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Original Research Article

Consequences of Money Laundering and Persisting Losses of the Country: A Reference of Bangladesh

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Abstract

Money laundering is a multidisciplinary issue that has gained prominence since the late 1980s. The word "laundering" literally means "to wash" or "to remove dirt." It's been characterized as the transformation of illegal proceeds into assets that can't be linked to the original crime. Money is frequently transferred from one sector to another, and the same money is frequently transferred to another sector in such a way that it is challenging to identify the source. As a result, law enforcement is unable to identify the illicit source. This means through the transaction cycle; money laundering is the process of legalizing black money or transferring the amounts as lawful revenue while hiding the source of the money received. The objective of the study is to have a thorough understanding of the money laundering scenario and how it affects the domestic and global economy, assess the money laundering challenges facing financial institutions, and offer strategic methods for financial institutions to mitigate the risks. Bangladesh is a victim of money laundering and other forms of financial crime. In many ways, the competent authority provides additional opportunities to whiten money. This study first identifies the necessity of anti-money laundering for public and private banks and non-bank financial institutions operating in Bangladesh. The major finding is recurrent amnesties harm corruption and money laundering in Bangladesh. Corruption and money laundering in Bangladesh are projected to decrease if this report adopts recommendations. This will ensure fairness in society in many ways, such as prohibiting criminal activity and will help to prepare sustainable development programs and their achievement and allow honest taxpayers to purchase properties on an equal footing. Bangladesh's government should cooperate with other nations to combat money laundering and constantly upgrade its methods for enforcing laws and regulations.

Keywords: Multidisciplinary, Whiten money, Anti-Corruption, Anti-money laundering, Black money, Criminal activity.

INTRODUCTION

It is a matter of great pleasure that day by day Bangladesh is changing its position, gradually moving from a less developed country to a developing country. Since independence, Bangladesh has witnessed many bad times and has been able to overcome in various adversities. Every year various development activities are carried out without the help of many other countries. As a result, Bangladesh has become one of the fastest-growing economies in south Asia. But sometimes something is happening that is slowly pushing Bangladesh toward danger. Money laundering is one of them. Every year crores of Taka are smuggled from Bangladesh to various developing countries by various corrupt government and private officials. Every government including Bangladesh has laws ensuring the prosecution of financial crimes, and every community establishes moral and ethical norms for business activity (Agarwal, 2004). So, it can be said that Money laundering is the process of concealing the source of dishonest and/or criminally obtained funds so that they appear to come from a legitimate source (Sienkiewicz, 2007). So, Money laundering is the illegal movement of funds. Illicit money transfers are classified into two types. To begin, traditional money laundering entails the transfer of illegally obtained funds to conceal their source and make them appear legitimate. For example, drug dealers accumulate funds raised in banks and then shift the funds until they appear to be from legitimate sources. Second, terrorism financing involves the transfer of primarily lawful funds for illicit goals. For example, donations to legitimate charities are used to fund terrorist activities. Finally, both types of money laundering involve illegal and socially damaging fund transfers. Money laundering is bad for society because it encourages crime and allows criminals to profit from it (Takats, 2007). All opposition political parties have consistently opposed the legalization of illegal funds, and even finance ministers have explicitly stated that such amnesties are unfair. Nonetheless, for decades, successive administrations had surrendered to unseen influences while formulating annual national budgets. Every year, representatives of civil society, top economists, and numerous organizations, such as Transparency International-Bangladesh (TIB), renew the debate regarding black money and this indemnification should be strongly opposed. During the pre-budget deliberations, vested interests organized under the banner of real estate and stock brokers demanded that Black Money Holders (BMHs) be given this opportunity (Reporter, 5 April 2017). The Finance Minister initially claims, maybe prompted by his previous futility, that the government does not wish to continue to offer the whitening chance and is instead looking for methods to eliminate it (Reporter S., 2017). However, according to a later article citing NBR officials, the possibility will be revived this year. In this context, the ACC's suggestion and the upcoming budget provision for more mercy for BMHs call for a look back at previous possibilities, public responses, and the resulting consequences of corruption and money laundering.

LITERATURE REVIEW

According to Amali, Mohammed O (2016), Individual state compliance is required for the global AML framework to be implemented, making the availability of an acceptable legislative and A national institutional framework is required for an effective anti-money laundering system. The International Community may demand that laws be drafted and printed in statute books, but the link between law and culture is activated when the virus of large-scale and endemic criminal misappropriation finds its root in the economic and moral malaise that threatens the public sphere's very existence. In other words, notwithstanding the benefits of a harmonized anti-money laundering system, the success or failure of such programs is determined by the receptive jurisdiction's unique characteristics (Amali, 2016).

