

ANNUAL REPORT

2023-2024



Bangladesh Financial Intelligence Unit

Annual Report 2023-24



Bangladesh Financial Intelligence Unit

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Message from the Governor



In recent months, Bangladesh has undertaken comprehensive reforms to address systemic challenges in the banking sector, aiming to stabilize and strengthen the financial system during a period of significant economic transformation. These efforts, along with the interim government's proactive measures to tackle economic challenges, underscore our commitment to a resilient and stable financial system.

Globally, 2024 was marked by moderate economic growth with uneven recovery across regions, compounded by lingering effects of the COVID-19 pandemic, geopolitical tensions, supply chain disruptions, rising commodity prices, and the Russia-Ukraine conflict. Inflation soared to multi-year highs, leading central banks, particularly in U.S. to implement rapid monetary tightening, which put significant pressure on emerging market currencies. In addition, banking sector issues in some developed economies further destabilized the global economic landscape.

Bangladesh, reflecting these global trends, faced pressures on its foreign exchange reserves due to a demand-supply mismatch of foreign currency. Key factors contributing to this included the increased use of informal remittance systems and trade-based money laundering, which strained forex reserves and heightened inflationary pressures. In response, Bangladesh Bank, in collaboration with BFIU, implemented regulatory reforms and enforcement measures to stabilize the forex market and ensure economic resilience.

The current government has also demonstrated a strong commitment to recovering funds unlawfully siphoned abroad. An inter-agency Task Force has been established for the recovery and management of stolen asset. Joint investigation teams (JITs) have been formed on a priority basis, with active international cooperation to facilitate effective operations. BFIU has played a critical role in coordinating the JITs while serving as the secretariat for the task force.

The BFIU Annual Report 2023-24 highlights these vital initiatives, showcasing increased efforts in intelligence dissemination, collaboration with law enforcement and intelligence agencies, and enhanced domestic coordination. The report stands as a testament to BFIU's dedication to safeguarding the integrity of the financial system and ensuring compliance with international standards.

On behalf of Bangladesh Bank, I extend my gratitude to the BFIU team for their tireless work in preparing this Annual Report and for their outstanding contributions throughout the year. Bangladesh Bank remains steadfast in supporting BFIU by providing resources, technical assistance, and guidance to combat financial crimes and maintain a secure financial environment.

As we look ahead, let us reaffirm our shared commitment to building a resilient, inclusive, and transparent financial sector that will serve as the foundation of Bangladesh's continued progress.

A handwritten signature in black ink, reading 'Ahsan H. Mansur'. The signature is fluid and cursive, with the first name 'Ahsan' and the last name 'Mansur' clearly distinguishable.

Ahsan H. Mansur

Governor, Bangladesh Bank



Foreword

To uphold the integrity of the financial system and ensure its resilience, Bangladesh Financial Intelligence Unit (BFIU) remains unwavering in its mission to effectively combat money laundering, terrorist financing, and proliferation financing. As the national central agency to collect, analyze, and disseminate financial intelligence, BFIU works relentlessly and collaborates with both national and international stakeholders.

In this rapidly evolving digital era, where financial products and services are increasingly digitalized, BFIU is vigilant in addressing emerging risks tied to technological advancements. The growing popularity of digital hundi, online gaming/betting, forex/cryptocurrency trading platforms presents significant challenges in ensuring the integrity of the financial system. Despite these challenges, BFIU continues to safeguard Bangladesh's financial ecosystem through proper regulatory framework and stringent supervision and monitoring, ensuring that financial crimes do not undermine the country's economic stability.

In 2023-24, BFIU received a notable number of Suspicious Transaction Reports (STRs), Suspicious Activity Reports (SARs), and Cash Transaction Reports (CTRs) from Reporting Organizations (ROs), signaling heightened awareness and vigilance. The unit successfully analyzed these reports and disseminated valuable intelligence reports with law enforcement agencies (LEAs) as well as exchange information with related counterpart. Through Egmont Secure Web (ESW), BFIU continues to engage in information-sharing with foreign Financial Intelligence Units (FIUs), reinforcing its commitment to global cooperation in combating illicit financial activities.

Capacity building remained a cornerstone of our efforts. During the year, BFIU organized numerous workshops, seminars, and training programs for Reporting Organizations (ROs), LEAs, and other regulatory bodies to enhance awareness and improve compliance with AML & CFT regulations. These initiatives reflect BFIU's ongoing commitment to building capacity and fostering a culture of compliance among ROs.

Looking ahead, BFIU will continue to adapt and evolve to meet the ever-changing demands of the financial crime landscape. We will leverage cutting-edge technologies, such as artificial intelligence and machine learning, to enhance our analytical capabilities and proactively identify emerging threats. Furthermore, we will strengthen our partnerships with domestic and international stakeholders, fostering a collaborative ecosystem dedicated to combat financial crime.

Finally, I express my gratitude to the dedicated BFIU team, our domestic and international partners, and all stakeholders for their continued cooperation and collaboration. This Annual Report provides a comprehensive overview of BFIU's activities and achievements during this year. We believe it will serve as a valuable resource for stakeholders, providing insights into our ongoing efforts to safeguard the integrity of Bangladesh's financial system and contribute to a safer and more prosperous future.

A.F.M. Shahinul Islam
Head of BFIU

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BFIU in 2023-24

01

Receipt of STRs/SARs & CTRs

17,345 STRs/SARs¹ from ROs and other sources

1157 information exchange requests from LEAs and other sources

39,351,534 CTRs from Banks & NBFIs

02

International Cooperation

31 requests received from the FIU of different countries/jurisdictions

128 requests made to the FIU of different countries/jurisdictions

03

Intelligence sharing with the LEAs and other relevant Agencies

114 intelligence reports

1,220 information exchanges

04

Monitoring and Supervision of ROs

104 system checks

44 special inspections

05

Capacity Building Initiatives for ROs and Stakeholders

19 lead bank training programs

BFIU provided resource persons in 186 training programs

06

Participation of BFIU Officials in

Training programs, workshops, seminars, etc.

07

Mutual Evaluation of Bangladesh

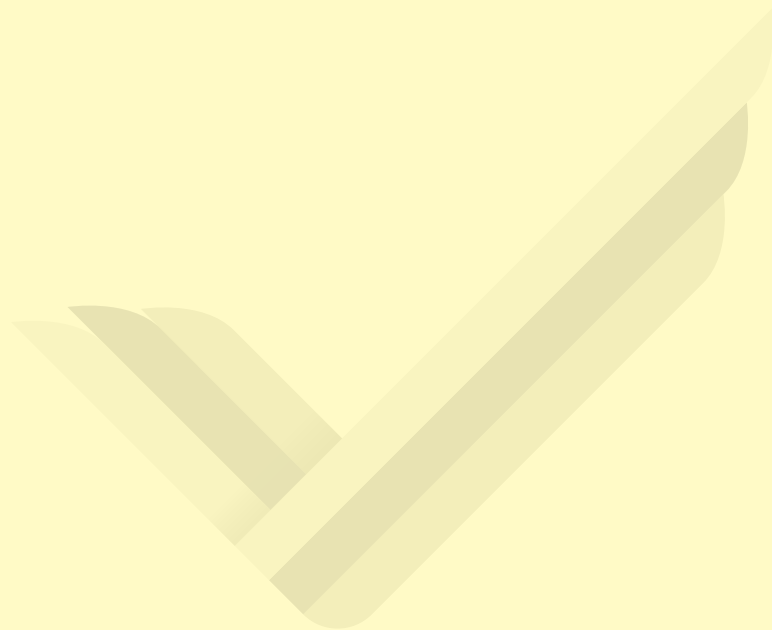
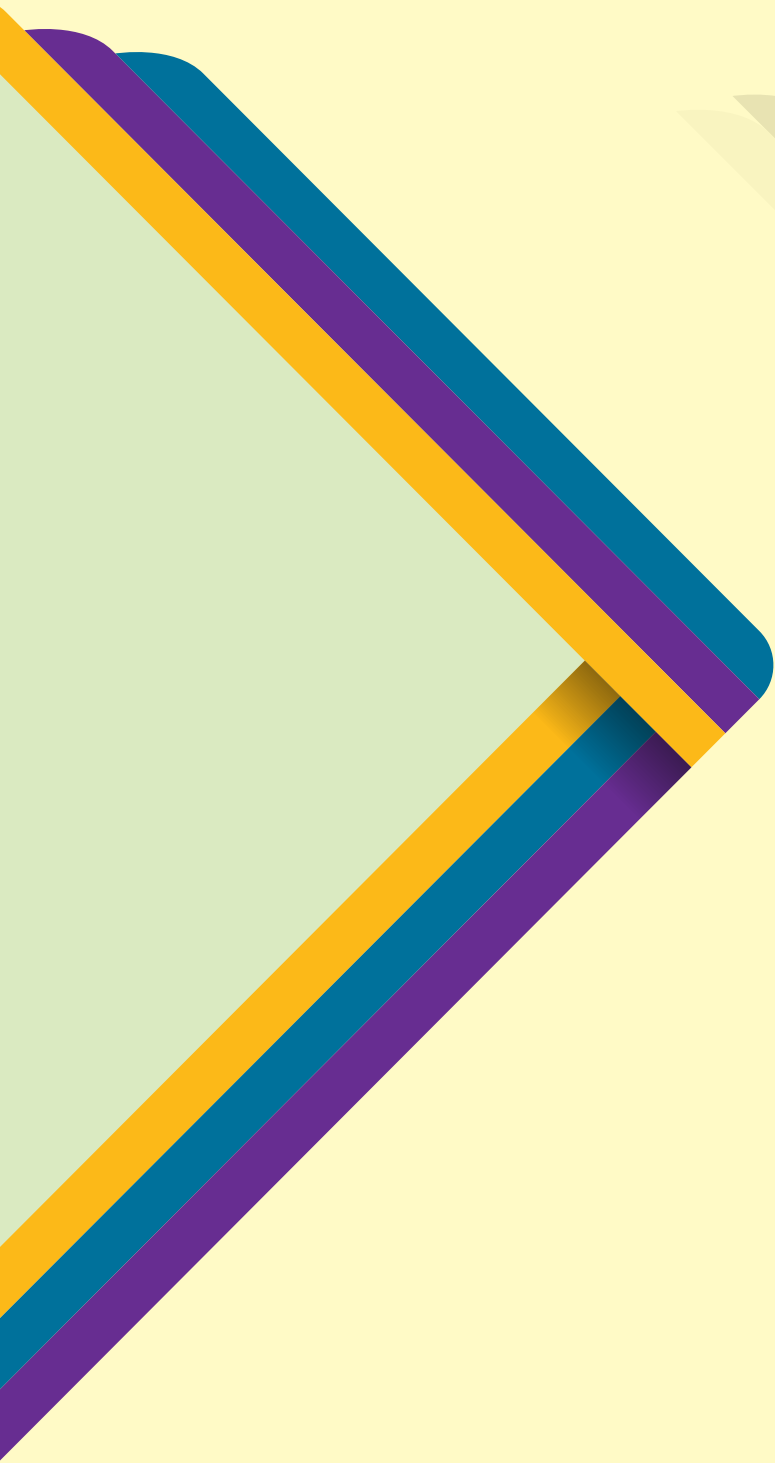
Technical Compliance	Effectiveness
8 Compliant	3 Substantial
27 Largely Compliant	4 Moderate
5 Partially Compliant	4 Low

08

Basel AML Index of Bangladesh

Year	Score (0-10: scale)	Ranking (Out of 164 country)
2023	5.80	46
2024	5.62	59

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



BFIU

at a glance

BFIU at a Glance

Background

Under the empowerment of the relevant provisions of the Money Laundering Prevention Act of 2012, the Anti-Terrorism Act of 2009, and the related rules, the Bangladesh Financial Intelligence Unit (BFIU) serves as the central agency of Bangladesh to combat money laundering (ML), terrorist financing (TF), and the financing of the proliferation of weapons of mass destruction (PF). In pursuit of its vision to establish a robust financial system in Bangladesh that effectively deters ML, TF, PF, and other related offenses, BFIU works closely with all relevant national and international stakeholders. As a founding member of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body that enforces FATF standards on anti-money laundering (AML) and countering the financing of terrorism (CFT) in the Asia/Pacific region, Bangladesh has been participating in APG's annual plenary meetings since 1997. Furthermore, Bangladesh served as a rotating co-chair of the APG from 2018 to 2020, with the Head of BFIU representing the Government of Bangladesh in this capacity. BFIU has also represented Bangladesh in APG's highest policy-making body, the Steering Committee/Governance Committee, several times, as the representative of South Asian countries. Last year, BFIU celebrated the 20th anniversary of its journey toward establishing a strong and effective AML & CFT regime in Bangladesh.

As a member of APG, Bangladesh is committed to implementing FATF recommendations. To effectively combat ML, TF, and PF, and achieve optimal results, BFIU makes concerted efforts to fully discharge its responsibilities as the National Analysis Center for receiving, analyzing, and disseminating financial intelligence. Additionally, BFIU serves as a regulator and supervisor, as mandated by the Money Laundering Prevention Act of 2012, the Anti-Terrorism Act of 2009, and the relevant rules. The journey of BFIU began with the establishment of the Anti-Money Laundering Department at Bangladesh Bank in 2002. This department was later transformed into BFIU on January 25, 2012, under the provisions of the Money Laundering Prevention Act of 2012. Following an amendment to the Money Laundering Prevention Act in 2015, BFIU achieved full operational independence.

In fulfilling its mission, BFIU cooperates with and receives assistance from a range of members, jurisdictions, agencies, donors, and providers. For effective analysis and as part of international cooperation, BFIU became a member of the Egmont Group in July 2013 and has signed memorandums of understanding (MOUs) with 81 financial intelligence units (FIUs) as of June 2024.

Domestically, Bangladesh has established a strong legal and institutional framework to ensure an effective AML & CFT regime. The National Coordination Committee (NCC), chaired by the Finance Minister, serves as the highest forum for the formulation and implementation of AML & CFT policies in line with international standards. There is also a Working Committee responsible for executing and implementing decisions made by the NCC, and a United Nations Security Council Resolutions (UNSCRs) implementation committee, which ensures the enforcement of UNSCRs. BFIU plays a crucial role in all of these committees.

Against this backdrop, BFIU's activities include analyzing Suspicious Transaction/Activity Reports (STR/SARs), Cash Transaction Reports (CTRs), and information related to ML, TF, and PF received from reporting agencies and other sources. BFIU then disseminates intelligence to the relevant law enforcement and investigative agencies, exchanges information on money laundering and terrorist financing with foreign counterparts, and participates in various domestic and international AML & CFT initiatives. This Annual Report, like its predecessors, presents the activities and initiatives undertaken during 2023-2024.



VISION

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

M I S S I O N

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 as well as bolstering detecting and reporting capacities of the reporting entities in different sectors to ensure better compliance;
- Deepening liaisons among BFIU, law enforcement agencies 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.

Functions of BFIU

- ▶ Receive Suspicious Transaction/Activity Reports (STRs/SARs) from the reporting organizations and Cash Transaction Reports (CTRs) from banks, financial institutions and DNFBPs and receive the complaints regarding ML & TF from different sources.
- ▶ Analyze the received STRs/SARs from Reporting Organizations (ROs) and CTRs from banks, financial institutions and DNFBPs 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 received STRs/SARs, CTRs and complaints received related information.
- ▶ Issue necessary directives 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, Rules/Regulations and 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 local organizations to exchange financial intelligence on ML, TF & PF.
- ▶ 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 (WC) on AML & CFT and take necessary steps to implement the decisions taken by 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.

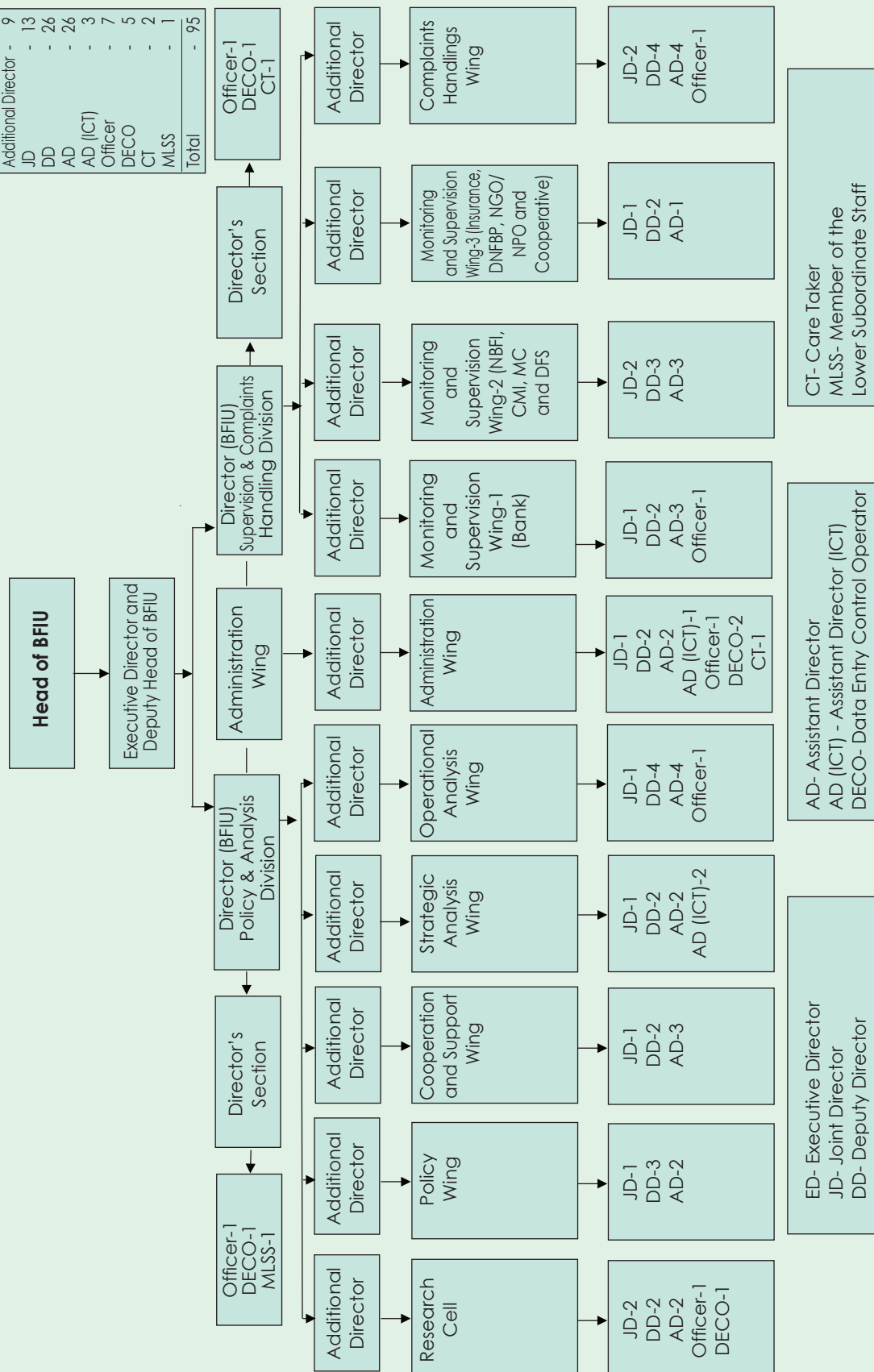
Regulatory Framework

BFIU works under the provisions of

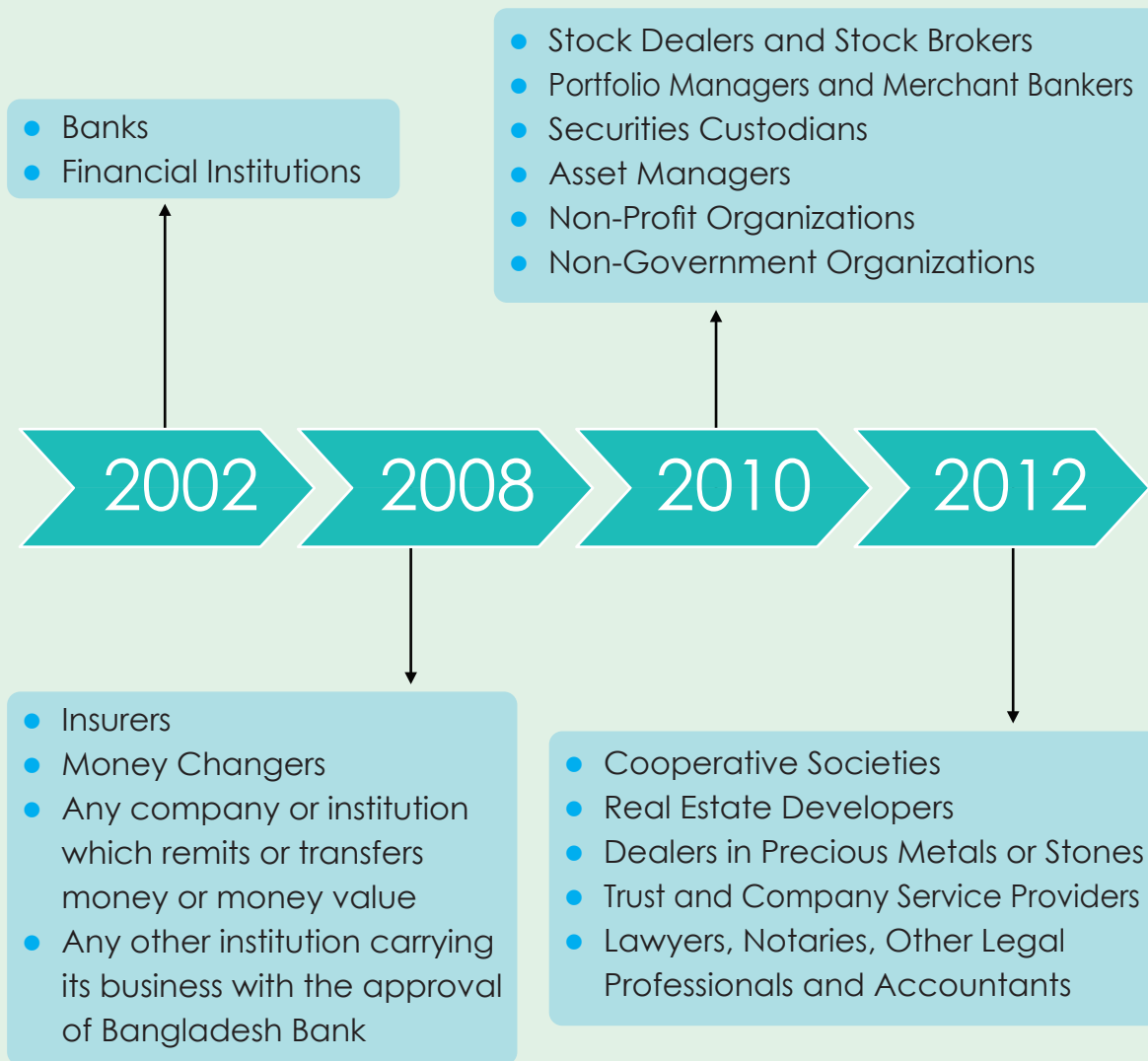
- ❑ Money Laundering Prevention Act, 2012
- ❑ Money Laundering Prevention Rules, 2019
- ❑ Anti-Terrorism Act, 2009
- ❑ Anti-Terrorism Rules, 2013

Summary of Sanctioned Strength

ED	-	1
Director	-	2
Additional Director	-	9
JD	-	13
DD	-	26
AD	-	26
AD (ICT)	-	3
Officer	-	7
DECO	-	5
CT	-	2
MLSS	-	1
Total	-	95



Reporting Organizations of BFIU



The background of the slide is a deep blue with a complex overlay of financial data. It includes a candlestick chart with white and red bars, a green line graph with circular markers, and a bar chart with blue bars. In the bottom right corner, there are three stacks of gold coins. A white plus sign is positioned in the lower center. At the bottom left, a row of numbers is displayed: 764, 27.3045, 23.7281, 4.0901, n/a, and n/a. The overall aesthetic is professional and data-driven.

MAJOR ACTIVITIES IN FY 2023-24

764 27.3045 23.7281 4.0901 n/a n/a

CHAPTER | 2

Major Activities in 2023-24

Bangladesh Financial Intelligence Unit (BFIU) is the central agency in Bangladesh responsible for combating money laundering, terrorist financing, and proliferation financing. Beyond its intelligence gathering role, BFIU renders regulatory and supervisory functions to mitigate these risks.

To ensure compliance with international standards, BFIU regularly reviews and updates its guidelines and directives for the Reporting Organizations (ROs) to establish a robust AML/CFT regime in Bangladesh.

BFIU actively coordinates national efforts to combat ML & TF, collaborating with both domestic and international stakeholders. It also prioritizes awareness-raising and capacity-building initiatives for ROs, law enforcement agencies, and other relevant parties.

BFIU is dedicated to identifying and addressing ML/TF/PF risks. It is committed to implementing effective measures to protect the nation's financial integrity and ensure a robust financial system. The following section highlights the key activities and achievements of BFIU during the 2023-24:

2.1 Introducing Suspected TBML as a New Report Type in goAML

On January 31, 2024, Bangladesh Financial Intelligence Unit (BFIU) officially introduced a new report type in the goAML platform named "Suspected TBML" (Trade-Based Money Laundering). This initiative marks a significant step forward in the nation's efforts to combat financial crimes, particularly trade-based money laundering, which has become a growing concern globally.

The Suspected TBML report type in goAML represents a proactive step towards addressing the complexities of trade-based money laundering. By incorporating this new report type, BFIU and its counterparts aim to foster greater transparency in trade transactions and ensure that Bangladesh remains vigilant in its fight against financial crimes.

The launch event for the Suspected TBML report type was chaired by Mr. Md Rafiqul Islam, Deputy Head of BFIU. The event was attended by senior officials from BFIU and representatives from all scheduled banks operating in Bangladesh. The introduction of this report type is expected to significantly enhance the ability of financial institutions to identify and report potential cases of TBML, thereby strengthening the overall AML framework within the country.

The introduction of the Suspected TBML report type is part of a broader project initiated by the Asian Development Bank (ADB) in late 2020. Recognizing the need to strengthen anti-money laundering (AML) measures, ADB collaborated with Asia Pacific Group on Money Laundering (APG), Indonesian Financial Intelligence Unit (PPATK), UN goAML, and other stakeholders to enhance the goAML platform by integrating trade and TBML related data elements into Suspicious Activity Reports (SARs), Suspicious Transaction Reports (STRs), and Suspicious Matter Reports (SMRs). In response to this initiative, BFIU joined the project, alongside other participating countries such as Mongolia, Sri Lanka, Nepal, and Pakistan.

The project has facilitated multiple virtual and in-person training programs focused on TBML, equipping financial institutions, regulatory bodies and law enforcement agencies with the necessary knowledge and tools to detect, report and investigate suspicious trade-based activities more effectively. The ongoing collaboration and training under this project will further support the implementation and effectiveness of this initiative, contributing to the broader global efforts against money laundering and terrorist financing.

2.2 Intelligence Management

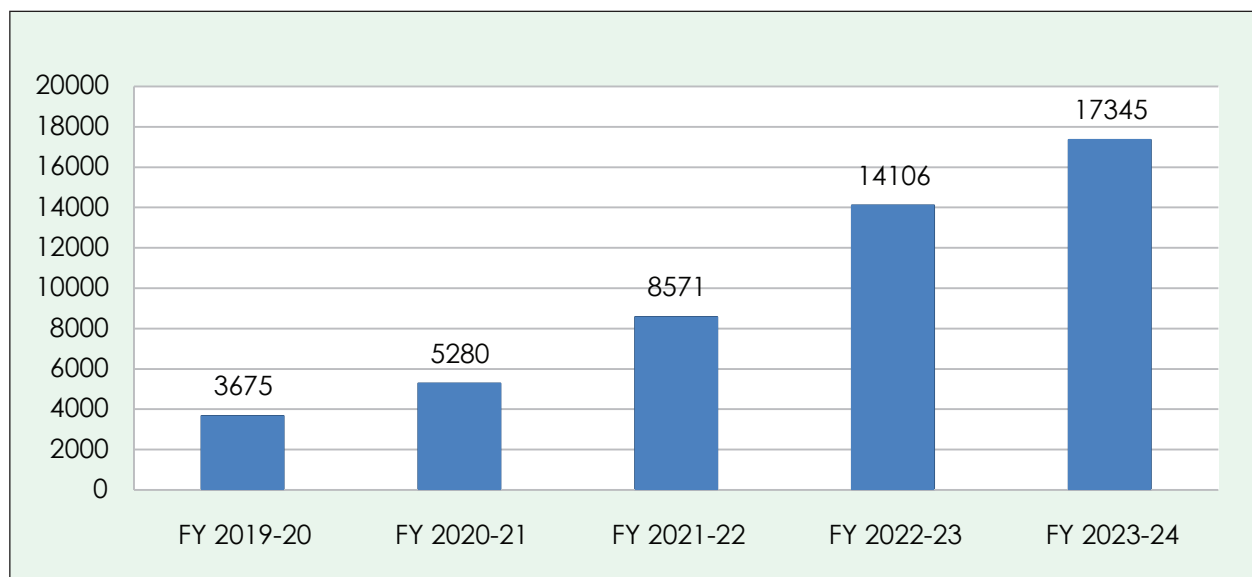
The primary function of BFIU is to receive various types of reports, including Suspicious Transaction Report (STR), Suspicious Activity Report (SAR) and Cash Transaction Report (CTR) from the ROs. Furthermore, BFIU welcomes complaints and information from both individuals and organizations. Any individual or entity is encouraged to submit complaints or furnish information related to ML, TF, and PF to BFIU. Additionally, BFIU greatly values the information provided by regulatory authorities and supervisory bodies, as well as the intelligence shared by intelligence agencies and law enforcement agencies (LEAs). Moreover, information received from foreign Financial Intelligence Units (FIUs) and other international counterparts significantly contributes to the enhancement of BFIU's intelligence capabilities.

Upon the receipt of STRs, SARs, CTRs or intelligence pertaining to ML, TF and PF, BFIU conducts a comprehensive analysis that combines tactical and strategic approaches. This analysis leverages BFIU's database and information sourced from other agencies, including the Credit Information Bureau (CIB), Bangladesh Bank's Dashboard for export-import and remittance data, the National Identity (NID) database 'Porichoy' and the World Check Database. In addition, for analytical purposes, BFIU may seek supplementary information from the ROs, regulatory bodies and other government agencies such as Department of Immigration and Passport, Bangladesh Police and other Law Enforcement Agencies, Registrar of Joint Stock Companies and Firms etc. BFIU also collects financial information from the foreign FIUs, if required.

