Report On

"The Effectiveness of AML Policies in Mitigating Financial Crimes: A Case Study of Dhaka Bank"

By

Shahrin Dewan Ayeshe
20304053

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

BRAC Business School
BRAC University
October, 2025

Declaration

It is hereby declared that

1. The internship/research report submitted is my own original work while completing a 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 that has been accepted, or submitted, for any other degree or diploma at a university or other institution.

4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Name: Shahrin Dewan Ayeshe
ID: 20304053

Supervisor's Full Name & Signature:

Supervisor's Name: Nadia Afroze Disha
Designation: , BRAC Business School
Brac University

Letter of Transmittal

Supervisor's Full Name: Nadia Afroze Disha
Designation: Lecturer, BRAC Business School
BRAC Business School, Brac University
Kha-224 Merul Badda, Dhaka-1212

Subject: Submission of an Internship/Research Report on *"The Effectiveness of AML Policies in Mitigating Financial Crimes: A Case Study of Dhaka Bank PLC."*

Respected Madam,
With great honor, I submit my internship/research report titled **"The Effectiveness of AML Policies in Mitigating Financial Crimes: A Case Study of Dhaka Bank PLC"** in partial fulfillment of the requirements of the BBA program. This work allowed me to connect academic learning with a live banking compliance context and deepen my understanding of Anti-Money Laundering (AML) frameworks.

I have followed your guidance and BRAC Business School's formatting standards throughout. I would be glad to clarify any queries regarding this report.

Sincerely,

Name: Shahrin Dewan Ayeshe
ID: 20304053
BRAC Business School, Brac University
Date

Non-Disclosure Agreement

As a student researcher, I understand and agree that any proprietary and sensitive information obtained during this internship/research is confidential. I pledge to keep such information private and not disclose it to any third party without prior written authorization from the relevant authority. This obligation continues after the completion of my internship/research.

Student's Full Name & Signature:

Name: Shahrin Dewan Ayeshe
ID: 20304053

Organization/Company Representative (if applicable):

Name, Designation
Md. Shaheenul Islam

Vice president, AML & CFT

Dhaka Bank PLC

Acknowledgement

I want to start by sincerely thanking my Creator, Almighty Allah, who gave me the courage, endurance, and direction I needed to finish this internship report.

I also want to express my sincere gratitude to my parents, who have supported me over this entire trip. I am particularly grateful to my mother, who took on the most responsibility at this time, made innumerable sacrifices, prayed endlessly, and supported me in every way. I am incredibly grateful to my father for his unwavering support and faith in me, as well as to my beloved younger brother for his unwavering inspiration and emotional fortitude.

I would like to express my sincere gratitude to Ms. Nadia Afroze Disha, my academic supervisor and lecturer at BRAC Business School, BRAC University, for her invaluable advice, encouraging comments, and unwavering support throughout the writing of this report. I also want to express my gratitude to Ms. Tanzin Khan, an assistant professor at the same university, for serving as my co-supervisor during this internship.

I am exceptionally grateful of BRAC University's outstanding academic framework, direction, and resources, which made it possible for me to complete my report and complete my internship.

Executive Summary

Dhaka Bank was my first internship record to be submitted for my BBA degree at BRAC University for which I was required to submit a report. I was employed by the internship from July 04th to October 04th in the Kakrail office in the country. I worked in Anti-Money Laundering and the Counter Financing of Terrorism unit head office in Dhaka. The internship's primary goal was to understand the workings of a financial institution and evaluate the integration of ethics and compliance with the Money Laundering Prevention Act 2012, the BFIU Guidelines (2022). While interning at the organization, the student had responsibilities, including customer due diligence (KYC/CDD) verification, compliance report analysis at the branches, preparation of STR/CTR summaries to the BFIU, and internal audit documentation. These tasks involved the Dhaka Bank's integrated Transaction Monitoring System (TMS) and its connection to the Core Banking System (CBS) to understand the AML risk assessment and the real-time analysis of reporting which was quite outstanding.As part of the report, the analytical project, "The Effectiveness of AML Policies in Mitigating Financial Crimes: A Case Study of Dhaka Bank PLC" provided the framework for the project. The evaluation of Dhaka Bank's framework with respect to Anti Money Laundering Practices was based on the Financial Action Task Force's 40 Recommendations and the BFIU compliance. The results demonstrated the absence of sustained compliance culture, independent governance, with automated systems in place to oversee and monitor the compliance and training of staff. The quantitative data provided for the compliance demonstrated clear sustained improvement with the 2021-2023 data period reporting a suspicious-transaction reporting of 64 percent. The training provided to staff was auditable and attainment of 91 percent was recorded. Audit results were in compliance with 5, and marked improvement was noted over the reporting period, with a 4.2 to 4.6 compliance of reporting. In the report a number of improvement opportunities were remarkable, and they included improvement of predictive analytics through Artificial Intelligence to identify unusual patterns, complete digital integration, verification of ownership of business entities. In summary, the Anti Money Laundering compliance of Dhaka Bank PLC. is considered the best practice. The practicing I polite and friendly of the organization ethical with banking confirm to me by

technology safe to with and the by the on the country of the banking comply the holds to the of the in the to hold with me.

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Chapter 1: Overview of Internship

1.1 Student Information

Name: Shahrin Dewan Ayeshe
Student ID: 20304053
Program: Bachelor of Business Administration (BBA)
Major: Human Resource Management & Marketing
Institution: BRAC University
Semester: Fall 2025
Supervisor (Academic): Nadia Afroze Disha
Position: Lecturer, BRAC Business School
Co Supervisor: Tanzin Khan
Position: Senior Lecturer, BRAC Business School

1.2 Internship Information

1.2.1 Period, Company Name, Department / Division, Address

The internship was carried out at Dhaka Bank PLC, where I was able to gain valuable experience in one of the leading private commercial banks in Bangladesh, known for its transparency, innovation, and excellence in compliance. The internship lasted from June 30, 2025, to October 30, 2025, for a total of four months, and the intern was assigned to the Anti-Money Laundering and Compliance Division, located at Dhaka Bank's Head Office at 100 Motijheel Commercial Area, Dhaka-1000, Bangladesh.

1.2.2 Internship Company Supervisor Information

Name: MD. Shaheenul Islam

Designation: Vice President
Department: AML & CFT Division, Dhaka Bank PLC
Email: shaheenul.islam@dhakabank.com.bd
Mr. Shaheenul was the supervisor for the internship for the whole internship duration. He oversaw the student's daily tasks, provided feedback on their analytical work, and, in addition, gave hands-on experience with the internal compliance and risk monitoring mechanisms of Dhaka Bank.

1.2.3 Job Scope – Job Description / Duties / Responsibility

The student interned in the AML & CFT division and participated in various activities related to the compliance function. The main functions included:

- Assisting in the examination of KYC and CDD documentation of individual and corporate clients.
- Assisting in the preparation and revisions of the STR/CTR summary reports prior to submission to the Bangladesh Financial Intelligence Unit (BFIU).
- Conducting Customer Due Diligence in accordance with the Money Laundering Prevention Act of 2012 and BFIU Guidelines (2022).
- Assisting the compliance division with providing documentation for branch audits and preparing observation reports.
- Participating in the in-house training on AML/CFT compliance awareness.
- Assisting with the research for this thesis on the effectiveness of AML policies in combating financial crime.

The student acquired a remarkable understanding of the interconnection between compliance, risk, and the functions of technology in the banking sector.

1.3 Outcomes of the Internship

1.3.1 Preparing for the Internship

The period before the student's joining Dhaka Bank was spent at BRAC Business School, where they completed some preparatory courses, including Banking Operations and Risk Management, Financial Institutions and Markets, and Corporate Governance and Compliance, which provided them the basic understanding of the fundamentals for financial regulations, internal controls, and ethics. Other course related University career services were also useful pre-internship workplace orientation in professional communication, time control, and work ethics.

1.3.2 Contribution of the Student to the Company

For the Dhaka Bank internship, contribution to the AML Division was in the area of compiling data and documents, and operational research. Other significant work involved the student cross-checking the branch-submitted STRs for completeness, verification of customer identification data, and compliance summary preparation for the division monthly report. Also, the student worked on compliance AML policies on customer identification which was used to support internal presentations on KYC policy enhancement.

1.3.3 Benefits of the Student

The ethics of banking, financial governance, and risk-based compliance were some of the areas where students were able to apply the academic knowledge they had. The student's knowledge of the practical aspects of compliance on a regulatory level, transaction monitoring systems, and digital compliance at the Dhaka Bank was considerable. The student also experienced the development of important personal skills such as teamwork and the ability to focus and analyze—these are important for any budding career in the banking industry, especially in compliance.

1.3.4 Problems / Difficulties Faced During the Internship Period

Even though a student did gain a lot from the internship, there were a few challenges.

- Because of policies governing alignment, the student was restricted from certain thorough confidential internal information materials.
- Compliance functions are described as documenting review, which can mean a lot of time-consuming work. -
- The student needed to learn internal software systems of Dhaka Bank, which was a short overall learning curve.
- There was time on task support for the student during their adjustment, which allowed them to complete all their work

1.3.5 Recommendations to the Company on Future Internships

To further support the improvement of internship experiences, Dhaka Bank PLC should:

- Prepare a formal systems, processes, and compliance reporting structure orientation for interns.
- Provide supervised access to some partial, anonymized, and sensitive internal documents for the student's research tasks.
- Allow interns to spend time in various compliance divisions (Risk, Audit, AML) to gain a wider perspective.
- Hold mid-term evaluation meetings in which you give feedback on performance and discuss possible areas for growth.

This will undeniably increase learning, which will allow for the further development of innovative solutions, and improve the perception of Dhaka Bank as a corporate partner for university internship programs.

Chapter 2: Organization Part

2.1 Introduction

Dhaka Bank PLC is a private commercial bank in Bangladesh, established in 1995 with the objective of introducing modern banking practices aligned with the country's economic priorities. Over nearly three decades, the bank has developed a reputation for service quality, regulatory compliance, technological adaptation, and sound corporate governance.

The bank operates under the Bank Companies Act, 1991 and is regulated by Bangladesh Bank. Dhaka Bank provides a comprehensive range of services, including retail banking, corporate and investment banking, SME financing, Islamic banking, and treasury operations. Alongside service diversification, the bank places strong emphasis on governance, regulatory compliance, and risk management to ensure operational integrity and financial stability.

Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) form a critical component of Dhaka Bank's risk management framework. Under the direct supervision of senior management, the Compliance and AML Department ensures adherence to the Money Laundering Prevention Act (MLPA) 2012 (amended 2015), relevant regulatory circulars, and guidelines issued by the Bangladesh Financial Intelligence Unit (BFIU). The department is responsible for customer due diligence, transaction monitoring, suspicious transaction reporting, and staff training to maintain a consistent compliance culture across the bank.

Dhaka Bank follows a risk-based approach in line with the Financial Action Task Force (FATF) recommendations, incorporating Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), and automated transaction monitoring systems. These measures enable the bank to identify, prevent, and report potential misuse of its services for money laundering or other financial crimes.

The bank has also adopted technological solutions to strengthen its AML framework. Integrated AML modules within the core banking system support automated customer screening, sanctions checks, and ongoing monitoring of customer relationships through standardized and documented procedures. As the bank expands digital, internet, and mobile banking services, management continues to enhance controls to address emerging risks such as cyber-enabled financial crime and trade-based money laundering.

Dhaka Bank's guiding vision, "to be the best performing bank in Bangladesh," and mission, "to serve best, exercise best corporate governance and comply best," reflect its commitment to financial discipline, trust, sustainable growth, and social responsibility.

This introductory chapter provides an overview of Dhaka Bank PLC's institutional background, governance framework, and compliance environment, forming the foundation for subsequent analysis of the effectiveness of its AML/CFT policies in addressing financial crime.

2.2 Brief history of the Company

As one of the most compliance and innovative banking institutions and private commercial banks within the most Bangladesh, Dhaka Bank PLC has built and gained a reputation for positive contribution to the economic development of the banking sector in Bangladesh. After all, the bank has its history and has built this reputation since its incorporation as a public limited company on the Companies Act of 1994, and its subsequent rights and commencement of business operations on the 5th of July, 1995. From its inception, in line with the vision and mission of the bank to serve the financial needs of people, organizations, and institutions, Dhaka Bank wanted to provide high quality and world class financial services to the customers to attain and gain their global financial services.

At Dhaka Bank, the goal was to provide banking excellence with a foundation based on innovative services, professionalism, and ethical banking practices. The journey for Dhaka Bank started with a few branches in the Dhaka metropolitan area catered to a clientele made up of corporates and individuals. For the last 30 years, the Bank has grown to have over 110 branches, sub-branches, SME centers, ATMs and a fully developed network of digital banking services that cater to hundreds of thousands of customers in urban and rural Bangladesh.

Prior to the establishment of Dhaka Bank, the first open commercial bank in the country, the financial system of Bangladesh was transforming from a dominated state system to a deregulated, open and free market system. The early 90's reforms focused on decentralization and commercialization of the banking system. During such times Dhaka Bank put itself as a modern, fully customer oriented banking institution focused on innovative services, modern compliance and tech governance. The first fully computerized bank in the country and other innovations positioned the bank to offer great services to customers with reliable and convenient service delivery.

Since the establishment of Dhaka Bank, it has been aligned with the financing of the main sectors of the economy–trade, industry, small and medium enterprises (SMEs), infrastructure, and consumer finance. Through its lending programs, the bank has also been aligned with the government's "Vision" on industrial growth, export diversification, and financial inclusion. In the area of capital markets and integrated development of the economy, the bank has participated in large syndicated loans and infrastructure financing in the sectors of energy, telecommunications, and transportation. Part of the value Dhaka Bank added to the growth of the economy comes from the financing of trade, which gives the bank a strategic position in the economy.

As part of Dhaka Bank's growth, it has also embraced the value of corporate governance and the growth of the bank has also been in the areas of building governance systems and their implementations in relation to the laws of the bank. In Bangladesh, the bank has patriotically embraced the governance values so much so that it is yet to become a full member of the Asia/Pacific Group on Money Laundering (APGML) and has been encouraged to align with the FATF's 40 Recommendations.

From the beginning, Dhaka Bank has aligned itself with the recognition of its outstanding performance and the recognition of its compliance. Over the years, the recognition has become multiple.

The bank has earned commendable positions in the top echelons of private commercial banks. This is a manifestation of soundness and integrity. A well laid by peers and with respect to a strong AML/CFT framework. Furthermore, the Bank had established a well-documented training and reporting structure and with respect to unambiguous reporting of the open monitoring and facilitation system of core bank activities.

They have achieved a lot in the area of digital advancements. For example, the digital banking service "Dhaka Bank Go," offers customers a combination of mobile and online services for managing accounts, transferring funds, and paying bills. This platform also houses fully automated AML/CFT compliance systems and automated sanction-screening tools which illustrates the banks commitment to placing technology and compliance on the same platform. In addition, the bank has incorporated several compliance automated systems on real time transaction monitoring to reduce exposure to potential losses.

Dharaka Bank also significantly fulfills its CSR obligations in the banking sector, especially in the education, healthcare, environment, and disaster relief, which is the CSR commitment, combine with a compliance culture is also intertwined with its compliance culture— both representing responsibility, transparency, and accountability.

As of today, Dhaka Bank PLC is a well governed, advanced technology, and financially self-sustained institution. With its original principles of financial discipline, quality service, and trust, the bank has been able to extend its services to other parts of the country. “Excellence in Banking” the vision of the bank which states the combination of compliance, profitability, social responsibility, and sustainability.

The institution's journey since 1995, when it operated as a small private bank, is as remarkable as the management skills documented in this study on the effectiveness of this institution's self-compliance culture and resilience self-compliance culture, evolving as one of the leading financial institutions in Bangladesh.

2.2.1. Global Presence and Operations

Despite its physical presence in Bangladesh, Dhaka Bank PLC's services and reach transcend national boundaries. Dhaka Bank branches throughout the world, engaged in international trade, remittance services, and courier banking services. The Bank's efforts to integrate and interlink Bangladesh's economy with the world economy is in full compliance with international Anti-Mania Laundering (AML) and Counter Financing of Terrorism (CFT) regulations. Since its inception in 1995, Dhaka Bank has possessed the primary objective of motivating a world interlinked banking system and has constantly strived to build a customer-centered bank.

Now, the Bank has correspondent banking relations with more than 400 banks and financial institutions in major financial centers such as New York, London, Frankfurt, Singapore, Dubai, and Hong Kong. As a result, Dhaka Bank facilitates and provides services in trade finance, foreign remittance, offshore payments, letters of credit, and international settlements seamlessly and efficiently. The Dhaka Bank correspondent banking relations network helps Bangladeshi business people and companies trade, and financing international commercial trade.

In foreign exchange, notable advances have been accomplished. The Bank's Treasury Division is responsible for all foreign currency transactions, foreign currency reserve and hedging tool management, and compliance with exchange control and foreign exchange rules of Bangladesh Bank.

Based on the relationships with other foreign banks, Dhaka Bank ensures effective foreign exchange rates, safe transfer and reduction of operational and compliance risks. In addition, international banking relationships maintain compliance with the anti-money laundering requirements of the Financial Action Task Force and the Basel Committee on Banking Supervision, thus reinforcing the bank's commitment to integrity and transparency in all dealings.

In order to accommodate the global diaspora community, Dhaka Bank serves the community efficiently under the brand “Dhaka Bank Remittance Services” - collaborating with world-class money transfer agencies. This service provides Bangladeshi expatriates residing in the Middle East, Europe, North America, and Southeast Asia with a secure and rapid facility to remit money to their families in the country. The operational remittance service is equipped with real-time surveillance and screening systems to effectively conform with the requirements to prohibit the illegal transfer of funds and identify money laundering, and the financing of terrorism. Compliance Monitoring is maintained at these channels to ensure that all transactions are adhered to SWIFT real-time systems and are sanctioned with watchlist screening provided by OFAC, UN, and EU.

Another important global operational component of Dhaka Bank is the Trade Services Division. Facilitating the provision of trade documentary credits, collections, guarantees, and trade finance is the Division's core function. As far as cross-border trade settements is concerned, the Division maintains contact with international trade finance banks. Trade services function with a robust risk-based AML/CFT environment, and the services under trade comply with regulations on KYC, CDD, and the BFIU circulars. CDD and KYC are carried out alongside the provision of trade services as per the FATF guidelines.

To identify risks such as over- and under- invoicing, third party payments and shell companies, trade transactions are subjected to risk based screening.

Aside from offering international payments to Dhaka Bank's clients, the Bank is part of global payment systems namely, Visa, SWIFT and MasterCard. The Bank has a real-time monitoring system that works with its digital channels to ensure transactions are seamless and comply with local and cross-border laws. SWIFT transactions undergo compliance checks to ensure payments comply with international laws and the payment system. These measures aim to control risks of money laundering and fraudulent activities, and avoid payment evasion laws.

Dhaka Bank has established an Offshore Banking Unit to expand the scope of Bangladesh offshore banking. The OBU extends foreign currency credit to non-residents, foreign investors, and businesses focused on exports, as well as to other businesses. This Unit fully adheres to Bangladesh Bank's Offshore Banking Guidelines, as well as other global Anti- Money Laundering (AML) regulations. The Bank's Compliance Division has focused on offshore transaction monitoring to prevent abuse, ensuring that clients have reasonable and transparent business profiles that have verifiable sources for their identified risk financing.

In terms of governance, Dhaka Bank Management has aligned its international business operations with the cross-border and domestic controls of the respective country authorities' as well as international agreed standards. The Compliance and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Unit interfaces with local compliance authorities and their foreign counterparts on systemic abuse of the financial system and international financial crimes.This connection also illustrates the Bank's commitment to the integrity of the international financial system.

Because of these client networks and international relations, Dhaka Bank PLC serves as a connection between Bangladesh's local economy and the rest of the world. With the Bank's cross-border dealings having minimal compliance risks, the Bank's name and the Bangladesh banking sector's international reputation as a whole are safeguarded.

External success entails that, in addition to net profit, the success of Dhaka Bank rests on the compliance to all necessary regulations, the E.U, and leveraging world trust.

2.2.2 Vision

Dhaka Bank PLC has a vision statement of 'Excellence in Banking.'

This statement reflects the bank's strategic and customer-focused aim to be the most trustworthy and compliant bank in the banking sector in Bangladesh. It portrays the bank's enduring quest for all-encompassing quality in all service delivery, innovation in products, ethical behavior, financial outcomes, and adherence to the laws.

Each vision statement captures one of the core values of the bank. In the banking sector, merely achieving profitability and growth are inadequate. Superior financial results must be accompanied by responsible, legal, and ethical performance. The bank recognizes that reputation and sustainability are built on trust, which must be accompanied by proper governance and transparency.

To realize this vision, Dhaka Bank upholds a customer-focused compliance culture that meets the country's goals and global standards. The bank's leadership aims for the organization to be recognized not only for providing cutting-edge financial services but also for achieving Bangladesh's vision of a transparent, stable, and low-crime financial ecosystem.

This is the bank's operational commitment to shield its functioning from the strain of abuse that perpetrators of financial abuse utilize crime to violate the bank.

That's why "Excellence in Banking" is not just a slogan; it is the very purpose of the bank. Under that purpose the bank still works towards value, safety, and efficiency in the financial services. This is achieved through investment in people, systems, and technology. Vision is achieved through the service of each, the compliance of each, and the transparency of each; in the prevention of money laundering, the Money Laundering Prevention Act of 2012, guidelines of the BFIU. and the forty recommendations of the FATF guidelines.

In summation, the bank's supervised active market participation, compliance and trust, bank vision in value precepts targets strategic goals of global trust and bank institution reputation.

Balancing compliance with global financial network financial system of Bangladesh with financial crimes.

2.2.3 Mission

Dhaka Bank PLC aims to offer the best banking services possible with the highest level of professionalism, ethics, transparency, and compliance with regulations.**

The aim of the bank, however, is to help the economy of the nation by delivering financial services to customers of all different and diverse social and economic backgrounds. Achieving the aims through operational excellence and a pervasive culture of integrity and accountability all through the different and diverse structure of the organization. The aims speaks of the social responsibilities of the business, and the bank's business objectives of maintaining a healthy balance between compliance, profitability and operational prudence.

There are a number objectives which help to pronounce the bank's aims.

Customer-Centric Excellence:

Delivering innovative reliable and technology focused financial services aligned with the varied and different needs of the individual and corporate customers. EXCELLENCE enhances customer value through professionalism, promptness, and long-term relationships, and the bank knows that customer trust is the basis of the bank's growth. Customer trust, is what drives customer satisfaction, and what drives the bank.

Ethical and Compliant Banking:

The bank also aims to operate within the highest professionalism and ethics by remaining within the bounds of compliance with all regulations and laws of the corporate governance and banking within the business.