According to Albert L. Kao (2013), Terrorist organizations require funds to operate and carry out operations, hence targeting terrorist financing is a realistic counter-terrorism approach. Understanding terrorism financing and how to effectively respond to it is less clear. Large cash transactions made by illicit narcotics groups were meant to be detected by anti-money laundering banking rules. Increased anti-money laundering banking rules should be tested for their effectiveness in combating terrorism financing. Increased banking rules do not promote security and are an unproductive use of a country's resources if the premise is erroneous (Kao, March-2013).

Menezes, K (2017) in his "To what extent has money laundering affected Financial Institutions and how to mitigate the risks associated with it: A case study of Emirates NBD" written that, Money laundering is the concealment and transfer of funds from one source to another. Money laundering is defined as the concealment of originally illegally obtained money and the subsequent attempt to convert that money into clean money. There are two methods for laundering money. The initial method of money laundering is the use of legitimate corporate companies. Illegally obtained funds are concealed in such legitimate organizations as part of an entity's legal earnings and revenues. This allows for the concealment of the origins of illegal money by transferring it into other legal earnings. The second method is to launder money through financial institutions (Menezes, 2017).

According to Diana Danková (2017), Money laundering can only be understood clearly and without ambiguity if it is approached in a methodical manner. The crime occurs at the very beginning of the money laundering process. This is why it was sensible to identify the shadow economy and its key characteristics from the start. It is critical not to forget, in the world of money laundering, that one can only be accused of money laundering if profit is derived from an illicit action that is regarded a predicate offence. Money laundering is also a threat since it allows criminals to benefit with impunity while simultaneously having a negative influence on the real and financial sectors of the economy (Danková, 2017).

Chat Le Nguyen, (2014), Opine that, Money laundering operations cause or threaten harm, therefore justifying prosecution, and money laundering poses a substantial threat to a country. Other early "money laundering" methods detail how merchants concealed their gains from local authorities. The majority of illicit acts are criminal in nature and do not include civil wrongdoing. Money launderers can now transfer illegal gains abroad more quickly and safely thanks to developments in technology, advanced modes of transportation, and advances in financial transaction systems (e.g., online banking). Money laundering is done by criminals to ensure safe ownership of the proceeds and to protect them from suspicion, investigation, and seizure (Nguyen, 2014).

It is clear from "Captured by Evils' - Combatting Black Money, Corruption and Money Laundering in Bangladesh: The Dog Must Bark to Keep Predators Away" by S M. Solaiman (2018) that, Providing additional opportunities to legalize black money is flawed, ill-thought-out, and a miscalculation of the futility of previous amnesties; and the black money problem might be better addressed through the use of educational, preventive, and punitive measures. The ACC's recommendation, as well as the upcoming budget provision for more leniency for BMHs, call for a review of previous opportunities, public reactions, and the resulting effects on corruption and money laundering (Solaiman, 2018).

In the view of Nahid Joveda, Md. Tarek Khan & Abhijit Pathak (2019), In the field of E-banking, cyberspace provides an excellent medium for transmitting information and data. Banks are under pressure to use digitization in their day-to-day operations in order to meet the needs of its customers. However, in Bangladesh's banking sector, the misapplication of information technology has become a threat. The process of disguising the source of funds and illegally transferring monies using advanced technology tools is known as cyber laundering. Money launderers are unpredictable, and they use a variety of methods to fraudulently transfer funds. They discuss the impact of cyber laundering on the Bangladeshi economy as well as the various regulatory mechanisms used by anti-money laundering organizations (Nahid Joveda, 2019).

According to ISLAM Mohammad Saiful, (2017), Money laundering is described as the deliberately shifting, converting, or transferring of criminal proceeds or property. Smuggling income or property gained through unlawful or legal means to another country is known as money laundering. Predicate money laundering offenses include those conducted both inside and outside the country. Money laundering occurs in three stages: depositing funds in any bank account, layering funds through many financial transactions, and integrating funds to transform them to legal funds. Money laundering is distinct from terrorist financing, in which an individual or group seeks to conceal personal benefit (Saiful, 2017).

Shohel Rana and Md. Robiul Awwal (2020) mentioned in their article that, Money laundering is a technique that involves treating valid illegally gained cash in such a way that the source of the wealth is hidden and the money appears to be legal. The majority of capital flows from lowerincome countries occur in developed countries. This becomes a roadblock to progress for lowincome countries. Regulatory bodies in several nations monitor transactions in financial institutions including banks. Countries are cooperating to combat money laundering on an international level. To combat illegal funding and money laundering, regional and international organizations have been formed (Awwal, 2020).

