

THE INSTITUTE OF BANKERS PAKISTAN
ISQ Examination (Winter-2011)
Anti Money Laundering Measures & Business Ethics
Associateship

- Q.1 A) Please write the alphabet of the selected choice in the answer column:**
- Q.1 B) State True or False in the answer column.**
- Q.2 A) What is the required timeline for filing the “Cash Transaction Report” (CTR)?**
- Q.2 B) For how long is a bank required to retain records relating to KYC and customer identification documents? Give reference to the regulation to support your answer.**
- Q.3 A) List THREE factors that make private banking vulnerable to money laundering.**
- Q.3 B) What are payable-through accounts (PTAs)?**
- Q.3 C) How do PTAs differ from traditional correspondence relationships?**
- Q.3 D) What makes PTAs vulnerable to money laundering?**
- Q.4 A) Briefly define “Hawala” as practiced before the establishment of modern (western) financial systems.**
- Q.4 B) How could a bank draft be used to launder money?**
- Q.4 C) Section 27 of the Anti-Money Laundering Act of 2010 empowers the investigating officer to use Commission Rogatoire. Briefly define Commission Rogatoire.**
- Q.5 A) Briefly define risk associated with Internet Banking.**
- Q.5 B) How “Payment Systems and Electronic Fund Transfers Act, 2007” defines Electronic Fund Transfer.**
- Q.5 C) Define “foreign serious offence” as per the Anti-Money Laundering Act of 2010.**
- Q.6 A) State reasons which make charities or non-profit organizations vulnerable to misuse for terrorist financing.**
- Q.6 B) What is the basic difference between money laundering and terrorist financing?**

- Q.7 A) What is the “Liability for failure to file Suspicious Transaction Report and for providing false information” as per section 33 of the Anti-Money Laundering Act of 2010.**
- Q.7 B) List FIVE Suspicious Activity Indicators of Black Market Peso Exchange Money Laundering Method.**
- Q.8 As a Compliance Officer of a very large local bank, one of your responsibilities is to approve new product launches. The Product Manager for deposits, submits a proposal for a savings product called “Motorcycle Committee” for your approval. The product will be launched jointly with a motorcycle manufacturer and the bank. What are the risk areas that you will look into before giving your approval?**
- Q.9 As a manager of a branch of a medium sized bank in Shaikhupura, you have to meet year end deposit targets. On 28th December a prospective customer walks in to your branch asking about deposits schemes. You recognize him as the fruit vendor who puts up his fruit stall (thela) on the street outside your branch. You are seeing him put his fruit stall for the last 12 months that you have been the manager of this branch. Upon enquiry he tells you that he lives in a nearby village and has been in the fruit trade for the last 20 years. He has never held a bank account before. He just received his CNIC and thought of keeping some of his savings in your branch. The initial amount that he intends to deposit is Five Hundred Thousand Rupees. Would you or would you not open his account? State your reasons in each case.**
- Q.10 Mrs. Riaz’s account for the past 2 years (since account opening) showed one credit in the range of Rs. 90,000 to Rs. 95,000 in the 1st week of each month and then a number of smaller debits for that month, most of which were through ATM withdrawals. There were 2 cheque payments one to a local school and the other to a cable TV service provider. The last months AML report showed a number of cash deposits almost every day of the month and 2 large withdrawals of over 95% of the amount deposited. The cash deposits were made at different branches of the bank using the online facility. On enquiry, the customer told the officer that she has started making clothes and sells them to friends. The deposits are from her customers.**
- A. Is Mrs. Riaz explanation satisfactory for the banker?**
- B. Should a bank file a STR with the financial monitoring unit? Support your answer with SBPs Prudential Regulations on AML.**
