

INTERNATIONAL FEDERATION OF ACCOUNTANTS

The Evolving Role of Accountants in AML Compliance

Presentation for the
Institute of Chartered Accountants of Bangladesh

March 24, 2025



IFAC, by connecting and uniting its members, makes the accountancy profession truly global.

IFAC member organizations are champions of integrity and professional quality and proudly carry their membership as a badge of international recognition.

IFAC and its members work together to shape the future of the profession through learning, innovation, a collective voice, and commitment to the public interest.

IFAC's Member Value Proposition

Agenda

1. AML & The Accountancy Profession in Context
2. The Global AML Framework for Accountants
3. Where We Are: Globally & in Bangladesh
4. Looking Ahead to the Fifth Round

1. AML & The Accountancy Profession in Context

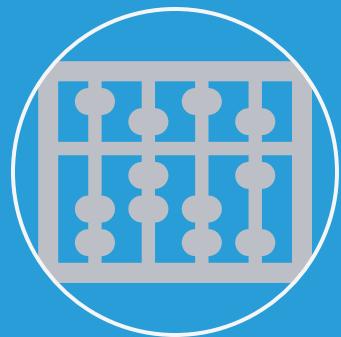
IFAC's Anti-Corruption Action Plan



Harnessing the Full Potential of **Education** and Professional Development



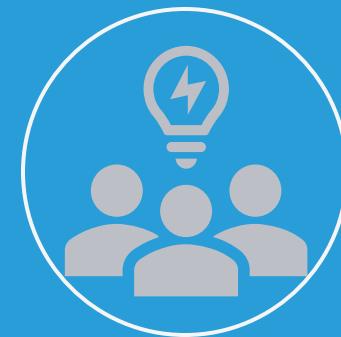
Supporting Global **Standards**



Contributing to **Evidence**-based Policymaking



Strengthening our Impact through Engagement & **Partnership**



Contributing our **Expertise** through Thought Leadership and Advocacy



Accountants' Role in Economic Development

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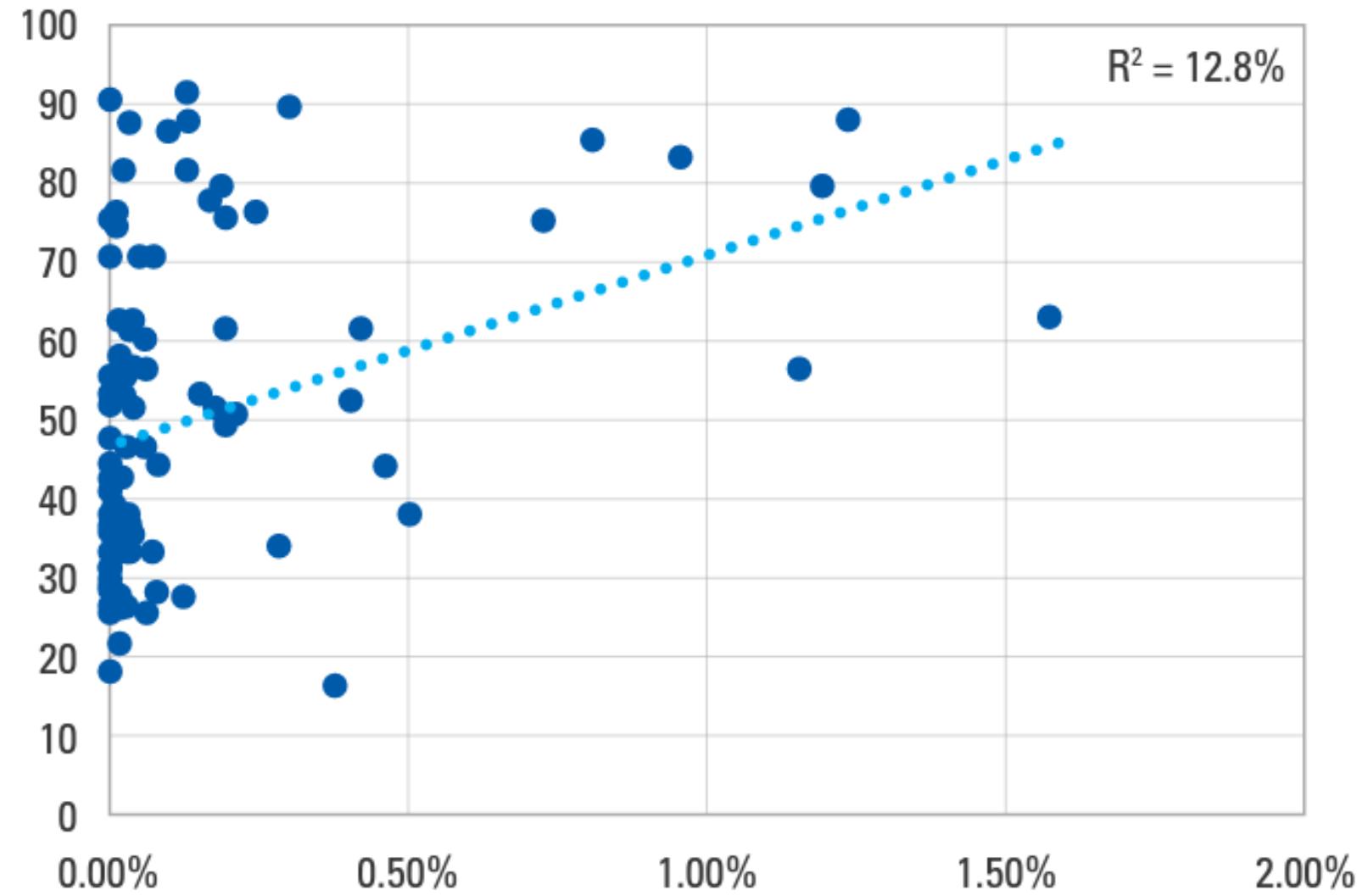
Professional accountants make a significant contribution to the economy at the local, national and global levels. In each measure reviewed, a greater number of accountants correlates to better economic performance. Moreover, professional accountants who are members of IFAC member professional accountancy organizations (PAOs)* correlate to even stronger performance on the economic indicators. In short, accountants make a significant contribution to their national economies. Accountants who are members of an IFAC member professional accountancy organization make an even greater meaningful contribution.

