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Bangladesh Financial Intelligence Unit

BFIU Annual Report 2016-17



Bangladesh Financial Intelligence Unit Bangladesh Bank

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Message from the Governor I am pleased to learn that Bangladesh Financial Intelligence Unit (BFIU) is publishing its Annual Report of FY 2016-2017. The report depicts an overview of BFIU's activities in combating Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) during the last financial year. Money Laundering Prevention Act, 2012 and Anti-terrorism Act, 2009 have mandated BFIU with extensive responsibilities and empowerments. As per the mandate BFIU is the regulator and supervisor of reporting organizations and also the domestic hub collecting and collating information for intelligence to be further used by law enforcement and investigating agencies.

As per the 3rd Round Mutual Evaluation Report (MER), BFIU has been named as the strongest building block in the Anti Money Laundering & Combating Financing of Terrorism (AML & CFT) regime of the country which signifies the tremendous role it plays in this area. However, complexities and sophistication of the nature of the crimes like ML, TF & PF are posing increasing challenges to all relevant agencies fighting these menaces. Improvement in the areas of preventive measures, legal persons and arrangements, ML investigation and prosecution and Confiscation are needed.

Bangladesh Bank as the central bank of the country is committed to comply with the recommendations of MER in combating ML & TF. Global businesses are becoming more aware of the international reputations of the jurisdictions they do business with. Bangladesh Bank is working relentlessly to improve the country's Sovereign Credit Rating as the global business community and the credit rating agencies consider a country's Mutual Evaluation (ME) rating as a key indicator of the status of that country's AML & CFT regime. It is mutually rewarding for all of us to have a successful and effective AML & CFT regime. BFIU has done an excellent job in earning compliant status for the country in the last ME. Having assigned by the Acts, Bangladesh Bank has been doing everything necessary for the Unit since the very first day of its journey.

I thank the BFIU team for its untiring efforts towards securing a fully compliant AML & CFT regime and upholding country's image in the global arena.

Fazle Kabir

Governor

Bangladesh Bank



Foreword

Bangladesh Financial Intelligence Unit (BFIU) since the very day of its iourney has been making relentless efforts to ensure a robust Anti Money Laundering & Combating Financing of Terrorism (AML & CFT) regime in the Country. Money Laundering Prevention Act, 2012 and Anti-Terrorism Act, 2009 entrusted BFIU with the task of regulatory, supervisory and intelligence sharing activities. As the national central agency to combat Money Laundering (ML), Terrorist Financing (TF) & Proliferation Financing (PF) the Unit performs the role of national analvsis centre to receive, analyze Suspicious Transaction/Activity Report (STR/SAR) information and complaints, media reports etc and disseminate intelligence to law enforcement and investigating agencies. Publication of Annual Report is a statutory requirement to be placed before the National Coordination Committee on AML & CFT. This particular Annual Report is an attempt to bring before all concerned the activities the Unit has done and the achievement the nation has made in AML & CFT initiatives in the 2016-2017 Fiscal Year.

The last fiscal year was remarkable for BFIU as the nation underwent final part of the 3rd Round Mutual Evaluation conducted by the Asia Pacific Group on Money Laundering. Bangladesh has no non compliant issues in the technical compliance against FATF 40 Recommendations and achieved 6 compliant, 22 largely compliant and 12 partially compliant. In the effectiveness part Bangladesh got 3 Substantial, 4 Moderate and 4 Low rating against 11 Immediate Outcomes.

Mutual Evaluation Report (MER) of Bangladesh comprehensively identified strengths and weakness of our AML & CFT regime. To address the weakness identified in the MER, the Report comes with some Recommendations. Just after adoption of Bangladesh MER, the National Coordination Committee (NCC), the apex committee on combating ML&TF, approved a time-bound action plan on 31 October 2016 to implement the Recommendations of the MER. BFIU has been assigned to coordinate and follow-up the implementation of MER recommendations. Based on approved action plan different ministries and agencies are working on.

This Annual Report, I hope, will introduce everyone with legal, infrastructural, operational framework of Bangladesh's AML & CFT regime as well as the progress the nation has made in combating ML, TF & PF particularly in the FY 2016-2017. The chapters in the report have captured major activities of the unit during 2016-2017, capacity development of the reporting organizations, Professional Development of BFIU staff, Implementation of the recommendations of the MER, Strategic analysis and some relevant case examples to give the readers an overview of trend and typology of ML & TF in the country.

I take the opportunity to thank everyone who played their role in the country's drive against ML & TF and also express my greetings to the BFIU team for preparing this Annual Report.

(Abu Hena Mohd, Razee Hassan)

Deputy Governor, Bangladesh Bank & Head of BFIU

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BFIU in FY 2016-2017

Receipt of CTR & STRs/SARs 2357 STRs from ROs 301 Complaints from different sources 13986149 CTRs from banks &FIs

> Signing MoU with 8 foreign FIUs

Intelligence dissemination to the LEAs 121 from STRs/SARs 279 from Complaints

Monitoring and Supervision of ROs 276 system check inspections

New regulations

Adoption of ME Bangladesh received
6 compliant
22 Largely compliant
12 partially compliant in technical compliances
3 Substantial
4 Moderate
4 Low rating in Effectiveness

Capacity building initiatives of ROs

3 CAMLCO Conferences
Training Programs for compliance officers
Training to law enforcement agencies
Training to 430 investigators of Bangladesh Police

Participation in

86 Training, Workshop, Meeting and International Conference

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/investigating 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 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'. Anti Money Laundering Department was transformed into the BFIU in 25 January, 2012 under the provision of Money Laundering Prevention Act, 2012. The Unit achieved the membership of Egmont Group in July, 2013. With amendment in the Money Laundering Prevention Act, 2012 in the year 2015, the Unit achieved operational independence fully.

VISION

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

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 frame works 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 cam paigns and so forth;
- Developing human resources and required infrastructures of BFIU for effective intelligence management;
- Building and bolstering detecting and reporting capacities of the reporting entities in different sectors to ensure better compliance;
- Deepening liaisons among BFIU, law enforcement and judiciary to expedite investigation, trial and adjudication of ML & TF offences; and
- Strengthening contact and liaison with foreign FIUs for better information exchange in ML & TF offences; with regional and global bodies for sharing relevant experiences and upgrading AML&CFT best practices and standards.

Objectives

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

Reporting Organizations of BFIU



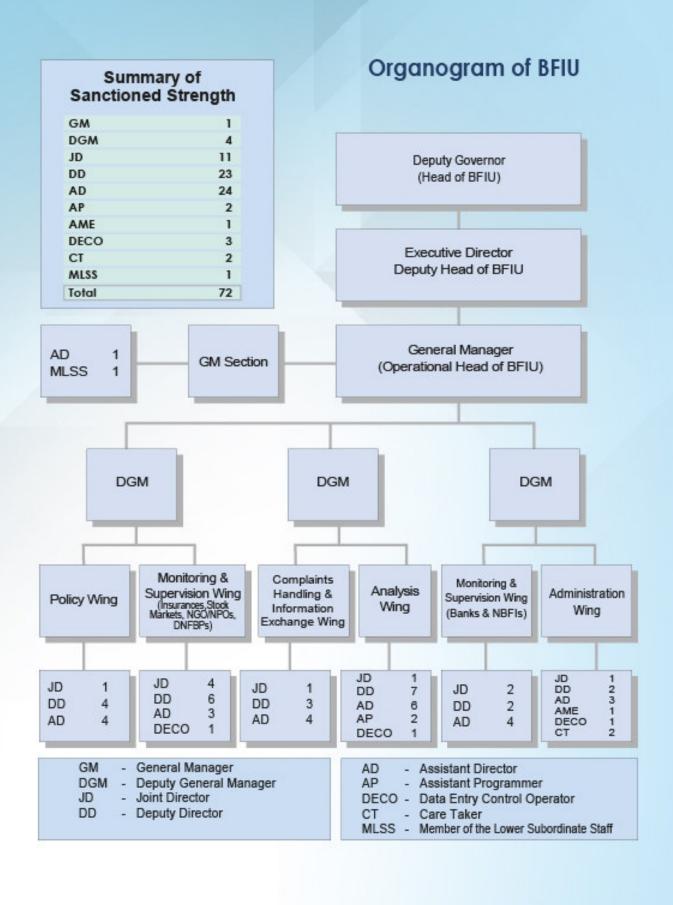
Functions of BFIU

Functions of BFIU

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

Regulatory Framework

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





With a view to combating ML, TF and PF, BFIU plays out roles of regulators as well as supervisors. Apart from analyzing STRs/SARs and Complaints and disseminating intelligence to law enforcement agencies and investigating agencies, in FY 2016-17 BFIU undertook regulatory and supervisory policy reform initiatives to protect the financial sector from being exploited by the money launderers and terrorist financers. The major initiatives have been briefly presented in the following sections.

2.1 Directives to Banks to Update Uniform Account Opening and KYC Profile Form



BFIU issued directions to the banks to introduce and implement uniform Account Opening Form (AOF) and KYC profile form for the first time in 2008. That direction was amended via BFIU Circular No. 10 in 2014. Amendment in the law and changes in the international standards called for an update be made in the BFIU directives on AOF & KYC. To match with the amendments and changes, BFIU initiated work to update the existing AOF and KYC profile form. That work culminated in issuance of a circular letter in this regard on 16th January, 2017 with a revised AOF and KYC for banks. Through the circular letter BFIU directed banks to introduce the updated AOF and KYC profile form 1st July, 2017.

BFIU has brought major structural changes in the existing AOF, personal information form (PIF), nominee information form (NIF), KYC profile form and transaction profile (TP) form in line with the amended law and international standards. In addition to this, the following changes have been introduced:

- Account title has to be written in both English and Bangla
- Business details have to be captured in prescribed format for impersonal account
- Issuance and use of separate AOF for FDR and other deposit scheme accounts
- Issuance and use of separate PIF for public accounts
- Identifying and recording beneficial owner information in the PIF of credit card application form
- Estimated monthly income, turnover and transaction information (deposit or withdrawal) linking to BO account has to be mentioned in the TP form
- A check list to verify the documents collected in the KYC profile form
- Use of separate KYC profile form for deposit scheme account, personal account, impersonal account and account in the name of government organization
- Subjective risk grading for deposit scheme account and account in the name of government organization

2.2 Implementation of Recommendations Mentioned in the Mutual Evaluation Report of Bangladesh



Bangladesh's mutual evaluation report (MER) was adopted on 7th September, 2016 in the annual meeting of APG held in USA. Bangladesh was awarded with 03 (three) Substantial, 04 (four) Moderate and 04 (four) Low level of rating against 11 (eleven) Immediate Outcomes (IOs) and got 6 compliant, 22 largely compliant and 12 partially compliant ratings against 40 FATF recommendations. There are no non compliant issues in the technical compliance part.

MER mentioned that Bangladesh's well structured high-level coordination committees have been instrument in driving key AML/CFT reforms. Existence of well functioning policy coordination structures for countering the financing of terrorism and for implementing United Nations Security Council Resolutions (UNSCRs) against terrorism and proliferation of weapons of mass destructions (WMD) has also been mentioned in the report.

Bangladesh's strong commitment to international cooperation and its open and responsive approach to fulfill requests received from foreign partners, BFIU as the strongest building block of effectiveness of AML & CFT regime in Bangladesh, increasingly credible results in relation to pursuing financial aspects of terrorism, including TF prosecutions are some of the strengths mentioned in the MER.

Almost 100 recommendations for implementation are provided in the MER for 19 ministries, divisions and organizations. The National Coordination Committee (NCC), the apex committee on combating ML & TF, approved a time-bound action plan on 31 October 2016 to implement the Recommendations of the MER, 2016 and BFIU has been assigned to coordinate and follow-up the implementation of MER recommendations.

Based on approved action plan different ministries and agencies are working on their respective assignments.

2.3 Intelligence Management



CTRs submitted by Banks and NBFIs, STR/SAR submitted by the ROs, complaints made by individuals and private organizations, and information exchange request made by different government agencies serve as the major sources of information and data from which BFIU develops intelligence reports for dissemination to the competent authority for next course of action. Another source of information is screening different media. Moreover, information provided by the regulatory authorities, supervisory authorities and stakeholders, intelligence shared by the intelligence agencies and law enforcement agencies, and information provided by the foreign FIUs or other foreign counter parts add value to the functioning of BFIU. Such diverse sources of information and intelligence are recorded and managed primarily in three modules.

2.3.1 Cash Transaction Report (CTR)

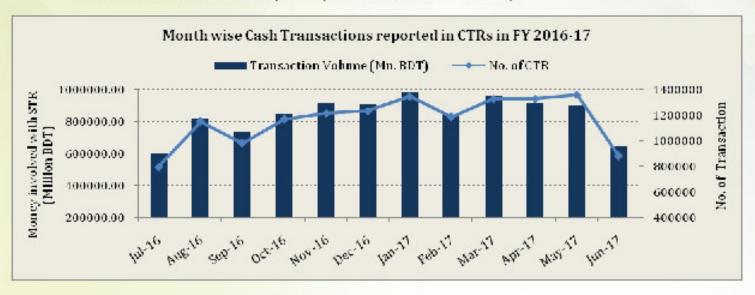
Section 23(1) (a) of the MLPA, 2012 has empowered BFIU to obtain CTR from the ROs and analyze the same. At present, Banks and NBFIs submit CTR to BFIU on monthly basis as per the direction of BFIU circulars issued under section 23(1d) of the MLPA, 2012 and section 15(1) (d) of the ATA, 2009. BFIU has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

In FY 2016-17, Banks and NBFIs submitted 13986149 (13.99 million) cash transactions as CTR involving an amount of BDT 10093,266.24 million (BDT 10093.27 billion). The number of cash transactions and the volume of cash transaction have risen by 10.14% and 15.53% respectively as compared to those of FY 2015-16.

CTR received from ROs

Type of	No. of To	No. of Transaction Volume (Million BDT)	
the RO	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	
Banks	12696840	13983777	8733780.18	10090239.81	
NBFIs	1662	2372	2465.72	3026.43	
Total	12698502	13986149	8736245.90	10093266.24	

Analysis on CTR data reveals that 1165512 (1.17 million) cash transactions, on an average, have been reported in each month of FY 2016-17, and monthly average transaction volume was BDT 841105.52 million (BDT 841.11 billion). The highest number of cash transaction (1.36 million) and the highest volume of transaction (BDT 984.92 billion) were reported respectively in May, 2017 and January, 2017. On the other hand, both the number of cash transaction and the volume of transaction was lowest in July, 2016 (0.80 million, BDT 601.91 billion).

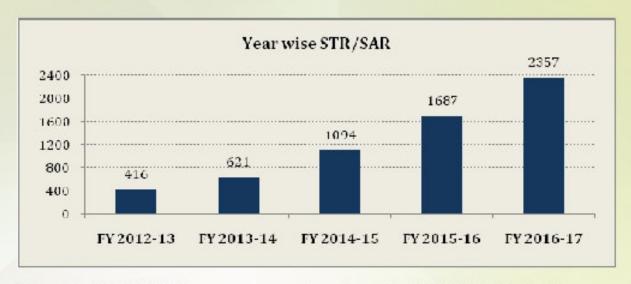


2.3.2 Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR)

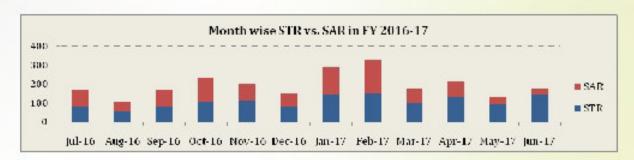


The provisions of section 25(1)(d) of the MLPA-2012 and section 16(1) of the ATA-2009 have made an obligation for ROs to submit STR/SAR spontaneously to BFIU. A good number of STR/SAR is one of the key indicators of the existence of a strengthened AML/CFT regime. Suspicious transaction or activity reporting system has been introduced to protect the reporting organizations from being exploited by the money launderers and terrorist financers, and to ensure the soundness of the national AML/CFT program.

BFIU has been receiving STR/SAR from the reporting organizations in an increasing trend since the enactment of MLPA-2012. In FY 2016-17, BFIU received 2357 STRs/SARs (1267 STRs and 1090 SARs) from Banks, Non-Bank Financial Institutions (NBFIs), Money Remitters and Capital Market Intermediaries (CMIs). The number of STRs/SARs has risen by 39.72% as compared to that of FY 2015-16.



BFIU received 196 STRs/SARs, on an average, in each month of FY 2016-17 while the figure was 141 in the previous year. The number of STRs/SARs received in October, November, January, February and April of FY 2016-17 was above this average benchmark with the highest number of STR/SAR (329) received in February, 2017. The number of STRs/SARs received in August, 2016 was the lowest (104).

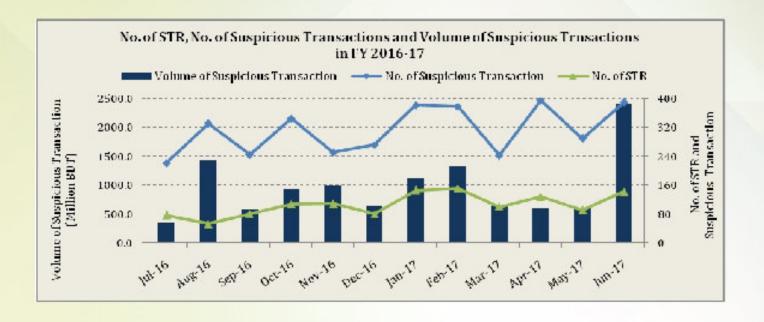


Banks constitute the largest part in the financial system of Bangladesh. The 2nd National Risk Assessment on ML & TF (NRA) reveals that the banking sector is more vulnerable to ML/TF for its wide range of products, services and network. The majority of the STRs/SARs received from banking sector complement the NRA findings reflecting the banking sector's exposure of ML/TF risks. In FY 2016-17, BFIU received 1663 STRs/SARs (which is 70.56% of the total STRs/SARs) from Banks. Money Remitters contributed 27.32% to the total STR/SAR.

