

International Anti-Money Laundering Measures and Professional

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ABSTRACT: Money laundering is one of the biggest and the fastest growing problems in the contemporary world. It is seen that in legitimate economy most of the dirty money i.e. 38.6% comes from the investment fraudulent schemes, bankruptcy fraud and corporate frauds whereas, 27.5% comes from drug trafficking. This rising trend of money laundering and other financial frauds are due to several reasons, which include the activities in businesses that do not comply with professional ethics. The current research is a qualitative research that has used secondary data to derive the results. Because the study followed a deductive approach, the results of the study have been derived by utilising the existing theories and established data from published literature and different reports. The analysis of the obtained data has been conducted in the form of content analysis to attain the objectives of the current study. The findings of the study suggest that the international organisations have taken several steps to ensure the reduction of money laundering by imposing several unified acts based on the Vienna Convention and the Palermo Convention. It has also been found that ethically compliant professional activities also play an integral part against money laundering. Some of these activities have been reported as forming strong codes of conduct for monetary operations, informing the bad repercussions of participating in money laundering activities, and having proper control and management strategies in position that can have adequate monitoring on institutional improper conduct. The study recommends that every state should have regulated and monitored free trade zones as they are often used as the cornerstone of money laundering. Moreover, a centralised reporting system of the financial institutions have also been recommended, alongside the establishment of a regulatory body for the lawyers and accountants.

KEYWORDS: Money laundering, Contemporary world, Economy

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1. INTRODUCTION

1.1 Background

The activities of money laundering are based on the predicated crimes. In the world of money laundering, drug trafficking and fraud are considered the most predicted crimes. However, it is also noteworthy here that in legitimate economy most of the dirty money i.e. 38.6% comes from the investment fraudulent schemes, bankruptcy fraud and corporate frauds whereas 27.5% comes from drug trafficking [1]. Moreover, in the words of Weld [2], criminal enterprises generate funds in different ways in a myriad however the primary stage of money laundering has been identified as same for all the crimes including layering the funds with an aim to conceal the original source, placement of the criminal proceeds to any financial system and integration to the legitimate markets of finance such as credit companies, banks, real estate and broker dealers. However, to cope up with these mentioned challenges of money laundering, the international anti-money laundering (AML) initiatives and regime have been incorporated as driver to compass standardisation of the activities done by certain regulated authorities [3]. Some of the controls of AML include

software filtering, knowing your customers and implementing holding periods [4].

Furthermore, professional business ethics are also the key attributes of AML compliance measures such that they are necessary for saving the customers from the risk of getting into a fraudulent activity by effective policies and screening software [3]. One of these major aspects is also employee training to assure the implementation of business ethics such that often employees get manipulated by criminal entities and transfer black money thereby they need to be aware of identifying such customers and also assist people who are in any such problems [1]. Business ethics are also pertinent to the professional services requiring related skills to assure safety of customers from money laundering activities. These included audit and assurance activities, tax compliance work, book-keeping and preparation of periodic and annual accounts, tax planning and tax advice, internal audit and trust and company services [5]. The compliance and regulatory services need to be implemented with confidentiality, integrity and privacy to remove the possible chance of bankruptcy [4].

1.2 Problem Statement

The study by Keesoony [6] reviewed the underlying problems pertinent to money laundering and its tackling, as well as the difficulties in enforcing international laws. To assess this, researcher has identified international AML laws by using a doctrine approach to analyse of money laundering is viewed as an international crimes. Besides, comparative analysis of financial institutions has been presented to illustrate the

corruption and law enforcement they encounter. On the other hand, Imeny et al. [7] in their research analysed the case of FATF in Iran which is known as one of the well-known countries for money laundering. However, the study also shed light on the business ethics considered by Iranian banks for reporting any suspicious activity in compliance with international standards. The findings of the study suggested that AML systems are useful for banks since they take the risk based approach to criminal behaviour. However, it has been viewed that due to lack of business ethics, despite having in place the AML laws same as those in the USA and the UK, Iran has the weak enforcement of AML laws [7]. The research by Del Mundo [8] was conducted with a specific focus on how countries seek for strengthening AML laws in response to panama papers and related ethical implications. This included an analysis of the political figures, heads of states and criminal organisations exposed for tax-evading schemes and money laundering. Furthermore, as analysed in the research by Dion [1], there is a Financial Action Task Forces (FATF) which as per the standards of AML apply the legal rules to the financial industry. It is the duty of the legal professionals to take the steps of due diligence before entering throughout an engagement with the client identifying the ultimate ownership of transactions made financially.

Although the studies like Imeny et al. [7], Keesoony [6], Del Mundo [8] and Dion [1] have presented a detailed assessment on the successful or unsuccessful implementation of AML laws in specific countries or pertinent to a specific crime, a gap was observed with respect to highlighting the significant measures of AML implemented at an international level as well as challenges pertinent to its implications. Besides, the studies have reviewed how practices of money laundering are due to unethical business practices but these studies have not presented a complete overview of the essential professional business ethics for AML successful implementation. Therefore, with an aim to address the identified gap the current research was carried out by analysing all the international measures of AML and assessing the key challenges faced during its implications. The research will also be presenting different AML laws and initiatives taken at the international level to secure banks and financial institutions from any sort of fraudulent activity.

1.3 Aim and Objectives

The aim of the current research is to analyse the anti-money laundering measures internationally and to identify the relevant professional business ethics. For this purpose, following objectives have been assessed throughout this research:

- To analyse the consequences of money laundering in different payment systems.
- To identify the measures and initiatives taken internationally for anti-money laundering.
- To assess the professional ethics relevant to anti-money laundering.

- To provide the challenges faced during the implications of measures for anti-money laundering internationally.
- To provide recommendations on the certain initiatives that can be taken against practices of money laundering.

1.4 Research Questions

1. What are the consequences of money laundering in different payment systems?
2. What are the measures and initiatives taken internationally for anti-money laundering?
3. How the professional ethics relevant to anti-money laundering?
4. What are the challenges faced during the implications of measures for anti-money laundering internationally?

