

# RUSI-ACAMS PROLIFERATION FINANCE SURVEY



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# Disclaimer & Acknowledgements

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## **RUSI**

RUSI is funding this survey through generous financial support provided by the John D. and Catherine T. MacArthur Foundation.

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## **ACAMS**

ACAMS thanks its global community of over 75,000 members spread across 175 countries, and its 70 chapters for being part of this landmark initiative. A special acknowledgement also goes out to Lashvinder Kaur, Global Head of Communications and Chapters, plus the ACAMS Marketing, Global Operations, and Communications teams, along with the Adtalem Legal Team for supporting this project.

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# Introduction

The Royal United Services Institute (RUSI) and The Association of Certified Anti-Money Laundering Specialists (ACAMS) are delighted to collaborate on this unique global survey, carried out in partnership with YouGov. It is a testament to the private sector to have received so many responses from individuals who offered their personal perspectives on this topic.

As with any survey it should be recognised that there are certain limitations. Individuals may choose to opt in or opt out of participation and those who participated may not fully replicate the global picture. The survey was conducted by a respected independent research agency who followed the Market Research Society's code of conduct. As such, the findings can be taken to offer an illustrative view and the results do provide a very rare insight into both the challenges and opportunities that the private sector faces in addressing the complexities of proliferation finance.

In conclusion, our purpose in conducting this survey is to help shape future public-private sector dialogue on proliferation finance. We hope that you will find the results of interest and will use them to stimulate global discussion on proliferation finance for years to come.

## ACAMS

ACAMS is the largest international membership organisation dedicated to enhancing the knowledge, skills and expertise of AML/CTF, sanctions and other financial crime prevention professionals through training, best practices and professional development. ACAMS is present in over 175 countries and regularly works with global think-tanks and other like-minded organisations in the quest to end financial crime.

## RUSI

RUSI is an independent defence and security think tank based in the United Kingdom. RUSI has conducted work on countering proliferation finance since 2015 and produced a number of landmark publications (including the RUSI Model Law on Proliferation Finance, and guidance for financial institutions).

To read more about RUSI's work visit [www.rusi.org/CPF](http://www.rusi.org/CPF).

## YouGov

RUSI and ACAMS partnered with YouGov to deliver this survey.

## About the Authors

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# Executive Summary and Key Findings

This report is based on 366 unique survey responses received between 7th November 2019 and 6th January 2020. The survey asked respondents to select the region they are based in. The geographical distribution of survey respondents is as follows: Asia (24%), USA (22%), Americas – excluding the USA – (15%), Africa (15%), Europe (14%), Middle East (7%), and Oceania (2%).

The survey also asked respondents to identify the type of institution they work in. The majority (59%) of survey respondents work in banks, including international

banks (28%), regional banks (15%), and national banks (16%). The remaining respondents (41%) work in non-banking institutions including insurance companies, law firms and other professions.

The majority of survey respondents work in sanctions and compliance, including the mid- to junior level (41%), senior management (26%), legal/regulatory/risk management (15%), executive leadership (9%), trade finance (2%), and other (7%).

Key summary findings are as follows:



## The Scope of Proliferation Finance

Respondents overwhelmingly stated that proliferation finance is primarily about the procurement and financing of nuclear, chemical and biological weapons (81%), rather than primarily about the proliferation efforts of specific state actors or non-state groups.



## The Proliferation Finance Compliance Function

A majority of respondents work for an organisation with a compliance function that incorporates proliferation finance (60%). Based on received responses, international banks appear most likely to have a compliance function that incorporates proliferation finance (76%), in comparison to national banks (63%) and non-banking institutions (46%).

Based on the survey, institutions headquartered in Africa, Middle East and Asia are most likely to have a compliance function that incorporates proliferation finance (71%), followed by Europe (61%), the Americas (excluding the USA) (52%), and the USA (43%).

No matter how the compliance function is structured, the majority of respondents indicated they do not conduct a standalone proliferation finance risk assessment (66%).



## Industry Awareness on Proliferation Finance

Respondents from international banks report they are most likely to be familiar with proliferation finance risk (57%), compared with non-banking (35%), regional banks (34%) and national banks (32%).

Respondents working in international banks are also more likely than other types of institutions to consult red flags, typologies and other resources. It would appear that some resources, such as the UN Panel of Expert reports on North Korea, are rarely consulted. The survey finds that a higher number of respondents in international banks consult the UN Panel of Experts reports (25%) compared to national banks (3%). Additionally, advisories issued by the US government are mostly consulted by respondents in international banks (39%), and less in other types of institutions (16-17%).

Respondents in the Middle East indicate they are the most likely to be aware of proliferation finance red flags (70%), to have read the FATF guidance (59%) and stay updated on advisories related to Syria and Iran (63%), compared to respondents from other regions. Respondents from Europe, however, were the most likely to consult proliferation finance reports

published by non-governmental and academic institutions (40%), consult guidance issued by governments other than the USA (27%) and read the UN Panel of Expert on North Korea reports (21%). In comparison, respondents in the USA and the Americas were less likely to consult any of the aforementioned resources, apart from advisories issued by the US government related to North Korea which were consulted most by respondents based in the USA (32%). Respondents in Asia are most likely to consult news reporting on North Korean sanctions evasion (54%).



## Proliferation Finance Concerns

From a list of proliferation finance risks, respondents indicated they are most concerned about detecting payments related to goods that can be used in a weapons of mass destruction programme (selected by 83% of respondents), and least concerned with implementing targeted financial sanctions on Iran and North Korea (selected by 63%).

Compared to respondents in other regions, respondents in the USA indicated they are less concerned by all the listed proliferation finance risks, including detecting payments related to goods (72%) and implementing targeted financial sanctions (48%).



## Perceptions on Dual-Use Goods Controls

A quarter of respondents believe industry is doing a good job identifying the financing of dual-use and sensitive goods, whereas almost half do not know. Respondents located in the Americas (excl. USA) were less likely to agree with the statement that they know how to access lists of dual-use and export controlled goods (20%). This is in comparison to a reported higher awareness among respondents from the Middle East (59%) and Europe (56%).

Over three-fifths agree it is challenging to incorporate lists of dual-use goods into transaction monitoring programmes, and a majority of respondents also agreed that the industry should prioritise strict end-user checks rather than identifying specific goods in transactions. While nearly half of respondents agree that screening for goods will rarely identify proliferation finance, respondents from Europe are more positive about the utility of screening for goods (58%) compared to respondents from the USA (27%).

Only a fifth of respondents say that governments provide adequate guidance on dual-use and sensitive items. Two-fifths of respondents say they would find it useful if governments shared lists of high-priority items that they should be particularly aware of.



## Tools to Detect Proliferation Finance

Nearly two-thirds of respondents located in national banks agree that money-laundering controls will detect most proliferation financing transactions (64%), which is more than double compared to respondents in international banks (31%). Similarly, respondents working in national banks say that due diligence and screening software offers a good solution to identifying proliferation finance (66%), which is higher than the views of those working in international banks (47%) and regional banks (46%).

Those working in executive leadership positions are also more sceptical of the value of due diligence and screening software solutions, than those working at the mid- to junior level who appear to have a more favourable view of the utility of these solutions in detecting proliferation finance.



## Exposure to Proliferation Finance Risk from Iran

The country perceived as most exposed to Iranian proliferation finance risk is the USA (21%). Respondents from the USA were most likely to rank the USA as most exposed to this risk (34%), compared to respondents in other regions.

Russia is considered as the second most exposed overall (10%), closely followed by the UAE, Turkey, Syria, Iraq, Israel, China, North Korea and Saudi Arabia (all within a range of 3-7%). Only respondents based in the Middle East did not rank the USA as the most exposed, instead identifying Saudi Arabia (15%), followed by North Korea and Iraq (each 11%). Respondents located in Asia ranked the UAE, alongside the USA, as most exposed (13% each).



## Exposure to Proliferation Finance Risk from North Korea

A third of all respondents (33%) identified China as being the most exposed to proliferation finance risk from North Korea. However, this overall figure is influenced by respondents from Europe and Asia, which both indicated China by a significant margin (44% and 46% respectively). Respondents from the USA, the Americas and the Middle East also indicated China as the most exposed, but only marginally compared with their second choices. In comparison, respondents based in Africa highlighted the USA as being the most exposed, followed by Iran and then South Korea.

Overall, the USA ranks second as the country perceived as most exposed to North Korean proliferation finance risk (selected by 20% of respondents), followed by South Korea (10%) and Iran (9%). Few respondents ranked Singapore, Hong Kong and Malaysia as most exposed (all within a range of 1-2%), despite the number of known typologies involving those jurisdictions.



## Concerns Related to North Korea

Respondents are most concerned with implementing UN obligations on North Korean joint ventures (36%), compared to controls on North Korean financial institutions (22%), North Korean workers (17%), and North Korean embassies (9%).

As relates to the financing of certain imports/exports involving North Korea, respondents are most concerned with their ability to identify and counter activities relating to the sale of fuel to North Korea (38%), followed by the arms and weapons embargo (31%). Respondents were less concerned about their ability to identify and counter activities related to statues (2%), seafood (7%) and textiles (10%).



## Perceptions of Industry Performance on North Korea

Those working in national banks offer the most favourable views on the industry's performance on North Korea-related financial measures. For example, while less than a third of all respondents say the industry is doing well on understanding and implementing obligations on North Korean joint ventures, respondents from national banks rated the industry's performance higher (42%), compared to regional banks (23%), non-banking institutions (25%), and international banks (28%). A similar trend is also visible regarding obligations on North Korean workers overseas.

When examining obligations surrounding North Korean import and export restrictions, respondents overall believe the industry best understands and implements its obligations on the conventional arms and weapons embargo (56%) and least understand its obligations on seafood (22%). Respondents from national banks viewed the industry's performance on seafood, textiles and statues more favourably than respondents in regional or international banks.



## Priorities for Addressing North Korea Risk

When asked to rank what steps the industry should be expected to take to implement North Korea-related financial measures, an equal number of respondents indicated risk assessment to determine exposure to activity-based North Korea sanctions measures and screening against a list of designated North Korea individuals and entities as the most important (both 31%). Network analysis received the least amount of top choices (14%). A similar order of ranking applied to combating exposure to North Korea trade. Respondents are split over the most effective measure for identifying non-designated North Korean vessels.



## Data Sharing

Respondents agree that efforts to combat proliferation finance are hindered by an inability for industry to share data on proliferation finance with other private sector actors (78%) and with government (64%). Respondents also agreed that sanctions evasion by proliferators is almost impossible to detect, unless the industry has access to intelligence leads.



## Role of Government

Only one-fifth of respondents say they receive sufficient guidance from their government to support understanding and identification of proliferation finance risk.

Three-quarters of respondents believe that training workshops focused on proliferation finance would be useful. Other high-priority tools requested by respondents from Governments, include the sharing of trends and typologies to better identify proliferation finance patterns (66%), and the sharing of intelligence including names of entities suspected of being involved in proliferation finance (58%).

