

# **RESEARCH REPORT**

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## **Transactional Money Laundering: Payment Processing for Illegal and Black Market Activities**

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**Abstract:**

The introduction of digital banking and e-currencies has led to a decrease in the dependence on cash and traditional financial methods. As of January 2025, there were 5.56 billion active internet users globally, making up 67.9% of the global population. Of this number, approximately 92.6% (4.32 billion) are currently using mobile devices to access the internet. However, this new financial world comes with an increased threat of money laundering. Money laundering is the processing of criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source. Its sources are often illegal, and they are used to sponsor criminal, terrorist, and extralegal activities. It feeds on political instability, weakened legal systems, and economic laxity. Moreover, cybersecurity ventures expect international cybercrime costs to grow by 15% annually over the next five years, reaching \$10.5tn, up from \$3tn in 2015.

We argue for two things in this study by conducting a situation assessment. First is the argument that trust is being exploited by newer tech payment systems that tend to take advantage of regulatory arbitrage to launder money. Second, we argue that this leads to a hidden increase in the use of these payment systems by terrorist organisations. Cybersecurity in the new era requires urgent attention to this issue. There are Financial Task Forces that look into this, but the discourse often misses this aspect. This study emphasises that gap.