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### RESEARCH ARTICLE

## PREVENTION AND REGULATION OF MONEY LAUNDERING: A LEGAL QUAGMIRE

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#### Abstract

Indeed, money laundering is a global issue that poses a significant threat to the fiscal and political security of member countries worldwide. While money laundering is a worldwide problem, it has become increasingly clear that developing nations are particularly susceptible to it in recent years. Different countries, including India, have taken the initiative to curb this global menace, but have their actions yielded substantial gains? This assessment aims to evaluate the specific impact and contours of money laundering with its attendant nuances in fiscal regulation and accountability across the board. The objective of this paper is to examine the phenomenon of money laundering and its impact on fiscal and political development in developing nations compared to those in the developed world, as well as the regulations that have been established in this context. In developing this paper, primary sources were used extensively, and secondary sources were cited when appropriate to enable this research work. The study adopts an analytical approach to assess real-time achievements through regulatory wherewithal existing in selected countries, basing its findings on data gathered therefrom, where money laundering has been effectively addressed, paving the way for a global effort to curb this phenomenon.

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#### Introduction:-

The laundering of illicit money, especially that from organised crime, is a worldwide problem<sup>1</sup>. Money laundering refers to the practice of hiding the origins of money that has been obtained through illegal means<sup>2</sup>. Efforts are taken to conceal these proceeds, or cash is made to look respectable to hide the property's illegal origin. By going through

<sup>1</sup> Ahuja, D., Bhardwaj, P., & Madan, P. (2023). Money laundering: A bibliometric review of three decades from 1990 to 2021. *Smart Analytics, Artificial Intelligence and Sustainable Performance Management in a Global Digitalised Economy*, 110, 55-72.

<sup>2</sup> Gupta, A., Dwivedi, D. N., & Shah, J. (2023). Overview of money laundering. In *Artificial Intelligence Applications in Banking and Financial Services: Anti Money Laundering and Compliance* (pp. 1-11). Singapore: Springer Nature Singapore.

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a series of "washing" operations, "dirty" money is transformed into legitimate "clean" currency.<sup>3</sup> The money launderer then has the freedom to invest or spend the money on whatever he or she pleases without fear of repercussions from law enforcement<sup>4</sup>. Under the money laundering activities, a lot of people have been duped, and many companies have been shut down. Even in the presence of Preventive laws and measures to arrest money laundering tentacles, it continues to be rampant and ever-growing<sup>5</sup>.

The paper is broken up into four parts, the first of which is an explicit assessment of the effect of money laundering on the financial and economic security of nations. The subsequent chapter analyses how money laundering affects the political process and stability in nations, focusing on the role that corruption and organised protest play in these areas. The third section serves as a resource on the regulations that have been passed to battle money laundering. The final section of the paper presents an argument in favour of standardised international regulations to fight money laundering.

### **Money Laundering: Its Nature and Scope**

The purpose and Scope of Money laundering are "cleaning tainted money", and it resembles laundry, which in turn requires hiding and cycling. Money laundering is the practice of turning unlawful, illegitimate, or inhumane funds or property into legal ones<sup>6</sup>. The UN's 1988 Vienna Convention<sup>7</sup> and 2000 Palermo Convention defined money laundering<sup>8</sup>. Vienna Convention Art 3(b) and (c) state that the conversion or transfer of property, knowing that such property is derived from any wrongdoing or crimes [related to drug trafficking] or from an act of participation in such offenses, to conceal or disguise the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such offenses to evade the legal consequences of his action<sup>9</sup>. This convention also covers concealing or disguising the source, location, disposition, movement, rights to, or ownership of property, knowing that it is derived from an offense or offenses from an act of participation in such an offense or offenses; and acquiring, possessing, or using property, knowing at the time of receipt that it is derived from an offense or offenses<sup>10</sup>.

Likewise, Palermo Convention (2000) Art 6(i) states comprehensively regarding money laundering, mandating that each State Party to the convention shall adopt, by fundamental principles of its domestic law, such legislative and other measures as may be necessary to establish as criminal offences, when committed intentionally<sup>11</sup>. The conversion or transfer of property, knowing that such property is the proceeds of crime, to conceal or disguise the illicit origin of the property or of helping any person who is involved in the commission of the predicate offence to evade the legal consequences of his or her action.<sup>12</sup>

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<sup>3</sup> Rusanov, G., & Pudovochkin, Y. (2021). Money laundering in the modern crime system. *Journal of money laundering control*, 24(4), 860-868.