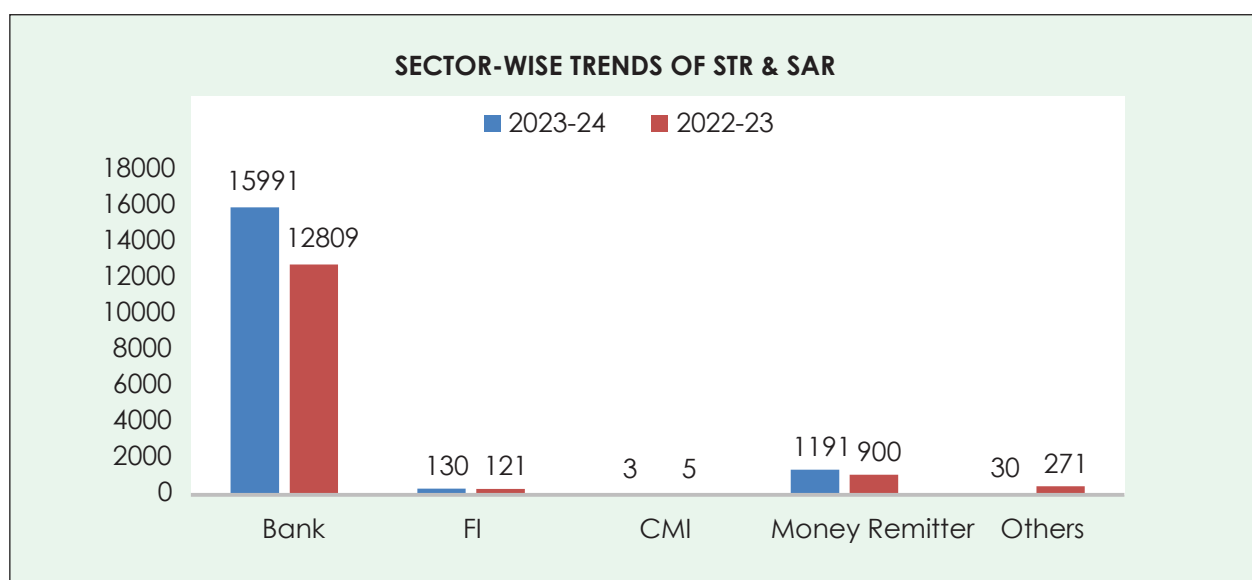
On analysis, if any element of ML & TF is detected, BFIU prepares intelligence report and disseminate the same to the respective LEA for further course of action. BFIU demonstrates a commitment to fostering efficient collaboration by proactively providing intelligence to LEAs and other intelligence agencies, both spontaneously and upon request.

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

Under the provisions of section 25(1)(d) of the Money Laundering Prevention Act (MLPA), 2012 and Section 16(1) of the Anti-Terrorism Act (ATA), 2009, the ROs bear a legal obligation to report STRs and SARs. Whenever any irregularity or anomaly is detected, ROs are mandated to proactively submit STR and SAR. The number of STR/SAR is one of the major indicators of the existence of a robust AML and CFT framework. The establishment of a system for reporting STR/SAR serves the dual purpose of safeguarding the ROs from potential exploitation by money launderers and terrorist financiers while concurrently ensuring the integrity and effectiveness of the national AML & CFT program. For FY 2023-24, BFIU received a total of 17,345 suspicious reports comprising 11,736 STRs and 5,609 SARs.

Graph-1: Trend of STR & SAR Received in the Past Five Years

The graph presented above illustrates the trend of STR & SAR received by BFIU over the past five years. The data clearly indicates a consistent upward trajectory in the receipt of STR & SAR, with a noteworthy spike of 22.96 percent in 2023-24 compared to the previous year. This substantial increase can be attributed to several key factors including BFIU's stringent measures against non-compliance, increased awareness and capacity development of the ROs, the government's stance on zero tolerance policy against corruption, etc. The significant upward trend was also triggered due to increased fraudulent activities in online based platform such as online gambling/betting, FX/crypto trading, digital hundi etc.

Graph-2: Sector-wise Trends of STR & SAR (Logarithmic Scale)

As Banks are the key player of the financial system of Bangladesh, the majority of the STRs & SARs are received from this sector. It is mentionable that, the 2nd National Risk Assessment on ML & TF reveals banking sector as more vulnerable to ML & TF for its wide range of products, services and networks. The graph above also complements the findings of NRA since BFIU received 15,991 STR/SARs i.e. 92.19% of the total STR/SARs from the banks in 2023-24. However, money remitters were the 2nd highest reporting organization which lodged 1,191 STR/SARs i.e. 6.87% of the total number to BFIU in 2023-24.

2.2.2 Information Exchange

The LEAs, intelligence agencies and other stakeholders make request to BFIU for exchanging financial information for further course of action at their end and BFIU disseminates the same. The regular information exchange request from LEAs and intelligence agencies in 2023-24 increased by almost 13.91% compared to that of previous year. It is to be noted that due to the amendment of the Bankers Books Evidence Act, 2021, LEAs can collect the required information from banks directly; hence after 2021 the number of request has been decreased. Still, in 2023-24, BFIU has received a total number of 1157 requests for financial information from different LEAs and others.

Table-1: Number of Requests for Financial Information Made By LEAs and Others

Requesting Agencies		2021 -22		2022 -23		2023-24	
		Received	Disseminated	Received	Disseminated	Received	Disseminated
ACC		99	99	64	64	84	82
Bangla desh Police	CID	266	266	540	540	405	466
	Other units (Police HQ, ATU, PBI, DB, SB etc.)	55	46	140	140	275	268
BB		24	24	23	23	31	31
NBR		70	61	95	95	82	82
Others (Intelligence Agencies, Ministries, etc.)		296	337	213	209	280	291
Total		810	833	1,075	1,071	1,157	1,220¹

Over the years, CID of Bangladesh Police, Anti-Corruption Commission and other Intelligence Agencies constitute the major users of financial information.

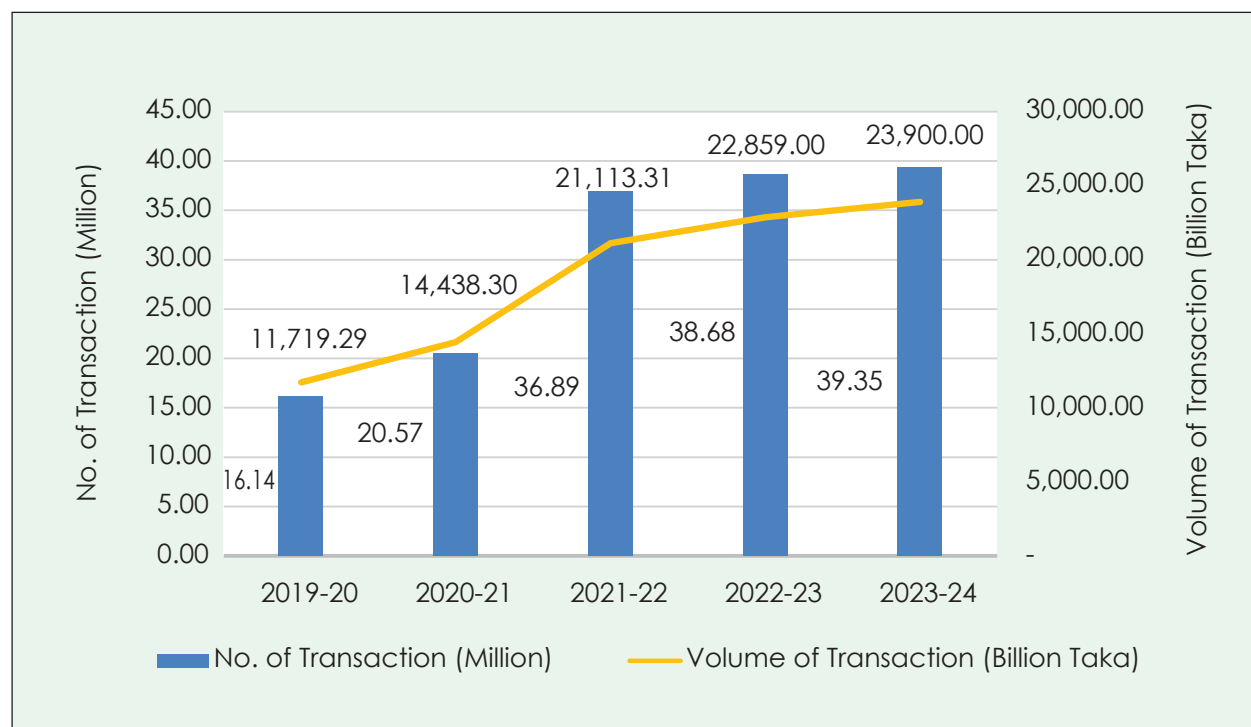
¹ In some cases, BFIU proactively shared information to different agencies.

2.2.3 Cash Transaction Report (CTR)

As per the provision of section 23(1)(a) of the Money Laundering Prevention Act (MLPA), 2012 BFIU can obtain Cash Transaction Reports (CTRs) from the ROs and subsequently analyze the information therein. BFIU defines CTR as any cash deposit amounting BDT 1.00 million or above (or equivalent foreign currency) or withdrawal amounting to BDT 1.00 million or above (or equivalent foreign currency) conducted through single or multiple transactions in an account within a single day. Currently, in accordance with the directives issued by the BFIU, both banks and non-bank financial institutions (NBFIs) are required to submit CTRs to BFIU through goAML web platform by the 21st day of each subsequent month. CTR information is used for operational analysis, strategic assessment, and the implementation of risk-based supervision of banks and NBFIs.

In the 2023-24, banks submitted a total of 39.35 million cash transactions (value BDT 23,900.93 billion) whereas the NBFIs submitted 1,534 cash transactions (value BDT 3.22 billion). In 2023-24, both the overall number of CTR submissions and the total value of CTRs increased proportionally than the previous year.

Graph-3: Trend of Yearly Receipt of Cash Transactions in CTR



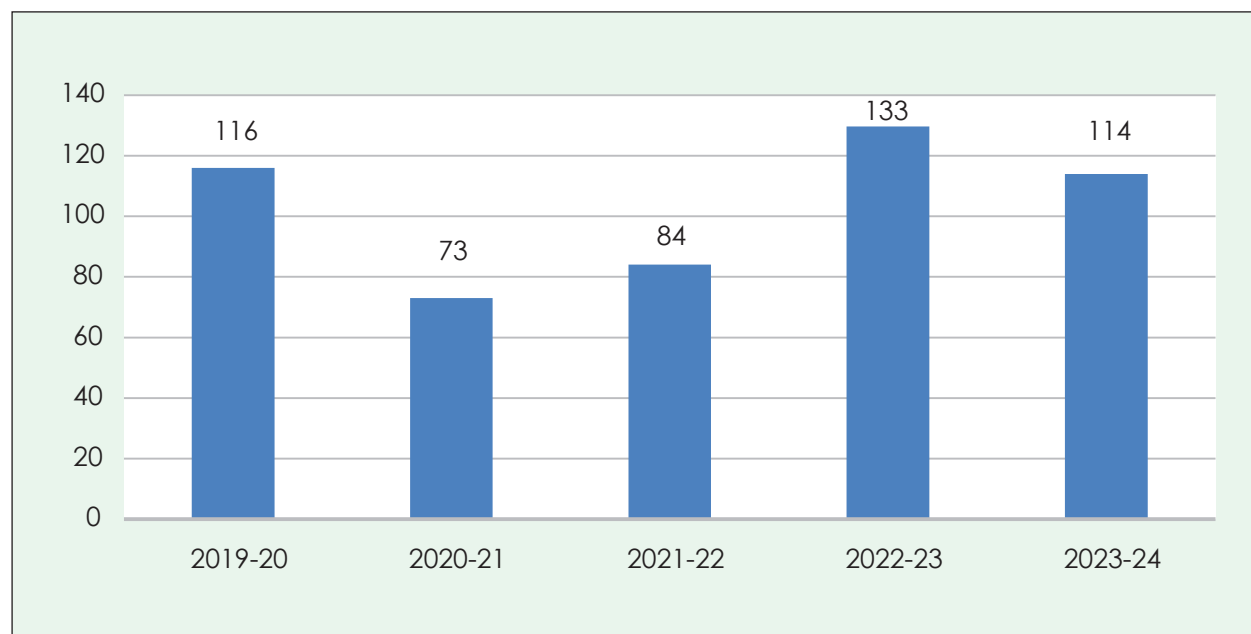
2.3 Dissemination of Intelligence

BFIU has a team of dedicated expert analysts for analyzing STR/SARs, CTRs. A set of predefined indicators, regularly updated over time, serves as the basis for prioritizing the scrutiny of each STR and SAR submission. Following the establishment of priority, qualified analyst/s is/are assigned to conduct in-depth analysis of the specific case. They prepare comprehensive intelligence reports based on their findings. If a case exhibits potential connections to ML, it is promptly disseminated to the respective LEAs. These agencies, in accordance with the MLPA, 2012 or ATA, 2009, then take appropriate measures for further investigation and action. On the other hand, if a case suggests any involvement with terrorism, terrorist financing (TF), or proliferation financing (PF), it is expeditiously disseminated to the Bangladesh Police for their specialized attention and subsequent action.

2.3.1 Dissemination of Intelligence Based on STR, SAR and Other Sources

Intelligence reports are generated analyzing STR, SAR, and other pertinent information. The production of these reports can vary significantly in terms of scale. In some instances, a single STR or SAR can serve as the basis for a comprehensive intelligence report, while in other cases; it may require the analysis of hundreds of such reports to compile a single intelligence document. During 2023-24, BFIU disseminated a total of 114 intelligence reports derived from STRs, SARs and other information.

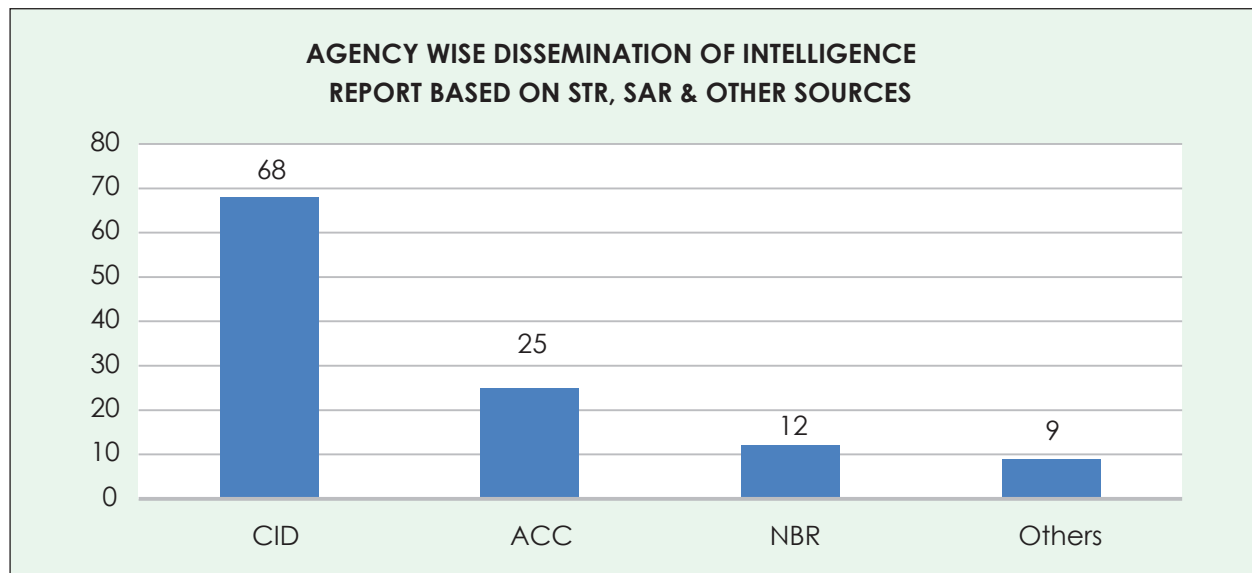
Graph-4: Dissemination of Intelligence Report



Graph-4 illustrates the number of dissemination of intelligence reports by BFIU in the last five years. Although dissemination of Intelligence report has fallen in this year, the number of associated STR/SAR has increased.

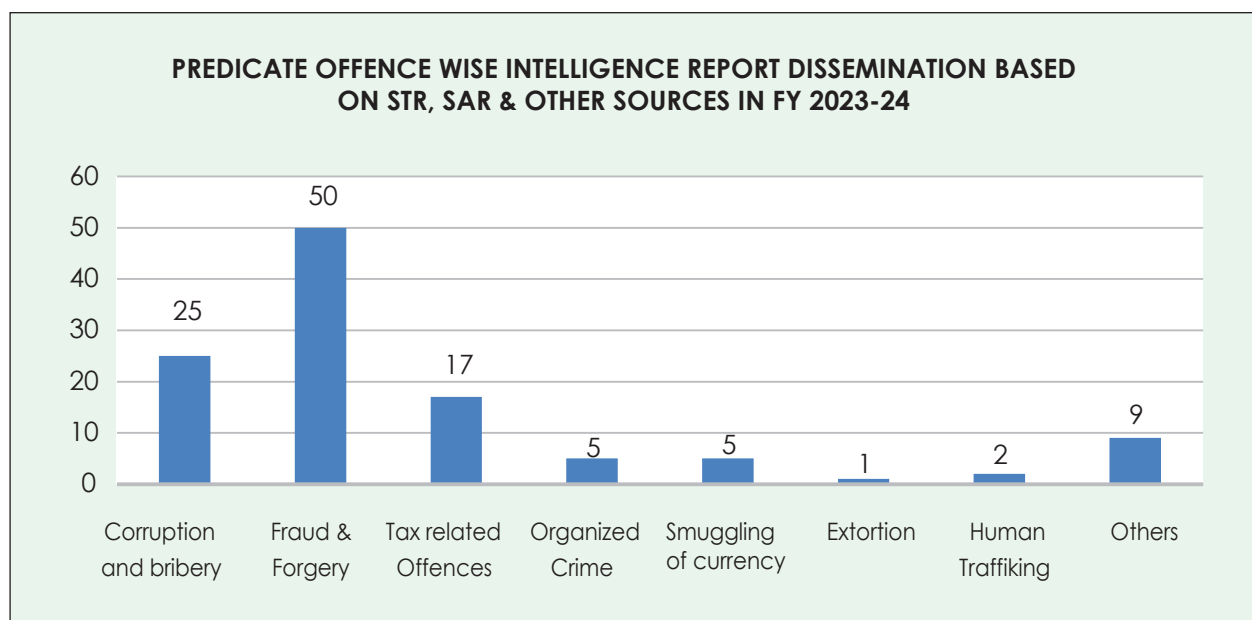
On the other hand, agency-wise dissemination statistics (graph-5) of 2023-24 highlights that CID of Bangladesh Police topped the list as recipient of intelligence report.

Graph-5: Agency-wise Dissemination of Intelligence Report



Furthermore, the graph-5 provides insight into the distribution of intelligence reports to various agencies. Notably, the top predicate offenses featured in these reports (graph-6) encompass fraud, corruption and bribery, currency smuggling among others. These findings broadly align with the risk profile as assessed in the 2nd National Risk Assessment on ML & TF conducted in 2015.

Graph-6: Predicate Offence-wise Intelligence Report Dissemination



2.4 Monitoring and Supervision

Section 23(1)(e) of the MLPA, 2012 and section 15(1)(c) and 15(1)(e) of the ATA, 2009 have empowered BFIU to supervise the activities of the reporting organizations and carry out on-site inspections on them. To make the monitoring and supervision more efficient and effective, the Monitoring and Supervision function of BFIU has been divided into the following sub-wings:

Monitoring and Supervision Wing-1

- Bank Monitoring

Monitoring and Supervision Wing-2

- Non-Bank Financial Institutions Monitoring
- Capital Market Intermediaries Monitoring
- Digital Financial Services and Cyber Monitoring
- Money Changers & Money Remitter Monitoring

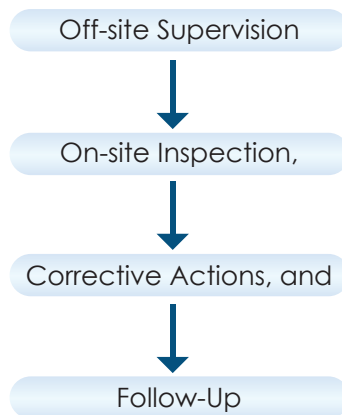
Monitoring and Supervision Wing-3

- Insurance Monitoring
- NGO/NPO Monitoring
- DNFBPs Monitoring
- Co-operatives Monitoring

BFIU has adopted a Risk-Based Approach (RBA) to supervise the ROs, In line with FATF Recommendation 1 and the provision of the Rule 10 of MLPR, 2019. Following the Risk Based Supervision (RBS) model, 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 a number of risk factors into account faced by ROs including sectoral, client, geographic and delivery channel or service/product risks. BFIU allocates supervisory resources based on identified risk of a particular sector or entity.

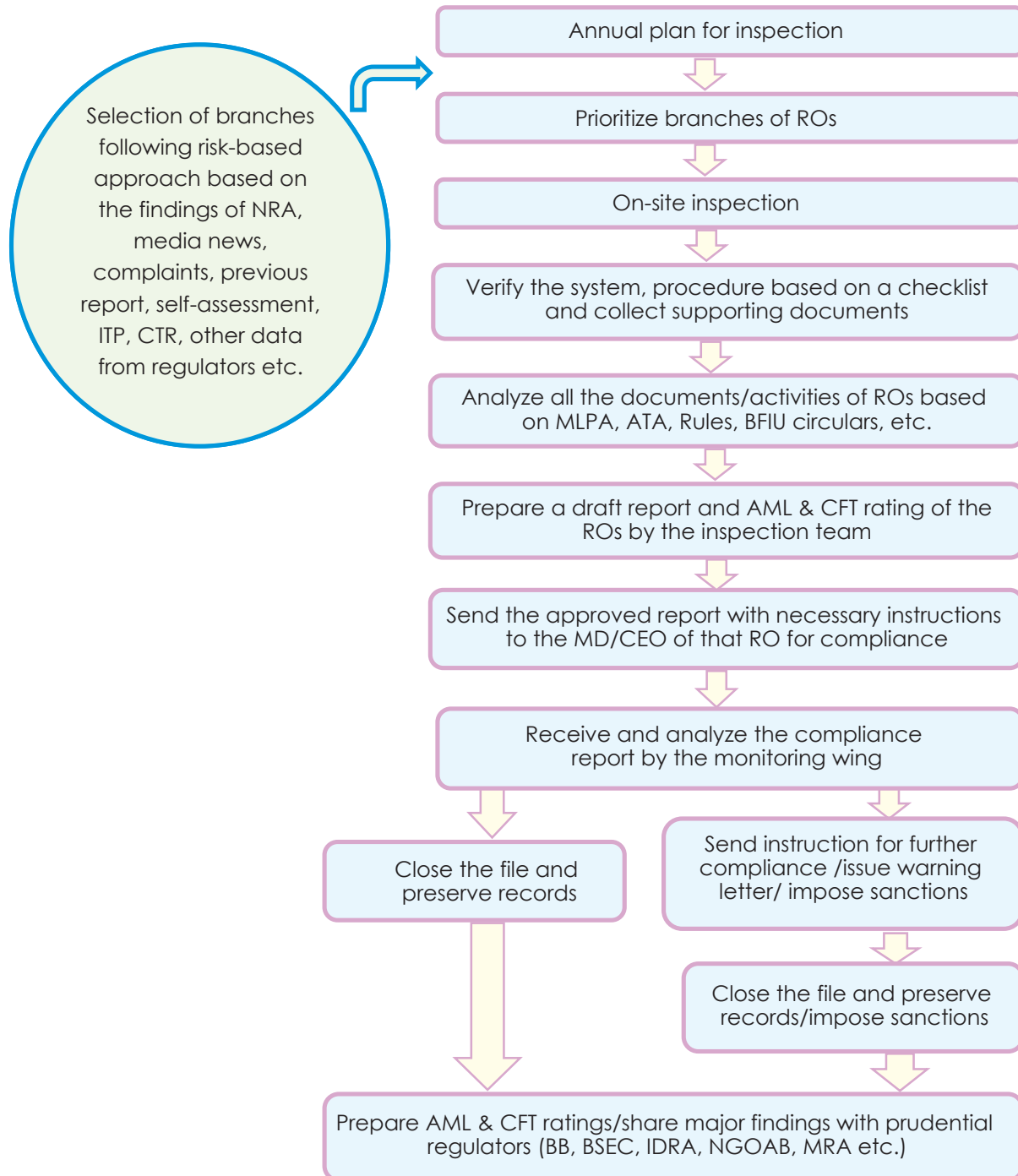
For implementing Risk-Based Supervision (RBS), BFIU has issued a guideline. Based on that guideline BFIU has developed data capturing template for each reporting sector and formulated a mechanism for supervision plan. In developing supervision plan, BFIU use the outcome of NRA, Sector Specific Risk Assessment and Enterprise Level Risk Assessment in addition to other micro level information. Under this supervision system, there is a process of continuously updating risk assessments through on-site inspection 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 perspective of BFIU, to look into the adequacy of its legislation and review 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 related non-compliance. These four steps are:



The following diagram depicts the monitoring and supervision mechanism of BFIU:

Monitoring & Supervision Mechanism



2.4.1 Off-site Supervision

BFIU has established a comprehensive off-site supervision system designed to achieve consistent monitoring, analysis, and review of periodic reports submitted by the ROs in strict adherence to BFIU's regulatory requirements. The insights from this off-site supervision process play a pivotal role in shaping and updating policy decisions, including those related to on-site supervision and risk-based oversight. BFIU's off-site supervision employs a diverse array of methods and activities conducted at the desk level, which encompass:

- Assessing Self-Assessment Reports and the results of Independent Testing Procedure (ITP) submitted by the ROs biannually;
- Conducting sectoral risk assessment and reviewing enterprise level risk assessment of the ROs and their non-compliance risks;
- Ensuring AML & CFT compliance of the ROs including the submission of CTR, STR/SAR
- 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 instruction of BFIU, each branch of the banks is to prepare a Self-Assessment Report based on a predefined checklist twice a year and submit the same to the Internal Audit Department and the AML & CFT Division or Department of its Head Office. Internal Audit Department has to analyze those reports and arrange for branch inspection, if necessary, informing the AML & CFT Division or Department of the bank. Furthermore, the said department, while inspecting a branch 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 in at least 10% branches according to their annual plan.

The Internal Audit Department has to send the report of those inspections based on ITP, called ITP report, to the AML & CFT Division or Department. Then the Central Compliance Committee (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 (Board of Director and Management of Committee) 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.

All the off-site supervision reports submitted by banks are consulted by BFIU while developing annual on-site inspection plan based on Risk Based Supervision Guideline/Manual.

2.4.1.2 Off-site Supervision of NBFIs and Other Reporting Organizations

NBFIs also submit the summary of Self-Assessment Reports and Independent Testing Procedure (ITP) report on half yearly basis following the similar procedures of the banks. Likewise, other reporting organizations such as Insurance Companies and Capital Market Intermediaries follow identical procedures to deliver their Self-Assessment Reports summaries to BFIU.

2.4.2 On-site Supervision

In addition to the National Risk Assessment (NRA), the Bangladesh Financial Intelligence Unit (BFIU) formulates an annual on-site inspection plan in alignment with its Risk-Based Supervision Manual, the enterprise-level risk assessment reports of Reporting Organizations (ROs), and BFIU's internal evaluations. These assessments take into account previous inspection findings, self-assessment reports, and the results of independent testing procedures.

ROs classified as "High Risk" are subjected to more frequent on-site supervision. The findings of BFIU, along with AML and CFT risk ratings, are shared with the relevant regulatory authorities for review and further necessary actions.

BFIU conducts two distinct types of on-site supervision: system checks and special inspections.

2.4.2.1 System Check

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

- Comprehensiveness of AML & CFT policy and procedures with senior management's commitment
- Evaluation of the competency of the Compliance Officer
- KYC & CDD processes and protocols
- Transaction monitoring
- Submission and analysis of CTR
- STR identification and submission
- Report submission by bank-branch to AML & CFT Division or CCU
- Self-Assessment
- Employee Knowledge and awareness of AML & CFT
- Record keeping
- Compliance of the recommendations of the previous audit/inspection report

Based on the findings of the system check, the reporting organization's head office and branches are awarded a rating i.e. Unsatisfactory, Marginal, Fair, Satisfactory, and Strong and the report is sent to the ROs for their compliance with the identified gaps.

2.4.2.1.1 System Check of Banks

Bangladesh Financial Intelligence Unit (BFIU) has specialized inspection teams responsible for evaluating banks to foster the development of strong Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) frameworks across the country. In the 2023-24 fiscal year, BFIU conducted 26 comprehensive system checks on various banks. Of these inspections, 12 were carried out at bank head offices, while the remaining 14 took place at branch locations.

Table-2: System Check of Banks

Bank	2019-20	2020-21	2021-22	2022-23	2023-24
Head Offices	24	23	29	12	12
Branches	40	29	37	39	14
Total	64	52	66	51	26

2.4.2.1.2 System Check of NBFIs

In the 2023-24 fiscal year, Bangladesh Financial Intelligence Unit (BFIU) conducted system checks on 6 head offices and 6 branches of Non-Banking Financial Institutions (NBFIs). As illustrated in Table 3, the number of inspections during this period has declined compared to the previous year.

Table-3: System Check of NBFIs

NBFI	2019-20	2020-21	2021-22	2022-23	2023-24
Head Offices	10	3	8	14	6
Branches	10	1	12	11	6
Total	20	4	20	25	12

2.4.2.1.3 System Check of Insurance Companies

Bangladesh Financial Intelligence Unit (BFIU) collaborates with the Insurance Development and Regulatory Authority (IDRA), the prudential regulator of insurance companies in Bangladesh, to oversee and supervise Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) initiatives within the insurance sector. Recognizing insurance as a low-risk sector, BFIU conducted system checks on 17 insurance company head offices—comprising 12 non-life and 5 life—during the 2023-24 fiscal year. All system checks were conducted within Dhaka city.

Table-4: System Check of Insurance Companies

Insurance Companies		2019-20	2020-21	2021-22	2022-23	2023-24
Nonlife Insurance	Head Offices	15	5	11	3	12
	Branches	10	4	0	3	0
	Sub-total	25	9	11	6	12
Life Insurance	Head Offices	10	4	12	3	5
	Branches	5	2	0	3	0
	Sub-total	15	6	12	6	5
Total		40	15	23	12	17

2.4.2.1.4 System Check of Digital Financial Services (DFS)

In recent years, the Digital Financial Services (DFS) landscape in Bangladesh has witnessed significant and multifaceted growth. With the increasing adoption of these services, there has also been a rise in the risk of exploitation by money launderers and terrorist financiers. In response to this growing challenge, during the 2023-24 fiscal year, Bangladesh Financial Intelligence Unit (BFIU) conducted a total of 7 system checks at the head offices of Digital Financial Services providers for the first time. All of these system checks were carried out in Dhaka.

