

“THE IMPACT OF THE AUDITOR'S ON THE PERFORMANCE OF ANTI-MONEY LAUNDERING IN JORDANIAN BANKS”

¹AMJED ALFITYANI, ²MOHAMMAD ASHRAF ALI and ³SUHAIL MOHAMMAD ANSARI

¹ Assistant Professor, Faculty of Business, Applied Science Private University, Amman, Jordan.

² Professor, Departments of Commerce, Aligarh Muslim University, Aligarh, India.

³ Research Scholar, Department of Commerce, Aligarh Muslim University, Aligarh, India.

Abstract

The present paper investigates the influence of the impact of auditor's on anti-money laundering in Jordanian banks. The area of the study in Amman, in Jordan. The researcher used the quantitative deductive approach and a questionnaire to collect data. The sample consisted of 120 auditor's (internal and external Audit Committee, internal control system), officers, seniors, and managers. Departments working in 10 different Alpha, Beta and Gama Jordanian banks categories based on probabilistic sampling; the researcher secured confidentiality for banks and respondents names. This research used four components of banking auditor's namely Internal and external Audit Committee, Internal control system, or on the performance anti-money laundering. Results of this research confirmed that three components of the auditor's impact on the performance of anti-money laundering in Jordanian banks; these components are Internal and external Audit Committee, Internal control system of the anti-money laundering. The component of the internal control system performance is not found to anti-money laundering performance in the Jordanian banks.

Keywords: Internal and External Audit Committee, Internal Control System, Anti-Money Laundering.

1. INTRODUCTION:

Because of the great development in the banking systems and multiple services to technological development requires (Alfityani, A. M. I., & Ali, M.,2018), on the one hand and on the other to increase the level of internal controls and internal audit and external audit, (Al-Gasawneh, et al, 2022) through competent service you as process control and detecting deposits that were derived from operations Illicit trade and imposed control service for anti-money laundering and terrorist financing through several programmes competent review of operations on accounts (Alsmadi, A., Alfityani, A., Alhwamdeh, L., Al_hazimeh, A., & Al-Gasawneh, J. 2022), open accounts and rated high risk, medium risk of taking international laws, policies And credits and guarantees that must be monitored to avoid international bank closed if dealing with terrorist groups indirectly and unintentionally by knowing the names of ships that must handle and clearance companies names and names of the parties to the transaction legal and natural (Al-lozi, E., Alfityani, A., Alsmadi, A., Al_Hazimeh, A., & Al-Gasawne, J. (2022)), and also having remittance control Outgoing and incoming application specialist program to stop suspicious remittance and check them after verification is returned to its source or accept.

2. THEORETICAL OF THE STUDY:

The auditors: An auditor is a person or a firm appointed by a company to execute an audit. To act as an auditor, a person should be certified by the regulatory (Aleqedat., houda, et al., (2022)) authority of accounting and auditing or possess certain specified qualifications. Generally, to act as an external auditor of the company, a person should have a certificate of practice from the regulatory authority. (Shrestha, 2012)

Anti-money laundering: Anti-money-laundering refers to a set of procedures, laws, and regulations designed to stop the practice of generating income through illegal actions. Though anti-money-laundering laws cover a relatively limited number of transactions and criminal behaviour's, (Alfityani, Amjed, maali, hakam, (2022)) their implications are far-reaching. For example, AML regulations require institutions issuing a credit or allowing customers to open accounts to complete due-diligence procedures to ensure they are not aiding in money-laundering activities. The onus to perform these procedures is on the institutions, not on the criminals or the government. (Kenton, 2018)

Performance: Performance is the completion of a task with the application of knowledge, skills, and abilities

3. PROBLEM STATEMENT:

The impact of auditors all of managerial, internal audit, external audit and internal control system one of the most important the impact of auditors is an anti-money laundering the performance. The auditors aims to promote level auditors internal audit, external audit and internal control system, following down in anti-money laundering, applying detecting deposits that were derived from operations Illicit trade and imposed control service for anti-money laundering and terrorist financing through several programmes competent review of operations on accounts, open accounts and rated high risk, medium risk of taking international laws, policies And credits and guarantees that must be monitored to avoid international bank performance through it.

