

**Manual on**

**Countering**

**Money Laundering and the**

**Financing of Terrorism**

Asian Development Bank  
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# **Manual on Countering Money Laundering and the Financing of Terrorism**

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## FOREWORD

This manual is intended to serve as a useful reference guide to governments and financial institutions regarding measures to combat money laundering and the financing of terrorism. The increasing incidence of these financial crimes has highlighted the serious threat to the integrity of national and international financial systems, and the urgent need for decision-makers in governments and financial institutions to take measures to prevent and punish such crimes. These measures include:

- adoption of national laws and regulations to criminalize and punish money laundering and the financing of terrorism;
- establishment or strengthening of government agencies (particularly financial intelligence units) to monitor and analyze money laundering and terrorist financing trends and reports of suspicious transactions;
- adoption of measures by financial institutions, including strict implementation of “Know Your Customer” rules, and reporting of suspicious transactions;
- training of staff of government agencies and financial institutions; and
- mutual legal assistance among countries’ law enforcement authorities and institutions.

The information and materials compiled in this manual provide guidance to decision-makers on:

- the basic facts of money laundering;
- the negative economic effects of money laundering on economic development;
- the international conventions and standards that have established legal obligations or benchmarks for combating money laundering and the financing of terrorism;
- samples of prevention guidelines for financial institutions; and
- selected models of laws or regulations on combating money laundering and the financing of terrorism.

The manual includes international conventions, standards, guidelines, recommendations, and model laws prepared by various international and regional organizations, national authorities and other bodies involved in combating money laundering and the financing of terrorism. The Asian Development Bank (ADB) gratefully acknowledges all organizations that consented to include their valuable documents in this publication.

This manual has been prepared as a component of ADB’s regional technical assistance project (T.A. No.5967)--Countering Money Laundering in the Asian and Pacific Region. Motoo Noguchi, Counsel, ADB, was responsible for the overall coordination, compilation, and publication of the manual. Herbert V. Morais of Dewey Ballantine LLP (the international consultants for the project) was responsible for its compilation. Rick McDonell, Head of the Asia/Pacific Group on Money Laundering (APG) Secretariat, provided technical advice.

This manual is available online from the APG website at <http://www.apgml.org>. The manual will be updated from time to time. Please forward suggestions for improving the manual to the APG Secretariat, based in Sydney, Australia, at [mail@apgml.org](mailto:mail@apgml.org).

To order a book version of the manual, visit ADB's website at <http://www.adb.org> and follow the procedure on its publication page. Requests and questions regarding ordering and shipment should be sent to ADB, as instructed on the website, and not to the APG Secretariat.

For more advice and assistance on anti-money laundering and countering the financing of terrorism, visit APG's website, or contact the APG Secretariat.

We hope you find this manual informative and useful.

January 2003

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized, somewhat abstract shape.

Arthur M. Mitchell  
The General Counsel  
Asian Development Bank