# Annual Report



#### BFIU Annual Report 2017-18



Bangladesh Financial Intelligence Unit Bangladesh Bank

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MESSAGE

With the growing complexities of financial and payment systems and their abuse, it is increasingly becoming a daunting task to fight sophisticated crimes like money laundering (ML), terrorist financing (TF) and financing the proliferation of weapons of mass destruction (PF). In such a context it is encouraging to note that BFIU, as the central agency in Bangladesh to combat these financial crimes, is presenting to relevant stakeholders a brief picture of its activities and the advancement made during last fiscal year in combating ML, TF and PF through their Annual Report. The objectives of the publication is to make citizens as well as stakeholders aware of what has been over the past years by BFIU done to improve the country's anti-money laundering & combating financing of terrorism (AML & CFT) regime.

Money Laundering Prevention Act, 2012 and Anti-terrorism Act, 2009 have entrusted BFIU with the responsibilities of regulator and supervisor of the reporting organizations on ML, TF and PF issues and also as the domestic hub for collecting and collating information for developing intelligence for use of law enforcement and investigating authorities. Though BFIU is the strongest building block in the AML & CFT regime of the country as mentioned in the 3rd Round Mutual Evaluation Report (MER), complexity and intricacy of the nature of the crimes like ML, TF & PF are posing increasing impediments in the way of ensuring compliance with global stringent standards. However, the Unit in coordination with all relevant agencies is taking all out efforts for further improvement of quality of its dissemination efforts.

To ensure a robust financial system in the country relevant Acts and Rules have ensured adequate autonomy in discharging duties of BFIU. Bangladesh Bank has been providing BFIU with all required human resources, administrative, logistic, technical, financial and other support to execute its functions successfully. Apart from these, the Head of BFIU has also been appointed by the Government recently. In this globalized world, financial system is constantly being exposed to the risk of misuse for the purpose of ML & TF across borders. Fully aware of the risks Bangladesh Bank is working in tandem with BFIU to protect the financial system from such catastrophic threats. BFIU is playing its part strongly to uplift AML & CFT regime of the country to newer heights.

I extend my heartfelt thanks to the BFIU team for its untiring efforts towards securing a fully compliant AML & CFT regime and upholding up the country's image in the international arena.

(Fazle Kabir)

Mishly

Governor, Bangladesh Bank

#### FOREWORD



With the vision of establishing a robust financial system in Bangladesh through deterring money laundering (ML), terrorist financing (TF), proliferation financing and other related offences effectively, Bangladesh Financial Intelligence Unit (BFIU) has been making relentless efforts since the very beginning of its journey. The year 2017-18 has been quite challenging for BFIU with a record increase of suspicious transaction or activity report (STR/SAR) being received, analysed and disseminated to law enforcement authorities (LEAs) as compared to 2016-17. Likewise, the number of cash transaction report (CTR) also increased compared to the previous year. Reporting Organizations (ROs) have been imparted special trainings and issued prudent guidelines which contributed to the increase in quality and quantity of reporting to BFIU.

As part of the continued efforts to enhance awareness on detecting, analyzing and reporting of STR/SARs related to ML & TF, 102 (one hundred and two) training programs and 04 (four) conferences were conducted during 2017-18. To facilitate information and intelligence sharing for the purpose of investigation prosecution and of suspicious transactions, **BFIU** also contributed to 34 (thirty four) training programs for the officials of various LEAs. In addition to that BFIU also facilitated participation of officials of LEAs and ROs in some trainings and workshops abroad.

BFIU has also been conducting strategic analysis to identify threats and vulnerabilities that may undermine the integrity and stability of the financial sector within Bangladesh. The banking sector remained top reporting sector for 2017-18. The underlying predicate offences behind the reported STRs during 2017-18 were trade based money laundering (TBML) followed by misuse of mobile financial services (MFS). To deter the activities of hundi, BFIU is taking stringent measures to reduce the abuse of MFS. In this respect, BFIU has issued a circular instructing the MFS to comply with. Moreover, to oversee the implementation of the instructions issued by BFIU, 192 system check inspections and 110 special inspections were conducted on the ROs during 2017-18.

Under the aegis of the national coordination committee (NCC) and working committee and in cooperation with all relevant agencies BFIU is always striving to establish Bangladesh as a role model in combating ML, TF & PF. In the arena of International Cooperation, BFIU has been playing an active role in all the international initiatives. Bangladesh has been nominated as Co-Chair of APG for the tenure of 2018-20. BFIU provided two assessors to assist APG mutual evaluation process and contributed to APG's Typology work, BIMSTEC and expert group of FATF etc. The Unit also took every possible opportunity to gain and share its knowledge both within the region and beyond. As part of the continued international and bilateral cooperation, BFIU has signed MoU with 09 foreign FIUs during the fiscal year.

I hope, nation's AML/CFT regime will be further strengthened through effective and result oriented achievement in the upcoming days. I would like to thank all the stakeholders and reporting organizations for their support and cooperation in the fight against ML/TF in Bangladesh. I hope everyone will find this annual report useful and shall come to know of a glimpse of the achievements and activities of BFIU during the year 2017-18.

(Abu Hena Mohd. Razee Hassan)

Head of BFIU

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#### BFIU in FY 2017-2018



Receipt of CTR & STRs/SARs 3878 STRs & SARs from ROs 553 Complaints from different sources 14704454 CTRs from banks & Fls



Signing MoU with 9 foreign FIUs



Intelligence dissemination to the LEAs 677 STRs/SARs **498** Complaints



Monitoring and Supervision of ROs 110 Special inspections 192 system check inspections



- New regulations
- Master Circular to banks and MFS for prevention of ML & TF
   Issuance of Circular Letters to banks and NBFIs for preservation of secrecy and use of goAML
- Issuance of Circular Letter to Insurance Companies for introduction and use of Uniform AOF.



#### Mutual Evaluation on Bangladesh

Technical Compliance	<b>Effectiveness</b>
6 Compliant	3 Substantial
22 Largely Compliant	4 Moderate
12 Partially Compliant	4 Low



Capacity building initiatives for ROs, LEAs 4 CAMLCO Conferences 102 training Programs for compliance officers 34 Training Programs for law enforcement authorities



Participation of BFIU officials in 41 International Training, Workshop, Meeting and 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

# S VISION

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

NOISIN



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

- Continual upgrading of AML & CFT legal and regulatory frameworks in line with the needs of evolving circumstances;
- Maintaining broad based awareness of AML & CFT issues amongst regulators, law enforcers, reporting entities and the general people through workshops, seminars, public campaigns and so forth;
- Developing human resources and required infrastructures of BFIU for effective intelligence management;
- Building and bolstering detection 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 FlUs for better information exchange in ML & TF offences; with regional and global bodies for sharing relevant experiences and upgrading AML&CFT best practices and standards.

# Objectives

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



#### Reporting Organizations of BFIU



# Functions of BFIU

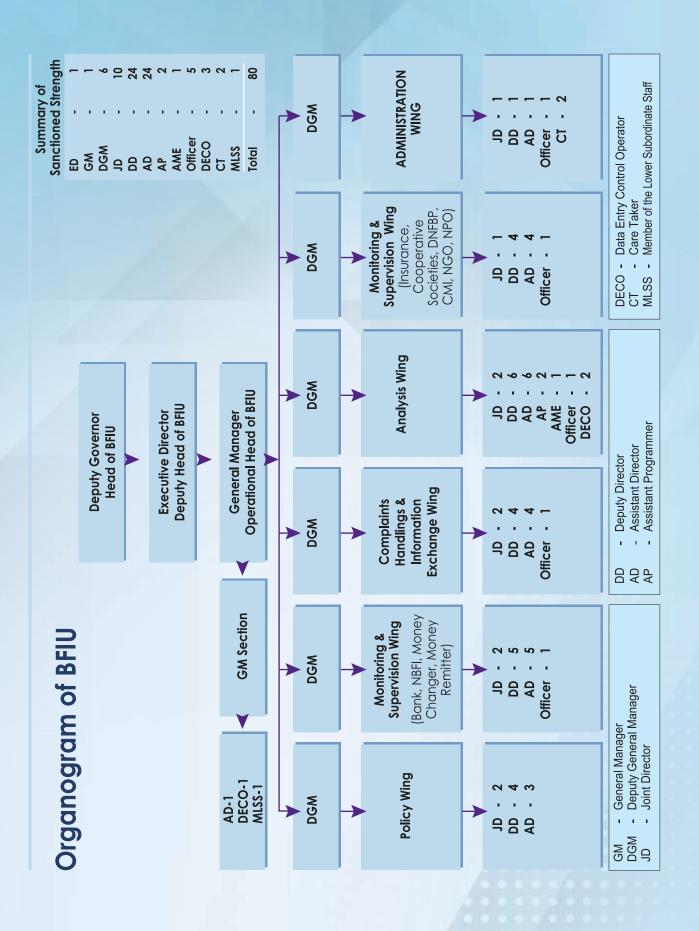
#### **Functions of BFIU**

- Receive Suspicious Transaction/Activity Reports (STRs/SARs) from the reporting organizations and Cash Transaction Reports (CTRs) from banks and financial institutions and receive 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.
- lssue 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 (WCC) 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.





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





#### BFIU:

Turning into a Central Agency from a department of Bangladesh Bank

#### BFIU: Turning into a Central Agency from a Department of Bangladesh Bank

Starting the journey as the Anti Money Laundering Department of Bangladesh Bank and undergoing a hefty transformation process the said department emerged as Bangladesh Financial Intelligence Unit (BFIU), country's central agency for anti money laundering and counter financing of terrorism and financing of proliferation of weapons of mass destruction. Apart from performing its assigned core duties, the agency has been continuing the pivotal role of coordinating the country's overall AML & CFT activities. With BFIU gaining recognition as the Strongest Building Block of AML & CFT Regime of Bangladesh, the nation has also achieved

the status of a compliant country. It is mentionable that behind every success story, there are involvements of many events, collaborative efforts of different organizations, expertise from respective personnel, etc. Since ML, TF and PF offences are intricate and transnational in nature, successfully preventing and combating them demands concerted efforts not only from domestic level but also from international level.

Enactment of Anti Money Launderina Act in 2002 with a view to combating ML in Bangladesh was a milestone in the arena of AML & CFT regime of Bangladesh. Even Bangladesh was pioneer among the South Asian Countries in formulating the AML Act. Afterwards, to ensure a robust legal and institutional framework and address international standards for combating money laundering, significant changes were brought about in the Act during amendments in 2009, 2012 and 2015. To combat terrorism and its financing the parliament adopted Anti-Terrorism Act for the first time in 2009 and amended it in 2012 and 2013. These two Acts have empowered BFIU with specific powers and responsibilities.



#### **BFIU Logo: Significance and Rationale**

Bold blue color represents collection of boldness, power and purity. To some extent, it represents peace and tranquility. In the middle of the logo is a water lily, the national flower of Bangladesh, resting on water is representative of the many rivers that run through Bangladesh bordered by a shield which portrays security and protection of the nation. Above the water lily there are four stars representing the four founding principles that were originally enshrined in the first constitution of Bangladesh in 1972: nationalism, secularism, socialism and democracy. Bordered rice sheaves represent the staple food of Bangladesh, and jute leaves in the bottom represent agriculture of the nation. The whole Logo bordered as a Badge represents self-respect, and great duties for the integrity and development of the nation.

#### 2.1 Comparative progress from 2008 to 2017

The decade covers a number of landmarks in BFIU's way to transition: Emergence of BFIU as the central agency for combating money laundering and terrorist financing from Anti Money Laundering Department, attaining the membership of Egmont Group (the global forum of the

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FlUs), getting APG's recognition as the Strongest Building Block of Bangladesh's AML & CFT regime, succeeding 28 countries within the span of one year in BASEL Committee's Anti Money Laundering Index, 2017. The strength of BFIU may be understood through its legal stand; the efficiency, capability, and integrity of all the officials of the unit; its reputation around the national and international arena; its relationship as a central agency with different ministries, divisions and organizations; its exposure and its commitment while working with Parliamentary Standing Committee, law enforcement authorities and intelligence agencies. The table below elaborates BFIU's transition from 2008 to 2017.

Subject	2008	2017
Reporting Organizations	03 types	17 types
Number of Reporting Organizations	316	More than 100,000
Number of Officers	26	57
Area of the Office	4,750 square feet	9,500 square feet
Memorandum of Understanding with other FIUs	03	56 (at present 64)
Suspicious transaction report received-STR (per year)	28	3,223
Cash Transaction Report (per year)	80,815	1,39,86,149
Intelligence Report dissemination (per year)	from 3 in2002 to 85 in 2008	400

The comparative presentation of BFIU's activities described above shows that up to 2008, banks, NBFIs and money changers were the only reporting organizations of BFIU. The function of Anti Money Laundering Department was confined to Banks only and they were the only entities that used to submit STRs. Afterward, with the amendment of Anti Money Laundering Act in 2009 and in 2012, Capital Market Intermediaries (CMIs), Insurers, NGOs/NPOs, Cooperative Societies, Lawyers, Notary, Accountants, Dealers of jewelry and precious metals or stones and Real estate developers were also included in the list of reporting agencies. BFIU has been providing directives by issuing guidelines and circulars for combating money laundering and terrorism financing. At the same time it also rates the compliance system of the Reporting Organizations through system check inspection.

#### 2.2 Responsibilities of BFIU for combating ML, TF and PF

BFIU was established with a view to complying with the United Nation's conventions and protocols regarding preventing drug trafficking, cross-border criminal activities and corruption and terrorist financing. Also the organization is responsible for ensuring compliance with the recommendations of the Financial Action Task Force (FATF). BFIU works as an intelligence agency for financial sectors and it works under the purview of Anti Money Laundering Act 2012 and Anti Terrorism Act 2009. These two acts have specified the responsibilities of all the respective agencies regarding prevention of money laundering and terrorist financing in Bangladesh. For instance, the reporting organizations should immediately submit STR or SAR to

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BFIU if they find any transaction or activity suspicious. The number of STRs submitted to BFIU is about 03 thousands per year. While reviewing the STRs BFIU collects additional information from the respective reporting organizations, other agencies and foreign FIUs. After analyzing intelligence reports are prepared and disseminated to the law enforcement agencies. As an investigator of the offence of money laundering, Anti Corruption Commission, CID of Bangladesh Police, Department of Narcotics Control, National Board of Revenue and BSEC conduct investigation and collect witness and proof for submitting the case to Special Judge Court for trial. If the proceeds of crime is siphoned abroad, it is the responsibility of the Attorney General's office to bring back the money to the home country. Therefore, combating or controlling money laundering generally depends on the competence and integrity of all concerned organizations connected in this 'Value Chain' and recovery of the stolen assets depends on the effectiveness and sincerity of the concerned agencies at home and abroad.

#### 2.3 The role of BFIU in recovering the stolen assets

Illicit fund flow is a serious barrier to the development of a country. According to World Bank 2% additional growth in domestic production (GDP) would have been possible in developing countries if the amount of siphoned money and assets could be controlled. That means if illicit fund flows were eradicated from Bangladesh, the GDP growth would have reached 9 to 10%. In combating illicit fund flow major role of BFIU is to submit intelligence report to the law enforcement agencies. Besides, BFIU provides information during investigation and trial and the execution of the trial. The law enforcement agencies, court and the office of the Attorney General basically play the main role in implementing the process of trial. At present more than 40 cases are on trial and regarding these cases BFIU has been providing information to concerned agencies since 2013. Repatriating this money depends on the efficiency and capability of the intelligence organization, court and the office of the Attorney General.

#### 2.4 Success of BFIU in recovering the stolen reserve of Bangladesh Bank

On 4th February, 2016, USD 101 million from foreign exchange reserve account of Bangladesh Bank maintained with Federal Reserve Bank in New York was heisted by an organized group. This group transferred the stolen money, to Sri Lanka and Philippines. Honorable Governor of Bangladesh Bank has assigned, BFIU to coordinate the recovery effort, investigation and trial process. Prior to this, USD 20 million, which had been sent to Sri Lanka, was restored to the account of Bangladesh Bank. At the same time USD.07 million was returned by Rizal Commercial Banking Corporation (RCBC) to Bangladesh Bank. Furthermore by the order of Philippines Court (Civil Forfeiture Case) USD 4.63 million and 488.28 million Philippine peso (total USD 14.54 million) was returned to Bangladesh Bank. From the rest USD 66.50 million BFIU with international cooperation could trace USD 51.00 million, and different legal actions are going on in Philippines at present to bring back this amount. It is yet to find out another15.50 million USD that turned into casino chips. However, BFIU is trying both civil and criminal suit to find a way out to get back the stolen money. A new chapter in restoring the rest of the money will open when CID will submit the charge sheet of the case filed by Bangladesh Bank before the court.

#### 2.5 Achievement of Bangladesh in International Arena

In the last decade BFIU contributed to upholding the image of Bangladesh through diverse achievements. Remarkable one is achieving the membership of Egmont Group in the year 2013, an international forum for the FIUs of different countries; this has enabled BFIU to exchange information among 156 countries through secured channel (Egmont secure web). In 2014, Bangladesh was delisted from the group of countries vulnerable to money laundering and terrorist financing, which has helped lower the cost of foreign trade and encourage foreign investment. In 2016, Bangladesh was recognized as a 'compliant country' as reflected in its mutual evaluation report. In the year 2017, Bangladesh succeeded 28 countries in BASEL Committee's Anti Money Laundering Index. For 2018-2020 the head of BFIU and Deputy Governor of Bangladesh Bank Mr. Abu Hena Muhammad Razee Hasan has been selected as the co-chair of the APG, the association of 41 countries of the Asia and the Pacific and 28 observer organizations and countries.

#### 2.6 Delisted from FATF's list of countries vulnerable to ML and TF

In 2010 when Bangladesh was enlisted in FATF's list of countries vulnerable to ML and TF, considering the rating in mutual evaluation report, 2008, along with other countries of this region like Pakistan, Nepal, Sri Lanka, Myanmar, Thailand, Indonesia. Taking timely actions and submitting reports accordingly Bangladesh was saved from being included in the black list. Bangladesh, Thailand and Indonesia have got rid of this list. It is worthwhile to mention here that in near future there is no possibility for these three counties to be included in this lists. The reason behind this prospect is attaining good rating in mutual evaluation report. It demonstrates sustainability Bangladesh's improvement, whereas Pakistan is currently in the black list, Sri Lanka is again in the list of vulnerable country and Myanmar is following the same.

#### 2.7 Achieving the status of a compliant country

Let us see how Bangladesh achieved good rating in mutual evaluation and what is its advantage for us. Reviewing the legal and institutional structure established in Bangladesh, APG published Mutual Evaluation Report showing Bangladesh compliant (C) in 6 recommendations, Largely Compliant (LC) in 22 recommendations and Partially Compliant (PC) in 12 recommendations against the 40 recommendations of FATF and there is no Non Compliant (NC) rating for Bangladesh in the report. But in 2008, Bangladesh was found NC rating in 14 recommendations, PC in 29 recommendations, LC in 5 recommendations and C in only one recommendation against the then 49 recommendations of FATF. In the final report the rating of Bangladesh is better than the rating of Norway, Sri Lanka, Bhutan, Myanmar, and Fiji; and in some cases it is even better than Australia and some other developed countries. Hence, Bangladesh has attained a position of international standard from where the country has earned the competence to fight terrorism, terrorist financing, militancy and money laundering. The technical compliance rating of Bangladesh, Sri Lanka, Bhutan, Fiji, Myanmar, Norway, Australia and Canada according to the last mutual evaluation report is given bellow:

Name of the country	Compliant (C)	Largely Compliant (LC)	Partially Compliant (PC)	Non Compliant (NC)
Bangladesh	6	22	12	0
Sri Lanka	5	7	16	12
Bhutan	7	7	16	10
Fiji	6	10	18	6
Myanmar	7	10	17	6
Canada	11	18	6	5
Norway	5	17	18	0
Australia	12	11	17	0

Source: APG website

Although Bangladesh outstands developed counties like Norway, Australia, Canada in Technical Compliance Rating, the country is still far away to succeed those countries in the effectiveness of legal and institutional structure.

#### 2.8 Determining priority of the member countries as Co-chair of APG

In line with the above mentioned achievements Bangladesh, with consensus of APG's all the member countries, has been selected as the co-chair of the organization for 2018-2020. Head of BFIU, Mr. Abu Hena Muhammad Razee Hassan was handed over the post of co-chair of APG on 27th July. While receiving the chair, Mr. Hassan presented a project profile showing how the mandate of APG will be implemented with the cooperation of all parties and how APG will proceed in next two years on priority basis in light of FATF's presidency. This proposal has been granted and appreciated by all the members of APG's Governance Committee and nearly five hundred delegates who were present in APG's plenary. Among the priorities notable tasks are, encouraging inclusion based financing, preventing massive discharging of correspondent banking relation, ensuring security and campaigning for technology based financial service, checking terrorism and financing of destructive arms proliferation, arranging training programs for judges and lawyers.

