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Guideline for AML Reporting Content

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The case company is a bank in Northern Europe. The study focuses on internal AML reporting in Finland. Other Northern European branches of the company are out of scope, as local legislation might apply. AML reporting in thesis context is used as an umbrella term for all possible report types, such as KYC, SAR, PEP or other. The bank's AML reporting language changed from Finnish to English in 2020. The objective was to find out the impact of language change on AML reporting content. This was chosen as the topic because the quality of reports is desired to stay high, regardless of the language. Branch Managers were given more responsibility over giving feedback on AML reports in 2020. This had previously been the responsibility of the AML department.

The study was conducted using qualitative action research methodology. Thesis Data 1-3 Collections were gathered by interviewing stakeholders. They were AML team Finland, Branch Managers in Finland and CEO in Finland. The current state analysis revealed that the language of AML reporting was not seen as a problem to report content. Based on its results and existing literature, the conceptual framework was built. The conceptual framework foundation is existing literature and best practice found from Financial Action Task Force, Financial Supervisory Authority FIN-FSA and Ministry of Finance, Finland. The most important source from literature is Finlex with AML Act 444/ 2017.

Based on current state analysis and literature search results, the initial proposal was built. Initial proposal was validated by Branch Managers and CEO Finland. The study found other factors that affect the report content more than language, such as risk assessment and not opening it in written form in the report. The reports need to answer to "who", "what" and "why". If risk assessment requires supporting documentation for the report, the report is not complete if this documentation is missing. The results also stress the importance of giving feedback to report writers and its connection to report quality.

The most assistance with AML reporting and its content is needed by new employees. The company can use this Guideline for AML Reporting Content alongside AML training as an addition to introduce AML reporting to its new employees. Branch Managers can use this thesis as support material to give feedback on written reports.

Keywords	AML report, KYC report, SAR report, PEP report, AML report content, AML report quality, report feedback

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Glossary

AML Reporting system

> A reporting system existing for the purpose of preventing money laundering

AML Report Discussed in Thesis as an umbrella term, based on AML Act 444/ 2017. Used here as an umbrella term to any of the report types listed below.

KYC Know Your Customer. KYC Report.

SAR Suspicious Activity Report. SAR Report.

PEP Politically Exposed Person. PEP Report.

AML Act Act on Preventing Money Laundering and Terrorist Financing. Refers to AML Act 444/ 2017.

CDD Customer Due Diligence procedures, including internal controls, monitoring and reporting.

Risk assessment

> Risk assessment performed at the time of transaction and how it has been opened in writing to a report.

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1   Introduction

The anti money laundering reporting system used by case company, a bank in Finland, has changed the reporting language from Finnish into English in 2020. At the time of leaving Finnish out of the reporting languages, the employees are expected to report in Swedish or in English. This thesis aimed to explore the impact of the language change on the content of AML reports.

1.1   Business Context

The case company of the study is a bank in the Northern European market area. This thesis will focus on the branches in Finland and anti money laundering reporting content in Finland.

The business challenge discussed in the thesis is the language change impact on AML reporting content based on how managers see the changes in the language change. The report quality has to be high and internal audits are done regularly to ensure it. Higher authority such as the Financial Supervisory Authority (Finanssivalvonta) in Finland sees that banks have an obligation to obtain information and to report.

In banking, AML training given to the employees is standard according to the new legislation coming in the markets. The business challenge with reporting language change is that employees have to manage reporting in a new language and keep the reporting quality high. The branch managers are responsible for their own teams' performance. The teams need to perform as before after the language change. The language change may affect the quality of the reports.

1.2   Business Challenge, Objective and Outcome

The business challenge in the thesis is the language change from Swedish/ Finnish to Swedish/ English in the AML reporting system. The Swedish applies to the employees who are comfortable using Swedish as written language. If the employee has never studied Swedish, this will mean that the only possible reporting language is English.

The reporting system that the bank uses has changed its language into English or Swedish in 2020, and the **objective of this thesis is to study the impact with the possible success or difficulties the reporting language change will bring up in regards to AML report content.** The study focuses on examining how smoothly the transition to using English or Swedish can go, when people are not using their native language in the reporting. All branches get an evaluation on their AML reporting performance from inner auditing, which is also discussed.

The outcome is the Guideline for AML Reporting Content, which takes into consideration the impacts of language change to the AML reporting content.

1.3   Thesis Outline

The scope of the thesis is AML reporting content in Finland. The bank the study focuses on operates in Northern European countries. Other countries are out of thesis scope because they might follow legislation that does not apply to Finland. The products that the bank offers in Finnish markets are considered in this study if it is necessary in regards to AML reporting content.

The study is organized into seven sections of the thesis as follows. First, the current state analysis tells what the most important factors are in AML reporting content before the language change. This is done by conducting interviews with stakeholders. A pattern of questions, one for the branch managers and one for the AML officer (or the AML team) are drawn for the study. The AML officers' answers to what is expected of the quality of the reports written in English will give a great emphasis to the findings of the thesis. Second, existing knowledge and best practice are studied, and the conceptual framework is built from literature suggestions. Third, the initial proposal is made to the company on the AML report content. Finally, the final proposal for AML reporting content is made to help working with AML reports in English in the Finnish branches of the bank.

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2   Method and Material

The following section describes the research approach, research design and data collection and analysis methods used in this thesis.

2.1   Research Approach

The research family in this thesis is applied research as it aims at answering specific questions and it aims at solving a practical problem. The aim is to get an understanding and solutions to the matter researched. A practical relevance to managers inside the organisation is what an applied research method is aiming at. (Willis & Edwards, 2014: 7-10).

The research method used in this thesis is qualitative as the intention is to focus on expressions with words and sentences, not numerical values used in quantitative research. Qualitative research wants to get an understanding of patterns in data instead of only collecting data to evaluate already known models or theories. Qualitative research can be seen as systematic research with a conduct of demanding procedures. These procedures are not necessarily standardised. (Taylor, Bogdan & DeVault, 2015: 17-21).

The research strategy of the thesis is action research as it is a process of critical inquiry inside an organisation. Action research is seen as a collaborative process between the researcher and the participants who are familiar with the subject. Its aim is to achieve reflective learning. (Checkland & Holwell, 2007: 4-6). Action research attempts to solve practical problems based on real world setting by involving stakeholders (Willis & Edwards, 2014: 19). The process of action research is cyclical which links theory and practise together (Willcocks, Sauer & Lacity, 2016: 178-181). It could be continued outside this thesis when seen necessary.

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2.2 Research Design

The research design of the thesis follows five steps. It starts with setting an objective for the thesis. After that the current state analysis, conceptual framework, initial proposal and last final proposal follow. The key elements are introduced below in Figure 1.

Figure 1 shows the Research Design of the study
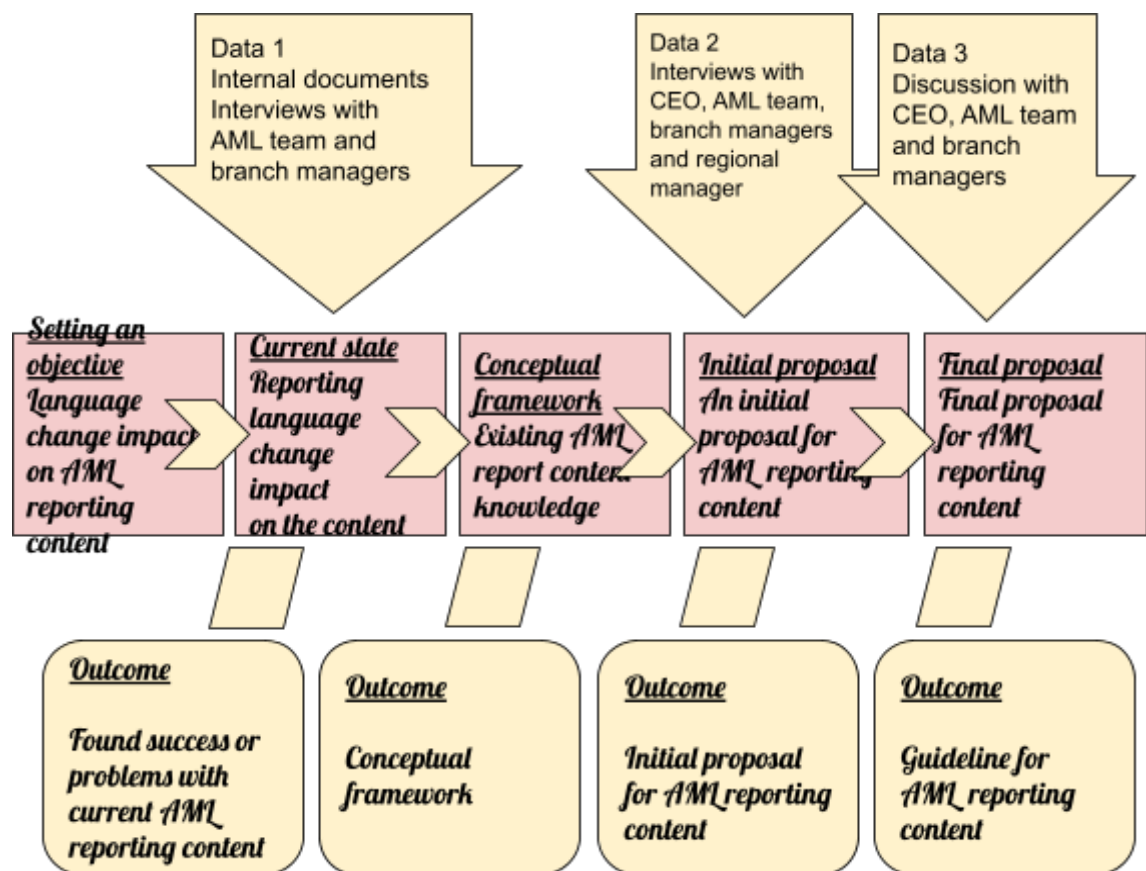
Figure 1. Research Design of thesis.

First, an objective is set for the study. It is to study the impact of the language change on the anti money laundering reporting content.

Second, the current state analysis studies the transition of the system language change into English and the impact on the content of AML reporting. Data 1 collection

outcome, including internal documents and interviews with the AML team and branch managers in Finland, shows the impact and possible success and problems with the current AML reporting content.

The interviews within data collections 1, 2 and 3 are expected to bring different insights on AML reporting content. The user groups might see things from different perspectives. The questionnaires are also somewhat different depending on the AML system user as it differs how they use the system.

Third, the conceptual framework focuses on the existing compliance and AML reporting content knowledge. AML reporting is affected by AML Acts and supervisory institutions, whose existing knowledge needs to be taken into account. The existing knowledge will be gathered into the conceptual framework of the thesis as the outcome.

Fourth, an initial proposal for AML reporting content is built for the company. Data 2 consists of interviews with the branch managers, AML team, CEO Finland and regional manager. The outcome is the Initial proposal for AML reporting content.

Last, validation on Data 3 Collection is performed. Data 3 consists of discussion with the AML team and branch managers. It leads to the final proposal given for The Guideline for AML reporting content in Finland. The outcome, Guideline for AML reporting content, is given to the company.

2.3   Data Collection and Analysis

In this study the data was collected in several data collection rounds. Table 1 shows details of Data collections 1-3 used in this study. Qualitative process questions were asked from the reporting system users and administrators. The interview focus was on the operational language and how the system language affects the quality of the reports through their content.

AML systems are not open to the public which brings challenges to the thesis work. Still, any bank customer is able to find a pattern of questions that are based on AML acts in their online banking services in 2020-2021. The questions are the same for all

customers in banking in Northern Europe. The challenge to the writer is on how to communicate possible system operations and AML report content to the reader. Table 1 shows the data collection rounds in this study.

Table 1. Data collections 1-3 in this study.

Interviewee & position	Data type	Topic discussed	Date & length	Documentation type
DATA 1	*CURRENT*	*STATE*	*ANALYSIS*	
AML Team Finland (2 people)	Teams interview	Most important reporting factors to AML report content	May 2020	Recording, field notes
Branch Managers (6 people)	Teams interview	Most important reporting factors to AML report content	April- May 2020	Recording, field notes
Deputy Branch Managers (2 people)	Teams interview	Experiences on reporting language change + AML report content	April- May 2020	Recording, field notes
DATA 2	*PROPOSAL*	*BUILDING*		
AML team Finland	Interview face to face or Teams	Guideline for AML reporting content	February 2021	Recording, field notes
Branch Manager 1-7	Interview face to face or Teams	Guideline for AML reporting content	February 2021	Recording, field notes
CEO Finland	Interview face to face	Guideline for AML reporting	February 2021	Recording, field notes

	or Teams	content		
Regional manager	Interview face to face or Teams	Guideline for AML reporting content	February 2021	Recording, field notes
DATA 3	*VALIDATION*			
AML team	Discussion on the phone	Feedback on the outcome	April 2021	Recording, field notes
Branch Manager 1-7	Discussion on the phone	Feedback on the outcome	April 2021	Recording, field notes
CEO Finland	Discussion on the phone	Feedback on the outcome	April 2021	Recording, field notes

As seen in Table 1, the data for the thesis was collected in three data collection rounds. In Data 1, the AML Officer was interviewed as they are responsible for training the employees on anti money laundering matters. Their work is also most impacted by the language change of the AML reporting system. That is why the AML team needed to be the first one interviewed for current state analysis. The branch managers interviews followed as they are responsible for the quality of AML reporting of their own teams. Stakeholders were asked how the quality meets the AML team set standards of reporting in English or Swedish and gathered information and data. Obtaining the needed AML related data, interpreting it the right way and reporting on it are what the AML system users were asked about.

The AML officers (or team) interviews consisted of questions on what kind of material and training the company gives to the employees and branch managers currently and how they see AML reporting content at this stage. AML team stakeholders were asked if there were any critical differences in the reports that the AML officers are getting from full time employees and part time employees. The AML team has knowledge on the expected results in AML reporting content from employees and the branch managers. Products such as cash services and transactions across countries pose different risks to the business. It was necessary to find out how the AML officer sees the risks and in which way they need branch managers to steer their teams in AML

reporting. The AML team interviews as the first to be conducted gives a needed structure to the thesis. Table 2 below shows the interviewees, date of interview and interview length in Data collection 1 round.

