


**THE RELEVANCE OF INTERNAL CONTROL SYSTEM ON MONEY LAUNDERING IN
JORDANIAN ISLAMIC AND COMMERCIAL BANKS**

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 10 March 2023</p> <p>Accepted 08 June 2023</p>	<p>Purpose: This study seeks to determine whether internal control systems are important for preventing money laundering in Islamic and commercial banks in Jordan. It seeks to clarify the procedures and means for evaluating the internal control systems, identify the extent of their application, and determine their impact on reducing money laundering in banks.</p>
<p>Keywords:</p> <p>Control Environment; Control Activities; Role of Communication and Information; Money Laundering; Islamic and Commercial Banks; Jordan.</p>	<p>Theoretical framework: Money laundering is a significant criminal activity that has serious economic and social impacts. Despite anti-money laundering legislation and emphasis on internal controls, money laundering remains a pervasive problem in the financial industry. Effective internal controls can help prevent errors, manipulation, and fraud that facilitate money laundering, thereby preventing crime and ensuring market competitiveness.</p> <p>Design/methodology/approach: As part of the study, interviews were conducted using a qualitative methodology. It was essential that those selected for interviews work in a controlling position or department in banks. All facets of the internal control framework are covered in the interview questions.</p>
	<p>Findings: Internal control has a positive impact on preventing money laundering in banks, and control activities are critical in preventing money laundering operations. The quality of information obtained and distributed by banks, along with channels for distributing information, are factors in improving a bank's ability to combat money laundering.</p> <p>Research, Practical & Social implications: The study has practical and social implications in determining characteristics that affect the efficacy of anti-money laundering actions, which can aid in drastically reducing money laundering.</p> <p>Originality/value: The study adds to what is already known about anti-money laundering initiatives and how well they work to stop money laundering in Islamic and Commercial banks. Its investigation of the effects of information and communication on developing effective internal control systems to prevent money laundering gives it originality and value. Additionally, it creates new opportunities for</p>

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future study into how well internal control procedures work to lessen money laundering in various contexts and nations.

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A RELEVÂNCIA DO SISTEMA DE CONTROLE INTERNO SOBRE A LAVAGEM DE DINHEIRO NOS BANCOS ISLÂMICOS E COMERCIAIS DA JORDÂNIA

RESUMO

Objetivo: Este estudo procura determinar se os sistemas de controle interno são importantes para evitar a lavagem de dinheiro em bancos islâmicos e comerciais na Jordânia. Ele procura esclarecer os procedimentos e meios para avaliar os sistemas de controle interno, identificar a extensão de sua aplicação e determinar seu impacto na redução da lavagem de dinheiro nos bancos.

Estrutura teórica: A lavagem de dinheiro é uma atividade criminosa significativa que tem sérios impactos econômicos e sociais. Apesar da legislação contra a lavagem de dinheiro e da ênfase nos controles internos, a lavagem de dinheiro continua sendo um problema generalizado no setor financeiro. Controles internos eficazes podem ajudar a evitar erros, manipulações e fraudes que facilitam a lavagem de dinheiro, evitando assim o crime e garantindo a competitividade do mercado.

Projeto/metodologia/abordagem: Como parte do estudo, foram realizadas entrevistas usando uma metodologia qualitativa. Era essencial que os selecionados para as entrevistas trabalhassem em um cargo ou departamento de controle nos bancos. Todas as facetas da estrutura de controle interno foram abordadas nas perguntas da entrevista.

Conclusões: O controle interno tem um impacto positivo na prevenção da lavagem de dinheiro nos bancos, e as atividades de controle são essenciais para evitar operações de lavagem de dinheiro. A qualidade das informações obtidas e distribuídas pelos bancos, juntamente com os canais de distribuição de informações, são fatores que melhoram a capacidade de um banco de combater a lavagem de dinheiro.

Implicações para a pesquisa, práticas e sociais: O estudo tem implicações práticas e sociais ao determinar as características que afetam a eficácia das ações de combate à lavagem de dinheiro, o que pode ajudar a reduzir drasticamente a lavagem de dinheiro.

