureau (NGOAB) for receiving foreign Donations under the Foreign Donations act, 2016. BFIU provides valuable opinion to NGOAB regarding the NGOs registration, recruiting its directors, donors, relevant bank accounts through ministry of finance on ML & TF issues. Moreover, BFIU arranges training and awareness building programs for the NGO/NPOs on AML & CFT issues time to time. On 31 August, 2018 BFIU arranged a daylong Town Hall meeting for more than 100 NGOs operating in Cox's bazaar Area.

Furthermore, BFIU along with NGO Affairs Bureau arranged a daylong seminar on 02 May 2019 on ML & TF issues at NGOAB conference hall, Dhaka. The Principal Secretary to the Honorable Prime Minister of Prime Minister's Office Mr. Md. Nojibur Rahman graced the chair as chief guest of the seminar while Mr. Md. Shahiduzzaman, Secretary, Security Services Division of Ministry of Home Affairs and Mr. Abu Hena Moha. Razee Hassan, Head of BFIU were special guest. The daylong seminar was chaired by the Director General of NGOAB, Mr. K. M. Abdus Salam. More than 70 NGO officials participated in the seminar with great enthusiasm.

### 6.7 Workshop for LEAs and Regulators on MLPR

Bangladesh always tries to keep abreast with the updated international regulations and FATF standards in combating ML, TF & PF. As part of the regulatory and supervisory refinement, Bangladesh Government promulgated Money Laundering Prevention Rules, 2019 on January 31, 2019. The newly promulgated Rules incorporates updated regulatory frameworks in combating ML, TF & PF, detailed responsibilities of the prudential regulators of the ROs and responsibilities of LEAs, ROs and BFIU, joint investigation procedures etc. To make the LEAs and regulators acquainted and updated with the newly incorporated issues and rules of the MLPR 2019, BFIU organized a "Workshop on MLPR, 2019" on 09 April 2019 at MCCI Chamber Building's Conference Hall. Mr. Abu Hena Mohd. Razee Hassan, Head of BFIU inaugurated the workshop while Mr. Md. Zakir Hossain Chowdhury, the Operational Head & General Manager of BFIU chaired the session. Forty-Five (45) officials from LEAs (ACC, BSEC, CID, Bangladesh Police, DNC, NBR) and BFIU participated at the workshop. Experienced officials from BFIU and LEAs conducted the sessions of the workshop.



Participants with the Head of BFIU in the Workshop Organized for LEAs and Regulators on MLPR 2019, 09 April 2019, Dhaka



**Strategic Analysis Report**

### Strategic Analysis Report

Strategic analysis is the process of developing knowledge ("strategic intelligence") to be used for adopting strategies for future course of action. It plays a crucial role in strategic decision making. Interpretive Note 3 to Recommendation 29 states that an FIU should conduct strategic analysis by using available and obtainable information to identify money laundering and terrorist financing related trends and patterns so that other competent authorities can determine money laundering and terrorist financing related threats and vulnerabilities. The specifics of the analysis performed might vary according to the FIU's capacity and resources and the nature of threats in its jurisdiction and region. As a proactive Financial Intelligence Unit, BFIU conducts strategic analysis on a regular basis using its CTR, STR and SAR database. The results of this analysis help for enhanced supervision, to take initiatives for future course of action and adopting new policies. They also help the other state agencies, law enforcement in particular, to work effectively towards securing the financial system.

### Thematic Study on CBR Trend in Bangladesh

Correspondent Banking Relationship (CBR) plays an essential role in economies around the world, enabling local banks to access overseas products and carry out cross-border transactions. But while such relationships are an important feature of the global banking landscape, they are not set in stone. The World Bank notes that global financial institutions are increasingly terminating or restricting business relationships with remittance companies and smaller local banks in certain regions of the world.

"De-risking" has been defined by the Financial Action Task Force (FATF) as "the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk in line with the FATF's risk-based approach".

According to the Association of Supervisors of Banks of the Americas (ASBA), de-risking is the process wherein financial institutions leave or significantly reduce certain business lines to avoid compliance and regulatory risks. ASBA states that the de-risking process is driven by a combination of low return business lines for correspondent banking, greater risk management controls, and more stringent and demanding prudential requirements. Furthermore, the adoption of the Anti-Money Laundering and Combating the Financing of Terrorism (AML & CFT) standards recommended by the Financial Action Task Force and alignment to country specific requirements may be driving up costs and risks of keeping or establishing relationships between correspondent and respondent banks.

In 2015, the World Bank surveyed banking authorities and banks worldwide to examine the extent of withdrawal from correspondent banking, its drivers, and its implications for financial



exclusion/inclusion. In total, 110 banking authorities, 20 large banks, and 170 smaller local and regional banks participated in this exercise. According to the survey results, "Ninety-one percent of banking authorities mentioned either lack of profitability of foreign CBR services or structural changes as accounting for the decline in foreign CBR. Increasing costs of regulatory compliance, notably, the inability and cost of undertaking CDD and insufficient information about respondent's CDD procedures, have been cited by half of the respondent authorities. Also, almost half of the respondents mentioned overall risk, concerns about AML & CFT risks, and changes to legal or regulatory requirements in foreign jurisdictions, as causes of decline. Together, seventy-three percent of respondent banking authorities mentioned AML & CFT concerns as one of the drivers for restriction or termination".

Financial Stability Board (FSB) Correspondent Banking Data Report Update, 2018 states that all continents or sub-continents have seen a decline in the number of active correspondents, as measured by the flow of messages sent through SWIFT in 2017. The rates of decline range between 5.2% and 6.7%, except Northern America (2.9%). The yearly rate of decline increased compared to 2016 for all regions except Africa (likely due to base effects, as Africa had the largest rate of decline in 2016). By total numbers, the Americas (excluding Northern America) and Oceania experienced the largest decreases in the number of active correspondents in 2017.

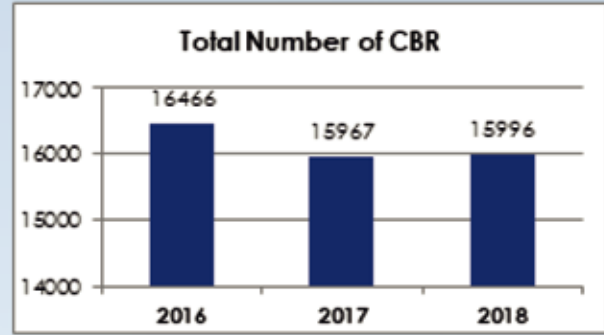
During January 2011 to December 2017 for which the FSB has received SWIFT data, the relative decline in the number of active correspondents was the smallest in Northern America (9.3%) and the largest in the rest of the Americas (27.6%), with all other continents or sub-continents seeing declines between 15.5% and 19%. As regards the number of foreign banks receiving messages from a country, 207 countries or territories saw a decrease of the number of CBR between 2012 and 2017, and for 55 of them, there was also a decrease in the volume of messages over the same period.

According to Center for Global Development (CGD), one of the consequences of de-risking may be the decline in correspondent banking services which is critical for cross-border financial transactions. Since 2011 the number of correspondent banking relationships has declined by more than 6 percent worldwide; small and fragile countries have been especially affected. Even while policy solutions to address de-risking are being implemented, new technologies have emerged to address de-risking by increasing the efficiency and effectiveness of AML & CFT compliance by financial institutions. These new technologies may enhance transparency and information-sharing capabilities, facilitate automation and interoperability between platforms and institutions, mutualize certain compliance functions, and improve banks' ability to accurately identify illicit activity. CGD report outlined six key new technologies and their potential to solve the de-risking problem. These include know-your-customer (KYC) utilities, big data, machine learning, distributed ledger technology (DLT), legal entity identifiers (LEIs), and biometrics. These new technologies (in use and on the horizon) may make it easier to conduct AML & CFT compliance, which in turn might tip banks' cost-benefit calculation and make holding correspondent banking accounts with clients in poor countries more likely.

FATF Report to the G20 Leaders' Summit on June 2019 states that de-risking remains a challenge for the countries affected. Loss of access to banking services for some remittance service providers and non-profit organizations remains a key concern for the global community. This has a wider impact on financial inclusion and efforts of governments and business sector to provide essential services to those who need help around the world.

