

Report On
Anti-Money Laundering and Combating Financing Terrorism
by BRAC Bank Limited

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelors of Business Administration

BRAC Business School
Brac University
September, 2022

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Mashiyat Shahrin

17104073

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Md. Shamim Ahmed

Lecturer, BRAC Business School

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Letter of Transmittal

Md. Shamim Ahmed
Lecturer,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report on “Anti-Money Laundering and Combating Terrorist Financing by BRAC Bank Limited”

Dear Sir,

It is an honor for me to turn in my internship report, which I wrote for the BBA Undergrad Program’s Internship course on “Anti-Money Laundering and Combating Terrorist Financing by BRAC Bank Limited” under your supervision.

I completed my internship report with diligence and earnest effort. I tried my best to compose the report using both the theoretical knowledge and practical experience I obtained from my internship. I took the time to finish the report with important information and suggestions in the clearest and the most practical way possible. I trust that the report will meet the desires.

Sincerely yours,

Mashiyat Shahrin
17104073
BRAC Business School
BRAC University
Date: September 3, 2022

Non-Disclosure Agreement

This agreement is made and entered into by and between BRAC Bank Limited and the undersigned student, Mashiyat Shahrin at BRAC University for the purpose of Internship Report.

I guarantee that my report will not include any sensitive information or damaging material that might damage the company's reputation. This report will only be published on the library server of BRAC University and won't be uploaded on any websites.

Acknowledgement

First and first, I would like to thank Almighty Allah from the bottom of my heart for His blessings and for giving me the chance to complete my internship at BRAC Bank Limited. I would not have the chance to complete my internship report timely and do an internship at BRAC Bank Limited without His willingness.

Every student of undergraduate curriculum for the Bachelor of Business Administration degree must complete the internship program. The opportunity to finish my internship under the direction of Mr. Md. Shamim Ahmed, Lecturer at BRAC University, has been an honor and a privilege. I appreciate his assistance, counsel and cooperation in helping me to prepare my internship report. I would like to express my sincere gratitude to my on-site supervisor, Ahsan Zaman (Manager, MIS and Governance, Anti-Money Laundering Division, BRAC Bank Limited) as well as the other team members of the AMLD team Farhana Farha, Shakib Tahsin Rahim and Mohammad Fahad. By providing the required data and resources and by offering insightful advice, my AML team and supervisors have supported and assisted me while I prepared my report. I was able to learn many things from each of them throughout my internship, for which I will always be thankful to them.

Finally, I would like to express my gratitude to everyone who has supported and believed in me throughout my life, which includes my family, friends, partner and all of my well-wishers. Last but not the least, I am honored and thankful to be able to study at BRAC University which has given me the opportunity to further my education, acquire knowledge and information and develop skills for my future profession and compete on the job market.

Executive Summary

This paper attempts to present a comprehensive review of BRAC Bank's anti-money laundering initiatives and efforts to avoid it. Because banks deal with money, people occasionally try to take advantage of them to carry out various criminal tasks in order to profit from them. As a result, banks must ensure that these kinds of illegal actions are avoided. They take the required precautions and adhere to some predetermined rules to stop these behaviors.

Because of this, I have first provided a detailed explanation of the operations at the office. After that, in the second chapter, I gave a brief description of the company, BRAC Bank Limited, where I had finished my internship program. I made an effort to concentrate on the bank's founding history, goal, and vision, as well as its key departments, business divisions, and goods and services.

Finally, I presented some conclusions from my research of the anti-money laundering initiatives in the third chapter. I then gave some recommendations and pointed out some of the report's limitations.

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List of Acronyms

BBL	BRAC Bank Limited
AML	Anti-Money Laundering
AML D	Anti-Money Laundering Division
CFT	Combating Financing of Terrorism
HRD	Human Resource Department
MIS	Management Information System
CTMU	Central Transaction Monitoring Unit
BFIU	Bangladesh Financial Intelligence Unit
AOF	Account Opening Form
KYC	Know Your Customer
BAMLCO	Branch Anti-Money Laundering Compliance Officer
CAMLCO	Chief Anti-Money Laundering Compliance Officer
IFC	International Financial Co
SME	Small & Medium Enterprises
ATM	Automated Teller Machine
CDM	Clean Development Mechanism
NGO	Non-Governmental Organization

Chapter 1: Internship Overview

1. Overview of Internship

1.1 Student Information

Name: Mashiyat Shahrin

Student ID: 17104073

Program: Bachelor of Business Administration

School: BRAC Business School

Major: Human Resource Management

Minor: Finance

1.2 Internship Information

1.2.1 Internship Details

Period: 3 Months (From 8 June, 2022 to 8 September, 2022)

Company Name: BRAC Bank Limited

Department: Anti-Money Laundering

Division: Anti-Money Laundering Division

Address: Head Office, Anik Tower, 220/B, Tejgaon I/A, Tejgaon-Gulshan Link Road, Dhaka.

Phone: +8802880130132; 09677551001-31

Fax: +8802222298910

Email: enquiry@bracbank.com

Website: <https://www.bracbank.com/en/>

1.2.2 On-Site Supervisor's Information

Supervisor's Name: Ahsan Zaman

Position: Manager, MIS & Governance, AMLD

Email: ahsan.zaman@bracbank.com

Mobile: +8801787672741

1.3 Job Scope

I have done my internship in the Anti-Money Laundering Division (AML/D) at BRAC Bank Limited. There are four different teams in AML/D and I am fortunate enough to work with all of them and learn different things. The four teams are MIS & Governance; AML/D, Business Advisory, Operations and Central Transaction Monitoring Unit (CTMU).

In the first month of the internship, my job was to do MIS or Management Information System and archiving old documents in the system. MIS means to do data entry of files or documents in the system, which has to be done regularly to keep the system updated. Data entry or MIS was a regular task for me to do. Simultaneously, I was doing data entry of old files and documents in the system, so that these old files can be sent to archives. Then I learnt how to evaluate self-assessment reports of different branches of BBL from all over the country. Self-assessment has to be done by every branch twice a year to evaluate or mark their performance. It is done by the BAMLCO of every branch and sent to AML/D at the head office to evaluate according to a given rubric and then sent to Bangladesh Bank. Self-assessment is a mandatory and a very important task to ensure if the branches are following the steps, rules and regulations made and given by Bangladesh Bank and AML/D. Moreover, I have been to one branch visit along with my supervisor at the Moghbazar branch. Branch visits are done to check if the branches are following the rules and regulations set by the head office and instructed by Bangladesh Bank. These jobs were under the MIS & Governance team.

I have read Circular No. 26 of Bangladesh Financial Intelligence Unit (BFIU) and documented reports made by the Business Advisory Team. From the CTMU team, I have learnt how to open a bank account and why Account Opening form (AOF) and Know Your Customer (KYC) form is very important before opening a customer's bank account.

In the last month of the internship, I am working under the AML/D Operations team. Here, my job responsibility is to do Media Adverse Reports. In Media Adverse Reports, I had to read articles from links posted on different media, which is already provided in the

spreadsheet and find out if the mentioned person has any account with BBL or not by searching on the Central Domain. Then I have to update the result in the spreadsheet.

1.4 Internship Outcomes

1.4.1 Student's Contribution to the Company

I am grateful for the opportunity to serve as an employee of BRAC Bank Limited, even if just in a little way. Throughout the internship, I was held to the same high standards of conduct as any other employee. As an intern, I was required to maintain regular office hours, firstly it was from 10:00 am to 6:00 pm and later it was from 9:00 am to 5:00 pm report to my supervisors about work updates, learning sessions, attend meetings with other BBL interns, participate in trainings to complete the necessary tasks by the deadline, go to branch visits, perform the assigned work and maintain the company policy. Updating query table data in the system was my main duty as an intern in the Anti-Money Laundering Division. Anytime AMLD receives a query, the information or data in the relevant MIS must be updated. I had to update where it originated from, the name of the sender, when the query was received and replies were the information. I also had to update the MIS in MS Excel.

