T.R.
ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE EDUCATION INSTITUTE
ISLAMIC ECONOMICS AND FINANCE DEPARTMENT

AN ETHICAL APPROACH TO ANTI-MONEY LAUNDERING REGULATIONS: A FRAMEWORK FOR ORGANISATION OF ISLAMIC COOPERATION COUNTRIES

Ph.D. DISSERTATION

Ender TOSUN

Istanbul
January-2024

T.R.
ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE EDUCATION INSTITUTE
ISLAMIC ECONOMICS AND FINANCE DEPARTMENT

AN ETHICAL APPROACH TO ANTI-MONEY LAUNDERING REGULATIONS: A FRAMEWORK FOR ORGANISATION OF ISLAMIC COOPERATION COUNTRIES

Ph.D. DISSERTATION

Ender TOSUN

Supervisor
Prof. Dr. Mehmet BULUT

Istanbul
January-2024

THESIS APPROVAL

This study has been approved in partial fulfillment of the requirements for a Ph.D. Degree in Islamic Economics and Finance

Supervisor Prof. Dr. Mehmet BULUT

Member of jury Prof. Dr. Turan EROL

Member of jury Dr. Öğretim Üyesi Ensari YÜCEL

Member of jury Prof. Dr. Recai AYDIN

Member of jury Doç. Dr. Cem KORKUT

Approval by

Prof. Dr. Erhan İÇENER

Director,

Graduate Education Institute

DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY

This is to certify that this Ph.D. dissertation titled “An Ethical Approach to Anti-Money Laundering Regulations: A Framework for Organisation of Islamic Cooperation Countries” is my own work and I have acted according to scientific ethics and academic rules while producing it. I have collected and used all information and data according to scientific ethics and guidelines on thesis writing at Sabahattin Zaim University. I have fully referenced, in both the text and bibliography, all direct and indirect quotations and all sources I have used in this work.

Ender Tosun

January, 2024

PREFACE

This dissertation would not have been written if Dr. Genç Osman YARAŞLI, the former President of the Turkish Financial Intelligence Unit, Financial Crimes Investigation Board (MASAK), had not urged me years ago to accept the position of Vice President there. That position allowed me to gain a deep understanding not only of national and international legislation and standards on anti-money laundering but also of the procedures and relationships involved in this area. Furthermore, without what I learned from Prof. Dr. Monzer KAHF and Prof. Dr. Mehmet BULUT about Islamic economics and finance and their rich history in their courses, I could not have reached my current level of understanding in this area.

Behind every study, there are many individuals and institutions who have made significant contributions and deserve thanks. Specifically, regarding this dissertation, Prof. Dr. Mehmet BULUT, Prof. Dr. Turan EROL, and Prof. Dr. Metin TOPRAK were very helpful in pointing out some missing points and providing valuable recommendations. Additionally, many professors at Istanbul Sabahattin Zaim University did their best to help me gain a good understanding of Islamic economics and finance. Therefore, I am deeply grateful to all of them.

Ender TOSUN

ABSTRACT

AN ETHICAL APPROACH TO ANTI-MONEY LAUNDERING REGULATIONS: A FRAMEWORK FOR ORGANISATION OF ISLAMIC COOPERATION COUNTRIES:

Ender TOSUN

Ph.D. Dissertation, Islamic Economics and Finance

Supervisor: Prof. Dr. Mehmet BULUT

January - 2024, 157 + xv pages

This study presents a new ethical framework for anti-money laundering (AML) that can be possible by combining Islamic system and experience, that offers a holistic, consistent, and comprehensive framework in the fight against money laundering with the global experience in this field. Although today, there are many standards and units against crimes through the fight against money laundering, this struggle has not been fully integrated with the ontological reality of the human beings and their ethical system. The contemporary world does not say much in the context of the fight against money laundering, whether good and evil are merely epiphenomenal feelings or whether they are strongly tied to a fundamental reality. As a natural consequence of this, contemporary anti-money laundering activities are mainly limited to law enforcement and intelligence activities; and this structure cannot present a holistic framework in terms of combating money laundering and thus crime by using instruments in fields that concern all aspects of life, such as economic policies, moral teaching, and academic studies. This study demonstrates how Islam provides a framework for combating money laundering, integrating the intellectual, economic, financial, ethical, and other related fields, and based on the original and ontological reality of man. To achieve this objective, the study delves into secondary literature, conducts a survey involving professionals in the field of anti-money laundering (AML), and performs a gap analysis comparing the modern AML framework with the Islamic ethical system. It also identifies areas where potential improvements can be made, where both the Organization of Islamic Cooperation (OIC) countries and other countries can support each other in reaching a higher level in the fight against money

laundering. Based on these analyses, the study proposes a new framework in the fight against money laundering and concludes that both OIC and non-OIC countries have a lot to learn from each other and from the core teachings of Islam.

Keywords: Islamic Finance, Money Laundering, Proceeds of Crime, Islamic Economics, Organization of Islamic Cooperation, Financial Action Task Force, Financial Crime.

ÖZET

KARAPARA AKLAMA İLE MÜCADELE DÜZENLEMELERİNE ETİK BİR YAKLAŞIM: İSLAM İŞ BİRLİĞİ TEŞKİLATI ÜLKELERİ İÇİN YENİ BİR ÇERÇEVE

Ender TOSUN

Doktora Tezi, İslam Ekonomisi ve Finansı

Danışman: Prof. Dr. Mehmet BULUT

Aralık - 2023, 157 + xv sayfa

Bu çalışma, kara para aklamayla mücadelede bütüncül, tutarlı ve kapsamlı bir çerçeve sunan İslami sistem ve tecrübe ile bu alandaki küresel tecrübenin birleştirilmesiyle mümkün olabilecek kara paranın aklanmasının önlenmesi konusunda yeni bir etik çerçeve sunmaktadır. Günümüzde kara para aklama ile mücadele yoluyla suçlara karşı birçok standart ve birim bulunmasına rağmen, bu mücadele insanoğlunun ve etik sisteminin varoluşsal gerçekliği ile tam olarak bütünleşmiş değildir. Çağdaş dünya, kara para aklamaya karşı mücadele bağlamında, iyi ve kötünün yalnızca özgün bir etkisi olmayan duygular olup olmadığı veya temel bir gerçekliğe güçlü bir şekilde bağlı olup olmadığı konusunda pek bir şey söylememektedir. Bunun doğal bir sonucu olarak, günümüzdeki kara paranın aklanmasının önlenmesi faaliyetleri, kolluk kuvvetleri ve istihbarat faaliyetleri ile sınırlıdır; bu yapı ise ekonomi politikaları, ahlak öğretimi, akademik çalışmalar gibi hayatın tüm alanlarını ilgilendiren alanlardaki araçlar kullanılarak aklama ve dolayısıyla suçla mücadele açısından bütüncül bir çerçeve sunamamaktadır. Bu çalışma, İslam'ın kara para aklamayla mücadele için entelektüel, ekonomik, finansal, etik ve diğer ilgili alanları bütünleştiren ve insanın orijinal ve ontolojik gerçekliğine dayanan bir çerçeve sağladığını göstermektedir. Bu amaçla, çalışma kapsamında, ikinci literatür irdelenmiş, kara para aklama ile mücadele alanıyla ilgili yetkililerle yapılan anket değerlendirilmiş, günümüzdeki kara para aklama ile mücadele çerçevesi ile İslami etik sistemi arasında bir boşluk analizi yapılmış, hem İslam İşbirliği Teşkilatı (İİT) ülkeleri hem de diğer ülkelerin kara para aklama ile mücadelede daha üst seviyeye ulaşma konusunda birbirlerini destekleyebilecekleri potansiyel iyileştirme alanları belirlenmiştir. Bu analizlere dayanarak, çalışma kara para aklamaya karşı mücadelede yeni bir etik çerçeve

önermekte ve İİT ülkelerinin ve diğer ülkelerin birbirlerinden ve İslam'ın temel öğretilerinden öğrenecekleri çok şey olduğu sonucuna varmaktadır.

Anahtar kelimeler: İslami Finans, İslam Ekonomisi, Karapara Aklama, Suç Geliri, İslam İşbirliği Teşkilatı, Mali Eylem Görev Gücü, Finansal Suç.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

.

ABBREVIATIONS

AAOIFI:	Accounting and Auditing Organization for Islamic Financial Institutions
AMF:	Arab Monetary Fund
AML:	Anti-money laundering
DNFBPs:	Designated non-financial Businesses and Professions
FATF:	Financial Action Task Force
FIU:	Financial Intelligence Unit
GCC:	Co-operation Council for the Arab States of the Gulf
IBF:	Islamic Banking and Finance
IFSB:	Islamic Financial Services Board
KYC:	Know Your Customer
MENAFATF:	Middle East And North Africa Financial Action Task Force
OIC:	Organization of Islamic Cooperation
OIC-CPCC:	Organization of Islamic Cooperation Centre for Police Cooperation and Coordination

CHAPTER I

INTRODUCTION

Every year, 2-5 percent of the global GDP is laundered. This amounts to US$800 billion to US$2 trillion. This means that, despite all efforts to prevent money laundering (ML), many criminals who sold drugs, trafficked human beings, took bribes, and committed all kinds of other crimes with financial benefits, have been able to benefit financially from their crimes by making the proceeds of such crimes look legitimate and use these funds to finance further crimes to a large extent.

While all these are happening, the author's studies show that the worldwide Islamic community is far from having a leading role in the combat against money laundering. In the academic literature, the author has not been able to find any books and dissertations discussing the details of anti-money laundering (AML) within Islamic system, and more specifically within Islamic economics and finance. There are few studies and papers on this topic, and they are very limited in scope. The national or regional institutions established by Islamic countries to fight against money laundering mostly try to follow the regulations produced within the Western countries. To the best of the author's knowledge, there are no comprehensive books on the implications of Islamic financial instruments on AML activities.

However, the complete and consistent system and the ontological reality taught by the primary sources of Islam have a huge potential to improve the efforts against money laundering.

This situation motivated the author to study the systematic, ontological, epistemological, institutional, and practical tools that Islam provides us for efficient combat against money laundering. The Islamic system, as a whole, furnishes humanity with not only some financial tools but also with the principles and strong intellectual background that may truly help prevent money laundering to a great extent.

The purpose of this study is to analyze the contemporary framework of anti-money laundering activities, compare it with the relevant teachings of Islam and determine potential contributions of the Islamic system to the fight against money laundering.

Therefore, in this Ph.D. dissertation, Islamic tools and systems, including Islamic morals and economic/financial principles, related to AML are carefully analyzed. This

analysis includes also the elements shared by conventional AML structures and the comparison between the current approach and the holistic Islamic system. This work also covers the thought/philosophy, academic activities, international and national organizations, legislation and practices related to AML. As a result of these analyses, a new framework built upon the main ethical principles of Islam, is proposed.

The study is structured as follows:

Firstly, the methodology of the study is explicated. Then, the definition of money laundering will be provided, and the literature and legislation about AML will be reviewed, in general, in the light of primary Islamic sources. This will be followed by the comparison of the contemporary AML perspective with the unitary and comprehensive framework offered by primary Islamic sources; in this regard, the practices of the OIC and non-OIC countries will be compared whenever applicable. This comparison will cover (1) thought/philosophy, (2) international and national organizations, (3) legislation, (4) practices, (5) the merits, (6) shortcomings, and (6) the risks. The following chapter will put forth the main money laundering techniques and their implications regarding Islamic finance. The following chapter will single out potential areas of improvement in the AML structures within the OIC and non-OIC countries by dwelling on the relations between these two frameworks.

Based upon these analyses, a new framework which combines the Islamic ethical system and related operational, legislative, and organizational systems, will be proposed. The last chapter concludes with reference to this new framework that an extensive and distinct Islamic AML scheme is required to be established with the cooperation of both OIC and non-OIC countries.

Overall, this study focuses on the effectiveness of a sound AML system built upon a framework which covers ethics as well as the belief in the unity of God, the reality of human beings and their identity, reason, consciousness and free will as presented by the primary sources of Islam. This new framework reveals the ineffectiveness of the money-laundering structures built upon reductive, physicalist and secular approaches. The latter approaches lack the comprehensiveness and consistency required for a sound AML system. The holistic aspect of Islam, on the other hand, may potentially serve to enhance the success rate of AML activities. What are noteworthy in this respect are the objectives of Islamic law, namely “enjoining the good and preventing

the evil" (amr-i bi al ma'roof wa nahy'i 'an al munkar) and "blocking the means (to evil)" (Sadd-i zerai') as well as the essentials of Islamic economics and finance that emphasize real economy-based, traceable instruments and processes.

1.1. Problem Statement

The overall problem related to this dissertation is the lack of a sound ethical framework and the consequent deficiency in the prosperity of humanity concerning the fight against money laundering: Millions of youth and even children poisoned by drugs, millions of people who were kidnapped for their organs, or swindled, millions of victims who were killed for money are just some of those who suffer directly from our inability to prevent the criminals from benefitting from the proceeds of their crimes, while billions of people are terrorized by similar risks they face. All these are made possible by the proceeds of crimes that the criminals can access, hide, and use by integrating them into the financial system.

As to the specific scope of this dissertation, the main problem is that the OIC countries do not play a proactive role in the combat against money laundering, although the above-mentioned problems arise within them to a great extent as well. Unfortunately, this problem is exacerbated by the lack of effective use of the strong ethical framework already present within Islamic sources for the service of the global community for AML activities. This main problem is accompanied by many related ancillary, yet still crucial, problems. Some of these problems are as follows:

1.1.1 The Global Thought/Philosophy Against Money Laundering is Weak

Almost no worldview other than Islam offers a complete and consistent foundation to condemn evil: For example, many people in the West are physicalists who believe that human beings are reducible to the spatiotemporal movements of particles[1].

The allegedly random emotions evolved by allegedly random mutations of the alleged reductionist evolution that cause feelings about good and evil cannot be a strong basis upon which we can build morals. If these random emotions result in the emotions in favor of good, they are also automatically the causes of the behavior of all kinds of criminals who see their behavior as legitimate. If these emotions developed through

[1] The word "particle" is used to represent also waves, strings, fields and other physical elements that are used according to different models related to physics.

random mutations, and hence through random evolution, then we cannot consider these emotions as a foundation upon which we can build systems that relate to morals, and thus, to fighting money laundering.

The adherents of some religions/denominations believe that by believing in a specific god, a person reaches success even though that person does evil. Many in the West believe that determinism or compatibilism is true, and that hence, the human being does not have free will, and cannot will anything other than what he has willed. Some religions classify humanity into races or categories based on their ancestors, undermining the default equality of human beings that is indispensable for forbidding evil and spreading good.

Unfortunately, as will be supported by statistics, a big proportion of humanity agrees with at least one of the above approaches that are sufficient to seriously damage the foundations of the struggle to prevent evil that also contains money laundering. Therefore, for many people, the combat against money laundering does not have a sufficient philosophical foundation.

1.1.2 Ineffective Fight Against Money Laundering

According to the United Nations Office on Drugs and Crime, in 2009, the proceeds from crime constitute between 2.3% and 5.5% of the global gross domestic product (GDP), which is equal to 2.1 trillion USD. According to IMF, money laundered reached 2% to 5% of the global GDP. Again United Nations Office on Drugs and Crime estimated that less than 1% of the laundered proceeds from crime are seized and/or frozen.[2]

Cross-border flows of global ‘dirty money’ in billion US$, shown as a percentage of average GDP over the 2000-2005 period is as follows:

[2] United Nations Office on Drugs and Crime. Draft: Study on Illicit Financial Flows resulting from Drug Trafficking and other Transnational Organized Crime, Preliminary results. 2011. https://www.unodc.org/documents/data-and-analysis/Studies/Illicit-financial-flows-15March.pdf . [02.01.2023]

Table 1.1: Cross-Border Flows of Global 'Dirty Money' In Billion US$, Shown As A Percentage Of Average GDP Over The 2000-2005 Period[3]

	Global				of that developing and transitional economies			
	low	as a percentage of GDP	high	as a percentage of GDP	low	as a percentage of GDP	high	as a percentage of GDP
Criminal								
- Drugs	120	0.3%	200	0.5%	60	0.7%	90	1.0%
- Counterfeit goods	80	0.2%	120	0.3%	45	0.5%	60	0.7%
- Counterfeit currency	3	0.0%	4	0.0%	1	0.0%	2	0.0%
- Human trafficking	12	0.0%	15	0.0%	10	0.1%	12	0.1%
- Illegal arms trade	6	0.0%	10	0.0%	3	0.0%	4	0.0%
- Smuggling	60	0.2%	100	0.3%	30	0.3%	40	0.4%
-	50	0.1%	100	0.3%	20	0.2%	30	0.3%

[3] R. W. Baker, Capitalism's Achilles Heel, Dirty Money and How to Renew the Free-Market System, New Jersey, 2005, p. 172. Quoted by United Nations Office on Drugs and Crime. Draft: Study on Illicit Financial Flows resulting from Drug Trafficking and other Transnational Organized Crime, Preliminary results. 2011. https://www.unodc.org/documents/data-and-analysis/Studies/Illicit-financial-flows-15March.pdf . [02.01.2023]

Racketeering								
- Subtotal crime	331	0.9%	549	1.5%	169	1.9%	238	2.6%
Corrupt	30	0.1%	50	0.1%	20	0.2%	40	0.4%
Commercial								
- Mispricing	200	0.5%	250	0.7%	100	1.1%	150	1.6%
- Abusive transfer pricing	300	0.8%	500	1.3%	100	1.1%	150	1.6%
- Fake transactions	200	0.5%	250	0.7%	150	1.6%	200	2.2%
- Subtotal commercial	700	1.9%	1000	2.7%	350	3.8%	500	5.5%
Total	1,061	2.9%	1,599	4.3%	539	5.9%	778	8.6%

Cross-border flows of global 'dirty money,' in billion US$, is as follows:

Table 1.2: Cross-Border Flows Of Global 'Dirty Money,' Billion US$ [4]

Dirty money	Global			
	low	in %	high	in %
Criminal				
- Drugs	120	11.0%	200	12.5%

[4] Ibid.

- Counterfeit goods	80	7.5%	120	7.5%
- Counterfeit currency	3	0.2%	4	0.2%
- Human trafficking	12	1.1%	15	0.9%
- Illegal arms trade	6	2.0%	10	0.6%
- Smuggling	60	5.6%	100	6.3%
- Racketeering	50	4.7%	100	6.3%
- Subtotal crime	331	31.2%	549	34.3%
Corrupt	30	2.8%	50	5.1%
Commercial				
- Mispricing	200	18.9%	250	15.6%
- Abusive transfer pricing	300	28.3%	500	31.2%
- Fake transactions	200	18.9%	250	15.6%
- Subtotal commercial	700	66.0%	1000	62.5%
Total	**1,061**	**100.0%**	**1,599**	**100%**

While the above figures are important in understanding the size of money laundering globally, another important point is that a more specific analysis that considers the flows of dirty money is considered disadvantageous for developing countries. The UNODC document emphasizes that the percentage of the illicit outflows from developing countries is three times such outflows of the industrialized countries.[5]

A shortcoming of the above figures is that they are not very recent, although they are the most recent available specific figures according to the knowledge and studies of the author. Furthermore, they are limited to cross-border transactions since other types

[5] Ibid.

of proceeds of crime are not standard within each country and there are only a few estimates about the crime-related proceeds at the national level[6]. Therefore, the most current figures may be different from those mentioned above; especially if we consider domestic money laundering activities, the figures may be much higher. But in any case, the percentages give us a sufficient idea about the composition of money laundering activities and related harms suffered by humanity.

Pol quotes numerous studies about the success rate of AML efforts globally and the related costs. Some of the key figures are as follows and show that the AML system is very unsuccessful. From 3 trillion USD of the criminal funds generated yearly, only an amount of 3billion USD is intercepted according to current AML system; and to intercept this 3billion USD, there is a compliance cost of 300billion USD.[7]

The deterrence of the AML activities is minor, and since the current AML system is built essentially upon deterrence, the above figures show clearly that there are fundamental problems in the current global fight against money laundering. Therefore, a new framework proposing key solutions to fundamental problems of the current global approach to fighting money laundering is indispensable. The framework offered by primary Islamic sources and especially the related ethical system has important components to fill in the gaps and remedy the huge problems within the current global structure used to fight money laundering.

1.1.3 Insufficient Academic Activities About Anti-Money Laundering Within the Framework of Islam

Although there is a lot to do and a lot to think about the tools and entailments of Islam related to AML, it is not hard to see that the related academic activities are extremely limited. A search in some major theses databases about money laundering and Islam or about money laundering and Islamic economics by the author produced no results.

---

[6] Ibid.

[7] Ronald F. Pol (2020) Anti-money laundering: The world's least effective policy experiment? Together, we can fix it, Policy Design and Practice, 3:1, 73-94, DOI: 10.1080/25741292.2020.1725366 . https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366 [02.01.2023]

Likewise, a similar search in the online bookshops came out with no results. Though there are some papers related to AML in the context of Islam, the scope and depth of these papers are limited.

Yet, a search about "anti-money laundering" as unrelated to Islam or Islamic economics produces numerous results.

Therefore, there is room to improve the communication between the OIC and non-OIC countries in this regard, and this way to help reduce money laundering and related predicate offenses.

1.1.4 The Need for Islamic Institutions for Combating Money Laundering

It is obvious that for any activity, collaborative international bodies produce synergy. That is why many international organizations such as the United Nations, and the OECD were formed and continued their existence for many decades.

Even though many Muslim countries have their national regulatory and supervisory authorities responsible for AML activities, there is no common global institution specifically coordinating and leading AML activities as they relate to Islam, OIC, and the global Muslim community. Although there are some international AML organizations consisting of many OIC countries, they do not generally focus on AML activities as they relate to Islam: for example, being an Arab country is a criterion to join the Middle East and North Africa Financial Action Task Force (MENAFATF)[8]. Likewise, the FATF-style regional bodies are far from focusing on AML activities as they relate to Islam.

Hence, these organizations are not able to specialize in AML activities as part of Islamic system.

On the other hand, we see that organizations such as the Organization of Islamic Cooperation (OIC) and Islamic Financial Services Board (IFSB) have not yet determined the combat against money laundering as one of the key areas for cooperation and improvement.

[8] MENAFATF. MENAFATF Accession Criteria. 2019. P. 3. https://www.menafatf.org/sites/default/files/AccessionCriteriaE.pdf [12.04.2023].

1.1.5 The Need for Substantive and Concrete Contribution of the Islamic World to Global Anti-Money Laundering Activities

As a system encompassing all relevant ontological and epistemological aspects of humanity and ethics, and as a pragmatic religion that offers financial instruments and principles based on realism and justice, Islam can transform the global approach to combating money laundering in a very positive way.

The lack of this contribution results in insufficient developments in this combat. The negative result of this is seen both on the global scale and within the OIC countries where populations suffer the consequences of money laundering and related financial crimes to a great extent.

1.1.6 The Ways the Money Launderers can use Islamic Financial Instruments have not Been Sufficiently Studied in Terms of Money Laundering

Although Islamic financial instruments are mostly disadvantageous for money launderers, they can still be used for money laundering. And this may cause a great threat to the clients of Islamic financial institutions. Because, unlike conventional finance, the investors and depositors of Islamic finance are mostly sensitive about the permissibility of the activities financed by their funds. So, not only their funds must not be used for impermissible activities such as gambling and the production of intoxicants, but also they must be protected from being used in laundering funds that are earned from those impermissible activities.

The non-Islamic AML standard setters will hardly be able to fully develop AML standards regarding Islamic financial instruments because they will not be able to look from an Islamic perspective and will not have a sufficient understanding of the primary and secondary sources of Shariah. Therefore, it is necessary that Islamic finance scholars in cooperation with Islamic jurisprudence scholars and practitioners of Islamic finance, work on the typologies of money laundering as they may relate to Islamic finance instruments.

1.2. Rationale of the Study

The rationale of the study is to solve the above-mentioned problems by developing a pathway and ethical framework enabling a more active position for the OIC countries in AML. This way, the above-mentioned problems will be removed or reduced, and

Islamic economics and finance will produce, in theory and practice, its numerous palpable fruits for the benefit of humanity.

1.3. Significance of the Study

The significance of the study is twofold:

Firstly, this study proposes a holistic framework to fight against money laundering that encompasses not only the related financial, law enforcement, and intelligence aspects, but also a sound intellectual, moral, and philosophical foundation involving such aspects as a unitary package. This package is expected to be instrumental in having a strong culture in the financial institutions and elsewhere for the fight against money laundering and, consequently, the evil. If realized with the help of strong efforts, this package has the potential of being a sound competitor and partner of conventional AML infrastructure, and even surpassing and inspiring it.

Secondly, according to the knowledge of the author, there is no proposal -with a complete unitary framework and contents-, for AML as a key topic within Islamic economics and finance. So, it is one of the first works in this respect.

Consequently, it is quite safe to claim that the new ethical framework presented above that may serve as a strong basis for AML, may also be used as a basis for economics, politics, arts, and their sub-branches and practices.

1.4. Limitations of the Study

The limitation of this study is that according to the knowledge of the author, there is no previous comprehensive work directly dealing with the fight against money laundering with respect to the framework, and especially the ethical framework, of Islam. So, only a limited number of previous papers and studies directly related to this topic are available for review.

1.5. Research Questions

The main research questions of this study are as follows:

1. What is money laundering in the contemporary literature and legislation? What is it within the Islamic framework?
2. What are the solutions offered by an Islamic framework and the OIC countries to improve the combat against money laundering?

3. Why do the OIC countries have to designate anti-money laundering as a key area?
4. Why and how do the OIC countries and the Islamic community must establish their global and representative institutions and norms related to AML activities around the primary sources of Islam?
5. What are the main intellectual, ethical, organizational, and practical lines of Islamic AML system as entailed by the primary and secondary sources of Islam?
6. What are the implications of money laundering techniques regarding Islamic economics and finance?
7. What are the implications of the properties of Islamic financial instruments regarding money laundering?

1.6. Hypotheses

The hypotheses of this work are as follows:

Hypothesis 1: Primary sources of Islam offer a useful framework to enhance the fight against money laundering worldwide.

Hypothesis 2: The Organization of Islamic Cooperation (OIC) countries lack certain intellectual, organizational, and operational infrastructure and initiatives for an effective fight against money laundering as entailed by the Islamic framework to fight crimes.

Hypothesis 3: Non-OIC Countries lack certain intellectual, organizational, and operational infrastructure and initiatives for an effective fight against money laundering as entailed by the Islamic framework to fight crimes.

Regarding the above-mentioned hypotheses, this work analyzes the AML framework necessitated by Islamic principles, reflects the actual situation within the OIC members and other countries, and through a gap analysis, determines the areas of improvement in AML both within the OIC members and other countries.

1.7. Literature Review

Money laundering is a global issue and an ethical concern. In Islamic finance, money laundering is strictly prohibited as it violates the principles of Shariah. Islamic finance institutions need to adhere to the Islamic law in their operations, and thus it is essential

to have a clear understanding of money laundering from an Islamic perspective. These illegal activities undermine the integrity of financial institutions, threaten global security, and have significant economic consequences. The Islamic banking sector is not immune to these risks, and there is a need for a robust framework to mitigate money laundering and financing of terrorism risks in Islamic banking. This chapter will give review the works of several authors which relate to the fight against money laundering with respect to Islamic teaching and practices.

The paper titled "Money laundering from Islamic perspective" by Samah Al Agha[9] provides a comprehensive overview of money laundering and its implications in the Islamic finance industry.

The paper discusses the concept of money laundering and its impact on the Islamic financial system. It also highlights the similarities and differences between Islamic and conventional banking systems in terms of money laundering. According to the author, money laundering is considered haram (prohibited) in Islam, and it is a severe crime that has negative consequences for individuals, society, and the economy. The paper also discusses the Islamic perspective on the ethical issues surrounding money laundering and the responsibility of Islamic financial institutions to prevent it.

The author argues that the Islamic finance industry should adhere to the Shariah principles and values, which promote transparency, accountability, and ethical behavior. The paper highlights the importance of adopting a comprehensive approach to combat money laundering, which includes a Shariah-compliant regulatory framework, effective risk management systems, and internal control mechanisms. The author also emphasizes the role of regulators in ensuring compliance with the regulations and preventing money laundering.

---

[9] Agha, Samah Al. Money Laundering from Islamic Perspective. Institute of Advanced Legal Studies, University of London, London, UK. Journal of Money Laundering Control. Volume: 10 Issue: 4 pp. 406-410. https://web.archive.org/web/20170516193836id_/http://ierc.sbu.ac.ir:80/File/Article/Money%20laundering%20from%20Islamic%20perspective_94022.pdf [03.01.2023] Quoted from: Saleh, A. and Saleh, M.B.A. (2006), "Money laundering in positive laws", Islamic Version, available at: www.saaid.net/book/open.php?cat ¼ 968book ¼ 1813 [01. 08.2006].

Furthermore, the paper provides an overview of the existing regulatory frameworks and international standards related to AML and counter-terrorism financing in Islamic finance. The author discusses the challenges and limitations of these frameworks and suggests the need for a more comprehensive and effective approach to combat money laundering in the Islamic finance industry.

In conclusion, the paper "Money laundering from Islamic perspective" by Samah Al Agha highlights the importance of understanding money laundering from an Islamic perspective and the need for a Shariah-compliant regulatory framework in the Islamic finance industry. The paper provides valuable insights into the ethical issues surrounding money laundering and the responsibility of Islamic financial institutions to prevent it. The author emphasizes the need for a comprehensive approach to combat money laundering, which includes effective risk management systems and internal control mechanisms. This paper is an essential contribution to the literature on money laundering and Islamic finance and is relevant to the topic of an ethical framework in fighting money laundering regulation with respect to OIC countries.

Another important paper in this area is the paper titled "Shariah Governance Framework: A Mitigating Mechanism against Money Laundering and Terrorism Financing in Islamic Financial Institutions" by Normah Omar, Rashidah Abdul Rahman, and Masetah Tarmizi[10].

The paper begins by discussing the significance of the Shariah Governance Framework (SGF) as a mechanism to mitigate money laundering and terrorism financing risks in Islamic financial institutions. The SGF consists of various components, Shariah compliance function, and Shariah audit. These components work collectively to ensure

[10] Normah Omar, Rashidah Abdul Rahman, Masetah Tarmizi. Shariah Governance Framework: A Mitigating Mechanismagainst Money Laundering and Terrorism Financing inIslamic Financial Institutions Islamic Accounting and Financial Criminology Conference (IAFCC 2013), 23rd March 2013, Shah Alam 1 Accounting Research Institute, Universiti Teknologi MARA https://www.academia.edu/24987291/Shariah_Governance_Framework_A_Mitigating_Mechanism_against_Money_Laundering_and_Terrorism_Financing_in_Islamic_Financial_Institutions [13.5.2023]

compliance with Islamic principles and legal requirements, promoting ethical conduct and accountability within Islamic financial institutions.

The authors emphasize the crucial role played by the Shariah compliance function in preventing money laundering in Islamic financial institutions. This function ensures that financial products and services offered by these institutions adhere to Shariah principles and comply with AML regulations. By integrating AML measures within the Shariah compliance framework, institutions can effectively identify, prevent, and report suspicious transactions, thus safeguarding the integrity of the financial system.

The paper also highlights the SGF's role in mitigating terrorism financing risks within Islamic financial institutions. It ensures that Islamic financial institutions do not engage in transactions or provide financial services to individuals or entities involved in terrorism. The Shariah compliance function, actively monitors transactions to identify any potential links to terrorism financing, thereby contributing to the overall efforts of countering terrorism financing.

The authors stress the importance of the external Shariah audit in assessing the effectiveness of the SGF in combating money laundering and terrorism financing. The Shariah audit provides an independent evaluation of the adherence to Shariah principles and regulatory requirements. It ensures that Islamic financial institutions have robust internal controls and mechanisms in place to prevent and detect illicit activities, including money laundering and terrorism financing.

The paper underscores the critical role played by the Shariah compliance function and Shariah audit in promoting ethical conduct and accountability within these institutions. The insights provided in this paper contribute to the development of an ethical framework for fighting money laundering regulation with respect to OIC countries.

Another work related to this dissertation is the joint working paper by Islamic Financial Services Board (IFSB) and Arab Monetary Fund (AMF), titled “Money Laundering and Financing of Terrorism (ML/FT) Risks in Islamic Banking.”

Islamic banking is based on the principles of Shariah law, which emphasizes ethical and moral values in all financial transactions. The Islamic financial system includes Islamic banks, Islamic windows of conventional banks, and other Islamic financial institutions. Due to the unique nature of Islamic banking, the risk profile of this sector is different from conventional banking. Therefore, there is a need for a specific

regulatory and supervisory framework for Islamic banking to address the risks of money laundering and terrorism financing.

The joint working paper by IFSB and AMF provides a comprehensive analysis of the ML/FT risks in Islamic banking. The paper highlights that the ML/FT risks in Islamic banking are similar to those in conventional banking. However, due to the unique features of Islamic banking, such as profit and loss sharing, the risks may be different. The paper argues that a robust Shariah governance framework is essential for mitigating the ML/FT risks in Islamic banking. [11]

The paper provides a detailed discussion of the Shariah governance framework in mitigating the ML/FT risks.

The paper also emphasizes the importance of a risk-based approach to mitigate the ML/FT risks in Islamic banking. The risk-based approach requires financial institutions to identify, assess, and mitigate ML/FT risks based on the level of risk presented by the customer, product, or transaction. The paper suggests that the risk-based approach should be applied in all areas of Islamic banking, including customer due diligence, transaction monitoring, and reporting of suspicious transactions.