STR/SAR received from ROs in FY 2016-17

Type of the ROs	STR	SAR	Total	(%)
Banks	1024	639	1663	70.56
Money Remitters	204	440	644	27.32
NBFIs	36	6	42	1.78
CMIs	3	5	8	0.34
Total	1267	1090	2357	100

In FY 2016-17, ROs as whole reported 3736 suspicious transactions involving BDT 11637.70 million. It has been found that monthly average amount involved in the suspicious transactions was BDT 969.81 million.



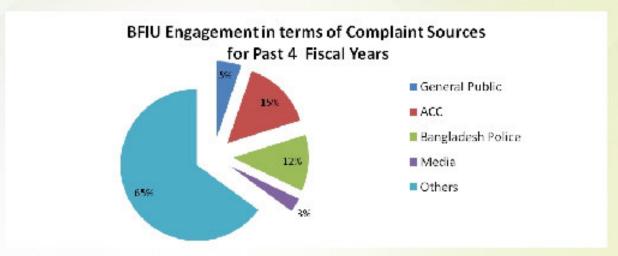
2.3.3 Complaints/Information Exchange Request

Over the years the number of such complaints received by BFIU has been increasing. As compared to the previous fiscal year, the current fiscal year 2016-2017 recorded a 44.01% rise in the complaints received. Entity-wise major sources of the complaints are Bangladesh Police & Anti Corruption Commission which signifies the increasing uptake of financial intelligence/information by these organizations.

Fig: Sources of Complaints/Information Exchange Request over a Period of 4 Fiscal Years

Source/ Sender Org.	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
General Public	14	36	26	11
ACC	40	53	29	71
Bangladesh Police	32	26	50	109
Media	8	5	7	14
Others (BB, Customs, DNC, other LEAs)	174	268	97	96
Total	268	388	209	301

Over the period of past 4 (four) fiscal years, BFIU's engagement with other government agencies such as Bangladesh Bank (BB), Bangladesh Customs, Department of Narcotics Control (DNC) and other Law Enforcement Agencies (LEAs) such as RAB is very significant. Such wide coverage of sources enables BFIU to look into other suspicious activities or transactions which are not generally reported by the reporting entities.



2.4 Intelligence Dissemination and Information Exchange with Domestic Authority

Upon request of any investigation agency, BFIU provides information relating to ML or TF suspicious transaction 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.

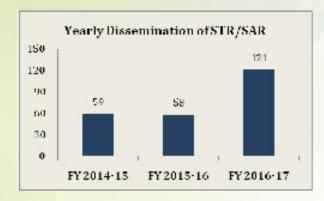
Section 23(1) (a) of the MLPA, 2012 and section 15(1) (a) of the ATA have empowered BFIU to analyze STR/SAR received from reporting organizations, collect additional information for the purpose of analysis and provide information on the same to the investigation or law enforcement agencies for taking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

BFIU prioritizes STR/SAR and complaint on the basis of some predefined indicators and then a competent analyst is assigned to analyze it. The analyst collects additional information, as required, from different sources including ROs, law enforcement agencies and regulatory authorities. After analysis of STR/SAR or complaint, if the element of ML & TF or related predicate offence is detected, the case is disseminated to the competent authorities for next course of action.

2.4.1 Dissemination of STR/SAR



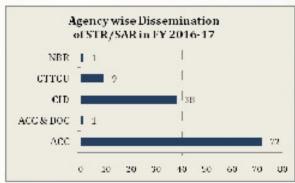
BFIU disseminated 121 STRs/SARs to different investigation and law enforcement agencies in FY 2016-17 while this number was 58 in the previous year. The highest number of STR/SAR (75) was disseminated in the third quarter (January-March, 2017) and the lowest in the fourth quarter (April-June, 2017).





The predicate offences related to the disseminated STRs/SARs were mostly Corruption, Forgery (69 STRs/SARs), Fraud (25 STRs/SARs), Kidnapping (10 STRs/SARs) and terrorism or financing of terrorism (10 STRs/SARs). Other predicate offences were Corruption and bribery extortion and tax evasion.





Since 57% STRs/SARs were related to Corruption and Forgery, BFIU disseminated majority of the STRs/SARs (73) to Anti-Corruption Commission (ACC). One (1) STR was disseminated to both ACC and Department of Cooperatives (DOC). Thirty eight (38) STRs/SARs were disseminated to CID of Bangladesh Police and nine (9) STRs/SARs (relating to terrorism or financing of terrorism) to Counter Terrorism and Transnational Crime (CTTC) Unit of Dhaka Metropolitan Police.

2.4.2 Information Exchange on STR/SAR

During FY 2016-17 BFIU exchanged information with six domestic agencies based on the nature of STR/SAR. These agencies are: Detective Branch of Dhaka Metropolitan Police, Department of Social Services, Department of Cooperatives, Registrar of Joint Stock Companies and Farms, Foreign Exchange Policy Department, Department of Foreign Exchange Inspection and Election Commission Secretariat.

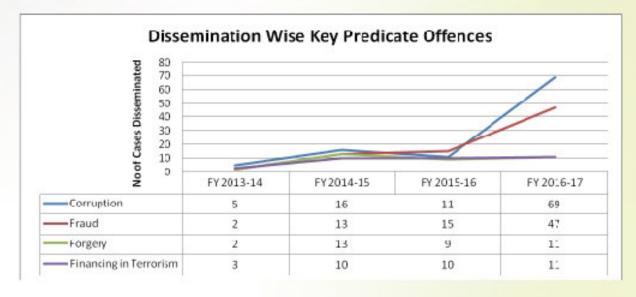
2.4.3 Dissemination of Intelligence Based on Complaints

In the fiscal year 2016-2017, BFIU disseminated 279 intelligence report/information based on received complaints which is 126.82% higher than the previous fiscal year. The prime recipients of such dissemination are Anti Corruption Commission (ACC), Criminal Investigation Department (CID), and other departments of Bangladesh Police. In the fiscal year 2016-2017, intelligence dissemination from BFIU has increased remarkably specially with other departments (other than CID) of Bangladesh Police.

2.4.3.1 Predicate Offence Wise Dissemination Status

An analysis carried on complaints based intelligence/information dissemination demonstrated that corruption, fraud and forgery are three key predicate offences committed for illegal asset accumulation in the country. This year 45.51% of the cases disseminated by BFIU were related to these key predicate offences.

It can be mentioned that the national risk assessment (NRA) 2014-2015 of the country also identified these three offences as key threats. The increasing dissemination and uptake by relevant agencies on key offences also upholds BFIU and corresponding LEAs' focus on NRA findings in curbing these menaces.



2.4.3.2 Dissemination Related to Terrorism and Terrorism Financing Cases



This year BFIU disseminated intelligence on 11 (eleven) terrorism and terrorism financing related cases developed from complaints. Sources of these terrorism cases have primarily been media reports including social media post and LEAs. As part of analysis BFIU officials have scrutinized 42 accounts out of which 20 accounts have been frozen. The primary recipient of these cases is Counter Terrorism and Transnational Crime Unit of Bangladesh Police.

2.5 Monitoring and Supervision



Section 23(1) (e) of the MLPA, 2012 and section 15(1) (c) and (e) of the ATA empower BFIU to supervise the activities of the reporting organizations (ROs) and carry out on-site inspections. Hence the Unit is simultaneously functioning as the national analysis centre and supervisory authority. 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
- b) Non Bank Financial Institutions Monitoring
- NGO/NPO, Money Changers Monitoring
- d) Capital Market Intermediaries Monitoring
- e) Insurance Monitoring
- f) DNFBPs, Cooperatives Monitoring

2.5.1 Risk Based Supervision



The BFIU has adopted risk-based approach to supervise the ROs more effectively and to comply with FATF recommendation-1. As such, in FY 2016-17 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. 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 important risks faced by ROs and to better mitigate the risks by choosing the appropriate response to correct compliance deficiencies and better plan and prioritize supervisory programs BFIU considered the following three (3) different types of risk assessments:

- National risk assessment;
- Sectoral risk assessment;
- Enterprise level risk assessment.

2.5.2 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 inspections 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 steps. At each step, more detailed information is collected about the RO and its potential risks of ML, TF, PF and non-compliance. These four steps are:

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

Supervision Mechanism of BFIU

selection of
branches based on
risk based approach in
collaboration with NRA,
media news, complaints,
previous report, self
assessment, ITP, CTR,
other data from regulators etc.

Annual Plan for inspection

Prioritize branches/ROs

On-Site inspection

Verify the system, procedure based on a checklist & collect supporting documents

Analysing all the documents/activities of ROs based on MPLA, ATA, Rules, BFIU circulars etc.

Prepare a draft report & AML& CFT rating of the ROs by the inspection team

Send the approved report with necessary direction to the CEO of that RO for Compliance

Receive & analyze the compliance report by the monitoring wing

Close the file & keep records

Send instruction for further compliance / impose sanctions



Prepare AML&CFT rating and share it with Bangladesh Bank (bank, FI) & Share the major findings with the relevant regulators (if necessary)

2.5.3 Off-site Supervision

The purpose of Off-site Supervision is to regularly supervise, monitor, and analyze the operations and review periodic reports of reporting agencies to ensure compliance with BFIU requirements. In order to ensure effective monitoring of the reporting organizations, the Monitoring and Supervision wing critically analyze 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.

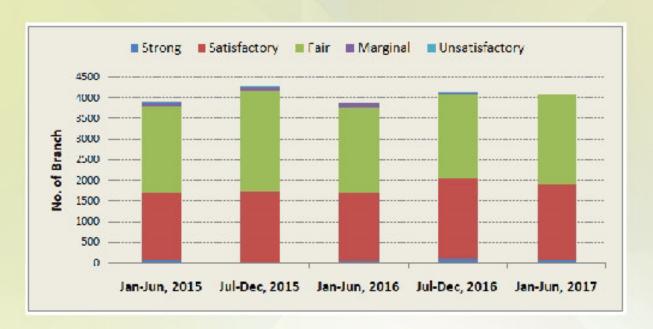
Off-site monitoring involves a variety of surveillance methods including desk-based activity using both quantitative and qualitative information available to the authorized person with respect to individual ROs. Off-site monitoring comprises two principal activities: conducting a risk assessment of the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

2.5.4 Offsite Supervision of Banks

Every bank branch arranges quarterly meeting with all of its employees regarding AML/CFT issues, compliance and knowledge sharing among themselves. They are 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 part of 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 additional AML/CFT inspection on at least 10% of their annual planning. 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 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.

Status of Banks under ITP in the Previous Five Base Periods

Base period	Strong	Satisfactory	Fair	Marginal	Unsatisfactory	No. of tested br.
Jan-Jun,	48	1664	2074	123	2	3911
2015	1.20%	42.50%	53.00%	3.10%	0.10%	100%
Jul-Dec,	16	1718	2426	124	6	4290
2015	0.40%	40.06%	56.55%	2.91%	0.10%	100%
Jan-Jun, 2016	38	1674	2065	120	5	3902
	0.99%	42.90%	52.92%	3.01%	0.10%	100%
Jul-Dec,	88	1967	2016	57	5	4133
2016	2.13%	47.65%	48.84%	1.39%	0.10%	100%
Jan-Jun, 2017	71 1.73%	1841 44.94%	2161 52.75%	23 0.56%	0	4096 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 following the same procedure as mentioned above.

2.5.5 On-site Supervision

2.5.5.1 Preparing Annual On-site Inspection Plan

BFIU prepares an 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).

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.

2.5.5.2 On-site Inspections

AML/CFT system check inspections 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)
- CTR monitoring
- KYC for occasional/walk-in or one off customers transactions
- Transaction monitoring process
- Monthly AML CFT meeting
- Training records.

Based on the findings of the system check inspection conducted on the basis of the checklist focusing 10 areas of highlights and obligations, the reporting organizations are awarded a rating (Unsatisfactory, Marginal, Fair, Satisfactory or Strong) combining their head offices and branches' ratings.

2.5.5.3 On-site on Banks

During FY 2016-2017 the Unit inspected all head offices of 57 banks and 57 branches throughout the country.

Statistics of Bank Inspection (Head office and Branches)

FY	Head Office	Branches
2015-2016	00	56
2016-2017	57	57

The rating awarded through AML/CFT system check inspection for the FY 2016-2017 reveals that no bank head office got 'Strong' rating, whereas 15 of them got 'Satisfactory', 35 of them got 'Fair' and 5 banks' head offices were rated 'Unsatisfactory'. During the same fiscal year 8 branches of the banks got 'Satisfactory', 37 bank branches were rated 'Fair', and 12 bank branches were rated 'Marginal'. On the other hand the rating awarded through AML/CFT system check inspection for the FY 2015-2016 reveals that no bank branch got 'Strong' rating, whereas the majority of them got 'Fair' and 'Marginal' rating. During that period 3 banks were rated 'Satisfactory', 28 banks 'Fair', 24 banks 'Marginal' and one bank was rated 'Unsatisfactory'.

2.5.5.4 Inspections of NBFIs

During 2016-2017 BFIU conducted special inspections on head offices of 05 NBFI and their 10 branches throughout the country. The number of inspections of head offices and branches to some extent declined in FY 2016-2017 as compared to the preceding FY.

Statistics of NBFI inspection (Head Offices and Branches)

FY	Head Office	Branch
2015-2016	09	10
2016-2017	05	05

In the system check inspection 02 NBFI head offices got 'Fair' rating and another NBFI head office got 'Marginal' rating. In case of branch checklist inspection also 02 branches got 'Fair' and 01 branch got 'Marginal' rating.

Besides checklist inspections 04 inspections for special purposes were also conducted on Non-Bank Financial Institutions.

2.5.5.5 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, supervises the AML & CFT activities of the insurance companies.

BFIU conducted on-site inspection on head offices of 34 insurance companies (both life and general insurance) and their 21 branches/regional offices during FY 2016-17. The number of inspection remained stable in both head offices and branches as compared to that of the previous fiscal year.

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

FY	Head Office		Br	anch
	Life	Gen	Life	General
2015-2016	16	18	14	17
2016-2017	15	19	10	11

B) Capital Market Intermediaries (CMIs):

Bangladesh Securities and Exchange Commission (BSEC) is the regulatory authority for the capital market of Bangladesh. There are two stock exchanges namely 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 supervising CMIs.

During FY 2016-2017, BFIU also conducted on-site inspection on Head Offices of 65 CMIs in which 12 inspections were conducted in Dhaka.

C) Money Changers

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 32 money changers during FY 2016-17 out of 16 inspections were conducted outside Dhaka. 31 Money changers were asked for explanation on non-compliance issues.

2.5.5.6 Special Meeting with Selected Financial Institutions and Adoption of Comprehensive Action Plan:

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Managing Directors along with CAMLCOs and DCAMLCOs of few selected Financial Institutions were called on to attend a special meeting presided by the Deputy Head of BFIU on January 01, 2017 for discussion on the way out of the major AML/CFT non-compliance issues of the institutions. Operational Head of BFIU along with concerned BFIU officials were present in the meeting. Selection criterion of the institutions was their previous performance regarding AML/CFT compliance identified through BFIU's on-site and off-site monitoring outcomes.

One of the outcomes of discussion was advising financial institute to be vigilant about their non-compliance issues in future. Deputy of BFIU advised financial institutes that such vigilance should result in a comprehensive action plan of their own to improve compliance level and submit a status report to BFIU within 3 months. Such measures have been found productive through a special BFIU on-site team inspection as there were visible overall improvement in the respective FIs' AML/CFT compliance level.

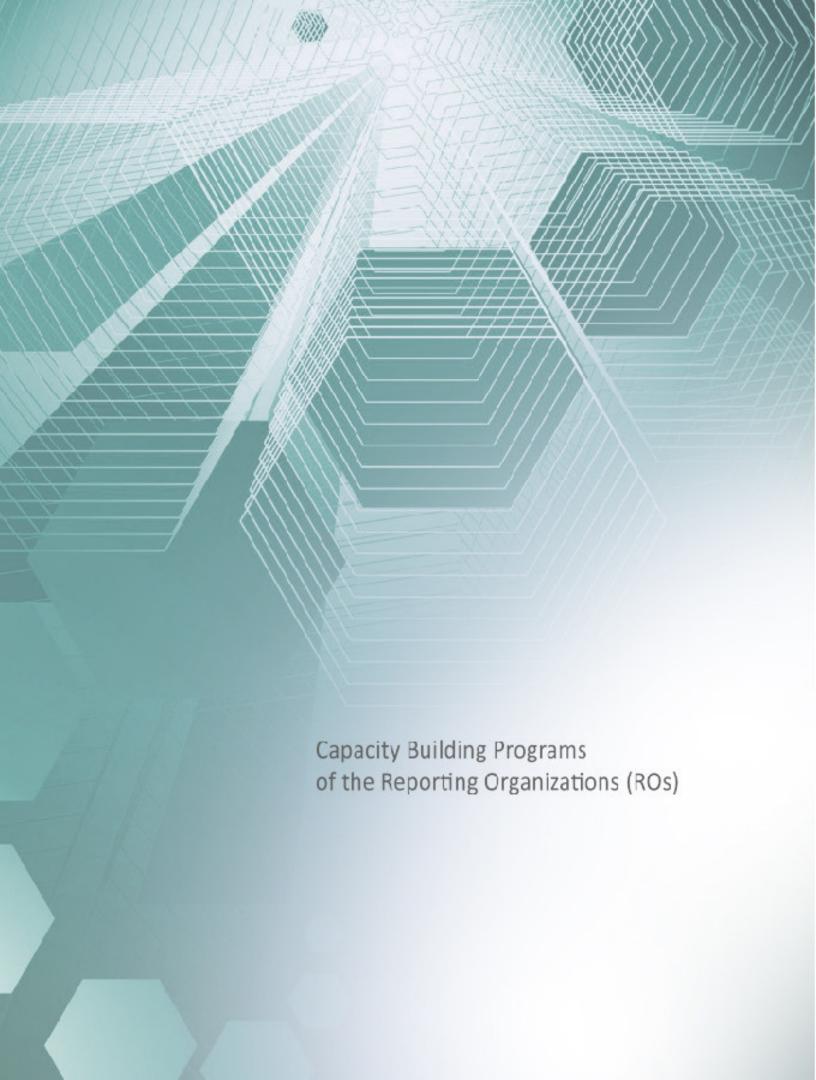
2.5.5.7 Meeting with the Nationalized Commercial Banks



Nationalized Commercial Banks (NCBs) have registered weak performance consistently on AML/CFT issues in different BFIU supervision tools. Furthermore mutual evaluation report of Bangladesh has following observations related to NCBs:

- Lack of good understanding of the nature and level of their ML and TF Risks.
- Very significant corruption risk with board and management of state owned commercial banks are not mitigated sufficiently.
- Internal control and Board oversight have been shown to be very weak, audit committee has constantly failed to identify & mitigate risks

At this backdrop, BFIU had taken initiatives to meet with the top managements of NCBs. In the meeting BFIU had presented each NCB specific key areas of weaknesses as identified by the BFIU Supervision. Simultaneously BFIU provided the NCBs time bound action plan to overcome the deficiencies identified in BFIU supervision process. All the top management including the CEO, Deputy Managing Director, CAMLCO, Deputy CAMLCOs, CCU members, AMLD and members of Internal Audit Department were present in the meeting. CEOs of the NCBs assured BFIU that they will bring necessary changes and take action to ensure proper vigilance regarding AML/CFT compliance in future. Now BFIU is monitoring the progress of the time bound action plan.



