

## CORRUPTION ASSESSMENT IN THE IRANIAN BANKING INDUSTRY

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### ABSTRACT

*Monitoring key indicators of potential risks in various banking industry areas is conducted through coordination between the departments of inspection, internal audit, legal, risk management and combating banking or financial violations. The damage to Iran's banking industry during the sanctions and COVID-19 is one of the most important threats to the future of Iran's economy. The aim of this study was to investigate the causes of corruption and evaluate it in Iran by descriptive-analytical method. The results show that (1) the provision of all services electronically (in-person referral) in the banking system and the smallest institutions related to finance and accounting, especially in the COVID-19 period and free education to the public can improve the knowledge management of individuals and attract the most qualified people in the administrative system (with the aim of institutionalizing ethics), (2) systematic administrative health, fair payment in the administrative system and transparent cooperation of all banks and financial institutions with inspection organizations to determine the income of individuals and identify low-income (3) for a data-driven and law-based organization, information cooperation between organizations and banks, as well as organizational transparency, must be much greater to timely control the corruption facilitating areas in Iran*

Keywords: Corruption, Banking industry, Corruption facilitators, COVID-19, Sanctions

### INTRODUCTION

Poor monitoring and follow-up of illegal jobs, businesses and cases of high-income or hidden groups in banking transactions can cause serious damages to the country's economy by paving the way for corruption and create many livelihood problems during COVID-19. In addition, comprehensive sanctions, especially in the oil industry and the banking system, have hampered the country's foreign trade. Therefore, this study investigates the factors affecting the prosperity of corruption in Iran and how the Iranian government's inspection systems deal with them.

According to a study conducted by the Office of Economic Studies of the Islamic Consultative Assembly in 2018 regarding fictitious assets of banks, non-transparency of financial statements and ambiguities in the asset sector, accumulated losses, non-compliance of financial reporting with international standards, high debt volume of Iranian banks to the central bank and persistence of overdrafts, government debt to some banks, challenges of internal supervision and corporate governance, software security challenge and some components of the CAMELS index, Iranian banks are rated lower than the global average and standards defined in this field. Therefore, if a foreign bank, regardless of sanctions and only by comparing it in terms of defined standards, wants to evaluate the relevant bank with performance indicators such as the CAMELS index, it will not achieve the desired results for establishing brokerage relations. This requires appropriate planning in the field of implementing more transparent laws and regulations (Report of the Office of Economic Studies of the Islamic Consultative Assembly, 2018).

Furthermore, following the 2008 financial crisis, financial regulations have been improved to address weaknesses in risk management as well as to increase the effectiveness of oversight. Therefore, an appropriate response from the supervisory departments and legislatures is necessary to change the patterns and use a combination of different technologies and qualified manpower, as well as to create specialized knowledge in the supervisory departments to predict and control possible risks in the banking industry.

### LITERATURE REVIEW

First of all, it should be noted that banks can be considered an effective factor in macroeconomics. On the asset side, banks have loans that need supervision. These loans are often opaque and reflect the characteristics of bank borrowers who may not have access to financial markets. In particular, information asymmetries can make financial markets inefficient in financing businesses with non-transparent information (for example, small and medium-sized enterprises). Banks intend to overcome this market failure by screening and monitoring all of these matters (Morgan, 2002). During surveillance, corruption in the governmental and non-governmental sectors emerges as an institutional disease, in which a transaction typically involves three actors: an agent (i.e., a government employee), a manager (i.e., the government) and a corruptor (i.e., individuals, companies, unions, etc.). Corruption in the banking industry, even in one bank, can have negative consequences for other banks and therefore for the total economy.

Today, the financial governing authority corruption of political and non-political units, both domestically and globally, has become a major challenge in human societies. In today's banking literature there are topics such as social banking, ethical banking, microfinance, fair and responsible banking, and the like are introduced, each of which expresses a set of meta-economic functions of banks. Now, human societies can address this meta-economic issue when the issues of financial and economic corruption of banks have been eradicated before (Dehghanizadeh and Barzegar, 2016).

