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MONEY LAUNDERING AS A WHITE-COLLAR CRIME

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ABSTRACT

Money laundering constitutes one of the most consequential white-collar crimes in the contemporary global financial order, enabling criminal enterprises to legitimise illicit proceeds and reinvest them into the licit economy at devastating social and economic cost. This paper investigates money laundering as a white-collar crime, examining its conceptual foundations, historical evolution, typological manifestations, and the regulatory architecture designed to suppress it. Employing a hybrid doctrinal and empirical methodology, the study synthesises primary legal instruments including the Financial Action Task Force (FATF) Recommendations, the Bank Secrecy Act (BSA), the United Nations Convention Against Transnational Organised Crime (UNTOC), and the European Union Anti-Money Laundering Directives with secondary empirical data drawn from international enforcement records, risk assessments published by the U.S. Treasury and UNODC, and comparative jurisdictional analyses. The paper identifies three persistent and under- theorised research gaps: first, the inadequacy of traditional legal frameworks in addressing decentralised-finance (DeFi) and cryptocurrency-based laundering; second, the enforcement asymmetry between developed and developing jurisdictions resulting from uneven adoption of FATF standards; and third, the theoretical deficit in understanding the criminological profile of corporate money launderers as white- collar offenders. The paper argues that the global AML regime, while expansive in formal reach, suffers from structural fragmentation, technological lag, and an enforcement gap that is widening as illicit actors adopt increasingly sophisticated tools. The conclusion advocates for a tripartite reform agenda comprising harmonised digital-asset regulation, data-driven enforcement mechanisms, and strengthened international cooperation frameworks. The findings contribute to scholarly debates at the intersection of criminal law, financial regulation, and criminological theory.

Keywords: Money Laundering, White-Collar Crime, FATF, Anti-Money Laundering, Cryptocurrency, Regulatory Gap, Financial Crime, Doctrinal Research.

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I. INTRODUCTION

Money laundering stands at the convergence of organised crime, financial regulation, and criminal law. It is defined, in its most elemental form, as the process by which illicitly obtained funds are disguised so as to appear as the product of legitimate economic activity. The term itself entered popular consciousness in the 1920s, when criminal syndicates in the United States reportedly channelled proceeds from illegal enterprises through cash-intensive laundromats to blend dirty money with legal revenue a methodology primitive in comparison with the sophisticated multi- jurisdictional schemes observed today.

The scale of the phenomenon is staggering. The United Nations Office on Drugs and Crime (UNODC) estimates that between two and five percent of global gross domestic product representing between USD 800 billion and USD 2 trillion annually is laundered through the global financial system. In 2024, this equated to somewhere between USD 2.22 trillion and USD 5.54 trillion flowing undetected through financial networks worldwide. Despite these estimates, law enforcement agencies succeed in recovering only a fraction of laundered assets, underscoring the systemic inadequacy of existing detection and deterrence mechanisms.

The classification of money laundering as a white-collar crime is analytically significant. Edwin Sutherland, who coined the term 'white-collar crime' in 1939, defined it as crime committed by a person of respectability and high social status in the course of their occupation. Money laundering fits this taxonomy because it is predominantly committed within formal institutional structures banks, law firms, real estate agencies, and shell companies by individuals who leverage positions of trust and expertise. Unlike conventional acquisitive crime, money laundering is characteristically concealed within the fabric of legitimate commerce, rendering its detection methodologically distinct from street crime investigation.

Recent developments have materially altered the landscape. The rise of cryptocurrency has created new layering instruments that allow criminals to exploit blockchain anonymity, decentralised finance platforms, and cross-chain bridges to move illicit value across borders with minimal detection. In 2025, crypto-linked illicit flows reportedly spiked to an estimated USD 158 billion in laundered funds worldwide, more than tripling the prior year's total. Simultaneously, enforcement capacity in key jurisdictions has declined; global anti-money laundering penalties fell by eighteen percent from USD 4.6 billion in 2024 to USD 3.8 billion in 2025, withUnited States penalties dropping by sixty-one percent amid regulatory staff reductions and deregulatory policy shifts.