The most import thing required to ensure effective implementation of AML & CFT measures by the Reporting Organizations (ROs) is the skill and capacity of the human resources engaged in the mission. Like the previous financial years, BFIU took a lot of initiatives to strengthen capacity building measures for the reporting organizations.

3.1 Supporting and Working with the ROs

BFIU provides capacity building assistance to all the reporting organizations to obtain optimum outcome from them. Be it providing Guidelines, or technical or training assistance BFIU always responds to ROs' needs in the best possible manner. Often the Unit sits and discusses with them to identify the challenges the ROs face and devise appropriate strategy to help them effectively. To ensure this BFIU has established a trusted and tested mechanism through regular correspondence, sitting on any emergent need, conducting meetings, training and arranging a conference with Chief Anti Money Laundering Compliance Officers of major reporting organizations such as banks, Fls, CMIs once a year.

3.1.1 CAMLCO Conference, Banks





BFIU organized Chief Anti Money Laundering Compliance Officers (CAMLCO) Conference-2017 for the compliance officers of all the scheduled banks. The conference aimed at reviewing previous year's activities and preparing the work plan for the current year to combat money laundering and terrorist financing. This program also facilitates different issues with the banks, eg: compliance standard, trend of ML & TF activities, etc. This year the main focus of this conference was "Combating Terrorist Financing (TF) and Proliferation Financing (PF)."

The conference was held during 03–05 March, 2017 in Sylhet. Governor of Bangladesh Bank inaugurated the three daylong conference. Deputy Governor & Head of BFIU, Executive Director & Deputy Head of BFIU, Operational Head & General Manger of BFIU, Executive Director of Bangladesh Bank, Sylhet, General Manager, Bangladesh Bank, Sylhet, Managing Director of some Commercial Banks, representatives from Organized Crime, CID; Counter Terrorism and Transnational Crime Unit, DMP; DGFI, BIBM, ABB were also present and played their respective roles in the sessions. CAMLCOs, Deputy CAMLCOs of all the commercial banks operating in Bangladesh and officials of BFIU were also present in the conference.

The role of Bank officials to prevent TF and PF was emphasized. The key points in the working session were:

- Emerging Challenges in combating Financing of Terrorism (TF) and Proliferation Financing (PF) of Weapons of Mass Destruction in Bangladesh
- > Preventing TF & PF in Bangladesh: the Role of Banks
- > Challenges and How to Overcome Identified Challenges in Preventing TF & PF

- Challanges in Maintaining Correspondent Relationship and Impact on Inward Remittance
- Use of E-Commerce for ML & TF: Case Study and Typology
- Dynamics of Cyber Threat: Relevancy with Banks Feedback from BFIU
- Gap between Compliance Requirements & Implementation (Identified through System Check Inspection by BFIU)

The conference ended up with 13 recommendations with the vision to establish a robust AML and CFT regime in the country and also to become a frontier nation in the region in combating money laundering, terrorist financing and other related crimes.

3.1.2 CAMLCO Conference, Financial Institutions (Fls)



Bangladesh Financial Intelligence Unit (BFIU) arranged Chief Anti Money Laundering Compliance Officers (CAMLCO) Conference-2017 for the compliance officers of all the Financial Institutions. The program was held during 07-08 April, 2017 at Cox's Bazar. Deputy Governor of Bangladesh Bank & Head of BFIU inaugurated the Conference. Executive Director & Deputy Head of BFIU, General Manager & Operational Head of BFIU, officials of BFIU, high officials from Bangladesh Bank, Anti Corruption Commission, Bangladesh Police, all the CAMLCOs & Deputy CAMLCOs as well as MD/CEOs from 12 Financial Institutions were present in the conference.



In the working sessions several themes were presented covering the following topics and learned Session Chairs, Panel Members & Discussants actively participated in the panel discussion with their valuable remarks on:-

- · Misuse of Fls Products & Services as vehicle of Money Laundering;
- Gaps Identified on preventive measures in Mutual Evaluation Report (MER) of Bangladesh;
- Laundering the Proceeds of Corruption Through Fls;
- Terrorist Financing Risk: Recent trend, typologies and way forward;
- Effective Compliance for TF Risk management by Fls;
- Compliance Challenge in the Backdrop of emerging ML/TF Threat: Digital solution a way forward.

CAMLCO Conference, Capital Market Intermediaries (CMI) 3.1.3

BFIU and Bangladesh Securities Exchange Commission (BSEC) jointly arranged CAMLCO Conference-2017 for Capital Market Intermediaries. The program was held during 05-06 May, 2017 at Cox's Bazar. Around 500 officials involved in capital market activities were present in the program. Deputy Governor and Head of BFIU was present as the Chief Guest on the occasion. Commissioners of BSEC, Managing Director of DSE, Managing Director of CSE, President, Brokers Association of Bangladesh; President, Bangladesh Merchant Bankers Association; President, The Association of Asset Management Companies and Mutual Funds and Deputy Managing Director, CDBL were also present in the conference and played their roles. The program was presided over by Operational Head of BFIU.



Some topics were presented by the officials of BFIU, BSEC, and CMIs in various sessions. The session topics were:

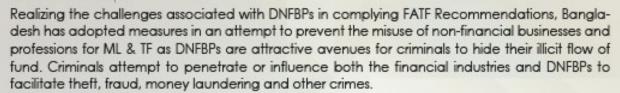
- ML/TF: Risks, Methods & Trends and their management by CMIs.
- Responsibilities of BSEC to Ensure Effective Implementation of AML & CFT Compliance Requirements for the CMIs.
- Challenges of implement of AML & CFT measures in the Capital Market Intermediaries.
- Introduction of Risk Based Approach & Implementation of UNSCRs Compliance Requirements.
- Overview on AML & CFT Regime in Bangladesh & Gaps Identified in the Mutual Evaluation Report (MER) of Bangladesh.

Observations found in the on-site inspections and a comparison of Compliance Status of CMIs were also presented. Some recommendations were taken. Major recommendations were introducing Uniform Account Opening Form, Updating KYC of Legacy Account, ensuring AML/CFT training for all the officials of CMIs, Completion of registration in goAML for reporting, ensuring cyber security.

3.2 Initiatives Taken for DNFBP Sector

Designated Non-Financial Business Professions (DNFBPs) and Co-operative societies are incorporated as reporting agencies under Money Laundering Prevention Act, 2012 and Anti terrorism act 2009. The responsibilities of the reporting agencies have been described under section 25 of MLPA, 2012 and section 16 of ATA, 2009. Moreover, the role and responsibilities of the regulatory Authority are described in the MLPA, 2012.

3.2.1 DNFBPs



BFIU issued Guidelines on Prevention of Money laundering & Combating Financing of Terrorism for Designated Non- Financial Businesses and Professions on 29 Oct 2013. This guideline has been prepared by a focus committee comprising representatives from Ministry of Commerce, Rajdhani Unnayan Kortipakhkha (RAJUK), Office of the Registrar of Joint Stock companies and Firms, Bangladesh Bar Council, Ministry of Finance, Ministry of Law, Justice & Parliamentary Affairs, Ministry of Commerce, Real estate & Housing Association of Bangladesh (REHAB), Bangladesh Jewelers Association, Institute of Chartered Association of Bangladesh and Bangladesh Financial Intelligence Unit. The guidelines has been issued to help accountants, lawyers, real estate developers, dealers in precious metals and stones and trust and company service providers (as referred to as Reporting Organization in section 2 (w) of Money Laundering Prevention Act, 2012), and their employees gain a better understanding of Money laundering and terrorist financing, Suspicious Transaction Reporting and suspicious activity indicators, Complete compliance program including customer due diligence and International regulatory standards.

On 9 July 2015 BFIU issued a circular regarding Instructions to be followed by the real estate developers, dealers in precious metals or stones, trust and company service providers and lawyers, notary, other legal professionals and accountants for the prevention of Money Laundering & Terrorist Financing.

In 2016 BFIU arranged several workshops to make the staffs of these sectors aware of the issues related to money laundering & terrorist financing. With the help of World Bank, Sectoral Risk (AM-L/CFT) Assessment (Sanitized Version) of Designated Non-Financial Business & Professions (Real Estate Sector) has been completed. Its sanitized version has been published in the website. The AML/CFT risk assessment of other sectors of DNFBP is going on.

BFIU arranged training program at BBTA during 2-3 November, 2016 for the officials of real estate sector and dealers of precious metals. 80 (Eighty) participants from these sectors attended the training program.

BFIU and ICAB jointly arranged several workshops on AML/CFT in 2016. Bangladesh Bank enlisted Chartered Accountant firms' (engaged in bank company Auditing) officials were present in those workshops.

3.2.2 Co-operative Sector

BFIU conducted regular meeting with licensing authority of Co-operative societies to discuss the role and responsibilities of them to prevent money laundering and terrorist financing. To prevent abuse of cooperative societies for money laundering and terrorist financing, Banks have been instructed to enhance due diligence in case of operating account of those organizations. BFIU conducted 03 on-site inspections to investigate the complaint of terrorist financing against a large co-operative society and concerned investigating authorities were requested to conduct in-depth investigation and collect information about the members of board of directors and the fund spent on CSR activities.

3.3 Initiatives Taken for Money Changers

Regarding illegal/unlicensed money changers 3 meetings have been held with the Foreign Exchange Policy Department (FEPD), Foreign Exchange Operation Department (FEOD), Department of Foreign Exchange Inspection (DFEI) of Bangladesh Bank and Bangladesh Police. Outcome of the meeting is as follows: a) List of legal money changers would be published by FEPD through advertisement b) Giving opinion regarding the issue 'Who and how action will be taken against illegal/unlicensed money changers' is under consideration of the law department of Bangladesh Bank. BFIU and Bangladesh Bank Training Academy (BBTA) jointly organized AML/CFT Training for all the Money Changers.

BFIU's Activities on BB's Reserve Heist Case

Following a sophisticated cyber-attack on Bangladesh Bank's systems on 04th February, 2016 Bangladesh Financial Intelligence Unit (BFIU) has been assigned by Bangladesh Bank and Government of Bangladesh to recover the \$81 million stolen funds. In this connection BFIU has taken several initiatives to recover the entire stolen funds from Philippines and relevant Law Enforcement Agencies are working to bring the perpetrators to justice in cooperation with law enforcement from other jurisdictions.

BFIU is coordinating the case with the counterparts in the Philippines and USA, and also liaising the issue with the World Bank, Asia Pacific Group on Money Laundering (APG) and Interpol for getting more international support for recovering the stolen funds.

One of the ultimate recipient of the stolen funds Mr. Kim Wong returned back 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 already turned over to Bangladesh Bank, the rightful owner of the funds declared by the Philippines Court.

Bangladesh Bank is working together with all stakeholders in home and abroad to recover the entire remaining stolen funds and bring the perpetrators to justice, and support to multilateral international efforts to further protect the global financial system from these types of attacks in the future.





FATF recommendation-2 urges the countries to ensure that policy-makers, the financial intelligence unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities, at the policymaking and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. As the national central agency of the country, BFIU always lays utmost importance on domestic cooperation and engagement. In FY 2016-2017 BFIU took a lot of rigorous steps to intensify domestic cooperation and engagement with the various ministries, divisions and agencies working in Bangladesh.

4.1 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 4 (four) times during FY 2016-17 and made some important decisions.

- The NCC praised the effort of BFIU and other agencies for successfully completing the 3rd round Mutual Evaluation made by the Asia Pacific Group on Money Laundering (APG) in 2015-2016;
- All concerned ministries/divisions/agencies will evaluate the Mutual Evaluation Report (MER) made by APG and take necessary steps to implement the recommendations in the MER of their own agencies;
- 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;
- The concerned authority will take necessary steps to outline the scope of work of the 2 (two) central authorities (Attorney General Office and Ministry of Home Affairs) under the Mutual Legal Assistance in Criminal Matters Act, 2012;

- The concerned authorities had been directed to take appropriate steps to amend the Money Laundering Prevention Rules, 2013 in view of the Money Laundering Prevention (Amendment) Act, 2015;
- The Legislative and Parliamentary Affairs Division of Ministry of Law, Justice and Parliamentary Affairs would be requested to examine the possibilities of initiating the separate attorney service or independent prosecution service for the Government of Bangladesh;
- The Law and Justice Division of Ministry of Law, Justice and Parliamentary Affairs would be requested to employ sufficient number of special judges under the provision of Money Laundering Prevention Act, 2012 and to form sufficient number of special tribunal under the provision of Anti-Terrorism Act, 2009;
- The Legislative and Parliamentary Affairs Division of Ministry of Law, Justice and Parliamentary Affairs will review the current management system of confiscated assets and recommend for a standard and modern approach;
- BFIU and relevant law enforcement agencies will take necessary steps to sign Memorandum of Understanding (MoU) to exchange information and intelligence;
- Bangladesh Bank (BB) and BFIU have been requested to conduct an analysis of cash transaction in Bangladesh and recommend the possible steps to reduce the use of cash in the country.

4.2 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 Financial Institutions 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 2 (two) times in FY 2016-17 and made some important decisions which are as follows:

- The agencies responsible for investigation of money laundering and terrorist financing must use the intelligence report of BFIU in proper manner while investigating their cases;
- As the Money Laundering Prevention (Amendment) Act, 2015 authorizes other agencies to investigate money laundering offences other than Anti-Corruption Commission, the officials from new investigating agencies will be imparted a substantial amount of training and capacity building;
- All concerned ministries/divisions/agencies will submit the follow-up report on the work plan
 to implement the recommendations of the Mutual Evaluation Report (MER);
- The Financial Institutions Division, Ministry of Finance and Public Security Division, Ministry of Home Affairs will direct the law enforcement agencies for the use of financial intelligence of BFIU, use of international cooperation from other countries for sharing intelligence and establishment of appropriate mechanism of using the Mutual Legal Assistance;
- BFIU and relevant law enforcement agencies will take necessary steps to sign Memorandum of Understanding (MoU) to exchange information and intelligence.

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

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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 (85th meeting-89th meeting) during FY 2016-17. Currently there are also 8 (eight) regional taskforces in Chittagong, Rajshahi, Bogra, Sylhet, Rangpur, Khulna, Barisal and Mymensingh headed by the Executive Director/General Manager of respective Bangladesh Bank's offices. The task force discussed the decisions taken by the regional task forces and made directions and observations on their recommendations. Moreover, the central task force discussed the reports submitted by the various law enforcement agencies as well as reporting agencies. The task force also urged the BFIU to meticulously look after the Suspicious Transaction Reports (STRs) made by the reporting agencies. The chairperson recommended all the members of the task force to be vigilant and aware to prevent the illicit flow of fund and money laundering.

4.4 Relationship Building with Law Enforcement Agencies (LEAs) 🛌

BFIU has regular engagements with LEAs and intelligence agencies on many fronts. The unit meets bi-monthly with Anti-Corruption Commission (ACC) and Criminal Investigation Department (CID) for dialogue on ML &TF related cases and monitors their developments. 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 of the country. During the FY 2016-17, BFIU and Bangladesh Police met 4 times (67thmeeting-70thmeeting). 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.

4.5 Signing of Memorandum of Understanding (MoU) with Different LEAs and Regulators



BFIU as the national central agency of the country to prevent money laundering and combat financing of terrorism, provides financial intelligence to different law enforcement and intelligence agencies. For developing financial intelligence, BFIU collects information from various sources including reporting organizations, government databases and other pertinent sources. This mammoth task needed BFIU to get timely access to different databases and other sources of information. In this regard BFIU took initiative to sign Memorandum of Understanding (MoU) with various law enforcement agencies and supervisors including Bangladesh Police, Anti-Corruption Commission (ACC), National Board of Revenue (NBR), Department of Narcotics Control (DNC), Bangladesh Securities & Exchange Commission (BSEC) and Insurance Development and Regulatory Authority (IDRA). The MoU will enable BFIU and other agencies to interchange the information and intelligence between them in a timely manner.

4.6 Capacity Building of Law Enforcement Agencies (LEAs)

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

On 26-28 December, 2017 BFIU arranged a 3 (three) day long workshop 'Financial Investigation of Money Laundering & Related Offences' for the investigating officers of different LEAs. Officials from Anti-Corruption Commission (ACC), Bangladesh Police, National Board of Revenue (NBR), Department of Narcotics Control (DNC), Bangladesh Securities & Exchange Commission (BSEC) and BFIU attended the training program.