1.5 Rationale of the Study

According to Dion [1] and Hamin, et al. [9], the practices of money laundering are unlawful and since they have a strong connection with ethics and law. In this context, cultural relativism makes it possible for countries to deal with predicate crimes. Besides, an approach known as ethical relativism was used to design the international conventions and initiatives against the practices of money laundering. Therefore, the rationale of this study is to highlight the major international laws and initiatives that are essential with respect to mitigating the activities of money laundering. Moreover, the current study also possesses importance with respect to identifying the international laws that mitigate any sort of AML in financial institutions. The research also holds importance in terms of analysing the initiatives of AML and related challenges faced by countries while practising them in their countries.

1.6 Significance of the Study

The current study will be significant for the lawyers since there are known as the gatekeepers under the regimes of AML worldwide. This will allow them to review the several obligations pertinent to AML including record retention, customers' due diligence, compliance program and suspicious transactions in compliance with the AML regime. The study also holds importance for the journalists and investigative media persons who have a specific focus on exposing the money laundering activities and the crimes conducted by well-known politicians and heads of the states. Moreover, the research will be significant for the banks and financial institutions to identify the vital business ethics that are required to be incorporated with an aim to deal with AML activities and assure customers and clients are secure from any fraud. The study will also be vital for future researchers who aim to analyse the AML measures and relevant business ethics considered of high importance at the international level.

1.7 Definition of Key Terms

Money Laundering: An illegal process of making money in large amounts generated by the source of any criminal activity

is known as money laundering such as terrorist financing and drug trafficking [10].

Anti-Money Laundering: AML is known as the set of procedures, policies and technologies that are aimed at preventing money laundering such that various controls are put in place for the monitoring of suspicious activity involved in any sort of money laundering [1, 4].

Professional Business Ethics: The study of appropriate practices and policies regarding the controversial subjects is referred to as business ethics include bribery, fraud, corporate social responsibility, insider trading, etc. [11].

1.8 Structure of the Study

The first chapter of the study includes a detailed overview of the background, identified problem and rationale of the study. Aim and objectives are drawn as per the identified gap to present valuable research.

The second chapter contains a critical assessment of existing literature to shed light on the findings of different researchers and compare and contrast results.

The third chapter of the study includes an overview of the methods of research and techniques for data collection and analysis. The chapter will also present key ethical considerations considered while data collection and limitations to the research.

Chapter four of the research includes findings of the study followed by a discussion of the existing literature and results of this research.

The last chapter presents a summary to the findings of the study, its future implications and recommendations followed by conclusive remarks on complete research.

2. LITERATURE REVIEW

2.1 Introduction

This section is a centred comprehensive review of current literature pertaining to the concept of anti-money laundering as well as professional ethics. The fundamental emphasises of this chapter is one exploring the range of secondary sources such as peer-reviewed articles, journals, books, and news articles that can provide thorough information on international measures for addressing anti-money laundering while ensuring the implementation of professional ethics. Other than that, this section sought to present critical arguments of academic scholars, who provide detailed argumentation on the issue of anti-money laundering. Among several aspects that are undertaken in this research, this section mainly aims to highlight the relevant professional ethics that contribute to the prevention of anti-money laundering on an international level. Primarily, this chapter provides a brief overview of the concept of anti-money laundering along with professional ethics. Moreover, the consequences of money laundering in

various payment systems. The challenges faced during the implications of measures for anti-money laundering internationally are also reviewed in detail. The theoretical framework for supporting the argumentation of the literature review is presented along with identified gaps in the existing literature, which facilitated the author for conducting this research. At last, a brief summary has been presented that highlight the key arguments from the reviewed literature.

2.2 Conceptualising Anti-Money Laundering

Anti-money laundering (AML) provides a legal framework, rules, and processes aimed at preventing criminals from passing off unlawfully obtained cash as legitimate earnings [12]. On the other hand, Le Khac and Kechadi [13] cited that AML aims to dissuade offenders by making it more difficult for them to conceal illicit funds. The prior source added that money laundering is a technique used by criminals to hide their offences and the proceeds of their crimes. Financial firms mainly take initiatives under AML rules to monitor their clients' activities and notify them of any suspected financial activity [14]. In 1989, the Financial Action Task Force (FATF) was created by a collection of nations and organisations from across the world to address money laundering. Its aim is to develop and advocate worldwide standards for money-laundering prevention [15]. The International Monetary Fund (IMF) is another major player in the campaign against money laundering. The IMF, just like FATF, has urged its 189 member nations to adhere to international norms in order to prevent money laundering [16]. Markets exploitation, illicit commodities trafficking, misuse of public funds, and tax avoidance are all targets of AML standards and procedures, as these are the tactics used by criminals to hide their financial offences and the income generated from them [17].

2.3 Overview of Professional Ethics

Professional ethics refers to the individual and organisational code of behaviour that professionals are required to follow. Historically, the term professionalism referred to religious commitments [18]. In a similar context, it has been stated that professional ethics are rules that regulate an individual's or an organisation's behaviour in the workplace. Professional ethics, similar to values, establish guidelines for how an individual should interact with other individuals and organisations in a given situation [19]. Most organisations have internal rules of behaviour that employees must adhere to in order to avoid customer exploitation and maintain the organisation's credibility and image. Basically, professional ethics are for the client's advantage, as well as for the interest of others who work in that field [20]. It has been identified that disciplinary codes are one of the kinds of professional ethics that assists the organisation in building strong norms and codes of conduct to reduce the likelihood of fraudulent activity [21]. Affirming to the prior argument, Albanese [22] indicated that disciplinary codes enable a business in establishing various codes of

conduct and guarantee that all the individuals adhere to them. This permits ethically conscious professionals to work in the confidence that they will not be financially affected by those who have less moral considerations.