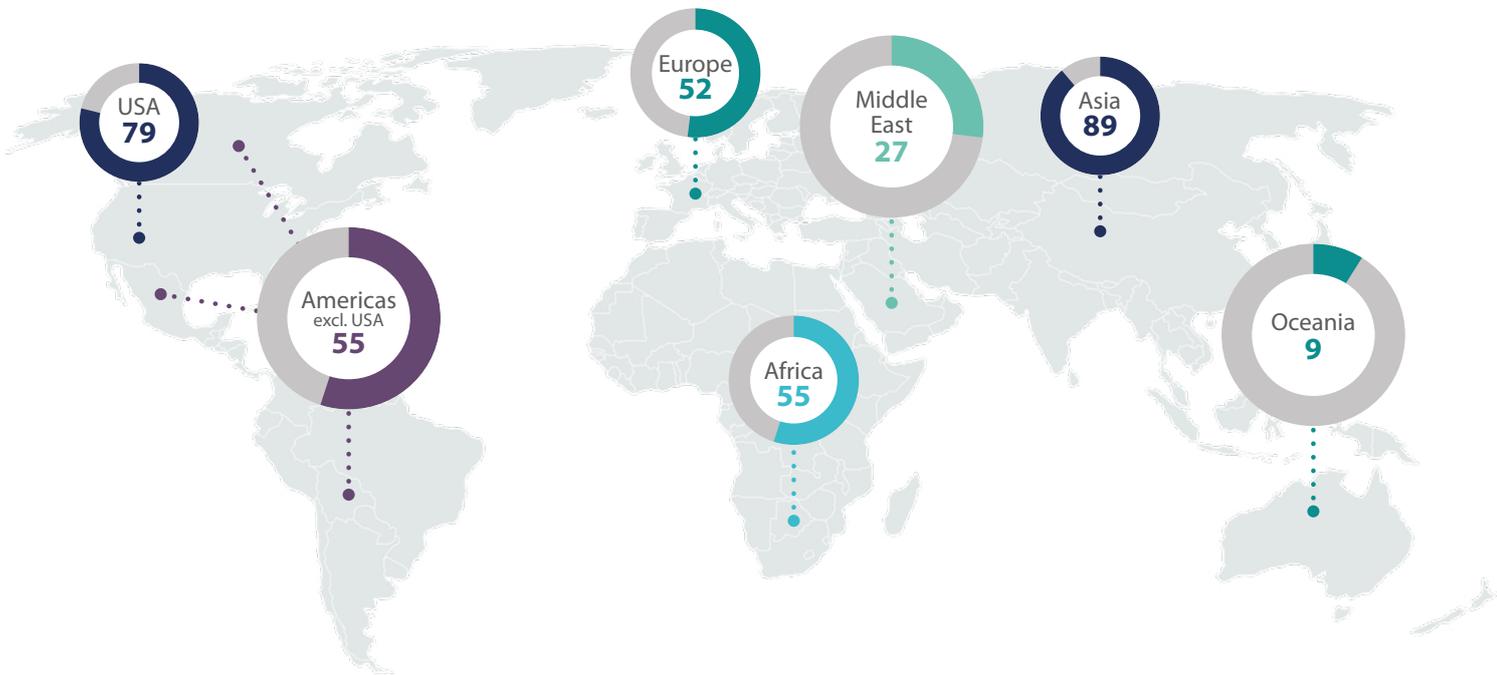


## Impact of Training

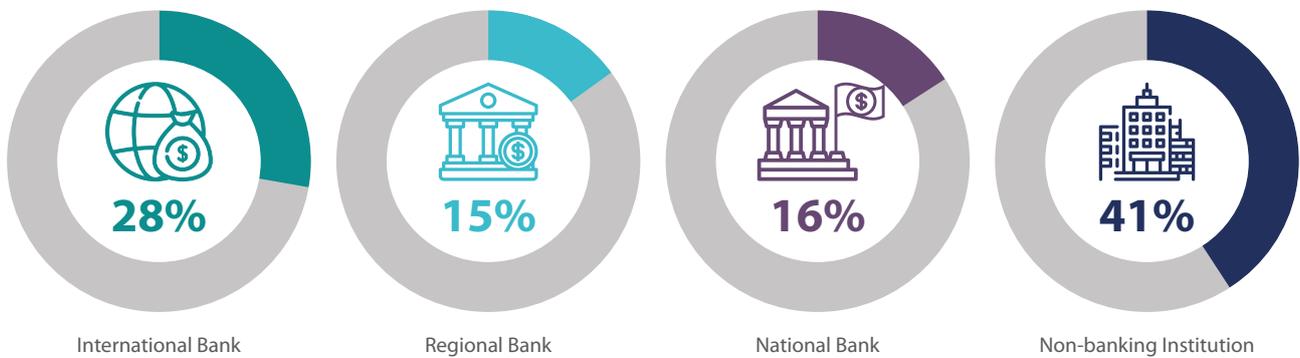
Those that have attended a proliferation finance event in the last 12 months are much more likely to be familiar with proliferation finance (58%) compared to those that have not (23%). Those who have attended an event on proliferation finance are also more aware of the proliferation finance resources available to them. For example, three-quarters of those that have attended proliferation finance events say they are aware of red flags and typologies, compared to just two in five who have not.

Executive and senior management respondents are most likely to have attended a proliferation finance event in the past 12 months (61% and 58% respectively), compared to mid-to junior-level respondents (43%). While the majority of all respondents say they require further education on proliferation finance risk, mid-to junior-level respondents are more likely to state this (80%), compared to executive leadership (64%).

# Who Responded to the Survey

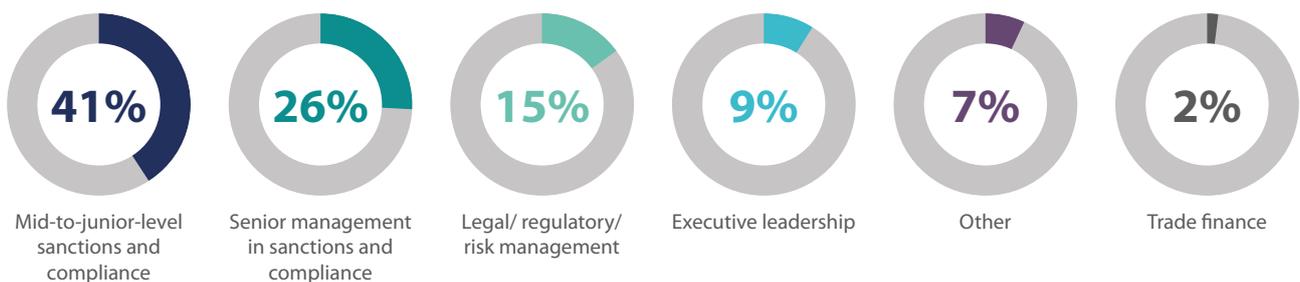


## Organisation Type



**59% of survey respondents work in banks**

## Position



# The Scope of Proliferation Finance

In 2012, the Financial Action Task Force, the inter-governmental body that sets standards on combating financial crime, added proliferation finance to its portfolio. Countries are required to implement UN targeted financial sanctions related to proliferation (North Korea and Iran), and they are assessed on how effective they are in preventing proliferators from raising, moving and using funds.

Provisions related to proliferation finance are also contained in UN Security Council resolutions relating to weapons of mass destruction, as well as specific requirements on Iran and North Korea.

Respondents were shown the below information before answering the survey:



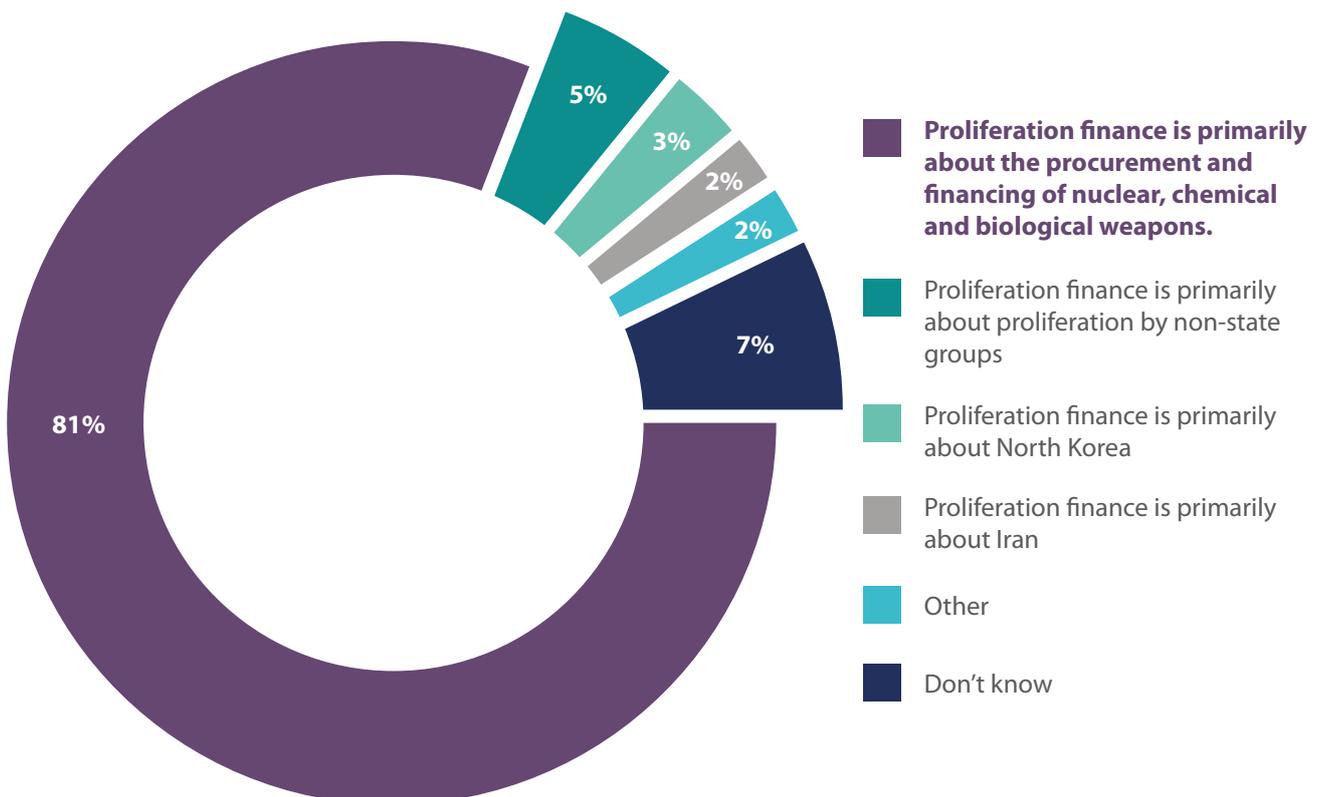
*UN Security Council Resolution 1540 (focusing on non-state groups) focuses on financial services and financing supporting trade in materials and technology useable in a weapons of mass destruction (WMD) programme.*

*However, the expanded UN sanctions regimes against North Korea also capture financing of a range of activities (such as joint ventures or relations with North Korean financial institutions) and financial support for certain trade activities.*

*In the case of Iran, proliferation finance relates to the financing of certain activities and certain actors, primarily related to ballistic missile activities which are still sanctioned under UN Security Council Resolution 2231.*

## Four-fifths of respondents think proliferation finance is primarily about the procurement and financing of weapons of mass destruction

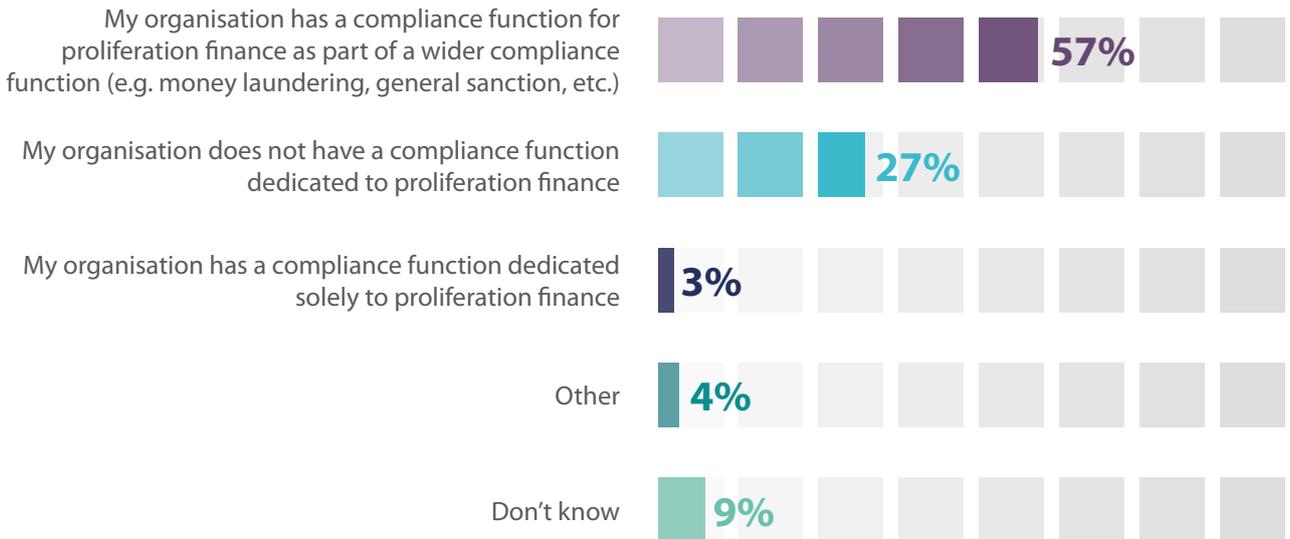
Which of the following statements, if any, comes closest to your view?



## The Proliferation Finance Compliance Function

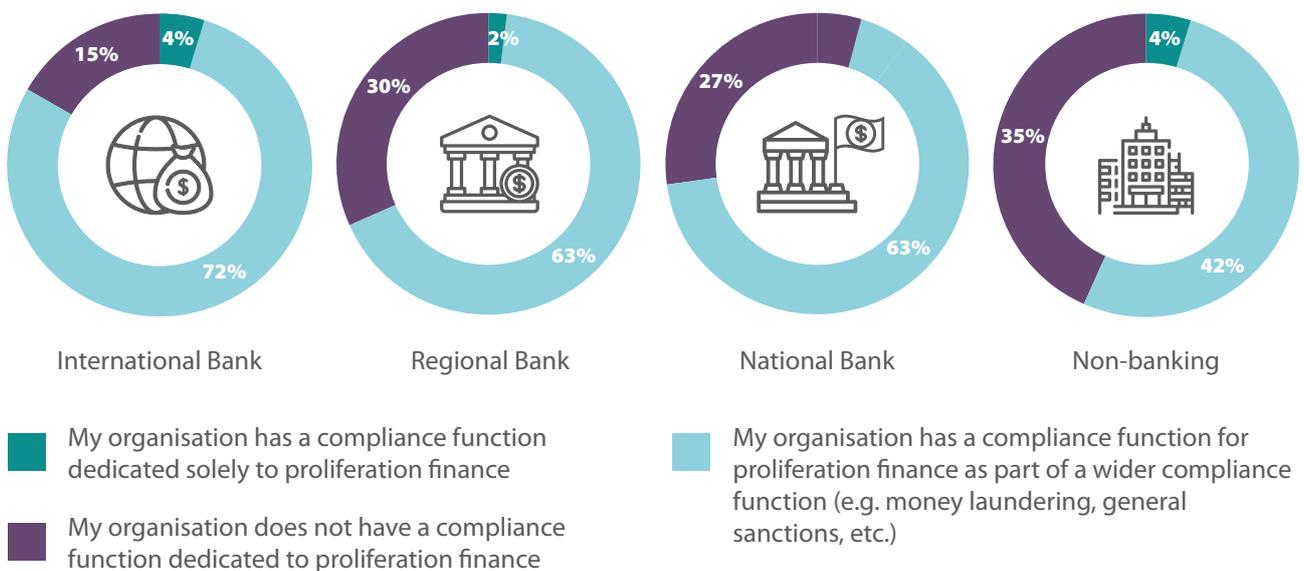
**Three-fifths of respondents work for an organisation with a compliance function for proliferation finance as part of a wider compliance function**

Which of the following statements, if any, best describes your organisation’s approach to proliferation finance?



