



Australian Government
Australian Institute of Criminology

Researching money laundering and financing of terrorism

What's known and what needs to be known

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Principal Criminologist



Outline

AML/CTF information environment

- Locating AML/CTF research within an intelligence framework
- AML/CTF research / intelligence methodologies

Existing AML/CTF research – what's known

- Administrative data, official statistics, legal research, survey research, qualitative sources, international comparative research

Limitations of AML/CTF research

- Government, statistical, academic, business research, intelligence

The missing pieces of AML/CTF research

- Crime reduction, enforcement activity, governance

Overcoming the barriers to research

- Legislative, contractual, ethical, statistical, financial, dissemination / cultural



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AML/CTF information environment

Locating AML/CTF research within an intelligence framework



Research

*“systematic investigation
and collection of information
to test pre-determined
research questions or
hypotheses”*



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Research

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Intelligence

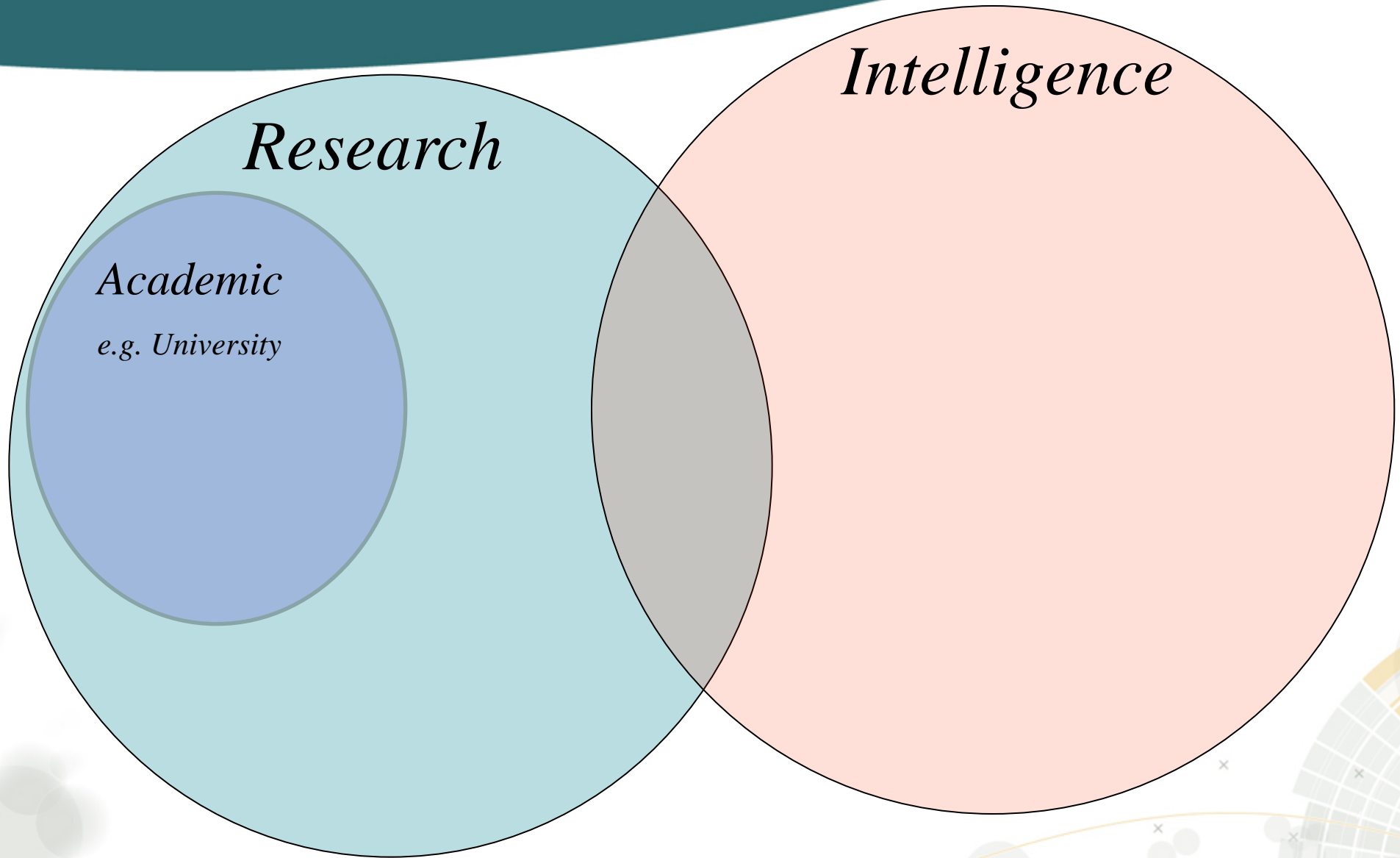
“gathering materials and information in connection with the investigation of criminal or security incidents or threats”