Table 2. Data 1 interviewees on an actualised timeline

Interviewee	Date of interview	Length of interview
Deputy Branch Manager 1	22.4.2020	01:21:37 hours
Branch Manager 1	22.4.2020	00:32:34 hours
Branch Manager 2	24.4.2020	00:26:51 hours
Branch Manager 3	27.4.2020	0:55:20 hours
Deputy Branch Manager 2	28.4.2020	0:37:02 hours
Branch Manager 4	4.5.2020	0:54:45 hours
Branch Manager 5	5.5.2020	0:48:00 hours
Branch Manager 6	6.5.2020	0:34:37 hours
AML Officer Finland	7.5.2020	01:06:23 hours
Previous AML Officer	16.5.2020	0:31:24 hours

Shown in Table 2, the ten interviews were conducted with branch managers, deputy branch managers and AML Officers.

The interviews were semi-structured. The interviews which lasted between 26 minutes to 1 hour 21 minutes were conducted by Teams video calls. Audio recording was successful on nine interviews. One interview was not possible to audio record due to technical issues. The interview was conducted as a phone call. Field notes were taken during all interviews, examples are shown in the Appendices. The stakeholders interviewed work as the bank's AML Officers, branch managers or deputy branch managers.

In the next round, Data 2 was collected to gather suggestions from the AML Team Finland and Regional Manager for developing the proposal. The data consists of

interviews on the reporting system and report content. The interviewed stakeholders were chosen due to their knowledge on the matter. Regional manager was chosen to be involved because the stakeholder has knowledge on the systems the company uses. CEO Finland also participated in the interviews. Since customer due diligence, suspicious transaction reporting and enhanced customer due diligence are the main areas of AML reporting, these topics were present in the interviews conducted.

In the third round, Data 3 was collected by conducting validation of the initial proposal. Data 3 included feedback on the initial proposal from branch managers, AML team and CEO Finland. The rest of the headquarter personnel of the case company are most likely not interviewed for data collection. Branch teams will use the study findings after the thesis process.

In this study, interviews and internal document analysis made the primary method of data collection. The interviews were conducted as semi-structured, Teams-based interviews, the interviewer and interviewees at home or at the office, with questions created in advance. The interviews were recorded and the field notes taken. Examples and example summaries of Data 1 interviews can be found in Appendices 1-4. The textual data was analyzed using thematic analysis.

Literature gives a structure to the study. Banks are seen as obliged entities. AML supervisories, such as Financial Supervisory Authority (FIN-FSA Finanssivalvonta) and Financial Intelligence Unit, are reliable sources used in this thesis. These supervisories guide the anti money laundering acts to be implemented in banks and financial institutions. The thesis uses preventing money laundering statements by European Commission and explains how these guidelines can be used to support AML reporting content. The questions gathered for interviews are based on the acts, laws and recommendations that these supervisories give to obliged entities. Finlex gives the basis on what law says about AML Acts and the obligation to report in Finland.

Current state analysis interviews discussed the company internal AML study material. This company internal AML study material is not allowed to be added as an appendix in the study. A short description of the topics follow. The AML online training for

employees currently focuses on AML cases and the laws behind them, General Data Protection Regulation (GDPR) procedures, risk management and a separate section for bribe prevention. AML studies need to be passed before any of the bank employees can serve customers. This training gives basic knowledge on AML related matters and reporting to the system users. As the material can not be presented as an appendix, similar material to readers in a public format is added from literature.

Table 3. Internal documents used in the current state analysis (Data 1).

	Name of the document	Description/ content	Availability
A	Employee AML Training (minimum yearly + latest updates)	Employee AML Training once a year + latest updates	Not available to public
B	Risk Management	Fraud Prevention	Not available to public
C	Bribe Prevention Training	Bribe Prevention Training	Not available to public
D	GDPR material	GDPR instruction	Not available to public
E	Vocabulary	Vocabulary in English for banking services	Not available to public

Yearly AML training was discussed with stakeholders to get an understanding on the content of AML reporting at that moment. The findings on the current state analysis are discussed in Section 3.

2.4   Thesis Evaluation Plan and Research Quality Criteria

To justify transferability, the action research needs to be reported step by step to show its quality and rigour. Only then can it be transferable to other businesses working in the same field. Anyone interested in following the process with critical scrutiny should

be able to do so. This includes interpreting data and building theory and them being in an explainable form to anyone interested. (Checkland & Holwell, 1998: 12-14).

In this study, transferability is planned to be ensured by taking the following steps. The current state analysis will go through the existing knowledge on AML reporting and what content and features the existing systems possess. All banks use their own systems in preventing money laundering. It is hard to gain data on these systems that are used in each bank. Banking secrecy prevents this data from being public to outsiders. Yet, the laws on anti money laundering are very clear and strict and give the thesis a clear goal on what AML reporting needs to include in general. Finlex is used as the main source for anti money laundering acts in the thesis since it is a reliable source on the latest law in Finland.

The reliability of the thesis is planned to be ensured by setting aside the author´s own perspective and view of the banking world, which otherwise might be taken for granted. In an interpretive process the researcher has a role of an objective observer (Taylor, Bogdan & DeVault, 2015: 17-21).

In this study, reliability is planned to be ensured by taking the following steps. Interpreting the answers of the interviewees, the focus needs to be on topics that are brought up by the interviewees and have appeared on the discussions several times. The thesis author in this case has experience in banking for 10+ years which cannot turn against the author and appear in the study as being biased. The multiple interview rounds make sure that the most popular topics will be brought up several times. The thesis results will be gone through with the interviewed stakeholders.

Credibility can be improved via extensive data collection and analysis. The data needs to be open for examination. Methodical data collection from reliable data sources such as interviews of the stakeholders is needed to show credibility. (Willcocks, Sauer & Lacity, 2016: 184-186).

In this study, credibility of the thesis is ensured by in-depth interviews with stakeholders that have been working for the bank in Finland for multiple years and possess the knowledge on how the anti money laundering system and reporting functions in daily

work. The feedback of stakeholders is appreciated on each Data collection round. Outside of this study, the stakeholders who are branch managers (management) and AML team can use the study for AML training purposes.

Dependability means the stability of data if the research was conducted in a similar matter with similar participants later on in time. The criteria used in selecting participants needs to be clear so that the reader understands why these participants were selected for the study. The same context of study needs to be present in order to show dependability. (Elo et al., 2014:4).

In this study, dependability is planned to be ensured by taking the following steps. The selected participants are the AML reporting professionals, in this case AML officer and branch managers, who possess the widest knowledge in the organisation of the functionalities of the AML reporting system and AML reporting content. The participants are branch managers since they are responsible for their teams' success or failures in AML reporting. Critique is welcome from an audience that is familiar with banking regulation and anti money laundering acts. Interpreting may differ from bank to bank in the functionalities of AML reporting system use. The dependability is tied to the report content being up to date with the latest AML Acts.

3 Current State Analysis of AML Reporting in the Finnish Branches of the Case Company

This section discusses the analysis results, key findings and selected focus areas based on the identified weaknesses.

3.1 Overview of the Current State Analysis

The goal of the current state analysis was to find the pain points in AML reporting at the time of the reporting language change into English. It was seen as necessary to examine whether the language change had an impact on the quality of AML reporting content. The reporting quality auditing weekly and monthly had been trusted to the branch managers and their responsibility on the branch reporting had become wider compared to the year 2019. The branch managers had also been entrusted with giving direct feedback on the reports made by their branch employees at this stage which had earlier been given to the employees straight by the AML Officers.

Auditing is discussed from a few different angles in the study. The branch managers perform an audit check of the weekly and monthly AML reporting of their branches. The branch managers focus on the quality of reports and the routine auditing is executed by both branch manager and deputy branch manager. Routine audit checks in this context means that when the AML system alarms on a report to be completed, it is double checked as completed for record keeping purposes. This is done by the deputy branch manager, branch manager or both.

The other reporting quality auditor is the AML Officer. The AML Officer audits the branch reports and is in charge of inner auditing quarterly. The inner auditors main responsibility is to give feedback to the branches on their success and things to improve in the reporting. The branches get a numeral grade on their performance and feedback on what to improve. Internal grading in more depth is out of the scope of this study.

The current state analysis consisted of ten interviews conducted between April and May 2020. The people interviewed work as the bank's AML Officer, branch managers and deputy branch managers. The interviews were semi-structured and conducted in Teams video meetings. There were field notes written based on all the interviews, examples are included in the appendices.

First, two sets of question patterns were used for the interviews of the study, one to the AML Officer and another to branch managers. The question pattern to the AML Officer can be found from Appendix 2 and the questions pattern to branch managers can be found from Appendix 1.

Second, after the interviews the field notes taken were double checked by listening to the audio tapes again and transcripted. Two examples of field notes can be found from the appendices, as well as the interview questionnaires. The questionnaires focused on AML reporting content at the time.

Third, the audio material was transcribed to google.docs by voice typing and transcripts were compared to the field notes so that all necessary elements were present. The semi-structured interviews included specific questions on the reporting content and quality. Coding the discussed topics and leaving own biases aside, it was easier to point out connections regarding the reporting.

Fourth, a confrontation between the answers of AML officer and branch managers was considered to point out irregularities and pain points in reporting content. After analysing the field notes and listening to the audio tapes several times, the common themes were found on a wider reporting content. For that reason, the analysis does not concentrate on AML Officer versus branch managers views on reporting only, but brings both perspectives together.

Fifth, the Content analysis was performed again, focusing on how many times a certain theme was mentioned. The answers were part of larger themes and many of the answers were intertwined together. They needed to be classified under common themes. As an example, the different types of reports or risk assessment were classified as their own themes. Further relevance of the themes to each other and AML

report content needs to be shown. Coding the material pointed out to clear themes, which will be discussed in the next sections.

3.2   Description of the Current AML Reporting Process

To understand AML reporting at the time of CSA, the process of writing an AML report needs to be shown. Figure 2 below shows the path of an AML report from start to finish at the time of CSA. This is a part of record keeping obligation of a financial institution.

At the start (step 1. in the figure) the AML system triggers a report to be filled at the time of transaction. It is necessary to add here that not all transactions cause reports which are based on AML. The scope of the thesis is the content of the reports that are required by AML Act to be made by a financial institution.

After the AML system has triggered the report, the report writer writes the report (step 2. in the figure). What to write as content, is what this study addresses.

The report writer follows the bank's yearly AML training guidance when writing the report (step 2 a) in the figure). If there are changes or updates to the AML training, the AML team informs the staff about the changes. This is to ensure that all report writers have the latest knowledge on what to base their risk assessment on. Risk assessment is discussed with the stakeholders in Data 1 and 2.

If the report writer needs any assistance in the report writing and the system does not give enough guidance on filling the report, the report writer can ask the AML department for additional assistance (step 2 b) in the figure).

After the report has been forwarded in the AML system, content and quality audit checks are performed (step 3 in the figure). The main focus for Branch managers (step 3 a) in the figure) previously has been to make sure that all reports that the system has triggered, have been completed successfully. Their responsibility has not been the actual content of a report. Auditing the content of reports has been the responsibility of the AML department (step 3 b) in the figure). The responsibility of giving feedback to

report writers has switched from AML department to Branch managers in 2020, which means they have to oversee the content quality more than before the year 2020. Whether that is defined as performing audit checks or giving feedback, Data collection 1 and 2 show if it is relevant to report content.

At Step 4 in the figure, report auditing is performed in all branches of the company quarterly and yearly. AML department gives a grade to each branch based on its overall performance regarding the report content and quality. The grading is not only to show the performance, but it is strongly related to the development needs in AML reporting. This means that inner auditing is used to find the focus areas for employee training regarding AML reporting. As the weakest areas on reporting content are found, the AML department gives the results of the audit to Branch managers who then go through the results with their teams. Together with Branch managers, the AML department plans future focus areas on AML training for the staff.

The AML department's focus is on whether the reports have filled the requirements set to them and whether a risk assessment has been performed and written as instructed. AML department makes an overall risk assessment, which is in line with the bank's Customer Due Diligence procedures. If the department has guided the report writer to follow a pattern in gathering the report together, it is expected that those steps have been taken by the writer. Otherwise the report content is seen as insufficient. If there are significant deficiencies found in reporting content and quality by the AML department or Branch manager, these are addressed real-time with the help of AML system screening methods and system analytics. Most commonly the reporting system does not allow the report writer to proceed without filling the report.

Step 5 in the figure shows that after the AML department has audited the report content and quality of all existing branches in Finland, the data is gathered together and evaluated. The evaluation gathers all branches and rates them against the performance on reporting of other branches.

The Branch managers share the evaluation reports on AML report performance with branch employees. Yet, Branch managers are expected to give timely feedback to

individual report writers, which is something that the evaluation by AML department does not cover. The timespan in between getting feedback would be far too long.

