Internal Anti-Money Laundering Policies and the Perceived Performance of Commercial Banks in South Sudan

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ABSTRACT

Internal anti-money laundering (AML) policies translate regulatory requirements into organisational responsibilities and procedures, but their relationship with bank performance remains uncertain in fragile financial environments. This study examined internal policies and perceived performance among commercial bank officers in South Sudan. Guided by the COSO Internal Control Integrated Framework and a postpositivist orientation, it used a cross-sectional survey with supplementary open-ended responses. All 25 operational commercial banks were included in the institutional frame; 350 officers were purposively invited and 332 responded (94.86%). Analysis combined descriptive statistics, reliability assessment, principal component analysis, diagnostic assessment, Pearson correlation, ordinary least squares regression and thematic interpretation. Internal policies correlated positively with perceived performance ($r = .620$). The association remained positive after controlling for customer due diligence, suspicious transaction reporting and compliance audits ($B = .093$, $\beta = .159$, conventional $p < .001$). The adjusted model explained 73.0% of respondent-level outcome variation. Open-ended accounts emphasised training, policy review, risk-based implementation, accountability, technological coordination and resources. The findings suggest that internal policies form part of a connected compliance system associated with favourable performance assessments. Cross-sectional, shared-source measurement and unadjusted within-bank dependence limit causal and population inference.

Keywords: internal policies; anti-money laundering; perceived performance; COSO; commercial banks; South Sudan

1. INTRODUCTION

Internal anti-money laundering (AML) policies provide the organisational basis for translating regulatory obligations into consistent banking practice. Policy development establishes institution-specific procedures, implementation embeds those procedures in operations, review maintains their relevance, and regulatory compliance aligns internal requirements with applicable standards (COSO, 2013; FATF, 2026). These arrangements are relevant to performance because they structure risk identification, allocate responsibility for compliance and strengthen the consistency of operational decisions. Effective implementation may consequently support profitability, deposit mobilisation and lending by limiting operational losses and maintaining institutional confidence. Empirical evidence linking internal controls with bank performance provides a basis for examining this relationship in South Sudan (Oppong et al., 2024).

For commercial banks in South Sudan, maintaining effective internal policies involves implementing compliance requirements within a fragile operating environment. FATF's June 2024 action-plan assessment identified outstanding priorities in risk-based supervision, beneficial-ownership information and financial-intelligence capacity (FATF, 2024). The World Bank projected a 30% economic contraction in FY2024/25 following disruption of oil exports, indicating substantial pressure on economic activity and bank customers (World Bank, 2025). These conditions make staff capability, reliable information, consistent enforcement and adequate resources consequential to policy implementation. They also create uncertainty about whether favourable policy assessments accompany stronger performance when banks face external pressures on deposits, lending and profitability.

The regulatory case for internal policies is explicit. FATF Recommendation 18 requires financial institutions to maintain AML programmes incorporating internal policies, procedures and controls, ongoing employee training and independent audit arrangements (FATF, 2026). These requirements establish expectations for compliance architecture. They do not establish that stronger policy assessments necessarily coincide with higher profitability, deposit growth or lending. The empirical question concerns whether officers who assess their institutions' policy arrangements more favourably also report stronger bank performance.

Internal policies may contribute to perceived performance through connected organisational processes. Policy communication clarifies staff responsibilities, risk-based procedures guide customer assessment, and monitoring and review identify departures from requirements and adapt controls to changing risks (COSO, 2013; FATF, 2026). Implementation also depends on employee capability and conduct: evidence from Ghanaian banks links employee diligence and moral engagement with AML adherence (Hoffman et al., 2024). Italian supervisory evidence associates AML inspections with increased suspicious transaction reporting and improved reporting relevance (Gara et al., 2024). These findings support an implementation-based explanation of the policy–performance relationship, while distinguishing observed compliance behaviour from financial outcomes.

South Sudan's wider economic conditions also shape the policy–performance relationship. Recurrent conflict, macroeconomic instability and limited financial-sector development create pressures on deposit mobilisation, credit demand and operating performance (World Bank, 2025). Internal policies must support reliable decisions within this environment, while their statistical relationship with perceived performance should be interpreted alongside these external conditions.