Research

Academic
e.g. University

Intelligence





Research

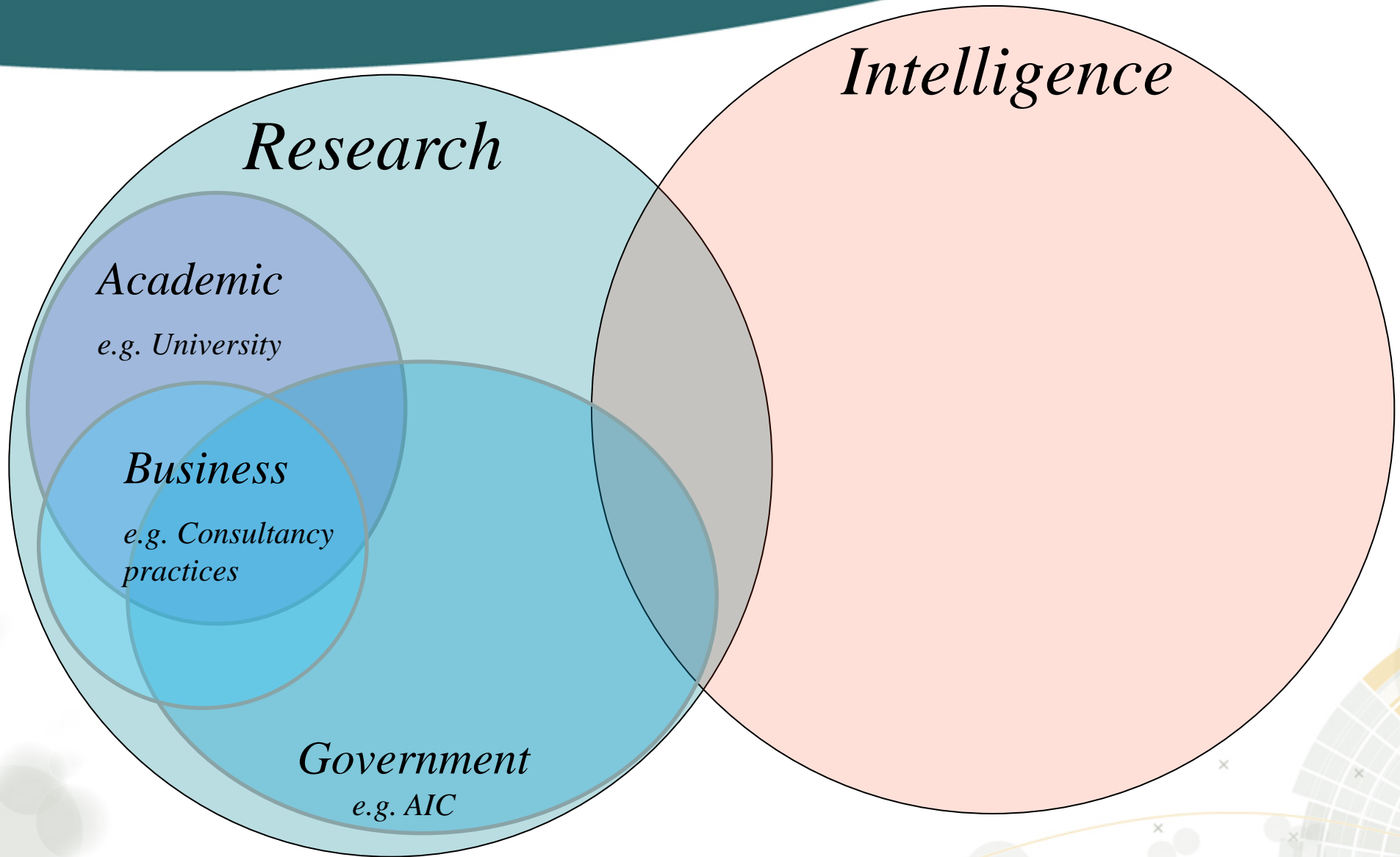
Academic

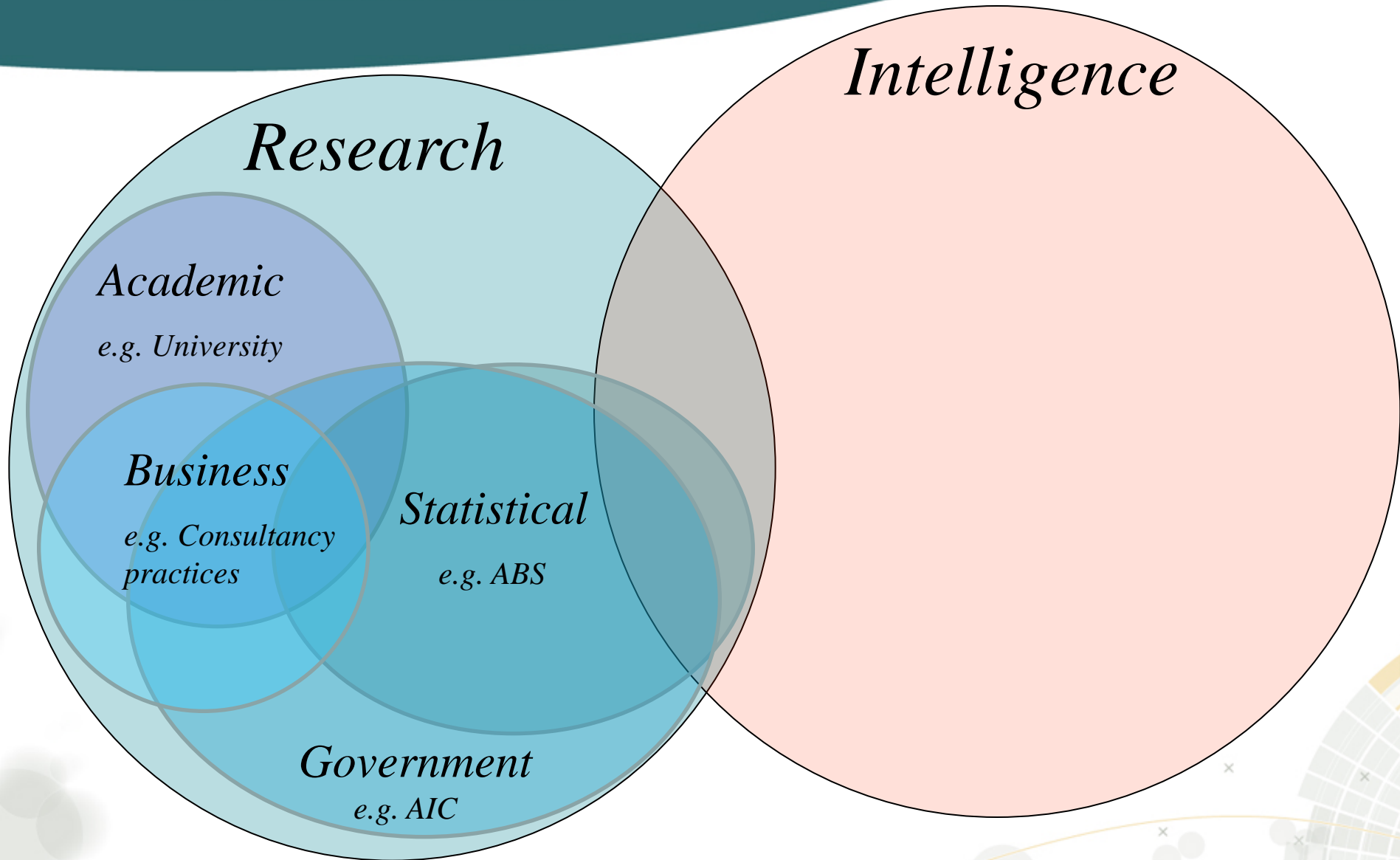
e.g. University

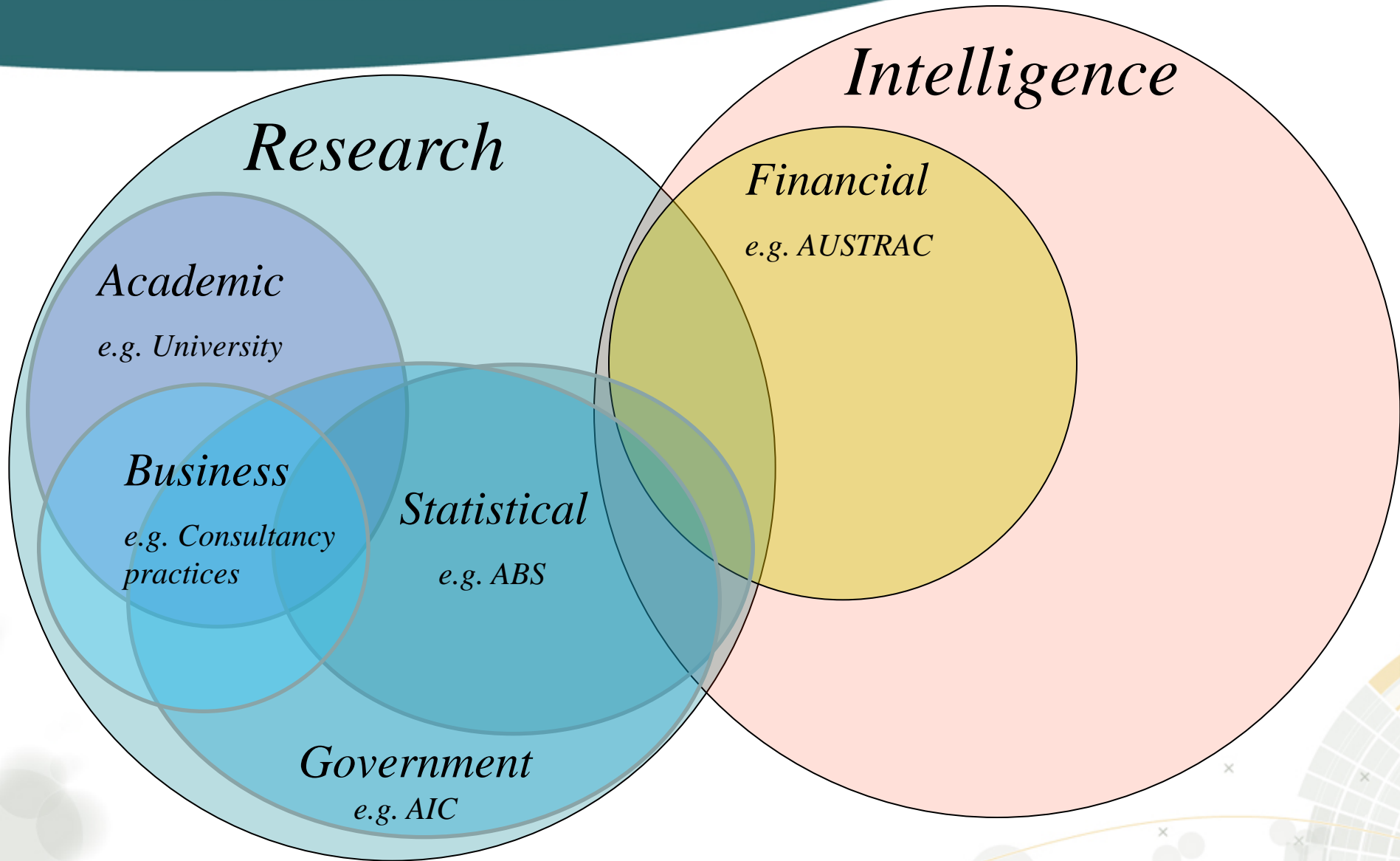
Business

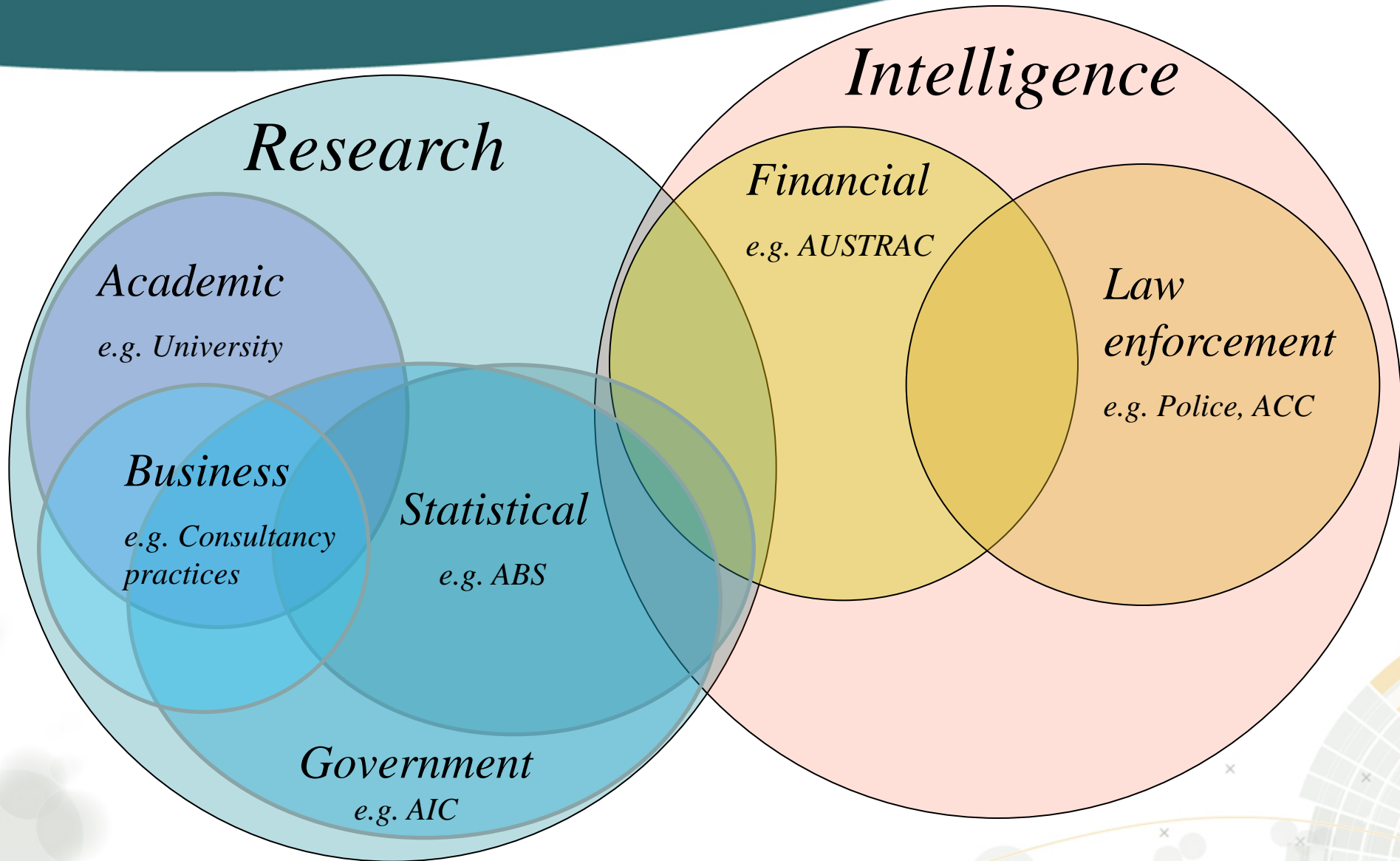
*e.g. Consultancy
practices*

