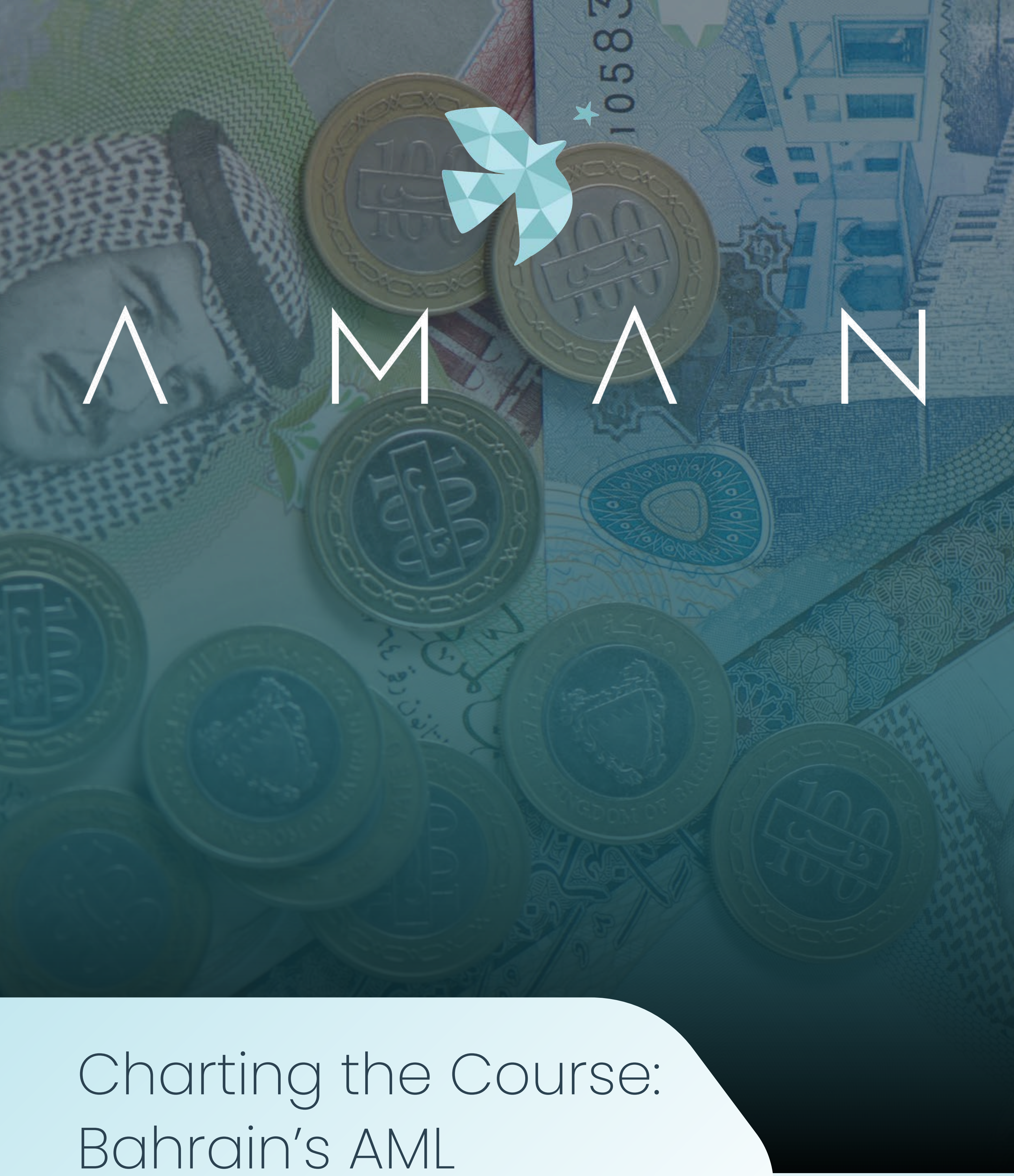


AMAN

Charting the Course: Bahrain's AML Readiness Report 2025

POWERED BY THEMIS

Introduction

A Compliance Pulse Check

Bahrain is leading a strategic drive to strengthen its AML defences — bringing government and industry together behind a shared goal. As the Kingdom prepares for its next Financial Action Task Force (FATF) Mutual Evaluation in 2026, the private sector plays a pivotal role in showcasing Bahrain's AML readiness. A strong evaluation outcome is vital not only for boosting Bahrain's international reputation but also for building trust among investors and partners. Demonstrating clear anti-financial crime leadership is a cornerstone of economic stability and sustainable, long-term growth.

As Bahrain's foremost anti-financial crime specialist, AMAN is committed to supporting businesses with their end-to-end AML needs. To this end, we conducted a comprehensive survey of companies across the Kingdom to understand their AML preparedness. Our aim was to uncover how confident organisations truly are about their financial crime policies and systems — in other words, what they know, where they feel strong, and where they see opportunities for growth.

Our survey findings were eye-opening. The results highlighted promising signs of leadership and progress, alongside clear areas requiring urgent attention to ensure the Kingdom achieves the best possible outcome in 2026. This white paper delves into these critical insights — outlining practical opportunities and steps organisations can take to bolster their AML defences and reinforce Bahrain's standing as **the region's oldest and most secure financial centre**.

This white paper also incorporates insights gathered through direct engagement with government stakeholders, including consultations with key ministries and regulatory bodies on AML policy, key threats and requirements for the Kingdom. By grounding our research in local expertise and close collaboration with regulators, our research offers an actionable perspective on Bahrain's regulatory challenges and compliance needs.

Key Insights at a Glance

Our research paints a clear picture of Bahrain's AML landscape: the Kingdom is on solid footing ahead of its next FATF evaluation. That said, several challenges still need to be addressed. We identified critical gaps in AML awareness and preparedness across Bahraini companies, alongside inconsistencies in the adoption of best practices within certain industries. Technology emerges as a vital factor in AML readiness, with businesses leveraging advanced tools expressing greater confidence in meeting evolving compliance demands. Despite this, there is still significant room for improvement in the overall level of technology adoption.

At AMAN, we are driven by a clear mission and mandate to strengthen the Kingdom's defences against financial crime. This research plays a critical role in advancing these goals by equipping government stakeholders and companies alike with the knowledge needed to make informed decisions, implement effective controls and policies, and stay ahead of evolving threats.

So, what did we find?

Financial services firms are setting the pace. The financial services sector continues to lead on AML preparedness in the Kingdom, with 68% of respondents working in the sector reporting a strong understanding of regulatory expectations. This aligns with Bahrain's last FATF evaluation, which identified a weaker understanding of AML obligations among designated non-financial businesses and professionals (DNFBPs) than amongst financial institutions. These findings underscore the urgent need for more targeted support and guidance tailored to DNFBPs.

Room to strengthen AML understanding. 46% of respondents feel confident that their organisation fully understands and complies with its specific AML obligations, which suggests there's an opportunity to strengthen understanding across the board. Limited awareness and understanding across some companies weaken momentum for Bahrain's national AML efforts. The good news is that this gap is highly addressable — with the right training and clearer guidance, businesses can rapidly strengthen their foundational knowledge and actively contribute to the Kingdom's strategic AML goals.

A chance to close the gap on AML processes. Encouragingly, most respondents have AML processes in place — a clear sign of growing compliance traction and a reflection of the Kingdom's AML readiness push. However, 19% of respondents reported having no AML procedures at all, and worryingly, some of these operate within regulated sectors. This highlights a strategic opportunity for targeted outreach, capacity building, and the integration of new technology in processes. With Bahraini regulators having already strengthened AML oversight to foster full compliance across the board, now is the time to ensure all companies have processes that are up to par.

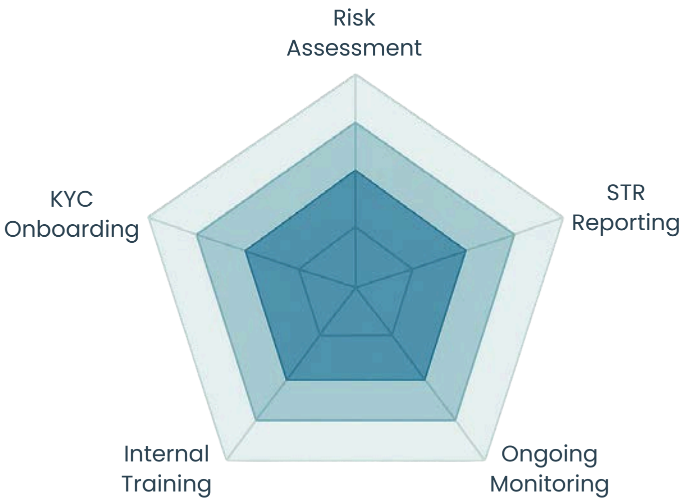
Technology is making a difference and its use is growing. While the scale of AML technology adoption remains limited, there are clear benefits to such adoption. 47% of respondents reported using technology for their organisation's AML screening and monitoring, with larger businesses and financial services firms more likely to employ technology. What's notable though is that confidence rates in AML processes were higher among companies using technology, with 86% of these respondents reporting confidence. This signals a clear link between technology and stronger AML assurance, something that all companies can be capitalising on.

Senior leadership is engaged and ready to act. A majority of senior executive respondents acknowledge the need to strengthen their organisations' AML capabilities — a promising sign that awareness is growing at the highest levels. This leadership engagement is more than encouraging; it shows a real opportunity for high levels of investment and innovation in AML efforts. Businesses where leaders actively champion a culture of compliance from the top down are far more likely to see meaningful, sustained improvements in AML performance.

Looking ahead: A focus on agility and innovation. Over the next 12 to 18 months, organisations expect to face key challenges — from adapting to a shifting regulatory landscape to responding to evolving financial crime threats. Many also cited the need to better integrate technology into their compliance strategies. The good news? These challenges are matched by growing momentum, leadership focus, and the tools to make meaningful progress. By starting these conversations now, we can ensure all these challenges are properly accounted for in the lead up to the FATF evaluation and beyond.