2.4.2.1.5 System Check of NGO/NPO

BFIU conducted 20 system checks on Non-Governmental Organizations (NGOs) and Non-Profit Organizations (NPOs). Among these, 18 system checks were performed at the head offices, while 2 were conducted at branch offices. These inspections were undertaken to monitor the operations of money changers and to ensure compliance with Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations.

2.4.2.1.6 System Check of Co-operative

To strengthen AML and CFT compliance within the cooperative sector, BFIU conducted a total of 22 system checks at cooperative head offices in Dhaka. These inspections aimed to oversee cooperative activities and verify adherence to AML and CFT regulations.

2.4.2.2 Special Inspection

In addition to regular system checks, BFIU conducts special inspections on Reporting Organizations (ROs) if specific concerns arise, such as:

- Repeatedly receiving low ratings in system checks
- Detection of non-compliance issues during system checks
- Adverse media reports

Special inspections are also conducted to assess ROs' compliance with Suspicious Transaction Reports (STRs) and Suspicious Activity Reports (SARs) submission. Additionally, they verify whether banks and Non-Banking Financial Institutions (NBFIs) are correctly submitting Cash Transaction Reports (CTRs). The selection of branches for these inspections is based on factors such as transaction volume, operational importance, location, and risk level.

During the 2023-24 fiscal year, BFIU conducted 44 special inspections in banks for further analysis of STRs, SARs, complaints, and other relevant information. Of these 44 inspections, 5 were conducted at head offices, while 39 took place at branch offices.

DOMESTIC COOPERATION AND ENGAGEMENT



CHAPTER | 3

Domestic Cooperation and Engagement

An effective AML & CFT regime requires a synchronized cooperation among the concerned authorities. BFIU, as the central agency of the country, always fosters a spirit of cooperation for the effective combating of ML, TF & PF. BFIU strongly adheres to the policy of mutual cooperation and has been working closely with all the relevant stakeholders since its inception. In 2023-24, BFIU undertook several initiatives to strengthen domestic cooperation and engagement with various ministries, regulatory bodies, law enforcement agencies, and other institutions in Bangladesh.

3.1 National Coordination Committee and Working Committee on AML & CFT

National Coordination Committee (NCC) on AML & CFT is the highest-level body which is responsible for formulating policies and procedures to prevent money laundering and terrorist financing in Bangladesh. The committee is headed by the Honorable Finance Minister and includes chief executives of relevant agencies as members. The Head of BFIU serves as the Member Secretary of the committee.

Working Committee on AML & CFT is the second-highest body for prevention of money laundering and terrorist financing in Bangladesh. This committee works to ensure coordinated institutional efforts to implement policies for prevention of money laundering and terrorist financing. The Secretary and Joint Secretary of the Financial Institutions Division, Ministry of Finance, serve as the Convener and Member Secretary of the committee respectively.

The committee met once in 2023-24 and made some important decisions, including:

- Co-opting Joint Secretary of the Law and Justice Division of the Ministry of Law, Justice and Parliamentary Affairs as member of the Working Committee.
- Taking initiatives to amend Company Act, 1994 to implement the recommendations of Mutual Evaluation Report (MER), 2016 on Immediate Outcome-5 (IO-5)
- Adopting "Risk Assessment Report on Legal Persons and Legal Arrangements" in the National Risk Assessment.
- Taking initiatives on Training of Trainers (TOT) for the Law Enforcement Agencies (LEAs), Judges, and Prosecutors.
- Taking initiatives to sign Mutual Legal Assistance (MLA) agreement/treaty with the countries recommended by ACC and BFIU.

3.2 Central and Divisional Task Force on AML & CFT

A two-layered task force has been formed i.e. Central Task Force & Divisional Task Force to combat money laundering & terrorist financing in 2017 by restructuring Central and Regional Task Force which were founded in 2002. The Task Force is a unique platform that brings together various investigative agencies, law enforcement bodies, prudential regulators of reporting organizations, private entities, and BFIU itself. The Head of BFIU is the Convener of the Central Task Force whereas the Director of BFIU serves as its Member Secretary. The organizations having representative in the Central Task Force include 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), Anti-Terrorism Unit (ATU) 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 and 1(one) Mobile financial Services (MFS) are also members of the Central Task Force. Moreover, Branch Head of distinctive branches of Bangladesh Bank are the Convener of 07(seven) Divisional Task Forces. Major activities of Divisional Task Forces are to coordinate the activities of divisional law enforcement agencies, reporting organizations along with the activities of Bangladesh Bank and to take necessary steps to implement the instructions given by the Central Task Force. The Central Task Force is mandated to convene quarterly meetings to discuss the progress achieved in implementing its goals. Central Task Force conducted 4(four) meetings in the month of August (2023), November (2023), February (2024) and May (2024) In FY 2023-2024. Important decisions taken on those meetings are as follows-

- BFIU will request the Central Intelligence Cell (CIC) of the National Board of Revenue for getting access to Asycuda World and will send a list of required information to CIC.
- The Anti-Terrorism Unit of Bangladesh Police will send a proposal to BFIU/Central Task Force to include a Deputy IGP level employee in the Central Task Force.
- The Divisional Head of the Anti-Terrorism Unit of Bangladesh Police will be incorporated as a member of the Divisional Task Force.
- Microcredit Regulatory Authority (MRA) will be included as a member of the Central Task Force, and initiatives will be taken to ensure a competent representative from MRA attends the upcoming meeting.
- AML/CFT workshops will be organized for Law Enforcement Agencies (LEAs) and AML compliance officers of banks in all Divisional Task Forces.
- Mobile Financial Services (MFS) providers will publish the list of cancelled agents & distributors who are alleged to be involved in ML/TF on their respective websites so that those cancelled agents & distributors could not act as agents/distributors of other MFS providers.

- The Payment System Department (PSD) of Bangladesh Bank, BFIU, and Bangladesh Telecommunication Regulatory Commission (BTRC) will work to ensure MFS account holders open accounts only using registered mobile SIMs under their own names, and review the introduction of a hotline.
- The database of the Anti-Corruption Commission (ACC), Bangladesh Police, and the Department of Narcotics Control will be consolidated, and a letter will be sent to the Ministry of Home Affairs requesting read-only access for BFIU.
- BFIU will organize a Training of Trainers (ToT) program in Dhaka for officers engaged in AML/CFT activities at Bangladesh Bank branch offices.
- BFIU will take the necessary steps to incorporate Bangladesh Telecommunication Regulatory Commission (BTRC) as a member of the Central Task Force.
- BFIU will send a letter to the Directorate of Registration to gain read-only access to their database and identify the focal point official.
- Letters will be sent to Bangladesh Police and the Department of Immigration & Passport to obtain user IDs for accessing their respective databases.

Moreover, 4 (four) Divisional Task Force meetings were held in 2023-24. Some of the major decisions of those meetings are as follow:

- In Barishal, respective Divisional Task Force arranged an awareness program on sending remittances via banking channels in collaboration with banks and law enforcement agencies.
- To confirm actual export ensuring cross-checking of both 'A & R numbers' included in the bill of export and verification with Customs before offering incentives to exporters.
- Organizing banking fairs, meetings, seminars, and awareness programs through various associations and embassies in different districts to promote the use of banking channels for remittance transfers.
- Informing the Central Task Force about the initiatives related to remittance awareness.
- Any money laundering case in the Mymensingh area must be reported to the Divisional Task Force.
- In collaboration with BFIU, organizing workshops on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) for BAMLCOs and law enforcement agencies in Rajshahi area at a convenient time.

3.3 Task Force to Bring Back the Siphoned off Assets to Bangladesh*

In an ongoing effort to recover the assets that are illegally siphoned off from Bangladesh, the government established a Task Force on May 28, 2013, comprising of 15 members including the recently co-opted Department of Narcotics Control (DNC), is headed by the Attorney General with the Head of BFIU serving as a Member and its Deputy Head as the Member Secretary. BFIU performs the secretarial duties of the Task Force. The Task Force held three meetings in the fiscal year 2023-24, resulting in several significant decisions. Some of the significant decisions are as follows:

- The concerned members of the Task Force shall continue its initiatives to sign Mutual Legal Assistance Treaty with 10 (ten) countries (Canada, United States of America, United Kingdom, Singapore, Australia, Malaysia, United Arab Emirates, Switzerland, Thailand and Hong Kong-China).
- Investigating agencies, at the initial stage of their money laundering enquiry/investigation, would request the Immigration Authority to impose travel bans on accused persons and then seek orders from the competent Court.
- The process of collecting information about money launderers through Bangladesh High Commissions and Embassies in different countries will continue.
- The Ministry of Home Affairs and the Ministry of Foreign Affairs will work closely to collect the information through Mutual Legal Assistance Request (MLAR) in different countries.
- In response to the requests of the investigating agencies, the Ministry of Foreign Affairs will take necessary initiatives to collect and supply the accurate information of foreign importers/exporters through Bangladesh Embassy/High Commission and in the concerned country.
- The concerned ministry will take necessary initiatives to incorporate the provision, of giving commission for recovering laundered money, in the Money Laundering Prevention Act 2012 after proper review.
- Effective initiatives should be taken to increase the flow of inward remittance through legal channels.

* The Task Force has been reformed as Inter-Agency Task Force on Stolen Asset Recovery and Management on 29/09/2024, headed by the Governor of Bangladesh Bank.

INTERNATIONAL COOPERATION AND ENGAGEMENT



CHAPTER | 4

International Cooperation and Engagement

Combating global challenges like Money Laundering, Terrorist Financing and Proliferation Financing require global response. FATF Rec. 40 requires countries to ensure their competent authorities provide the widest range of international cooperation promptly, constructively and effectively in matters related to money laundering, associated predicate offences and terrorist financing. BFIU consistently offers its assistance and cooperation to its counterparts by prompt response to all the requests received and also seeks cooperation from respective jurisdictions in relevant cases. This kind of international cooperation became more pertinent as digital transformation is happening rapidly. To understand emerging threats and typologies, BFIU tries to engage with international standard setter-FATF by providing inputs in its Risks, Trends, and Methods Group (RTMG), Policy and Development Group (PDG) and other expert groups/ committees of FATF and APG. BFIU also actively participates in APG, FATF, Egmont Group, UNCTAD and UNODC initiatives on AML, CFT & CPF.

4.1 Egmont Group

Egmont Group, an international organization consisting of 177 Financial Intelligence Units (FIUs), provides a secure platform for sharing financial intelligence to combat money laundering and terrorist financing. As a trusted international forum, the Egmont Group plays a vital role for every jurisdiction.

Bangladesh Financial Intelligence Unit (BFIU) joined the Egmont Group in 2013. This membership has provided BFIU with access to a global network, enabling it to build relationships with other FIUs and exchange knowledge and information through the Egmont Secure Web.

In 2023-24, BFIU actively participated in various Egmont Group programs, including working group meetings, regional group meetings, operational training sessions, and the plenary meeting.

4.1.1 30th Egmont Group Plenary Meeting

30th Egmont Group Plenary Meeting was held in Paris, France, from July 2 to 7, 2024. This year's plenary meeting was attended by 400 representatives from various FIUs, observer organizations, and international organizations. The then Head of BFIU, Mr. Md. Masud Biswas, attended the meeting. The BFIU delegation engaged in various activities, including the Heads of FIUs meeting, regional group meetings, multiple working group meetings, an operational training session, side meetings, the signing of a memorandum of understanding (MoU), and the plenary meeting.

In the plenary, Egmont Group discussions recognized that suspicious transactions analyzed by Financial Intelligence Units (FIUs) contribute to the broader estimate of illicit financial flows, which are estimated to be 2-5% of global GDP. The complex and multifaceted threats posed by money laundering (ML) and terrorist financing (TF) are exacerbated by organized crime, a globally prevalent criminal trend.

This year, the Plenary's thematic discussion focused on The Next Generation FIU. The discussion explored the evolving role and responsibilities of FIUs in the global AML/CFT environment, new strategic approaches related to the implementation of emerging technologies to enhance FIU effectiveness, emerging financial criminal activities, such as laundering of the proceeds of environmental and tax crime, and explored with a distinguished panel the FIU's role in the early identification and addressing of these crimes. Throughout the plenary meetings, the participating members recognized the indispensable role of FIUs in the fight against financial crimes and committed to ensuring a safer and more secure financial landscape, where illicit activities are detected, deterred, and disrupted, safeguarding the integrity of the global financial system for the benefit of all.

4.2 Signing of Memorandum of Understanding

International cooperation is crucial in the fight against money laundering and terrorist financing. BFIU, empowered by the Money Laundering Prevention Act, 2012, can sign agreements with foreign financial intelligence units to enhance information sharing.

As a member of the Egmont Group, BFIU can exchange information with 177 member FIUs through the Egmont Secure Web platform. To further strengthen cooperation, BFIU has signed MoUs with both Egmont member and non-member FIUs. As of June 2024, BFIU had 81 such agreements in place. Most recently, BFIU strengthened its international cooperation by signing a MoU with the Oman FIU.

MoU with Oman FIU



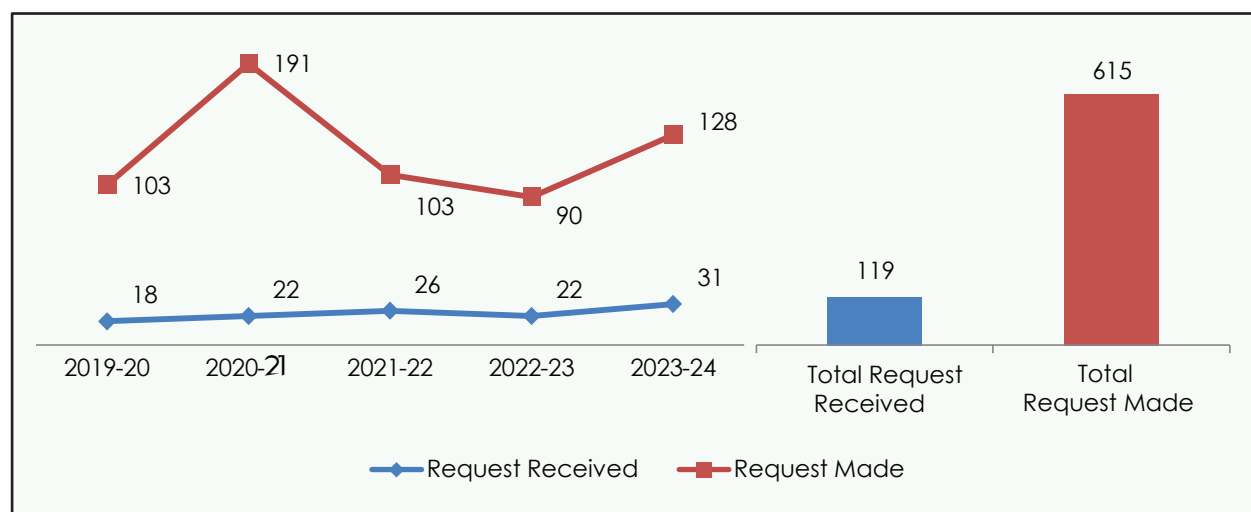
BFIU and the Oman Financial Intelligence Unit (NCFI) signed a Memorandum of Understanding (MOU) on 10 September 2023 at Bangladesh Bank Head Office in Dhaka, Bangladesh. Under the MOU, both FIUs will cooperate in the exchange of information and intelligence related to money laundering and terrorism financing.

Mr. Md. Masud Biswas, Head of BFIU, and Colonel Abdul Rahman Amur Al-Kiyumi, Head of NCFI, signed the MOU on behalf of their respective FIUs. The Deputy Head of the BFIU, Directors, and senior officials of the BFIU, as well as other members of the Oman delegation, were also present at the signing ceremony.

4.3 Intelligence Exchange at International Level

As an Egmont Group member, BFIU shares information with other FIUs via Egmont Secure Web (ESW) as needed. In addition, It also engages in information sharing with non-Egmont member FIUs with whom BFIU has signed MoU. In 2023-24, BFIU received 31 requests from foreign FIUs and provided information accordingly. On the other hand, BFIU has made 128 requests to the foreign FIUs. The table below provides a comprehensive record of information exchange requests received and sent by BFIU over the past five-year period.

Financial year-Wise Intelligence Exchange at International Level



4.4 Sponsoring Maldives FIU in Securing Egmont Group Membership

BFIU, along with FIU Sri Lanka, sponsored Maldives FIU in the process of getting the Egmont Group membership. BFIU, as 'Legal Sponsor' made off-site assessment of all the documents related to the AML & CFT legal framework and operational status of Maldives FIU. As per Egmont membership procedures, BFIU completed the 'Membership Criteria Template (MCT)' for Maldives FIU and sent it to the Chair of 'Membership, Support and Compliance Working Group (MSCWG)' and Egmont Group Secretariat (EGS)' for consideration. Furthermore, BFIU conducted the on-site assessment on Maldives FIU in December 2023 while the Sri Lankan delegation attended virtually. A series of meetings with the National Coordination Committee, law enforcement agencies, relevant ministries, relevant departments of the central bank, reporting entities and Maldives FIU was conducted during the on-site visit. After the visit, the team completed the 'On-site Assessment Report (OAR)' and sent it to MSCWG and EGS along with all relevant documents. The HoFIUs of the Egmont group has approved Maldives FIU's membership in the 30th Annual Egmont Group (EG) Plenary held during 2-7 June 2024 in Paris, France.

4.5 Seminar on the Challenge of Cybercrime and Hacktivism in the NESAs Region



Bangladesh Delegation at the Seminar on the Challenge of Cybercrime and Hacktivism, USA

The Near East South Asia (NESAs) Center for Strategic Studies, the leading U.S. Department of Defense institution for promoting security cooperation in the NESAs region, organized a Cyber Security and Law Enforcement Seminar titled “The Challenge of Cybercrime and Hacktivism” during August 14–18, 2023. Held at the National Defense University in Washington, D.C., the seminar brought together 23 participants from countries across the Near East and South Asia, including Armenia, Bahrain, Bangladesh, India, Lebanon, Maldives, Nepal, Pakistan, Saudi Arabia, Sri Lanka, and Türkiye. Representatives from Bangladesh Financial Intelligence Unit, Anti-Terrorism Unit of Bangladesh Police, and Ministry of Foreign Affairs were among the participants.

The five-day seminar aimed to equip participants with the skills to evaluate and analyze cybersecurity challenges, with a focus on cybercrime and law enforcement issues. The seminar covered the scope and dynamics of cybercrime and explored strategies for addressing these threats, with contributions from experts in academia, law enforcement, and international organizations. Topics discussed included cybercrime challenges, geopolitics, technology, U.S. cybersecurity policy, cyberattacks, and intelligence. The sessions featured insights from professionals affiliated with institutions such as American University, the U.S. Department of Homeland Security, Bangladesh Police, INTERPOL, the American Institute of Artificial Intelligence, National Security Growth, etc.

Additionally, participants had the opportunity to visit the National Law Enforcement Museum in Washington, D.C. The seminar concluded with presentations from participants on crafting cybersecurity strategies, followed by a keynote lecture on cybersecurity education delivered by the Chancellor of the College of Information and Cyberspace.

4.6 Enhancing Beneficial Ownership Transparency Frameworks (AMLS)



Course on Implementing AML/CFT standards – Enhancing Beneficial Ownership Transparency Frameworks (AMLS), Singapore

Thirty participants from 13 countries attended the training session from 03 to 07 July 2023 in the “Lion City” – Singapore. Officials from FIU, Central Bank, Revenue Department, Registrar of Companies and other government agencies from these 13 countries presented their views and discussed about Mapping and Assessing risk of Legal Persons, Sources of Beneficial Ownership Information, Setting up a Beneficial Ownership framework, Verification and Adequacy of Beneficial Ownership information, Access to Beneficial Ownership information, International and Domestic co-operation on Beneficial Ownership of each countries.

The aim of the course was to enhance participants' understanding of the beneficial ownership of legal entities (e.g., companies, partnerships and other types of corporate vehicles set up in a country).

From the kick-off of the course AML/CFT consultants, the Counsel of Legal department and STI/IMF instructors discussed about the International AML/CFT standards, Misuse of Legal Person-Typologies, Beneficial Ownership definition and structure, New requirements of FATF recommendation-24, Sources of Beneficial Ownership, Lifecycle of a legal person, Access to Beneficial Ownership information for supervisors and several case studies. Along with that, there were a few workshops and case presentation sessions for the participants where everyone identified the BO in the case and presented it to the audience.

At the end of the course, the participants could gather enough information to draft an action plan to establish comprehensive beneficial ownership frameworks in their own countries.

4.7 Locking the Digital Vault: Cybersecurity Training for Financial Institutions in South Asia

U.S. State Department's Office of Cooperative Threat Reduction and CRDF Global in collaboration with Mandiant organized a workshop on "Cybersecurity Training for Financial Institutions in South Asia" at the JW Marriott Mumbai Juhu, India during October 18-19, 2023. Two officials from BFIU participated in the event. This event, led by Mandiant instructors Josh Iroko and Mathias Frank, featured hands-on exercises to teach participants about cyber incident response, evidence handling, and investigative processes. Key training aspects included responding to cyber incidents, communicating with stakeholders, evidence acquisition methods, and remediation strategies.

The workshop covered key cybersecurity topics, including anomaly detection, malware warning indicators, and ransomware tactics. Participants learned about identifying anomalies, responding to malware, and managing ransomware attacks. A significant part of the workshop focused on documentation and evidence collection of cyber security issues. It highlighted the need for accurate, concise documentation to aid in understanding and responding to cyber incidents. Key points included differentiating between evidence and unverified reports, maintaining evidence integrity, and documenting sensitive or protected data access.

Overall, the workshop aimed to bolster the digital resilience of financial institutions by enhancing their ability to respond to cyber threats and manage investigations effectively.



Bangladesh Delegation at the Workshop, India

4.8 Course on Central Bank Digital Currencies (CBDC)

Central Bank Digital Currencies (CBDC) course, organized by the International Monetary Fund (IMF) and the Government of Singapore, brought together over 30 participants from 13 countries. The training, spanning five days, included lectures and workshops focusing on the motivations, design, benefits, and risks associated with CBDCs. Key topics covered included CBDC design features, its role in monetary policy, its potential to enhance financial inclusion, and cross-border considerations, such as interoperability and international capital flows. The course also explored case studies on CBDCs, fast payment systems, and regulatory frameworks.

Participants learned that CBDCs represent a new form of digital central bank money, distinct from commercial bank reserves, with potential applications in both wholesale and retail contexts. While CBDC development is still in conceptual and pilot stages globally, it holds the promise of offering benefits such as reduced operational costs in physical cash management, increased efficiency in payment systems, and enhanced resilience. Central banks are particularly interested in using CBDCs to modernize payment infrastructure, foster financial inclusion, and enhance cross-border transactions while mitigating the risks posed by private digital currencies.



A notable benefit of CBDCs is their ability to function offline, making them useful in remote areas with limited access to electricity or mobile networks. The course concluded by emphasizing that with global advancements in CBDC technology, these digital currencies are poised to become the leading alternative payment systems for central banks in the near future. Extensive stakeholder consultation and iterative design are essential to ensure that CBDCs meet the needs of users, central banks, and society as a whole.

4.9 Training Program on 'Enhancing Effectiveness of AML/CFT Frameworks: Evolution of the FATF Standard'

South Asia Regional Training & Technical Assistance Centre (SARTTAC) organized a training program on 'Enhancing Effectiveness of AML/CFT Frameworks: Evolution of the FATF Standard' for the period of 8 to 12 January 2024 at New Delhi, India. A total of 36 participants from 6 countries (Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka,) attended the training program. A five-member delegation from Bangladesh participated in the training program. Resource persons of the training were from the legal department of IMF Head Quarter and from Singapore. Additionally, three resource persons from different relevant ministries of India shared their experience regarding the topics.



South Asia Regional Training & Technical Assistance Center
New Delhi, India



The training program focused on both the legal and practical aspects of implementing the revised AML/CFT standards concerning Beneficial Ownership (BO) transparency and Virtual Assets and Virtual Asset Service Providers (VA/VASPs). The objective of the course was to enhance participants' comprehension of how the updated standards should be integrated into a jurisdiction's legal and regulatory frameworks. Regarding BO, the training covered the establishment and management of BO registers and explored the significance of beneficial ownership transparency in various policy domains such as taxation and procurement. On the other hand, the training session addressed components for conducting risk assessments within the virtual asset sector and its AML/CFT supervision, along with critical enforcement considerations regarding VA/VASP-related issues.

4.10 Exposure Visit for EKYC Implementation

A delegation, led by Mr. Md Masud Biswas, Head of Bangladesh Financial Intelligence Unit (BFIU), comprising officials from the International Finance Corporation (IFC) and the Ministry of Finance, participated in an exposure visit to Germany during 13-15 November 2023 as part of the "EKYC Implementation and Scale-up Project". During the visit, the Bangladesh delegation had a bilateral discussion meeting with the German FIU. In addition to that, the delegation also met with the representatives of two leading German digital banks, N26 Bank and ING Bank.

The delegation gained valuable insights into the diverse aspects of EKYC implementation in Germany, with a particular focus on the execution of EKYC for Legal Persons. Additionally, the delegation gained a comprehensive understanding of the anti-money laundering compliance processes adopted by the two leading German digital banks.

4.11 Global Asset Recovery Conference



Global Asset Recovery Conference held in Taipei, Taiwan on November 16-17, 2023, organized by the Egmont Centre of FIU Excellence and Leadership (ECOFEL), aimed to enhance participants' expertise in asset recovery and addressed challenges in tracing assets. The conference emphasized fostering cooperation among Financial Intelligence Units, Law Enforcement Agencies, and Assets Recovery Agencies to advance asset recovery cases. Throughout one and a half days at the Caesar Metro Taipei Hotel, sessions featured key speakers and representatives from countries like Taiwan, Malaysia, Australia, and the UK, discussing topics ranging from the role of FIUs in asset recovery to best practices and challenges in the field. Specific case studies, such as the Frigate Case in Taiwan and the United Kingdom's approach to asset recovery, provided insights into overcoming obstacles in international cooperation and combating money laundering. The event concluded with a focus on the significance of effective international collaboration and the implementation of best practices in asset recovery, making it a valuable platform for knowledge exchange and networking among professionals dedicated to combating financial crimes and recovering criminal assets. Mr. Md. Jaynul Abedeen, Joint Director of BFIU, attended the conference along with 57 other delegates from different FIUs around the world.

4.12 Increasing Suspicious Transaction Report Quality

Egmont Centre of FIU Excellence and Leadership (ECOFEL) organized the workshop "Increasing Suspicious Transaction Report Quality" in cooperation with the Anti-Money Laundering Office of Thailand (AMLO). The workshop was held from March 7th to March 8th, 2024 in Bangkok, Thailand. The FIU personnel, supervisory authorities, financial institutions from the Egmont Group's "Asia and Pacific Regional Group" attended the workshop. The purpose of the workshop was to provide reporting entities with a detailed understanding of the importance of STRs as well as the requirement for a high quality STR and encourage the involvement of FIUs and supervisors in providing guidance and feedback to reporting entities to ensure a high-quality reporting system.

4.13 Money Laundering Schemes Related to High-tech Financial Crimes

A Regional Meeting for the South and Southeast Asia Senior Officials on the Evolving of “Money Laundering Schemes Related to Hi-tech Financial Crimes” was organized by UNODC-AMLO. The meeting was arranged at Pattaya, Thailand during January 30 – February 01, 2024. There were 40 participants from eight countries namely Bangladesh, Bhutan, Nepal, India, Malaysia, Indonesia, Philippines and Thailand.



The meeting gathered participants from diverse sectors like Anti Corruption Authority, FIU, Enforcement Directorate, Police, Judge and Prosecution to discuss on the existing high-tech financial crime threats, initial governmental capacity to respond, expert analysis and recommendations to counter the illicit finances associated with high-tech crime. The Meeting was carried out by the UNODC Facilitators, Ms. Nguyen Anh Tra of Viet Nam office and Mr Fabrizio Fioroni, Mr Tan Han Wu of the regional office for Southeast Asia and the Pacific. There was an External Speaker named Mr Michael Skiba (International Financial Crime Expert). Mr. Syed Kamrul Islam, Additional Director, and Ms. Zobaida Afroze, Joint Director of BFIU delivered a presentation featuring "Legal and Regulatory Frameworks of Bangladesh Related to Cross-Border Money Laundering Using Digital Channels and High-Tech Financial Crime."

This workshop was a follow-up to the Regional workshop on “International Cooperation in Financial Investigations, Money Laundering and Recovery of Assets” held in Colombo, Sri Lanka from 17-19 October 2017 and aimed to enhance the channels of direct cooperation amongst key institutions in these countries to facilitate the discussion on international principles in criminal and financial investigations, the use of special investigative techniques, financial documents and links to money-laundering. It was a platform to explore the ways to enhance cross-border cooperation and to identify needs for further reforms and improvements. Most notably, this event allowed for practical skills acquired through cases and group exercises expecting to increase knowledge and coordination on this subject, as well as enhance national, regional, and international decision-making.

4.14 TENTACLE-Asia/Pacific Sub-regional Workshop on Anti-money Laundering and Counter Terrorism Financing (AML/CTF)

TENTACLE-Asia/Pacific Sub-regional Workshop on Anti-money Laundering and Counter Terrorism Financing (AML/CTF), was held from April 8-12, 2024, in Suva, Fiji. It was a key capacity-building event aimed at enhancing the collaboration and effectiveness of Customs, Financial Intelligence Units (FIUs), and law enforcement agencies in combating money laundering (ML) and terrorism financing (TF). Organized by the World Customs Organization (WCO) in partnership with the Egmont Group and INTERPOL, the workshop brought together 74 delegates from 10 Customs administrations, 6 FIUs, and 6 police agencies, along with representatives from INTERPOL and the WCO. The focus of the event was on strengthening knowledge and operational capacity to address illicit financial activities at borders, including bulk cash smuggling, trade-based money laundering, and the misuse of corporate structures.

The workshop featured expert presentations on various aspects of money laundering and terrorism financing, particularly in the context of Customs, seaports, and land ports. Topics such as the illegal trade of gems and precious metals, money service businesses, hawalas, financial instruments, and stored value cards were discussed. Participants were encouraged to develop synergies and share resources to better tackle evolving financial crime risks. Country presentations highlighted each nation's efforts and challenges, sharing collaborative initiatives between Customs, FIUs, and police. Practical exercises, group discussions, and post-workshop evaluations further emphasized the importance of coordinated action in AML/CTF operations.



Building on previous successes, the workshop laid the groundwork for Operation TENTACLE Asia/Pacific III, a two-month operation aimed at intercepting smuggled currency, gemstones, and precious metals. The operation, which will run from May 1 to June 30, 2024, will involve collaboration between Customs, FIUs, and police from participating countries, with the goal of seizing illicit goods, initiating investigations, and collecting intelligence on smuggling routes and criminal networks. The workshop concluded with a shared commitment to enhance collaboration and intelligence-sharing among Customs, FIUs, and police, ensuring more effective future operations in the fight against money laundering and terrorism financing.

