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Risk Management: Lessons Learned from Afghanistan's Central Bank

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Risk Management

Lessons Learned from Afghanistan's Central Bank



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Abstract

This paper reviews the development of Afghanistan's central bank (DAB) risk management practices, including both operational risk management and anti-money laundering (AML) and counter-financing of terrorism (CFT) risk management. We then develop a few principles that may be of use to policymakers from frontier economies as they review their own risk management regimes.

INTRODUCTION

Afghanistan continues to face an economic and humanitarian crisis. The country had high levels of poverty, even before the Taliban takeover on August 15, 2021. The country now has almost universal poverty levels, with 24.4 million people projected to be in humanitarian need.¹ The country context, with existing sanctions on the Taliban regime, makes the provision of economic and humanitarian assistance challenging.

During the past decade in Afghanistan, I worked in senior economic positions in the Government of Afghanistan – as Economic Advisor to the President, Minister of Industry and Commerce, and Central Bank Governor. I returned to the country to serve in these positions after more than a decade working in economic development and as an emerging markets investor.

As Central Bank Governor of Afghanistan, I was able to keep inflation at close to 2%, improve the reserves management function, and introduce a modern payments system, among other achievements. DAB itself was by law an independent institution with close to 1,500 staff. The organization was overseen by a board of directors and managed by a management committee, and had a single mandate of price stability. Leading in Afghanistan had its own unique challenges - including dealing with significant amounts of misinformation.

I hope to write about these central bank achievements in a series of papers to provide accurate information of what happened and to draw lessons that could be applied to Afghanistan now and to similar developing countries. This fourth paper in the series will review both the

¹ UNDP (January 2022) "United Nations Transitional Engagement Framework (TEF) for Afghanistan"

operational and AML/CFT risks of operating a central bank in a frontier economy facing a crisis situation, as well as more broadly provide risk-management framework for central bank operations in risky operational environments. For reference, the earlier published papers are listed below:

- Ahmady, Ajmal. "Monetary Policy in Developing Economies: Lessons Learned from Afghanistan's Central Bank." M-RCBG Associate Working Paper Series 2023.210, Harvard University, Cambridge, MA, June 2023.
- Ahmady, Ajmal. "The Development of National Payment Systems: Lessons Learned from Developing Country Payment Systems." M-RCBG Associate Working Paper Series 2023.209, Harvard University, Cambridge, MA, June 2023.
- Ahmady, Ajmal. "Central Bank Reserves Management: Lessons Learned from Afghanistan's Central Bank." M-RCBG Associate Working Paper Series 2023.208, Harvard University, Cambridge, MA, June 2023.

DAB RISK MANAGEMENT: OPERATIONAL RISK MANAGEMENT

This paper will review DAB's risk management policies, including its operational and AML/CFT framework. Let us begin by reviewing the operational risks that DAB faced. Most significantly of course was the resurgent Taliban insurgency. In addition, Afghanistan remained a cash-based economy and therefore DAB had to operate branches in all 34 provinces of the country. In particular, DAB acted as a service provider to Afghanistan's commercial banks in each province, which became increasingly challenging as provinces began to fall to the Taliban. I will therefore review how DAB managed operational risks during normal periods, as well as under the period where the Taliban were taking over provinces.

In terms of risk management, DAB had a risk department that reported directly to the Governor, and was responsible for the Risk Management within DAB. However, this model was fairly new. The risk management department was established in the DAB organizational structure only in 2008, but even then, had a misplaced role until 2013, as the department until then worked primarily on supporting the DAB Banking Supervision Department. During this period, Risk Department staff visited commercial banks alongside bank supervisors to identify, assess, analyze and give recommendations to DAB executive board regarding mitigation of risks in the commercial banking sector.

Then in 2013, the DAB supreme council refocused the activities of the risk management department. The department was restructured and shifted their focus on identifying and managing DAB internal risks. Finally, as a requirement of a contract signed in September 2018 between DAB and the Federal Reserve Bank of New York (FRBNY), DAB established a compliance function under the risk management department the following year (in March 2019).

However, by the time of my arrival as DAB Central Bank Governor in 2020, the risk department still did not have a coherent structure or a clear mandate. In particular, the most important deficiency was a lack of a risk management framework. Therefore, under my term as Governor,

I drove the creation of a risk management framework. The first step was classifying the key risk categories, which we defined as the following eight risk categories: (1) operational, (2) compliance, (3) credit, (4) payment, (5) IT, (6) investment, (7) security, and (8) liquidity risks.

We then created a classification matrix for each specific risk, and then classified each type of risk in a matrix structure - as shown in Figure 1 below. This classification was under two axes: the severity of impact if the risk occurred (x-axis) and likelihood of occurrence (y-axis). Next, we created a list of risks under risk category. For example, under operational risks, we included treasury risks, human risks such as fraud, theft, or sharing of confidential information.

Finally, we developed a list of mitigation tools in order to minimize the frequency and severity of such operational risks. For example, for each operational risk (and each department in fact), I had the legal department draft a set of operating procedures that were approved by the DAB High Council.

