BANKING COMPLIANCE AS A LEGAL MECHANISM FOR COMBATING MONEY LAUNDERING: A COMPARATIVE STUDY BETWEEN SUDAN AND QATAR

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ABSTRACT
Money laundering has remained a major threat to the integrity, transparency and legitimacy of financial systems of nations and Global economic governance. In this background, banking compliance has developed as a focal point of law enforcement to prevent, identify and address illicit financial flows by turning the private banks to functioning legal protective intermediaries of state AML enforcement. This paper will conduct comparative law analysis of the Sudan and Qatar to determine how regulatory frameworks, institutional power, the coherence of enforcement and the financial governance ability influences the quality of operations of banking compliance in combating money laundering. Although the formal alignment of legislation with the recommendations of the FATF has been achieved in both states, particularly by the AML/CTF Act 2014 of Sudan and the Law No. 20 of 2019 in Qatar, the effectiveness gap is very significant. The presence of strong supervisory coordination, independent FIU, digitalized risk-based compliance culture and high STR reporting is a substantive AML performance in Qatar. In comparison, Sudan is symbolically compliant which is defined by weak enforcement, low institutional capacity, divided oversight, manual compliance system and low technology integration. The comparative results prove that the AML legal success is not only conditional upon legislative modernization but on the institutional embeddedness and ability to govern. The research indicates that the banking compliance works best as a legal rule when law is in collaboration with technology, state integrity, independent oversight and inter-agency collaboration.

KEYWORDS Banking compliance; Anti-money laundering; FATF standards; Legal governance; Sudan; Qatar.

INTRODUCTION
Money laundering undermines the integrity, transparency, legitimacy, and stability of financial systems and continues to be one of the most pervasive global transnational organized crimes. It distorts market competition, corrodes institutional trust, enables illicit economic expansion, and diminishes economic security. The banking sector remains the primary channel used for placement, layering, transfer concealment and integration of illicit funds. Therefore, banking compliance has evolved from a formal technical regulatory requirement into a core legal mechanism for detecting, preventing and suppressing money laundering, and for operationalizing state AML enforcement mandates through private gatekeeping duties imposed on financial institutions.
The international AML governance framework has become more consolidated through the standards and recommendations of the Financial Action Task Force (FATF), which now functions as the global normative architecture for AML regulatory alignment. Yet large gaps persist between legislative alignment and enforcement effectiveness across developing jurisdictions. The issue of law existence

has turned into law activation by institutional capability, supervisory autonomy, risk-based compliance culture, coordination and integration of agencies and technology.

To measure the relationship between legal design and banking compliance governance, oversight architecture and institutional quality in the context of AML, this paper makes a comparison between Sudan and Qatar. Sudan and Qatar have been chosen because both states have officially aligned the AML legislation to the FATF, but the results of its implementation and the institutional resources are strikingly different. Qatar is a mature institutionally based AML compliance, whereas Sudan is weak implementation based, divided supervision, limited resources and symbolic legal compliance.

Research Objective and Contribution: The study discusses banking compliance as a legal instrument of preventing and fighting money laundering by conducting a comparative analysis of Sudan and Qatar and establishes the legal, institutional and governance variables that elucidate the difference in AML performance. The paper adds to the literature on law because the authors prove that law + capability + enforcement rather than the mere adoption of the legislation is needed to make AML effective.

MATERIALS AND METHODS

This study adopts a doctrinal comparative legal research methodology. The doctrinal method was employed to examine, interpret, and analyze the statutory AML frameworks, regulatory instruments, banking compliance obligations, and enforcement mechanisms in Sudan and Qatar. Comparative legal analysis was applied to identify convergences, divergences, institutional determinants, and governance differentiations between both jurisdictions in the way banking compliance operates as a legal mechanism for AML enforcement.

Primary legal sources included the Anti-Money Laundering and Counter-Terrorism Financing Act 2014 (Sudan) and Law No. 20 of 2019 on Combating Money Laundering and Terrorism Financing (Qatar). Secondary legal sources included central bank AML rulebooks, regulatory circulars, supervisory compliance guidelines, FATF standards, FATF mutual evaluation reports, international conventions, and explanatory ministerial regulations relating to banks' risk-based compliance obligations. Peer-reviewed academic legal studies published comparative AML literature, policy papers, international AML governance reports, and institutional publications supporting interpretive and analytical triangulation were also reviewed.

Jurisdictional case selection is purposive. Sudan and Qatar reflect two states within the same wider region that are formally aligned with FATF standards at the level of legislative adoption, yet materially diverge in compliance operationalization, enforcement institutionalization, technological integration, supervisory autonomy and AML governance capacity. This purposive comparative design strengthens validity by enabling identification of capability-based determinants rather than purely statutory textual differences.

Data were interpreted using qualitative thematic legal analysis to extract dominant legal constructs, governance patterns, and compliance logics shaping AML outcomes. Ethical approval was not required because the study is doctrinal, relies on legal sources and secondary documentary materials, and does not involve human participants, personal data, or identifiable individuals.

