



5 Steps to an Effective Online AML Training

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**KNOWLEDGE PLATFORM WHITE PAPER
AUGUST 2009**

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Table of Contents

Need for AML Training..... 3

Challenges of AML Training 5

5 Steps to an Effective Online AML Training 6

Benefits 9

Need for AML Training

AML training for employees of financial institutions is mandated by regulations in almost all countries in Asia. Below are **excerpts** from AML regulations published by regulatory bodies of a few countries, highlighting the requirement of training on AML and related topics.

Monetary Authority of Singapore (MAS)

A bank shall take all appropriate steps to ensure that its staff (whether in Singapore or overseas) are regularly trained on (a) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions; (b) prevailing techniques, methods and trends in money laundering and terrorist financing; and (c) the bank's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of staff in combating money laundering and terrorist financing.

Hong Kong Monetary Authority

A bank shall take all appropriate steps to ensure that its staff (whether in Singapore or overseas) are regularly trained on (a) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions; (b) prevailing techniques, methods and trends in money laundering and terrorist financing; and (c) the bank's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of staff in combating money laundering and terrorist financing.

Institutions should therefore provide proper anti-money laundering training to their local as well as overseas staff....It will also be necessary to make arrangements for refresher training at regular intervals to ensure that staff do not forget their responsibilities.

People's Bank of China

Financial institutions shall launch anti-money laundering publicity among their customers and provide training for their staff on anti-money laundering so as to familiarize them with laws, administrative rule and regulations on anti-money laundering and strengthen their competence in combating money laundering activities.

Prudential Regulation for banks, Pakistan

For an effective implementation of banks' / DFIs' policy and procedures relating to anti money laundering / other unlawful trades, suitable training be imparted to members of staff and they be informed of their responsibility in this regard.

RBI, India

Banks must have an ongoing employee training programme so that the members of the staff are adequately trained in KYC procedures. Training requirements should have different focuses for frontline staff, compliance staff and staff dealing with new customers.

Bank Negara Malaysia

The reporting institution must conduct awareness and training programmes on AML/CFT practices and measures for its employees, in particular, 'front-line' staff and officers in-charge-of processing and accepting new customers as well as staff responsible to monitor transactions...These training and awareness programmes should be conducted regularly and supplemented with refresher courses for employees, with special emphasis for those employees who are exposed to higher risk of potential money laundering and financing of terrorism activities, for example, the 'front-line' employees.

Central Bank, UAE

The compliance officer in each financial market shall be responsible for a training programme for the staff involved in receiving cash, overseeing accounts and preparing STRs.

Challenges of AML Training

Most AML regulations require training employees on AML procedures. However, the type, length and depth of training are not always defined clearly. There is often a requirement of ongoing training but the frequency is not often clearly stated.

The purpose of AML training is to ensure that employees are adequately trained to perform their jobs in compliance with all the applicable AML rules and regulations. In reality, AML training tends to be less effective than desired. Training is usually in the form of structured lesson-based courses, which are typically content-centric, not learner-centric. Also, the same training content is used year after year.

The consequence is that AML training does not receive the right level of attention from employees as well. The apathy towards such training is very dangerous because it can lead to employees defaulting on their AML-related obligations.

5 Steps to an Effective Online AML Training

Online AML training, in the form of e-learning modules, has become a method of choice for AML training in many financial institutions because of the benefits of extended reach, better record keeping, and long-term savings in time and cost. However, online AML training can often be ineffective, especially when used repeatedly for first-time and ongoing training exercises.

Knowledge Platform proposes 5 ways in which Financial Institutions can enhance the AML training experience for their employees.

1. Well-Designed and Targeted Courses

A majority of online AML training courses tend to be mere page turners, with little interactivity and use of strategies for learner engagement. Perhaps the fact that the training is mandatory and has a captive audience has something to do with this.

However, for the training to be effective and result in transfer of knowledge and skills, it is important that it engages learners and gives them a positive learning experience. To this end, online AML training must use real case studies to build relevance, visual explanations to enhance retention, and interactive exercises and case studies to engage learners.

Another important issue is of tailoring the content to the audience. Different coverage and depth is needed for different audience. One size does not fit all. Here is a sample of how content coverage can be tailored to different job roles.

AML for Managers AML Basics for all employees	Provides a basic AML understanding of money laundering and how it is perpetrated, the basics of KYC and local laws.
AML for Customer Facing Teams	In addition to the basics, provides details of how to onboard and monitor customers, and recognize suspicious activities.
AML for Operational Teams	In addition to the basics and customer facing knowledge, provides details on back-end transactions, such as wire transfers, correspondent banking and tools for preventing money laundering.
AML for Managers and Compliance Officers	In addition to the basics and customer facing knowledge, provides details on back-end transactions, such as wire transfers, correspondent banking and tools for preventing ML.

2. Incident-based Compliance Seeds

Current events or incidents related to AML provide a powerful learning opportunity. They demonstrate relevance of AML-related procedures. They also provide an opportunity to see the theory in practice, thereby enabling its internalization. As a result, they have the potential of getting immediate attention of the target audience of AML training. Because of the above factors, incident-based learning is a powerful way to move AML training from its place in the wings to the center stage.

Unfortunately, most online AML training programs are structured monoliths that are designed once and updated at most annually. Incidents of AML violations or consequences come and go in the news without affecting the training courses.

Incident-based learning can be implemented in the form of what we call *compliance seeds*. These are short modules containing the incident, its analysis, its application to the financial institution and a short quiz to check understanding. For them to be effective, seeds need to be built quickly, usually within a week of the incident being reported, and distributed seamlessly to target audience.

Seeds do more than disseminate relevant information quickly. They help build a culture of compliance that goes far beyond compliance training.