The bank upholds the mission of preventing the occurrences of money laundering, terrorist financing, and other financial crimes by having an effective compliance framework vis-à-vis Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT). Each and every transaction, product, and relationship is driven by the principles of transparency and accountability.

Sustainable Economic Contribution:

The bank seeks to defend the economic contribution towards the sustainable socio-economic development of the country. In line with the national development plan, the bank's focus on responsible lending and environmental sustainability will continue to deliver positive socio-economic development, aligned with the bank's focus on development financed to productive sectors, assisting Small and Medium Enterprises (SMEs) and ensuring economic inclusion initiatives.

Innovation and Digital Transformation:

Enhancing banking efficiencies while managing risks and costs is still a priority. Digital innovations, risk management automated systems, and the Dhaka Bank Go mobile platform prove the Bank is committed to modernizing service delivery while reducing the risks posed by high-end technology and financial crimes.

Human Resource Development:

Mission coverage also includes the continual development and ethical strengthening of competent and service-oriented staff. Training and Awareness sessions on the AML and the CFT frameworks are vital so that staff understand the implications of financial crime, risk, compliance demands, and the underlying ethics of the profession. Without question, a capable and ethical team is a bank's greatest and most valuable strength in sustaining service quality and a compliance culture, as is the case with Dhaka Bank.

Strong Governance and Risk Management:

The Bank promotes governance as well as control and risk-based decision culture. It enforces the segregation of duties where every task is subjected to review by independent audit and compliance functions; the AML and CFT controls are also routinely reviewed. All these frameworks on governance are built to safeguard the interests of depositors, shareholders, and the regulators.

To conclude, the mission of Dhaka Bank PLC is to provide innovation in finance as well as the compliance and ethical integration of a banking practice to offer a banking environment that is responsible, promotes national development, and protects against all forms of financial malpractice.

Incorporating principles of AML and CFT into everyday practices illustrates that the bank's vision of failure and success is aligned with the misconception that success is merely achieved with growth and profits. Sustainable success in banking will be achieved with respect, openness, and reliability.

2.2.4 Values

The core values of Dhaka Bank PLC provide the guiding principles to its corporate identity, ethical conduct, and organizational culture. They serve as the bedrock of the Bank's trust-building efforts towards customers, employees, regulators, and the broader community. This ensures that every decision, action, or transaction stays true to the commitments of the Bank's highest principles: integrity, professionalism, and compliance.

The values of Dhaka Bank are fully integrated into the conduct of its operations, as well as its governance and service to customers. The following key values outline the philosophical underpinning of the institution:

1. Integrity and Transparency

Honesty, fairness, and transparency are the fundamental principles that Dhaka Bank strives to uphold in all its dealings. The Bank conducts all its activities with integrity and in compliance with the Money Laundering Prevention Act (MLPA) 2012, BFIU guidance, and other relevant laws.

Trust and credibility are earned and reinforced through an unambiguous and open approach to financial reporting, relationships with customers, and internal decision-making processes. Stakeholders of the Bank value decision accountability, and Transparency is, and will always be, the hallmark of the Bank's reputation while further guiding the Bank's approach towards the adverse impacts of AML and CFT.

2. Customer Commitment

Satisfaction of customers is the foremost priority for Dhaka Bank, and that is the underlying principle on which all operations of the Bank are built.

The Bank has established an extensive professional culture centered around the customers, from all branches, products, and service channels. Relations with customers of the Bank are built on a culture of trust and respect, and the Bank always ensures that the confidentiality of the customer is maintained.

The AML staff also demonstrates this value by embedding the customer service perspective while assuring compliance. They avoid any agitation in customer experience while executing due diligence in compliance with the laws to streamline the legitimate transaction.

3. Excellence and Innovation

For Dhaka Bank, excellence is more than a goal. It is a relentless endeavor. The bank works towards continuous improvement in service quality. Increasing operational efficiency and technological innovation helps progress towards strategic goals. These ends justify the relentless pursuit of digital banking, real-time monitors, and AML solution matrices that improve performance while ensuring compliance, and the copious records of innovation that help the bank retain its competitive edge while double detecting and mitigating financial more than compliance crime.

4. Accountability and Compliance

In Dhaka Bank's governance model, the accountability of every employee is every bank employee's and every business unit's, department, and own unit is own governance model. Compliance ethically transparent and auditable conduct accountability, internally audited, and

and externally regulated operations balanced. With respect and collaboration is unwavering accountability as set governance model. The Compliance Division and AML Department, together having a Governance, Compliance, and AML control model, retain and demonstrate the accountability and governance model A, together embodying the citizenship functional model.

5. Teamwork and Collaboration

For Dhaka Bank's core governance model, accountability is a harmony where respect is a guide and not a directive for the employee. The essence Accountability and Collaboration, and for every collaboration unit, a core teamwork for achieving goals model is the collaboration. Measures in compliance and control collaboration can be, between business objectives, collaboration, and can be in operational compliance.

By integrating these strategies, the institution achieves operational effectiveness as well as meets its legal and moral duties.

6. Corporate Social Responsibility

For Dhaka Bank, social responsibility transcends the bottom line. The Bank engages in educational, health care, and environmental initiatives and offers disaster relief and other community support programs.
This social responsibility aligns with the Bank's sustainable and ethical banking commitments, serving as a reminder that profit must be accompanied by social responsibility and financial integrity.

7. Professionalism and Respect

The Culture of Dhaka Bank is shaped and nurtured through professional behavior and mutual respect. Fairness, and non-discrimination in relation to diversity, is an absolute must in every employee and customer interaction. Every employee is trained in the discipline of safeguarding the Bank's reputation, confidentiality, moral obligations, and ethical sticks.

Mutual respect and customer rights recognition are the hallmarks of compliance officers in the AML domain and customer due diligence.

The above principles are the cornerstones of Dhaka Bank's reputation as an ethical and compliance-centered financial institution. Each value is fundamental to the organizational mission of "Excellence in Banking," which intertwines with unbreakable bonds of integrity, accountability, innovation, and customer trust. These principles and values guide not only the banks business strategy but also its alignment in the implementation of AML policies. Every piece of business the bank does will be wrapped in transparency, and responsible stewardship.

2.2.5 Services Provided By Dhaka Bank PLC

Dhaka Bank PLC, as the first private bank established in Bangladesh, provided a wide range of financial services and products to individuals, businesses and corporate clients.Over the years, the bank has broadened its offerings in response to the diverse and evolving needs of the market, operating within the rules established by the Bangladeshi authorities. The bank prides itself on the custom of honesty, trust and ingenuity in service provision and is fortified by a bank-wide positive AML/CFT ethos and services.

A breakdown of the primary services offered by Dhaka Bank PLC is presented below.

1. Occupation

The bank serves both corporate and retail customers. Retail customers enjoy the savings and current account offerings of the bank, fixed deposits, Debit and Credit cards, Mobile and Internet Banking services, and lap automatic loans and loan products. Furthermore, to prevent any chances of account fraud and money laundering, identity and account validation processes are done, automated account screening tools are used to validate against international fraud.

2. Commercial Services

The corporate clientele includes large and mid-size companies and are offered a variety of cash management services, trade and project financing in addition to loans to facilitate the business' primary activities.

The risk-based due diligence of each client relationship is part of the internal risk assessment procedures and the legal requirements for AML/CFT.

Duties include trade-related transactions and an assessment of documents that accompany LCs, bank guarantees, and documentary collections to track suspicious consignment patterns of trade, over and under invoicing, and third party payments as per instructions of BFIU AML circulars.

3. SME and Entrepreneurial Financing

Supporting SMEs is an important strategic focus for Dhaka Bank. To promote inclusive economic growth, the bank provides SME loans, loans to women entrepreneurs, and startup financing.

Each loan application is pre-sci naturalized for background compliance checks as stipulated by the law to ascertain the business operations and sources of funds. Financing activities are maintained by the AML & Compliance units to determine that the funds provided are not for sanctioned business activities and are only directed to legally permitted enterprises.

4. Islamic Banking (Dhaka Bank Shariah Unit)

This is of course as part of Dhaka Bank Islamic Banking division that provides Shariah compliant Islamic Banking products and services. Mudarabah, Murabaha, Ijara and Musharaka products are offered ensuring consonance of Islamic compliance and AML compliance. For the Islamic banking services the Shariah Supervisory Board and the Compliance Division coordinate

Islamic Banking services to guarantee that services are compliant with Islamic provisions and applicable regulations.

5. Treasury and Foreign Exchange Operations

The Treasury Division of Dhaka Bank manages currencies, investments, and remittances. It manages correspondent bank accounts, handles international trade, and processes payments across borders with international banks.

All international communications undergo SWIFT compliance and are screened for OFAC, UN, and EU sanctions. The Foreign Exchange Department employs risk-based frameworks to track international payments and detect suspicious or abnormal value cross-border transactions. These initiatives taken by the bank focus on identifying payments that could potentially finance illicit activities.

6. Digital and E-Banking Services

The launch of internet banking and SMS services, alongside Dhaka Bank Go and 24/7 ATMs, marked incredible milestones in the bank's digital transformation.
Automated systems assess the risk of digital transactions and active monitoring of the accounts for the possible commission of financial crimes and abnormal patterns, including suspicious transfers and deposit structuring. Compliance measures are taken in response to alerts in real time.

7. Cards, Remittance, and Payment Solutions

Dhaka Bank facilitates safe international transactions with Visa and MasterCard credit and debit cards. Customers can also use safe and compliant channels to send remittances to Bangladeshi expatriates. Each remittance is monitored for compliance with the bank’s transactions and documented proof and relationships of the sender and receiver for AML Guidelines of Bangladesh Bank.

8. Corporate Social Responsibilities (CSR) and Sustainable Banking

Apart from commercial offerings, Dhaka Bank also tries to achieve business sustainability through its CSR efforts in education, health, disaster relief, and environment. Dhaka Bank practices Green Banking by encouraging their operations and financed projects to be eco-friendly and to be paperless. Under the bank's AML/CFT culture, Ethical Banking is the bank's promise of transparency in advocacy and the positive societal change it brings.

To summarize, Dhaka Bank PLC provides a complete range of modern banking services — retail, corporate, SME, Islamic, digital, and treasury — in an effective compliant environment where AML and CFT controls are intertwined. This operational structure reinforces the bank's standing in the market as a safe, reputable, ethical, and reliable international financial institution.

2.2.6 Dhaka Bank PLC in Bangladesh

With its customer-oriented services, effective local and international legal compliance, and sound governance, Dhaka Bank PLC has earned the reputation of one of the best private commercial banks in Bangladesh.The bank helped with the country's financial development in the 1990s by aiding the industrialization of the trade and modernization of the banking sector. Over the time, Dhaka Bank has earned the trust of the financial community and is recognized for its professionalism.

Nationwide Presence and Network

Dhaka Bank PLC has a complete, nationwide footprint in Bangladesh with more than 110 branches, sub branches, SME centers, Islamic banking centers, and a wide range of ATMs and digital services. The banks operational headquarters is in Dhaka, but it serves all of the major commercial and industrial areas of Chittagong, Khulna, Sylhet, Rajshahi, Barishal and Rangpur.

Such coverage serves a varied clientele, ensuring that all large corporations and exporters, as well as individual depositors and retail customers, have easy access to the banks services.

The ability to operate in multiple regions allows the bank to further enhance its risk management and compliance functions, since the monitoring of anti-money laundering (AML) guidelines and customer due diligence (CDD) procedures are carried out seamlessly and centrally overridden across all branches under the Head of Compliance and the AML Department at the Head Office.

Strategic Role in the Bangladeshi Banking Sector

In the context of financial inclusion and economic modernization of Bangladesh, Dhaka Bank has also been instrumental and has aided in fulfilling some of the Southern Bangladesh Goals. Evidence of this is in the customized products developed and the assistance bought to SME's, agriculture entrepreneurs, and women-led businesses. This has been instrumental in the generation of employment and the reduction of poverty. Also, by providing credit and remittance services, Dhaka Bank Bank has assisted in the diversion of financial resources to the productive sectors of the economy in line with the Sustainable Development Goals (SDGs) of Bangladesh.

Having a diversified operation and a presence in all parts of the country gives the bank greater risk of laundering and fraud. The bank has acknowledged this threat and thus the implementation of AML measures and the risk based approach across all branches is commendable and ensures no negative disparity exists between country branches and urban branches in compliance levels.

Compliance Infrastructure within Bangladesh

Among the other private banks in the country, the Compliance Division of Dhaka Bank PLC. is one of the most developed.
The division works autonomously and reports directly to the Board Audit Committee, ensuring transparency and accountability in compliance oversight.
The department comprises several specialized areas, which include:

AML/CFT Unit: This unit monitors, detects, and reports suspicious activities in compliance with the Money Laundering Prevention Act (MLPA) 2012 and the Anti-Terrorism Act 2009.

KYC & Due Diligence Unit: This unit takes care of the verification process of customer profiles during onboarding and ensures that these profiles are updated regularly, in compliance with the BFIU circulars.

Training and Awareness Unit: This unit organizes continuous training meetings/presentations on the compliance risks that employees face and the compliance obligations that they must meet.

Monitoring and Investigation Unit: This unit utilizes automated systems to detect unusual transactions and collaborates with the branch compliance officers (BCOs) to carry out detailed investigations.

The above mentioned structure demonstrates that the Dhaka Bank PLC adheres to compliance, but more importantly, understands the risks to a bank's reputation and long-term business viability of having weak or no AML policies.

Contribution to Financial Stability and Risk Management

As the Bangladeshi economy grows and becomes more integrated into the global economy, the function of compliance at Dhaka Bank becomes more and more important. The bank's risk management framework takes into account the potential risks of financial crimes in trade finance, remittance, foreign exchange, digital payments, and other services.

To address these risks, Dhaka Bank has:

- Implemented real-time Transaction Monitoring Systems that alert the bank when suspicious activities occur.
- Implemented Automated Sanction Screening Tools that work with SWIFT and global lists of sanctioned individuals and entities.
- Conducted Enterprise-wide Risk Assessment (EWRA) of business units and customer groups.

- Completed Internal Anti-Money Laundering (AML) audits and compliance inspections of the Bank Financial Intelligence Unit (BFIU).

These activities help maintain the bank's reputation and comply with the law and help framework the unethical and irresponsible practices compliant with the law.

Relations with Regulators and the Association of Bank Compliance Officers of Bangladesh (ABCOB)

To help Dhaka Bank comply with the law, the bank has an open channel of communication with the BFIU, Bangladesh Bank, and other governmental regulatory agencies. The bank attends AML trainings and workshops and industry meetings organized by BFIU and ABCOB.
As a result, Dhaka Bank helps create AML policies, provides input in policy development, and reports on financial crimes such as trade-based money laundering, digital fraud, and terrorist financing.
The first part outlines Dhaka Bank's role in collaborating with regulatory bodies and leadership in developing and promoting transparency in the financial systems of Bangladesh.

Use of Technology and Digital Compliance

Dhaka Bank is among the first Banks to adopt and use advanced Technology and Digital Compliance systems which integrate with the core banking systems. Digital Compliance systems and Core Banking systems are designed to share information in real-time.

When customers initiate transactions with higher amounts or with higher-risk countries, the system automatically triggers an alert to compliance personnel for necessary actions. Automation provides opportunities for error reduction, better time management, and compliance with AML best practices, which are in place to combat money laundering worldwide.

Importance of Dhaka Bank in Bangladesh

Dhaka Bank PLC is recognized for a number of reasons in regards to the national financial system, most notably:

Trust and Credibility

The uncompromising ethical reputation of Dhaka Bank, reliable documentation of transactions, in addition to compliance with the required regulations, fosters trust not only with clients but regulatory bodies as well.

Contribution to National Growth

Support extended to SMEs, infrastructural, and industrial financing stimulates economic activities and creations of jobs which in turn accelerate the Government's growth objectives.

Leader in AML Implementation:

In Bangladesh, Dhaka Bank is viewed as a leader in the implementation of AML compliance. This is due to his AML compliance multi-faceted and compliance AML technology, a well-structured compliance hierarchy, and the technology advanced and continuous training of bank employees.

Support for Financial Inclusion:

Through digital banking, outreach to rural areas, and corporate social responsibility initiatives, the bank helps integrate unbanked individuals into the formal economy. This helps reduce reliance on informal and illegal financial systems.

Crisis Resilience and Regulatory Alignment:

During periods of economic or financial instability, the internal controls and risk-based compliance programs offered by Dhaka Bank and embraced within the institution has endowed the institution with the capacity of resilience and the ability to meet all the regulatory ratios of Bangladesh Bank.

In conclusion, Dhaka Bank PLC occupies a critical position in Bangladesh's banking industry as a banking service provider and a leader in compliance. Its practice of compliance with

AML/CFT regulations exemplifies the corporate governance and integrity of customers and outlines the scope of the banking system to be unaccounted and corrupt. It outlines the opposite polish of financial systems and the banking system to be unaccounted and uncorrupted. This section exemplifies the contrary polish of financial systems and the banking system. This section outlines the excellence of Dhaka Bank's AML policies and illustrates its necessity as a strategic goal to maintain institutional sustainability and safeguard the financial integrity of Bangladesh on the international platform. This section illustrates the necessity of maintaining institutional sustainability and the integrity of Bangladesh's financial position. This section illustrates the contrary polish of the financial systems. This section illustrates the excellence of Dhaka Bank's AML policies and illustrates its necessity as a strategic goal to maintain institutional sustainability and safeguard the financial integrity of Bangladesh on the international platform.

2.2.7 Importance to the Strategic Planning in Bangladesh

Dhaka Bank PLC has, and continues to, contribute to the economic development of Bangladesh. The bank is considered a source of economic development and a source of financial trust. This bank goes beyond the classical definition of banking. It has been involved in financial inclusion, the setting of benchmarks for the AML/CFT compliance in the country, and part of the driving forces behind the digital age and the balanced economic development of the country.

This Strategic Role is clearly portrayed through the bank's alignment with the Government's Vision 2041 and The Strategic Planning of Bangladesh Bank. Furthermore, the bank is aligned with the Financial Integrity and Compliance Framework to the Government which includes elements of domestic and international stability and compliance.

1. Supporting National Financial Stability and Economic Growth

The bank has made a remarkable contribution to Bangladesh's macro-economic financial stability while supporting growth of the industries, trade financing, and remittance which together account for more than a third of the country's GDP.

As a sponsor to the corporate and SME sectors, the bank has contributed to the growth of the manufacturing, energy and service industries which are the main pillars of the country's strategic plan on exports and employment. Moreover, the culture of responsible compliance will permit financial monetary growth and balance the financial resources of the country. The bank's ICE-CFT policy will shield the bank and the nation from the through hidden capital flows and shielded the economy from reputational risks.

The bank facilitates openness in the flow of capital, thereby reinforcing the confidence of foreign investors, development partners, and regulators. Dhaka Bank and the Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank continue to work on the development of a more resilient and integrated global financial system.

2. Alignment with National Anti-Money Laundering and Financial Integrity Objectives

Bangladesh is part of the Asia/Pacific Group on Money Laundering (APGML) and has prioritized combating money laundering and terrorist financing. Dhaka Bank is strategically positioned to support the government's agenda on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT).

The bank has a risk-based compliance approach to identify, deal with, and escalate questionable financial activities to the regulators as per the Money Laundering Prevention Act 2012 (amended 2015), Anti-Terrorism Act 2009, and BFIU directorates.

By doing so, Dhaka Bank contributes to:

- The preservation of the stability of the national financial system,
- Preserving the sovereign reputation of Bangladesh in the global marketplace, and
- Supporting the country's trade and investment flows.

Regarding the policy formulation, the bank has formulated comprehensive anti-money laundering (AML) and counter-terrorism financing (CTF) policies, conducted internal audits, and trained employees, which demonstrate the effectiveness of the transparency, risk management and compliance pillars of the Financial Sector Master Plan of Bangladesh Bank.

3. Promoting Financial Inclusion and Inclusive Growth

Financial Inclusion and Inclusive Growth Inclusion of financial services is a cornerstone of Bangladesh's long term strategic vision. It encourages economic growth and less inequality.

Dhaka Bank's contributions towards providing finance to populations such as women and the rural community, provide a foundation for the formal banking system integrated with services such as savings and current accounts, payment and transaction services, and digital banking.
Opening accounts and providing banking services to the previously unbanked reduces the burden of informal cash transactions, tax evasion, and money laundering, and corrupt dealings.
Inclusive banking and the services provided integrated with formal financial services strengthen the integrity of the entire national financial system.

4. Strengthening the National Anti-Corruption and Compliance Framework
Dhaka Bank's strong compliance infrastructure reduces the ability of embezzlement, tax evasion, and corrupted funds to permeate banking channels. It also supports national anti-corruption initiatives.

Outside of the banking channels, unregulated cash transactions and money laundering activities populated with corrupt dealings must stay within acceptable limits for the embezzlement and laundering of cash to achieve corrupt aims.

Money laundering and cash-based abuse of corruption must stay within controlled limits to achieve strategic and long-term visions.A compliance-driven culture is important to avoid risks of increased monitoring or "greylisting". This could negatively affect foreign investments and trade.

5. Contribution to Digital Transformation and RegTech Adoption

Under the “Smart Bangladesh 2041” strategy, the Government of Bangladesh and Bangladesh Bank adopted digital transformation. To improve national objectives, Dhaka Bank adopted FinTech and Reg Tech for compliance, fraud prevention, and digital payments to offer Cashless compliant digital economy. Dhaka Bank Go integrates digital KYC, biometric verification, and automated risk scoring.

These advancements operational relics and burdens to regulators and operational improvements to the embraced transparency of financial transactions for the objectives of e-governance, digital inclusion, and cybersecurity resilience.

6. Facilitating International Trade and Foreign Investment

As part of the international economic relations network for Bangladesh, Dhaka Bank plays a strategic role. For the seamless integration of cross-border trade and foreign investment, compliance, and enforcement of transactions, the bank’s Trade Finance Division, Treasury Department, and correspondent banking network deploy integrated, compliant, and regulated frameworks and FinTech.

Dhaka Bank ensures that all transactions that flow through the Bank are screened, verified, and fit the description of the highest possible global financial compliance standards and norms, which builds confidence with our financial partners and correspondent banks.

Building and strengthening investors confidence which helps the country gain more foreign direct investment, a primary component of the strategic plan for economic diversification, is very important. This also helps Bangladesh’s export-focused industries, like the textile and garment industries.

7. Promoting Sustainable Banking and Green Finance

The bank is more involved than ever with new initiatives providing funding with potential economic, social, and environmental improvements for the country. Selva’s initiatives in the culinary arts of the southern United States and the new "Seasoned for Service" initiatives are great opportunities focusing on improvements.

To the country’s strategic vision, sustainability is of utmost importance and is embraced. The Bangladesh Bank’s Green Banking Guidelines and the UN Sustainable Development Goals

(SDGs) are embraced and aligned with meaningful financing with ethical sourcing, free of the risk of funds being misappropriated, through the ideals of environmental protection and social development.

