



Inspiring Excellence

Internship Report on

**Money laundering and Terrorist Financing Activities and its Prevention: A study on
bKash's AML&CFT Department.**



Submitted to:

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BBA Program

Date of Submission: 8th May, 2019



**‘Money laundering and terrorist financing activities and its prevention: A study on
bKash’s AML&CFTD.**



Letter of Transmittal

8th May, 2019

Rahma Akhter

Lecturer of Marketing

BRAC Business School

BRAC University

Subject: Submission of Internship Report on ‘Money laundering and terrorist financing activities and its prevention: A study on bKash’s AML&CFTD.’

Dear Madam,

With due respect I beg to state that, it is my utmost gratification to submit the internship report on “Money laundering and terrorist financing activities and its prevention: A study on bKash’s AMLCFTD” to you which is a requirement for completing BUS 400 course.

I have prepared my report as per your direction and have given my uttermost effort to make it as informational as I can along with the primary data collected from a survey participated by 100 bKash’s agent and interviews of senior employees of bKash. Apart from it, I have applied my analytical skills to illustrate the data and represented them with facts and figures. I have done my Internship at bKash’s AML&CFT (Anti- money laundering & combating financial terrorism) Department. The topic which I have chosen for my internship report came from my observation while working here which helped me to prepare the report with direct experience.

I sincerely pray and hope that it will meet your expectation. However, the report is not free from flaws, I urge you to accept it with your kind considerations.

Sincerely yours,

Jerin Tasneem Jyoti

ID- 14104037

BRAC Business School, BRAC University



Letter of Endorsement

This to certify that Jerin Tasneem Jyoti ID –14104037, is a regular student of BRAC Business School, BRAC University and has finished the internship report titled ‘Money laundering and terrorist financing activities and its prevention: A study on bKash’s AML&CFTD’ under my supervision. Her internship placement was at bKash Limited, External and Corporate Affair Division (ECAD). I am pleased to state that she has worked hard during her internship period and had given her best effort in preparing the report. She has also been able to present a good picture of the report. The data, facts, figure and findings presented in the report seemed to be authentic. Though this report has some minor slip-ups, it is of a kind which can be used by others researchers those who want to work further on this topic.

I wish her every success in all of her endeavors.

With Regards,

Rahma Akhter

Lecturer

BRAC Business School

BRAC University



Acknowledgement

With this internship report, I will be completing the final requirement for obtaining a Bachelor of Business Administration from BRAC University. Completing this report required a great deal of effort from my end, but it could not have been possible without the help and support of a bunch of people. Firstly, I would like to thank my internship report coordinator Ms. Rahma Akhter for the constant support and supervision. Thank you for constantly being a source of inspiration and support while not restraining to the direct criticism where it's due to bring out the best in me.

Furthermore, I would like to thank my superiors and peers at bKash Limited, in particularly Mr. Saber Sharif, Head of External and Corporate Affairs Division and my supervisor Mr. Badrul Amin, Officer of RMCT for being a constant source of support, advice and encouragement .Special thank you to Mr. Mr.Syed Ashfaqur Rahaman, Officer, ECAD for helping me out with conducting the survey and collect responses from the bKash agents during their Money Laundering and terrorist financing training session. I would also like to convey my gratitude to my team member and colleague Mr. Asif Siddik for continuous assistance, advice and support and my fellow interns and all the members of ECAD for the continuous support throughout my entire internship period and preparation of my report.

Lastly, I would like to thank all the respondents who takeout their valuable time and effort to complete the questionnaire that I sent them. Without their willingness and contribution, it would have been a lot more challenging for me to get the required input.

- Jerin Tasneem Jyoti



Executive Summary

bKash started its journey only with 12 people in 2011, since then it has come a long way. In a span of few years of time bKash has become the leading MFS (Mobile Financial service) of Bangladesh. bKash has created an impact in the life of not only the rural but also the urban people of Bangladesh. bKash is in a mission of providing financial service which will be convenient, affordable and reliable. bKash is neither a bank-led nor Telco-led company rather its business model is totally different from traditional banking system. Unlike traditional banking bKash does not focus on credit or savings instead what it does is it drives transactions and earns revenue from the fees. bKash has 200,000 active agents all over Bangladesh who offers cash-in and cash-out services to the users. bKash's agents basically act as depository of electronic money while the transaction are being done through customer's cell phone. But this platform is being misused by some criminal minded people who are basically corrupted and has no moral values. Everyday a lot of people using bKash platform are becoming victims of serious criminal offence like money laundering and terrorist financing. For some reasons day by day ML&TF (money laundering and terrorist financing) activities are increasing at an alarming rate which can be potential threat for bKash. While working with bKash's AML&CFT (Anti-money laundering and combating Financial Terrorism) department, I have observed that bKash has a fully dedicated department to monitor and control money laundering and financial terrorism related activities. ML&FT (Money laundering and Financial Terrorism) is a huge drawback for bKash. There is particular guideline provided by Bangladesh Bank to combat and prevent this type of illegal activities. The purpose of the report is to find out about Money laundering and terrorist financing activities and its prevention. The analysis and survey part of the report focus on the bKash customer and agent awareness about money laundering and terrorist financing .Furthermore it measures the effectiveness of the preventive measures taken by bKash to combat and monitor any type of ML&TF activities. I have also included my personal observations and insight based on the tasks I was assigned to do during my internship period. This report has delivered the information about how effectively bKash is performing all its tasks to combat ML& TF (Money laundering and terrorist financing) risks through AML&CFT Department. This department very efficiently handles all the money laundering and terrorist financing related



issues. The work process of the department has been explained in details. Based on the observations after conducting the survey, I have tried to find out what challenges bKash is facing in the process combating risks related to money laundering and terrorist financing both internally and externally. At the end of the report, I have incorporated some recommendations which I have got after analyzing the survey data.



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Organizational Overview

About bKash Limited:

Mobile Financial Services (MFS) is a way of offering financial services that combines both banking and mobile wireless networks which enables users to conduct banking transactions. This means the ability to make deposits, withdraw, and to send or receive funds by using mobile. Often these sorts of services are enabled by agents that allow mobile account holders to transact at independent agent points.

bKash is one of the very first Mobile Financial Services (MFS) in Bangladesh. And it started its journey only with 12 people in 2011, since then it has come a long way. In a span of few years of time bKash has become the leading MFS (Mobile Financial service) of Bangladesh. bKash has created an impact in the life of not only the rural but also the urban people of Bangladesh. The credit of the success of bKash goes totally to its management and dedicated employees. 70% of our population lives in the rural areas and they do not have proper access to traditional banking system. That's why only 15% people from our huge population are privileged of having bank accounts and rests are still deprived from the banking service. bKash's main aim was to include this huge unbanked population into financial inclusion.

In 2011 BRAC Bank launched a 51% owned subsidiary called bKash combined with an investment from Money in Motion an USA based company granted permission by Bangladesh bank to jointly operate MFS in Bangladesh. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, Bill & Melinda Gates Foundation became the investor of the company. In 2017, bKash Limited, the largest mobile financial service provider in Bangladesh was ranked 23rd on Fortune's third annual 'Change the World' list which recognizes top fifty companies that are changing the world through solving a multitude of societal problems (bKash, 2017).

bKash provides one service menu for MNOs which includes Robi, Banglalink, Grameenphone and Airtel. bKash is the largest MFS in Bangladesh with a network of over 200000 agents scattered through the urban and rural areas of Bangladesh touching the unbanked communities with over 35 million registered accounts. bKash has also collaborated with big organizations as business partners such as Aarong, Bata, Lotto etc. which are known as merchants. By providing various banking services such as cash in/out, buying airtime, making payments, sending money and remittances through mobile networks bKash has



already reached to almost every district of Bangladesh and has provided affordable banking services to people who could not afford banking services and is contributing a large portion to the country's growing economy.

Bangladesh Bank plays a huge role in shaping the regulations of bKash's operations. bKash follows compliances and amendments so that no money laundering and terrorist financing activities can take place using the services provided by bKash. bKash maintains the requirements of Bangladesh Bank and most importantly bKash does the necessary steps to combat money laundering and terrorist financing activities and ensure properly risk assessment of customers and agents before being on boarded also provides training sessions on anti - money laundering and combating terrorist financing to all its stakeholders to have the required knowledge (International Compliance Association).

Mission of bKash:

bKash is in a mission of providing financial service which will be convenient, affordable and reliable. It aims to include both banked and unbanked population to widen the net of financial inclusion and bring them in to their network. Initially, their main mission was to give financial services to unbanked and under privileged population of Bangladesh and introduce the non-conventional or the alternative of traditional banking which is MFS (Mobile Financial Service) in Bangladesh.

Vision of bKash:

bKash is neither a bank-led nor Telco-led company rather its business model is totally different from traditional banking system. Unlike traditional banking bKash does not focus on credit or savings instead what it does is it drives transactions and earn revenue from the fees. In our country banks are mostly situated in urban areas and they mainly focus on well to do customer based. But 70% of our population lives in the rural areas and they do not have proper access to traditional banking system, so bKash's vision was to introduce MFS (Mobile Financial Service) particularly to this segment of our population.

Product and Services of bKash:

bKash has 176,000 active agents all over Bangladesh who offers cash-in and cash-out services to the users. bKash's agents basically act as depository of electronic money while the transaction are being done through customer's cell phone. While there is a collaboration done between the bKash and its distribution companies to give services to the customer. With



passing time digital payment is getting more and more popular among the people of Bangladesh. That's why bKash is continuously innovating and trying to come up with new product and services which will create a positive impact in the consumer's life and also will be financially beneficial for them.

The product and services of bKash are given below:

Cash In: Through the agent points bKash users can deposit money into their accounts.

Cash Out: bKash users can withdraw money from any authorized agent points.

Cash Out from BRAC Bank ATM Booths: bKash users has the privilege to do cash out from any BRAC bank booth.

Send Money: bKash users can transfer money from their account to any other account.

Payment: It is possible to make payments through bKash.

Buy Airtime: bKash also offers recharging of mobile airtime.

Remittance: Western union, MasterCard and bKash has formed partnership for giving convenient service to Bangladeshi people so that they can receive international remittance without any hassle. **Others Remittance:** People living abroad can send remittance in the easiest possible ways through nominated and registered bKash account holders.

Interest on Savings: bKash offers interest on saving for its customer accounts. Customer needs to have at least 1000 taka balance in their accounts for being eligible for the interest.

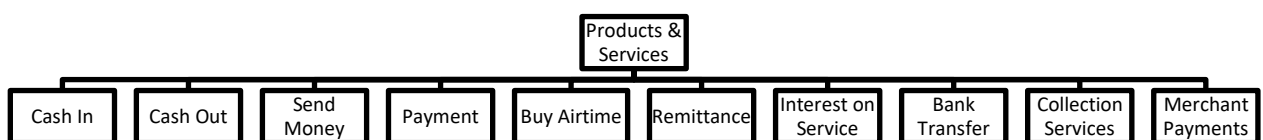


Fig 01: Product and services of bKash

Current No. of Users of bKash:

- bKash currently have 18,50,000 Agents.
- More than 25,000 Marchants.