In most countries, especially some developing countries, the banking system is the most important part of the financial system. This system plays a key role in facilitating domestic and international payments and acts as an intermediary between depositors and borrowers, providing other financial products and services. Accordingly, the system of combating banking violations (especially money laundering) in a country should start with banks (Pierre Laurent Chetin et al., 2013). In this regard, the laws of Basel committee and the Organization for Economic Co-operation and Development (OECD) can be adopted in combating bribery of foreign government officials in foreign trade (OECD, 1997).

### **COUNTER-CORRUPTION BANKING SYSTEM OF COUNTRIES**

In some countries, such as Japan, Spain, and the Netherlands, tax evasion and tax variations are classified as administrative or criminal. Administrative penalties are imposed by tax authorities and criminal penalties are imposed by courts of justice (Shahsavan, 2005). In the last ten years, the UK Treasury has set up a dedicated working group to focus on RegTechs. It seeks to support the development and adoption of new RegTech solutions. The government of Singapore is focused on the intelligent community, and the country's monetary authority is focused on moving towards creating an API-driven architecture for RegTechs (Kumar and Vysya, 2016). In Malaysia, the Central Bank of the country, following the direct and indirect supervision and providing recommendations for eliminating the main shortcomings in violations, especially money laundering and terrorist financing, addresses the response and feedback of banks to the shortcomings observed in the inspections (Pierre Laurent Chetin et al., 2013). In 2016, the German consultancy GFT technologies introduced its new RegTech solution. This institution was able to successfully implement these services in the business and transaction reporting departments of Royal Bank of Scotland. Another example of regulatory technology-based solutions has been implemented by KPMG Financial Services Consulting in the United States (Kumar and Vysya, 2016). In Iran, the two institutions of the Ministry of Economic Affairs and Finance and the Inspection organization of Iran seek to advance the process of combating corruption by exposing cases and violations. The Accounting Law approved in 1987 is a criterion set by the Plan and Budget Organization of Iran, the General Audit Organization, the Supreme Audit Court of Iran, the accountants of the Ministry of Economic Affairs and Finance and even the National Inspection Organization, and based on this criterion, the mentioned institutions can deal with any corruption. Therefore, collective-political action seems as an effective solution to fight corruption (Soleiman Pakseresht and Zin al-Abedin Afshar, 2017).

### **The role of regulatory institutions from the perspective of international banking**

Among the international regulations in the field of money and banking, the recommendations of the Basel Committee on Banking Supervision and some other international supervisory authorities are significant and have been accepted as an inevitable indicator for evaluating the performance and establishing brokerage relations in the world banking system. The Financial Action Task Force (FATF) is the only supra-regional body that has been specifically established for *anti-money laundering* and *counter-terrorism financing* efforts, and has achieved the greatest success in this field (Qajari and Ghaem Maghami, 2013).

Regulatory institutions of countries must ensure that the competent authorities can urgently identify, track, and take immediate actions to block and seize assets that are or may be confiscated or suspected of criminal proceeds. Moreover, countries should, if necessary, use temporary or permanent joint teams in looking into financial issues or assets. States should ensure that, if necessary, joint investigations are carried out in cooperation with the competent authorities of other countries (responsibilities of law enforcement and investigative authorities, Recommendation No. 30 of FATF).

In addition, countries should take appropriate measures to detect physical transboundary transfers of money and anonymous tradable documents, for example via declarations or disclosure systems (cash carriers, Recommendation No. 32 of FATF). States should have effective mechanisms in place to administer such property, facilities or properties of a similar nature, as well as arrangements to coordinate seizure and confiscation procedures, in such a way that the issue of sharing confiscated assets is also included (judicial assistance or seizure and confiscation, Recommendation No. 38 of FATF). In this case, the competent authorities should use transparent channels and mechanisms to effectively transmit and respond to requests for information or other assistances (various forms of international cooperation, Recommendation No. 40 of FATF).

