Countering Terrorism-Financing by Accredited Money Changers in the Enforcement of Anti-Money Laundering Laws

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Abstract

Aim: This study examined the level of implementation of counter-terrorism financing measures among Accredited Money Changers (AMCs), assessed the differences in perceptions of money changers, customers, and the Anti-Money Laundering Council (AMLC), and identified the degree of seriousness of problems encountered in enforcing Anti-Money Laundering Act (AMLA) provisions.

Methodology: The study employed a descriptive-comparative research design. A total of 242 respondents were selected through purposive sampling. Median scores and the Mann-Whitney U Test were employed to measure implementation levels and perception differences across groups.

Results: Results revealed that money changers rated "Know Your Customer" (KYC), valid ID presentation, recordkeeping, and transaction monitoring as highly implemented, while customers perceived them only as implemented, indicating a perceptual gap in compliance enforcement. Comparisons between money changers and AMLC yielded no significant differences, suggesting alignment in regulatory and institutional perspectives. On the other hand, both money changers and customers recognized common problems such as privacy concerns, limited access to valid IDs, and low awareness of AMLA regulations, although no significant differences emerged between their assessments.

Conclusion: The study concludes that while AMCs demonstrate substantial compliance with AMLA requirements, gaps remain in customer awareness, trust, and engagement in AML processes. Strengthening financial literacy campaigns, improving ID accessibility, digitizing KYC recordkeeping, and enhancing collaboration between AMCs and AMLC are recommended to sustain effective counter-terrorism financing efforts.

Keywords: *Anti-Money Laundering Act, terrorism financing, money laundering, accredited money changers, Know Your Customer, Anti-Money Laundering Council, suspicious transactions.*

INTRODUCTION

Money laundering is the process of concealing illegally obtained funds to make them appear legitimate, often linked to serious crimes such as drug trafficking, robbery, and extortion. Globally, the campaign against money laundering began with the passage of the U.S. Bank Secrecy Act in 1970, while in the Philippines, the Anti-Money Laundering Act (AMLA) was only enacted in 2001. The AMLA created the Anti-Money Laundering Council (AMLC), the country's Financial Intelligence Unit (FIU), tasked with implementing AMLA and ensuring compliance with global standards. Despite these measures, money laundering remains prevalent due to weak enforcement, systemic loopholes, and the evolving tactics of criminals (Isolauri & Ameer, 2023). This challenge is compounded by terrorism financing (TF), which involves raising and managing funds to support terrorist activities. Although ML and TF differ in purpose, they both exploit the same weaknesses in financial systems, such as anonymity and opaque transactions (International Monetary Fund, 2023). Recognizing this, the Philippine government has continually amended AMLA— through R.A. No. 9194 (2003), R.A. No. 10167 (2012), R.A. No. 10365 (2013), R.A. No. 10927 (2017), and R.A. No. 11521 (2021)—to close loopholes and align with global anti-financial crime standards. These frequent amendments reflect the adaptive nature of financial crimes and the country's effort to maintain international credibility.

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Within this regulatory framework, accredited money changers serve as critical players in safeguarding the financial system. They are mandated to adopt "Know Your Customer" (KYC) protocols, including Customer Due Diligence (CDD), to verify client authenticity, mitigate risks, and detect suspicious transactions. However, the effectiveness of KYC depends heavily on its proper implementation, as poorly defined practices can reduce decision-making to subjective judgment rather than systematic risk assessment. Compliance with anti-money laundering and counter-terrorism financing (AML/CTF) standards is therefore regarded as the first line of defense, protecting both governments and financial institutions from criminal exploitation. In this context, the present study sought to evaluate the effectiveness of AML/CTF measures among accredited money changers in the Philippines, with the ultimate goal of proposing an intervention program that strengthens implementation, enhances transparency, and ensures alignment with both national regulations and international best practices.

Global frameworks play a central role in shaping AML and CTF regimes worldwide. The Financial Action Task Force (FATF) remains the foremost international body setting standards through its Forty Recommendations introduced in 1990 and continuously updated to address emerging risks in digital finance (FATF, 2023). Similarly, the United Nations Global Programme against Money Laundering (GPML) provides technical assistance and fosters international cooperation, while regional groups such as the Asia/Pacific Group on Money Laundering (APG) ensure that AML/CTF efforts remain consistent across member jurisdictions. These organizations underscore the principle that illicit financial flows cannot be tackled in isolation, as ML and TF exploit global vulnerabilities.