- 3,000,0000 personal accounts.
- Everyday Transaction 5.5 million.
- 22% of Adult Population of Bangladesh uses bKash
- 55.11% transaction in MFS is done by bKash.

Corporate division of bKash:

bKash limited is divided into nine different divisions and this divisions are divided into several department. Furthermore, these departments are sub categorized into different teams and channels. Diagram of nine different divisions and sub category of my assigned division ECAD is given below:

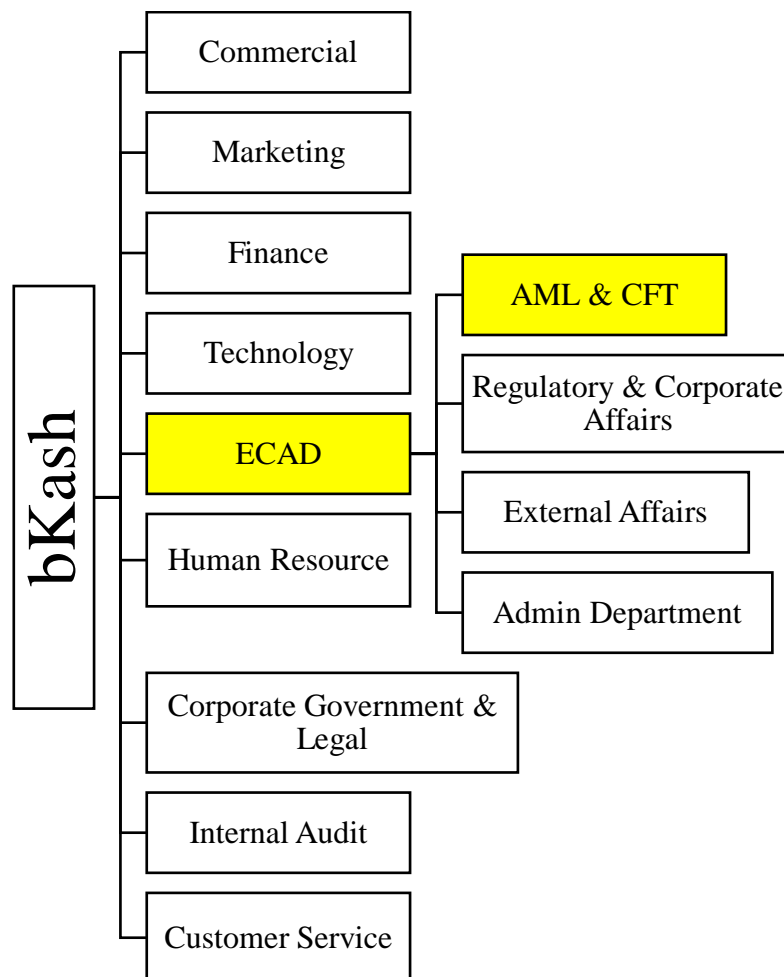


Figure 2: Corporate Division and its Departments

The teams and their functions:

Different team of ECAD division and their functions are given below:



- **CPMCT: Compliance Process Monitoring & Control Team:** This team works with customer services, rechecks their works, gives feedbacks and develops strategies for further scopes of improvement in accordance with compliance.
- **RMCT: Risk Monitoring & Control Team:** This team monitors situations, identify risks that can arise using bKash services and provide measures to mitigate those risks.
- **SCT: Strategic Compliance Team:** This team analyses the provisional risks that might arise after implementing new strategies and finds out ways to overcome those risks.
- **STR/SAR: Suspicious Transaction Report/ Suspicious Activity Report Team:** This team reports unusual activities and transactions using bKash services then raises complaints and takes actions accordingly.
- **Training team:** This team trains agents, distributors and merchants according to the requirements of Bangladesh Financial Intelligence Unit (BFIU)
- **CA&D: Compliance Analysis & Documentation:** This team keeps all the documents and records of the entire department and directly works with Bangladesh Bank.
- **FCAT: Field Compliance Assessment Team:** This team works directly in the field, assesses problems of unusual transactions directly through the primary sources.
- **RAMLCO: Regional Anti-Money Laundering Compliance Officer:** They are the heads of individual division in different regions who follows up regional problems arising through bKash services.

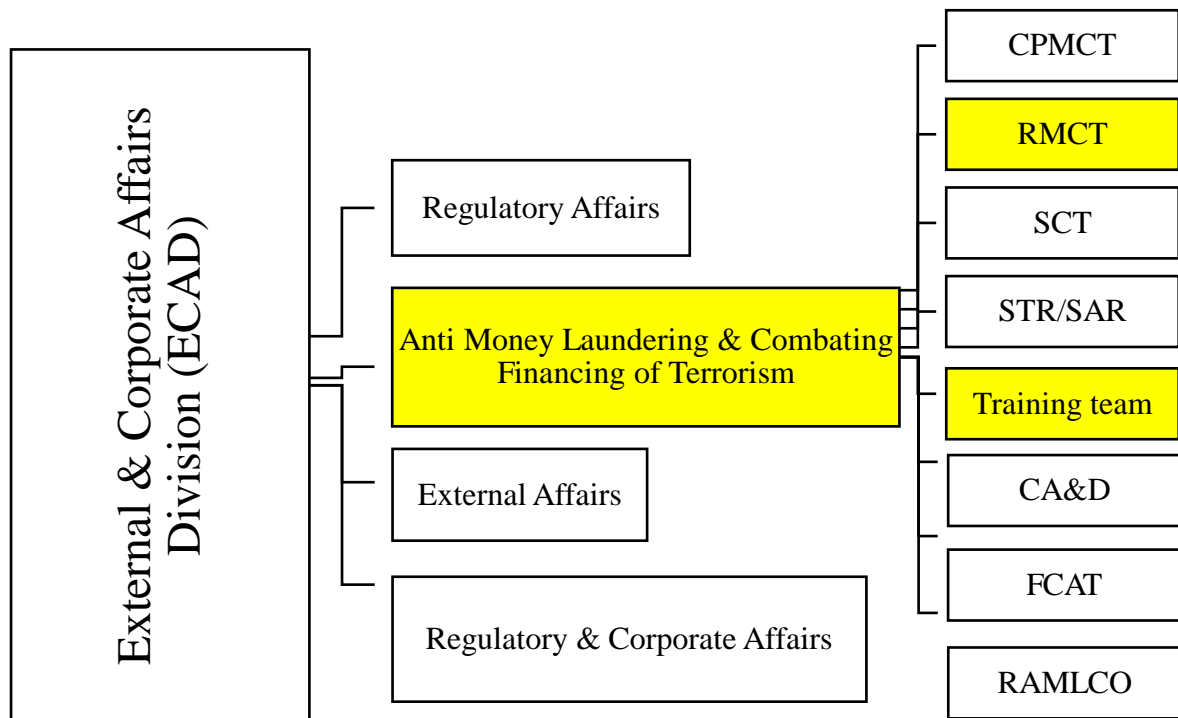


Figure 3: Elaboration of ECAD

My Role during Internship Program

I was appointed as an intern at bKash for their AML/CFT (Anti Money Laundering/Combating the Financial Terrorism) department which falls under ECAD (External and Corporate Affairs Division). Under ECAD there are eight different teams. Among those eight teams, I was appointed to work particularly with two different teams. They are:

1. RMCT(Risk Monitoring and Control Team)
2. Training Team

External and corporate Affairs Division:

ECAD is one of the largest and also the most important division of bKash. ECAD basically deals with all the compliance related issues of bKash. This division is actually responsible for reduction of the risk associated with bKash and its operations. Risk monitoring and assessment process of Money laundering and terrorist financing threats posted to Mobile Financial Service provider is one of the major requirement for any MFS. ECAD started its



operation on the functional requirement to coordinate and bring harmony between bKash and its regulatory bodies particularly focusing on Bangladesh Bank and BFIU. One of the major purpose of ECAD is to advise the managerial bodies regulatory matters related to bKash's functions, policies and services.

There are four particular department under ECAD. They are given below:

1. Administration
2. EA(External Affairs)
3. AML/CFT (Anti Money Laundering/Combating the Financial Terrorism)
4. R&CA (Regulatory &Corporate Affairs)

AML/CFT (Anti Money Laundering/Combating the Financial Terrorism) department:

AML/CFT falls under ECAD division and it is one of the most important department of this division. Captain (Retired) Mr. Saber Sharif (Bangladesh Navy) is not only the HOD (Head of The Department) but also the DCAMLCO ECAD. There are eight different team which works under AML/CFT department. They are given below:

1. RMCT (Risk Monitoring and Control team)
2. Training Team
3. RAMLCO (Regional Anti Money Laundering Compliance Officer)
4. FCAT(Field Compliance Assessment Team)
5. SC (Strategic Compliance Team)
6. STR/SAR Team (Suspicious Transaction Report/ Suspicious Activity Report)
7. CPMCT(Compliance Process Monitoring & Control Team)
8. CA&D(Compliance Analysis & Documentation)

RMCT (Risk Monitoring and Control Team)

RMCT is one of the most important team AML&CFT department. Captain (Retired) Mr. Saber Sharif (Bangladesh Navy) HOD (Head of The Department) and DCAMLCO is the line manager of this team. RMCT directly report to him. The major task of RMCT is to monitor all type of ML&TF risk of bKash and take necessary decisions to control those risks. This team is also responsible for implementing all sort of recommendation after investigation various suspicious activity or transactions.



Core functions of RMCT (Risk Monitoring and Control Team):

- Preparing control report is one of the major tasks of this team .They prepare eight different types of control report every month. This control report are prepared based on bKash personal account user's behavior and transaction pattern.
- RMCT mainly deals with risks involved with personal bKash accounts and performs necessary activities to mitigate those risks.
- This team also prepare investigation reports and maintain database based on their online and offline screening of fraud related new or articles which involve bKash.
- Monitor and control social media and checking if bKash's name has illegally been used to conduct any fraudulent activity.
- Implementation of approved recommendations.
- Develop ML&TF (Money laundering and Terrorist Financing) Database.
- Daily screening is done on print and social media about fraud related activities /news which involve bKash.

Training Team

Training team is responsible for mainly conducting training sessions for bKash's employees, agents, merchants, distributor and distributor house employee. They basically conduct training related to Anti-Money laundering and terrorist financing.

There are six different types of training which is conducted by training team. They are given below:

1. Employee training
2. Basic AML&CFT training
3. Personal KYCQC training
4. Agent KYCQC training
5. Induction Training
6. Outsourced local & foreign training

Apart from these training team is also responsible for conducting regional training in 10 different regions of Bangladesh.