### **The role of regulatory Iranian banking system institutions**

The monitoring of potential risks through continuous review of key risk indicators in various fields such as banking customers, banking services, their products, etc., are conducted according to the point of view and coordination of other bank units, including inspection, internal audit, legal risk management, fight against banking or financial violations. Continuous monitoring and case assessments are necessary to comply with the performance of rules and regulations and maintain the effectiveness of internal controls by various units, including the relevant work area, financial unit and audit unit. One of the benefits of continuing this process is the rapid identification and detection of deficiencies in the internal control system, informing their management and taking timely corrective measures (General Directorate of AML/CFT Compliance in Iran, 2019).

Issues such as ethical code, equipping and allocating of resources, lending, leasing services, investment, tax and insurance issues, human capital, administrative violations, brokerage relations, domestic and foreign trade, rewards, business opportunities, trade fairness, health and safety, buying and selling, discrimination and aggression, record keeping, maintaining the confidentiality of documents, regulations governing commercial documents, social regulations and environmental laws, etc. are all subject to a set of domestic and international laws and regulations. All of these issues are the drafter of the policy, behavior pattern and performance of banks that are required to observe them in performing their professional duties. Some of these regulations directly impose obligations on the bank itself, such as the obligations set forth in the Monetary and Banking Law of the country

and other categories of regulations, are required to comply with the performance of the bank's customers. For example, observance of tax laws in order to prevent tax evasion of taxpayers or regulations governing the seizure of debtors' property with third parties are notified to banks in accordance with court rulings and orders. Moreover, there are many other regulations that banks are obliged to observe them in order to conduct their business. Each of these regulations has the guarantee of implementation according to their importance (General Directorate of AML/CFT Compliance in Iran, 2019).

### **Challenges of Iran's banking system**

Fighting corruption in the financial sector is a major concern for financial agencies regulators and central banks, especially while imposing international sanctions. Administrative corruption and mismanagement of potential risks can affect banks' core capital more than any other option, and the effective implementation of control structure can help banks function properly.

This type of corruption is not only a criminal phenomenon not limited to the borders of the country, it has also spread around the world and has been a serious threat to governments at various times. In the fight against administrative corruption, focusing on factors that are directly related to the organization's human resources can have a greater impact on reducing or eliminating corruption in the organization, although other organizational factors such as transparency of administrative rules and so on are effective in this regard. Emphasis on religious teachings and tenets, strengthening moral and human values, emphasizing human dignity and enriching organizational culture due to its strong influence on the behavior and performance of members of the organization, play an important role in the internal control of employee behaviors and prevention of corruption (Zhaleh Zare, 2018). Therefore, increasing competition, changes in business culture and model, changes in regulatory compliance and the use of regulatory technology can be effective in reducing these challenges.

### **Pathology of the banking system rules and regulations**

Violations of justice and citizenship laws can lead to poor performance of the financial system and other economic sectors and have an undesirable effect on economic growth. In such a way, large-scale bank corruption can lead to a reduction in government spending and an increase in unproductive sector investment and business activities, which consequently all lead to a decrease in economic growth. The banking system has played a significant role in financing various economic sectors and has always had a high share of the financial system of countries. Any disruption or inadequacy in the management of these financial institutions can cause the phenomenon of receiving bribe by bank managers from individuals and legal entities, and ultimately lead to a reduction in steady economic growth and national income (Zhaleh Zare, 2018). Strong regulation and supervision can prevent the reduction of cash and non-cash capital of banks and lead to the non-repetition of similar mistakes of banks. Therefore, the poor performance of banking system can be attributed to weak monetary policy and lack of strong regulatory oversight and the study of banking instability resulting from various monetary policy measures, for example in Iran, requires long-term planning to be able to prevent any violations inside and outside the organization.