Existing research provides evidence about general internal controls and financial performance in Ghanaian rural banks (Oppong et al., 2024), internal controls and credit risk in Vietnam (Pham, 2021), employee-related determinants of AML adherence in Ghana (Hoffman et al., 2024), and AML regulation and financial development across 165 economies (Ofoeda et al., 2022). These studies do not establish whether internal AML policies have a separate association with perceived performance across South Sudan's commercial banking sector after related compliance practices are considered. Evidence on this relationship is needed to inform policy implementation priorities within constrained operating budgets and to distinguish favourable assessments of formal arrangements from concerns about their application. This study addresses that gap through a survey drawn from the 25-bank institutional frame, policy-only and adjusted regressions, and officers' accounts of implementation conditions.

1.1 Statement of the problem

Sustained commercial bank performance requires internal policies that support secure operations, regulatory compliance and the effective mobilisation and allocation of funds (COSO, 2013; FATF, 2026). In South Sudan, these functions are undertaken within an environment characterised by weaknesses in risk-based supervision, beneficial-ownership information and financial-intelligence capacity (FATF, 2024). Economic conditions compound these institutional constraints: the World Bank projected a 30% contraction in FY2024/25 following disruption of oil exports, with associated pressures on economic activity and public finances (World Bank, 2025). The resulting uncertainty concerns whether the development, implementation, review and regulatory alignment of internal AML policies are associated with favourable performance assessments under these conditions. Existing evidence addresses general internal controls, employee compliance and national AML regulation, but does not establish the separate relationship between internal AML policies and perceived performance across South Sudan's commercial banking sector (Pham, 2021; Ofoeda et al., 2022; Hoffman et al., 2024; Oppong et al., 2024). This study examines that relationship while accounting for related AML practices and analysing officers' experiences of policy implementation.

1.2 Objective and hypothesis

The objective was to examine the association between internal AML policies and perceived performance among surveyed commercial bank officers in South Sudan.

H_{01}: Internal AML policies are not associated with perceived bank performance among the surveyed officers.

2 THEORETICAL AND EMPIRICAL REVIEW

2.1 The COSO Internal Control Integrated Framework

The COSO framework defines internal control as an organisational process providing reasonable assurance concerning operations, reporting and compliance objectives. Its 2013 revision comprises five integrated components and 17 principles: control environment, risk assessment, control activities, information and communication, and monitoring (COSO, 2013). The framework offers a structured explanation of how internal policies become operational through responsibilities, risk identification, procedures, information flows and continuing evaluation. It is a normative control framework rather than a causal theory predicting a fixed financial return from policy adoption.

The control environment establishes expectations for integrity, oversight and accountability. Applied to AML policies, it concerns whether management assigns responsibilities and supports consistent implementation. Risk assessment requires attention to changing exposures and the suitability of controls. Customer risk classification and adaptation to emerging threats reflect this function. Control activities translate those assessments into procedures, approvals and enforcement. Information and communication connect policy requirements with the staff who apply them, while monitoring evaluates whether implementation remains effective and whether deficiencies prompt corrective action (COSO, 2013; FATF, 2026).

The components are mutually dependent. Clear procedures can be ineffective when staff do not understand them; communication cannot compensate for procedures that ignore relevant risks; and monitoring has limited value if findings do not lead to revision. Resource provision supports the operation of all five components. For this study, COSO therefore directs attention towards the relationship between policy development, communication, application and review. It also explains why internal policies may correlate with due diligence, reporting and audits: those functions share responsibilities, information and oversight arrangements (COSO, 2013).

COSO's principal analytical strength is its integration of compliance with operational objectives. It makes the performance relevance of policy implementation plausible without treating the existence of a policy document as sufficient evidence of effectiveness. Its emphasis on monitoring and communication also supports examination of the gap between formal rules and staff practice. In a constrained banking environment, this provides a useful basis for identifying where policy arrangements may fail to become routine conduct (COSO, 2013).

However, the framework provides reasonable assurance rather than a guarantee. Human error, collusion, management override and changing conditions can undermine controls. A favourable policy score therefore cannot establish that financial crime risks have been eliminated. The framework also leaves the resource trade-off largely to organisational judgement: more extensive procedures may protect integrity while consuming staff time, technology expenditure and customer effort. These competing consequences make the direction and magnitude of a performance association an empirical question.