Core functions of Training Team:

- Implement head office and regional training
- Coordinate regional training



- Conducting AML&CFT workshop
- Local and Foreign Training
- PR raising for training including printing requirement

My Responsibility

- Gathering, organizing and updating database of last year for AML&TF training team.
- Assisting seniors in completing their daily tasks.
- Creating and updating investigation memo database.
- Scanning the control report and approval memo.
- Proof reading the approval memo and giving feedback on my observation.
- Assisting in updating the ML&TF database.
- Documentation and filing of monthly control report.
- Reading newspaper report and news articles related to bKash fraudulent activity and giving a brief about the articles to team member.

Learning Outcome

I feel very privileged that I got the opportunity to do internship with bKash which is apparently the number one MFS in Bangladesh. I was appointed as an intern for the ECAD (External and Corporate Affairs Division) under the AML&CFT Department. AML&CFT is one of the most important departments of this ECAD division. Captain (Retired) Mr. Saber Sharif (Bangladesh Navy) is not only the HOD (Head of The Department) but also the DCAMLCO of ECAD Division. During my internship I worked under the supervision of Mr. Badrul Amin, Officer, External and Corporate Affairs Division. I was appointed to work with RMCT (Risk monitoring and control Team). During this three month time I get to learn a lot of new thing and sharpen my skill. The major sets of skills which I acquired throughout this three month time are given below:

Communication Skill:

Being able to communicate effectively is one of the most important skill for working in corporate culture. During my internship period I have master the art of effectively communicating with my co-workers and senior colleague. As a part of my day to day job responsibility I had to communicate with my team member to get my work done. And for writing my internship report I had to communicate with a lot of employee of bKash. Furthermore, during my internship I had to communicate with my co-workers and senior



collogue through official e-mails, different social networking sites and letter which has also contributed in improving my communication skill.

Technological skills:

Now-a-days technological skills are very important set of skill for any profession. This day's technological skills can be very helpful for any professionals. The kind of work I was assigned for soft skill was very important. I had to work with Microsoft excel 2013 and use mainly v-lookup, pivot table and many other tools. I also had to do analysis on the collected data using excel that were used for making control report.

Professionalism:

bKash limited highly encourage its employees to strictly maintain professionalism. As an intern I had to communicate with a lot people at bKash and had to follow total professionalism with formal attire.

Punctuality:

My office timing was 9.30 am to 6 pm and Friday & Saturday was my off day. And I had to strictly follow this timing. This routine has helped me to become punctual and throughout this process I also learned time management.

Team work ability:

Team work is very important for any organization. I used to work with two different team of ECAD. My team members were very friendly and understanding and I get to learn a lot of things from my team members which will be really helpful for my professional life.

Corporate culture:

Working in corporate is very different for me as it is absolutely my first encountering such environment. bKash has a very unique corporate culture. At bKash we address our senior male and female colleague as vaiya and apu instead of sir and madam. The office environment is very friendly and everyone is so corporative. I was able to learn something or other from each member in the office.



Ability to work under pressure:

During my internship period there were work pressure and I had to finish the given work on time. Some days there were not that much of work for me but some days, I had to work very efficiently to finish my work timely. I have learned to work quickly and without making any mistakes under pressure.

Introduction of the Report

What are Money Laundering and Terrorist Financing?

Money Laundering

Money laundering is known as the process of concealing the origins of money obtained from illegal sources and transferring its identity by passing through a complex sequence of banking transfers or commercial Transactions. In other word we can say that the conversion or transfer of money or property

Money laundering usually involves three different steps. They are:

- **Placement:** It is the very first stem of money laundering process. This step involves introducing the illegally obtained money or the “dirty” money in the financial system by some means.
- **Layering:** At this stage the illegally obtained money is move around to create confusions about the money’s origin and sometimes it is done by wiring or transferring through numerous accounts.
- **Integration:** And finally at the final stage the black or dirty money is being integrated into the proper financial channel through additional transaction until the “dirty” money appears to be “clean”.

A TYPICAL MONEY LAUNDERING SCHEME



Figure 4: Money Laundering Process

Terrorist Financing: Terrorist financing is known as the processing of funds, sponsorship or facilitate of terrorist activities. A terrorist organization or group needs a certain amount of funding to build and maintain its infrastructure. So, providing financial support to carry out terrorist act is called terrorist financing. Terrorist and other criminals have very little difference in their abuse of the financial system.

The Importance of Combatting Money Laundering and Terrorist Financing

Money laundering and terrorist financing both of them are not only very serious criminal offence but also huge threat to domestic and global safety, security and compromise the integrity of the financial system. Money laundering is known as the process of concealing the origins of money obtained from illegal sources and transferring its identity by passing through a complex sequence of banking transfers or commercial Transactions. In other word we can say that the conversion or transfer of dirty money or property into clean money or property to make it appear legal is known as money laundering. Terrorist Financing is known as the processing of funds, sponsorship or facilitate of terrorist activities. A terrorist organization or groups need a certain amount of funding to build and maintain its infrastructure. So, providing financial support to carry out terrorist act is called terrorist financing. Money laundering and terrorist financing exploit similar vulnerabilities though it has different objective and function. Both of them have devastating criminal, economic and financial effect. These kinds of serious offence contribute to rewarding and perpetuating criminal activity. It is our utmost duty to save the financial system from the adverse effect of



money laundering. Because of the above mentioned adverse effect it is important to combat money laundering and terrorist financing.

Reasons for Combatting Money Laundering and Terrorist Financing

There are plenty of reasons behind combatting money laundering and terrorist financing. They are given below:

- The consequence of money laundering and terrorist financing on has a very devastating affect economy of Bangladesh. It is the root cause of lots of criminal activities like drug dealing, smuggling, and terrorist attract illegal arm dealer, corrupted public official etc.
- It increases government expenditures especially in law enforcement and health sector.
- Government tax revenue gets badly affected by money laundering. Due to money laundering it becomes difficult to collect tax from citizen and as a result the tax rate goes high.
- Because of money laundering prices of asset and commodity gets misleads.
- It also causes misallocation of resources.
- Money laundering leads to a misbalanced asset structure and thus create risk of monetary instability.
- Terrorist financing is a fuel for a lot of terrorist attack happed in our country. These terrorist attacks create a very bad impression of Bangladesh globally. Due to this negative impression we lose a lot of international business and investment opportunity.

Money Laundering and Terrorist Financing activities

Money laundering and In the money laundering and terrorist financing prevention act there is a whole dedicated section where all the predicated offence which falls under money laundering and terrorist financing activities are mentioned in clear words. Money Laundering and Terrorist Financing activities are very serious crime and the law and enforcement agencies have punishment and compensation system for this kind of act. All the criminal activity mentioned below are some way or other connected to money laundering and terrorist financing. A lot of criminal activities are being conducted by using bKash platform. And among all the criminal offences fraud is the most common form of ML&TF activity. bKash handles all sort of money laundering terrorist financing activities very seriously and effective



preventive measures are being taken to combat this type of illegal activities. ML&TF activities can be either customer or agent driven. According to Money Laundering Act Section 2 of the Money Laundering Act also defines predicate offence as offences from which the proceeds derived from committing or attempt to commit the following offences:

- (1) Corruption and bribery
- (2) Counterfeiting currency
- (3) Counterfeiting documents
- (4) Extortion
- (5) Fraud
- (6) Forgery
- (7) Illicit arm trade
- (8) Illicit narcotic drugs and psychotropic substance trade
- (9) Trade of stolen goods
- (10) Kidnapping, illegal restraint, hostage-taking
- (11) Murder, grievous bodily injury
- (12) Woman and child trafficking
- (13) Smuggling and trafficking of local and foreign currency
- (14) Theft or robbery or piracy or sea piracy or air piracy
- (15) Human trafficking
- (16) Dowry;
- (17) Illegal trafficking of customs related crime
- (18) Tax related crime
- (19) Piracy of intellectual property
- (20) Terrorism and terrorist financing
- (21) Environmental crime



(22) Sexual exploitation

(23) Insider trade and market manipulation

(24) Organized crime

(25) Obtaining money by threatening

(26) Any other offence which Bangladesh bank declares as predicate offence with Govt. approval.

Preventive Measures taken by bKash to combat Money laundering and terrorist financing Activities

There are quite a few preventive measures which are being taken by bKash to combat AML&CFT activities. They are given below:

Training Program: bKash AML&CFT department has a training team who mainly works for giving training to bKash's employees, agents, merchants, distributor and other stake holder on money laundering and terrorist financing. This training are given to them to create awareness about money laundering and terrorist financing activities and letting them know the rules, regulation, guideline, preventive measures, law and punishments related to AML&CFT. These training sessions are being conducted on a regular basis.

Investigations: Different team of AML&CFT department does individual investigation whenever they see any type of suspicious transaction or activity related to a bKash account. Investigation process includes transaction pattern, time, and amount of transfer or received analysis. For instance: A particular bKash agent is doing cash in or cash out transaction after the midnight. And the agent shop is situated in a market area. The transaction timing, pattern and ticket size seem suspicious. After doing detailed investigation it was figure out that that agent was involved in illegal business of drug dealing and he used his bKash account to send and receive payment related to drug dealing.

CDD (Customer Due Diligence): CDD (Customer Due Diligence) basically contains of information and facts about the customers that enable an organization to assess their customer's information to monitor any kind of risk associated with that customer. CDD is majorly done to find out money laundering and terrorist financing risk associate with customers. bKash does CDD of all of its suspicious customer account. Another reason for



bKash to conduct CDD is to comply with the requirements of regulatory bodies like Bangladesh Bank and BFIU.

EDD (Enhanced Due Diligence): EDD (Enhanced Due Diligence) is sort of advanced form of CDD (Customer Due Diligence). EDD (Enhanced Due Diligence) is done whenever there is a greater risk involved with both customer and product or services offered by the organization. Higher risk situations occurs whenever there is an increased opportunity from money laundering or terrorist financing through the product or service the organization is offering to its customers. EDD (Enhanced Due Diligence) basically depends on the risk level and profile of the customer.

KYC (Know Your Customer): KYC (Know Your Customer) can also be called as know your client. It is the process of a business organization to verify the identity of their customers and assessing sustainability, validity and potential risk or illegal intention associated with the customer. KYC is a very important process for an organization like bKash. KYC process is done by bKash on their customer, agent and merchant for the purpose of ensuring compliance requirements.

KYCQC (Know Your Customer Quality Check): KYCQC is the full form of know your customer quality checks. It is the process of quality check of the customer information. To open bKash account people need to fill up a particular form and give some supporting document. KYC or bKash account opening form are filled and submitted in customer service division of bKash. All the information provided in the form are verified and checked with the given standard provided by the Bangladesh Bank and BFIU. After proper checking and verification of the prospective customers KYC are accepted and if any information is missing or if the KYC does not comply with the guideline then it will be rejected.