BFIU provided training to 430 (four hundred thirty) investigators of Bangladesh Police regarding the anti-money laundering and combating terrorist financing regime of Bangladesh. BFIU also provided them firsthand knowledge on the investigating techniques on financial crimes. Besides the apex training body of Bangladesh Police, Police Staff College and BFIU regularly exchanged mutual exchange tour to interchange the knowledge and experience of both the agencies.

U.S. Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT), Police Staff College and BFIU jointly organized 2 (two) training programs on 'Investigating and Prosecuting Financial Crimes' for law enforcement agencies.

4.7 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 2016-17, twelve officials of BFIU contributed as Speakers in Bangladesh Bank Training Academy and twelve officials of the Unit provided training to the participants of Bangladesh Institute of Bank Management on different occasions. Moreover, nine officials from BFIU provided training to the officials of Law enforcement and investigating Agencies in Police Staff College, Bangladesh Police Academy, Special Branch Training School, National Security Intelligence and Anti Corruption Commission, on a number of occasions. Three more officials contributed to the capacity building for the officials in the Regional Taskforce, Mymensingh.

International Cooperation and Engagement



In this age of global connectivity combating ML, TF & PF without coordinated efforts is a distant dream. As criminal networks with the blessing of advanced technology are spread all over the world failing to work together with the international community may create havoc to the vision of ensuring strong AML & CFT regime by any jurisdiction. Bangladesh FIU has always been committed to work hand in hand with the global community in combating ML, TF & PF. In 2016-17 also BFIU proactively responded to all the requests for international cooperation. The Unit attended every possible forum, workshop, training, seminar and contributed to global platform to these global menaces.

5.1 Signing of Memorandum of Understanding (MoU)

Money laundering and financing of terrorism are most often cross country phenomenon. 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 2016-2017 BFIU signed MoU with the FIU of 8 countries which include Canada, Suriname, Portugal, Cyprus, Finland, Egypt, Poland and Iceland. Until FY 2016-2017, BFIU has signed 51 MoU with its counterparts. The following table shows the list of the MoU signed between BFIU and the FIU of different countries during FY 2016-2017:

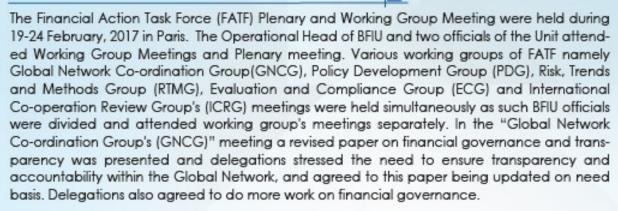
SI no.	Name of FIU	Year of signing
1.	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)	August 2016
2.	Meldpunt Ongebruikelijke Transacties Suriname (FIU- Suriname)	August 2016
3.	Portuguese Financial Intelligence Unit (UIF)	October 2016
4.	Unit for Combating Money Laundering (MOKAS-Cyprus)	October 2016
5.	Finnish financial intelligence unit, RAP	January 2017
6.	Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU)	January 2017
7.	General Inspector of Financial Information (Polish FIU)	March 2017
8.	Icelandic Financial Intelligence Unit (FIU-ICE)	June 2017

5.2 Financial Action Task Force (FATF)

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FATF is the inter-governmental policy making and standard setter body developing and promoting policies to combat money laundering, terrorist financing and proliferation financing. Bangladesh has been actively responding to and participating in all the initiatives of this global platform. In FY 2016-2017 participants from Bangladesh attended the following FATF arranged programs.

5.2.1 FATF Plenary and Working Group Meetings 2017



In the Policy Development Group's (PDG) Meeting discussion took place on that Private Sector Information Sharing in relation to FATF Recommendation 18, "Super-SARs": FATF Definition of Correspondent Banking as the existing definition is causing confusion or contributing to de-risking. It was decided that PDG would continue the discussion in June 2017.

Delegations agreed that the interpretive note to R.7 and the guidance need to be technically updated to reflect the changes and to ensure the continued relevance of the FATF standards. In addition, the guidance on other elements such as activity based financial prohibitions and vigilance measures should also be updated.

Risk, Trends and Methods Group's (RTMG) Meeting endorsed the update of ISIL financing with some changes. RTMG adopted the proposed format and draft agenda for the Joint Experts' Meeting (JEM) and Risk Assessment Workshop to be held in Moscow in April 2017 replacing some initially proposed topics for discussion at this JEM (virtual currencies, wildlife trafficking and ISIL financing) with alternative topics including TF associated with human trafficking, and professional ML networks and shadow intermediaries.

Evaluation and Compliance Group's (ECG) Meeting recommended that the Plenary would adopt the proposed revisions to the Methodology for Recommendation 5 and Immediate Outcome 9 on criminalising terrorist financing, consistent with the changes to Interpretative Notes to Recommendation-5 and the Glossary which were adopted by the FATF in October 2016. The ECG discussed the Mutual Evaluation Report of Sweden and its key issues document. The ECG considered proposed amendments to the optional template for countries to provide risk and international cooperation feedback.

International Co-operation Review Group's (ICRG) Meeting heard the updates from the Joint Groups (JGs) on the 13 jurisdictions namely Iraq, Uganda, Syria, Yemen, Ethiopia, Costa Rica, Afghanistan, Lao PDR, Vanuatu, DPRK, Sri Lanka, Bosnia and Herzegovina and Iran. With regard

to the Public Statement, all responding FATF member countries and other jurisdictions reported that they continued to urge their reporting institutions to: (1) protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices and to take into account ML/TF/PF risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction; (2) give special attention to business relationships and transactions with DPRK; and (3) apply targeted financial sanctions as required in accordance with applicable UNSCRs.

Plenary Meeting discussed what more could be done to increase FATF's capacity and ensure that all countries of the FATF Global Network swiftly, and effectively, implement measures to prevent, detect and counter all sources and methods of terrorist financing. In particular, delegates discussed the methods terrorist organizations and sympathizers use to fund their recruitment efforts, and the use of new payment products and technology (including virtual currencies) to finance terrorism. The FATF adopted a revision to the Methodology for assessing how countries criminalise terrorist financing (Recommendation 5 and Immediate Outcome 9). This follows the October 2016 revision of the interpretive note to Recommendation 5, which clarified the scope of the term 'economic support' to cover a broad range of economic support, including trade in oil and other natural resources and assets which could be used to obtain funds.

In the margins of the plenary meeting, the FATF organised a Fintech and Regtech Roundtable. The key objective of this roundtable was to better understand and exchange views on the current and emerging state of play on interaction of the established traditional financial institutions with the FinTech and RegTech industries, and the impact financial innovations and technologies are having (or expected to have) on reshaping the delivery and provisions of financial services. This first meeting involved representatives from the banking sector, engaged in Fintech activities.

5.2.2 FATF TREIN Workshop 🔃

A three day workshop on 'Identifying Challenges in Understanding and Implementing the FATF Standards' was held during 13-15 December, 2016 in Busan, Korea. The objective of this workshop was to identify the challenges in understanding and implementing the FATF standards through stocktaking from assessed jurisdictions of FATF and FSRBs under new methodology. Two officials from BFIU, who were very much engaged with ME process of Bangladesh participated in the workshop. Other participants were from Sweden, Bhutan, Fiji, Uganda, Zimbabwe, Ethiopia, Trinidad & Tobago, Honduras, Paraguay and the APG Secretariat. Representative from US Treasury facilitated the workshop.

Following discussions with FATF and FSRB member jurisdictions and secretariats, TREIN proposes to construct a pilot training course informed by the information and feedback provided by these participants to the FATF plenary. They have identified 6 (six) modules such as Risk, context and materiality, Risk in the context of supervision and regulation, Terrorist financing, Targeted Financial Sanctions/Proliferation Financing, Financial investigations and Criminal asset confiscation for future training and some potential areas to conduct research:

To achieve this, FATF TREIN will focus on assisting jurisdictions better understand how to effectively implement the FATF standards through TREIN's training and research programs, work with the FATF and FSRBs to maximize the reach of our training and avoid duplication of existing work, build on existing materials produced by the FATF and other organizations, be innovative and engaging in training style, draw on the experiences of jurisdictions, assessors and other experts to give practical examples of effective implementation where possible.

5.2.3 FATF Joint Experts' Meeting on Money Laundering & Terrorist Financing Typologies and Workshop on Sharing Experiences of Conducting Risk Assessments



The FATF Joint Experts' Meeting on ML & TF Typologies and Workshop on Sharing Experiences of Conducting Risk Assessments was held during 24-27 April, 2017 in Russia. Two officials of BFIU attended the workshop. The program was held in three phases- JEM plenary session, JEM break-out sessions and Workshop on Sharing Experiences of Conducting Risk Assessments. The JEM plenary session started with the discussion on Actions taken to combat ISIL Financing in which Russia and United States presented their experiences. After that Canada, UN, Liberty Asia and Australia presented their experiences on ML/TF linked to human trafficking. JEM break-out sessions included Domestic Inter-Agency Information Sharing, Financing of Recruitment for Terrorist Purposes and Vulnerabilities of Beneficial Ownership. Domestic Inter-Agency Information Sharing was divided into two parts such as Inter-Agency Information Sharing and Public - Private Information Sharing. As a member of Domestic Inter-Agency Information Sharing project, BFIU official actively participated in discussions and presented different challenges in sharing information without having proper database and IT system. The Workshop on Sharing Experiences of Conducting Risk Assessments covered discussions on Private sector perspective; Assessments by individual jurisdictions- Russia, United States and United Kingdom; Regional or supranational risk assessments- European Commission and Australia; and Inherent risks vs. actual risks - round table discussion.

5.3 Asia Pacific Group on Money Laundering (APG)

Bangladesh as the founder member of APG has been participating in the different programs of this body since the very day of its journey. BFIU as the central agency of the country to combat ML, TF & PF has been playing a leading role in its various programs. In FY 2016-2017 participants from Bangladesh attended the following programs organized by APG.

5.3.1 19th APG Annual Meeting

The 19th Asia Pacific Group on Money Laundering (APG) Annual Meeting and Technical Assistance and Training Forum was held in San Diego, USA during 5-8 September 2016. The APG Annual Meeting is the primary policy and decision-making vehicle for the APG.

A high level Bangladesh delegation attended the meeting with includes the Attorney General of Bangladesh, Senior Secretary, Legislative Division, Ministry of Law, Justice and Parliamentary Affairs, Special Assistant to Honourable Prime Minister, Deputy Governor and Head of BFIU and senior officials from CID of Bangladesh Police, Bank and Financial Institutions Division, Ministry of Home Affairs, National Board of Revenue, Directorate General of Forces Intelligence and Bangladesh Financial Intelligence Unit (BFIU).

Bangladesh delegation attended the Mutual Evaluation Working Group Meeting to discuss on the draft Mutual Evaluation Report (MER) of Bangladesh. The Bangladesh MER was finally adopted in the plenary after long discussion with up gradation of ratings for 2 immediate outcomes (IO. 2 and IO.9). The plenary congratulated Bangladesh for having its final MER.

The Annual Forum on Technical Assistance and Training was held concurrently with the annual meeting. The forum included 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 have technical assistance supports from the different donor group.

In the margin of annual meeting a case coordination meeting on Bangladesh Bank Cyber Heist was held in San Diego to discuss the updates on the cyber heist case and for taking further future initiatives. Representatives from BFIU, Bangladesh Police, AMLC, Philippines, FBI, USA and World Bank were present at the meeting.

5.3.2 The MENAFATF/APG Joint Typologies & Capacity Building Workshop



The MENAFATF/APG Joint Typologies & Capacity Building Workshop was held in Jeddah, Kingdom of Saudi Arabia during 28 November-01 December, 2016. A four member delegation from BFIU attended the workshop. On behalf of the Governor of Saudi Arabian Monetary Agency and Chairman of the Anti-Money Laundering Permanent Committee an executive gave a speech. All participants exchanged their ideas and views in the 1st and 4th day of the workshop. Several topics were presented by different presenters. Participants were split into 4 groups for the 2nd and 3rd day. Bangladesh delegation actively presented and participated in the group discussions. The following 4 topics were discussed by each group:

- Terrorist Financing and Social Media
- Money Laundering through Electronic Means
- Challenges of pursuing the Proceeds of Corruption in Foreign Jurisdictions
- Identifying Operational Best Practices and Barriers to Domestic Interagency Information Sharing.

Bangladesh delegation presented 4 presentations on the following topics:

- a. Social media and terrorist financing in Bangladesh.
- Money laundering through Electronic Means: A Cyber Heist Case.
- Corruption and Money laundering: Country Case Studies
- Domestic Cooperation: Bangladesh's Experience in sharing TF and CT information

5.3.3 BFIU officials' Participation in the APG Mutual Evaluation Process 📉



A core component of the APG's work programme is conducting Mutual Evaluations (ME) of its members and all APG members are committed to support the APG's ME process by providing suitably qualified experts to participate in the evaluation teams. As a member of APG, Bangladesh has provided 2 assessors for the year 2016-17 and nominated 1 assessor for the year 2017-18.

Mr. Kamal Hossain, Joint Director, BFIU was nominated as FIU/Financial assessor for the Mutual Evaluation Team of Thailand. He attended the Pre-Mutual Evaluation (ME) face to face meeting to discuss ME process, AML & CFT regime of Thailand and technical compliance of preven tive measures, supervision of Fls and international cooperation related FATF Recommendations. As an FIU/Financial Expert, apart from working on technical compliance issues Mr. Kamal Hossain worked on immediate outcome (IO) 3 (Supervision), IO 4 (Preventive Measures) and IO 10 (TF Preventive measures and financial sanctions). ME report of Thailand was adopted in the APG Annual meeting held in Colombo, Sri Lanka.

BFIU nominated Mr. Md. Masud Rana, Joint Director, BFIU to attend as an FIU/Law enforcement expert for assessing AML & CFT regime of Cambodia during the same period. Mr. Rana actively participated in the Pre-ME Meetings, On-site meetings and Post On-site Meetings as part of Mutual Evaluation of Cambodia. During the visit he discussed technical compliance of related FATF Recommendations. As an FIU/Law Enforcement Expert, he also worked on immediate outcome (IO) 1 (Risk, Policy and Coordination), IO 6 (Financial Intelligence) and IO 7 (ML Investigation and Prosecution) in addition to working on technical compliance issues.

In response to APG's request, BFIU has nominated Mr. Mohammad Abdur Rab Joint Director, BFIU for the assessment year 2017-2018. Mr. Rab will work as a financial/FIU expert in the APG Assessment Team for Mutual Evaluation of Indonesia.

5.3.4 Pre Mutual Evaluation Workshop, Chinese Taipei

APG and Anti-Money Laundering Division, Ministry of Justice jointly organized a Pre Mutual Evaluation Workshop during 3-4 October, 2016 in Taipei, Chinese Taiwan, On request from APG and Chinese Taipei to attend the workshop Mr. Mohammad Abdur Rab, Joint Director, BFIU attended the workshop as speaker. APG Co-Chair and Director Sri Lanka FIU Mr. H. Amarathunga, Executive Secretary of APG Mr. Gordon Hook and Principal Executive Officer of APG Mr. Lindsay Chan also attended the workshop as speakers.

5.4 Egmont Group

Egmont Group is the association of FIUs promoting international cooperation in the most effective way. FIUs can seek and receive information assistance through Egmont Secure Web and strengthen their own AML & CFT regime. BFIU since joining this association in 2013 is being benefited through access to this wider global platform. BFIU has been promptly responding to participate in different programs of the Egmont Group.

5.4.1 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 Meetings were held in Doha, Qatar during 29 January-3 February, 2017. A four member delegation headed by the Head of BFIU participated in the meeting. The Head of BFIU delivered a presentation on "Bangladesh Bank Cyber Heist" in the Heads of FIU and Egmont Committee Intersessional Meeting.

Meetings of Information Exchange on ML/TF Working Group (IEWG), Membership, Support and Compliance Working Group (MSCWG), Policy and Procedures Working Group (PPWG) and Technical Assistance and Training Working Group (TATWG) were also held in Doha, Qatar. Representatives from different FIUs, observers and other partner organizations attended 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 and shared the current status of Bhutan FIU in the meeting. Further, during the MSCWG meeting BFIU agreed to work along with FIU Sri Lanka as a co-sponsor of Maldives FIU in the process of getting Egmont Group membership. BFIU official joined the project titled "FIU cooperation with Law Enforcement Agencies". In the Egmont Group Regional Meetings the Heads of FIU of the Asia Pacific region discussed on providing more assistance to other non-member FIUs to get Egmont Group membership.

Moreover, one of the important part of the meeting is MoU signing ceremony. BFIU signed MoU with the FIUs of Finland and Egypt during the meeting.

5.4.2 Working as one of the sponsors in the process of Bhutan FIU and Maldives FIU's Egmont Group membership



BFIU is sponsoring Maldives FIU in the process of getting the Egmont Group membership along with FIU-Sri Lanka. Currently, BFIU is reviewing the AML and CFT legal framework of Maldives and providing feedback from time to time.

Furthermore, BFIU along with KoFIU is also working as a sponsor of Bhutan FIU. Currently, The draft AML/CFT Act of Bhutan is awaiting the approval of the parliament. Once the Act is approved, the membership process shall be expedited.

5.4.3 Intelligence Exchange at the international level 📉

As a member of the Egmont Group of FIUs, BFIU exchanges information through ESW as and when required. BFIU also exchanges information with the non-Egmont member FIUs. During FY 2016-2017 BFIU received 17 requests from the FIUs of different countries and provided information accordingly. BFIU also made 388 requests to the FIU of different countries.

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



BIMSTEC Sub group on Combating the Financing of Terrorism (CFT) is a forum for member countries to share their experience and knowledge on Combating the Financing of Terrorism (CFT). The member countries of this forum are Bangladesh, India, Myanmar, Srilanka, Thailand, Bhutan and Nepal.

