Government of Pakistan
NS AML-CFT Supervisory Board Secretariat
Finance Division
Islamabad
* * *

Subject:	**TEMPLATE FOR OFFSITE RISK MONITORING BY NATIONAL SAVINGS AML-CFT SUPERVISORY BOARD FOR CDNS ON:** **I) YEARLY RISK MONITORING QUESTIONNAIRE.** **II) HALF YEARLY AML CFT COMPLIANCE REPORTING**

Reference to the subject noted above. The Chairman, NS AML and CFT Supervisory Board has been pleased to approve following Templates for CDNS Offsite Risk Monitoring after due deliberations among the Members of the Supervisory Board. The same are hereby issued to CDNS under National Savings AML-CFT Risk Based Supervisory Framework. The subject Templates are listed below, namely:

Template by National Savings AML-CFT Supervisory Board for CDNS on:
Yearly Risk Monitoring Questionnaire(From 12 Regions to be consolidated at CDNS HO for submission to Supervisory Board Secretariat)
Half Yearly AML CFT Compliance reporting(From CDNS HO for submission to Supervisory Board Secretariat)

2.   CDNS is directed to take all necessary steps to implement the same.

Fahad Ahmed
Section Officer (CDNS)
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The Director General, CDNS, Islamabad
F.No.16(1)GS-I/2020-   Dated: 01/10/2020

Copy to:

1) AFS (Budget), Finance Division Islamabad.
2) Mr. Khawaja Adnan Zahir, DG-FATF, National FATF Secretariat, C-Block Pak Secretariat Islamabad.
3) Mr. Javed Iqbal Khan, JS (B-II), Finance Division Islamabad.
4) Mr. Syed Jahangir Shah, Director SBP, Karachi.
5) Ms. Tanzila Mirza, Additional Director SECP, SECP Islamabad.
6) Mr. Adnan Imran, Director FMU, SBP Building, G-5 Islamabad.
7) Office copy.

Annex 3 | Half Yearly AML CFT Compliance Reporting

Template for Reporting on Compliance with AML/CFT Requirements Information Required		CDNS's Response
1. Oversight by the senior management on ML/TF Risk		
i	Name of Management committee(s) and its composition, entrusted with the responsibilities of monitoring/ supervision of ML/TF risk.	
ii	Please share TORs of Management committee.	
iii	Detail of MIS presented to the committee. Please mention type of Report, format for each report and periodicity of presentation (Please use additional sheets if required)	
iv	Please share minutes and key discussion points of meeting(s) of the management committee.	
2. Internal Audit (IA) Function		
i	Does IA review and test the AML/CFT compliance program? (If yes, mention frequency, date of last review	
ii	Does IA specifically assess the effectiveness of arrangements related to the targeted financial sanctions (e.g. effectiveness of Name Screening solution, coverage of customers/products/ channels, updation of list, mechanism of freezing, etc.) ? If yes, mention frequency, date of last assessment.	
iii	If reply of 1 &/or 2 are yes, then share major findings and compliance status.	
3. Policies/ Procedures on AML/CFT/PF		
i	Name of Policies and Procedures on AML/CFT compliance with dates of approval.	
ii	What is the dissemination process of policies/ manuals in the CDNS?	
4. Organizational Structure/ setup and HR Strength of AML/CFT Function		
i	Please share the latest approved organogram of AML/CFT compliance setup along with date of approval.	
ii	Please provide total number of HR strength of AML/CFT function setup as of 31-12-2019.	
iii	Please provide total number of analysts deputed for handling name screening alerts and transaction monitoring alerts as of 31-12-20.	
5. Know Your Customer		
i	Is account opening process is centralized or decentralized?	
ii	Is the KYC information captured in the core banking system (through module in CBS) or separate KYC system implemented for that?	
iii	If separate then, Name of eKYC system implemented and date of implementation	
iv	In house developed KYC system or purchased from market? (If purchased mention name of vendor & date of expiry of vendor support)	
v	Is there a biometric verification system in place for identification of customers?	
vi	Any other relevant information/ future strategy/use of latest technology.	
6. Customer Risk Profiling		
i	Does CDNS has customer risk profiling mechanism?	
ii	If Yes, briefly describe the basis, procedure & factors used in calculation/assigning of risk rating to the Customer.	
iii	Any other relevant information/ future strategy/use of latest technology.	
7. Data base and Data Cleansing		
i	Is CDNS's customer's database is centralized or decentralized?	
ii	Please specify date of adopting centralized database.	

