

SUPPORTED BY



UAB-MENAFCCG AML/CFTSURVEY 2019

111 QUESTIONS ANSWERED BY
128 BANKING EXECUTIVES ORIGINATING FROM
18 ARAB COUNTRIES



This survey is a joint collaboration between
the Union of Arab Banks and the MENA Financial Crime Compliance Group

MAKING A COLLECTIVE IMPACT

MENA FCCG - Our Track Record

PARTICIPATIONS

- US MENA Public Sector Dialogue- USA
- WEF/Europol/Refinitiv Coalition on Fighting Financial Crime
- U.S. Department of Justice Conference “Investigating and Prosecuting Counter Terrorist Financing” in Morocco
- DFSA Annual Outreach Forum
- MENA Regulatory Summit - Bahrain

OUTREACH

- Managing Director & Chairwoman of the IMF
- President MENA FATF
- Key Positions Federal Reserve Board- Washington DC, USA
- Key Positions Federal Reserve Board- New York, USA
- The Wolfsberg Group
- President & Managing Director ACAMS

PUBLICATIONS

- A complaint is a gift: Building Customers Loyalty
- Financial Crime Risk Management Using Key Risk Indicators
- Fostering a Culture of Ethics & Compliance
- How to Optimize Compliance Risk Management Using Six Sigma
- Anti-Corruption & Bribery: Conducting Effective Risk Assessments
- MENA’s Whistle-blowing Dilemma: How to best embrace the most efficient method for uncovering financial crime

WEBINARS

- Navigating the Changing Sanctions Regimes -Iran & Sudan
- OECD Common Reporting Standard
- Threat Finances Typologies & Sanctions

TRAININGS

- MENA FCCG Regional Compliance Forum
- General Security of Lebanon
- Wolfsberg CBDDQ

“Every day our banks help global communities stay safe, whether by stopping organized crime from funding their illicit activity or by stopping terrorist cells from financing their attacks; with MENA FCCG there is a clear focus on common issues and objectives with the Wolfsberg Group.”

(Mr. John Cusack, former Co-Chair of the Wolfsberg Group.)

Our Members



Our Partners



“MENA FCCG is taking the mantle for the region and is a model that should be replicated in other Jurisdictions.” Mr. Che Sidanius, Global Head of Financial Crime Regulatory & Industry Affairs, Refinitiv.

EXECUTIVE SUMMARY

Introduction

Dear Reader,

Over the past few years, financial institutions have been facing increasing levels of regulatory scrutiny on their anti-money laundering (AML) and combating terrorism financing (CTF) frameworks. Consequently, all countries – including MENA countries – have taken the necessary steps and implemented procedures to strengthen their compliance programs in alignment with international best practice. However, global policy agendas and advanced technological solutions, among other factors continue to raise the bar for what constitutes effective AML/CTF programs.

In light of this, UAB decided to conduct this survey in cooperation with MENA FCCG on the AML and CTF practices in the MENA banks. The survey was built and structured based on a comprehensive review of AML/CTF global standards and the questions were selected carefully to reflect the main concerns of international organizations, policy makers, and market players. Below is an overview of our results:

Wissam H. Fattouh
Secretary General, Union of Arab Banks
Chair MENA FCCG

Michael Matossian
Founder and Deputy Chair
MENA FCCG

EXECUTIVE SUMMARY

AML and Sanctions emerge as primary concerns, while the region remains a risk focal point.

Tone From the Top:

Fears of regulatory AML/CFT sanctions remain a primary concern for MENA. Over 60% of respondents stated that they are “very concerned” with Money Laundering and Terror Financing matters to outrank all other financial crime concerns such as bribery, corruption and cybercrime. These apprehensions seem to drive decisions for program and staff appointments which are at the heart of resource allocation.

Tax pressures on the rise:

Tackling tax evasion continues to be an area of increased concern. Regulators worldwide are mandating robust tax evasion related controls to protect their jurisdictions from being signaled out as a facilitator of tax evasion.

By way of example, in 2017, the EU launched its list of non-cooperative jurisdictions for tax purposes. The list, which currently includes the UAE and Oman, seeks to drive commitments within identified jurisdictions towards maximizing efforts against tax fraud, evasion and avoidance.

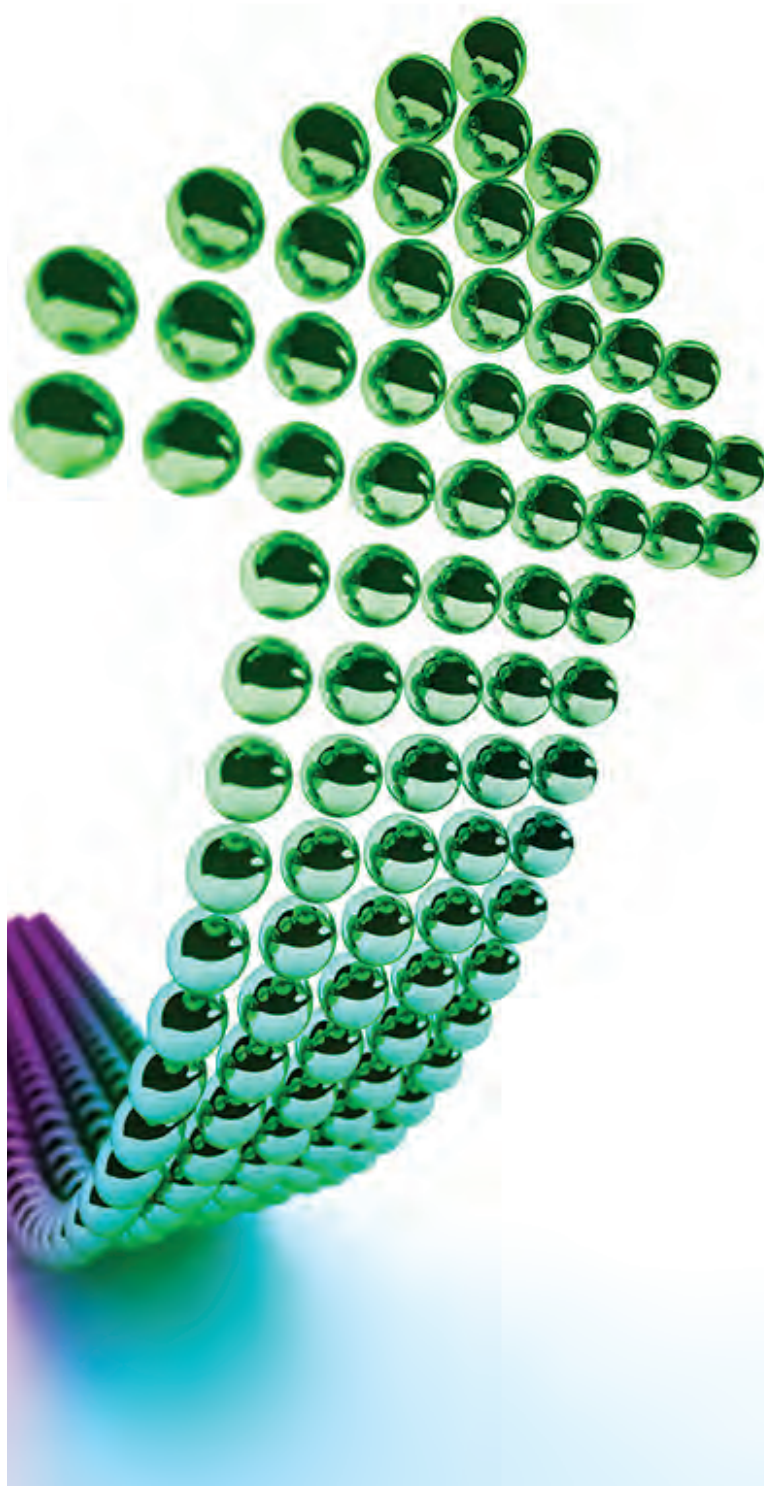
Revisiting resource qualifications:

Despite the elevated reporting lines of the Chief Compliance Officers (CCO), approximately 20%, admitted to bare no control over their entities’ recruitment process. Strengthening the desired skillsets, regulators, for example in Bahrain, Lebanon, Palestine and the UAE, have started demanding for key compliance positions to earn a mandatory certification; avoiding any recruitment weaknesses. A trend that will likely catch on in the region.

33% of the compliance functions hold a compliance related certification.

Balancing Artificial & Human Intelligence

The optimal balance between machine and human intelligence is at the heart of the compliance debate. Underpinning the conflicting point of views, Arab banks tend to distribute their attention evenly. Inclinations are at first drawn from a quasi-50/50 balance between IT and HR budgets. Status quo is once more attained amongst the duo



EXECUTIVE SUMMARY

in the respondents' foreseen 12 month investments and then re-confirmed as part of the coming months concerns, whereby technological advancement and the development of internal skills are at a tie; each receiving 35% "Very Concerned" responses.

According to Thomson Reuters: an average of 220 international regulatory changes and announcements were captured daily in 2019. <http://financial-risk-solutions.thomsonreuters.info/Cost-of-Compliance-2019>

Tackling Trade Finance

To mitigate the growing risk of Trade Based Money Laundering (TBML), banks are expected to monitor on a regular basis the rates of endless lists of merchandise, to detect and track contraband and to coordinate between multiple subject matter experts as to assess the validity of complex documentation. Indicatively, the measures covering MENA Trade Finance have shown promising efforts. Almost 70% of surveyed banks follow procedures to assess money laundering or terrorist financing risks and close to three quarters make adequate use of their customer due diligence information.

Be that as it may, since Trade Finance is recognized as one of the most exploited methods to disguise the origins of illicit funds, there is some room for improvement in the area of paperwork validation, where only 35% of respondents refer to third party providers to authenticate Trade Finance documentations.

Heightened Controls

MENA respondents appear to have alleviated the burden of over regulation by heightening electronic and manual controls. In brief, 74% of banks have transaction monitoring solutions implemented across all products and businesses lines, 62% monitor transactions within multiple jurisdictions and 55% utilize auxiliary tools on top of their transaction monitoring solutions. Nourishing all these system efforts, 77% update transaction monitoring scenarios based on identified and evolving risks.

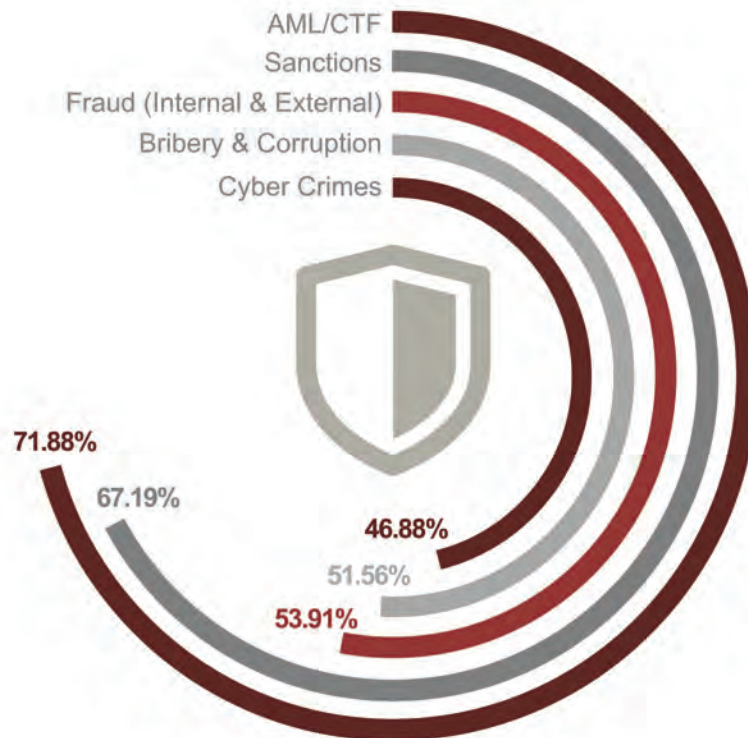
From an enhanced due diligence standpoint, background checks, screening, scrutiny on sources of wealth and the sign-off of senior managers on high Risk accounts are adequately applied in day to day operations.

Key Survey Information:

Sponsors:	Union of Arab Banks MENA FCCG
Respondents:	128 out of 488 Arab Banks
Scope:	18 out of 19 Arab Countries
# Questions:	111
Data Period:	05/2018-05/2019
Editor, head of Survey Drafting & Analysis:	Antoine Hobeiche-Managing Partner, React Adapt Lead Strategic Advisor MENA FCCG
Head of Data Collection:	Ali Awdeh- Head of Economic Research, Union of Arab Banks

SURVEY INFOGRAPHIC

Financial Crime Programs in Place



Dedicated combating financial crime teams

63% AML Investigative Team

34% Financial Intelligence Team

56% Sanctions and Embargo Team

88%
deliver AML/CTF training
to all bank staff, either
face to face or e-learning

Number of Certified Compliance Staff

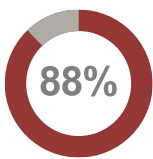
33% of the compliance functions hold a compliance related certification

421
Certified anti-money laundering specialists
(59 banks)

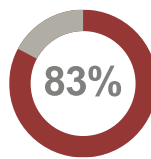
53
Certified financial crime specialists
(18 banks)

457
Other AML/CTF certifications
(57 banks)

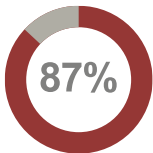
Due Diligence Measures



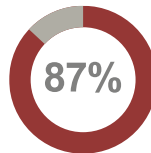
Conduct enhanced due diligence to identify non-disclosed beneficial owners



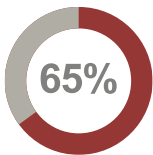
Screen for domestic PEPs



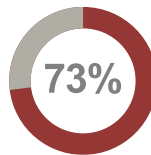
Collect information on expected origination and destination of funds as part of customer due diligence



Require source of wealth and/or income verification documentation for all high risk customers

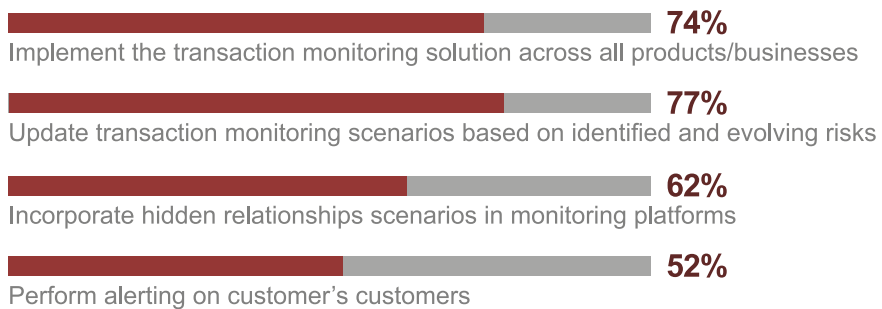


Conduct media search on all customers vs. high risk only



Consider risk of tax evasion when performing customer risk assessments

Transaction Monitoring



Sanctions



72% Supplement official blacklists with additional information/ internal intelligence



56% "Daily" screen media for adverse information on individuals/entities

Trade Finance



Areas of concern in the coming months

■ Concerned ■ Neutral ■ Not concerned



Effort believed to enhance AML/CTF performance

■ Agree ■ Neutral ■ Disagree



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INSIGHT FROM BANKING EXECUTIVES

About The Survey

At the epicenter of raging geopolitical opposition, it has become critical for the MENA region to cut off the resources of terrorists and to disrupt those engaged in financial crime from profiting from their illicit activity; two fundamental tenets for safeguarding the health of its thriving financial sectors.

Consistent with this mutual mission of the UAB and the MENA FCCG, the primary goals of this survey are:

- To define solutions for the common obstacles that Arab banks face in their quest to combat financial crime,
- To earmark areas of improvement or instigate corrective measures vis a vis a set of industry benchmarks,
- To highlight the scope and coverage of best practices across each MENA country in order to strengthen confidence in the overall Arab financial system.

This survey represents the first comprehensive study to be issued jointly by the UAB and the MENA FCCG. It was addressed solely to compliance executives working in MENA banks; to be filled electronically and anonymously.

111 Questions Covering a Broad Range of Compliance Topics & Concerns

The 111 questions were drafted by compliance experts from the MENA FCCG Group, while its structure covered AML/CTF global standards, taking into consideration the various concerns of international and local agencies, policy makers, regulators and correspondent banks. The questionnaire was divided into 3 sections covering the following topics:

Part I	Profiling <ul style="list-style-type: none"> • Profile, Size & Network • AML/CFT Profile
Part II	Practices <ul style="list-style-type: none"> • Governance and infrastructure • KYC and customer due diligence • AML/CTF transaction monitoring • Sanctions and interdictions • Trade finance
Part III	Performance <ul style="list-style-type: none"> • Top management's concerns • Areas of concern in the coming months • Likelihood AML/CTF situations • Concentration of audit visits • Performance perceptions

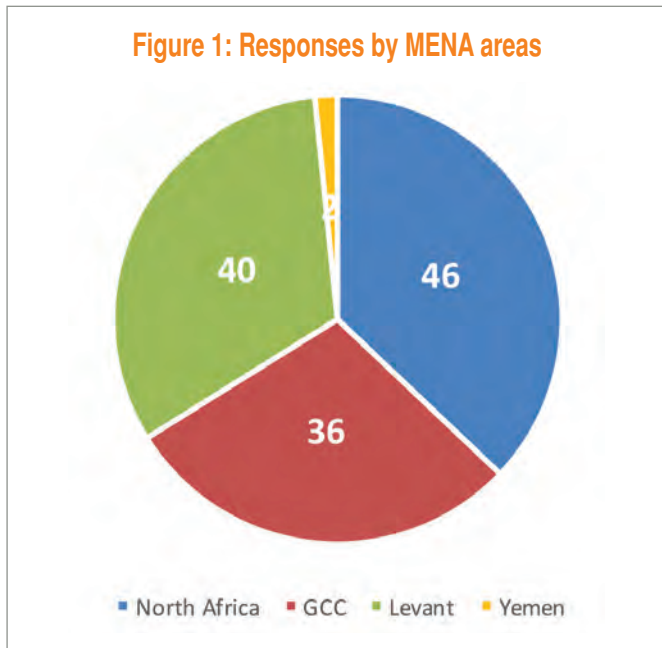


OVERWHELMING RESPONSE

MENA Coverage

The survey received an overwhelming response with over 128 participating banks from a total of 488 Arab banks. With a 26% sector response, this survey is one of the largest banking analysis of the region.

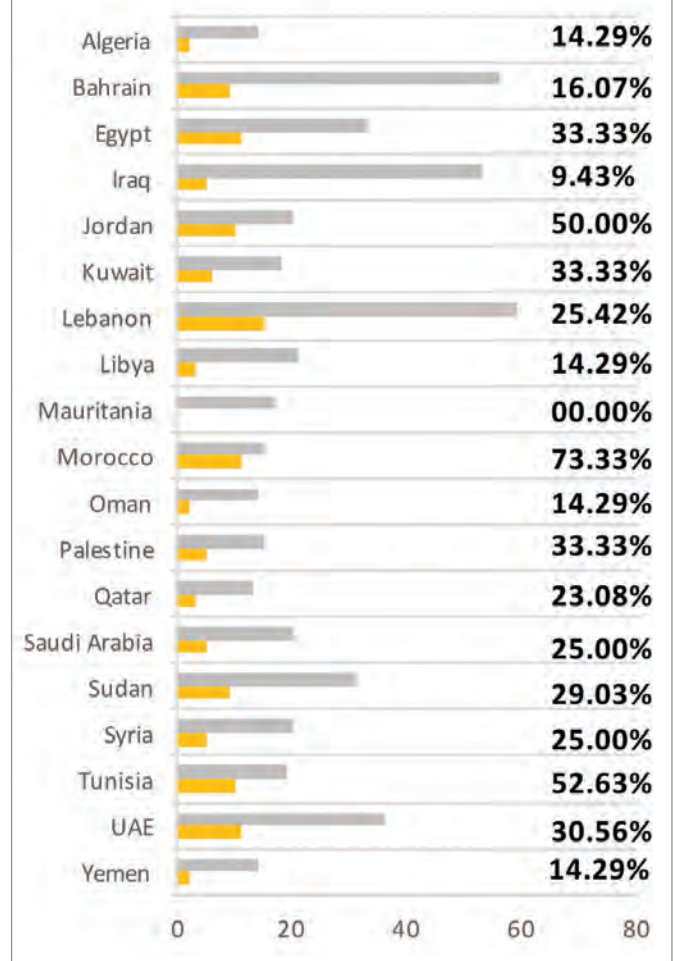
As for the geographical breadth of respondents, (Figure 1) the survey suitably represents the different areas within MENA, to include 46 banks from North Africa, 36 from the GCC, and 40 from the Levant, 2 banks from Yemen. Only 4 banks did not disclose their home country.



In comparison to other MENA surveys, responses likely originate from the GCC, where more often than not progressive banks, such as institutions from the UAE, have the largest portion of participation; tipping the scale of findings.

Banks from 18 out of the 19 Arab Countries have responded to the survey.

Figure 2: # of Respondents/# Actual Local Arab Banks



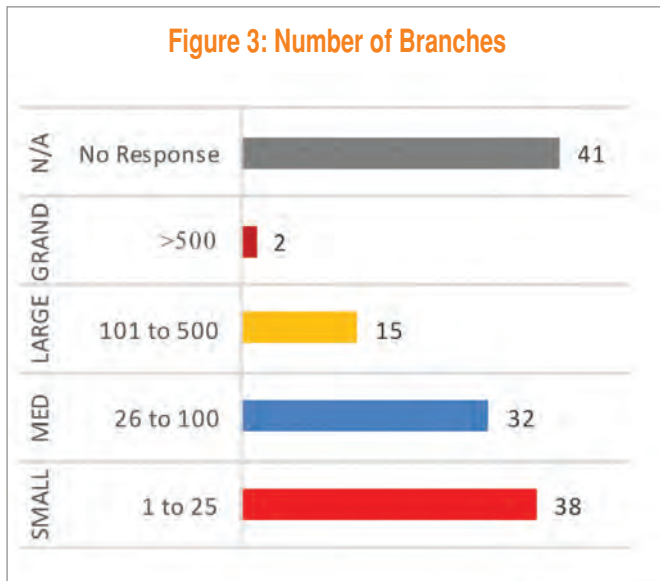
Drilling down to individual country responses (Figure 2), even though Lebanon held the leading number of respondents at 15 banks, it was Morocco who achieved the largest sector response at 73%, with 11 responding banks out of 15. On the whole, there are 12 countries that recorded more than a 20% sector participation rate. Countries such as Algeria, Oman, Iraq, Mauritania and Yemen limited their engagement.

REPRESENTATIVE SAMPLING

Respondent Profile

MENA embraces 19 Arab countries that have contrasting cultures, economic sectors, social demographics, regulatory frameworks and notably, divergent political views. Enriched with such diversity, MENA banks operate under distinctive conditions, budgets and ideologies. To ensure a broad regional representation, it becomes imperative to profile the assortment of responding organizations.

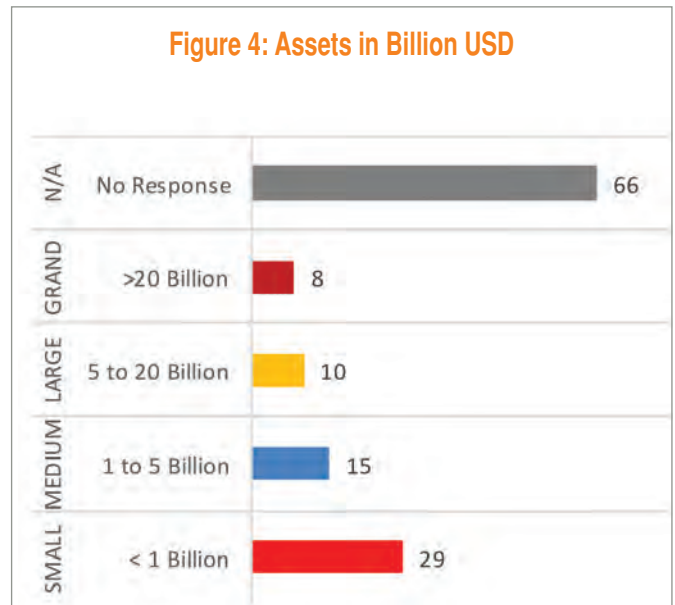
Figure 3: Number of Branches



The first selected diversity measure is the span of a bank's network (Figure 3). It is not only an indicator of size proportions but can as well outline the resources required to monitor operations. Under this perspective, 30% of responding banks have networks less than 25 branches, 25% possess 26 to 100 branches, 12% from 101 to 500 branches and 2% have more than 500 branches (Q3).

33% of respondents have banking operations outside of MENA.

Figure 4: Assets in Billion USD



The second diversity indicator is the dollarized worth of Assets (Figure 4). To this extent, 23% of respondents have assets valued at less than or equal to \$1 Billion, 12% from 1 to 5 Billion, 10% from 5 to 20 Billion and 8% have more than \$20 Billion, noting that almost half have not responded to this question (Q6).

