

## Financial Crimes: The concepts, Transformations and Effects

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### Abstract:

This research addresses the financial crime methodology from concepts, emerging, content and implications that it leaves in the economy and financial system, as financial markets are their primary source, and the financial system with its structures, processes and financial instruments is an absorbent pump for these crimes, and it is made more difficult and a great challenge to face them is the increase of their types and associations and that the technical factor has contributed significantly to their spread, specifically after the year (2005).The research also focused on a range of proposed treatments drawn from the experiences of states, systems and markets that can reduce their effects and not prevent them from occurring completely by tracking the financial crime cycle, The research has reached a set of conclusions, perhaps the most important of which is, Increasing the cost of action to combat this kind of crimes, such as commitment costs, recruitment and training of human resources, and that they (Financial Crimes) are not stopped by political or geographic boundaries, but extend through the reach and spread of financial transactions as the research also found a series of proposals, the most important of which was the need to establish channels for financial, international and regional cooperation more effectively than before, so as to contribute to the provision of reliable, timely and credible information on activities and events that are classified as financial crimes.

**Keywords:** financial crimes, Financial Crime Cycle, financial system.

الجرائم المالية: المفاهيم، التحولات، الآثار

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### المستخلص:

يتناول هذا البحث منهجية الجرائم المالية من مفاهيم وتداخلات ونشأة ومضامين وآثار تتركها في الاقتصاد والنظام المالي، إذ تعد الأسواق المالية مصدرها الأساس، وأن النظام المالي بهيكليه وعملياته وأدواته المالية مضخة ماصة كابسة لهذه الجرائم، ومما يزيد من صعوبة الأمر ويشكل تحدياً كبيراً في مواجهتها هو زيادة أنواعها وارتباطاتها وأن العامل التقني قد أسهم مساهمة كبيرة في انتشارها وتحديداً من بعد العام (٢٠٠٥)، كذلك فقد ركز البحث على جملة من المعالجات المقترحة والمستخلصة من تجارب الدول والأنظمة والأسواق والتي من الممكن أن تحد من آثارها ولا تمنع وقوعها بصورة كاملة عبر تتبع دورتها دورة الجرائم المالية، توصل البحث إلى مجموعة من الاستنتاجات لعل من أهمها هو أن زيادة الكلف المترتبة على إجراءات مكافحتها ككلف الالتزام

وكلف توظيف وتدريب الموارد البشرية وأنها لا توقفها حدود سياسية أو جغرافية بل تمتد بامتداد وانتشار التعاملات المالية كما توصل البحث لمجموعة من المقترحات كان من أهمها ضرورة تكوين قنوات للتعاون المالي والدولي والإقليمي وبصورة فعالة أكثر من السابق بحيث يسهم في توفير المعلومات بالموثوقية والسرعة والمصادقية عن الأنشطة والفعاليات التي تصنف ضمن الجرائم المالية.

**الكلمات المفتاحية:** الجرائم المالية، دورة الجرائم المالية، النظام المالي.

### **Introduction:**

Financial theory is intertwined with many theories such as economic theory, political theories, law, and even sociology, leaving many effects through the communication rings and Financial crime is the best expression of this interconnectivity when It is an inevitable consequence and a natural evolutionary reaction to these theories and it becomes clear whenever financial crimes are captive to the first theory in its interpretation, there are those who tend towards legal interpretation, the product of political changes, accumulated economic behaviors, or even the data of society and dealers. However, when financial crimes are stripped of all this, we discover that they are a product of the modern financial environment .the concepts and overlaps in them, their genesis, types, effects, contents, cycle and place of foundation are all indicators that prove to be financial in excellence But it was presented in the form of the economics of terrorism and its financing, or some accounting scandals . this does not negate the existence of dimensions in the introduction of the methodology of financial crimes. the reason for the delay in the accumulation of financial theory in particular, whose prevalence dates back to the year (2000) of the Twenty-First Century.

### **Research importance:**

It can be said that the theoretical description of financial crimes as an independent scientific field is still under development and stability due to the large ramifications left by this phenomenon with the rest of the sciences, as well as the effects it leaves on the societies and economies in which they arise, even if they are regions or continents. From the year 2011 until now, there were some auxiliary factors that gave financial crimes a great impetus, such as technological factors, some policies of financial openness, penetration of borders by companies, new methods of competition and rising indicators of financial inclusion.