1.4.2 Benefits to the Student

The chance to develop real-world experience and practical skills through an internship is excellent for final-year students or fresh graduates. I have got practical expertise in the Compliance sector, specifically in Anti-Money Laundering, during my internship at BBL, even though I am a student having Human Resource Management as major and Finance as minor. Therefore, this was a whole new experience for me. I have learnt things that will help me get ready for the corporate world in the future throughout this three-month internship. Additionally, I had to communicate with people both outside and inside of the office during my internship, including my supervisors, subordinates and others. I was able to develop a large professional network as well as my communication skills.

In addition, I will have some solid references and recommendations from my supervisors thanks to this internship experience, which will also help me strengthen my resume.

1.4.3 Difficulties Faced During Internship

During this three-month internship program, I had a great time working at BBL. My managers and coworkers were incredibly supportive, cordial, helpful and inviting. Throughout the internship, they assisted me in learning a lot. They guided me on how to do the job and even gave advice about my future. The work environment in BBL is fantastic. Everyone supports one another in all ways possible. Although, I have worked under all the teams, I have spent most of my time working with the MIS & Governance team members during my internship at BBL's AMLD. For instance, there was a week where I had to sit all day in the office doing nothing at all. If I was assigned to work under other teams earlier, I would have got to learn more from them.

AMLD is divided into four teams, including MIS & Governance, AMLD Operations, CTMU and Business Advisory. If there had been a scope earlier, I would have had the chance to learn more about the other teams and have firsthand experience with their operations.

1.4.4 Recommendations

With the help of BRAC Bank Limited, I have countless opportunities to prepare for the future and gain knowledge throughout this three-month internship. It would have been fantastic, though, if there had been an opportunity to research and learn about the Human Resource division in addition to the Anti-Money Laundering Division. As I have Human Resource Management as my major, it would have been better for me to relate the work I did during my internship with what I have learned in these four years. Moreover, I knew nothing about Compliance, Control function, AML and CFT. It was a challenge for me to learn a whole new thing and write this report.

Therefore, I recommend BRAC Bank's HRD to assign interns as per their major or minor subjects. So that the interns will have a deeper understanding of the area they have been studying and will have greater first-hand exposure with the job and responsibilities.

Chapter 2

2. Organization Part



Figure 1 BRAC Bank Limited Logo

2.1 Company Profile

Company Name	BRAC Bank Limited
Established Year	2001
Current Location	Anik Tower, 220/B, Tejgaon I/A, Tejgaon-Gulshan Link Road, Dhaka-1208
No. of Employees	80,000
Total Assets	Tk. 449 Billion (USD 5.23 Billion)
Branches	187
Agent Banking Outlets	705
SME Unit Offices	461
ATMs	373
CDMs	93

Table 1 Company Profile

2.2 Introduction

BRAC Bank Limited is a commercial banking institution headquartered in the capital city of Dhaka, Bangladesh. Firoz Ahmed, a businessman and philanthropist who also acts as the board of director's chairman, established the bank on July 4, 2001. (BRAC Bank 2022) With more than 60 million clients and 80,000 workers, the bank has developed into one of

Bangladesh's biggest and most successful financial institutions. One of the handfuls of banks in our country that is listed on the stock exchange publicly is BRAC Bank, which is also a member of the World Bank Group's International Finance Corporation (IFC). (*BRAC Bank 2022*)

BRAC Bank is a successful scheduled full-service bank. Institutional investors from both the country and abroad are among the company's stockholders. The major goal of the bank is to open up new avenues of business by targeting customers whom traditional financial institutions often avoid. The team at BRAC Bank is committed to providing the "best-in-class" services possible to their wide range of customers located all across the country by means of their online banking system. (*BRAC Bank 2022*)

BBL now has one of the highest growth rates of any major bank. For its upcoming distribution, network, and business area development, BRAC Bank is looking for excellent goal-oriented, ambitious employees to work in a variety of roles. (*BRAC Bank 2022*)

The bank's goal is to create a successful financial organization that also upholds social responsibility. It carefully considers the market and commercial opportunities, and it works with BRAC and other stakeholders to create a Bangladesh that is progressive, healthy, democratic, and free from poverty. It helps people reach their financial objectives and strengthens the nation's economy and communities. For the bank's business to thrive in the years to come, it must always act ethically toward its customers, stockholders, friends, and neighbors. (*BRAC Bank 2022*)

By having 187 branches, Service Centers of SME & SME/Krishi branch, 373 ATM Booths, 705 Agent Banking Outlets, 93 CDMs, and 461 SME Unit Offices, BBL has become of the fastest growing banks in Bangladesh. With more than 60 million customers, the bank has already established itself as the largest SME financier in Bangladesh. It is also expanding into retail, corporate, foreign remittance, and other fields of banking. (*BRAC Bank 2022*)

2.3 Overview of the Company

2.3.1 History of BRAC Bank Limited

Just after the 1971 Bangladesh Liberation War, Sir Fazle Hasan Abed established BRAC in 1972 at Shallah Upazillah, Sunamganj, as a modest rehabilitation and relief project to assist

returning war refugees. The organization is currently known as Building Resources Across Communities after previously going by the names Bangladesh Rehabilitation Assistance Committee, Bangladesh Rural Advancement Committee, and finally Building Resources Across Communities. BRAC Bank Limited is one of the many outcomes of BRAC. Firoz Ahmed, a businessman and philanthropist who also acts as the board of director's chairman, established the bank on July 4, 2001. (Jafrin, 2022)

In order to provide "unbanked" small and medium-sized business owners with access to financial services, BRAC Bank Limited was established. Inspired by its parent concern BRAC, the largest non-governmental organization in the world, this bank extended small ticket credits to small and medium-sized enterprises (SME) in an effort to expressly put the average entrepreneur under the cover of formal banking service. More than half of the bank's loan portfolio is made up of loans to small and medium-sized firms. (Mazid, 2021)

BRAC Bank did not begin its operations in 2001 like a typical bank. The bank's visionaries recognized that the hitherto underappreciated Small and Medium Enterprises (SME) sector is crucial to the nation's economic development and job creation. In the recent past, conventional banks have been hesitant to make investments in this industry. When it was nearly hard for SME owners to obtain funding through Bangladesh's banking industry, BBL came forward and offered help to these owners of unbanked SME businesses. (*BRAC Bank 2022*)

The ideals that BRAC Bank was built on are the cornerstones of all of its activities. It is a dynamic, performance-driven company. The Global Alliance for Banking on Values (GABV) has one member from our country, Bangladesh and that member is this one. The Global Alliance is made up of 66 financial institutions that operate in Asia, Australia, Africa, Europe, Latin America and North America. Together, these institutions serve over sixty million clients, manage up to USD Two Hundred billion in resources, and are supported by a system of 80,000 employees. (*BRAC Bank 2022*)

Together with the other GABV partners, BRAC Bank subscribes to the Philosophy of 3Ps: People, Planet, and Prosperity. They think that they have a duty to take care of the people and environments in which they work. They choose to toil for the wellbeing of their employees and people as a mission-driven bank.