2.4 Consequences of Money Laundering in Different Payment Systems

Money laundering has a history of degrading financial organisations and diminishing the significance of the financial industry in economic development. It has a tradition of promoting fraud, criminality, and other illegitimate operations at the price of a nation's growth, and it has the potential to exacerbate macroeconomic uncertainty [23]. In a similar context, it has been argued that the struggle against money launderers is being led by banking institutions. However, the adverse financial implications of money laundering on socioeconomic growth are complex to evaluate [24]. Every bank is expected by the global community to conduct client verification and proper research since it is a critical control mechanism in keeping criminals from accessing the lawful business. The costs of countering money laundering and terrorist funding operations are rising steadily year after year, but they remain uninterrupted [25]. From the review of Ferwerda [26], it was found that the major adverse consequence of money laundering is its influence on the financial system's integrity. It jeopardises the legitimacy of multinational financial bodies and weakens the financial sector, putting all nations linked to the world monetary system under menace. The prior argument was supported in the investigation of Joksimovic, et al. [26], where it was mentioned that money laundering, as per the IMF, could jeopardise commercial banks' and networks' authenticity and sustainability, deter overseas investment and disrupt the global flow of capital.

2.5 International Initiatives and Measures for Anti-Money Laundering

It has been specified that money laundering is a worldwide concern, which necessitates international collaboration. In this regard, international attempts to prevent banking industry exploitation began in the late 1980s, when it was recognised that the globalisation of commerce and finance, as well as communication technologies, may make money laundering easier [28]. The prior source added that since then, combating tax evasion and money laundering has become an important component of the agenda in several global treaties. The FATF is the primary international body devoted to combating money laundering. To strengthen the previous statement, it has been mentioned that the FATF was appointed to investigate money laundering tactics and patterns, assessing steps that had previously been undertaken at the regional and international levels, and recommending additional steps to prevent money laundering [12]. The FATF since its inception has been in the frontline of initiatives aimed at combating illegal efforts to utilise the global economy for illegal purposes. Among many initiatives undertaken by FATF against anti-money laundering, one of them was the criminalisation of money laundering [13]. However, the study of Kemal [14] comprehended that

confiscation and seizing the transactions pertaining to money laundering were few other measures suggested by FATF to combat money laundering on an international level.

2.6 Professional Ethics Relevant to Anti-Money Laundering

In general, rules against money laundering necessitate a high degree of professional ethics on the side of practitioners. Many professions, such as lawyers, auditors, and bankers, are frequently suspected of participating in money laundering [29]. In reality, legal firms are alleged of acting as a trustworthy link between criminal organisations and financial entities and groups. The commonly cited scenario is legal firms opening accounts for clientele at banks with whom they already have a connection, ensuring that the integrity of a client at a legal firm is not brought under doubt [30]. Accountants and other personal representatives are rarely out of the attention when it comes to money laundering, and for excellent purpose: their poor amount of questionable reports, despite the fact that their primary business revolves around money and extensive understanding of financial practices [31]. To reduce the likelihood of anti-money laundering by the auditor or any other financial professional, it is the most critical responsibility for an organisation to maintain its credibility; as when corporate malpractice occurs, the credibility of the industry is compromised [32]. Few of the highlighted professional ethics against money laundering are forming a strong code of conduct for financial transactions, inform the negative of consequences of engaging in money laundering operations, and have proper monitoring and controlling tactics in place that can have sufficient surveillance on organisational misconduct, especially in any financial firm [33].

2.7 Challenges Pertinent To Anti-Money Laundering

The growing body of literature indicated a range of challenges relevant to anti-money laundering. A few of these challenges are lack of competent personnel and extensive governance, which are explored below:

2.7.1 Lack of competent personnel

It might be difficult to find qualified personnel with an in-depth understanding of AML. High recruiting delays and expenses, as well as turnover, are further problems. Companies must also devote significant time and commitment to keeping employees up to date on evolving regulatory standards pertaining to anti-money laundering [15].

2.7.2 Extensive governance

Cross-border and multi-jurisdictional AML regulatory obligations, as well as ever-increasing client thorough research obligations, can be challenging for bankers and financial firms to execute [16]. Determining ownership interest and implementing corrective steps to resolve AML deficiencies discovered by regulatory assessments are both difficult tasks to ensure anti-money laundering practice in the financial system [17].

2.7.3 Complex technology and procedures

AML conformity necessitates the implementation of a variety of procedures and technological solutions that will allow financial firms to combine KYC data and systems into a unified database. They must also build a network for cross-channel monitoring of malicious transactions, enhance data integrity, and standardise data in order to conduct centralised fraudulent and money laundering analyses. However, taking the aforementioned steps has been considered difficult by the financial sector due to rapid changes in existing technologies [17].

2.8 Approaches to Tackle International Money Laundering

The IMF contributes to the global combat against money laundering and extremism funding in a variety of ways that are compatible with its core competencies. The IMF provides a natural platform for collecting information, establishing shared responses to challenges, and supporting desired policies and regulations since it is a cooperative body with almost worldwide representation. All of these things are crucial in the combat against money trafficking and extremist funding [24]. The IMF's extensive expertise undertaking financial sector evaluations offer technical assistance (TA) in the banking and non-financial domains, as monitoring member economies are especially useful in assessing national conformity with worldwide AML/CFT guidelines [25]. It also plays an important role in creating and executing initiatives to help member nations resolve identified flaws in their anti-money laundering frameworks [26]. The prior source further highlighted that technical assistance, policy development and firm assessments are three of the most effective approaches to tackle worldwide money laundering. In relevance to the previous argument, it has been stated that as a foundation for offering policy recommendations and technical support, IMF and World Bank personnel have been investigating and evaluating foreign practices in establishing AML/CFT systems that could be effective in addressing money laundering on an international level [27]. Many of the tactics used by fraudsters to launder funds or support extremist groups include transferring cash via the banking system. Financial institutions, particularly banks, are particularly prone to such exploitation. To safeguard themselves, banking firms must have appropriate controls and processes in place that allow them to identify the individual with whom they are interacting. A crucial element of these rules is performing sufficient thorough investigation on new and existing clients [28].

