

The Impact of International Trade on the Growing Volume of Money Laundering

أثر التجارة الدولية على زيادة جرائم غسل الأموال

A.Pr Salama Abdelaziz Hassan Aly *

Islamic University of Minnessota, USA.

lawyersalama@gmail.com

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Abstract:

Money laundering is one of the most serious crimes that threaten societies, as the crime encourages drug dealers and international mafia gangs to harm the economies of countries and devalue the national currency as a result of transferring money abroad. . In addition to the spread of unemployment and chronic diseases among young people due to drug abuse , Also, money laundering contributes to the growth of other crimes, such as the crime of human trafficking and the crime of selling human organs , Hence, the research aims to shed light on the relationship between international trade and bank transfers on the one hand and the increase in money laundering crimes on the other hand, and to show how to combat that crime and the suitability of international and national legislation to reduce it.

Keywords: International trade, money laundering, bank transfers

ملخص:

يعتبر غسل الأموال من أخطر الجرائم التي تهدد المجتمعات، حيث إن الجريمة تشجع تجار المخدرات وعصابات المافيا الدولية على الإضرار باقتصاديات الدول وخفض قيمة العملة الوطنية نتيجة تحويل الأموال إلى الخارج... بالإضافة إلى انتشار البطالة والأمراض المزمنة بين الشباب بسبب تعاطي المخدرات، كما يساهم غسل الأموال في نمو الجرائم الأخرى كجريمة الإتجار بالبشر وجريمة بيع الأعضاء البشرية، ومن هنا يهدف البحث إلى إلقاء الضوء على العلاقة بين التجارة الدولية والتحويلات المصرفية من جهة وزيادة جرائم غسل الأموال من جهة أخرى، وبيان كيفية مكافحة تلك الجريمة ومدى ملاءمة التشريعات الدولية والوطنية للحد منها.

الكلمات المفتاحية: التجارة الدولية ، غسل الأموال، التحويلات المصرفية

* Corresponding author: Salama Abdelaziz Hassan Aly

1. INTRODUCTION

Definition of money laundering: Money laundering is the severing of the link between the money obtained from a crime and its illegal source. ⁽¹⁾

Some said that “ It is the process that those involved in the illicit trade use to disguise its illegal source, or to use the unauthorized income, in order to legitimize that income and disguise it so that it appears to be legitimate income”. ⁽²⁾

Others believe that money laundering is: the transfer of illegally obtained money to another form of wealth with the aim of concealing its source. ⁽³⁾

Some countries limit the crime of money laundering to concealing the money obtained from the drug trade, and others believe that the crime includes the concealment of illegal funds, whatever their source⁽⁴⁾.

According to the International Monetary Fund, money laundering is: “the re-pumping and recycling of illegal funds into financial and legal projects.” ⁽⁵⁾

The US legislator set an expanded definition of money laundering in the 1976 law as “every act aimed at concealing the nature or source of funds obtained from criminal activities” ⁽⁶⁾.

From these definitions, I can say that the crime of money laundering requires the existence of criminal behavior that includes concealing illegal funds to convert them into a legitimate source of wealth, for example directing money obtained from drug trade or obtained from selling human organs or slave trade to another source of wealth such as jewelry or gold or earth , Hence, what distinguishes money laundering is that it includes the act of camouflaging and concealing an illegal source of income in other legal source.

The study importance:

The importance of the study lies in shedding light on the seriousness of the money laundering crime, the seriousness of bank transfers carried out by suspicious commercial companies, the role of banks in facilitating the money laundering process, ways to protect international trade from suspicious transactions, and provisions for controlling bank transfers.

