To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it: A case study of EmiratesNBD

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Signed Statement

DECLARATION

This work is being submitted in partial fulfilment of the requirements for the degree of MBA and has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed

Date 17th May 2017

STATEMENT 1

This dissertation is the result of my own work and investigations, except where otherwise stated. Where correction services have been used, the extent and nature of the correction is clearly marked in a footnote(s).

Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

Signed

Date 17th May 2017

STATEMENT 2

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Supervisor Declaration Form

Student Name: Menezes, K

Supervisor's Name ..............................................................

I acknowledge that the above named student has regularly attended the planned meetings and actively engaged in the dissertation supervision process. They have provided regular timely draft chapters of the dissertation and followed given guidance.

Signed ..............................................................

Date ..............................................................
Abstract

The purpose of the study was to evaluate the money laundering challenge on financial institutions and recommending strategic approaches’ through which financial institutions can overcome the posed risks. In this case, the study investigated the various sources of money laundering schemes, the AML skills required, and the role of self regulation and existing loopholes respectively. In collecting the required study data, the review used a qualitative study approach, where a total of five interview respondents were sampled through a purposive sampling approach and findings analysed through a qualitative content analysis approach.

The study findings demonstrated that money laundering sources varied from currency smuggling, banks complacency through currency conversion and asset conversion, to use of false export and import invoice, and the use of false loans respectively. Moreover, the study established that the primary AML team’s skills included research and ICT skills competencies as well as an integrity and transparent personality. Finally, the review concluded that self-regulation was critical. Thus, the study commented that entities should focus on staff skills development and ICT systems security enhancement respectively.

Key Words: Money laundering, Anti-money laundering, complacency, team skills, self-regulation.
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Glossary

- **ENBD** - Emirates National Bank of Dubai
- **EmiratesNBD** - Emirates National Bank of Dubai
- **UAE** - United Arab Emirates
- **MENA** – Middle East and Northern Africa region
- **ICT** - Information and Communications Technology
- **AML** – Anti Money Laundering
- **ML** – Money Laundering
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Chapter 1: Introduction

1.1 Introduction
This is the first dissertation chapter. The chapter offers an overview of the research study focus and an evaluation of the areas of the focus by the study. The overall aim of the chapter is to present a rationale and basis for which the study was developed. In order to ensure that the chapter was clear, it is segmented into different sections, namely the background, the problem statement, aims and objectives, significance, and research methodology sections respectively. Each of the sections is as demonstrated in the discussion below.

1.2 Background
The study was developed against the backdrop of rising cases of money laundering. Money laundering is described as the process of concealing money and transferring it from one source to the next. In this regard, money laundering includes the concealing of originally illegal money obtained through illegal means and then trying to pacify such money into clean money. Money laundering takes two strategic forms. The first form of money laundering is through the use of legitimate business entities. In this case, the illegally obtained money is concealed in such legitimate organisations as part of the legal proceeds and revenues obtained by an entity. This allows for the transfer of such illegal money into other legal proceeds thus concealing its original inputs. The second form of laundering is through financial institutions.

In this case, the financial institutions’, especially in the global markets, are used to transfer such illegal money. In this case, through concealed approaches and means, the institutions facilitate the transfer of such money proceeds. Nevertheless, as Hopton (2016) noted, it is critical to note that the laundering process can occur with the knowledge or without the knowledge of the financial institutions. On one hand, the staff and other responsible personnel in the financial industry could conspire and allow cartels pacify and launder money through the institutions. This is achieved through collusion. On the other hand, the institutions could be the avenues for money laundering without their knowledge. In this case, the money laundering process takes advantage of the anti-money laundering systems weakness areas to conceal their operations without the bank’s knowledge (Cox, 2010).
The developed study was based on the second form of money laundering through financial institutions without the direct participation of the financial institutions. As such, the study focused on the evaluation of the existing anti-money laundering (AML) strategies and their weakness areas respectively.

1.3 Problem Statement

The globalisation process and the recent trends in the financial industry over the last two decades have drastically changed the industry systems. In this case, the financial industry is now largely interconnected across all nations, all through from the developed to the developing nations. Although the interconnectivity between financial institutions facilitates international trade and eases the transfer of funds for such international transactions, it has its share of limitations. One of the limitations is the increased risk of money laundering. As described above, money laundering includes the transfer of illegal money through a financial institution to a destination where such money is pacified and passed on as legal, clean money. The major contributing factor in the money laundering process is the recent developments in Information and Communication Technology (ICT) (Beare & Schneider, 2007).

Traditionally, the money laundering process was based on paper trail, and it was possible for the financial institutions and the regulators to net such laundering activities. However, with ICT development, the process has changed. On one hand, there is the risk of external third party hacking financial systems and intruding on the systems. In this regard, the external third parties could have access to such transaction systems and thus launder their money through the systems. One of the fundamental challenges faced by the financial institutions is to detect such laundering practices in the market (Unger & Busuioc, 2007). In this case, the institutions require improved money laundering detection systems and operations to net such trends.

The major problems in the management of anti-money laundering process can be classified into two main areas. The first major challenge in the industry is the lack of the requisite money laundering skills among the staff. As already noted above, the industry is facing a paradigm shift in terms of operations, where the systems ICT require additional skills. Unfortunately, the majority of the institutions have priorities on their growth and expansion forecasts, overlooking the need to develop their workforce skills and competencies. As Weismann and American Bar Association
(2014) noted, the industry is facing a major skills challenge. As such, it has been established that over the last one decade, a majority of the money laundering cases have been undetected in real time. Consequently, over 70% of the unearthed laundering cases are discovered after they are already completed. A second problem in the industry is the lack of proper self-regulation systems. Besides the skills challenges, the industry is facing operational challenges. Traditionally, with limited scope by the financial institutions, it was possible for the government to control and monitor the operations of the respective financial institutions. However, with the rising interconnection by the institutions globally, as well as the rising number of financial institutions, it is not a viable alternative to rely on the government control systems. Consequently, this has led to the collision money laundering risk. Through this opportunity and the lack of proper internal control systems, some of the employees collude with money launderers and conceal the process. The lack of proper self-regulation systems creates a conductive environment basis through which such practices are perpetuated. Thus, the study was developed with the aim of evaluating the two main challenges of lack of sufficient skills and lack of proper and sufficient internal control systems respectively.

1.4 Aim/Research Objectives/ Questions

1.4.1 Aim
The overall aim of the study was to evaluate the impact of money laundering on the financial institutions. The study aimed at evaluating the current systems applied in countering money laundering and how this could be improved into the future.

1.4.2 Research Questions
- What are the different approaches and sources that money laundering is perpetuated and their negative implications?
- What are the most relevant AML team skills and expertise required to effectively unearth and expose money laundering activities?
- What is the role of financial institutions in self-regulation and coordination to proactively mitigate money laundering?
- What is the ideal operational framework that can be applied to control money laundering in the financial industry?
1.4.3 Research Objectives

- To evaluate the various approaches and sources through which money laundering is perpetuated and the resulting negative implications
- To investigate and recommend ideal AML teams skills and expertise required to unearth and expose money laundering activities
- To investigate on the role of financial institutions in self-regulation and coordination to proactively mitigating money laundering
- To investigate the loopholes and propose a framework through which institutions and the AML government teams can effectively function together to mitigate money laundering activities

1.5 Significance/Rationale

The study was developed with two strategic deliverable goals, namely the theoretical and the practical significance aspects. On one hand, the obtained study findings are expected to yield a literature value. A preliminary analysis of the existing ligature on the topic was developed at the proposal stage. At this stage, the research evaluated over 20 peers reviewed articles. In this case, the preliminary analysis demonstrated that although there was a significant literature base, the available literature as majorly on the Western market. As such, there was no empirical literature directly related to the UAE financial industry. Therefore, this indicated a literature gap for the UAE and the MENA region financial industry. The potential literature gap is based on the variance in market cultures. The Hofstede cultural dimensions theory argued that each national culture has differing dimensions. Mainly, relating the UAE and the western market culture the fundamental differences are in power distance, collectiveness/individualism, and in risk taking and the long-term/short-term orientation differences. The theoretical review indicated that potential of the market operations in the UAE differing from those in the western market. Thus, the obtained findings in the study were expected to bridge the existing literature gap. Of primary goal, it would demonstrate if the challenges facing the anti-money laundering strategies in the UAE financial industry are similar to those in the western market, and note the differences if any.

On the other hand, the obtained study findings will have a practical implication on the UAE and the MENA financial industry anti-money laundering strategies. First, the
obtained findings will demonstrate the existing skills capacity in dealing with money laundering cases. As such, this was related to the existing money laundering skills. At the end of the objective, the study findings served as a template for which the existing skills gap in ensuring good anti-money laundering strategies were demonstrated. Secondly, the study findings illustrated the role and avenues through which the financial institutions would develop the internal control systems. The findings offered a strength-weakness analysis on the applied AML systems. Consequently, the study offers strategic recommendations on how the financial institutions can structure their internal control operations. Thus, overall, through the obtained findings and lessons learnt in the study, the review obtained findings that could help the UAE financial industry players mitigate the collision and the undetected money laundering schemes. Thus, in the long run, the study findings will support the UAE financial industry players to develop strong Anti-Money Laundering strategies.

1.6 Research Methodology Outline
The study applied a case study approach. In this case, due to the sensitivity of the information required, the review used a case study of the Emirates National Bank of Dubai (EmiratesNBD / ENBD). The selection of the bank was due to the fact that the researcher worked in the institution, which offered an increased access and allowance by the management to conduct the researcher although sensitive. The required study data was collected through in-depth interviews with compliance and risks management experts and managers in the organisation. The interviews were developed through a set of pre-determined semi-structured open-ended questions, as indicated under appendix 1 of the study. The use of interview scripts ensured there was uniformity of questions and responses from across the respondents. However, the use of the single case study findings would limit the review findings generalisation ability for the entire UAE and the MENA region financial industry. Consequently, the study used additional interviews with the external industry experts and consultants with respect to regulation and anti-money laundering systems development. This ensured that the used findings were not just related to EmiratesNBD but were equally a reflection of the entire UAE financial industry.
1.7 Chapter Outline

This section offers a summary of the entire dissertation chapters. In this case, the section offers an overview of the different chapters and the areas and aspects covered in each of the chapters.

