Money Laundering

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Money Laundering is the illegal process of making large amounts of money generated by a criminal activity, such as drug trafficking or terrorist funding, appear to have come from a legitimate source. The money from the criminal activity is considered dirty, and the process "launders" it to make it look clean.

Money Laundering is a serious financial crime that is employed by white-collar and street-level criminals alike. Most financial companies have Anti Money Laundering (AML) policies in place to detect and prevent this activity.

Money Laundering can be divided into three steps[1]:

1. Deposit of illicit funds into the financial system
2. Transactions designed to conceal the illicit origin of the funds, known as "layering"
3. Use of laundered funds to acquire real estate, financial instruments or commercial investments

There are two categories of Money Laundering:

- Domestic Money Laundering
- International Money Laundering

Source: https://www.investopedia.com/terms/m/moneylaundering.asp

[1)]
Will Kenton, Investopedia, Anti Money Laundering (AML), 16 March 2022, Accessed: 31 March 2022, https://www.investopedia.com/terms/a/aml.asp