According to Attiya Waris and Laila Abdul Latif, (2013), Bangladesh is a founding member of the Asia Pacific Group's Anti-Money Laundering Group (APG). Bangladesh supported the passage of anti-money laundering legislation for five years following 2002. Money laundering was not considered a crime until the present Act went into effect in 2008. The government has established two control arms: one to combat tax evasion and the other to combat money laundering. Banks, land, and buildings are also used to inject black money into the economy (Latif, 2013).

Research Questions

To explore the Consequences of money laundering and Persisting losses, this study sets the following questions:

1. What is the current situation of money laundering in Bangladesh?
2. What is the current practice to reduce the amount of money laundering and disclosure practices to Bangladesh Bank's recommendations?

Objectives of the Study

The whole study hopes to achieve some goals which are:

1. To provide an overview of money laundering;
2. To investigate the situation of money laundering disclosure in Bangladesh;
3. To compare existing money laundering disclosure practices to Bangladesh Bank's recommendations;
4. To draw attention to Bangladesh's regulatory framework for money laundering and reporting issues;
5. To learn what kinds of measures a bank should take to prevent money laundering.

METHODOLOGY

The research is descriptive in nature. This research is based on secondary data. To create the study's theoretical foundations, data was collected from Bangladesh Bank circulars, a number of reports and research papers from a variety of journals, local media, websites, and other sources. The data from the Anti-Money Laundering Index of Basel for the preceding five years (2014-2018) has been put together to compare trends in South Asian countries, including Bangladesh. Data sorting and analysis have been made accordingly to get the proper information.

Theoretical Foundations

Money laundering

Laundering is the process of making something appear clean. Terrorist funding, tax evasion, drug trafficking, and bribery are all examples of black money obtained by breaking the law. Money laundering is the process of converting black money into white money. There are several methods for laundering black money, and these methods are always evolving.

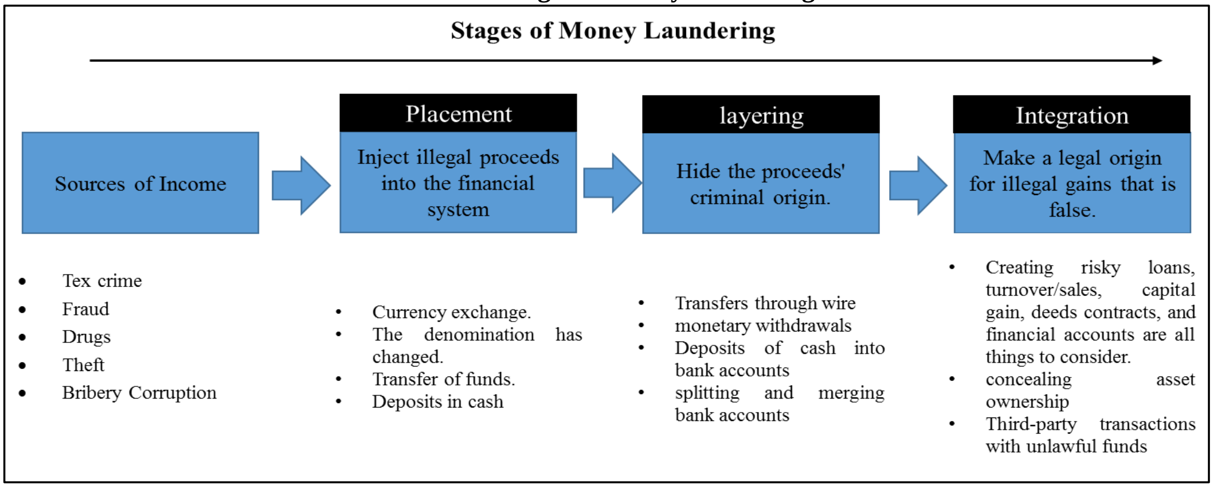
Assume Mr Jhon receives a bribe of Tk. 1 million takes He owns a clothing company and pays the bribe money into the company's bank account as earnings. As a result, he places the amount and conceals the source of the amount. The sum is now used as white money.

The Money Laundering Prevention Act of section 25 of 2012 was passed in Bangladesh where "Money laundering," means:

- Moving, modifying, or transferring wealth obtained by a crime for the following purposes:
  a) Disguising or concealing the offence's illegal character, emergence, location, propriety, or ownership of its proceeds; or
  b) Cooperating with anyone involved in the predicate crime's intermediation to avoid the crime's legal ramifications;

- Smuggling money or fortune to a foreign country, whether using lawful or illegitimate means;
- Remitting transferring the results of an offence to a foreign nation, or fetching or remitting the proceeds into Bangladesh from a foreign country, to conceal or obscure the origin of the revenues;
- It's possible that closing or attempting to close monetary transactions in a way that avoids reporting requirements under this Act will result in a refusal;
- transferring, converting, or transporting riches with the intent of inducing or facilitating the commission of a predicate offence;
- Obtaining, treating, or processing any wealth while knowing that It is the result of a preceding offence;
- Such acts to the legitimate source of the offence's revenues could be hidden or camouflaged; and
- Sharing, cooperating with plotting, attempting, covering, influencing, or giving counsel to commit any of the crimes mentioned above.