### **Research problem:**

It is not easy to identify and diagnose the strengths and weaknesses of modern economies, in particular when the financial systems of these economies are interactive and overlapping among themselves as financial markets, institutions, tools and Regulations, as well as their control over an increasing relative weight, which necessitated their presence and in more than one study as an independent variable. International flows have become subject to many One of the outcomes of financial crimes and violations of laws and procedures, which increased the challenges faced by the parties to the relationship from both sending and receiving countries.

### **Research objective**

The research aims to highlight:

1. The conceptual aspect of financial crime, the latest concept changes, and the attempt to decoupling close-up concepts.
2. The genesis of Financial Crimes, their most important cognitive implication and modern types under this characterization.
3. Review of effects and processing methods learned from international experiences in this area.

### **Research hypothesis:**

The research derives its hypothesis from its research problem, as it revolves around the traditional idea of financial crimes that they are money laundering only, but it goes beyond it to many types, some of which are traditional and others are novel and non-traditional, with approximately (15) types, one of which was money laundering crime From changing the mental image of traditional financial crimes by reviewing modern concepts, types and effects, as well as their implications..

### **First: The Conceptual Framework for Financial Crime**

Financial crime literature has addressed several concepts of the term and more than one writer and researcher states that, to the extent of the year (2000), there has been no international acceptance and universal consensus to define the term independently of the rest of the concepts and their interdependencies, as it focuses on the type and quantity of laws in force, whatever the case, they are was illegal behavior, It does not entail direct physical violence and Its results are financial losses (Boorman & Ingves, 2001: 3), which is the same entrance which was adopted by the International Monetary Fund in more than one version of where all of the

crime do not include these specifications as a blueprint by law, no physical harm directly, resulting in financial losses not a criminal act of Financial is the subject of controversy and disagreement between the laws and legislation in the state as will be explained later, the following is a reference review of key concepts in this area.

Table (1): Reference review of financial crime concepts

	the year	Author/authors	Concept	Cognitive focus
1	2002	Pickett & Pickett	Use fraud and deception in enterprise activities to obtain illegal profits	This type of crime usually entails a breach of trust built with the parties to the relationship, such as customers and other institutions, including deliberate concealment of the nature of the facts
2	2009	Tomasic	The type and origin of the crime, including in financial markets or financial institutions	Crises often provoke rethinking of relationships and interactions, specifically as those originating in the financial system
3	2009	Gilligan	They are a broad range of cases and situations of financial fraud, money laundering, tax evasion, terrorist financing and dishonesty	Financial market fraud, specifically with stocks and misuse of financial information in capital markets
4	2010	Gottschalk	Contents such as experience, skills, accumulated knowledge and strategies have a significant role to play in financial crime making, and human capital has a crucial role to play in its detection	The need to have qualified human resources from managers and workers to track the sources of crime and have the ability to respond quickly to serious types, specifically what was technically feasible

	the year	Author/authors	Concept	Cognitive focus
5	2013	Witting	Behaviors that comes from the financial system from markets, institutions, and instruments, i.e. their structure, functioning, and instruments to and from the financial system and the economy as a whole	One indicator of countries when types of corruption, money laundering and fraud are generally compared and dangerous
6	2014	Financial Crime Authority	It is one of the parts of the Unsystematic risk that companies, individuals and societies face and can be avoided by diversification	A permanent risk assessment and accurate species identification entails knowing and tracking the source of the risk
7	2015	Alexis Nexis	Each concept is determined in light of the effects that are left, i.e. its current concept is a function of the future effect	Money laundering is a challenge within the banking sector as a whole and the banking institution is the first line of deterrence
8	2016	Reurnik	It is an independent knowledge field and is studied within methodologies and the most recent are financial other than economic, political, social and legal	They are the sum of the political and social economy, and their existence is associated with the existence of markets and behavior in financial and non-financial firms
9	2017	Lee & Jung	One of the deepest illegal and unlawful activities that decimate communities	Financial crimes vary and change continuously and periodically as one of the data of societies and that technical fields are their modern surroundings

Source: prepared by the researcher based on previous sources.