The paper also emphasizes the importance of collaboration between financial institutions, regulators, and law enforcement agencies to combat money laundering and the financing of terrorism in the Islamic banking sector.

The paper titled "Compatibility of Islamic Finance and Anti-Money Laundering Laws: A Myth or Reality?" by Maruf Adeniyi Nasir argues that the Islamic financial system is compatible with AML laws and regulations. The paper examines the underlying principles of Islamic finance, such as risk-sharing and how they can serve as effective deterrents against money laundering.[12]

---

[11] Al Mamun Salim, Adewale Abideen Adeyemi, Mwis Ghassan Abu, Nouran Youssef, Joint IFSB–AMF Working Paper On Money Laundering and Financing of Terrorism (Ml/Ft) Risks in Islamic Banking. IFSB Working Paper Series2019. https://www.ifsb.org/download.php?id=5509&lang=English&pg=/index.php [5.3.2021]

[12] Compatibility of Islamic Finance and AntiMoney Laundering Laws: A Myth or Reality? Maruf Adeniyi Nasir* 2018.

The paper also highlights the role of regulatory bodies, such as the Financial Action Task Force (FATF), in ensuring compliance with AML laws and regulations in Islamic finance. It identifies the challenges faced by Islamic financial institutions in complying with these regulations, such as the lack of standardized procedures for identifying and reporting suspicious transactions and the potential conflict between Shariah principles and AML laws.

With respect to these challenges, Nasir emphasizes the need for a comprehensive Shariah governance framework that includes risk-based approaches to AML, customer due diligence procedures, and ongoing monitoring and reporting of suspicious transactions. He highlights the importance of regulatory framework and Islamic financial institutions to ensure effective implementation of these measures.

Overall, this paper contributes to the literature on the compatibility of Islamic finance and anti-money laundering laws by providing a comprehensive analysis of the principles and challenges involved.

In addition to the above, the Financial Sector Assessment Program for Islamic Financial System (iFSAP), as conducted by Dadang Muljawan, provides valuable insights into the current state of anti-money laundering (AML) frameworks in OIC countries.[13]

Muljawan's iFSAP report highlights the progress made by OIC countries in strengthening their AML, particularly in implementing the Financial Action Task Force (FATF) standards. However, the report also notes several areas that require improvement, such as enhancing regulatory and supervisory frameworks, improving the risk-based approach, and increasing international cooperation.

---

https://www.researchgate.net/publication/328283635_Compatibility_of_Islamic_Finance_and_Anti-Money_Laundering_Laws_A_Myth_or_Reality [5.4.2021]

[13] Dadang Muljawan. Financial sector assessment program for Islamic financial system (iFSAP). Selected Papers Presented to the 8th and 9th International Conference on Islamic Economics and Finance. Developing Inclusive and Sustainable Economic and Financial Systems Volume 5. 2015.Bloomsbury Qatar Foundation Journals.

https://irevieu.com/wp-content/uploads/2019/07/Islamic-Finance-Book_Volume_5.pdf [13.5.2023]

One of the key findings of the iFSAP report is the need for a more comprehensive approach to AML. Muljawan notes that the integration of AML into the shariah governance framework of Islamic financial institutions is crucial to ensuring compliance with shariah principles and promoting ethical conduct.

Muljawan suggests that governance can serve as a mitigating mechanism against money laundering and terrorism financing in Islamic financial institutions. He emphasizes the importance of a robust and effective governance framework that ensures compliance with shariah principles and promotes ethical behavior and social responsibility. Muljawan notes that effective risk management practices are also essential, particularly in identifying and managing the risks associated with money laundering and terrorism financing.

Moreover, the iFSAP report identifies the importance of capacity building for regulators, supervisors, and financial institutions in OIC countries to enhance their ability to identify and mitigate AML risks effectively.

In "Islamic Finance in the Global Economy", Ibrahim Warde argues that the success of Islamic finance is not only due to its adherence to Islamic principles but also to its ability to adapt to global financial standards. He suggests that Islamic finance can contribute to the development of a more inclusive global financial system.[14]

Overall, the literature highlights the importance of incorporating Islamic principles into the global AML framework to make it more inclusive and effective in combating financial crimes. The challenges that come with this integration are complex, but with continued dialogue and collaboration between Islamic and non-Islamic countries, progress can be made towards a more just and ethical global financial system.

In summary, the incorporation of Islamic values and principles into the AML policies could be helpful in addressing the unique challenges associated with Islamic finance and promoting a more inclusive and effective AML framework.

[14] Warde, Ibrahim. Islamic Finance in the Global Economy. Edinburgh University Press. 2000. https://www.iefpedia.com/english/wp-content/uploads/2011/03/Islamic-finance-in-the-global-economy-Ibrahim-Warde.pdf [6.5.2023]

However, although the above-mentioned works mention certain elements of Islamic teaching, each of them covers a limited aspect of it. By contrast, this dissertation makes a complete analysis both vertically from the ontological basis of existence to the specific acts of human beings, and horizontally from ethics to social welfare and the dignity of the human beings. As a consequence, it also proposes a legislative action which will be a guidance for both OIC and non-OIC countries.

Further books and papers will be explained in the relevant contexts in the relevant parts.

1.8. Methodology

In this research, a qualitative method is used.

The methodology essentially encompasses the following:

1. Exploration and analysis of primary sources of Islam and secondary literature.
2. A comprehensive survey that addresses the main and ancillary topics of this thesis. The survey participants consist of individuals who have held positions such as directors, investigators, obligated parties, and compliance officers in the fields related to AML efforts.

To test the hypotheses cited in the previous part, this study analyzes the international conventions, legislation, standards, and specific national legislation related to money laundering as they relate to the Islamic system. Moreover, the papers, reports, and books about money laundering have been studied as they are relevant to Islam. Relevant national and international statistical data are considered in this context.

This methodology involves a comprehensive analysis that spans several key areas. First, it delves into the primary sources of Islam and relevant secondary literature, with a particular focus on ethics. This includes an exploration of the principles of enjoining the good and forbidding the evil (amr-i bi al ma'roof wa nahy-i 'an al munkar), as well as the prevention of the means leading to evil (sadd-i zerai'). Additionally, it investigates fundamental aspects of human nature, such as consciousness, moral values, reason, and free will. Second, the methodology extends to the realm of Islamic economics and finance, with a specific emphasis on activities related to AML efforts. This multifaceted approach ensures a thorough examination of the subject matter, considering its diverse dimensions and implications.

In this thesis, an ethical framework has been proposed as a solid foundation for the fight against money laundering. The following specific topics related to this framework have been explored:

A crucial subject explored in this thesis is the correlation between free will and the combat against money laundering. In relation to this matter, the thesis incorporates certain quantitative investigations aimed at examining whether the belief in free will influences ethical behaviors of individuals. Should a negative impact exist, it would affect both money launderers and those engaged in money laundering activities. Furthermore, the thesis underscores the impossibility of consistently acknowledging free will within an approach that reduces human behavior to mere molecules and atoms, while also presenting statistical data concerning the acceptance of free will within intellectual circles. On the contrary, it is emphasized that genuine free will can only be feasible if it is not reduced to deterministic or indeterministic movements of matter, and in such instances, the origin of free will, which cannot be ascribed to physical actions, could only be attributed to a transcendent creator. Furthermore, another aspect that is highlighted in conjunction with these observations is the existence of religions like Christianity, which also espouse the belief in a transcendent creator. However, due to the contradictions within these religions concerning the concept of God (such as the diminishing acceptance of a God who is both mortal and immortal, as evidenced by statistical data), there is a significant erosion of credibility for these religions. In terms of a coherent understanding of God, the Islamic ethical approach presents a much more robust candidate that can serve as a foundation for combating money laundering and provide a consistent framework for the concept of free will.

In this context, the perspectives, arguments, and frameworks presented by Gazali, Imam Maturidi, Kant, and David Hume were examined.

Another example can be found in the subject of the basis of ethical rules and “oughts”. In this theoretical framework, a comprehensive exploration was undertaken of the fundamental methodologies employed in Western philosophy to extrapolate ethical imperatives (ought) from empirical observations (is). This analysis encompassed the perspectives of Immanuel Kant, David Hume, and Arthur Schopenhauer’s viewpoint. The United Nations’ treaty, which reflects Thomas Hobbes’ “contractarianism” approach, was examined. The reflections of these approaches on international

legislation and their nature were analyzed. Additionally, other relevant international legislation pertaining to money laundering was scanned to determine whether a basis is provided or not. However, it was clearly analyzed and revealed that a more consistent and comprehensive framework element is offered by the maqasid al-Sharia in Islam, the belief in God, and the concept of human vicegerency, which were explicitly analyzed and unveiled.

Another aspect that was analyzed is the Western countries' reliance on law enforcement and intelligence forces and measures in the fight against money laundering. By examining the relevant legislation and incorporating it into the thesis, this observation was confirmed. It was determined that a comprehensive ethical framework, essential for implementing socio-economic measures, is not conventionally in place and the materialistic approach fails to comprehensively address all aspects of human beings. Consequently, this lack of comprehensive framework is not reflected in international legislation.

On the other hand, it was also established that considering the objectives of the Islamic jurisprudence (maqasid al-Sharia), focusing on the protection of human beings, wealth, and intellect necessitates the implementation of socio-economic measures. Taking these measures together would provide an advantage in combating money laundering. Furthermore, within the framework of intellectual development, the significance of enhancing individuals' understanding of money laundering and the criminal economy through academic and educational activities was emphasized from an Islamic ethics and maqasid al-Sharia perspective, highlighting its necessity.

Moreover, an in-depth survey study was conducted to assess the alignment of the elements within the ethical framework against money laundering, which is the focus of this thesis, with the perspectives of 41 professionals engaged in fields associated with the fight against money laundering. The survey participants primarily included professionals specialized in AML regulations, such as certified public accountants, sworn-in financial consultants, money-laundering investigators, experts, or managers within the Turkish financial intelligence unit and the Turkish banking supervisory authority. It is worth noting that all respondents are based in Turkiye. The survey comprised 3 open-ended and 14 closed-ended questions but provided each of the closed-ended questions with an open-ended option.

Furthermore, the dissertation examines the advantages arising from Islam's promotion of the real economy based on ethical requirements, rather than speculative economic and financial activities, in terms of combating money laundering. The analysis meticulously scrutinizes major fundamental Islamic finance instruments, assessing their individual potential contributions and, in some instances, identifying potential drawbacks regarding money laundering. Similarly, in this context, the study meticulously investigates the impact of specific financing methods that contravene Islamic principles, focusing on their facilitation of money laundering. The research also evaluates their influence on the ethical framework employed to combat money laundering and presents the findings accordingly.

Additionally, a comprehensive analysis of various money laundering typologies (techniques) was conducted, individually assessing their alignment with Islamic economic and financial principles. Furthermore, an examination of international legislation aimed at combating money laundering revealed certain issues related to justice and equality. These issues included the exclusive selection of FATF presidents from countries outside the OIC (Organization of Islamic Cooperation) and the lack of transparent identification of FATF assessors for the OIC countries (as well as other countries). The correlation between these factors and the absence of a robust ethical framework was emphasized, exposing the challenges they pose to the credibility and effectiveness of AML efforts.

The framework for combating money laundering, developed through consideration of these aspects, has also been presented in a chart, illustrating its components and their interrelationships. Additionally, the outcomes and findings of the analysis and evaluations have been translated into a draft convention, intended to be presented to and enacted by the OIC, serving as a strong and, where applicable, binding recommendation for its member countries and as guidance for non-OIC member countries.

CHAPTER II

COMPARISON OF THE CONVENTIONAL AND ISLAMIC FRAMEWORKS OF ANTI-MONEY LAUNDERING

This chapter explores money laundering, the framework, strengths and weaknesses of the conventional AML system, and those of the OIC countries.

This chapter explains the definition and steps of money laundering and its predicate offenses:

2.1 Money Laundering

2.1.1 Definition

As the central international body in the fight against money laundering, Financial Action Task Force defines money laundering as follows: “The goal of a large number of criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin.”[15]

The following parts will also give some other definitions of money laundering in specific international legislation.

2.1.2 Money Laundering: Steps

Money laundering happens generally in three steps: (1) placement, (2) layering, and (3) integration.

In stage 1, illegitimate funds in cash form are introduced into the financial system. This is the essential stage: For example, drug dealers collect big amounts of cash, and they cannot keep them in cash form for security and other reasons. But to deposit them in a financial institution is normally difficult since the depositor who does not have a legitimate business becomes suspicious. So, for example, founding a company that

[15] FATF. What is Money Laundering, https://www.fatf-gafi.org/faq/moneylaundering/ , [21.05.2022].

normally collects cash and deposits it into the bank to hide the very origin of the cash is a method used in this stage of money laundering.

In the 2nd stage called “layering”, money is circulated through different persons and accounts to distance it from its illegitimate source.

In the final and 3rd stage referred to as the “integration”, some transactions are used so that dirty money is back in the hands of the criminal, but this time he has a legitimate-looking explanation about the source of the money. The money now looks totally clean: For example, a real estate is sold for a high price, the seller pays even some taxes, and he looks like he earned this money from the sale, although the seller is in fact a criminal who sells drugs or his representative. The following figure summarizes the processes of money laundering:

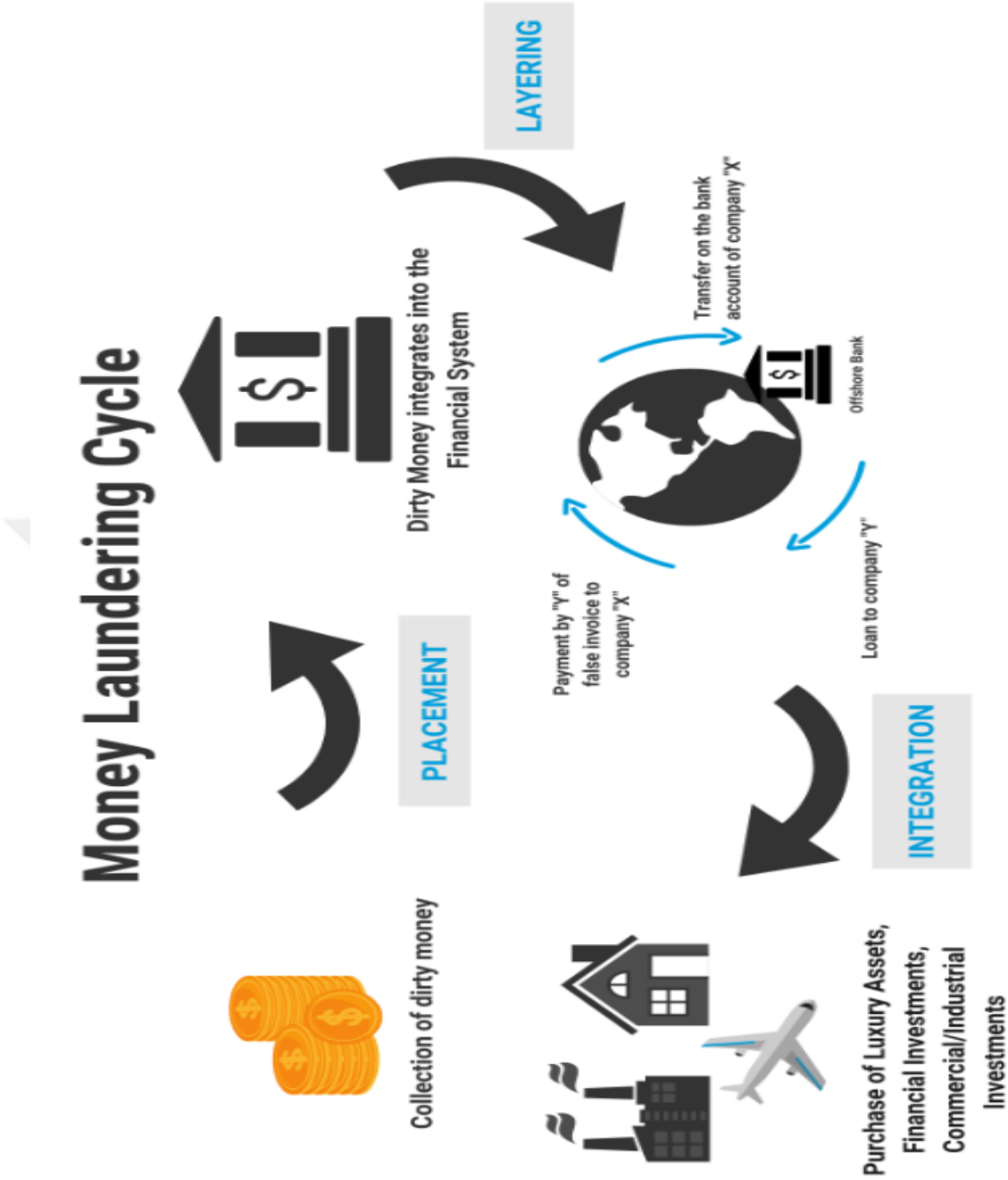

Figure 4.1: Money Laundering Cycle. (UN. Money Laundering.[16])

[16] UN. Money Laundering. https://www.unodc.org/romena/en/money-laundering.html [14.11.2022]

2.1.3 Money Laundering and the Predicate Offense

A key concept in money laundering is the predicate offense. The predicate offense is the crime that caused the possession of the proceed of the crime by the criminal. For example, theft causes the possession of stolen goods by the thief.

2.2 The Framework, Strengths, and Weaknesses of the Conventional Anti-Money Laundering System

The conventional AML system has the following properties, strengths, and weaknesses.

2.2.1 Conventional Anti-Money Laundering Framework

The conventional AML framework consists of the processes, legislation, and organization that are used in the combat against money laundering. This part will examine these elements of the conventional framework in detail.

2.2.1.1 Processes of Combating Money Laundering

The processes of combating money laundering can be seen clearly in the following chart[17] that explains the national as well as international elements of combating money laundering. The process starts essentially in a proactive way from the obliged entity such as a bank, that is an entity determined by the legislation of the relevant country; this entity is responsible to report the qualified suspicious transactions to the national relevant authorities. The obliged entity, that may be for example a financial institution, applies processes related to certain principles such as know your customer (KYC); then for applicable cases, it reports a suspicious transaction report (STR) to the financial intelligence unit (FIU) of its country, the FIU processes the report by using its database and the data of other national or international units, and then if applicable it reports it to the law enforcement or other competent units. The following chart depicts an example of the processes in the European Union (EU) concisely:

[17] European Commission, Preventing money laundering and terrorist financing across the EU How does it work in practice? https://ec.europa.eu/info/sites/default/files/diagram_aml_2018.07_ok.pdf [21.05.2022].

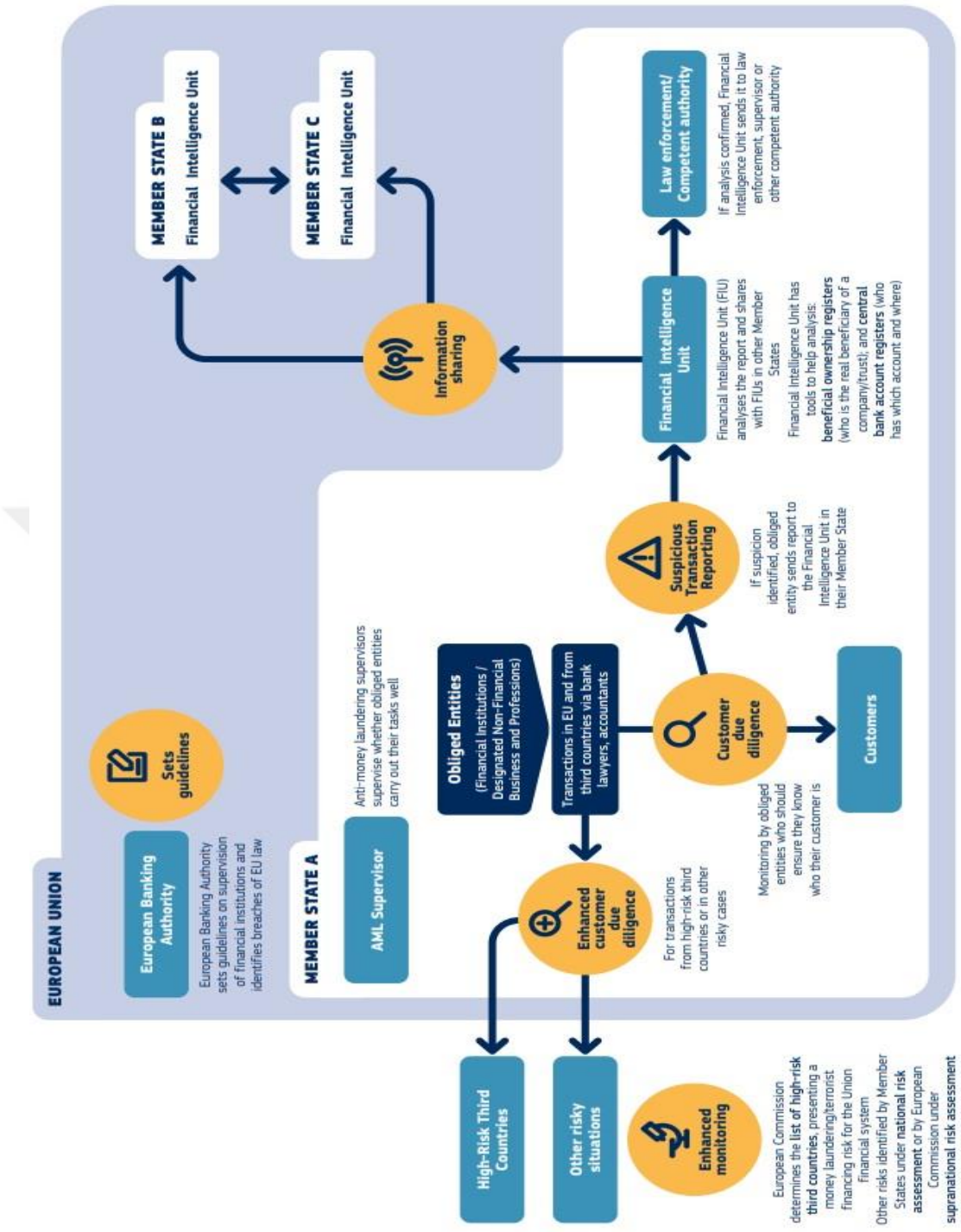

Figure 5.1: The diagram of AML operations and units. (European Commission, Preventing money laundering and terrorist financing across the EU How does it work in practice?[18])

[18] Ibid.

2.2.1.2 Legislation and Organization

The key features of the legislation and organization of the conventional AML system are as follows:

a) National Legislation and Organization

Other than exceptions, countries have financial intelligence units specialized in fighting money laundering. These units may be under the ministry of finance, under law enforcement, or among the judicial bodies. These financial intelligence units generally work on legislative activities, coordinate national activities, gather data and suspicious transaction reports from obliged parties such as banks, insurance, and pension companies, and cooperate with international organizations, law enforcement, and judicial authorities to combat money laundering. For example, The Financial Crimes Investigation Board (MASAK) is the Turkish financial intelligence unit operating under the Ministry of Treasury and Finance.

Each country has stipulations specific to money laundering in their laws and other related binding regulations and communique.

b) Major International Legislation

The following major international AML legislation shows also the major steps taken in the development of the combat against money laundering:

1. Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) (Vienna Convention)

Vienna Convention against illicit traffic in narcotic drugs and psychotropic substances (1988) (Vienna Convention) is the first United Nations (UN) document against money laundering. It is also the first major international text due to the efforts to combat money laundering. However, in this convention predicate offenses are essentially limited to the narcotics trade.

This convention covers both repressive measures such as requiring the signatory states to list the related crimes to be sanctioned and preventive measures against money

laundering such as requiring those states to confiscate the illegally acquired property. [19]

2. Palermo Convention Against Transnational Organized Crime (2000)

Palermo Convention adopted by the UN is similar to Vienna Convention. However, it underlines regulatory and supervisory regimes so that customer identification and reporting by financial institutions are effectively used to report suspicious transactions. It also emphasized international cooperation.[20]

3. EU Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (Strasbourg Convention) (1990)

This convention within the EU focuses on international cooperation, confiscation of proceeds of crime or the corresponding value, and investigative measures. It takes a definition of money laundering similar to the Vienna Convention. [21]

4. Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (Warsaw Convention) (2005)

This convention clarified the predicate offenses instead of allowing countries to determine them; it removed the requirement for a conviction from a predicate offense

[19] United Nations. United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988 https://web.archive.org/web/20050518085810/http://www.incb.org/e/conv/1988/ [03.01.2023].

[20] United Nations. United Nations Convention Against Transnational Organized Crime. 2004. https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf . [14.11.2022].

[21] Council of Europe. Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime. Strasbourg. 1990. https://rm.coe.int/168007bd23 [03.01.2023]

in order to be convicted for money laundering; it created clear corporate liability for money laundering.[22]

5. Financial Action Task Force (FATF) and FATF Recommendations

The Financial Action Task Force on Money Laundering (FATF) was established by the G-7 Summit in Paris in 1989. 37 member countries of FATF are the following: FATF member countries: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong (China), Iceland, India, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Kingdom of Netherlands, New Zealand, Norway, Portugal, Russian Federation, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, United States[23]. FATF has also two regional organizations as its members: the European Commission and the Co-operation Council for the Arab States of the Gulf (GCC). GCC members are as follows: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates[24].

This Task Force is responsible for examining money laundering techniques and trends, reviewing the actions taken at national or international levels, and developing the measures necessary for combating money laundering. In 1990, FATF issued Forty Recommendations to combat money laundering.

In 2001, in parallel with the above, it was also given the responsibility of combating terrorist financing.

In 2012, the FATF published the revised FATF Recommendations that comprised also the former 9 Special Recommendations on terrorist financing.

FATF that originally had 16 members, has now 39 members.

---

[22] Council of Europe. Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (Warsaw Convention), EU, Warsaw. https://rm.coe.int/168008371f , [23.05.2022].

[23] FATF. Countries. https://www.fatf-gafi.org/countries/ . [13.11.2022].

[24] FATF. Co-operation Council for the Arab States of the Gulf (GCC). https://www.fatf-gafi.org/pages/co-operationcouncilforthearabstatesofthegulfgcc.html . [13.11.2022].

Since the purpose of this thesis is not to give a detailed analysis of the FATF recommendations, below I will just cite the headings of the FATF recommendations to give a good understanding of the overall scope of the main norms related to the combat against money laundering. The following are the main norms determined by FATF through the contribution of member states. Yet, although these are called recommendations, they are enforced upon billions of people through governments. Compliance with these recommendations is evaluated and non-compliance with them is sanctioned in certain ways.

The list of the titles of these recommendations[25] is as follows:

A – AML/CFT Policies and Coordination

B – Money Laundering and Confiscation

C – Terrorist Financing and Financing of Proliferation

D – Preventive Measures

E – Transparency and Beneficial Ownership of Legal Persons and Arrangements

F – Powers and Responsibilities of Competent Authorities

and Other Institutional Measures

G – International Cooperation

According to the FATF mutual assessment processes, a country may be taken into a grey list (jurisdictions with strategic deficiencies) or a blacklist. For example, as of October 2022, the grey list has the following countries: ***Albania***, Barbados, ***Burkina Faso***, Cambodia, Cayman Islands, Democratic Republic of the Congo, Gibraltar, Haiti, Jamaica, ***Jordan***, ***Mali***, ***Morocco***, ***Mozambique***, Panama, Philippines, ***Senegal***, South ***Sudan***, Syria, Tanzania, ***Türkiye***, ***Uganda***, ***United Arab Emirates***, and ***Yemen***.

[25] FATF, FATF Recommendations, https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf [21.05.2022].

[26] The countries shown in bold and italic characters, in other words half of the countries in the grey list are OIC countries.

The blacklisted countries are the Democratic People's Republic of Korea, Iran, and Myanmar.[27]

6. European Union Directives

The European Union issued many directives that had the objectives of stability and reputation of the financial system, through the combat against money laundering and organized crimes.

7. EGMONT Group

The EGMONT Group of Financial Intelligence Units is a united body of 167 financial intelligence units (FIUs). It was established in 1995. It also has the Egmont Secure Web (ESW) application. Through this application, the members may have secure communication between themselves. The purpose of the EGMONT Group is to expand and facilitate the reciprocal exchange of information between its members. It is detailed in its charter.[28]

2.2.2 Strengths of the Conventional Anti-Money Laundering System

The previous part summarizes, in a sense, the strengths of the conventional AML system. As presented above, conventional AML system has certain organizations, legislation, and communication channels that are instrumental in the combat against money laundering. Furthermore, it has developed certain experiences, procedures, forms, know-how, and human resources. In many respects, these are useful.

---

[26] FATF. Jurisdictions under Increased Monitoring - 21 October 2022. https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.html [10.11.2022].

[27] FATF. High-Risk Jurisdictions subject to a Call for Action – 21 October 2022. https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2022.html [10.11.2022].

[28] EGMONT Group. EGMONT Group of Financial Intelligence Units Charter. 2013. https://egmontgroup.org/wp-content/uploads/2021/09/Egmont-Group-Charter-Revised-September-2018-Sydney-Australia.pdf . [14.11.2022].

2.2.3 Weaknesses of the Conventional Anti-Money Laundering System

The following features are the key weaknesses of the conventional AML system.

2.2.3.1 Biased: The Lack of Justice and Balance in the Conventional Anti-Money Laundering Structure

For an effective anti-money laundering (AML) system to help create a world of justice, there needs to be justice and balance within the top international AML institutions. Otherwise, the AML efforts will not be sufficiently acceptable and enforceable.

In this respect, the presidency within FATF is an important indicator about the degree of justice within the current overall AML system and approach. Because the president will determine the strategy of FATF and its general direction. Therefore, in an international organization, a balance in the presidency is expected. However, when we look at the list of presidents of FATF, we see that as of now, there has never been any president from an OIC country since its foundation. The presidents of FATF up to 2023 are as follows: Singapore, Germany, China, United States, Argentina, Spain, Korea, Australia, The Russian Federation, Norway, Italy, Mexico, Netherlands, Brazil, United Kingdom, Canada, South Africa, France, Sweden, Germany, Hong Kong, China, Spain, Portugal, Japan, Belgium, Italy, United States, The Netherlands, United Kingdom, Australia, Switzerland, France.[29]

Moreover, we see that multiple times people from the same country in the above list have been the president of the FATF. It should be noted at this point that any OIC country may not have attempted to be a candidate; hence, here the claim is not that the cause of the situation with FATF lies necessarily only within non-OIC countries; what is emphasized here is that there is a representation and balance problem in FATF, no matter what its origin is.

On the other hand, since there is no sufficient Islamic discourse and leadership on this issue, the West establishes and implements the system of combating money laundering and financing of terrorism in a disadvantageous way to the OIC countries. For example, the terrorist organization PKK (Partiya Karkeren Kurdistane) launders

[29] FATF Presidents since 1989, https://www.fatf-gafi.org/pages/fatfpresidentssince1989.html

money and this terrorist organization acts freely in Sweden[30,31]. Yet, Sweden is neither in the grey list, nor the blacklist.

Again, after the start of the war between Russia and Ukraine, to approve the admission of Sweden into NATO, Ankara demanded that the Nordic countries stop supporting Kurdish armed groups, such as the PKK[32].

Furthermore, as Eliaçık notes, Germany supports PKK which is a terrorist organization.[33]

It is possible to give more examples that show that the prominent members of FATF are not very strict about money laundering and terrorist financing in their countries when they are to the detriment of OIC countries. Obviously, here the intention of the study is not to deliver and condemn some members of the FATF and to provide the reader with some confidential information. But the present situation shows that FATF's management and AML philosophy is not well-founded in terms of justice and balance. And there is no reason to believe that the ruling countries of the current AML system are in better positions and more entitled to continue the present situation.

FATF standards contain statements that relate to terror, and financing of the proliferation of weapons of mass destruction. However, many such concepts are used

---

[30] Ozcan, Ozkan. Money Laundering Activities of the PKK, 2016. https://www.springerprofessional.de/en/money-laundering-activities-of-the-pkk/10604948 [26.05.2022].

[31] Anadolu Agency, 2022, Turks in Sweden call on Nordic country to stop supporting YPG/PKK terror group. https://www.aa.com.tr/en/europe/turks-in-sweden-call-on-nordic-country-to-stop-supporting-ypg-pkk-terror-group/2593513 . [26.05.2022].

[32] Aljazeera. Why did Turkey lift its veto on Finland and Sweden joining NATO? 2022. https://www.aljazeera.com/news/2022/6/29/why-did-turkey-lift-its-veto-on-finland-sweden-joining-nato-explainer [14.11.2022].

[33] Eliaçık, Zeliha. The PKK Threat in Germany. 2018. https://setav.org/en/assets/uploads/2018/04/P35-The-PKK-Threat-in-Germany.pdf [14.11.2022]

from time to time against OIC countries as we see in the fact that half of the countries in the grey list consist of OIC countries.

We see in the official introduction of the FATF recommendations that FATF adopts a risk-based approach.[34]

While enhancing the risk-based approach is a positive step, it gives some degree of freedom and arbitrariness to the countries, hence it increases the importance of a just representation within FATF. Without a just representation, the process of evaluation of the countries, and how the decision about countries is taken will be open to the subjective opinions of the prominent members of the FATF.

For the above reasons, it is hard to claim that the current global AML structure is an all-embracing and just one.

2.2.3.2 Incomplete/Narrow

The key international texts about money laundering focus only on law enforcement and intelligence aspects. There is only a vague reference to socioeconomics and education. There is no reference to ethics at all. Hence there is no invitation for sufficient involvement of organizations related to ethics, economics, health, religion, and education to take part in AML efforts.