Scholars emphasize that this crime has global repercussions, affecting financial stability and social trust (Alexandre & Balsa, 2023). Lopez Leonardi (2025) further highlights that AML should be prioritized alongside other pressing global concerns due to the magnitude of funds involved and their linkage to organized crime. At the same time, terrorism financing presents a unique challenge, as funds may originate from both legal donations and illegal sources, making it difficult to distinguish clean from tainted money. The 9/11 attacks marked a turning point, leading FATF to expand its mandate to counter TF directly, thereby integrating AML and CTF frameworks (FATF, 2023; Toledo, 2023).

One of the most important safeguards against financial crime is the risk-based approach (RBA) advocated by FATF. By tailoring compliance measures proportionally to customer risk profiles, financial institutions can allocate resources more effectively and prevent abuse (FATF, 2023). However, some scholars argue that in practice, the RBA often degenerates into a "tick-box exercise" where institutions prioritize regulatory compliance over meaningful risk assessment (Sinha, 2020). In the European Union, supranational risk assessments emphasize the need for cross-border vigilance given the integrated nature of financial flows across member states (Cociug & Andrușceac, 2020). Ultimately, RBA frameworks require institutions to balance compliance obligations with proactive monitoring, ensuring continuous reassessment of customer and transaction risks (Siji-Fasole, 2024).

Another critical element in AML systems involves technological tools for detection and monitoring. The rapid evolution of data analytics, artificial intelligence (AI), and network analysis has enhanced the capacity of institutions to detect suspicious activities in real time (Financial Crime Academy, 2024). For example, algorithms now allow compliance teams to track complex laundering patterns, while network analysis reveals hidden relationships among illicit actors (Castelao-López et al., 2024). Moreover, qualitative tools such as documentary analysis complement technology-driven approaches by evaluating the legal and institutional gaps in AML enforcement. These innovations highlight the need for both human judgment and automation to effectively combat laundering schemes.

In the Philippine context, the AMLC serves as the country's FIU, created under Republic Act (RA) 9160 of 2001. Since its inception, AMLA has undergone multiple amendments (RA 9194, RA 10167, RA 10365, RA 10927, RA 11521) to address loopholes exploited by criminals and align with FATF recommendations. Recent amendments expanded covered persons to include real estate brokers and offshore gaming operators, reflecting evolving risks. Money changers and remittance companies are considered high-risk sectors due to fragmented transactions and weaker customer profiling, underscoring the importance of AMLC oversight (AMLC, n.d.; AMLC, 2016).

The implementation of KYC and CDD remains a cornerstone of AML compliance in the Philippines. KYC policies, enforced by the Bangko Sentral ng Pilipinas (BSP), require valid identification and customer profiling to mitigate risks of fraud and laundering (Tamayo & de Vera III, 2024). Despite this, challenges persist, particularly among smaller entities like money changers that lack technological infrastructure for automated checks. Studies emphasize that manual recordkeeping exposes financial institutions to risks of loss, misfiling, and delays, undermining compliance with AMLC reporting requirements (Subia & Corpuz, 2020). Thus, digitization of records has been identified as a priority to ensure efficiency and transparency.

Finally, literature on covered and suspicious transactions in the Philippines reveals persistent inefficiencies in reporting mechanisms. Republic Act 11521 mandates the reporting of transactions exceeding ₱500,000 in cash per

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day, yet semi-automated monitoring systems often fail to capture sophisticated layering techniques used by launderers (Alexandre & Balsa, 2023). National studies further show that terrorist financing funds largely remain within the Philippine financial system, with remittance inflows from countries like Malaysia, Saudi Arabia, and the U.S. posing particular risks (AMLC, 2022). These findings underscore the need for enhanced technological monitoring and stronger cross-border cooperation.

International studies emphasize the importance of AML compliance training in ensuring staff awareness and institutional readiness as regular AML training equips employees to detect suspicious activities, understand reporting obligations, and minimize institutional risks. Meanwhile, recent research highlights the role of AI and automation in KYC processes, enabling financial institutions to handle vast data sets and detect anomalies more accurately (Singhal, 2024). Network analysis and deep learning models are increasingly used to spot laundering schemes hidden within complex transaction webs.

In the Philippine setting, National Risk Assessments (NRAs) led by AMLC provide a structured basis for risk-based strategies. Since 2016, multiple NRAs have identified money changers, pawnshops, and remittance companies as high-risk sectors. The 2022 NRA downgraded the country's terrorism-financing risk from "high" to "medium-high," reflecting progress but also ongoing challenges (AMLC, 2022). Yet, the Philippines remains on the FATF "gray list," which signals increased international scrutiny and could negatively affect remittances and foreign investments if not addressed. Building on these assessments, attention has increasingly shifted toward non-banking financial institutions (NBFIs) such as remittance centers, insurance companies, and pawnshops, which—while critical for financial inclusion—pose heightened risks due to weaker supervisory mechanisms.