## **Second: Decipher the overlap between concepts**

After listing nearly 10 concepts covering the conventional basis and timeline of financial crime, an attempt was made to solve the interference among concepts close to but distinct from the concept of financial crime, the most important of these concepts are:

### **1. Financial Abuse:**

These are extensive illegal activities that adversely affect the efficiency of the allocation of financial resources and target the movement of the financial system in general, causing financial paralysis and imbalance units, weakening the regulatory system and supervisory frameworks and leading to negative impacts on the tax system (Boorman & Ingves, 2001: 3) As such, it poses a profound future challenge, which can occur at the macro, micro, and even individual levels. By 2055, approximately 40 million people in Australia are expected to be victims of financial abuse and 25% of those over the age of 65 are in various forms such as spending and squandering money without a license, forgery in retirement plans and using personal accounts without consulting and concealing financial statements And accounts (Australian Banking Association, 2015:1).

### **2. Occupational Crimes:**

It was divided into four types:

- A. Organized Profession crimes:** these are the crimes of companies that depend on their environment, resources and structure, such as pollution, emission of gases, manipulation of prices, unhealthy and unsafe working conditions. It is an expression of the ability of organizations to rely primarily on Experiences built in this area and occurring in enterprises and companies Small and medium in size and They exploit lax regulatory procedures in the instructions and are a transporter and criminal outlet by larger companies and organizations (Picard, 2008: 1-17), i.e. their usefulness to the same companies and violators (Reurink, 2016: 3).
- B. Authoritarian Profession crimes:** Political offenses described as being issued by political elites using their powers granted and official positions.
- C. Professional Profession crimes:** offenses committed by professional persons for such treatment, medicines required from the patient, some forms of fraud and abuse by doctors, as well as unnecessary surgery performed on patients, which increases the risk of their condition.

**D. Personal Profession crimes:** offenses of persons and not institutions that are of particular benefit to their individual perpetrators, such as tax evasion (Friedrichs, 2002: 246-247) and (reurink, 2016: 13).

### **3. Organized Crime:**

a type of crime that has existed for decades and began to emerge more and more with the beginning of the work of multinational companies and requires a large number of human resources and from different specialties such as lawyer, engineer, accountant and manager (Picard, 2008: 1-17) and Is an illegal collection of practices and activities that combine the characteristics of corporate crimes and white collar crimes (elites) and lead to significant profits. That is it acts as a phenomenon of breaking laws and breaking regulations and procedures by rich community elites (Reurink, 2016: 13), organized crime requires four key features to be fully realized, As illegal acts of a well-known administrative structure, relationships among its members other than market relations, the pursuit of the objectives of the group as a whole, not just one party, and finally its ability to compete with and overcome government legislation through corruption and coercion (Lotspeich, 2001: 1-8).

#### **Third: Financial crime (Origins and formation)**

The available texts in determining a precise date for the spread of financial crimes varied as they reached their current situation, as they were more than two or three centuries old, and some of them documented them for a century and others thought that they were born in the 1990s and Another contends with the assumption that it is actually still broad in the use of technical factors beyond the year (2005). Whatever the matter, at the beginning of 2000, developed countries' financial systems are beginning to feel new risks and threaten their business in terms of influencing intermediation systems and hampering the efficiency of the allocation of funds and the mechanism to direct them between surplus and deficit units .i.e. the structure, processes and tools of the system are all at risk, not just the tools as they have traditionally been. So it is part of a global trend at the beginning of the century, the result of the 1990s era of financial integrations and interactions of cash flows in and out of financial systems, and this phase was characterized by opening the door wide open to the spread of financial crimes and financial abuses (Boorman& Ingves, 2001: 2). This approach was supported in 2005 by the fact that financial markets are

the womb in which financial crime arises and that the date of market creation and crime has been quite consistent and very relevant in their size, due to the large increases in the volume of illicit profits (Picard, 2008: 1-17). The political dimension also plays a role in its creation, as political transitions in the regimes from dictatorship to democracy are likely to bring with them a package of financial crimes such as corruption and illegal economic and financial activities (National Strategic document, 2009: 5-6).