The Path Forward

The opportunity is clear: there is significant leadership and progress being made but even more potential to raise the bar. By deepening awareness of AML obligations, enhancing internal controls and staff training, and embracing advanced technologies and streamlined processes, Bahrain's private sector can transform compliance from a regulatory necessity into a powerful competitive advantage — and just in time for the next FATF evaluation. Building a strong culture of compliance and fostering investment in new AML strategies is core to what we do at AMAN, and we hope this research can serve as a conversation starter to drive progress and awareness.



About Our Study

Between January and April 2025, we conducted a survey of **81 businesses** in Bahrain drawn from a broad spectrum of industries, roles, and company sizes across Bahrain. It is important to note that the survey responses reflect individual perceptions and viewpoints. Our data is, therefore, reflective of each respondent's role, experience, and access to information within their organisation. As such, responses may carry inherent biases and are not full representations of an organisation's actual AML readiness. Insights should therefore be interpreted as indicative rather than definitive assessments.

This report also integrates insights gathered directly from engagement with government stakeholders, including consultation with key ministries on AML expectations and requirements for businesses within the country. By grounding our research in local expertise and close collaboration with regulators, we've ensured that our approach to understanding Bahrain's regulatory challenges and compliance needs is both informed and practical.

SURVEY SNAPSHOT

Sectors represented:

40%
financial services

with...

30%
from banking

10%
from investment management & other finance sub-sectors

32%
from non-AML regulated industries. Including IT, software, manufacturing, and others

28%
DNFBPs

with...

6%
from legal services

6%
from audit

4%
from each: accounting, real estate, precious metals & stones, trust & company services

Respondent roles:

41%
senior management

16%
compliance professionals

14%
operations staff

13%
frontline staff

Organisation size:

41%
small companies*

36%
medium-sized*

19%
large enterprises*

Figures 1-3

*We defined small companies as fewer than 100 employees and large companies as more than 500 employees.

Chapter 1: A Strategic Imperative

A The Need for Collective Action –
A Note From AMAN's Leadership

Criminal activity remains a pervasive threat, deeply embedded within the global financial system. Recent estimates place the annual flow of illicit funds at over **$3 trillion**, which represents roughly 3% of total global economic activity. Financial crime underpins some of the world's most serious threats and humanitarian crises — from money laundering and sanctions evasion to human trafficking and terrorism. Simultaneously, it exposes companies to significant legal, financial, reputational, and operational risks. Protecting your business's integrity can help protect against these risks and keep the global economy safe from destructive illicit activity.

Addressing a challenge of this magnitude requires a coordinated, system-wide response between both the public and private sectors. As governments and international bodies intensify regulatory scrutiny, compliance expectations for businesses have never been higher. Financial institutions and other companies are not only expected to detect and report suspicious activity, but also to demonstrate a clear understanding of their financial crime risk exposure and implementation of effective compliance frameworks. What this means is that ensuring your organisation's compliance readiness is not only a regulatory need, but a strategic priority.

The importance of comprehensive AML measures is felt acutely at the national level — and Bahrain is no exception. As the oldest and safest financial centre in the Middle East, and a key gateway between regional and global markets, the Kingdom plays a critical role in the global financial system. But with this status comes some real challenges, particularly as financial crime today is highly sophisticated and adaptable. With growing global urgency to stem illicit financial flows, international anti-money laundering and counter-terrorist financing (AML/CTF) standards continue to evolve and expand, raising the bar for compliance efforts worldwide.

Bahrain faces its next assessment from the Financial Action Task Force (FATF) in 2026. FATF assessments are crucial because they evaluate a country's effectiveness in combating money laundering and terrorist financing, against international global standards.
With an increasing amount of dirty money flowing through other countries in the region, it is imperative that Bahrain is seen as a well-regulated, well governed environment - somewhere it is safe to do business.

For Bahrain, this means a close coordination between the public and private sectors. Every company, large or small, has a very important part to play in this national campaign.

AMAN's Role

AMAN has been launched in Bahrain as part of a government sponsored national roll out to support both the public and private sectors. Our mandate was to ensure that all firms in Bahrain have access to the very latest information, knowledge, tools and resources to make sure they are ready for the FATF assessment in 2026.

This is part of a country wide drive across both the public and private sectors to make sure the country gets the very best results, protecting Bahrain's reputation as the oldest, safest and most trusted international financial centre in the region.

Recognising that some firms will be more advanced than others, we have designed a suite of technology and services specifically customised to suit the needs of Bahraini firms, so firms can effectively pick and choose what they need. This is on the back of two years of intensive research, taking in the detailed requirements from both government ministries and the private sector. We are therefore the only local Bahraini company offering a full suite of end-to-end financial crime technology, intelligence, research, training and compliance support to help you meet your legal and regulatory requirements (and protect the group from financial and reputational risk).

Through this initiative, AMAN is aiming to:

Support	>42,000 CRs	over the next 5 years to meet local compliance standards and international best practice, thereby enhancing Bahrain's global standing, strengthening Bahrain's FATF rating and attracting further FDI into the country;
Train	>12,490 Bahraini Nationals	over the next 5 Years, enhancing AML/CTF skills across all sectors in Bahrain;
Employ	>450 full time roles in Bahrain	over the next 5 years, helping to promote long term sustainable careers in Financial Crime and Compliance and establish Bahrain as a regional centre of excellence for AML/CTF resources;

Beyond compliance, AMAN also looks to actively raise awareness of emerging threats and to foster a top-down culture of integrity that drives lasting change. With a team of ex-regulators and industry leaders ourselves, AMAN understands that a strong FATF evaluation will not only enhance Bahrain's reputation as a safe and well-managed financial centre but also make the Kingdom even more attractive to investors and innovators. This creates a win-win scenario—reaffirming Bahrain as a hub of excellence and a global leader in combating financial crime, while fuelling job creation and sustainable economic growth for the long term.

Bahrain's FATF Status: Where Things Stand

FATF is the world's leading authority on combating financial crime and setting global standards. Through its mutual evaluations, FATF assesses how countries perform against a comprehensive set of 40 Recommendations, taking a holistic view of each nation's AML/CFT framework. While the primary focus is on government-level AML efforts, FATF also closely examines how financial institutions, DNFBPs, and other entities implement risk-based controls, report suspicious activities, and maintain transparency in ownership and operations—critical components of the effectiveness and integrity of any country's AML regime.

Bahrain has firmly established itself as a leading hub for anti-financial crime efforts in the Middle East and globally. This position is underpinned by its strong financial ecosystem, forward-looking regulatory framework, and its role as host of the Middle East and North Africa Financial Action Task Force (MENAFATF), a regional body that works to implement FATF standards in its member countries within the MENA region. Moreover, as the financial capital of the Gulf Cooperation Council (GCC), Bahrain is home to more than 400 licensed financial institutions, with the financial sector contributing a significant 17.4% to the nation's GDP. The Kingdom also has a vibrant DNFBPs sector, with both FIs and DNFBPs subject to AML/CFT obligations.

The Kingdom's proactive approach to AML/CFT aligns closely with FATF global standards. Its efforts include continuous regulatory updates, capacity building, and close collaboration between public and private sector stakeholders. Through ongoing initiatives, Bahrain is not only reinforcing its own financial integrity but also setting a benchmark for regional cooperation and leadership in combating financial crime. Reflecting this, FATF acknowledged Bahrain's strong AML/CFT foundation during its last evaluation in 2018. The evaluation found the Kingdom's controls and policies to be robust.

Despite a strong foundational framework, the evaluation identified persistent gaps, particularly in the private sector's full adoption of AML obligations. There was notable room for improvement in the implementation of risk-based supervision, with weaknesses evident in the application of penalties for non-compliance. Concerns were also raised about the quality and quantity of Suspicious Transaction Reports (STRs) submitted by reporting entities, especially within the non-banking sector. Even in the financial sector, the volume of STRs was disproportionately low relative to the number of reporting entities, with investment business firms and the securities sector standing out as key areas needing attention.

Significant challenges were also highlighted for DNFBPs. The Kingdom received a 'partially compliant' rating for FATF Recommendations 22 and 23, reflecting relatively weaker customer due diligence (CDD) practices within the DNFBP sector. The evaluation noted a lack of clear regulatory provisions requiring DNFBPs to identify relevant risks and apply proportionate, risk-based mitigation measures. Additionally, both the quality and quantity of suspicious transaction and activity reports (STRs and SARs) from this sector were found to be insufficient, underscoring the need for targeted improvements.

Since the evaluation, Bahrain has made significant strides in addressing its identified areas for improvement, including clarifying AML obligations for DNFBPs and strengthening the private sector's overall risk-based AML practices. In its 2022 Enhanced Follow-up Report, FATF acknowledged this progress; the report rated Bahrain as partially compliant with only one technical component — Recommendation 22, which pertains to customer due diligence (CDD) for DNFBPs. This demonstrates the real progress being done across the Kingdom but also that there is still more work to be done.

As Bahrain prepares for its upcoming FATF evaluation, it is crucial to focus on areas needing improvement—especially in high-priority domains such as the broader adoption of risk-based approaches, enhanced reporting practices, and strengthened customer due diligence for DNFBPs and financial institutions with slower compliance uptake. In response, the government has intensified its AML/CFT enforcement efforts ahead of the 2026 evaluation, clearly signalling a zero-tolerance policy. The Central Bank of Bahrain (CBB) has, for instance, reinforced its Compliance Directorate and introduced stricter rulebook amendments targeting customer due diligence, transaction monitoring, and cross-border transparency within the financial sector. These regulatory updates, combined with increased inspections and a strong emphasis on emerging risks, demonstrate a proactive and vigilant approach. They also underscore the urgent need for FIs and DNFBPs in particular to remain actively engaged with evolving AML obligations.