Figure 2 shows the AML reporting path at the time of CSA.
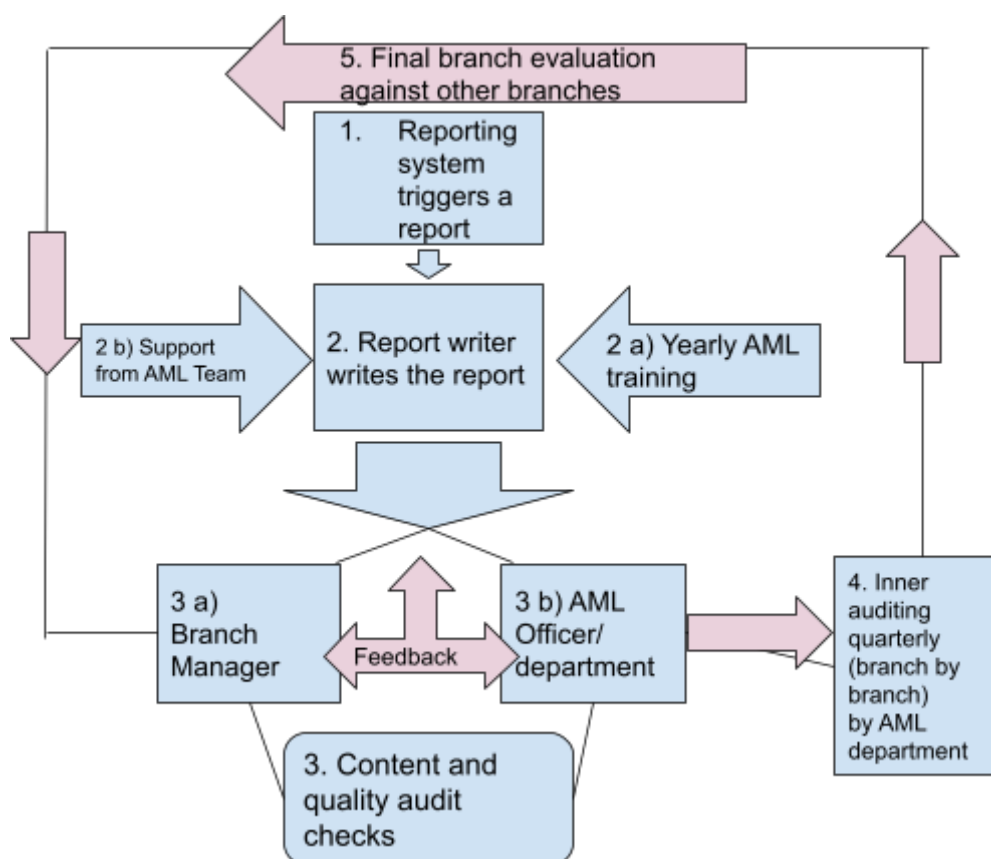
Figure 2.   Reporting path at the moment of CSA.

Figure 2 shows the reporting path from the moment of starting a report to auditing the report.

3.2.1   Analysis Results of the Current AML Reporting

AML reporting content and quality were discussed from different aspects with the interviewees. The impact of language change from Finnish to English with the reports made in 2020 was one of the topics opened. The language change was the starting

point of the analysis. The CSA focused on what branch managers and AML Officer Finland saw as necessary content in an AML report.

3.2.2   Results from the Interviews and Discussions

Ten stakeholders were interviewed in April and May of 2020. AML Officer Finland has the most experience in report audits and the analysis has an emphasis on the AML Officer's input on reporting. One of the previous AML Officers was included later in the interviewees based on the interviews with the branch managers. The analysis revealed that branches where previous full time AML officers currently work in, are branches where employees get support on reporting content from the previous AML officers. Previous full time AML officers currently work in different positions in the company branches. Based on the interviews with branch managers, there seems to be a connection to a previous AML officer working at a branch and high quality AML reporting in such a branch. Because one of the previous AML officers was soon leaving the company, it seemed fit to interview the person while there still was a chance to do so. A separate interview pattern was made to interview the person. The other previous AML officers will be interviewed on the stage of proposal building in Data 2.

The study shows analysis results in Table 4. There were several large topics which are at first presented as a list. The theme that was present in the branch managers interviews most turned out to be giving feedback on reporting as it had recently become their responsibility. The following themes were discussed at length in the interviews. The list is based on the analysis of interview results.

Table 4. Themes identified from the interviews.

Most mentioned themes within the interviews

Impact of language change to English has been moderate
→ connection to the report writer's textual ability regardless the language

Reporting needs to include:
Obtained customer due diligence information, such as:
Purpose of the transaction
Opening up the transaction nature -who, what, why (KYC, know your customer)
Origin of money
Clarity of transaction
(can be shown with documentation, does the system support enough in asking for it)

Feedback system on the reports is not agile enough, giving feedback only on exceptional work or when something is missing. BM:s finding hard to give feedback in writing.

The most support needed in reporting:
By new employees
Complex cases → human needed to check the data/ documentation sufficiency
Large amount transactions
Documentation to verify origin of money (receipts, contracts)
Up-to-date documentation and a link to the actual user
Risk assessment with suspicious activity reporting and fraud prevention (what caused the suspicion afterwards)
When a long time had passed since previous high risk reporting

The system is great with numerical data, not with written data (lacking quality without human explanation in the reports)

The AML training and its importance, yearly AML training

Frequent reporting in a branch correlates with high auditing grade in the quarterly audit (routine)

Table 4 shows themes and topics of Data 1 interview analysis. This was the first draft of transcript and field notes analysis of central themes and topics. The written reports content was seen as dependent on the writer's ability to express Know Your Customer (KYC) knowledge and procedures and put them in a written form.

Branch managers giving feedback to the employees on reports is discussed later in this section.

Some of the interviewed branch managers are in charge of several branches. As some of the branch managers are in charge of more than one branch, it seemed fit to interview two of the deputy branch managers who were always present in those

branches. They had more responsibility on the weekly report auditing so it was necessary to include them in the study.

3.2.3   Results from Internal Documents

Data collection 1 included internal documents of the AML Training for employees. It has several different parts, both online and face to face meetings, to ensure bank employees understand what AML reporting is and which instructions to follow. These include a yearly AML Training for each employee. Updates might come throughout the year. Other training includes Risk Management from the point of view of fraud prevention, Bribe Prevention Training and GDPR material for instructions. A vocabulary in English for banking services was introduced when reporting language changed from Finnish to English in 2020. To report writing, this was seen as a beneficial document to support report content. These internal documents can not be included to the appendices due to bank secrecy, but literature in Section 4 of the study may take them into account, if required by scope.

3.3   Key Findings from the Current State Analysis

In this section, the key findings from the current state analysis are described. Finding 1 focuses on Reporting content, Finding 2 focuses on the Reporting quality, Finding 3 focuses on the Branch Reporting Support, and Finding 4 focuses on Auditing.

3.3.1   Findings on the Reporting Content

The analysis results on the reporting content are shown in Table 5. The analysis shows the common factors that interviewees underlined in their answers. These are factors necessary when thinking of content for an AML report. Below the most mentioned topics on this theme.

Table 5. Reporting content underlined in the interviews.

Reporting content	At the time of Current State Analysis			
What is the focus	based on interviews & field notes, Data 1	Common theme	Remarks	Responsibility of
Focus on	who what why purpose of transaction origin of money shows the logic clarity	KYC reporting, Customer Due Diligence (CDD)	Explained open, clarity in writing	AML Training Every report writer
Focus	Not on language		No true impact on content	Every report writer
Focus on	Risk assessment		Report nature/ type	Reporting system, AML Team, Report writer
Focus on	System functionality		Too manual, uncertainty of functions	System owner
Focus on	Supporting documentation	Data complexity	With large and complex transactions	Report writer, AML team

As shown in Table 5, reporting content showed common themes which are illustrated above.

The language emphasis on the reporting content was not found central or important by the interviewees. Interview analysis showed that the language alone did not have a

connection to the written report's success. If a report was missing important information, language was not seen as the main reason for that. The report writers had been performing well after the language change. We will leave the language point of view off of the study from now on.

> Changing the language doesn't affect (the report content). What affects is the description of the transaction and why you have done the report. Why did you go forward, why did you deny the transaction, all sorts of possible cases and the background of it. *(Interviewee Branch Manager)*

Yearly mandatory AML training comes from the AML law. Banks have to train their employees for AML. The AML training to new employees was seen as a key resource to support the content of AML reporting. The AML officer together with branch managers saw that larger transactions and medium risk transactions are the cases where employees need the most support in. The branch employees might require help through the phone at the time of the transaction. Employees' main concerns have been on the sufficiency of added documentation and getting a confirmation on its validity for a specific transaction.

3.3.2   Findings on the Reporting Quality

AML officer controls the automated reports that are based on scenario building of the AML reporting system, not started by employees. These reports are automatically started by the system and employees need to fill them in in order to proceed with the transaction.

Quality of reports based on the interviews was seen higher when the report writer was continuously routined in writing them. The experience in writing AML reports was seen as a key factor of high quality reports. The newer report writers without less than 1-2 years of working in a bank were seen as the group that needed most support in the report writing. Getting feedback on the reports was seen as a report developing mechanism. Now in 2020, the branch managers have a duty to give feedback on AML reporting, which is a new duty to them.

Metropolia
University of Applied Sciences

A branch manager answer on if the branch managers now have more responsibility on the report content:

> Yes, the quality of content. I have it in the back of my head that my own responsibility is much higher (than before) and (the AML Officer) understands that it is not our field but one thing that we have to do and we do it as best as we can. *(Interviewee Branch Manager 2)*

Direct feedback given by the AML officer or branch manager proved to be a key factor in improving reporting quality. This is illustrated in the following quote by Interviewee AML officer:

> Giving feedback develops the reports and is a follow up tool, at this moment the process is stiff. The feedback needs to go to the writer. (We have) been giving feedback and performed quarterly controls so the quality rises higher that way, we have to develop giving feedback so that it becomes simpler. *(Interviewee AML Officer)*

Report quality was seen higher with employees with more practise and expertise in them. Without rehearsing the reporting by doing them regularly, the analysis showed that the quality of reporting was not always high enough.

The reporting style and length was found connected to the report writer's ability and willingness to textual reporting. The branch managers or AML officer did not see any differences in the reporting quality between full time or part time workers. According to the interviewees, there was a difference in the reporting style of current students - the part time workers who were also studying, were seen as thorough in their reporting. There might be a connection to writing essays and reports at university and continuing to perform quality reporting at work.

The interviews key findings on reporting quality are below.

Table 6. Reporting quality based on interview analysis.

Feedback given to employees directly improves the quality	Written feedback (connected to rewarding)	Other ways: Face to face discussion, monthly team meetings	New role of Branch Managers to give feedback
Practise on writing reports enhances	Becomes a routine	Agility required when updates	Quality consists of the information the

the quality		occur	customer gives
Focus on the ability of the writer to open up the transaction	KYC information Due diligence	Clarity in explanation	
Reporting system great with numerical data and patterns	Quality comes from content	The system unable to decode the content by itself, does not understand the meaning	Human interpretation needed in content (to give a grade)

The interviews showed that the practice of writing reports enhances the quality of reporting and being agile to change the reporting habits when new regulation was introduced. The AML officer saw this as a challenge - the report writers' habits of reporting were not necessarily changing when new regulation was introduced. If the reporting system in itself does not remind the report writer of the newest changes, the behaviour can go on until auditors notice it. AML training of the company was seen as profound and high level. On top of the yearly AML training, the company provides the training when updates occur.

The interviews revealed uncertainty whether the reporting system should remind the report writer on possible documents to back up the transaction. It seemed to divide the opinions as some saw that the reports made can be very complex and it would be difficult for the reporting system itself to figure out the documents without a human being interpreting them. Then again as it was the newer employees who needed more help with the report writing, some suggested that the system would not let the writer proceed without ticking some boxes in the style of "did you remember document XXX" or similar.

3.3.3 Findings on Branch Reporting Support

A central finding from the current state analysis was that the AML officer and branch managers were giving thanks to the people who had earlier been a part of the AML

Team Finland and now had other duties in the branches. It seems that despite their current vocation they were still very much involved in helping their teams in the AML reporting content and AML procedures. The support and assistance they were giving to the teams was not something expected originally. It gave the study a new dimension. This leads to the later involvement of previous AML officers into the study by interviews, which was not pre-planned. One of them was interviewed in Data 1 stage, because the person was leaving the company.

3.3.4   Findings on Report Auditing

Quarterly AML report auditing branch by branch is done by the AML officer. It is performed by checking the overall quality of AML reports and giving feedback to each branch separately. This gives the branch managers the big picture of how the past quarterly reporting has gone and gives feedback on what to improve branch by branch. The differences between branches can be substantial and grading varies. If the results suggest that reporting quality needs to be improved, the branch managers need to put extra focus on training their employees more in AML reporting. The issues are brought up with face to face discussions, written feedback and monthly branch meetings.

3.4   Strengths and Weaknesses of the Current AML Reporting

All reporting strengths and weaknesses are a presentation of the bank branches and their AML reporting in Finland.

The current state analysis showed the AML reporting strengths to be:

First, the analysis showed a strength in performing KYC procedures. The reporting was on a high level in cases that were performed together with the help of the customer. There was an existing customer relationship and the communication about possible necessary documentation had been successful. The follow-up transaction was anticipated by the customer who had communicated this to the bank in advance. A smoother service experience was to come, as the customer knew in advance which documentation was needed for the future transaction. Know Your Customer procedure

had been done together with the help of the customer. The customer brought supporting documents with them at the time of the actual transaction. KYC was successful.

Second, the language change into English was seen as a strength. It was not seen as a problem area in AML reporting. The report writers who had been earlier writing short reports without further explanations were continuing the same way, regardless of the language. The language change into English is not a weakness but the reporting style can be if the information is not explained thoroughly.

Third, another strength in the reporting was found to be when information was explained in detail. The connections between things were clearly explained openly and it would be easy for a first time reader to understand the context. The origin of money was clearly explained with possible documents as an extra to prove the origin. All of this was clearly explained and the system started the reporting automatically. That way it would not be possible to proceed the transaction without creating the report.

Fourth, the support of the reporting system is quick to react if changes need to be made. New trends lead to new scenarios. The method is seen as very agile. It was seen as helpful for fraud prevention. The analytical tools of reporting were seen as high quality because of their functionalities by AML officer, but the branch managers saw that the reporting version for the actual report writers was quite basic. The branch managers saw that they could do more with the tool but it raises a question whether that is actually needed by the branch managers or the actual report writers. Then again some employees were seen motivated inside to write better reports. The audit grading is done by the AML officer. GDPR has its own weight on the matter as it is strict on what kind of data an employee has access to. There is no reason based on law why the report writers would need to use the analytical tools further.

Fifth, the biggest strength according to the interviewees was that reports on transactions between different countries were skillfully written and explained who, what and why thoroughly. The risks in banking of these transactions were seen clearly. It

was easy to understand the nature of the transaction because the report writers put a lot of effort into explaining it.

The current state analysis showed the AML reporting weaknesses to be:

First, based on the Data 1 analysis, the weakness in the reporting quality is that reports are missing key elements in content. The reporting should, regardless of the reporting language, always be understandable in a way that a first time reader would understand the general idea and does not have to guess the reasoning behind the writing. In those reports the general idea why the report has been written is missing for any reason. The content needs to be explanatory and detailed, as guided in the company AML training material.

