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## AGRC Certificate in Anti-Money Laundering (AML) - Syllabus

### About the Association of Governance, Risk & Compliance (AGRC)

AGRC is a non-profit global professional accreditation & certification organization & networking platform. AGRC aims to facilitate the exchange of knowledge & sharing of experiences among Compliance, Risk & Governance professionals (GRC) with the goal of growing its community to ensure multi-jurisdictional regulatory compliance in the financial services & exchange values, experiences, expertise & professional opportunities.

### Aim of the Certification

This certification aims to offer individuals with the necessary tools, information, and skills to become an in-demand professional for financial institutions and other organizations looking to create or strengthen their AML divisions. This certificate will provide participants with comprehensive knowledge of what constitutes Money Laundering (ML) and what has been put in practice across the globe to prevent or curtail it from a legal, regulatory, political, enforcement and economic perspective.

### Certificate & Training Hours

The recommended number of learning and training hours is 15 to 20. This does not include additional time studying, revising, and preparing for the exam. A candidate should expect to spend an additional 15 hours of studying time to pass the exam, depending on prior knowledge and/or work experience.

### Exam Information

<b>Type of Exam</b>	Multiple-choice questions (MCQs)
<b>Number of Questions</b>	40 questions
<b>Passing Grade or Mark</b>	70/100
<b>Exam Duration</b>	60 minutes
<b>Method of Delivery</b>	Computer-Based

### Learning Objectives - Bloom Level

Based on **Bloom's Taxonomy**, AGRC's certificates prepares students to acquire knowledge that covers Bloom Levels 1, 2 and 3.

- **Level 1 - Remember:** Recall facts related to AML and be able to define the main concepts involved in the AML sector.
- **Level 2 - Understand:** Explain, describe, identify, and discuss the main ideas or concepts pertaining to AML.
- **Level 3 - Apply:** Use, apply and implement the information acquired to new scenarios, and solve problems or meet challenges related to money laundering and terrorist financing.

### Certificate Content

## Chapter 1: Money Laundering (ML) and Terrorist Financing (TF) (2.5 Hours)

### *Learning Objectives*

The students will be able to do the following upon completion of this section:

- ✓ Explain the basic stages of money laundering.
- ✓ Identify the methods used in money laundering.
- ✓ Define money laundering and its predicated offences.
- ✓ Define the financing of terrorism.
- ✓ Interpret the similarities and differences between ML and TF.
- ✓ Identify the threats to the integrity of the global financial system that enable financial crime.
- ✓ Interpret the reputational risk that ML and TF imposes to an organisation.
- ✓ List the common types of activities that can be prosecuted as a terrorism offence.

### **1.1 Understanding Money Laundering and Terrorist Financing**

- 1.1.1 The global extent of the Problem
- 1.1.2 Macroeconomic consequences
- 1.1.3 The three basic stages of Money Laundering
- 1.1.4 Financing of Terrorism
- 1.1.5 The use of non-profit organisations in Terrorist Financing

### **1.2 Money Laundering and Terrorist Financing**

- 1.2.1 Similarities between money laundering and terrorist financing
- 1.2.2 Differences between money laundering and terrorist financing
- 1.2.3 Criminalisation of money laundering and other offences

## Chapter 2: AML Supervision (2.5 Hours)

### *Learning Objectives*

The students will be able to do the following upon completion of this section:

- ✓ Identify the international bodies affecting the AML regulatory environment (FATF, European Commission, MONEYVAL, The Basel Committee, The Wolfsberg Group, etc.)
- ✓ Explain the FATF 40 recommendations.
- ✓ Describe the main provisions of the European 4th, 5th, and 6th AML Directives.

### **2.1 Bodies to Combat Money Laundering and Terrorist Financing**

- 2.1.1 The FATF
- 2.1.2 EUROPEAN COMMISSION
- 2.1.3 MONEYVAL
- 2.1.4 The BASEL Committee
- 2.1.5 The Wolfsberg Group

#### 2.1.6 The Egmont Group

### 2.2 Global AML Standards

- 2.2.1 The FATF 40 recommendations
- 2.2.2 The European Directives
- 2.2.3 The 4th AML directive
- 2.2.4 The 5th AML Directive
- 2.2.5 The 6th AML Directive

## Chapter 3: The AML Compliance Program (2.5 Hours)

### *Learning Objectives*

The students will be able to do the following upon completion of this section:

- ✓ Demonstrate how governance plays a huge role in the application of an AML program.
- ✓ Understand the role of the Board of Directors, the Internal Auditor, and the Compliance Officer.
- ✓ Implement the appropriate policies and procedures that need to be in place in every obliged entity.
- ✓ Describe the benefits of the internal audit function.
- ✓ Explain the role and responsibilities of the Money Laundering Compliance Officer (MLCO).
- ✓ Recognize the importance of employees' education and training.

### 3.1 Elements of a successful AML Compliance Program

- 3.1.1 The Board of Directors
- 3.1.2 The Internal Audit Function
- 3.1.3 The Money Laundering Compliance Officer (MLCO)
- 3.1.4 Employees obligations, training, and Ongoing Awareness

### 3.2 Establishing an acceptable risk policy

- 3.2.1 Client Acceptance Policy
- 3.2.2 Establishing appropriate policies and procedures

## Chapter 4: The Risk-Based Approach (RBA) to ML and TF (2.5 Hours)

### *Learning Objectives*

The students will be able to do the following upon completion of this section:

- ✓ Define relevant risks and an organization's basic obligations.
- ✓ Understand the concept of the risk-based approach to ML and TF.
- ✓ Implement an appropriate identification and assessment of ML risks.
- ✓ List and explain the factors that need to be considered by an obliged entity when assessing the AML risks posed by a business relationship.
- ✓ Apply a Risk Based Approach (RBA) and business-wide risk assessments.