**Chapter 1:** This is the first chapter of the dissertation. The chapter offers a critical overview of the entire study. Overall, it presented a summary of the deliverable areas of the study, the context within which the study was developed, the challenges sought to be addressed, and the potential gains and benefits likely to be derived from the study findings.

**Chapter 2:** This was the literature review section, and it offers a summary of the existing literature. In this regard, the chapter offers a summary of the existing models, theories, frameworks, and empirical studies in relation to money laundering and the role of financial institutions in this process.

**Chapter 3:** This was the research methodology chapter. The chapter offered a descriptive and detailed analysis of the manner through which the required study data was collected and analysed respectively.

**Chapter 4:** The findings, analysis, and interpretation chapter. This chapter offered an overview of the obtained findings, analysed their trends, and interpreted them based on themes and already evaluated literature under chapter 2 mentioned above.

**Chapter 5:** Conclusion and Recommendations. This was the final study chapter. The chapter first segment offered the overall conclusions derived based on the obtained findings and the set objectives’. Secondly, the chapter offered strategic recommendations on Anti-money laundering policies to both EmiratesNBD and the entire financial industry respectively.

1.8 Summary

In summary, chapter 1 of the dissertation has offered an overview required to understand the rationale and scope adopted in the study. The next chapter is on literature review.
Chapter 2: Literature Review

2.1 Introduction
This is the second chapter of the dissertation. The chapter offers a critical analysis of the existing literature related to money laundering, anti-money laundering systems, and financial institutions roles and impacts respectively. The chapter is developed as a metric through which the subsequently obtained data under chapter 4 of the review would be interpreted. In order to facilitate clarity, this chapter is further divided into sections, namely the theories and models, AML teams’ skill, ICT and AML systems, as well as financial institutions self-regulations respectively. Each of the sections applies for critical literature review through approved texts and peer-reviewed articles.

2.2 Theories and Models
This section offers a critical analysis of the existing theories and models in relation to the study topic. In this case, the review focuses on three main theories, namely the Walker Gravity model and the systems theory of Money laundering respectively.

2.2.1 The Walker-The Gravity Model
One of the traditional models in analysing money laundering was the Walker model. This model was first developed by Walker in 1995 and was aimed at evaluating money-laundering trends in the Australian market. The theory was strongly built on the Isaac Newton Gravity model. The theory held that money-laundering rates were based on the crime rates in a nation, the level of crime sophistication, and the GDP rates in the nation (Unger & Linde, 2013). In this case, it underscored that in developed nations, such as Australia, there was more sophisticated crime and as such more proceeds under money laundering. Nevertheless, it noted that not all laundered money are transferred internationally as domestic institutions at times provide enough cover for such laundered cash. This theory application was further adjusted in evaluating money laundering in Netherlands. In its adjustments, the Walker models definition and scope for money laundering case were expanded. In this regard, it expanded to form the traditional underground economic activities such as drug dealings and crime, to proceeds from the shadow economy such as tax
evasion among others. The use of the model in the study played a critical developmental role. In this case, the model application helped the study set the scope for which money-laundering instances in the UAE financial industry would be evaluated (Unger & Busuioc, 2007). As such, the scope included both the underground economy proceeds as well as the shadow economy proceeds that were laundered through the UAE financial industry institutions.

2.2.2 The Systems Theory in Money Laundering

The second evaluated theory in the money laundering process is the systems theory. The systems theory is applied in all paradigm-thinking approaches’. The theory holds that the operations in any functioning entity work jointly as a complete system. The systems theory argues that for any system to fully function, the different sub-systems must function jointly and toward a shared common goal of achieving a set of objectives and set visions respectively. This is the same scenario in the money laundering process. In order for the process to succeed, the different systems should function jointly. One of the core pillars of the system is the stakeholders (Mei & Zhou, 2015). In money laundering there are two sets of stakeholders critical for any transaction to sail through, the external stakeholders, who are the actual money launderers, must take the first initiative and the internal stakeholders who often support the complacency help in concealing the systems. In this regard, although a few of the systems face challenges in identifying money laundering transactions, a majority of the transactions are detected and concealed by internal personnel and systems (Levi, Halliday & Reuter, 2014).

On the other hand, the systems theory application is used in the determination of the different stages of money laundering. Overall, money laundering is actualised in three different stages, namely the placement, the layering, and the integration stages respectively. First, the placement stage includes the placing the illegal money proceeds into the system. This is the stage at which the illegal proceeds from the underground and the shadow economies are enjoined into the financial systems. This is followed by the second stage, named layering. The layering stage includes the concealing of the proceeds in the financial system. The most common approaches’ under this concealing strategy is the use of cash conversion strategy, where the existing paper trail is concealed through multiple layers of the cash. In
most of the instances, the launderers split their cash into different instruments, thus reducing the risks of large transactions being flagged by the financial institutions. The final stage in money laundering is the integration stage. This stage is the final stage that allows for the transfer of the dirty money into the mainstream economy. The integration process is either through the financial institutions support, through faked loans or through their unaware means where the launderers use false invoices for export and import proceeds (Ardizzi et al., 2014). A critical analysis of the systems theory indicated that a money laundering process could either be affected through the financial institution’s unawareness or their complacency. Additionally, it demonstrated that such a process evolves over three fundamental stages. Thus, the theory findings formed a strategic basis through which the different stages presence in the UAE financial institutions.

2.3 AML Teams Skills

In the management of an Anti-Money Laundering (AML) system, the supporting team is critical. In this regard, as Cassella (1994) noted, financial institutions manage their AML systems and strategies through a select staff team. In most of the financial institutions, this role falls under the compliance functions, although others would have the functions under different titles. This section evaluates the critical skills required for the AML teams to function effectively.

A first study that can be applied in evaluating the required skills is the McDowell and Novis (2001) review. The review was an evaluation of the roles played by the AML teams. In this regard, the review noted that through the AML teams, financial institutions monitor and detect the suspicious transactions. One of the noted functions of the staff members was the identification of suspicious transactions. In this context, it was noted that through the staff operations, the process of money placement and layering where suspicious transactions are split into different cash and other instruments respectively. In this context, the study concluded that one of the strategic functions of the function staff is to develop flag any suspicious transactions. Secondly, Adams (1992) noted that the staff members in the compliance functions are included in conducting relevant systems audits. In this case, the study evaluation noted that the staffs are involved in developing forensic audit in the systems to evaluate both the current and historical trends in transactions. The historical evaluation of past laundered transactions, the staff, forms a basis
through which the existing AML systems effectiveness has actualised the control over money laundering transactions. Therefore, based on the above two evaluations, the study concluded that the two main pillars and duties of the AML staff teams were in conducting forensic audits and flagging critical, suspicious transactions in the industry.

An additional study evaluating the functions and duties of the AML teams was developed by Murray and Murray (2016). In this case, the evaluation sought to investigate the role of the staff teams in creating complacency. The evaluation noted that the main source of complacency in banks is through the AML teams. In this context, the review noted that the two main areas of complacency by the staff department included in the layering stage where the cash conversion was effected. In this case, this is one of the main stages at which the flagging off such suspicious transactions subjected to unjustified splitting to actualise layering could be actualised. This is the stage at which complacency leads to overlooking the issue. A second area noted for complacency by the review was at the integration stage. This is especially in the case of offering fake loans. In this case, it is the staff in collusion with other staff members that facilitate the offering of such loans to the money launderers. The study findings were evidenced by Mulligan (2015) evaluation of the Australian financial industry.

On its part, the study sought to establish the extent to which staff collusion; especially the compliance and the AML staff played a role in perpetuating money-laundering cases. The study concluded that, indeed, the staff collusion aspect was a key player in the market. In this regard, the review concluded that a significant portion of the laundering transactions was visible and that the existing Australian financial anti-money laundering systems had the capabilities of detecting such transactions. Therefore, the study offered a preliminary finding that although some of the transactions were concealed and the existing systems could not detect them, a majority would be identified. Consequently, the review noted that a failure to flag and report over 20% of the transactions was directly related to the staff collusion trends. This was a strategic challenge that the Mei and Zhou (2015) study sought to resolve. The review sought to investigate avenues through which the staff collusion risks could be resolved. In this regard, the study concluded that one of the strategic approaches through which to resolve the challenge was through creating the employee’s required personality. In this regard, the review noted that through ensuring the employees under the AML department were honest and of integrity.
A critical analysis of the above-obtained reviews led to the section findings that indeed, the strategic roles played by the AML staff range from ICT systems management and the research and audit skills respectively. As such, the study established that the staff required the research skills, ICT and systems management, as well as having an honest and transparency personality respectively.

2.4 ICT and AML systems
This section evaluates the role played by the ICT systems in actualising AML systems development. One of the studies that can be applied in this regard is the Schneider and Windischbauer (2008) review. On its part, the study evaluated the role played by technology and ICT development in managing anti-money laundering (AML) systems. In this regard, the evaluation noted that there is a changing trend towards the development of AML systems in financial institutions. The review argued that there is a changing trend in managing AML systems. In the past, institutions relied on their paper trails and manual systems in evaluating and auditing suspicious transactions. However, this process is no longer a feasible alternative as a majority of the operations are shifting to the electronic platforms. Here, a majority of the transactions in the market are effected electronically. Thus, this has led to a resulting impact on the AML systems. In fact, a majority of the money laundering transactions are through international money transfers from one nation or region to the other. Therefore, in order to ensure a proper evaluation and control of the variables, it is critical for the AML systems to apply ICT-based systems.
A second study demonstrating the relationship between the use of ICT systems and AML systems was developed by Bowers (2009). On its part, the study was a focus of the areas and activities under the AML systems actualised through the ICT systems. The study concludes that in the European financial industry, a majority of the AML systems functions, over 90% of the functions are operated through the ICT platforms. However, the review noted that some of the challenges to the use of ICT-based AML systems were though unauthorised access by external third parties who interfere and compromise the systems effectiveness and operational capabilities. In this case, an instance such as infiltration and hacking were noted as some of the deterrents of the effective functioning of the ICT-based AML systems.
A critical evaluation of the above review demonstrated that the use of ICT in AML systems has allowed for increased efficiency. However, the risks and challenges
posed by such systems led to the need to evaluate the role played by financial institutions in creating the challenges and how a systems development process for the AML strategies could be effected to limit and control the mentioned challenges.

