

TRADE BASED FINANCIAL CRIME

ONLINE TRAINING COURSE
Course Overview & Learning Outcomes

TRADE BASED FINANCIAL CRIME

BACKGROUND TO COURSE

In recent years, there has been increased attention to the connection between financial crime and trade. This has resulted from the concern of governments that there is misuse of trade finance and its related systems by organized anti-social elements ranging from criminals to terrorists.

Government security agents have joined with bank regulators to create a new dimension to banking "compliance", requiring banks to attend to trade in a way that they had not done previously.

COURSE LEARNING OUTCOMES

This course provides training on the international trade based financial crime compliance landscape, how to combat financial crime in trade, and specifically focuses on 'trade based compliance' with regard to Money Laundering and Terrorist Financing.

This is achieved by:

- Providing a background to trade and trade finance
- Identifying what compliance means in the context of 'Trade'
- Spotlighting the elements of a trade based compliance programme
- Highlighting the role of due diligence and KYC in trade compliance
- Describing the various types of financial crimes
- Outlining and providing examples of financial crime "red flag" indicators
- Outlining the role sanctions and boycotts/anti-boycotts play in trade
- Identifying international bodies providing best practice, regulation and guidelines in trade compliance

LESSON LEARNING OBJECTIVES:

LESSON 1 - INTRODUCTION TO TRADE BASED FINANCIAL CRIME COMPLIANCE



To understand international banking operations and the challenges posed for it by trade based financial crime compliance, it is necessary to understand trade finance products and particularly letters of credit (LCs) which are the centrepiece of international banking operations.

This lesson introduces Trade Based Financial Crime Compliance, providing basic concepts and introducing the relationship between trade and financial crime.

This is achieved by:

- Introducing International Banking Operations
- Describing the Independence Principle
- Introducing International Letter of Credit Practice
- Explaining the Fraud Exception
- Looking at a Compliance System
- Looking at Trade Based Regulatory Compliance

LESSON 2 – TRADE



While banking is not necessarily connected to trade, trade forms a vital part of commercial banking and trade is at the heart, historically and transactionally, of international banking.

Similarly, banks and banking are an important aspect of international trade from financing the production and purchase of products to facilitating their delivery and payment.

This lesson will provide a basic understanding of trade and trade products.

This is achieved by:

- Outlining what is Trade
- Examining the parties involved in facilitating Trade
- Outlining agreements regarding Trade and Trade Finance
- Examining the delivery of goods
- Outlining options for payment or its assurance
- Examining the Trade Related Financial System and the role of banks
- Outlining the Financial Products used in Trade Finance
- Examining the use of Letters of Credit in Trade Finance to assure payment and performance

LESSON 3 - FINANCIAL CRIME REGULATION



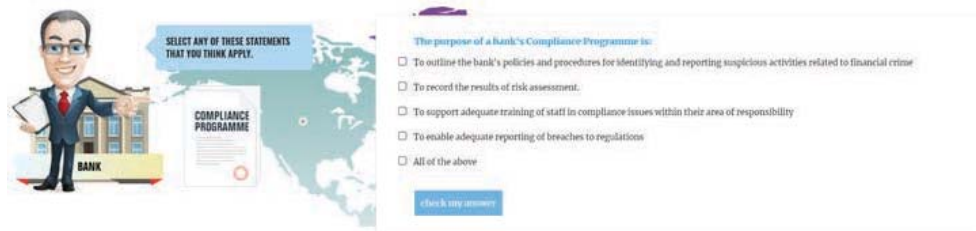
Financial crime regulation is the response of governments and, to an extent, the private sector to financial crime. It encompasses a number of crimes whose significance has increased dramatically in recent years.

This lesson provides a comprehensive understanding of key elements of Financial Crime and the role of government regulations in Trade Based Financial Crime compliance.

This is achieved by:

- Identifying the main types of Financial Crime
- Identifying the key terminology of Financial Crime
- Examining what is Trade Based Financial Crime
- Identifying the challenges in combatting Trade Based Financial Crime
- Outlining the main Regulatory Organisations addressing Trade Based Financial Crime
- Examining the different layers in a Compliance Regime
- Understanding the Role and Functions of a Bank Examiner
- Understanding the challenges of the regulatory environment for TBFC
- Outlining the consequence of non-compliance with the regulations

LESSON 4 - A COMPLIANCE PROGRAMME



To meet their regulatory requirements, financial institutions implement a structured Compliance Programme within their organisation to assess, identify and combat financial crime.

This lesson provides a comprehensive understanding of the key elements of an effective Compliance Programme and how banks can include a Trade Based component within their compliance strategy.