2.9 Theoretical Framework

2.9.1 Regulation theory

Historical institutionalism such as sociological institutionalism often depends on systems theory and Marxist state theory. Nevertheless, a regulation theory is the most important method to governance developed from Marxism. Capitalism, according to Karl Marx, is volatile since it contributes to wealth accumulation and class conflict [34]. To comprehend, it has been found that regulation theorists look at how different

types of capitalism seek to deal with these imbalances. They look at different governance structures about how instabilities are concealed. In a simpler context, the regulation theory is a collection of assertions or assumptions regarding why regulations take place, which players participate in its development and common characteristics of regulatory agency engagement [35]. Since this research is based on exploring the role of professional ethics in regulating the approaches pertinent to anti-money laundering, the regulation theory would aid the scholar in studying the process of regulating international money laundering, using appropriate procedures in standards proposed by AML.

2.9.2 Institutional theory

Institutional theory is a concept about the underlying and more enduring components of social architecture in sociological and organisational researches. It examines the mechanisms by which frameworks such as systems, norms, conventions, and procedures are institutionalised as acceptable social behavioural standards [36]. However, the study of Willmott [37] explained that Institutional Theory, often referred to as Institutionalism, explains fraud in the public service by examining nation and governmental instructional practices such as the pre-existing system of legislation, well-defined anti-corruption standards, and autonomous anti-corruption organisations with enforcement capabilities. Institutional theory is a scholarly legacy that can be traced back to seminal papers that examined how organisational establishment and development were influenced by figurative acts and external pressures rather than practical factors, as the theory was presumed in earlier times [38]. In relevance to this research, it can be claimed that institutional theory would aid the scholar in understanding the norms and regulations pertaining to anti-money laundering as well as the role of professional ethics in assisting international bodies like IMF and World Bank in tackling an extensive number of cases pertaining to international money laundering.

2.10 Literature Gap

After reviewing the extensive number of studies during the literature review, it has been found that a substantial number of articles focused on regulating the standards and international norms to tackle the increased practices of money laundering in various financial institutions throughout the world. However, there was a major gap in the role of professional ethics in improving anti-money laundering frameworks. Therefore, this research is centred on assessing various professional ethics that are relevant to anti-money laundering, which can contribute to reducing the overall practices of money laundering on a global level.

2.11 Chapter Summary

This chapter was centred on wider review of current literature pertaining to money laundering and professional ethics. The primary focus of this section was on building the theoretical foundation of this topic via strong argumentation and critical discussion. The extensive review of existing literature highlighted that monitoring and regulating the AML frameworks have become one of the crucial requirement of

financial institutions, since it allows them to maintain certain degree of integrity and credibility with their clients. A financial institution without proper AML standards is prone to numerous corruptions inside the firm, which could affect their reputation as a financial entity. The reviewed literature also identified that there are limited number researches being conducting on the role of professional ethics in strengthening the norms and policies of AML hence, the author decided to fill this gap in current literature by undertaking the research on professional ethics and anti-money laundering. In theoretical framework, the author utilised the regulation theory along with institutional theory to create strong theoretical foundation on this topic, which could assist the scholar in doing the analysis and generating the relevant results. Other than that, it was also unveiled that lack of competent personnel, increased governance and complex technology and procedures for building policies against money laundering are major challenges experienced in the financial sector.

3. RESEARCH METHODOLOGY

3.1 Introduction

The research methodology is the key approach and design used for the discovery of new or existing facts to understand the scientific concepts and theories. It is known as the scientific way to analyse the research problem by the suitable application data collection techniques [39]. The current chapter contains an analysis of the procedures of research suitable for describing, explaining and predicting of valuable results. The chapter also describes the selected method for the collection and analysis of data. Moreover, it explains research limitations and ethical considerations taken into account during this research.

3.2 Research Philosophy

A set of beliefs related to the nature of the study is known as research philosophy which is pertinent to the collection of true knowledge required for investigating the stated aim and objectives of the study [40]. The types of research philosophy include interpretivism, positivism and pragmatism. As mentioned by Ryan [41], the collection and interpretation of factual data is carried out by the use of positivism such that observations are made in an objective manner. On the other hand, interpretivism performs research linked with social reality in a subjective manner. However, the combination of interpretivism and positivism is known as pragmatism [42].

In this research, the philosophy of interpretivism was adopted for the analysis and interpretation of data by understanding the ways and experiences of the social world regarding the aspects and measures of international AML and its relevant business ethics. Moreover, as explained by Pham [43], the philosophy of interpretivism presents an abstract description of human experiences by the analysis of qualitative data. The use of interpretivism was suitable for this research since it is a more realistic and popular approach for deriving the meaning of data in the form of text and yielding results in a more unique, deviant and realistic manner. Besides, Ryan [41] highlighted the advantages of interpretivism and mentioned that it facilitates the understanding of 'how' and 'why' aspects of the

study from the collected data suitable for assessing multiple perspectives of research. Interpretivist philosophy allowed the evaluation of results providing a high level of validity regarding international AML and its successful implications.

3.3 Research Approach

A procedure or plan that provides the assumptions of the respective methods utilised for any study is referred to as a research approach. Its classification is done into two major approaches included inductive and deductive methods of reasoning [44]. According to Pandey [45], the inductive approach is used for the generation of a new theory whereas the use of deductive reasoning is relevant for testing the hypothesis and analysing quantitative data.

In this research, the inductive approach of reasoning was viewed as a potential method for generating results from specific to general aimed at explaining the untested conclusions. As presented by Hayes, et al. [46], the inductive approach is useful in analysing qualitative findings in the research. Additionally, the inductive approach was suitable for providing advantages to the researcher for the development of a new theory carrying out analysis of useful information. The process of the inductive approach in the words of McAbee, et al. [47] is known to allow flexibility to the researcher for understanding the context of the study and development of a theory based on aspects of learning from experience. Furthermore, it is also the best approach with respect to including the premises from specific to general on the basis of a theoretical framework useful for analysing hidden themes and patterns from the collected data [44]. Therefore, this study was considered useful for assessing the measures and initiatives taken internationally for anti-money laundering.