### **Pathology of Iran's banking procedures and policies**

According to a study conducted by the Office of Economic Studies of the Deputy of Economic Research of the Islamic Consultative Assembly in 2018, Iranian banks are in many cases lower than the global average and defined standards. The most important of these damages in the Iranian banking system are:

1. Lack of adherence to the FATF: According to Recommendation No. 3 of the FATF, countries should criminalize money laundering under the Conventions of Vienna (UN Convention on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988) and Palermo (UN Convention on Transnational Organized Crime, 2000). Countries should extend the crime of money laundering to all serious crimes with the aim of covering a wider range of "predicate offences". Vienna Convention (1998) has not yet been ratified by the Islamic Republic of Iran and it is not a member of this convention (Qajari and Ghaem Maghami, 2013).
2. Lack of appropriate punishment system in the Iranian banking system: punishments and penalties of the Central Bank should, in proportion to the importance of the issue, include a group of banks or institutions, their managers and employees and some major shareholders (Ghaderi, 2009). Unfortunately, due to the lack of a proper punishment procedure in Iran's banking, in some cases we see a discourse among bank managers about a violation that bank considers it in its favor. Therefore, the punitive mechanisms of the monetary and financial sector of the country need to be reviewed.
3. Internal and external factors in the chronicity of corruption in Iran: there are a number of external factors in this regard. These include sanctions imposed to disrupt various markets. Under such circumstances, new opportunities were provided for renters who had access to information. Foreign exchange quotas during the sanctions were led to foreign trade fraud and smuggling in the country and the role of the judiciary and oversight system in combating corruption in Iran became more difficult. The Rule of Law Index released by the World Bank shows a similar trend to the other indicators listed in Iran. Weak regulatory institutions reduce the cost of engaging in corruptive projects (Farzanegan, 2017). However, competent authorities and financial agencies must collaborate with each other on the aspects related to the litigation process and the presentation of evidence.
4. Supervision mechanism in Iran's banking system: in Iran, the supervision mechanism of banks and credit institutions is applied through the Central Bank and the capital market has a separate supervisory authority. Since the central bank in Iran does not have the necessary independence and the debate on the independence of this bank has been in various circles for many years and has not been concluded, the central bank in many cases has been incapable in supervision of banks due to the imposition of contradictory policies (Seyyed Ayatollah Tajalli, 2014). In the context of the COVID-19 pandemic, the central bank has tried to compensate for the losses of businesses, and to prevent inflationary shocks caused by the increase

in the money supply in the national economy. Therefore, the decision-making pattern in each period is cross-sectional and is a function of the general policies of this economic institution (Vaez Barzani, 1400).

Many technical discrepancies are observed in current standards in the current performance of Iranian banking and many of the protocols used in Iranian banking are mainly based on experience. Therefore, more research is needed on the competence of work and management processes to determine the quality of corruption assessment indicators in the recently-modernizing banking industry of Iran.

### Regulatory technology in the Iranian banking system

In recent years and especially after analyzing the data related to economic corruption, which was discovered and presented through the judicial authorities of the Iran, appropriate research and measures have been taken, which have had significant results, especially in the field of legislation. Three of the most important measures taken in the field of monetary governance are (According to the report of the Central Bank of the Islamic Republic of Iran to the Parliamentary Research Center on 24 November 2019): systems in the regulation to prevent the accumulation of non-current receivables, amendment law for the issuance of checks and instruction on transparency of banking transactions of the supervisors of the Budget Law of 2019.

The solutions offered by FinTech companies, such as OnDeck Capital, Landing Club, Moven and iZettle, have replaced some of the traditional banking services and have improved the business capabilities of customers. Regulatory institutions expect financial institutions to track and analyze structured and unprotected information from the technology spectrum of these companies (Hekmat and Mohammadi Qomi, 2017). The solutions of these companies are customizable, agile, integrative, secure, reliable and cost-effective (Kumar and Vysya, 2017).