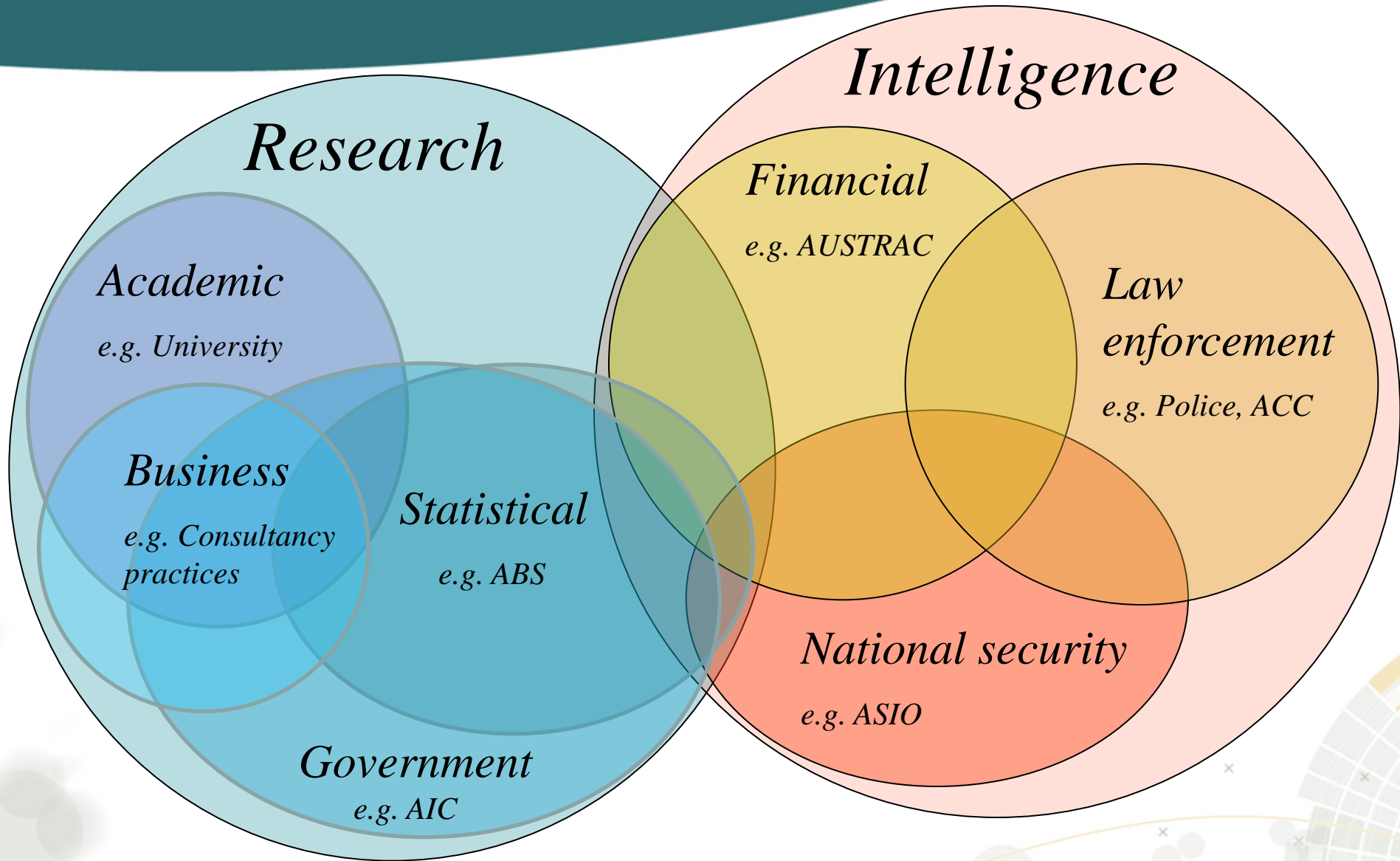
Intelligence

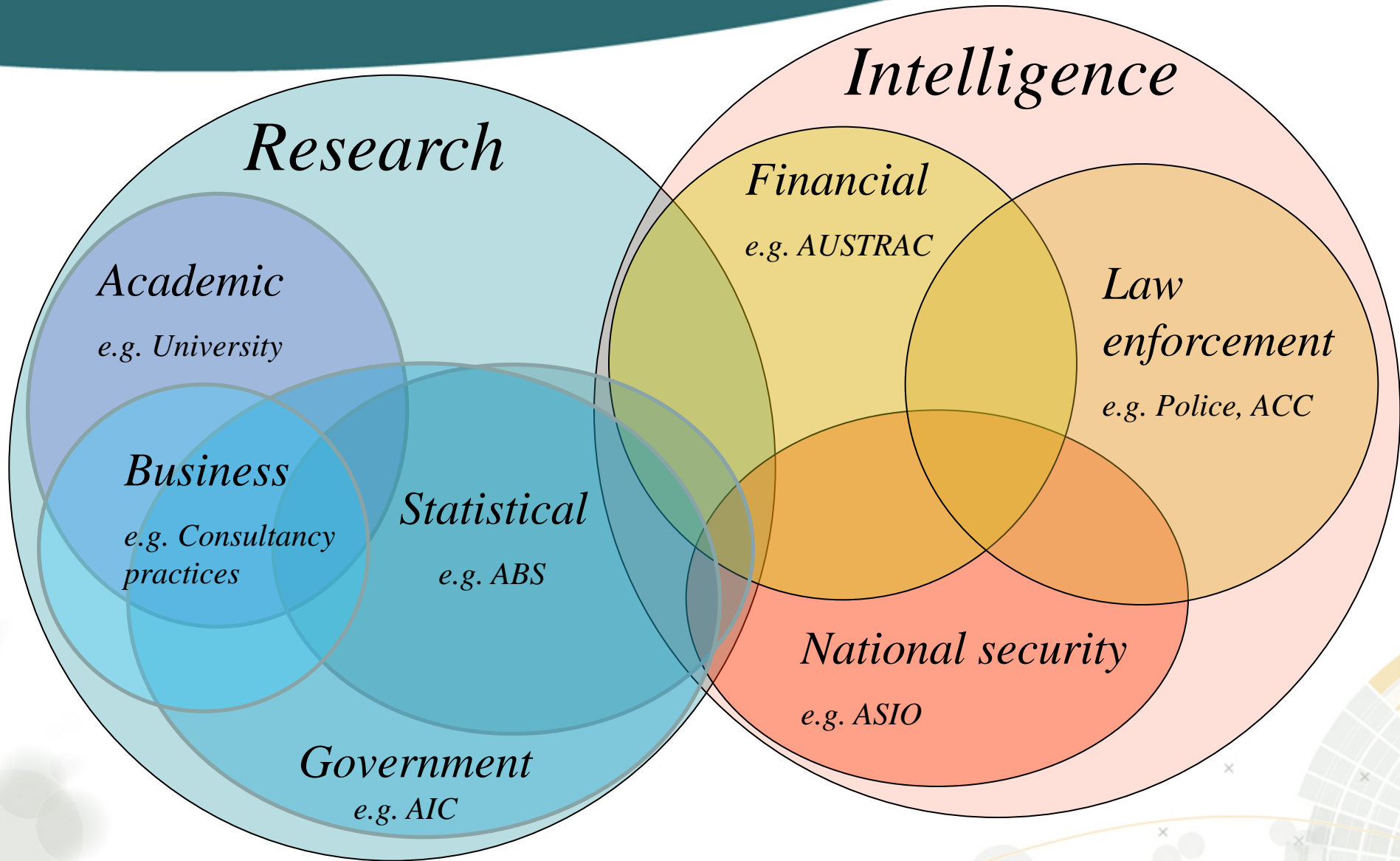












Research

Academic
e.g. University

Business
e.g. Consultancy practices

Statistical
e.g. ABS

Government
e.g. AIC

Intelligence

Financial
e.g. AUSTRAC

Law enforcement
e.g. Police, ACC

National security
e.g. ASIO



AML/CTF research / intelligence methodologies

Trend analysis, monitoring and modelling

- Analysis of the incidence and nature of crime over time
- Complex modelling and forecasting of criminal behaviour and crime-reduction measures using analytical and econometric techniques

Case studies / offender profiling

- In-depth analysis of individual cases reported officially or based on documentary case-file analysis or interviews with offenders

Qualitative research

- Interviews / consultations with stakeholders and offenders
- Focus groups and action-oriented research

