

Brief Survey on Strategies for Combating of Money Laundering

¹Shapoor Zarei and ²Mojtaba Dastoori

¹Ph.D, PDF in Information Technology Management Also with University of Tehran Department of Management Tehran, IRAN.

²University of Tehran Department of Management Tehran, IRAN.

Abstract: Phenomenon of money laundering as any act that is unlawful or illegal activities from law currencies in which the adverse effects of economic, social, political and cultural. procedures for obtaining benefits from the acts, practices and money laundering as well as a variety of factors such as crime, economic systems and laws and regulations in the country where the crimes took place and will depend on money laundering in the country. This paper presents definitions and methods of money laundering and its effects on the economy, the phenomenon of money laundering in Iran and the policies and strategies to combat money laundering has been investigated.

Key words: Anti Money Laundering (AML), Banking Systems, Economic plan.

INTRODUCTION

Money laundering to include any act or action appear illegitimate or illegal proceeds so that the identity or pretend to be legitimate sources of law is, in other words on money laundering measures that the origin of drug trafficking, manufacturing , preparation and sale of alcohol, and smuggling currency through financial corruption, extortion, kidnapping, corruption and prostitution centers, embezzlement and bribery, fraud, malicious activities (terrorism), financial fraud, tax evasion related to income and wealth, resources espionage, hostage-taking, gambling, robbery, smuggling of goods, antiques and ancient artifacts that appear during the process of change and the actions of the proceeds of illegal activities and evade prosecution by law and conceal the origin of money or property, clean it as money, legal and is a legitimate use and the economic cycle (Bahramzadeh, and Hassan Ali Shariati, 2004; Toxic, SA., 2001; AA. Z., 2000).

1. Money Laundering Methods and Procedures:

Whatever the conditions, competitive economy is far greater, wider platform for expansion and money laundering activities. Thus, in countries where it does not question the origin of money and the underground economy, unsafe and inefficient administrative system and financial system, strong regulatory system lacks and they are more susceptible to money laundering and proceeds of illegal activities can easily enter the economic cycle countries and the money laundering operation.

Banking system, stock market, buying and selling public bonds, credit cards, buying and selling gold coins and currency, money, money-laundering are major centers of finance and real estate. The most common method of money laundering is money laundering or directly deposit their money in banks or monetary and fiscal instruments such as checks and promissory notes shall deposit in other places. Large sums of money-laundering operations, such investments are different methods of purification. Given the increasing diversity and the large volume of illegal activities to the different methods of laundering dirty money and the economy are integrated. Statistics released by the Economic Cooperation and Development shows that Denmark ranks first in the world in the fight against money laundering in Switzerland and Austria for most areas of money laundering in the world and the United Arab Emirates and Lebanon in the Middle East, as paradise and money launderers are discussed ("The importance of legislation to combat money laundering," 2003; Baker, R., 1999). The wide range of money-laundering operations, undesirable and harmful effects on the economies and the international community, including the left which will be damaging and harmful to the cases cited as follows:

The spread of money laundering and criminal activities to survive underground and find the culprits and criminals— GNP loss due to tax evasion and failure to register the proceeds of criminal acts under the influence of economic policies, because there are no accurate statistics of the GNP, the change in economic policies and reduced government control over these policies in Money laundering would disrupt financial markets, trading for the purposes of money laundering will increase the demand for liquidity, interest rate and the currency is unstable and leads to unfair competition and thus increase the rate of inflation in the countries where the criminal activity (Basic facts about Money Laundering, FATF, GAFI, 2002).

Undermine the legal sector, the proceeds of the illegal activities of money launderers and their order, institutes, companies and the legal aspects of mergers and the resulting revenue will be high and the financial strength of its products and services with lower price levels Price subject to market competition for firms and

legal problems will undermine the private sector are legal; The money laundering regime and damage the credibility of the perishable world governments and financial institutions .

Disruption and instability in the economy, because money launderers necessarily seek to profit from their investment in economic activities are not illegal funds, but their main purpose is to keep the funds, the capital of their time, money launderers and any unforeseen Economic investment in different sectors will the subject of serious damage to the parts that money launderers will invest in it and thus the entire economy will enter.

Money laundering regime, and also caused damage to the reputation of being corrupt governments and economic institutions and the development of corruption, bribery and embezzlement, loss of productive employment, increasing the distance class, instability and economic instability and volatility of capital flow consequences of money laundering, which is alien to cause tensions social and economic causes (AA. Z., 2000; Majlis Research Center, 2003).

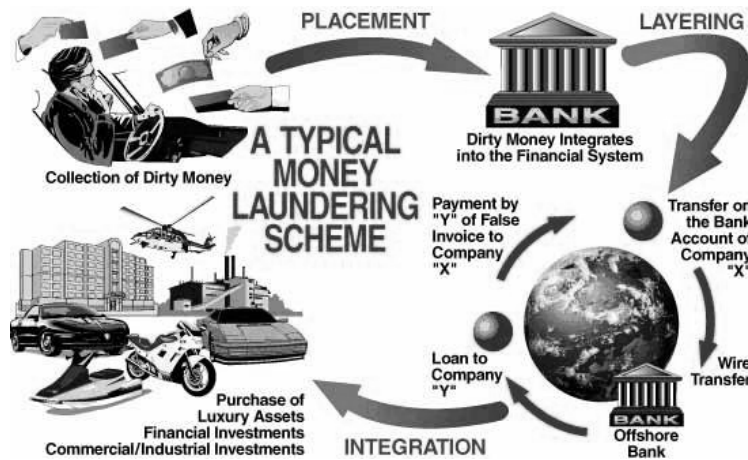


Fig. 1: AML Cycle (URL : www.unodc.org).