This is achieved by:

- Understanding the objectives of a Compliance Programme
- Outlining the key elements of a Compliance Programme
- Identifying how to implement key components of an effective Compliance Programme including resources, documentation, communication and training
- Identifying common failures that occur in Compliance Programmes
- Understanding key elements of Financial Crime Risk
- Identifying how to include a Trade Based component in an existing Compliance Programme
- Presenting an examiner's Checklist of Compliance Programme Review

LESSON 5 - EXERCISING DUE DILIGENCE



Due diligence signifies the exercise of care that is appropriate for the situation or circumstances.

It is a vague and flexible concept, which explains in part why it is used so often in connection with compliance in general, and with Trade Based Financial Crime Compliance (TBFC) in particular.

The term has the advantage of covering considerable ground including matters that are not logically related. Its vagueness also serves to place the burden of showing compliance on the person required to exercise it, inducing more conservative conduct than might otherwise be exercised.

This lesson provides a comprehensive understanding of how to exercise Due Diligence in Trade Based Financial Crimes.

This is achieved by:

- Outlining the key factors of Trade Based due diligence
- Identifying who is a 'Customer' from the Bank's perspective
- Outlining key elements of establishing and monitoring due diligence in customer relationships including CIP and KYC practices
- Identifying correspondent bank relationships
- Outlining key elements of Trade Based due diligence in correspondent relationships
- Examining Trade Based due diligence in non customer relationships
- Outlining the degrees and stages of Trade Based due diligence, including High Risk Trade Transactions
- Examining Trade Based Products in correspondent bank relationships in detail
- Examining how ongoing customer due diligence unfolds

LESSON 6 - INDICATORS OF TRADE BASED FINANCIAL CRIMES



There are widely accepted Indicators of financial crime that suggest the possibility of various types of financial crime. Some Indicators are more commonly linked to specific financial crimes whereas others relate to virtually all types.

The behaviour patterns that are commonly associated with financial crime are potential signs or signals that indicate that further scrutiny is warranted.

While the presence of an Indicator does not necessarily mean that a financial crime is being committed, it does signal the possibility and the greater the number of Indicators present, the greater the possibility that there is a financial crime and, in any event, the greater the need for additional scrutiny.

The Indicators identified here are specifically linked to trade and trade finance.

This lesson provides a comprehensive understanding of the Indicators of Trade Based Financial Crimes and how they can be effectively and properly implemented.

This is achieved by:

- Explaining what the Indicators of Trade Based Financial Crimes are
- Outlining the Indicators identified by key organisations including OFAC, FCA, HKAB, MAS, and APG
- Understanding how to use Indicators effectively
- Understanding the different perspectives of those using the Indicators
- Understanding the application of Indicators to specific crimes
- Presenting 12 key Indicators in detail, with examples and potential outcomes

LESSON 7 - ANTI MONEY LAUNDERING



Money laundering is the criminal practice of processing illegally obtained money by placing it into legitimate finance in order to make it appear as though it were derived from legitimate activities.

FATF defines trade based money laundering as “the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimise their illicit origin.”

Often, trade based money laundering schemes rely on the complexity of global trade as a means of obscuring the true origin of the funds.

There is no “one size fits all” approach to prevent and stop trade based money laundering (Anti Money laundering)

This lesson provides an understanding of what Money Laundering is, its characteristics and how to combat it.

This is achieved by:

- Outlining the three stages of Money Laundering
- Examining the effect of Money Laundering on business
- Considering Trade Based Money Laundering and how to combat it
- Examining key Indicators of Money Laundering arising from the Bank's due diligence process
- Outlining common techniques used in Trade Based Money Laundering

LESSON 8 - COUNTERING TERRORISM FINANCING



Terrorism financing refers to the funds raised to support terrorists, terrorist organisations and terrorist activity.

Countering Terrorism financing is the effort to combat terrorism finance.

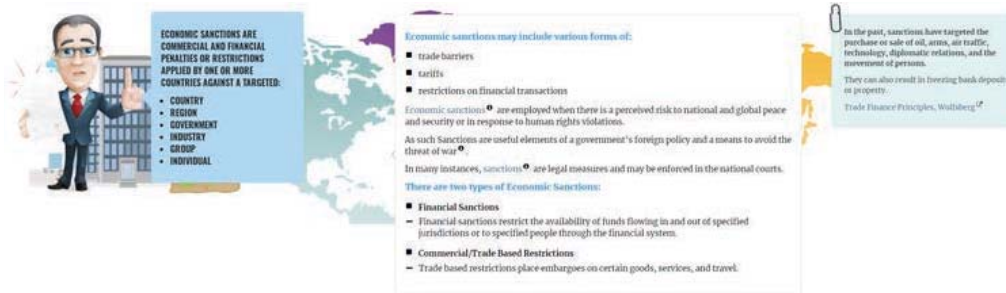
As Trade and the Banking system may be used 'unwittingly' to finance terrorism, a Bank will have a role to play in combatting terrorism financing.

