MONEY Laundering is the process by which criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities and thereby have these funds enter the normal economy to make it seem as if they have been obtained legitimately.

1. Placement: The introduction of criminal proceeds into the financial system of a country
2. Layering: Moving money in the financial system to disguise its criminal origin
3. Integration: Absorbed into the financial system appearing legitimate

**Country Exposure**

- **Country**: Available for ML
- **Percentage**: Percentage of laundered funds based on top 5 criminal markets
- **United States**: 100%
- **China**: 5%
- **Japan**: 1%
- **Germany**: 1%
- **United Kingdom**: 1%
- **Others**: 7%

**Financial Crime is valued at USD4.4 trillion available for laundering.**

**Less than 1%** seized by authorities

**TOP 5**

- **Country**: Available for ML
- **Percentage**: Percentage of laundered funds based on top 5 criminal markets
- **United States**: 32%
- **China**: 11%
- **Japan**: 4%
- **Germany**: 4%
- **United Kingdom**: 4%

**Inherent ML Risk Categories**

- **Smurfing**: Wash & pass through
- **Transaction risk**: Unduly complex transactions
- **Customer risk**: High value goods dealers
- **Geographical risk**: High risk countries including sanctioned countries
- **Product & channel risk**: Foreign correspondent banking
- **Sanctioned parties**: Politically exposed persons
- **High risk third country**: Sanctioned countries
- **Arms dealers**: Arms dealers
- **Transaction risk**: Cash intensive business
- **Sanctioned parties**: Politically exposed persons

**MAJOR ML CONTROLS**

- **Transaction monitoring**
- **Customer Due Diligence (CDD)**
- **Training & awareness**
- **Governance, culture & resources**
- **Independent assurance**
- **Risk assessment**
- **Investigations & disclosures**

**CRIMINAL MARKETS**

- Fraud
- Counterfeit & Piracy
- Drugs trafficking
- Theft/Trafficking of Stolen Goods
- Environmental Crimes
- Human Trafficking
- Smuggling
- Arms Trafficking
- Currency Counterfeiting

**THE IMPACT OF HUMAN TRAFFICKING**

- Generating USD150bn profits for criminals
- 77% of victims are exploited within their own region
- 77% of women are exploited within their own region

**TOP 10**

- **Fraud**: USD2.6tn USD1.9tn
- **Counterfeit & Piracy**: USD580bn USD200bn
- **Drugs Trafficking**: USD270bn USD200bn
- **Theft/Trafficking of Stolen Goods**: USD200bn USD270bn
- **Environmental Crimes**: USD580bn USD270bn

**THE IMPACT OF HUMAN TRAFFICKING**

- Generating USD150bn profits for criminals
- 77% of victims are exploited within their own region
- 77% of women are exploited within their own region

**INHERENT ML RISK CATEGORIES**

- **Sanctioned parties**: Politically exposed persons
- **High value goods dealers**: Precious metals & stones dealers
- **Arms dealers**: Arms dealers
- **Fraud**: Smuggling
- **Cash intensive business**: High risk third country
- **Politically exposed persons**: Sanctioned countries
- **High value goods dealers**: High value goods dealers
- **Agents & intermediaries**: Overseas corruption
- **Politically exposed persons**: Cultural and historical artifacts
- **High value goods dealers**: Health care fraud

**BE DILIGENT. BE CURIOUS. BE VIGILANT.**

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