3. Refresher Modules

The need for on going training and annual refresher training can be met in better ways than having employees undergo the same training modules year after year.

With the assumption that the employees have used AML procedures in the past year, refresher training must take them to a higher level of understanding. Complex cases (for example those of trade-based money laundering), which were not in the scope of the original training, can be presented as interactive case studies. These serve dual purpose. First, it encourages employees to apply their existing knowledge in more complex cases and second, it exposes them to recent events and methods used by money launderers.

4. Adaptive Learning / Continuous and sustainable Learning Path

Adaptive Learning refers to defining a learning path that is adapted based on a learner's demonstrated knowledge about the subject matter. In order to determine existing knowledge, extensive assessment banks are developed and deployed. Learner response to these questions banks determines the learning path recommended for him/her. This reduces the time required for training. For example, an employee may only need to complete a 30-minute module as compared to a 2-hour complete training.

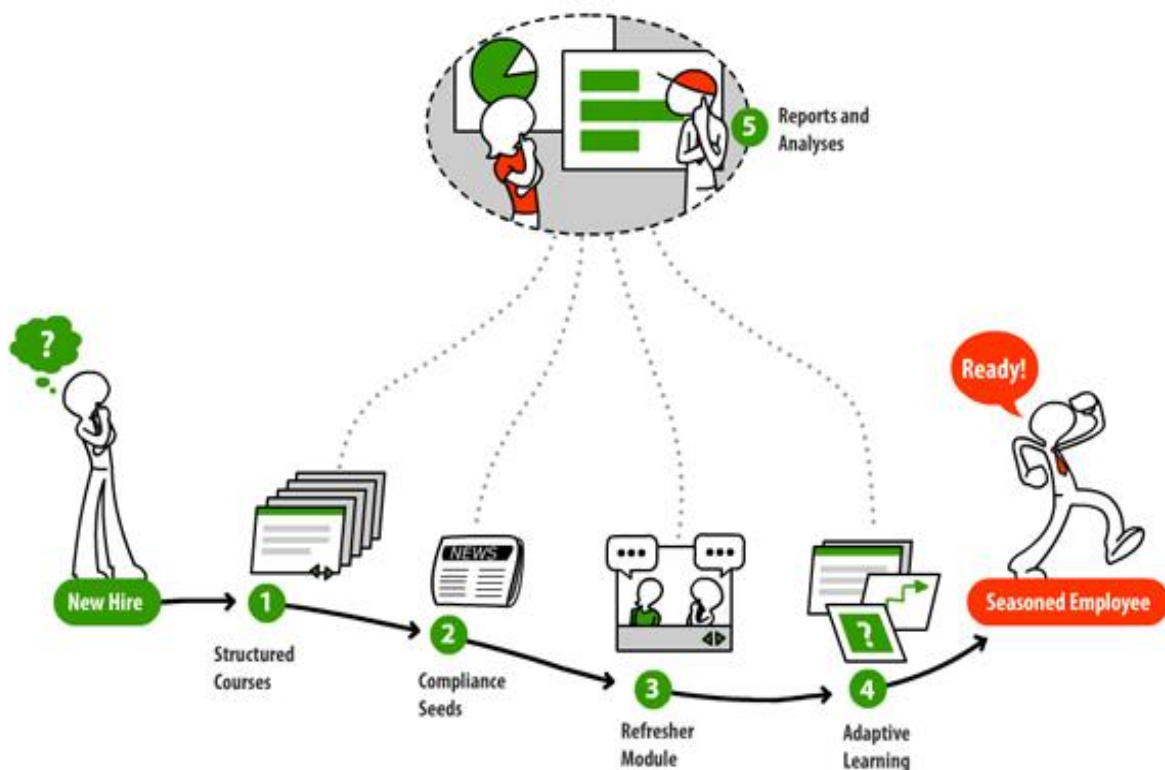
At the heart of a successful Adaptive Learning implementation is a **robust question pooling engine** that allows tagging of individual questions on multiple parameters, such as topics tested, type of content, and difficulty level. Other drivers for successful

implementation of Adaptive Learning are strong reporting and analysis tools. These features, when combined with well-designed questions, can provide financial institutions with several benefits such as better retention of key concepts/skills needed to carry out AML procedures in real life, improved employee interest and motivation in annual retraining exercises, reduction in time taken to retrain all employees and easy monitoring progressive improvement in employee AML knowledge and skills.

5. Reports and Analyses

Online training has a distinct advantage of easy record keeping. If designed and delivered appropriately, online training can provide data for very useful reports and analyses of competence levels and training needs.

For example, a report could be generated showing comparison of AML awareness levels across different departments or countries. This would enable training or compliance officers to target corrective training or awareness sessions to employees who need them most. Another report could map out AML competence versus confidence, allowing compliance officers to identify AML-related risks and address them effectively.



Benefits

Implementation of the 5-step training methodology provides benefits at several levels.



Benefits to the Compliance Officer

- Access to reports 24/7
- Automated & ongoing scheduling of learning content
- Availability of audit trail
- Automated content updates
- Ability to identify weak links



Benefits to Employees

- Access to training 24/7
- Availability of engaging and relevant content – Compliance learning can be Fun!
- Automated content updates



Benefits to the Company

- Help build compliance culture
- Deploy a cost-effective and scalable training solution

About Knowledge Platform

Knowledge Platform is a leading awareness and learning solutions provider for governance, compliance and risk management. With offices in Singapore, Tokyo, Sydney, Delhi and Islamabad, the company has in-depth experience in supporting corporations, financial services institutions and governmental bodies in their drive to achieve excellence in corporate governance, compliance and risk management. Our solutions include (a) designing awareness programs and compliance initiatives, (b) licensing and developing e-learning programs and courseware, (c) delivering e-learning and related technology solutions and (d) providing managed learning services.

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