**The Tsingou (presentation was made in the working paper entitled): "Global Governance and Transnational financial crime: opportunities and tension in the global anti money laundering regulations"**

That said, the proliferation of expatriate financial off shoring centers, which are one of the most important factors of the emergence and development of International Finance in the original, are defined as the areas in which foreign bank branches are spread and clustered .they facilitate banking with tax preferences and are characterized by flexibility and high mobility and banking laws with certain features (Al-Jamil, 2011: 34). they expanded in Latin America and Asia at the beginning of the 1960s and 1970s, which facilitated money-laundering and interference in financial systems through this intermediary by describing these banks as foreign instruments, foreign loans and foreign deposits as well (Tsingou, 2005: 2-25). Otalor & Eiya suggest that the true origin of financial crimes was originally from Edein Hill's writings in 1872, which used the term white collar crime or elite crime. The term is widely known after 1939 after Edwin Sutherland introduced the basics of crime science and states that the crimes of the elite are committed by those who have respect and place them in society (Otalor & Eiya, 2013: 20).

Events and facts show that financial markets are the foundation The financial scandal series has been following up since the 1980s And through the 1990s and through the year (2000) Until the world passed a crisis (2007/2008) Or, as the writer calls it a disaster, we have seen many kinds of fraud and various forms of crime and certainly a fertile period that has opened a new stage in the financial industry, The age of financial capitalism, because some of these violent behaviors are carried out by a community elite .This is the result of two separate defined fields, political economy and social economy, and the result of this cross-fertilization is the phenomenon of finance\* which leads the observer to a better understanding

of the behavior of financial variables within the financial system, including tools, institutions and markets which, as the writer likened it, the blind spot in the movement New capitalism (Reurnik, 2016: 1).

#### **Fourth: Types of financial crime**

The subject of financial crimes would not have occupied this wide area of attention for thirty years, unless if it carries with it many types and these types varied between old, modern, basic, secondary, temporary, and lasting, and by the degree and depth of influence, but this does not mean that they did not meet on common factors .The majority of affected samples and communities did not take proactive actions as Initiative states and communities or step-by-step actions as treatments, but were in the form of feedback that did not prove effective, on the other hand, it has lost its unity of factors such as lax procedures, weak supervisory and regulatory systems, and inefficient tax systems (Boorman & Ingves, 2001: 4-5),The UK's 2000 law states that the pace of proliferation is fast Financial crime has had its immediate causes, such as migrations and entry into new countries The European Union, as well as its facilities for terrorist acts such as those that took place in London year (2005).Finally, the technical factor comes in terms of the spread of chips, credit cards and passwords, and the shift towards automation and banking secrecy (Act 2000, 2006: 38). A 2017 report showed that the rising volume of investments in technology and financial services, the increase in the number of financial institutions and the interest in financial services by their consumers, has become a direct cause of their proliferation, not to mention departments that believe in the traditional approach to dealing with risk. So institutions and therefore systems could not withstand That expansion, rise, and increased interest have weakened its fiscal flexibility and efficiency In customization and routing and lack of channels of communication with the variables of their new environment (Deloitte & Thumpson Rueters, 2017: 25).This required a report and an international guide to deal with these crimes, especially with companies, which includes vision, strategies and objectives and summarizes acceptable, different and specific behaviors (FCG, 2020: A).

In this regard, it should be noted that the researchers varied in their review of the types of financial crimes, each according to its sample, society and applicable laws .the following is a table summarizing the author & apos; s name, year and types. the four most important sources in

this field were relied upon, which shared their reliability and time horizon from the year (2001) to the year (2016). in addition, they covered approximately 95% of the crimes described in the rest of the literature, but sporadically, and their writing periods represented important turning points in the levels of financial crimes.

Table (2): Types of financial crime

	year	author	Types
1	2001	Boorman & Ingves	Financial sector crimes include money laundering, fraud in bets, instruments and credit cards, tax evasion and violation of rules of exchange, sale of fictitious assets, embezzlement, stock manipulation, tax avoidance, bond fraud, lending to certain parties and finally some insurance company policies
2	2009	National strategic document	Passing drugs and weapons, trafficking and transit from borders for sexual purposes, fraud, smuggling, tax evasion
3	2013	Witting	Fraud, misinformation, misuse of information in financial markets, financing terrorism revenue processors from operations originating from crime, corruption, bribery, drugs, money laundering, tax evasion
4	2016	Cray	Insurance fraud, money laundering, cyber attacks, and non-virtual trading

Source: prepared by the researcher based on previous sources.

Two of these crimes, the most frequent in the sources and most influential in relation to other crimes, will be highlighted in detail, and

some researchers even believe that all the types mentioned are derived from them as in money laundering.

