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# The Economic Impact of Deficient Anti-Money Laundering Program to a Multinational Bank

Emmanuel Hayble-Gomes  
*Walden University*

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# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Emmanuel Hayble-Gomes

has been found to be complete and satisfactory in all respects,  
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Walden University  
2016

Abstract

The Economic Impact of Deficient Anti-Money Laundering Program to a Multinational

Bank

by

Emmanuel Ehimen Hayble-Gomes

MBA, Jacksonville University, 2010

BSc, Ambrose Alli University, 2003

Doctoral Study Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Doctor of Business Administration

Walden University

September 2016

## Abstract

Money laundering is a financial crime that threatens the stability of a country's financial sector. The purpose of this qualitative case study was to explore the strategies that compliance officers used to improve the AML program in a multinational bank in the northeastern United States. The target population was purposefully selected using bank compliance officers because they have experience with the strategies to improve the AML program. The normative neo-institutional theory framed the discussion of this study. Data were collected from interviews with 10 AML compliance officers and the achieved data. The Krippendorff method of content analysis was used to analyze the data. Six themes emerged from the findings including strategies to improve AML compliance in a multinational bank and the economic consequences of inadequate AML programs. The findings of the study show that advanced technology, employee trainings and management oversight are essential to improve AML program. The results of these analyses suggested the pervasive economic and social repercussions of money laundering on the multinational bank. The findings of the study may contribute to positive social change by identifying strategies that banking leaders could incorporate in the AML programs to reduce the risk of bank failures, promote the bank's participation in social development projects, and provide employment opportunities to the community members.

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## Dedication

I dedicate this study to my God, my family, and friends as well as to my colleagues who recognized and supported me throughout the doctoral study. I particularly want to express deep thanks and dedication to Mary Mabo Hayble, Nadine Salmon and Judith Namagembe for their tremendous support and unconditional love throughout this challenging and difficult journey.

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## Section 1: Foundation of the Study

Money laundering has been an issue for the financial institutions; anti-money laundering (AML) programs emphasize the prevention and enforcement of banking rules (Simser, 2013). According to Zakiah and Ahmad (2012), money laundering is a crime of concealment; it involves a process of hiding the origin or identity of the source of funds. In 2009, criminal assets accounted for 3.6% of the worldwide GDP with 2.7% or 1.6 trillion dollars being laundered (Khrawish, 2014). According to Pramod, Li, and Gao (2012), a simple plan for preventing money laundering is unlikely to appear anytime soon. Procedural changes may continue to change and improve to address the risk of money laundering (Pramod et al., 2012). An AML program may help reduce or prevent some of the financial losses that a multinational bank faces on a daily basis. A multinational bank is a bank that conducts banking and financial operations in more than two countries (Fillat, Garetto & Götz, 2013). According to a report by Baruch College (2014), there are 25 big foreign banks in the city of New York, which is also the location of corporate headquarters to four of the largest US banks (Bankrate, 2015).

### **Background of the Problem**

Money laundering activities are among complicated financial crimes involving the concealment of transaction elements in the banking industry (Young, 2013). Money launderers could integrate illicit money into the financial systems in many ways (Aluko & Bagheri, 2012). Money launderers can move money through traditional means, such as commercial paper and promissory notes, or by using sophisticated electronic securities (Aluko & Bagheri, 2012). However, the more persevering offenders may decide to

structure the deposits under \$10,000.00 to avoid enhanced regulatory measures (Aluko & Bagheri, 2012). Fraudulent financial transactions are frequent in a multinational bank despite the setback such activities bring to the multinational bank (Dobovsek, Lamberger, & Slak, 2013). Financial networks in the destination countries could disburse money to individuals upon request from the corresponding channels in the origin country without knowing the economic impact of such transactions (Gordon & Morriss, 2013).

### **Problem Statement**

The various weaknesses arising from the deficient AML compliance program of the global banking system increase the risk of bank failures (Yeoh, 2014). Money laundering transactions amount to \$2.85 trillion per year; 18.5% of the amount or \$528 billion of that amount passes through banks in the United States (Patel & Thakkar, 2012). The general business problem is that some compliance leaders are negatively affected by the lack of AML programs, resulting in financial loss to a multinational bank. The specific business problem is that some compliance leaders lack the strategies to improve the AML program in a multinational bank.

### **Purpose Statement**

The purpose of this qualitative case study was to explore the strategies that compliance leaders used to improve the AML program in a multinational bank. The population consists of compliance officers from a multinational bank in the northeast region of the United States, who have experience with the strategies to improve the AML program. The implication for positive social change may include the potential to develop the AML program to assist compliance officers, reduce the risk of bank failures, promote

the bank's participation in social development projects, and provide employment opportunity to the community.

### **Nature of the Study**

I used a qualitative methodology for this study. Qualitative studies involve using a sample that is much smaller because more data would not necessarily mean more information (Green & Thorogood, 2014). A quantitative or mixed method involves testing hypotheses; a qualitative approach was appropriate for this study because I did not test any hypothesis in this study. Nakai (2012) explained that the use of a qualitative approach would enable a researcher to collect data that are unique to a particular context to understand the issue.

I used an exploratory case study design in this study. The case study was ideal for the study because of the exploratory nature of gathering information from compliance officers of a multinational bank who have experience with the strategies to improve the AML program. Yin (2014) asserted that a case study is an appropriate method when the examination of the contemporary events is the subject of the study and when the situation investigated is not readily distinguishable from the context. Yin also noted that business research has often taken the case study methodology. The qualitative approaches were inappropriate given the purpose and the available resources. The phenomenological approach helps to investigate the individuals' emotions, perceptions, and lived experiences (Yin, 2014). An ethnographic study requires prolonged time in the field and focuses on the culture and people by getting involved in the lives of the subjects (Dawson, 2014).

### **Research Question**

What strategies do compliance leaders use to improve the AML program in a multinational bank?

### **Interview Questions**

Interview questions play a significant role in qualitative studies; Yin (2014) recommended interviewers utilize listening skills during the interview and comply with the interview protocol. The interview questions for the study are as follows:

1. What strategies do you use to improve the AML program?
2. What method was more efficient to improve the AML program in your bank?
3. How did adequate AML program help to reduce the activities of money laundering in your bank?
4. What technology did you use to improve the AML program in your bank?
5. What obstacles did you face that could prevent the bank from effectively improving the AML program in the bank?
6. What strategies did you use to cooperate with other multinational banks to improve the AML program in your bank?
7. What is the impact of inadequate AML program to your bank?
8. What is the impact of deficient AML program to your banks' financial stability?
9. How will an inadequate AML program affect the banks' ability to attract foreign investment?

10. To fully understand this issue, is there anything you wish to add that I did not ask?

### **Conceptual Framework**

The conceptual framework of normative neo-institutionalism was most relevant to the study because the focus of the research was to explore the strategies that compliance leaders use to improve the AML program. I used the normative neo-institutional theory to explore how internal and external forces create, develop, and combine policies and efforts to affect management styles and strategies in an organization (Tracey & Phillips, 2011).

Meyer and Rowan (1977) argued that the growth of rationalized institutions makes formal organizations more complex; these rationalized institutions are those institutions governed by rules. According to Meyer and Rowan, some activities of an organization such as production, sales, advertising, accounting, and finance are institutional norms. The publication altered the routine analysis of institutionalism and the subsequent researchers that followed Meyer and Rowan's paper developed the framework for the modern day normative neo-institutionalism.

DiMaggio and Powell (1983) spearheaded the debate regarding three types of neo-institutional types of behaviors. These types of behaviors are: (a) coercive, (b) mimetic, and (c) normative. Coercive behaviors include political pressures requiring action to achieve a goal. Mimetic behaviors include a standard response or reaction to an action resulting from unknown stimuli. Normative behaviors include those behaviors by professionals in organizations acting comparable to professionals in a similar organization. Therefore, the normative neo-institutional theory aligned with this research



study because compliance officers interact or cooperate with other compliance officers to improve the AML program in a multinational bank.

### **Operational Definitions**

*Legal risk.* Legal risks are the related risks of failing to meet federal standards of an adequate AML program (Choo, 2012).

*Money laundering.* Money laundering refers to the financial transaction scheme that aims to conceal the identity, source, and destination of the illicitly obtained money. (Deleanu, 2013).

*Operational risk.* Operational risk refers to the risks banks take because inadequate AML programs and regulatory problems relating to such programs can hamper a bank's ability to do business (Byrne, 2011).

*Reputational risk.* A reputational risk refers to the risk associated with losing public trust through association with illicit financial dealings that pose the greatest threat to banks (Chih, Chih, & Chen, 2010).

*Technological tools.* The term technological tools refer to technological advances that offer new methods for preventing and identifying money laundering (Neville, 2012).

### **Assumptions**

Simon (2011) stated that assumptions are a researcher's beliefs and the elements outside of their control. Aust, Diedenhofen, Ullrich, and Musch (2013) found that nonserious participants behaved differently and provided fewer reliable responses to interview questions. Such information can lead to a faulty foundation in a qualitative study and can affect the confirmability of the study.

The first assumption for this study was that 10 participants were sufficient to generate valuable findings and that the selected participants were knowledgeable about strategies to improve the AML program at their bank and could give adequate information. The second assumption was that the research was credible because the reviewers of the study are professionals and experts with years of quality experience in reviewing the qualitative research of this nature. The third assumption was that the compliance officers provided reliable and honest answers to the interview questions.

### **Limitations**

The limitations of a study are the characteristics or potential weaknesses that can affect the findings of the study (Simon, 2011). The first limitation of the study was the sample size; the selected participants are 10 compliance officers of a multinational bank within the northeast region of the United States. The final limitation of this study was the transferability of the findings due to the focus on a specific setting.

### **Delimitations**

According to Simon (2011), the delimitations of a study are those characteristics that limit the scope and define the boundaries of a study. Qualitative research is labor intensive, and recruiting more participants can make data analysis time-consuming and impractical (Green & Thorogood, 2014). The first delimitation of this study was the focus on banks; I did not include compliance officers from other financial institutions such as insurance companies, broker-dealer firms, or asset management organizations. I omitted participants who are compliance officers but not directly involved with AML processes

and procedure. The other delimitation for the study was the geographic region; I omitted multinational banks outside the northeast region.

### **Significance of the Study**

#### **Contribution to Business Practice**

This study is of value because banks can benefit from understanding how to improve the AML programs in the multinational bank to prevent failures.

The practice of banking in a multinational bank involves the implementation of business strategies to eliminate overhead costs arising from fund siphons that do not align with the banks' business objectives. Assessing new risks are important for banks. Factors that constitute risks to a multinational banking system including money laundering, terrorist activities, and other criminal activities will end because of the improved AML program. The implication for positive social change may include the potential to develop AML programs to assist compliance officers, reduce the risk of bank failures, promote the bank's participation in social development projects, and provide employment opportunities to the community.

Financial crimes have received many plaudits and criticism in the past; however, research is scanty on the mode and impact of such crimes to the society (Collins & King, 2013). Money laundering, capital flight, and tax evasion are common phenomena that can hamper the economic development of any nation (Schlenthner, 2013). Banks can assess the compliance risk under a new system to appraise and assign an intervention where necessary to prevent the violation of federal rules, regulations, and practices.

In addition, Claeys and Jackson (2012) considered effective management as the combination of ideas and strategies that increasingly shape the management and organization in a sector. Bankers consider social responsibility to be an integral part of the bank's business. By protecting themselves and making an example of their management and organization, banks will be able to make it clear to those who would attempt to transfer money that such efforts are difficult and dangerous. Banks should recognize the various strategies to improve AML programs by using proven technology to monitor transactions. Consequently, some banks have adapted well to the challenges of federal requirements under the Bank Secrecy Act (BSA) and the United States Patriot Act (Mugarura, 2014).

### **A Review of the Professional and Academic Literature**

This section includes the academic research on money laundering, the impact of money laundering on financial institutions and society, the roles of banks in fighting unusual banking activities, and government reporting requirements. I reviewed articles that illustrated or explored strategies to improve the AML program. This section also includes a consideration of the various policies and technological interventions available to banks in reducing money laundering. The information presented in the study is current and credible. More than 85% of the articles are recent and peer-reviewed while 89.23% of the articles appeared in publications within the last 5 years.

I used academic, financial, and government resources to complete this review. I retrieved most of the sources on money laundering and the USA Patriot Act from the Walden University Library databases including the academic search premier, Emerald

Management, journals, Google Scholar, ProQuest Central, ProQuest Dissertations & Theses, SAGE Journals Online, ABI/INFORM, and the United States Government publications. I focused the literature review on seven concepts to support the research study. The concepts were: (a) money laundering, (b) money laundering and the law, (c) the risk of money laundering and terrorist funding in the multinational bank, (d) AML requirements, (e) technology tools to improve AML program, (f) technologies to prevent and identify money laundering, and (g) bank internal management.