The 9th Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism (SG-CFT) was held during 26-27 April, 2017 at Yangon, Myanmar. Delegates from the member countries attended the Meeting. The Meeting was inaugurated by His Excellency Major General Aung Soe, Honourable Deputy Minister for Home Affairs of Myanmar. The delegation was led by General Manager & Operational Head BFIU. Representative from Ministry of Home Affairs also participated in the meeting. The meeting discussed over the progress of the Sub-group since the 8th meeting of the BIMSTEC Sub-group on Anti-Money Laundering and Combating Financing of Terrorism (SGAML-CFT) held in Sri Lanka 2016.

The meeting provided a great opportunity to enhance cooperation and coordination in the area of combating the financing of terrorism. The main discussion points of the meeting were as follows:

- Exchange of views on Current Activities
- 2 Discussion on Information and Intelligence sharing on AML/CFT.

- 3 Discussion on BIMSTEC SG -CFT website.
- Presentation of case studies on "the Emerging Cyber threats on Financial Sector"
- Discussion on the Illicit Flow of Fund.
- Discussion on the Implementation of Human Resources Development and Capacity Building.
- 7. Other Matters

The delegation of Bangladesh made a presentation titled "A Cyber Heist Case: Bangladesh Experience". The presentation focused on the fund transfer from the account of Bangladesh Bank, maintained with FRB New York through fraudulent payment instruction by the hackers to the Philippines and Sri Lanka and the initiatives taken by Bangladesh Bank in recovering the stolen money. The presentation was useful and informative for other delegates and the meeting appreciated the presentation.

Discussion over the regional cooperation with international organization and human resources development and capacity building to Combat Money-Laundering and Financing of Terrorism also took place.

After detailed discussion Bangladesh delegation gladly announced arrangement of two upcoming capacity building workshop for the BIMSTEC member states with the assistance of World Bank. At last, the Co Chair of the meeting thanked all the delegates for their active participation in the meeting and appreciated their valuable contribution in successful conclusion of the meeting.

5.6 Conference of the Parties for the United Nations Convention on Transnational Organized Crime (UNOTC COP)

A workshop on "Transnational Organized Crime, mobile banking and Mutual Legal Assistance (MLA)" was held in the margins of Conference of the Parties for the United Nations Convention on Transnational Organized Crime (UNOTC COP) in Vienna, Austria during 17-21 October, 2016. The workshop was organized by US Government and on request from the host BFIU representative attended the workshop as a panel member in the discussion.

5.7 2nd Counter Terrorism Financing Summit



The 2nd Combating Terrorism Financing (CTF) Summit was held during 8-11, August 2016, in Bali, Indonesia. Around 300 delegations from the Asia Pacific countries and different parts of the world attended this Summit. A 04 (four) member Bangladesh delegation comprising delegates from BFIU, Ministry of Home Affairs and Bangladesh Police participated in the Summit. Mr. Abu Hena Mohammad Razee Hassan, Head of BFIU & Deputy Governor, Bangladesh Bank led the Bangladesh delegation. In this summit, Mr. Hassan presented a paper on "Raising community awareness to prevent terrorism and terrorism financing". In his paper he discussed current nature of terrorism financing existing in Bangladesh and the multi-dimensional steps taken by the Bangladesh government.

5.8 10th Practitioners' Workshop on the Return of Illicit Assets of PEPs

Jointly organized by World Bank/UNODC, Ministry of Foreign Affairs of Switzerland and International Centre for Asset Recovery (ICAR) of BASEL institute of Governance a Workshop on the Return of Illicit Assets of Politically Exposed Persons was held during 27th February-01 March, 2017 in Lausanne of Switzerland. 64 specialists from 20 countries and three organizations attended the workshop. The focus of the workshop was assisting all parties involved in the asset recovery step by step indentifying measures under Guidelines for Efficient Recovery of Stolen Assets. A BFIU official working in the process as a specialist also attended the program.

To expedite stolen asset recovery Ministry of Foreign Affairs of Switzerland is organizing this sort of workshop since 2001. It may be mentioned that this initiative has been acknowledged by the UN general assembly and Convention against corruption. In the Conference of State Parties to the UNCAC held in 2015 Deputy Governor and Head of Bangladesh Financial Intelligence Unit and the concerned BFIU official played an effective role.

The workshop also facilitated a meeting by BFIU officials with the officials of USA and Philippines to discuss way of expediting recoupment of the Bangladesh Bank reserve money. Officials of Presidential Commission on Good Government agreed to determine appropriate steps in the upcoming meeting with Bangladesh delegation during March, 2017 and ensure adequate follow up. Ms. Mary Butler and Ms. Karen Greenway from USA informed that FBI has made progress in the investigation and now concentrating on locating the unidentified amount of the reserve money. On request of BFIU officials Ms. Mary Butler mentioned that they would urgently decide on recovering money from RCBC considering its involvement in the incident. Both Ms. Mary Butler and Ms. Karen Greenway stressed on intense communication on the issue assured of all out assistance.

5.9 Alliance for Financial Inclusion (AFI)

5.9.1 Annual Global Policy Forum 2016 of AFI

The Alliance for Financial Inclusion (AFI) is a policy leadership alliance. It empowers policymakers to increase access to quality financial services for the poorest populations. AFI is led by its members and partners, central banks and other financial regulatory institutions from developing countries. Bangladesh Bank is one of the principal members of Alliance for Financial Inclusion (AFI) since 2008. AFI working groups represent the thematic financial inclusion policy areas that AFI actively promotes. The six working group of AFI are as follows:

- Consumer Empowerment and Market Conduct (CEMC) Working Group
- > Financial Inclusion Strategy (FIS) Peer Learning Group;
- > Financial Inclusion Data (FID) Working Group;
- Global Standards and Proportionality (GSP) Working Group;
- Digital Financial Services (DFS) Working Group;
- SME Finance (SMEF) Working Group

Representative from BFIU is a member of Global Standards and Proportionality (GSP) Working Group. GSPWG provides a platform for AFI members to discuss ways to implement global standards for financial stability and integrity proportionately, and ensure financial inclusion is pursued in tandem with a safe and sound financial system. Currently GSPWG has 40 members. Bangladesh is also the focal point of Gender from the group,

AFI's key annual event Global Policy Forum (GPF) 2016 was held in Nadi, Fiji during 7-9 September 2016. Bangladesh Bank was represented by Deputy Governor Mr. S K Sur Chowdhury as the head of delegation and six officials from Bangladesh Bank and BFIU who are members of the six working groups participated in the working group meeting as well as in the GPF 2016.

5.9.2 6th Global Standards Proportionality (GSP) Working Group Meeting



Policymakers and regulators from more than 20 countries in the AFI Global Standards Proportionality (GSP) Working Group met in Accra, Ghana this year, from 20-24 February, 2017 on the occasion of the group's 6th meeting, co-hosted by the bank of Ghana, followed by AFI PPD Capacity Building Initiative: Catalyzing Financial Inclusion with Government Payments co-hosted by Visa.

The meeting focused on the key issues like mobile Cross-border remittances-perspectives from service providers and regulators, global standard-setting bodies work stream update, KYC information sharing technology, Mutual evaluations- perspectives of the assessors and the assessed etc.

The meeting concluded with agreement amongst members to establish four subgroup of GSPWG focusing on Shadow banking, De-risking, Basel implementation and Deposit insurance and the election of representative from Bangladesh Bank and Reserve bank of Fiji as GSPWG co-chairs.

5.10 ID4D-DIME Impact Evaluation Workshop on Identification for Development



ID4D-DIME Impact Evaluation Workshop on Identification for Development was held in Washington, DC from May 16 to 19, 2017. Around 40 officials from the 17 countries attended this Workshop. A 02 (Two) member Bangladesh delegation consisting one participant from BFIU and another one from Election Commission Secretariat attended the Workshop. Bangladesh delegation presented a proposal of funding a pilot project on implementation of e-KYC in Bangladesh. Out of 11 countries, the proposal of Bangladesh was accepted by the World Bank.



5.11 Focus Group on Digital Financial Services of ITU

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) has been participating the Focus Group since September, 2015. The sixth meeting of Focus Group on Digital Financial Services was held in 19-22 September, 2016 at Bank of Tanzania, Dar Es Salaam, Tanzania. The respective DFS supervising officer of BFIU participated in the meeting. A Workshop on Digital Financial Services and Financial Inclusion and the Seventh meeting of the Focus Group were held in 6-9 December 2016 at ITU, Geneva, Switzerland. Two officials from Bangladesh Bank including one from BFIU participated in the workshop followed by the meeting.

5.12 International Visitor Leadership Program



To build mutual understanding between the United States and other nations the Office of International Visitors in the Bureau of Educational and Cultural Affairs of the U.S Department of State (DOS) designs the International Visitor Leadership Program (IVLP), a professional visits to the United States, for current and emerging foreign leaders. The program provides a platform for the foreign leaders to meet and exchange their professional experience with American counterparts. It also gives the opportunity to be acquainted with the United States, its culture and people.

In 2016, IVLP organized a program on "Anti-Money Laundering and combating Financing of Terrorism" for Bangladesh. The three weeks program was held from August 29, 2017 to September 16, 2016. A five member team comprising 3 officials from Bangladesh Financial Intelligence Unit, 1 official from Office of the Controller of Certifying Authorities, Bangladesh and 1 official from CID, Bangladesh Police participated the program.

The program started in Washington DC and followed by 3 states which are New York, North Carolina and Florida. During the visit Bangladesh team participated series of meetings with different government and private sectors representatives of the United States. Bangladesh team had meeting with Federal Bureau of Investigation (FBI), Federal Reserve System, U.S. Department of State (DOS), U.S. Department of the Treasury, U.S Internal Revenue Service (IRS), Financial Industry Regulatory Authority (FINRA), U.S. Department of Justice (DOJ), American Bankers Association, International Monetary Fund (IMF), U.S. District Attorney's Office-Southern District of New York, SWIFT, ORACLE, Charlotte Mecklenburg Police Department, SAS Inc.

Federal Reserve Bank, Charlotte, Bank of America, Wells Fargo, Miami-Dade Police Department-Special Investigation Section, Association of Certified Anti-Money Laundering Specialists (ACAMS) and Florida International Bankers Association, Inc. (FIBA). Participants and officials of those U.S. institutions exchanged their views regarding mode of operation, inter agency cooperation and challenges faced in combating Money Laundering and Financing of Terrorism, cyber security etc.

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Mr. Md. Khairul Anam, Joint Director of the Unit performed as a speaker in the 8th International Conference on Financial Crime and Terrorism Financing (IFCTF), 2016 organized by Asian Institute of Finance, during 05-06 October, 2016 at Kuala Lumpur. The conference entitled "Emerging Compliance Risks: Addressing Rising Trends in Financial Crime and Terrorism Financing".

Citing several incidents such as the incidence of Banco del Austro in Ecuador where USD\$12.2 million was stolen in January 2015 and in another case where



USD\$13 million was stolen from Taiwan Cooperative Bank in July 2016 he said that the world is rapidly becoming a victim of cybercrime. Illustrating Bangladesh Bank's reserve heist he emphasized on an urgent need to identify and eliminate the threat of online fraud.

Professional Development of the BFIU Officials



Even in today's modern world of digitization human resources are the most essential component of any organization. An effective FIU without an efficient manpower can never be thought of. Behind its success individuals' skill and competence is always in the forefront. Bangladesh FIU has always stressed the need for professional development of its human resources to make them better prepared for emerging threats and vulnerabilities. And as part of such initiatives BFIU, like previous years, took every care and arranged trainings and workshop both home and abroad. For training and workshops the Unit has received cooperation from a number of international organizations and foreign agencies. Capacity development initiatives have yielded much desired outcome. Some of the officials of the Unit are contributing in different capacities to different AML & CFT forum globally. BFIU takes learning as a continuous process and always tries to keep its officials abreast of the latest knowledge to fulfill the mission bestowed on it.

6.1 Assessor Training Workshop

APG Assessor Training Workshop is a very effective platform to prepare personnel as assessor for the Mutual Evaluation of different jurisdictions. BFIU officials have been trained by the this program from time to time and benefitted from this course to strengthen country's AML & CFT region as well as to have the opportunity to be assessor for other jurisdictions.

In FY 2016-2017 Mr. Md. Khairul Anam, Joint Director from BFIU attended the APG's 7th assessor training workshop hosted by the APG secretariat. Held during 1-5 May, 2017 in Sydney the workshop used the 2013 FATF methodology. Mr. Md. Rokon-Uz- Zaman, Deputy Director and Md. Al-Amin Reiad, Deputy Director participated in the program held in Washington DC, USA during 27-31 March, 2017. Working in teams and conducting mock mutual evaluation, including interviewing government officials, preparing a full mutual evaluation report and delivering their findings to the plenary the participants are now eligible to act as assessors/or reviewers in the APG's third round mutual evaluations.

The training workshop will contribute to enabling BFIU face future mutual evaluations of Bangladesh and provide assessor for other jurisdictions.

6.2 Training on Behavioral Research for Policy making

The Consultative Group to Assist the Poor (CGAP) and Innovations for Poverty Action (IPA) organized a training and workshop on Behavioral Research for Policymaking in Nairobi, Kenya, from May 15th to 18th, 2017. Officials from central banks, regulatory authorities, different research organizations, universities around the world participated in the training and workshop. Two Bangladesh Bank officials including one from BFIU participated in the training and workshop. The training sessions encompassed the behavioral research design, relevant considerations for policy makers, how consumers may behave through different communication techniques, appropriate product design for consumer decisions, etc.

6.3 Seminar on AML/CFT Assessed Country Course

A seminar on AML/CFT Assessed Country Course was held on November 14-18, 2016 in Singapore arranged by IMF- Singapore Regional Training Institute. BFIU official along with the other participants attended the seminar. In that seminar renowned resource persons of the APG and IMF conducted the session regarding FATF 40 Recommendation. Participation in the seminar enriched participants' knowledge on pros and cons of the FATF Recommendations. The seminar facilitated the sharing of experiences of AML/CFT Assessed Countries. Participant from BFIU shared Bangladesh's experience in getting prepared for the Mutual evaluation held in 2015. All the participants benefited through mutual experience sharing.

6.4 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.

In the In-House Training various topics such as Overview on AML &CFT, Money Laundering Prevention Act, 2012 and Anti Terrorism Act, 2009, Trade Based Money Laundering, FATF 40 Recommendations were covered.

6.5 Professional Intelligence Course for BFIU Officials: A New Window of Cooperation between Two Intelligence Agencies



A four day long professional intelligence course was held for the Bangladesh Financial Intelligence Unit's (BFIU) officials organized by Counter Terrorism Intelligence Bureau (CTIB) of Director General of Forces Intelligence (DGFI). The course was held during 12-15 June, 2017 at DGFI Head Quarter. Governor, Bangladesh Bank and Director General of DGFI, Major General, were present at the closing and certificate awarding ceremony on 15 June, 2017 as chief guest and special guest respectively. Eight Joint Directors, nine Deputy Directors and three Assistant Directors attended the course.

During the course the trained CTIB officials and faculty of DGFI training institute conducted sessions on Overview of intelligence, intelligence cycle, sources and agencies, cover & alibi operation, surveillance, interviewing and questioning subject, threat assessment procedure, critical analysis, intelligence analysis, re-validating, analytical writing etc. On 15 June a seminar on financial crime was held under the mentoring of Brig. General Director CTIB. General Manager & Operational Head of BFIU was present as panelist in the seminar.

In his closing remarks Governor, Bangladesh Bank mentioned that it is indeed a unique training arrangement between two intelligence agencies and he expresses his gratitude to DG, DGFI and everyone concerned whose active efforts have made this training a success. Combating

Money Laundering and Terrorist Financing without active engagement of all concerned agencies is never possible. Bangladesh Financial Intelligence Unit is working to combat Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction (WMD). CTIB is very much focused on countering terrorism. He states that the works of these two agencies are complementary to each other.

While delivering his statement Director General of DGFI, stated that DGFI is the principal intelligence agency that provides national security and intelligence information to Bangladesh Government and armed forces, and therefore stability and security of the nation relies much on its success. Counter terrorism is also the top priority of DGFI. BFIU and DGFI therefore have some common goals and reasons to work together. This particular training program is one of such attempts to strengthen formal and informal mechanism through capacity building and knowing each other. He also hopes that this kind of experience sharing program will continue in future on reciprocity basis. He also mentioned that DGFI can also take financial investigation and analysis assistance from BFIU.





FATF Recommendation 29, Interpretive Note paragraph 3, states that an FIU should conduct strategic analysis by using available and obtainable information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns so that other competent authorities can determine money laundering and terrorist financing related threats and vulnerabilities. Egmont group of financial intelligence units operational guidance for FIU activities and the exchange of information also stress that an FIU's strategic analysis may vary based on the capacity and available resources, and the product ranges from typologies and trends, patterns, synthesis, geographical/regional analysis, behavioral analysis, activity analysis etc.

As an effectual/effective and pro-active FIU, Bangladesh Financial Intelligence Unit (BFIU) conducted strategic analysis on current and emerging issues that might be supportive and policy driven for the BFIU itself and to the other state agencies to identify the money laundering and terrorist financing risk and vulnerabilities. It conducts strategic analysis by using its own CTR and STR/SAR database comprehensively based on yearly data. Other strategic analyses are on current issues and need based.

7.1 Suspicious Transaction/Activity Reporting and Cash Transaction Reporting

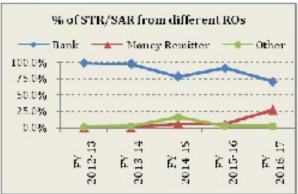


7.1.1 Suspicious Transaction or Activity Report (STR/SAR)

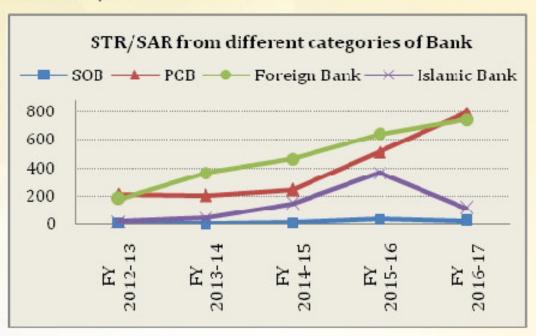
Trend of STR and SAR by type of ROs: The number of STR/SAR from Bank has gradually increased in the previous five years, but the contribution of Bank to the total STR/SAR is found to fall in FY 2014-15 and FY 2016-17 due to sharp increase of STR/SAR respectively form Capital Market Intermediaries and Money Remitter.