Second, the quality of reports was found to be better after getting feedback on them. The current state analysis discovered delays in giving feedback to report writers which is a weakness. The branch managers were responsible for giving feedback on the reports and were new to it. They were willing to give feedback mainly on extraordinarily well conducted reports or the reports that needed improvement. Many of them had highly performing teams, which might explain not giving much feedback. The report audit check time was now anything between one week to one month, which is not often for giving feedback. Employees might not remember what the feedback is about the longer it takes to give it.

Third, complex data analysis was seen by all interviewees as one of the most challenging aspects of both transactions and AML reporting. This was shown in Table 5. As any employee in any branch should be able to perform complex transactions but might not be able to do so without support, this is a weakness. The reporting system needs human interpretation in reading documentation to verify the origin of money, which might be for example power of attorney, any officially translated document or similar documents showing interdependencies. The documents need to be new enough and adequate to associate with the transaction being conducted. The ability to interpret this kind of documentation and analyse them was valued since those transactions were seen as the hardest to carry out. Complex transactions needed more time and concentration compared to others with basic KYC nature. It was very much dependent

on the report writer that all necessary information was being explained openly because of the complexity of documents.

Fourth, the AML reporting system functionalities divided the opinions of Data 1 interviewees. Some of them saw that the reporting system could have more pop-up windows as checkpoints, but some saw that there were plenty of them existing already. Especially new employees need support in constructing the reports, which is understandable. The difficulty of this is that during the training period, as a new employee, there are many other aspects of banking to learn and AML reporting might not be the first area to concentrate on. It was seen natural that new employees need the help of senior employees or AML officers with complex cases. This was regardless of what the system functionalities included or excluded.

3.5   Selected Focus Areas

Based on the analysis results and found weaknesses there are two focus areas in AML reporting content that need to be addressed further.

The selected two focus areas of the study are:

1. Branch manager feedback on the report content, since giving feedback enhances the quality of the reports (based on weakness number two).
2. Documentation to prove the origin of funds in complex cases, since sufficient documentation has a connection to the overall quality of report content (based on weakness number three).

The standards of giving feedback on AML reports were very high, regardless if it was positive or improving feedback. Improving feedback was found as a used term in the analysis phase and the branch managers had not used the term negative feedback almost at all. It did not appear that the branch managers would have been avoiding giving feedback. More likely it appeared that their teams were highly functioning when it came to reporting quality. They still acknowledged that they need to learn to give more feedback on the reports. The role had been entrusted to them only in 2020 and they

were new at giving feedback on AML report content. Before it had been the role of AML officer. The feedback time was now between one week to one month, which lacks consistency.

Documentation is asked to verify the origin of funds, which could be shown in a document such as power of attorney. The current state analysis showed that it was very much dependent on the report writer that all necessary information was being explained. One of the reasons for this could be the complexity of documentation. When there is no standard to the documentation or the documentation is old and not in a digital format, the complexity rises. If an added documentation is not opened in written form in the report, questions might be left unanswered even if the risk assessment has been made at the time of transaction. Sometimes with complex cases, the help of AML officer or branch managers had been needed. The analysis showed that there was uncertainty if there was a way the system could help with the content more. In this case best practises and existing knowledge on AML report content and their supporting documentation needs to be examined.

Section 4 discusses existing knowledge and best practice on the AML reporting content concentrating on the selected focus areas.

4 Existing Knowledge and Best Practice of AML Reporting Content

This section discusses the requirements and best practice of AML reporting regarding the content and quality of reports. The study's scope is limited and concerns the internal AML reporting of the bank and record keeping based on its own risk assessments. External reporting will be mentioned only to point out differences or similarities in the reporting.

4.1 Overview of AML Reporting

Currently, there seems to be no one common way for internal AML reporting. The existing knowledge on record keeping and reporting is hard to find as banks use their own AML reporting systems and platforms. Risk based assessments are done according to the products and services that are offered to the customers. The requirements of external reports are more precise since there are instances overseeing banks nationally and on European Union level. The overseeing parties oversee that suspicious activity reports are done accordingly. They are not interested in the internal reports that are done only on the basis of customer due diligence procedures. A permanent business relationship with a customer requires customer due diligence measures from banks (PwC 2016: 387-390).

Record keeping consultation paper by European Banking Authority sees that banks need to keep records as minimum of their customer due diligence information, their own risk assessments and transactions. Banks and other financial institutions need to demonstrate to their local authority that the record keeping is on sufficient level and the measures taken are adequate, considering the money laundering risk. (European Banking Authority 2020: 62)

The Ministry of Finance in Finland has indicated the key actors in preventing money laundering and terrorist financing in the country, seen below.

Figure 3. The key actors in preventing money laundering in Finland.

Key actors in preventing money laundering and terrorist financing in Finland

Responsible ministries		
Ministry of Finance Act on Preventing Money Laundering and Terrorist Financing (444/2017, AML Act) Prevention of money laundering		**Ministry of the Interior** Act on the Financial Intelligence Unit (445/2017) Combating terrorist financing

Other key ministries		
Ministry of Justice **Ministry for Foreign Affairs** **Ministry of Social Affairs and Health**		**Ministry of Economic Affairs and Employment**

Supervisory authorities
(AML Act, chapter 7, section 1)

Financial Supervisory Authority
National Police Board
Regional State Administrative Agency for Southern Finland
Finnish Patent and Registration Office
Finnish Bar Association
Government of Åland
Ålands lotteriinspektionen

Obliged entities
(AML Act, chapter 1, section 2, subsection 1)
26 different sections (including banks)

Authorities subject to general duty to exercise proper care
(AML Act, chapter 9, section 5)

Customs
Border Guard
Finnish Tax Administration
Enforcement offices
Bankruptcy Ombudsman

Financial Intelligence Unit

Prevention, detection, investigation and referral if cases for criminal investigation

Reception and analysis of suspicious transaction reports

Cooperation and exchange of information

Statistics

Finnish Patent and Registration Office

Trade Register (information on beneficial owners)

Prosecution authority

Consideration of charges

Courts

Judgment

Police, Customs, Border Guard, and the Finnish Security and Intelligence Service

Prevention, detection and investigation

As shown in Figure 3, Finland has several actors in money laundering prevention (Ministry of Finance, Finland 2020.)

Figure 3 gives an understanding of the instances related to AML reporting. The reporting addressed in the study refers to the bank's inner reporting. A bank is an obliged entity, seen in the left side of Figure 3. Other mentioned instances in the picture are out of the scope of the study.

4.2 Report Content

The general principles of reporting described by FATF recommendations include producing accurate and objective reports of a high standard on time. (FATF 2019: 3.)

The report content has three customer due diligence points to be discussed. They are who, what and why. These were also the key findings of Data 1 interviews.

4.2.1 Who (ID information)

Who is reported on is answered with ID information. The banks have an obligation to know the customer and the IDs are verified normally with an ID reader. It is used to check the validity and authenticity of the ID document. Identity verification in banks is possible with a valid driving licence, identification (ID) card, passport, diplomatic passport, alien's passport and refugee travel documents and SII card that contains a photo. (Finanssivalvonta 2015: 24.) The rules on what documents are accepted country by country in Finland includes an official identity card, passport or driving licence. The high level requirements for individuals include full name, date of birth and identification number. With foreign citizens it means citizenship and passport number. (PwC 2016: 387.)

Verification of customer identification information in high level requirements for legal entities are name, business identification number as well as date and name of registration authority. Necessary is the field of activity and full name, date of birth and citizenship of members of the statutory bodies including the persons who represent the legal entity. There are required documents for legal entities, which is trade register extract or official extract of the same equivalence from a relevant public register and documents that are relevant for the individuals concerned. (PwC 2016: 387.)

4.2.2 What is reported

What is reported depends on the type of transaction. Cash based transactions as well as funds paid to an account require monitoring from banks as banks have an obligation to know the origin and purpose of funds. In verifying the origin it is possible to ask for a deed of sale or other supporting documents in addition to a written statement by the customer (Nordea 2020). The Finnish Police has gathered examples with the National Bureau of Investigation (Keskusrikospoliisi) and Financial Intelligence Unit (Rahanpesun selvittelykeskus) on the necessity of banks to stay alert based on AML procedures. When cash is used repeatedly as a transaction payment or when the transaction is deliberately cut into many pieces, monitoring and reporting are useful to spot irregularities. Deposits or withdrawals that are left just below the limits banks may

have stated are best reported, as there might be a connection to money laundering. Many withdrawals on several different branches within the same day need screening as it is an indication of a planned distraction on the banking system. In these cases the AML systems start reports automatically. (Poliisi.fi 2019: 11.)

Using cash in non-governmental organization payments, in other words, cumulatively large donations when the country has no correlation to the benefactor's financial information (Poliisi.fi 2019: 23) can be an example of necessity to report. The higher the risk the customer's transactions have, the more versatile information is needed to support the transactions (Poliisi.fi 2019: 3). The clearance needed from a customer needs to be asked in writing. The obliged entity which in this case is a bank, can demand proof of the origin of funds, contract of sale, or other document supporting the transaction (Poliisi.fi 2019: 3). This is based on law and comes from the Act on Detecting and Preventing Money Laundering and Terrorist Financing 444/ 2017. (Finlex 2017.)

In Finland, taking customer due diligence measures has no minimum euro threshold. "Customer due diligence must be followed when the amounts are unusual", stated by PwC report on Know Your Customer: Quick Reference Guide, gives an indicator that the AML systems guide the transaction based on earlier transaction history in the existing customer relationship. (PwC 2016: 387.) The reports based on this are initiated when the total euro amounts are getting high or when the system detects patterns that need clarification.

International money wires and transactions that are done to high risk countries require reporting and the bank has to obtain information on the connection of the sender to the high risk country. (Poliisi.fi 2019: 11-12.) According to the Finnish Police, the current high risk countries defined by FATF and the European Commission are Iran, Pakistan, Ethiopia, North Korea, Sri Lanka, Serbia, Tunisia, Syria, Trinidad and Tobago and Yemen. (Poliisi.fi 2019: 5.) Transactions connected with these countries can create alarms by the reporting system and reports need to be completed based on the transaction nature. The reason why countries are listed on the high risk countries list is the lack of international standard application of anti money laundering procedures (FATF 2019).

4.2.3 Why a report is made (purpose of transaction)

The purpose of the transaction clarifies "why" a report is made. A bank needs to obtain information on the customer's transactions. This means the nature and extent of the customer's business and the grounds for the use of a specific product or a service. This includes customer due diligence data and record keeping. (FATF 2013: 16.) Record keeping includes the internal reports discussed in the study.

Robotic Process Automation (RPA) can be used to help Customer Due Diligence processes. This includes client setup, onboarding and enhanced due diligence. It is possible to leverage RPA to search internal data repositories and approved third party data sources for customer information. RPA can be used to automatically send emails to employees and customers in cases such as requesting necessary KYC documentation. RPA manages screening based on the customer's risk level. (Accenture Consulting 2017: 6.)

Detecting unusual transactions during customer relationships is done with AML systems. Sufficient information obtained of the customer relationship supports compliance. A bank has an obligation to obtain information and report suspicious transactions. Internal instructions of a bank may differ based on the risk assessment and services that it provides to its customers (Finassivalvonta 2015: 26). The reason internal reporting content and record keeping is seen as valuable is that banks may suffer from ineffective internal controls and weak governance when it comes to money laundering and terrorist financing risks. Banks may have high risk appetites and complex processes to maintain AML functions. Effective cooperation with regulatory authorities and AML supervisory authorities is important, what comes to respective risks that affect banks. (European Banking Authority 2019: 62.)

External reporting in case of SAR reports, Suspicious Activity Reports, instance in Finland is Money Laundering Clearing House of Finland. It operates within the NBI, National Bureau of Investigation (PwC 2016: 389). This must be mentioned in order to give a clear bigger picture of AML reporting and regulatory reporting. The study's scope is limited and concerns the internal reporting of the bank.

4.3 Report Quality

Report quality is normally inspected by an internal auditor. In the case company, the AML officer and AML department inspect the quality of reports. In the case company the branch managers are also responsible for their team's report quality and performance. The quality is high, when the content is explained clearly in the report. The content was discussed previously in this chapter.

4.3.1 What Affects Report Quality

The report quality is set on whether the content is accurate. As obligations concerning customer due diligence suggest, an individual report's quality can be assessed by the information it includes. When it includes the obtained information on the customers' activities, the nature and extent of their business and the grounds explained on what services and products they use, the clearer the report content. The report quality in case of beneficial owners is made sure by identifying and verifying them. Identifying the ownership exceeding 25 percent and identifying control relationships as well as customer's representatives are necessary. (Financial Supervisory Authority 2018.)

Reporting quality needs to be high when there has been significant changes in transaction patterns. As an example of a demanding AML report is the use of money wiring, transaction payment in cash and just below reporting limits. The reports might be caused due to false positives, but it might also reflect that the KYC procedures are not yet sufficient enough. Substantial activity on transactions over a short period of time is another indicator that the quality of the report is better, the more explicit the information is. (Western Union 2019: 33.)

This study does not focus only on SARs but it gives an understanding of the quality measures regarding AML reporting. An example from the United Kingdom National Crime Agency on submitting better quality Suspicious Activity Reports (SARs) confirms similar topics brought up by Data 1. It guides the report writer to use names, surnames and dates of birth. It also advises to clearly outline the reason for suspicion as it can

assist analysis. It gives direct advice to ask and answer: who, what, where, when, why, how? (National Crime Agency 2019: 14)

PwC study discusses the obligation to report any other transactions than suspicious transactions in Finland. The study focused on if there is an obligation to report on unusual transactions, cash transactions above any threshold or international wire transfers in the country. A suspicious transaction report needs to be made in case the customer has not provided the information that is needed to support customer due diligence actions or if the bank under reporting obligation does not see the information provided reliable. A suspicious transaction report needs to be made in the case of not being able to identify legal persons or when their beneficiaries can not be established reliably. This was also the case if enhanced identification of the person for whom the customer is acting isn't possible (PwC 2016: 389).

Measuring AML quality and effectiveness can be done by following different metrics. These KPIs can include for example alert to SAR ratio or following SAR reporting time. Otherwise following alert handling time can be informative as well as following the ratio of alerted customers per product or region. Also following true positives as percentual alerts that are flagged by other institutes is one possible KPI to investigate. (Eggert, E. 2020.)