FIGURE 1: DAB CLASSIFICATION OF RISKS: LIKLIHOOD (Y-AXIS) VERSUS SEVERITY (X-AXIS)

	Low	Medium	High
Low	Payment	IT	Liquidity
Medium	Credit	Investment	Security
High	Operational	Compliance	--

Source: DAB internal documents

For clarity, let me provide a few examples of the types of risks that I had to consider and manage while central bank governor. These include managing security incidents, international cash shipments, and operational risks. In terms of security management, I first created daily security maps that helped me to identify and manage changes to the ongoing security landscape. The graphic on the next page shows Afghanistan’s security situation as viewed by DAB on August 10, 2021 (five days before Kabul fell to the Taliban).

In addition, I had the Zones Directorate² create a daily intelligence report on the security situation regarding each province – as shown in Figures 2 and 3 below. The below table shows some excerpts from the same day. From a policy perspective, I made the decision to minimize

² This was a new office I created to manage regional operational issues. For reference, zones were groups of geographically-adjacent provinces.

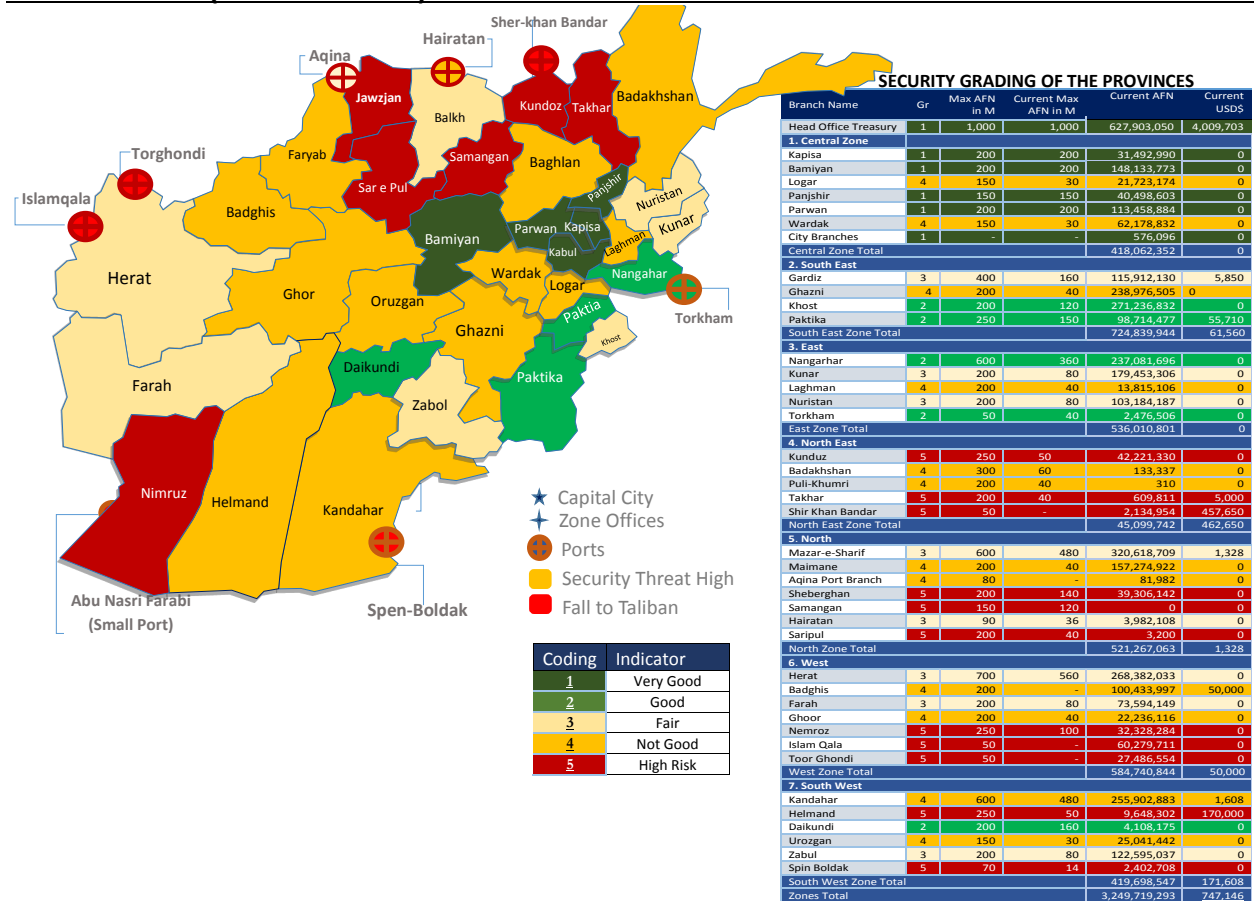
any dollars held in the provinces to Kabul, but to lock any afghani currency in our zonal branch safes. Finally, in addition to the operational issues related to security incidents, my staff were facing increasing threats to their personal safety, which I had to consider when making operational decisions.

