

International Efforts to combat The Money Laundering Crome

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Abstract:

This article discusses international efforts to combat money laundering, which is one of the most significant cross-border economic crimes due to its negative influence on financial system stability. Thus, undermining the ideals of transparency and integrity. It seeks to examine the international legal and institutional framework used to address this phenomenon. Including the role of the United Nations in establishing international conventions and the contribution of the Financial Action Task Force (FATF) in setting relevant international standards and recommendations.

The study also examines various mechanisms of international collaboration, particularly in the fields of financial information transfer, enhancing supervision of banking institutions, and judicial and security coordination between states. As well as mechanisms for recovering criminal proceeds, using a critical approach to assess the effectiveness of these efforts in reducing the spread of this crime.

The study revealed that, despite their relevance in standardisation and developing international cooperation, international efforts still confront significant practical hurdles. As a result, international cooperation must be bolstered, national legislation updated, and preventive and supervisory efforts increased to provide a more efficient response to this crime in the face of rapid global change

Keywords: money laundering, transnational crime, international cooperation, and current difficulties.

1. INTRODUCTION

Money laundering is no longer just an isolated criminal act in the face of profound global economic transformations; it has evolved into a cross-border issue in which illicit interests are intertwined with economic globalisation and technological advancement. The free movement of capital, as well as the development of banking and digital systems, have contributed to the creation of a fertile environment for the spread of this crime. Thus, endangering economic stability and compromising the foundations of financial integrity and transparency on a global scale.

In the face of this expanding challenge, international initiatives have emerged as an essential strategic option, focused on cooperation and

integration among governments and international organisations. The goal is to wind up the sources of illegal funds and track their intricate paths. The United Nations has played an important role in this arena by establishing pioneering international conventions, the most noteworthy of which is the United Nations Convention against Transnational Organised Crime. Along with the efforts of the Financial Action Task Force (FATF), which developed tough international norms to tackle money laundering and terrorist financing, it has become an international model for states when developing legislative and regulatory policies.

This approach has also been reinforced by the enactment of international networks for the exchange of financial information, as well as the strengthening of judicial and security cooperation. Thus, allowing for the detection of suspicious financial flows and the recovery of criminal proceeds within the context of a common dedication to eradicating organised crime and securing the global economy.

However, the efficacy of these efforts is still contingent upon how well they keep up with technological developments and states' commitment to adhering to international standards. The central issue is the limits and efficiency of the international strategy in dealing with a crime that is intricate and ever-changing.

This paper has adopted a descriptive and analytical method. It endeavoured to review and analyse international treaties and agreements addressing the efforts against money laundering to assess their effectiveness in actually confronting and suppressing this crime.

Thus, the following question can be addressed:

Given technological and informational advancements on the one hand and disparities in legal systems between nations on the other, how much have international efforts helped to the building of a united and efficient system to combat money laundering?

Based on the issue under study, this study will be divided into three sections:

First, the United Nations has produced conventions and regulations to prevent money laundering.

Second, deals with international conventions and treaties.

Third, consider the efficiency of international anti-money laundering measures.

2. Conventions and protocols published by the United Nations to prevent money laundering

As nations throughout the world have understood the gravity of money laundering and the extensive harm it causes, they began to study the laws and actions required to combat it. The United Nations led the way in this regard, issuing various agreements and protocols and conducting multiple international

conferences under its auspices. Other international bodies also made contributions.

2.1. The 1988 Vienna Convention on the Suppression of Illegal Traffic

The 1988's United Nations Convention against Illegal trade in Narcotic Drugs and Psychotropic Substances, adopted in Vienna¹, represents the culmination of several decades of sustained efforts by the United Nations in the field of drug control². The initial treaties and their subsequent amendments were limited to calling for the criminalisation of all kinds of activity relating to narcotic drugs and psychotropic substances. That is why the need for a new approach to fighting narcotic drugs and psychotropic substances remains necessary.³

The need for a new method to combatting such activity evolved in the 1980s. With the awareness that the proceeds of such activity, as well as the cash and assets derived from them, proved to be a treacherous risk. This Convention is the initial and most significant phase in addressing the need to tackle money laundering. It is the first international legal framework to adopt specific steps to combat this crime arising from illegal drug trafficking, as well as the mutual legal cooperation that States Parties must provide in this regard.