2.3.2 Corporate Vision

Assisting BRAC and its stakeholders in creating a just, educated, healthy, democratic, and poverty-free Bangladesh by constructing a financially stable and socially responsible organization focused on expanding markets and businesses. (*BRAC Bank Limited Annual Report 2021*)

2.3.3 Corporate Mission

- Persistent expansion of small, and medium-sized businesses;
- Low-cost deposits that keep coming in Growth in retail assets with growth that isn't out of control;
- Self-liability mobilization will be used to pay for corporate assets;
- Asset growth through joint ventures and investments in industries that are growing faster;
- Keep working to get more money from sources other than government grants;
- Keep its debt costs at 2% if it want to keep making money and grow steadily.
- Get the bank's branches, SME unit offices, and BRAC field offices to work together well so that remittances and the bank's other products and services can be delivered;
- Manage different business segments in a fully controlled environment without sacrificing service quality or compliance;
- Maintain a global group of employees focused and inspired to bring the bank's mission to life. (*BRAC Bank Limited Annual Report 2021*)

2.3.4 Company Values

BRAC, the parent company, is the source of all of its power. Therefore, the bank shall uphold the following principles and use them as a framework for all that it does.

- **Innovation:** BRAC has served as a trailblazer in providing possibilities for the disadvantaged to escape poverty. It places a high importance on program design inventiveness and work to demonstrate worldwide dominance in ground-breaking development projects. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)
- **Integrity:** It places a high importance on integrity and accountability in all of its professional endeavors. BBL's policies and procedures are transparent, and it always conducts its business with integrity at all times. These, in the bank's opinion, are the

key components of the bank's work ethic. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

- **Inclusiveness:** All members of society, regardless of color, gender, country, religion, age, psychological or physical ability, financial level, or geographic location, are valued by BBL, and we are dedicated to engaging, supporting, and recognizing their worth. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)
- **Effectiveness:** BRAC Bank places a high priority on effectiveness and excellence in all of its work, continually pushing itself to exceed expectations, achieve and surpass program objectives, and enhance the depth and effectiveness of its interventions. (*BRAC Bank Limited Annual Report 2021*)

2.3.5 Divisions in BRAC Bank Limited

1. Corporate Banking Division
2. Treasury & Financial Institutions
3. Human Resources Division
4. Retail Banking
5. SME Banking
6. Cash Management & Custodial Services
7. Finance Division
8. Operations
9. Technology
10. Risk Management
11. Credit Risk Management
12. Company Secretariat
13. Special Asset Management
14. Communication
15. Service Quality
16. Research & Development

2.3.6 Products and Services

Retail clients of the bank can choose from a variety of products and services. PFS and Credit Card Services are under the category of retail banking or consumer banking. Individually

tailored bank services are what retail banking is all about. There are mainly four types of banking services at BBL which offers different types of products, they are given below:

- **SME Banking:**

BRAC Bank first began its quest to serve SME businesses. The BRAC bank supports the nation's abundant human resource. Following the liberation struggle, the majority of commercial banks lent substantial sums of money to big businesses and industries. Nobody was doing action to support small and medium-sized business owners, and nobody was considering their potential. "Missing middle" was used to describe this group. Despite having the potential, this missing middle was unable to support the country's economy because of a lack of funding. To fill this gap and give them a solid foundation on which to stand, BRAC bank offers SME lending services. (*BRAC Bank Limited Annual Report 2021*)

SME Products are of two types:

A. **Deposit Products:** Deposit products are further divided into three categories. They are:

- Prapti Current Account
- Shonchoy
- Prachurjo Fixed Deposit

B. **Loan Products:** There are six types of Loan products, they are given below:

- Anonno Rin;
- Apurbo Rin;
- Prothoma Rin;
- Durjoy;
- Shomriddhi Rin; and
- Shokti Rin.

2. Retail Banking

The bank's individual customers are provided with a wide range of competitive and profitable banking products through the retail division. A new retail banking strategy has just been developed. In this strategy, BRAC Bank bases the design of its products on the status of its customers. The banking products Easy, Excel, Supreme, and Premium were created with the

client in mind. Additionally, it provides appealing STD & Savings deposit programs that pay interest on daily balances in addition to several types of term deposit schemes.

Retail Banking Products are given below: (Bose, 2014)

A. Deposit Products: There are three types of Deposit products.

- Saving Account
- Current Account
- Term Deposits

B. Loan Products: There are seven types of Loan products. They are:

- Salary Account
- Quick loan
- Auto loan
- Home loan
- Secured loan
- Credit card
- Universal Card

3. Corporate Banking

There are three types of corporate banking products:

A. Loan Products: Three types of Loan products are offered at BBL. They are as follow:

- Overdraft
- Lease Finance
- Loan Against Trust Receipt

B. Trade Finance: The four types of trade finance are listed below:

- Letter of Credit (LC)
- Letter of Guarantee (LG)
- Payment Transfer Service
- Nationwide Collection Service

C. Corporate Cash Management

2.4 Management Practices

Management is the process of managing and organizing both people and work. Employees are viewed as the organization's most valuable resource in BRAC Bank Limited. In order to obtain a competitive advantage and efficiently utilize each employee's unique abilities to produce better results, BBL individualizes each employee. By trying to get to know their staff members personally and what they are great at, managers may create greater productivity and performance throughout the company while also increasing employee growth. Employees receive all essential training and development to help them perform at their highest level of productivity for the company. Additionally, the Human Resource division employs the highest caliber candidates through competitive processes depending on the requirements of the company and the job post. BBL continues to be devoted to its mission statement of empowering its employees to become digitally ready and customer-oriented at the same time assuring that the employee's safety and well-being continues to be the primary concern, guided by its objective of offering human-centric financial services. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

At BRAC Bank, they prioritize their employees in order to enable them to thrive, overcome obstacles and continue on their road to professional progress. The bank's people strategy is driven following the given tenets in order to create a booming, different and wide-ranging employee experience, where workers are involved, ready for the future, both physically and psychologically fit, whilst also incorporating the organizational development approach which helps the requirement for companies to turn swiftly in a setting experiencing constant transformation:

- Workstation modernization by institutionalizing fresh working practices
- Personnel modernization through accelerating individual growth and productivity
- Infrastructure prepared for the future using cutting-edge techniques and equipment

BBL is still cultivating a team of employees that are devoted to its mission today. It does this through its solid Human Resource value propositions, which benefit both its workers and the company as a whole. Increased employee involvement leads to improved production levels. This is achieved by providing continuous training and competitive pay and benefits. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