The contribution of Bank to the total STR/SAR in FY 2016-17 has fallen to 70.6% from 91.7% of FY 2015-16, while the contribution of Money Remitter has increased to 27.3% from 5.3% (STR/SAR increased to 644 from 90). In FY 2016-17, 81% STR and 59% SAR were submitted by Bank while 16% STR and 40% SAR by Money Remitter.



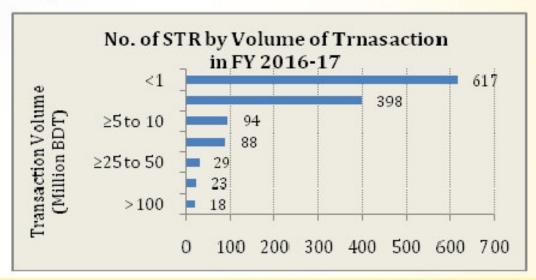


Among different categories of Bank, the number of STR/SAR from State Owned Bank (SOB) and Islamic Bank have fallen in FY 2016-17, unlike two other bank categories Private Commercial Bank (PCB) and Foreign Bank. PCB has exceeded the Foreign Bank in terms of number of STR/SAR after three years

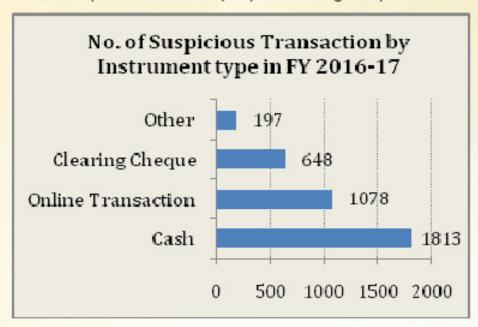


STR by Volume of Transaction: Almost 97% suspicious transactions have been reported by Banks in FY 2016-17. The highest number of suspicious transaction (1720) was reported by Private Commercial Bank; where as Foreign Bank had the highest transaction volume (BDT 5272.8 million).

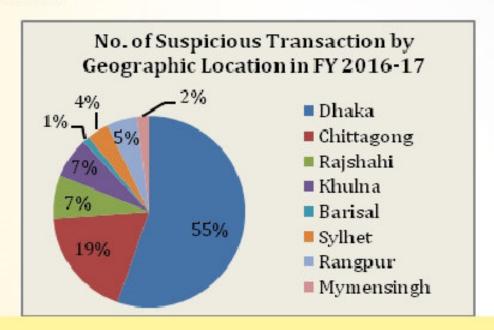
The transaction volume was less than BDT 1.0 million in 617 STRs (48.7%) and transaction volume was above BDT 1.0 million to 5.0 million in 398 STRs (31.4%). It is found that the higher the transaction volume, the lower the number of STR.



Suspicious Transaction by the Instrument type: Cash, Online transaction and Clearing cheque are the major financial instruments involved with 3736 suspicious transactions reported in the FY 2016-17. The highest number of suspicious transaction occurred through Cash (1813, i.e. 49% of the total) as reported by the ROs. 1078 suspicious transactions (29%) were related with Online transaction and 648 suspicious transactions (17%) with Clearing Cheque.



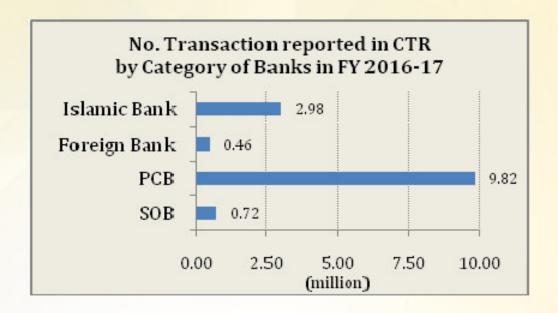
Suspicious Transaction by Geographic Location: BFIU has received STRs from all administrative divisions of Bangladesh in FY 2016-17. But almost three-fourths of the suspicious transactions were reported from Dhaka (55%) and Chittagong (19%) division being the foremost business and industrial area.



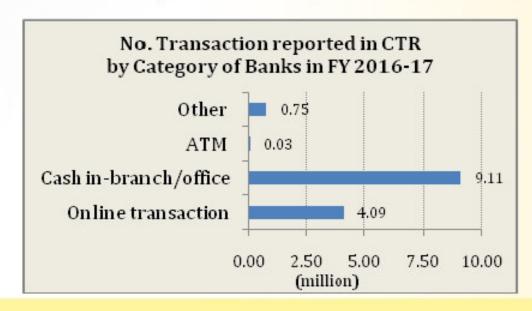
7.1.2 Cash Transaction Report (CTR)



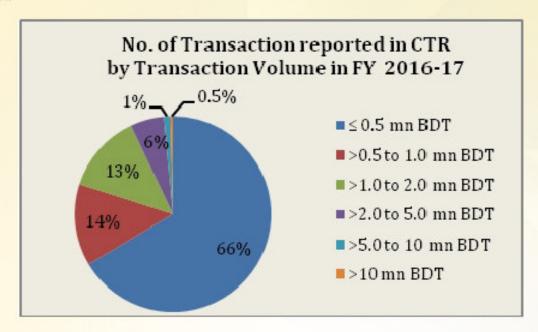
Cash Transaction by Category of Banks: 99.98% of cash transactions have been reported by Banks in FY 2016-17. Among the four categories of banks, most of the reported cash transaction have taken place in Private Commercial Banks (9.82 million which is 70% of the total) followed by Islamic Banks (2.98 million which is 21% of the total).



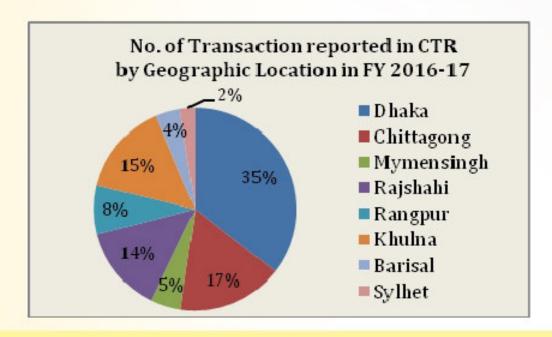
Cash Transaction by Instrument Type: In-branch/office cash transaction and Online transaction are the predominant financial instruments involved with CTRs in FY 2016-17. Respectively 9.11 and 4.09 million transactions reported in the CTRs took place in these modes.



Cash Transaction by Volume: 66.4% transactions reported in the CTRs in FY 2016-17 were below or equal to BDT 0.5 million. 13.6% cash transactions were in between BDT 0.5-1.0 million, 13.0% transactions in between BDT 1.0-2.0 million, 5.5% transactions in between BDT 2.0-5.0 million, 1.1% transactions in between BDT 5.0-10.0 million and 0.4% transactions were above BDT 10.0 million.



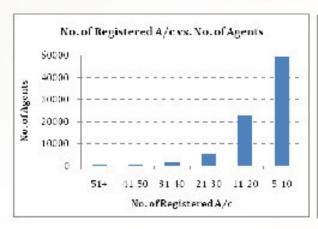
Cash Transaction by Geographical Location: In FY 2016-2017, the highest number of cash transactions (35%) were reported from Dhaka division, while Chittagong, Khulna and Rajshahi division respectively contributed 17%, 15% and 14% to the CTR.

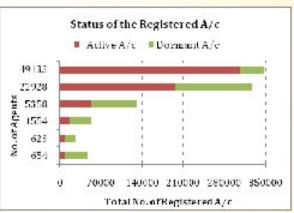


7.2 Remittances Transferred Illegally Through Mobile Financial Services (MFS)

Intelligence from law enforcement agencies and media report alleged that numerous MFS agents have been abusing the MFS platform to send remittance of the wage earners illicitly into Bangladesh. The Survey on Investment from Remittance (SIR) 2016 conducted by Bangladesh Bureau of Statistics reveals that 14.31% remittance beneficiaries of the country have received remittance through MFS channel. It was also found from the Bangladesh Bank website that remittance inflow through MFS in December, 2016 was BDT 81.2 million which is 0.11% of the total remittance of that month. It indicates that the beneficiaries have been receiving a significant portion of foreign remittance through hundi by the illicit use of MFS channel.

To look into the matters, Bangladesh Bank formed a high level committee that visited Singapore, Malaysia and Saudi Arabia to conduct a survey, and BFIU also formed a five-member team that collected and analyzed information from different perspectives— information of the personal or agent account numbers as detected (by the survey team of Bangladesh Bank) to be involved directly in illegal transaction including hundi activities, the accounts found in the advertisement of remitting money from overseas, the agents whose Cash-in is unusually high in proportion to Cash-out, the agents operating numerous personal accounts in his own name, the agents having at least seven incidents of accomplishing three or above three Cash-in in a minute, the agents having at least three incidents of accomplishing Cash-in in the midnight without any Cash-out. Moreover, BFIU team conducted onsite inspection in the head office of MFS providers and mystery shopping in several agent points.





Upon analysis it was found that hundi businessmen exchanged information of the remitter (emigrant Bangladeshis), remitting amount and the beneficiaries by using the server like VOIP and various social communication apps (Viber, Imo, WhatsApp, Skype). Then the Bangladeshi MFS agents send money by applying Cash-in into the mobile account of the beneficiaries as per instruction of their foreign counterparts. The following issues are also identified by the analyst:

- > 80250 agents who have 5 or more mobile accounts are operating total of 589082 active and 344317 dormant accounts. These agents, violating the PSD circular, opened multiple accounts by using same national identity.
- Agents have sent money through Cash-in to different parts of the country into the account of the persons (beneficiary) not physically present at the agent point and agents did not collect or preserve the information of the beneficiaries. This is a violation of PSD circulars regarding cash-in and Cash-out activity by the agents.

The alleged agents who accomplished the Cash-in by violating the PSD circular were either involved in hundi business or received money of Cash-in from hundi businessmen, so these agents do not require receiving money from the beneficiaries. Based on the findings, BFIU exchanged information with CID for conducting investigation on this issue and taking necessary legal action against those MFS agents who are involved in hundi activities and transacting proceeds of crime through MFS channel.

7.3 Strategic Analysis on Cross Border Declarations Through FMJ Form



Bangladesh Bank has made an obligation for the incoming passenger, under the provision of Foreign Exchange Regulation Act of 1947, to declare the foreign currency carried in cash or negotiable instruments to the Customs Authority if the amount exceeds US\$ 5000 or equivalent. There is a prescribed form (known as FMJ Form) through which Customs Authority collects the declaration of the foreign currency amount from the passengers and relevant information at the customs point. Bringing foreign currency without declaration in the FMJ is considered as illegal activity. It is necessary to monitor that those, foreigner or Resident, who bring foreign currency encash or deposit in FC account in compliance with the rules or expend in legitimate activity or not, since passengers either foreigner or Resident may bring any amount of foreign currency that may be used for illegal purpose including money laundering and terrorist financing. In this context, BFIU decided to conduct strategic analysis the cross border declarations through FMJ Form.

To conduct the strategic analysis BFIU collects data from the Online Inward Remittance Monitoring System maintained by Bangladesh Bank for the period of January 2013 to June 2016. The data was analyzed from the different perspectives and prepared two lists—top 20 persons who declared the highest foreign currency in the considered period and persons from the high risk and non-cooperative jurisdiction as delineated in the public statement of FATF.

Based on the findings of the analysis, the following working may be adopted:

- i) Monitoring and supervision should be strengthened regarding the use of foreign currency by the citizens who entered Bangladesh from the high risk and non-coop ertive jurisdiction through declaration of foreign currency. BFIU, Customs Authority and designated wing of Bangladesh Police may extend cooperation to each other in this regard.
- BFIU may consult with Foreign Exchange Policy Department and Foreign Exchange Operation Department of Bangladesh to revise the existing FMJ Form and include more information of the passenger in it.

- iii) Cooperation between BFIU and Customs Authority should be strengthened to screen the attempt of tax evasion or other related offences in connection with not encashing the declared foreign currency or depositing the amount to the respective FC account.
- iv) FC account should be examined properly during onsite inspection in the authorized dealers of different banks and measures should be taken to justify the validity of the transaction through cross checking in the Online Inward Remittance Monitoring System.



Embezzlement of public fund through bank account in the name of fake organization

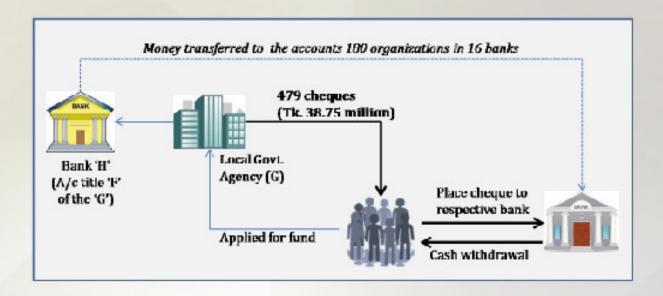
Bank 'A' submitted three STRs against the accounts of two cooperative societies and a religious institute alleging the embezzlement of public fund. Primary analysis revealed that each of these accounts had been credited by the same amount (Tk. 90,500) on the same day through clearing cheque issued by a local government agency (namely 'G') from its account title 'F' maintained in bank 'H'. Other than cheque deposit and cash withdrawal, no transaction took place in these accounts. No CTR, complaint or adverse information regarding these entities was found in the BFIU database.

The above scenario could not decipher what actually happened and how the fund was embezzled. Hence BFIU analyst decided to search in the BACH database of Bangladesh Bank to screen the cheques issued by 'G'. It revealed that the 'G' had issued thousands of cheques (each of either Tk. 42,000-49,500 or Tk. 90,500-98,500) in favor of different accounts from its account title 'F'. Then BFIU analyst shrunk the time period to the contemporary six months and found approximately 600 cheques issued to 252 organizations including religious institutes, orphanage, educational institutes, social and cultural organizations, cooperative society etc. These 252 organizations had account in 29 banks. BFIU directed these banks to submit account opening form, account statement and other relevant documents as well as inspection report on the organization's location and activity. In the meantime, BFIU received 69 STRs of similar nature against 69 entity accounts of which information BFIU had already sought.

The documents and information obtained from the banks revealed that almost 60% organizations either have no physical existence or no organizational activity or have direct or indirect link with non-existent organizations. A two-member BFIU team also visited 10 organizations as a part of onsite inspection in a bank branch on sample basis and found that three of them do not exist physically and other three do not have any activity apparently. Finally BFIU analyst was able to identify such 180 organizations that received 479 cheques of Tk. 38.75 million from the 'G' for their infrastructural development. In most cases, money was withdrawn in cash just after the deposit and no other transaction was found in these accounts.

BFIU found anomaly both in the fund disbursement and account opening procedure. Same persons had been the committee member of multiple organizations, organizations of different nature used the same resolution, many organizations used fake registration certificate, few organizations beyond the jurisdiction of 'G' had got fund and most of the organizations could not show any document in support of receiving fund. Moreover, the banks failed to comply with KYC procedure as per BFIU circular and it seemed that staff of the respective bank branch had ally with the opening fake bank accounts. It could be mentioned that 26 organizations produced fake cooperative registration, 34 organizations produced fake voluntary society registration and 18 organizations submitted fake membership certificate.

The local government agency ('G') undertook a project for the infrastructural development of local institutions. But a gang of dishonest people formed paper based organizations, produced required documents, opened bank account and applied to the 'G' for allocating infrastructural development fund.



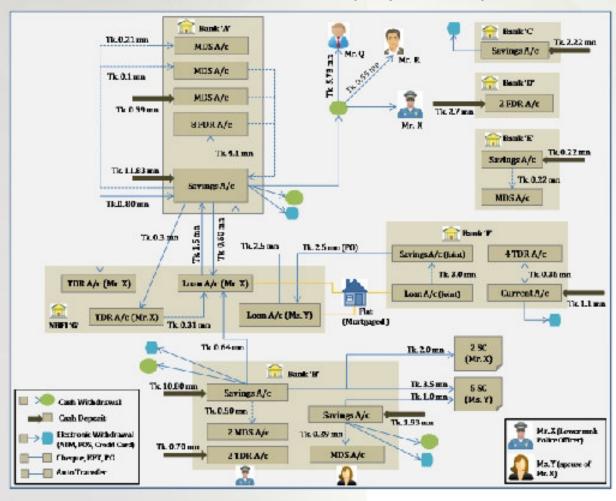
Since the case was related with the public fund, BFIU disseminated the case to ACC for further investigation and next course of legal procedure. BFIU exchanged information with Department of Cooperatives and Department of Social Services regarding the use of fake registration certificate and also with Registrar of Joint Stock Companies and Farms (RJSC) regarding the issuance of membership certificate by one of its registered entity to non-existent organizations. ACC has formed an enquiry team and the case is under enquiry now. Department of Cooperatives has also taken punitive actions against the alleged cooperative societies.

Offence	Corruption and forgery
Customer	Entity
Industry	Banking
Channel	Electronic (Clearing Cheque)
Report Type	STR
Jurisdiction	Domestic
Designated Service	Account Services
Indicators	Deposit cheque of same value without any supporting document

Frequent small cash deposit to multiple bank accounts of a low-rank police officer was routed to make the

Based on a complaint, BFIU analyst searched into the bank account of Mr. X who is lower rank police officer. BFIU analyst found that Mr. X had a total of 30 accounts (4 savings accounts, 1 current account, 1 loan account and 24 deposit schemes) in six banks ('A', 'B', 'C', 'D', 'E' and 'F') and in NBFI 'G'. Ms. Y had two accounts (savings and 1 MDS) account in bank 'B' and one loan account in 'G'. The couple also had two joint accounts (savings and loan) in bank 'F'.