AN INCREASE OF 500 ACCOUNTANTS PER MILLION CORRELATES TO:	IF THE 500 ACCOUNTANTS ARE MEMBERS OF IFAC MEMBER PAOS, THE INCREASE CORRELATES TO:	CHANGE
 an increase of USD 5,073 in GDP per capita	 an increase of USD 11,224 in GDP per capita	 2.21x
 an increase of 3.3% in the size of the service sector relative to GDP	 an increase of 4.2%	 1.27x
 a 9.8% increase in the value of exports relative to GDP	 no statistically significant relationship	 —
 a 7.4% decrease in the sum of tax rates	 a 9.8% decrease	 1.32x
 an increase of 16.0% in the size of inward foreign direct investment relative to GDP	 an increase of 34.3%	 2.14x
 an increase of 0.3 index points on the World Economic Forum's Global Competitive Index Quality of Education Measure	 an increase of 0.4 index points	 1.33x

A strong accountancy profession plays an important role in the fight against corruption.

There is a correlation between the proportion of professional accountants in the workforce and a more favorable score on the Transparency International Corruption Perceptions index.

Transparency International Corruption Perceptions Index correlation with % professional accountants in the work force



Understanding Why AML Matters

- **Drugs**
- **Human trafficking**
- **Illegal wildlife trade**
- **Other organized crime**
- **Tax evasion**
- **Extortion**
- **Corruption**

AML & Corruption

The most likely way a professional accountant may encounter (and fight back against) corruption is driven by the nature of the PA's role.

- For PAs in business, corruption is most likely to be encountered in the form of **illegal payments** made by or demanded of the business.
- For PAs in the public sector, corruption will most likely be encountered in the form of diverted funds.
- For PAs in **public practice**, corruption is most likely to be encountered in the form of a **client seeking to launder the proceeds of corruption**.

