

# **DETERMINANTS OF COMPLIANCE TO ANTI-MONEY LAUNDERINGS INN THE GHANAIAI BANKING SECTOR.**

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## **Abstract**

This study examined the determinants of anti-money laundering regulation compliance in the Ghanaian banking industry. Thus, the study investigated how moral involvement. customer due diligence and the AML programme directly contributed to AML. regulation compliance. The study also examined the moderating influence of normative power and innovation culture in these direct relationships.

The study employed a mixed method design, specifically applying the sequential explanatory research design, where the quantitative aspect of the study preceded the qualitative aspect of the study. The study involved all twenty-three (23) banks in Ghana, with respondents selected from the operations, business development, risk and compliance departments (first and second lines of defense).

The result of the study reveals that employee morale, and customer due diligence had a direct significant effect on AML. regulation compliance. It is important to note that the direct relationship between effect AML. programme did not have a significant direct effect on AML regulation compliance but the relationship was significantly moderated by innovation culture. In all, out of six (6) hypotheses, three (3) was supported and the remaining three (3) were not supported.

The results imply that, in the context of this study, the significant predictors of AML regulation compliance from the Ghanaian banking industry were employee's moral involvement and customer due diligence. It is also imperative to note that AML programmes on their own are not very useful to AML regulation compliance, but its effect is harnessed when there is a high innovation culture in the bank.

The study therefore recommends among other things, that banks put in place enforcement mechanisms to ensure that staff comply with AML regulations. These enforcement mechanisms should be both punitive and incentivised. Also, managers of banks should ensure that due diligence is always upheld at the core of the AML activities of the bank.

**Key words:** Anti-money laundering, moral involvement, customer due diligence, AML programmes, normative power, innovation culture, Regulation compliance, banks, Ghana.