

Report On
Transaction Monitoring in bKash Limited in global perspectives

By

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

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Brac University
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Declaration

It is hereby declared that

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

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Letter of Transmittal

Shamim Ehsanul Haque

Assistant Professor

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Subject: Submission of Report on Internship in bKash Limited

Dear Sir,

It gives me immense pleasure to submit my internship report based on bKash Limited for the completion of the BBA course offered by BRAC University.

Apart from the academic knowledge I have acquired from gathering this report, I have also gotten the opportunity to learn about the corporate culture of bKash. Furthermore, I have been honored with the valuable expertise of various intellectuals of the organization. I believe that the experience I have acquired from this internship will be an invaluable asset in my life and will be a stepping stone in my career.

Despite various shortcomings, I have been devoted to find out the core information from different aspects. I hope you will appreciate my effort and find the report up to your expectation. Without your expert advice, guidance and support it wouldn't have been possible to complete this project paper. I hereby, thank you for your valuable time and guidance.

Sincerely,

Tashfia Rifa Zaman

Student ID- 15204028

BRAC Business School

BRAC University

Date: September 12th, 2019

Non-Disclosure Agreement

This agreement is made and entered into by and between bKash Limited and Tashfia Rifa
Zaman at BRAC University

Acknowledgement

The internship opportunity that I had with bKash Limited was a great learning and professional development platform. Therefore, as I was given the chance to be a component of it, I consider myself a lucky person. I am also grateful for having a chance to work in such a dynamic department such as AML/CFT in bKash and for getting the opportunity to work with such wonderful individuals.

With the former in mind, I take this opportunity to express my deepest gratitude and special thanks to Mr. Shahrear Ahamed, Assistant Manager of the CPMCT team, who, despite being extraordinarily busy with his duties, took the time to hear, guide and keep me on track and allow me to carry out my project at bKash and give me extensive training.

I would like to convey my deepest gratitude to Mr Shamim Ehsanul Haque, Assistant Professor of BRAC Business School, for taking part in the helpful decision-making process and providing the needed advice and guidance for this study and my practical understanding.

I perceive this opportunity as a big milestone in my career development and my endeavour will come true if the actual purpose of this report is fulfilled.

Executive Summary

Bangladesh has an exemplary track record for growth and development, with more and more technologically advanced companies setting up every day. To tackle this dynamic market, one of the champions known as bKash Limited moves forward to dominate the world of Fintech with its mobile financial services. While the company is a top performer, it is still subject to obstacles such as Money Laundering and Terrorist Financing (ML/TF), which is also, faced by mobile financial service providers globally. A major step towards fighting this obstacle is the operation of the Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT) department of bKash Limited in order to monitor transactions as an approach to reduce the amount of unlawful activities. In this paper I have highlighted the measures taken by bKash and companies worldwide in order to combat the threats of ML/TF, and the Financial Action Task Force on Money Laundering (FATF) guidelines adopted in bKash is analyzed as well. The idea of this paper is to show the impact of transaction monitoring done by bKash on the economy of Bangladesh.

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List of Acronyms

KYC	Know Your Customer
BFIU	Bangladesh Financial Intelligence Unit
AML/CFT	Anti-money laundering/countering the financing of terrorism
BFID	Bank and Financial Institution Division (Ministry of Finance)
CAMLCO	Chief Anti-Money Laundering Compliance Officer
CID	Criminal Investigation Department of the Bangladesh Police
CDD	Customer Due Diligence
NBR	National Board of Revenue
NBFIs	Non-bank financial institutions
ML/TF	Money laundering/terrorism financing

Glossary

MFS Company	Companies established solely for the purpose of providing MFS which are registered under Companies Act, 1994 (Bangladesh Financial Intelligence Unit, 2018).
e-KYC	Collection of required KYC information electronically and preserve the collected information in database (Bangladesh Financial Intelligence Unit, 2018).