STR/SAR (Suspicious Transaction Report/ Suspicious Activity Report): STR/SAR (Suspicious Transaction Report/ Suspicious Activity Report) is the process of reporting any kind of suspicious transaction or activity associated with bKash agent, merchant or customers account. After raising STR/SAR detailed investigation is done on that account to find out if the suspicious account is really involved with any criminal activity or not. If the bKash is found to be involved with any criminal offence appropriate action is being taken against that account.



FCAT (Field Compliance Assessment Team) observations: FCAT is a special team of AML&CFT. This team is responsible for going on regular field visit and check on the bkash agents and merchants if they are following all the rules and regulation given to them regarding anti-money laundering.

Approval Memo: Approval memo are the memo which are being prepared to keep documentation or record of the compliance issue. Approval memo are prepared on a monthly basis based on the investigation done on the alleged bKash accounts. Approval memo are prepared based on the current ML&TF and fraud related issues regarding bKash agent and merchant account.

Control Report: Control reports are prepared by each team of AML&CFT department on monthly basis. These reports are being generated after doing detailed analysis on the suspicious bKash account. There are certain fixed topics or suspicious action on which every month control report is being generated.

bKash fraud awareness campaign: In recent times bKash has launched its fraud awareness campaign to create awareness among its customer. Different media platform has been used to run this campaign. These campaigns were done to create awareness about the very recent fraudulent activities using bKash account. In the TVC particularly made for this campaign it has been clearly said that not to reveal the bkash account pin number with anyone, it is very confidential information and at any cost it should not be revealed. Most of the fraudulent activity conducted using bKash it has been seen that the fraudster ask for the bKash users pin number and somehow transfer all the money from that account.

FCAO observations: FCAT is a special team of AML&CFT. This team is responsible for going on regular field visit and check on the bkash agents and merchants if they are following all the rules and regulation given to them regarding anti-money laundering. From the observation of this field visits agents gets AML&CFT raitings which indicate how much they are keeping up with AML&CFT rules.

Regional Feedbacks: bKash runs its operations in 10 different region. In every region they have their regional office from where they run operation of that particular division. In every region there is a chief anti- money laundering officer who looks after all the ML&TF related



issue of that region. Regional anti-money laundering officer are known as RAMLCO. From every regional office they go for field visit to the agent or merchant points and if they get anything suspicious they inform it to the head office and further action is been taken by the authority.

Transaction Analysis: Detailed transaction analysis is being done if any kind of ML&TF (Money Laundering 7 Terrorist Financing) risk is observed against a suspicious or alleged bKash account. bKash AML&CFT department continuously monitor and observe its customers' accounts and during these monitoring process if any kind of abnormality is being found then detailed transaction analysis in being done on that suspicious account. During transaction analysis alleged customers cash in, cash out, payments, ticket size, total debit (cash out+ Mobile Recharge) and total credit (cash in+ send money received) etc. are being observed. . And if any the kind of abnormality which is being found those transaction further actions is being taken by bKash's concerned authorities.

Money Laundering and Terrorist Financing Guideline for MFS

The main purpose of this guideline is to provide a regulatory framework for the MFS industry of Bangladesh. This guideline will also create a positive environment for innovation in financial service. Bangladesh bank is the issuer of this guideline. And all the MFS in Bangladesh has to strictly follow this guideline. Bangladesh Bank and BFIU play a huge role in shaping the regulations and guideline of bKash's operations. BFIU has published "AML/CFT regulations for Mobile Money: Policy Option for Bangladesh" that has guidelines and recommendations which promote efficient and sustainable supervisory regime for MFS. bKash AML/CFT department makes sure that all regulations and standards set by Bangladesh Financial Intelligence Unit (BFIU) are followed thoroughly. It is compulsory to follow compliances and amendments so that no Money laundering and terrorist financing activities can take place using the services provided by bKash. bKash maintains all the requirements of Bangladesh Bank and most importantly does Customer Due Diligence (CDD) or Know Your Customer (KYC) for background check to ensure the customers are properly risk assessed before being on boarded also provides training sessions to stakeholders to have the required knowledge.



Rational of the study

This report is prepared to show how bKash is being abused by money laundering and terrorist financing activities. While working with bKash's AML&CFT (Anti-money laundering and combating Financial Terrorism) department, I have observed that bKash has a fully dedicated department to monitor and control money laundering and financial terrorism related activities. ML&FT (Money laundering and Financial Terrorism) is a huge drawback for bKash. There is particular guideline provided by Bangladesh Bank to combat and prevent this type of illegal activities.

The purpose of the report is to find out about Money laundering and terrorist financing activities and its prevention. The analysis and survey part of the report focus on the awareness among bKash agent about money laundering and financial terrorism related activities effectiveness of the preventive measures taken by bKash to combat and monitor any type of ML&TF activities.

Statement of the Problem

Bkash's platform is being abused greatly by money laundering and terrorist financing activities in recent times. bKash has a dedicated department who look after ML&TF activities and takes necessary steps to control and mitigate risk related to money laundering and terrorist financing. These days there has been a lot of incident where we have seen that bKash's platform has been illegally used by many people to conduct different kinds of ML&FT (Money laundering and financial Terrorism) and fraud related activities. Digital money transaction platform like bKash has made a lot of people's life easier. But it also has a down side. Some criminal minded people are using this platform to earn money by illegal means. Every day we see a lot of articles or news report on ML&FT (Money laundering and financial Terrorism) and fraud in the national newspapers and online news portal which also indicate the increase in number of Money laundering and financial Terrorism activities. Due to the increased number of money laundering and terrorist financing activities bKash customers are facing a lot of trouble. A lot of bKash customers have been badly affected by this sort of illegal activity.

The two major effect of money laundering on bKash is given below:



Money laundering and Terrorist Financing Activities might affect the brand image of bKash:

bKash is one of the leading MFS companies of Bangladesh and it has build a brand image in the past few years providing the best quality service. bKash's brand name and good will is being badly affected by ML& TF activies. As it is an MFS company and it deals with products similar like banking services it has to follow some certain gaudelines and rules.

According to the BFIU rules, bKash needs to do the CDD of the people who are their customers to identify their customers and make sure that the customers are not risky and it has to meet the standards of the compliance because most of the fradulent activities takes place using this MFS services and to some extent the company itself has to take the responsibility, carry out the investigations and when asked must give out informations to the Government officials.

For example, the address section in the KYC has total six fields to be filled in which acording to the compliance four fields must be filled. It is mandatory because the customer can be located if any fraudulent activity or transaction takes place through that person's bKash wallet. bKash is bound to give the proper information about that customer. If the address section is not filled properly the KYC must be rejected as CDD is done to make sure the customer is not risky. Now, if a fradulent activity takes place and bKash is unable to give the proper location of that particular customer when asked by investigators if might result in loss of reputation also affect the brand image of bKash. Further actions might be taken against bKash by BFIU and more strict policy guidelines might be given to follow. Therefore, the KYCs are checked to make sure they comply with the compliance.

If Money laundering and Terrorist Financing Activities are not effectively prevented that might affect bKash's operations:

As a MFS, bKash must follow the rules and regulations required by BFIU to operate in the market. According to BFIU, if any company fails to comply with the policies or systems and if any company provides false information and can not be verified BFIU has the right to freeze or suspend the license of that company. Therefore, if bKash fails to comply the license might be taken away and the operations might be stopped. This is very risky for bKash.

For example, BFIU's first rule for any money transaction related company must do the proper CDD of their customers through KYCs and all the informations must be adequate to know



about the risk level of that customer. For example, a supporting document, NID/ Passport/ Driving license, any one of these must be provided for verification according to the guidelines of BFIU. Suppose, if the customer provides NID as supporting document, the NID number field and Date of Birth field in the KYC must be filled because these two fields are required to verify the account holder through the Bangladesh ECD. If these information fails to be verified the observation of 'Wrong NID number' or 'Wrong D.O.B' should be given and the KYC must be rejected. If anyhow the KYC gets accepteddeceitful activities might take place. And if for any suspicious activity Government officials wants the CDD report and the account is not verified bKash can be blamed for providing false or not verified information and can also be blamed for not following the compliance and BFIU can halt the operations of bKash.

Scope

During my internship I have worked with the RMCT (Risk Monitoring and Control Team) and Training team of AML&CFT (Anti-money Laundering & Combating Financial Terrorism) Department of bKash Limited. So, this report only includes risk factor, risk monitoring and control, risk management framework, identification process only focusing on money laundering and terrorist financing related risks. This report does not include details about any other kind of risks except money laundering and terrorist financing issues or any details about products or services of bKash limited.

Limitation

I faced couple of limitations while preparing this report. Due to these limitations working on this report was quite challenging. I could have come up with better analysis and observations if these limitations were eliminated. But on the other hand these limitations have taught me to bring out my best work within my capacity. So, the limitations I faced during preparing the report are given below:

Confidentiality issue

Due to confidentiality issue it was really hard to get hold of some of the data and documents which could add great value to my report. bKash generally maintains a very strict confidentiality code in terms of their documents and policies. And for preparing my report I needed so many information that were confidential and it was not available for me to excess.



But I had to work with what was available for me and I gave my best effort within the limitations.

Access to proper information

A lot of information related to my report was not accessible as per company policy. Money laundering and terrorist financing issues are usually confidential and bKash maintains a very strict confidentiality code and don't give access to such information to the interns.

Unavailability of online information

Though bKash is a big shot company and it has gained its own place in the industry. bKash also has strong online presence and there are a lot of news articles on bKash but the kind of information I was looking which was mainly related to Money laundering and terrorist financing activities those were not easily available on the internet.

Short time span:

I only got three month time to do research and prepare my report which was not sufficient. During this three month time, I tried my level best to put all the things together and prepare a compact report. But I would have done a much better job and conduct an intensive research on my topic, if the time span was a little bit long. During my internship period I regularly have to go to office and stay there from 9.30 am to 6 pm. So, I could only manage work on my report on weekends and government holidays.

Objectives of the study

Broad Objective:

The main objective of this report is to find out strategies, role and responsibilities adopted by bKash's AML&TF (Anti-money laundering and terrorist financing) Department to combat and mitigate risks associated with money laundering and terrorist financing activities in Mobile Financial Service (MFS) industry.

Specific Objectives:

To fulfill the broad objective of my report, I pursued the following specific objective:

- Reason behind the occurrence of money laundering and terrorist financing activities
- Find out the categories and different types of money laundering and terrorist financing activities that bKash deals with.