Contextual adaptation presents a further limitation. Effective monitoring and risk assessment depend on reliable information, competent staff and functioning supervisory relationships. Where these conditions are weak, formal adoption of COSO-aligned arrangements may overstate practical control capacity. The framework helps identify organisational responsibilities, but does not independently explain the political, infrastructural or economic constraints affecting their execution. South Sudan's supervisory reform priorities and macroeconomic instability therefore remain necessary to interpreting the findings (FATF, 2024; World Bank, 2025).

The measurement design also limits the theoretical claim. The policy instrument captures several practices consistent with COSO, but does not estimate five separate validated component scores or directly measure control effectiveness. Its aggregate association with performance cannot establish which COSO component produced an outcome or whether information, monitoring or accountability mediated the relationship. COSO is used as the organising framework for interpretation; the study does not constitute a causal test of its complete

architecture. The framework consequently supports a conditional expectation. Policy arrangements that are understood, applied and reviewed may accompany favourable performance assessments, provided that

implementation capacity is sufficient. That expectation remains distinguishable from a claim that policy adoption independently improves audited financial performance.

2.2 Empirical review

Banking evidence links internal control arrangements with both financial and risk outcomes. Oppong et al. (2024), using questionnaire data from 250 top managers of Ghanaian rural banks and partial least squares structural equation modelling, reported positive associations of internal control and corporate governance with financial performance. Their results locate internal controls within organisational governance rather than as isolated procedures. The rural-bank setting and questionnaire-based measures, however, leave the relationship between AML-specific policies and performance in South Sudan unresolved.

Pham (2021) examined 30 Vietnamese commercial banks over 2007–2018 using Bayesian regression. The study related proxies for COSO's five components to credit risk, demonstrating the relevance of internal control arrangements to risk exposure. Its archival proxies and credit-risk outcome capture a different aspect of control effectiveness from officers' assessments of AML policies. Together with the Ghanaian evidence, it indicates that internal control research spans distinct constructs and outcomes; a favourable relationship with one outcome cannot automatically be transferred to another.

Implementation evidence identifies the human and supervisory conditions underlying formal systems. Hoffman et al. (2024) examined AML compliance across 23 Ghanaian universal banks and reported positive relationships involving employee diligence and moral engagement. The reported programme measure did not have a significant direct relationship with adherence. This makes staff conduct and organisational follow-through relevant to interpreting policy ratings. Gara et al. (2024), drawing on Italian supervisory and financial-intelligence data, documented increased suspicious transaction reporting after AML inspections, including reports with financial and investigative relevance. These observable behavioural outcomes support attention to monitoring and corrective action, while leaving the financial consequences of policy arrangements open.

At the regulatory level, Ofoeda et al. (2022) analysed 165 economies over 2012–2018 and found that the relationship between AML regulation and financial development varied across regulatory environments and thresholds. This contextual variation cautions against assuming a uniform economic payoff from stronger compliance requirements. National regulation is also distinct from the internal organisational processes through which commercial banks implement it. The present study accordingly treats policy assessments as one element of an AML system rather than a direct measure of national regulatory effectiveness.

The empirical literature thus supports three connected propositions: internal controls may be associated with risk and performance outcomes; implementation depends on employees and oversight; and the wider institutional environment shapes compliance capacity. What remains insufficiently established is the separate relationship of internal AML policies with perceived performance across South Sudan's commercial banking frame. The present study addresses that contextual and analytical gap by estimating a policy-only model and a model adjusted for due diligence, reporting and audits, while using implementation accounts to interpret aggregate assessments.

2.3 Conceptual framework and operationalization

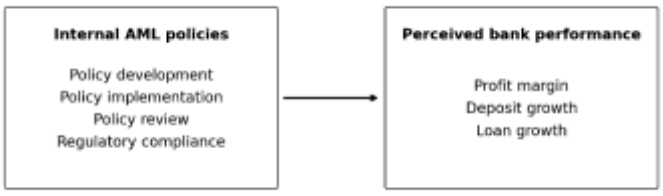


Figure 1. Relationship between internal AML policies and perceived bank performance. Indicator groups are adapted from the thesis conceptual framework.