The third profiling mix is the range of financial services. In essence, respondents duly covered the full spectrum of banking services (Q5), where 65% offer traditional corporate and retail services, 61% offer investment banking, 39% offer Islamic banking, 28% offer private banking and a mere minority, 11%, offer specialized banking services. In hindsight, the survey gathers healthy disparities in staff, networks and wealth, suggesting that participating banks represent a realistic sample of the MENA banking sectors.



Data Availability

93%

PERFORMANCE



BALANCE SHEET

ASSETS	1,478,400.00
Current Assets	2,236,700.00
Non-Current Assets	7,817,976.00
LIABILITY	3,478,787.00
Current Liability	2,558,568.00
Non-Current Liability	2,899.00
EQUITY	2,571,212.00
Current EQUITY	3,354,312.00
Non-Current EQUITY	5,332.00

CASHFLOW STATEMENT

OPERATIONS	6,554,224.00
NOT SALES	3,420,563.00
Investment	6,764,984.00
EXPENSES	9,550,452.00
Development	8,337,886.00
Operating expenses	2,899,500.00
Marketing	500,799.00
NET INCOME	59,877,892.00

SURVEY ANALYSIS

SALES p

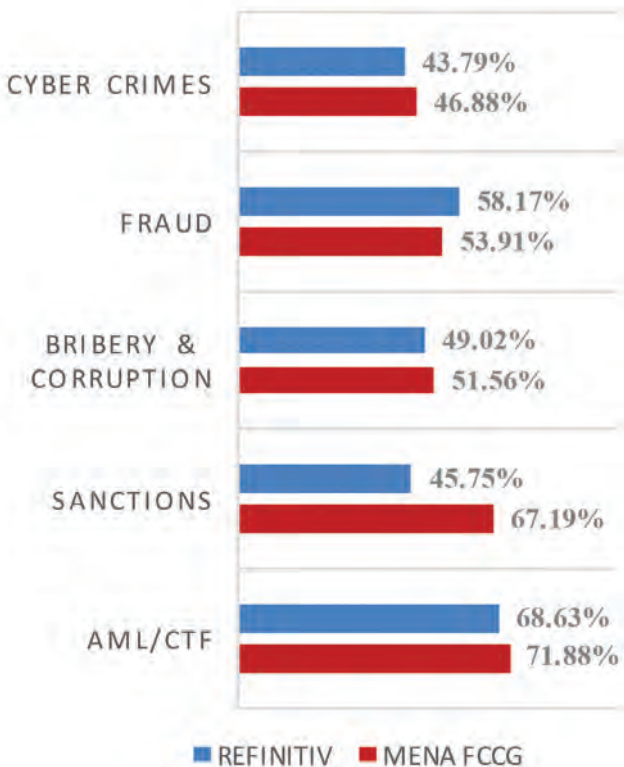
TONE FROM THE TOP

Stress Management

Breaking down compliance responsibilities into functional groups, 63% of the responding banks have devoted an AML team (Q9), 56% have dedicated a sanctions & embargo team (Q13) and only 34% have designated a Financial Intelligence unit (Q11).

These figures coincide with the responses from the “financial programs in place” (Q7), whereby 72% of respondents established programs for AML/CTF matters and 67% are destined towards sanctions.

Figure 5: Comparison MENA FCCG vs Refinitiv Survey: Financial Programs in Place



Uncertainty to US sanctions is the highest ranking short-term concern (Q82)

In comparison to the recently issued survey by Refinitiv, Financial Crime in MENA 2019, similarities can be noted across the distribution of compliance programs (Figure 5). Seemingly, MENA banks tend to concentrate more on AML, sanctions and fraud, whilst bribery, corruption and cybercrime tread behind the 50% program implementation ratio.

AML and Sanctions emerge as primary concerns, while the region remains a risk focal point

- Increased MENA regulatory focus on banks to conduct comprehensive enterprise AML/CTF risk assessments in preparation for MENA FATF evaluations.
- 2018, US Department of Financial Services issued a \$40 million penalty on a UAE based bank for violations of U.S. Bank Secrecy Act and Anti-Money Laundering laws by New York branch’s U.S. dollar clearing operation.
- 2019, US citizens filed a lawsuit in New York, accusing 11 Lebanese banks of aiding Hezbollah and knowingly providing financial services to the group despite its terrorist designation by the US government.

Source: Union of Arab Banks

Driven by apprehensions from recent regulatory and legal actions, it is no surprise that 65% & 63% of respondents stated that they are “very concerned” with Money Laundering and Terror Financing issues; outranking all other financial crime activities (Q72-79).

TAX PRESSURES ON THE RISE

Challenge Accepted

The past decade witnessed the tightening of global measures to reduce tax evasion and the use of tax havens with the enactment of the Foreign Account Tax Compliance Act (FATCA) and its global replica; the Organization of Economic Cooperation and Development Common Reporting Standard (CRS). To date, 11 Arab countries have committed to CRS including Kuwait, Oman, Egypt, Morocco, and Tunisia.

MENA regulators have also increased their focus on tax evasion to ensure alignment with the revised FATF recommendations. Not only is tax evasion now a predicate offence to money laundering, MENA regulators have also instructed banks to monitor the use of personal accounts for business purposes.

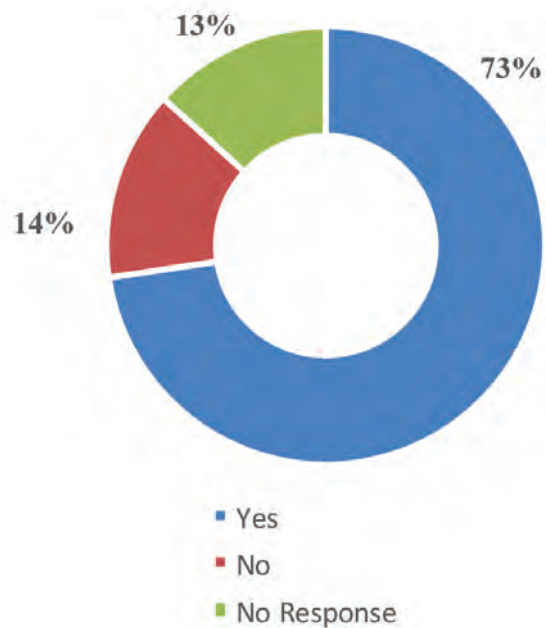
The continuous focus on tackling tax evasion mandates an effective integration of combating tax evasion within AML programs. Among other things, banks need to ensure their AML programs are able to mitigate any identified tax evasion related risks as well as monitor staff behavior to identify rogue employees attempting to facilitate tax evasion.

73% Consider tax evasion when assessing customer risk (Q41)

Embedded within a long line of due diligence practices, the majority of Arab banks have instilled rigid measures that assist in, among others, deciphering tax avoidance schemes. For instance, out of the 112/128 filled responses, 100% collect information on expected origination and destination of funds as part of their customer due diligence (Q37), 99% require source of wealth and/or income verification documentation for all high risk customers (Q38), and finally, 84% (73% when factoring non-responses) consider risk of tax evasion when performing customer risk assessments (Figure 6, Q41).

Tax evasion is yet to take stage inside the anxieties of Arab bankers, with only 35% stating that they are “Very Concerned” and 27% are deemed “Concerned” (Q76).

Figure 6: Consider risk of tax evasion when performing customer risk assessments



REVISITING RESOURCE QUALIFICATIONS

Building Blocks

Compliance and the compliance function in banks, Basel Committee on Banking Supervision, Principle 6: Resources. “The bank’s compliance function should have the resources to carry out its responsibilities effectively. In particular, compliance function staff should have the necessary qualifications, experience and professional and personal qualities to enable them to carry out their specific duties. The professional skills of compliance function staff should be maintained through regular and systematic education and training.”

From the 128 respondents, 87 banks registered a combined workforce of approximately 226,813 personnel (Q2), out of which 2,822 employees were segregated under compliance related functions (Q8).

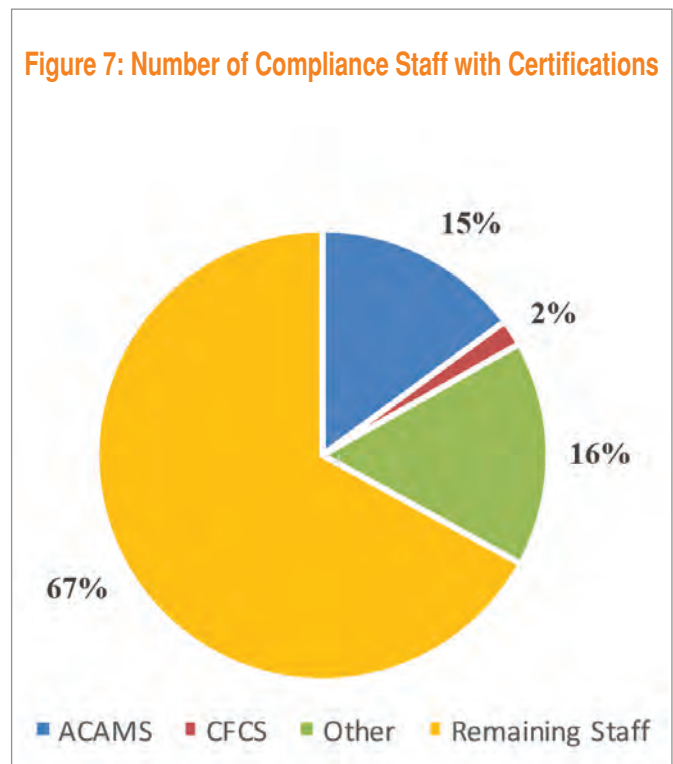
Leading the compliance savvy, Chief Compliance Officers (CCO) are placed at a hierarchal front with 92% reporting directly to the CEO or the Board (Q23).

Despite the elevated reporting lines, there are reasonable doubts over their authorities to select subsidiary staff: 19% of respondents stated that they bare no control over their entities’ recruitment process (Q27).

33% of the compliance functions hold a compliance related certification.

Strengthening the desired skillsets, most advanced financial sectors have set unofficial qualification standards, while in contrast, regulators in Bahrain, Belgium, France, Lebanon, Malaysia, Palestine, UAE and the UK have started demanding for key compliance positions to earn a mandatory certification; avoiding any recruitment weaknesses.

Figure 7: Number of Compliance Staff with Certifications



From this perspective, MENA seems to have adopted a favorable approach to certifications (Q15 to 17): 74 Arab banks have stated that they employ a total of 421 ACAMS certified professionals, 65 banks enjoy 53 CFCS certified experts and 74 banks have listed 457 staff with other types of compliance certifications. In other words, approximately 33% of the compliance related functions earned a compliance certification (Figure 7), a trend that will likely catch on in the region.

BALANCING ARTIFICIAL & HUMAN INTELLIGENCE

Sweet Spot

The risks of over reliance on technology have been at the heart of the compliance debate, with false positives, false negatives accentuating trust apprehensions; enticing banks to find an optimal balance between machine and human interpretation.

Inherently, budgets are often a pragmatic indicator of how banks established the ideal artificial vs human intelligence equilibrium.

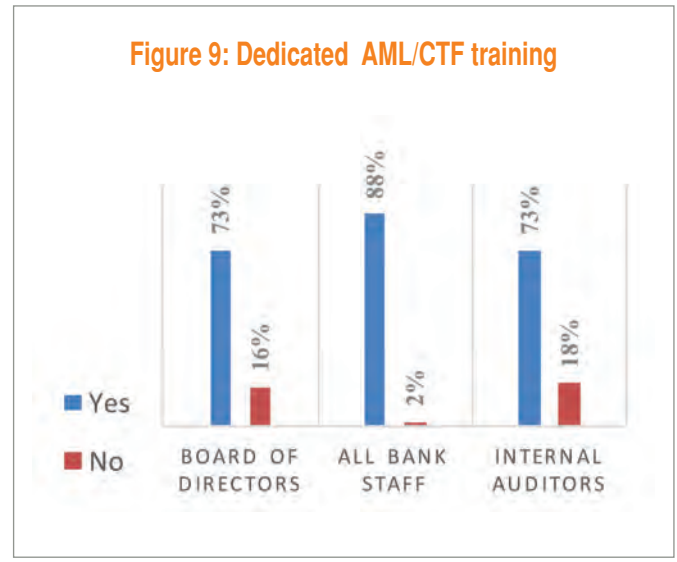
Underpinning the varying expenses, responding banks tend to distribute evenly their spending between IT and HR. 49% devoted funds for training and development, while 55% dedicated finances for systems, maintenance and upgrades (Figure 8). Notably, IT and training figures equate as well within the foreseen investment in the next 12 months (Q21) and the concerns of the coming months (Q83,86).

As a consensus, the most valued effort to boost AML/CTF performance is training (Q104). Perhaps Arab banks are persuaded that compliance is context-dependent and most of the critical decisions arise from situational assessments that necessitate a dash of human flair. Can this be the reason why over 90% of respondents still dedicate trainings by function; 73% to the BOD (Q28), 88% to all staff (Q31) and 73% to internal auditors (Q33).

Figure 8: Where AML/CTF Departments spend their budgets



Figure 9: Dedicated AML/CTF training



88% of respondents perform organization wide trainings.

TACKLING TRADE FINANCE

Needle in a Hay Stack

Thirteen years after the Financial Action Task Force landmark study, trade-based money laundering (TBML) remains one of the most complex methods used by criminals to disguise illicit proceeds. However, the scope of sanctions and embargo measures against countries, specific sectors, vessels, shipping lines, and persons continues to grow raising the risks associated with trade finance. Banks, including in the MENA region, need to recognize red flags as they process millions of trade transactions involving counterparties, intermediaries, banks, commodities and services. A key risk area is dual-use goods, where a seemingly harmless item may ultimately serve the financing of proliferation.

Effective TBML requires analysis of customer profiles, trade documents, payment mechanisms, counterparties, trade practices, consignments, shipping routes, dual-use goods, and valuations, among others. This requires application of risk-based and targeted measures with clear allocation of duties and responsibilities.

It gets even more tricky for GCC countries, where controls must be established over varying levels of onshore-offshore investment opportunities or competitive duty and custom zones.

70% have dialogues between relationship managers, trade & compliance staff.

Nearly three quarters of survey respondents demonstrated trade finance concerns for the coming period (Q81). Indicatively, the measures covering trade finance have shown promising signs for countering TBML risks (Figure 10).

Figure 10: Overview of Trade Finance Initiatives



On the whole, 69% of surveyed banks follow procedures to assess money laundering or terrorist financing risks in trade finance (Q70), 58% maintain a comprehensive software encompassing monitoring and screening (Q71), 70% make adequate use of customer due diligence information gathered by relationship managers (RM) or trade sales teams (Q65). There is yet potential for improvement, as only 35% refer to third party providers to verify the authenticity of trade documentation (Q67).

HEIGHTENED CONTROLS

All Hands on Deck

Money laundering continues to dominate the headlines and gain increased political attention, whilst heaps of industry reports caution of the burdens of rising compliance costs. Regulatory change however remains one the most defying challenges for Arab banks.

The Thomson Reuters Regulatory Intelligence service calculates that an average of 200 international regulatory changes and announcements were captured daily in 2015 and in 2016. In 2019, the average rose to 220 a day; a whopping 80,000 changes per year.

<http://financial-risk-solutions.thomsonreuters.info/Cost-of-Compliance-2019>

MENA respondents appear to have mitigated this excess in regulation by heightening electronic and manual controls.

On one hand, 74% of banks have transaction monitoring solutions implemented across all products and businesses lines (Q42), 62% monitor transactions within multiple jurisdictions (Q3) and 55% utilize auxiliary tools on top of their transaction monitoring solutions (Q51). Nourishing all these system efforts, 77% update transaction monitoring scenarios based on identified and evolving risks (Q48).

88% Conduct Enhanced Due Diligence to identify beneficial owners

Figure 10: Overview of Due Diligence Initiatives



On the other hand, enhanced due diligence ideologies are well-defined in day to day operations (Figure 11). Particularly, background checks, screening, scrutiny on sources of wealth and the sign-off of senior managers on high Risk accounts; they have inclusively received more than 80% implementation ratios. To endorse the enhancement of these diligence measures, respondents have concentrated more than 50% of their audits on KYC, Cash Transactions/Swift, High Risk Accounts, PEPs, Monitoring Programs and Training Records (Q92-103). Per se, the area which needs attention is the vagueness surrounding the alerts on “customer’s customers” which is only applied by half of the respondents (Q50).

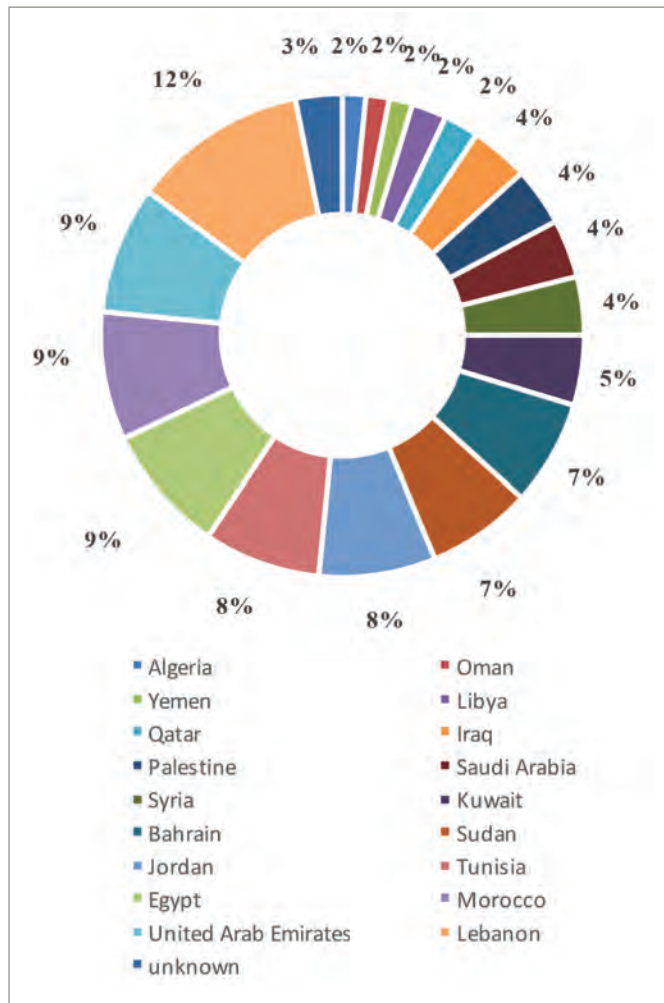


**SURVEY
RESPONSES**
PART I

PROFILE, SIZE & NETWORK

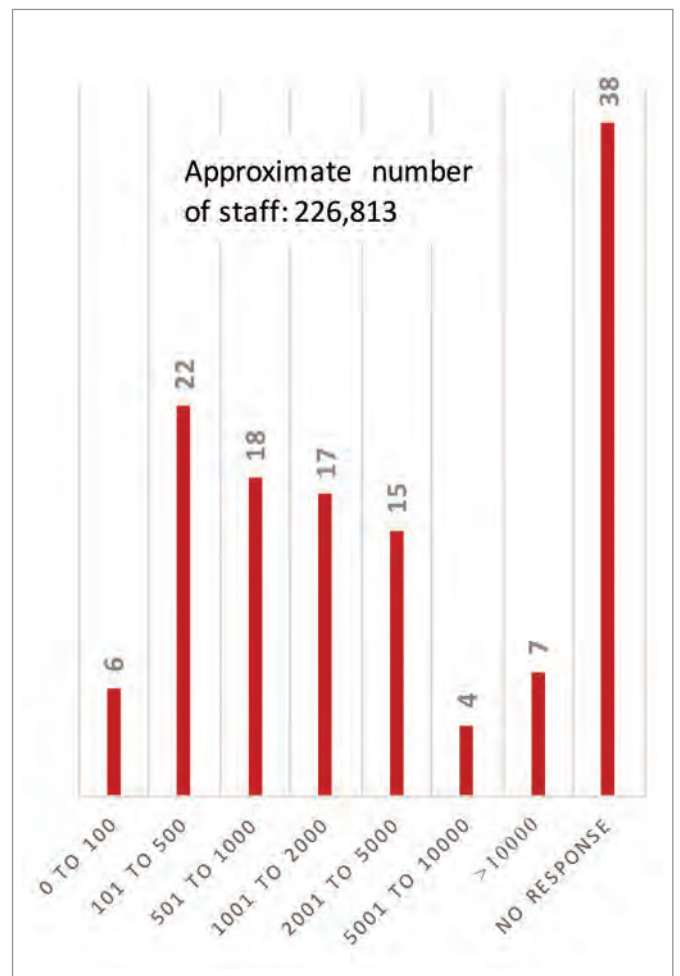
Question 1:

In which country is your bank's Head Quarters based in?



Question 2:

What is the total number of employees in your bank (local & abroad)?

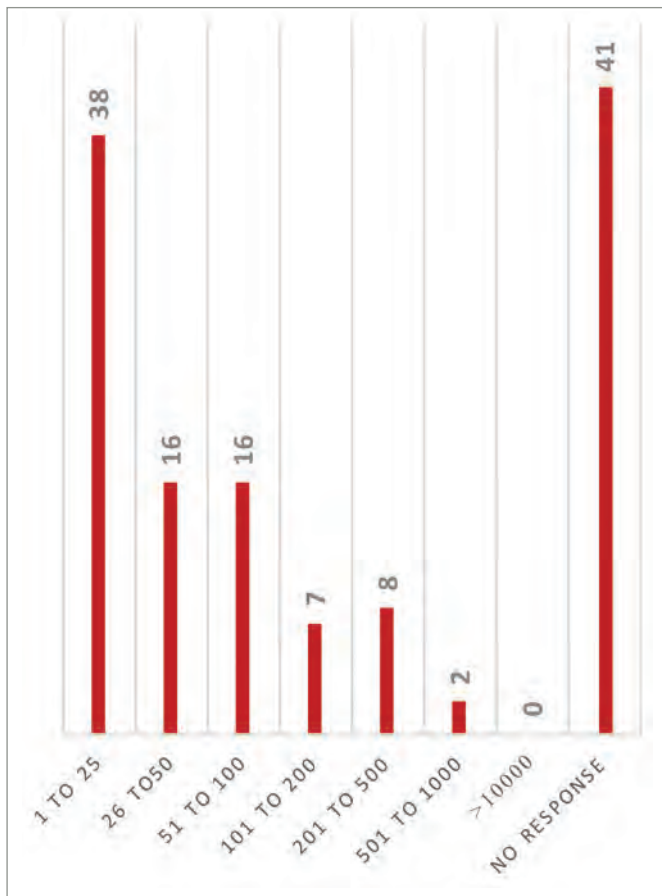


Responses	124
Resp. Rate	96.88%

Responses	89
Resp. Rate	69.53%

Question 3:

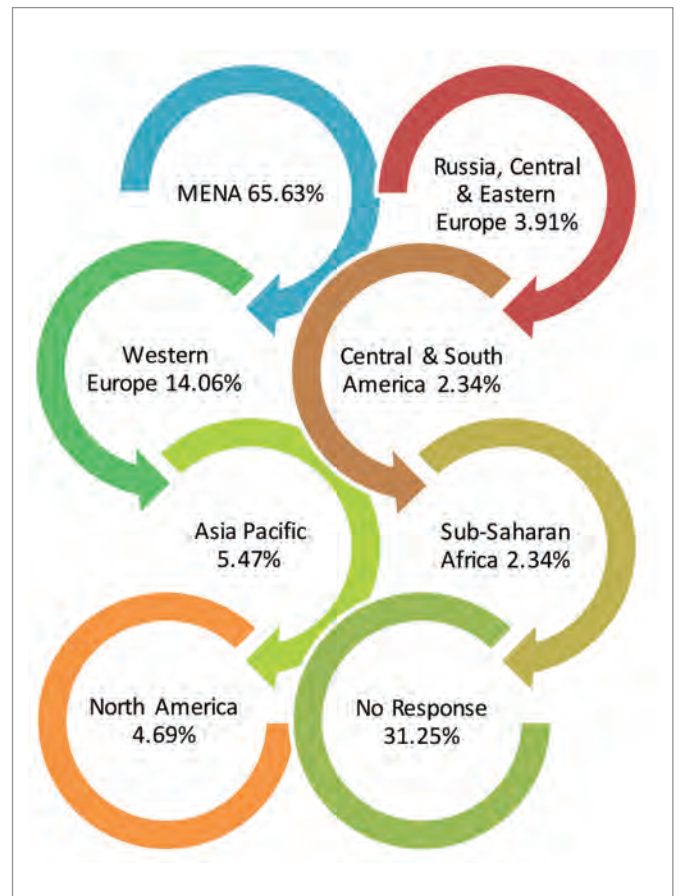
What is the total number of local branches?