FIGURE 2: ZONES DAILY SUMMARY (AUGUST 10, 2021)

Zones	Issues
2 North	SAMANGAN BRANCH: The province fall to Taliban. The branch employees fled to different places. In the branch, we had sound AFN3,5M, and worn AFN1,4M. It was tried, & the amount is still in transit, MAIMANA BRANCH: In Maimana branch, we have AFN122M. It is coordinated with military forces to transfer it to safe zones AQINA PORT BRANCH: The port is currently surrounded by Taliban; it is closed to transit. Fortunately, we have only AFN81,982. The commute to the port is restricted by Taliban
5 North East	KUNDUZ: Currently, Kunduz city all districts fall to Taliban, only Kunduz Airport is with gov't military forces. We confirmed with the people in the area, if they lotted anything from DAB offices. So far, nothing is lotted
6 S. East	PAKTIYA: The security condition of the Gardiz city was not fair last night. As heavy blast has happened on 1 st police district, with the blast Taliban could open the access way to city
7 S. West	HELMAND: The security condition of Helmand province is very bad. Still Taliban are available in the streets, HQ police, governor office building. Per, the informal news DAB branch is so far untouched. However, Taliban are searching for gov't employees

Source: DAB internal documents (August 10, 2021)

FIGURE 3: DAB (SECURITY MAP)



Source: DAB internal documentation (August 10, 2021)

A second issue had to do with dollar shipments that we received from the Federal Reserve Bank of New York (FRBNY). In my previous paper on monetary policy, I described in detail the reasons for these shipments. In sum, they were required as Afghanistan ran a current account deficit. Here, I will simply describe the shipments from an operational perspective. On a roughly quarterly basis, DAB received shipments of approximately \$250 million from the FRBNY. In order to ensure the safety of such shipments, DAB would first send a SWIFT message to the FRBNY to debit our account and arrange to release the stated amount from the FRBNY vaults. We would acknowledge that (a) we would hold sufficient amounts in our account, and (b) that we would be able to take custody of the cash in Kabul, and (c) that we would have insurance to cover the insurance during transit.

Next, we would sign a commercial invoice to have the cash shipped from New York JFK airport to Kabul Airport - via Dubai Airport. I would also have to send a letter to the UAE central bank and customs department alerting of the shipment so that they would allow it to transit through Dubai Airport to Kabul. Finally, I would sign letters to Afghanistan's Ministry of Defense, Ministry of Interior, and National Directorate of Security who would all be at the airport to receive and transport the cash from the airport to DAB's underground vault.

A third type of risk were operational risks. To minimize operational risks, I simplified and restructured the entire DAB organization, and instructed the legal department to develop standard procedures for all departments. When I arrived at DAB, there were too many overlapping or unclear organizational and procedural issues. To provide some examples, we had no backup data centers, we had no policies regarding employee loans, or no standard procedures for the risk department itself. By the end of the tenure, DAB had a book of standardized procedures documenting operating procedures for each department and the penalties for non-compliance.

A final example of risk management had to do with investment-related risk. To manage such risks, I focused DAB's efforts on minimizing credit, counterparty, market, and duration risk. As noted in my paper on international reserves, DAB held most of its international reserves in bank deposits, some of which had low credit ratings. I therefore implemented a strategy to shift approximately \$3.0 billion in international reserves from bank deposits to U.S. Treasury holdings with an average duration of only three months. This shift reduced DAB's credit, counterparty, market, and duration risks. A complete list of the key risk categories, types of risk, and mitigation measures are provided in Figure 4 below.

FIGURE 4: RISK CATEGORIES & MITIGATION MEASURES

Risk Category	Specific Risk	Mitigation
Operational	<ul style="list-style-type: none">▪ Human▪ Treasury	<ul style="list-style-type: none">▪ Policies & procedures▪ Policies & procedures, daily audits
Compliance	<ul style="list-style-type: none">▪ Contractual	<ul style="list-style-type: none">▪ Legal review of all contracts

	<ul style="list-style-type: none"> ▪ Legal 	<ul style="list-style-type: none"> ▪ Policies & procedures, audit and risk reviews
Credit	<ul style="list-style-type: none"> ▪ Financial sector capital ▪ Lender of Last Resort (LoLR) ▪ Employee Loans 	<ul style="list-style-type: none"> ▪ Enforce CAR requirements across all banks ▪ Strengthen bank supervisory capabilities, including number of on-site regulators ▪ Enact and enforce policies and procedures
Payment Systems	<ul style="list-style-type: none"> ▪ Banking Operations ▪ APS ▪ Payment Department 	<ul style="list-style-type: none"> ▪ Policies & procedures ▪ Purchase of open source and dual software ▪ Ensure alignment with key vendors
IT	<ul style="list-style-type: none"> ▪ Hardware ▪ Software 	<ul style="list-style-type: none"> ▪ Creation of back-up data centers ▪ Purchase of open source and dual software
Investment	<ul style="list-style-type: none"> ▪ Counterparty ▪ Market ▪ Duration 	<ul style="list-style-type: none"> ▪ Reduce overall and lower-rated credit exposure ▪ Manage using Value-at-Risk ▪ Keep duration at low levels
Liquidity	<ul style="list-style-type: none"> ▪ Domestic currency ▪ Foreign currency 	<ul style="list-style-type: none"> ▪ Ensure contracts to print sufficient local currency ▪ Prudently manage international reserves
Security	<ul style="list-style-type: none"> ▪ Incident ▪ Takeover 	<ul style="list-style-type: none"> ▪ Policies & procedures, contingency plans ▪ Contingency plans

As a final note, I presented this revised DAB risk framework to a team of U.S. Treasury and Federal Reserve officials in Dubai on July 1, 2021. From the perspective of U.S. interests, their primary concern was U.S. dollars not falling into the hands of the Taliban in a worst-case scenario. However, the positive response to the presentation was one reason that dollars continued to flow to Afghanistan until the last days of the republic. A summary slide of my presentation is provided below for reference (Figure 5).