- Impact of money laundering and terrorist financing on bKash agents and customers.
- Preventive measures and course of actions to monitor and control money laundering and terrorist financing activities
- bKash agents and customer awareness about money laundering and terrorist financing activities
- Effectiveness of ML&TF guideline on combating this type of activities.
- Finding out how comfortable are bKash agent with ML&TF guideline

Literature Review

Money laundering is known as the transfer of illegal or criminal incomes into assets that cannot be traced back to the underlying crime. The number and scope of laws and regulations aimed to combat money laundering have increased dramatically over the past few years. Relatively very little public controversy has been created since the rapid growth of the global anti- money laundering regime. The banking and financial sector has faced lots of government interference related to their relationship whit their clients. But the present situation is much better as they have learned how to fulfill the AML requirement in such a way that impose relatively modest costs and inconveniences on both banks and their customers (Truman, 2004).

The economic analysis of money laundering requires a relevant definition of the aspect. The one adopted in the present study of money laundering, which was introduced in Masciandaro 1993, is structured upon two major characteristics of money laundering: 1) illegality (general feature): money laundering implies the use of any revenue or wealth gained from any criminal offence or illegal activity; 2) occultation (specific feature): the primary goal of money laundering is to disguise the illegal source of such revenues or wealth. The first of these two components aims at pointing out the autonomy that money laundering holds in criminal terms as it does not consider the specific illegal or criminal activity liable of producing the revenues later to be laundered (drugs markets, kidnapping, corruption, fraud, etc.) (MASCIANDARO, 1999) .

Techniques money laundering and terrorist financing include transporting cash out of the country, purchasing businesses through which funds can be channeled, buying easily transportable valuables, transfer pricing, and using “underground banks.” Since governments and law enforcement agencies have developed an increasingly global, intrusive, and



routinized set of measures to identify the amount of criminal revenues passing through the financial system. Except at an anecdotal level, the effects of this system on money laundering methods and prices, or on offenders' willingness to engage in various crimes, are unknown. Available data strongly suggest that the anti-money laundering (AML) regime has major effects in increasing number of crimes (Peter, July 1, 2002).

Methodology

Method of Survey Used

This particular section of the report talks about techniques and methods which has been used to perform the survey. My research topic required an extensive research to understand the topic and come up with appropriate recommendation for solving the problem. I have conducted a survey on bKash agent account and personal account user to get a clear and more authentic scenario. I have also interviewed bKash employees to get a clearer picture of the research topic.

Data sources:

This report is prepared based on the information gathered from various sources including both primary and secondary data. The methodology has been divided into two different parts to fulfill the major objective of this report. The primary and secondary data sources for this report are given below:

Primary Data:

- Three month practical knowledge gained during the Internship Program.
- Interviewing the respective officers.
- Studying relevant files and documents provided by the officer concerned.
- Participating in the training session conducted by the training team about Money Laundering and Terrorist Financing Issues.
- Participating in the Induction Training conducted on bKash AML&CFT by Captain (Retired) Mr. Saber Sharif (Bangladesh Navy) HOD (Head of The Department) & DCAMLCO ECAD.



Secondary Data:

- Guideline for MFS (Mobile financial Services) published by Bangladesh Bank.
- Relevant books, published research paper, newspaper and journals on the topic: “Money Laundering and Terrorist Financing activities and its prevention”.
- Internet and various report related to “Money Laundering and Terrorist Financing activities and its prevention”.

Survey Design:

Here, I have tried to prepare a very straight forward questionnaire to address the main objective of my proposal and know about whether the user are aware of the Money laundering and terrorist financing issues and the preventive measures which bKash takes to prevent this kind of offensive crimes. Due to confidential compliance issue there were a lots of restrictions on the thing which I can add in the questionnaire. But somehow I managed to cover the important parts in my questionnaire within my capacity.

I preferred to investigate based on the subjective data. Therefore, I prepared my questionnaire such a way that I will be able to get authentic and useful data. My survey questionnaire respondents were divided into two part. I have choose both personal and agent bKash account user as my respondents, so that I can extract a multidimensional data set for the study. I have went with the training team of Bkash’s AML&CFT at their agent training session and collected responses with my questionnaire from the agents attending the training sessions.

Respondents and Sampling Procedure

Sample:

I kept my sample size limited to 100 responses. My sample size was pretty decent and I was able to do analysis on the sample and get a convincing result which justified my research objective. My sample include responds already having a bKash agent or personal account. I mainly focused on bkash agents because they are at most vulnerable state in terms money laundering and terrorist financing issues.



Survey Instrument/ Questionnaire:

I have asked the respondents to answer 11 questions based on their experience of using bkash. I have kept most of the question in the questionnaire close ended except from one or two questions in order to get clear information. In addition, I have used different types of measurement scales to set up the questionnaire. The measurement scales I have used for the questionnaire are given below:

- Nominal Scale
- Ordinal scale

Pretest:

Before going for the actual survey, I conducted a pretest to justify the accuracy of the questionnaire. Pretesting helped me to determine any kind of possible short coming of the questionnaire and I could easily eliminates those survey questions and replace them with new ones.

Statistical Treatment of Data:

I have used Microsoft Excel 2013 and Google Spreadsheet to get the break down measurement of the information and statistically represent my data through graphs, chart and diagram. Statistically represent the data and interpreting it to get

Analysis and Interpretation of Survey Data

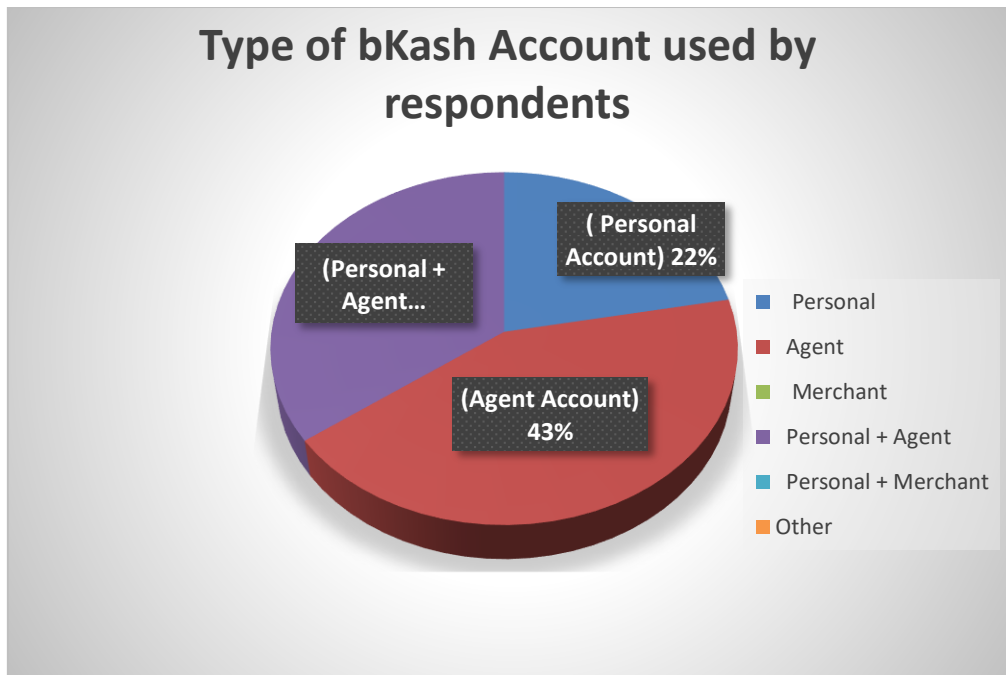
What type of bKash account do you own?

No. of people having Agent Account	43
No. of people having Personal Account	22
No. of people having both Agent and personal Account	35

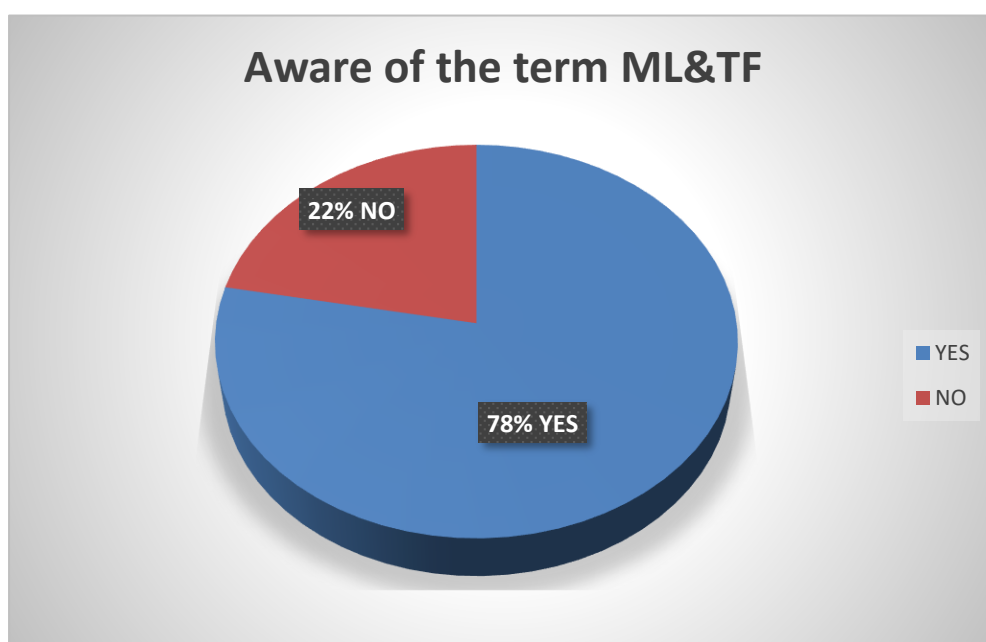
Firstly in the survey I asked the respondents to identify what type of bKash account they are using. The survey response has been conducted from 100 active bKash users. In the given pie chart it is seen that 53% of the respondents own agent account on the other hand 47% people participated in the survey own both personal and agent account. And rest of the 22% people



own personal bKash account .There has been a recent rule given by Bangladesh Bank that only one account can be opened with one NID number of a person. bKash has been strictly following the rule following the rule. All the multiple account open with same NID number are being monitor and then closed with a state tag. With a same NID a customer can only open one personal account and agent account and not anything more than that.



Are you aware of the term Money laundering and terrorist financing?





No. of people Aware of the term ML&TF	78
No. of people not Aware of the term ML&TF	22

Here we can see that 78% of the people are aware of the term money laundering and terrorist financing and the rest 22% people are not familiar with this term. The survey data shows that not all the bKash user are familiar with the term and ML&TF and they have very little or no knowledge about this important issue. My second question in the survey was targeted to find out the respondent's awareness about money laundering and terrorist financing. I wanted to know whether bKash user are aware of this important topic. Here, the survey data shows us that 78% of the respondents know about money laundering and terrorist financing and rest 22% people does not really have idea about money laundering and terrorist financing. These 78% of the respondents who said that they have knowledge about money laundering and terrorist financing, most of them are bkash agents. bKash gives its agent training about money laundering and terrorist that can be the possible reason they have idea about this topic. On the other hand bKash personal account user does not have much idea about money laundering and terrorist financing.