Bahrain's AML Framework

AML Focus Area	Relevant Bahraini Law
Criminalisation of ML	Legislative Decree No. (4) of 2001
Expansion of AML Framework	Degree Law No. (29) of 2020
Criminalisation of TF	Law No. (58) of 2006
International Cooperation	Legislative Decree No. (27) of 2013
Beneficial Ownership	Ministerial Order No. (83) of 2020
Financial Supervision	CBB Law No. (64) of 2006
Sanctions Regime	CBB Circulars; Law No. (58) of 2006
STR Reporting	Ministerial Order No. (23) of 2002
Crypto-Asset Regulatory Framework (2019)	Issued powers under CBB Law No. (64) of 2006
Expansion of AML Obligations	Ministerial Order No. (173) of 2017

Understanding Bahrain's Present Risk Environment

Bahrain's current financial crime threat landscape—outlined in its National Risk Assessment (NRA)—highlights sector-specific vulnerabilities to money laundering and terrorist financing. The NRA provides a risk-based framework that categorises industries by their level of exposure, offering a structured approach to guide mitigation efforts, regulatory oversight, and private sector compliance.

At the top of the risk spectrum are Bahrain's retail and wholesale banking sectors, alongside money changers, which face the highest risk exposure. These sectors handle large volumes of cash and cross-border transactions, making them attractive channels for illicit financial flows. Their broad customer bases and transaction volumes present challenges for effective customer due diligence (CDD), ongoing monitoring, and the timely detection of suspicious activity.

Sectors assessed as medium risk include real estate, jewellers and precious metals dealers, auditors, financing companies, and payment service providers. These industries often involve high-value transactions and, in some cases, a lack of transparency around ownership or source of funds. For example, the real estate sector is globally recognised as a vehicle for laundering illicit wealth through property purchases. Likewise, dealers in precious metals handle portable, high-value assets that can be traded with relative anonymity—an appealing feature for criminal actors.

On the lower end of the risk scale are sectors such as law firms, insurance companies, investment businesses, trust service providers, registrars, exchanges, and brokers and dealers. These industries tend to be subject to more rigorous regulatory controls or operate in environments with lower exposure to high-risk clients and large cash-based transactions. Nonetheless, despite their lower inherent risk, these sectors remain obligated to maintain robust AML/CFT compliance programmes. The threat may be lower, but the responsibility to stay alert is just as high.

This tiered risk categorisation enables Bahraini authorities—and the private sector—to focus resources and supervisory efforts where they matter most. By aligning compliance activity with risk exposure, Bahrain strengthens its overall resilience to financial crime and enhances its reputation as a trusted, well-regulated financial centre.

To put the scale of financial and transnational crime in Bahrain into perspective...

- Bahrain's Financial Intelligence National Centre has seized over BD 36 million linked to money laundering and terrorist financing in recent years.
- The Central Bank of Bahrain (CBB) has found an increase in fraud targeting financial services, particularly electronic fraud across the banking sector.
- The country faced $30 million in damages from cyberattacks in 2023 alone, with the Kingdom among the top targets for malware.
- The Ministry of Interior (MOI) investigated 46 cases involving 66 alleged traffickers last year, with victims spanning a range of countries such as India, the Philippines, and Yemen.

The State of AML in Bahrain Today

At AMAN, we have worked closely with government partners to identify key regulatory obligations impacting the private sector across Bahrain. This collaboration has helped surface best practices and practical guidance to support companies in understanding and meeting compliance requirements. These findings have been systematically mapped against the compliance gaps and challenges highlighted in this paper, offering a clear roadmap for enhancing regulatory alignment and strengthening private sector resilience.

No matter the industry, every business in Bahrain shares a crucial responsibility: staying vigilant against money laundering and financial crimes. The Kingdom's primary AML framework is governed by **Decree Law No. (4) of 2001 on AML/CFT** which criminalises activities including handling the proceeds of crime, concealing the source of these proceeds, or facilitating transactions with these proceeds. Degree Law No. (29) of 2020 expanded on the legislation from 2001, broadening the scope of money laundering crimes and increasing penalties and enforcement powers.

Companies must not only comply with local and international AML/CFT standards but also go beyond the basics by implementing strong controls, conducting thorough due diligence, and promptly reporting any suspicious activity.[1] Certain sectors — such as financial institutions and DNFBPs — face enhanced AML obligations tailored to their specific risks. For a detailed overview of Bahrain's AML laws and sector-specific requirements, be sure to check out our latest Compliance 101 Guide for Bahraini Businesses.

1. The Kingdom's primary AML framework is governed by Decree Law No. (4) of 2001 on AML/CFT which criminalises activities including handling the proceeds of crime, concealing the source of these proceeds, or facilitating transactions with these proceeds. Degree Law No. (29) of 2020 expanded the legislation from 2001, broadening the scope of money laundering crimes and increasing penalties and enforcement powers. These laws apply to all Persons resident in Bahrain – hence, all financial and non-financial businesses in the country.

As the country prepares for its next FATF Assessment, now is the time for every business registered in Bahrain to take stock of their own AML/CFT compliance efforts, including alignment with their specific obligations and how well they are meeting compliance expectations. To support this effort, we wanted our research to provide practical, cross-industry insights on compliance gaps and highlight areas where targeted support, resources, and guidance are most urgently needed.

Bahraini AML Regulators

مَصْرِفُ البَحْرَيْنِ المَرْكَزِي
Central Bank of Bahrain

The Central Bank of Bahrain (CBB) regulates FIs and is the primary AML/CFT supervisor for FIs.

وزارة الصناعة والتجارة
Ministry of Industry and Commerce

The Ministry of Industry and Commerce (MOIC) oversees DNFBPs broadly and enforces AML compliance for DNFBPs.

وزارة العدل والشؤون الإسلامية والأوقاف
Ministry of Justice, Islamic Affairs and Waqf

Ministry of Justice, Islamic Affairs and Waqf regulates lawyers and notaries and coordinates and coordinates with MOIC on AML supervision.

وزارة الخارجية
Ministry of Foreign Affairs

The Ministry of Foreign Affairs (MOFA) coordinates the UNSCR list and works with the UN on the implementation of AML/CTF rules and regulations within Bahrain.

Kingdom of Bahrain مملكة البحرين
مؤسسة التنظيم العقاري
Real Estate Regulatory Authority

Real Estate Regulatory Authority (RERA) regulates real estate professionals and coordinates with MOIC on AML supervision.

وزارة الخارجية
Ministry of Foreign Affairs

The National Committee for Combating Money Laundering and Terrorist Financing oversees inter-agency coordination and policy direction in Bahrain's AML/CFT framework.

The Financial Intelligence Directorate (FID) within the Ministry of Interior receives suspicious transaction reports (STRs) from all sectors.

High Level AML Requirements for Bahraini Businesses The following list of high-level business requirements is based on consultations with government ministries and AML stakeholders.	
Requirements	Regulator
Suspicious Activity Reporting (SAR): Firms must report Suspicious Activity Reports (SARs) directly to the Financial Intelligence Directorate (FID) in a timely and accurate manner.	Ministry of the Interior, Central Bank of Bahrain
Know Your Customer (KYC) Procedures: Firms must establish and maintain streamlined KYC processes to collect, verify, and maintain accurate customer identification data.	Central Bank of Bahrain
Enhanced Due Diligence Measures: Firms must implement enhanced due diligence procedures for higher-risk customers and counterparties. This includes: • Screening against global sanctions lists and politically exposed persons (PEPs). • Monitoring for adverse media coverage. • Identification and verification of ultimate beneficial ownership (UBO).	Central Bank of Bahrain
Digital Risk Assessments: Firms should have the capability to compile and submit digital risk assessment reports directly to the Ministry of Interior (MOI), in accordance with regulatory requirements.	Central Bank of Bahrain
Transaction Monitoring and Real-Time Alerting: Firms must deploy systems for ongoing transaction monitoring and real-time alerting to detect and escalate potentially suspicious activities for further investigation.	Central Bank of Bahrain

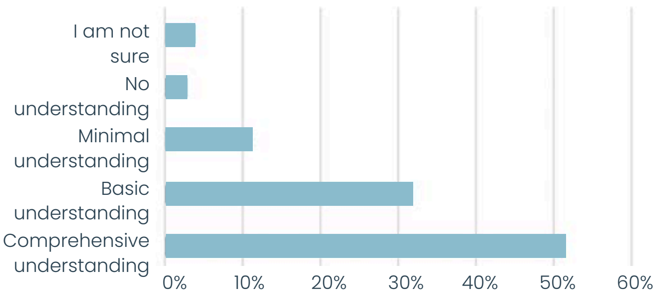
Chapter 2: The Current State of AML Readiness in Bahrain

Positive Strides in Business Readiness

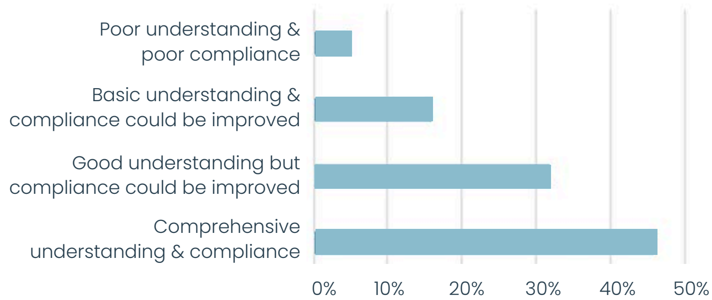
Not all businesses on the same page when it comes to AML readiness. While **51%** of our survey respondents said their organisation has a strong understanding of Bahrain's AML regulatory landscape broadly, a significant portion does not. In fact, 32% reported only a basic understanding, and 14% admitted to having minimal or no understanding at all (**see Figure 4**). Given that a majority of respondents work in regulated sectors with defined AML responsibilities, these finding underscores the critical need for continued awareness and capacity building, including engagement and training across the private sector in the Kingdom.