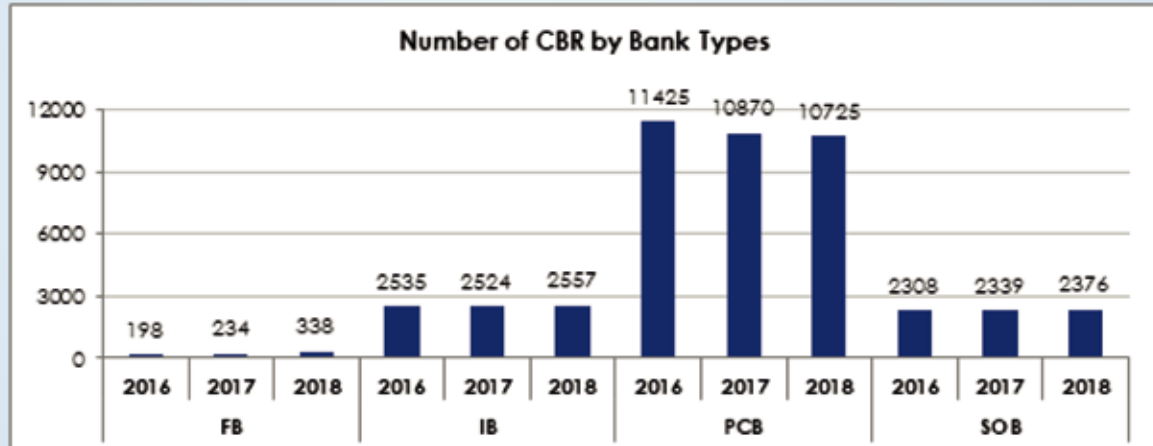
### Trends of CBR in Bangladesh

The banks in Bangladesh had Correspondent Banking Relationship (CBR) with 16466 foreign bank branches across the world as of 31st December 2016. But this number suddenly decreased to 15967 (by 3%) in the next year. The number of CBR increased by 0.2% in 2018.



### CBR by Types of Banks

The CBR of the banks in Bangladesh during 2016-2018 are mostly dominated by the Private Commercial Banks (PCBs) contributing to 67-69% of all CBR, followed by the Islamic Banks (IBs) by 15-16%, State-Owned Banks (SOB) by 14-15% and Foreign Banks (FBs) by 1-2%. The number of CBR maintained by the PCBs has passed through a gradual fall during 2016-2018 while gradual increasing trend was shown in SOBs and FBs. The CBR of IBs has increased during this period with a decrease in 2017.



It is observed that the fall of CBR during 2016-2018 in the PCBs mainly contributed to the fall of overall CBR in the banks of Bangladesh and 29 banks out of 57 have experienced CBR fall (gradual fall in 12 banks – total 513 CBR and net fall in 17 banks – total 563 CBR) during this period.

### Causes of the CBR Fall

In the present world, correspondent banking relationship is maintained between two banks through the Relationship Management Application (RMA) of SWIFT. The KYC Register of SWIFT assists the banks to do the KYC procedure of their counterpart banks. Through the interview with the Head of International Division of the selected seven banks, the study team came to know that when foreign banks cut-off RMA they do not mention the reason in most cases. However, the study team has identified the following reasons during discussion with the interviewees:

- RMAs were mostly cut-off by the European Banks to minimize operating cost. Each bank has to spend a significant amount for maintaining the correspondent banking relationship with its counterpart; this cost is mainly incurred from the human resources management and the cost of gathering or updating information about the respondent banks and its directors. If a respondent bank does not have significant transaction as required by its counterpart correspondent bank or does not have any transaction, this dormant RMA increases the cost of maintaining CBR which leads to cut-off RMA. Moreover, many banks, specially in Europe and South-east Asia, have developed a centralized system and they prefer to provide correspondent banking service through a regional hub instead of many points in the same region in order to minimize the operating cost.
- One of the banks responded that they had CBR with a renowned global bank. When this bank was fined in 2015 for non-compliance, they reviewed their CBR and suddenly cut-off almost 20 RMAs maintained with that bank.
- In most cases, RMAs were cut-off by the foreign banks. There were few exceptions – one of the banks reviewed their CBR following the adverse report in local media regrading off-shore banking services and found ten off-shore banks with which it had CBR. This bank decided to cut-off RMA with these off-shore banks. Moreover, a bank cut-off RMA with two Iranian banks that were listed under UNSCR and one private bank cut-off RMA with a private bank of Ukraine. Another bank cut-off RMA with financial institutions that only issue gurantees.
- A few banks have access to Bankers Almanac where 22000 banks across the world have access. It assists banks to do KYC procedure and check the bank's ranking before establishing relation with the counterpart foreign banks. In most cases, Bangladeshi banks do not accept RMA from foreign banks that have lower ranking in Bankers Almanac.
- Lack of corporate governance in the banking industry has an impact on the decision of RMA cut-off by foreign banks. Besides Bangladeshi banks, in some cases, could not meet-up the requirements of the foreign banks in a prudent way to establish the RMA due to lack of knowledge, capacity and negotiation skills.
- Few foreign banks have cut-off RMA with all Bangladeshi banks, but they are doing business with Bangladeshi banks indirectly through other banks which in turn has increased the cost of business.
- Most of the interviewees think that there is a scope to enhance relationship with banks from Middle-East and Latin America, but the language barrier and difference in time-zone imposes barrier in this regard.

Thus dormant RMA, concept of regional hub and stringent CBR policy mainly contributed to the fall of CBR in Bangladesh. It could be mentioned that before 2016, the decision of RMA cut-off was executed through mutually agreed basis, i.e. untill one bank does not accept the cut-off decision of another bank, RMA between them continues. But now-a-days the decision of RMA cut-off can be taken by one side and another side has no option to reject or hold-up it.

### **Impact of the CBR Fall**

The study team tried to find out the impact of RMA cut-off on the banks during the interview session. Most of the interviewee responded that when a dormant RMA was cut-off, they did not face any difficulties to provide services to their clients and it did not increase the cost of

business. However, one bank responded that when a renowned bank suddenly cut-off 20 RMAs with them, they faced difficulties in service delivery, but they had managed it through the arrangements with other banks. In some cases, such arrangement raised the cost of business by an insignificant amount. Another interviewee commented that CBR fall has increased the cost of business – it could be insignificant in monetary value, but in the long run, it has taken away the negotiation power of the Bangladeshi banks to deal with foreign banks.

The gradual increase of export receipts and import payments of Bangladesh during 2016 to 2018 implies that the CBR fall did not have an adverse impact on trade financing by the banks in Bangladesh. Although the remittance inflow decreased in FY 2016-17, it was caused mainly by the abuse of MFS platform to disburse remittance as identified by Bangladesh Bank and Bangladesh Financial Intelligence Unit.

Million US\$			
Year	Export	Import	Inward Remittance
2015-16	34257	43122	14931
2016-17	34656	47005	12769
2017-18	36205	54463	14981

Since remittance inflow was not affected by the CBR fall, de-risking did not have any negative impact on the financial inclusion efforts in Bangladesh.

### Recommendations

Although CBR has fallen during the mentioned period and Bangladesh was not affected for this, the following issues should be considered to evade the adverse impact of de-risking in future:

- The bank officials who deal with the RMA should be trained up to address their limitations.
- Initiatives should be taken to re-establish the RMA with those banks that are doing business with Bangladeshi banks through other foreign banks.
- All of the seven interviewed banks are dependent on KYC Registry for RMA, only one bank uses LEI and few banks use Bankers Almanac. The awareness to use technological platform to meet CDD requirements should be raised.
- Initiatives to find out potential markets and establish RMA with the banks operating in those areas could enhance the CBR.
- Initiatives should be taken to identify the existence of CBR with shell bank(s), if any, or curb the abuse of off-shore banking services which serves as the gateway for smuggling of currency or trade based money laundering.



## Case Study

## Case Study

### CASE 1

#### **Embezzlement of loan fund with the connivance of bank authority through corruption**

Department of Banking Inspection (DBI) of Bangladesh Bank informed BFIU that 'M' Construction Ltd. had embezzled loan fund of bank 'N' in collusion with bank authority. Based on the allegation, BFIU conducted an on-site inspection on the concerned bank branch.