	Template for Reporting on Compliance with AML/CFT Requirements	CDNS's Response
	Information Required	
iii	Data migration status of all manual/decentralized legacy portfolio(s) operated prior to the centralized database.	
iv	Whether the CDNS has conducted any data cleansing exercise or not?	
v	If yes, Please specify why data cleansing was required? Please mention major gaps identified in the data integrity that resulted in initiation of data cleansing	
vi	Date of initiation of data cleansing exercise. If not initiated so far, please mention any plan in this regard	
vii	Total Number of accounts required data cleansing (mention numbers)	
viii	Status of data cleansing exercise (Number of accounts completed) as of 31-12-2019.	
ix	If data cleansing exercise is in process, please mention expected date of completion	
8. Transaction Monitoring System		
i	Name of Transaction Monitoring system (TMS) & date of implementation of TMS	
ii	Coverage of TMS; specifically mention products/services covered on the assets & liabilities side. Please provide complete list.	
iii	Please share the list of scenarios developed/implemented for alert generations along with number of alerts generated against each scenario. (Use additional sheet)	
iv	Please share the approval level of these scenarios and thresholds. Please specify authority level for changes to these scenarios and thresholds.	
v	Does Analyst of TMS Scenario has real time access to view the statement of accounts (Core Banking) and eKYC system/ customer complete profile?	
vi	If CDNS is in process of implementing new system or upgrading the existing, please mention details along with expected date of implementation	
9. Screening solutions implemented / screening mechanism developed		
i	Name of screening Solutions (NSS) & date of implementation.	
ii	Please provide detail of business/operations area wise coverage of name screening solution.	
iii	At what stage name screening exercise has been conducted while opening the account and what level of officer(s) are involved in conducting and reviewing the name screening exercise and handling the positive & negative alerts?	
iv	What is CDNS mechanism for screening of Walk-in customers?	
v	What is mechanism for screening of foreign nationals and non-resident Pakistanis?	
vi	If no screening solution implemented as yet, please mention detail of screening mechanism adopted by CDNS and future strategy on implementation of screening solution	
vii	Does the CDNS periodically scan its whole portfolio for proscribed/ designated accounts on periodical basis? If yes, what is the periodicity? Also mention the date of last scanning and its results. Please mention if the periodicity is documented in a policy or procedure.	
viii	Please mention lists CDNS is using for screening of customers' accounts such as UNSC, 4th schedule, OFAC, etc.	
ix	What is CDNS's mechanism for updating the list of designated/ proscribed entities/ individuals? (Designated under the United Nations (Security Council) Act, 1948 and Proscribed under the Anti-Terrorism Act, 1997).	
x	Does the system has option to upload multiple list (own developed list or other lists such as OFAC, FIA red book etc.)	
xi	Does the FI screens suppliers, vendors, employees (permanent, contractual or hired through outsourcing).	
xii	If CDNS is in process of implementing new system or upgrading the existing, please mention details along with expected date of implementation	
10. Detail of STRs/ CTRs reported by the CDNS		