There are other programs of the United Nations that may be related. But to combat money laundering and related crimes requires a sound foundation that is missing from the primary texts of the United Nations.

Article 30 of the Palermo Convention is titled as follows: “Article 30. Other measures: implementation of the Convention through economic development and technical assistance”.[35]

---

[34] FATF. The FATF Recommendations. 2012. https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf [14.11.2022]

[35] United Nations. United Nations Convention Against Transnational Organized Crime. 2004. https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf . [14.11.2022].

While the title of the article seems to emphasize economic development, its contents have nothing to do with any measures related to the socioeconomic development of countries. It does not reflect the needs in an environment where poverty allows money laundering criminals to recruit their employees, and how poor people and developing countries become more exploitable by money launderers.

In the convention there is neither any note about the education of the youth about the crimes, nor a reference to academia and increasing the awareness of people about ethics. We do not see any mention of ethics, morals, religion or related institutions.

Article 28 of the Palermo Convention mentions academia but only regarding the analysis of the crimes.

It does not talk about what should be taught to the students with respect to AML within the education systems of member countries.

The Vienna convention is not different from the Palermo convention in these respects. In parallel with these texts, the standards of FATF that are given to stipulate the comprehensive norms about the duty to practically fight against money laundering are empty about these as well.

These key texts about fighting money laundering and organized crime not only had to mention the detailed level of the stipulations related to law enforcement and intelligence, but also had to contain the above-mentioned key points.

2.2.3.3 No Sound Intellectual Foundation for the Morals Related to Anti-Money Laundering

An analysis of the key international texts against money laundering and related crimes shows us that these texts have been built upon a specific secular worldview.

The official introduction of the Vienna Convention starts with the following paragraph and the article 14 of the Vienna Convention stipulates the following make reference to health, wealth, and suffering as the ethical foundations against money laundering.[36]

[36] UN. United Nations Convention Against Illicit Traffic in Narcotic Drugs And Psychotropic Substances. 1988. Vienna Convention. https://www.unodc.org/pdf/convention_1988_en.pdf Vienna. [14.11.2022].

Obviously, according to the above statements the fight against money laundering is built upon human welfare and reducing suffering. These statements are accompanied by a big problem: subjectivity. Obviously, in many circumstances, the welfare of a person or a community clash with the welfare of another person or community; the means leading to the welfare of a person or community may entail the suffering of another person or community. Should we choose the majority? The majority of the general population? Or the majority of those in the councils? Or the majority of the powerful? According to what should we select the ones whose wish will be done? Is there a basis according to which we can determine whose wish will be done? If there is no such basis, then the criminal and the money launderer may rightly ask why his welfare ought not to be supported and why his suffering should not be prevented. Therefore, a coherent basis and an objective foundation is necessary for such ethical issues so that everybody including the practitioners of AML may believe strongly in this fight, and so that the money launderers may give up their crimes.

The foundation of the two main texts against money laundering and other related global texts seems to be empty. At first sight, this may look like a trivial point. But it is crucial: It is clear that the lack of such a coherent basis produces the problems explained in the above parts about bias and incompleteness.

We do not see in the above texts any reference to “morals”, “human dignity”, or “justice”. This may be due to a need to build it upon a common denominator that is acceptable by every member state. However, the adopted “hedonistic” approach built on just having happiness and just preventing suffering has the big shortcomings mentioned above. Moreover, this approach contradicts the purpose of AML, since if it is true, then the criminals ought to increase their welfare and reduce their suffering that is possible according to them by committing their crimes.

The survey conducted in relation to this thesis included the following question: “To what extent are ‘emotions’ like happiness resulting from a behavior reliable indicator in your assessment of whether a behavior is ethical or unethical?” Out of the 40 respondents who answered this question, 18 (44%) stated that these emotions are highly reliable, while 10 (24%) considered them to be reliable to a medium degree. Additionally, 12 (29%) respondents believed that they are reliable to a low extent. These results do not support the idea that emotions are reliable indicators in the assessment of whether a behavior is ethical or unethical.

Hence, even though the ontological reality put forth by the relevant Islamic teaching may not be adopted immediately by the global community by consensus, an effort to translate that teaching into contemporary regulations, books, institutions, and practices of OIC countries, and then make it available to the international community will be very valuable.

When we read the main texts composed by the non-OIC countries, that are the bases of the contemporary global fight against money laundering, we see that the concern and focus are about detecting and dealing with the results of the disease, not its causes; so they put the problem as follows: "There are people who commit crimes and launder their proceeds from their crimes, so how can we detect them, how can we put them in prison, confiscate and freeze their assets?". However, if there is an ill mindset behind those crimes that is ignored, and if the other ignored conditions support those crimes, then there are certainly more things to do other than detecting and sanctioning money launderers and the proceeds of crime.

a) The Contemporary Global Foundations of AML Consist of Material Power

The above texts do not refer to morals or justice. However, at least the charter of the United Nations adopted many decades ago, makes reference in its introduction to justice and human dignity as follows: "We the peoples of the United Nations Determined"… "To reaffirm faith in fundamental human rights, in *the dignity and worth of the human person*, in the equal rights of men and women and of nations large and small, and to establish conditions under that *justice and respect for the obligations arising from* ***treaties and other sources of international law*** can be maintained".[37]

While this charter does not make any reference to morals either, it is important to see that it refers to the dignity and worth of the human person, and to justice, although these do not find any place in the recent key UN texts about money laundering and organized crime. However, the basis of human worth and dignity does not have any place in this charter. So, this big gap is expected to be filled by the world views of the makers of other related texts and their practitioners.

[37] UN. Charter of the United Nations and Statute of the International Court of Justice. 1945. https://treaties.un.org/doc/publication/ctc/uncharter.pdf . San Francisco, USA. [14.11.2022].

"Justice" also seems to be left without any basis in that text, or at best the text may be interpreted as having set this basis as *treaties and other sources of international law*. This then would be the recognition of the social contract theory, which would entail that ethics is reducible to the passions and reason of human beings[38]. The issue of reducing ethics to human passions will be explained in further detail in the following parts. This way, we face again a hedonistic understanding of ethics. Cudd and Seena bring in further criticisms about the social contract theory[39]. These criticisms support further criticisms in this respect detailed in this thesis, and show that there is no sound basis set for justice hence for ethics in the higher level conventions; the same is true for the regulations specific to anti-money laundering.

Since the foundation of human dignity and worth, morals, and justice are left blank in these texts, do we have any substitute for them within the non-OIC countries?

A major candidate in the non-OIC countries for this is Christianity, although it is mostly interpreted as a religion that must not get involved with the affairs of the state. The latter point is often justified by Mark 12/17: "And Jesus said to them, "Render to Caesar the things that are Caesar's, and to God the things that are God's". And they were amazed at Him".[40]

However, even if we accept that the Christian teaching gets involved with matters related to laws, law enforcement, and fighting crime, how big an influence does it have on society and understanding of people? Can it fill the above-mentioned gap?

According to statistics, this candidate has little and weakening influence. The following table and chart show the views of diverse groups of people about the trend in the influence of the church in the USA. They show that the influence of the church is declining:

---

[38] Cudd, Ann and Seena Eftekhari, "Contractarianism", The Stanford Encyclopedia of Philosophy (Winter 2021 Edition), Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/win2021/entries/contractarianism/>.

[39] Ibid.

[40] Gospel of Mark 12:17 New American Standard Bible - NASB 1995 (NASB1995) https://www.bible.com/bible/compare/MRK.12.17 [10.7.2022]

Table 5.1: Views of Influence of Religion, by Subgroup (Based on the answers to the question: At the present time, do you think religion as a whole is increasing its influence on American life or losing its influence?)

	Increasing	**Losing**
	%	%
Church attendance		
Weekly	22	76
Nearly weekly/Monthly	19	79
Less often	19	78
Religious preference		
Protestant/Other Christian	17	82
Catholic	23	74
None	20	73

Brenan, Megan. Religion Considered Important to 72% of Americans. [41]

[41] Brenan, Megan. Religion Considered Important to 72% of Americans. RELIGION DECEMBER 24, 2018. https://news.gallup.com/poll/245651/religion-considered-important-americans.aspx [10.07.2022]

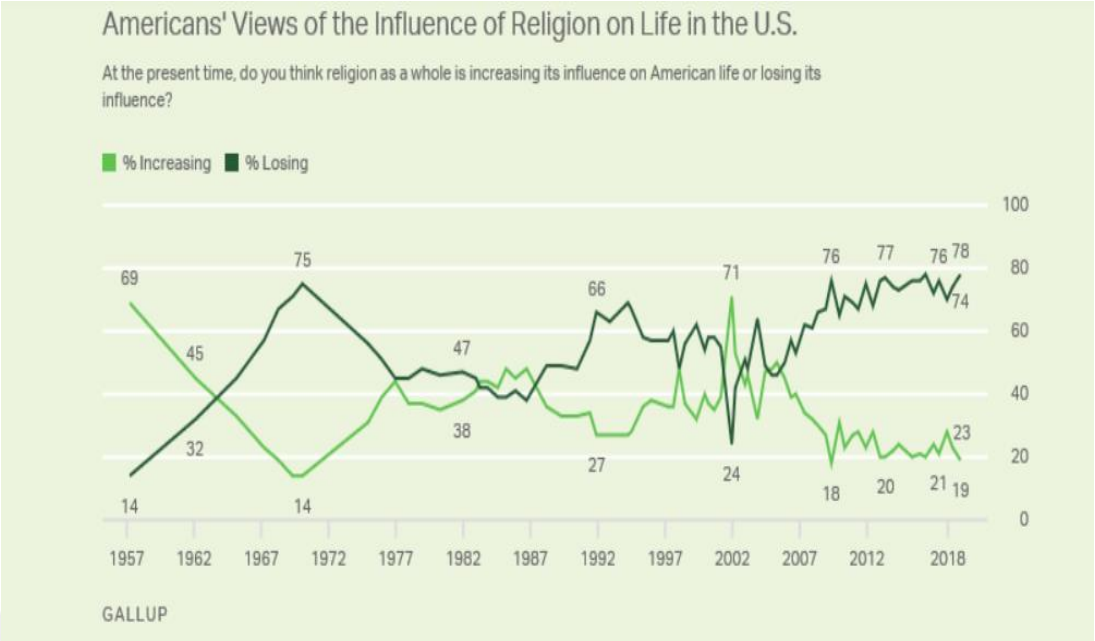

Figure 5.2: Americans' views of the influence of religion on life in the U.S. (Brenan, Megan. Religion Considered Important to 72% of Americans.[42])

According to a survey conducted by PEW Research Center in 2017, the median percentages in European countries of those who believe in God as described in the Bible, those who believe in higher power or spiritual force, and those who do not believe in any higher power are respectively 27, 28, and 26. These show that the major alternative to the secular world view is losing its influence in the West. [43]

A similar study about some OIC countries shows the following results:

Table 5.2: Percentages of those who say that they believe in one God and the Prophet Muhammad by some OIC countries, PEW Research Center.

Kazakhstan: %83	Morocco: %98
Indonesia: %98	Cameroon: %99

[42] Ibid.

[43] PEW RESEARCH CENTER. Most people believe in a higher power, but often not God as described in the Bible. 2018. https://www.pewresearch.org/religion/2018/05/29/beliefs-about-god/pf_05-29-18_religion-western-europe-04-00/ [04.11.2022].

Malaysia: %98	Senegal: %99
Pakistan: %98	Niger: %97
Bangladesh: %96	Chad: %96
Egypt: %100	Mali: %96
Iraq: %100	Nigeria: %93
Jordan: %100	Djibouti: %89
Tunisia: %100	Mozambique: %87
Palestinian terr.: %99	Uganda: %87
Lebanon: %98	Guinea Bissau: %85

Pew Research Center. Commitment to Islam. [44]

The above percentages show that the Islamic teaching is a strong alternative to a secular world view.

On top of the above examples, the first paragraph of the 23rd article of the Charter of the United Nations should also be quoted. This charter also shows that the norms which also strongly relate to ethics are based on the decisions of the materially powerful, since it identifies a few developed countries as the permanent members of the United Nations' Security Council.

The Security Council of the UN is authorized to adopt decisions that are binding upon all member countries. Hence, it is obvious that the secular structure that drives the fight against money laundering takes as its foundation "power" instead of "justice, equality of human beings, and morals".

[44] Pew Research Center. Commitment to Islam. 2012. https://www.pewresearch.org/religion/2012/08/09/the-worlds-muslims-unity-and-diversity-2-religious-commitment/ [03.01.2023].

The lack of a solid foundation for the value and dignity of human beings, will result in lack of altruism, selfish satisfaction, and hence, materialism[45], and consumerism.

Statistics show that 1/3 of the food products that equals to around 1 trillion USD.[46] Increase in materialism directs people toward enjoying the worldly pleasures more. Because of the influence of materialism, and the increase of the influence of the commercials and a culture based on consumerism, people tend to get more cars, houses, and luxury. Obviously, this necessitates higher income and wealth. While some people can get these through legitimate work, some people who cannot get these through legitimate means, tend to work for illegitimate organizations and to work illegitimately. This consequently leads to higher predicate offenses, more dirty money to be laundered, hence to higher laundering activities.

The lack of sound intellectual system about moral improvement, the lack of higher goals and values, the lack of certain good behavior to be recompensed in the hereafter, make people focus on worldly and material pleasures.

Furthermore, worsening problems in income distribution that increases the differences between the wealth and means of people, create pressure on the lower income people to search for the means to reach the worldly pleasure level of the higher income people.

b) Insufficient Dedication

There are lots of slogans in the non-OIC countries as human rights, equality, and social responsibility. However, if there is no sound system and discipline behind these, relevant success will be almost impossible. For example, Enron and Lehman Brothers' adopted social responsibility policies, but they jeopardized the world economy. So, adhering in words to ethics, or recognizing ethics built on emotions, does not give an

[45] "Materialism" is used here in the following meaning: "Materialism comprises a set of values and goals focused on wealth, possessions, image, and status." Kasser, Tim. Materialistic Values and Goals Annual Review of Psychology. Vol. 67:489-514. 2016. https://www.annualreviews.org/doi/full/10.1146/annurev-psych-122414-033344#article-denial [15.11.2022].

[46] UN. Goal 12: Ensure sustainable consumption and production patterns. https://www.un.org/sustainabledevelopment/sustainable-consumption-production/ [15.11.2022].

assurance of compliance with ethics. In a recent study, researchers from the University of Zurich showed that bankers, especially when they are aware of their role as bankers, tend to ignore moral values and put ethical obligations in the background.[47]

c) No Substantiated Free Will Component

On the other hand, physicalism causes people to reject the distinct effectiveness of our free will. If human beings are just physical, hence, reducible to their molecules and atoms, deterministic and/or random physical events, then obviously, there will be no room for freedom and free will, hence responsibility. According to statistics, there is a high percentage of people in the West especially among the intellectuals, who directly reject free will or believe in a compatibilist kind of free will that is not true free will. The distribution of views of contemporary philosophers regarding free will is as follows: compatibilism 59.1%; libertarianism 13.7%; no free will 12.2%; other 14.9%[48]. If we do not have free will and if according to compatibilism nobody can will anything other than what was determined at the big bang, then any blame and responsibility are undermined. Hence, any criminal will be exempt from blame. On the other hand, studies have shown that the lack of belief in free will has a concrete effect of causing a tendency toward making more evil choices[49].

Further details related to the ought issue in this context will be discussed in the following parts.

---

[47] Cohn, Alain et al. Business culture and dishonesty in the banking industry. 2014. https://www.researchgate.net/publication/268787112_Business_culture_and_dishonesty_in_the_banking_industry. [03.01.2023].

[48] Bourget, David and Chalmers, David J. What Do Philosophers Believe? 2013. https://philpapers.org/archive/BOUWDP . [15.11.2022].

[49] Sommers, Tamler. Experimental Philosophy and Free Will. Philosophy Compass 5/2 (2010): 199–212, 10.1111/j.1747-9991.2009.00273.x https://uh.edu/class/philosophy/people/sommers/experimental%20phil%20and%20free%20will.pdf [03.01.2023]. (This paper references to the following among other sources: Baumeister, R.F., Masicampo, E.J. and DeWall, C.N. 'Prosocial Benefits of Feeling Free: Disbelief in Free Will Increases Aggression and Reduces Helpfulness.' Personality and Social Psychology Bulletin 35 (2009): 260–2.

d) Subjective Morals

Reductionism that is tightly connected to the physicalist approach reduces the human being to particles or to other parts; it undermines the distinct wholeness of the communities; then the only remaining basis for ethics becomes our emotions. However, this is not a rational basis, but an emotional basis. Although emotions may be influential as a subjective origin of morals hence the fight against money laundering, they are ambiguous and arbitrary.

If the values such as honesty, trust, respect, punctuality, fulfilling promises, and truthfulness prevail in a society, then there will be better success against predicate offenses and money laundering. But if these are recognized only as subjective or relative values, and if they can be applicable only depending on the choice of each person, then their effectiveness will diminish.

e) Religions That Lack the Support of Reason and Empirical Evidence.

In mainstream contemporary Christianity, a person is saved without doing good or refraining from evil, as long as he or she recognizes Jesus-Christ (Peace be upon him) who allegedly died for the sins of human beings. So, money laundering is not so crucial in the final analysis, regarding the responsibility toward the Creator. There may be disagreements about this, but at least there are controversies: Adultery, and many religiously unacceptable crimes have become almost legitimate and widespread in the west because of these. Also, "confession" that is practiced within certain denominations of Christianity has a similar effect.

Obviously, there are many other dominant religions in the non-OIC countries that emphasize the dignity of human beings, objective morals, transcendent goals, and ultimate foundations of the universe. Yet, a religion that contributes to the human beings in this sense must also comply with reason and our empirical observations. However, many religions though widespread, have fundamental problems that relate to reason, observations, and evidence.

Some religions claim that multiple gods constitute one God; some religions claim that a nation is superior to other nations; some religions claim the existence of numerous gods that resemble the creation; some religions claim that God is both mortal and immortal; some religions are built on nothingness or evil; some world views are built on reducing the human beings to the particles and waves.

Islam with its emphasis on reason and empirical observations has the potential to facilitate the convergence of humanity upon the truth and the necessities of a strong fight against crimes and money laundering.

Since the purpose of this study is not to analyze all religions, and since every religion should present its thesis for contributing to the fight against money laundering, it will be sufficient to make an exemplary analysis of a major religion widespread in leading AML countries, and underline some aspects of some religions that may be disadvantageous for the progress toward a better AML framework. Therefore, in this study some aspects of a few religions are given as examples.

It should also be emphasized that while some religions may have shortcomings, all religions have important positive elements that may contribute to the fight against money laundering and its conditions. Thus, the global AML system must try to benefit from their contributions as much as possible.

f) "Oughts" Related to AML are Unsubstantiated.

As Edwards confirms, "Many claim that if it is a crime to ϕ then ϕing is legally wrongful—it is something that, in the eyes of the law, ought not to be done".[50] So, a crime is related to an "ought" state.

As David Hume famously argued, under reductionism and naturalism, we cannot get an "ought" from an "is". Since according to naturalism and materialism, everything happens according to the deterministic or probabilistic laws of nature, everything that happens must happen, and something that does not happen is impossible to happen. So, there is no room for an ought.

So, a statement like "x ought not to launder that money", has neither logical nor empirical foundation according to materialism and naturalism.

If we do not have a foundation for an "ought", then there will be no foundation for blaming money laundering and related predicate offenses. If the only basis of evil and

[50] Edwards, James, "Theories of Criminal Law", The Stanford Encyclopedia of Philosophy (Fall 2021 Edition), Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/fall2021/entries/criminal-law/>.

good are our instincts that appeared through random evolution, then the instincts of the criminals have the same basis as that of the good people.

Further details related to the "ought" issue in this context will be discussed in the following parts.

2.2.3.4 A Weak Historical Background

The current global ethical system that is relevant for AML is basically the western one. To understand what is going on today, we need to understand what happened in the past. The West was under the influence of Christianity for centuries. Hence, the fallen nature of the human beings because of eating from the forbidden tree was key in this respect. Coupled with the divine power of the church, this entailed an ethics where the church had absolute control upon the society for centuries of the middle age.

However, in the same period, in the Islamic world the Islamic teaching that said that the human being is pure at birth and by default prevailed.[51] The human being has the power to control the temporary influencers and temptations of the world.

In Europe, the enlightenment arose because of the understanding of the church which entailed the above limitations. However, although a compromise based on the reality might be achieved between the religion and reason, the liberal thought of enlightenment found the solution in rejecting the church and religion entirely. The accusations of certain scientists like Galileo who was considered heretical by the Catholic Church for believing that the earth revolves around the sun were important factors in the rejection of the church and religion. Hence, as we see in the shaping of the thought of Adam Smith, altruism was set aside, and the pursuit of personal benefits prevailed. We see that although there were other thinkers who thought otherwise, the ideas of those who stay away from reaching a compromise gained further acceptance.[52]

The pursuit of personal gain and placement of the economic goals at the individual and national levels below the ethics resulted in certain wars and led to many other harms

[51] Bulut, Mehmet. Ahlak ve İktisat. Adam Akademi, Cilt 5/2 2015:105-123. https://dergipark.org.tr/tr/download/article-file/147375

[52] Ibid.

to humanity[53]. During the period of 1450-1750, Western European nations (Spain, Portugal, France, England, Netherlands) which did not find sufficient national resources within their own borders within the framework of national economic understanding, disregarded the rights and laws of other people and nations in many areas and geographies, and began to enter the process of accumulating capital in their countries by seizing resources and wealth in the East (Asia) and West (America) via the African coasts.[54] We also see the traces of these in repeating economic crises.

Furthermore, Newtonian physics and the following paradigms including the materialistic evolution left no room for the distinct reality of the human being as a distinctly effective moral agent. Consequently, ethics today sound for many no more than a good feeling.

As Bulut notes, there is no doubt that the main actors of modern Western civilization, which brought humanity to this point, are the understanding of economy and the perception of human beings. According to the current prevailing Western paradigm, a producer or seller should constantly produce more and earn more profit; and a consumer or buyer is a being that constantly consumes and should consume more to increase their pleasure and enjoyment. According to the economic understanding of this Western civilization, human needs are unlimited, while the resources in nature are limited. We face a being that pursues its insatiable desires and wants, without limits, against limited resources. However, while desires and wants are limitless, the needs of a normal human being are limited.[55]

As a result of the above, the pursuit of temporary pleasure and enjoyment enjoined by the current Western civilization influences both the criminals' crimes, and the fighters of the crimes in a negative way.

---

[53] Ibid.

[54] Bulut, Mehmet. Civilization and Economics.2020. "Medeniyet ve İktisat", Muhafazakâr Düşünce Dergisi, pp. 96 | 137. https://www.researchgate.net/publication/345876924_Mehmet_Bulut-_Civilization_and_Economics_Medeniyet_ve_Iktisat [14.5.2023]

[55] Ibid.

2.2.3.5 No Sufficient Involvement of Organisation of Islamic Cooperation Countries

Regarding the development of standards about Islamic finance products, there is a need for the representation of OIC countries within FATF. Although some members of the FATF are OIC members and there is also a representation of GCC, they represent the related nations, not Islamic elements. Although they can give some feedback about Islamic financial instruments, they cannot be an appropriate substitute for a complete and direct representation of OIC. A representation of the OIC in FATF and other AML related organizations will contribute to the global AML efforts. For example, the development of regulations about AML in Islamic finance will be beneficial both for the non-OIC countries who will benefit from the experts in the area, and for the OIC countries whose experts will be able to work with the FATF experts.

This cooperation will also be useful in removing or alleviating Islamophobia, that is a fact as we see in the following figure:

Figure 5.3: Percentage of those in the West who say that western societies do not respect Muslims.(Gallup, Inc. Islamophobia: Understanding Anti-Muslim Sentiment in the West.[56])

Moreover, such a close cooperation will increase the trust of OIC countries in FATF and global AML efforts.

This cooperation should also be extended sufficiently to the mutual evaluation process as well. For example, the countries in the grey list and the blacklist detailed in part 2.2.1.2 are determined after a mutual evaluation/assessment process. Half of the countries on the grey list consist of OIC members. However, when we look at how the assessors are selected, we see that there is no clear process. The President appoints the assessors[57]. The questions and answer page on the FATF's website has the following question: "Who takes part in an assessment and how are they selected?" However, in the answer we do not see a transparent process for the selection of assessors/ evaluators who will decide upon the degree of compliance of the evaluated country with the AML requirements.[58]

Obviously, this undermines the reliability of the FATF and its functions. Consequently, the fact that half of the grey list of the defective countries consist of OIC countries may be related to the lack of involvement of the OIC countries in the international AML efforts. Hence, there is a room for improvement in this respect, such that a transparent assessment process may be established by the encouragement of the OIC within the international AML-related organizations.

[56] Gallup, Inc. Islamophobia: Understanding Anti-Muslim Sentiment in the West. https://news.gallup.com/poll/157082/islamophobia-understanding-anti-muslim-sentiment-west.aspx [03.01.2023].

[57] FATF. Mutual Evaluations. https://www.fatf-gafi.org/publications/mutualevaluations/documents/more-about-mutual-evaluations.html [16.11.2022].

[58] FATF. Mutual Evaluations. https://www.fatf-gafi.org/faq/mutualevaluations/ [10.11.2022]

2.3 The Current Situation, Strengths, and Weaknesses of Organisation of Islamic Cooperation Countries Regarding the Combat Against Money Laundering

The following parts present the current situation, strengths, and weaknesses of the OIC countries with respect to the fight against money laundering.

2.3.1 Current Situation

The current legislative and organizational AML structure regarding OIC countries is not much different than an average non-OIC country. But there may be differences with respect to each OIC country.

However, regarding the development of AML systems specifically with respect to an Islamic framework and regarding Islamic finance instruments there is no prominent international body or institution. There are some FATF Style Regional Bodies, but these are not built on the basis of Islamic system of AML.

Türkiye, Malaysia, and Saudi Arabia are the only full member OIC countries of FATF among its 37 full member countries. Indonesia is an observer country. FATF has some associate members as FATF Style Regional Bodies (FSRBs) like MENAFATF that have members of OIC, but these countries are not direct members of the FATF.

Among the FATF associate members and FATF observer organizations there are no Islamic economics and finance regulatory organizations like AAOIFI or Islamic Financial Services Board (IFSB).[59]

2.3.2 Strengths

The conventional AML system is narrow and limited only to certain deterrence, information sharing and law enforcement practices, related processes, and organizational structure, and has little to say about the irreducible distinct reality of the human beings and moral values. While the highest norms related to AML refers only to human suffering and well-being, Islamic systematic recognizes the distinct reality and value of human beings, moral values, principles, and their connection to the objective default basis of existence.

[59] FATF. FATF Members and Observers. https://www.fatf-gafi.org/about/membersandobservers/#d.en.3147 [31.05.2022]

In parallel with this overall structure, the practical extent of the conventional AML systematic is limited to bureaucratic money-centered practices, and the Islamic systematic has the potential to extend it to the professionals related to psychology, religion, philosophy, other sciences, and related governmental, civil society, and academic institutions.

The following parts will explain the strengths of the Islamic system as it relates to anti-money laundering. Because of the absence of a focused initiative to actualize these strengths, they are only partially observed in actual life. However, with a focus on them concerning AML, they offer important benefits.

2.3.2.1 Strong Overall System

The following are the key strengths of the OIC countries' AML system. Note that the OIC countries' AML system means the essential cultural, practical, historical, and intellectual background of the OIC countries. It does not necessarily mean that this system is actually in power with respect to AML in all OIC countries.

a) Complete

While the conventional AML structure is based on deterrence and blocking certain actions, it does not gets involved with the root causes of money laundering. It has nothing or very little to say about a philosophical and ontological foundation of good and evil, hence the distinct goodness and evilness of money laundering. Although certain disciplines and institutions have these within their scope, they do not have an inherent connection with the practices related to AML. Therefore, the conventional AML system is too limited in its scope to be effective in the fight against money laundering.

By contrast, Islam is a universal religion that covers all. Hence, it covers individuals and society; epistemology and ontology; ideas and actions; goals and means; human beings and other beings; good and evil; this life and the hereafter; preventive and repressive; diagnosis and cure; religious institutions and the state.

Understanding the ontology of morals is indispensable in the fight against money laundering. If there are problems in recognizing the reality of good and evil, then a fight against predicate offenses and related money laundering crimes will have important shortcomings. If the crimes are considered epiphenomenal and supervenient upon the physical events within the realm of molecules, atoms, and other particles, and

if they are considered just as illusions and emotions arising from random evolution, then it will be difficult to convince people about the threats and degree of the evilness of these crimes. A strong AML system cannot exist without human beings who are clear about good and evil.

b) Unitary

The values, well-being, moral principles, human dignity, human beings, free will and other powers are all fundamentally connected in Islam since Islam has the ultimate foundation as the One Creator and Sustainer. Hence, all implications of money laundering are also connected at the root such that its relationships with morals, human beings, their goal of life, and their well-being can be considered in a consistent and integrated way. All these are connected to the purposes of the Creator, His default properties, principles, and values. All of these are also connected to permanence: A bad deed is not something to be lost within the temporariness of our universe; it is known forever by the Creator, and it is related to the eternal degree a human being receives in the sight of God.

Unlike many other gods claims that may be discarded for lack of evidence and/or for logical and empirical inconsistencies, the concept of God in Islam is supported with reason and empirical evidence[60].

This unitary aspect of Islam creates lots of synergies both in thought and practice.

2.3.2.2 Strong and Complete Moral System

In Islam, moral values and principles are directly connected to the default power that is Allah. They are not built upon the emotions of people. For example, based on the Oneness of Allah we can infer that every human being is fundamentally equal in being the creation of the same Being. They have similar potentials in simply being the creation of God; no human being is fundamentally different with respect to this potential. Similarly, Islam does not recognize any race or any other divisive aspect as something that fundamentally differentiates with respect to this potential.

[60] For further details see: Tosun, Ender. Unitary Proof of Allah Under the Light of the Quran. 2022. http://www.islamicinformationcenter.info/poa.pdf .

The survey conducted to explore the perspectives of professionals in areas related to combating money laundering demonstrated that the majority of these professionals place great emphasis on the ethical framework and commitment in anti-money laundering activities. In other words, an individual's belief in ethics holds significant importance in their dedication to combat money laundering, perhaps as much as the impact of law enforcement measures.

One of the survey questions was: “Assuming you believe in the importance of ethical values such as honesty, humility, generosity, and justice, to what extent does/ would this belief positively influence your willingness to engage in anti-money laundering activities?” Out of the 41 respondents, 37 (90%) attributed a “high” degree of influence to their belief in ethics. Only 1 respondent attributed “low” influence, and three respondents attributed medium influence to this belief in relation to their willingness to combat money laundering. This indicates that focusing on the ethical framework is indeed worthwhile for establishing a robust foundation to combat money laundering.

a) Irreducible Islamic Morals

In Islam morals is not a result of our feelings; it is not the result of random mutations correlated with the survival of the fittest individuals either. It is rooted in the default and permanent power that is the ultimate cause of the entire limited universe.

In Islam, any creature is not an aggregate of particles or waves that randomly come together. The consciousness and identity of any being is real and not illusory. Hence, harming any being is not merely disturbing the aggregate of particles that came together by chance.

Islam is not the only religion that recognizes the ontological reality of morals. For example, Christianity and Judaism also recognize them. An atheist or agnostic also may generally propose some bases for morals other than epiphenomenal and relative ones. While Islam emphasizes the strengths of its God claim, His universality, and unlimitedness Who does not have the property of being from a specific gender, and Who is not more closely related to a specific nation, any religion that offers a strong basis for the human dignity, morals will share the strong aspects of Islam concerning AML. Any contribution from any world view to removing the gaps in this respect should be welcome even if there are differences of opinion among them.

In a world where reductive and physicalist understanding erodes the distinct reality of morals, we need to bring together all world views to agree upon the reality of morals and systematically explain its bases.

The non-separability of moral values from Islamic finance is an important element that has a huge potential to contribute to the improvement of the international AML system.

b) Human Dignity

In Islam, the human being is a viceroy of God who in cooperation with God is expected to build a "good" world. As we see in the following verse, human beings have been given a high status by the Creator: "And We have certainly honored the children of Adam and carried them on the land and sea and provided for them of the good things and preferred them over much of what We have created, with [definite] preference".[61]

The human being is not a random product of random reductive processes and is not an aggregate of particles bumping one onto other. Unfortunately, through wars conducted and led by countries, terrorist acts supported by countries, we see today that human beings are not valued sufficiently in this sense. Without the recognition of the human dignity, and the distinct reality of human beings, the fruits of the fight against crimes and against money laundering will be extremely limited.

Regardless of his race, gender, and other aspects, the human being has a high dignity in the Islamic teaching. One aspect of this point was explored in the survey within the framework of this thesis through the following question: "Although some individuals may suffer from money laundering and related crimes in other countries or our country, if money laundering activities contribute positively to the country's economy through the inflow of resources and have a positive impact, to what extent is turning a blind eye to money laundering activities appropriate?" Out of the 41 respondents, 28 (%68) chose "low"; 5 (%15) indicated in the open-ended choice "inappropriate" or its variants; 3 (%7) chose "medium"; 4 (%10) chose "high". These results support the dignity of the human being as an important element of the ethical framework underlying the fight against money laundering.

[61] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index . Chapter. 17 Verse 70.