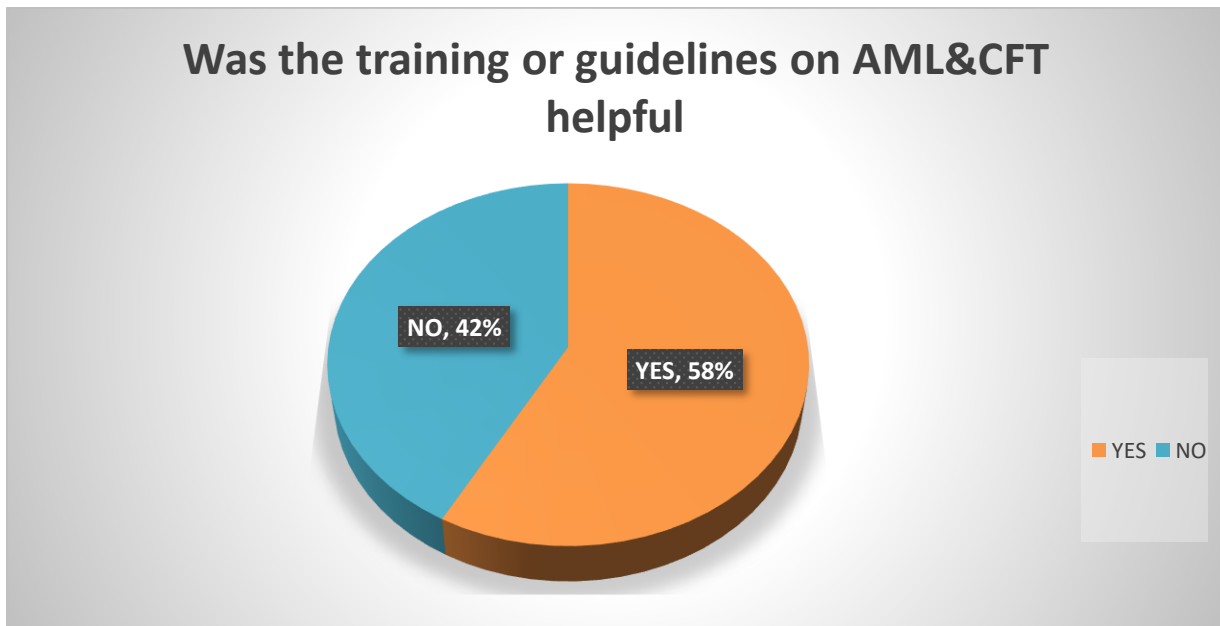
Have you received any training or guideline related to Money laundering and terrorist financing activities from bKash?



No. of people received training or guideline related to ML&TF	89
No. of people did not received training or guideline related to ML&TF	11

89% Of the respondents said that they have received some sort of training or guideline from bKash authorities regarding money laundering terrorist financing. According to Bangladesh bank and BFIU guideline all the stake holder part of a MFS business should have knowledge about money laundering and terrorist financing. Bkash’s agent, merchant and distributor no is increasing day by day. So, bkash is facing a hard time to educate all its agent, merchant and distributor about money laundering terrorist financing.

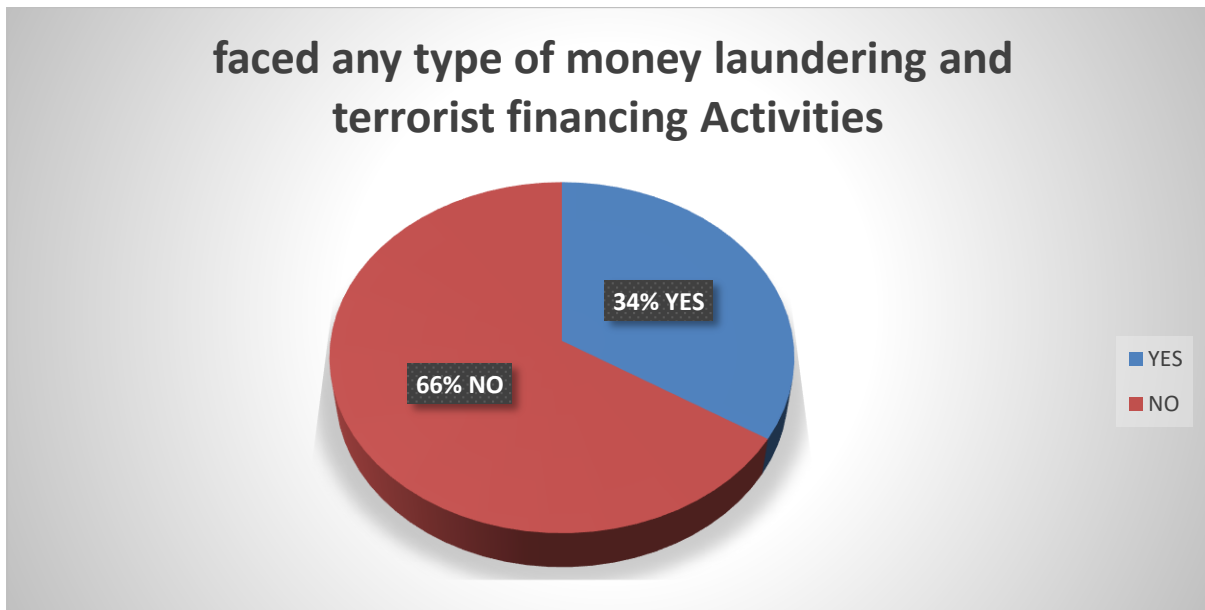
If so, was the training or guidelines on Anti-Money laundering and combating terrorist financing activities helpful?



No. of people think AML&CFT training was helpful	58
No. of people think AML&CFT training was not that helpful	42

58% of people said that the training session or the guide line which was provided to them was helpful on the other hand 42% people did not feel that the training session or the guideline was that much helpful or has add value to their knowledge. These 42% of the people perhaps had different kind of expectation out of this AML&CFT training.

Have you faced any type of type of money laundering and terrorist financing Activities?



No of people have faced money laundering and terrorist financing Activities	34
No of people have not faced money laundering and terrorist financing Activities	66

This particular question was targeted to find out if the bKash users have faced any type of money laundering or terrorist financing activities while doing transactions using a bKash account. 34% of the respondents have said that they have faced some sort of money laundering and terrorist financing activities in their lifetime on the other hand 66% have said they have never faced any kind of money laundering or terrorist financing activities. After analysis the data I have found out that most of the people who have experienced ML&TF activities use mostly agent accounts. I have observed that bKash agents are on a higher risk of facing or getting involved with money laundering and terrorist financing.

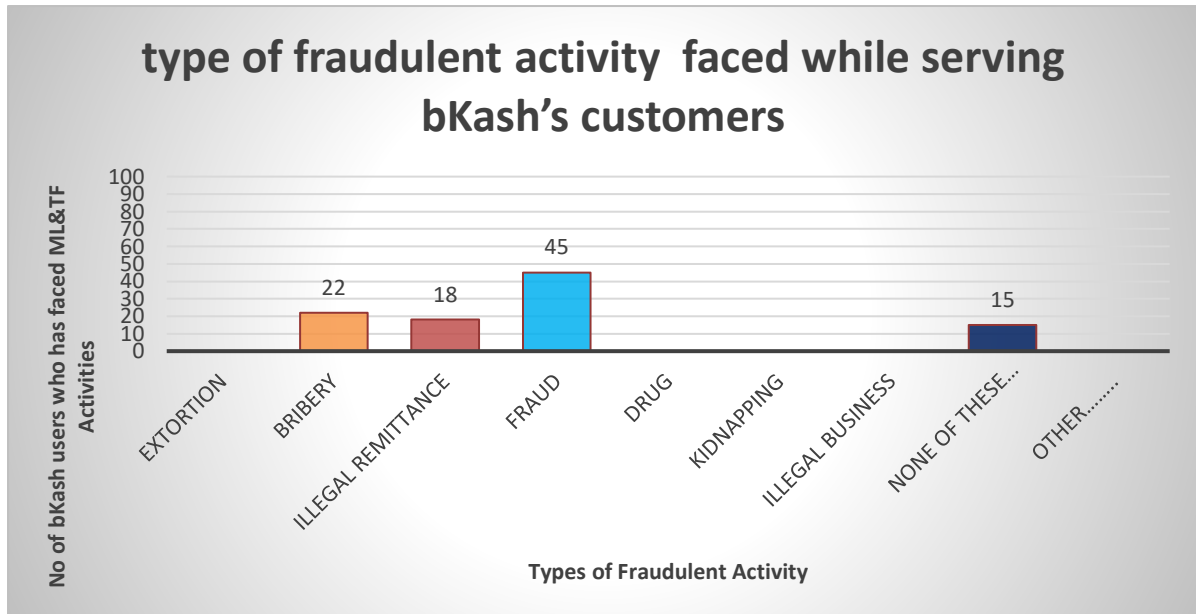
What type of fraudulent activity you have faced while serving bKash’s customers?

type of fraudulent activity	No. of people who has faced these type of activities
Bribery	22
Illegal Remittance	18
Fraud	45
Kidnapping	–
Illegal Business	–
None of these above	15
Extortion	–
Other	–

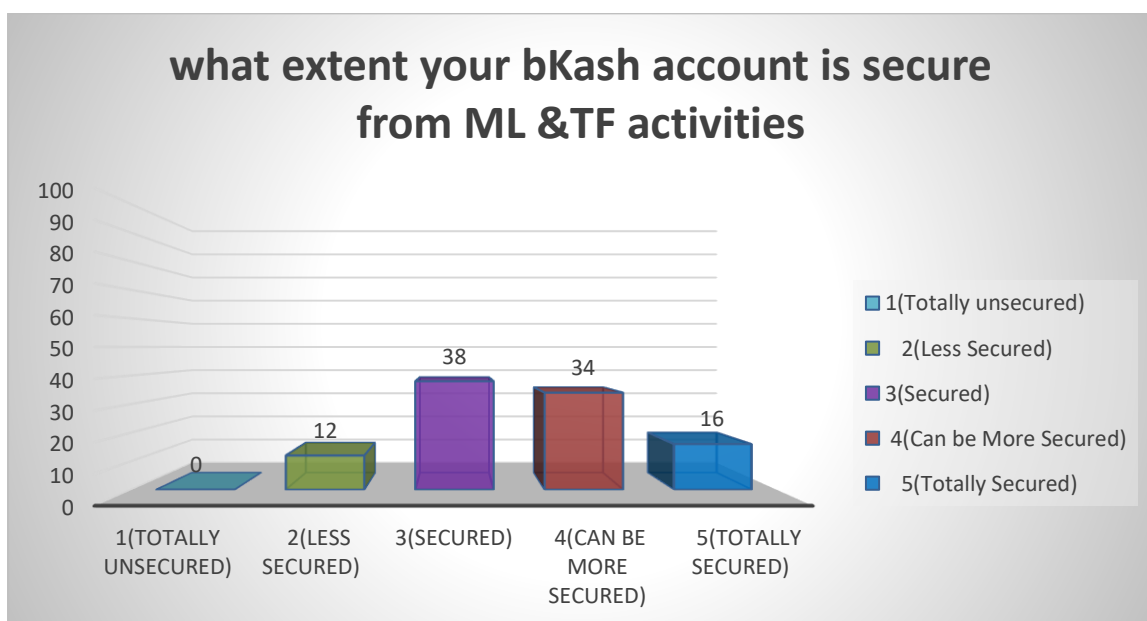
There are 27 distinguish types of predicate offence which falls under money laundering and terrorist financing activities. Among them bribery, illegal remittance, fraud, kidnapping, illegal business and extortion are the most common form of criminal activities and it has often observed that illegal transaction related to these activities are conducted by bKash. In the survey data it is seen that the most common and frequently faced criminal offence is fraudulent activity as 45% of the respondents have answered that they have faced fraudulent



activity. Following 22% people have experienced bribery and 15% respondents have faced the problem of illegal remittance. And the rest 15% not faced any kind of ML&TF activity mentioned in the questionnaire.



