

ANNUAL REPORT 2015-2016



Bangladesh Financial Intelligence Unit
Bangladesh Bank

BFIU Annual Report 2015-16



Bangladesh Financial Intelligence Unit
Bangladesh Bank

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MESSAGE FROM THE GOVERNOR



It gives me much pleasure to learn that Bangladesh Financial Intelligence Unit (BFIU) is publishing its Annual Report of FY 2015-2016. This was a significant year for BFIU as it successfully completed Mutual Evaluation (ME) process on the basis of new Financial Action Task Force (FATF) methodology comprising Technical Compliance and its Effectiveness. During the onsite visit by the ME team, BFIU in cooperation with other agencies has effectively demonstrated the steps Bangladesh as a nation has taken to further strengthen her Anti Money Laundering & Combating Financing of Terrorism (AML & CFT) regime through ensuring legal framework and enforcing its effectiveness. The Nation expects its initiatives to be reflected in the 3rd Round ME Report of Bangladesh.

Strengthening AML & CFT regime of a country requires active assistance from its central bank. Bangladesh Bank, as the central bank of the country, has been playing tremendous role in curbing all financial crimes. Uncertainties and complexities are becoming more daunting in the modern financial world. To meet the demand of time financial sector is also offering services of sophisticated nature, thereby attracting criminals to commit ML & TF in a very crafty way. However, Bangladesh Bank has successfully handled the financial scams that overtook the nation in the recent years. Bangladesh has managed to ensure an enviable level of prosperity thanks to the management of the financial sector which is rapidly improving and performing more efficiently than before. Indeed Bangladesh Bank has taken a lot of steps to ensure financial stability and protect the integrity of the banking and financial industry. BFIU as the central agency to combat ML, TF & Proliferation Financing (PF) has not only been framing policies to protect the financial sector from the grip of criminals but also paying adequate attention to enforce its policies. Bangladesh Bank, in this regard, is also continuously providing necessary technical, operational and financial support to BFIU in a prudent manner.

The major achievements of BFIU, I believe, will further inspire it to undertake challenging tasks ahead to combat ML, TF & PF. The activities undertaken by the Unit are far more numerous than can be accommodated in this Annual Report. However, the Report has successfully brought before the stakeholders the overall achievements and accomplishments in a concise manner.

I thank the BFIU Team for their extraordinary efforts to publish the Annual Report.

A handwritten signature in dark ink, appearing to read 'Fazle Kabir'.

(Fazle Kabir)
Governor
Bangladesh Bank



FOREWORD

Bangladesh Financial Intelligence Unit (BFIU), since its inception, has been making relentless efforts to accomplish all regulatory and supervisory activities and thereby fulfilling Bangladesh's commitment to combat Money Laundering (ML), Terrorist Financing (TF) and Financing of Proliferation (PF).

This Annual Report, as part of its obligation to place before the National Coordination Committee, demonstrates the accomplishments and advancements it achieves in combating ML, TF, and PF in Financial Year 2016. The report is also an attempt to keep all the stakeholders abreast of the activities of the Unit as well as the overall AML & CFT activities of the country at domestic and international level.

The last Fiscal Year was intensive for BFIU as it engaged most of its resources to prepare and demonstrate before the 3rd Round Mutual Evaluation Team the extent of technical compliance with FATF standards and effectiveness of Bangladesh's AML&CFT regime. The draft Mutual Evaluation Report (MER) as sent to Bangladesh on 24th May, 2016 indicates that Bangladesh is going to perform much better than the previous two ME. This would undoubtedly be the outcome of well coordinated efforts by BFIU in collaboration with all the stakeholders.

Bangladesh has also made changes to legal framework in the last fiscal year by expanding investigating agencies and involving regulators to monitor AML&CFT activities of their respective entities. Furthermore, steps have been taken to enforce more stringent AML & CFT compliance requirements on all the reporting entities. Efficient intelligence management of BFIU has drawn various investigative services approach the Unit with better and more comprehensive requests for information and they are now better able to obtain maximum utilization of the intelligence disseminated by the Unit.

As a central coordinating agency, BFIU in cooperation with all relevant agencies is always striving to establish Bangladesh as a role model in combating ML, TF & PF not only in Asia Pacific but also across the Globe. In the arena of International Cooperation, BFIU played an active role in all the international initiatives. Bangladesh is going to act as the Co-Chair of APG for 2018-2020. The Unit also took every possible opportunity to gain and share its knowledge both within the region and beyond. Professional development of the BFIU officials has been enriched with an increasingly better and more complete insight into trends and phenomena in ML & TF.

This Annual Report, I believe, will meet the curiosity of all interested individuals and entities to know the initiatives the unit as well as the nation undertook in the last fiscal year to further strengthen & AML&CFT regime in Bangladesh.

I extend my thanks to the BFIU team for their all out efforts in preparing the Annual Report and would also appreciate all relevant agencies for their active role in realizing the vision of deterring ML, TF & PF offences.

(Abu Hena Mohd. Razee Hassan)
Deputy Governor &
Head of BFIU, Bangladesh Bank

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EXECUTIVE SUMMARY

Executive Summary

Bangladesh Financial Intelligence Unit (BFIU), since its inception, has been playing the most preeminent role to fulfill its vision of establishing a robust AML & CFT regime in the country. In the FY 2015-2016 also, BFIU as a central agency of the country undertook a number of significant policy and supervisory actions to bolster country's AML & CFT regime. The year was most significant to BFIU as the country underwent Mutual Evaluation by APG assessment team. Soon after the decision of Mutual Evaluation BFIU conducted a gap analysis against the new FATF recommendations and methodologies and identified immediate actions to be taken to manifest Bangladesh as a fully 'Compliant' country. Understanding some weaknesses in the area of 'Effectiveness' as measured by 11 Immediate Outcomes (IOs), BFIU instantly communicated the required actions to be performed by relevant agencies.

Apart from performing the responsibilities of analyzing and disseminating intelligence to investigation and law enforcement agencies, the Unit simultaneously ensured policy formulation and circulation, monitoring and supervision giving adequate importance on risk based approach as suggested in the FATF Recommendations.

To boost AML & CFT regime through stringent enforcement by Reporting Organizations (ROs) and remain technically compliant with FATF new recommendations BFIU issued comprehensive Circulars for DNFBP, Non Government Organization-NGO & Non Profit Organization-NPO, Money Changers, Insurance Companies, Cooperative Societies and Capital Market Intermediaries bringing necessary changes to the already existing instructions. Giving adequate importance on risk based approach as suggested in the FATF Recommendations, the Unit also issued 'Money Laundering and Terrorist Financing Risk Assessment Guidelines for Financial Institutions' in July, 2015 providing basic ideas of identifying, assessing and mitigating ML & TF risks that financial institutions (FIs) may encounter in carrying out their businesses. The Guidelines have aimed at enabling FIs to identify threats and vulnerabilities faced by each individual RO so that resource allocation and risk mitigation can be done accordingly. Following the risk assessment guideline issued by BFIU in the

previous fiscal year, the Unit has issued 'Money Laundering & Terrorist Financing Risk Management Guidelines' for commercial banks in September in a bid to thwart their abuse by money launderers and terrorist financiers. Incorporating good industry practices in AML & CFT procedures following a proportionate, risk-based approach, the Guidelines assist the banks to design and implement the systems and controls necessary to mitigate ML & TF risks the banks may face during the course of their business.

While the Unit as the lead agency engaged most of its time and resources to coordinating preparation for the 3rd Round Mutual Evaluation, it continued its all designated works uninterrupted. In FY 2015-2016, BFIU received 1687 STR/SAR compared to 1094 in the previous fiscal year. Rise in the number of STR/SAR from the reporting entities illustrates efficacy of BFIU's initiatives in furthering AML & CFT awareness among the ROs. Apart from conducting operational analysis and disseminating to investigative agencies, the Unit also conducted strategic analysis on the STR/SAR with more focus on Drug Trafficking, Human Trafficking, Terrorist Financing and Gold Smuggling and disseminated intelligence to concerned law enforcement and investigating agencies. The number of CTR and transaction volume involved in the CTR has increased by 39.36% and 19.46% respectively as compared to previous Financial Year. The Unit for the first time received CTR from the NBFIs involving an amount of 2465.72 million BDT. However, the Unit witnessed a fall in receiving complaints from different sources. In 2015-2016 the Unit disseminated 180 intelligence reports to different law enforcement agencies, mostly to ACC and CID for next course of action.

Existing legal framework empowers BFIU not only to receive, analyze and disseminate intelligence to law enforcement and investigating agencies but also to monitor, supervise the ROs, provide training to all relevant agencies and do everything as deemed necessary to prevent ML&TF. BFIU supervises the ROs through Off-site and On-site supervision, corrective actions and follow-up activities. The Unit has adopted risk-based approach to supervise the ROs more effectively in compliance with FATF recommendations. As such, in FY 2015-16 supervisory activities were focused on sectors and entities that are most vulnerable to money laundering or terrorist financing and/or are at highest risk of being non-compliant with legislative and regulatory requirements. The Unit conducted system check inspections on Banks, Non Bank Financial Institutions (NBFI), Capital Market Intermediaries, Money Changers, Mobile Financial Service Providers (Money remitters) and Insurance Companies. Due to preparation of 3rd Round Mutual Evaluation, BFIU mainly concentrated on bank branches inspection and conducted AML & CFT inspections

on 56 bank branches. In these inspections no bank branch got 'Strong' rating, whereas majority of them got 'Fair' and 'Marginal' rating. 3 banks were rated 'Satisfactory', 28 banks 'Fair', 24 banks 'Marginal' and one bank was rated 'Unsatisfactory'. Inspection on NBFI during the same period reveals that 77.8% of the NBFI head offices got 'Fair' rating and 22.2% got 'Marginal' rating. On the other hand, 70.0% of the NBFI branches got 'Fair' rating and 30.0% got 'Marginal' (no branches got 'unsatisfactory'). Inspection on other sectors also reveals the same rating trend. The Unit also conducted special inspections on banks for different purposes.

To get maximum outcome from the reporting organizations on AML & CFT issues BFIU pays adequate attention to providing strong support and working closely with them. The Unit in the last fiscal year undertook a lot of initiatives to guide them through technical assistance, training, regular discussions and arranging conference workshop etc. Chief Anti Money Laundering Compliance Officers' Conference for Banks, Financial Institutions (FIs), Capital Market Intermediaries (CMI) and Insurance Companies were arranged successfully by the Unit. Moreover, Lead Bank Training Programs were arranged to enhance capacity building of the bank officials. Steps were also taken to engage the regulators more extensively in pursuance with changes in the MLPA, 2012. The Unit also took a lot of measures to increase oversight in the sectors such as DNFBP and Money Changers.

Institutional framework as well as operational mechanism has been established to facilitate domestic cooperation in line with national statutes and international best practices in a manner so as to ensure reflection of high level commitment in the overall activities of all agencies concerned. In the last Fiscal Year all concerned agencies met regularly to oversee implementation status of the country's AML&CFT activities and progress of preparation for Mutual Evaluation. National Coordination Committee on AML & CFT, the apex body to formulate policies and procedures to prevent money laundering and terrorist financing in Bangladesh, met twice in FY 2015-16 and made some important recommendations.

Working Committee on AML & CFT, the second highest body in this regard, met 4 (four) times in FY 2015-16 to ensure appropriate preparation for the Mutual Evaluation. Central and Regional Task Force for preventing Illegal Hundi Activities, Illicit flow of Fund & Money Laundering, which is another important forum comprising representatives not only from the regulatory authorities and law enforcement agencies but also from all categories of banks sat together for 5 (five) times during FY 2015-16 and took various important decisions. As part of regular meeting during the FY 2015-16, BFIU met 5

(five) times with Law Enforcement agencies to get update from them about the cases sent by BFIU.

Bangladesh always fulfils its sincere commitment to providing prompt international cooperation response on AML & CFT issues. Compared to 17 requests received in FY 2014-2015, BFIU received 31 requests from FIUs of different countries during 2015-2016, and all the requests for cooperation have been entertained with utmost care by the Unit. During the same period the Unit sent a total of 186 requests to foreign FIUs most of which were related to Cyber Heist of Bangladesh Bank (the Central Bank of Bangladesh) Reserve account. In the last FY, BFIU participated in different meetings and workshops arranged by FATF, BIMSTEC, APG, Egmont Group, UNCAC, AFI, AUSTRAC, PPAATK, MasterCard, U. S. Department of State, Office of Anti-corruption & Integrity (OAI) of Asian Development Bank, International Monetary Fund (IMF) etc.

BFIU officials are working with APG as part of its commitment in assessing three APG member countries. BFIU officials are also working in different working groups of APG and FATF. The Unit has been working as one of the sponsors in Bhutan FIU's Egmont Group membership Process. To boost international cooperation through smooth exchange of ML, TF and PF related information the Unit, during FY 2015-2016, signed Memorandum of Understanding (MoU) with the FIUs of Australia, China, Jordan, Lebanon, Kazakhstan, Nigeria, Uzbekistan, and Macao. Until FY 2015-2016, BFIU signed 43 MoU with its foreign counterparts.

BFIU also paid adequate attention to enhance professional development of its human resources and arranged trainings and workshop both at home and abroad. Efficient and skilled resources of BFIU are not only benefitting the Unit but also rendering assistance to the capacity development of law enforcement, investigating agencies and Reporting Organizations. Officials from the Unit attended APG Assessor Training Workshops held in India and China.

The Annual Report ends with some case studies that illustrate recent trends, typologies and dimensions of ML/TF abusing the financial sector of Bangladesh.

Activities of BFIU in FY 2015-2016 at a glance

Receipt of CTR & STRs/SARs 1687 STRs from ROs 209 Complaints from different sources 12.7 Million CTRs from banks & FIs		Dissemination to the LEAs 58 STRs/SARs 123 Complaints	
Signing MoU with 8 foreign FIUs		International cooperation 31 Requests received 186 Requests sent	
July 2015 ➡ Started receiving CTR from FIs Nov 2015 ➡ Amendment of MLPA, 2012		Monitoring & Supervision of ROs 63 Special inspections 235 System Check Inspections	
Oct 2015 ➡ ME onsite visit		New Regulations 2 Guideliness for bank & FIs 6 Circulars for different ROs	
May 2016 ➡ ME face to face meeting			
Sep 2016 ➡ Adoption of ME report		Capacity Building Initiatives of ROs 4 Conferences 13 Training Programs for Compliance Officers	
Bangladesh received 6 complaint 22 Largely complaint 12 Partially complaint rating in technical compliance & 3 Substantial 4 Moderate 4 Low rating in Effectiveness		Participations in 21 Traning, Workshop, Meeting and Conference Worldwide	

BFIU at a glance

Bangladesh Financial Intelligence Unit (BFIU), the central agency of Bangladesh, is responsible for analyzing Suspicious Transaction Reports (STR), Suspicious Activity Report (SAR), Cash Transaction Reports (CTR) and information related to money laundering (ML) and terrorist financing (TF) received from reporting agencies and other sources and disseminating information/intelligence thereon to relevant law enforcement agencies. The unit is also empowered to supervise the activities of the Reporting Organizations (ROs) and carry out on-site inspections. The Unit, therefore, accomplishes both the functions of national analysis centre and regulatory and supervisory activities. Furthermore BFIU has been entrusted with the responsibility of exchanging information related to ML and TF with its foreign counterparts. The main objective of BFIU is to establish an effective system for prevention of money laundering, combating financing of terrorism and proliferation financing of weapons of mass destruction.

FIU of Bangladesh was established in June 2002, in Bangladesh Bank (central bank of Bangladesh) named as 'Anti Money Laundering Department'. To enforce and ensure the operational independence of FIU, Anti Money Laundering Department has been transformed into the BFIU on 25 January, 2012 under the provision of Money Laundering Prevention Act, 2012. The Unit has also obtained the membership of Egmont Group in July, 2013.

1.1 VISSION

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



1.2 MISSION

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

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

1.3 Objectives

1. To establish an effective and operational FIU;
2. To play a vital role in ensuring an effective AML & CFT regime in Bangladesh;
3. To adopt latest technologies and develop IT infrastructure and software to ensure strong reporting environment;
4. To ensure seamless flow of information and ensure participation of all stakeholders in AML & CFT initiatives;
5. To play an active role in the global AML & CFT initiatives and ensure utmost cooperation at international level;
6. To identify and address emerging threats, methods and techniques of money laundering, terrorist financing & proliferation financing of weapons of mass destructions; and
7. To create awareness regarding money laundering and terrorist financing across the country.

1.4 Reporting Organizations of BFIU

Category of Reporting Organization	Year of Inclusion
Banks Financial Institutions	2002
Insurers Money Changers	2008
Any company or institution which remits or transfers money or money value Any other institution carrying out its business with the approval of Bangladesh Bank	2008
Stock Dealers and Stock Brokers Portfolio Managers and Merchant Bankers Securities Custodians Asset Managers Non-Profit Organizations Non Government Organizations	2010
Cooperative Societies Real Estate Developers Dealers in Precious Metals or Stones Trust and Company Service Providers Lawyers, Notaries, Other Legal Professionals and Accountants	2012

1.5 Regulatory Framework

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

Latest amendments of Money Laundering Prevention Act, 2012

Bangladesh Government has made the AML & CFT regulatory framework more rigorous by amending the Money Laundering Prevention Act, 2012 in November 2015. Some of the major amendments are highlighted below:

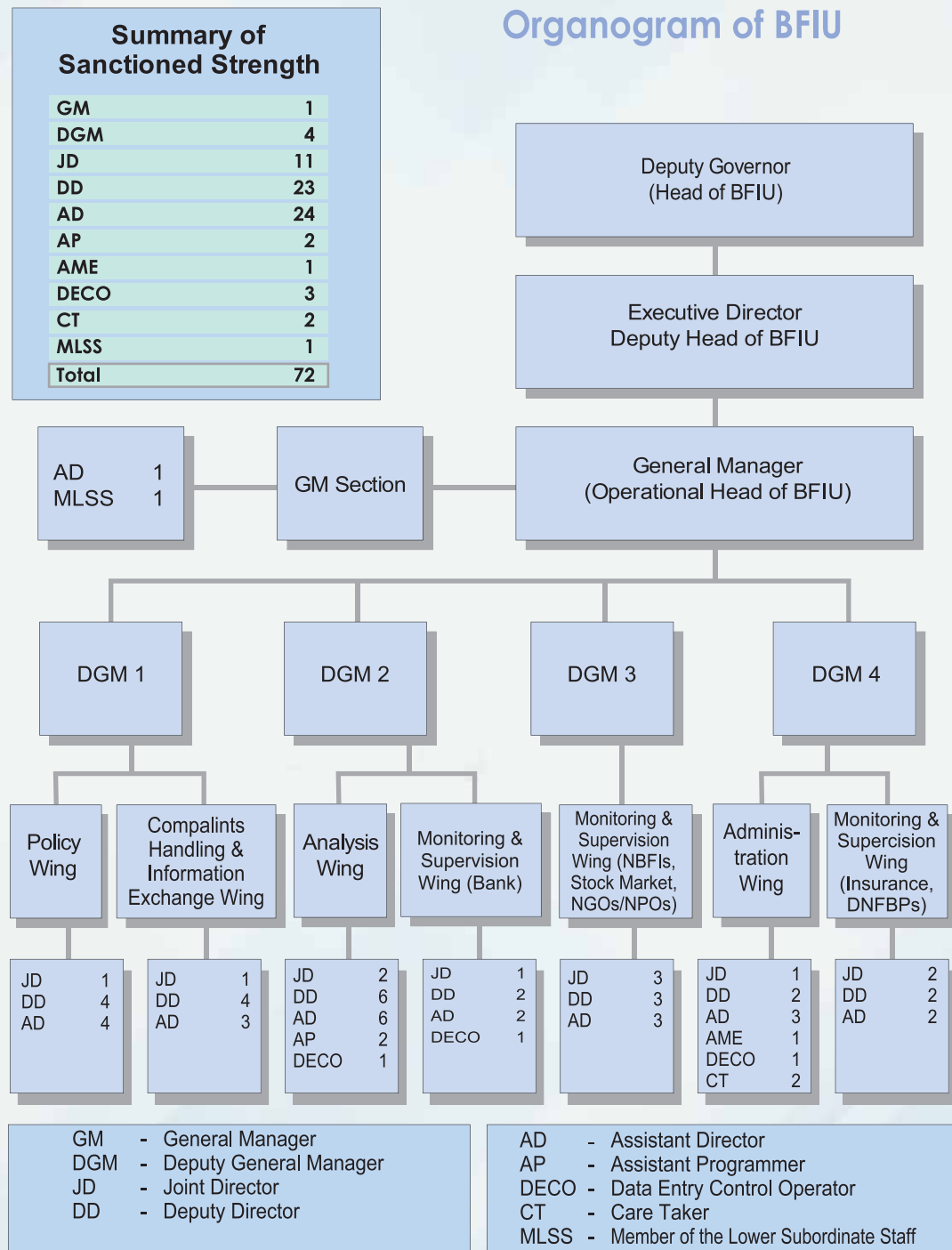
- The number of investigating agencies has been widened with a view to facilitating the scope of investigation by the respective Law Enforcement Agencies (LEA's) dealing with the specific offences; The law now has empowered the Bangladesh Police, National Board of Revenue (NBR), Department of Narcotics Control (DNC) and other agencies to investigate the money laundering offence related to the predicate offences under their purview;
- Provision of Joint and Parallel investigation has also been incorporated;
- BFIU has been designated as a separate central agency which has been bestowed with the role of main coordinator to prevent money laundering in the country;
- The regulatory/supervisory authorities i.e., Bangladesh Bank (BB), Bangladesh Securities & Exchange Commission (BSEC), Insurance Development and Regulatory Authority (IDRA), NGO Affairs Bureau (NGOAB), Microcredit Regulatory Authority (MRA) have been empowered to exercise the provisions for penalty and administrative sanction in case of any non-compliance by the reporting organizations.

1.6 Functions of BFIU

- Receive Suspicious Transaction/Activity Reports (STRs/SARs) from the reporting organizations and Cash Transaction Reports (CTRs) from banks and financial institutions and receive the complaints from different sources.
- Analyze the STRs/SARs from Reporting Organizations (ROs) and CTRs from banks and financial institutions and the complaints received from different sources.
- Produce financial intelligence reports and disseminate those to investigating agencies for further action.
- Maintain a database of all STRs/SARs, CTRs and related information.
- Issue necessary directions and guidance notes from time to time to reporting organizations to prevent money laundering (ML), terrorist financing (TF) and proliferation financing (PF) activities.
- Ensure compliance of the respective Acts and Rules/Regulations/Directives issued by this unit 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 financing proliferation of weapons of mass destruction.

- Impart training to the officials of the reporting organizations, investigating authorities, prosecutors, regulatory agencies and other related organizations or institutions.
- Sign Memorandum of Understanding (MoU) with foreign FIUs to exchange financial intelligence on ML, TF & PF.
- Provide and collect information to/from other FIUs under bilateral arrangements.
- Cooperate and work together with various international organizations including FATF, APG, EGMONT Group, World Bank, IMF, ADB, and UNODC regarding AML & CFT issues.
- Perform secretarial job for National Coordination Committee and Working Committee on AML & CFT (NCC) and take necessary steps to implement the decisions taken in the committees.
- Work as the secretariat of inter agency Task Force for Stolen Asset Recovery (StAR).
- Perform activities related to the Central Task Force for preventing illegal hundi activities, illicit flow of fund and money laundering and monitor implementation of the decisions of the meeting.
- 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.

1.7 Organogram of BFIU





Bangladesh's
3rd Round Mutual Evaluation: A Step Forward
to the Global Standard

Bangladesh's 3rd round Mutual Evaluation

The Mutual Evaluation (ME) is a process of reviewing a country on an ongoing basis to assess levels of implementation of the Financial Action Task Force (FATF) recommendations, providing an in-depth description and analysis of each country's system for preventing criminal abuse of the financial system. The process determines the levels of compliance of a country against the international AML & CFT standards. It usually involves a desk-based review of the country's AML & CFT system as well as an on-site visit to the country by a team of experts including legal experts; financial and regulatory experts; and law enforcement experts.

Together, the assessments of both technical compliance and effectiveness present an integrated analysis of the extent to which the country is compliant with the FATF standards and how successfully it is maintaining a strong AML & CFT system, as required by the FATF recommendations.

2.1 Decision of 3rd Round Mutual Evaluation

Bangladesh's 3rd round Mutual Evaluation (ME) under new methodology was scheduled to be held in 2017 but in response to APG's proposal, in November, 2013 Bangladesh decided to come forward to start the ME process in 2015. The National Coordination Committee (NCC) on AML & CFT assigned BFIU to coordinate this important job and instructed all the Ministries, Divisions and Agencies to take the ME related work as national priority and provide support and required responses to BFIU accordingly.