What's more, when asked about their organisation's understanding of and compliance with specific AML obligations, **only 46%** of respondents believed their organisation demonstrated comprehensive understanding and adherence. In other words, fewer than half expressed strong confidence in their firm's compliance efforts. Another 32% felt their organisation understood the requirements but struggled with implementation, and 16% admitted that both understanding and compliance were lacking. These findings reveal notable gaps in AML awareness and operational readiness, suggesting that many organisations may be falling short of fully meeting their regulatory obligations (**see Figure 5**).

Organisational understanding of Bahrain AML regulatory landscape



Organisational understanding of and compliance with specific regulatory obligations



Figures 4-5

The effectiveness of any AML regime ultimately hinges on the ability of businesses to understand, operationalise, and consistently apply their obligations in day-to-day practice. Without a well-informed and well-equipped private sector, even the strongest regulatory regimes risk falling short of international benchmarks.

Businesses can also feel the cost of gaps in understanding directly: companies can face **multimillion-dollar fines**, reputational damage, and, in some cases, criminal liability for executives. For instance, a Bahrani audit office was fined for failing to conduct proper customer due diligence (CDD) and for not adopting a risk-based approach to AML, as well as failing to submit reports on suspicious operations. In another high-profile case, Bahrain's High Criminal Court sentenced three Future Bank officials to five years in prison each and imposed $1 million fines for their role in a large-scale money laundering scheme.

In a global financial environment where transparency, due diligence, and compliance are king, any incident of financial crime can also reduce investor and client confidence, strain relationships with partners, and diminish competitiveness. It can also create operational challenges. Our research underscores the urgent need for organisations to strengthen their internal AML capabilities, from comprehensive training programmes to investing in robust compliance frameworks and technology.

Ultimately, bolstering AML preparedness is not just a regulatory requirement but a strategic imperative for safeguarding the integrity and sustainability of Bahrain's business environment.

Notable Organisational Gaps

We also asked respondents about their organisation's AML policies, procedures, and processes, as these are the cornerstones of a strong compliance framework and make it possible for businesses to identify, manage, and mitigate financial crime risks effectively.

When asked about their organisation's AML policies, **50%** of respondents said their policies were well documented, effectively communicated, and clearly understood across all relevant departments (see Figure 6). An additional 32% indicated that their policies were somewhat in place and understood. This is an encouraging sign that most organisations in Bahrain have some form of AML policies in place, at least at a foundational level. There is still room for improvement, however, with 6% of respondents reporting that their organisation's policies were not well-communicated.[2]

How Well Were Organisation's AML Policies Documented, Communicated, and Understood?

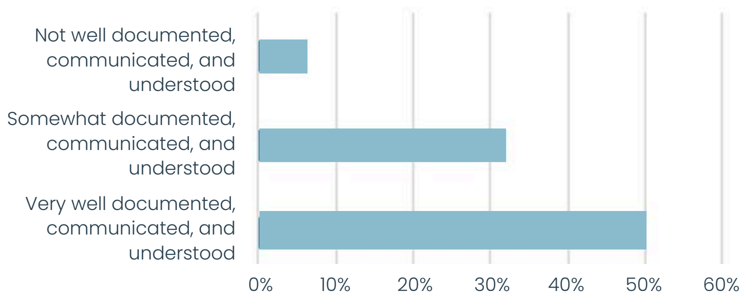


Figure 6

2. The remainder of respondents reported not knowing or the question not being relevant.

Another key element of an effective AML framework is a comprehensive compliance team. While not all businesses in Bahrain are obliged to have a Money Laundering Reporting Officer (MLRO), it is an important practice for any organisation that faces heightened exposure to financial crime risks. When it comes to financial services and DNFBPs, this is particularly non-negotiable as they are, by law, obliged to have an MLRO and a clear system in place to report suspicious activity or transactions. For more information on Bahrain's specific reporting obligations and best practices, read AMAN's Suspicious Activity Reporting: Best Practice Guide.

Despite the critical role of a MLRO in ensuring effective AML compliance, only 45% of respondents reported having an in-house MLRO. Meanwhile, 29% indicated that their organisation did not have an MLRO at all.[3] This gap is particularly concerning, given that an MLRO is essential for overseeing compliance efforts, managing suspicious activity reports, and serving as a key liaison with regulators.

The absence of a dedicated MLRO suggests a significant compliance vulnerability among many Bahraini businesses, potentially exposing them to regulatory risks and undermining their ability to detect and respond to financial crime effectively. It also suggests that the role hasn't been effectively institutionalised across key industries in the country.

Even across the financial sector, where an MLRO is mandatory, only 70% of financial services respondents reported having an MLRO in place. While this can be viewed somewhat encouragingly, it also suggests that a notable share of financial firms in the Kingdom may be operating without a key pillar of their AML compliance framework. AMAN offers MLRO outsourcing and training services as a cornerstone of our efforts to help institutionalise MLROs more holistically across all sectors in the Kingdom.

3. The remaining respondents reported either not knowing or not being required to have one.

The Role of Technology in Strengthening AML

Our survey found that **technology is making a positive difference**, and its use is growing. 47% of respondents said their organisation uses some sort of technology in AML screening and monitoring processes — either in combination with manual processes or through completely technology-driven processes. 30% reported using a combination of technology-driven and manual processes, with an additional 17% said their organisation relies primarily on technology, such as automated tools. Comparatively, 17% reported using mostly manual processes. More concerningly, 19% indicated that their organisation had no AML screening or monitoring mechanisms in place at the time of the survey, highlighting a significant gap in foundational compliance practices (**see Figure 7**).[4]

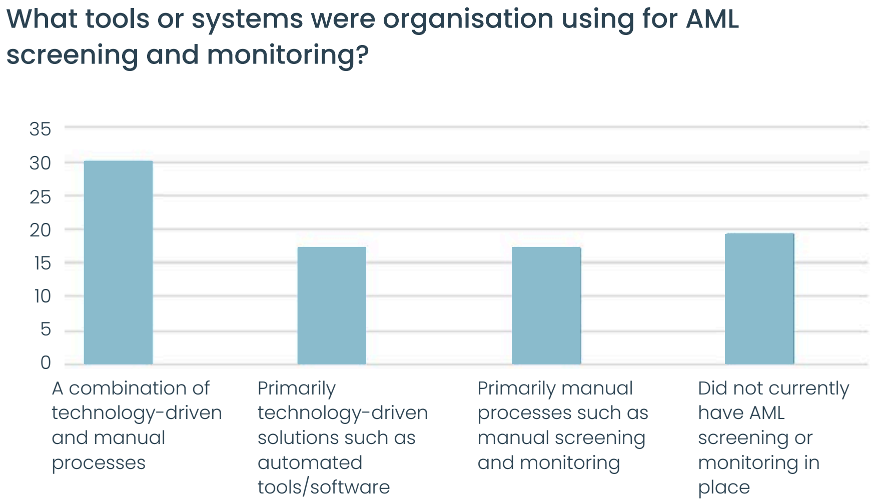


Figure 7

Of respondents that use technology in some capacity for their AML screening or processes, 50% were at least somewhat confident in the accuracy and reliability of their screening tools or processes, with 36% being very confident. (**see Figure 8 on next page**).

While at first glance this stat may not seem notable, we found that overall organisations that use technology, whether fully or partially, tended to report higher confidence overall.

In fact, only 25% of all respondents expressed high confidence, compared to the 36% using technology. This indicates that even if technology's adoption could be scaled, it is a net positive for enhancing perceived reliability and effectiveness of AML efforts.

Despite recognising the clear benefits, respondents also did express some reservations about how their organisations are currently leveraging technology, providing reasons for why they may lack full confidence in the accuracy or reliability of technology being used.

4. The remainder of respondents reported not knowing what AML processes or tools their organisation used.

Some of these responses included:

outdated systems

lack of available data

lack of deep analysis or screening capabilities

Other responses included:

lack of adequate knowledge of how to use these tools

systems to their full potential

These findings underscore a clear need for greater investment in state-of-the-art technology and robust data infrastructure to ensure AML technology today meets the mark. However, investment alone is not enough — organisations must also prioritise comprehensive training programmes to equip staff with the skills and knowledge necessary to fully leverage these advanced systems. By combining cutting-edge technology with ongoing capacity-building, Bahraini businesses can significantly strengthen their ability to detect, prevent, and respond to financial crime risks.

Of respondents that used technology in screening or processes, how confident were they in the accuracy and reliability of these tools and processes?

Figures 8

A Need for Enhanced Training and Resources

Building on the need for greater training on AML technology, staff AML training more generally is also crucial. Regular training ensures that employees understand what financial crime means to them and how it is relevant to their organisation and role. It allows staff to remain vigilant to changing red flag indicators, understand evolving regulatory requirements, and are equipped to identify and respond to suspicious activities. Without consistent and comprehensive training, even well-designed AML policies can fall short in practice, leaving organisations vulnerable to compliance risks and financial crime.

Despite this, staff awareness and training emerged as a key weakness among the organisations we surveyed. Only 36% reported that their organisation conducts annual AML training for all staff, while an additional 10% said training is provided annually but only to select staff. What's more, 22% of respondents stated that their organisation offers no AML training at all, and 18% indicated that training is provided only on a periodic or ad hoc basis (**see Figure 9**).[5]

Level of AML Training Across Organisations

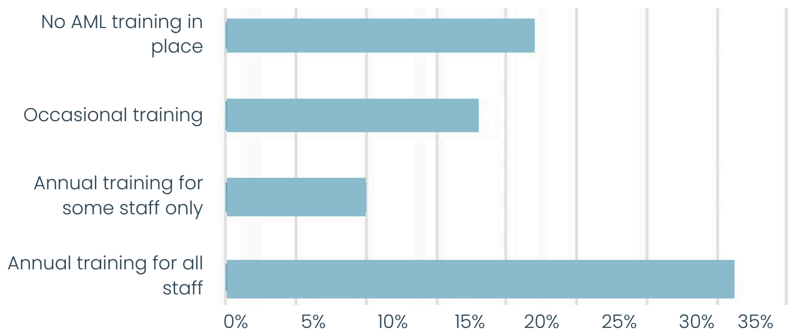


Figure 9

This is concerning because many respondents' organisations are explicitly required to conduct annual AML training. These findings point to clear gaps and inconsistent training practices, which may leave organisations vulnerable to compliance failures and increase the risk of financial crime going undetected.

