THE EFFECTIVENESS OF ANTI-MONEY LAUNDERING TRAINING

By:

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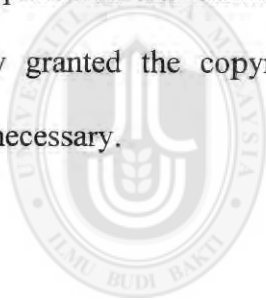
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ABSTRACT

Banks are traditionally measured as pillars of economic prosperity. The best banking system will be able to ensure good production in all sectors of the economy. Money laundering is the process of providing legitimate appearance to the illegally gained revenue. Money laundering has the tradition of eroding the financial institutions and weakening the financial sector role in economic growth. All bank staff must aware on the money laundering activities and the impact of money laundering to the economic growth. The needs of Anti Money Laundering training has been increased in current situation. The purposed of this study is to find out the effectiveness of anti-money laundering (AML) training among Bank A staff. There are number of key conceptual models used to illustrate the relationship between factors significantly influence the effectiveness of training. The key conceptual models are used in this study is trainee characteristics, training design and work environment. All the three (3) models are the influencing factor in the effectiveness of training. Based on analysis it was found that training design and work environment have significant contribution to the effectiveness of AML training among Bank A staff. Hierarchically, these two factors are found have positive relationship with the effectiveness of AML training. Recommendation and implications for future research and practice were also discussed.

Keywords: trainee characteristics, training design, work environment and effectiveness of training.

ABSTRAK

Secara tradisinya bank memainkan peranan yang penting untuk ekonomi negara. Pekerja bank perlu peka terhadap aktiviti pelaburan wang haram kepada kemajuan ekonimi dunia. Bagi situasi masa kini, kepentingan latihan anti pelaburan wang haram telah meningkat. Tujuan kajian ini adalah untuk mengkaji sama ada latihan Anti-Pelaburan Wang Haram 'AML'akan memberi manfaat kepada pekerja di Bank A. Model konsepsi telah digunakan untuk mengilustrasikan hubungan antara yang mempengaruhi keberkesanan latihan. Faktor-faktor yang digunakan untuk mengaji keberkesanan latihan adalah sifat pelatih, rekabentuk latihan dan suasana tempat kerja. Berdasarkan analisis, kajian mendapati bahawa rekabentuk latihan dan suasana tempat kerja menyumbang kepada keberkesanan latihan 'AML' dalam kalangan pekerja Bank A. Secara dasarnya, kedua-dua faktor ini menyumbang kepada keberkesanan latihan 'AML'. Cadangan dan implikasi kepada penyelidikan masa hadapan juga telah dibincangkan.

Kata kunci: sifat pelatih, rekabentuk latihan, suasana tempat kerja dan keberkesanan latihan.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

Money laundering can be defined as a process of converting illegally received money from different source of activities which is unlawfully such as drug trafficking, terrorist or some other serious crimes into legal money changing the real source root. According to Axtell & Maitlis (1997), money laundering defined as sum amount of money earned from illegal activities. The activities can be from various sources or varies types of activities such as bribery, blackmail, prostitution, illicit alcohol and betting.

Due to the negative impact of the process of money laundering towards economics and social consequences, it is considered as a global phenomenon with noteworthy policy concern for governments. Thus, there is need for collective responsibility in combating this process together as it has higher chances of weaken the financial system in overall (Brethower, 2001).