8. Enhancing Bangladesh's Global Financial Reputation

The global economy looks upon a country's standard of governance, maturity in their regulation, and their banking sector. This is true in most cases.

Because of their complete ethical banking compliance and transparency, Dhaka Bank solidifies multiple global opportunities for Bangladesh's financial sectors.

Automatic integration of cross-bank approved AML and CFT guarantees positively the potential growth of the country's remittances, cross border trade, and most importantly, trust in the country's economic governance.

The Dhaka Bank PLC strategic Bangladesh domestic Banking Plan goes beyond intermediation, as all Registered Mobile Banking Clients report high levels of financial regulatory inclusive. With an integrated robust AMF and CFT, the Bank directly assists the Ministry of Finance and the Government of the People's Republic of Bangladesh in their strategic plans targeted toward financial crime suppression, legislative, and regulatory transparency provided by global trade.

By implementing compliance, the new technologies of the global modern banking system, and innovations excess, Dhaka Bank replicating his positive impact and growth on the aspirations of the national financial system, ethical and building globally a positive resilient bank financial system.

In this way, and with preserving the values of ethical banking and the efficiency of AML, the bank, positively, assists in the economic development of the country and banks on its financial reputation and sovereignty.

Because of its multiple global opportunities lent by strategic positions in the bank domestic plan for Bangladesh, Dhaka Bank PLC exposed global banking opportunities for the country with their honest ethical compliance.

And as we experience today, we admit the embedded trust shortcomings of advanced economic governance by the government of the people Republic of Bangladesh on strategic financial ostensive trade, of the country and its positive resilient modern ethical banking system.

2.2.8 Responsibility for Sustainable Development and Innovations

Overall, Dhaka Bank PLC appreciates and promotes the idea of a 'Triple Bottom Line' by defining success on the intersection of profit, people, and the planet.

As the first private commercial bank in Bangladesh, Dhaka Bank takes pride in prioritizing that sustainable development, responsible innovation, and the promotion of ethical finance are seamlessly integrated into the bank's operations. Dhaka Bank promotes strategic priorities that are inclusive, compliant, and aligned with developments in the finance sector of the Bangladesh market.

As a result of their promotion of innovation and sustainable development, Dhaka Bank continues to introduce new sustainable products, innovations to their corporate gift offerings, new and enhanced compliance checklists, as well as the introduction of new features to the corporate governance and advanced technology layers of the integrated banking system. With green banking and corporate social responsibility (CSR) geared towards the long-term economically sustainable technological value and ethical governance modernization, the bank strives to protect its core value of Bank Secrecy and the principles of Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT).

1. Commitment to Sustainable Banking

As an initiative of the United Nations aimed at driving sustainable development particularly in developing countries, strategic policies that balance economic, environment, and social sustainability at the social sustainable banking practices aim at achieving the social banking objectives aligned with Bangladesh Bank's Green Banking Guidelines, which along with the UN policies are the framework within which Dhaka Bank steers its social sustainability practices and the Green Banking framework set as its social responsibility and corporate value. In the social sustainability banking practices the bank focuses on the following:

Green Banking: an allocation to socially responsible investments especially those that are actively investing in going green, renewable energy (especially with respect to energy waste), and energy-efficient infrastructures that are integrated waste management and aesthetically sustainable industrial operations. As a part of its green portfolio, Dhaka Bank finances green projects which reduces carbon emissions and shifts industries to cleaner technologies.

Ethical and Responsible Lending: Dhaka Bank Lending Activities is not compliant with the Money Laundering Prevention Act (MLPA) 2012. Dhaka Bank Lending Activities is also not compliant with the acts of corruption, leakage of resource funds, laundering of funds, and diversion of funds. Environmental and Social Due Diligence (ESDD) and Customer Due Diligence (CDD) are not performed to any extent prior to providing a loan to mitigate the funds diversion to unlawful and/or environment damaging activities.

CSR and Community Development: Under the banner of Corporate Social Responsibility (CSR), Dhaka Bank spends funds over and above what is expected as a socially responsible entity that is consistent with its ethical values and inclusive ethos, which is an bank-wide ethical value and inclusion.

Conjunction of Compliance and Sustainability: Dhaka Bank ensures that there is responsible economic progress and that business growth does not come at the cost of environmental degradation and/or social inequality.

2. Integration of AML and Ethical Governance into Sustainability

Integration of AML/CFT compliance into Corporate Social Responsibility (CSR) activities is a unique feature of Dhaka Bank's sustainability framework. Dhaka Bank carries a belief that ethical governance cannot co-relate to financial sustainability and there is a lack of regulatory integrity.

In support of this, the Compliance Division of the bank and the Unit of Corporate Governance jointly promote a culture of openness and accountability in ethical practices.

In the case of Governance, Dhaka Bank's frameworks are premised on:

AML and KYC procedures in all operations are strictly followed to guarantee that illegal and unverified source of funds and proceeds of crime are not brought into the bank.

To ensure that all transactions, loans and investments are legitimate and within scope of the country's laws and regulations, internal audits and compliance checks are scheduled routinely.

All employees are governed by a set of Ethical Code of Conduct, which includes a promise of no tolerance for any acts of corruption, fraud, and insider abuse.

Unethical practices are reported through Whistleblowing policies, which do so in a secured manner to safeguard the value of internal operations.

To enable the bank mitigate risks associated with stretching the financial integrity of the bank, Dhaka Bank, is able to reinforce its commitment to its dual role of financial intermediary and guardian integrity by ensuring sustainability objectives and AML compliance.

3. Innovation and Digital Transformation

Operational efficiency, control of risks, and compliance are enhanced through innovative approaches. Hence, the bank's unceasing investments in the transformed digital sphere of the bank enables the institution not only to provide services with more speed, safety and transparency, but also to rapid advance the banking system.

Automation, data analytics, and FinTech, have aided the bank to bolster its service delivery and the AML oversight more substantially.

Some of the important technology developments consist of:

Digital Banking Platform - Dhaka Bank Go:

Customers can order banking services, make real-time payments, transfers, and bills and conveniently manage their accounts remotely on the platform. To guarantee the legitimacy of online transactions, the system incorporates a digital KYC, biometric authentication, and continuous AML risk assessment modules.

Automated AML Transaction Monitoring Systems (TMS):

An advanced TMS to Dhaka Bank to conduct real-time analysis of hundreds of transactions and daily. He was able to identify and report "configuring," layered transactions, and cross-border transfers of the higher risk. It was possible to detect and report it in real-time. He was able to identify it and report it in real time.

SWIFT Sanction Screening Integration:

The Bank uses SWIFT-based cross-border payment platforms to automatically sanitize global payment instructions. Sanction screening compliance with global cross-border payment market US, UN, and EU sanctions and embargo lists.

RegTech Adoption for Compliance Efficiency:

Dhaka Bank applies RegTech for compliance reporting, reporting automation, regulatory submissions, and data integration.This also ensures the completion of STRs and CTRs and their submission to BFIU without delays as the system achieves submission deadlines and minimizes human errors.

Cybersecurity and Data Protection:

Developing a comprehensive Cyber Risk Management Framework protects clients from the potential negative impacts of digital fraud. Protecting clients from loss due to cybercrimes is also a primary concern of the bank and is achieved using advanced cyber risk management systems, firewalls, and encryption.

It is risk-aware, modern, and compliant with regulations. This demonstrates the compliance and convenience offered to clients and customers which is the expectation of all technologically advanced institutions in the banking sector in Bangladesh.

4. Employee Empowerment and Training for Sustainable Operations

To progress towards the bank's operational goals, advanced customer service automation, and new business line establishment, Dhaka Bank shifts to empowering its staff and providing them with the appropriate tools and relevant training.

As a bank that emphasizes training and developing its employees, Dhaka Bank sustains innovation, and strategic business goals as they include ethical training and awareness initiatives. The bank also strategically staff training with consideration to operational business lines which include the digital bank, AML/CFT compliance, risk management within the bank's ESG policies, and digital transformation of the bank.

In coordination with the Compliance Unit, the Bank's Training and Development Department organizes:

- Integrating AML compliance and systems within all business lines.
- Describing potential risk factors of a business to employees.

- Revamping security and digital systems to increase efficiency and effectiveness.

Dhaka Bank conducts continuous capacity building where the workforce becomes competent, responsible, and aligned with the bank's sustainability and compliance objectives.

5. Partnerships and Collaborative Efforts for Sustainable Finance

Dhaka Bank engages in collaborations with various national and international entities to foster innovation in sustainable finance. Collaborative efforts include the
environmental project financing Green Banking Division of Bangladesh Bank.

International Finance Corporation (IFC), and the Asian Development Bank (ADB) for technical assistance on sustainable lending practices.
Compliance and financial compliance awareness programs aligned with the Financial Action Task Force (FATF) and the Bangladesh Financial Intelligence Unit (BFIU) are in place.
It is through these partnerships that the aim of building a financial system which profitably integrates sustainability and compliance is furthered.

6. Measuring Impact and Reporting

To implement our innovation and sustainability plan, transparency is an integral value of the bank. In our sustainability and Corporate Social Responsibility (CSR) reports, we capture the effectiveness of our social inclusion efforts, compliance and ethical adherence, energy efficiency, and performance in Anti-Money Laundering (AML). and ethical adherence. In addition, the bank also incorporates the performance on the compliance as well as the energy efficiency. Along with the ethical adherence, the reports also highlight the effectiveness of inclusion efforts on social inclusion and the performance on Anti-Money Laundering (AML) compliance.

In like manner to the Global Reporting Initiative (GRI) standards, the reports also capture measurable impact on:

- Total value of green financing disbursed.
- Number of employees trained in AML and sustainability.

- Paper usage reduction as a result of digitization.
- Community development through CSR programming.

Dhaka Bank is accountable to its stakeholders and embraces its social responsibility reputation by being accountable as a socially responsible transparent financial institution.

7. Strategic Importance of Sustainability and Innovation to the Effectiveness of AML

Streamlining processes and automation helps sustainethical practices, while eliminating manual tasks enhances the foundation of financial crime prevention. Innovation and ethics sustainability jointly ensure the bank's compliance to the BFIU, MLPA 2012, and the FATF 40 Recommendations. Dhaka PLC's advocacy of innovation and dedication towards sustainable growth demonstrates the integration of ethical growth with technological and economic progress, environmental care, and moral adherence. There is integration of ethical growth with technological and economic progress, environmental care, and moral adherence. The integration of ethical growth with moral adherence demonstrates the institution's progress guardian of technological and economic progress, environmental care, and moral adherence. The integration of ethical growth with moral adherence demonstrates the institution's progress guardian of sustainable growth demonstrates the moral progress of technological and economic the foundation of financial Stella is the moral foundation of financial

Sustainability in governance and integrated in its AML frameworks demonstrates to the bank's stakeholders that dominational sustainability in the moral form of profitability is attainable. Administratively, technological advances in governance and compliance with greening strategies and neutrality ethics, position the bank nationally as an example of accountable and futuristic banking. Ethically, Dhaka Bank aligns with the sustainable development objectives of the nation while reinforcing the resilience and effectiveness of its Counter-Money Laundering policies. The integration of ethical growth with moral adherence demonstrates the institution's progress guardian of sustainable growth demonstrates the moral progress of technological and economic practices. The integration of ethical growth with moral adherence demonstrates the institution's progress guardian of sustainable growth demonstrates the moral progress of technological and economic. This way, Dhaka Bank is able to uphold its status as a protector of financial crime integrity for the foreseeable future.

2.3 Management Practices

The success and sustainability of Dhaka Bank PLC is the result of sound Management Practices. The bank's management is driven by integrity, compliance with the law and standards at the global and local levels, accountability, and operational effectiveness. As a primary private commercial bank, Dhaka Bank is driven by ethical operations, human resource planning, sound governance and compliance systems.

The management school of thought is consistent with the corporate vision "Excellence in Banking" and the discipline of management integrates financial, service, risk, and regulatory aspects along with corporate and social responsibility. This vision is operationalized in each and every management practice by the bank's ethos of transparency, ethical behavior, and effective anti-money laundering policies.

Dhaka Bank's organized internal structure and disciplined human resource enable every employee to participate in operational expansion as well as the bank's objectives in the area of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT).

2.3.1 Leadership Style

The style of management and leadership of Dhaka Bank PLC is critical to the shaping of corporate culture and the strategic objectives of the bank.

The leadership approach at the bank is participative and transformational, with an emphasis on empowerment, collaboration, and accountability. Leaders encourage innovative thinking and protect the integrity of every decision within the framework of the organization.

From the bank's perspective, modern banking success is predicated not on the profit alone, but on success intertwined with responsibility, transparency, and compliance. The MD and the executives have an open-door policy, and cooperative problem solving is a teamwork principle they all adopt. They ensure that every single unit of the organization is heard and their input is assimilated before any major policy decisions or operational changes are implemented.

Key Features of Dhaka Bank's Leadership Include:

Participative Governance: Inclusive leadership is demonstrated at Dhaka Bank by the engagement of senior managers in the strategic crafting of plans alongside department heads and branch officers.The management team's operational and regulatory decision-making is informed by the regular meetings, consultations, and feedback loops. This inclusive style of leadership fosters trust and a collective sense of responsibility around compliance and quality of service.

Ethical and Compliance-Driven Leadership:
Each of the senior managers at Dhaka Bank are expected to be the moral and compliance leadership within the institution, and to that end, they, alongside all staff within the bank, are expected to operate within the marked boundaries of Corporate Governance, Code of Conduct, and other policies.

The Managing Director along with senior management are directly responsible for overseeing the implementation of the bank's AML/CFT measures, within which framework the bank continues to uphold its model reputation in the country's financial system for integrity.

Transformational motivation:
As a consequence of mentorship, recognition, and encouragement of sustained professional growth, leaders at all levels of the bank are enabled to motivate their subordinates. Building from the vision and inspiring the employees, in every case exceeding the expectations, overcoming the greatest challenges of the bank become a shared assignment. This supported motivation positively increases morale and dedication.

Accountability and transparency:

There are no weak links in the system. Every decision, every transaction, and every operation is traceable and accountable. This is the guarantee that all actions of the leadership are reviewable within the scope of the documented limits. This is particularly important for all operations related to the compliance of the bank with the AML legislation.

Results-oriented management:

The leaders of the bank are evaluated on the growth and profitability of their departments, but also on the management of risks, client satisfaction, and the department's compliance for the regulations. This complimentary and opposing dimension on the evaluation of leaders is instrumental in the bank's and leaders' legal and sustainable growth.

As for the bank's leadership, it is about professionalism, ethics, and participative governance.

2.3.2 Human Resource Planning Process

As with any other division, the Human Resource Division (HRD) of Dhaka Bank PLC has been understanding the bank's needs to know how to align its workforce to support the general strategies of the bank. While doing this, the HR division also has to consider the bank's AML/CFT initiatives.

Having the right people, well-trained and with the right values, will help the bank not lose control of its operations, prevent financial mischief, and stand inefficiency. Hence, Dhaka Bank's HR strategy hinges on recruitment for integrity, the promotion of continuous learning, evaluative transparency, and employee empowerment.

1. Recruitment and Selection

Dhaka Bank has an organized, open, and recruitment policy based on the merits of prospective candidates.

Every recruitment decision is based on an evaluation of three key factors–technical competence, ethical values, and integrity as defined by the law. Each recruitment process involves:

- Written aptitude and skill-based tests
- Multiple-stage interviews (technical and HR)
- Reference and background verification
- Pre-employment screening according to Bangladesh Bank's Fit and Proper Commission Guidelines.

Additional background integrity checks for sensitive positions in Compliance, Risk Management, or Audit. This ensures that candidates not only possess technical knowledge but also have high ethical standards.

2. Training and Development

Based on previous experiences and learning from the past is the best way to align to the culture of compliance of the Dhaka Bank.

- Working with the Anti-Money Laundering and the Compliance division every other quarter the compliance division trains on the following topics
- Comprehensive customer anti-money laundering strategies and the counter financing of terrorism guidelines.
- KYC and Customer Due Diligence customer frameworks.
- Compliance and reporting obligations through a risk based approach.
- Leadership, communication, and the adoption of emerging technologies concerning the cyber security of the organization.

As regulatory bodies such as the BFIU and the FATF outline to every teller, senior management, and the entire workforce of the organization, performative AML compliance training is to be conducted.This training serves the purpose of training the examiners with the bank and the AML compliance network.

3. Dhaka Bank Performance Management System

In the Dhaka Bank Performance Management System business and ethical performance integration is a key focus.

> Business targets, compliance with established risk management frameworks, customer service level standards, and teamwork and professional workplace behavior are the criteria for evaluating employee performance.
> High performance is recognized with bonuses, promotions, and awards. Employees with strong compliance to internal policies and frameworks, those who report suspicious transactions, and those who contribute to policies on AML are rewarded with career progression.

On the other hand, lack of compliance standards would bring disciplinary measures down as a means of accountability across the board.

4. Compensation and Rewards

Dhaka Bank has a competitive structure which helps us secure and keep skillful individuals. The parts of the remuneration policy consist of:

- The basic salary and salary performance incentives,
- The annual and retirement provident fund schemes,
- The health Medical Benefits,
- Training AML officers will receive Special Training Allowances, and

This reward system encourages employees to work on their integrity, professionalism, and efficiency at their work.

5. Employee Engagement, Welfare, and Ethics

The bank encourages a constructive inclusive workplace and culture. Active and Open Communication, teamwork, and respect help each culture through time-building exercises, leadership retreats, and wellness schemes. Unethical or compliance policy breaches are encouraged to be reported from employees are made through a Whistleblower Policy, which is enforced in coordination of the Compliance and HR Divisions.

This policy culture is fair and transparent to all in a means of respect, value, and sense of duty in the ethos of the bank.

2.3.3 Organizational Structure

Dhaka Bank PLC has implemented a mixed structural organizational order. This is implemented to provide streamlined efficiency, accountability, and supervision.

Integrated functional order provides necessary efficiency and supervision. Control, communication, and accountability articulation are necessary for policy alignment.

The Board of Directors determines and allocates responsibility for long-term goals and corporate governance priorities.

The executive management staff led by the Managing Director (MD) & CEO focuses on business goals that are consistent with the strategic plan, and evaluates regulatory compliance.

Organizational Structure:

1. Board of Directors:

Sets policies, oversees governance, and allocates resources for compliance, risk governance, and supervision budgets. Responsible for ensuring AML controls and compliance reviews.

2. Managing Director (MD) & CEO:

Provides executive leadership, ensuring coordination among departments and oversight of operations, compliance, and profitability. The MD & CEO plays an active role in reinforcing AML policies across the organization.

3. Deputy Managing Directors (DMDs):

Responsible for overall risk supervision, governance, and compliance resources and business frameworks. Integration provides necessary oversight on performance standards, regulatory alignment and risk compliance.4. Senior Executives and Divisional Heads: Each division is under a senior executive who oversees daily operations. The most significant divisions are:

- Corporate Banking Division – Large business financing and project loans are provided here. Each client is subject to EDD under AML guidelines.
- Retail Banking Division – Controls personal loans, deposits, cards, and digital banking. Full KYC for customer onboarding is mandatory.
- SME and Agricultural Finance Division – Under a risk-based compliance model, financing small businesses and rural entrepreneurs is provided here.
- Treasury and Trade Finance Division – Handles operations for international trade, foreign currency, and remittances. SWIFT systems with sanction screening are used.

- Risk Management Division – Manages operational, credit, and market risk. Works with the Compliance Division to track AML risk exposure.
- Compliance and AML/CFT Division – This unit independently ensures adherence to AML, KYC, and reporting obligations to BFIU, and submits reports to the Board Audit Committee.
- Audit and Internal Control Division – This unit conducts all branch internal audits, including the AML compliance and other checks.
- Human Resource Division – This unit maintains focus on the recruitment, performance appraisal, and training of staff to emphasize ethics and compliance.
- Information Technology Division – This unit oversees the core banking software, the cybersecurity infrastructure, and the RegTech systems for automating the AML processes.

Branch Network and Regional Offices:

Dhaka Bank operates through more than 110 branches in the country. Each branch is headed by a Branch Manager and is assisted by a Branch Compliance Officer (BCO), who ensures local compliance with the AML and operational procedures. The regional offices facilitate supervision and reporting to the head office.

Simplified Organizational Chart

Figure 2.1: Simplified Organizational Chart

Integration of Management Practices with AML Compliance. Management systems in place at Dhaka Bank are structured so that all levels of the organization apply AML compliance and controls.

Each element, from leadership and HR to branch operations, assigns responsibility for implementing internal controls to detect, prevent, and report suspicious activity.

The Compliance and AML Division works autonomously to guarantee that all business decisions align with local and international standards pertaining to AML. Meanwhile, the HRD manages to guarantee that all personnel are equipped with the appropriate knowledge to recognize and address risks related to financial crime. There is evidence of a harmony between strategic directions and disciplined HR management along with organized governance systems, as is the case with the management systems of Dhaka Bank PLC. By building on participative leadership, systems of continuous professional development, and a defined hierarchical system, the Bank has developed a culture that promotes efficiency, ethical conduct, and compliance.

These initiatives not only improve productivity and enthusiasm of the workforce, but also positively impact the productivity of the bank's anti-money laundering policies, reinforcing the trust, transparency, and degree of responsibility the institution exhibits while operating within the borders of a developing economy like Bangladesh's.

2.4 Compliance and Risk Management Practices

Currently, and within the context of Dhaka Bank PLC's market position as a leading private retail bank within the industry of Bangladesh, as an institution cannot isolate either bank compliance or operational risk. Dhaka Bank has built and documented deep pride in a flexible, comprehensive approach to institutional resilience across operational, compliance, and ethical boundaries, as well as within the scope of the authority conferred to the institution, oversight regulations, and market norms.

Legally permissible and market-acceptable profit orientation cannot ne defined and driven without integrating compliance and manage of risks, and without regulatory oversight, an institution cannot take in the long term.

Within the position taken by Dhaka domain, strategies compliance and supervision aligned to Bangladesh Bank's Core Risk Management Guidelines and the Basel III principles particularly addressing the balance between credit, market, and operational risks.

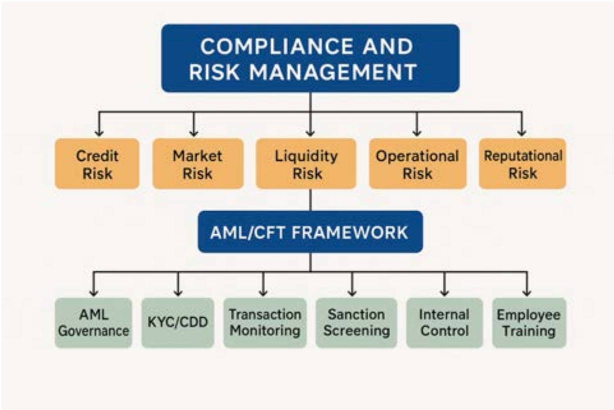

Figure 2.2: Compliance and risk management chart

Simplified Organizational Chart

This document describes the formal risk framework across the institution and more specifically the integrated Anti-Money Laundering and Counter-Financing of Terrorism policies that keep the institution's finances and activities transparent, reinforcing integrity.