2.2 Preliminary Preparation

In November, 2013 officials from Bank & Financial Institutions Division, Ministry of Finance; Anti Corruption Commission (ACC); Criminal Investigation Department (CID) of Bangladesh Police and BFIU attended 'Pre-Mutual Evaluation Training Workshop' in Malaysia arranged by APG. Soon after the decision of ME, BFIU has conducted a gap analysis against the new FATF recommendations and methodologies and identified what immediate actions need to be taken to get expected rating against 40 recommendations and 11 Immediate Outcomes (IO). Based on the gap analysis and reviewing the 40 recommendations and 11 IOs BFIU developed its own action plan and communicated the required actions to other agencies.

Milestones for 3rd round ME

Actions	Time
Decision for 3rd Round ME of Bangladesh	December , 13
Report to NCC about the ME with an action plan	February, 14
Designation of Contact Persons in respective agencies	March, 14
Formed a core committee for NRA by NCC	March, 14
Formed a high level committee for the National Strategy by NCC	March, 14
Review of Previous NRA and strategy paper	April, 14
In Country Pre Mutual Evaluation Training Program by APG	April, 14
NRA Outreach Programs/Data Collections	May-August, 14
Workshop on TC response	January, 15
Primary Inputs by BFIU into TC response	February, 15
Inputs from respective agencies into TC response	March, 15
Visit Sri Lanka to get firsthand knowledge on their 3rd round ME process	March, 15
Finalization of TC response and send to APG	April, 15
Visit to APG Secretariat for discussing TC response	April, 15
Inputs from different agencies into Effectiveness response	April-May, 15
Sharing experiences of NRA with other agencies	June, 2015
Finalization of Effectiveness response and send to APG	June, 15
Pre ME meeting with APG and assessors	July, 15
Response of supplementary questions on TC and Effectiveness	May-October, 2015
Drafting of risk scoping note by ME team	September, 15
ON-SITE VISIT (2 weeks)	October, 15
ME Team provide 1st draft MER to Bangladesh	December, 15
ME Team and Bangladesh worked together to finalise MER	April-May, 16
Face to Face meeting	01-05 May, 16
Consider and adopt MER at APG Annual Meeting	September, 16

In March 2014, an Inter-ministerial team led by Secretary, Legislative and Parliamentary Affairs Division of Ministry of Law, Justice and Parliamentary Affairs visited Australia to meet with APG Secretariat and other key Australian agencies related to AML & CFT to discuss the preparation of ME process. Meanwhile, in April, 2014 APG organized ME preparatory workshop in Dhaka where all the relevant government agencies attended. Governor, Bangladesh Bank inaugurated the three-day long workshop. Bangladesh was immensely benefitted from this workshop.

NCC assigned ACC to conduct National ML & TF Risk Assessment (NRA) with the collaboration of BFIU and CID of Bangladesh Police. NCC also assigned BFIU to draft National AML & CFT strategy paper based on the findings of NRA. During 2014 and 2015 BFIU itself reviewed all of its circulars, circular letters, guidelines against new standards and issued circular and ML & TF Risk Management Guidelines for all ROs incorporating all the criteria and relevant FATF recommendations.

2.3 Preparation of Technical Compliance (TC) response

According to the 2013 methodology of FATF, the technical compliance component refers to the implementation of the specific requirements of the FATF Recommendations, including the framework of laws and enforceable means; and the existence, powers and procedures of competent authorities.

BFIU formed a 6 (six) member committee to draft the Technical Compliance (TC) response and conducted several meetings to prepare the TC response consulting all the relevant laws, regulations, circulars, directives and guidelines of different authorities. To get input from different ministries, law enforcement authorities and regulators, the committee met with those organizations several times. To finalize the draft, BFIU arranged 4 (four) day outreach program in Rangpur, the northern division of Bangladesh.

A review team was formed to scrutinize the TC responses with the officials from the following agencies-

1. Bank and Financial Institutions Division, Ministry of Finance
2. Ministry of Home Affairs
3. Ministry of Foreign Affairs
4. Anti Corruption Commission
5. Criminal Investigation Department (CID), Bangladesh Police and
6. Bangladesh Financial Intelligence Unit (BFIU).

The draft TC response was reviewed by the team and legal vetting was done by Legislative and Parliamentary Affairs Division of Ministry of Law, Justice and Parliamentary Affairs before submit to APG. In April 2015, officials from Criminal Investigation Department (CID) of Bangladesh Police and BFIU visited the APG secretariat to discuss the pros and cons of TC response prepared by Bangladesh.

2.4 Preparation of Effectiveness Response

To be prepared against 11 IOs and drafting the effectiveness response, BFIU assigned at least 2 (two) officials against every IO and in total 24 officials were assigned for the preparation of effectiveness response. In reviewing effectiveness response MoHA, MoFA, Legislative and Parliamentary Affairs Division, MoLJ&PA, BFID, MoF, ACC, all the LEAs, especially CID of Bangladesh Police and regulators played very important role.

2.5 Preparation for On-site visit

Bangladesh Government formed an inter-ministerial committee to face the on-site visit of the Mutual Evaluation process. All the relevant ministries/divisions/agencies have been urged to nominate their 'primary contact point' and notify BFIU. Subsequently, BFIU accumulated the information regarding the 'primary contact point' and prepared a database for facilitating smooth coordination with them. BFIU also designated 1 (one) official for each agency to make them prepared for the on-site visit.

Based on the decision of NCC, BFIU coordinated the on-site visit of Mutual Evaluation process which was held during 11-22 October, 2015. To ensure better preparation for facing the evaluation team, BFIU arranged a 2 (two) day long workshop for both the Government and Private sector on 15 and 16 September, 2015 respectively.

Officials from 26 Government ministries/divisions/agencies participated in the workshop held on 15 September, 2015. The Governor of Bangladesh Bank and the Secretary, Bank and Financial Institutions Division, Ministry of Finance were present in the workshop as the chief guest and special guest respectively. The Deputy Governor and Head of BFIU chaired the workshop.

On 16 September, 2015 BFIU arranged another workshop for all the private sector officials including banks, financial institutions, insurance companies, money changers, capital market intermediaries, NGO/NPO sectors, cooperative societies and others to prepare them regarding the on-site visit. The Governor of Bangladesh Bank and Deputy Governor and Head of BFIU were present in the workshop as the chief guest and special guest respectively. The Executive Director and deputy head of BFIU chaired the workshop.

2.6 On-site visit

The on-site visit of 3rd round Mutual Evaluation was held during 11-22 October, 2015 which was conducted by an assessment team consisting of the following members:

- Mr Christopher Ng Ming Yew, Deputy Senior Counsel and Deputy Public Prosecutor, Special Duties Unit, Criminal Justice Division, Attorney General's Chambers, Brunei Darussalam (legal expert);
- Ms Dolon Sarkar, Senior Policy Advisor, Ministry of Justice, New Zealand (legal expert);
- Mr Syahril Ramadhan, Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK) Indonesia (Financial/Regulatory expert);
- Mr Xu Qipeng, Anti-Money Laundering Bureau, Peoples' Bank of China (financial/regulatory expert);
- Mr Anil Ramteke, Joint Director, Directorate of Enforcement, FIU India (FIU/law enforcement expert);
- Ms Socheat Hem, Director, Compliance and Cooperation Department, Cambodia FIU (Financial/FIU expert);
- Ms Michelle Harwood, Executive Officer, APG Secretariat;
- Mr David Shannon, Principal Executive Officer, APG Secretariat.

The on-site visit started with a meeting between the ME team and the NCC. State Minister for Ministry of Finance and Planning chaired the meeting as the Finance Minister was out of the country. The ME team discussed the risk and context regarding ML & TF of Bangladesh with the NCC. After concluding the NCC meeting the evaluation team met with the respective authorities to discuss the specific issues. The team discussed the risk and context regarding ML & TF with the private sector. The following table shows the list of different agencies with whom the evaluation team discussed during the on-site visit:

List of Agencies participated in the on-site visit

Government Sector	Private Sector
1) Bank & Financial Institutions Division, Ministry of Finance	1) Banks
2) Bangladesh Financial Intelligence Unit (BFIU)	2) Financial Institutions
3) Prime Minister's Office	3) Money Changers
4) Attorney General's Office	4) Security Market Intermediaries
5) Ministry of Home Affairs	5) Insurance Companies
6) Ministry of Foreign Affairs	6) NGOs/NPOs
7) National Board of Revenue (NBR)	7) Law Practicing Firms
8) Ministry of Law, Justice & Parliamentary Affairs	8) Association of Bankers, Bangladesh Limited
9) Anti Corruption Commission	9) Institute of Chartered Accountants of Bangladesh
10) Bangladesh Police	10) Dhaka Taxes Bar Association
11) Rapid Action Battalion	11) Bangladesh Jewellers Samity
12) Coast Guard Bangladesh	12) Real Estate and Housing Association of Bangladesh (REHAB)
13) Border Guards Bangladesh	13) Federation of Bangladesh of Chamber of Commerce & Industry (FBCCI)
14) Department of Narcotics Control	14) Bangladesh Institute of Bank Management (BIBM)
15) Bangladesh Bank (BRPD, FEPD, DBI, DFEI, PSD)	15) Journalists
16) Bangladesh Securities & Exchange Commission	16) Audit Firms
17) Insurance Development and Regulatory Authority	
18) NGO Affairs Bureau	
19) Microcredit Regulatory Authority	
20) Registrar of Joint Stock Companies & Firms	
21) Judge, Special Tribunal	

The assessment team discussed the information provided by Bangladesh earlier through TC and effectiveness responses with the concerned agencies. The team provided feedback on the last day of the visit, i.e. 21 October, 2015 in the presence of the Governor of Bangladesh Bank and representatives of other stakeholders.

2.7 Face-to-face Meeting

The face-to-face meeting of 3rd round Mutual Evaluation was held during 01-05 May, 2016 to clarify some of the issues and to add some developments delineated in the TC and effectiveness responses provided by Bangladesh. Various Government Ministries and intelligence agencies including Directorate General of Forces Intelligence (DGFI) and National Security Intelligence Agency (NSI) participated at the meeting to clarify the issues raised by the evaluation team.

The assessment team admired Bangladesh for considerable and far-reaching progress with the legal and institutional framework since the last assessment. The team suggested that the level of technical compliance with the 40 Recommendations is very high, but overall levels of effectiveness across the 11 immediate outcomes are moderate. During the face-to-face meeting, the representatives from Bangladesh portrayed a vivid picture of the country's vibrant national regime to prevent ML & TF. The discussion resulted in the upgradation of some recommendations and effectiveness.

2.8 Draft Mutual Evaluation Report (MER)

APG sent the draft Mutual Evaluation Report (MER) to Bangladesh which awarded 6, 20 and 14 nos. of Compliant (C), Largely Compliant (LC) and Partially Compliant (PC) rating respectively against the 40 recommendations of FATF. Out of 11 IOs, Bangladesh awarded 1, 6 and 4 nos. of Substantial, Moderate and Low rating respectively.

The draft report would be presented in the Annual Meeting of APG for approval. Bangladesh raised 7 (seven) key issues to discuss in the ME Working group (MEWG) and the plenary as well.

2.9 Adoption of the ME report of Bangladesh

In the 19th Annual Meeting of APG held in September 2016, in San Diego, California, USA, APG Co-Chair of New Zealand, Mr. Rajesh Chhana introduced the APG mutual evaluation of Bangladesh. He invited the assessment team to introduce themselves and make an opening statement. The assessment team provided an overview of Bangladesh's risk and context and a summary of the MER findings on how Bangladesh had performed in terms of TC and effectiveness. Bangladesh stated that the draft report largely reflects the AML & CFT standards in Bangladesh but there are areas for upgradation in the effectiveness ratings and asked the plenary to consider these upgrades. The Co-Chair drew members' attention to the Key Issues Document (KID) and the MEWG Co-Chairs' report to guide the discussion.

MEWG Co-Chair (Australia) thanked members and observers who had commented on the KID and participated in the discussion at the MEWG meetings. As a result of discussions between the assessment team and Bangladesh, and based on discussions at the MEWG meeting, a small number of agreed changes were made. There was no consensus for change on any of the ratings and all seven key issues remained to be discussed at plenary.

All the 7 (seven) key issues were rigorously discussed in the plenary and the plenary agreed on the following issues of the draft report-

- Key Issue 1: the rating of IO1 (Risk, policy and coordination) to moderate would be maintained;
- Key Issue 2: an upgrade to IO2 (International cooperation) to substantial was agreed;
- Key Issue 3: the rating of IO6 (Financial intelligence) to moderate would be maintained;
- Key Issue 4: an upgrade to IO9 (TF investigation & prosecution) to substantial was agreed;
- Key Issue 5: referred the matter to the MEWG for consideration;
- Key Issue 6: the rating of IO3 (Supervision) to moderate would be maintained; and
- Key Issue 7: no changes to ratings of different IO's and recommendations were agreed.

The Co-Chair then asked for objections and, noting none, declared the report was adopted subject to the changes above and moved to the follow-up process. Due to the changes to the ratings at the annual meeting Bangladesh will be subject to enhanced follow-up in accordance with our ME procedures.

2.10 Final ME Rating of Bangladesh

The adopted Mutual Evaluation Report (MER) of Bangladesh awarded the following rating against the 40 recommendations of FATF:

Rating against 40 recommendations

Rating Awarded	Number of FATF Recommendations
Compliant (C)	6
Largely Compliant (LC)	22
Partially Compliant (PC)	12
Non Compliant (NC)	0

Group	Topic	Sl.	Recommendation	Rating
1	Policies and Coordination	1	Assessing risks & applying a risk-based approach	PC
		2	National cooperation and coordination	LC
2	Money Laundering and Confiscation	3	Money laundering offence	LC
		4	Confiscation and provisional measures	LC
3	Terrorist Financing and Financing of Proliferation	5	Terrorist financing offence	LC
		6	Targeted financial sanctions related to terrorism & terrorist financing	C
		7	Targeted financial sanctions related to proliferation	LC
		8	Non-profit organizations	LC

Group	Topic	Sl.	Recommendation	Rating
3	Preventive Measures	9	Financial institution secrecy laws	PC
		10	Customer due diligence	LC
		11	Record keeping	C
		12	Politically exposed persons	LC
		13	Correspondent banking	LC
		14	Money or value transfer services	LC
		15	New technologies	C
		16	Wire transfers	PC
		17	Reliance on third parties	LC
		18	Internal controls and foreign branches and subsidiaries	PC
		19	Higher-risk countries	PC
		20	Reporting of suspicious transactions	C
		21	Tipping-off and confidentiality	C
		22	DNFBPs: Customer due diligence	LC
		23	DNFBPs: Other measures	LC
4	Transparency and Beneficial Ownership of Legal Persons and Arrangements	24	Transparency and beneficial ownership of legal persons	PC
		25	Transparency and beneficial ownership of legal arrangements	PC
5	Power and Responsibilities of Competent Authorities and Other Institutional Measures	26	Regulation and supervision of financial institutions	PC
		27	Powers of supervisors	LC
		28	Regulation and supervision of DNFBPs	PC
		29	Financial intelligence units	LC
		30	Responsibilities of law enforcement and investigative authorities	C
		31	Powers of law enforcement and investigative authorities	LC
		32	Cash couriers	LC
		33	Statistics	PC
		34	Guidance and feedback	PC
		35	Sanctions	PC
6	International Co-operation	36	International instruments	LC
		37	Mutual legal assistance	LC
		38	Mutual legal assistance: freezing and confiscation	LC
		39	Extradition	LC
		40	Other forms of international cooperation	LC

The following ratings against the 11 immediate outcomes (IO) were awarded to Bangladesh-

Rating against 11 Immediate Outcomes (IO)

Sl.	Immediate Outcomes (IO)	Rating
1	Risk, policy and coordination	Moderate
2	International cooperation	Substantial
3	Supervision	Moderate
4	Preventive measures	Low
5	Legal persons and arrangements	Low
6	Financial intelligence	Moderate
7	ML investigation & prosecution	Low
8	Confiscation	Low
9	TF investigation & prosecution	Substantial
10	TF targeted financial sanctions & NPO protections	Moderate
11	PF targeted financial sanctions	Substantial



Major Activities/Achievements
of BFIU in
FY 2015-2016

Major Activities of BFIU in FY 2015-2016

In combating ML, TF & PF Bangladesh Financial Intelligence Unit (BFIU) performs the responsibilities of both regulators and supervisors. This Year the Unit, apart from analyzing STRs/SARs/Complaints and disseminating intelligence to law enforcement agencies and investigating agencies, took a lot of regulatory and supervisory initiatives to protect the financial sector from criminal abuse. Some of the measures are briefly given below.

3.1 Issuing directives to ROs

Bangladesh Financial Intelligence Unit (BFIU) has continued its effort by issuing different circulars, circular letters and guidelines for various reporting organizations throughout the FY 2015-16 to strengthen existing preventative measures so that financial system of the country cannot be abused by the money launderers or terrorist financiers.

3.1.1 Designated Non-Financial Businesses and Professions (DNFBP)

BFIU issued a comprehensive circular in July, 2015 for the DNFBPs in Bangladesh to thwart their abuse by the money launderers and terrorist financiers. As per instruction of the circular DNFBPs are required to undertake Customer Due Diligence (CDD) process by collecting necessary valid documents and verifying them in due course. They were also instructed to review and update the Know Your Customer (KYC) procedure at regular interval. The circular also made it obligatory for the DNFBPs to perform Enhanced Due Diligence (EDD) as and when required. They were also instructed to submit Suspicious Transaction Report (STR) as per definition of section 2(z) of MLPA, 2012 and preserve the documents of STR until subsequent instruction given by BFIU.

3.1.2 Non Government Organization- NGO & Non Profit Organization- NPO

The NPO and NGO sector came under the purview of AML and CFT legal framework since 2010. BFIU has continued its effort to enhance this sector's AML and CFT compliance by issuing circulars and guidelines to them. Reviewing the previous circular BFIU issued a revised circular in September, 2015 for the NGO and NPO sector to comply with the MLPA, 2012 and ATA, 2009. Among the instructions important ones are; the obligations of all the NGO/NPOs to form a 'Central Compliance Unit' (CCU) under the direct supervision of their Chief Executive Officer (CEO), organizing meeting every three months by the CCU to review its AML&CFT measures, implementing proper Know Your Customer (KYC) procedure of the beneficiary to ensure that the NGOs/NPOs are free from the risks associated with money laundering and terrorist financing. They are also bound to ensure that no relationship with the listed individuals and entities by the United Nations Security Council Resolutions (UNSCRs) is established and maintain its proper compliance.

3.1.3 Money Changers

Money changers licensed and regulated by Bangladesh Bank (BB) have been incorporated as reporting organizations (RO) of BFIU as per MLPA, 2012 and ATA, 2009. BFIU reviewed the directives issued for this sector earlier and issued a revised circular in September, 2015 to enhance this sector's AML and CFT compliance. All the money changers are advised to follow rigorous CDD procedures. In case of Politically Exposed Persons (PEP's), Influential Persons (IP's) and Chief Executive or any top level official of any international organization, the money changers need to obtain senior management's approval before establishing such business relationship and take reasonable measures to

verify the credibility of the transaction. Money changers for the first time have been brought under such regulations to adopt the aforementioned measures in case of PEPs and IPs. They are also under legal obligations to detect suspicious or abnormal transaction or activity of the customer and report the same to BFIU.

3.1.4 Insurance Companies

National Risk Assessment Report on Money Laundering and Terrorist Financing identified insurance sector as one of the low risk sectors of the country. Yet, providing a detailed circular in September, 2015 for the insurance companies BFIU took adequate steps to maintain a stable and corruption free insurance sector. Every insurance company needs to formulate organizational strategy and programs to prevent money laundering and terrorist financing and review the same at a regular interval. They must collect adequate information of the policy holder and the beneficial owner of the policy holder. In case of high risk customers, they need to seek approval from the higher authority to establish any business relationship. Special instructions have been issued to be followed in case of life insurance policy. They were also instructed to submit STR/SAR as before to the BFIU as and when detected.

3.1.5 Cooperative Societies

For the first time BFIU issued a comprehensive circular in October, 2015 instructing all the cooperative societies to have their own policy manual that must conform to international standards, laws and regulations in force in Bangladesh. To ensure that the cooperative societies are free from the risks associated with money laundering and terrorist financing, they have to implement proper Know Your Customer (KYC) and follow risk based approach in this regard, ensure proper compliance of the UNSCRs, maintain record keeping, report STR/SAR to BFIU etc.

3.1.6 Capital Market Intermediaries

BFIU issued a comprehensive circular in October, 2015 for the Capital Market Intermediaries reviewing the previous circular. Every chief executive of the Capital Market Intermediaries has to announce specific and effective commitments annually on preventing money laundering and terrorist financing and instruct all the officers/employees of all divisions/branches of the organization to pay proper attention to fulfill the commitments. All the capital market intermediaries have to perform CDD measures while establishing business relationship with its customers. The circular obliged them to perform enhanced due diligence (EDD) where money laundering and/or terrorist financing risks are higher as per risk assessment reports vetted by BFIU.

3.1.7 Financial Institutions

BFIU issued 'Money Laundering and Terrorist Financing Risk Assessment Guidelines for Financial Institution' in July, 2015. The guideline provided basic ideas of identifying, assessing and mitigating ML & TF risks that FIs may encounter in doing their businesses. These risks may arise from customers, product and services, business practices or delivery channels and jurisdictions or geographical presence. FIs may also face regulatory risks, i.e., non compliance with the requirements of MLPA 2012, ATA 2009 and directives issued by the BFIU. To mitigate the identified risks, FIs shall assess the level of risks considering likelihood and impact of the risks. FIs were instructed to prepare their own risk assessment and mitigation report in line with the guidelines and obtain approval from their competent authorities before forwarding the same to the BFIU.

3.1.8 Banks

BFIU issued 'Money Laundering & Terrorist Financing Risk Management Guidelines' for scheduled banks in September, 2015. The purpose of the guidelines was to outline the legal and regulatory framework for anti-money laundering and combating financing of terrorism (AML & CFT) requirements for banking sector of the country. With a view to achieving this, the guidelines interpret the requirements of the relevant laws and regulations, and how they may be implemented in practice. It indicates good industry practices in AML and CFT procedures through a proportionate, risk-based approach; and assists the banks to design and implement the systems and controls necessary to mitigate the risks of the banks being abused in connection with money laundering and the financing of terrorism.

Role of BFIU in \$81 million Cyber Heist Case of Bangladesh Bank

Bangladesh Bank (BB) uncovered a sophisticated cyber-attack on its systems on 04 February, 2016. In total 70 (seventy) unauthorized Payment Instructions (PIs) were generated and transmitted through BB SWIFT. These messages were transmitted to the Federal Reserve Bank of New York (FRB NY) for subsequent transmission through intermediary banks to the ultimate beneficiary banks. Out of the 70 PIs 81.01 million USD against 4 PIs were paid by the Rizal Commercial Banking Corporation (RCBC), Philippines violating the "Stop Payment Request" of BB. After prima facie review of this cyber heist BB filed a case on 15th March, 2016 under section 4 of Money Laundering Prevention Act, 2012, section 54 of Information and Communication Technology Act, 2016 and section 379 of the Penal Code of Bangladesh. It was revealed from the primary report of Anti Money Laundering Council (AMLC) of the Philippines that 81 million USD was credited on 5th February, 2016 in the 4 fake accounts maintained in the RCBC and withdrawn 80,884,641.63 USD from those 4 accounts on 9th February, 2016 from the Jupiter branch of RCBC.

After the incident Bangladesh Bank assigned BFIU to take necessary steps to recover the stolen fund from the Philippines.

BFIU coordinated the case with the counterparts in the Philippines and USA to recover the entire amount of the stolen fund and continuously in contact with the Anti Money Laundering Council (AMLC), Department of Justice (DoJ), Bangko Sentral ng Pilipinas (BSP) in Philippines and FinCEN, FBI and DoJ in USA. BFIU has been working very closely with the Bangladesh Embassy in Manila and all relevant agencies in Bangladesh which includes CID of Bangladesh Police, Attorney General's Office and Ministry of Foreign Affairs. BFIU has been also liaising the issue with the World Bank, Asia Pacific Group on Money Laundering, Egmont Group and Interpol for getting more international support for recovering the stolen funds.

BFIU official attended the Senate Blue Ribbon Committee hearing in the Philippines and during the Senate hearing one of the ultimate recipients of the stolen funds Mr. Kim Wong returned four million six hundred thirty thousand US Dollars (\$4,630,000.00) and four hundred eighty eight million two hundred eighty thousand Pesos (P488,280,000.00) in cash to AMLC which is subject to turning over to Bangladesh Bank, the rightful owner of the funds.