Providers of various banking financial services in communication networks, credit cards and mobile commerce sectors seem risky while conducting via payment platforms and mobile telephone within financial services. In spite of this, the potential risks are more likely to depend on the characteristics and complexities of the services presented to providers (Deputy of Economic Research of the Islamic Consultative Assembly, 2020). During this time, many advanced software have been used. When using modern software in the banking system, there has not been need for military, security and law enforcement forces to monitor the banking processes.

The mechanized banking system can prevent any corruption and deprive people of the possibility of unreasonable and illegal access (Economic Commission of Islamic Consultative Assembly, November 2016). Regarding the formulation of information technology strategy as well as comprehensive banking systems, most banks still do not have a clear strategy, and with the changes of banking managers to the incomplete methods have not been any advances in the anti-corruption processes. In this regard, the responsible officials, including the government, the parliament (or Islamic Consultative Assembly) and the judiciary, need to seriously enter the field and take action to upgrade the banking hardware and software.

### Examples of companies active in the field of regulatory technology

Examples of active and top companies in the field of regulatory technology, which have mostly startup nature, are presented in the table below (Table 1). These companies can well monitor the performance of banks and customers to prevent any fraud.

Table 1: Top companies and startups in the field of RegTech (source: planetcompliance.com ranking website and startup website)

Company	Field of activity and location
<b>Identity Mind</b>	Headquarters: California, USA Year of Establishment: 2009 Field of activity: Digital authentication platform, risk management, prevention of fraud and anti-money laundering for e-commerce institutions and fintechs
<b>Comply Advantage</b>	Headquarters: London, UK Year of Establishment: 2014 Field of activity: This company provides information on financial risks, customer monitoring, monitoring of financial transactions, identification of suspicious financial behaviors and other cases to contract companies.
<b>Sybenetix</b>	Headquarters: London, UK Year of Establishment: 2011 Field of activity: Institutions such as insurance funds, banks and asset managers, who are always interested in analyzing their professional behavior of employees, can automatically analyze the transactions made by employees and investigate suspicious activities and unusual behaviors using this software.
<b>Suade</b>	Headquarters: London, UK Year of Establishment: 2015 Field of activity: the company focuses on auditing regulations under Basel 3 and MiFIDII, and its products include a platform, a financial stress test for investment and a test for liquidity management.

The regulations are more similar to a psychological game for companies than a regulatory facilitator.

However, in the above regulatory discussions, it is observed that the risk of weak supervision can be reduced through clear guidelines on mobile banking services, clearer licensing and supplier regulations, effective risk management and monitoring within institutions providing mobile, banking and non-banking financial services. But these risks can be effectively managed in the form of a risk-based regulatory approach recommended by the FATF. The risk of hiding can be reduced through restrictions on transfers and the receipt of complete information from the customer and control and reporting systems, as well as the risk of speed through specific types of transfer warning signs and risk management of third-party suppliers.

## IRAN'S BANKING SYSTEM IN THE PERIOD OF COVID-19 AND INTERNATIONAL SANCTIONS

During severe sanctions, Iranian banks severed ties with their partners in other countries, but global developments in the field of banking, including the implementation of Basel standards, stricter laws on money laundering and terrorist financing, the need for more accurate identification of customers, etc were led to lagging behind Iranian banks relative to world standards. Moreover, due to weakening balance sheets, insufficient capital, asset quality, etc., Iranian banks found relatively more difficult conditions for establishing brokerage relations with global banks than before the sanctions. Today, the common language of the world's banks to establish working relations with each other is the same international standard rules and regulations, and non-compliance with them will have adverse effects on the reputation and ultimately the isolation of these banks (General Directorate of compliance and CML/FCFT in Iran, 2018). These include sanctions imposed to disrupt various markets, consequently, providing new opportunities for rent-seeking activities (Farzanegan, 2017). Along with international sanctions the outbreak of the COVID-19 has led to more negative economic growth (less than -5%), economic turmoil, declining GDP growth (less than 3.5% according to the World Bank), market recession and liquidity. In this regard, financial support administration (especially Bank Melli Iran) for businesses affected by COVID-19 has been very effective. However, the stages of "identifying", "evaluating", "exercising control", "monitoring", "reporting" and "reviewing and updating" the causes of corruption in the banking system in this period, commensurate with the tools and facilities available, require special laws and regulations.