4.3.2   Report Quality Auditing

FIN-FSA risk-based approach for supervised entities discusses customer due diligence procedures that need to be put in place. This is done by adjusting operations and risk management procedures to prevent money laundering, terrorist financing and abuse. Practises for risk mitigation need to be prepared. Organising the supervised entity's operations in a reliable way includes internal controls, monitoring and reporting. (Finanssivalvonta 2010-2015: 13-14.)

The study's scope is limited to the internal AML reporting of the bank. The picture below that is modified from a Deloitte example of "Three lines of defence" is important since it gives an understanding to the reader of who is responsible for the report

writing, gathering data and auditing step by step. These actors are responsible for the report quality and improving it.

Figure 4. Three Lines of Defence (Deloitte 2016).
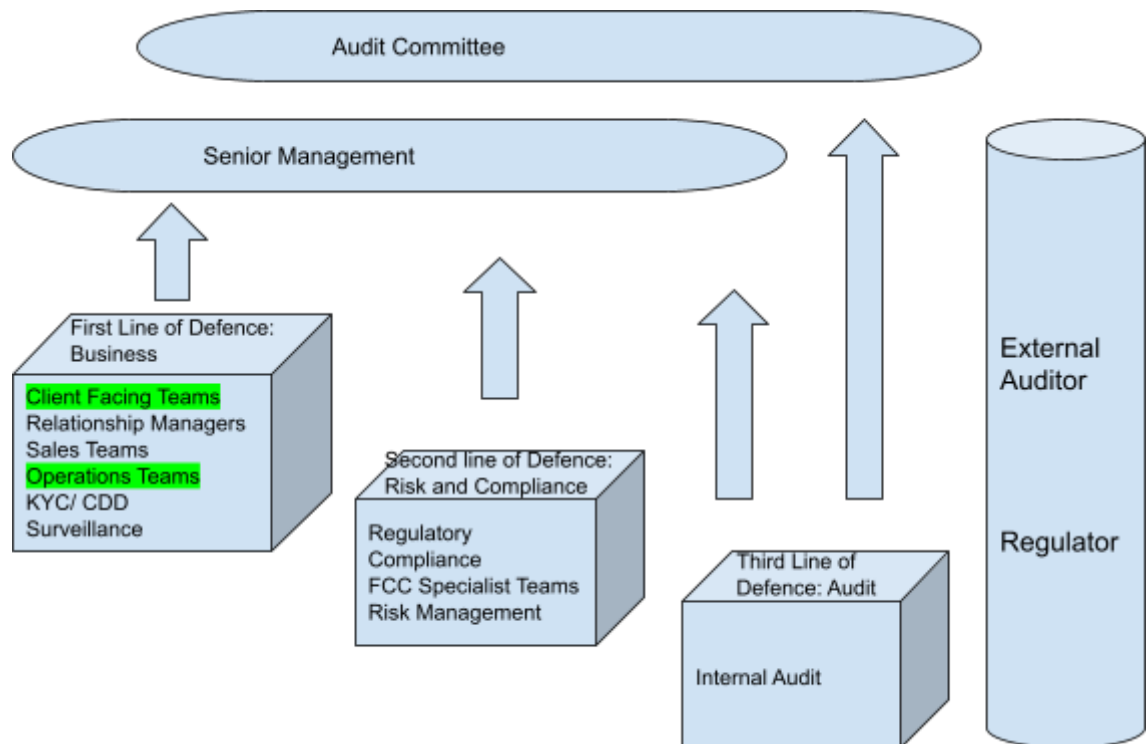
Figure 4 shows the Three lines of defence (Deloitte 2016). In Figure 4, Deloitte introduces the three lines of defence regarding AML risk management. The first line of defence on the left introduces the risk owners involved in daily risk management. Front line employees face and deal with the typical patterns of transactions by the customers. The employees are in the best position to identify activities that are unusual. Operations teams support the front line employees by performing four eye checks on the front line activities, for example checking customer due diligence documentation. First line of defence must be aligned with the risk appetite of the financial institution. (Deloitte 2017: 12.)

The second line of defence in the middle of Figure 4 is the Risk and Compliance team, independent of the customer relationship. The team reports directly to the senior management. Risk and Compliance teams are responsible for developing risk

management processes, overseeing and challenging them as they are. Second line assurance is critical for any financial institution as a defence line and it is here that gaps need to be addressed, and not left for internal auditing. The second line of defence assurance must be enhanced to enable early risk detection ability. (Deloitte 2017: 12.)

The third line of defence team, seen in Figure 4, has independence and reports to both the senior management and audit committee. This line of defence includes risk assurance. The team provides an independent perspective and challenges the process. It performs testing by internal and external auditors. Based on the findings, they review and refine necessary thresholds. (Deloitte 2017: 12.)

The digital audit trail of banks provides insights into patterns and helps auditing teams to optimise compliance procedures. This is helpful for the auditor of reports in case anything needs to be double checked. (Trulioo 2018.)

4.4   Report Content Supporting Documentation

The quality of reports is higher when they include transaction supporting documents. There are significant costs associated with KYC documentation and many institutions express interest in a shared Know Your Customer utility. This would help streamline regulatory compliance. Then again there is a lack of agreement, what comes to standards. Regulators outside the USA and Europe may prohibit their banks from outsourcing KYC functions. (Boston Consulting Group 2019:12). That is the difficulty in finding common, open procedures on the reporting. Then again there are area specific clicks such as Invidem in Scandinavia, which provides compliant KYC information to businesses with AML issues. It is a KYC information platform in Scandinavia. (Invidem 2020.)

The Finnish Patent and Registration Office set the date on 1 July 2020 for most companies to file a notification to the Finnish Trade Register of the company's actual beneficial owners. This applies for example to limited liability companies and cooperatives. AML Act defines a beneficial owner as the person who owns the

company or exercises control over the company. The details on beneficial owners are not public but the information about the registration of beneficial owners is public. The details must be kept up to date. This is based on Chapter 1, Sections 5-7 in the Act on money laundering, Finland. (Finnish Patent and Registration Office 2020.) Reporting entities such as banks have the right to receive beneficial ownership information for the purpose of carrying out customer due diligence procedures. (Hannes Snellman 2020.)

What comes to delivering transaction supporting documentation to a bank, PSD2 gives new insights into this. It is the second Payment Services Directive that aims at growing collaboration among third parties, in this case banks and FinTechs. Customer protection across the payment landscape is at the core of PSD2. It is supposed to lower switching costs and supposed to create new sources of customer value (Boston Consulting Group 2019: 10). With the help of PSD2, it might be a great deal easier to provide the source of funds to another bank at the time of transaction. This is taken into account in Data 2, but in greater detail is out of scope of thesis.

AML reporting study made with solicitors revealed that law companies had designed and implemented SAR templates internally. Comprehensive customer due diligence records need to be maintained with supporting records, such as original or copied documents. What comes to internal Suspicious Activity Reports, there were certain points found necessary to be included. Those were the circumstances on which the suspicion was held, further inquiries undertaken, information obtained as well as the rationale behind clearly documented decision making. Thorough records that document key decision making, rationale and actions taken are necessary especially when reporting SARs. (Solicitors Regulation Authority 2016: 30, 35-36.) These findings apply to AML reporting of banks in many regards.

AML reporting functions all in all can be transformed to be more agile with technical solutions, such as AI and Robotic Process Automation (RPA) opportunities. (Accenture 2017: 7.) If this can support the report content more than at the time of CSA, it still needs to be addressed in Data collection 2 of this thesis (for the proposal building).

4.5 Feedback on Reports

As shown in Figure 4, the "Three Lines of Defence" show the importance of auditing to banks. When feedback comes directly from the auditor to the report writer, that in itself is beneficial to the report writer and the bank.

A good practise on training and recognising AML risks was found to be drafting good, practise specific scenarios done by the money laundering reporting officer (Solicitors Regulation Authority 2016: 28). When giving feedback on a specific report, these kinds of scenarios can be used as a backbone on how to advise the report writer.

4.6 Conceptual Framework of The Thesis

The conceptual framework of the study with its four elements are seen below. Under AML reporting the main elements are report content, report quality, report supporting documentation and feedback on reports shown in their own pillars.

Figure 5. Conceptual Framework of this study.
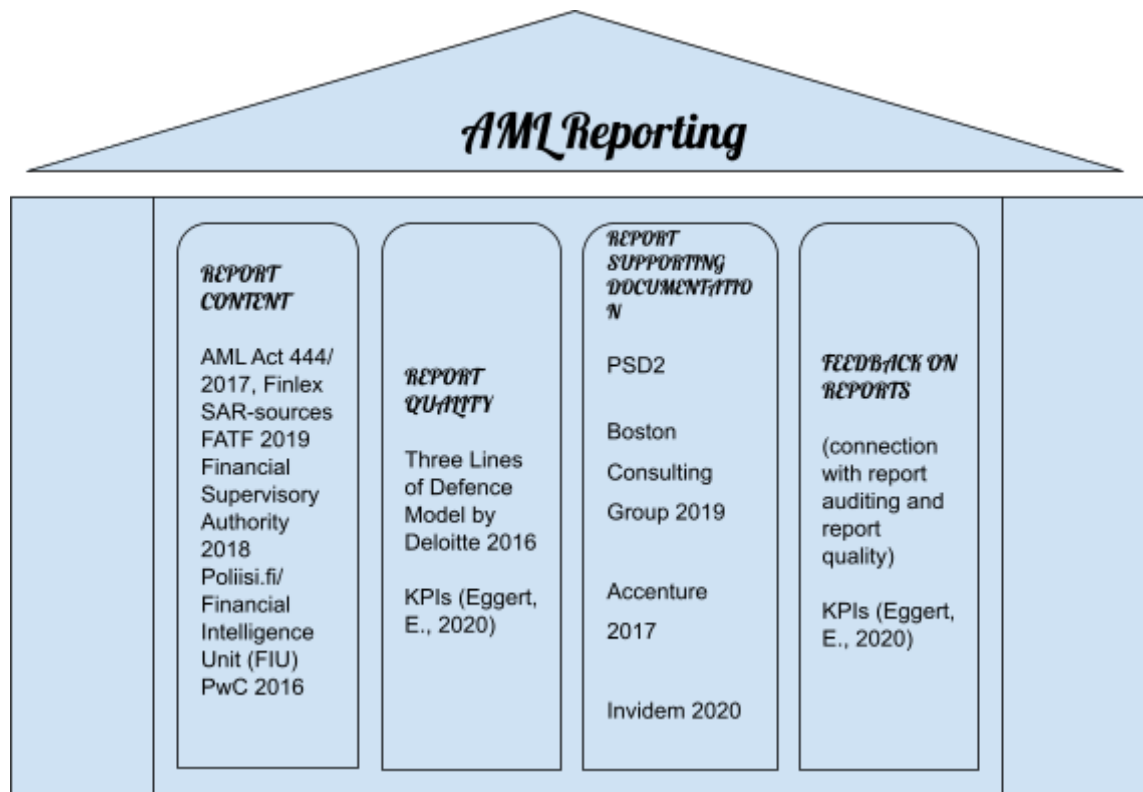
Figure 5 shows the Conceptual Framework of this study.

The first element of the conceptual framework is the report content. The main structure of it is based on The Act on Detecting and Preventing Money Laundering and Terrorist Financing 444/ 2017 (Finlex 2017). Alongside it AML reporting is regulated and/ or overseen by other instances such as FATF, Financial Supervisory Authority and Financial Intelligence Unit. Their sources give a base for building a proposal in the next chapter.

The second element of the conceptual framework is the report quality. This is used in the next section with the Deloitte model of Three Lines of Defence. KPIs of the report quality need to be addressed in the Initial proposal in Section 5.

The third element of the conceptual framework is the report supporting documentation. Boston Consulting Group and Accenture are the main sources for this area. PSD2 needs to be taken into account in Section 5.

The fourth element of the conceptual framework is the feedback on reports. This has a connection with report auditing and quality. KPIs by Eggert is the source for this area.

Next, the study will lead to Section 5 and to a proposal regarding the AML reporting content of the company.

5 Building Proposal for AML Reporting Content for the Company

Here the results of the current state analysis and the conceptual framework lead towards the building of the Proposal using Data 2.

5.1 Overview of the Proposal Building Stage

Based on the current state analysis findings on report content and quality, the quality seemed to improve by giving feedback to the report writers. The guideline for AML Reporting Content is meant to support Branch Managers and team members in AML report writing. Best practice on AML reporting content was found from literature. In Data 2, it became clear that when AML reporting is mentioned in the Thesis, it means internal reporting of the company. What comes to external AML reporting defined by FIN-FSA, it is not in the scope of the Thesis.

The proposal building was conducted with Data 2 interviews and based on the Conceptual Framework literature.

First, the interviews followed the themes discussed in Data 1 and Data 2. These were AML reporting content, AML reporting quality and report content supporting documentation. The conceptual framework and suggestions from literature were discussed with the stakeholders to bring more understanding on the topics.

Second, the interview notes were examined multiple times. The connections between report content and quality were examined in detail. The aim was to find the most important factors for Initial proposal for AML Reporting content and quality.

Third, Data 1 and 2 of the report content supporting documentation was examined and decided that main types of supporting documents would be listed during the next steps of the thesis. They would be gathered in order to give a more realistic content of the

AML reports to the reader. Without this knowledge, it might be hard to understand how the supporting documents affect both the content and quality of a report.

The research design planned that the outcome of Thesis will be the Guidelines for AML Reporting Content. To achieve this objective, based on Data 1 and the conceptual framework, to get a clear understanding of the content, there became a need to understand what makes a quality report. These were discussed with the stakeholders in Data 2 where they made suggestions to improve the Guideline.

As the conceptual framework was introduced to the stakeholders during Data 2 gathering, it became evident that the "Feedback on reports" column is better suited as part of the "Report Quality" column as a sub section. This due to their interdependence.

Data Collection 2 stakeholders agreed that report content supporting documentation could not be ruled out of the thesis scope, since there is an interdependency to report content and quality.