Chapter 1

Company Profile

1.1 Introducing bKash Limited

Since inception, the mobile financial industry of Bangladesh has encountered a revolution, i.e. the start of bKash Limited, the country's leading mobile financial service provider. Therefore, under the jurisdiction of Bangladesh Bank as a subsidiary of BRAC Bank Limited, bKash is a mobile financial service in Bangladesh that began activities in 2011 and this mobile money scheme was launched as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA (bKash, 2019). In April 2013, the World Bank Group member International Finance Corporation (IFC) entered the business as a shareholder and in April 2014 Bill & Melinda Gates Foundation became the company's investment partner, and In 2017, bKash Limited, Bangladesh's biggest mobile financial service provider, ranked 23rd on Fortune's third annual 'Change the World' list, recognizing the top 50 businesses that are changing the world by solving a host of societal issues (bKash, 2019). BKash is Bangladesh's biggest MFS with a network of over 200,000 agents spread across Bangladesh's urban and rural regions, affecting unbanked communities with over 35 million registered accounts. Moreover, it is affiliated with organizations from various industries and these include Grameenphone, Robi, Airtel, Aarong, Bata, and so on. In April 2018, bKash launched an app-based payment option, highly secure for all types of transactions and users through PIN security protection. Therefore, bKash has certainly built a payment system for the future.

1.2 Corporate divisions

bKash has several divisions which are divided into different departments to carry out various functions. The departments are then divided into several teams working together as a whole for the department. The divisions of bKash include:



Figure 1 Divisions of bKash

I was hired as an intern in the External & Corporate Affairs Division (ECAD), one of bKash's biggest departments with four departments separated into several teams. ECAD mostly takes measures related to compliance, fraudulent activities and works to mitigate risks associated with bKash and its operations. ECAD division of bKash harmonizes the interests of bKash with the regulations of Bangladesh Bank required for MFS provider related to mitigate risk of money laundering and financing of terrorism. Bangladesh Financial Intelligence Unit (BFIU) provides

the compliance and amendments related to risk mitigation for bKash. The department I was assigned to was Anti Money Laundering & Combating Financing of Terrorism (AML & CFT) department and got to work with the CPMCT (Compliance Process Monitoring and Control Team).

1.3 Recurrent AML/CFT practices in bKash

Preventing crime proceeds from laundering has become a top concern for all suppliers of mobile financial services. A sound understanding of a client's company and pattern of economic operations and obligations is one of the best ways to prevent and deterring money laundering. Adopting processes by which bKash and other financial institutions "know their customers" is not only a good company concept, but also an important instrument for avoiding participation in money laundering. With that in mind, AML/CFT department of bKash assigns its teams with various functions to make transactions are monitored effectively and overall compliance is intact.

The practices that each team undertakes are as follows:

- **Compliance Process Monitoring & Control Team (CPMCT):** CPMCT provides services to customers, check their work, provides feedback and develops compliance-based policies for further enhancement scopes.
- **Risk Monitoring & Control Team (RMCT):** RMCT looks at circumstances, identifies risks that may occur through the use of bKash facilities and provides measures to diminish those hazards.
- **Strategic Compliance Team (SCT):** SCT analyzes the temporary hazards that may occur after fresh policies have been implemented and discovers methods to overcome these hazards.

- **Suspicious Transaction Report/ Suspicious Activity Report Team (STR/SAR):** They use bKash services to report suspicious operations and transactions, then raise complaints and take appropriate action.
- **Training team:** They are significant for training agents, retailers and merchants as per Bangladesh Financial Intelligence Unit (BFIU) criteria.
- **Compliance Analysis & Documentation (CA&D):** They are incharge of full department-wide documentation and recording and they operate directly with Bangladesh Bank.
- **Field Compliance Assessment Team (FCAT):** They operate directly in the sector, evaluating unusual transaction issues straight through the root origin.
- **Regional Anti-Money Laundering Compliance Officer (RAMLCO):** This team is the individual division leads in separate areas that track regional issues that arise through bKash services.

1.4 Measures taken by CPMCT to monitor transactions

Compliance Process Monitoring and Control Team (CPMCT) is directed by Mr. Shahrear Ahamed, Assistant Manager and I was fortunate enough to work under his supervision. Since the first aspect of running an MFS is to “Know Your Customer”, this team mainly deals with quality control of bKash KYC forms. The team works with the customer service department and the KYC forms are checked according to the acts and compliances in three levels and only if it gets accepted it reaches the next level.

Firstly, the agents fill out KYC forms and decide whether it is accepted or rejected. The accepted KYC forms are sent to the Distribution House, where another round of quality check is done and the forms are categorized in terms of accepted or rejected. The accepted KYC forms

then travel from the Distribution House to the Customer Service (CS) of bKash for a third round of quality check, the wallet numbers and supporting documents are verified here rigorously.