The distinct reality of human being is further explored in the relevant parts of this thesis.

c) Objectives of Islamic Jurisprudence (Maqasid al-Sharia)

In Islam, things do not happen randomly. We have real purposes that are not reducible to the particles or waves moving around. The transcendence upon which the objectives are built is at the foundation of the universe. This transcendence enables the existence of "purpose" as a fundamental ontological reality.

Allah Who is the default Power, Existent and Transcendent Being has and can have objectives. Concerning our universe and the structure of human beings He has also certain objectives like building a good world in cooperation with human beings and giving us the opportunity to serve Him in this respect to establish the victory of the truth and the good, and to make us reach certain degrees. There are many verses in this respect like chapter 47/verse 7, chapter 2/verse 148, chapter 6/verse 132 of the Holy Quran.

Concerning Islamic jurisprudence, there are 5 main objectives. These objectives are protected and realized through supportive, preventive, intellectual, material, and other measures. Below is a summary of the objectives of Islamic jurisprudence and explanations about how they relate to money laundering:

1. Protection of religion

A basic principle in the Quran is "There is no compulsion in religion"[62]. Although Islam is recognized as the true and complete religion and must be protected and enhanced in all respects, in accordance with this principle, since the time of the Prophet Muhammad Christians, Jews and the members of other religions lived freely under the rule of Islam. The systems of ideas and practices that relate to the goal and meaning of life, human dignity, and accountability are important in Islam. Crimes including money laundering clash with these principles.

[62] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index .Chapter 2 Verse 256

2. Protecting and supporting life/ person

The Quran prohibits killing a person or harming his/her unity unjustly. The statements in the Quran as "Whoever kills a soul unless for a soul or for corruption [done] in the land it is as if he had slain mankind entirely. And whoever saves one it is as if he had saved mankind entirely".[63], and as "And those who do not invoke with Allah another deity or kill the soul that Allah has forbidden [to be killed], except by right, and do not commit unlawful sexual intercourse. And whoever should do that will meet a penalty".[64] demonstrate the importance of this second objective. Prophet Muhammad said: "Truly your blood, your property, and your honor are inviolable".[65] Islam also forbids causing unjust bodily injury and has lots of other measures to enhance life.

3. Protecting and supporting intellect

The importance of intellect is strongly emphasized in the Quran. Thinking, understanding, observing, remembering, and knowing are mental activities and capacities that are mentioned, and encouraged in tens of verses in the Quran and tens of hadeeth positively. The Quran forbids using chemicals or substances like alcohol that harm human mental capacities. In this respect, for example, according to the Quran, drugs that are today of great concern for humanity are big problems to be prevented.

4. Protection of progeny

In Islam future generations, marriage, and family are especially important. A recommended supplication to Allah is as follows: "Our Lord, grant us from among our wives and offspring comfort to our eyes and make us an example for the righteous".[66]

---

[63] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 5 Verse 32

[64] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 25 Verse 68

[65] Sahih al-Bukhari. Hadeeth 1739. https://sunnah.com/bukhari:1739

[66] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 25 Verse 74

Numerous verses and hadeeth like this emphasize the importance of the offspring and its righteousness.

5. Protecting and supporting wealth

Ownership of property is fundamental in Islamic economics. Likewise, trade is a praised activity. Theft is a strongly sanctioned crime. Prophet Muhammad warns strongly against unjustly received property. Not only receiving a property unjustly, but also consuming or using it is among the major sins that distance the perpetrator from the Creator.

The predicate offenses of money laundering harm all the above objectives of Islamic jurisprudence. The money laundering that facilitates those offenses harms them as well. Money laundering is directly against the Islamic principle to not consume the impermissible. Therefore, in the comprehensive system of Islam, a results-oriented approach requires a strong fight against money laundering.

d) Equality

In Islam everything is equal by default in being the creation of the same and One Creator. In this respect, the human beings are also equal. As emphasized in the Quran Chapter 49 verse 13, the superiority in the sight of Allah is through righteousness, in other words in compliance with the morals:

> *"O mankind, indeed, We have created you from male and female and made you peoples and tribes that you may know one another. Indeed, the most noble of you in the sight of Allah is the most righteous of you. Indeed, Allah is Knowing and Acquainted".*

Islam that encourages an equalitarian and just income distribution and that has the means for it, is advantageous for legitimate earnings and prevents illegitimate acts. Likewise, the people who see the hereafter as the permanent abode, will feel less intense motivation to get higher worldly wealth and pleasures.

On the other hand, as certain scientific studies show, higher material status does not necessarily increase the well-being of a human being; it may even decrease the well-

being of a person if not managed appropriately[67]. Hence, a balanced approach to the world and life will make people more satisfied with what they have. This will decrease the motivation to get worldly wealth no matter whether it is through legitimate or illegitimate means.

e) Key Elements of Metaethics

One of the key elements of metaethics is the duties. Regarding the duties, a critical issue is how we can reach an "ought" from an "is". This question has been impossible to be answered satisfactorily under a physicalist world view: if the human beings and whatever exists are reducible to spatiotemporal events of the matter, how can we get an ought from an is?

Another key element of ethics is the free will. Again, according to a physicalist approach it is not possible to have any room for the free will of a human being. Whether we have a deterministic, indeterministic, or a hybrid understanding of the physical events, as long as we believe that the human beings and their wills are reducible to the movements of the physical entities, it is not possible to have an autonomous agent who can decide what is moral, and who can choose to act accordingly.

f) Islam Emphasizes Strongly the Fight Against Crimes and Evil.

The Quran is a book that lays down the fundamentals of the good and evil and attaches big consequences to both. The default properties of the default existent, the First and the Last, such as Unity, Goodness, Free Will, are at the foundation of the goodness of the good and evilness of the evil. Hence, good and evil are not just our superficial and/or epiphenomenal feelings that resulted from a random evolution or from random movements of particles. We do not become evil because of any original sin, or we do not become good because we belong to a certain nation.

[67] Olaya Moldes, Lisbeth Ku. "Materialistic cues make us miserable: A meta-analysis of the experimental evidence for the effects of materialism on individual and societal well-being" https://onlinelibrary.wiley.com/doi/full/10.1002/mar.21387 [25.05.2022]

As we see in the following verse, and many other verses, Quran enjoins the establishment of good.

> *The believing men and believing women are allies of one another. They enjoin what is right and forbid what is wrong and establish prayer and give zakat and obey Allah and His Messenger.*[68]

One of the sayings of the Prophet Muhammad is as follows:

> *Whosoever of you sees an evil, let him change it with his hand; and if he is not able to do so, then [let him change it] with his tongue; and if he is not able to do so, then with his heart — and that is the weakest of faith*.[69]

In accordance with the above statement of the Prophet Muhammad, fighting crimes is the duty of all in Islam, although only the relevant authorities can do certain acts. In conventional AML, the fight against money laundering is generally expected from obliged parties and their specific workers. However, in Islam, every human being is expected to fight any evil act appropriately and in accordance with permissible means. Such an understanding will be useful in the fight against money laundering.

g) Crimes Against Wealth and Ownership are Emphasized in Islam.

In Islam, consuming the lawful things is one of the focal points. A crucial point to prevent the crimes is to block the usability of the fruits of the crime.

Many verses in the Quran, which is the primary source of Islam emphasize this point[70].

---

[68] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 9 Verse 71

[69] Forty hadith of an-Nawawi (Müslim, Îmân 78. Ayrıca bk. Tirmizî, Fiten 11; Nesâî, Îmân 17) Quoted in https://sunnah.com/nawawi40:34 [30.05.2022].

[70] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 2 Verse 168

And do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful].[71]

O you who have believed, do not consume one another's wealth unjustly but only in [lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful.[72]

It is not for any prophet to deceive. Whoever deceives will bring his deceit with him on the Day of Resurrection. Then every soul will be paid in full what it has earned; and they will not be wronged.[73]

We also see that the Prophet Muhammad emphasizes the limitations of the usage of the proceeds of crime:

... Narrated Abu Huraira:

Allah's Messenger said, "If one give in charity what equals one date-fruit from the honestly earned money and Allah accepts only the honestly earned money.[74]

A-halal (lawfulness) is explicit or clear, and Al-haram (unlawfulness) is clear...[75]

---

[71] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 2 Verse 188

[72] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 4 Verse 29

[73] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 3 Verse 161

[74] Sahih Al-Bukhari. Book 24. Hadith 491. Narrated by Abu Huraira. https://sunnah.com/bukhari/24;

[75] Agha, Samah Al. Money Laundering from Islamic Perspective. Institute of Advanced Legal Studies, University of London, London, UK. Journal of Money Laundering Control. Volume: 10 Issue: 4 pp. 406-410. https://web.archive.org/web/20170516193836id_/http://ierc.sbu.ac.ir:80/File/Article/Money%20laundering%20from%20Islamic%20perspective_94022.pdf [03.01.2023] Quoted from: Saleh, A. and Saleh, M.B.A. (2006), "Money

Any activity built from Souht (unlawful gain), will be casted into fire. [76]

If Fatima (the daughter of prophet Mohammad) stole, I would cut her hand.[77]

Islam also prohibits many predicate offenses such as theft, bribery, and sex trade.

h) Hereafter

For a person who believes only in this life, especially for someone who adopts well-being in this life as the basis of his life in accordance with the Vienna Convention, it may be rational to enjoy the pleasures of this life to the extremes. According to the approach underlying that convention, if the moral values (like humility, truthfulness, honesty, gratitude, patience, generosity, and responsibility) give no pleasure to this person, then he can target the worldly pleasures to the extreme. And if he or she will get the means to have the worldly pleasures no matter whether they are legitimate or illegitimate without being caught, then he or she may consider himself successful. In a secular approach upon death, that person will be equal with a person who was careful in not committing evil deeds and who gave up lots of pleasures.

Although harming others for personal worldly goals may corrupt the society and at the end be reflected negatively in the well-being of the perpetrator, this may be seen only as a probability that can be controlled in many situations by the criminals.

In many cases a good or evil deed will be difficult to be noticed, and if noticed to be compensated for on time. Especially regarding money laundering, although there are estimates, it is not even possible to give a reliable figure about how much dirty money has been laundered.

However, in Islam, the worldly life is only one part of our lives. There will be a judgment day where there is no escape based on grey areas or based on the ignorance of people.

As stated in the Quran Chapter 21 verse 47, Islam had enough proof to convince one fourth of the humanity to believe in itself and in the hereafter. Likewise, a vast number

---

laundering in positive laws", Islamic Version: www.saaid.net/book/open.php?cat ¼ 968book ¼ 1813 [01.08.2006].

[76] Ibid.

[77] Ibid.

of people have also been convinced about the hereafter by some other religions. Mobilizing these world views in the fight against money laundering will be useful in this fight. As a religion that recognizes the major parts of many religions Islam is an important candidate for leading this task.

The survey study within this thesis included the following question: "Assuming you have a belief in the afterlife, to what extent does this belief positively influence your ethical behavior?" Out of the 41 respondents, 33 (%80) chose "high"; 5 (%12) chose "low"; 2 (%5) chose "medium"; and 1 (%2) said "has/would have no influence". These results support the idea that a strong ethical framework useful for AML will benefit highly from a strong element of the hereafter. A study with respect to this point would be useful if conducted in the non-OIC countries as well.

2.3.2.3 Strong Legal and Operational Structure

The OIC countries' legal and operational structure offers the following strengths against money laundering:

a) Blocking the Means (Sadd-i Zerai) to Evil

"Sadd-i zerai" is derived from the Arabic language, which is the language of the Quran and Islamic tradition, and it means "blocking roads or the means, preventing vehicles" and it refers to the prohibition of an action that is impermissible on its own, because it is sure or highly probable that it will lead to an undesirable result in the Sharia. Sadd-i zerai consists of "sadd" that means "to close, block, prevent", and zerai that means "vessel, reason, means[78]".

In Islamic ethics, the concept of sadd-i zerai is based on the idea that preventing a harm is better than cure. This means that it is better to prevent an action or behavior that may lead to sin or harm, rather than to wait for the sin or harm to occur and then try to remedy it.

In the context of AML, sadd-i zerai means preventing the means or paths that may lead to crimes or evil. Hence, it covers both preventing money laundering in and of itself, and preventing the predicate offenses of money laundering through preventing money laundering since money laundering is mostly a means to commit predicate offenses.

[78] İbrahim Kafi Dönmez, Sedd-i Zerai. Türkiye Diyanet Vakfı İslam Ansiklopedisi. Volume 36, pp. 277-282. 2009. https://islamansiklopedisi.org.tr/sedd-i-zerai [30.05.2022].

This includes blocking anonymous financial transactions, reporting suspicious activity, and implementing robust AML programs. By blocking the means to money laundering, it is possible to prevent money laundering before it occurs and maintain the integrity of the financial system.

In this respect, the deterrence through impoverishing the criminals by confiscating their proceeds of crime together with the other sanctions related to money laundering is a key aspect of blocking the means that lead to the predicate offenses. Again, the Quran requires that the wealth must benefit the legal owners, and must be managed and controlled by them, and it must not be used by illegal owners. The following verse underlines this: "O you who have believed, do not consume one another's wealth unjustly but only in [lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful".[79]

Even though among legal theories the understanding of "blocking the means" is not subject to a special conceptualization, in Islamic environment -although it is limited to certain sects-, such a need arose very early. In this need, the larger scope of the impermissible acts in Islamic jurisprudence compared to the conventional law where the prohibited acts are limited to the crimes has been influential.[80]

There are many verses in the Quran that emphasize the moral implications as the goodness and evilness of an act, the means that lead to those acts, and the sanctions or rewards for those acts.

In the following verse, we see that unlawful sexual intercourse is forbidden:

> *And those who do not invoke with Allah another deity or kill the soul that Allah has forbidden [to be killed], except by right, and do not commit unlawful sexual intercourse. And whoever should do that will meet a penalty.*[81]

---

[79] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 4 Verse 29

[80] İbrahim Kafi Dönmez, Sedd-i Zerai. Türkiye Diyanet Vakfı İslam Ansiklopedisi. Volume 36, pp. 277-282. 2009. https://islamansiklopedisi.org.tr/sedd-i-zerai [30.05.2022].

[81] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 25 Verse 68

In the following verse, we see that there is a warning not only against committing it, but also against approaching it: "*And do not approach unlawful sexual intercourse. Indeed, it is ever an immorality and is evil as a way"*.[82]

There are many similar examples in the hadith as well. For example, in the context of blocking the means, it is forbidden for government officers to accept gifts personally since this may lead to abuse and injustice. It is forbidden for the killer to inherit from his victim since this may lead to certain crimes under certain circumstances where some people may want to inherit as soon as possible.

In many cases, crimes are committed to enjoy what the proceeds of these crimes can buy; so, the proceeds of crimes are the most important causes of those crimes. Also, money laundering may cause or facilitate the commitment of further crimes by the perpetrators of predicate offenses as they benefit from what they received from their crimes, like recruiting people for selling drugs by using the revenue from drugs. On the other hand, money laundering facilitates not only further crimes, but also may require committing other crimes: for example, someone who intends to launder money may issue fake invoices or make misleading transactions. Hence, it is important to prevent money laundering for the evil in its sources and its implementation and results.

Regarding blocking the means to evil, the OIC International Islamic Fiqh Academy (IIFA) has taken resolution no. 92 (9/9) in 1995 where we see the stipulations related to preemption of the means to evil.[83]

Sadd-i zerai has significant implications for anti-money laundering. Firstly, money laundering and the laundered money constitutes mostly the biggest means to commit further crimes. For example, a drug trafficking criminal organization needs to launder its proceeds in order to continue its activities by recruiting and sustaining its members, by bribing officials and so on. So, according to the principle of "blocking the means"

[82] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 17 Verse 32

[83] Organization of Islamic Cooperation. Resolutions And Recommendations of the International Islamic Fiqh Academy. Translation of the original 4th Issue from Arabic into English Second Issue in English, 2021. https://iifa-aifi.org/wp-content/uploads/2021/12/Resolutions-Recommendations-of-the-IIFA-Official-Edition-Oct-2021.pdf [08.11.2022].

to evil, money laundering must be prevented since it is the biggest means to evil regarding all crimes that require financial resources or that are committed for gaining wealth.

One of the key implications is that sadd-i zerai emphasizes the importance of prevention in combating money laundering. By focusing on the prevention of means that may lead to money laundering, it becomes possible to stop money laundering before it occurs. This is particularly important in the fight against money laundering, as once money has been laundered, it becomes much more difficult to trace and recover.

Another implication of sadd-i zerai is that it emphasizes the importance of transparency and accountability in financial transactions. This is because blocking the means to money laundering requires a high level of transparency and accountability in financial transactions. This includes the need for proper documentation, record-keeping, and reporting of financial transactions. This level of transparency and accountability can help to prevent money laundering by making it more difficult for criminals to hide illicit funds.

Sadd-i zerai also has implications for financial institutions and their ethical responsibilities. Financial institutions have a responsibility to prevent money laundering by blocking the means to it. This means that they must take steps to identify and mitigate the risks of money laundering in their operations. This includes implementing robust AML programs, conducting customer due diligence, and reporting suspicious transactions to the relevant authorities.

Finally, sadd-i zerai has implications for individuals and their ethical responsibilities. Individuals have a responsibility to prevent money laundering by avoiding behaviors and actions that may lead to it. This includes avoiding the use of anonymous or untraceable financial transactions, avoiding involvement in transactions that appear suspicious or illegitimate, and reporting any suspicious activity to the relevant authorities.

Sadd-i zerai is a powerful tool in the fight against money laundering. By focusing on prevention and the blocking of means that may lead to money laundering, it is possible to stop money laundering before it occurs. The concept also emphasizes the importance of transparency, accountability, and ethical responsibility in financial

transactions. This makes it an important concept for financial institutions, regulators, and individuals to understand and implement in their AML efforts. By adhering to the principles of sadd-i zerai, it is possible to ensure that financial transactions are conducted in an ethical and responsible manner, and that the integrity of the financial system is maintained.

A key point concerning blocking the means to evil is the content of evil. Is the impermissible in Islamic Law also impermissible in the current AML framework, and vice versa? A big discrepancy between the two may require substantial work or even may render the fight against money laundering impossible.

The survey within this thesis included the following question related to this matter: Compared to the fight against money laundering, the fight against crimes like drug trafficking that result in illicit funds:

Choice 1: Is more important because the harm of money laundering is less.'

Choice 2: Is of the same importance because crimes like drug trafficking, which constitute the source of laundered money, are committed for the benefits expected from them, and those funds are again used to commit these crimes.

Choice 3: Is less important.

Choice 4: Other.

Out of the 41 respondents, 34 (83%) chose choice 2, 5 (12%) chose choice 1, and 2 (5%) chose choice 3. These results underscore the significance of sadd-i zerai as an element within the ethical framework for the fight against money laundering.

- On the other hand, in this context, it should be noted that there may be some differences with respect to the predicate offenses of money laundering. The FATF standards, in accordance with international norms, list the crimes that are recognized as the predicate offenses of money laundering. Some of them are as follows: Participation in an organized criminal group and racketeering; sexual exploitation, including sexual exploitation of children; illicit trafficking in stolen and other goods.

The above-mentioned list shows that FATF was careful about requiring compliance related to crimes that are accepted by all as impermissible acts. According to the primary Islamic sources, each of the above is also a crime since they breach at least

one of the objectives of Islamic jurisprudence (Maqasid al-Sharia). Hence, for example the cross-border money flows such as the funds of immigrants are not listed above; and as the following explanations will clarify, the related countries who receive funds from immigrants will not be compelled to sanction such transfers.

Furthermore, the FATF standards stipulate the following:

> *When deciding on the range of offenses to be covered as predicate offenses under each of the categories listed above, each country may decide, in accordance with its domestic law, how it will define those offenses and the nature of any particular elements of those offenses that make them serious offenses.*

This stipulation gives important flexibility that is necessary for the compatibility of the AML practices and regulations between OIC and non-OIC countries. Hence, OIC countries have an important flexibility in defining crimes in accordance with Islamic Law.

On the other hand, it is always possible that an act not listed by FATF may be considered a crime in a country. For such situations, the FATF standards stipulate the following:

> *Countries should render mutual legal assistance, notwithstanding the absence of dual criminality, if the assistance does not involve coercive actions. Countries should consider adopting such measures as may be necessary to enable them to provide a wide scope of assistance in the absence of dual criminality.*

Hence, if an act such as gambling is considered a crime according to Islamic Law in an OIC country, this country may ask for assistance from a non-OIC country where gambling is considered as permissible, if the other legal requirements are met. If the opposite happens, the OIC country may consider assisting the non-OIC country.

b) Islamic Moral Economy

While the contemporary secular economic understanding has critical ontological and epistemological shortcomings regarding its moral elements, the Islamic moral economy (IME) has key elements that render it an important candidate to be a basis

for an inclusive moral economy which offers a strong infrastructure against money laundering.

Islamic moral economy is based on "justice" and "right". The social aspect is central to Islamic economics.[84] Equality of human beings in the sight of God, beneficence, free will and vicegerency of the human being are other key properties of Islamic moral economy.[85]

An economy where economic actors and financial system in which the financial actors are entrenched in the principles and practices of morals accompanied with robust legal and regulatory AML frameworks, as well as effective enforcement mechanisms, it will be easier to fight money laundering.

Furthermore, the recent concept of sustainable finance is an inclusive financial concept, and it includes social, environmental and economic aspects, and climate including as a subset of environmental aspects. Another concept, "green finance", includes climate finance but excludes social and economic aspects.[86] Both concepts are in harmony with the key aspect of altruism, social justice and beneficence of the Islamic moral economy, and they are relevant to AML regulations and operations:

Identifying and managing risks associated with environmental, social, and governance (ESG) factors, considering ESG risks and opportunities, financial institutions can better identify the risks associated with their customers and transactions, which can help prevent money laundering and terrorist financing. Moreover, it requires financial institutions to conduct due diligence on their clients and counterparties to ensure that

---

[84] Asutay, Mehmet. Islamic moral economy as the foundation of Islamic finance. Edward Elgar Publishing Limited. UK. 2013. https://www.researchgate.net/publication/298633912_Islamic_moral_economy_as_the_foundation_of_Islamic_finance . [13.5.2023]

[85] Ibid.

[86] Forstater, Maya and Zhang, Naurin Nuohan. Inquiry: Design of a Sustainable Financial System – Definitions and Concepts. 2016. UN Environment Programme (UNEP) https://wedocs.unep.org/bitstream/handle/20.500.11822/10603/definitions_concept.pdf?sequence=1&isAllowed=y [13.6.2023]

they are not involved in illicit activities or contributing to environmental harm. This same due diligence process can also help identify money laundering risks and prevent financial crime. Again, sustainable finance requires compliance with relevant laws and regulations, which can include AML regulations. By complying with AML regulations, financial institutions can help prevent money laundering and terrorist financing. Additionally, since it promotes transparency in financial transactions and encourages the disclosure of information on ESG factors, this transparency can help identify suspicious transactions and prevent money laundering.

Also, we should note that the money launderers may be interested in green financing activities in order to launder dirty money. Again, fund raising for terrorism activities may be structured through green investment projects. Hence, a comprehensive and consistent approach to AML will be useful in these respects.

c) Islamic Economy and Finance is Based Essentially on Real Economy.

Islam endorses the real economy and value-creating economic activities.

The speculative zero-sum games, deception, gambling, and earning by chance are against the Quranic principles. Today, there are lots of financial transactions that boil down to zero sum games: For example, speculative transactions such as day trading, and short selling produce unjustified gains and losses. Even though these transactions enhance some liquidity in the markets, they increase the probability of financial crises, psychological problems, and unjust gains.

These transactions also facilitate money laundering. In this context, FATF reports include many similar transactions, such as contracts for difference.[87]

Another area where money laundering may easily happen is cryptocurrencies. Cryptocurrencies as of now are not strongly supported and protected by governments. Generally, they do not have any underlying assets. However, they facilitate especially international money transfers with little or no cost. Since they are not well regulated as of the date of this work, it has been easy for money launderers to transfer proceeds

[87] FATF, Money Laundering and Terrorist Financing in the Securities Sector. 2009. Item: 99, case study 4. https://www.fatf-gafi.org/media/fatf/documents/reports/ML%20and%20TF%20in%20the%20Securities%20Sector.pdf [26.05.2022].

of crime for example from one country to another country by reducing the risk of being noticed of the owner of the transferred funds.

These currencies offer fast transactions, little identification (only wallet), and the possibility of dividing transactions. This is a new system so there are jurisdictions/ countries that do not yet have enough controls. However, through the efficient use of technology, these money laundering opportunities of those currencies may be prevented. On the other hand, there is money laundering in fiat money or even in gold and precious elements as well.

The possibility to use cryptocurrencies for crimes may facilitate the crimes.

In Islamic finance, some say that cryptocurrencies have high degree of gharar so they are not permissible according to Sharia.

However, there are many diverse kinds of cryptocurrencies, and each of them may have a fundamentally different basis than others. Hence, each of them must be examined carefully according to Islamic rules and principles. It is still far from clear whether they are permissible in Islam. A detailed discussion about it can be seen in "Islamic Economic Forum's Declaration on Bitcoin" by the Fiqh Council of North America.[88]

The focus on the real economy has the potential to provide a new approach to issues like the above. Likewise, the emphasis Islam gives to the prevention of gharar, in other words too much uncertainty due to lack of knowledge that may cause wronging or injustice for some parties of a transaction may also be useful in the fight against money laundering.

Islamic financial institutions (IFIs) essentially work for or on behalf of partners. The client of the IFI does not give the money as a debt to the recipient to make it the owner of that money; but he gives it mostly in a mudharabah contract that is a type of partnership contract to be explained in the following parts. The other similar structure is musharakah where the financial institution and the provider of funds are considered

[88] Fiqh Council of North America, Islamic Economic Forum's Declaration on Bitcoin, 2021. https://fiqhcouncil.org/islamic-economic-forums-declaration-on-bitcoin/ [26.05.2022].

as entrepreneurs each. Hence, the IFI as the entrepreneur must be careful about where the capital is used.

According to Islamic principles, the capital cannot be used in illegitimate activities such as the production of drugs, gambling, porn; and of course, the money can neither be used in human trafficking, theft, and other crimes. The key point here is that the financier is responsible for where his money is used, and the IFI is responsible for where it uses the principal of its owner (rab-al-maal).

Therefore, the depositor is essentially the owner of the money when it is in the hands of the IFI. Hence, if it is used for a bad or unknown purpose this has different implications than a debt.

Likewise, when the IFI gives the money to a client, it cannot give it as a debt; it can give it only as a buyer or as a manager for a specific project. These are automatically in parallel with the principle of *know your customer* (KYC) emphasized in FATF recommendations and other current international AML legislation.

IFIs have an openly declared commitment to be compliant with the Sharia law while the conventional financial institutions do not have such a commitment. Because of the requirements of Islamic finance related to the real economy, IFIs cannot claim ignorance if the funds they provide are used for money laundering. Hence, IFIs try to recruit people who have Islamic sensitivity. The money laundering drug dealer would not like such an environment. Conventional financial institutions' do not have such a declared commitment; their declared main aim is essentially to make profit and to provide their customers with highest interest and lowest cost.

The processes within IFIs are in total contrast with a conventional financial institution: In principle, the conventional financial institution does not guarantee how the deposited money will be used, even though it will not want to willingly support a crime. For example, it can be used in the production of alcoholic drinks, or gambling in countries where these are not forbidden; and even if these are forbidden, a conventional bank may not be much interested in the activities to whom it provides funds. The relationship between its clients is not one of partnership, but a relationship of lender and borrower. So, the only essentially meaningful concept of a conventional bank in this respect is "social responsibility". But this is not as strict a concept as partnership.

IFIs need to assure that Islamic financial instruments are used in a clean way. As a client of an IFI is generally a partner, the acts of the IFI are becoming indirectly the acts of the client. So, the IFI must be more careful, and the customer must also be very careful. This is an advantage of Islamic financing over the conventional one. Hence, the IFIs and their customers must be more careful. This is an advantage of Islamic financing over conventional financing where the customer does not get involved in where his money is used. He just lends money, and the financial institution becomes the owner of that money.

For example, a client of an IFI may not request funds for an unknown activity. The client cannot ask simply for money; because if he asks for money and if he pays back that money with an increment, this will probably fall in the category of interest[89]. But since interest is prohibited, such an action will not be permissible. So, financing activities in Islamic finance today mostly happen as in murabahah that is explained in the following parts. So, the IFI will need to know where the money will be used and will be a seller and buyer as an intermediary in that transaction; it also needs to make sure that this is not a stratagem to escape the prohibition of interest.

When the IFI knows the major activities of its client, this will be a big control in eliminating illegitimate actors from among the clients of the IFIs.

AML requirements overlap and create synergy with know your customer principle and the need to know where the customer will use the funds: If the customer uses the funds in buying something related to child pornography, then this will be a problem both in terms of Sharia and anti-money laundering.

The non-compliance with Islamic requirements may undermine the reputation of the IFI, and cause losses. But above that, the main reason the IFI is chosen instead of conventional institutions, by the providers of its funds is its commitment to use the funds in accordance with morals and Islamic requirements. Non-compliance with this will remove the main reason for its existence.

[89] There are certain instruments like "organized tawarruq" that allow the client to get pure Money and pay it back with an increment. However, main fiqh authorities about Islamic finance do not consider these activities as permissible.

Similarly, if the money deposited in the IFI comes from theft or drugs, then the IFI will be an institution that cooperates with thieves and drug dealers. Since it works as a partner, the other providers of funds will automatically become partners with the thieves and drug dealers. This again will undermine the reason of existence of the IFI.

So, no matter whether the AML stipulations require an IFI to take the measures related to know your customer or not, the IFI must know its customers both as providers of funds and users of funds.

The practices and experience of IFIs in this respect may be useful in enhancing the know your customer rule, and the know your customer rule experiences of conventional banks may also contribute to the practices of IFIs. So, this is a key area of synergy between the IFIs and conventional financial institutions.

d) Management and Sharing Information

Islamic primary sources strongly emphasize the collection and sharing of information in an effective but also in a just way. The following verse is an example in this respect:

> *O you who have believed, when you go forth in the cause of Allah, investigate; and do not say to one who gives you [a greeting of] peace "You are not a believer," aspiring for the goods of worldly life; for with Allah are many acquisitions. You [yourselves] were like that before; then Allah conferred His favor upon you, so investigate. Indeed, Allah is ever, with what you do, Acquainted*.[90]

In Islam, privacy of private information is very important. We see an emphasis about this in chapter 4/verse 148 and chapter 49/verse 12.

Hence, in the fight against money laundering, these should be taken into account.

A great principle of Islam is the obligation to investigate the accuracy of information sources when these are consequential. So, this is also a principal issue in information sharing in the efforts to combat money laundering. In fact, profoundly serious problems arise in this respect in the fight against money laundering and other crimes.

[90] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 4 Verse 94

For example, in the list of the individuals who have been subject to the United Nations sanctions, there are people for whom there is no information about the date of birth or father's or mother's name of the individual who has been sanctioned, or whose assets have been frozen[91]. Therefore, because of the resemblance of the names, hundreds of people who have similar names to those on the list face sanctions although they have nothing to do with those people. We note that there are many people for whom many alternative names with the notation "aka" (also known as) are given in those sanctions. Because of this, many innocent people may be subject to sanctions although they had nothing to do with the people in those lists. The same problem may also adversely affect non-governmental organizations, including foundations and companies that may also be included in such lists. The problem is exacerbated because of the inclusion of only five permanent member states in the United Nations Security Council. And each of these five countries has veto power. So, regarding major resolutions, any one of these five countries overrides the will of all other countries in the Security Council. Note that among the five permanent members, there is not even one country from the OIC countries although approximately one fourth of the world population is Muslim.

A critical point, in this context is the need to exchange information needed by the IFIs. There may be companies that deal with alcohol, and pornography that may be legitimate with respect to conventional banking. So, Islamic finance needs its own measures to prevent the flow of funds related to these activities through Islamic finance instruments and organizations. So, they need information from conventional banks. Therefore, there must be additional rules for exchange of specific information that the Islamic finance sector will require from the conventional sector in this respect.

2.3.3 Weaknesses

The following features constitute the weaknesses of the OIC countries' current AML system.

2.3.3.1 Intellectual Weaknesses

According to the knowledge and research of the author, in the Islamic world, there is no sufficient work specific to the fight against money laundering concerning Islamic

[91] UN. United Nations Security Council Consolidated List. https://www.un.org/securitycouncil/content/un-sc-consolidated-list [16.11.2022].

teachings. Some of the reasons are the following: Firstly, since the size of the economies of the OIC countries has not reached the size of other major countries, the need to develop the necessary intellectual tools to fight money laundering might be smaller than noteworthy up to now. Clearly, the fight against money laundering can be said to be in its infancy even in the world. A bigger reason may be the bigger problems in OIC countries such as economic and political instabilities, wars, and so on. Another reason in parallel with these facts is the size of the unregistered economy in many OIC countries: For example, in Türkiye which is one of the relatively modern OIC countries, the official value of a land may be shown as less than the actual price; there are no sufficient controls that may cause a detection by the relevant authorities. This weakness may exist in many non-OIC countries as well. But furthermore, the high inflation rate in Turkey resulting from the high money emission, inefficient public expenditure, and tax systems make the prices incomparable to a certain extent. Therefore, it does not look extraordinary if something is sold for a 40% higher price compared to a sale of the same good by another seller. In such an environment, the most developed tools used in conventional AML frameworks as of today will not be very useful. Of course, these are tightly connected to the degree of the effectiveness of democracy, since, in an environment where democracy and the trust in the political authority are weak, stable regulations will be impossible to establish, as the public will not accept such a structure that may increase the powers of the untrusted political authority and system. These problems are not specific only to the OIC countries. Even the most advanced countries have similar problems; yet, when some of these come together, the motivation to make intellectual efforts to develop a strong AML system becomes weaker.