**A. Type I: Money laundering:** Money laundering is one of the most common and used types of financial crime, as there is hardly any source in this field unless it is mentioned in the first or second place at least , Antonio& Yallwe researchers clear that financial development promotes such irregularities illegal, whether from within or outside the country adds that the concepts documented by the International Monetary Fund (IMF) and FATF are a transfer and disguise of activities of criminal origin or the transfer of illegally obtained funds invested by an external part (Antoniono & Yallwe, 2011: 3)And obscuring from this source in the sense of diverting the illegal source of funds, presenting it to the economy and using it for personal purposes and interests (Antoniono & Yallwe, 2011: 3). Another researcher relied on the definition of the Blacklist as Get and launder money from illicit sources to look at Ultimately, legitimate sources.This process is carried out in three stages, namely, recruitment, means bringing money into the financial system using exchange rates, and the second is the arrangement and installation, i.e. money laundering, by employing and disbanding it in many media, such as banks and financial institutions, to become ready for use and recruitment within this scope. And the final stage in its integration and integration by returning it to its original owner as a legitimate source of funds and usable for other projects (Anderson & Anderson, 2015: 521).

Both previous studies agree that money laundering crime is the bedrock of all that crimes can be .Extortion, kidnapping, gambling, trafficking in human beings, women and children for sex, servitude and smuggling Alcohol, drugs, tobacco, armed robbery, forgery, list forgery and evasion Tax and misappropriation of public funds all have roots associated with money laundering Subsystem. Moreover, the new markets have been of a evolutionary nature, such as reliance on computer use, technology, refugees, computer piracy, art trafficking, effects, theft of information, human organ trade, capital market assassinations, toxic nuclear products, and terrorist and drug financing (Antoniono & yallwe, 2011: 3-5) and (Anderson & Anderson, 2015: 521). On the other hand, given this great diversity, it is considered one of the most deadly crimes in the economy, as it undermines the legitimacy of the work of the private

sector and reduces the transparency of financial markets, and with it the state loses control of its economic policy and distorts the work of the economy and industry (Antoniono & yallwe, 2011: 3-5).

**B. Bets:** It is one of the modern types of financial crime that has become popular in recent years due to its entry into several areas such as leagues and sports clubs as an entrance to double profits. If all investment and finance activities in this area are subject to control, supervision and procedures, this kind of private bets is not completely subject to them and It includes the most important sector of sports, which is football, with its players, clubs, owners and a transfer market and It expanded to include comparing its revenues with real profits from the EU's GDP. The increases in this output came in shy numbers compared to the increases generated by revenues and profits from football, and electronic transactions doubled it from Turkey to England, through Russia, Germany, France and Spain (Frunza, 2014: 521-524).

### **Fifth: Financial crime implications**

The process of extracting the contents of financial crimes is extremely difficult, since it requires a second reading of all the concepts, intersections, Genesis, types and their economic, political, legal and social dimensions .The process of extracting the implications of financial crimes is extremely difficult, since it requires a second reading of all the concepts, intersections, Genesis, types and their economic, political, legal and social dimensions .on the other hand, a rethinking of how the types arose and evolved in order to combat them. Most of those who wrote about the implications discussed in a deeper way their distinction from the rest of crimes, their characteristics, their interconnection with each other and their possible repetition in the future, the most important of implications are:

1. These crimes do not differ from the usual crimes in terms of elements, despite their advanced types, but it is possible to investigate and follow them in all that is abnormal and non-standard or normal or even logical transactions and some financial behaviors and the result profits at the level of companies, sectors and markets. The key challenge here is the large volume of these transactions, particularly following technical developments, and the fact that financial institutions are following the trend of economies of scale applications to reduce costs (Cray, 2016: 1).