Originalidade/valor: O estudo acrescenta algo ao que já se sabe sobre as iniciativas de combate à lavagem de dinheiro e como elas funcionam para impedir a lavagem de dinheiro em bancos islâmicos e comerciais. Sua investigação dos efeitos da informação e da comunicação no desenvolvimento de sistemas de controle interno eficazes para evitar a lavagem de dinheiro confere-lhe originalidade e valor. Além disso, cria novas oportunidades para estudos futuros sobre como os procedimentos de controle interno funcionam para diminuir a lavagem de dinheiro em vários contextos e nações.

Palavras-chave: Ambiente de Controle, Atividades de Controle, Papel da Comunicação e da Informação, Lavagem de Dinheiro, Bancos Islâmicos e Comerciais, Jordânia.

RELEVANCIA DEL SISTEMA DE CONTROL INTERNO SOBRE EL BLANQUEO DE DINERO EN LOS BANCOS ISLÁMICOS Y COMERCIALES DE JORDANIA

RESUMEN

Objetivo: Este estudio pretende determinar si los sistemas de control interno son importantes para prevenir el blanqueo de capitales en los bancos islámicos y comerciales de Jordania. Pretende aclarar los procedimientos y medios para evaluar los sistemas de control interno, identificar el alcance de su aplicación y determinar su impacto en la reducción del blanqueo de capitales en los bancos.

Marco teórico: El blanqueo de capitales es una importante actividad delictiva que tiene graves repercusiones económicas y sociales. A pesar de la legislación contra el blanqueo de capitales y del énfasis puesto en los controles internos, el blanqueo de capitales sigue siendo un problema generalizado en el sector financiero. Unos controles internos eficaces pueden ayudar a prevenir errores, manipulaciones y fraudes que facilitan el blanqueo de capitales, previniendo así la delincuencia y garantizando la competitividad del mercado.

Diseño/metodología/enfoque: Como parte del estudio, se realizaron entrevistas utilizando una metodología cualitativa. Era esencial que las personas seleccionadas para las entrevistas trabajaran en un puesto o departamento de control en los bancos. En las preguntas de las entrevistas se abordaron todas las facetas de la estructura de control interno.

Conclusiones: El control interno tiene un impacto positivo en la prevención del blanqueo de capitales en los bancos, y las actividades de control son esenciales para prevenir las operaciones de blanqueo de capitales. La calidad de la información obtenida y distribuida por los bancos, junto con los canales de distribución de la información, son factores que mejoran la capacidad de un banco para combatir el blanqueo de capitales.

Investigación, implicaciones prácticas y sociales: El estudio tiene implicaciones prácticas y sociales al determinar las características que afectan a la eficacia de las acciones contra el blanqueo de capitales, lo que puede ayudar a reducir drásticamente el blanqueo de capitales.

Originalidad/valor: El estudio aporta algo a lo que ya se sabe sobre las iniciativas contra el blanqueo de capitales y su funcionamiento para prevenirlo en los bancos islámicos y comerciales. Su investigación de los efectos de la información y la comunicación en el desarrollo de sistemas eficaces de control interno para prevenir el blanqueo de capitales le confiere originalidad y valor. Además, crea nuevas oportunidades para futuros estudios sobre cómo funcionan los procedimientos de control interno para disminuir el blanqueo de dinero en diversos contextos y naciones.

Palabras clave: Entorno de Control, Actividades de Control, Papel de la Comunicación y la Información, Blanqueo de Dinero, Bancos Islámicos y Comerciales, Jordania.

INTRODUCTION

Money laundering is a serious criminal activity that has significant economic and social impacts. Despite the enactment of anti-money laundering legislation by governments and the emphasis placed by businesses and institutions on the importance of internal controls, money laundering remains a pervasive problem in the financial industry. Banks, in particular, have been identified as one of the most important conduits for money laundering due to their central role in the global financial system. As a result, preventive measures have been enacted at the international, regional, and local levels to combat this issue (Salehi & Molla, 2019; Ahtik et al., 2019).

Internal control systems are an essential mechanism for monitoring and preventing monetary system manipulation, including money laundering. Effective internal controls can help to prevent errors, manipulation, and fraud that facilitate money laundering, thereby preventing the spread of crime in society and ensuring market competitiveness. Prior studies, however, have focused less on the variables influencing how effectively anti-money laundering measures work to prevent money laundering (Levi, 2020).

