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The stability of the financial market in the face of money laundering

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Abstract: Since the 1990s, anti-money laundering agencies have been tasked with tracking down criminals and confiscating the proceeds of crime. But with the development of new payment methods, including virtual digital currency, these agencies have found themselves obliged to report all kinds of unexpected or suspected transactions and assist the authorities in their investigations.

The content of this article takes into consideration the instability of the foreign exchange market and deals with the possibilities that can help foreign exchange companies to minimise the risks of money laundering through the synthesis of some real situations and examples, through the recommendations dictated by the relevant authorities and finally through the legislative and regulatory texts put into force.

Our research is intended to be exploratory and comprehensive, with the aim of proposing a reading guide that sheds light on the stability of the financial market in the face of money laundering, as well as the possibilities for minimising the risks of instability via money laundering indicators.

Keywords: Foreign exchange; Crypto-currency; Market stability; Digital currency; Money laundering.

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1 Introduction

Money laundering is part of financial crime. It poses a threat to the national security of countries. Authorities and foreign exchange companies have a very important role in the fight against money laundering.

The purpose of this article is to expose the different methods of money laundering, to make the parties concerned aware of the degree of risk to which they are exposed and to try to propose solutions enabling foreign exchange companies to control the stability of the foreign exchange market in the face of money laundering.

In order to deal with such crimes, it is essential to use the risk-based approach, which aims at assessing and analysing money laundering risks. At the same time, anti-money laundering authorities need to work together and increase their efforts to detect and prosecute criminals.

Information sharing between anti-money laundering authorities and administrations must be seamless, and even between countries as this is a problem that affects all jurisdictions.

With the development of new technologies, criminals have created new methods of laundering that allow them to commit crimes undetected. As they say, every new technology has its advantages as well as its disadvantages; such is the case with crypto-currency.

Milton Friedman, the American economist said in a quote: “The one thing that's missing, but that will soon be developed, is a reliable e-cash, a method whereby on the Internet you can transfer funds from A to B, without A knowing B or B knowing A”.

Throughout this work, we will try to study the following problematic: How does crypto money laundering impact the stability of the foreign exchange market? And how to minimize the risks of money laundering?

To answer this question, the work has been organised in three parts. The first part presents the actors, the stakeholders, the characteristics and the functioning of the foreign exchange market as well as the definition of the crypto-currency and the money laundering process. The second part studies the stability of the foreign exchange market in the face of virtual digital currency, and proposes solutions to minimise the risks of instability via money laundering indicators. Finally, the last part summarises some money laundering situations and concludes with an analytical approach to detect and raise suspicions.

Our research is intended to be exploratory and comprehensive, based on legal and regulatory documentation, in particular guides and manuals on money laundering awareness drawn up by the Foreign Exchange Office, the Ministry of Economy and Finance, the Moroccan Capital Market Authority …

2. Foreign Exchange and Crypto-currency

International trade and the movement of capital between different countries require currency conversions and therefore involve foreign exchange transactions. Foreign exchange is the trade in currencies. [7]

2.1. Foreign exchange market: scope and definitions

The foreign exchange market (FOREX or FOREIGN EXCHANGE MARKETS) is the market where currencies are bought and sold, i.e. the different currencies that can be converted into another. This market makes it possible to establish the rate, i.e. the price of one currency in relation to another, which is commonly referred to as the "exchange rate". [1]

Example: 1 euro = 1.18 dollars (1 EURO = 1.18 USD)

1 euro = 130 yen (1 EURO = 130 JPY)

1 Swiss franc = 0.75 pounds sterling (1 CHF = 0.75 GBP)

How does the foreign exchange market work?

The exchange rate is formed according to the law of supply and demand in a floating exchange market.

If a currency is in greater demand than it is being offered, it increases in value (its rate rises), and is said to appreciate.

If a currency is offered more than it is demanded, it loses value (its rate falls) and is said to depreciate.

Example: if we go from 1 EURO = 1.20 USD to 1 EURO = 1.25 USD, then we can buy more dollars with 1 euro, so the euro has gained in value and the dollar has lost value. We say that the euro has appreciated and the dollar has depreciated.

What influences the exchange rate of a currency?

The inflation differential between countries: a country that is more inflationary than another sees its currency lose value and therefore depreciate.

The level of key interest rates applied by the central bank: high interest rates attract foreign capital and the currency therefore appreciates and vice versa.

The economic growth differential between countries: a dynamic country attracts foreign capital, so the currency appreciates.

The balance of payments shows all international trade in goods, services and capital. If it is in surplus, then the currency appreciates and vice versa.

