

**ANTI MONEY LAUNDERING MEASURES AND BUSINESS ETHICS - ASSOCIATESHIP**  
**ISQ Examination (Summer-2010)**

- Q.1** State True or False in the answer column. Give brief reason for your selection at the space provided below the question:
- Q.2** Fill in the blanks:
- Q.3** What precautions/steps should a bank take in dealing with their correspondent banks? Discuss in the light of SBP guidelines.
- Q.4** What are the various methods used by money launderers for achieving their objectives?
- Q.5** Know Your Customer (KYC) is not required for locker hirers as they do not conduct any financial transactions. Do you agree? Give your reasons.
- Q.6** Mr. X's account for the past 2 years (since opening of account) used to have one credit of Rs. 80,000 on the 1<sup>st</sup> of each month and a number of smaller debits during the month, some of which were through cheques and some as cash withdrawals. The last months AML report showed a number of cash deposits almost every day of the month and 2 large withdrawals withdrawing over 95% of the amount deposited. The cash deposits were larger on weekends and were made at different branches of the bank using the online facility. Upon enquiry, the customer instead of giving explanations simply withdrew all his money and sent in an account closure request. What should the bank do?
- Q.7** You are the Compliance Officer of a bank. The people in the Product Development Department, submit for your approval, a proposal for a new product that will revolutionize the way domestic remittances are made. The product will be launched jointly with a telecom company. What are the risk areas that you will look into before giving your approval?
- Q.8** What are the requirements for retention of records relating to KYC and customer identification documents? Give reference to the regulation to support your answer.
- Q.9** The credit cards division of X Bank Ltd has introduced a promotion to increase customer spending. The promotion progressively reduces the rate of the service charge for customers with a higher spending in a billing month. The bank wants to advertise this promotion through a campaign using a slogan that says "the more you spend, the less you pay!" Without going into the legality of the promotion, explain the moral and ethical grounds on which this promotion should or should not be offered.

**Q.10** Bank Y's AML unit at the Head Office decides to file "suspicious transaction report" due to unusually high number foreign remittances appearing in the personal FCY account of Mr. Z. As a part of customer service, the branch manager writes to Mr. Z asking him to open several FCY accounts and divide his remittances between them so the folks in the AML unit don't ask too many questions. Is the branch manager, in your opinion, aiding the customer in illegal activity; is the branch manager himself engaging in illegal activity. Explain with reasons.

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