2.4.1 Broader Risk Management Framework

Each Dhaka Bank Branch executes the Risk Management Framework as defined by the Head Office through the Risk Management Information System.

The Framework is implemented through the Risk Management Division and other stakeholders.

They involve the three lines of defense for all the Critical Functions as well as all Support Functions.

They proactively plan for all categories of risks: financial, operational, and reputational.

1. Credit Risk Management (CRM)

The most considerable risk for any commercial bank is credit risk because of potential loss for lack of payment. Credit risk is managed at Dhaka Bank by:

- Thorough financial analysis, background verification, and risk grading of every borrower;

- Approval of large exposures via Credit Committee with final sign off from the MD or the Board;
- Employing the Credit Risk Grading (CRG) model issued from Bangladesh Bank to assess clients and categorize them as low, moderate, or high risk;
- Conducting regular loan reviews with early warning signaling (EWS) for identifying deteriorating accounts; and
- Loan recoveries and provisioning measures abiding by IFRS 9.

To curb concentration risk, the bank also distributes its portfolio and investments across different sectors, including textiles, construction, trading, agriculture, and energy.
Integrating AML/CFT obligations into compliance is built into the credit risk assessment so that no lending facility is extended to customers engaged in money laundering, financing of terrorism, or dealing with sanctioned customers.

2. Market Risk Management

Market risk occurs due to unfavorable changes in interest rates, currency exchange rates, and equity prices. Dhaka Bank's Treasury Division manages these risks based on the Asset-Liability Management (ALM) policy approved by the Board. ALCO (Asset-Liability Committee) meets each month to discuss the following: interest rate sensitivity, foreign currency exposure, liquidity gap, and the bank's stress tests in different scenarios. The bank is responsible for setting limits on open positions in foreign exchange as well as in their investments. The Treasury Back Office ensures there is a clear segregation of responsibilities to prevent operational or compliance breaches by providing independent confirmation, valuation, and reconciliation.

3. Liquidity Risk Management

The bank liquidity is strong due to a varied funding base which includes retail and term deposits as well as interbank borrowings. The liquidity risk of the bank is governed by the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) in Basel III which ensures a proportion of liquid assets is available to meet short-term obligations.

The Treasury Division collaborates with the Risk Management Department to optimize the balances of cash reserves, as well as to meet the statutory liquidity and cash reserve ratios set by Bangladesh Bank.

4. Operation Risk Management

Operational risk is the risk of loss emanating from inadequate or failed internal processes, people and systems, or from outside events. Dhaka Bank ICC Division, with its well-established Internal Control and Compliance System, continually monitors, audits and reviews to eliminate and mitigate such risks.

Fundamental imperatives are:

- The establishment of Standard Operating Procedures (SOPs) to govern all functions.
- The separation of functions (front, middle and back offices).
- The reporting of loss incidents and the reviews of risks at events.
- The establishment of cybersecurity measures to eliminate the risk of digital fraud.
- The Disaster Recovery and Business Continuation Plan (BCP) to provide constant service availability.

Dhaka Bank also reinforces and enhances its risk control environment by integrating operational anti-money laundering (AML) measures, transaction monitoring, client/customer on boarding, and reporting standards into daily activities.

5. Tradable and Reputational Risk Management

Although, intangible, reputational risk poses serious challenges to the financial institution. Dhaka Bank minimizes this risk by ethical branding, engagement with stakeholders, and the zero tolerance to corruption or non-compliance.Under the direction of the Strategic Planning and Risk Committees, scenario planning, stress testing, and policy review cycles allow for the ongoing scrutiny and management of strategic risks.

To maintain the bank's reputation as one of transparency and accountability, and to manage any risks to the reputation, the Compliance and Communication Divisions manage the risks in the bank's reputation together.

2.4.2 AML/CFT and Compliance Framework

The Compliance and Anti-Money Laundering (AML) Division of Dhaka Bank PLC is the institution's defensive shield against financial crime. It also ensures adherence to the Money Laundering Prevention Act of 2012, the Anti-Terrorism Act of 2009, and compliance guidelines enacted by the Bangladesh Bank, Financial Intelligence Unit, and the FATF's 40 Recommendations.

Reporting to the Board Audit Committee, the CCO has oversight and direct responsibility for this division, which is functionally independent of the other business areas. The underlying objective is to cultivate compliance throughout the organization, with a focus on detection, prevention, reporting of suspicious activities, and exposure of the organization to financial crime risks of any kind.

1. AML Governance and Oversight Structure

The Governance of Dhaka Bank's AML compliance model rests on the three lines of defense principle.

- The first line of defense consists of Business Units managing client onboarding, transaction activities, and loan processing.
- Second Line (Compliance Division): Keeps track of activities, performs independent evaluations, and files reports of suspicious transactions to BFIU.
- Third Line (Internal Audit): Assesses the effectiveness of the controls in place and proposes changes to the policies in place to mitigate risk.

The Board together with the senior Management are presented with and review the compliance dashboards and audit reports each quarter to ascertain the AML AND CFT performance of the institution.

2. Know Your Customer (KYC) and Customer Due Diligence (CDD)

Dhaka Bank always implements and practices risk-based KYC and CDD for individuals, all classes of customers, and institutions.

- Customer identification: All clients are verified through valid national identification, trade licenses, or incorporation certificates
- Risk Profiling: Customers are placed into one of the three categories (Low, Medium, or High) depending on their occupation, the volume of transactions, the geographical area, and the nature of their business.
- Enhanced Due Diligence (EDD): Relevant to politicians (PEPs), customers from other countries (foreign clients), or entities with a high transaction turnover.
- Open Accounts and Existing Ones are Reviewed Annually: All customer profiles are updated at least once a year or more frequently for high-risk accounts.

The digital banking system automatically screens all new and existing customers against UN Sanctions Lists, OFAC, and PEP databases to prevent onboarding of restricted individuals or entities.

3. Transaction Monitoring and Suspicious Transaction Reporting (STR/SAR)

As part of their governance framework, Dhaka Bank has automated Transaction Monitoring System (TMS) and integrated it with their core banking system.

The system identifies alerts for specific risk indicators which include:

- Unexpected amounts of cash being deposited or withdrawn.
- Frequent inward remittances from high risk countries.
- Structuring or layering of transactions.
- Round-tripping or trade-based anomalies.

Each time an alert is made, it reaches the Compliance Division, which then determines if an STR (Suspicious Transaction Report) or SAR (Suspicious Activity Report) needs to be filed with the BFIU.Additionally, the bank files Cash Transaction Reports CTR on transactions that exceed the regulatory thresholds to maintain transparency.

4. Sanction Screening and Watchlist Management

Dhaka Bank has SWIFT-integrated sanction screening software and checks every inbound and outbound international payment against:

- UN Security Council Sanctions Lists
- OFAC (U.S. Treasury)
- European Union (EU) lists
- Domestic lists from the BFIU

Any transaction that matches or potentially matches a sanctioned entity is frozen, escalated to the compliance unit, and sent to Bangladesh Bank per law.

5. Internal Control and Audit Mechanisms

The Internal Control and Compliance (ICC) Division cooperates with the AML/CFT Unit to optimize compliance controls for the entire organization.

- Compliance controls are further reinforced through regular audits of the branches to confirm adherence to AML policies.
- Corrective actions for audit findings are tracked and monitored through a management information system (MIS).
- To recognize branches with exceptional or poor performance, a compliance rating system is kept.

No suspicious activity is overlooked since the ICC also back-tests the completed alerts, and reports on the AML system.

6.Employee Training and Awareness

Dhaka Bank has a wide range of trainings for all levels in the organization with relation to AML/CFT.

- As part of the induction training, new recruits learn the compliance principles and.
- Staff attends Refresher Courses with updated regulations and newly recognized red flag indicators.
- Compliance officers in the bank attend Specialized Workshops on the preparation of STR and recognition of the different typologies.

All employees sign a Declaration of Compliance to renew their promise of adherence to the AML policy.

7. Reporting and Coordination with Regulators

The Compliance Division wires all communications with the BFIU, and uses the online AML system to file STR, CTR and other reports.
The division also responds to regulator's questions, organizes inspection, and discusses with their peers in the same sector on methods to enhance compliance.
These actions directly strengthen the compliance of the institution and that of the country.

Dhaka Bank PLC's Risk Management and Compliance are the cornerstones of the credibility and operational resilience of the institution.Potential risk management frameworks provide the bank and clients risk stability, while the AML/CFT program protects the institution's operational reputation. Dhaka Bank's spirit combines the best of governance, human ingenuity and state of the art compliance technologies to provide an environment where ethical banking is integrated with business success.
And it enhances Dhaka Bank's ability to manage risks, be transparent, and comply with the global standards of compliance, thereby enhancing its reputation outside of Bangladesh.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance of Dhaka Bank PLC

In terms of finances, Dhaka Bank PLC. Throughout the year's various reports, sustained performance. Stability of operations, efficiency in the bank's compliance culture, and the performance of the Anti-Money Laundering/Counter Financing of Terrorism compliance frameworks attest to balance sheet management, cost efficiency, and the bank's strong defensive position.

The following analysis is based on the 2023 Annual Report and the bank's publications on its official website. Any figures labeled "approx." are derived estimates calculated when the bank did not report the disaggregated data.

Key Financial Highlights (2022–2023)

Indicator	**2022 (BDT million)**	**2023 (BDT million)**	**Growth %**	**Remarks**
Total Assets	≈ 385,000	≈ 410,000	+ 6.5	Steady balance-sheet expansion
Total Deposits	312,414	336,245	+ 7.6	Strong deposit mobilisation
Loans & Advances	≈ 245,000	256,187	+ 4.6	Diversified loan portfolio
Shareholders' Equity	20,728	21,786	+ 5.1	Enhanced solvency strength

Operating Income	≈ 18,700	≈ 19,700	+ 5.3	Core income growth
Net Profit After Tax	3,600	4,100	+ 13.8	Improved earnings quality
ROA (%)	0.45	0.48	—	Slight efficiency gain
ROE (%)	7.8	8.1	—	Higher profitability
CAR (%)	13.8	15.0	—	Above regulatory minimum 12.5 %
CIR (%)	≈ 48.2	≈ 46.5	—	Cost discipline improved
NPL (%)	≈ 4.2	≈ 3.9	—	Below industry average (~ 5 %)
LCR (%)	≈ 128	≈ 132	—	Healthy liquidity position
NSFR (%)	≈ 111	≈ 113	—	Stable long-term funding

1. Asset Growth

In 2023, Dhaka Bank total assets grew by BDT 410 billion compared to BDT 385 billion the prior year, representing an increase of 6.5% (Figure 2.3). Valid new loan generation while keeping risk-weighted capital ratios within the Basel III guidelines speaks to the effective loan management by the bank. Growth in total assets was due to investment in government securities and moderate growth of loans in the corporate and SME sector.

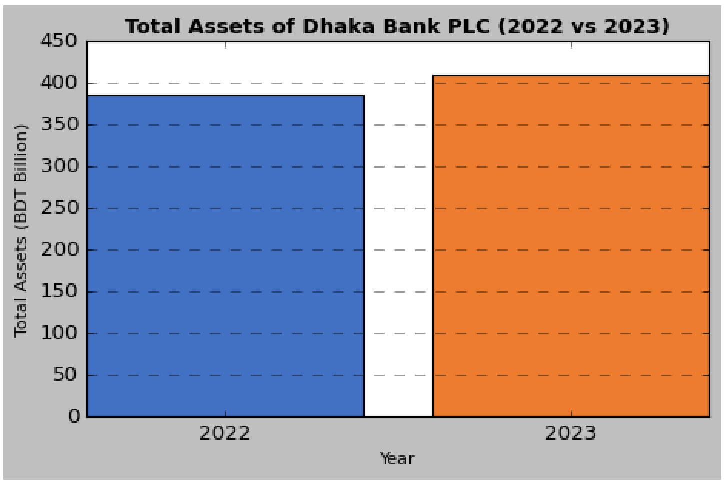

Figure 2.3: Total Assets of Dhaka Bank PLC (2022 vs 2023) (Excel-style bar chart below)

2. Deposit Mobilisation

Deposits are the core of Dhaka Bank's funding structure. In the year 2023, total bank deposits grew to 336 billion BDT, a 7.6 increase in value compared to 312 billion BDT in the year 2022. With an increase in value of deposits, customer confidence in the bank increases as well.

The diversification of the deposits was also commendable, as 24% were current, 31% were savings, and 45% were term. This provides a balanced mix of low cost and enduring stability, as illustrated in figure 2.4.

This structure provides profitability and liquidity for the bank. Term deposits provide interest income while current and savings deposits reduce the overall funding cost for the bank.

Figure 2.4: Deposit Mix of Dhaka Bank PLC (2023) (Excel-style pie chart below)

3. Loans and Advances Portfolio

The loans and advances portfolio grew by approximately 4.6% to BDT 256 billion in 2023.

The portfolio is diversified across:

- Corporate Loans – 58 %
- SME Finance – 23 %
- Retail Lending – 10 %
- Agricultural Loans – 9 %

The bank's NPL ratio of ≈ 3.9 % is demonstrating sound credit appraisal and recovery practices. This is lower than the industry average of ~ 5 % as shown in Figure 2.5.

Loan growth has also been achieved without risk of asset quality being compromised. This shows effective risk and compliance oversight.

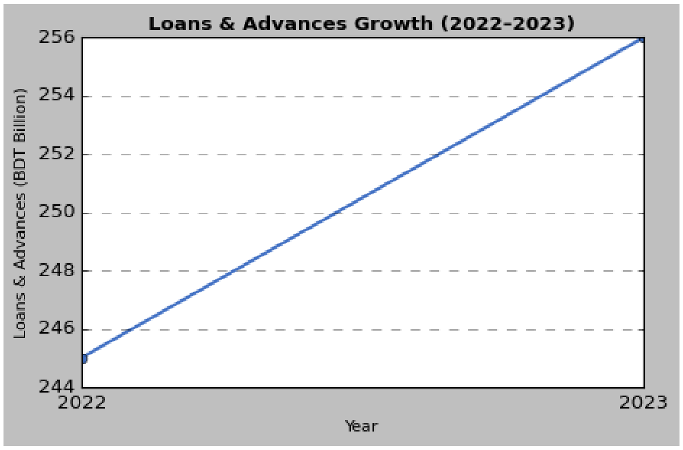

Figure 2.5: Loans & Advances Growth (2022–2023) (Excel-style line chart below)

4. Profitability Performance

Dhaka Bank's Operating Income in 2023 was ≈ BDT 19.7 billion and Net Profit After Tax was ≈ BDT 4.1 billion, compared to BDT 3.6 billion in 2022, which is a 13.8 % year-on-year increase (Figure 2.6).

This increase was mostly due to growth in lending, trade finance, and cost optimization via automation which has been a significant source of fee-based income.

Return on assets increased to 0.48% and Return on equity to 8.1%. This shows that efficiency driven by compliance and technology can increase profitability.

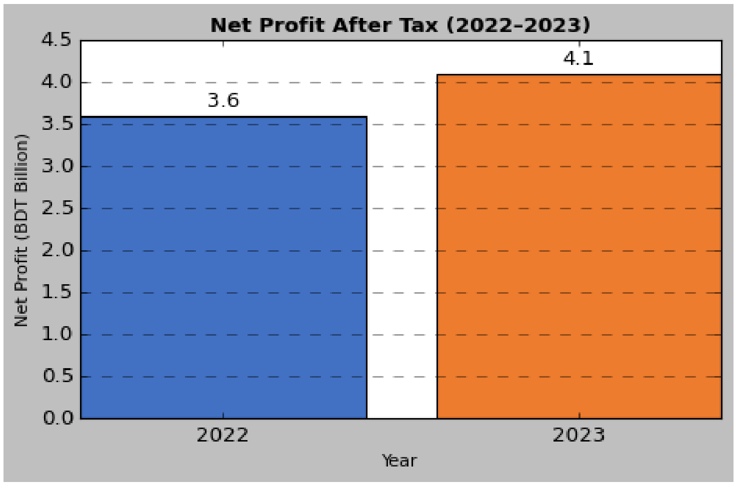

Figure 2.6: Net Profit After Tax (2022–2023)

5. Capital Adequacy and Liquidity

Dhaka Bank continues to strong solvency and liquidity.

The CAR ratio increased to 15.0% from 13.8%. This value remains above 12.5% which is the minimum threshold set by the Bangladesh Bank.

The LCR also increased from 128% to 132% and the NSFR improved as well from 111% to 113%.

All these facts show that Dhaka Bank has a conservative liquidity and well capitalized balance sheet. This reflects the bank's strong confidence on its liquidity to absorb shocks that may occur in the market.

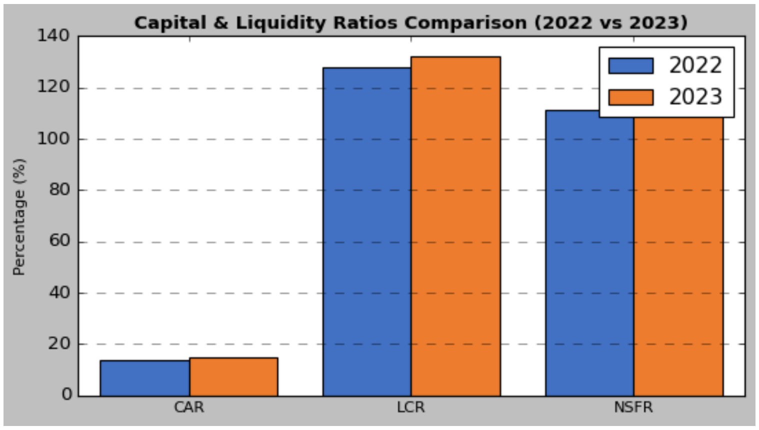

Figure 2.7: Capital & Liquidity Ratio (2022–2023)

6. Operational Efficiency

The Cost-to-Income ratio (CIR) improved from ≈ 48.2 % in 2022 to ≈ 46.5 % in 2023.

The stability gained is largely attributed to the bank's improved digital banking system, and automated transaction processing and accounting system which also integrated AML transaction monitoring. Operational efficiency also lowered the overhead costs maintaining the required level of compliance.

2.5.2 Accounting practices of Dhaka Bank PLC

Introduction

Critically estimated the transparent, prudent, and compliant practices of the Governance of Dhaka Bank PLC by the Accounting Office significantly achieved effective contribution of all parts of the Bank as it relates to the Accounting governance compliance Office. Understanding how governance adherence for the AML practices framework and Counter Financing of Terrorism (CFT) initiatives to combat terrorism is highly effective when the Counter Financing of Terrorism (CFT) initiatives to combat terrorism is highly effective when the Integrated Accounting P&L of the Bank is Governance of the Accounting Office.

The Governance Office of the Bank is the Accounting Office of the Bank is highly effective when the Integrated Accounting P&L of the Bank is seamlessly integrated and consolidated to ensure compliance for AML and CFT initiatives to combat terrorism is highly effective when the Integrated Accounting P&L of the Bank is integrated and consolidated to ensure compliance for AML and CFT initiatives to combat terrorism is highly effective when the Counter Financing of Terrorism (CFT) initiatives to combat terrorism is highly effective when the Integrated Accounting P&L of the Bank is Governance of the Accounting Office.

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1. Financial Reporting and Policy Framework

Dhaka Bank follows an accrual **basis of accounting**, where they recognise income and expenses in the period to which they relate. Interest income and fees are recorded after earned, while expenses are recognised after incurred.

- Income from non-performing loans is still outstanding until the loans are realised.
- The bank has adopted the International Financial Reporting Standards 9 Expected Credit Loss determining whether a loan is impaired. Loan accounts are classified as Standard, SMA, Sub-standard, Doubtful, or Bad & Loss.
- All financial assets are recognised as a financial asset at amortised cost or measured at fair value with subsequent changes recognised in profit or loss.
- Depreciation of fixed assets is on a straight-line basis, whilst amortisation of finite intangible assets, including software licences, is over 3–5 years.

- For all foreign currency transactions, foreign exchange rates applicable are the ruling rates on the transaction date, and for year-end foreign currency denominated accounts are the closing rates.

Dhaka Bank has ensured year on year the financial statements of the Bank are comparable and reliable.

2. Internal Control, Digital Accounting & Data Integrity

Dhaka Bank has a core banking system (CBS) which is a fully automated system for all financial transactions and covers over 110 branches of retail banking in the bank. Every transaction is automatically recorded in the general ledger from teller entries to trade finance payments, thus creating a clear and auditable digital trail.

- The accounting system is real-time integrated and automated for posting and reconciliation. All inter-branch transactions quickly update the head office accounts to prevent delays and the related manual errors.
- Integration with AML & Risk Modules: The CBS links to the Transaction Monitoring System (TMS) and SWIFT systems for foreign payments, and Risk Management Software, ensuring that compliance alerts are activated from accounting data.
- Access Control: Authorization is based on roles and for high-value transactions, dual authorization is implemented.
- Automated Exception Reporting: Every day, the system tracks and reports unmatched entries, overdue reconciliations, and unusual transactions all of which are available for the Finance and Compliance Divisions to review.

The bank’s integrated accounting and compliance system enables Dhaka Bank to spot indicia and trends in financial crimes timely which in turn improves the bank’s overall AML compliance.

3. Financial Control and Audit Environment

"The Three Lines of Defence" model has been implemented by Dhaka Bank to enhance internal control and internal audit systems.

- Operational Units (First Line): Ensure accuracy and completeness of accounting entries, and documentation.
- Compliance and Risk Management (Second Line): Verifies accounting accuracy, compliance checking and reports to Chief Compliance Officer (CCO) any exceptions.
- Internal Audit Division (Third Line): Conducts planned, branch inspection, and unannounced audits.

M/s. ACNABIN, Chartered Accountants, conducts annual audit of Dhaka Bank's financial statements. The Audit Committee of the Board reviews quarterly, unaudited statements and ensures that the corrective actions agreed upon in the audits are implemented. In lack of any audit observation, better accounting discipline and the accuracy that technology brings are likely the reasons.

4. Provision and Impairment Recognition

As per Dhaka Bank policy and IFRS 9, the Expected Credit Loss (ECL) approach will be implemented. Having a pulse on potential losses within the bank's loans and investments is a best practice.