A literature review detailing the risk of money laundering may assist in developing a conceptual framework to identify the strategies to improve the AML programs in a multinational bank. The banking system and the regulators strive to minimize the risk of money laundering to the society; various laws and rules such as the Bank Secrecy Act (BSA), The USA Patriot Act, and the Office of Foreign Asset Control (OFAC) rules have been formulated to help identify money laundering schemes and punish offenders. A thorough AML program capable of preventing money laundering is not currently available; risks exist that the current AML systems will fail or lack the necessary innovation to keep pace with the new stream of money laundering techniques (Simsler, 2013).

According to Bansal and Corley (2012), a conceptual framework uses keynotes from a literature review to support a research study. The conceptual framework of normative neo-institutionalism was the most relevant to this study because the focus of the research was to explore the strategies that compliance leaders used to improve the AML program in a multinational bank. The normative neo-institutional theory explores

how internal and external forces create, develop, and combine to affect management styles and strategies in an organization (Tracey & Phillips, 2011). Meyer and Rowan (1977) argued that the growth of rationalized institutions makes formal organizations more complex. According to Meyer and Rowan, some activities such as production, sales, advertising, accounting, and finance are institutional norms. The publication of their 1977 paper altered the routine analysis of institutionalism and the researchers who followed Meyer and Rowan's paper developed the framework for the modern day normative neo-institutionalism.

The central focus of the normative neo-institutional theory was the belief that organizations operating in a similar environment employed similar techniques and practices and thus rely on each other to resolve a problem (Claeyé & Jackson, 2012). The organizations abide by the set of institutional beliefs that are probably legitimate and acceptable. These rationalized myths influence the management styles of groups and manifest in industrial relations and financial systems (Claeyé & Jackson, 2012).

Therefore, the need for a sophisticated and modern anti-money laundering program and strategy became internationally accepted by the global financial institutions since the event of the terrorist attack on the United States in 2011 (Simwayi & Haseed, 2012). Many banks have recognized and criminalized money laundering and have implemented AML programs to monitor the numerous formal and informal channels through which individuals and institutions can transfer money. However, implementing adequate monitoring systems is always a challenge for most banks as money launderers are often a step ahead of authorities in devising new channels for transferring money. The

development of a future measure to prevent money laundering should consider the threats to trade and economic development; the measures should also include reforms to the internet and new technologies to detect money laundering (Abel Souto, 2013).

Behrens (2015) asserted that the AML training, knowledge transfer and the development of reforms and regulations to reduce the activities of money laundering were institutionalized by the banking industry and the regulators since 9/11. McDonald (2013) connected the escalation in financial crime to the poor attitude of regulators. McDonald wrote that although a comprehensive compliance program is preferable, regulators should enforce sanctions at the very first violation of the regulations. The importance of McDonald's provisions is the current non severe nature of sanctions, severe sanctions that could deter money laundering should be imposed by the regulator.

Graycar and Sidebottom (2012) highlighted adequate reforms, numerous strong laws or compliance rules, and more restraint sanctions as corrective measures to reduce the activities of money laundering. Despite the corrective measures and reforms highlighted by Graycar and Sidebottom, money laundering activities that benefit from the support of the financial institutions might be difficult to investigate (Behrens, 2015). This is possibly true if the investigation of such money laundering activities can expose the financial institutions.

Consequently, most offenders launder money because they cannot legally or formally prove how they obtained the money, the role of money laundering is important to these launderers (Brown, 2013). They reason that they are just trying to make use of hard-earned money that is outside of the formal economy. Some offenders launder money

to evade tax obligations on proceeds that the launderer could otherwise prove to be legal. Offenders will desist from money laundering if financial monitoring standards in their country are weak or nonexistent (Delaney, 2013). In that situation, there would be no need to conceal the illicit origin of the money because no one would inquire into its origin.

Sproat (2012) listed four means to recover the proceeds of crime from the offenders: criminal confiscation, civil recovery, taxation, and cash forfeiture. Offenders might also desist from money laundering if banks in their country are strict and aggressive in ascertaining the source of money. The offender could lose the money deposited if it is from an illicit source. However, the offender would seek other ways to spend or make use of the money (Mugarura, 2013).

The contrasting theory to the normative neo-institutionalism that I used in this study was the Merton's strain theory of innovation. Innovation means that individuals adapted to accept societal objectives but lacked the means to achieve other goals, so they developed or innovated to get ahead through organized crimes and other social vices (Merton, 1938). Merton recognized distinct categories of deviance: (a) the individuals' motivations to societal objectives, and (b) the individuals' belief in how to achieve those goals (Merton, 1938).

In the case of money laundering, the offenders made money illegally and then used the saved money to make more money through formal investment (Kumar, 2012). The offenders are deviant because of their belief in how to achieve their goal of making money. The rules, laws, and acts of parliament or US Congress enable the criminal



justice system to punish criminals by pronouncing jail terms and/or forfeiture of the criminal proceeds.

In 2012, as a result of AML violations, The Hong Kong Shanghai Banking Corporation (HSBC) agreed to pay \$1.92 billion to settle charges of money laundering and failure in the AML program (Protess & Silver-Greenberg, 2012). Bean (2012) reported that HSBC failed to maintain initial customer due diligence and managed high-risk clients without proper monitoring of the transactions. HSBC also remitted \$1 billion US dollars to potential terrorist financing links from 2007 to 2010 (Protess & Silver-Greenberg, 2012). The HSBC settlement was exactly 4 years after the failure of Lehman Brothers in similar AML violations. HSBC also agreed to strengthen its anti-money laundering program and be compliant with the AML regulations (Protess & Silver-Greenberg, 2012). While the researchers of the articles detailed the violations and the cumulative AML problems, they did not illustrate the strategies that compliance officers could use to improve the AML program to prevent such abuses and failures in the future.

### **Money Laundering**

The crime of money laundering refers to financial transactions that involve illicitly obtained money (Deleanu, 2013). After the September 11, 2001 terrorist attack on the United States, the US president passed executive orders to freeze the assets of individuals and charities suspected of having connections to terrorist organizations (Othman & Ameer, 2014). Before 9/11, the lack of a proper definition of terrorism prevented the formulation and enactment of strategic policies to combat the funding of terrorism (Ridley & Alexander, 2012).

Criminals have facilitated the flow of ill-gotten proceeds from the US border to Mexican border (Cassella, 2013). In money laundering, there are multiple victims; the most direct victim is the financial institution through which the money passed and which the money launderer has deceived as to the source of the money. Dorminey, Fleming, Kranacher, and Riley (2012) developed a metamodel concept based on money laundering and financial fraud. The developers of the notion took into consideration the inception of fraud and money laundering. Committing fraud and tax crime is one of the ways dirty money circulates to the financial institutions (Schlenger, 2014). The crime victimizes nations in a broader way than several misdemeanors would. Such victimization would succeed in distorting national economic data. Inaccurate economic data could lead to adverse macroeconomic consequences. Other outcomes would include inexplicable changes in money demand, prudential risks to bank soundness, contamination effects on financial transactions, and increased volatility of capital flows and exchange rates due to unanticipated cross-border asset transfers (Baker, 2013).

The typical money launderer is usually wealthy since the person or organization has a large, steady amount of excess money that the launderer wants to clean of its illicit origin. Moreover, money launderers are usually financial experts themselves (Malm & Bichler, 2013). However, the individual characteristics including the race, the level of education, vocation, and social position of the person or organization are more diverse [than...please finish the sentence.](Malm & Bichler, 2013; Newburn & Stanko, 2013).

Typical money launderers are criminal organizations, such as the American mafia (Malm & Bichler, 2013), who engage in black market activities such as selling controlled

substances, gambling, and prostitution. Such activities often bring in large amounts of money to a multinational bank that cannot post directly to the accounts without suspicion. The gap in the research of Malm and Bichler was the exclusion of reputable organizations and persons from money laundering activities (Soudijin, 2012).

In contrast, to the views of earlier researchers including Malm and Bichler, Newburn and Stanko (2013), Otusanya and Lauwo (2012) argued that formal organizations or persons with more acceptable positions in the society also commit money laundering activities. The organizations might even include political organizations and financial institutions (Shehu, 2012). Small businesses engaged in cash-based or informal economic activities may launder money to evade the tax liability connecting with their undocumented earnings (Gordon & Morriss, 2013).

Individuals who rationalize criminal behaviors can justify the actions as ethical and honest (Hendi, 2013). First, the launderer breaks up large amounts of cash into less conspicuous smaller sums and deposits directly into a bank account. The offender might also obtain a series of checks or money orders that the offender then deposits into accounts at another location. After the funds have entered the financial system, the offender may buy investment instruments, thereby spending the money in the formal economy (Young, 2013). The use of widely scattered accounts for laundering is especially prevalent in those jurisdictions that do not cooperate in AML investigations. The launderer might choose to invest the funds in real estate or business ventures after successfully transferring the funds to the destinations account (Myres, 2012).

### **Money Laundering and the Law**

The criminal justice system has limited effect on money laundering because it is an egregious crime. In a traditional sense, money laundering is a victimless crime because no direct harm comes to an individual. The Bank Secrecy Act (BSA) was instituted to protect the banks from the criminals who launder money through banks and other financial institutions by monitoring cash flow. Banks can profit from the receipt and possession of dirty money that they can lend and invest, so they have an incentive to settle for lax monitoring standards (Caminal, 2012).

The criminal justice system affects money-laundering activities mainly through financial reporting requirements (Rosen & Caufield, 2012; Young, 2013); the Internal Revenue Service and the Securities and Exchange Commission enforce the AML laws (Levi, 2013). The Internal Revenue Service can review the financial records of an individual or business if it detects suspicious activity in its tax returns. The Securities and Exchange Commission may probe a company if it detects suspicious activity in its annual financial report (Levi, 2013).

Established rules, regulations, compliance policies, and laws might not be sufficient to prevent money laundering on the unfolding trends and methods to launder money. Some scholars provided means to fight the new risks. For instance, Stanley (2013) discussed the regulator's risk-based processes and Abeysekera (2013) suggested the use of a complete and cohesive reporting template. The proposed models and methods focus on helping banks to achieve their objectives with limited efforts and to help management combine financial and technological tools to minimize financial loss due to money laundering. Researchers have evaluated the non-deterrent nature of the sanctions

of (McDonald, 2013) and of the impractical managerial goals of (Williams, 2012).

However, only a few researchers have investigated the causes of money laundering and the strategies that compliance leaders can use to improve the AML program in a multinational bank.

The threat of terrorism and international crime is more than present in today's world (Irwin, Choo, & Liu, 2012). Terrorist and criminal threats appear to have proliferated in recent years, making an understanding of their sources of funding crucial to attempts to control the menace to order and stability. To reduce this risk, the federal government of the United States has charged banking institutions with protecting, monitoring, and reporting on the financial activity that may aid terrorists and criminals.

Banks are subject to reputational, operational, and legal risks due to the threat of terrorist and criminal activity. Banks utilize the rules established in the United States Patriot Act and Bank Security Act within the legal framework of compliance to mitigate these risks. Compliance requires banks to create a written AML program, which includes the designation of a compliance officer, ongoing employee training, the nomination of controls (including due diligence teams), and internal audit function (Caminal, 2012). For banks to reduce the activities of money laundering, they should focus on the AML program improvement, including a focus on new challenges, advances, and data quality/filtering issues. Maintaining a secure, affordable, and dependable technology system is also crucial. Money laundering does not only occur in the conventional world, but it can also occur in the virtual environment (Irwin, Slay, Choo, & Lui, 2014). The virtual environment can be used to commit such crimes as money laundering; the

environment can be used to hide and manipulate many illegal activities in the real world (Keene, 2012). Banks must also grapple with internal operations changes due to the new regulations (Maggetti, 2012).

Banks should be clear in their responsibilities as financial institutions. Banks must meet the expectations of its customers, shareholders, and colleagues without neglecting the greater social responsibility inherent in the area of banking. In other words, banks must be successful businesses while also protecting itself and others against the criminal element. The task requires banks to defend its institutions against financial attack while simultaneously waging an offensive against criminal and terrorist threats to limit their financial integrity (Dolar & Shughart, 2012). Reliable company values support a bank's goals. Banks are required to strive to develop lasting ethical relationships with the customers; banks must provide customer service that surpasses expectations and maintains the highest possible standards in areas of integrity. Banks have significant roles to play in furthering the efforts against money laundering and terrorist funding. Transactions involving money laundering or terrorist financing expose financial institutions to significant reputational, operational, and legal risk. Such risk threatens the functions of business and the bank's ability to serve its customers.

Cooperation in matters of prevention, detection, and information sharing is the key. Banks working together may forge new relationships that strengthen business opportunities. At the same time, these relationships will protect communities and other stakeholders by monitoring finances potentially useable for illicit aims (Maggetti, 2012). Compliance with federal standards requires many new functions within American banks.

The training of new personnel to be part of the security structure adds to the already complicated corporate structure. Additional funding, technology, and risk assessment are also necessary and difficult to maintain.