Therefore, This study aims to determine whether internal control systems are important for preventing money laundering in Islamic and Commercial banks in Jordan. Specifically, the study aims to clarify the procedures and means for evaluating the internal control systems applied in banks, identify the extent of the application of the internal control system in all banks in Jordan, and assess how internal control components affect banks' ability to combat money laundering.

The research problem addressed in this study is centered around the main research question: " What significance do internal control systems play in preventing money laundering in commercial and Islamic banks?" The study aims to accomplish the following objectives:

1. To clarify the mechanisms and methods for assessing the effectiveness of internal control systems implemented in Islamic and Commercial banks.
2. To determine the degree to which the internal control system is implemented in Islamic and Commercial banks.
3. To ascertain the impact of various internal control components in reducing instances of money laundering in Islamic and Commercial banks.

By achieving these objectives, the study hopes to provide a more comprehensive understanding of the role internal control systems' critical role in all Jordanian banks' efforts to combat money laundering.

The findings of this study will contribute to the existing body of knowledge on anti-money laundering efforts and their effectiveness in combating money laundering in Islamic and Commercial banks. Additionally, the study has real-world applications in determining what characteristics affect the efficacy of anti-money laundering actions, which can aid in drastically reducing money laundering at the highest levels.

The paper is structured to provide a thorough examination of the role internal control systems play in preventing money laundering in Islamic and commercial banks in Jordan. Review of the literature, methodology, findings, discussion, and conclusion are all included in the sections. Internal control systems and money laundering will be the topics of the literature review. The research methodology will be covered in the methodology section. The study's results will be presented in the results section, while their interpretation and placement within the body of existing literature will be discussed in the discussion section. The main conclusions and their ramifications for further study and anti-money laundering regulations in Jordanian banks will be summarized in the conclusion, which follows.

LITERATURE REVIEW

Money laundering and internal control systems have been the subject of various studies. Al-kasswna (2019) In order to combat money laundering in Jordanian banks, it was emphasized the importance and role of internal control measures. Kabanova and Myasishcheva (2018) analyzed typologies of money laundering and the state of internal control of organizations in Russia to stop the transfer of criminally obtained money to non-credit financial institutions. Salehi and Imeny (2019) studied the state of Iranian banks' efforts to combat money laundering and other factors, finding that Iranian banks had appropriate AML controls in place. These studies underscore the value of AML controls and internal control procedures in identifying

and stopping money laundering activities. According to Vijayan and Rahmat (2022), controlling bank activities through internal control mechanisms assists in detecting suspicious transactions or activities.

Furthermore, Chitimira and Munedzi (2022) suggest further research on the effectiveness of international best practices for customer due diligence and related anti-money laundering measures, while Krsteski (2020) suggests studying the concept, definition, and characteristics of the money laundering phenomenon. Ahtik et al. (2019) propose conducting economic analyses of the role of reporting entities in preventing criminal offenses related to money laundering in different countries. Future research could also focus on identifying new trends and methods of money laundering and developing more effective countermeasures to combat this phenomenon.

Thus, using interviews as the primary method of data collection. Interviewees were selected based on their work in the control department or controlling field of banks. The interview questions covered all aspects of the internal control framework, as defined by COSO 1992. Control activities, such as approval, authorization, verification, reconciliation, performance appraisal, inventory metrics, and documentation creation and maintenance were also examined, as they occur at all levels and functions, according to Nikolosk & Simonovski (2012). Monitoring activities were also studied to verify that each of the five components of internal control was in place and operating correctly, as per Salameh (2019).

MATERIAL AND METHODOLOGY

Methodology

The research methodology had two parts: a theoretical perspective on the study topic and a literature review to identify significant gaps in the impact of internal control on money laundering, followed by a qualitative survey based on interviews to address this knowledge gap. A qualitative research method was chosen to gain a deeper understanding of the issue.

Pre-Study

Before collecting data, investigations were made into money laundering and internal control of companies in general and Islamic and Commercial banks in particular. This preliminary study helped define the research gap and the interview questions. This study focused on the Islamic and Commercial banks situation in Jordan, but the impact of different

financial systems was not considered. The interviews focused on aspects of internal control followed by banks that affect the money laundering process.