The study problems:

- 1) The problem is that money laundering gangs focus on countries that suffer from economic problems and a shortage of foreign currencies, so these gangs establish fake projects for the purpose of money laundering, and thus come out with these funds as if they were commercial proceeds for those projects.
- 2) Often these gangs have a legal cover to cover money laundering deals, such as forging invoices and resorting to documentary credits to complete a fictitious commercial exchange, and then it is difficult to detect the crime.
- 3) Most money laundering transactions are carried out by specific banks in Switzerland and the United States of America that deliberately complete suspicious transactions in exchange for commissions.
- 4) Many transnational corporations have many branches in most countries and they can control the national economy or even bring it down by transferring their capital from one branch of one country to another branch in another, hence they control the economies of countries and exert political and economic pressure on countries, and this helps them to complete their suspicious deals.
- 5) The problem lies in the difficulty of solving the equation between international trade, which needs speed in completing the transaction and transferring the price on the one hand, and the provisions of control and control over electronic transfers that take place by pressing the mobile button in seconds on the other hand.

Objectives of the study:

The study of the relationship between international trade and money laundering aims to clarify the impact of technological development and electronic bank transfers in increasing the volume of money laundering crimes, and to show the difficulty of balancing the requirements of international trade in terms of speed and achievement on the one hand, and the provisions of control over bank transfers on the other hand.

The study also aims to shed light on certain countries and certain banks that practice this crime in return for percentages of profits, and the suitable legal solution .

Research method :

In this study, I followed the descriptive approach to show the relationship between international trade and the growth of crime, and to show the impact of technological progress on increasing the volume of money laundering crime. And the difficulty of matching between maintaining the confidentiality of customer accounts and monitoring suspicious transfers.

2- Historical development of anti-money laundering:

The emergence of the term money laundering dates back to 1932 during World War II, when the crime was practiced by the German Mafia and the Italian Mafia with the aim of facilitating the entry of the Allied naval forces on the island of Sicily , Money laundering was done by making fake loans aimed at transferring money from American banks to Swiss banks , Thanks to this fake operations, a gambling city was established in the United States. (7)

While some believe that this crime appeared in the eighties, when a group of jewelry dealers managed to Carrying out a money laundering operation resulting from the drug trade, where quantities of gold were purchased with this money from dealers in Latin America, and the operation was a fake purchase from In order for merchants to obtain the necessary documents to justify the release of large amounts of cash. (8)

Some assert that the evidence for the recent emergence of the term money laundering is that it was not mentioned in the United Nations Convention against Illicit drug trafficking for the year 1988, as it did not use this term in any of the its materials, but used the verbal description of the physical act of this crime, such as: transferring money concealing or disguising its truth, source, location, manner of disposition, movement, or rights relating thereto, or ownership of such funds, or incitement to commit any of them, or Subscribe or participate in it. (9)

The September 11 attacks 2001, led to the Patriot Act in the U.S. and similar legislation worldwide, and to a new emphasis on money laundering laws to combat terrorism financing. The Group of Seven (G7) nations used the Financial Action Task Force on Money Laundering to put pressure on governments around the world to increase surveillance and monitoring of financial transactions and share this information between countries. Starting in 2002, governments around the world upgraded money laundering laws and surveillance and monitoring systems of financial transactions. Anti-money laundering regulations have become a much larger burden for financial institutions and enforcement has stepped up significantly. During 2011–2015 a number of major banks faced ever-increasing fines for breaches of money laundering regulations. (10)

2.1- The impact of account secrecy on the crime of money laundering:

2.2- What is meant by confidentiality of bank accounts?

The laws of the Central Bank and the banking system in all countries of the world without exception stipulates that all customer accounts, deposits, funds and safes in banks, as well as transactions related to them are confidential, and it is not permissible to view them or give data about them directly or indirectly, except with the written permission of the account holder or One of his heirs or one of his representatives with all or some of these funds, or from the legal representative or authorized representative for that, or based on a court ruling.

Therefore, the bank adheres to confidentiality and refrains from disclosing to others any information related to customer accounts and deposits . And then the bank can protect itself from legal liability resulting from disclosing customers' secrets. ⁽¹¹⁾

The principle of confidentiality cannot be taken without restrictions. There is a conflict between this principle and other more important interests. The client or his heirs may be in debt, and the confidentiality of his accounts must be revealed to seize his money and pay his debt.