Again, the politically exposed persons have big powers over the public. In many countries, there is a general impression that even if money laundering is fought against, it will only be fought against small organizations. The political leaders will be exempt from being objects of this fight. In this environment, the fight against money laundering contains an ironic injustice. This is a crucial point that is emphasized in this thesis in the context of the need for a holistic approach to the fight against money laundering.

2.3.3.2 Organizational Weaknesses

Earlier parts explained that the OIC countries are not sufficiently represented in the international bodies at appropriate levels specifically concerning Islamic economics and finance. The individual countries or FATF-style regional bodies (FSRB) that are represented to some extent in these organizations do not count in this respect since they do not focus on Islamic economics and finance. It is not only the shortcoming of international organizations, but also of the OIC and related organizations.

Besides, there is no international body that corresponds to the FATF or to FATF-Style Regional Bodies (FSRBs) but related specifically to Islam or OIC countries. Hence, as of now, there is no organization that may focus on combatting money laundering with respect to Islamic economics, finance, and financial instruments. Moreover, the author could not reach a source about a unit that focuses sufficiently on AML within OIC.

Obviously, AML tools applicable to many conventional financial instruments are also applicable to Islamic financial instruments; furthermore, many of the conventional financial instruments overlap with Islamic financial instruments as well. But in any case, a specialized body that focuses on the fight against money laundering from the perspective of Islamic economics and finance will create lots of benefits. Such organizations will widen hugely and fundamentally the capacity of the conventional fight against money laundering.

Under the Organization of Islamic Cooperation, we see that there is the Organization of Islamic Cooperation Centre for Police Cooperation and Coordination (OIC-CPCC). One of the six sub-articles that cite the objectives of the organization in article 2 comprises the fight against money laundering as one of the objectives.[92]

One of the five main duties of the organization is conducting academic studies on fighting money laundering.[93]

---

[92] Council of the Foreign Ministers of the Organization of Islamic Cooperation. Resolution No.7/44 – Org on the OIC Centre for Police Cooperation and Coordination. 2017. https://www.oic-oci.org/docdown/?docID=2925&refID=67. [06.11.2022].

[93] Ibid.

However, the efforts of the author to contact OIC-CPCC and get information about its anti-money laundering activities did not result in any findings about their activities in this area.

2.3.3.3 Insufficient AML Regulations Related to Islamic Finance

There is room for regulations related to Islamic finance practice with respect to AML.

The unusual transactions in order to render certain transactions permissible according to Islam is a good example to show this need:

In Islam interest is prohibited. Hence, when a company sensitive to Islamic requirements needs funds, it cannot get it through conventional bank lending. Supposing that it cannot use any alternative financial tools, it opts for a participation account in an Islamic financial institution (IFI). The IFI generally uses the method called "banking murabahah", where the IFI buys the good for a cost known to its client on a spot payment basis and sells it to its client on a deferred payment basis. For example, if the company C needs funds in order to buy a truck, the IFI buys the truck for a price that is known to C on cash and sells it to C on a deferred payment basis adding to it a profit. The standard requirements for the permissibility of banking murabahah were determined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and some other similar international organizations.[94]

However, in some situations banking murabahah is conducted just on papers without any involvement of the IFI other than paying the money to the original seller. In these cases, the benefits of Islamic economics based on real economy do not actualize, and the transaction looks other than what it originally is. In such situations, the problem is not generally with the standards, but with the practice: For example, in a sale, the seller deals with the sale of specific products and services. But in banking murabahah, the IFI becomes a seller. So, if its client just needs money, and if it can develop a stratagem with a supplier, it can just provide the invoice from the supplier, and present it to the IFI and make the IFI wire the money to the supplier, and then get the money from the supplier. In practice, we get unofficial information that sometimes, that some IFIs even complete the transaction by being presented a proforma invoice. In such situations, companies like the above-mentioned client get a fund that does not have any normally

[94] AAOIFI. Murabahah. http://aaoifi.com/ss-8-murabahah/?lang=en . [26.05.2022].

traceable source, and the supplier has in reality a good that it has sold on his records. The supplier owes the fund to the IFI; IFI has a receivable from the client.

Compared to a loan in a conventional bank that does not know where its loan will be used, in the above IFI case the records of the IFI that does not comply with the requirements of Islamic law not only ignore where the funds went, but also they contain a false information. This is an example that shows that there is a need for specific legislation and development of clarifications of money laundering typologies related to Islamic finance.

2.3.3.4 Some Crimes Related to Money Laundering

As noted earlier, the easiness of money laundering is directly related to the cleanliness of the society. According to the results of the corruption perception index study published by Transparency International, within the 20 cleanest scoring countries, there is no OIC country. The average score of OIC countries is 32/100. Among the 57 countries that scored above 50/100, only 4 are OIC countries. These figures show that the OIC countries lag behind major countries in the world in their performance against corruption. [95] Such crimes show concerning OIC countries both the vulnerability and the need to spend more AML efforts.

[95] Transparency International, the Global Coalition Against Corruption. Corruption Perceptions Index, 2021. 2022. Pp. 2-3. https://images.transparencycdn.org/images/CPI2021_Report_EN-web.pdf [05.02.2022]

2.4 Negative Effects of the Weaknesses in the Fight Against Money Laundering

This chapter explains the outcomes of ineffective AML activities that may be observed in both the OIC and non-OIC countries. The following also further shows that there is a huge potential for cooperation between all these countries.

2.4.1 Low Productivity and Growth.

In an environment where there are high degrees of criminal activities, there is a high likelihood that if a person creates a value, that value may not be beneficial to its creator. Because that value may be stolen or be transferred unjustly to others through other illegitimate ways such as corruption. In such an environment competition is generally impeded and instead of people who merit big projects, these are undertaken by people who do not merit them and who are not well-qualified. These are just a few examples of how productivity may be damaged by such an environment.

Obviously, in an environment where it is easy to launder dirty money, predicate offenses will be easy to commit. Hence, all these negative outcomes are closely related to how easy money laundering is.

Furthermore, low productivity will lead to low economic growth.

2.4.2 Unfair Income Distribution

If criminal persons and organizations can perform their criminal activities and channel the fruits of their crimes to further criminal activities, they can easily increase their wealth unjustly. The unjust increase in their wealth results in the unjust absolute or proportional decrease of the wealth of others. In parallel with the law of diminishing marginal utility, unfair income distribution will also decrease the total well-being of a country.

2.4.3 Instability

In a country with high levels of criminal activity, the same amount of output is produced with higher resources. For example, resources unjustly transferred to some contractors may increase the cost of the infrastructure. The requirements of high levels of financial resources force governments to use debt financing whereby the currency value of the country becomes unstable. The need for high financial resources causes pressure to increase interest rates that reduces investments and stable growth.

Consequently, the economy becomes unstable, and especially the well-being of the low-income segment of the population deteriorates. This, in turn, deteriorates the quantity and quality of educational institutions. All of these produce a vicious cycle that leads to more crimes.

Therefore, in any economy, it is important to diminish as much as possible the financial means and motivations to commit crimes.

2.4.4 The Potential of the Usage of the Anti-Money Laundering Instruments Against Islamic Community

The lack of a proactive and strong motivation to fight against money laundering limits the growth of high-quality human resources who work in AML in any country. A natural outcome of this is a sub-optimal representation of these countries in the international AML bodies both in quality and quantity. This will cause the development of international legislation and practices such that mostly the concerns of the proactive countries are taken into account. As explained in earlier parts, OIC countries are far from being represented in international organizations appropriately and proportionally with their populations. This is an indicator that OIC countries do not focus sufficiently and proactively on AML activities. Hence, their concerns cannot be developed and well-represented in the international area.

This will in turn cause stagnation in their AML activities in a vicious cycle and therefore over time they will lag further behind the countries that are more proactive in their AML activities.

2.4.5 No Contribution to Conventional Anti-Money Laundering System by the Islamic System

In parallel with the previous point, the lack of proactivity in AML activities will hinder the Muslim community from discovering the elements of Islam that have immense potential for positive contributions to the global fight against money laundering. As explained in previous parts, Islam has great elements that the global community needs to be successful in the fight against money laundering. It is a duty upon the Muslim communities to channel these elements to the service of humanity.

OIC countries should try to enrich the contemporary non-OIC AML structure. And independently of the success of these efforts, they should develop OIC countries' AML

systems in accordance with the comprehensive requirements of Islam both for their benefit and to set an example for non-OIC countries.

2.4.6 Increasing Risk in Countries Other Than Organisation of Islamic Cooperation Countries

The flow of dirty money into countries where money laundering is easy is a big risk for the countries that may be relatively successful in AML within their borders. So, even though it may be difficult to launder the money within a certain country, if it may be transferred to and laundered in another country, the criminals in the first country may benefit from their crimes and may use the funds received from those crimes to commit further crimes in the country of origin. Therefore, even if AML efforts are successful within the boundaries of a country, it will not be ultimately very successful if the dirty money can be easily laundered in another country.

Therefore, the weaknesses in OIC countries related to the fight against money laundering directly affect other countries. The same is true in the opposite direction as well: If a non-OIC country has bigger weaknesses compared to an OIC country, then it will be harmful to the OIC country.

The harm is not related only to the increase of criminal activities in the source country; the above also causes an outflow of money from the source country that may damage its economy.

2.4.7 Immorality

The easiness of laundering money will naturally cause more crimes since the benefits from crimes will increase, and the risk of being caught will decrease. The criminals and criminal organizations will be able to recruit more people into their circles. They will influence more bureaucrats and politicians. Their families will be influenced. Their higher material standards will influence outsiders. The criminals will benefit from economies of scale. Hence, the easiness of laundering money has a big potential of corrupting the society as a whole, deteriorating its morals, and decreasing human dignity and values.

2.5 Analysis of Some Money Laundering Typologies With Respect to the Islamic Framework

Before examining some money laundering methods, let us note some points that relate to all of them:

In Islamic law, a normally permissible act done in order to perform an impermissible act becomes impermissible[96]. Again, the consumption of a good that is received through an impermissible act is impermissible as explained earlier. Moreover, in many cases, the techniques used in money laundering are themselves specific crimes such as lying, and outcomes of evil properties such as hypocrisy. Cooperation with criminals in money laundering is itself a sin as underlined in the following verse: "And cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty".[97]

Hence, in Islam money laundering is not only punishable in this life, but also in the hereafter.

Moreover, an act that is not punishable in worldly terms, is punishable in Islam in the hereafter. For example, lying while money laundering is part of a punishable act under money laundering under certain circumstances. However, in Islam, lying in and of itself is punishable in the hereafter even if it was not committed for money laundering.

In the following, some methods of money laundering and their implications regarding Islamic law will be examined. This examination shows that there are sufficient reasons for developing typologies related to the variants of those methods that may be used within the realm of Islamic finance and Islamic law. It also shows that Islamic jurisprudence authorities and standard setters should give attention to develop relevant criteria and stipulations with respect to the methods of anti-money laundering. Also, some of the below examples show the areas where Islamic law makes money laundering difficult.

---

[96] Dönmez, İbrahim Kafi. İslam Ansiklopedisi. Sedd-i Zerai'. https://islamansiklopedisi.org.tr/sedd-i-zerai . [16.11.2022]

[97] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 5 Verse 2

2.5.1 Gambling and the Use of Casinos

In this method, the dirty money is presented as if it is gained luckily from gambling. A person who has some real business may buy big amount of chips with the money to be laundered, and another person who is the real owner of the dirty money may buy a little amount of chips, and then return with that big amount of chips to be cashed as if he has earned it in gambling. He may also want that the chips are stored in the casino until he needs them in cash form.

Gambling that is often used in money laundering is a crime in and of itself. Hence, in many OIC countries gambling or many of its forms are forbidden. So, the OIC countries where the prohibition of gambling is in effect, money laundering through gambling is automatically prevented.

2.5.2 Cryptocurrencies

Cryptocurrencies are produced and managed through special software and a large network of computers. In many countries, they and their transfers are not directly under the control of any government as opposed to national currencies. The identity of their owners is not generally linked to the cryptocurrencies; hence, due to their inherent anonymity feature, they are one the most convenient ways to launder money.

Once a money launderer buys cryptocurrency, he can easily transfer it to a country that has little or no AML controls, or to a country where some of the money laundering techniques can easily be done, and then to another country where another laundering technique may be performed and this way a large amount of money may be laundered easily.

Although some countries have started to regulate the cryptocurrencies, the regulations are far from being complete in most countries. So, they are still a good way to launder money.

The considerations about its permissibility in Islamic law are mixed. There are many different types of cryptocurrency, some of that are more connected to real economy. Obviously, the IFIs and other people within the OIC countries are acquainted with them. And it is a wide area for regulation according to Islamic law with respect to fighting money laundering. These regulations need to be in terms of money laundering as well.

2.5.3 Over Invoicing/ Under Invoicing

In under invoicing, a money launderer buys a valuable good or service, but the seller under invoices it. The buyer pays the higher amount unofficially in cash. So, officially he has a valuable asset whose value corresponds to the amount of the laundered dirty money. But in the official records there is not a big transaction that may be detected.

In over invoicing, the money launderer over invoices a cheap good, gives the money to be laundered to the buyer in an unofficial way, and then gets officially paid the high price corresponding to the amount in the invoice. So, he receives his dirty money as if it is the price of the apparently very valuable good.

Over invoicing or under invoicing generally include tax fraud as well. Through tax fraud, a lack of sufficient public funds causes an additional injustice in the system. This way some become free riders and get unjust gains, by using freely the public services for which they do not pay. This is similar to stealing that is a great sin in Islam.

Since the IFIs finance their clients to a great extent through banking murabahah, this is a high-risk area for them regarding money laundering. If the IFI gives money to the seller who in fact over invoices its good upon a secret agreement with the client of the IFI, then they can launder money, and the IFI which is legally the intermediary seller, will have taken part in money laundering directly.

So, this typology is very relevant for the IFIs and there may be many different versions of it specific to IFIs.

2.5.4 Loan-Back

In this method, the money launderer opens an account in an off-shore bank and deposits his money to be laundered in that bank. In his country where he needs the money, he gets a loan from a local bank by showing the amount in the off-shore bank as collateral. With this loan, he buys an asset. Then he does not pay back the loan. The bank receives the amount in the off-shore bank. The source of the money to buy the asset is legally a loan, hence is not suspicious, and the money in the off-shore bank has been transferred indirectly to the launderer.

Different versions of this may apply to the IFIs. The IFIs also often receive collaterals for their sales on a deferred basis. A money launderer who exploits a bank in a loan-back typology can adapt it to an IFI.

2.5.5 Back-to-Back Credit

In this method, companies and persons give loans to each other mostly through sister companies; hence, when they are asked about the source of the assets, they have an answer in the form of a loan.

Since these loans are in very high amounts and need to be supported by bank documentation, they will go through banks, even though the banks do not give any loans. Such transactions may go through an IFI or a conventional bank or both. If both parties operate in the same IFI, the IFI can detect this action and report it. If they go through different banks, then it may be hard to detect. But for high amounts, the database of the FIU may give signals about such transactions.

2.5.6 Jewelry Trade and International Transfers

The ambiguity in the prices of jewelry and the difficulties in having a registered system of jewelry make them a good means for money laundering: for example, a diamond may be bought from an unsuspecting household with the proceeds of crime and then sold for a very high price, and the amount received from the illegal activity may be hidden as if it is the amount of the sale of the jewelry.

It is also easy to transfer them through borders since it may be difficult to detect certain jewelry electronically or even if detected, they can be explained as personal items.

Since these are items that can be bought and sold by the IFIs who unlike conventional banks may buy and sell such items, they can be the target of money launderers through different methods of Islamic financing.

2.5.7 E-trade

E-trade offers a big opportunity for money laundering, because through e-trade someone may buy an item from another country and transfer the amount to that country, and the good may be sold by another agent in that country whereby the proceeds of the crime may be both transferred and disguised as a legitimate income.

In these trades credit cards may be used. The IFIs issue similar cards but they are structured by the permissible contracts according to Islamic law. In those contracts, they are generally buyers and sellers. Hence, unlike a conventional bank transaction, these transactions will have important differences regarding the role of the IFIs and different versions of money laundering may be applicable.

2.5.8 Buying/Selling Companies

In this method, an owner of a company may buy, then restructure truly or in appearance the company, and then sell it for a high price. The buyer or the seller or both may be money launderers. So, for example, the seller may show the sale as if the company were sold for a very high price and as if he made a great profit, while in fact, he sold it to his agent to whom he has given the proceeds of the crime prior to the payment. So, at the end of the transaction, he receives an amount that looks like the profit from the sale. Or the buyer may really buy a valuable company for a small price while in fact he pays a high amount in an unregistered way; so, he owns a valuable company whose value is low in the records, and ambiguous for the outsiders and difficult to detect the laundering.

In many countries, sales of companies may have also tax exemptions under certain conditions, in order to prevent over taxation of such transactions, or to encourage direct foreign investments.

This method may be used for high amounts.

Islamic finance has at its center partnership and prohibition of interest. In this environment, instead of the distant funding of the banks, it is expected that there are ideally many partners in most companies. Hence, these laundering cases would be relevant for many partners who will normally be suspicious of such transactions. But in conventional finance, when the financing is done through debt, the banks have limited authority and interest in who sells, who buys and why. Therefore, in an economic environment where Islamic finance is deeply widespread, it is normally expected that such money laundering becomes more difficult.

On the other hand, since Islamic finance is essentially built on partnerships, it would contain many shareholders who may be willing to sell their shares or buy shares. So, this is an area to be focused on especially by the regulators of AML.

2.5.9 Buying and Selling Real Estate

The prices of real estate may vary to a great extent depending on who sells, who buys, and when the sale occurs. So, a money launderer may buy a very valuable land for a high price and pay the big amount in cash unofficially, but may show a low price in official records, so that the official price is not very alarming. This way, he will have owned officially a land that is very valuable, and the huge amount of cash that could

not be deposited in the bank without being suspicious, will be transformed into a registered real asset. If he needs the asset in the form of cash, he can sell it later for a high price, and when he sells it, he can easily give explanation about why he made such a profit: he may explain by a metro station built nearby, or a new shopping center, etc. In some countries, personal gains from the sale of real estate are tax exempt after a certain period. So, this makes this kind of money laundering less costly for the money launderer.

IFIs finance real estate sales not through debt, but as being the buyers and sellers. Hence, they have more responsibility and vulnerability. The typology and legal implications of such a transaction will be different. So, this is an area of further study.

2.5.10 Insurance Companies

In this method, the money launderer buys insurance and then through an event like a fire he receives an insurance claim payment, while in fact this is organized between this person and the insurance company. So, he gets more than what is lost, and he disguises the proceeds of crime.

In Islamic law, takaful replaces insurance as an Islamic insurance. In takaful, the policyholders donate into a pool to help each other if a loss occurs. The insurer is like a trustee who manages this pool. So, if the insurer takes part in such a money laundering, he will have committed many other crimes along with money laundering. Hence, if rightly structured and managed, Islamic insurance is less likely to be used for money laundering.

Since takaful is fundamentally different from the conventional insurance, there is a need for studying how it can be exploited by money launderers and how this exploitation may be prevented.

CHAPTER III

THE NEW FRAMEWORK

In the above parts, the strengths and weaknesses of the current situation in the fight against money laundering have been explained. Furthermore, many elements of Islamic law and teaching related to money laundering have been highlighted. Also, the reasons for the need for a new framework regarding money laundering concerning the OIC countries and the non-OIC countries were presented.

This part will explain the main components of this new framework. It will not repeat the already explained details.

The new framework does not mean here the framework of Islamic teaching related to money laundering, since the framework of Islamic teaching is centuries old. The new framework means the framework where the contemporary institutions and instruments related to AML are structured according to the framework of Islamic teaching related to money laundering.

The below chart presents the main structure of Islam related to ethics and more specifically to AML. Firstly, an outline of the new ethical AML framework will be provided, and then the details about certain key elements of this framework will be presented.

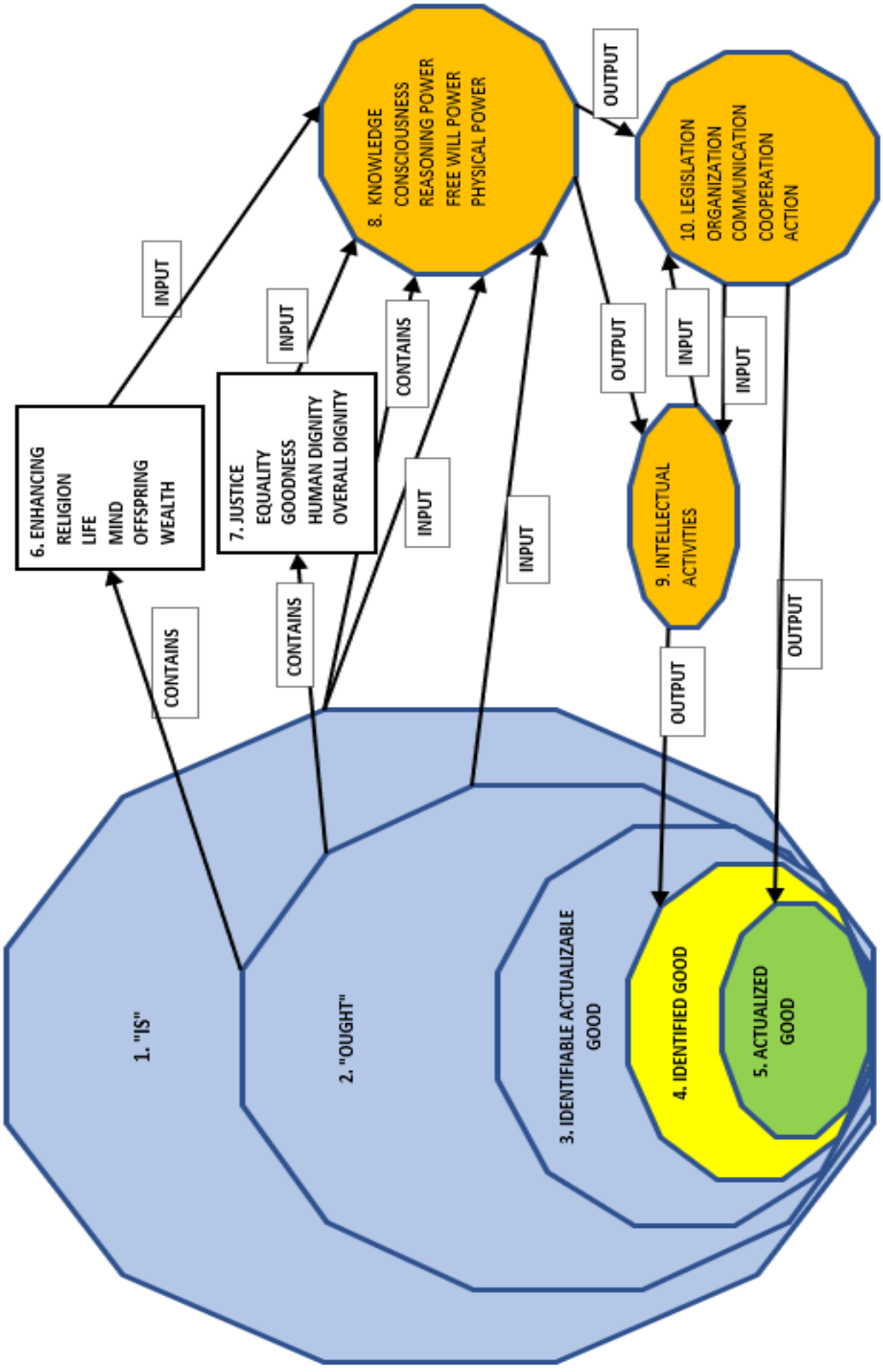

Figure 9.1: The Key Elements of Islamic Teaching Related to Morals, Hence Anti-Money Laundering

An explanation of the above chart is as follows:

In the above chart, the numbers do not show the steps of a flowchart. They are just used for references in the below explanation whenever needed.

That which "is" (1), is the existence concerning us and our position as human beings within the time. The potential states are contained within that which "is" in the powers of God Who is. That which "is" contains also that which "ought to be" (2). For example, as human beings, we "ought to" have air. Because our structure and our organs have a "purpose", that is such that we need to breathe. Even though some of the oughts do not actualize, they still exist as oughts entailed by that which "is". The distinction between the oughts that become actual and those that do not become actual is not shown in the figure except for those that the human beings actualize.

Number 3 in the above figure is about "identifiable-actualizable good". Within the realm of what "ought to" be, there are things that we can truly identify and actualize. In Islam, the human being has true free will[98], and the capacity to make changes in the universe. Islam does not recognize a hard-deterministic or a reductive physicalist worldview: In these worldviews, we are reducible to the behaviors of our particles, and they obey the laws of physics. So, for such world views, there is no distinctly and effectively "identifiable (4)-actualizable (5)" good, since the future state of the universe will be according to our particles' trajectories. If they behave indeterministically, again, we have no distinct effect that we can produce.

Number 6 in the above figure contains the main objectives of the Sharia. These are contained within the overall "ought". The primary sources of Islamic law and teaching underline these objectives with bold lines. These objectives are explained in the previous parts and all of them relate directly to AML. For example, the predicate offense of the sale of drugs relates directly to the mind, trafficking human beings relate directly to the life and its quality. Wealth directly relates to laundering money and anti-money laundering.

[98] This "true free will" is close to the libertarian free will in philosophy. However, because of the specific properties of this free will, it is not called here the "libertarian free will".

The principles and values in number 7 in the above figure are also contained within the overall ought. For example, we empirically observe that communities where there is big injustice, become weak and disappear in the course of history. Even a person who has been subject to injustice may be subject to depression and may die early. The "balance" that is emphasized in the Quran, is observed everywhere: Scientists do what they do essentially thanks to "balance" in the equations. Not only the dignity of human beings but also the dignity of animals is important. Without balance, justice, and human beings' dignity, it is hard to have big success against crimes and money laundering. So, the deteriorating balance in income distribution, and the collapse of equality must be an important topic in the circles of AML. This point must be brought to the attention of non-OIC countries in the AML platforms by OIC countries.

Number 8 contains the key powers of the human being concerning morals. Without recognizing the distinct effectiveness of these powers, we cannot talk about any morals, any good or evil. Knowledge defined generally as justified true belief makes us recognize the reality of what is beyond us, so that we may say about something else whether it is good or evil. Consciousness is our nearest and best-experienced truth, through which we can experience first-hand what something is. Reasoning power enables us for example to transcendentally compare the data we receive and choose the best and most consistent conclusions. Free will power is the basis of responsibility and the main tool to make changes within the universe. "Our" physical power is something by which we finally make changes in the universe. If these are entirely reducible to other things like particles and their trajectories, then the human being is just an epiphenomenon that does not have any distinct effect in the universe. Hence, not only fighting money laundering but also raising a pen becomes like an illusion. Unfortunately, the secular approaches and highest texts that closed the doors to religion left nothing as the basis of these powers, other than the particles/waves.

Through these powers we take the inputs of what "is", and what "ought to be" mentioned above, we process them, and we produce certain outputs.

A key part of those outputs as we see in number 9 are our intellectual activities. Through these activities, we identify what is "good" as is shown in number 4. Hence, intellectual activities must be a non-separable part of AML. The intellectual activities concerning AML are not exclusive to FATF or AML professionals. In Islam, knowledge is the key feature of a human being that makes him above most of creation.

This is emphasized in the very beginning of the Quran. Therefore, the education system and academia must be involved comprehensively in fighting crimes and hence fighting money laundering.

The other key part of those outputs relates to organization, legislation, planning, communicating, coordinating, and action. Human beings create synergies by coming together and communicating effectively. For example, individuals constitute families, neighborhoods, cities, communities, nations, regions, and humanity. They constitute many organizations to communicate better and to unite their powers to achieve things that cannot be achieved individually. As verse 5.2 of the Holy Quran emphasizes, we should "cooperate in righteousness and piety". So, the organizations or sub-units that are missing as of now are components of the new framework.

Legislation is both a way of communication and commands to be complied with. Hence, they are also the elements of action. Legislation has been a key element of Abrahamic religions, especially Islam. Since the Quran is also a legislation, this shows the importance of legislation in Islam. Therefore, as noted above, the legislation by the requirements of Islamic law regarding the fight against crimes hence against money laundering is a key element of the new framework. The work and product of OIC or other appropriate international Islamic standard setters in this respect that will determine the necessary details and best practices in the fight against money laundering is important. A further element in this respect would be the harmonization of these in the national legislation against money laundering.

Number 10 in the chart also contains "action". This is an important element, since if we have an organization and legislation but these do not act and produce successful results, they will be useless, and the good in 5 will not be actualized. Therefore, as noted above, the OIC countries must be active in the international and national spheres and have successful results that need to be assessed according to good performance indicators. Furthermore, they must take part in the assessment teams so that every country may comply with the requirements of the AML without bias. Good audit mechanisms are indispensable for the success of the action.

The above is the overall picture of the new ethical framework. Below parts will present further details about the key elements of the new ethical framework.

3.1 Intellectual Elements Related to the new Ethical Framework

With the advent of the Newtonian paradigm of a clock-like universe, the key elements of ethics became difficult to be consistently reconciled with that paradigm. That paradigm brought about a prevailing approach that intends to understand the universe by explaining the complex with the simple and presuming that the complexity is reducible to the spatiotemporal.

Then, Charles Darwin tried to explain the life forms including human beings and their transcendent properties through the Newtonian paradigm and developed the theory of evolution. With the support of Newtonian mechanics, a new mechanistic understanding of the universe including life hence human beings became popular in the West and throughout the world in general though there have been exceptions. But those exceptions have also been influenced by these developments. Hence, the Newtonian paradigm, accompanied by a reductionist evolution has enhanced reductive physicalism, extended beyond physics and other directly related sciences, and had a tremendous influence over philosophy, including the philosophy of ethics.

Moreover, this world view also has taken place very specifically in the international norms. For example, "The Council of Europe's Parliamentary Assembly approved a resolution saying attacks on the theory of evolution were rooted "in forms of religious extremism" and amounted to a dangerous assault on science and human rights." The text does not require only a belief in pure evolution but also forbids totally any transcendent and wise basis and even support for the existence of human beings: that same text "said the "intelligent design" view defended by some United States conservatives was an updated version of creationism."[99] As exemplified above, this world view is indirectly in effect in other international norms as well.

This paradigm has undermined key aspects of sciences such as economics, politics, and law and influenced negatively key elements of ethics.

These led to a big ethical crisis: Even the prominent figures of the philosophy of ethics in the West like David Hume and Emmanuel Kant who tried hard to justify and/or

[99] Reilhac, Gilbert. Council of Europe firmly opposes creationism in school. Science News, Reuters. 2007. https://www.reuters.com/article/science-europe-creationism-dc-idUKL0417855220071004 [21.04.2023]

explain ethics have been confused under the influence of that paradigm and presupposing its truth they could not see beyond it. Hence, they could only produce very sterile ideas that underlie the contemporary ethical understanding and international norms still in the 21st century.

The aim of this part is not to do a complete analysis of the ethical frameworks since the focus of this work is on a specific framework related to the fight against money laundering. The aim is to emphasize the key elements that relate to ethics to give an idea about why the overall Western ethical framework fails to be useful in fighting money laundering. A comparison between this Western ethical framework and the ethical framework of the primary sources of Islam, shows that the latter framework offers a more complete and consistent means to fight money laundering.

In the following the key ideas of David Hume and Emmanuel Kant are mostly used as examples to explain the specific implications of the relevant popular non-OIC point of view on AML. Because their teachings overlap to a great extent with the widespread secular understanding related to the key points of ethics reflected in the global AML legislation and practice.

3.1.1 Allah

In Islamic teaching there is only One God (Allah) Who is not limited with space or time and Who is the Sustainer of all things within the universe. Hence, in Islam, ethics-related beings, properties, relata, and relations are not reducible to the matter and its spatiotemporal behaviors. This allows us to recognize the reality of moral oughts, moral agents, their responsibilities, and other elements of morals explained in this work.

Moreover, the God in Islam does not embody contradictory properties of god claims in many religions, like being mortal and immortal, or one and many in the same time. [100]

Hence, as noted in the earlier parts, the statistics show that Allah is believed in by much more people.

[100] Tabbara Afif, A. İlmin Işığında İslamiyet. Trans. Öz, Mustafa. Pp. 81-130. Kalem Yayıncılık. İstanbul, 1981.

Therefore, this is a key component of the new framework against money laundering.

On the other hand, the Quran, as the holy book of Islam and the message of God, establishes the foundational elements of the ethical system, including principles related to moral obligations, agents, and justice. Additionally, being a message from the Creator of all, it serves as a model for essential moral principles and ethical standards.

One of the survey questions in this regard was: "What kind of source do you primarily rely on in evaluating whether a behavior is ethical or not?" Out of the 41 respondents, 33 (80%) chose the following response: "Whether a behavior is ethical or not can be determined based on the properties of a transcendent and objective source." The other 8 answers were as follows: "In our religion and culture, our moral values are defined. Therefore, in a situation where there is much hesitation, I first confront my conscience within myself"; "Material wealth determines ethical rules"; "Islam"; "Behavior that leads to an increase in material prosperity is often considered unethical"; "I label behavior that causes material or spiritual harm to others for personal gain as unethical"; "Legal norms, customs, and religious values"; "The welfare of society." These answers support the importance of a transcendent and objective source of ethics.