Characteristics of the foreign exchange market:

The foreign exchange market is an over-the-counter (OTC) market, it is decentralised i.e. unregulated and unorganised. It is a market that is not geographically limited and operates continuously 24 hours a day. [3]

How the foreign exchange market works?

Every commercial or financial transaction from one country to other releases a transfer of purchasing power. And this is the main function of the foreign exchange market.

The globalisation of trade has given us a foreign exchange market without borders. But states can use exchange control policies to limit their transactions. And of course when we talk about international trade we are talking about exchange rate risk, and to cover themselves against this risk the first thing that states do is to hedge forward, i.e. they buy or sell currencies forward. [7]

Foreign exchange market participant:

Historically, banks were the only players in the foreign exchange market. Over time, institutional investors and large corporations have joined the banks. But the only difference is that the latter can intervene either directly or through the banks which act as intermediaries.

These players operate either on behalf of their clients or on their own account, with the possibility that they use brokers or dealers. [3]

Foreign exchange market players:

Banks: main operators in the foreign exchange market

Foreign exchange dealers or markers makers: process operations on behalf of banks or on behalf of clients who do not have access to the market

Central banks: their role is to influence exchange rates and respond to the demands of other banks and international bodies

Non-banking institutions: institutional investors; pension funds, retirement funds, insurance companies, etc.

Clients: i.e. companies that import and export, financial institutions that do not have sufficient funds to intervene directly in the market, and individuals.

Brokers: are always looking for the counterpart of their clients' demands. [3]

Technological evolution of the foreign exchange market:

Before the 1990s, all transactions were done by telephone. And it was only afterwards that electronic brokers appeared and an internet platform (EXN) was established. It was in the late 1990s that electronic brokers became ubiquitous in the foreign exchange market.

This technological development allowed for faster trading, more players and better liquidity and above all transparency. [3]

2.2. Crypto-currency and money laundering

It is not easy to tackle the subject of crypto-currencies, since it is a universe that changes every day, every hour, every minute and every second. But it is still a very important subject to study and becomes exciting when linked to money laundering.

What is a crypto-currency? [1]

Crypto currency is also called digital currency or crypto currency or virtual currency. It is defined as a currency based on cryptography.

Crypto-currency fulfils the functions of money. It is considered a store of value, an intermediary and a unit of account. When a person owns a bitcoin, he or she can sell or exchange it, so it automatically has value.

Bitcoins are traded and used as a means of speculation[1] on particular exchanges, which allows them to act as an intermediary.

Crypto-currencies, or more precisely bitcoins, are a method of payment that can be used to buy products or services, so they can be calculated and counted as units of account.

Crypto-currencies follow a regulation that allows the currency to be exchanged around the world in a secure and unmonitored manner.

The creation of fiat currency such as the euro, dollar, MAD is totally different from that of crypto currency. Fiduciary money is created by central banks of states and always remains tied to a territory, unlike crypto currency which can be created by individuals or companies in electronic form.

Bitcoin has been one of the best known crypto-currencies since 2009, and it is through bitcoin that blockchain[2] technology was introduced.

The value of crypto currencies is always volatile, determined by supply and demand. Each crypto currency is distinguished on computer networks by the following symbol BTC[3] called "ticker".

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[1] Speculation: is the activity of profiting by anticipating changes in the general level of particular prices in the long term in order to increase their value.

[2] A blockchain is a technology for storing and transmitting information without a central authority. Technically, it is a distributed database in which information sent by users and links within the database are verified and grouped at regular intervals into blocks, thus forming a chain.

[3] BTC: Symbol used on the computer network to designate bitcoin

Crypto-currency is associated with a payment method that allows transactions to be settled in a peer-to-peer system where each entity is both client and server. Generally, it follows a decentralised operation.

What is money laundering? [3]

According to Article 574-1 of the Criminal Code, money laundering is defined as follows:

The following acts, when committed intentionally and with knowledge, constitute money laundering

- the fact of acquiring, holding, using, converting, transferring or transporting property or its proceeds with the aim of concealing or disguising the true nature or illicit origin of such property, in the interest of the perpetrator or of another person when it is the proceeds of one of the offences provided for in Article 574-2 below;

- concealing or disguising the true nature, source, location, disposition, movement or ownership of property or rights therein which the perpetrator knows to be the proceeds of any of the offences set out in Article 574-2 below;

- assisting any person involved in the commission of one of the offences referred to in Article 574-2 below to evade the legal consequences of their actions;

- facilitating, by any means, the false justification of the origin of the goods or products of the perpetrator of one of the offences referred to in Article 574-2 below, which has provided the perpetrator with a direct or indirect profit;

- assisting or advising on the custody, investment, concealment, conversion, transfer or transport of the direct or indirect proceeds of any of the offences referred to in Article 574-2 below;

- Try to commit the acts set out in this article. From the above, money laundering is the set of processes used by criminals to conceal the illegal origin and ownership of funds derived from illicit activities[4]

The banking sector has always been open to criminal use. The major problem of the banking regulatory sector is money laundering by financial institutions. This problem dates back to the 1970s with the establishment of the Banking Secrecy Act.