FIGURE 5: DAB RISK MANAGEMENT FRAMEWORK (EXECUTIVE SUMMARY)

DAB has a three-part Risk Management Framework: (1) Risk Matrix, (2) Internal Controls, and (3) International Partnerships. Our risk matrix and operationalization of the Risk Committee ensures that DAB is proactive in identifying and developing mitigation plans for all risks. The strengthening of DAB’s internal controls ensures that controls are in place across all DAB activities. And our international partnerships ensures that we communicate and have the support of key partners

Risk Matrix	Internal Controls	International Partnerships
<ul style="list-style-type: none"> ▪ Risk Management Framework: We have developed a risk management framework and operationalized the Risk Management Committee ▪ Risk Committee: The Committee held its 2nd meeting in June 2021 ▪ Risk Process: The risk process has four categories: identify, classify, quantify, and mitigate ▪ Risk Categories: The risk management framework identifies key risks across seven (7) areas: Operational, Investment, Compliance, Credit, IT, Payments, and Liquidity ▪ Quantification: For each risk category identified, we quantify any potential impacts 	<ul style="list-style-type: none"> ▪ Internal Controls: DAB has developed over 2,000 pages of internal controls for every department that outlines the responsibilities and authorities of every internal process ▪ Screening: Screening with respect to licensing, international wire transfers, & dollar auctions are ongoing ▪ Serial number tracking: We have fully implemented this program at DAB HQ, provinces, & Sarafa at auctions ▪ Digitalization: We are implementing systems to digitalize all existing paper-based processes ▪ Provincial Controls: DAB has created a Directorate of Provincial Affairs, have instituted a Provincial Leadership Committee, and monitor provincial cash levels on a daily basis 	<ul style="list-style-type: none"> ▪ International Partnerships: DAB has a strong partnership with the U.S. Government (UST & FRBNY), the IMF (<i>the 1st review was recently successfully completed</i>), and others (<i>AML/CFT partnerships with UST, APG, UNODC, UK, EU, IMF, and WB</i>) ▪ Banking Sector: We share all bank-level data with the IMF, who conduct their own analysis ▪ Monetary Operations: We share all auction and other market operation data with the FRBNY ▪ AML/CFT Regulations: We are fully preparing for the 2023 Mutual Evaluation, and already have conducted a self-assessment and operationalized a high-level committee to monitor ME implementation benchmarks

Source: Author presentation to UST/FRBNY in Dubai on July 1, 2021

DAB RISK MANGEMENT: AML/CFT POLICIES

The second part of this paper will provide an overview of DAB’s anti-money laundering/counter-financing of terrorism (AML/CFT) risk framework. Not surprisingly, Afghanistan faced enormous AML/CFT risks. First, there were a number of terrorist organizations operating out of the country. This included, of course, the Taliban, but also a host of other terrorist organizations. It was estimated that more than twenty such organizations were active in the country.

Second, Afghanistan is a cash-based economy, and DAB was dependent on the shipment of U.S. dollars from the United States, given the country’s large current account deficit. As a cash-based economy, DAB had to face the additional operational risks of managing large cash money movements both internationally and within Afghanistan.

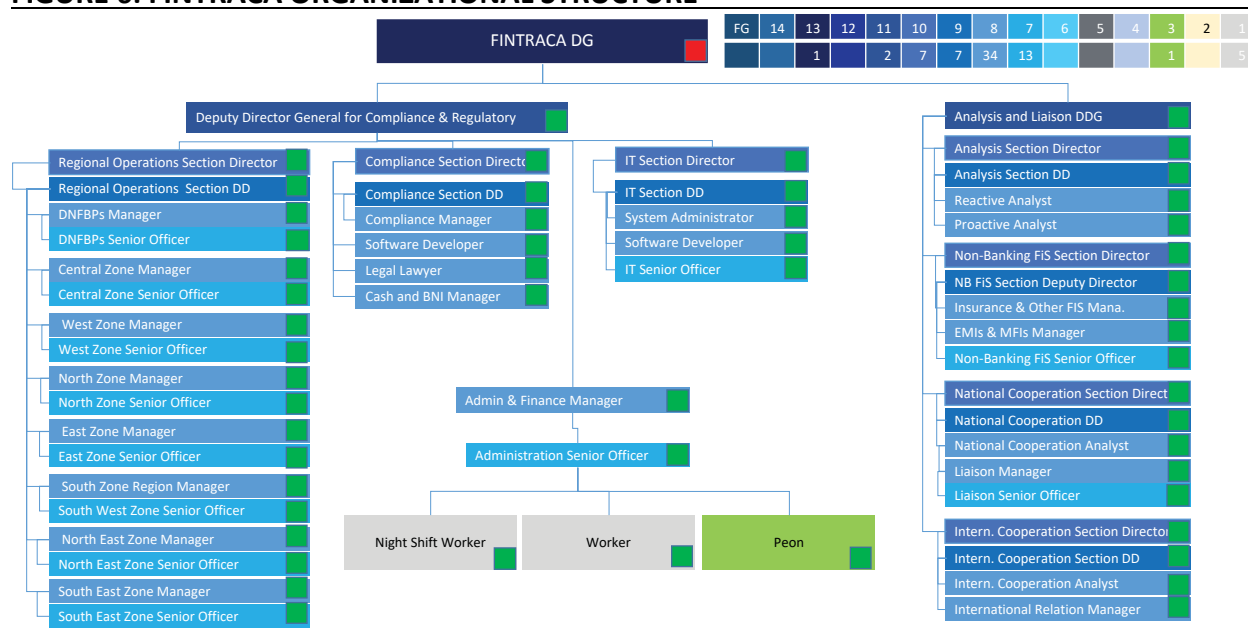
To deal with such threats, DAB had created a strong legislative framework. In 2004, President Karzai laid the foundation by issuing two AML/CFT decrees.³ Afghanistan was placed on the FATF grey list in 2014, and removed from the list in 2017 once a full ‘Anti-Money Laundering and Proceeds of Crime Act’, as well as a ‘Counter-financing of Terrorism Act’ were both passed and the country improved compliance with national legislation and international best practices.