In the meantime, Bangladesh Government formed an inter agency task force on 12 April, 2016 headed by Secretary, Bank and Financial Institutions Division, Ministry of Finance comprising members from Prime Minister's Office, Attorney General's Office, Ministry of Foreign Affairs, Ministry of Home Affairs, Bangladesh Bank & BFIU. The General Manager & Operational Head of BFIU acts as the member secretary of the task force. The task force met 3 times in April, May & June and took some important decisions regarding the recovery of the fund.

3.2 Intelligence Management

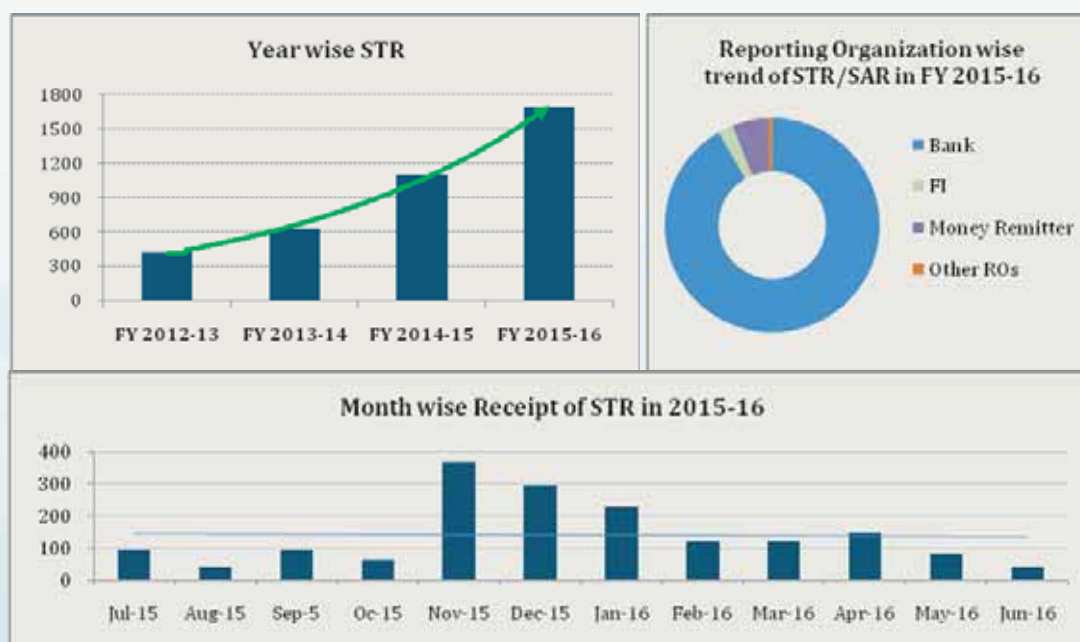
BFIU receives information and data from a number of sources, such as reports including CTR and STR/SAR submitted by reporting organizations, complaints made by individuals or entities, news published and broadcasted in print or electronic media, information provided by different regulatory authorities and stakeholders, intelligence shared by intelligence agencies and law enforcement agencies, and information provided by foreign FIUs and other foreign counter parts.

3.2.1 Suspicious Transaction Report (STR)/Suspicious Activity Report (SAR)

The reporting organizations, under the provisions of section 25(1) (d) of the MLPA-2012 and section 16(1) of the ATA-2009, are obliged to submit STR/SAR to BFIU. A reasonable number of STR/SAR is one of the key indicators of the existence of strengthened AML/CFT regime. Suspicious transaction or suspicious activity reporting system is an effort to protect the reporting organizations from being abused by the money launderers and terrorist financiers, and it also ensures the soundness of the AML/CFT program of such organizations.

The number of STR/SAR has passed through an increasing trend in the last couple of years. In FY 2015-16, five types of reporting organizations (Bank, financial institution, Insurer, capital market intermediaries and money remitter) submitted a total of 1687 STRs/SARs to BFIU through online. The number of STRs/SARs has risen by 54.2% as compared to those of FY 2014-15.

BFIU received 141 STRs/SARs, on an average, in each month of FY 2015-16 while this number was 91 in the previous year. The number of STRs/SARs was above the average benchmark in the month of November, December, January and April of FY 2015-16. The highest number of STR/SAR (369) was received in November followed by December (294) and January (229). On the other hand, the number of STRs/SARs was the lowest in August and June.



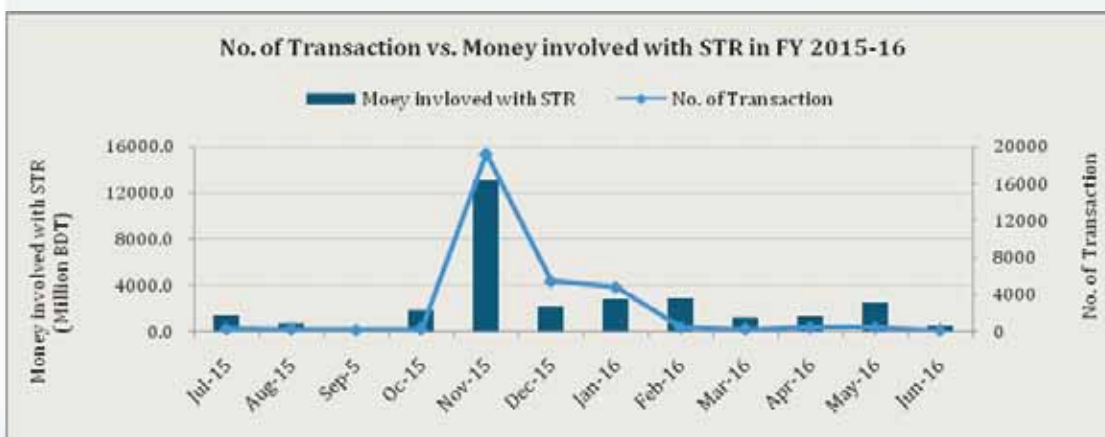
Banks constitute the largest part of the Bangladesh financial system. The 2nd National Risk Assessment on ML & TF reveals that the banking sector bears the highest risk of money laundering and terrorist financing due to its wide range of products, services and network. This is why banks are considered as the primary and premier reporting organizations and the majority of the STRs/SARs are received from banking sector.

In FY 2015-16, BFIU received 1547 STRs/SARs (which is 91.7% of the total STRs/SARs) from different banks. Other than banks, respectively 5.33% and 2.25% STR/SAR were received from Money Remitter and Financial Institutions.

Trend of STR/SAR by ROs in last 4 years

Reporting Org.	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Bank	413 (99.28%)	608 (97.91%)	856 (78.24%)	1547 (91.70%)
FI	1 (0.24%)	11 (1.77%)	30 (2.74%)	38 (2.25%)
Money	- -	- -	64 (5.86%)	90 (5.34%)
Remitter Other ROs	2 (0.48%)	2 (0.32%)	144 (13.16%)	12 (0.71%)
Total	416	621	1094	1687

STRs submitted by the reporting organizations in FY 2015-16 contained a total of 31,785 suspicious transactions that valued BDT 30359.38 million. Month wise distribution of STR shows that, on an average, 2649 suspicious transactions have been reported in each month of FY 2015-16, and monthly average volume of suspicious transaction was BDT 2529.95 million. Almost 60% of the suspicious transactions, (i.e., 19,211) were reported in November, 2015.



3.2.2 Complaints received by BFIU

BFIU looks into the allegations or complaints relating to ML & TF offences received from individuals and various organizations. In FY 2015-16, BFIU received 209 complaints from different sources including ACC and CID.

Source of Complaints for the last 3 years

Source	FY 2013-14	FY 2014-15	FY 2015-16
General Public	14	36	26
ACC	40	53	29
CID	32	26	50
Media	8	5	7
Others	174	268	97
Total	268	388	209

3.2.3 Cash Transaction Report (CTR)

BFIU is empowered, under section 23(1a) of the MLPA-2012, to analyze the Cash Transaction Report (CTR) received from the reporting organizations. At present, Banks and Non-Bank Financial Institutions (NBFIs) are submitting CTR through online as per instruction of BFIU (NBFIs submitted CTR for the first time in July, 2015). For both banks and NBFIs, BFIU has defined CTR as any kind of cash deposit or withdrawal of BDT 10.00 lac (1 million) or more (or foreign currency of equivalent value) through one or more transactions in an account in a single day. The CTR has to be submitted to BFIU on monthly basis. The information contained in the CTR is used for the analysis of STR/SAR and complaints, off-site supervision and other analysis purposes relevant to AML & CFT issues.

In FY 2015-16, Banks and NBFIs submitted total 126,98,502 transactions as CTR that valued BDT 8736245.90 million. 99.99% of these transactions was reported by different categories of banks. The transaction volume reported in the CTR has risen by 7.30% as compared to that of FY 2014-15.

Receipt of CTR in FY 2015-16

Reporting Org.	No. of Transaction	Transaction Volume (Million BDT)
Bank	12696840	8733780.175
NBFI	1662	2465.722617
Total	12698502	8736245.90

Monthly distribution of CTR reveals that 10,58,208 transactions, on an average, have been reported in each month of FY 2015-16, and monthly average transaction volume was BDT 728020.5 million. The highest transaction volume (BDT 849039.27 million) was reported in March, 2016 and the lowest (BDT 633450.28 million) in May, 2016.



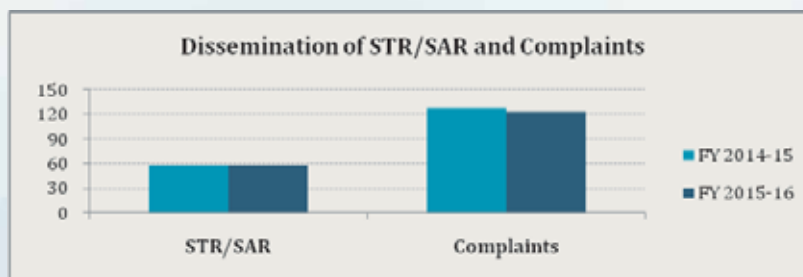
3.3 Dissemination of Intelligence within the country

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

Section 23(1a) of the MLPA-2012 and section 15(1a) of the ATA have empowered BFIU to analyze STR/SAR received from reporting organizations, collect additional information for the purpose of analysis and provide ML & TF related information to the investigation or law enforcement agencies for taking necessary action.

Upon receipt of STR/SAR or complain at BFIU, priority is set to the case based on predefined indicators and a competent analyst is assigned to analyze the case. The analyst collects additional information, as required, from different sources including reporting organizations, investigation agencies and law enforcement agencies. After analysis of STR/SAR or complaint, if it is presumed that there is element of ML & TF or related predicate offence, then the case is disseminated, with prior approval of the higher authority of BFIU, to the competent authorities for next course of action.

In FY 2015-16, BFIU disseminated 123 complaints and 58 STRs/SARs to different investigation and law enforcement agencies. Majority of the complaints and STRs/SARs were disseminated to ACC and CID. In terms of predicate offence, 18.78% of the disseminated cases were related to fraud and 12.15% were related to kidnapping.



Agency wise Dissemination of Intelligence Report

Name of Agency	No. of Dissemination (Complaints)		No. of Dissemination (STR/SAR)	
	FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
ACC	33	25	4	6
ACC, CID	-	-	3	4
CID	21	50	34	19
CID, PSD	-	-	1	19
CID, PSD, ECS	-	-	-	8
CID, M/o Home Affairs	-	-	1	-
Bangladesh Police	5	-	-	-
BB	17	15	-	-
Ministry	4	2	15	-
NBR	-	-	1	2
Others	48	31	-	-
Total	128	123	59	58

Predicate Offence wise Dissemination of Intelligence Report

Name of Agency	No. of Dissemination (Complaints)		No. of Dissemination (STR/SAR)	
	FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
Fraud	13	15	6	19
Forgery	13	9	-	3
Corruption	16	11	-	1
Smuggling of currency	-	13	1	2
Bribery	2	-	-	-
Financing of terrorism	10	10	-	3
Murder	1	2	15	-
Illegal trade in narcotics and drugs	9	3	2	-
Kidnapping	7	11	29	11
Extortion	-	13	-	1
Human trafficking	16	-	2	4
Tax related offences	-	-	1	1
Over/under invoicing (TBML)	1	6	-	-
Illegal asset accumulation	2	2	-	-
Others	38	28	3	13
Total	128	123	59	58

3.4 Dissemination of Intelligence to Foreign FIUs

As a member of the Egmont Group of FIUs, the BFIU used to exchange information through ESW as and when required. BFIU also exchanges information with the nonmember FIUs. The following table shows a comparison of information sent and received between the FY2015 and FY2016. An uptrend has been shown in FY 2015-2016 in both receiving and providing information. In FY 2016 a total of 186 requests have been sent to different FIUs including 151 requests relating to Bangladesh Bank reserve heist case.

Statistics of Information sharing with Foreign FIUs for the last 2 years

	FY 2014-2015	FY 2015-16
Request Received	17	31
Request Sent	22	186

3.5 BFIU's communications with Reporting Organizations (ROs), Law Enforcement Agencies (LEAs) and Other Stakeholders

BFIU communicates with different Reporting Organizations (ROs), Law Enforcement Agencies (LEAs) and Stakeholders to collect information required for giving input to the analysis of CTR, STR and SAR. Majority of these communications are made with different banks. In FY 2015-16, BFIU's communication with LEAs mainly included ACC, CID and different organs of Bangladesh Police. BSEC, IDRA, Bangladesh Bank and different ministries were main stakeholders with which BFIU communicated.

Statistics of communications with RO's, LEA's and other stakeholders

Communication Type	Complaints	STR	Other	Total
No. of Communications with ROs	1082	1067	399	2548
No. of Communications with LEAs	47	38	7	92
No. of Communications with other Stakeholders	38	17	31	86

3.6 Monitoring and Supervision

Section 23(1) (e) of the MLPA, 2012 and section 15(1) (c) and (e) of the ATA, empowers BFIU to supervise the activities of the reporting organizations (ROs) and carry out on-site inspections. The Unit, therefore, accomplishes both the functions of national analysis centre as well as monitoring and supervisory activities. To maintain efficient, fair, safe and sound AML/CFT regime of Bangladesh Monitoring and Supervision Wing of the Unit has been divided into 6 sub wings/sections which are as follows:

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

The Goals and strategic objectives of Monitoring and Supervision Wing are as follows:

Goals

- To develop effective AML/CFT system to combat ML, TF & PF in Bangladesh efficiently.
- Reduce the vulnerability of the reporting agencies to ML/TF
- To adopt risk based supervision approach
- To ensure effective supervision
- To minimize the supervision frequency

Strategic Objectives

- Effective use of BFIU resources
- Enhancement of supervisors' capacity
- Ensure timely and prompt supervision surveillance
- Enlarge supervision coverage
- Analyzing and following supervision concerns properly
- Ensure a smooth and timely decision making process

Traditionally, BFIU used to achieve the above mentioned goals and objectives through compliance based supervision. However, with the emergence of diverse sophisticated financial services offered by the reporting entities, in recent years BFIU has been moving from compliance based approach to risk based approach and has adopted new measures and mechanism to combat ML & TF. As part of its surveillance program, BFIU carries out on-site and off-site supervision of the AML & CFT activities of the reporting organizations. BFIU Supervision requires a reporting entity to take timely preventive and corrective measures consistent with the AML & CFT laws and regulations, guidelines, circulars and other directives of BFIU.

In FY 2015-16 supervisory activities were focused on sectors and entities most vulnerable to money laundering or terrorist financing and/or are at highest risk of being non-compliant with legislative and regulatory requirements. While implementing risk based approach BFIU took account of a number of risk factors faced by ROs including sectoral, client, geographic, delivery channel or services/product risks.

In order to identify the potential risks faced by ROs and to better mitigate the risks by choosing the appropriate response to rectify compliance deficiencies and plan and prioritize supervisory programs better, BFIU took into consideration the following four (4) different types of risk assessments:

- National risk assessment;
- Sectoral risk assessment;
- Risk assessment of the ROs by the supervisory body (e.g., BFIU); and
- Risk assessment conducted by the RO (about its customers, products/services, countries and geographic areas, and distribution channels).

3.6.1 BFIU's mechanism to monitor and supervise the AML&CFT compliance

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

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

The BFIU's AML&CFT supervisory program is a continuous process divided into four (4) steps. At each step, more detailed information is collected about the RO and its potential risks of ML&FT and non-compliance. These four (4) steps are:

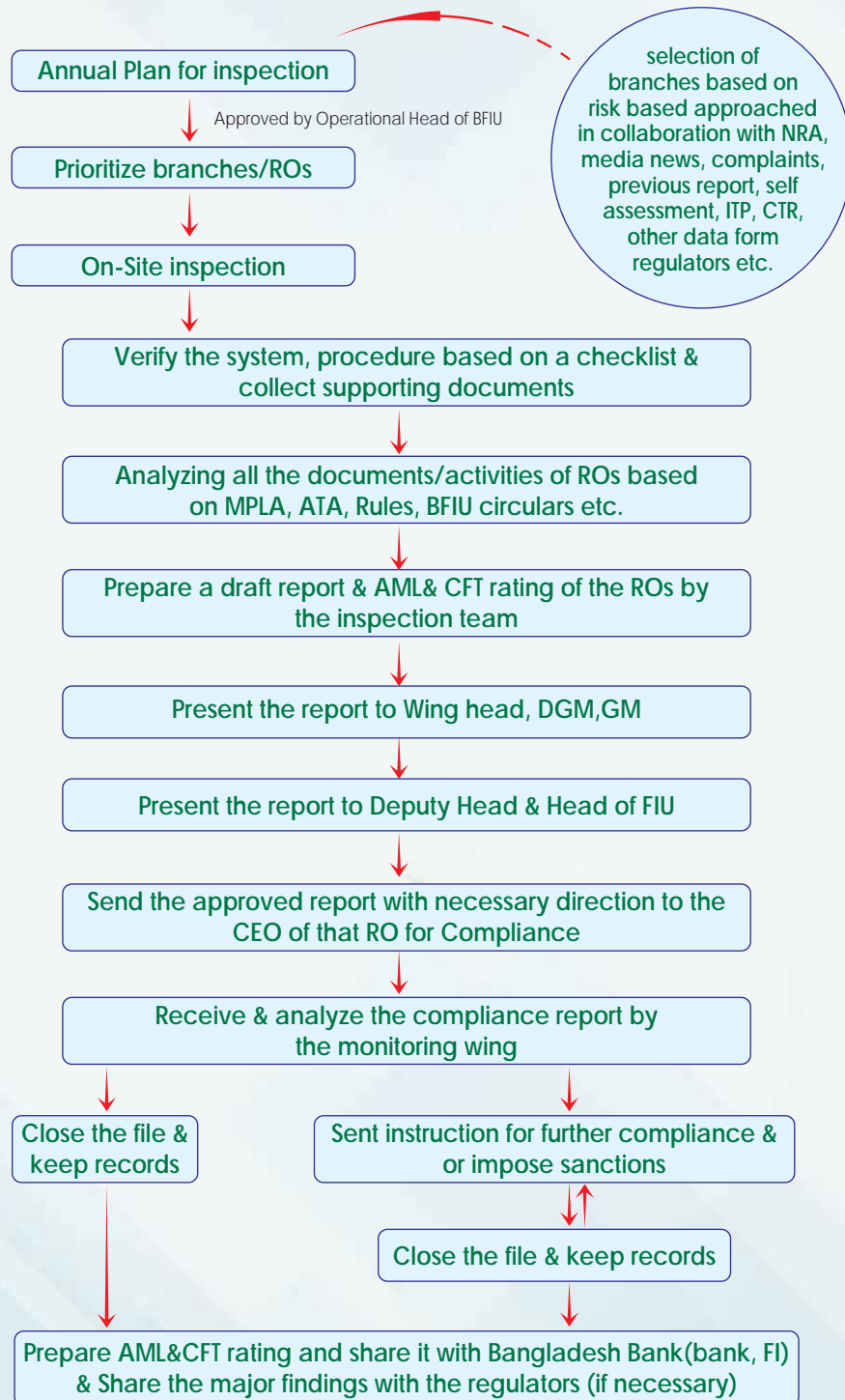
- 1) Off-Site Supervision;
- 2) On-site inspection;
- 3) Corrective actions; and
- 4) Follow-Up.

3.6.2 Off-site supervision

BFIU regularly supervises, monitors, and analyzes the operations and reviews periodic reports of reporting agencies to ensure compliance with BFIU requirements. In order to monitor and analyze reporting organizations, the Monitoring and Supervision wing critically analyzes the periodic reports received by BFIU. The findings from the off-site analysis plays a significant role for on-site supervision i.e., selection of reporting entities for on-site supervision. It is also used as a tool for Risk Based Supervision.

Off-site monitoring involves a variety of surveillance methods including desk-based activity using both quantitative and qualitative information available to the authorized person with respect to individual ROs. Off-site monitoring comprises two principal activities: conducting a risk assessment of the ROs' ML&FT and non-compliance risks and assessing key documents including compliance questionnaires, documents prepared by the ROs as instructed by BFIU, AML&CFT Internal Audit and Independent Testing Procedure Reporting (ITP) Form, Suspicious Transaction Reports (STR), Cash Transaction Reports (CTR), other documents and information received from reporting organizations and open sources.

Work Flow of Monitoring & Supervision Wing



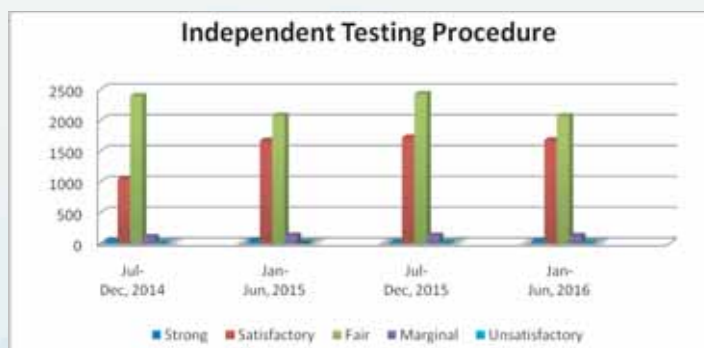
3.6.2.1 Offsite Supervision of banks

Every Bank Branch arranges a quarterly meeting with all of its employees regarding AML/CFT issues, compliance and knowledge sharing among them. Based on the meeting every bank branch is obliged to prepare a Self Assessment Report twice a year and send it to the Internal Audit Department and Central Compliance Unit (CCU) of its Head Office. Moreover, the Internal Audit Department, while inspecting the branches as its regular program, is required to prepare a report on the status of prevention of ML & TF system of the branches and award AML/CFT rating based on their findings. In addition to that, Internal Audit Department is obliged to conduct a separate AML/CFT inspection on at least 10% of their annual planning. This process is termed as the Independent Testing Procedures (ITP). The Internal Audit Department has to send the report regarding ITP to the CCU. Then the CCU has to evaluate the two reports (self assessment and ITP) to prepare a check list based biannual evaluation report. These reports are submitted to the highest level of management for their comments/necessary direction. These two reports are also sent to BFIU on half yearly basis.

The ITP results of the last four base periods show that 'Strong' and 'Satisfactory' status of the banks have increased gradually, whereas 'Fair', 'Marginal' and 'Unsatisfactory' status show decreasing tendency.

Status of Banks under ITP in the previous four base periods

Base Period	Strong	Satisfactory	Fair	Marginal	Unsatisfactory	No. of Br.
Jul-Dec, 2014	39	1043	2391	102	3	3578
	1.1%	29.2%	66.8%	2.9%	0.1%	100%
Jan-Jun, 2015	48	1664	2074	123	2	3911
	1.2%	42.5%	53.0%	3.1%	0.1%	100%
Jul-Dec, 2015	16	1718	2426	124	6	4290
	0.4%	40.06%	56.55%	2.91%	0.1%	100%
Jan-Jun, 2016	38	1674	2065	120	5	3902
	0.99%	42.90%	52.92%	3.01%	0.1%	100%



BFIU also receives the summary of self assessment report and independent testing procedure report from NBFIs on half yearly basis. Other reporting agencies like Insurance companies and Capital market intermediaries also submit summary of self assessment report to BFIU.

3.6.3 Onsite Supervision

3.6.3.1 Preparing annual on-site inspection plan

Based on the entity level risk assessment report of banks and NBFIs, and BFIU's own assessment (considering the previous inspections findings, self assessment report and independent testing results) BFIU prepares an annual on-site inspection plan.