This paper proceeds in six substantive parts. Section II identifies the research gap this study

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addresses. Section III provides a comprehensive literature review situating the paper within existing scholarship. Section IV outlines the research methodology. Section V constitutes the analytical body of the paper, examining the conceptual framework, legal architecture, typologies, and enforcement challenges associated with money laundering as a white-collar crime. Section VI draws conclusions and advances a reform agenda.

II. IDENTIFICATION OF THE RESEARCH GAP

Despite a rich body of scholarship on anti-money laundering (AML) regulation and enforcement, the existing literature exhibits three interconnected lacunae that this paper seeks to address.

2.1 . The Cryp tocurrency and DeFi Regulatory Deficit

The overwhelming preponderance of legal and criminological scholarship on money laundering was produced in an era dominated by bank-centric financial systems. While considerable attention has recently been paid to cryptocurrency-facilitated laundering, most scholarly analysis remains descriptive rather than prescriptive, cataloguing the problem without offering coherent normative frameworks for reform. More critically, almost no academic literature systematically addresses decentralised finance (DeFi) platforms ecosystems without a central intermediary as distinct laundering vectors requiring novel regulatory theory. Existing doctrinal analysis applies traditional financial-institution frameworks to DeFi awkwardly, producing analytical mismatches that leave the regulatory field under-theorised.

2.2 Enforcement Asymmetry Across Jurisdictions

A second gap concerns the differential impact of AML norms across the global North-South divide. The FATF

The principal international standard-setter for AML policy has promulgated Recommendations that form the architectural backbone of national AML regimes. However, the scholarly literature has inadequately theorised the structural reasons why FATF standards are implemented unevenly, particularly among developing nations in Latin America, sub-Saharan Africa, and Southeast Asia. Existing research tends to attribute enforcement asymmetry to corruption or institutional weakness without interrogating the economic and geopolitical incentives that make compliance with FATF standards structurally costly for lower-income jurisdictions. This paper contributes to closing that theoretical gap.

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2.3 The Criminological Profile of the Corporate Money Launderer

Third, and most foundationally, the criminological literature has insufficiently examined the subjective dimensions of corporate money laundering. Scholarly discourse tends to approach money laundering instrumentally as a legal or regulatory problem to be solved rather than criminologically, as a behavioural phenomenon to be understood. Questions concerning the moral disengagement mechanisms, occupational identity, and neutralisation strategies employed by white-collar money launderers within corporate structures remain lightly theorised. This gap is of particular importance because effective deterrence depends not only on formal legal sanctions but on a nuanced understanding of offender motivation and cognitive framing.

III. LITERATURE REVIEW

The scholarly literature on money laundering and white-collar crime spans criminal law, criminology, financial regulation, and international relations. This section surveys the key intellectual traditions and identifies how the present paper relates to them.

3.1 Foundational Criminological Theory

Edwin Sutherland's seminal conceptualisation of white-collar crime provides the analytical scaffolding for understanding money laundering's sociological dimensions. Sutherland's differential association theory posits that criminal behaviour including occupational crime is learned within social networks and normalised through repeated exposure. Applied to money laundering, this framework explains the institutionalisation of illicit financial conduct within organisations where compliance norms are subordinated to revenue imperatives.

Subsequent theorists have refined this foundation. Sykes and Matza's 'techniques of neutralisation' a body of rationalisations that allow offenders to deviate from social norms while maintaining a non-criminal self-image are particularly relevant to white-collar offenders who justify money laundering as a victimless technical transgression. Similarly, Clinard and Quinney's distinction between occupational and corporate crime provides analytical purchase on the difference between individual bankers who facilitate laundering and financial institutions that adopt systematically inadequate AML controls.

3.2 The Legal Architecture of Money Laundering

From a doctrinal perspective, the foundational legal frameworks governing money laundering emerged in the late twentieth century. The United States enacted the Bank Secrecy Act in 1970,

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requiring financial institutions to maintain records and file reports useful in investigating money laundering. The Money Laundering Control Act of 1986 made money laundering a federal crime for the first time, establishing the legislative template that many jurisdictions subsequently adopted.

Internationally, the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention) represented the first binding multilateral instrument requiring states to criminalise the laundering of drug proceeds. Its scope was substantially broadened by the UNTOC (2000) and the United Nations Convention Against Corruption (UNCAC) (2003), which extended predicate offence categories beyond narcotics trafficking.