<sup>4</sup> Cox D (Handbook of Anti Money Laundering | , 2012) <<https://onlinelibrary.wiley.com/doi/book/10.1002/9780470685280>> accessed 2 July 2023

<sup>5</sup> Das, A. (2022). Changing Dimension of Economic Offences: A Shift from Money Laundering to Cyber Laundering. Part 2 *Indian J. Integrated Rsch. L.*, 2, 1.

<sup>6</sup> Georgieva, N. (2020). Concept, definition and characteristics of the money laundering phenomenon. *Journal of Process Management–New Technologies, International*, 8. Georgieva, N. (2020). Concept, definition and characteristics of the money laundering phenomenon. *Journal of Process Management–New Technologies, International*, 8.

<sup>7</sup> Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988, An Act to provide for detention in certain cases for the purpose of preventing illicit traffic in narcotic drugs and psychotropic substances and for matters connected therewith.

<sup>8</sup> The 2000 Palermo Convention, officially known as the United Nations Convention against Transnational Organized Crime (UNTOC), defines money laundering as the conversion or transfer of property, knowing it's the proceeds of crime, to conceal its illegal origin or to assist those involved in the crime.

<sup>9</sup> UN Vienna 1988 Convention

<sup>10</sup> UN Vienna 1988 Convention

<sup>11</sup> Each State Party shall ensure that its domestic legal system contains measures that offer victims of trafficking in persons the possibility of obtaining compensation for damage suffered.

<sup>12</sup> United Nations Convention Against Transnational Organized Crime And The Protocols Thereto 2000

### Notion of Money Laundering

Money Laundering is a concept that is of recent origin. Money laundering is a kind of crime that is not taken seriously at first glance by anyone in the world. It is a modern crime about other traditional crimes. As such, it is not a crime against any individual; in contrast, it is a crime against nations, the economic régime, the rule of law and the world at large. According to noted economist Robinson:<sup>13</sup>

Money laundering is called what it is because that perfectly describes what takes place- illegal or dirty money is put through a cycle of transactions or washed, so that it comes out the other end as legal, or clean money. In other words, the source of illegally obtained funds is obscured through a succession of transfers and deals so that those same funds can eventually be made to appear as legitimate income.

Money laundering has become a global threat. The aim of a large number of criminal acts is to produce profit for the individual or group that carries out the act, and then also to hide the source or the destination of the money. Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of grave importance, as it allows the illicit groups to enjoy these revenues without exposing their source<sup>14</sup>.

### Stages of Money Laundering

It is a very complicated process to clean dirty money. It takes tricks from the devil to make dirty, illegal, and illegitimate money look clean and legal. The UNODC has found that there are three stages to money laundering. These are placement, layering, and integration<sup>15</sup>.

- **Placement:** During this first step, money that was illegally earned is put into the financial system. It shows how money is moved from where it came from, such as through currency smuggling, banks helping out, currency exchanges, securities brokers, mixing funds, and buying assets.
- **Layering:** Layering is like putting too much soap in the washing machine. The main goal of money laundering is to make money laundering hard to find and hard to figure out. This is done in a number of ways, such as by turning cash into money instruments, mixing money, and selling and buying valuable assets and real estate.
- **Integration:** In the last step, illegal funds are added to the financial system. It lets money that has already been cleaned into the economy, mostly through the banking system, so that it looks like normal business earnings. Some of the ways are buying and selling real estate, using front companies or "Shell" companies, getting foreign banks to help, and using false or fake import/export invoices<sup>16</sup>.

### Impact of money laundering on economic and financial stability

It is well-established that money laundering hinders economic growth by causing harm to vital financial sector organisations, encouraging criminal activity and unethical practices that dampen productivity in the real economy. The drug trade and terrorist groups are the primary targets of global anti-money laundering efforts. When drug money is successfully cleared, it only encourages greater drug use, criminal activity, and even physical violence. A simple example of the complexity that exists between money laundering and terrorism is the practice of terrorists moving cash so that authorities can't track their activities and stop their planned strikes. Not only does money laundering occur in the world's major financial markets and maritime hubs, but it is also an issue in developing economies<sup>17</sup>. Money laundering becomes more plausible as emerging markets further liberalise their economies and financial sectors. Besides causing substantial swings in international capital flows and exchange prices, the unpredictable shifts in money demand that result from money laundering also affect the global economy as a whole<sup>18</sup>.

<sup>13</sup> Jeffrey Robinson, *The Laundrymen - Inside Money Laundering, The World's Third Largest Business*, 2008.

