



# AML/CFT 101

# WHAT IS MONEY LAUNDERING?





# What is Money Laundering?

*“The goal of a large number of criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source” - The Financial Action Task Force (FATF)*



**Did you  
know?**

- **The estimated amount of money laundered globally in one year is 2 - 5% of global GDP. That's between \$800 billion - \$2 trillion in current US dollars!!**

*Source: United Nations Office on Drugs and Crime*





# STAGES OF MONEY LAUNDERING

## Placement

Illegal funds introduced into the financial system.

## Layering

Moving or converting funds to distance them from the source.

## Integration

Illegal funds re-enter legitimate economy.





# How does Money Laundering affect society?

## ! Enables criminal activity.

- When criminals are successful at laundering money, illegal activity becomes more profitable which fuels more crime.
- Criminals can expand their operations, which can lead to more violent crimes taking place.

## ! Encourages corruption.

- Criminals may try to bribe government officials and other officials so that they can continue to run their criminal businesses.

## ! Takes revenue away from critical sectors.

- Money laundering makes it harder for the Government to collect taxes.
- When Government spends more revenue fighting money laundering and its associated crimes, there is less revenue for sectors such as health and education.





# How does Money Laundering affect society?

## ! Undermines legitimate businesses.

- Front companies are businesses that appear legitimate but are controlled by criminals who mix illegal funds with legitimate funds.
- These businesses often sell items at much lower costs, making it harder for legal businesses to compete.

## ! Slows economic growth

- Money laundering damages the financial institutions, such as banks, that are critical to economic growth.
- Money laundering reduces the amount of foreign investment that many economies depend on.





# Why is fighting Money Laundering so important?

- ✓ Improves the function of the financial system.
- ✓ Reduces criminal activity.
- ✓ Restores funds and other property taken by criminals to victims.
- ✓ Increased economic stability.
- ✓ Better quality of life for citizens.