A growing area of concern lies within these NBFIs, as they often lack the robust oversight frameworks typical of banks, making them vulnerable conduits for illicit funds (World Bank, n.d.). Studies note that while they provide vital services such as remittances and financial access, they can be exploited for laundering when oversight is weak (Buha et al., 2023; Federal Financial Institutions Examination Committee [FFIEC] Bank Secrecy Act/Anti-Money Laundering InfoBase, n.d.). The "dash for cash" during the COVID-19 crisis further exposed systemic risks in NBFIs, underscoring their interconnectedness with the wider financial system. Hence, this study examined the level of implementation of counter-terrorism financing measures among AMCs, assessed the differences in perceptions of money changers, customers, and the AMLC, and identified the degree of seriousness of problems encountered in enforcing AMLA provisions.

Objectives

This study examined the level of implementation of counter-terrorism financing measures among AMCs, assessed the differences in perceptions of money changers, customers, and the AMLC, and identified the degree of seriousness of problems encountered in enforcing AMLA provisions which will serve as the basis for an innovative program. Specifically, the study sought to:

1. describe the process of transacting in accredited money changers and its implementation in countering terrorism-financing in terms of:
   a. KYC Identification,
   b. Presenting Valid Identification (ID),
   c. KYC Records Keeping,
   d. Covered Transactions, and
   e. Suspicious Transactions.
2. determine whether there is a significant difference in the process of transacting in accredited money changers of the two groups of respondents pertaining to countering terrorism-financing.
3. describe the level of implementation of the covered and suspicious transaction in countering terrorism-financing in terms of:
   a. Localized Data Base, and
   b. Various acceptable ID's.
4. determine whether there is a significant difference in the level of implementation of the covered and suspicious transaction in countering terrorism-financing by the two groups of respondents.
5. describe the degree of seriousness of the problems encountered on the implementation of anti-money laundering laws.
6. determine whether there is a significant difference on the degree of seriousness of the problems encountered on the implementation of anti-money laundering laws by the two groups of respondents.

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Hypotheses

Given the stated research problems, the following hypotheses were tested at 0.05 level of significance:

H_0: There is no significant difference in the process of transacting in accredited money changers of the two groups of respondents pertaining to countering terrorism-financing.

H_0: There is no significant difference in the level of implementation of the covered and suspicious transaction in countering terrorism-financing by the two groups of respondents.

H_0: There is no significant difference on the degree of seriousness of the problems encountered on the implementation of anti-money laundering laws by the two groups of respondents.

METHODS

Research Design

The researcher employed a descriptive-comparative research design under the quantitative approach. This design enabled the study to rely on quantitative data gathered through appropriate instruments to obtain the necessary information in addressing the research objectives. By utilizing a descriptive-comparative method, the study was able to describe the process of transacting in accredited money changers and its implementation, level of implementation of the covered and suspicious transaction in countering terrorism-financing, and the degree of seriousness of the problems encountered on the implementation of anti-money laundering laws. Further, the design was deemed appropriate since the study determined whether there is a significant difference in the process of transacting in accredited money changers of the two groups of respondents pertaining to countering terrorism-financing, whether there is a significant difference in the level of implementation of the covered and suspicious transaction in countering terrorism-financing by the two groups of respondents, and whether there is a significant difference on the degree of seriousness of the problems encountered on the implementation of anti-money laundering laws by the two groups of respondents.

Population and Sampling

The study involved 242 purposively selected respondents, consisting of accredited money changer personnel (n=101), customers (n=101), and Anti-Money Laundering Council investigation group personnel (n=40). Respondents were chosen based on their knowledge, skills, and direct involvement in processes relevant to the study, with particular emphasis on their familiarity, awareness, and understanding of anti-money laundering laws, as well as customers' experience in undergoing the KYC process. The researcher employed purposive sampling, also known as judgment sampling, wherein participants deemed most representative of the population were deliberately selected.

Instrument

The primary data-gathering instrument employed in this study was a researcher-made questionnaire, designed to capture quantitative data relevant to the objectives of the research. Respondents provided their answers by selecting responses on a four-point Likert scale, where 4=Highly Implemented/Very Serious, 3=Implemented/Serious, 2=Somewhat Implemented/Somewhat Serious, 1=Not Implemented/Not Serious. These responses were then assigned numerical values for subsequent statistical treatment and analysis.