BFIU inspection team found that 'M' Construction Ltd. had been awarded a work order of BDT 328 million from its associated company namely 'H' Hotel International for the interior decoration and other repairing works of the hotel. 'M' Construction Ltd. applied for a working capital loan of BDT 200 million to 'N' bank. The loan was sanctioned by the board, but there was no sufficient document in the bank regarding the proper use of sanctioned loan. Thereafter all the money was withdrawn in cash or transferred to various accounts within a few days. In the terms and conditions of the sanctioned loan, there was a clause that Temporary Excess Over Limit (TEOL) was strictly prohibited, but the branch sanctioned BDT 150 million as TEOL to 'M' Construction Ltd.

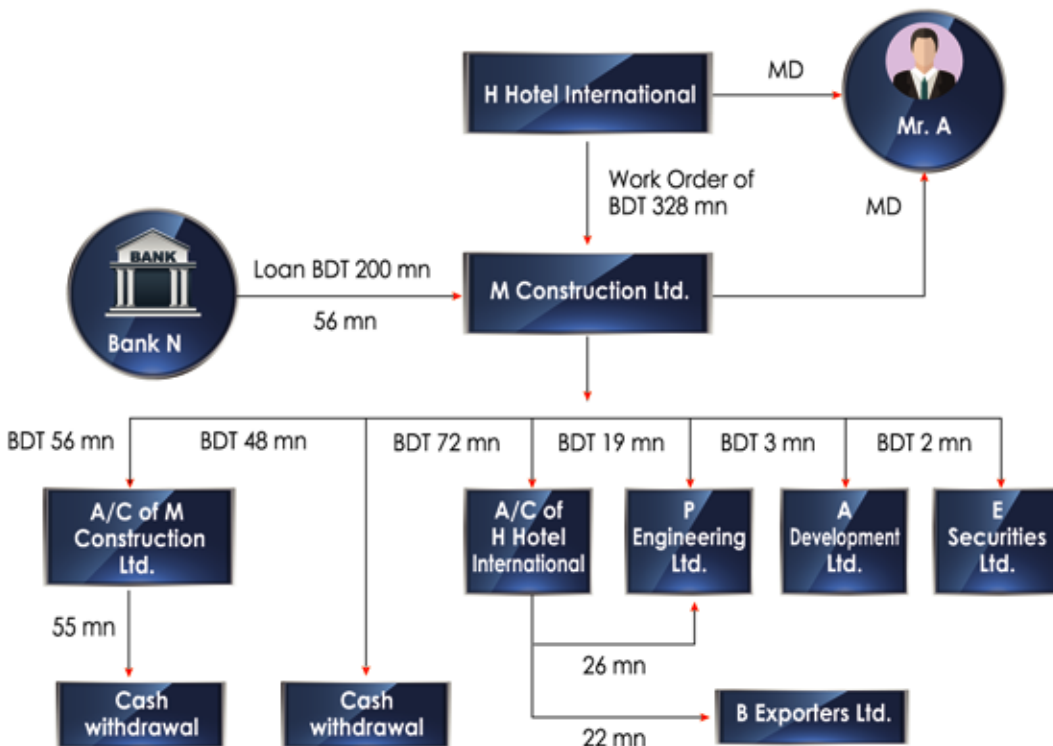
Among the loan funds, BDT 48 million was withdrawn in cash and the remaining funds were transferred to various accounts as mentioned below:

- BDT 56.00 million was transferred to current account of 'M' Construction Ltd. From that amount BDT 28.00 million was withdrawn in cash through structuring and another BDT 27.00 million was transacted repeatedly within various accounts and finally was withdrawn in cash.
- BDT 2.00 million was invested in capital market through 'E' Securities Ltd.
- BDT 3.00 million was transferred to 'A' Development Ltd. and BDT 19.00 million to 'P' Engineering Ltd.
- BDT 72.00 million was transferred to the work order issuing company ('H' Hotel International). From that amount BDT 22.00 million was transferred to 'B' Exporters Ltd. and BDT 26.00 million to 'P' Engineering Ltd.

Later within four months, 'M' Construction Ltd. applied for enhancing the loan limit to BDT 300 million for the same purpose and within two days the loan enhancement was sanctioned by the board. No document regarding utilization of the loan was found in the branch. After approval of the loan, 'M' Construction Ltd. transferred the money to its current account from where most of the fund was withdrawn in cash.

BFIU also found that the Managing Director of both the 'M' Construction Ltd. and 'H' Hotel International is the same person (Mr. 'A'). Mr. 'B' is a Director of 'M' Construction Ltd. and General Manager of 'H' Hotel International. Mr. 'B' signed the work order in favor of 'H' Hotel International to hide the fact that the Managing Director of the two companies is the same person. Furthermore, the owner of 'P' Engineering Ltd. is Mr. 'C', but the business addresses of the three companies were found same. Moreover, Mr. 'P' is the introducer of the bank account of 'M' Construction Ltd. and Mr. 'A' is the introducer of the bank account of 'P' Engineering Ltd. So it was revealed that Mr. 'A' is the ultimate beneficiary of all three companies.

The way the loan was processed, sanctioned, disbursed and utilized indicated complicity of the Board of Directors, officials related with the management of the loan from both the head office and branch of the bank. The nature of withdrawal, transfer and investment of the funds also did not match with the purpose of the loan. Moreover, relevant documents regarding the proper use of the sanctioned loan were not found in the bank. Hence it was suspected that the loan fund was embezzled. Finally, an intelligence report was disseminated to the Anti-Corruption Commission for further investigation and necessary legal actions under the provisions of MLPA, 2012.



Offence	Corruption, Loan Fraud
Customer	Entity, Person
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Loan account
Indicators	Violation of the terms and condition of the loan.
	Proper document against using the loan was not found.
	Transferring working capital loan to work order issuing company's account.
	Amount transferred to various accounts does not match with the purpose of the loan.

## Case 2

### Money laundering through forgery and layering

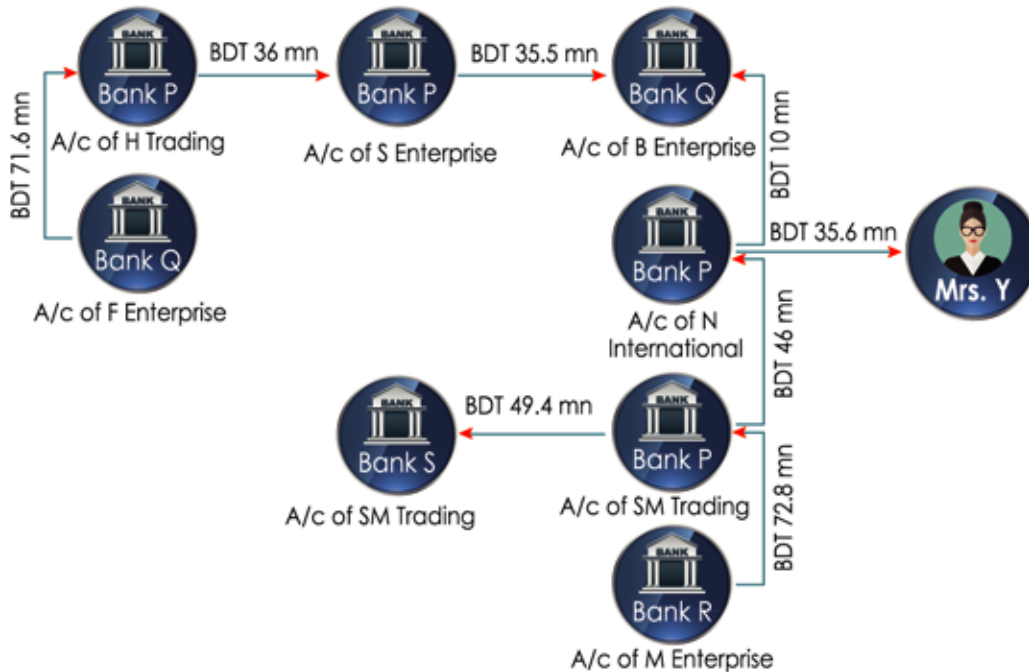
Based on information from National Board of Revenue (NBR) regarding Mrs. 'Y', BFIU initiated a CTR database search and found several bank accounts by her name. Thereafter, BFIU collected relevant information and documents and conducted an on-site inspection on concerned bank branches.

