



# RISK MANAGEMENT IN BANGLADESH CUSTOMS

Mr. Md Jobayedur Rahman  
&  
Dr. Nahida Faridy

# RISK MANAGEMENT- POLICY AND LEGISLATION

- Rules and Regulations must be aligned with Customs Act to ensure that targeting activities are suitably enabled as necessary.
- To promote understanding of, and adherence to risk management, Customs leaders must:
  - adopt a risk management policy that matches organizational strategy and objectives;
  - clearly articulate and communicate the risk management policy and accountabilities;
  - develop risk management indicators that complement the organization's performance measurement;
  - Identify key roles and responsibilities of staff; and
  - ensure the risk management policy continues to be valid.

# LEGISLATIVE ENABLERS - DATA

- ◉ Data - Does Customs have the legislated authority to:
  - collect information from traders or their authorised agent (i.e. Clearance Agent, Customs Broker, etc.) information that comprises the statutory declaration of an import or export shipment (i.e The Bill of Entry / Exit)
  - collect additional information about a transaction from a trader or authorised agent that is not data required on the Bill of entry / exit.
  - collect additional data *not from the trader or agent* that can be compared against data provided by the trader or authorised agent.
  - collect and/or aggregate related data from other government agencies

# ORGANISATIONAL READINESS

- Organisations structure
  - Well structured organisation to support organisational goals
- Competence based workforce
  - Hiring the right employees based on character , experience, education, right fit
  - Providing comprehensive training and specialised knowledge and abilities
- Professional standards / code of conduct and ethics
  - Ensuring a 'trust based' organisation
  - Workforce with high integrity (wage / performance management / discipline)
- Equipped appropriately
  - Uniforms
  - Defensive equipment if necessary, communication tools as required
  - Inspection tools and apparatus commensurate to the required threat treatment
- Fully functional enabling systems for automated risk management and maintenance of historic data

# COMPLIANCE MANAGEMENT - CLIENT CATEGORIES / BEHAVIOURS

	RISK LEVEL			
	LOW ←			→ HIGHT
Client Categories	<p>Voluntary compliance People who want to comply</p>	<p>Assisted compliance People who try to comply, but don't always succeed</p>	<p>Directed compliance People who will avoid complying if they can</p>	<p>Enforced compliance People who deliberately do not comply</p>
Client Behaviours	<ul style="list-style-type: none"> <li>• Voluntary compliance</li> <li>• Informed clients</li> </ul>	<ul style="list-style-type: none"> <li>• Attempting to comply</li> <li>• Uninformed clients</li> </ul>	<ul style="list-style-type: none"> <li>• Resistance to compliance</li> <li>• Will avoid if possible</li> </ul>	<ul style="list-style-type: none"> <li>• Criminal intent</li> <li>• Illegal activity</li> </ul>

# RISK REGISTER IN CUSTOM HOUSE

1. describe strategic institutional objectives;
2. identify the risks that threaten each strategic objective;
3. analyze risks, assess their likelihood and consequences and rank them by degree of importance;
4. define the tolerance level for the risk and assign priority level;
4. define the treatment for each risk identified;
5. define review mechanisms.

# RISK REGISTER - EXAMPLE (HIGH LEVEL OBJECTIVE / THREATS)

	The Risk	Likelihood Rating	Consequence Rating	Tolerance	Risk Priority	Risk Treatment
1	Revenue Collection					
1.1	e.g. Duty					
1.2	e.g. Excise					
2	National Security					
3	Community Protection					
3.1	e.g. Narcotics					
3.2	e.g. IPR					
4	Trade Facilitation					
5	Collecting Trade Data					



# THREAT ASSESSMENT - DEFINING PROBABILITY

Likelihood	Description	Indicators
High (Probable)	Likely to occur or more than a 20% chance of occurring	Has occurred in the last 12 months
Medium (Possible)	Could occur, but less than 20% chance of occurring	Has occurred between 1 year and 3 years ago Has occurred in another country within the last 2 years
Low (Remote)	Not likely to occur and less than 5% chance of occurring	Has not occurred in the last 3 years or more Has not occurred in another Member country in the last 2 years



# THREAT ASSESSMENT - DEFINING IMPACT

<b>Severity of risk</b>	<b>Description of consequences for passengers and cargo</b>
<b>Severe</b>	Passenger clearance delays are occurring, causing severe disruption to the client. Air and sea cargo delays are causing severe financial and community impact.
<b>Major</b>	Passenger clearance delays are occurring, causing major disruption to the client. Air and sea cargo delays are causing major financial and community impact.
<b>Moderate</b>	Passenger clearance delays are occurring, causing moderate disruption to the client. Air and sea cargo delays are causing moderate financial and community impact.
<b>Minor</b>	Passenger clearance targets sometimes not met. Air and sea cargo delays are causing minor financial and community impact.
<b>Insignificant</b>	Rare for passenger clearance targets not to be met. Very few clients are delayed.