Financial organizations have the additional responsibility of protecting the public and their customers. Through governmental cooperation and compliance with federal standards, banks can contribute to the safety of the community, and ideally, prevent terrorism and criminal activity. At the same time, banks must be diligent to protect information and their clients.

### **The Risk of Money Laundering and Terrorist Funding in the Multinational Bank**

The banking industry plays an intricate role in the prevention and handling of money laundering and terrorist funding. As such, every bank must take stock of the risks associated with these critical areas of social and financial importance. Additionally, every bank must make strides to understand the intricacies of money laundering and terrorist financing and must work with others in the industry to protect themselves and their customers (Mihaescu, 2012; Mugarura, 2013).

A multinational bank should take note of the operational, legal, and reputational risks of working in the banking industry. Operational risks including inadequate AML program (Byrne, 2011) and regulatory problems relating to such program can hamper a bank's ability to do business. The related legal risks of failing to meet federal standards are also of primary concern. Despite these considerable concerns, reputational risk poses the greatest threat to bankers (King, 2013). Losing public trust through association with illicit financial dealings poses the biggest threat to banks. Banks should consider the

social responsibility to both its clients and the wider public in matters of money laundering and terrorist funding (Chih et al., 2010).

Communication is also necessary for a bank's efforts to keep an updated list of sensitive individuals, organizations, shell banks, and questionable funding sources (Bagla & Mendoca, 2006). Without crucial information concerning these risks, banks are more likely to have dealings with sensitive individuals, putting themselves in danger.

Communication also allows banks to witness other management styles and AML program integration. Since corporate style varies considerably from organization to organization, a bank is in a position to observe alternative operating techniques from its colleagues in the industry (Bagla & Mendoca, 2006).

### **The Nature of Money Laundering and Terrorist Funding in Banking**

- Operational Risk
- Legal risks associated with money laundering and terrorist funding
- Reputation and Risk

Since the events of September 11, 2001, the United States government has taken all aspects of terrorist financing and money laundering very seriously (Bagla & Mendoca, 2006). Terrorist groups attempting to funnel resources to a common source will invariably try to use the financial institutions. The banking industry, in particular, is in a critical position to both identify and intercept funds intended for illegal or illicit use, both within the United States and abroad. Seeing this link, many governments, including the United States government, have seen fit to place requirements on banks to protect the greater good (Bagla & Mendoca, 2006).



Banks are responsible for keeping a list of questionable recipients, monitoring transactions, and filtering immense amounts of data to identify potential risks. Under new regulations, banks must continue to meet the AML program requirements and improve the methods to combat new approaches of criminal ingenuity. At the same time, banks must consider the privacy and rights of clients. These actions necessitate an organization-wide effort and compromise other functions of business (Adrizzi, Petraglia, Piacenza, Schneider, & Turati, 2013).

A multinational bank gleans little reward for implementing effective prevention methods. Banks are at risk of their associated responsibilities and can lessen that risk through risk management and successful AML program. Among the risks that financial organizations must grapple with are operational, legal, and reputational risks (Walter, 2013). Business disruption is a second reason a bank cannot afford to be without an adequate or more than adequate AML program in place; business disruption due to an investigation can be costly to a bank in both time and money (Skerry, 2013). As such, banks must continue to devote enough money and time to the identification and measurement of operational risk (Skerry, 2013).

Legal risks also pose a threat to a banking organization. Legal risks are operational risks; this type of risk requires more financial backing to restore order to the firm. Legal risks might take the form of lawful action against senior management for their lack of due diligence or controls or other misconduct. The largest legal risk to banks is the likelihood of noncompliance under federal regulation. Legal costs to defend the organization or individuals associated with the organization can be sizable (Choo, 2012).

Those in positions of leadership in banks, including senior management and the board of directors, are both trusted and respected members of the organization and the industry. It is highly unlikely that they would become involved with illegal activities knowingly. However, the complicated nature of compliance risk and the high expectations within the banking industry make it possible to overlook some legal lapses. The chief compliance officers are at particular risk due to the nature of their position and should be increasingly diligent to maintain a proper understanding of the expectations of compliance. The chief compliance officers and the operations department should be aware of the current weaknesses of their AML program. To minimize these risks, bank managers need more purposive measurement and management of compliance risk (Byrnes & Munro, 2013).

Since trust is one of the most valued concepts in the banking industry, the public opinion that the bank is lax on matters of terrorism and crime can permanently crush a bank's ability to conduct business (Armstrong, 2012). Creating an efficient AML program is the best way for banks to address these internal pressures and risks. By addressing these risks and managing a functional, well-run organization, banks can protect both themselves and the community in danger (Shehu, 2012).

### **AML Requirements**

Under the United States Patriot Act and Bank Security Act, American banking institutions maintains specific rules concerning monitoring and preventing money laundering and terrorist funding. They are both encouraged and expected to play a significant role in the prevention by conforming to and improving upon these regulations

(Dolar & Shugart, 2012). The current federal banking laws require banks to establish AML program; the program are the greatest feature by which banks manage data to prevent illicit use of funds. The essential characteristics of a banking AML program include the following: committing the program to writing; developing internal policies, controls, and procedures; designating a compliance officer; implementing ongoing employee training and instituting an independent audit function for testing the program itself. The US Congress passed the BSA in 1970 to prevent financial services from acting as intermediaries in the efforts to hide or move money from illegal or criminal sources (Bagla & Mendonca, 2002). The BSA placed controls and monitoring expectations on banks. Banks accepted the responsibility to identify when the customers use bank accounts in a manner that suggests suspicious activities (Bagla & Mendonca, 2006).

In the month of October 2001, the federal government signed the USA Patriot Act into law (Hatch, 2014) to amend the BSA and to strengthen the actions and reporting of banks. The Patriot Act required banks to conduct increased due diligence (Mugarura, 2014). Banks became subject to extreme pressure, both socially and legally, to increase their monitoring and identification processes. The banks provided additional security to regulate interaction with foreign entities and to control account opening in the United States. The American government drafted banks into its services similar to the European and Asian countries (Looney, 2012).

The designation of a compliance officer, ongoing employee training and independent audit function are the main tenets of an AML Program. AML program developers must additionally present the plans in writing, outline internal policies,

procedures, and controls. The corporate policies and procedures should explicitly address the definition and explanations of terrorist financing. The policies should ultimately address money laundering and identify the roles and responsibilities of staff and management. The policies and procedure should also define the AML training program and the upkeep of current listings of watch list or prohibited individuals. The policies should clearly state the AML risk assessment methods and controls on account-opening, controls, monitoring and reporting suspicious activities, information sharing, and compliance with the Office of Foreign Assets Control (Quinn, Sudjianto, Richards, & Ritchie, 2013).

Matters of due diligence are among the top priorities of a multinational bank. Following the Wolfsberg Group, HSBC (International) and its subsidiaries accepted that clients and customers who pose a greater risk will be subject to greater due diligence (Marshall, 2010). Banks should establish principles for dealing with clients in a straightforward, fair and secure manner to provide enhanced due diligence. When considering the initiation of a banking relationship, banks should consider the client location, nature of the business, customer base, and background. Banks should review the business' products and services, history, and AML controls (if necessary). The idea of Knowing Your Customer (KYC) by the financial industry enables banks to conduct due diligence on the client's level of risk (Rusmin & Brown, 2012).

If a high level of due diligence exists, banks are likely to address individuals or groups that are suspect in criminal activities. Monitoring allows banks to determine changes in activity, high levels of questionable activity, or activity rooted in unusual

sources (Pramod et al., 2012). Cash transactions over \$10,000 are subject to reporting, as are frequent wire transfers. Banks must also monitor and report on monetary instrument records and velocity of funds reports (Pramod et al., 2012).

Monitoring takes a vast amount of personal and organizational effort; banks have the responsibility to file a suspicious activity report (SAR) to report cases of suspicious activities (Pramod et al., 2012). Each bank must delineate controls and procedures to investigate potentially unusual or suspicious transactions. Banks should aim to continue their activities with the government and the community to prevent terrorism and crime without sacrificing the rights of the individual. Supporting the identification of criminal transactions should not hinder legal businesses, yet it sometimes does. The importance of collaboration and information sharing should have a promotional value among law enforcement, lawyers, bankers, and the economist (Irwin et al., 2012). Through technology, communication, and cooperation with customers, banks can protect customers' identities and personal information through clear internal guidelines and controls on information sharing (Pramod et al., 2012).

Most banks also respect the relationship between the financial institutions and its customers, recognizing that the economic system cannot take individual customers for granted. According to Pramod et al. (2012), banks must take the protection of customer information seriously and release the information in accordance to the law. Banks can provide better services to their clients by understanding the risks involved. Banking institutions require a high trust to succeed; such endowment of confidence should be a

serious issue. Banks should strive to understand and lessen the risk to protect their customers' finances and information.

Banks should meet federal compliance standards. Some banks have taken steps toward ongoing compliance by establishing a chief compliance officer, a written agreement with the Federal Reserve, ongoing employee training, and increasing due diligence, among other changes. The changes do not represent a financial boon for the business side of HSBC. The reduced risk of having these methods in place makes it possible for HSBC to serve its customers. Consequently, banks should aim to hold AML program to the highest standard reasonably practicable, including the use of new technology and monitoring techniques. Financial crime is the act of securing an illegal advantage or gain with a possibility of having a victim (Filstad & Gottschalk 2012). In this case, banks are usually the victims.

### **Technology Tools to Improve AML Program**

Technological problems create stressful situations in the protection of funds and clients' privacy. Banks handle numerous technological issues in its efforts to improve the AML program. Maintaining a high level of data quality and instituting efficient data filtering are of the greatest concern to banks in their efforts to avoid false positives (Tang, 2013). Banks strive to maintain the technological system that is secure, dependable, and affordable. With the proper technology, clients are confident that the account information is confidential and secure (Ai, 2013; Tang & Ai, 2013). Technology is at the forefront of any well-managed banking AML program. There are many challenges in creating and maintaining a technology system for monitoring and filtering data in the banking

industry. The mitigation of risk depends on the quality of data, data filtering, and data monitoring.

Criminals and money launderers are aware of the available technology and will continually search ways to continue their transactions in a way that does not flag them as questionable or suspect (Lopez-Rojas & Axelsson, 2012). Money laundering calls for different approaches; money laundering often incorporates the placement of criminally obtained payments into accounts where it can appear as legally obtained funds. Due diligence practices should identify money laundering risks in a clients' expected business behavior (Irwin et al., 2014). Monitoring for frequent transfers or sudden increases in activity can signal money laundering activities (Irwin et al., 2014).

If due diligence and effective AML program procedures are in place, individuals on the watch list who have ties to terrorists or terrorist organizations cannot benefit from money transfers (Hoffman, 2013; Yasin, 2012). The process of blocking transactions present challenges to the customers who have a name close to those on the watch list; customers with similar names are likely to have their transactions blocked, these types of transactions can be screen manually. Investigation officers may reverse or allow blocked transactions as false positives. The process of identifying the false positives operations also requires additional personnel to manually investigate and reverse the blocked transactions (Hoffman, 2013; Yasin, 2012).

### **Technologies to Identify and Prevent Money Laundering**

Technological advances continue to offer new methods for improving AML program (Neville, 2012). Banks must be subject to strict standards of monitoring,

customer identification, and reporting through the incorporation of technological tools. Payment filtering is a proactive action that can prevent money laundering and funding of terrorists by filtering payment requests and transfers through current watch lists and customer data (Don, Feit, & Pituah Herzelia, 2012). If transactions do not match expectations of the client business and activities based on known data, the bank may investigate further. If an entity makes a payment request to those on a watch list, banks can block those payments to prevent funds from reaching known criminal organizations and their contacts (Don et al., 2012). Though such situations do not always run smoothly, banks aim to streamline its procedures as much as possible to prevent the funding of criminal activity and to protect the innocent client. Banks and their affiliates are concerned with data quality and data filtering issues, as they are crucial in compliance and risk mitigation.

Banks can prevent the likelihood of exposure and ensure that filtering happens early in the transfer process by centralizing and consolidating core payment processes (Gileadi, O'Sullivan, & Hamilton, 2013). Unifying these processes and detecting problems allows banks in the US to avoid excessive false positives and payment reversals (Gileadi et al., 2013). Avoiding false positives saves time, money, and needs for additional personnel. Centralizing also allows the bank to promptly facilitate record access, whether it is in answer to the federal government or to assess risk. The application of due diligence by a bank at the point of account opening and the business relationship improves data quality. Due diligence controls allow banks to recognize suspicious accounts and individuals even where they do not see the customer in person. The internet



and other technology are tools for offering some new banking services; due diligence processes assist banks in preventing reports that will later cause issues with KYC and false positives (Ojo, 2013).

The review of accounts and customers are ongoing process for many banks; the federal government requires due diligence on an individual level (Ojo, 2013).

Verification of customers' identification should not stop when an account is merely open.

