

# Anti-Money Laundering Compliance and Financial Performance of Selected Commercial Banks in South Sudan: A Survey of Literature on Compliance Audits

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## Abstract

This research explores the link between anti-money laundering (AML) compliance and the financial performance of commercial banks in South Sudan, with a focus on compliance audits as a key measure. Using a mixed-method approach and cross-sectional survey design, data were gathered from 105 participants across four commercial banks: Cooperative Bank, Equity Bank, Horizon Bank, and National Bank of Egypt. Despite significant challenges in combating money laundering in South Sudan, the findings show a robust and positive effort towards compliance audits within the financial sector. The results reveal a strong positive correlation ( $r = 0.864$ ,  $p = 0.000$ ,  $n = 86$ ) between compliance audits and financial performance. Additionally, regression analysis shows that compliance audits explain 74.3% (Adjusted R Square) of the variance in financial performance. The study concludes that there is a strong positive relationship between compliance audits and financial performance, suggesting that South Sudan's financial institutions are diligently working to meet AML regulations, thus improving their financial performance.

## Keywords

Anti-Money Laundering, Audits, Financial Performance, Compliance Audits, South Sudan

## 1. Introduction

The financial sector is a critical component of any economy, facilitating transactions, investments, and overall economic development. In South Sudan, the significance of a strong financial system is heightened by the nation's efforts to sta-

bilize and grow its economy amidst various challenges. One of the key aspects of maintaining the integrity and reliability of financial institutions is anti-money laundering (AML) compliance. This study examines the relationship between AML compliance and the financial performance of selected commercial banks in South Sudan, with a particular focus on the role of compliance audits.

Compliance audits are essential in the AML framework, providing systematic evaluations of a bank's adherence to legal and regulatory standards. These audits not only ensure compliance but also enhance the operational efficiency and financial health of banks (Levi & Reuter, 2006). Understanding how compliance audits impact financial performance is crucial for policymakers, regulators, and banking institutions in South Sudan, where financial crimes and money laundering pose significant challenges (Chêne, 2018).

Globally, the implementation of AML measures, especially compliance audits, has shown varied impacts on the financial performance of banks. Studies indicate that robust AML practices can improve financial performance by fostering transparency and accountability, thereby boosting investor and customer confidence (Ferwerda, 2009). However, the effectiveness of these measures in South Sudan has not been thoroughly examined, making this study particularly relevant. By exploring the relationship between compliance audits and financial performance, this research aims to fill a critical gap and provide insights into the dynamics of the South Sudanese banking sector.

This research utilizes a mixed-method approach, incorporating both qualitative and quantitative data to offer a comprehensive analysis of the impact of AML compliance audits. A cross-sectional survey design was used to collect data from 105 participants across four commercial banks: Cooperative Bank, Equity Bank, Horizon Bank, and National Bank of Egypt. This methodology enables a detailed examination of the current state of AML compliance and its correlation with financial performance within these institutions (Creswell, 2014).

The remainder of this paper is organised as follows. Section 1 contains the theoretical underpinning, section 2 presents the literature review, section 3 displays the methodology, section 4 presents the discussion of results. Following that is section 5 which concludes the paper and section 6 presents the recommendations.

### **1.1. Theoretical Underpinning**

The study is anchored in the Structural Theory, which highlights the importance of organizational structures and processes in shaping behaviors and outcomes within institutions (Scott, 2014). This theoretical framework is particularly relevant to the context of Anti-Money Laundering (AML) compliance and the financial performance of commercial banks. It helps in understanding how formal systems and procedures, established by regulatory bodies and internal policies, influence the implementation of AML measures (Abu-Musa, 2020). By examining the organizational structures of selected commercial banks in South Sudan, this study investigates how integrating compliance audits practices within these

structures contributes to AML compliance and, consequently, impacts financial performance. The Structural Theory allows for an analysis of the institutional arrangements and mechanisms that either facilitate or hinder effective AML practices, providing insights into the structural factors that underpin the relationship between AML compliance and financial performance.