## RESEARCH METHOD

Considering that the purpose of this study is to identify the causes of corruption and assess its damage to the banking system in the Iranian current situation and how to deal with these problems in Iran, the research method used for this study is analytical descriptive and data collection tools are a library study (such as interviews, observations and archival documents and government sources).

## DISCUSSION AND RESULTS

This research has been carried out in the qualitative section. The qualitative part of this research includes results and discussion about main research question, which descriptive results of which are stated here. According to the results of this question, the appropriate pattern with regard to the factors affecting corruption, to prevent financial corruption in the banking system, is a pattern that includes the following categories:

- (1) Realizing the vision document, (2) updating banks with software and hardware, (3) creating targeted educational and research programs, (4) solving initial community problems, (5) improving the position of the bank among national and international banks, and (6) specialization of individuals.

### Research pattern

According to the main research question, we are looking for a model to prevent corruption in the banking system, given the factors affecting corruption. The proposed research framework for the application and implementation of regulatory solutions in the banking industry to prevent any kind of corruption are as follows:

Step 1: achieving an overview of the risks involved in banking regulation and its complexities among managers and liaisons

- In this step, identifying the existing risks and the probability and severity of their impact on the banking system can be effective in justifying the need to adopt regulatory solutions (technology-based) for senior managers and their liaisons.

Step 2: forming a working team to investigate and implement suspicious issues in the banking branches

- This step should be accompanied by the identification and recruitment of skilled and knowledgeable human resources in specialized areas of finance and technology. This helps creating an available option to participate with a higher-level monitoring team, make changes in payment management in necessary times.

Step 3: determining the target risks

- In this step, all the target risks and their causes are described. At this stage, the risks should be quantified and presented to the banking supervisors in a variety of scales

Step 4: providing an integrated template for assessing and reporting targeted risks

- New solutions related to technology and manpower are identified or designed at this stage in terms of timely action in monitoring the target risks. The basic data and reports in this step are analyzed after examining how to access them. In other words, in this step, the reference data with the latest technologies and using risk documentation should be automatically



identified. Afterwards, an indicator to determine the quality of the data should be specified to prevent any violations in a timely manner.

Step 5: establishing a test system for the presented pattern

- A simple pattern in a test system can indicate the progress of assessment and reporting on suspicious banking operations. In this step, with the help of feedback received from the test system, the system can be modified through other documents.

Step 6: generalizing the system in the banking system

- Identifying and communicating with all banking branches and financial institutions for easy access to solutions controlling suspicious operations and reducing costs in this step is provided by a network.

Step 7: continuous monitoring of the implementation of system rules and regulations and monitoring the results of operations

- In this stage, the regulations adopted in the system and the documentation for access to the main data should be monitored so that, if necessary, the necessary changes in process management can be applied based on process feedback. In this step, the work process transparency is determined and strategies to combat any violations that lead to financial corruption in a short period of time are implemented.

## CONCLUSION

In Iran, the outbreak of the Coronavirus disease (*COVID-19*) has led to economic turmoil in a number of businesses and the closure of some business' enterprises.

Therefore, providing all services electronically (in-person referral) in the banking system and the smallest institutions related to finance and accounting, especially in the *COVID-19 period* and free education to the public can improve knowledge management and attract the most qualified people in the administrative system (with the aim of institutionalizing ethics). Consequently, systematic administrative health, payment fairness in the administrative system, and transparent cooperation of all banks and financial institutions with inspection agencies to determine the income of individuals and identify low-income individuals can lead to the prevention of emerging corruption. For a data-driven organization, information cooperation between organizations and banks, as well as organizational transparency, must be increased to address areas facilitating corruption in a timely manner.