Some striking facts about Mrs. 'Y' revealed during the analysis are as follows:

- Mrs. Y had 45 accounts including 08 (eight) entity accounts in four banks. These eight accounts had balance of BDT 109 million. Money was routed through the accounts to create a layering. The layering steps are shown in the link chart.
- To disguise the identity of Mrs. 'Y', the name of Mrs. 'Y' had been replaced by Mrs. 'T' and Mrs. 'V' in all banking systems, account opening forms, vouchers, cash register, etc.
- The addresses of Mrs. 'Y', Mrs. 'T' and Mrs. 'V' were found same.
- NID of Mrs. 'T' revealed that Mrs. 'Y' is the mother of Mrs. 'T'.
- All the printed account statements and vouchers dates were changed.



Analyzing the documents and information, it was suspected that layering of transaction was created and account holder's name was changed with the intention to hide the business proceeds and thereby evade the tax. Finally, an intelligence report was prepared and disseminated it to the Central Intelligence Cell of National Board of Revenue (NBR) for further investigation and the next course of action under the provision of MLPA, 2012.



Offence	Tax evasion, forgery
Customer	Person, Entity
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Account service
Indicators	The original account holder's name was replaced by her daughter and another person in the banking systems.
	The addresses of the three account holders were same.
	All account statement and voucher dates were changed as compared to hard copy.
	Layering of transaction.

### Case 3

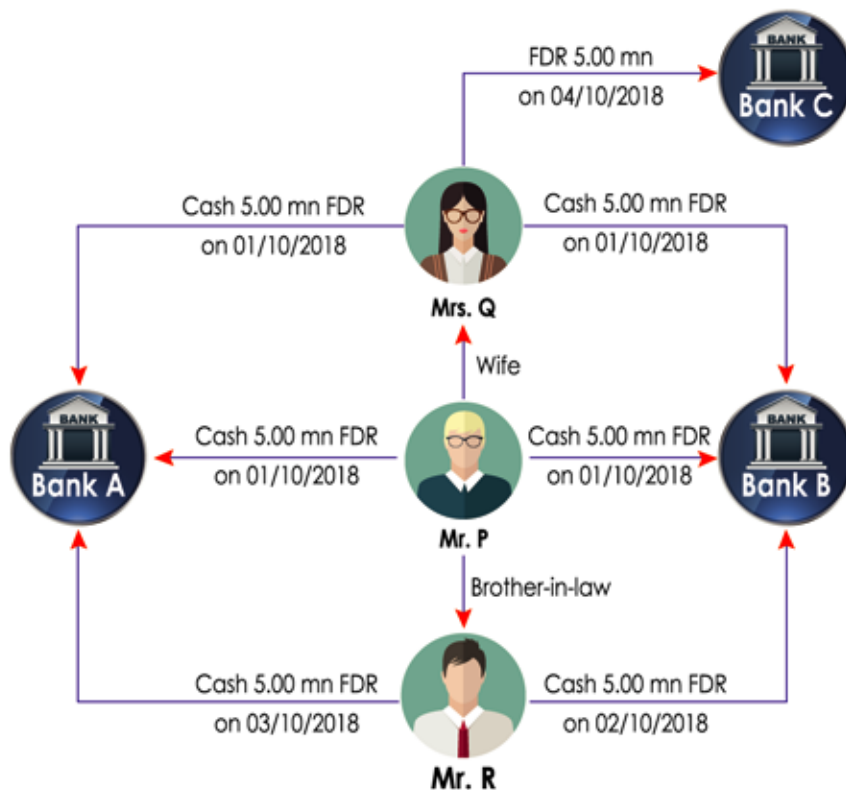
#### Attempt of money laundering by a corrupt jailor

News published in a national daily regarding the detention of a government employee, Mr. 'P', with drugs, huge amounts of cash and some cheques of different banks drew the attention of BFIU. Meanwhile, two banks also lodged STR against Mr. 'P', his wife Mrs. 'Q' and his brother-in-law Mr. 'R' to BFIU. Collecting all required documents and information BFIU conducted a thorough analysis.

The findings of the analysis were:

- Mr. 'P' is an entry-level government employee, his wife Mrs. 'Q' is a housewife and his brother-in-law Mr. 'R' is the owner of a small readymade garments shop.
- Total 26 bank accounts including 7 FDRs were found in the name of Mr. 'P', persons and entities related to him. Total deposits, mostly in cash form, in the accounts were about BDT 86.20 million. Except the FDRs, transactions in all the accounts were washout nature.
- Among the 26 accounts, 8 bank accounts including 2 FDRs amounting BDT 10.00 million were found in the name of Mr. 'P' while 10 bank accounts including 3 FDRs amounting BDT 15.00 million were found in the name of Mrs. 'Q'. The nominee of all the accounts of Mrs. 'Q' was her husband Mr. 'P'. Furthermore, the source of funds of the accounts of Mrs. 'Q' had been declared as income of her husband.
- 8 bank accounts including 2 FDRs amounting BDT 10.00 million were found in the name of Mr. 'R'. The striking fact is that nominee of 6 accounts out of 8 of Mr. 'R' was Mrs. 'Q' which suggested that the beneficial owner of the accounts of Mr. 'R' is Mrs. 'Q', more specifically Mr. 'P'.
- 7 FDR accounts totaling BDT 35.00 million and a savings account amounting BDT 0.50 million were opened within a span of just 4 days (from 01 October 2018 to 04 October 2018) in three different banks and the source of the entire fund was declared as proceeds of selling land but no justifiable documents were provided. Furthermore, the most phenomenal fact is that the entire money i.e. BDT 35.00 million was being deposited in cash by the account holders.

Based on profession (entry-level government employee), nature and volume of transactions in the account of Mr. 'P' and his related ones, sudden huge amount cash deposit (BDT 35.00 million) in the name of accused and his relatives (wife and brother-in-law) within 4 days, it was assumed that the huge amount of money might be earned through illegal means. In this regard, the above-mentioned information created a necessity to investigate more about Mr. 'P's sources and usage of fund, whether he was involved in corruption or other illegal crimes. Finally, an intelligence report with supporting documents was disseminated to Anti-Corruption Commission for further investigation and necessary legal actions as per MLPA, 2012.



Offence	Corruption and other illegal activities
Customer	Individual
Industry	Bank
Channel	Banking channel
Report Type	STR
Jurisdiction	National
Designated Service	Account services
Indicators	Huge cash deposits inconsistent with source of fund.
	Wash nature transaction.
	Multiple FDR with same amount of cash within few days.

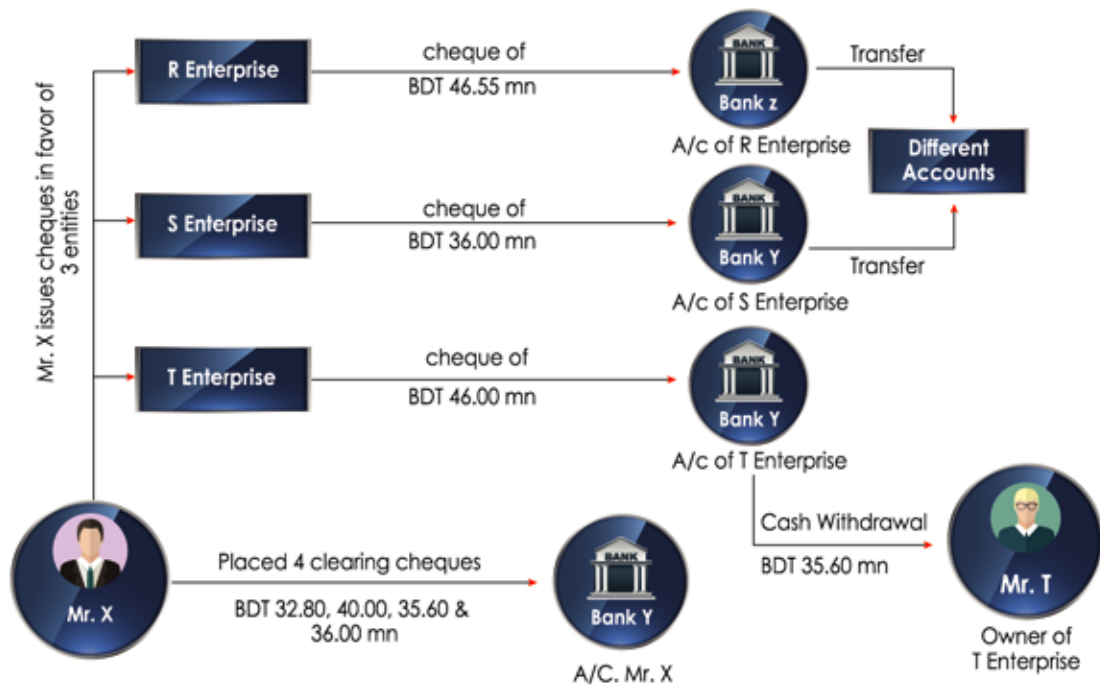
## Case 4

### Embezzlement of bank fund through forged cheques

From different media reports, BFIU came to know of a bank fund embezzlement of BDT 128.55 million through forgery. Based on the allegation, BFIU collected relevant information and documents from the related banks. Besides BFIU froze 50 accounts to which the dirty money was transferred.