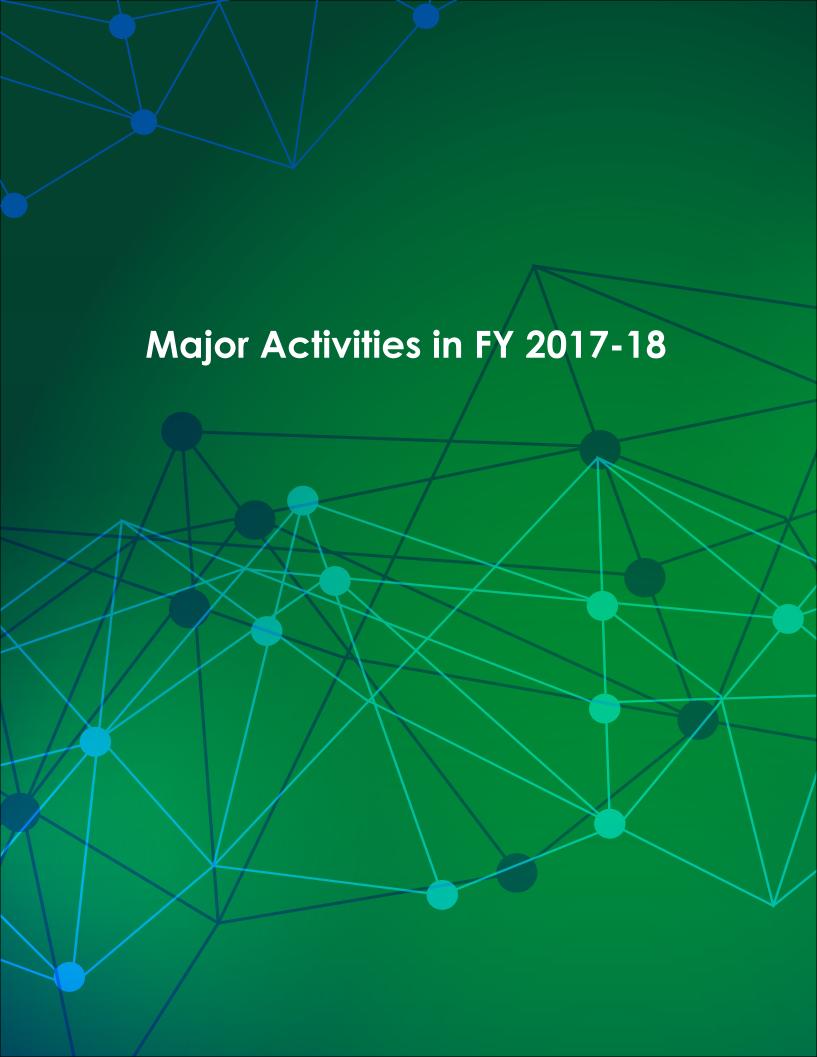
#### Conclusion

These achievements of BFIU, in other words achievements of Bangladesh in international arena, have worked as catalysts for developing foreign relation, receiving foreign loan and foreign aid, curtailing the cost of foreign trade, opening new doors to expand foreign trade and increasing the flow of remittance in legal way. International exposure for Bangladesh will bring great advantage for the country. This great pace of Bangladesh in achieving success is demonstrated as role model for other member countries in APG's forum. BFIU shall put emphasis on keeping up such pace and focus on achieving new goals.

The former and the present governors of Bangladesh Bank have played leading role in attaining BFIU's present accomplishments. The role of government's different ministries, departments, organizations and reporting agencies is also noteworthy. Many international organizations and development organizations like the committees of the security council of the United Nation, UNODC, World Bank, IMF, ADB, FATF, APG and different ally states also showed great cooperation. Their contribution will be required for the implementation of BFIU's future priorities and its day to day advancement; Bangladesh Bank will play the role of main catalyst.

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Bangladesh Financial Intelligence Unit



Bangladesh Financial Intelligence Unit (BFIU), with a view to combating money laundering (ML), financing of terrorism (TF) and financing of proliferation of WMD (PF) acts as the national central agency and performs regulatory and supervisory responsibilities. In FY 2017-18, BFIU, apart from analyzing STRs & SARs and complaints and disseminating intelligence to law enforcement agencies and investigating agencies, took regulatory/supervisory and policy reform initiatives to protect the country's financial sector from being exploited by the perpetrators. The major initiatives are briefly discussed in the following sections.

#### 3.1 Issuance of Circulars and Circular Letters to Reporting Organizations

BFIU issued Circular No. 10 on 28th December, 2014 amalgamating all the existing circulars and circular letters for the banks. In FY 2017-18, BFIU issued Circular No. 19 on 17th September, 2017 updating the Circular No. 10. BFIU also issued Circular No. 20 on 17th September, 2017 for banks and mobile financial service providers directing what they should do for preventing ML, TF & PF in the mobile financial services sector which has emerged as the popular means of financial and payment services in Bangladesh and added new ML & TF risk due to its prompt service and easy access.

In addition to the two circulars, BFIU has issued the following three circular letters for Banks, NBFIs and Insurance Companies:

No & Date	RO	Subject of Circular Letter
01/2018 22/04/2018	Banks	Preserving the secrecy of information asked by BFIU and using the goAML Message Board for communication with BFIU
02/2018 22/04/2018	NBFIs	Preserving the secrecy of information asked by BFIU and using the goAML Message Board for communication with BFIU
04/2017	Insurers	Introduce and use Uniform KYC Profile Form

As per power conferred in Money Laundering Prevention Act, 2012 and Anti Terrorism Act, 2009 Bangladesh Financial Intelligence Unit (BFIU) collects information and documents from reporting organizations and disseminates the same to different law enforcement agencies upon request or spontaneously. Furthermore, BFIU, as a member of Egmont Group, exchanges information with other Egmont member FIUs through Egmont Secure Web (ESW). The information exchanged with BFIU is treated as confidential and breach of confidentiality is punishable under Money Laundering Prevention Act and its Rules. Moreover, as banks and NBFIs submit Suspicious Transaction Report (STR) and Cash Transaction Report (CTR) through goAML, the use of goAML needs to be increased as a means of day to day communication with BFIU. On the other hand, sometimes prompt response from banks becomes necessary due to nature of analysis the Unit conducts; and to facilitate this, if banks preserve their customers' information centrally it would be possible for banks to provide information efficiently and accurately in time. In order to discuss these issues with CAMLCOs of schedule banks, a meeting

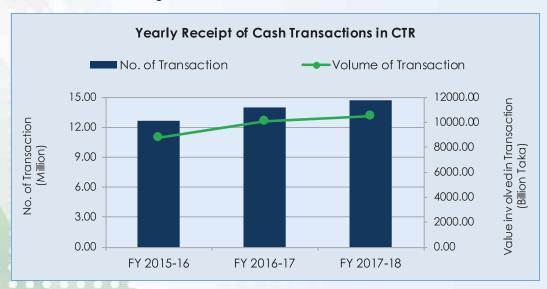
was held on 17 January 2018 at Bangladesh Bank premises. Subsequently BFIU issued the circular letters 01/2018 and 02/2018. In addition, BFIU has instructed the scheduled banks to create a database for preserving their customers' basic information such as customer's name, parent's name, address, date of birth, national ID number, nominee's name, and mobile number centrally by June 2018 and will make it fully operative by December 2018. And banks were also instructed to submit their June, September and December 2018 based progress report to BFIU.

#### 3.2 Intelligence Management

Cash Transaction Report (CTR) submitted by Banks and NBFIs, Suspicious Transaction/Activity Report (STR & SAR) submitted by the reporting organizations, complaints made by individuals and public or private organizations, and information exchange request made by different government agencies serve as the major data sources from which BFIU derives financial intelligence reports for dissemination to the competent authority for next course of action. BFIU also pays attention to media report to seek information. Moreover, information provided by the regulatory authorities and supervisory bodies, intelligence shared by the intelligence agencies and law enforcement agencies, and information provided by the foreign FIUs or other foreign counter parts add value to the functioning of BFIU.

#### 3.2.1 Cash Transaction Report (CTR)

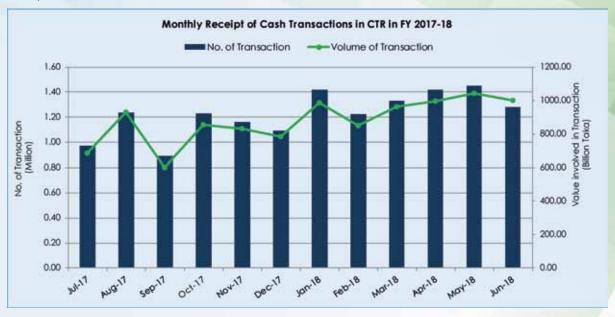
Section 23(1) (a) of the MLPA, 2012 has empowered BFIU to obtain Cash Transaction Report (CTR) from the reporting organizations and analyze the same. At present, Banks and NBFIs submit CTR to BFIU on monthly basis as per the direction of BFIU circulars issued under section 23(1)(d) of the MLPA, 2012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



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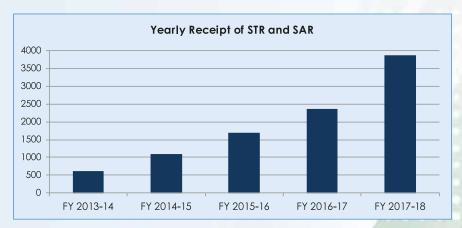
Banks have submitted 14.70 million transactions (value BDT 10524.11 billion) in CTR in FY 2017-18, whereas NBFls have submitted 2330 transactions (value BDT 3.15 billion). The total number of transactions and volume of transactions have risen by 5.14% and 4.30% respectively as compared to that of FY 2016-17.



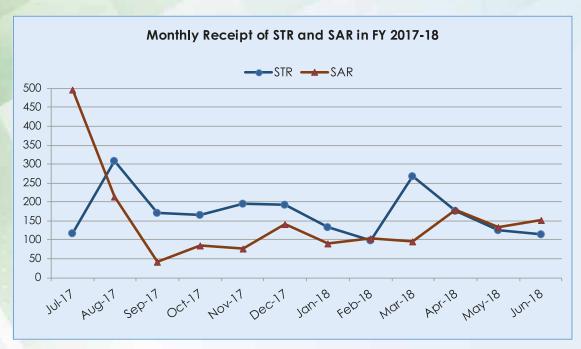
In FY 2017-18, on an average 1.23 million cash transactions of BDT 877.27 billion have been received in each month (highest transactions in May-2018 and lowest in September-2017).

#### 3.2.2 Suspicious Transaction Report (STR) & Suspicious Activity Report (SAR)

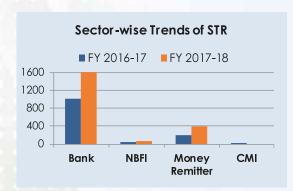
The provisions of section 25(1)(d) of the MLPA-2012 and section 16(1) of the ATA-2009 have made a legal obligation for the reporting organizations to submit STR spontaneously to BFIU. A good number of STR/SAR is one of the key indicators of the existence of a strengthened AML & CFT regime. Suspicious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

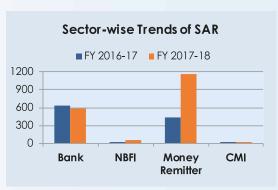


BFIU has been receiving STR & SAR from the reporting organizations in an increasing trend. In FY 2017-18, BFIU received 2069 STRs & 1809 SARs (Total 3878) from Banks, Non-Bank Financial Institutions (NBFI), Money Remitters and Capital Market Intermediaries (CMI). The number of STRs & SARs has risen by 64.5% as compared to that of FY 2016-17.



BFIU received 323 STRs & SARs, on an average, in each month of FY 2017-18 while the figure was 196 in the previous year. The highest number of STR was received in August-2017 and highest number of SAR was received in July-2017. On the other hand, the lowest number of STR was received in February-2018 and lowest number of SAR was received in September-2017.

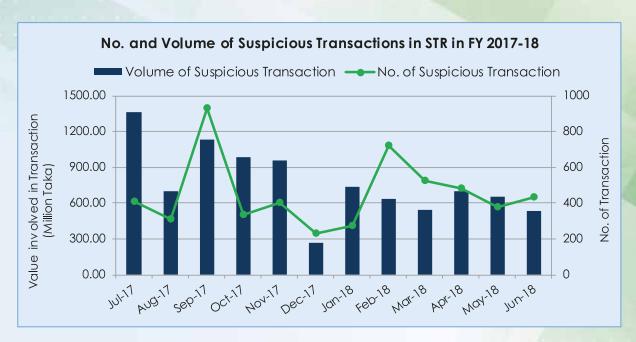




Banks constitute the largest part in the financial system of Bangladesh. The 2nd National Risk Assessment on ML & TF reveals that the banking sector is more vulnerable to ML & TF for its wide range of products, services and network. Consequently majority of the STR & SAR were received from banking sector till FY 2016-17. But in FY 2017-18, although banks' contribution in STRs remained the highest in terms of number (1672, 77.33% of the total STRs), the number of SARs received from banks have halved as compared to money remitter. This was due to the abuse of digital financial platform for receiving remittance from abroad.

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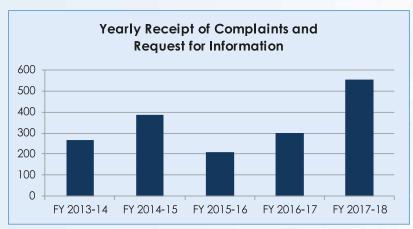
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Reporting organizations have reported 5422 suspicious transactions worth BDT 9217.50 million during FY 2017-18. The number of reported suspicious transactions was 3736 (value BDT 11637.70 million) in the previous year.

#### 3.2.3 Complaints and Request for Information Exchange:

Any individual as well as government agencies and private organizations can lodge complaints regarding ML, TF & PF to BFIU. Government agencies can also make request for information from BFIU. Over the years the number of such complaints and requests received by BFIU has been increasing.



In FY 2017-18, BFIU received 553 complaints and requests for information exchange of which 40.86% and 33.63% were respectively from Bangladesh Police and Anti-Corruption Commission. The number of complaints and requests for information exchange has risen by 83.7% as compared to that of FY 2016-17

Table: Sources of Complaints and Number of Requests for Information

Source	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Public	14	36	26	11	34
ACC	40	53	29	71	186
Bangladesh Police	32	26	50	109	226
Media	8	5	7	14	29
Others	174	268	97	96	78
Total	268	388	209	301	553

#### 3.3 Intelligence Dissemination and Information Exchange in Domestic Arena

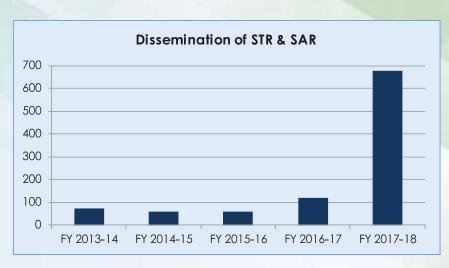
Section 23(1) (a) of the MLPA- 2012 and section 15(1) (a) of the ATA- 2009 have empowered BFIU to analyze STR/SAR received from reporting organizations, collect additional information for the purpose of analysis and provide information on the same to the investigation or law enforcement agencies for taking necessary action.

BFIU may provide, upon request or spontaneously, information on ML & TF to other government agencies as per section 24(3) of the MLPA, 2012. Besides, under the provision of section 23(2) of the MLPA, 2012 BFIU may provide information related to money laundering or suspicious transaction to any investigation agency, upon its request. The Unit can also provide information regarding TF or suspicious transaction to appropriate law enforcement agencies, as well as extend cooperation to them for the investigation of such cases as per section 15(2) of the ATA-2009.

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 reporting organizations, investigation agencies, law enforcement agencies, regulatory authorities, foreign FIUs (through ESW) and open sources intelligence. 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.

#### 3.3.1 Dissemination of STR & SAR to Competent Authorities

BFIU disseminated 677 STRs & SARs to different investigation and law enforcement agencies in FY 2017-18 while this number was 121 in the previous year. The change in the number of dissemination mainly came due to dissemination of 609 STRs & SARs (in one case) relating to digital hundi (informal remittance or use of DFS platform for disbursing remittance).



In FY 2017-18, majority of the STRs & SARs were sent to CID followed by ACC. The disseminations were made in 27 cases (20 under MLPA-2012 and 7 under ATA-2009). Underlying major predicate offences were digital hundi/informal remittance, fraud and financing of terrorism.

Table: Agency wise Dissemination of STR & SAR

Agency Name	FY 2015-16	FY 2016-17	FY 2017-18	
ACC	10*	73	5	(3 cases)
CID	50*	38	660	(17 cases)
CTTC Unit	0	9	5	(4 cases)
NBR	2	1	1	(1 case)
DNC	0	0	6	(2 cases)
Others	23*	1*	0	-
Total	58	121	677	(27 cases)

<sup>\*</sup> Same STR/SAR was disseminated to multiple agencies

Table: Predicate Offence wise Dissemination of STR & SAR

Predicate Offence	FY 2015-16	FY 2016-17	FY 2017-18
Fraud	19	25	25
Forgery	3	-	4
Corruption & Bribery	1	69	3
Smuggling of currency	2	-	-
Financing of terrorism	3	10	21
Illegal trade in narcotics and drugs	-	-	8
Kidnapping	11	10	2
Extortion	1	-	1
Human trafficking	4	-	-
Tax related offences	1	-	1
Digital hundi/Informal remittance	-	-	609
Others	13	7	3
Total	58	121	677

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#### 3.3.2 Information Exchange and Dissemination of Intelligence Based on Complaints

In FY 2017-18, BFIU disseminated 498 intelligence based on complaints and request for information exchange. This number has risen by 78.5% as compared to the previous year. The prime recipients of such dissemination are Criminal Investigation Department (CID) of Bangladesh Police and Anti Corruption Commission (ACC).

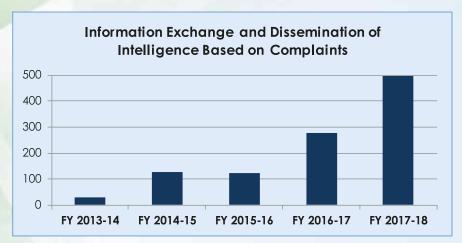


Table: Agency wise Dissemination Based on Complaints and Request for Information

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

#### 3.4 Monitoring and Supervision

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

- Bank Monitoring
- Non-Bank Financial Institutions Monitoring
- NGO/NPO & Money Changers monitoring
- Capital Market Intermediaries monitoring
- Insurance Monitoring
- DNFBPs & Cooperatives Monitoring

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BFIU has adopted risk-based approach to supervise the reporting organizations more effectively and to comply with FATF recommendation-1. Hence the supervisory activities of BFIU are focused on the sectors and entities that are most vulnerable to ML, TF & PF and are at high risk of regulatory non-compliance. While implementing risk based approach, BFIU took account of a number of risk factors faced by ROs including sectoral, client, geographic, delivery channel or services/product risks. In order to identify the potential risks and mitigate those risks, to emend the compliance deficiencies and to plan and prioritize supervisory programs, BFIU considered three different types of risk assessments: National Risk Assessment, Sectoral Risk Assessment and Enterprise Level Risk Assessment.

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

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

- Off-Site Supervision,
- On-site inspection,
- Corrective actions, and
- 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 MLPA, 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

Close the file & keep records

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

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#### 3.4.1 Off-site Supervision

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

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

#### 3.4.1.1 Off-site Supervision of Banks

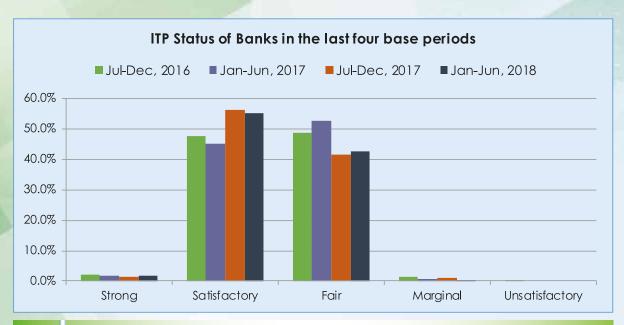
As per BFIU circular, each branch of banks is obliged to prepare a Self Assessment Report based on a check list twice a year and send it to the Internal Audit Department and Central Compliance Committee (CCC) of its Head Office. The Internal Audit Department, while inspecting the branches as part of its regular program, is required to prepare a report on the status of the AML & CFT system of the branches and award rating based on their findings. In addition to that, Internal Audit Department conducts a separate AML & CFT inspection on at least 10% branches of their annual planning.

The Internal Audit Department has to send the report based on inspections (Independent Testing Procedure or ITP) to the CCC. Then the CCC has to evaluate the two reports (self assessment and ITP) to prepare a biannual evaluation report. This report is submitted to the highest level of bank management for their comments and necessary direction. These two reports are also required to submit to BFIU on half yearly basis.

The ITP results of the last six base periods (July-December, 2015 to January-June, 2018) are given below.

Table: Rating of Bank Branches under ITP

Period	No. of Br.	Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Jul-Dec, 2015	4290	16	1718	2426	124	06
Jan-Jun, 2016	3902	38	1674	2065	120	05
Jul-Dec, 2016	4133	88	1967	2016	57	05
Jan-Jun, 2017	4096	71	1841	2161	23	00
Jul-Dec, 2017	4381	60	2455	1817	49	00
Jan-Jun, 2018	3968	74	2192	1691	11	00



#### 3.4.1.2 Off-site Supervision of NBFIs and other ROs

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

Table: Rating of NBFI Branches under ITP

Period	No. of Br.	Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Jul-Dec, 2017	65	00	30	34	01	00
Jan-Jun, 2018	70	00	32	35	03	00

#### 3.4.2 On-Site Supervision

BFIU prepares an annual on-site inspection plan based on the entity level risk assessment report of the ROs, and BFIU's own assessment (considering the previous inspections findings, self assessment report and independent testing results). Reporting organizations which fall under 'High Risk' category are subject to more frequent on-site 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 on-site supervision— system check inspection and special inspection—are carried out by BFIU.