Evaluative research

- Cost-benefit and economic analysis of crime and regulatory responses

Intelligence scans, target profiling and threat assessments

- Analysis of intelligence to indicate emerging threats, targets and risks



Existing AML/CTF research – what's known

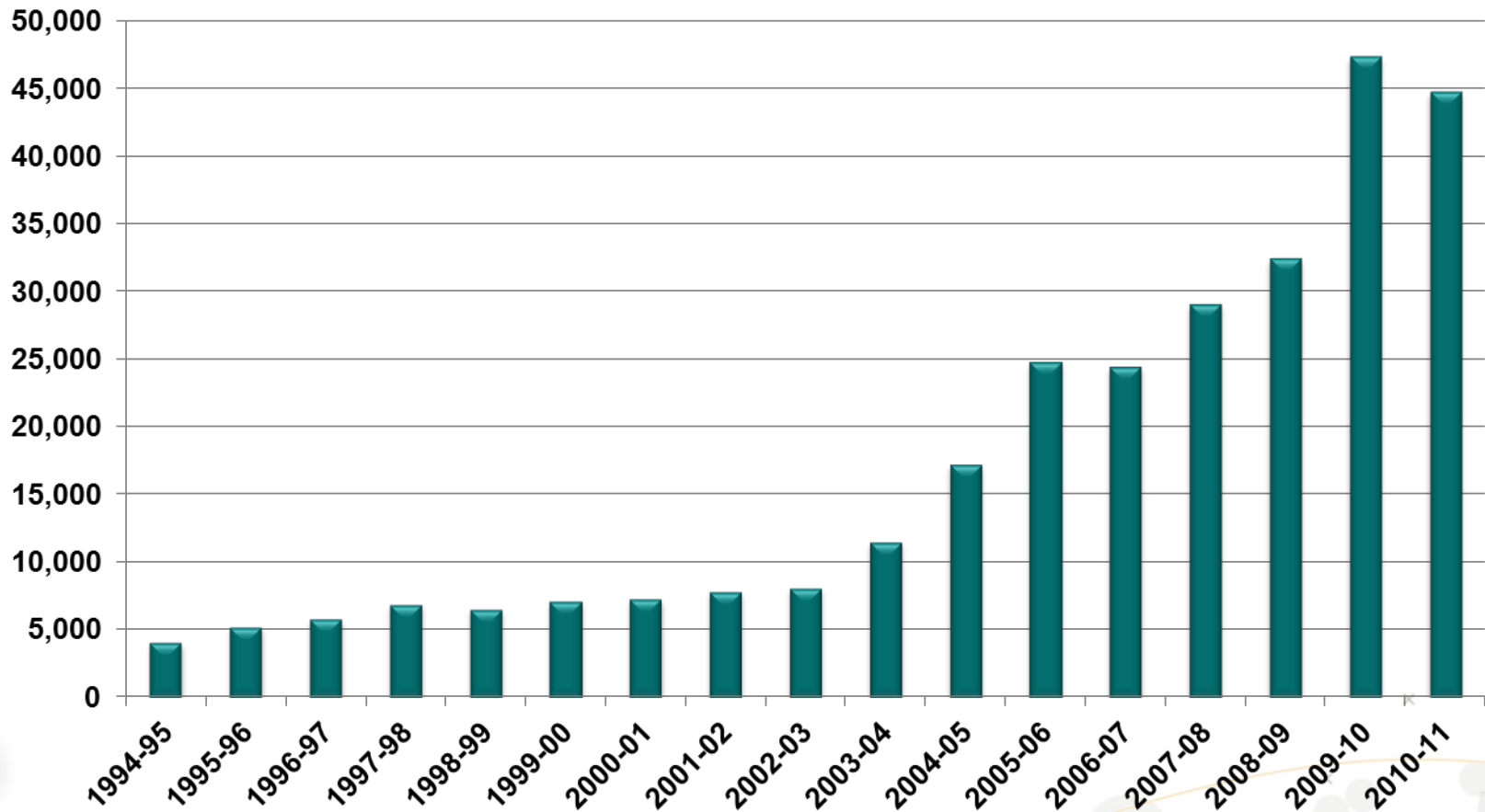
Administrative data

- Extent of entity reporting to AUSTRAC
- Partner agency usage of AUSTRAC financial intelligence



Suspicious transaction / matter reports 1994-2011

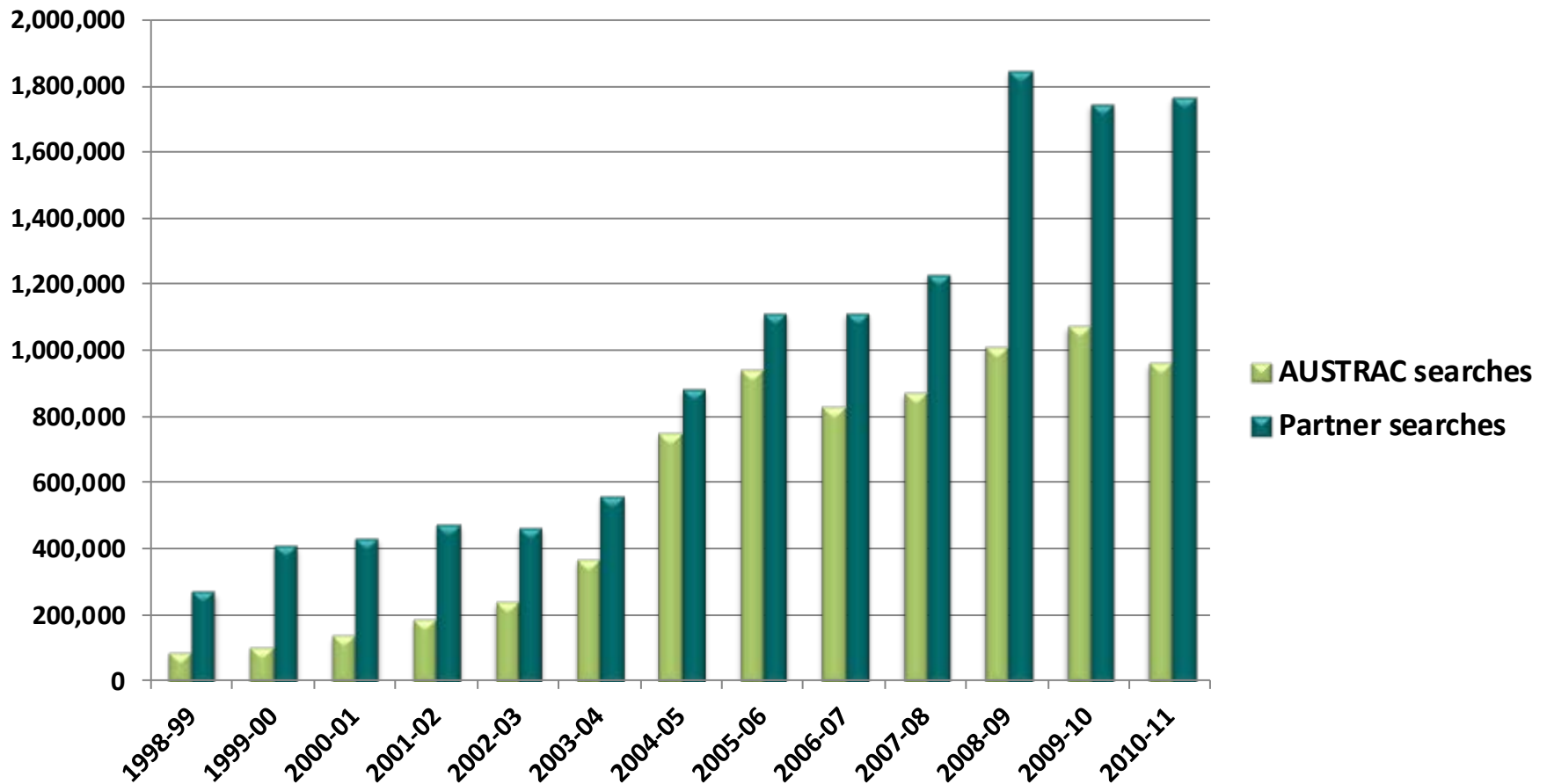
Total number of SUSTR/SMR reports submitted to AUSTRAC