Media reports and BFIU analysis revealed that Mr. 'X' placed four clearing cheques of BDT 32.80 million, 40.00 million, 35.60 million and 36.00 million in bank 'Y'. On the same day, three cheques of Mr. 'X' valuing BDT 36.00 million, 46.00 million and 46.55 million were placed by three business entities ('S', 'T' and 'R' Enterprise) in bank 'Y' and bank 'Z'. Despite having not enough money in the account, Mr. 'X' requested the concerned officers of bank 'Y' to honor the three cheques before the clearing of four cheques that he had placed completed. At the instruction of the branch manager, junior officials honored the cheques. As soon as the accounts of 'S', 'T' and 'R' credited, the money was immediately transferred to several accounts of different banks. The owner of 'T' Enterprise even made cash withdrawal of BDT 35.60 million from bank 'Y' on the same day. Among the three business entities, one of them made a phone call to the branch manager informing him of their joint involvement in the forgery. He also threatened the manager not to take any legal action regarding this forgery and assured him of a quick refund of the money.

As honoring cheques despite insufficient balance in the account facilitated the forgery, the involvement of bank employees in this case was highly suspected. Finally, an intelligence report with supporting documents was disseminated to CID of Bangladesh Police for further investigation and necessary legal actions under the provisions of MLPA, 2012.



Offence	Forgery
Customer	Person, Entity
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Account services
Indicators	Fund transfer to various accounts on the same day.
	Honoring cheques by the bank despite insufficient balance in the account.

## Case 5

### Trade Based Money Laundering through advance payment and under shipment

From a report of a branch office of Bangladesh Bank, BFIU came to know that an exporter company of Bangladesh named 'S' had received advanced payment of USD 2.68 million through 5 Foreign Telegraphic Transfers (FTT) for the export of prawn. But in reality, the company exported prawn of USD 38,000 against that order. Even after 5 years, neither the foreign importer nor the importer's bank claimed for the export or for the money paid in advance.

Based on the allegation, BFIU collected relevant information and documents regarding that export from the concerned bank. While analyzing the documents, the involvement of importer, exporter and buying agent in the fake export activity was revealed. Among five exporters, three exporters didn't have any legal existence and even internet search resulted in no information about them.

After the analysis, it was suspected that money had been sent back to the country from abroad in the guise of export proceeds through fake documentation. A small amount of export was made simply to justify the advance payment. Finally, an intelligence report with supporting documents was disseminated to Customs Intelligence & Investigation Directorate for further investigation and necessary legal actions under the provisions of MLPA, 2012.



Offence	Smuggling of currency
Customer	Sole Proprietor
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Transnational
Designated Service	Export LC
Indicators	Advance payment was made but only a small portion of the export was executed.
	Importer didn't take any initiative to get back the money.
	Among the five importers, three importers don't have any legal existence.

## Case 6

### Gold smuggling and tax evasion under the veil of mobile accessories business

Bank 'S' lodged two STRs against 'F' Trading and 'R' Telecommunication owned by Mr. 'A'. The nature of the two businesses was export-import of mobile accessories, mobile sets and cosmetics. While analyzing the transaction statement of the two accounts, it was found that almost all the transactions had been made in cash with an intention to avoid cash transaction reporting. The Chattogram based companies' performing most of the transactions in Dhaka also raised further suspicion.

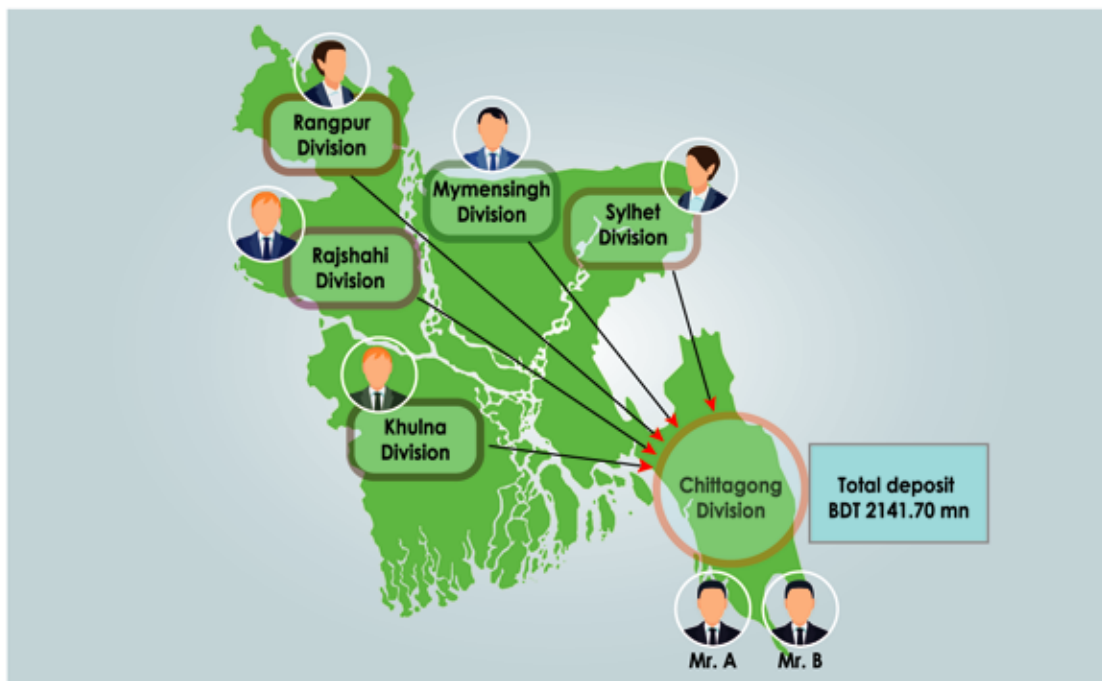
To facilitate in-depth analysis, BFIU conducted an inspection on five branches of four banks located in Chattogram. Ultimately, a total of 23 accounts in the name of 6 companies/institutions of Mr. 'A', his brother Mr. 'B' and their related ones were found. Total deposit in these accounts was BDT 2141.70 million and the total withdrawal was BDT 2901.20 million during January 2006 to April 2016.

The detailed findings of the analysis are:

- Though at the time of opening accounts there were some companies'/business institutions in the mentioned address, the companies/shops had no existence at the time of inspection.
- The number of transactions in almost all the accounts was huge. There was a proof of 6/7 transactions being conducted in a day or specific amount of transactions. Furthermore, withdrawal transactions were of structuring nature and round figure transactions were incompatible with the nature of business.
- Different types of signature patterns were used by Mr. 'A'. The business nature of the companies owned by Mr. 'A' (export-import of mobile accessories and cosmetics) and purpose of the transactions as declared (business of construction, imitation jewelry, garment products, spices, rice, fruits, gold, coal, cement, concrete and so on) were quite inconsistent.

- Selling the same type of goods to a specific group of people of areas which are already renowned for the said goods raised suspicion that a specific group of people might be involved in a network of illegal business under the shadow of some other businesses and there might be a possibility of trade based money laundering under those illegal businesses.
- Though the customers had e-TIN whether they paid tax or not was obscure.
- Mr. 'B', the owner of M/S W Center is the brother of Mr. 'A' but there is a discrepancy between their fathers' names (two different names were mentioned).
- Considering the nature of the business pattern, volatile existence of real business, suspicious transactions and negative news regarding illegal gold business against the alleged persons led BFIU analysts to assume that Mr. 'A', Mr. 'B' and their associates might be involved in gold smuggling and in doing so they might have evaded tax and customs duty.