Responses	87
Resp. Rate	67.97%

Question 4:

Where are the geographical locations of your Branches?
Select all that apply



Responses	88
Resp. Rate	69.53%

Question 5:

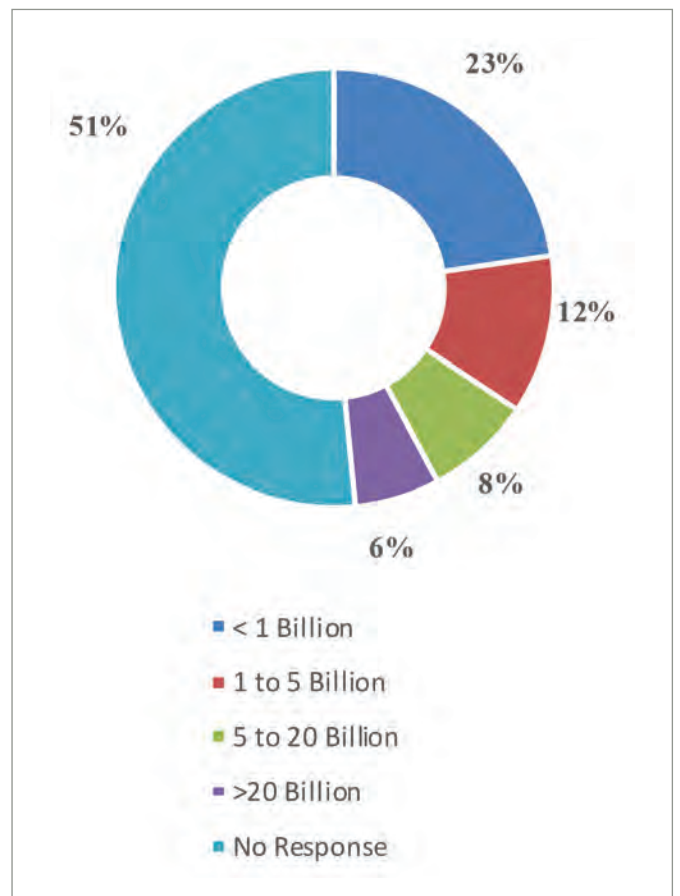
What are the financial services that your bank offers? Select all that apply.



Responses	95
Resp. Rate	74.22%

Question 6:

What is the (million) US dollar value of your bank's total assets?

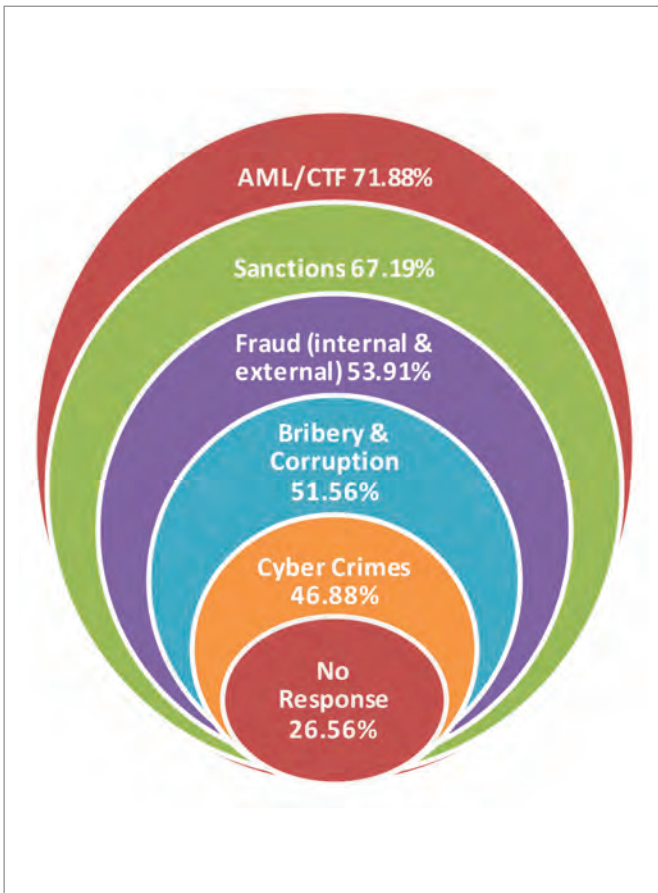


Responses	62
Resp. Rate	48.44%

AML & CTF PROFILE

Question 7:

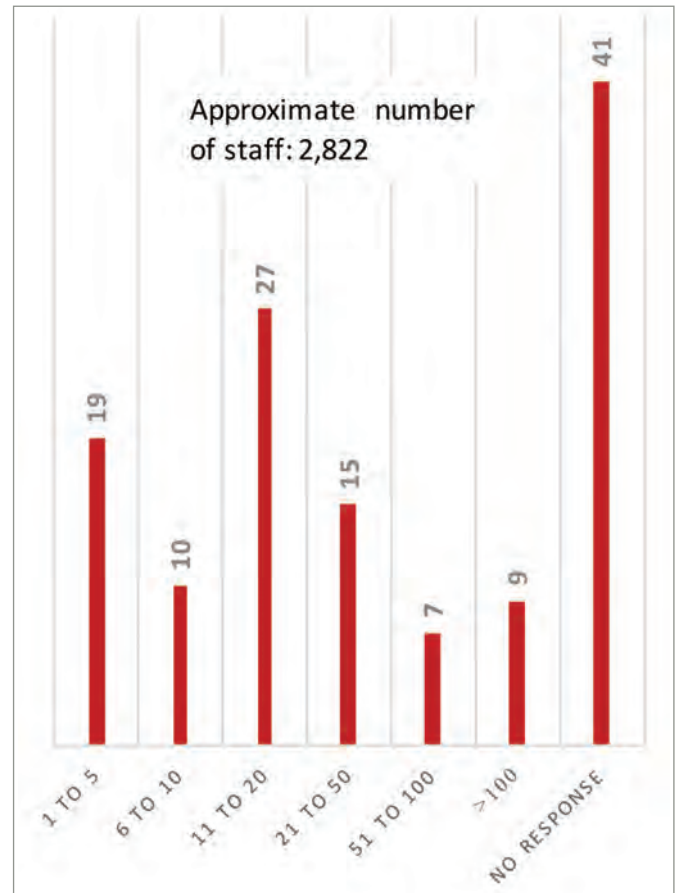
Which of the following financial crime programs does your organization currently have in place? Please select all that apply.



Responses	94
Resp. Rate	73.44%

Question 8:

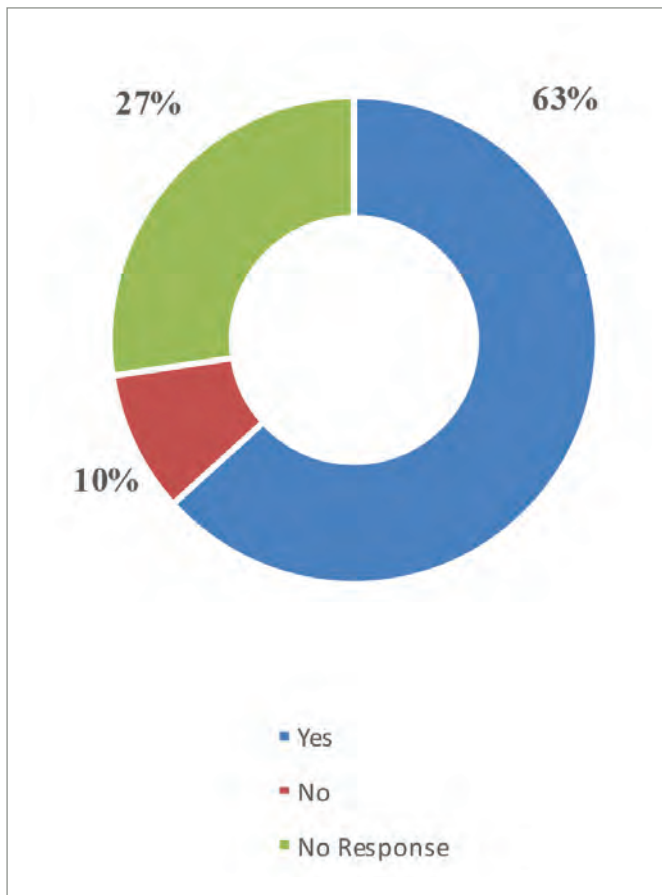
What is the total number of compliance staff across the Group?



Responses	87
Resp. Rate	64.97%

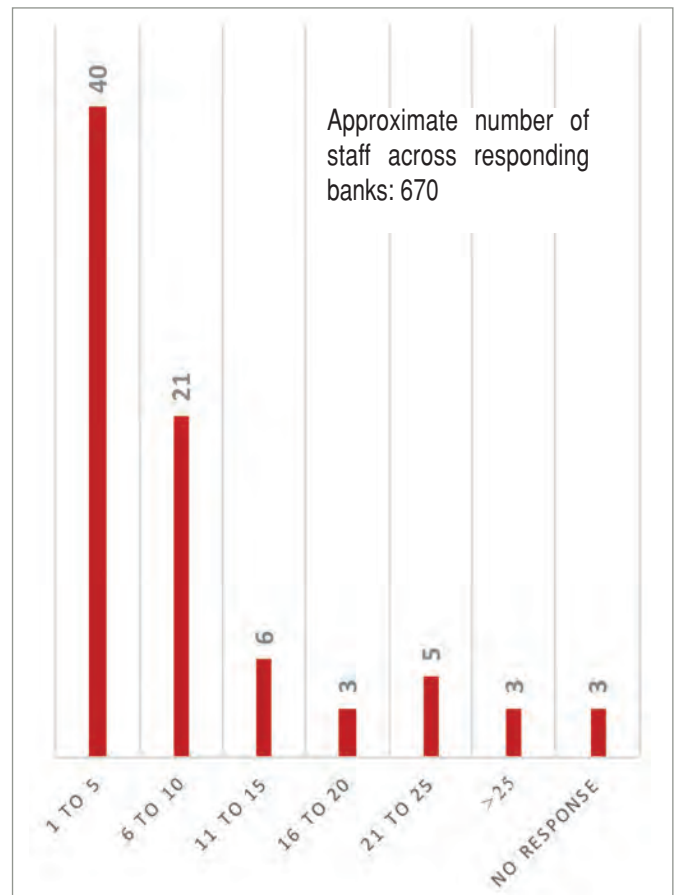
Question 9:

Do you have a dedicated AML Investigative Team?



Question 10:

If yes, how many members?



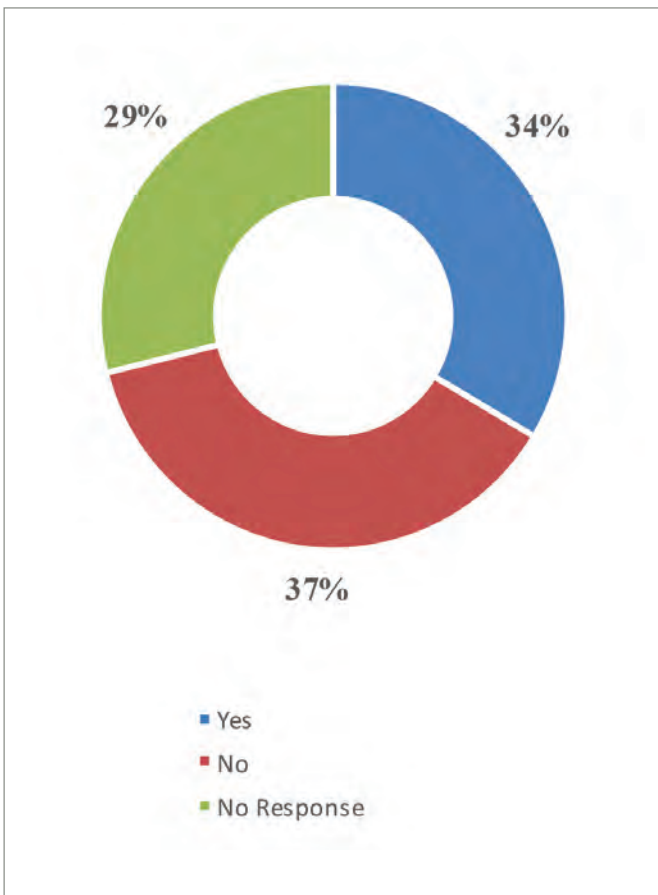
(*) Response % rate refers to banks that have answered "yes" to previous question

Responses	93
Resp. Rate	72.66%

Responses	78
Resp. Rate	96.30%

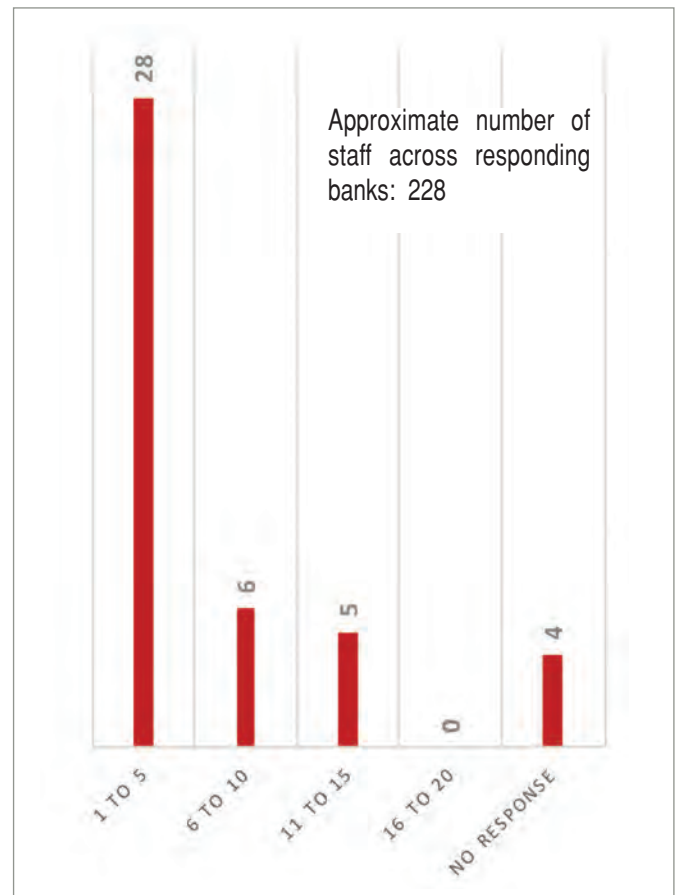
Question 11:

Do you have a dedicated Financial Intelligence Team?



Question 12:

If yes, how many members?



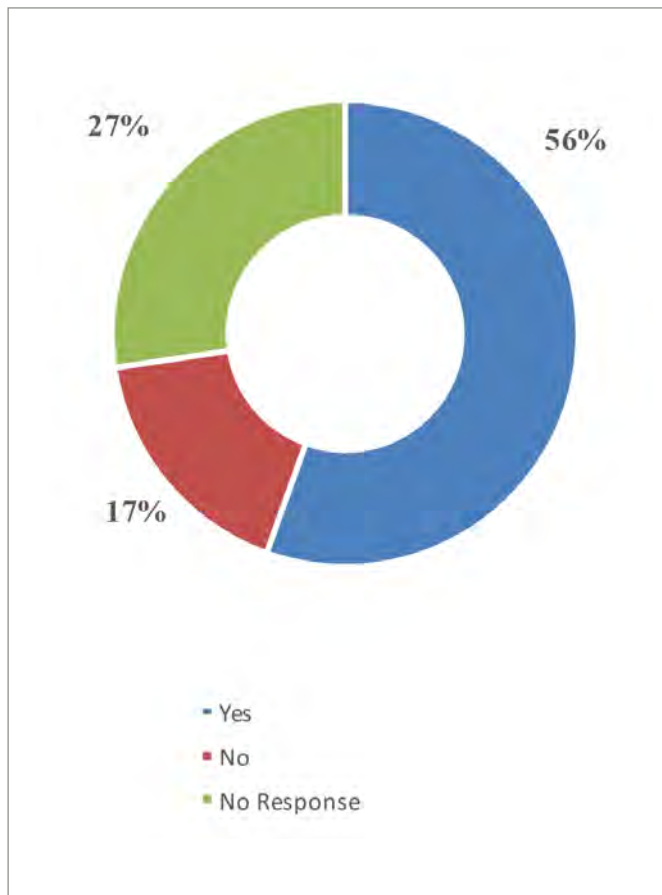
(*) Response % rate refers to banks that have answered "yes" to previous question

Responses	91
Resp. Rate	71.09%

Responses	39
Resp. Rate	90.70%

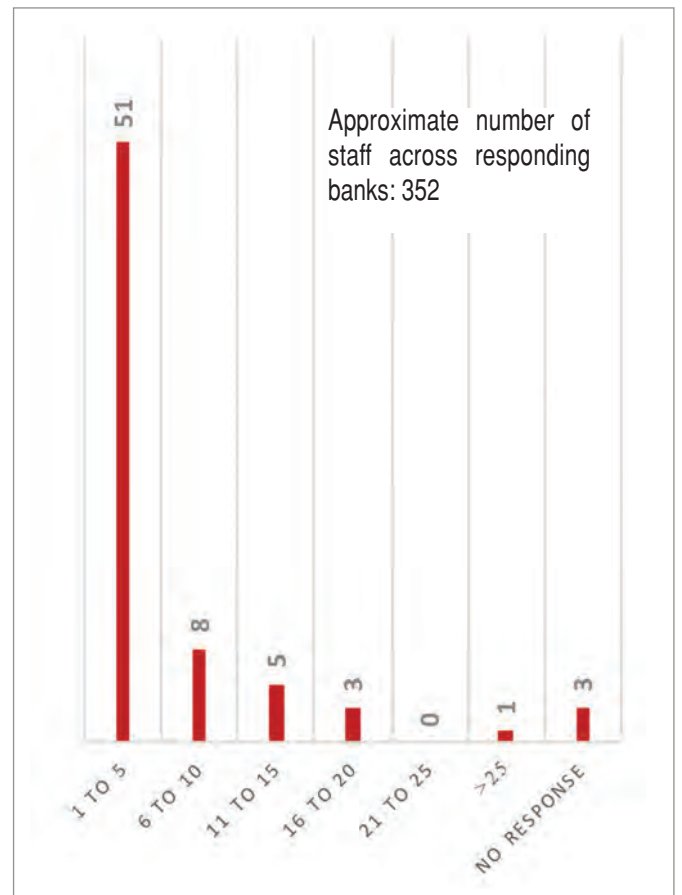
Question 13:

Do you have a dedicated Sanctions and Embargo Team?



Question 14:

If yes, how many members?



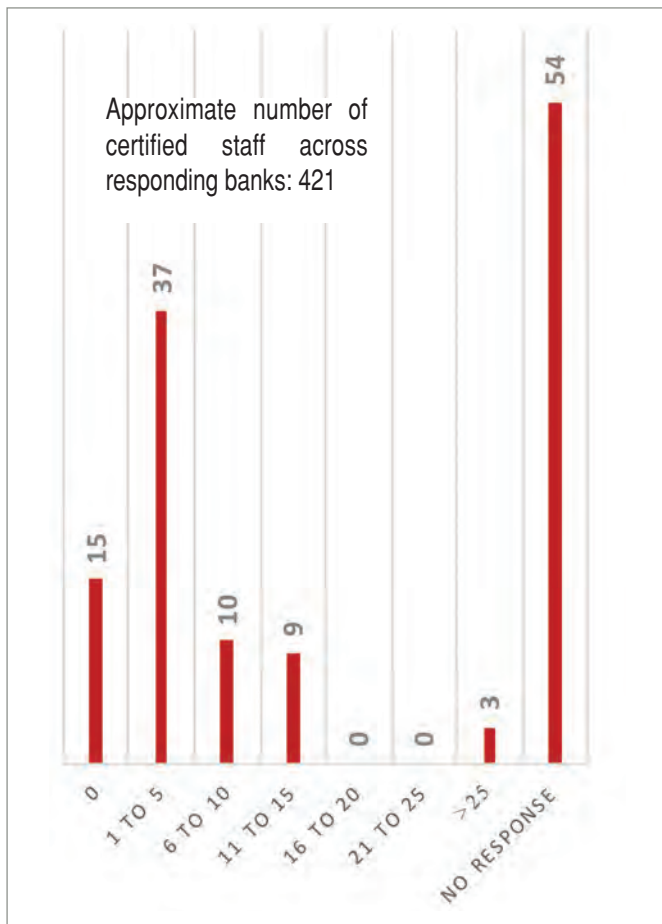
(*) Response % rate refers to banks that have answered "yes" to previous question

Responses	93
Resp. Rate	72.66%

Responses	68
Resp. Rate	95.77%

Question 15:

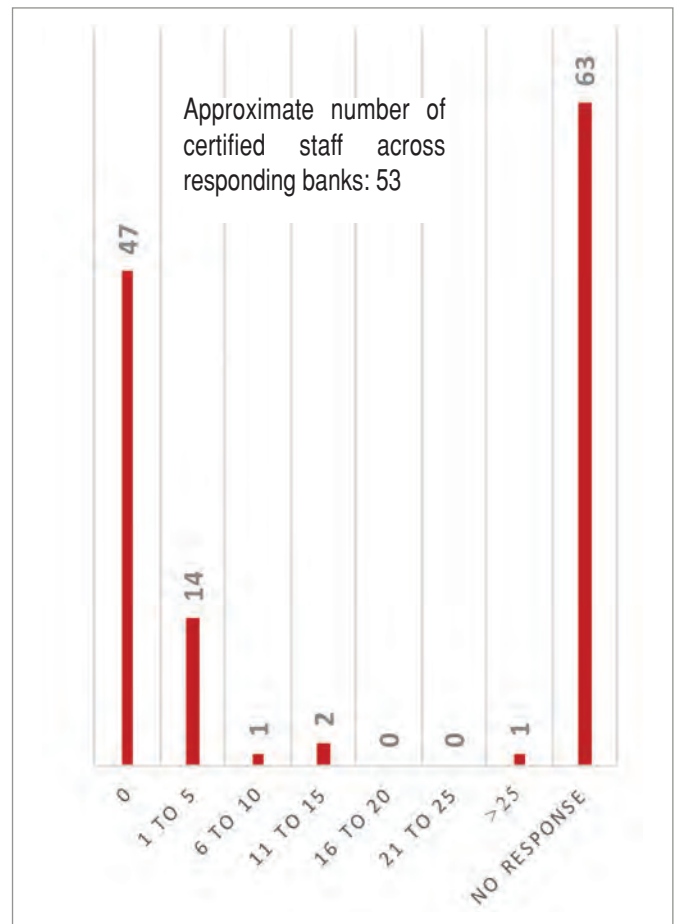
What is the number of Certified Anti-Money Laundering Specialists (CAMS) at your bank?



Responses	89
Resp. Rate	69.53%

Question 16:

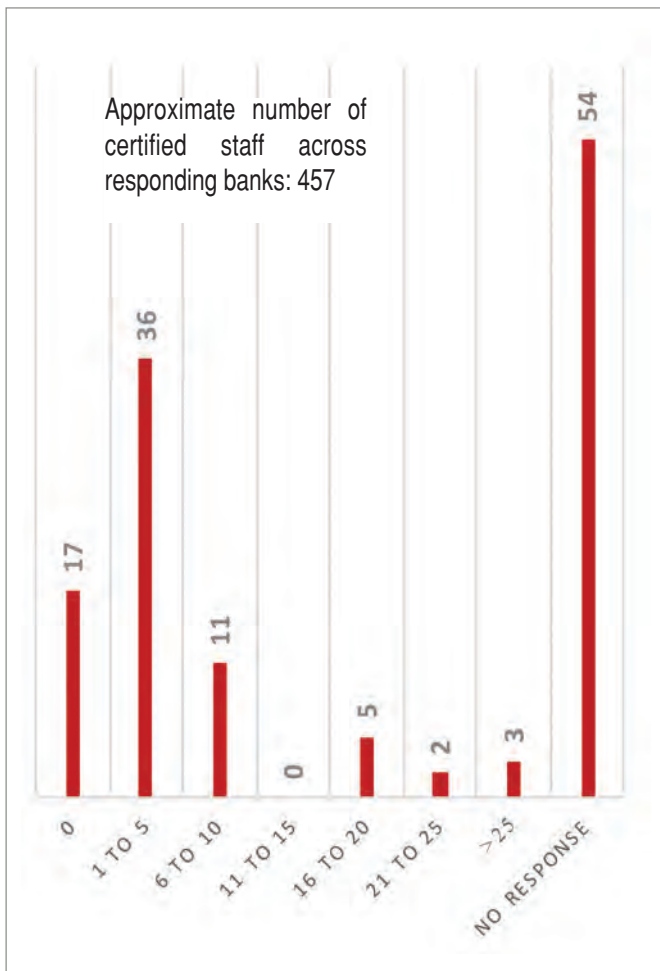
What is the number of Certified Financial Crime Specialists (CFCS)?