Finally CPMCT comes into action, as the team does sampling of the KYC registrations accepted by CS on 1% basis. This is mainly done to monitor and control the successfulness of compliance, any common mistakes are observed and noted down and suggestions are given to the training team so that the agents are up-to-date about the proper ways of KYC registration. CPMCT mainly incorporates the policy of Customer Due Diligence (CDD) via KYC forms and CDD mainly implies doing a proper background check of the customers and making sure they are less prone to be associated with money laundering and terrorist financing. The team comes up various strategies to mitigate any risks associated with a prospective suspicious KYC registration. Furthermore, CPMCT team analyzes the quality of KYCs of both personal/ non-personal customers, agents and merchants. Finally, the team is in charge of providing the informations of cutomers using bKash services which includes customers, agents, distribution houses and merchants if required by Bangladesh Financial Intelligence Unit (BFIU) and Payment System Department (PSD).

For further transaction monitoring, CPMCT generates 21 control reports from the system database and if suspicious accounts are detected, outbound calls are made to the Customer Service of bKash and the case is handed over to STR/SAR team.

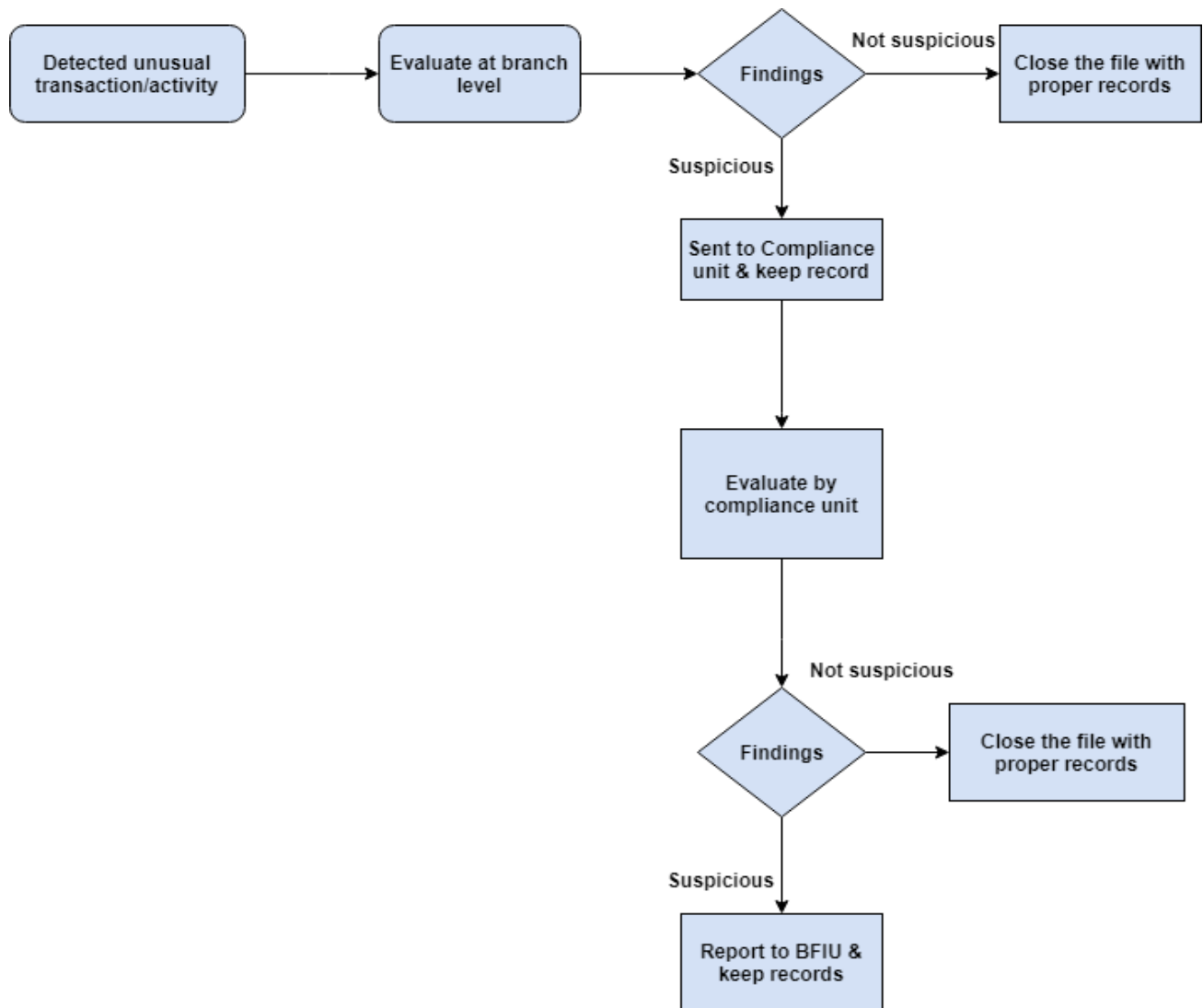


Figure 2: STR/SAR identification and reporting procedures

Chapter 2

Internship Project

2.1 Introduction

Mobile Financial Services (MFS) is indeed a strategy that combines banking with mobile wireless networks to enable customers to perform banking transactions. This means that deposits can be made, withdrawn and funds can be sent or received from a mobile account (Bangladesh Bank, 2012). These services are often allowed by the use of bank agents that enable mobile account holders to operate outside bank branches at autonomous agent places. Mobile Financing Services has developed a notable distinction in financial inclusion in a nation such as Bangladesh where individuals do not have adequate documentation or means to open a bank account. More than 70% of our country's rural population has no access to official economic facilities. The amazing reality is that this proportion of the population are most in need of such facilities, either to get cash from far away regions or to obtain monetary instruments to enhance their economic situation. However, statistics show that over 83% of our population has cell phones that are used to talk as well as various significant duties (Mallick, 2018). Each one among these 83% population is a potential target customer for MFS provider companies (Mallick, 2018). For such cases, a platform like bKash has appeared to be nothing but a blessing as it allows mobile transactions to be made on a wide spread basis. bKash now holds 80% market share of the MFS industry of Bangladesh and the organization would not be what it is today without its many divisions operating in a coherent manner. One such division includes the External and Corporate Affairs Division which complies with the regulations of Bangladesh Bank and Bangladesh Financial Intelligence Unit (BFIU).