The issue of this paper depends on the reality of distinguishing what are the effect parts of the auditors of the Jordanian banks that affect the anti-money laundering execution?

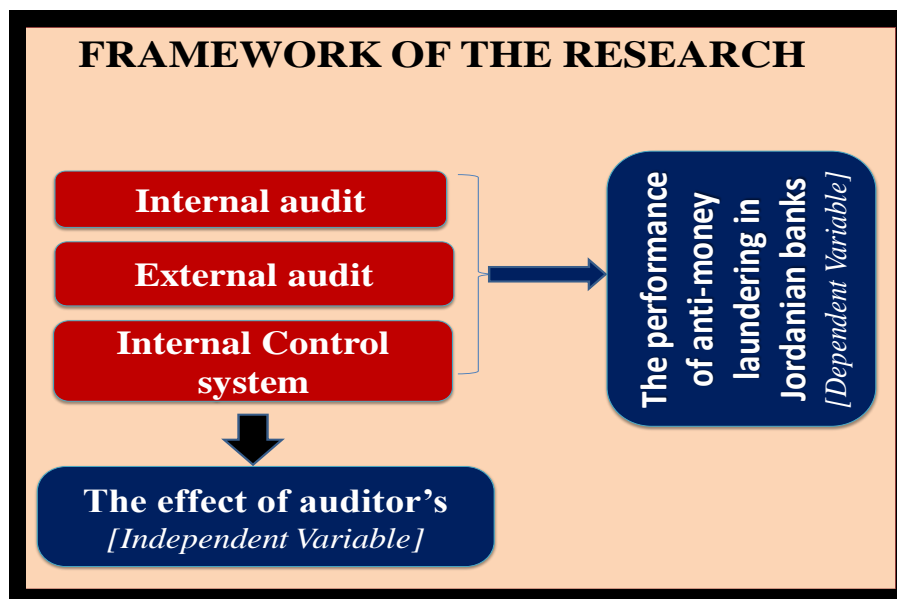
4. RESEARCH DESIGN:

In this paper, the specialist pursued the deductive quantitative methodology. A survey of 20 questions was disseminated to 120 respondents possessing mid and top dimension positions in's banks situated in Jordan. Respondents were all workers in the divisions'; all of the inquiries pursued the Likert scale with the exception of the descriptive inquiries.

The specialist picked 4 banks situated in Jordan, in any case, their financial class, internal controls, and internal audit and external audit, (Alfityani, amjed; al-masri, bisan; mansur, hasan and maali, hakam, (2022)) through under underneath control and recognizing deposits, tasks on records and approaches credits and ensures; 30 questionnaires were appropriated in each

bank. Picked banks have a place with various financial auditor's classifications that are Alpha, Beta, and Gama; the analyst picked 4 banks for each financial classification and banks' and respondents' names stay mysterious.

Information gathering was cultivated by email where the specialist was capable to contact respondents. The utilized survey was pre-tried by the OECD and partitioned into three segments; the first secured the populace demographics data, the second area consolidated inquiries identified with the execution of the effect evaluator's and the third segment included inquiries that evaluate anti-money laundering performance in relation with the bank's auditors.



5. LITERATURE REVIEW:

“The anti-money laundering expectations gap in Iran: auditor and judiciary perspectives” this study Purpose: This study aims to compare judicial and auditor expectations of audit in the detection and reporting of money laundering in Iran. It also aims to assess the implications of expectations gap for the reliability of data provided to the Financial Action Task Force (FATF) in its blacklisting policy.

Design/methodology/approach: Questionnaires were administered to auditors to determine perceptions of their anti-money laundering (AML) reporting obligations. These were also completed by Iranian judges who hear money laundering prosecutions and who agreed to participate in the research. The group was created through the “snowballing” technique.