#### 3.4.2.1 System Check Inspections

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

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

Based on the findings during the system check inspection, the reporting organizations are awarded a rating (Unsatisfactory, Marginal, Fair, Satisfactory or Strong) for its head office and branches respectively.

### 3.4.2.1.1 System Check Inspections of Banks

BFIU has conducted system check inspection on head offices of 26 banks and their 54 branches during FY 2017-18. The number of inspections has fallen to some extent as compared to that of the previous year.

Table: System Check Inspection of Banks

FY	Head Office	Branches
FY 2013-14	14	67
FY 2014-15	56	213
FY 2015-16	00	56
FY 2016-17	57	57
FY 2017-18	26	54

# 3.4.2.1.2 System Check Inspections of NBFIs

BFIU conducted system check inspections on head offices of 20 NBFIs and their 10 branches in FY 2017-18. The number of such inspections on head offices of NBFIs was four times and inspection on branches was double compared to the previous year.

Table: System Check Inspection of NBFIs

FY	Head Office	Branches
FY 2013-14	24	9
FY 2014-15	21	22
FY 2015-16	6	9
FY 2016-17	5	5
FY 2017-18	20	10

### 3.4.2.1.3 On-site Inspections of other Reporting Organizations

### A) Insurance Companies:

In FY 2017-18, BFIU conducted on-site inspection on head offices of 23 insurance companies (15 Life and 8 Non-life) and their 14 branches (08 Life and 6 Non-life). Out of 37 inspections during FY 2017-18, 23 were in Dhaka. BFIU coordinates with Insurance Development and Regulatory Authority (IDRA) to supervise the AML & CFT activities of the insurance companies.

Table: On-Site Inspection of Insurance Companies

FY		Head Offic	ce		Branches		
	Life	Non-Life	Total	•	Life	Non-Life	Total
FY 2013-14	16	18	34		14	17	31
FY 2016-17	15	19	34		10	11	21
FY 2017-18	15	08	23		08	06	14

### B) Capital Market Intermediaries (CMI):

In FY 2017-18, BFIU conducted 50 on-site inspections (40 in Dhaka and 10 in Chittagong) on the head offices of capital market intermediaries. The number of such inspections was 55 in the previous year (45 in Dhaka and 10 in Chittagong). BFIU closely works with Bangladesh Securities and Exchange Commission (BSEC) to monitor the AML & CFT activities of the capital market intermediaries.

### C) Money Changer

To monitor the activities of money changers and ensure their AML & CFT compliance, BFIU conducted 32 on-site inspections (24 in Dhaka and 08 outside of Dhaka) in FY 2017-18. The number of inspections was same in the previous year, although the number of inspections in Dhaka has increased from 16 to 24 in FY 2017-18.

### D) NGO/NPO and DNFBPs

To monitor the AML & CFT compliance level of the NGOs/NPOs, BFIU conducted 10 on-site inspections on their head offices in FY 2017-18. BFIU also conducted on-site inspection at 20 Real Estate Developers' firm and 20 DPMS's firm this year.

# 3.4.2.2 Special Inspections

BFIU brings a reporting organization under special inspection, if it gets lower rating repeatedly in the system check inspection or has any non-compliance issue detected in the system check inspections. Some special inspections are also carried out to monitor the reporting organizations' compliance level of STR & SAR submission and to examine whether banks and NBFIs are submitting CTR correctly and properly. In this case, branches are selected based on the transaction volume, operational importance, location, risk level etc. In addition to this, BFIU

conducts special inspection for further analysis of STRs & SARs, complaints and other information as and when required.

Source	Reporting Organization	Head Office	Branches/ Agent Points
CTD	Bank	-	07
STR	NGO	05	-
CTR	Bank	05	-
Complaints	Bank	07	63
Supervision	Bank	05	06
Informal remittance	Money Remitter	02	10

In FY 2017-18, BFIU conducted 12 special inspections on STR issues (07 bank branches and 05 NGOs) and 05 special inspections on CTR issues (head offices of 05 banks). BFIU also conducted special inspection on head office of 2 MFS providers and their 10 Agent Points in the same period. Due to complaints received from various sources 70 special inspections were conducted on ROs. Number of special inspections conducted on head offices and branches of different banks for supervision related issues was 11.

# 3.5 Special Meeting with Board of Directors of Banks for Improvement of AML/CFT Compliance

The State Owned Banks evidenced failings in governance to an extent. Weaknesses were noted in AML/CFT compliance of the banks as their AML ratings were significantly unsatisfactory and Marginal. For that reason, one to one meeting was arranged to accelerate their activities and overall improvement of AML core risk management. Managing Director, CAMLCO, CCC members, Head of ICC of Banks, and BFIU officials were present in the meeting. The meeting was presided over by Head of BFIU. The output of the meeting was time bound action plan for implementation by state owned commercial banks.

Action areas in most of the cases were Review & Update of Legacy Accounts (Accounts opened prior to 30-04-2002), Review of BAMLCO nomination, Instructions to all branches for introduction of risk based transaction monitoring system, Completion of KYC of customer and beneficial owner, Review of the classified loans and advances vulnerable to ML/TF/Capital flight and submit STRs to BFIU, Prevention of Trade based money laundering through price verification, verification of KYC of Applicants and Beneficiaries, analysis of Credit report, Letter of Credit etc, Ensure AML/CFT compliance requirement of host country as well as BFIU for foreign countries, Introduction of automation of UNSCRs for screening of the listed individuals and Entities, Reporting CTR and STR accurately through goAML, Conducting AML/CFT Training with special emphasis on trade based money laundering and terrorist financing for employees of AD Branches and officers of Internal Audit Department of the bank, Awareness of the members of the Board of the bank regarding AML/CFT Issues etc. Deadline as agreed for implementation of the action plans ranged from 31/05/2017 to 31/12/2017.

In most cases the banks have been able to comply with the time bound action plan as observed by BFIU inspection teams, and on some issues some of the banks were found unable to meet the deadline. However, proper steps have been taken by the Unit to settle the pending issues.

### 3.6 goAML Implementation

The goAML application was developed by UNODC in partnership with the UNODC's Global Program against Money Laundering, Proceeds of Crime and the Financing of Terrorism (GPML). BFIU signed a Service Level Agreement with UNODC on 04 July, 2012 for the deployment of goAML software with a view to facilitating online reporting of CTR, STR and other reports, and optimize its use of sophisticated analytical capabilities to conduct both operational and strategic analysis.

BFIU implemented the goAML system in three phases. Having adequate IT infrastructure facilitated by Bangladesh Bank prompted the goAML implementation process. At first phase, UNODC representative visited BFIU on September, 2012 to install goAML system on a test environment and train the Analysts and IT persons of BFIU to make the system ready for production environment.

At second phase, BFIU commenced a pilot project with seven banks (pilot bank) on January, 2013. The Pilot Banks were selected based on their IT strength and compliance level. BFIU arranged workshops for the officials of pilot banks and provided supporting document such as goAML XML schema, schema validation tool, goAML web manual, goAML schema manual etc. Finally the pilot banks successfully submitted the CTR and STR/SAR on April, 2013. As the pilot project successfully completed, BFIU took initiative to engage the remaining banks with goAML from June, 2013. These banks successfully submitted CTR and STR/SAR on September, 2013. During this phase Bangladesh bank took initiative to purchase necessary hardware, as suggested by UNODC, to install goAML in production environment.

At third phase, UNODC representative visited BFIU on September, 2013 to install goAML system on production environment and also train IT persons and analysts of goAML system. BFIU formally inaugurated the goAML system on 3rd March, 2014 with the presence of the then Governor of Bangladesh Bank. Later BFIU, from time to time, took initiatives to include other reporting organizations in the goAML system and arranged training and workshops for the officials of each reporting organization to enhance the data quality of CTR and STR/SAR.

Currently 57 Banks, 33 Non-bank Financial Institutions, 71 Insurance Companies, 400 Capital Market Intermediaries, 226 Money Changers and 18 Money Remitters are registered in goAML. Submission of CTR and STR/SAR only through goAML is mandatory for banks and Non-bank Financial Institutions. Other reporting organizations submit STR/SAR though goAML and manually. BFIU makes all the communications with reporting organizations through goAML message board.

BFIU is pleased to share its knowledge and experience on the goAML implementation with FIU-Nepal, FIU of Sri Lanka and Financial Intelligence Department of Bhutan (FIDB).

• Awareness Program and Capacity Building of Reporting Organizations The success of an FIU largely depends on the ability of the reporting organizations in effectively identifying and reporting transactions. BFIU is relentlessly and immensely trying to enhance the awareness of the ROs on AML/CFT issues and is making strategic and operational efforts to enhance their capacity to ensure better compliance. BFIU arranges meetings, conferences and training programs for the reporting organizations of Bangladesh time to time and further provides resource persons to the ROs and other regulatory, investigative and relevant agencies.

### 4.1 CAMLCO Conference

To give proper guidance to the ROs, raise awareness of the compliance officers on current AML/CFT scenario and ensure their accountability to comply with the existing domestic and international regulations and guidelines, BFIU arranges conference for the compliance officers of all the ROs separately every year at a broad level. The conference has been framed as CAMLCO conference and it works as the hub of sharing knowledge and experience in combating ML/TF threat and discussing updated regulatory framework and so on.

### 4.1.1 CAMLCO Conference for the Banks



Head of BFIU as chief guest at the Inaugural Session of CAMLCO Conference of Banks, 2-4 March, 2018, Cox's Bazar.

As part of the facilitation of the AML & CFT initiatives, BFIU arranged 14th CAMLCO conference for the compliance officers of the Banks in cooperation with the AACOBB (The Association of Anti Money Laundering Compliance officers of Banks in Bangladesh). The conference was held during 02-04 March, 2018 in Cox's Bazar. The Head of BFIU and DG of BB inaugurated the three day long program as the chief guest. Deputy Head of BFIU, ED of Chattogram Office, BB and the Consultant of BFIU were also present at the inaugural ceremony and DGM of BFIU presided

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over the working sessions of the whole program. Furthermore, officials from BFIU and other departments of BB, representative from NGO Affairs Bureau, Additional Police Super, Cox's Bazar; CEO, CAMLCO and DCAMLCO of the scheduled banks, representative from AACOBB were also present and played their respective roles to make the sessions vibrant and fruitful.

The main focus of the program was ML/TF Risk & Vulnerabilities and emerging challenges for banks. In the panel discussion MD/CEOs of the banks pledged to take effective initiatives to combat money laundering and terrorist financing at their respective end. Furthermore, the speakers expressed their opinion on different issues e.g. sharing different successful ML/TF cases to enhance the efficiency of the banks. They also opined that more and more open discussion, best practices and experience sharing would be effective to enforce AML/CFT compliance in future. Emerging issues like use of crypto currency in Bangladesh were also discussed in the sessions.

The key points of the working sessions were as follows:

- 1. OBU: Compliance requirement, lapses in implementation and Recommendation
- 2. Financial Inclusion & ML/TF Risk Mitigation
- 3. Financial Crime in Cyberspaces: Harnessing of AML & Cyber Security Control

Furthermore, Case studies on terrorist financing, trade based money laundering and loan fraud were presented in the sessions. In addition, there was a presentation on National Integrity Strategy. CAMLCOs of twenty four (24) banks participated actively at open discussion session on some selected topics. The discussion session was very lively and the participant banks provided their opinion on their initiatives and practices of AML/CFT compliance. To enforce AML/CFT compliance, the following recommendations were approved:

- 1. Arrange a meeting with the officials of the banks of Teknaf and Benpole area to raise awareness about combating money laundering, terrorist financing and financing of weapons of mass destructions. Furthermore, conference will also be arranged in the other regions successively based on risk level.
- 2. Arrange one or more meetings for the bankers by BFIU and NGOAB jointly to monitor transaction and activities of NGO.
- 3. Arrange AML/CFT awareness programme for BoDs of each bank at least once a year.
- 4. Build AACOBB's own website and take initiative to upload different subjects including fraud alert, typology of money laundering, terrorist financing and other offences.
- 5. Request Bangladesh bank to consider ML/TF risks in updating Offshore Banking Unit (OBU) guidelines.
- 6. Instruct the banks to implement the instructions of BFIU on AML & CFT compliance in dealing with OBU.
- 7. Ensure compliance of BFIU instructions on agent banking by the banks.
- 8. Arrange adequate and proper training for the users of the ICT and its risk in buying ICT solutions by Banks.

- 9. Request Bangladesh Bank to establish Regulatory Sandbox to encourage the use of FinTech in Bangladesh and to monitor it properly.
- 10. Take initiative to arrange a dialogue for the Investigative agencies and compliance officers of the banks to discuss their mutual responsibilities in combating ML/FT in Bangladesh.
- 11. Continue presentations by BFIU to motivate management bodies of the banks in AML/CFT compliance.
- 12. Continue the arrangement of regional conference by BFIU for the regional head/BAMLCO of the banks.
- 13. Arrange training for the officials by the banks to raise awareness regarding AML/CFT compliance.

The three day long program ended with a vow from the participants to take active and effective initiatives to combat ML and TF.

### 4.1.2 CAMLCO Conference for Financial Institutions



Governor, Bangladesh Bank is addressing as chief guest at the CAMLCO Conference for the Financial Institutions

Bangladesh Financial Intelligence Unit arranges CAMLCO conference for the Financial Institutions every year. The last conference was held during 27-28 April 2018 at BRAC CDM, Rajendrapur. In the program Governor of Bangladesh Bank was present as the Chief Guest, Head of BFIU and DG of BB, was present as special guest and the program was presided over by Operational Head of BFIU. CAMLCO and Deputy CAMLCO of all the FIs of Bangladesh were also present at the conference.

The main focus of the conference was to detect lapses and weaknesses of AML & CFT initiatives of the Financial Institutions and to make effective future action plan to comply with the related/unresolved issues. In the discussion session emphasis was given on corporate governance, proper monitoring of disbursed loan with due diligence and Fls' obligations to

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comply with the regulations and guidelines to deter ML & TF threat in Bangladesh.

In the working session of the conference BFIU officials and officials from the FIs discussed various issues regarding taking effective initiatives to prevent ML & TF, enhancing monitoring, arranging trainings for the officials, enhancing interactive cooperation with domestic and international agencies, implementing recommendations of ME Report and so on. Furthermore, the following paper presentations were broadly discussed:

- 1. Industry good practices: Product wise ML & TF Risk Assessment & Risk Mitigation Strategies.
- 2. Automated transaction and analysis of CDD/EDD Measures.
- 3. E-Learning for AML & CFT related capacity development.

After long interactive discussions following recommendations were agreed and approved:

- 1: Fls will take proactive measures in collecting information of the source and beneficial owner of the deposit and identifying suspicious transaction report.
- 2: Ensure use of goAML software and submission of CTR/STR/other report following proper procedures.
- 3: Take prompt actions to introduce e-learning program regarding AML/CFT issues. BFIU will provide adequate support to do so.
- 4: To enhance employee skill, Fls will arrange training programs, workshops, seminars inside and outside Dhaka.
- 5: Arrange training programs for Managing Directors.
- 6: Take initiatives to foster corporate governance.
- 7: Establish policy for integrity strategy in line with national integrity strategy

### 4.1.3 CAMLCO Conference for Capital Market Intermediaries



Head of BFIU at the CAMLCO Conference of Capital Market Intermediaries, 31 March, 2018, Dhaka

With a view to augmenting the knowledge regarding AML/CFT compliance, Bangladesh Financial Intelligence Unit arranged 3rd CAMLCO conference for the Capital Market Intermediaries in collaboration with Bangladesh Securities and Exchange Commission. The conference was held on 31 March 2018 at Radisson Blu Water Garden Hotel, Dhaka and in the program Chairman of BSEC was present as the Chief Guest and Head of BFIU and DG of BB, was present as the special guest.

In the working sessions of the conference BFIU officials and officials of BSEC and CMIs discussed various issues on taking effective initiatives to prevent ML & TF, enhancing monitoring, arranging training for the officials, enhancing interactive cooperation with domestic and international agencies, implementing recommendations of APG Mutual Evaluation Report and so on. Furthermore, there were three paper presentations which broadly discussed:

- 1. Emerging ML & TF Risk and Vulnerabilities Related to CMIs
- 2. ML & TF preventive Measures: Challenges in implementation and way forward
- 3. Effective AML &CFT Regime for CMIs: Role of BSEC and BFIU

In the conference the following recommendations were approved with the consent of BFIU, BSEC, DSE, CSE and CMIs:

- 1: Introduce Uniform Account Opening form for CMIs by 2018
- 2: Increase the quantity along with quality of STR from CMIs.
- 3: Take proper initiative for Fit and Proper Test in line with the recommendations of ME report and ensure risk based approach in supervision.
- 4: Make liaison with EC to ensure access to NID verification portal for CMIs.
- 5: Arrange training programs for all MD/CEOs of CMIs
- 6: Take effective initiatives to fight cyber security theft.
- 7: Establish policy for integrity strategy in line with national integrity strategy
- 8: Update KYC of the legacy accounts not updated yet.

### 4.1.4 CAMLCO Conference for Insurance Companies



Senior Secretary, FID of Ministry of Finance is delivering his speech at the inaugural session of CAMLCO Conference of Insurance companies, 19-20 August, 2017

BFIU in cooperation with Bangladesh Insurance Development and Regulatory Authority (IDRA) arranged CAMLCO Conference-2017 for Insurance Companies (ICs). The purpose of the program was reviewing previous year's activities and preparing work plan emphasizing-increased awareness of AML/CFT activities, introducing risk based approach and implementation of UNSCR, ensuring involvement and awareness of both the higher authority and the board members of ICs, importance of organizing AML/CFT training/seminar etc. The conference was held during 19-20 August, 2017 in Cox's Bazar. Senior Secretary of Financial Institution Division, Ministry of Finance inaugurated the 2 (two) daylong conference. Deputy Governor and Head of BFIU, Chairman (Current Charge) of IDRA, Executive Director & Deputy Head of BFIU, Executive Director of IDRA, Operational Head and General Manager of BFIU, President of Bangladesh Insurance Forum, Executive Member of Bangladesh Insurance Association, Chief Executive Officer of some Insurance Companies, representatives from ACC, CID and commercial banks were present and rendered their respective roles in different sessions. CAMLCOs of all insurance companies operating in Bangladesh, officials of BFIU and IDRA were also present in the conference.

To disseminate proper knowledge and promote appropriate actions to protect insurance companies from ML, TF and PF the following topics were presented at the conference by the officials of BFIU, IDRA, ICs and commercial banks:

- 1. Role of underwriters in mitigating ML/TF Risk;
- 2. Challenges in implementing AML/CFT measures in insurance companies;
- 3. Money Laundering/Terrorist Financing risks in insurance sector: Relevance with banking transactions;
- 4. Introduction of risk based approach and implementation of UNSCR and
- 5. Gaps on preventive measures indentified in the Mutual Evaluation Report (MER) of Bangladesh.

Increasing AML/CFT awareness and involvement of the higher authority of the insurance companies, incorporating AML/CFT activities and implementation status in the agenda of board meetings of ICs, organizing AML/CFT conference for MD/CEOs of ICs, organizing lead insurance training program in the divisional cities and organizing training program by Bangladesh Insurance Academy as well as other institutions were the recommendations made in the conference.

# 4.2 Workshop for Money Changers

Money Changers have been enlisted as reporting organization as per Section 2(B) of MLPA, 2012 and 2(20) of ATA, 2009. To make them aware of their responsibility in complying with the various domestic and international rules and instructions from BFIU, BFIU has been arranging conferences and meetings since the inception of this Unit. During FY 2017-2018 BFIU arranged three conferences respectively on 28 November 2017, 27 February 2018 and 16 May 2018. The main focus of the conferences was on goAML registration for the money changers and a total of 161 money changers out of 234 have been registered in three steps. Besides, the concerned officials of the money changers were also given a basic concept of legal obligations to comply with ML/TF issues, STR and other issues. There was also a practical session on how to submit detected STR to BFIU through goAML. Furthermore, these programs provided opportunities for

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participants to enhance their knowledge on areas such as customer identification, record keeping, reporting requirements, identification of suspicious transactions and clarifications on issues/problems that the compliance officers face frequently.

### 4.3 Awareness program for Payment Service Providers

One awareness meeting was arranged for Payment Service Providers (Payment Service Operator (PSO)/Payment Service Provider (PSP) on 09 May, 2018 at BFIU conference room. General Manager and Operational Head of BFIU presided over the meeting and officials of BFIU and payment service provider institutions were present there. Compliance requirements under MLPA and ATA for payment institutions and the way of implementations were discussed in the meeting. Among the four service providers, two provide e-commerce payment, one provides virtual wallet service and another one provides gateway services for ATM of local banks.

### 4.4 Other awareness programs

With the increase of hundi specially digital hundi through mobile financial service, the remittance inflow experienced a sudden decrease in the mid of last year. To deter hundi activities, BFIU is relentlessly working to decrease the abuse of mobile financial service. To that end BFIU issued a circular instructing the MFS to comply with the instruction to deter digital hundi. BFIU also arranged a meeting with the concerned officials of MFS to make them aware of digital hundi and its effect on our economy. The meeting was held on 02 November 2017 at Bangladesh Bank. In the meeting the MFS were asked to enforce monitoring and detect agents involved with digital hundi. They were also urged to take initiative against the agents involved in doing suspicious transactions.