4.15 Kick-off Workshop of the Project “Measuring and Curbing Illicit Financial Flows”

The kick-off workshop of the project on “Measuring and Curbing Illicit Financial Flows” was held at the Palais des Nations in Geneva, Switzerland during 20-21 September 2023. The Workshop was jointly arranged by UNODC, UNCTAD and United Nations Regional Commissions i.e. ESCAP, ECA, ECLAC, ESCWA and ENECE. Two focal points from each of the participating countries of the project i.e. Bangladesh, Burkina Faso, Gabon, Egypt, Uzbekistan, Kyrgyzstan, Nigeria, and Senegal attended the workshop.



Sustainable Development Goals (SDG) 16.4 targets to achieve “By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.” The 1st Indicator of the Target 16.4 is “Total value of inward and outward illicit financial flows: in current United States Dollars”. As the custodian agencies of SDG indicator 16.4.1 on illicit financial flows, UNCTAD and UNODC developed a ‘Conceptual Framework for the Statistical Measurement of Illicit Financial Flows’ in 2020 and also designed methodologies to measure tax and commercial IFFs as well as crime-related IFFs, in tandem with United Nations Regional Commissions (ESCAP, ECA, ECLAC, ESCWA and ENECE) who are playing a key role in the analysis of IFFs, advancing IFFs risk assessments and designing measures to curb them at the regional level.

Using the adopted methodology, UNODC, UNCTAD and ESCAP jointly conducted a pilot project in the six (06) countries of the Asia-Pacific Region including Bangladesh during 2021-2022. The pilot project focused on estimating IFF associated with drugs and drug trafficking in Bangladesh. The project successfully ended with a final workshop in Bangkok, Thailand during 7-8 December 2022. Based on the successful completion of the first pilot, ESCAP accepted a proposal from Bangladesh for the 2nd project on “Measuring and Curbing Illicit Financial Flows” associated with Tax and Commercial IFF. The kickoff workshop of this project was arranged during 20-21 September 2023 in Geneva, Switzerland.

On the first day of the kick-off program, UNODC and the relevant Regional Commissions shared their experience and policy works regarding the pilot testing in Latin America, Africa, Arab Regions and the Asia-Pacific regions. At the second session of the first day program, Bangladesh along with other participating countries presented their existing work, experiences and shared lessons learned on both the measurement of IFFs and policy recommendations and formulations to curb IFFs. It sets a ground which enabled awareness of globally agreed concepts and tested methodologies and provided initial platform for the exchange of ideas and discussion on the methodologies and policy response formulation to curb IFFs, including detailing out plans for activities within the project. Considering the impact of IFF on the economy of Bangladesh, Mr. Kamal Hossain, Additional

Director of BFIU, in his presentation, informed the forum about the existing policies and legal framework of Bangladesh to assess and curb IFF. The experience and lessons learned from the previous project regarding the measuring drug related IFF is also shared there.

On the second day, UNODC, UNCTAD and the Regional Commissions of UN gave presentation on the scope of technical assistance to the participating countries during the measurement and policy formulation phases on the matter of curbing IFF. At the second session, the participating countries shared their expectations from the UNCTAD, UNODC and the respective UN Regional Commission during the project and also continued the activities regarding the curbing of IFF. Bangladesh, in its presentation, provided proposal to conduct a feasibility study to identify the appropriate methodology to measure tax and commercial IFF, providing technical assistance to Bangladesh to arrange National Consultation program on raising awareness and capacity development training for the relevant stakeholders, technical assistance on recovery of stolen assets, formulation of policy matters regarding the curbing of IFF etc.

During the interval of the second-day program, a side event was arranged for the countries with the respective Regional Commission to discuss action plan to carry out the project.

4.16 TA Project with IMF on AML/CFT Risk-Based Supervision

Bangladesh Financial Intelligence Unit (BFIU) has successfully completed a Technical Assistance (TA) project with the International Monetary Fund (IMF) focused on enhancing Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) risk-based supervision (RBS) within the banking sector of Bangladesh. The project, which commenced in 2021, signified BFIU's ongoing efforts to strengthen its AML/CFT supervisory framework.

IMF initiated this project in 2021, beginning with a virtual scoping mission in October. This mission set the stage for subsequent on-site AML/CFT Capacity Development Missions held in January, May, and November 2023. Each of these missions focused on providing BFIU with the necessary expertise and guidance to implement a robust risk-based supervision framework in line with evolving international standards.

A key outcome of the project was the successful development and implementation of an offsite supervision tool by BFIU. This tool was designed to assess the AML/CFT risk profiles of individual banks. This tool allows BFIU to conduct more effective and comprehensive assessments of financial institutions, ensuring that AML/CFT risks lying within customers, products, delivery channels and geographic locations are managed proactively and efficiently. BFIU has completed a piloting of this tool with 05 banks and later data was collected from all scheduled banks to assess their entity-level AML/CFT risks.

In May 2024, IMF conducted the "Concluding Mission" virtually, bringing the project to its successful completion. IMF delegation expressed their satisfaction with the progress made by BFIU over these years at the conclusion of the mission. The delegation commended BFIU for its commitment to strengthening its AML/CFT supervisory practices, which play a crucial role in maintaining the integrity and stability of Bangladesh's financial system. IMF acknowledged the significant strides BFIU has made in adopting a risk-based approach to supervision, which is essential for effectively combating money laundering and terrorist financing.

BFIU remains committed to continuing its efforts to enhance its supervisory practices, leveraging the insights and tools gained through this partnership with the IMF, to further strengthen the country's AML/CFT regime.

PROFESSIONAL DEVELOPMENT OF BFIU OFFICIALS



CHAPTER | 5

Professional Development of BFIU Officials

From its inception, BFIU has consistently prioritized excellence in its workforce to achieve optimal outcomes. Like in previous years, BFIU undertook several initiatives for the professional development of its employees during this financial year. Officials participated in various workshops and training programs both domestically and internationally. Additionally, the Unit received support from several international organizations and foreign agencies for training, workshops, and seminars. Some BFIU officials also contributed their technical expertise and assistance to global AML & CFT forums.

5.1 Participation of BFIU Officials in Training Programs as Resource Persons

BFIU officials regularly participated in domestic training programs, workshops, seminars, etc. organized by different organizations. It helps BFIU officials to enhance their capacity as well as capability. Moreover, BFIU officials share their knowledge and experience received from training, workshop, seminar, etc. with other colleagues of BFIU. This practice maximizes the utility of the training program, workshop, seminar, etc.

In 2023-24, BFIU officials participated in 126 (one hundred twenty six) domestic training programs, workshop, seminar, etc. arranged by different reporting organizations and 60 (sixty) local programs arranged by other stakeholders.

5.2 Workshop on Best Practices to Investigate and Prosecute Trade-based Money Laundering (TBML)

From February 27 to 29, 2024, the U.S. Department of Justice's Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT) successfully conducted a three-day workshop focused on best practices for investigating and prosecuting trade-based money laundering (TBML) in Dhaka. The event garnered enthusiastic participation from key stakeholders, including law enforcement officials, prosecutors, and analysts from various government agencies.

The workshop aimed to enhance the capacity of Bangladeshi authorities to combat TBML by equipping them with advanced investigative tools and techniques. Participants engaged in a series of presentations, interactive sessions, and practical exercises, centered around a hypothetical case study. This hands-on approach allowed attendees to apply newly acquired skills and fostered improved cooperation between police and prosecutors.

Subject matter experts from the U.S. Homeland Security Investigations' TBML Financial Crimes Unit led the sessions, covering critical topics such as identifying under- and over-invoicing, utilizing data analytics, and conducting complex cross-border financial investigations. The expertise shared by these professionals was invaluable in enhancing the participants' understanding of TBML and its implications.

The event saw robust attendance from various agencies, including the Bangladesh Police's Criminal Investigation Department (CID), the Anti-Corruption Commission (ACC), and the National Board of Revenue (NBR). Nominations from these agencies reflected a commitment to a diverse participant pool, with special attention given to including women in the discussions, further enriching the workshop experience. Feedback from international experts and to network with colleagues from other sectors.



The successful conclusion of this workshop marks a significant step towards strengthening Bangladesh's capabilities in combating financial crimes. By fostering international cooperation and knowledge exchange, the event not only equipped participants with essential skills but also laid the groundwork for ongoing collaboration in the fight against money laundering.

5.3 Training on Intermediate Open Source Intelligence Course

U.S. Department of Justice, Federal Bureau of Investigation, and U.S. Embassy in Dhaka conducted a training session on "Open Source Intelligence" at the Armed Police Battalion Headquarters in Uttara, Dhaka, during June 9-12, 2024. Thirty participants from various organizations, including BFIU, NBR, CID, ATU, CTTC, and APBN, the program. The closing ceremony was led by the Additional IG & Head of APBN, who presented certificates of participation.

The workshop, led by a team of FBI experts, focused on equipping participants with skills in using Open Source Intelligence for investigations. It covered both legal and practical aspects, addressing the challenges of Open Source Intelligence, including search engines, deep web search tools, the digital landscape, social media, and strategies to mitigate operational security vulnerabilities. The sessions were highly interactive, providing participants with valuable insights and opportunities for mutual learning.



AWARENESS PROGRAM AND CAPACITY BUILDING OF REPORTING ORGANIZATIONS

CHAPTER | 6

Awareness Program and Capacity Building of Reporting Organizations

The success of an FIU largely depends on the Reporting Organization's (RO's) ability to effectively identify and report suspicious transactions/activities. Regular AML & CFT related awareness and capacity-building programs increase employees' awareness of the latest ML, TF & PF typologies and enhance their vigilance to identify, mitigate and prevent the risks arising from them. Enhancing RO's awareness on AML & CFT issues is one of the topmost priorities of BFIU's action plan in preventing ML, TF & PF. All of these efforts ensure better compliance of the ROs with applicable laws and rules there under. In line with such activities, BFIU arranges meetings, conferences and training programs for the ROs from time to time and further provides resource persons to the ROs and other regulatory, investigative and relevant agencies on AML & CFT issues.

6.1 Training of Trainers (ToT) Program on AML/CFT Risk Based Supervision for the Financial Institutions and the Designated Non-Financial Businesses & Professions

Bangladesh Financial Intelligence Unit (BFIU) and the Asian Development Bank (ADB) have successfully organized a Three-day Training of Trainers (ToT) Program on AML/CFT Risk Based supervision for Bangladesh Financial Institutions and Designated Non-Financial Businesses & Professions. The ToT Program took place during 27-29 February 2024 at the Kazemi Center, Bangladesh Bank, Head office, Dhaka, Bangladesh.

The event started with the opening remarks from Mr. Md. Rafiqul Islam, Executive Director & Deputy Head of BFIU, who emphasized the importance of ML/TF Risk Based supervision and urged supervisors of supervisory organizations to assess the risk and vulnerabilities of their supervised sectors and allocate their resources and actions accordingly.

Twenty four (24) officials from various organizations, including BFIU, Bangladesh Bank (Department of Financial Institutions & Market, and Financial Institution Inspection Department), Bangladesh Securities Exchange Commission, Insurance Development and Regulatory Authority, and self-regulatory bodies such as Real Estate and Housing Association of Bangladesh (REHAB), The Institute of Chartered Accountants of Bangladesh (ICAB), and Bangladesh Jewelers Association (BAJUS) also participated in the training.

6.2 Training Program for the Department of Narcotics Control & Other Law Enforcement Agencies on “Prevention of Money Laundering”

Bangladesh Financial Intelligence Unit (BFIU) has successfully arranged a day-long workshop on the Prevention of Money Laundering on 05 March, 2024 at the Kazemi Center, Bangladesh Bank, Head Office, Dhaka and witnessed enthusiastic participation from key stakeholders.

The event commenced with the opening remarks from Mr. Md. Rafiqul Islam, Executive Director & Deputy Head of BFIU, who emphasized the importance of collaborative efforts among stakeholders in combating money laundering.

Attended by 20 officials from various law enforcement agencies, 03 public prosecutors, and 2 BFIU representatives, the workshop served as a dynamic platform for knowledge exchange and cooperation to fight against money laundering. Throughout the day, interactive sessions, group discussions, case studies and presentations by esteemed local experts enriched participants' understanding of legal provisions available in Money Laundering Prevention Act and other relevant laws, money laundering investigation and provisional measures, employing technology in investigations and fostering collaboration to effectively combat money laundering.

Mr. Imtiaz Ahmad Masum, Director, concluded the workshop summarizing its outcomes and key insights, expressing appreciation for the valuable contributions made by all attendees, speakers and organizers toward the event's success.

6.3 CAMLCO Conference of Banks-2024

Conference of Chief Anti Money Laundering Compliance Officers of Scheduled Banks-2024 BFIU in collaboration with the Association of Anti Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB) on the initiative of Bangladesh Financial Intelligence Unit (BFIU) arranged between 01-02 March, 2024 at Ocean Paradise Hotel, Cox's Bazar. Bangladesh Bank Governor Mr. Abdur Rauf Talukder inaugurated the conference as the chief guest. Chairman of the Association of Bankers Bangladesh (ABB) Mr. Mashroor Arefin and Chairman of AACOBB Mr. Mohammad Ziaul Hasan Mollah greeted in the opening ceremony of the conference held under the chairmanship of BFIU Chief Mr. Md. Masud Biswas. Sheikh Mohammad Salim Ullah, Secretary of the Financial Institutions, Department of the Ministry of Finance of the Government of the People's Republic of Bangladesh, delivered speech at the second day of the conference as a special guest. Executive Director of Bangladesh Bank & Deputy Head of BFIU, Chief Executive Officers of various commercial banks along with Chief and Deputy Chief Anti-Money Laundering Compliance Officers of 61 banks operating in Bangladesh were present at the conference.

The chief guest of the event, the then Governor of Bangladesh Bank, said in his speech that Bangladesh will come out of the list of least developed countries and join the ranks of developing countries. He suggested planning to target marginalized groups to build a cashless society. Also, initiatives have been taken to control the import of non-essential and luxury goods and to encourage remittances through banking channels, to continue the growth of export earnings.

He also said that a time bound action plan should be adopted and implemented to reduce non-performing loans and ensure governance. He called for the creation of new ideas through

knowledge to advance the banking sector and create a smart economy and also asked to be proficient in information technology. Loan fraud, money laundering under the guise of foreign trade, virtual currency transactions using technology, online gambling, money laundering crimes including fraudulent activities and the risk of financing terrorist activities destroy the economic stability of the country including the banking sector. Therefore, he urged the officials employed in the banks to be more aware and diligent in order to prevent money laundering and financing of terrorist activities in order to ensure the balanced economic development of the country and also advised to emphasize on the use of artificial intelligence to deal with it.

AACOB Chairman Mr. Mohammad Ziaul H Mollah called for strengthening AML/CFT compliance without fear. Mr. Mashroor Arefin, Vice Chairman of ABB in his welcome speech called for more awareness and strengthening of sanction monitoring system to prevent money laundering and financing of terrorism.

Mr. Md. Masud Biswas, the then Head of BFIU in his speech highlighted the negative impact on the financial sector of Bangladesh due to lack of good governance in the financial sector, loan fraud, embezzlement of loan money and smuggling it abroad, trade-based money laundering. He stressed on ensuring a stable economic system free from money laundering and terrorist financing risks to reap the benefits of a smart financial system. He also urged the banks to focus on online gambling, gaming, betting, forex/cryptocurrency trading, money laundering through hundi in reporting suspicious transactions. He also called upon the banks to use the knowledge gained from the discussion conference to develop their anti-money laundering and terrorist financing structures and build a smart financial system free from money laundering and terrorist financing. It is to be noted that in the discussion conference, three sessions on illegal hundi, online gaming/betting/forex trading and cryptocurrency transactions, money laundering through trade and loan money fraud and strategies to establish good governance in the financial sector discussed the types of thematic problems and techniques to deal with them.

6.4 Workshop for the NGOs/NPOs of Bangladesh

To raise awareness on prevention of money laundering and terrorist financing for the officers of foreign aided NGOs operating in the Cox's Bazar region a workshop organized by the Bangladesh Financial Intelligence Unit (BFIU) and in collaboration with OXFAM in Bangladesh on May 04, 2024 in Cox's Bazar. Head of BFIU Mr. Md. Masud Biswas inaugurated the workshop as the chief guest. Mr. Ashish Damle, Country Director of OXFAM in Bangladesh presided over the inaugural function. Halima Akhter Mitu, Head of Finance and CAMLCO of OXFAM in Bangladesh delivered the welcome speech at the opening ceremony of the workshop.

The chief guest of the program, Mr. Md. Masud Biswas, the then Head of BFIU said that money laundering and financing of terrorism is not an internal problem of any country but it is an international problem. Due to strategic or systemic weaknesses in LDCs, foreign grants received by the NGO sector are often diverted, leaving the sector vulnerable to money laundering and terrorist financing. He also emphasized on the NGO sector's role in the financial and social development of Bangladesh.

Referring to the TF risks of NGO sector, he called for proper follow-up of Prevention of Money Laundering Act-2012 (Amendment 2015), Anti-Terrorism Act, 2009 and other related regulations and circulars issued by Bangladesh Financial Intelligence Unit from time to time.

He highlighted that the Cox's Bazar region includes key border areas known for drug smuggling routes. Additionally, given its proximity to Myanmar and the sensitive issue of Rohingya refugees, he emphasized the need for heightened vigilance. He urged caution to ensure that the workforce and infrastructure of NGOs operating in the region are not exploited by malicious actors for money laundering or terrorist financing. Foreign donors who are sending grants/relief/aid should be sure of their identity and should be wary of accepting aid from any person or organization listed in the UN Security Council.

In this day-long workshop, six (6) sessions were held on prevention of money laundering and financing of terrorism through the NGO sector. BFIU Additional Director Mr. Mohammad Mohsin Hoshaini, Joint Director Mr. Mohammad Ismail Pradhan and Mr. A.N.M. Kalim Uddin Hasan Tushar and Director of NGO Affairs Bureau Mr. Md. Mokhleshur Rahman NDC and Operations Director of OXFAM in Bangladesh Mr. Shantunu Dam conducted the sessions.

The president of the event, Mr. Ashish Damle, Country Director of OXFAM in Bangladesh, said that the knowledge gained from the workshop will be useful for the development of anti-money laundering and terrorist financing structures, and called for efforts to ensure that no NGO can be used as a means of money laundering and terrorist financing.

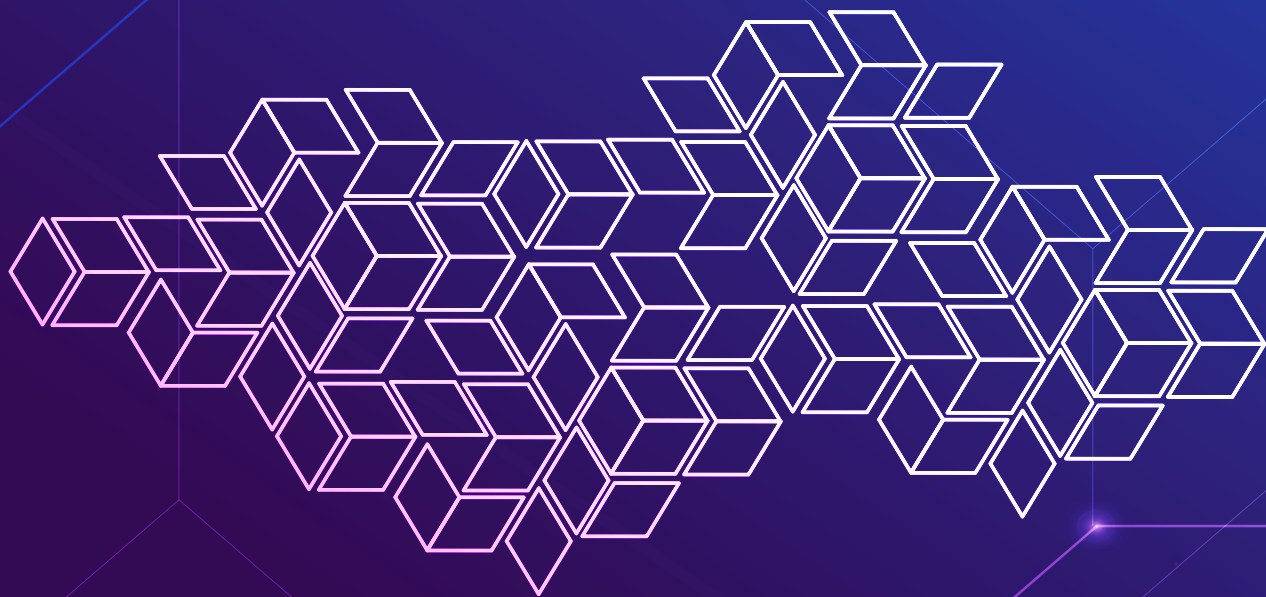
6.5 Lead Bank Training Program



**Mr. A F M Shahinul Islam, Deputy Head of BFIU as
Chief Guest of the Lead Bank Training Program, Kishoreganj**

To facilitate bank officials working outside Dhaka, BFIU regularly organizes training programs for them with the assistance of banks under the Lead Bank Training Program. In 2023-24, a total of 19 (nineteen) training programs were organized and around 1400 bank officials were trained up in various AML & CFT issues like National Initiatives on AML/CFT with recent developments such as Credit Backed Money Laundering & Trade Based Money Laundering, Regulatory Requirements for Bank on AML/CFT issues, Risk Based Transaction Monitoring, AML/CFT Related System Check & AML Rating, Regulatory Reporting and Role of Branch, Role of Branch Managers in preventing ML & TF challenges and way Forward, etc.

STRATEGIC ANALYSIS



CHAPTER | 7

Strategic Analysis

Strategic analysis is crucial for making informed decisions in the fight against money laundering and terrorist financing. According to Interpretive Note 3 of FATF Recommendation No. 29, FIUs should conduct strategic analysis using available information to identify trends and patterns related to these crimes. The insights gained from such analysis can then be utilized by other competent authorities to detect threats and vulnerabilities effectively.

As a proactive FIU, BFIU regularly conducts strategic analysis using its databases of cash transaction reports (CTRs) and suspicious transaction reports/suspicious activity reports (STRs/SARs), as well as other available sources. BFIU also conducts strategic analysis on emerging issues in collaboration with ROs and other government agencies.

The results of these analyses are used to improve supervision, develop future courses of action, and adopt new policies. They also help other government agencies, particularly law enforcement agencies, to work more effectively to protect the financial system from being misused by criminals.

7.1 Trend Analysis of Cash Transactions in Bangladesh Economy in 2023-24

7.1.1 Introduction

In the phase of rapid advancements in digital finance and payment technologies over recent years, cash transactions continue to hold significant influence in Bangladesh's economic landscape. Despite the proliferation of digital alternatives-ranging from mobile banking and digital wallets to electronic fund transfers-the enduring preference for cash transactions poses significant challenges in combating money laundering and terrorist financing. This reliance on cash, driven by its inherent anonymity and the challenges associated with tracing its flow, remains a critical concern.

In Bangladesh, cash transactions often underpin various forms of illicit activities. For instance, cash is frequently used in practices such as bribery, tax evasion, and the informal money transfer system known as "hundi," which facilitates both local and international money laundering operations. In addition to these traditional criminal avenues, emerging threats include the use of cash to obscure transactions related to virtual currencies and online gambling. These modern schemes exploit the physical nature of cash to conceal the origins and destinations of illicit funds.

The Government of Bangladesh has implemented various measures to curb the reliance on cash, such as promoting digital payment systems and enforcing anti-money laundering regulations. However, despite these efforts, the volume of cash transactions has surged alongside economic growth, underscoring the need for vigilant monitoring.

To address this, Bangladesh Financial Intelligence Unit (BFIU) conducts a comprehensive annual trend analysis of cash transactions amounting to BDT 1 million or above. This analysis not only helps in identifying potential money laundering and terrorist financing areas but also aids in detecting emerging trends, assessing vulnerabilities, and guiding policy improvements. As cash transactions continue to play a vital role in Bangladesh's financial ecosystem, ongoing analysis and adaptive regulatory strategies are crucial to mitigating associated risks and strengthening financial integrity.

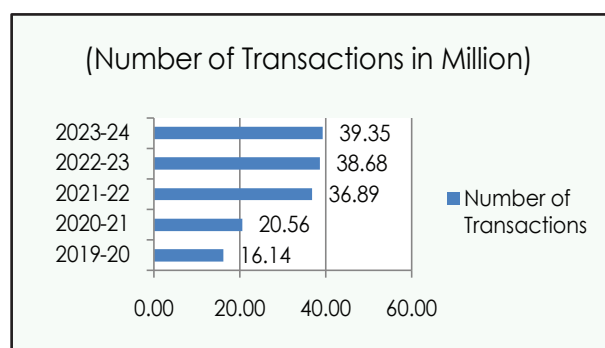
7.1.2 Comparison of Cash Transactions during 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24

Over the last five financial years, both the number and volume of cash transactions reported in the Cash Transaction Reports (CTR) exhibit a clear upward trajectory. In the FY2019-20, there were 16.14 million transactions with a total volume of BDT 11,719.29 billion. This figure rose significantly in the following year, 2020-21, to 20.56 million transactions, with the volume increasing to BDT 14,438.29 billion.

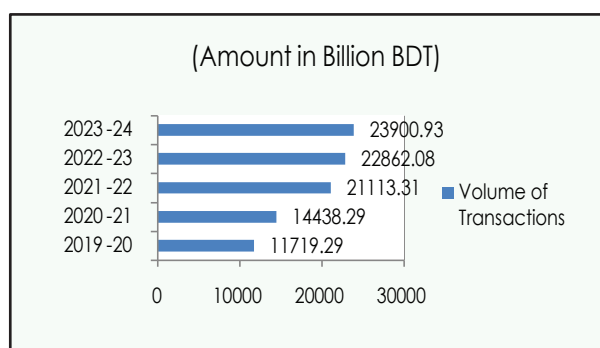
The trend of growth accelerated further from 2021-22 onwards, with the number of transactions reaching 36.89 million and the volume climbing to BDT 21,113.31 billion. The subsequent years saw a continued increase: in 2022-23, transactions grew to 38.68 million with a volume of BDT 22,862.08 billion, and the most recent data for 2023-24 shows a marginal increase to 39.35 million transactions and a volume of BDT 23,900.93 billion.

This steady rise in both the frequency and monetary volume of cash transactions highlights a growing reliance on cash within the financial system. The increasing trend underscores the need for ongoing vigilance and enhanced regulatory measures to effectively monitor and address potential risks associated with high-value cash transactions.

Graph-1 : Number of Transaction in CTR



Graph-2 : Volume of Transaction in CTR

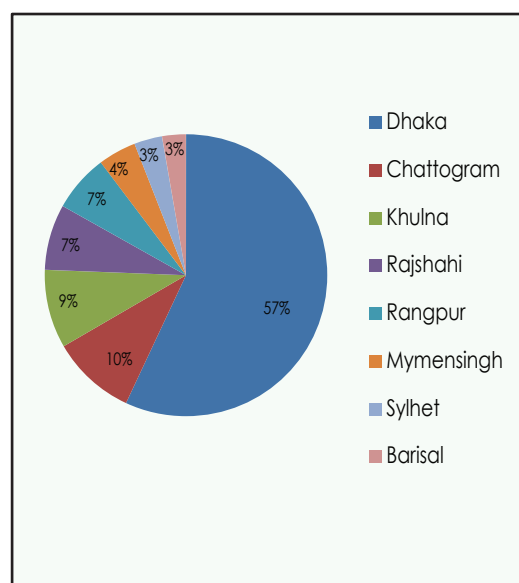


The contribution of cash transactions to the overall CTR across Bangladesh's divisions reveals significant regional variations, reflecting both economic activity and financial practices. Dhaka, the nation's capital and economic hub, dominates the cash transaction landscape, contributing a substantial 56.98% of the total transactions. This predominance is mirrored in the figures for both deposits and withdrawals: Dhaka accounts for BDT 6,986.48 billion in deposits and BDT 6,531.36 billion in withdrawals, underscoring its central role in the financial system.

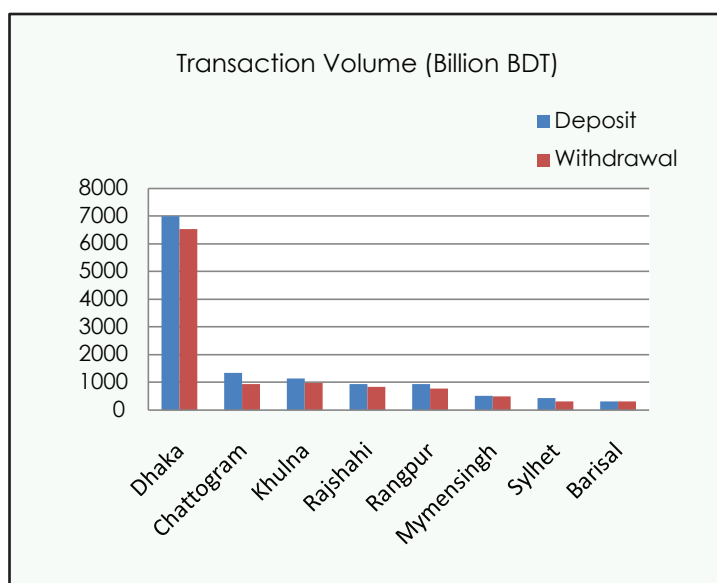
In contrast, Chattogram, the country's major port city, contributes 9.65% to the overall transaction volume. Deposits in Chattogram total BDT 1,346.38 billion, while withdrawals amount to BDT 943.36 billion, reflecting its significant, though comparatively smaller, role relative to Dhaka. Khulna and Rajshahi follow with 8.99% and 7.53% contributions, respectively. Khulna's deposits reach BDT 1,145.10 billion and withdrawals BDT 986.85 billion, while Rajshahi reveals deposits of BDT 945.02 billion and withdrawals of BDT 841.25 billion. Rangpur, contributing 6.55% to the total transactions, shows an equal deposit and withdrawal figure of BDT 945.02 billion, indicating a balanced financial flow in the region. Other divisions, such as Mymensingh, Sylhet, and Barisal, contribute smaller percentages, with deposits and withdrawals reflecting their relative economic scale.

These figures highlight the concentration of cash transactions in Dhaka, with other regions exhibiting varying levels of financial activity.