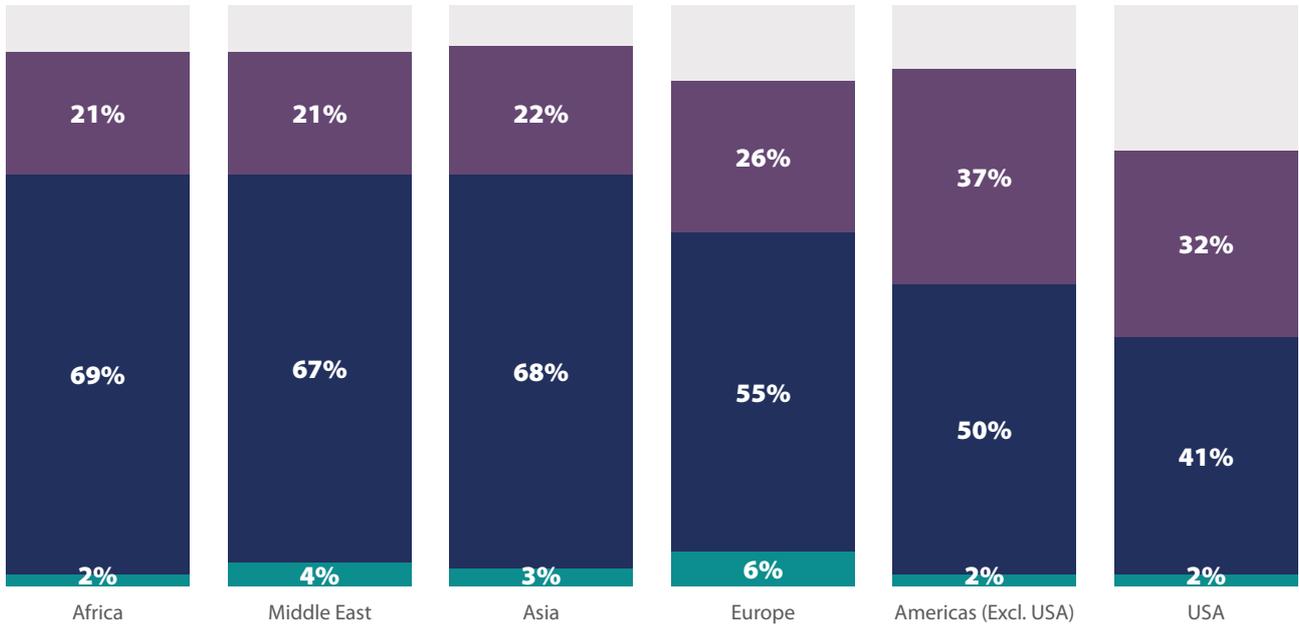
Base: 366

**Those working in international banks are least likely to say they do not have a proliferation finance compliance function**



Base: All respondents (366); All international bank (102), All regional bank (56), All national bank (59), All non-banking (149). 'Other' and 'Don't know' responses removed.

**Respondents working for US-based institutions are least likely to say they have a proliferation finance function**

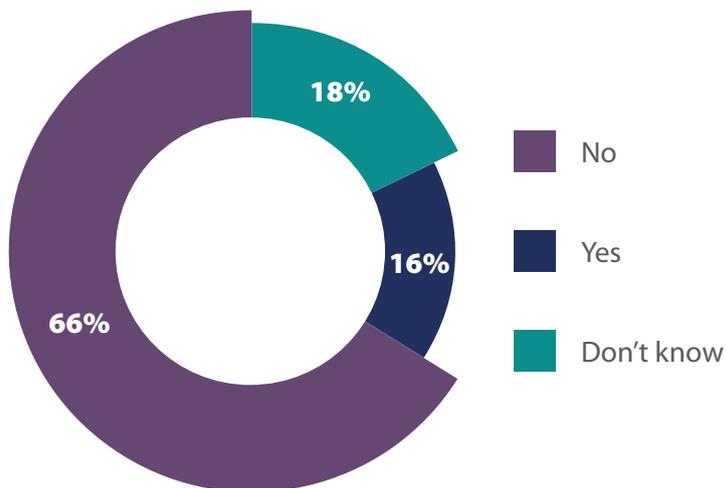


- My organisation has a compliance function dedicated solely to proliferation finance
- My organisation has a compliance function for proliferation finance as part of a wider compliance function (e.g. money laundering, general sanctions, etc.)
- My organisation does not have a compliance function dedicated to proliferation finance

*Base: All institutions based in: USA (85), Americas (54), Europe (69), Asia (72), Middle East (24), Africa (53). 'Other' and 'Don't know' responses removed.*

**Two-thirds of respondents do not have a standalone proliferation finance risk assessment**

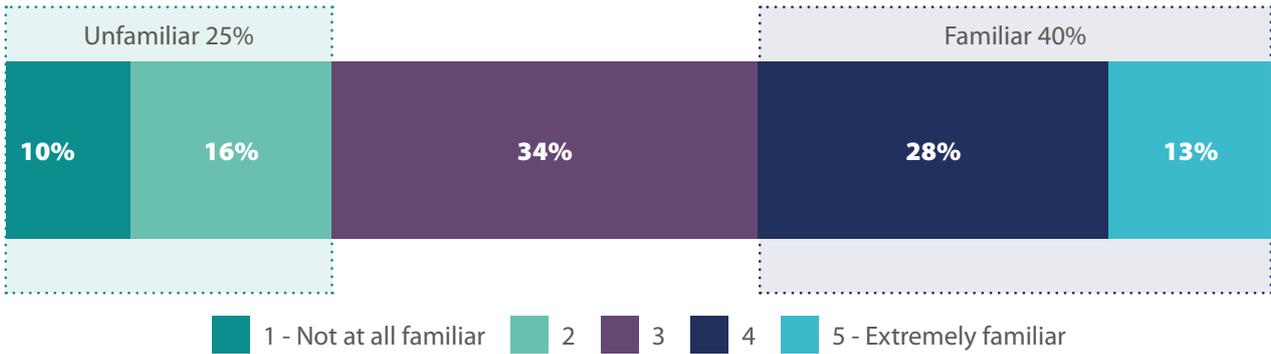
As part of your compliance practices (KYC, CDD, EDD and transaction monitoring), do you have a standalone proliferation finance risk assessment?



## Industry Awareness of Proliferation Finance

**Two-fifths of respondents are familiar with proliferation finance**

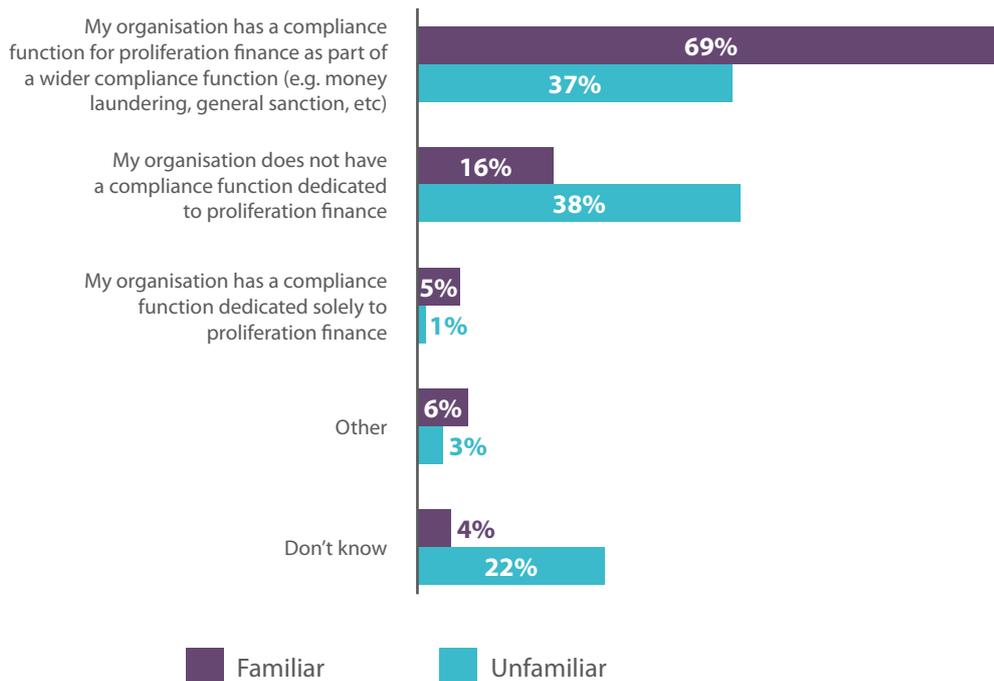
To what extent, if at all, are you familiar or unfamiliar with proliferation finance risk?



Base: 366

**Those familiar with proliferation finance are almost twice as likely to have a proliferation finance function as part of a wider compliance team**

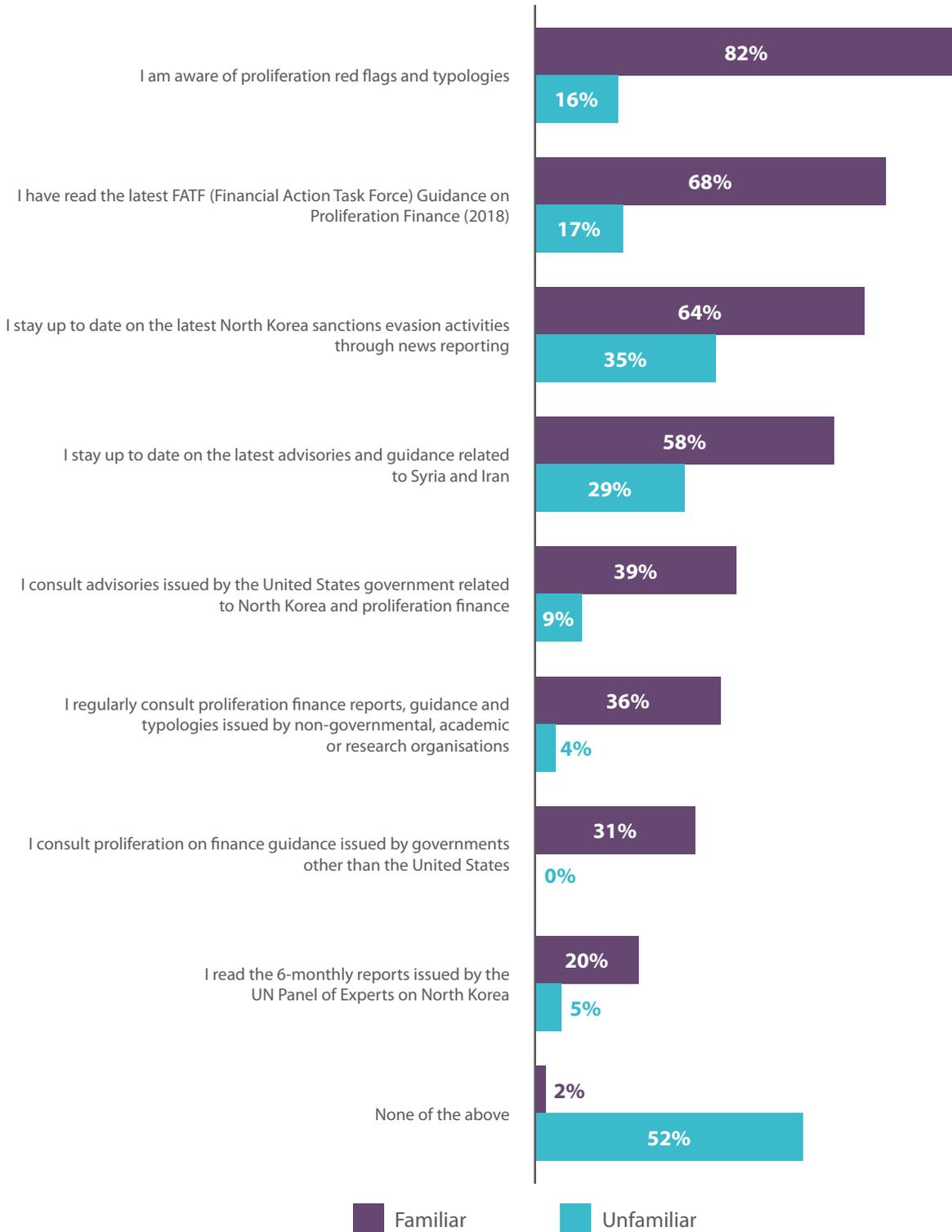
Which of the following statements, if any, best describes your organisation's approach to proliferation finance?