Besides, on March 20, 2018 BFIU arranged an awareness building program for NGO regulators and 80 NGOs to make them aware about money laundering and terrorist financing.



### Domestic Cooperation and Engagement

FATF recommendation-2 requires that the countries should 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. Working closely with all relevant agencies, ministries and divisions BFIU, as the national central agency of the country, always fosters a spirit of cooperation for effective combating of ML, TF and PF. During FY 2017-2018 BFIU took a number of initiatives to intensify domestic cooperation and engagement with various ministries, divisions and relevant agencies of Bangladesh.

### 5.1 National Coordination Committee on AML & CFT

National Coordination Committee (NCC) is the apex platform to formulate policies and procedures in preventing money laundering and terrorist financing in Bangladesh. The committee, comprising members of all relevant agencies, is headed by the honorable Finance Minister while the Head of BFIU is the member secretary of the committee. The committee met twice in FY 2017-18 and made some important recommendations.

- Ministry of Home Affairs (MoHA) will be the only "Central Agency" for providing Mutual Legal Assistance in criminal matters. Legislative and Parliamentary Affairs Division of Ministry of Law, Justice and Parliamentary Affairs will take necessary measures to issue communiqué in this regard.
- Bangladesh will take charge as APG Co-Chair for the period of 2018-2020 and host the APG Annual Meeting in 2020. As part of delivering its duties as APG Co-chair, Bangladesh may continue its active participation in different regional and international forum like APG, FATF, EGMONT Group etc. and it may also continue arranging different international workshops and seminars.
- In order to exchange information on money laundering and terrorist financing, BFIU will sign Memorandum of Understanding (MoU) with relevant law enforcement agencies at the earliest.
- To discourage cash transaction in the economy Financial Institution Division of Ministry of Finance and Bangladesh Bank (BB) will take necessary initiatives.
- ☐ To submit the implementation status of the recommendations made by APG on the AML/CFT systems of Bangladesh, steps have to be taken after collecting necessary information from all concerned agencies.
- The Legislative and Parliamentary Affairs Division of Ministry of Law, Justice and Parliamentary Affairs will form a committee to review the current management system of confiscated assets and recommend for a standard and modern approach.

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To expedite the process of appointment of sufficient number of special judges under the provision of Money Laundering Prevention Act, 2012 and sufficient number of special tribunal under the provision of Anti-Terrorism Act, 2009 honorable Finance Minister will send a Demi-official letter to honorable Law Minister. A committee comprising members from the ministry of Public Administration, Finance Division and the Legislative and Parliamentary Affairs Division will be formed to conduct a survey on promulgating separate Attorney Service or, Independent Prosecution Service for conducting lawsuit in favor of Bangladesh Government. The committee will submit the report by 3 months. Formulation of National Risk Assessment Report under the leadership of Anti-Corruption Commission has to be completed by March, 2018. And initiatives have to be taken to formulate National Strategy Paper for the next three years under the leadership of BFIU by involving all relevant parties. 5.2 **Working Committee on AML & CFT** The second highest body for combating money laundering and terrorist financing in the country is the Working Committee on AML & CFT. This committee works for ensuring coordinated institutional effort to implement the policies for combating money laundering and terrorist financing. Secretary of Financial Institutions Division, Ministry of Finance is the convener of the committee. The Head of BFIU is one of the members of the committee. The committee met once in the fiscal year 2017-2018. The important decisions taken at that meeting were: ☐ To enhance the capability of the law enforcement agencies Public Security Division of Ministry of Home Affairs (MOHA) will issue a notification/administrative order regarding using intelligence report of BFIU, use of international cooperation in intelligence sharing, establishing appropriate procedure for obtaining mutual legal assistance from different countries and investigation of terrorist financing related offences. To assess the risk of terrorist financing and to identify the international nexus of terrorism and terrorist financing Ministry of Foreign Affairs (MOFA), United Nations Office on Drugs and Crime (UNODC) and Public Security Division of Ministry of Home Affairs (MOHA) will inform their activities to BFIU.

Public Security Division of Ministry of Home Affairs (MOHA) will take necessary initiatives in encouraging relevant law enforcement agency for implementing the clause no. 20 (A) of

laundering, terrorist financing and related offences, guidelines for the law enforcement agencies need to be formulated. This guidelines formulation work can be accomplished

As per recommendation made in the Mutual Evaluation Report, 2016, the National Risk Assessment (NRA) Report on money laundering, terrorist financing and related offences needs to be updated. Anti Corruption Commission (ACC), as like before, will lead the

To obtain international cooperation in enquiry and investigation stages of money

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update work.

Anti Terrorism Act, 2009.

under the leadership of Bangladesh Police.

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- In issuing license Bangladesh Securities and Exchange Commission (BSEC) and Insurance Development and Regulatory Authority (IDRA) will execute fit and proper test of the entrepreneur shareholders. These two authorities shall inform BFIU about the progress they have made in this regard after publication of the Mutual Evaluation Report.
- BSEC, IDRA, MRA, NGOAB will apply Risk Based Approach in supervising institutions under their jurisdictions. For the purpose of assessing AML/CFT system of those institutions these authorities will supply details of their inspections to BFIU.
- 5.3 Central and Regional Task Force for preventing Illegal Hundi Activities, Illicit flow of Fund & Money Laundering

### Restructuring of Task force:

To prevent and curb the illegal hundi activities, siphoning off money and money laundering activities the government has formed two layered task force i.e. the central task force and divisional task force by repealing the existing central and regional task force through the statutory order no. 53.00.0000.311.40.003.17 dated 08/11/2018 of Financial Institution Division of Ministry of Finance.

Before promulgation of Money Laundering Prevention Act, 2002 there was no forum for combating money laundering and terrorist financing other than Central and Regional Task force. Over time Money Laundering Prevention Act has been amended and changed several times. As per latest amendment of MLPA 2012 in 2015 several changes on important issues like, predicate offence, reporting organizations and assignment of investigating authority have been made. Moreover, National Coordination Committee (NCC), the apex body to formulate AML/CFT policies, headed by honorable Finance Minister has been formed. In addition to that a working committee headed by Secretary, Financial Institution Division of Ministry of Finance is working to implement the decision taken by the NCC. In such circumstances, it was demand of time to reconstruct the structure and reassign the scope of the Central and Regional Task Force.

Head of Bangladesh Financial Intelligence Unit (BFIU) is the convener of the newly formed Central Task force whereas representatives from National Board of Revenue (NBR), Anti Corruption Commission (ACC), Bangladesh Securities and Exchange Commission (BSEC), Department of Cooperative, Insurance Development and Regulatory Authority (IDRA), NGO Affairs Bureau (NGOAB), Department of Narcotics Control (DNC), Registrar of Joint Stock Companies and Firms, Police Head Quarters, Dhaka Metropolitan Police, Criminal Investigation Department and Supervision related departments of Bangladesh Bank are the members. In addition to that 8 (eight) representatives from scheduled banks, 2 (two) representatives from financial institutions, 2 (two) representatives from capital market intermediaries, 2 (two) representatives from non-government organizations, 2 (two) representatives from insurance companies and 2 (two) representatives from cooperative societies are the members of the central task force. General Manager and Operational Head of BFIU is the member secretary of the central taskforce.

The terms of reference of the central task force are:

• To coordinate the activities of different investigating agencies, law enforcement agencies, regulators of different reporting organizations and BFIU.

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- To review the development of initiatives taken by different organizations in combating money laundering and terrorist financing.
- To review the development of the initiatives taken on the reported smuggling of money, gold, coins and other precious goods, child, human and drug trafficking.
- To identify the impediments in implementing AML/CFT activities and take necessary initiatives to eliminate those impediments.

In divisional level task force has been formed for Chattogram, Khulna, Rajshahi, Barishal, Rangpur and Mymensingh and the head of the Bangladesh Bank office of the respective division has been selected as the convener of the divisional taskforces. The members of the divisional taskforces are the representatives from Divisional Commissioner Office, Anti Corruption Commission, Department of Social Services, Department of Cooperatives, Registrar of Joint Stock Companies and Firms, Department of Narcotics Control, Special Branch, Metropolitan Police and Criminal Investigation Department of the divisional office. General Managers of the Sonali Bank Ltd, Rupali Bank Ltd., Agrani Bank Ltd., Janata Bank Ltd and Bangladesh Krishi Bank/Rajshahi Krishi Unnayan Bank of the respective division are the members of the divisional task force. In addition to that respective office of the Bangladesh Bank, on the basis of certain criteria, will nominate 4 (four) representatives from private banks, 1 (one) representative from financial institution and 1 (one) representative from non-government organization from time to time as the member of the divisional task force.

The terms of reference of the divisional task force are:

- To coordinate the activities of the investigating agencies, law enforcement agencies, regulators of different reporting organizations and Bangladesh Bank office at divisional level.
- To review the development of initiatives taken by different organizations in combating money laundering and terrorist financing at divisional level.
- To identify the impediments in implementing AML/CFT activities and take necessary initiatives to eliminate those impediments at divisional level.

The central task force headed by Head of BFIU sat twice (90th and 91st meeting) during July-October, 2017. On restructure of the task forces on November 08, 2017, the central task force met 2 times till June, 2018. Apart from this Central Taskforce, currently there are 7 (seven) divisional taskforces in Chattogram, Rajshahi, Sylhet, Rangpur, Khulna, Barishal and Mymensingh headed by the Executive Director/General Manager of respective Bangladesh Bank's offices. The central taskforce discussed the decisions taken by the regional task forces and provided directions and comments on their recommendations. Moreover, the central taskforce discussed the reports submitted by various law enforcement agencies as well as reporting agencies. The taskforce also urged BFIU to meticulously look into the Suspicious Transaction Reports (STRs) submitted by the reporting organizations. The chairperson recommended all the members of the taskforce to be vigilant against illicit flow of fund and money laundering.

# 5.4 Engagement with Law Enforcement Agencies

BFIU maintains regular engagements with Law Enforcement Agencies (LEAs) and intelligence agencies. The unit meets bi-monthly with Anti-Corruption Commission (ACC) and Criminal Annual Report 2017-18

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Investigation Department (CID) for dialogue on ML & TF related cases and monitor the advancement. These meetings facilitate bilateral and multilateral cooperation between relevant authorities expediting mutual consultations, promoting mutual contacts, exchanging information and identifying hindrances and way out of the hindrance for effective implementation of AML & CFT regime of the country. During the FY 2016-17, BFIU and Bangladesh Police met 2 times (71st and 72nd meeting). The Deputy General Manager (DGM) of Complaints Handling & Information Exchange (CHIE) wing of BFIU chaired those meetings. The meetings discussed the progress of the cases pending before different courts for trial under Money Laundering Prevention Act.

### 5.5 Signing of Memorandum of Understanding with different LEAs and supervisors

To enhance the pace of the on-going fight against money laundering and terrorist financing BFIU has taken initiatives to sign Memorandum of Understanding (MoU) with the relevant stakeholders of Bangladesh. As part of that initiatives BFIU has signed MoU with the National Board of Revenue (NBR) on February 04, 2018. The MoU has enabled both the agencies to work more effectively which eventually has strengthened the AML/CFT regime of Bangladesh. With this success BFIU continues its endeavor to sign Memorandum of Understanding (MoU) with other law enforcement agencies and supervisors including Bangladesh Police, Anti-Corruption Commission (ACC), Department of Narcotics Control (DNC), Bangladesh Securities & Exchange Commission (BSEC) and Insurance Development and Regulatory Authority (IDRA).

### 5.6 Capacity Building for Law Enforcement Agencies

To strengthen domestic cooperation in the fight against money laundering, terrorist financing and proliferation financing, BFIU has started capacity building program in association with the relevant stakeholders. Over the year BFIU arranged various capacity building programs on AML/CFT where participants from Anti-Corruption Commission (ACC), Bangladesh Police, National Board of Revenue (NBR), Department of Narcotics Control (DNC), Bangladesh Securities & Exchange Commission (BSEC) attended.

BFIU arranged 13 trainings for the investigators of Bangladesh Police. In those training programs investigation techniques of financial crimes were shared with the police officials in order to enhance their capacity in investigating money laundering and terrorist financing related case. Total 286 (Two Hundred and Eighty Six) investigators of Bangladesh Police have received the training. Besides, Police Staff College and BFIU regularly exchange expertise to share 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 3 (three) Workshops on 'Financial Investigation' for all the relevant stakeholders of AML/CFT regime of Bangladesh.

BFIU and United Nations Counter Terrorism Centre organized a joint conference on "Promoting Regional Co-operation on Targeted Financial Sanctions" in September, 2017. In March, 2018 BFIU and World Bank, Dhaka Office jointly organized workshop on 'Cybercrime and Cyber security'. Representatives of law enforcement agencies (LEAs) of Bangladesh participated in both the programs.

# **International Cooperation and Engagement**

# International Cooperation and Engagement

In an age when money could be moved anytime and anywhere across borders, ensuring a robust AML & CFT regime without enhanced international cooperation is quite impossible. To combat ML, TF and PF effectively BFIU enhanced its cooperation with the FIUs and the competent government authorities of all jurisdictions so that criminals and terrorists cannot exploit any opportunity to commit the offences. The Unit also continued its support and cooperation to its counterparts through responding to all the requests received and in appropriate cases requested respective jurisdictions for cooperation. In 2017-18 the unit contributed to global cooperation efforts on AML/CFT by attending every possible forum, workshop, training, seminar etc. and arranging programs at home and abroad.

### 6.1 Signing of Memorandum of Understanding

Money laundering and financing of terrorism offences are global in nature. It is a must doing job to exchange information relating to ML, TF and related offences beyond each jurisdiction for an effective case investigation. Being a member FIU of the Egmont Group, BFIU is authorized to exchange information with 158 member FIUs through ESW. Moreover, BFIU takes initiatives to sign 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 2017-18 BFIU signed MoU with the FIUs of Monaco, Venezuela, Solomon Islands, Vanuatu, New Zealand, Tanzania, Namibia and Cuba. Until FY 2017-18, BFIU has signed 60 MoU with its counterparts. The following table shows the list of the MoU signed between BFIU and the FIUs of different countries:

SI no.	Name of FIU	Year of signing
1	Financial Intelligence Unit Malaysia (UPWBNM)	August 2008
2	Financial Information Unit - Nepal (FIU-Nepal)	October 2008
3	Anti-Money Laundering Council (AMLC)- Philippines	December 2008
4	Indonesian Financial Transaction Reports And Analysis Centre (PPATK)	March 2009
5	Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA)	July 2009
6	Korea Financial Intelligence Unit (KoFIU)	July 2009
7	Cambodia Financial Intelligence Unit (CAFIU)	October 2009
8	Anti-Money Laundering Office Thailand (AMLO-TH)	September 2010
9	Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka)	October 2010
10	UK Financial Intelligence Unit at the National Crime Agency (UKFIU)	November 2010 (Renewed on February 2014)
11	Suspicious Transaction Reporting Office (STRO), Singapore	December 2011
12	Financial Intelligence Centre (FIC), South Africa	July 2012
13	Mongolia Financial Information Unit (FIU-Mongolia)	July 2012
14	Japan Financial Intelligence Center (JAFIC)	January 2013
15	Myanmar Financial Intelligence Unit (MFIU)	March 2013
16	Financial Information Unit Argentina ((UIF-AR)	October 2013
17	The Money Laundering Secretariat (HVIDVASK), Denmark	February 2014
18	Financial Intelligence Unit of Trinidad and Tobago (FIUTT)	June 2014
19	Belgian Financial Intelligence Processing Unit (CTIF-CFI)	June 2014
20	Saudi Arabia Financial Investigation Unit (SAFIU)	June 2014

21	Financial Intelligence Unit of Peru (UIF-Peru)	June 2014
22	Financial Intelligence Unit - India (FIU-IND)	June 2014
23	Reporting Center for Unusual Transactions (MOT), Aruba	June 2014
24	Financial Crimes Investigation Board (MASAK), Turkey	June 2014
25	General Directorate of Prevention of Money Laundering (GDPML), Albania	June 2014
26	Financial Intelligence Units of Bhutan (FIUB)	July 2014
27	The State Bank of Vietnam	July 2014
28	Financial Information Processing Unit (UTRF), Morocco	October 2014
29	Financial Intelligence Directorate (FID), Bahrain	January 2015
30	Unit Perisikan Kewangan (UPK), Brunei Darussalam	January 2015
31	Federal Financial Monitoring Service (FFMS), Russian Federation	June 2015
32	Fiji Financial Intelligence Unit (Fiji FIU)	June 2015
33	The State Financial Intelligence Service under the Government of the Kyrgyz	June 2015
	Republic (SFIS)	
34	Financial Analysis Unit Panama (UAF-PA)	June 2015
35	Anti-Money Laundering Unit (AMLA), Barbados	June 2015
36	The Australian Transaction Reports and Analysis Centre (AUSTRAC)	July 2015
37	China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC)	August 2015
38	Anti-Money Laundering and Counter Terrorist Financing Unit (AMLCTFU),	August 2015
	Jordan	
39	Special Investigation Commission (SIC), Lebanon	February 2016
40	Committee on Financial Monitoring of the Ministry of Finance of the	February 2016
	Republic of Kazakhstan (CFM)	
41	Nigerian Financial Intelligence Unit (FIU-NG)	February 2016
42	Department on Struggle Against Tax, Currency Crimes and	June 2016
	Legalization of Criminal Incomes of Uzbekistan(FIU-Uzbekistan)	
43	Financial Intelligence Office (GIF), Macao	June 2016
44	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)	August 2016
45	Meldpunt Ongebruikelijke Transacties Suriname (FIU-Suriname)	August 2016
46	Portuguese Financial Intelligence Unit (UIF)	October 2016
47	Unit for Combating Money Laundering (MOKAS-Cyprus)	October 2016
48	Finnish financial intelligence unit, RAP	January 2017
49	Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU)	January 2017
50	General Inspector of Financial Information (Polish FIU)	March 2017
51	Icelandic Financial Intelligence Unit (FIU-ICE)	June 2017
52	Service d'Information et de Contrôle sur les Circuits Financiers (SICCFIN)	July 2017
53	Superintendencia de las Instituciones del Sector Bancario of the	July 2017
	Bolivarian Republic of Venezuela (FIU-Venezuela)	
54	Solomon Islands Financial Intelligence Unit (SIFIU)	July 2017
55	Vanuatu Financial Intelligence Unit (FIU-VU)	July 2017
56	Financial Analysis and Supervision Unit of Papua New Guinea (FASU)	July 2017
57	New Zealand Police Financial Intelligence Unit	March 2018
58	Financial Intelligence Unit of the United Republic of Tanzania (FIU-Tanzania)	March 2018
59	Financial Intelligence Centre (FIC) of the Republic of Namibia	March 2018
60	Directorate General for Investigation of Financial Operations (DGIOF-FIU CUBA)	March 2018
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### 6.2 Financial Action Task Force (FATF)

FATF, an inter-governmental policy making and standard setter on combating ML, TF and PF continues to focus on ensuring that its standards provide strong and powerful tools to enable countries to protect the integrity of the financial system and contribute to safety and security. To boost FATF's efforts Bangladesh always greets FATF's initiatives with warm appreciations and actively participates in its programs. Following are some of the programs in which Bangladesh attended during 2017-18.

### 6.2.1 Financial Action Task Force (FATF) Plenary and Working Group Meetings

The second FATF Plenary meeting under the Presidency of Mr. Santiago Otamendi of Argentina took place in Paris during 18-23 February 2018. Head of BFIU along with officials of BFIU attended the conference.

In February 2016, following the terrorist attacks in Paris, the FATF adopted a consolidated strategy to combat terrorist financing and an operational plan to focus its work in four key areas. Since then, the FATF has intensified its action to identify new and developing terrorist financing threats, strengthen or refine its standards accordingly and assess whether countries have implemented sound and effective measures to detect, prevent and punish cases of abuse of the financial system in support of terrorism. The FATF has achieved significant results in the four key areas identified in the 2016 operational plan.

To further enhance the international fight against terrorist financing, the Plenary has adopted a new operational plan of action. This operational plan is a living document that provides a framework for a flexible and dynamic response to terrorist financing threats. It will build on existing results and focus on new areas which will increase understanding of terrorist financing risks and the effectiveness of measures to address these risks, while also being flexible to address the continuous evolution of this threat. Areas of focus include:

- Further improving the identification and understanding of terrorist financing risks, both at country level and more broadly, which will have an impact on the effectiveness of international efforts to tackle terrorist financing.
- Carrying forward FATF's work to enhance information-sharing, which will build on the
  work that FATF has already completed on domestic inter-agency information sharing
  and sharing within the private sector.
- Ensuring efforts to detect terrorist financing lead to successful investigations, prosecutions
  and convictions including the President's initiative on increased engagement with the
  criminal justice system and prosecution services.
- Ensuring a better global implementation of effective counter-terrorist financing measures through closer coordination with FATF's regional bodies and the actions they are taking.

