ISQ Examination (Summer-2012)
Anti Money Laundering Measures & Business Ethics – Associateship

Q. **When a criminal activity generates substantial profits, the individual or group involved generally looks for a way to control the funds without drawing attention.**

A) **Define Money Laundering in non-technical terms.**

B) **List any SIX criminal activities producing large profits, thus creating the incentive to "legitimize" the ill-gotten gains through money laundering.**

Q. **A)** **What is layering? At what stage of the money laundering process does it occur.**

Q. **B)** **What type of transactions can be used to achieve Layering. Describe any FOUR.**

Q. **C)** **State any THREE characteristic of jurisdictions termed Money Laundering Havens.**

Q. **Credit card accounts can be used in the layering or integration stages. List different organizations involved in Credit Card industry, along with the function performed by each one of them.**

Discuss how credit card accounts can be used in the money laundering process.

Q. **Money laundering risk can arise in concentration accounts if the customer-identifying information, such as name, transaction amount and account number, is separated from the financial transaction.**

List FIVE anti-money laundering practices for these accounts

Q.6 **Designing a transaction to evade triggering a reporting or recordkeeping requirement is called "structuring." Structuring, or smurfing, is possibly the most commonly known money laundering method.**

State the steps involved in the process of "bank account" smurfing a foreign "money brokers".

Q.7 **According to FATF there is a legitimate market demand for new payment technologies (prepaid cards, Internet payment systems, mobile payments, and digital precious metals); however money laundering and terrorist financing vulnerabilities exist, especially in case of cross-border providers of new payment methods.**

A) **List potential money laundering and terrorist financing risk fa associated with new payment methods.**

B) **Identify the measures that might limit the vulnerability to money laundering and terrorist financing of new payment technologies.**

Q. **Briefly discuss the procedure laid out for the filing of Suspicious Transaction Report as laid out u/s 7(1) of the Anti-Money Laundering Act of 2010.**

Q. A) **List "non-financial business and profession" as defined u/s 2(m) of the Anti-Money Laundering Act of 2010.**

Q. B) **Discuss "Record Retention Requirements" as laid out by SBP in M-3 (Prudential Regulations)**

Q. A) **How does FATF define "Trade-Based Money Laundering".**

Q. B) **How does the Anti-Money Laundering Act of 2010 define Offence of money laundering under section 3.**

Q. A) **Define the term "politically exposed person".**

Q. B) **Sound KYC procedures are essential for safety and soundness of banks. Which are the potential risks mitigated through robust KYC rules and implementation?**

Q. **Write short notes on:**

A) **Under/over – invoicing trade transaction – An effective tool for money laundering.**

B) **Macro-economic impact of Money Laundering.**

Q. **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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