2.4.1 Board of Directors



Figure 2 Board of Directors

2.4.2 Organogram

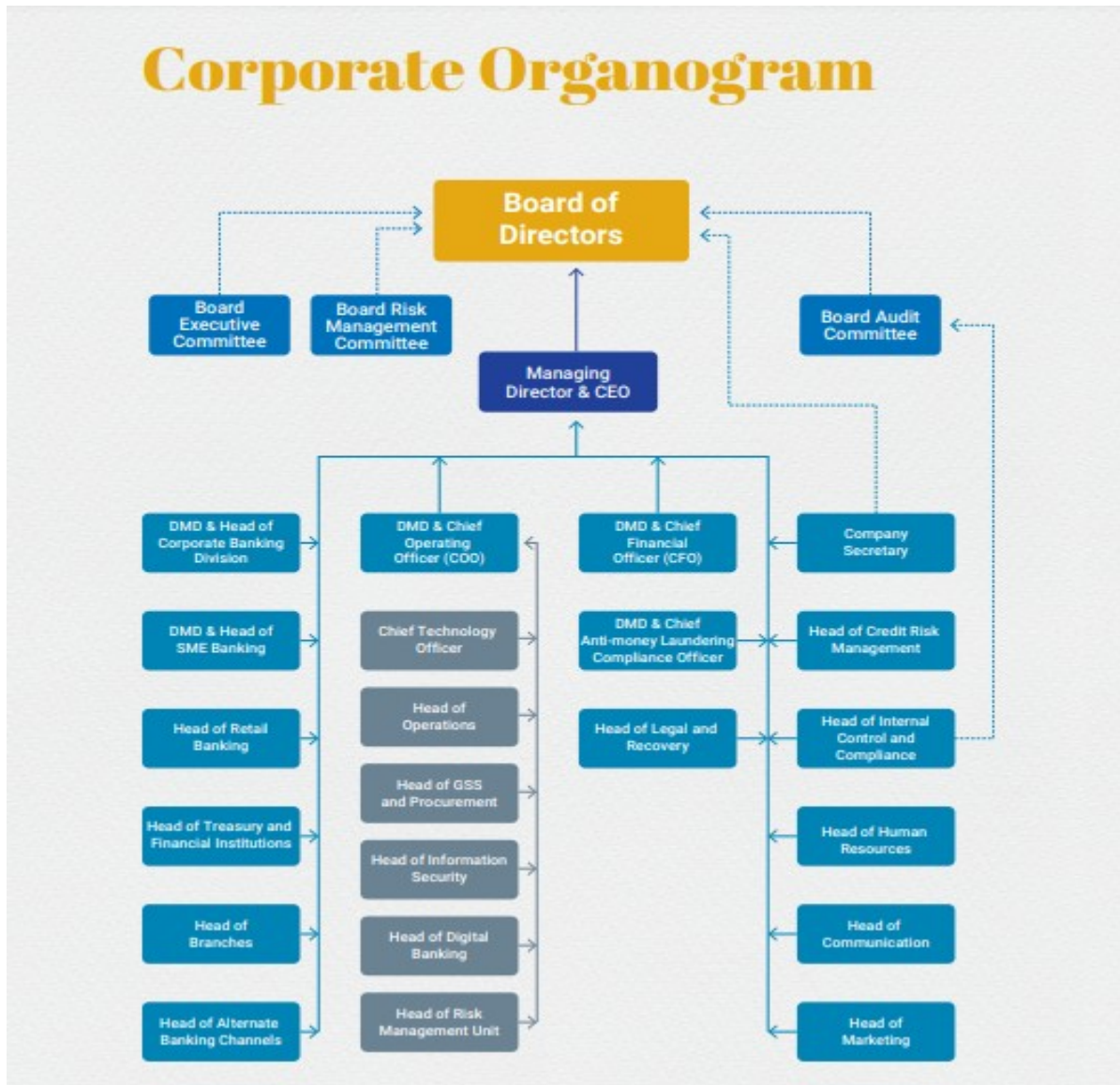


Figure 3 BRAC Bank Limited Organogram

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

I have evaluated the performance of BBL financially in terms of liquidity, solvency, leverage, market value and profitability using the financial statements provided in the bank's annual reports of the last 5 years.

2.5.1.1 Ratio Analysis

STANDALONE INFORMATION	2021	2020	2019	2018	2017
Total assets	449,084	396,982	369,404	315,417	279,187
Total liability	394665	350505	330485	283779	263196
Current ratio	1.137887	1.1326	1.117763	1.111488	1.060757
AD ratio	81.86%	76.69%	82.10%	82.78%	83.39%
Liquid asset to total deposit ratio	27.40%	32.03%	26.45%	22.90%	23.20%
Liquid asset to short term liabilities	204.39%	229.33 %	153.88%	123.89%	101.89%
Liquidity coverage ratio (LCR)	226.61%	358.97 %	218.19%	143.54%	125.51%
Net stable funding ratio (NSFR)	105.92%	106.02 %	110.01%	123.54%	114.38%
Common equity tier-I (CET1) capital ratio	12.89%	13.21%	13.82%	12.31%	11.24%
Total capital to risk-weighted asset ratio (CRAR)	14.36%	14.55%	15.07%	13.67%	12.72%
Percentage of NPLs to total loans and advances	3.90%	2.93%	3.99%	3.10%	3.56%
NPL coverage ratio (incl. GP)	124%	171%	97%	123%	132%
NPL coverage ratio	82%	114%	65%	76%	86%

Return on assets	1.31%	1.19%	1.64%	1.87%	2.02%
Return on equity	11.00%	10.69%	15.60%	19.25%	22.14%
Return on investment	6.04%	5.79%	8.04%	9.00%	9.41%
Debt equity ratio (times)	6.65%	6.98%	7.84%	8.37%	8.87%

Table 2 Financial Performance of BRAC Bank Limited

In terms of profitability, Return on Assets (ROA) started to drop from 0.42% in the first quarter of 2021 to 0.25% in the fourth, while Return on Equity fell from 6.70% to 4.44% in the same time frame. Additionally, in 2021, the majority of banks' ROA and ROE both stood below 2% and 5%, respectively.

64% of total assets were made up of loans and advances. According to the most recent quarterly figures, assets grew by around 1.3% as opposed to 4.6% and 1.4% in the two before quarters. The rise in the portfolio of investment of national banks is primarily responsible for this growth. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

2.5.1.2 Du-Pont Analysis Framework

A crucial success indicator for BBL is economic value-added (EVA), often known as economic profit. It shows the bank's excess profits above the total cost of equity investments. It therefore equals the capital employed cost less the capital employed after-tax return (adjusted for the debt tax shield). EVA for BRAC Bank in 2021 was BDT 6,026 million, a considerable rise from BDT 3,966 million the year before. This was made possible by a 5% drop in the cost of capital and a 34% rise in NOPAT growth. This demonstrates the bank's sound operational principles and business strategy. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

Economic value-added (BDT in mn):

Particulars	2021	2020
Net operating profit	10,944	8,602

Provision for taxes	(2,343)	(2,194)
Net operating profit after tax (NOPAT)	8,601	6,407
Capital employed	62,211	52,435
Cost of equity (%)*	4.14%	4.66%
Capital charge/Cost of capital	2,575	2,442
Economic value-added (EVA)	6,026	3,965
EVA/Average shareholders' equity (%)	11.95%	9.29%
Dividend paid during the year	2,088**	1,989
Capital employed as at December 31 Average shareholders' equity***	50,448	42,698
Average accumulated provision for loans and advances	11,763	9,738
Total capital employed	62,211	52,435

Table 3 EVA of BRAC Bank Limited

2.5.2 Accounting Practices

Accrual principle

Interest income

Interest income is recorded on a straight-line basis. On a realization basis, interest on classified advances is accounted for, in accordance with Bangladesh Bank regulations. In income, fees and interest are no longer included, when the recovery of interest and fees is over 3 months behind. Subsequently, for using the realization basis interest and fees are accounted.

Interest paid on deposits & borrowing

On an accrual basis, interest payments and other costs are recorded.

Investment Income

Investment income is recorded by using accrual basis. Investment income consists of Treasury bonds, debentures, zero coupon bonds, interest on Treasury bills, shares, etc.

Going Concern principle

There is absolutely no uncertainty about BBL's capacity operating as a working concern. They prepared their income statements based on a going concern basis, since the Board does not intend to stop the business and does not foresee any impediments to its future operations. In examining the going concern status, income statement, the current record of financial position, portfolio of business, strengths to operate, long-term business approach, regulatory capital & liquidity plans, and upcoming capital mobilization strategies is also reviewed by the board. Therefore, it may be stated that there is no question that the business will continue to operate, and they have strong evidence to support this conclusion. The management of BRAC Bank has determined that the profit and loss statements for the year ending December 31, 2021 was made on a going concern basis after considering the given key indicators:

- **Stable financial results**

The consistency of our financial performance in 2021 is reflected in our financial statements and financial highlights. It was the most important basis of our standing as a going concern. (Tarver, 2022)

- **Stable performance in terms of money**

We kept getting the same kind of financial results in 2021 as we had in the past. This is clear from our financial statements plus financial highpoints. This was the main reason why we thought we were still in business. (Tarver, 2022)

- **Forecasting cash flow**

Cash flow calculating is a complicated part of figuring out if a procedure is still going. It shows if BBL faces any problems with money flow in the next twelve months. Affirmative operating cash flows show that there are no cash flow problems at the bank. This is clear from our financial statements. (Tarver, 2022)

BRAC Bank has neither the aim nor the regulatory or legal mandate to pay or significantly measures back any of the bank's activities. For several years, the bank's main financial metrics sustained to exhibit a positive trend. The outlook intended for the bank's credit ranking, as assessed by all rating agencies, is "Stable." Due to the current COVID-19 epidemic, management does not foresee any issues with the company's viability. In addition,

the bank's management is unaware of any additional serious concerns that may put substantial disbelief on its ability to remain as a going concern. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

Economic entity principle

According to IAS 27 Separate Financial Statements and IFRS 10 Consolidated Financial Statements, investments in subsidiaries are consolidated in the consolidated financial statements as a single economic entity.