Responses	111
Resp. Rate	86.72%

Question 17:

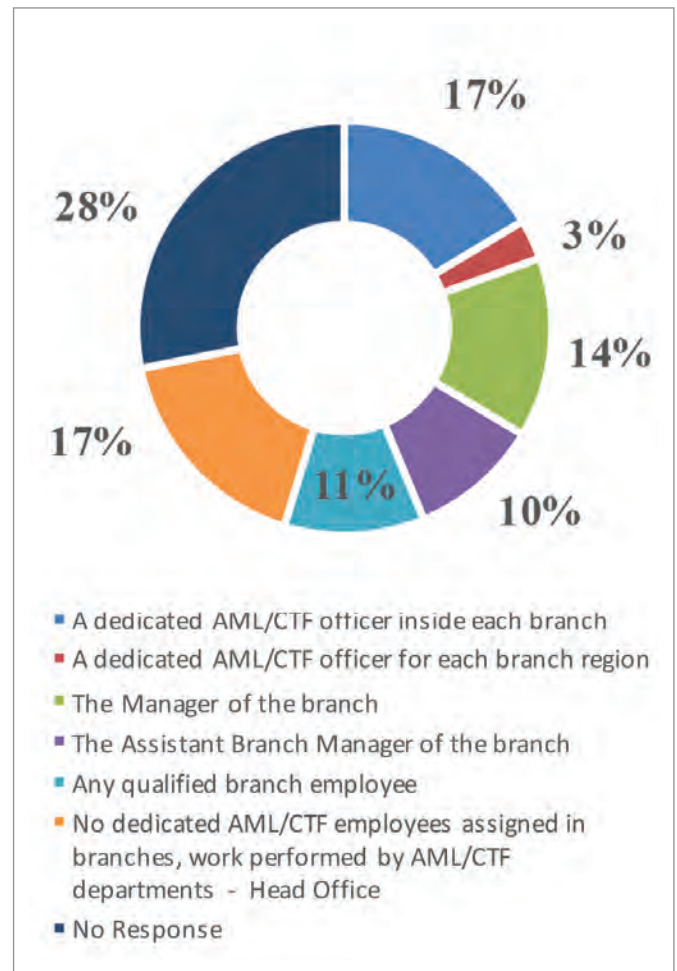
What is the number of staff with other AML/CTF certifications?



Responses	91
Resp. Rate	71.09%

Question 18:

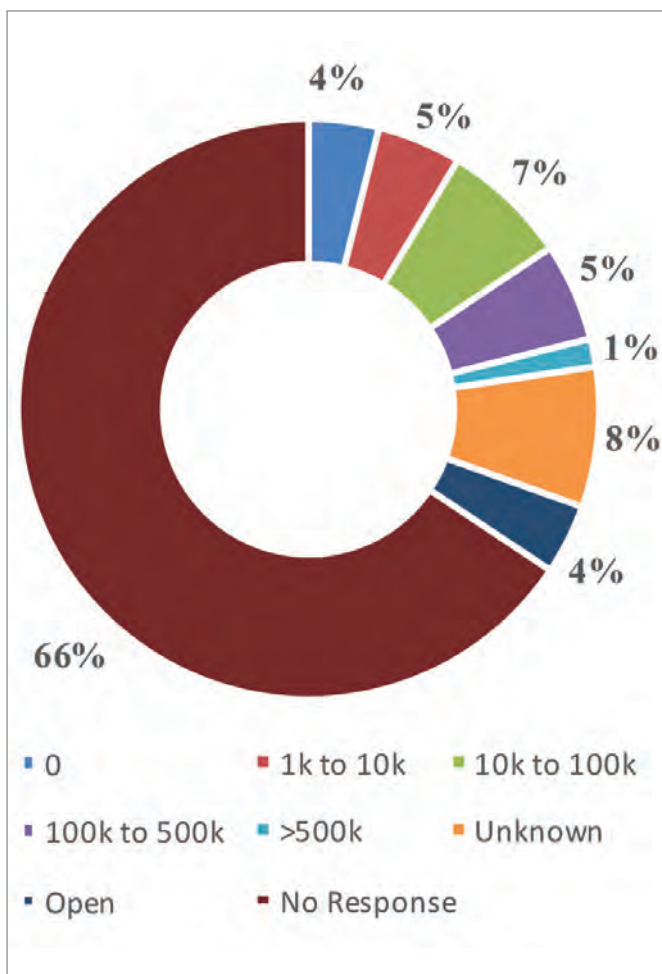
Please select the responsibility assigned for AML/CTF issues inside branches



Responses	92
Resp. Rate	71.88%

Question 19:

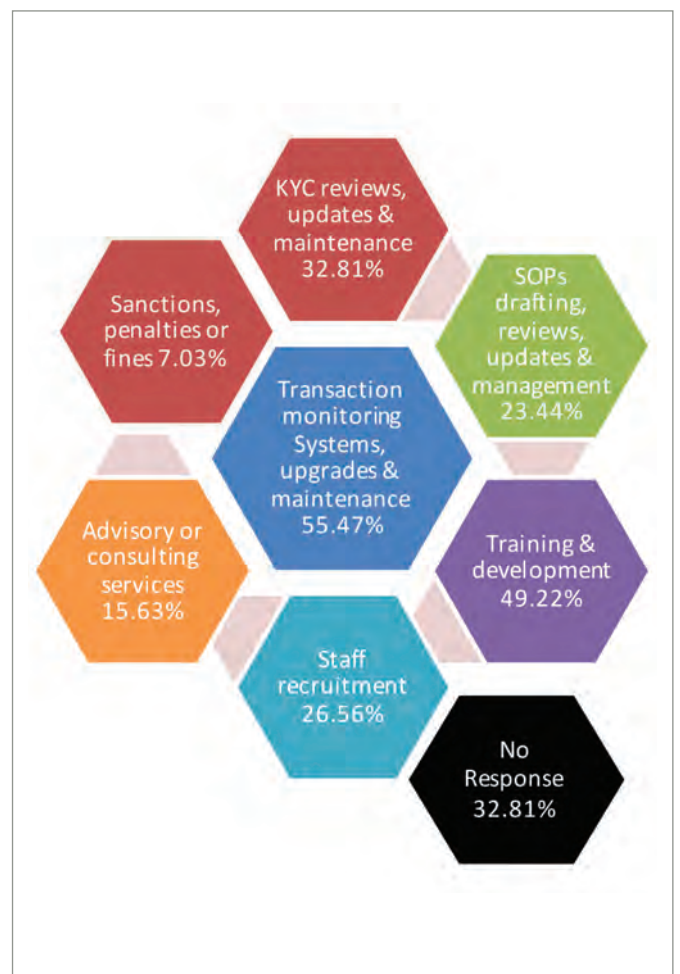
What is the approximate (million) US dollar value of your Annual AML/CTF Department(s) Training Budget?



Responses	44
Resp. Rate	34.38%

Question 20:

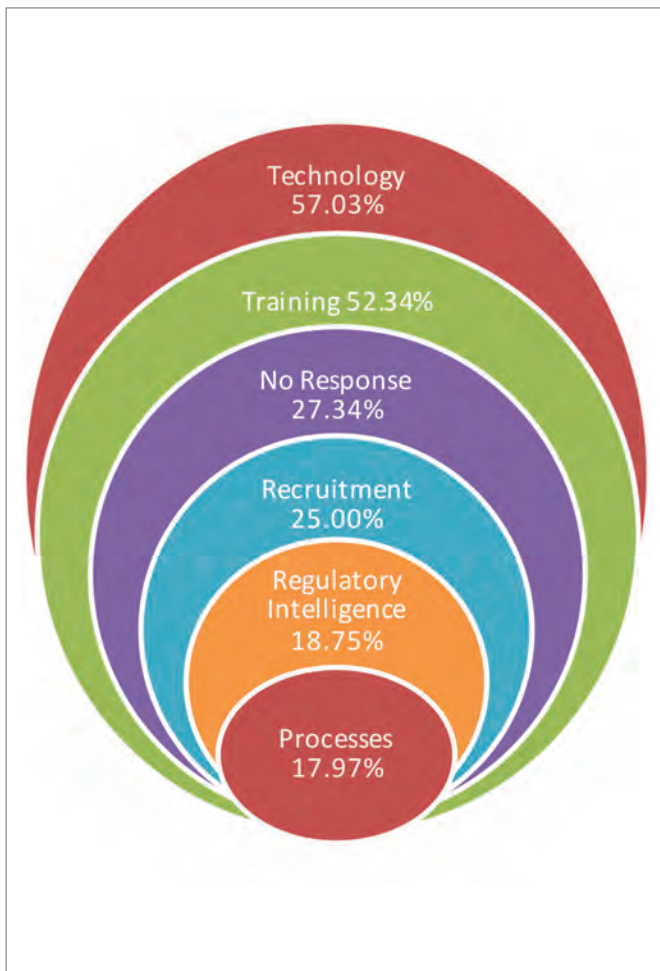
Where do you spend most of your AML/CTF Department's budget? Select all that apply.



Responses	82
Resp. Rate	67.19%

Question 21:

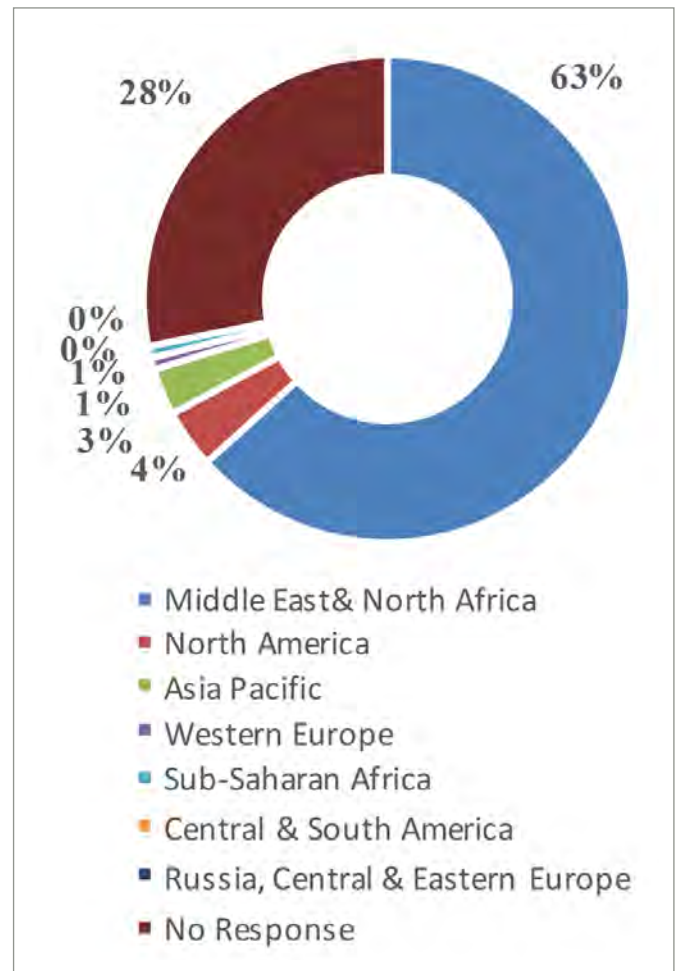
Where is the main focus of AML/CTF investment for the next 12 months? Select all that apply



Responses	93
Resp. Rate	72.66%

Question 22:

From which Region is the nationality of your bank's AML/CTF Head?



Responses	92
Resp. Rate	71.88%

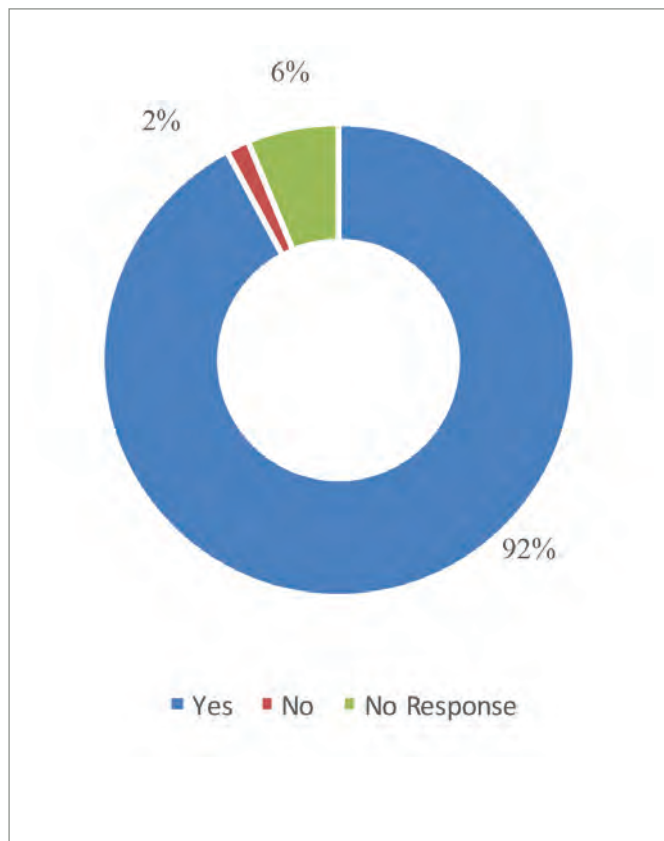


**SURVEY
RESPONSES**
PART II

GOVERNANCE & INFRASTRUCTURE

Question 23:

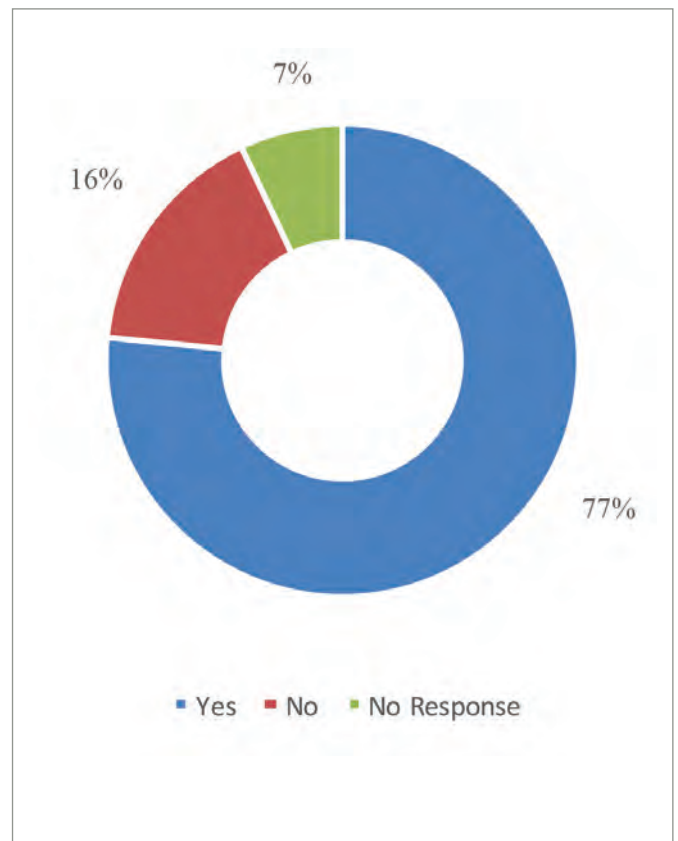
The Chief Compliance Officer (CCO) reports directly to either the CEO or the Board?



Responses	120
Resp. Rate	93.75%

Question 24:

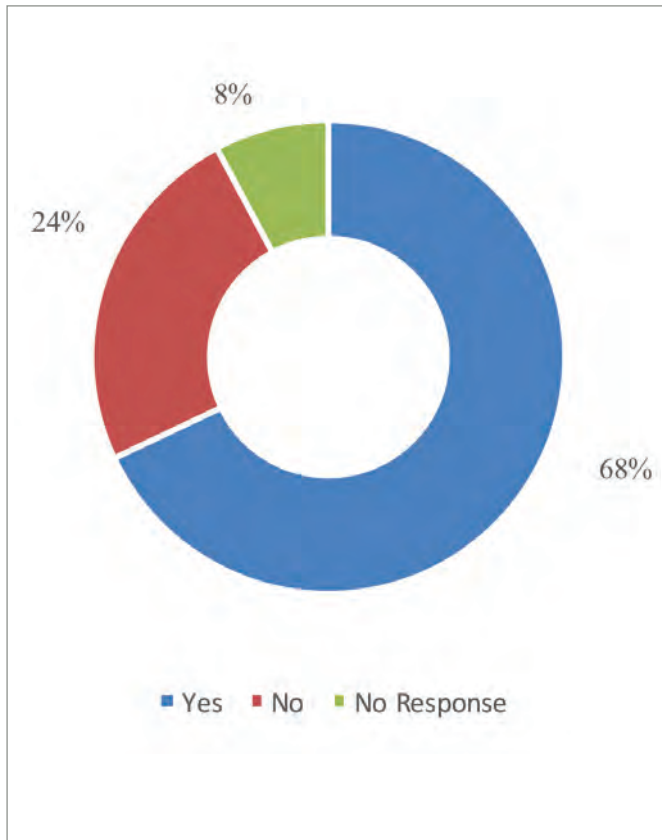
Board committees include a Compliance/AML & CFT Committee?



Responses	119
Resp. Rate	92.97%

Question 25:

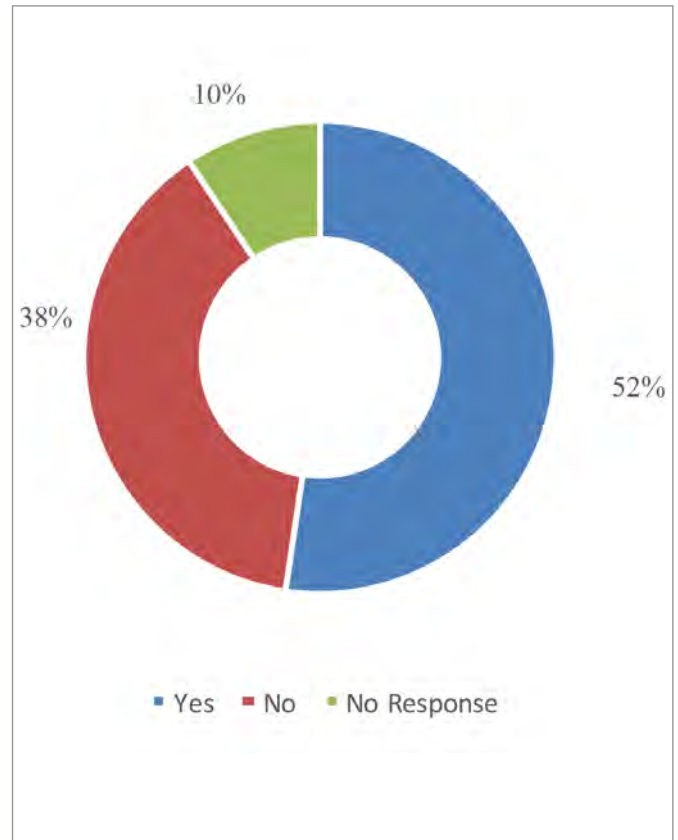
Compliance is responsible for complaints and whistleblower hotlines?



Responses	118
Resp. Rate	92.19%

Question 26:

AML/CTF compliance assessment is performed every six months?



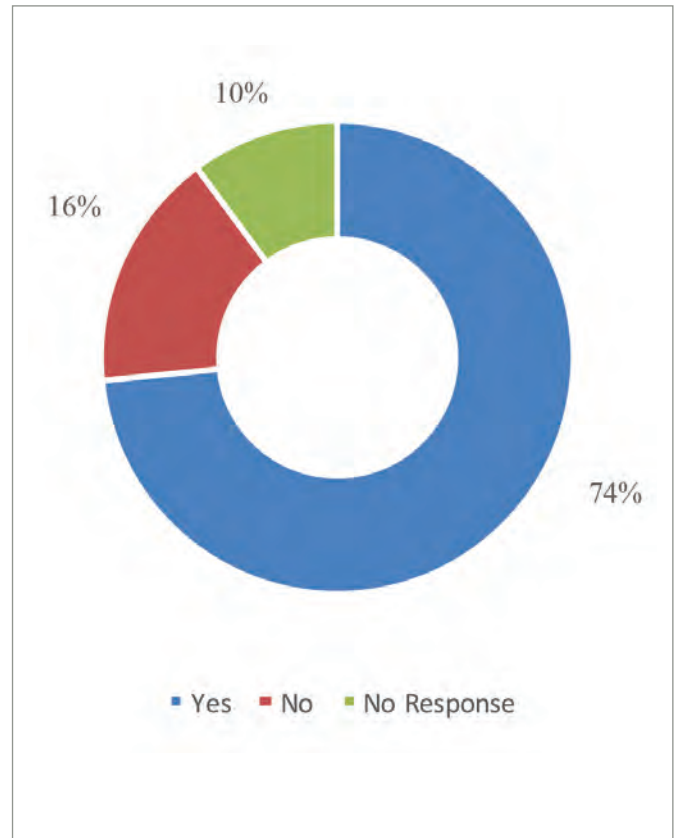
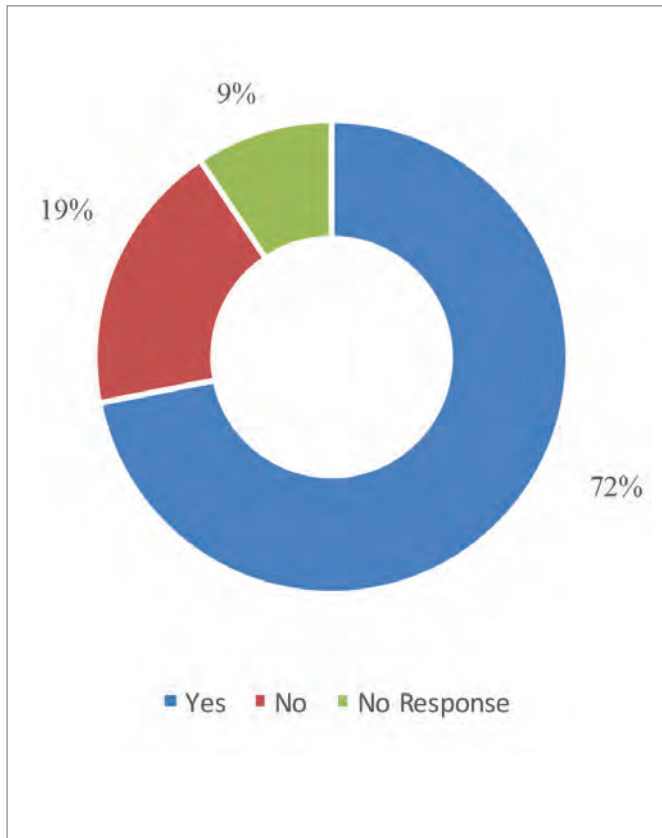
Responses	116
Resp. Rate	90.63%

Question 27:

The Chief Compliance Officer has primary responsibility for selecting subsidiary compliance officers?

Question 28:

Board of Directors receives AML/CTF training?



Responses	116
Resp. Rate	90.63%

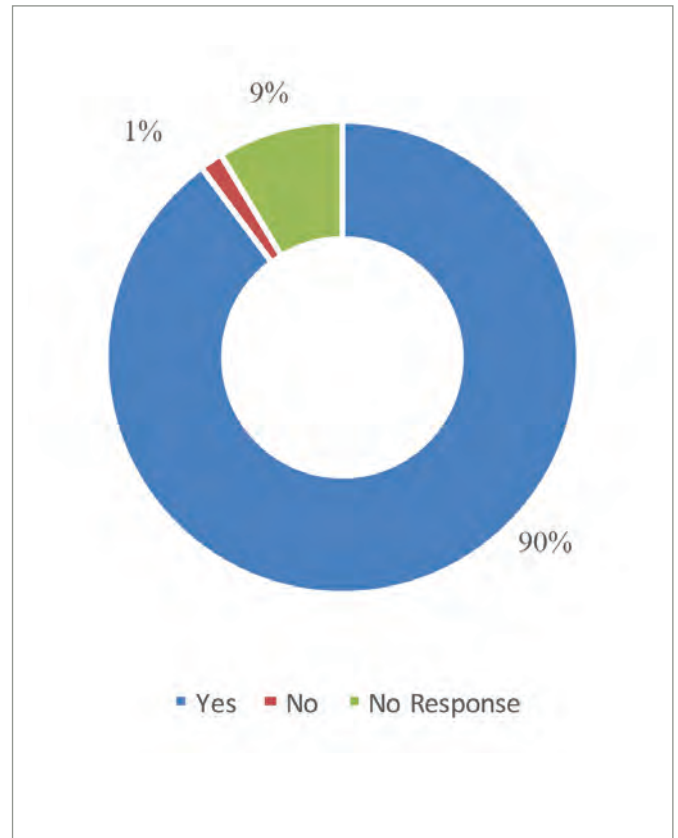
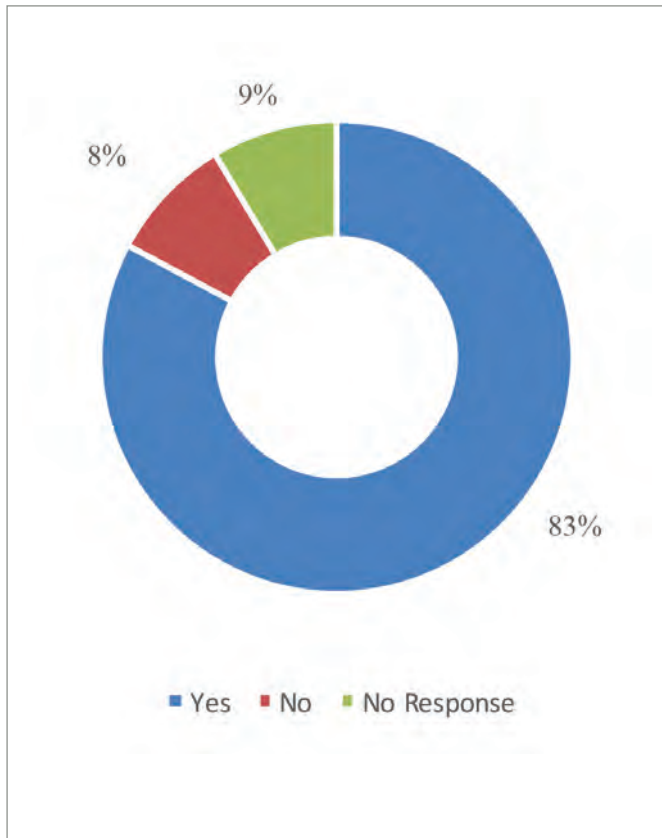
Responses	115
Resp. Rate	80.84%

Question 29:

Board of Director discusses AML/CTF at least on semiannual basis?