Base: All familiar (148), All unfamiliar (93)

## Respondents that are familiar with proliferation finance are more likely to consult various proliferation finance sources

Which of the following statements, if any, apply to you?



## Respondents from international banks are the most likely to be familiar with proliferation finance risk

To what extent, if at all, are you familiar or unfamiliar with proliferation finance risk?



Base: All respondents (366); All international bank (102), All regional bank (56), All national bank (59), All non-banking (149)

## Those working in international banks are more likely than average to take listed actions around proliferation finance, whereas those in national banks are less likely

Which of the following statements, if any, apply to you?

	Overall	International Bank	Regional Bank	National Bank	Non-banking
I am aware of proliferation finance red flags and typologies	57%	67%	59%	46%	55%
I have read the latest FATF (Financial Action Task Force) Guidance on Proliferation Finance (2018)	49%	54%	45%	44%	49%
I stay up to date on the latest North Korea sanctions evasion activities through news reporting	48%	60%	61%	37%	40%
I stay up to date on the latest advisories and guidance related to Syria and Iran	45%	47%	57%	37%	41%
I consult advisories issued by the United States government related to North Korea and proliferation finance	23%	39%	16%	17%	17%
I regularly consult proliferation finance reports, guidance and typologies issued by non-governmental, academic or research organisations	20%	31%	18%	5%	19%
I consult proliferation finance guidance issued by governments other than the United States	19%	28%	13%	8%	18%
I read the 6-monthly reports issued by the UN Panel of Experts on North Korea	13%	25%	13%	3%	8%
None of the above	17%	12%	18%	20%	18%

Base: All respondents (366); All international bank (102), All regional bank (56), All national bank (59), All non-banking (149)

## Respondents in the Middle East are most likely to be aware of proliferation red flags, to have read FATF guidance and stay up to date with advisories relating to Syria and Iran

Which of the following statements, if any, apply to you?

	Overall	USA	Americas (excl. USA)	Europe	Asia	Middle East	Africa
I am aware of proliferation finance red flags and typologies	<b>57%</b>	<b>51%</b>	53%	58%	60%	<b>70%</b>	58%
I have read the latest FATF (Financial Action Task Force) Guidance on Proliferation Finance (2018)	<b>49%</b>	<b>42%</b>	45%	50%	51%	<b>59%</b>	56%
I stay up to date on the latest North Korea sanctions evasion activities through news reporting	<b>48%</b>	49%	47%	46%	<b>54%</b>	<b>41%</b>	44%
I stay up to date on the latest advisories and guidance related to Syria and Iran	<b>45%</b>	51%	51%	44%	38%	<b>63%</b>	<b>29%</b>
I consult advisories issued by the United States government related to North Korea and proliferation finance	<b>23%</b>	<b>32%</b>	<b>9%</b>	29%	27%	11%	18%
I regularly consult proliferation finance reports, guidance and typologies issued by non-governmental, academic or research organisations	<b>20%</b>	14%	<b>11%</b>	<b>40%</b>	22%	22%	16%
I consult proliferation finance guidance issued by governments other than the United States	<b>19%</b>	<b>15%</b>	16%	<b>27%</b>	17%	22%	16%
I read the 6-monthly reports issued by the UN Panel of Experts on North Korea	<b>13%</b>	13%	<b>2%</b>	<b>21%</b>	19%	11%	7%
None of the above	<b>17%</b>	28%	15%	15%	15%	11%	11%

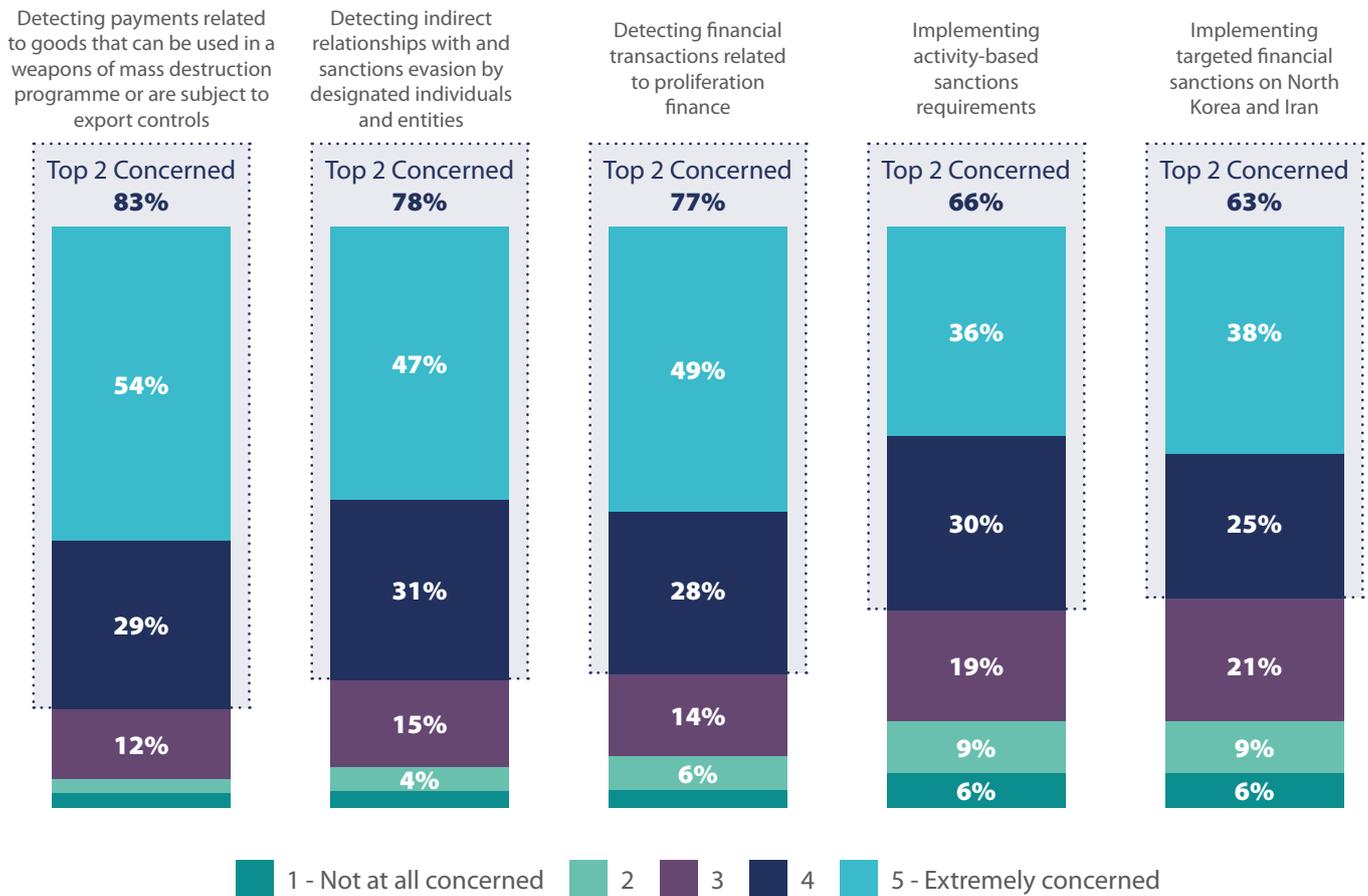
Most selected
  Least selected

Base: All respondents (366); USA (79), Americas (55), Europe (52), Asia (89), Middle East (27), Africa (55)

# Proliferation Finance Concerns

**Respondents are most concerned about detecting payments related to goods that can be used in a WMD programme, whereas they are least concerned with implementing targeted financial sanctions on Iran and North Korea**

When thinking about proliferation finance risk, how concerned, if at all, are you about each of the following?



Base: 366

## Those familiar are more likely to be concerned with each of the listed proliferation finance risks

When thinking about proliferation finance risk, how concerned, if at all, are you about each of the following?

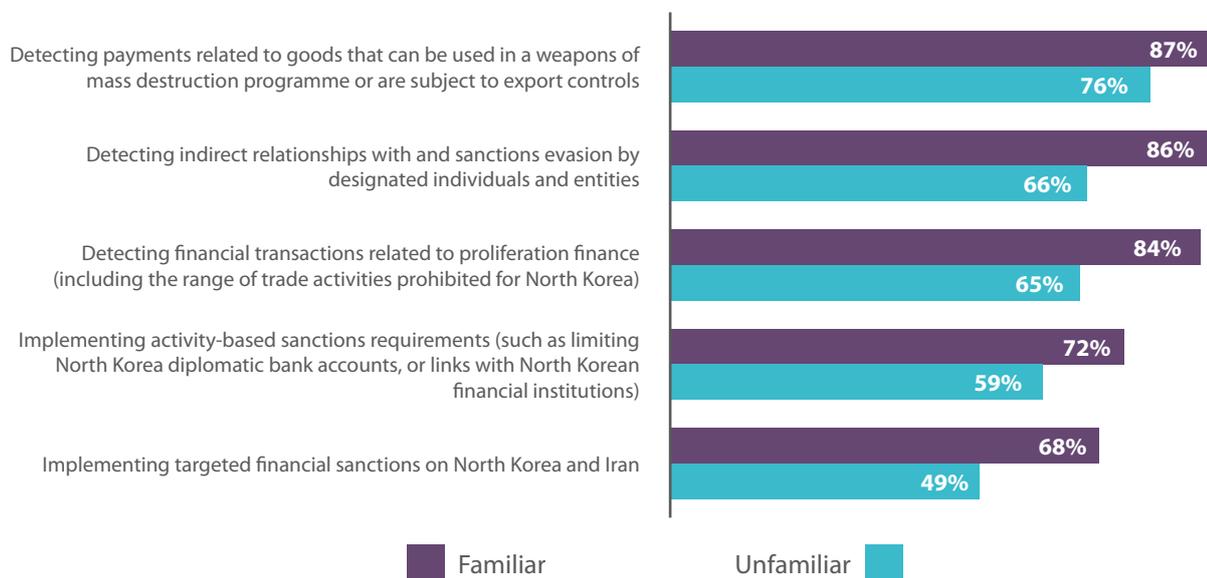


Chart displays those concerned with each factor

Base: All familiar (148), All unfamiliar (93)

## Respondents based in the USA are least likely to be concerned by all listed proliferation finance risks

When thinking about proliferation finance risk, how concerned, if at all, are you about each of the following?

	Overall	USA	Americas (excl. USA)	Europe	Asia	Middle East	Africa
Detecting payments related to goods that can be used in a weapons of mass destruction programme or are subject to export controls	83%	72%	78%	92%	85%	78%	91%
Detecting indirect relationships with and sanctions evasion by designated individuals and entities	78%	68%	80%	85%	80%	81%	82%
Detecting financial transactions related to proliferation finance (including the range of trade activities prohibited for North Korea)	77%	70%	71%	81%	84%	74%	82%
Implementing activity-based sanctions requirements (such as limiting North Korea diplomatic bank accounts, or links with North Korean financial institutions)	66%	48%	64%	63%	80%	74%	69%
Implementing targeted financial sanctions on North Korea and Iran	63%	48%	49%	65%	80%	70%	65%

Most concerned    Least concerned

Table displays those saying they are concerned by each

Base: All respondents (366); USA (79), Americas (55), Europe (52), Asia (89), Middle East (27), Africa (55)

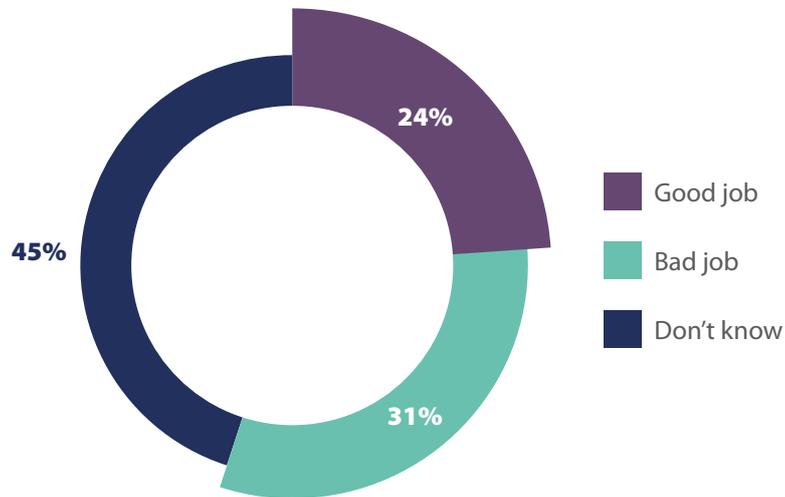
## Perceptions on Dual-Use Goods Controls

Respondents were shown the following text before answering the questions on dual-use goods controls:

“Dual-use and sensitive goods means goods and materials that may be usable for the development of weapons of mass destruction (nuclear, chemical and biological weapons).”