We also asked survey respondents whether their organisations outsource any AML-related activities — and, if so, what factors influence that decision. We wanted to get a sense of what could be driving outsourcing. For instance, smaller businesses often face resource constraints that can make it difficult to manage compliance in-house. In such cases, outsourcing can offer a practical and cost-effective solution to meet regulatory requirements while alleviating internal pressure.

The responses revealed a range of motivations. 15% cited cost efficiency as the primary reason for outsourcing, indicating that partnering with external providers can offer a more economical approach than building equivalent capabilities in-house. Another 11% pointed to the higher technological capabilities of external providers, reflecting the growing importance of advanced tools — such as automated screening, analytics, and AI-powered solutions — that may be beyond the reach of some internal teams. Meanwhile, **10% noted a lack of internal expertise**, highlighting how outsourcing can serve as a practical solution for organisations that struggle to recruit or retain skilled compliance professionals.

Interestingly, 36% of respondents said they do not outsource any AML functions, suggesting that a significant portion of firms still prefer to keep these activities entirely in-house possibly due to regulatory concerns, data sensitivity, or a desire to maintain direct oversight and control. Alternatively, the limited use of outsourcing could stem from some firms' insufficient understanding or prioritisation of the AML obligations they have to adhere to, leading to a lack of motivation to seek external support.

5. The remaining respondents indicated they were unsure of their organisation's training approach – an insight that, in itself, suggests a lack of consistent, organisation-wide AML training for those organisations, such as annual training for all staff.

Among those who do outsource, the most commonly outsourced functions were AML screening and training. This trend underscores the specific areas where external providers are seen as offering the most value. Outsourcing AML screening allows organisations to benefit from up-to-date technologies, broader data coverage, and more efficient risk flagging processes, while outsourcing training helps ensure that staff receive consistent, expert-led instruction aligned with the latest regulatory developments.

Overall, the data suggests that while outsourcing is not yet the dominant approach, it is gaining traction; this is particularly true for high-impact areas where technology and specialist knowledge can significantly enhance compliance effectiveness. As AML demands continue to increase in complexity, the strategic use of external partners may become an increasingly important part of the compliance toolkit for Bahraini companies.

Chapter 3: Examining Sector Specific Perspectives

Financial Services Raise the Compliance Bar

We wanted to gather sector-specific perspectives to better inform businesses about the most pressing issues affecting their industry. Our survey revealed that there are clear differences across industries in terms of AML preparedness – with financial institutions leading the pack.

Financial services respondents demonstrated a stronger understanding of Bahrain's AML regulatory landscape generally, with 68% of financial services respondents reporting a comprehensive understanding, compared to the 51% across all sectors. This pattern also held when examining knowledge of firms' own specific AML obligations, where 55% of financial services respondents indicated both a strong understanding and compliance, higher than the overall average of 46%.

The financial sector's higher level of overall AML knowledge is unsurprising and welcomed, given banks are subject to the most stringent AML requirements and regulatory oversight. The sector has historically been a prime target for money laundering and other financial crimes due to the volume and complexity of financial transactions it handles, which has led to heightened AML awareness across the financial sector more broadly. Banks have had to invest heavily in compliance infrastructure, systems, and training, which all likely contributes to their comparatively stronger understanding of Bahrain's AML regulatory framework.

What were our key findings for financial services?

- **While ahead of the game, a knowledge gap remains.** 32% of financial services respondents indicated their organisation had only a good or basic understanding of their compliance obligations (**see Figure 10**).[6] Nearly half also acknowledged there is room for improvement in their organisation's overall AML compliance. This knowledge gap is notable, especially given the regulated nature of the sector and the importance of consistent awareness across an organisation to ensure compliance with regulatory expectations.

- **Moderate confidence in AML screening processes.** 45% of financial services respondents were very confident in the accuracy and reliability of their organisation's AML screening processes, while 32% were somewhat confident and 10% expressed low confidence. Given the sector's high exposure to financial crime, this confidence should be higher.

- **Technology adoption is growing but mixed.** Half of financial services respondents use technology in AML screening and monitoring, and most of those expressed confidence in the effectiveness of these tools. This was higher than for other sectors, potentially suggesting a clearer understanding across the sector of technology as an AML game changer.

How would you rate your organisation's understanding of and compliance with specific legal and regulatory obligations in Bahrain?

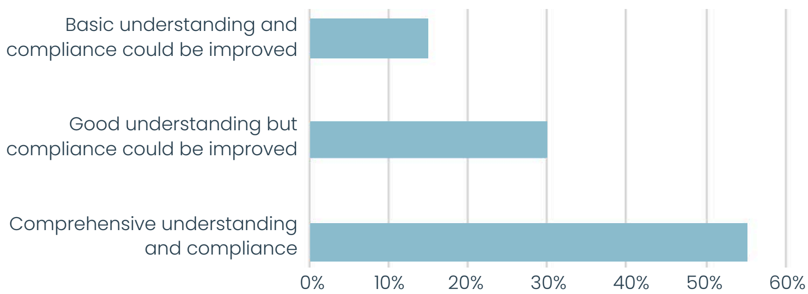


Figure 10

Given financial institutions are ahead of the AML readiness curve in Bahrain, they are uniquely positioned to help drive best practices and influence wider adoption across other industries. By working closely with regulators, law enforcement, and other key AML stakeholders within the Kingdom, they can contribute to a coordinated and effective response to emerging threats. At the same time, active engagement with other sectors and participation in global AML initiatives help ensure Bahrain remains aligned with best practices and evolving global standards. Financial institutions have an opportunity to drive innovation, share critical intelligence, and reinforce Bahrain's reputation as a trusted and transparent financial hub on the world stage.

6. Some respondents were unable to answer due to limited awareness of their organisation's level of understanding.

Gaps in Non-Financial Regulated Businesses

We also sought to gain a clearer picture of the current AML readiness for DNFBPs, in light of previous identified compliance gaps within these sectors. This included not only analysing survey responses but also drawing on insights from ongoing conversations with Bahraini regulators. These discussions helped highlight several remaining areas for improvement — such as continued inconsistencies in customer due diligence practices, limited awareness of risk-based obligations, and varying levels of internal oversight across DNFBP sectors. Together, the survey data and regulatory perspectives provide a well-rounded view of where additional support, training, and supervisory focus may be most needed to close the gap.

One key takeaway from the survey was that **DNFBPs were more likely to rate their organisation's AML understanding and compliance as poor** compared to their counterparts in the financial services sector. Notably, 24% of DNFBP respondents reported that their organisation had both poor understanding of and poor compliance with its own specific AML obligation (**see Figure 11**).

Level of Compliance Understanding for DNFBPs

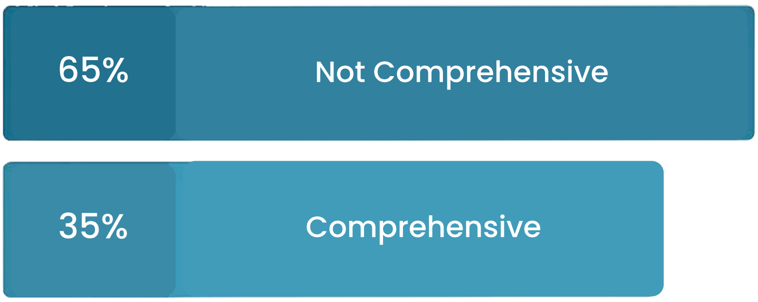


Figure 11

As mentioned, this is interestingly in light of Bahrain's last FATF evaluation, which identified shortcomings around the implementation of AML measures by DNFBPs, with the Kingdom being rated only 'partially' compliant with FATF Recommendations 22 and 23. One reason this is concerning is because DNFBPs are often targeted by criminals seeking to launder illicit funds, as they may provide access to high-value transactions with comparatively less scrutiny. Weak AML understanding and compliance within DNFBPs creates significant vulnerabilities in Bahrain's AML efforts, as these sectors can then more easily be exploited to move, hide, or integrate illicit proceeds into the legitimate economy.

Our findings indicate that while general awareness of regulatory expectations is gradually increasing for DNFBPs, many across the sector still lack a clear understanding of their specific AML obligations. This disconnect suggests that compliance efforts in these industries remain uneven and, in some cases, underdeveloped. There is a clear need for continued targeted guidance and support, including sustained regulatory engagement and enhanced training efforts. Strengthening the AML capabilities of DNFBPs will be essential not only for achieving full compliance across the economy, but also for ensuring Bahrain is well-positioned for a successful outcome in its next FATF evaluation.

What were our other key findings for DNFBPs?

- **Widespread recognition of compliance gaps and mixed understanding of obligations. 68%** of DNFBP respondents acknowledged that their organisations need to improve overall AML compliance and 22% admitted that their organisation's AML understanding was basic or poor.

- **Limited but growing use of technology and lower confidence levels.** Not quite half of DNFBP respondents use technology in AML screening and monitoring, with most combining technology-driven tools with manual processes. What's more, just 10% of DNFBP respondents expressed strong confidence in the accuracy and reliability of their AML screening tools, while the rest were split between somewhat confident and not very confident.

- **Significant MLRO and training gaps remain.** 32% of DNFBP respondents reported that their organisation does not have a designated Money Laundering Reporting Officer (MLRO), despite this being a regulatory requirement. An equal proportion (32%) indicated that their organisation provides annual AML training only to some staff, rather than universally—again falling short of what is required under current AML regulations for DNFBPs.