Question 30:

Consistent AML/CTF policies and procedures are applied to all branches and subsidiaries?



Responses	117
Resp. Rate	91.41%

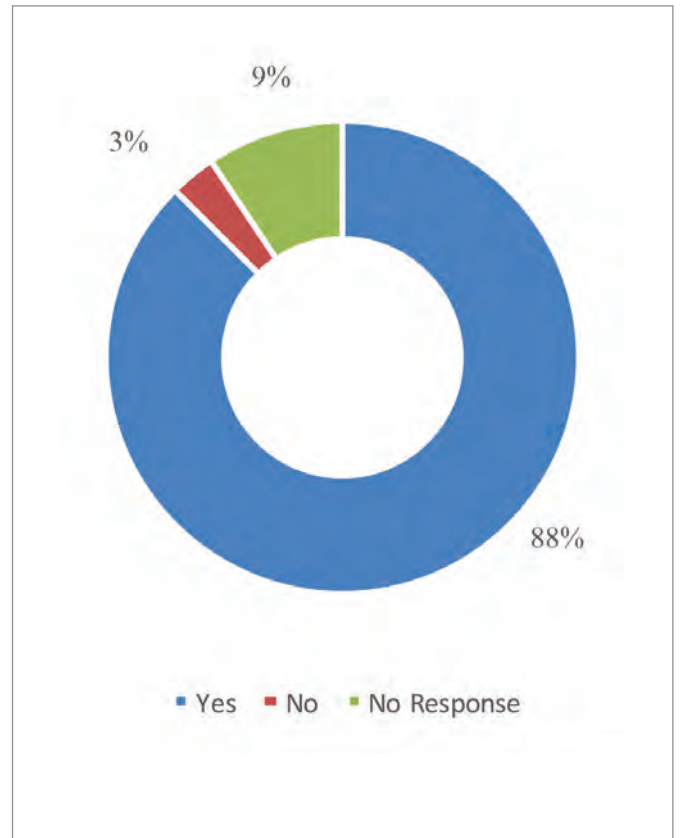
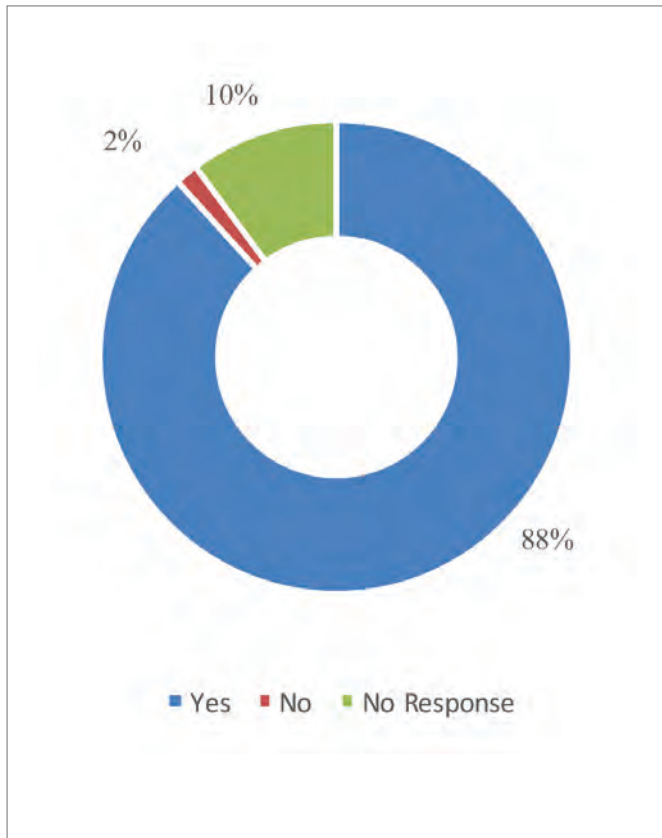
Responses	117
Resp. Rate	91.41%

Question 31:

AML/CTF training is delivered to all bank staff, either face to face or e-learning?

Question 32:

Tailored/customized AML/CFT training is delivered to staff?

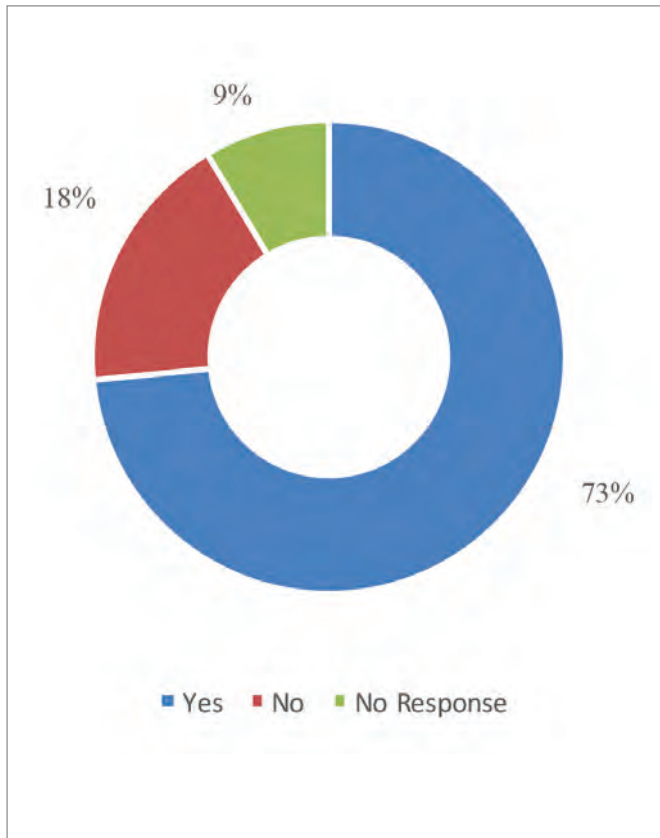


Responses	115
Resp. Rate	89.84%

Responses	116
Resp. Rate	90.63%

Question 33:

Specialized AML/CTF training delivered to bank internal auditors?

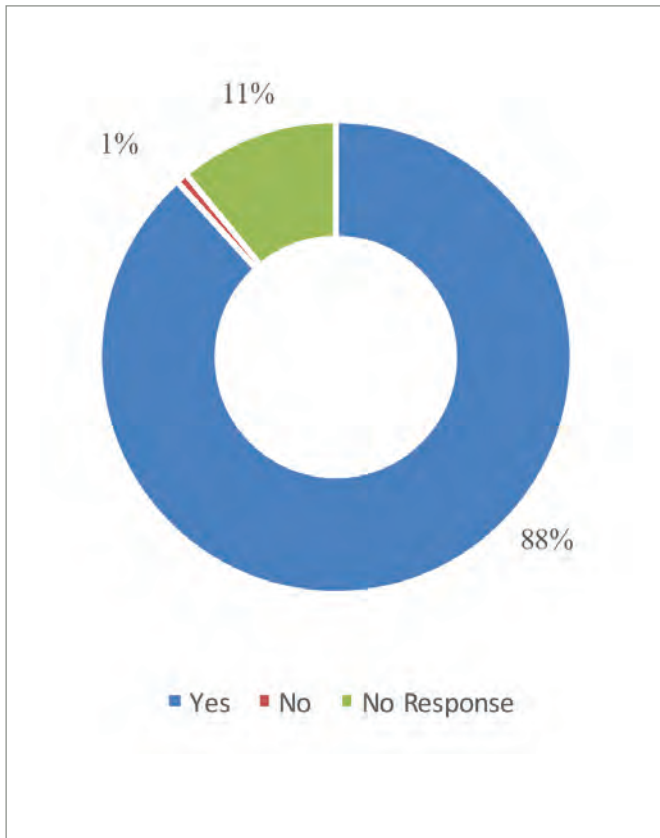


Responses	117
Resp. Rate	91.41%

KYC & CUSTOMER DUE DILIGENCE

Question 34:

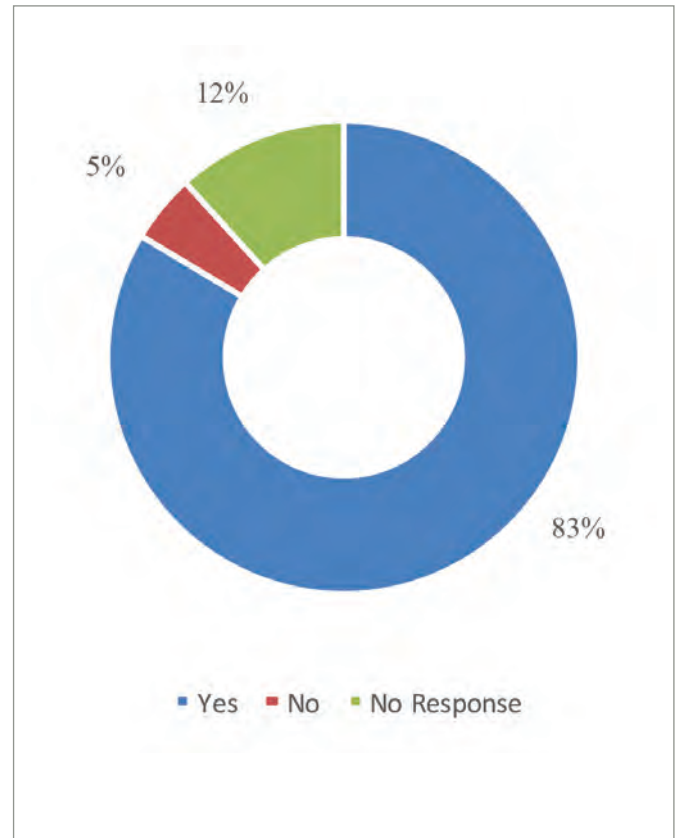
Conduct Enhanced Due Diligence to identify non-disclosed beneficial owners?



Responses	114
Resp. Rate	89.06%

Question 35:

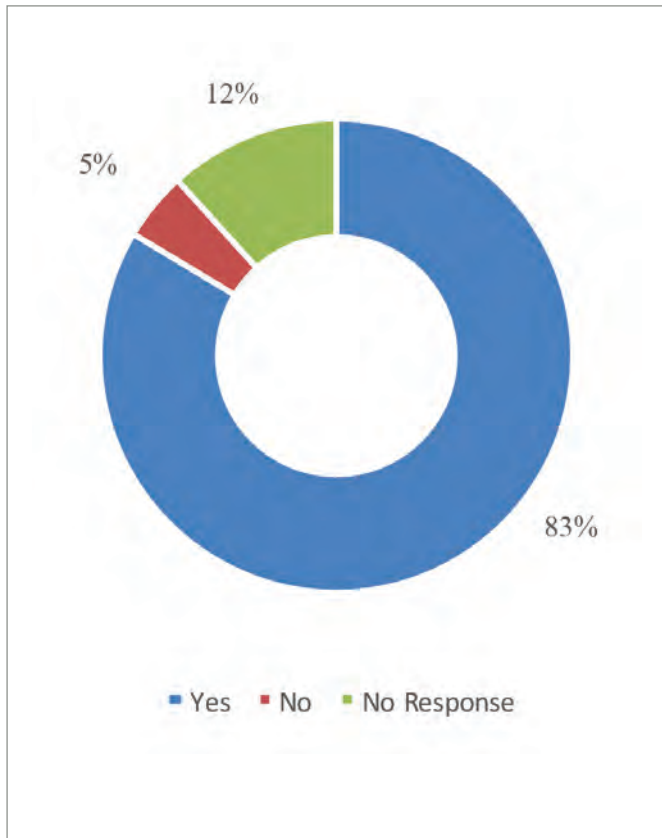
Search company registries to identify beneficial owners of legal entities?



Responses	113
Resp. Rate	88.28%

Question 36:

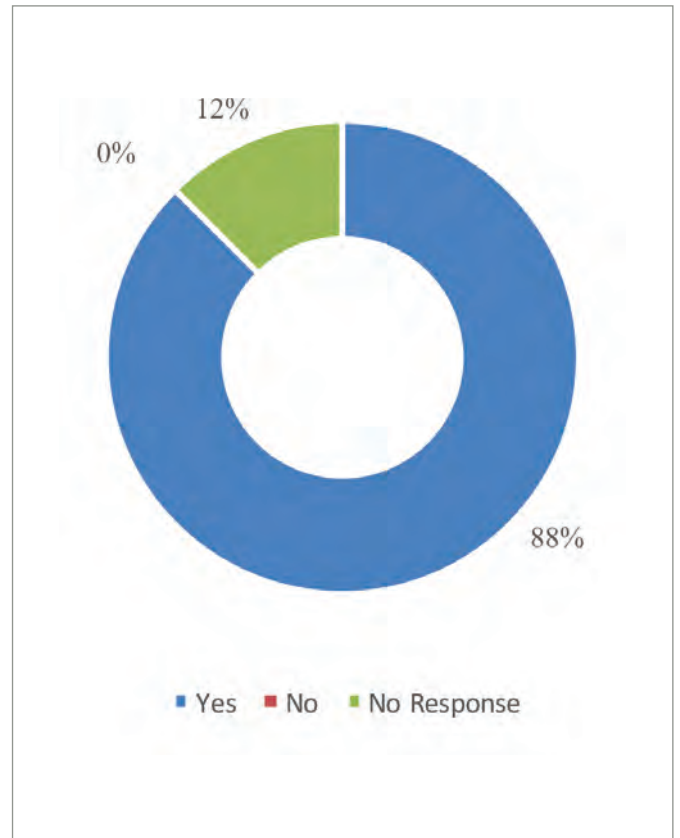
Screen for domestic PEPs?



Responses	113
Resp. Rate	88.28%

Question 37:

Collect information on expected origination and destination of funds as part of Customer Due Diligence?



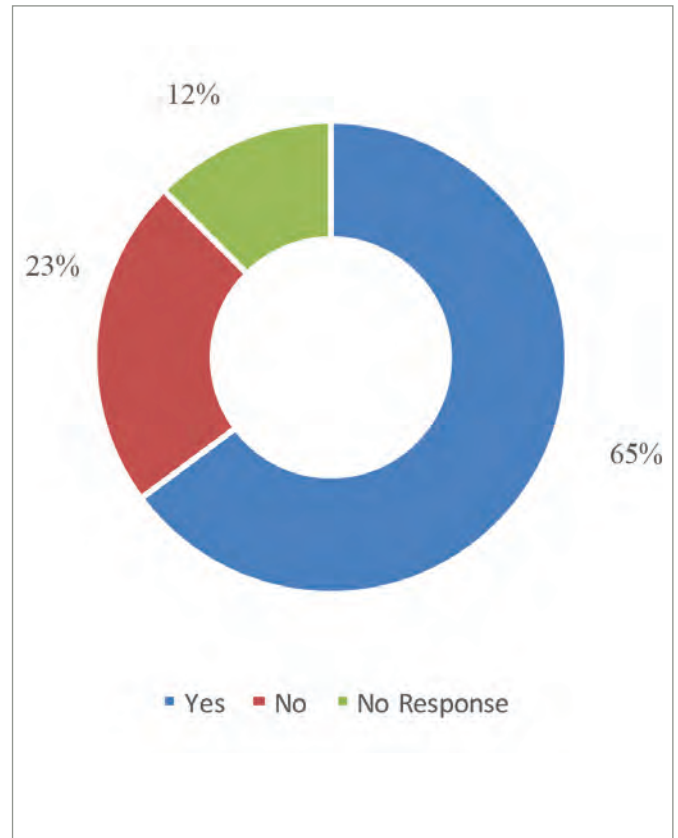
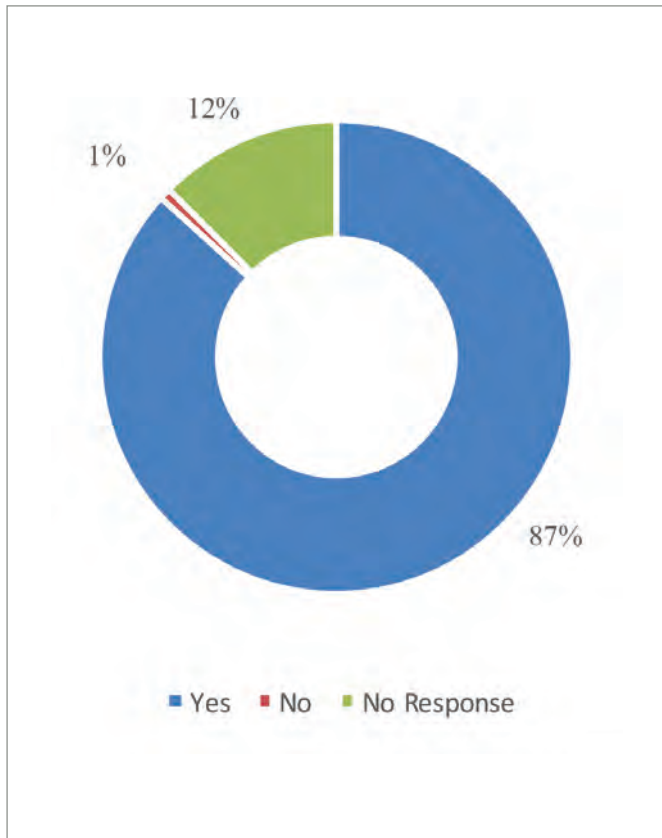
Responses	112
Resp. Rate	87.50%

Question 38:

Require source of wealth and/or income verification documentation for all High Risk customers?

Question 39:

Conduct media search on all customers vs. High Risk only?

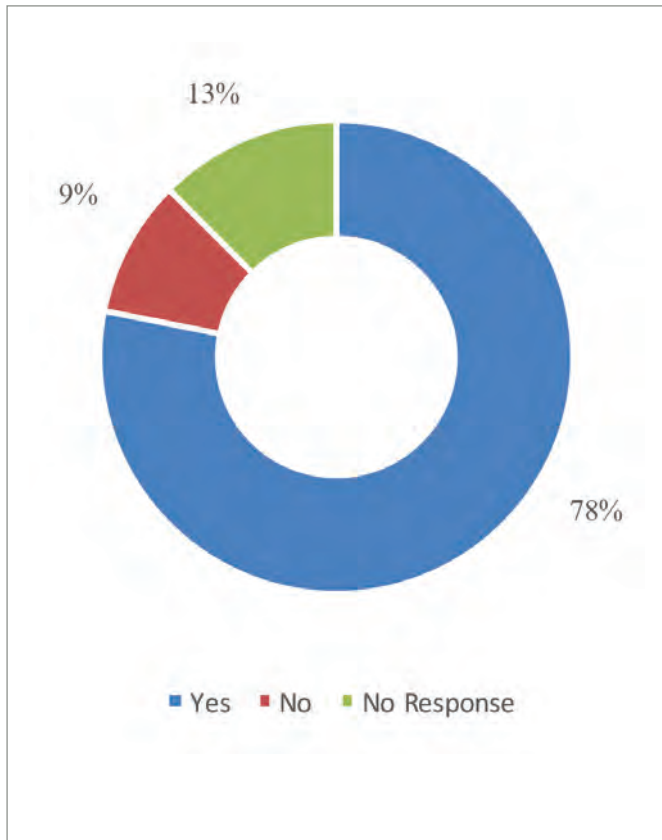


Responses	112
Resp. Rate	87.50%

Responses	112
Resp. Rate	87.50%

Question 40:

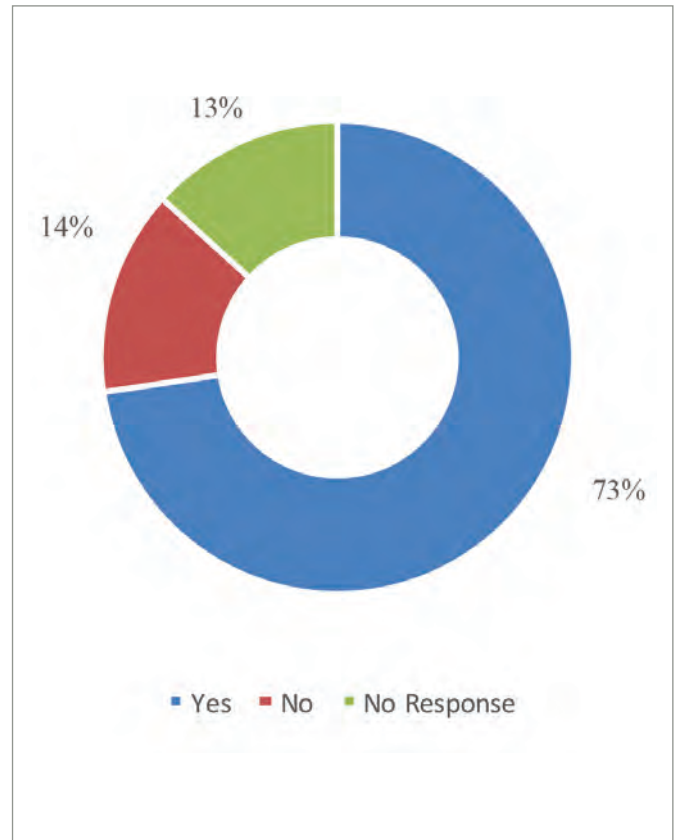
Senior management sign-off is required on all High Risk accounts?



Responses	112
Resp. Rate	87.50%

Question 41:

Consider risk of tax evasion when performing customer risk assessments?

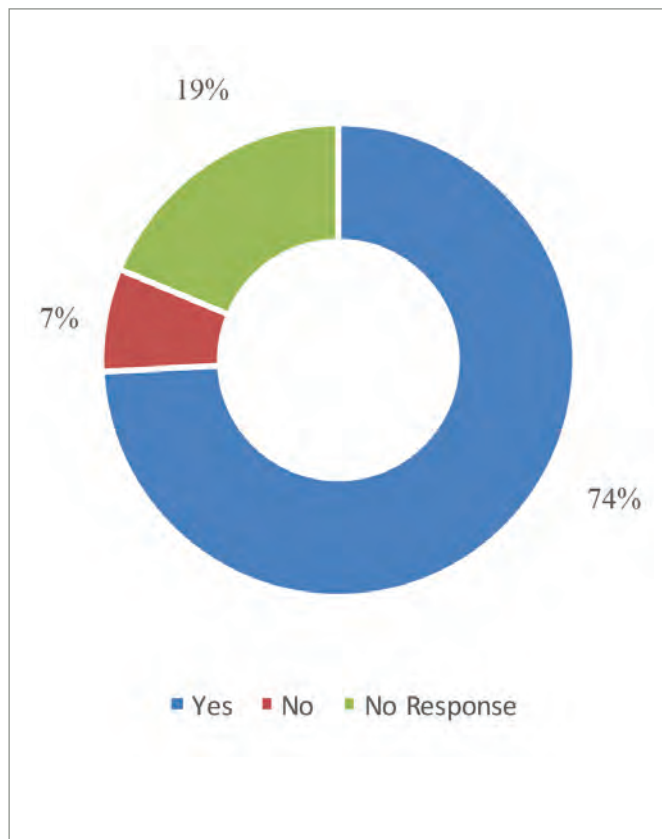


Responses	111
Resp. Rate	86.72%

AML/CTF TRANSACTION MONITORING

Question 42:

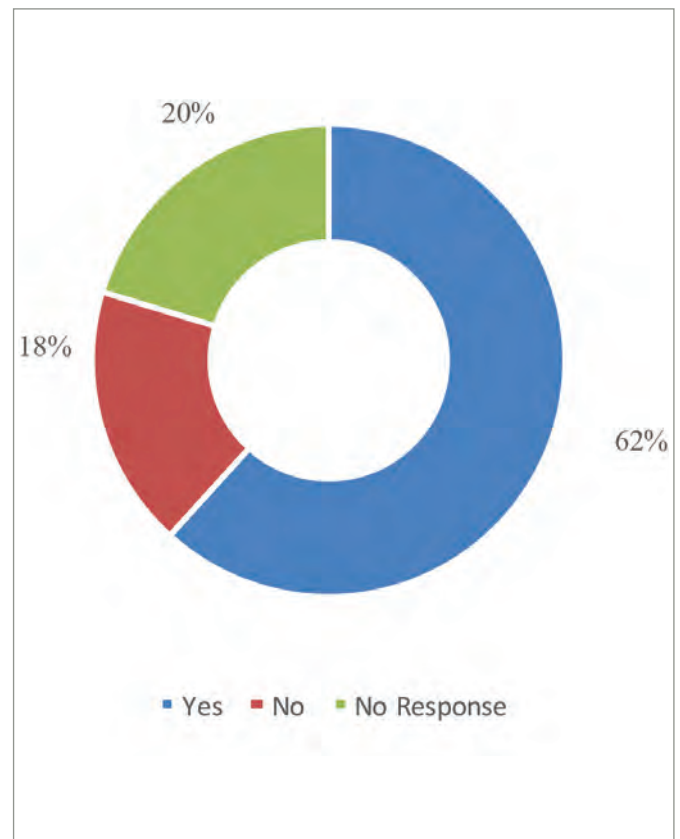
Transaction Monitoring Solution implemented across all products/businesses?