Reporting entities which are 'High Risk' category are subject to more frequent onsite supervision. Findings of BFIU and AML/CFT risk rating are shared with the relevant regulators for their review and necessary actions. Basically two types of onsite supervision e.g., system check inspection and special inspection are carried out by BFIU.

3.6.3.2 System Check Inspections

AML/CFT system check inspections for branches are conducted on a 6 month cycle to oversee and ensure compliance. During the inspection, AML/CFT risk management procedures of the banks are also examined.

Branch inspections include review of :

- Capacity, knowledge and understanding of the Compliance Officer
- CDD procedures
- KYC procedure of PEPs
- Record keeping
- UNSCR sanctions monitoring process
- STR identification monitoring process
- KYC procedure of beneficial owner(s) of an account
- CTR monitoring
- KYC for occasional/walk-in or one off customers transactions
- Transaction monitoring process
- Monthly AML CFT meeting
- Training records.

Onsite inspection procedures are directed by an onsite inspection checklist that focuses on 10 categories of obligations and highlights. Separate checklist is used for head office and branches. The checklist calculates a risk score from 1 to 100.

Based on the findings of the system check inspection, the reporting organizations are awarded a rating (Unsatisfactory, Marginal, Fair, Satisfactory or Strong) combining their head offices and branches' ratings.

3.6.3.2.1 System Check Inspections on Banks

Due to preparation of 3rd Round Mutual Evaluation, BFIU mainly concentrated on bank branch inspection in FY 2016. The Unit inspected 56 bank branches throughout the country. While the Unit conducted inspection of all the Head Offices as well as branches of all banks during the preceding FY 2015.

Statistics of Bank inspection (Head office and Branches)

FY	Head Office	Branches
2014-2015	56	213
2015-2016	00	56

The rating awarded through AML/CFT system check inspection for the FY 2016 reveals that no bank branch got 'Strong' rating, whereas the majority of them got 'Fair' and 'Marginal' rating. During the same fiscal year 3 banks were rated 'Satisfactory', 28 banks rated 'Fair', 24 banks were rated 'Marginal' and one bank rated 'Unsatisfactory'.

On the other hand, during the FY 2015, 6 banks were rated 'Satisfactory', 23 banks were rated 'Fair', 25 banks were rated 'Marginal' and 2 banks were rated 'Unsatisfactory'.



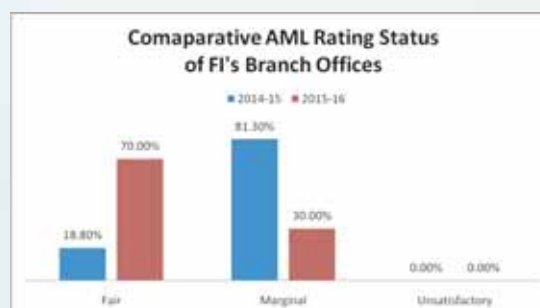
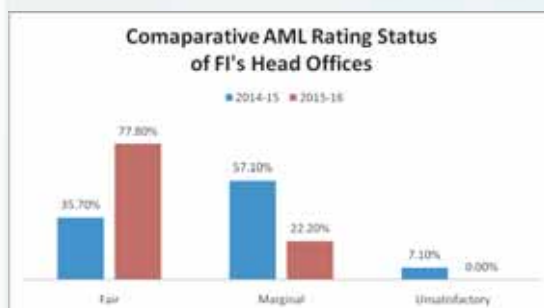
3.6.3.2.2 System Check Inspections of NBFIs

BFIU conducted system check inspection on 09 head offices of NBFI and their 10 branches throughout the country. The number of inspections of head offices and branches to some extent declined in FY 2016 as compared preceding FY2015 due to the preparation for Mutual Evaluation.

Statistics of NBFI inspection (Head Offices and Branches)

FY	Head Office	Branch
2014-2015	21	22
2015-2016	09	10

The system check inspection result of the FY 2015-16 reveals that 77.8% of the NBFI head offices got 'Fair' rating and 22.2% got 'Marginal' rating. On the other hand, 70.0% of the NBFI branches got 'Fair' rating and 30.0% got 'Marginal' (no branches got 'Unsatisfactory').



No head office or branch of any NBFIs got 'Strong' or 'Satisfactory' rating in the FY 2015-16. For the head office and branches of different NBFIs, the 'Fair' ratings have increased significantly. This is a remarkable development of compliance by the NBFIs.

3.6.3.2.3 On-site Inspections of other reporting organizations

A) Insurance Companies:

Insurance Development and Regulatory Authority (IDRA) is the regulatory authority for the insurance companies in Bangladesh. BFIU, in cooperation with IDRA, monitors the AML & CFT activities of the insurance companies.

BFIU conducted on-site inspection on 34 head offices of insurances companies (both life insurance and general insurance) and their 31 branches/regional offices during FY 2015-16. The number of inspection has increased significantly in both head offices and branches as compared to that of the previous fiscal year.

Statistics of Inspection on Insurance Companies (Head offices and Branches)

FY	Head Office		Branch	
	Life	Gen	Life	General
2014-2015	10	12	8	10
2015-2016	16	18	14	17

The inspection result of the FY 2015-16 reveals that 16% Head office of the life insurance companies and 18% Head Office of the general insurance companies were inspected respectively whereas 10% Head office of the life insurance companies and 12% Head office of the general insurance companies were inspected in the previous fiscal year.

In case of branch office of Insurance companies the inspection result of the FY 2015-16 reveals that 14% branches of the life insurance companies and 17% branches of the general insurance companies were inspected respectively whereas 8% branches of the life insurance companies and 10% branches of the general insurance companies were inspected in the previous fiscal year.

B) Capital Market Intermediaries (CMI):

Bangladesh Securities and Exchange Commission (BSEC), the regulatory authority for the capital market of Bangladesh, comprises Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). BFIU closely works with BSEC, DSE and CSE to monitor the AML & CFT activities of the capital market intermediaries. As the regulator of capital market intermediaries in AML/CFT, empowered by latest amendment of MLPA, BSEC has started supervision on CMIs. During FY 2015-2016, BSEC inspected two stock dealers/brokers for AML/CFT compliance.

During FY 2015-2016, BFIU also conducted on-site inspection on Head Offices of 35 CMIs. 24 of these inspections were conducted in Dhaka while the rest of them were conducted in Chittagong.

C) Money Changer

BFIU issued guidance notes on prevention of money laundering and combating financing of terrorism for money changers in 2011. To monitor the activities of money changers and ensure their AML & CFT compliance, BFIU conducted onsite inspection on 33 money changers during FY 2015-16.

D) Mobile Financial Service Providers (Money Remitter)

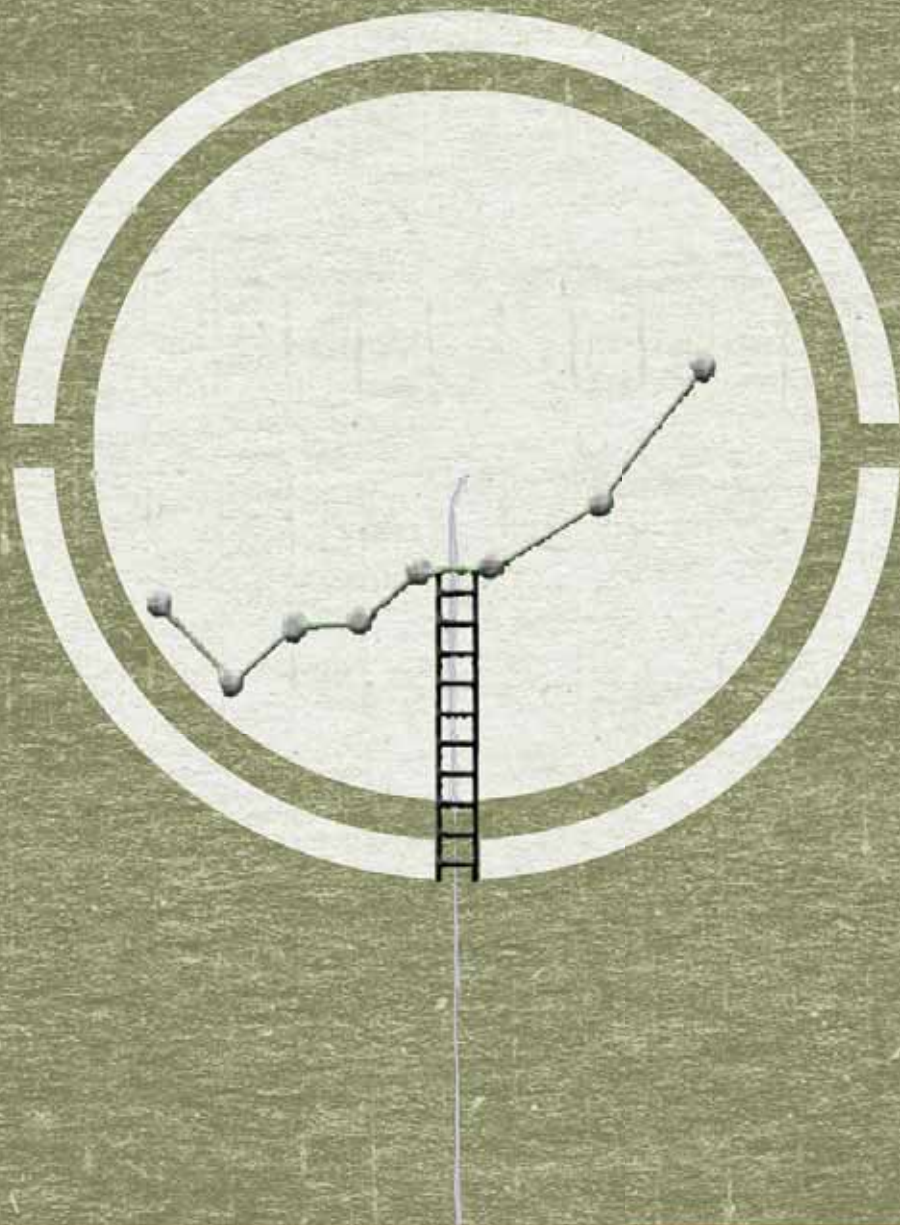
Mobile Financial Service (MFS) sector has grown rapidly in Bangladesh due to its fast and cost effective transaction and quick payment services for the unbanked people even to the remote areas. To monitor the compliance of the AML & CFT issues in the MFS providers BFIU conducted onsite inspection on 27 MFS providers (head offices and agents) during FY 2015-16.

3.6.4 Special Inspection

On the basis of allegation/complaints received from different media, individuals, organization or, different department of Bangladesh Bank, special inspections are conducted to look into the matter. A reporting organization is also brought under special inspection, if it gets lower rating repeatedly in the system check inspection or has irregularity in the compliance procedure.

Sometimes special inspections are carried out by BFIU to examine whether the banks and the NBFIs are submitting STRs/CTRs properly, accurately and regularly or not. The branches of the banks and NBFIs are selected for inspection on the basis of the volume of transaction, operational importance, location etc. Special inspections are also conducted for further analysis of some STRs/SARs.

BFIU conducted 63 special inspections on banks (5 head offices and 58 branches) during FY 2015-16 for different purposes.



Capacity Building Programs of the Reporting Organizations (ROs)

Capacity Building Programs of the Reporting Organizations

Capacity building of the reporting organizations (ROs) is crucial to ensure a robust AML&CFT regime in any country. BFIU highly values this and from the very beginning of its journey, the Unit has undertaken a lot of initiatives to strengthen the capacity of the ROs.

4.1 Supporting and working with the ROs

To get maximum outcome from the reporting organizations on AML & CFT issues BFIU always provides strong support and work closely with them. The support is given in the form of providing Guidelines, technical and training assistance. Regular discussion with them brings before BFIU the challenges the ROs face and help find a way out. To this end BFIU as part of its initiatives always maintains regular correspondence, sits on any emergent need, conducts meetings, training and arranges a yearly Conference with Chief Anti Money Laundering Compliance Officers of all the reporting organizations every year.

4.1.1 CAMLCO Conference of Capital Market Intermediaries (CMI)

Bangladesh Financial Intelligence Unit (BFIU) arranged Chief Anti Money Laundering Compliance Officers (CAMLCO) Conference-2015 for the compliance officers of all the Capital Market Intermediaries (CMI) listed in the Dhaka Stock Exchange (DSE) on 29 August, 2015 in Bangladesh Bank Training Academy (BBTA), Dhaka. Deputy Governor of Bangladesh Bank and Head of BFIU inaugurated the conference as the Chief Guest and Deputy Head of BFIU & Executive Director of Bangladesh Bank chaired the meeting. High officials from Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange and Bangladesh Bank were present as the special guests. The Operational Head and General Manager of BFIU, delivered welcome speech to the audience.

The on-site visit by the Asia Pacific Group on Money Laundering (APG) in October, 2016 was emphasized by the chief guest. All the officials of the CMIs were advised to be prepared for the upcoming on-site visit by the Assessment Team. The officials of CMIs were also instructed to take reasonable measures to comply with the instructions issued by BFIU from time to time so that the capital market can be free from the risk of money laundering. The following sessions were conducted in the conference-

- Role of BSEC in monitoring and supervision of AML & CFT;
- Challenges in implementing AML & CFT measures in capital market;
- Compliance requirements for capital market intermediaries as per MLPA-2012 & ATA-2009;
- Introduction of risk based approach & implementation of UNSCR.

In the working session of the conference the good practice by the CMIs was emphasized as they played an important role in the economic development of the country through capital financing. It was mentioned that a well developed capital market is capable of attracting funds from domestic as well as foreign investors. At last it was expected that the CMIs, the regulators, relevant stakeholders and BFIU would perform their role to stabilize the market for the economic development of the country.

4.1.2 CAMLCO Conference of Insurance Companies

Bangladesh Financial Intelligence Unit (BFIU) arranged Chief Anti Money Laundering Compliance Officers (CAMLCO) Conference-2015 for the insurance companies during 04-05 December, 2015 in Nirvana INN hotel complex, Sylhet. Deputy Governor of Bangladesh Bank and Head of BFIU was present on the occasion as the Chief Guest. Member, Insurance Development and Regulatory Authority (IDRA) and General Manager, Bangladesh Bank, Sylhet office were present as the special guests. General Manager and Operational Head of BFIU presided over the inaugural session. CEOs from 7 insurance companies, CAMLCO and Deputy CAMLCO of each insurance company were present in the conference.

The Head of the BFIU in his speech expected cooperation from all in combating ML&TF as it has become a challenge for the whole world. He laid special emphasis on proper compliance of all the relevant instructions. He called upon the insurance companies to preserve complete and accurate identity information during opening of policy and submit STR in case of suspicion. In this regard he urged upon BFIU and IDRA to provide necessary assistance to the insurance companies. He expressed his hope that the knowledge and experience gathered from the conference would help all concerned to further strengthen AML&CFT regime of the country.

In the working session of the conference, the following sessions were conducted-

- ▲ Recent Development on AML & CFT and role of regulators and senior management of insurance companies;
- ▲ Role of IDRA in monitoring and supervision of AML & CFT in the insurance sector;
- ▲ Role of underwriters in mitigating ML & TF risk;
- ▲ Introduction of risk based approach & implementation of UNSCR;
- ▲ Challenges in implementing AML & CFT measures in Insurance Companies.

The participants from insurance companies expressed their appreciation for organizing CAMLCO conference and committed to act in accordance with the recommendations of the conference.

4.1.3 CAMLCO Conference of Banks

Bangladesh Financial Intelligence Unit organized Chief Anti Money Laundering Compliance Officers (CAMLCO) Conference-2016 for the Chief and Deputy Chief Compliance Officers of all the scheduled banks. The conference aimed at reviewing current year's activities and preparing the work plan for the next year for preventing money laundering and terrorist financing. This program also facilitates different issues with the banks, e.g.: compliance standard, trend of ML & TF activities, etc. The theme the conference was- 'Stemming Illicit Flow of Funds from Bangladesh: Special Focus on Trade Based Money Laundering'.

The conference was held during 04-06 March, 2016 in The Palace Luxury Resort at Sylhet. Secretary of Bank and Financial Institutions Division of Ministry of Finance inaugurated the three-day long conference on 04th March and Governor of Bangladesh Bank concluded the conference on 06th March. Deputy Governor of Bangladesh Bank and Head of BFIU was present as Special Guest on both the occasions. Executive Director and Deputy Head of BFIU presided over both the occasions. The representatives from Bangladesh Bank (BB), Customs Intelligence and Investigation Directorate (CIID), Bangladesh Institute of Bank Management (BIBM), International Chamber of Commerce, Bangladesh (ICC) and CEOs of banks participated in the conference.

The role of the bank officials to prevent illicit flow of funds through trade based money laundering (TBML) was emphasized. The following sessions were conducted in the conference-

- ▶ Key Note Presentation - Stemming Illicit Flow of Funds from Bangladesh: Special Focus on Trade Based Money Laundering;
- ▶ Basics of Trade Based Money Laundering;
- ▶ Illicit Outflow of Funds Through Commercial Remittance (other than Export-Import);
- ▶ Preventing Trade Based Money Laundering: Role of Regulators;
- ▶ Preventing Trade Based Money Laundering: Role of Banks;
- ▶ Preventing Trade Based Money Laundering: Role of Customs Authority;
- ▶ Primary Out Comes of 3rd Round Mutual Evaluation (ME);
- ▶ Challenges in Implementing Risk Management Guidelines.

The conference ended up with a high promise of cautiousness by the bank officials to prevent Trade Based Money Laundering. BFIU urged all the banks to train their Authorized Dealers (AD) branches officials in this regard and decided to develop and issue guidelines on preventing Trade Based Money Laundering.

4.1.4 CAMLCO Conference of Financial Institutions (FIs)

Bangladesh Financial Intelligence Unit (BFIU) arranged Chief Anti Money Laundering Compliance Officers' (CAMLCO) Conference-2016 for the compliance officers of all the Financial Institutions. The program was held during 06-07 March, 2016 in The Palace Luxury Resort at Sylhet. Governor of Bangladesh Bank inaugurated the two-day long conference on 06th March. Deputy Governor of Bangladesh Bank and Head of BFIU was present as special guest in the inaugural session. Executive Director of Bangladesh Bank and Deputy Head of BFIU presided over the inaugural session. General Manager and Operational Head of BFIU welcomed all the participants in the conference. The General Manager of Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank was also present on the occasion. CEOs from 17 Financial Institutions, CAMLCO and Deputy CAMLCO of each Financial Institution were present in the conference.

In the working session of the conference, the following sessions were conducted-

- ▶ Sharing the key findings of National Risk Assessment (NRA) & Draft Mutual Evaluation Report (MER);
- ▶ Recent Trends and Typologies relating to Money Laundering : Focus on FIs;
- ▶ Communicating the findings of FIs ML & TF Risk Assessment;
- ▶ Challenges and Strategies in utilizing the findings of ML & TF Risk Assessment Report;
- ▶ Salient Features of Master Circular for FIs;
- ▶ Implementation challenges of BFIU circulars & Guidelines: Practical Problems.

The discussant in the conference urged all the financial institutions to increase the level of compliance in line with the recommendations of the Draft MER. Finally, the participants from Financial Institutions expressed their gratitude for organizing CAMLCO conference and committed to comply with the recommendations of the conference.

4.2 Lead Bank Training Program

Banking is the inevitable part of an economy and plays a major contribution towards socio-economic development of a country. It forms the core of the money market and plays very dynamic role in mobilizing resources for productive investments in a country, which in turn contributes to economic development. An efficient and stable banking system is a prerequisite for overall development of a country like Bangladesh. More importantly, the banking sector in Bangladesh covers the major part of the financial system. BFIU, to maintain the stability and integrity of overall financial system of the country, works very intimately with the banking sector.

CAMLCO Conference-2016 for banks recommended them to arrange training programs for its officials in different districts of the country. A single bank in a district played the lead role to arrange such programs where BFIU officials and the CAMLCO/DCAMLCO of that lead bank works as the resource person. The officials of other banks in that district participated in the training. During FY 2015-2016, the following lead bank training programs had been arranged-
List of Districts where lead bank training Programs were arranged

Sl.	District	Lead Bank
1	Satkhira	Agrani Bank Limited
2	Kishoregonj	Bank Asia Limited
3	Dinajpur	Rupali Bank Limited
4	Noakhali	One Bank Limited
5	Sunamgonj	Uttara Bank Limited
6	Comilla	Islami Bank Bangladesh Ltd
7	Jessore	Pubali Bank Limited
8	Cox's Bazar	Al-Arafah Islami Bank Limited
9	Chapai Nawabgonj	EXIM Bank Limited
10	Faridpur	Dhaka Bank Limited
11	Gopalganj	United Commercial Bank Limited
12	Tangail	Eastern Bank Limited
13	Netrokona	BRAC Bank Limited

The lead bank program usually provided learning sessions on following topics:

- ▶ Money Laundering Prevention Act, 2012 & Anti-Terrorism Act, 2009 and the related rules;
- ▶ Circulars issued by BFIU: Obligations for Bank Officials;
- ▶ CDD & EDD, TP, Risk Grading, Self Assessment;
- ▶ STR identification & related case studies;
- ▶ Prevention of Trade based Money Laundering (TBML);
- ▶ Duties & Responsibilities of Branch Anti-Money Laundering Compliance Officers (BAMLCO).

4.3 Initiatives taken for DNFBP sector

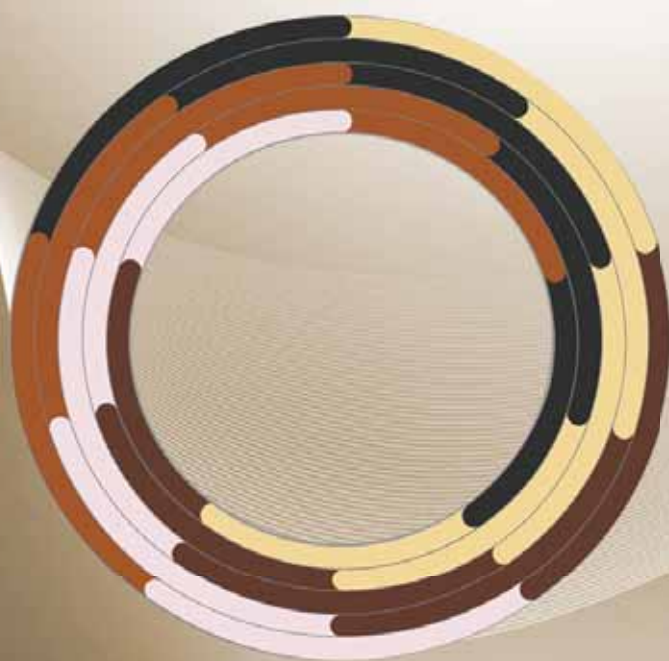
Designated Non-financial Businesses and Professions (DNFBP), which include Real Estate developers/agents, dealers of precious metals and stones, accountants, lawyers and trust and company service providers are consistently targeted by criminals for criminal influence and criminal exploitation. Criminals attempt to penetrate or influence both the financial industries and DNFBP to facilitate theft, fraud, money laundering and other crimes. Thus, the risks related to this sector lie in the potential misuse for ML/TF. Realizing these risks and for complying FATF Recommendations, Bangladesh Financial Intelligence Unit (BFIU) has adopted various measures to prevent the misuse of non-financial businesses and professions for ML & TF.

In addition to issuance of a comprehensive circular in July, 2015 BFIU has arranged several workshops to make the staffs of this sector aware of the issues related to money laundering & terrorist financing. With the help of World Bank, Real Estate Sector risk assessment has been completed. Its sanitized version has been published in the web link of BFIU. The AML/CFT risk assessment of other sector of DNFBPs is going on. Meanwhile BFIU and the Institute of Chartered Accountants of Bangladesh (ICAB) jointly arranged several workshops on AML/CFT in 2015. Officials of Chartered Accountant firms' (engaged in bank company Auditing) enlisted by Bangladesh bank were present in those workshops.

Facing Mutual Evaluation (ME) process was a great challenge for DNFBPs sector. To combat this challenge, BFIU arranged 8 (Eight) discussion meetings creating awareness and enhancing capacity building with the stakeholders of the respective sector. As such Real Estate and Housing Association of Bangladesh (REHAB), Bangladesh Jewellers Samity (BAJUS), ICAB and Dhaka Taxes Bar Association and their active participation made the ME face to face meeting a great success. BFIU always maintain good relation with all those stakeholders and aspire to work more closely with the stakeholders.

4.4 Initiatives taken for Money Changers

BFIU works closely with all the Reporting Organizations (ROs) for capacity building of various ROs. In such motion, BFIU, with the help of Bangladesh Bank Training Academy (BBTA) arranged a 5-day long training program during in 08-12 May, 2016 for all the money changers working in Bangladesh. The training sessions were extensively interactive and productive to prevent money laundering and terrorist financing through this sector. The program was also successful in building a good relationship between BFIU and the money changers.