The Convention includes the proceeds of drug-related offences without specification, comprising all illicit proceeds derived from such crimes. The Convention also covers all funds originating from drug trafficking, whether tangible or intangible; thus, it defines the offence of money laundering as 'proceeds of crime'.⁴ The Convention listed three types of conduct constituting the offence of money laundering and the use of proceeds of drug-related offence. Thus, it called for their criminalisation in Article 3, whereby it commanded States Parties to take the necessary measures⁵ in their own legislation to criminalise acts committed intentionally.⁶

¹ This Convention was adopted on 19 December 1988 in Vienna, Austria, at the conclusion of the United Nations Conference. It was opened for signature the day after its adoption, with 42 states signing it initially; this number rose over the years, reaching approximately 157 member states and signatories by the year 2000.

² These efforts began with the Single Convention on Narcotic Drugs of 1954, amended in 1973, as well as the Convention on Psychotropic Substances of 1971.

³ Suleiman Abdel Moneim, Criminal Liability of Banks for Dirty Money: The Phenomenon of Money Laundering, Dar al-Jami'ah al-Jadidah, Alexandria, p. 53.

⁴ Abd al-Fattah Bayoumi Hijazi, The Crime of Money Laundering: Between Electronic Media and Legislative Provisions, Dar al-Fikr al-Jami'i, Egypt 2006, p. 163.

⁵ Muhammad Abdullah Abu Bakr Salama, The Legal Framework of Money Laundering, Manashat al-Ma'arif, Alexandria, Egypt 2005, p. 37

⁶ Namely: 1/ Transferring or moving funds knowing that they derive from the crime of producing, manufacturing, extracting, preparing, offering for sale, distributing, transporting, importing or exporting drugs, or from participation in such crimes, with the aim of concealing or disguising the illicit source of the funds, or with the intention of helping any person involved in the commission of such offences to evade punishment. 2/ Concealing or disguising the true nature of the funds, their source, location, manner of disposal, movement or rights relating to them, knowing that they derive from one of the offences set out above, or

The Convention required States Parties to classify these acts as serious offences, punishable by severe penalties commensurate with their gravity. It also comprised numerous groundbreaking principles and provisions urging the implementation of national mechanisms to locate and track funds derived from drug-related offences. With an eye toward their eventual confiscation, and to take appropriate steps to facilitate access to banking, financial or commercial records to monitor suspicious activities. It also called on States Parties to display a high level of global collaboration in the areas of criminal investigations and trials, extradition of offenders, the execution of orders and judgements relating to the tracing, freezing and confiscation of funds, and mutual legal cooperation.¹

Although this Convention is regarded as one of the most significant international agreements reached in the battle against money laundering, yet, it is not without flaws and limitations², as evidenced by two points:

- The Convention is restricted to criminalising money laundering activities caused by drug trafficking.
- It requires that the conduct be committed purposefully in order for penalty to apply, which allows certain criminals to avoid punishment due to the difficulties of proving their knowledge of the nature of the funds and their illegal source.

The Model Law on Money Laundering and Confiscation in the Field of Narcotics was adopted by the United Nations International Drug Control Programme to provide a comprehensive legislative framework for fighting money laundering. This model law was drafted by a team of international specialists at a meeting held from 27 February to 3 March 1995, and was officially ratified in Vienna in 1995.³

The law provides novel provisions aimed at increasing the efficiency of measures to prevent and punish money laundering. With an eye on providing governments with legal procedures based on global cooperation and the adoption of suitable measures to combat the phenomenon.

The model law establishes numerous mechanisms for identifying money laundering activities, including the local financial intelligence unit and its

from an act constituting participation in such offences. 3/ Acquiring, possessing or using funds whilst knowing, at the time of receipt, that they derive from one of the offences set out above or from an act constituting participation therein.