The survey study within this thesis included the following related question: "Assuming you have a belief in God, to what extent does this belief positively influence your ethical behavior?" Out of the 41 respondents, 35 (%85) chose "high"; 4 (%10) chose "low"; 1 (%2) chose "medium"; and 1 (%2) said "very little or no influence". These results support the idea that a strong ethical framework useful for AML will benefit highly from a strong element of the belief in God.

3.1.2 The Hereafter

In Islamic teachings, the concept of the hereafter is a fundamental component of the ethical framework. Without the assurance of ultimate justice, criminals may hold onto the hope of escaping the consequences of their actions. However, a genuine belief in the hereafter, coupled with the understanding that every action a person takes is known and recorded, plays a pivotal role in promoting virtuous behavior and deterring evil deeds.

Further details were given in the previous parts.

3.1.3 The Distinct Reality of the Agent Who is Subject to Ethics

According to physicalism, a state of the universe is determined by any previous state plus the effects of the deterministic or probabilistic laws of nature. These laws are represented in equations that may be deterministic or probabilistic. Hence, the human being as an agent has no distinct effect on a future state of the universe except for his particles and the trajectories of his particles. Hence, he does not have any distinct effect as a moral agent either.

Furthermore, as an object or a target of moral behavior, it is no more than an aggregate of particles. According to a key premise of evolution, the human being arose from a common ancestor, and hence is no more than a developed form of an animal. But in the final analysis of reductive physicalism and reductionist evolution, those animals including human beings are only aggregates that consist of particles that are bound to others according to the mechanisms of evolution which are mainly natural selection and random mutation.

According to this reductive approach[101], our perception of a human being is no more than a special spatiotemporal state of the particles and neither this perception nor the object of this perception has a distinctly effective reality.

Therefore, it is even difficult to ascribe a value to a human being except as an emotional and superficial one in a deeper reductive physicalist analysis.

The following statements of David Hume give us an idea about how according to his naturalist view which persists today, the human being is denied as a moral agent:

> *The actions themselves may be blamable; they may be contrary to all the rules of morality and religion: But the person is not answerable for them; and as they proceeded from nothing in him, that is durable and constant, and leave*

[101] Note that the emergentist or allegedly non-reductive physicalist approaches are also reductionist in the final analysis. For details on this point see Tosun (2023) part 7.1.4.2.

nothing of that nature behind them, it is impossible he can, upon their account, become the object of punishment or vengeance.[102]

However, according to Islam, while Allah is the Creator of the atoms, protons, electrons and so on, He has not created only those spatiotemporal things. He also has created beings who can have knowledge, and consciousness, who can be good or evil, who can be targets of good and evil behavior, who can suffer and enjoy, who can have a purpose, who can exercise power over the states of the universe, and who can have weaknesses against other agents and objects. The foundation of all is not the matter and the spatiotemporal relationships[103]; and the human beings and their behaviors are not just secondary, emergent, and epiphenomenal things.

A paradigm that reduces all existence to just particles, fields, waves, trajectories, and patterns can give only a secondary, illusory, and trivial place to agents. A paradigm that sees only the matter and the spatiotemporal as fundamental, and agents as secondary must necessarily reduce the secondary to the fundamental.

According to Islam, Allah is the ultimate source, Creator, and Sustainer of not only the spatiotemporal but also of all properties of human beings and other agents exemplified above. Hence, there is no need or reason to reduce some properties to some other properties. More than one property may consistently be fundamental. Consequently, recognizing the reality of the particles and spatiotemporal properties of human beings does not entail the denial of his purposes, emotions, or free will power; recognizing the parts of the human being does not require the rejection of himself.

On the other hand, a key topic in ethics is the personal identity of the human being as an agent: For example, approximately 70% of our bodies consist of water, and this is circulated in a few days; likewise, all atoms of our bodies are replaced within longer periods. Hence, when we blame or praise a human being as an agent, what do we blame or praise in fact? In a physicalist approach, only the atoms are distinctly effective and other than that, the human being is epiphenomenal at best. Therefore, in a physicalist

[102] Hume, David. An Enquiry concerning Human Understanding (1748, 1777). Section 8, Of Liberty and Necessity. https://davidhume.org/texts/e/8 [12.04.2023]

[103] Koloğlu, Orhan. İbn-i Hazm'ın Atomculuğu Reddi.(2007, October). *İbn Hazm: Uluslararası Katılımlı İbn Hazm Sempozyumu.* Bursa.

approach ascribing responsibility to a collection of particles becomes difficult if not impossible. Yet, according to the Islamic teaching particles are not more fundamental than the distinctly effective and real human being as an agent. Therefore, Islam allows the recognition of the human being as an agent who may be praised or blamed for acts that have ethical implications[104].

3.1.4 The "Ought" in the New Ethical Framework

The "ought" in the above chart is used in a broad sense such that it also covers what "ought" not to happen. The "ought" is an important point in that only a transcendent framework can justify it since it relates to "purpose". In a physicalist approach, where the only distinctly effective existent is the physical and the particles and/or waves bumping one onto another, it is impossible to get an "ought" from what "is". This is a deep topic in philosophy. But according to the knowledge of the author, there is no consistent solution to get an "ought" from an "is" in a physicalist approach that rejects religion and the ultimate reality's transcendence. Hence, in a secular view that closes the doors to religion, adopted by major secular legislation, this key element that is a basis for "what ought to be" is disabled. Therefore, saying "dirty money ought not to be laundered" is deprived from a sound basis. Likewise, saying "we ought to fight money laundering" becomes also without any basis.

David Hume, as a naturalist perfectly formulated a key problem related to ethics caused by physicalism: he underlines that in naturalism, it is not possible to consistently get an "ought" from an "is". So, as he adopts naturalism, he says that in

[104] Kindi, Ebu Yusuf Yakub İbn İshak. Felsefi Risaleler. Trans. Mahmut Kaya. Pp 131-132. (İstanbul: İz Yayıncılık, 1994)

the final analysis, it is not possible to get an “ought” from an “is”. Therefore, Hume claims that our feelings instead of our reason are the foundations of morals.[105, 106, 107]

So, according to Hume, by reasoning, we cannot reach an “ought” from an “is”. An “ought” supervenes just onto our feelings that are experienced as facts by us. Yet though he recognizes the reality of our feelings, he does not address satisfactorily how feelings can lead to moral goals such as justice. It is clear that often the feelings may be misleading.

Hume concludes as follows: “Reason is, and ought only to be the slave of the passions, and can never pretend to any other office than to serve and obey them”.[108]

As to Kant, we see that although he emphasizes reason, he gives the key role again to feelings. The key feeling he emphasizes in this context is “respect”.

We see that although God is necessary for a complete system of morals, belief in God is entailed through consequential wishful thinking and circular reasoning fallacies. In other words, for Kant there is no reason to believe in God, but if we do not believe in God, we cannot have a sound moral system. Therefore, we need to believe in God. And if there is God then we have a good system of morals.[109]

---

[105] Pigden, Charles. Hume on Is and Ought. Philosophy Now, a Magazine of Ideas. Issue #83. 2011. https://philosophynow.org/issues/83/Hume_on_Is_and_Ought . [10.04.2023]

[106] Hume, D. (1985). A treatise of human nature (E. C. Mossner, Ed.). Penguin Classics. P.521

[107] Wilson, Eric Entrican and Lara Denis, "Kant and Hume on Morality", The Stanford Encyclopedia of Philosophy (Fall 2022 Edition), Edward N. Zalta & Uri Nodelman (eds.), URL = <https://plato.stanford.edu/archives/fall2022/entries/kant-hume-morality/>. [01.04.2023].

[108] Hume, David. A Treatise of Human Nature. 1739. https://davidhume.org/texts/t/full . [10.04.2023]

[109] Wilson, Eric Entrican and Lara Denis, "Kant and Hume on Morality", The Stanford Encyclopedia of Philosophy (Fall 2022 Edition), Edward N. Zalta & Uri Nodelman (eds.), URL = <https://plato.stanford.edu/archives/fall2022/entries/kant-hume-morality/>. [01.04.2023].

Hence, neither Hume who tries to build morals upon passions and emotions, nor Kant who uses the feeling of "respect" and other emotions along with an idea of an ambiguous law and circular reasoning about God do a good job of providing a satisfactory framework for morals concerning "ought". Ultimately, their attempts to build such a framework upon the fundamental Newtonian and Darwinian paradigm have failed.

Although the Humean and Kantian proposals are inconsistent, incomplete, and superficial, we see that the contemporary key norms related to ethics and more specifically to AML are built upon them. As emphasized in above, the highest international norms use feelings as the basis of justice and morals framework that is necessary also for a good AML framework.

By contrast, Islamic teaching relieves our minds from the "constraints" of physicalism. There is no evidence for the reducibility of values, purposes, agents, and related oughts to the spatiotemporal. On the contrary, there is strong evidence that these are not reducible to the spatiotemporal. The sustaining foundation of all has all these requirements of oughts. Hence, the creation including human beings may be supplied with these requirements.[110]

As emphasized in the following verse of the Quran, neither worldly pleasure nor worldly suffering is a criterion of morality in and of itself: "And We will surely test you with something of fear and hunger and a loss of wealth and lives and fruits, but give good tidings to the patient".[111]

On the other hand, God as an agent is at the foundation of all, and hence, purpose and the power to create beings and things and ascribe purposes to them is at the foundation of existence. Likewise, there is also the power to design things such that different designs entail different states, and hence, purposes.

In this regard, the survey study conducted within the framework of this thesis included the following question: 'Assuming you believe that moral oughts have no unique

[110] For the related evidence see: Tosun, Ender. Unitary Proof of Allah Under the Light of the Quran. 2022. http://www.islamicinformationcenter.info/poa.pdf .

[111] "Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 2 Verse 155

effectiveness on the future states of matter and the universe, to what extent does this belief negatively impact your compliance with ethical rules?' Out of the 41 respondents, 16 (39%) chose 'low,' 15 (37%) chose 'high,' and 10 (24%) chose 'medium.' These results support the claim that an ethical framework where moral oughts are not reducible to the movements of atoms significantly improves compliance with ethical rules.

In accordance with this, the human being has been given certain purposes. The main purposes that are called the objectives of Islamic jurisprudence (Maqasid al-Sharia) are explained above. [112]

3.1.5 Free Will

Without free will it is hard if not impossible to claim the existence of morals. As noted earlier, a widespread acceptance about the absence of free will at least among philosophers in the West poses a threat to the recognition of unambiguous morals. In the physicalist approach, which has important influence within the non-OIC countries, and which sees human beings as reducible to matter, particles, fields and/or waves, the human being cannot have any free will. In this approach, parts of human beings behave either deterministically or indeterministically, and the wills and acts of the human beings supervene upon those particles and waves. Under both determinism and indeterminism, it is impossible that human beings have free will power. Compatibilist approaches to free will do not essentially change this situation[113].

In the absence of free will power, it is impossible to blame any criminal for any crime, and it is impossible to praise anyone who fights against crime. Because according to physicalism, they did not do anything on their own. It was only their parts, atoms, electrons, etc. In such an understanding, there is no reason for the criminal to feel ashamed for his crime. Again, in the absence of free will, it is even difficult to talk about the fight against money laundering, since no matter what we want to do, we

[112] For a detailed analysis of “ought” see Tosun, Ender. Unitary Proof of Allah Under the Light of the Quran. Istanbul. 2022 part 1.7.2.1.2.2.

[113] Tosun, Ender. Free Will Under the Light of the Quran. Istanbul. 2020. http://www.islamicinformationcenter.info/fwp.pdf [04.01.2023]

cannot do anything other than what our particles and waves do according to the laws of physics.

Studies show that in the absence of belief in free will, agents tend to do wrong behavior more easily. Multiple studies show that belief in free will positively influences proactivity, academic activities, decision making, social attitudes, and ethical behavior.[114]

In Islam with its recognition of transcendent powers, Allah who has transcendence and free will power by default, may give free will to His creation and sustain it. Therefore, the agents created by God may have free will power.[115]

David Hume, as a compatibilist and in harmony with his denial of the distinct effective reality of human beings as noted in the previous parts, claims that our actions are necessary results of our circumstances.[116, 117]

But He also recognizes that free will is indispensable for morals.[118]

---

[114] Nadelhoffer, Thomas et al. Does Encouraging a Belief in Determinism Increase Cheating? Reconsidering the Value of Believing in Free Will. Cognition. 2020. https://www.researchgate.net/publication/342462159_Does_Encouraging_a_Belief_in_Determinism_Increase_Cheating_Reconsidering_the_Value_of_Believing_in_Free_Will [04.11.2022].

[115] For details about free will within the teaching of Islam, including the issues related to the omniscience of God see: Tosun, Ender. Free Will Under the Light of the Quran. Istanbul. 2020. http://www.islamicinformationcenter.info/fwp.pdf [04.01.2023]

[116] Hume, David. A Treatise of Human Nature (1739-40). T 2.3.1.14, SBN 404. https://davidhume.org/texts/t/2/3/1 [12.04.2023]

[117] For further details about the thoughts of David Hume related to free will see: Russell, Paul, "Hume on Free Will", The Stanford Encyclopedia of Philosophy (Fall 2021 Edition), Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/fall2021/entries/hume-freewill/>.

[118] Hume, David. An Enquiry concerning Human Understanding (1748, 1777). Section 8, Of Liberty and Necessity. https://davidhume.org/texts/e/8 [12.04.2023]

However, as explained above, there is no distinctly effective being who may have free will. This is the first dilemma he has, and he tries to reconcile it. On the other hand, there is no source of morals other than motivations since the universe is materialistic according to him. Hence, the motivations must cause not only the actions but also the morals to exist, the motivations must be coercive, and they must exist if morals should exist; and no power can exercise discretion to whether comply or negate the motivations. Hence, for him, there is no room for free will. As a consequence, he adopts a compatibilist view, which is the most popular view among philosophers today. Compatibilism is the view that even if all of a human being's wills (hence actions) were determined and predictable based on the state of the universe thousands of years ago, because of causal chains, still we can be considered owners of free will.

If because of causal chains an agent cannot do something other than what he did, he cannot be subject to blame and praise. Otherwise, we must be blaming a person who was chained for not helping a person who needed help.

Kant is agnostic regarding the existence of free will, yet he claims that morals exist. But also, he adopts a deterministic approach. So, like a compatibilist, he tries to show that the deterministic universe does not cancel free will.[119] Hence, like Hume, Kant is also clueless about what to do with free will, which is an essential requirement for morals. As we see this arises because of their commitment to a materialistic view where there is only matter and laws related to them, and the agent is denied his fundamental autonomy.

According to Schopenhauer who is another leading philosopher of ethics in the West, there is no moral freedom. He says that our actions are never free[120].

As opposed to the above, the Quran teaches that the human being has free will:

[119] Wilson, Eric Entrican, and Lara Denis, "Kant and Hume on Morality", The Stanford Encyclopedia of Philosophy (Fall 2022 Edition), Edward N. Zalta & Uri Nodelman (eds.), URL = <https://plato.stanford.edu/archives/fall2022/entries/kant-hume-morality/>. [05.04.2023]

[120] Schopenhauer, Arthur. Çeviren: Ahmet Aydoğan. Hukuk, Ahlak ve Siyaset Üzerine. Say Yayınları. 2009. P 61.

Many verses like the following, underline the effectiveness of the wills of human beings: “Indeed, this is a reminder, so whoever wills may take to his Lord a way”.[121]

The following verses clearly show that necessity cancels responsibility:

> *Whoever is guided is only guided for [the benefit of] his soul. And whoever errs only errs against it. And no bearer of burdens will bear the burden of another. And never would We punish until We sent a messenger.* [122]
>
> *He who disbelieves in Allah after his having believed, not he who is compelled while his heart is at rest on account of faith, but he who opens (his) breast to disbelief-- on these is the wrath of Allah, and they shall have a grievous chastisement.* [123, 124]

Abu Mansur al-Maturidi (853-944 CE) who is the leading scholastic theologian of the largest Sunni school (Maturidi school) following the Quran, maintains that the human being has effective free will and hence has responsibility (Maturidi 2002: 328-329) According to Maturidi, there are two aspects in the rise of an action of a human being. These are called “creation” and “earning”. Creation is the act of the Creator. Earning belongs to the human being. The responsibility rising with both of these distinctly effective powers belongs to the one who does and earns it. The power related to the act is realized according to the desire and choice of the human being.[125]

---

[121] “Holy Quran”. https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 73 Verse 219

[122] “Holy Quran”. https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 17 Verse 15

[123] “Holy Quran”. https://www.islamawakened.com/index.php/qur-an/translation-pages-index. Chapter 16 Verse 106

[124] For further verses that demonstrate the recognition of the free will in the Quran see Tosun (2020) part 2.1.1

[125] Biçer, Sezgin et al. Teo-Psikolojik Açıdan Matüridi’de İrade Özgürlüğü. Bilig, Türk Dünyası Sosyal Bilimler Dergisi. 2017, #80. Pp. 239-263. URL= https://bilig.yesevi.edu.tr/yonetim/icerik/makaleler/1591-published.pdf) [04.04.2023]

On the other hand, Gazzali who is a prominent scholar of scholastic theology rejects determinism and the absoluteness of causal relations. According to him, the relations between the cause and the result regarding the universe are not necessary. That the result follows the cause is due to the design of Allah.[126] These points raised by Gazzali later was popularized in the West by David Hume under the concept of the "problem of induction", and became a key point in philosophy. Consequently, Gazzali recognizes the freedom of the will of the human being.[127]

In addition, there have been less influential schools in the Muslim world that maintain that will of the human beings does not exist. However, these views are secondary and do not comply with the teachings of the primary sources of Islam.[128]

On the other hand, the survey study of this thesis also included the following question: "Assuming you believe that your will is entirely dependent on the movements of atoms in your brain according to the laws of physics, and therefore you do not have free will, to what extent does this belief negatively affect your sense of moral responsibility?" Out of the 40 respondents who answered this question, 17 (41%) chose "low," 16 (39%) chose "high," and 7 (17%) chose "medium." These results support the claim that, for a significant portion of the population, the rejection of free will based on a physicalistic worldview may negatively influence the sense of moral responsibility.

Therefore, Islamic teaching, as opposed to the popular physicalist view that reduces everything to matter and spatiotemporal relations, offers us with an ethical framework that enables us to consistently recognize our free will, and hence, have a strong framework in the fight against money laundering.[129]

---

[126] Gazzali, Filozofların Tutarsızlığı. Neşir ve Tercüme: Mahmut Kaya, Hüseyin Sarıoğlu. Klasik Yayınları. 2005. P. 166.

[127] Çağrıcı, Mustafa. Gazzali'ye Göre İslam Ahlakı, Nazari ve Ameli Olarak. Ensar Neşriyat. 1982. Pp. 91-96

[128] For a detailed analysis of free will according to the primary sources of Islam, see Tosun (2020).

[129] This analysis related to ethics is also applicable to other branches of science. For example, the human being is not only a moral agent, but he is also an economic agent. Again, for example, the free will power analyzed above is not only effective

3.1.6 Objectiveness in Morals

In a physicalist approach, the matter is the distinctly effective and all is reduced to the matter. In a non-reductionist physicalist approach again, though some holistic properties are recognized, they are recognized only as epiphenomenal properties. Religions that have multiple gods also have different foundations of morals.

In the Islamic teaching, there is a higher and more fundamental ground for ethics. This ground is the irreducible One God Who is the All-Knower and Wise. Therefore, there is a truth according to which some moral assertions may be ontologically true or wrong. However, in other approaches, it is difficult to claim that the robber's assertion that "his act is good" is inferior to the victim's claim that "the robber has been evil".

On the other hand, the survey included the following question: "Assuming you believe that norms related to crimes against human life and property, including money laundering, are entirely subjective, to what extent does this belief negatively impact your willingness to combat these crimes?" Out of 41 respondents, 11 (27%) stated that their belief in subjective morals would highly negatively influence their willingness to combat related crimes. Additionally, 13 of them (32%) mentioned that this influence on them would be at a medium level. Consequently, a total of 59 percent of the respondents would be significantly influenced by their belief in subjective morals. On the contrary, 17 (41%) of the respondents stated that this influence would be low. This

---

concerning ethics but also concerning economics. As a homo economicus, the human being is both an actor and an object of economics.

Moreover, as there are distinct effects of "good" and "evil" upon the states of the universe, the supply, demand, and price relations are also distinctly effective relations, and they have their distinct relata such as goods, services, and prices. As reducing the moral framework of human beings, the good and evil behavior to the structures of atoms and molecules and their behaviors is a clearly irrational exercise, similarly, reducing the markets, supply, and demand relations to the atoms, molecules and their trajectories is also irrational.

The same is applicable also to politics, arts, and so on. Hence, the ethics framework here is applicable as a broader holistic system to numerous other areas.

result highlights the importance of belief in the objectivity of morals in the fight against money laundering.[130]

3.1.7 Objectives of Islamic Jurisprudence

Previous parts examined in detail the 5 objectives of the Islamic jurisprudence, some of which are protecting and supporting life, progeny, and wealth. These are important requirements for a society compliant with morals. Especially, in the context of fighting money laundering, improving human well-being is of key importance. A community where the individuals keep facing the pressures against survival, where they cannot provide for themselves and their families, having strong morals will be very difficult if not impossible. The survey of this thesis had the following related question: "To what extent does a person's income level being at a level where they struggle to meet basic needs negatively affect their efforts to combat money laundering?" Out of the 41 respondents, 16 (%39) chose the choice "High"; 12 (%29) chose the choice "Medium"; 11 chose the choice "Low"; 1 said "it depends upon the person's ethical approach, beliefs, the environment where he/she grew". The results support a positive correlation between disadvantageous income level and a negative ethical environment that might favor money laundering. They also support that the objectives of the Islamic jurisprudence are instrumental in creating an ethical framework that would be helpful in the fight against money laundering.

3.2 Operational, Legislative, and Organizational Elements of the New Framework

The key elements of the new framework, has extensions and implications related to the operational, legislative, and organizational elements of anti-money laundering. This chapter explains the potential areas of improvement in money laundering with respect to the OIC countries and Islamic system. Hence, this chapter together with the previous chapters will present the specifics of the new framework in practical aspects of fighting money laundering.

The ovals in the following figure show the additional components of the new framework:

[130] For a detailed analysis on the related issues see Tosun (2022) part 1.7.

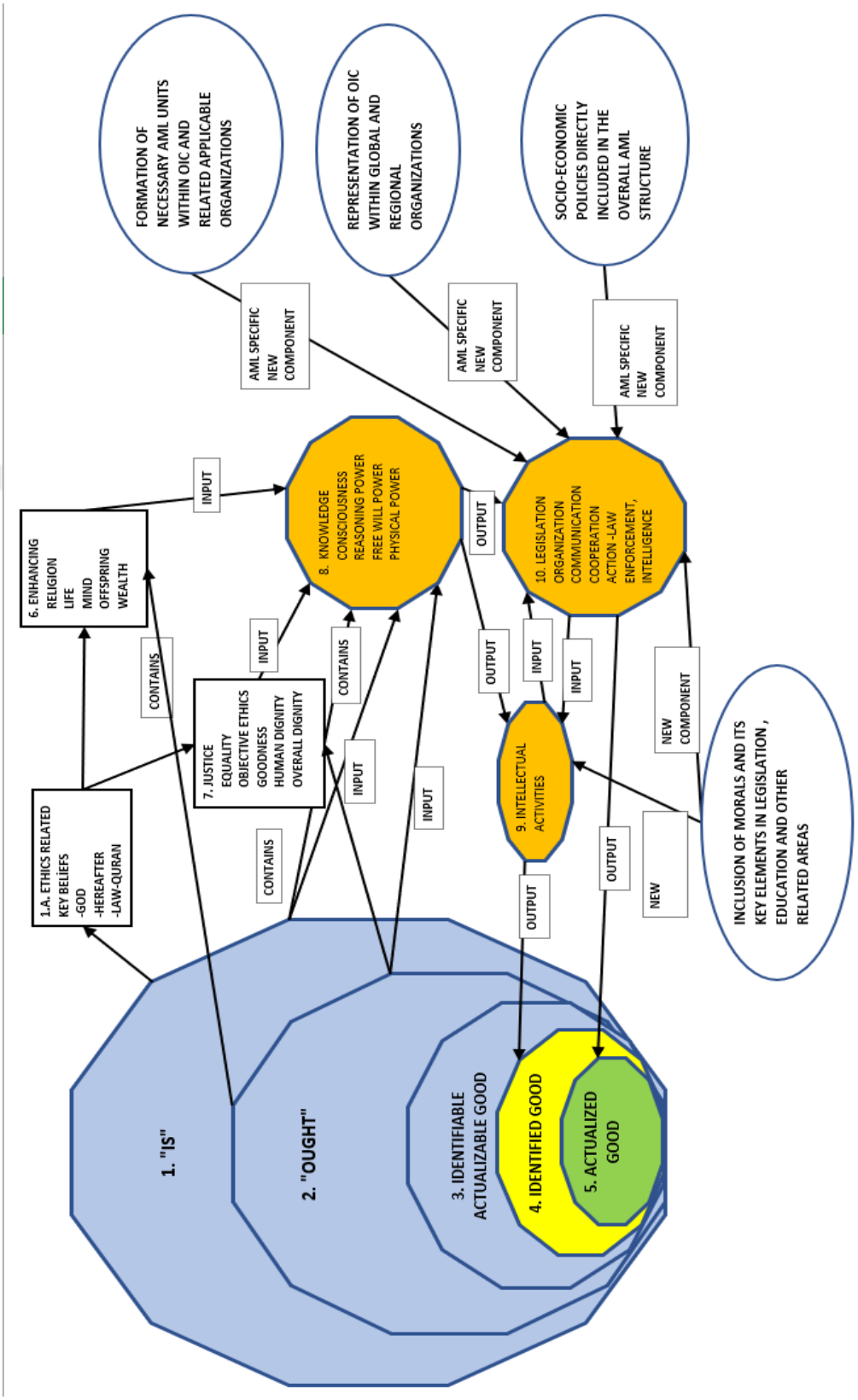

Figure 9.2: The Mainframe of the New Framework and Additional Key Components.

The above figure depicts the operational, legislative, and organizational elements of the new framework and their relationships with the other elements of the new framework. The elements and properties of the new framework are reflected and shown in a draft Convention in the Appendix of this dissertation that should be adopted by the OIC. The following gives further details about these elements with respect to the above figure and the Convention in the Appendix.

3.2.1 Operational, Legislative, and Organizational Elements of the New Framework Concerning Organisation of Islamic Cooperation Countries

This part explains the practical aspects of the new AML framework with respect to the OIC countries:

The above analysis clarifies that Islamic primary sources require strongly that the members of the Islamic religion as individuals and as countries must focus on the fight against evil. An effective fight against evil necessitates an effective fight against money laundering since blocking the means that lead to evil is a key teaching of Islamic jurisprudence.

On the other hand, Islamic primary sources provide us with a strong ethical framework that may help us fight against evil and money laundering in the best way. Moreover, OIC countries are not exempt from the negative outcomes of crimes and money laundering. Again, as the specific data given earlier show, the OIC countries are not sufficiently active in the global organizations that fight against money laundering; the existing activities of OIC countries against money laundering are conducted within the Western framework that has the key efficiencies clarified in this work. Financial Action Task Force (FATF) has 37 full member countries, and from OIC countries, only 3 are full members of FATF[131]. FATF determines the regulations and sanctions that will be applicable for all countries in the world. From among 32 presidents of FATF since 1989 up to now, there has been no president at all from an OIC country.

The international bodies of the OIC countries are not built around the teachings of Islamic primary sources, but around the secular ethical framework that has important shortcomings. Islamic global organizations like AAOIFI do not fight against money

[131] Co-operation Council for the Arab States of the Gulf is also a member of FATF as a regional organization.

laundering as one of the key focal points. Therefore, the OIC countries need to be more and proactively involved in the fight against money laundering. This requires some specific changes.

3.2.1.1 Organizational Competence

The Organization of Islamic Cooperation (OIC) is the main organization that consist essentially of the Muslim majority countries and has 56 member countries[132]. As an important step toward the new framework, OIC and other international Islam related cooperative bodies must establish the organs necessary for the harmonization and improvement of AML activities and assign duties to its organs for corresponding activities related to the combat against money laundering. This will be useful in the development and performance of the already existing national and regional bodies that combat money laundering.

The following facts show that that there are areas of improvement regarding the organs of OIC and their focus on AML:

[132] OIC member countries are as follows: Republic of Azerbaıjan, Hashemite Kingdom of Jordan, Islamic Republic of Afghanıstan, Republic of Albanıa, State of The Unıted Arab Emırates, Republic of Indonesıa, Republic of Uzbekıstan, Republic of Uganda, Islamic Republic of Iran, Islamic Republic of Pakıstan, Kingdom of Bahraın, Brunei-Darussalam, People's Republic of Bangladesh, Republic of Benın, Burkına-Faso (then Upper Volta), Republic of Tajıkıstan, Republic of Turkey, Turkmenistan, Republic of Chad, Republic of Togo, Republic of Tunisia, People's Democratic Republic of Algerıa, Republic of Djıboutı, Kingdom of Saudı Arabıa, Republic of Senegal, Republic of The Sudan, Syrıan Arab Republic, Republic of Surıname, Republic of Sıerra Leone, Republic of Somalıa, Republic of Iraq, Sultanate of Oman, Republic of Gabon, Republic of The Gambia, Republic of Guyana, Republic of Guınea, Republic of Guınea-Bıssau, State of Palestıne, Union of The Comoros, Kyrgyz Republic, State of Qatar, Republic of Kazakhstan, Republic of Cameroon, Republic of Cote D'ıvoıre, State of Kuwaıt, Republic of Lebanon, Libya, Republic of Maldıves, Republic of Malı, Malaysıa, Arab Republic of Egypt, Kingdom of Morocco, Islamic Republic of Maurıtanıa, Republic of Mozambıque, Republic of Niger, Federal Republic of Nıgerıa, Republic of Yemen. (OIC. Member Countries. https://www.oic-oci.org/states/?lan=en , [13.11.2022])

As of now according to the knowledge of the author, the current focus is not sufficient. For example, the book of the 238 resolutions of the OIC's International Islamic Fiqh Academy (IIFA) contains a resolution about blocking the means that lead to evil. However, it does not contain any resolution or part of resolution that is directly related to money laundering. Therefore, it is necessary that the IIFA adopts the necessary resolutions for the fight against money laundering.

The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) under OIC publishes statistics on member countries. However, for example, in the Statistical Yearbook on OIC Member Countries 2021 we cannot find any statistical figures related to the AML activities of the member countries. Hence, another area of improvement is the production of healthy information about the AML activities of the member countries and adding this activity among the activities of SESRIC.

On the other hand, the Islamic Educational, Scientific and Cultural Organization (ISESCO) operates in the fields of Education, Science, Culture and Communication, within the framework of the OIC.[133] ISESCO may be instrumental in increasing awareness in AML and anti-crime curricula in the related academic fields.

AML is important because it is against almost all types of serious crimes. So, it is necessary for a clean community.

Being represented in the international bodies and organizations working in AML will allow the communication of the potential areas of contribution of Islamic teaching to the combat against money laundering.

A support from the OIC countries in the form of having additional initiatives and representation in the international AML organizations will help the global community have cleaner financial system and cleaner humanity. It will also show how a secular system in a specific area can be enriched by the all-encompassing holistic teachings of Islam.

[133] OIC. Specialized organs of OIC. https://www.oic-oci.org/page/?p_id=65&p_ref=34&lan=en#isesco [08.11.2022].

a) The Units and Sub-Units Within the International Islamic Organizations

According to the research of the author, the OIC does not have a unit that specializes on fighting money laundering, and there is no comprehensive international organization that specializes in AML with respect to Islamic finance or OIC countries. This does not comply with the emphasis put by the primary sources of Islamic law on fighting crimes and blocking means that lead to crimes.

On one hand, these units are necessary to coordinate and encourage the fight against money laundering among OIC countries. On the other hand, these units are necessary to establish and facilitate a healthy communication and cooperation between the OIC countries, other countries, global, and regional AML organizations.

Even though some FATF-style regional bodies have many OIC countries as members, these do not work essentially on AML infrastructure and activities specifically related to Islamic law and finance.

The information exchange between OIC countries, legal mutual assistance in combatting money laundering, and harmonization of the national laws with the requirements of AML-related principles of Islamic Law are extremely important to proceed toward clean societies within the OIC countries. The same is true for other countries as well.

b) Leadership

As explained above, the member countries of OIC have little or no leadership positions in the AML-related international organizations and bodies. Without any high-level involvement, it is difficult to contribute to the global fight against money laundering, and hence against crime. Being in a leadership position is useless if the related person is incompetent. Therefore, there must be a sufficient investment into persons who may hold such positions effectively.