The FATF, established by the G7 in 1989, has been the primary engine of international AML norm production. Its Forty Recommendations revised comprehensively in 2003 and updated in 2012 and 2023 constitute the de facto international standard for AML and counter-financing of terrorism (CFT) compliance. FATF's mutual evaluation process, through which peer jurisdictions are assessed for compliance, has been studied extensively by international law scholars including Gilmore (2011) and Mitsilegas (2016), who examine both its effectiveness and its legitimacy deficits as a form of soft-law governance.

3.3 Typ ological and Sectoral Studies

A substantial body of literature addresses particular typologies and sectors through which money laundering occurs. Real estate has attracted considerable scholarly attention as a laundering vehicle: the global real estate market is estimated to absorb USD 1.6 trillion in illicit funds annually. Van der Does de Willebois et al.'s landmark study for the World Bank (2011) documented the centrality of shell companies and nominee arrangements in obscuring beneficial ownership in real estate transactions.

The literature on trade-based money laundering (TBML) the use of international trade transactions to move illicit value has grown considerably since the FATF's typologies reports in the 2000s. Scholars including Zdanowicz (2009) and Cassara (2016) have documented the manipulation of trade invoicing as a method of value transfer that exploits the complexity and volume of global trade flows.

Most recently, scholarship on cryptocurrency-related laundering has proliferated. Foley, Karlsen, and Putniņš (2019) estimated that approximately one-quarter of Bitcoin users are involved in illegal activity and that Bitcoin is used to conduct approximately USD 76 billion in illegal transactions per year. More recent analyses suggest that the illicit use of digital assets

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has grown markedly, with cross-chain laundering via blockchain bridges emerging as a significant enforcement challenge.

3.4 Regulatory Effectiveness and Enforcement

A critical strand of the literature interrogates the effectiveness of the AML regime. Van Duyne and Levi (2005) mount an influential challenge to the assumptions underpinning AML policy, arguing that the compliance cost imposed on financial institutions vastly exceeds demonstrated benefits in terms of crime reduction. Sharman (2011) advances a more systemic critique, documenting how the global AML regime, while formally expansive, is structurally oriented towards paper compliance rather than genuine disruption of money laundering networks.

More recent scholarship has focused on the enforcement gap between formal rules and operational reality. FATF's own evaluations reveal that most jurisdictions, including developed economies, achieve technical compliance with AML standards while exhibiting significant weaknesses in the effectiveness of their supervisory and investigative systems. This theory-practice disjunction constitutes a central theme of this paper.

IV. RESEARCH METHODOLOGY

This paper adopts a hybrid doctrinal and empirical research methodology. Each mode of inquiry is applied to distinct but complementary dimensions of the research problem.

4.1 Doctrinal Methodology

The doctrinal component analyses the formal legal architecture governing money laundering, tracing the development and content of primary legal instruments at both the domestic and international levels. The methodology follows the classical doctrinal tradition systematic analysis, critical synthesis, and normative evaluation of legal rules applied to statutes, international conventions, regulatory guidelines, and judicial decisions.

Primary legal sources examined include: the Bank Secrecy Act (1970) and its amendments under the USA PATRIOT Act (2001) and the Anti-Money Laundering Act (2020); the Money Laundering Control Act (1986); the FATF Forty Recommendations (2012, as updated); the European Union's successive Anti-Money Laundering Directives (AMLD), culminating in the proposed Anti-Money Laundering Regulation (AMLR) and the establishment of the European Anti-Money Laundering Authority (AMLA); and the UNTOC (2000). The doctrinal analysis proceeds by identifying the normative objectives of each instrument, evaluating the coherence of its operative provisions, and assessing its functional adequacy in addressing contemporary

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money laundering typologies.

4.2 Empirical Methodology

The empirical dimension draws on secondary quantitative and qualitative data to ground the legal analysis in operational reality. Data sources include: the U.S. Treasury's National Money Laundering Risk Assessment (2024); FATF Mutual Evaluation Reports and Global Typologies Reports; UNODC World Drug Reports and financial crime statistics; enforcement action data compiled by regulatory bodies including FinCEN, the Financial Conduct Authority (FCA), and the Monetary Authority of Singapore (MAS); and peer-reviewed empirical studies from criminology and financial economics journals.

