



# Fundamentals of Anti-Money laundering and opportunities for CMAs

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# Topics



What is Money laundering\_



Stages of Money Laundering



Tools and Techniques



Vulnerable channels



Need for Anti-Money Laundering



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CFO's responsibilities/KYV



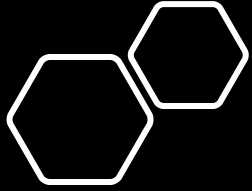
Career opportunities



# What is Money laundering

Money laundering is the processing of illegal/criminal proceeds i.e. proceeds generated from criminal/illegal activities to disguise their illegal origin.





# Stages of Money Launderin g

**Placement:** Is a method devised to bring illicit money into the financial system without drawing attention

**Layering:** As money in accounts is traceable, it is moved often through different accounts and investments, to confuse the trail

**Integration:** Once money can no longer be traced, it is converted into investments or other income-earning assets to provide apparently legitimate source of income.



# Tools and techniques

- Smuggling: Physically transporting or hiding currency in outbound cargo shipments
- Real estate, jewelry and Casino-Business
- Cyber payments products like smart cards which allow money in multiple currencies to be accessed and transferred
- Using Tax heavens, offshore companies as front ups



# Vulnerable channels

<b>Modus Operandi</b>	<b>Stage</b>
<b>Large cash deposits</b>	<b>Placement</b>
<b>Over/under invoicing of transactions</b>	<b>Layering</b>
<b>Routing of funds through complex structured products</b>	<b>Layering</b>
<b>Wiring funds across the globe and more to offshore locations</b>	<b>Layering</b>
<b>Investing in various asset classes such as shares, real estates and investments</b>	<b>Integration</b>





# Regulatory guidelines and requirements

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Prevention of Money Laundering Act, 2002 & RBI require financial institutions to report suspicious transactions -involving proceeds of crime or financing of terrorism activities

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The Office of foreign assets control (OFAC) of US Department of Treasury, UN Security Council 1267 Sanctions Committee and other regulatory bodies periodically circulate list of terrorists individuals





# International Authorities

- The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). In order to protect the international financial system from ML/FT risks and to encourage greater compliance with AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies.
- India become a member of FATF in June 2010
- Office of foreign Assets control of the US Dept, of the Treasury administers and enforce economic and trade sanctions based on US foreign policy and national security goal against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destructions



# Reviewed Software Applications

- AMLOCK
- FIRCO SOFT



# List of sanctioned countries

FATF-Sanctioned countries			OFAC Sanctioned	
Senegal	Zimbabwe	Jamaica	Iran	Crimea
South Sudan	Syria	Mali	North Korea	Venezuela
Cayman Iceland	Panama	Morocco	CUBA	
Turkey	Uganda	Nicaragua	Syria	
Pakistan	Yemen	Malta	Sudan	
Cambodia	Burkina Faso	Myanmar	Myanmar	
Albania	Haiti	Philippines	Russia	
Barbados	Jordan			



# CFOs responsibilities



- Rejection: Financial institutions/Banks may refuse to process the financial transfer requests
- Blocking: Funds may get freeze by the law enforcement agencies as per the
- Since Supply chain Management and working capital is most crucial and vital points for an organization, It is CFOs responsibility to ensure the smooth functioning by ensuring these critical checks
- If an offence of Money laundering is committed by a company, then every person of and responsible for the conduct of the business of the company at the time of such contravention as well as the company, will be deemed to be guilty and will be liable to be proceeded against and punished accordingly



# Career opportunities

- Certifications:

- Indian Institute of Banking and Finance
- AML Certification from CAMS is well recognized by Institutions, governments and regulators across the world

- Career opportunities:

- Compliance officer
- AML officer
- TBML Officer
- Principal officer



*Thank You!*