The expanded update on the financing of ISIL, Al-Qaeda and affiliates has been continued and the FATF's report was discussed with the G20 Finance Ministers and Central Bank Governors. The areas focused in the report were FATF's progress on counter terrorist financing, improving transparency and the availability of beneficial ownership information, correspondent banking and remittances, update on FATF's work on counter proliferation financing and initiative for a global engagement with the criminal justice system and prosecution services. It also provides an update on FATF's ongoing work to ensure a coherent

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and consistent approach to deal with the ML/TF risks and opportunities related to FinTech, RegTech and virtual currencies, and its work to update knowledge on the financial flows associated with human trafficking.

The FATF has updated its guidance on the implementation of financial provisions of United Nations Security Council Resolutions to counter the proliferation of weapons of mass destruction. The FATF adopted revisions to Recommendation 2 on national cooperation and coordination.

### 6.2.2 FATF Joint Experts' Meeting and Risk Assessment Workshop

FATF Joint Experts' Meeting and Risk Assessment Workshop was held during 1st – 4th May 2018 in Busan, Republic of Korea. The workshop offered the opportunity to gather experts from across the Global Network to discuss pressing AML/CFT issues. Two delegates from Bangladesh FIU attended the workshop as speakers. The workshop started with Bangladesh delegation's presentation on TF Risks associated with ISIL, Al-Qaeda and Affiliates: Bangladesh perspective. The other delegate from Bangladesh FIU presented on Terrorist Financing Disruption Strategies in detail. Besides, different pressing topics such TF and Organized Crime, Professional Money Laundering Networks--informal remittance, Trade Based Money Laundering etc, Crypto-Assets Payment Products and Services were discussed in concurrent break-out sessions.

### 6.2.3 FATF-TREIN Workshop on PF

The Financial Action Task Force Training & Research Institute (FATF-TREIN) hosted a pilot workshop on combating proliferation financing during 29-31, May, 2018 at Busan International Financial Center (BIFC) to assist member of global networks for better understanding and implementation of FATF standards related to combating financing of proliferation of weapons of mass destruction. The pilot program was carried out as an opportunity to consult with FATF members and observers to take their feedback on the content of course. 30 Participants attended the workshop from FATF Secretariat, APG, EAG, Department of treasury and different ministries, departments and FIUs of different jurisdictions.

The Pilot workshop was a 3 day course that includes number of lecture sessions, case study and simulation exercises. The sessions were on combating financing of proliferation of weapons of mass destruction, related FATF recommendations, working procedures. Moreover, comprehensive simulation exercises were conducted based on the methodology. Separate sessions were conducted on the FATF Rec 2, 6, 7 & 11, FATF typologies of PF. Wide discussions were carried out on the UNSCR 1540, DPRK Sanction, Iran sanction etc. Exercises were conducted based on the effective legal framework building, supervision, coordination among competent agencies, national coordination, international cooperation and outreach guidance. Besides providing feedback it was an excellent workshop in terms of getting insight about different FATF measures against PF, related UNSCR, its implementation procedure. It also provided a hands on exercise about coordination among LEAs, competent authorities, national and international organization etc.

# 6.3 Asia Pacific Group on Money laundering (APG)

Bangladesh became a founder member of APG in 1997. Bangladesh has been participating in the different programs of APG since its inception. Being the central agency to combat ML, TF and PF in Bangladesh, BFIU is taking the leading role in its various programs. In FY 2017-2018 participants from Bangladesh attended the following programs organized by APG.

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### 6.3.1 20th Annual Meeting



Bangladesh Delegation at the 20th Annual Meeting of the APG, 15-21 July, 2017, Colombo, Sri Lanka

The 20th Asia Pacific Group on Money Laundering (APG) Annual Meeting and Technical Assistance and Training Forum was held in Colombo, Sri Lanka during 17-21 July 2017. The APG Annual Meeting is the primary policy and decision-making vehicle for the APG.

A high level Bangladesh delegation including the Special Assistant to Honourable Prime Minister, Deputy Governor and Head of BFIU and senior officials from Prime Minister's Office, Financial Institutions Division, Ministry of Home Affairs, Ministry of Foreign Affairs, Legislative & Parliamentary Affairs Division, Attorney General's Office, Anti Corruption Commission (ACC), National Board of Revenue, Directorate General of Forces Intelligence, CID of Bangladesh Police and BFIU attended the meeting.

Bangladesh delegations provided the updates of Mutual Evaluation Report (MER) of Bangladesh adopted in the 19th APG Annual Meeting in San Francisco, USA. The plenary formally announced the nomination of Bangladesh as the APG Co-Chair for the period of 2018-2020.

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 had meetings with the donor group.

In the margin of annual meeting some bilateral follow up meetings on Bangladesh Bank Cyber Heist incident was held in Colombo with the relevant officials of Sri Lanka and Philippines to discuss the updates on the cyber heist case and for taking further future initiatives.

### 6.3.2 APG Typology Workshop, 13-16 November, 2017

The 2017 APG Typologies Workshop was held in Busan, South Korea during 13-16 November, 2017 hosted by FATF-TREIN. APG typologies workshops bring together law enforcement agencies, prosecutors, financial intelligence units and regulatory practitioners, along with non-government and private sector organisations from across the region, to share knowledge and expertise in order to improve regional cooperation and AML/CFT implementation. The delegation of Bangladesh was headed by the Executive Director and Deputy Head of BFIU consisting members from BFIU, ACC and DGFI. Moreover, private sector representatives from Bangladesh also attended this year's typology workshop.

This year's typology workshop had a plenary as well as 3 (three) concurrent sessions focusing on: Human Trafficking and People Smuggling; Typologies of Financing and Sanctions Evasion related to Proliferation of Weapons of Mass Destruction (WMD); and Investigating and Prosecuting Internet Facilitated Money Laundering and Terrorist Financing.

Bangladesh delegation shared the country experience in the concurrent sessions of Typologies of Financing and Sanctions Evasion related to Proliferation of Weapons of Mass Destruction (WMD) and Investigating and Prosecuting Internet Facilitated Money Laundering and Terrorist Financing. The typology workshop ended with a high note focusing on the upcoming challenges to prevent money laundering and terrorist financing in the region.

### 6.3.3 APG Regional Workshop on The Exploitation of NPOs for Terrorist Financing

To ensure appropriate skills for effective implementation of the legal and institutional frameworks/mechanisms required by the Financial Action Task Force (FATF) Recommendation 8 and the Immediate Outcome 10 pertaining to NPOs to protect this sector from terrorists' exploitation the Workshop on the Exploitation of NPOs for Terrorist Finance was held in Malaysia during 24–25 November 2017. Two officials from BFIU participated in the workshop. The experience of mutual evaluations in assessing compliance with these standards and the need to understand the nature of the TF threat to NPOs at the national and regional level were highlighted in the workshop. Process of targeted financial sanctions to combat TF in the NPO sector and the importance of using intelligence and intelligence sharing in support of terrorism investigations were also discussed that helped participants to gain detailed understanding of the international requirements.

### 6.3.4 BFIU Officials' Participation in the APG Mutual Evaluation Process

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

Bangladesh has nominated Mr. Kamal Hossain, Deputy General Manager, BFIU to take part in the Mutual Evaluation of Solomon Island for the year 2018-19. Earlier Mr. Kamal took part in the Mutual Evaluation of Thailand in which he contributed as FIU/Financial Expert. Apart from working on various technical compliance issues, he assessed effectiveness of supervision, preventive measures, TF preventive measures and sanctions of Thailand's AML & CFT regime. Mr. Mohammad Abdur Rab, Joint Director, BFIU took part in the Mutual Evaluation of Indonesia for 2017/18 as FIU/Financial assessor. As part of the Mutual Evaluation process Mr. Abdur Rab attended the Pre Mutual Evaluation Meetings, Mutual Evaluation Onsite Meetings and Face to

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Face Meetings in Indonesia during the ongoing Mutual Evaluation Process in 2017-2018. Mr. Abdur Rab also took part in the Mutual Evaluation of Nepal and Bhutan in 2009/10 and 2015/16 as FIU/Law Enforcement Expert and Financial/Regulatory Expert respectively.

### 6.4 Egmont Group

BFIU achieved the membership of Egmont group (association of FIUs) in the Egmont plenary held during 1-5 July, 2013 in Sun City, South Africa. Through Egmont membership BFIU achieved access to a wider global platform which facilitates BFIU to establish relationship with other FIUs and to get benefit by exchanging views, experiences and information via Egmont secure web. BFIU continued to participate in different programs of the Egmont Group in FY2017-18.

# 6.4.1 24th Egmont Group Plenary Meeting and Egmont Committee, Working Group & Regional Meetings

Egmont Group Plenary Meeting and Egmont Committee, Working Group & Regional Meetings are held every year. The 24th Egmont Group Plenary Meeting was held in Macao SAR during 2-7 July 2017 and Egmont Committee, Working Group & Regional Meetings were held in Buenos Aires, Argentina during 12-15 March 2018. A delegation headed by the Head of BFIU participated in both of the programs. 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 held in both programs. Representatives from different FlUs, observers and other partner organizations attended working group meetings and participated in topic wise discussions. BFIU representatives actively participated in all the working groups. BFIU officials joined the projects titled "Business Email Compromise; FIU Autonomy and Operational Independence; Multilateral exchange of corruption related information; and Human Trafficking & Professional Money Laundering Network (PMLN)". In the Regional Working Group meeting, BFIU representative informed that BFIU had been working as a co-sponsor with Korean FIU and Sri Lanka FIU enabling Bhutan FIU and Maldives FIU respectively to get Egmont Group membership and shared the current status of Bhutan FlU and Maldives FlU in the meetings. Further, the Heads of FIU of the Asia Pacific region discussed on providing more assistance to other non-member FIUs to achieve Egmont Group membership and arrange training programs for FIUs of the Asia Pacific region focusing on specific areas.

One of the important activities of the meetings is the MoU signing ceremony between the member FlUs. BFIU signed MoU with the FlUs of Monaco, Venezuela, Solomon Islands, Vanuatu, New Zealand, Tanzania, Namibia and Cuba during both the meetings.

### 6.4.2 Working as sponsor in the process of candidate FIU's Egmont Group membership

BFIU is sponsoring Maldives FIU and Bhutan FIU in the process of getting the Egmont Group membership along with FIU-Sri Lanka and Korean FIU respectively. The AML/CFT legal framework of FIUs of Maldives and Bhutan have been reviewed. Besides, the operational status of the said FIUs has already been reviewed. The findings of BFIU have been shared with the FIU-Sri Lanka and Korean FIU from time to time. BFIU is providing feedback to the FIUs of Bhutan and Maldives from time to time to meet up the identified gaps and to fulfill the required Egmont membership criteria thereby.

### **6.4.3** Intelligence Exchange at the international level

As a member of the Egmont Group of FlUs, BFIU exchanges information with the member FlUs through Egmont Secure Web (ESW) as and when required. BFIU also exchanges information with the non-Egmont member FlUs. During FY 2017-2018 BFIU has received 28 requests from the FlU of different countries and provided information accordingly. BFIU has also made 57 requests to the FlU of different countries.

### 6.5 United Nations Convention against Corruption

The United Nations Convention against Corruption (UNCAC) is the only legally binding universal anti-corruption instrument. The vast majority of United Nations member states are parties to the Convention. The Convention covers five main areas: preventive measures, criminalization and law enforcement, international cooperation, asset recovery, and technical assistance and information exchange. The Convention covers many different forms of corruption, such as bribery, trading in influence, abuse of functions, and various acts of corruption in the private sector.

# Seventh session of the Conference of the States Parties to the United Nations Convention against Corruption



Bangladesh delegation headed by the Chairman, Anti-Corruption Commission (ACC) along with BFIU Head at the 7th Conference of State Parties to the UNCAC, 6-10 November, 2017, Vienna, Austria.

The Conference of the States Parties (COSP) is the main policy-making body of the Convention, supporting States parties and signatories in their implementation of the Convention and providing policy guidance to UNODC to develop and implement anti-corruption activities. The adoption of the Convention into domestic law and its actual implementation by states parties is evaluated through a unique peer-review process, 'the Implementation Review Mechanism'. The Seventh session of the Conference of the States Parties to UNCAC was held in Vienna, Austria during 6-10 November 2017. A delegation of BFIU headed by the Head of BFIU attended the conference.

In the resolution of 6/1 of 6 November 2015 the Conference of the States Parties to the UNCAC requested the Implementation Review Group to consider adopting a multi-year work plan to continue its analytical work during the period 2016–2019. UNCAC requested the Secretariat to review and restructure the provisional agenda of the Implementation Review Group and of Annual Report 2017-18

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6.5.1

other subsidiary bodies avoiding the duplication of discussions respecting their mandates during the conference. It was also requested to the Implementation Review Group to submit a set of non-binding recommendations and conclusions based on lessons learned regarding the implementation of chapters III and IV of the United Nations Convention against Corruption to the Conference for its consideration and approval.

The Conference also endorsed the multi-year work plan adopted by the Implementation Review Group at the session and invited States parties of the Implementation Review Group to share their impressions on the implementation of the work plan.

### 6.6 Workshop on Cybercrime and Cyber Security for BIMSTEC Member Countries

A Workshop was organized jointly by BFIU and World Bank on Combating Cybercrime and Cyber security for Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Member Countries during 13-15 March 2018. Participants of different Government agencies from the member countries attended the 3 day long workshop. From Bangladesh, officials of Anti Corruption Commission, CID, Bangladesh Police, CTTC, Bangladesh Police, Ministry of Home, Ministry of Law, Justice and Parliamentary Affairs and BFIU actively participated in the workshop. Important issues related to international and regional cooperation to combat cybercrime, the Budapest convention on cybercrime, E-Evidence and Digital Forensics, were discussed in the workshop.

### 6.7 7th GSPWG Meeting and 9th AFI Global Policy Forum 2017

The 7th Global Standards Proportionality (GSP) Working Group Meeting was organized by Alliance for Financial Inclusion (AFI) and co-hosted by the Central bank of Egypt, in conjunction with the 9th Global Policy Forum (GPF) during 11-15 September 2017.

The GSP working group provides a platform for AFI members to find out effective ways to implement global standards for financial stability and integrity proportionately and ensure that financial inclusion is pursued in tandem with a safe and sound financial system. Main agenda of the working group meeting were survey result on shadow banking & draft guidance note, AML/CFT & financial Inclusion- proposal on practical toolkits to balance financial inclusion and financial integrity, survey results on Basel standards implementation etc.

Membership council of AFI unanimously endorsed the Sharm El Sheikh Climate Change Accord, which mandates the AFI network to pursue peer learning on practical policy solutions to the intersecting challenges of financial inclusion, climate change and green finance.

The membership council endorsed the creation of the Gender and Women's Financial Inclusion Committee as a permanent committee of the AFI Board of Directors. It also ratified a new AFI Board of Directors with Banco Central do Brasil as Board Chair and Bangladesh Bank as Vice Chair.

### 6.8 3rd Bilateral CFT Banking Dialogue

In order to promote and engage domestic and bilateral public-private financial sector cooperation in anti-money laundering and combating the financing of terrorism (AML/CFT), with the goal of encouraging development of robust AML/CFT regimes in Bangladesh a banking dialogue was initiated by the US Department of Justice (USDoJ) and Bangladesh Financial Intelligence Unit (BFIU). In continuation of this initiative USDoJ organized the '3rd Bi lateral CFT Banking Dialogue' program in Kuala Lumpur, Malaysia during 07-09 August, 2017. Officials from different agencies of US Government, Financial Intelligence Unit of Malaysia and

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BFIU facilitated the program as resource persons. On the other hand, Chief Executive Officers of eight commercial banks of Bangladesh attended as participants. This program was focused on the recent trends on AML/CFT issues. Malaysia's commercial banks' compliance officers also attended the meeting to share their knowledge with the participants. Earlier 2 (two) outreach programs were held in USA & UK in 2015 and 2016 respectively under this initiative.

### 6.9 Knowledge Sharing Visit to Malaysia on e-KYC

The e-KYC is a faster process of doing KYC of customer instantly by verifying his/her identity document or bio-metric data. Bangladesh Bank has constituted a multi stakeholders Working Committee chaired by the respective Executive Director, Bangladesh Bank to assess the viability of e-KYC in Bangladesh and formulate policy recommendations for the stakeholders. A few of the Committee members headed by the operational head of BFIU visited Malaysia during 10-11 April, 2018 to enrich their knowledge from Malaysian experience on e-KYC.

### 6.10 The First Financial Inclusion Global Initiative Symposium, India 2017

BFIU official participated as Panel member in the first Financial Inclusion Global Initiative (FIGI) Symposium held in Bangalore, India, during 29 November to 1 December 2017. The Symposium was organized by the International Telecommunication Union (ITU), in collaboration with the Bill & Melinda Gates Foundation, the World Bank, the Committee on Payments and Market Infrastructure (CPMI) and the support of the Government of India. The theme of the event was Innovative Approaches to Digital Financial Inclusion Challenges, highlighting the need to leverage information and communication technologies (ICTs) and new approaches to financial inclusion.

The main objectives of the Symposium are to provide a unique platform for regulators, policymakers and DFS experts to share lessons learned about the different digital financial models and services, ways to mitigate risks in fast-changing ICT and digital payment environments, and the impact of emerging technologies on the ecosystem, showcase digital financial inclusion initiatives and innovations taking place at the international level, etc.

Two officials from BFIU attended the symposium as panel speaker and participant. In the panel discussion, the legal framework and preventive measures taken in Bangladesh to combat ponzi/pyramid schemes during 2012-2014 were focused. BFIU official also mentioned that internet intermediaries should also have legal obligation to monitor suspicious communication/traffic related with criminal activities and submit suspicious reports to a designated authority. Otherwise, containing financial crime abusing digital communication system such as fraudulent digital investment schemes is extremely difficult for the law enforcement agencies alone.

# 6.11 Anti Terrorism Consultations between Bangladesh and Germany

Germany and Bangladesh had signed a Joint Declaration of Intent (JDI) for conducting bilateral political exchange on counter terrorism issues on 18 February 2017. On this occasion, first anti-terrorism consultations took place on 08 November 2017 in Berlin. Bangladesh team was headed by Director General (UN), Ministry of Foreign Affairs, and other members were Joint Director, Bangladesh Financial Intelligence Unit; Deputy Secretary, Ministry of Home Affairs and Deputy Police Commissioner, Bangladesh Police.

Discussion points of the bilateral consultation were Regional Threat Analysis (Europe, Middle East, South Asia etc.), Countering terrorism and Preventing Violent Extremism, FTFs, Terrorist Financing and Other Organized Crimes, International Cooperation (UN Initiatives, GCTF, GCERF etc).

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# Professional Development of BFIU Officials

In all ages human resources are the most essential component of any organization. An effective FIU without skilled workforce is impossible in an age of extreme competence. 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 at 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.

### 7.1 Assessor Training Workshop of APG

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

In FY 2017-18 one official from BFIU participated in the APG Assessor Training Workshop. He participated in the Training Program held in Wan Chai, Hong Kong during 08-12 January, 2018.

# 7.2 Australia Awards South and West Asia Countering Violent Extremism (CVE)-Countering the Financing of Terrorism, Bangladesh

Australia Awards South and West Asia (AASWA) program organized a short course titled 'Countering the Financing of Terrorism (Delivery-2)' for officials of Bangladesh from different sectors. Four officials from Bangladesh Financial Intelligence Unit (BFIU) along with 16 other officials from different ministries, intelligence and law enforcement agencies participated in the program funded and managed by the Australia Government's Department of Foreign Affairs and Trade (DFAT). The focus of the short course was to explore the available counter measures that can be deployed to disrupt the financing of terrorist activities. It was designed into three phases, ie: Online delivery, 06 - 08 November, 2017, In - Australia delivery, 20 November - 01 December, 2017, Return to Work Plan (RWP) Workshop, 23-25 April, 2017. The course components were coordinated by University of Queensland, Brisbane.

The first component delivered online was focused on assessing the participants' pre-course needs. In the first component all the participants had to submit their individual "Return to Work Plan (RWP)", a planning which the participant would implement in his/her workplace. The second component took place in University of Queensland, Brisbane and Canberra, Australia where participants attended different sessions on international instruments on countering of terrorism, domestic implementation on international CTF obligations, legal and operational framework etc. During the course representatives from Australian Financial Intelligence Unit (AUSTRAC) shared their tools and techniques for monitoring and reporting of suspicious financial transactions with the participants. Return to Work Plan (RWP), the main action learning

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component of the program guided participants to identify individual goal that could be achieved in the context of their organization to strengthen the knowledge, skills obtained in the short course, review on their goal whilst in Australia and implement upon return to Bangladesh. All the participants presented their individual RWP on the final day of the short course in Australia and committed to implement it after returning to Bangladesh.

Finally, in the third and last component 'Return to Work Plan Review Workshop', a team from Australia Awards visited Bangladesh to follow up the implementation progress of the RWPs and reviewed the final report of the assigned projects. In this component the participants of the short course presented the implementation status of their Return to Work Plan before the Australia Awards team.

### 7.3 In-house Training

To enhance the capacity of its officials, BFIU arranges in-house training programs on regular basis. Officials of BFIU, who receive training or attend workshop, seminar, summit etc. at home and abroad, have to share the experience with all other officials of the unit. In addition to that, to keep pace with the emerging technologies in financial sector BFIU arranged different training programs for its officials in FY 2017-2018. BFIU invited resource persons from regulators and private sector for conducting sessions on fintech, emerging products and technologies. In the In-house training programs among other topics new topics like ASYCUDA World, On-line Payment Gateway, Crypto currency were covered.