Responses	104
Resp. Rate	81.25%

Question 43:

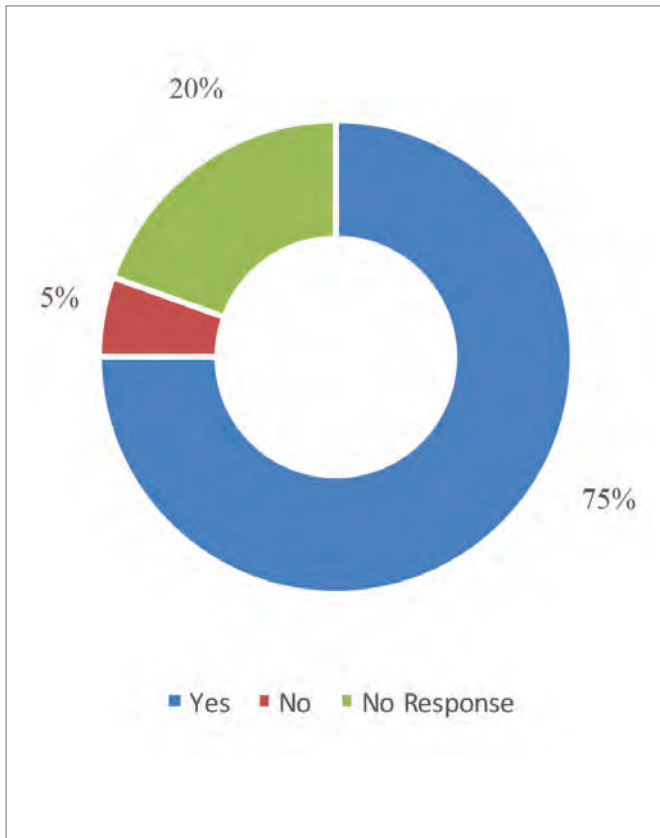
Transaction Monitoring Solution is able to monitor transactions across multiple jurisdictions?



Responses	102
Resp. Rate	79.69%

Question 44:

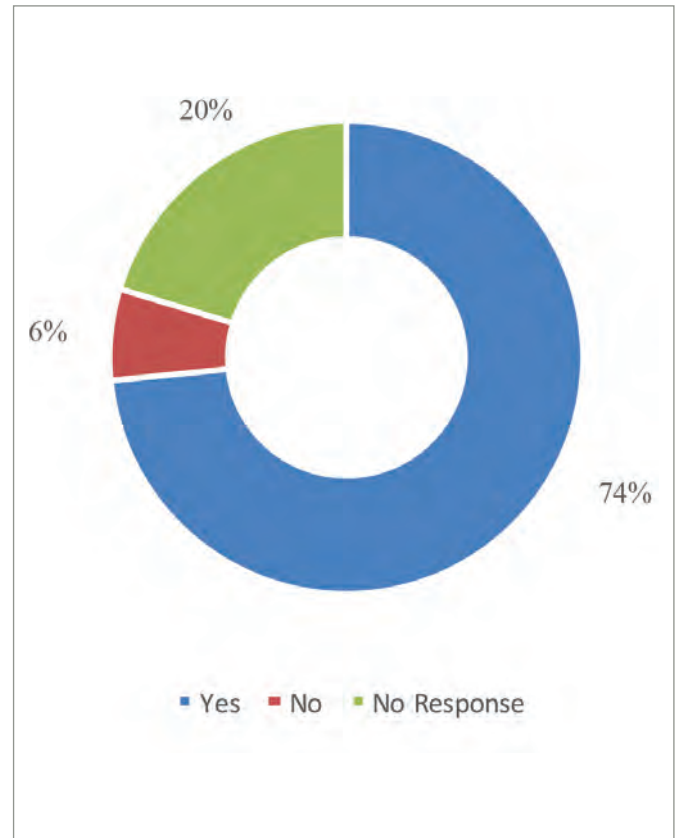
Documented process in place for ensuring good quality data within the Transaction Monitoring Solution?



Responses	103
Resp. Rate	80.47%

Question 45:

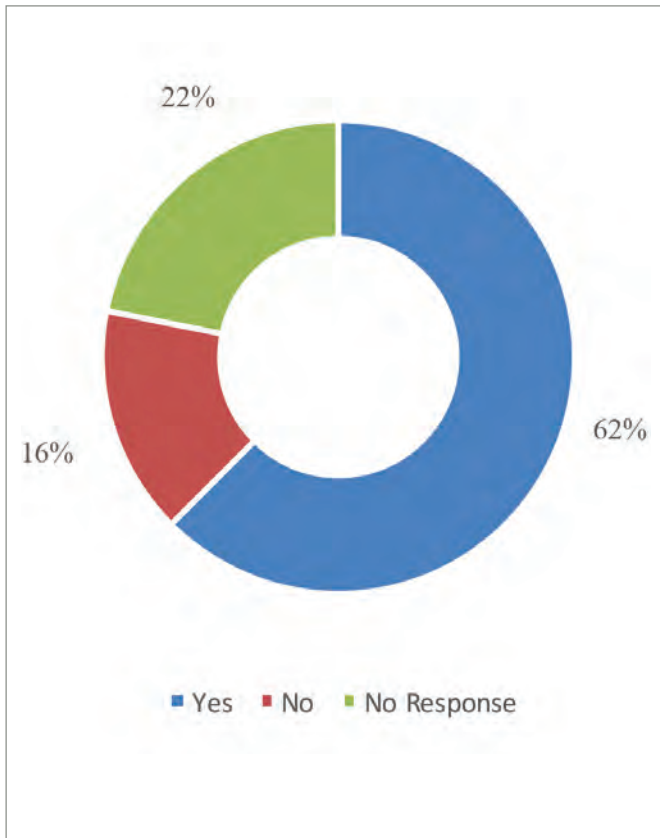
Suspicious or unusual cases passed back to individual lines of business for further analysis?



Responses	102
Resp. Rate	79.69%

Question 46:

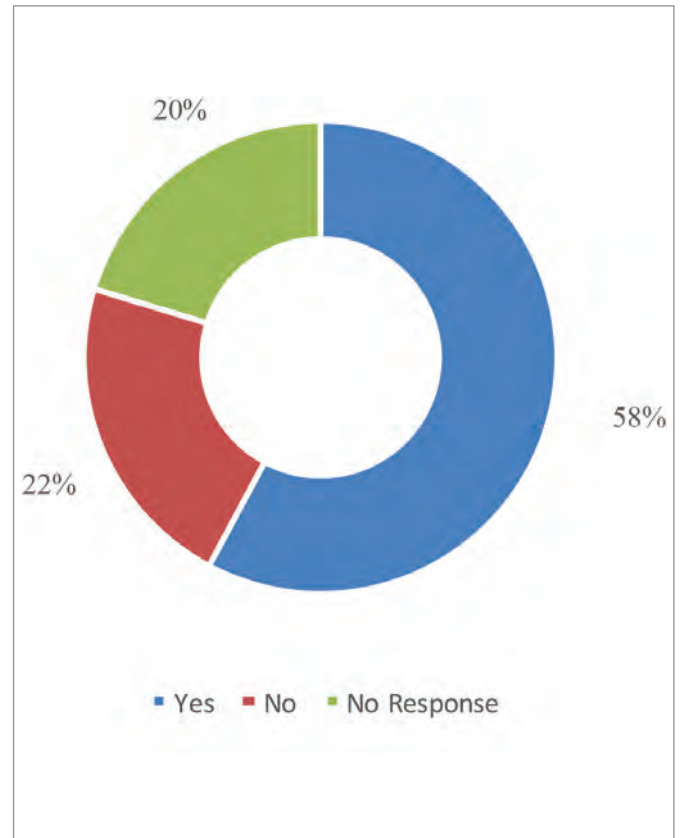
The alert investigation process is specialized by business line rather than rely on a single model?



Responses	100
Resp. Rate	78.13%

Question 47:

Transaction monitoring scenarios tuned/parameters agreed with business teams?



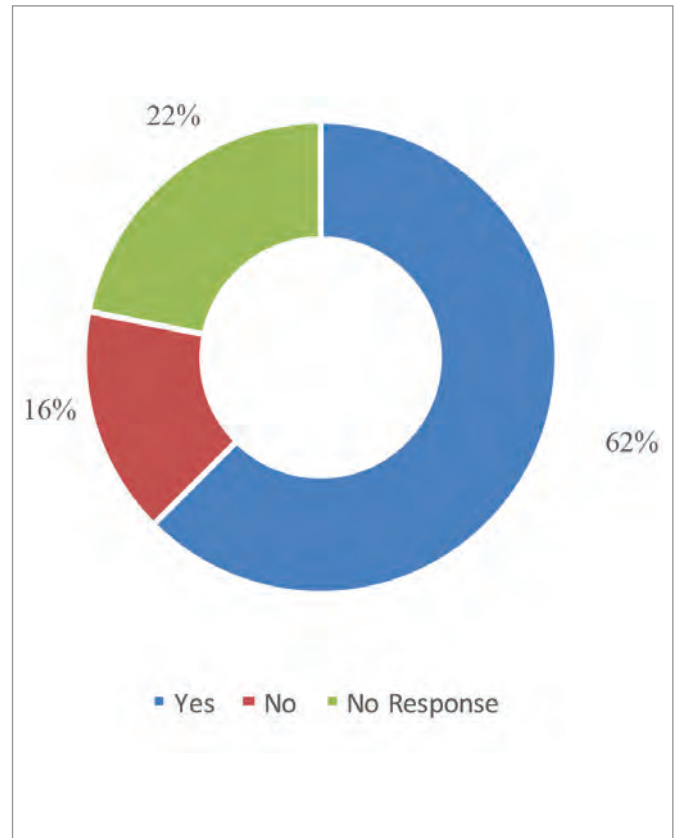
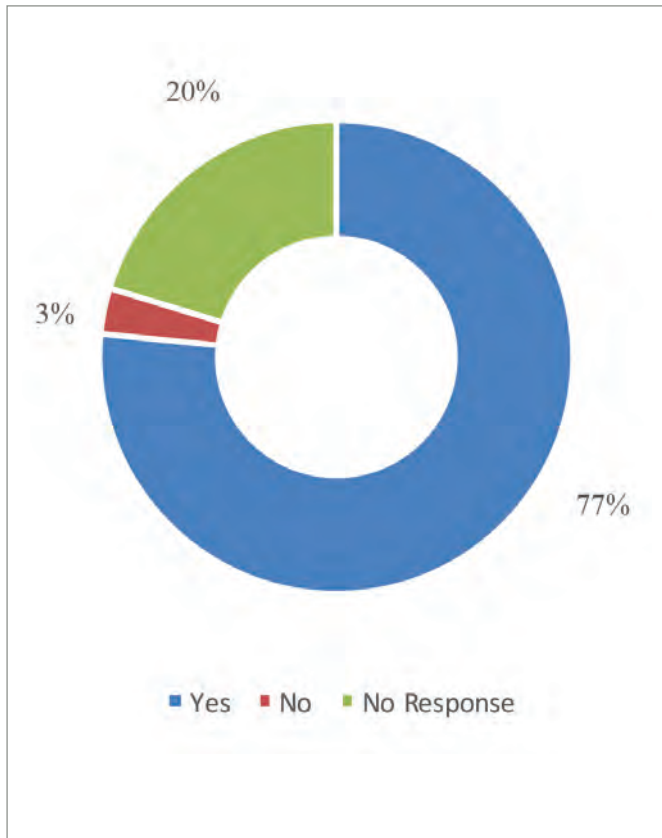
Responses	102
Resp. Rate	79.69%

Question 48:

Update transaction monitoring scenarios based on identified and evolving risks?

Question 49:

Incorporate hidden relationships scenarios in monitoring platforms?

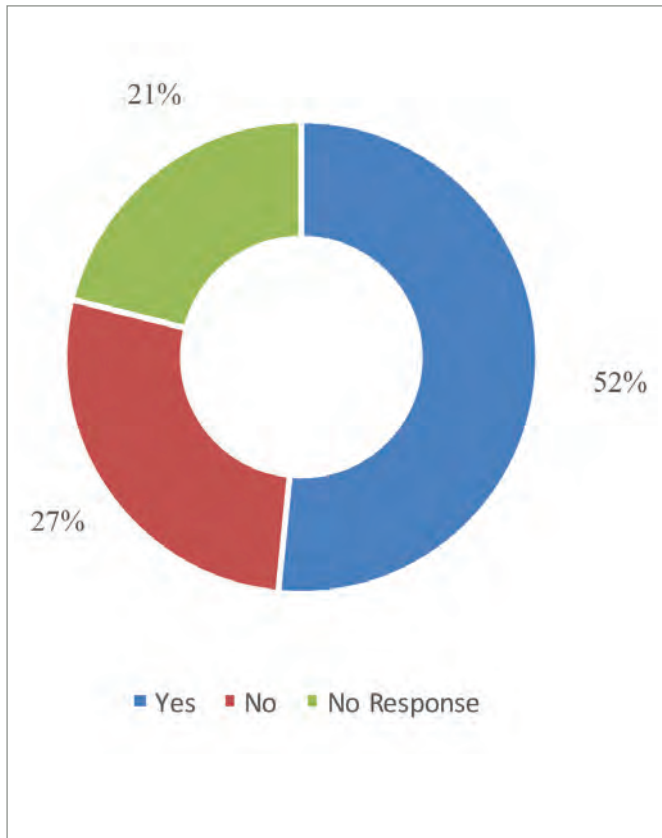


Responses	102
Resp. Rate	79.69%

Responses	100
Resp. Rate	78.13%

Question 50:

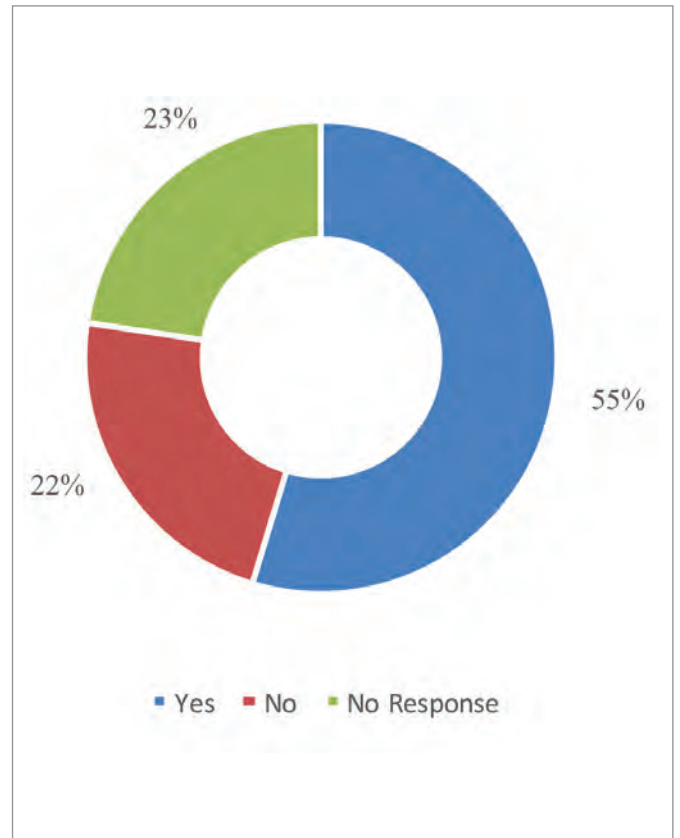
Alerting on customer's customers?



Responses	102
Resp. Rate	79.69%

Question 51:

Apply auxiliary automated tools supplementary to the Transaction Monitoring Solution?

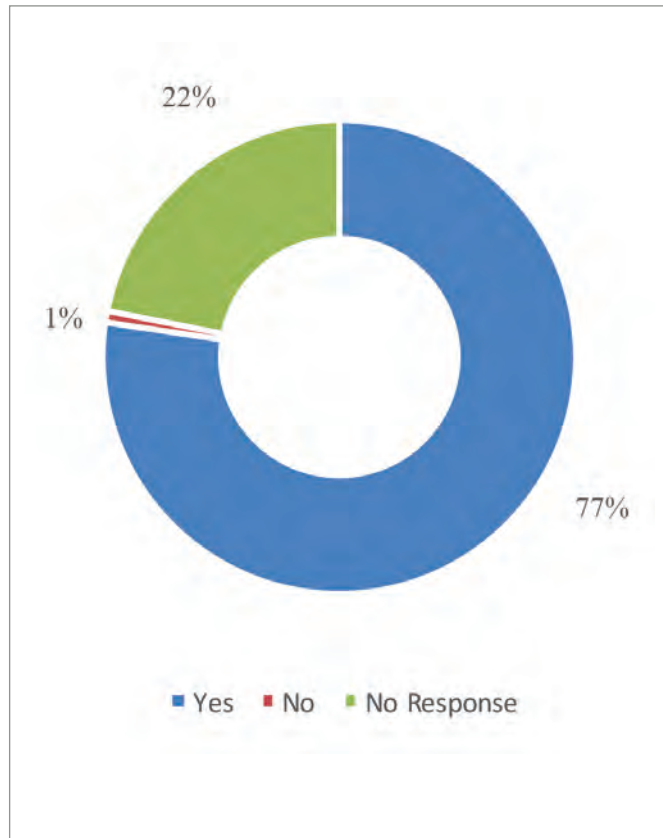


Responses	100
Resp. Rate	78.13%

SANCTIONS AND INTERDICTIONS

Question 52:

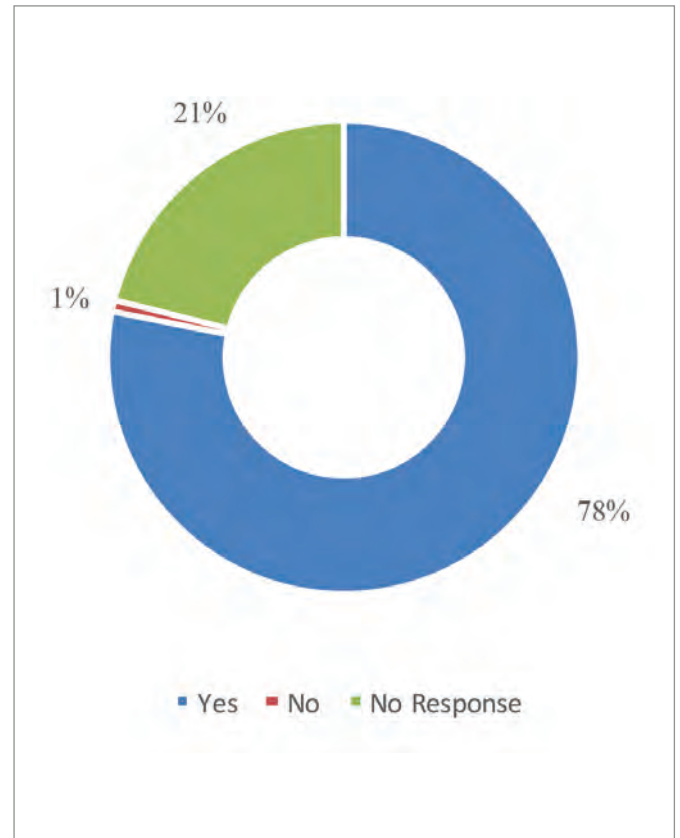
Process maintained for ensuring alerts are cleared/SARs filed within reasonable/regulatory timeframes?



Responses	100
Resp. Rate	78.13%

Question 53:

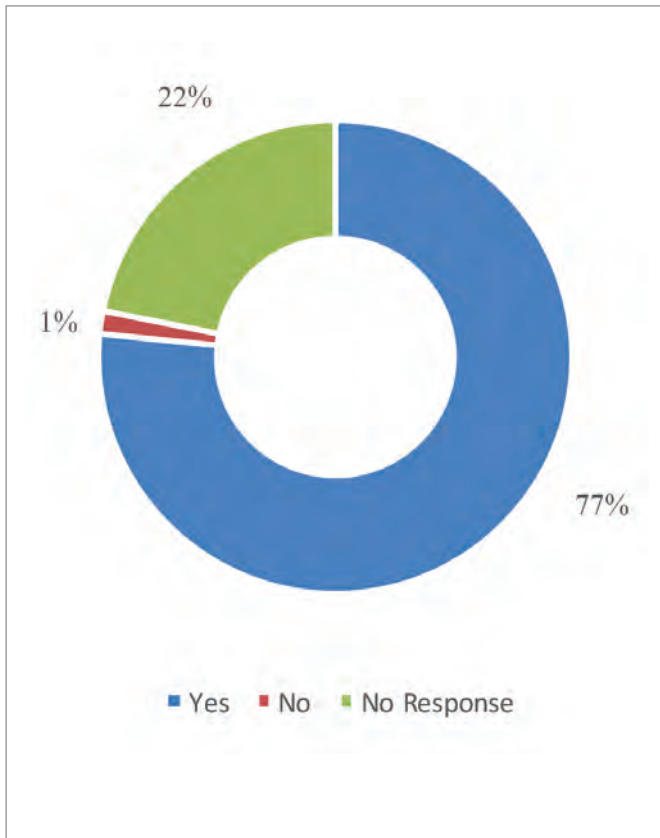
Measures applied on accounts on which SARs have been filed



Responses	101
Resp. Rate	78.91%

Question 54:

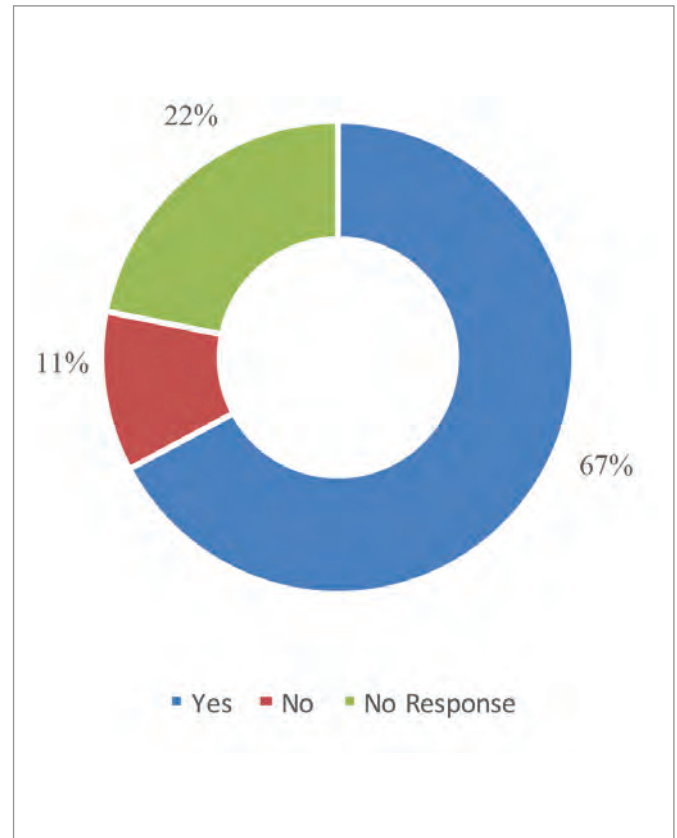
Screening systems are tested for effectiveness at the implementation stage?