2. The Global AML Framework for Accountants

FATF Recommendations

First FATF Recommendations published in 1990

- Focused on financial institutions, limited to AML
- Have grown to include “DNFBPs” and cover CFT, other topics

39 FATF Members (countries) develop Recommendations

- Scope made global through 9 FATF-Style Regional Bodies
- 206 jurisdictions committed to implementation

Mutual Evaluation Process

- FATF and FSRB Members assess progress of implementation
- “Grey List” or “Black List” for failures

DNFBP Framework

- 3 key Recommendations (22, 23, 28)

FATF Recommendations – 22. DNFBPs: Customer Due Diligence

Customer due diligence and record-keeping requirements **apply to accountants** when they prepare for or carry out transactions for their client concerning the following activities:

- buying and selling of **real estate**;
- **managing of client money**, securities or other assets;
- management of bank, savings or securities accounts;
- **organization of** contributions for the creation, operation or management of **companies**;
- creation, operation or management of **legal persons** or arrangements, and
- buying and selling of business entities.

FATF Recommendations – 23. DNFBPs: Other Measures (SARs)

Accountants should be **required to report suspicious transactions** when, on behalf of or for a client, they engage in a financial transaction in relation to the activities described in Recommendation 22.

Countries are **strongly encouraged to extend** the reporting requirement **to the rest** of the professional activities of accountants, **including auditing**.

FATF Recommendations – 28. Regulation & Supervision of DNFBPs

DNFBPs should be subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements. This should be performed on a **risk-sensitive basis**.

This may be performed by:

- (a) a **supervisor** or
- (b) by an appropriate **self-regulatory body**, provided that such a body can ensure that its members comply with their obligations to combat money laundering and terrorist financing.

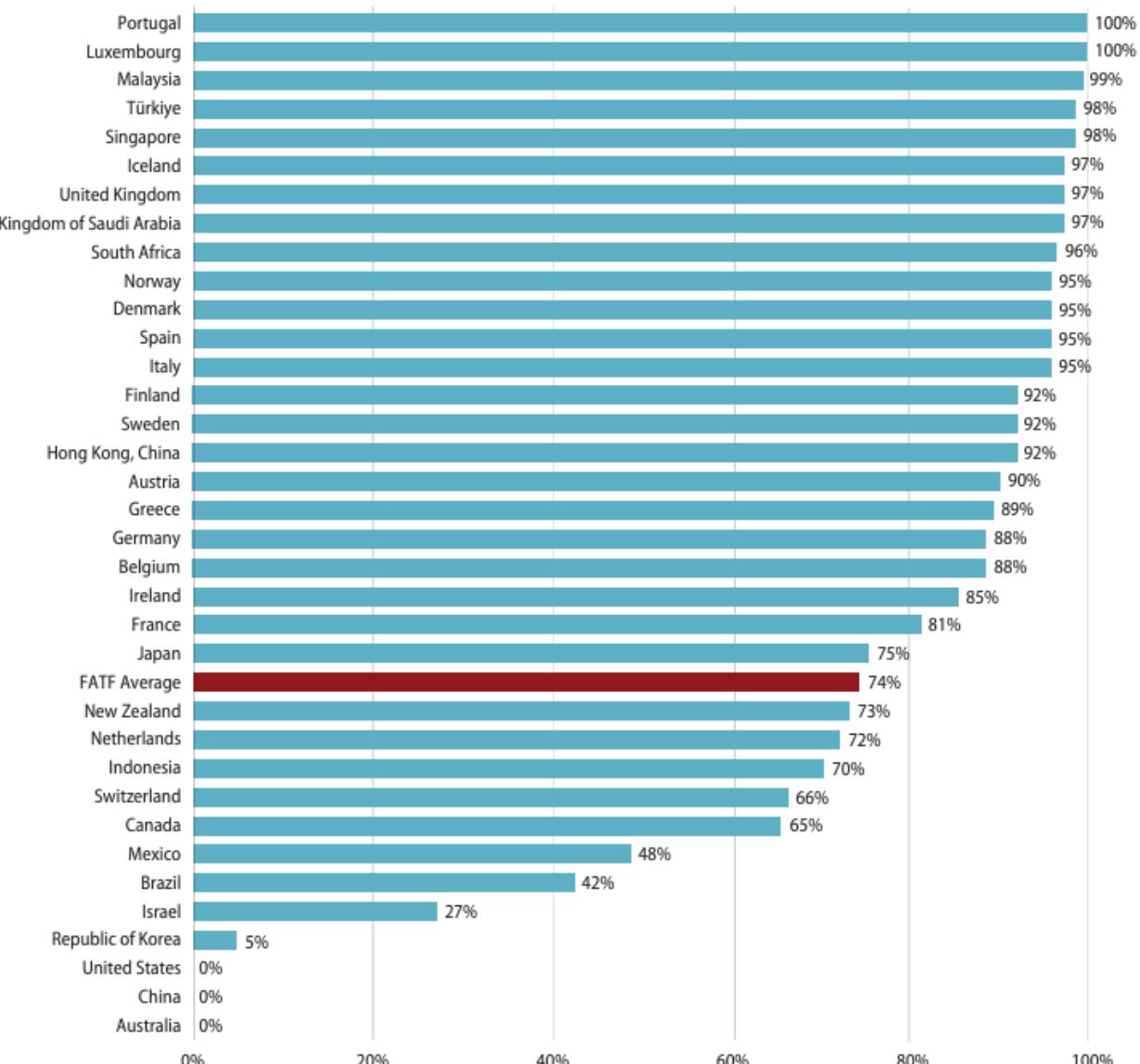
3. Where We Are: Globally & in Bangladesh