3.4 Research Design

The framework which is used for describing the type of research in a manner effective for analysing the objectives of the study is known as research design. It is categorised into three major approaches including qualitative, quantitative and mixed-methods research [39]. According to Noordin and Masrek [48], the understanding of human behaviour suitable for helping in the development of themes and patterns by the collection of textual data is known as qualitative research. However, the collection of numerical data aimed at testing the hypotheses of the study via statistical approaches is referred quantitative research design. Moreover, mixed-methods research is commonly known as the process of collecting data in a qualitative as well as quantitative manner such that numerical analysis is supported by literature search.

In this research, considering the topic of the study qualitative research design was selected for analysing the multiple perspectives regarding the AML measures which are taken internationally to assure mitigation of frauds and terrorist financing. Additionally, the research by Khan [49], has explained that the role of qualitative research is significant for the assessment and analysis of data in an in-depth manner. The focus here is on the collection of vast data from valuable resources to present exploratory and descriptive research.

Therefore, in this research qualitative method was used for presenting an explanation of various perspectives of research and presents a descriptive analysis on the different AML measures and their usefulness for financial institutions. It is also noteworthy here that explaining the hidden meaning of research is the key motive behind the use of qualitative research which enhances the findings of the study [50]. Therefore, qualitative research is also known as a multi-faceted method for the analysis of data from particular themes. The understanding of quality data can be done via the qualitative method in a cost-effective and time-efficient manner.

3.5 Data Collection Method

The methods of data collection are classified into primary and secondary. According to Ruggiano and Perry [51], the collection of primary data is referred to as first-hand data collection specifically collected from a sampled population which is collected via interviews or surveys. On the contrary, the data collected by other researchers is known as secondary data. Therefore, the sources of secondary data collection include journal articles, books, magazines, company reports, newspaper articles, etc. [52].

Another key difference between primary and secondary data is that primary data provides up-to-date data whereas secondary data reveals exploration of the topic of the study from a number of years useful for analysing the shift in patterns of research. Therefore, to assess the AML measures, secondary data was collected to review how AML laws and initiatives have been established over the years internationally. Moreover, in this study, data was collected from secondary sources to examine the professional ethics relevant to anti-money laundering as well as review the challenges faced during the implications of measures for anti-money laundering internationally. As defined by Tripathy [53], secondary data is useful since it is easily accessible from a variety of sources and the research can collect it in a short span of time. It can be collected via significant preferences of multiple databases like Google Scholar [51]. In this study, data was collected from the last 10 years such that articles published before 2010 were excluded. Besides, the peer-reviewed journal articles were studied to present a comparison and contrast of AML measures.

3.6 Data Analysis Method

Since data collection in this research was pertinent to secondary sources therefore content analysis was considered a suitable tool for analysis of gathered data to identify useful information. As described in the study by Neuendorf and Kumar [54], content analysis is known as the systematic way of reading texts suitable for the assessment of current trends and policies. Besides, it also allowed the researcher to present the view of different authors by identifying hidden patterns from their analysis after coding valuable information. Krippendorff [55] analysed that content analysis provided easy access to the flow of information offering various advantages such as limiting the possible bias in results and yielding results with high transparency.

3.7 Ethical Considerations

The current study was carried out by secondary data collection therefore some ethical measures were considered significant while collecting data. The data was collected from peer-reviewed journal articles and authentic organisational documents to make sure that the analysed results are valid and true. Besides, the names of the authors were appropriately referenced while analysing the results to provide complete credit for their research. In addition, the findings from various authentic sources were explained in the same manner to assure data integrity and limit any sort of bias. Furthermore, there was no exaggeration or deception of research objectives was made while presenting results taking into account the factor of plagiarism to reveal findings with high transparency.

3.8 Research Limitations

There are some limitations of this research. One of the limitations of the study is that research was carried out by the application of qualitative method; however quantitative research could also be conducted. Moreover, data collection in this study was limited to secondary data however it can be done via primary sources in the future. Moreover, secondary data collection was limited to the last 10 years to assess the more relevant and recent data.

4. RESULTS AND DISCUSSION

4.1 Introduction

This section is concentrated on the presentation of results pertaining to international measures for anti-money laundering while examining the role of professional ethics in process of forming norms and regulations to tackle money laundering from a financial institution. The key emphasises of this chapter is on reviewing a number of studies based on anti-money laundering and assess the measures undertaken by international bodies to counter money laundering from the international financial system. As identified in the prior chapter secondary qualitative design would be followed in this research, the author employed the technique of content analysis to generate the relevant results based on the role of professional ethics in building strong regulations against money laundering. To present the results, this chapter primary analyses the consequences of money laundering in different payment systems. Later on, the author provides comprehensive argumentation on the measures and initiatives taken internationally for anti-money laundering. Furthermore, the findings pertinent to challenges faced during the implications of measures for anti-money laundering internationally are provided. It was described in the investigation of Cox [12] that several outlined professional ethics against money laundering include establishing a compelling code of conduct for business transactions; informing the adverse implications of participating in money laundering processes; and putting in place suitable monitoring and management strategies that can provide sufficient surveillance on institutional malpractice, particularly in financial firms. This chapter conducts a thorough analysis to prove the effectiveness of professional ethics in tackling the issue of international money laundering.

4.2 Analysis and Discussion

Money laundering consequences in payment systems:

Many criminal acts aim to provide an advantage to the person or entity committing the act. Money laundering is the process of processing such crimes to disguise their illegal beginnings. The cycle is basically designed to allow criminals to enjoy these benefits without compromising their source. There is enormous continuity through illegal arms trafficking, theft and the commission of organised fraud, including drug trafficking and prostitution rings [55]. Schemes such as embezzlement, insider trading, bribes and the deception of the criminal computer network also generate huge profits and provide an incentive to spread unlawful wealth through money laundering. At the same time as crime becomes enormously profitable, the individuals and groups involved must find a way to manage their assets without drawing attention to the underlying movement or the individuals involved. This may involve hiding the source, changing the structure or moving the assets to a less obvious location.