The consolidated financial statements comprise the profit and loss statements of BBL and its subsidiaries, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited, and BRAC SAAJAN Exchange Limited, as if they belonged to a single economic organization. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

Full Disclosure Principal

As they provide notes of off balance sheet items they follow full disclosure principal. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*)

Accounting cycle

The unadjusted trial balance, posting, worksheet, identifying transactions, documenting transactions in a journal, modifying journal entries, financial statements, and closing the books are the eight steps of the accounting cycle. Brac bank follows the accounting cycle.

Depreciation

There is no land depreciation. The depreciation method is straight-line. In the event of fixed asset purchase, depreciation is charged starting at the month of purchase, but it is not paid on assets sold starting in the month of sale. (*BRAC Bank Limited Condensed Interim Financial Statements 2022*) The following are the depreciation rates by asset category:

Figure 4 Depreciation Rates by Asset Category

Category of assets	BRAC Bank	BRAC EPL Investments	BRAC EPL Stock Brokerage	bKash Limited	BRAC Saajan Exchange Ltd.
Furniture and fixture	10%	10%-20%	12.5%	20%	10%
Building	2.5%	5%	2%	-	-
Office equipment	20%	10%-20%	20%	20%	10%
IT equipment - Hardware	20%	25%	-	20%	-
IT equipment - PC, Laptop, UPS, Printer and Scanner	33.33%	33.33%	25%	33.33%	33.33%
IT equipment - Software	10%-20%	33.33%	33.33%	20%	20%
Motor vehicles	20%	20%	20%	20%	-
Office decoration/renovation works	10%	15%	15%	20%	10%

2.6 Operations Management and Information System Practices

BBL is dedicated to providing all internal and external users with the uppermost standards quality of service and security in banking and views cyber-resilience as a critical component of its operations.

The bank has made cyber security a key component of its defensive strategy in an effort to promote responsible banking operations. The bank also implemented an Enterprise Vulnerability Management System first among Bangladeshi financial institutions. As a result, cyber security is still a top priority. Additionally, BBL has a completely operational Information Security Department by skilled and certified assets in order to assure high standards of quality and security of IT systems as well as agreement with Bangladesh Bank's regulatory norms.

To guarantee that the production lines run smoothly and that the company provides quality services, operational team members are in charge of planning, coordinating, and managing them. BRAC Bank's information systems, which include a variety of software, databases, and telecommunications systems, are very efficient. The secretariat's IT staff manages any required support for Enterprise Resource Planning Development and offers assistance with software upgrades and troubleshooting. By primarily maintaining program-related data and other financial information, the departments provide data to the finance and management teams' information systems. These data are used by employees and staff at the headquarters to create management and financial reports and to track various types of success.

2.7 Marketing Practices

2.7.1 Marketing Strategy

Strategic Promotion Plan:

Both types of quantitative and qualitative promotional tools are used by BRAC Bank for their product promotion.

Quantitative:

The goals that the organization must accomplish within a specific time frame are outlined in its quantitative promotional strategy. Making money is the bank's top priority since doing so will help the tremendous growth potentials. The bank now has 200000 (two hundred thousand) deposit holders of all types, and in the upcoming years, it will work to add another 100,000 (one hundred thousand) customers.

- **Increasing Sales:** Since sales are the lifeblood of every company, boosting the sales is very important. The interest on loans is a bank's primary source of income, thus a bank needs enough money to make loans and have good liquidity levels. Client deposits into different accounts, including savings, current, fixed deposit schemes, etc., are the primary source of funding. Recently, BRAC Bank has launched extensive promotional campaigns to persuade a sizable number of clients to adopt the numerous services that are being offered.
- **Selling Method:** New Business Selling, For Transaction Account Actually, Bangladesh has never heard of a BRAC ATM before. It first entered the market at the start of 2005. Since the items are new, they are using a new business model to sell the ATM card, which is covered by TA (Transaction Account).
- **Missionary Selling for (High Network) HNW:** The selling of large numbers of consumers is handled by HNW (High Network) sales managers, who adhere to the Missionary Selling philosophy. The sales representatives at Brac Bank must be extremely innovative and energetic while marketing new business. As a result, they are constantly required to research the prospect under the direction of the sales manager and sales team leader.

Qualitative:

The Qualitative Promotion Plan represents the long-term objectives that BRAC Bank will work to accomplish over the next few years. BRAC Bank sets short-term objectives for a period of five years, during which time they commit all of its resources and highly qualified personnel to achieving the required goals or targets. Following its launch, BRAC Bank has established itself as the industry's top provider of small loans to start-ups and established companies. BRAC Bank has a well-diversified plan to supply all the services offered by any large bank. It does not intend to limit its operations to just accepting deposits and disbursing loans. The long-term objective of BRAC Bank is to dominate the banking business, and in order to do so, it has set the following short-term objectives.

➤ Geographic Extension:

Expansion is a necessary component of every successful business strategy. When borders are crossed or boundaries are established, the business is growing. The motto of BRAC bank upon its inception was "The Fastest Growing Bank." Yes, it is expanding at a breakneck speed. Within the next five years, BRAC bank intends to open branches in more than 60 districts. To demonstrate its capital strength in comparison to other regional banks, BRAC bank also opened a branch there.

➤ Promotional Tool:

Today, a company's or organization's success is entirely dependent on the marketing techniques used to promote its service or product. For the promotion, BRAC Bank uses billboards, brochures, leaflets, prospectuses, newspapers, and on-road advertisements. The primary promotional group is composed of BRAC Bank's BSSO (Branch Sales and Service Officer), CRO (Client Relationship Officer), and Sales personnel. Customers who are happy with BRAC Bank's products often recommend them to other customers.

➤ New Customer Segment:

The BRAC bank is fortunate to have many business clients and family deposits. In order to enable its quick development, BRAC bank is currently attempting to find new sectors and consumer groups. The bank's highly skilled HR division learns that many students attending private universities come from predominantly wealthy households. So if they can make an A

1M card available for this area, they may have uncovered a commercial opportunity there. BRAC Bank has hired a highly motivated and energized sales staff, and they are now launching multiple promotional efforts in different private universities in order to make this plan a true success.

2.7.2 Target Customers

The target customers of BRAC Bank are the Existing customers, Businessman, Students and Women.

2.7.3 Marketing Channels

Strong enough to spread the bank's marketing initiatives over the entire nation is BRAC Bank Ltd.'s distribution network. BRAC Bank now operates its marketing initiatives out of 373 ATM booths and 187 branches around the nation. In addition, they take part in various celebrations, events, and marketing campaigns to advertise their bank. The bank also takes part in charitable events and social welfare programs.

2.7.4 3Ps of BRAC Bank Limited

At BRAC Bank, their highlighting on the "3P" principle of People, Planet, and Prosperity underlies their focus on sustainability. By following the fundamental tenets of the strategies, they conduct themselves in a way that cultivates a broad effect which profits all of their shareholders, particularly in accordance with the tenets of the Global Alliance for Banking on Values (GABV), BBL is the sole member from our country, Bangladesh.