The instrument was structured into three main parts. Part I assessed the process of transactions in accredited money changers and their implementation in countering terrorism financing. This section, answered by both customers and accredited money changers, included indicators such as KYC identification, presentation of valid identification cards, KYC record-keeping, covered transactions, and suspicious transactions, consistent with the requirements of Republic Act No. 9160, Section 9, as amended by Republic Act No. 9194. Part II measured the level of implementation of covered and suspicious transactions, and was answered by AMLC personnel and accredited money changers. This section focused on localized database limitations and acceptable IDs, guided by Bangko Sentral ng Pilipinas (BSP) Circular Nos. 608 and 1107. Part III, a self-constructed section, evaluated the seriousness of problems encountered in implementing anti-money laundering laws, with responses drawn from accredited money changers and customers. Indicators included challenges such as the protection of customer information, availability of identification cards with specimen signatures, and general awareness of AML regulations.

To ensure both reliability and validity, the first draft of the instrument underwent review by the researcher's adviser for initial content validation, followed by expert validation involving three specialists representing key perspectives from academia, regulatory practice, and industry operations. The feedback provided was used to refine

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and enhance the clarity, relevance, and accuracy of the questionnaire items. Finally, reliability testing using Cronbach's alpha yielded a coefficient of 0.812, confirming strong internal consistency and suitability of the instrument for research purposes.

Data Collection

The process of data collection was undertaken in a systematic manner to ensure accuracy, reliability, and completeness of responses. The administration of the survey was conducted over the period of two (2) months, employing both on-site and electronic modalities to maximize participation and accessibility. For the on-site administration, the researcher personally visited selected money changer establishments, where questionnaires were distributed and completed within their natural environment. This method provided an opportunity to clarify instructions and address respondents' queries, thereby minimizing response errors. In parallel, the electronic administration was carried out using QR codes and Google Forms, which were disseminated to the respondents. Completed questionnaires were retrieved either directly from the establishments during site visits or electronically through the online platform, depending on the chosen mode of administration. Following collection, all responses were systematically reviewed, organized, and consolidated into a comprehensive dataset.

Treatment of Data

The researcher employed several statistical tools to ensure the reliability and validity of the data collected from the questionnaire, which served as the main research instrument. The median was used to determine the central tendency of responses, particularly in assessing processes such as know-your-customer identification, record keeping, covered and suspicious transactions, and challenges in implementing anti-money laundering laws, since it reflects the midpoint of responses and minimizes the effect of outliers (Tenny & Hoffman, 2022). A four-point Likert scale was applied to quantify perceptions and attitudes, with weighted responses ranging from "Highly Implemented" (4) to "Not Implemented" (1), and for seriousness ratings from "Very Serious" (4) to "Not Serious" (1), thereby providing a structured means of interpreting subjective judgments. To test hypotheses and generalize findings beyond the sample, the study also utilized inferential statistics, which allow for drawing conclusions about populations from sample data while accounting for possible errors in inference. Finally, the Mann-Whitney U Test, a non-parametric alternative to the independent t-test, was applied to compare differences between two independent groups when the dependent variable was ordinal or continuous but not normally distributed, thus ensuring robust comparisons across respondent categories.

Ethical Considerations

The researcher strictly adhered to ethical research principles to safeguard the protection, dignity, and rights of all participants. No procedures that could cause physical, psychological, social, or emotional harm were employed, and all interactions were conducted in a respectful and professional manner. Informed consent was obtained from all respondents, including customers, accredited money changer personnel, and staff from the Anti-Money Laundering Council, with a clear explanation of the study's purpose, procedures, potential risks and benefits, and the voluntary nature of participation, including their right to withdraw at any time without consequence. To ensure privacy and confidentiality, responses were anonymized and coded, with no names or personal identifiers included in the reports, while consent was also secured for any audio recordings, which were stored in encrypted, password-protected devices and scheduled for deletion one year after the study. All collected data were securely stored on the researcher's encrypted device and will be retained for two years for verification and academic purposes before being permanently deleted. Results are reported only in aggregate form to avoid identification of individuals, and the researcher maintained objectivity by preventing bias, misrepresentation, or manipulation of data throughout the process.