### 7.4 Professional Intelligence Course for BFIU Officials



Governor, Bangladesh Bank and Director General, DGFI with the participants of the "Professional Training on Intelligence Understanding and Counter Terrorism Financing" during 3-6 December, 2017

A four day long professional intelligence course for the second time was held for the Bangladesh Financial Intelligence Unit's (BFIU) officials organized by Counter Terrorism Intelligence Bureau (CTIB) of Directorate General of Forces Intelligence (DGFI). The course was held during 03-06 December, 2017 at DGFI Head Quarter. Governor, Bangladesh Bank and Director General, DGFI, were present at the closing and certificate awarding ceremony as chief guest and special guest respectively. Twenty officials of different positions of BFIU 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.

The professional intelligence course is indeed a unique training arrangement between two intelligence agencies as combating money laundering and terrorist financing without active engagement of all concerned agencies is extremely difficult. 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. Therefore, the works of these two agencies are complementary to each other.

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.



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 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.

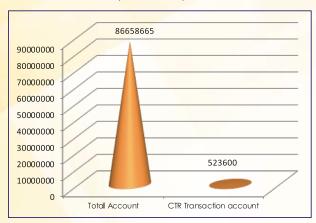
### 8.1 Strategic Analysis on the CTRs received during the FY2017-18

Bangladesh is a country of cash based economy. People prefer cash transaction with belief that cash is more reliable than transfer or clearing transaction. To hide the source and destination of money some criminals abuse the financial institution by conducting transaction in cash. Thus money derived from corruption or other illegal sources are received in cash and entered into financial institutions and also withdrawn from bank for use in illegal payment.

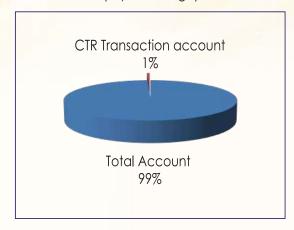
BFIU has undertaken a strategic analysis of the cash transaction report (CTR) reported during the FY 2017-18 which shows the proportion of CTR accounts in terms of total accounts, geographical location wise transaction volume, volume of deposits and withdrawals in the CTR and so on. The outcomes of the analysis enable BFIU and its stakeholders to understand the patterns and trends of cash transaction and related issues. It has also enabled BFIU to draw conclusions for taking prompt and strategic action for policy formulation and for setting operational priorities for financial sector.

### CTR accounts in terms of total accounts:

Total account & CTR account (in number)



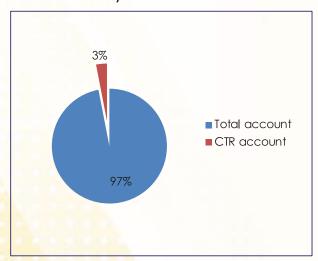
Total accounts & CTR threshold account (in percentage)



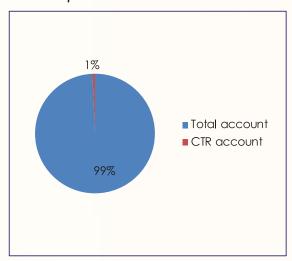
The chart shows proportionate representation of total number of accounts and accounts under CTR threshold during the FY 2017-18. Of the total 8,66,58,665 accounts cash transactions had been reported as CTR in case of 5,23,600 accounts. It indicates that one percent of the total accounts maintained with banks and FIs was transacted above CTR threshold. If no transaction and low volume accounts could be deducted in determining total number of accounts, the percentage of CTR transaction accounts may jump to a higher percentage.

### Cash transaction percentage in entity account and personal account:

Total entity accounts & CTR accounts



Total personal accounts & CTR accounts

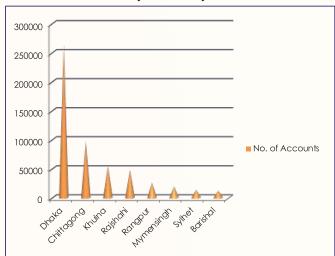


Total number of accounts in banks includes inactive, dormant, DPS, FDR, no frill accounts etc.

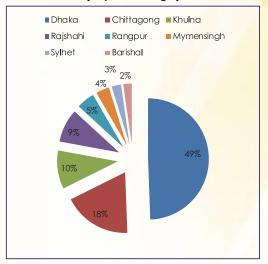
Out of 8,66,58,665 accounts there are 1,01,25,471 entity accounts and 7,65,33,194 personal accounts with financial institutions of Bangladesh. While analyzing the cash transactions during the FY 2017-18, it has been found that cash transactions have been reported in 3,18,274 entity accounts which cover 3% of the total entity accounts. On the other hand, cash transactions have been performed in 5,23,600 personal accounts which is 1% of the total personal accounts. This is higher than any other country in south East Asia compared to our economic size and population.

#### Geographical location wise CTR by no. of accounts:

## Geographical Location wise Accounts (in number)



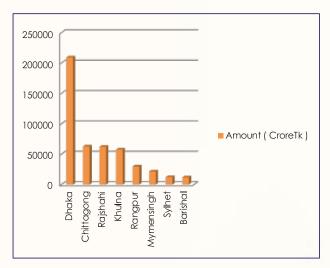
## Geographical Location wise Accounts (in percentage)



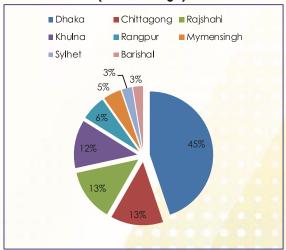
The highest number of cash transaction accounts were from Dhaka division that is 49% while Chittagong, Khulna, Rajshahi contributed 18%, 10% and 9% respectively to the CTR. The trend of geographical distribution of CTRs is consistent to the economic size of the geographical area.

#### Geographical location wise CTR by volume:

#### Geographical location wise Transaction volume



## Geographical location wise Transaction volume (in Percentage)



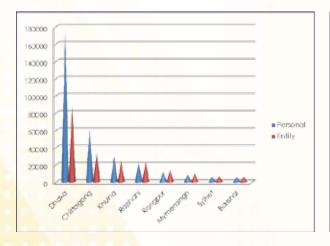
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	Total no. of	% of total	Total volume in	% of total CTR
District	account	CTR A/C	crore taka	amount
Dhaka	263301	49%	217619	45%
Chattogram	97058	18%	62654	13%
Khulna	54686	10%	57554	12%
Rajshahi	47639	9%	62063	13%
Rangpur	25759	5%	29550	6%
Mymensingh	18941	4%	21436	5%
Sylhet	13364	3%	12185	3%
Barishal	12062	2%	11867	3%

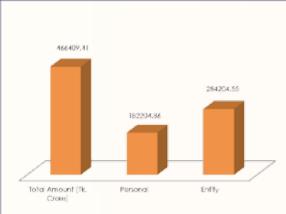
The highest number of cash transactions had been reported from Dhaka and Chittagong division that were 45% and 13% respectively which is a little bit lower in proportion to the number of CTR threshold accounts. The cash transaction volume had been increased in Rajshahi (13%) and Khulna (12%) in proportion to the number of CTR threshold accounts (9% and 10%). Furthermore, Rangpur, Mymensingh, Sylhet and Barisal division contributed 6%, 5%, 3% and 3% respectively to the CTR amount. The statistics indicate that, on average customers of Rajshahi and Khulna division transact cash more frequently and in high volume. This may be because of the presence of border area in these regions.

#### Cash transaction by type of accounts:

Cash transaction in personal & entity account (in number)



Cash transaction in personal and entity accounts (by volume)



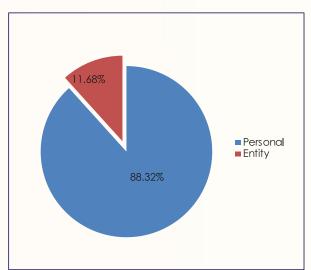
The number of personal accounts in which cash transaction had been conducted was almost twice the number of entity accounts in Dhaka division and Chittagong division while it is equal in the other divisions of the country. While analyzing STRs submitted in BFIU it is observed that in many cases reporting organization suspects that these business entities transact huge amount of business proceeds in cash in their personal account to hide their business income. This indicates that personal accounts are being abused for tax evasion purposes. During tax assessment entity's bank account is considered as entity's income. Tax authority can't find out entity's owner's account in most cases. So people may prefer their personal account to entity's account for business transaction. Tax authority may conduct in-depth study to dig into the matter.

The entity account may also be used in illegal 'Hundi' activities.

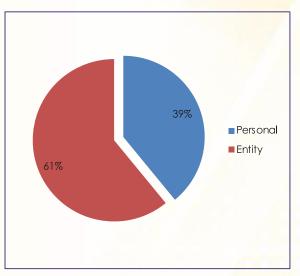
During the FY 2017-18 the total reported cash transaction was 4,66,409.41 crore where 2,84,204.55 crore had been done in entity accounts and the rest 1,82,204.86 crore had been done in personal accounts. From STR analysis it has been observed that personal accounts might have been used for depositing illicit money derived from illegal sources i.e. corruption, drug smuggling, human trafficking etc.

#### Cash transaction by type of accounts (in percentage):

Cash transaction in personal and entity accounts by number (in percentage)



Cash transaction in personal and entity accounts by volume (in percentage)



Of the total CTR transaction accounts personal accounts covered 88.32% accounts whereas entity accounts covered only 11.68% accounts. But the amount of cash involved in the transactions of the entity accounts was found much higher (61%). Amount of cash involved in personal accounts transactions was much lower (39%) in proportion to the number of reported accounts (88.32%). In fact, these 88.32% personal account transaction valued Tk. 1,82,204.86 crore, and the 11.68% entity account transaction valued Tk 2,84,204.55 crore.

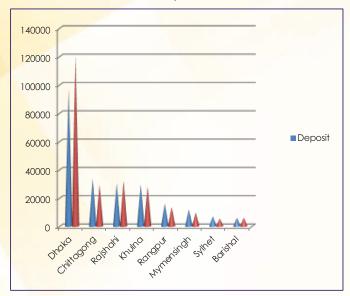
Usually, business should prefer transfer/clearing transaction to cash to make their transaction documented and for the sake of security. But from the analysis we see that business entities transacted about 3 trillion above threshold limit. For individual, cash carrying is a risky task. But

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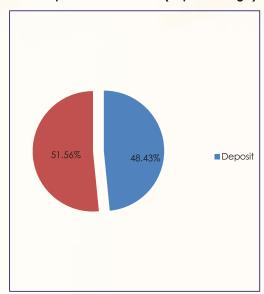
from the analysis it is found that about 2 trillion above threshold limit was transacted during the financial year. We should take appropriate measures to reduce the cash transaction to a logical range to deter various offences.

#### Deposit and withdrawal in CTR threshold:

#### Division wise deposit & withdrawal



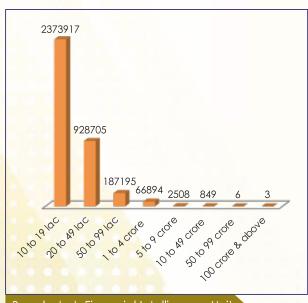
#### Total deposit & withdrawal (In percentage)



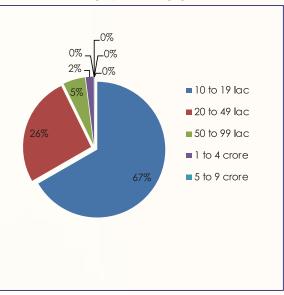
Withdrawal amount (51.56%) was more than the deposit (48.43%) which shows that people are more inclined to withdraw money in cash. It may be to hide the destination of money. This trend has been found in Dhaka and Rajshahi division but in other divisions the deposit seems to be more than the withdrawal amount.

#### Cash transaction by volume:

#### Amount range & frequency of transaction



### Amount range & frequency of transaction (in percentage)



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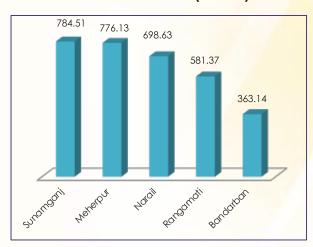
It has been found that almost two-third of the transactions reported in CTR were within 10 to 19 lacs. 26% transactions were between 20-49 lac, 5% were between 50 to 99 lac, 2% transactions were within 1 to 4 crore i.e. 66894 times whereas transactions between 5 to 9 crore taka have been performed in 2508 times, transactions between 10 to 49 crore taka have been done in 849 times, transactions within 50 to 99 crore taka have been done in only 6 times and 100 crore and above in only 3 times. The findings are alarming that some customers transacted high volume of cash which has no logic. It is surprising why a customer needs Tk. 100 or above crore in cash. The authority may address these and it requires in-depth investigation. This high volume of cash currency may be used in smuggling of currency or they may be received from big deal of corruption.

#### District wise Cash transaction:

#### Top five districts (amount)

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#### Lowest five districts (amount)



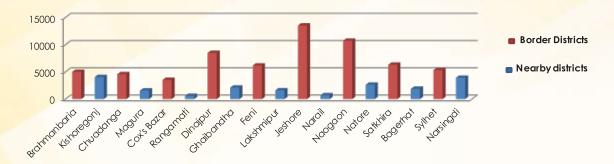
The top district in terms of reported cash transaction volume was Dhaka. The 2nd one was Chittagong but almost four times lower than Dhaka. Narayangonj, Khulna, and Gazipur positioned 3rd, 4th and 5th respectively. On the other hand, the districts which positioned in the bottom of the Cash transaction list are Bandarban, Rangamati, Narail, Meherpur and Sunamgonj (from lowest to highest). The finding seems to be usual as per trend of economic activities of the districts.

#### Cash transaction in borders & nearest districts:

Border Districts	Total Amount (Tk. Crore)		Nearby Districts	Total Amount (Tk. Crore)	comment
Jeshore	13522.42	Compared to	Narail	698.63	1936%
Cox's Bazar	3522.57	Compared to	Rangamati	581.37	606%
Naogaon	10731.97	Compared to	Natore	2643.24	406%
Dinajpur	8482.73	Compared to	Ghaibandha	2110.52	402%
Feni	6171.19	Compared to	Lakshmipur	1608.83	384%
Satkhira	6323.47	Compared to	Bagerhat	1891.16	334%
Chuadanga	4572.68	Compared to	Magura	1572	291%
Sylhet	5334.12	Compared to	Narsingdi	3916.84	136%
Brahmanbaria	5010.94	Compared to	Kishoregonj	4042	124%

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Table: Comparison between borders & nearby districts.



Among the 32 border districts 9 districts e.g. Brahmanbaria, Chuadanga, Cox's Bazar, Dinajpur, Feni, Jessore, Naogaon, Satkhira and Sylhet along with their nearby districts have been selected considering their economic significance to show a comparison in terms of reported CTRs. It has been found that reported cash transaction volume was much more in these border districts than in the other nearest districts. Furthermore, among the selected border districts, cash transactions have been found much higher in Jessore and Naogaon. Though economic size of Narail is smaller than Jeshore to some extent, it is a striking fact that the cash transactions in Jeshore is almost 1936% higher than the cash transactions in nearest district Narail. For other border districts, it is much higher than their nearest districts. These high cash transactions in border areas are the indication of Hundi, trade based money laundering, currency smuggling etc. Law enforcement authorities should address these high value cash transactions in border areas.

#### Outcomes:

- About one percent accounts of the total accounts was transacted above CTR threshold.
- The statistics indicate that, on an average, customers of Rajshahi and Khulna division transact cash more frequently and in high volume. This may be because of the presence of border area in these regions.
- The number of personal accounts in which cash transaction took place was almost twice the number of entity accounts in Dhaka and Chittagong division while it is equal in the other divisions of the country. This indicates that personal accounts are being abused for tax evasion purposes.
- 4. Personal accounts may be used for depositing illicit money derived from illegal sources i.e. Corruption; drug smuggling, human trafficking etc.
- 5. Business entities transacted about 3 trillion and personal accounts about 2 trillion above threshold limit during the financial year 2017-18.
- 6. Conducting high volume of cash like 100 crore or more in a day by some customers requires further investigation.
- 7. Reported cash transaction volume was much more in these border districts than in the other nearest districts. It is a striking fact that the cash transactions in Jessore was almost 1936% higher than the cash transactions in nearest district Narail. For other border districts also it has been significantly higher than their nearest districts.

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#### 8.2 MFS: Strategic Analysis

**Background:** BFIU received 609 STRs/SARs against agent accounts on suspicion of hundi through mobile financial services (MFS) from various MFS providers. To analyze these STRs effectively, BFIU attempted to develop indicators and conduct indicator-based analysis.

Selection of Indicators: BFIU selected three indicators to accomplish the analysis:

- i) around 100% cash-in among the transactions
- ii) 3 or more cash-in transactions in a minute, and
- iii) cash-in transaction during mid-night

(Cash-in means receiving cash by an agent from a person and transferring e-money to a personal mobile account)

Grounds for indicator-based analysis: The decrease of remittance inflow through formal channel during 2017 was a burning issue in the financial sector of Bangladesh. It was alleged that remittance fell mainly due to the abuse of the MFS platform by numerous MFS agents to send remittance of the wage earners illicitly into Bangladesh. Bangladesh Bank conducted survey and BFIU conducted inspection on selected MFS providers to find out the reason for this decrease. From the inspection report, survey report and media report, it was revealed that a hundi activity was the main reason for decrease in the remittance inflow. BFIU came to know that the people involved in hundi used to collect money from Bangladeshi wage earners and send that money to the beneficiaries in Bangladesh at a cost lower than that in formal channel. The people involved in hundi never sent the foreign currency to Bangladesh; they had the agents in Bangladesh who paid the remittance in Taka to the beneficiaries through MFS accounts as per instruction obtained from their counterparts. In this process, they used some mobile apps and computer based automated system by which 3 or more cash-in transactions could be performed in a minute which is not possible by a human being if s/he operates his/her mobile. The MFS agents who were involved in this process generally had more cash-in transactions than cash-out. Also such cash-in transactions are performed during mid-night which is quite unusual. This is why the above stated indicators had been used in this analysis of 609 STRs.

**Categorization of STRs/SARs:** Upon scrutinizing the grounds for submitting STRs/SARs by the MFS providers, 609 STRs/SARs were classified into the two following categories:

SI.	Indicators	No. of STRs/SARs
1	Around 100% cash-in among the transactions	521
2	Suspicious activities related to informal remittance	88

BFIU further added another indicator—cash-in during late night (2:00am-4:00am) and detected 236 STRs under this indicator. BFIU found 18,892 MFS agents who performed such late-night cash-in.

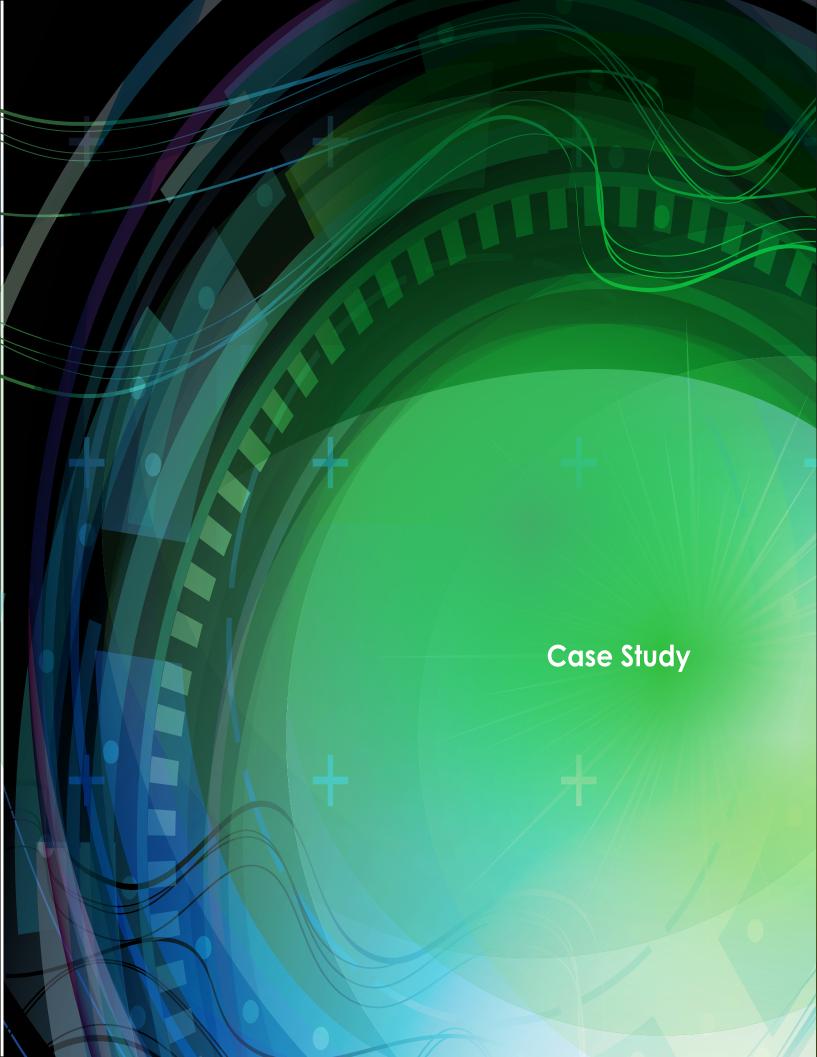
**Analysis:** Besides analyzing 609 STRs/SARs, BFIU randomly selected 25 STRs/SARs from the three indicators for in-depth analysis.