These findings highlight persistent compliance gaps in foundational areas and reinforce the need for stronger oversight, clearer guidance, and improved internal governance across DNFBP sectors.

Uneven Understanding Across Non-Financial Regulated Business Industries

We also wanted to look at how each DNFBP industry is doing individually. Overall, awareness and understanding were relatively consistent, with most sectors falling within a similar range. Between 33% and 40% of overall DNFBP respondents reported that their organisation had a comprehensive grasp of the AML regulatory environment. The standout exception was the **real estate sector**, where 66% of respondents indicated a strong understanding — notably higher than their peers. A similar trend appeared when respondents were asked about their familiarity with specific AML obligations; while most DNFBP sectors showed comparable levels, real estate once again edged ahead, suggesting a slightly more advanced compliance posture in that industry.

One of the most interesting stories we found was around **variation in technology use across DNFBP industries**. A closer look at each individual industry revealed that the accounting, audit, and legal sectors reported the highest levels of technology adoption, with at least 60% of respondents in each indicating the use of either fully automated systems or a hybrid of technology and manual processes. This points to a more structured and mature approach to AML compliance within these professional service sectors — likely influenced by stronger regulatory familiarity, institutional frameworks, and greater access to compliance resources.

In contrast, the real estate sector, precious metals and stones businesses, and trust and company service providers reported significantly lower levels of technology use. These sectors not only lag in the uptake of digital AML tools but also had a notably higher proportion of respondents who stated that their organisations currently have no AML screening or monitoring processes in place. This gap highlights potential vulnerabilities in some of the more high-risk or fragmented sectors and underscores the need for greater awareness, capacity building, and investment in AML infrastructure.

In terms of confidence in their AML processes, the legal and real estate sectors stood out as the only ones where respondents expressed a high level of confidence in their organisations' AML capabilities. This suggests that, within these two sectors, there may be more established compliance frameworks, clearer internal policies, or a stronger alignment with regulatory expectations. Notably, 20% of legal sector respondents and 33% of real estate respondents described their confidence as very high, indicating a level of assurance not observed in other DNFBP sectors.

Chapter 4: Understanding Business Dynamics

How Company Size Shapes AML Readiness

We also looked at the role of company size in AML compliance readiness. We found it does play a role in how well organisations understand and manage AML requirements in the country, with clear differences emerging between small, medium, and large businesses. Respondents from large businesses reported a more comprehensive understanding of AML regulations (**see Figure 12**). Notably, no large company reported a minimal understanding.

Percentage of respondents by organisation size that rated their organisation's understanding of Bahrain's AML legislative and regulatory landscape as comprehensive.

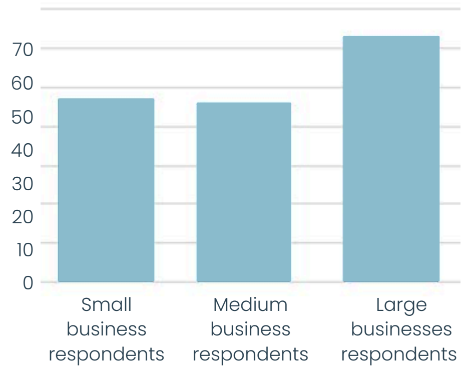


Figure 12

Large business respondents also reported **higher faith** in their own compliance with specific AML obligations (63% reported comprehensive understanding and compliance, as compared to small and medium businesses, at 32% and 50% respectively). Moreover, no large business respondent reported anything below good understanding.

There are various reasons larger organisations may have higher levels of compliance and greater confidence in their AML knowledge and processes. This is likely thanks to more resources, dedicated compliance teams, and formalised internal processes. With greater capacity to invest in specialist staff, training, and technology, large companies are often better positioned to keep pace with evolving regulatory requirements.

In contrast, small and medium-sized firms may face resource constraints that limit their ability to build deep regulatory expertise or maintain dedicated compliance functions, which can result in a more variable or fragmented understanding of AML obligations. This disparity highlights the need for additional support, guidance, or scalable compliance solutions tailored to the needs of smaller regulated firms.

What else did we find?

- **Stronger regulatory understanding in large companies.** 63% of respondents from large organisations reported a comprehensive understanding of AML regulations, compared to 46% of medium-sized and 47% of small company respondents.

- **Greater compliance confidence among larger firms as well.** Similarly, 63% of large company respondents indicated comprehensive understanding and compliance with their specific AML obligations, while only 50% of medium and 32% of small company respondents felt the same.

- **MLRO presence varies notably.** 56% of large company respondents confirmed having a designated MLRO, compared to 50% of small companies — and notably, just 39% of medium-sized firms. This lower MLRO presence in medium-sized companies highlights a surprising compliance gap within this group.

- **Training initiatives lag in medium-sized firms.** When it comes to annual AML training, 63% of large companies reported providing it in some capacity, while only 36% of medium-sized and 50% of small companies did so.

These gaps likely reflect structural differences across business sizes. Larger companies often benefit from broader resource bases, dedicated compliance teams, and more institutionalised processes, enabling them to build and maintain mature AML frameworks. In contrast, smaller and medium-sized firms may face greater challenges — such as limited budgets, fewer specialised staff, and competing operational priorities — that can hinder the development of robust AML systems and sustained compliance practices.

However, this disparity shouldn't discourage smaller businesses — quite the opposite. Smaller organisations have an opportunity to be more agile and strategic in how they approach AML compliance. By leveraging outsourced expertise, working with trusted intelligence and training providers, and investing in fit-for-purpose technology solutions, even resource-constrained firms can build effective, risk-based compliance frameworks. A key part of AMAN's mission is to support smaller businesses on this journey—helping them understand their obligations, close capability gaps, and adopt practical tools that enhance their resilience to financial crime. With the right partnerships and priorities, strong AML compliance is achievable for firms of all sizes.

The data also reveals a clear trend in how company size impacts technology adoption and implementation. Respondents from larger firms reported higher levels of relying on fully technology-driven processes. A number of small and medium business respondents, in contrast, reported relying still on manual processes (**see Figure 13**). These figures suggest that **larger companies are more advanced** in their adoption of AML technology, which again is likely due to their greater access to financial and technical resources. Large firms typically have the infrastructure in place to support more sophisticated systems, as well as the scale to justify investments in automation and digital transformation. Their ability to integrate technology more comprehensively can lead to greater efficiency, consistency, and scalability across operations.

In contrast, smaller companies may face **budgetary constraints**, limited access to technical expertise, and greater dependence on ad-hoc systems, making it more difficult for them to transition away from manual methods. Overall, the disparity underscores a digital divide based on company size. However, again, this shouldn't be discouraging. On the contrary, it highlights the importance of investing in scalable, smart technology that can streamline compliance without overburdening resources. For smaller firms, the right tech solutions — tailored to their risk profile and operational needs — can be a powerful equaliser in closing the gap and staying ahead of emerging threats.

Percentage of respondents by organisation size that had no confidence in the accuracy and reliability of their organisation's AML screening tools and processes

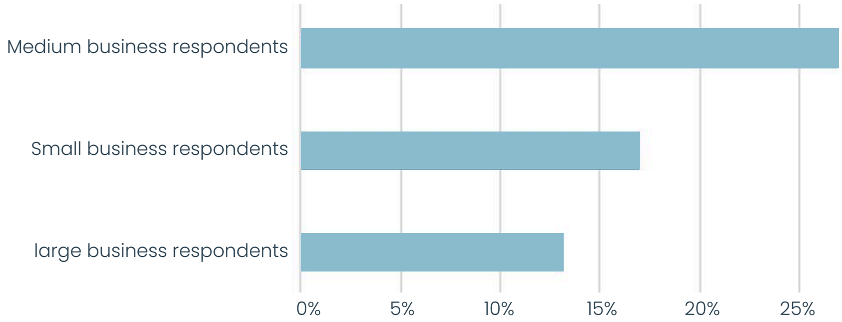


Figure 13

Interestingly, looking at Figure 15, what stands out is that large firms – those with the highest reported levels of technology adoption – also had the lowest proportion of respondents expressing a lack of confidence in their AML processes. This suggests a strong correlation between technology uptake and perceived process accuracy and reliability. Advanced technological solutions, such as automated transaction monitoring, machine learning for risk detection, and integrated compliance platforms, likely contribute to both actual and perceived effectiveness in AML compliance. These tools not only reduce human error but also improve scalability and responsiveness to regulatory changes.

Where does job role come into play?

Understanding how compliance readiness varies across different job roles offers valuable insight into how AML responsibilities are distributed and perceived within organisations. Senior executives, compliance officers, and operational staff often have differing levels of visibility into AML frameworks and their day-to-day operationalisation, which can influence how they assess their organisation's preparedness.

By comparing responses across roles, we can identify where alignment exists — and where gaps in understanding or engagement may pose a risk to effective implementation of AML measures. This perspective is essential for ensuring that AML compliance is not just policy-driven, but also fully integrated across all levels of an organisation.

What did we find?

- **Senior management shows moderate confidence.** 53% of senior managers feel confident in their organisation's understanding of Bahrain's AML regulatory landscape, compared to 62% of compliance staff and just 40% of frontline employees.
- **Awareness of improvement needs is highest among frontline staff.** While 53% of senior managers see room for better compliance with AML obligations, this rises to 60% among frontline staff and is slightly lower (46%) among compliance teams.
- **Training emphasis strongest in compliance teams.** 70% of compliance staff report annual AML training, compared to only 44% of senior managers and 45% of frontline staff, indicating compliance teams' stronger focus on ongoing education.
- **Technology use varies widely, and confidence is mixed.** Only 40% of senior management say their organisation uses technology for AML processes, versus 69% of compliance staff and 60% of frontline employees. What's more, nearly 30% of senior managers lack confidence in their AML screening tools, with 47% only somewhat confident. Compliance staff express the highest confidence overall, and just 10% of frontline staff reported low confidence.