Qualitative case analysis supplements the quantitative data. Landmark enforcement actions including actions against major financial institutions for systematic AML failures, and the Singapore S$3 billion money laundering case of 2023 are examined as case studies to illuminate how laundering schemes operate in practice, how they are detected, and where regulatory frameworks prove inadequate.

4.3 Comparative Methodology

A comparative dimension is incorporated to examine how different jurisdictions have responded to shared money laundering challenges. The paper draws on AML frameworks in the United States, the European Union, Singapore, and selected developing-nation contexts to identify best practices and structural weaknesses. This comparative analysis provides an empirical basis for the reform recommendations advanced in the conclusion.

4.4 Methodological Limitations

Several limitations merit acknowledgement. Money laundering is an inherently clandestine phenomenon; all quantitative estimates of its scale are derived from modelling exercises and partial administrative data rather than direct observation, introducing significant measurement uncertainty. The comparative analysis is limited by the availability of reliable enforcement data, which is unevenly distributed across jurisdictions. Additionally, the rapidly evolving landscape of digital finance means that some aspects of the analysis particularly concerning DeFi regulation will require continuous updating as the field develops.

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V. ANALYSIS

5.1 Conceptual Framework: Money Laundering as a White-Collar Crime

The conceptual relationship between money laundering and white-collar crime is analytically productive but contested. At the descriptive level, the connection is clear: money laundering is predominantly committed not by the underlying predicate offenders drug traffickers, fraudsters, corrupt officials but by sophisticated intermediaries who exploit institutional access and professional expertise. These intermediaries bankers, accountants, lawyers, real estate agents, and corporate service providers occupy the archetypal white-collar position described by Sutherland.

The three-stage model of money laundering placement, layering, and integration maps the process by which illicit proceeds are introduced into and transformed within the financial system. In the placement stage, cash generated by criminal activity is introduced into the financial system, typically through methods designed to avoid reporting thresholds a practice known as structuring or smurfing. Layering involves creating a complex documentary distance between illicit funds and their criminal origin, routing money through networks of shell companies, correspondent banking relationships, offshore accounts, and securities transactions.

Integration, the final stage, sees the funds re-emerge as apparently legitimate assets, available for the offender to deploy without arousing suspicion.

The institutional dimension of money laundering is what distinguishes it analytically from simple receipt of criminal proceeds. A drug dealer who spends cash directly has not laundered money; a financial institution that processes the same cash through a series of nominally legitimate transactions has facilitated laundering within an organisational context. This institutional embedding is what aligns money laundering with white-collar crime theory: it is crime that exploits and corrupts legitimate institutional structures.

5.2 The International Legal Framework

The international legal architecture governing money laundering reflects an evolutionary accretion of treaty obligations and soft-law standards spanning four decades. The Vienna Convention of 1988 established the foundational criminalisation obligation, requiring states to treat the laundering of drug proceeds as a criminal offence. Its successor instruments UNTOC (2000) and UNCAC (2003) substantially expanded the scope of predicate offences, requiring criminalisation of laundering derived from any serious crime, including corruption, organised crime, human trafficking, and fraud.

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The FATF Recommendations constitute the operational heart of the international AML regime. They are premised on a risk-based approach, requiring financial institutions and designated non-financial businesses and professions (DNFBPs) — including lawyers, accountants, estate agents, and trust and company service providers — to identify, assess, and mitigate money laundering risks proportionately. Key obligations include customer due diligence (CDD), enhanced due diligence (EDD) for high-risk customers and politically exposed persons (PEPs), ongoing transaction monitoring, and the filing of suspicious activity reports (SARs) with national financial intelligence units (FIUs).

Within the European Union, the successive Anti-Money Laundering Directives have progressively harmonised AML standards across member states. The Sixth AMLD, adopted in 2018, expanded the list of predicate offences, introduced criminal liability for legal persons, and imposed minimum sentences for money laundering offences. The forthcoming AMLR, which will be directly applicable across the EU without national transposition, and the establishment of AMLA as a central supervisory authority, represent a significant shift toward genuine supranational enforcement that legal scholars have widely welcomed as addressing the chronic inconsistency in national implementation of prior directives.