<sup>14</sup> Vandana Ajay Kumar. (2012) Money Laundering: Concept, Significance and its Impact - European Journal of Business and Management [www.iiste.org](http://www.iiste.org) ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol 4, No.2, 2012

<sup>15</sup> Azhar, S. (2006) Governance of money laundering - JSTOR. Available at: <https://www.jstor.org/stable/41260672>> accessed 2 July 2023

<sup>16</sup> Richa Kistoo, ANILLA PARBATEE SINDY EMRITH, Money Laundering Available at: <https://independent.academia.edu/anillaparbatee>

<sup>17</sup> 'THE IMF AND THE FIGHT AGAINST MONEY LAUNDERING AND TERRORISM FINANCING' <<https://www.imf.org/en/About/Factsheets/Sheets/2023/Fight-against-money-laundering-and-terrorism-financing>>

<sup>18</sup> 'The Fund's Involvement in AML/CFT' (Anti-money laundering/combating the financing of terrorism (AML/CFT) - topics) <<https://www.imf.org/external/np/leg/amlcft/eng/aml1.htm>> accessed 2 July 2023

It's more common in low-risk money laundering countries. The familiar economy-to-national economy ratio is high in countries with no laundering laws, a system that stores bank or customer data, and stringent financial secrecy. Launderers can easily move money. Consumption, especially luxury expenditure, is rising due to rapid and unregulated money inflow. Increases in exports, imports, foreign payments imbalance, inflation, interest, and unemployment may be substantial<sup>19</sup>. Fake money laundering signals discourage developing countries from addressing budget deficits and excessive inflation, affecting the economy's management. Globalisation affects market stability, and financial crises in one country can affect others. Central banks affect monetary policy based on money demand predictability. Black money on money demand causes central bank policy failures. Consequently, financial volatility can hurt real industries. So, enterprises need international investors. Money laundering nations struggle to attract foreign investors. Rational entrepreneurs will evaluate the country's risk when investing in the country due to currency instability produced by black money in the banking system. Investment rates will not rise if legal money flees the nation. Therefore, growth will fall sustainably. Investors avoid high-money nations.<sup>20</sup> Fighting black money reassures investors and attracts foreign capital. Investors will rise due to the struggle, boosting growth and the economy<sup>21</sup>.

Additionally, tax revenue dominates public revenues. If this income is low, governmental revenues may not cover public expenditures, causing budget deficits. Black money is untaxed. Gains will lower tax collections. Borrowing is the first option for a state with falling tax revenues. Government crowding-out reduces private sector productive investments by attracting productive investors with borrowing. Borrowing raises bond values and market interest rates, causing several issues. Emissions policy reduces deficits. This policy yields comparable effects. Both decisions hurt the economy<sup>22</sup>.

As a consequence, financial institutions unwittingly exploited in money laundering may experience sudden changes in assets and obligations, putting them in danger. Public authorities notice these banking institutions' money laundering. If so, these institutions' reputations would suffer, and auditing pressure will rise<sup>23</sup>.

### **Impact of money laundering on political stability and governance**

Laundering money is essentially the same as rewarding corrupt behaviour and illegal activity. Successful money laundering weakens the republic and the rule of law while also causing damage to the integrity of the entire society. If efforts to combat money laundering are ineffective, this will have detrimental implications not only on society but also on politics. It is likely for members of organised crime to infiltrate financial institutions, seize control of significant percentages of the economy through investment, or dishonest public officials and entire administrations<sup>24</sup>.

It is likely possible for the social fabric, the collective ethical norms, and ultimately the democratic institutions of society to become weakened as a result of the economic and political power of criminal organisations<sup>25</sup>.

"Money laundering is an issue with global significance that demands concentrated and cooperative action by a broad range of organisations," as stated in the United States' 2002 Money Laundering Strategy<sup>26</sup>. In August 2001, the

<sup>19</sup> Hendriyetty, N., & Grewal, B. S. (2017). Macroeconomics of money laundering: effects and measurements. *Journal of Financial Crime*, 24(1), 65-81.

<sup>20</sup> un Nisa, B., Shair, W., Muzammal, A., & ul Hassan, R. (2024). Economic Consequences of Anti-money Laundering Regulations: Investigating the Impact on GDP Per Capita across Global Economies. *Bulletin of Business and Economics (BBE)*, 13(3), 667-676.