Internal policies comprised four indicators: policy development, policy implementation, policy review and regulatory compliance. Policy development concerned the formulation of AML guidelines informed by emerging threats and risk assessments. Implementation concerned communication, enforcement, monitoring and the resources required to apply those guidelines. Policy review concerned periodic evaluation and incorporation of regulatory and operational changes. Regulatory compliance concerned alignment with local and international AML requirements. The indicators were measured using five-point agreement statements, with higher ratings representing more favourable assessments of internal policies.

Perceived performance was assessed through eight original statements on AML-related profitability, operational risk, trust and deposits, customer acquisition, deposit discouragement, secure lending, loan growth and responsible lending. The negatively framed deposit-discouragement item (P5) loaded .869 on the second component and .031 on the first; it was excluded from the reported regression outcome, leaving P1–P4 and P6–P8. The reported component solution provides a statistical basis for separating P5, although the item may reflect a substantive customer-access concern as well as negative wording. Reverse coding would change its direction but would not establish that it measures the same dimension. The exclusion narrows the regression outcome to perceived positive AML-related performance. The eight-item alpha and component statistics reported below do not measure the reliability or structure of the retained seven-item score.

3. METHODOLOGY

The study adopted a postpositivist orientation, treating measurement and statistical relationships as provisional evidence subject to error and contextual qualification (Creswell & Creswell, 2018). A cross-sectional survey combined structured ratings with supplementary open-ended questions. The quantitative component described assessments and estimated associations at one point in time; qualitative responses clarified practical implementation conditions. The institutional frame comprised 25 licensed operational commercial banks in South Sudan. All institutions in that frame were targeted, while officer selection within banks was purposive. Fourteen relevant officer positions per institution were targeted, giving 350 invitations. The achieved sample comprised 332 questionnaires, a response rate of 94.86%. Respondents occupied roles relevant to management, operations, risk and compliance. The response rate describes returns among invited officers; purposive selection does not establish representativeness of all bank employees. Officers from the same bank may share organisational conditions, creating dependence in their responses.

A structured questionnaire elicited policy and related AML assessments using five-point Likert responses from strongly disagree (1) to strongly agree (5). Performance questions asked respondents to assess benefits or constraints attributed to AML compliance. Open-ended questions elicited experiences of policy implementation. Questionnaires were administered electronically through Google Forms. The source study reported ethical clearance from the Technical University of Kenya scientific and ethics review committee; responses were treated confidentially. Only aggregate results and anonymised accounts are presented here.

Descriptive statistics summarised agreement percentages, item means and standard deviations. Cronbach's alpha assessed the internal consistency of the measurement scales. The Kaiser–Meyer–Olkin statistic and Bartlett's test evaluated the adequacy of the item correlation matrices for principal component analysis. Component extraction summarised the dimensional structure of the policy and performance instruments. Regression diagnostics examined composite distributions, the distribution of standardised residuals, residual dispersion and collinearity among the predictors.

Pearson correlation measured the direction and strength of linear associations among the composite scores. Ordinary least squares regression estimated the policy-only relationship and the relationship adjusted for customer due diligence, suspicious transaction reporting and compliance audits. The two specifications distinguished the overall policy association from its contribution conditional on related AML practices. Open-ended responses were analysed thematically using NVivo to identify patterns in policy development, implementation and review. The regression results are reported using the conventional standard errors presented in the study. Officers were nested within commercial banks, but the available regression output used conventional standard errors. The reported tests therefore do not adjust for possible within-bank dependence.

4. RESULTS

4.1 Response profile and descriptive findings

Of the 332 respondents, 80.1% were aged 26–45 years and 60.5% were male. The demographic profile describes the achieved sample; it does not establish the distribution of the wider workforce.