To what extent do you think your bKash account is secure from Money laundering and fraudulent activities?

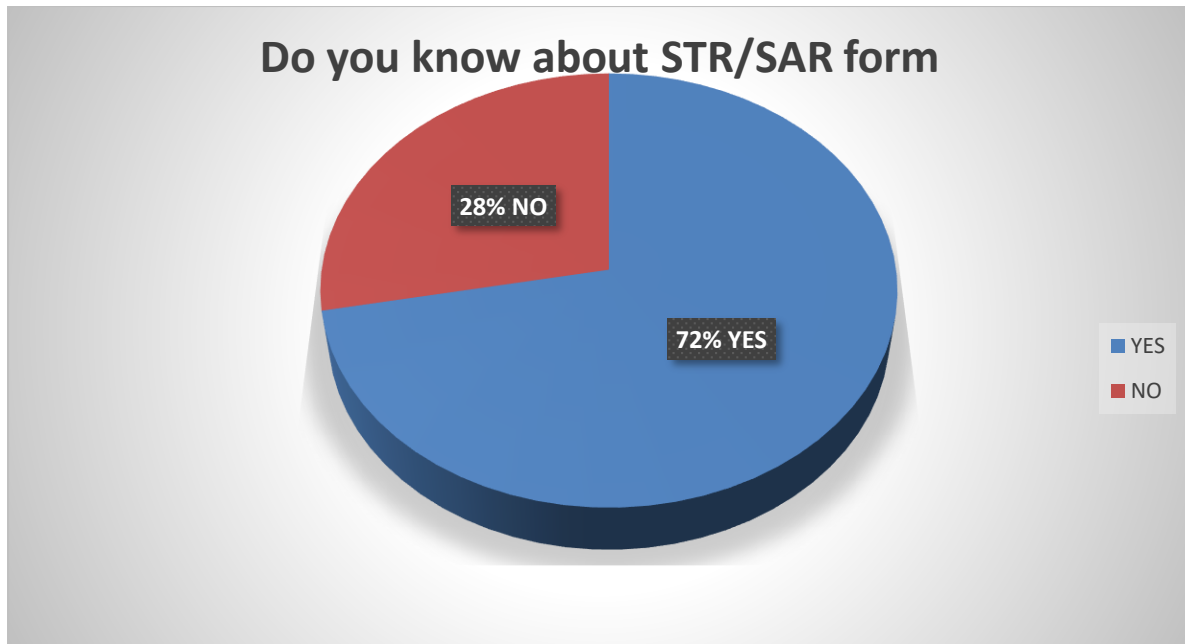


1(Totally unsecured)	–
2(Less Secured)	12
3(Secured)	38
4(More Secured)	34
5(Totally Secured)	16

I have asked the respondents that to what extent they feel that their bKash account is secured from any kind of money laundering and terrorist financing activities. 16% of the respondents feel that their bKash account is totally secured, 38% feels it is secure and 12% feel it is less secured. Rest 34% of the respondent are not satisfy with the security level and they have expressed that it can be more secured.

Do you know about STR/SAR (Suspicious Activity or Transaction Report) form?

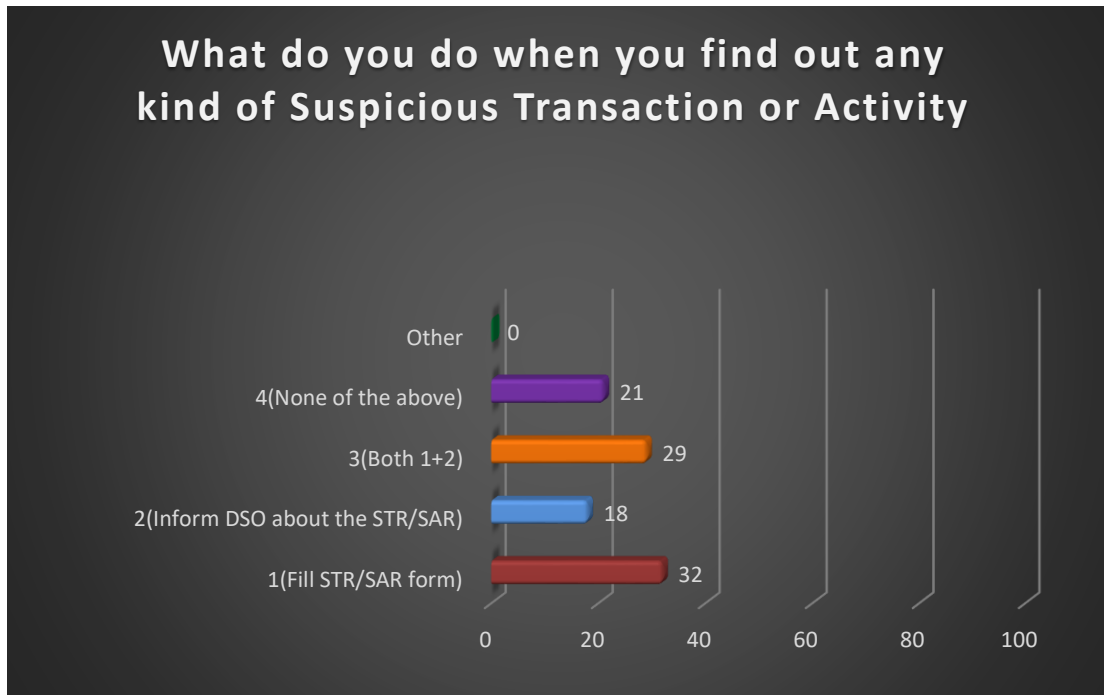
No. of people know about STR/SAR (Suspicious Activity or Transaction Report) form	72
No. of people do not know about STR/SAR (Suspicious Activity or Transaction Report) form	28



STR/SAR is the process of reporting any sort of suspicious activity related to bKash account.

72% of the respondents have said that they have knowledge about STR/SAR (Suspicious Transaction Report/ Suspicious Activity Record) on the other hand 28% people does not have knowledge about STR/STR. Most of the bKash agent have idea about STR/SAR and bKash provide printed copies of STR/SAR form so that they can notify the bKash authority whenever they kind any particular transaction suspicious.

What do you do when you find out any kind of Suspicious Transaction or Activity?



I have asked the respondent what do they do whenever they find out about any kind of Suspicious Transaction or Activity. 21% respondent agreed on the term that they fill up STR/SAR form, 18% people inform about the Suspicious Transaction or Activity to the DSO (District sales Officer). DSO are the representative of bKash. And 29% of the people fill up STR/SAR form as well as inform about the Suspicious Transaction or Activity to the DSO. Rest 21% of the people does not perform any of the mentioned tasks.

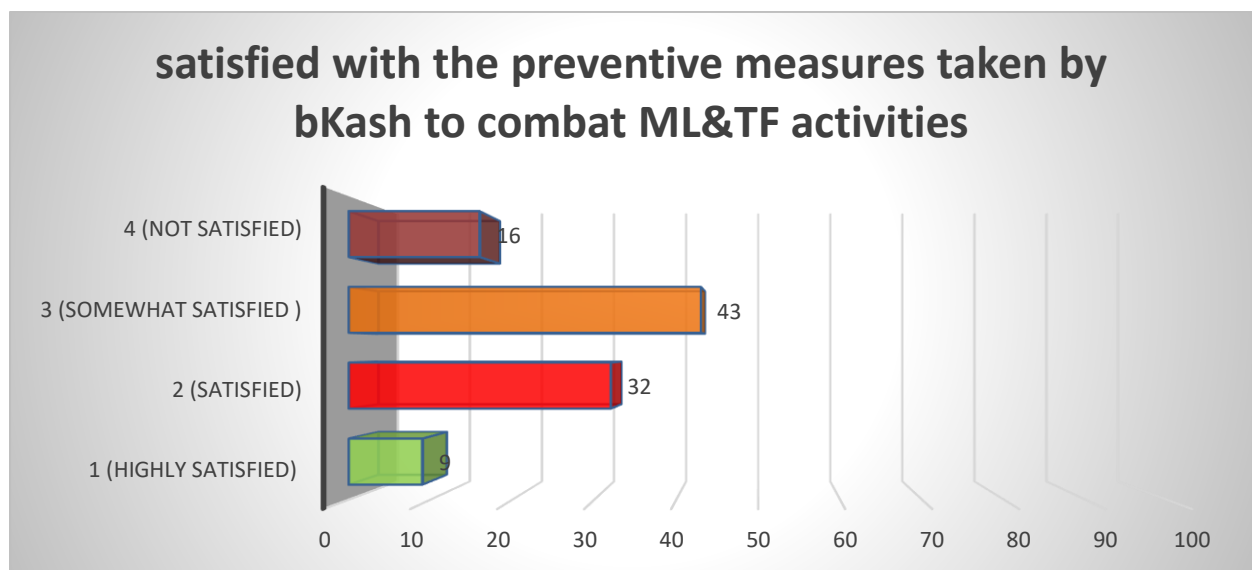
1 (Highly satisfied)	32
2 (Satisfied)	18
3 (Somewhat Satisfied)	29
4 (Not Satisfied)	21



Are you satisfied with the preventive measures taken by bKash to combat any kind of Money laundering and terrorist financing activities?

1 (Highly satisfied)	9
2 (Satisfied)	32
3 (Somewhat Satisfied)	43
4 (Not Satisfied)	16

I asked the respondents if they are happy with the preventive measures initiated by bKash to combat any kind of Money laundering and terrorist financing activities. 9 person responded that they are highly satisfied with the initiatives which bkash has taken to prevent any kind of preventive measures taken by bKash to combat any kind of Money laundering and terrorist financing activities. 32 responded have said that they are satisfied with the preventive measures and following 43 person said they are somewhat satisfied with it.16 has conveyed that they are not at all satisfied with the preventive measures.