Findings: There is significant divergence between judges and auditors regarding the latter’s AML reporting obligations. Self-perception among auditors regarding investigative duties is insufficiently aligned with expectations of the FATF, particularly where there is use of corporate structures, charities and trusts in which identity of true owners, of payers and payees of funds cannot be accurately verified. This gap presents a significant terrorist financing risk.

Practical implications: The expectations gap makes training in forensic accounting, as well as compliance with international reporting expectations, a matter of urgency for the Iranian auditing profession. The judiciary needs to be more aware of international expectations.

Originality/value: Data regarding judicial expectations of auditors' AML reporting obligations is difficult to obtain and of a highly sensitive nature. This research has obtained such data which has relevance to the FATF blacklisting policy, and to international organisations tasked with disrupting terrorist financing networks.

“The necessity of anti-money laundering standards for Iranian auditors” in this study
Purpose: According to the last public statement of FATF (2018), Iran has some significant deficiencies in its anti-money laundering (AML) regime, especially in suspicious transaction reporting. In this research, the author tries to empirically show that Iranian auditors do not a response to AML cases effectively and adopting an AML standard is required for Iranian auditors. Therefore, it helps to improve one of the deficiencies of Iran's AML regime.

Design/methodology/approach: To collect data, the author designed and developed a questionnaire and the questionnaire sent to all partners of Iranian auditing firms, which have authorization from the Iranian Association of Certified Public Accountants on December 2018.

Findings: The finding shows most of the sample auditors' claim that it is necessary to have an AML standard and it can be helpful for them. Furthermore, most of the Iranian auditors in money laundering cases, which companies are involved do nothing except filling the checklist of Anti-Money Laundering Implementing Regulations for Business and Non-business Companies (2012).

Originality/value: The results of the current research make clear the necessity of adopting an AML standard for Iranian auditors and recommend Iranian authorities to improve Iran's AML regime.

“Compliance determinants of anti-money laundering regime among professional accountants in Malaysia” in this study
Purpose: Money laundering offences occur worldwide, with recent discussions involving issues related to the low levels of compliance among professional accountants towards the anti-money laundering (AML) regime. Under the regime, professional accountants are required to implement compliance programs (Know Your Customer, Clients Due Diligent, Record Keeping) and to submit any suspicious transaction report encounters to the authorities. Due to the lack of research in this sector, this study aims to examine the compliance determinants towards AML regimes among professional accountants in Malaysia.

Design/methodology/approach: Premised on protection motivation theory, a questionnaire was developed and distributed among 1,100 professional accountants. Of which 275 questionnaires were returned and subjected to regression analysis.

Findings: Based on the findings, “perceived risk of non-compliance” and “awareness of Anti-Money Laundering Act 2001 and Financial Action Task Force standard” were significantly related to the level of compliance towards the AML regimes. Meanwhile, “compliance cost”

did not influence the compliance behaviour of professional accountants. Moreover, the findings demonstrated that awareness programs among the reporting institutions should be enhanced, specifically the professional accountants.

Practical implications: This study recommends the professional bodies particularly professional accountants in Malaysia to establish a blueprint as a guideline for money laundering reporting.

Originality/value: This is one of the pioneer studies looking into AML compliance determinants among the professional accountants in Malaysia. This study will provide insights on the current practices and recommend ways to improve the current AML reporting practices among the professional accountants.

6. HYPOTHESES OF THE STUDY:

In this study the researcher will show **the impact of the auditor's on the performance of anti-money laundering in Jordanian banks** will be the null hypotheses under below:

H₀₁: The internal audit for the influence of banking does not affect the performance of anti-money laundering.

H₀₂: The external audit for the influence of banking does not affect the performance of anti-money laundering.

H₀₃: The internal control system for the influence of banking does not affect the performance of anti-money laundering.