Based on the initial legislative framework, in 2004 DAB established the Financial Intelligence Unit (FIU) unit named the Financial Reports and Analysis Center of Afghanistan (FINTRACA). This

³ IMF FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism (Nov 2011)

unit became operational in 2006, and its organizational structure is shown in Figure 6 below. Furthermore, in 2010, FINTRACA became a member of the Egmont Group.

FIGURE 6: FINTRACA ORGANIZATIONAL STRUCTURE



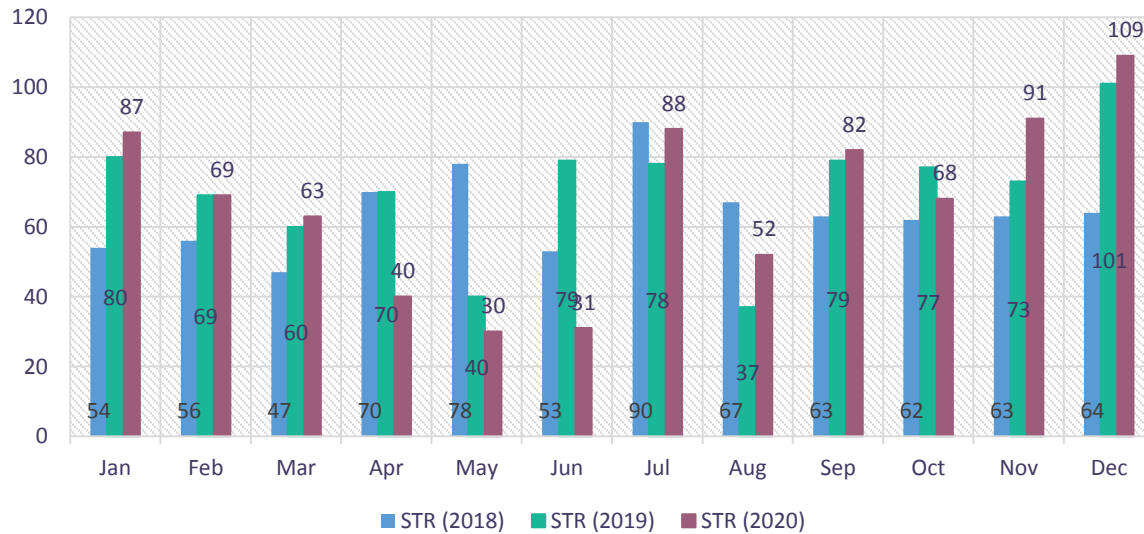
FINTRACA was an operationally independent organization operates under the jurisdiction of DAB. The organization has a director general and two deputy directors for compliance and another for analysis, as shown in the diagram above. The organization was a member of the Financial Action Task Force (FATF), Asia-Pacific Group (APG), and Egmont Group. To improve performance, DAB had also signed MOUs with the U.S. Treasury FINCEN, U.K. Treasury, IMF, and World Bank on bilateral and support programs.

FINTRACA worked by obtaining data from multiple sources and then reviewing and conducting analysis. In terms of data sources, FINTRACA obtains data from banks, money exchangers (sarafa), microfinance institutions, government financial databases such as ASYCUDA (customs database) and SIGTAS (taxes database), as well as other sources, and then cross-checked this data against World Check, the Ministry of Commerce’s business registry, the FINTRACA watch list, politically exposed persons (PEP) list, and other databases to identify transactions that went against AML/CFT legislation or regulations.