In general, money laundering is mostly used to finance terrorists, and sometimes it's called reverse money laundering which means using clean money to implement illegal activities. There are many cases whereby rich and wealthy people use their wealth position to finance terrorist operations. Some of the examples are Pakistan through Taliban and some other Arabic countries financing Al-Qaeda activities against USA and its associates. The same activities have been carried by USA by funding illegal operations during the cold war period in the fight against USSR operations to inaugurate communism. In a study by Bagenda (2003), he widens the scope of money laundering to be concluded on the influences and the use of money or property to fleece their illegal source by using it in legal or illegal activities. Additionally, he also revealed

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Section A:

Demographic information

1. Gender

Male (   )　　　　　Female (   )

2. Age
   <21 Years old
   22-25 Years Old
   26-30 Years Old
   31-35 Years Old
   36-40 Years Old
   >40 Years old

3. Marital Status

Married (   )　　　　　Single (   )　　　　　Others (   )

4. Please circle to indicate your years of services in Kuwait House of Finance (M) Bhd.
   0-5 years
   6-10 years
   11-15 years
   16-20 years
   21-25 years
   26-30 years
   31+ years

5. Position in the organization?
   Top Management (   )
   Middle management (   )
   Supporting Level (   )

6. Please circle to indicate your total years of services in banking sector.
   0-5 years
   6-10 years
   11-15 years
   16-20 years
   21-25 years
   26-30 years
   31+ years

7. Education level
   ( ) PHD ( ) Master Degree( ) Bachelor Degree
   ( ) Diploma ( ) STPM/Certificate/Matriculation/A-level( ) SPM

8. I have attended Anti-Money Laundry Training

Yes ( )   No ( )

9. I hope AML training will be provided for the staff monthly basis.

   Yes ( )   No ( )

10. I believe AML Training is important for Kuwait Finance House (M) Bhd Staffs.

   Yes ( )   No ( )

Section B:

This section consists of five parts; trainee characteristics, training design, work environment, learning output and training effectiveness.

Part A

Trainee Characteristics

In this section, the participates' perceptions of factors of individual characteristics and their influences on transfer of training outcomes with the factor of trainee readiness/expectation, training motivation and perceived job and career utility will be identified.

Please choose one answer based on the Likert scale as below:

1 = strongly agree

2= Agree

3= Neutral

4 = Disagree

5 = strongly disagree

Question	Answer				
1. The expected outcomes of the training were clear at the beginning of the training.	1	2	3	4	5
2. Before the training, I had a good understanding of how it would fit my-job related development.	1	2	3	4	5
3. Employees in this bank will be penalized for not using what they have learned in training.	1	2	3	4	5
4. I value the importance of training motivation.	1	2	3	4	5
5. If I use the training I am more likely to be rewarded.	1	2	3	4	5
6. I will be able to try out this training on my job.	1	2	3	4	5
7. The trainers used lots of examples that showed me how I could use my learning on the job.	1	2	3	4	5
8. What is taught in training closely matches my job requirements.	1	2	3	4	5
9. I will get opportunities to use this training on my job.	1	2	3	4	5
10. My job performance improves when I implement new things I learned from the training.	1	2	3	4	5

Part B

Training Design

In this section, the participates' perceptions of factors of principles of learning, sequencing and training contents will be identified.

Please choose one answer based on the Likert scale as below:

1 = strongly agree

2= Agree

3= Neutral

4 = Disagree

5 = strongly disagree

Question	Answer				
11. I acknowledge the importance of content relevance to transfer of training.	1	2	3	4	5
12. I agree that content relevance is different between hard skill and soft skill training	1	2	3	4	5
13. I agree that trainer quality is a very important factor in the training program, as it is a factor of motivation what motivates my transfer	1	2	3	4	5
14. I believe that trainer to be professional, knowledgeable, communicate well with the trainee.	1	2	3	4	5
15. I think an unskilled trainer would demotivate me with inconsistencies of what is expected and what actually happens.	1	2	3	4	5
16. I believe that trainers have different specialties, thus it is important for the right trainer to do the right course	1	2	3	4	5
17. I agree that pre training needs assessment and analysis thought it helps me to know clearly what is expected to learn in the program, which helps the learning.	1	2	3	4	5
18. I did not have any exact learning goals from the manager or the trainer regarding the training.	1	2	3	4	5
19. I have post-training assessment to examine what I have learnt from the training and how effective the training was.	1	2	3	4	5
20. I agree that post-training assessment or performance appraisal can be a motivation to learn and to transfer	1	2	3	4	5

Part C

Work Environment

In this section, trainees' perception of manager/ supervisor support, peer support, opportunity to use the skills and knowledge, and organizational continuous-learning culture will be identified.