2.11 Rationale of the study

A part of being an undergraduate student of BRAC Business School (BBS) entails preparing a report that summarizes the experience of working in an organization for 3 months as an intern. This internship period allows a student to enhance their educational knowledge as well as helps them acquire practical skills. bKash Limited had recruited me as an intern in their Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) department, and this experience has helped me gain advanced knowledge about Compliance in the MFS sector. Consequently, this paper will highlight the compliance measures taken by the AML/CFT department of bKash to reduce the amount of illegal or unlawful bKash transactions on a daily basis, all throughout Bangladesh.

2.12 Objective

The initial goal behind conducting this study is to finish the final step of BBA; to submit an internship report in order to finish 130 credits in BRAC University. Most importantly, the intention was to evaluate the following aspects related to bKash:

- i. To compare the AML/CFT practices of local and global MFS industries.
- ii. To find the impact of AML/CFT's transaction monitoring activities on bKash's business and Bangladesh as a whole.

2.13 Limitations

As bKash arranges banking facilities for individuals to deposit and send, all types of economic services, including payments, wages, social security net allowances, national transfers, etc., through its scheme, there is a high degree of confidentiality when it comes to accessing the information or statistics of its key activity. The company is directly affiliated with entities like

Bangladesh National Portal, Bangladesh Bank etc., it is impossible to incur a broad array of information about the successfulness or effectiveness of the organization in monetary terms. Furthermore, there was a limitation of time as 4 months is not enough to highlight all the experiences I have gained from bKash.

2.14 Methodology

This report has been drawn up using mainly Secondary data, and this is mainly because it was impossible to gather information physically from the main stakeholders of the AML/CFT department of bKash as the information/data is strictly confidential. Information has, therefore, been acquired from BFIU Circulars - Bangladesh Bank, online databases such as Ebsocohost and Emerald, newspaper articles and online blogs.

2.2 Literature review

2.21 General overview of Money Laundering/Terrorist Financing in Bangladesh

The aim of a big amount of criminal acts is to create profit for the person or group involved in the act and money laundering is to process these criminal proceeds in order to disguise their illegal origin (FATF, 2019).

Bangladesh plays a major role in investing mobile money services to provide access to official money services to vulnerable sections of society such as poverty-stricken farmers, females and forcibly displaced people (FDPs) and as of June 2018, there were over 800,000 agents with a volume of 6.5 million daily transactions and a daily value of USD 131 million (Rashed, 2018).