The ongoing review of the client's account use and the business behavior should be subject to continual assessment. Streamlined IT processes that eliminate duplication of procedures and centralization have proven effective in reducing the costs of compliance technology (Pramod et al., 2012). Banks promote the development of new technology for data mining and monitoring (Koyuncugil & Ozgulbas, 2012). By investing in technology and choosing only the most trusted software and IT providers, technology system can reduce the risk of noncompliance and improve prevention methods within the bank (Liao, Chu, & Hsiao, 2012).

### **Bank Internal Management**

It is necessary for banks to prioritize the changing roles and organizational needs of AML requirements. Since reputational risk is significant to the long-term success of banks, committing to AML program shows the company's intent to prevent bank failure (Pramod et al., 2012). Training and managing new positions and staffing issues also present problems that are relatively new since the inception of the Patriot Act.

Pressure on banks to maintain the highest possible level of security in matters of due diligence and AML program controls implies a greater need for the industry and the

government alike (Young, 2013). The United States government and other governments around the world expect banks to play a critical role in the prevention of money laundering and the protection of banks. The federal law requires cooperation amongst banks; the bank needs to protect itself and reach a higher level of money laundering prevention and awareness. Setting high standards for transnational financial community provides protection and recognition, but also applies pressure to other financial institutions to follow suit, which creates a culture and community of knowledge (Tsingou, 2014).

Banks must first establish itself as having a consistent organizational knowledge related to money laundering and terrorist funding to reach community awareness within the banking industry. AML program must become a top priority for committed banks (Pramod et al., 2012). Risk assessment is one of the largest areas of concern within banking. AML program naturally possess risk assessment through the condition of internal audit function. A bank that desires to mitigate risks will see AML program reviews as a benefit rather than an unavoidable cost.

An effective AML program will identify areas that need improvement, reduce transaction, compliance, and reputational risk. Banks must acknowledge the costs of running an efficient AML program to protect itself, its associates, and its customers (Flores, Angelopolou, & Self, 2012). However, this commitment does not come quickly since the United States Patriot Act took effect; banks have opposed the heightened security and the new requirements. The opposition was in part due to concerns about the privacy and protection of customers. However, the primary resistance of banks to comply

was due to the significant increase in costs expected of them by implementing new rules and changing their organizations to comply. Banks have to assess the costs of an AML program as it does any other value of its business; its corporate social responsibility is contrasted with its desire to serve its customers by continuing to be a successful financial business (Ai, 2013).

In the business of banking, banks have responded to many organizational challenges in the regulation of their activities by the federal government. Personnel and new organizational needs are two of the most frequent changes taking place in the banking industry. Since the enactment of the United States Patriot Act, the security, training, and the hiring of additional employees or personnel have been a problem for authorities and hiring managers (Etzioni, 2012). Federal requirements state the necessity of employing a compliance officer, and this is often the first change in personnel identified within an organization. A compliance officer must be aware of the many intricacies of compliance and regulation, and must be intimately aware of the internal functions of the firm (Pramod et al., 2012). Because the position requires extensive knowledge and training, the position of the compliance officer is hard to fill, as there are few qualified candidates. The position is also subject to many areas of security risk, making it a job that requires a reliable individual, especially in the area as delicate as banking and risk management.

Banks created the compliance officer position to comply with the provision of the new regulations; an internal auditing staff is necessary under the new laws (Byrne, 2011; Hoffman, 2013). Additional officers are also required to meet the need for missing

transactions or customers that presented problems. Banks must create these positions to adjust false positives, meet compliance on due diligence, and to maintain the technological and organizational framework for monitoring transactions (Chowdhury, 2012). HSBC recognized that the funding of AML program contributes to the proper training of these new employees so that they are more efficient in the workplace (Marshall, 2010). HSBC assists in the functioning of HSBC Bank USA by centralizing the data-intensive jobs, including AML monitoring (Marshall, 2010). This practice also assists in recognizing false positives in a timely and efficient manner.

With payment filtering in place, false positives are an unfortunate inevitability. Coping with false positives, such as the blocking of transactions that are legal customer activities is a frustrating corporate issue for banks. Despite every care to prevent inconvenience to banking patrons, payment filters are likely to block payments where beneficiary names are similar to those on the watch lists (Bagla & Mendoca, 2006). The process creates issues for management, as additional personnel must be available to identify false positives and, where necessary, manually reverse the payment rejections. The bank's management can assign a net risk score to each item to initiate an action plan or institute additional monitoring to aid in preventing compliance risk. Such risk assessment program give banks some edge in risk assessment. Building controls for new services and products also allow banks to bring compliance to the forefront of all areas of banking. Adoption of ingenious methods of KYC will be necessary where banks have only just begun to identify the best methods of verifying the identity. Banks may need to adjust due diligence methodology to also focus on smaller violations such as identity

theft. Additional violations may make it harder to identify what funds are the result of money laundering and terrorist funding versus those that are the result of smaller, independent criminals. Banks can continue to pursue a banking structure based on excellence and productivity by remaining flexible and prudent.

Forward thinking and innovation are critical to the success of a bank in the coming years. Continuing to foster a culture of compliance will allow changes to mirror the expectations of the government as well as those of the industry. The need for enhanced cooperation and developing effective policies are critical in preventing criminal activity from expanding (Watters, McCombie, Layton, & Pieprzyk, 2012). Keeping communication open with governmental agencies around the world makes it more possible for a multinational bank to contribute to the prevention of money laundering and protect the community. Assessment and implementation of new technology should exploit the best available knowledge of risk assessment and current technological information. Banks will be able to apply subtle pressure to other banks and financial institutions, and keep the entire banking industry at a higher level of vigilance by adopting new technologies. Technology that fosters ease in due diligence is particularly helpful and may reduce the cost and support needed to run current AML program.

### **Transition and Summary**

Banks must hold themselves to a certain level of responsibility in today's banking society. Banks should also acknowledge that it would be unreasonable to expect customers to attempt activities that banks consider risky. A comprehensive AML program without just meeting the minimum standards seems to be crucial in progressing

to a level of prevention. Banks can continue with business ventures without governmental and legal issues by meeting the requirements of AML compliance. Banks must continually update and keep up its AML program to remain functioning and serving its customers. Banks must additionally position themselves at the cutting edge of changes within the banking industry. A multinational bank should be eager to open communication channels and set the pace for other multinational banks across the United States.

Section 2 includes the role of the researcher, the description of the participants, the research method, the research design, and the interview. I also included the description of the case study, the relevance of the research, and the implication for social change in section 2. The findings and the results of the study appeared in section 3. I included the presentation and the analysis of the results to section 3. I also included a description of how the findings support the conceptual framework of the study and the data collected in the literature review to section 3. I concluded Section 3 with recommendations for future areas of research, recommendations for action, and the implication for positive social change.

## Section 2: The Project

This section contains explanations of the research design. The section also includes the discussion of the role of the researcher and the methodology, including the justification for the use of the exploratory case study method. It also includes a discussion of data collection strategies and data analysis.

### **Purpose Statement**

The purpose of this qualitative case study was to explore the strategies that compliance leaders used to improve the AML program in a multinational bank. The population consists of compliance officers from a multinational bank in the northeast region of the United States who have experience with the strategies to improve the AML program. The implications for positive social change may include the potential to develop the AML program to assist compliance officers, reduce the risk of bank failures, promote the bank's participation in social development projects, and provide employment opportunities to the community.

### **Role of the Researcher**

The role of a researcher in a qualitative study is to record and document the responses of participants to events (Frels & Onwuegbuzie, 2012). I collected data from the interviews and the documented AML procedure. During interviews, I was conscious of body language, facial expressions, and tone of voice. As an AML consultant in the financial industry, I participated in remediation projects because of AML violations that caused significant economic loss to the financial institutions.

Zucker (2014) summarized the basic ethical principles and guidelines of the Belmont Report to assist in the protection of human subjects in research. In compliance with these guidelines, I recruited and obtained informed consent from the participants. I accurately presented the ideas and information received to avoid presentation bias. The interview protocol serves as the procedural guide to direct the conduct of the interviews (Jacob & Furgerson, 2012). I used the interview protocol as a guide to ask the questions and allow the participant time to answer the questions.

### **Participants**

The study population consisted of compliance officers of a multinational bank in the northeast region of the United States. Participants for this study had to be: (a) compliance officers experienced with the strategies to improve the AML program, and (b) compliance officers who worked for a multinational bank in the northeast region.

According to Reichelt (2015), social media is an efficient way to recruit and obtain high-quality responses from participants. Social media provides an effective means to obtain knowledge about an issue being investigated (Maloney et al., 2015). Allsworth (2015) also found that it is cheaper to identify specific participants for research through social media. I identified and sent an initial invitation to future compliance officers who worked for a multinational bank within the northeast region of the United States. Two compliance officers with management authority responded with interest to participate in the study; both compliance officers who responded are directors in the area of AML compliance. I chose one of the compliance officers and sought permission to interview compliance officers who had strategies to improve the AML program in the



organization. I also asked for the documented AML procedure as my secondary data collection. To establish a working relationship with the participants, I sent a consent form to the members who accepted to participate through email. The consent form helped the compliance officers to determine if they fulfilled the requirements for participation. The bank has 89 compliance officers; I selected 10 compliance officers from the list presented to me. I assured the participants that their personal information and their decision to participate in the study would remain confidential. The interviews with the 10 compliance officers who have the same knowledge about AML program improvement provided the opportunity for rich data (Palinkas et al., 2013).

### **Research Method**

I used a qualitative method to explore the strategies that compliance officers used to improve the AML program in a multinational bank. Jack (2010) stated that a qualitative approach could enhance discussion and the understanding of a topic. Bansal and Corley (2012) also argued that qualitative research has the flexibility that permits the increase of knowledge without the confinement of hypotheses, which is the focus of quantitative or mixed methods approaches. A qualitative approach was most appropriate for this study because I did not test a hypothesis in this study. Nakai (2012) explained that the use of a qualitative approach would enable a researcher to collect data that is unique to a particular context to understand the issue.

### **Research Design**

I determined that the case study design would be the best design for the purpose of this study. I used an exploratory single case study design in which the participants

answered open-ended questions regarding strategies that compliance officers used to improve the AML program in a multinational bank. A case study was ideal for the study because of the exploratory nature of gathering information from compliance officers of a multinational bank who have the experience with strategies to improve the AML program. Yin (2014) asserted that a case study is an appropriate method when the examination of the contemporary events is the subject of the study and when the phenomenon investigated is not easily distinguishable from the context. Yin also noted that business research has often used the case studies methodology.

Even though I considered other qualitative designs, I did not think they were appropriate because of the purpose of the study and the available resources. For example, an ethnographic study requires prolonged time in the field and focuses on the culture and people by getting involved in the lives of the subjects (Dawson, 2014). I also disregarded the use of the phenomenological design because phenomenology focuses on the exploration of perceptions of the participants in a particular phenomenon based on their life experiences (Thelin, Lundgren, & Hermansson, 2014). A phenomenological study on this topic would focus on the life experiences and perceptions of compliance officers of a multinational bank rather than the strategies to improve the AML program.

In qualitative research, Box (2014) stated that 15 participants is the smallest sufficient sample to achieve data saturation and that resources for the study can limit the sample size; however, interviewing more or fewer participants is permissible until a researcher reaches saturation. Wahyuni (2012) also argued that there must be at least 15 participants to have sufficient data saturation in a qualitative research study. However,

Fusch and Ness (2015) stated that data saturation is more about the richness and thickness than the size of the data. A researcher can achieve data saturation when there is enough information to replicate a study and the ability to obtain new information and further coding is no longer feasible (Fusch & Ness, 2015). Interviewing 10 compliance officers about their strategies to improve the AML program in a multinational bank in combination with a second data collection technique that focus on policies and procedure was sufficient to achieve data saturation.

### **Population and Sampling**

I used a purposive sampling to recruit 10 compliance officers of one multinational bank in the northeast region of the United States. The 10 participants for the study were compliance officers with the strategies to improve the AML program in a multinational bank. Purposive sampling enables a researcher to capture information relevant to a particular investigation where the qualitative inquiry is extensive (Guetterman, 2015). The use of purposive sampling provides the ability to recruit individuals with similar knowledge about a topic (Palinkas, Horwitz, Wisdom, Duan, & Hoagwood, 2013).

I combined the interviews with data I collected from documented AML procedures to achieve data saturation. Saturation began with the seventh interview up to the eighth interview. There was no new information obtained, and no additional coding was required. Guest (2006) argued that fewer meetings by an experienced interviewer would produce richer data than 50 interviews with a novice interviewer. Given the argument of Guest, the sample size is not a determinant for sufficient and rich data;

saturation can occur when the researcher feels they have enough data to make a valid conclusion.