Table 1: Stages of money laundering



Placement is the first step. In this process, illegal proceeds are hidden by putting them somewhere else. The next step is to layer. This is where the birth of revenues disguised in a cash-based manner business trips, and round trips Integration is cost-effective. The final step in the laundry process. Following the stacking, the gains appear to be laundered money, and these riches are hidden and can be used as legal tender.

Money laundering penalties under the MLPA in Bangladesh, (2012)

If any reporting organization violates the directions provided in section 25 of the MLPA, 2012, Bangladesh Bank has the authority to:

- Impose a fine on the reporting organization of at least taka 50 (fifty) thousand but not more than taka 25 (twenty-five) lacs;
- Cancel the license or authorization for carrying out commercial activities of the said organization or any of its branches, service centres, booths, or agents, or as the case may be, notify the registration or licensing authority of the fact so that the relevant authority can take appropriate measures against the organization, in addition to the fine mentioned in clause (a).
- If a reporting organization fails to provide requested information timely under this section, Bangladesh Bank may impose a fine of up to Taka 5 (five) lacs at a rate of Taka 10,000 per day, and if a reporting organization is fined more than three times in one financial year, Bangladesh Bank may suspend the organization's registration or license or any of its branches, service centres, booths, or agents.
- If any reporting organization provides false information or statements as requested under this section, Bangladesh Bank may levy a fine of not less than Taka 20 (twenty) thousand but not more than Taka 5 (five) lacs on such organization, and if any organization is fined more than three times in one fiscal year, Bangladesh Bank may levy a fine of not less than Taka 20 (twenty) thousand but not more than Taka 5 (five) lacs on such organization, Bangladesh Bank could suspend the organization's certification or license, or the registration or license of any of its branches, service centres, booths, or agents, in order to close their operations in Bangladesh, as well as, as the case may be, notify the identification or registration authority of the

fact so that the appropriate authorities can take the appropriate action against the said organization.

- If any reporting organization fails to comply with any instruction issued by Bangladesh Bank under this Act, Bangladesh Bank may levy a fine of up to Taka 5 (five) lacs at a percentage of Taka 10,000 a day each such non-compliance, and if any organization is fined more than three times in one fiscal year, Bangladesh Bank may suspend the organization's or any of its branches' registration or license.
- If a reporting organization fails to comply with a Bangladesh Bank order for transaction freezing or suspension issued under clause (c) of subsection 23(1) of the MLPA, 2012, Bangladesh Bank may impose a fine equal to the balance held on the account but not more than twice the balance held at the time the order was issued.
- If an individual, object, or accounting institution fails to pay fines imposed by Bangladesh Bank under sections 23 and 25 of this Act, Bangladesh Bank may recover the fine from any bank or financial institution or Bangladesh Bank accounts held in the name of the relevant person, entity, or reporting organization, and if any part of the fine remains unrealized, Bangladesh Bank may, if necessary, file a court application for recovery.
- If a reporting organization is fined under sub-sections 23 (c), (d), (e), and (f), The accountable owner, directors, officials, and staff or persons engaged on a contractual basis may face a fine of a minimum of Taka 10,000 but not exceeding Taka 5 (five) lacs, and the Bangladesh Bank may order the relevant company to take required administrative actions.