Like many nations, however, Bangladesh also suffers from wrong use of mobile financial services (MFS) for unlawful activities that may lead to extended financial inclusion and for timely rectification, early detection of prospective hazards and vulnerabilities is required (Bangladesh Financial Intelligence Unit, 2018).

Bangladesh Financial Intelligence Unit^[1] (BFIU) created a roundtable comprising authorities, government entities and service companies and designed the research document AML / CFT Mobile Money Regulations: Policy Options for Bangladesh identifying the hazards of Money Laundering (ML)/Terrorist Financing (TF) in Bangladesh, and suggested management suggestions for developing an efficient and feasible MFS regulatory system (Rashed, 2018). So far we have seen several methods of abusing MFS such as receiving money for vehicle theft, abduction/kidnapping; fraud by promising 'genier badsha' fake lottery award, gift, job or hidden treasure; marriage with expatriate bride; extortion by the name of top terrorists and, in most instances, fake KYC accounts or agents' private accounts have been used by criminals (Bangladesh Financial Intelligence Unit, 2018). Bangladesh's present socially-economic and

political situation makes it particularly susceptible to the unlawful property transfer outside the country, with Bangladesh experiencing a variety of threats to money laundering (Latif, 2014).

2.22 AML/CFT practices in MFS industry worldwide

The Financial Action Task Force On Money Laundering (FATF) is the enforcer of worldwide norms for ML/TF, and is in charge of examining the methods and trends of monetary trafficking, reviewing the steps already adopted at domestic or global level and setting out the steps that still need to be taken to tackle money laundering (Bangladesh Financial Intelligence Unit, 2018).

According to (APG) FATF's standards require countries, territories and regions to:

- In accordance with international law, institutionalize money laundering, terrorism and propagation funding;
- Freeze terrorist property and expropriate illegal proceeds;
- Define a financial intelligence unit for obtaining, evaluating, processing and circulating suspicious transaction reports from financial firms and other operating organisations;
- Monitor these financial institutions and other monitoring organizations to guarantee customer due diligence and other compliance requirements; and
- Ensure extensive and efficient processes for successful global cooperation considering the increasing global aspect of these offenses (APG).

In addition, the variables expected to lead the market for transaction monitoring have been the need to handle KYC compliance and alleviate money laundering and CTF operations; and the use of sophisticated tools to deliver effective threat warnings (globenewswire, 2019). However, institutions continue to be worried about the issues in the management of inter-

border and cross-jurisdictional AML compliance. In addition, it is anticipated that the absence of experts in risk analysis will restrict market growth.

Institutions are installing multiple approaches to combat economic crime, such as fraud detection and prevention (FDP), anti-money laundering (AML), transaction tracking and compliance management (globenewswire, 2019). Transaction monitoring solutions require procedures for checking, evaluating and managing economic transactions, such as cash transfers, transactions and withdrawals recorded on the internet or mobile apps, Automated Teller Machines (ATMs) or Point of Sale (PoS) schemes, and in financial institutions (globenewswire, 2019). Instant surveillance of transactions enables an organisation to identify and mitigate suspicious transactions. The following are major players in the worldwide industry for transaction monitoring:

Software AG	SAS	Refinitiv	Oracle
Infrasoft Technologies	ACI Worldwide	Actico	Bae Systems
FICO	Caseware	Experian	Identitymind

Figure 3: Significant entities in the global transaction monitoring market

In addition to the software's incorporated by large organizations to monitor transactions, global MFS providers tend to preach various practices in order to lower the amount of unlawful transactions every day. The organizations and practices by these organizations deployed by them are as follows:

1. PayPal

PayPal is a shut-loop scheme which makes it easier to recognize suspicious activity than competing schemes and its Customer Due Diligence program gathers specific identification information when signing up while remaining comparatively simple to tap (PayPal). Once all the parameters are met, PayPal will subject customers to extra KYC identification verification criteria (PayPal, "Anti-Money Laundering & Know Your Customer: Government Relations") and conduct a worldwide AML / CTF and Sanctions risk evaluation in accordance with the Financial Action Task Force guidelines for identifying, evaluating and recognizing ML / TF hazards PayPal faces (PayPal). This is consistent with a threat-based approach that affects the execution of global policy and program elements. With India's biometrics sector anticipated to reach \$3 billion by 2021, client identity is evolving rapidly.