RESULTS

The comparative doctrinal analysis demonstrates that although Sudan and Qatar have both formally adopted statutory AML frameworks harmonised with FATF recommendations, their banking compliance performance outcomes diverge sharply at the operational, institutional, technological and supervisory enforcement levels. Qatar is evidence of a complete compliance governance culture in which the law has been institutionalized into enforceable practice by empowered supervisory agencies, risk-based monitoring, mandatory infrastructures of digitalized reporting, independent functioning of the FIU and constant regulatory modernization. Sudan on the other hand would continue to represent a largely abstract legislative orientation in which AML statutory provisions are in place, but with poor state capacity, disjointed supervisory framework, poor technological endowment, inconsistent risk assessment mechanisms, and low compliance inducements would severely reduce regulatory activation.

The findings show that success of AML is more linked to institutional capability + technology embeddedness + enforcement autonomy than statutory adoption. Qatar is proactive in its supervisory intervention, compliance maturity, and Sudan is reactive, low reporting depth, high informal cash-based systemic exposure, and low horizontal interagency coordination between state agencies and financial sector. The comparative synthesis affirms that Qatar has an efficient enforcement due to integrated governance, and the Sudan problem is a lack of structural state capacity as opposed to a straightforward lack of legal textual inadequacy.

Table 1 Comparative AML Banking Compliance Characteristics in Sudan and Qatar

Legal/Compliance Dimension	Sudan	Qatar
Primary AML Statute	Anti-Money Laundering and Counter-Terrorism Financing Act 2014	Law No. 20 of 2019 on Combating Money Laundering and Terrorism Financing
FATF Alignment Level	Formal alignment but low operational conversion	High alignment with active enforcement deployment
Enforcement Institutions Strength	Weak institutional capacity and fragmented supervisory architecture	Strong inter-agency coordination with empowered supervisory bodies
Banking Compliance Culture	Rule existence but weak compliance internalization	Mature risk-based compliance implementation integrated across banks
STR/SAR Reporting Quality	Low reporting volume & low analytical depth	High reporting quality with digital processing and advanced data analytics
Technological Integration	Limited digital compliance platforms and manual reporting channels	Advanced AML tech stack, automated monitoring, digitalised filings
Supervisory Autonomy	Administrative dependence and low sanctioning power	High supervisory independence and active sanctioning powers
Level of AML Effectiveness	Low practical AML effectiveness	High AML enforcement effectiveness

DISCUSSION

The comparative results prove that AML legal effectiveness cannot be judged by statutory adoption. Sudan and Qatar have passed AML legislative tools in accordance with the FATF recommendations, but the output of compliance, institutional momentum, supervisory independence, reporting culture, maturity of enforcement and technological incorporation vary significantly. This indicates that AML banking compliance is a multilevel governance framework that is based on organizational capacity, digital enforcement infrastructure, political will, the risk-based implementation culture, and inter-agency cooperation. The AML legal framework in Qatar has been internalized into the banking compliance practice based on the excellent institutional autonomy, the sustained regulatory upgrades, and the enforcement that is technologically embedded. The AML implementation of Sudan is characterized by legal formalism without functional conversion because of capacity constraints of the state, insufficient digitalization, low financial forensic capacity and structural governance weakness.

On a doctrinal level, AML compliance reveals that law as a preventive execution tool can only be achieved through the operationalization of law in terms of capability-based institutionalization. The comparative divergence indicates that legal role of banking compliance depends on the vertical regulatory authority, the ability to process information and credibility of the sanctions. Adherence to FATF is therefore not satisfactory when institutions lack freedom of action, lack the technology and power to supervise and implement their actions. The efficacy of AML, therefore, can be theorized to be not only the presence of legislatures, but of control through institutions to implement law through multifaceted financial systems.

Implications for banking regulators

The regulators must prioritize risk-based supervisory models, invest in compliance technology, reinforce reporting analytics, increase the autonomy of the FIU, and institutionalize cross-agency coordination. In the case of Sudan, regulatory reforms should not be focused on legislative amendment but rather on creating supervisory capacity, imposing fines and penalties on a more regular basis and speeding up the digital transformation of compliance in the banking industry. In the case of Qatar, regulatory innovation and the continuous upgrading of digital systems are needed to support AML benefits in the future and predict more intricate transnational laundering schemes.

CONCLUSION

This paper finds that banking compliance serves as a legal enforcement tool against money laundering in situations where law is operationalized by institutional capacity, independence of supervision, technological assimilation as well as risk-based culture of regulation. Despite the fact that Sudan and Qatar have converged AML laws to the FATF schema, the comparative outcomes affirm the fact that statutory convergence does not translate into enforcement equivalence. The effectiveness of the AML legal frameworks in Qatar is high, as the legal frameworks are integrated within the operational supervisory systems, which can transform the legal norms into the context of continuous monitoring, credibility of sanctions, and digitalization-based compliance measures. Sudan on the other hand displays a lack of functional conversion illustrated by weak institutional capability and poor technology penetration and ineffective coordination of enforcement.

Thus, legal reform of the AML in the developing jurisdictions should focus on developing capabilities, digitalization, regulatory independence, empowering of the FIU and coordinating among the agencies instead of the statutory changes. Enforcement of AML banking compliance should be lawful, enforced and powered at the same time. Comparative evidence demonstrates that the success of AML is essentially institutional as opposed to textual.

ACKNOWLEDGEMENTS

The authors thank all peer scholars and institutional resources that supported the conceptual and comparative development of this research.

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