Unfortunately, the more banks use stringent anti-money laundering controls, the more criminals redouble their efforts to investigate this complexity and to penetrate the system while avoiding detection (Pellegrina and Mascaiandaro, 2008).

In 1980, with the introduction of new electronic payment systems, money laundering became a matter of course and money launderers could move money freely. (Nakajima, 2012)

Electronic payment systems made it possible to activate payment transactions as quickly as possible, overcome the problems of traditional slow systems, send money anywhere in the world, and above all limit the amount of money to be moved. But despite all these advantages, money laundering systems have evolved as electronic systems have evolved.

2.3. Money laundering process:

Money laundering goes through a three-stage process of placement, stacking and integration.

[4] Practical Guide of the Moroccan Capital Market Authority "Fight against money laundering and terrorist financing

Placement: This is the stage where the proceeds of crime are placed in the financial system without causing suspicion. This stage is done by breaking down large sums of money into smaller amounts to avoid attracting attention, and then depositing them either in a bank account or making purchases of other monetary instruments.

Stacking: this is the phase of fluctuating financial operations, which in most cases pass through several accounts, in order to disguise the origin of the operation and to show the neatness and logic of the money movement. This can be done through the purchase of investment instruments, the purchase of wire transfers or others.

Integration: this is the phase where illegal funds enter the legal economy in the form of investments until the criminal receives the laundered funds.

3. Stability of the foreign exchange market in the face of virtual digital currency

The virtual digital currency is based on an unregulated market, it has no official rate. It is a computer world with its own standards of use, and it only adapts to people who appreciate and encourage modern techniques. [10]

The digital currency market is still a very volatile market, which makes it very risky. And when we talk about the stability of the foreign exchange market in the face of the virtual digital currency, we automatically talk about a doubled risk since the latter can cause instability in the market.

This is what we will try to detail in this second part by first defining the stability of the foreign exchange market, and how virtual currency impacts the market. Then by indicating some indicators of money laundering that will help to minimise the risks of instability in the foreign exchange market.

3.1 What do we mean by foreign exchange market stability? [11]

There are two approaches to defining exchange market stability or financial stability. The first defines financial stability through financial instability, which is its opposite, and which brings together all the movements of financial variables (prices of financial assets and exchange rates), whether they are booms or depressions, by moving them away from their basic equilibrium value (Boyer, Dehove & Plihon 2004).

Indeed, financial crises such as stock market crashes, exchange rate crises and banking crises are simply a state of financial instability that causes imbalances in the functioning of the financial system of banks in the first place and of other financial organisations in the second place (Hénaux 2009)

According to the second approach, financial instability occurs when the financial system fails to adjust funds for the most productive investors. (Mishkin 1996).

However, financial stability can only be said to exist if all three conditions are met (Garry 2005):

- Easy provision of economic resources
- Managing financial risks while setting prices
- And ability to perform functions in times of crisis

From these approaches it can be deduced that financial stability is only achieved when all financial actors are crisis resistant and continue to perform their functions.

3.2. Risks of virtual digital currency on the foreign exchange market

According to the Ministry of Economy and Finance, the BAM and the Moroccan Capital Market Authority, the risks resulting from the use of virtual electronic currencies are as follows

- Non-compliance with the regulations put in force by the capital markets and foreign exchange legislation;

- Lack of regulatory protection: no coverage of losses in case of failure of the exchange platforms;

- Variation risk: prices fluctuate up and down unexpectedly;

- Lack of consumer protection: in case of theft or misappropriation due to the lack of a legal framework for the use of virtual currencies;

- Risk of crime: virtual currency can be used to finance terrorism, to launder money... and for many other illegal and criminal purposes.

- Volatility risk: this is the volatility of the exchange rate of the virtual currency against a legal tender;

Competition from private payment networks is a real risk of destabilisation. In payment systems, there are risks related to the banking activity called credit risk, liquidity risk and market risk.