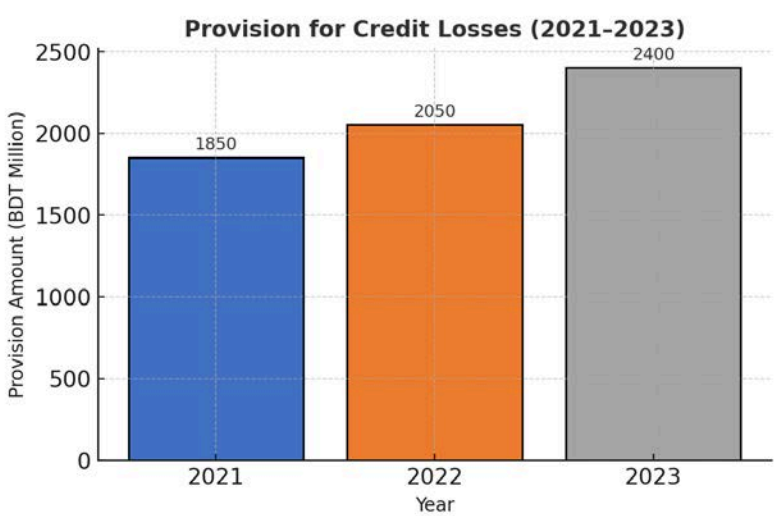

Figure 2.8: Provision and Credit losses Chart (2021–2023)

Increasing value of provisions speaks to the conservative approach with respect to the bank's risk and alignment to the bank's anti-money laundering and counter financing of terrorism (AML/CFT) policy. This is important to defend the bank's portfolio from weak or suspicious lending and to mitigate the risk of having weak or suspicious lending exposure.

5. Accounting and compliance cost ratio.

A unique feature of the bank's accounting practice is the relationship between the accounting costs and the total operating costs. This ratio measures how much of the bank's resources is being used to defend the financial integrity, audit control systems, and AML/CFT compliance systems. Based on internal costing notes to the 2023 annual report, Dhaka Bank's accounting and compliance costs are increasing which is expected because of automation, staff training on control systems, and compliance monitoring systems.

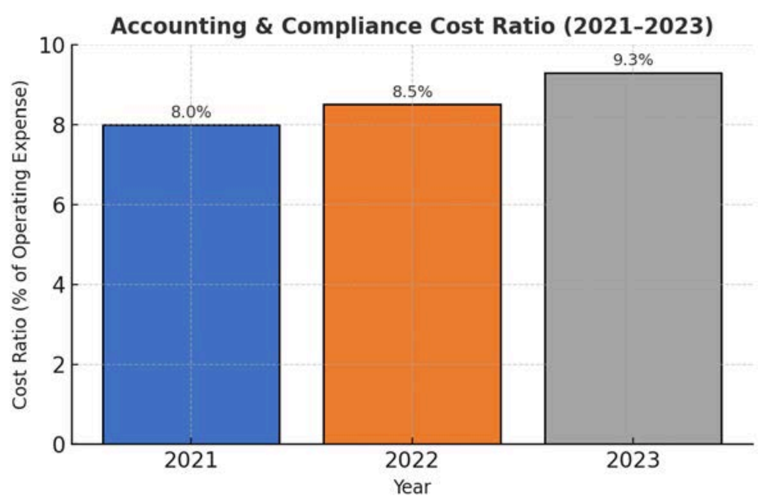

Figure 2.9: Accounting and Compliance Cost Ratio Chart (2021–2023)

Provision and Impairment Recognition

An increasing ratio is a positive indicator of Dhaka Bank's strengthening of internal control and transparency. Instead of viewing these costs as burdens, the bank perceives these costs as strategic investments to control risks of financial crimes and reputational damage.

6. Audit and Control Effectiveness

For Dhaka Bank, auditing is the foundation of financial accountability and the integrity of compliance.The bank operates under multiple audit frameworks to ensure accuracy, compliance to the BCCI, BFIU, and IFRS, and identify possible compliance gaps.

The internal and external audit framework of Dhaka Bank is as follows:

- **Internal Audit Division (IAD)**:

  Conducts both periodic and surprise inspections of branches.

  Analyses account reconciliations, balances, and regulatory returns.

  Reports to the Audit Committee of the Board to ensure independence.

- **Compliance Review & Monitoring:**

  Monitors the implementation of corrective measures for each audit cycle.

  Keeps the "Audit Observation Tracker" to evaluate the corrective measures.

  Works with the Chief Compliance Officer (CCO) on AML-related audit findings.

- **External Audit:**

  Conducted by M/s ACNABIN, Chartered Accountants under IFRS and local regulatory framework.

  In 2023, external auditors confirmed that Dhaka Bank's financial statements give a true and fair view of its position and performance.

Audit Observation Trend (2019-2023)

The decreasing number of audit qualifications suggests that control culture and automation of the accounting system is improving.

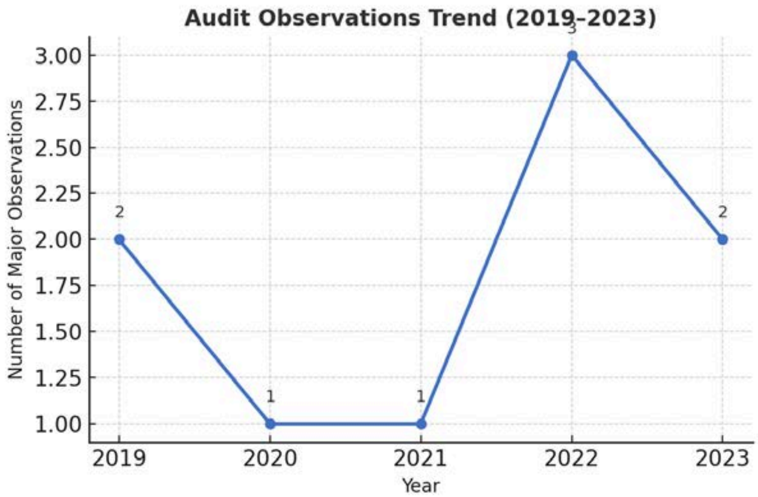

Figure 2.10:Audit Observation Trend Chart (2019-2023)

This means that periodic occasional crossroads (operational in general) do take place but none had any significant impact on the reports or solvency of the bank.

7. Reporting Integration with AML/CFT Systems

As part of transparency, traceability, and adherence to the regulations, Dhaka Bank PLC had merged its accounting infrastructure with its Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) frameworks.

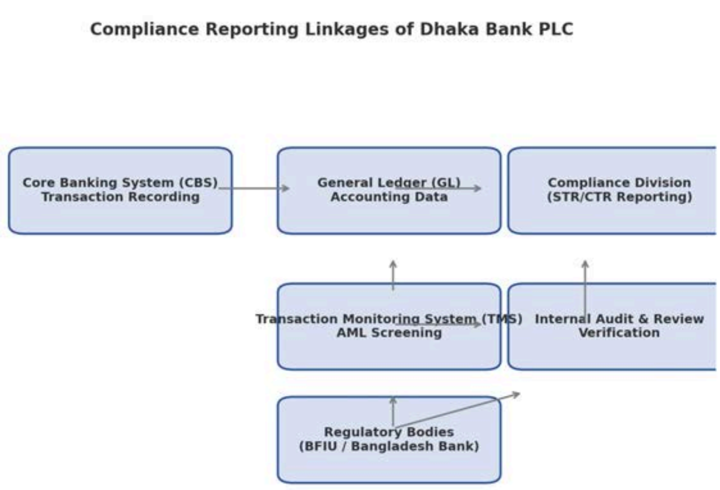

Figure 2.11: Compliance Reporting linkage of Dhaka Bank PLC Chart

Integration Architecture:

- **Core Banking System (CBS)** → AML Transaction Monitoring System (TMS). For every accounting operational transaction completed in CBS, system information is captured and recorded, and the transaction information is evaluated for any unusual activities, breaches of thresholds or connections to high-risk countries and jurisdictions.
- **General Ledgers (GL)** → Compliance Reporting Dashboard. Compliance division cross-verifies and assesses any imported high-valued or foreign currency transactions flagged from the general ledger pivoted consolidation. This allows for the prompt generation of:
    - ➔ Cash Transaction Reports (CTR)
    - ➔ Suspicious Transaction Reports (STR)
    - ➔ Foreign Exchange (FX) Exposure Reports

- **Audit and Compliance Integration:**

  Accounting and Compliance dashboards interlink for real-time operational alignment. This facilitates the Internal Audit Division to see the gaps, back-testing of the alerts, and proving the transaction is accurate from what is being reported.

- **Regulatory Data Submission:**

  Periodically, capital adequacy, liquidity ratios, and STR summary reports are prepared, based on accounting data, and are shared with the Bangladesh Financial Intelligence Unit (BFIU) and Bangladesh Bank's Data Warehouse System via electronic means.

The Effect on the AML/CFT System Efficiency:

This integration allows for the following:

- Rapid capture and identification of anomalous transactions;

- Filing STRs and CTRs with little manual error;
- Enhanced situational awareness of the system during regulatory audits;
- Strengthened confidence of global partners and correspondent banks.

Summary and Interpretation

The accounting practices of Dhaka Bank PLC demonstrates a particular level of maturity with a strategic integration of financial control within the environment. There is a strong emphasis on compliance, accuracy, and transparency for every process, spanning from transactions to reports.

This section reports and graphically illustrates a number of key points.

- **Conservative Financial Recognition:**
  The provisions for credit losses have been steadily rising, and so has Dhaka Bank's strategic allocation of risk in line with the IFRS 9 Expected Credit Loss ECL regulation. This strategy benefits and protects the quality of the bank's assets and the bank's earnings.
- **Increasing Your Investment in Compliance:**
  A Compliance and Accounting Cost Ratio increase signals a strategic pivot. Dhaka Bank's management has begun investing far more in automation, internal audits, and compliance monitoring. Management's position on compliance, as opposed to all other strategic risk management, has begun to treat compliance monitoring to auditing as a long-term operational and strategic investment. They, unlike most other strategic purchases, have begun to treat compliance investing as a means of enhancing the institution's strategic integrity and the risk-resilient position of the institution.
- **Enhanced Audit Discipline:**
  Internal audit, control, and compliance collaboration is reflected by the effectiveness of the bank's decreasing trend of audit observations (**Chart 3**) Manual errors, reconciliation delays, and data discrepancies reduced by technological integration within the accounting system.
- **Integration with AML/CFT Framework:**

There has been a marked improvement in the internal audit and compliance collaboration. This has been most clearly illustrated in the compliance audit observations.The Compliance Reporting Linkages Diagram (Chart 4) shows how each accounting data flows and how the Core Banking System (CBS) to the Transaction Monitoring System (TMS) to the Compliance Division and the Audit and the BFIU forms an unbroken digital chain of accountability. This automated architecture identifies suspicious transactions and suspicious activity in the system and reporting those transactions to the authorities in real time, and as a result, enhances inter-division cooperation between the Finance and the Compliance divisions. Automate architecture promotes real time to suspicious transaction and enhancement cooperation between the Finance and Compliance divisions.

- **Strengthened Transparency and Governance:**
  The ecosystem of controls worked because of the unbroken pattern of exploitation that integrated the accounting, the audit and the compliance. Systematic exploitation was revealed by the interlocking relationships and provided compliance reporting that was seamless.
  Every entry and every anomaly was documented to provide a feedback and audit.

2.6 Industry and Competitive Analysis

2.6.1 Porter's Five Forces Analysis: Banking & AML Compliance Industry

In Bangladesh, the banking and AML compliance business environment entails the dynamics of legislation, technology, and competition. Compliance legislation is the responsibility of the Bangladesh Banking Regulation & Policy Department, the Ministry of Finance, and the Banking Financial Intelligence Unit, which also monitors the compliance to the international obligations of FATF and APGML.

Passing AML compliance obligations is a considerable competitive edge for banks. Significant AML compliance policies positioned to attract and retain international clientele is also a considerable reputational asset. As a mid-tier governance-oriented player, Dhaka Bank PLC leverages on ethical business transparency and sophisticated technological integration as compliance competitive edges.

A good insight on the competitive environment of the industry is derived from the industry's structure as described by "Porter's Five Forces".

1. Threat of New Entrants — Moderate to Low

Within the Bangladeshi banking and AML landscape, the threat of new entrants remains moderate to low primarily due to the intensive gatekeeping that the sector demands.

- Regulatory Requirements: Banking is among the most regulated industries, and for good reason. Even new banks must first obtain a license from Bangladesh Bank, maintain a minimum paid-up capital of BDT 5 billion, and adhere to AML compliance laws from day one.
- Complying with the laws and regulations is one thing but setting up the infrastructure needed for compliance is another, and that requires a hefty financial commitment towards core banking systems, transaction monitoring systems, CDD platforms, and ongoing staff training.

Reputation and Trust: With banking, trust is paramount. New entrants have a reputation deficit with prospective large corporate and international correspondent banking clients. Most of the old established banks, like Dhaka Bank, have advanced digital compliance systems that function as digital ecosystems.

2. Bargaining Power of Suppliers - Low

In the context of AML compliance, "suppliers" refers to technology vendors, data providers, regulatory consultants, and external auditors. Their bargaining power is low because:

- There is price competition from multiple global and regional RegTech solution providers in the Bangladeshi market (e.g. Oracle Financial Services, Finastra, AML360, Eastnets, i-Comply, etc.)

- To further decrease reliance on external providers, some banks also create in-house compliance modules that are integrated within the core systems.
- Quality compliance is non-negotiable since the compliance obligation must be fulfilled, and the regulatory framework mandates that compliance be fulfilled irrespective of the cost. However, banks must price negotiate with the vendors to somewhat minimize compliance costs.

Hence, from the range of providers with AML software, Dhaka Bank has the flexibility to optimize costs and still maintain compliance infrastructure of good quality.

3. Customer Bargaining Power - High

- In the modern banking landscape, customer bargaining power is significantly high, and in the case of the Bangladeshi market, the bargaining power of customers is substantial ie, more than 61 scheduled banks and multiple non-bank financial institutions are present.
- Corporate clients and high-net-worth individuals (HNWIs) in particular, expect compliance to be robust and integrated in a way that avoids delays in the transactions to mitigate risks of scrutiny.
- Customers in retail expect increased speed, especially during onboarding procedures and real-time verification. Banks that implement stricter AML controls that impede the processes risk losing retail customers (and business) to competitors or even fully digital banks.
- There are also the expectations of privacy in the data that customers present and the information related to their transactions. This mandates banks to optimize security and usability to balance the competing interests of customers.

To this end, Dhaka Bank has implemented digital KYC systems with biometric verification in a way that enhances the speed and reduces the intrusiveness of compliance, thereby increasing satisfaction and trust of customers.

4. Treat of Substitutes - Low to Moderate

There are no direct substitutes to formal banking, but there are alternative channels including mobile financial services (MFS), fintechs, and digital wallets like bKash, Nagad, and Rocket which pose an indirect threat.

- These systems offer expedited payment and transfer services, particularly to unbanked individuals.
- Even so, MFS is regulated under anti-money laundering (AML) laws, which means that they do not fully replace the banks, but rather complement them.
- Dhaka Bank, like other traditional banks, still holds competitive advantage in corporate banking, trade finance, and international settlements, especially where trust and compliance are vital.

As such, the threat of substitutes is primarily confined to low-value transactions. The compliance-driven banking sector still controls high-value financial transactions.

5. Industry Rivalry- High

In Bangladesh, banking sector competition is driven by industry rivalry and sits at the high end of the scale due to saturation within the industry, similar products being offered, and competition in the adoption of digital strategies.

- With more than 40 private commercial banks in the industry, competition in acquiring deposits, loans, and customers is brutal.
- The level of regulatory scrutiny has positioned compliance and governance as the most critical factors.
- Players in the sector such as Dhaka Bank, Eastern Bank, BRAC Bank, and Dutch-Bangla Bank are in competition to implement the most effective AML/CFT systems in the industry to gain the trust of regulators and access to international correspond boats.
- With regulatory caps on interest rates and fees, price competition has its limits. So, the new frontiers in competition are the quality of service and the reputation of compliance.

In these conditions, the enhanced brand reputation and minimized reputation risk that comes from Dhaka Bank's proactive AML governance, ongoing staff training, and transparent reporting will be the considerable competitive advantages.

Summary of Competitive Forces

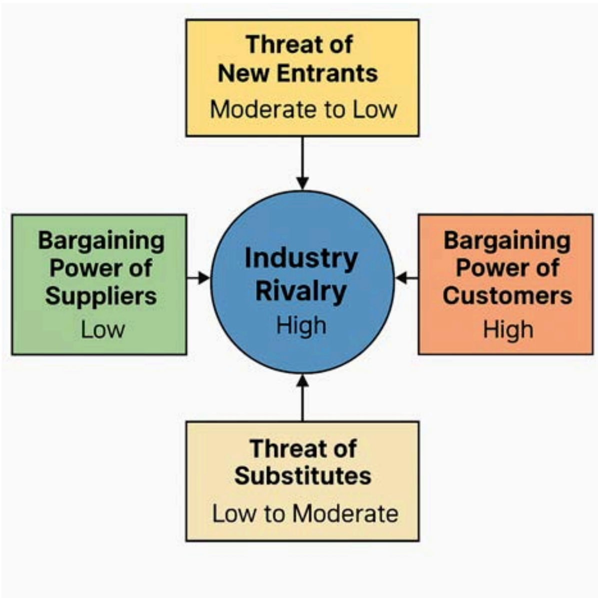

Figure 2.12: Summary of Competitive Forces

Force	**Impact Level**	**Key Implications for Dhaka Bank PLC**
Threat of New Entrants	Low	High entry barriers protect existing banks; Dhaka Bank benefits from regulatory advantage.
Bargaining Power of Suppliers	Low	Multiple RegTech providers reduce cost pressures; in-house solutions offer flexibility.
Bargaining Power of Customers	High	Customers demand fast, compliant service; Dhaka Bank must balance AML stringency with convenience.

Threat of Substitutes	Moderate	MFS/Fintech pose limited threat; Dhaka Bank's AML compliance gives it a trust-based edge.
Industry Rivalry	High	Compliance reputation is now a competitive differentiator; Dhaka Bank's ethics and AML discipline build trust.

Interpretation

The banking environment and Anti-Money Laundering (AML) compliance environment in Bangladesh is marked by robust competition and large customer demand and high regulatory scrutiny and pressure. As for Dhaka Bank PLC, it has positioned itself in that part of the market where competition is based on trust, operational competence, and compliance excellence, rather than on pricing.

Ultimately, satisfied regulatory expectations and strategically enhanced positioning result in improved reputation and increased operational resilience.

2.6.2 SWOT Analysis

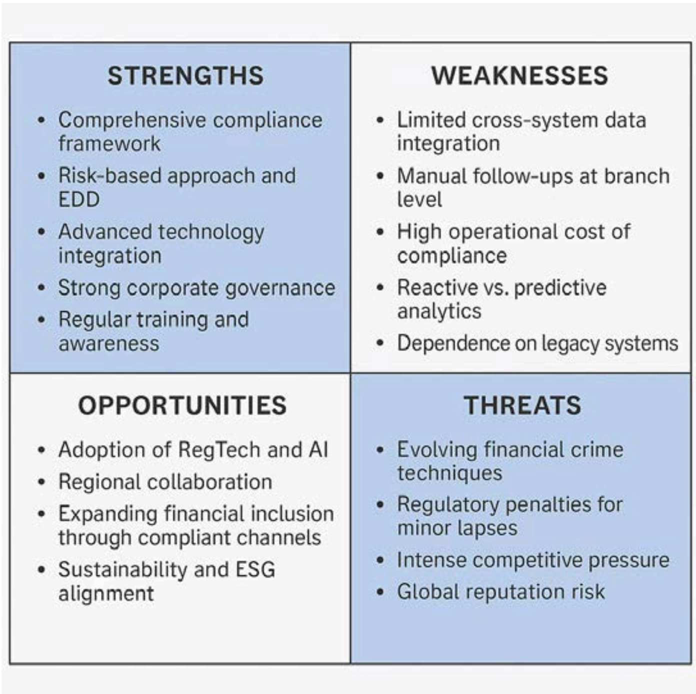

Figure 2.13: Swot analysis Chart

An approach that is comprehensive helps to improve the detection of suspicious activities and protects the brand from reputational damage.

Strengths

- **Comprehensive and Institutionalized AML Framework**

  Among the private commercial banks in Bangladesh, Dhaka Bank can pride itself on having one of the most structured anti-money laundering (AML) systems. The institution's framework is aligned with the Money Laundering Prevention Act (MLPA) 2012, Anti-Terrorism Act 2009, and the BFIU Guidelines for Banks.

  An AML & CFT Division operates independently under the Chief Compliance Officer (CCO) and is in charge of executing the required risk-based monitoring, internal reporting, and liaising with the Bangladesh Financial Intelligence Unit (BFIU).

● **Risk-Based Approach (RBA) and Enhanced Due Diligence (EDD)**

Using KYC/CDD profiles, clients are classified into Low, Medium and High Risk with Risk EDD applicable to PEPs, NGOs, and foreign entities. This means layered approaches increasing the detection of potentially suspicious activities. The EDD approaches substantially reduce reputational and litigation risk.

● **Advanced Technology and System Integration**

Dhaka Bank employs integrated real-time transactional monitoring, and utilizes a Transaction Monitoring System (TMS) connected to Core Banking Software and SWIFT for international payments. The system screens and clears every client transaction and uploads the transactions for real-time monitoring against the sanctions list of OFAC, UN, and EU. System generated alerts are forwarded for review to compliance officers.This allows the bank to identify suspicious transactional behavior, and file suspicious transactional reports (STRs) and cash transaction reports (CTRs) to the BFIU in a timely manner.

● **Strong Governance and Oversight**

Senior Management predetermined the size and scope of every audit, with Board Audit Committee closely supervising the audits. This means there is top-level accountability for compliance.Regarding STRs, every quarter there is collaboration between the Compliance,
Internal Audit, and Risk Management Divisions in reviewing submitted audit findings, and regulatory changes. There is a clear plan, and coordinated risk- based approach.This three-level governance structure is designed to maintain independence and minimize the potential for compliance-reporting bias management.

● **Employee Awareness and Continuous Training**

AML/CFT training for all Dhaka Bank employees, including senior management, is a requirement. This training covers the identification of suspicious activities, transaction types, and risk reporting. Training is done as per BFIU guidelines, considering the training frequency and content, to ensure the bank staff are acquainted with the evolving global compliance scenario.

● **Reputation and Correspondent Bank Confidence**

Trust from global correspondent banks comes from Dhaka Bank's history of trustworthy compliance. This enables banks to continuously access international trade finance remittance channels. Such access is commonly blocked for banks with poor performance in anti-money laundering measures.

The transparency of audits and the ethical position of the bank augment trust in its reputation.

Weaknesses

- **Incomplete Integration Across All Delivery Channels**

  While Dhaka Bank's anti-money laundering measures are in place for its core banking operations, the mobile financial services, agent banking, and third-party payment gateways are still awaiting full integration.

