

Q.1 Ms. Saima Ahmed, aged 25 years has opened an account with at GBM Bank Rawalpindi Branch on January 10, 2011. At the time of account opening, a mandate of account operations was issued in favor of Mr. Mahmood Ahmed.

Following are the KYC/CDD details of her account:

- Purpose of Account = Savings
- Profession = Student
- Source of Funds = From Brothers Income
- Average Monthly Turnover = PKR 22 Million
- Risk Rating = Low

Mr. Mahmood Ahmed, brother of Ms. Saima Ahmed, is an owner of M/s. XYZ Denim. M/s. XYZ Denim supplies its premium quality textile brands across Punjab. The sales proceed are credited to the account title XYZ Denim at GBM Bank, Rawalpindi Branch.

Ms. Saima Ahmed's Account details:

Funds were mainly received from the account title 'XYZ Denim'. These funds are then invested in call deposits. Upon maturity of call deposits, the funds are deposited back to the aforementioned entity account. Since inception, the account has witnessed high turnover amounting to PKR 100 Million.

The AML Division of the bank received alert on the above referred account (from AML Automated System) based on which the query was referred to the branch. However, the branch has given their 'Satisfactory' response in this regard.

- A. Who appears to be the actual beneficial owner of this account? (1-mark)
- B. What are the KYC/CDD gaps in the account? (2-marks)
- C. What are your observations related to the customer's profile and transactions in her account? (2-marks)
- D. What actions would you take as a compliance officer to address the KYC / AML risk. (3-marks)
- E. What actions would you take if you were the branch manager in receipt of the query from the AML Division? (2-marks)

Q.2 Define the following items:

- Real-time Screening (2-marks)
- Transaction Monitoring (2-marks)
- Market Manipulation (2-marks)
- Mules Money (2-marks)
- Ponzi Scheme (2-marks)
- Unusual Transaction (2-marks)
- Black Market Peso Exchange (2-marks)

Spoofing (2-marks)  
Layering (2-marks)  
Smurfing (2-marks)

Q.3 Define Correspondent banking. How is it vulnerable to Money Laundering?  
(5-marks)

Q.4 What is meant by fiduciary responsibility. Explain with the help of an example.  
(5-marks)

Q.5 Trade-related money laundering is a genuine problem.  
a. Who is more exposed to this risk the importer's bank or the exporters bank. Provide at least TWO reasons to support your answer. (2.5-marks)  
b. What are some of the measures available to combat this risk? State at least TWO measures with examples. (2.5-marks)

Q.6 You have been a branch manager at Awami bank since the last five years and have recently moved to Joonobi bank. You receive a call on your mobile phone from a customer from Awami bank regarding services that he requires. You have the option of:

- a. Letting the customer know that you have left Awami bank and that Mr. Atta is now the branch manager at Awami bank (provide contact details) who will be the best person to respond to the customer's queries.
- b. Telling the customer that you have left Awami bank and joined Joonobi bank as branch manager. Mr. Atta is now the branch manager at Awami bank (provide contact details) and that the customer should contact him. In the instance the customer is unable to get a desired response he can call you back and you can provide the services through Joonobi bank.
- c. Telling the customer that you have left Awami Bank and joined Joonobi bank as branch manager. The customer can call at your Awami Bank land line number and your replacement manager will respond. Since most of the branch staff is on training today at Awami Bank, the customer may not be able to get a response today. If he has an urgent need may be you can fulfill it through Joonobi bank.
  - i. Which option would you choose? Provide justification. (2-marks)
  - ii. If you had a choice to create your response, what would it be?  
(5-marks)

- iii. Are there any ethical considerations in this situation? Please elaborate. (5-marks)