Graph-3 : Geographical Location-wise Transaction (Percentage)



Graph-4 : Geographical Location-wise Transaction (Volume)



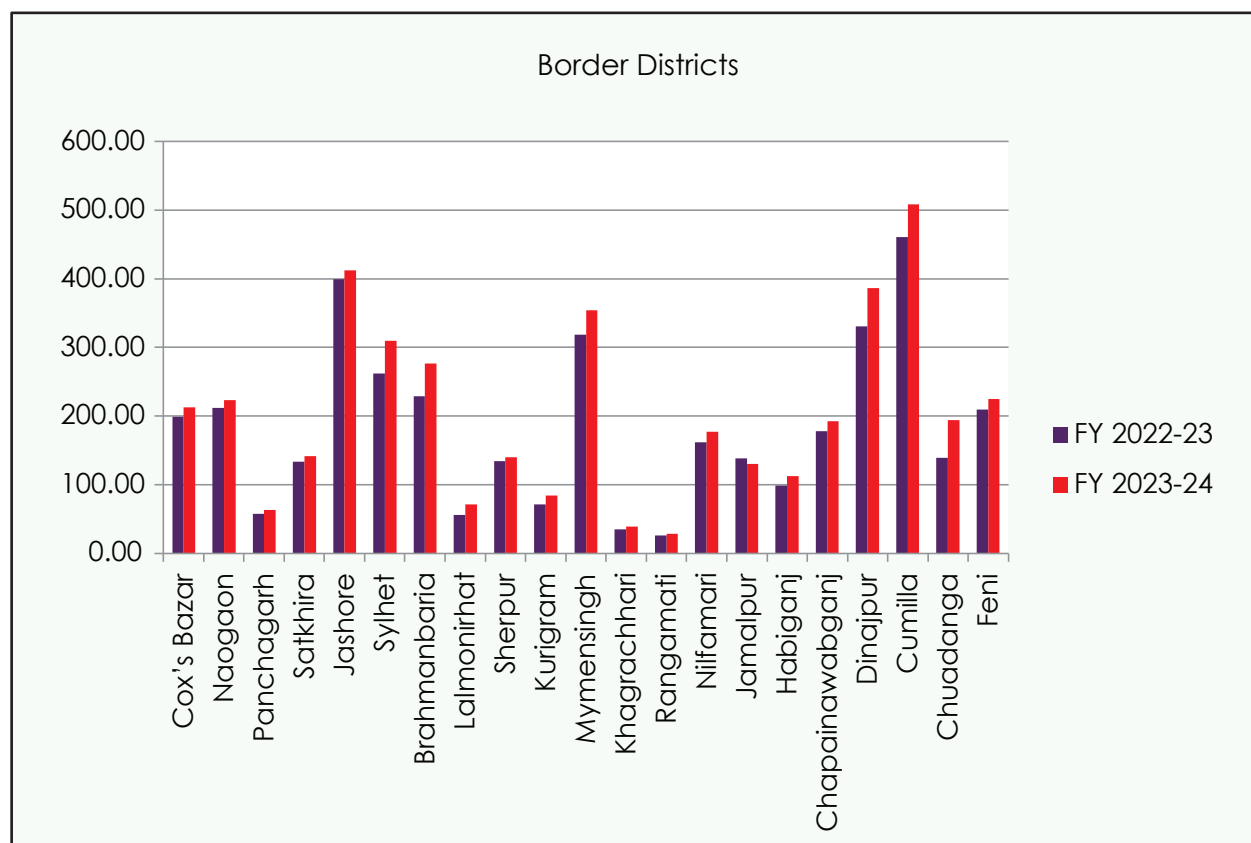
This regional disparity underscores the need for tailored regulatory approaches to address specific local dynamics and ensure effective monitoring and control of cash transactions across the country.

7.1.3 Cash Transactions Scenario in Border Districts in 2022-23 and 2023-24

In the financial year 2023-24, the volume of cash transactions in Bangladesh's border districts has noticeably increased, highlighting a significant shift from the previous year. This upward trend is particularly pronounced in high-risk areas, emphasizing potential concerns for the Central Bank, BFIU and law enforcement agencies.

For instance, transactions in Jashore surged to BDT 412.06 billion in FY 2023-24, up from BDT 399.52 billion in FY 2022-23, reflecting a continued high level of activity. Cumilla experienced a notable increase, with transactions rising to BDT 508.64 billion from BDT 460.68 billion the previous year. Similarly, Sylhet saw a substantial rise to BDT 309.96 billion compared to BDT 261.96 billion in FY 2022-23. This pattern of growth is evident across other border districts as well, including Naogaon (BDT 223.09 billion vs. BDT 212.24 billion), Cox's Bazar (BDT 212.72 billion vs. BDT 198.79 billion), and Dinajpur (BDT 386.48 billion vs. BDT 330.80 billion).

Graph-5: Volume of CTR in Border Districts in 2022-23 and 2023-24



The increased cash flow in these border regions raises significant concerns, given their vulnerability to illicit activities such as smuggling and drug trafficking. The higher transaction volumes in FY 2023-24 require heightened scrutiny from the central bank, BFIU and law enforcement agencies to address potential financial crimes and ensure robust regulatory measures are in place. This intensified monitoring is crucial to mitigating risks associated with the rising financial activity in these sensitive areas.

7.1.4 Threshold-based CTR Transaction

A detailed examination of cash transactions based on varying thresholds reveals distinct patterns in the distribution of transaction volumes.

For transactions ranging from BDT 1.0 million to less than BDT 2.5 million, there were approximately 6.38 million transactions, totaling BDT 8,885.69 billion. This segment represents a substantial 37.18% of the overall cash transactions, highlighting its dominant presence in the cash flow landscape.

In the next threshold bracket, transactions between BDT 2.5 million and less than BDT 5.0 million accounted for 1.23 million transactions, with a total volume of BDT 4,017.50 billion. This group comprises 16.81% of the total cash transactions, reflecting a significant yet smaller proportion compared to the lower threshold range.

For higher-value transactions between BDT 5.0 million and less than BDT 10.0 million, there were 0.44 million transactions amounting to BDT 2,820.30 billion. This category constitutes 11.80% of the total cash transactions, indicating a notable, though less frequent, segment of high-value cash flows.

Finally, transactions exceeding BDT 10.0 million were relatively fewer, with only 0.13 million transactions totaling BDT 2,493.99 billion. Despite the lower number of transactions, this bracket represents 10.43% of the overall cash transaction volume, underscoring the significant financial impact of high-value transactions.

This breakdown underscores the diverse nature of cash transactions and highlights the varying levels of financial activity across different threshold ranges, providing valuable insights into transaction patterns and potential areas for regulatory focus.

Table 1: Level of Financial Activity Across Different Threshold Ranges

Threshold Amount	Number of Cash Transactions (In Million BDT)	Volume of Cash Transactions (In Billion BDT)	Volume of Cash Transactions (In Percentage)
BDT 1.0 million or above to less than 2.5 million	6.38	8885.69	37.18%
BDT 2.5 million or above to less than 5.0 million	1.23	4017.50	16.81%
BDT 5.0 million or above to less than 10.0 million	0.44	2820.30	11.80%
BDT 10.0 million or above	0.13	2493.99	10.43%

7.1.5 Recommendations:

1. Enhance and expand digital payment systems to offer secure and convenient alternatives to cash transactions, thereby reducing the reliance on cash and minimizing the risk of money laundering.
2. Implement more stringent monitoring and reporting requirements for large cash transactions to ensure timely identification of suspicious transactions/activities (STR/SAR).
3. Intensify monitoring and enforcement in border areas and high-risk districts where cash transactions are prevalent, to prevent illicit activities and ensure regulatory compliance.

7.2 Money Laundering through International Card

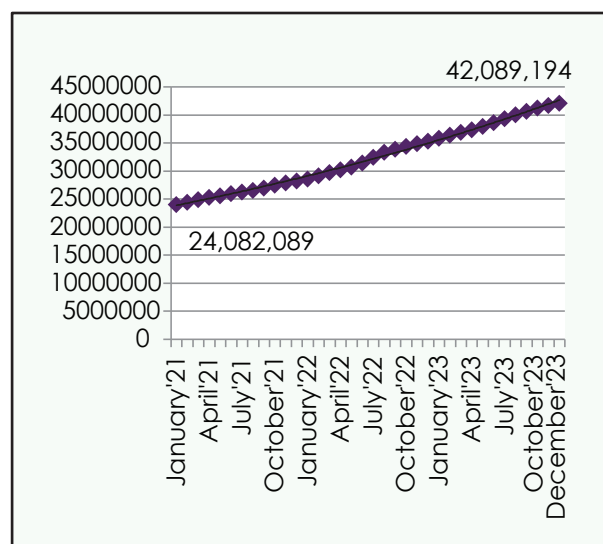
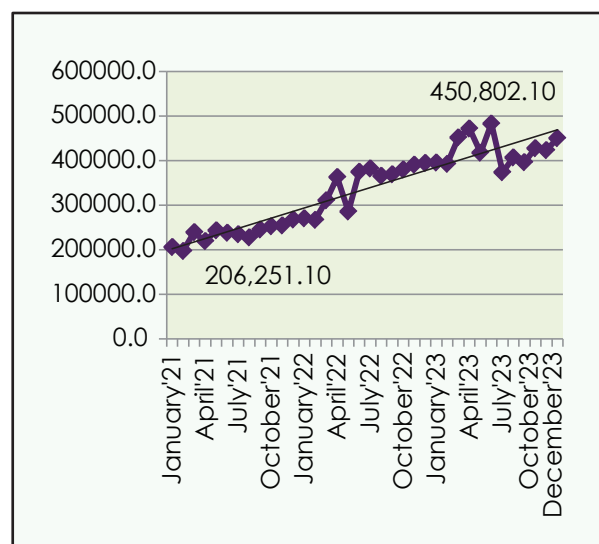
7.2.1 Introduction

In recent times, the volume of transactions conducted through electronic means has been steadily increasing, primarily due to technological advancements in payment methods. One significant innovation is plastic money, a widely used alternative to physical banknotes in the form of hard plastic cards. However, alongside its benefits, this technological advancement has introduced certain risks, including the threat of money laundering through card transactions.

A particularly concerning issue is that, in some cases, illicit financial activities involving cards go undetected by regulatory agencies and card issuers. Therefore, identifying the techniques and risks associated with money laundering through cards is crucial for effective prevention in Bangladesh. The key objective is to analyze money laundering methods using international cards and develop strategic recommendations to mitigate these risks.

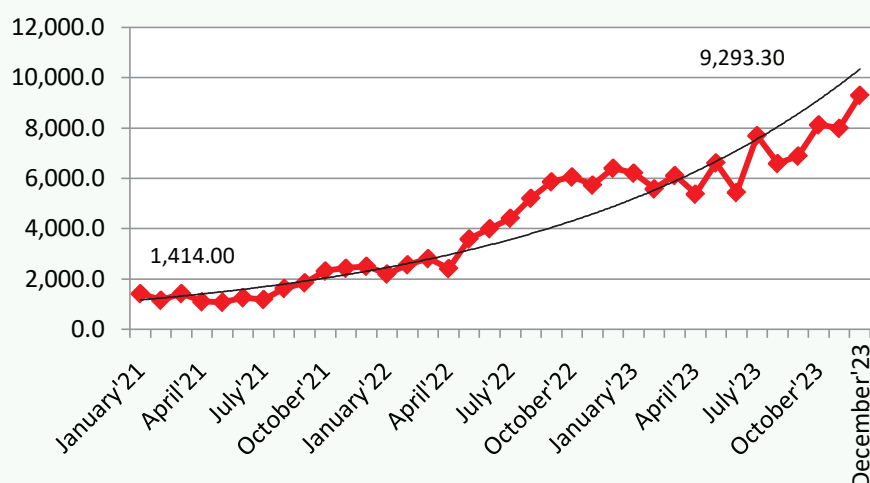
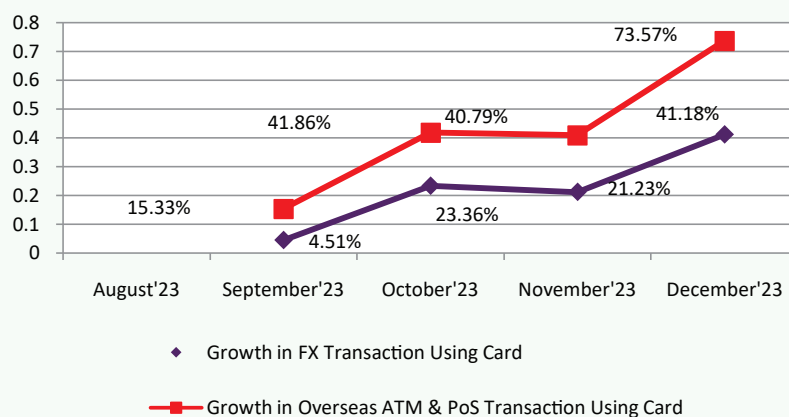
7.2.2 Recent Trend of Card Transaction

In the last few decades, financial sector in Bangladesh has undergone massive technological development. Plastic money is one of them. It was introduced in Bangladesh in the nineties, a lot later after its first global introduction. Introduction of card, internet banking, mobile financial services, digital wallets have brought a lot of ease in day to day life. Every day people are transacting huge amount of money without involving cash. The journey of cashless transaction begins with the introduction of card. It has enabled people to carry large value of money in their pockets. Meanwhile, transaction with plastic cards has become easy, time saving and economic which has made this payment solution popular. Graph-6 shows that 42,089,194 units of cards have been issued in Bangladesh till December 2023 and the number is increasing. A total of BDT 450,802.10 million transactions were completed in the month of December 2023 using those issued cards and the volume is on the rise too as shown in Graph-7.

Graph-6 Progress in Number of Cards Issued**Graph-7 Total Transaction Volume Using Cards (Million BDT)**

7.2.3 Foreign Currency Transaction Using International Cards

In Bangladesh international card issued by different banks is used for foreign currency transactions. The popularity of using card to pay travel expenses abroad as well as purchase of foreign goods and services is increasing. It appears that the increased relaxation in regulations is one of the reasons for the increase in the volume of foreign exchange transactions using cards at individual level. According to the statistics of Bangladesh Bank's website, transaction of an amount equivalent to BDT 9,293.30 million in foreign currency has been executed through the cards in the month of December, 2023. The amount was BDT 1,414.00 million in the month January, 2021 (Graph-8). In this case, the growth is noticeable (557.23%). Data of Bangladesh Bank's International Card Monitoring System (ICMS) shows that from August, 2023 to December, 2023 overseas Automated Teller Machine (ATM) and Point of Sale (PoS) transaction has also increased significantly (Graph-9). In August, 2023 the amount of ATM and PoS transaction was USD 37,693,921.51 which reached to USD 65,424,401.38 in December, 2023 [2]. BFIU reviewed some of the card data of International Card Monitoring System (ICMS) of the said period, found that 23 persons owning 24 cards had not travelled abroad but performed numerous overseas ATM and PoS transactions. A total of USD 253,332.00 has been transacted against those 24 cards. Since the existing system has no tool to identify such transactions, it carries a high risk of money laundering. Therefore, transaction using cards in foreign ATM and PoS requires oversight of the regulatory authority.

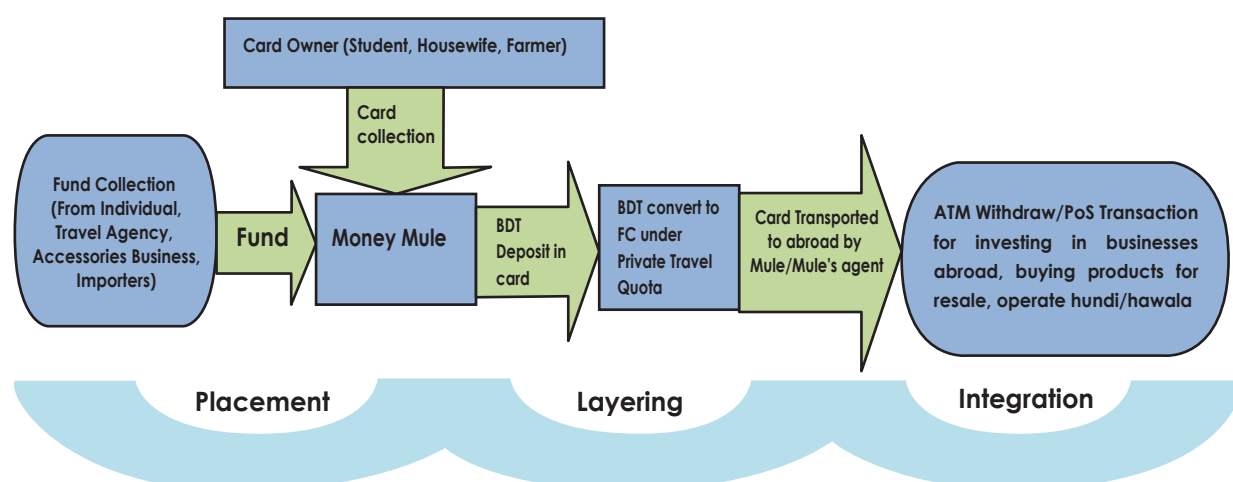
Amount of FX Transactions using Card (Million BDT) - Graph-8**Graph-9**

7.2.4 Policies of Foreign Exchange Transactions by Individuals Using Cards

Before discussing the process of money laundering through the card, it is important to give an overview of the existing policies related to transaction with foreign currency by Bangladeshi individuals. Bangladesh Bank has the authority to enact policies regarding foreign exchange transactions in Bangladesh. In this context, the instructions of the Guidelines for Foreign Exchange Transactions (GFET) 2018, Volume 1, Chapter 12, Paragraph 1 and FE Circular No. 30 dated 25th July, 2019 should be followed. According to the policy, an adult Bangladeshi resident individual can spend a maximum of USD 12,000.00 (for minors age under 12 years the entitlement is USD 6,000.00) on travel purpose either in cash or card in a calendar year. However, there is a scope of using additional USD 1,000.00 along with the unused portion of the said travel quota for designated online transactions through the card (GFET 2018, Volume 1, Chapter 19, Paragraph 17). An individual may use foreign currency under other entitlements as well such as-official, business, medical etc. But in order to review the issue of money laundering through cards, only private travel quota is discussed in this report.

7.2.5 Analysis of the Use of Cards in Money Laundering

According to Bangladesh Bank's Policy the limit for utilizing foreign currency transaction on travel and online purchase is fixed. The prescribed limit for an individual cannot be transferred to other. However, a BFIU analysis reveals that some people have not traveled abroad, but money have been utilized at foreign ATMs and PoS transactions by using their cards. It is clear that, several persons' cards are being carried abroad by other person/persons and thus the money deposited in those cards has been used and laundered as well. In this case, foreign currency transactions through cards have been carried out by violating policies formulated by Bangladesh Bank. Bangladesh Bank has launched ICMS from August, 2023 to monitor card transactions. But the entire process remained untraced in the ICMS system as there was not any system generated detection tool. The whole process can be explained with the following diagram:



The diagram also shows how a Money Mule launders money using cards. In this case, the cards are issued against the accounts of different individuals (students, housewives, farmers) who are unlikely to use foreign currency. Even though the accounts are in the names of different people, they are controlled and managed by the money mule. In the process of money laundering at first the money collected from various customers (travel agencies, foreign goods traders, importers etc.) is deposited to the respective card accounts. Later the foreign currency is endorsed by using the passport of the account holders. The cards are then transported abroad by the money mule or its agents which is used for cash withdrawals and transactions at ATMs and PoS abroad. Laundered money is generally used for investment in businesses abroad, buying products for resale, operate hundi/hawala business.

7.2.6 Vulnerable Areas

- 1) FC Entitlement for minors: Adults may intentionally issue card in the name of minors only to use their yearly Private Travel Quota (USD.6000.00) entitlement. No check point is available in ICMS to monitor minors FX transactions.

- 2) No Trigger Point for Regulators/Banks: FC endorsement within Private Travel Quota is entitled to those who visit overseas. But, Regulators or Banks are not informed about the overseas visits of the International Card Holders. There is no trigger point for Regulators/Banks to verify endorsee's overseas visit.
- 3) No Detection System: Funds are being transferred through cards without alerting the authority which means existing system does not have any detection tool.
- 4) Weakness in ICMS: In ICMS the card transaction information is entered against passport number. If a Bangladeshi person's passport changes in a calendar year and he transacts by endorsing foreign currency against his two passports, the details of his transactions will be included in ICMS separately on passport-wise. As a result transactions executed by the same person through different passports cannot be reported together in ICMS.
- 5) Common Entitlement for Travel and Online Purchase: Online purchases in foreign currency can be made under the entitlement provided in the Private Travel Quota with an additional USD 1000. In this case, travel quota entitlement can be utilized without traveling. There is scope for abuse of this facility. Since there is no need to take the card abroad, one person can utilize another person's entitlement.
- 6) Using Card for Fake Purchase: With a colluded merchant on board, fake card transactions can be processed without any actual sale taking place. Essentially, money is moved from the cardholder's bank account to the merchant's account.

7.2.7 Threats Resulted from International Card

- 1) Financing Illegal Business Activities: Money launderers can transfer the illegal income and carry out various transactions, such as investing in businesses abroad, buying products for resale, operate hundi/hawala business etc.
- 2) Financing Crime: Laundered money can be used for committing crimes which may damage country's financial, social and political stability.
- 3) Promoting Trade Based Money Laundering: Payment of under invoiced imported items and restricted items may be settled through the misuse of the cards to avoid regulatory oversee.
- 4) Instability in Foreign Exchange Market: Misuse of cards causing additional demand for foreign currency may destabilize the foreign exchange market.
- 5) Misuse of Other Foreign Currency Entitlements: In addition to private travel quota, there is a scope for money laundering in the discussed process under other entitlements such as business travel quota, entitlement for private sector officials foreign visit, entitlement under Exporters' Retention Quota (ERQ) accounts etc.

7.2.8 Some Red Flags for Card Issuing Authority

- 1) Declared information of customer does not match with the monitoring system.
- 2) Spending standards of card users exceed their declared income.
- 3) Transactions incompatible with the customer's profession.
- 4) Purchasing pattern of customer does not make economic sense.
- 5) Customer being obstructive to CDD (Customer Due Diligence) process.
- 6) Customer being secretive to disclose information about the transactions.

7.2.9 Recommendations

A comprehensive policy for International Card transaction has to be introduced that may entail following recommendations:

- 1) CDD by Authorized Dealers (ADs): The ADs must verify valid travel tickets that the journey is to be undertaken not later than two weeks after the date on which the FC is endorsed.
- 2) Endorsement of Minors: ADs should also be more cautious while endorsing in favor of minors. ICMS should have the facility to identify the limit of FEX entitlements for minors.
- 3) Declaration from Card holder: After departing from Bangladesh, the card holder has to provide a declaration about his foreign trip with documentary evidences.
- 4) Using NID/ Birth Registration Data/TIN in ICMS: International Card Monitoring System of Bangladesh Bank should consider NID/Birth Registration data/TIN along with passport number to identify actual FC user in case of individual having multiple passports. ICMS should have technology to link/merge old and new passports of the same person.
- 5) Generate Suspicious Transaction/Activity Report (STR/SAR): ADs should cautiously monitor International Card transactions and report SAR/STR to BFIU if find anything suspicious against the respective cards.
- 6) Purpose wise Separate Entitlements: Separate entitlement for online purchases from abroad can be introduced. Transaction under such entitlement should be reported and monitored separately.

7.2.10 Conclusion

Money laundering through cards is happening due to lack of adequate identification tools. So far how much amount of money have been laundered in the past using this technique is unknown. On the other hand, to know how much money is being currently laundered requires individual scrutiny of each card, which is extremely difficult and time-consuming. Therefore, the card issuing authorities should take immediate steps to include red flags in their system to raise alert. Along with that, the regulatory authorities should also increase supervision to prevent money laundering by misusing cards.

7.3 Golden Visa and Golden Passport by Bangladeshi Origin in Different Countries: An Analysis of Money Laundering Risks and Mitigation Strategies

7.3.1 Executive Summary

Citizenship by Investment (CBI or Golden Passport) and Residency by Investment (RBI or Golden Visa) schemes have become popular avenues for wealthy individuals seeking citizenship in a foreign country through significant amount of investment. While these programs provide economic benefits to the host countries, both countries are associated with the risks of money laundering and other financial crimes. This report analyzes the money laundering risks associated with CBI and RBI programs by Bangladeshi individual in some FATF Non cooperative jurisdictions and suggests some strategic recommendations for mitigating those risks.

7.3.2 Introduction and Background

Investment migration constitutes a specialized practice that involves the creation of social agreements between a jurisdiction and new citizens or residents, predicated on investments made within the host nation. These endeavors are commonly referred to as Citizenship by Investment (CBI or Golden Passport) and Residency by Investment (RBI or Golden Visa) Programs. Golden passports and visas have gained significant attention in recent times as certain countries attract individuals to invest their capital in exchange for residency or citizenship rights. These programs, managed by governments, offer mutual benefits: they stimulate economic growth for host nations by expanding avenues for foreign investment, while affording affluent individuals expedited or alternative migration pathways, thus granting additional privileges to particular individuals.

A joint report by FATF and OECD (2023) titled 'Misuse of Citizenship and Residency by Investment Programmes' stated that tens of thousands of people every year take the facility of CBI/RBI program around the world. This report also mentioned that CBI/RBI program is risky in terms of money laundering, fraud and other forms of misuses.

Bangladeshi citizens are increasingly engaging in CBI/RBI programs in different countries to secure new identities and unrestricted mobility across various jurisdictions. However, the attraction of CBI/RBI programs extends beyond legitimate endeavors, attracting illicit actors due to the opportunities they present for enhanced mobility, the ability to establish businesses in multiple locations, and access to banking services in jurisdictions with loose anti-money laundering and counter-financing in terrorism (AML/CFT) frameworks and limited financial transparency. It is noteworthy that Bangladesh does not permit capital account openness, and to date, Bangladesh Bank has not allowed any individual to invest outside the country.

This environment poses unique challenges for both law enforcement agencies and policymakers. Illicit actors exploit CBI/RBI programs to facilitate a spectrum of unlawful activities, including financial crimes such as money laundering, corruption, fraud, and tax evasion.

Bangladesh has introduced the No Visa Required (NVR) scheme to facilitate travel for foreign citizens in Bangladesh. Foreign citizens (except SAARC countries) of Bangladeshi origin along with their spouse and children can apply for NVR (No Visa Required) to travel to Bangladesh with their foreign passports. Beside this, foreign citizens having investment in Bangladesh worth USD 5 (five) million are also eligible to receive NVR. The NVR endorsement is valid as long as the validity of the passport on which it is affixed. The person can enter Bangladesh as many times as he/she wishes and can stay here without any time restriction within the validity period of the passport. As a result, Bangladeshi origin foreign citizens apply for NVR to travel freely in Bangladesh. As mentioned earlier, many Bangladeshi people have taken the CBI/RBI scheme in different jurisdictions; some of them apply for NVR. Hence, NVR and CBI/RBI are correlated terms in Bangladesh.

Ministry of Home Affairs (Immigration-2) of Government of the people's republic of Bangladesh issued circular about NVR. According to the circular No: 44.00.0000.039.16.007.12-850, dated 27/08/2021, issued by the Ministry of Home Affairs (Immigration-2) of Bangladesh, Bangladeshi-origin foreign citizens residing in Europe, the USA, Canada, Australia, and New Zealand are exempted from the requirement of getting police clearance for obtaining NVR (No Visa Required). Consequently, the NVR applications of foreign citizens of other countries apart from these 5 regions are forwarded to Bangladesh Police to get Police clearance as well as to Bangladesh Financial Intelligence Unit (BFIU) to verify the money laundering issues. As a result, the number of NVR applications forwarded to the BFIU is restricted only for some specific countries. It is mentionable here that all CBI/RBI holders do not apply for NVR. By open source analysis we came to know that, some politicians, businessmen and influential figures in the public and private sectors and their families have acquired CBI/RBI scheme in some countries.

There has been a notable upward trend in NVR applications received by the BFIU over the past few years. Over the last 5 years, the BFIU has processed 95 (Ninety five) NVR applications aimed at scrutinizing the money laundering concerns associated with the applicants. Below is a breakdown of the data by year:

Table 2: Yearly Trend of NVR Application Received by BFIU

Year	No. of Application	Remarks
Before 2020	31	Year after National Parliamentary Election
2020	13	
2021	3	
2022	6	
2023	40	Year ahead of National Parliamentary Election
2024 (Up to April)	2	
Total	95	

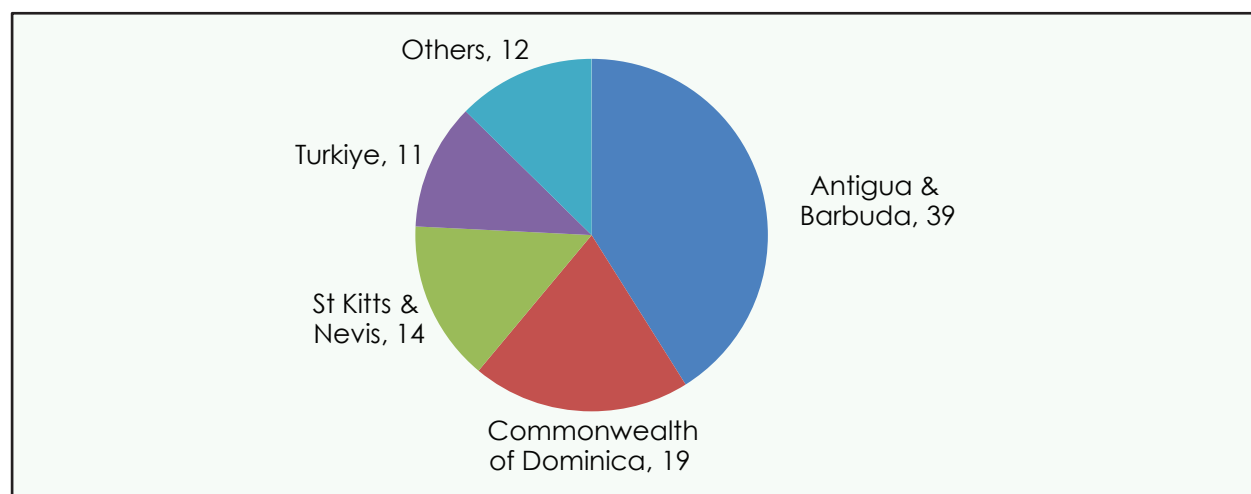
The above table indicates that approximately 42% of NVR applications were received for verification in 2023, coinciding with the national parliamentary election in Bangladesh on January 7, 2024. Similarly, 31 NVR applications were forwarded to BFIU before 2020, which was after another

national parliamentary election of 2018. This suggests a potential correlation with the political vulnerability of Bangladesh.