There are also operational risks that arise from the structure of the payment network. In fact, the transition from closed interbank networks secured by central banks to open competitive networks gives rise to unknown risks, which explains the reluctance and mistrust of consumers who are unable to accept this form of money.

However, the risk of fraud remains a real operational threat in open networks. There are problems arising from the transfer of payment orders, namely. [8]

- The difficulty in identifying the origin of a message coming from a computer that is linked to a cyber space, where anyone can interrupt the passage of information;

- The difficulty of checking whether the message was not put on alert when it was sent;

- And the difficulty of saving the messenger and ensuring its transmission to the appropriate destination. It is at this stage that cryptography[5] is used, which is not very effective, since every coding algorithm has its antidote and security is never guaranteed;

There is also the legal risk between the parties involved in an operation, namely that the rules, rights and obligations are not established. The application of the rules that will protect the consumer is absent, so there is always uncertainty as to the accuracy of electronic contracts.

3.3. How to minimise the risks of instability in the foreign exchange market through money laundering indicators

The nature of the foreign exchange market makes it always exposed to the risk of instability and the risk of money laundering.

In this section, the different money laundering indicators will be presented while giving some solutions to minimize the risks of instability in the foreign exchange market.

3.3.1. Money laundering indicators:

Stock market offences are themselves a type of money laundering. The nature of the capital market offers a wide choice of methods for converting illegal money through a multitude of financial instruments.

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[5] Cryptography: the science of changing the form of messages from plain text to coded text, with the aim of transforming an open network into a virtual closed network.

Criminals resort to money laundering because of the ease they have in this market, namely the liquidity, the speed of the trading circuit and the immediacy of the transactions. And competition is a real cause that lets market participants ignores the indicators of money laundering.

The following points will present the indicators of suspicion that give the possibility to report suspicions to NAFI. [6] [4]

- **Risk indicators relating to the identity of the client**

Sometimes the client's identification documents are incomplete. Clients hide their true identities or refuse to hand over certain identifying information and documents.

Sometimes we are faced with falsified information, which makes it difficult to recognise the beneficiaries, which can lead us to establish operations with clients with a problematic background, or clients from countries with a high risk of money laundering.

There are also clients who refuse to present themselves physically and insist on remaining anonymous.

- **Risk indicators relating to funds and accounts**

The origin of the funds is the first risk indicator that stands out, especially when it is not adequate with the information and identity of the client.

The constant change of clients or their representatives and the abrupt closure of their accounts without any justification are also risks.

Sometimes the client receives money, especially from abroad, but of dubious origin; this is what can be specified as sudden activity on the account which leads to account risks.

There are also accounts that are managed by a single client, or daily money transfers to several accounts, or the use of several accounts to carry out a transaction.

There are people who open accounts as legal entities in countries that do not participate in the fight against money laundering, which constitutes a risk of suspicious sources or destinations of funds.

In some cases, there are accounts with few transactions but which receive or transfer very large amounts to the accounts of third parties. In this case, we are faced with assets that are totally contradictory to the client's situation.

The modalities of receipts and disbursements are complex for the client, which leads some people to open securities accounts to trade the shares of a single listed company.

It is also noted that there is an increase in the deposit of funds without cause, and that account funding is continuous until the client exceeds the declared income.

- **Risk indicators related to operations**

According to the CMA, there is several transaction-related money laundering risks. Money laundering can occur when the customer carries out complex operations that are different from the nature of the usual operations, or when they carry out smaller transactions that do not fit with their identification and profile.

There are cases where the operations carried out have no economic justification and are inadequate to the client's financial situation. These transactions may result in inexplicable losses, which give the impression that the client does not want to make a profit.

Sometimes there are sudden cancellations and sometimes there is a very high volume of transactions that are carried out quickly. These transactions can be carried out in two ways; either on behalf of several people whose identity is anonymous, or with different financing techniques, which makes them complex.

Among the situations that raise suspicion are clients who open accounts and carry out transactions with a large volume of securities, during a short period of time, and ask for them to be closed.

There are situations where redemptions of long-term investments are made unjustifiably and for a short period of time right after the initial investment. Or situations of fund subscriptions which are followed by repurchases.

Clients lead to successive changes of orders until the end of the sessions, which raises suspicions.

There are also transactions where funds are transferred in excess of the prescribed investment amount, followed by a request for repayment of the remainder.

Sometimes securities are bought through one intermediary and sold through another. And sometimes there are cross-border transactions or transactions that require very large amounts of cash.

And last but not least, there are online stock exchange transactions that are carried out without any exchange of information on the beneficiary and the nature of the transaction.