Domestic Cooperation and Engagement

Domestic Cooperation and Engagement

Keeping in mind the fact that tackling ML&TF threat in an age of rapidly growing sophisticated financial crime requires intense domestic cooperation BFIU, as the national central agency, always lays utmost importance on it. In FY 2015-2016 BFIU took a lot of rigorous steps to intensify domestic cooperation to successfully coordinate preparation for the 3rd Round Mutual Evaluation and assisting relevant agencies to prepare reply to the assessors. Activities undertaken as part of domestic cooperation are as follows.

5.1 National Coordination Committee on AML & CFT

National Coordination Committee (NCC) is the apex body to formulate policies and procedures to prevent money laundering and terrorist financing in Bangladesh. The committee is headed by the honorable Finance Minister while the Deputy Governor of Bangladesh Bank & Head of BFIU is the member secretary of the committee. The committee met twice in FY 2015-16 and made some important recommendations.

- All concerned ministries/divisions/agencies will submit the half yearly status report to NCC according to the responsibilities mentioned in the National Strategy for Preventing Money Laundering and Combating Financing of Terrorism 2015-2017;
- BFIU will update the list of 'Primary Contact Points' from every ministry/division/agency upcoming Mutual Evaluation;
- Honorable Finance Minister will issue a D.O letter so that every ministry/division/agency can perform their duties efficiently regarding upcoming Mutual Evaluation.

5.2 Working Committee on AML & CFT

Working committee is the second highest body in the country for ensuring coordinated institutional effort to implement the policies for combating money laundering and terrorist financing. Secretary of Bank and Financial Institution Division, Ministry of Finance is the convener of the committee. The Deputy Governor of Bangladesh Bank and Head of BFIU is one of the members of the committee. The committee met 4 (four) times in FY 2015-16 to ensure appropriate preparation for upcoming Mutual Evaluation. Some of the important decisions taken in these meetings are as follows:

- Every concerned ministry/division/agency has to consider 'Mutual Evaluation' as the national issue of preference;
- Every concerned ministry/division/agency has to form a committee comprising 3 (three) members for upcoming Mutual Evaluation and will meet the onsite visit team of APG;
- Law enforcement agencies have to ensure the exchange of information with their foreign counterparts in the high risk areas identified in the National Risk Assessment;
- Ministry of Home Affairs (MoHA) with the help of Bangladesh Police and other intelligence agencies will formulate a Counter Terrorism Strategy;

- ▶ Bangladesh Police will provide information regarding the instrumentalities used in the crime to BFIU;
- ▶ The regulatory/supervisory authorities of the reporting organizations i.e., Bangladesh Bank (BB), Bangladesh Securities & Exchange Commission (BSEC), Insurance Development and Regulatory Authority (IDRA), NGO Affairs Bureau (NGOAB), Microcredit Regulatory Authority (MRA) have to take Income certificate of the proposed owners/directors from the National Board of Revenue (NBR) and take reasonable measures to ensure that the proposed owners/ directors are not convicted in any civil/criminal case;
- ▶ BFIU will take necessary steps to sign Memorandum of Understanding (MoU) with the NBR, law enforcement agencies and other authorities;
- ▶ The concerned authority will take necessary steps to amend the Money Laundering Prevention Rules, 2013 according to the amendments of Money Laundering Prevention (Amendment) Act, 2012;
- ▶ Every concerned ministry/division/agency has to take appropriate steps regarding the face-to-face meeting with the APG onsite team.

5.3 Central and Regional Task Force for preventing Illegal Hundi Activities, Illicit flow of Fund & Money Laundering

The central taskforce to prevent Illegal Hundi Activities, Illicit flow of Fund & Money Laundering in Bangladesh headed by Deputy Governor of Bangladesh Bank and Head of BFIU met 5 times (80th meeting- 84th meeting) during FY 2015-16. Currently there are 8 (eight) regional taskforces in Chittagong, Rajshahi, Bogra, Sylhet, Rangpur, Khulna, Barisal and Mymensingh. Some of the important decisions of the taskforce are given below:

- The taskforce has requested the Bangladesh Bank for consideration of the charges imposed by the Election Commission for verifying the National ID (NID) Card of the account holders;
- The taskforce has urged all the concerned ministry/division/agency and the reporting organizations to take the highest achievable preparation for the upcoming Mutual Evaluation;
- The Chairperson has requested all the banks and financial institutions to be more cautious on the transaction of the customers to prevent the financing of terrorism;
- The taskforce has requested BFIU to arrange training program for the investigators of various agencies who are included as the investigating agency in the latest amendments of the Money Laundering Prevention (Amendment) Act, 2012.

5.4 Relationship Building with Law Enforcement Agencies (LEAs)

BFIU has engagements with LEAs and intelligence agencies on many fronts. BFIU conducts bi-monthly bilateral meetings with ACC and CID for discussion on ML/TF related cases and monitor their progresses. Besides, in the Task Force meetings held every two months under the auspices of BFIU, Law Enforcement Agencies are represented. These meetings facilitate bilateral and multilateral cooperation between relevant authorities allowing room for

conducting mutual consultations, promoting mutual contacts, exchanging information and identifying hindrances in effective implementation of AML/CFT regime. During the FY 2015-16, BFIU and Bangladesh Police met 5 times (62nd meeting-66th meeting). The Deputy General Manager (DGM) of Complaints Handling & Information Exchange (CHIE) wing of BFIU chaired the meeting. The meeting discussed the progress of the cases pending before different courts for trial under Money Laundering Prevention Act.

In order to strengthen domestic cooperation in the fight against ML/TF and PF, BFIU has started capacity building training in association with respective LEAs.

In FY 2015-16, BFIU has rendered resource persons nine times for CID and Special Branch of Bangladesh Police to provide training to 270 personnel, two times for Bangladesh Police (all units) to provide training to 100 personnel and one time for Customs intelligence to provide training to 35 personnel.

5.5 Cooperation with the Regulators

Latest amendment of the Money Laundering Prevention Act assigns powers and responsibilities on the regulators also. Before issuance of circulars and instructions on a particular sector BFIU always consults with the regulator of the concerned sector. To assist the regulators BFIU sometimes forms joint inspection team with the officials of the regulators. Besides BFIU also provides capacity building training to the officials of the Regulators.



International Cooperation and Engagement

International Cooperation and Engagement

Combating ML, TF & PF globally requires a coordinated and concerted effort among nations. As criminal networks span the globe, efforts to combat them shall remain a far cry if any jurisdiction lags behind acting together with international community. Bangladesh FIU has always put highest importance on it and has left no opportunity unturned to avail itself of required assistance that may help strengthening further to promote a robust AML & CFT measures to a great extent. In FY 2015-16 BFIU also proactively responded to all the requests for international cooperation. Moreover, the Unit attended every possible forum, workshop, training, seminar etc, details of which are furnished below.

6.1 Signing of Memorandum of Understanding (MoU)

Money laundering and financing of terrorism are most often cross country phenomena. Multi nationalities are engaged in these crimes across borders. Because of the transnational nature of these crimes, it is very important to exchange information relating to ML, TF, PF and related offences beyond each jurisdiction for an effective case investigation. Being a member FIU of the Egmont Group, BFIU exchanges information with 151 member FIUs through ESW. Moreover, the Unit always appreciates any scope of signing Memorandum of Understanding (MoU) with the other member and non-member FIUs to facilitate the information exchange process and strengthen the relationship with other FIUs as well. In FY 2015-2016 BFIU signed MoU with the FIUs of 8 countries which include Australia, China, Jordan, Lebanon, Kazakhstan, Nigeria, Uzbekistan and Macao. Until FY 2015-2016, BFIU has signed 43 MoU with its counterparts. The following table shows the list of the MoU signed between BFIU and the FIUs of different countries:

List of MoU signed between BFIU and FIUs of Different Countries

Sl no.	Name of FIU	Year of signing
1	Financial Intelligence Unit Malaysia (UPWBNM)	August 2008
2	Financial Information Unit - Nepal (FIU-Nepal)	October 2008
3	Anti-Money Laundering Council (AMLC)- Philippines	December 2008
4	Indonesian Financial Transaction Reports And Analysis Centre (PPATK)	March 2009
5	Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA)	July 2009
6	Korea Financial Intelligence Unit (KoFIU)	July 2009
7	Cambodia Financial Intelligence Unit (CAFIU)	October 2009
8	Anti-Money Laundering Office Thailand (AMLO-TH)	September 2010
9	Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka)	October 2010
10	UK Financial Intelligence Unit at the National Crime Agency (UKFIU)	November 2010 (Renewed on February 2014)
11	Suspicious Transaction Reporting Office (STRO), Singapore	December 2011
12	Financial Intelligence Centre (FIC), South Africa	July 2012
13	Mongolia Financial Information Unit (FIU-Mongolia)	July 2012
14	Japan Financial Intelligence Center (JAFIC)	January 2013

Sl no.	Name of FIU	Year of signing
15	Myanmar Financial Intelligence Unit (MFIU)	March 2013
16	Financial Information Unit Argentina ((UIF-AR)	October 2013
17	The Money Laundering Secretariat (HVIDVASK), Denmark	February 2014
18	Financial Intelligence Unit of Trinidad and Tobago (FIUTT)	June 2014
19	Belgian Financial Intelligence Processing Unit (CTIF-CFI)	June 2014
20	Saudi Arabia Financial Investigation Unit (SAFIU)	June 2014
21	Financial Intelligence Unit of Peru (UIF-Peru)	June 2014
22	Financial Intelligence Unit - India (FIU-IND)	June 2014
23	Reporting Center for Unusual Transactions (MOT), Aruba	June 2014
24	Financial Crimes Investigation Board (MASAK), Turkey	June 2014
25	General Directorate of Prevention of Money Laundering (GDPML), Albania	June 2014
26	Financial Intelligence Units of Bhutan (FIUB)	July 2014
27	The State Bank of Vietnam	July 2014
28	Financial Information Processing Unit (UTRF), Morocco	October 2014
29	Financial Intelligence Directorate (FID), Bahrain	January 2015
30	Unit Perisikan Kewangan (UPK), Brunei Darussalam	January 2015
31	Federal Financial Monitoring Service (FFMS), Russian Federation	June 2015
32	Fiji Financial Intelligence Unit (Fiji FIU)	June 2015
33	The State Financial Intelligence Service under the Government of the Kyrgyz Republic (SFIS)	June 2015
34	Financial Analysis Unit Panama (UAF-PA)	June 2015
35	Anti-Money Laundering Unit (AMLA), Barbados	June 2015
36	The Australian Transaction Reports and Analysis Centre (AUSTRAC)	July 2015
37	China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC)	August 2015
38	Anti-Money Laundering and Counter Terrorist Financing Unit (AMLCTFU), Jordan	August 2015
39	Special Investigation Commission (SIC), Lebanon	February 2016
40	Committee on Financial Monitoring of the Ministry of Finance of the Republic of Kazakhstan (CFM)	February 2016
41	Nigerian Financial Intelligence Unit (FIU-NG)	February 2016
42	Department on Struggle Against Tax, Currency Crimes and Legalization of Criminal Incomes of Uzbekistan(FIU-Uzbekistan)	June 2016
43	Financial Intelligence Office (GIF), Macao	June 2016

6.2 Asia Pacific Group on Money Laundering (APG)

Bangladesh became a founder member of APG in 1997. Bangladesh has been participating in the different programs of APG since its inception. Being the central agency to combat ML, TF and PF in Bangladesh, BFIU is taking the leading role in its various programs. In FY 2015-2016 participants from Bangladesh attended the following programs organized by APG.

6.2.1 18th Annual Meeting of APG

The 18th Asia Pacific Group on Money Laundering (APG) Annual Meeting and Technical Assistance and Training Forum was held in Auckland, New Zealand during 13-17 July 2015. The meeting was co-chaired by the representatives of New Zealand and Australia. The APG Annual Meeting is the primary policy and decision-making vehicle for the APG. Decisions made at the Annual Meeting set the course of action for the APG's work over the next year.

A high level Bangladesh delegation attended the meeting which includes the Commissioner, Anti Corruption Commission, Attorney General, Secretary, Legislative and Parliamentary Affairs Division, Ministry of Law, Justice and Parliamentary Affairs, Secretary, Bank and Financial Institutions Division, Ministry of Finance, Special Assistant to Honorable Prime Minister, Deputy Governor, Bangladesh Bank and senior officials from CID of Bangladesh Police and Bangladesh Financial Intelligence Unit.

Bangladesh delegation attended a special meeting with the Mutual Evaluation Assessment Team of Bangladesh to discuss the onsite visit to Bangladesh during October, 2015 and other Technical Compliance and Effectiveness issues.

The Annual Forum on 'Technical Assistance and Training' was held concurrently with the annual meeting. The forum included 25 individual sessions between members and donors of AML & CFT technical assistance and led to important information sharing and coordination among the APG's members, observers, donors and providers. Bangladesh delegation also attended the meeting with a view to having technical assistance from different donor groups. Some of the donors committed to invite Bangladesh to the training programs to be organized over the next one year.

Deputy Governor and acting head of BFIU signed MoU with Australian Transactions and Analysis Centre (AUSTRAC) during the plenary.

In the last session of the annual meeting Bangladesh delegation showed a documentary at the plenary on Bangladesh's nature and culture titled to "Beautiful Bangladesh" as Bangladesh was nominated as the host country for the 19th APG Annual Meeting.

6.2.2 APG Typologies Workshop

The 18th APG typologies & Capacity Building Workshop was held in Kathmandu, Nepal during 16-20 November, 2015. A five member delegation from BFIU attended the workshop. The 18th APG typologies workshop started with the key note speech by an executive of United Nations Counter Terrorism Executive Directorate (UN CTED) on "New and Emerging TF Risks – A Global Overview". The key note speech asked for strengthening the efforts to combat the financing of Foreign Terrorist Fighters (FTFs), including to:

- ▶ Strengthen use of asset-freezing mechanisms in accordance with resolutions 1267 (1999) and 1373 (2001) in order to disrupt terrorist activity;

- ▶ Adopt effective cash-disclosure or declaration procedures at borders in order to stop, restrain, and enable confiscation of illicit cross-border transportation of cash, including funds to support further recruitment of FTFs;
- ▶ Sensitize the private sector, including the NPO sector, to FTF financing risks, particularly those posed by companies offering new payment methods (e.g., e-wallet or mobile banking accessible to several FTFs);
- ▶ Enhance FIUs' access to aggregated information from law enforcement or other relevant public agencies

In addition to traditional plenary discussion at the typologies workshop, 03 (three) parallel breakout sessions took place on: (1) Assessing Regional Developments with Terrorist Financing, (2) Securing a Financial Intelligence Unit; and (3) Wild life Crime Financial Flows. Bangladesh delegation made a presentation on wild life crime financial flows. Bangladesh delegation also actively participated in other sessions.

6.2.3 APG Workshop on Implementing Targeted Financial Sanctions against Proliferation of Weapons of Mass Destruction

"APG Workshop on Implementing Targeted Financial Sanctions against Proliferation of Weapons of Mass Destruction" was held at Lanai Kijang, Kuala Lumpur, Malaysia during 9-11 March, 2016. The purpose of the workshop was to support APG members to take steps to strengthen effective implementation of legal and institutional frameworks/mechanisms to combat financing of the Proliferation of Weapon of Mass Destruction (WMD), including related targeted financial sanctions. Two delegates from BFIU attended the workshop.

The workshop emphasized on effective implementation of FATF recommendations to combat proliferation financing (PF), including targeted financial sanctions, policy and operational coordination and use of intelligence and investigations to combat financing of the proliferation of biological, chemical and nuclear weapons.

The workshop facilitated experience sharing between regional colleagues and technical experts. The discussion areas included legal/regulatory framework, monitoring/supervision mechanism, coordination mechanism of different member countries like Australia, Bangladesh, Bhutan, Brunei, China, Fiji, Hong Kong China, Indonesia, Macao China, Malaysia, Myanmar, Nepal, New Zealand, Sri Lanka, Thailand etc. The experience of Bangladesh in implementing proliferation financing was shared in the workshop. Teams from different countries prepared draft action plans for combating PF in their respective countries. The action plan of Bangladesh was also presented in the workshop.

6.2.4 Assessor Training Workshop of APG

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

In FY 2015-2016 officials from BFIU participated in the APG Assessor Training Workshop twice. One official from BFIU participated in the training program in New Delhi, India during 14-18 December, 2015. Another BFIU official participated in the APG's 6th assessor training workshop held in Macao, during 23-27 May 2016.

6.2.5 BFIU's officials Participation in the APG Mutual Evaluation Process

A core component of the APG work program is conducting Mutual Evaluations (ME) of its members and all APG members are committed to support the APG's ME program by providing suitably qualified experts to participate in the evaluation teams.

Bangladesh is generous enough to support the APG's Mutual Evaluation program and in response to APG's request BFIU time to time nominated its officials. Mr. Mohammad Abdur Rab, Joint Director, BFIU was nominated as Financial/Regulatory assessor for the Mutual Evaluation Team of Bhutan. Prior to this Mr. Abdur Rab also took part in the Mutual Evaluation Team of Nepal in 2009-2010 as FIU/Law Enforcement Expert.

Mutual Evaluation of Bhutan was conducted during FY2014-15 and the onsite visit for the first mutual evaluation of Bhutan was conducted from 16 to 27 November 2015 in Thimphu and Phuentsholing.

In response to the APG's request, BFIU has nominated two officials for the assessment year 2016-2017. Mr. Kamal Hossain, Joint Director, BFIU will work as a FIU/ Law Enforcement expert in the APG Assessment Team for Mutual Evaluation of Thailand and Mr. Md Masud Rana, Joint Director, BFIU will also work as a Law Enforcement/FIU expert in the APG Assessment Team for Mutual Evaluation of Cambodia.

6.3 Egmont Group

BFIU achieved the membership of Egmont group (association of FIUs) in the Egmont plenary held during 1-5 July, 2013 in Sun City, South Africa. Through Egmont membership BFIU achieved access to a wider global platform which facilitates BFIU to establish relationship with other FIUs and to get benefit by exchanging views, experiences and information via Egmont secure web. BFIU continued to participate in different programs of the Egmont Group.

6.3.1 Egmont Committee and Working Group Meetings and Egmont Group Regional Meetings and Heads of FIU Intersessional Meeting

Egmont Committee and Working Group Meetings and Egmont Group Regional Meetings and Heads of FIU Intersessional Meeting were held in Monaco during 31 January-5 February, 2016. A four member delegation headed by the Operational Head of BFIU participated in the meeting. The main focus of the meeting was the recent ISIL and ISIL inspired attacks. The Operational Head of BFIU attended the Heads of FIU (HoFIU) meeting as one of the panel members along with Australia, Canada, USA, France, Belgium, Russia, Turkey, Indonesia and Israel and delivered the initiatives taken by Bangladesh to prevent terrorist financing.

In order to implement the Egmont Group Strategic Plan 2014-2017 and according to the recommendation of the Task Team formed with the approval of HoFIU, the working groups transformed from five Working Groups (eg: Legal Working Group(LWG), Outreach Working Group(OWG), Operational Working Group (OpWG), Training Working Group (TWG) and IT

Working Group (ITWG)) to four Working Groups (eg: Information Exchange on ML/TF Working Group (IEWG), Membership, Support and Compliance Working Group (MSCWG), Policy and Procedures Working Group (PPWG) and Technical Assistance and Training Working Group (TATWG)). Chair and Vice Chairs of each working groups were elected through voting of the members. Representatives from different FIUs and other organizations attended these newly formed four working groups meetings and participated in topic wise discussions. BFIU representatives actively participated in all the working groups.

In the Membership, Support and Compliance Working Group meeting BFIU representative informed that BFIU had been working as a co-sponsor with Korean FIU enabling Bhutan FIU to get Egmont Group membership. The status of Bhutan FIU was also shared in the meeting. One of the officials of BFIU joined the project titled "FIU cooperation with Law Enforcement Agencies". In the Egmont Group Regional Meetings the head of Taiwan FIU was nominated as one of the Regional Representatives for the Asia Pacific region as the position was vacant.

MoU signing ceremony is one of the vital parts of the meeting. BFIU signed MoU with the FIUs of Lebanon, Kazakhstan and Nigeria during the meeting.

The 24th Egmont Plenary was supposed to be held in Istanbul, Turkey during July 17-22, 2016. Due to some unavoidable circumstances the plenary was not held in 2016.

6.3.2 Working as one of the sponsors in the process of Bhutan FIU's Egmont Group membership

BFIU is one of the sponsors along with KoFIU in the process of getting the Egmont Group membership for Bhutan FIU. BFIU reviewed the AML and CFT legal framework and provided feedback from time to time. The draft AML/CFT Act of Bhutan has been finalized and awaiting the approval of the parliament. Once the Act is approved, the membership process shall be expedited.

6.3.3 Intelligence Exchange at the international level

As a member of the Egmont Group of FIUs, BFIU used to exchange information through ESW as and when required. BFIU also exchanges information with the non member FIUs. During FY 2015-2016 BFIU received 31 requests from the FIUs of different countries and provided information accordingly. BFIU also made 186 requests to the FIU of different countries.

6.4 6th States' Parties Conference on United Nations Conventions against Corruption (UNCAC)

The 6th States' Parties Conference on United Nations Convention against Corruption (UNCAC) was held in St. Petersburg, Russia, during 2-6 November, 2015. A high level 11 (eleven) member Bangladesh delegation headed by the Chairman, Anti Corruption Commission (ACC) attended the conference. Head of BFIU and Deputy Governor of Bangladesh Bank and another official from BFIU attended the plenary session and several breakout sessions during the conference. 154 state parties, 4 observer countries, 9 UN bodies, 8 international organizations and 43 Non Government Organizations participated in this biannual State parties Conference.

During the state parties session Permanent Representative of Bangladesh in the UNODC delivered his speech on behalf of Bangladesh. The ambassador demonstrated the firm commitment of the current government to fight against corruption and money laundering. He informed the plenary that Bangladesh government is very active in implementation of UNCAC. He focused on the actions taken by the government to fight against corruption including amendment of Money Laundering Prevention Act and ACC Act. He also encouraged the second round review of UNCAC implementation.

Besides the Plenary session Bangladesh delegates participated several breakout sessions. BFIU representatives attended the following breakout sessions:

- International Cooperation Expert Group Meeting;
- Practice of Public-Private partnership in anti corruption;
- High Level Meeting: Countering corruption in the implementation of Agenda 2030 and Sustainable Development Goals;
- Stolen Asset Recovery Initiatives: Close to a decade on International efforts in support of the recovery of stolen assets;
- Assets Recovery and International Cooperation;
- Review of implementation of the Convention and Technical Assistance;
- Corruption Risk Assessment: Current approaches and emerging practices;
- Effective National anti corruption strategies.etc

In his intervention in the breakout sessions, the Head of BFIU emphasized on the strength of the legal system of Bangladesh, solid inter agency cooperation, openness for international cooperation. He also sought support from developed countries to recover the stolen assets.

The five day state parties' conference concluded with the following nine resolutions:

- a. Continuation of the review of implementation of the United Nations Convention against Corruption
- b. Facilitating international cooperation in asset recovery and the return of proceeds of crime
- c. Fostering effective asset recovery
- d. Enhancing the use of civil and administrative proceedings against corruption, including through international cooperation, in the frame work of the United Nations Convention against Corruption
- e. St. Petersburg statement on promoting public-private partnership in the prevention of and fight against corruption
- f. Follow-up to the Marrakech declaration on the prevention of corruption
- g. Promoting the use of information and communication technologies for the implementation of the United Nations Convention against Corruption
- h. Prevention of corruption by promoting transparent, accountable, and efficient public service delivery through the application of best practices and technological innovations
- i. Strengthening the implementation of the United Nations Convention against Corruption in Small Island developing States

6.5 Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC)

The member countries of this forum are Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. In FY 2015-16 Bangladesh participated in the following meetings arranged by BIMSTEC.

6.5.1 7th Meeting of the BIMSTEC JWG on Counter Terrorism and Transnational Crime

The Seventh Meeting of the BIMSTEC Joint Working Group (JWG) on Counter Terrorism and Transnational Crime was held in Bangkok, Thailand during 4-5 August 2015. A delegation led by Director (SAARC & BIMSTEC), Ministry of Foreign Affairs participated in the meeting.

