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MODEL FOR MONEY MULE RECRUITMENT IN MALAYSIA: AWARENESS PERSPECTIVE

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Abstract

Technology advancement has taken a new shape in leading the world into digital civilization, remarkably in e-commerce, communication and financial sectors. Taking advantage of the technology, criminals have also digitalized their modus operandi targeting the digital society with fraud and cybercrimes, hence contributing illicit funds. To disguise the money trail to the illegal activities, illicit funds sourced from unlawful and fraudulent activities transformed into legal funds via a money laundering scheme. Money laundering is perceived as a global threat

where funds reverted to the criminal and enters legitimate economy. To enable the criminals, maintain anonymity and non-visible to the detection of law enforcement, money mules are positioned in the money laundering chain between actual criminal and illicit funds. Money mules are characters recruited by criminal networks to perform fund transfers by utilizing their accounts. Recruitment is done by offering a job with simple recruitment criteria and attractive income and rewards. This study will examine money mule recruitment and development of model with related variables to establish the relationship between the aspect of job criteria awareness and the ability of the victims to detect the hidden criminal elements and exposure to law enforcement and derive into the decision to accept the job offer. In this research, both quantitative and qualitative approaches will be employed with surveys and interviews.

Keywords

Money Mule, Money Laundering, Criminal Network, Money Mule Recruitment, Job Criteria, Awareness

1. Introduction & Theory

1.1. Introduction

The swift and complex digital technology in the Fourth Industrial Revolution (IR4.0) has enormously impacted e-commerce, communication and financial sectors, moving from science fiction to science fact. The exponential growth in the digital platforms has gain traction from digital or cybercriminals, digitalizing their modus operandi with fraud, scam and cybercrimes, victimizing consumers and resulting in the financial loss (Bernama, 2019). As mentioned by Vedamanikam and Chethiyar (2020a), the unlawful proceeds from these crimes enter the money laundering cycle to disguise the ownership and control of the proceeds from criminal activities and portray to have derived from a legitimate source. To maintain anonymity, individuals called as money mules recruited by the criminal networks to use their banking account and perform various fund transfers to interrupt the trail of the illegal funds. Criminals portray them as recruiters and offer job opportunities and lure their candidates with simple job requirements, attractive financial rewards for them to accept the offer. The victims are visible to law enforcement and face the consequences. Money mules have become an emerging threat globally allowing the actual criminals to be undetected and incurring a massive financial loss. Vedamanikam and Chethiyar (2020a) identified awareness of job criteria as a crucial indicator

and indicated this as a gap to be addressed. This study discusses the development of a model with related variables to establish the relationship between job criteria awareness and the ability to detect the hidden criminal elements.

1.2. Motivation

Based on Vedamanikam and Chethiyar (2020a, 2020b), financial crimes have resulted in massive financial loss globally and Malaysia is no exception. Commercial crimes, especially scams related to fraud in Malaysia have seen an increase in terms of total losses and reported cases. This is also evinced by the National Risk Assessment (NRA) report published by Central Bank of Malaysia (Bank Negara Malaysia or BNM) in 2013 and 2017 which indicated at fraud being identified as one of the criminal activities with ML threat that has potential to generate illicit funds and reported as the highest inherent risk. Money mules are recruited by criminals to perform fund transfers on their behalf using their bank account to other designated accounts or individuals. The funds are received from fraud victims and the fund transfers will distance the criminals from the fraudulent activities and legitimize the funds. Since 2015, the reported money mule cases in Malaysia have increased almost eight-fold. Therefore, awareness of the job criteria becomes crucial in scrutinizing the job offer and derives into the decision to accept the job.

1.3. Related Theory

Theories identified to be related to this research based on the criteria of behaviors in decision making are Strain theory (Merton, 1957, as cited in Arevalo 2015), Heuristics, social influence, individual differences (Fischer, Lea & Evans, 2013) and Theory of Planned Behavior (Ajzen, 1991).

According to Strain theory (Merton, 1957, as cited in Arevalo 2015), criminal behavior surfaces when mismatch happens between cultural goals and methods applied in achieving the goal. When an individual start to comparing with the financially privileged, they will start feeling deprived and stems out anti-social behavior. This theory can be applied in this study, which will explain the reason for certain individuals susceptible to accepting a job offer from money mules.

According to Heuristics, social influence, individual differences theory (Fischer, Lea & Evans, 2013), motivated due to magnitude of the reward, the trust built on interaction instead of message content and message origination, social influence, and the urgency of the opportunity are the four key reasons for any individual respond to fraudulent communication. Fischer et al.

concluded the fifth factor, the personality which has the ability to predict victimization and this can be seen as self-confidence and an increased belief in detecting scams. This theory is applicable for this study as the aspect of awareness, the ability to see the hidden criminal elements in the job criteria and financial rewards, enabling individuals to predict the victimization and enhance their belief to reject the job offer.