On the basis of the aforementioned analysis, an intelligence report was disseminated to the law enforcement agency for further investigation as per the provision of MLPA, 2012.



Offence	Gold smuggling, tax evasion
Customer	Person, Entity
Industry	Bank
Channel	Banking Channel
Report Type	STR
Jurisdiction	National
Designated Service	Account services
Indicators	Structuring and round figure transactions.
	Deposits were made from remote branches.
	Transactions inconsistent with the nature of business.

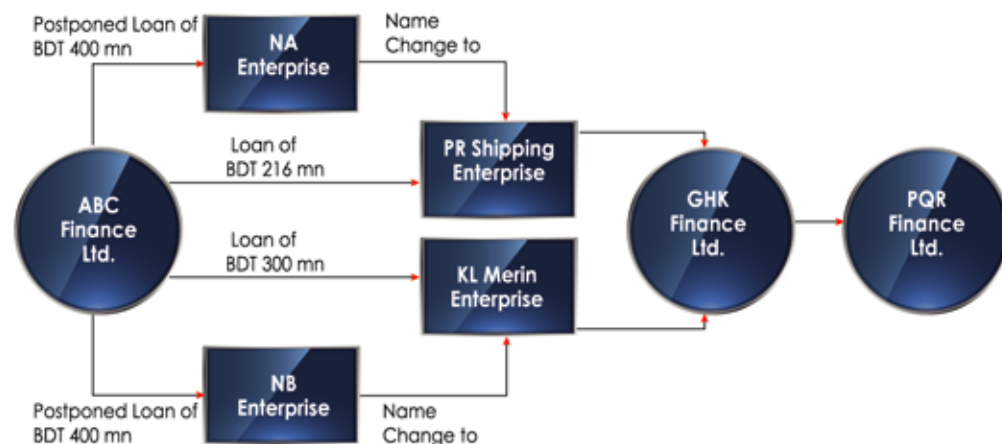
## Case 7

### Fund diversion and embezzlement of a non-bank financial institution

A government company lodged complaints against ABC Finance Limited for not returning its money. Various media reports also revealed that ABC Finance Limited was refusing to return money to its customers as there were some irregularities regarding loan sanction and disbursement. The company did not have enough funds to meet its current liabilities. The licensing authority of ABC Finance Limited also requested BFIU to look into the matter in money laundering aspects.

BFIU analyses revealed that ABC Finance Limited approved the loan application of NA Enterprise (Managing Director Mr. 'K') for BDT 400.00 million and NB Enterprise (Managing Director Mr. 'L') for BDT 400.00 million at their board meeting. But disbursement was postponed due to an objection raised by the regulator as a few inconsistencies were observed. Both companies have the same registered office and business office. There were no business activities found at their registered office and it was nothing but a broken building. Besides, the companies were not found to undertake any business activities at their business address. Meanwhile, the companies changed their names to PR Shipping Enterprise and KL Merin Enterprise respectively.

ABC Finance Limited, without proper judgment of loan, approved and disbursed BDT 216 million loan to PR Shipping Enterprise and BDT 300 million loan to KL Merin Enterprise. This money was then diverted to GHK Finance Limited and then to PQR Finance Limited using Bangladesh Bank cheque. In PQR Finance Limited loan of another company was adjusted with this money. This is how the fund was diverted. Finally, an intelligence report with supporting documents was disseminated to the Anti-Corruption Commission for further investigation and necessary legal actions under the provisions of MLPA, 2012.





Offence	Embezzlement of fund
Customer	Entity
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	National
Designated Service	Loan account
Indicators	Irregularities in loan sanction and disbursement.
	Diversion of loan.

## Case 8

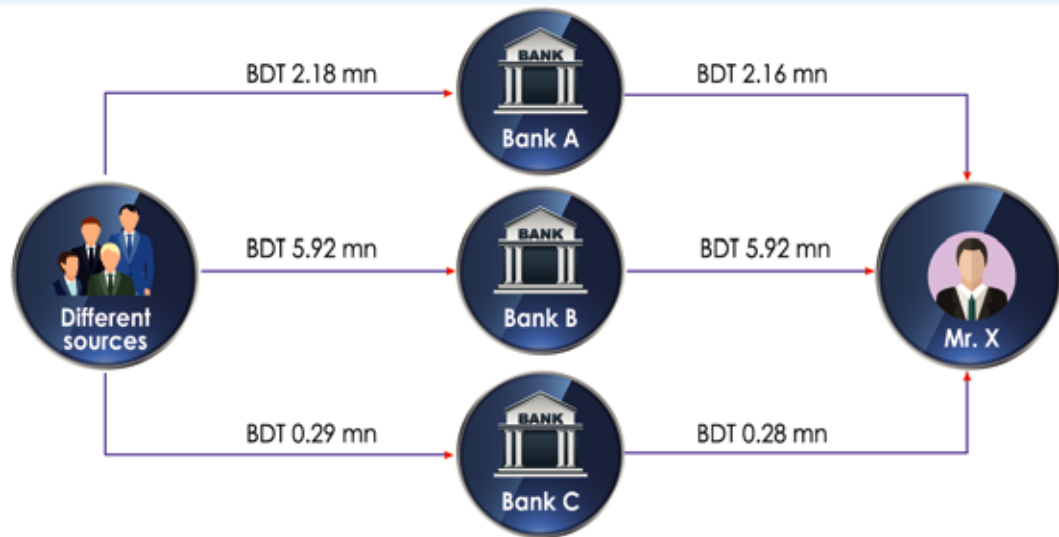
### Perpetration of hundi activities by a sole proprietorship business entity

BFIU came to know from Financial Integrity and Customer Service Department of Bangladesh Bank that Mr. 'X', a supplier of brick, sand and stone, was running hundi activity under the cover of his business.

Mr. 'X' had three bank accounts. BFIU collected account related documents including deposit vouchers and found large transactions in these accounts within a very short period. Analysis of the accounts revealed the following facts:

- The typical transaction amount was BDT 200,000 to 400,000 in bank 'A', BDT 200,000 to 300,000 in bank 'B' and BDT 100,000 to 200,000 in bank 'C'. The total deposit in these accounts was respectively BDT 2.18 million, BDT 5.92 million and BDT 0.29 million. The deposits were made from different bank branches.
- BFIU contacted a few of the depositors over phone about their transactions and found inconsistency in the nature of business of the depositors with the nature of business of Mr. 'X'. Depositors included export/import traders, jewelry, businessmen, garments businessmen, cosmetics traders, travel agency people, photographers and interestingly, one person deposited money on the request of a non-resident Bangladeshi. It seems very unusual that some depositors could not recognize Mr. 'X' though they deposited large amounts of money in his account.
- If Mr. 'X' had really supplied brick, sand and stone to those depositors, it would be costlier for them to buy in such small quantities. Because the transportation cost per unit would be much higher and this is unusual.
- Money was withdrawn, mostly in cash, from different remote branches within a very short period after the deposits were made.

Based on these findings, an intelligence report was disseminated to the law enforcement agency for further investigation and necessary legal actions under the provisions of MLPA, 2012.



Offence	Smuggling of currency (Hundi)
Customer	Sole proprietorship business
Industry	Supplier (brick, sand & stone)
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Account services
Indicators	Withdrawal after a short period of deposit.
	Deposit and withdrawal from different remote bank branches.
	The nature of depositors' business and the suspected person's business do not match.
	The amount of money deposited for purchasing brick, sand and stone is unusual as transportation cost from remote (depositors place) places would be very high.
	One person admitted that he deposited on request of a non-resident Bangladeshi.
	Failure of the depositors to recognize Mr. 'X' in whose account money was deposited.