Money laundering can occur virtually anywhere in the world, as it is the result of fraudulent activity that generates virtually all profits. Typically, money launderers seek out countries or regions where identification is not possible due to weak or inadequate money laundering programs. Since the objective of money laundering is to return illicit assets to the individuals who created them, money launderers typically want to move the assets into a stable monetary system. Money laundering activities can also be geological, depending on the stage the laundered assets have reached [56]. For example, in the planning stage, assets are typically prepared close to the underlying asset, usually in the country where the benefit originated. In the accumulating phase, it is possible for the individuals or launders to choose a location with a sufficient financial and business base, such as a financial institution by the sea, a large local business community or a global financial institution. At this stage, launders can also move their balances between financial institutions in different regions, when possible, without revealing their origin or purpose. The phase of reconciliation involves a decision to move the amount to another region if the amount were produced in an unstable economy or in a region with limited speculative opportunities.

The integrity of the commercial banking and financial centre depends very much on being a system of high legality, skill and morality. Honesty is probably the most important asset of a financial institution [57]. If criminal assets are effectively managed by a particular organisation, that organisation can dynamically collaborate with criminals and become important to the criminal organisation. Due to the employees or officials of that organisation have been bought off or choose not to see the criminal idea of those assets. If this complicity turns out to be true, it will have a negative impact on the view of other financial intermediaries and government professionals, as well as regular customers [58]. On the negative expansive economic consequences of uncontrolled money laundering results strange changes in the monetary interest rate, cautious threats to banking competence, contamination of legitimate

currency exchange, increased instability in global capital flows and trade prices due to unexpected movements of cross-border resources are only some examples. Similarly, highly prolific money laundering undermines the credibility of society as a whole by rewarding corruption and fraud and undermines the majority rule system and legal standards.

There are limited money laundering policies in most nations, there is a framework for storing bank and customer data, and banking secrecy is strictly enforced [57]. Inward and outward flows of money are easy for money launderers. The rapid and uncontrolled inflow of money into the country has led to an increase in its use, especially extravagant use. Trading, imports, shortages of unoccupied interest rates, economic downturn, insurance premiums and unemployment rates can all develop critically. Such black money seeking dangers generally have a negative impact on financial methods. The misleading signs of money laundering exercises prevent the normal functioning of the economy and prevent it from taking important steps to address issues such as underspending and high expansion, particularly in agricultural countries such as Pakistan [59]. The fact that these exercises take place all over the world means that the credibility of the corporate sector suffers and a financial crisis in one country can affect other countries. The influence of the National Bank on financial methods depends on the interest earned on money. The inadequacy of the National Bank's approach is evident from the lack of interest in money.

International Measures against money laundering:

Financial launderers in the developing world are always looking for new ways to launder their assets. Developing and emerging countries with inadequate anti-money laundering measures are particularly vulnerable, as established countries have extensive anti-money laundering systems. The discrepancies in state anti-money laundering systems are amenable to exploitation by money launderers, who typically relocate their organisations to countries or monetary systems with inadequate measures [60]. Some might argue that emerging markets cannot be too concerned about the source of their capital. However, moving a business carries risks. After all, the more recognition there is, the more likely it is that fraud that takes roots systematically. In a similar way as the credibility of individual financial institutions can be undermined, the direct non-family speculation can also be seen as dependent on the control and influence of organised fraud. Thus, combating money laundering and repressive fear-based financing is part of creating a business-friendly environment, which is a prerequisite for maintaining financial conditions.

The anti-money laundering (AML) policy is difficult to break in emerging markets, despite the lack of AML policies [61]. Criminals inevitably target the most vulnerable structures. This means that large sums of money are lost to money laundering, but the authorities need assets to prevent this. Therefore, monetary schemes need to be established in agricultural countries with international and regional support. Opposition to money laundering and illicit threat financing

schemes has weakened and destroyed many financial infrastructures; AML/CFT integrity violations have led to inappropriate policies and some banks have had to close. Some banks have had to cease operations. Financial institutions are the bedrock of the economy, but problems arise when channels for money laundering are created. There is an established system by the United States, the European Union (EU) and the United Nations to protect the world monetary system from activities that finance money laundering and the politics of darkness [3]. An important organisation for this purpose is the U.S. Office of Foreign Assets Control (OFAC) and the Financial Action Task Force (FATF). Therefore, financial institutions in particular will have no problem breaking the money laundering chain if they have policies like AML/CTF.

There have been series of efforts to address this problem at the international level. In the late 1980s, international organisations such as the United Nations and the Bank for International Settlements made some basic progress in addressing this problem; after the creation of the FATF in 1989, regional groups such as the European Union, the Council of Europe and the Organisation of American States established anti-money laundering standards [62]. The FATF's regional AML teams have been established in America, Asia, Europe and Southern Africa, and comparable organisations are considered to emerge in the years to come in West Africa and Latin America. Businesses and measures to regulate and combat money laundering can be divided into hierarchical, authoritative and professional measures. Authoritative measures are administrative measures at the public and international levels. At the international level, the FATF's 40 recommendations and the Basel Committee on banking supervision risk management Principles for Electronic Banks are examples [61]. These have been characterised as substantive measures against money laundering or detection of suspicious transactions. When thinking about it, administrative provisions remain extraordinarily inadequate as long as there are countries or regions that do not have guidelines for money laundering activities: According to the FATF, a list of uncooperative countries or regions that have become a haven for criminal organisations is periodically distributed. The list of non-cooperative countries is an important reference for administrative experts investigating a suspect's possible involvement in a crime.

