

**An Appraisal of the Anti-Money
Laundering & Anti-Terrorist Financing
Strategies in the Pakistani Banking
Industry**



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ABSTRACT

National bank of Pakistan is one of the biggest success stories that the banking industry of Pakistan has witnessed. Unfortunately our banking industry, whose success was once being cherished, is currently under threat from a new menace, which is money laundering. The post 9/11 era has increased the importance of this issue manifold, and National Bank of Pakistan is among one of the many banks which has been facing problems relating to this problem. The fact that it is such a recent problem, whose consequences can be downright fatal for the banks reputation, makes it an ideal research topic. The problem statement upon which we structured this research was "**An Appraisal of the Anti-Money Laundering & Anti-Terrorist Financing Strategies of the Pakistani banking Industry**". The objective that this research was aspiring to satisfy was simply to assess the adequacy if the banks Anti-Monetary Laundering policies, and recommend improvements into it. the report contains a brief overview of both the Pakistani banking industry, and the organization i.e. NBP.

This study was an exploratory study, owing to the fact that the severity of this issue was a very recent revelation to our country, and thus very little local literature is available on it.

This research than discusses what money laundering is, defines it and gives out its history. The various sources of dirty money are than identified and linked to this problem. This was made possible by the literature review we conducted. Following that is an elaboration of the money laundering process, and its pictorial representation. Extensive literature review was conducted in order to

discern these. After that the international position of money laundering is identified, and its socio-economic impact is elaborated upon. Reviews of newspaper article and International Monetary fund's publications were utilized here. Its effect on the financial system and financial institutions is also elaborated upon. The report than sheds light on the anti-money laundering initiatives that have been undertaken in recent times, and tells us about the various accords that legitimize them. The role of FATF is emphasized upon. Than KYC is explained as a solution to this problem. Subsequently the study focuses on money laundering in Pakistan, and the role of SEC and SBP in trying to curb it. After that NBP's anti-money laundering policy is discussed. These initiatives are analyzed for their optimality and adequacy on the basis of the theoretical knowledge gained in the findings.

Our recommendations follow next. We conducted an intense scrutiny of the available information on the Anti-Money Laundering policy of the bank and proposed certain recommendations which focus not only on the intrinsic strength of their Anti-Money Laundering policies but also on their public outlook; which is also quite essential. The action plan focuses on the detection area of the policy which was found to be wanting.

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