2. M-PESA

M-PESA transfers are carefully tracked using an automatic transaction monitoring system with suitable exceptional constraints based on established payment patterns (Buku & Meredith, 2013). Any unusual alerts produced by the scheme are reviewed and suitable action is taken to close the account and/or scale the matter up for resolution to management or relevant police and law enforcement and Transaction limits shall be set at KES70,000 per payment with a maximum daily limit of KES140,000 for money transfers, payments and withdrawals, a maximum retaining limit of KES100,000, and an airtime limit of KES10,000 for payments (Buku & Meredith, 2013).

To avoid any attempt to circumvent these boundaries, system constraints are in place. All transactional data are stored digitally on the MPESA platform, suitable reports are made available to customers and compliance officers and suspected transactions are automatically registered in line with Kenya's AML and CTF schemes.

3. Alipay

The company does KYC Management on Secondary Merchants and it involves establishing appropriate systems and controls in compliance with these AML Requirements and applicable laws to efficiently and effectively complete Secondary Merchant Identification (including due diligence). It does rigorous sanction list screening when on boarding the merchants and does Suspicious Transaction Monitoring and retains accurate and complete records of all suspicious transactions analysis and reporting.

Chapter 3:

Analysis and Findings

3.1 Financial Action Task Force on Money Laundering (FATF) guidelines adopted in bKash

According to (FATF, 2019)The Financial Action Task Force (FATF) is an multilateral body set up by its member ministers in 1989. The FATF's mission is to establish norms and encourage the efficient application of lawful, legislative and operating policies to combat money laundering, terrorist financing as well as proliferation funding and other associated threats to the dignity of the global financial system. (FATF, 2019). FATF, therefore, came up with 40 recommendations in order to combat money laundering and terrorist financing, which nations should enforce.

During the preparation of this report, these 40 recommendations were thoroughly analyzed in the perspective of the AML/CFT department of bKash, and it has been established that bKash has already incorporate 9 of the recommendations in its AML/CFT practices. The following FATF recommendations are highlighted below:

Recommendation 1 - Assessing risks and applying a risk-based approach:

One of the most significant stakeholders of bKash is its agents, and they are situated in every corner of Bangladesh. Each location/territory is managed by a particular manager and the places are marked as high/medium/low risk areas as per the level of crime rate in each area. High and medium risk area's transactions are closely monitored and frequent reports are made by the regional managers. The company also has a risk-rating team that does revalidation of bKash personal accounts and make sure that one national ID has registered not more than one bKash account. Furthermore, the team also does risk rating on a high/medium/low basis on merchant,

agent, institute and distributor bKash accounts. This method of risk rating is done on the basis of 5 factors: geographical location, nature of business, estimated amount and estimated number of transactions and the nature of photo ID of the applicant.

Recommendation 3- Money laundering offence

According to (FATF, 2019), Bangladesh is rated to be highly compliant with this recommendation. As per Bangladesh Bank regulations, bKash has its own AML / CFT policy manual which includes all relevant global norms, legislation and policies in force in Bangladesh and provides directions for money laundering prevention and terrorist financing organizations (2019). bKash consists a whole AML/CFT department which is directed by the Central Compliance Committee (CCC) and is headed by a Chief Anti Money Laundering Compliance Officer (CAMLCO) in order to mitigate the chances of abuse of MFS via ML/TF.

Recommendation 5 - Terrorist financing offence

As mentioned above, bKash has its own AML/CFT department operating since 2017 in order to lower the threats of ML/TF in the MFS industry. When it comes to terrorist financing, the department's teams takes various measures like doing CDD (Customer Due Diligence) to properly extract information about the customer and finding out ML/TF risks allocated with them. When a high risk customer/service/organization arises, Enhanced Due Diligence (EDD) is carried out to completely inquire the situation. Also, the various teams of this department carry out investigation reports on the basis of transaction pattern and number, time, location and amount of transfer sent or received. In doing continuous transaction monitoring and reporting, the system can identify illegal transactions being made via bKash. Also, regular field visits are done on bKash agents and merchants to make sure they are complying with the regulations of the AML/CFT Manual.

Recommendation 6 - Targeted financial sanctions related to terrorism

Sanction List Screening of Customers is done in bKash to filter out any applicant blacklisted by the local government or governments worldwide, and individuals that fall under the UN and FATF sanction list. These could include terrorist groups or anyone accountable for some form of unlawful crime.

