



ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

UNIT SPECIFICATION

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Unit Title

Anti-Money Laundering and Counter Financing of Terrorism

Credit value

The credit value for this unit is 30

30 credits equivalent to 300 hours of teaching and learning
(10 hours is equivalent to 1 credit)

Guided learning hours (GLH) = 50 hours

GLH includes lectures, tutorials and supervised study. This may vary to suit the needs and requirements of the learner and/or the approved centre of study.

Directed learning = 50 hours: This includes advance reading and preparation, group study, and undertaking research tasks.

Self-managed learning = 200 hours: This includes completing assignments and working through the core and additional reading texts. It also includes personal research reading via other physical and/or electronic resources.

Learning outcome Learner will:	Assessment criteria Learner can:
1.0 Understand the nature of money laundering	1.1 Explain the meaning of money laundering: <ul style="list-style-type: none"> - The exchange of money or assets that were obtained criminally for money or assets that are clean; with the clean money not having an obvious link with any criminal activity 1.2 Examine the main reasons why people seek to hide the movement of funds: <ul style="list-style-type: none"> - For reasons of safety - For reasons of secrecy 1.2.1 Identify the individuals or organizations that are involved in money laundering: <ul style="list-style-type: none"> - Tax evaders - Multinational criminal organizations - Family headed criminal organizations - Terror groups - Corrupt individuals in government 1.3 Analyse the money laundering cycle: <ul style="list-style-type: none"> - Placement (moving the funds from direct association with the crime) - Layering (disguising the trail to foil pursuit) - Integration (making the money available to the criminal once again in a form that appears legitimate) 1.4 Examine the impact of globalization on money laundering: <ul style="list-style-type: none"> - The effect of rapid developments in financial information, technology and communication on the movement of money - The effect of proliferation of global financial services and increased competition - The effect of differences in financial and legal regulations