Upon analysis, it was found that frequent cash deposit in small figure (total Tk. 28.10 million) had been made to the saving or current accounts of Mr. X and Ms. Y (in bank 'A', 'B', 'C', 'E' and 'F'). Money was frequently withdrawn through ATM and for the POS payments from these accounts. When these accounts had significant balances, money had been transferred to open FDR, MDS or TDR accounts in the same banks. Mr. X also opened one MDS account in bank 'A' and 2 TDR accounts in bank 'B' with cash deposit (Tk. 1.09 million).



Mr. X encashed the amount of MDS/FDR accounts to the savings account in bank 'A'. He and his wife respectively took loan of Tk. 1.5 and 2.5 million from NBFI 'G' to buy flat and transferred this amount to the savings account of Mr. X in bank 'A'. Then Mr. X issued cheques (Tk. 6.28 million) in favor of Mr. Q and R, opened two FDR accounts in bank 'D' with cash withdrawals (Tk. 2.7 million) from bank 'A' and opened two TDR accounts (Tk. 1.1 million) in NBFI 'H' through EFT.

Mr. X and Ms. Y jointly took loan of Tk. 3.0 million from bank 'F' by mortgaging the flat and repaid the loan of Ms. Y in NBFI 'G'. Mr. X repaid his loan by transferring Tk. 0.5 million from savings account of bank 'A', transferring Tk. 0.64 million from savings account of bank 'B' and encashing a TDR account (Tk. 0.31 million) of NBFI 'G'.

Mr. X purchased two saving certificates of Tk. 2.0 million in his name from bank 'B' and four saving certificates of Tk. 3.50 million in his wife's name. Ms. Y also purchased one saving certificate of Tk. 1.0 million in her name.

Mr. X mentioned that his profession and source of income is service, and his spouse is a housewife. But the complex transactions occurred in their accounts is not commensurate with their profession. BFIU analyst suspected that proceeds of corruption and bribery may have been transacted into their accounts. The case was disseminated to ACC and Detective Branch of Police for further investigation and next course of action. ACC has decided to lodge lawsuit against the alleged persons.

Offence	Corruption and Bribery
Customer	Individual (lower rank police officer)
Industry	Banking and Real Estate
Channel	Cash and Electronic
Report Type	Complaint
Jurisdiction	National
Designated Service	Account Services
Indicators	Frequent cash deposit in small figure followed by either withdrawal through ATM or POS payment or transfer in large amount

Case Study 3

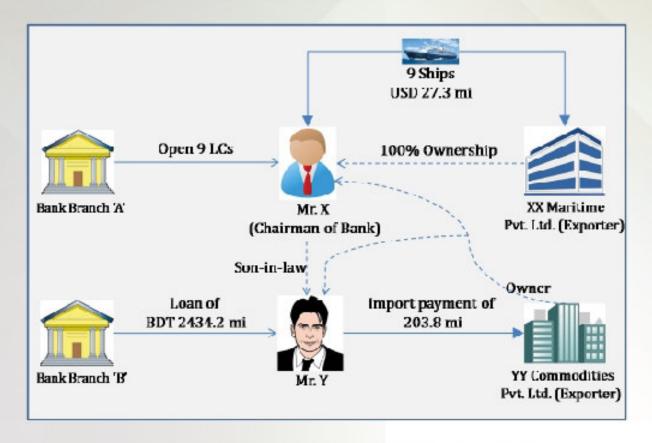
Currency smuggling through over invoicing in import by the chairman of a bank

Sponsor director of a bank made an allegation that its former chairman, Mr. X currently residing abroad and having investment abroad, had smuggled money abroad in collaboration with one of the clients of the bank. The said director also objected the loan disbursement procedure to a client who was a relative of Mr. X. Based on this allegation, BFIU collected information from two bank branches— 'A' and 'B'.

Analyzing the documents obtained from the branch 'A', it was found that four customers of the branch imported nine ships from XX Maritime Pvt. Ltd. by opening nine LCs of USD 27.3 million. Four ships had Panama's flag. D&B credit report showed that Mr. X had 100% ownership of that exporter company i.e. XX Maritime Pvt. Ltd., only 2 employees were there and it was a higher than average risk level company. Some importer did not repay their import liability.

Analyzing the documents obtained from the branch 'A', it was found that four customers of the branch imported nine ships from XX Maritime Pvt. Ltd. by opening nine LCs of USD 27.3 million. Four ships had Panama's flag. D&B credit report showed that Mr. X had 100% ownership of that exporter company i.e. XX Maritime Pvt. Ltd., only 2 employees were there and it was a higher than average risk level company. Some importer did not repay their import liability.

Analyzing the documents obtained from the branch 'B', it was found that six companies related to Mr. Y who is Mr. X's son-in-law took big amount of loan and the balance was about BDT 2434.2 million. Collateral securities against these loans were very negligible. These companies' total import payment was about USD 203.8 million. Mr. X, Mr. Y and Mr. Y's brother were the owners of one of these exporter companies, namely YY Commodities Pvt. Ltd. that was involved in the business of wholesales cotton; but it exported textile chemical, capital machinery to one the six companies. Another exporter's name (Mr. Z, a Bangladeshi citizen) was published in the Panama Papers regarding smuggling of money abroad.



There was no record about Mr. X, his son-in-law Mr. Y and Mr. Y's brother or Mr. Z to remit money abroad. For these, suspicion arises that with the help of importer former chairman of the bank remitted funds abroad without importing goods or by over invoicing and established the company in Singapore. Finally, an analysis report with supporting documents was disseminated to Customs Intelligence and Investigation Directorate for further investigation and next course of action as per the provisions of MLPA, 2012.

Offence	Smuggling of currency
Customer	Sole Proprietor, Limited Liability Company
Industry	Bank
Channel	Banking Channel
Report Type	Complaint
Jurisdiction	Transnational
Designated Service	Letter of Credit
Indicators	Trading between importer and exporter of same group Importer did not adjust the import liability One exporter's name was found in Panama Papers
	 Exported goods were not in line with exporter's business

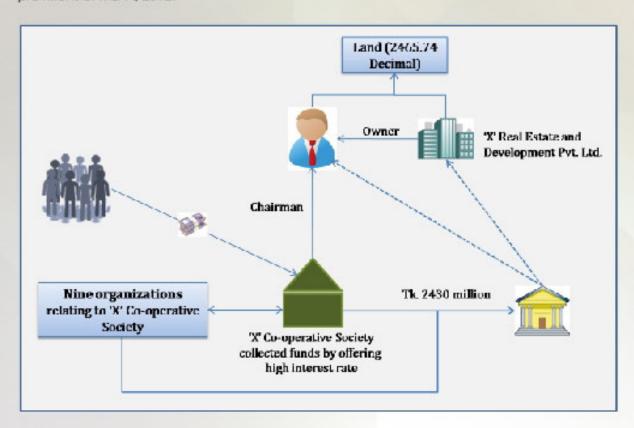
Embezzlement of a multipurpose cooperative society fund by its chairman

Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank forwarded a complaint, which was received from a local administration of an upazilla (sub-district) against 'X' Co-operative Society, to BFIU. It was alleged that 'X' Co-operative Society was collecting fund from the local people of the upazilla by offering high interest rate (10%-22%) and conducting illegal banking operation.

Based on the allegation, BFIU collected relevant information and document from different banks and conducted an onsite inspection on banks' head office. Analysis reveals that 'X' Co-operative Society had nine other sister organizations with different types of business activities and they had been operating 43 accounts in 15 banks. The total deposit into these accounts was BDT 2430 million and withdrawal was the same, while the balance was BDT 0.5 million. The suspicious issues about the institution were as follows:

- Offering high interest rate (up to 36%) to collect fund for 'X' Co-operative Society
- Huge amount of Cash transactions in the banks
- Other organizations (X Real Estate and Development Pvt. Ltd., X Business Centre, X Food & Beverage, X International Ltd., X Central Cooperative etc.) had 'X' in its name but the owner of these companies was not the 'X' Co-operative Society; the actual owner of was mainly its chairman, Mr. A
- 'X' Co-operative Society's fund was used to buy 2,465.74 decimal lands in Dhaka District. But lands were registered by Mr. A on behalf of 'X' Real Estate and Development Pvt. Ltd. of which Mr. A was the major shareholder
- Funds were transferred from 'X' Co-operative Society to 'X' Real Estate and Development Pvt. Ltd., Y Agro Complex and Mr. A's personal accounts
- Proper rules were not followed to collect its members and to distribute loans

'X' Co-operative Society was offering high interest rate to collect funds from mass people. With the fund, it established different companies showing the 'X' Co-operative Society as the owner of these companies to its members. But major ownership actually belongs to its president Mr. A. So, Mr. A might fraudulently used 'X' Co-operative Society and other companies to embezzle funds from people. Finally, an analysis report along with the supporting documents was sent to the law enforcement agency for further investigation and necessary legal actions as per the provisions of MLPA, 2012.



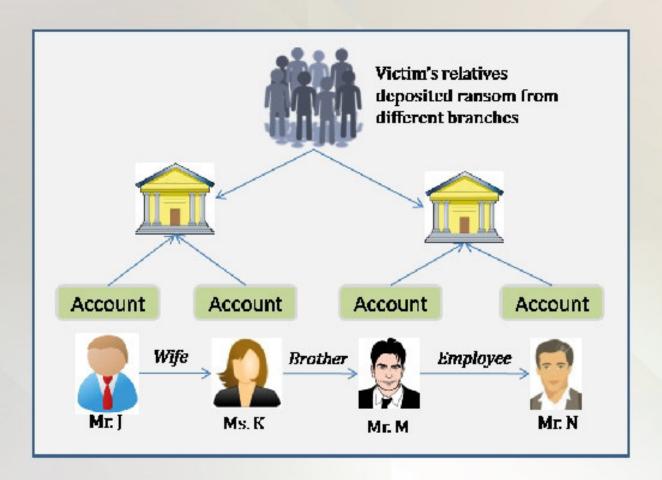
Offence	Fraud
Customer	Multipurpose Cooperative Society
Industry	Bank
Channel	Banking Channel
Report Type	Complaint
Jurisdiction	National
Designated Service	Account Services
Indicators	Unusually high deposit rate Cooperative fund was transferred to its chairman's personal account and related entity accounts Cooperative fund used to buy land for its chairman's company

Crime syndicate collected ransom through bank accounts for kidnapping in Libya

Mr. J, a Bangladeshi expatriate living in Libya, came to Bangladesh and opened two bank accounts, one in his own name and another in his wife's name (Ms. K) in bank 'B'. A few days later, a huge amount of money was credited to Mr. J's account through on-line from different parts of the country. One day a person came to branch 'F' of bank 'B' to deposit money to the account of Mr. J. Observing his pale face, bank officials asked him about his purpose of depositing money. Upon query, he informed that his brother who works in Libya has recently being kidnapped and the kidnapper demanded ransom. S so he is depositing money as ransom to release his kidnapped brother. Being informed of the matter, the bank submitted an STR against the accounts of Mr. J and his wife Ms. K.

BFIU analyst collected relevant documents and information regarding Mr. J and his wife Ms. K. upon analysis, it was revealed that huge amount of money (in a single deposit Tk. 0.10 million to 0.15 million) had been credited from different branches to the account of Mr. J and his wife. Based on the depositor's information given in the account statement BFIU identified the depositors and collected information on them and came to know that all the money deposited to these accounts was the ransom. According to the victims statements, BFIU informed about some other bank accounts (three more accounts in bank A, S and M) where victim's relatives were instructed to deposit the ransom money. After collecting the details of these bank accounts BFIU got more information about the account holders and Mr. their transaction and identified suspicious transaction in their accounts. These accounts were also used to take ransom from people whose relatives were kidnapped in Libya. It is also mentioned that one of the account holder was brother-in-law of Mr. J and another account holders worked for him.

BFIU froze these 5(five) accounts in order to stop the movement of fund. Based on the findings BFIU prepared an analysis report and disseminated to the CID of Bangladesh Police on emergency basis for further investigation and legal procedure. CID has immediately arrested the gang and filed money laundering suit against them.



Offence	Kidnapping
Customer	Individual (Expatriate Bangladeshi)
Industry	Banking
Channel	Electronic
Report Type	STR
Jurisdiction	Domestic
Designated Service	On-line transaction in multiple bank accounts
Indicators	On-line cash deposit without any valid business background. Deposited cash is in round figure with high frequency.

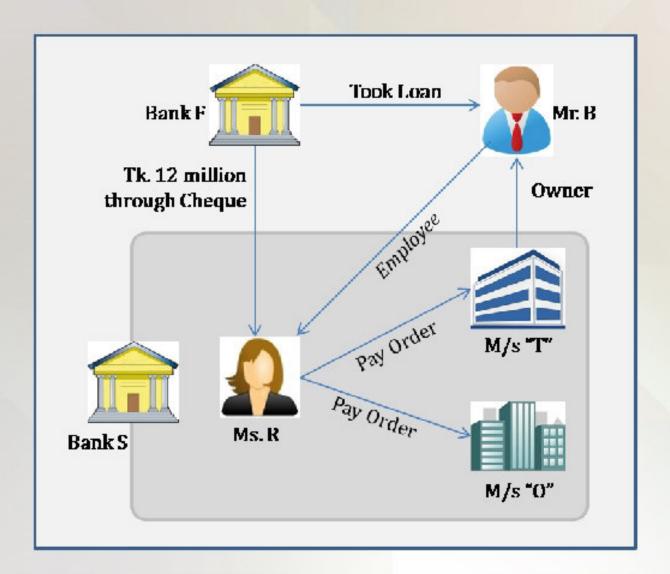
Fraudster taking bank loan by producing counterfeit deeds and documents

Ms. R opened a savings account in bank "S". Two days later, after opening the bank account, Tk. 12.00 million was deposited through clearing from bank "F". No sooner the amount was deposited, she transferred all the amount by issuing "pay order" in the name of two entity, namely M/S "O" Ltd and M/S "T" Enterprise. M/S "T" Enterprise also maintained a current account with bank S, which seemed to be an unusual transaction to the bank. The bank requested Ms. R to submit necessary documents against her transactions. Having request from the bank, Ms. R informed that she has sold her residential flat (home) to Mr. B and transacted money in this account was the value of this flat. ???? In the mean time bank made an internal review about these two accounts of M/S "O" Ltd and M/S "T" Enterprise. After completion of detail review bank "S" found that Mr. B(purchaser of the flat) is the proprietor of M/S "T" Enterprise and Ms. R is the employee of that Enterprise, that indicate payer and receiver of the transacted money was the same person (Mr. B). They also found that while opening the bank account Ms. R and M/S "T" Enterprise submitted fake documents like NID, trade license, nominee's NID, TIN certificate etc. Upon query it was also revealed that the source of transacted money was a home loan from bank "F" in the name of Mr. B. Being informed the matter, the bank submitted a STR against the account of Ms. R.

While analyzing, BFIU unfolded that Mr. B has maintained sixteen business accounts in the name of his six business entities and three personal accounts in his name using fake NID, trade license, nominee's NID, TIN certificate etc, duplicating RJSC form-12, with different banks and financial institutions. The directors of the businesses also used fake documents in opening the accounts. His wife, daughter and business partners also maintained thirteen accounts with different banks respectively.

Analysis also revealed that Mr. B and his associates used different name and various addresses for opening diverse bank accounts. He took loans from banks and financial institutions by submitting fake documents related to him and his business entities. Anti Corruption Commission already seized account documents for issuing fake bank guarantee from a bank and one financial institution filed a case against him as a loan defaulter. Bank

BFIU then froze 30 accounts in order to stop the movement of fund. Based on the findings BFIU prepared an analysis report and disseminated to the CID of Bangladesh Police for further investigation and legal procedure. BFIU also requested Election Commission and National Board of Revenue to take necessary steps for counterfeiting NID and producing fake TIN certificates respectively.



Offence	Fraud, Counterfeiting deeds and documents
Customer	Individual and business entities
Industry	Banking and Financial Institutions
Channel	Electronic
Report Type	STR
Jurisdiction	Domestic
Designated Service	Account and deposit taking services, Loan Account
Indicators	Counterfeiting individual and business documents, Opening different bank accounts in multiple banks by using various phony name and address, Taking loan from various banks by producing false documents

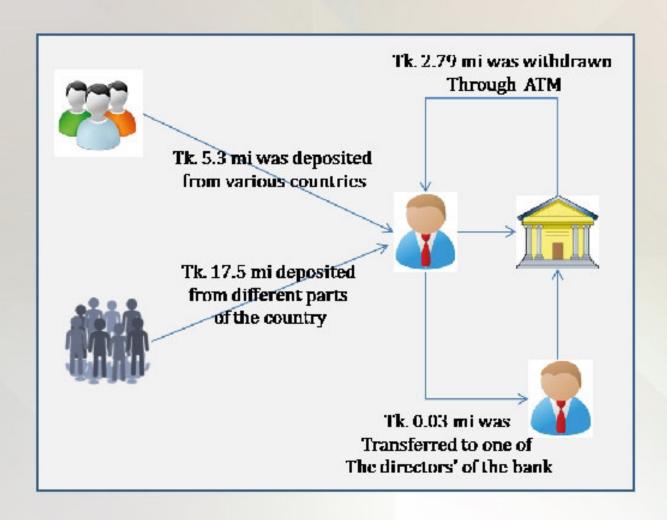
Deputy Managing Director (DMD) of Z Bank Ltd. accused to be involved in terrorism.

Financial Integrity and Customer Services Department of Bangladesh Bank informed that former DMD Mr. X of Z Bank Ltd had used bank's employees' cooperative society's account to hide his huge amount of transaction. Three criminal suits were charged against Mr. X under The Penal Code, 1860 article no. 143/145/147/149/427/435 by police. These articles related to his involvement in rioting, unlawful assembly, fire or explosive substance, etc. BFIU collected information from the bank and its employee's cooperative society about Mr. X accounts. Mr. X's son in law Mr. Y's accounts was also analyzed as he was connected to various transactions with Mr. X.