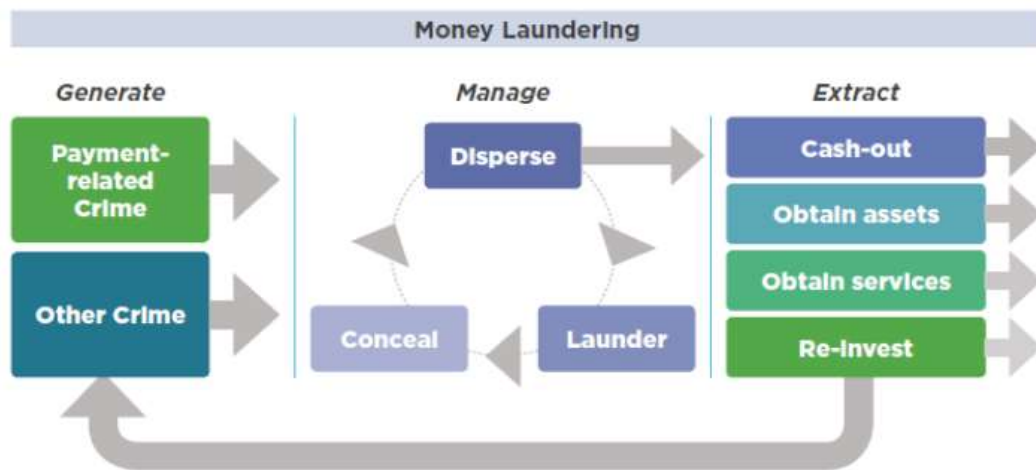
2. Despite their high numbers, they were not targeted by proactive actions, but just by reactions. In some countries it has not been targeted to combat it even in its legal dimension, which is a crime in one country that is not in another, although its impact is greater than that of street crime (Tsingou, 2005: 2-25).
3. It is a series of interconnected and ongoing processes by people, institutions and companies that affect governments, people, institutions, companies and the community. The distinctive feature is recycling because of the high profits that stimulate risk, as the output of the criminal process in its reverse feed is input to operations and other crimes of the same or other type, but without borders, penetrating and seizing legal opportunities and gaps (EPA, 2019: 10).
4. As such, a type of crime and a variety of crimes always seek to quickly convert their profits into current criticism, it is the basis for the work and the ultimate goal as outputs from its integrated system to be targeted as inputs to other operations. On the second hand it is seen as a mediator for future high profits illicit (Picard, 2008: 1-17).
5. The proportionality is Reverse between it and the increase in electronic financial services, as today's world is witnessing a revolution in this field and the world has become in the midst of a great storm of economic pressures due to it, which called for the establishment of countermeasures such as electronic measures (Regulation Technology) or what it symbolizes (REGTECH), which is an environment at the same time It gives opportunities and squeezes threats (Deloitte & thupson ruterer, 2017: 3).
6. The risk is one of its characteristics and implications, it weakens efficiency, impedes expansion and growth, increases operational risk (TSINGOU, 2005: 2-25), and also puts companies at risk of reputational and losses estimated at (20) billion dollars annually (Oracle financial service, 2009:1).
7. The concept of opportunities which is usually repeated as one of the motives for financial crimes, runs in two main directions: Exploiting weak procedures, changes in the financial environment, and seizing the failure of risk management systems and the second trend is to drive and crowd out investment opportunities and business as usual for the possibility of losses against high profits in the size of such projects (Picard, 2008: 1-17).
8. There is a marked disparity in international considerations and dealings with financial crimes, and some researchers have even called some forms

of financial crimes as lubrication and greasing as an informal concept of corruption, as it facilitates payments faster (Boorman & Ingves, 2001: 5) and (Eisenberg, 2017: 529-530).

9. Another of its most important implications is that the possibility of isolating its species from each other is somewhat complicated, as one is generated from the other. And it leads to the fact that the motives are the same, which is high profits. The process of identifying, measuring and managing the source of risk requires the continuity of follow-up from the sources to the estuaries and branches and all this does not mean reducing them and preventing them completely, but rather in reducing their results as much as possible (Chaikin, 2009: 20).

### Sixth: cycle and elements of financial crimes

The financial crimes cycle does not differ from any integrated information system that has been identified and dealt with, where the basic elements of inputs, processes, outputs and reverse feeding, but the only difference is that the reverse feeding in financial crimes is characterized by its orientation towards other financial crimes or from the same crime or related to its source. In the final stage, the priority is to obtain cash and then assets and services, and the speed of reinvestment and re-employment to search for profits of the same or other types. (EPA, 2019: 10) and (Picard, 2008: 1-17).



(Figure 1): Financial Crime Cycle

Source: Facing up to Financial crime: Analysis of payments related financial crime and how to minimize impact on UK, (EPA, 2019: 10).