2.5 Financial Institutions Self Regulations

The final section in the study analysis was the self-regulation aspects. The first evaluation segment for the study was developed through reviews developed by Chaikin (2009) and Diekman (1999) respectively. On the one hand, Chaikin (2009) noted that self-regulation is a critical tool too, through which operations effectiveness’ is developed. The review noted that through self-regulation on the financial industry, there are reduced cases of unethical practices. This can be linked to the 2008 Global financial crisis. In this period, the crisis precedence was based on the unethical practices of the financial institutions in the American financial industry. In this case, the lack of self-regulation strategies in the industry led to challenges and unethical practices, which resulted in the bubble bursting. The case study is a demonstration of the risks posed by the financial industry in the event that the organisations fail to institute internal self-regulation systems. Diekman (1999) developed a study evaluating the process and ideal approach through which the financial institutors would enhance their self-regulation systems. In this regard, the study noted that the ideal strategy would be the use of corporate governance strategy. As Mason and Simmons (2014) described it, a corporate governance system is a management strategy through which organisational operations are under the stakeholders’ perception and incorporate all the needs and interests of all the stakeholders, both internal and external.

Additionally, under the corporate governance system, organisations ensure that they are open to the public on their operations. The use of this approach would play a key role in managing financial institutions AML teams and systems. In this regard, the review noted that through corporate governance, the operations of the AML teams and systems would be subject to the public scrutiny and evaluation, ensuring that the systems weakness areas are identified proactively and acted upon.

2.6 Summary

Overall, the chapter offers a critical analysis of the existing literature on the topic. In this case, the review noted the strategic issues critical and that were worth
evaluating in the investigated study phenomenon. The review noted the applied study theories, the role and characteristics required for the teams, the role of ICT in creating AML systems effectiveness, and the role of financial institutions self-regulation systems respectively.
Chapter 3: Research Methodology

3.1 Introduction
This is the third dissertation chapter. This chapter offers a detailed analysis and explanation of the process through which the required study data was collected. This chapter seeks to offer the actual process through which the required study data was determined, collected, and analysed respectively. However, besides offering a descriptive analysis of the applied research methodologies, the chapter offers a critical analysis of the methodologies, offering justifications as to why they were the best-placed alternative for the study data collection and analysis as contrasted to the other theoretically viable methodologies. The primary sections in this chapter are the philosophy, approach, strategy, data collection, sampling, and analysis respectively.

3.2 Research Philosophy
A research philosophy is the worldview applied by a researcher. In this case, the applied research philosophies differ based on the perception of the truth and reality of a phenomenon. Overall, in developing social science research studies, there are three alternative philosophies that a study can apply. They are the positivist, the interpretive, and the mixed philosophies respectively (Kothari, 2005). On one hand, the positivist philosophy views the nature as scientific based. In this case, the positivist philosophy proponents argue that in evaluating a study phenomenon, the facts are static and can be scientifically analysed. Also in this case, the proponents argue that the factual basis for a phenomenon cannot change over the short-term period, especially over the period in which a study data is collected.

On the other hand, the interpretive philosophy proponents argue that the aspects and results in a phenomenon change based on the existing social constructs. Thus, the proponents argue that when analysing a phenomenon, the analysis process should not be mechanistic and isolating the immediate contextual soil construct environment. Instead, the impacts of the differing social constructs should be factored in and considered when developing a study analysis (Saunders, Lewis & Thornhill, 2015). The final philosophy is the mixed research philosophy. This is a philosophy that blends and applies both the positivist and the interpretive research philosophies. In this case, the philosophy argues that while as some of the phenomenon variables are static and can be analysed scientifically, others are
hedged and changed based on changing social constructs and need to be evaluated in their respective contexts (Kothari, 2005).

The study applied the interpretive research philosophy. In this case, the philosophy application as based on both nature and the developed study objectives. First, in terms of the study nature, the study sought to evaluate the impacts of money laundering on financial institutions and possible alternative measures to overcome the risks. In this case, the study was developed through an understanding that each of the financial players faces differing levels of the laundering challenge and thus the risks and mitigation strategies were bound to contextually vary from one institution to the other. This is highly based on the existing organisational internal and operational systems on money laundering control. Secondly, the developed study objectives were contextual in nature. For instance, the first study objective was an evaluation of the sources of money laundering. This is a highly subjective aspect that significantly varies from one organisation to the next, based on their clientele, the market served, internal systems, and employee skills respectively. Thus, the study resolved to use the interpretive philosophy allowing for a consideration of the immediate contextual social construct variable impacts.

3.3 Research Approach

A research approach determines the type of data collected and analysed in a research study. In this regard, the research approach is based on the nature of study developed as well as the applied research philosophy. There are alternative approaches that a study can apply in determining the type and nature of data collected. The three alternatives are the qualitative, quantitative, and the triangulation approaches respectively (Kothari, 2005). On the one hand, a qualitative approach includes the collection of non-quantifiable data. The approach includes the application of study variables that are perceived as relying on the existing social constructs and that vary from time to time or from one respondent to the next. The application of this approach is pegged on the interpretive research philosophy variables. The second alternative approach is the quantitative approach.

On its part, the approach holds that data can be quantified and analysed statistically. As such, the approach applies the principles of the positivist research philosophy. Thus, the approach argues that a research phenomenon evaluated data is static over the data collection period and as such can be quantified and statistically
analysed. The final alternative research approach is the triangulation approach (Khan, 2011). On its part, the triangulation approach is pegged on the mixed philosophy principles. As such, the approach holds that in an evaluated study phenomenon, the variables vary from static to being influenced by the immediate social constructs. Thus, the review noted that in order to ensure a comprehensive evaluation of study variables, the use of both qualitative and quantitative data is critical.

Based on the above theoretical arguments, the study applied the qualitative research approach. The selection for this approach was based on the nature of the selected study objectives. For instance, the first study objective was an evaluation of the sources and avenues through which money is laundered in financial institutions. In this case, different forms of money laundering would use different approaches’ in differing institutions. Additionally, the money-laundering scheme is an evolving process. In this case, the applied techniques by the money launderers are not static and do not remain the same year to year. In this regard, every time new policies and AML systems are established, the launderers’ device new schemes and approaches to launder money. Thus, the levels and means of the money laundering process are bound to change from one institution to the next. Similarly, the second study objective was an evaluation of the skills and expertise required among AML teams. This is an objective derived from the first objective. On its part, the objective responses are pegged on the systems applied by an entity, and the amount of money laundering risks the organisations are exposed to. Thus specific organisations are bound to offer differing sets of required skills. The above nature of the study objectives, which were replicated for the third and fourth objectives, implied that the quantitative approach was not a viable alternative for the study similar to the triangulation approach respectively.

3.4 Research Strategy

A research strategy determines the basis through which a research study is developed within. In this regard, a strategy determines the process through which a study determines is evaluation population base. Theoretically, there are three alternative strategies applied in a research study setting; they include the experimentation, the case study, and the survey approaches’ respectively. Each of the strategies has its strength and weakness areas, which make them ideal for
specific research scenarios (Singh & Nath, 2010). On the one hand, the experimentation strategy includes the control of all independent variables impact on a study dependent variable. As such, the process includes the evaluation of a single or pre-determined number of independent variables impact on a dependent variable. The major strength in the use of this strategy is the fact that it allows for actual findings and impacts analysis. This is especially ideal for science and treatment-related studies, where the impact of a specific drug or medication is evaluated in isolation to form relevant and specific clinical findings. However, in the business scenario, the seclusion and isolation of other variables imply that the reviews fail to analyse the typical market situation (Saunders, Lewis & Thornhill, 2015).

A second strategy is a case study approach. This allows for the non-control of the variable and investigates scenarios in their typical market situations. The use of the strategy is critical to ensuring that the specific issues in a scenario are investigated. Nevertheless, this has a limitation in the fact that it is hardly generalisable in the market. This limits its application for a study that seeks to evaluate a wider population base such an industry. The third alternative strategy is the survey strategy. On its part, the survey strategy includes the use of a large population base where the population is aggregated; the major strength is the ability to generalise obtained findings for a large population base. However, the lack of specificity in any particular organisation limits its application for specific and unique scenarios (Khan, 2011).

The study applied the survey strategy. In this content, the application of the strategy was based on the end goal and the deliverable goal applied by the review. On its significance, the study sought to establish a recommendation on how the financial institutions in the UAE financial industry would develop and implement their AML systems and policies. In this case, the review sought to establish findings that would be applied and generalised for the entire industry. Unfortunately, this would not have been achieved through a single case study approach. The use of a case study would have implied that the study findings would only be relevant to the specific organisation in the market and not the entire UAE financial industry. Similarly, the use of the experimentation strategy would imply controlling the money laundering process, which would limit the chances for the review establishing an ideal system to control the challenges. Consequently, this implied that the best alternative approach for evaluation and analysis was the use of a survey approach focusing on the entire UAE financial industry.
3.5 Research Data Collection Tools

Once a study strategy has been developed, the next strategic approach is the evaluation and development of a data collection process. A data collection process is hedged on the required and type of data collected. This is mainly based on the type of approach applied. On its part, the study collected both secondary and primary data. On the one hand, the study collected secondary data. This was the already existing data in the literature. The collected data was sampled and reviewed under the literature analysis section of the study. The section sampled data mainly from reviews and empirical studies on peer-reviewed articles. In this case, the required data was available both online and offline platforms. Although allowing for the use of offline data through visiting the library, the main approach in the secondary data collection was through the use of online databases for peer-reviewed articles. In particular, the researcher used the EbscoHost, the proquest and the science direct databases respectively (Kuada, 2012). The rationale for the use of the peer-reviewed articles was to ensure the used study data validity and reliability. Additionally, the review ensured that the used reviews, especially the literature review articles for empirical data were not older than 2000. This is based on the understanding that the market changes in money laundering vary from time to time. Thus, the use of very old articles would have limited the relevance of the obtained theoretical findings that were the primary hedge for interpreting the obtained findings.