The most important reports provided to FINTRACA were the Large Cash Transaction Reports (LCTRs) and Suspicious Transaction Reports (STRs). In 2020, FINTRACA received a total of 1.9 million LCTRs – with 1.1 million coming from the banking sector and more than 0.7 million coming from the non-banking sector (more detailed data can be found in Appendix 1). In addition, FINTRACA received 810 STRs, with most coming from the banking sector. The increase in LCTRs and STRs over the years increased the number of financially-related convictions and financial penalties from 2016-2018. However, they unfortunately did not rise further, and

stabilized at only around twenty convictions and AFN40 million per year. For reference, the number of STRs from 2018-2020 are provided in Figure 7 below.

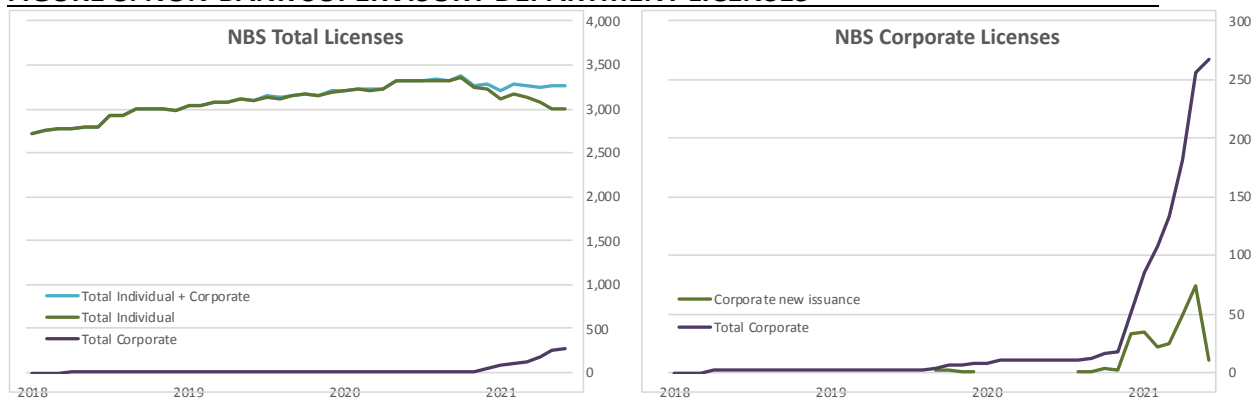
FIGURE 7: SUSPICIOUS TRANSACTION REPORTS BY MONTH (2018-2020)



Source: FINTRACA annual report (2020)

The legislation also set standards for ‘Know-your customer’ (KYC) checks. KYC standards set the minimum requirements for customer identification data. The unit was also involved in the review of external Telephonic Transfers (TT). Finally, FINTRACA under the auspices of DAB began management of Afghanistan’s first National Money Laundering and Terrorist Financing Risk Assessment (NRA) in 2020. To manage this process, I chaired a High-Level Coordination Commission (HLCC) and held monthly meetings with representatives from all of Afghanistan’s security agencies.

FIGURE 8: NON-BANK SUPERVISORY DEPARTMENT LICENSES



The reviews of banks and electronic transfers were challenging but reasonable to manage. This was because our banking supervision department had been strengthened since a banking crisis (“The Kabul Bank Crisis”) more than a decade earlier, and had built strong offsite and onsite

bank supervisory capabilities (for example, see Appendix 3 for a telegraphic transfer checklist to help monitor international wires). However, the review of sarafa and money exchangers by the non-bank supervisory (NBS) department met with a great deal of resistance. The sarafa strongly resisted registration as companies, recording customer KYC information, or recording customer transactions. It was rumored that they oftentimes maintained separate books of recordkeeping.

However, DAB was able to quickly ramp up the issuance of sarafa corporate licenses, from essentially zero licenses to almost 300 licenses. This can be seen in Figure 8 above, which highlight that the individual licenses were on a downward trajectory (bottom left), while corporate license issuance increased dramatically beginning towards the end of 2020.

All of these reforms were important in moving Afghanistan towards meeting international standards. In fact, DAB had a strong implementation plan to be fully prepared for the FATF/APG Mutual Evaluation, which was scheduled to take place in 2023. For the eleven effectiveness and forty technical compliance ratings, we placed our ratings from the last review and began to develop an action plan for improvement. This is shown in the Appendix 2 table at the end of this report.

In the particular case of Afghanistan, we must consider how the international community should continue to manage AML/CFT risks. And what should the international community recommend in terms of DAB and FINTRACA operations – especially given that DAB management is itself on various international sanctions lists? This is important as significant amounts of dollars in aid flows continue to arrive in the country.

The international community has made it clear that DAB must adhere to international AML/CFT standards in order for it to receive international aid or to be able to regain access to its frozen international reserves. But how can FINTRACA do so when FATF/DAB disconnected FINTRACA from UN databases the day Kabul fell to the Taliban?

In such a situation, it is abundantly clear that the international community will not have confidence in FINTRACA to check individuals through FATF databases and transactions for STRs/LTCRs unless both system and personnel changes are made in DAB. First, DAB leadership must change so that no sanctioned persons have oversight or management responsibility at the central bank. In addition, external audits that would have to restart. Furthermore, there will likely have to be international personnel from FATF, APG, or other regional bodies placed at DAB before there would be confidence that the institution fully met and adhered to international standards.