Financial crimes have the same elements as any other crime. the victim is when financial institutions or individuals are victims of

embezzlement, misrepresentation of information, credit card fraud, an offender such as the sale of counterfeit financial products, invalid contracts and exploitation of clients, and an intermediary in the workshop of crimes such as profit from mediation and transfer of funds in illicit formats and methods (Boorman & Ingves, 2001: 6).

### **Seventh: Financial crime challenges and their implications**

Financial crime in its last ten years has been a major challenge for most countries alike, and to varying degrees, the figures in official reports and publications show that between 2-5% of the world's GDP comes from illicit sources represented by these crimes (Schneider & Windschbauer, 2010, 2). According to an EPA report, financial crimes are responsible for 3.5% of global turnover in 2018 alone (EPA, 2019: 8). The Financial Conduct Authority report added that the financial services industry annually incurs an estimated 650 million pounds to reduce its effects as well as a working capacity of 11,500 workers working at full capacity to reduce them, track their sources and protect their institutions and companies from fraud and money laundering (FCA, 2018: 6).

Moreover, rising financial-crime profits are becoming a focus of attention and comparison with what is true in the GDP-producing sectors, requiring the need to guard against some going into herd behavior and engaging in them. Whatever the case, the Financial Crime Theory has mentioned many implications and challenges, but it has combined some common factors, including but not limited to their implications for sustainable development and their relationship to investors' reluctance and reluctance to do their business It also confuses States &apos; approach to achieving long-term financial and economic stability and prevents and reduces periods of financial market prosperity when they are exercised by, if accepted by, large segments of society. the outcome contributes to the destruction of allocation and guidance mechanisms in the financial intermediation system (UNODC, 2005: 6).

The former impact could be even more severe in developing countries by exhaustion human capital and other corporate and systems infrastructure implications when it expands and becomes a chronic and endemic phenomenon (Otalor & Eiya, 2013: 23).

The types in which they have been referred are too large to limit their effects, the operation is not only fraud and money laundering here or

bribery and embezzlement there and this in itself greatly undermines the efforts of the operators in accounting costs and follow-up and increasing the volume of samples that check anomalies (Cray, 2016: 1). As well as threatening people, costing them their lives, eroding trust and threatening global security (Alexis Nexis, 2015: 4). Financial crimes as illegal activities often correspond to certain legal behaviors, since the laws of states vary in their attitudes towards them, in some countries, they are a crime that requires follow-up and accountability of the defaulters, in another country, they are anomalous behavior that accompanies daily financial and monetary operations. That applies specifically to emerging markets in developing countries and spheres of influence, conflicts and wars (Witting, 2013: 17). On the other hand, terrorist organizations with the same behavior are used for a package of financial crimes, which is doubly burdensome (Witting, 2013: 6-8).

Barclay Simpson Foundation explained that banks have borne the brunt of the effects, specifically retail banks, because they rely heavily on cash in their day-to-day operations, which requires them to constantly employ human capital trained in combating crime and money laundering, especially with full knowledge of the basics of KYC, which is short for Know Your Business know your customer. As for wholesale banks, estimates indicate a high demand for their services in the future, but they need someone who has skills and experience in the fields of accounting, law, judiciary and dealing with procedures (Barcly Simpson, 2019: 33). As the business world moves toward the possibility of advancing global financial reality through the financial inclusion portal, financial crime undermines all of these efforts and reduces their momentum and returns them to the first box. First, it targets customer confidence in the financial system and causes money managers to rethink their strategies and attitudes to counter the threat of crime, making it imperative that greater international cooperation be found in the face of financial crime on a par with international efforts at financial inclusion (Institute International finance & Deloitte, 2019: 1).

Ultimately, an important aspect of financial crime, high costs, many types, changing methods and, most important, burdens on clients, institutions, firms, banks, sectors and even Governments, cannot be overlooked. The annual costs are estimated at (37billion pounds per year)

in Britain, and globally a 2020 report indicates that between (2-5%) of global GDP will be money laundering (Payments industry intelligence, 2020: 5-6).

### **Eighth: Addressing the effects and challenges**

There is no doubt that, after what has been put forward in the methodology of financial crimes, there is a need to understand and understand what can be done with regard to species, their challenges, methods and their effects.

research has not been devoid of this, but it has come up with different experiences, as is the variation and difference between one country and another. The sources of funds must be specific, informed, transparent and not open at all, and awareness-raising and counter-threat campaigns must be conducted, training the first line of human resources and becoming a day-to-day culture and practice (Witting, 2013: 17).