The second type of the obtained data was the primary study data. As already discussed above, the review obtained qualitative data in the market. This included the use of qualitative data collection tools. Alternatively, the collection of qualitative data could be actualised through two main tools, namely the focus groups and interviews respectively. On the one hand, the use of focus groups includes the assembling of experts into a single sitting and meeting. This could be virtually through video conferencing facilities or through a face-to-face physical meeting. The focus groups allow the experts to deliberate on different issues and consequently establish a consensus and agreed upon opinion on different posed questions. On the other than, individual interviews offer the experts an opportunity to offer their own opinions, and as such, no negotiated opinion is provided. The strategic merit for the use of interviews is its allowance for all opinions provision including the minority
opinions that would otherwise not be recorded in a focus group approach (Pruzan, 2016).

The study collected the required primary qualitative data through in-depth interviews. This included a total of 5 face-to-face interviews with industry experts in the UAE market. The interviews included the use of semi-structured interviews and lasted for approximately 15 to 20 minutes per interview. Confidentiality was guaranteed for the respondents to ensure the privacy of their entities and that of their employer. This guarantee was offered through an assurance that except for EmiratesNBD that permitted the use of its data, the other respondents’ institutions would not be mentioned directly in the report.

3.6 Data Sampling Approach

As discussed above, the entire study population base was the UAE financial industry. This meant that while focusing on the entire industry, the industry has the population of over 50 financial institutions in the market. Additionally, due to the application of the stakeholder’s approach theory, the additional population base for the study. This included the industry regulators, and the third party experts respectively. Therefore, this illustrated that the study population was extensively large (Kuada, 2012). The study data collection period was a maximum of three weeks. Consequently, a reality check on the study demonstrated that it was not a viable option for the review, within the available budget and timelines. This created the need for a sample base use. The sample base was developed with the strategic aim of ensuring that the used respondents met the threshold for inclusion in the study as well as ensuring that they were wholly representative of the entire population base.

To this effect, based on the available timelines, the study settled for five in-depth interviews with experts. The selection and inclusion process was applied through a non-probability purposive sampling approach. The purposive sampling process ensured that the researcher was at liberty to include any of the respondents based on the two-tier criterion used. First, for any of the respondents to qualify for inclusion, they ought to have been experienced and worked directly in relation to controlling money laundering in financial institutions’. In this case, the respondents were selected based on at least 4 years experience in the UAE financial industry, with a minimum two years of direct management of anti-money laundering systems.
Secondly, the study sample inclusion process was based on the stakeholders’ representation. In this case, of the five, the review ensured that with a maximum three from the financial institutions and the other two either as industry consultants and the regulators respectively. The use of the purposive sampling technique ensured that the used sample base was both qualified and representative of the entire sample base.

3.7 Data Analysis
The final stage in the research process is on data analysis. In this case, a data analysis process is a methodology and approach through which the obtained data is developed and formed into concrete findings and information. The applied research analysis strategies are pegged on the type and quantity of data collected. Overall, the analysis methods can be clustered into the quantitative and the qualitative data findings analysis. First, the quantitative data analysis approaches include the use of quantifiable and statistical data analysis methods. Such include the use of SPSS analysis software and descriptive analysis tools such as the measures of central tendency and the inferential statistics respectively (Pruzan, 2016). On the other hand, the qualitative analysis tools include the use of alternative measures such as systematic literature review and the qualitative content analysis approaches’ respectively. First, the systematic literature review analysis method is applied in analysing secondary and already existing qualitative data. Secondly, the qualitative content analysis approach includes the analysis of primary qualitative data collected in a research study.

Based on the above analysed alternatives, the study had the strategic alternative for using the qualitative content analysis strategy. In the use of this strategy, the process includes the use of a coding strategy for the obtained findings. In this case, the study coded the obtained findings into specific themes emerging from across the offered responses. Once the themes were obtained, the reviewer analysed the themes using direct quotes and responses’ by the five different respondents. The themes were developed based on each of the study objectives. Thus, the main heading for the analysis section was the four study objectives. Under each of the objectives, a series of themes, coded and derived from the obtained responses were analysed. Similarly, each of the themes was interpreted through either comparing or contrasting them to the already discussed findings under the literature review section.
Once the obtained findings were analysed, the final stage in the review analysis was the conclusions development segment. In this section, the study analysed and evaluated the findings forming overall conclusions for each of the objectives', it is based on the strategic findings of the study and conclusions developed that the subsequent study recommendations for the industry were developed. The recommendations were either to reinforce an existing strength in the AML policies and systems or mitigation strategy for an existing weakness in the currently applied system across the financial industry.

3.8 Summary
In summary, the chapter 3 of the dissertation has provided an in-depth analysis of the process and manner through which the study data was collected and analysed. This was offered alongside the justification for each of the applied methodologies. Overall, it demonstrated that the study applied the interpretive philosophy supported by the use of a qualitative research approach and a survey strategy. Moreover, the required findings were collected through in-depth interviews with 5 industry experts collected through a non-probability purposive sampling approach. The obtained findings were analysed through a qualitative sampling approach. This was related and interpreted through comparing and contrasting the findings with the already existing literature collected through peer-reviewed articles and texts under chapter 2 of the dissertation.
Chapter 4: Findings Analysis and Interpretation

4.1 Introduction
This is the fourth chapter of the dissertation. The chapter offers a summary, and a critical analysis of the study obtained findings. As illustrated under the chapter 3 of the dissertation, the reviewer collected the required review data through the use of in-depth interviews. This chapter offers a summary of the obtained study findings and interprets them through a review of the already discussed literature in the study findings. The main sections of the chapter include the background, sources of money laundering, skills required for AML teams, as well as existing loopholes in managing AML systems and self-regulations systems respectively. For the objective based sections, the reviews were analysed through direct quotations from the in-depth interviews and themes derived for each of the attributes.

4.2 Respondents Background
The first evaluation section was an investigation of the obtained study respondents. In this case, as noted in chapter 3 of the dissertation, the review used a sample of five expert respondents. In this case, the respondents used ought to have the requisite experience as well as offering a representative face of the entire population base. It is only if the used sample base was experienced and representative of the entire population that the sued reviews would be justified and valid. This section evaluates the obtained respondents’ background to evaluate if it met the required threshold levels for validation. The demographic findings are as demonstrated in table 4.1 below.

<table>
<thead>
<tr>
<th>Respondent code</th>
<th>Experience</th>
<th>Stakeholder category</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Three years working with AML systems, 7 years experience in the UAE financial industry</td>
<td>EmiratesNBD compliance department</td>
</tr>
<tr>
<td>B</td>
<td>5 years working with the AML systems for the EmiratesNBD. Over 10 years working with AML systems in the UAE financial industry</td>
<td>EmiratesNBD compliance department. An expert in Anti-money laundering systems development and crimes detection.</td>
</tr>
<tr>
<td>C</td>
<td>6 years working in the UAE financial industry, Over 4 years in supporting clients develop and review</td>
<td>An industry consultant on regulations and systems improvement in the UAE financial industry. Had previously served in the</td>
</tr>
</tbody>
</table>
their AML systems. North African financial market offering the same consultancy services

<table>
<thead>
<tr>
<th>D</th>
<th>7 years working experience in the UAE financial industry consultancy services. Involved in crime and fraud detection</th>
<th>He has served as a consultant over the years in the MENA region financial industry. Although based in Dubai, the consultant extends the services to other Emirates across the UAE market.</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>5 years in managing and regulating the UAE financial industry. The respondent had previously served as an executive manager in one of the financial institutions in the UAE market.</td>
<td>The respondent is under the regulations department. In this regard, the respondent represented the government that is involved in managing the operations and activities of the UAE financial industry, especially in the detection and prevention of money laundering systems.</td>
</tr>
</tbody>
</table>

Table 4.1: Respondents Background
Source: Summarised by the study
The table 4.1 analysis above demonstrates that the used sample base for the entire five respondents met the set-out inclusion threshold as enumerated under chapter 3. First, all the five respondents had a more than 4 years working experience. This meant that in terms of their experience base, they were qualified for inclusion. Secondly, in terms of ensuring the stakeholder’s inclusion, the review table analysis demonstrates that there was a representative from the regulators under the government, two from the consultancy services, and two from the used reference case study of EmiratesNBD. Thus, this led to the study finding that the used sample base was representative, reliable, and viable for findings use. This allowed the study to progress to the net stage where the actual objectives findings were analysed.

4.3 Approaches and sources for Perpetuating Money laundering
This was the first study objective. The objective sought to evaluate the different sources and avenues through which money laundering was effected in the UAE financial market. In evaluating this objective, the study developed two strategic questions. The section offers a summary of each of the question responses and interprets them based on the already evaluated findings.
The questions were an evaluation of the areas to which the respondents agreed that money laundering was evident in the UAE financial industry across the three stages. In this case, a theme emerged that there was money laundering across the different stages.

4.3.1 Placement Stage
On one hand, the placement stage is noted as a critical stage and emergency stage in the market. This was noted in three main areas of money laundering noted as currency smuggling and banks complacency. The two themes under the layering money laundering stage were demonstrated by the different respondents.

**Currency Smuggling**
This theme as driven by the respondent E, the regulations expert, as a representative of the UAE government in financial systems management, the respondent noted that

“There is an emerging trend towards money and currency smuggling. In most cases, some of the money launderers have resulted in the use of physical money movement from the country. Once this is actualised, they have an easy time exchanging the currencies in the foreign markets, especially in the developing nations.”

The arguments were equally quoted by respondents C, AML systems experts, the respondent, noted that

“Due to the rising cases of more strict AML systems, a majority of the money launderers have resulted to the physical currency smuggling from the UAE market to the next. Most of the culprits use the chartered and private planes to smuggle such currencies out of the UAE market.”

An evaluation of this placement stage theme demonstrated that this is a money laundering challenge that the UAE financial industry lacks a direct impact, control, or influence.