#### **4.1 Understanding risks**

- 4.1.1 The EU Supranational Risk Assessment
- 4.1.2 National Risk Assessments
- 4.1.3 The importance of RBA
- 4.1.4 Application of the RBA
- 4.1.5 Business-wide risk assessments
- 4.1.6 Identification of ML risks on business relationships
- 4.1.7 Customer Risk Assessment
- 4.1.8 The risk-based approach in terrorist financing

#### **4.2 Risk factors**

- 4.2.1 Risk-Based Approach risk factors

#### **4.3 Risk Management**

- 4.3.1 Risk management treatment

#### **4.4 Customer classification**

- 4.4.1 AML/CFT Risk Scoring
- 4.4.2 Weighting of risk factors

### **Chapter 5: Customer Due Diligence (CDD) (2.5 Hours)**

#### ***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Define and explain CDD.
- ✓ List and describe the different types of CDD and their application.
- ✓ Recognize and interpret transaction monitoring and suspicious transaction reporting.

#### **5.1 Know Your Customer (KYC) and Customer Due Diligence (CDD)**

- 5.1.1 When is KYC and CDD applied?
- 5.1.2 Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures
- 5.1.3 Customer Onboarding and Know Your Customer (KYC)

#### **5.2 Simplified and Enhanced Due Diligence measures**

- 5.2.1 Simplified due diligence (SDD)
- 5.2.2 Enhanced Due Diligence (EDD)
- 5.2.3 Application of EDD measures

#### **5.3 Other CDD Obligations**

- 5.3.1 Record keeping requirements and data retention
- 5.3.2 Monitoring of transactions
- 5.3.3 Suspicious Transaction/Activity Reporting (STR/SAR)
- 5.3.4 Reporting of suspicious transactions in EU and the US
- 5.3.5 Implementation of KYC standards in a cross-border context

## Chapter 6: International Economic Sanctions (2.5 Hours)

### Learning Objectives

The students will be able to do the following upon completion of this section:

- ✓ Identify both the definition and purpose of international economic sanctions.
- ✓ Demonstrate the difference between the different forms of sanctions (unilateral vs. multilateral) and their categories (comprehensive vs. smart and primary vs. secondary).
- ✓ Understand why the US has made extensive use of secondary sanctions.
- ✓ Recognize the conditions under which sanctions are successful.
- ✓ Explain the difference between decisions taken multilaterally and unilaterally.
- ✓ Describe the decision-making framework for the two key international institutions (the EU and the UN).
- ✓ Explain the limitations of the EU and the UN when deciding to use sanctions.
- ✓ Understand the US's case as that of a sovereign state that has opted to unilaterally impose sanctions that include secondary sanctions.
- ✓ Recognize how the US can pressure other countries to adopt its sanctions policy.

### 6.1 Understanding Sanctions

- 6.1.1 Key Definitions
- 6.1.2 Forms of Sanctions
- 6.1.3 Categories of Sanctions
- 6.1.4 Primary Vs Secondary Sanctions
- 6.1.5 When are sanctions successful?

### 6.2 Sanction Lists

- 6.2.1 United Nations Sanctions
- 6.2.2 The European Union Sanctions
- 6.2.3 Unilateral Sanctions: The case of the US
- 6.2.4 Why does the US issue sanctions unilaterally?
- 6.2.5 US Decision-Making Framework
- 6.2.6 Administration of Sanctions Programme – Who executes the President's decisions?
- 6.2.7 OFAC's 50 Per Cent Rule for Entities
- 6.2.8 Other important and relevant agencies in the Executive Branch

### 6.3 Sanctions Compliance Strategy

- 6.3.1 Sanctions Risk Assessment

## Chapter 7: Vulnerabilities of Financial Institutions to ML and TF (2.5 Hours)

### Learning Objectives

The students will be able to do the following upon completion of this section:

- ✓ List and explain the vulnerabilities of the following banking functions:
  - Wealth management
  - Lending and credit facilities
  - Correspondent banking
  - Investment banking
  - International trade finance
- ✓ Define and interpret the vulnerabilities of other financial sectors such as:
  - Insurance
  - The securities sector and financial instruments
  - Digital or virtual currencies
  - Money transfer businesses

### **7.1 Vulnerabilities of banking services to money laundering and terrorist financing**

- 7.1.1 Wealth Management
- 7.1.2 Correspondent banking
- 7.1.3 Lending and Credit Facilities
- 7.1.4 Investment Banking
- 7.1.5 International Trade Finance

### **7.2 Other sectors**

- 7.2.1 Insurance Products
- 7.2.2 The Securities Sector
- 7.2.3 Digital or Virtual Currencies
- 7.2.4 Money transfer and foreign exchange bureaus

## **Chapter 8: Money Laundering and Terrorist Financing Case Studies (2.5 Hours)**

### ***Learning Objectives***

The students will be able to do the following upon completion of this section:

- ✓ Describe how financial institutions may fail to implement adequate AML/CFT mechanisms and the impact such failures may have.

### **8.1 Case Study 1 – Danske Bank**

### **8.2 Case Study 2 – Swedbank AB**

## **Chapter 9: Glossary of Terms**

## **Chapter 10: Practice Questions**

## Reference Materials

1. AML Global Organisations
2. Useful Resources