However, in the last decade, financial regulations have improved to address weaknesses in risk management as well as increase the effectiveness of oversight. Therefore, an appropriate response from the supervisory departments and legislatures is necessary to change the patterns and use a combination of different technologies and qualified manpower, as well as to create specialized knowledge in the supervisory departments to predict and control potential risks in the field of banking.

According to the findings of this study, the following anti-corruption lawful frameworks and evaluation methods can be effective:

1. In the face of corruption, a powerful institution or institution completely independent and away from any political or non-political faction in the government administration with a general approach should be established so that can predict and neutralize any illegal action via monitoring tools in a timely manner. In the initial prosecutions, no other innocent person should be harmed financially and non-financially instead of other people or with them.
2. Political leaders in any institution can be effective in creating anti-corruption patterns, of course, if their efforts to combat corruption are well weighed by experts and these leaders should not be influenced by the private sector and political interference.
3. Even the strongest legal anti-corruption frameworks will not be effective without efficient institutions (including the police, the prosecutor's office, investigative bodies (temporary and non-temporary specialized bodies) and the courts).
4. Economic transparency and regulatory environment (in large government revenues) for the public can prevent potential risks in all areas of finance and banking. In this regard, social media can very effectively inform the activities of the government.
5. Increasing the salaries of honest and competent government officials can be effective in reducing the causes of corruption. This salary increase should be in terms of meritocracy. In addition, it should be noted that in many government positions female managers are less involved in bribery than male managers.
6. Integrity and independence of central banks can be very effective.
7. Having visions and long-term plans for the banking system and preventing any arbitrary employment in these plans.
8. Establishing a common database between government agencies.
9. In addition, I prefer that in banking proceedings, the following pattern be implemented routinely:

After informal discussions on the inspection report prepared by the Banking Committee, the Office of Inspector General should hold a formal discussion with the banking officials and then send the final report to the Bank's CEO. After checking the accuracy of the bank's responses to the supervisors' recommendations by the inspector and ensuring the accuracy of the results, the bank's executive management should inform the final inspection report to the board of directors. If violations are suspected at this stage, the work file should be sent to the Finance Committee for a general review. At this stage, the procedure for imposing disciplinary sanctions against the bank should be included and all the reasons for the punishment should be mentioned. However, at this stage the bank can ask the committee to negotiate and hold a meeting with the bank's representatives (representative of the General Secretariat) until the facts is proven.

## Suggestions

According to the results obtained on corruption and evaluation of corruption control strategies, it is suggested that the following steps be taken to achieve these:

1. Establishing national information networks and databases and providing free education to the general public.
2. Improving the systems of recruitment and employing the employees with emphasis on the entry and presence of the most qualified people.
3. Observing justice in the system of payment and compensating services with emphasis on performance and capability.
4. Establishment of workshops at the international or domestic level to upgrade staff and management knowledge.
5. Creating material and spiritual motivation to use organizational software.
6. Recruiting trained human resources in the organization.
7. Transparent cooperation with other organizations to access people's sources of income.
8. Adopting completely clear rules to prevent any deviations and violations in financial transactions.
9. Providing performance reports, dealing with violators and introducing them in the media.

## Recommendations for future researchers

- Considering the importance of the present subject, it is better to conduct this research qualitatively in the financial sector of other industries (except the banking industry) and to compare the extracted indicators.
- Investigation on the optimal influence of regulatory technology on the bank corruption control
- Investigation on the relationship between corruption level assessors and factors facilitating bank corruption

## Research limitations

Given that qualitative and quantitative information needed to be collected using library studies, reports and instructions of banks, the Islamic Consultative Assembly, the General Directorate of Anti-Money Laundering and Counter-Terrorism Financing Compliance, access to some large financial files or newly formed cases was impossible.

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