3.3.2. Minimising the risks of market instability

Faced with all these risks generated by these criminals, the market suffers from instability. And to minimise these risks of instability, the Financial Action Task Force (FATF[6]) has launched and instituted policies to combat money laundering and the complications that the financial system in general suffers. [5]

The FATF has put in place the necessary tools that will enable the authorities and organisations concerned to protect and minimise the threats and risks of money laundering. The role of the FATF is to monitor the implementation of the robust standards that have been developed for the fight against money laundering, crime and terrorist financing.

The legal framework of most countries, including Morocco, is adorned with strong mechanisms to minimise the risks of financial market instability. And the fight against money laundering is a real offence and crime in the Moroccan penal code. In the latter, actions and causes related to crimes and misdemeanors are cited and classified in a list of offences, ranging from the most important to the least important with prison sentences.

According to the FATF, each tax offence should be assessed as a first degree money laundering offence. But not all countries take this into consideration.

For example, if undeclared sales are identified as a money laundering offence, the risk of money laundering can be minimised, as it is a transaction of money derived from a tax offence. The repercussions of these operations must be taken into consideration and the relevant authorities must be notified once this type of transaction has taken place, while respecting the rights of the country.

[6] The Financial Action Task Force is an intergovernmental body for combating money laundering and terrorist financing.

This minimises the risk of market instability and breaks the continuity of the money laundering circuit before losing control over the market.

To reduce market instability and combat money laundering, the authorities can give tax auditors the right to exchange information with them, and notify them in case of suspicion. And why not also allow them to support them in their investigations. But in return, auditors must be trained on how to act in each situation, and be aware of all procedures and standards in force in the country.

4. Moroccan exchange companies and money laundering

Crypto-money laundering is a topical issue, where the presence of the internet and virtual money makes it easier for criminals to carry out their illegal practices. Indeed, classical money laundering is similar to virtual currency laundering. In this part, we will try to study the legal framework of Moroccan exchange companies in the face of money laundering.

4.1. Legal framework of Moroccan exchange companies in relation to ML

Morocco manages money laundering through regulations and legislation. The currency exchange company must respect its mission to fight against money laundering, and this by consulting the following legal texts: [2]

a- The penal code

The Moroccan Criminal Code mentions in section VI all the acts related to money laundering as already mentioned in the first part of the work.

b- Circular of the Office Changes n°1-2021

The circular highlights the obligations of foreign exchange companies according to Law 43-05 established on 02 December 2021:

- Foreign exchange companies must adopt a risk-based approach;

- Foreign exchange companies must set up an internal monitoring system and train staff capable of fully applying the provisions in force;

- FX companies must track and monitor all transactions;

- Foreign exchange companies must be fully aware of their regular customers, and distinguish between other regular customers and beneficiaries;

- Foreign exchange companies must be in continuous contact with NAFI[7];

- Foreign exchange companies must provide all types of documents necessary for NAFI to carry out its duties;

- Foreign exchange companies must keep all records for the past ten years, and chronologically classify all money laundering activities by size, complexity and risk;

- Foreign exchange companies must report all suspicions to NAFI;

c- Law n°43-05 on the fight against money laundering Supplemented by law 12-18 of dahir 1.21.56

[7] The National Authority for Financial Intelligence is the national body for the fight against money laundering and terrorist financing. It is of an administrative nature and is attached to the Head of Government. It has coordinating and guiding functions, as well as operational activities of supervision and control

On June 8, 2021, Law 12-18 dictated by Dahir 1-21-56 completes Law 43-05 on the fight against money laundering.

d- Directive note on offices change

This directive note lists the main obligations of office change according to the anti-money laundering guides and law 43-05 for currency exchange companies.