SI.	Indicators	No. of STRs/SARs analyzed
1	around 100% cash-in among the transactions	15
2	3 or 4 cash-in transactions in a minute	5
3	cash-in transactions during night (2:00am-4:00am)	5

**Findings and Measures:** Out of 609 agents, 417 agents had more than one personal account (total 1863) violating instructions of the circular of Payment System Department of (PSD) Bangladesh Bank. Actually the alleged agents used these personal accounts to facilitate the hundi transactions. BFIU prepared a report based on the findings of the analysis and disseminated it to LEA. BFIU also imposed freeze order on the transactions of 2887 MFS agent accounts. BFIU also instructed the MFS providers to take initiatives to comply with the PSD circular and closely monitor the transactions based on the indicators to identify suspicious transactions.

The case disseminated to LEA is now under investigation. Primarily LEA has already interrogated 8 MFS agents and found their connection with hundi activities through MFS channel.

**Impact:** In FY 2014-15 the foreign remittance inflow was US\$ 15,317 million which fell to US\$ 14,931 million in FY 2015-16. In the first 8 months of FY 2016-17, remittance inflow was more slow and stood at 18% lower than previous year's remittance of same period. But after taking integrated measures, the remittance inflow scenario changed. In the first 8 months of FY 2017-18, the remittance inflow stood at US\$ 9,461 million which is 16.56% higher than the remittance of first 8 months of FY 2016-17.



#### Case 1:

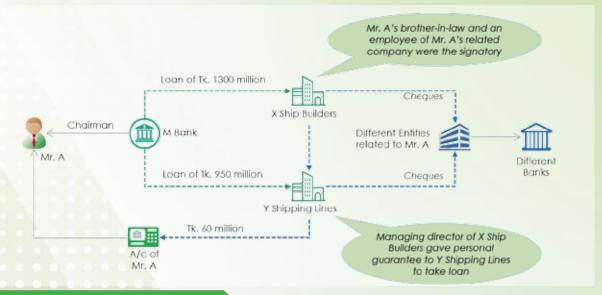
#### Bank chairman and two customers colluded to embezzle loan fund through corruption.

Department of Banking Inspection (DBI) of Bangladesh Bank informed BFIU that X Ship Builders and Y Shipping Lines obtained loan of Tk. 1300 million and Tk. 950 million respectively from M Bank to purchase cargo ship, oil tanker, fishing trawler, etc. But the said companies diverted this fund through transferring to FDR and other accounts. The chairman (Mr. A) and a few directors of M Bank were also allegedly involved in this activity.

Based on the complaint, BFIU collected relevant information and documents from M Bank and upon analysis, found the following clues:

- Mr. A's brother-in-law and an employee of Mr. A's related company were the signatory of the X Ship Builders' account.
- Major portion of the loan of X Ship Builders was transferred to different accounts in 15 banks, of which Tk. 60 million was transferred to Mr. A's account in M Bank through Y Shipping Lines.
- Loan was sanctioned before X Ship Builders' account was opened. Application, branch proposal, approval of bank management, etc. of letter of credit of X Ship Builders were processed quickly (in some cases, within a day).
- Managing Director of X Ship Builders gave personal guarantee to Y Shipping Lines to take loan. Copy of his national identification number could not be found.
- M Bank disbursed loans to Y Shipping Lines to purchase ship from X Ship Builders, but the
  major portion of the loan was not transferred from Y Shipping Lines to X Ship Builders as per
  sanction, rather the fund was transferred to different accounts in 14 banks.

BFIU analyst did not find any reasonable ground for transferring the loan fund to different unrelated parties' accounts in different banks. This is why it was presumed that chairman and a few directors of M Bank in collusion with its two clients embezzled the loan of Tk. 2250 million through corruption. Finally, an analysis report with supporting documents was disseminated to Anti-Corruption Commission for further investigation and next course of action under the provision of MLPA, 2012.



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Offence	Corruption
Customer	Sole Proprietor, Limited Liability Company
Industry	Bank
Channel	Banking Channel
Report Type	Complaint
Jurisdiction	Domestic
Designated Service	Credit service
Indicators	<ul> <li>Loan fund was inconsistently transferred to accounts of bank chairman and other unrelated parties</li> <li>Bank chairman's related persons were the signatories</li> <li>Fund was not paid to the seller, rather transferred to other accounts</li> </ul>

#### Case 2:

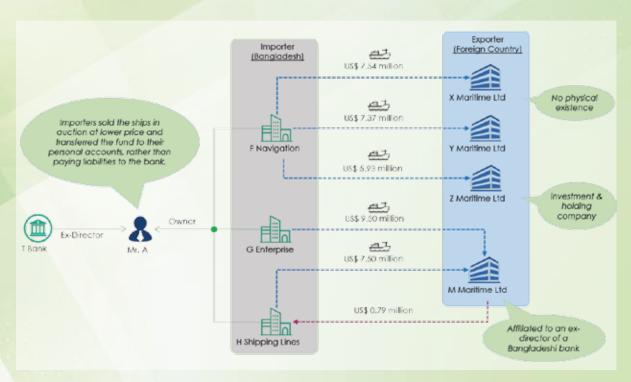
## Smuggling of currency through over invoicing and fake documentation by a sole proprietor and his related companies

Various media reports alleged that F Navigation owned by a former director (Mr. A) of T Bank had been smuggling currency abroad through over invoicing while importing scrap vessels. Allegation of loan scam against the said person and organization had also been raised. Based on the allegation, BFIU collected relevant information and documents from banks and conducted onsite inspection on the concerned bank branches.

Upon analysis, it was found that F Navigation had imported three scrap vessels from three foreign companies (X, Y and Z) amounting to US\$ 20.84 million. Among the three exporting companies, X had no existence in the exporting country as evidenced by the local registry office and Y was actually an investment & holding company. On the other hand, two of Mr. A's companies (G Enterprise and H Shipping Lines)imported scrap vessels amounting US\$ 9.50 million and US\$ 7.50 respectively from the same exporter, M Maritime Ltd, an affiliated company of an ex-director of another Bangladeshi bank who had already been convicted of currency smuggling through fake documentation.

In all the LC transactions, the importer companies did not meet up the liabilities of the banks while the exporter M Maritime Ltd transferred US\$ 0.79 million to the importer H Shipping Lines through Foreign Telegraphic Transfer (FTT). Moreover, the imported ships were sold in auction at lower price, at least 50% lower than the actual import price and the whole amount was transferred to the personal accounts of the directors of importer companies.

For the above reason, BFIU analyst suspected that importer companies smuggled currency through over invoicing and fake documentation while importing scrap vessels from fake companies that had no existence and ship business at all. Finally, an analysis report with supporting documents was disseminated to the Customs Intelligence & Investigation Directorate and CID of Bangladesh Police for further investigation and necessary legal actions under the provisions of MLPA, 2012.



Offence	Smuggling of currency, Loan Fraud
Offerice	
Customer	Sole Proprietor
Industry	Bank
Channel	Banking Channel
Report Type	Complaint (Newspaper)
Jurisdiction	Transnational
Designated Service	Account services, Letter of Credit, Credit Service
Indicators	<ul> <li>Exported goods were not in line with exporter's business</li> <li>One of the exporters was convicted for currency smuggling</li> <li>Exporter made a payback to importer trough FTT</li> <li>Importer did not adjust the import liability</li> <li>Imported ship was sold in auction at lower prices</li> </ul>

#### Tax evasion through false declaration while importing goods

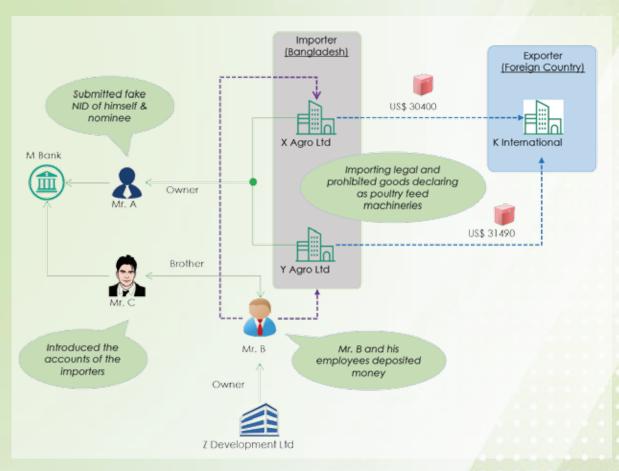
BFIU came to know from different media reports that Customs Intelligence and Investigation Directorate had seized 12 containers of goods (containing 16710 bottle liquor, 4074 HD, LED and Curbed TV, 281 photo copier machines, 38.4 million stick cigarettes) that were illegally brought in Chittagong Port by declaring as poultry feed machineries. The estimate price of these goods was approximately US\$ 16.75 million. The importer was X Agro Ltd and Y Agro Ltd owned by Mr.

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A and exporter was K International. Based on that, BFIU collected information and documents regarding the said entities, its proprietor and related parties from banks.

BFIU analyst, analyzing KYC and other document, found that Mr. A's NID did not match (Photo and data is different) with and nominee's NID (wife of Mr. A)was not found in the NID database of Bangladesh Election Commission, i.e. Mr. A submitted false NID and nominee information to M Bank while opening account. Moreover, the existence of the two entities was not found in given address and the factory visit report was found fake during onsite visit. It was also found that the imported goods were not in line with importer's (X Agro Ltd and Y Agro Ltd) business and, Mr. B (brother of Mr. C who introduced the accounts) and different employees of his company (Z Development Ltd) deposited money into the importers' accounts. This money was used to repay two LCs that valued US\$ 61,890.

For the above reasons, BFIU analyst suspected that Mr. B (depositor) and his brother Mr. C (introducer) imported the seized goods (legal and prohibited) through an internal arrangement with a view to evading the customs & excise duty by giving false declaration. Finally, an analysis report with supporting documents was disseminated to CID of Bangladesh Police and Customs Intelligence and Investigation Directorate for further investigation and next course of action as per MLPA 2012.



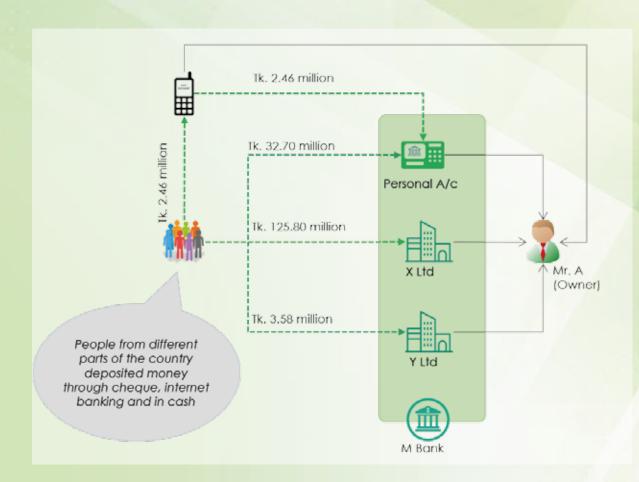
Offence	Smuggling and offences related to customs & excise duties.
Customer	Sole proprietorship Business
Industry	Bank
Channel	Banking Channel
Report Type	Complaint (Media)
Jurisdiction	Transnational
Designated Service	Letter of Credit
Indicators	<ul> <li>Submitting fake NID of account holder &amp; nominee</li> <li>False declaration of goods</li> <li>Imported goods not in line with importer's business</li> <li>Importing prohibited products</li> </ul>

## Facilitating transaction of foreign remittances through unauthorized mobile apps by mobile developer companies

An MFS provider raised a complaint that some mobile app developer companies had been facilitating foreign remittance transaction through unauthorized mobile apps from Google play store. Based on the complaint, BFIU collected relevant information and documents of the alleged person and entities from bank and conducted onsite inspection on the concerned bank branches.

Upon analysis, it was found that people from different parts of the country deposited Tk. 2.46 million to the mobile account of Mr. A, who owned two IT companies (X Ltd and Y Ltd) and this money was transferred to his personal account in M Bank. Moreover, the personal bank account was credited by Tk. 32.70 million and the accounts of the said two entities were respectively credited by Tk. 125.80 million and Tk. 3.58 million through internet banking, clearing cheques and cash transactions of small values by various people from different parts of the country. Such transactions seemed to be inconsistent with the purpose of the accounts and profession of Mr. A. Moreover, X Ltd and Y Ltd had the same address similar to the address of Mr. A.

As a result, it was suspected that the alleged companies developed unauthorized mobile apps to facilitate foreign remittance and the people who procured those apps deposited money into the mentioned accounts of Mr. A. Finally an analysis report with supporting documents was disseminated to the CID of Bangladesh Police for further investigation and necessary legal actions under MLPA, 2012.



Offence	Remittance through illegal channel
Customer	Person
Industry	Bank and Mobile Financial Service
Channel	Banking channel, MFS platform
Report Type	Complaint
Jurisdiction	Domestic
Designated Service	Account Services
Indicators	<ul> <li>Money deposited to mobile account from different parts of the country and then transferred to specific bank account</li> <li>Money in small value deposited into bank account by various people, that is inconsistent with the purpose of the account and profession</li> <li>Two entities with same address that is similar to the owner's address</li> </ul>

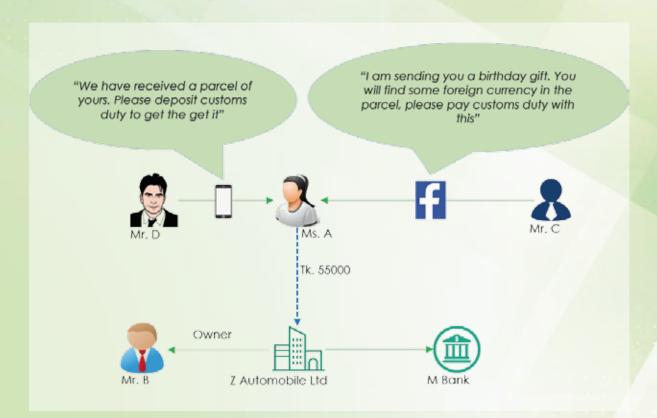
#### Deceiving facebook-friend by offering birthday gift

Based on a written complaint lodged by Ms. A, M Bank came to know that its customer Mr. B's business account had been used for collecting proceeds of fraudulent activities and reported an STR to BFIU.

Ms. A alleged that she was introduced with Mr. C living abroad through facebook and they used to chat on messenger. Mr. B expressed his interest to send a birthday gift to her. Informing that the customs authority of Bangladesh may ask for duty, he asked her to pay the duty in Taka upon arrival of the parcel. He also assured that he had put some foreign currencies in the parcel so that she can exchange for Taka and pay the customs duty. Later he sent a receipt copy as a proof of sending parcel and asked her to collect it from the designated office. The next day, Ms. A received a phone call from Mr. D requesting her to submit Tk. 55,000 as customs duty to Mr. B's business account in M Bank and to send the receipt copy. As per instruction Ms. A deposited the money and informed Mr. D who also assured the delivery of the parcel soon to her address. Few days later, as she did not get the parcel yet, she tried to contact with Mr. D, but found his phone switched off. She was not even able to contact her facebook friend Mr. C. Finally, she could understand that she had been framed and deceived by some fraudsters.

Upon analysis of the STR, BFIU analyst found that Ms. A had deposited Tk. 55,000 to the accounts of Z automobile Ltd owned by Mr. B. This account had no significant activity in the first three years, but suddenly different people started depositing money into the account from different places and the money was withdrawn in cash within a very short period. Later M Bank informed that a school teacher received an e-mail from her employer (an outsourcing company) asking her to deposit Tk. 330,000 into the reported account to get a payment of US\$ 75,000 against the service she provided to them online. But she left without depositing the money as the bank informed her about the fraudulent activities in the account. However, no other account was found in the name of the fraudsters and the reported account with a balance of Tk. 298,000 was frozen under MLPA, 2012. An analysis report in this regard was disseminated to CID of Bangladesh Police for further investigation.

CID filed a case in this regard under section 57 and 66 of ICT Act, 2006 and under section 386 and 419 of Penal Code. CID has also arrested a group of fraudsters of both local and foreign nationals involved in this case. Investigation revealed that this group used to open fake facebook IDs, make friendships with local females and become intimate with the targets using those fake IDs. Later, in the name of sending gift-parcels on different special occasions, like birthday, valentine day etc., they asked to deposit money as customs duty in different bank accounts. The list of bank accounts used for this purpose was collected from CID and the accounts details were shared with CID to expedite the investigation.



Offence	Fraud
Customer	Person
Industry	Bank
Channel	Banking channel
Report Type	STR
Jurisdiction	Domestic
Designated Service	Account Services
Indicators	Depositing money into account by different people from various
	places and withdrawal of money in cash within a very short period

#### Embezzlement of fund collected from people in the name of MLM Company

A junior police staff (Mr. M) started online Multi-Level Marketing (MLM) business in the Hill tracts area of the country. He rented a shop in the center of the town, hung a sign board of X Herbal and started MLM business in the cover of that. Actually, there were no herbal drugs in his shop, it was just a camouflage.

Mr. M promoted his business concept among different targeted groups saying that it's an international MLM company, the amount invested in local currency will be converted into USD and the investment is completely safe. A customer could invest ranging from Tk. 8,000 to 800,000

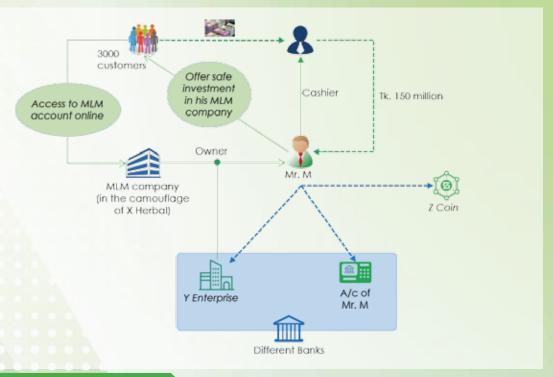
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that would be double in five months and the amount would be repaid in five equal installments to the account maintained by the customer. Claiming that he is familiar to everyone, he guaranteed the investment and assured that there is no chance of closing the website within one year. So, the sooner they invest, the greater they would be benefited from the scheme.

Mr. M also told them that no bank account would be used for this scheme unlike the previous case of UniPay-2 in which the government froze all bank accounts and thus peoples' money got stuck. Rather, a cashier would collect fund directly from the investors and credit in his account. An investor could check his transactions along with current balance directly from the website of the MLM. They offered 10% bonus to the referrer calculated on the amount invested by the referee on the first day. In October 2016, they also offered a promotion under which one got 30% bonus instantly on his/her investment. This campaign was very much successful and Mr. M managed to collect Tk. 27.5 million from the customers.

The reported MLM Company continued the transactions as promised for the six months. After that it suddenly stopped paying the installments into the customers' accounts and closed the website securing more than Tk. 150 million from around 3,000 customers. When the investors failed to get access to the website of the MLM Company and could not check their account status, they understood that they were being framed and deceived. Then they raised the issue to the local press. BFIU came to know about the incident from a law enforcement authority's intelligence report. Police started a departmental enquiry against Mr. M.

BFIU found 23 bank accounts in the name of Mr. M and his business entity Y Enterprise. Primary analysis revealed that he started agent banking and Mobile Financial Service (MFS) business with the money collected from the depositors, and also invested some money in an Israel based crypto currency Z Coin. BFIU prepared an analysis report in this regard and disseminated the case to Anti-Corruption Commission (ACC) for further investigation. The case is now under investigation.



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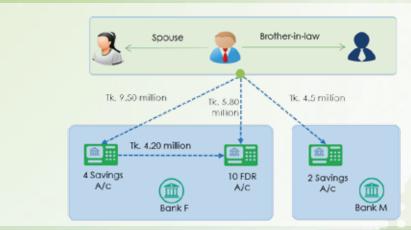
Offence	Fraud
Customer	Person, entity
Industry	Bank
Channel	Banking channel
Report Type	Complaint
Jurisdiction	Domestic
Designated Service	Account services
Indicators	Large value deposit in the account which is not consistent with profession of the customer

#### Layering the proceeds of bribery in the banking channel by a public servant

Bank F submitted an STR against a savings account of Mr. S because of unusual transactions. He was a mid-level public servant in the Department of Forestry of Bangladesh and used to maintain the account for savings purpose. The account was regularly credited through cash transactions from remote branches, mainly by his brother-in-law (Mr. L) from a particular branch. Thus the account had a huge balance within a short period.

BFIU analyst found 12 more accounts (3 savings and 9 FDR) in the name of Mr. S and his wife Mrs. K at different branches of bank F and two saving accounts in Bank M. They had been maintaining these accounts since 2010 at different districts where Mr. S had been posted in course of job. Transaction analysis revealed that always same amount of money (Tk. 200,000-400,000) was deposited in cash to the savings accounts during the same day (Total Tk. 9.50 million in Bank F and Tk. 4.50 million in Bank M); the depositors were Mr. S, Mrs. K or Mr. L. Tk. 4.20 million from the savings accounts was used to open FDR accounts or FDR accounts were opened with cash deposit (Tk. 5.80 million) in Bank F.

After reviewing transactions pattern and position of Mr. S, it was suspected that he might have earned money by means of bribery. He deposited that money to the bank accounts and then layered the money in the banking channel with a view to concealing the illegal sources of fund. Based on the findings, BFIU prepared an analysis report and disseminated it to the Anti-Corruption Commission (ACC) for further investigation and legal procedure under the provisions of MLPA, 2012.