<sup>21</sup> Aluko A and Bagheri M, 'The Impact of Money Laundering on Economic and Financial Stability and on Political Development in Developing Countries' (2012) 15 *Journal of Money Laundering Control* 442

<sup>22</sup> "Negative Effects of Money Laundering on the Economy" (sanction scanner) <<https://sanctionscanner.com/blog/negative-effects-of-money-laundering-on-the-economy-132>> accessed 2 July 2023

<sup>23</sup> "(Gupta, Dr. Anuradha: Money Laundering and Financing of Terrorism-A Study on Methods to Fight Money Laundering in India and USA, *Journal of the Institute of Chartered Accountants of India*, volume 58, No.10, APRIL 2010...)

<sup>24</sup> (Controlling organized crime and corruption in the public sector) <[https://www.unodc.org/pdf/crime/forum/forum3\\_Art1.pdf](https://www.unodc.org/pdf/crime/forum/forum3_Art1.pdf)> accessed 2 July 2023

<sup>25</sup> "Consequences Of Money Laundering" (no date) Financial crime academy. Available at: <https://financialcrimeacademy.org/consequences-of-money-laundering/>.

Attorney General of the United States, John Ashcroft, said that "laundering constitutes a severe threat to the integrity of our financial institutions as well as to our national security." Preventing money laundering, he claimed, is 'more than a bloodless exercise in accounting':

'When we fight money laundering, we defeat organised crime. When we work together to combat money laundering, we can keep drugs off school grounds. Avoiding the potential of terrorists acquiring weapons is a primary concern for all of us. It's in everyone's best interest, as Hilary Benn put it, to assist developing nations in establishing effective processes and procedures for detecting and reporting instances of money laundering<sup>27</sup>.

### Money Laundering Regulations

Money laundering is the largest industry after international oil trade and foreign exchange<sup>28</sup>. Money laundering accounts for 2–5% of global GDP, according to the International Monetary Fund (IMF).<sup>29</sup> Money launderers concoct deceptive strategies to conceal the true nature of the money being laundered as well as its source. Title III of the United States Patriot Act, often known as the International Money Laundering Abatement and Anti-Terrorist Financing Act, addresses issues pertaining to money laundering internationally<sup>30</sup>. The PA broadened the definition of financial institutions to include credit unions and merchants who trade in futures and commodities. In addition to this, it encompassed several accounts, including demand deposits, savings deposits, asset accounts, credit accounts, correspondent accounts, and payable-through accounts. The Act gave the Treasury the authority to investigate suspicious accounts and conduct audits of financial institutions. It also gave the Treasury the authority to investigate suspicious accounts. The Act mandated that all of the financial institutions come up with anti-money laundering programmes, which need to include that there are internal rules and regulations in place, processes, and controls, an administrative officer, including employee training programs, and time-to-time audits<sup>31</sup>.

Furthermore, Governments should implement international AML mechanisms to protect financial institutions. The UN Convention against Corruption 2004 mandates sufficient financial institution regulatory and supervisory regimes and FIUs to prevent money laundering<sup>32</sup>. Article 2(1) of the International Convention for the Prevention of the Financing of Terrorism 1999 prohibits terrorism financing through unlawful funds. Hence, criminalising money laundering prevents more serious crimes by cutting off their support.

### Global Thrust To Combat Money Laundering

The Proceeds Act 2002 (PA) and its predecessors protected financial institutions from money laundering and predicate offences. The PA took steps to avoid criminal exploitation for illegal gain, as should IFFs (Illicit Financial Flows)<sup>33</sup>. Illegal gains are financial benefits from illicit operations, like financial transaction opacity. The FATF uses global AML standards to discourage stakeholders from doing business with jurisdictions that lack strong regulatory measures to combat money laundering or its predicate offences. Non-compliant jurisdictions are usually shamed by oversight authorities. For failing to prosecute money laundering, a jurisdiction could be disgraced<sup>34</sup>.

<sup>26</sup> The Office of Enforcement, US Department of Treasury, The 2001 National Money Laundering Strategy, Washington DC, US Department of Treasury, September 2001, p. 38

<sup>27</sup> Willams, D. (2008) Governance, security, and 'development': The case of money laundering, Available at: [https://www.city.ac.uk/\\_data/assets/pdf\\_file/0003/86475/D\\_Williams-Governance,-Security-and-Development.pdf](https://www.city.ac.uk/_data/assets/pdf_file/0003/86475/D_Williams-Governance,-Security-and-Development.pdf) (Accessed: March 6, 2023).