Unfortunately, in most cases, the fact that a country is on the list is only informative and does not limit the money laundering element. The administrative answer to this problem is to governmentally restrict monetary relations with non-cooperative countries. However, it would be unreasonable for such restrictions or permissions to be effective because of the infinite communication possibilities of the Internet, whereby the closure of one region would open up another region through the Internet. Authoritative measures include various techniques for testing or verifying all exchanges beyond Edge worth, various calculation strategies for net (value) models that estimate the distinction between derived personal assets and liabilities, control frameworks such as reports of suspicious activities recorded by US and EU financial

foundations and early warning systems for potential extortion risks indicated by the risk of proximity to the executive [60]. The recording of transactions and customer information at facility providers are also based on measures and hierarchical orders. Detection of network movements and traffic has always been an important issue for administrators since internet service providers in countries that do not have agreements with them are responsible for their customers' information and security. Other suggestions for possible money laundering include extremely high incentives for pre-loaded cards, interest rates for banks to participate in all exchanges, and limiting their use to public levels or international entities [6]. They are also unreasonable, unimaginative, and heavy-handed when they set extremely high incentives for preloaded cards, set interest rates for banks to include in all exchanges, and limit their use to public or international transactions. Specialised agreements address the more interesting but effective parts of the agreement approach, such as customer identification and exchange identification. A number of specialised agreements have been created that can effectively limit money laundering.

Advanced signatures and declarations based on Public Key Infrastructure (PKI), is an advanced confirmation technique that relies on divergent cryptography for the verification, confidentiality and legitimacy of information and secrecy of electronic exchanges [63]. It is also important as an anti-money laundering measure across different electronic commerce frameworks, as the creation of key sets and private sharing of public keys does not fully confirm the members of the exchange. There are unusual cryptographic conventions, e.g. the dis-identified rate agreement based on the trademark of the unidentified person, which makes the strategy of disclosure biased rates inquisitive [3]. Unlike the online instalment method, which involves a sequential confirmation cycle and instalment payments between the merchant and the bank, electronic checks and cash are first collected by the merchant in a disconnected instalment agreement and then transmitted to the merchant's bank in a cumulative structure at the end of the term.

Anti-money laundering and professional ethics:

There is a subordination of law to ethics because the capacity of law is to establish a connection between rights and duties and to pay attention to fairness. The social spectacle about the profound quality/unfairness of a certain activity produces laws and guidelines. The understanding is only a transaction of rights. A common agreement allows people or groupings to characterise their separate rights and duties with the aim of creating a particular political entity. It is a common agreement that can help improve the way AML laws, policies and international units develop. The monetary, social, socio-political environment of non-industrial countries is very different from that of created countries. According to a survey, some agricultural countries choose either to actually implement a particular international AML standard or to receive the international standard without having the means to

require it. This implies that money laundering is an ethical issue [64].

The laws and AML guidelines, however, do not fully shape these ethical issues. Legislators had ethical perspectives and expectations when they drafted the AML laws and guidelines. And the logic between law and ethical quality is that law is always influenced by the friendly ethical quality and the quality of social depth cannot influence the influence of law/enforcement. On the one hand, the law is influenced by the normal social qualities and central perspectives of the beginning. There is no doubt that law does influence moral spirituality, practice and dynamic progressions or perspective. There are different ideas in every gathering of people as individuals do not actually have comparable assets. For example, as one researcher has shown, individuals can adopt similar assets and yet decode their value in unexpected ways [31]. It is not obvious, that law is shaped by ordinary sociality; a collection of people is ethical of diverse nature. The way in which this collection of good intentions is applied is an important factor in shaping the law. Indeed, the way in which law affects moral spirituality, custom and the dynamic aspects also vary between individuals in a gathering, exclusively, and between gatherings of people, altogether.

There are two reasoned premises or beliefs behind the ethical approach. The first is that AML laws and guidelines for money laundering are not the final words on the ethical part of AML. The other is that the ethical side of money laundering can be derived from the actual actions of financial guidance authorities, legislative bodies, police, businesses and bank employees in trying to detect and curb money laundering. It is an illegal activity because it involves fraud such as blackmail, drug trafficking, etc. With the methodology of ethical relativism, it is very difficult to plan and show international activities against money laundering. In a law-centred methodology, legislators consider ethics to be superfluous to their work [8]. As a consequence, legislators lose their ethical obligations. The legislator becomes an irreverent professional. This familiar representation of the irreverent legislator denies the value of ethics and empowers the legal and legislative cycle. The wrong form of method (legal moralism) underestimates that legislators decide between right and wrong. Although legislators may correctly characterise what is right and what is shameful, they may also mischaracterise the idea of right and wrong to support their legal translations. The Standards of Professional Conduct also demand that accounting professionals observe the key standards and guidelines [31]. There are the International Ethics Standards Board for Accountants (IESBA) rules on Non-Compliance with Laws and Regulations that require professional accountants to be aware of their connection to money laundering and to be aware of any rebellion against laws, regulations or policies, or the ethical obligation to stand up when in doubt.

Challenges faced in anti-money laundering measures:

Leveraging AML, banks and financial institutions face real AML compliance challenges that would not normally be expected, despite the threat of a major corporate payout. Failures to prevent money laundering typically pay a heavy price in lost revenue, disappointed customers, significant penalties, less publicity and lower share prices. Cash flowing cross-line treasuries depend on the AML constraints of the regions and the regions in which the AML initiatives vary. It follows that they have AML compliance officers to be bound by the AML policies for those regions as well. However, professional financial cooperatives' anti-money laundering policies must also cover the anti-money laundering policies outlined by those areas of operation. Therefore, financial institutions operating in very large regions will need to have multiple AML compliance officers [65]. It tends to be problematic for one individual AML compliance officer to manage all compliance measures individually.

One of the challenges for smaller companies is limiting spending plans. Historically, small businesses have not been able to take advantage of AML programs because of the significant costs associated with them. Through the fixed costs of approval and associated large establishment fees, small businesses were powerless against those involved in the industry. There is the second challenge of administrative pressure. Regulators are focusing on the bank activities and expanding its business program [66]. This is a positive pattern, but he noted that sometimes too much pressure can weaken some businesses that present a high risk of money laundering. This phenomenon, known as de-gambling, can also have undesirable consequences. This can have a negative impact on neighbouring organisations and communities, and ultimately on the country economy if a journalist in a non-industrial country does not bank. Another challenge that is generally faced is to extend the viability and effectiveness of the organisation as per the standards of AML [63]. Due to the administrative urgency and efforts of the banks themselves, spending on AML in non-economic ways has increased dramatically. The fourth major test that financial institutions face is the regulatory test. Technological innovations in AML, particularly the impact of "artificial intelligence" and "Big Data", are perhaps the biggest test at this time [67]. A number of challenges face banks as they examine the current AML landscape and assess the opportunities associated with identifying flaws. Divergent exchanges and the increasing sophistication of extortion and cybercrime further exacerbate this reality.