Therefore, Article (141) of the Central Bank of Egypt Law states that “if it is necessary to reveal the truth in a felony or misdemeanor based on serious evidence of its occurrence, the attorney general, or at least one of the first public defenders authorized by him, may spontaneously, or at the request of an official body or one of those concerned, to request the Cairo Court of Appeal to obtain any data or information related to accounts, deposits, trust funds or safes stipulated in Article (140) of this law or related transactions”, This request may also be in the event a judgment is issued regarding the client’s indebtedness. ⁽¹²⁾

2.3-The origins of banking secrecy:

Banking secrecy has its roots in Switzerland and the Great Council of Geneva, which banned the disclosure of information about the European upper class in 1713. The Catholic French kings deposited their possessions in Geneva accounts, as a way of avoiding the Protestant banking system. During the 1780s, Swiss bank accounts began to secure deposits, which helped cement its reputation for financial security. In 1815, the Congress of Vienna officially declared the international neutrality of Switzerland, which led to a large influx of capital. Rich, landlocked Switzerland viewed banking secrecy as a way to build an empire similar to that of France, Spain, and the United Kingdom, as Swiss historian Sebastian Jax points out in his book *The Origins of Secret Swiss Bank Accounts*.⁽¹³⁾

In 1848 the Swiss Confederation was established after a small civil war in the 1840s between the Swiss cantons, The formation of the state, through direct democracy, contributed to the political stability necessary for banking secrecy. The war contributed to political and economic instability, which stimulated a rapid movement of capital in Switzerland. As European countries began to raise taxes to finance the war, wealthy clients transferred their holdings to Swiss accounts to avoid taxes, the French were dealing with banks in Geneva, the Italians in Lugano and the Germans in Zurich. Although disclosing client information has been a civil crime in Switzerland for centuries, the Swiss Federal Assembly made it a federal criminal offense in 1934. ⁽¹⁴⁾

When Hitler announced the invasion of Switzerland in 1940, UBS contracted with the Swiss armed forces to blockade their retail banks and move Jewish assets to secret military bunkers. After the 2008 financial crisis, Switzerland signed the European Union Savings Directive, which obliges Swiss banks to report unspecified annual tax statistics to 43 European countries. In step toward reducing banking secrecy, Switzerland signed into law the US Foreign Account Tax Compliance Act, after twice rejecting it in parliament. Offshore Tax Compliance Act requires Swiss banks to annually disclose unidentified US customer information to the Internal Revenue Service.

2.4-Account confidentiality and obstruction of crime prevention:

There is no doubt that the secrecy of bank accounts is a fortress that prevents money launderers from being pursued. Meaning that the investigator in a money laundering crime will not be able to see the accounts and deposits of suspicious customers, and the bank will not allow that under the pretext of the confidentiality of the accounts . Many countries have adhered to the principle of confidentiality of the client's account, and among those countries is Switzerland, which considered that simply saying that there is an account for the client is a violation that requires punishment. But gradually, in Switzerland in 1998, a law was passed allowing banks to report suspicious transfers and freeze them, and in England, the confidentiality of accounts is an obligation on the bank, and that confidentiality may not be disclosed without obtaining a court ruling ⁽¹⁵⁾

In 1972, the Italian Law on Banks was issued and stressed the principle of bank account secrecy, even in the face of public authorities, and that the confidentiality of customer accounts should not be disclosed without a court order.

Hence, the principle of bank account secrecy has positive effects because it guarantees the protection of bank customers' secrets and helps the flow of capital within the bank.

But this principle has serious flaws, as it protects money launderers and helps drug dealers to hide their money and transfer it from one account to another with impunity. Hence, I see a conflict between the principle of account confidentiality and anti-money laundering, and I believe that the principle of confidentiality should not be exaggerated, and that bank employees be given the opportunity to report suspicious activities.

It seems that the United Nations Convention against Drug Trafficking of 1988 recognized the seriousness of the principle of confidentiality of accounts and tried to restrict it. Article 5 of that convention stipulated that: "The principle of account secrecy may not be invoked in order to provide bank records in case of suspected money laundering" Hence, the banking secrecy of customer accounts hinders the detection of crime and prevents the state from pursuing the criminal Hence, I believe that the secrecy of accounts should not be overstated and that banks should report suspicious transactions to the authorities.