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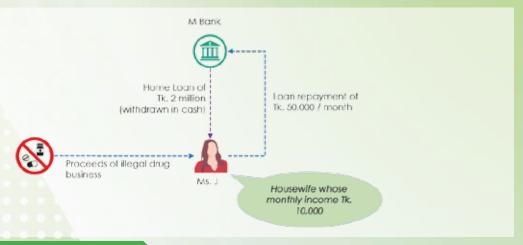
Offence	bribery	
Customer	Person	
Industry	Bank	
Channel	Banking channel	
Report Type	STR	
Jurisdiction	Domestic	
Designated Service	Account services	
Indicators	<ul> <li>Same amount was deposited in cash to accounts during the same day from same branch</li> <li>Money was withdrawn over a certain period</li> <li>FDR and other new accounts were opened with the said money</li> </ul>	

#### Housewife repays the loan installments with the proceeds of illegal drug business

A media report revealed some names including Ms. J who were allegedly involved in illegal drug business (YABA). Based on the news, M Bank lodged an SAR against Mrs. J to BFIU. Then BFIU analyst searches this name in the internal database and found two bank accounts in the name of Mrs. J and her husband Mr. K in the same bank. To analyze the SAR, account related documents were collected from the bank.

After analysis, no mentionable transaction was found in these accounts by which it can be suspected that these accounts might have link with illegal drug business. At last a loan account was identified in the name of Mrs. J in M Bank from which she obtained a home loan of Tk. 2.00 million at Tk.50,000 installment monthly. According to account opening form, Mrs. J was a housewife and her source of income (monthly Tk.10,000) was family income. But it was a striking fact that she pays Tk. 50,000 per month as installment of the loan. For this reason, it was suspected that she might have another source of income which she did not disclose and from which she paid installment or she availed the loan to disguise her illegal money.

Based on the findings, BFIU prepared an analysis report and disseminated it to CID of Bangladesh Police for further investigation and next course of action under the provisions of MLPA 2012.



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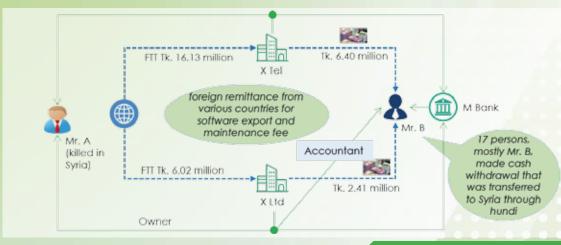
Offence	Illegal trade in drugs
Customer	Person
Industry	Bank
Channel	Banking channel
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Account services
Indicators	Repay monthly installment of home loan that is inconsistent with declared income

#### Fund collection for a terrorist group in the form of software business

Bank M submitted an SAR against the account of X Ltd (an IT firm) referring to a media report alleging that the firm was involved in IS related activities and funding to IS. Through media report it was known that the founder of the company (Mr. A) was a Bangladeshi and he was killed in Syria by US attack against IS. The mother company was located in UK and it had operations in 8 other countries including Bangladesh (Dhaka). It was also known that the chairman and managing director of the company staying in UK used to send money to Syria via Dhaka.

BFIU analyst collected the account information and found 30 personal accounts and 07 entity accounts related to Mr. A and X Ltd in eight banks including Bank M. Primary analysis revealed that foreign remittance from various countries in the form of export proceeds of software and software maintenance fee was deposited to accounts of X Ltd and X Tel through Foreign Telegraphic Transfer (FTT). A total of Tk. 22.15 million came to Bangladesh during 2012-2015 this way from different countries. 60% of the fund was used to make business payment and pay salaries to employees. Remaining 40% of the fund was withdrawn in cash by 17 persons (mostly by Mr. B) and it was presumed that the fund was transferred to Syria through hundi.

BFIU froze all the accounts with balance of Tk. 1.40 million exercising the power conferred by Anti-Terrorism Act, 2009. Based on the findings, BFIU prepared an analysis report and disseminated it to CID of Bangladesh Police to take necessary action. The case is now under investigation.



Offence	Terrorism or financing of terrorism
Customer	Entity (IT firm)
Industry	Bank, ICT
Channel	Foreign Telegraphic Transfer (FTT)
Report Type	SAR
Jurisdiction	Domestic
Designated Service	Account Service
Indicators	Fund deposited through FTT and withdrawn only in cash

#### IT professional diverts loan fund to finance terrorist activity

One of the LEAs requested for information on two individuals (Mr. B and Mr. K) who were arrested on charges of carrying out terrorist activity in the country in the name of banned militant outfit Jamatul Mujahideen Bangladesh (JMB).

BFIU initiated a CTR database search which did not yield any accounts being maintained in arrested individuals' names. At this point BFIU initiated a web search for gathering open source intelligence that revealed the following information:

- 1. Mr. B was graduated from a Malaysian University on Computer Science and IT. Before moving to Malaysia, he did his high schooling from a cadet college of Bangladesh.
- 2. Mr. B had facebook account with 3082 followers.
- 3. Mr. B was IT head of an internationally renowned soft drinks company.
- 4. Mr. B was a regional coordinator of JMB.
- 5. Mr. K studied in a private university in Bangladesh and was employed as a teacher in an English medium School in Dhaka.
- 6. Mr. K is a JMB operative and close associate of Mr. B.
- 7. Mr. Y suspected to have links with Mr. B.

Later BFIU initiated a search regarding accounts and financial assets related to Mr. B, Mr. K and Mr. Y. Search revealed 36 accounts relating to them (6 were credit card accounts, 7 were loan accounts, 3 were entity accounts and remaining were personal accounts).

Mr. B had 6 loan accounts, among which five were personal and remaining one was in the name of his business entity (X Ltd). Bank M disbursed a total of Taka 4.6 million to Mr. B under different schemes (ranged from Taka 0.1 to 1.7 million) for house renovation, flat renovation, travel loan etc. Analyzing the loan documents it was found that loans were sanctioned without taking appropriate collateral thereby violating the consumer loan guidelines issued by the Central Bank. Bank neither took minimum documentation nor monitored the usage of loan funds, even there were not a single document showing addresses of such properties for which fund was taken from the bank. Such gaps meant that fund might have been diverted for other purposes .It was further observed that loans issued in favor of Mr. B were hurriedly paid in cash within a short span of time before maturity of loans. In most cases deposits were made by a third party (Mr. K).

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Mr. K had two accounts; both had smaller cash transactions with occasional transfers from another account. It appeared that such transfers were made by his employer (an English medium school) as salary. That Mr. K, a school teacher repaying the personal loan of Mr. B in cash did not make sense.

On the other hand, Mr. B's business entity A Ltd obtained loan of Taka 4.40 million from Bank M. A Ltd was a real estate company without having any business activity other than transactions in the account. The registered address of A Ltd was similar to that of residential address of Mr. B. It appeared that running business account was used to receive funds in order to camouflage it as business transactions even though the transactions were not fitting with the nature of business itself. Furthermore availing loan by an entity without having real business activity raised suspicion. Mr. Y, a garments owner, had 19 accounts. Many of his accounts had huge transactions (mostly in the form of transfers) which were commensurate with the business nature. At this point BFIU initiated a second web search regarding Mr. Y and his associations. One such search revealed an array of information connecting Mr. Y with another terrorist Mr. Z residing in country 'A'. Taking this information into account a close scrutiny was carried out on his credit card transactions. Credit card transactions of Mr. Y confirmed that he visited country 'A' once as several POS transactions in country 'A' were observed. At this juncture, information exchanges with an intelligence agency confirmed that Mr. Z arranged invitation for Mr. Y enabling his travel to country 'A'. Furthermore Mr. Y's travel to country 'A' did not make sense as he had no export to that country.

Based on the findings, BFIU prepared an analysis report and sent it to the LEA to initiate legal procedure. Currently the case is under trial with Mr. B, Mr, K and Mr. Y behind bars.



Offence	Financing of terrorism
Customer	IT professional, school teacher, garments owner
Industry	Bank
Channel	Online Bank Deposits, OTC withdrawals, Credit Card Transactions
Report Type	Request for Information
Jurisdiction	Domestic
Designated Service	Account services
Indicators	Personal loan repayment through cash deposits before the
	maturity by a third-party

#### Case 11:

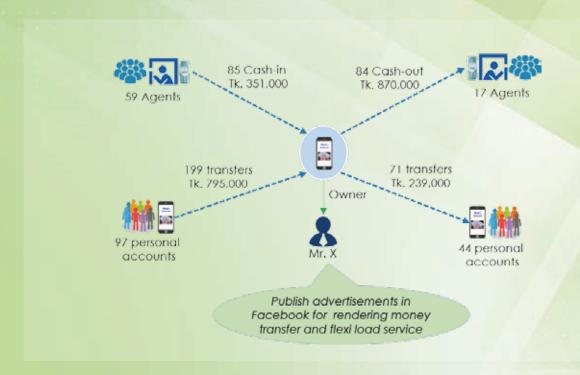
#### Facebook advertisements for facilitating foreign remittance transaction through mobile account

Advertisement on internet (Facebook) for rendering money transfer and flexi load service by a mobile account number registered in the name of Mr. X drew attention of BFIU. Based on this, BFIU collected relevant information and documents from the respective MFS provider.

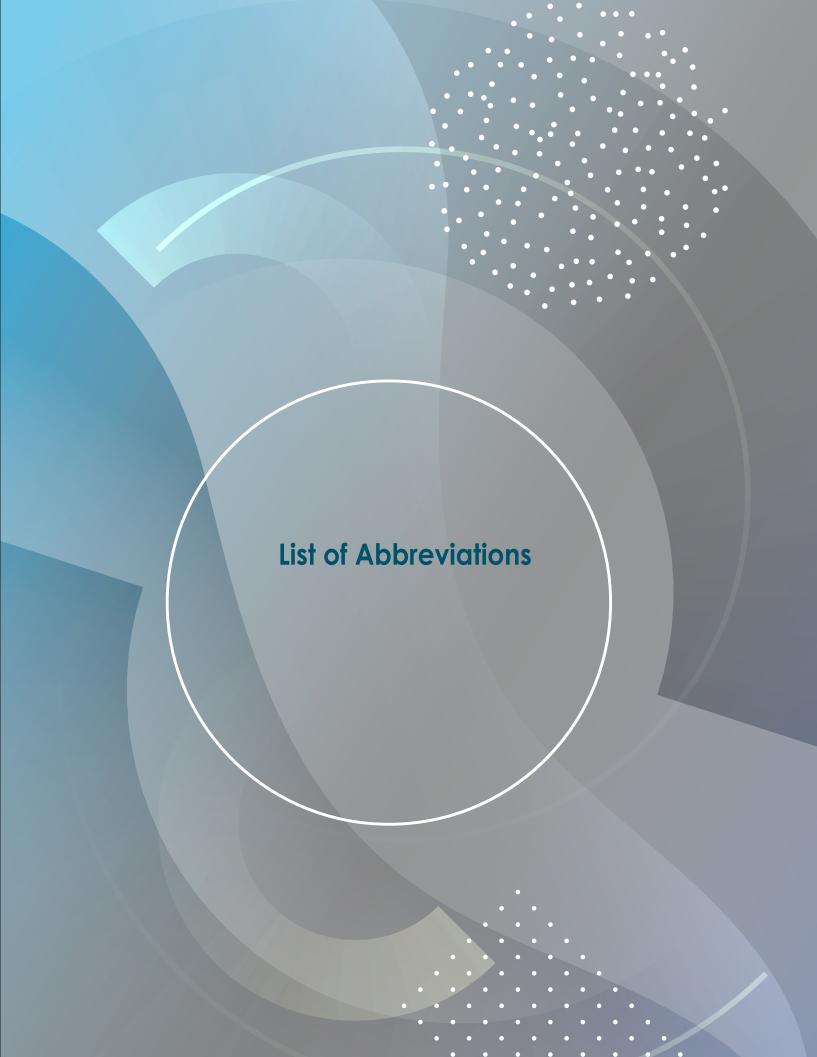
Upon analysis, it was found that Mr. X, a resident of northern district, declared his profession as business. The account was registered through a MFS agent point located in the same area. A total of Tk. 2.28 million was transacted through 539 transactions (cash in, cash out, transfer and airtime top up) in the account during July 2016 to April 2017 (average Tk. 240,000 through 60 transactions). The account was credited by Tk. 0.79 million through 199 transfers from 97 personal accounts and by Tk. 0.35 million through 85 cash-in from 59 agents. From this account, Tk. 0.24 million was sent to 44 personal accounts through 71 transfers and Tk. 0.87 million was withdrawn through 84 Cash-out from 17 agents. Such transaction in a personal account in just nine months is apparently unusual.

After analyzing the transactions, it was revealed that different people across the country sent money to the account through cash-in or transfer. The most striking fact was that, in most cases, a cash-in was followed by a cash-out within a few minutes and, the cash-in agent and the cash-out agent are from different districts. That means Mr. X was not physically present at the agent points during cash-in and cash-out. Allowing transactions without the physical presence of the account holder (i.e. over-the-counter transaction) by the agent points is a violation of instructions issued by BFIU. Moreover, the MFS provider did not monitor the transaction of Mr. X despite knowing that he publishes advertisements in Facebook for rendering money transfer and flexi load service, and even they did not submit a STR/SAR as unusual transaction took place in this account. For this non-compliance, BFIU imposed fine (Tk. 1.50 million) to the respective MFS provider.

From the transaction pattern, it was presumed that the said MFS account was involved in facilitating (receiving and disbursing) the foreign remittance across the country illegally. Finally, an analysis report was disseminated to the CID of Bangladesh Police for further investigation and necessary action under the provision of MLPA, 2012.



Offence	Remittance through illegal channel
Customer	Person
Industry	Mobile Financial Service
Channel	MFS Account, Social Media Platform
Report Type	Complaint (Facebook)
Jurisdiction	Domestic
Designated Service	Account Services
Indicators	<ul> <li>Cash-in to personal mobile account from different parts of the country</li> </ul>
	<ul> <li>Cash-in was followed by a cash-out within a few minutes and,</li> <li>the location of cash-in agent and cash-out agent are different</li> </ul>



#### List of Abbreviations

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
ESW Egmont Secured Weblink
FATF Financial Action Task Force
FSRBs FATF Style Regional Bodies
GoB Government of Bangladesh

ICAB Institute of Chartered Accountants of Bangladesh

ICRG International Cooperation Review Group

IMF International Monetary Fund
ISIL Islamic States of Iraq and Levant

KYC Know Your Customer

MFSP Mobile Financial Services Provider

ML Money Laundering
MLA Mutual Legal Assistance
MLM Multi Level Marketing

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

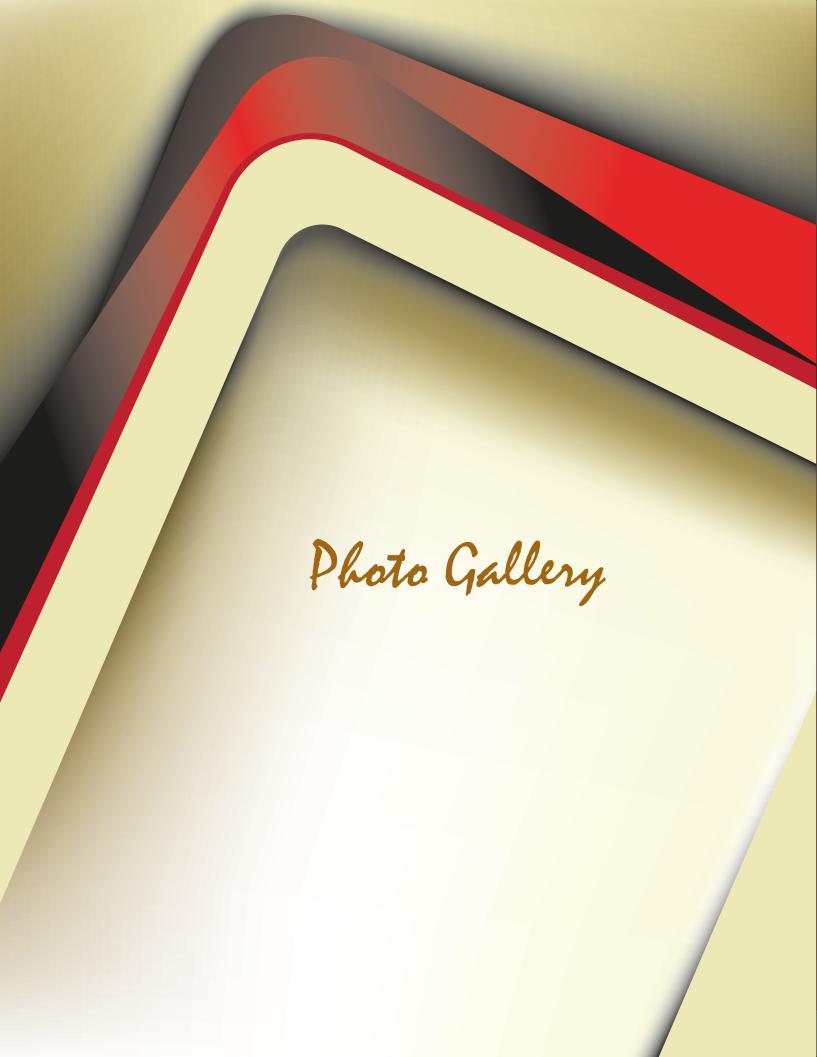
STR Suspicious Transaction Report

TC Technical Compliance

TF Terrorist Financing
TP Transaction Profile

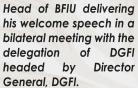
UNCAC United Nations Convention against Corruption
UNODC United Nations Office on Drugs and Crime
UNSCR United Nations Security Council Resolutions

WMD Weapons of Mass Destruction





Head of BFIU is handing over BFIU Annual Report 2016-17 to Honorable Finance Minister and the Convenor of the National Co-odniation Committee on AML & CFT.







Head of BFIU delivering his opening remarks at the Workshop on combating terrorist financing and proliferation financing, jointly organized by UNODC and Ministry of Foreign Affairs, Bangladesh, 21-22 March, 2018.



BFIU signed Memorandum of Understanding with NBR on 04 February, 2018.



BFIU officials in the lead bank training program arranged by scheduled bank.



BFIU officials along with the participants in the "Using the Law to Fight Terrorism" Workshop organized by USDOJ-OPDAT, 16-18 April, 2018, Police Staff College, Dhaka.

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Participants of BFIU-UNCTC Joint conference on promoting regional cooperation on targeted financial sanction, 26-27 September, 2017, Dhaka.



Signing of Memorandum of Understanding between Bangladesh and Papua New Guinea FIU

Bangladesh Financial Intelligence Unit



Signing of Memorandum of Understanding between Bangladesh and New Zealand FIU



Signing of Memorandum of Understanding between Bangladesh and Tanzania FIU



Signing of Memorandum of Understanding between Bangladesh and Namibia FIU



BFIU officials at the FATF-TREIN Workshop, 29-31 May, 2018, Busan, Republic of Korea



BFIU officials at the FATF-MENAFATF Joint Plenary Week, 24-29 June, 2018



BFIU assessor along with other assessors in Mutual Evaluation Process of Thailand

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BFIU assessor along with othe assessors in the Mutual Evaluation On-site Meetings in Indonesia.



Bangladesh delegation headed by Head of BFIU at the 24th Egmont Group Plenary, 2-7 July, 2017 in Macao SAR, China.



Head of BFIU with the delegation of Bhutan FIU during their knowledge sharing visit to BFIU on goAML IT System, 3-8 May, 2018



BFIU officials along with the participants in the Workshop on Cybercrime and Cyber security for BIMSTEC Member Countries held on 13-15 March 2018

Participants of 3rd Bilateral CFT Summit jointly organized by BFIU and USDOJ, 28-30, August, 2017, Malaysia.



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BFIU official along with the participants in program jointly organized by Alliance For Financial Inclusion (AFI) and National Bank of Cambodia, 24-27 April, Cambodia.

Bangladesh delegation headed by General Manager & Operational Head of BFIU at the Learning Session on E-KYC implementation, 10-11 April, 2018, Malaysia.





BFIU official as Panel member in The First Financial Inclusion Global Initiative (FIGI) Symposium, India 2017



BFIU official with the participants of "The Anti Terrorism Consultation", 08 November, 2017, Germany.



BFIU officials along with the participants of BIMSTEC countries in the AML/CFT Training Program organized by AMLO, Thailand, 8-9 March, 2018

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BFIU officials at First Workshop on Standards for Digital Fiat Currency for Universal Financial Access, October 12, 2017, Beijing, China.



BFIU participants at the UNODC workshop, 23-25, January, 2018, Singapore.







## FATF/ APG Assessor Training 8<sup>th</sup> – 12<sup>th</sup> January 2018, Hong Kong, China



BFIU participant in the FATF/APG Assessor Training, 8-12 January, 2018, Hong Kong, China.

Bangladesh participants in the Coutering Violent **Extremism Training** Program arranged by Australia South West Asia Awards, 20 November-01 December, 2017, **Australia** 



Annual Report 2017-18

#### Published by:

Bangladesh Financial Intelligence Unit Bangladesh Bank, Head Office, Dhaka. Website: www.bb.org.bd/bfiu/index.php

Printed by : Olympic Products Printing & Packaging

Tel: 7192273, 01819226853

DCP-04-2019-800