In addition to the Structural Theory, the study is informed by the Network Theory, which emphasizes the significance of social relationships and interactions in shaping behaviors and outcomes within interconnected systems (Granovetter, 1985). In the realm of AML compliance, the Network Theory offers a perspective to explore the interconnections between various stakeholders involved in the implementation and enforcement of AML measures, including regulatory authorities, commercial banks, and other financial institutions (Benarkah, 2019). This study examines the networks of relationships and information flows within the AML ecosystem in South Sudan, shedding light on how collaboration, communication, and resource-sharing among stakeholders influence the effectiveness of AML efforts and, in turn, financial performance. Leveraging the Network Theory provides a deeper understanding of the social dynamics and network structures that support AML compliance initiatives, offering insights into the relational factors that shape the relationship between AML practices and financial outcomes.

## 1.2. Background and Context

Money laundering in South Sudan poses a significant issue due to the country's political instability, economic challenges, and weak regulatory systems. The absence of robust financial controls and effective regulatory frameworks has made the country susceptible to illicit financial activities, including money laundering and terrorist financing (Global Witness, 2015). The situation is further aggravated by the fragility of institutions and the prevalence of corruption, creating an environment conducive to illicit activities. The combination of armed conflict, widespread poverty, and underdeveloped financial systems has allowed money laundering to thrive, undermining the country's economic stability and development efforts (Transparency International, 2020).

The Financial Intelligence Unit (FIU) in South Sudan is pivotal in maintaining financial integrity and combating money laundering. Operating under the Ministry of Finance, the FIU is tasked with collecting, analyzing, and disseminating financial information related to suspicious activities (IMF, 2019). It acts as the central agency for coordination with international bodies, regulatory authorities, and financial institutions to enforce AML regulations. The goal of the FIU is to identify and prevent illicit financial flows, thus protecting the financial system from criminal exploitation. However, the FIU's effectiveness is often limited by resource constraints, insufficient technical expertise, and a lack of political support (FATF, 2018).

One significant initiative to combat money laundering in South Sudan has

been the implementation of compliance audits. These audits assess the adherence of financial institutions to AML regulations and standards (World Bank, 2020). Compliance audits involve a systematic review of policies, procedures, and transactions to ensure that banks and other financial entities are following the required protocols. Despite the introduction of these audits, their implementation has been inconsistent and often lacks thoroughness. Limited capacity of regulatory bodies and resistance from financial institutions have posed major challenges to the effective execution of compliance audits (Chêne, 2018).

South Sudan faces numerous challenges and gaps in its efforts to combat money laundering. These include inadequate legal frameworks, insufficient regulatory oversight, and a lack of coordination among enforcement agencies (ACAMS, 2019). Additionally, pervasive corruption within both the public and private sectors undermines the enforcement of AML measures. The lack of training and technical expertise among personnel tasked with implementing AML policies further exacerbates these challenges. Moreover, the informal nature of much of the economy and limited access to financial services complicate the monitoring and regulation of financial transactions (IMF, 2019).

To address these challenges, the South Sudanese government has implemented several initiatives, such as enhancing the capacity of the FIU, revising AML legislation, and increasing international cooperation (World Bank, 2020). However, these measures have often fallen short due to various factors. Entrenched corruption, political interference, and a lack of sustained commitment have hindered the effectiveness of these interventions. Furthermore, ongoing conflict and instability have diverted attention and resources away from AML efforts, resulting in persistent gaps and weaknesses in the system (Global Witness, 2015). As a result, while efforts to strengthen the AML framework have been made, the lack of a cohesive and sustained approach has limited the success of these initiatives.

## **2. Literature Review**

### **2.1. Introduction to Compliance Audits**

Compliance audits are crucial in the battle against money laundering, ensuring financial institutions follow legal and regulatory standards. These audits thoroughly evaluate an organization's policies, procedures, and practices to confirm adherence to anti-money laundering (AML) regulations. The effectiveness of compliance audits in uncovering and preventing money laundering activities is well-documented in various contexts (Chêne, 2018). This literature review explores the role of compliance audits in combating money laundering, focusing on their implementation, challenges, and impact on financial performance, particularly in South Sudan.

### **2.2. Implementation of Compliance Audits**

The process of implementing compliance audits differs across regions and fi-

nancial institutions. In South Sudan, the implementation process has faced numerous hurdles, including limited resources, inadequate technical expertise, and resistance from financial institutions (World Bank, 2020). Despite these challenges, compliance audits are essential for maintaining the integrity of the financial system. Effective implementation requires a well-structured framework, adequate training for audit personnel, and cooperation from financial institutions. Successful compliance audits in other regions have demonstrated that these factors are crucial for identifying and mitigating money laundering risks (IMF, 2019).