For OIC countries, having adequate leadership positions in the AML-related international organizations and bodies is necessary for an effective AML system both in the global community and within the OIC countries. Having such positions will prevent any potential abuse of the AML system against OIC member countries by other countries. For example, when a country is taken into a blacklist or gray list it may be difficult to search the reasons and determine whether there is any bias in such

actions or not. Again, if OIC is distant from such direct involvement, it may be too late to learn about the upcoming events such as the blacklisting of Saudi Arabia in 2019 by the European Commission to which ISESCO reacted strongly and condemned its move against Saudi Arabia.[134]

A question in the survey of this thesis is relevant to this point; it reads as follows: "To what extent does the fact that AML norms are predominantly shaped by the influence of larger countries negatively affect your willingness to combat money laundering?" Out of the 41 respondents, 21 (51%) chose "low," 13 (32%) chose "medium," 6 (15%) chose "high," and 1 respondent stated it would have zero influence. The high percentage of respondents who chose "low," although somewhat surprising, indicates significant trust in the influence of developed countries in shaping the AML environment. Whether this situation might be problematic concerning the expected contributions of OIC (Organization of Islamic Cooperation) countries to the international AML system is an area worth investigating. Further and more specific studies in this regard could be valuable in uncovering the causes and implications of this finding and whether it applies to other OIC countries. In any case, a noteworthy percentage of respondents express concerns about the predominance of developed countries in shaping AML regulations, suggesting that this current predominance creates a significant negative atmosphere regarding the fight against money laundering.

3.2.1.2 Intellectual Infrastructure

As the above analysis shows, the ethical framework provided by Islamic primary sources has a big potential to improve the fight against money laundering. However, the OIC countries are not sufficiently involved in the global fight against money laundering concerning the primary sources of Islam. A more comprehensive involvement of the OIC countries and their global organizations will strengthen the efforts against money laundering. Regarding this point, especially the academic

[134] Islamic Educational, Scientific and Cultural Organization. SESCO condemns the European Commission's position towards the Kingdom of Saudi Arabia. 2019. https://www.icesco.org/en/2019/02/14/isesco-condemns-european-commissions-position-towards-ksa/ [08.11.2022].

activities of the scholars who work on Islamic finance, criminology, philosophy, and ethics will be extremely beneficial.

Primary sources of Islamic law are the Quran and the tradition of the Prophet Muhammad. In this dissertation, money laundering has been essentially considered concerning blocking the means (sadd-i zerai). However, a detailed analysis focused more specifically on money laundering is likely to produce important results with respect to both practical and intellectual aspects of money laundering as well as its relationship with the Islamic criminal code.

a) The Degree of Dedication for AML

Blocking the means which are used to commit crimes is very important in Islam. The data presented in this work shows that there is room for improving the degree of dedication to the fight against money laundering. An insufficient dedication in this area is unacceptable according to the primary sources of Islam.

The awareness of the related parties about the potential contributions of the Islamic framework to the combat against money laundering must be increased. Especially increasing this awareness of the secular parties is necessary to increase the involvement of the OIC countries in the relevant platforms.

In this regard, it should be noted that the education system plays a crucial role in raising awareness about combating money laundering and, more broadly, addressing all types of crimes. However, there are significant shortcomings in this regard. The survey conducted within this thesis examined this issue through the following question: “Did your formal education (excluding work-related training) provide you with sufficient awareness regarding the adverse effects of money laundering?” Out of the 41 respondents, 26 (63%) chose “Did not provide, but had to”; 9 (22%) chose “Provided, and it has been useful”; 5 (12%) chose “Did not provide, but this is not a loss”; and 1 (2%) mentioned, “In those times, there was no “money laundering” term, but we were taught about tax frauds and their impact on the government.” These results emphasize the importance of increasing awareness about the fight against money laundering and highlight the need for a comprehensive ethical framework that includes education.

A related open-ended question in the survey was, “What can be done to strengthen the ethical infrastructure in our country?” Out of the 37 respondents who answered this question, 32 (78%) highlighted the importance of education, while 5 (12%)

emphasized other points such as the significance of sanctions and the need for political and other leaders to set an example in terms of ethics. In response to another open-ended question in the survey, "What is the most important step that can be taken in the fight against money laundering?" respondents provided 48 recommendations. Among the most prominent and frequently cited recommendations, 11 (23%) emphasized the importance of education, 9 (19%) focused on effective regulations, 7 (15%) highlighted ethics, 4 (8%) mentioned international cooperation, and 4 (8%) underscored registered economy; 13 (27%) recommendations were about other points. These results also support the importance of education in establishing a good ethical framework against the money laundering.

The contributions of the Islamic financial instruments related to the real economy must be studied sufficiently concerning their effects in making money laundering more difficult and easier to detect.

Studies of the methods of combating money laundering must also cover their compliance with the justice-related aspects of Islam. Since the combat against money laundering has certain very extensive aspects in terms of intelligence and preventive measures such as blocking the transfer of the assets, freezing and confiscating the assets, and secrecy of the many related procedures, these may be abused by corrupt people who may be holding positions in strong AML positions. These methods must not harm innocent people and must be strictly controlled so that they are not abused against persons or countries, or communities. The principles of Islam related to these issues must be identified and specified clearly and integrated into the relevant national and international legislation.

b) Harmonization of the AML Goals with the Objectives of Islamic Law

As noted earlier, non-OIC countries' AML goals are related to welfare and diminishing suffering as well. While these are covered within Islamic teaching, the objectives of Islamic teaching are much more comprehensive, and consistent.

Therefore, the reformulation of the AML framework including the objectives of Sharia will provide the OIC countries with a much better AML system. Furthermore, this will be very enlightening for non-OIC countries.

c) The Analysis and Update of AML Procedures and Money Laundering Methods with Respect to Islamic Finance and Islamic Law

The methods of money laundering that may be used through Islamic financial instruments must be studied and discovered, and the best practices against the usage of these instruments in money laundering must be developed and communicated to the relevant parties so that they may detect them whenever possible. Such studies must also cover how they may relate to the different stages of money laundering.

3.2.1.3 Resources

These resources relate to law enforcement, intelligence, awareness raising, educational, and other implementational activities.

a) Human Resources

OIC member countries have developed to some extent within themselves national financial intelligence units and certain resources have been allocated. However, according to the knowledge of the author, Islamic international organizations including OIC do not have considerable units dedicated to the fight against money laundering.

For the activities explained in this thesis, these organizations must have the necessary units, financial and human resources so that there may be effective combat against money laundering concerning Islamic law.

The main resource that combats money laundering is the human beings. Hence, improving the human beings who work on combating money laundering sufficient in quality and quantity is a key area of improvement. If the quantity of human resources who combat money laundering, or if their education, competence, and remuneration are less than optimal, it is not possible to expect a strong fight against money laundering. Furthermore, an optimal allocation, structure, and distribution of persons in the areas of management, audit, and information systems are not less important than the quantity and quality of the allocated human resources.

b) Technology

Efficient information exchange and data management systems as well as the hardware and software for the forensic analyses related to combating money laundering are indispensable for a true fight against money laundering.

Although there are already some information exchange mechanisms and systems for combating money laundering, an initiative within the OIC to create another layer of focus related to the effectiveness of AML within OIC countries and between OIC countries and other countries will be useful in enhancing the already existing systems.

3.2.1.4 Harmonization of Anti-Money Laundering Policies and Other Policies

An injustice in income distribution, a large unregistered economy, or an unjust tax system will undermine the efforts to combat money laundering. Likewise, widespread corruption in the public or private sectors will harm the AML efforts. Or as Fanta et al conclude "An increase in labor wage in the legal sector unambiguously decreases the labor hours allocated for the illegal sector".[135] These are some examples, but they are not exhaustive.

The success of AML activities depends on the success of other related policies. Hence, the AML policy must have as a sub-heading the harmonization of other related policies. In this respect, an organization like the OIC will be very useful not only in harmonizing those policies within its member countries, but also in developing solutions that may be useful between its member countries and other countries.

3.2.1.5 Legal Harmonization and Improvement

a)The Need for an OIC Convention on Anti-Money Laundering

International norms play a crucial role in aligning and expressing the intentions and expectations of a specific international community. Therefore, if the new ethical framework presented in this thesis is incorporated into an OIC convention, it will serve as a significant instrument for harmonizing and guiding the respective countries and communities involved. This framework will establish a higher-level norm that can influence lower-level norms and guide the leaders of the relevant countries. Furthermore, it will reflect common sense above the influence of partial pressure groups within countries. Moreover, such a convention would serve as a focal point through which non-OIC countries can gain insight into the core elements of the OIC-

[135] Fanta, Fassil and Mohsin M. Hasan. Anti-Money Laundering Regulation and Crime: A Two-Period Model of Money-in-the-Utility-Function. Journal of Economic Cooperation and Development, 32, 3. Pp. 1-20. https://jecd.sesric.org/pdf.php?file=ART10070601-2.pdf [08.11.2022].

countries' framework for combating money laundering. This allows them to align relevant aspects of their regulations and practices and benefit from the advantageous elements of the OIC framework.

Also related to the above, the survey of this thesis included the following question: "To what extent does the persuasive referencing in national or international norms to ethical foundations affect your approach to combating money laundering?" Out of the 40 respondents who answered the question, 23 (%56) chose "high"; 12 (%29) chose "medium"; 5 (%12) chose "low". These results support the thesis that a strong communication of the foundations of ethics by placing them within the high-level and other norms has a significant impact in improving the ethical framework in the fight against money laundering.

In this context, another question within the survey was "Would it be beneficial for Islamic countries to play a more effective role in combating money laundering?" Out of the 37 respondents who answered this question, 34 (%83) answered that it would be beneficial and 3 (%7) said that it would not be beneficial. These support the claim that a strong declaration of intention to fight money laundering within a high level OIC convention would be useful.

In this respect, it is expected that the draft convention in the appendix, if enacted, will be influential in the establishment of a new ethical framework against money laundering.

The following examines some specific aspects related to the fight against money laundering:

b)Definition of Money Laundering Offense

The scope of money laundering crime is a key issue. For example, gambling, facilitating, and hosting gambling are crimes in Islamic Law. Some countries may recognize these as crimes in their national legislation. Criminalizing the laundering of the proceeds received from these crimes requires an appropriate definition of the money laundering crime concerning Islam. Furthermore, the relevant definitions must be recognized to a larger extent so that the mutual assistance that is necessitated by the international community may be given to the OIC countries.

The 3rd FATF recommendation stipulates the following: "Countries should apply the crime of money laundering to all serious offenses, with a view to including the widest

range of predicate offenses". In this respect, working on these in accordance with Islamic Law is indispensable.

The proposal of the convention in Appendix I contains a draft definition of money laundering that may be used by the OIC countries.

c)Sanctions Related to Terrorist Financing and Proliferation of Weapons of Mass Destruction

FATF recommendation 6 requires that countries implement targeted financial sanctions regimes related to terrorism and terrorist financing.

This is a very important area that must be focused upon by the OIC: While the non-OIC countries press OIC countries to prevent terrorist financing-related money laundering offenses, we see that non-OIC countries do not help sufficiently the OIC countries regarding what they can do to prevent such money laundering-related offenses related to terrorist activities targeting the OIC countries. A recent example of this has been the example of Türkiye: Because of the war between Ukraine and Russia, Sweden and Finland needed to be under the umbrella of NATO. Turkey expressly stated its unwillingness for the membership of Sweden because of their tolerance in favor of organizations in those countries that conduct terrorist activities against Turkey. In other words, Turkey could not get sufficient support through the international AML organizations, procedures, and mutual assistance requirements. A focus within the OIC on international AML legislation and processes that also targets the benefits of OIC countries will help improve justice and balance in the international community.

FATF recommendation 35 requires that effective sanctions should apply not only to the relevant institutions but also to the managers of those institutions.

The issue of sanctions is important in that neither the launderers must be free to perform their acts, nor the innocent people should be subject to unjust actions. Unfortunately, a side-effect of the measures against money laundering is that some innocent people's goods or financial assets are frozen and confiscated; and because of the secrecy of these actions, they may be unable to reach any authorities, learn where their financial assets are, and against which authority to apply or to go to court. Sometimes such unfair or unsubstantiated actions may be taken by international

institutions, and especially the citizens of the OIC countries may have difficulty in appealing against these actions; an effective OIC in this respect is necessary.

d)Non-Profit Organizations

FATF recommendation 8 stipulates that countries should improve the adequacy of laws and regulations with respect to non-profit organisations that vulnerable to terrorist financing abuse. Obviously, within Islamic law and practice, the foundations (al-awqaf) had a very prominent position, and today also they have a crucial position. Therefore, it is very important to protect this key institution from being the target of money launderers. On the other hand, it is also important to protect them against unfair legislation that may harm their effective functioning.

e)Financial Institution Secrecy Laws and Customer due Diligence

FATF recommendation 9 requires that the financial secrecy laws do not prevent the implementation of FATF recommendations. FATF recommendations 10 and 11 set rules related to the registration of the customer. These measures are useful in having a strong registered economy and having clean and traceable transactions within Islamic finance institutions. These will be helpful in the Sharia audit of the financial institutions. Therefore, a focus by OIC and other international Islamic standard setters in this area may be useful in the effectiveness of Sharia audits, and in using and structuring these audits that are very instrumental in preventing the abuse of the Islamic financial system by money launderers.

3.2.1.6 Politically Exposed Persons

Corruption is a big risk in many countries. OIC countries are not immune to this risk. In this respect, the FATF recommendations put a special emphasis on politically exposed persons. This is very relevant in that in some countries, it may be almost impossible to take any action against an influential politically exposed person if he/she is corrupt and launders the proceeds from the relevant crime. Therefore, effective international cooperation in this respect is useful to detect such proceeds and make them subject to follow-up prosecutions. An internationally driven combat against the laundering of money by politically exposed persons will be more difficult for such persons to overcome compared to overcoming the national steps.

3.2.1.7 Operational Competence

Mere words or knowledge that is not put into action has little value. This is underlined in the Quran in many verses such as the following verses of the chapter 61: “O believers! Why do you say what you do not do? It is most hateful to Allah that you should say that which you do not do”. For this reason, it is necessary that the Islamic global community adopts a leadership position and becomes very active in the fight against money laundering.

There are many areas where competence in AML may create synergies together with the provisions of Islamic teaching. Some examples are as follows: the reporting of suspicious transactions, know your customer (KYC) requirements, international information exchange, assessment of new technologies usable in money laundering, examination of money transfer systems that are used in OIC countries, correspondent banking, wire transfers, internal controls of financial institutions, having extra measures regarding transactions with high-risk countries, confidentiality, non-financial persons and businesses that may be related to money laundering, information exchange, and other forms of international cooperation.

These areas are emphasized, explained, and sanctioned within the FATF recommendations and other related international regulations. However, as exemplified above, the degree of leadership, involvement, and contribution of the OIC countries in this respect has room for improvement. The high involvement of OIC countries in this respect will help the global community and the OIC countries reach a better shape in AML.

3.2.2 Operational, Legislative, and Organizational Elements of the New Framework Concerning Countries Other Than Organisation of Islamic Cooperation Countries

This part explains the practical aspects of the new AML framework with respect to the non-OIC countries:

3.2.2.1 Understanding Islamic Framework Related to the Fight Against Money Laundering

As noted in other parts of this study, the Islamic framework has crucial positive elements that may contribute to international AML efforts. On the other hand, to understand what is going on in terms of the fight against money laundering within the

OIC countries and how the systems within them can be improved, the non-OIC countries must have a good understanding of the Islamic framework regarding anti-money laundering. Additionally, Islamic economics and financial instruments must be understood well so that the relevant typologies may be developed and the gaps that may exist within these instruments may be determined. Understanding Islamic framework of the fight against money laundering and Islamic economics and finance necessitates an intense exchange of information and experience between the relevant parties.

3.2.2.2 Transforming the International Anti-Money Laundering Organizations into Fair Organizations for the Representation of Organisation of Islamic Cooperation Countries

There is a one-way flow of influence in the global AML environment. As explained above, within the 32 presidents of the FATF up to now, there is not even one from the OIC countries, although Muslims constitute approximately 2 billion people of the world population. For an organization that fights against crime and for justice, this is not a good picture, and it undermines the credibility of FATF and related countries' intention for justice.

So, for an effective and sincere fight against money laundering, FATF should have sufficient representation from the OIC countries and should be ready and encouraging for the presidency of OIC country representatives.

3.2.2.3 Cooperation With the Organisation of Islamic Cooperation Countries

The lack of efficient AML in a country does not affect only the money laundering in that country but renders the AML efforts in other countries inefficient. No matter how hard the non-OIC countries try to improve their situation against money laundering, if there are big gaps within OIC countries' AML systems and efforts, there will be a big weakness within the non-OIC countries against money laundering. Because today the transfer of financial resources from one country to another is quite easy. Therefore, the improvement of the AML infrastructure in OIC countries is important for all countries.

Therefore, a high degree of international cooperation is necessary for the fight against money laundering. In this respect, the OIC countries which constitute a great number of countries and a considerable proportion of the world population must be engaged more in the fight and in the management of the fight against money laundering. This

cooperation must not be in one direction in the form of the non-OIC countries developing the AML system and imposing it upon the OIC countries.

As explained above, the ethical framework within the Islamic primary sources has a lot to contribute to the non-OIC countries' efforts in fighting money laundering, in ethics, and in many other related areas. Therefore, an intense cooperation between OIC and non-OIC countries in terms of exchange of intellectual experience will result in improvements in related areas globally.

3.3 Proposal for Convention of the Organization of Islamic Cooperation on Combating Money Laundering

Based on the above analysis, a proposal for "Convention of the Organization of Islamic Cooperation on Combating Money Laundering" has been drafted. The proposal encompasses all of the above key findings. It not only brings further depth into the international regulations on the fight against money laundering, but also incorporates the specifics of the OIC countries so that they may be more efficient in the fight against money laundering.

The proposal is as follows:

"Proposal for Convention of the Organization of Islamic Cooperation on Combating Money Laundering

Preamble

Recognizing the importance of the foundations of Islamic law and its objectives, which include protecting the fundamental human values of faith, life, intellect, lineage, and property, and their interdependence with achieving social welfare and justice, and recognizing the serious threat posed by money laundering to the stability and security of the global financial system,

Recognizing the call by the primary sources of Islam upon humanity to spread the good and to prevent the evil,

Recognizing the importance of protecting human dignity, free will, and moral oughts, objective morality, their distinct reality, and their irreducibility to the physical entities and relations,

Recognizing the potential benefits of all sources of law adopted by any nation and global organization with respect to money laundering and predicate offenses,

Acknowledging the serious threat posed by money laundering to the stability and security of the global financial system, as well as the negative impact on economic growth, social justice, and political stability,

Acknowledging the responsibility of OIC countries for the betterment of humanity as a whole, and recognizing the significance and applicability of this convention not only for the people of OIC countries but also for all humanity, regardless of race, color, religion, or any other differences,

Emphasizing the importance of the duty of blocking the means to evil in Islamic jurisprudence as a means to prevent illicit financial activities and maintain economic justice, and acknowledging the need to integrate this principle into anti-money laundering (AML) efforts in accordance with international best practices and standards,

Emphasizing the need for a comprehensive and coordinated response to money laundering at the national, regional, and international levels,

Affirming that combating money laundering is a shared responsibility that requires the participation and cooperation of all states and international organizations,

Reaffirming the importance of respecting and promoting the principles of Islamic teachings,

Convinced that the adoption and implementation of effective measures to prevent and combat money laundering are essential to maintaining the integrity of the financial system and achieving sustainable development goals,

The participating members of the Organization of Islamic Cooperation (OIC) have agreed to the following:

Article 1: Definitions

For the purposes of this Convention:

(a) "Money laundering" means any act or attempted act to conceal or disguise the nature, location, source, ownership, or control of proceeds of any criminal activity, unless otherwise indicated, terrorism financing will be considered as included in money laundering in accordance with laws and regulations adopted by OIC;

(b) "Criminal activity" means any offense that is punishable by law, regardless of whether it is committed in the territory of the state in which it is prosecuted;

(c) "Financial institution" means any natural or legal person that conducts any of the following activities as a business or profession: accepting deposits, providing credit, or dealing in money or financial instruments;

(d) The Secretariat: The General Secretariat of the OIC.

Article 2: Objectives

The objectives of this Convention are to:

(a) Provide for the criminalization of money laundering, consistent with the principles of Islamic teachings;

(b) Enhance the cooperation among the states and international organizations in the prevention and combat of money laundering;

(c) Facilitate the exchange of information and the provision of technical assistance among the states and international organizations;

(d) Promote the effective implementation of the Financial Action Task Force (FATF) standards and recommendations in compliance with Islamic principles and values;

(e) Ensure the implementation of effective measures for the prevention, identification, detection, investigation, and prosecution of money laundering and related offenses.

(f) Address the limitations of the materialistic worldview reflected in current AML regulations and operations by the ethical framework provided by the Islamic teaching.

Article 3: Criminalization of Money Laundering

1. Each state party shall adopt and implement measures to criminalize money laundering in accordance with its legal system and the principles of Islamic teachings.
2. Each state party shall ensure that the offense of money laundering is punishable by effective, proportionate, and dissuasive criminal sanctions.
3. Each state party shall ensure that the offense of money laundering is applicable to all serious criminal offenses, including those related to terrorism financing.

Article 4: Preventive Measures

1. Each state party shall adopt and implement measures to prevent the occurrence of money laundering, including:

(a) The establishment of a legal and institutional framework for the prevention and detection of money laundering;

(b) The implementation of customer due diligence measures, including the identification of customers, the verification of their identity, and the assessment of their risk profile;

(c) The implementation of record-keeping and reporting obligations for financial institutions and other designated non-financial businesses and professions;

(d) The implementation of measures to ensure the transparency of beneficial ownership of legal persons and arrangements;

(e) The implementation of measures to prevent the abuse of new payment methods and technologies.

2. Each state party shall ensure that the measures adopted and implemented under paragraph 1 are consistent with the principles of Islamic teachings.

Article 5: Economic Development and Poverty Alleviation

1. The member states recognize the importance of economic development and poverty alleviation in the fight against money laundering.
2. The member states shall take necessary measures to promote economic development and to reduce poverty, in order to reduce the incentives for individuals to engage in illegal activities, including money laundering.
3. The member states shall cooperate and exchange information with each other to identify and implement effective policies and measures aimed at promoting economic development and poverty reduction.
4. The member states shall encourage private sector investments, both domestic and foreign, to support sustainable economic growth and poverty reduction.
5. OIC member countries shall develop and implement policies and operations that protect, conserve, and improve the environment, in accordance with Islamic principles and values.

Article 6: Education and Awareness-raising

1. The member states recognize the importance of education and awareness-raising in combating money laundering.
2. The member states shall take necessary measures to promote education and awareness-raising activities aimed at preventing and combating money laundering, including activities aimed at raising awareness of Islamic teaching and its implications regarding money laundering.
3. The member states shall encourage research and academic activities to improve the understanding of Islamic teaching and its implications regarding money laundering in the academic circles and by the people of both OIC and non-OIC countries.
4. The member states shall cooperate with each other and with international organizations to promote education and awareness-raising activities aimed at preventing and combating money laundering.

Article 7: International Cooperation

1. The Member States shall cooperate with each other and with competent international organizations and bodies to combat money laundering.
2. The Member States shall establish and maintain channels of communication for exchanging information regarding money laundering and related offenses, including the means and methods used to commit such offenses.
3. The Member States shall cooperate to the fullest extent possible in investigating and prosecuting money laundering offenses, including by providing assistance in the collection of evidence and in the execution of requests for search and seizure.
4. The Member States shall cooperate in the confiscation and forfeiture of proceeds derived from money laundering offenses.
5. The Member States shall cooperate in the identification, tracing, and freezing or seizure of property derived from, used in, or intended for use in money laundering offenses.
6. The Member States shall take appropriate measures to ensure that they are not used as a safe haven for persons engaged in money laundering.

7. The Member States shall encourage the sharing of best practices and the development of joint strategies to combat money laundering.
8. The Member States shall encourage the adoption and implementation of AML measures by Non-OIC countries and international organizations, in order to promote a comprehensive and effective global approach to combating money laundering.

Article 8: Just and Fair International Legislation and Election Mechanisms

1. The Convention recognizes the need for international legislation and election mechanisms related to AML to be just and fair.
2. The Convention urges all global AML organizations, related organizations, and countries to ensure that such legislation and election mechanisms are transparent, impartial, and not influenced by any political or economic interests.

Article 9: Cooperation with Non-OIC Countries and Global Organizations

1. The Convention recognizes the importance of cooperation between OIC countries and non-OIC countries and global organizations to combat money laundering.
2. The Convention encourages all AML organizations and related countries to work towards greater cooperation and equality between OIC and non-OIC countries and global organizations.
3. The Convention urges all AML organizations and related countries to remove any biases or privileges that may exist in favor of any country or group of countries.

Article 10: AML Demands from OIC Countries

1. The OIC countries have taken important steps to combat money laundering by incorporating Islamic principles and teachings into their AML legislation and operations.
2. The convention recognizes that certain acts, such as gambling and betting, usury (charging or paying interest), selling alcohol and other intoxicants, prostitution and pornography, exploitation and oppression of workers or employees, hoarding wealth and denying its rightful distribution, illicit trade and commerce, illegal hunting or killing of animals, exploitation and oppression of the poor and needy, engaging in adultery or fornication, betraying trust or breaking promises, and

engaging in homosexual acts may harm humanity, the environment, and future generations, even if they are not considered impermissible acts in non-OIC countries. The Convention acknowledges that although such acts are impermissible in Islam, they may be permissible in other cultures.

3. The Convention invites all AML organizations and related countries to respect Islamic teachings on impermissible acts and to combat them in the context of anti-money laundering efforts and calls upon non-OIC countries and global AML organizations to respect in their AML legislation and operations the AML demands that may come from OIC countries regarding the aforementioned acts.
4. The OIC countries will work towards raising awareness and educating the global community on the importance of incorporating Islamic principles and teachings into AML legislation and operations to combat money laundering.

Article 11: Protection of Privacy and Private Information in Anti-Money Laundering Efforts

Recognizing the importance of protecting the privacy of personal life and private information, OIC member countries shall develop and implement policies and procedures that ensure the protection of personal data and privacy rights in AML efforts.

OIC member countries shall balance the protection of privacy and the goals of AML efforts, ensuring that privacy rights are not unduly compromised in the process of combating money laundering.

OIC member countries shall ensure that the collection, use, storage, and sharing of personal data is conducted in accordance with international and Islamic privacy standards, including those established by the United Nations and other relevant organizations.

OIC member countries shall require financial institutions and designated non-financial businesses and professions to comply with privacy regulations and ensure that personal data is collected and used only for legitimate AML purposes.

OIC member countries shall provide individuals with the right to access and correct their personal data held by financial institutions and designated non-financial

businesses and professions and shall establish effective mechanisms for handling privacy-related complaints.

Article 12: Principles of Islamic Teachings on Anti-Money Laundering

1. The OIC countries and other countries shall take into consideration in their AML legislation and operations the following principles of Islamic teachings on anti-money laundering:

(a) Tawheed: The oneness of God is the foundation of Islamic beliefs and practices, which include ethical and moral principles that prohibit any form of dishonesty, deception, or illegal activities, including money laundering.

(b) Accountability: Muslims are accountable to God and should be honest and transparent in their financial transactions. Money laundering violates this principle by concealing the source of funds and using them for illegal activities.

(c) Justice: Islam emphasizes the importance of justice and fairness in all aspects of life, including economic transactions. Money laundering is a form of injustice that harms individuals, businesses, and society as a whole.

(d) Charity: Islam encourages charitable giving and helping those in need. Money laundering deprives society of resources that could be used to support the less fortunate.

(e) Prohibition of Riba: Islam prohibits usury and interest-based transactions, which can lead to financial exploitation and instability. Money laundering often involves the proceeds of usurious or illegal transactions.

(f) Prohibition of Gharar: Islam prohibits unjustified uncertainty and risk-taking in financial transactions, which can lead to exploitation and fraud. Money laundering often involves transactions that are deliberately structured to obscure the true nature of the underlying assets or activities.

(g) Sadd-i Zerai': In accordance with Islamic principles, 'Sadd-i Zerai" refers to the obligation to prevent the activities that may lead to the commission of unlawful acts or harm to individuals, businesses, or society as a whole.

2. The OIC countries and other countries shall ensure that their AML legislation and operations are consistent with these principles and provide effective measures to prevent and detect money laundering activities.

3. The OIC countries and other countries shall also promote awareness and education about the principles of Islamic teachings on anti-money laundering among their citizens, businesses, and financial institutions.
4. The OIC countries and other countries shall work together to exchange information and cooperate in the fight against money laundering, consistent with the principles of Islamic teachings and international standards.
5. The OIC countries and other countries shall also take appropriate measures to support the economic development of their societies, particularly those in need, to reduce the incentive for individuals to engage in illegal activities and money laundering.
6. The OIC countries and other countries shall encourage further research and academic activities to enhance understanding of the principles of Islamic teachings on anti-money laundering and their implications for AML policies and practices.

Article 13: Protection of Human Rights and Dignity

1. The Convention affirms the inherent dignity and worth of all human beings, as well as the principles of free will and objective morality.
2. The Convention emphasizes the importance of protecting human rights in the context of anti-money laundering efforts.
3. The Convention urges all AML organizations and related countries to respect and promote human rights, including the right to privacy and due process.

Article 14: Capacity Building and Technical Assistance

1. The Convention recognizes the importance of capacity building and technical assistance for effective anti-money laundering efforts.
2. The Convention encourages all AML organizations and related countries to provide capacity building and technical assistance to OIC countries to enhance their AML regimes.
3. The Convention urges all AML organizations and related countries to provide such assistance in a manner that respects the sovereignty and independence of OIC countries.

Article 15: Technology and Anti-Money Laundering

Recognizing the potential benefits of technology in preventing and detecting money laundering, OIC member countries shall develop and implement policies and procedures that promote the use of technology in AML efforts.

1. The member states shall encourage the development and implementation of innovative technologies, including artificial intelligence and machine learning to enhance the effectiveness of AML efforts.
2. The member states shall ensure that the use of technology in AML efforts is in accordance with Islamic principles and values, including the protection of privacy and personal data.
3. The member states shall collaborate with international organizations and other stakeholders to share best practices and experiences in the use of technology in AML efforts.
4. The member states shall allocate sufficient resources to develop and implement effective technological solutions in AML efforts.
5. The member states shall take necessary measures to ensure the cybersecurity of the technological solutions used in AML efforts to prevent any unauthorized access or misuse.

Article 16: Technical Assistance

1. The Member States shall provide technical assistance to each other to enhance their capacity to combat money laundering.
2. The technical assistance provided may include, but is not limited to, training, information sharing, and cooperation in the establishment and maintenance of effective legal and regulatory frameworks to combat money laundering.
3. The Member States shall encourage Non-OIC countries and international organizations to provide technical assistance to OIC Member States, as appropriate and upon request.

Article 17: Adoption of FATF Standards

The OIC hereby adopts the FATF standards on anti-money laundering regarding any of its requirements and conditions which do not conflict with Islamic principles and

values, as a means to promote a comprehensive and effective global response to these issues.

OIC member countries are called upon to comply with the FATF recommendations, that do not conflict with Islamic principles and values.

Accordingly, OIC member countries are encouraged to cooperate with each other and with other relevant international organizations in implementing the FATF standards and to exchange information on AML measures and practices.

Article 18: Resolution on OIC-FATF Standards

The Secretariat is hereby called upon to draft a resolution on anti-money laundering that issues a new set of standards which correspond to FATF standards, and which are called OIC-FATF standards. OIC-FATF standards shall be such that to cover all FATF recommendations which do not conflict with the Islamic teachings. The resolution shall exclude any stipulations of FATF recommendations that conflict with the Islamic teachings and values and shall contain any additional requirements and conditions necessary to make them compliant with the Islamic principles and values.

The Secretariat shall convene a team of experts on Islamic jurisprudence, economics, and finance to participate in the drafting process of the resolution.

The Secretariat of OIC is also hereby called upon to form a permanent team of experts in Islamic jurisprudence, finance, and economics that shall work on drafting the amendments to the OIC-FATF standards to meet any new needs or adapt and integrate any changes in the FATF standards.

The resolution shall be adopted by the authorized organ of the OIC after taking into consideration the views of the member states.

The OIC member countries are urged to implement the resolution and to take necessary steps to ensure the compliance of AML measures with Islamic teachings and values.

The OIC member countries are also encouraged to cooperate with each other and with other relevant international organizations in implementing the resolution and to exchange information on AML measures and practices.

Article 19: AML-related responsibilities of OIC units and bodies

1. The Convention calls upon all OIC units, bodies, and affiliated institutions to take into account the importance of AML and to establish appropriate measures to prevent, detect, and combat money laundering.
2. The Secretariat of the OIC shall ensure that all relevant OIC units, bodies, and affiliated institutions have provisions for AML within their respective acts, legislation, charters, and other regulations wherever applicable.
3. The OIC units and bodies responsible for the following areas shall have the following AML-related duties:

(a) Islamic finance and banking units: The Islamic Financial Services Board (IFSB) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) shall ensure that their respective standards and guidelines include AML provisions, in accordance with international best practices and standards.

(b) Trade and investment units: The Islamic Centre for Development of Trade (ICDT) and the Islamic Chamber of Commerce, Industry and Agriculture (ICCIA) shall take measures to promote awareness among their members and encourage them to adopt AML best practices.

(c) Humanitarian and development units: The Islamic Development Bank (IDB) and the Islamic Solidarity Fund (ISF) shall ensure that their development projects and initiatives do not become conduits for money laundering.

(d) Cultural and educational units: The Islamic Educational, Scientific and Cultural Organization (ISESCO) shall promote education and awareness on AML among its member states and encourage them to adopt appropriate measures to combat money laundering.

4. The OIC units and bodies listed above shall cooperate and coordinate with each other and with relevant authorities in their respective fields to ensure the effective implementation of AML measures.
5. The Secretariat of the OIC shall provide technical assistance and capacity building to OIC units, bodies, and affiliated institutions to support their efforts in combating money laundering.