Majority of FATF Countries well above the average for compliance with the “Gatekeeper” Recommendations

Several Major Economies have 0% Compliance

USA
China
Australia

Figure 1. FATF Members' Scores for FATF's Gatekeeper Recommendations



Source: FATF

Accountants

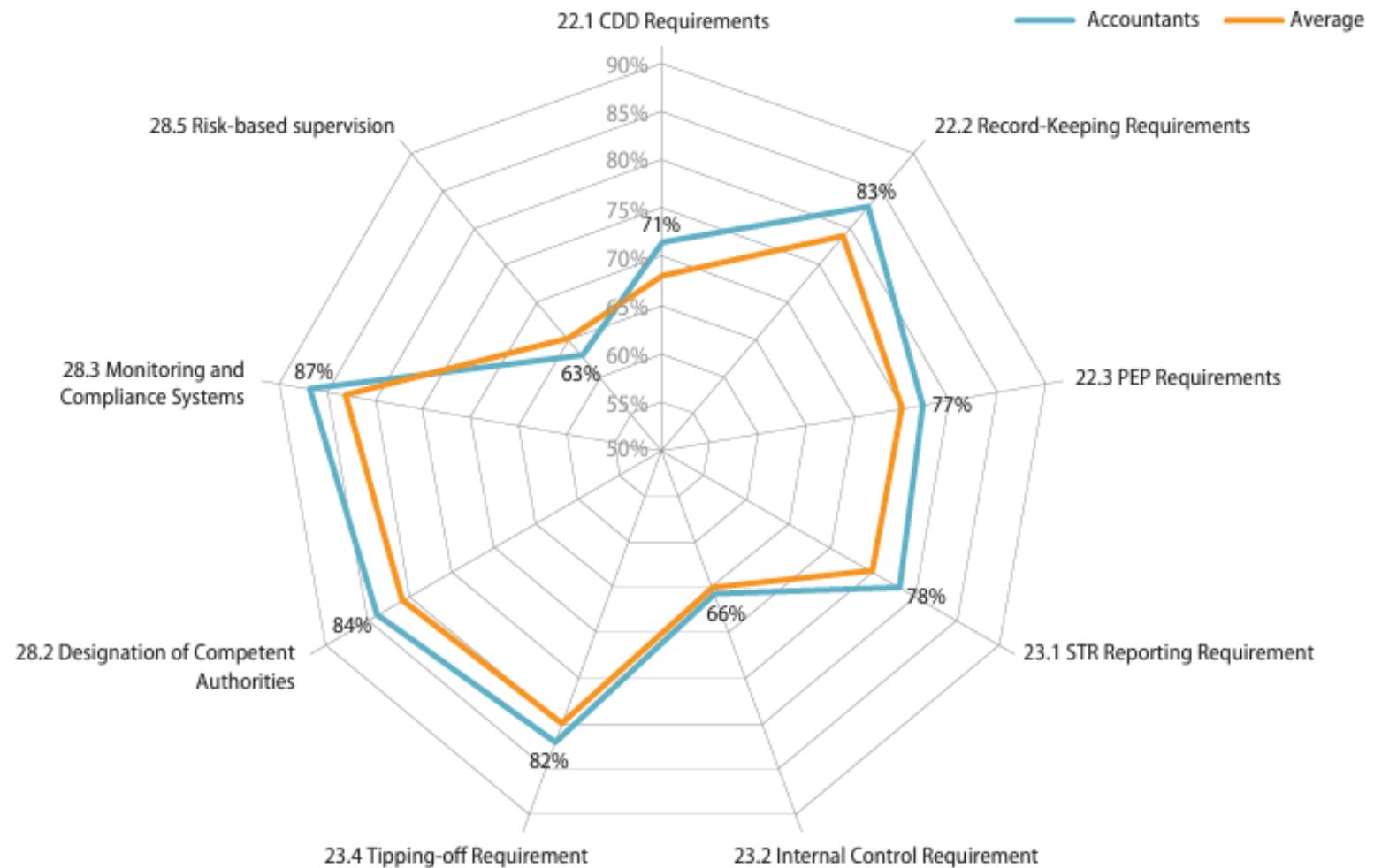
High levels of compliance across FATF member countries for many areas

