



MONEY LAUNDERING AND WAYS OF DEALING WITH IT

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Abstract:

Money laundering is a tactic used by money launderers in order to legalise money they have acquired illegally. Laundering is a global phenomenon, and its impact is extremely important for the well-being of a country and its citizens. The methodology of the research is a literature review. More specifically, articles from international scientific journals, studies from international organizations and reputable websites are studied. The importance of the issue lies in the fact that illegal activities account for a significant proportion of the world's GDP. Most of this money comes from illicit activities such as drugs, terrorist financing, trafficking in women and smuggling, the results of which have a significant impact on the societies of states. The main conclusions of the article are that money laundering is an area that affects tax revenues and, by extension, the well-being of citizens. For this purpose, there are international organizations that deal with money laundering practices and ways to combat them. The ways of money laundering are many and should be carefully studied by the supervisory authorities in order to deal with them. International cooperation at the state level, the specialization of personnel, staff training with a particular emphasis on new technologies, the criminalization of duty breaches, and the obligation of financial institutions to provide information are among the most effective tools in combating money laundering.

Keywords: money laundering, corruption, ways of laundering, tax evasion

1. Introduction

The shadow economy is a common practice for many countries. Many citizens do not want to disclose information about the underground economy. They do not want to be exposed (Schneider, 2005). The proceeds of the shadow economy or illegal activities cannot be justified and the holders of this money are virtually trying to legalize this money. This legalisation is known as money laundering, which is the process of creating fictitious income with the ultimate aim of preventing the audit authorities from proving the illegal origin of the money.

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The Panama Papers case has resulted in the development of laundering legislation at a global level (Teichmann, 2017). The novelty of the issue of money laundering, combined with the lack of legislation has led to countries such as Greece to develop the phenomenon of money laundering (Stefanou and Xanthaki, 1999). Money laundered comes from criminal activities such as the financing of terrorist organisations and the development of weapons of mass destruction. The results of these activities can disrupt the stability of the financial system and the stability of entire states (International Monetary Fund, 2025).

This article is divided into three sections. The first section deals with the research methodology. The second section deals with the literature review. More specifically, the second section introduces the concept of money laundering, analyses the ways in which money is laundered, and suggests ways to combat money laundering globally. Finally, the third section presents the conclusions of the article.

2. Methodology

The research methodology is based on a literature review. Specifically, international scientific journals of reputable publishers, reports of international organisations dealing with money laundering and authoritative websites are studied.

3. Literature Review

3.1 Money Laundering

The process by which criminals move, hide and legalise money is called money laundering (Leong, 2007). The United Nations defines laundering as “*the conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions*” (United Nations, 2025). This definition was given in 1988 at the United Nations Convention in Vienna. The main purpose of laundering is to prevent the detection of illegal activities and the illegal profits derived from them (Mills, 2001).

Money laundering is so called because it resembles the cycle of a washing machine. Specifically, the role of the laundry is played by offshore financial centres that do not disclose information about the owners of the money and thus make the money of their owners legal (Young, 2013).

The stages of laundering are the following (United Nations, 2025):

- **Placement:** The movement of money derived from criminal activity.
- **Layering:** Concealment of the money trail to prevent the financial criminal from being traced.
- **Integration:** This stage involves making the money available to the criminal in such a way that it appears to come from legitimate sources.

The seriousness of money laundering for the welfare of the country as a whole has led to the creation of agencies that systematically deal with money laundering and

propose improvements. The United Nations Office on Drugs and Crime estimates that between 2% and 5% of global GDP is laundered each year. This is a very high figure, amounting to between \$715 billion and \$1.5 trillion (Europol, 2025). The European Union Agency for Criminal Justice Cooperation (Eurojust) is a body dealing with money laundering and, in particular, with issues such as anticipation of offences, complex money laundering cases, exchange of information, information provided by banks and financial institutions, sentencing of money launderers and cooperation with the European Public Prosecutor. Eurojust issues annual reports on money laundering.

The Financial Action Task Force - FATF is an organisation established in 1989 by its member ministers to issue mandatory standards to combat money laundering, the financing of terrorist organisations and general threats to the financial system (Financial Action Task Force, 2025). Moreover, FATF regularly issues standards, guidelines, good practices and examples of money laundering in order to assist member states in implementing standards that will assist in anti-money laundering preventive measures.

There are also other important international organisations that are involved in finding the best anti-money laundering practices, such as the World Bank, the International Monetary Fund and the United Nations. Tackling laundering is important because it undermines citizens' confidence in the banking system and people doubt whether banks are ethical or not (European Banking Authority, 2020).

3.2 Ways of Money Laundering

There are different ways of laundering money. A very common way of laundering dirty money is through gold. Specifically, money is exchanged for gold, which is then pulverised and deposited free of charge in Switzerland. In addition, there are many cases where the launderers claim to have inherited the gold from relatives. Another way of laundering dirty money is through rough diamonds. It is difficult to prove the origin of diamonds. Diamond owners often keep diamonds in their pockets or store them somewhere. Furthermore, antiques are another effective way of hiding money, as the value of these items is not easy to prove. Mergers and acquisitions are an effective tool for money laundering because cash flow analysis can devalue various assets, the assessment of which is subjective.

