



Current Status, Existing Issues, and Optimization Suggestions for Agricultural Bank of China's Anti-Money Laundering Operations

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Abstract: This article focuses on the anti money laundering business of Agricultural Bank of China. Firstly, it reviews its development status. The anti money laundering organizational structure has gone through three stages of extensive management, centralized management, and refined management, forming a hierarchical system coordinated by the anti money laundering leadership group and coordinated by multiple departments. The main work is carried out around the three core areas of customer identity recognition, transaction reporting, and risk assessment, and a clear division of labor supervision and scientific assessment and evaluation system is constructed. Continuing to analyze the root causes of the problem, it is pointed out that in the context of unprecedented regulatory requirements, Agricultural Bank of China has problems such as insufficient manpower allocation, lack of standardization in work processes, and lagging behind in the construction of anti money laundering systems compared to business development.

Keywords: Agricultural Bank of China; anti money laundering; customer due diligence; intelligent monitoring system

1. Introduction

Against the backdrop of continuously escalating regulatory requirements for anti-money laundering (AML) in commercial banks, Agricultural Bank of China (ABC) has already established a clear-tiered AML management structure[1]. It has built a basic work system centered on customer identification, transaction reporting, and risk assessment, accompanied by a supporting supervision and assessment mechanism. However, constrained by issues such as insufficient human resource allocation, lack of standardization in core processes, and the AML system lagging behind business development, ABC struggles to fully meet the needs of both regulatory compliance and business growth. Therefore, it is necessary to promote the transformation of AML work from "passive compliance" to "proactive risk control" through key measures — such as upgrading the intelligent monitoring system, establishing an end-to-end customer due diligence system, and improving internal controls as well as internal-external collaboration mechanisms — to address its shortcomings and provide a reference for the industry[2].

2. Current status of the anti money laundering management organizational structure of Agricultural Bank of China

2.1 Current Status of Anti-Money Laundering (AML) Management Organization Structure of Agricultural Bank of China

The AML organizational structure of Agricultural Bank of China has gone through three stages of development. Before 2009: It was in the "rule-oriented extensive management stage", where transaction reports were submitted separately by business outlets, leading to low efficiency and heavy workload. After 2012: It entered the "risk-oriented centralized management stage", with pilot promotion of the branch-independent screening model, which improved the quality of reports.

The AML Leading Group (led by bank leaders as the group leader) is responsible for overall planning. Its office is located in the Internal Control and Compliance Department, which has a subordinate AML Center to handle centralized data across the province, adhering to four principles. The bank adopts a "head office-branch-sub-branch" three-level management model and a multi-dimensional responsibility system featuring "overall coordination by the Leading Group, coordination by the leading department, implementation by business departments, and supervision by the audit department".

Table 1. Personnel Distribution of AML Organizational Structure of Agricultural Bank of China (2023)

Level	Number of Personnel	Proportion	Core Responsibilities
Head Office	465	12%	Formulating strategic plans, system development and maintenance, centralized approval of high-risk customers, and inter-institutional coordination
Branches	1,744	45%	Regional risk assessment, preliminary review and recheck of suspicious transactions, and training and supervision for grass-roots units
Sub-branches	1,667	43%	Customer identification, transaction monitoring and reporting, and risk incident disposal

The Internal Control and Compliance Department serves as the leading department, responsible for coordinating system development, system maintenance, supervision and guidance. The general management departments and business management departments perform their respective duties to collaborate on or fulfill AML obligations. The audit department is responsible for compliance auditing. Branches at all levels and front-line employees undertake specific implementation responsibilities.

2.2 Current Status of AML Work Implementation of Agricultural Bank of China

Agricultural Bank of China implements AML measures focusing on three core areas: customer identification, transaction reporting, and risk assessment. Relying on system upgrades and process optimization, the bank’s core AML operation indicators have improved significantly in recent years. According to the Agricultural Bank of China 2023 Corporate Social Responsibility Report, the coverage rate of the bank’s AML intelligent monitoring model reached 100% in 2023, covering all business lines of corporate and individual customers.

Table 2. Core AML Operation Data of Agricultural Bank of China (2022-2023)

Core Indicator	2022	2023	Year-on-Year Change
Automated reporting rate of large-value transactions	97.5%	98.7%	+1.2 percentage points
Effective rate of suspicious transaction reports	78.1%	82.3%	+4.2 percentage points
Number of high-risk customers with enhanced due diligence completed	109,000	126,000	+15.4%
Number of high-risk accounts with suspended transactions	2,920	3,200	+9.8%
Amount of abnormal cross-border funds intercepted	1.52 billion yuan	1.87 billion yuan	+23.0%

The automated reporting rate of large-value transactions reached 98.7% (up 1.2 percentage points from 2022), with manual supplementary reporting decreasing by 23.6%. The effective rate of suspicious transaction reports stood at 82.3%, which was 7.5 percentage points higher than the industry average and ranked among the top of large state-owned commercial banks. Enhanced due diligence was conducted on 126,000 high-risk customers (an increase of 15.4% from 2022). Transactions of over 3,200 accounts were suspended, and 1.87 billion yuan of abnormal cross-border funds were intercepted.