5.3 Emerging Typ ologies: Cryp tocurrency, DeFi, and Real Estate

Contemporary money laundering is characterised by the exploitation of regulatory arbitrage the exploitation of inconsistencies between legal systems or between regulated and unregulated sectors. Three typologies deserve extended analysis: cryptocurrency-based laundering, real estate laundering, and trade-based money laundering.

Cryptocurrency has become the defining enforcement challenge of contemporary AML practice. In 2023, global illegal activities involving digital currencies surpassed USD 600 million according to conservative estimates, while more comprehensive analyses placed crypto-linked illicit flows at USD 50 billion or more for 2024. The pseudonymous character of most blockchain transactions, combined with the speed, borderlessness, and programmability of digital assets, creates an environment where traditional CDD and transaction monitoring tools designed for correspondent banking are analytically inadequate.

The emergence of DeFi compounds the challenge. Unlike centralised cryptocurrency exchanges, which are increasingly subject to AML requirements through FATF's updated guidance on Virtual Asset Service Providers (VASPs), DeFi platforms operate without a central intermediary. There is no entity to whom a suspicious activity report can be filed; there is no compliance officer; there is no account relationship to verify. Chain-hopping the

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movement of value across multiple blockchains through bridges and cross-chain swap services enables launderers to fragment and obscure transaction trails in ways that single-chain blockchain analytics cannot follow. In 2025, USD 21.8 billion in illicit and high-risk crypto was moved through cross-chain methods, with some investigations spanning more than ten blockchains. Real estate has historically been a preferred laundering vehicle due to its capacity to absorb large sums with limited transparency. The global real estate market launders an estimated USD 1.6 trillion annually. Property transactions are frequently structured through anonymous shell companies and nominee arrangements that obscure beneficial ownership, a vulnerability that the U.S. Treasury acknowledged as a longstanding gap in its 2024 National Money Laundering Risk Assessment. The Corporate Transparency Act (2021) sought to address this by requiring disclosure of beneficial ownership to FinCEN, and a new residential real estate reporting rule was scheduled to take effect on 1 December 2025, requiring professionals involved in all-cash real estate transactions to report beneficial ownership information. However, constitutional challenges have created uncertainty about the CTA's continued enforceability.

5.4 The Enforcement Gap : Structural and Systemic Analysis

The most consequential failure of the global AML regime is not the inadequacy of its formal rules but the gap between those rules and their operational implementation. Several structural factors account for this disconnect.

First, the compliance-oriented nature of AML regulation generates a form of box- ticking compliance that satisfies formal FATF assessment criteria without materially disrupting laundering networks. Financial institutions invest heavily in compliance infrastructure SAR filing systems, transaction monitoring platforms, CDD procedures that generate enormous volumes of data but result in relatively few prosecutions. The Financial Conduct Authority in the United Kingdom and FinCEN in the United States have repeatedly noted that the quality rather than quantity of suspicious activity reporting is the critical deficiency.

Second, enforcement is geographically fragmented in ways that sophisticated laundering networks systematically exploit. The reduction in U.S. AML enforcement penalties by sixty-one percent in 2025 represents a significant diminution of deterrence at a time when illicit flows are increasing. The resulting enforcement vacuum is partially filled by EMEA and APAC regulators, but the asymmetry creates exploitable regulatory arbitrage. Chinese Money Laundering Networks processed over USD 16.1 billion in illicit cryptocurrency funds in 2025 alone, exploiting the fragmented global oversight architecture by routing transactions

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through Telegram- based marketplaces and over-the-counter brokers in under-regulated jurisdictions.

Third, professional enablers the lawyers, accountants, real estate agents, and corporate service providers who knowingly or negligently facilitate laundering remain inconsistently regulated and insufficiently prosecuted. The legal professional privilege claimed by lawyers in many jurisdictions creates a structural exemption from SAR filing obligations that organised crime routinely exploits. The absence of AML requirements for U.S. registered investment advisers a gap only partially addressed by a 2024 rule whose effective date has been deferred to 2028 illustrates the ability of powerful professional lobbies to resist regulatory extension.