The city of Dubai is an ideal destination for those seeking to launder money. The advantages offered by Dubai are that cash is a common and dominant means of transaction and that banks offer confidentiality for depositors' details (Teichmann, 2017). Another method of money laundering is the establishment of currency exchange offices. The tactic they follow is to falsely increase their income in order to legalize money obtained illegally. In addition, another way of laundering is to place money in offshore casinos. It has been suggested that around 200 to 500 billion dollars are laundered through casinos (Mills, 2001).

Finally, another common way of laundering black money is through property-related activities. Money launderers buy apartments through companies and pay part of the price openly and part secretly. After the purchase, they rent or sell the properties and make substantial profits. In this way they legalize the illegal money they have.

3.3 Ways of Tackling Money Laundering from Criminal Activity

Money laundering is a scourge on societies and economies around the world. It is unavoidable, and decisive steps must be taken to combat it. Stricter legislation is an effective way to tackle money laundering (Teichmann, 2017). Some proposals to tackle laundering from the European Union Agency for Criminal Justice Cooperation (2002) are the following:

- Staff conducting laundering investigations should be highly trained, particularly in new technologies. The screening should also include electronic money such as cryptocurrencies.
- States should ensure the confidentiality of investigations through strict legislation.
- Establishment of a specialised service to trace assets of suspects in other countries.
- Implementation of bilateral information exchange agreements between States.
- The implementation of freezing or confiscation agreements between States where there is a possibility of money laundering.
- The criminalisation of cases where officials withhold evidence or fail to apply legislation relevant to money laundering. The banking sector deserves particular attention.

Some key proposals to reduce money laundering globally include (Leong, 2007):

- The criminalisation of money laundering and financing of terrorist organisations.
- International cooperation. The main objective should be the cooperation of as many states as possible.
- The confiscation of the assets of individuals who commit laundering.

Cassara (2017) suggested some ways to tackle money laundering in the US, but these suggestions could be applied to other countries. These suggestions are as follows:

- Legislative intervention to ensure that there are no companies whose owners' details are not known.
- Strengthening the legislative framework on laundering. In particular, it is proposed to transform the offence of laundering into a felony.
- Establish an information center and exchange information between states in cases of people or companies suspected of laundering
- Promoting the use of the Legal Entity Identifier (LEI). Through the use of the unique number, business transactions will be recorded and thus easier to control.
- Develop a strategy and institutional framework that will reduce laundering.
- Banking institutions should perform their tasks better. In short, they should have and provide more detailed information about their customers.
- Review of legislation that reduces controls on the movement of funds and thus enables laundering.
- Senior managers should be accountable for the actions of the organisations or businesses they manage.
- Increasing the incentives (moral and financial) of audit authority staff dealing with financial crimes such as laundering.
- Increase the training and technical tools available to the control authorities dealing with laundering. Training can significantly increase their effectiveness.

Particular emphasis should be placed on tackling online laundering. Combating this type of money laundering requires international cooperation, as no single country can effectively tackle it alone. In particular, strict legislation and an information exchange hotline are needed.

Anti-money laundering can be addressed in conjunction with other control methods. Internal audit is a valuable tool in the hands of the management of a business or organization to detect fraud and should be utilized (Kontogeorgis, 2018). Internal audits combined with artificial intelligence can more effectively help banks monitor potentially suspicious transactions (Kontogeorgis, 2025a). Furthermore, Incentives should be given to whistleblowers who could reveal money laundering cases. Whistleblowers are an effective source of information on fraud and corruption and should be utilized (Kontogeorgis, 2025b). Finally, the crimes of the powerful are particularly difficult to uncover, and for this reason, many and effective measures are needed (Kontogeorgis, 2025c).

4. Conclusions

All of the above proposals can have a positive effect on increasing the likelihood of detecting offenders and reducing the incentives that money launderers may have. Reducing money laundering can result in a reduction in crime, in the fair distribution of the wealth generated, in the reduction of terrorist organisations globally and in the reduction of tax havens.

Tackling money laundering has not been possible because of a lack of political will to do so. Some island tax havens offer secrecy to savers, protecting depositors from disclosure of their details. These states rely on these funds for much of their economic development, and governments are reluctant to take action against these depositors (Young, 2013).

Cooperation is an important tool in the fight against money laundering, as money laundering transcends national borders and international cooperation is essential (Mills, 2001). There is also a need for international adaptation of legislation and information exchange to changes in technology. Technology continues to provide new tools for money launderers, and states must constantly monitor and adapt their policies.

Conflict of Interest Statement

The authors declare no conflicts of interest.

About the Author(s)

Georgios Kontogeorgis holds a Bachelor's degree in Public Administration with a focus on Public Economics from Panteion University, a Master's in Accounting and Finance from the Athens University of Economics and Business, a Master's in Tourism Business Administration from the Hellenic Open University, and a PhD in Internal Auditing from Panteion University. Additionally, he is a certified adult educator and holds certifications in distance education and pedagogical training. He has extensive experience in

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