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RESULTS

Level of Implementation of Countering Terrorism-Financing

Table 1. Level of Implementation of Countering Terrorism-Financing

Indicators	Money Changers	Customers
Know-Your-Customer Identification	4 (Highly Implemented)	3 (Implemented)
Presenting Valid Identification	4 (Highly Implemented)	3 (Implemented)
KYC Records Keeping	4 (Highly Implemented)	3 (Implemented)
Covered Transactions	4 (Highly Implemented)	3 (Implemented)
Suspicious Transactions	4 (Highly Implemented)	3 (Implemented)

Table 1 presents the level of implementation of countering terrorism-financing among money changers and customers, as measured by their median scores. Across all five indicators—Know-Your-Customer identification, presenting valid identification, KYC records keeping, covered transactions, and suspicious transactions—money changers consistently rated the implementation at 4 (Highly Implemented), while customers rated all items at 3 (Implemented). This uniform pattern suggests a notable discrepancy between the perceptions of service providers and service users. From the perspective of money changers, the results reflect confidence in their compliance with anti-money laundering and counter-terrorism financing regulations, as they believe that requirements are being rigorously enforced. On the other hand, customers perceive these measures as only satisfactorily implemented, which may indicate gaps in transparency, communication, or the overall customer experience during AML/CTF processes. The disparity in ratings highlights the existence of a perception gap. While money changers may be focused on strict regulatory compliance due to audit requirements and penalties, customers may experience these processes differently, encountering challenges such as unclear procedures, inconvenience, or lack of awareness about the rationale behind multiple identification requirements and detailed record-keeping. This suggests that although systems are technically in place, their practical execution may not always be visible or satisfactory to customers. If unaddressed, this perception gap could reduce customer trust in the effectiveness of AML/CTF measures and hinder cooperation, which is vital in ensuring full compliance.

Difference in the Process of Transacting in AMCs pertaining to Countering Terrorism-Financing as Assessed by the Money Changers and the Customers

Table 2. Difference in the Process of Transacting in AMCs pertaining to Countering Terrorism-Financing as Assessed by the Money Changers and the Customers

Indicators	Statistic	p value
Know-Your-Customer Identification	2259	0.001
Presenting Valid Identification	2388	0.009
KYC Records Keeping	2254	0.001
Covered Transactions	2309	0.002
Suspicious Transactions	2302	0.002

Table 2 presents the results of the Mann-Whitney U Test, which examined the differences in the assessment of money changers and customers regarding the process of transacting in accredited money changers in relation to countering terrorism-financing. Across all five indicators—Know-Your-Customer identification, presenting valid identification, KYC records keeping, covered transactions, and suspicious transactions—the results show statistically significant differences, as all p-values are below the 0.05 threshold. This means that the perceptions of money changers and customers differ consistently and significantly when evaluating the implementation of AML/CTF processes.

The strongest differences were observed in KYC identification (U = 2259, p = 0.001) and KYC records keeping (U = 2254, p = 0.001). These findings suggest that while money changers view their practices as being highly compliant with KYC standards, customers perceive them less favorably, possibly due to the inconvenience or lack of clarity in documentation requirements. Similar differences were noted in covered transactions (U = 2309, p =

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0.002) and suspicious transactions (U = 2302, p = 0.002), where money changers emphasize regulatory adherence, but customers may feel excluded from or uninformed about how such monitoring is conducted. Even in presenting valid identification (U = 2388, p = 0.009), a significant difference emerged, indicating that customers may perceive ID requirements as excessive or inconsistently applied, compared to the more favorable view of money changers who must comply with BSP and AMLC regulations. These results highlight a critical perception gap: money changers consistently view themselves as strongly compliant, while customers express only moderate satisfaction with the implementation of AML/CTF procedures. This divergence may stem from differences in orientation—money changers are compliance-driven, focusing on meeting legal and regulatory obligations, while customers primarily evaluate the process based on convenience, clarity, and fairness. The statistically significant differences across all indicators suggest that addressing customer experience is as important as technical compliance in strengthening AML/CTF implementation.