**Banks Complacency**
This was a theme under the placement stage. Respondent A, a compliance officer with EmiratesNBD noted that

“Although our bank is very strict on corporate governance, this is not the case with my previous employers. Over my professional life, I have noted instances of complacency where the institution's management is
under the control of cartels that make it easy to launder and place such illegal money into the system."

Respondent D, a consultant who stated that, equally supported the arguments “The bank's complacency is a major laundering source where private banks management are at times linked with illegal dealings and as such use their influence in the systems to place such money in the financial institution systems.”

The second aspect is a major laundering source that the financial industry plays a direct role in the process.

4.3.2 The Layering Stage

On the other hand, the second stage in money laundering discussed by the respondents was the layering stage, was two main themes were noted, including the cash conversion and the asset conversion theme respectively.

**Cash conversion**

In this theme, respondents A and E findings can be applied. On the one hand, respondent A noted that

“The easiest route used by the money launderers is converting the cash obtained through illegal means into instruments such as bonds and bills, or even money orders.”

This argument as supported by respondent E who further stated that

“Once cash is converted into other instruments, the cash trails ends there. This makes it hard for further forensic audit on the final destination of the illegal cash. Unfortunately, most of our financial institutions convert the cash into the other instruments without noticing that the money was being layered. This conceals the entire laundering system.”

**Asset Conversion**

Respondent D raised this issue. The respondent noted “In order to avoid using the financial institutions, some of the money launderers purchase assets with the illegal proceeds. After a short period of time, the assets are then disposed, and the findings, perceived as clean money is now deposited in the financial institutions. The lack of an investigation process on the sources of the proceeds and audits on such deposits makes this layering process easy.”
4.3.3 The Integration Stage

The final stage on money laundering and the process noted by the respondents was the integration stage. Theoretically, this is the final stage at which the laundered money is integrated into the system as clean money and the launderers now access their finances for use. In this regard, two themes emerged. They included the false lending and the use of false import and export invoices.

**False Loans**

Respondent A noted that

“Some of the launderer uses their incorporated financial institutions, or the complacent financial institutions to loan out the finances to them. This means that they finally have legal and legit access to the cash in the form of loans, but the loans are never serviced.”

In support of this, respondent C argued that

“Many of the launderers infiltrate the system and access their cash in the form of loans. The loans are then listed as bad debts, and the trail ends there.”

**False Import and Export Invoices**

This theme was demonstrated clearly by respondents B, D, and E respectively. On the one hand, respondent B noted

“The Money launderer uses fake invoices to justify cash transfers from external banks to a local bank in the UAE.”

On the other hand, respondent D argued

“Due to the lack of capacity, the financial institutions’ lack the ability to detect such fake invoice and as such pass the funds as clean money in their systems.”

Finally, respondent E argued that

“Although we as a government have tried to control export and imports earnings, the free market trade and presence of private financial institutions have been major hindrances in the process.”

A critical of the above findings demonstrates that the findings were in agreement with theoretical arguments posed Ardizzi et al. (2014), Levi, Halliday and Reuter (2014) and Mei and Zhou (2015) respectively. On their part, the reviews, through differing sample basis demonstrated that the money laundering sources could be classified into those under the financial institution's control and those outside the financial
institutions control. In this regard, the above findings indicated that while the institutions had the requisite control and influence over some of the sources such as complacency, false loans, they could at times be unaware of the others such as cash conversion, asset conversion, and false import and export invoices respectively.

4.4 Anti-Money Laundering Team Skills Required
The second study objective as an investigation of the pertinent skills required for the AML expertise teams to function effectively. This includes an evaluation of the current AML systems applied by the different institutions in the market as well as the required skills to manage such systems and cover for the loopholes. The emerging skills themes in this regard were four, namely the research competencies, computer proficiency and integrity and decision making capabilities respectively. This section reviews each of the skills emerging theme with regard to the AML system discussion offered by the respondents.

4.4.1 Research Competencies
The fit enraging theme was on the need for research competencies. In this case, when asked about the applied AML systems and the monitoring process, respondents A and B, both employees at EmiratesNBD, replied to this and led to the emergence of the competencies themes. On the one hand, respondent A stated that

“EmiratesNBD applies a strict AML system. The system is based on honesty and integrity and proactively stopping potential money laundering schemes.”

These arguments were further indicated by respondent B who noted that

“The institution basis its process on a proactive approach to stopping money laundering. We do this through expansive research and audit on all large transactions or even the small but repeated transactions. Our compliance and AML teams ensure that all transactions are properly vetted and any relevant flags raised on suspicious transactions.”

A critical evaluation of the above arguments demonstrated that there is a need for the AML staff members to possess the ideal research competency skills in their operations. This is to enable them establish the genesis and train any potentially suspicious transactions.
4.4.2 Computer Proficiency

The second emerging theme with respect to the skills required for the AML staff was the computer and ICT skills proficiency. This theme emerged as the study posed the question of the role played by the financial institutions in managing the ICT systems as a critical component for the AML systems. In this case, the theme was derived from the findings posed by respondents’ B, D, and E respectively. On the one hand, respondent B, an employee with EmiratesNBD compliance department noted that “EmiratesNBD has invested heavily in ICT development, we have ensured that we recruit ICT survey staff and have developed our current compliance department employees ICT literacy. Through this, we have ensured that the major loophole in ICT laundering of illegal money at the layering stage is mitigated and our staff can easily detect such ICT based wire transactions.”

The respondent findings were reflected in respondent D, the industry consultant responses. The respondent noted that “In my experience, I have noted that majority of the AML systems are ICT based and supported. In this case, they are used to especially net international wire and cash transfers. Apparently, ICT skills and development with the changing technology changes has emerged as a critical pillar of an effective AML strategy not only in the UAE but globally.”

Finally, when asked the same question, respondent E stated that “As a government, the UAE government has pioneered the evolution and shifting of operations from the manual to the ICT based platforms. In fact, through the e-government and smart government initiatives, a majority of the operations have been automated. This is the same trend we expect from the financial institutions. It is easier to do ICT forensic audits on money laundering through ICT supported systems than the manual paper trail approach. This is mainly in the use of false loans and invoices and the use of cash and asset conversion concealing strategies.”

A critical analysis of the above evaluations demonstrated that a major component in the applied AML systems both by EmiratesNBD and others in the market were hedged on an ICT system. Therefore, this led to the theme development that for the
AML team to function effectively and easily monitor transactions, they require requisite ICT skills.

4.4.3 Integrity and Decision-Making Abilities

The final established theme in terms of the applied AML system and as such the resulting ideal skills among the AML teams was the aspect of integrity and decisiveness in decision-making. This theme emerged as a result of the interviewer posing the question to the respondents on the process of monitoring the AML system. In this case, the two respondents A and B, working with EmiratesNBD responses were used. On the one hand, respondent A noted that

“We use an ICT audited process. In this case, every two months we do a system evaluation and evaluate if the AML systems functioned effectively. The focus is to analyse any undetected transactions. Overly, I would say the system is effective.”

The findings were further noted by respondent B who stated that

“One of the instances I remember we had a weakness in the system was based on a staff integrity issues. Although we could not validate our suspicion, we noted a high probability that one of our staff had been compromised about 5 years ago and was intentionally not flagging suspicious transactions from a given specific source.”

The findings demonstrated that the evaluation process indicates that the decision to flag suspicious transactions is fundamental with the AML staff. Thus, there is a high risk that the staff members could be compromised. As Adams (1992) noted, through such a compromise, the staff would allow for bank complacency source of Money laundering. Thus, the study established a common theme between the two responses on the need for the staff to have integrity and decision-making capabilities.

A critical evaluation of the above section study findings demonstrated a link between the obtained literature and the overall evaluated literature under chapter 2 of the dissertation. In this case, the findings were in relation to previous reviews developed by McDowell and Novis (2001) and Cassella (1994) respectively. On their part, the earlier reviews noted that the management of AML systems had greatly shifted to the use of ICT systems as a benchmarked best practice. Additionally, Unger and Linde, (2013) study noted that in order to effectively use the ICT systems, it was vital for the AML staff to have the ICT skills and integrity to ensure honesty and trustworthiness.
in their duties execution. This was because of the AML systems, although relying on mechanistic systems, is largely an integrity issue and the staff experts integrity plays a key role in an AML system success or failure. As such, the reviews noted that although an AML system could be effectively structured, the lack of competencies and integrity among the staff members could lead to their ultimate failure.

4.5 Role of Financial Institutions in Self Regulations

The third study objective was an evaluation of the role of financial instructions self-regulation. This was through posting the strategic question on the role and strategies through which the UAE financial industry institutions play in ensuring there is a conducive environment for AML systems adoption and implementation. In this case, the responses offered were summarised into two main strategic themes, namely the use of corporate governance, and use of third party evaluation expert services.

4.5.1 Use of corporate governance

This theme includes the use of relevant management strategies. Theoretically, corporate governance includes the use of best practices in management to ensure that the stakeholders’ interests, both the internal and the external stakeholders are met. Thus, the use of the corporate governance strategy includes the use of transparent systems that showcase organisational operations to the public to ensure that it delivers on the market expectations and does so through the expected approaches and systems execution. This theme was derived from responses offered by respondents D and E respectively. On the one hand, respondent D, as an AML systems industry consultant argued that

“I believe that the role of a financial institution in creating a conducive environment is through using transparent governance systems. In this case, the systems, although ensuring the client’s privacy and confidentiality should be transparent enough for other regulatory agencies review. Through this, the financial institutions would ensure that besides their internal AML systems reviews, the market regulators equally do their reviews. In the long run, this will increase their preparedness and effectiveness’ in dealing with Money laundering differing scenarios.”
These were the findings exhibited by respondent E, a government expert in AML systems. The respondent noted that

“The ideal approach is to create a self-regulation system. The organisation has to develop its own internal management systems to detect failures. They do not have to wait for us to review their systems. Through this, the institutions will ensure that we do not work on already executed AML schemes, but we instead halt them at their initial stages”.