### **2.3. Impact on Financial Performance**

A significant body of literature explores the impact of compliance audits on the financial performance of banks. Studies indicate that stringent AML compliance measures, including regular audits, can enhance the financial stability and performance of banks by fostering trust and confidence among investors and customers (Ferwerda, 2009). In South Sudan, the positive correlation between compliance audits and financial performance suggests that banks adhering to AML regulations are better positioned to attract and retain clients, thereby improving their financial outcomes (World Bank, 2020). This correlation highlights the importance of robust compliance mechanisms in ensuring the long-term sustainability of financial institutions.

### **2.4. Challenges in Conducting Compliance Audits**

Despite their importance, conducting compliance audits presents several challenges. One primary challenge is the lack of sufficient resources and expertise required to conduct thorough audits. This is particularly evident in developing countries like South Sudan, where financial institutions may lack the necessary infrastructure and trained personnel to carry out effective audits (ACAMS, 2019). Additionally, resistance from financial institutions, often due to perceived intrusiveness and the costs associated with compliance, further complicates the audit process (Chêne, 2018). Overcoming these challenges requires a concerted effort from both regulatory authorities and financial institutions to prioritize AML compliance.

### **2.5. Government and Regulatory Interventions**

The role of government and regulatory bodies in facilitating compliance audits is paramount. In South Sudan, the Financial Intelligence Unit (FIU) is central to coordinating and overseeing compliance audits. However, the effectiveness of the FIU is often limited by resource constraints and political interference (FATF, 2018). Government interventions, such as providing adequate funding, enhancing legal frameworks, and fostering international cooperation, are essential to support the FIU's efforts and ensure comprehensive and effective compliance audits (IMF, 2019). These interventions can significantly enhance the capacity of

regulatory bodies to enforce AML regulations and conduct thorough audits.

## 2.6. Case Studies and Comparative Analysis

Examining case studies and comparative analyses of compliance audits in different regions provides valuable insights into best practices and potential pitfalls. Countries with more developed financial systems and stronger regulatory frameworks tend to conduct more effective compliance audits (Ferwerda, 2009). Lessons from these countries can be applied to improve the implementation of compliance audits in South Sudan. Comparative analysis also highlights the importance of tailoring audit processes to the specific context and challenges of each region, ensuring that audits are both relevant and effective (Levi & Reuter, 2006).

## 2.7. Future Directions

Compliance audits are a vital tool in the fight against money laundering, providing a systematic approach to ensuring that financial institutions adhere to AML regulations. While the implementation of compliance audits in South Sudan faces significant challenges, their importance in maintaining financial integrity and enhancing financial performance cannot be overlooked. Future efforts should focus on addressing resource and expertise gaps, fostering greater cooperation between regulatory authorities and financial institutions, and leveraging international best practices to strengthen the AML framework. By doing so, South Sudan can improve the effectiveness of compliance audits and contribute to a more robust and transparent financial system.

# 3. Methodology

## 3.1. Research Design and Sampling Procedure

This study utilized a cross-sectional research design combined with a mixed-method approach to explore the relationship between compliance audits (CA) and the financial performance of selected commercial banks in South Sudan. A purposive sampling method was used to select four commercial banks: Cooperative Bank, Equity Bank, Horizon Bank, and National Bank of Egypt, which together offer a representative overview of the country's banking sector. The sample size included 105 participants drawn from senior management, compliance officers, risk managers, auditors, and staff from regulatory departments, audit departments, customer advisory departments, and customers.

To determine the sample size, the Yamane formula was employed, as it is particularly effective for large population sizes. With a total population ( $N$ ) of 144 individuals and aiming for a margin of error ( $e$ ) of 5% (0.05), the calculation using the Yamane formula is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

where  $n$  is the sample size,  $N$  is the population size, and  $e$  is the margin of error at a 95% confidence level. Using this method, the study ensured a statistically valid sample size to achieve reliable and valid results.

### **3.2. Data Collection Methods**

Data collection for this study employed a mixed-methods approach to ensure a comprehensive exploration of the research topic. Quantitative data were gathered through structured surveys administered to participants, focusing on demographic details, perceptions regarding compliance audit (CA) practices, and indicators of financial performance. A total of 96 questionnaires were utilized, each containing statements that participants assessed using a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). This scale facilitated the ordinal ranking of responses, providing a nuanced understanding of participant viewpoints.