2. Phenomenon of Money Laundering in Iran:

In general where there is a massive money laundering operation, there is also the dirty money from crime into the banking system and the multi-stage transfer of the origin of money laundering dirty money is missing and other words. To inform the world of money laundering and harmful to the laws and regulations and take necessary measures to combat this phenomenon, the laundering of the proceeds from criminal activities in order to be directed towards the countries that have regulatory mechanisms in financial markets are weak or measures To deal with this problem have not yet taken office and unsafe and inefficient economic system, financial system and lack of financial resources are dark (Majlis Research Center, study design against crime, money laundering, July, August and September 2003; Baker, R., 1999; Basic facts about Money Laundering, FATF, GAFI, 2002).

Iran's economic system is appropriate for money laundering because of Iran's economic system disorder due to a multiplicity of centers of decision making and economic policy, multiple centers of trustee policy and commercial, industrial and comprehensive supervision of the Central Bank on monetary and financial markets around the country, all hands Iran also fails to define an economic system with a macroeconomic policy will have interference and sovereignty of the state).

Financial self-sufficiency policy and government organizations and public institutions gradually create the conditions in which much of the country's foreign trade import and Launching some docks unloading at ports of entry of goods from customs control is removed (about 62 docks) as well as increasing the monetary and credit institutions abroad field supervision of the Central Bank and Ministry of Economic Affairs and Finance of the Government to rule on cash flows and monetary and financial markets is limited. Given this economic chaos, it is natural that the body of the national economy, and this caused several gaps exploited by criminals and criminals Gaps is economic (Money Laundering Comparative, Economic Perspective, May 2001; Quirk, P., 1997 The National Money Laundering Strategy For 1999).

Proportion to the money laundering is a crime in every country there. Due to the increasing crimes such as smuggling and currency, narcotics distribution, employees and government agencies, financial corruption, theft, kidnapping, fraud, through financial corruption and crimes such as buying and selling economic code and issuing fake factors that led to tax evasion is, which makes huge profits for criminals, according to statistics published by the fate of dirty money circulating in the economy of Iran is about \$ 11 billion annually due to lack of codified rules and regulations and lack of safe and effective supervisory mechanisms and monitoring of

money transfers and freedom of the banking system is simply that the volume of dirty money and ease of laundering and criminals do not see the need to withdraw money from Iran (Toxic, SA., 2001).

3. Anti-Money Laundering Solutions:

Due to the destructive effects of adverse economic, social, cultural, political and money-laundering to prevent the necessity of conversion, transfer, acceptance or acquisition of assets of illicit origin, it is felt. Late in the absence of anti-money laundering and combating corruption, economic failure of previous loops is therefore anti-money laundering countries should adopt and implement legislation to combat money laundering, one of useful measures and infrastructure for the eradication of criminal acts and acts of corruption is to. Because law enforcement can lead to security and stability in the economy and narrow the field of criminal behavior and the owners of dirty money can be easily identified. Although some believe that a law enforcement combat money laundering is the capital of the country. But if the economy is dealing with economic crime and economic security is not a political cause. Here are some strategies to combat money laundering .

Membership in international treaties and using monetary and financial resources for combating money laundering, protection against money laundering in the country will be more. Money laundering law beyond what was important, interaction between countries and regional and international parachutes for the control of the fight against dirty money (based on international cooperation in combating money laundering, prevention, control, detect and fight). Therefore, countries that recognize anti-money laundering are not alone and cross-border and transnational nature of this struggle is to make regional agreements or accession to international conventions and with the accession to or participation in other international agreements of harmful pests, damaging and reduce money laundering.

4. Conclusions :

The conversion process of money laundering dirty money from illicit activities, illicit and delinquent assets to clean money is legitimate and legal part of a dysfunctional economic system of the underground economy, unhealthy administrative system, financial system and the dark without a strong regulatory system, the bed provides for the right money-laundering operations. Money laundering and harmful adverse effects of the reduction in GNP, tax evasion, capital flight from the country for laundering, disruptions in financial markets, increasing liquidity, inflation, national security and economic threat, and the continued accumulation of wealth and power in the hands of criminals their life, reduced willingness to invest in productive activities, weakening the private sector, government perishable and incidence of economic stress, social and political consequences of such alien phenomenon of money laundering. Iran's economy because of the economic system disorder, multiple centers of economic decision making and policy-making, lack of central bank monetary and fiscal country, the sovereignty and government interference, lack of monitoring of money transfers, free banking system and lack of rules appropriate credit for the phenomenon of money laundering.

REFERENCES

- Bahramzadeh and H. Hassan Ali Shariati, 2004. "Methods of combating money laundering", Journal of prudence, No. 149, October 2004 Proj.
- Toxic, SA., 2001. "Hadith dirty money laundering," the economic interpreter, Third Year, No. 43, No. Persian date Khordad 2001.
- AA. Z., 2000. "dirty money heaven", the world of banking, Bank Quarterly, No. 14, January 2000
- "The importance of legislation to combat money laundering," the research house, the tenth year, No. 37, Spring 2003
- Madani Esfahani, M and A. King, and ways of combating money laundering, bank marketing department and Welfare Studies, 2003.
- Majlis Research Center, study design against crime, money laundering, July, August and September 2003.
- Baker, R., G. Scholar, 1999. Money Laundering and Fight Capital: The Lmpact on Private banking Economic studies, Brookings institution.
- Basic facts about Money Laundering, FATF, GAFI, 2002.
- Money Laundering Comparative, Economic Perspective, May 2001.
- Quirk, P. Money Laundering: Muddying The Macroeconomy, Finance and Development, March 1997.
- The National Money Laundering Strategy For 1999, the US Department of the treasury the US Department of Justice, Sept 1999.
- URL : www.unodc.org