

UNIVERSITI TEKNOLOGI MARA

MONEY LAUNDERING CONTROL MECHANISM  
IN MALAYSIAN UNIT TRUST SECTOR

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## **Abstract**

Money laundering and terrorism financing has become one of the most discussed topics in today's financial institution due to the increasing amount of money being laundered year by year as well as the amount of transaction volume. Due to its covered and underground activities the real picture of money laundering and terrorism financing is still yet to be uncovered, thus it is one of many other reasons for the ineffective international financial system that will curb the activities of money laundering. The main objectives of this study is to identify the elements of money laundering control mechanism and how it influence the effort to tight money laundering and this study focuses on the unit trust industry in Malaysia. There are three controlling mechanism that are being suggested in this study that is the compliance and monitoring followed by database and record keeping and lastly is the customer due diligence (CDD). An online census was conducted to 188 headquarters and branches of unit trust management companies (UTMC) in Malaysia and focuses on the officers or executives. 74 respondents received. The data was analysed accordingly using descriptive analysis, correlation analysis and regression analysis. According to the regression analysis, the results of the study indicated that compliance and monitoring and database and record keeping was significant in affecting the money laundering and terrorism financing occurrence. In contrast, customer due diligence (CDD) were shown to have no relationship with the occurrence of money laundering and terrorism financing. The findings may provide insights into the effectiveness of controlling mechanism to curb money laundering and terrorism financing, and thus maintain financial institution's viability in the unit trust sector.

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