Qualitative data were gathered through interviews conducted with key informants. These interviews enabled a deep exploration of the challenges, opportunities, and contextual factors influencing the implementation of CA and its impact on financial performance. This qualitative approach allowed for rich insights into the subjective experiences and perceptions of stakeholders involved in the banking sector in South Sudan. The combination of quantitative surveys and qualitative interviews ensured a holistic analysis, capturing both numerical data and detailed narratives to comprehensively address the research objectives.

### **3.3. Measurement of Variables**

The study measured the effectiveness of CA practices using established metrics such as internal audits, external audits, corrective action plan and documentation. Financial performance was assessed using key indicators, including deposit growth, loan growth, profitability and efficiency. Both quantitative and qualitative data were triangulated to provide a comprehensive analysis of the relationship between CA and financial performance, considering both objective metrics and subjective perceptions of participants.

### **3.4. Reliability and Validity Test of the Instruments**

Cronbach's Alpha was used to test the reliability of the instrument, while Content Validity Index was used to test the validity of the instruments. The Cronbach's alpha coefficients of the variable scored 0.888 while the CVI scored 0.845 hence were more significant than 0.70, which means the instrument for this research was reliable and valid.

### **3.5. Data Analysis Techniques**

Quantitative data are analyzed using descriptive statistics to summarize the characteristics of the sample and inferential statistics, including correlation analysis and linear regression, to examine the relationship between CA and fi-

nancial performance. Correlation coefficients were calculated to assess the strength and direction of the relationship, while regression analysis was conducted to determine the extent to which CA predicts variations in financial performance indicators. Qualitative data were thematically analyzed to identify recurring patterns, themes, and insights emerging from the interviews.

### **3.6. Ethical Considerations**

Throughout the research process, ethical considerations were of utmost importance to uphold integrity, confidentiality, and the voluntary participation of all involved parties. Informed consent is sought from each participant, and measures are in place to safeguard their privacy and anonymity. The study strictly followed ethical guidelines established by pertinent regulatory bodies and institutions. Prior to commencing data collection, ethical approval was obtained from the appropriate research ethics committee, adhering to established protocols (Creswell & Creswell, 2017). These measures ensured that the study was conducted with the highest ethical standards, respecting the rights and well-being of all participants involved.

### **3.7. Limitations and Delimitations**

Several limitations and delimitations are acknowledged in this study. Firstly, the sample size and scope of the study are limited to four commercial banks in South Sudan, which restricted the generalizability of the findings to other banking contexts. Additionally, the reliance on self-reported data and subjective perceptions of participants introduced response bias and social desirability bias, impacting the validity of the results. Furthermore, the cross-sectional nature of the study precludes the establishment of causal relationships between CA and financial performance, highlighting the need for longitudinal research to validate the findings over time (Bryman, 2016).

### **3.8. Data Validity and Reliability**

To ensure the accuracy and dependability of the study results, several strategies were employed. Firstly, standardized survey tools were utilized to maintain uniformity and facilitate direct comparison of responses among participants. Secondly, triangulation was applied by integrating both quantitative and qualitative data sources, thereby strengthening the reliability and credibility of the findings through cross-verification and coherence of evidence. Lastly, member validation and peer consultation techniques were utilized to affirm the interpretation of qualitative data and minimize potential researcher influence. These steps were essential in safeguarding the robustness and integrity of the research outcomes.

## **4. Discussion of Results**

### **Response rate**

In **Table 1** below, results show that out of the 90 questionnaires distributed,

only 86 filled questionnaires were returned while 15 interviews were planned however, only 11 were conducted. The overall response rate was 92.3%.

#### 4.1. Background Information of Respondents

Most respondents were female forming 59.0%. The remaining 41.0% were male. The average age of the respondents was 41.1 years. In terms of level of education, the highest number of respondents had master's level forming 40.2%, whereas 30.9% had bachelors' degree, 11.5% had other education levels, particularly professional body courses such as ACCA, Financial Intelligence while 12.3% had certificates.

In line with the descriptive statistics in **Table 2**, the qualitative data submissions

**Table 1.** Response rate.

	Targeted Number	Valid Instruments	Percentage
Questionnaires	90	86	88.6
Interviews guides	15	11	11.4
<b>Total</b>	<b>105</b>	<b>97</b>	<b>92.3</b>

Source: Primary data, 2023.