This level of understanding is particularly vital as businesses prepare for the upcoming FATF evaluation, where regulatory compliance and risk management capabilities will be closely scrutinised. Strong leadership knowledge and engagement are essential to ensure that AML policies and practices not only meet current requirements but also anticipate future regulatory developments.

Chapter 5: Looking Ahead

To gauge how ready Bahrain's private sector is to tackle the shifting landscape of financial crime, we asked survey respondents to look ahead 12 to 18 months and pinpoint the most pressing AML challenges and threats they anticipate the future will hold. These forward-looking insights are vital — not just for staying one step ahead of emerging risks, but also for ensuring alignment with national priorities and international frameworks like those set by the FATF.

While the responses were diverse, several clear and recurring themes emerged, pointing to shared concerns and strategic priorities across the private sector.

The Pace and Complexity of Regulatory Change

One of the most striking themes that emerged from the survey was the growing difficulty of keeping pace with the **fast-changing landscape of AML regulations**. Respondents consistently highlighted the increasing volume, complexity, and speed of regulatory updates — both locally within Bahrain and globally. This rapid evolution poses a significant challenge for compliance teams, who must constantly monitor, interpret, and apply new rules across diverse operational areas, often with constrained budgets and limited manpower.

A particularly pressing area of concern was sanctions compliance. As geopolitical tensions continue to reshape the global regulatory environment, many respondents reported a lack of confidence in their existing sanctions screening systems. So far in 2025, significant developments in sanctions regulations have reshaped the global compliance landscape, from new sanctions against Russia to the removal of sanctions on Syria by various jurisdictions, including the US and EU. The ability to monitor in real time the frequently changing watchlists, evolving enforcement priorities, and shifting geopolitical risks was called into question, especially among organisations with cross-border exposure. Several participants admitted that their current capabilities may not be sufficient to ensure timely and accurate compliance — a vulnerability that could carry serious reputational and financial consequences.

We've recognised these real needs at AMAN. We offer real-time sanctions monitoring tools that enable businesses to stay continuously updated on evolving watchlists, enforcement actions, and jurisdiction-specific regulatory changes. We also provide horizon scanning and policy research services to keep clients informed about emerging trends, upcoming regulatory shifts, and geopolitical developments that could impact compliance requirements. These solutions go beyond static screening—providing dynamic, contextual insights to help organisations understand their specific risk exposure and respond proactively. By automating alerts and integrating global data sources, the AMAN platform empowers firms to enhance their sanctions compliance posture without overwhelming internal resources.

This is because we understand that these compliance demands often place a heavy operational burden on already stretched teams. In fact, resource strain [NO1] was a recurring theme, underscoring the urgent need for more scalable compliance infrastructures, automated monitoring tools, and collaborative risk management approaches. Many organisations are recognising that static frameworks are no longer sufficient; they need dynamic, agile systems that can quickly adapt to regulatory change while maintaining operational integrity and demonstrating alignment with both national priorities and international standards such as those set by the FATF.

In short, staying compliant is no longer just about meeting today's requirements — it's about being ready for tomorrow's regulatory environment and financial crime threats.

Emerging Threats and Evolving Financial Crime Typologies

Another key area of concern that surfaced from the survey was the growing difficulty of identifying and responding to increasingly sophisticated financial crime threats. One respondent singled out cryptocurrencies as a particular vulnerability. Beyond crypto, several respondents raised alarms over the broader issue of rapidly evolving criminal typologies. These included the resurgence of trade-based money laundering risks and the rise of cyber-enabled fraud schemes, and the growing misuse of digital payment systems to obfuscate illicit flows. As financial criminals become more agile and tech-savvy, many organisations are finding it increasingly difficult to adapt their detection and prevention mechanisms in real time.

These concerns underscore the growing need for **intelligence-led**, technology-enabled compliance strategies. Staying ahead of risk now demands more than regulatory awareness — it requires proactive threat monitoring, dynamic risk assessment models, and close integration between compliance, cybersecurity, and business operations. Organisations must build internal capacity not only to track emerging trends but to anticipate how these evolving threats might exploit weaknesses across people, processes, and technology. The stakes are high: failure to respond effectively could expose firms to severe regulatory penalties, financial losses, and lasting reputational harm.

In this context, robust **threat intelligence** and ongoing research are essential pillars of an effective financial crime risk management strategy. As criminal tactics grow more complex and adaptive, organisations need context-specific intelligence to understand not just what threats exist, but how they are evolving, where they are emerging, and how they might target vulnerabilities within their specific operating environment. Investing in intelligence capabilities enables companies to move from a reactive to a proactive stance, helping them detect anomalies earlier, prioritise resources more effectively, and ultimately strengthen resilience against both current and future threats.

Technology Integration and Process Optimisation

In parallel with concerns about regulatory complexity and emerging threats, many respondents also pointed to the role of technology in strengthening their financial crime defences. However, it became clear that simply investing in new systems is not enough. The real challenge lies in how effectively these technologies are embedded into everyday compliance workflows and decision-making. Some noted that while they had implemented automated systems, limitations in calibration or poor integration with legacy systems had resulted in inefficiencies or missed alerts.

This points to a broader industry challenge: **moving beyond technology adoption to true technology enablement**. Without these foundational elements, even the most advanced tools can underperform or generate more noise than insight. Moreover, smarter technology use can yield significant strategic benefits. When done well, automation doesn't just streamline operations — it elevates the quality of risk decision-making, reduces dependency on manual review, and enhances an organisation's ability to detect and respond to suspicious activity in real time.

Together, these insights reflect a growing awareness across Bahrain's private sector that AML compliance is no longer a static obligation — it is a dynamic and constantly evolving challenge. Staying ahead will require agility, innovation, and a strong commitment from leadership to invest in the tools, training, and expertise needed to future-proof compliance strategies.

As financial crime threats grow more complex and regulators sharpen their focus, Bahraini firms must position themselves to respond proactively — including leveraging technology, building internal capabilities, and fostering a culture of vigilance at every level of the organisation.

Chapter 6: The Path Forward

Where Should We Go From Here?

The findings of our research paint a clear picture of Bahrain's private sector AML landscape: there is a **strong foundation** of and clear commitment to compliance, with most businesses taking meaningful steps to align with national and international standards and protect their businesses from criminals. However, the data also highlights many key gaps in AML awareness, as well as a lack of consistency around the implementation of best practices.

These challenges likely stem more from gaps in understanding or limitations in available resources rather than from a lack of commitment or willingness to comply. Most businesses genuinely want to meet their AML obligations but face obstacles such as insufficient training, unclear guidance, or inadequate staffing and technology, which hinder their ability to implement effective measures. Addressing these root causes through targeted awareness building, capacity-building, investment in technology, and resource support is essential to bridging the compliance gap and fostering a culture of proactive financial crime prevention.

In short, **the opportunity is clear**: there is significant potential to raise the bar. By elevating awareness, strengthening internal processes, and leveraging more sophisticated tools, Bahrain's private sector can move from compliance as a requirement to compliance as a competitive advantage.

Technology as a Compliance Game-Changer

AML compliance has never been about checking boxes — it's about intelligence, agility, and accountability. The latest technology-driven tools, such as real-time screening and risk mapping, can lead to faster risk detection while reducing operational burden. But technology alone isn't enough. These systems must be properly calibrated, regularly updated, and integrated into the day-to-day operations of the business. Building confidence in these tools – through testing, training, and transparent governance – is essential.

This technological evolution is especially relevant given Bahrain's top-down regulatory momentum and the country's ongoing efforts to meet FATF recommendations. As the Kingdom positions itself as a regional leader in governance and compliance, the private sector has a critical role to play. Broad adoption of advanced AML technologies, coupled with strong internal cultures of compliance, will be key to reinforcing Bahrain's reputation as the Gulf's most trusted and transparent financial hub.

Of course, technology must be paired with strong human oversight. Well-documented policies, clear procedures, and regular, role-specific training help ensure that staff at every level — from frontline workers to senior leadership — understand their role in preventing financial crime. Without this cultural alignment and due diligence, companies risk not only regulatory penalties, but reputational damage and exposure to criminal activity. Technology is also ineffective without an expert's touch; AML compliance requires both.

That’s why it is now more important than ever for companies to take stock of their AML readiness – reviewing their current policies, procedures, tools and systems, and organisational awareness. We hope this research serves as a valuable resource to support your business in embedding AML into its DNA.

How AMAN Can Help - Empowering Compliance. Enabling Growth.

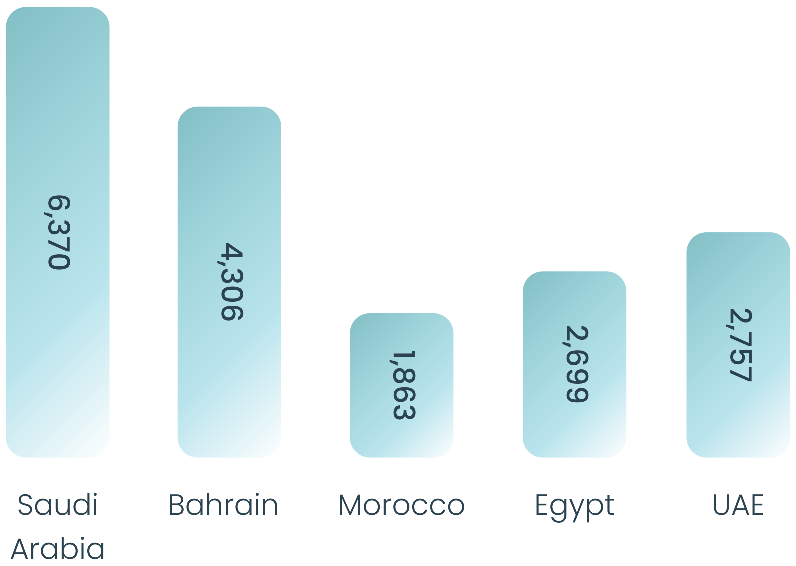
AMAN blends cutting-edge technology with deep local expertise, anchored by three core pillars: innovation, partnership, and national empowerment. This unique foundation sets AMAN apart from conventional compliance solutions, redefining financial crime prevention through a proprietary AI-driven platform that delivers comprehensive screening, monitoring, and investigation capabilities.