	Template for Reporting on Compliance with AML/CFT Requirements	CDNS's
	Information Required	Response
i	Brief on mechanism of STR/ CTR reporting to FMU	
ii	No. of STRs reported since inception(year wise) (Total STRs, STRs on TF Risk separately)	
iii	No. of CTRs reported since inception (year wise)	
iv	Please share analysis on CTRs and STRs reported with respect to type of customers, products, channels and geography.	
11. Detail of transactions rejected/ Put on hold by the CDNS due to ML/TF Risk		
i	Please mention total number of transactions rejected/ put on hold in 2018 & 2019 (Separately).	
ii	Please mention the number of transactions rejected/ put on hold due to direct match or link with proscribed/designated person by the CDNS in 2018 & 2019 (Separately)	
12. Detail of accounts opening rejected by the CDNS due to ML/TF Risk		
i	Please mention total number of accounts opening rejected by the CDNS in 2018 & 2019 (separately).	
ii	Please mention total number of accounts opening rejected by the CDNS in 2018 & 2019 (separately) due to direct match/link with proscribed/designated persons.	
.13. Detail of accounts closed by the CDNS due to ML/TF Risk		
i	Please mention total number of accounts closed by the CDNS in 2018 & 2019 (separately) due to KYC/CDD issues and/ or ML/TF risk.	
ii	Please mention total number of accounts closed by the CDNS in 2018 & 2019 (separately) due to direct match/link with proscribed/designated persons.	
14. Accounts of proscribed/ designated entities/ individuals and/ or their associates frozen by the CDNS till date		
i	The process of freezing and de-freezing of accounts of proscribed/ designated entities/ individuals is centralized of decentralized?	
ii	Please provide total number of accounts & amount of proscribed/ designated entities/ individuals and/ or their associates frozen by the CDNS since Inception till 31-12-2019.	
iii	Please provide total number of accounts & amount of proscribed/ designated entities/ individuals and/ or their associates de-freezed by the CDNS since Inception till 31-12-2019.	
15. Accountability Mechanism		
i	Please specify whether KPIs of the operations & controlling functions/ departments includes compliance and AML/ CFT related responsibilities of relevant staff or not in order to strengthen the compliance with AML/CFT requirements.	
ii	Provide detail of disciplinary actions taken against employees on violations of on AML/CFT since Inception as per attached format (AML/CFT-1)	
16. Please reply to below questionnaire on internal risk assessment. (CDNS may use additional sheet for provision of information)		
i	Does CDNS has documented criteria for the internal risk assessment of ML/TF at entity level, if not provide tentative timeline.	
ii	Does the CDNS pre-assess the new products and services for AML/CFT risk before offering?	
iii	Has the CDNS conducted complete internal risk assessment with respect to ML/TF? If yes, please mention date.	
iv	Has NRA 2019 findings been incorporated while conducting complete internal risk assessment with respect to ML/TF? If yes, please mention date.	
vi	If internal risk assessment with respect to ML/TF has not been conducted so far, please provide tentative date for completion.	
vii	As per the internal risk assessment what is CDNS's: i. Inherent risk of ML/TF/PF ii. Residual risk with respect to ML/FT.	

	Template for Reporting on Compliance with AML/CFT Requirements	
	Information Required	**CDNS's Response**
viii	Any risk register for customers, products, delivery channels and geography/ jurisdiction developed?	
ix	Please provide risk category of CDNS's total customer based on the rating grades: i. High Risk ii. Medium Risk iii. Low Risk iv. Unrated(If not rated so far).	
x	Please share the type of customers identified high inherent risk. Also mention the controls implemented for dealing with such customers and residual risk.	
xi	Please share the services and products identified as high risk (inherent). Also mention the controls implemented for such products & services and residual risk of such products and services.	
xii	Please share the transaction channels identified as high inherent risk. Also mention the controls implemented for such transaction channels and residual risk assessed after implementation of controls.	
xiii	Please share if policy identify any unacceptable risky customers types, jurisdictions and businesses?	
xiv	Please specify the basis for identifying high and medium risk geographical locations (local and international) and also provide high risk geographies identified. Also mention the controls implemented for such locations.	
17. Training/ Capacity building efforts		
i	Total number of trainings conducted by CDNS on AML/CFT subject in 2018 & 2019 (separately)	
ii	Total number of staff trained through these training sessions conducted by CDNS on AML/CFT subject in 2018 & 2019(separately) (avoid duplication of staff).	
iii	Please provide amount of budget allocated & Utilized (separately) for trainings on AML/CFT subject in 2018 & 2019 (Separately)	
18. Share the detail of awareness campaigns conducted by the CDNS on ML/TF/PF in 2018 and 2019		
i	Brief about awareness campaigns conducted by the CDNS on ML/TF in 2018 & 2019 {Please specify location(s), audience (employees, Customers, any other stakeholders etc.)}.	
ii	Total number of awareness campaigns conducted by the CDNS on ML/TF in 2018 & 2019 (Separately)	