The important information about Mr. X was as follow:

- Cash transaction amounting tk. 1.75 crore from different parts of the county in Mr. X's account. He also withdrew tk. 27.92 Lac from ATM.
- Mr. X was an employee of a bank in Nigeria. He traveled 9 countries (Bahrain, Kajakistan, Malaysia, Ghana, KSA, Sudan, Gambia, Niger, India) when he was in Nigeria.
- Mr. X sent money from Nigeria more than his income in that country.
- Mr. X sent money from Nigeria even though when he was in Bangladesh.
- Various people from various countries (Qatar, USA, UAE, Australia, Germany) sent tk. 53.04 Lac.
- Mr. X transferred tk. 3.04 Lac to the Chairman of Audit Committee and Independent Director. and
- Mr. X's son in law exported to Nigeria where Mr. X went for Job. Importer and export
 proceed sender were different. Various discrepancies were there in the export.
- Employees of Z Bank Ltd. had transactions with Mr. X, his daughter and his son in law.

The above mentioned information created necessity to analyze more about Mr. X sources and usage of fund whether it might be involved with the crime he was accused of. Finally, analysis report with supporting documents was sent to law enforcement agency for further investigation and necessary legal actions as per MLPA, 2012.



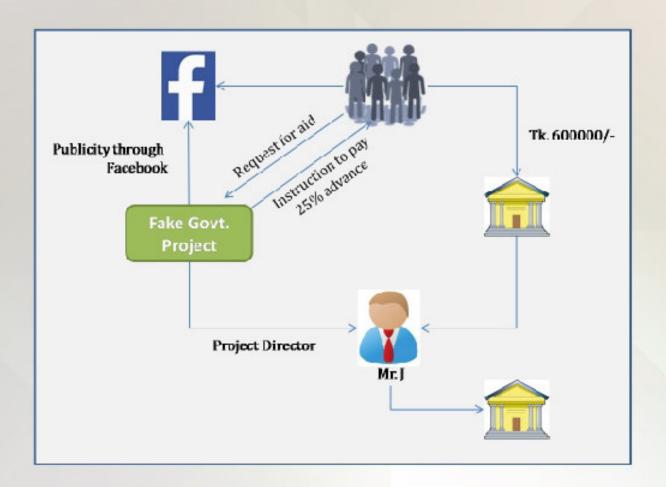
Offence	Terrorism or financing in terrorist activities
Customer	Individual
Industry	Bank
Channel	Banking Channel
Report Type	Complaint
Jurisdiction	National, International
Designated Service	Account Services
Indicators	Criminal suits, huge cash transaction from different place of the country by different people, ATM withdraw from different place of the country, discrepancy between the foreign income and foreign remittance, different people from different countries sent money to his account, etc.

Use of social media (facebook) for deception

A Facebook page was opened in the name of a high government official of Bangladesh. In that page some posts regarding extending financial aid by the government to the unemployed people were published. To make the page trustworthy some slogans like "Leave terrorism and come to a normal life: Government extends financial aid to the unemployed destitute people" was used. The page also used some pictures of check handing-over by the government official. Mentioning a phone number and e-mail address the page instructed the interested persons to contact with them for financial aid.

Allured by the posts on that Facebook page, some interested persons contacted to the mentioned phone number and e-mail address. Then they were informed through e-mail that they had been selected for the government aid and the cheque of financial aid shall be handed over to them by the government official shortly. The mail also instructed them to deposit 25% of the sanctioned aid in advance, as security money, into the bank account of the Project Director of the aid program. The title of the bank account was "Ms. J". As per instruction some persons deposited money in the account but did not get any response from the so called government office.

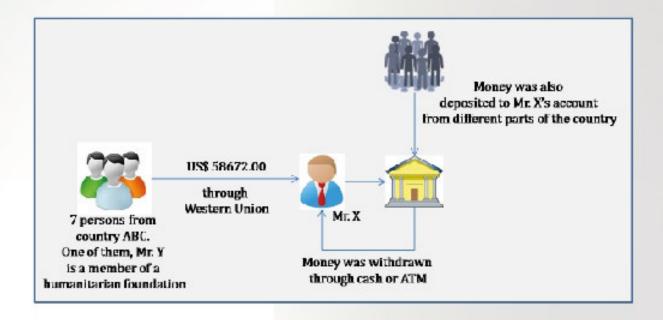
The issue came to the notice of the concerned ministry and they informed the issue to the Law Enforcement agency, the concerned bank and the central bank. Upon informed about the issue the bank lodged a STR and different departments of the central bank forwarded the matter to BFIU. BFIU analyzed the issue and found that a group of fraudster deceived people by using the said Facebook page and the bank account. Tk. 6.00 lac was deposited in the account. The deposited money was withdrawn within short period. Some portion of the withdrawn money was deposited in another account of the bank. Those two bank accounts along with one mobile financial services account of the fraudsters with Tk. 2.00 lac balance were frozen under MLPA 2012. An Analysis report in this regard was prepared and disseminated to the Law Enforcement Agency (CID, Bangladesh Police).



Offence	Fraud
Customer	Individual
Industry	Bank
Channel	Social Media (Facebook) & E-mail
Report Type	STR
Jurisdiction	National
Designated Service	Bank Account Service
Indicators	Fraudster deceived people by using the Facebook page, Alluring unemployed people promising attractive offer, Use name of high level government officials to give apparent authenticity etc.

Receiving fund from foreign foundation and alleged to be involved in terrorist financing

BFIU received a complaint from Ministry of Finance (MoF) against Mr. X who was suspected to be involved in Terrorist Financing & anti-governmental activities. After receiving the complain, BFIU collected all his account information from the concerned bank. It was found that Mr. X received funds from 7 (Seven) different persons of a foreign jurisdiction (ABC) during 2012-2013 amounting USD 58,672.00. In order to further analysis BFIU took initiatives to establish relationship between remittance senders and receivers. For this reason & analytical purpose BFIU collected information from the FIU of the concerned foreign jurisdiction. ABC FIU informed that It received an STR on one of the 7 (Seven) different persons named Mr. Y who was mentioned in the STR as a sender of money to Mr. X several times via Western Union. According to open source the ABC FIU also found that Mr. Y is a member of a humanitarian foundation based in the capital of the ABC. The mentioned foundation carries out humanitarian relief activities and cooperates with 45 national and 32 international non-governmental organizations (NGOs). Money was observed to be deposited to the account of Mr. X from different areas of the country and withdrawn in cash & through ATM. Based on the finding BFIU prepared an analysis report and sent it to CID of Banaladesh Police. Based on the report CID arrested Mr. X involved in Terrorist Financing & anti governmental activities and a case has been lodged against Mr. X under the ATA 2009, 7(a).



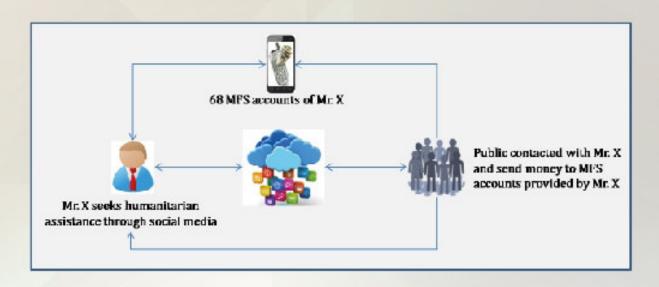
Abuse of social media for raising funds for furthering the cause of terrorism

Through regular monitoring work on the social media, Social Media Monitoring and Surveillance Team (SMMST) have identified an account in the name of 'X'. The account was being used to propagate radical ideologies and to inspire other social media users to participate in ongoing jihad. The account was also used to call for money for destroying secular Bangladesh and establish Khilafah. Lately the account also published that a terrorist had come and was on the verge of strike.

At this backdrop SMMST had sought help from the concerned social media firm to identify the owner of the account. Following the information provided by the social media firm and mobile tracking, the SMMST team had been able to arrest the person behind the said account. During investigation SMMST learned that 'X' is a fictitious name and actual individual 'Y' is running that account in the social media site. Investigators also learnt that 'Y' is an active member of Bangladesh Government designated entity Ansar Al Islam Bangla Team (ABT).

Having information from the investigating authority about 'Y', BFIU conducted search for his accounts in the financial sector. The search resulted in 3 (three) accounts with banks and multiple mobile financial services accounts. All 3 (three) bank accounts identified the customer as one who has online business and affiliate marketing. However, no online business entity or partner entity or account or page with which the business was being carried out was named either in AOF or KYC profile form. The accounts had sporadic small cash deposits from different parts of the country. The MFS accounts had frequent transactions mostly cash and the accounts used the full MFS transaction limits. All accounts were wash out in nature maintaining bare minimum balance.

A case has been filed against the person under Anti Terrorism Act, 2009 and Information Technology and Communication Act, 2006. Currently the investigators are further investigating to identify his associates.



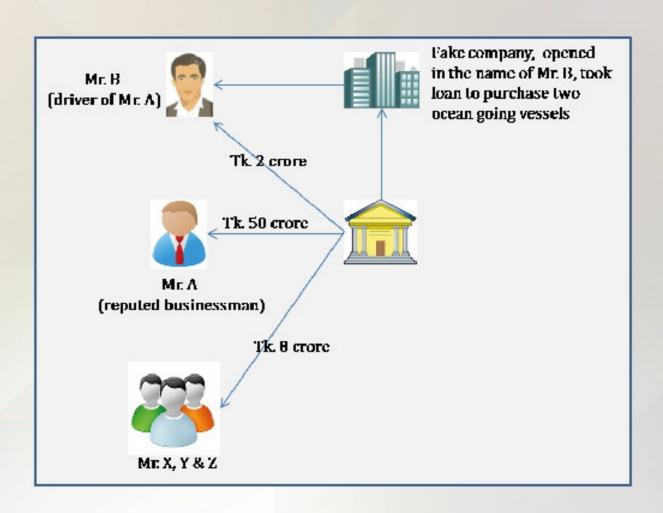
Offence	Terrorism Financing
Customer	An individual
Industry	Bank, MFSP
Channel	Bank Accounts, MFS accounts, Social Media Platform
Report Type	Information Exchange
Jurisdiction	National
Designated Service	Cash-in/Cash-out and Transfer of funds service for registered account holders
Indicators	Non existence of online business entity, activity, page or a social media account. Online business promoter having no online presence under his real identity. Depositors from disperse geographical locations availed services of online banking. Non MFS account holder requesting to remit fund to an agent, the
	beneficiary accounts were recently opened, agent using personal accounts to transfer funds on behalf of an individual, wash-out nature of transactions.

Fake Company was created in the name of a truck driver and embezzled Tk 60.00 Crore Taka from a Bank as a Loan.

BFIU receive a complain that a Bank named A has approved loans Tk 60 Crore to a fictitious borrower. After knowing this complain BFIU form a inspection team to conduct inspection of the respective Branch of the Bank-A. BFIU inspection team observed that without proper scrutiny and due diligence loan proposal had been send to the Head office and the Head office also approved the loan very quickly. Main purpose of the loan was to purchase three ocean going vessel. After the approval Taka 60 crore was disbursed to the borrower's account without proper credit administration procedure. BFIU felt the whole process very suspicious and needs to further dig down. BFIU analyzed the money trail and found that the credit facility was withdrawn in cash mode followed by some pay orders. Only one payment was made to the truck driver amounting Taka 2.00 crore for using his name and his agricultural property as a collateral security.

Based on the money trail BFIU identified the Beneficial Owner. He is a very inferential person and also the chairman/Director of a renowned export oriented garments manufacturing company of Bangladesh.

After cash withdrawal customers purchases pay orders by cash to transfer the funds to the other banks. In many cases, it was found that account payee pay orders were cashed within the branch without crediting to payee accounts to disguise/hide the destination/beneficiaries. No payment was made towards the vessel suppliers rather the nature and mode of transactions were suspicious. After analyzing all the incidents BFIU issued freezing orders to all the bank accounts maintained by the beneficial owner. Simultaneously BFIU prepared an intelligence report and disseminated to the Anti Corruption Commission for further courses of actions.



Offence	Loan Fraud
Customer	Fictitious business entity.
Industry	Live Vessel
Channel	Cash withdrawal followed by pay orders
Report Type	Findings of on-site inspection
Jurisdiction	Mainly in Dhaka District
Designated Service	Credit Facilities
Indicators	Ocean going vessels but the license was issued by a Union Parisad Member



ACC Anti-Corruption Commission
ADB Asian Development Bank

AML & CFT Anti-Money Laundering/Combating the Financing of Terrorism

APG Asia/Pacific Group on Money Laundering

ATA Anti-Terrorism Act

BACH Bangladesh Automated Clearing House

BAMLCO Branch Anti Money Laundering Compliance Officer

BB Bangladesh Bank
BDT Bangladesh Taka

BFIU Bangladesh Financial Intelligence Unit

BSEC Bangladesh Securities and Exchange Commission
CAMLCO Chief Anti Money Laundering Compliance Officer

CDD Customer Due Diligence

CID Criminal Investigation Department
CMI Capital Market Intermediaries

CTR Cash Transaction Report

DGFI Directorate General of Forces Intelligence

DMP Dhaka Metropolitan Police

DNC Department of Narcotics Control

DNFBP Designated Non-Financial Businesses and Professions

EC Election Commission

EDD Enhanced Due Diligence

FATF Financial Action Task Force

FSRBs FATF Style Regional Bodies

ICAB Institute of Chartered Accountants of Bangladesh

ICRG International Cooperation Review Group

Government of Bangladesh

IMF International Monetary Fund

KYC Know Your Customer

GoB

MFSP Mobile Financial Services Provider

ML Money Laundering

MLA Mutual Legal Assistance

MLPA Money Laundering Prevention Act

ME Mutual Evaluation

MER Mutual Evaluation Report

MoU Memorandum of Understanding

MoF Ministry of Finance

MoFA Ministry of Foreign Affairs
MoHA Ministry of Home Affairs
MFIs Micro-Finance Institutions
MFS Mobile Financial Service

MRA Micro Credit Regulatory Authority

NBR National Board of Revenue

NBFIs Non-Bank Financial Institutions

NCC National Coordination Committee

NGOs Non-Government Organizations

NID National Identity Document

NPOs Non Profit Organizations
NRA National Risk Assessment

NSI National Security Intelligence

OECD Organization for Economic Cooperation and Development

PCBs Private Commercial Banks
PEPs Politically Exposed Persons
RAB Rapid Action Battalion

SB Special Branch

StAR Stolen Asset Recovery

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





Governor, Bangladesh Bank with the participants of CAMLCO Conference of Banks during 3-5 March, 2017 in Sylhet



Bangladesh delegation headed by Head of BFIU and Deputy Governor attending 2nd CTF Summit, Indonesia



Bangladesh Delegation at the Joint MENAFATF-APG Typology meeting in Saudi Arab during 28 Nov-01 Dec, 2016



Delegation of Bangladesh participated in the FATF Plenary held during 16-23 June, 2017 in Valencia, Spain



Signing of Memorandum of Understanding between BFIU & Iceland FIU



Bangladesh delegation at the APG Annual Meeting held in 5-8 September, 2016



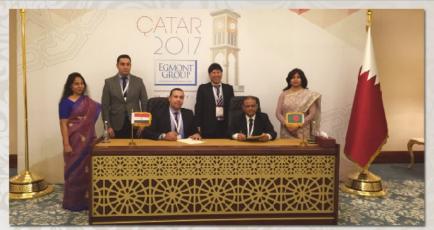
Participants with the Deputy Governor & Head of BFIU in the Workshop "International Cooperation focused on Asset Recovery for BIMSTEC member countries during 30 May-01 June, 2017



Participants with the Deputy Governor & Head of BFIU in the Workshop 'Financial Investigation of Money Laundering & Related Offences' organized by BFIU



Participants in the Workshop 'Promoting Financial Integrity and Financial Inclusion' arranged by World Bank & BFIU jointly during 15-16 March, 2017



Signing of Memorandum of Understanding between BFIU & Egypt FIU



Governor, Bangladesh Bank & Director General, DGFI with the participants in the 'PROFESSIONAL TRAINING ON INTELLIGENCE UNDERSTANDING AND COUNTER TERRORISM FINANCING' during 12-14 June, 20

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Bangladesh Delegation along with other participants in 9th meeting of the BIMSTEC Sub-Group on AML & CFT during 26-27 April, 2017 in Myanmar



Bangladesh Delegation at the AFI's Global Policy Forum (GPF) 2016 in Fiji during 7-9 September 2016



BFIU participant along with other participants in the meeting of AFI Global Standards Proportionality (GSP) Working Group



BFIU participants along with other participants in the workshop on 'Identifying Challenges in Understanding and Implementing the FATF Standards' in Busan, Korea



BFIU assessor along with other assessors in the Mutual Evaluation process of Cambodia



BFIU officials along with other Bangladeshi participants in the IVLP arranged by U.S. Department of State held during August 27-September 16, 2017 in USA



BFIU officials in the FATF Joint Experts' Meeting on Money Laundering & Terrorist Financing Typologies and Workshop on Sharing Experiences of Conducting Risk Assessments in Russia



Bangladesh Delegation at the US Department of Justice Office to discuss the recovery process of Bangladesh Bank Reserve Fund



Signing of Memorandum of Understanding between BFIU & Finland FIU



Bangladesh
Delegation at the
Philippines
Department of
Justice Office to
discuss the recovery process of
Bangladesh Bank
Reserve Fund



BFIU official along with other APG officials in Nepal





Assessor of BFIU with other assessors in the Mutual Evaluation of Thailand



BFIU participant along with other participants in the AML/CFT training arranged by STI-IMF



BFIU official along with other officials in the pre Mutual Evaluation visit in Chinese Taipei



BFIU officials in the lead bank program arranged by scheduled bank



Bangladesh delegation in the Conference of Parties- UN Transnational Organized Crime



Bangladesh Participants in the Countering Violent Extremism Training Program arranged by Australia Awards Bangladesh