Table 1. Descriptive assessments of internal policies

Complete questionnaire statement	Agreement (%)	**Mean**	**SD**
The bank aligns its internal policies with both local and international AML regulations.	79.5	4	1.2
Policies adhere to international AML compliance standards.	79.3	4	1.2
Policy reviews incorporate updates from regulatory and operational changes.	79.2	4	1.1
AML policies are effectively communicated to all staff.	79	4	1.2
The bank complies with AML regulations by enforcing policies across its network.	78.9	4	1.1
Policy development aligns with comprehensive AML risk assessments.	78.6	4	1.2
The bank monitors the implementation of policies to ensure compliance.	78.3	4	1.1
The bank conducts periodic reviews of AML policies to ensure relevance.	78.1	3.9	1.2
The bank regularly develops policies to address emerging AML threats.	77.8	3.9	1.2
The regulatory framework is clear and aids in the effective implementation of AML policies.	76.9	4	1.1
Adequate resources are allocated for successful policy execution.	72.3	3.9	1.1
Reported aggregate	78	3.97	1.15

Policy assessments were generally favourable, with a reported aggregate item mean of 3.97 and agreement of 78.0%. Regulatory alignment received the highest agreement (79.5%), while resource adequacy received the lowest (72.3%). The latter also attracted 15.1% neutral and 12.6% negative responses. This pattern suggests stronger endorsement of policy arrangements than of the resources supporting implementation. Similar item means conceal variation in agreement, making resource provision a relevant practical concern.

Table 2. Descriptive assessments of perceived performance

Complete questionnaire statement	**Agreement**	**Mean**	**SD**
P1. AML compliance measures have significantly increased the bank's profitability.	75.6	4.1	0.9
P2. AML compliance has reduced operational risk that could affect profits.	96.4	4.4	0.6
P3. AML compliance has fostered customer trust, leading to higher deposits.	81	4.1	0.8
P4. Increased compliance efforts have attracted more customers.	70.1	4	0.9
P5. AML measures discourage customers from depositing funds.	48.5	3.3	1.2
P6. AML compliance has facilitated secure and sustainable loans.	79.2	4.1	0.8
P7. The bank's loan portfolio has grown due to confidence in AML practices.	67.5	3.9	0.9
P8. The bank’s AML framework supports responsible lending practices.	85.2	4.1	0.9

Reported aggregate	—	4	0.875

Perceived performance received a reported aggregate mean of 4.00. Operational risk reduction attracted the strongest agreement (96.4%; mean = 4.4), followed by responsible lending (85.2%) and trust-related deposits (81.0%). Customer acquisition (70.1%) and loan growth (67.5%) received lower endorsement. Meanwhile, 48.5% agreed that AML measures discouraged deposits, compared with 31.3% disagreement and 20.2% neutrality. The findings combine perceived protective benefits with a material customer-facing concern; the original scale is not a uniformly positive assessment of all compliance consequences.

4.2 Reliability and component analysis

Table 3. Internal consistency and exploratory component results

Measure	Internal policies	Perceived performance
Reported original item count	12	8
Cronbach's α	0.972	0.752
KMO	0.975	0.86
Bartlett significance	p < .001	p < .001
Components retained	1	2
Variance explained (%)	77.806	67.373

Note. Policy descriptive and loading tables contain 11 items. Performance statistics refer to the original eight-item instrument, not the retained seven-item regression outcome.

Internal policies recorded Cronbach's α = .972 and the original performance instrument α = .752, indicating high and acceptable internal consistency, respectively. KMO values were .975 for internal policies and .860 for performance, while both Bartlett tests were significant (p < .001). One policy component explained 77.806% of variance. The original performance instrument yielded two components explaining 67.373% of variance. The very high policy alpha indicates strong item consistency.

Table 4. Reported principal component loadings

Internal policy item	Component 1	Performance item	Component 1	Component 2
IP1	0.876	P1	0.784	-0.242
IP2	0.894	P2	0.7	0.186
IP3	0.883	P3	0.811	-0.276
IP4	0.883	P4	0.816	-0.227
IP5	0.884	P5	0.031	0.869
IP6	0.835	P6	0.77	0.187
IP7	0.899	P7	0.858	0.017
IP8	0.882	P8	0.663	0.426
IP9	0.884	—	—	—
IP10	0.878	—	—	—
IP11	0.902	—	—	—

The reported policy loadings ranged from .835 to .902, indicating strong associations between the items and the extracted component. For performance, P5 loaded predominantly on the second component (.869), with a loading of .031 on the first. P5 addresses a potential cost of AML measures and is negatively framed, whereas the other items describe perceived benefits. The separate loading pattern supports the reported decision to exclude it. The regression outcome consequently describes perceived benefits rather than the full range of AML-related effects.

