Level of Awareness and Understanding towards Money Mule Among Malaysian Citizens

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ARTICLE DETAILS

Objective: Money mule is a bank account used by another person unknowingly or voluntarily by the owner of the account to obtain a reward or by fraudulent means for illegal or illegal financial transactions. Syndicates usually get these mule accounts (also known as surrogate accounts) by deceiving those who need extra income and have a low level of financial literacy. This study will determine the level of awareness towards money mule and understanding towards the dangerous of money mule. In this research, both quantitative and qualitative approaches will be employed with surveys and interviews.

Methodology: A Systematic Review was conducted in this study considering potential articles published from January 2020 to October 2021. Electronic data collection through Google Scholar (50 journals) was identified to studies related to the level of awareness on money mule or money laundering.

Findings: This study concludes that, although the law enforcement agencies have the power to investigate money laundering and terrorism financing under the act, Malaysia is lacking in having a good investigative support system to assist the law enforcement agencies during the investigation process.

Implications: Special attention should be given to any complex and unusual business transactions, especially if there seems to be an unlawful purpose. Programs to educate public on money laundering should be found in order to raise awareness towards money laundering and financing of terrorism.

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Introduction

A recent Financial Times article reports that criminal organizations are increasingly using young individuals as money mules to launder profits from illegal activities by creating fake job postings on job websites and social media platforms. Referred to as "Generation Covid," victims are typically between the ages of 21 and 30 and are searching for work during the pandemic. Criminals use social media to advertise the "opportunities" and lure unsuspecting individuals by displaying pictures of large sums of money or lavish lifestyles. Users are then directed to become "money transfer agents" or "local processors" and make quick money. To protect against such scams, banking website Maybank2u in Malaysia has issued a security alert warning customers to be cautious of con artists who target victims for money mule operations through emails, chat rooms, websites, and social media. The warning cautions that fraudsters often use "lucrative schemes and monetary prizes" to persuade victims to use their bank accounts and even ATM cards for unauthorized money transfers. Semak Mule, a website created by the Royal Malaysian Police (PDRM), allows individuals to check if any bank accounts or phone numbers have been used in fraudulent activities by reviewing the number of police reports filed against them before engaging in any banking transactions. [2]

The majority of crimes are committed with a financial motive, such as drug trafficking, human and animal trafficking, smuggling, fraud, and cybercrimes like email spoofing, identity theft, ransomware, and phishing. The money trail provides evidence of the crime, and the act of money laundering enables the illegal funds to be separated from their source while shielding the criminals who benefit from the proceeds. Modern trends have influenced various cybercrime patterns, including the Macau scam, which is prevalent in Malaysia and involves criminals posing as authorities to accuse victims of crimes they did not commit. According to Cybersecurity Malaysia, fraud and infiltration are the most frequently reported incidents, with fraud cases doubling from 500 to 1000 between 2017 and 2019. In 2019, fraud was the most frequently reported type of incident. [3]

Money mules are strategically inserted into criminal networks to obscure illicit activities and complicate the money trail for law enforcement agencies. [4] Typically, these individuals are inexperienced and unaware of the criminal nature of their work, often young people who are unemployed, students, or facing financial hardship. The age group between 15 to 44 years old, with a particular emphasis on the 24 to 34-year-old range, is most commonly targeted for this criminal activity. [4] The role of a money mule involves receiving illegal funds into their personal accounts and then transferring the money to designated recipients or accounts, as directed by the criminal organization. Money mules may also assist in setting up shell companies or bank accounts in their names to launder money for criminal organizations. Although they may not be directly involved in criminal activities, money mules are still complicit in the crime by facilitating the laundering of illicit funds. Criminal organizations recruit money mules through face-to-face meetings, online job search engines, social networks, and dating websites, using fraudulent job postings with attractive employment conditions, compensation, and flexibility to lure in unsuspecting victims. [5]
The model presented in this concept illustrates how scammers use interpersonal deception to manipulate victims into becoming money mules. It depicts the personalities involved, their connections, and the sequence of events that lead victims to participate in illegal activities. Factors that influence criminals to accept job offers include financial pressure, social media influence, and enticing compensation and flexibility. [6] To prevent crime and victimization, raising awareness is considered a key prevention strategy that exposes the crime and prepares consumers to fight against it. This study aims to link these elements into a model and demonstrate how awareness affects job acceptance. [7] The purpose of the money laundering cycle is to conceal the source of criminal proceeds and make them appear legitimate. Money mules are recruited by criminal networks to use their bank accounts and conduct multiple transfers to obscure the trail of illicit proceeds and maintain anonymity. [8] Criminals pose as recruiters, offering attractive job opportunities and financial incentives to entice potential employees into accepting the job easily. Victims suffer the consequences, while law enforcement aims to identify the real offenders and prevent significant financial losses. To address the gap in knowledge of job criteria, this study seeks to examine the development of a model that includes relevant variables to determine the association between knowledge of work criteria and the ability to identify covert criminal aspects. [9]