The bank's value system incorporates a culture of sustainability, good governance, and compliance. As a GABV member, BRAC Bank adheres to the following values.



Figure 5 3Ps of BRAC Bank Limited

People Focus:

- Corporate loans, SME credit, personal loans, and easy loans for female entrepreneurs are all available, their products and solutions meet the largest variety of demands and requirements. This enables them to directly integrate with the lives of their clients.
- They have developed consistently over the past 20 years to maximize their effect on development, most notably as forerunners in Bangladeshi SME lending. The bank provided 145,972 SME enterprises with loans totaling more than BDT 134,621 million in 2021, which is more than the market capitalization of many other smaller banks combined. People's faith in the bank is bolstered by the fact that the bank has a solid monetary base and an outstanding name founded on the bank's past track performance of superior governance controls and oversight

Planet Focus:

- BRAC Bank, a significant actor in the financial service industry, has an impact on a diverse range of stakeholders, including individuals, clients, communities, and the environment.
- As a result of the bank's efforts in green and sustainable finance, Bangladesh Bank named BBL as one of the best ten sustainable banks in Bangladesh in 2021.
- BBL guarantees that businesses who receive their finance adhere to common environmental criteria because it is a GABV member.

- In order to launch capacity building programs to foster the philosophy of liable credit, they have established relationships with famous international organizations and local institutions.

Prosperity Focus:

- By enhancing access to finance, they are supporting Bangladesh's development as part of their commitment to shared prosperity.
- To promote comprehensive socio economic progress, they are successfully integrating and putting sustainable development concepts into practice.
- They have a strong belief in the intrinsic value of the initiatives they fund and their potential to serve as catalysts for sustainable development.

2.7.5 Social Media

In social media sites including Facebook, Twitter, LinkedIn, and YouTube, BRAC Bank Limited maintain pages and accounts. Through these channels, it also advertises its new products, schemes or offers, programs and activities while sharing all kinds of tales about the individuals who work with them.

2.8 Industry and Competitive Analysis

2.8.1 SWOT Analysis of BRAC Bank Limited

A situation analysis can be used to generate strategic options using the straightforward SWOT analysis methodology. The following is a detailed explanation of the SWOT analysis.

S = Strength; W= Weakness; O= Opportunities; T= Threats

BRAC Bank has a long history of helping Bangladesh and its people, which has helped them gain the public's trust and become the country's favored bank. The bank has recognized a few major internal and external characteristics that together make up its strengths, weaknesses, opportunities, and threats. The bank makes an effort to build on its strengths, fix its weaknesses, seize opportunities, and fend against Threats. Additionally, the bank uses the

bank's SWOT framework as a management instrument to continuously assess its situation within the sector and fend off pressure from competitors.

Strengths:

- Solid asset foundation
- Extremely specialized teams
- Innovative core banking software
- Wide-ranging national presence
- Broad ecosystem for digital banking
- Cost-to-income ratio that is acceptable
- SME concentration on specialists
- Various business sectors
- Lower than average NPLs
- Adequate compliance to regulations
- Experienced management
- Excellent credit ratings

Weakness:

- Increasing deposit fees
- Technological hyperinflation
- Online theft
- Attrition Rate
- Noncompliance with regulations
- Products with little distinction

Opportunities

- A large potential market
- Inclusion of digital finances: scope
- Increased financial literacy stronger financial recovery
- Growth of sustainable and green financing
- Climate action initiatives' prospects
- Powerful cross-sell possibilities

- Social media and digital marketing

Threats

- More intense competition
- FinTech's disruptive rise
- Limitation on interest rate
- Unexpected regulatory adjustments
- Lack of key workforce
- Aggressive competitor behavior

2.8.2 Porter's Five Forces

Industry analysis is an integral aspect of the company decision-making process. It aids investors in making decisions. Additionally, it assists entrepreneurs in polishing their company strategies. Michael Porter has established five factors commonly used to analyze the structure of an industry. These are Porter's five forces:

- **Bargaining Power of Supplier:** This force is the influence that suppliers have on the manufacturers in an industry. Companies may adopt vertical integration tactics to diminish suppliers' negotiating leverage.

Suppliers, in the context of BBL, are consumers and organizations that supply funding to the company via depository systems. In order to continue in business, BBL will need to raise the interest rate it charges its customers if the cost of borrowing increases. This may lead to significant client unhappiness and, therefore, poor profitability. BBL knows this tragic circumstance. (Haque, *Customer Satisfaction on credit card services provided by Brac Bank*)

- **Bargaining Power of Buyer:** Buyers have the ability to utilize their buying power to exert influence on suppliers or service providers. Understanding which firms possess power and control in the distribution channel gives crucial insight into the competitive landscape.

Customers have a superior negotiating position in the Bangladeshi banking industry due to the abundance of commercial banks offering comparable services. Customers have several alternatives when picking where to bank. They may choose between multinational banks and new local banks for superior service. Others may seek national banks for significant loan facilities as well. In order to attract consumers or

depositors, banks must provide competitive interest rates and tailor-made, individualized services.

In the framework of BBL, the company is relatively unaffected by the negotiating power of the purchasers. BBL has its particular operational norms, which employees adhere to while interacting with clients. However, a company's customer base and revenue may suffer if its prevailing standards around client interactions are excessively strict. To counter this worst-case scenario, BBL has adopted a positive and individualized approach to consumer demands as its slogan. (Haque, *Customer Satisfaction on credit card services provided by Brac Bank*)

➤ **Rivalry among Existing Firms:** The rivalry between rivals and the expansion of the industry are dependent on the level of competition. Bangladesh's banking industry is characterized by intense rivalry. More than fifty corporate banks in Bangladesh compete for their share of the market. The national banks in Bangladesh have the most extensive banking network. They compete with banks because to their cheap operating costs and government assistance. Furthermore, Standard Chartered bank is the leading transnational banking network in Bangladesh, with a presence in several of the country's major areas. There are other multinational banks that are aggressive and participate in the competition. This competitive situation makes it tough for businesses to survive over the long term. (Haque, *Customer Satisfaction on credit card services provided by Brac Bank*)

➤ **Threat of Substitutes:** This force evaluates the possible impact of alternatives. Important sources of competition are new items that fulfill the same consumer wants; adding substitute products in the framework of product market structure identifies replacement forms of rivalry.

BBL is continually threatened by the introduction of replacement items by its formidable competitors. For instance, Standard Chartered Bangladesh's (SCB) debut of premier banking poses a significant challenge to BBL's premium client base, and BBL is in a position to develop an even finer product. In addition, the BBL faces stiff competition from local banks' various consumer credit programs, which provide cheap interest rates and fees. When considering a bank, many customers are put off by BBL because of its high service costs compared to those of national banks. (Haque, *Customer Satisfaction on credit card services provided by Brac Bank*)

- **Threat of New Entrants:** The subsequent force underlines the likelihood of new market entrants. Existing enterprises may attempt to deter new competitors by violent growth and fresh entry obstacles. The Bangladeshi banking industry is gravely threatened by new competitors. Nonetheless, the danger emanates from two directions. The first challenge is posed by the advent of international banks and their branch development, especially in the energy industry, which is increasing. Second, the constant arrival of regional banks with a reduced cost structure poses a significant challenge to this business. As fresh entries into the Bangladeshi banking industry, the numerous new and prospective banks constitute a substantial challenge to BBL. However, BBL is mindful of these possible rivals and is attempting to grow nationwide in order to make the industry unappealing and create an entrance barrier. (Haque, *Customer Satisfaction on credit card services provided by Brac Bank*)

2.9 Summary and Conclusion

BRAC Bank is the first Bangladeshi bank to receive the highest ratings from the three leading domestic credit rating agencies in Bangladesh and the two most prestigious international credit rating agencies. With this latest round of funding, BRAC Bank's market capitalization has surpassed \$1 billion USD, and the bank has been widely regarded as the premier financial institution for small and medium-sized enterprises (SMEs) since 2017. BRAC Bank is an innovative, results-focused institution built on a foundation of core values. It's Bangladesh's sole voice in the Global Alliance for Banking on Values (GABV). The Global Alliance is made up of sixty-six different banks from all over the world, including those in Asia, Africa, Australia, Latin America, North America, and Europe. All these organizations may be responsible for USD \$200 billion in assets, serve over 60 million customers, and employ over 80,000 people. BRAC Bank, along with the other GABV partners, is committed to the 3P Philosophy of promoting the well-being of People, Planet, and Prosperity. In their view, it is

their duty to protect the communities in which they do business. BBL is a bank with a focus on improving the lives of their employees and the community at large.