2.3 Current Status of Core AML Work Implementation of Agricultural Bank of China

Guided by the principle of "Know Your Customer (KYC)" and in accordance with relevant management measures, customer identification is integrated into the entire business process. Hierarchical due diligence is implemented for different customers, and continuous identification is conducted through the system. Further verification is required for high-risk customers and special transactions, and business suspension may be imposed if necessary.

Large-value transactions are mainly captured and reported automatically by the system (with manual supplementation required for some cases). Suspicious transactions are screened by the independently developed monitoring model, then subject to three-level manual analysis by the AML Center before being reported to the Anti-Money Laundering Monitoring and Analysis Center of the People’s Bank of China.

Table 3. Customer Money Laundering Risk Rating of Agricultural Bank of China

Rating Mark	Risk Level	Characteristic Description
1	Low Risk	The possibility of the customer being used for money laundering is extremely low; the relevant characteristics do not meet the conditions for money laundering, and simplified control measures are adopted.
2	Low-Medium Risk	The possibility is relatively low; the characteristics basically do not meet the conditions for money laundering, and standard control measures are adopted.
3	Medium Risk	The possibility exists; the characteristics are relatively conducive to money laundering, and relatively strict control measures are adopted.

Rating Mark	Risk Level	Characteristic Description
4	Medium-High Risk	The possibility is relatively high; the characteristics are highly conducive to money laundering or there is a need for money laundering, and strict control measures are adopted.
5	High Risk	The possibility is extremely high; the characteristics are highly conducive to money laundering or there is a high probability of money laundering needs, and extremely strict control measures are adopted.

In accordance with the Measures for the Assessment of Money Laundering and Terrorist Financing Risks and Customer Classification Management, Agricultural Bank of China assesses customers from three dimensions: Customer identity attributes; Location or country of residence; Products and services. Finally, customers are classified into five risk levels: low, low-medium, medium, medium-high, and high.

2.4 Current Status of AML Supervision and Evaluation System of Agricultural Bank of China

Business departments supervise the implementation of AML throughout the entire business process. The AML Center takes the lead in bank-wide risk identification and system inspection, and incorporates the results into assessment. The internal audit department determines audit priorities based on risks and tracks rectification. Meanwhile, a "quarterly random inspections + annual special audits" mechanism has been established. In 2023: A total of 2,135 on-site inspections were conducted, covering 92% of the branches. 18,760 risk prompts were issued through off-site monitoring. 15,320 rectification items were urged, with a completion rate of 98.6%. "Yellow card warnings" were issued to high-risk institutions. The person in charge of branches was interviewed 37 times, and 126 personnel were held accountable for violations.

Table 4. AML Supervision, Inspection and Rectification Data (2023)

Indicator	Value	Year-on-Year Change
Number of on-site inspections	2,135 times	+15%
Number of off-site risk prompts	18,760 items	+22%
Completion rate of problem rectification	98.6%	+1.8%
Number of personnel held accountable for violations	126 people	+32%

Quantitative indicators: Effective rate of suspicious transaction reports, control rate of high-risk customers, system response timeliness compliance rate, etc. Qualitative indicators: System implementation, training coverage rate, etc. The 2023 assessment results showed that: 90% of the branches met the compliance standards. 15 branches were awarded the title of "Advanced Unit in AML Work" for their outstanding performance. 237 employees received special awards.

Table 5. Core Indicators of AML Assessment and Evaluation (2023)

Indicator	Target Value	Actual Value	Compliance Rate
Effective rate of suspicious transaction reports	≥75%	82.3%	109.7%
Control rate of high-risk customers	≥95%	98.2%	103.4%
System response timeliness compliance rate	≥90%	96.5%	107.2%
Training coverage rate	100%	100%	100%

Objectives of the assessment and evaluation mechanism: To strengthen performance and ensure fairness and impartiality. The senior management is responsible for organizing the implementation. The Internal Control and Compliance Department takes the lead in formulating assessment standards.

The assessment content includes basic items, direct bonus items, and direct penalty items (e.g., being punished by regulators, involving money laundering cases, etc.). The assessment results are incorporated into the performance evaluation of branch presidents and department heads. In addition, advanced individuals are recognized to mobilize the work enthusiasm of employees.

3. Analysis of the Causes of Anti Money Laundering Issues in Agricultural Bank of China

In just three years since 2022, regulatory agencies have raised their requirements for anti money laundering work in commercial banks to unprecedented heights. However, Agricultural Bank of China is limited by human resources, making it difficult to keep up with this strict pace in terms of manpower and energy investment. Time constraints, heavy tasks, and insufficient manpower have become the norm of work. At the same time, due to the late start but fast progress of anti money

laundering work, the lack of standardization in the entire process, and the lack of unified and standardized institutional support for important tasks such as customer risk rating, only by relying on standardized processes can we achieve unified execution standards and orderly work, and promote the shift from "passive response" to "active improvement". More importantly, the construction of anti money laundering systems lags behind actual business development, and this work requires a large amount of customer information and transaction data[3].