BFIU database indicate that individuals of Bangladeshi origin predominantly acquire citizenship from countries such as Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, Turkey, etc. Meanwhile, the investment requirements of these respective countries to receive citizenship, categorized by investment criteria on a country-by-country basis, are outlined below:

Table 3: Country Wise Investment Criteria for CBI/RBI Program, (Source: Internet)

1. Antigua and Barbuda		
Project	Minimum Investment	Addition for Family
National Development Fund	\$100,000	\$125,000 for a family of 5
Real Estate	\$200,000	
Business Investment	\$1.5 million	
University of the West Indies	\$150,000	
2. Dominica		
Economic Diversification Fund (EDF)	\$100,000	\$175,000 for 3 dependants
Real Estate	\$200,000	Additional \$50,000 for 5 dependants
3. Grenada		
National Transformation Fund (NTF)	\$150,000	\$200,000 for 4 dependants
Real Estate	\$220,000	
4. St Kitts and Nevis		
Sustainable Island State Contribution (SISC)	\$250,000	\$350,000 for 3 dependants
Real Estate	\$400,000	
Public Benefactor	\$250,000	
5. St Lucia		
National Economic Fund (NEF)	\$100,000	\$150,000 for 2 dependants
National Action Bonds (NAB)	\$300,000	
Real Estate	\$200,000	
Enterprise Project	\$3.5 million	
6. Türkiye		
Real Estate	\$400,000	
Investment	\$500,000	
Deposit to bank account	\$500,000	
Government bonds	\$500,000	
Venture capital	\$500,000	

Graph-10 : Country Wise Number of NVR Application (2020-2024)

Graph-10 shows that Bangladeshi investment migrants are more interested to get CBI/RBI in Antigua & Barbuda followed by Commonwealth of Dominica and St Kitts and Nevis.

According to the NVR circular issued by the Ministry of Home Affairs (Immigration-2) of Bangladesh, all NVR applications except for 5 regions (Europe, the USA, Canada, Australia, and New Zealand) should be scrutinized by Bangladesh Police as well as by BFIU. But the noticeable fact is that majority of the NVR applications received by BFIU are applied by the citizens of different Caribbean Island states, Tax haven countries, where CBI/RBI programs are very popular for getting citizenship. Hence, there is possibility of money laundering risk associated with the CBI/RBI scheme in these countries. It is mentionable here that Bangladesh does not allow individual level capital account openness and so far no individual has been allowed by Bangladesh Bank to invest outside of Bangladesh. Country-wise analysis of 95 NVR applications with pertinent details provided below:

Table 4: Country Wise Analysis of NVR Applications and Risk Profile of the Countries

Sl.	Name of Country	No of application	Tax Haven	FATF List	Financial Secrecy Index (FSI*) Rank	EU non-cooperative countries	Comment
1.	Antigua & Barbuda	39	Yes	-	127	-	Very low level of transparency and accountability
2.	Commonwealth of Dominica	19	-	-	128	-	
3.	Grenada	4	-	-	132	-	
4.	Malta	5	Yes		38	-	
5.	St Kitts & Nevis	14	-	-	68	-	
6.	St. Lucia	1	-	-	133	-	
7.	Turkiye	11	-	Grey	59	-	
8.	Vanuatu	2	Yes	-	112	Yes	
Total		95					

* FSI: The Financial Secrecy Index ranks countries based on their ability to hide money from other nations, with lower numbers indicating higher levels of secrecy.

7.3.3 Profile Analysis of the NVR Applicants

Open-source data indicate that, businessmen, politicians and influential figures in the public and private sectors and their families have acquired CBI/RBI scheme in some countries. As mentioned earlier, all CBI/RBI holders of different countries do not apply for NVR.

Case Study 1: (All CBI/RBI holders do not apply for NVR)

Ms. S along with her father Mr. X (a renowned film distributor and director) has taken investment migration by investing in real estate in UAE. Ms. S is a housewife and her husband is a managing director of a private medical college in Bangladesh. Ms. S as well as her father has no legal business in UAE, but they own 6 flats in Dubai Studio City, UAE which have been purchased with AED 5.30 million. Since, they didn't take permission from regulatory body to invest in UAE; it is suspected that, they have used alternative illegal channels to remit money from Bangladesh to UAE. They have been maintaining 5 bank accounts in 2 banks in UAE since 2013. Many Bangladeshi citizens who work in UAE deposited different amounts of AED in these accounts. Hence, hundi/hawala channel might be used in this case to invest the money in UAE. Though Ms. S and her father received CBI/RBI scheme in UAE, no NVR application was found in their names.

Since, all investment migrants do not apply for NVR, consequently many NVR applications are not forwarded to Bangladesh Police for clearance as well as to BFIU for verifying money laundering issues. After analyzing the 95 NVR applications, which were sent to BFIU, we found 69 applicants (i.e. 73%) belong to somehow any industrialist groups of Bangladesh including private commercial bank's board of directors. The other 26 applicant's profession was not sure. So, it can be inferred that most of the applicants of NVR are from well economic background and having business or industry in Bangladesh.

Case Study 2: (CBI/RBI by Family members of a Bangladeshi conglomerate)

The BFIU received 13 NVR applications from the family members of a Bangladeshi conglomerate. These individuals have obtained CBI/RBI in the Commonwealth of Dominica, where the minimum investment amount for CBI is \$1,75,000 for an applicant with three dependents. However, since Bangladesh prohibits investments outside of Bangladesh, the investment procedure by which this family managed to secure their CBI remains unclear.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Case Study 3: (CBI/RBI by director of a Bank)

Mr. X, a citizen of Bangladesh, has been appointed as a director at a prominent private commercial bank in the country. He and his wife secured citizenship in Antigua & Barbuda by investing USD 4,00,000 in Y Resorts Ltd. Of this amount, 60% was transferred through a personal account at Antigua's Commerce Bank, and the remaining 40% was sent from the bank account of C International INC at D Bank in Canada. Given that Bangladesh's capital account is not open and Mr. X did not obtain the necessary case-by-case permission from the Foreign Exchange Investment Department of Bangladesh Bank, this fund transfer and investment for citizenship may raise concerns about potential money laundering in Bangladesh.

Money Laundering Risk in the Investment Procedure for CBI/RBI:

Significant investment criteria in the CBI/RBI offering countries (Table 3) suggest that CBI/RBI scheme needs a handsome amount of USD (USD minimum 1 million to 5 million) to be invested. As a result, this investment procedure in these countries for CBI/RBI might be associated with money laundering risk for Bangladesh. After analyzing the BFIU database, some suspicious transaction reports (STR) were found against some of the NVR applicants.

Case Study 4: (Suspicious transaction reports against NVR applicants)

Mr. X is managing director of a renowned industrial group of Bangladesh named 'N', along with his wife applied for NVR after obtaining CBI/RBI in Antigua & Barbuda. A suspicious transaction report (STR) was submitted by a commercial bank about Mr. X's company. At the same time several negative media news were found against the company 'N' for importing goods from an OFAC sanctioned country. BFIU investigated the case and found potential money laundering issues in this case and hence disseminated the case to a law enforcement agency.

Any individual or company wishes to invest outside of Bangladesh, needs permission from Bangladesh Bank. However, Bangladesh Bank has not permitted yet any individual Bangladeshi origin to invest outside of Bangladesh for any purpose. As a result, how these people have invested the USD to these countries is a matter of great concern of money laundering. Open-source data revealed that some immigration service providers in Bangladesh as well as in some other countries like UAE, Singapore offer CBI/RBI service in various FATF Non-Cooperative jurisdictions like Antigua & Barbuda, Commonwealth of Dominica, Grenada, St Kitts & Nevis etc. This investment procedure might be done by unlawful means, hawala/hundi or other informal money transfer systems. Therefore, Bangladeshi origin invested in other jurisdictions may create money laundering risk for Bangladesh.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Case Study 5: (CBI/RBI scheme and associated money laundering risk)

In August 2023, Singaporean police arrested ten individuals from Fujian, China, linked to a large-scale international money laundering and organized crime operation. The operation led to the seizure or freezing of assets exceeding \$2 billion, including over one hundred properties in some of Asia's most exclusive neighborhoods, numerous luxury cars, watches, bags and multicolored "Bearbrick" figurines. This case represents Singapore's largest money laundering incident to date and continues to impact the nation significantly. The gang also had a good collection of passports from countries such as Cambodia, Cyprus, Dominica, Saint Kitts, Turkey, and Vanuatu—each offering citizenship by investment (CBI) programs. (Source: The Misuse of Citizenship and Residence by Investment: Going Beyond the FATF/OECD Report to Assess Key Risks, Kristin Surak, London School of Economics)

In fact, some loan defaulters of different Banks of Bangladesh were found in the NVR applicants list which indicates the potentiality of investing the loaned money in CBI/RBI program in state Islands.

Case Study 6: (CBI/RBI by Loan defaulters)

Mr. P, as managing director, along with his sons as directors, are involved with R Group and have obtained citizenship in Antigua & Barbuda by investing USD 400,000 in that country. Notably, a beverage company within this group has borrowed BDT 288.51 crore (appx. 24.48 million USD) from three different commercial banks, and a developer company in the group R has borrowed BDT 1,559.07 crore (appx. 132.27 million USD) from eight commercial banks. Of these loans, repayments totaling almost BDT 314.48 crore (appx. 26.68 million USD) are overdue and remain unpaid. Additionally, a loan taken by the developer company on April 29, 2019, became classified on October 16, 2023, and was later rescheduled. Hence, Mr. P and his sons are borrowing from Bangladeshi commercial banks without repaying on time, while unlawfully investing in Antigua & Barbuda, raising significant concerns about potential money laundering in Bangladesh.

7.3.4 Analysis and Discussion

From the above analysis we found the following points to be concerned in terms of money laundering for CBI/RBI program and NVR application:

1. In recent years number of NVR applications has shown a significant increasing trend, remarkably most of the NVR applications are from different FATF non cooperative jurisdictions and tax haven countries.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

2. In the year 2020 and 2023, number of NVR applications spiked; there might be a relation to investment immigration with the National Parliament Election of Bangladesh or with the change in political regime.
3. CBI/RBI programs in specific Island countries including FATF non cooperative jurisdictions and tax haven are concern for money laundering, since the investment procedure in these countries by Bangladeshi individuals are not clear.
4. Instance of investment migration by loan defaulters of Bangladesh is a great concern for potential money laundering, which might increase the vulnerability of Non-performing loan (NPL) in Bangladesh.
5. There might be the intention of identity laundering as well as freedom of movement by CBI/RBI scheme in different jurisdictions, which is risky for the illicit activities in Bangladesh.
6. BFIU verifies the foreign exchange investment information of the NVR applicants from the Foreign Exchange Investment Department (FEID) of Bangladesh Bank. However, FEID has not permitted any of the applicants to invest outside of Bangladesh.
7. CBI/RBI requires a significant amount of USD investment in the host countries, as a result funds are being moved out of Bangladesh using illegal, informal or unregulated cash smuggling methodologies which negatively affects the foreign exchange reserve of Bangladesh.
8. By open source analysis, it is found that some immigration consultancy firms of Bangladesh are assisting people to get CBI/RBI programs in different island countries

7.3.5 Recommendation

1. As Bangladesh does not allow individual level capital investment abroad, all investment (CBI/RBI) migrants seeking NVR to enter into Bangladesh must be validated through BFIU for AML/CFT issues.
2. Loan defaulter residing abroad or abscond client of non-performing loan of financial institutions should be reported to BFIU for further courses of actions.
3. During the political regime change, financial institutions should vigilantly monitor the abnormal transactions of Bangladeshi businessman and influential persons (IPs).
4. Investment information (amount of investment, procedure of investment) for CBI/RBI scheme of the investment migrants should be collected through the NVR applications.
5. Strengthen international collaboration with partner countries regarding CBI/RBI programs to facilitate the anti money laundering issues to make transparent CBI/RBI programs for both host and partner countries.
6. Immigration consultancy firms of Bangladesh which are assisting people to get CBI/RBI programs should be monitored.
7. Conduct regular training programs for relevant personnel to ensure compliance with NVR regulations and protocols.

7.3.6 Conclusion

While Golden Visa and Golden passport programs offer significant economic benefits for the host nations, they also associate with considerable risks of money laundering for host and partner countries. By implementing stringent due diligence procedures, enhancing transparency in investment procedure, strengthening regulatory frameworks, fostering international cooperation, and establishing independent oversight, countries can mitigate these risks and safeguard the integrity of their financial systems. Without having permission to invest abroad from Bangladesh, Bangladeshi origin NVR applicants are increasing year by year, that raise a great concern for capital flight as money laundering aspects. Ensuring the credibility and security of CBI and RBI programs is essential for maintaining global trust and preventing financial crimes.

7.4 Money Laundering through Hundi: Implications on Wage Earner Remittance in Bangladesh

7.4.1 Definition

Money Laundering in the form of informal remittance is commonly known as Hundi. It refers to the illegal transfer of money from one country to another, bypassing the official financial system. This method is widely used due to its simplicity, lack of documentation and ability to evade legal scrutiny. However, the ramifications of Hundi on financial stability are profound. It undermines the integrity of the financial system, facilitates money laundering and significantly impacts the foreign exchange reserves of central banks.

7.4.2 Impact of Hundi on Financial Stability of Bangladesh

International remittances are essential for economic growth and poverty alleviation in Bangladesh. These funds are sent by Bangladeshi migrant workers, primarily in the Middle East, the US, the UK, European nations and East Asian countries. Bangladesh is the seventh highest remittance-earning country in the world [1], making these remittances crucial for its economic growth and development. However, due to the practice of Hundi, Bangladesh is being deprived of getting a significant amount of money from abroad. This means the country is not receiving the foreign remittances through official channels. Consequently, Hundi may be playing a significant role in the decrease of Bangladesh's foreign reserves over the past few years. Thus, In Bangladesh, the increasing prevalence of Hundi has emerged as a substantial threat, necessitating immediate and coordinated actions by concerned agencies to mitigate its detrimental effects.

7.4.3 Trends (2019-2023) of Suspicious Transaction Reports (STR) related to Hundi

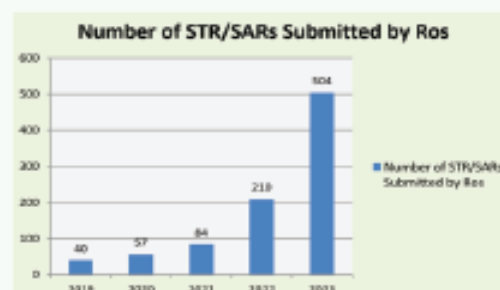
The number of Suspicious Transaction Reports (STRs) related to Hundi in Bangladesh has shown a significant increase over the past five years as shown in Graph-11. This trend underscores the rising incidence of illicit financial activities.

The trend shown in Graph-12 reveals an alarming escalation in the number of STRs concerning Hundi, especially notable from 2021 onwards. The increasing number of STRs indicates that a substantial volume of informal remittances is being transferred from abroad to Bangladesh through illegal channels.

Graph-11



Graph-12



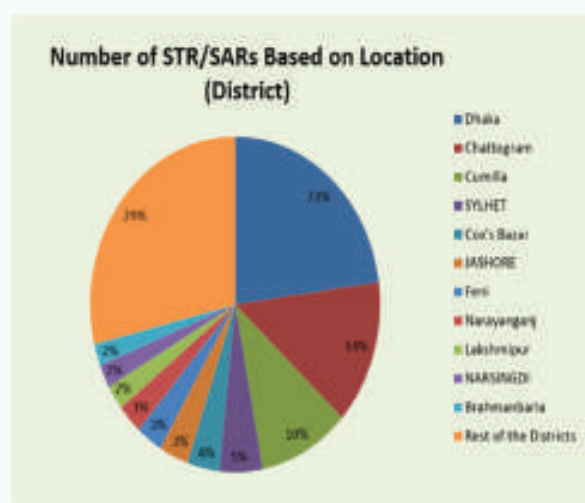
Furthermore, the rapid proliferation of Mobile Financial Services (MFS) in the country adds another layer of complexity to this issue, as these platforms can be exploited for Hundi activities. However, the year 2023 scores the highest number of STRs, suggesting a critical need for intensified monitoring and enforcement actions.

7.4.4 District-wise Contribution to STRs

The submission of STRs to BFIU related to Hundi across various districts highlights significant regional disparities as shown in Graph-13.

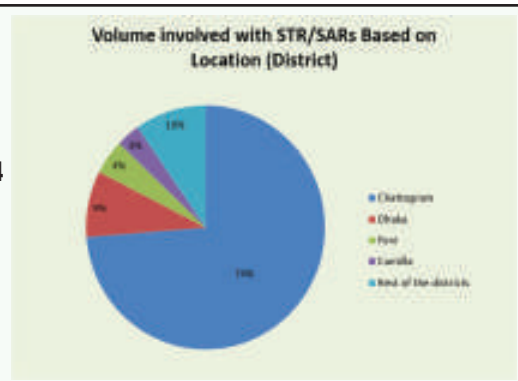
Dhaka and Chattogram are the predominant contributors to STRs, with Dhaka alone accounting for a substantial portion. This concentration indicates major hubs for Hundi activities. The 'Rest of the Districts' category, although collectively significant, shows a more dispersed pattern of Hundi transactions, requiring a widespread enforcement strategy. The study observed that the financial magnitude of Hundi activities also varies significantly across districts.

Graph-13



Chattogram emerges as the epicenter of Hundi activities, contributing over 74% of the total amount. This disproportionate share signifies the need for targeted interventions in Chattogram. Dhaka, while significant, follows with a markedly lower percentage. The data suggests that major urban centers are the primary location for substantial Hundi transactions.

Graph-14



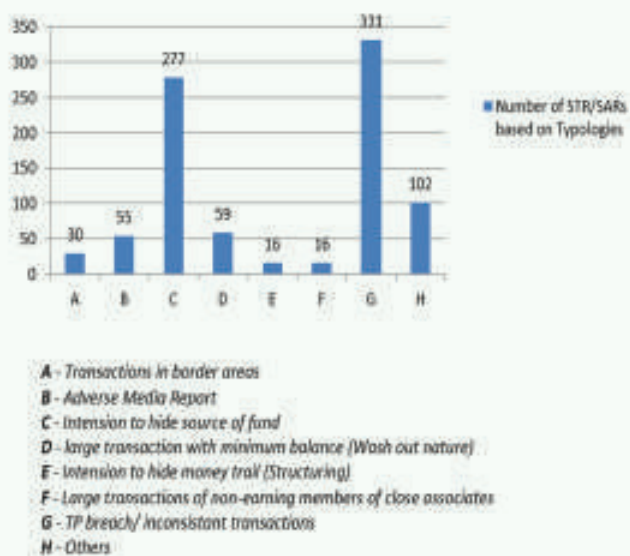
7.4.5 Typologies of STRs Submitted by Banks

The diverse typologies used by banks and MFSSs in STR submissions reveal patterns in illicit financial behaviors.

The preponderance of STRs citing 'TP breach/inconsistent transactions' and 'Intention to hide source of fund' typologies highlight common behavior in Hundi operations. These patterns indicate specific areas where banks and regulatory bodies should focus their surveillance and intervention efforts. In addition, it should be evaluated whether STRs are being filed by banks and MSFs based on less significant typologies or not, instead of concentrating on the evolving behaviors of Hundi perpetrators.

Graph-15

Number of STR/SARs based on Typologies



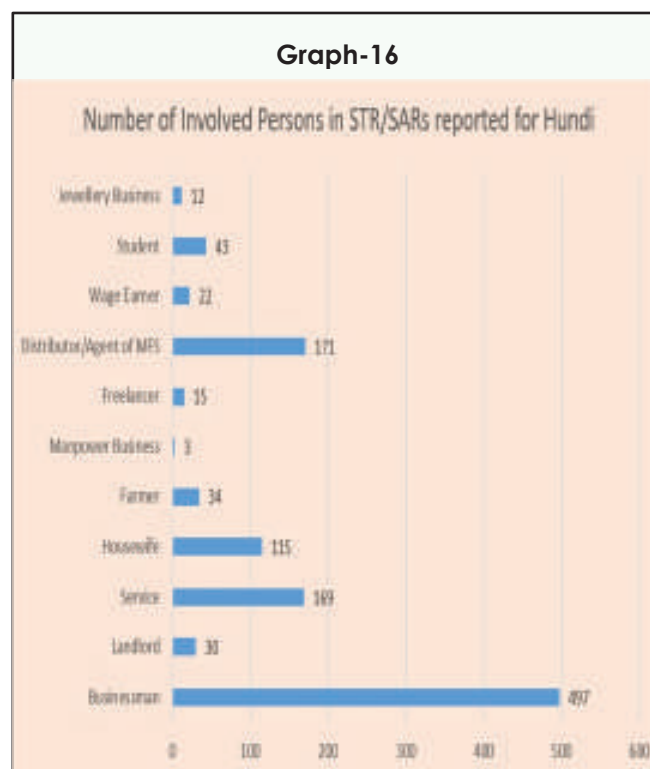
7.4.6 Analysis of Hundi Activities Across Various Occupations

The study examined individuals involved in suspicious transaction reports across various occupations. Data collected from banks, financial institutions, and mobile financial service providers revealed diverse findings of these occupations.

7.4.6.1 Comparative Involvement in Hundi Activities

While businessmen constitute the largest group involved in hundi activities, the data also reveals significant engagement from other professions as well. Service holders are notably prominent, with 169 individuals implicated, reflecting a substantial participation rate.

Distributors and agents of Mobile Financial Services (MFS) have emerged as a critical group, with 171 individuals involved. Their role as intermediaries in financial transactions makes them particularly susceptible to participating in hundi activities. This high level of involvement highlights the potential risks associated with their access to financial systems and underscores the need for stringent oversight.



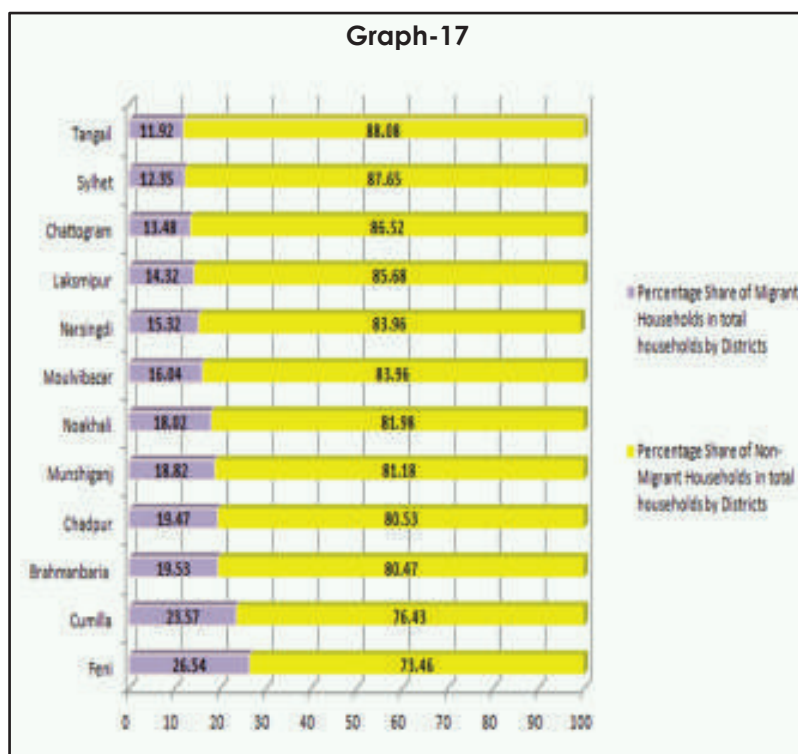
Housewives (115 individuals) represent another significant segment. Since housewives typically have no income, individuals from other professions may use the identity of a housewife to conduct hundi-related activities. Students (43 individuals) are also notably involved, indicating that younger demographics are not immune to be engaged in these illicit activities. However, since these people have no source of income, it can be assumed that they all are likely to be beneficiaries of the migrants. The increase in STR/SAR indicates that wage earners are sending remittances through informal channels more than ever before. Additionally, the presence of landlords (30), farmers (34), freelancers (15), wage earners (22), and those in the jewellery business (12) in the data underscores the widespread nature of hundi across diverse economic backgrounds. Each of these groups, though smaller in number, contributes to the overall issue, indicating that hundi activities permeate various layers of society.

7.4.6.2 Focus on Distributors/Agents of MFS

The high involvement of distributors and agents of MFS in hundi activities (171 individuals) points to a significant vulnerability within this profession. Their frequent handling of money transfers and transactions provide ample opportunities for illicit activities to be concealed within legitimate financial flows. This makes them prime targets for regulatory scrutiny. Therefore, it is imperative for banks and financial institutions to intensify their monitoring and regulatory measures targeting distributors and agents of MFS.

7.4.6.3 Percentage Share of Migrant Households and District Wise Hundi Activities

According to the report "International Migrants from Bangladesh: Socio-Economic and Regional Characteristics" published by the Bangladesh Bureau of Statistics in 2015, the 12 districts with the largest number of households based on expatriate members in Bangladesh are Feni (26.54%), Cumilla (23.57%), Brahmanbaria (19.53%), Chandpur (19.47%), Munshiganj (18.82%), Noakhali (18.02%), Moulvibazar (16.04%), Narsingdi (15.32%), Lakshmipur (14.32%), Chattogram (13.48%), Sylhet (12.35%), and Tangail (11.92%).



The table below shows the number of STR submissions related to Hundi in districts having higher percentage of Migrant households:

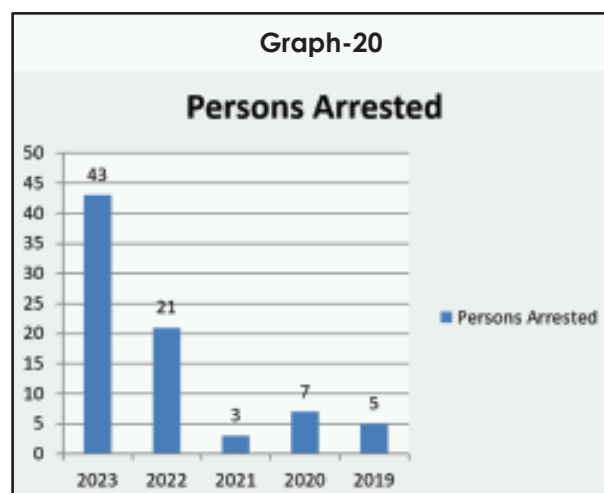
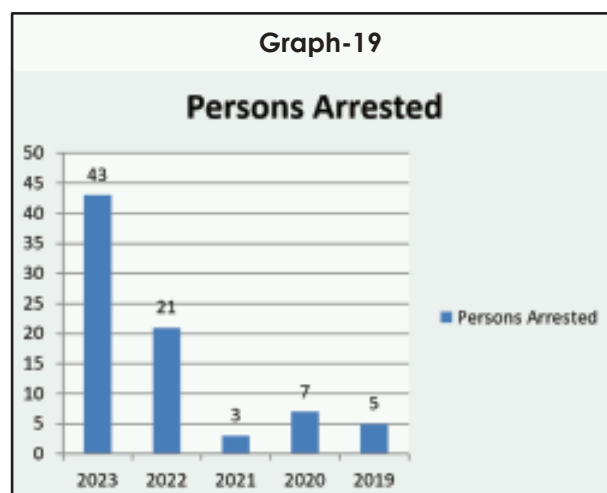
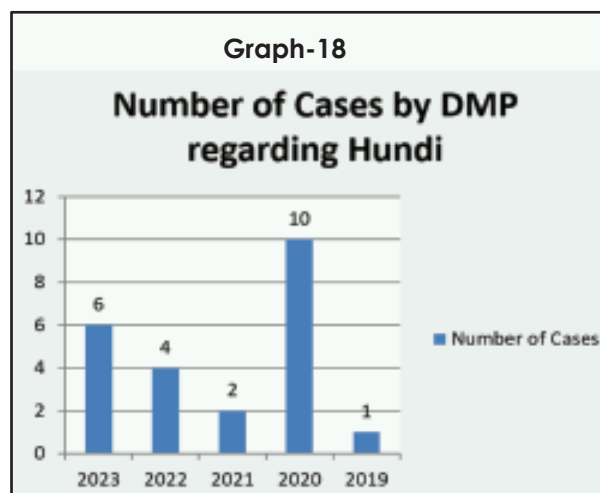
Sl. No.	District	Migrant Dwelling Household (%)	Number of STR Submitted
1	Feni	26.54	24
2	Cumilla	23.57	82
3	Brahmanbaria	19.53	17
4	Narsingdi	15.32	18
5	Lakshmipur	14.32	19
6	Chattogram	13.48	111
7	Sylhet	12.35	38

7.4.7 Overall Observation

The data indicates a strong correlation between the percentage share of migrant households in a district and the number of STRs related to Hundi. Districts with higher percentages of migrant households tend to have more STRs, suggesting that these areas are more vulnerable to Hundi activities. This relationship underscores the need for targeted interventions in these districts to curb illegal remittance practices and ensure financial stability.

7.4.8 Law Enforcement Actions on Hundi (2019-2023)

The efforts of law enforcement agencies, particularly the Bangladesh Police, have seen varying degrees of success in combating Hundi activities. The data shown in Graph: 18, 19 & 20 reflects an intensified crackdown on Hundi activities over the past five years, with the number of cases and arrests peaking in 2023. This uptick indicates an increasingly robust response by law enforcement, though the persistently high figures underscore the ongoing challenge.



7.4.9 Recommendations

Hundi has shown increasing demand among migrant workers due to the higher exchange rates and the convenience of having remitted money delivered to their doorstep. To encourage the use of formal banking channels for foreign remittances, the following steps can be taken alongside existing initiatives:

1. **Accelerated Fund Transfer Processes:** The speed of the fund transfer process needs to be improved to make formal channels more appealing to migrant workers. Delays caused by varying weekly holidays worldwide can extend transactions up to three days, causing significant inconvenience for beneficiaries who do not receive money on time.

2. **Reduction of Transfer Costs:** Migrant workers often find that the banking channel is more expensive for transferring funds to their home country. Lowering the cost of fund transfers through formal banking channels will attract more migrants and increase the flow of wage earners' remittances.
3. **Raising Awareness of Legal Implications:** Most of the migrant workers are unaware that Hundi is illegal. Consequently, both migrant workers and their beneficiaries may ignorantly participate in this crime. It is essential to create widespread awareness that "Hundi is a crime that endangers the country's economy" among migrant workers and their beneficiaries.
4. **Addressing Complaints Promptly:** Banks, financial institutions, and mobile financial service (MFS) providers must prioritize and promptly address complaints from migrant workers and their beneficiaries, ensuring they have no grievances.
5. **Monitoring MFS Agents and Distributors:** MFS providers need to closely monitor their agents and distributors, especially in vulnerable areas such as border regions and communities with high concentrations of migrant households, to control digital Hundi activities effectively.
6. **Targeted Interventions for High-Risk Districts:** Districts with higher percentages of migrant households are more likely to be involved in Hundi, indicating these areas' heightened vulnerability to such activities. This underscores the critical need for targeted interventions to curb illegal remittance practices and ensure financial stability. To achieve this, banks, financial institutions, and mobile financial service providers should focus their efforts and resources on these high-risk areas.
7. **Improvement of Law Enforcement Collaboration:** Coordination among law enforcement agencies, financial institutions, and regulatory bodies needs to be strengthened. However, joint task forces may be formed to tackle Hundi more effectively.