Do you have any suggestions to bKash on combating Money laundering and terrorist financing activities?

I kept an open ended question at the end of my questionnaire to know if the respondent have any better idea or suggestions for bKash on combating Money laundering and terrorist financing activities. All the respondents who participated in the survey are bKash user. Some of them have also faced money laundering and terrorist financing activities while using bKash. So, their opinion can be really helpful for bKash to figure out more efficient ways to combating Money laundering and terrorist financing activities. Some of the respondents have given their valuable opinion or advise which I have added on the recommendation and finding part of my report.

Interview

For writing my internship report I have interviewed few of the senior employees of bKash AML&CFT department regarding my research topic. Interviewing my senior colleague gave me a better understanding and deeper knowledge about AML&CFT. After interviewing all of them I got a clear and complete picture of how the overall department functions. Conducting the interview has helped me to understand the importance of compliance. Firstly, the topic I choose for my report was vast and it has a lot of scope for me to research. A lot of secondary data was available in the internet about the topic. But none of them was completely relevant as bKash does not usually disclose their compliance related information as they are highly confidential. So working with the AML&CFT department I get to collect primary data through the interview. All the data which I have collected during these interviews has add value to my report.

Firstly, I talked to the training team of AML&CFT department who dedicatedly work on creating awareness among bKash employees, agents, merchant, distributor and other stake holder of bKash by providing training to them on money laundering and terrorist financing activities. Training is one of the major preventive measures taken by bKash to reduce the amount of AML&CFT activities. A lot of people using bKash has very little or no idea about Money laundering and terrorist financing activities. That's why a lot of dishonest people are taking advantage of this and trying to do fraudulent activities using bKash's platform. I particularly interviewed Mr.Syed Ashfaque Rahaman, Officer, ECAD division to find out



more about training team and its core functions. He gave me an idea about how they conduct the training sessions what are the topic they cover and his personal view about the effectiveness of the training sessions.

Furthermore, I have also interviewed Mr. Asif Siddik officer, ECAD division to know about the monitoring and controlling process of money laundering and terrorist financing activities. He has given me an overall idea about how his term works every day to monitor and control all kind of money laundering and terrorist financing activities. All the bKash employees I have come across while working in the AML&CFT department has helped me somehow or other to know more about my research topic. This personal interview has helped me to get a deeper understanding about how ML&TF issues are handled at bKash.

Findings

Here, are couples of findings which I have found out while conducting my survey. This finding can be helpful if it is critically scrutinize and take necessary steps to solve some of the problem which I have figured out through my findings. The findings which I got while conducting the survey are given below:

- A lot of bKash customers are unaware of the term money laundering and terrorist financing.
As they are unaware of the term they are also not aware of the money laundering and terrorist financing risk associated with their bKash account.
- Again people in general do not have much idea about money laundering and terrorist financing. Though many people has faced fraud phone call or fraudulent activities regarding their bKash account but they are unaware of the fact that this thing does falls under money laundering and terrorist financing activities. And these sorts of activities are very serious predicated offence.
- People from all social classes or status are target of the fraudulent group who are involved with this sort of money laundering and terrorist financing activities. This fraud group target people of all sort of profession and social class. They target bKash users and take money from them through all sort illegal means. Most of the time these victims do not even make any official complains against these fraud as they think the chance of getting the money back is near impossible.



- The respondents of my survey questionnaire were mainly bKash agents. And I conducted the survey while they came for attending a training a training on” Money laundering and terrorist financing” conducted by bkash’s AML&CFT training team. This training is conducted on a regular basis to make the bKash’s agents to aware them about money laundering and terrorist financing activities. These training are conducted on weekdays. So, a lot of bKash agent has to attend the training leaving their shops or agent points. So, they are always in hurry to finish the training as soon as possible and go back to work. They have request the trainer and convey the message that it would be really good for them if the training sessions would take place on weekends instated of weekdays.
- During this survey I have come to know about that bKash’s agents have dissatisfaction regarding their commission. bKash has near about 2.5 lacks agents all over Bangladesh. As the agent number is increasing day by day the number of customer each agent serves are comparatively decreasing. And because of these the amount of commission they receive is also decreasing. That’s way there is kind of dissatisfaction among agents regarding commission.

Recommendations

After doing extensive research on my internship report topic which is on money laundering and terrorist financing activity it is quite clear to me that it is a vast and very important topic. Bkash has a whole dedicated department for handling ML&TF (Money laundering and terrorist financing) related issues. Through my personal observation, I have seen that bKash does follow all the rules and guidelines provided my Bangladesh Bank and BFIU. bKash gives its best effort to prevent any sort of money laundering and terrorist financing activities. But inclusion of some advanced technologies or additional steps can make the compliance process of bKash more efficient and effective. The recommendations are given below:

- Whenever, a bKash customer will conduct any type of transaction worth more than or equal to 5000 taka there will be a requirement of providing their NID number or some other types of identity number. It would help bKash to identify and monitor suspicious transaction and if that transaction is involved in any type of money laundering or terrorist financing activities. This would make taking action against alleged numbers easier. It would also be kind of reminder among the bKash users that



their transactions are constantly being monitored and if they use bKash to conduct any type of illegal transaction they will get penalized for that.

- Creating special features in the bKash app to report any kind of fraudulent activities. Reporting agent raised STR/SAR through bKash apps can be really helpful for bKash and its agents. Current process of raising STR /SAR for any kind of suspicious activities is very lengthy. Whenever agent find out about any sort of suspicious activity they raise a STR/SAR form and inform it to the DCO. These STR/SAR form are sent to concerned bKash authorities and then they take necessary actions against these STR/SAR. If this STR/SAR can be raised online or through bKash app it will save a lot of valuable time and energy. And there will be no need of middle man as bkash authority will be able to see the STR/SAR in real time from online/apps.
- Giving proper training to the agents to effectively use bKash spp. As agents need to properly know the usage of the app in order to use its advanced feature which will make their work easier.
- There can be a system where there will be reward or token of gratitude for the agent who has raised maximum no of right STR/SAR and help bKash to identify the alleged bkash account.
- Introducing agent AML&CFT ratings in the bKash app. The rating will be based on a quiz related to AML&CFT. At present FCA (Field compliance assistant) team go to field visit to every agent points and inspect if the agents are following all the Anti-money laundering and terrorist financing rules. Based on this field assessment a form is being fill up and give AML&TF rating to the agents. This rating and field assessment is time consuming and not all the agents are being covered by this process. AML& CFT rating through bKash app will make things more convenient.
- Introducing easier training content for the money laundering and terrorist financing training sessions on agents as the education qualification of the agents is not up to the mark. Explaining money laundering and terrorist financing terms with easier terms will be really helpful for specially the bKash agents.
- Adding visual content, video or documentary related to Money Laundering and Terrorist Financing .Every trainer does not have same capacity. Whole country same content.



- e-KYC is can be a game changer for this sort of money laundering terrorist financing activities. If e-kyc is being implemented customer information and detail will be easily accessible and it will be
- And lastly in general technological advancement and automation can play a big role in combating money laundering and terrorist financing related activities.

Conclusion

In the MFS industry of Bangladesh money laundering and terrorist financing activities are increasing at an alarming rate. Over the past few years, a lot of money laundering and terrorist financing related cases has been reported. This has raised concerns about the risks related to this sort of fraudulent activities. Increase of this kind of illegal activity might create customer dissatisfaction and can also have a negative image towards the brand name of bKash. Through my personal observation, I have seen that bKash does follow all the rules and guidelines provided by Bangladesh Bank and BFIU. No company will be okay with the fact that their platform is being illegally used and their valuable customer is being cheated on. bKash gives its best effort to prevent any sort of money laundering and terrorist financing activities. Bkash has worked hard to be the number one MFS in Bangladesh and to retain its position and goodwill bKash should come up with more preventive measures to mitigate upcoming risks, to identify fraudulent activities and crimes and take severe actions against frauds. bKash's initial growth to large scale has been among the fastest globally. At the same time, it is still in growing stage of development. There is a long way to go and much still to do to develop the business through technological advancements and innovations. bKash needs to stabilize its technology platform to support a much higher volume of transactions and keep records of customers.



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Appendix

Research Topic:

Money laundering and terrorist financing activities and its prevention: A study on bKash's AMLCFTD.

Note: Money laundering is known as the process of concealing the origins of money obtained from illegal sources and transferring its identity by passing through a complex sequence of banking transfers or commercial Transactions. Terrorist financing is the financing provide to the terrorist group or organization to carry out any terrorist activity. Bkash's platform is being abused greatly by money laundering and terrorist financing activities in recent times. Main purpose of this questionnaire is to find out the bKash customer's knowledge or experience about Money laundering and terrorist financing activities and its preventions. All the information taken will be kept confidential and only used for academic purpose. Your cooperation in this regard stands vital and is viewed as appreciable contribution towards the body of knowledge.

Survey Questionnaire:

1. What type of bKash account do you own?
 - Personal
 - Agent
 - Merchant
 - Personal + Agent
 - Personal + Merchant
 - Other.....
2. Are you aware of the term Money laundering and terrorist financing?
 - Yes
 - No
3. Have you received any training or guideline related to Money laundering and terrorist financing activities from bKash?
 - Yes
 - No



4. If so, was the training or guidelines on Anti-Money laundering and combating terrorist financing activities helpful?
 - Yes
 - No
5. Have you faced any type of money laundering or terrorist financing activity?
 - Yes
 - No
6. What type of fraudulent activity you have faced while serving bKash's customers?
 - Extortion
 - Bribery
 - Illegal Remittance
 - Fraud
 - Drug
 - Kidnapping
 - Illegal Business
 - None of these above
 - Other.....
7. To what extent do you think your bKash account is secure from Money laundering and fraudulent activities?
 - 1(Totally unsecured)
 - 2(Less Secured)
 - 3(Secured)
 - 4(More Secured)
 - 5(Totally Secured)
8. Do you know about STR/SAR (Suspicious Activity or Transaction Report) form?
 - Yes
 - No
9. What do you do when you find out any kind of Suspicious Transaction or Activity?
 - 1(Fill STR/SAR form)



- 2(Inform DSO about the STR/SAR)
- 3(Both 1+2)
- 4(None of the above)
- Other.....

10. Are you satisfied with the preventive measures taken by bKash to combat any kind of Money laundering and terrorist financing activities?

- 1 (Highly satisfied)
- 2 (Satisfied)
- 3 (Somewhat Satisfied)
- 4 (Not Satisfied)

11. Do you have any suggestions to bKash on combating Money laundering and terrorist financing activities.....

