Financial Action Task Force Principles

Combating End-to-End Illlicit Financial Flows Linked to Scam Compounds

Scam compounds operate within industrialised, professionalised and transnational organised crime ecosystems in which cyber-enabled fraud converges with trafficking in human beings (including for the purpose of forced criminality), corruption, cybercrime and money laundering. Scam compounds combine increasingly integrated criminal business models with a professionalised crime as-a-service economy.

Fraud is estimated to cost approximately

USD 500 billion

globally each year

NATURE OF THE THREAT

- Fraud is among the most significant predicate offences for money laundering (ML) globally, and fraud proceeds represent an increasingly important component of illicit financial flows.
- Scam compounds combine increasingly integrated criminal business models with a professionalised crime-as-a-service economy.
- Scam operations are diversifying from large physical compounds into smaller, dispersed and mobile structures.

The financial model is circular and modular, rather than a single linear chain



Scam networks spend to establish and sustain physical and digital infrastructure and acquire workers and victims; generate revenue; collect, move, layer, cash out and integrate proceeds; and reinvest profits in further activity and expansion.

FATF Principles

CHALLENGES FOR COMPETENT AUTHORITIES AND THE PRIVATE SECTOR

- Effective action is constrained by a mismatch in speed and visibility. Scam-related funds can move across accounts, virtual asset (VA) wallets, asset types and jurisdictions within minutes
- Investigation and disruption are complicated by multi-layered financial flows, opaque beneficial ownership (BO) and corporate structures
- The transnational nature of the threat magnifies these challenges

FATF PRINCIPLES FOR COMBATING ILLICIT FINANCIAL FLOWS LINKED TO SCAM COMPOUNDS

Target the wider criminal ecosystem
Disrupt leadership, facilitators, service providers and shared criminal infrastructure

Connect the networks
Integrate financial, technology and telecommunications intelligence across sectors

Disrupt illicit financial flows end-to-end
Intervene from recruitment and victim targeting through laundering and asset recovery

Sustainable Disruption

Put victims at the centre
Provide accessible reporting, protection, screening and non-punishment safeguards

Act at speed across borders
Use swift response channels before funds are moved beyond operational reach

Adapt and focus on lasting impact
Track evolving methods and distinguish sustained degradation from displacement

Discover the full FATF report

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Applying the FATF Toolkit to the Fraud Epidemic
> *bit.ly/fatf-scam-compounds*