3.- The international trade and the growing volume of money laundering

3.1-Reasons why some banks fall victim to money laundering:

When we talk about banks in developing countries that are involved in completing suspicious transactions, we do not rule out that they were victims of negligence and haste. Most developing countries suffer from economic stagnation and a shortage of foreign exchange, and those countries seek to search for sources of foreign exchange to improve their economic situation and implement development projects , Therefore, it encourages foreign investment and enacts legislation that facilitates the supervision of bank transfers.

Also, the laws of these countries allow the transfer of money by traditional methods by trucks and planes and across borders ⁽¹⁶⁾.

The spread of bribery and corruption within banks has provided the opportunity for money launderers to deposit huge sums in exchange for a commission paid to bank employees. Technological development and the emergence of electronic commerce has led to an increase in the proportion of funds that are transferred daily between banks under the guise of trade .

The emergence of transnational corporations that have large capital and branches in all countries of the world and exert economic and political pressures on decision makers and on governments within countries, As these companies can transfer their money from a branch in one country to a branch in another

country, which results in an economic collapse or a sudden shortage of basic commodities produced by that company, Hence, huge money laundering deals are often done with the protection of these companies.

3.2- Commercial banks and money laundering facilitation:

There are many ways that money launderers resort to with the help of banks to hide their criminal activity, and among these means is to buy precious stones and antiques and then sell them against a check . Then the owner of the check makes many transfers between the drawee bank and its branches in other countries (¹⁷).

One of the partners applies for a loan and then another partner pays the value of this loan, and thus the funds obtained from a crime are converted into legitimate funds obtained from a loan that has been paid (¹⁸).

Many money laundering gangs resort to creating websites and fake stores for buying and selling, and the customers of these companies are dealt with electronic money, and this method is used to transfer illegal money from one account to another in another country under the guise of electronic commerce.

The emergence of electronic banks such as Money Booker and Pay Pal has facilitated the process of money laundering, which passes through several accounts between several countries to settle in the account of money launderers, who often belong to many countries and it is difficult to pursue them or determine the law applicable to them spatially.

3.3- money laundering risks:

The crime of money laundering leads to the collapse of the state's economy as a result of the exit of large sums of foreign currency and their replacement with goods that have no value such as drugs, etc.

A decrease in the purchasing power of the national currency due to the exit of foreign currency from the country, which leads to an increase in the prices of goods within the country . the deterioration of the health status of community members as a result of the spread of drugs, the weak ability of workers to produce and the low quality of national products . The crime of money laundering leads to increased consumption, increased demand for goods, and high inflation rates (¹⁹).

The crime of money laundering also leads to a high rate of unemployment, a delay in the age of marriage, a decrease in the standard of living of the family, and an increase in the number of street children.

Whoever carries out the money laundering process will be subject to legal accountability and prosecution by the security services of his country, and various countries of the world have enacted laws aimed at preventing the phenomenon of money laundering, and the penalty for money laundering may vary from one country to another and varies according to the details of the process itself, Imprisonment and a fine (²⁰).

Money laundering also damages the social fabric of societies, where money obtained illegally cannot be a source of good, but on the contrary, the money obtained from illegal and immoral operations such as money laundering may be the cause of the destruction of homes. Although some people increase their money from money laundering, many other people lose their money and may even lose their families and their lives.

Money laundering affects countries and their economy negatively, and is a real danger to the national economy.

The money laundering process also contributes to reducing opportunities for economic development and growth in the country because the money launderer loots the money of others, for example. When

people evade paying taxes, the state loses a source of money, which could have been used to develop the various sectors of the state, which the citizens need⁽²¹⁾.

Money laundering also results in damage to institutions, businesses and commerce, as many businesses depend on their reputation and their ability to maintain safety for their clients and investors. In illegal operations, it does not benefit the company, but rather harms it.⁽²²⁾.