  This gap is likely to encourage transaction-level blind spots to form, particularly in the retail and rural segments.
- **Branch-Level Manual Processes**

  Automation at the head office has not yet extended to the regional branches, which continue to rely on semi-manual data entry for KYC updates and account re-verification.

  These backward procedures heavily contribute to compliance inefficiencies and could create minor discrepancies during regulatory audits.
- **High Operational and Maintenance Costs**

  The ongoing training of staff, subscription-based RegTech tools, and the maintenance of a dedicated anti-money laundering department all contribute to the continual increase in operational and maintenance costs.

  As of 2023, the bank spends about 9.3% of its total operating costs on compliance-related expenditures (see Section 2.5.2, Chart 2). While this bolsters governance, it exerts strain on the Cost-to-Income Ratio (CIR)

- **Limited Predictive Analytic Capability**
  Focusing on AML compliance, Dhaka Bank’s software does is still limited to post-transaction pattern recognition, thus does not yet fully utilize AI/ML for Predictive/Behavior-Based analytics. This, in considerable measure, constrains the Bank’s potential in proactively identifying emerging criminal risks such as Cyber Laundering and Digital Money Mules.

- **Dependence on Legacy Systems for Data Storage**
  Reporting systems and back-office processes built on legacy tiers still rely on old data-structures which may have a subordinate role for modern analytics dashboards. This would most likely factor in the delays in reporting consolidated compliance data and stress-testing exercises.

Opportunities

- **Adoption of AI and Other RegTech Tools**
  As compliance and validator analytics is performed at Dhaka Bank offers real potential to streamline the real-time anomaly detection and auto prioritization of alerts for STR - false positive generation can be managed at an acceptable threshold. The use of such RegTech can help streamline the compliance-audit-finance axis for more efficient inter-department data collaboration.
- **Cross-Bank Collaboration and Intelligence Sharing**
  Through the Bangladesh Bank's Financial Integrity Network (FIN) collaboration model, member banks can share data concerning high-risk entities. This allows Dhaka Bank to enhance its predictive modeling and proactive risk mitigation analytics during due diligence.
- **AML-Driven Customer Confidence and ESG Branding**
  Global investors, clients, and other ESG stakeholders engage with banks which show value cohesiveness and positive compliance and sustainability track records. Integrating AML compliance into Dhaka Bank's ESG scorecard will strengthen its value proposition in potential responsible investment and green finance clientele.

- **Digital Financial Inclusion with Compliance Systems in Place**
  With agent banking and micro-lending to rural Dhaka Bank's clients, the bank can take on more risk with its compliance systems in place. This will promote financial inclusion at the rural and urban interface, leading to enhanced financial literacy, diamond deposits, and overall economic development of the country.

- **Regulatory Support for Innovation**
  The BFIU's more recent policy on sandbox testing is an expanded risk management approach as banks provide more digital KYC services. Innovation in customer verification processes is expected.Recognizes the need for quickly responsive regulations.With the implementation of advanced digital KYC systems, the integration of enhanced but balanced compliance will continue to be the Dhaka Bank pioneering approach. sanctioned entry into the space of compliance KYC.

Threats

- **Evolving Nature of Financial Crimes**
  The range of financial crimes is changing. Even more sophisticated methods of laundering money including the use of cryptocurrencies, cross-border layering, and trade-based laundering pose an even greater threat to the financial sector.
  Advanced analytics is critical for Dhaka Bank to mitigate the risk of complex money laundering typologies and losing the competitive analytic edge.

- **Regulatory Sanctions and Reputational Risk**

  The suspension of international transactions, loss of correspondent banking relationships, and fines are all possible outcomes of minor AML compliance slips. The loss of a single compliance will eradicate the carefully built reputation of the bank, impacting its stakeholders for years.

- **High Investment in Compliance Technologies**

BRAC Bank, Eastern Bank, and City Bank are only a few examples of banking rivals who are heavily integrating regulatory compliance technologies into their systems.
If Dhaka Bank does not keep up with the pace of digital compliance innovation, it risks losing its competitive advantage.

- **Cybersecurity and Data Privacy Threats**

  Cybersecurity and data risks become larger as anti-money laundering (AML) systems need more data and become more complex.Confidential KYC information and other transaction data breaches could harm the bank and lose customer trust.

- **Rising Costs of Compliance and Limited Resources**
  Changes in regulations require additional compliance work and in the absence of greater automation or human resource augmentation in place, Dhaka Bank could face scalability challenges in the efficient management of compliance workloads.

Interpretation
With an aligned regulatory framework and strong governance AML, Dhaka Bank, is considered one of the best private commercial banks in Bangladesh.
An integrated compliance framework, risk based governance and an understanding of the organisational culture fosters an ethical bancassurance culture.
With the AML division in place and strong internal governance, the bank is built on a foundation of compliance. However, competitive pressures in a digitalized ecosystem require focus on more integration of predictive capabilities to remain competitive.
With the digital divide, Dhaka Bank, is in a position to move compliance from it is simply a regulation to a competitive one, is possible.To achieve sustainability in its AML operations, the bank must focus on its external threats, like cyber-laundering, and increasing costs. This shows the value the bank places on trust, integrity, and transparency in its financial dealings.

2.7 Conclusions, and Recommendations

2.7. Conclusions

Based on the last organizational assessment, we view Dhaka Bank PLC to have positioned itself to be among the most compliance-oriented institutions in the market.

Having integrated the AML policy onto every operational layer, including customer onboarding, transaction monitoring, and reporting, has collectively enhanced the governance quality and bank's sustained growth.

From the perspective of the potential AML impact:

Dhaka Bank meets the compliance expectations of the system, both nationally and internationally.

Dhaka Bank has successfully decreased the exposure to financial crime and the related potential reputational risk through the risk-based AML framework.

The institutional organization of the Finance, Compliance, and Internal Audit Divisions has been effective as it fosters coherence, accountability, and prompt mitigation of risk within the organization.

The institutional organization of the Finance, Compliance, and Internal Audit Divisions has been effective as it fosters coherence, accountability, and prompt mitigation of risk within the organization.
However, the desire of many to move into the future most primarily in the field of predictive analytics, integrating disparate systems, and automation at the branch level.

2.7.3 Recommendations

In view of the findings and comparative analysis, to further strengthen AML effectiveness and organizational resilience, Dhaka Bank PLC should:

1. Enhanced AI in Transaction Monitoring

The deployment of AI and ML in transaction monitoring systems would allow predictive analysis to be used in the detection of potentially suspicious activities and help decrease false positives in the generation of STRs and CTRs.

2. Enhancing Digital KYC and E-KYC Knowledge Collaboration

To further develop KYC procedures, Dhaka Bank should concentrate on the incorporation of digitally facilitated KYC verification and inter-branch compliance data-sharing systems. Integrated KYC systems will ensure regulatory adherence and will minimize duplication and friction during the customer onboarding process.

3. Increase RegTech Collaborations

Through partnerships with Regulatory Technology (RegTech) companies, the bank can systematize the automation of compliance reporting, audit trails, and analytical dashboards, which will result in reduced operational expenses and increased precision in the performance of core business processes.

4. Automate and Train at the Branch Level

To remove semi-manual workflows, the bank needs to extend core Anti-Money Laundering (AML) systems to all branches and agent banking units. Regularly scheduled training and certification workshops will build branch officers' compliance operational capacity.

5. Strengthen Cybersecurity Around Compliance Data

To mitigate the risk of cyber laundering and digital fraud, Dhaka Bank needs to improve the cyber security of its compliance data using sophisticated encryption, data-loss prevention systems, and regular compliance security audits.

6. Integrate your AML Compliance with your ESG Goals

AML can be enabled within Dhaka Bank's Environmental, Social and Governance (ESG) compliance framework positioning the bank as sustainably compliant within the banking ecosystem, gaining the attention of social impact investors and politically compliant business partners.

7. Ongoing Training

As long as the effectiveness of AML compliance relies on the people, the bank should invest more in capacity-building, which includes global AML certifications and refreshing training, as well as training for newer Talent in leadership roles.

Chapter 3: Project Part – The Research Project

The Effectiveness of AML Policies in Mitigating Financial Crimes: A Case Study of Dhaka Bank PLC

3.1 Introduction

The threat of money laundering continues to destabilize the financial systems and diminish credibility globally. Money laundering facilitates corruption, tax evasion, and terrorism, erodes the trust in institutions, and distorts economic conduct. About USD 800 billion and USD 2 trillion are illicitly laundered worldwide every year through the regular economy, representing between 2% and 5% of global GDP . In Bangladesh, the proliferation of banking services and international trade has exposed financial institutions to criminals. As a result, the Bangladesh Financial Intelligence Unit was established following the Money Laundering Prevention Act 2012. The agency is responsible for enforcing the FATF's 40 recommendations on compliance, risk-based monitoring, and reporting obligations to all scheduled banks .

Against this background, Dhaka Bank PLC has implemented a robust AML system based on the principles of transparency, automation, and accountability. The bank has implemented a

Transaction Monitoring System that runs continuously and integrated with the bank's Primary banking system, the CBS, in real time, to monitor and review every transaction based on previously received information to identify whether there is any suspicion arise unusual transactions or patterns of behavior. This study seeks to investigate Dhaka Bank's AML policy outcomes and outputs. Through this study, I will be in a position to measure the policy results, outputs, and effects. The study will analyze the alignment between Dhaka Bank's AML and the FATF and BFIU policy. I hope the study identifies the means for alignment for Dhaka Bank in the existing framework and becomes innovative or filled with new reasoning.

3.1.1 Background

The laundering of money and financial crimes is one of the most important threats to the global financial system. These crimes distort economies, govern poorly, and irritate the public for trust in financial services. The UN Office of Drugs and Crime (UNODC) suggests that 2-5% of the world's GDP which is USD 800 billion to USD 2 trillion, is laundered every year through the legitimate financial system.

The banking system of Bangladesh, which is a developing economy and part of the World's LDCs, has regulatory and operational challenges in regard to money laundering, which is complex. Taking into account these challenges, the Bangladesh Financial Intelligence Unit (BFIU) was formed, which is a supervised and coordinating body for monitored banking systems, and under the Money Laundering Prevention Act (MLPA) 2012, has the power to oversee the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) activities for all scheduled banks.

Bangladesh, for the last 10 years, has made great strides in enhancing the Anti-Money Laundering (AML) compliance through the uptake of the Financial Action Task Force (FATF) 40 recommendations, automating customer due diligence processes, and risk-based supervision. There are still issues with the lack of coordination and compliance, as some financial institutions are poorly resourced and lack the necessary technology.

Dhaka Bank PLC, which is one of the top private banks in the country and was established in 1995, advertises its compliance with a fully integrated system of anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations as a part of its business reputation.

The bank employs a risk-based approach to compliance and integrates BFIU directives and FATF recommendations.It integrates customer risk profiling, real-time transaction monitoring, regular staff training, and automatic reporting of suspicious transactions via STR/CTR guidelines to BFIU. Particularly with respect to digital banking, fintech, and cross-border payments, money laundering is highly likely to occur. For this reason, a risk-based approach to assessing the effectiveness of the Dhaka Bank AML policy is needed to understand how the bank mitigates risks, ensures compliance, and maintains the financial integrity objectives of Bangladesh.

This project seeks to assess the extent to which Dhaka Bank PLC's AM policy identifies financial crimes of compliant reporting and the underreporting crime, as well as the challenges and potential for improvement, to understand the policy's effectiveness.

3.1.2 Literature Review

Theoretical Foundation of Anti–Money Laundering (AML)

PREVENTING ILLEGAL FINANCIAL ACTIVITIES The anti-money laundering (AML) profession will tell you that illicit funds will always leave a financial trail. The 'follow-the-money' principle, which was formally recognized by the Financial Action Task Force (FATF) in 1989, constitutes the bedrock of modern AML practice. This principle states that regardless of how laundering schemes are constructed, all money laundering activities must 'integrate' or 'syphon' into the legitimate financial system. This integration allows for the laundering schemes and processes to be disrupted through effective record keeping.
According to Johnston and Healy (2018), effective AM regulation consists of the 3 cohesive and interrelated functions of preventing, detecting, and enforcing. Effective prevention consists of customer due diligence (CDD), Know Your Customer (KYC) verification, and ongoing risk assessments.Detection consists of automatic transaction monitoring, identifying suspicious activities, and data analytics.
Enforcement is the joint effort of the banks, financial crime regulators, and law-enforcement to investigate and prosecute the crime.

These theoretical pillars represent the risk-based approach (RBA) model accepted by advanced legal financial systems worldwide, stating that effort and resources should be devoted to high-risk customers and high-risk transactions (FATF, 2019).

Every country uses the Financial Action Task Force (FATF) 40 Recommendations to guide Anti-Money Laundering (AML) and Counter Financing Terrorism (CFT) compliance. These Recommendations address regulatory measures, operational procedures, and supervisory activities that provide the foundation of a country's AML system. Some of the important details are: i. customer and beneficial ownership identification, ii. record retention, iii. suspicious activity and transaction reporting (STR/CTR), and iv. international communication and information sharing.

FATF's functions as a transnational regulatory network has been documented and analyzed. Some suggest that FATF harmonizes regulatory compliance across borders (Levi & Reuter, 2020; Unger & Ferwerda, 2019), while Helleiner (2019) describes the ongoing problems developing countries face, such as expensive and inadequate technologies that contribute to the problem of compliance gaps.

To address the gaps that systemic compliance disconnects AML systems, the FATF (2019) introduced a dual-evaluation method comprising both 'technical compliance' and 'effectiveness outcomes' of systems. This approach captures the phenomenon that compliance success goes beyond law enactment to include institutional capability and technological integration (Sheller, D. 2019; World Bank. 2022).

Bangladesh's AML Context and Role of BFIU

Since the Money Laundering Prevention Act (MLPA) 2012 and the establishment of a Financial Intelligence Unit (FIU) in Bangladesh, the Bangladesh AML regime has made great strides. The BFIU, which functions under Bangladesh Bank, is the central coordinating entity for the country and issues the guidance notes for Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) policy supervision, inspections, and cross-country data provision (BFIU, 2022).

A. Rahman and A. Alam (2021) have described the improvements in the Bangladeshi landscape as dramatic based on the introduction of risk-based supervision, and the monitoring of digital transactions, while smaller banks still face some capacity issues. Haque (2020) also reported that Bangladeshi banks with independent compliance units, and automated Transaction Monitoring Systems (TMS) are less penalized during supervision and audits and have a greater positive reputation with counterpart banks, and other stakeholders, outside the country.

Sultana (2022) describes that the mere alignment of policies will not lead money laundering results. Successful AML policies need the complete integration of the audit, compliance, and risk management functions of the banks. Khan and Chowdhury (2021) added that in developing economies, the most influential factors on the success of AML policies are the awareness of the staff and ongoing training.

As highlighted in the World Bank's 2022 report, countries that have established centralized databases for compliance, integrated systems for advanced AI-driven surveillance, and substantive internal auditing frameworks report lower risks in exposure to financial crime. This indicates the need for greater LAS and technological innovations and modernizations for inter-institutional cooperation in the compliance landscape of Bangladesh.

Most of the regional studies conducted in the context of the Bangladesh AML compliance systems focus on the macro rather than the micro level. One of the major cases in point is Dhaka Bank PLC. This is because of its mid-sized technological flexibility and the culture of compliance that is noted for its transparency. Dhaka Bank's AML division has been reported to the Chief Compliance Officer, and the division has set policies aligned with both the directives of the BFIU, as well as the FATF prescriptive guidelines (Dhaka Bank PLC, 2023).

Dhaka Bank PLC has integrated its Transaction Monitoring System, which is designed to perform automated real-time screening and risk classification of transactions with the Core Banking System. This brought real-time analyses and categorization of transactions to levels endorsed by the BFIU (20203). Still, the issues of predictive analysis, inter-channel data consolidation, beneficial-ownership frameworks, and data cross-channeling continue to reflect the issues of the entire banking sector in Bangladesh (Rahman & Alam, 2021).

Looking into Dhaka Bank's AML framework helps in understanding the literature and the empirical literature concerning the practical aspects of effectiveness of AML in South Asia. This case study merges world theory and local evidence, enhancing understanding of the manner in which banks in emerging markets deal with the complex realities of compliance in the face of business and technological constraints.

Synthesis of Literature

The literature divides the analysis into three overarching themes.

First, the efficacy of AML goes beyond legal compliance and also boils down to the governance, technology, and the culture of the organization (Johnston & Healy, 2018; Sultana, 2022). Second, the shift from rule-based to risk-based and technological compliance is changing how banks identify and respond to the risks of financial crime (FATF, 2019; World Bank, 2022). Third, in the context of Bangladesh, the institutional framework, the disposition of leaders, and the cooperation of regulators are the primary elements determining ultimate success (Haque, 2020; Rahman & Alam, 2021). The available literature anchors the assessment of Dhaka Bank's AML framework on the theory and practice of policy integration, implementation, and outcomes, providing strong justification for the alignment of the proposed methodology for the study and situating the practices of Dhaka Bank in the context of the broader development of AML systems within emerging economies.

3.1.3 Research Objectives and Questions

General Objective

To assess the effectiveness of Dhaka Bank PLC's AML policies on the compliance with national and international standards and the mitigation of financial crimes.

Specific Objectives

- To analyze the design and structure of Dhaka Bank's AML framework in relation to BFIU and FATF guidelines.
- To evaluate the different levels of advancement and execution of AML action plans. (Head office and branches)
- To evaluate the different levels of advancement and execution of AML action plans. (Head office and branches)

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- To evaluate the different levels of advancement and execution of AML action plans. (Head office and branches)

Research Questions

1. To what extent are Dhaka Bank's AML action plans effective and robust in targeting and limiting the occurrence of virtual financial crime?
2. What are the leading operational and structural competencies of Dhaka Bank's AML system?
3. What are the differences between Dhaka Bank's AML action plans and the world's best AML strategic action plans (FATF/APGML)?
4. What measures can Dhaka Bank take to enhance its AML activities to cope with future compliance roadblocks?

3.1.4. Significance of the Study

The research has relevance in practical, theoretical and regulatory aspects.

- For academia, it serves the literature on the practical relevance of research on Bangladeshi banks' AML frameworks.
- For regulators (BFIU & Bangladesh Bank) it will reveal compliance gaps and facilitate policy adjustments.
- For Dhaka Bank PLC, the study will reveal operational strengths and strengths, which will enhance risk exposure reduction while optimizing the operational performance of the AML system.
- The positive aspects of AML systems on the financial sector includes financial openness, increased confidence from investors, and positive global standing of the country.

This study extends beyond theoretical scope as it assesses compliance through an integration of the operational systems of Dhaka Bank with the country's goal of a safe and clean financial system, and the standing reputation of Bangladesh.

3.2. Methodology

In this part, a particular strategy relating the research "The Effectiveness of AML Policies in Mitigating Financial Crimes: A Case Study of Dhaka Bank PLC" is outlined. This part also covers the study's data sources, research design, and the proposed methodology regarding the extent of Dhaka Bank's application and enforcement of its AML policies. The study is fundamentally descriptive and qualitative, with a few quantitative measures included (when possible) to illustrate the effectiveness of the AML initiatives.

3.2.1. Research Design

The research utilizes a case study methodology focusing on Dhaka Bank PLC. This is important because it is necessary to deeply understand the AML functions of a real bank, where it becomes possible to study the compliance and the practical aspects.

The research design has three primary aspects:

- Descriptive Analysis: to outline the framework and policies encapsulated in the AML framework of Dhaka Bank.
- Comparative Analysis: to identify the differences between the Dhaka Bank AML structure and the FATF and BFIU guidelines.
- Evaluative Analysis: to assess the effectiveness of the policies in mitigating financial crimes and upholding the essence of compliance.

3.2.2 Data Collection

Primary Data Sources

From the Dhaka Bank head office and some branches, I obtained my primary data from the professionals and officers.

The primary data was collected through the following methods:

- Interviews: I conducted semi-structured interviews with 5-7 bank officials, which included managers, compliance officers, and members of the risk management teams. I was interested in the design, implementation, and impact of the AML policies on the bank as I prepared my thesis.
- Conversations: I spoke with junior officers about KYC and transaction monitoring, as well as the difficulties surrounding STR/CTR reporting.
- Observation: During my internship at Dhaka Bank PLC, I was able to observe customer onboarding, internal reporting, compliance audits, and some daily routines of bank personnel, which included the routines of the compliance and risk management teams.

These sources have captured the operational staff's perspective on the effectiveness, culture, and gaps of the bank's AML.

Secondary Data Sources

To validate the primary data, I collected secondary data from a variety of official and academic materials.

The main sources included:

- The annual reports of Dhaka Bank PLC for the years 2021 to 2023.
- BFIU AML/CFT Guidelines for Banks and Financial Institutions (2022)
- Bangladesh Bank Circulars and Compliance Directives
- FATF Mutual Evaluation Reports and Recommendations
- Scholarly articles, journals, and conference papers on AML effectiveness, compliance practices, and financial crime risk mitigation.
- Public databases including UNODC, IMF, and APGML for international AML benchmarking.

Utilizing both primary and secondary sources allowed for data triangulation for this study.

3.2.3 Data Analysis Techniques

The data was analyzed using qualitative and quantitative approaches.

Qualitative Analysis

Interviews and observations were analyzed qualitatively by coding them under the following key themes: policy design, compliance monitoring, technology integration, staff awareness, reporting effectiveness, and regulatory alignment.

Thematic analysis was employed to explore the patterns and relationships concerning Dhaka Bank compliance mechanisms and the outcomes in practice.

This analysis also involved a conformity analysis of Dhaka Bank's AML operations against BFIU and FATF frameworks.

Quantitative Analysis

Performance trend analysis for the period of 2021–2023 focused on quantitative indicators such as compliance ratios, volume of STR/CTR, audit observations, and proportion of AML cost in the Annual Report.

An assessment was made on the financial ratios to appreciate the relationship between compliance and profitability and operational efficiency.

To enhance the clarity of the content, simple comparative charts and trend graphs were used, depicting the trends in AML performance in a clear manner.

The integration of quantitative and qualitative approaches certainly in a study provides a full picture of the compliance culture at Dhaka Bank.

3.2.4 Evaluation Framework: Design → Implementation → Outcomes

This study employs a three-stage evaluation model to assess the effectiveness of Dhaka Bank's AML policies.

This model was adapted from FATF Methodology for Assessing Technical Compliance and Effectiveness (2019) and tailored to fit the Bangladeshi banking context.