2.10 Recommendations

In the history of banking, consumer banking is a relatively recent idea, particularly in Bangladesh. Because there are so many privately run local banks vying for customers, BRAC Bank Limited will not be able to sustain its projected client base just on the basis of the reputation they have earned in the past. Additionally, it must guarantee client pleasure, uphold a high standard of service, and continuously improve its offerings. Due to the intense competition in our nation's banking sector, one may desire to expand and invent more products and services to their line. A special offering from the bank, Premium Banking for priority clients, has the potential to attract more devoted clients if strategically advertised. The bank will benefit from this in two ways: first, they will be able to retain their current customers engaged in the products and services offered by the bank, and second, their portfolio will continue to grow as a result of this approach.

In conclusion, it can be claimed that even if the outcomes thus far are only marginally good, Premium Banking of BRAC Bank Ltd. still has a lot of promise. They can take advantage of great market chances and quickly remain profitable in the business by using some recent pertinent strategies. BRAC Bank Ltd. must take all necessary steps to meet client expectations in order to maintain those expectations because if consumers feel they are not being treated properly, they may decide to use a different bank.

Chapter 3

3. Project Part

3.1 Introduction

An internship program is necessary to earn a BBA degree. Before earning their degrees, all students are required to complete an internship program. For graduates, the opportunity to get experience in the real business world before beginning a career internship program is enormous. In the contemporary business environment, internships enable students to demonstrate their knowledge-based skills and abilities as well as their growth and satisfying professional, personal, and interpersonal conduct. It is an opportunity for the students to become familiar with real-life situations or gain practical experience firsthand because classroom discussions alone cannot prepare a student to deal with the real business world.

3.1.1 Background

An extensive global effort is now concentrated on preventing money laundering and developing countermeasures. Money laundering has difficulty to quantify consequences on economic growth, although it is obvious that such conduct harms financial institutions, lowers efficiency in the economy's actual sector by promoting crime, corruption, and can stifle the economy's external sector. Because of their weak regulatory environments and susceptible financial systems, poor countries find it more challenging than wealthy nations to tackle money laundering. The study continues by describing the global trends and oversight frameworks for addressing the issue of money laundering in the banking industry.

BBL is committed to the highest levels of anti-money laundering (AML) compliance, and it strongly encourages management and employees to follow these standards to prevent the consumption of their goods and services for the purpose of money laundering. It is common practice for criminals to launder money via financial institutions; however, BRAC Bank Ltd. has always taken measures to prevent this from happening. The Board of Directors of the Bank views the prevention of money laundering as an essential component of the risk management strategy and commercial operations of the Bank. (bracbank.com, 2021)

The Money Laundering Prevention Act, 2009 was repealed and the Money Laundering Prevention Act, 2012 was published with effect as of January 16, 2012 based on experience acquired and the opinions given by national and international experts.

According to the 2012 Money Laundering Prevention Act (MLPA), money laundering includes:

1. Knowingly transferring, changing, or giving up an asset connected to a crime with the aim to:
 - Disguise or conceal the illegal origin, source, authority, and management of illicit funds.
 - Work with someone who is performing the predicate crime in order to help him avoid punishment for his actions.
2. Use illegitimate ways to smuggle money or other assets gained via legal or criminal means into foreign nations.
3. Intentional transfer, transmission to other nations, or receipt of funds in Bangladesh with the intent of hiding or masking the source of funds obtained via illegal activities.
4. To carry out, or attempt to carry out, a cash transaction with the purpose of dodging a reporting obligation under this Act. (Structuring)
5. For getting anything, getting a job, or using it without knowing whence the money came from was illegal
6. Taking part in an act that makes it easier to hide or obscure the source of money gained unlawfully.
7. Take part in, be a part of, conspire with, attempt to commit, help to commit, influence, or direct any of the aforementioned offenses.

Predicate Offense is a subsequent offense that involves the attempt or laundering of earned money. The predicate offense lists include:

- Bribery and corruption
- Currency counterfeiting.
- Falsified documents
- Coercion
- Fraud
- Falsehood

- Illegal trafficking in weapons
- Illegal Trafficking of Psychoactive Substances and Narcotic Drugs
- Illegal trafficking of stolen goods and other items
- Hostage-taking, unlawful restraint, and kidnapping
- Murder and severe bodily harm
- Trafficking in women and children
- Contraband
- Illegal cross-border cash transfers, both local and international
- Piracy of water or air, theft, or dacoit.
- Trafficking in persons
- Dowry
- Duty evasion-related offenses and smuggling
- Tax-related offense
- Infringement on a patent for an idea
- Terrorism or funding of terrorism

In a brief, money laundering is the process by which criminals convert their illicit gains, sometimes known as "dirty" money, which can be connected to them, into "clean" money, which cannot. (Bose, 2014)

Money laundering facilitates criminal activity. It has really startling ramifications for our society, security, and economics. It inspires and facilitates criminal activity by drug traffickers, human traffickers, terrorists, illicit arms dealers, dishonest public officials, and others. In order to counteract these actions, the government must spend more on law enforcement and health care. Money laundering reduces tax income for the government, which eventually hurts legitimate taxpayers. Additionally, it complicates tax collection for the government. In addition, it transfers economic power to criminals from the marketplace, the government, and the public.

BRAC Bank is dedicated to stopping money laundering (ML) and terrorist funding as one of the major financial institutions in the nation with a diverse and expansive corporate base throughout Bangladesh (TF). In order to do this, the bank's AMLD has fostered strong compliance principles throughout entire organization and shown its steadfast obligation to evaluate and cope up with risks related to laundering of money and financing of terrorism. Assuring the highest levels of systemic vigilance, the bank's promise to guaranteeing the

proclamation of operative procedures to fight money laundering and terrorist financing is established from the topmost and disseminated straight over all of its trades and support operations.

3.1.2 Research Topic

Anti-Money Laundering & Combating Financing of Terrorism by BRAC Bank Limited.

3.1.3 Objectives

The study's primary goal is to describe the situation and methods for stopping money laundering in Bangladesh from the perspective of the banking industry and Brac Bank Ltd. In a larger sense, the following would be the particular objectives to be examined:

Broad Objective:

To evaluate BRAC Bank Limited's Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) operations.

Specific Objective:

- To examine the AML-related operations carried out by the bank.
- To examine the rationale behind AML operations.
- The procedures used at this bank.
- What safeguards are in place against money laundering?
- To provide the AML Department with recommendations.

3.1.4 Significance

With this paper, we hope to give interested parties an in-depth understanding of the Anti-Money Laundering processes at BRAC Bank. For the sake of my undergrad course BUS400, this research is especially centered on the Anti-Money Laundering Division, where I had the chance to work and complete my three-month internship.