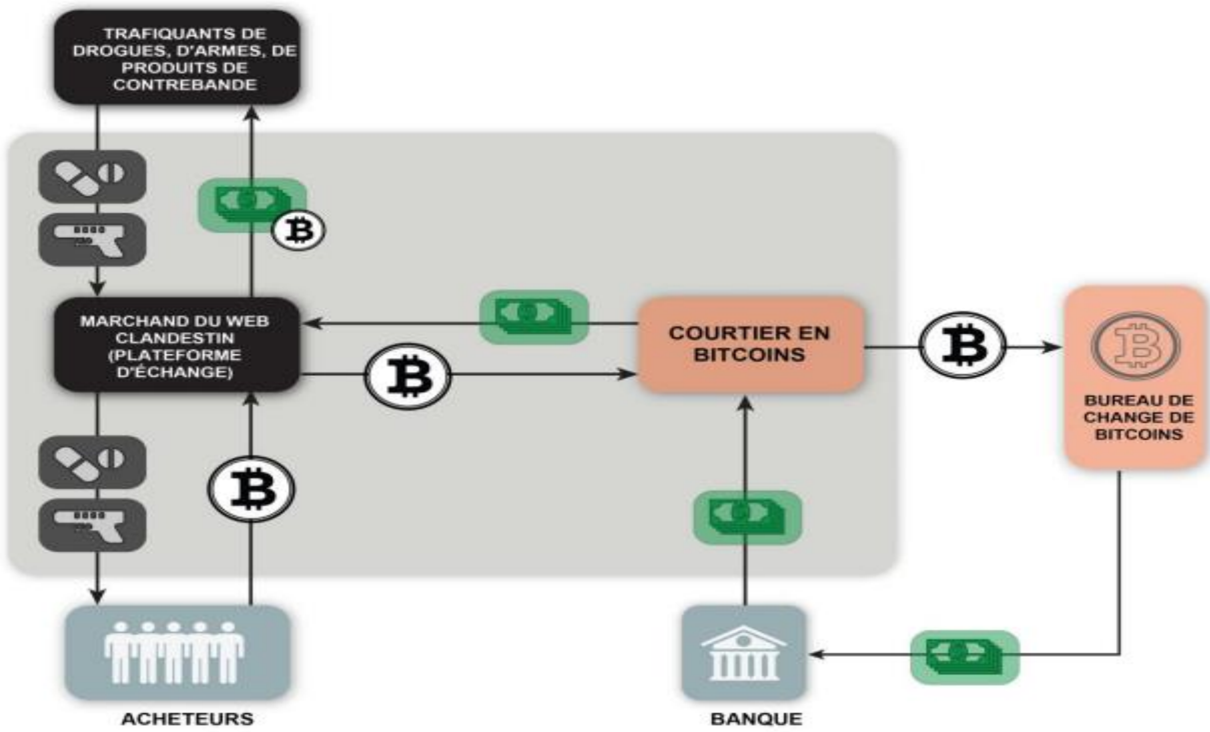
e- Anti-Money Laundering and Anti-Terrorist Financing Guides

There are several guides established by the Foreign Exchange Office, the Moroccan Capital Market Authority, the Ministry of Economy and Finance, etc.
It is necessary to mention the missions of the NAFI which are as follows
- Defining a report listing all types of money laundering operations, and sharing it with the competent authorities;
- Ensure compliance with the provisions of Law 43-05 on the fight against money laundering and terrorist financing;
- To be in full coordination with the other stakeholders in order to draw up an assessment report listing the risks found;
- Be notified of all suspicious transaction reports, and coordinate with the relevant bodies in order to put into practice the necessary measures to combat ML;
- National bodies should cooperate with international bodies and keep in direct contact;
- Propose other legal and regulatory measures that may facilitate the fight against money laundering.

4.2. Summary of money laundering situations

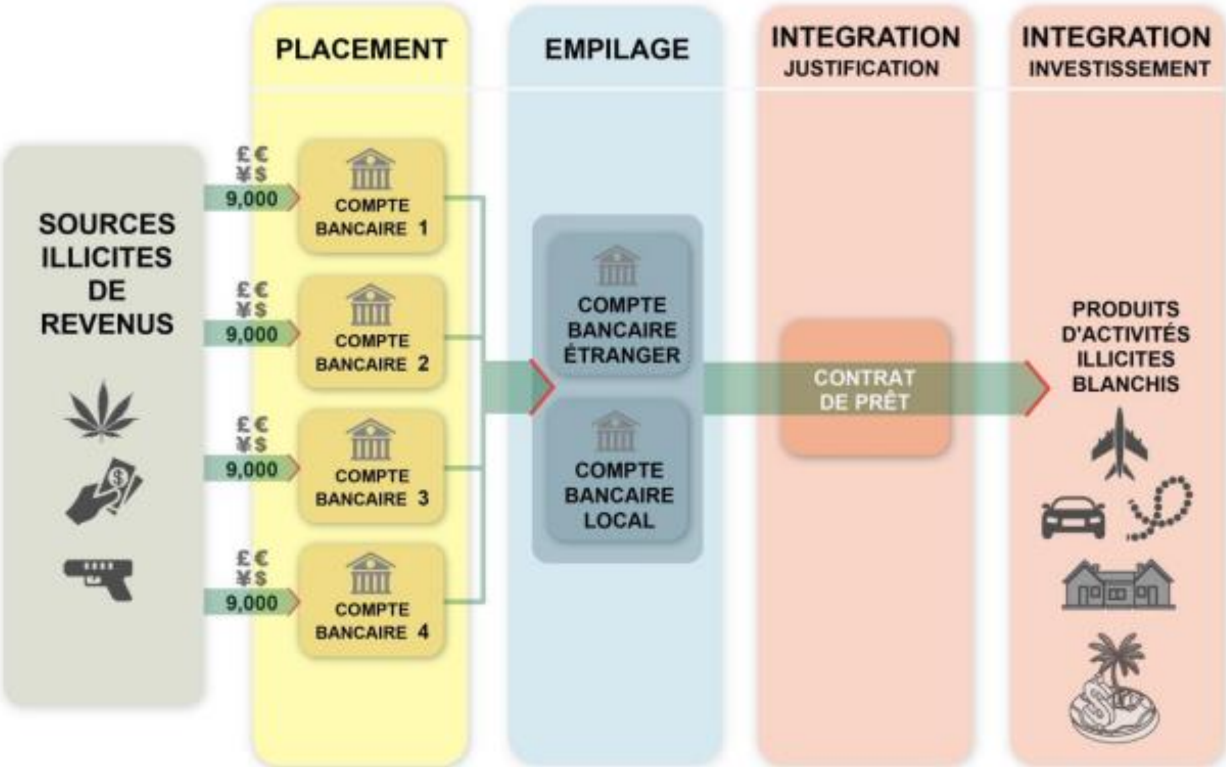
In this section, we will try to give some examples of money laundering situations. [5]