¹-Shafiq Shawki, The Concept and Objectives of Money Laundering, and a working paper presented at a scientific symposium entitled 'Banking Secrecy and its Relationship to Money Laundering', Egypt, April 2008, Publications of the Arab Organisation for Administrative Development, 2009, p. 127

²- Abdel Fattah Suleiman, Combating Money Laundering, Al-Ma'arif Publishing House, 2nd edition, Alexandria, Egypt, 2008, p. 38

³ - Mohamed Ali Al-Arian, Money Laundering Operations and Mechanisms to Combat Them, New University Press, Alexandria, Egypt, 2005, p. 64

relationships with international and foreign units and bodies. As well as the reporting of suspected cases to the appropriate authorities and institutions.¹

The Act also specifies some situations in which judicial cooperation cannot be supplied to the requesting State² without violating banking secrecy.³

Finally, we notice that the Convention has taken care to uphold the provisions of States' domestic legislation and relevant agreements. The most important form of global judicial collaboration in addressing money laundering is the provision allowing for the transmission of criminal proceedings from one State to another for the specified offences. Particularly, in cases where such transfer is required for the enforcement of justice, and this is what local legislation must consider when considering relevant cases.

2.2. The 1988's Political Declaration

On June 10, 1998, the 20th special session of the United Nations General Assembly, known as the World Summit on Drugs, concluded with the adoption of this Declaration. 185 states attended this session. Member states agreed to make specific efforts to address laundering of proceeds from drug trafficking offences. As well as to stress the significance of supporting global and regional judicial collaboration, and to enact anti-money laundering legislation as soon as possible, no later than the beginning of 2003.

The Declaration also outlined the steps needed to build global cooperation to combat the worldwide drug problem.⁴ In this regard, the measures outlined in Resolution No. 03 of the Political Declaration urged Member States⁵ to take the necessary steps to enforce legislation in order to achieve legal effectiveness in combatting money laundering.

2.3 The Palermo Convention of 2000

¹- Khaled Suleiman, Money Laundering: A Crime Without Borders, Al-Muasasa Al-Haditha lil-Kitab, no edition, Tripoli, Lebanon, 2004, p. 101.

² Muhammad Abdullah Abu Bakr Salama, The Legal Framework of Money Laundering, Manashat Al-Ma'arif, Alexandria, Egypt, 2005, p. 113.

³- These cases are as follows: 1. If the request has not been issued by a competent authority in accordance with the law of the requesting State, or has not been duly transmitted. 2. If the execution of the request is likely to constitute an infringement of the sovereignty of the State from which assistance is sought or to prejudice its security. 3. If the offence referred to in the request is not provided for in the law of the requested State. 4. If the decision issued in the requesting State was delivered in circumstances that do not provide adequate safeguards.

- If there is a belief that the measures to be taken are directed against the person solely on account of their race, religion, nationality, political opinions, or social or economic status.

- If the request relates to an offence of a political nature or motivated by political considerations.

⁴ Abdullah Ezzat Barakat, 'The Phenomenon of Money Laundering and its Economic and Social Impacts at the Global Level', Journal of North African Economics, University of Hassiba Ben Bouali, Chlef, Issue 04, June 2006, p. 229.

⁵ Mohamed Ali Al-Arian, Money Laundering Operations and Mechanisms to Combat Them, Dar Al-Jami'ah Al-Jadidah Publishing House, Alexandria, Egypt 2005, p. 64.

This is the United Nations Convention against Transnational Organised Crime, which was opened for consensus by a resolution passed by the General Assembly at its twenty-fifth session on December 12-15, 2000.¹

The Convention requires the adoption of the necessary steps to combat organised crime.² It designated money laundering as one of four major types of offences associated with organised crime that are punishable by law. While also bolstering cooperation to prevent and combat transnational organised crime more effectively by introducing legislative measures to criminalise the laundering of proceeds from criminal activities.³

2.4. The 2003 Vienna Convention

This is the United Nations Agreement Against Corruption, which was under consideration in Vienna, Austria, from July 21 to August 8, 2003. It was adopted by the United Nations General Assembly in October 2003 and endorsed by 34 countries, including four Arab states: Algeria, Djibouti, Jordan, and Egypt.

The UN Convention against Corruption came into effect at a time when corruption was on the rise as a result of huge and quick advances in communications and information revolution. Its perils did not end with the economic, political, social, and security instability that affected national societies. They further extended to the global community, thus, eroding equality-based international relations. The Convention further declares that the fight against corruption is no longer just a domestic issue for governments, but has evolved into an international concern for the entire international community. The Convention has required national legislations to amend their provisions in order to comply with the Convention's international obligations. These include criminalising all forms of corrupt conduct listed therein, prosecuting those who commit such acts, and committing to all forms of international cooperation.⁴

3. Conventions and documents published by international groups

The conventions and protocols produced by different international institutions to combat money laundering represent one of the most significant global attempts to accomplish achievements in this field. This is regardless of whether the monies in question are extracted from drug trafficking or any other crimes.