	<p>across the globe</p> <ul style="list-style-type: none"> - The effect of collaborative government efforts towards money laundering <p>1.5 Examine the role of technology in facilitating money laundering:</p> <ul style="list-style-type: none"> - The effect of online gambling - The effect of virtual banking - The effect of encryption technologies - The effect of technology on the aspects of prosecution <p>1.6 Analyse the roles played by banks in promoting money laundering:</p> <ul style="list-style-type: none"> - The effect of international banking/proliferation of financial services across borders - Past behaviour of many financial institutions (many banks were not too concerned with the source of funds of their customers) - The impact of offshore banking - The effect of high levels of banking secrecy <p>1.7 Analyse the role of nations in promoting or combating money laundering:</p> <p>1.7.1 Examine how the demand for strong foreign currencies across the globe by less developed countries facilitate money laundering</p> <p>1.7.2 Examine how developing countries contribute to the growth of money laundering:</p> <ul style="list-style-type: none"> - By serving as offshore havens - By offering lower or no taxes - By laying more emphasis on the collection of funds than on the development of monitoring systems <p>1.7.3 Describe the role of governments in promoting money laundering:</p> <ul style="list-style-type: none"> - Bribery and corruption - Conflicting interests with international standards or other
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<p>2.0 Understand the roles of regional and multinational Anti-Money Laundering (AML) organizations in combating money laundering and terror financing</p>	<p>governments</p> <ul style="list-style-type: none"> - Existence of different regulatory systems among countries <p>1.8 Examine the connection between fraud and money laundering</p> <p>2.1 Identify key organizations involved in AML:</p> <ul style="list-style-type: none"> - Financial Action Task Force (FATF) - Organization for Security and Cooperation in Europe (OSCE) - Organization for Economic Cooperation and Development (OECD) - United Nations Office on Drugs and Crime (UNODC) <p>2.1.1 Discuss the contribution of the FATF (established by the G-7 summit in 1989) in developing and aiding the implementation of AML policies and practices:</p> <ul style="list-style-type: none"> - Setting standard legal definitions and urging countries to adopt more uniform legal regulations - Providing guidelines for a consistent global model - Creating coordinated processes and definitions with the objective of enhancing the effectiveness of global AML efforts - Issuing annual reports on compliance, effectiveness and recommend amendments <p>2.1.2 Evaluate the contribution of OSCE in the control of money laundering and terror financing:</p> <ul style="list-style-type: none"> - Development of a variety of operations to help combat money laundering and the financing of terrorism with the help of other multinational groups such as UNODC, World Bank, International Monetary Fund and International Bank for Rural Development - Promoting local cooperation as a dynamic response to the
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<p>3.0 Understand how to effectively prevent fraud</p>	<p>entrepreneurial and rapidly evolving techniques used by money launderers</p> <ul style="list-style-type: none"> - Designing best practice solutions for not-for-profit organizations to help them be part of the solution and reduce their risk of aiding money launderers <p>2.1.3 Explore the contribution of OECD and the UNODC in combating money laundering</p> <p>2.1.4 Examine the money laundering laws and regulations in his/her home country.</p> <p>2.1.4.1 Discuss the role of the government in his/her home country in combating money laundering and terror financing</p> <p>3.1 Examine issues that must be considered prior to the formulation of a fraud prevention policy:</p> <ul style="list-style-type: none"> - Analyse reasons for employee dishonesty - Design model security strategies and fine tune them - The anti-fraud policy must detect, deter and ensure compliance within the bounds of the company's culture and political processes - In organizations with no historical program in place, the risk and security analysis process including delineation of the reason for change must be presented in a manner that will encourage management support <p>3.2 Evaluate the following fraud prevention strategies:</p> <p>3.2.1 Management of fraud control:</p> <ul style="list-style-type: none"> - Implementation of effective fraud control policies - Monitoring of fraud control policies - Monitoring of personnel
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<p>4.0 Understand the Anti-Money Laundering (AML) control and monitoring strategies that can be used by an organization</p>	<ul style="list-style-type: none"> - Pre-employment integrity screening - On-going monitoring of integrity <p>3.2.2 Transaction monitoring:</p> <ul style="list-style-type: none"> - Installation of software to analyse transaction patterns - Establishing effective payment authorization systems - By using centralized reporting <p>3.2.3 Personal identification:</p> <ul style="list-style-type: none"> - By using biometric identification - By employing the extensive use of databases to validate identities - By employing the use of the 100 point system <p>3.2.4 Counterfeiting prevention:</p> <ul style="list-style-type: none"> - By employing the use of security features for cards, cheques and bank notes (e.g. prismatic printing, void pantographs, warning bands, holograms, microprinting, artificial watermarks and for standard cheques) <p>3.2.5 Computer systems monitoring</p> <p>3.2.6 Legal deterrence</p> <ul style="list-style-type: none"> - Prosecution and punishment by law enforcers <p>4.1 Discuss the need for AML control and monitoring:</p> <ul style="list-style-type: none"> - Money laundering is criminalized in the United Nations Convention Against Illicit Trade in Narcotic Drugs and Psychotropic Substances and the Convention against Transnational Organized Crime - Money laundering promotes criminal activities and unethical behaviour such as bribery and corruption - Money laundering promotes terror financing and illegal arms