- Record keeping
- PEP
- Reporting
- Designating authority

Lower levels of compliance:

- Internal controls
- Risk-based supervision
- Internal controls

Figure 4. FATF Members' Scores for Preventive Measures on Accountants



Source: FATF

Bangladesh – FATF Ratings Relevant to Accountancy (12/2020)

Recommendation 22. Customer Due Diligence:	Largely Compliant
Recommendation 23. Suspicious Activity Reporting:	Largely Compliant
Recommendation 24. Beneficial Ownership Transparency:	Partially Compliant
Recommendation 28. Supervision of DNFBPs:	Largely Compliant
Immediate Outcome 3. Supervision DNFBPs:	Moderate Effectiveness

4. Looking Ahead to the Fifth Round

The Fifth Round of Mutual Evaluations – What To Expect

- Increased focus on **effectiveness** (over technical compliance)
- Increased focus on the **DNFBP Sector**
- Increased **granularity** between DNFBP subsectors
- Shorter cycle (**6 years** vs 10 years: April 2025 – August 2032)
- **Targeting** overlooked and/or problematic jurisdictions
- Bangladesh Fifth Round Assessment
 - On-Site Inspection: November 2026
 - FATF Plenary Review: July 2028

FATF Grey List – “Jurisdictions under increased monitoring”

FATF identifies jurisdictions with **significant weaknesses** in their AML/CFT regimes and works with them to address those weaknesses.

These **public warnings put pressure** on the identified jurisdictions to address their deficiencies in order to **maintain their position in the global economy**.

Public identification, and the prospect of public identification, **encourages countries to swiftly make significant improvements**.

Grey List – as of March 2025

Algeria	Kenya	Philippines	Added in February 2025
Angola	Laos	South Africa	
Bulgaria	Lebanon	South Sudan	
Burkina Faso	Mali	Syria	
Cameroon	Monaco	Tanzania	
Croatia	Mozambique	Venezuela	
DR Congo	Namibia	Vietnam	
Haiti	Nepal	Yemen	Recommended for Removal in February 2025
Ivory Coast	Nigeria		

Impact of Being on the Grey List

Being on the Grey List acts as a **non-tariff barrier**, raising the cost of doing business with individual and companies in the jurisdiction:



Economic Consequences of Greylisting by the Financial Action Task Force, de Koker, Howell and Morris; April 2023.

Closing Thoughts

- Professional Accountancy Organizations like ICAB, and individual professional accountants, are key stakeholders in the fight against corruption and money laundering
- It's not just about compliance, it is about the public interest and social/economic development
- Bangladesh has good scores on the key DNFBP Recommendations...
 - ...it is important to keep it that way!
- Individual accountants should see their professional body (ICAB) as their key partner

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