The Coding Agenda

The research question "The effect of internal control on money laundering in Islamic and Commercial banks in Jordan?" was activated into categories using the coding agenda (Table no.1).

Text Coding and Analysis

The entire material was encoded using the coding agenda, and each paragraph belonging to the selected category was encoded. The distribution of categories for each recording unit was verified, and frequencies were compared in different recording units. The categories were classified as "high/strong" or "low/weak" based on an ordinal classification system.

Table 1. overview of the coding agenda

Categories	definition	Anchor samples	Coding Rules	Sub-categories
C1: Strong control Activities	Activities that help detect, prevent, or reduce risks are designed to fulfill identified responsibilities. Implementation of a set of policies and procedures to ensure the continued reliability of the Institution, which are performance processes that are followed to achieve the goals and objectives of control. It is achieved through the strong application of the procedures, for example: Apply control policies and procedures The firm employs technology in its operations.	"We are using the three lines of defense model; I think the three lines are essential." "We have lots of rules concerning our internal procedures, concerning what we as the second line have to do, and also departments focus on customers have a lot of internal rules that they have to follow," "The segregation of duties is significant in our Internal rules and in the complete processes that duties that have to be separated and the Internal audit and banking supervisory which also checks that KFW has a close look at the correct segregation duties are an elementary aspect of our Internal Controls system." "so we, like other banks here in Jordan, have this risk analysis, so we categorize our customers." "following best practices issued by the COSO framework, the bank applies a set of detective and preventive controls to manage risks. Including the segregation of duties."	All aspects of the definition have to point to a "strong" application	-Good segregation of duties -Strong 3-lines of defense -adequate policies -All personnel has access to written internal control procedures. -Restricting control access to just authorized personnel -Internal control policies and employee policies are taught to employees. -The firm employs cutting-edge technology in its operations.

		<p>"The bank reviews its functions and operations by monitoring the end-to-end processes and assessing the efficiency and the effectiveness of each activity, to ensure the completion of the objectives as planned."</p> <p>"the bank applies a riskbased approach according to many criteria such as the geographical location, political wise."</p>		
C2: weak control Activities	Only partly or fluctuating application of the procedures	<p>"Segregation of duties is a crucial control principle in designing and managing the Bank structure and activities. The no-Conflict of Interest policy followed by the bank requires the segregation of duties and responsibilities. ."</p> <p>"There is a critical role for the internal control system to minimize risks facing our objectives and helping to achieve the banks' mission and vision."</p>	All aspects of the definition have to point to a "weak" application.	<p>Employees have open access to the system, and their responsibilities overlap.</p> <p>Poor segregation of duties</p> <p>employees' lack of understanding of procedures</p> <p>The company's activities are based on outdated or ineffective technology</p>
R2: weak control environment	<p>The control environment is the foundation for internal control implementation and sets the tone for the organization.</p> <p>Weaknesses in the control environment can lead to a high risk of failure and reduced work effectiveness.</p> <p>A poor control environment implies a poor performance evaluation.</p> <p>Employees are unaware of their authority and responsibilities.</p> <p>Poor working relationships with regulatory bodies.</p>	The bank deals with a regulatory entity and the Central Bank of Jordan and follows all the obligatory international regulations and rules.	All aspects of the definition have to point to a "low " level of implementation.	<p>Lack of written procedures</p> <p>Employees lack a clear understanding of their authority and obligations.</p> <p>poor working relationships with oversight authorities</p> <p>The company's activities are based on outdated or ineffective technology.</p>
T1: good information and	<p>Internal control requires internal and external information to function correctly, and communication is the method through which this information is communicated, shared, and obtained.</p> <p>Management communicates via appropriate communication channels.</p> <p>Quality information</p>	<p>"The employees have the opportunities to be informed about what the top management deals with each week in a weekly meeting. The top management informs the senior management, and the senior management informs all employees about the main topics."</p> <p>"Banks and financial institutions classify the level of information classification governs all information based on</p>	All aspects of the definition have to point to "high."	<p>Written manuals and guidance</p> <p>Quality information is used by management to achieve its goals.</p> <p>Management communicates through appropriate channels, considering the audience, cost, nature of information, and any legal requirements.</p>

	is used by management.	sensitivity and confidentiality, two flow of information,"		
T2: weak information and communication	Management communicates through ineffective channels. Management relies on low-quality information.	"The problem is that it is quite difficult to ensure the information is accurate and relevant."	All aspects of the definition have to point to "low."	information of poor quality, inadequate communication channels manuals and guidelines need to be included or updated.