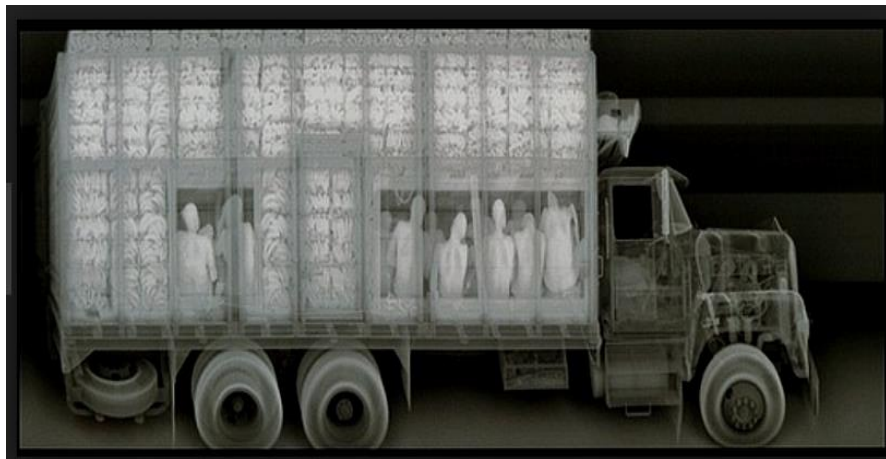
Source: Adapted from WCO Customs risk management compendium, [Volume 1, p.35](#).

# THREAT INTERDICTION

- Pre-arrival
  - Intelligence
  - Deductive - Watch lists
  - Inductive - Indicators, Rules, Scenarios
  - Data Analytics / Predictive Analysis / Machine Learning
  - Do not load orders
  - Creating Targets
- At arrival
  - Port Of Entry inspections (target and non-target)
  - Most effective examination principle (e.g. NII, intrusive exam)
  - Examination results feedback
- After arrival
  - Post audit program

# THREAT TREATMENT

- Inspection Teams
- Inspection tools and apparatus
- Laboratory analysis
- Other Government Agency regulatory controls
- Post Audit
- Tolerance / Awareness Campaign
- Threat Treatment feedback



# RMS INGESTS TRANSACTIONAL AND RELATIONAL DATA (EXAMPLES)

- ASYCUDA World / Bill of entry / export
- National Single Window
- Advanced Passenger Information (API)/Passenger Notification Record (PNR)
- Actionable Intelligence
- Third party data
  - WCO Standardized Risk Assessments (SRAs) based on the WCO SAFE Framework
  - Global High Risk Indicator Document (GHRI)
- Open source / social media data

# CURRENT STATUS OF RISK MANAGEMENT COMMITTEE IN BANGLADESH

The following activities were previously broken down into three thematic areas to be achieved by the Risk Management Committee (RMC).

<b>Activities</b>		
<b><i>Administrative</i></b>	<b><i>Procedural</i></b>	<b><i>Operational</i></b>
<ul style="list-style-type: none"> <li>-TO&amp;E</li> <li>- Amend on Customs Act reflecting the duties of Risk Management,</li> <li>- Logistics</li> <li>-Software</li> </ul>	<ul style="list-style-type: none"> <li>-Job Responsibilities for CRMU,</li> <li>-Coordination with local Risk Management Unit,</li> <li>-Training of local Risk Management Unit at different Customs House</li> <li>-Training The CRMU on MS Access and Excel,</li> </ul>	<ul style="list-style-type: none"> <li>-Creative Selectivity Criteria</li> <li>-Monitor Results</li> <li>-Create Reports</li> <li>-Trusted Trader Program</li> </ul>

*THANK YOU  
COMMENTS & QUESTIONS*