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Awareness Raising and Training

13.1 Communicating Information to Staff

The communication of a financial institution's policies and procedures to prevent money laundering, and the training in how to apply these procedures, underpin all other anti-money laundering strategies. The effectiveness of any anti-money laundering strategy depends on the extent to which staff appreciate the serious nature of the background against which the legislation and financial sector regulations have been issued.

All staff members, whether they are handling relevant financial business or not, are subject to criminal law relating to money laundering. Consequently, they should be informed that they can be personally liable for failure to report knowledge or suspicion of money laundering that is gained in the course of their business activities. All staff should also be advised that, as well as criminal sanctions, disciplinary proceedings may also arise if they become involved in laundering the proceeds of crime.

Although directors and senior managers may not be involved in the day-to-day procedures, it is important that they understand the statutory duties placed on them, their staff and the firm itself.

13.1.1 Awareness Raising

Financial institutions should ensure that all relevant staff are aware of:

(i) their responsibilities under the institution's arrangements for money laundering prevention, including those for obtaining identification evidence, know your customer, and recognising and reporting knowledge or suspicion of money laundering;

(ii) the identity and responsibilities of the MLRO;

(iii) the law relating to money laundering;

(iv) the potential reputational risks of becoming involved in laundering the proceeds of crime.

The variety of products and services that may be offered by financial institutions, and the nature and geographical location of the customer base, carry with them different money laundering risks and vulnerabilities. Financial institutions will therefore need to determine their strategy and communicate to staff any types of business that will not be accepted or the criteria to be used either for rejected transactions or for closing out a business relationship that has deemed to become too high a risk.

13.1.2 Delivery of Information to Staff

In order to satisfy the legal and regulatory requirements for training, the provision of information to staff should be documented and its receipt recorded.

There is no fixed approach to the means of delivery but firms might consider the following alternatives:

❖ Insertion of relevant information into existing procedure manuals, recognising that because the information may be split over separate sections, a summary document covering the anti-money laundering procedures might be necessary;

❖ The preparation of an Anti-Money Laundering Handbook for management and staff. This would provide in one location all information concerning the

legislation and the tailored policies and procedures of the firm relating to the requirements of the rules and regulations, together with the procedures for opening accounts or acquiring new business.

❖ Where there is a large number of staff who do not need to be informed of the full details of the firm's polices and procedures, a simplified awareness-raising booklet might be appropriate.

Larger firms may choose to deliver the information electronically, for example over the internal 'intranet'.

13.2   Training
FATF Recommendation 19 states:

> A *financial institution's programmes to guard against money laundering should include an ongoing employee training programme*.

Financial institutions should train all staff to be familiar with their systems for the reporting of suspicious matters to, and the investigation of such suspicious matters by, the MLRO.

13.2.1 Managers and Staff
All employees, regardless of seniority, who will be dealing with customers, should be made aware of the need to report suspicious transactions and of the structure of the institution's reporting system.

Training should be provided on recognising suspicious factors and transactions, and on the procedure to be followed when a transaction is deemed to be suspicious. In particular, it is important that 'front line' staff are aware of the institution's policy for dealing with non-regular customers, particularly in respect of large cash transactions, and of the need for extra vigilance in these cases.

Members of staff who handle account opening should, in addition, be made aware of the need to verify the customer's identity and training should be given in identity verification procedures. Such staff should be taught that the

offer of suspicious funds or the request to undertake a suspicious transaction may need to be reported whether or not the funds are accepted or the transaction carried out.

A higher level of training should be given to supervisory and managerial staff. This should include familiarity with relevant legislation and the requirement for the retention of records. Refresher training should be provided at regular intervals for all staff to ensure that they do not forget their responsibilities.

13.2.2 Compliance/Reporting Officers
In-depth training concerning all aspects of legislation, financial sector regulation and internal policies will be required for the MLRO. In addition, the MLRO will require extensive initial and ongoing instruction on the validation and reporting of suspicious transactions and on the feedback arrangements.

3.2.3   Timing and Approach to Training
The timing for training should be tailored to the needs of the particular group of staff concerned. Staff who meet customers or handle customer transactions will need more frequent training than others. There could be a rolling programme of training under which training on different subjects takes place on different dates.

While there is no standard way to conduct staff training for anti-money laundering purposes, the vital requirement is that staff training must be relevant to those being trained and the training messages should reflect good industry practice.

The precise approach will depend on the size and nature of the organisation and the available time and resources. Classroom training, videos and technology-based training programmes can all be used to good effect, depending on the environment and the number of people to be trained.

13.3   Keeping Records of Training
Records kept in relation to training should

include the dates on which training was given, the nature of the training and the names of staff who received the training. Financial institutions may find it helpful to put in place a student management system that incorporates the ability to record the training undertaken and the competency achieved within the training programme.