Scheme 1- Transaction in bitcoins of illicit products



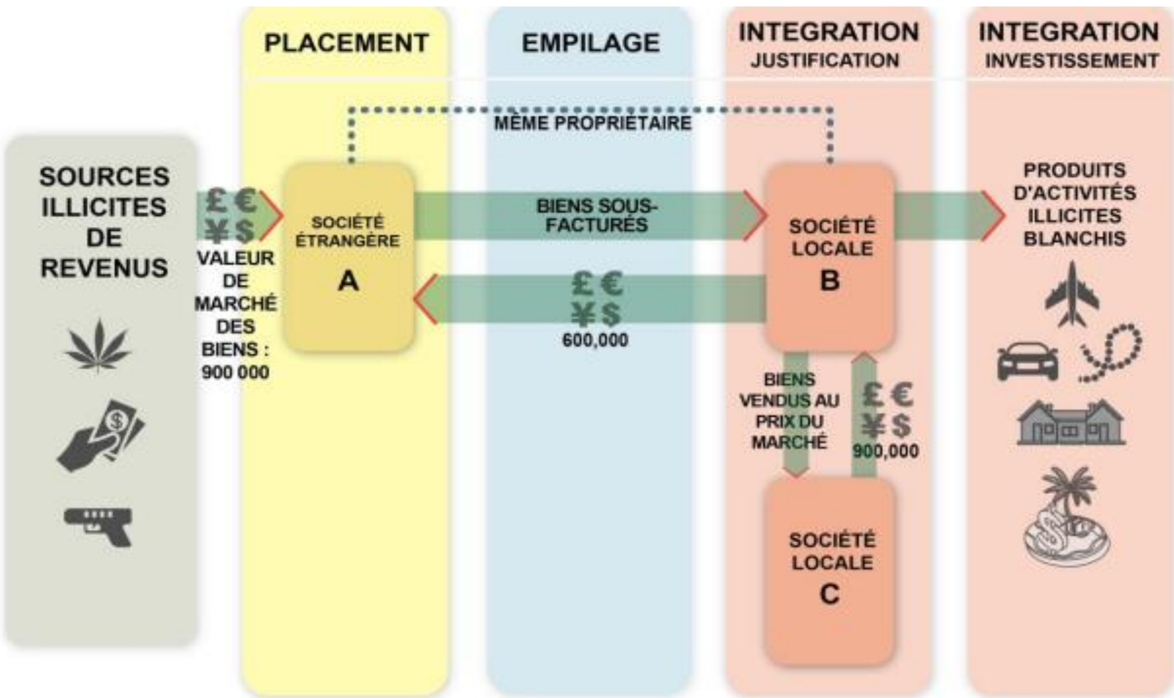
This is a schematic representation of an illegal cash transfer through a bitcoin broker. The diagram represents an illegal merchant with a hidden identity who sells his products for crypto-currency. His goal is to convert this crypto-currency into cash.
To do this, he uses a broker who exchanges the bitcoins for legal tender via an official exchange platform and receives cash in his bank account. This way the criminal trader finances his expenses and converts his crypto-currency without being detected by the authorities.