Recommendation 10 – Customer due diligence

According to the BFIU Master Circular, Customer Identification is necessary in the MFS industry. Therefore, the CPMCT team of AML/CFT reports a few suspicious accounts after rigorous quality control of the KYC forms, NID Verification and quality check of trade license and other necessary documents, and then reports CDD of agent/merchant suspicious accounts to the Field Compliance Assessment Team (FCAT) for field assessment. The idea is to fully get to know the stakeholder of bKash before letting any unlawful activity to arise.

Recommendation 11 – Record-keeping

bKash' AML/CFT department has its own Cloud Payment System (CPS) where all forms of transaction data are stored. When doing quality checking of KYC forms and CDD, all the necessary documents are downloaded from CPS and further analyzed. The department also has an electronic KYC Management System (KMS) that stores the KYC forms of all registered/unregistered bKash accounts.

Recommendation 20 - Reporting of Suspicious Transactions

STR/SAR (Suspicious Transaction Report/Suspicious Activity Report) team of the AML/CFT department of bKash conveys the whole process of reporting various forms of suspicious transactions. After these accounts are reported, detailed investigation is done to judge whether

the account is associated with unlawful activities or not. If the account appears to be associated with any form of criminal activity, then the case is handed over to law enforcement agencies.

Recommendation 26 – Regulation and supervision of financial institutions

Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank directly supervises bKash and closely monitors transactions summarized via control reports. The AML/CFT department has to present monthly reports and BFIU does inspection on the department on a frequent basis. Most activities of the department will surely have to comply with Bangladesh Bank regulations.

Recommendation 29 - Financial intelligence unit

As mentioned above, Bangladesh Financial Intelligence Unit (BFIU) directly investigates money laundering, suspicious transactions and the cash transaction reports of bKash. This is a government agency that is in charge of suspending activities of bKash that breach AML/CFT laws, and these include suspending agents who operate more than one account, or those who take part in delivering unlawful activities such as taking ransom. It is a continuous process for bKash to comply with BFIU directions.

3.2 The impact of AML/CFT's approaches on bKash business and Bangladesh's economy (Key Findings)

As a part of being an intern of the Compliance Process Monitoring and Control Team (CPMCT) of the AML/CFT department of bKash, one of my key responsibilities was to do constant quality checking of bKash Personal and Non Personal accounts. Personal Account quality checking mainly involves looking at the details mentioned in the KYC forms of regular customer accounts and matching them with their respective National ID (NID) information. On the other hand, QC of Non Personal bKash accounts included looking at business accounts such as Merchant, Agent, Distributor and Institute. Non personal accounts have more documents that come in with the regular KYC forms, and these included the trade license of the business, Tax Identification Number (TIN) of the entity and so on. Quality Control was done according to two types, which mainly included verification of NID and QC of KYC forms.

As mentioned before, CMPCT does 1% sampling of the bKash account registrations accepted by the customer service department, the type of sampling is done on various entities. Each sampling type has different criteria when it comes to quality checking and the bKash accounts are accepted and rejected based on those criteria.

On a regular working day, I would do quality checking of at least 300 personal accounts. In doing so, by the end of 4 months my QC count led up to 12800 personal/non-personal bKash accounts and a lot of observations were established about each account, and the accounts were accepted/rejected as per those observations.

A visual representation of the type of accounts as per sampling type that I have worked with is highlighted below.