5.2   Internal AML Reporting Content Proposal

In Data Collection 2, stakeholders identified previously discussed elements required for AML reporting content. The content needs to answer "who", "what" and "why", the why being the purpose of the transaction. These elements are presented on Data 1 and Data 2, and Conceptual Framework. It was decided that the Initial Proposal will list all relevant report content elements to a table.

The stakeholders agreed that the less there were documents to include in a report, the more the writer needs to open up the transaction in written form. This was seen as compulsory.

Stakeholders identified supporting elements in AML system functionalities that can support the report content. The reporting is started automatically when required, filled in by the writer when necessary, and sent to the AML Officer of the company who evaluates the risks of the transaction(s). The screening systems screen the purpose of

the transaction but in some cases the writer has to remember what is required without much support from the system. Starting to use more drop down boxes for most common transaction types was mentioned desirable by the stakeholders. This would be beneficial with the most common transaction types. The system could guide the writer more on the content. The writers themselves would not have to depend on memory so much. Automatization was seen as beneficial to tackle the most common transactions. Unfortunately, the system functionalities are out of scope of Thesis and need to be left to further studies.

Based on these, the proposal regarding content must acknowledge that most of the transactions are prompted by the AML reporting system and require a set of information on the transaction. The AML reporting system functions are based on an overall risk assessment made by the AML department and a risk assessment by the report writer. When prompted automatically, it is easy to fill in what is required as content and follow the instructions. The more complex example is a SAR, when suspicion has arisen during or after screening. In these cases, financial institutions must follow the assessed risk level the institution is willing to bear.

5.3   Internal AML Reporting Quality Proposal

During Data collection 2, the stakeholders indicated that the reporting quality could be higher after writing the report, if the writer receives feedback soon after it. During Covid-19 pandemic, giving feedback had mainly been done verbally, but it was clear to the Branch Managers that they saw an interdependence between giving written feedback and higher quality of reports. Feedback was also given through by following KPI's on positive and negative AML reports. Audit checks of reports were seen as a way to follow these KPI's, whether a branch success/ a single AML report success was discussed. A monthly KPI follow-up was in place in the company, and literature suggests following KPI's, which can be used in feedback as a basis. When the given feedback had improved the quality of a report, it had also made the audit check procedure easier. The direct, quick feedback to the writer was seen as a supportive element to report quality.

Data 2 stakeholders agreed that a formal system of giving written feedback needed to be put into place again after Covid-19. Written feedback as soon as possible after submitting or within a minimum once a week is recommendable, since the report writer could still remember the transaction better. The outcome of the study, Guideline for AML Reporting Content, can be used as support material to Branch Managers who give the feedback to the writers.

Quality in literature is prescribed through risk assessment by financial institutions. IFC has guided financial institutions in Customer Risk Rating, which the AML department conducts. IFC has given examples on Lower-Risk Customer examples and Higher-Risk Customer Examples. (IFC 2019: 28.) These have an effect on the report type the reporting system requires to fill. The stakeholders indicated that the initial proposal for internal AML reporting content can include AML reporting guidelines based on the report type. For further reading, risk rating of AML reports can be found through IFC examples.

5.4   Internal AML Report Content Supporting Documentation Proposal

Based on Data 2, the stakeholders could identify certain report content supporting documentation. They were asked to name three of the most common possible documents to be attached to a report to prove the source of funds. The stakeholders identified the source of funds currently to be clarified from: Bank statement, payslip and sales document. The initial proposal shows the most common documents in Table 7. A critical factor found was that the document, whether a digital or paper version, can not be encrypted or contain strikethrough. It also needed to show a connection to the transaction executor. For example, as proof of origin of funds, a payslip needs to show the name and address of the person, so there is no doubt whose payslip is in question. Documents were seen to support the reports when the amount of the transaction was high and when larger amounts of cash was involved, as examples.

The stakeholders were introduced to possibilities that PSD2 offers, such as the customer being able to show several accounts' balance at the same time. PSD2 was found in literature. The question that still remained was if balance in itself proves the source of funds sufficiently. Balance does not show how the funds have originally come

to the account. There were issues concerning gaining this data in a digital format. This unfortunately is out of scope of the thesis, but rests to be further investigated.

Table 7 below shows the inputs for the proposal.

Table 7. Key stakeholder suggestions (findings of Data 2) for Proposal building in relation to findings from the CSA (Data 1) and the conceptual framework.

	Key focus area from **CSA** (from **Data 1**)	Suggestions from stakeholders for the Proposal, summary (from **Data 2**)	Description of their suggestion (in detail)	Input from literature (**CF**)
1	Relevant for AML reporting content are to answer to: Who, what and why (purpose of transaction)	Risk assessment is based on previous transaction history. Risk assessment is carried out by the AML department (KYC, SAR or other, based on AML Act).	Risk assessment should be taken into account when gathering proposal for AML reporting content. Literature to help explain the connections to report type.	FIU training for banks and financial institutions FATF recommendations FIN-FSA Risk assessment of obliged entity (2020) Customer risk rating by IFC 2019 PWC: Know Your Customer -Quick Reference Guide (2016) Finland pp.386-391
	Report supporting documentation	When documents are needed to support the transaction, they can be varied	Not all transactions need supporting documentation. When the documentation is needed, the most common to show the source of funds mentioned were: payslip with owner details, three months' bank statement or sales documents (of an object, estate or other). Cash transactions: can be harder to verify the source of funds. Such verification might not exist (cash resources kept a long time at home,	FIN-FSA risk assessment on products and services (2020)

		documents without the name and details of the holder, such as ATM receipt)	
		AML Report auditing should be kept separate from the Thesis, as the Thesis mainly focuses on feedback (which needs to be given in a quicker pace directly to the report writer)	
	Given feedback was seen to enhance the report content quality (new responsibility given to Branch Managers)	Regular feedback was given verbally (due to Covid-19) Desire to give written feedback 1-2 times a month	The stakeholders agreed that written feedback was essential when it was related to performance KPI (positive or negative feedback on reports) Auditing procedures have no relation to report content quality in real time, whereas timely feedback enhances the content quality.	KPI's by Eggert, E. suggest to set and follow KPI's

As seen from Table 7, AML reporting content has key focus areas such as who, what and why, report supporting documentation and feedback.

5.5   Initial Proposal for AML Reporting Content

The Initial proposal is gathered into Table 8 to show all relevant aspects to AML reporting content. The most important factors to AML reporting content are described. What needs to be added to the initial proposal of AML reporting content is the risk assessment point of view by FIN-FSA. Internal AML reporting of a financial institution in Finland is described like this: "The law does not provide exact content requirements for the risk assessment", which FIN-FSA requires of an obliged entity. Risk assessment is required to identify and assess the risks of money laundering (and terrorist financing). The obliged entities have to take into account the nature, size and extent of their own activities. (FIN-FSA 2020.) This has to be taken into account in internal AML reporting.

Based on Data 1-2, external AML reporting is outside of scope of the Thesis. It was also agreed that auditing had little effect on the content of AML reporting, since the reports had already been filed. Writing a report and auditing might have a long time in between them. That is why giving feedback on the reports is more important to the content and quality, as it is timely.

Based on Data 1 and Data 2 and the conceptual framework, these are the elements a Guideline for AML Reporting Content should ideally include:

Table 8   Initial Proposal based on Data 1, Data 2 and the conceptual framework.

REPORT CONTENT	The transaction executor, the "**who**" is identified in the report.
	This is done with a valid ID. Typically read with an ID reader.
	The valid ID is a requirement for any banking transaction to be made.
	ID acceptable by the bank, valid and in good condition
	What is reported: who, what and why the transaction was made
	Essential to this is that the transaction is opened, the less there is data supporting the transaction (such as transaction history)
	Amounts are essential to the report content
	Why in short is **the purpose of the transaction.**
	Why the report is made is especially important in these cases: Transactions with larger amounts (source of funds) Transactions performed with cash (source of funds) Due to reporting system requiring the report being made (routine check, repetitive transactions)
	Risk assessment made by the bank/ financial institution included
	PEP Politically Exposed Person
	KYC Know Your Customer
	SAR Suspicious Activity Report (when suspicion of fraud/ scam or other)

REPORT QUALITY	The factors that affect report quality
Feedback on reports	Feedback given on a report has the potential to enhance the quality of future reports.
	Regular feedback system is effective, as the writer still recalls the transaction. Written feedback was seen as the most effective method.
	Enhances the quality through examination and giving feedback.
	Feedback given in written form gives the report writer a chance to perform better in future reporting.
Following KPI's	Positive feedback on reports
	Negative feedback on reports
	Three Lines of Defence model by Deloitte 2016 on Auditing
REPORT CONTENT	Main reasons for obtaining supporting documentation*:
SUPPORTING	*one or several of reasons in parallel
DOCUMENTATION	AML reporting system requires **source of funds** documentation
	High risk countries by FATF involved in the transaction
	Large amounts

	Cash transactions (higher risk)
	Most commonly mentioned to clarify the source of funds:
	Bank statement* (the larger the amount, 3 months or showing source of funds for the amount used in the transaction)
	Payslip* (from the start of the year)
	Sales document of an object*: car/ house/ property or other
	Power of Attorney* only in rare cases, since there are exceptions concerning it
	*Showing connection to the transaction executor (with name, address etc.)
	*No strikethrough/ encryption allowed
Out of scope	**Out of scope of Thesis but issues to be resolved:**
	PSD2 digital solutions currently show balance on bank account, not the origin of funds
	Shared platforms could ease obtaining and handling KYC banking data

As seen from Table 8, the Initial Proposal consists of three key areas that support report content.

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The key areas to uplift from the table are shown in Figure 6, namely the findings below: report content, report content supporting documentation and report quality.

Figure 6. Three key areas of the initial proposal.

Figure 6 shows the three key areas of the Initial Proposal.

The "who" is verified by ID information and shareholders wanted to point out that it is the starting point of any transaction. Without ID information confirming the identity of the person, no transaction could be performed in a bank.

The "what" is reported is the nature of the transaction. The stakeholders underlined that the nature of the transaction needed to be opened up in the reports more in cases

where there was no supporting documentation or little of it. With supporting documentation the nature of the transaction is proven and leaves no doubt.

The "why" clarifies the purpose of the transaction.

The overall risk assessment of an existing customer relationship is done based on the previous transaction patterns. Risk assessment is performed by an employee based on the transaction. When a report is prompted, the employee needs to follow the possible guidance of the report and common instructions based on report type.

The report type is in line with Customer Due Diligence procedures. It defines the level of Know Your Customer needs, which is tied to risk assessment and risk levels. Examples are Know Your Customer (KYC) report, Politically Exposed Person (PEP) report or Suspicious Activity Report (SAR). Know Your Customer procedures are based on AML Act 444/ 2017.

In regards to the Report content supporting documentation, it needs to be addressed that FIN-FSA risk assessment of products and services has assessed cash handling risk as significant or very significant risk for financial institutions, shown in Figure 7. That is most likely the reason it surfaced widely in Data 1 and Data 2 collections. This validates the need to see the origin of funds from supporting documents for transactions involving cash.

Figure 7. Risk assessment of products and services by FIN-FSA (2020).

Figure 7 shows risk assessment of cash as a product as "very significant". (FIN-FSA 2020)

Based on literature, while external reporting refers to reporting to appropriate governmental agencies, internal AML reporting refers to AML operational performance. It is stated critical for bank risk management and AML risk management processes. (IFC 2019.) In the validation stage, this needs to be addressed.

Section 6 discusses the validation of the initial proposal.

6   Validation of the Proposal

This section reports on the results of the validation stage and points to further developments to the initial Proposal. At the end of this section, the Final proposal for Guideline for AML reporting content is presented.

6.1   Overview of the Validation Stage

This section describes validating the initial proposal developed in Section 5. Key stakeholder evaluation of the proposal was gathered in Data 3 and the final Guidelines for AML reporting content had been agreed with the stakeholders to be built in a table. This is due to several topics affecting each other.

Data Collection 3, the validation phase, was conducted as follows. First, stakeholders were interviewed on the phone. They agreed that content, quality and report supporting documentation remained the main topics for the Guidelines for AML reporting content. The stakeholders involved were CEO Finland, Regional Manager Finland and Branch Managers.

Second, risk assessment and report type in regards to AML report content were discussed on the phone with the stakeholders. Based on Data collection 1 and 2, these were the issues that needed stakeholder input in regards to AML Reporting Content. The stakeholders told their insights about the issues and those insights were written down as notes.

Third, to verify the views from the stakeholders, the views and terminology around them were double checked from literature. The main source for a risk-based approach and risk assessment in regards to reporting was found from FIN-FSA.

6.2   Developments to the Proposal (Based on Data Collection 3)

Data collection 3 identified improvements to the Guideline for AML Reporting Content. As Data collections 1 and 2 had suggested, giving an answer to who, what and why are

the main content to an AML report. Data collection 3 improvements point out that what needs to be opened up in the AML report is the performed risk assessment, as it answers the question "what and why" on a report.

Separating risk assessment and report type from each other in a clear way is an improvement based on Data collection 3. The two were found connected to each other, but the stakeholders wanted to underline that there was a risk of mixing the two together. Also, there are several levels of risk assessment inside financial institutions, which are connected to risk management. For an individual AML report the risk assessment is performed by an employee at the time of transaction. This risk assessment is separate from the risk assessment that AML Officer and AML department conducts, which is done based on the overall transaction history in regards to the risk level the financial institution has agreed to carry. As the risk assessment by the AML department is wider, it has more control over the report types that a bank employee might be using when reporting. Report type is either chosen based on the sanctions list and PEP list screening result or it might be prompted based on the overall risk assessment the financial institution has conducted. This is related to the Customer Due Diligence procedures and ongoing monitoring. The overall risk assessment is always connected to the products that the financial institution offers to its customers.

What comes to individual report types, there are certain things that apply to a specific report type. KYC reports are about basic understanding of the transaction. If an AML system would require a SAR to be written, there might be set rules of what is required to be able to proceed. This is defined by the financial institution internally. Denied report type is used in cases where for example FATF high risk countries might be involved, which may have led to a denied transaction.

Table 9 below shows the inputs, expert suggestions of stakeholders, from Validation.

Table 9.   Expert suggestions (findings of Data 3) for the Initial proposal.