TRAQ Enquiry System Searches 1998-2011

Total number of AUSTRAC and partner agency TES searches





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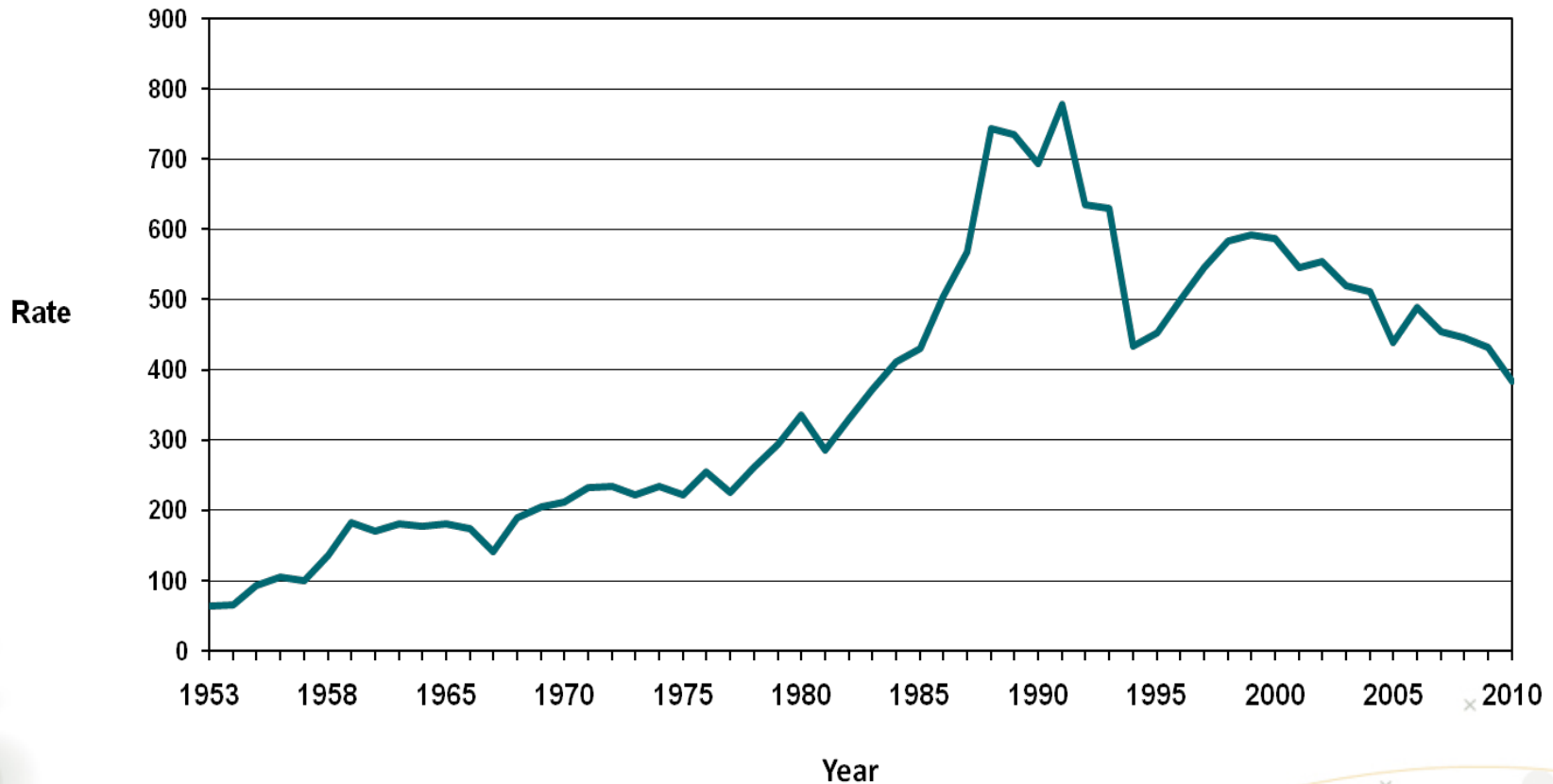
Official crime statistics

- ABS official crime statistics for predicate offences (e.g. recorded fraud)
- Law enforcement, prosecution and court statistics on ML and TF



Official Australian fraud statistics

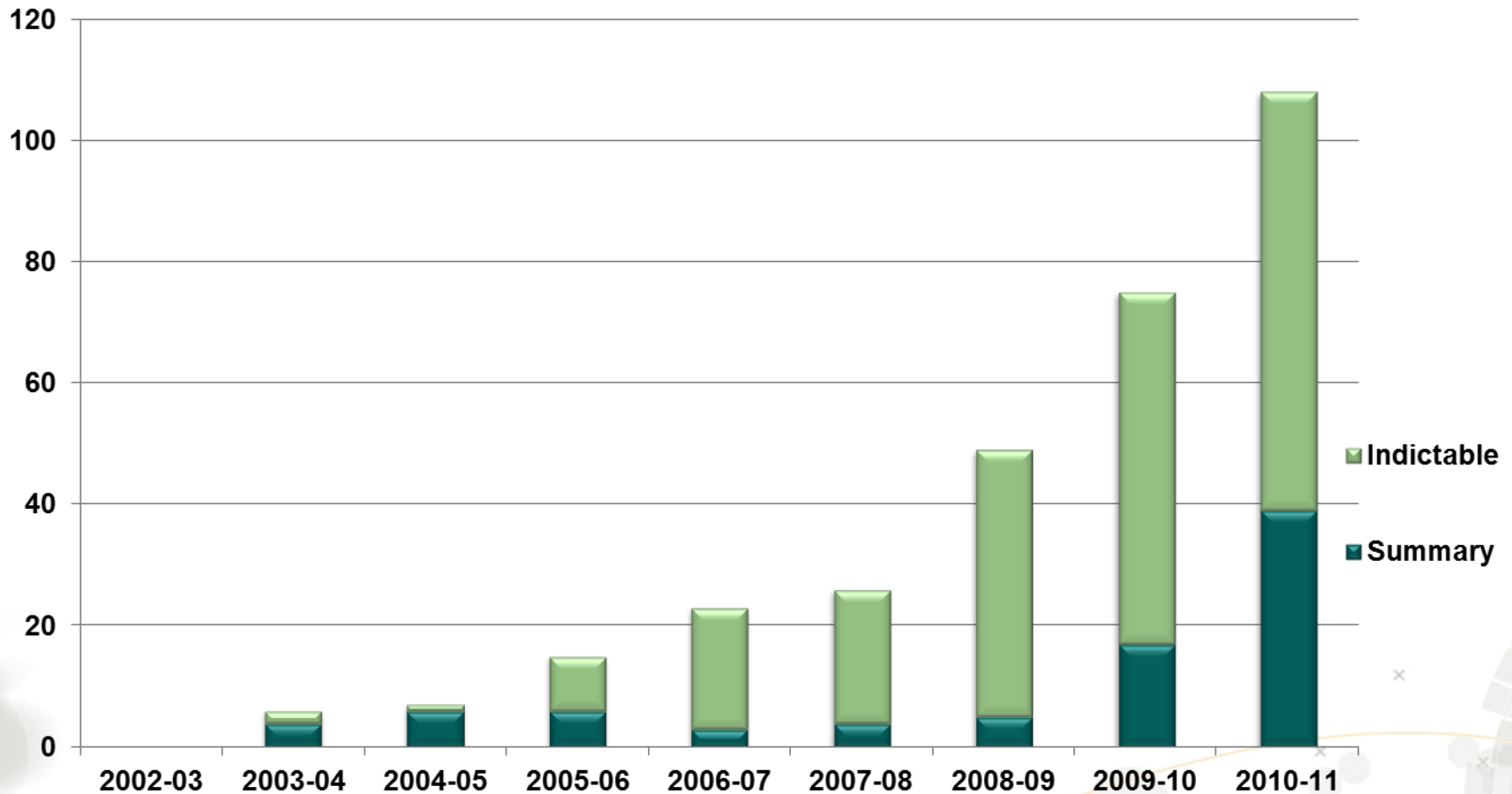
Rate per 100,000 popn, recorded by Australian police (1953/54–2009/10)