Article 20: Clarification of Anti-Money Laundering Norms by Islamic Standard Setter Institutions

The OIC calls upon international Islamic standard setter institutions, such as AAOIFI and IFSB, to provide clear and comprehensive guidance on norms related to money laundering and anti-money laundering measures.

Article 21: Work Group on Money Laundering Typologies in Islamic Finance Instruments

Recognizing the importance of combating money laundering in the Islamic finance sector, OIC member countries call upon the Secretariat to convene a work group dedicated to identifying and addressing money laundering typologies related to Islamic finance instruments.

The work group shall comprise experts in the field of Islamic finance, AML, business, and law enforcement. The group will be responsible for analyzing and identifying the various typologies of money laundering that can be perpetrated through Islamic finance instruments, such as Mudarabah, Musharakah, and Sukuk.

The work group shall work in coordination with relevant national and international bodies to ensure that its findings and recommendations are aligned with international best practices and standards in AML efforts.

The work group shall develop and propose strategies and policies to prevent and combat the misuse of Islamic finance instruments for money laundering purposes, while also maintaining a balance between the protection of privacy and the effectiveness of AML efforts.

The work group shall report its findings and recommendations to the Secretariat, which shall then disseminate them to member countries and relevant international bodies. Member countries are encouraged to adopt the recommended policies and strategies to enhance their AML efforts in the Islamic finance sector.

Article 22: Final Provisions

1. This Convention shall be open for signature by all OIC Member States.
2. This Convention shall be subject to ratification, acceptance, or approval by the signatory States in accordance with their respective constitutional procedures.

3. This Convention shall enter into force thirty (30) days after the deposit of the sixth instrument of ratification, acceptance, or approval.
4. This Convention shall remain in force indefinitely unless a Member State withdraws from it by giving written notice to the depositary.
5. The Secretary-General of the OIC shall serve as the depositary of this Convention.
6. Any dispute between two or more Member States arising from the interpretation or application of this Convention shall be settled through peaceful means, including negotiation, mediation, or arbitration, as mutually agreed by the parties to the dispute.
7. This Convention shall be registered with the United Nations Secretariat, in accordance with Article 102 of the Charter of the United Nations.

Temporary Article 1: Transitional Provisions for FATF Standards in the OIC Convention

Until such time as the OIC-FATF recommendations are adopted and implemented by the authorized organ of the OIC, the FATF standards referred to in this convention shall mean the standards set by the FATF.

After the authorized organ of the OIC adopts the OIC-FATF standards, the reference to FATF standards to be complied with in this convention shall mean the OIC-FATF standards.

The Secretariat of the OIC shall ensure that all member states are notified of the adoption of the OIC-FATF standards and the effective date of implementation."

CHAPTER IV

CONCLUSION

This study analyzed firstly the current global AML system and identified its important shortcomings. Most notably, the global AML system lacks a strong intellectual basis and it focuses only on law enforcement and intelligence instruments. Furthermore, it does not deal with the realities of the world underlying money laundering activities. It deals with the results, not with the causes. Though dealing with the results is important, without dealing with the causes will not result in a success.

A related core component of this study has been a conceptual and logical analysis of the Islamic teachings related to ethics as a framework that can remedy the deficiency of the above-mentioned intellectual basis, and whether those teachings that arose within the historical background of OIC countries offer a good framework for the fight against money laundering. The accuracy of the results of this analysis has also been examined through a survey among 41 professionals working in areas related to the fight against money laundering. The questions of the survey encompassed specific elements of the Islamic teaching that may serve as an ethical basis in the fight against money laundering. The survey explored the influence of each element of the Islamic teaching upon the behavior of the agents that work in areas related to fighting money laundering. The results of the survey strongly supported the results of the above-mentioned conceptual and logical analysis.

These studies show the ethical framework of the Islamic teaching highlighted in this thesis offers a strong intellectual and moral basis that is necessary for an efficient fight against money laundering. The ontological reality within the Islamic teaching which consistently recognizes the distinct reality and dignity of the human being, free will, moral oughts, values, and other requirements of strong ethics has the potential to provide humanity with a complete and coherent ethical framework for the fight against money laundering.

Moreover, the implementation component of this ethical framework entail that it encompasses regulatory, organizational, and operational elements as well. Hence, a comprehensive description of this ethical framework which addresses the needs of the

contemporary institutions is also included in this framework. A key finding of this study is the need to extend the fight against money laundering to the welfare economics and academic activities. Moreover, this new framework has the advantage of having a holistic approach that deals not only with money laundering but also with its root causes. These advantages of the new framework are not available within the contemporary means to fight money laundering. This comprehensive framework has the potential to increase the effectiveness of this fight to a much higher degree.

A concrete outcome of this study is a draft proposal for "Convention of the Organization of Islamic Cooperation on Combating Money Laundering". Although the ethical framework within the Islamic teaching has the above-mentioned elements to boost the fight against money laundering, to this end, it is important that it finds its binding text within the contemporary norms, and especially within the international regulations such that it may be transitioned smoothly into the regional and national legislation. On the other hand, an efficient implementation of an anti-money laundering system within the OIC countries requires that such a system is tailored to the needs of the social, economical, and cultural aspects of these countries. Hence, this proposal will assist these countries in developing a more customized anti-money laundering system. Furthermore, this proposal and the subsequent regional and national legislation, as well as specific systems, will constitute a good exemplary structure that may inspire non-OIC countries and bodies in their struggle to combat money laundering more effectively.

If the organizations, legislations, and practices of the fight against money laundering are reshaped by the framework of Islamic teaching, the entire humanity may benefit from this change. To this end, the OIC countries must undertake an important initiative, and bear in mind that the primary sources of Islamic teaching strongly oblige them to fight against evil wherever it may be. This evil encompasses the proceeds of crime, and the fight against it includes blocking the means to evil as well. The new framework has components that make it beneficial firstly for OIC countries, but also with a strong cooperation with non-OIC countries it will be beneficial for the entire global community.

BIBLIOGRAPHY

AAOIFI. *Murabahah*. http://aaoifi.com/ss-8-murabahah/?lang=en . [26.05.2022].

Abdullah, A., et al. "Islamic Economics". International Sharia Research Academy for Islamic Finance (ISRA), Kuala Lumpur, 2018

Agha, Samah Al. Money Laundering from Islamic Perspective. Institute of Advanced Legal Studies, University of London, London, UK. *Journal of Money Laundering Control. Volume: 10 Issue: 4* pp. 406-410. https://web.archive.org/web/20170516193836id_/http://ierc.sbu.ac.ir:80/File/Article/Money%20laundering%20from%20Islamic%20perspective_94022.pdf [03.01.2023] Quoted from: Saleh, A. and Saleh, M.B.A. (2006), "Money laundering in positive laws", Islamic Version, available at: www.saaid.net/book/open.php?cat ¼ 968book ¼ 1813 [01. 08.2006].

Al Mamun, Salim and Abu Mwis, Ghassan. Joint IFSB–Amf Working Paper On Money Laundering And Financing Of Terrorism (Ml/Ft) Risks In Islamic Banking. *IFSB Working Paper Series, WP* 12/12/2019. https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjAv7zbm4D4AhWaR_EDHakHCkQQFnoECAIQAQ&url=https%3A%2F%2Fwww.ifsb.org%2Fdownload.php%3Fid%3D5509%26lang%3DEnglish%26pg%3D%2Findex.php&usg=AOvVaw1p6-4k9ZlMv9P81qV6hIGs [27.05.2022].

Aljazeera. Why did Turkey lift its veto on Finland and Sweden joining NATO? 2022. https://www.aljazeera.com/news/2022/6/29/why-did-turkey-lift-its-veto-on-finland-sweden-joining-nato-explainer [14.11.2022].

Anadolu Agency, 2022, Turks in Sweden call on Nordic country to stop supporting YPG/PKK terror group. https://www.aa.com.tr/en/europe/turks-in-sweden-call-on-nordic-country-to-stop-supporting-ypg-pkk-terror-group/2593513 . [26.05.2022].

Armağan, Servet. "İslam Ekonomisi", Gündönümü Yayınları, İstanbul, 2005

Asutay, Mehmet. Islamic moral economy as the foundation of Islamic finance. Edward Elgar Publishing Limited. UK. 2013.

https://www.researchgate.net/publication/298633912_Islamic_moral_economy_as_the_foundation_of_Islamic_finance . [13.5.2023]

Bakhouya Driss. “Anti-Money Laundering Crimes in Islamic Law Compared To The Algerian And Indonesian Law”. *Jurisdictie,* 2017. https://www.imf.org/external/pubs/ft/wp/2016/wp1642.pdf .

Baumeister, R.F., Masicampo, E.J. and DeWall, C.N. “Prosocial Benefits of Feeling Free: Disbelief in Free Will Increases Aggression and Reduces Helpfulness.” *Personality and Social Psychology Bulletin* 35 (2009): 260–2

Biçer, Sezgin et al. “Teo-Psikolojik Açıdan Maturidi’de İrade Özgürlüğü”. *Bilig, Türk Dünyası Sosyal Bilimler Dergisi*. 2017, #80. Pp. 239-263. URL= https://bilig.yesevi.edu.tr/yonetim/icerik/makaleler/1591-published.pdf) [04.04.2023]

Bourget, David and Chalmers, David J. “What Do Philosophers Believe?” 2013. https://philpapers.org/archive/BOUWDP . [15.11.2022].

Börekci, Havva and Erol Cengiz. “Assessment of Turkey’s Anti-Money Laundering and Combating Terrorist Financing System”. Journal of Yaşar University, https://dergipark.org.tr/tr/download/article-file/179321

Brenan, Megan. “Religion Considered Important to 72% of Americans.” RELIGION

DECEMBER 24, 2018. https://news.gallup.com/poll/245651/religion-considered-important-americans.aspx [10.07.2022]

Bulut, Mehmet. Ahlak ve İktisat. Adam Akademi, Cilt 5/2 2015:105-123. https://dergipark.org.tr/tr/download/article-file/147375

Bulut, Mehmet. Civilization and Economics.2020. “Medeniyet ve İktisat”, Muhafazakâr Düşünce Dergisi, pp. 96 | 137. https://www.researchgate.net/publication/345876924_Mehmet_Bulut-_Civilization_and_Economics_Medeniyet_ve_Iktisat [14.5.2023]

Cebre, Ayvaz. “Suç Eşyasının Satın Alınması ve Kabul Edilmesi Suçu”. Adalet Yayınevi, Ankara, 2011

Chapra, Muhammad Umer. “Morality and Justice in Islamic Economics and Finance”. Edward Elgar Publishing Limited, Massachusetts, 2014

Cohn, Alain et al. “Business culture and dishonesty in the banking industry”. 2014. https://www.researchgate.net/publication/268787112_Business_culture_and_dishonesty_in_the_banking_industry. [03.01.2023].

Council of Europe. “Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime”. Strasbourg. 1990. https://rm.coe.int/168007bd23 [03.01.2023]

Council of Europe. “Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (Warsaw Convention)”, EU, Warsaw. https://rm.coe.int/168008371f , [23.05.2022].

Council of the Foreign Ministers of the Organization of Islamic Cooperation. “Resolution No.7/44 – Org on the OIC Centre for Police Cooperation and Coordination”. 2017. https://www.oic-oci.org/docdown/?docID=2925&refID=67. [06.11.2022]

Council of the Foreign Ministers of the Organization of Islamic Cooperation. “Resolution No.7/44 – Org on the OIC Centre for Police Cooperation and Coordination.” 2017. https://www.oic-oci.org/docdown/?docID=2925&refID=67. [06.11.2022]

Cudd, Ann and Seena Eftekhari, "Contractarianism", *The Stanford Encyclopedia of Philosophy (Winter 2021 Edition)*, Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/win2021/entries/contractarianism/>.

Çağrıcı, Mustafa. *Gazzali’ye Göre İslam Ahlakı, Nazari ve Ameli Olarak*. Ensar Neşriyat. 1982. Pp. 91-96

Edwards, James, "Theories of Criminal Law", *The Stanford Encyclopedia of Philosophy* (Fall 2021 Edition), Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/fall2021/entries/criminal-law/>.

EGMONT Group. “EGMONT Group of Financial Intelligence Units Charter”. 2013. https://egmontgroup.org/wp-content/uploads/2021/09/Egmont-Group-Charter-Revised-September-2018-Sydney-Australia.pdf . [14.11.2022]

EGMONT Group of Financial Intelligence Units. “Operational Guidance For Fiu Activities And The Exchange Of Information” 2017 (Last Revision) https://egmontgroup.org/en/filedepot_download/1658/38

Eliaçık, Zeliha. “The PKK Threat in Germany”. 2018. https://setav.org/en/assets/uploads/2018/04/P35-The-PKK-Threat-in-Germany.pdf [14.11.2022].

Erdener Yurtcan. “Yargıtay Kararlarının Işığında Malvarlığına Karşı Suçlar”. BETA Basım Yayım Dağıtım A.Ş., İstanbul, 2008

European Commission, “Preventing money laundering and terrorist financing across the EU How does it work in practice?” https://ec.europa.eu/info/sites/default/files/diagram_aml_2018.07_ok.pdf [21.05.2022]

Fanta, Fassil and Mohsin M. Hasan. “Anti-Money Laundering Regulation and Crime: A Two-Period Model of Money-in-the-Utility-Function”. *Journal of Economic Cooperation and Development*, 32, 3. Pp. 1-20. https://jecd.sesric.org/pdf.php?file=ART10070601-2.pdf [03.11.2022].

Faridah Abdul Jabbar, S. (2011), "Money laundering laws and principles of Shariah: dancing to the same beat?", *Journal of Money Laundering Control, Vol. 14 No. 3,* pp. 198-209. https://www.emerald.com/insight/content/doi/10.1108/13685201111147513/full/html?skipTracking=true

FATF, “FATF Recommendations”, https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf [21.05.2022]

FATF, “Money Laundering and Terrorist Financing in the Securities Sector”. 2009. Item: 99, case study 4. https://www.fatf-gafi.org/media/fatf/documents/reports/ML%20and%20TF%20in%20the%20Securities%20Sector.pdf [26.05.2022]

FATF, “What is Money Laundering”, https://www.fatf-gafi.org/faq/moneylaundering/, [21.05.2022]

FATF. “Co-operation Council for the Arab States of the Gulf (GCC)”. https://www.fatf-gafi.org/pages/co-operationcouncilforthearabstatesofthegulfgcc.html . [13.11.2022].

FATF. “Countries”. https://www.fatf-gafi.org/countries/ . [13.11.2022].

FATF. “FATF Members and Observers”. https://www.fatf-gafi.org/about/membersandobservers/#d.en.3147 [31.05.2022]

FATF. “High-Risk Jurisdictions subject to a Call for Action” 21 October 2022. https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2022.html [10.11.2022]

FATF. “Jurisdictions under Increased Monitoring” 21 October 2022. https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.html [10.11.2022].

FATF. “Mutual Evaluations”. https://www.fatf-gafi.org/publications/mutualevaluations/documents/more-about-mutual-evaluations.html [16.11.2022]

FATF “Presidents since 1989”, https://www.fatf-gafi.org/pages/fatfpresidentssince1989.html

Financial Crimes Enforcement Network U.S. Department of the Treasury. “Anti-Money Laundering and Countering the Financing of Terrorism National Priorities”. 2021. https://www.fincen.gov/sites/default/files/shared/AML_CFT%20Priorities%20(June%2030%2C%202021).pdf

Fiqh Council of North America, “Islamic Economic Forum’s Declaration on Bitcoin”, 2021. https://fiqhcouncil.org/islamic-economic-forums-declaration-on-bitcoin/ [26.05.2022]

Forstater, Maya and Zhang, Naurin Nuohan. Inquiry: Design of a Sustainable Financial System – Definitions and Concepts. 2016. UN Environment Programme (UNEP) https://wedocs.unep.org/bitstream/handle/20.500.11822/10603/definitions_concept.pdf?sequence=1&isAllowed=y [13.6.2023]

"Forty hadith of an-Nawawi" (Müslim, Îmân 78. Ayrıca bk. Tirmizî, Fiten 11; Nesâî, Îmân 17) Quoted in https://sunnah.com/nawawi40:34 [30.05.2022]

Gallup, Inc. "Islamophobia: Understanding Anti-Muslim Sentiment in the West". https://news.gallup.com/poll/157082/islamophobia-understanding-anti-muslim-sentiment-west.aspx [03.01.2023].

Gazzali, "Filozofların Tutarsızlığı". Neşir ve Tercüme: Mahmut Kaya, Hüseyin Sarıoğlu. Klasik Yayınları. 2005. P. 166.

Gospel of Mark 12:17 New American Standard Bible - NASB 1995 (NASB1995) https://www.bible.com/bible/compare/MRK.12.17 [10.7.2022]

Gören, Ömer. "Mali Suçlar Hukuku". Adalet Yayınevi, Ankara, 2012.

Hassanain, Khalifa M. Ali. "Islamic Financial System". Islamic Development Bank, Jeddah, 2016

"Holy Quran". https://www.islamawakened.com/index.php/qur-an/translation-pages-index .

https://www.pewresearch.org/religion/2012/08/09/the-worlds-muslims-unity-and-diversity-2-religious-commitment/ [03.01.2023].

Hume, David. (1985). "A treatise of human nature" (E. C. Mossner, Ed.). Penguin Classics. P.521

Hume, David. "An Enquiry concerning Human Understanding" (1748, 1777). Section 8, Of Liberty and Necessity. https://davidhume.org/texts/e/8 [12.04.2023]

Husserl, Edmund (1970). "The crisis of European sciences and transcendental phenomenology: An introduction to phenomenological philosophy". Northwestern University Press. Pp.103-104.

İbrahim Kafi Dönmez, "Sedd-i Zerai". *Türkiye Diyanet Vakfı İslam Ansiklopedisi*. *Volume 36*, pp. 277-282. 2009. https://islamansiklopedisi.org.tr/sedd-i-zerai [30.05.2022]

İsmail Çapak. "İslam İktisadı İlmihali". Miras Yayınları, İstanbul, 2018

Islamic Educational, Scientific and Cultural Organization. "SESCO condemns European Commission's position towards Kingdom of Saudi Arabia". 2019.

https://www.icesco.org/en/2019/02/14/isesco-condemns-european-commissions-position-towards-ksa/ [03.11.2022]

Jordan Islamic Bank.” Summary of Anti Money Laundering and Combating Terrorist Financing (AML / CTF) Policy”. Amman. 2006. https://www.jordanislamicbank.com/sites/default/files/AML%20Policy%20Summary1.pdf

Kasser, Tim. “Materialistic Values and Goals” *Annual Review of Psychology*. Vol. 67:489-514. 2016. https://www.annualreviews.org/doi/full/10.1146/annurev-psych-122414-033344#article-denial [15.11.2022]

Kindi, Ebu Yusuf Yakub İbn İshak. Felsefi Risaleler. Trans. Mahmut Kaya. Pp 131-132. (İstanbul: İz Yayıncılık, 1994)

Koçak, Muhsin., Dalgın, Nihat. and Şahin. Osman. “Fıkıh Usulü”. Ensar Neşriyat, İstanbul, 2013.

Koloğlu, Orhan. İbn-i Hazm’ın Atomculuğu Reddi.(2007, October). İbn Hazm: Uluslararası Katılımlı İbn Hazm Sempozyumu. Bursa.

Korejo, Muhammad Saleem et al. “The concept of money laundering: a quest for legal definition”, *Journal of Money Laundering Control, Vol. 24 No. 4*, pp. 725-736, Emerald Publishing Limited, 2021. https://www.emerald.com/insight/content/doi/10.1108/JMLC-05-2020-0045/full/pdf

Kumar, Ajay. “Islamic Banking and Anti-Money Laundering Compliance in the UAE”. http://www.lawanddevelopment.net/img/2019papers/kumar.pdf

KV Karthik et. al., “Anti-Money Laundering Preparedness Survey Report 2020”, https://www2.deloitte.com/in/en/pages/finance/topics/forensic/aml-preparedness-survey-report.html, [03.04.2022]

Maruf Adeniyi Nasir. “Compatibility Of Islamic Finance And Antimoney Laundering Laws: A Myth Or Reality?” *IIUM LAW JOURNAL VOL. 26 NO. 1*, 2018. https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjZw9zpnaX0AhUsh_0HHXdDCfQQFnoECBUQAQ&url=https%3A%2F%2Fjournals.iium.edu.my%2Fiiumlj%2Findex.ph

p%2Fiiumlj%2Farticle%2Fdownload%2F344%2F229&usg=AOvVaw3SvCnLrb1uqyiYmQ73gJhG

Maudoodi, S. and Ahmad, K. “First Principles of Islamic Economics”. Markfield, Islamic Foundation, Leicestershire, 2011

MENAFATF. “MENAFATF Accession Criteria”. 2019. P. 3. https://www.menafatf.org/sites/default/files/AccessionCriteriaE.pdf [12.04.2023]

Muhammad Nejatullah Siddiqi, Abdelhamid Brahimi and Khurshid Ahmad, editors. “Encyclopaedia of Islamic Economics, Principles, Definitions & Methodology”. London, 2009.

Nadelhoffer, Thomas et al. “Does Encouraging a Belief in Determinism Increase Cheating? Reconsidering the Value of Believing in Free Will. Cognition”. 2020. https://www.researchgate.net/publication/342462159_Does_Encouraging_a_Belief_in_Determinism_Increase_Cheating_Reconsidering_the_Value_of_Believing_in_Free_Will [04.11.2022].

Naomy, Nawra Hasena. “The Roles of Islamic Banking In The Prevention Of Money Laundering. International Program Faculty of Law Universitas Islam Indonesia”. 2019. https://dspace.uii.ac.id/bitstream/handle/123456789/13992/FINAL%20THESIS%202019.pdf?sequence=1&isAllowed=y Policy Document http://ifilbd.com/download/Anti%20Money%20Laundering.pdf

Naqvi, Syed Nawab Haider. “Islam, Economics, and Society”. Kegan Paul International, London, 1994

OIC. “Member Countries”. https://www.oic-oci.org/states/?lan=en , [13.11.2022].

OIC. “Specialized organs of OIC”. https://www.oic-oci.org/page/?p_id=65&p_ref=34&lan=en#isesco [03.11.2022].

Olaya Moldes,,Lisbeth Ku. “Materialistic cues make us miserable: A meta-analysis of the experimental evidence for the effects of materialism on individual and societal well-being” https://onlinelibrary.wiley.com/doi/full/10.1002/mar.21387 [25.05.2022]

Organization of Islamic Cooperation. “Resolutions And Recommendations of the International Islamic Fiqh Academy. Translation of the original 4th Issue from Arabic into English Second Issue in English”, 2021. https://iifa-aifi.org/wp-content/uploads/2021/12/Resolutions-Recommendations-of-the-IIFA-Official-Edition-Oct-2021.pdf [03.11.2022]

Ozcan, Ozkan. “Money Laundering Activities of the PKK”, 2016. https://www.springerprofessional.de/en/money-laundering-activities-of-the-pkk/10604948 [26.05.2022].

PEW RESEARCH CENTER. “Most people believe in a higher power, but often not God as described in the Bible”. 2018. https://www.pewresearch.org/religion/2018/05/29/beliefs-about-god/pf_05-29-18_religion-western-europe-04-00/ [26.05.2022]

Pigden, Charles. “Hume on Is and Ought”. *Philosophy Now, a Magazine of Ideas. Issue #83*. 2011. https://philosophynow.org/issues/83/Hume_on_Is_and_Ought . [10.04.2023]

Reilhac, Gilbert. “Council of Europe firmly opposes creationism in school”. *Science News, Reuters*. 2007. https://www.reuters.com/article/science-europe-creationism-dc-idUKL0417855220071004 [21.04.2023]

Ronald F. Pol (2020) “Anti-money laundering: The world's least effective policy experiment? Together, we can fix it,” *Policy Design and Practice, 3:1, 73-94, DOI: 10.1080/25741292.2020.1725366* . https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366 [02.01.2023]

Russell, Paul, "Hume on Free Will", *The Stanford Encyclopedia of Philosophy (Fall 2021 Edition)*, Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/fall2021/entries/hume-freewill/>.

Sahih Al-Bukhari. Book 24. Hadith 491. https://sunnah.com/bukhari/24

Sahih al-Bukhari. Hadeeth 1739. https://sunnah.com/bukhari:1739

Schopenhauer, Arthur. Çeviren: Ahmet Aydoğan. “Hukuk, Ahlak ve Siyaset Üzerine”. Say Yayınları. 2009. P 61.

Sommers, Tamler. “Experimental Philosophy and Free Will”. *Philosophy Compass 5/2* (2010): 199–212, 10.1111/j.1747-9991.2009.00273.x https://uh.edu/class/philosophy/people/sommers/experimental%20phil%20and%20free%20will.pdf [03.01.2023].

Source: R. W. Baker, “Capitalism’s Achilles Heel, Dirty Money and How to Renew the Free-Market System”, New Jersey, 2005, p. 172. Quoted by United Nations Office on Drugs and Crime. *Draft: Study on Illicit Financial Flows resulting from Drug Trafficking and other Transnational Organized Crime, Preliminary results.* 2011. https://www.unodc.org/documents/data-and-analysis/Studies/Illicit-financial-flows-15March.pdf . [02.01.2023]

Stoljar, Daniel, "Physicalism", *The Stanford Encyclopedia of Philosophy (Summer 2022 Edition),* Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/sum2022/entries/physicalism/>. [15.11.2022]

Tabbara Afif, A. İlmin Işığında İslamiyet. Trans. Öz, Mustafa. Pp. 81-130. Kalem Yayıncılık. İstanbul, 1981.

Takiyyuddin En-Nebhani. M. Hanefi YAĞMUR, Mütercim. “İslâm'da İktisat Nizamı”. Köklü Değişim Yayıncılık, Ankara, 2017

Thompson, Edwina A. “Misplaced Blame: Islam Terrorism, and the Origins of Hawala”. https://www.mpil.de/files/pdf1/mpunyb_08_thompson_11.pdf

Tijani, Ibraheem Musa. “Money laundering: an Islamic Perspective”. https://kantakji.com/files/Vol_35dIOcG.pdf

Tosun, Ender. “Free Will Under the Light of the Quran”. Istanbul. 2020. http://www.islamicinformationcenter.info/fwp.pdf [04.01.2023]

Tosun, Ender. “Unitary Proof of Allah Under the Light of the Quran”. Istanbul. 2022. http://www.islamicinformationcenter.info/poa.pdf

Tosun, Ender. “Physicalist Evolution Debunked”. Istanbul. 2023. http://www.islamicinformationcenter.info/phed.pdf

Transparency International, the Global Coalition Against Corruption. “Corruption Perceptions Index”, 2021. 2022. Pp. 2-3.

https://images.transparencycdn.org/images/CPI2021_Report_EN-web.pdf [05.02.2022]

UN. “Charter of the United Nations And Statute of the International Court of Justice”. 1945. https://treaties.un.org/doc/publication/ctc/uncharter.pdf . San Francisco, USA. [14.11.2022].

UN. Convention Against Transnational Organized Crime, 2001: https://www.unodc.org/pdf/crime/a_res_55/res5525e.pdf

UN. “Goal 12: Ensure sustainable consumption and production patterns”. https://www.un.org/sustainabledevelopment/sustainable-consumption-production/ [15.11.2022]

UN. “Money Laundering”. https://www.unodc.org/romena/en/money-laundering.html [14.11.2022]

UN. “Palermo Convention”. https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf [14.11.2022].

UN. “United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances”. 1988. https://www.unodc.org/pdf/convention_1988_en.pdf [14.11.2022]

UN. “United Nations Security Council Consolidated List”. https://www.un.org/securitycouncil/content/un-sc-consolidated-list [16.11.2022]

United Nations Office on Drugs and Crime, “Money Laundering And The Financing Of Terrorism: The United Nations Response”. https://www.imolin.org/pdf/imolin/UNres03e.pdf , [21.05.2022]

United Nations Office on Drugs and Crime. Draft: “Study on Illicit Financial Flows resulting from Drug Trafficking and other Transnational Organized Crime, Preliminary results”. 2011. https://www.unodc.org/documents/data-and-analysis/Studies/Illicit-financial-flows-15March.pdf . [02.01.2023]

United Nations. “United Nations Convention Against Transnational Organized Crime”. 2004.

https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf . [14.11.2022]

Wilson, Eric Entrican and Lara Denis, "Kant and Hume on Morality", *The Stanford Encyclopedia of Philosophy (Fall 2022 Edition)*, Edward N. Zalta & Uri Nodelman (eds.), URL = <https://plato.stanford.edu/archives/fall2022/entries/kant-hume-morality/>. [01.04.2023].

Wollsberg Group "Correspondent Banking Due Diligence Questionnaire V1.2. Answers by Emirates Islamic Bank PJSC. United Arab Emirates", 2019. https://www.emiratesislamic.ae/eng/assets/files/Wolfsberg_Due_Diligence_Questionnaire.pdf

APPENDIX

SURVEY QUESTIONS ON COMBATING MONEY LAUNDERING

1. Assuming you believe in the importance of ethical values such as honesty, humility, generosity, and justice, to what extent does this belief positively influence your willingness to engage in anti-money laundering activities?
    a. High
    b. Medium
    c. Low
    d. Other:

2. Assuming you believe that norms related to crimes against human life and property, including money laundering, are entirely subjective, to what extent does this belief negatively impact your willingness to combat these crimes?
    a. High
    b. Medium
    c. Low
    d. Other:

3. What kind of source do you primarily rely on in evaluating whether a behavior is ethical or not?
    a. An action that increases material wealth is considered ethical.
    b. Ethical rules are determined by those with material power.
    c. Whether a behavior is ethical or not can be determined based on the properties of a transcendent and objective source.
    d. Other:

4. To what extent are 'emotions' like happiness resulting from a behavior reliable indicators in your assessment of whether a behavior is ethical or unethical?
    a. High
    b. Medium
    c. Low
    d. Other:

5. Assuming you believe that your will is entirely dependent on the movements of atoms in your brain according to the laws of physics, and therefore you do not have free will, to what extent does this belief negatively affect your sense of moral responsibility?

    a. High
    b. Medium
    c. Low
    d. Other:

6. Assuming you believe that moral oughts have no unique effectiveness on the future states of matter and the universe, to what extent does this belief negatively impact your compliance with ethical rules?
    a. High
    b. Medium
    c. Low
    d. Other:

7. Assuming you have a belief in the afterlife, to what extent does this belief positively influence your ethical behavior?
    a. High
    b. Medium
    c. Low
    d. Other:

8. To what extent does the fact that anti-money laundering norms are predominantly shaped by the influence of larger countries negatively affect your willingness to combat money laundering?
    a. High
    b. Medium
    c. Low
    d. Other:

9. Assuming you have a belief in God, to what extent does this belief positively influence your ethical behavior?
    a. High
    b. Medium
    c. Low
    d. Other:

10. Did your formal education (excluding work-related training) provide you with sufficient awareness regarding the adverse effects of money laundering?
    a. Provided, and it has been useful.
    b. Did not provide, but had to.
    c. Did not provide, but this is not a loss.
    d. Other:

11. Compared to the fight against money laundering, the fight against crimes like drug trafficking that result in illicit funds:
    a. Is more important because the harm of money laundering is less..
    b. Is of the same importance because crimes like drug trafficking, which constitute the source of laundered money, are committed for the benefits expected from them, and those funds are again used to commit these crimes.
    c. Is less important.
    d. Other

12. To what extent does a person's income level being at a level where they struggle to meet basic needs negatively affect their efforts to combat money laundering?
    a. High
    b. Medium
    c. Low
    d. Other:

13. Although some individuals may suffer from money laundering and related crimes in other countries or our country, if money laundering activities contribute positively to the country's economy through the inflow of resources and have a positive impact, to what extent is turning a blind eye to money laundering activities appropriate?

a. High
b. Medium
c. Low
d. Other:

14. To what extent does the persuasive referencing in national or international norms to ethical foundations affect your approach to combating money laundering?
    a. High
    b. Medium
    c. Low
    d. Other:

15. What is the most important step that can be taken in the fight against money laundering?

16. Would it be beneficial for Islamic countries to play a more effective role in combating money laundering?

17. 'What can be done to strengthen the ethical infrastructure in our country?

CV

Ender Tosun

Education

Thunderbird, The American Graduate School of International Management Glendale, AZ USA

Master of International Management 1999-2001

Specialization: Finance

Istanbul University Istanbul, TR

Political Science Faculty, Bachelor of Public Administration '92

Pertevniyal High School İstanbul, TR

1986-1988

St. Michel French College İstanbul, TR

1981-1985

Professional Experience

CEO, Chairman of the Board, Lider Intnl. Independent Audit Inc. 2016-…

CEO, Bilen Sworn-in Financial Consulting, Inc. 2014-…

Capital Markets Board Licensed Independent Auditor 2012-…

Public Oversight Authority Certified Independent Auditor 2012-…

Advisor to the Minister of Finance 2006-2007

Member of the Audit Committee, Toroslar Electricity Distribution Inc.	2006-2007
Head of the Internal Audit Department, Turkish Airlines	2007-2008
Certified Public Accountant & Sworn-in Financial Consultant	2009/Jan.-…
	(License: 2004/Jan.-…)
Vice Financial Governor of Istanbul	2003
Deputy Head of Financial Crimes Investigation Board (Turkish FIU)	2003-2006
Excel Expert	2000-…
Inspector of Finance, (Finance Ministry)	1992-2003

Additional Information

Languages:	Turkish/ English (Professional) /French (Advanced)
Marital Status:	Married, father of 3.
Publications:	Guide to Understanding Islam
	Free Will Under the Light of the Quran
	Proof of Allah Under the Light of the Quran
	Physicalist Evolution Debunked