The 10 participants whom I interviewed in this study were compliance officers of a multinational bank with similar knowledge about the AML program. Engel et al. (2015) selected participants based on the convenience of a research study. The flexibility of an interview location increases the interest to participate in a research study (Harding et al., 2013), and maintaining a suitable structure by keeping to appointed time for an interview is important to participants in a qualitative study (Petri & Berthelsen, 2015). I kept the appointed time and conducted the interviews at the office of the participants.

### **Ethical Research**

I abided by all APA principles of ethical research involving human participants for this study. I employed stringent measures to preserve the privacy of the participants and the confidentiality of the data they provided. I asked the members to sign an informed consent letter (Appendix A) before conducting any data collection procedures. I emailed the informed consent letter to the participants as soon as they indicated interest to participate in the study. The consent letter stated that participation was voluntary and that a participant could withdraw at any time during the interview. The informed consent letter clearly reiterated the purpose of the study and indicated the nature of the participation; it also indicated that no incentive was available for participating in the study.

Chang and Graham (2012) used a set of codes to protect the identity of participants. For the adequate proper protection of the privacy of the participants, I did

not collect demographic data, (i.e. name, age, gender) and marked the digital audio recordings of the interviews with labels such as Participant 1, Participant 2 and so on, to avoid revealing the identities of the study participants. The hard copies of the data will be kept in a locked filing cabinet in my office for 5 years. All electronic data is on a password protected computer. The hard copies and all electronic files will be permanently shredded and deleted after 5 years of the completion and publication of the study. I interviewed the participants after obtaining approval from the Walden Institutional Review Board (IRB); the IRB number for this study is: 04-20-16-0330972.

### **Data Collection Instruments**

As the primary data collection instrument, I conducted semistructured interviews with 10 compliance officers with the strategies to improve the AML program of a multinational bank. Four of the participants were not available for an in-person interview; I interviewed them over the phone. I used a recording device to record the interviews and transcribed the responses for the purpose of data analysis. The interview protocol serves as the procedural guide to direct the conduct of the interviews (Jacob & Furgerson, 2012). I used the interview protocol as a guide to ask the open-ended questions that discussed all aspects of the research question that were relevant to this study. Questions reflected specific cases from participants' practices.

Qualitative researchers use member checking, or respondent validation, primarily as a method of quality control to improve the accuracy, credibility, and validity of the collected data (Harper & Cole, 2012). Andraski, Chandler, Powell, Humes, and Wakefield (2014) used member checking to obtain participants guidance and feedback in

a study. Member checking provides the opportunity to ascertain the adequacy of data in qualitative research (Elo et al., 2014). I ensured reliability and validity of the data by consulting with the participants in a member checking procedure to verify and confirm the meanings as ascribed to their interview responses. I created the interview protocol containing the interview questions and the procedure for the meeting to provide guidance throughout the interview process (Appendix B).

### **Data Collection Technique**

I applied methodological triangulation in two phases. The first phase was the semistructured interviews with the participants. The second phase was the secondary data collection of the documented AML procedure of the multinational bank in which the participants worked. The advantage of the individual interviews was the opportunity to build rapport. Carenza (2011) found that an introduction including the purpose of the research in qualitative research helps participants to open up and enhance rapport with the researcher. The interviews started with an introduction; the disadvantage of the individual interview was that some of the participants were shy at some point in the interview (Qiu & McDougall, 2013).

Member checking can be used to obtain feedback from participants in a qualitative study (Andraski et al., 2014). Member checking provides the opportunity to ascertain the adequacy of data in qualitative research (Elo et. al, 2014). Harper and Cole (2012) used member checking, also referred to as respondent validation, primarily as a methodology of the quality control process. I did not conduct a pilot study and ensured reliability and validity of the data by consulting with the participants in a member

checking procedure to verify and confirm the meanings and interpretations as ascribed to their interview responses.

### **Data Organization Technique**

Shaw (2012) used an electronic medium to store data in qualitative research. I used Microsoft Excel spreadsheet to maintain a research log to identify every step of the data collection. Chang and Graham (2012) prepared a set of codes to organize data in a qualitative study. I used systematic codes to organize the data. According to Colombini, Mutemwa, Kivunaga, Moore, and Mayhew (2014), NVivo is used for coding and data analysis in qualitative research. I labeled the participants as Participant 1, Participant 2, and so forth. I used a password protected storage device to store data as the student researcher and saved all the data from this research study on a hard drive and saved a backup copy on a secondary device for 5 years. I will erase all the stored data completely from the hard drive and secondary storage device in compliance with the Walden University requirement.

### **Data Analysis**

Triangulation is necessary in a qualitative case study because it enables the researcher to achieve the objective of the study and to test the validity and reliability of the findings (Pratuckchai & Patanapongse, 2012). Bekhet and Zauszniewski (2012) stated that methodological triangulation involves a process of using more than one method to collect data in a study. The data collection for the study was from the interviews; the secondary data collection was the documented AML procedures of the bank. I applied methodological triangulation to this study by collecting data from both sources at two

stages. First, I reviewed the collected data from the interview and the documented AML procedures to ascertain the relevance to the study. Second, I analyzed the data to ensure validity and reliability. According to Yin (2013), data analysis includes (a) data collection, (b) data separation into groups, (c) data regrouping into themes, (d) data evaluation, and (e) drawing reports. I used the Krippendorff method of content analysis to process the data collected for the study. According to Krippendorff (2013), content analysis infers what is not directly observable and can generate inferences from large bodies of data that reveal trends, patterns, and differences. Content analysis is a way to treat qualitative data objectively, regardless of the bias of the content analyst.

Chang and Graham (2012) used NVivo to prepare a set of codes before data collection to explore a phenomenon in qualitative research. I used NVivo in storing, coding, retrieving, comparing, and linking the data from the interviews and the AML procedures. I used NVivo for data analysis; the software is useful for thematic analysis in qualitative research (Colombini et al., 2014) and to analyze data from the open-ended questions. I identified themes from the responses and correlated the topics to the literature review and the conceptual framework of the normative neo-institutionalism. Qualitative analysis for this study focused on the key themes or ideas that expressed the strategies that compliance officers use to improve the AML program in a multinational bank.

## **Reliability and Validity**

### **Reliability**

One of the primary concerns of a study is to maintain its internal reliability and trustworthiness throughout the research. Boeree (2012) suggested that a measure is



reliable if it is reproducible and precise. Researchers achieve the dependability of a qualitative study in various ways and provide a possible explanation for the consistency of the research processes yielding similar results to other studies (Ali & Yusof, 2011). I documented the research instrument for future reference, use same coding sheets, research logs, and reflective journals to code the data and conduct member checking to ensure the accuracy of the data. The dependability of the study and an in-depth methodological triangulation of the study may provide similar research findings by other researchers. Qualitative researchers use member checking also known as respondent validation primarily as a methodology of the quality control process to improve the accuracy, credibility, and validity of the collected data (Harper & Cole, 2012). I used methodological triangulation to ensure the trustworthiness of the data; member checking also occurred to validate findings. I anticipate some differences to occur in subsequent studies of a similar nature due to the nature of exploratory case study, which is to understand complex social phenomena, such as organizational and managerial processes.

Facilitating reliability in qualitative research can be demanding because of the underlying concerns associated with its consistency (Green & Thorogood, 2014). Green and Thorogood identified several relevant strategies in describing the reliability, dependability, and audibility of qualitative research. The scholars suggested as follows: (a) use clear research questions, (b) researcher's role will be explicit, (c) findings should be meaningful paralleling data sources, (d) reliability should have a connection with the theory, (e) data collection should be broad within the sample population, (f) data checks should take place, and (g) peer review should constitute part of the process.

## **Validity**

In qualitative research, a researcher uses credibility to ascertain if the findings of a study are credible from the participants' evaluation (Ali & Yusof, 2011). Member checking also occurred to validate the collected data. I ensured accurate reviews of data collection and non-bias presentation of findings to ensure credibility in this study. The objective of the qualitative research is to present the results of an issue and offer reports that reveal the capacity to describe the phenomena of interest. According to Yin (2014), the concern for exploratory case studies is internal validity; a researcher intends to explore a situation by examining data carefully from the study. Evaluating the trustworthiness of a qualitative study is sometimes difficult due to inadequate data collection, defective data, and poor analysis (Elo et al., 2014).

The burden of demonstrating that the finding of a study applies to another study rests more with the researcher than the original researcher (Marshall & Rossman, 2016). Transferability of a study is the ultimate responsibility of readers and research users other than the investigator. A researcher may compare findings and conclusions of the previous study with the current study in progress. I gave a description of the research processes, results, and context of the sections in this study to enable other researchers to determine the quality, validity, and the extent of transferability of the study in the future. Ali and Yusof (2011) stated that it is necessary to review the data collection to ensure it represents participants' intentions and examine the transcriptions for missing data. I documented the responses and had the participant review the responses to ensure validity.

The confirmability of a qualitative study is similar to the objectivity in a

quantitative study; it provides the opportunity for another researcher to confirm the findings of the study. Strategies that promote confirmability in the study are the admission of my assumptions, documenting the audit trail, data collection, analysis processes, and in-depth methodological description to ensure the integrity of the findings. Bekhet and Zauszniewski (2012) stated that methodological triangulation; a process of using more than one method to collect data in a study can help to provide confirmation of findings in a research study. Aust et al. (2013) found that non-serious participants provided fewer reliable responses to interview questions. Such reactions can lead to a faulty foundation in a qualitative study and can affect the confirmability of the study.

According to Box (2014), the skills of a researcher are essential in the quality of the collected data; the skills will also have a severe impact on achieving data saturation. The 10 participants, in this case study, are compliance officers of a multinational bank who have experience with strategies to improve the AML program. I determine that the interviews and the secondary data collection method of the documented AML procedure are sufficient to achieve data saturation for the purpose of this study. I conducted a comprehensive review of all notes taken from an audio recording of the responses. Member checking occurred to validate data collection and to make corrections in the transcripts. Compared to quantitative study, the qualitative study uses a sample that is much smaller because, in qualitative studies, more data does not necessarily mean more information (Green & Thorogood, 2014). According to O'Reilly and Parker (2012), quality measurement in a qualitative study is an issue with multiple opinions and

numerous frameworks, data saturation as a marker for sampling in a qualitative study is acceptable.

### **Transition and Summary**

The purpose of this qualitative exploratory case study was to explore the AML strategies that compliance officers used to improve the AML program in a multinational bank. I used qualitative content analysis on the data gathered from the participants through semi-structured interviews. The participants of the study represented compliance officers who have experience with strategies to improve the AML program. I ensured the credibility for this study by using a validation exercise to test the interview guide. Protocols to protect the confidentiality and the comfort of the participants were also in place to encourage respondents to be as honest as possible.

Section 2 contained methodology elements such as my role as the researcher, participants, population and sampling, ethical considerations, data collection and analysis, research methodology, and research design. Section 3 covered presentation of findings. Application to business, application to professional practice and social change attributes. Reflections, recommendations for further research, and recommendation for action will also form parts of Section 3.

### Section 3: Application to Professional Practice and Implications for Change

#### **Introduction**

The purpose of this qualitative case study was to explore the strategies that compliance leaders used to improve the AML program in a multinational bank. In this study, I determined the economic impact of a deficient anti-money laundering program on a multinational bank and strove to understand how the bank used numerous technological tools to reduce the effect of money laundering. I sent three invitations to compliance officers of three multinational banks within the northeast region of the United States and two compliance officers with management responsibilities responded to participate in the study. The 10 participants for this study were AML compliance officers for one of the three multinational banks.

Using thematic analysis, I was able to generate six themes from the responses of the participants to the 10 interview questions. The themes were:

1. Theme 1: Strategies to improve AML compliance in a multinational bank
2. Theme 2: Economic consequences of inadequate AML program
3. Theme 3: Loss of banks' operational integrity and financial stability as an effect of money laundering
4. Theme 4: Establishment of communication channels and cooperation with other banks to curb money laundering
5. Theme 5: Improved technological software hastens the detection of unusual financial transactions

6. Theme 6: Factors that hinder the effective implementation of anti-money laundering program

The saturation of themes occurred in three phases. The first phase was the responses of the participants to the interview questions. These responses included the identification of themes relevant to business practice. The second phase was the transcription of the replies to readable text form. The third phase was the coding and analysis of the collected data. The third phase indicated saturation, and it began with the seventh interview up to the eighth interview. At the eighth interview, there was no new information obtained and no additional coding was required. The themes identified from the analysis in this study supported the seven concepts listed in the literature review. This section contains the discussion of the themes about the purpose and research question posed in this study.

### **Presentation of the Findings**

This section includes the description of the findings and how they are related to the conceptual framework and the literature review. I triangulated the responses received from the participants of this study by comparing and corroborating gathered data with the data from the secondary source of the bank's AML procedure as well as the conceptual framework and literature review.

I used thematic analysis with the aid of NVivo software to analyze the data from the interviews. The software allowed me to generate themes based on the coding process and identification of related nodes or concepts emerging from the analysis. The six

themes identified in this study are the answers obtained from the interviews to address the research question.