Commonwealth money laundering charges 2002-11

Criminal Code (Cth) ss. 400.3 to 400.9 charges dealt with by CDPP





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Survey research

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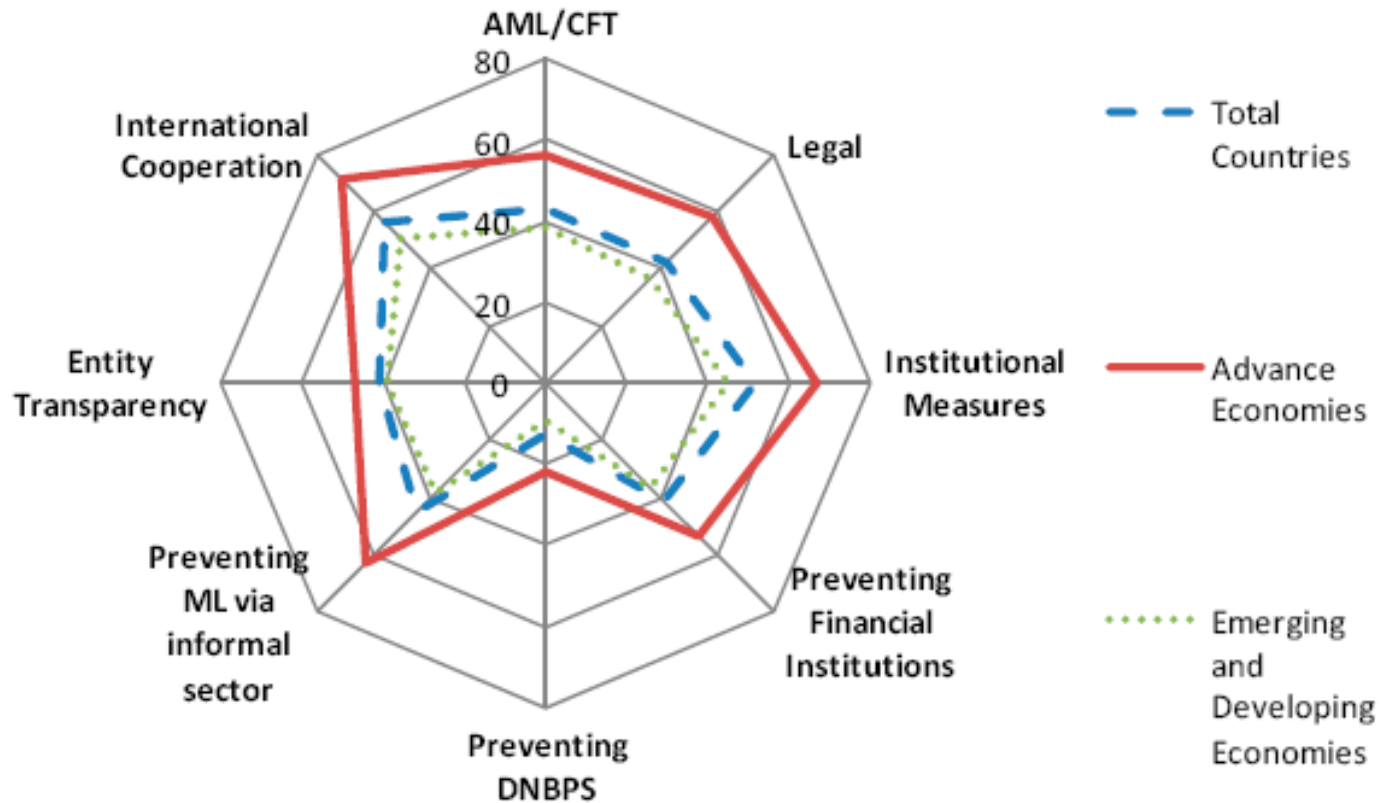
International comparative research

- International comparative research e.g. UNODC, FATF, IMF, World Bank



IMF review of compliance with AML 2004-11

Countries' compliance with AML standards by level of development





Limitations of AML/CTF research

Policy-relevant government research and statistics

- Statistical data collections unable to identify ML and TF discretely
- Time-lag in publication of official data collections
- Need to ensure that findings are integrated with policy

Academic research

- Few academics undertaking ML and TF research in Australia
- Inter-disciplinary nature of research makes funding problematic

Business-oriented research

- Sample sizes of industry surveys often small and unrepresentative
- Industry research often directed towards marketing of products/services

Intelligence gathered for law enforcement / national security

- Resource constraints on analysis and reporting of completed matters
- Most intelligence products unable to be disclosed publicly
- Intelligence analysts have different skill sets from research analysts



The missing pieces of AML/CTF research

Crime reduction

- How is the incidence of predicate crime, ML & TF changing?
- To what extent is crime reduction attributable to the AML/CTF regime?
- How much money laundering is displaced to cash smuggling / ARS?

Enforcement activity

- How and to what extent has AML/CTF assisted law enforcement?
- To what extent are recoveries facilitated by financial intelligence?
- What proportion of CJS costs are attributable to AML/CTF?

Governance

- How much does AML/CTF compliance cost business?
- How many reports to FIUs are false positives?
- What non-AML/CTF benefits do businesses derive from the regime?
- How much does the regime cost government?
- To what extent does financial intelligence reduce fiscal losses?



Overcoming the barriers to research

Legislative

- Agency secrecy provisions (e.g. s.121 AML/CTF Act 2006)
- Privacy Acts – use of personal information; PIDs; FOI requests

Contractual

- Contracts / MOUs – information security, IP, terms of usage, publicity

Ethical

- Human research, questions of consent to participation, SCH approval

Statistical

- Understanding limitations of data collection, interpretation and reporting

Financial

- Obtaining research funding and complying with conditions of funding

Dissemination / cultural

- Negotiating consent to, and avenues of publication, overcoming cultural and political barriers to disclosure, dealing with media requests



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Australia's national research and knowledge centre on crime and justice