COMMENT

Urgent cash injection needed to crack down on money laundering Khawar Qureshi, QC

That there have been only five convictions for money laundering in the UK over the past decade indicates strongly that deterrence and enforcement is inadequate.

The government needs to allocate more resources to investigators and prosecutors, but those agencies themselves need to operate more efficiently.

First, some history. It was not that long ago that the financial action task force at the Organisation for Economic Co-operation and Development regularly monitored the UK for perceived failings in the country's anti-money laundering and terrorist finance regime.

While revised money laundering regulations came into effect in 2007 and amendments were made to the Proceeds of Crime Act 2002 and Terrorism Act 2000, a report from the International Monetary Fund in June last year identified serious systemic problems that call for radical changes to be made.

In 2013 the National Crime Agency became the central authority for receipt of suspicious activity reports. When the system was introduced in 2002, it was envisaged that there would be about 20,000 reports annually, which would enable the authorities to investigate potential money laundering as well as provide legal protection for the parties submitting the reports.

Last year nearly 400,000 reports were submitted, mainly through a centralised online system. Cynics have suggested that the report process is being abused to bombard the inadequately resourced NCA with information that varies in quality and consistency.

The agency's helplessness was made clear in a 2015 speech from its director-general Keith Bristow in which he said that "many hundreds of billions of pounds of criminal money is almost certainly being laundered through UK banks and their subsidiaries each year".

In a 2015 report Transparency International noted that there were 22 different supervisors engaged in anti-money laundering standards and monitoring. It also pointed out that 42 per cent of suspicious activity reports submitted by legal services providers were inadequate. And only 0.05 per cent of all reports made in 2013-14 emanated from estate agencies.

In December the Cabinet Office announced a review of the UK's response to all types of economic crime and the agencies involved. The OECD also intends to review the UK's anti-money laundering and counterterrorist financing regimes later this year.

Ultimately, it is far from clear that agencies such as the NCA — and the Serious Fraud Office, for that matter — are properly resourced. It is vital that they are if ministers intend to pay more than lip service to the fight against complex, large-scale economic crime.

There also needs to be greater emphasis on consistency of approach among the supervisory bodies, and streamlining for the process of submitting suspicious activity reports.

Moreover, trust and company service providers need to be more effectively monitored, as do estate agencies. If banks are to take their anti-money laundering obligations more seriously, the Financial Conduct Authority needs to engage in more active monitoring and enforcement.

London's increasing reputation as a safe haven for dirty money must be addressed.

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