<sup>28</sup> "Money-laundering primer" (2015) Trade-Based Money Laundering, pp. 195–206. Available at: <https://doi.org/10.1002/9781119125389.app1>.

<sup>29</sup> Camdessus, M. (1998) "Reflections on the global financial system," International Studies Review, 2(1), pp. 5–28. Available at: <https://doi.org/10.1163/2667078x-00201001>.

<sup>30</sup> US Patriot Act, Section 302 (b) (1).

<sup>31</sup> Levi, M. (2002) "Money laundering and its regulation," The ANNALS of the American Academy of Political and Social Science, 582(1), pp. 181–194. Available at: <https://doi.org/10.1177/000271620258200113>.

<sup>32</sup> UNITED NATIONS CONVENTION AGAINST CORRUPTION, Available at [https://www.unodc.org/documents/brussels/UN\\_Convention\\_Against\\_Corruption.pdf](https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf)

<sup>33</sup> The term emerged in the 1990s and was initially associated with capital flight. It now generally refers to cross-border movement of capital associated with illegal activity or more explicitly, money that is illegally earned, transferred or used that crosses borders. see at: <http://www.worldbank.org/en/financialsector>

<sup>34</sup> "Pickett, S. and Pickett, J.M. (2002), Financial Crime Investigation and Control, John Wiley and Sons, New York, NY."

Third parties can ratify European Union Conventions to add to international law. The European Convention on Mutual Assistance in Criminal Cases allows letters of request for case-specific evidence. The Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime 1990, which criminalises converting, concealing, and using illicit proceeds, has helped EU law combat money laundering. The aforementioned Agreement, like the Palermo Convention, requires willful offences to protect innocent third parties<sup>35</sup>.

The Model Provisions on Money Laundering, Terrorist Financing, Preventative Measures, and Proceeds of Crime 2009 allow member nations to select whether money laundering predicate offences should include “all offences, all serious offences. It includes a comprehensive list that reflects all serious offences, or some combination of these.” So, each state can criminalise laundering major crime proceeds. The legislation has changed since drug trafficking laundering were criminalised<sup>36</sup>.

An "international anti-money laundering court" has been proposed as the International Criminal Court, which considers money laundering cases. To provide the ICC jurisdiction over money laundering proceedings, the International Law Commission could change the Rome Statute 1998. Given that unpunished launderers may have prevented certain ICC offences, the latter would be cheaper and smarter. Money laundering trials heard internationally can help States harmonise international legal laws. Money laundering is an international crime, though not always a specific crime, despite its voluntary and inconsistent nature. So, money laundering is most effectively criminalised under international law. Governments must comply with international AML laws to combat money laundering<sup>37</sup>.

### Case Study

#### FATF Legal Action Against President Pedro Fonseca

The Financial Action Task Force (FATF) has recently taken legal action against the President of a small island nation in the Pacific, Pedro Fonseca, for alleged money laundering. The FATF is an intergovernmental organisation that works to fight money laundering and terrorist financing around the world. This is a noteworthy development in the fight against financial crime, and it highlights the importance of international cooperation in this area. Pedro Fonseca has been the President of the island nation of Tropicico for the past five years<sup>38</sup>. In 2019, the FATF conducted an assessment of Tropicico's anti-money laundering (AML) and counter-terrorist financing (CTF) regime. The assessment found that Tropicico had significant deficiencies in its AML/CTF framework, including weak laws and regulations, poor implementation, and a lack of enforcement. As a result, Tropicico was placed on the FATF's "grey list" of countries with inadequate AML/CTF measures.

#### The Allegations

Following the FATF assessment, an investigation was launched into Pedro Fonseca's financial affairs. The investigation found the President had been involved in money laundering activities, including the transfer of large sums of money to offshore accounts in tax havens. It is alleged that these funds were obtained through corrupt practices, including bribery and embezzlement. The evidence was presented to the FATF, which decided to take legal action against Pedro Fonseca. The charges include money laundering, bribery, and hindrance of justice. If convicted, Fonseca could face a lengthy prison sentence and significant fines<sup>39</sup>. As part of its efforts, the FATF maintains a black list, officially known as High-Risk Jurisdictions subject to a Call for Action, and a grey list. The

<sup>35</sup> Serrano M and Kenny P, ‘The International Regulation of Money Laundering’ (2003) 9 Global Governance: A Review of Multilateralism and International Organizations 433

<sup>36</sup> Will Kenton, Anti-Money Laundering (AML): What It Is, Its History, and How It Works, Updated June 23, 2024

<sup>37</sup> Keesoony, S. (2016) “International anti-money laundering laws: the problems with enforcement,” *Journal of Money Laundering Control*, 19(2), pp. 130–147. Available at: <https://doi.org/10.1108/jmlc-06-2015-0025>.