	Element 1 of the Initial proposal	Parts commented in Validation	Description of the comment/ feedback by experts (in detail)	Development to the Initial proposal

1	Report types (KYC, SAR, PEP) need to be separated from risk assessment of the financial institution	a) Define both clearly, what both mean	The experts suggested to discuss report types and performed risk assessments at the time of transaction separately	Report type based on AML screening by the system. Risk assessment performed by an employee.
		b) Risk assessment can be divided into overall risk assessment of an offered product by the financial institution and into a risk assessment made by an employee at the time of transaction	The experts suggested to explain that risk assessment is done based on the AML training all employees receive by the employer. If this risk assessment is missing from an AML report, the content is incomplete! (=answers to the "why" a report is made)	Risk assessment by an employee is mandatory for sufficient AML report content
		c) Overall risk assessment is conducted by the AML department	AML department makes a risk assessment based on transaction history	Connection to report type (KYC, SAR, PEP)
	Content answers to: Who, what, why	d) keep as they were	The experts suggested to explain that risk assessment is the answer to "what" is reported on	Risk assessment explained as part of report content

As seen from Table 9, Data Collection 3 emphasises risk assessment as a vital part of AML report content.

6.2.1   Developments to Internal AML Reporting Content of the Initial Proposal

The AML system adds the report type, whether it is KYC, SAR, PEP or other, to the AML report. Screening is performed against sanctions and PEP list. Pattern analysis by the AML system affects the reports the system might trigger. These points explained open were still found as missing from the Initial proposal. What came to different levels of risk assessment in a report:

> Risk assessment defines the risk level. Different risk levels exist. Starting from KYC basic understanding of what was done, the risk level grows. Denied report type is only

> used if the risk level (to the bank) has been too high on a specific transaction.
> *(Interviewee Branch Manager 3)*

There was a need to separate risk assessment and report type from each other. Risk assessment of any financial institution is done based on the products they offer and the risk level the financial institution is willing to take. In Finland, FIN-FSA requires "an obliged entity to demonstrate that its methods concerning customer due diligence and ongoing monitoring are adequate" what comes to the risks of money laundering and terrorist financing and demonstrating this to FIN-FSA (FIN-FSA 2021). This was the clarification the stakeholders wanted to add.

> Risk assessment answers the what in the report, it gives the base of what's going on and why the report is being made in the first place. *(Interviewee Branch Manager 4)*

Other than that, the stakeholders agreed that the report content should include who, what and why. In some cases, this means adding documents that prove the origin of funds. Stakeholders wanted to add that answering on the report to "who, what and why" *equals* writing performed the risk assessment to the report.

6.2.2   Developments to Internal AML Reporting Quality of the Initial Proposal

The Initial proposal revealed that the stakeholders saw auditing to be a part of inside the company procedures, which were tied to record keeping responsibility. This can be examined in detail from FIN-FSA webpages. When it came to individual AML report content, the stakeholders saw that timely feedback from the Branch Managers to the report writer was more in line with supporting the report quality. Timely feedback on a report was seen to support the content of future reports and enhance their quality. As quality comes from sufficient content, these are both present in the final proposal.

6.2.3   Developments to Internal AML Reporting content supporting documentation of the Initial Proposal

The validation discussions did not find other common content supporting documentation on top of the ones that had previously been mentioned. As a rule of thumb, if the original supporting documentation was interpreted, it needed to be done by an official interpreter. Other than that, the most commonly accepted supporting

documents were a bank statement, payslip or sales documents, that show the origin of funds. In case of a sales document, it was seen to include all kinds of different sales documents. These could be sales documents of a house, property, estate, car or other vehicle, or other to show the origin of funds.

6.3   Final Proposal for AML Reporting Content

The final proposal follows the same pattern as the study follows throughout the thesis. The quality of reports is tied to the content of a report and whether it is sufficient. Also, as the report content might require supporting documentation, they are seen as part of the report content. If required supporting documentation is missing, it lowers the quality of a report.

In Table 10, the Final proposal is divided into sections. These are AML reporting content, including report type, risk assessment, purpose of transaction, report quality and report content supporting documentation. These topics are present, since they are necessary for internal AML reporting content. With the following AML report content the record keeping obligation of a financial institution is fulfilled in Finland currently. CDD consists of many related issues, but it is out of scope of the study.

Worthy of pointing out, the report type and risk assessment need to be in line with each other. As an example with risk analysis, when a SAR is written but not explained what caused suspicion, it is an incomplete report. The content quality would be poor in that case. A risk assessment might have been performed, but for any reason would have been left out of the report content. Table 10 shows the final Guideline for AML reporting content.

Next, Section 7 presents the executive summary of the study and evaluation of the thesis.

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Table 10. Final Proposal for AML Reporting Content.

AML REPORT CONTENT	Who is the report tied to identified in the report	Done with a valid ID (ID prerequisite for any transaction)	Valid ID accepted by the bank and in good condition	In Finland: ID card, Driver's Licence, passport with number	Obtained information on the customers' activities, the nature and extent of their business and the grounds explained on what services and products they use (FIN-FSA 2018)
	What is reported	who, what and why the report is made	With the report type (KYC, SAR, PEP)	Transaction is opened in writing, including amount(s)	Content answers to what is required by the reporting system
Report type	KYC Know Your Customer	Basic understanding of the performed transaction(s)			
	PEP Politically Exposed Person	Additional due diligence	PEP screening performed	Also if related to PEP or known business partner to PEP	
Report type and risk assessment need to be in line with each other	SAR Suspicious Activity Report	What caused the suspicion	Suspicion of fraud, scam or other		

	Denied	Denied transaction	In cases where there have been grounds to deny	Without the right to use the funds in question or similar. (A hit in sanctions list)	FATF high risk countries involved in the transaction
Risk assessment (part of CDD)	Overall risk assessment made by the bank/ financial institution (not mentioned in the reports, but acts as the base for a report)	In line with the products the financial institution offers to their customers (not necessarily mentioned in the report, but acts as the base for a report)	Risk assessment performed by an employee at the time of transaction, opened up in the report (screened against sanctions and PEP list)	If the risk assessment is not explained open in the report, the report is not complete	Example: SAR not explained what caused suspicion → incomplete report
Purpose of transaction	"Why" the report is made answers to the purpose of transaction	Purpose of transaction is especially important in following cases:	Transactions with larger amounts (source of funds) Transactions performed with cash (source of funds)	Other reporting system triggered reports: routine checks with repetitive transactions (KYC)	
Report Quality (the factors affecting	Accuracy of content				

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report quality)				
Feedback on reports	**Written, timely feedback** on a report was seen as the most effective method to keep the reporting quality high	Feedback to the report writer within a few days to 1-2 weeks (the writer might still recall the report)	Given feedback creates the possibility to perform better in future reporting	Given feedback enhances the quality of future reports (positive/ negative)	
Following KPIs	Positive feedback on reports	Negative feedback on reports	Used as part of feedback to the report writer		
Report Content Supporting Documentation	Main reasons for obtaining supporting documentation: *one or several in parallel	* AML reporting system requires **source of funds** documentation	* Large amounts	* FATF high risk countries involved in the transaction	* Cash transactions (pose higher risk due to untraceability)
	Most common examples on source of funds:	Bank statement (with name, address)	Payslip (with name of the holder, from the start of the year)	Sales document of an object (property, real estate, car or other)	Power of Attorney only in some cases (rules apply)
	No strikethrough/ encryption allowed in the documentation	Showing a connection to the transaction executor (with name and address in the			

		documentation)			

Table 10 shows the Final Proposal on AML reporting content, including AML report content, report type, risk assessment, purpose of transaction, report quality and report content supporting documentation.

7 Conclusion

Section 7 summarizes the thesis. The section contains an executive summary, which describes the main steps and results of the study. Then, managerial implications and thesis evaluation follow. Finally, closing words are presented.

7.1 Executive Summary

The AML reporting language at the time of conducting the current state analysis in this thesis changed from Finnish to English. Accordingly, the initial study objective was to measure the impact of the language change into English on the content of AML reports. The case company is a bank in Northern Europe. The study focuses on the branches in Finland. The business challenge was that the employees had to manage the new reporting language and keep the reporting standards high. In the year 2020, giving feedback to report writers became the responsibility of Branch Managers. Previously the feedback was given by the AML department.

The study was conducted using qualitative action research methodology. Thesis Data 1-3 collections were gathered by interviewing stakeholders. Stakeholders included AML team Finland, Branch Managers in Finland, Regional Manager Finland and CEO Finland. The interviews were organized in Teams or by phone calls. Recordings were made and notes were taken of the interviews.

The current state analysis showed, however, that the reporting language was not the main issue affecting AML report content. There were other factors that affected the content more. First, Branch Managers giving feedback on reports was seen to enhance the quality of reports. Second, the feedback needed to be timely, so that the report writer could still remember the report. Third, the content and quality were seen to support each other, as the content is what was seen to make a quality report. Additionally, at the time of conducting the current state analysis, other important factors to AML report content were identified such as purpose of transaction and origin of funds. The current state analysis revealed that the report content needed to answer with clarity to the questions: who, what and why. With this data, the next steps were to

find reliable sources from literature and best practice. Financial Supervisory Authority FIN-FSA, Ministry of Finance, Finland and Financial Action Task Force with others lead to selecting the most relevant inputs into the conceptual framework. The conceptual framework was compiled of four columns representing the cornerstones of AML reporting. Those were the report content, report quality, report supporting documentation and feedback on reports.

The Initial proposal on Guidelines for AML reporting content was built based on the current state analysis and the most relevant suggestions from literature gathered into the conceptual framework. After Data collections 1 and 2, it was found that the reporting content has other crucial elements that need to be covered in a report, and the language used in reporting is not a weakness in the case company. Regardless of the AML Report type, which could be KYC, SAR, PEP, Denied or other, based on risk assessment, the AML report's content needs to include the answers to "who, what and why". Answering these questions in a report *equals* writing the risk assessment in a way, that it would be easy to understand for a first time reader. Thus, the missing elements were added to the final proposal. The final proposal shows all the factors that are vital to AML Report Content. These include added supporting documentation for the report, if risk assessment so requires. The report would not be complete, if the documentation was not added.

The Thesis results were validated by the stakeholders of the case company. The proposal was validated with the Branch Managers, Regional Manager and CEO Finland and approved for implementation. The feedback to the study from Branch Managers was positive, as they acknowledged that their role as the person giving feedback to report writers was still new. Their responsibility of giving feedback on the AML report content had started in 2020.

Branch Managers saw the Guidelines for the AML reporting content as a tool to use with new employees, when introducing them to AML reporting. Even though the language change had not had a huge impact on report content, the Branch Managers thought that the Thesis language, also being English, may benefit new employees of the company. The company AML training is Finnish, so it was seen as beneficial to have more tools in the reporting language, English. As for other business impacts, the

Thesis makes an introduction to the risk-based approach and risk assessment, that makes a great deal of the content of an AML report. The conceptual framework sources of the thesis is a good starting point to anyone, who is interested in finding out more.

7.2   Managerial Implications

First, Branch Managers can give access to these guidelines for the AML report content, which is also complementary to the existing company AML training. Even as the goal for this was not to build an English vocabulary for the employees, the thesis could still help to get a basic understanding of AML reporting content in English. New employees, especially if new to banking and the financial industry, may be the ones needing the most assistance with risk assessment and AML reporting.

Second, access to these guidelines for the AML report content will be beneficial to all existing employees. In case employees need to get reference points from literature to the AML report content, this could be a starting point. It may be that a customer is interested in hearing more about *why the bank asks* in English. All in all, the starting point for the Thesis was that the reporting language changed to English. The Thesis can be used as additional material to AML training.

Third, when Branch Managers give feedback on AML reports to employees, the Guidelines for AML Reporting Content can be a good reference point. The study found giving and receiving feedback on the report content to have a strong connection to each other. The quality of reports and their content was observed to be higher after feedback that came to the original report writer in a timely fashion. That is why it is important for the Branch Managers to create a routine of giving timely feedback to the report writers. The recommendation given here is giving written feedback minimum once a week to report writers. As a report writer gets feedback, they get reassurance and can focus on the necessary content of a future report. They can maintain report quality or raise the quality of a report in the future.

7.3   Thesis Evaluation

The original objective, measuring the impact of AML reporting language change to report content, was soon left out of scope as the stakeholders defined other factors that were more damaging to the content, if left out of a report. The language change into English was still one of the focus areas of the Thesis in later Data collection rounds. Even though the reporting language had changed, it became evident during the current state analysis that, if the AML reporting content has issues, those issues are not tied to the language. Having the necessary content in AML reports had much to do with how much the system guided the report writer. KYC reports seemed to be the easiest to fill as it requires basic understanding of the transaction. The more complex transactions are made, the more deficiencies might be found from reports. Risk assessment and the lack of it in writing seemed to be the most damaging factor to the report content, thus to report quality. If there is no explanation why a specific type of report is written, the quality of the report is poor. The same applied to possible missing content supporting documentation, when they were required by the system.

Following the scope of the thesis was difficult at times, since AML reporting is a large topic and many things are tied to each other. If I would start from the beginning, I would narrow the scope down even more. Only thinking about CDD procedures, and not explaining them to the reader more was necessary to keep within page limits. In that sense, these topics need basic understanding of AML Act 444/ 2017. It was a chosen path not to explain about companies as customers, since it could easily demand for another thesis to be written. For a long time, it was undefined by me as the writer if the scope covers internal and external AML reporting. Luckily, the stakeholders helped me narrow it down to internal AML reporting of the case company. Writing about external AML reporting deserves its own thesis.

In many ways, the key elements to AML report content were present throughout Data 1-3 collection rounds. It must be said that discussing AML report content "who, what and why" throughout the Data collections was a naive way of the writer to describe risk assessment. It proves that finding the correct term is not always easy. Then again,

these same exact words were found from literature. The main thing is that this essential topic was included in the Thesis.

7.3.1 Research Evaluation Criterion 1, Transferability

To justify transferability, the action research needs to be reported step by step to show its quality and rigour. Only then can it be transferable to other businesses working in the same field. Anyone interested in following the process with critical scrutiny should be able to do so. This includes interpreting data and building theory and them being in an explainable form to anyone interested. (Checkland & Holwell, 1998: 12-14).