## Case 9

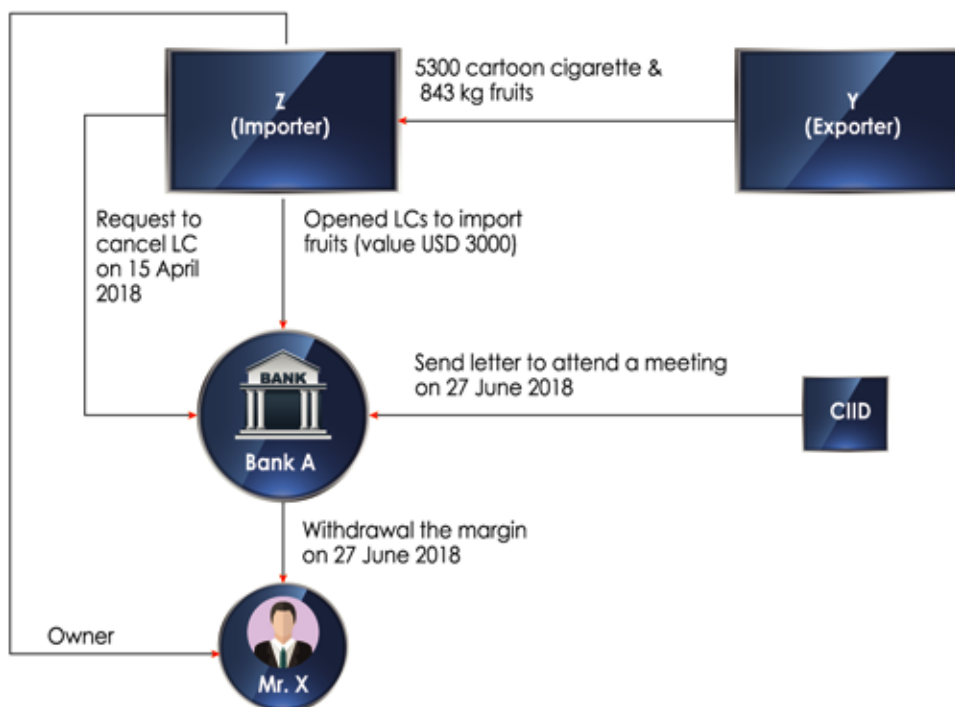
### Evasion of customs duty through false declaration of goods

Mr. 'X' is the owner of an import and supplier business named 'Z'. He opened an LC through bank 'A' for importing fresh fruits valued USD 3000, but he imported 5300 cartons of cigarettes and 843 kg of Malta. Bank came to know this issue upon receiving a letter from Customs Intelligence & Investigation Directorate (CIID). Thereafter bank filed a SAR against Mr. 'X'.

Analysis of BFIU revealed the following facts:

- The physical existence of the business was not found at the given address.
- No information on the exporter 'Y' of this LC was found through internet search.
- Though application for the cancellation of the LC was submitted to bank after CIID had filed a case against Mr. X, there was an alteration in the date to prove that the application was made before the case filed.
- Mr. 'X' withdrew the margin money from the bank account when the head office of the bank got a letter from CIID. It is suspected that Mr. 'X' got information on the CIID letter earlier.

Finally, an intelligence report with supporting documents was disseminated to Customs Intelligence & Investigation Directorate for further investigation and necessary legal actions under the provisions of MLPA, 2012.



Offence	Evasion of customs duty
Customer	Sole proprietorship business
Industry	Importer & supplier
Channel	Banking channel
Report Type	SAR
Jurisdiction	Local
Designated Service	Trade services
Indicators	False invoicing.
	No physical existence of the business.
	Cancellation of LC through a letter with date altered.
	Withdrawal of the LC margin after lawsuit.

## Case 10

### Money laundering and embezzlement of fund through fake export bills and abuse of back to back LCs

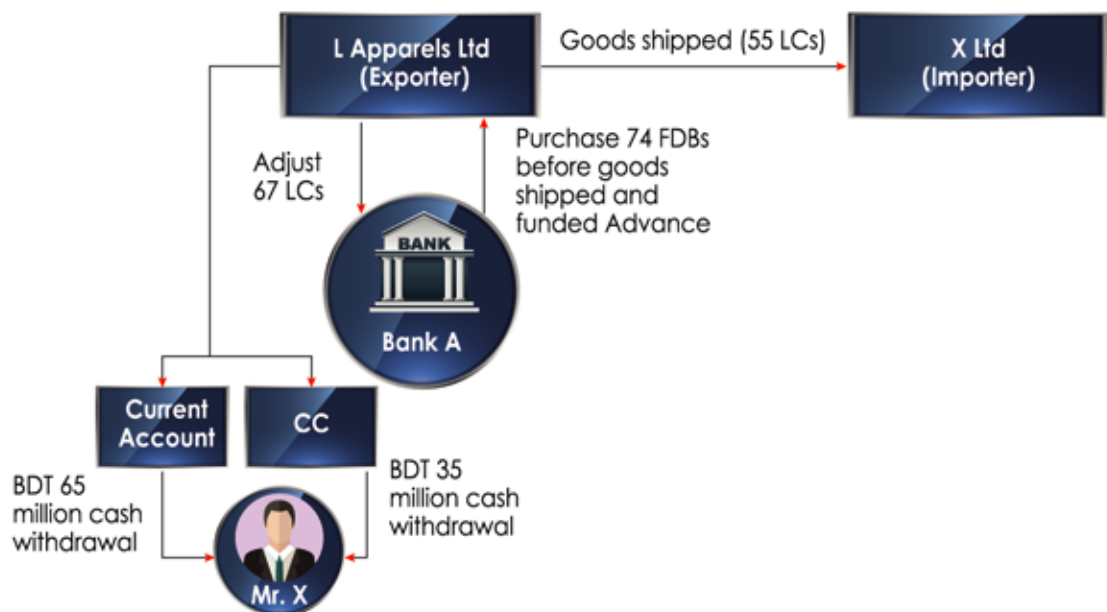
Funds were advanced to 'L' Apparels Ltd. to purchase of 74 Foreign Documentary Bills by bank 'A' even before goods were shipped. As per information available to BFIU, the office notes prepared for bills purchase did not feature the details of bill of lading, rather fabricated information was used to prepare and approve the office notes. After the purchase of the fake bills, goods were exported via Short Shipment against 55 LCs/Contracts and the export proceeds were repatriated to adjust the 67 foreign documentary bills. However, the remaining 7 bills remained unadjusted and overdue.

Analysis of a current account held by 'L' Apparels Ltd. and a Cash Credit (CC) Hypo account showed that the entire amount of advances under the Hypo account (loan limit BDT 100.00 million) was withdrawn in cash over two days, BDT 65.00 million and BDT 35.00 million. The client did not return the funds since.

It was also seen that bank 'A' opened 353 back to back LCs against the contracts associated with the said export orders in favor of beneficiaries located both locally and abroad. When the client failed to pay and LCs became due, bank created PAD to provide funds to the beneficiary beyond the vault limit.

In this scheme, money was taken out of the bank and laundered in two ways. Firstly, funds were disbursed against the purchase of fake foreign documentary bills. Secondly, import LCs were opened outside the country to facilitate the outflow of funds in the guise of import payments under the back to back LC scheme.

The case was later sent to the law enforcement agency for further investigation and taking appropriate measures under MLPA, 2012.



Offence	Embezzlement of fund and smuggling of currency
Customer	Entity
Industry	Bank
Channel	Banking Channel
Report Type	SAR
Jurisdiction	Domestic and transnational
Designated Service	Loan Account
Indicators	Purchasing fake foreign documentary bills without goods being shipped.

## Case 11

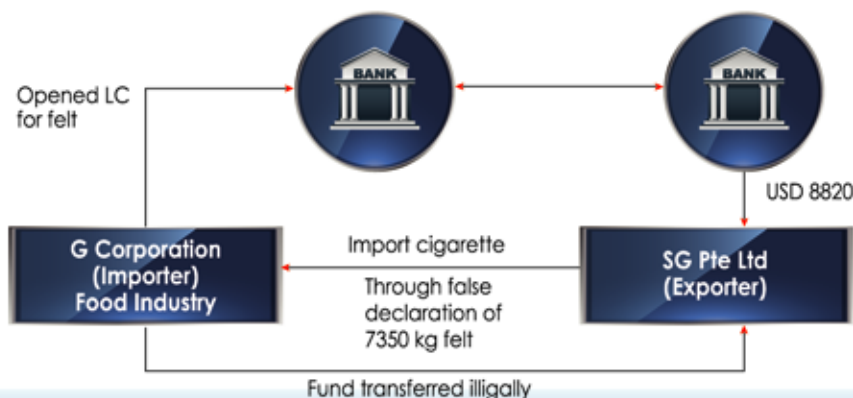
### Trade based money laundering through import of undeclared items and customs related offences

On the allegation of evasion of customs duty worth BDT 45.00 million through importing goods with misdeclaration, BFIU analyst found that LCs were issued in favor of a shell company, 'G' Corporation, to facilitate the import of felt.