The above two arguments demonstrated to a common point that the institutions need to develop own internal systems to proactively halt and mitigate any weakness areas in their operations, This led to the development of the corporate governance strategies used the theme for this findings section.

4.5.2 Use third Party Evaluation Experts

The second theme developed is in regard to the process through which entities could develop internal self-regulation as on the use of third-party experts. This was derived with regard to developing the ideal HR base and capability to proactively and frequently evaluating the AML systems as an internal control and regulation measure. The theme development was hedged on findings offered by respondents A and C respectively. On the one hand, respondent A noted that

“EmiratesNBD has ensured an internal control system where we evaluate our systems on a two monthly basis. However, this could be improved through using third-party experts. An outsiders look at the bank AML systems would help identify major weakness and vulnerability weakness areas that we as the internal compliance function could be biased on and maybe overlook based on the corporate culture.”

The findings were reflected and echoed in the response offered by respondent C, the industry consultant. The respondent stated that

“Internal control systems are imperative for any financial institution that wants to avoid Money laundering litigations for failed and weak AML systems. I have realised that it is very hard to develop the requisite evaluation capacity for self-regulation. The viable alternative in my view is the use of a third party expert to continuously monitor
the AML operations and subsequently offer a development plan and change basis for such systems.”

A critical evaluation of the above findings demonstrates that the respondents were of the view that the use of self-regulation would ensure that the entities proactively limit the occurrence of Money laundering schemes. However, the two respondents were in agreement that this was potentially applicable and viable through the use of third-party evaluators and monitors respectively. This finding was related to past reviews and evaluations. For instance, the reviews developed by Schneider and Windischbauer (2008) and Bowers (2009), demonstrated that the use of a self-regulation system and strategy by the financial institutions guarantees a high rate of developing effective AML systems. The reviews noted that this effectiveness emerged as a result of increased systems evaluation, demonstrating the weakness areas on a regular basis and consequently analysing and developing proactive approaches to mitigate the weaknesses prior to their exploitation by the money launderers. In fact, the process ensures that the institutions are always a step ahead of the Money laundering schemes.

4.6 Summary

In summary, the study chapter offered a critical analysis of the obtained findings through the five interview responses. In this case, the analysis chapter focused on three of the four-study objective. On the one hand, the study investigated the different sources. This included the sources based on the different stages of the money laundering process model. Secondly, the study evaluated the ideal skills required for the AML teams to function effectively. In this case, through a review of the offered findings with regard to the applied AML system, their effectiveness’, and evaluation procedures, the study offered themes on the critical skills required for an AML team member to execute the different aspects with ease. The third evaluated study objective was on the role of financial institutions’ self-regulation. In this case, the findings went beyond the perceived benefits of an internal self-regulation system. As such, through this process, the study ensured that the review develops findings on the ideal strategies and systems through which the organisations could actualise the need for a self-regulation strategy in managing AML systems. However, chapter 4 did not enumerate the findings offered for the recommendations. In this case, the findings were used under the recommendations’ section to reinforce the already
obtained findings and conclusions. Thus, for the questions posed on the last part of
the interview script, their findings are used as evidence to support the recommended
strategies by the review in the next chapter.
Chapter 5: Conclusion and Recommendations

5.1 Introduction
This is the final chapter of the dissertation. This chapter offers a summary view of the obtained findings and subsequently presents strategic recommendations. The first section of the chapter offers a summarised conclusion of the entire objective findings obtained under chapter 4 of the findings. Additionally, the second study section is a summary of the study recommendations. The recommendations are not only offered for EmiratesNBD, but the offered reviews are generalised for the entire UAE financial industry. Thus, no findings are developed in reference to EmiratesNBD but in reference to the UAE financial industry. Finally, the chapter offers a final segment detailing the perceived study limitations and the proposed recommendations and areas for further studies into the future.

5.2 Conclusions
This is the first section of the final chapter. This section details the different conclusions based on the set study objectives. As such, the sub-sections under this segment are respondents background, approaches and sources for perpetuating money laundering, skills required by the AML staff teams, and the role of financial institutions self-regulations.

5.2.1 Respondents Background
The study evaluated the respondents' background. The conclusion in this finding as that the used sample base was representative of the entire UAE financial industry. In this context, the review concluded that the used sample base, for all the five interviewee respondents, the experience was over 4 years, indicating that they were qualified and fit for inclusion in the sample base. Additionally, the review concluded that the used sample base was representative of the entire sample base in the market. In this context, the study established that through using compliance managers, industry consultancy experts, and a regulator ensured that the sample was representative enough and confined within the stakeholder's theory. Thus, this conclusion indicated that the findings could be relied upon for subsequent study.
5.2.2 Approaches and Sources of Money Laundering

The first study objective was to evaluate the sources and instances through which money laundering schemes were executed. The study concluded that the sources of money laundering are classified based on the different stages in money laundering. The three stages established included the placement, the layering, and the integration stages respectively. On one hand, for the placement stage, the review concluded that the placement stages incidences of money laundering occur through banks complacency and through currency smuggling. In this case, the study concluded that while the financial institutions lacked control over the currency smuggling source, the bank's complacency is under the financial institution's control and can influence the control for this source. Additionally, under the layering stage, the review noted that the cash conversion and the asset conversion schemes are the most dominant. In this case, the study noted that a majority of the dirty money is cleansed through either converting into other currency forms such as money orders or through purchasing assets and selling them after a short while and depositing the proceeds as genuine asset sale finances. In this regard, the study concludes that the financial institutions have a role to play in ensuring that their internal systems, such as the transactions audit systems, to ensure that such instance and schemes to laundering money are detected well in advance before they are executed.

The study concluded that the financial institutions AML systems have a direct role and responsibility for eliminating the layering stage money laundering schemes. The final stage under the source is the integration stage. In this stage, the stages established that the use of false import and export invoices and false loans to the launderers are the most prevalent schemes. In this case, the study concluded that the financial institutions have a direct role in mitigating the risk of false loans. Additionally, for the use of false invoices, the institutions have a role in mitigating these schemes through developing effective AML systems to vet such unsupported transactions.

In summary, for the objective, the study concludes that although there are different sources of money laundering which vary from one stage to the next, the financial institutions have a role to play in directly mitigating the potential nature of the sources emergence.
5.2.3 Skills required by AML staff Teams

The second study objective was an evaluation of the skills required by the AML staff and experts. The formulation of the study objective was aimed at ensuring that the required skills are established and profiled, and thus supports the industry players self-evaluation systems in evaluating the strength and effectiveness of their AML systems. The findings were developed through themes developed from the respondents offered answers. The first critical skills concluded as critical by the study was the ICT proficiency skills. An evaluation of the findings demonstrated that with changing market dynamics, AML systems are applied through ICT supported systems. Thus, the study concluded that it is critical for the industry players to equip their AML staff with requisite ICT skills. The use of these skills would ensure that the staffs have the required capacity to detect any money laundering schemes in advance.

Secondly, the study concluded that the staffs require research competencies. The conclusion that this skill is critical was developed through responses offered in the process of administering the AML strategy by EmiratesNBD. In this context, the study established that the AML strategy is applied to auditing transactions. This requires in-depth research skills by the staff to effectively detect and flag any suspicious money laundering potential cases. Finally, the study concluded that the staffs require integrity and a decisive culture. In this context, the review noted that one of the challenges facing the industry is a lack of honesty. Through an example of EmiratesNBD half a decade ago, the review established that indeed the lack of honesty and integrity was a major challenge in ensuring the human commitment required for the AML systems to succeed. Thus, the study concluded that besides the mentioned skills, the staff should have personality strength on integrity and being decisive. This is a strategic approach to which the noted schemes through collisions would be addressed and effectively settled.

5.2.4 Role of Financial Institutions

The third study objective was an evaluation of the loopholes in AML systems applied by the financial institutions and how the process of self-regulation would allow for increased AML systems effectiveness. In this case, the study relied majorly on the loopholes evidenced in EmiratesNBD. Due to the sensitivity of the issue, the researcher could not directly ask for the loopholes. This is because, with the
institution’s name disclosed and current loopholes named, it would increase the risk of money launderers focusing on the loopholes. Thus, instead of offering specific loopholes in the company, the review offered a general evaluation of the UAE financial industry. The key identified loopholes in the process where the lack of proper self-regulation system, leading to a lack of proper critical evaluations of the applied AML systems and strategies. Additionally, the study concluded that the lack of employee relevant skills was a loophole. This conclusion was developed based on the need for primary ICT skills and employee integrity and transparency personalities. The study concluded that the lack of such skills could lead to the employees failing to execute their mandate effectively in detecting potential money laundering schemes and transactions.

Additionally, this objective formed conclusions on the role and process of self-regulation. Based on the findings, it established that through self-regulation, handling and detecting money laundering cases proactively would be increased. The proposed alternatives and best practices in handling the self-regulation process were concluded as the use of third party evaluation experts and the use of corporate governance practices respectively.

5.3 Recommendations
Based on the established study findings and conclusions, the study developed strategic recommendations for application by the UAE financial industry players. The strategic recommendations’ formed by the study includes Employee training and ICT security systems development respectively.

5.3.1 ICT systems Security Development
The first strategic recommendation by the study is the development of a secure ICT system. This is based on the evaluated sources of money laundering. Under the placement sources, the review noted that one of the weakness areas is through banks complacency. This is mainly not through the entire system complacency but through individual AML staff member’s complacency. Therefore, this challenge can be mitigated through enhancing the ICT systems security. One of the strategic recommendations offered by this report, although already applied by EmiratesNBD is the use of the division of labour and use of medium control systems limiting the staff
access. In this case, the system should be structured as per the EmiratesNBD model.

For EmiratesNBD, each of the staff has their allocated AML system control category. This reduces the risk of a single staff member controlling an entire line of auditing on a transaction. Through this division of labour approach, it would be impossible for a single staff member complacency to allow for money laundering transactions to sail through. This is because other staff members at different stages of the system would identify and flag such transactions. Through this approach, as a best practice and a model to benchmark, EmiratesNBD has managed to not only net potential money laundering transactions but also identifies potentially compromised AML staffs.