In this study, transferability was planned to be ensured by taking the following steps. The current state analysis went through the existing knowledge on AML reporting. The law on anti money laundering is clear and structured and gives the thesis a clear goal on what AML reports need to include in general. Finlex and FIN-FSA were used as the main source for anti money laundering acts in the thesis since they are reliable sources of law and AML Act 444/ 2017. It was easy to find sources to use from literature. Other banks and financial institutions must follow the same laws. Risk assessment measures of banks may vary. The hardship of the topic was that many things are connected to each other: CDD procedures, risk assessment and report type (KYC, SAR, PEP etc.), so staying inside thesis scope was truly challenging at times.

7.3.2 Research Evaluation Criterion 2, Reliability

The reliability of the thesis was planned to be ensured by setting aside the author´s own perspective and view of the banking world, which otherwise might be taken for granted. In an interpretive process the researcher has a role of an objective observer (Taylor, Bogdan & DeVault, 2015: 17-21).

In this study, reliability was planned to be ensured by taking the following steps. The focus needed to be on topics that were brought up by the interviewees and appeared several times. The thesis author in this case has experience in banking for 10+ years which can not turn against the author and appear in the study as being biased. Multiple interview rounds made sure that the most popular topics will be brought up several

times. The thesis results were discussed with the stakeholders and their feedback was appreciated throughout the process.

The idea was to find solid sources for building a conceptual framework that anyone working in a bank could agree with. The literature used in the Thesis is a strong foundation to the study. As Finlex as a source has law text, the writer has tried to use the text in a way that could bring the themes closer to the reader's daily life. Literature and Data collections 1-3 were seen complementary to each other by the writer.

The writer has changed the place of work, which has made her an observer in the final stages of the Thesis, which should also add to reliability, making the study more independent. The reliability is also shown in how the thesis was steered away from the language change impact on report content by the stakeholders. The writer's own perspective did not influence this and the advice from stakeholders was trusted by the writer.

7.3.3 Research Evaluation Criterion 3, Credibility

Credibility in this study as supported by extensive data collection and analysis. The data needs to be open for examination. Methodical data collection from reliable data sources such as interviews of the stakeholders is needed to show credibility. (Willcocks, Sauer & Lacity, 2016: 184-186).

In this study, credibility of the thesis was ensured by in-depth interviews with stakeholders that have been working for the bank for multiple years and possess the knowledge on how anti money laundering reporting works. The stakeholders were the AML team, Branch Managers, Regional Manager and CEO Finland. The interviews were recorded and/ or notes taken. Common themes were found from the interview field notes via the Content analysis. It was agreed with the stakeholders that these notes would not be added to the public version of the Thesis. The main outputs are shown on the thesis throughout the study, which the reader can follow. Outside of this study, the Thesis will be given to bank employees and used as a Guideline for AML reporting content.

7.3.4   Research Evaluation Criterion 4, Dependability

Dependability means the stability of data if the research was conducted in a similar matter with similar participants later on in time. The criteria used in selecting participants needs to be clear so that the reader understands why these participants were selected for the study. The same context of study needs to be present in order to show dependability. (Elo et al., 2014:4).

In this study, dependability was planned to be ensured by taking the following steps. The selected participants were the AML reporting professionals and branch managers, who possess the widest knowledge in the organisation of the AML reporting content. The participants were branch managers since they are responsible for their teams' success or failures in AML reporting. It was not originally planned to have stakeholders from HQ Finland to participate, other than AML Officer. In the end Data Collection 2 and 3 involved the CEO and regional manager of Finland and their input ended up being valuable. Their views of AML reporting as part of risk management procedures of the company gave new insights. Critique is warmly welcome from an audience that is familiar with AML reporting, banking regulation and AML Act 444/ 2017.

7.4   Closing Words

Literature offers a lot of reading material on AML reports. Literature offers information based on a report type. These are, for example, KYC, SAR and PEP reports. This thesis was made as a general guideline, and AML reporting was used as an umbrella term for all different report types. General rules apply to all these reports, which are described in this thesis.

Content of an AML report depends on the report type and performed risk assessment. The risk assessment needs to be opened in writing in a report. The content needs to answer the questions: who, what and why. When the AML system supports the writer by giving guidance, it can be easy to answer these questions. The more complex a transaction has been, the more detailed the report needs to be. The purpose of transaction and the origin or funds make the essential parts of an AML report.

Hopefully, these Guidelines for the AML report content will answer some questions the reader might have about AML reports and their content.

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Appendix 1
DATA 1
INTERVIEW QUESTIONS (Branch Managers)

Understanding *the content*
"Where are we now"

"Regulatory/ AML reporting content"

<u>Branch managers</u>

KYC content -what is basic content?
SAR content -examples?
DENIED content examples?
PEP/ Sanctions list
GDPR examples?

-What makes a quality report (what is quality AML reporting)?

-How has the reporting language change affected report content?

-What is your role in the AML report content auditing of your team? Do you divide it with the deputy branch manager?
QUALITY = branch manager or deputy branch manager
ROUTINE CHECKING = branch manager deputy branch manager

-How are the cases where employees need the most help in the reporting (**content)**? (are they multi-phased, missing documents, errors?)

-What kinds of errors can the reporting bring up or create?

-Is there a feedback system on the reports to the employees?

-Why is a feedback system to employees necessary?

-How should the AML system function as opposed to the current one if you could change it? Would it be a separate system or together with other systems? How should it help the system user to ask for a document?

-How often is enough to go through AML related examples with employees? (monthly team meetings, personal feedback, more?)

-What kind of responsibility does a branch manager hold as opposed to an AML team member on the AML training of staff?

-Are there differences in the reporting (style, length) content of full time// part time employees?

-What are the positives on reporting on your own language/ in another language? And the negatives?

-How many times do you need to back up or support your team/ employees in AML reporting and getting sufficient documents from the customer within a week?

-What are the situations like where the employees need support?

-What would you say are the reporting content strengths?

-And reporting content weaknesses?

-Would you like to add anything?

Thank you!

Appendix 2
DATA 1
INTERVIEW QUESTIONS (AML Officer)
Understanding *the content*
"Where are we now"

"Regulatory/ AML reporting content"

AML Officer

KYC content   -What is the most important content? 3 examples
SAR content   -What is the most important content? 3 examples
Denied (fraud) -examples
PEP/ Sanctions list
GDPR examples?

-What does quality AML reporting consist of?

-What does your work in Finland HQ consist of?

-What are the cases like where employees need the most support these days (on the phone, at monthly meetings)?

-Are there differences when it comes to branches in how they have performed in quarterly audits?

-Can you describe the auditing process on reports?

Data complexity -how do the existing systems help to solve it?

-How often does the company change settings and scenarios in the AML system that backs up KYC (based on legislation change/ inside company risk level)

-What do the report writers need to focus most on?

-What is unnecessary in AML reporting?

-Which parts are the most important of the training given to employees concerning AML (reporting)?

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-Are there any challenges rising concerning the quality of reports with a language change?

-What kinds of differences have you noticed since the language change?

-What are the most essential **elements** (content) in reporting? And in documentation?

-How does the feedback system to employees function?

-How should the AML system function as opposed to the current one if you could change it? Would it be a separate system or together with everything else?

-How should it help the system user to ask for documents?

-What are the positives on reporting on your own language/ in another language? And the negatives?

-How often is it enough for the branch managers to go through AML related examples with the staff (your opinion)?

-Inner Auditing (quarterly): is there anything specific the inner auditor normally focuses MOST on in AML reporting auditing?

-Sanctions list -most likely out of scope of the thesis- would you include it in AML reporting study?

-What would you say are the reporting content strengths?

-And reporting content weaknesses?

-Would you include your previous AML colleagues' experience to the thesis? (how do branches benefit from the knowledge?)

-Is there anything you would like to add?

Thank you!

Appendix 3
Data 1 Interview field notes
27.4.2020 Branch manager, one or more branches
Length 55 minutes 20 seconds

KYC
Helping customers in their future transactions
XXX checks the quality of reports
XXX checks that all reports that needed to be done have been finished
To give positive feedback= the criteria is very high, excellent information, complex case, large amounts, documentation, exceeding expectations
Discussions with employees on the reporting all the time face to face
There are a lot of reminders in the system and menus/ options to choose from that has to be done for the system to let you forward, no more checking needed
What is the responsibility of the employee: transaction regarding the report
SAR
Denied, reason, only an extreme measure
Explaining what lead to the denial and what was the actual reason, why
Risk assessment has impact
Needed documents need to be included with explanation
Company funds registered as company customer
Private customer as private and origin of funds needs to show the real source
PEP reporting correctly, not to be mixed with sanctions list
Are you present in reporting moments:
Rare, outsourced to others, calling AML Officer and department
If present at moments: complex cases, not direct help but discussion with employee
Errors in reporting: a couple of times of writing with insufficient information leads to learning it correctly
Written feedback: very rare because the risk assessment quality is very high, constructive feedback hard to give because the standards are quite high
AML discussions: Monthly meetings, AML Officer comes to visit the branch at least once a year, face to face
A busy branch: **A lot of written reports has correlation to high auditing grade**, a lot of reports made vs. a quieter branch, where the quality of reports might be worse because of continuity missing in reporting
"Did you remember documentation" in the system -but with complex cases, too many options because the system does not know what it needs, needs human interpretation
Part time employees' and full time employees' reporting quality has no difference, only new employees might have difficulties at start
All employees need to thrive for the same results regardless the contract of employment
Language has had no difference on reporting quality, maybe just takes a little more time now at first

Strengths of reporting:
A lot of information
Informative reporting

Weaknesses of reporting:
XXXX

Broad reporting and very different transactions depending on the branches
Denied reporting cause: fraud, online shopping or other

Appendix 4
Data 1 Interview field notes
7.5.2020 Interview with AML Officer
12:08 minutes + 54:15 minutes

SUMMARY:
Quarterly auditing shows employee by employee/ branch by branch the quality of reports

FOCUS REPORTING CONTENT AND QUALITY

The writer needs to point out the whole picture of AML event

KYC the origin of money, how it will be used, why was the report made
SAR something suspicious, why did the suspicion occur, based on what, explain why proceed with the transaction
Denied = done with insufficient information, why, what was suspicious
PEP = KYC, higher risk involved, history, wide understanding of the transaction,
Why is the person PEP, position

Work: reports in Finland, not much difference after language change
AML Officer: report auditing
More towards compliance role: public authority requirements, law requirements, going through sources, checking routines

Branches need support in: middle risk transactions, large amounts at that specific moment, PEP procedures -might be rare
Sufficient document or not

Branches that have got worse grading in auditing, have a connection to how easily the staff call to get support. Call more, if the last audit grade wasn't great, double checking.

"If they have previously got negative feedback (on a report), they want support and a double check that the necessary information can be found in the report (before finalising the report)" from the AML Officer by calling.

1-2 years in a branch call most to get help, so they can perform better in reporting

System with complex data:
AML Reporting system functions well
Committed system developers. The updates and support functions well

Alarms based on the (new) trends monitored
Alarm: amount/ time period/ scenario building is agile
Automatic reports based on time period etc.
Many tools, linking transactions together easily, agile functions
Auditing is easy when analysing, the branches have simpler versions to report
When auditing the reporting system functions well
Law creates the frames
-**what** is asked from the customer comes from the law. Law gives a frame (required to know the customer, KYC)
-**when** the questions are asked is when there is continuity in the transactions

AML training
Yearly AML training, required by law
Training for new employees: the training needs to be done in order to understand transactions

Language change: challenging only if reporting has been challenging before the change
Depends on the ability to write quality reports, language doesn't matter
If the report hasn't been written well, it takes time to understand why the report has been made (bad language)
Auditing is volumes/ "mass" to the AML department
Quarterly **control/ audit** branch/ employee, easier to see who performed with what quality

The documentation needs to be linked with the customer (name and address found in the source of funds for example)
it needs to be readable in Finnish, Swedish or English (because of Finnish business environment and Finland's languages) -no other languages, if the origin is with another language it needs to be translated by a professional translator
The reporting systems can not decode the content/ content of the documents need to be checked by a human
Challenges are complex cases : power of attorney, that everything is in order
Feedback: Finland AML Officer → branch manager → report writer

AML Officer has the control over reporting feedback

Branch managers now have a larger responsibility of giving feedback to the writer
-especially positive feedback (because tied to performance, AML feedback from the branch manager is a KPI, positive and negative)
KPI follow up on reports
Branch managers have the monthly report checking responsibility in the branch.

AML Officer works at HQ and the feedback might not be personal from there, then again it is not 100% that the branch manager has time to give feedback when the report maker is at the same branch -might work in many)

BM → AML Officer request of feedback. No requests for feedback from report writers from AML Officer

Good that reporting starts automatically

Necessary documents
Quality interpretation needs manual work, a human is needed to check quality of documents, system needs to evolve so that it would understand quality standards (quality in the reporting comes from what the customer tells also, system has trouble understanding the meanings)

Check lists to the system of documents? Maybe

Risk assessment: focus on all banking products equally is important

Checking reports as often as possible, min. Monthly -weekly checking would be optimal (so that reporting checking flows smoothly and giving feedback comes in time)
Branch manager quality, deputy branch manager routine

AML & book keeping routines, how long reports are kept
Automatic alarms on sanctions listing, no real hits, nothing to report -not to thesis because rare

Pre screen reporting KYC
The reporting system has tools that set an automatic alarm -risk assessment is done based on the earlier transactions if necessary
Active/ several transactions, automatic alarms when several transactions, quality reports with high risk transactions
Helping the customer to proceed in the future
AML department checks after automatic alarms
Strengths: transactions XXX are very descriptive (explaining the transactions), knowledge and quality is very high because the content is precise and known what is needed, deep analysis with explanation

Weaknesses: expression of suspicion clearly

feedback system to the report writers needs to be improved into simpler --> improves the reporting

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"Giving feedback develops the reports and is a follow up tool, at this stage the process is stiff. The feedback needs to go to the writer. (We have) been giving feedback and performed quarterly controls so the quality rises higher that way, we have to develop giving feedback so that it becomes simpler."

Advantage of the previous AML Officers in the branches, employees get the support immediately, the person is present in all monthly meetings.

Does the BM outsource much responsibility on them when it comes to reporting support -ask in other interviews.