CASE STUDY

CHAPTER | 8

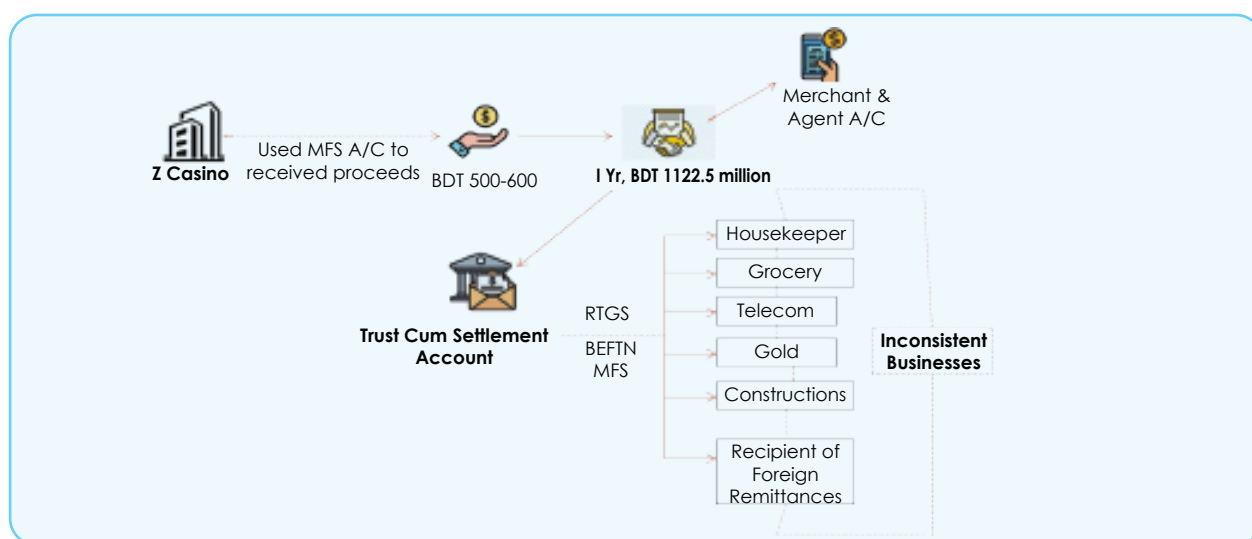
Case Study

Case 1: Abuse of MFS Platform for Online Gambling and Facilitating Hundi/Hawala Activities

An STR from an MFS provider revealed that financial transactions occurred through the online gambling app Z Casino, using MFS accounts. Analysis revealed that a total of 51 MFS accounts (46 merchant accounts, 4 personal accounts, and 1 agent account) registered to 50 businesses were linked to Z Casino for collecting gambling proceeds. Through these accounts, BDT 1,122.5 million has been collected within a year where most of the transactions were in small denomination and repetitive in nature (e.g. BDT 100, BDT 200, BDT 500, BDT 600). The businesses associated with these MFS accounts seemed as legitimate entities, such as e-commerce platforms, telemedicine providers, construction suppliers, restaurants, and advertising agencies. However, they were found to be operating online gambling under the guise of these businesses and huge amount of funds have been collected through MFS accounts.

Funds deposited in these MFS accounts were transferred to 10 Trust Cum Settlement (TCS) bank accounts, which collectively received BDT 532.6 million within two years. Further analysis showed these TCS accounts credited funds from various other MFS accounts linked to Z Casino. The money from TCS accounts was transferred to individuals and businesses whose activities were inconsistent with the nature of the MFS-linked businesses. These included remittance beneficiaries, housewives, travel agencies, cattle farms, and gold businesses, among others. It is suspected that the funds were smuggled abroad via Hundi/Hawala networks, transferring proceeds to the accounts of Hundi/Hawala dealers.

An intelligence report on 50 individuals and entities involved in this operation has been disseminated to the relevant LEAs for necessary action under MLPA, 2012.



N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Offence	Fraud, Online Gambling, Smuggling of Currency
Customer	Entity, Individual
Industry	Bank, MFS
Channel	Online Gaming App
Report type/Source	STR
Jurisdiction	Domestic, International
Designated Service	Account Services, Remittances
Indicators	<ul style="list-style-type: none"> • Transaction pattern and volume • Frequent fixed small sum of cash deposit • Bank and MFS accounts of suspicious businesses

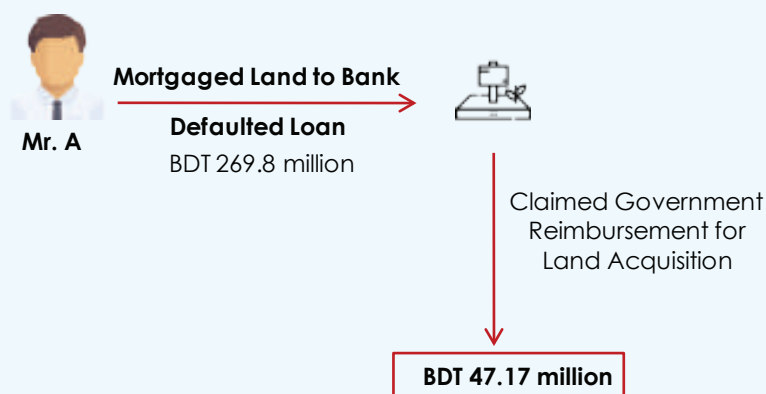
Case 2: Usurping Government Reimbursement for Land Acquisition

Following request from DC Office via PQR Bank, BFIU initiated in-depth analysis regarding the complaint of usurping government reimbursement for land acquisition - against the land already attached in favor of PQR Bank by the order of the Court.

Analysis revealed that Mr. A took BDT 269.8 million in the name of 'ABC Enterprise' from PQR Bank PLC in 2009 mortgaging a piece of land, and due to nonpayment of the loan PQR Bank filed a petition in 2013, resulting in a court decree in April 2022 for the attachment of the land. Meanwhile, the land was acquired by the Government under a project. Despite the land being under attachment, the DC Office began the reimbursement process in October 2022, continuing until July 2023, raising suspicion of fraud and racketeering. Upon further analysis it was discovered that Mr. A in collusion with the officials of DC office fraudulently managed the land acquisition and claimed the reimbursement. Once Mr. A received the fraudulent reimbursement (47.17 million BDT), which was withdrawn in cash and transferred to various bank accounts to settle his personal loans.

Based on the findings, an intelligence report was disseminated to the respective investigating agency for further course of action as per MLPA, 2012.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.



Offence	Fraud, forgery
Customer	Individual
Industry	Bank
Channel	Banking
Report type/Source	Complaint
Jurisdiction	Domestic
Designated Service	Account Services
Indicators	<ul style="list-style-type: none"> • Using reimbursement money to settle loans • False document submission to the government department for reimbursement application

Case 3: Purchasing of Luxurious Flats in the UAE by a Bangladeshi Filmmaker and His Daughter

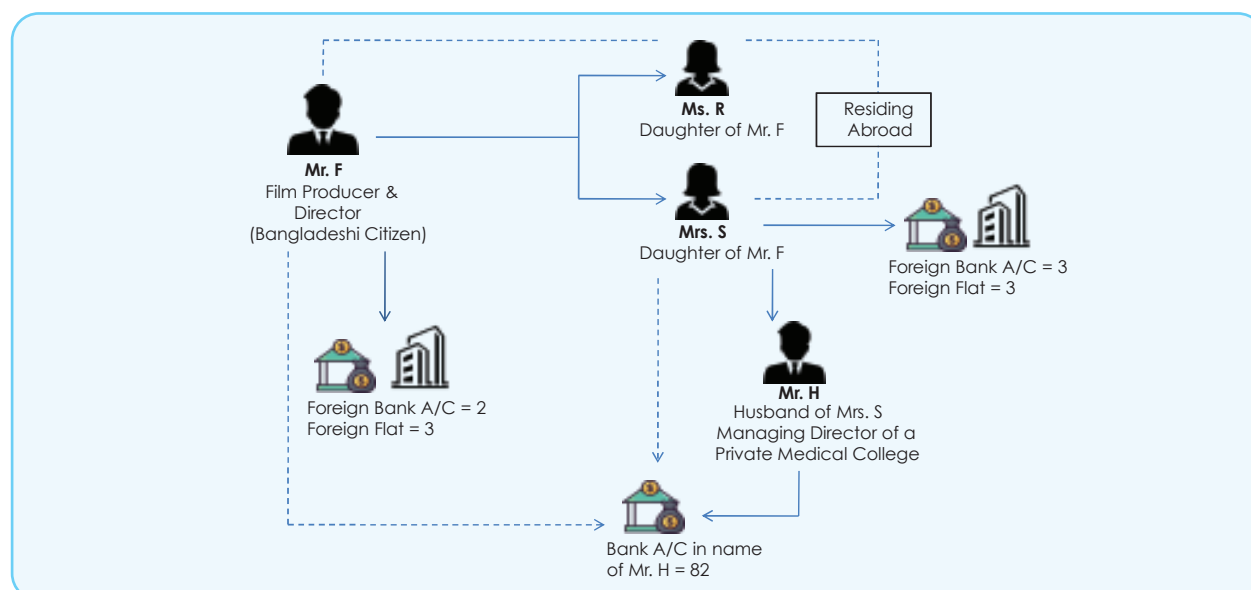
Based on STR regarding unusual transaction, BFIU analyzed the account of Ms. S and her sister Ms. R and found a total of 159 accounts in Bangladeshi banks in the name of Ms. S, Ms. R, her associates and related institutions; with BDT 4372.5 million deposits and BDT 4172.6 million withdraw.

It was also found that Ms. S and her sister registered a business company and maintained two bank accounts in country 'Y'. Moreover, Ms. S owns three flats in that country. Her father, Mr. F is a prominent filmmaker has also three flats in the same country. Moreover, he has two accounts with deposits of 0.6 million equivalent USD.

It was also revealed that Mr. H, Mrs. S's husband was operating 82 accounts in various Bangladeshi banks. Funds from Mrs. S and Mr. F were channeled into his accounts, later withdrawn via cheques. As per the existing laws, no Bangladeshi could invest or transfer capital account without approval of Bangladesh Bank. On that ground it was suspected that Mrs. S and Mr. F might have laundered money abroad using Mr. H's accounts through hundi/hawala.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Based on the analysis, an intelligence report was disseminated to the respective LEAs for further course of action as per MLPA, 2012.



Offence	Illegal Asset Acquisition and Smuggling of Money
Customer	Individual, Entity
Industry	Bank
Channel	Banking Channel, Hundi/Hawala
Report Type	SAR (complaint)
Jurisdiction	Domestic, International
Designated Service	Account Services
Indicators	<ul style="list-style-type: none"> Large number of bank accounts and abnormal transaction pattern and volume in the accounts Accounts in the name of other individuals or entities used to smuggle money through Hundi/Hawala.

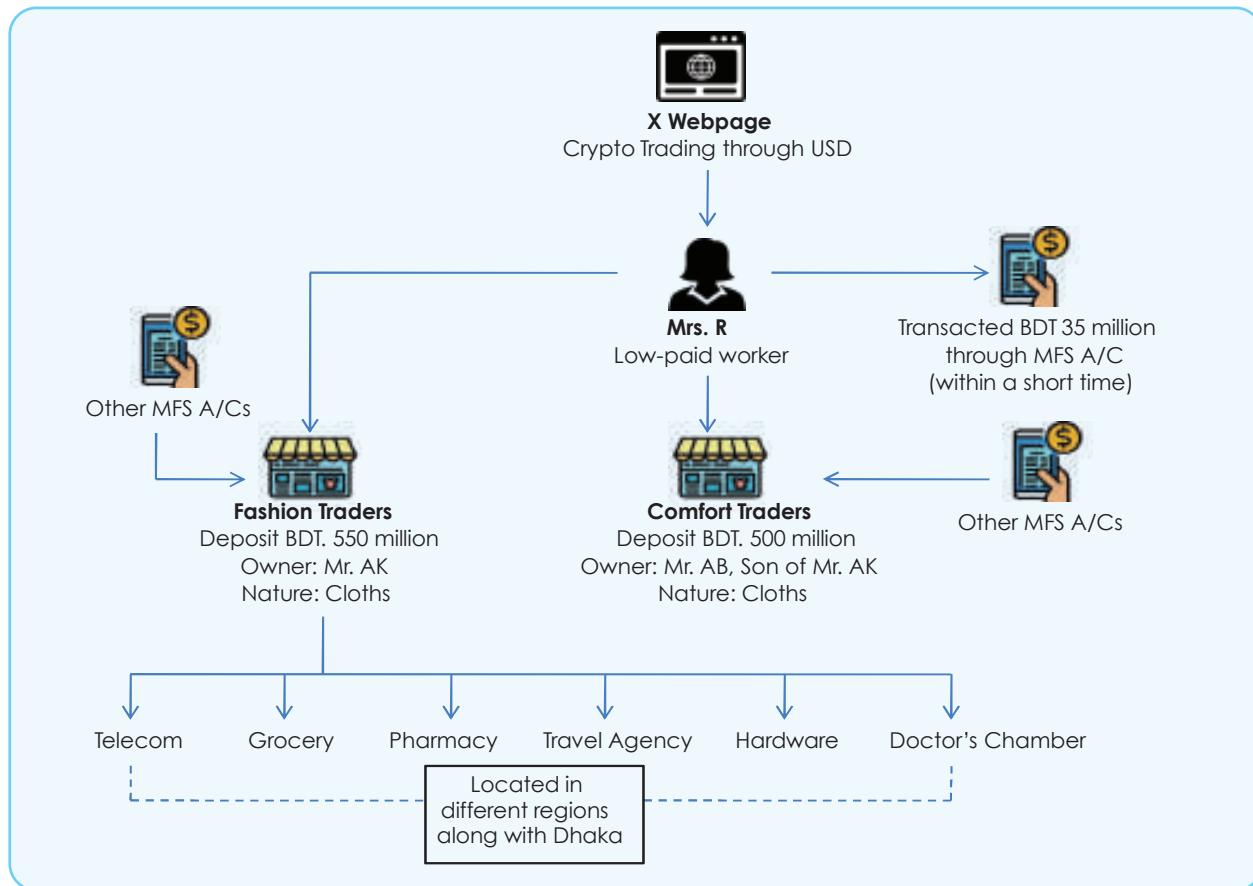
Case 4: Crypto Currency and Illegal Online Foreign Exchange Transactions via MFS Accounts

A reporting entity submitted an STR to BFIU indicating the misuse of MFS platform for illegal trading of foreign currencies and cryptocurrencies. It was found that Mrs. R's personal MFS account was linked to these transactions, through which BDT 35.0 million was transacted within a short period. Mrs. R, a day laborer by profession with average monthly earnings of around BDT 10,000; resides in a remote area of the southern part of the country. Her profession, monthly earnings and location of residence do not commensurate with the pattern and nature of the above-mentioned transactions.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Analysis revealed that funds from Mrs. R's MFS account were transferred to the bank accounts of Fashion Traders and Comfort Traders, owned by Mr. AB and his son, Mr. AK, respectively. These accounts showed deposits and withdrawals totaling BDT 1,050.0 million, inconsistent with their business nature. The funds were further distributed to individuals and unrelated businesses across Bangladesh, including drug stores, travel agencies, and grocery stores, raising suspicion of illegal foreign exchange trading.

Analysis indicated Mr. AB and Mr. AK as the actual users and beneficiaries of Mrs. R's MFS account. An intelligence report was disseminated to LEAs for taking further necessary action under MLPA, 2012.



Offence	Crypto-Currency, Smuggling of Currency
Customer	Individual, Entity
Industry	E-Commerce, Online trading, Bank
Channel	Foreign online payment system, MFS platforms
Report Type	STR
Jurisdiction	Domestic, International
Designated Service	Personal MFS accounts
Indicators	<ul style="list-style-type: none"> Abnormalities in transaction pattern and volume Suspicion of smuggling money through Hundi/Hawala.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Case 5: Drug Smuggling under the guise of Fictitious Businesses

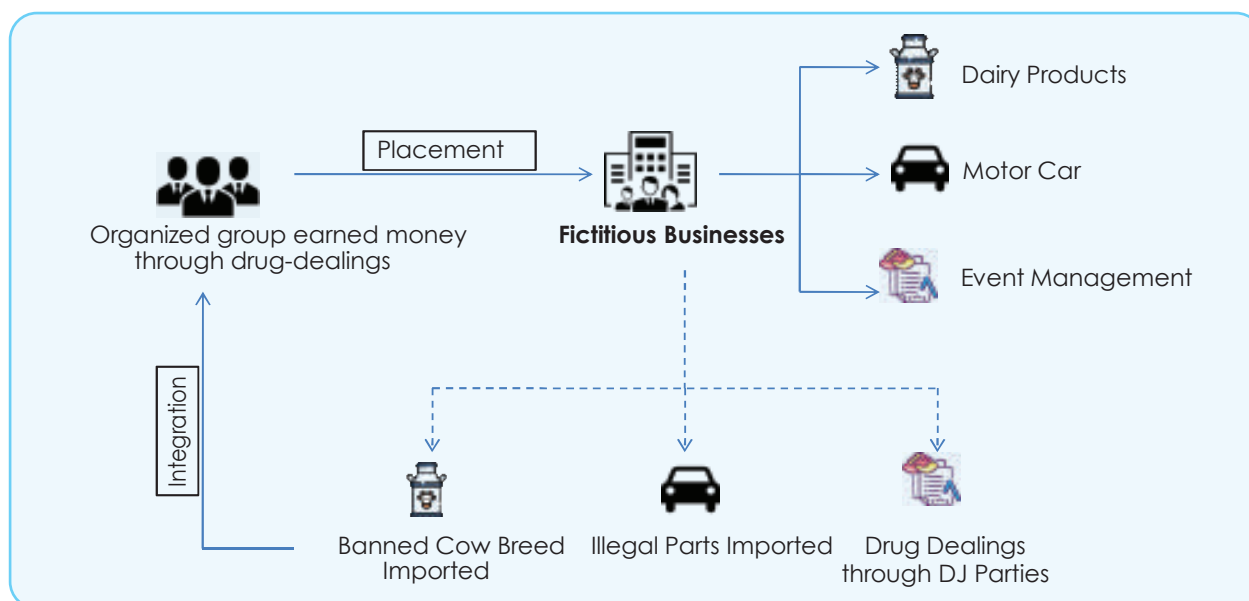
A media report uncovered drug dealing (Yaba and Shisha), anti-social activities, and illegal operations under the guise of businesses like cattle farming, car import, event management, and more. Based on this media report, multiple STRs/SARs were lodged by banks against 11 suspected individuals, including Mr. R, the mastermind, and Mr. K.

Analysis revealed that Mr. R had multiple criminal cases in Dhaka, while Mr. K, his wife Mrs. P, and his father-in-law were previously charged under the Narcotics Control Act, 2018. Bank accounts linked to front companies and fictitious businesses such as Star Dairy Private Limited, Supply & Construction Limited, and AB Car Solution Limited showed transactions totaling BDT 3,316.9 million and the nature and volume of the transactions appear to be inconsistent with the nature of those businesses.

Further analysis revealed that another business entity, Dairy Limited owned by Mr. K, his wife, and father-in-law, transferred funds to accounts of other syndicate members. A Letter of Credit issued in favor of Dairy Limited to import banned Brahman cows from the USA, which were detained and later released with a fine of BDT 3.0 million.

Mr. K, as the sole proprietor of S Event Management, organized DJ parties in Dhaka's elite areas to smuggle drugs and conduct illegal activities, depositing BDT 150.0 million into its account. Meanwhile, Mr. R invested proceeds from drug smuggling into car import businesses, including AB Car Solution Ltd., manipulating imports by mislabeling old cars as new models and exploiting duty-free car provisions. These companies' bank accounts showed deposits totaling BDT 1,550.0 million and equivalent cash withdrawals. Analysis revealed attempts to launder illicit funds through placement, layering, and integration into assets.

An intelligence report was disseminated to LEAs for further course of action under MLPA, 2012.



N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Offence	Smuggling of Drugs and Illegal Business
Customer	Entity, Individual
Industry	Bank
Channel	Bank Accounts
Report type/Source	Media News, STR, SAR
Jurisdiction	Domestic, International
Designated Service	Account Service, Trade Finance
Indicators	<ul style="list-style-type: none"> • Accounts of Fictitious Business • Transaction pattern and volume • Trading of illegal product/service

Case 6: Misuse of Family Member's Bank Account for Parking and Laundering Illegal Earnings by a Government Official

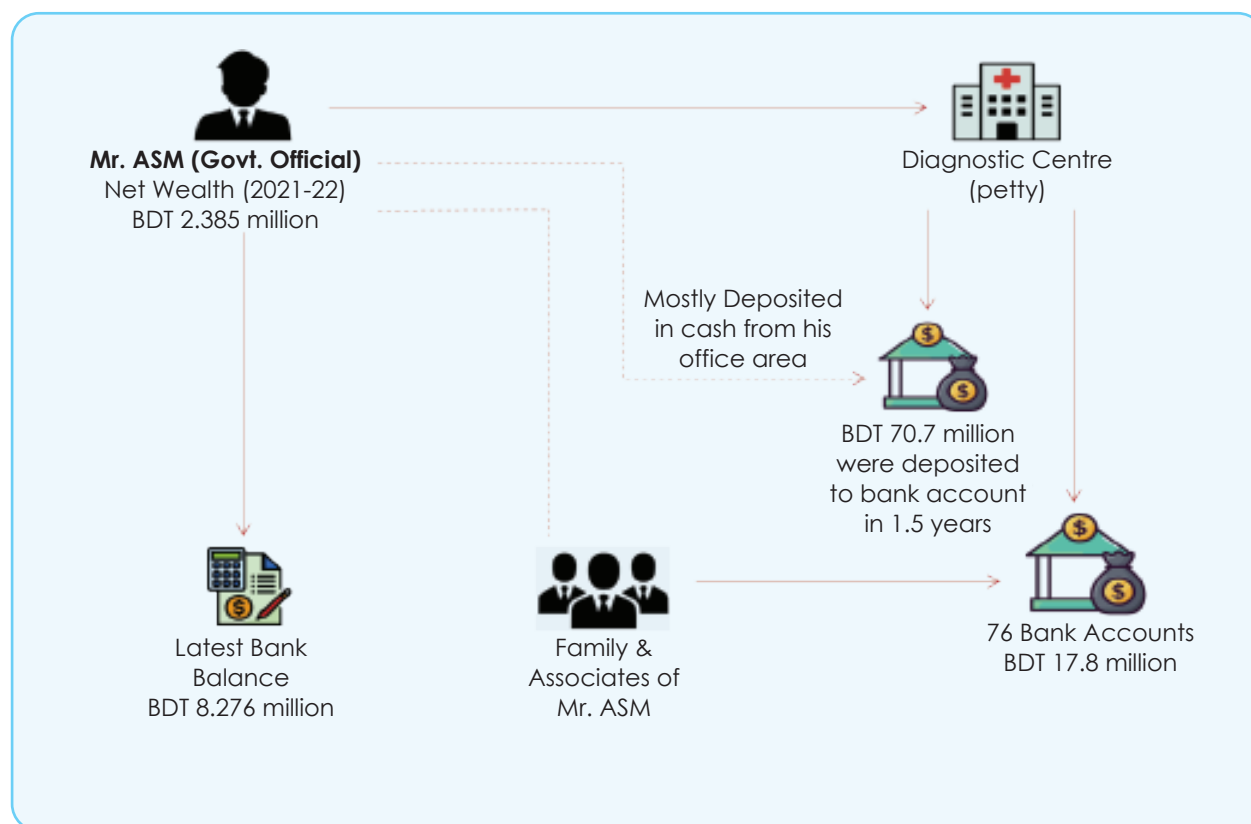
Upon receipt of an STR from a bank, BFIU collected and analyzed the relevant documents of the alleged government official, Mr. ASM, and his associates. His tax return showed a net wealth of BDT 2.39 million and indicated no source of income beyond salary and allowances. However, his bank account at M Bank PLC had a total deposit of BDT 13.0 million and a balance of BDT 8.28 million, which does not commensurate with the wealth declared in his tax file.

After further analysis, an account is found in the name of a diagnostic center located in a coastal area, registered in his mother's name. The account demonstrated frequent large cash deposits with total deposits of BDT 70.7 million within 1.5 years from its inception. Interestingly, the most of these deposits were originated from Mr. ASM's workplace in Dhaka, triggering the suspicion that Mr. ASM might have used that account to hide his illegally earned money.

BFIU found a total of 76 personal and entity bank accounts linked to Mr. ASM, his family members, and other associates across several banks. These accounts demonstrated frequent large cash deposits and fixed deposits, which were later used as liens under Secured Overdraft (SOD) facilities.

Given his position as a government official with no other declared income sources, there is a strong suspicion that Mr. ASM exploited his ex-officio power for illegal financial gains. Based on the analysis, BFIU prepared an intelligence report and disseminated it to the respective LEA for further action under MLPA, 2012.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.



Offence	Corruption
Customer	Individual, Entity
Industry	Bank
Channel	Banking Channel
Report type/Source	STR
Jurisdiction	Domestic
Designated Service	Account Services & Credit Facilities
Indicators	<ul style="list-style-type: none"> ● Inconsistency between the declared net wealth in income-tax return and accumulated bank balance ● Irregularity of transactions in the accounts with declared income ● Abnormalities in the transaction patterns in accounts

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Case 7: Accumulation of Assets through Corruption by a Government Project Director

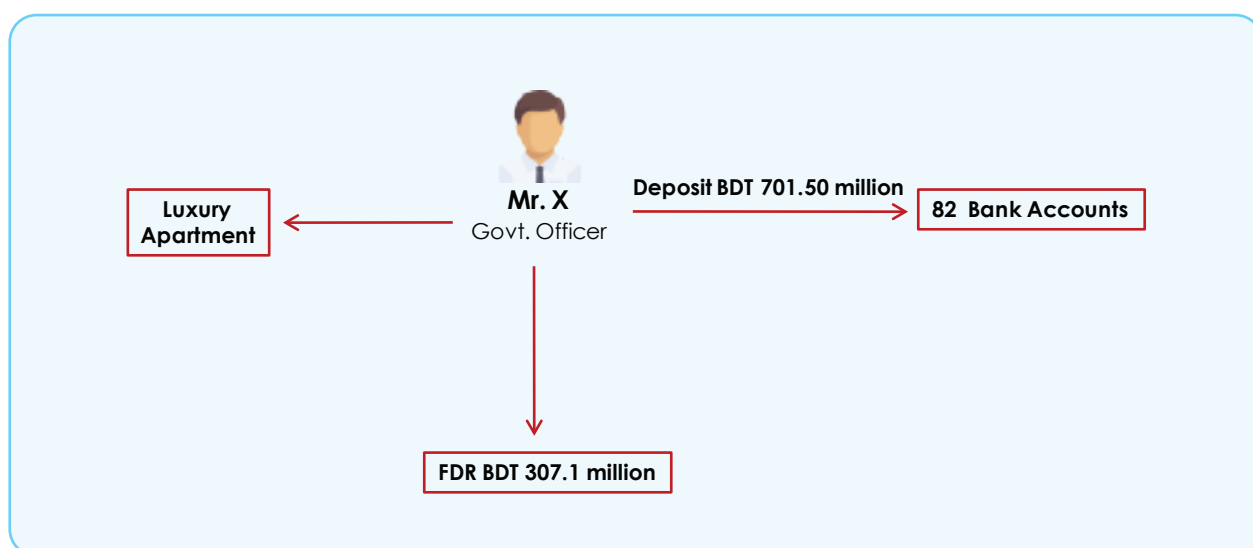
Several STRs were submitted by a bank and an NBFi in view of unusual and suspicious transactions in the accounts of Mr. X, an officer of the Roads and Highways Department and the project director of a government development project.

It was identified that Mr. X operated 82 active accounts, including 5 savings accounts and 77 fixed deposit accounts (FDRs), across multiple banks and financial institutions. The total deposits in these accounts were BDT 701.5 million. A breakdown of the deposits showed that BDT 114.4 million were in large cash amounts, while the remaining funds were funneled through clearing cheques and RTGS (Real-Time Gross Settlement) transfers.

Mr. X's official income, derived solely from his salary and allowances as a government employee, was BDT 9.8 million. This was in contrast to the assets he had accumulated, which were disproportionately high. His wealth included a luxury apartment, FDR accounts worth BDT 307.1 million and evidence of extravagant spending on his children's education at prestigious institutions. Despite his lavish lifestyle and considerable assets, his income tax return for the fiscal year 2023-24 disclosed a net worth of just BDT 41.0 million, significantly underreporting his actual wealth.

The discrepancies in his declared income and his assets strongly indicated that Mr. X had acquired his wealth through corruption, bribery, and other illicit activities (embezzlement of public funds related to the government development project). Furthermore, non-disclosure of his actual income and assets constituted a violation of tax laws, making him liable for both money laundering and tax evasion offences.

An intelligence report was disseminated to LEAs for action under MLPA, 2012.



N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Offence	Corruption, Bribery, and Tax-related Offences
Customer	Individual
Industry	Bank
Channel	Banking and Financial Services
Report type/Source	STR
Jurisdiction	Domestic
Designated Service	Account Services
Indicators	<ul style="list-style-type: none"> • Numerous accounts and large cash deposit • Unusual transaction pattern and volume • Extravagant lifestyle disproportionate to declared income

Case 8: Cross Border Betel Nut Smuggling and Illicit Trade in Border Regions

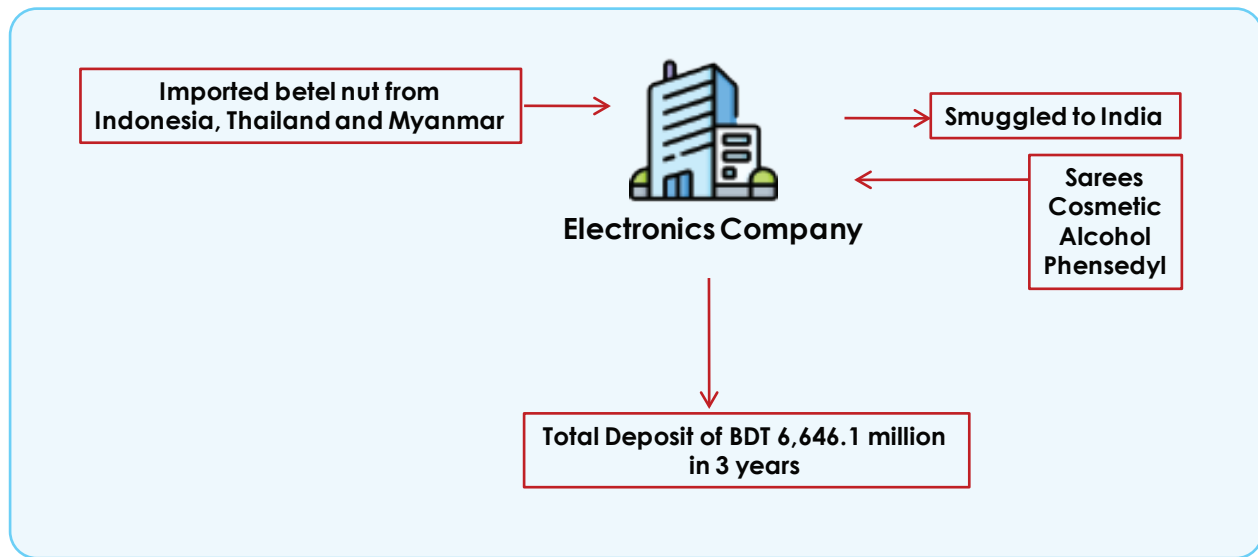
While conducting an on-site inspection at B Bank PLC in Durgapur, Netrokona, a link between betel nut businesses and an electronics company was identified. The inspection revealed that traders associated with these accounts had large quantities of betel nuts stored in their godowns. These betel nuts were found to be imported from Indonesia, Thailand, and Myanmar. However, the transaction patterns of the traders, operating primarily in the remote areas of Durgapur and Kalmakanda upazilas, were inconsistent with their stated business activities.