RQ: What strategies do compliance leaders use to improve the AML program in a multinational bank?

I asked the AML compliance officers 10 interview questions to help me answer the research question. The result of the responses shows six themes; within each theme, I identified sub themes or categories to address the specific themes. Each theme and the corresponding categories are discussed below.

### **Theme 1: Strategies to Improve AML Compliance in a Multinational Bank**

Theme 1, strategies to improve AML Compliance in a Multinational Bank, appeared from the responses of the participants to questions that relate to their knowledge about the AML program improvement. Two thematic categories emerged in the analysis. These thematic categories are specific to AML program improvement.

The first category, provision of professional development training for employees, surfaced in the analysis from the response of Participant 1 that the effective AML program should require the active participation of employees in the implementation of AML efforts, as well as the ethical involvement in monitoring unusual behaviors of bank clients. Participant 8 postulated that in addition to the implementation of an AML program, banks and other financial institutions should make a greater effort in educating staff. Participant 2 added that better training for employees, higher remuneration, better technologies, and better customer profiles or KYC are essential to improve AML program. Participant 2 also added that improved communication between departmental

institutions and with other multinational banks can help to keep abreast with the constantly changing strategies utilized by the money launderers. Participant 8 also added that the bank provides continued training/certifications for employees such as The Certified Anti-Money Laundering Specialist (CAMS) or The Anti-Money Laundering Certified Associate (AMLCA).

Participant 4 recommended that banks should periodically educate their employees on how to combat unusual activities through seminars or classes. Participant 10 stated that banks need to get the right people to manage the AML program, so that the daily AML efforts know as *business as usual (BAU)* and client onboarding efforts are not compromised.

The second category, which was to strengthen the current AML system, emphasized specific improvements that could be made to fix identified weaknesses in the AML program. Participant 1 recommended that banks should improve client risk assessments, which are the use of detailed customer profiles for investigative purposes. For example, in watchlist name screening, the system will screen the primary name and any name affiliated with the account against public watchdog agencies such as OFAC watchlists. Participant 1 added that wire transfer transactions can be alerted for further investigation based on the information obtained through the recommendation of the Financial Action Task Force (FATF). Some individuals who hold public offices are exposed to money laundering; these individuals are known as politically exposed persons (PEP). Participant 1 maintained that PEPs must undergo enhanced due diligence because of their political affiliation.



Participant 5 stressed that the improvement of the screening software that detects multiple scenario patterns, well-trained employees, and the adoption of technology can improve the AML program. Participant 4 emphasized that while there is BSA, the technology should surpass the limitations of BSA to cover the exclusion of accounts that were found to be unusual. Participant 3 stated that criminals are always looking for ways to detour funds from the banking industries. Banks need to reinforce the importance of the BSA requirement; financial institutions should have programs in place to detect and prevent financial crime and terrorist financing by implementing risk base systems to adequately know the customers and the geographical environment of the customer's business. In strengthening the AML program, it is also best to provide incentives for those employees who have contributed effort to the implementation of the AML laws.

Participant 2 added that the appointment of a compliance officer to run the day to day activities of the AML program and the periodic audit of the program are essential to maintaining the required standard of the AML system. Participant 2 also added that banks cooperate more proactively with law enforcement agencies such as The Financial Crimes Enforcement Network (FINCEN) to detect suspicious activity.

A strong AML program is needed with an independent audit group to confirm the results of banks compliance program. Since such program would rely on self-control and policing of the compliance department, independent confirmation is required. Fewer barriers should exist to prevent banks from collaborating on reducing the activities of money laundering. Making improvements to the current system of information sharing will provide less opportunity for criminals to launder money. Banks should be

encouraged to communicate with other banks by responding to the request for information (RFI) in compliance with section 314(b) of the USA PATRIOT Act.

Table 1

*Theme 1: Strategies to Improve AML Compliance in a Multinational Bank*

Categories	Number of Occurrence	Percent of Occurrence
Provision of professional development training for employees	10	100%
Strengthen the current AML system	10	100%

**Theme 2: Economic Consequences of Inadequate AML Program**

Theme 2, economic consequences of inadequate AML program, appeared from the responses of the participants to questions that relate to their knowledge about the economic effects of money laundering. Four thematic categories emerged in the analysis. Note that these thematic categories are interrelated; this means that an impact in the macroeconomic level had an effect at the microeconomic level.

The first category, disruption of country's fund flow, emerged from the responses of the five participants. Participant 1 stated that a disruption in the flow of funds affects the institution's ability to lend to the private and public sector. In the long term, Participant 5 stressed that this volatility in the fund flow affects the overall performance of the economy. This is particularly important when the economy is striving to build local or national assets through financial intermediaries to finance economic activities (Caminal, 2012). Participant 3 stated that the effect of distorted cash flow creates the difficulty of the national economy to regulate inflation. Participant 2 stressed that control

of inflation is necessary for emerging markets who strive to address the risk of potential capital flight. Participant 4 associated the term potential capital flight with unanticipated cross-border asset transfers.

The second category, negative financial system reputations, had profound effects on the stability of the financial institutions in the country, which determines the ability and integrity of financial holders to manage both local and foreign investments.

Participant 2 explained that the integrity of the banking and financial services industry relies on the perception that it works within a structure of high legal, professional, and ethical standards. Participant 4 said when financial institutions lose confidence in the depositors; it creates operational risks to the financial system in general. This is true because trust and confidence of the depositors and investors are elements required for success and longevity in the market (Ai, 2013; Pramod et al., 2012; Tang & Ai, 2013). Participant 3 reiterated this observation that if banks are not mindful or managing the operational risk efficiently, they can end up as failed banks, which hurts their reputation, therefore destroying the ability to attract foreign direct investment.

Participant 1 stated that the effects on bank soundness start with reputational risk and the subsequent lack of trust. This lack of confidence in an institution that appears to be abetting criminals and corruption will necessarily have long-term detrimental effects. Participant 5 described how the confidence of people affects the success of the financial industry. Participant 5 stated that the consequences of money laundering will cause banks to lose a high level of reputation and cause people to question the safety, soundness, and confidence that the public holds for the financial institutions. The banking and financial

services sectors are reliant on the employees to adequately function within a framework of high legal, professional, and ethical standards.

The third category, worsened income distribution, emerged after participants shared that money laundering promotes unfair competition between legitimate and illegitimate businesses. Participant 1 noted that income distribution likely happens when entrepreneurs conduct business to clean illicit money, not turn a profit. Participant 3 stressed that money launderers have so much cash coming in that they might even sell a product or service below cost. In the opinion of Participant 3, the disrupted fund flows made it harder for macroeconomic policymakers to make effective policies. The poor policies affect how the government can distribute development projects in an environment where legitimate business and investments have a hard time competing or surviving when pinned against illegal business and riskier investments that thrive with money laundering. Participant 3 further added that business planning for policy imposition is even more challenging because money laundering distorts real economic growth factors. Participant 2 stated that what money launderers spend on investments will not contribute positively to the economy. Participant 2 further explained that the redirection of funds negatively impacts the economy and thus affects government's effort to distribute resources.

The fourth category, promotion of underground economies, emerged from the responses of the participants who perceived that unaddressed money laundering crimes fuel unregulated black market economies that affect the commercial market. Participant 1 claimed that laundered money often fuels underground economies by diverting funds

from the banking systems, financial markets, and sound investments. Participant 3 also said that money laundering creates underground wealth and promotes an untaxed economy that harms the society's overall financial strength. Participant 4 explained this relationship by stating that laundered money is usually untaxed, meaning the rest of the public ultimately makes up the loss in tax revenue. Legitimate small businesses cannot compete with money-laundering front companies that sell the goods and services at a cheaper rate because the goal is not to turn a profit. They have so much cash coming in that they might even sell a product or service below cost. Abuse of the global financial system makes law enforcement more difficult. The increase in money laundering has law enforcement resources stretched beyond their means.

Table 2

*Theme 2: Economic Consequences of Inadequate AML Program*

Categories	Number of Occurrence	Percent of Occurrence
Disruption of country's fund flow	10	100%
Negative financial system reputations	10	100%
Worsened income distribution	7	70%
Promotion of underground economies	7	70%

**Theme 3: Loss of Banks' Operational Integrity and Financial Stability as an Effect of Money Laundering**

Theme 3, loss of banks' operational integrity and financial stability as an effect of money laundering, appeared from the responses of the participants to questions that relate to their knowledge about the financial stability as an effect of money laundering. Two

thematic categories relating to operational integrity and financial stability emerged in the analysis.

The first category, legal and operational risk, appeared when almost all of the participants considered the reputation of the bank as an indicator of financial stability. Participant 2 vividly explained that the success of the financial system relies on the public perception of stability and integrity. The threat of money laundering seriously jeopardizes public assurance in the financial system as a whole, thereby losing the trust of the public. When unaddressed, Participant 7 shared that money laundering poses risks such as the loss of profitability, loss of asset to seizures, the decline in stock from negative news, fines, and the like. Participant 3 also enumerated the risks to include reputational, legal, operational, and concentration risk.

Participant 5 stressed that due to the failure to staff compliance functions including AML program, major banks have been assessed billions in penalties and issued Cease and Desist orders by the U.S. federal government. As a result, most banks invest in expensive program to assure money laundering-free transactions in their banks and refrain from the unnecessary penalties from regulating bodies. Participant 5 stressed that banks had to spend on increasing staffing expenses, software development, and other management-related expenses that did not exist before the fines. Risk management has become a major function within most banking institutions.

The second category, clients' loss of trust affecting abilities to attract foreign investments, was related to the first category; but, I decided to present the category separately to explain how negative reputation affects the banking industry. All

participants in this study believed that money laundering reduces the ability of a country to attract foreign investments. Participant 1 shared that foreign investors may see that the bank is not a safe place to hold their funds if the bank is unstable or at risk of regulatory, legal, and monetary repercussions. The fear may include possible bank asset seizures, higher operating costs due to the requirements of regulatory and investor penalties, and increased scrutiny.

Participant 3 shared economic consequences as a result of money laundering. Participant 2 noted the adverse effect on foreign investments due to the high volume of crime and corruption. Participant 4 noted that money laundering, in the long run, would affect imports and exports, as well as the production of goods and services. To address this, Participant 5 shared that the Financial Action Task Force (FATF) requires countries to address deficiencies in the AML program. The expanded legislation also covers foreign exchange dealers, money changers, pawnshops, and precious metals and jewelry dealers, among others. These sectors are required to report all financial transactions to the Anti-Money Laundering Council.

Table 3

*Theme 3: Loss of Banks' Operational Integrity and Financial Stability as an Effect of Money Laundering*

Categories	Number of Occurrence	Percent of Occurrence
Legal and operational risks	9	90%
Clients' loss of trust affecting abilities to attract foreign investments	10	100%

**Theme 4: Establishment of Communication Channels and Cooperation with Other Banks to Reduce Money Laundering**

Theme 4, establishment of communication channels and cooperation with other banks to reduce money laundering, appeared from the responses of the participants to questions that relate to their knowledge about the cooperation with other multinational banks to reduce money laundering. Five thematic categories emerged in the analysis.

Theme 4 emerged from both the direct and indirect efforts made by various stakeholders involved in deterring money laundering crimes in national and international settings. Under this theme, I was able to identify five thematic categories. The first category, establishment of national and international public and private anti-money laundering organizations, emerged after the participants articulated that the organizations were formed for the purpose of monitoring and regulating policies that abuse the financial system. Participant 1 mentioned FINCEN as an organization that regularly update the laws concerning money laundering. Participant 4 also mentioned FATF and its affiliated regional organizations, whose main contributions were leading the international efforts in directly reducing money laundering activities. Participant 4 said that these agencies continuously evaluate the anti-money laundering efforts of its members. Participant 8 enumerated that other direct efforts to counter the financial crime are undertaken mainly by the International Criminal Police Organization (Interpol) and national financial intelligence units (FIUs). The United Nations takes part in the direct efforts through the United Nation's Office for Drug Control and Crime Prevention Global Program against Money Laundering (UNDCCP), which monitors weaknesses in global financial systems and assists countries in criminal investigations.



Participant 6 identified FATF and other organizations that strive to counter money laundering by stipulating minimum AML standards that countries should have, and it publishes a list of non-cooperating countries. Participant 6 emphasized that the list of non-cooperating countries influences the country's ability to attract investors and access to financial services from international institutions, so it is in the best interest of countries to comply. Participant 6 added that countries and institutions do more self-assessments of their AML program and that regulators are aggressively imposing fines to companies.

The second category, establishment, implementation and strict compliance with AML laws and regulations emerged from the consolidated laws enacted to deter money laundering. Participant 9 shared that in this era of uncertainty, governments have created a huge volume of legislation for both financial institutions and their regulators.