4.3 Diagnostic assessment

Table 5. Composite distribution and response-timing statistics

Assessment	Internal policies	Perceived performance
Shapiro–Wilk W	0.994	0.997
Shapiro–Wilk p	0.236	0.806
Skewness	−.275	−.117
Kurtosis	0.184	−.265
Early–late response test	t(330) = −.760; p = .448	Not supplied

Internal policies and perceived performance showed approximately symmetric composite distributions. Their Shapiro–Wilk statistics were .994 (p = .236) and .997 (p = .806), respectively, with skewness and kurtosis close to zero. The standardised residual histogram was concentrated around zero (mean approximately 0; SD = .994; N = 332) and broadly followed the overlaid normal curve, although several observations extended into the negative tail (Figure 2). The residual distribution therefore showed an approximately normal central pattern with some tail departures.

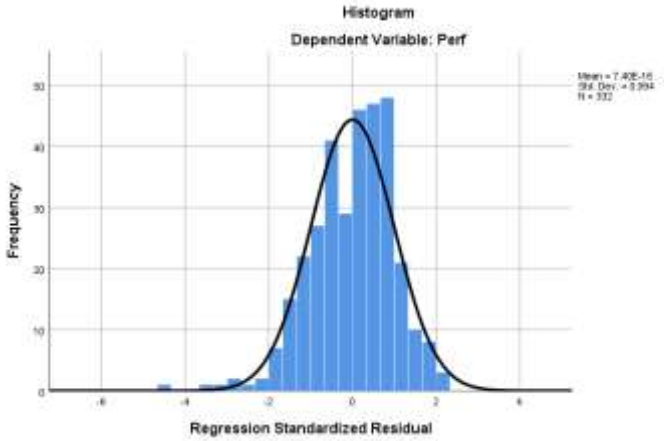


Figure 2. Histogram of standardised regression residuals from the thesis diagnostic analysis.

The residual-versus-predicted plot showed observations above and below zero without a consistent widening or narrowing of the vertical spread (Figure 3). Parallel descending bands were visible, together with several large negative residuals. The absence of a pronounced funnel pattern provided graphical support for approximately constant residual variance, while the negative residuals indicated individual departures from fitted performance values.

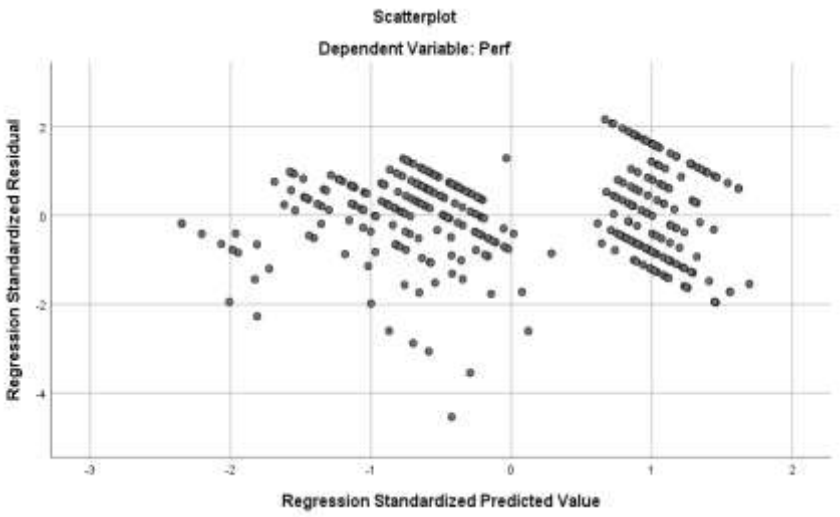


Figure 3. Standardised residuals against standardised predicted values from the thesis diagnostic analysis.

The thesis collinearity analysis reported tolerance values of .410 for customer due diligence, .429 for suspicious transaction reporting, .675 for compliance audits and .440 for internal policies. Corresponding VIF values were 2.438, 2.332, 1.481 and 2.272. These values indicate moderate linear overlap among the AML predictors, with each VIF below 5 and each tolerance above .10. Internal policies therefore showed no evidence of severe collinearity in the reported diagnostic specification. These values derive from the broader diagnostic specification reported in the thesis and are not recalculated for the two models presented here.