**Just a quarter believe the industry is doing a good job identifying the financing of dual-use and sensitive goods, whereas almost half do not know**

In general, do you think the industry is doing a good job or a bad job identifying the financing of dual-use and sensitive goods?



Base: 366

**Over three-fifths agree it is challenging to incorporate lists of dual-use goods into monitoring programmes**

To what extent do you agree or disagree with each of the following statements?



■ Net: Agree   
 ■ Neither agree nor disagree   
 ■ Net: Disagree   
 ■ Don't know

Base: 366

**However, there are regional differences in views on dual-use goods controls: respondents in the Americas, including the USA, are least likely to agree with each statement**

To what extent do you agree or disagree with each of the following statements?

	Overall	USA	Americas (excl. USA)	Europe	Asia	Middle East	Africa
It is challenging to incorporate lists of dual-use or sensitive goods into transaction monitoring programmes	63%	53%	53%	77%	74%	67%	56%
The industry should prioritise strict end-user checks rather than focusing on identifying goods	52%	35%	33%	62%	60%	67%	64%
Screening for dual-use or sensitive goods in open-account transactions will rarely result in the identification of proliferation finance	45%	27%	33%	58%	52%	48%	55%
I know where to find lists of export controlled, dual-use or sensitive goods that are of proliferation concern	42%	39%	20%	56%	42%	59%	44%

■ Highest agree %   ■ Lowest agree %

Table displays those saying they agree with each statement

Base: All respondents (366); USA (79), Americas (55), Europe (52), Asia (89), Middle East (27), Africa (55)

**Only one-fifth of respondents agree that governments provide adequate guidance on dual-use and sensitive items**

To what extent do you agree or disagree with each of the following statements?



■ Net: Agree   ■ Neither agree nor disagree   ■ Net: Disagree   ■ Don't know

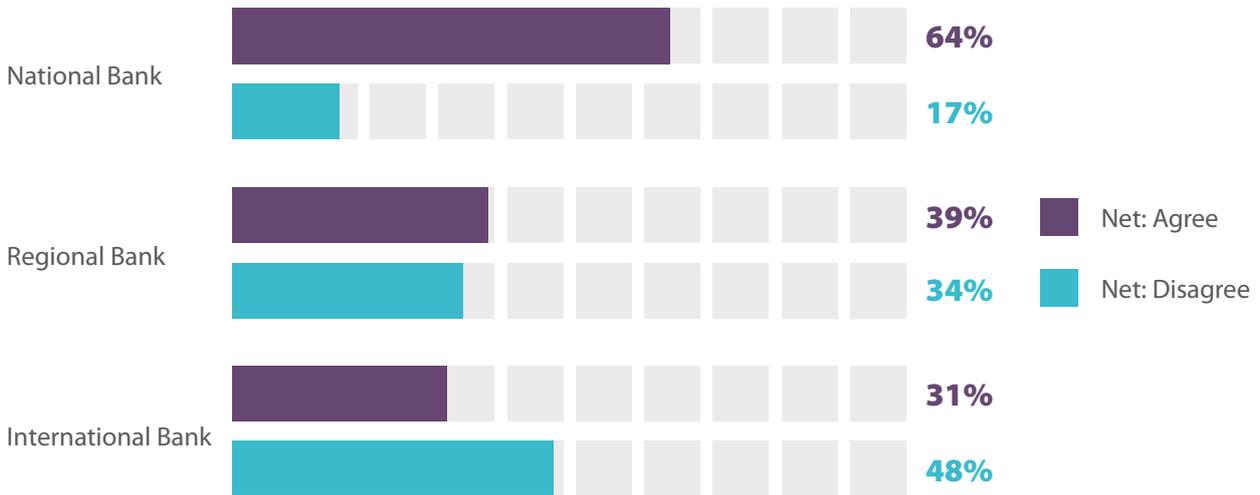
## Tools to Detect Proliferation Finance

**Two-thirds of national bank respondents agree money-laundering controls will detect most proliferation finance transactions**

Money-laundering controls will detect most proliferation finance transactions



Base: 366



Base: All international bank (102), All regional bank (56), All national bank (59)

**Respondents are more critical of screening software vendors to identify dual-use goods in transactions**

Due diligence/screening software vendors offer good solutions to assist with identifying proliferation finance risk



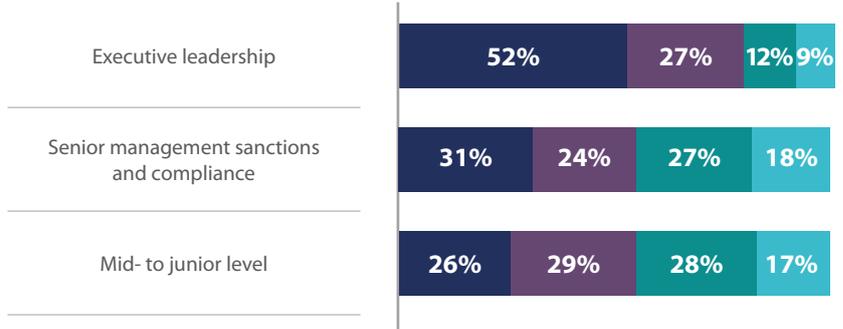
Base: 366

**Those working in executive leadership positions are much more sceptical of the value of due diligence and screening software solutions**

Due diligence/screening software vendors offer good solutions to assist with identifying **proliferation finance risk**



Due diligence/screening software vendors offer good solutions to assist with identifying **dual use goods in transactions**

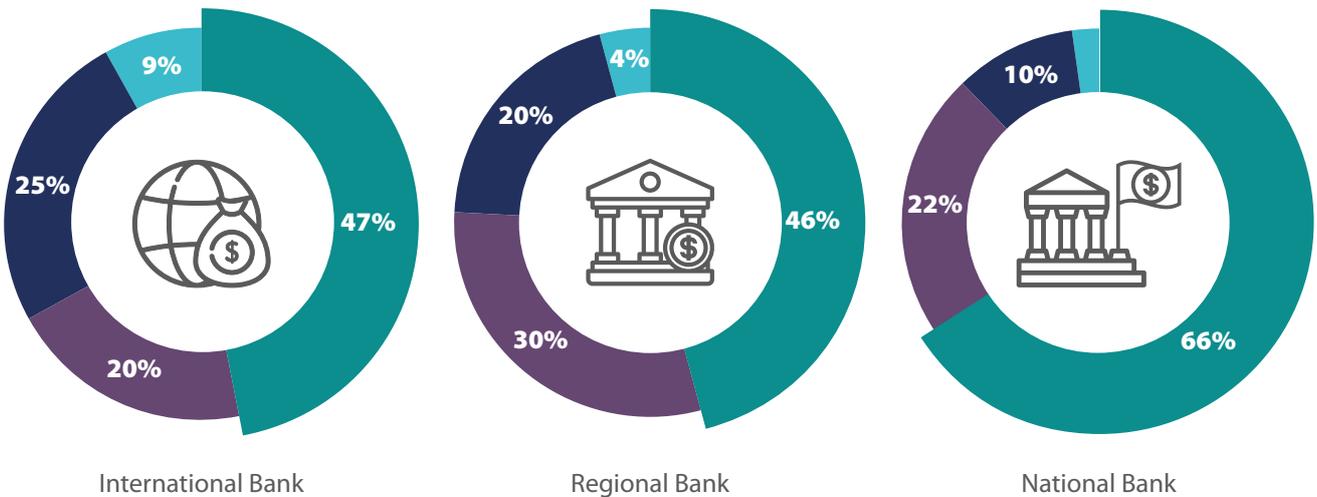


■ Net: Disagree   
 ■ Neither agree nor disagree   
 ■ Net: Agree   
 ■ Don't know

Base: All executive leadership (33), All senior management (96), All mid-to junior level (141)

**Two-thirds of national bank respondents agree due diligence and screening software vendors offer good solutions to assist with identifying proliferation finance risk**

Due diligence/screening software vendors offer good solutions to assist with identifying proliferation finance risk



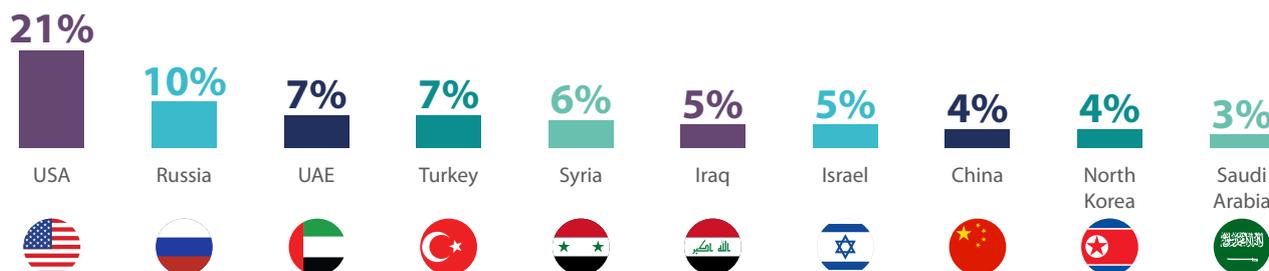
■ Net: Agree   
 ■ Neither   
 ■ Net: Disagree   
 ■ Don't know

Base: All international bank (102), All regional bank (56), All national bank (59)

# Exposure to Iran Proliferation Finance Risk

**A fifth of respondents named the USA as the country most exposed to proliferation finance risk from Iran**

Finish the following sentence: The country most exposed to proliferation finance risk from Iran is...



Base: 366

**Respondents from all regions except the Middle East believe the USA is the country most exposed to proliferation finance risk from Iran**

Finish the following sentence: The country most exposed to proliferation finance risk from Iran is...

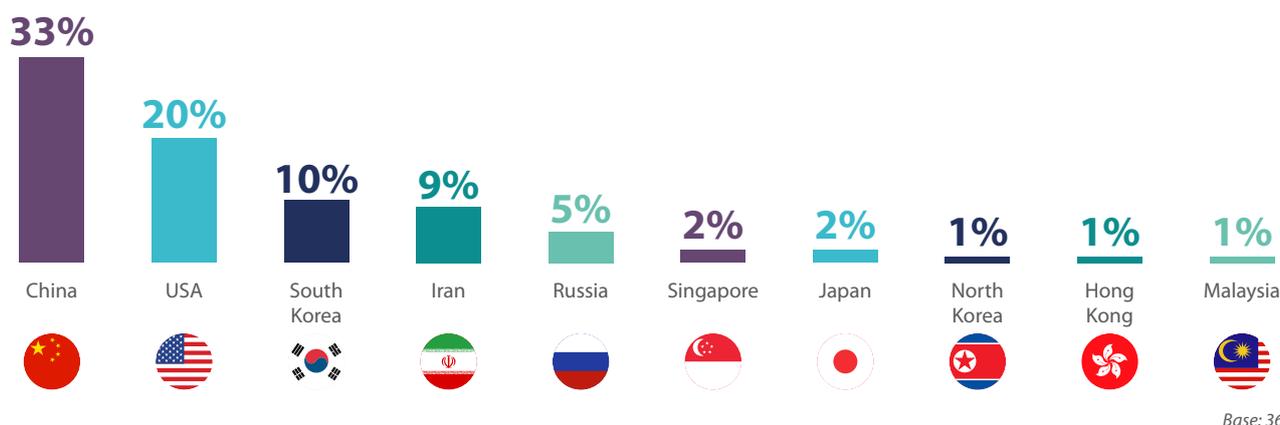
Respondents based in:	1st	2nd	3rd
USA	USA <b>34%</b>	Russia <b>13%</b>	Turkey <b>9%</b>
Americas (excl. USA)	USA <b>31%</b>	Syria <b>11%</b>	Israel <b>9%</b>
Europe	USA <b>19%</b>	Russia <b>17%</b>	UAE <b>12%</b>
Asia	USA <b>13%</b>	UAE <b>13%</b>	Russia <b>9%</b>
Middle East	Saudi Arabia <b>15%</b>	North Korea <b>11%</b>	Iraq <b>11%</b>
Africa	USA <b>16%</b>	Iraq <b>13%</b>	Syria <b>13%</b>

Base: USA (79), Americas (55), Europe (52), Asia (89), Middle East (27), Africa (55)

# Exposure to North Korea Proliferation Finance Risk

**A third of respondents named China as the country most exposed to proliferation finance risk from North Korea**

Finish the following sentence: The country most exposed to proliferation finance risk from North Korea is...



**Respondents from all regions except Africa say the country most exposed to proliferation finance risk from North Korea is China**

Finish the following sentence: The country most exposed to proliferation finance risk from North Korea is...