On a macro level, money laundering poses a risk to confidence in the financial system and in its institutions. 'The soundness and confidence in the financial system as a whole could be seriously jeopardized thereby losing the trust of the public,' if the financial system is seen to be laundering criminal proceeds. so The Banks is at pains to ensure that the states maintains its reputation as a 'clean' financial centre. It would not be difficult to imagine the decline of a reputable financial centre were it to become synonymous with laundering criminal proceeds, given the emphasis on name and reputation in attracting and maintaining business in the financial industry. Therefore the importance of confidence and the need for transparency in the financial system cannot be understated, especially as it makes a significant contribution to certain countries' ⁽²³⁾.

3.4- Factors that led to an increase in suspicious bank transfers recently:

In recent times, corruption has appeared in the field of international trade, and it has taken different forms and methods from imitation, embezzlement, theft, drug trade, white slavery, prostitution and bribery. Including the so-called dirty money and forbidden money and so on. So that it became difficult to bring them into the banks and put them in secret accounts with clean names.

One of the recent methods on the basis of which these illegal funds obtained from theft operations, facilitating prostitution, bribery, drug smuggling, human smuggling, child trafficking, and gambling clubs are being laundered is that the owners of these illegal funds deposit them in banks or transfer them between banks to merge them with legitimate funds, and hide their sources, original.

These funds may be transferred from internal banks to international banks with many branches in the world. Then the foreign banks themselves carry out another transfer of funds through their various branches, after which the owners withdraw their money from the banks to buy land, or contribute to transcontinental companies. ⁽²⁴⁾

The emergence of online banking institutions, anonymous online payment services, and mobile transfers in virtual currencies such as bit coin has made it more difficult to detect an illegal transfer of funds. Moreover, the use of proxy servers and anonymization software makes money laundering complete, almost impossible to detect, as funds can be transferred or withdrawn without leaving a trace of an IP address.

3.5-Arab efforts to combat money laundering:

3.5.1- The Egyptian efforts:

Egypt was at the forefront of countries that paid great attention to combating money laundering, and issued the Anti-Money Laundering Law No. (82) for the year 2002, and Egypt established a supervisory department and an investigation unit independent of the Central Bank of Egypt.

The Egyptian Financial Supervisory Authority has issued several decisions aimed at controlling oversight of state institutions to the extent that ensures the detection of money laundering and terrorism crimes. Among the most important of these decisions are the following:

a) The Authority's Board of Directors Decision No. (120) of 2019 regarding the regulatory controls in the field of combating money laundering and terrorist financing for entities working in the field of non-bank financial activities.

b). The Authority's Board of Directors Decision No. (121) of 2019 regarding the controls for registering officials of combating money laundering and terrorist financing in the bodies working in the field of non-banking financial activities with the Authority.

c). The Authority's Board of Directors Decision No. (23) of 2020 regarding the regulatory controls for the lists of sanctions and targeted restrictions in the field of combating terrorism and the spread of weapons of mass destruction for entities working in the field of non-banking .

In 2021, the Authority issued the Authority's Board of Directors Decision No. (2) of 2021 regarding the controls in the field of combating money laundering and terrorist financing for financial authorities and institutions working in non-banking financial activities, through which all previous decisions were merged into a unified resolution that includes all provisions related to the field of combating Money laundering and terrorist financing .financial activities. ⁽²⁵⁾

3.5.2- Efforts of the Kingdom of Saudi Arabia to combat money laundering:

The Kingdom of Saudi Arabia issued Royal Decree No. 31 on 11/5/1433 AH , A person who commits one of these acts has been deemed to have committed a money laundering crime:

a) Carrying out any operation of funds or proceeds, knowing that they are the result of a criminal activity or an illegal or irregular source.

b)- Transferring, acquiring, using, keeping, receiving or transferring funds or proceeds, knowing that they result from criminal activity or from an illegal or illegal source.

c)- Concealing or disguising the nature of funds or proceeds, their source, movement, ownership, location or manner of disposing of them, knowing that they resulted from criminal activity or from an illegal or irregular source.