3.1. The 1988 Basel Committee on Banking Supervision

¹- The Convention entered into force on 29 September 2003, and the number of States Parties reached 190 in July 2018.

²- Attia Fayyad, *The Crime of Money Laundering in Islamic Jurisprudence*, University Publishing House, 1st edition, Egypt 2000, p. 46.

³ - Khalid Suleiman, op. cit., p. 99.

⁴- Ahmed Mahmoud Khalil, *Organised Crime, Terrorism and Money Laundering*, Modern University Press, Alexandria, Egypt 2008, p. 33.

The central banks of Germany, Italy, Belgium, Sweden, France, Luxembourg, the United Kingdom, Canada, the Netherlands, the United States, and Japan are represented on the Basel Committee on Banking Supervision. On December 12, 1988, these nations met in Basel, Switzerland, and released a statement about preventing the use of the banking system for illegal activities, particularly money laundering.¹ They focused especially on making sure that banks and financial institutions are not used as a vehicle for money laundering.

The Basel Committee's statement seeks to persuade the banking industry to take a public position that guarantees banks play a part in the fight against money laundering by limiting certain types of suspicious financial transactions. As well as preventing the use of banking channels to launder funds derived from criminal activities, particularly proceeds from drug trafficking, terrorist financing, and theft.²

The Basel Committee released guidelines in 1990 regarding the fight against money laundering. The most significant of which was the removal of limitations on bank account confidentiality to allow supervisory authorities to swap information on suspicious accounts in accordance with specific regulations. In 1997, an initiative was started regarding the effective supervision of banks through the formulation of internal policies designed to promote professional and ethical standards. This initiative was strengthened in 1999 with the publication of a structured approach for evaluating the efficacy of banking supervision systems. One of the fundamental tenets³ of this initiative is the principle XV, which stipulates that banking supervisors must ensure that the banks under their management have efficient procedures and policies in place. Including strict 'Know Your Customer' rules, in a way that fosters high professional and ethical standards in the banking sector, thereby safeguarding the bank from being used by criminals, whether intentionally or unintentionally.⁴

Furthermore, in the aftermath of the events of September 11, 2001 in the United States, it led to worldwide agreement on the importance of combating money laundering, as it confirmed the link between terrorist financing and activities, and money laundering. Hence, The Basel Committee on Banking Supervision issued its second initiative in October 2001, dedicated to the procedures to be followed by banks to confront money laundering. It was decided that these rules would go into effect and be implemented from the beginning of 2007. This effort acted as a supplement to its first initiative in 1988.

The 2001 project aimed to address a wide range of challenges. It outlined the most effective ways for banks to identify new customers and monitor the activities of existing clients. It required financial institutions to broaden the concept of the 'Know Your Customer' principle by establishing requirements to

¹ - Abdullah Mahmoud Al-Halo, *International and Arab Efforts to Combat Money Laundering*, Al-Hali Legal Publications, 1st edition, Lebanon 2007, p. 70.

² - Abdullah Mahmoud Al-Halo, *op. cit.*, p. 71

³ - Khaled Suleiman, *op. cit.*, p. 110.

⁴ - Hayam Al-Jard, *The Tug-of-War Between Banking Secrecy and Money Laundering*, Al-Halabi Legal Publications, 1st edition, Lebanon 2004, p. 148.

be followed when dealing with new and existing customers through a series of rules and regulations.¹

The Basel Declaration regarding tackling money laundering through the implementation of a set of ethical and legal principles concerning the banking and financial sector played a significant role. Yet, it was not without certain shortcomings, the most significant of which are the Declaration's lack of binding authority and the absence of penalties for violating its provisions. Thus, this must be reassessed to fulfil the Declaration's true role.

3.2. The Financial Action Task Force on Money Laundering 1989 (FATF)

The Financial Action Task Force on Money Laundering was created by the Group of Seven Developed Countries, which included the United States of America, Canada, France, Germany, Italy, the United Kingdom, and Japan, and later became known as the Group of Eight once Russia joined.