Through open-source information, it was revealed that these betel nuts were being smuggled into India through the Lengura border in Kalmakanda upazila. In exchange, various illegal goods such as sarees, cosmetics, alcohol, and phensedyl were being smuggled into Bangladesh. The unusual transaction activity, particularly the total deposits of BDT 6,646.1 million made by these traders between 2020 and 2023 raised further suspicion. These funds were transferred to accounts held by other betel nut merchants across Bangladesh.

The inspection also highlighted the lack of processing factories and low local consumption of betel nuts in the region, further supporting the suspicion that these nuts were being smuggled into India for profit. The smuggling of betel nuts was being used as a trade-based money laundering scheme, disguising illicit financial flows as legitimate trade activity.

This case demonstrates a clear connection between cross-border smuggling, trade-based money laundering, and the misuse of financial systems to layer and obscure illicit proceeds. The findings were shared with law enforcement agencies for further legal action under the MLPA, 2012.

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.



Offence	Smuggling, trade-based money laundering, and cross-border illicit trade
Customer	Betel nut traders and related electronics businesses in Durgapur and Kalmakanda
Industry	Agricultural trading (betel nuts) with connections to illicit cross-border trade
Channel	Banking and financial channels: accounts, deposits, and fund transfers
Report type/Source	Transaction vouchers and on-site inspection of B Bank PLC branch;
Jurisdiction	open-source intelligence
Designated Service	National jurisdiction with cross-border smuggling implications
Indicators	Financial services supporting trade and agricultural transactions
	<ul style="list-style-type: none"> • High-value transactions inconsistent with local business operations • Tk. 664.61 crore deposited over three years • Connections to cross-border smuggling • Lack of local processing facilities or significant domestic consumption • Use of accounts linked to betel nut traders to obscure illicit trade

Case 9: Unusual Transactions in the Accounts of a Government Driver and His Wife

An analysis of the bank accounts and Beneficiary Owner (BO) accounts of Mr. F, a government driver, and his wife, Mrs. T, a housewife, revealed an unusual increase in their assets totaling BDT 33.6 million within a short period between May 2022 and April 2023.

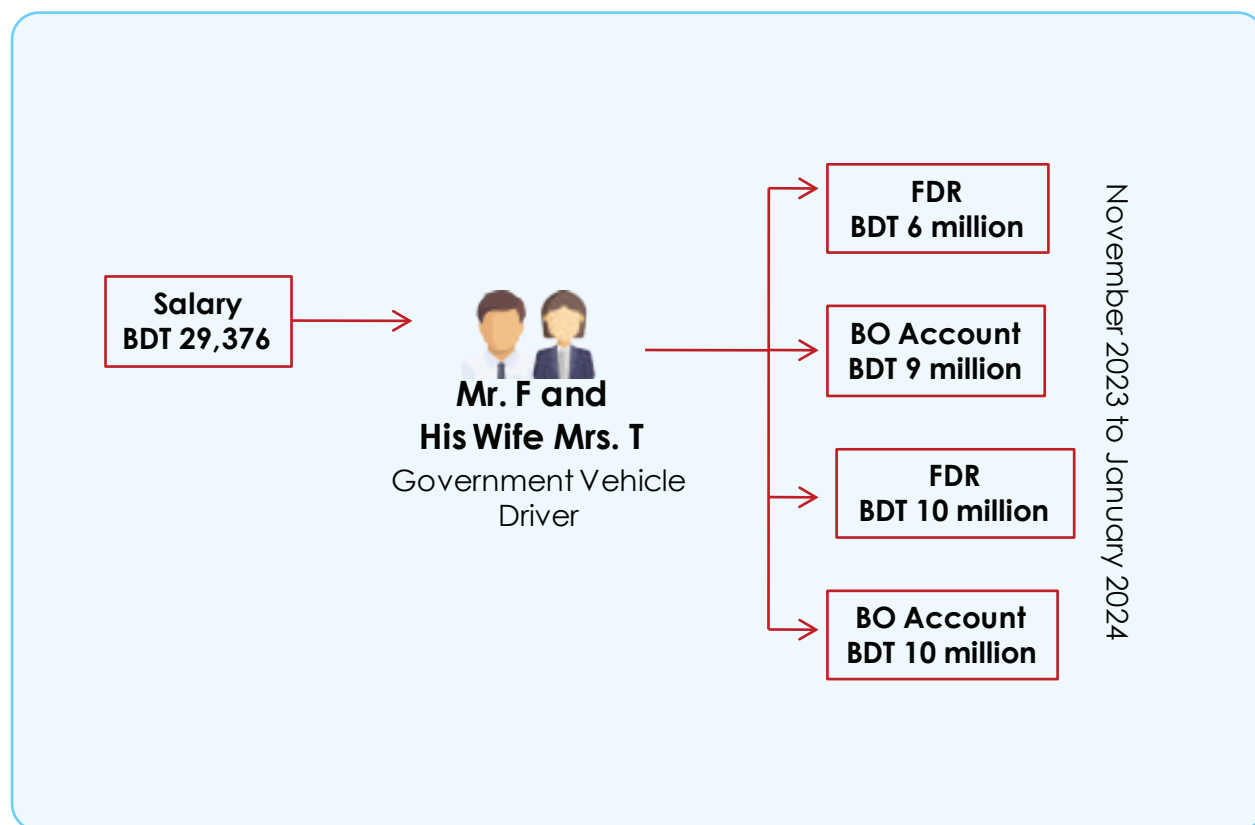
N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

During this period, Mr. F opened a fixed deposit of BDT 6.0 million, while his BO account received BDT 9.0 million from November 2023 to January 2024. Similarly, Mrs. T opened a fixed deposit of BDT 10 million in September 2023 and received BDT 10 million in her BO account in January 2024. These transactions raised concerns about the legitimacy of the source, as neither Mr. F nor Mrs. T declared any additional income.

Mr. F's monthly salary, as a government driver, was only BDT 29,376. Besides, his salary account was not being withdrawn on regular basis after 2020. Large sums were withdrawn from the salary account at regular intervals indicating Mr. F has some other sources of income apart from his salary. The financial activity appeared inconsistent with his profession and income level.

Analysis uncovered potential connections to Mr. F's brother, Mr. Z, who served as a personal assistant to a PEP/IP. It is suspected that Mr. F and his wife's account might have been used by Mr. Z to hide or routing the source of illegally earned money amassed by abusing political connections. The case raised red flags regarding the misuse of power and financial systems for potential money laundering.

The findings were shared with law enforcement agencies for further legal action under the MPLA, 2012.



N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Offence	Corruption
Customer	Individuals
Industry	Bank and Capital Market
Channel	Bank accounts, BO accounts
Report type/Source	STR
Jurisdiction	Domestic
Designated Service	Financial Services, Stock Brokerage Accounts
Indicators	<ul style="list-style-type: none"> • Large, unexplained increases in assets • Assets disproportionate to declared income • Funds deposited from third-party stock brokerage accounts • Irregular withdrawals and transactions inconsistent with profession and salary level

Case 10: Involvement of Expatriate's Wife in Hundi/Hawala Network

Based on an STR, BFIU conducted analysis of bank accounts of Mr. A, a resident of Malaysia, and his wife Mrs. B, revealing suspicious financial activity involving informal foreign remittances and unusual cash transactions.

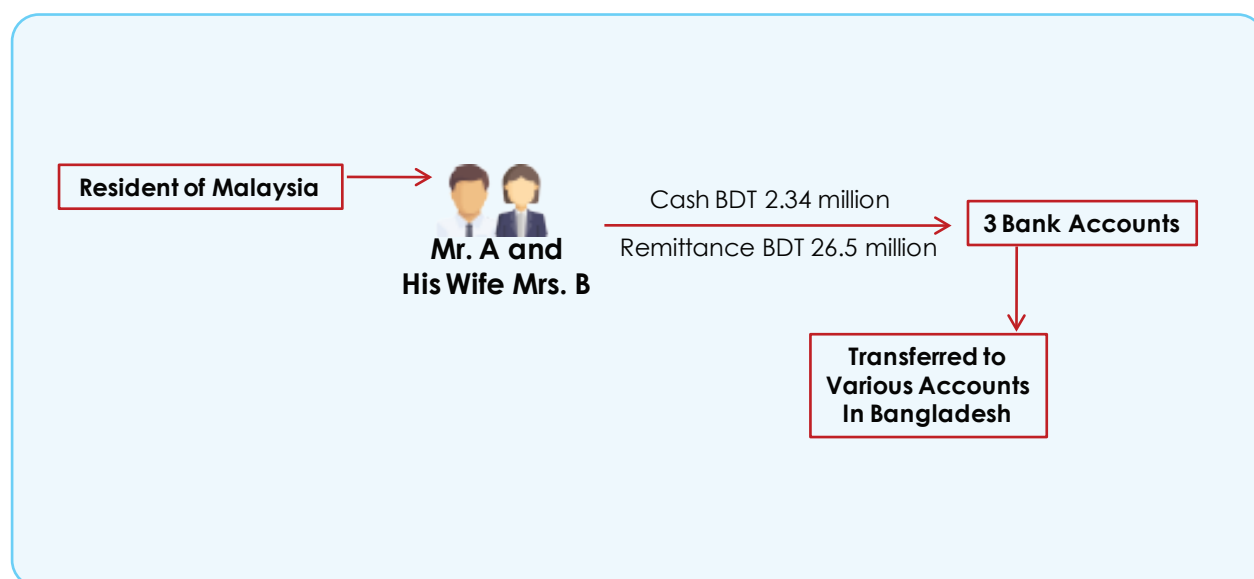
It was found that the couple maintained three (03) bank accounts that collectively received BDT 2.34 million cash and BDT 28.5 million as foreign remittances by various individuals. In addition, BDT 26.5 million was transferred from the accounts of various individuals

It was uncovered that the deposit amounts were subsequently transferred to various individuals in Bangladesh, including housewives and farmers, whose income sources were declared as foreign remittances in the account opening forms. This pattern suggested that Mr. A, with the help of others, might have been using illegal channels to send remittance to Bangladesh, circumventing the formal remittance systems. As a result, remittances intended for Bangladeshi families were being paid locally within the country, which is a common Hundi/Hawala method.

In addition, one (01) MFS agent account was found in the name of Mrs. B. Transaction analysis of that account unfolded that about BDT 38.5 million was transferred to the agent account of which only BDT 0.48 million was withdrawn in cash suggesting that the remaining funds were potentially being used for Hundi/Hawala transactions.

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Given the irregularities in remittance transaction, it is suspected that Mr. A and Mrs. B may be involved in illegal money transfer schemes, using methods like Hundi/Hawala to launder money and bypass formal financial systems to receive remittance. An intelligence report was disseminated to the relevant law enforcement agency for further legal action under the MLPA, 2012.



Offence	Hundi/Hawala, Smuggling of Currency
Customer	Individuals
Industry	Bank, MFS
Channel	Bank Accounts, MFS Accounts, Hundi/Hawala
Report type/Source	STR
Jurisdiction	Domestic, International
Designated Service	Bank Account Service, MFS
Indicators	<ul style="list-style-type: none"> Foreign Remittances Inconsistent with Declared Income Cash Deposits and Transfers from Unrelated Individuals Funds Transferred to Potential Foreign Remittance Recipients Low Cash-out Amounts Relative to Transferred Funds via MFS Accounts

N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

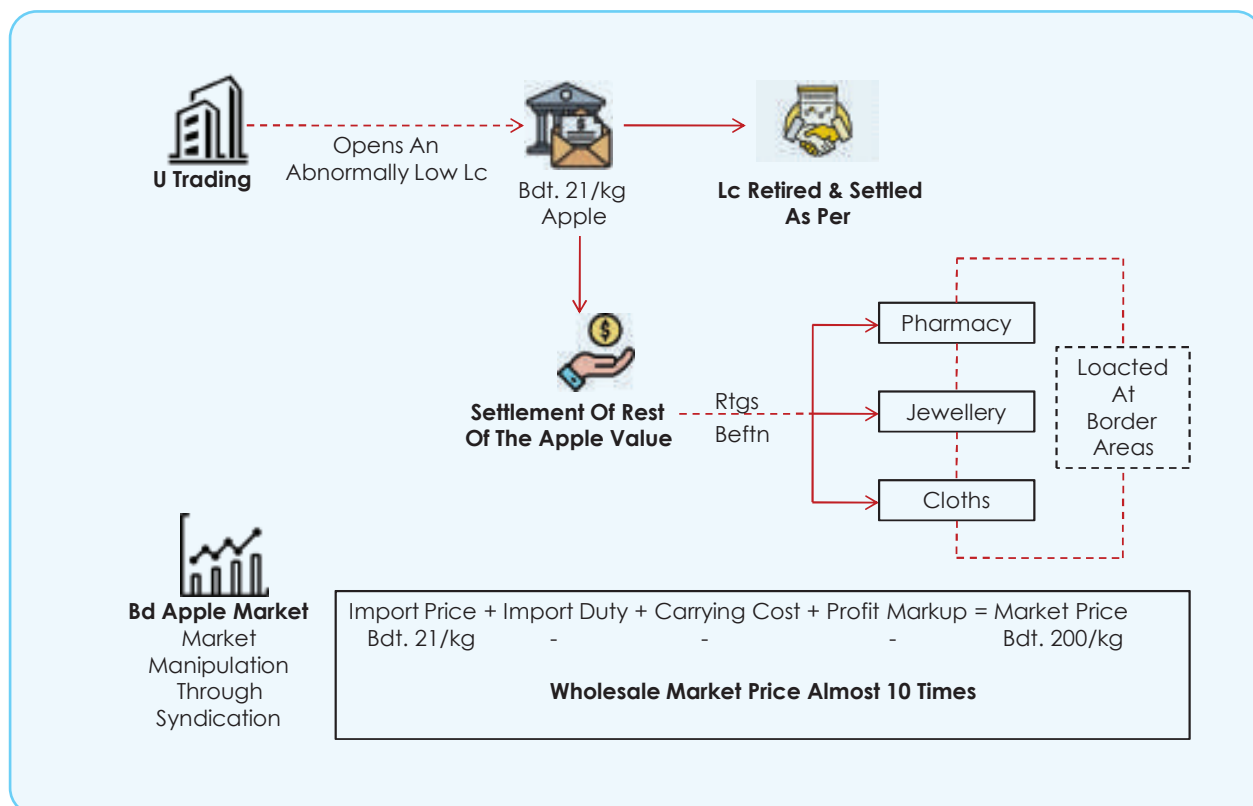
Case 11: Trade-Based Money Laundering through Under-invoicing in Imports

BFIU received an SAR from P Bank PLC regarding under-invoicing by a trading company M/S Y Trading. Based on the report, BFIU analyzed the bank accounts of M/S Y Trading, related individuals, and associated business entities.

P Bank PLC issued a letter of credit (LC) upon request of M/S Y Trading for importing fruits from the exporter 'KK Traders' of a neighboring country (Country X). The LC value of per kg apples was BDT 21.00 and grapes BDT 31.00—significantly below market rates which triggers the suspicion that the importer might have used the under invoicing method to avoid customs duty

Based on the suspect, BFIU analyzed other entities (M/S X Enterprises, S Enterprises, M/S KK Hardware Store, etc.) of the owner of M/S Y Trading. Analysis of those account revealed transaction with unrelated parties (cloth business, pharmacy, jewelers, etc) mostly located at border area. It was suspected that by establishing a syndicate in the border area, M/S Y trading might have channeled the excess value of the import and thus settled the payment to the exporter.

Based on the analysis, BFIU prepared an intelligence report and disseminated to the respective LEA for further action under MLPA, 2012.



N.B. The names of the persons and entities used in the above cases are fictitious and are being used only for representation of real cases.

Offence	Tbml Through Under-invoicing Imports, Tax Evasion
Customer	Individual, Entity
Industry	Bank
Channel	Banking Channel
Report Type/source	SAR
Jurisdiction	International, Domestic
Designated Service	Account Services & Trade Facilities
Indicators	<ul style="list-style-type: none"> • Under-invoicing Import • Tax Evasion • Abnormalities In The Transaction Patterns In Accounts

Case 12: Exporting of Jute Products as a Conduit for Trade-Based Money Laundering

BFIU received a SAR about a Trader "X Enterprise" who is siphoning of Money to abroad through the export of Jute goods.

BFIU analyzed the total export of "X Enterprise" and found about 100 overdue export bills valuing USD 7.95 Million. Generally, "X Enterprise" received sales contract from foreign importers and then, they made local sales contracts with different local jute factories. Later, the jute factories made shipment of jute goods as per contract and subsequently submitted the export bills with the shipping documents and invoice.

Analysis revealed that upon contract with the trader 'X Enterprise', "R Jute Industries Ltd" shipped goods to the importing country 'Y' against 76 EXP and export bills with shipping documents were submitted to trader's Bank "S Bank" through their Bank "B Bank". But "S Bank" held those documents till 3-4 months and then, made duplicate EXP entry into the Online Export Monitoring system of Bangladesh Bank. Moreover, after 7-8 months "S Bank" returned the shipping documents to "B Bank" as discrepant documents.

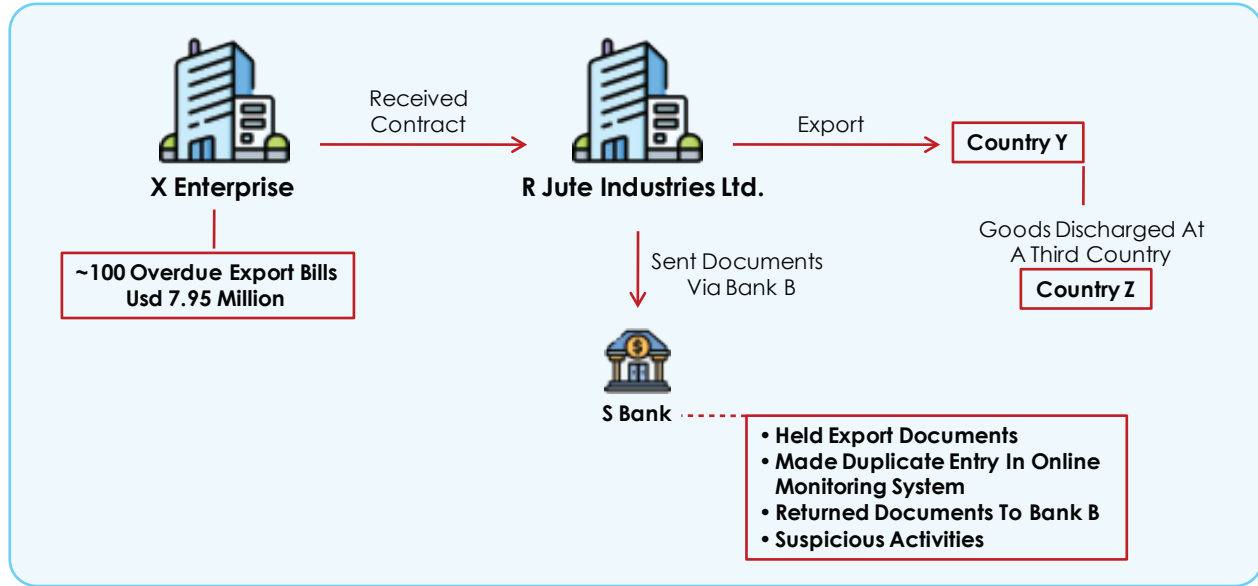
It came to the notice of "B Bank" that out of 76 export bills, 55 export bills remained overdue in Online Export Monitoring system of Bangladesh Bank. On the other hand, rest 21 export bills value were reported as partially repatriation but "S Bank" did not provide the bill value to "B Bank". Besides 04 bills (among the fully overdue 55 export bills) were purchased by "S Bank" but they did not send bill documents to importers in UAE which is a red flag of Trade Based Money laundering.

In spite of having documents in the exporter's bank, "B Bank", the goods of 76 export bills were released from "P" port of a third country, instead of the importing country 'Y'. In this case the

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shipping line “M Lines” prepared two types of Bill of lading “House Bill of lading “ and “Master bill of lading” where they mentioned different consignees, country and Port Names.

Further analysis exposed that likewise the above 76 EXPs, “S Bank” made 32 EXP's triplicate entries without repatriations of export value from abroad. Trader “X Enterprise” sent these 32 export bills to the importers of the country ‘Y’. The EXP's Triplicate entry without repartition of export value indicates trade Based Money Laundering as export value did not come to the country.



Offence	Trade-based Money Laundering
Customer	Entity
Industry	Bank
Channel	Banking Channel, International Trade
Report Type/source	STR
Jurisdiction	Domestic, International
Designated Service	Banking, Trade And Financial Services
Indicators	<ul style="list-style-type: none"> Exp's Triplicate Entries In Online Export Monitoring System Of Bangladesh Bank Without Repatriation Of Export Values. Discrepancies In The Export Documentation Return Of Documents To Exporter Instead Of Importer Payments Of Purchased Bill Diverted To Another Parties Issuance Of Multiple Bills Of Lading For Same Consignment

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List Of Abbreviations

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ACC	Anti-Corruption Commission
AACOB	Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh
ADB	Asian Development Bank
AML & CFT	Anti-Money Laundering & Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
ATA	Anti-Terrorism Act
ATU	Anti-Terrorism Unit
BB	Bangladesh Bank
BDT	Bangladesh Taka
BFIU	Bangladesh Financial Intelligence Unit
BP	Bangladesh Police
BSEC	Bangladesh Securities and Exchange Commission
CAMLCO	Chief Anti-Money Laundering Compliance Officer
CCC	Central Compliance Committee
CCU	Central Compliance Unit
CDD	Customer Due Diligence
CID	Criminal Investigation Department
CIID	Customs Intelligence and Investigation Department
CMI	Capital Market Intermediaries
CTR	Cash Transaction Report
CTTC	Counter Terrorism and Transnational Crime Unit
DB	Detective Branch
DCAMLCO	Deputy Chief Anti-Money Laundering Compliance Officer
DFS	Digital Financial Services
DMP	Dhaka Metropolitan Police

DNC	Department of Narcotics Control
EDD	Enhanced Due Diligence
EG	Egmont Group
ESCAP	Economic and Social Commission for the Asia and Pacific
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation
FIU	Financial Intelligence Unit
FSRB	FATF Style Regional Body
FX	Foreign Exchange
IDRA	Insurance Development & Regulatory Authority
IEWG	Information Exchange Working Group
IFC	International Finance Corporation
IMF	International Monetary Fund
ITP	Independent Testing Procedure
JD	Joint Director
KYC	Know Your Customer
LC	Letter of Credit
LEA	Law Enforcement Agency
ML & TF	Money Laundering & Terrorist Financing
MLA	Mutual Legal Assistance
MLPA	Money Laundering Prevention Act
ME	Mutual Evaluation
MER	Mutual Evaluation Report
MLPA	Money Laundering Prevention Act
MoC	Ministry of Commerce
MoU	Memorandum of Understanding

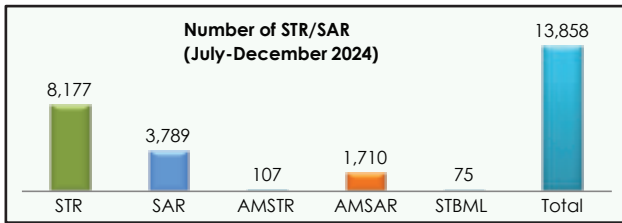
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MFS	Mobile Financial Service
MRA	Microcredit Regulatory Authority
MSCWG	Membership, Support and Compliance Working Group
NBR	National Board of Revenue
NBFI	Non-Bank Financial Institution
NCC	National Coordination Committee on AML & CFT
NGO	Non-Government Organization
NGOAB	NGO Affairs Bureau
NID	National Identity Document
NPO	Non-Profit Organization
NRA	National Risk Assessment
PBI	Police Bureau of Investigation
PF	Proliferation Finance
PPWG	Policy and Procedures Working Group
PSD	Payment Systems Department
RBA	Risk-Based Approach
RBI	Reserve Bank of India
RJSC	Registrar of Joint Stock Companies and Firms
RO	Reporting Organization
SAR	Suspicious Activity Report
SB	Special Branch
SDG	Sustainable Development Goal
StAR	Stolen Asset Recovery
STR	Suspicious Transaction Report
TATWG	Technical Assistance and Training Working Group

TBML	Trade Based Money Laundering
TC	Technical Compliance
TP	Transaction Profile
UNCAC	United Nations Convention against Corruption
UNCTAD	United Nations Conference on Trade and Development
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolutions
USD	United States Dollar
USDOJ	US Department of Justice
WC	Working Committee on AML & CFT
WCO	World Customs Organization
WMD	Weapons of Mass Destruction

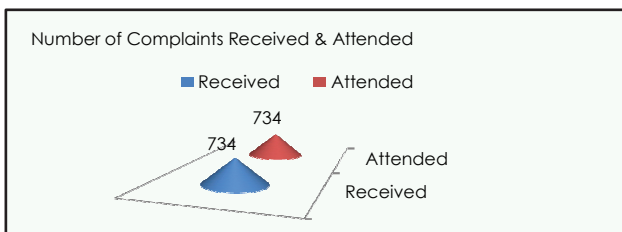
Glimpse of BFIU's Activities from July to December 2024

The summary below outlines BFIU's activities and key initiatives from July to December 2024. Detailed information and completion status will be provided in the next annual report.

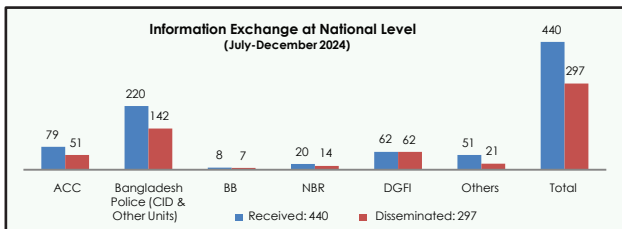
- **Statistics of Suspicious Transaction/Activity Report (STR/SAR):**



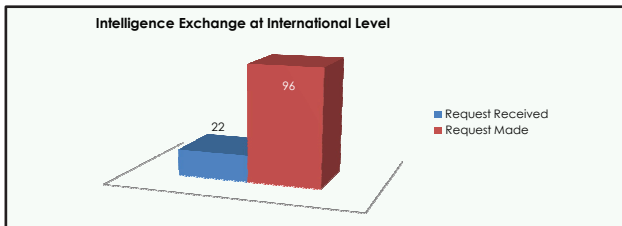
- **Statistics of CTR:** 1,29,82,074
- **Statistics of BFIU Intelligence Report:** 79 (seventy nine)
- **Statistics of Complaints Received & Attended:**



- **Statistics of Information Exchange at National Level:**



- **Intelligence Exchange at International Level:**



- **Reformation of Inter-Agency Task Force on Stolen Asset Recovery and Management:**

As part of the current government's commitment to recovering and managing the stolen/laundered assets, the Government has reformed an 11 (eleven) member committee on 29 September 2024 named 'the Inter-Agency Task Force on Stolen Asset Recovery and Management'. The Governor of Bangladesh Bank is the Chair of the committee whereas Mr. Md. Zakir Hossain Chowdhury, Deputy Governor of Bangladesh Bank, has been designated as the Coordinator of the Task Force. The other members are from the following ministries/organizations:

1. Ministry of Home Affairs
2. Ministry of Foreign Affairs

3. Financial Institutions Division
4. Law and Justice Division, Ministry of Law, Justice, and Parliamentary Affairs
5. Anti-Corruption Commission (ACC)
6. Criminal Investigation Department (CID), Bangladesh Police
7. Attorney General's Office
8. Customs Intelligence and Investigation Directorate (CIID), National Board of Revenue (NBR)
9. Central Intelligence Cell (CIC), National Board of Revenue (NBR)
10. Bangladesh Financial Intelligence Unit (BFIU)

Secretarial Activities: BFIU has been vested the duties of providing secretarial support to the Task Force.

Functions: The key functions of the Task Force are as follows:

- a) Assisting relevant authorities in identifying and investigating money or assets siphoned off from Bangladesh.
- b) Identifying and addressing obstacles to expedite legal proceedings related to asset recovery.
- c) Taking initiatives to recover stolen assets and repatriate them to Bangladesh.
- d) Undertaking necessary measures for the management of seized or recovered assets.
- e) Coordinating with relevant countries and foreign organizations for information gathering.
- f) Enhancing the capacity of concerned authorities and ensuring internal coordination for effective asset recovery efforts

- **Formation of Joint Investigation Teams (JIT):**

Considering national importance and following the decision of the Task Force, BFIU in consultation with the Financial Institutions Division of the Ministry of Finance, has formed 11 Joint Investigation Teams (JIT) to investigate 11 priority cases on January 7 and 8, 2025. The Anti-Corruption Commission (ACC) has been designated as the lead agency, with participation from Criminal Investigation Department (CID), Central Intelligence Cell (CIC) and Customs Intelligence and Investigation Directorate (CIID). The BFIU has been authorized the role of coordination among the JITs. To facilitate and streamline the activities of JITs, a temporary JIT office has been established within the head office of Bangladesh Bank.

- **Endeavour to seek International Assistance:**

In addition, the Task Force is maintaining regular contact with various international organizations dedicated to asset recovery, such as the Stolen Asset Recovery (StAR) Initiative of the World Bank and UNODC, the U.S. Department of Justice (USDoJ), the International Anti-Corruption Coordination Centre (IACCC), and the International Centre for Asset Recovery (ICAR) to seek technical assistance and training.

The Task Force has also engaged with several international law and litigation firms with the objective of appointing legal representatives in different countries to effectively address legal challenges related to asset recovery.

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