From an implication standpoint, the findings stress the need for regulators and financial institutions to strike a balance between compliance and customer satisfaction. Enhanced transparency in explaining procedures, standardization of ID requirements across institutions, and customer education campaigns on the purpose of KYC and suspicious transaction monitoring could reduce friction and improve customer trust. Moreover, adopting digital KYC solutions and localized databases may help streamline processes, minimize inconvenience, and improve perceptions of efficiency. The consistent difference in ratings between money changers and customers highlights a significant perception gap. While money changers rated all AML/CTF measures as "highly implemented," customers perceived them as only "implemented," with statistical tests confirming significant differences across all indicators. This disparity reflects two orientations: money changers, being compliance-driven, focus on regulatory adherence due to potential sanctions and audits (Akiotu, 2022), whereas customers evaluate implementation based on convenience, clarity, and accessibility. The strongest divergences were found in Know-Your-Customer identification and record-keeping. From the institutional perspective, strict KYC protocols are essential to mitigating risks of financial crime and terrorism-financing (Miebaka & Odok 2024). However, customers may perceive these requirements as bureaucratic or intrusive, particularly when processes are time-consuming or when documentary requirements are unclear. As Ozioko (2024) emphasize, AML frameworks that prioritize compliance without considering customer perception risk undermining trust in financial institutions, which is critical for voluntary cooperation. This perception gap suggests that technical enforcement alone is insufficient; AML/CTF measures must also be designed to ensure transparency, fairness, and customer acceptance.

Level of Implementation of the Covered and Suspicious Transaction in Countering Terrorism-Financing

Table 3. Level of Implementation of the Covered and Suspicious Transaction in Countering Terrorism-Financing

Indicators	Money Changers	AMLC
Localized Data Base	4 (Highly Implemented)	4 (Highly Implemented)
Various Acceptable IDs	4 (Highly Implemented)	4 (Highly Implemented)

Table 3 presents the level of implementation of covered and suspicious transactions in countering terrorism-financing as assessed by money changers and the Anti-Money Laundering Council. Both groups gave a median score of 4 (Highly Implemented) across the two indicators—localized database and various acceptable IDs. This consistency in responses demonstrates a strong alignment between regulatory authorities and front-line implementers regarding the effectiveness of these specific measures. It suggests that both AMLC and money changers recognize that these components are not only enforced but also integrated effectively into daily operations, reflecting a mature and functional compliance framework.

The high rating on localized databases indicates that systems for monitoring, recording, and analyzing transactions are well established. This shows that both parties perceive the infrastructure for detecting covered and suspicious transactions as effective in facilitating early identification and reporting. Such alignment is crucial, as a localized database ensures real-time monitoring and strengthens the ability to flag unusual activity promptly. Similarly, the high implementation score for various acceptable IDs highlights the inclusivity of identification systems. By recognizing a broader range of valid IDs, money changers are able to comply with KYC requirements while ensuring customer accessibility, thereby minimizing barriers to legitimate financial transactions without compromising security. The agreement between AMLC and money changers also indicates a healthy synergy between policy-making and implementation. Regulatory directives from AMLC are not only being followed but are perceived as practical and

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enforceable by money changers, which reinforces compliance credibility. This consistency reduces gaps that could otherwise be exploited for money laundering or terrorism-financing, thereby enhancing overall financial integrity.

Difference in the Level of Implementation of the Covered and Suspicious Transaction in Countering Terrorism-Financing as Assessed by the Money Changers and the AMLC

Table 4. Difference in the Level of Implementation of the Covered and Suspicious Transaction in Countering Terrorism-Financing as Assessed by the Money Changers and the AMLC

Indicators	Statistic	p value
Localized Data Base	1620	0.301
Various Acceptable IDs	1600	0.286

Table 4 presents the difference in the level of implementation of covered and suspicious transactions in countering terrorism-financing as assessed by money changers and the Anti-Money Laundering Council, using the Mann-Whitney U Test. The results reveal no significant differences between the two groups across the indicators, with p-values of 0.301 for localized database and 0.286 for various acceptable IDs, both of which are above the 0.05 threshold. This statistical outcome indicates that the perceptions of money changers and AMLC personnel are statistically aligned, meaning both groups share a similar assessment of the effectiveness and degree of implementation of these measures.

The absence of significant differences suggests a strong consensus and uniformity in evaluating the current practices. For the localized database, both groups recognize its critical role in strengthening transaction monitoring and reporting, confirming that the system is not only operational but also accepted as a reliable tool in countering terrorism-financing. Similarly, the assessment of various acceptable IDs shows agreement on the effectiveness of inclusive identification protocols in complying with KYC requirements, thereby ensuring both regulatory adherence and customer accessibility. Such alignment reduces compliance gaps and reinforces the consistency of enforcement across institutions. This outcome indicates that AMLC's regulatory framework has been effectively internalized by front-line implementers, demonstrating regulatory maturity and practical applicability (Aidoo et al., 2025). The consensus on localized databases highlights the effectiveness of real-time monitoring systems in detecting unusual or suspicious activity. Such systems are widely regarded as critical to financial intelligence, allowing institutions to flag anomalies before they escalate into larger threats (Chau & van Dijck Nemcsik, 2020). Similarly, the agreement on inclusive identification protocols—accepting a broader range of valid IDs—balances compliance with accessibility, ensuring that legitimate customers are not unfairly excluded while upholding regulatory requirements (Aidoo, 2025). The alignment between AMLC and money changers suggests a healthy synergy between policy and practice, reducing regulatory gaps that can otherwise be exploited for money laundering and terrorism-financing.