<sup>38</sup> Tropicico is a small country, and its economy is mostly dependent on tourism and agriculture. The country has been struggling with corruption and financial crime for many years, and the government has been accused of turning a blind eye to these issues.

<sup>39</sup> The Financial Action Task Force (FATF) is an intergovernmental organisation that monitors global money laundering and terrorist financing trends. The FATF collaborates with its member states and regional organisations to develop a legal, regulatory, and operational framework for combating these threats. see Wangga, M. S. E., Tawang, D. A. D., Sabirin, A., & Esquivel, A. H. (2022). Criminal Liability of Political Parties from the Perspective of Anti-Money Laundering Act. *JILS*, 7, 229.

grey list includes countries that have committed to addressing strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CTF) regimes.

### **The Implications**

The legal action against Pedro Fonseca is significant for several reasons. Firstly, it demonstrates that no one is above the law when it comes to financial crime. Even heads of state can be held accountable for their actions if they are found to have engaged in illegal activities.

Secondly, it highlights the standing of global cooperation in the battle against financial crime. The FATF is a global organisation that works with governments around the world to develop and implement AML/CTF measures. By taking legal action against Pedro Fonseca, the FATF is sending a clear message that it will not tolerate countries that fail to take adequate steps to combat financial crime.

Thirdly, the case underscores the need for countries to have strong AML/CTF frameworks in place. Tropic's deficiencies in this area were a key factor in the FATF's decision to take legal action against Fonseca. Nations that do not have strong AML/CTF procedures in place are at risk of being targeted by criminals looking to launder money or finance terrorism.

### **The Challenges**

While the legal action against Pedro Fonseca is a positive development in the fight against financial crime, there are still numerous tests that need to be addressed. One of the major tests is the lack of political will in many countries to handle financial crime. Corruption and money laundering are often deeply ingrained in political systems, making it difficult to root out these issues<sup>40</sup>.

Another challenge is the complexity of modern financial systems. Criminals are increasingly using sophisticated techniques to launder money and finance terrorism, such as using cryptocurrencies or exploiting loopholes in international banking regulations, which poses a challenge for law enforcement agencies to keep up with developing threats.<sup>41</sup>

In spite of all these challenges, there are various initiatives that can be taken to strengthen the global fight against financial crime. One key area is international cooperation. Countries need to work together more closely to share information and coordinate their efforts to combat financial crime<sup>42</sup>.

Another important area is technology. Law enforcement bodies need to be armed with the latest tools and procedures to detect and prevent financial crime. This includes using AI and machine learning algorithms to investigate huge amounts of data and identify suspicious transactions<sup>43</sup>.

Finally, there needs to be greater transparency in financial systems. This means cracking down on tax havens and offshore accounts that are used to hide illicit funds. It also means that companies must disclose their beneficial ownership structures so that law enforcement agencies can track down those who are behind illicit activities<sup>44</sup>.

### **Conclusion:-**

As both money laundering and the financing of terrorism are global problems, the remedies must also be global. Laundering money and funding terrorist organisations both need concerted and organised efforts. Anti-money laundering and counter-terrorist financing activities include criminalising money laundering and terrorist financing, confiscating criminal proceeds, and international law enforcement cooperation. Also, it is essential to establish an

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<sup>40</sup> Markovska, A., & Adams, N. (2015). Political corruption and money laundering: lessons from Nigeria. *Journal of Money Laundering Control*, 18(2), 169-181.

<sup>41</sup> Akartuna, E. A., Johnson, S. D., & Thornton, A. E. (2022). The money laundering and terrorist financing risks of new and disruptive technologies: a futures-oriented scoping review. *Security Journal*, 1.

<sup>42</sup> Usman, N., Griffiths, M., & Alam, A. (2025). FinTech and money laundering: moderating effect of financial regulations and financial literacy. *Digital Policy, Regulation and Governance*, 27(3), 301-326.

<sup>43</sup> Subbagari, S. (2024). Counter measures to combat money laundering in the new digital age. *Digital Threats: Research and Practice*, 5(2), 1-13.

<sup>44</sup> Isolauri, E. A., Zetting, P., & Nummela, N. (2022). Emerging international compliance: Policy implications of a money laundering case. *Journal of International Business Policy*, 5(3), 384-405.

