

UNIVERSITI TEKNOLOGI MARA

**COMPLIANCE OF REMITTANCE
SECTOR TO THE LEGAL
OBLIGATIONS UNDER THE ANTI-
MONEY LAUNDERING
REGULATIONS IN UNITED
KINGDOM, CANADA AND
MALAYSIA**

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PhD

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledged that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Money services business (MSB) consists of remittances companies and money changer sector which produce an enormous of remittance flows based on large population of legal and illegal migrants in Malaysia. The remittance system is categorised as one channel to transfer the funds around the world. Such system is often used by the migrant workers through the traditional banking method, MSB or underground banking system (Hawala). However, criminals tend to using remittance channel to launder their illicit gains and profit as the money can move quickly in a cheap cost. Since 2007 the remittance sector include as a reporting institution in Malaysia need to adhere statutory obligations imposed such as record keeping, due diligence, reporting suspicious transaction and compliance program within company. This study aims at scrutinizing the legal obligations by remittance sector to the statutory obligation imposed to them and the obstructions arising out of such duties. The central thesis of this research emphasized on three issues which are firstly, the low level of compliance by the remittance sector mainly through discharging their responsibilities to protect themselves rather than complying with regulation to prevent money laundering. Secondly, the vulnerabilities of the remittance systems itself lead to a weaknesses where too stringent regulations, the remittance sector grinds to a halt. On the contrary, too lax regulatory framework would make the criminals run wilds. Thirdly, there is a dire need to cover up the weaknesses or loopholes in Money Services Business Act 2011 (MSBA 2011) in fighting money-laundering crime by using remittance channel. Employing a qualitative research, the empirical evidence from the six multiple case studies in Malaysia is notably reported in Chapter Five, evidently the reality of the issue of the extent of compliance by the remittance sector in Malaysia. Whilst the doctrinal analysis emphasis on the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA) 2001 and MSBA 2011, the legal comparison with the law in United Kingdom and Canada for benchmarking, comparative analysis and lessons to be learnt. At the theoretical level, this research analyse how the self-protecting theory and responsive regulation theory could assist for further research within the industry in line with the reason of non-compliance by the remittance sector. The framework guided by this thesis was discovered and the recommended approach was developed to contribute to knowledge and practices for remittance industry in Malaysia.

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