The reason for committing Money Laundering

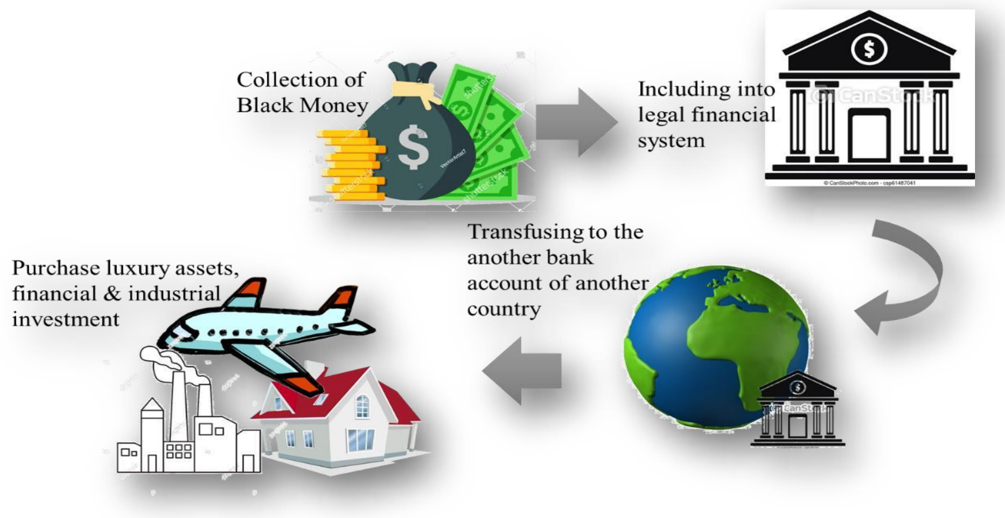
The bulk of illegal acts is committed with the intent of making cash for the person or company who commits crimes. Money laundering is the process of processing unlawful monies in order to disguise their illegal origin. Money laundering is done by criminals for a variety of reasons:

First, Money is the lifeblood of a criminal enterprise that engages in criminal behavior for financial gain since it pays for operating expenses, refills inventories, recruits corrupt officials to avoid detection and further the unlawful firm's objectives, and pays for a lavish lifestyle. To spend the money they illegally gained in various methods, criminals must make it appear real (Ehsan).

Second, In court, a money trail that leads from an occurrence to criminals might be used as evidence. Criminals must confuse or disguise the source of their wealth, or mask ownership or control, to prevent their illicit profits from being used to convict them.

Lastly, The investigation and seizure of illegal proceeds is a common occurrence. Thieves must conceal or make their ill-gotten gains appear genuine to prevent misunderstandings and confiscation.

Table-2: Cycle of Money Laundering.



Source: *Bangladesh Bank*

Bangladesh's Current Situation: Invoice Fraud, Money Laundering

Money laundering not only "creates macroeconomic distortion," but it is also damaging our country in a variety of ways. Those are pretty powerful words. And, based on the evidence, adopting strong language to describe the curse of money laundering in Bangladesh is necessary. Bangladesh has been identified as one of the most hit countries by the epidemic of money laundering in a number of recent publications produced by Global Financial Integrity (GFI). "Illicit financial flows are the most destructive economic problems facing the world's developing and emerging nations," says GFI President Raymond Baker. This suggests that we are among the countries most affected by one of the most serious problems (of all the problems) that developing countries face.

Table-3: Anti-Money Laundering Index-2020

Global top and bottom countries			South Asian countries		
Country	**Score**	**Rank**	**Country**	**Score**	**Rank**
Afghanistan	8.16	1	Afghanistan	8.16	1
Haiti	8.15	2	Sri Lanka	6.52	23
Myanmar	7.86	3	Pakistan	6.30	28
Finland	2.97	139	Bangladesh	5.88	38
Andorra	2.83	140	India	5.15	70
Estonia	2.36	141			

Source: *Basel institute of governance*
Note: *Lower rank indicates higher risk*

On June 17, the Swiss National Bank published a report with the title "Annual banking data for 2020." Bangladeshi deposits fell by 563 million Swiss francs, up 6.6 percent (56.3 crores), or around Tk 52.03 billion (5,203 crores) in 2020, according to the study. Tk 92.28 is equivalent to one Swiss franc. The deposits were 603 million Swiss francs (60.3 crores).

The country was ranked 38th out of 141 countries in the Basel Anti-Money Laundering Index for 2020. Furthermore, in the Panama Papers in 2016 and the Paradise Papers in 2017, the International Consortium of Investigative Journalists (ICIJ) provided a thorough list of Bangladeshi money launderers. Many names of money launderers have been reported in the Bangladeshi media on various occasions (Babu, 2021).