Article 5 of this law requires financial institutions, designated non-financial businesses and professions, and non-profit organizations not to conduct any financial, commercial or other transaction in an anonymous or fictitious name, or to open or deal with digital accounts. The identity of the dealers must be continuously verified based on official documents, at the beginning of dealing with these customers or when conducting any operation with them directly or on their behalf. authorized to sign on it, and to take ongoing due diligence measures and the like as specified by the executive regulations of this system. ⁽²⁶⁾

3.5.3- United Arab Emirates and anti-money laundering:

This Federal Law Decree constitutes a fundamental pillar in combating money laundering and terrorist financing crimes, and enhancing the effectiveness of the legal and institutional framework in the UAE. Under the provisions of this law, the perpetrator of a money laundering crime is anyone who intentionally transfers or transfers proceeds with the intention of concealing or disguising their illegal source, or who acquires, possesses or uses the proceeds upon receipt, or helps the perpetrator of the predicate crime to evade punishment. This decree-law approved the establishment of the National Committee to Combat Money Laundering and Combat the Financing of Terrorism and the Financing of Illegal Organizations headed by the Governor of the Central Bank of the United Arab Emirates.

Then Cabinet Resolution No. (10) of 2019 was issued regarding the executive regulations of Federal Decree-Law No. (20) of 2018 regarding countering money laundering crimes and combating the financing of terrorism and the financing of illegal organizations.

This decision defined the nature of the financial activities and operations and the specific non-financial businesses and professions, the obligations of financial institutions and non-financial businesses and professions in identifying and reducing risks, and due diligence towards customers in terms of verifying the identity of the customer and the real beneficiary and taking the necessary measures to manage risks. The resolution also clarified the importance of reports of suspicious transactions and the obligations of financial institutions and designated non-financial businesses and professions in case of suspected crime or in relation to it, and the policies, procedures and internal controls to combat the commission of crime, in addition to

identifying and assessing the risks of money laundering and terrorist financing and assessing risks before launching products and technologies.

3.5.4- Anti-money laundering efforts in Algerian law:

Article 389 of the Algerian Penal Code stipulates that the acts that constitute the crime of money laundering are:

a) The transfer of properties with the knowledge of the offender that it is proceeds of crime for the purpose of concealing or disguising the illicit source of such property, or assisting any person involved in the commission of the predicate crime that These properties came from her to evade the legal consequences of his actions.

b) Concealing the nature of property or concealing its source, location or movement, even though the accused knows that it is the proceeds of crime.

c) Participation in the commission of any money laundering crime in accordance with this Article or conspiracy, incitement and advice to commit it.

Article 389 bis 5 of the Penal Code stipulates the application of one of the complementary penalties, which are: legal confiscation/ denial of exercise of national, civil and family rights/ residency limitation/ ban on residency/ confiscation Partial funds / temporary ban from practicing a profession or activity / closing of the institution / exclusion from Public transactions / Prohibition from issuing checks or using a payment card /Suspending or withdrawing or canceling a driver's license with a ban on issuing a new license / Withdrawing a passport / publishing or Suspension of a judgment or conviction

3.5.5-Kuwait's Efforts and Anti-Money Laundering:

The second article of Law 106 of 2013 stipulates the acts that constitute a money laundering crime, which are:

a) Transferring or substituting funds, concealing their illegal source, or assisting a person involved in the commission of the crime from which the funds were obtained, with impunity

b) Hiding the true nature or source of money and how to dispose of it.

c) Unlawful acquisition, possession or use of money

According to Article No. (28) of the Executive Regulations for Combating Kuwaiti Money Laundering Crimes, anyone who commits one of the crimes stipulated in the Money Laundering Law, whether by concealing the source of funds or manipulating transfers, etc., shall be punished with ten years imprisonment.

The legal person shall be responsible for any crime stipulated in the provisions of this article, if it was committed in his name or for his account. Punishment of the perpetrator of the predicate crime does not

prevent him from being punished for any other money laundering crime. When it is established that the funds are the proceeds of crime, it is not necessary that a person has been convicted of the predicate crime.