Scheme 2: Money laundering operation



Person X travels from Central America to Paris declaring 135,000 Euros in 500 Euro notes. America is a country where the level of risk is very high. Of course X declares that this amount of money corresponds to transactions legally carried out in America.
X transports the money by depositing it in his bank account, then flying back to America and withdrawing the money in local currency from the ATMs. After withdrawing the money, he converts it into Euros on the black market and flies back to Europe and deposits the money in his account.
All transactions made during this circuit are declared to customs. So it can be said that legally the transactions made do not pose any tax problems, but the sums of money carried by the person himself attracted attention and raised suspicions.
Finally, person X was a major criminal working with a drug trafficking organisation in America. His work was based on converting the money obtained from the crimes into local currency.

Scheme 3: Money laundering through trade

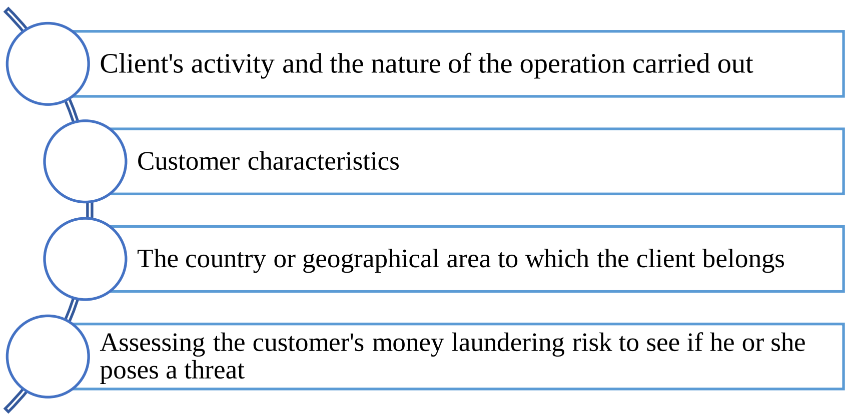


The illustration below shows the technique by which criminals cover up and hide illegal currency and make transfers in the form of commercial transactions.

4.3. Money laundering approach and analysis

In order to combat money laundering, foreign exchange companies must adopt the risk-based approach. The latter is based on the analysis and assessment of money laundering risks according to the following criteria, while respecting the order mentioned.

Scheme 4: Criteria for assessing money laundering risks



After assessing the customer according to the above criteria, the exchange company gives the customer a score, which indicates the risk level of each customer, ranging from high risk to low risk.
The level of risk can also be detected from the volume and number of transactions that the client carries out with the exchange company. We will try to illustrate this in the following table:

Scheme 5: Money laundering risk assessment model

Volume and frequency of operations / month	**Tranche 1 / dirham**	**Tranche 2 / dirham**	**Tranche 3 /dirham**
De 1 à x	Low- risk	Medium risk	High-risk
De x à y	Medium risk	High-risk	**Suspicion**
De y à z	High-risk	**Suspicion**	**Suspicion**

It should be noted that the established model must be updated periodically and made available to all participants in the exchange companies.
With the new tools for buying and selling currencies, other risks can occur, which can be detected from the development of the client's activity, which uses new technologies in the exercise of its activity. Depending on the nature of the risk detected, foreign exchange companies apply either simplified or reinforced measures.

Declaration of suspicion (DS):

In case of suspicion, the report is made either through the NAFI website in the "GoAML" remote reporting section, or by email at "utrf@utrf.gov.ma".
It should be noted that the suspicious transaction report must include the following information

- Company name
- Name and surname of the declaring
- Identity of the client
- Information on the transaction, i.e. date, nature, amount and currency
- Reasons for suspicion of the transaction

5. Conclusion

Financial markets are always exposed to money laundering risks because of their nature and characteristics. They offer various opportunities for the conversion of funds from illicit activities. Criminals are always looking for money laundering opportunities, especially in capital markets that have approved conditions from the criminals' point of view; namely the speed of trading and execution of transactions, market liquidity and stiff competition.

In general, financial markets can offer opportunities to carry out money laundering operations by using the blockchain, which allows the storage and exchange of value without a centralized intermediary. In particular, these markets can be used in the stacking and integration phases where money can be transformed into financial assets via financial transactions. But with the development of new payment technologies, stakeholders have put in place internal monitoring arrangements based on a risk-based approach that allows them to detect suspicions at National Authority for Financial Intelligence.

This paper has listed a number of money laundering indicators to facilitate the reporting of suspicious transactions by stakeholders.

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