As the only unified financial crime platform in Bahrain, AMAN provides a scalable and compliant solution for businesses across all sectors. Whether you’re onboarding a customer, conducting supplier due diligence, reporting suspicious activity, or managing an enterprise-wide risk assessment—AMAN gives you the tools to do it all, simply and effectively.

Built on two years of intensive research with input from government ministries and the private sector, AMAN stands as the only Bahraini company providing a full spectrum of financial crime technologies and services, allowing organisations to select solutions that best fit their specific needs. Our services go beyond technology as well as we see the importance of the human side of the equation. We offer investigations, policy research, training, and compliance support — empowering businesses to confidently meet their regulatory obligations.

SUSPICIOUS TRANSACTION REPORTS (STRs)

As per the report conducted by MENA FATF, the Financial Institutions are concerned about the quality of STRs across reporting entities and there is room for improvement especially in the non-banking sector. Financial intelligence unit also stated that they include all relevant information and might be contacted sometimes by either FID or CBB to get more information on the STRs filed. STRs filed by some of the sectors within FIs are seen either low in number or non-existent (such as investment business firms and securities sector) given the volume of the reporting entities that operate in Bahrain.



Selected MENA Countries STRS

BAHRAIN

900 + STRs REPORTED IN 2019

42,000 REGISTERED ENTITIES FI & DNFBP

UP BY 14%

4,306 STRs REPORTED IN 2022

an increase in the percentage of money laundering and illegal money transfer cases across borders

How AMAN Can Help

Identified Challenges and Pathways for Growth	How Can AMAN Help?
Risk-Based Approach & Enterprise Risk Assessments	Align your controls to your unique risk profile with AMAN's risk-based approach. Assess risks across clients, products, and delivery channels using our automated Customer Risk Calculator, backed by dynamic risk registers and strategic mitigation planning.
Specialised AML/CFT Policy Advisory	Partner with AMAN to design AML/CFT policies that reflect your business model and risk exposure—ensuring full alignment with local regulatory requirements and FATF standards, while maintaining internal consistency and operational relevance.
Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD)	Verify customer identities, assess risk exposure, and apply enhanced due diligence through the AMAN platform—which combines advanced technology with intelligence-led due diligence. For elevated risk scenarios, AMAN's Intelligence team can conduct bespoke investigations and due diligence reports, providing an additional layer of protection and helping uncover and mitigate potential links to criminal networks or harmful associations.
Ongoing Monitoring & Periodic Reviews	With 24/7 automated monitoring and real-time alerts for sanctions, PEPs, litigation, and adverse media, AMAN ensures ongoing risk oversight. The platform streamlines periodic reviews based on client risk tiers and integrates robust sanctions screening across 250+ global lists—including the UN, OFAC, EU, and Bahrain's domestic terrorist list—directly into your compliance workflow.
Suspicious Activity Reporting (SARs/STRs)	Easily report known or suspected financial crime to Bahraini authorities using AMAN's integrated Regulatory Reporting module, which is the only platform in the country to combine end-to-end screening with reporting capabilities customised to Bahrain. The platform streamlines the filing and documentation of Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs), ensuring you meet your regulatory obligations with accuracy, efficiency, and peace of mind.

Governance, Record-Keeping & MI Dashboards	Strengthen governance and oversight through real-time compliance dashboards, end-to-end audit trails, and secure data retention—ensuring full adherence to Bahrain's five-year legal requirements for AML recordkeeping.
Compliance Officer & MLRO Support	Leverage AMAN's expert outsourcing and tailored support solutions that empower your organisation's Compliance Officers and MLROs to fulfill regulatory obligations efficiently, confidently, and with full operational independence.
Tailored Training & Capability Building	Enhance your team's capabilities with tailored classroom and digital training from the AMAN School of Financial Crime, featuring AML, compliance, and predicate crime modules, integrated LMS support, and certification.
Risk Advisory & Intelligence	Strengthen organisational preparedness by commissioning strategic risk advisory, comprehensive intelligence, and threat-focused research from AMAN's Insight team.

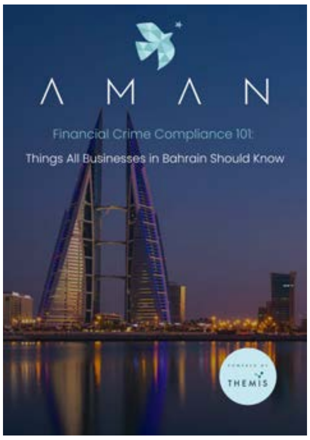
Further Reading and Resources:

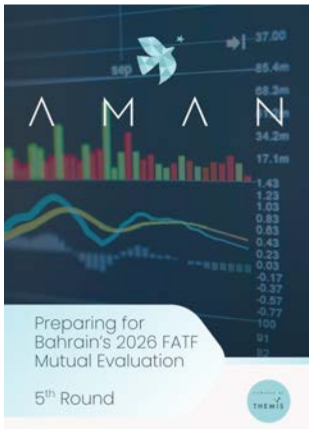
AMAN Resources:

- Preparing for Bahrain's 2026 FATF Mutual Evaluation
- Financial Crime Compliance 101: Things All Businesses in Bahrain Should Know
- Suspicious Activity Reporting: Best Practice Guide

External Resources:

- The Ministry of Industry and Commerce (MOIC) - AML Resources
- Central Bank of Bahrain – AML Resources & Guidance
- Bahrain's National Risk Assessment Summary
- FATF 2018 Mutual Evaluation
- FATF 2022 Enhanced Follow-Up Report
- UN Security Council Consolidated Sanctions List
- Bahrain Domestic Sanction List

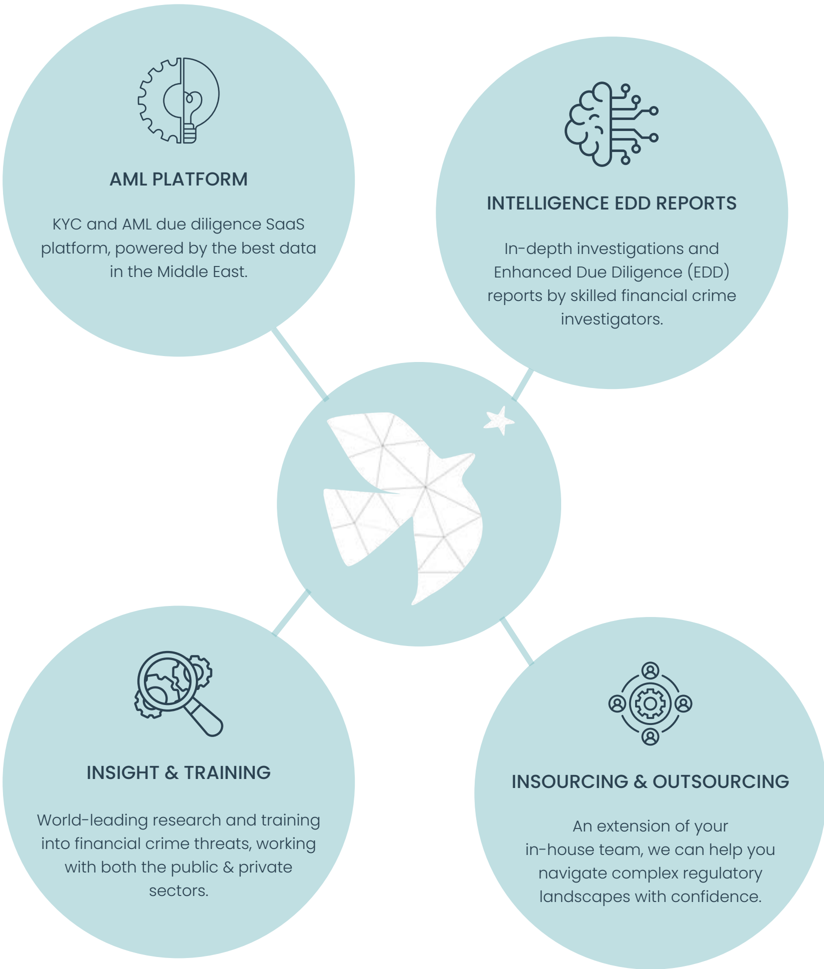




AMAN End-to-end Solutions

Created to support Bahrain's vision for a secure financial hub, AMAN equips ministries, private firms, and NGOs with the tools needed for due diligence and investigations aligned with FATF and local standards. As Bahrain's only unified platform for SAR, STR, and MLRO reporting, AMAN delivers robust, AI-powered compliance solutions.

Founded, developed, and delivered by financial crime experts, we help clients manage their risk exposure with precision and confidence.



UNPARALLELED DATA SOURCES

Powered by Unrivalled Data

The Aman platform is underpinned by multiple global data sources, as well as Aman's own unique proprietary database of financial crime related conviction data on predicate crimes to money laundering.

For further information, help or support, please contact Aman for a free consultation.

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Get in Touch

If you would like to talk to us about any of the themes or updates covered in this report, please let us know.

info@amal-aml.com

About AMAN Powered by Themis

AMAN helps organisations identify and manage their financial crime risks with a blend of innovation, insight, intelligence and insourcing. We offer a cutting-edge platform that provides deep understanding of strategic threats through an ESG and socio-economic lens. Our platform protects clients, suppliers, and third parties from criminal attacks or association, meeting the stringent requirements of the Ministry of Interior and the Ministry of Justice for SAR and STR submissions. Created and supported by financial crime experts, AMAN is endorsed by the Government of Bahrain.

Aman is the trading name of Aman Compliance Solutions W.L.L, a registered Bahraini company with CR no 172967-1.

Find out more

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