The most important obligations regulated by the Kuwaiti legislator in the executive regulations of Law No. 7 of 2010 regarding the establishment of capital markets and the regulation of securities are:

i) Establishing effective and written systems, policies and procedures aimed at combating money laundering and terrorist financing, and the senior management is responsible for the effective management of risks, including the risks of money laundering and terrorist financing.

ii) Appointing a compliance and compliance officer at the senior management level to be directly responsible for supervising the implementation of policies and procedures related to combating money laundering and terrorist financing, and responsible for informing the Kuwait Financial Intelligence Unit of any suspicion of money laundering or terrorist financing.

iii) Regularly review AML/CFT policies and procedures to ensure their effectiveness

iv) Assessment of money laundering and terrorist financing risks, including those related to the development of new products and technologies.

3.6-International efforts to combat money laundering:

3.6.1 The World Bank has introduced anti-money laundering initiatives, including:

a) The necessity of cooperation between the bank's fund and the working group in order to implement the forty recommendations on combating terrorism, establishing a financial intelligence unit, addressing shortcomings and weaknesses in national laws that combat money laundering, and organizing conferences and forums to raise awareness of the risks of that crime

b) The necessity of training workers in the field of combating money laundering, under the supervision of the International Monetary Fund and the World Bank, and providing assistance and setting laws that combat money laundering.⁽²⁷⁾

3.6.2- Vienna Anti-Money Laundering Convention:

This agreement necessitated cooperation between countries to confront all types of illegal trade, and stipulated in Article Five that funds obtained from the crime must be confiscated, and the bank may not adhere to secrecy to prevent the detection of money laundering crimes⁽²⁸⁾.

The most important feature of this agreement is that it obligated the banks to disclose the crime without invoking the principle of account confidentiality.

3.6.3- Palermo Agreement:

The United Nations adopted the Palermo Convention to Combat Transnational Crime, which explicitly criminalizes money laundering and considers it one of the most serious crimes that threaten society.

The agreement also requires countries to cooperate in the field of training workers to combat money laundering. The member states demanded the necessity of establishing an internal system that includes a mechanism for control and supervision of banks in order to detect money laundering operations, and appealed to the national judiciary within the countries to cooperate in order to achieve this end.

It also obligated the state to cooperate with the rest of the countries regarding the confiscation of money and property obtained from the money laundering crime and that occur in its territories ⁽²⁹⁾.

3.6.4-The Financial Action Group:

It is an intergovernmental organization based in the French capital, Paris, and was established in 1989. The Group works to enact international standards for combating money laundering, terrorist financing and proliferation. It also evaluates the extent to which countries adhere to these standards. The Financial Action Group aims to protect financial integrity at the international level, it has 37 members in the organization, and the Kingdom of Saudi Arabia joined this organization as the first Arab country on Friday, June 21, 2019, in exchange for its efforts in combating money laundering, the spread of arms and the financing of terrorism.

3.6.5- Kingston Declaration on Money Laundering:

within this declaration, a group of ministers and representatives of the governments of the Caribbean and Latin American countries who met in Kingston, Jamaica from October 5-6, 1992. And the implementation of the forty recommendations that were rejected by the seven industrialized countries, and they also recommended in this declaration that each country establish laws and regulations related to the seizure and confiscation of property and profits resulting from drug smuggling.

3.6.6- Department for Prevention and Confiscation of Funds Derived from Criminal Acts:

This department was established in 1993 as an INTERPOL department whose mission is to collect information and news, translate and preserve it in a special archive. It also conducts studies related to the pursuit of illegal assets abroad.

4.- CONCLUSION :

Hence, the crime of money laundering has been closely linked to international trade, because the methods on which illegal money is laundered and collected from theft operations, facilitating prostitution, bribery, drug smuggling, human smuggling, child trafficking, and gambling clubs, are often carried out under the guise of international trade. Where the owners of illegal funds deposit them in banks or transfer them between banks to merge them with legitimate funds and hide their original sources. These funds may be transferred from domestic banks to international banks which have many branches in the world. Then the foreign banks themselves make another transfer of funds through their various branches, after which the owners withdraw their money from the banks to buy land, or contribute to transcontinental companies.