1 = strongly agree

2= Agree

3= Neutral

4 = Disagree

5 = strongly disagree

Question	Answer				
21. I agree that manager or supervisor have influence on my transfer of training.	1	2	3	4	5
22. I agree that the manager should be aware of the training content. If the manager could be aware of what I have learnt or supposed to learn from the training program, he or she would better assist the transfer of training and try to provide opportunity for me to apply and practice the skills.	1	2	3	4	5
23. I agree that company management should make efforts to ensure that supervisor or manager is aware of the training information so that he or she could better match the training to proper job requirement.	1	2	3	4	5
24. I agree that feedbacks from the managers are very useful for the transfer. But in the real world context, I do not quite often receive feedback from the managers after the training finishes.	1	2	3	4	5
25. I agree and consider peer support has positive influence on my transfer of training. I learnt a lot of knowledge and skills while working with colleagues.	1	2	3	4	5
26. I agree that my colleagues are not only a source to support the transfer of training, but also source of learning.	1	2	3	4	5
27. Peer support is also a source of motivation for individual to learn and to transfer. I think that colleagues are role models who let me be aware of what I lacks and what I needs to learn.	1	2	3	4	5
28. I think the opportunity to use is considered as one of the most important work environment factor by me.	1	2	3	4	5
29. Because there are no opportunities to use the skills and knowledge learnt from the training program, I failed to transfer and forget in a period of time.	1	2	3	4	5
30. I believe the learning culture positively affect my application of skills and knowledge.	1	2	3	4	5

Part D

Learning Outcome

In this section, trainees' outcome will be identified.

1 = strongly agree

2= Agree

3= Neutral

4 = Disagree

5 = strongly disagree

Question	Answer				
31. I understand how financial services firms may be used for money laundering and terrorist financing activity and the procedures that must be carried out to prevent it	1	2	3	4	5
32. I do understand their obligations under the applicable laws and regulations and know what they must and must not do to comply with them	1	2	3	4	5
33. I do understand the functions of the Money Laundering Reporting Officer (MLRO)	1	2	3	4	5
34. I know how to carry out risk based customer due diligence	1	2	3	4	5
35. I know how to identify and report suspicious activity	1	2	3	4	5
36. I know how to profile and monitor expected relationship activity	1	2	3	4	5
37. I understand reporting obligations	1	2	3	4	5
38. I appreciate post reporting obligations	1	2	3	4	5
39. I understand the 'risk based approach' and how to comply with in practice	1	2	3	4	5
40. I appreciate the vulnerabilities of different products and services to criminal abuse	1	2	3	4	5

Part E

Training Effectiveness

In this section, effectiveness of the training will be identified.

1 = strongly agree

2= Agree

3= Neutral

4 = Disagree

5 = strongly disagree

Question	Answer				
41. My Trainer thoroughly explained each task that would be expected of me.	1	2	3	4	5
42. Each modules was demonstrated first before I was asked to access it.	1	2	3	4	5
43. The company's expectations on money laundering issues were discussed in great deal.	1	2	3	4	5
44. I feel enough time was devoted to learning each on the modules.	1	2	3	4	5
45. Company policies and procedures regarding anti-money laundering issues were thoroughly explained in this training.	1	2	3	4	5
46. I gained more knowledge in money-laundering issues and steps on overcome it.	1	2	3	4	5
47. I learned more on the Anti-Money laundering and anti-terrorism Financing Act 2001 from this training.	1	2	3	4	5
48. The training modules was well programed and completed	1	2	3	4	5
49. I learn more on the money laundering techniques in this training	1	2	3	4	5
50. I do aware that the National Coordination Committee (NCC) was established in April 2000 to coordinate Malaysia's national efforts to counter money laundering and terrorism financing.	1	2	3	4	5

Thank you for your cooperation