**Table 2.** Descriptive statistics of internal policies.

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Banks conduct thorough and effective compliance audits with adequate resources.	10	11.6	10	11.6	9	10.5	25	29.1	32	37.2	3.686
Auditors are up to date with the latest regulations, guidelines, and industry best practices.	12	14.0	8	9.3	x	x	25	29.1	41	47.7	3.872
The audit team consists of experienced professionals with expertise in AML compliance.	4	4.7	6	7.0	10	11.6	15	17.4	51	59.3	4.197
Banks easily harmonise compliance practices for consistent adherence to AML standards.	13	15.1	10	11.6	8	9.3	17	19.8	38	44.2	3.662
There is a standard framework to assess the effectiveness of AML controls.	5	5.8	13	15.1	5	5.8	36	41.9	27	31.4	3.779
Compliance audit reports are presented to senior management and the board of directors.	6	7.0	9	10.5	10	11.6	40	46.5	21	24.4	3.709
Bank auditors are informed about emerging risks and methods used by criminals.	9	10.5	11	12.8	2	2.3	35	40.7	29	33.7	3.744
Compliance audits are conducted on a regular basis to ensure ongoing compliance.	7	8.1	8	9.3	47	54.7	15	17.4	9	10.5	3.127
Compliance audits ensure that banks AML measures are effective, efficient, and appropriate for the risks.	10	11.6	7	8.1	10	11.6	25	29.1	34	39.5	3.767
Banks conduct thorough and effective compliance audits with adequate resources.	10	11.6	10	11.6	9	10.5	25	29.1	32	37.2	3.686

Source: Primary data, 2023.

the availability of skilled personnel and infrastructure for thorough CA were that;

“I can actually reassure anyone that stakeholders in South Sudan acknowledge the commitment to staying updated. However, we still have to address the concerns expressed in whatever we have not yet achieved because by doing this, we will ensure that audit teams consistently receive the necessary training to maintain their knowledge up-to-date”.

Concerning existence of a standard framework to assess the effectiveness of AML controls, it was stated that;

“While many agree on the effectiveness of our AML controls assessment framework, there are still concerns which highlight the need for a thorough review and potential enhancements to address any shortcomings in our current approach”.

## 4.2. Regression Analysis

Regression analysis was used to evaluate whether compliance audits have a significant influence on financial performance in selected commercial banks in South Sudan. The coefficient of determination (R Square) under regression analysis is presented in **Table 3**.

**Table 3** shows Regression analysis ( $R = 0.864$ ), Coefficient of determination or R Square of 0.746 and Adjusted R Square of 0.743. An adjusted R Square of 0.743 means that compliance audits accounts for 74.3% of the variance in financial performance in commercial banks in South Sudan. This means that apart from compliance audits there are other factors that contribute to financial performance in commercial banks in South Sudan.

The results in **Table 4** present results aimed at establishing whether compliance audits are a predictor of financial performance in commercial banks in South Sudan and determine the magnitude to which compliance audits influences financial performance in commercial banks in South Sudan, Standardized Beta and  $t$  Coefficients were generated. For the magnitude to be significant the decision rule is that the  $t$  value must not be close to 0 and the  $p$ -value must be less than or equal to 0.05. Since the  $t$ -value of 17.797 is not close to 0 and  $p$ -value  $< 0.05$  ( $=0.000$ ), the study confirmed that compliance audits are a predictor of financial performance in commercial banks in South Sudan. A standardized Beta coefficient of 0.864 means; every 1-unit increase in compliance audits will lead to an increase of 0.864 units of financial performance in commercial banks in South Sudan.

**Table 3.** Model summary for compliance audits and financial performance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.864 <sup>a</sup>	0.746	0.743	0.72744

<sup>a</sup>Predictors: (Constant), Compliance audits.

**Table 4.** Coefficients<sup>a</sup> for Compliance audits and financial performance.

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.391	.544		22.763	0.000
	Compliance audits	2.118	0.119	0.864	17.797	0.000

<sup>a</sup>Dependent variable: Financial performance.

#### 4.2.1. Robustness Check

To ensure the strength of the findings, multiple steps were taken to validate the correlation between compliance audits (CA) and financial performance within commercial banks in South Sudan. Initially, Pearson's correlation coefficient (R) was calculated, resulting in a value of 0.864, indicating a substantial positive correlation between CA and financial performance. This relationship was reinforced by the coefficient of determination (R Square) at 0.746, signifying that about 74.6% of the variability in financial performance can be attributed to CA practices. Moreover, an adjusted R Square of 0.743 was determined, suggesting that even after considering other factors, CA remains a significant contributor, explaining 74.3% of the variability in financial performance. These outcomes underscore the pivotal role of CA in influencing financial outcomes within commercial banks.