**Methodology**

In this systematic review, conducted between January 2020 and October 2021, electronic data collection was utilized to identify relevant articles from 50 journals on Google Scholar that examined knowledge about money laundering or money mules. [10] The screening process, based on title and abstract, yielded a total of 30 studies, with consideration given to the extent of knowledge and understanding of money mules. Data were collected independently from each study, including publication date, author, study type, country, evaluation methods employed, and the proportion of participants with positive screenings, as well as previous research findings. All 15 of the identified studies were cross-sectional in nature and focused on money mules. Two studies were conducted in Nigeria and Indonesia, one in Pakistan, Kenya, Australia, and Malaysia, and seven in India, and all utilized quantitative survey research methodologies. [11]
TABLE 1. Selected articles that meet the criteria

<table>
<thead>
<tr>
<th>Author / Year</th>
<th>Title</th>
<th>Method</th>
<th>Country</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>[12]</td>
<td>The level of awareness, trust, discomfort, and acceptance among customers regarding anti-money laundering practices in banks located in Malaysia.</td>
<td>Survey</td>
<td>Malaysia</td>
<td>The study discovered a notable link between respondents' comprehension of money laundering and terrorism financing, their trust in banking secrecy measures, and their acceptance of the bank's anti-money laundering and counter-terrorism financing practices.</td>
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<td>[13]</td>
<td>Anti-money laundering regulations and its effectiveness</td>
<td>Survey</td>
<td>Pakistan</td>
<td>This study aims to assess the effectiveness of Pakistan's anti-money laundering laws by analyzing key factors that may impact their efficacy.</td>
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<tr>
<td>[14]</td>
<td>Reducing risks of money laundering by unwittingly recruited money mules.</td>
<td>Survey</td>
<td>European</td>
<td>The study suggests that financial institutions can prevent money laundering by focusing monitoring resources on vulnerable clients such as newcomers, unemployed individuals affected by events such as COVID-19, students, and those experiencing financial difficulties. It is recommended to closely monitor large cash deposits followed by wire transfers. This strategy may help to identify and prevent inadvertent Money Mules from facilitating the laundering of criminal proceeds.</td>
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<tr>
<td>[15]</td>
<td>How the reporting of suspicious transactions regime impacts the banking industry in Malaysia</td>
<td>Survey</td>
<td>Malaysia</td>
<td>It is clear that the Malaysian banking industry has been significantly impacted by the reporting suspicious transactions rule. Although the regime is founded on strong foundations, it is yet unclear how effective it is. Therefore, it is impossible to predict at this point whether the banks will be able to manage the enhanced AML requirements. It goes without saying that strong coordination between lawmakers, regulators, and the banking sector is essential at this point in order to reduce the difficulties the bank experience and, consequently, to guarantee the regime's successful implementation.</td>
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<td>[16]</td>
<td>Money laundering and civil forfeiture in Malaysia.</td>
<td>Survey</td>
<td>Malaysia</td>
<td>Despite the implementation of the Malaysian Anti-Money Laundering and Anti-Terrorism Financing Act (AMLATFA), little research has been conducted on the effectiveness of the civil forfeiture mechanism. Recent studies on the confiscation of illicit proceeds suggest that forfeiture provisions are a more effective tool for law enforcement to combat crime, compared to traditional methods that focused primarily on punishing individual criminals and failed to deter criminal enterprises as a whole.</td>
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<td>[17]</td>
<td>Combating money laundering in</td>
<td>Survey</td>
<td>Malaysia</td>
<td>This is accomplished by first examining Malaysia's existing money laundering trends, then providing a thorough overview of the steps.</td>
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<tr>
<td>Author / Year</td>
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<td>[18]</td>
<td>Evaluating implementation is crucial in fighting money laundering.</td>
<td>Survey</td>
<td>Malaysia</td>
<td>The study's findings suggest that investigating officers are struggling to gather sufficient evidence to support their allegations and are also facing difficulties in completing investigations within the time frames set by the AMLATFPUAA law of 2001, which aims to prevent money laundering and financing of terrorism in Malaysia. Furthermore, the study indicates that Malaysia's law enforcement agencies lack adequate investigative support to enforce the law effectively.</td>
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<td>[19]</td>
<td>Money laundering in modern crime.</td>
<td>Survey</td>
<td>Russia</td>
<td>The study's findings led to several conclusions, including the fact that money laundering has become a prominent feature of modern crime. This is particularly true given the efficient measures in place to monitor income generated from specific types of criminal activity such as corruption, organized crime, and economic crime.</td>
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<td>[20]</td>
<td>Reducing money laundering risks from unwitting money mules.</td>
<td>Survey</td>
<td>UK</td>
<td>The conclusion of this article is that financial institutions can prevent money laundering by monitoring individuals who may be emotionally vulnerable such as newcomers, unemployed people, students, and those facing financial difficulties. Additionally, they should carefully examine the origin of the funds.</td>
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<td>[21]</td>
<td>&quot;Cyber-laundering&quot; in the digital age</td>
<td>Survey</td>
<td>Russia</td>
<td>The current study focuses on numerous businesses in various economic sectors that reduce cyber-laundering and the anti-money laundering techniques that can be used. As a result, this essay offers a thorough overview and analysis of how money launderers evade detection. Criminal and preventive viewpoints are both taken into account.</td>
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<td>[22]</td>
<td>The intersection of money laundering, technology, FATF, and Spain's criminal justice reform.</td>
<td>Survey</td>
<td>Spain</td>
<td>The report suggests that new payment technologies have made it easier for money launderers to commit crimes. However, technology, including the internet, also has benefits, such as identity verification and surveillance to prevent money laundering. The study also examines the recent changes in Spain's Criminal Code regarding money laundering.</td>
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<tr>
<td>[23]</td>
<td>Red teaming financial crime risks in the</td>
<td>Survey</td>
<td>Australia</td>
<td>Red teaming techniques, according to this research, can help banks be proactive in identifying and reducing the risks of financial crime. Red teaming shouldn't just be used for</td>
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</tbody>
</table>
Results