A second approach in the securing process is the use of medium access controls. In this regard, the medium control system ensures that only the AML staffs with authorization have access to the different controlled levels. In the long run period, investment in ICT would ensure that any interference and unauthorised access by a compromised employee would be detected by the compliance department and proactive actions undertaken to manage such employees. Additionally, an increased ICT systems investment would imply that the risk of the external third parties infiltrating the department system and compromising their capability to net and detect specific suspicious transactions is considerably reduced.

5.3.2 AML Teams Employee Training

The second strategic recommendation by the study is on developing an employee development program. This recommendation is offered as a guide and roadmap to support entities in developing their learning and development programs for the AML teams. As evidenced in the study findings and subsequent conclusions, the development of the employees’ critical skills is vital. In this regard, the review noted that the employees ICT competency, research competency, and personality attributes are essential in developing the right set of teams. The study thus proposes that in order to ensure that the AML teams’ employees have the right set of skills; the entities should develop an employee’s skills development program. One of the alternative programs that can be applied to nurture the skills would be the use of an internal recruitment strategy. In this case, the organisations’, when recruiting employees for higher positions within their compliance departments should be inward looking.
In this context, the inward looking approach implies that internal employees would be offered priority for promotion. Through such an approach, the entities will ensure the development of a strong departmental based corporate culture. This increases the chances that the employee base would develop the desired culture of integrity and transparency in their operations. Alternatively, the organisations should focus on establishing an employee skills development plan. This should be executed on a half yearly basis where the employee's competencies should be reviewed against the three pillar traits on integrity, ICT proficiency and research skills proficiency. Any identified gaps should be incorporated into a bi-annual employee skills development program. In the long run period, this would ensure that the employee skills are regularly updated and re-oriented based on the changing money laundering risks and schemes.

5.4 Study Limitations and Recommendations for Future Studies

Although the study delivered on its strategic deliverables, it was not short of limitations. The major study limitation is that it focused on EmiratesNBD data and only used additional data from other experts in the market. In this regard, although the findings offered an evaluation of the entire market it did not acquire a chance to compare the AML systems by EmiratesNBD with any other systems in the UAE financial industry. Thus, this was the major study limitation, as it did not offer a comparison opportunity.

Based on the mentioned study limitation, this review proposes that future studies should be developed through a multiple case study approach. The case study organisation data findings should then be compared to evaluate if indeed the applied AML systems are uniform or if they vary from one organisation to the other. The obtained findings would as such be used to validate the obtained findings in this research study.
References


Appendices

Appendix 1: Interview Questions

Interview Script

An evaluation of the process and manner in which money laundering occurs

1. We understand that money laundering has three stages, the placement, layering and the integration stages. In what ways have you experienced any of these stages actualised in the UAE and MENA region at large?

2. In what specific stages are the financial institutions involved in the money laundering 3 stages? Please explain the ways any of these involvements happen, if you have an example you can use it withholding the names of course

An evaluation of the existing financial institution’s anti-laundering practice and systems such as ICT (Information and Communications Technology) and personnel skills and how loopholes in the system allow for money laundering

1. Briefly, could you explain your employer AML policy? Feel free to discuss its components in terms of ICT, workforce, and relation to other strategies

2. In what ways do you monitor your AML systems effectiveness? Would you mind sharing some of the reviews you get on its effectiveness?

3. What measures has the institution put in place to mitigate any ineffectiveness in staff management of the system and ICT systems among others?

4. What are the glaring loopholes in your current system that you feel could be potential weakness areas for money laundering?

Recommendations on how financial institutions can proactively counter potential money laundering risks

1. In what ways do you propose the current AML systems be adjusted to proactively cover the noted loopholes?

2. What role should financial institutions play in creating a conducive AML environment in the UAE and MENA region at large

3. In what ways should the regulatory agencies and other stakeholders support financial institutions to curb money laundering?
Appendix 2: Interview Responses

**Respondent A:**

**Experience:** Three years working with AML systems, 7 years experience in the UAE financial industry

**An evaluation of the process and manner in which money laundering occurs**

*We understand that money laundering has three stages, the placement, layering and the integration stages. In what ways have you experienced any of these stages actualised in the UAE and MENA region at large?*

Although our bank is very strict on corporate governance, this is not the case with my previous employers. Over my professional life I have noted instances of complacency where the institutions management is under the control of cartels that make it easy to lauder and place such illegal money into the system

*In what specific stages are the financial institutions involved in the money laundering 3 stages? Please explain the ways any of these involvements happen, if you have an example you can use it withholding the names of course*

The easiest route used by the money launderers is converting the cash obtained through illegal means into instruments such as bonds and bills, or even money orders.” Some of the launderer uses their incorporated financial institutions, or the complacent financial institutions to loan out the finances to them. This means that they finally have legal and legit access to the cash in the form of loans but the loans are never serviced.”

**An evaluation of the existing financial institutions anti-laundering practice and systems such as ICT (Information and Communications Technology) and personnel skills and how loopholes in the system allow for money laundering**

*Briefly could you explain your employer AML policy? Feel free to discuss its components in terms of ICT, workforce, and relation to other strategies*

EmiratesNBD applies a strict AML system. The system is based on honesty and integrity and proactively stopping potential money laundering schemes

*In what ways do you monitor your AML systems effectiveness? Would you mind sharing some of the reviews you get on its effectiveness?*

We use an ICT audited process. In this case, every two months we do a system evaluation and evaluate if the AML systems functioned effectively. The focus is to analyse any undetected transactions. Overly, I would say the system is effective
What measures has the institution put in place to mitigate any ineffectiveness in staff management of the system and ICT systems among others?
The compliance department is responsible for ensuring effectiveness. The department has enough budgetary allocation.

What are the glaring loopholes in your current system that you feel could be potential weakness areas for money laundering?
No comment

Recommendations on how financial institutions can proactively counter potential money laundering risks

In what ways do you propose the current AML systems be adjusted to proactively cover the noted loopholes?
Cannot comment

What role should financial institutions play in creating a conducive AML environment in the UAE and MENA region at large?

EmiratesNBD has ensured an internal control system where we evaluate our systems on a two monthly basis. However, this could be improved through using third party experts. The outsider look in the bank AML systems would help identify major weakness and vulnerability weakness areas that we as the internal compliance function could be biased on and maybe overlooking based on the corporate culture

In what ways should the regulatory agencies and other stakeholders support financial institutions to curb money laundering?

They should involve us more in the policy formulation and development process
Respondent B:

Experience: 5 years working with the AML systems for EmiratesNBD. Over 10 years working with AML systems in the UAE financial industry

An evaluation of the process and manner in which money laundering occurs

We understand that money laundering has three stages, the placement, layering and the integration stages. In what ways have you experienced any of these stages actualised in the UAE and MENA region at large?

At the layering stage, I have witnessed, although with my previous employer, money launderers use cash conversion as a tool for concealing laundered money. They use the conversion process as a tool to hide and eliminate the money trail that could have been created at the placement stage.

In what specific stages are the financial institutions involved in the money laundering 3 stages? Please explain the ways any of these involvements happen, if you have an example you can use it withholding the names of course.

The financial institutions are directly involved in all the three stages and have an impact in either perpetuating this or mitigating it. EmiratesNBD has been at the forefront in ensuring that the challenge is addressed.

An evaluation of the existing financial institutions anti-laundering practice and systems such as ICT (Information and Communications Technology) and personnel skills and how loopholes in the system allow for money laundering

Briefly could you explain your employer AML policy? Feel free to discuss its components in terms of ICT, workforce, and relation to other strategies

EmiratesNBD has invested heavily in ICT development, we have ensured that we recruit ICT survey staff and have developed our current compliance department employees ICT literacy. Through this, we have ensured that the major loophole in ICT laundering of illegal money at the layering stage is mitigated and our staff can easily detect such ICT based wire transactions

In what ways do you monitor your AML systems effectiveness? Would you mind sharing some of the reviews you get on its effectiveness?

One of the instances I remember we had a weakness in the system was based on a staff integrity issues. Although we could not validate our suspicion, we noted a high probability that one of our staff had been compromised about 5 years ago and was intentionally not flagging suspicious transactions from a given specific source.
What measures has the institution put in place to mitigate any ineffectiveness in staff management of the system and ICT systems among others?

EmiratesNBD has enacted varying regulations especially in staff code of conduct. Any staff member who violates the code of conduct, such us on honesty and integrity are subject to dismissal.

What are the glaring loopholes in your current system that you feel could be potential weakness areas for money laundering?

No response

Recommendations on how financial institutions can proactively counter potential money laundering risks

In what ways do you propose the current AML systems be adjusted to proactively cover the noted loopholes?

The institution basis its process on a proactive approach to stopping money laundering. We do this through expensive research and audit on all large transactions or even the small but repeated transactions. Our compliance and AML teams ensure that all transaction is properly vetted and any relevant flags raised on suspicious transactions

What role should financial institutions play in creating a conducive AML environment in the UAE and MENA region at large?

They should ensure there is sufficient resources’ allocation. Financial constraints for the compliance departments are a major challenge

In what ways should the regulatory agencies and other stakeholders support financial institutions to curb money laundering?

They should use PPPs when formulating AML policies
Respondent C

Experience: 6 years working in the UAE financial industry, Over 4 years in supporting clients develop and review their AML systems.

An evaluation of the process and manner in which money laundering occurs

We understand that money laundering has three stages, the placement, layering and the integration stages. In what ways have you experienced any of these stages actualised in the UAE and MENA region at large?  
Due to the rising cases of more strict AML systems, a majority of the money launderers have resulted to the physical currency smuggling from the UAE market to the next. Most of the culprits use the chartered and private planes to smuggle such currencies out of the UAE market.

In what specific stages are the financial institutions involved in the money laundering 3 stages? Please explain the ways any of these involvements happen, if you have an example you can use it withholding the names of course

Many of the launderers infiltrate the system and access their cash in the form of loans. The loans are then listed as bad debts and the trail ends there

An evaluation of the existing financial institutions anti-laundering practice and systems such as ICT (Information and Communications Technology) and personnel skills and how loopholes in the system allow for money laundering

Briefly could you explain your employer AML policy? Feel free to discuss its components in terms of ICT, workforce, and relation to other strategies

No response

In what ways do you monitor your AML systems effectiveness? Would you mind sharing some of the reviews you get on its effectiveness?