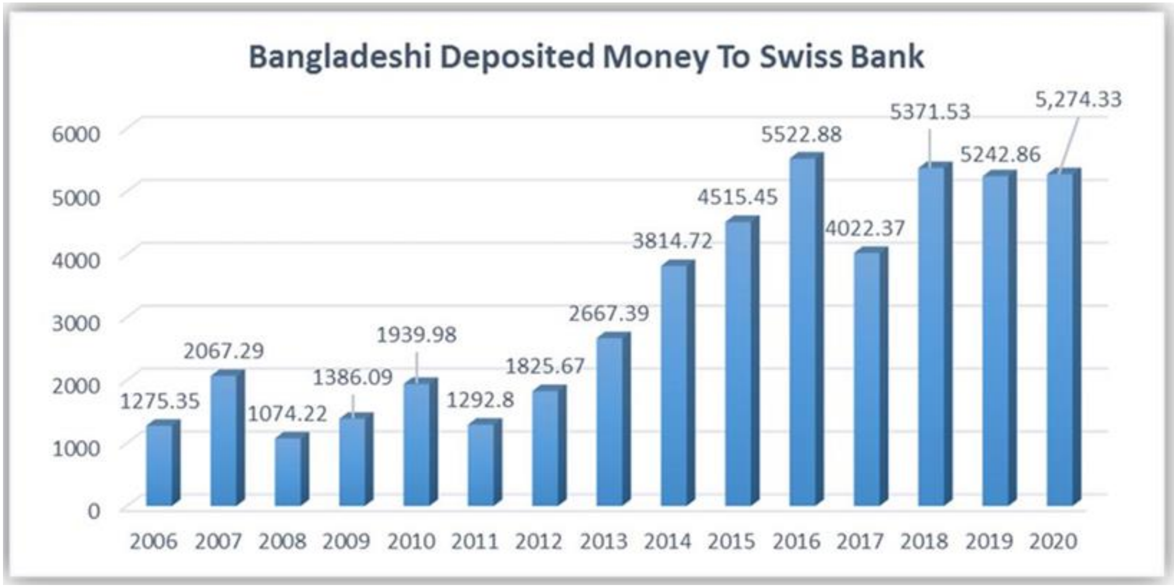


Table-4: Bangladeshi Deposited Money to Swiss Bank (Report, 2020)
Source: *The Business Standard*

The Swiss National Bank (SNB) announced deposits of Bangladeshi nationals of CHF 56.30-crore, or around BDT 5215-crore, in its annual report released on June 17th. Bangladesh is the third most popular deposit destination in South Asia, after India and Pakistan. Individual depositor secrecy is strongly protected in Switzerland under The National Law on Banks and Savings Banks, Section 47, which was enacted in 1934, and no depositor's name is released.

Imported goods are being over-charged, Hundi, and Voice Over Internet Protocol are all examples of under-invoicing of exported goods, and commerce are the four types of money laundering addressed by the GFI. Money laundering is facilitated by a number of factors, including launderers' undue political influence, a poor investment environment, The government system is rife with corruption, a lack of rule of law, public openness and obligation, and state surveillance ineffectiveness, a poor coordination amongst relevant entities, as well as a failure to implement existing laws (Haque, 2022).

Similarly, the information on Bangladeshis' investment in Malaysia's 'Second Home Project (MM2H)' paints a bleak image. According to information provided by the Malaysian government, a total of 3005 Bangladeshis acquired homes in Malaysia via this program between 2002 and 2014, while their numbers in 2016 and 2015 were at least 283 and 205, respectively (Foyez, 2017). At the end of November 2018, the total number of such Bangladeshi property purchasers in Malaysia had reached 4255, placing them third among international home buyers (Nahar, 2017).

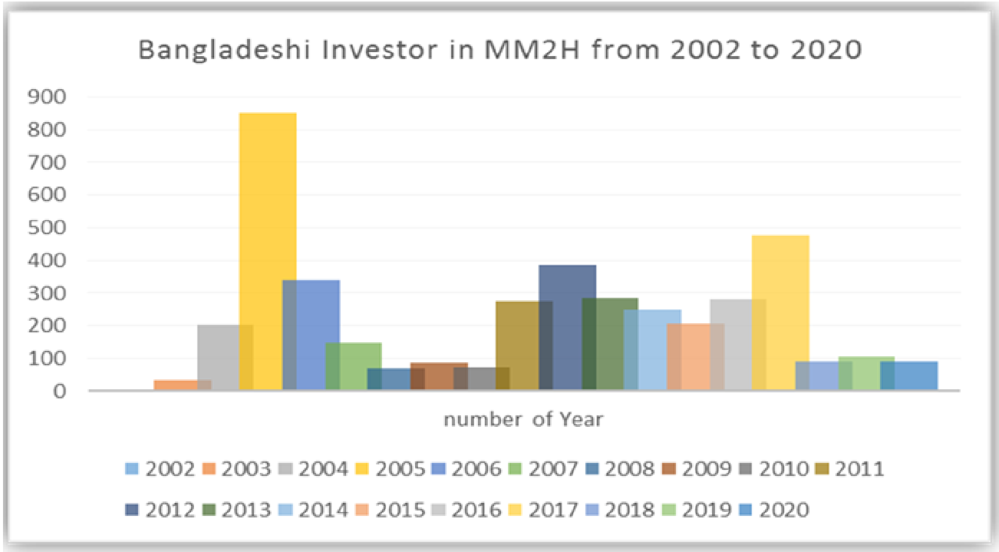


Figure-5: Bangladeshi People in MM2H
Source: *https://www.mm2h.gov.my*

On the one hand, Bangladeshis are buying homes in Malaysia and laundering money to other countries, while the price of residential units in Bangladesh is rapidly dropping due to a lack of demand, as seen in the above graph.