The delegation of Bangladesh made a presentation on countering violent extremism, radicalization and terrorism in Bangladesh and highlighted Honorable Prime Minister's "Zero Tolerance to Terrorism" stance in the presentation. The Bangladesh Delegation suggested using the nomenclature "Trafficking in persons" instead of "Trafficking in persons, especially women and children" for one of the proposed new areas of cooperation under the Sub-Group Legal and Law Enforcement. The Bangladesh delegation proposed the following issues in the meeting:

- i. Renaming the Sub-Group on Combating the Financing of Terrorism to Sub-Group on Anti-Money Laundering and Combating the Financing of Terrorism &
- ii. Hosting a BIMSTEC Home Minister's Meeting in order to augment as well as to bring necessary political will to address the menace of terrorism and transnational crime.

The delegation of Bangladesh also offered to be the Lead-Shepherd for the new Sub-Group on Human Trafficking and Illegal Migration.

6.5.2 The 8th Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism

The 8th Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism (SG-CFT) was held during 16-17 March, 2016 at Colombo, Sri Lanka. Delegates from the member countries attended the meeting. The Meeting was presided over by the Governor, Central Bank of Sri Lanka. A three members delegate from BFIU headed by the Operational Head of BFIU participated in the meeting. The meeting gave a great opportunity to enhance cooperation and coordination in the area of combating the financing of terrorism. The main agenda of the meeting were as follows:

1. Exchange of views on Current Activities
2. Discussion on Information and Intelligence sharing on AML/CFT.
3. Discussion on BIMSTEC SG -CFT website.
4. Presentation of case studies on "Foreign Terrorist Fighters and Financing: National and Regional Responses. "
5. Discussion on the Identification of needs for Human Resources Development and Capacity Building.

The delegation of Bangladesh, in its presentation titled "Foreign Terrorist Fighters and Financing: National and Regional Responses" covered international concern including UNSCR and FATF, regional concerns, domestic responses including legal framework, institutional framework, actions taken and also presented two case studies followed by priority actions. Delegates from different countries found the presentation useful and informative.

6.6 Alliance for Financial Inclusion (AFI)

As a primary member of Global Standards Proportionality Working Group (GSPWG) of AFI, BFIU attended the 2015 AFI Global Policy Forum (GPF) and 3rd GSPWG meeting, held in Maputo, Mozambique during 1-4 September. The program was hosted by the Banco de Mozambique. The forum showcased the latest innovation in technology, product and services design, and business models that can contribute to expanding global financial inclusion and deepening its outreach to traditionally unbanked populations specifically the rural poor, women, and marginalized communities.

The GPF was created as a platform for central banks and other financial sector policymaking and regulatory institutions in developing and emerging countries to engage in dialogue and share experiences in increasing access to financial services with their peers and other stakeholders. The GPF is the largest and most significant annual meeting of financial inclusion policy-makers. The forum aims to fulfill a lot of objectives major of them are:

- Facilitate the dialogue in order to gain a broader understanding of innovation, its efficient management, and the concrete ways to take it forward in the context of financial inclusion;
- Showcase the latest trends and innovations in technology, product design, business models, and data usage, and highlight their potential role and impact in advancing financial inclusion;
- Identify policymakers' and regulators' roles in scaling up, and managing the risks of financial inclusion innovations to further expand outreach to unbanked populations, specifically those living in rural areas, women, and other marginalized communities;
- Highlight innovative modes of partnerships with the private sector and other key stakeholders, and agree on the concrete next steps in the context of AFI's Public-Private Dialogue (PPD) platform.

In the opening ceremony, the President of the Mozambique noted that the presence of so many financial inclusion leaders in the city had "made Maputo the financial capital of the world".

In the GSPWG meeting, CENFRI, GSMA and World Bank shared their views on recent research on AML/CFT and Proportionality. A panel discussion was also held on Electronic Money and Deposit Insurance issues.

6.7 Cooperation with other International partners

6.7.1 The First Southeast Asian Regional Summit to Counter Terrorism Financing

AUSTRAC (Australian FIU) and PPATK (Indonesian FIU) co-hosted the first Southeast Asian Regional Summit to counter terrorism financing. The Summit held during 16-18 November, 2015 in Sydney was inaugurated by Australia's Minister for Justice and Minister Assisting the Prime Minister on Counter-Terrorism. The Bangladesh delegation was headed by Deputy Governor and the Head of BFIU. The Summit agreed to form a taskforce to develop a regional framework for improved financial intelligence sharing and analysis on terrorism financing that expands upon established bilateral agreements with a view to sharing information faster regionally, maximizing intelligence value and providing earlier warning to detect networks and prevent plots manifesting as attacks.

6.7.2 goAML 3rd International User Group Meeting

BFIU signed an agreement with UNODC on 04 July, 2012 for the deployment of the goAML software with a view to facilitating online reporting of CTR, STR and other reports and analyze the same. The UNODC support team continued their support for the effective implementation of the software. Besides that BFIU has been participating in different training and workshops related to goAML software.

The goAML 3rd International User Group Meeting (IUGM) was held in Vienna, Austria during 23-24 March 2016. The objectives of the meeting were:

- (i) to give idea of goAML related software of UNODC, to current and prospective users;
- (ii) to share experience and to discuss suggestions for enhancements, and/or expansion of the system;
- (iii) to exchange ideas about future releases of goAML

The meeting was hosted by the FIU of Netherlands and the Head of FIU-Nederland chaired the meeting as the Chairperson of International User Group. The meeting was divided into two parts – (i) Policy and Operations, and (ii) Information and Technology. A three-member team from BFIU and Bangladesh Bank divided into two groups attended the two segments of the meeting.

6.7.3 Participation in Focus Group on Digital Financial Services of ITU

Recent growth of digital financial services has allowed millions of people who are otherwise excluded from the formal financial system to perform financial transactions relatively cheaply, securely, and reliably. The Focus Group on Digital Financial Services (FG DFS) of International Telecommunication Union (ITU) acts as an open platform for digital financial services stakeholders – such as telecom regulators, financial services regulators, digital financial services providers, payment platform providers, mobile network operators, international organizations and industry forums and consortia – to share knowledge and lessons learned in the field with the objective of identifying the standardized frameworks needed to support the scaling up of digital financial services usage globally.

Bangladesh Financial Intelligence Unit (BFIU) is supervising mobile financial services on ML & TF related regulation, compliance and analyze the criminal abuse cases. Understanding the importance of receiving the evolving knowledge regarding digital financial services, one official of BFIU supervising MFS participated in FG DFS in August, 2015. He also participated in the 3rd, 4th and 5th meeting of the FG DFS in Malaysia, Geneva and Washington D.C respectively. Executive Director of Bangladesh Bank & Deputy Head of BFIU and Executive Director of Payment System Department of Bangladesh Bank also participated in the 4th and 5th meeting of the Focus Group as panel speakers.

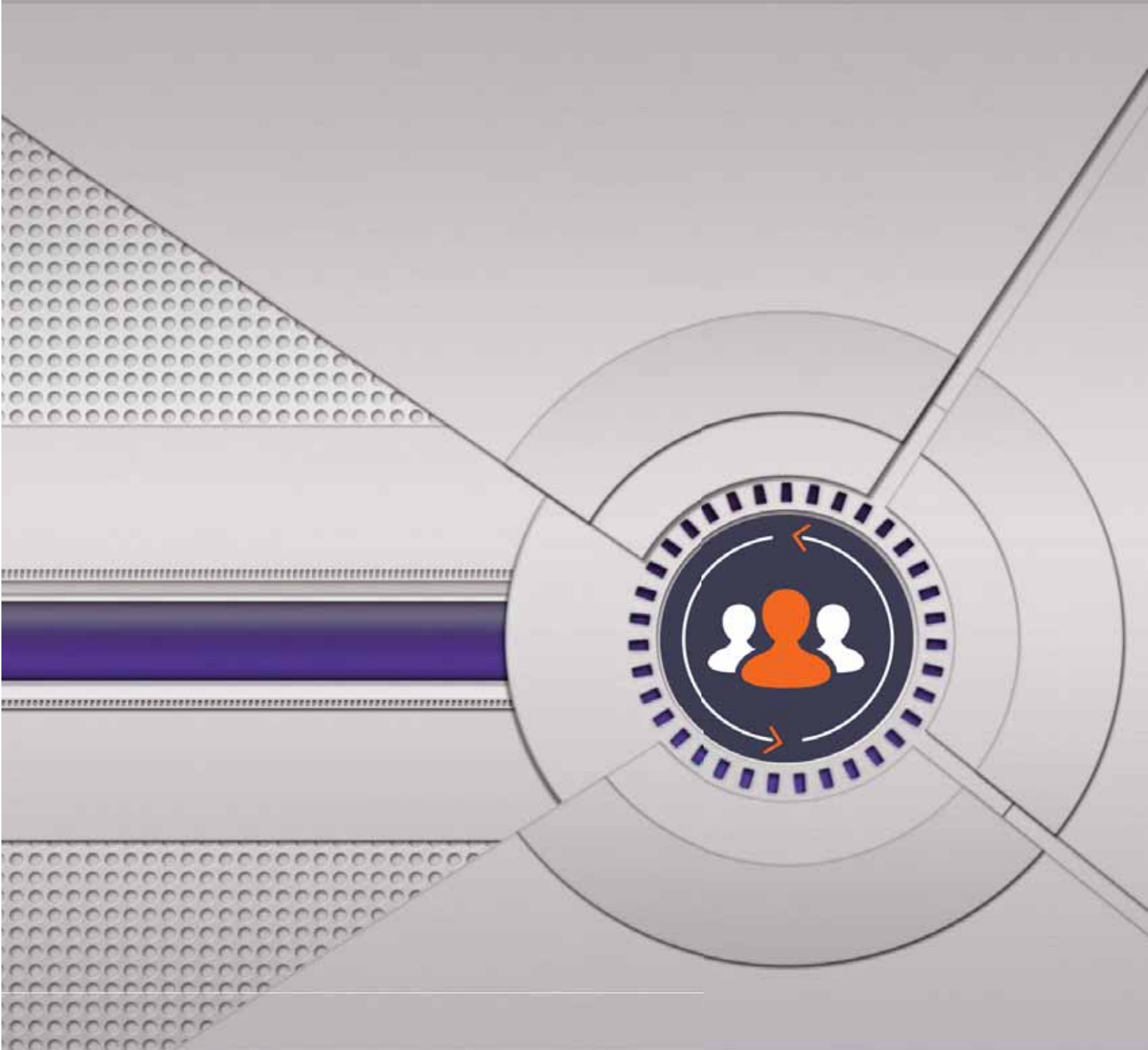
The BFIU official is a core member of the Consumer Experience & Protection Working Group and was also the contributor of the respective study paper. MFS providers of Bangladesh have also been involved with the Focus Group for their capacity building and highlighting achievement of Bangladesh in international forum.

With continuous effort of Bangladesh Bank delegates since inception, Focus Group Chairman Bill & Malinda Gates Foundation agreed to launch a project focusing on DFS market of Bangladesh. Consequently, Gates Foundation and UN Capital Development Fund jointly have launched a project, 'Shaping Inclusive Finance Transformations (SHIFT) SAARC in Bangladesh' in 2016. Preliminary concept paper of the project and proposed activities were developed by BFIU team in association with other stakeholders. Capacity building of Bangladesh Bank and BFIU in MFS regulation and supervision is the main agenda of the project along with development of DFS ecosystem.

6.7.4 International Visitor Leadership Program by U. S. Department of State

International Visitor Leadership Program (IVLP) is coordinated and administered by the office of International Visitors in the Bureau of Educational and Cultural Affairs of the U. S. Department of State. It is designed to provide foreign leaders and scholars with the opportunity to meet and confer their American counterparts and get better acquainted with the United States, its culture and people. The regional project on "Towards a More Safe and Secure World: Combating International Crime" was held from April 18, 2016 to May 7, 2016. More than 50 judicial, law enforcement, security and financial intelligence officials participated to discuss and explore mutual threats to international peace and security and to promote global cooperation on the war against international crime. Officials from Bangladesh Financial Intelligence Unit, Bangladesh Police and Attorney General's Office represented Bangladesh as well as South Asia in this regional project.

The program started with a plenary in Washington DC with top private and public sector security experts. Following the meeting in Washington DC, participants from Bangladesh visited Chicago, Texas and New York. Participants had meetings with Office of Emergency in Chicago, Internal Revenue Service, 7th District Court, Chicago 1st District Police Station, Department of Correction, Loreda Border, Private Bank, NGO, etc. Participants and officials of these institutions exchanged their views regarding mode of operation, inter agency cooperation and challenges faced in combating crimes like Human Trafficking, Drug Trafficking, Tax evasion etc.



Professional
Development of
the BFIU staff

Professional Development of the BFIU staff

Most essential to a sustainable robust FIU is the professional development of its human resources. In addition to strong organizational capacity an individual's skill is the key component behind effective implementation of AML/CFT regime. Every day sophisticated ML/TF trends and instruments appear in the world unraveling the new threats and vulnerabilities, therefore, the skills of human resources engaged in this regime also require proportionate concurrent enhancement. BFIU has made rigorous efforts to enhance its capacity. To equip its manpower with adequate skill and knowledge the Unit has taken every care and has arranged trainings and workshop both home and abroad. For training and workshops the Unit has received cooperation from a number of international organizations and foreign agencies. Professional development of BFIU officials has benefitted not only the Unit but also the stakeholders in the field. Developing human resources is a continuous process and the Unit is committed to further strengthen its capacity to discharge its duties most efficiently and ensure most desirable outcome.

The Unit makes all out efforts to ensure training for its officials using every available opportunity both in home and abroad. The Unit also tries to respond to every request of other training institutes and law enforcement agencies.

7.1 Participation of BFIU officials in the capacity building programs held abroad

7.1.1 APG Assessor Training Workshop

Two officials of BFIU participated in the APG Assessor Training Program in FY 2015-2016. One official participated in the program held in New Delhi, India during 14-18 December, 2015. Another official participated in the APG's 6th assessor training workshop during 23-27 May 2016 held in Macao.

7.1.2 Master Card Global Risk Leadership conference

Master Card Global Risk Leadership conference was held in Singapore from 25 to 28 September, 2016. Every Year MasterCard arranges such conference for its vendors worldwide to make them able to manage and prevent risk against card payment. There are participants from regulators to make them vocal on this risk and preventive measures. One BFIU official participated in the program. Issues like digital convergence and the progression of payment card security, advancements in authentication, securing the payments network through safety net, advancing digital payments with the MasterCard digital enablement service, biometrics in a heartbeat, a glimpse of the future with MasterCard labs, the importance of data privacy and information governance, the paradigm of fraud detection, law enforcement collaboration and the importance of public-private partnerships were discussed.

The participants got the chance to know the latest developments in uses of MasterCard and card security. Understanding the developments in standards, guidelines, security principles and technologies for payments were expected to help in adopting best practices.

7.1.3 Train the Trainers by Asian Development Bank

The Asian Development Bank's (ADB) Office of Anticorruption and Integrity (OAI) has launched a technical assistance (TA) program that aims to strengthen the capacity of Non-Banking Financial Institutions (NBFIs) to implement the international standards in relation to Anti-Money Laundering and Combating the Financing of Terrorism (AML & CFT).

As part of the TA, OAI conducted a workshop for a pool of trainers for implementation of the developed AML & CFT approaches, methodologies and controls, which was held in Manila from 12-16 October 2015. The aim of the workshop was to train participants so that they can train other staff at their institution or train and educate other NBFIs in relation to AML & CFT. BFIU took into cognizance the importance of the program and one BFIU official attended the five-day long workshop.

7.1.4 Workshop on Implementing a Risk Based Approach to AML & CFT Supervision

International Monetary Fund (IMF) and Singapore Regional Training Institute (STI) jointly organized the "Workshop on Implementing a Risk-Based Approach to AML/CFT Supervision" during October 19-23, 2015 in Singapore. Thirty three participants from different regulatory and supervisory authorities of more than twenty five countries participated in the workshop. Among them two participants were from BFIU. The workshop covered the topics of FATF recommendations on assessing risks and applying risk based approach, preventive measures for financial institutions, regulation and supervision of financial institutions; Legal and regulatory framework supporting the risk-based approach to AML/CFT supervision and assessing risks within products & services, geographic areas and delivery channels. At the end of the workshop, three groups were formed from the participants and each group had to present on a particular assigned topic on the basis of the learning from the workshop. The workshop was very interactive and it was an effective platform to share knowledge and views on AML/CFT issues with people from different jurisdictions.

7.1.5 Participation in FISMM and SEC-FIU courses organized by EGMONT Group

Egmont Group arranged FIU Information System Maturity Model (FISMM) and Securing an FIU (SEC-FIU) courses two times in 2015. The first program was held from 02-09 September, 2015 in Manila, the Philippines and the second one from 30 November to 5 December, 2015 in Lima, Peru. One BFIU official participated in each program.

The participants learned about the FISMM domains and the FIU security issues from these two courses. They also achieved the capability to assess the maturity level of the processes and IT systems of an FIU as well as evaluate the security risks. The knowledge and experience gathered from these two courses would help the participants to contribute to the process improvement and strategy formulation, development of IT infrastructure and adoption of enhanced security policies/programs within BFIU.

7.1.6 Training on Mobile Banking Security and Testing

A five day training program was held during 15-19 February, 2016 in Hyderabad, India on Mobile Banking Security and Testing (MBSAT). Two BFIU officials participated in the program with a view to utilizing the knowledge to upgrade BFIU's regulatory system in this arena. The Mobile Banking Security Lab (MBSL) of Institute of Development and Research in Banking Technology (IDRBT), Hyderabad, India was the venue. In the training sessions issues like the evolving challenges of Mobile Communication, Mobile Banking, Mobile Security and Mobile Application Testing, etc. were discussed. The MBSL of IDRBT provides guidance, support and consultancy services to Banks and Financial Institutions in the above areas including mobile application testing, mobile banking security policy framework, vendor selection and evaluation process of technology products etc. The participants got the chance to be in a position to know the latest developments in Mobile Communication, Mobile Banking and Mobile Security in India as well as in the global arena.

7.2 Participation of BFIU officials in the capacity building programs held in the country

BFIU as part of capacity building of its officials ensures training for the participants in Bangladesh Bank Training Academy (BBTA), Bangladesh Institute of Bank Management (BIBM) and Training Institutes of different Law Enforcement Agencies. In FY 2015-16, 19 officials of BFIU participated in training courses on various topics such as Financial Statement & Ratio Analysis, Banking Supervision, Financial Inclusion & Sustainable Financing, Integrity & Anti Corruption in Financial Services, NBFIS Supervision & Inspection, Risk Based Supervision, Enhancing Managerial Performance, Foreign Exchange Inspection, Electronic Fund Transfer Fraud Mitigation, ICT Risk Management, Stress Testing, Internet/Mobile Banking etc.

7.3 In-House Training

BFIU arranges in-house training at least once in a month to share knowledge among the officials of the Unit. It promotes culture of developing capacity building in a number of ways. Firstly, everyone by turn has to play the role of a trainer on a certain topic. Secondly, whenever an official receives training or attends workshop, seminar, summit etc home and abroad he/she has to share the experience with all other officials of the Unit. Thirdly, through the in-house training program all the officials can ensure maximum utilization of its own resources in the most cost effective way, sitting in the same premise. Moreover, through exchange of opinion among the officials the program also serves the purpose of policy debate.

7.4 Capacity Building Support to other Organizations and Agencies

The officials of BFIU play a significant role to contribute to the capacity building needs of the Training Institutes of the banks and other reporting organizations as well as different law enforcement agencies on AML&CFT issues. In FY 2015-16, two officials of BFIU contributed as Speakers in Bangladesh Bank Training Academy and six officials of the Unit provided training to the participants of Bangladesh Institute of Bank Management on different occasions. Moreover, six officials of BFIU provided training to the officials of Law enforcement Agencies in Police Staff College and Bangladesh Police Academy on a number of occasions. Three more officials contributed to the capacity building for the officials in the Regional Taskforce, Mymensingh.



Strategic Analysis Report

Strategic Analysis Report

Conducting strategic analysis is a yardstick to measure an FIU's effectiveness. Moreover, FATF recommendation 29 and Egmont Operational Guidance for FIU Activities and the Exchange of Information obligates an effective FIU to have the capacity to conduct strategic analysis. As the national analysis centre BFIU, in addition to conducting operational analysis performs strategic analysis to identify trends and pattern, spot the weakness of the system and address relevant policy implications.

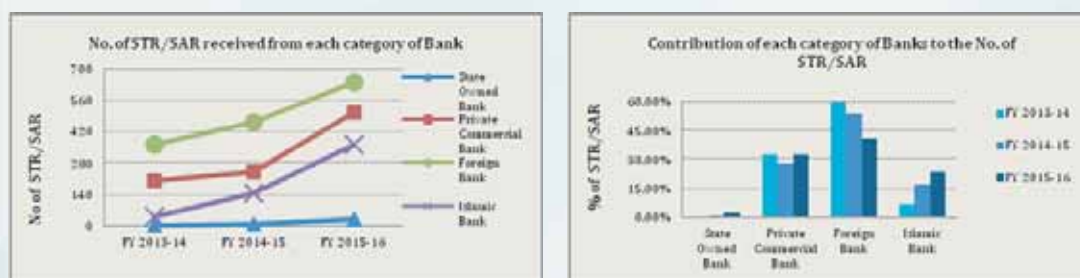
BFIU conducts strategic analysis on data reported by the reporting organizations, complaints submitted by the individuals and organizations, intelligence reports received from stakeholders. During the analysis BFIU also collects additional information from reporting and other organizations.

BFIU conducts strategic analysis on reported STRs/SARs and CTRs semiannually in regular fashion and comprehensively based on yearly data. BFIU also conducts strategic analysis on other issues in relevant field if deemed necessary.

8.1 Suspicious Transaction/Activity Report

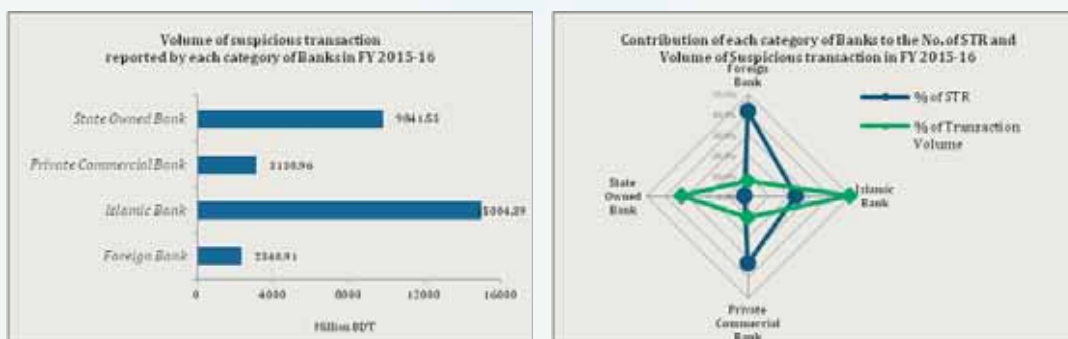
8.1.1 Number of STR and SAR by different category of banks

In FY 2015-16, BFIU received 91.7% of the total STRs/SARs (1547 STRs/SARs) from different categories of banks. Banking sector of Bangladesh may be categorized into four major groups, namely State Owned Banks (commercial and specialized), Private commercial Banks, Foreign Banks and Islamic Banks. Despite having the lowest number of branch network and clients, Foreign Bank submitted the highest number of STRs/SARs (642) in FY 2015-16 like the previous year. Private Commercial Banks and Islamic Banks submitted 511 and 362 STRs/SARs respectively. Although Foreign Banks remain at the top in terms of number of STRs/SARs, their contribution to the total STR has gradually fallen over the previous three fiscal years, whereas the contribution of Islamic Banks has risen sharply.

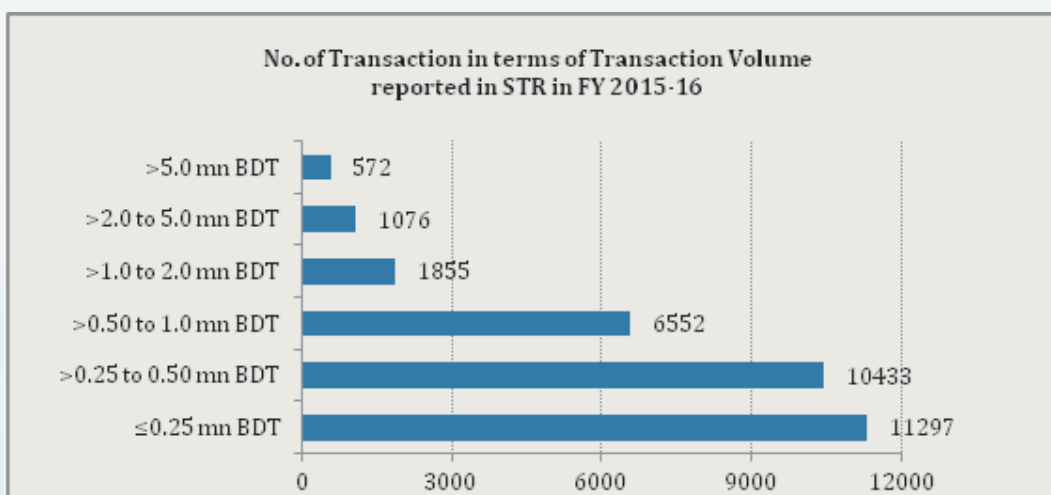


8.1.2 Suspicious Transactions by Volume

99.86% of the suspicious transactions (BDT 30317.79 million) have been transacted in different categories of banks. Islamic Banks made the highest contribution to the transaction volume followed by State Owned Banks. Though the State Owned Banks had negligible contribution to the number of STR, they reported 32.5% of the total volume of suspicious transaction. Similarly, Foreign Banks had the highest contribution in terms of number of STR, but transaction volume reported by them was the lowest.