No response

What measures has the institution put in place to mitigate any ineffectiveness in staff management of the system and ICT systems among others?

No response

What are the glaring loopholes in your current system that you feel could be potential weakness areas for money laundering?

No response
Recommendations on how financial institutions can proactively counter potential money laundering risks

In what ways do you propose the current AML systems be adjusted to proactively cover the noted loopholes?

No response

What role should financial institutions play in creating a conducive AML environment in the UAE and MENA region at large?

Internal control systems are imperative for any financial institution that wants to avoid ML litigations for failed and weak AML systems. I have realised that it is very hard to develop the requisite evaluation capacity for self-regulation. The viable alternative in my view is the use of a third party expert to continuously monitor the AML operations and subsequently offer a development plan and change basis for such systems.

In what ways should the regulatory agencies and other stakeholders support financial institutions to curb money laundering?

No response
Respondent D:

Experience: 7 years working experience in the UAE financial industry consultancy services. Involved in crime and fraud detection

An evaluation of the process and manner in which money laundering occurs

*We understand that money laundering has three stages, the placement, layering and the integration stages. In what ways have you experienced any of these stages actualised in the UAE and MENA region at large?*

The ban on banks complacency is a major laundering source where private banks management are at times linked with illegal dealings and as such use their influence in the systems to place such money in the financial institution systems.

*In what specific stages are the financial institutions involved in the money laundering 3 stages? Please explain the ways any of these involvements happen, if you have an example you can use it withholding the names of course*

I have explained this in the first question

An evaluation of the existing financial institutions anti-laundering practice and systems such as ICT (Information and Communications Technology) and personnel skills and how loopholes in the system allow for money laundering

*Briefly could you explain your employer AML policy? Feel free to discuss its components in terms of ICT, workforce, and relation to other strategies*

In my experience, I have noted that majority of the AML systems are ICT based and supported. In this case, they are used to especially net international wire and cash transfers. Apparently ICT skills and development with the changing technology changes has emerged as a critical pillar for an effective AML strategy not only in the UAE but globally

In what ways do you monitor your AML systems effectiveness? Would you mind sharing some of the reviews you get on its effectiveness?

Most of the institutions monitor their systems effectiveness’ based on the number of flagged incidences prior to their actual integration into the financial system.

What measures has the institution put in place to mitigate any ineffectiveness in staff management of the system and ICT systems among others?

Common measures implemented by most of my clients are staff training, and increased investment in ICT systems development.
What are the glaring loopholes in your current system that you feel could be potential weakness areas for money laundering?

I am not at liberty to discuss specific issues. But overall, I would say it is a shortage of HR skills

**Recommendations on how financial institutions can proactively counter potential money laundering risks**

**What role should financial institutions play in creating a conducive AML environment in the UAE and MENA region at large?**

I believe that the role of a financial institution in creating a conducive environment is through using transparent governance systems. In this case, the systems, although ensuring the clients privacy and confidentiality should be transparent enough for other regulatory agencies review. Through this, the financial institutions would ensure that besides their internal AML systems reviews, the market regulators equally do their reviews. In the long run this will increase their preparedness and effectiveness' in dealing with Money laundering differing scenarios.

In what ways should the regulatory agencies and other stakeholders support financial institutions to curb money laundering?

Through reporting suspicious financial transactions to the banks or the relevant authorities.
Respondent E:

Experience: 5 years in managing and regulating the UAE financial industry. Had previously served as an executive manager in one of the financial institutions in the UAE market

An evaluation of the process and manner in which money laundering occurs

We understand that money laundering has three stages, the placement, layering and the integration stages. In what ways have you experienced any of these stages actualised in the UAE and MENA region at large?

There is an emerging trend towards money and currency smuggling. In most cases, some of the money launderers have resulted to the use of physical money movement from the country. Once this is actualised, they have an easy time exchanging the currencies in the foreign markets, especially in the developing nations.

In what specific stages are the financial institutions involved in the money laundering 3 stages? Please explain the ways any of these involvements happen, if you have an example you can use it withholding the names of course

Once cash is converted into other instruments, the cash trails ends there. This makes it hard for further forensic audit on the final destination of the illegal cash. Unfortunately most of our financial institutions convert the cash into the other instruments without noticing that the money was being layered. This conceals the entire laundering system. Although we as a government have tried to control export and imports earnings, the free market trade and presence of private financial institutions have been major hindrances in the process

An evaluation of the existing financial institutions anti-laundering practice and systems such as ICT (Information and Communications Technology) and personnel skills and how loopholes in the system allow for money laundering

Briefly could you explain your employer AML policy? Feel free to discuss its components in terms of ICT, workforce, and relation to other strategies

As a government, the UAE government has pioneered the evolution and shifting of operations from the manual to the ICT based platforms. In fact, through the e-government and smart government initiatives, a majority of the operations have been
automated. This is the same trend we expect from the financial institutions. It is easier to do ICT forensic audits on money laundering through ICT supported systems than the manual paper trail approach. This is mainly in the use of false loans and invoices and the use of cash and asset conversion concealing strategies.

*In what ways do you monitor your AML systems effectiveness? Would you mind sharing some of the reviews you get on its effectiveness?*

No response

*What measures has the institution put in place to mitigate any ineffectiveness in staff management of the system and ICT systems among others?*

No response

*What are the glaring loopholes in your current system that you feel could be potential weakness areas for money laundering?*

No response

**Recommendations on how financial institutions can proactively counter potential money laundering risks**

In what ways do you propose the current AML systems be adjusted to proactively cover the noted loopholes?

No response

*What role should financial institutions play in creating a conducive AML environment in the UAE and MENA region at large?*

The ideal approach is to create a self-regulation system. The organisation has to develop its own internal management systems to detect failures. They do not have to wait for us to review their systems. Through this the institutions will ensure that we do not work on already executed AML schemes, but we instead halt them at their initial stages.

*In what ways should the regulatory agencies and other stakeholders support financial institutions to curb money laundering?*

We can support them through creating a free market operation. This ensures that each institution is responsible for its AML systems and strategies effectiveness’ and actualisation.
Appendix 3: Participants Consent Form

Cardiff Metropolitan University
Ethics Committee

PARTICIPANT CONSENT FORM

Cardiff Metropolitan University Ethics Reference Number: 2016 D0494
Participant name or Study ID Number: sj20115357
Title of Project: To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it
Name of Researcher: Kenneth Menezes

Participant to complete this section: Please initial each box.

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I agree to take part in the above study.

4. I agree to the interview / focus group / consultation being recorded

5. I agree to take part in the questionnaire as a part of the research

6. I agree to the use of anonymised quotes in publications

7. I would like my organisation’s name to be anonymised in all publications

Signature of Participant: 050 949 8424 13/4/17
Kenneth Menezes 13/4/17
Signature of person taking consent

Date

Name of person taking consent

Date
PARTICIPANT CONSENT FORM

Cardiff Metropolitan University Ethics Reference Number: 2016D0494.
Participant name or Study ID Number: st20115357
Title of Project: To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it
Name of Researcher: Kenneth Menezes

Participant to complete this section: Please initial each box.

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I agree to take part in the above study.

4. I agree to the interview / focus group / consultation being recorded

5. I agree to take part in the questionnaire as a part of the research

6. I agree to the use of anonymised quotes in publications

7. I would like my organisations’ name to be anonymised in all publications

Signature of Participant

Signature of person taking consent

Date

Name of person taking consent

Kenneth Menezes
050 893 0522
13th April ‘17

Date

13th April ‘17

Date

13th April ‘17
PARTICIPANT CONSENT FORM

Cardiff Metropolitan University Ethics Reference Number: d2014 D 0494
Participant name or Study ID Number: st20115357
Title of Project: To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it
Name of Researcher: Kenneth Menezes

Participant to complete this section: Please initial each box.

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.
   [ ]

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.
   [ ]

3. I agree to take part in the above study.
   [ ]

4. I agree to the interview / focus group / consultation being recorded
   [ ]

5. I agree to take part in the questionnaire as a part of the research
   [ ]

6. I agree to the use of anonymised quotes in publications
   Yes [ ]
   No [ ]

7. I would like my organisations' name to be anonymised in all publications
   [ ]

Signature of Participant
________________________
[Signature]
Date 15/4/2012

Kenneth Menezes
Name of person taking consent
________________________
[Signature]
Date 15/4/2012
PARTICIPANT CONSENT FORM

Cardiff Metropolitan University Ethics Reference Number: 2016/D0194.
Participant name or Study ID Number: st20115357
Title of Project: To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it
Name of Researcher: Kenneth Menezes

Participant to complete this section: 

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily. [ ]

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason. [ ]

3. I agree to take part in the above study. [ ]

4. I agree to the interview / focus group / consultation being recorded [ ]

5. I agree to take part in the questionnaire as a part of the research [ ]

6. I agree to the use of anonymised quotes in publications Yes No [ ]

7. I would like my organisations’ name to be anonymised in all publications [ ]

Signature of Participant ___________________________ Date ___________________________

Kenneth Menezes ____________________________ 13/4/17 ____________________________

Name of person taking consent ___________________________ Date ___________________________

Signature of person taking consent ___________________________
PARTICIPANT CONSENT FORM

Cardiff Metropolitan University Ethics Reference Number: 2016 DO4914
Participant name or Study ID Number: st20115357
Title of Project: To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it
Name of Researcher: Kenneth Menezes

Participant to complete this section:  Please initial each box.

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily. [ ]

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason. [ ]

3. I agree to take part in the above study. [ ]

4. I agree to the interview / focus group / consultation being recorded [ ]

5. I agree to take part in the questionnaire as a part of the research [ ]

6. I agree to the use of anonymised quotes in publications [ ] [ ]

7. I would like my organisations' name to be anonymised in all publications [ ]

Signature of Participant:  Stanford Cardoo
Date: 14/9/17

Name of person taking consent: Kenneth Menezes
Date: 14/9/17

Signature of person taking consent: [Signature]