Money laundering is the process by which criminals attempt to conceal the source and ownership of the proceeds of their illicit activities; if successful, the criminal maintains control and access to these funds when and where he chooses. The efforts to combat this phenomenon are the subject matter of this study, and in particular how anti-money laundering (AML) rules and regulations impact on four of the major cross-border banking centres: UK, USA, Singapore and Switzerland.

In looking at the evolution of the AML paradigm from its origins as a tool to combat drug trafficking, to its most recent application in the fight against terrorism, it is clear that the concept remains high on the political agenda. However, despite a plethora of rules there is still a lack of harmonization and uneven implementation, leaving open the question whether national AML systems really meet the international standards. To determine levels of implementation in these countries, the AML system in each of the four jurisdictions is examined in close-up. These country studies are then analysed as to their merits and deficiencies leading to the question, ‘is the playing field being levelled in AML?’

Put in its wider context, this question reveals the reformulation of AML in terms of a shift from the ‘rule based’ to the ‘risk based’ approach. It may be that this change is just a reshuffling of ideas and approaches that were already in place before – nevertheless the impact on financial institutions cannot be underestimated. Banks and other financial service providers find themselves obliged to take responsibility for screening their clients according to certain risk factors. This means that financial institutions are increasingly being drawn into doing what so far had been the task of the public sector: anticipating risk, defining the details, such as what constitutes a terrorist threat, who should be regarded as a ‘politically exposed person’ and so on.

This study was commissioned by the Stiftung Finanzplatz Schweiz, the research was conducted by independent contributors situated in each of the four countries examined in detail, as well as experts from the Basel Institute on Governance. The study findings were presented at a seminar in January 2003 where the following international experts engaged in a critical discussion of the study’s conclusions; Professor Michael Levi of Cardiff University, Professor Ernesto Savona of Transcrime at the University of Trento and Mr Stanley Morris, former head of FinCen.