A) Results:

1- With the technological development, money laundering criminals have been able to open corporate accounts in specific banks in Switzerland and the USA and use them as a means of transferring and transferring funds between countries and completing suspicious transactions.

2- Merchants in all countries of the world use the credit card as a means of payment, and the bank charges it with money so that the customer can withdraw money from any country in the world, and this method has helped in completing money laundering operations

3- The development of international trade technology has led to the emergence of electronic money, which is not subject to the law of a specific country and countries do not impose any control over it, and that money has become an effective means for money laundering criminals.

4- The money laundering mafia resorts to hiring bank employees and tempting them with bribes in exchange for allowing the deposit of funds obtained from crimes without verifying their source.

5- E-commerce is one of the most appropriate means used by money launderers as a justification for transferring huge amounts of money from a bank account in one country to a bank account in another in exchange for fake transactions of worthless goods.

6- The secrecy of bank accounts and the permission of some international banks to open accounts in fictitious names led to the facilitation of passing suspicious transactions .

7- The customer's possession of a bank account in banks with branches in more than one country helps the customer to transfer his money from one country to another easily, and it is a means of money laundering by recycling it with the aim of concealing its source.

8- The costs of monitoring suspicious operations in banks are usually high and cost banks large sums, especially in countries that do not have automatic systems, and therefore they depend on increasing the volume of human resources, maintaining customer records and books, and monitoring transfers for a long time, and this costs a lot.

9- The phenomenon of the growth of foreign direct investment, the free movement of funds between all developed and developing countries, and the phenomenon of the expansion of financial speculation through stock exchanges, caused an increase in money laundering operations, and encouraged many banks to race to benefit from this dirty phenomenon as much as possible by deception. Therefore, these countries have adopted laws and administrative procedures to help them conceal and cover up these operations.

B) Recommendations:

1- Countries must place strict restrictions on bank accounts so that they do not allow the opening of fake accounts, while easing restrictions on the confidentiality of accounts to the extent that allows knowledge of the sources of transfers and the extent of their legality.

2- I recommend that the client's identity be verified before opening a bank account, and that he must submit legal documents indicating his identity and source of income, The customer should write a declaration in which he pledges to refrain from receiving money or bank transfers from unknown sources . In the event that the customer violates this condition, he waives in advance the confidentiality of his account, and the bank has the right to report it.

3- I recommend that commercial companies be obligated to submit legal documents when opening a new account in the bank, and submitting the company's contract documented in the company registry in the court, to submit the commercial register, tax card, exporters and importers card, and to annually submit to the bank official documents with the size and price of the goods they had exported

4- I recommend the implementation of international recommendations that obligate banks to train employees on knowing customers and the nature of their activities, and training them on how to discover suspicious transactions and transfers.

5- It is necessary to work with international standards that require the management of banks to focus on the customer who makes numerous transfers to and from abroad within a short period and in large amounts without justifying it.

6- Emphasis should be placed on any transfers to and from international banks involved in money laundering crimes, as well as banks belonging to countries whose economy depends on drug trade. Recently, dozens of banks declared bankruptcy due to their involvement in money laundering crimes resulting from arms trade and illegal drug trafficking.

7-I recommend that the bank's administrations conduct continuous training courses for the bank's employees to provide them with the latest technological methods used by money launderers and the means of discovering those operations.

8- Banks must tighten control over the customer who deposits large amounts of money, or who deposits many amounts within a limited period of time, or who owns many accounts and exploits them in unjustified transfers. Or the customer who repeatedly withdraws money after depositing it in a short period , As well as the customer who uses more than one ATM to withdraw from more than one account at the same time.

9- I recommend to monitor the client's transfers of sums of money that are not commensurate with the volume of his commercial activity, as well as his transfers to persons with whom he has no clear relationship, as well as the provisions of control over transfers received from countries famous for drug and arms trade, as well as countries whose banks are characterized by leniency in opening bank accounts or fighting crime.

10- It is necessary to show the customer who seeks to borrow and provides the bank with a guarantee owned by other people who have no relation to him, or the customer who repays the loan at an unexpected speed and through other parties he does not know.

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