After China and Japan, Bangladesh is ranked third among the top ten countries that use the Second Home program. In 2005, 852 Bangladeshis took advantage of the opportunity. Bangladeshi citizens currently make up 10.6% of the program's participants. The number of Bangladeshis settling in Malaysia increases when elections are held, according to the Malaysian government website. In 2005, 852 Bangladeshis moved there ahead of the ninth parliament elections in 2007.

In 2012, immediately before the tenth national election, the number was 388 (Solaiman, 2018).

On June 17, the Swiss National Bank published a report titled "Annual banking data for 2020." Bangladeshi deposits fell by 6.6% to 563 million Swiss francs (56.3 crore), or around Tk 52.03 billion (5,203 crore) in 2020, according to the study. Tk 92.28 is equivalent to one Swiss franc. The deposits were 603 million Swiss francs (60.3 crore). Bangladeshi deposits had been falling for three years in a row (Hossain, 2021).

A study revealed the names of more than 50 businesspeople and companies. They all took the money and set up offshore corporations to hide it. Bangladeshi businesspeople also own large corporations in Singapore, Dubai, Hong Kong, Thailand, the United Kingdom, and the United States. Bangladeshis have been reported to be buying homes in Malaysia and Canada the media. Everyone is aware of this. So Swiss banks are no longer the sole means to get money out of the country ((ICIJ), 2019).

The Effect of Money Laundering on the Bangladesh Economy

In the private sector, money laundering has the most catastrophic microeconomic repercussions. Money launderers frequently use front companies to conceal their ill-gotten gains by combining illegal revenues with legal funds. There appears to be an upsurge in cross-border cash exports to countries with sloppy systems for identifying and recording cash placement in the financial system. Money laundering has a disproportionately harmful impact in emerging markets.

Criminal front companies can sell things for less than it costs the producer to make them. This makes competing against front firms tough, if not impossible, for real enterprises. These illegal enterprises' management ideas are incompatible with typical free market ideals.

Managing a financial institution's assets, liabilities, and activities that rely on the proceeds of crime presents unique issues. Large sums of money that have been laundered can enter at a banking institution only to vanish without warning. This can result in cash shortages and bank runs (McDowel, 2001).

In some countries, Money launderers' short-term interests have financed entire industries, not because of true demand. Money laundering and financial crime damage economies by redirecting funds away from growing investments to minimal investment with hidden profits.

Revenues Lost

Money laundering diminishes government tax revenue, which has an indirect negative impact on taxpayers who are truthful. It also makes tax collection more expensive and difficult. Because of the revenue loss, tax rates are often higher than they would be if the untaxed proceeds of crime were genuine.

Privatization Efforts Face a Number of Risks

Money laundering jeopardizes many countries' efforts to privatize their economies and implement reforms. Criminal gangs have been able to buy marinas, resorts, casinos, and banks in order to hide their unlawful funds and expand their criminal activities.

Risk to country's Reputation

A country's reputation and financial institutions cannot afford to be harmed by a link to money laundering. Money laundering and financial crimes such as Market trust is harmed by deception, market manipulation, and misappropriation and the signaling significance of profits.

GFI estimates that USD 61.6 billion was smuggled out of Bangladesh between 2005 and 2014, equivalent to 25% of the country's GDP in FY 2016-17. Between 2008 and 2017, Trade rounding errors cost Bangladesh an average of USD 7.53 billion every year, accounting for 17.95 percent of the country's total foreign trade with all trading partners (Jamal, 2020). Following the recommendations of the Financial Action Task Force (FATF), an intergovernmental body dedicated to preventing money laundering, Bangladesh became the first country in South Asia to pass the Money Laundering Prevention Act in 2002. Experts, on the other hand, have slammed the government's efforts to implement the recommendations. The Asia/Pacific Group on Money Laundering, a global organization that ranks countries, is among many who are skeptical of the government's efforts. The organization even warned the government in 2016 that Bangladesh might be labeled a "risky" country when it comes to money laundering and terror financing (Omar, 2020).

Money Laundering's Aftereffects

Money laundering is not a positive site for an economy at all. Many countries fell in trouble just because of excessive money laundering by their people and institutions. Every year a huge amount of money has passed out from the country, especially from the country which is most corrupt in its activities. Because the government has no thoughts about them they take these opportunities. The implications of money laundering are substantial and far-reaching. It has the potential to have global and local consequences for corporations, economies, and civilizations.