Participant 2 further enumerated laws and regulations such as USA Patriot Act (314b) that promote information sharing among financial institutions to help detect and prevent money laundering and terrorist financing. Participant 6 also mentioned the implementation of government restrictions, sanctions, and standards such as OFAC, FATF, BSA/AML rules and regulations by financial institutions, as well as KYC and CIP norms and regulations.

The third category, imposition of incentives as well as penalties, surfaced after few of the participants articulated that regulating and monitoring bodies against money laundering implement both penalties and incentives. This is done to encourage banking institutions to prevent the risks of allowing laundering acts in their respective institutions, as well as to motivate financial supervisors to increase regulatory services and other

related AML initiatives. Participant 8 captured this phenomenon: Regulatory services are applying massive financial burden to banks regarding huge fines, resulting in lesser profits, thus causing institutions to understand the need for significant AML initiatives. Among the penalties mentioned by Participant 1 were losing a bank's charter, dismissal from employment, and (too rarely) criminal prosecution.

The fourth category, ethical conduct of service such as self-assessment, emerged from the responses of the participants that articulate the need to evaluate needed policies requiring amendments.

The fifth category, continue professional education of AML and strategies to address risks, surfaced based on the responses of the participants showing the efforts of these institutions to finance employees' training and professional development to keep abreast with the development of money laundering crime patterns. Participant 5 stressed that various industries invest in continuing education since the enactment of evolving policies and regulations. Participant 10 further added that continuing education would provide valuable information to implement AML initiatives in their respective workplaces. Participant 7 said, the best tool banks and other financial institutions can use in combating money laundering is an investment in the continuous education of their employees. Professional development could teach employees to assess the identity, activity, and the owner of the account. Also, financial institutions should have a robust AML program to which they know the identity of their customer, their activity, and the beneficial owner(s) if the account belongs to an entity. Participant 8 clarified that the

efforts consist of providing better training program for all those who are involved in the funds transfer business, including client education.

Table 4

*Theme 4: Establishment of Communication Channels and Cooperation with Other Banks to Reduce Money Laundering*

Categories	Number of Occurrence	Percent of Occurrence
Establishment of national and international public and private anti-money laundering organizations	9	90%
Establishment, implementation and strict compliance with AML laws and regulations	9	90%
Imposition of incentives as well as penalties	7	70%
Ethical conduct of service (e.g., self-assessment)	8	80%
Continue professional education of AML and strategies to address risks	10	100%

The findings of Theme 4 relate to the conceptual framework of the normative neo-institutionalism. The participants indicated that risk management has become a major function within most banking institutions. Most banking organizations have promoted a culture of information sharing and regulatory compliance that embodies multiple influences of monitored agencies. Banks are implementing continued education for their employees to train and educate them about this financial crime. The findings revealed that majority of the multinational banks invest in expensive program to assure money laundering-free transactions in their banks. Many nations have recognized and criminalized money laundering by implementing anti-money laundering program to

monitor the numerous formal and informal channels through which individuals and institutions can transfer money.

### **Theme 5: Improved Technological Software Hastens the Detection of Unusual Financial Transactions**

Theme 5, improved technological software hastens the detection of unusual financial transactions, appeared from the responses of the participants to questions that relate to their knowledge about the importance of technology in reducing the activities of money laundering. Four thematic categories relating to use of AML technology emerged in the analysis.

The first category, identification of suspicious financial transactions, surfaced as an important factor in the application of technology and deterrence of the money laundering circumstances. Both Participants 1 and 10 considered the identification and detection capabilities that technology could offer for law enforcement organizations tasked to monitor these criminal activities. Participant 1 said that technology plays a significant role in reducing money laundering activities by identifying patterns and suspicious activities as it enters the financial system. Participant 10 added that technology enables advanced detection and scrutiny of potentially negative activity. Participant 10 cited examples of banking institutions that utilizes some different applications designed to detect and recognize money laundering patterns and scenarios, generating alerts for the bank to review and analyze for potential money laundering activity. Participant 1 stated that Detica, Actimize, and Oracle/Mantas are the most common technological tools or choice of systems that banks use.

The second category, monitoring of fund flow, emerged based on the critical indicator of money laundering. The technology that banking organizations must adopt should have the capacity to monitor suspicious movement or transfer of funds. Participant 8 asserted that the massive volume of financial activity requires technology to play an essential role in combatting money laundering activities. Technology helps in the monitoring of transactions for suspicious or unusual activities. Participant 4 reiterated the federal government's effort in guiding banking institutions in the use of technology for AML. Participant 4 shared that the federal government has provided guidance with IT examination handbooks, which cover key technology topics such as Audit and AML program. The world of compliance is evolving all the time; banks must have the right monitoring software for their organization.

The third category, allows communication, emerged after the participants identified the need for banking institutions to communicate with other like-minded institutions, particularly those that are entrusted to prevent money laundering. In this aspect, Participant 1 said that technology also connects institutions in a global effort to reduce the effect of money laundering. Participant 3 also said that technology allows the fastest information-sharing dynamic of one institution to the other. Participant 3 shared that technology provides faster knowledge about unusual activities, and allows financial institutions to communicate effectively with each other in real time.

The fourth category, entity matching and tracking, emerged from the responses of the participants who stated that money laundering requires efficient tracking systems of the movement of illegitimate funds. As such, Participant 3 shared that an effective

technology must help track money sources faster. Participant 9 also shared that given the massive volume of financial activity, technology plays an essential role in combatting money laundering activity. The use of case management system to narrow down the overall activity to a manageable amount of information is vital to most banks.

However, Participant 10 said that technology is a gift and a curse because the same can both hinder and enhance money-laundering activities. Every day, new program and databases are created to help the government and banks to reduce such activity. It allows for near instantaneous tracking of unusual transactions and the prevention of suspicious activity. It has made it possible to be able to quickly identify and determine the validity of funds during investigations. It is also a curse, because technology provides criminals the means of committing crimes anonymously, instantaneously, and on a massive scale.

Table 5

*Theme 5: Improved Technological Software Hastens the Detection of Unusual Financial Transactions*

Categories	Number of Occurrence	Percent of Occurrence
Identification of suspicious financial transactions	7	70%
Monitoring of fund flow	6	60%
Allows communication	10	100%
Entity matching and tracking	6	60%

The four categories of Theme 5 are in line with the following themes in the literature review (a) money laundering, (b) AML requirements (c) technology issues of anti-money laundering, (d) technologies to prevent and identify money laundering, and (e) bank internal management. The participants considered the identification and detection capabilities of technology to combat money laundering in the financial system.

Technological software such as Detica, Actimize, and Oracle/Mantas are the most approved software that financial institutions frequently use to monitor suspicious activities. Financial institutions could be victims of money laundering if the technological system is weak. The technological systems use various patterns and scenarios based on the AML requirements and risk level of the organizations. The participants also stated that technology allows the fastest information-sharing dynamic of the financial institutions; hence, banks can share information about a customer's activity with other financial institutions. Case management systems help to narrow down the overall activity and increase the speed and accuracy of investigations.

The findings of Theme 5 relate to the conceptual framework of the normative neo-institutionalism. The participants identified the need for banking institutions to communicate with other like-minded institutions, particularly those that are entrusted to reduce money laundering. Participant shared that technology helps to connect organizations in a global effort to reduce the effect of money laundering. The findings of the theme indicated that banks must have the right monitoring software for their organization. The findings also revealed that new program and databases are created to help banks reduce the activities of money laundering and that criminals can hijack the same technology to perpetrate the activities of money laundering. Although technology provides numerous benefits, human efforts were still found to be required in the investigation process.

### **Theme 6: Factors That Hinder the Effective Implementation of Anti-money Laundering Program**

Theme 6, factors that hinder the effective implementation of anti-money laundering program, appeared from the responses of the participants to questions that relate to their knowledge about the obstacles to the implementation of AML program in the multinational bank. Four thematic categories emerged in the analysis.

The first category, ineffective AML solutions, was identified from the collection of issues making AML solutions ineffective. Participant 7 identified the conflicting interests of different stakeholders of AML implementation. Participant 7 stated that conflict of interest between the bank's compliance department, which tries to enforce and implement the laws of AML and the various business unit, which tries to maintain a customer base for the profitability of the institution exists. Therefore, institutions create shortcuts to satisfy both departments.

Participant 2 stressed limitations of AML at the level of the banking industry. Participant 1 enumerated some of the shortcomings of current AML solutions to include transactions below defined thresholds, the inherent inability to detect money-laundering schemes of smaller amounts that may come under an established threshold. False positives, transactions over a set limit that are marked as suspicious but do not represent any significantly identified risk to the institutions, and behavior profiling, defined as the process where current industry information is used to profile and confirm certain patterns of suspicious money laundering activity. Participant 6 agreed that banks set detection thresholds at the minimum. Participant 10 stated the shortcomings in AML solutions are the inability to detect unusual money events, which would establish a match based on the rules of threshold analysis of the scenarios.



Participant 3 shared that banking institutions adopted the reactive solutions in solving unusual transactions. Participant 3 explained the reactive solutions customers usually have to commit the financial crime, which is, structuring, suspicious flow of funds, before the bank can shut the customer's account down, at which point they have already used the bank services. Some of the bank's monitoring strategies rely on outdated information, that is, CTR \$10,000 from the mid-90s or so. The value of \$10,000 no longer buys what it bought back then; the measure may no longer be current. Launderers now use other tactics by making smaller multiple deposits often known as smurfing.

Participant 4 cited competent senior supervisors manning the overall implementation of AML program. Participant 4 said, if the company board of directors does not create a proper corporate governance environment in the organization they will end up paying the price. Financial institutions must have the right senior management to implement AML program.

Participant 5 identified employees' lack of knowledge brought about by limited professional development activities in the banking institutions. Participant 5 described the lack of knowledge among staff and management, inadequate funding, and management failing to see the importance and value of having a strong AML program.

Participant 8 identified the lack of manpower to implement successful AML solutions. Participant 8 described the situation of the current AML efforts as successful as the desire of an organization to strictly apply the rules. Currently, the effort to reduce money laundering is a very manual effort that requires a lot of manpower to implement the program across the board. Banks need to refine their efforts and concentrate on

known regions, and should not discriminate in applying the rules to clients' base on the profitability. SARs need to be applied equally across the board to all customers who are perceived to be violating AML rules.

Participant 9 agreed that currently, financial institutions struggle to comprehend the enormity of the compliance requirement. Participant 9 stressed that banks must quantify the risks of receiving sanctions and penalties against the investments on procuring and implementing effective AML program. Participant 9 stated that along with the ability of banks to quantify their appetite for risk has meant that they are willing to face the fines that will effectively come from deficient AML program.

Participant 8 also stressed the importance of efficient computer software that is responsive to the current demands of AML provisions. Participant 8 said that in its current form, there is a need for better software data capturing and that processes need to be more automated. Currently, a lot of manual effort is required. Efforts to apply AML regulatory rules across the board are inconsistent. Participant 8 further stressed the need to offer fast communication lines for data verifications. Participant 10 stated that communication efforts need to be much quicker and faster, it takes too long to get a response from a relationship manager regarding a given client activity.

Participant 7 identified issues of AML in the banking industry. Participant 7 stated that the banking industry has a lack of uniformity in the standards. Participant 9 stressed that the lack of uniform standards is sometimes the source or factor in the implementation of efficient processes. Participant 9 further explained that with a lack of

uniformity in what examiners demand, very often banks are left to guess what will remedy a problem that examiners have identified.

The second category, complacency of employees, emerged after determining that employees are mostly not determined to implement the AML program in their regular functions. Participant 10 explained that the current AML program only persecutes and regulates money laundering financial crimes at the level of the banking organization. Participant 1 noted lack of criminal prosecution of bank personnel who willfully violate the BSA/AML laws.

Table 6

*Theme 6: Factors That Hinder the Effective Implementation of Anti-money Laundering Program*

Categories	Number of Occurrence	Percent of Occurrence
Ineffective AML solutions	10	100%
Complacency of employees	8	80%

The categories of the themes are in line with the concepts in the literature review:

(a) money laundering, (b) money laundering and the law, (c) the risk of money laundering and terrorist funding in the multinational bank, (d) AML requirements, (e) technology tools to improve AML program, (f) technologies to prevent and identify money laundering, and (g) bank internal management. The participants identified the conflicting interests of different stakeholders of AML implementation and stressed the limitations of AML at the level of the banking industry. The shortcomings in AML program are the inability to detect unusual financial activities, which would establish a match based on the rules of threshold analysis of the scenarios. The participants

considered the management as key figures to the success of a proper AML program in the bank.

Financial institutions must have the right senior management to implement AML rules. The Participants emphasized that specific improvements should be incorporated in the AML program to improve the screening software that detects unusual patterns of transactions. The literature review discussed the need for sophisticated anti-money laundering laws, tools, and strategies that will be internationally acceptable to most countries. McDonald (2013) connected the escalation in financial crime to the weak attitude of regulators. The participants articulated that regulating and monitoring bodies of money laundering have implemented severe penalties and incentives. Both national and international regulating bodies are in the purview of standardizing regulations, establishing professional networks of experts who have the knowledge to detect fraudulent financial transactions, infusion of detection technology, and even penalizing financial institutions for the violation of AML requirements. The participants also stressed that banking institutions have been encouraged to prevent the risks of allowing laundering acts in their respective institutions. The participants pointed that financial supervisors have worked so well to motivate banks to increase regulatory compliance and other related AML initiatives.