The third and final issue is a broader one, and relates to the implicit tradeoff between financial inclusion and AML/CFT implementation. In particular, there tends to be a trade-off between greater levels of financial inclusion and higher levels of AML/CFT compliance, especially as it relates to KYC rules. In the case of Afghanistan, for example, financial inclusion was quite low at approximately 12-15%.

At the same time, AML/CFT and KYC rules typically require full registration for the opening of a bank account or fund transfers. However, a standard challenge in such countries is the low adoption of national identification cards. Therefore, at such low levels of financial inclusion, it might make more sense to increase financial inclusion first before forcing increasing compliance with AML/CFT rules. Otherwise, most financial transactions will remain cash-based and outside the scope of AML/CFT reviews. To manage this tension, DAB implemented a risk-based approaches such as tiered KYC rules in order to allow for greater financial inclusion - while at the same time ensuring compliance with AML/CFT standards.

This approach is supported by FATF itself, which has stated that “FATF itself is committed to financial inclusion.”⁴ In 2013, FATF adopted the Guidance on AML/CFT Measures and Financial Inclusion.⁵ The report also stated “The main purpose of the 2013 Guidance was to provide support for designing AML/CFT measures that meet the goal of financial inclusion, without compromising their effectiveness in combating crime.”

CONCLUSION

This paper reviewed DAB’s approach to risk management. We reviewed both DAB’s risk management framework and its AML/CFT framework. In particular, I created a risk management framework that helped DAB managed multiple sources of risk during the last years of the republic. This risk management framework helped ensure that operational risks were reduced, that international reserves were kept safe, and that the central bank could continue to function in the midst of a state collapse.

In terms of AML/CFT activities, DAB created a financial intelligence unit that managed AML/CFT risks, engaged with the international community, and improved the financial integration of Afghanistan to the global economy until the republic fell to the Taliban. I also argue that a risk-based approach to AML/CFT enforcement and KYC rules, in conjunction to the accelerated adoption of modern payment systems, could benefit both financial inclusion and AML/CFT principles across less developed economies.

In conclusion, I hope this overview of DAB’s approach to risk management and AML/CFT rules may be of use to other frontier market central banks as they think about their own risk management and AML/CFT strategies.

⁴ FATF (2017)

⁵ FATF (2013)

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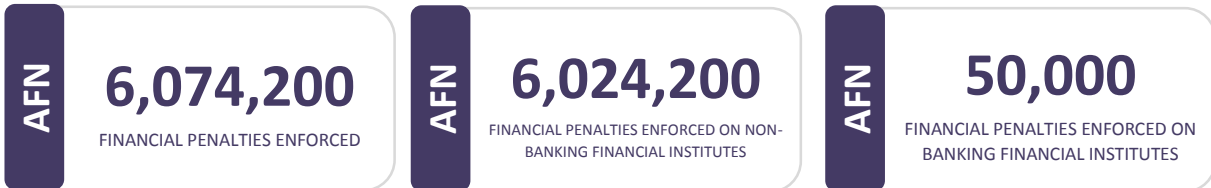
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APPENDIX 1: FINTRACA ACTIVITY SUMMARY (2020)



APPENDIX 2: FATF MUTUAL EVALUATION FRAMEWORK AND EXISTING RANKINGS

TYPE OF COMPLIANCE

EFFECTIVENESS RATINGS

IO.1 Risk policy & coordination	IO.2 International cooperation	IO.3 Supervision	IO.4 Preventative measures	IO.5 Legal persons & arrangements	IO.6 Financial intelligence
Low	Low	Moderate	Moderate	Moderate	Substantial
IO.7 ML investigation & prosecutions	IO.8 Confiscation	IO.9 TF investigation & prosecution	IO.10 TF preventive measures & financial sanctions	IO.11 PF financial sanctions	
Moderate	Substantial	High	Moderate	Substantial	

TECHNICAL COMPLIANCE RATINGS

(1) AML/CFT Framework

R.1 Assessing risk & applying risk-based approach	R.9 Financial institution secrecy laws	R.24 Transparency & BO of legal persons	R.25 Transparency & BO of legal arrangements	R.3 Money laundering offence	R.5 Terrorist financing offence
PC	LC	PC	PC	PC	PC

(2) Sanctions

R.35 Sanctions	R.4 Confiscation & provisional measures	R.6 Targeted financial sanctions - terrorist financing	R.7 Targeted financial sanctions - proliferation		
PC	PC	PC	NA		

(3) Customers & Transfers

R.10 Customer due diligence	R.11 Record keeping	R.12 Politically exposed persons	R.13 Correspondent banking	R.14 Money or value transfer services	R.16 Wire transfers
LC	LC	PC	LC	PC	LC

(4) Controls

R.15 New technologies	R.17 Reliance on third parties	R.18 Internal controls & foreign branches & subsidiaries	R.19 Higher-risk countries	R.20 Reporting of suspicious transactions	R.21 Tipping-off & confidentiality
LC	PC	PC	LC	LC	LC

(5) Supervision

R.27 Powers of supervision	R.26 Regulation & supervision of financial institutions	R.28 Regulation & supervision of DNFBCs	R.22 DNFBPs: customer due diligence	R.23 DNFBPs: other measures	R.8 Non-profit organizations
C	PC	PC	PC	PC	NC