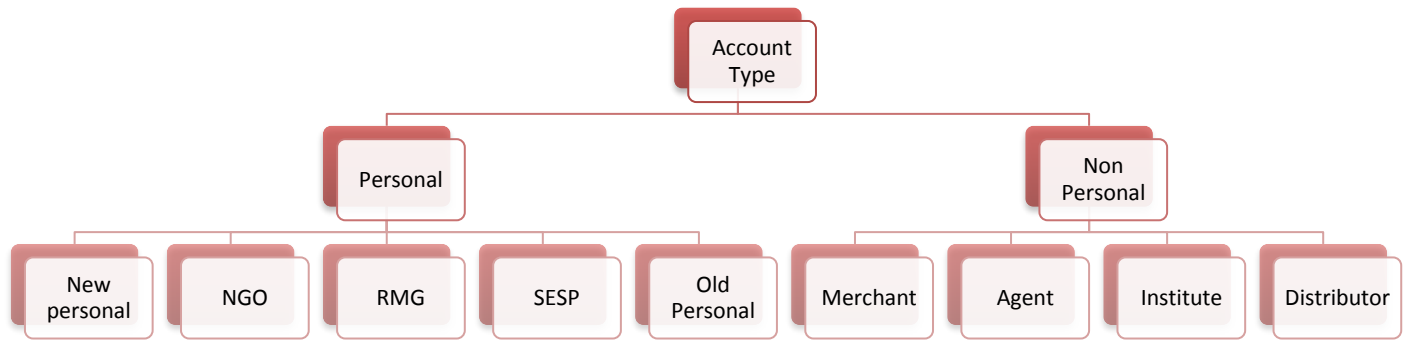


Figure 4: Breakdown of bKash Personal and Non Personal accounts

While reviewing all these forms of accounts, I established the following observations:

1. New Personal and Old Personal account entails the least amount of documents to be submitted during registration, i.e KYC form and a photocopy of NID with the applicant's signature on it. In some cases the NID copy comes with no signature which results in the form being rejected. The agents are therefore trained to make sure the applicants give legitimate information and also ensure the fact that one NID number is used to make one account.
2. The salary disbursement of various Ready-made-garments (RMG) factory employees are done via bKash and a number of accounts are opened in bulk complying to the same instructions.
3. NGOs such as BRAC make transactions through bKash, however, relevant training is required for the agents as most mistakes arise on their part as they forget to use the seal of the particular NGO and also fail to sign the documents.
4. bKash is also used to disburse stipend to secondary school students under the 'Secondary Education Stipend Programme' (SESP) and the agents handling these accounts require training as well as they fail to comply with a lot of requirements.
5. Non personal accounts quality checking needs more time and effort because it deals with the stakeholders of bKash and it is necessary that all the documents submitted by these entities are legitimate.

To sum up, the team I worked for, which is CPMCT and AML/cft as a whole reduces regulatory and reputational risk by maintaining compliance through each of its activities. bKash generates a total of 100 crore transactions every day, and transactions are monitored rigorously as stated by

Master Circular 20 of Bangladesh Bank. CPMCT is the only team that generates a number of control reports every month to monitor the daily transactions of 100 crore. In doing constant transaction monitoring, the nation is impacted in a positive way as more suspicious accounts are reported through Suspicious Transaction Report/ Suspicious Activity Reports to the Bangladesh Bank and necessary law enforcement agencies are notified depending on the depth of the crime.

Chapter 4

Conclusion

MFS providers globally have certainly established a fast paced transaction monitoring system to support their AML/CFT stints. While local MFS providers like bKash is yet to implement a faster or automated transaction monitoring system in order to reduce the amount of unlawful crimes in the economy. The AML/CFT department of bKash, however is an asset to the company as it preaches compliance in every step and helps the business run ethically. There is a positive impact on the nation due to bKash' transaction monitoring system, however the affect could be greater if certain measures are taken.

Chapter 5

Recommendations for implementing an effective risk-based supervision on AML/CFT in bKash

- **Implementation of an automated transaction monitoring system:** The level of suspicious transactions could be reduced if bKash had an automated system that analyzes transactions, identifies suspicious accounts and submits STR/SAR to BFIU as soon as possible. The current approach of bKash requires a lot of manual work which should be replaced with a fast-paced system.
- **Development of ERP system:** Enterprise Resource Planning (ERP) being established into bKash servers will allow for segregation of duties to take place. In implementing this, all the departments of bKash will be interconnected, and most importantly customer service queries can be answered faster or regulators such as BFIU will be in the loop in a

better way. Also, mistakes made by each department can be identified quickly and also rectified without delaying operations.

- **Implementation of E-KYC:** E-KYC (Electronic Know-your-customer) can allow bKash account registrations to be made electronically through the new mobile application and in this case agent intervention will not be required. Customer Due Diligence or identification of customers can be done on a better basis as real time image and information can be captured. This will be a less time consuming approach, and the NID information will correctly match with that of Election Commission. This cannot be duplicated due to its security measures.
- **Increasing customer service hubs:** Since a total of 100 crore transactions are made through bKash every day, it is necessary that customer service hubs are set up on a more widespread basis in order to maintain the quality of those transactions. In doing so, quality control of customer registration will be done effectively and more agents will be trained to cater to the queries of customers, thus practicing compliance in a better way.

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