Respondents based in:	1st	2nd	3rd
USA	China <b>30%</b>	USA <b>29%</b>	South Korea <b>13%</b>
Americas (excl. USA)	China <b>35%</b>	USA <b>33%</b>	South Korea <b>15%</b>
Europe	China <b>44%</b>	Iran <b>17%</b>	USA <b>13%</b>
Asia	China <b>46%</b>	USA <b>8%</b>	South Korea <b>6%</b>
Middle East	China <b>19%</b>	Iran <b>15%</b>	South Korea <b>15%</b>
Africa	USA <b>22%</b>	Iran <b>20%</b>	South Korea <b>13%</b>

## Concerns Related to North Korea

Respondents were shown the below information before answering the section on North Korea.

**UN Security Council resolutions contain several activity-based financial provisions related to North Korea. In summary, these are:**

**North Korean Financial Institutions:** The UN prohibits North Korean financial institutions from operating abroad, and prohibits all financial institutions from establishing joint ventures, taking an ownership interest in, or maintaining correspondent banking relationships with North Korean banks.

**North Korean Embassies:** The UN has implemented restrictions on the financial operations of North Korean diplomatic missions and its diplomatic staff. This includes limiting the number of bank accounts to one per North Korean diplomatic mission (and one per accredited North Korean diplomat) and prohibits North Korea from using property for non-diplomatic purposes.

**Joint Ventures:** The UN has banned all joint ventures or cooperative entities, both new and existing, with any North Korean entities or individuals, whether or not they are acting for or on behalf of the North Korean government.

**North Korean Workers:** By the end of 2019 the UN will implement a full ban on North Korean nationals earning income outside North Korea, and all countries are prohibited from providing work authorisations for North Korean nationals. Any income earned by North Korean nationals will therefore be prohibited.

**The UN also places several import/export restrictions on North Korea, including any financing connected to the import and export of these products. These include:**

**Arms Embargo:** Includes all arms and light weapons, their related material and a ban on related financial transactions of arms in and out of North Korea. The UN has also implemented a 'catch-all' clause on the supply, sale or transfer of any item that could directly contribute to the development of North Korea's military capabilities.

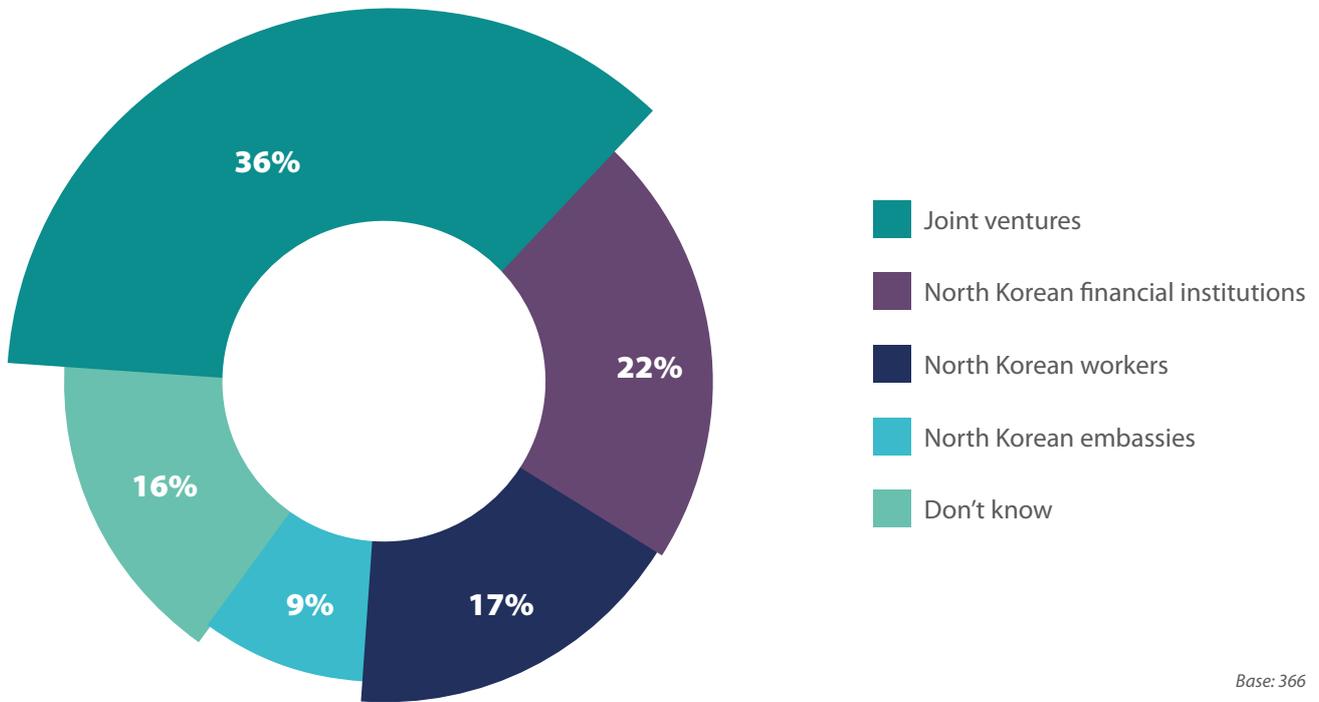
**Imports from North Korea:** UN resolutions prohibit North Korea from exporting certain commodities which can generate the North Korean government significant revenue.

**Exports into North Korea:** UN resolutions also prohibit the export of a range of commodities into North Korea. All countries are prohibited from supplying such items to North Korea.

**Luxury Goods:** The UN prohibits the provision of luxury goods to North Korea.

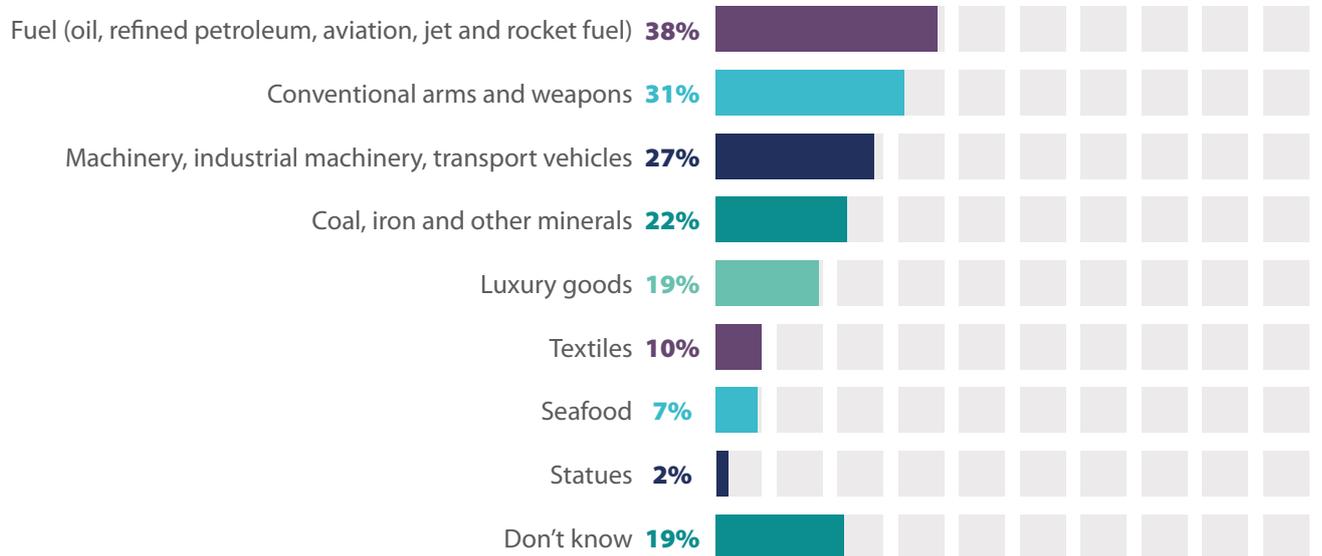
**The measure which concerns respondents the most is North Korean joint ventures, which is selected by more than a third**

Which of these measures concerns you the most, in terms of your ability to identify and counter these activities?



**Respondents are most concerned with their ability to identify and counter activities relating to fuel, followed by conventional arms and weapons**

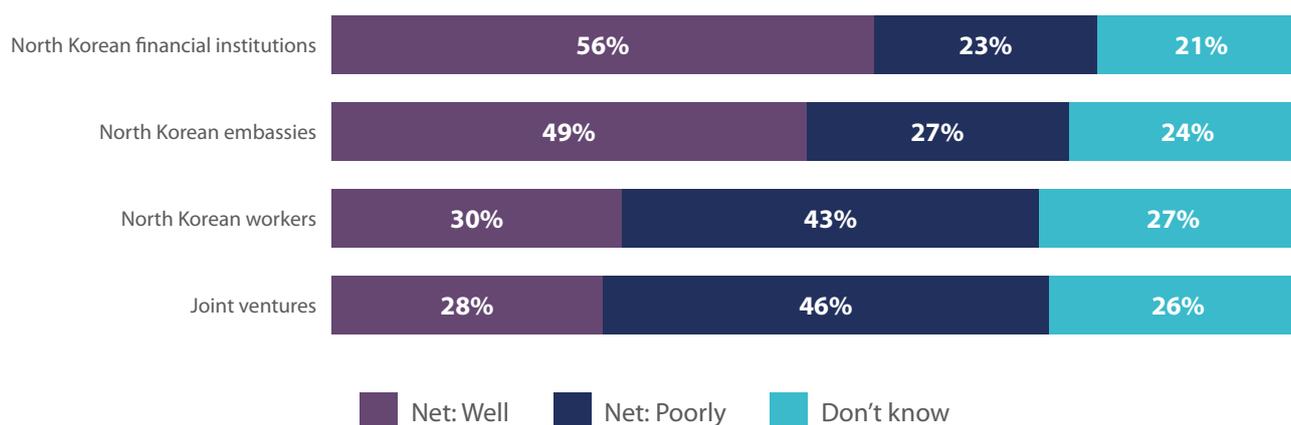
Which of the following restrictions concerns you the most, in terms of your ability to identify and counter these activities?



## Perceptions of Industry Performance on North Korea

**Generally, respondents believe the industry understands and implements obligations well on North Korean financial institutions and embassies, but less well on workers and joint ventures**

How well or poorly do you feel the industry understands and implements its obligations on each of the following?



Base: 366

**Those working in national banks are most likely to perceive the industry to be doing well in understanding its obligations around North Korea**

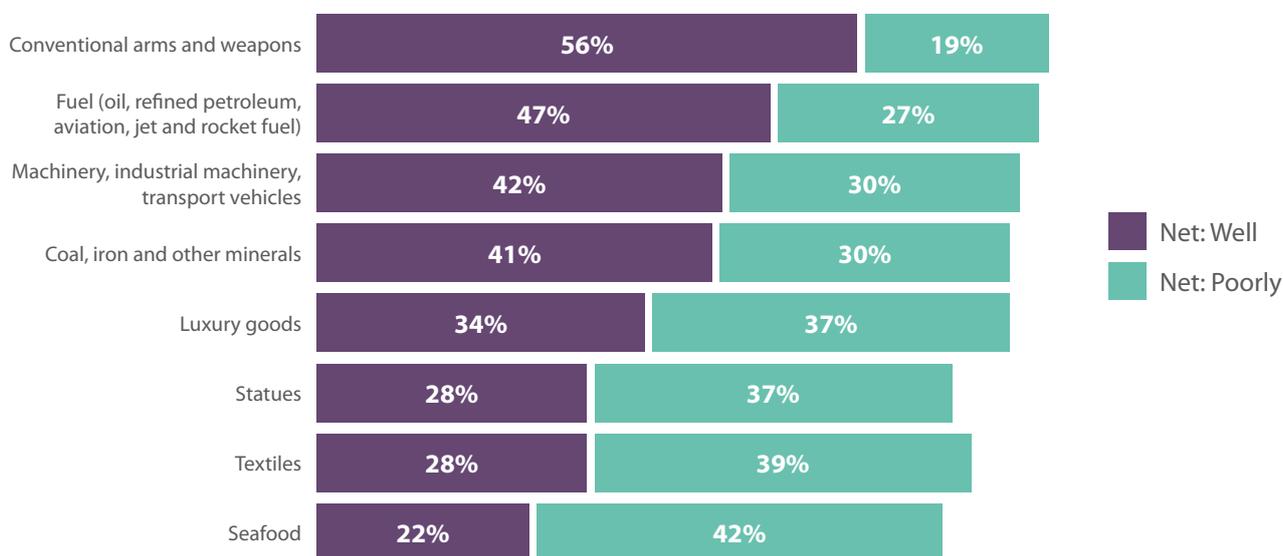
How well or poorly do you feel the industry understands and implements its obligations on each of the following?

	Overall	International Bank	Regional Bank	National Bank	Non-banking
North Korean financial institutions	56%	60%	57%	68%	49%
North Korean embassies	49%	51%	57%	63%	40%
North Korean workers	30%	26%	36%	49%	23%
Joint ventures	28%	28%	23%	42%	25%

Table displays those saying the industry is doing 'Very well' or 'Quite well' on each measure

## Respondents believe the industry best understands its obligations on conventional arms, but least on seafood

How well or poorly do you feel the industry understands and implements its obligations on each of the following?



Base: 366. 'Don't know' responses removed.