Table-6: Major money laundering case in Bangladesh

S. N	Money Launderer	Trafficked Money
1	Ismail Chowdhury Samrat & Enamul Haque Arman	232.4-crore Tk.
2	PK. Halder	10,000-crore Tk (Star, 2022).
3	Khandaker Mohtesam Hossain Babar	2000-crore Tk.
4	Imtiaz Hasan alias Rubel	2535.11-crore Tk.
5	Sajjad Hossain alias Barkat	2000-crore Tk.
6	AHM Fuad	2000-crore Tk.

Source: *The Daily Star*

Money laundering harms important financial sector institutions, promotes corruption and violence, slows growth in the economy, and slows it down in the productive economy. It is an issue not only in massive economic markets and seaports around the world, but also in developing markets. Money laundering causes significant fluctuations in global financial inflows and transaction prices, as well as unanticipated changes in money demand. So money laundering may cause of so many disasters for a country of both developing and developed.

Turbulence to the Economic environment

Money laundering stifles the growth of the genuine private sector by supplying items at costs below the cost of production, making legitimate enterprises unattractive. Lawbreakers may convert previously profitable enterprises into sterile ones in order to launder their profits, resulting in a reduction in total economic output. Money laundering can cause erratic changes in money demand, as well as market instability in global financial markets and exchange rates.

Degradation of Financial System

While the finance business is critical to the financing of the general economy, it may also be a low-cost choice for criminals looking to launder money. As a result, massive flows of laundered cash into and out of financial institutions may undermine financial market integrity. Money laundering can also harm the reputation of financial institutions participating in the scheme, resulting in a loss of confidence and cooperation among participants. Money laundering has the potential to cause banking crises and financial calamities in the worst-case scenario.

Lowering of Federal Revenue

Money laundering has an impact on tax collection since it makes collecting taxes from linked operations, which are frequent in the underground market, very impossible. Taxation accounts for the majority of government revenue. If this income falls, the chances of government collections falling short of government spending, resulting in government deficits, will increase. "Black money" refers to income that is not taxed by the government. Tax revenues will be reduced as a result of these gains.

Financial Institutions are affected

Financial institutions' total assets may see radical shifts if they are mistakenly used in money laundering, putting businesses at risk. The public's attention is drawn to the money laundering activities of these banking institutions. In that case, the monitoring pressure on these institutions would increase, and their reputation would suffer.

Costs of Living

Whenever dirty money generated by illegal activities is laundered into lawful cash, it is used to complement the existing illicit activity and finance new ones, money laundering has a variety of political and social effects. Money laundering may also result in the shift of economic strength out from market, the state, and people to offenders, facilitating corruption and violence.

Money Laundering's Significantly effect on the Financial Services sector

Diverse economic analyses have revealed that organizations such as banks and non-bank financial companies play a critical role in a country's economic growth. Such financial companies combine domestic and foreign money to help economic progress. Money laundering, on the other hand, is currently stifling these financial firms' expansion. According to the anti-money laundering measures implemented inside the separate financial institutions, individuals carry out a connection between money laundering and illegal operations, and thus their cooperative work harms the institutions. If money laundering is rampant, criminals take use of financial institutions to siphon the cash they receive, which has a detrimental impact on these institutions.

CONCLUSION & RECOMMENDATION

Money laundering is currently the main concern for major financial institutions. The financial crime must have been understood, investigated, and combated effectively by the growing international industry, as well as any individual country. We should all fight money laundering because that reduces government income, disrupts asset and input costs, and causes resource misapplication. The breakdown of creditworthiness and shareholder trust that such disasters can cause has the potential to adversely affect the financial sector, compared to smaller economies such as Bangladesh. As a result, money laundering prevention is critical.

On the basis of confirmatory factor findings In terms of identifying suspicious money laundering wrongdoings, we can strongly advise that they be resolved by inspecting the involvement of various domestic offenders with different networks and introducing rigorous anti-corruption measures, which will actually require integration of the Federal Revenue department, strict regulatory implementation, and encourage from specialists to detect offenders in serious instances, collaborating with local law enforcement and implementation officials, and creating emphasizing the importance of human resources.

Additionally, a reserve bank depository information agency (Bangladesh Bank) might be developed, which would generate a DIB statement notifying banking institutions about customer bank statement in able to locate money laundering and make decisions about checking accounts. According to a comparative evaluation of anti-money laundering techniques, For the past four years, Bangladesh has regularly ranked fifth among six South Asian countries, showing that various anti-money laundering policies aimed at battling money laundering collectively and reducing it to the bare minimum have space for improvement.

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