This lesson provides a comprehensive understanding of what terrorism financing is, the various types of Terrorism Financing and the tools used to combat it.

This is achieved by:

- Identifying key features of terrorism and terrorist acts
- Examining terrorists and terrorist organisations
- Identifying what the materials for terrorism are
- Outlining the legitimate and illegitimate sources of Terrorism Financing
- Examining the main methods of Countering Terrorism Financing
- Outlining the organisations engaged in the fight against terrorism
- Examining the role of banks in Countering Terrorism Financing
- Outlining the relevant Indicators of Terrorism Financing

LESSON 9 – SANCTIONS



An Economic Sanction is the deliberate limitation or cessation of trade and financial relations by a nation or intergovernmental body against a specified nation, region, government, industry, group, or person as a response to, or in an effort to, alter social, political, economic, or military policy.

Sanctions exert pressure on persons, organisations, or political regimes to comply with the law or policy of the state or the organisation imposing the sanctions.

Economic sanctions can be divided into two subsets: financial or trade based restrictions.

This lesson provides an understanding of economic sanctions and the different sanctions regimes.

This is achieved by:

- Outlining what economic sanctions are
- Examining the purpose of economic sanctions
- Identifying specific sanctions regimes
- Examining how to detect sanctions violations
- Examining how to respond to sanctions violations
- Examining the consequences of sanctions violations

LESSON 10 - WEAPONS OF MASS DESTRUCTION



From the perspective of a financial institution, action, or inaction through either inadvertence or negligence that contributed to a Weapons of Mass Destruction (WMD) attack that resulted in large scale devastation would have severe reputational consequences far beyond any sanctions or fines.

This lesson provides a comprehensive understanding of the perils of financing or facilitating the movement of weapons of mass destruction and how financial institutions can assist in prevention.

This is achieved by:

- Examining the different types of weapons of mass destruction and their main characteristics
- Outlining the international multilateral efforts to deter the proliferation of weapons of mass destruction
- Outlining the process of the proliferation of weapons of mass destruction and proliferation financing
- Understanding the role of financial institutions in preventing the proliferation of weapons of mass destruction
- Explaining automatic screening based on data regarding suspect entities and persons
- Outlining what further scrutiny is appropriate where suspicions are raised

LESSON 11 - ANTI BRIBERY



The Anti Bribery lesson distinguishes public and private misconduct, explains the effect of bribery and explains the roles of banks in combating bribery.

It provides an understanding of what bribery is, distinguishes the various forms of bribery and identifies the tools used to combat it.

This is achieved by:

- Explaining the difference between corruption and bribery
- Examining public and private misconduct
- Outlining the effect of bribery
- Examining the roles of banks in combating bribery

LESSON 12 - COMMERCIAL FRAUD



Commercial Fraud occurs where legitimate commercial activities are misused for improper and illegitimate ends.

This lesson provides an understanding of what commercial fraud is, the various types of commercial fraud, and the tools used to combat it.

This is achieved by:

- Outlining different types of commercial fraud encountered by Financial Institutions
- Examining the economic impact of commercial fraud on businesses, industries, banks, and countries
- Outlining methods by which FIs can combat commercial fraud
- Identifying preventative measures for FI staff who may encounter commercial fraud

LESSON 13 - ANTI BOYCOTT



Adherence with a boycott or violation of anti boycott provisions is a serious concern for financial institutions to whom such boycotts or anti boycott provisions apply.

This lesson provides an understanding of what a boycott is, boycott and anti boycott regulations, and various methods to respond to boycotts.

This is achieved by:

- Examining what a boycott is
- Outlining boycott and anti boycott regulations
- Examining anti boycott provisions
- Outlining how banks can respond to boycott and anti boycott laws and regulations

KNOWLEDGETEST

The final element of the course is an online Knowledge Test. A random selection of questions is presented to the trainee from an extensive database of questions.

Trainees may take the Knowledge Test as many times as they wish. The results of the first 3 attempts are recorded against their name and they will receive a personalised Recognition of Achievement detailing the highest of these 3 attempts.



DURATION

The course is available to trainees for a period of one year from the date of allocation to them. In this time, they may take the training as often as they wish.

PRICING

Single trainee: €300 Euros

10+ trainees: €250 Euros per trainee

50+ trainees: €200 Euros per trainee