Source: Prepared by the authors

RESULTS

The primary objective of money laundering is to transform illegal funds into legal ones. Money launderers usually use banking sectors because of the extensive range of banking services in circulation, as well as the ease of transferring money to other parties. Banks aim to generate profits, enhance liquidity, and increase their customer base. Therefore, besides complying with laws and anti-money laundering regulations, it also requires an internal control system (Okab, 2014).

This section presents the data and results from the qualitative content analysis. During the data analysis, a category system was developed that shows the primary elements focused on and their impact. By examining the impact of internal control on money laundering, the study explored the control environment, control activities, and the role of communication and information. The research identified several aspects resulting from sub-categories of elements deemed necessary to complete the control process based on theories and regulations. The study also highlighted the significance of information and communication within the banking industry. The impact of control activities on money laundering was also assessed, leading to the following findings:

Finding 1: The study's interviews confirmed the crucial importance of implementing control activities to prevent money laundering operations. Separating duties and using control procedures reduces the possibility of errors or fraud, making it more difficult for money launderers. Banks give priority to control activities such as the segregation of duties, which is regarded as a necessary procedure that must exist. For instance, one interviewee discussing this procedure explained: "At the bank, we apply a set of detective and preventive controls to manage risks, including the segregation of duties."

An employee who authorizes or performs the work must not be the same person who approves it. Otherwise, the employee may be complicit in money laundering operations or agree to them by mistake." Banks also follow the three lines of defense procedure. As explained by one interviewee: "At our bank, we use the three lines of defense model, with the internal control being the first line of defense. The compliance department is the second line, and internal audit

is the third line. The first line ensures that the newer customer principles are working correctly, and the second line checks if the first line is working properly. The second line is responsible for doing their controls, and the Internal Audit comes and checks it. The three lines defense model system's whole system is essential to prevent money laundering." Among the control procedures, interviewees appreciate technology while emphasizing the need for human intervention.

Two bank employees expressed their views as follows: "Technical technology always gets better, knowing that the existence of technical technology may have positive and negative effects. However, each emerging and new risk should be identified, assessed, managed, and monitored through advanced technologies, besides experienced employees." "Technology has advanced lately, and currently, in the market, we can find many AML solutions that can do the customer screening and account monitoring and suspicions reporting. This, of course, does not eliminate the need for an experienced AML person who can provide a professional judgment on suspicious cases and alerting the trends."

Finding 2: The bank's control environment contributes to its ability to combat money laundering. Building a healthy and encouraging work environment helps to reduce fraud, and consequently, money laundering, as per one interviewee. He stated that key controls like segregation of duties, independent control functions, multiple lines of defense, responsibility and accountability, structured career path, etc., should be considered while building the organizational structure. All these controls contribute to achieving a safe and encouraging work environment, leading to less fraud and opportunities for money laundering.

One agreed-upon aspect is that internal control is everyone's responsibility based on a clear structure, allowing employees to oversee their work before any major issue occurs. An interviewee explained his viewpoint, "All departments are responsible for frequent Controls Self Audit, where the department examines all key control procedures and takes early action to improve the control environment before incidents occur."

Finding 3: The banks' channels for distributing information and the quality of information obtained and distributed are viewed as factors in improving the bank's ability to combat money laundering. Bank executives have established methods for communicating effectively and clearly, which improves the process's accuracy and timeliness. According to one interviewee, "There are clear channels and lines of communication at the bank. The bank manages its data and communication flow based on a clear international standard through the cyber security and information risk team."

Doing so allows the bank to ensure the accuracy of information transferred and the timeliness of information distribution."