Degree of Seriousness of the Problems Encountered on the Implementation of Anti-Money Laundering Laws

Table 5. Degree of Seriousness of the Problems Encountered on the Implementation of Anti-Money Laundering Laws

Indicators	Money Changers	Customers
Privacy of Information Given by the Customer	4 (Very Serious)	4 (Very Serious)
Identification Card Availability with Specimen Signature	4 (Very Serious)	4 (Very Serious)
Awareness of AMLA Regulations	4 (Very Serious)	4 (Very Serious)

Table 5 presents the degree of seriousness of the problems encountered in the implementation of Anti-Money Laundering laws as assessed by money changers and customers. The results indicate a uniform perception across both groups, with all indicators receiving a median score of 4 (Very Serious). This finding suggests that despite the progress made in strengthening AML compliance, key challenges persist that hinder smooth implementation and pose risks to both institutions and clients.

The privacy of information given by customers emerged as a highly serious concern for both money changers and customers. This indicates a continuing tension between regulatory requirements for transparency and customers' fears of potential data misuse, leakage, or breaches of confidentiality. Similarly, the availability of identification cards with specimen signatures was also rated as a very serious problem. For money changers, this

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issue creates operational bottlenecks as they struggle to verify identities accurately in line with AML regulations. Customers, on the other hand, may face difficulties in securing the required IDs, especially those from marginalized groups or rural areas.

Difference on the Degree of Seriousness of the Problems Encountered on the Implementation of Anti-Money Laundering Laws as Assessed by the Money Changers and the Customers

Table 6. Difference on the Degree of Seriousness of the Problems Encountered on the Implementation of Anti-Money Laundering Laws as Assessed by the Money Changers and the Customers

Indicators	Statistic	p value
Privacy of Information Given by the Customer	2465	0.093
Identification Card Availability with Specimen Signature	2345	0.310
Awareness of AMLA Regulations	2795	0.879

Table 6 shows the results of the Mann-Whitney U Test comparing the perceptions of money changers and customers on the degree of seriousness of problems encountered in implementing Anti-Money Laundering laws. The findings reveal that all indicators—privacy of customer information ($p = 0.093$), identification card availability with specimen signature ($p = 0.310$), and awareness of AMLA regulations ($p = 0.879$)—have p-values greater than 0.05, indicating that there is no significant difference between the assessments of the two groups. This suggests that both money changers and customers share a common perspective regarding the gravity of the challenges in AML implementation.

For privacy of customer information, the p-value of 0.093, although close to the threshold of significance, still indicates agreement between the two groups. This implies that concerns about data confidentiality are equally recognized by customers and money changers. Customers may fear potential misuse of their personal information, while money changers acknowledge the operational risk posed by handling sensitive client data. The shared perception reflects growing awareness of data privacy issues and its importance in building trust in financial transactions. In terms of identification card availability with specimen signature, the p-value of 0.310 suggests a high degree of alignment between the groups' assessments. Both stakeholders perceive the difficulty of obtaining and presenting valid IDs with specimen signatures as a serious and recurring problem. This indicates that strict identification requirements remain a key challenge for compliance, often affecting customer experience and the efficiency of transactions. Finally, the indicator on awareness of AMLA regulations yielded the highest p-value (0.879), showing a very strong consensus between money changers and customers. This reflects that both groups recognize the widespread lack of awareness and understanding of AML laws as a critical barrier to effective implementation. Without sufficient knowledge of these regulations, both institutions and customers may find it difficult to comply consistently and effectively, which weakens the intended impact of AML measures.