## Respondents from all types of organisation think the industry best understands its obligations around conventional arms and weapons

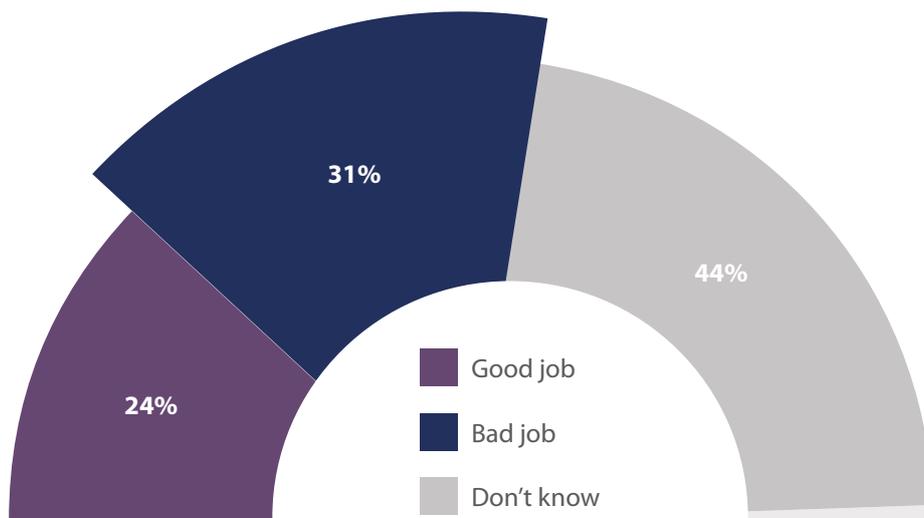
How well or poorly do you feel the industry understands and implements its obligations on each of the following?

	Overall	International Bank	Regional Bank	National Bank	Non-banking
Conventional arms and weapons	<b>56%</b>	59%	64%	54%	52%
Fuel (oil, refined petroleum, aviation, jet and rocket fuel)	<b>47%</b>	51%	48%	51%	42%
Machinery, industrial machinery, transport vehicles	<b>42%</b>	41%	48%	53%	36%
Coal, iron and other minerals	<b>41%</b>	47%	46%	42%	34%
Luxury goods	<b>34%</b>	33%	34%	32%	36%
Statues	<b>28%</b>	25%	27%	<b>41%</b>	26%
Textiles	<b>28%</b>	26%	25%	<b>39%</b>	25%
Seafood	<b>22%</b>	19%	23%	<b>31%</b>	20%

Table displays those saying the industry is doing 'Very well' or 'Quite well' on each measure

**On the industry's ability to secure itself against North Korean cyber attacks, more respondents think the industry is doing a bad job than a good job, although there is a significant proportion saying 'don't know'**

Do you feel the industry has done a good job or a bad job in securing itself against the threat of North Korean cyber-attacks?



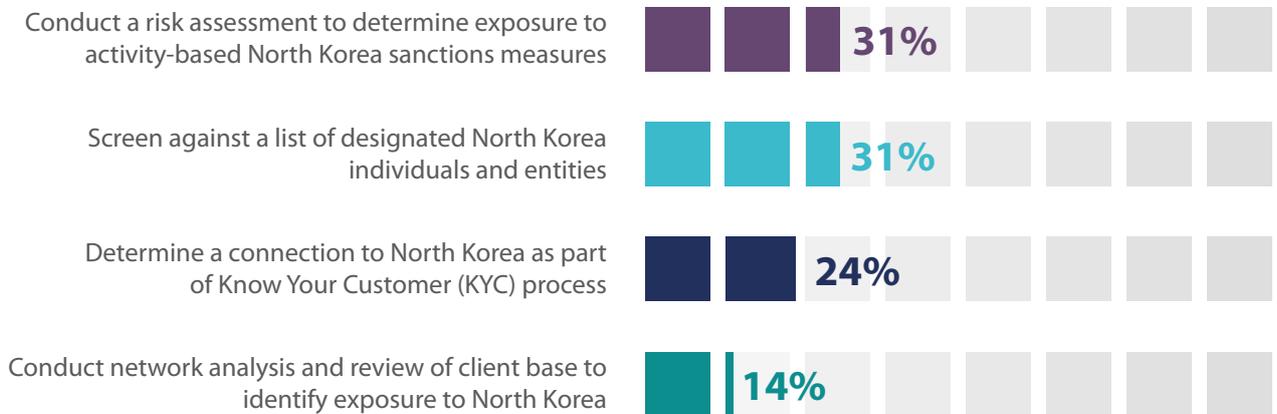
Base: 366

## Priorities for Addressing North Korea Risk

**Conducting risk assessments and screening against lists of designated North Korean entities are seen as the most important steps for identifying links to North Korea, that the industry should be expected to take**

What steps do you feel the industry should be expected to take to implement the above provisions and identify indirect links to North Korea? Please rank each in order of importance.

*\*Chart displays proportion of respondents ranking each action first*



Base: 366

**Conducting risk assessment to determine exposure to North Korean trade is seen as the most effective measure for implementing UN import/export provisions on North Korea**

How effective or ineffective do you think the following measures would be in implementing UN import and export provisions? Please rank each in order of importance.

*\*Chart displays proportion of respondents ranking each action first*



Base: 366

**Respondents are split over the most effective measure for identifying North Korean designated vessels; conducting network analysis and live monitoring of vessels are both selected by around three in ten, with investigation of a vessel’s history selected by a quarter**

Beyond screening against a list of North Korean designated vessels, how effective or ineffective do you think the following measures would be?

*\*Chart displays proportion of respondents ranking each action first*

Conduct network analysis to ensure any vessels financed/insured or otherwise supported by my institution are not either connected with or acting on behalf of North Korea



Live monitoring of vessels to determine suspicious behaviour (turning off AIS, sailing in areas known to be locations for illicit North Korean ship-to-ship transfers, to meeting with suspect ships or operating in certain areas)



Investigating the vessel’s history (whether the ships have flown a North Korean flag, been de-listed for links to North Korea, sailed to North Korea or been owned or managed by North Korean or North Korean-linked entities)



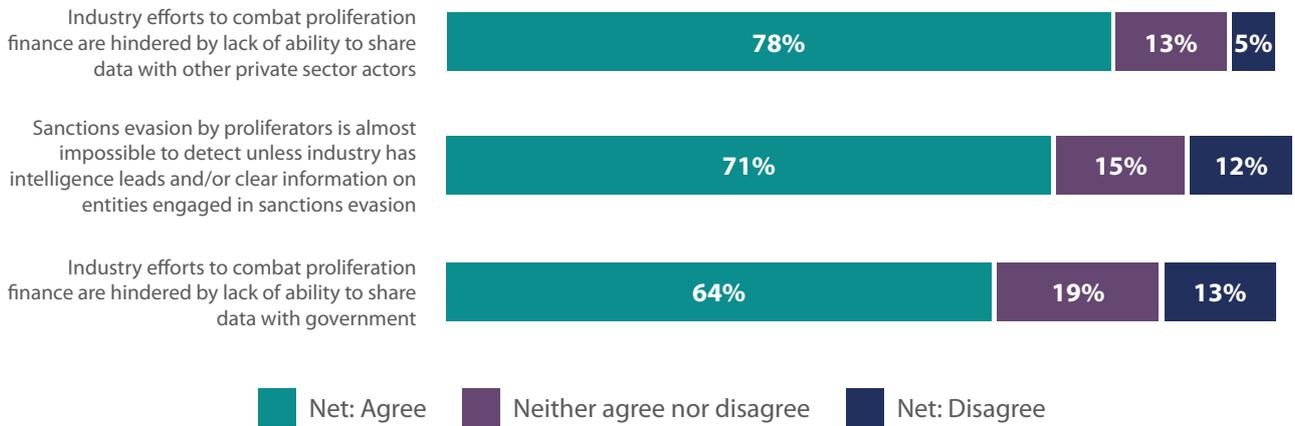
Base: 366

# Action on Proliferation Finance

## Data Sharing

**Over three-quarters of respondents agree that efforts to combat proliferation finance are hindered by lack of understanding and inability to share data with other private sector actors**

To what extent do you agree or disagree with each of the following statements?

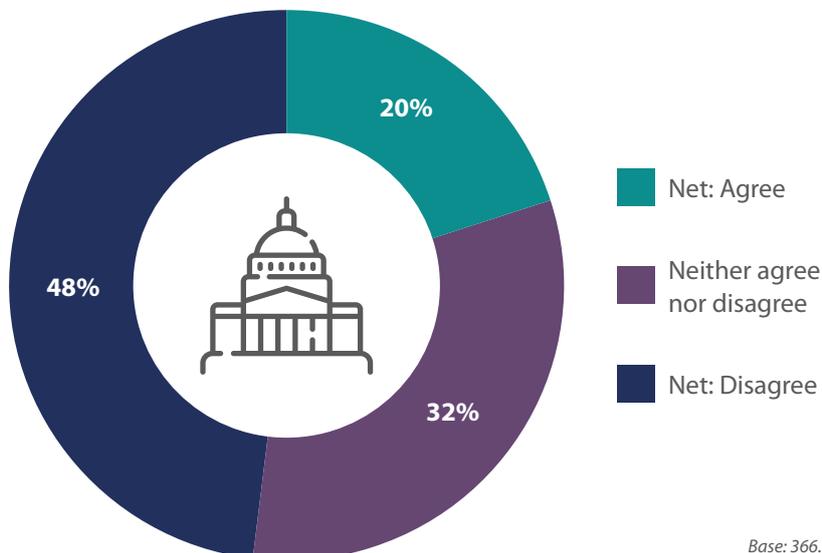


Base: 366. 'Don't know' responses removed.

## The Role of Government

**Only one-fifth of respondents say they receive sufficient guidance from their government to support understanding and identification of proliferation finance risk**

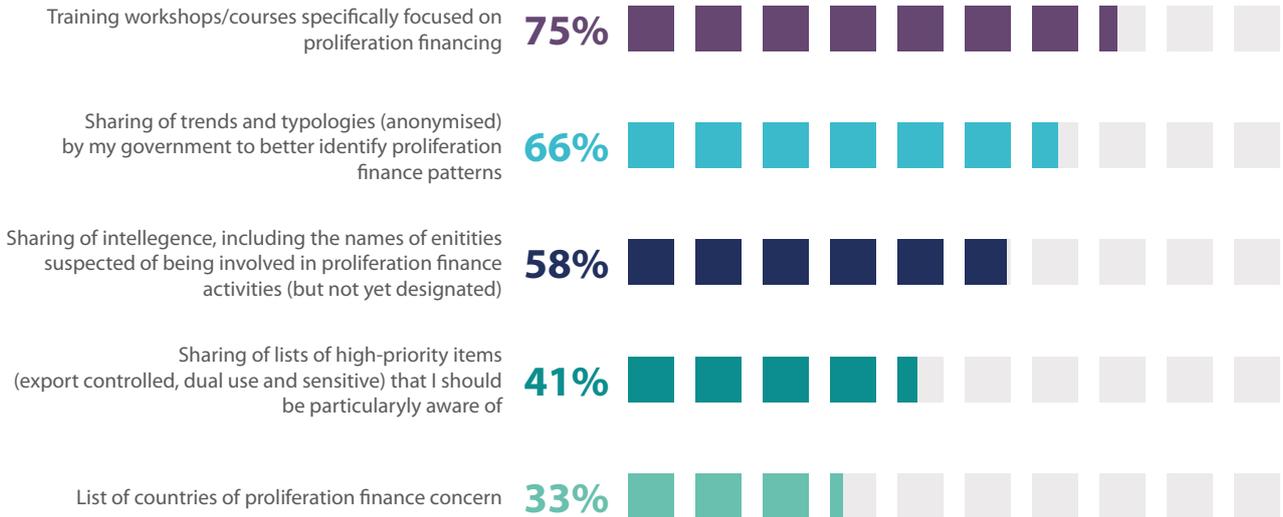
I receive sufficient guidance from my government to support my understanding and identification of proliferation finance risk



Base: 366. 'Don't know' responses removed.

### Three-quarters believe that training workshops focused on proliferation finance would be useful

When thinking about tools your government can provide you to help you better understand proliferation finance, which of the following tools, if any, would be most useful to you?