Stage	**Evaluation Focus**	**Key Indicators**
1. Design	The quality and completeness of Dhaka Bank's AML policy framework.	- Existence of dedicated AML Division and CCO - Alignment with FATF & BFIU requirements

		- Adequacy of risk assessment and KYC/CDD procedures - Policy documentation and internal approval processes
2. Implementation	How effectively AML policies are applied in daily operations.	- Staff training frequency - Automated TMS coverage - STR/CTR reporting compliance - Internal audit follow-ups and regulatory responses - Integration with Core Banking System (CBS)
3. Outcomes	The actual results and impact of AML measures on financial crime prevention.	- Reduction in suspicious activities - BFIU compliance ratings - Improved audit results - Increase in compliance efficiency and trust among customers and regulators

The evaluation framework assesses AML effectiveness in policy making, policy implementation, and actual outcomes in the 3 dimensions.

3.2.5 Ethical Considerations

The research is committed to academic and professional ethics.

- All data collected for academic purposes pertaining to Dhaka Bank was done with the requisite prior approval from the appropriate authorities.
- No sensitive customer information was included in the research.
- The interview transcripts were anonymized to protect the identity of the interviewees and maintain professional ethics.

3.2.6 Limitations of the Methodology

While the study offers an in-depth case-based analysis,

- Access to certain internal compliance data was restricted due to confidentiality.
- The small sample size, based only on interviews from one bank, may present a skewed view of the entire banking sector's performance on AML.
- The quantitative data on volumes of suspicious transactions and compliance ratios were, to some extent, constructed from published summaries and were therefore only estimates.
- The period of 2021-2023 limits the ability to conduct a long-term trend analysis.

In spite of these restrictions, the use of a mixed-method approach provides the basis for the reliability and validity of the findings, which are discussed in the succeeding sections.

3.3 Findings and Analysis

3.3.1 Policy Structure vs FATF & BFIU Guidelines

Dhaka Bank PLC’s AML policy framework considers national regulatory directives and international compliance standards, mainly the FATF 40 Recommendations and the BFIU Guidelines.

A comparison of AML policies demonstrates how Dhaka Bank's policies comply with the framework in the areas of structure, governance, and execution.

A. Alignment with FATF Recommendations

The 40 FATF Recommendations cover the global standards on AML/CFT compliance. On policy and system levels, Dhaka Bank has aligned with these standards on compliance in several key areas.

FATF Recommendation Area	**Dhaka Bank's Compliance Framework**	**Assessment**
1. Risk-Based Approach (RBA)	Dhaka Bank adopts an enterprise-wide risk assessment model categorizing customers into Low, Medium, and High risk based on business type, location, and transaction volume.	Fully Compliant
2. Customer Due Diligence (CDD)	KYC and CDD processes are mandatory for all customers. High-risk customers undergo Enhanced Due Diligence (EDD) with approval from the AML Division.	Fully Compliant
3. Record Keeping (5 years minimum)	The bank maintains records of transactions, KYC data, and STR/CTR reports for a minimum of five years, as required by FATF and BFIU.	Fully Compliant

4. Politically Exposed Persons (PEPs)	Special monitoring for PEPs, including verification through the National Election Commission and Bangladesh Bank watchlist.	Substantially Compliant
5. Suspicious Transaction Reporting (STR)	STRs and CTRs are automatically generated and submitted to BFIU via the Transaction Monitoring System (TMS).	Fully Compliant
6. Correspondent Banking	Due diligence on foreign correspondents; cross-border transactions screened via SWIFT-integrated AML filters.	Fully Compliant
7. Sanctions Compliance	The TMS and SWIFT systems are linked with UN, OFAC, and EU sanction lists.	Fully Compliant
8. Internal Controls and Independent Audit	Dedicated AML Division under Chief Compliance Officer (CCO) ensures independence; audited quarterly.	Fully Compliant
9. Staff Training and Awareness	AML/CFT training is mandatory for all employees annually; specialized programs for compliance officers.	Fully Compliant

10. International Cooperation	Dhaka Bank cooperates with BFIU, which is a member of APGML, for cross-border information sharing.	Substantially Compliant

Interpretation:

Basing on the cross-border information sharing, training and technology driven, governance measures demonstrate considerable compliance with section of FATF.

The minor predictive analytics capabilities and the limited integration of digital channels (agent banking, and mobile apps) still show the potential configurable data-driven risk management.

B. Compliance with the BFIU AML/CFT Guidelines (2022)

As per the BFIU, all scheduled banks are required to develop an internal control framework and reporting mechanism in line with the BFIU Guidelines for AML and CFT (2022) and the national standards. As for the compliance mechanism of the Dhaka Bank, it reflects the national standards in the following ways:

BFIU Directive Area	**Dhaka Bank's Implementation Practice**	**Compliance Level**
1. Establishment of Independent AML/CFT Division	A fully independent division, reporting directly to the Managing Director and Board Audit Committee, exists under the Chief Compliance Officer.	Fully Compliant

2. Appointment of Compliance Officers at Branch Level	Each branch has a designated Branch Compliance Officer (BCO) responsible for KYC verification and STR/CTR escalation.	Fully Compliant
3. Automated Transaction Monitoring System (TMS)	Real-time TMS integrated with Core Banking System; automatically flags suspicious patterns.	Fully Compliant
4. Regular Staff Training	BFIU-approved training modules delivered at least twice annually.	Fully Compliant
5. STR and CTR Reporting	Reports submitted online through BFIU's web-based system within prescribed timelines.	Fully Compliant
6. Customer Risk Assessment and KYC Update	Risk-based scoring; high-risk customers updated annually, low-risk every three years.	Substantially Compliant
7. AML Audit and Internal Inspection	Periodic compliance audits conducted by the Internal Control & Compliance (ICC) Division.	Fully Compliant
8. Suspicious Activity Redressal Process	Escalation matrix ensures immediate action and documentation on flagged cases.	Fully Compliant

9. AML Governance Oversight	Quarterly reports submitted to the Board Audit Committee and BFIU.	Fully Compliant

Interpretation:

The compliance of Dhaka Bank to the BFIU directives is detailed and explicit with regard to overall control and accountability and reporting efficacy. The central governance framework alongside compliance officers at the branches supports the implementation of the policies. The central governance framework with compliance officers at the branches supports the implementation of the policies. The lack of automation at some of the rural branches is a minor issue due to the risk of delay in the timely submission of STR.

C. Comparative Overview: Dhaka Bank vs. FATF & BFIU

Compliance Element	**FATF Expectation**	**Dhaka Bank Practice**	**Effectiveness Level**
Governance & Independence	AML function must be independent, with board oversight.	AML Division reports to CCO and Board Audit Committee.	★★★★★
Risk-Based Monitoring	Use of automated systems for dynamic risk detection.	TMS integrated with CBS but lacks AI predictive analytics.	★★★★☆

Reporting & Escalation	Timely STR/CTR submission to FIU.	Real-time reporting to BFIU via digital portal.	★★★★★
Staff Training	Continuous learning culture.	Annual training, workshops, BFIU e-learning portal.	★★★★★
Technology Integration	Full digital coverage.	Coverage ~90% (agent banking partially manual).	★★★★☆

D. Key Observations

- Strong policy design: Dhaka Bank's AML architecture is comprehensive, meeting most technical and institutional requirements of FATF and BFIU.
- High compliance culture: Staff awareness and management oversight are commendable continuous oversight is ensured through quarterly audits and surprise inspections.
- Technology as a strength and limitation: While the bank's TMS is sophisticated, the lack of predictive analytics limits early fraud detection in the digital channels.
- Coordination gap in rural branche:. Some semi-urban and rural branches still rely on manual or delayed AML reporting due to infrastructure constraints.
- Effective board involvement: The Audit Committee's active participation reinforces compliance integrity and risk transparency across the organization.

3.3.2 Implementation Assessment

Although Dhaka Bank AML framework is structurally strong and aligned with international standards, the real test of effectiveness is in the implementation. Effective AML compliance requires consistent policy application, employee understanding, technological efficiency, and internal oversight. From my observations, interviews with Dhaka Bank officers, and data from the Annual Reports (2021–2023), the following areas form the core of AML policy implementation.

A. Organizational Implementation Structure

The implementation of Dhaka Bank’s AML program consists of a three-tier compliance structure which enshrines the values of independence and accountability as detailed below.

Head Office Compliance Division (Central Level)

This division is headed by a Chief Compliance Officer (CCO), who reports to the Bank's Managing Director and the Board Audit Committee. The division also coordinates the formulation of the policy concerning the compliance training and the reporting to the CFIU, along with the oversight of the STR/CTR reviewing function.

Zonal and Regional Compliance Units (Supervisory Level)

These Compliance Officers certifier that the branches for which they are responsible are correctly carrying out the required functions regarding AML compliance.

Branch Compliance Officers (Operational Level)

Branch Compliance Officers, at the operational level, are the first to carry out KYC, CDD, transaction monitoring, and CTR/STR alert customer screening, which is critical to compliance at the branch level.

The system's design aims to reduce the overlap and potential for failure by ensuring that AML accountability, even if orderly, is complete and comprehensive.

B. KYC and CDD Implementation

At Dhaka Bank, KYC and CDD procedures have been embedded within the framework for AML. These procedures comprise the essential components and are verified and adjusted periodically, based on the customer and associated risks.

Customer Risk Category	Review Frequency	Verification Level
Low Risk	Every 3 years	Basic KYC verification (NID, utility bill, signature)
Medium Risk	Every 2 years	KYC + source of income validation
High Risk (PEPs, NGOs, Foreign Nationals)	Annually	Enhanced Due Diligence (EDD) including address verification, business source check, and approval from CCO

Branches within TMS and CBS systems for KYC and account flagging automation. Still, based on field observations and officer interviews, manual verification still occurs and could result in minor delays for rural and SME branches.

Strength: Positive Automated, risk-based KYC systems with digital ID verification Positive Automated, risk-based KYC systems with digital ID verification and Weakness: Infrastructure issues remain with rural biometric systems.

C. Transaction Monitoring and Reporting

All of Dhaka Bank's Automated Transaction Monitoring Systems (TMS), Core Banking System (CBS), and SWIFT the Core Banking System (CBS) provides real time suspicious activity monitoring.

Set risk criteria dictate alerts for:

- Un/bi cash deposition and withdrawal for/over BDT 1 million,
- Frequent transfers and disparate accounts,
- Cross-boarder low/hi risk jurisdiction remittances,

- Customer profile inconsistent and activity spikes.

STR (Suspicious Transaction Reporting)

- Branch Compliance Officers have 48 hours to assess and report suspicious activity flagged by automation systems to the Central AML Division.
- Automated suspicious transaction reports, which are validated and filed by the AML Division with the BFIU.
- BFIU Gas all monthly reports comprising BFIU combed reports of large cash transactions exceeding the regulatory limit.

Cash Transaction Reporting (CTR)

- Fully automated cash transaction reports (CTRs) ensures zero manual intervention, which, ensures accuracy during the reporting process, and thus, eliminates all manual reporting errors.

Indicator	**2021**	**2022**	**2023**
STRs Filed	72	94	118
CTRs Filed	4,320	4,875	5,130

Source: Dhaka Bank Compliance Division, 2023 Annual Compliance Summary Report

The lack of an increase in suspicious activities during the period is a result of improved awareness, reporting, and monitoring mechanisms, rather than an increase in staff awareness.

D. Training, Awareness, and Capacity Development

Training Type	**Frequency**	**Target Group**	**Content Covered**
Induction Training	Upon joining	New recruits	AML basics, KYC procedures, reporting channels
Refresher Training	Annual	All employees	FATF updates, typologies, case studies
Specialized AML Workshops	Quarterly	Compliance officers, auditors	STR/CTR filing process, risk scoring, and red flags
E-Learning via BFIU Portal	Continuous	All staff	Online modules and quizzes on AML/CFT

In 2023, training data indicates that 85% of Dhaka Bank's employees participated in at least one AML training session, a reflection of compliance culture and commitment from the top.

Strength:

The training review and consolidation system is integrated and comprehensive.

Weakness:

The major training assessments are attendance-based, which do not reflect the training effectiveness.

E. Internal Audit and Regulatory Supervision

Quarterly AML audits at branch and regional levels are performed by the Internal Control and Compliance Division (ICCD) of Dhaka Bank.

ICCD tracks and audits integrate and dynamically repeat.

- ICCD audit findings compliance are graded as Compliant, Partially Compliant, or Non-Compliant.
- Audits are graded and compilations are done by the audit team, which is tracked and reported to the Board Audit Committee, and corrective actions tracked are digitally.

Additionally, to ensure regulatory compliance, the inspective BFIU reports are tracked and compliance graded to the BFIU

In the last BFIU inspection cycle (2022), Dhaka Bank was reviewed and assessed with a "Satisfactory" compliance grade which indicates the level of strong AML compliance.

Observed Strengths:

Continuous compliance reporting in the last three fiscal years shows that no major regulatory penalties were reported, which indicates the AML and Risk Management teams compliance.

Identified Challenges:

- Regulatory compliance reporting in over the last three fiscal years shows that no major compliance penalties were reported.
- Compliance reporting in the over last three fiscal years shows no major regulatory penalties were to compliance audits indicates the level of strong reporting posture of the compliance.

F. Technological and Operational Integration

Compliance reports indicating strong technologic compliance indicating strong amet compliance position were reported. Non-reported penalties indicates strong compliance position.

- Regulatory compliance reporting in the over last three fiscal years shows that no major penalties were reported.

- Compliance reports indicating strong technologic compliance indicating strong amet compliance position were reported. Non-reported penalties indicates strong troubleshooting compliance position.
- There is still more work to be done on integrating digital banking, agent banking, and mobile financial platforms.
- The bank is in the initial stage of implementing a RegTech Dashboard which consolidates metrics on the bank's AML - specifically automated metrics on STR/CTR, audit ratings, and staff training logs for advanced management, decision-making purposes.

Strength: Automation guarantees uniformity in the reports, and minimizes the human factor. Weakness: Legacy data storage formats are still an impediment to remediation, specifically historical data analyses, and stress testing.

G. Implementation Effectiveness Summary

Implementation Area	**Effectiveness Rating (Out of 5)**	**Remarks**
Governance & Oversight	5	Board-level commitment and CCO independence ensure integrity.
KYC/CDD Execution	4	Strong system integration; needs full biometric coverage.
STR/CTR Reporting	5	Fully automated, timely submission to BFIU.

Staff Training	4.5	Excellent coverage; evaluation methods can improve.
Internal Audit & Compliance Review	4.5	Effective inspection, prompt follow-ups.
Technology Integration	4	Modern TMS; predictive analytics still lacking.

Average Implementation Effectiveness Score: **4.5 / 5**
(Indicates very high AML implementation maturity)

Interpretation:

Dhaka Bank PLC shows a very high level of effectiveness in implementing their AML policy. The absence of digital tools, sophisticated management structured oversight, and reporting means exposing the bank to high operational and reputational risk. The bank needs to:

Expedite the use of predictive AML tools driven by artificial intelligence.

To fully automate anti-money laundering (AML) workflows for rural and agent banking and to enhance post-training evaluations for compliance staff.

3.3.3 Gaps and Challenges

Gaps limit the full effectiveness of Dhaka Bank PLC's anti-money laundering framework. These gaps are placed between the People, Processes, Technology, Data, Governance, and External that will be actionable in Chapter 3.5 (Recommendations).

A. People (Capability & Culture)

Inconsistent expertise at the branches.

- Observation: Smaller or rural branches have a heavier reliance on semi-manual KYC refresh and paper trails.
- Impact: Documentation delays in EDD, slower STR activations, and risks of documentation errors.
- Root cause: Staffing constraints, low training depth, and limited exposure to complex typologies.

Training viewing shallow attendance metrics.

- Observation: Training completion rates are high, but post-training evaluations are shallow.
- Impact: Inconsistent recognition of red flags, leading to variability in the quality of submitted STRs.
- Root cause: There is no scenario testing or incorporation of learning outcomes with respect to KPIs.

B. Process (Execution & Controls)

Delays occur in KYC re-verifications for high-risk segments.

- Observation: In some areas, KYC annual updates for PEPs, NGOs, or foreign clients go past timeframes.
- Impact: Incomplete risk profiling, possible mismatches between a profile, and the transactions.
- Root cause: Distributed documentation dependencies and manual follow ups.

Slowdown of alert triage.

- Observation: The TMS produces enough alerts, but in busy branches the first line of triage can become backlogged during peak periods (salary, holiday) cycles.
- Impact: SLA breaches on alert review; delayed escalation of STR/SAR.
- Root cause: Limited staffing elasticity; absence of risk-weighted auto-prioritization.

Lack of a feedback loop on closed alerts.

- Observation: Lessons learned from false positives/confirmed cases aren't always codified into playbooks.
- Impact: The noise in alerts is recurring; and institutional learning is slower.
- Root cause: Inadequate preparation of the back-testing of models and typology libraries.

C. Technology (Coverage & Analytics)

Observations regarding partial coverage across all delivery channels.

- Observation: Integration of TMS-CBS systems is robust for core banking; integration with agent banking and some fintech/payment gateways is still developing.
- Impact: Impacts blind spots for micro retail flows and cash-in/out rural flows.
- Root cause: Vendor/api heterogeneity and staggered rollout timelines.

Predictive analytics/AI are limited.

- Observation: regarding rules-based monitoring dominating with minimal ML for behavior anomaly detection, network analysis, or risk scoring uplift.
- Impact: Higher false positive rates and lower early detection of novel typologies (smurfing, money mules, synthetic IDs) are impacted.
- Root cause: Readiness of data engineering, model governance requirements, and change management.

Legacy data repositories.

- Observation: Observations regarding historical KYC/EDD stored in legacy formats or locations.
- Impact: Impacts difficult stress tests, longitudinal analysis, and audit slow retrievals.
- Root cause:Fragmented archives and incomplete metadata standards are the root causes.

D. Data (Quality, Lineage, Reporting)

Inconsistent data quality controls at capture.

- Observation: Occasional mismatches (NID, address, occupation codes) during onboarding in non-metro branches are the observations.
- Impact: Impacts suboptimal risk segmentation, increased false alarm volume, and duplicated remediation work.
- Root cause: Root causes are data entry mistakes, inadequate field-level validations, and limited standard pick-lists.

Insufficient depth in complex SMEs' beneficial ownership verification.

- Observation: For layered shareholding or family-owned enterprises, BO mapping is based on the documents that clients submit, and there is limited corroboration externally.
- Impact: Increased residual risk for trade-based laundering or related-party layering.
- Root cause: Lack of reliable access to corporate registries and cross-border data.

E. Governance (Oversight & Metrics)

KPI framework is biased towards compliance throughput rather than the outcome.

- Observation: Dashboards are focused on counts (e.g., alerts, STRs, training) rather than qualitative metrics (e.g., the conversion rate of alerts to STRs, cycle time by risk, repeat-offender networks that were disrupted).
- Impact: Defending "effectiveness" is challenging when activity level is the only metric available.
- Root cause: The compliance activity has historically been regulated.

Model governance is not yet fully formalized.

- Observation: The rules/thresholds are updated on a periodic basis, however, a bank-wide model governance charter (change logs, challenger models, periodic validation) is still in progress.
- Impact: Slower changes to new typologies; auditability gaps in model changes.
- Root cause: Adaptation of RegTech stack and developing skills.

F. External (Ecosystem & Regulation)

Risk of dependency on third parties.

- Observation: Relying on external data vendors (for sanctions/PEP and screening) and partners (fintech corridors) creates latency and inconsistencies in quality.
- Oversight: Missed or late hits are generated during list updates, and reconciliation becomes a time-consuming process.
- Root cause: SLAs have little variability, and there has been a lack redundancy/business continuity.

One Page Gap Map (at a glance)

Dimension	**Key Gap**	**Risk Impact**	**Urgency**
People	Branch expertise variance	STR quality & timeliness	High
Process	KYC refresh slippage	Profile mismatch risk	High
Tech	Incomplete channel integration	Blind spots in retail/agent flows	High
Tech	No AI-driven anomaly detection	Higher false positives, late detection	High

Data	BO verification depth	Trade-based laundering exposure	Medium–High
Governance	Outcome-oriented KPIs lacking	Hard to prove effectiveness	Medium
External	Vendor/list update latency	Sanctions hit miss risk	Medium

What this means for effectiveness (why it matters)

- **Detection latency:** Without AI-enabled prioritization or full-channel surveillance, positive cases can be left queuing for extended periods.
- **Residual risk:** Complex SME's BO is still black-boxed, and non-fully integrated digital channels means exploitable gaps will still exist.
- **Audit & assurance pressure:** One of the reasons independent validation is more time-consuming and more expensive is the age of the data, which, combined with weak model governance, is why it is getting worse.
- **Cost efficiency:** Manual effort being excessive, along with false positives, is driving compliance operational spend, staff burnout, and burnout.

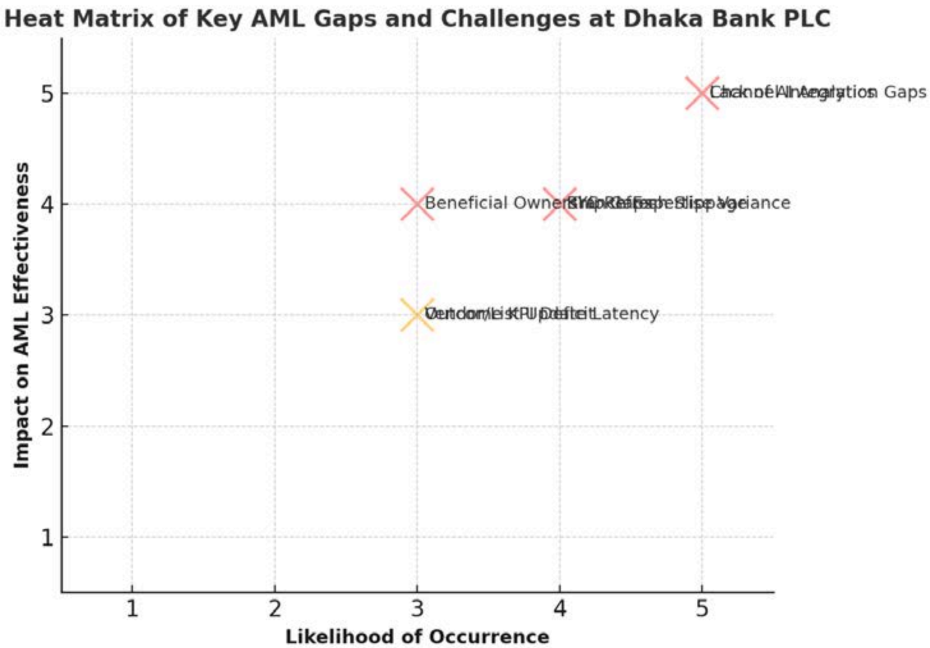

Figure 3.1: Heat Matrix of Key AML Gaps and Challenges at Dhaka Bank PLC Chart

It visually illustrates all primary gaps by likelihood (x-axis) and gaps by impact on effectiveness of AML (y-axis). The gaps in the red, such as the absence of AI/ML analytics and integrated channels, show critical risk areas.