Enabling AML compliance necessitates for the banks to have multiple cycles and innovative mechanisms to manage KYC information and frameworks in a single vault. In addition, banks need to create mechanisms to detect suspicious activity across channels, improve the quality of information and normalise information to include checks for extortion and financial fraud. Furthermore, policies should be designed to ensure that the level of risk specified during onboarding depends on the type of transaction the customer is seeking [6]. Consequently, this requires banks to graduate the risk level for each customer and also to change the risk level to avoid false

positives. This requires a constant review of trades for all customers, which is a daunting task. In any case, it is a matter of making the company aware of the importance of working with various legal and non-legal institutions. The fight against money laundering is a task to be tackled by the whole of society. Therefore, all people, including representatives, customers and experts, should participate in preparation and awareness-raising. Awareness is important to ensure that every company understands the reason and scope of anti-money laundering activities and those individuals have access to anti-money laundering data and resources for relevant activities.

4.3 Chapter Summary

In the current chapter, a wide number of studies, peer-review journals, news articles, and case studies were reviewed to present meaningful results based on international anti-money laundering as well as professional ethics. The findings relevant to the challenges encountered against the suggestion of measures for anti-money laundering internationally were presented. After conducting a thorough analysis, it has been revealed that three of the most successful ways to combating global money laundering include technical support, policy creation, and company evaluations. IMF and World Bank staff have been examining global practices in building AML/CFT mechanisms as a basis for giving policy suggestions and technical help that are useful in tackling tax evasion on a global scale. The results also highlighted that lack of skills and increased control in financial sectors affects their capacity to build strong procedures against money laundering as well as professional ethics. Other than that, the findings indicated that a new approach is forming, in which principle-based AML methods based on scientific fields are displacing restrictive rule-based solutions. To elaborate, the results identified that digital payment systems, employing third-party utilities, and adopting firm-level approaches have been critical in addressing the flaws in the existing AML system. From the results, it was explored that money-laundering issues are linked with emerging payment systems like mobile payments and e-payments, which are now the focus of legislative attention. In particular, cybercrime is being prioritised, as is the reduction of possible money-laundering concerns connected with digital currencies.

5. CONCLUSIONS

5.1 Conclusion

The current research aimed to analyse the anti-money laundering measures internationally and to identify the relevant professional business ethics. Concerning the topic, the research looked into several aspects of the existing literature and found that every country has set out several laws against money laundering. Several of these laws are based on the Vienna Convention and the Palermo Convention. This framework mainly supports the prevention of money laundering through the establishment of law enforcement and control bodies. It is also found that various international organisations have also taken up the charge to enforce several countries into adopting the unified acts against money laundering. The IMF, for example, has urged its 189 member

countries to adhere to international norms in order to prevent terrorist financing. Furthermore, the efforts of FATF to combat money laundering on an international level are also found to be important. Moreover, the findings have also shown that there is a wide range of professional ethics relating to money laundering. With this, one of the objectives of the study has been achieved. Furthermore, the study has found that legal firms are alleged of acting as a trustworthy link between criminal organisations and financial entities and groups. To reduce the crime of money laundering via these organisations, it is important to have unified professional ethics. Few of the highlighted professional ethics against money laundering are forming strong codes of conduct for monetary operations, informing the bad repercussions of participating in money laundering activities and having proper control and management strategies in a position that can have adequate monitoring on institutional improper conduct, according to the findings of the literature review. The analysis of these professional ethics establishes the accomplishment of the third objective of the study that was to assess the professional ethics relevant to anti-money laundering.

In addition to this, another objective of the current research was to analyse the consequences of money laundering in different payment systems. To achieve this objective, the researcher has drawn several conclusions from the content analysis of existing studies. The study has found that the major consequence of money laundering in different payment systems is that it threatens financial integrity. Furthermore, the sustainability of finance and commerce in the international context also becomes affected due to a rise in this crime. The current research has also highlighted the challenges faced in implementing the anti-money laundering measures to achieve another of its objective. By analysing several studies, it has also been found that the main barrier in the implementation of these anti-money laundering laws is that it requires a high level of technical knowledge and trained personnel, which is not available in every country.

5.2 Recommendations

Money laundering is a growing issue that requires serious attention from the financial institutions within every country. To fulfil the final objective of the study, this section lays out a set of recommendations that can help various countries in fighting against money laundering.

- Money launderers utilise free trade zones to cleanse income that has already been created from illegal sources because of lax rules and a lack of particular transaction monitoring by the central bank or financial facilitators. Institutions, particularly state banks, should control free trade zones to tighten regulations and ensure thorough monitoring and execution of anti-money laundering and anti-terrorist funding rules.
- A centralised reporting structure involving all financial firms is yet another solution that may be adopted. The central theme of this suggestion is to collect all data from all financial firms (Modarba Firms, Insurance Firms, NBFIs, Investment firms, DFIs) in one place in order to track each and every action of a

person or business for good financial transaction assessment and record collection. It is hard for a human or a firm to become engaged in any financial fraud or terrorist financing action if all transactions or financial operations are tracked in one place. It will also assist the regulatory body in closing down any questionable transactions discovered.

- A regulatory body should be created to manage attorneys, advisors, and auditors (single and business) and to apply fines and service bans. Solicitors frequently recommend to their customers' various methods of money laundering, such as false leases, phoney property deals, tax avoidance, and so on. Accountants, on the other side, contribute to the strengthening of money laundering by creating phoney financials (balance sheets, income statements, statements of change in equity, etc.) in order to use it to obtain loans from various financial institutions in order to transfer their money laundering obtained via illicit means into white wealth. If such activities are regulated, the risk of fraud and financial funding in the banking industry will be reduced.

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