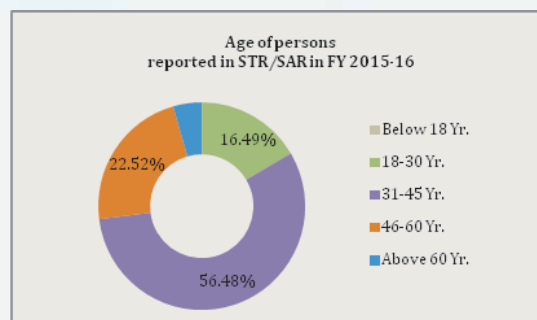
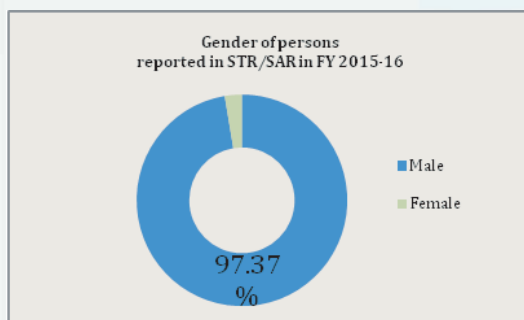
Transaction volume of less than BDT 0.25 million represent 35.54 percent of STRs as reported while transaction volume of above 0.25 to 0.50 million is 32.82 percent, i.e. number of transaction up to 0.50 million in volume is 68.36% of the total transaction. Number of transaction involving amount of more than BDT 0.50 to 1.0 million is 20.61 percent, whereas transaction volume more than BDT 1.0 million consists of 11.02 percent transaction.



8.1.3 STR/SAR as reported on the basis of Gender and Age Group

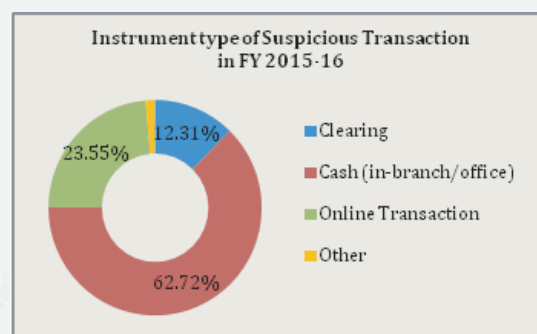
Most of the STRs/SARs reported in FY 2015-16 were related to male accountholders. 97.37 percent accounts owned by male customers, whereas only 2.63 percent owned by female customers.

56.48 percent of STRs/SARs were reported on customers between 31 to 45 years age group. 27.03 percent STRs/SARs were reported on 45 years and above age group whereas 16.49 percent were 18 to 30 years age group.



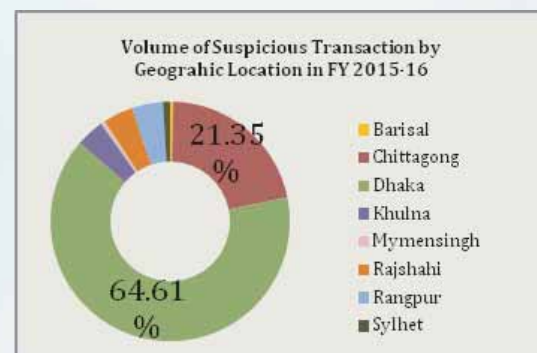
8.1.4 Suspicious Transaction by the Instrument type

Cash, online transaction and clearing cheques are the major types of financial instruments involved in reported STRs. Of them cash comprises 62.72 percent of the total number of STRs as reported during FY 2015-2016, whereas 23.55 percent reported suspicious transaction were related to online transaction and 12.31 percent related to clearing transaction. Apart from this, ATM, remittances and credit card transactions were also included in the STRs reported to BFIU.



8.1.5 Suspicious Transaction by Geographical Location

STRs/SARs received by BFIU contain transactions taking place in all the divisions of Bangladesh. But the majority i.e. 64.61 percent of the STRs/SARs involved transactions from branches located in Dhaka division as foremost business and industrial activities run in this area while the second most i.e. 21.35 percent STRs/SARs were generated from Chittagong division, port and industrial city.



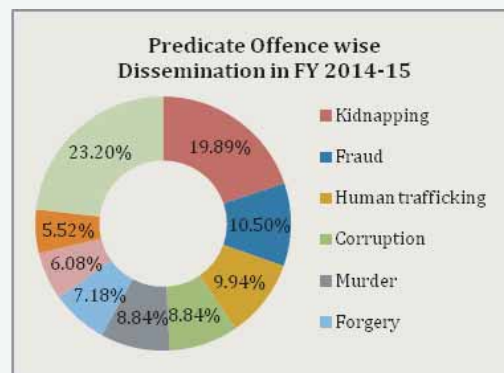
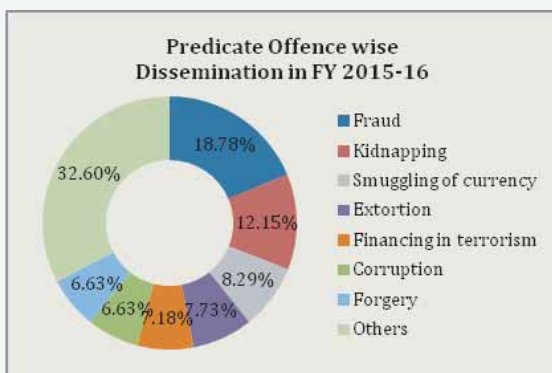
8.1.6 Movement of Money reported in the STRs

STRs reported during FY 2015-2016 indicate that major portion of the money movement took place in Bangladesh Jurisdiction. Apart from this, foreign fund movements also took place from UK, USA, Kosovo, Pakistan, Turkey and Nigeria in the reported STRs.



8.1.7 Dissemination of STR/SAR on the basis of Predicate offences

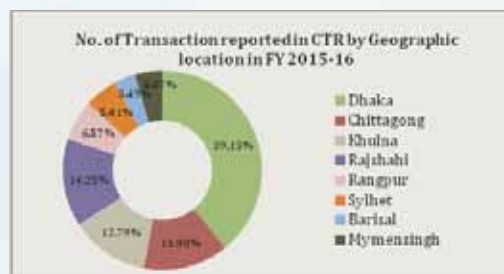
In FY 2015-16, 18.78% of the disseminated cases (STR/SAR) were related to fraud and 12.15% were related to kidnapping. In the STR/SARs reported during 2014-2015 also these two were the top two predicate offences. In FY 2015-16 STR/SARs also involved proceeds from predicate offences such as smuggling of currency, extortion, financing of terrorism, corruption and forgery.



8.2 Cash Transaction Report (CTR)

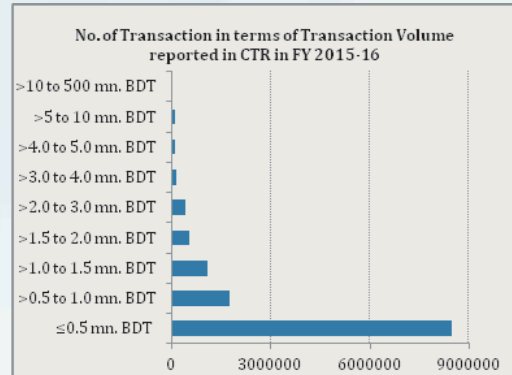
8.2.1 Geographical Location wise Cash Transaction

During FY 2015-2016, 39.13 percent of CTRs were reported from Dhaka division while Rajshahi, Chittagong and Khulna division contributed to 14.25, 13.90 and 12.79 percent of CTR respectively.



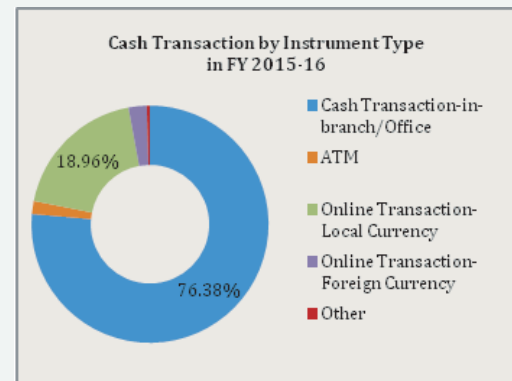
8.2.2 Cash Transaction by volume

It is found that almost two-thirds of the transactions reported in the CTR were below or equal to BDT 0.5 million. 13.74% transactions were in between BDT 0.5-1.0 million, 8.58% transactions were in between 1.0-1.5 million BDT, 4.16% transactions were in between BDT 1.5-2.0 million and 6.6% transactions were BDT 2.0 million and above.



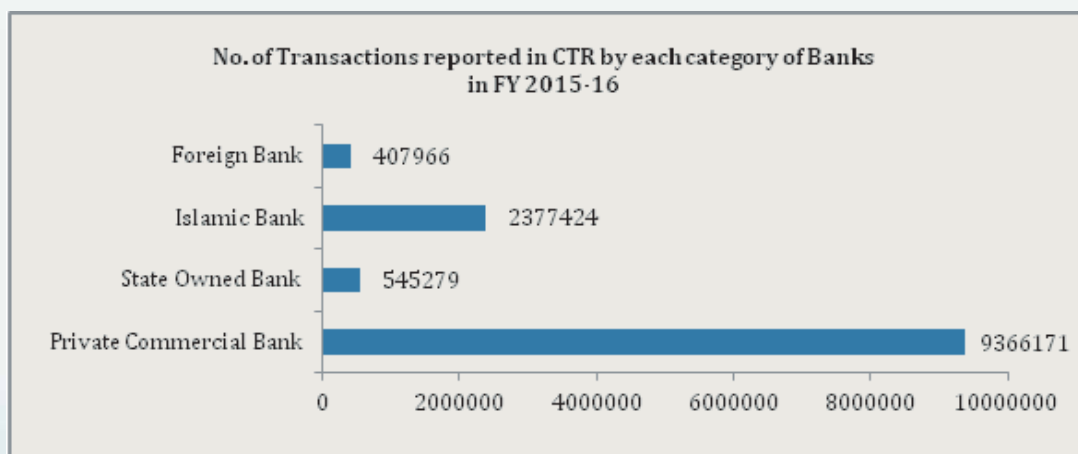
8.2.3 Cash Transaction on the basis of Instrument Type

Reported CTRs involved mainly cash transaction (76.38%) and online transaction (18.96%).



8.2.4 Bank category wise Cash Transaction

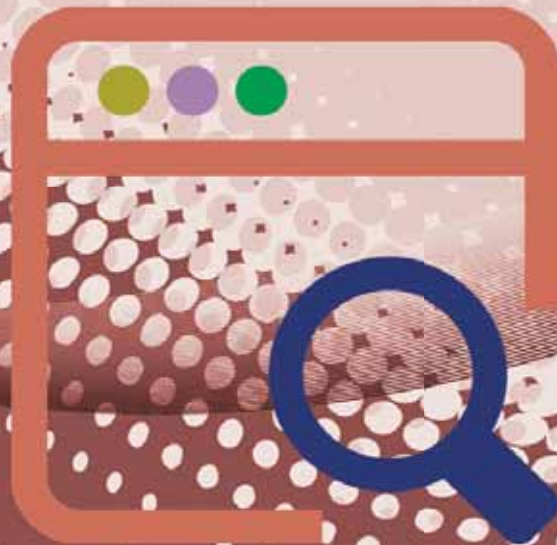
Among the four major categories of banks, most of the cash transaction took place in private commercial banks which was about 73.6% percent of the total reported cash transactions.



8.3 Meeting with CAMLCOs regarding STRs/SARs and CTRs reported by the reporting organizations

As part of the strategic analysis, BFIU updated the officials of reporting organizations with the trends and typologies. The meeting provided a valuable opportunity for discussion between the BFIU and the reporting organization facilitating intelligence gathering and cooperation. The following major trends were observed in the STR/SAR and CTR submission:

- In term of cash transaction volume, Private Commercial Bank was at the top (73.77%), but suspicious transaction reported by them was substantially low (10.32%).
- Persons reported in the STR/SAR were mainly male and majority of them belonged to 31-45 years age group.



Case Studies

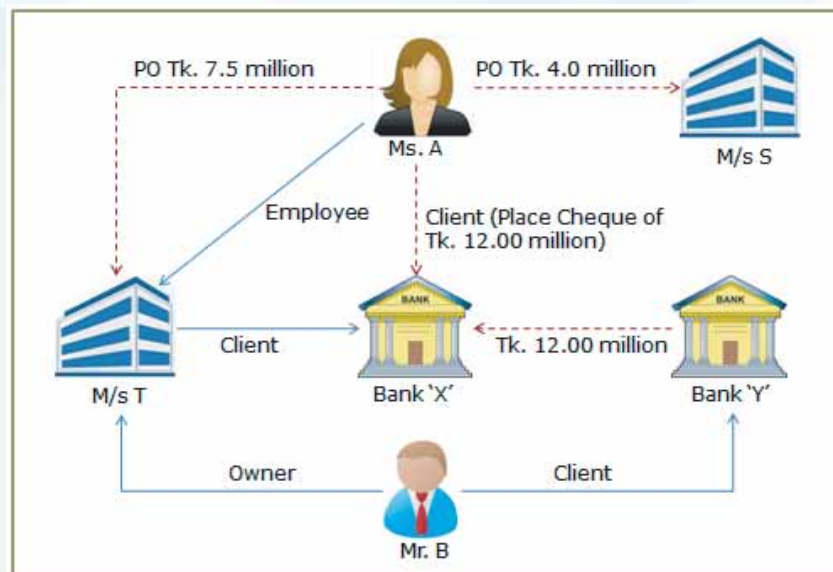
Case Studies

Case study 1: Fake documents are used to open multiple bank accounts to conduct fraudulent activity

Ms. A deposited a clearing check amounting Tk. 12.00 million just after two days of opening her bank account in Bank 'X'. The Money was cleared from an account of Bank 'Y'. She issued two pay orders in the name of two business entities, M/s S for the amount of Tk. 4.0 million and M/s T for the amount of Tk. 7.5 million. M/s T was also maintaining a current account with Bank 'X'. Bank 'X' treated the two transactions as unusual and requested Ms. A to submit necessary documents regarding the transactions. Having requested from the bank, Ms. A informed that she had sold her apartment to Mr. B and deposited the proceeds of sale into her account. In the mean time, Bank 'X' made an in-depth internal inquiry about the account of Ms. A and M/s T and found that they had submitted fake documents like NID, trade license, nominee's NID, TIN certificate etc. at the time of opening the account. Most suspicious thing is that the buyer of the apartment, Mr. B owns M/s T and Ms. A is an employee of the business entity. That means payment and transactions were made between the same persons.

It was revealed from the analysis that the source of Tk. 12.00 million was from a House Building Loan received from Bank 'Y'. It was also found that Mr. B had been maintaining sixteen accounts in the name of his six business entities where he and other directors were signatory. Mr. B was also maintaining three personal accounts with different banks and financial institutions. His related persons i.e. wife, daughter and business partners were also maintaining thirteen accounts with different banks.

Further analysis revealed that Mr. B, by producing fake NID and TIN, duplicating RJSC documents and appointing his wife or daughter as the fake chairman or MD of different entities, opened many accounts and was trying to open new bank accounts. He availed loans from banks and financial institutions by submitting fake documents related to him and his business entities. Counterfeiting deeds and documents, fraud and forgery are the predicate offences under the provision of MLPA, 2012. BFIU analyst found that the money laundering offence was committed by Mr. B, and subsequently disseminated the case to ACC for further investigation and legal procedure. In the mean time Anti Corruption Commission (ACC) has already seized one of his bank accounts for creating fake bank guarantee. One financial institution has also filed a case against him as a loan defaulter. ACC has been conducting a thorough investigation about the fraudulent activity to take lawful action.

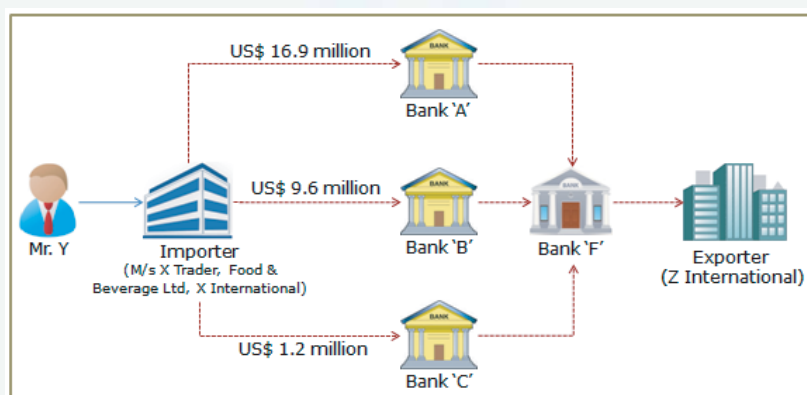


Offence	Counterfeiting deeds and documents, fraud and forgery
Customer	Individual , Business Entity
Industry	Bank
Channel	Banking Channel
Report Type	STR
Jurisdiction	National
Designated Service	Account services
Indicators	Using fake documents to open multiple bank accounts, using different identity for opening different bank accounts, transactions between the same persons.

Case study 2: Smuggling money through false import by a sole proprietor and its related companies

A complaint was received that M/s 'X' Trader and its related entities had been smuggling foreign exchange in the form of imports. Based on that complaint, BFIU collected information from different banks and found that Mr. 'Y' imported chick peas, red lentil, wheat etc. by his related business entities (M/s 'X' trader, 'X' Food & Beverage Ltd, 'X' international etc) from different exporters, but mostly from 'Z' international, UAE. He imported goods amounting to US\$ 29.1 million by 3 banks, and for this purpose, he opened 87 Letter of Credits (LCs). Among these 87 LCs, importer did not take the documents to release the goods and submitted false bills of entry for 71 LCs that valued US\$ 27.7 million. Apart from this the client did not repay 19 LCs amounting US\$ 8.0 million.

Upon analysis, it was found that same imported goods were shown to different banks, one of the two shareholders of 'Z' international (exporter) was a Bangladeshi, the name of one person related to the exporter was similar to Mr. 'X's (importer) brother. Exporter's bank informed importer's bank that they had informed the issue to the UAE Central Bank and import was done in black and white by a shipping line that was inoperative at that time. The importer smuggled money abroad through false import and thus committed money laundering offence. The report was disseminated to ACC for further investigation and necessary legal actions as per provision of MLPA 2012.

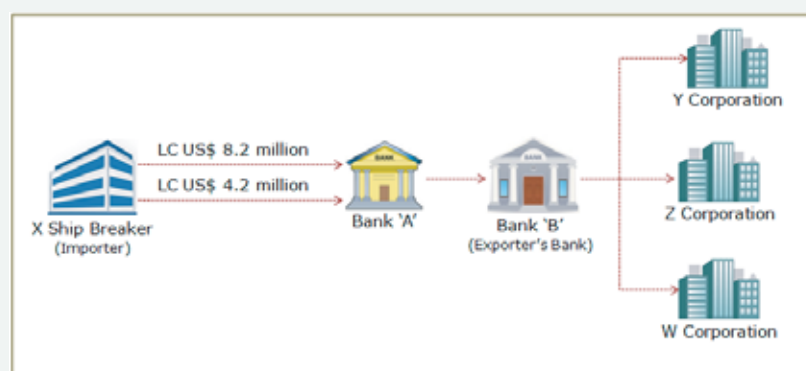


Offence	Smuggling of currency
Customer	Limited Liability Company
Industry	Bank
Channel	Wire transfer
Report Type	Complaint
Jurisdiction	International
Designated Service	Letter of Credit
Indicators	False Bill of Entry, original documents to release the fund not taken by importer, Exporter was Bangladeshi citizen, name alike importer's brother.

Case study 3: Remitting money abroad through over invoicing and false documents by a business entity

BFIU had been informed about the corruption of a bank manager of Bank 'A'. BFIU collected information and conducted inspection on that branch to look into the allegation meticulously. The inspection team was able to identify a client of that branch, 'X' Ship Breaker, that imported three Scrap Vessels from 'W' Corporation, 'Y' Corporation, and 'Z' Corporation amounting US\$ 12.4 million. It was revealed that three LCs were opened prior to the permission of Head Office of Bank 'A', but one scrap vessel was imported without Head Office's permission. More over 'X' Ship Breaker did not meet up LC liability even.

It was also found that the three exporters were from high risk/unusual jurisdiction and two of them had the same address, their line of business was investment and holdings company, they were exempt/offshore company having negligible capital. Moreover, one of the exporters was sentenced to prison in USA for charge of money laundering offence. He was accused of creating fictitious offshore entities, concealing income and disguising transactions. For these reasons, it is suspected that the import was not duly conducted or the fund might be remitted abroad through over invoicing/without importing the scrap vessel. BFIU disseminated an intelligence report to the Directorate of Customs Intelligence and Investigation for next course of action under the provision of the MLPA 2012.



Offence	Smuggling of money
Customer	Business entity
Industry	Bank, Ship breaking
Channel	Banking Channel
Report Type	Complaint
Jurisdiction	International
Designated Service	Letter of Credit
Indicators	Exporter located in high risk jurisdiction, one exporter was alleged for money laundering (in a foreign State) , importer did not repay the LC liability, LCs were not duly opened

Case Study 4: Embezzlement of the pay orders by a non-existent business house

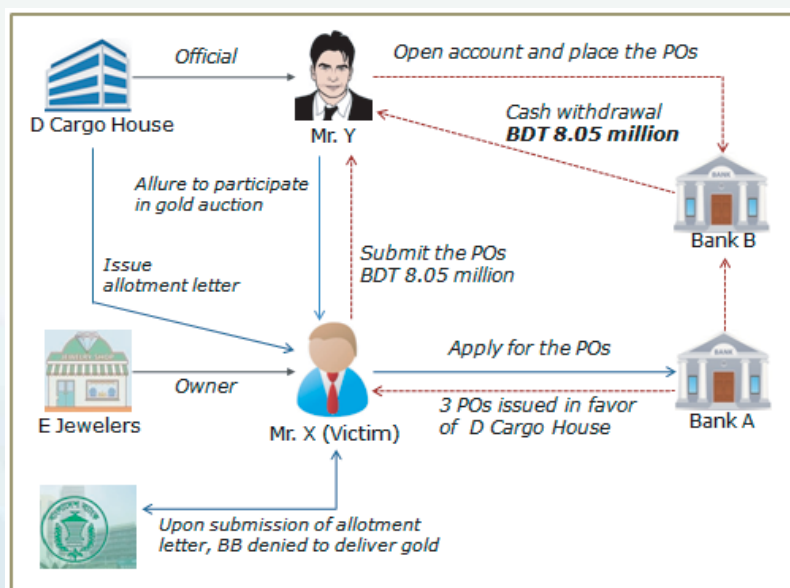
The proprietor of 'E' jeweler, Mr. 'X' gets introduced to Mr. 'Y' who presented himself as a high official of 'D' Cargo House. Mr. 'Y' proposed Mr. 'X' to participate in gold related auction conducted by 'D' Cargo House. Being allured Mr. Y's word, Mr. 'X' submitted documents for participation in the auction. After some days 'D' Cargo House sent a letter to Mr. 'X' mentioning the allotment of 999.9 SUISES gold to him.

To fulfill the requirements of the allotment letter, Mr. X issued three pay orders valued total BDT 8.05 million in favor of 'D' Cargo House from Bank 'A'. He handed over the pay orders to Mr. 'Y' and just after that Mr. 'Y' absconded. In the meantime, Mr. 'Y' quickly encashed the pay orders through Bank 'B'. Mr. 'X' placed the allotment letter to Bangladesh Bank, but delivering gold in favor of him was denied as the letter appeared fake. Following this incident, Mr. X made a complaint to BFIU.