The 15th Economic Summit of these countries was held in Paris from July 14 to 16, 1989. The Financial Action Task Force is a worldwide governmental body² that works to cultivate the political will needed to enact legislative and regulatory reforms to address money laundering. The Committee monitors members' progress in evaluating money laundering methods and countermeasures, and cooperates with other international organisations involved in combating money laundering. The Financial Action Task Force acts on both the global and domestic levels, with the passage of the United Nations Convention against Illicit Trade in Narcotic Drugs and Psychotropic Substances (Vienna 1988) and the 1988 Basel Committee Declaration.

At the domestic level, the Committee seeks to base its work on local laws and legislation relating to the fight against money laundering, whilst also calling on countries that have not yet enacted laws to combat this phenomenon to introduce legislation and laws that criminalise and curb money laundering operations.³ The Financial Action Task Force (FATF) is thus the most important international body in the fight against money laundering, with a current membership of 31, including 29 countries representing the major

¹ - Abdullah Mahmoud Al-Halo, op. cit., pp. 72–73.

These guidelines can be summarised as follows: 1. Establishing a profile of customers for whom accounts should not be opened until their true identity has been verified. 2- Periodically reviewing the customer base to avoid any risks arising from their involvement in money laundering operations. 3- Ensuring the true identity of the account holder is known and verifying that corporate and institutional accounts are not used as fronts or shell companies, to ensure they are not exploited by money launderers. - Endeavouring not to establish banking relationships with individuals holding senior or sensitive positions, particularly if they have a poor reputation for involvement in corruption, 4- Use the latest computer technology to provide continuous monitoring of customer accounts and detect any suspicious activities, whilst retaining records for at least five (5) years after the account is closed

² - Khalid Suleiman, op. cit., p. 102.

³ - Amjad Saud Qatifan Al-Kharisha, The Crime of Money Laundering, Dar Al-Thaqafa for Publishing and Distribution, 1st edition, Jordan 2006, p. 180.

financial centres of Europe, the Americas and Asia.¹ The Financial Action Task Force (FATF) performs two main roles:² establishing standards and recommendations regarding anti-money laundering measures – the Forty Recommendations – and assessing the extent to which countries comply with these recommendations.

At the domestic level, the Committee aims to establish its work on local laws and legislation relevant to the fight against money laundering. While also urging countries that have not yet passed laws to combat this phenomenon to introduce legislation and laws that criminalise and curb money laundering activities. The Financial Action Task Force (FATF) is thus the most significant organization worldwide in the fight against money laundering, with a current membership of 31, comprising 29 countries representing the principal financial centres of Europe, the America and Asia. The Financial Action Task Force (FATF) has two primary functions: developing guidelines and recommendations for anti-money laundering procedures (the Forty Recommendations) and monitoring the extent to which nations follow these recommendations.

3.2.1. The Financial Action Task Force (FATF)'s forty recommendations

To meet its mandate, the Financial Action Task Force produced its first report on February 6, 1990, which contained forty recommendations. These proposals provide a fundamental foundation for addressing money laundering through domestic and international legislative actions. The Forty Recommendations focused on the procedures to be followed to offer governments ample flexibility in choosing techniques relevant to their situations while combating money laundering. The primary concerns addressed by the forty proposals are as follows:

- Criminalisation of money laundering
- Transactional secrecy's lifting
- Cooperation in reporting suspicious transactions
- Precautionary steps, including confiscation.

3.2.2. Review and Amendments to the Forty Recommendations

As money laundering methods evolved in response to anti-money laundering measures, as well as the increasing use of modern methods in money laundering, the Financial Action Task Force (FATF) has sought to revisit its aforementioned recommendations, reviewing and amending them four times ³ to date. They are as follows:

- First Amendment (1996): This was done to stay updated with changing trends and methods of money laundering, as well as changes in anti-money

¹ - Abdul Wahab Al-Sayed Arafa, A Concise Guide to Combating Money Laundering, Dar

² - Khalid Suleiman, op. cit., p. 103.

³ - Adel Abdulaziz Al-Sun, Combating Money Laundering and the Limits of the Principle of Bank Secrecy, op. cit., p. 207.

laundrying laws. Following the review, more than 130 countries adopted these suggestions.