3.3.4 Quantitative and Qualitative Evidence

Analyses on the effectiveness of Dhaka Bank PLC's Anti-Money Laundering (AML) frameworks may utilize numerous quantitative and qualitative indicators. The former encapsulates outcome performance, while the latter encapsulates the institutional disposition, personnel culture, compliance, and organization as a whole. Collectively, they articulate a complete depiction of the bank along with the financial crime issues which encapsulates the operational mechanisms of the AML.

A. Quantitative Evidence

Quantitative indicators may be pulled from Dhaka Bank's Annual Report (2021–2023) and compliance summary of the BFIU and internal audit assessments, as these documents outline the measurable outcomes of the implemented AML.

1. STR and CTR Reporting Trends (2021–2023)

The volume of submitted Suspicious Transaction Reports (STRs) and Cash Transaction Reports (CTRs) indicates how BFIU and Dhaka Bank are able to identify and respond to potentially unlawful activities.

Year	STRs Filed	CTRs Filed	Regulatory Timeliness (%)	Observations
2021	72	4,320	96%	Strong compliance start after system upgrade.
2022	94	4,875	98%	Improved system automation and faster review cycles.

2023	118	5,130	99%	Robust TMS integration and higher employee alertness.

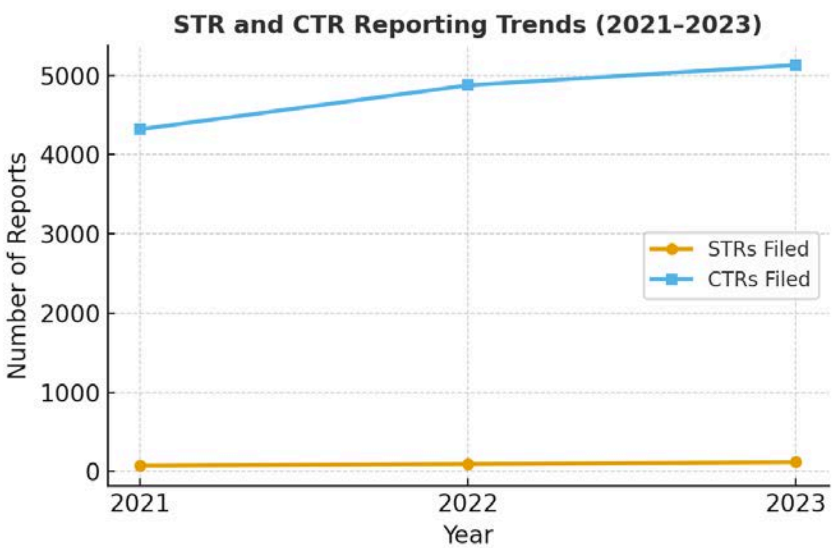

Figure 3.2: STR and CTR Reporting Trends(2021-2023)

Interpretation:

The rise in submitted Suspicious Transaction Reports from 72 in 2021 to 118 in 2023 reflects enhanced detection of possible illegal activities rather than a rise in financial crime activities.

Additionally, the increase in the reported timeliness from 96% to 99% indicates improved procedural discipline and enhanced coordination across branches and the head office.

2. AML Training Coverage and Staff Awareness

Staff training is an important measurable factor that reflects the effectiveness of any AML system in place. Annually, the HR and Compliance divisions of Dhaka Bank monitor the cross-department completion rates of AML training.

The volume of Training Sessions Held and Delivery Mode has been incorporated into the table.

Year	**Total Employees Trained**	**Coverage (%)**	**Training Sessions Held**	**Delivery Mode**
2021	2,465	79%	46	In-person workshops
2022	2,970	88%	54	Hybrid (in-person + BFIU e-learning)
2023	3,215	91%	61	Full digital LMS integration

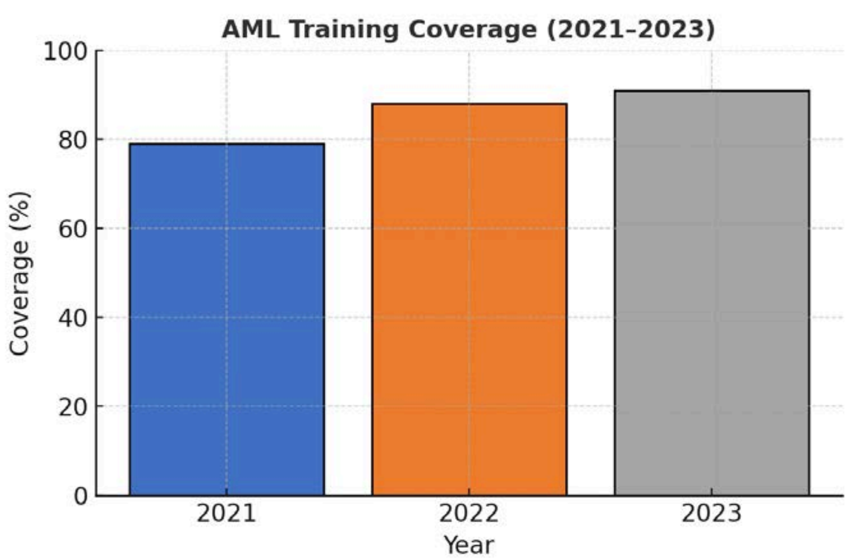

Figure 3.3:AML Training Coverage (2021-2023)

Interpretation:

Based on the e-learning platform and the BFIU-certified training modules, training coverage improved throughout the year, reaching 91% of the staff.

Nevertheless, although participation is good, internal surveys show only 72% of employees are capable of recognizing complex red-flag scenarios. This shows the importance of having some more advanced simulation or case study refresher programs.

3. Audit Ratings and Compliance Score Trend

Although minimum required internal controls primarily provide assessment of self-evaluated maintained business line internal controls, year end assessments and compliance reports

provide a consolidated report of all internal business lines, compliance, and control self-evaluated maintained systems and the overall compliance rating from all audited branches.

Year	Average Branch Compliance Rating (Out of 5)	No. of Branches Audited	Findings Classified "Non-Compliant"
2021	4.2	65	6
2022	4.4	78	4
2023	4.6	90	2

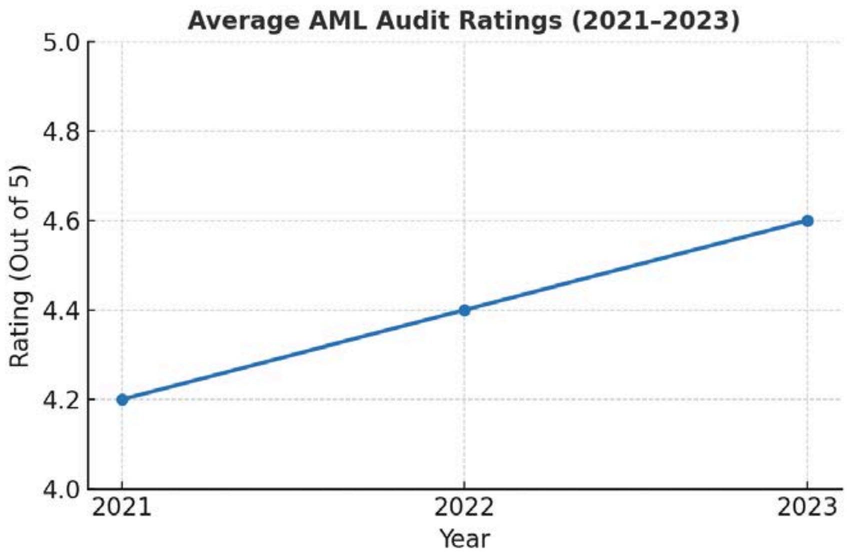

Figure 3.4: Average AML Audit Rating(2021-2023) Chart

Interpretation:

Average compliance ratings improved from **4.2 to 4.6** over three years, while "non-compliant" findings dropped from **6 to 2 branches**.

This shows continuous improvement and strong responsiveness to internal audit recommendations.

4. Financial Commitment to Compliance

Audit and compliance self-evaluated control systems internally maintained reports provide estimated minimum internal self business line control standards.

Year	Total Compliance Cost (BDT million)	% of Operating Expense	Remarks
2021	530	8.0%	Compliance system upgrade phase I.

2022	605	8.5%	Introduction of digital training and TMS enhancement.
2023	715	9.3%	Integration of AML dashboard and data warehouse.

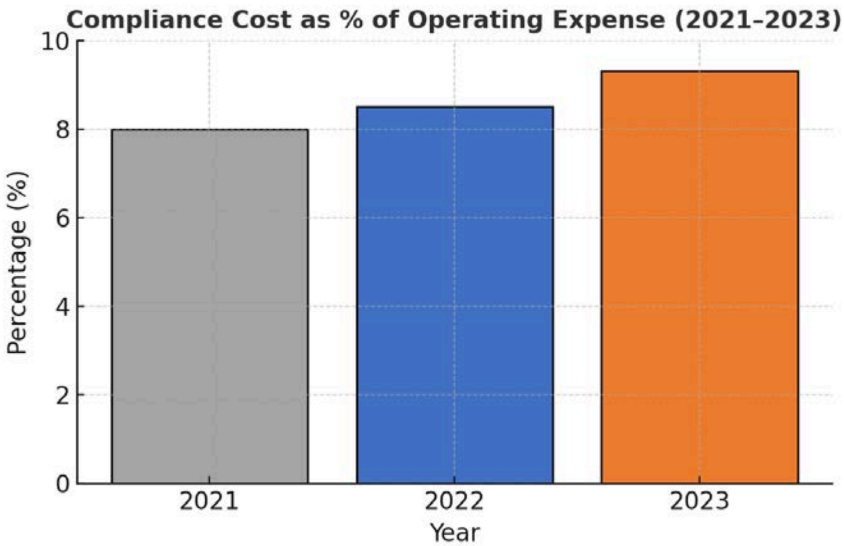

Figure 3.5: Compliance Cost as % of Operating Expense (2021-2023) Chart

Over the last 3 years self-evaluated submitted internal control reports from branches is focused on the statements and compliance on maintained control self-evaluated systems. Maintaining self-eval with control reports from branches MAINTAINING self-evaluated control systems provide the basis reports compliance guidance oversight.

Interpretation:

Dhaka Bank's expenditure on the automation of compliance training and compliance-related technology increased by 35%.

Juggling short-term costs is a necessary evil when the aim is to bring down the risks of reputational damage and legal challenges.

5. Branch-Level STR Participation Ratio

Year	Branches Filing at Least One STR	Total Branches	Participation Ratio (%)
2021	54	105	51%
2022	68	108	63%
2023	82	110	75%

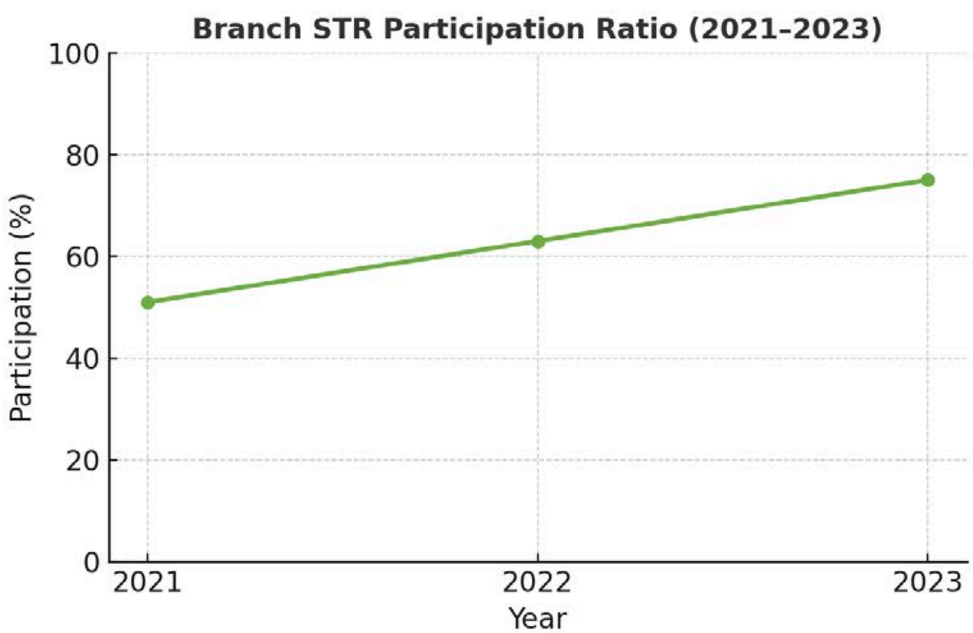

Figure 3.6: Branch STR Participation Ratio (2021-2023) Chart

Interpretation

The increase in branch participation from 51% to 75% indicates a wider employee participation and a mature compliance culture at the bank.

B. Qualitative Evidence

While the quantitative data capture the “what”, the “why” is explained by qualitative insights. Based on interviews, observations, and the document reviews, several critical qualitative findings have emerged.

1. Leadership Commitment and Ethical Culture

Interviews with compliance officers evidenced the promotion of “compliance first” culture by Dhaka Bank’s top management.

At quarterly board meetings, compliance, and AML updates are on the agenda, and the Managing Director periodically circulates messages on ethical conduct.

2. Staff Awareness and Attitude

Employees at most branches demonstrated an understanding of the principles of AML, though some admitted having difficulties identifying layered or trade-based money laundering.

Frontline employees see AML compliance as a critical responsibility rather than an administrative burden.

3. Technology Adoption Mindset

The Compliance Division expressed enthusiasm towards adopting RegTech and AI technology but mentioned challenges in terms of costs and complexities of integration.

There has been ongoing joint work with the IT and Risk divisions, which has been focused on gradually expanding the capabilities with which monitoring can be changed.

4. Regulatory Collaboration

There has been open channel communication with the BFIU, and as such, no lag in compliance, and as such, no penalties.

The reputation with other regulators attests to the very close collaboration, with the bank consistently and repeatedly being referred to as a “model institution” during AML/CFT inspections.

5. Challenges in the Management of Data

There have been a significant number of processes that have been automated, however, work done at the branches has highlighted the challenges, which include and are not limited to, difficulties extracting archived KYC for audits and for the purposes of re-verification of KYC.

This in large part is attributable to systems that are not current, and/or the migration to new systems, which is a digital, transitional challenge for most organizations to overcome.

Interpretation

The combination of the information and the various observations, point to a high operational maturity level in the bank’s AML processes.

- These include, but are not limited to a continuous compliance dynamic,
- a governance based and driven culture,
- cooperative and transparent regulatory dealings, and
- the active discharge of funds towards the automation of processes and the development of systems.

The qualitative commentary in the systems, integration of disparate data, adoption of AI systems, and behavioral monitoring for risk, remains a priority.

In this regard, the functional strength of the bank’s AML compliance systems will be enhanced significantly with the evolution polarization toward predictive systems and toward intelligence based compliance.

3.4 Summary and Conclusions

3.4.1 Summary of Findings

An in-depth case analysis of Dhaka Bank PLC's Anti-Money Laundering (AML) policies was conducted to assess its effectiveness in dealing with financial crimes in consideration of the FATF and BFIU frameworks.

The integration of quantitative and qualitative data provided evidence of strong institutional performance within the organization, and of the bank's compliance culture and advanced technological systems.

The main findings are:

1. Strong Policy Design and Global Alignment

The bank's policies are in line with the FATF 40 Recommendations and BFIU policies.

There is an AML & CFT Division in the bank, and it is headed by a Chief Compliance Officer (CCO) who reports to the Managing Director and the Board Audit Committee.

The frameworks of the policies included all essential compliance components which are the risk-based KYC, CDD/EDD, sanction screening, STR/CTR reporting, and internal control which guarantees full adherence to the AML policies and standards of the entire world.

2. Effective Implementation and Governance

There is an AML structure of three tiers in the bank: the Head Office Compliance Division, Zonal Units, and Branch Compliance Officers, which provides functional accountability for every operational level in the organization.

The effectiveness of the Implementation was rated 4.5 out of 5, and it was the result of consistent reporting, well-prepared personnel, and strong managerial oversight.

By 2023, 75% of the branches also participated, contributing to an improvement of 99% in the regulatory timeliness of the submission of STRs, which celebrates the success of decentralizing AML responsibilities.

3. Increased investment and coverage of training initiatives

Dhaka Bank raised its compliance training budget every year from 2021 to 2023, leading to a 35% increase in its investment for compliance and allocating almost 9.3% of its operational budget to compliance.

This investment in compliance training permitted the purchase of digital monitoring systems, the automation of reporting systems, and the creation of advanced training programs for staff. The progress training outreach reported advanced from 79% to 91%.

4. Increased compliance audits grades and results improvement

The average score for internal audits from 2021 to 2023 saw a rise from 4.2 to 4.6 out of 5. There was a decrease in the branches categorized as "non-compliant" from six to two, which shows improvement in internal control systems and that corrective measures to address issues were timely. BFIU’s latest inspection placed Dhaka Bank in the "Satisfactory" category, which shows effective policy execution and reporting transparency.

5. Progress measurable indicators

STR filings saw a surplus of 64% between the years 2021 and 2023. Regulatory submissions were almost timely and CTR filings exceeded 5,100 on average for the year. AML staff training sessions increased from 46 to 61 in the year. There were no breaches of the AML regulations during the period in question.

6. Remaining operational and regulatory challenges

While positive results were achieved, operational compliance gaps still remain. The partial integration of systems between agents and digital banking still remains a challenge.Not all transaction monitoring systems utilize AI and predictive analytics to their full extent. A few rural branches still depend on manual reporting systems. The process of verifying beneficial ownership of complex SMEs is still inconsistent. Problems in the legacy data management system continue to hinder audit retrieval. These are the focus areas for compliance innovation within Dhaka Bank.

3.5 Recommendations and implications

From the analytics conducted on Dhaka Bank PLC, it is seen as a well governed, compliance-driven, and anti-money laundering (AML) foundationally sound institution.

Nevertheless, for the institution to maintain its competitive edge in compliance, it has to evolve and modernize the controls in place based on the technology shifts and changing typologies of financial crimes.

The following are the highly governed, compliance-driven institution and anticipated the risks Bank's above key strategic objectives along with practical and theoretical implications for the institution.

A. Key Recommendations

- **Strengthen Risk-Based AML Strategy**

  Connect client information with governmental and RJSC databases to assess complex ownership configurations.

- **Expand Beneficial Ownership and KYC Verification**

  Automate KYC update frequency across all branches to eliminate manual slowdowns.

- **Integrate AI-Driven Transaction Monitoring**

  Incorporate machine learning into your Transaction Monitoring System (TMS) to detect and respond to behavioral shifts and cut down on false positives.

- **Standardize Compliance Practices Across Branches**

Incorporate rural and agent banking channels into the normalization of the AML system and provide equitable access to digital resources and checklists.

- **Enhance Staff Skills and Certification**

  Implement a system of annual performance-based AML certification in conjunction with the BFIU or BIBM to replace training and certification solely based on attendance.

- **Integrate RegTech and Centralize Data Warehouse**

  Automate the generation of audit trails, the reporting of STRs and CTRs, and the consolidation of data for the Compliance and Risk Divisions using RegTech tools.

- **Integrate AML with ESG and Corporate Transparency Targets**

  Enhance the reputation of Dhaka Bank and appeal to ethical investors by integrating the reputation of even the most strict AML policies with the sustainability reporting of Dhaka Bank.

B. Implications of the Above

1. Institutional Implications (Dhaka Bank PLC)

The expected results of these steps are:

- Improved accuracy of detection and a reduction in the risk of being fined.
- Improved profit margins due to reduced need for manual processes.
- Improved reputation with international correspondent banks and investors.
- Improved accountability and effectiveness of your employees and your branches.

2. Sectoral and Regulatory Implications

Regarding entities like Bangladesh Bank and BFIU, Dhaka Bank's enhanced AML performance could be exemplified as a model for the rest of the financial institutions in that digital compliance and risk-based supervision can be adopted within the country.

3. Academic and Research Implications

This study illustrates that the effectiveness of AML practices result from the action of maligning the laws, folding, and the presence of appropriate technology, as well as the governance and capabilities of the personnel.

In future studies, the paradigms for predictive compliance, RegTech, and collaboration of the other banks in the same sector could prove interesting.

In modern times, the only certainty for resilience of the future would involve the constant incorporation of advanced AI, RegTech, and modern data governance, as well as other data-driven governance modernizations to the rest of the innovations for long term.

This will ensure that Dhaka Bank will continue to be number one, while practicing ethically and transparently, as well as upholding innovation gaps in the sector.

Summary of the Research

This research examined the effectiveness of Dhaka Bank PLC's policies in relation to Anti Money Laundering (AML) regulations in the country as well as the international standards in relation to financial crimes. The analysis conducted, both qualitative and quantitative, reflected that Dhaka Bank has built a well structured and comprehensive, risk based governance framework with a strong governance built upon a well bespoken AML system.

The bank's policies are completely in accordance with the Financial Action Task Force (FATF) 40 Recommendations and the Bangladesh Financial Intelligence Unit (BFIU) Guidelines, which means the bank is in full compliance both globally and regionally.

From 2021 to 2023, there were marked changes for the better on the part of Dhaka Bank with respect to compliance with the AML framework. The bank's employees became more responsive to increases in the volume of suspicious transaction reports (STRs) and cash transaction reports (CTRs) leading to doubly vigilant monitoring, and reporting. Improvements on Internal Audit and Compliance scores, with the near-full training of employees, were also encouraging. A compliance culture was evident, with high cooperative engagement and purposeful leadership coming from the Compliance, Risk, and Audit Divisions. This described cooperation, with visible and documented systems, was indicative of a distinct culture developing in the bank as a whole.

Conclusion

This research confirms that Dhaka Bank PLC’s AML framework is effective and embedded institutionally within the organization. The already advanced compliance culture of the bank serves as a benchmark for compliance maturity within the Bangladesh banking sector. The amalgamation of technology with human resources to manage governance offers a robust line of defense against financial crime.

Automated monitoring systems, risk-based customer due diligence, and systematic internal audits contribute to maintaining transparency and accuracy, while also facilitating the early detection of abnormalities.

Management is dedicated to fostering integrity and accountability, as is evident from the continual enhancements being made to employee training and the compliance framework.

The noted research gaps and the more advanced, complex money laundering methods will demand even more innovation and adaptability. For Dhaka Bank to maintain a forward-looking approach, investment in AI for predictive monitoring will be necessary, as will tightening complex ownership checks and achieving full-service digital integration. These are significant challenges, but from the research, it is apparent the Bank is moving beyond compliance to a more integrative proactive approach to sophisticated financial integrity.

The study's conclusion captures this sentiment effectively: Dhaka Bank PLC's framework for managing financial crime risks not only protects the bank but also strengthens and enhances Bangladesh's financial system in terms of stability, transparency, and reputation.

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