7. FINDINGS AND RESULTS

7.1. Alfa Cronbach Test

Table: 1

Reliability Statistics	
Cronbach's Alpha	N of Items
.897	24

The Alfa Cronbach esteem is equivalent to 0.897; this shows the test things in the questionnaire are related to an inner consistency; this examination and the utilized factors are solid.

7.2. Demographics Results

The beneath table will give a general review of the statistic qualities of the 80 examined directors and boss.

Table 2: Populace Demographics

Type of descriptive variable	Frequency	Percentages%
Gender		
Mail	64	80.0%
Female	16	20.0%
Total	80	100%
Age		
22- 30	45	56.2%
31-40	18	22.5%
41-50	14	17.5%
51-60	3	3.8%
Total	80	100%
Education		
BA Degree	53	66.2%
MBA Degree	23	28.8%
Doctorate	4	5.0%
Total	80	100%
Experience		
1-5	27	33.8%
5-10	39	48.8%
Above 10	14	17.5%
Total	80	100%

The above table demonstrates the socioeconomics of the samples where 80.0% of the workers were sent, 33.8% of respondents achieved MBA and Doctorate grade and 48.8% have an encounter between 5-10 years in top administration level.

7.3. The impact of auditor's Components Affecting the anti-money laundering Performance

Table 3: Auditors Components Affecting the Anti-Money Laundering Performance

Title	Standard deviation
Internal audit	1.04082
External audit	.97669
Internal control system	.99645
Performance of anti-money laundering	.79460

5.4. Regression Test

This below table will be used to testify if the auditor's components impact the anti-money laundering performance in Jordanian banks.

Table: 4

Variable		B	S.E	t	df	Sig.
Step.1	Internal audit	-0.197	.105	-1.869	1	.065
	External audit	0.117	.142	.821	1	.414
	Internal control system	0.487	.148	3.299	1	.001
	Constant	1.685	.273	6.163	1	0.000

*dependent variable the performance of anti-money laundering.

The table above demonstrates the three parts of the banking inspectors for banks in Jordan that should influence the auditors of anti-money laundering, results are as following:

1. The Internal audit as a segment for the bank's inspectors impacts the influence of anti-money laundering with a significance of $0.065 < 0.05$.
2. The External audit as a segment for the bank's inspectors impacts the influence of anti-money laundering with a significance of $0.414 < 0.05$.
3. The Internal control system as a segment for the bank's inspectors impacts the influence of anti-money laundering with a significance of $0.001 < 0.05$.

8. CONCLUSION

- 1) Results of the above investigation showed that Internal Audit, External audit and the Internal control system as components of the banking auditors impact the anti-money laundering performance in the Jordanian banks and the component of anti-money laundering performance.
- 2) All of these outcomes help in approving the proposed null hypotheses above, where elective hypotheses H1 for internal audit, external audit are accepted and the null hypotheses H0 for these segments are rejected and the null hypotheses H0 for the internal control system is accepted and the elective hypotheses H1 for this segment is rejected.
- 3) The hypotheses approval will help in noting the issue explanation of this examination; the bank's auditor's parts that are found to affect the influence of the anti-money laundering in Jordanian banks are an internal audit and external audit of the influence of anti-money laundering. This implies the anti-money laundering execution is affected by internal audit and external audit. These elements appear to affect the exhibition of the anti-money laundering in banks in Jordan and connected in banks in Jordan and there is no effect of the internal control system on the influence of anti-money laundering.

7. RECOMMENDATIONS

- 1) He urged the workers to plants need attention to provide adequate internal controls to prevent and detect money-laundering operations and keep abreast of developments in information technology and communications, to the possibility of exploiting the money

launderers to these new technologies, and learn new methods and ways of For money launderers tapped.

- 2) Activation of the role of the Audit Committee works in support of the internal audit function to monitor the Department's commitment to providing internal controls against money laundering.
- 3) An appropriate mechanism for IOS to perform tests to ensure the commitment of business organizations legal and AML compliance programs.
- 4) Need to include continuing education and training courses on money laundering methods and risks and adjustments made to the money laundering Act.

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