Concerns over data privacy underscore a broader tension in AML compliance: while regulations require transparency and detailed reporting, customers worry about potential misuse or breaches of personal information. This issue resonates with global critiques of AML regimes, which caution that overreach in data collection can erode trust and infringe on personal rights (Johnson, 2025). Addressing this requires stronger data protection protocols and clearer communication on how customer information is secured. The problem of identification card availability highlights the structural barriers to compliance. Many individuals, particularly in rural or marginalized communities, may not possess valid IDs with specimen signatures, creating bottlenecks for both customers and money changers. As Elliott et al. (2022) argues, stringent KYC requirements risk excluding legitimate customers from financial services, inadvertently contributing to financial exclusion. This not only hinders customer access but also undermines AML objectives by driving unbanked populations toward informal, unregulated channels. Finally, the shared concern about limited awareness of AMLA regulations reflects a knowledge gap among both customers and financial service providers. Without adequate awareness, compliance may be seen as merely procedural, limiting its preventive impact (Ozioko, 2024). Studies in developing contexts have emphasized the importance of sustained public education campaigns and continuous professional training to ensure that both financial institutions and their clients understand not only the "what" but also the "why" of AML regulations (Ciantar, 2024). Raising awareness can strengthen cooperation, foster compliance, and ultimately make AML frameworks more effective.

Taken together, these findings have important implications for policy and practice. First, regulators and financial institutions must address the perception gap between money changers and customers by improving

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transparency and customer experience. Initiatives such as simplified ID verification, customer education campaigns, and digital KYC platforms could help reduce friction and build trust (Aidoo, 2025). Second, the alignment between AMLC and money changers should be leveraged to institutionalize best practices, ensuring standardized enforcement across the sector. This collaboration can enhance consistency and credibility, reinforcing the integrity of the financial system. Third, systemic challenges—particularly those related to privacy, ID availability, and awareness—require structural interventions. Data privacy must be safeguarded through robust security protocols, while governments should expand access to valid identification and invest in broad-based awareness campaigns. Therefore, the results emphasize that effective AML and CTF implementation is not solely about technical compliance but about balancing regulatory enforcement with inclusivity, transparency, and customer trust.

Conclusions

The study revealed a clear perception gap between money changers and customers in the implementation of Anti-Money Laundering and Counter-Terrorism Financing measures. While money changers consistently rated their compliance as "highly implemented," customers perceived these processes as only "implemented," with statistically significant differences across all indicators. This suggests that money changers view themselves as effective in meeting regulatory requirements, while customers experience the procedures as inconvenient or unclear. Such divergence highlights the need to balance strict compliance with customer-oriented practices, since the success of AML/CTF frameworks relies not only on institutional adherence but also on customer trust and cooperation.

At the same time, alignment between the Anti-Money Laundering Council and money changers on covered and suspicious transaction monitoring demonstrates a strong and functional compliance framework. Both parties agreed on the effectiveness of localized databases and inclusive ID systems, reflecting a mature regulatory environment. However, persistent challenges—such as concerns about data privacy, difficulties in obtaining valid IDs, and limited awareness of AMLA regulations—were unanimously recognized as serious problems by both customers and money changers. These findings emphasize that while institutional systems are well established, systemic barriers continue to hinder smooth compliance. Addressing these issues through stronger data protection, improved access to valid identification, and widespread public education will be critical to strengthening both compliance and customer confidence in AML/CTF implementation.

Recommendations

Based on the study's findings, several recommendations are proposed to strengthen the implementation of Anti-Money Laundering and Counter-Terrorism Financing measures, particularly in addressing the perception gap between money changers and customers while reinforcing compliance credibility.

At the policy level, the Anti-Money Laundering Council should intensify public awareness campaigns through community seminars, digital platforms, and collaborations with financial institutions to improve public understanding of AMLA regulations and the rationale behind compliance requirements. This will help reduce confusion and increase customer trust. Regulators should also standardize identification requirements by broadening the list of valid IDs with specimen signatures and simplifying documentation to address difficulties in securing proper identification, particularly among marginalized sectors. In addition, stricter guidelines on data privacy and security should be implemented by mandating encrypted storage, limited access controls, and periodic compliance audits to reduce fears of misuse of personal information. Finally, AMLC should promote digital innovations such as electronic KYC systems and interoperable localized databases to streamline compliance, enhance transparency, and minimize customer inconvenience.

At the practice level, money changers should prioritize customer-centric compliance practices by training frontline staff to communicate clearly and consistently about AML/CTF processes. This would help reduce the perception gap and improve customer confidence. Adoption of technology-driven solutions, such as electronic verification, biometric systems, and integrated reporting tools, should also be considered to simplify compliance requirements while improving efficiency. Furthermore, money changers are encouraged to establish feedback mechanisms—such as surveys and suggestion platforms—to better understand recurring customer concerns and improve service delivery. On the other hand, customers must also take responsibility by securing valid IDs, familiarizing themselves with AMLA requirements, and participating in awareness activities initiated by regulators and institutions.

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