Upon receiving the complaints, BFIU collected documents relevant to the account of 'D' Cargo House, maintained with Bank 'B' and conducted a special inspection on the relevant branch of Bank 'B'. The inspection team collected documents of the related account and CCTV footage during the inspection. Later BFIU also checked the validity of the trade license, mobile phone registration and NID from respective authority and database.

Upon analysis, it was found that Bank 'B' did not accomplish KYC procedures appropriately during account opening and not take proper precaution to conduct transaction in the name of 'D' Cargo House. The account was opened using fake documents and even the cell phones used by Mr. 'Y' were not registered in his name. Bank 'B' also gave some privileges to Mr. 'Y' by breaching normal banking practice. The pay orders were deposited one week later the account was opened and Mr. 'Y' himself withdrew the whole amount (BDT 8.05 million) in cash through two transactions within next day of placing the pay orders. It was revealed that the officials of Bank 'B' abetted Mr. 'Y' to open fake account, deposit the pay orders to the account and withdraw the money very quickly, i.e. to embezzle the defrauded money.

Counterfeiting deeds and documents, fraud and forgery are predicate offences under the provision of the MLPA, 2012. BFIU analyst found that the money laundering offence were committed by Mr. 'Y', and subsequently disseminated the case to the law enforcement agency for further investigation to take next course of action.



Offence	Counterfeiting deeds and documents, fraud and forgery
Customer	Individual, Business Entity
Industry	Bank , Gold business
Channel	Bank instrument
Report Type	Complaint, STR
Jurisdiction	National
Designated Service	Account Services
Indicators	Three pay orders were deposited to the account one week later the account was opened and encashed the pay orders within next day of placing. The account was opened by using fake documents.

Case Study 5: Using spouse's bank account by a govt. official to place proceeds of bribery and abetting environmental offences

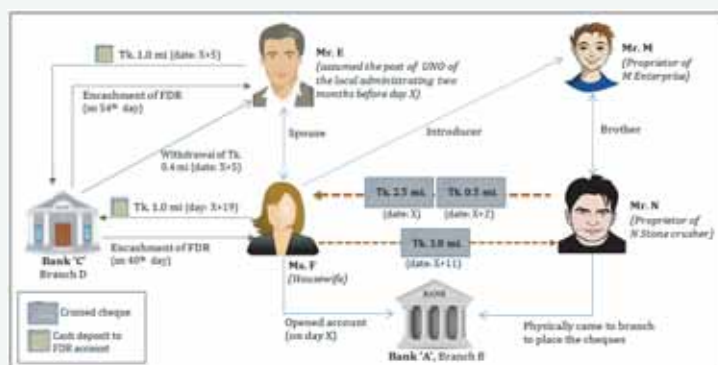
Department of Environment authorizes the Sub-district Executive Officer (Upazilla Nirbahi Officer, UNO) of a north-eastern district to conduct mobile court regularly to ensure environment friendly mining of stone from the largest stone quarry of the country. But Mr. 'E' assuming the post of the UNO, deferred himself from conducting mobile court taking bribery from the local businessmen dealing with stone. It was also alleged that Mr. 'E' had taken bribery through his wife's (Ms. F) bank account from a businessman, namely Mr. 'N', to lease a part of the stone quarry in favor of him. This allegation was published in a national daily to which BFIU paid attention. BFIU also received an STR on Ms. 'F's bank account maintained with bank 'A'. To analyze the STR, BFIU collected account information of the alleged persons from three banks.

Upon analyzing the STR and media report, it was found that two months after assuming the post of the UNO by Mr. 'E', his wife Ms. 'F' who was a house wife, opened a savings bank account (on date X) in branch 'B' of Bank 'A'. On the same day, Mr. N issued a cross cheque worth Tk. 2.5 million to Ms. 'F' and two days later, he again issued a cross cheque worth Tk. 0.5 million to her. Mr. 'N' physically visited the branch to place these cheques to Ms. F's account. But Ms. F suddenly refunded the amount (Tk. 3.0 million) by issuing a cross cheque to Mr. N (11 days after the date of X and media report). The account of Ms. 'F' was introduced by Mr. 'M', brother of Mr. 'N'. Both of them dealt with stone, and they owned M Enterprise and N Stone crusher respectively.

Mr. E opened an FDR account (5 days later than date X) with Tk. 1.0 million in branch 'D' of Bank 'C' and Ms. 'F' also opened an FDR account (8 days later of money refund to Mr. N) with Tk. 1.0 million in the same branch of Bank 'C'. But they encashed the FDR accounts respectively on the 54th and 40th day, i.e., on the same day.

There was no reasonable ground to open bank account by Ms. 'F' with the introduction of Mr. 'M', receive large volume of money from Mr. 'N' on the same day and refund the money within couple of days. Opening FDR accounts by Mr. 'E' and Ms. 'F' for very short period and encashment of the accounts on same day inflated the suspicion. BFIU analyst assumed that the proceeds of bribery and abetting environmental offences (that are predicate offences as per the provision of the MLPA 2012) were transacted in the accounts of Mr. 'E' or Ms. 'F', and subsequently BFIU disseminated the case to ACC for next course of action.

Offence	Bribery, Environmental offences
Customer	Individual
Industry	Bank, Stone industry
Channel	Bank instrument
Report Type	STR, Media report
Jurisdiction	National
Designated Service	Account Services
Indicators	Housewife receives large volume of money from a businessman and refunds the money within couple of days. Introducer of the account is a businessman and related party of taking advantage by giving bribery.

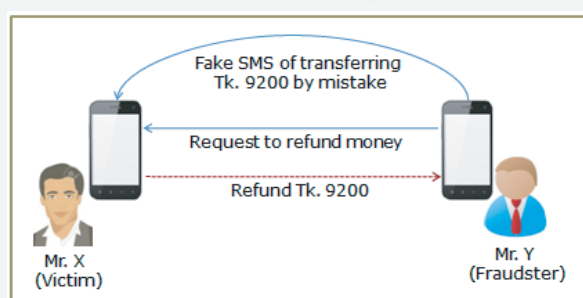


Case Study 6:	Fake SMS persuaded victim to transfer money to mobile banking account of the fraudster
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BFIU received a complaint from an individual (Mr. X) that he had been defrauded by Mr. Y and transferred money to the mobile account of the fraudster. According to the complaint, Mr. X received a call from the fraudster's mobile phone, and was told that Mr. Y had sent Tk. 9,200 to Mr. X's mobile banking account by mistake. At the end of conversation, Mr. X received an SMS which showed that his mobile banking account had been credited with Tk. 9,200. Mr. X again received a call from the same mobile number, with an earnest request to return money. Being persuaded, Mr. X transferred Tk. 9,200 to Mr. Y's mobile banking account. A few minutes later, Mr. X observed the SMS heading (the mobile banking service provider name) turning into a mobile number and he realized that he had been defrauded by fake SMS. Then he checked account balance and found that no money was credited to his account.

Upon receipt of the complaint, BFIU took immediate step to freeze the fraudster's mobile banking account and it prevented Mr. Y from cash out of the money from his account. BFIU then collected documents of the alleged mobile account, and carried out an inspection on the mobile financial service provider to collect additional necessary documents related with the fraudulent activity.

Analyzing the documents, BFIU analyst found that the transaction time and amount of money mentioned in the complaint were consistent with those in the transaction statement of Mr. Y's account. The mobile financial service provider informed BFIU that efforts were made from its end to communicate with Mr. Y, but he was unreachable and even he did not communicate with them to unfreeze his account. Transaction pattern of Mr. Y showed that he used to transfer money from his account to another account for cash out. Such transfer of fund indicated probable link to other fraudsters who might be involved with an organized criminal group. BFIU prepared a report on the complaint based on the findings and forwarded the case to CID for next course of action.



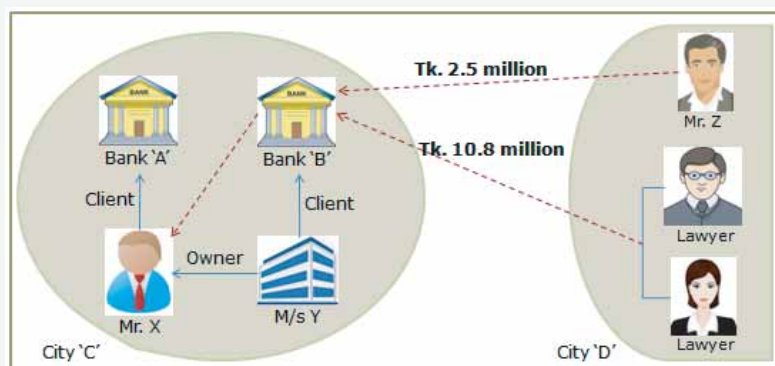
Offence	Fraud
Customer	Individual
Industry	Mobile Financial Service
Channel	Mobile Banking Channel
Report Type	Complaint
Jurisdiction	National
Designated Service	Mobile Financial Account service
Indicators	Fake SMS of transferring money by mistake

Case Study 7: Funding of training programs for terrorists by lawyers

BFIU received a complaint from Rapid Action Battalion (RAB), the elite force of the Bangladesh Police, against Mr. 'X' who runs a business entity (M/s 'Y') that deals with bricks and sand in city 'C'. Mr. 'X' is alleged to finance training programs for terrorists. RAB arrested him from the city 'C' and requested BFIU to explore and examine accounts of Mr. 'X'.

Upon receipt of the complaint, BFIU initiated a CTR database search and found 2 key accounts relating to Mr. 'X' and M/s 'Y' in two banks. Later BFIU sought documents relating to them from three banks. BFIU received documents on total 8 accounts out of which 5 accounts were being operated under the name of Mr. 'X' and 3 accounts under the name of M/s 'Y'. Further analysis reveals that 2 accounts (of M/s 'Y') had significant transactions whereby 3 persons deposited a total of Tk. 13.3 million in cash, of which 2 lawyers from city 'D' contributed Tk. 10.8 million. One of the lawyers was daughter of a Local Influential Persons (Domestic PEPs).

In these accounts, the transactions were washing-out in nature, and the transactions appeared abrupt and did not commensurate with the customer's business profile and previous transaction patterns. The purpose of receiving funds by a local supplier of construction materials (M/s 'Y') in city 'C' from lawyers residing in city 'D' was suspicious. As soon as the large cash deposits were made into the accounts, cash was withdrawn from the account by Mr. 'X' and 2 other persons. It appeared that business accounts were used to receive suspicious funds in order to camouflage it as business transactions even though the transactions were not fitting with the nature of business itself. Based on the findings, BFIU prepared a report and sent it to the RAB to initiate legal procedure. Based on the analysis report, RAB arrested the lawyers who financed the training programs for the terrorists. A case has been filed against them under the ATA 2009 and the Arms Act, 1878.



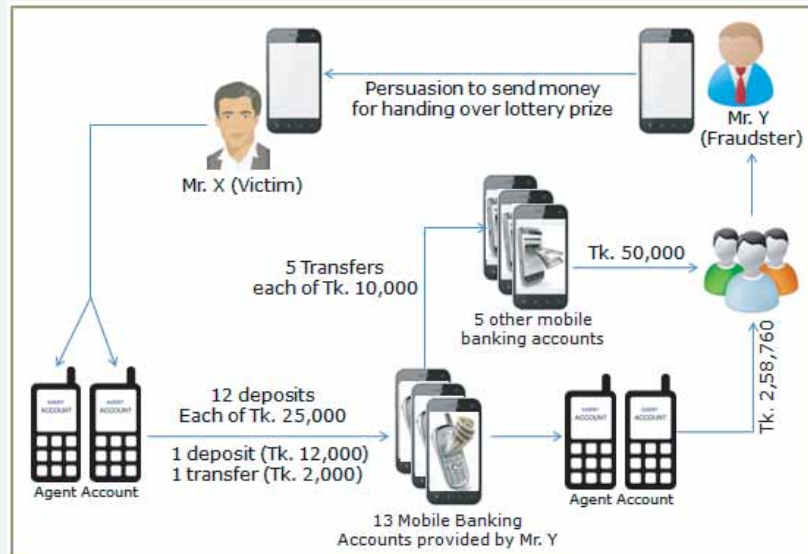
Offence	Financing of terrorism
Customer	individual, Small Business
Industry	Bank
Channel	Banking Channel
Report Type	Complaint
Jurisdiction	National
Designated Service	Account service
Indicators	Receipt of fund by local construction supplier by lawyers, washing-out in nature, transactions appeared did not commensurate with the customer's business profile and previous transaction patterns

Case Study 8: Fraudster allured victim to send money through mobile banking accounts to deliver fake lottery prize

A mobile financial service provider submitted STRs to BFIU against its 13 customers who are alleged to receive the proceeds of fraudulent activity from Mr. X who works in a prominent literary organization of the country. The victim, Mr. 'X' was informed on mobile phone call by a fraudster that he had won a lottery (valued Tk. 2.5 million) and asked to send money through mobile banking accounts as processing fee to hand over the lottery prize. Being defrauded, Mr. 'X' sent Tk. 3,14,000 to 13 mobile banking accounts as provided by the fraudster.

Upon analysis of the relevant documents, it was found that Mr. 'X' sent Tk. 25,000 to each of 12 mobile banking accounts. He also sent Tk. 12,000 and transferred Tk. 2,000 to two other mobile accounts. These 14 transactions (deposit) were made within one hour using two agent accounts. The fraudsters withdrew (cash-out) money (Tk. 2,58,760) using two agent accounts and they also transferred Tk. 10,000 to each five other mobile accounts (Total Tk. 50,000). The withdrawals and transfer were made within couple of minutes of the deposit.

It was also found that all the 13 customers who had link with this fraudulent case were resident of a particular area and 9 of them used fake NID during opening of mobile banking account. BFIU disseminated the case to CID to look into the allegation and take necessary measures against the accused as per provision of the MLPA, 2012. CID has formed a 4-member committee to investigate the case. The case was also forwarded to Election Commission for taking legal action against the persons who produced fake NID.

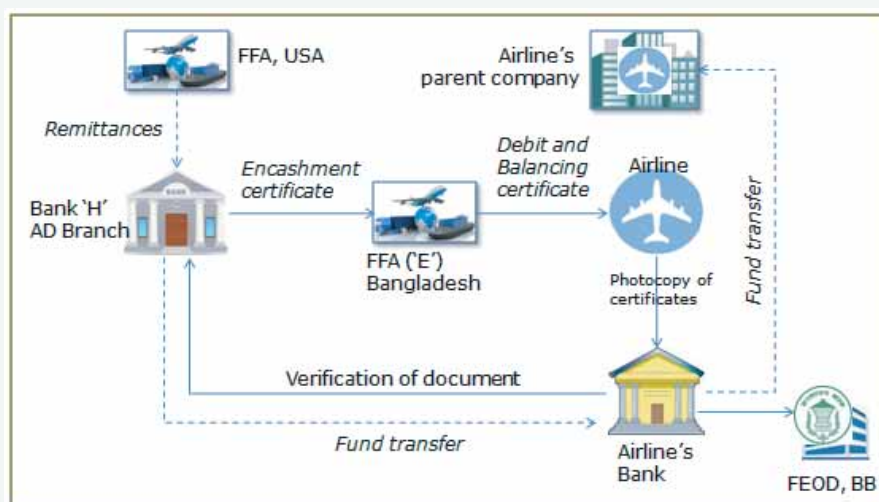


Offence	Fraud
Customer	Individual
Industry	Mobile Financial Service
Channel	Mobile Banking Channel
Report Type	STR
Jurisdiction	National
Designated Service	Mobile Financial Account service
Indicators	Multiple deposits and subsequent withdrawals within very short time

Case Study 9:**Capital flight of BDT 3910 million through multiple encashment certificates by a freight forwarding agent.**

The Foreign Exchange Operation Department (FEOD) of Bangladesh Bank made a complaint that one of the freight forwarding agents (namely 'E') of Bangladesh is using double/multiple original encashment certificate or even duplicate encashment certificate for repatriating the cost of freight/rent to different international airlines. Based on the complaint, BFIU formed a team for conducting on-site inspection on Bank 'H'.

From the inspection it was found that the alleged freight forwarding agent (E) is a franchise of an international freight forwarding company which is also a listed public limited company in the USA. 'E' holds only 2 shares and all the remaining shares (173,096,686) are held by different individuals and organizations across the world. According to the Guidelines for Foreign Exchange Transaction (Chapter-10, Volume-1) issued by Bangladesh Bank, outward remittances are repatriated on behalf of freight forwarding agents through the Authorized Dealer (AD) branches of Bangladeshi banks. Based on the instruction delineated in the Guidelines, AD branches are obligated to follow the following processes to handle freight forwarding agents.



As mentioned in the Inco-term of Freight on Board (FOB), the importers of foreign countries pay the cost of freight for the goods to be exported from Bangladesh. In this regard, parent company of freight forwarding agent remits a lump sum to the account maintained with the AD branch as a prepaid rent. After receiving the remittance, the AD branch of Bank 'H' issues encashment certificate for the freight forwarding agent 'E'. When the goods are shipped (FOB) through airline, 'E' pays the airway bill by deducting the fair from the certificate and make balancing on the certificate. Respective Airline Company submits the photocopy of balancing certificate and claims airway bill to its bank. These certificates are sent to Bank 'H' as well as FEOD of Bangladesh Bank.

Inspection team of BFIU found that the AD branch of Bank 'H' issued 7 double/multiple original encashment certificate and 20 duplicate encashment certificates during 2012-2013 in favor of 'E' without any reasonable ground. The freight forwarding agent 'E' has used these certificates simultaneously with the original certificates and thus it repatriated additional amount of BDT 3901 million to various country. This activity of 'E' is directly a money laundering offence in Bangladesh as per the provision of MLPA 2012. Afterward an intelligence report was prepared based on the information obtained from bank and other sources, and was subsequently sent to ACC and Customs authority (Customs Intelligence and Investigation Department) for taking further necessary legal actions.

Offence	Capital Flight
Customer	Freight Forwarding Agent
Industry	Bank
Channel	Wire Transfer
Report Type	Complaint
Jurisdiction	Transnational
Designated Service	Double/Multiple Original and Duplicate issued encashment certificates
Indicators	One single encashment certificated used by several times to several Airlines for payment of airway bill.



LIST OF ABBREVIATIONS

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ACC	Anti Corruption Commission	IP	Influential Person
ADB	Asian Development Bank	KoFIU	Korea Financial Intelligence Unit
AML & CFT	Anti-Money Laundering/Combating the Financing of Terrorism	KYC	Know Your Customer
AMLD	Anti-Money Laundering Department	MFSP	Mobile Financial Services Provider
APG	Asia/Pacific Group on Money Laundering	MIS	Management Information System
ATA	Anti Terrorism Act	ML	Money Laundering
BACH	Bangladesh Automated Clearing House	MLA	Mutual Legal Assistance
BAMLCO	Branch Anti Money Laundering Compliance Officer	MLPA	Money Laundering Prevention Act
BB	Bangladesh Bank	MLM	Multi Level Marketing (Pyramid Scheme)
BDT	Bangladesh Taka	ME	Mutual Evaluation
BFID	Bank and Financial Institutions Division	MER	Mutual Evaluation Report
BFIU	Bangladesh Financial Intelligence Unit	MoU	Memorandum of Understanding
BGB	Border Guards Bangladesh	MoF	Ministry of Finance
BSEC	Bangladesh Securities and Exchange Commission	MoFA	Ministry of Foreign Affairs
BSA	Bangladesh Standard Accounting	MoHA	Ministry of Home Affairs
BTRC	Bangladesh Telecommunication Regulatory Commission	MFIs	Micro-Finance Institutions
CAMLCO	Chief Anti Money Laundering Compliance Officer	MFS	Mobile Financial Service
CDD	Customer Due Diligence	MRA	Micro Credit Regulatory Authority
CIB	Credit Information Bureau	NBR	National Board of Revenue
CID	Criminal Investigation Department	NBFIs	Non-Bank Financial Institutions
CMI	Capital Market Intermediaries	NC	Non Compliant
CTR	Cash Transaction Report	NCBs	Nationalized Commercial Banks
DGFI	Directorate General of Forces Intelligence	NCC	National Coordination Committee
DMP	Dhaka Metropolitan Police	NGOs	Non Government Organizations
DNC	Department of Narcotics Control	NID	National Identity Document
DNFBP	Designated Non-Financial Businesses and Professions	NPOs	Non Profit Organizations
EC	Election Commission	NRA	National Risk Assessment
EDD	Enhanced Due Diligence	NSI	National Security Intelligence
FATF	Financial Action Task Force	OECD	Organization for Economic Cooperation and Development
FCBs	Foreign Commercial Banks	PC	Partially Compliant
FIU	Financial Intelligence Unit	PCBs	Private Commercial Banks
FSAP	Financial Sector Assessment Program	PEPs	Politically Exposed Persons
FSRB	FATF Style Regional Body	RAB	Rapid Action Battalion
GoB	Government of Bangladesh	SB	Special Branch
ICAB	Institute of Chartered Accountants of Bangladesh	SMS	Short Message Service
ICRG	International Cooperation Review Group	StAR	Stolen Asset Recovery
IMF	International Monetary Fund	STR	Suspicious Transaction Report
		TC	Technical Compliance
		TF	Terrorist Financing
		TP	Transaction Profile
		UNCAC	United Nations Convention against Corruption
		UNODC	United Nations Office on Drugs and Crime
		UNSCR	United Nations Security Council Resolutions



PHOTO GALLERY

PHOTO GALLERY



A group of participants of the CAMLCO Conference of Banks, 2016 with the Governor of Bangladesh Bank



A group of participants of the CAMLCO Conference of Financial Institutions, 2016 with the Governor of Bangladesh Bank



Governor of Bangladesh Bank delivering his speech in the workshop arranged for 3rd round ME preparation for the Government agencies



Secretary, Bank and Financial Institutions Division, Ministry of Finance delivering his speech in the workshop arranged for 3rd round ME preparation for the Government agencies



Deputy Governor & Head of BFIU delivering his speech in the workshop arranged for 3rd round ME preparation for the reporting agencies



Executive Director & Deputy Head of BFIU delivering his speech in the workshop arranged for 3rd round ME preparation for the reporting agencies

PHOTO GALLERY



A group of participants of the Government agencies in the workshop arranged for 3rd round ME preparation



A group of participants of the reporting agencies in the workshop arranged for 3rd round ME preparation



A group of participants with the Deputy Governor & Head of BFIU in the CAMLCO Conference-2016 of Capital Market Intermediaries



Delegation of Bangladesh including the Deputy Governor & Head of BFIU in the First Southeast Asian Regional Summit to counter terrorism financing arranged by AUSTRAC and PPATK in Sydney, Australia



Bangladesh Delegation at the APG Annual Meeting in 2015 in Auckland, New Zealand



Bangladesh Delegation with Bangladesh's ME Assessment Team at the APG Annual Meeting in 2015 in Auckland, New Zealand

PHOTO GALLERY



BFIU officials along with Bangladesh's ME Assessment Team during ME onsite visit



BFIU officials along with other participants in the APG Mutual Evaluation and NRA Training Workshop in Korea



BFIU and Bangladesh Bank officials attended the Senate hearing of Philippines regarding the reserve heist of Bangladesh Bank



Signing of Memorandum of Understanding between BFIU and FIU-NG (FIU of Nigeria)



BFIU and CID officials met with the H.E. Ambassador of Bangladesh in Philippines regarding the reserve heist of Bangladesh Bank



Signing of Memorandum of Understanding between BFIU and CFM (FIU of Kazakhstan)

PHOTO GALLERY



Signing of Memorandum of Understanding between BFIU and AUSTRAC (FIU of Australia)



Signing of Memorandum of Understanding between BFIU and FIU-Uzbekistan



Signing of Memorandum of Understanding between BFIU and SIC (FIU of Lebanon)



BFIU official along with the members of Assessment team of Bhutan



BFIU officials in the 3rd International User Group Meeting of goAML software in Vienna, Austria



BFIU official along with other Bangladeshi participants in the International Visitors Leadership Program arranged by U. S. Department of State

PHOTO GALLERY



Bangladesh Delegation at the APG Typologies and Capacity Building Workshop, 2015 at Kathmandu, Nepal



Bangladesh Delegation at the meeting of Focus Group on Digital Financial Services of International Telecommunication Union (ITU) in Geneva, Switzerland



BFIU official at the 2015 AFI Global Policy Forum (GPF) and 3rd Global Standards Proportionality Working Group (GSPWG) of AFI held in Maputo, Mozambique



BFIU official along with other participants in the Workshop arranged for the trainers of Non-Banking Financial Institutions (NBFIs) held in Philippines



BFIU official along with other participants in the FISMM and SEC-FIU course organized by Egmont Group in Lima, Peru



BFIU officials along with other participants in the Workshop on Implementing a Risk-Based Approach to AML/CFT Supervision arranged by IMF in Singapore

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