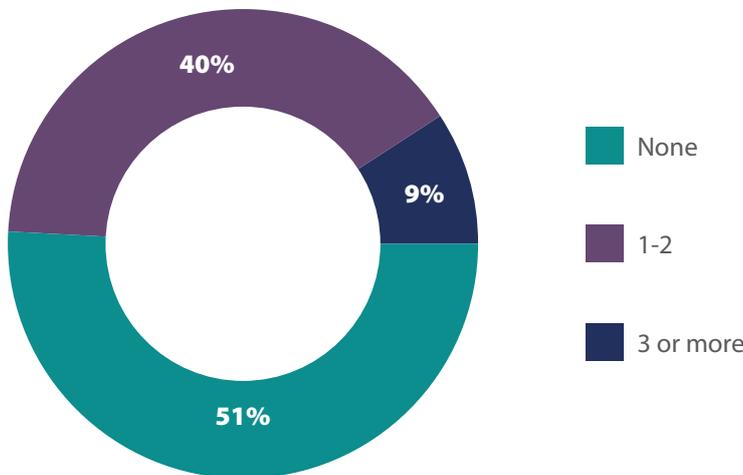


Base: 366

### Impact of training and education

#### Half of respondents have been to at least one workshop in the past year where proliferation finance was a topic

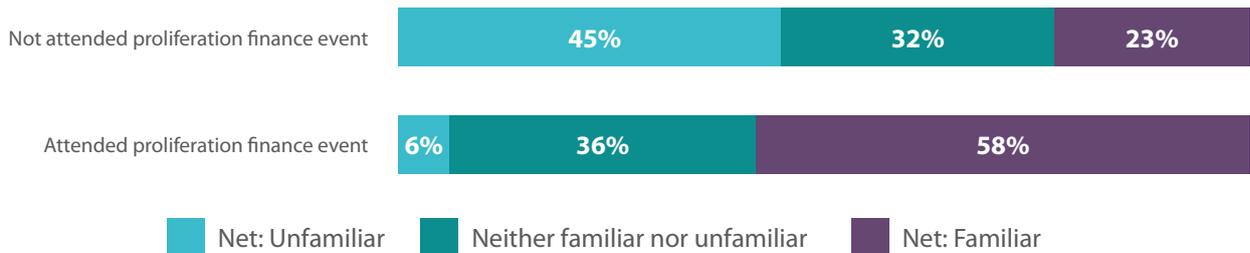
In the last 12 months, how many workshops or events have you attended where proliferation finance was one of the topics discussed?



Base: 366

**Those that have attended a proliferation finance event in the last 12 months are much more likely to be familiar with proliferation finance than those who have not**

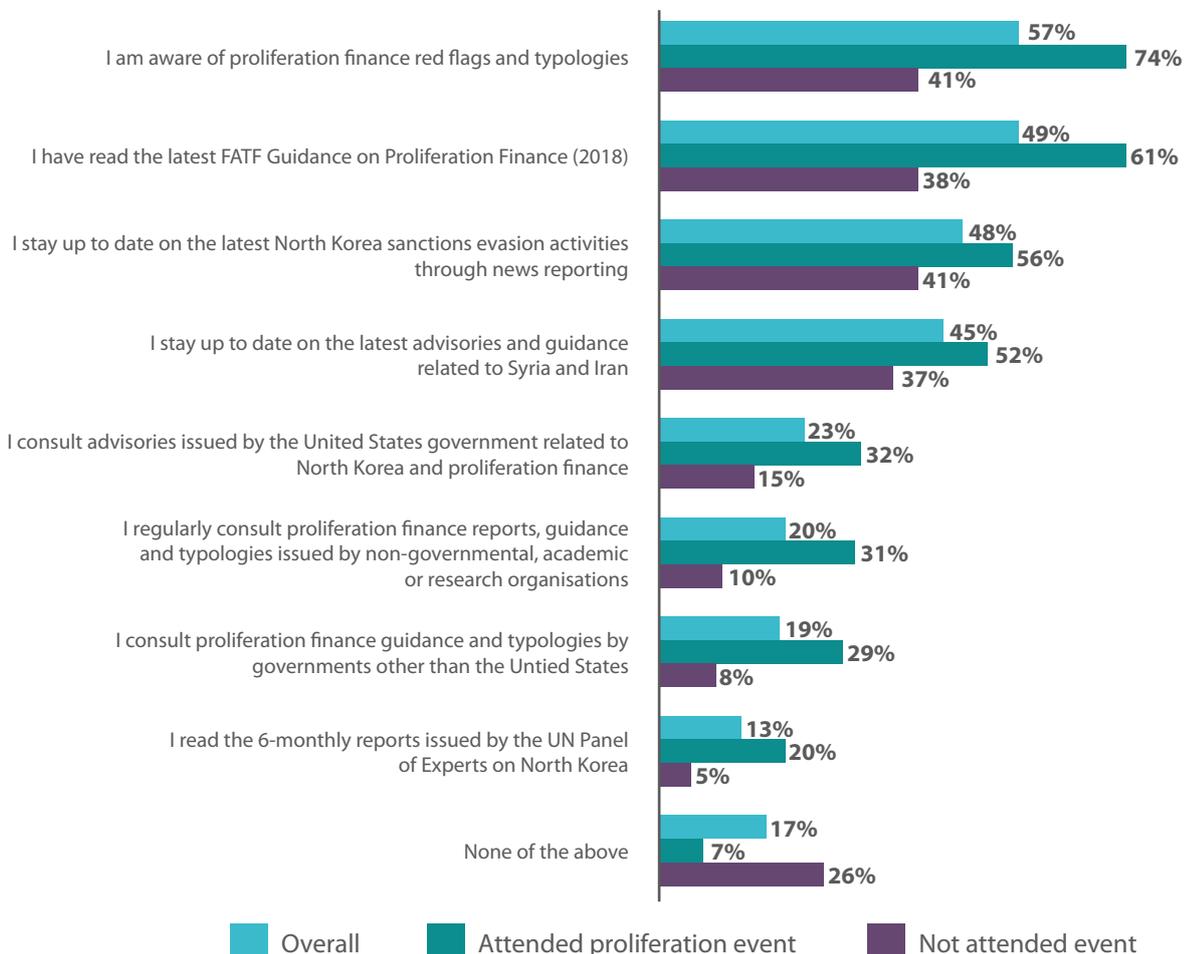
To what extent, if at all, are you familiar or unfamiliar with proliferation finance risk?



Base: All respondents who have not attended PF event in past 12 months (186); All respondents who have attended PF event in past 12 months (180)

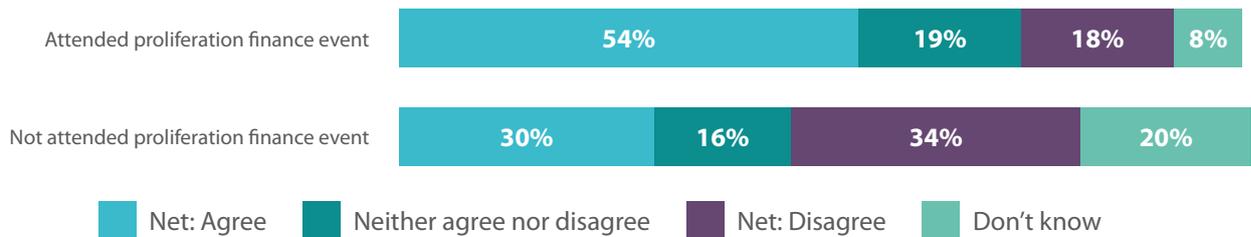
**Three-quarters of those that have attended proliferation finance events say they are aware of red flags and typologies, compared to just two in five who have not**

Which of the following statements, if any, apply to you?



## Those that have attended a proliferation finance event are significantly more likely to know where to find lists of goods that are of proliferation concern

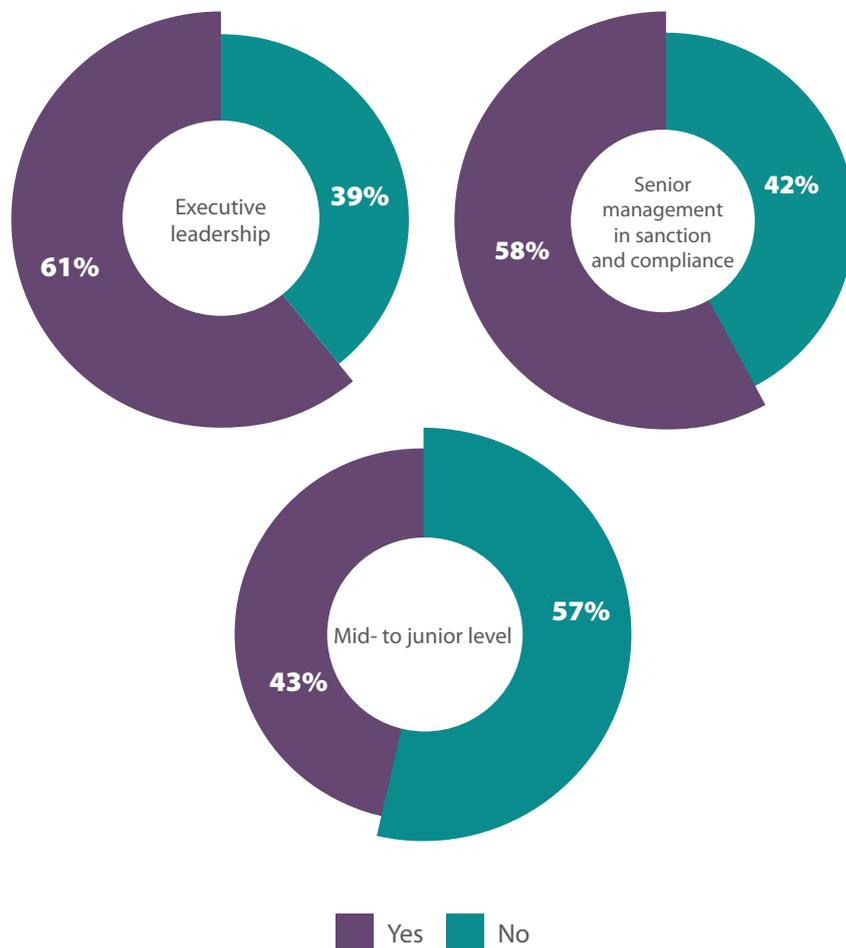
I know where to find lists of export controlled, dual-use or sensitive goods that are of proliferation concern



Base: All respondents who have not attended PF event in past 12 months (186); All respondents who have attended PF event in past 12 months (180)

## Those working in executive leadership are most likely to have attended a proliferation finance event in the past 12 months

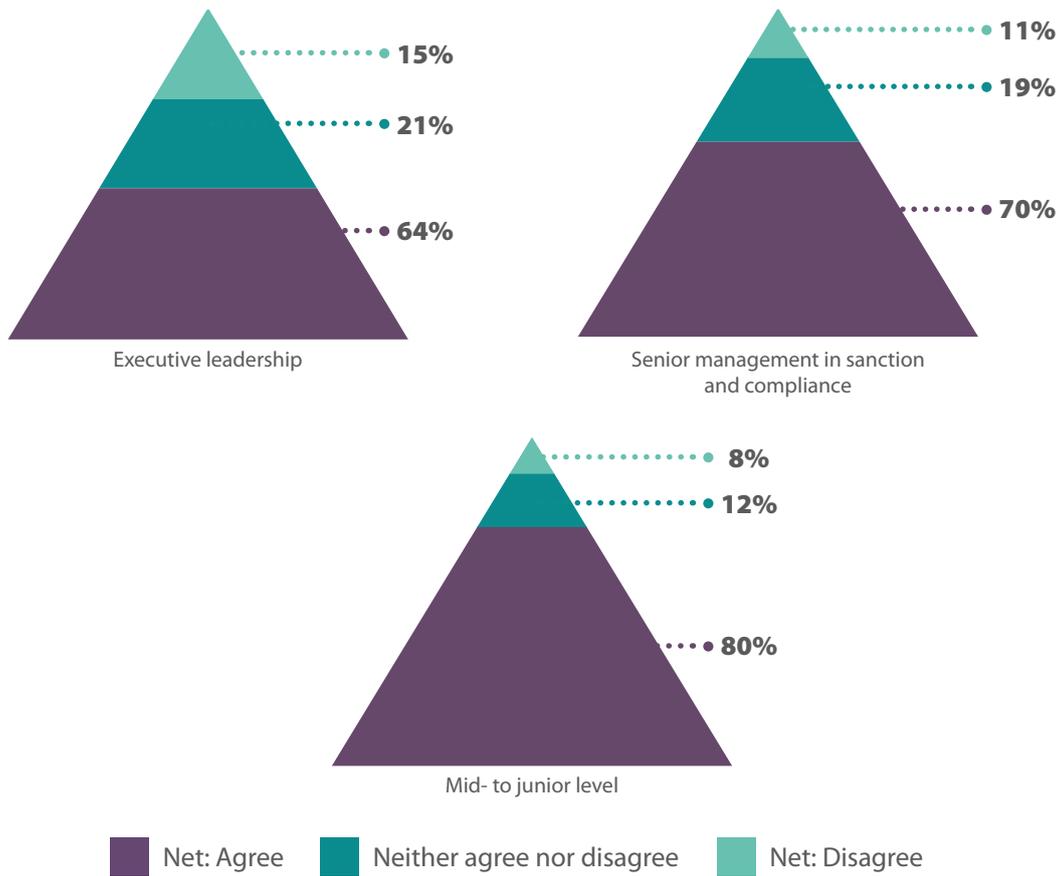
In the last 12 months, how many workshops or events have you attended where proliferation finance was one of the topics discussed?



Base: All executive leadership (33), All senior management (96), All mid- to junior level (141)

**Those in more junior roles are most likely to agree they require further education about proliferation finance risk in order to implement effective controls**

I require further education about proliferation finance risk and typologies in order to implement effective proliferation finance controls



Base: All executive leadership (33), All senior management (96), All mid- to junior level (141)



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