It is reported (Gottschalk) that the processing method is through three be the first to provide information and access to fair, easy to see current trends and future and the second is dedicated to living, since there's a whole matrix of known administrative, technical, operational, organizational, human, legal, analytical, with each type of crime, the latter is the culture of the intelligence to stop these crimes is classified as the most ever of between the axles preceding and draws its power from knowledge and accurate information so that you discover the crime at any stage. (Gottschalk, 2010, 3) has adopted a different specialized and academic approach, since it is assumed that developing countries suffer the most .After the year (2002), according to the researcher, it is not as difficult as it is rumored to be to explore, because the media is full of news of crimes such as fraud and theft of public money, so it is suggested that the principles of Forensic Accounting are the predominant and applicable and the facts have proved their ability to protect all parties to the relationship. historically, the genesis of financial crimes is contemporary. they combine the science and art of accounting and the science and art of auditing and judicial investigation, that is, a combination of accounting and judicial Science in a major way that some sources have even called judicial finance(Otalar & Eiya, 2013: 19).

And after the crisis of the year (2007/2008), which proved that the origin of crises is the financial and banking systems, the journey of

treatment must begin from there, as the procedures and supervision of companies and banks increase and financial tools expressed in a set of interrelated financial relations, and departments review their systems in managing risk constantly And using the skills of specialists in investment management because they are aware of market trends, and some of them deal with risks on a daily basis between conservative, accepting and risky (Tomasic, 2009: 1-33).

Finally, the threat of financial crime is a collective global threat that does not exclude any country or market from all, which requires a global system to manage this risk that is acceptable, applicable and binding on all, and that ensures a wider sharing of information and data and with higher standards than in previous years between states and markets. This is confirmed by many experiments with distorted financial statements, which show their falsification and distance from the accounting facts on which the financial indicators are based misleading, as well as the continuation of support to combat these crimes must not stand at a certain validity date or programmed by the end of a financial event such as crises and the activation of electronic procedures system (REG TECH). (Institute international finance & Diloitte, 2019: 6)

### **Ninth: Conclusions and proposals**

The research draws a set of conclusions, the most important of which may be:

1. The financial and capital markets in developed and developing countries in particular are among the best places for the growth of financial crimes, with the availability of other auxiliary factors such as weak controlling, procedures and accountability.
2. What can be considered a crime in a country that is not considered the same in other countries, and from here it can be inferred that the importance of unifying the legal description of each of these types is accepted internationally. As a result, can financial abuse and its deviation be considered a financial crime? It is a question that in itself is a source of discrepancy between legislation and laws
3. Increase burdens of financial crimes in many ways, such as commitment, the recruitment of efficient human capital and technical measures and the suspension of transactions or disruption of a production line of a particular financial service, not to mention the financial environment and its

secretions such as competition and speed, which makes financial and banking institutions at stake in their performance.

4. The effects of financial crime that work doubly and on what is sometimes a case of exponential crime are not easy to address, given the growing returns that accrue to their owners. Specifically, given that it has a history of 30 years past and has the capacity to maneuver, to reshape and to style it, its outputs may be candidates for entry as inputs to new criminal processes and breaches.

### **The proposals**

Based on previous research conclusions, some proposals may be formulated, the most important of which may be:

1. The creation of more channels for international and regional cooperation, as information must be provided in the form of words, type, reliability and speed, and the response to the image of activities and events , and to governments, systems, sectors and companies to track them as anomalous and illogical, and financial crimes.
2. Provide a legal umbrella that protects the financial and banking systems against financial crime, its implications and those who are involved in it, Because The case relates not only to a criminal or a particular company, but to groups and organizations that are trying to hide , often missing links to the discoverers, because the main front are companies and institutions of wide renown and trust in society.
3. Dealing with the basics of traditional risk may not work with the scale and type of modern financial crimes and the future carries many of them if they are combined with the technical factor adopts accumulated experience, acquired skills and renewed knowledge, so it is necessary to create new formulas and modern mechanisms and using a procedural package of the type (REGTECH) to reduce effects, not to prevent it permanently.

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