4.4 Correlation analysis

Table 6. Pearson correlations among study variables

Variable	1	2	3	4	5
1. Perceived performance	1				
2. Customer due diligence	0.793(< .001)	1			
3. Suspicious transaction reporting	0.571(< .001)	0.402(< .001)	1		
4. Compliance audits	0.419(< .001)	0.227(< .001)	0.563(< .001)	1	

Note. N = 332. Two-sided p-values appear in parentheses beneath off-diagonal correlations and use conventional respondent-level inference.

Internal policies correlated positively with perceived performance ($r = .620$, $p < .001$). Policies were also correlated with reporting ($r = .688$), due diligence ($r = .494$) and audits ($r = .429$), indicating overlap among AML assessments. The adjusted regression therefore estimates whether the policy association remains after accounting for those related practices.

4.5 Regression analysis

Table 7. Model fit

Statistic	Model 1: policies only	Model 2: adjusted
R	0.62	0.854
R^2	0.384	0.73
Adjusted R^2	0.382	0.727
Standard error of estimate	0.46555	0.3096
F statistic	F(1, 330) = 205.621	F(4, 327) = 221.032

Model p	< .001	< .001
N	332	332

Table 8. Regression coefficient estimates

Model / predictor	B	SE	β	t	p
Model 1					
Constant	2.567	0.103	—	24.962	< .001
Internal policies	0.36	0.025	0.62	14.339	< .001
Model 2					
Constant	1.854	0.111	—	16.675	< .001
Internal policies	0.093	0.024	0.159	3.791	< .001
Customer due diligence	0.3	0.016	0.63	18.966	< .001
Suspicious transaction reporting	0.093	0.03	0.133	3.056	0.002
Compliance audits	0.122	0.032	0.133	3.812	< .001

The policy-only model explained 38.4% of respondent-level perceived-performance variation. A one-unit increase in the policy score was associated with a .360-unit increase in the outcome ($\beta = .620$, $p < .001$). In the adjusted model, the policy coefficient remained positive ($B = .093$, $\beta = .159$, $p < .001$), while explained variation increased to 73.0% of the respondent-level perceived-performance score. Due diligence had the largest standardised association ($\beta = .630$). The smaller adjusted policy coefficient indicates shared explanatory information among AML practices; it does not establish mediation. The null hypothesis was rejected using the reported conventional standard errors; inference does not account for possible dependence among officers within banks.

4.6 Qualitative findings on policy implementation

Open-ended responses provided qualitative context on policy implementation. The reported analysis identified six themes: training and awareness, periodic review, risk-based customer management, accountability, technological coordination and resources. The themes summarise the experiences recorded in the source study.

Table 9. Themes from open-ended policy responses

Theme	Reported implementation concern	Interpretive connection
Training and awareness	Regular training and staff awareness of requirements.	Communication and capability
Periodic review	Continuous revision as requirements and risks change.	Monitoring and adaptation
Risk-based customer management	Customer reclassification, record updates and attention to politically exposed persons.	Risk assessment and control activities
Accountability	Clear responsibilities, consistent branch application and implementation monitoring.	Control environment
Technology and coordination	Cooperation between information technology and risk functions.	Information flows and application
Resources	Funding, systems and personnel to sustain implementation.	Capacity across control components

Training and awareness accounts described a need for continuing staff preparation, including regular training and communication of requirements. Review accounts emphasised updating procedures as rules and risks evolve. These themes distinguish having an approved policy from maintaining staff capability to apply it. They are

consistent with COSO's information and communication and monitoring components. In the source study, one respondent recommended "regular training" (R003), while another referred to "continuous review" (R006). Risk-based customer management accounts concerned classification, record maintenance and politically exposed persons. Accountability accounts focused on clear responsibilities and consistency across branches. These concerns show how policy quality depends on routine decisions and supervision. Coordination between technology and risk functions was also described as necessary for translating requirements into workable systems. Resource accounts identified funding, personnel and systems as supporting conditions. A respondent also stated that the "IT and risk team should work hand in hand" (R007), illustrating the coordination theme. Resource constraints formed a distinct implementation theme. Respondents identified funding, personnel and information systems as necessary for applying policy requirements. This finding corresponded with the descriptive results: resource adequacy received the lowest agreement among policy statements (72.3%), with 15.1% neutral and 12.6% negative responses. The quantitative and qualitative findings thus both identified resource provision as a comparatively weaker aspect of internal policy implementation.