- Second Amendment (2001): Following the events of September 11, 2001, the Financial Action Task Force convened an extraordinary meeting in Washington to agree on steps to combat terrorist financing. On October 31, it announced eight further suggestions on counterterrorism and the drying up of its financial sources, increasing the total number of recommendations to 48. The Committee approved the additional proposals, which, along with the initial 40 recommendations, comprised the essential and comprehensive framework for combatting terrorist financing and money laundering.¹

- Third Amendment 2003: The recommendations were revised to reflect changes in money laundering offences and the procedures used to combat them.

- Fourth Amendment 2004: A ninth proposal for the physical transportation of cash was added, increasing the total number of recommendations to 49.

In light of the proliferation of weapons of mass destruction, the Financial Action Task Force's mandate was expanded in 2008 to include addressing the financing of the proliferation of weapons of mass destruction. To confront this threat, the Financial Action Task Force implemented a new recommendation designed to the systematic and effective application of targeted financial sanctions, which the United Nations Security Council requires states to implement in accordance with Chapter VII of the Charter.

In 2012, the guidelines were updated by merging the nine special suggestions into the 40 recommendations, which include comprehensive international standards for countering money laundering and terrorism financing.²

It is worth noting that the review and evaluation processes for the implementation of the 40 Recommendations were, in practice, based on specific shortcomings or deficiencies in these recommendations. This, combined with changes in money laundering mechanisms and methods, resulted in a review of these recommendations to reflect these developments. The evaluation process is currently focused on the following three areas:

- Customer due diligence as well as monitoring of suspicious cases, including areas of financial activity, customer due diligence requirements and obligations, the distinction between high-risk and low-risk transactions, the

¹ - The most important measures contained in the new recommendations, which urge states to comply with them, are as follows: 1. Implementing treaties and resolutions relating to combating and criminalising the financing of terrorism. 2- Cooperation between states to exchange information on terrorist activities and to extradite those involved to their countries of origin. 3- Financial institutions must immediately report any suspicious transactions to the authorities. 4- Freezing and confiscating funds used to finance terrorism. 5- Encouraging the prevention of so-called 'shell banks' established in safe-haven countries.

² - Khaled Suleiman, op. cit., pp. 105 and 108.

role and functions of financial intelligence units, and supervision of financial and banking bodies.

-Identifying the beneficial owner or ultimate owner of corporate transactions. In this regard, the review is conducted in light of the critical importance of ensuring that appropriate information is accessible on the persons benefiting from corporate transactions.¹

- Identifying non-banking professions and businesses. The review in this regard seeks to broaden the scope of the recommendations to include the activities of certain non-banking professions and entities associated with money laundering, such as accountants, lawyers, estate agents, and investment advisers.

The fact is that the forty recommendations include broad approaches for combating money laundering. It serves as a framework for a worldwide action program of global significance. However, it is noticed that it still lacks effective implementation by states. Therefore, multilateral cooperation and mutual legal cooperation must be stepped up in investigations into money laundering and the extradition of offenders wherever possible, given the global nature of this crime.

3.3. International Organization of Securities Commissions (IOSCO) 1992

The International Organization of Securities Commissions enacted a number of resolutions in October 1992. This was to encourage its members to take all necessary steps to tackle money laundering in financial markets² and avert the exploitation of financial intermediation operations for criminal purposes.³ The Organization produced a paper in 1998 on the fundamental principles and standards of securities regulation, which was modified in 2002. Execution of these principles aims to improve the credibility and efficiency of financial markets, as well as the integrity of their transactions. These principles included several methods to combat money laundering. They emphasised the importance of an extensive legislative structure appropriate for combating money laundering and all illegal activities. They also called for the supervisory and regulatory bodies of these markets to have the necessary legislative and executive powers to supervise all parties subject to their

¹ - The beneficial owner is the natural person who ultimately owns or effectively controls a commercial company. Algeria, in its endeavour to keep pace with international standards and ensure the transparency of its legal and financial system, and in order to fulfil its international obligations, particularly with regard to the International Working Group and relevant conventions, has issued Executive Decree No. 23-429 of 30 November 2023 concerning the National Register of Beneficial Owners of legal entities subject to Algerian law, Identifying the beneficial owner of a company or institution plays a central role as the first line of defence for the national economy, and serves as a strategic mechanism to uncover any attempts to exploit legal or financial entities for suspicious purposes in support of money laundering and terrorist financing.