Responses	100
Resp. Rate	78.13%

Question 55:

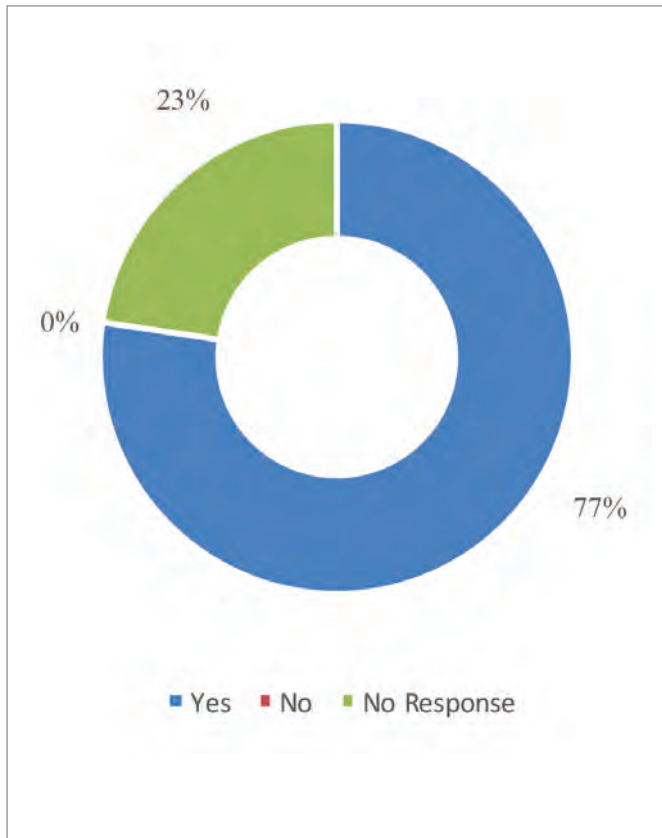
Testing of screening systems is conducted on annual basis?



Responses	100
Resp. Rate	78.13%

Question 56:

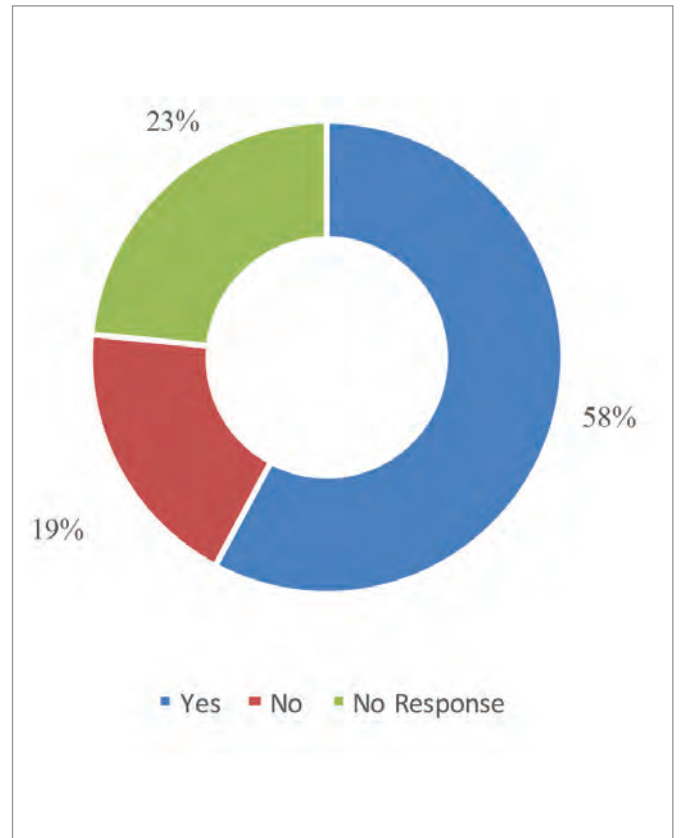
Special controls apply to transactions involving countries subject to sanctions and embargo programs?



Responses	99
Resp. Rate	77.34%

Question 57:

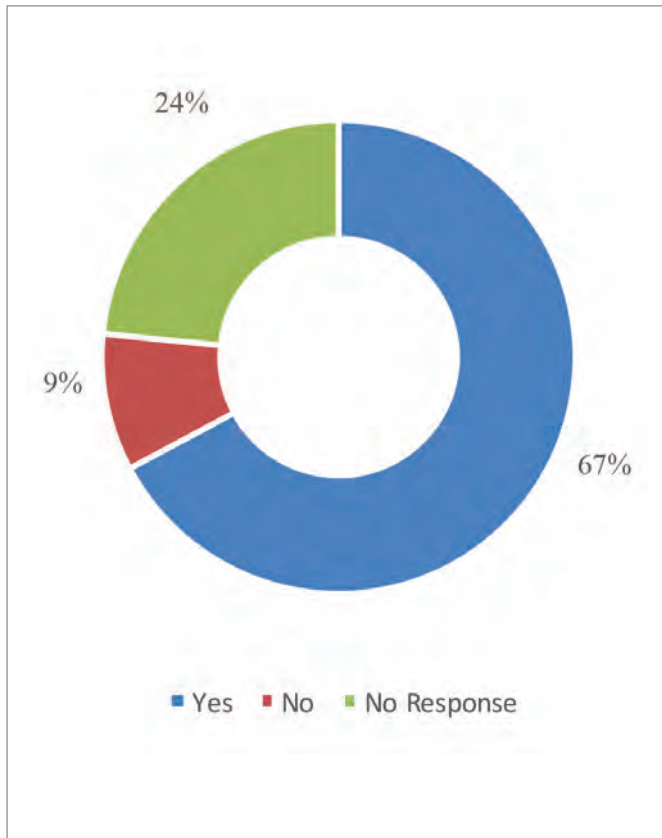
Test the quality of data from client-screening data providers at least on quarterly basis?



Responses	98
Resp. Rate	76.56%

Question 58:

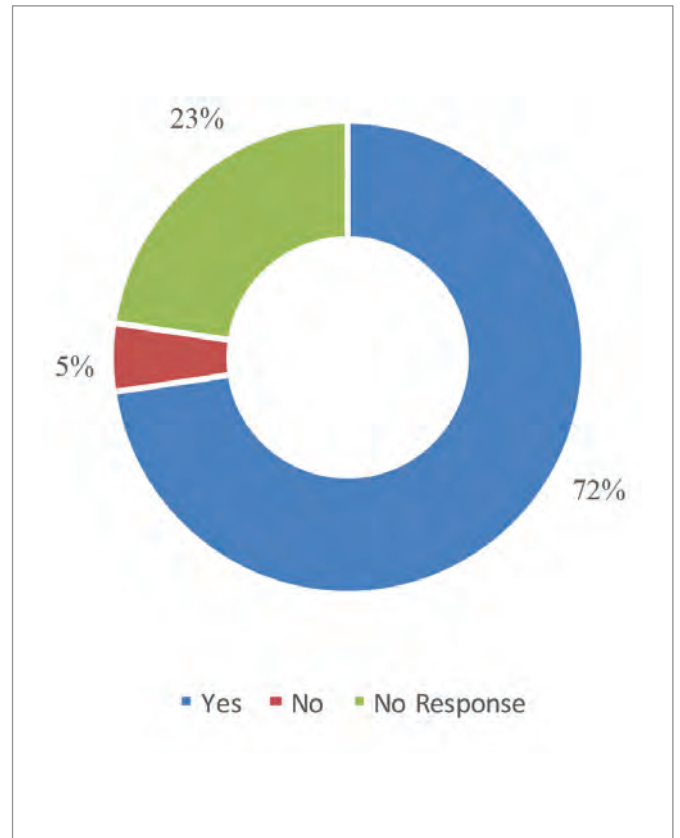
Use multiple secondary identifiers in the client-screening process?



Responses	98
Resp. Rate	76.56%

Question 59:

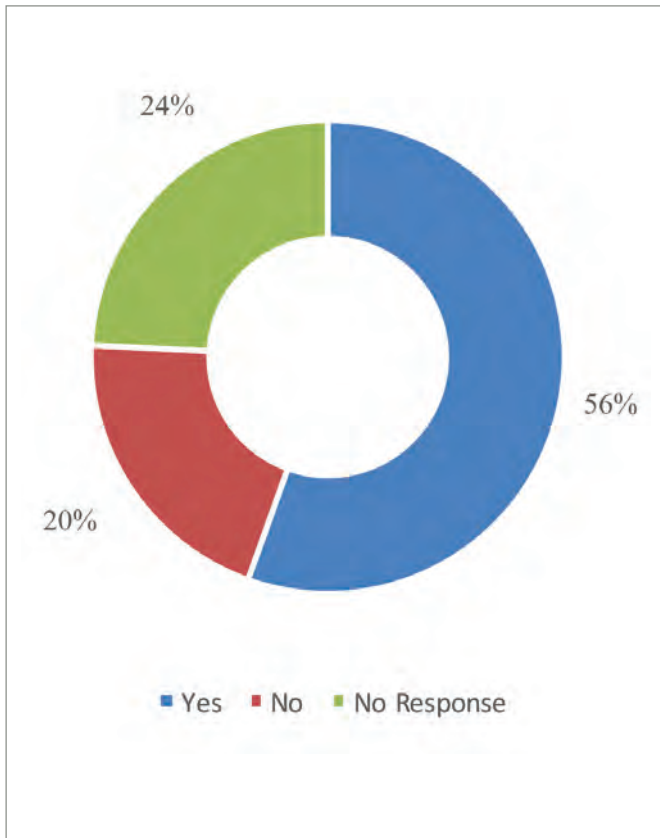
Official blacklists supplemented with additional information/internal intelligence?



Responses	99
Resp. Rate	77.34%

Question 60:

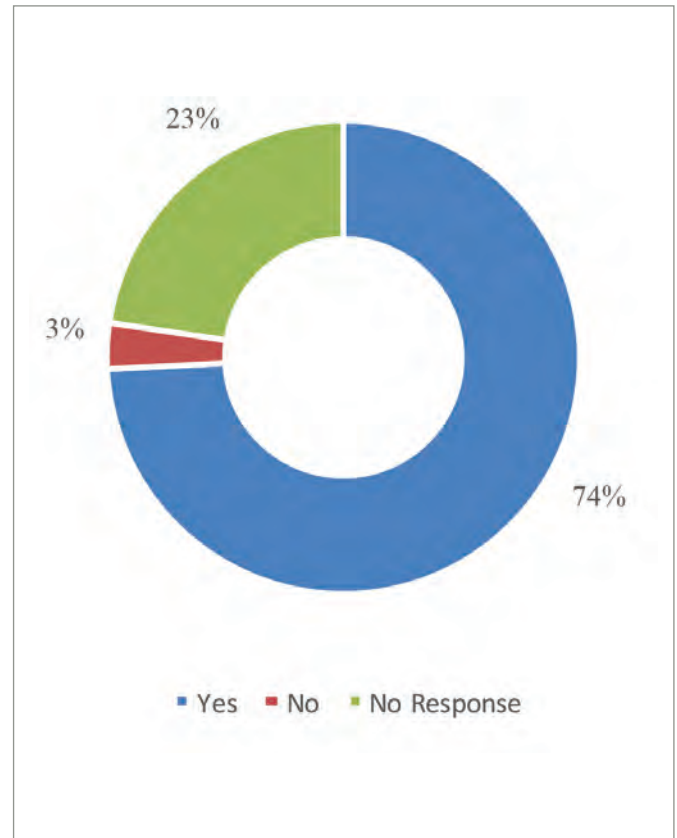
“Daily” screen media for adverse information on individuals/ entities?



Responses	97
Resp. Rate	75.78%

Question 61:

Reflect updates to blacklists within 24 hours of changes to sanctioned/official lists?

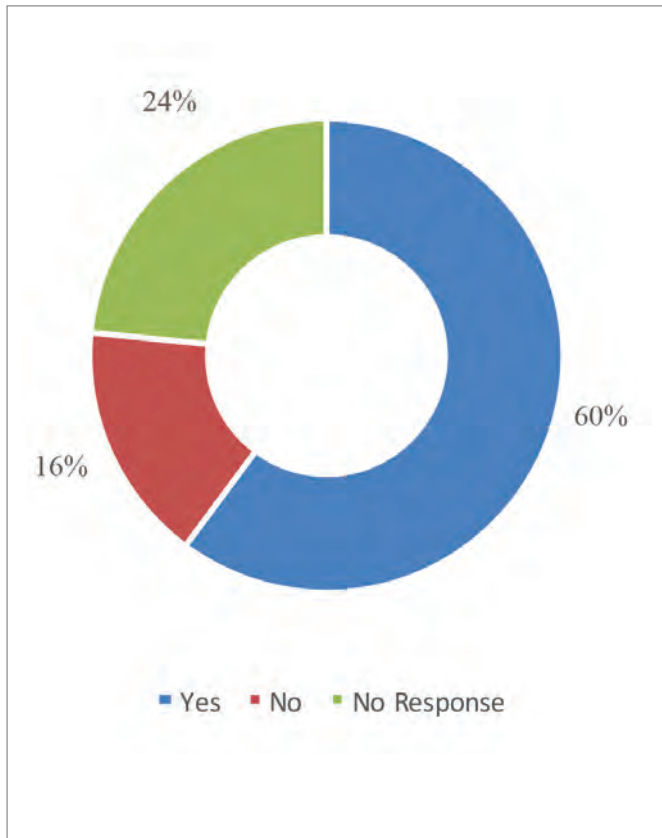


Responses	99
Resp. Rate	77.34%

TRADE FINANCE

Question 62:

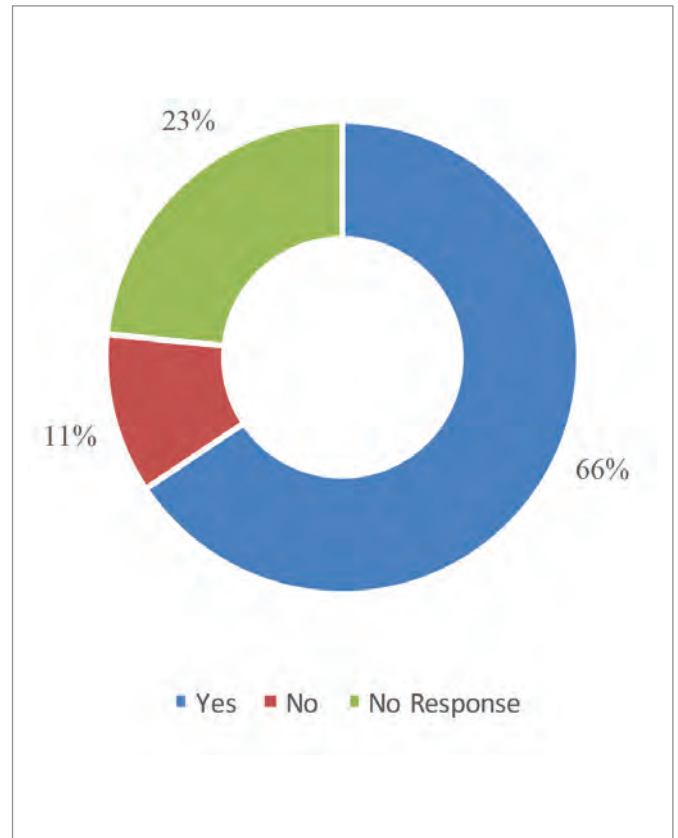
Undertake annual risk assessments of the trade finance business from AML/CTF and sanctions perspective?



Responses	98
Resp. Rate	76.56%

Question 63:

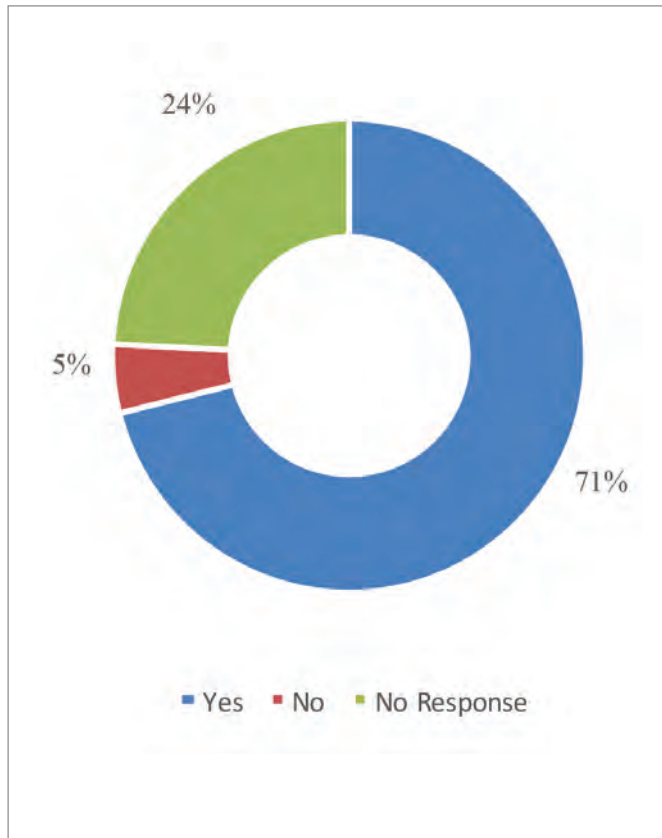
Tailored training is delivered to trade finance staff?



Responses	98
Resp. Rate	76.56%

Question 64:

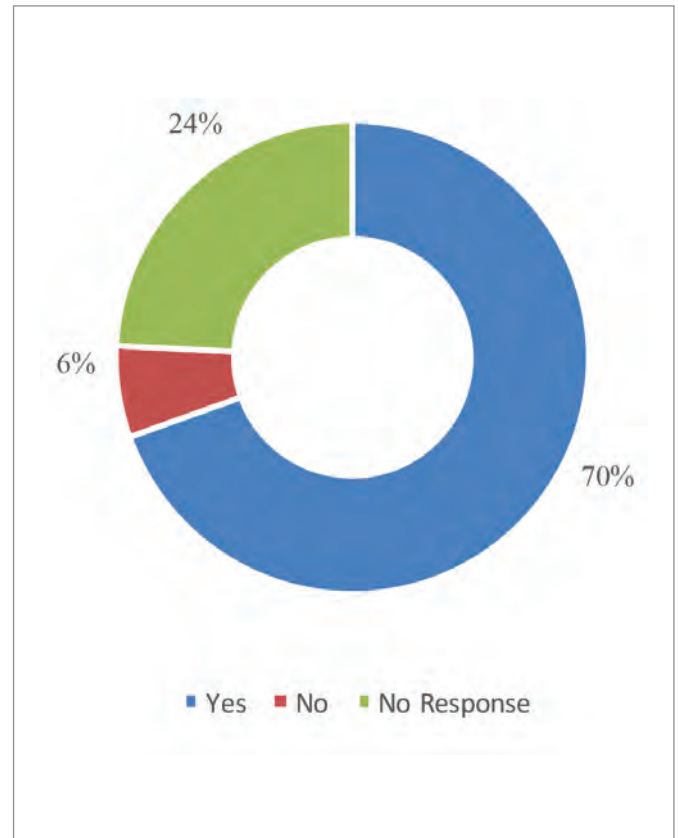
Trade finance staff escalate potentially suspicious transactions due to money laundering concerns?



Responses	97
Resp. Rate	75.78%

Question 65:

Trade processing staff make adequate use of customer due diligence information gathered by relationship managers or trade sales teams?



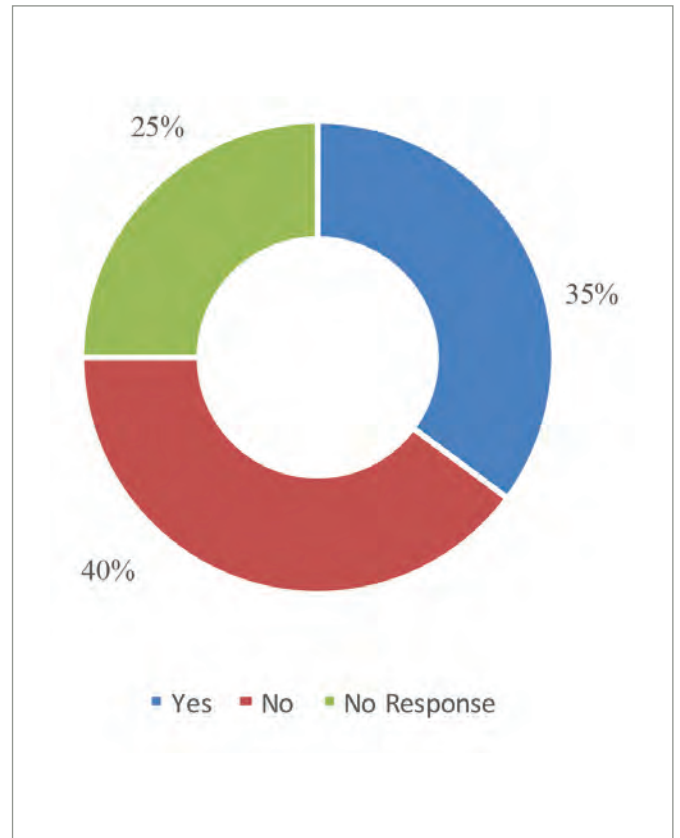
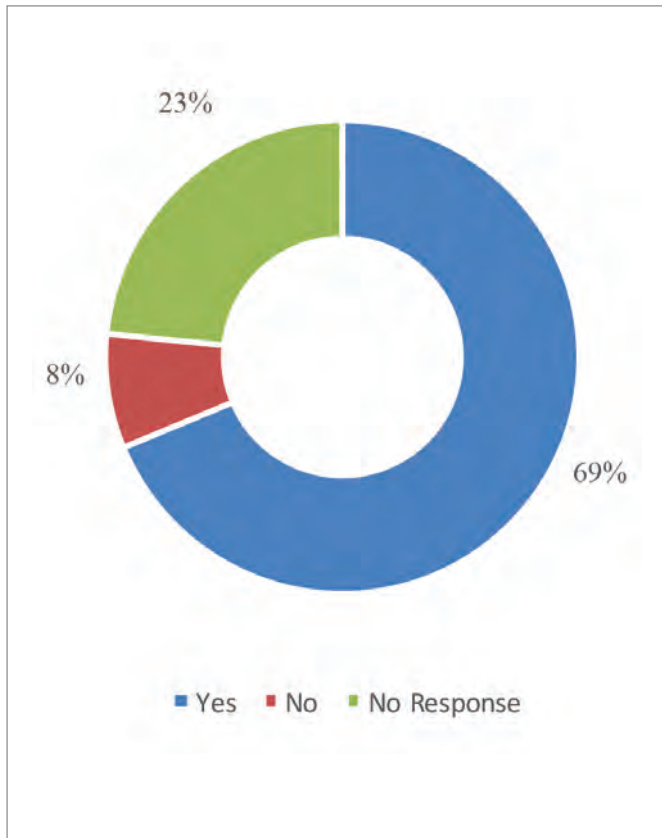
Responses	97
Resp. Rate	75.78%

Question 66:

Internal and/or external audit reviews of trade finance include scrutiny of financial crime controls?

Question 67:

Use of third party providers to verify the authenticity of trade finance documentation?

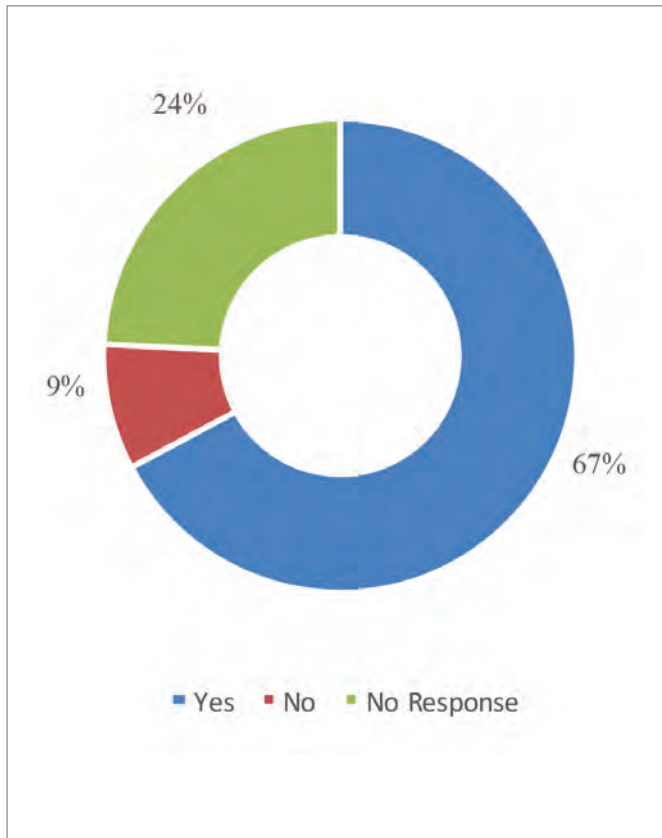


Responses	98
Resp. Rate	76.56%

Responses	96
Resp. Rate	75.00%

Question 68:

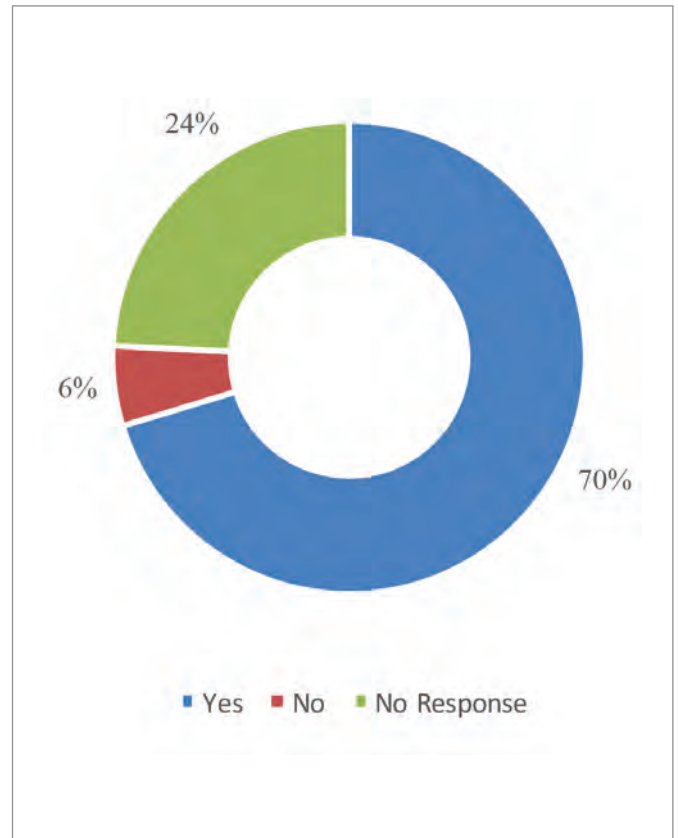
Roles and responsibilities for managing financial crime risks in trade finance are clear and documented?