Concerning information, it is handled based on its degree of confidentiality, which specifies the method of communication. As one employee put it, "Banks usually classify all information based on sensitivity and confidentiality. The flow of information is governed by its sensitivity, and public information can flow smoothly, and we can easily access it. But the flow of confidential information is more organized to ensure that only authorized employees have access to it."

The interview texts' codes were categorized based on their thematic impacts, and their expected frequencies were examined. The codes-primary relationships are shown in Appendices 3-5

DISCUSSION

Eliminating money laundering is a challenging task for countries and governments due to rising global tensions and considerable banking advancements. However, internal control is an effective tool that firms and banks can use to combat corruption and money laundering. This result is consistent with the COSO system, a global model that describes and defines internal controls. According to COSO, control activities are procedures and tools developed through policies and procedures that help detect, prevent, or reduce specific risks that interfere with achieving objectives (Moeller, 2011).

Research studies have emphasized the role and significance of internal control measures in fighting money laundering. For example, Al-kasswna (2019) brought attention to the necessity of internal control measures in Jordanian banks. Kabanova and Myasishcheva (2018) analyzed the state of internal control in Russia to stop the re-use of stolen property in non-credit financial institutions. Salehi and Imeny (2019) analyzed the anti-money laundering environment in Iranian banks and associated factors, discovering that AML controls were in place for Iranian banks. These studies highlight the value of AML controls and internal control procedures in identifying and stopping money laundering activities.

The interviewees emphasized the significance of segregating duties, one of the COSO-recommended solutions, to prevent money laundering. Separating duties makes fraud more difficult because it requires the complicity of more than one person, and people are usually hesitant to ask others for help in the wrong and illegal actions (Multi-state-consortium on internal control, 2010). The interviewee also mentioned the significance of technologies in

control activities, which have a significant impact and benefit, particularly in achieving adequate segregation of duties and improving the timeliness and accuracy of information (Multi-state-consortium on internal control, 2010; Mahdi, F et al., 2023).

The second result corresponds to the second and third internal control principles, which emphasize the role of management in developing the control structure through policies and procedures and the importance of involving people in the control process and ensuring their understanding of the procedures. Effective communication and information flow are vital factors in improving the bank's ability to combat money laundering, according to the findings presented in section 4.2. The COSO framework's principles also ensure the importance of information and communication (IFC, 2021; Alassuli & Alzobi 2023; Malahim, 2023).

CONCLUSION

The conclusion of this thesis highlights the significance of controlling and combating money laundering in Islamic and Commercial banks in Jordan. The researchers emphasize that reducing and combating money laundering is essential to minimize criminal activities. This study focused on the control environment and control activities and investigated the impact of information and communication on creating robust internal control systems to combat money laundering.

The findings of this study reveal that internal control has a positive impact on preventing money laundering in banks. This discovery is not surprising, as the importance of internal control to businesses is widely recognized. However, the researchers observed that some internal control components are given more attention than others.

Although various methods, such as AML procedures, rules, and regulations enacted by governments or unique organizations, are used to combat money laundering, the need for internal control systems still requires attention.

The study's limitations include the fact that data for the analysis was collected from bank employees, and the researchers had to rely on the information provided by the respondents. Furthermore, the researchers were not able to gather more interviews due to time limitations.

Based on the findings of this study, several avenues for future research can be identified. First, further research can explore the effectiveness of internal control measures in reducing money laundering in other countries and contexts. Second, given the significance of the segregation of duties and technology in internal control activities, future research can investigate the impact of specific technologies on preventing money laundering and improving

the segregation of duties. Third, future studies can also examine the effectiveness of training programs and communication strategies in enhancing employee awareness and comprehension of internal control measures related to fighting money laundering. Finally, given the rapidly evolving nature of money laundering techniques, future research can focus on identifying emerging trends and developing innovative strategies and countermeasures to prevent and combat this phenomenon.

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APPENDIX 1

A summarized overview of the research process.

