



Money Laundering

One of the major objectives of criminal organizations is to generate profit from their activities and when huge amounts of cash is realised, it poses problems. This is because the cash generated is neither easy to hide nor to utilize. For fear of leaving a trail of incriminating evidence, the criminal may not be able to use the "dirty" profits. To clean up the money and ensure eventual access to it, the money is passed through complex transfers and business transactions, that conceal its origins so that it appears as legitimate business profits. This process of disguising illegal profits without compromising the criminals who wish to benefit from the proceeds is known as money laundering. The principles of money-laundering are hinged on three distinct stages commonly referred to as placement, layering, and integration. At the placement stage of the cycle, the money enters into the financial system. The launderers deposit the money in financial institutions to initiate the process. This is followed by layering which involves a series of financial transactions that completely severs the ties to the crime. It may also involve the international movement of funds in a way that makes it difficult to trace. Advances in technology facilitates this process. After this comes integration. At this stage, the criminal can readily access the money through what appears to be legitimate sources. While the money laundered annually is difficult to assess because of the complexity of the laundering cycle, it is estimated that globally, money laundered on a yearly basis is in excess of trillions of dollars which, according to the United Nations, is between 2 percent and 5 percent of the global GDP. Money laundering negatively impacts economic growth which is one of the major pillars of sustainable development. Combating money-laundering in a bid to achieve the SDGs is now more urgent than ever.

The Dangers of Money Laundering:

- Money laundering is one of the drivers of corruption and organized crime.
- It is one of the channels used by corrupt public officials to conceal their ill-gotten wealth from bribes, kickbacks, public funds, etc. Developing countries lose between US\$20 billion to US\$40 billion annually through bribery, misappropriation of funds, and other corrupt practices according to the International Monetary Fund (IMF).
- Terrorist groups use money-laundering channels to fund arms acquisition that wrecks havoc and further their cause.
- According to the UN global programme against money laundering, the international narcotic trade launders a minimum of \$200 billion a year.
- Money laundering is a global threat to the integrity, reliability, and stability of financial systems and economic development.
- The achievement of the SDGs will require to a large extent the reduction in the scale of money laundering, globally.

Combating Money Laundering:

- The effort of GOPAC, a global task force on Anti-money laundering: [Learn more](#)
- A digital solution that tackles money laundering: [Learn more](#)
- A platform that helps fight money laundering and terrorist financing: [Learn more](#)
- Detecting Fraud & Anti-Money Laundering Violations In Real-Time: [Watch here](#)