The findings of the studies on money mules indicate that the Malaysia have low awareness of money mules practices. Customer understandings comfort and acceptance of anti-money laundering procedures in Malaysia’s banks are link to their knowledge of money laundering and terrorism funding, trust in banking secrecy and support for AML policies. The reporting suspicious transactions regime has significantly impacted the Malaysian banking industry but its effectiveness remains uncertain. Effective coordination between legislators, regulators, and banks is crucial. Money laundering and civil forfeiture are prevalent in Malaysia. The government is taken steps to combat these practices but ongoing vigilance is required. The banking and financial sector must invest in transaction monitoring technology and AML training to address the issues.

Malaysia has taken several steps to effectively combat illegal activities, in line with the change theory. As part of this process, the country has established an Anti Money Laundering (AML) regime to provide guidance in the fight against money laundering. All relevant parties are responsible for ensuring compliance with the regime, which has undergone several changes during implementation. The success of Malaysia's anti-money laundering efforts is determined by the high number of money laundering prosecutions and confiscations by law enforcement agencies, according to studies such as FATF (2013) [27]. To further mitigate money laundering and terrorism financing activities, future studies could focus on key preventive measures that can be implemented. Financial institutions and companies must comply with AML requirements set out in regulations and standards, including keeping proper records of all transactions and paying special attention to any complex or unusual business dealings that may have an unlawful purpose. It is recommended that public education programs be developed to raise awareness of money laundering and the need to report suspicious transactions.
laundering and terrorism financing.

A study titled "Implementation evaluation: a future direction in money laundering investigation" suggests that investigating officers in Malaysia are struggling to gather sufficient evidence to support their accusations and complete investigations within the time limits set by the Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act (AMLATFPUA) of 2001. The study disseminated surveys to law enforcement organizations, but only 39 out of 61 returned surveys could be analyzed due to incomplete responses. The findings suggest that Malaysia lacks a robust investigative support system for money laundering and terrorism financing investigations. The study also analyzed public announcements from the Central Bank's enforcement division between 2007 to 2011 to assess their substance regarding law enforcement agencies investigating money laundering and terrorism financing, based on the predicate offence, perpetrators, and state of the cases.

**Conclusion**

To prevent illicit activities in Malaysia, various steps have been taken as part of the country's transformation. The Anti Money Laundering (AML) regime was developed to combat money laundering, and its effective implementation is crucial. The efficiency of the country's anti-money laundering efforts is measured by the number of prosecutions and confiscations, with a focus on law enforcement authorities. Research on preventive measures to reduce money laundering and terrorism financing can be conducted in the future. Businesses and financial institutions must comply with regulations and standards on anti-money laundering. Complex and unusual transactions should be scrutinized, especially if they indicate illicit intentions. To increase public awareness of money laundering and terrorism financing, education programs should be developed.

**References**


FATF (2013), “Methodology for assessing technical compliance with the FATF recommendations and the effectiveness of AML/CFT systems


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