



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_7266
Title of the Manuscript:	Anti-Money Laundering System: Evidence from Italian Banks
Type of the Article	Original Research Article

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This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

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PART 1: Review Comments

	Reviewer's comment	Author's comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i>
<u>Compulsory</u> REVISION comments	In general, this is an interesting article on a topic that is underresearched until now. However, it remains a bit superficial and does not go into other studies on this topic – leaving a number of anglosaxon studies on the field of AML aside although they could add to the general analysis of this article. The article would benefit from a more thorough literature study and from more analysis in a larger context (rather than just showing what the respondents have stated). I would encourage the authors to try and do so in a second version. The methodology section is very limited and lots of questions remain: how were respondents approached? Were the surveys anonymous? Were the surveys sent to all banks (75 questionnaires) or to a selection? If so, on what grounds were they selected? Which types of banks have filled out the survey (large-medium-small)? The article states that the surveys were sent to the AML officers, as an alternative to the compliance function. Why as an alternative? Explain why you have chosen to ask these three questions (on training, information and regulatory development). There are numerous questions that you can ask (monitoring system, function of aml/compliance officer, ...) and these three are very relevant, but not fundamental to the AML policy. Why these	The literature review (section 2) has been expanded through the inclusion of many of the references suggested. These have been included in the lines of research already identified. All this information has been included in the section on methodology (section 3)



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	three? Background information is needed. It should be made clear what the current Italian regulations are; from the article as it now stands, the reader can gather no knowledge on the expectations of the Italian regulator, which makes it difficult to understand the article and to know whether banks are doing a good job or not. The survey was also built around the Legislative Decree 169/2012, which is 'one of the most important', but there is no illustration of this Decree (what does it entail? Why is it so important?). Especially in the paragraph where the results of the survey related to this Decree are discussed, the reader now lacks the background to understand it. The authors make an interesting overview of existing research on AML but forget to mention a number of studies (cfr Levi, van Duyn, Gelemerova, Harvey, Verhage,...). It would be interesting to see this list of studies completed and divided into the categories that are used by the author. Furthermore, other studies also go into the issue of training in AML, such as: Blau, Charles W. 1990. "Taking the Starch Out of Money Laundering: Structuring an Internal Review and Training Program for Employees." Banking Law Review, Winter: pp. 20-28. But also others: Levi, 2005, Passas, 2005, Harvey, 2007,.... Could the authors go more into detail with regard to the content of training? One of the questions relates to the degree of effectiveness of training and to which extent this is satisfactory. This is rated rather positively. Could this have something to do with the fact that many of these courses are in-house (and hence often given by the ones that fill out the survey in this article)? Or is this not the case in this sample?	This explanation has been given in many parts of our paper, especially in section 1. The new version of section 1 contains extensive references to the Italian regulations concerning AML. The clarification requested is provided in section 1. Some of the suggested references have been included in the literature review. See point above. We have added the observation suggested like an hypothesis: we cannot know if this is true.
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<u>Minor</u> REVISION comments	In the introduction the author refers to 2.6 billion EUR that is laundered. Given the discussion on the exact measurement of the informal economy/illegal economy, the author can be more critical with regard to this figure. The author refers to the internationalisation of money laundering, which is a statement that more or less speaks for itself (international transactions are inherent to ML). Other research has shown a fundamental lack of feedback and information provision from the authorities to the banks. Were the respondents in this survey happy with the feedback that is provided? Did they ask for more information provision? The author shortly refers to the 4th AML directive. How does this related to the Italian Decree? Are some of the issues mentioned in this paper, solved by the new Directive (e.g. with regard to training etc)?	We have added comments on this figure in section 1. We have removed this reference. The answers provided by the banks show that a good percentage of them feel the support of the authorities still poor or not very useful (see last part of section 4.2). We have chosen to refer to the Fourth AML Directive only in footnote because it is currently in the stage of mere proposal. It is not yet possible to determine whether some of the issues in the present paper can be solved by it.
<u>Optional/General</u> comments	I am not a native speaker, but I would recommend a thorough English check before resubmitting.	We reviewed English all over the paper.