As one of the largest banks in the country, with branches and offices all throughout Bangladesh, BRAC Bank is committed to eradicating money laundering (ML) and the financing of terrorism (TF). To achieve this goal, BBL's Anti-Money Laundering Department has promoted a culture of compliance across the institution and demonstrated a

dedication to assessing and mitigating ML/TF risk. The bank's dedication to assuring the promulgation of effective policies to prevent money laundering and terrorist financing is set at the highest levels and permeates all of its businesses and support activities to ensure the highest levels of systemic vigilance.

As a requirement for completing the BBA program, the internship program is particularly beneficial in bridging the gap between the knowledge we have gained academically and the practical application of it. The curriculum is really beneficial in getting practical experience to go along with theoretical understanding.

I chose this research for reasons that were both mine and my supervisor's. In the beginning, my bank supervisor advised me to choose this topic. He urged me to work on this subject and said that he could give me pertinent data to aid me in finishing the report.

3.2 Methodology

From choosing a topic to writing up the results, the research process needs to be methodical. Finding, collecting, and compiling relevant data is essential to finishing this investigation. It is necessary to first identify key points before they may be organized, classed, analyzed, and presented. In order to prepare my report, I used both primary and secondary sources. In order to write this report, I combined and summarized information of both qualitative and quantitative nature collected from a wide range of sources. My research used a wide range of methods, including first-hand observation, library and internet research, interviews with BRAC Bank officials, and more. Therefore, both primary and secondary sources were used to compile the information. The bulk of the critical data was gathered by actually executing the department's work and talking to workers and managers. Very little information was gathered through the bank's online training courses. My work background is included as well to round out this report.

3.2.1 Primary Data:

- Primary data was gathered by conducting interviews with members of the relevant departments.
- Direct observations were a huge help for me as I tried to understand more about the subject.

3.2.2 Secondary data:

I was able to use a variety of external and internal sources for secondary data, including the following:

- BRAC Bank Ltd.'s annual report;
- Relevant file studies provided by the responsible officer;
- Several BBL brochures and related publications;
- Further papers provided by my BBL supervisor.
- Articles downloaded from the Web and the BBL website.

3.3 Findings and Analysis

Being one of the leading financial institutions with a broad and substantial business base throughout Bangladesh, BRAC Bank is committed to preventing money laundering (ML) and terrorist funding (TF). To do this, the bank's Anti-Money Laundering Division has strengthened compliance culture throughout the whole business and demonstrated its unwavering commitment to assess and manage ML and TF risks. The bank's commitment to ensuring the dissemination of efficient practices to combat money laundering and terrorist financing is created from the top and diffused directly through all of its businesses and support activities, ensuring the highest levels of systemic vigilance.

Senior management's assurance to preventing money laundering, terrorist financing, and proliferation funding (PF), as well as adherence to internal policies, processes, and controls that are in line with the pertinent risk exposures, are all part of BRAC Bank's AML/CFT compliance program. The Central Compliance Committee (CCC), Anti-Money Laundering Division (AML/D), Chief Anti-Money Laundering Compliance Officer (CAMLCO), Deputy CAMLCO, and Branch Anti-Money Laundering Compliance Officer are all parts of the compliance system (BAMLCO).

In addition, BBL's independent audit function, which includes both internal and external audits, surrounds this first line of defense to evaluate the efficacy of AML/CFT procedures.

Moreover, the program for raising awareness includes trainings, workshops, and seminars on AML/CFT concerns for staff members, board members, and, most importantly, consumers.

BBL created a Central Compliance Committee (CCC) overseen by the Chief Anti-Money Laundering Compliance Officer (CAMLCO) with the guidance of BFIU Circular 26 from 16 June 2020. The team's goal remains to guarantee proper governance and the execution of the required agenda for controls to eliminate the danger of money laundering and terrorist funding.

AML/CFT compliance by branches and head office divisions/departments also continues to be a major priority in order to meet regulatory requirements against ML/TF/PF in all kinds and manifestations. Further, policies and processes, assurance, and governance of control measures are in place to guarantee suitable and thorough KYC-CDD, regular customer reviews, and adherence to Money Laundering Prevention Act requirements. Additionally, necessary revisions resulting from changing regulatory requirements and findings from enterprise-wide risk assessments help to update pertinent policies, procedures, and controls.

In conclusion, BRAC Bank has made significant strides over the years to improve its AML compliance program and resolve historical AML/CFT concerns throughout all products, business lines, and regions in a comprehensive and efficient way.

As a result, under the direction of the Board and senior management, the bank has implemented a number of measures in accordance with the core risk management guideline. While including all necessary elements of a risk-based strategy, the bank's complete AML/CFT risk assessment, monitoring, and assurance structure is clearly stated and open to independent scrutiny.

3.4 Summary and Conclusion

Fortunately, dealing with an extremely high level of such crimes is not one of Bangladesh's main concerns in countering money laundering or terrorist funding. Bangladesh is not near any significant quotes used to transport dirty money internationally. Building up powerful capacities for the investigation and detention of money laundering crimes swiftly is the main difficulty. The establishment of a financial intelligence unit capable of analyzing and compiling massive amounts of suspicious and irregular transactions information is a priority for the Bangladesh Bank's Anti-Money Laundering Department.

The issue facing the Anti-corruption Bureau and the police force is to swiftly acquire experience in following the intricate transaction chains that are often engaged in money laundering. Banks and other financial institutions require ongoing education, training and awareness-raising to recognize the sophisticated cover-up techniques used by money launderers to seem legitimate.

3.5 Recommendations

- **Technical Assistance Required**

International organizations may offer the financial and technical assistance necessary for the Anti-Money Laundering Department of the Anti-Money Laundering and Combating the Financing of Terrorism Bangladesh Bank to establish a successful information technology-based financial intelligence unit. Such assistance would increase the central bank's ability to gather and examine a significant amount of financial transaction data. Larger banks would be able to better collect inter-branch data and detect chains of questionable transactions if they supported information technology upgrades. It would also be crucial to provide training support for the police department, the Bureau of Anti-Corruption, and the Anti-Money Laundering Department's investigators. It would be advantageous and crucial for Bangladesh to increase anti-money laundering overseas monitoring and impose customer identification and keep record of transaction as a requirement in nations that host Bangladeshi migrants. (Bose, 2014)

- **Financial Institutions' Role in Preventing Money Laundering**

All countries where financial operations are conducted now place a high premium on preventing the laundering of criminal proceeds. Having insight into a client's line of work and past financial dealings and responsibilities is a powerful tool in the fight against and deterrence of money laundering. Adopting policies that allow banks and other financial institutions to get to know their clients is not only a smart business practice, but it is also a crucial instrument for preventing involvement in money laundering. The phrase "Banks and other Financial Institutions" as used in these guidance notes refers to companies doing pertinent financial operations as defined by the legislation. These records can also offer vital details about the individuals and groups engaged in money laundering operations. Financial

institutions must always pay close attention to the guiding concept of ethical business conduct, "know your customer," when adhering to the Act's provisions and these Guidance Notes. One of the greatest ways for financial institutions and their personnel to spot efforts at money laundering is to have a thorough understanding of a customer's company and pattern of monetary transactions and obligations. It will also be covered in employee training programs, which are an essential component of the steps used to identify and stop money laundering. (Bose, 2014)

- **Government can take the following step to prevent ML and TF:**

Government employees, the corporate sector, and the general public all need to participate in awareness initiatives and training activities. Although strong AML regulations are necessary, policy must take into account the possibility that such regulations may drive money laundering and terrorism financing operations outside of the regulated banking sector. It's important to take into account informal financial actors and institutions.

The current capacities and knowledge for identifying, stopping, and prosecuting money laundering and terrorist funding operations need to be strengthened. The government should increase helping the nation's financial institutions, especially the bigger banks, to improve their AML/CFT capabilities. (Bose, 2014)

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