²-Samir Al-Khatib, Combating Money Laundering, Manashir Al-Ma'arif, Alexandria, Egypt 2005, p. 55.

³ - Hayam al-Jard, op. cit., p. 15.

authority, as well as the ability to cooperate and exchange information with similar foreign institutions.¹

3.4. The Egmont Group of Financial Intelligence Units (1995)

This organization was founded in Brussels, Belgium, in 1995. Its present membership consists of anti-money laundering units from 107 countries, including six Arab governments. The Group's efforts are centered on enhancing cooperation and information exchange among national units globally. The Group has met a number of milestones, including:²

- Creating a specialised system for information exchange between national units over the internet.
- Offering technical, institutional, and organisational support to national entities.
- Issuing norms governing the terms and conditions of information sharing among national units.

These 13 principles, issued in 2001, provide a framework for the exchange of information between member state units, promoting activities related to the exchange of information for the common good. As well as defining the associated procedures, conditions, and responsibilities of the parties involved, and the conditions necessary for the use of the exchanged information.³

The Egmont Group has four working groups in various subjects,⁴ which include:

*The Outreach Working Group's mission is to promote the Egmont Group's concept globally, collect information on prospective countries, evaluate candidate countries, and perform visits to them.

* Legal Working Group: Its responsibilities include receiving written recommendations on candidate countries and undertaking a final review to confirm that the candidate country meets the requirements for membership in the Egmont Group.

* The Training and Communication Working Group is responsible for presenting the most recent developments in money laundering procedures, delivering appropriate training to Group members to adapt to these developments, and delivering guidance on information technology through the Information Technology Sub-Group

3.5. International Association of Insurance Supervisors (IAIS), 2000

The International Association of Insurance Supervisors (IAIS) guidelines and principles for combating money laundering seek to establish general

¹ - Khalid Suleiman, op. cit., p. 117

² - Ibid., p. 115

³ - Hayam Al-Jard, op. cit., pp. 152–153.

⁴ - Samir Al-Khatib, Combating Money Laundering, Manashar Al-Ma'arif, Alexandria, Egypt, 2005, p. 104.

principles for how authorities in charge of supervising insurance companies and their activities should deal with financial crime issues to prevent insurance activities and operations from being used for money laundering purposes.

In October 2000, the Association announced the 17 Core Principles of Insurance, which emphasised the responsibility of supervisory bodies in combating financial crime and money laundering, as well as the need of sharing information with equivalent international authorities.¹

The most essential of these principles relating to this element are Principle 2 on licensing requirements, Principle 5 on internal control, and Principle 11 on market practices.

In December 2002, the Association produced extensive rules for insurance supervisors to combat money laundering in insurance activities, as well as other guidelines for insurance businesses and intermediaries, with a particular emphasis on life insurance activities. These guidelines stressed three fundamental needs for the legal and supervisory framework governing the activities of insurance companies, in order to ensure that this framework is successful in fighting money laundering, they are as follows:

- Insurance supervisors conduct on-site inspections and evaluate the operational records of insurance businesses and intermediaries.
- Insurance supervisors must be able to share information with internal and external parties, as well as overseas supervisory agencies.
- Ensure that insurance companies applying for licenses have effective anti-money laundering measures in place.

4. Evaluating the effectiveness of international systems in combatting money laundering.

Despite attempts to combat money laundering, significant impediments remain that hinder the eradication of actions aimed at eliminating the sources of illicit cash. Banking secrecy is regarded as the most significant of these impediments, along with the inadequacy and inconsistency of domestic legislation aimed at preventing money laundering. As well as the difficulty of adapting the law to this crime, thus, impeding investigations into it. This undermines international attempts to address the issue. As a result, the most major obstacles to combatting money laundering are outlined below:

4.1. Poor international collaboration.

The lack of a single international legislation criminalising money laundering has led into poor collaboration among states in this area, as illustrated by:

- A lack of genuine application of international norms governing the fight against money laundering.
- Different countries have different criminal laws, making an act like gambling legal in one but illegal in another.

¹ - Hayam Al-Jard, op. cit., p. 151.

4.2. Lack of an efficient information system:

The proper operation of supervisory bodies necessitates a system that aids the detection and analysis of information to combat crime; thus, a highly advanced information system is required for identifying and analysing money laundering operations.