(6) Investigation Units

R.29 Financial intelligence units	R.30 Responsibilities of law enforcement & investigative authorities	R.31 Powers of law enforcement & investigative authorities	R.32 Cash couriers	R.33 Statistics	R.34 Guidance & feedback
C	PC	PC	C	PC	PC

(7) National/International TCRs

R.2 National cooperation & coordination	R.36 International instruments	R.37 Mutual legal assistance	R.38 Mutual legal assistance: freezing & confiscation	R.39 Extradition	R.40 Other forms of international cooperation
NC	LC	PC	PC	PC	PC

APPENDIX 3: DAB TELEGRAPHIC TRANSFER (TT) CHECKLIST

Telegraphic Transfer (TT) Checklist - Legal Person					
Bank Name:		Date:	Result		If No/HR
No:	Item		Yes	No	
1	TT Number:		<input type="checkbox"/>	<input type="checkbox"/>	
2	Beneficiary Details:	Bank Name:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
			<input type="checkbox"/>	<input type="checkbox"/>	
4		Account No:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
5		Company Name:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
7		Address:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
8		Email:	<input type="checkbox"/>	<input type="checkbox"/>	Proceed
9		Website:	<input type="checkbox"/>	<input type="checkbox"/>	Proceed
10		Contact Number:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
11		Swift Code (if known):	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
12		Date:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
13		Currency:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
14		Amount:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
15		Purpose:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
17		World Check (UN,OFAC and FATF Sanctions):	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
18		FinTRACA List:	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
19		Country Risk:	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
20		PEP:	<input type="checkbox"/>	<input type="checkbox"/>	If Yes, EDD
21	Sender's Details:	Name:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
				<input type="checkbox"/>	<input type="checkbox"/>
22		Address:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
23		Valid License:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
25		Verified Copy Tazkera/Passport (Pr/VP/Sig):	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
26		Phone Number:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
27		Email:	<input type="checkbox"/>	<input type="checkbox"/>	Proceed
28		Cash Intensive Business:	<input type="checkbox"/>	<input type="checkbox"/>	EDD
29		Occasional Transaction (Cash Transaction)	<input type="checkbox"/>	<input type="checkbox"/>	If Yes, Proceed
30		Account Name to be Debited:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction

31		Account No:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
32		Account Type (Corporate) Company	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
33		Request Letter (Showing Trans Purpose):	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
34		Invoice (If yes, complete invoice checklist):	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
35		Acknowledgement letter(Originality of Invoice)	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
36		Are the transactions batched:	<input type="checkbox"/>	<input type="checkbox"/>	EDD
37		KYC:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
38		Transaction is in line with expected turnover	<input type="checkbox"/>	<input type="checkbox"/>	EDD
39		Tax Identification Number (TIN):	<input type="checkbox"/>	<input type="checkbox"/>	Process
40		World Check:	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
41		FinTRACA List:	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
42		Customer Risk:	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
43	TT Request Form:		<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
44	Officers Name:				
45	Officers Sign:				
46	Managers Name:				
47	Managers Sign:				
<p>Note: All Email Addresses, Websites and Contact Numbers should be checked in given URLs. Any discrepancy or suspicion in Website and Contact Number should lead to EDD at first. No transaction should be allowed to UN/FATF and OFAC blacklisted countries/persons. No transaction should be processed to IRAN and those goods banned by Afghan government.</p>					

Telegraphic Transfer (TT) Checklist - Natural Person					
Bank Name:		Date:	Result		If No/HR
No:	Item		Yes	No	
1	Beneficiary Details:	Bank Name:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
		TT Number:	<input type="checkbox"/>	<input type="checkbox"/>	
2		Account No:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
3		Full Name of the beneficiary:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
4		Address:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
5		Email:	<input type="checkbox"/>	<input type="checkbox"/>	Proceed
6		Contact Number:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
7		Swift Code (if known):	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
8		Date:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
9		Currency:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
10		Amount:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
11		purpose:	<input type="checkbox"/>	<input type="checkbox"/>	Pending (ASK)
12		relationship with sender:	<input type="checkbox"/>	<input type="checkbox"/>	Proceed
13		World Check:	<input type="checkbox"/>	<input type="checkbox"/>	Stop or EDD
14		FinTRACA List (Watch List):	<input type="checkbox"/>	<input type="checkbox"/>	EDD
15		Country Risk:	HR	LR	Stop or EDD
16		Profession/Occupation:	HR	LR	HR, EDD
17		PEP:	Yes	No	If Yes, EDD
18	Sender's Details:	Name:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
		Address:	<input type="checkbox"/>	<input type="checkbox"/>	
19		Address:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
20		Passport/ID Number:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
21		Phone Number:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction
22		Email:	<input type="checkbox"/>	<input type="checkbox"/>	Proceed
23		Non-resident Customer	<input type="checkbox"/>	<input type="checkbox"/>	EDD
24		Ocasional Transaction (Cash Transaction)	<input type="checkbox"/>	<input type="checkbox"/>	Proceed if not HR
25		Account Name to be Debited:	<input type="checkbox"/>	<input type="checkbox"/>	Stop Transaction