Responses	97
Resp. Rate	75.78%

Question 69:

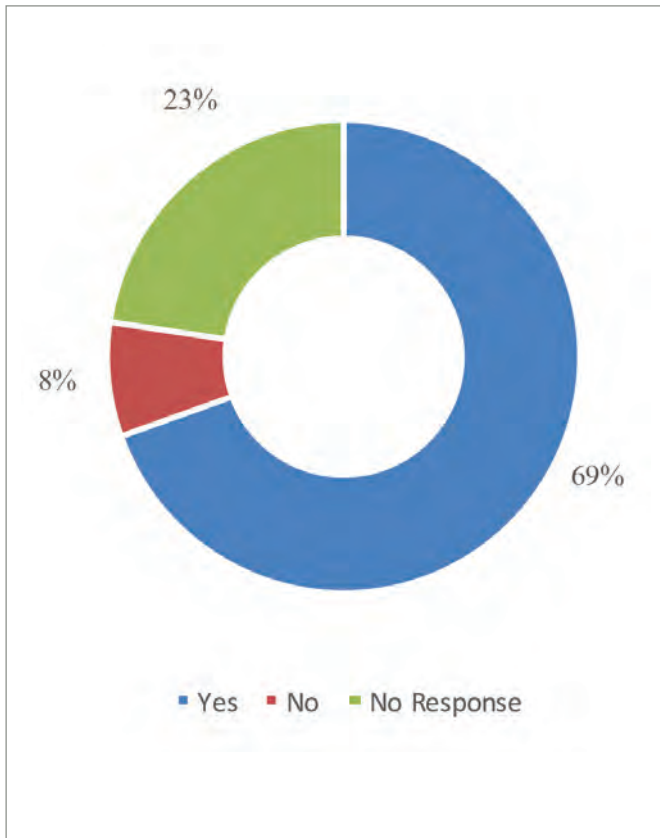
There is dialogue between trade processing staff, relationship managers and compliance staff on AML / CTF issues?



Responses	97
Resp. Rate	75.78%

Question 70:

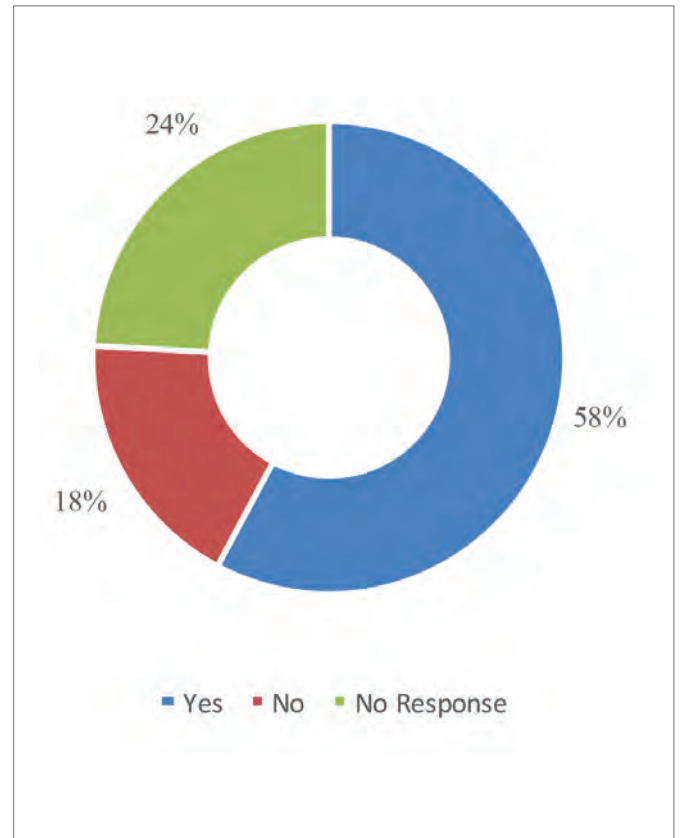
Procedures apply for staff to follow when assessing money laundering or terrorist financing risks in trade finance?



Responses	99
Resp. Rate	77.34%

Question 71:

Maintain a comprehensive software for trade finance encompassing monitoring and screening?



Responses	97
Resp. Rate	75.78%

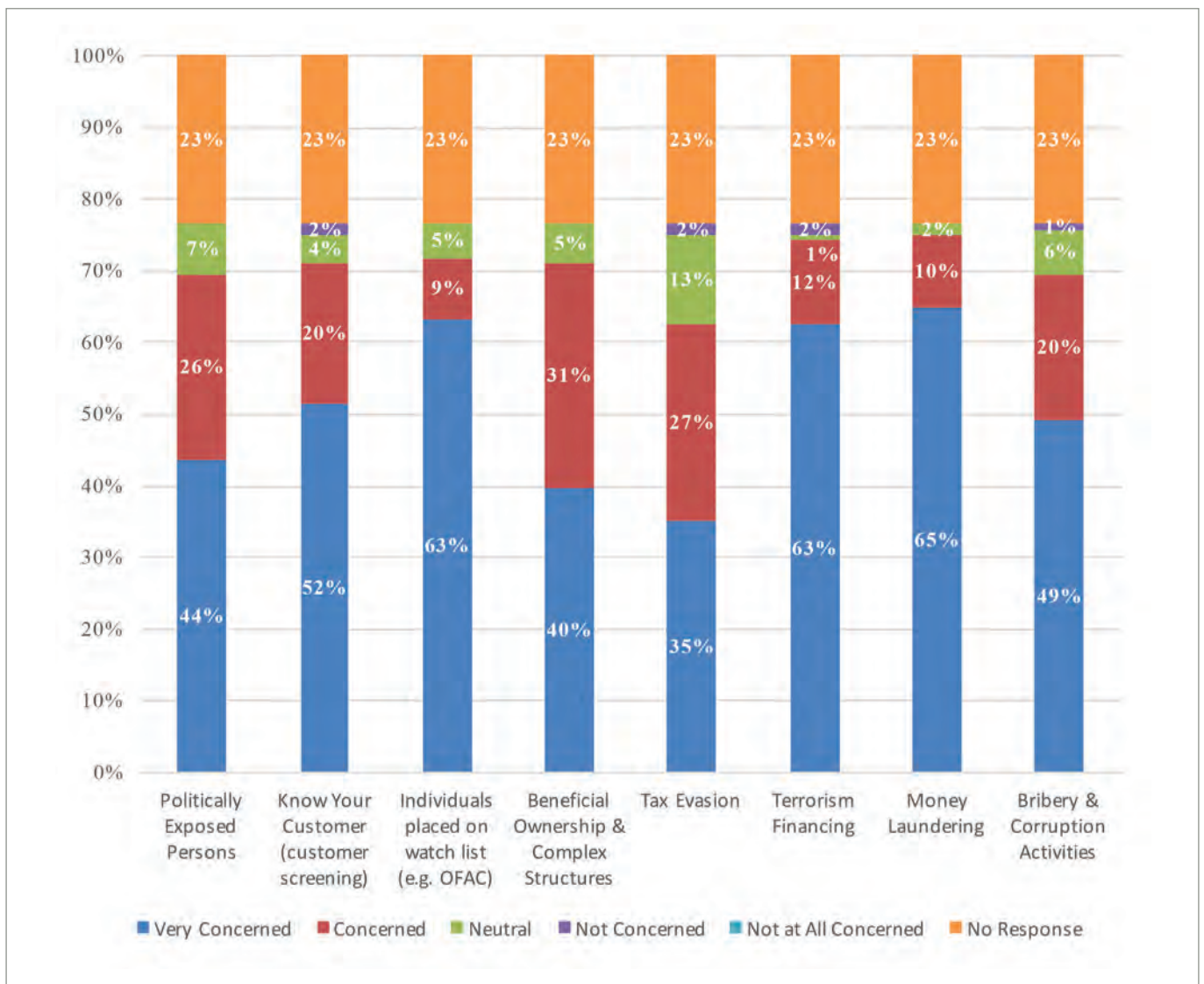


SURVEY RESPONSES PART III

TOP MANAGEMENT'S CONCERNS

Question 70-79:

Please rate Top Management's concern level for the below Financial Crime issues

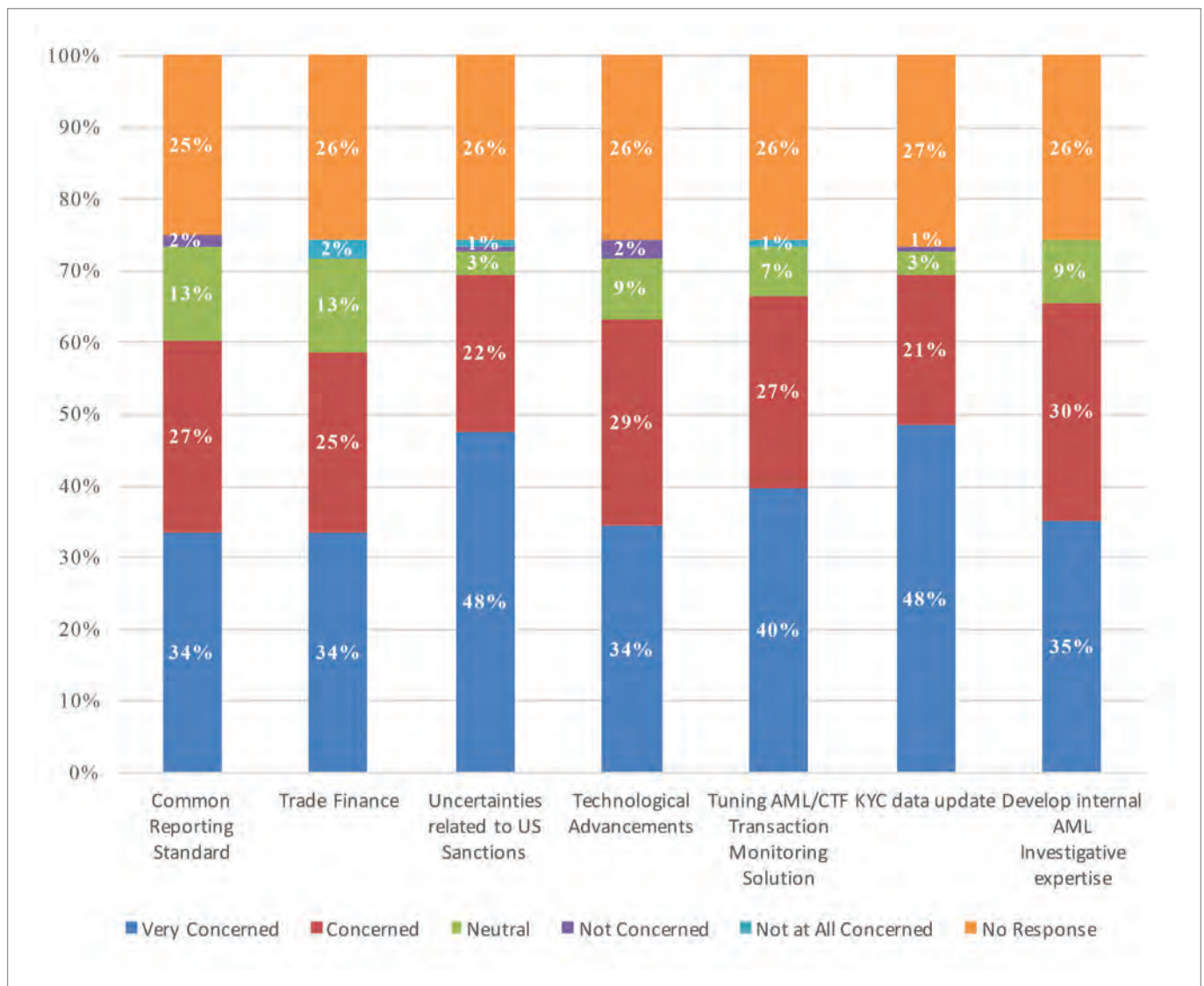


Responses	98
Resp. Rate	76.56%

AREAS OF CONCERN IN THE COMING MONTHS

Question 80-86:

Please rate areas of concern in the coming months

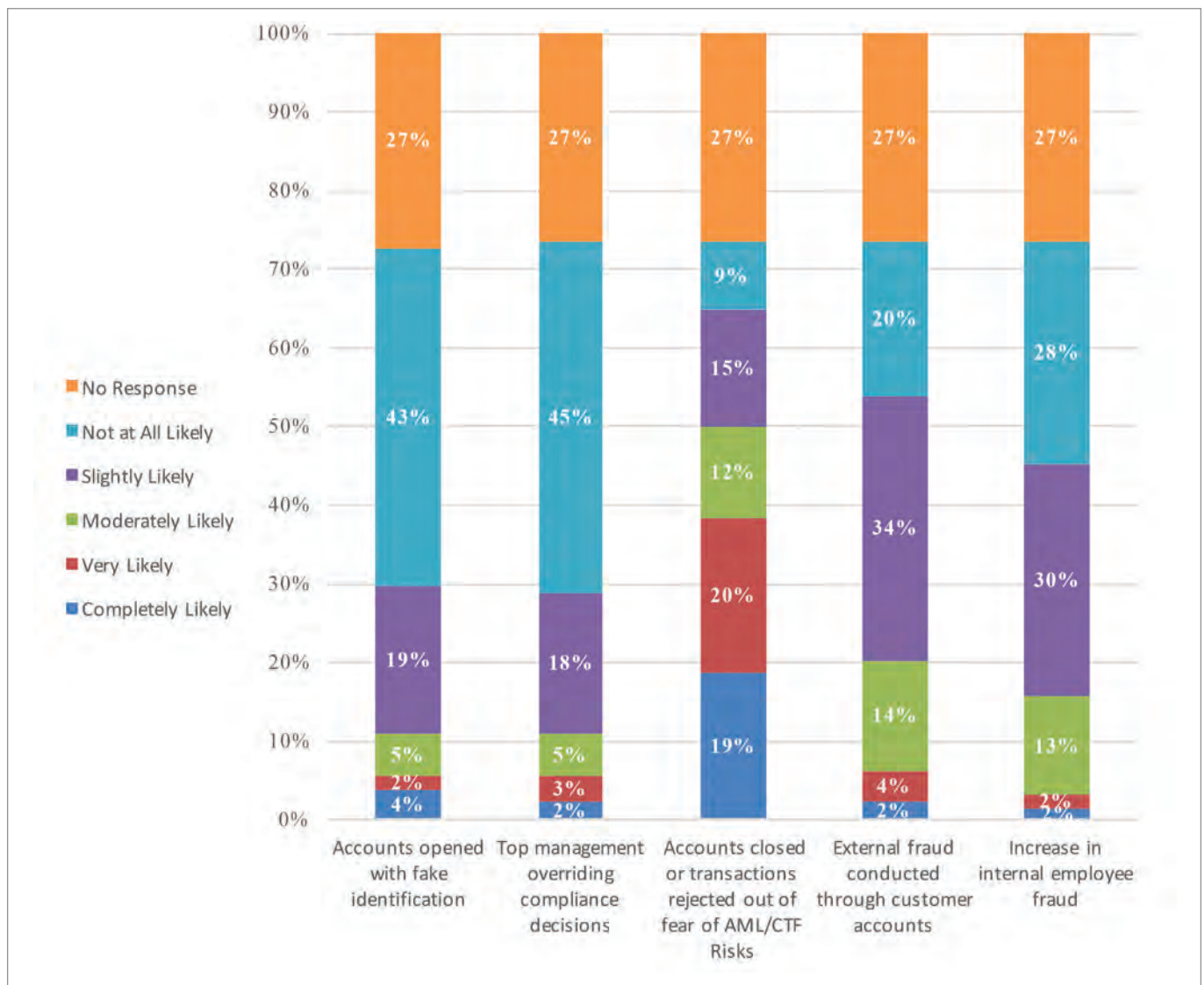


Responses	95
Resp. Rate	74.22%

LIKELIHOOD AML/CTF SITUATIONS

Question 87-91:

Please rate the likelihood for the below AML/CTF situations in your bank

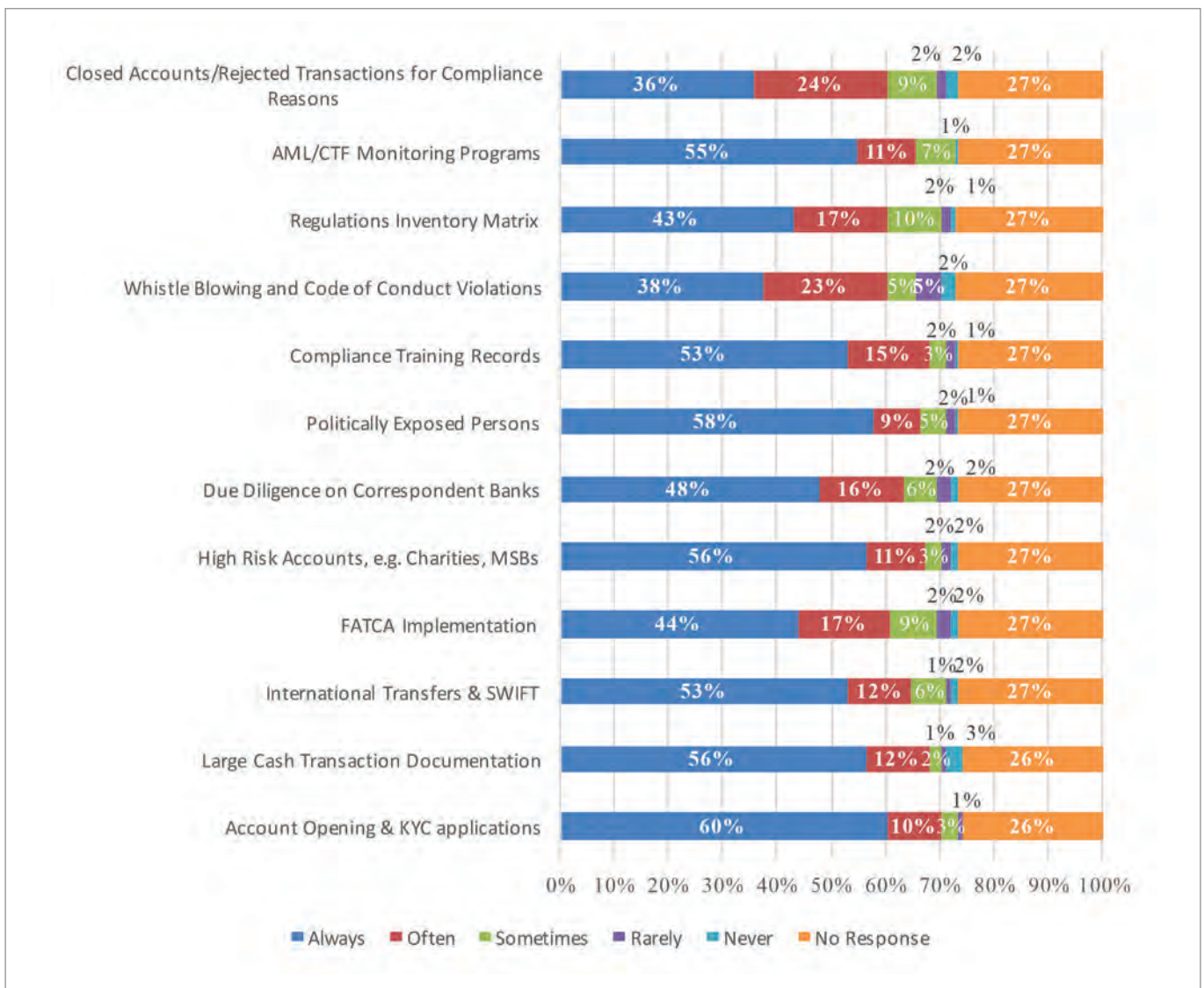


Responses	94
Resp. Rate	73.44%

CONCENTRATION OF AUDIT VISITS

Question 92-103:

Please select the concentration of the areas of audit visits

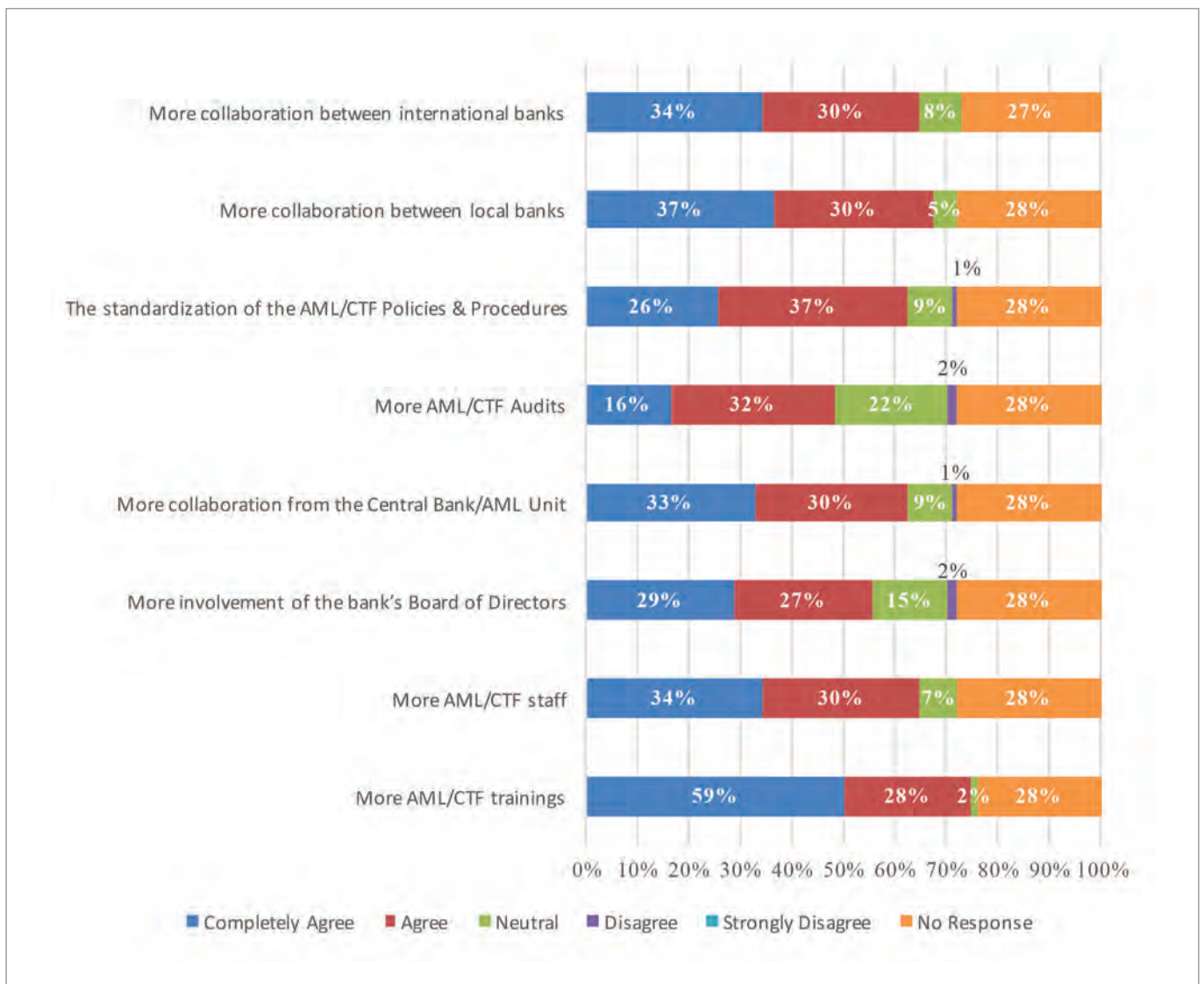


Responses	94
Resp. Rate	73.44%

PERFORMANCE

Question 104-111:

Please select the effort that you believe would enhance your AML/CTF performance



Responses	92
Resp. Rate	71.88%

THE MENA FCCG

is a voluntary body that seeks to bring collective action in the fight against money laundering and terrorist finance in the region.

Factual information under the report is provided on an “as is” basis. The report is not intended to constitute legal advice or the rendering of legal, consulting, or other professional services of any kind.