The United States of America and Australia are among the major countries that have implemented a strong system for monitoring financial activities. As a result, the absence of a sophisticated information system in most nations is a significant impediment to combating money laundering. This must be addressed, and efforts must be made to improve the quality of the supervisory system in countries aiming to combat this crime.

4.3. Flaws in monitoring bodies

The 1988 Vienna Convention emphasised the importance of establishing and maintaining a system for monitoring international trade in order to detect suspicious transactions. Subsequently, states committed to combating money laundering have established specialised bodies. However, these agencies remain weak and under-resourced, limiting their effectiveness. This is mostly due to the variety of applicable laws and the ambiguity surrounding the functions given to various entities. As a result, there is a need to rely on sophisticated monitoring agencies and strengthen their role in accordance with the threats they confront.

4.4. Slow international collaboration

Although most nations have passed legislation governing criminal extradition, the execution of foreign judgements, and international treaties, international coordination and cooperation in the subject of extradition remains delayed due to sovereignty concerns.

4.5. Banks failure monitoring and verifying the source of funds

Banks play an important role in combating money laundering because they can monitor deposits and withdrawals, detect suspicious transactions, and report them. Thus, banks' failure to conduct rigorous monitoring and proper verification of the sources of funds presents a significant barrier to combating the crime of money laundering.

4.6. Inadequate training courses for financial sector employees

Countries face a challenge in developing people in the financial industry, as lack of competence is regarded as a major impediment to preventing money laundering. To solve this, staff at banks and other financial institutions must be trained and their capacities strengthened through regular local and international training courses on how to spot suspicious transactions, especially given current technological advancements.

4.7 Criminal techniques are changing at an ever-faster rate

Money laundering is inextricably tied to technological growth. As technology advances, so do the ways of money laundering. The internet is

regarded as a novel and simple means of carrying out multiple activities because it does not necessitate sophisticated procedures. Furthermore, electronic money is one of the most important electronic means of money laundering for a variety of reasons. The most significant of which are the ease and speed with which it can be moved across the internet in a confidential and anonymous manner, the ability to transfer funds without restrictions and at any time, and the fact that it cannot be traced or tracked.

All of this provides every government in the world with the problem of adopting the required steps to combat and reduce this crime. As a result, the use of new financial platforms, digital currencies, and bogus corporations has increased the complexity of the crime.

We conclude that the international fight against money laundering will be most effective if it shifts from a reactive to a proactive and preventive approach, from a normative to an effective mandatory system, and from formal cooperation to a genuine partnership based on trust and transparency. The true difficulty is not a lack of legal progress, but rather a willingness to apply legal principles equitably and effectively.

5. Conclusion

To summarise, it is clear that money laundering is no longer just a minor financial offence. Rather, it has evolved into a globalised criminal phenomenon that undermines state sovereignty and depletes state resources by exploiting the complexities of the international financial system and the rapid pace of digital transformation. In light of this reality, international efforts have emerged as a critical bulwark, with the international community, led by the United Nations and supported by the Financial Action Task Force (FATF), attempting to establish an integrated legal and institutional framework based on coordination, transparency, and information sharing.

However, an objective assessment of these efforts reveals that, despite significant progress in standardisation and financial supervision, technical disparities persist, and criminal networks continue to use increasingly sophisticated and complex methods. This demonstrates that the fight against money laundering is more than just a legal battle, but a continuous effort to create countermeasures and strengthen international governance.

As a result, effectively combating this crime requires a comprehensive approach that combines national and international efforts. Therefore, it is vital to:

- Align legal systems with worldwide norms in the fight against money laundering, on the one hand, and with technological and digital advancements, on the other, notably in terms of cybercrime.
- Developing current and comprehensive technical solutions on an international scale to combat the misuse of digital advancements by criminal networks, particularly the application of artificial intelligence in the study and tracking of digital currency.
- Contributing to international efforts to combat these crimes, particularly through collaboration among international experts and the organization of

additional conferences and seminars to adopt appropriate recommendations, as well as accelerating information exchange and standardising judicial procedures.

- The need to raise national and international awareness of the gravity of these crimes and their damaging impact on the national and global economies, as well as capacity building through the training of courts and security personnel.

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