5. DISCUSSION

The findings indicate a positive relationship between internal AML policies and officers' perceived performance. The association remained after accounting for due diligence, suspicious transaction reporting and audits, although its standardised magnitude declined substantially. Internal policies therefore contributed separate statistical information within the adjusted model, while also sharing information with the broader AML system. The difference between the coefficients is consistent with shared variation among the included assessments; it does not establish a causal pathway or an omitted-variable bias correction. COSO provides a coherent interpretation of this pattern. Policy communication, risk alignment, implementation monitoring and review connect the framework's components through everyday organisational practice. Clear responsibilities may support consistent decisions; review may sustain relevance; and monitoring may identify deficiencies. The descriptive and qualitative findings are consistent with these processes, but the data do not identify them as causal pathways. The adjusted results should therefore be understood as evidence of connected compliance assessments rather than proof that any single COSO component raises financial performance. The performance findings also sharpen the substantive interpretation. Officers endorsed operational risk reduction more strongly than customer acquisition or loan growth, suggesting that perceived protective benefits were more prominent than commercial expansion benefits. Agreement with deposit discouragement reveals a simultaneous concern about customer access. Policies may be viewed as supporting integrity while imposing burdens on legitimate customers. This pattern supports attention to proportionate procedures and clear customer communication alongside stronger internal accountability. The positive policy association accords with evidence linking internal controls and perceived financial perfor- mance in Ghanaian rural banks (Oppong et al., 2024). Evidence concerning credit risk in Vietnam supports the relevance of controls to risk outcomes (Pham, 2021), while Ghanaian AML research highlights employee diligence as a condition of adherence (Hoffman et al., 2024). The present findings extend this discussion to AML-specific policy assessments within South Sudan's commercial banking frame. Their contribution concerns that setting and outcome, rather than a general financial return to compliance. The qualitative findings clarify the organisational conditions accompanying the positive policy–performance association. Although respondents generally endorsed policy alignment and communication, their accounts emphasised continuing needs for training, coordination, review and resources. The lower resource-adequacy rating indicates that favourable assessments of formal policy arrangements coexisted with implementation constraints. This pattern is consistent with COSO's treatment of internal control as an integrated process supported by competent personnel, communication and monitoring (COSO, 2013), and with the association between employee diligence and AML adherence reported by Hoffman et al. (2024). In South Sudan, documented supervisory and macroeconomic constraints provide the context within which these organisational requirements must be sustained (FATF, 2024; World Bank, 2025). Applied to a fragile banking environment, the COSO perspective draws attention to how policy communication, resources and monitoring must work together in practice. The findings are consistent with that interpretation, but do not test the five components separately or establish that they cause performance gains.

Several limitations qualify these findings. The cross-sectional survey cannot determine whether favourable policy assessments precede favourable performance perceptions; stronger perceived performance may also influence policy assessments, and unmeasured factors such as managerial capability and institutional resources

may affect both. The same officers reported the predictor and outcome, creating potential for common-method variance and socially desirable responses (Podsakoff et al., 2003). The magnitude of any such bias is not established by these data. The adjusted R^2 describes the fit of the model to respondent-level perceived performance, not objective bank profitability or growth (Cameron & Miller, 2015).

6. CONCLUSION AND PRACTICAL IMPLICATIONS

Internal AML policies were positively associated with perceived bank performance among the surveyed officers, including after adjustment for related AML practices. The evidence supports treating policies as part of an integrated organisational control system whose practical value depends on communication, accountability, review and resources. It does not establish a causal improvement in financial results.

Bank management should connect policy approval with recurring staff training, clear responsibility for implementation, documented review cycles and follow-up of monitoring findings. Resource planning should cover personnel, information systems and coordination between risk and technology functions. Customer-facing procedures should remain risk-sensitive and understandable, particularly given reported concerns about deposit discouragement. Supervisory engagement can reinforce consistent implementation and corrective action. Future research should reconcile the policy instrument, validate the retained performance score and link independently measured controls with subsequent financial and operational outcomes.

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