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THE INFLUENCE OF PROFESSIONAL SELF-AWARENESS, TASK COMPLEXITY AND AML SOFTWARE ASTUTENESS ON MONEY MULE RISK ASSESSMENT AMONG FINANCIAL CRIME COMPLIANCE OFFICERS

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ABSTRACT

The threat of money mule has placed the financial system in a great peril by lending their account to layer illicit funds. The trend of money mule is showing a deteriorating pattern in several jurisdictions, such as United Kingdom, European Union and Hong Kong. Unfortunately, the same situation has beleaguered Malaysia with money mule continues to become an emerging financial crime threat. The objective of this study is to explore the Judgement and Decision-Making (JDM) in money mule risk assessment among financial crime compliance officers by investigating the influence of professional self-awareness, task complexity and AML software astuteness on money mule risk assessment. This study also uses task complexity as a moderator between professional self-awareness, AML software astuteness and money mule risk assessment. The data collection process was performed under non-probability judgement sampling, with 158 samples returned for analysis. The preliminary data analysis yielded 149 usable for further evaluation. The measurement and structural model assessments were conducted using Structural Equation Modelling using Partial Least Square (PLS-SEM). In assessing the direct effect of internal factor, objectivity is found to have significant influence on money mule risk assessment. Meanwhile, the external factors' variables of transaction analysis and STR drafting are found to significantly influence money mule risk assessment. Six moderating relationships have demonstrated significant results, proving that task complexity is an effective moderator. There are several limitations in this study, in which the financial crime compliance officers do not have a registered body that governs them and thus a proper sampling frame could not be obtained. The coverage of money mule risk assessment in this study does not include other agencies that are responsible in combatting money mule problem, such as investigation officers from Royal Malaysia Police (RMP) and Financial Intelligence Unit (FIU). Hence, the holistic framework of JDM in money mule risk assessment is not wholly represented. This study has developed the novel money mule risk assessment, by assimilating the Know-Your-Customer (KYC) and transaction monitoring money mule red flags. Shadowed by the domination of audit-related JDM studies, the findings in this study have also added a new money mule risk assessment exploratory study to the body of knowledge. It is hoped that the findings reported in this study have filled the gap in the financial crime compliance area, and shall contribute to a more effective blueprint to combat money mule phenomenon.

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CHAPTER ONE
INTRODUCTION

1.1   Introduction

Money mules have been widely debated as intermediary of illegal funds, stolen from different types of victims. They are exploited to cleanse illicit funds using financial system, by passing the money through different accounts which prevents tracing by the authority. Digital evidence from the computer and account transactions are brought to court for criminal trials (McGuire & Dowling, 2013). In criminal prosecution, the money trail is the most important link to the criminals and is needed to prove the case (Croissant & Barlow, 2007; Malkin & Elizur, 2002). The law enforcement agencies face difficulties in following the money trail as money mule obfuscate the trail of the financial flows. It is also challenging for competent authorities and compliance officers to establish factual evidence to support the financial investigation (FATF, 2018). As such, money mule services are sought by criminals to hide the money trail through multiple layering using mule accounts. The digitalization and speed of banking transactions guarantee a certain degree of anonymity for criminals and reduce the chance of getting detected (Wronka, 2022).

A money mule is someone who transfers illegally acquired money using their own account at the behest of criminals (Esoimeme, 2021; Federal Bureau of Investigation, 2019a; Federal Bureau of Investigation, 2021a; Pickles, 2021; Raza et al., 2020). It is irrefutably a form of money laundering, although the *mens rea* can be debatable (Bell, 2002; Hanafi, 2010). The incredible offence the mules commit is letting his or her personal account to be abused for layering illicit funds and bypassing the chance of detection (Esoimeme, 2021; Federal Bureau of Investigation, 2021a; Pickles, 2021; Raza et al., 2020). Either with or without conscience, cybercriminals manipulate the weaknesses of money mules by alluring or coercing them to allow their accounts to this activity (Abd Rahman, 2020). It is a crucial phase to launder illegal funds and break the money trail from detection by a bank or authority

Most of the money mules are not aware of the social consequences and potential incrimination from their illegal enterprise (Hayes, 2022; Heylin, 2022). The criminals preyed on youngsters and vulnerable individuals who had no financial security