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	<p>trade</p> <p>4.2 Discuss why AML must be proactive rather than reactive</p> <p>4.3 Analyse the AML control and monitoring strategies that can be used by an organization:</p> <ul style="list-style-type: none"> - Assessing the risk of the business being used by criminals to launder money - Checking the identity of customers - Checking the identity of 'beneficial owners' of Corporate bodies and partnerships - Monitoring customers' business activities and reporting anything suspicious to the Serious Organised Crime Agency - Making sure that there are the necessary management control systems in place - Keeping all documents that relate to financial transactions, the identity of customers, risk assessment and management procedures and processes - Making sure that employees are aware of the regulations and have had the necessary training <p>4.4 Explore the nature of the following regulatory frameworks used in the U.S.:</p> <ul style="list-style-type: none"> - Currency Transaction Report (CTR) - Currency and Monetary Instrument Report (CMIR) - Foreign Bank Account Report (FBAR) - Bank Secrecy Act 1970 <p>4.5 Discuss the features of offshore banks that make them high risk areas with respect to money laundering:</p> <ul style="list-style-type: none"> - No mandatory reporting of suspicious transactions - Easy creation of offshore banks in corrupt states - Use of U.S. dollars in offshore accounts
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<p>5.0 Understand the nature of terror financing and counter measures that can be used</p>	<ul style="list-style-type: none"> - Anonymous and nominee accounts allowed - No supervision or reporting of currency movements - Free trade area <p>4.6 Analyse FATF guidelines on AML:</p> <ul style="list-style-type: none"> - Customer due diligence (CDD) - Record keeping of CDD data and transactions - On-going due diligence and business relationship monitoring - Report of suspicious transactions - Where an agents is used on behalf of a financial institution, the activities of the agent remains the sole responsibility of the principal financial institution <p>4.7 Identify patterns of activities that may indicate collection and movement of funds that could be associated with money laundering and terror financing such as:</p> <ul style="list-style-type: none"> - Account transactions that are inconsistent with past deposits or withdrawals - Unexplainable clearing or negotiations of third party cheques and their deposits in foreign banks - Wire transfers by charitable organizations to companies located in countries considered to be tax havens - Using multiple accounts to collect funds that are then transferred to the same foreign beneficiary - Transactions with no logic economic purpose <p>5.1 Define terror financing</p> <p>5.2 Examine the USA PATRIOT ACT enacted in the aftermath of September 11, 2001 in an attempt to combat terror financing</p> <p>5.3 Examine the connection between money laundering and terror</p>
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	<p>financing:</p> <ul style="list-style-type: none"> - Concealing of identify, source or destination of illegally gained money by terrorists - Ability to launder money makes terrorist groups able to fund their operations with clean money and go undetected by authorities <p>5.4 Analyse the following stages involved in terror financing:</p> <ul style="list-style-type: none"> - Placement (such as the use of charities and people employed by criminals to pay unsuspecting petty amounts of money into numerous bank accounts) - Layering (the use of highly skilled professionals to evade the law and identify jurisdictions with weak controls and secrecy laws) - Integration (return of illicit income in the form that appears legitimate and that can withstand ordinary scrutiny) <p>5.5 Discuss the following counter terror financing strategies:</p> <ul style="list-style-type: none"> - The efforts of individual countries to limit money laundering if implemented properly should be effective at discovery, identification and resolution of money laundering - Legislations must be enacted to prevent money laundering through national financial systems - Combating the global illegal narcotics trade will have a resulting impact on money laundering and terror financing - The laws, regulations and guidelines for international assistance should be integrated into national criminal procedures <p>5.6 Examine the requirements for membership into the Financial Action Task Force (FATF):</p> <ul style="list-style-type: none"> - Commitment to prevent money laundering in the political year
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<p>6.0 Understand the nature of risk identification and assessment by financial institutions</p>	<ul style="list-style-type: none"> - Adoption of proposals within 3 years - Annual self-assessment activities - Diligence in participation and efforts - Money laundering and drug trafficking should be unlawful <p>6.1 Evaluate the effect of language, culture and ethnicity on the successful identification of risks by financial institutions</p> <p>6.2 Discuss how the legal climate of a country can affect the way in which risk is assessed and managed (e.g. how Data Protection regulations affect amount of information that can be obtained on a customer)</p> <p>6.3 Examine the following high risk categories of transactions/persons associated with money laundering:</p> <ul style="list-style-type: none"> - Where there is no face-to-face communication with the customer - Connection to an overseas bank - People of position or political influence (Politically Exposed Persons or PEPs) <p>6.4 Identify other people/entities that may be involved in money laundering:</p> <ul style="list-style-type: none"> - Real estate agents - External accountants, auditors and consultants - High value auction houses - Dealers in high value goods such as precious stones or metals or work of art
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Recommended learning resources

Indicative reading	Booth et al 2011: Money Laundering Law and Regulations; A Practical Guide. OUP Oxford ISBN: 9780199543038 <ul style="list-style-type: none">• For a full list of textbooks and publications relevant to this unit, please contact IPED - UK.
Learning Aid	A learning resource material is provided to guide the learner/tutor and to serve as a quick reference point for contents of the programme. The student is advised not to be over reliant on the study guide but to access the relevant textbooks or other academic materials as much as possible to help him/her with the course.