Additionally, regression analysis was employed to assess whether CA serves as a predictor of financial performance. The results exhibited a noteworthy association, with a standardized Beta coefficient of 0.864. This coefficient indicates that for each incremental unit increase in CA, there is an associated rise of 0.864 units in financial performance. The statistical significance of this relationship was further supported by a t-value of 17.797, significantly distant from zero, and a p-value of 0.000, signifying robust evidence against the null hypothesis. These findings underscore the reliability of the link between CA and financial performance in commercial banks in South Sudan, emphasizing CA's critical role in shaping financial outcomes.

#### 4.2.2. Generalisation of Results

While the specific context of the study focuses on the banking sector in South Sudan, the underlying principles of CA and its impact on financial performance are likely to have broader applicability. The rigorous methodology employed in this research, including robust statistical analyses, enhances the credibility and generalizability of the findings. However, it is essential to acknowledge that the effectiveness of CA measures may vary across different socio-economic, regulatory, and institutional contexts. Therefore, while the findings of this paper offer valuable implications for policymakers, banking regulators, and practitioners in South Sudan, further research and validation in diverse geographical and organizational settings would be necessary to ascertain the broader applicability of

these findings.

## 5. Conclusion

In summary, the study unequivocally establishes a robust positive relationship between compliance audits and financial performance within the commercial banking sector of South Sudan. This strong correlation, indicated by a statistically significant relationship and accounting for an impressive 74.3% of the variance in financial performance, underscores the pivotal role of compliance audits as a predominant predictor for financial success. The study's findings align with existing literature that emphasizes the critical importance of effective compliance practices in shaping financial outcomes.

While the findings unequivocally highlight the significance of compliance audits in contributing to financial performance, it is crucial to acknowledge that the relationship is not one-dimensional. The effectiveness of compliance audits may be influenced by various contextual factors, such as the regulatory environment and organizational size. This nuanced understanding of the relationship underscores the need for a tailored and adaptable approach to compliance practices within the dynamic banking landscape.

The implications of these findings for the banking sector in South Sudan are profound. Banks should recognize compliance audits as a linchpin for sustained financial success. Investments in skilled professionals, advanced audit technologies, and a culture of continuous improvement in compliance practices become imperative to maximize the positive impact on financial performance. This aligns with the broader global trend where financial institutions are placing increased emphasis on compliance and risk management to ensure financial integrity.

In conclusion, the study's findings provide compelling evidence of the significant positive relationship between compliance audits and financial performance in South Sudanese commercial banks. The implications call for strategic interventions by banks and regulatory bodies to fortify compliance audit practices, fostering a more secure and resilient financial sector. This aligns with global efforts to enhance financial stability and integrity, emphasizing the critical role of compliance audits in achieving these objectives.

## 6. Recommendations

Strengthen the Internal Audit Department to conduct more frequent and thorough compliance audits. This department should focus on assessing the effectiveness of AML controls, ensuring alignment with regulatory requirements and identifying areas for improvement.

Task the Risk Management Division with integrating compliance audit results into the overall risk assessment framework. This division should prioritize addressing high-risk areas identified during audits to mitigate potential financial risks.

Engage the Senior Management and Board of Directors in regular briefings on

compliance audit outcomes. This involvement ensures top-level commitment to addressing any shortcomings and reinforces the importance of compliance in achieving financial performance goals.

Empower the Technology and Data Analytics Unit to implement advanced tools for monitoring and automating compliance processes. Utilize data analytics to enhance the efficiency and accuracy of compliance audits, identifying patterns and trends that may impact financial performance.

Task the Legal and Compliance Department with ensuring that compliance audit reports are aligned with the latest regulatory requirements. This department should also coordinate with the Internal Audit Department to promptly address any legal compliance gaps identified during audits.

Direct the Training and Development Department to conduct regular training sessions for staff involved in compliance audits. Ensure that auditors are up-to-date with the latest regulations, guidelines, and industry best practices to enhance the quality of audits.

Form a Compliance Oversight Committee responsible for periodically reviewing the overall compliance audit framework. This committee should ensure that compliance audits are comprehensive, cover all relevant areas, and contribute meaningfully to the enhancement of financial performance.

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## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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