4. Suggestions for optimizing the anti money laundering business of Agricultural Bank of China

4.1 Building a full process customer due diligence system

The platform integrates business registration, tax, credit, and internal business data to build a unified customer information database, resolving the issue of data silos in account opening, transfers, and other processes. During the initial due diligence stage, the system automatically verifies the authenticity of the customer's identity to reduce manual data entry errors[4].

The system embeds continuous due diligence into the entire customer transaction cycle: When it detects abnormal transaction frequencies, amounts, or counterparties, the system automatically triggers a risk rating review and synchronously pushes due diligence tasks to the relationship manager. It clearly mandates a 72-hour deadline for completing identity verification to prevent "static rating and dynamic control failures" for high-risk customers.

4.2 Upgrading the Intelligent Monitoring and Reporting System

On the basis of the existing 19 types of upstream crime monitoring, new risk dimensions such as virtual currency related transactions, "splitting payments to avoid large amount monitoring", and cross-border fund inflow and outflow have been added. Introducing AI deep learning algorithms and using historical cases to train models to identify atypical abnormal patterns, the initial screening accuracy of the model is improved to over 80%, reducing the amount of ineffective manual analysis.

It establishes a data interface connection between the Anti-Money Laundering (AML) system and the core business system: After the system recognizes large transactions, it automatically completes information completion and submission. After the suspicious transaction is approved at the third level, the system automatically generates a "Suspicious Transaction Report" and directly connects it to the Monitoring Center of the People's Bank of China, shortening the reporting period to within 24 hours. At the same time, for confirmed high-risk accounts, the system automatically triggers transaction restrictions to avoid manual control delays[5].

4.3 Establishing a sound internal control and responsibility assessment mechanism

The system clarifies the core responsibilities of tellers (account opening identity verification), relationship managers (high-risk customer maintenance), and risk control positions (abnormal transaction verification). It embeds "one job, one mandate" into the human resources system, links employee performance with job ratings, and avoids responsibility ambiguity.

The protocol adjusts the anti-money laundering special inspection to "quarterly spot checks plus targeted verification": The anti money laundering center conducts on-site inspections based on abnormal data in the system, tracks progress through rectification ledgers, and requires responsible departments to provide feedback on rectification within 15 working days. For those who have not completed the rectification, the performance of the branch manager will be directly deducted, and the practice of "checking without making changes" will be strictly prohibited.

4.4 Building a dual support system for technology and talent

At the talent level: The bank establishes a three-tier talent pool spanning "Head Office – Branch – Sub-branch." It selects employees with expertise in compliance and risk control from branches and deploys them to frontline units as Anti-Money Laundering (AML) specialists. These specialists provide operational guidance after undergoing centralized training at the head office. Furthermore, the bank develops lightweight mobile training tools for frontline tellers—such as case studies and a "Policy Quick Reference Manual"—to enhance the efficiency of micro-learning.

It also implements job rotation and incentive mechanisms: Employees from business departments (such as company business departments and credit card centers) are rotated to the Anti Money Laundering Center for three months every two years to strengthen their risk awareness. For outstanding performers, special performance rewards will be given and priority will be given to inclusion in the promotion channel to alleviate the problems of insufficient manpower and low motivation.

4.5 Deepening the construction of internal and external collaboration mechanisms

Internal collaboration: The bank establishes a cross-departmental joint meeting mechanism led by the Internal Control and Compliance Department. It organizes multiple departments to collaboratively resolve data integration issues and share high-risk customer cases on a monthly basis. The system is equipped with a cross-departmental collaborative task module. When the Anti-Money Laundering (AML) Center requires materials from business departments, the system automatically pushes tasks and monitors their execution to ensure efficiency.

Problem rectification and industry sharing: A dedicated officer from the AML Center follows up on issues identified during central bank inspections, implementing a "rectification-feedback-review" process. The bank joins the interbank AML information sharing platform and complies with requirements for sharing high-risk customer lists. It also collaborates with third parties to obtain supplementary customer information, thereby enhancing the comprehensiveness of due diligence.

5. Conclusion

The five optimization suggestions proposed in this article, including "full process due diligence, intelligent system upgrade, sound internal control assessment, dual support of technical talents, and internal and external collaboration," are aimed at achieving deep integration between anti money laundering work and business development through "process standardization to reduce costs, technology intelligence to improve efficiency, and talent specialization to enhance quality. From a practical value perspective, these suggestions not only address the existing pain points of Agricultural Bank of China and align with regulatory trends, helping it shift from "responding to regulatory inspections" to "building a long-term risk control system", but also provide a reference path for other state-owned commercial banks — relying on the three-dimensional linkage of "technology mechanism talent" to balance anti money laundering compliance costs and business efficiency, ultimately achieving the goal of controllable risks and stable operations, and thereby helping to enhance the overall anti money laundering risk prevention and control capabilities of the financial system.

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