Table (2): A summarized overview of the research process

Aspect documented	The intention of the researcher
Research Question	What is the effect of internal control procedures in reducing Money Laundering in Banks in Jordan?
Information Source	Verbal statement of interviewees
Sample	Employees in Jordanian Banks Sample size: 3 participants
Methods for Data Analysis	deductive qualitative content analysis
Codes and Categories	40 codes grouped in the categories: . Strong Control Procedures; . Weak Control Procedures; . high commitment to laws and regulations . low commitment to laws and regulations . high employee awareness . low employee awareness

APPENDIX 2

Semi-structured interviews template.

Table (3): Semi-structured interviews template

	Interview Questions
1	<p><u>Control environment questions</u></p> <p>does the organization structure control environments that assist the employees in understanding their and responsibilities, and how does that affect them to work more efficiently? 2-Are the employees aware of Identifying or categorizing the risk, especially for employees not working in the control department? Are they aware of the risk they might face? 3-Are the activities of internal control just the responsibilities of the control department, or are other departments responsible for some parts of the control? 4-Is there any collaboration between the Bank and Anti-Money Laundering institutions? 5-Is the technical I technology sufficient or better if it is more developed? Do you think it is secure enough, for example?</p>
2	<p><u>Control activity questions</u></p> <p>1-the management's willingness to follow the separation/segregation of duties principles. 2-Does the bank use a variety of monitoring and evaluation activities such as performance Reports, Production Reports, and Sales Reports, or does it use this monitoring activity? 3-Does the bank categorize the customers based on their risk level?</p>
3	<p><u>Information and communication questions</u></p> <p>1-Does the management create special manuals containing control procedures and policies to be implemented in the bank? Do employees have a guide that what are the control procedures and policies? 2-The flow of information and communication within the bank, I mean internally, is the bank organizing internally the delivery of information? Is it secured, open communication, easy or difficult? How exactly is the process?</p>

APPENDIX 3

Codes – Primary documents table “control activities”.

Tables 4 & 5 summarize the relationships between codes and primary documents in the context of control activities and their impact on internal control and money laundering prevention.

Table 4:Codes – primary documents table “strong control activities”

Strong Control activities	Int.1	Int.2	Int.3	Total
Good segregation of duties	1	0	1	2
Strong 3-lines of defense	1	0	0	1
All personnel have access to written internal control procedures	2	1	1	4
Adequate policies	1	1	3	5
Total	5	2	5	12

Table 5:Codes – primary documents table “weak control activities ”

weak Control activities	Int.1	Int.2	Int.3	Total
Employees have open access to the system, and their responsibilities overlap	0	0	0	0
Poor segregation of duties Weak	0	1	0	1
employees' lack of understanding of procedures	1	0	0	1
Total	1	1	0	2

APPENDIX 4

Codes – Primary documents table “control environment”.

Tables 6 & 7 summarize the relationships between codes and primary documents in the context of control activities and their impact on internal control and money laundering prevention.

Table (6): Codes – primary documents table “strong control environment”

Strong Control environment	Int.1	Int.2	Int.3	Total
policies and procedures	2	2	1	5
Employees are aware of their authority and responsibilities	1	2	1	4
good working relationships with oversight authorities	1	1	0	2
The firm employs cutting-edge technology in its operations	1	0	0	1
Total	5	5	2	12

Table (7): primary documents table “Weak control environment”

Weak Control environment	Int.1	Int.2	Int.3	Total
Lack of written procedures	0	0	0	0
Employees lack a clear understanding of their authority and obligations	0	0	0	0
poor working relationships with oversight authorities	0	0	1	1
The company's activities are based on ineffective technology	1	1	1	3
Total	1	1	2	4

APPENDIX 5

Codes – Primary documents table “information and communication”.

Tables 5 & 6 summarize the relationships between codes and primary documents in the context of control activities and their impact on internal control and money laundering prevention.

Table 8: Codes – primary documents table “Strong Information and Communication”

Strong information and communication	Int.1	Int.2	Int.3	Total
Clearly written manuals and guidance 1	1	0	1	2
Quality information is used by management to achieve its goals.2	0	2	0	2
Management communicates through appropriate channels 3	1	1	1	3
Total	2	3	2	7
Weak information and communication	Int.1	Int.2	Int.3	Total
information of poor quality4	0	0	1	1
communication channels that are inadequate5	0	1	0	1
manuals and guidelines are missing or outdated 6	0	0	1	1
Total	0	1	2	3