The findings of the research question relate to the conceptual framework of the normative neo-institutionalism. The participants identified the lack of uniform standard as a factor in the implementation of effective processes that could prevent the same entity from continuous regulatory investigations. Participants stressed that banks must quantify

the risks of receiving sanctions and penalties against the investments on procuring and implementing effective internal AML program.

The findings of the research question also indicated that financial institutions must have the appropriate senior management to implement AML rules. Consolidating information can also assist management and the board to mitigate risks appropriately across the organization. The findings also revealed that banking leaders must continually reassess the AML program and communicate with business units, compliance functions, and other related entities.

### **Applications to Professional Practice**

In this study, I asked about the economic impact of deficient anti-money laundering program to a multinational bank and what strategies compliance leaders use to improve the AML program in the bank to reduce the effect of money laundering and prevent bank failures. I learned from the result of the study that the economic consequences are interrelated and that efficient and sustainable AML program rest in the ability of multi-stakeholders to participate in the implementation as well as adhere to the ethical standard of the financial system. The interrelatedness of the economic consequences can create reputational risks and the money-laundering cases could affect the stability of the banking institutions. Consistent with other related studies on the stability of banks, reputations of compliance rules, ethical conduct, and security of funds determines the confidence of depositors as well as the potential investors (King, 2013). I learned that without trust and confidence, the lending capacity of banking institutions affects the soundness of the bank (Ai, 2013; Pramod et al., 2012; Tang & Ai, 2013).

The result of the study further shows that a short-term disruption of cash flow could affect the stability of financing institutions, and its long-term effects could tremendously affect the overall performance of the country's economic and social development. For instance, a majority of the participants showed concern about the rising incidence of tax evasion from money launderers, which affects the capacity of government revenues that are supporting social services program. Proliferation of tax evaders could affect government capacity to deliver basic services for its constituents. As a result, the government will have to rely on international financing institutions to finance these essential services, because local assets can no longer support the expenditures required to perform its functions (Caminal, 2012).

In this study, I learned that there were various international and national organizations dedicated to deterring money laundering. These organizations are proactively proposing program and policies to regulate and monitor a fair and sound financial system that all countries could benefit. However, I also found that the effort of the organizations remained ineffective because criminals would always find strategies to corrupt these program and policies with the help of unethical employees and leaders in the banking sector. Although I could not find support for the unethical behaviors demonstrated by compliance officials, I support the recommendations of the participants to offer continuous professional development training to address the potential unethical behaviors of compliance officers. I also support the recommendation to strengthen the AML program, particularly in finding and developing useful technology that could detect money laundering; I do not believe the success of the AML program in a multinational

bank depends solely on technologies. The technology is efficient with the participation and genuine interest of the employees of the financial system to perform their functions ethically.

### **Implications for Social Change**

The findings of this study provided a different perspective about the problem of money laundering in a multinational bank. As a researcher, my focus was on addressing the deficiency that the current AML program have failed to address. The majority of the responses from the interviews in this study are the reiterations of past studies, particularly on the effects of money laundering to the developed economy. The significant findings from this study are different from my expectation as a compliance officer. I perceived that a state that permits laundering is likely to have high rates of corruption and criminal activities. However, I learned the value of ethical leadership and its potential contribution to the deterrence of money laundering.

Banks should be prepared for the future and continue to adapt to meet the needs of a changing industry, changing customer base and changing world. If a bank commits to communication within the network of financial institutions and the community, banks can remain ahead of the business, social and political changes in the society. Banks are likely to become leaders and continue to maintain a significant role in the banking community by adopting these changes and working towards the prevention of money laundering and terrorist financing.

### **Recommendations for Action**

An implication of this study to social change is to revive the interest of the banking sector in monitoring ethical procedures and behaviors of these employees. I support the need to strengthen the AML program by using advanced software in the detection of money laundering. However, the responsibility of implementing a sound AML program lies with the banking management. It is also part of management's responsibility to lodge or report unusual or suspicious activities to law enforcement or a government's criminal investigation bureau. In the light of this, I am amenable to implementing advocacy program that educate individuals, communities, organizations, and institutions concerning money laundering and its effect on the society. I believe that these profound program can support the regular AML program in the bank.

### **Recommendations for Further Research**

The significant finding in this study was the importance of ethical leadership in the deterrence of a crime that was seemingly impossible to solve, despite efforts to impose sanctions and penalties on concerned financial institutions. With this finding, I am recommending that future researchers could venture into topics that explore the ethical leadership behaviors of banking employees and leaders. A future researcher can complete the study by recruiting a sample population similar to this present study, to participate in either mixed or qualitative case study. This future study could validate the potential impact of ethical leadership on AML compliance.



## Reflections

With the new wave of regulatory fines and bank settlements in the United States, my goal was to conduct a qualitative research study to understand the economic impact of deficient anti-money laundering program to a multinational bank and to understand how banks use numerous technological tools to reduce the effect of money laundering in the industry. My desire was to explore the problem of money laundering to a multinational bank and how bank management could minimize the risk of exposure to money laundering. I currently work in the capacity of a compliance officer in a supervisory compliance and risk management department and my work experience includes MIS reporting for AML department, AML/OFAC investigations and screenings for commercial banks and the Federal Reserve Bank.

At the beginning of the doctoral study, my initial desire was to conduct a quantitative study on the same research topic. I quickly realized that it will be difficult to obtain primary data to enable me to do a study of this magnitude; hence, the need for a qualitative research which will enable me to achieve the goal and purpose of the study. This research has provided me with the opportunity to gain tremendous knowledge, experience and insight to undertake future research for the benefit of the society.

As an officer in the field, I had to overcome the challenge of bias; I made sure I did not interview my colleagues who are familiar to me. I went outside my organization and conducted my interview personally and over the phone. The participants were all grateful for the opportunity to participate in the research study, and most of the participants are interested in knowing the findings of the study. A fundamental change in

my view of the regular compliance program is the belief that all compliance departments are successful in developing program to reduce the effect of money laundering. This study has provided me with the opportunity to view compliance program from a different perspective and to understand the economic consequences of the failure to maintain a comprehensive compliance program.

### **Summary and Study Conclusions**

In this qualitative case study, I determined the economic impact of deficient anti-money laundering program to a multinational bank and strove to understand how banks use various technological tools to reduce the effect of money laundering. With the participation of compliance officers within the northeast region of New York, I was able to determine the economic consequences of money laundering, which primarily affects the government's capacity to implement development policies. I have learned that the financial crime of money laundering affects all economic and social development efforts and that deterrence of this crime requires multilevel interventions and commitment to practice ethical conduct of the financial system. These efforts could surpass the need for an effective technological tool that could detect fraudulent financial transactions. While the results of the study found the importance of technology and effective AML program, I argue that these efforts will remain ineffective when complacent attitudes of employees towards AML initiatives persist. It is therefore relevant that organizational policies that finance the professional development activities of employees, program incentives, and implementation of AML program, particularly in risk management and the use of AML detection technology program, be advanced and strengthened.

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## Appendix A: Informed Consent Form

### Consent Form

You are invited to take part in a research study to explore the strategies that compliance officers use to improve the AML program in a multinational bank. You are asked to participate in this study because you are a compliance officer that has experience with strategies to improve the AML program and you work for a multinational bank. This form is part of the informed consent to allow you to understand the purpose of the study before making a decision to participate in the study. The researcher for this study is Emmanuel Hayble-Gomes, who is a doctoral student at Walden University.

#### **Background Information:**

The purpose of this case study is to explore the strategies that compliance officers use to improve the AML program in a multinational bank.

The following criteria are required for participation in the study:

(a) Participants should be compliance officer who have experience with strategies to improve the AML program.

(b) Participants who work for a multinational bank in the northeast region.

#### **Procedures:**

If you agree to participate in this study, you will be asked to:

1. Participate in an individual interview to answer nine questions designed to cover the research question. This interview will take less than 60 minutes to complete.
2. Permit the interview to be audiotaped and transcribed for analysis.
3. Member checking – indicate time allocated

**Voluntary Nature of Study:**

Your participation in this study is voluntary. This means I will respect your decision of whether or not you want to participate in the study. You will not be treated differently if you decide not to participate in the study. If you decide to participate, you still have the right to withdraw from the study at any point. All responses will remain confidential. You are also allowed to skip any question(s) that you feel are personal or unable to answer.

**Risks and Benefits of Being in the Study:**

Participating in this study would not pose any risk to your safety or well-being.

**Compensation:**

Although participants in the study will not receive any monetary compensation, I believe your input will be significant to this research and in helping the economy. To thank you for your time, participants may receive a summary of the electronic version of the final study.

**Confidentiality:**

Any information you provide will be entirely confidential. The researcher will not use your information for any purposes outside of this research project. In addition, the researcher will not include your name or any information that could identify you in any

reports of the study. Data will be kept secure in a safe locker and maintained at the researcher's office for the duration of the research. Data will be kept for a period of at least five years, as required by the Walden University policy.

**Contacts and Questions:**

You are allowed to ask any question now or later, you may contact me via telephone at [REDACTED] or e-mail [emmanuelhayble@yahoo.com](mailto:emmanuelhayble@yahoo.com) or [emmanuel.hayble@waldenu.edu](mailto:emmanuel.hayble@waldenu.edu). If you want to talk privately about your rights as a participant, you can call a Walden University representative at 1-800-925-3368, extension 3121210 from within the USA, or 001-612-312-1210 from outside the USA or email address [irb@waldenu.edu](mailto:irb@waldenu.edu). Walden University's approval number for this study is 04-20-2016-0330972.

**Statement of Consent:**

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. I understand that I am agreeing to the terms described above and by responding to the email with the phrase "I consent"; I meet the eligibility criteria and agree to participate in the study.

*Please print or save this consent form for your records.*



## Appendix B: Interview Protocol

What you will do	What you will say—script
Introduce the interview and set the stage.	Script:
<ul style="list-style-type: none"> <li>• Watch for non-verbal queues</li> <li>• Paraphrase as needed</li> <li>• Ask follow-up probing questions to get more in-depth</li> </ul>	1. What strategies do you use to improve the AML program?
	2. What method did you find worked best to improve the AML program in the bank?
	3. How did adequate AML program help to reduce the activities of money laundering in your bank?
	4. What technology did you use to improve the AML program in your bank?
	5. What obstacles did you face that could prevent the bank from effectively improving the AML program in the bank?
	6. What strategies did you use to cooperate with other multinational banks to improve the AML program in your bank?
	7. What is the impact of inadequate AML program to your bank?
	8. What is the impact of deficient AML program to your banks' financial stability?
	9. What is the impact of deficient AML program to your banks' ability to attract foreign investment?
	10. To fully understand this issue, is there anything you will like to add that I did not ask?
Wrap up interview thanking participant	Script:
Schedule follow-up member checking interview	Script:
Follow-up Member Checking Interview	
Introduce follow-up interview and set the stage	Script:
Share a copy of the succinct synthesis for each individual question Bring in probing questions related to the research question. Walk through each question, read the	Script:
	1. Question and succinct synthesis of the interpretation
	2. Question and succinct synthesis of the interpretation
	3. Question and succinct synthesis of the interpretation
	4. Question and succinct synthesis of the interpretation
5. Question and succinct synthesis of the interpretation	

interpretation and ask: Did I miss anything? Or, What would you like to add?	6. Question and succinct synthesis of the interpretation
	7. Question and succinct synthesis of the interpretation
	8. Question and succinct synthesis of the interpretation
	9. Question and succinct synthesis of the interpretation
	10. Question and succinct synthesis of the interpretation

## Appendix C: Sample of Invitation Email

Dear Sir/Madam,

Invitation for participation in a Case Study

You are invited to take part in a Doctoral research study to explore the strategies that compliance officers use to improve the AML program in a multinational bank.

You are asked to participate in this study because you are a compliance officer with experience on strategies to improve the AML program and you work for a multinational bank.

The purpose of this case study is to explore the strategies that compliance officers use to improve the AML program in a multinational bank.

The following criteria are required for participation in the study:

(a) Participants should be compliance officer who have experience with the strategies to improve the AML program.

(b) Participants who work for a multinational bank in the northeast region.

Please indicate your interest to participate in the study if you meet the recruitment criteria and I will respond by sending you a consent form containing the participation eligibility; please respond with the phrase "I consent" if you meet the participation eligibility. Please note, none response after seven (7) calendar days will indicate ineligibility.

Thank you,

Emmanuel Hayble-Gomes (DBA Student, Walden University)

## Appendix D: NIH Certificate