5.5 Criminological Analysis of White-Collar Money Laundering

A criminological analysis of money laundering within white-collar settings reveals a complex interplay of institutional pressures, moral disengagement, and normalisation. Research on occupational crime within financial institutions suggests that compliance failures are rarely attributable to the deviance of isolated individuals; they more commonly reflect organisational cultures in which the profit motive systematically displaces ethical and legal obligations. The pattern of systematic AML failures at major financial institutions documented in a series of major enforcement actions in the 2010s and 2020s reflects not individual malfeasance but institutional incentive structures that tolerate or reward the processing of high-revenue, high-risk business

White (2010) and Gottschalk (2012) have applied Sutherland's differential association framework to demonstrate how banking professionals come to regard tolerance of suspicious transactions as normal through socialisation within an institutional environment that implicitly privileges revenue generation. Neutralisation techniques particularly the appeal to higher loyalties (client confidentiality, commercial confidentiality) and the denial of victim are empirically well-documented in studies of compliance culture within financial institutions.

The sociological significance of treating money laundering as a white-collar crime extends beyond academic classification. It has direct implications for sanction design. If money laundering in institutional settings reflects learned organisational behaviour rather than individual moral deviance, then individual criminal prosecution is a necessary but insufficient deterrent. Effective deterrence requires interventions at the organisational level: corporate criminal liability with genuinely dissuasive penalties, deferred prosecution agreements structured to mandate structural reforms rather than merely financial settlements, and regulatory regimes that hold senior management personally accountable for systemic

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compliance failures.

VI. CONCLUSION

This paper has examined money laundering as a white-collar crime through a synthesis of doctrinal legal analysis, empirical data, criminological theory, and comparative regulatory study. The analysis yields three principal conclusions.

First, the international AML regime, while formally comprehensive, is characterised by a structural enforcement gap that has widened as criminal actors adopted digital financial technologies faster than regulators could adapt their supervisory tools. The emergence of DeFi and cross-chain laundering typologies represents not merely an incremental evolution of existing challenges but a qualitative transformation that renders core assumptions of the current regulatory model predicated on identifiable intermediaries, correspondent banking relationships, and account-based monitoring analytically obsolete. Scholars and policymakers must develop new regulatory theory grounded in the distinctive architecture of decentralised systems.

Second, enforcement asymmetry between developed and developing jurisdictions remains a persistent structural feature of the global AML regime rather than a transitional deficiency to be remedied through capacity building alone. The economic and geopolitical incentives that make FATF compliance structurally costly for lower- income nations require explicit scholarly attention and policy reform. A genuinely effective global AML regime must address not merely formal compliance but the distributional consequences of AML standards that were designed by and for the interests of major financial centres.

Third, the criminological under-theorisation of institutional money laundering has practical consequences for sanction design. An adequate deterrence model must engage with the organisational sociology of financial crime, recognising that effective deterrence requires structural interventions at the institutional level including robust corporate criminal liability, senior management accountability, and culture-change requirements rather than relying exclusively on individual prosecution.

In terms of reform, this paper advocates a tripartite agenda. At the technological level, regulators must develop AML standards specifically calibrated to DeFi environments, including obligations on protocol developers, transaction validation nodes, and blockchain bridge operators. The FATF's 2025 and forthcoming 2026 guidance on stablecoins and virtual assets represents a meaningful step in this direction but must be supplemented by binding national legislation. At the institutional level, professional enabler regulation must be

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strengthened and harmonised: lawyers, accountants, and real estate professionals must be subject to robust CDD and SAR filing obligations, with legal professional privilege understood as a strictly limited exception rather than a general exemption from AML obligations. At the international level, the structural enforcement asymmetry between developed and developing nations demands a more graduated and equitable approach to FATF compliance assessment, one that accounts for resource constraints and provides genuine technical assistance rather than stigmatising jurisdictions as non-compliant.

Money laundering is not merely a financial crime. It is the infrastructure through which all serious organised crime is sustained. Drug trafficking, human trafficking, corruption, fraud, and terrorism financing all depend on the ability to launder proceeds. Disrupting that infrastructure requires legal frameworks and enforcement institutions that are intellectually equal to the sophistication of the networks they confront. This paper has sought to contribute to that intellectual project by mapping the landscape of current understanding and identifying where scholarship and policy must advance.

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