An account was opened for 'G' Corporation in bank 'T' based on an expired office lease agreement and without any visit being paid to their premises. Even the bank issued LCs without collecting the supplier's credit report. A study of documents showed that 'G' Corporation, a business in the food industry, opened LCs to import felt, a material for use in the garments industry. Moreover, it was found that 'G' Corporation is a shell company that used its sister concern's (a food industry) address to open account.

It was seen that customer due diligence measures were not conducted by bank and a false address was used with knowledge of the branch officials, while opening LCs to import felt from Singapore on a 100% cash margin. The local importer 'G' Corporation and the foreign exporter SG Pte Ltd. through mutual connivance had imported cigarettes under the LC, falsely declaring that 7350 kilograms of felt worth USD 8,820 were being shipped. Funds beyond the LC amount had been transferred abroad through hundi or other illegal means. The authorities at Customs House, Chattogram, estimated the resulting revenue losses to be BDT 45.00 million.

The case was later sent to the law enforcement agency for detailed investigation and taking appropriate measures under the provisions of MLPA, 2012.



Offence	Evasion of customs duty
Customer	Entity
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Trade services
Indicators	False declaration of imported goods.
	Importer's business is not consistent with imported goods.

## Case 12

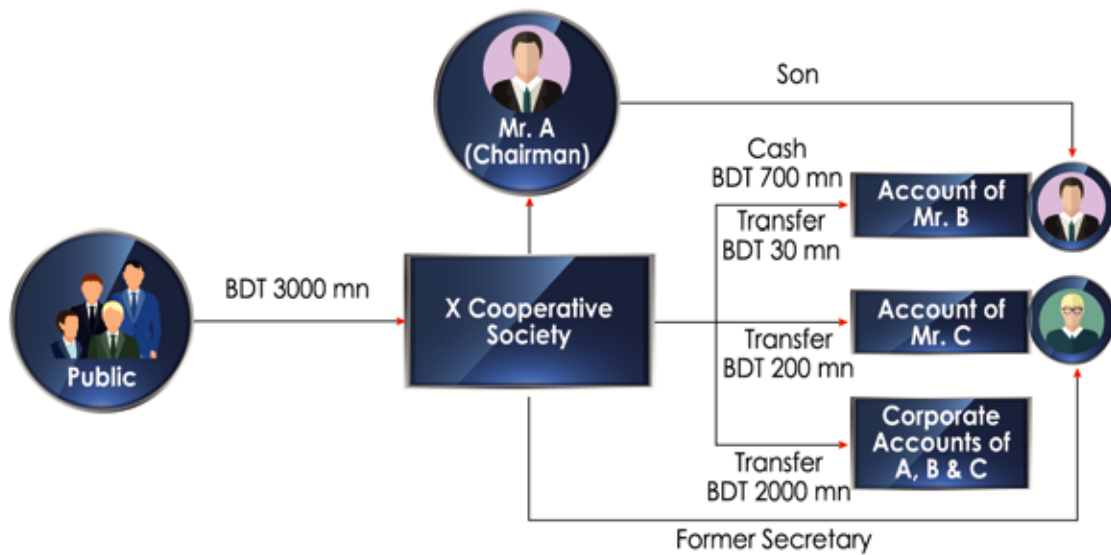
### Embezzlement of fund of a co-operative society by its chairman and his associates

BFIU received an allegation from different sources regarding the embezzlement of fund of a 'X' Co-operative Society by its Chairman along with his son and the former Secretary of that co-operative society.

Obtaining relevant information and documents, BFIU started analysis and identified that the 'X' co-operative society maintained 73 accounts in 14 banks. The chairman Mr. 'A' and his son Mr. 'B' were maintaining 20 accounts in 6 Banks. Besides, the former Secretary Mr. 'C' of that co-operative society was maintaining 3 accounts in 3 banks. Further analysis revealed that co-operative fund was transferred to their accounts inconsistently with the purpose of the co-operative society. Some relevant facts are as follows:

- The directors of 'X' Co-operative Society collected around BDT 3000.00 million tempting the people with high returns. The accounts of co-operative society maintained in different banks were credited through cash transactions.
- BDT 230.00 million was transferred to personal accounts of Mr. 'B' and Mr. 'C' and BDT 2000.00 million to different corporate accounts in which 'X' Co-operative Society has no interest.
- Several cheques were issued in favor of Mr. 'B' from the accounts of 'X' Co-operative Society. Total cash withdrawal by Mr. B was BDT 700.00 million.
- Proper rules of the co-operative society were not followed while the transactions were made.

Based on these facts, BFIU prepared an analysis report and disseminated it to CID of Bangladesh Police for further investigation and necessary legal actions as per the provisions of MLPA, 2012.



Offence	Embezzlement of fund
Customer	Entity, person
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Account services
Indicators	Fund transfer to multiple accounts inconsistently with the purpose of the accounts



# List of Abbreviations



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## List of Abbreviations

ACC	Anti-Corruption Commission
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AML & CFT	Anti-Money Laundering & Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
ATA	Anti-Terrorism Act
AUD	Australian Dollar
BAMLCO	Branch Anti-Money Laundering Compliance Officer
BB	Bangladesh Bank
BDT	Bangladesh Taka
BFIU	Bangladesh Financial Intelligence Unit
BSEC	Bangladesh Securities and Exchange Commission
CAMLCO	Chief Anti-Money Laundering Compliance Officer
CBR	Correspondent Banking Relationship
CCC	Central Compliance Committee
CCU	Central Compliance Unit
CDD	Customer Due Diligence
CGD	Center for Global Development
CID	Criminal Investigation Department
CMI	Capital Market Intermediaries
CTR	Cash Transaction Report
DGFI	Directorate General of Forces Intelligence
DMP	Dhaka Metropolitan Police
DLT	Distributed Ledger Technology
DNC	Department of Narcotics Control
DNFBP	Designated Non-Financial Businesses and Profession
EC	Election Commission
EDD	Enhanced Due Diligence
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSB	Financial Stability Board
FSRB	FATF Style Regional Body
FY	Fiscal Year
GoB	Government of Bangladesh
ICAB	Institute of Chartered Accountants of Bangladesh
ICRG	International Cooperation Review Group
IDRA	Insurance Development & Regulatory Authority

IMF	International Monetary Fund
ITP	Independent Testing Procedure
KYC	Know Your Customer
LC	Letter of Credit
LEA	Law Enforcement Agency
LEI	Legal Entity Identifier
ML & TF	Money Laundering & Terrorist Financing
MLA	Mutual Legal Assistance
MLPA	Money Laundering Prevention Act
ME	Mutual Evaluation
MER	Mutual Evaluation Report
MoU	Memorandum of Understanding
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoHA	Ministry of Home Affairs
MFI	Micro-Finance Institution
MFS	Mobile Financial Service
MRA	Microcredit Regulatory Authority
NBR	National Board of Revenue
NBFI	Non-Bank Financial Institution
NCC	National Coordination Committee
NGO	Non-Government Organization
NGOAB	NGO Affairs Bureau
NID	National Identity Document
NPO	Non-Profit Organization
NRA	National Risk Assessment
NSI	National Security Intelligence
OPDAT	Office of Overseas Prosecutorial Development, Assistance and Training
PCB	Private Commercial Bank
PEP	Politically Exposed Person
PF	Proliferation Finance
RAB	Rapid Action Battalion
RJSC	Registrar of Joint Stock Companies and Firms
RMA	Relationship Management Application
RO	Reporting Organization
SB	Special Branch
SOB	State-Owned Bank
STAR	Stolen Asset Recovery
STR	Suspicious Transaction Report
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TC	Technical Compliance
TP	Transaction Profile
UNCAC	United Nations Convention against Corruption
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolutions
WMD	Weapons of Mass Destruction



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