According to Theory of Planned Behavior (Ajzen, 1991), individuals make logical, reasoned decisions to engage in specific behaviors by evaluating the information available to them. In this study, the job is accepted upon making a logical and reasoned decision based on information available. While the financial rewards are the known information at the surface, the hidden criminal elements are the unseen information. By introducing awareness as part of the known information, it will become a determinant factor in job acceptance.

1.4. Problem Statement

Criminals advertise a job vacancy with attractive rewards and work flexibility. In the absence of awareness on the crime of money mule and money mule recruitment, the job offer is accepted based on rewards and work flexibility. Awareness is a prevention tool that provides knowledge of money mule crime and decodes the hidden criminal elements in the job criteria. This will enable the targeted victims to scrutinize the job offer and make a conscious decision in the job acceptance. Hence, avoid being victimized.

1.5. Significance of the Study

The outcome of this research is expected to benefit in reviewing and expanding the National Education Policy and include digital criminology in the curriculum. It is also a timely action for mobile and internet technology players to review the existing policies and mobile data plans, usage of internet and close monitoring on the prohibited websites and social medial networks. This research also benefits financial industry players to define money mule crime as an interruptive parameter in the digital economy and enhance big data analytics to include money mule recruitment as a behavioral aspect in the machine learning and artificial intelligence algorithms to monitor and detect suspicious activities.

1.6. Scope

Individuals between the ages group 19 to 34 from Malaysian universities and colleges will be the potential candidates for this research.

2. Literature Review

2.1 Money Laundering and Illegal Funds

According to the United Nations Office on Drugs and Crime, the amount of money laundered annually estimated between 2 – 5 % of global GDP (USD 800 billion – USD 2 trillion). Financial motive is a common denominator for most of the crimes. Drug/human/wildlife trafficking, smuggling, fraudulent activities and cybercrimes such as email spoofing, malware, ransomware, identify theft and phishing are among the crimes that generate massive illicit funds. The money trail is evidence of the crime and the money-laundering scheme disconnects the illicit funds from the original source without compromising the criminals who wish to benefit from the proceeds. (Banday, 2011; Europol, 2019; Financial Action Task Force, 2014; United Nations Office on Drugs and Crime, 2020).

Modern trends have contributed to a wide range of cybercrime trends. Macau scam, Credit Card Fraud, E-Banking Fraud, Inheritance Fraud, Insurance Fraud, International Scam, Love Scam, Parcel Scam are among the fraudulent activities in Malaysia causing victims to lose their money. The criminals will call the targeted victims and pretend to be police/central bank/court/custom officers and traumatize the victim with crimes that they never involved. Cybersecurity Malaysia reported that between 2017 till 2019, fraud and intrusion seem to be the most reported incident. Within this period, maximum cases for fraud increased from 500 to 1000 and throughout 2019 fraud was the highest reported incident. (Malaysian Computer Emergency Response Team, 2019; RMP, 2019a; RMP, 2019b).

2.2. Money Mules and Recruitment

According to Vedamanikam and Chethiyar (2020a,2020b), money mules are not part of the criminal network and specifically positioned within the criminal network to distort the money trail to the criminal activities and diverse the trail of the enforcement agencies. Most of the money mules were young people with no prior knowledge of illicit behavior and assumed it was a legitimate job. Unemployed, students and those with desperate financial situations become an easy target of the criminals. Individuals between age of 15 – 44 seem to have active participation in money mulling, with individuals between age group 24-34 having highest participation.

Money mule process flow provided in figure 1. They receive funds from the unlawful activities into their account. These funds will then be transferred to individuals or accounts

instructed by the criminal. Apart from self-operating, mules open bank accounts or businesses under their names which will be operated by the criminal networks to launder the money. Money mules are accomplices in the criminal activity as they launder the illegal funds.

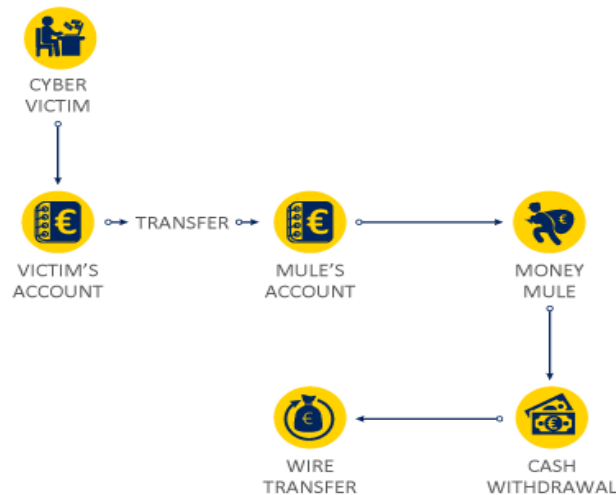
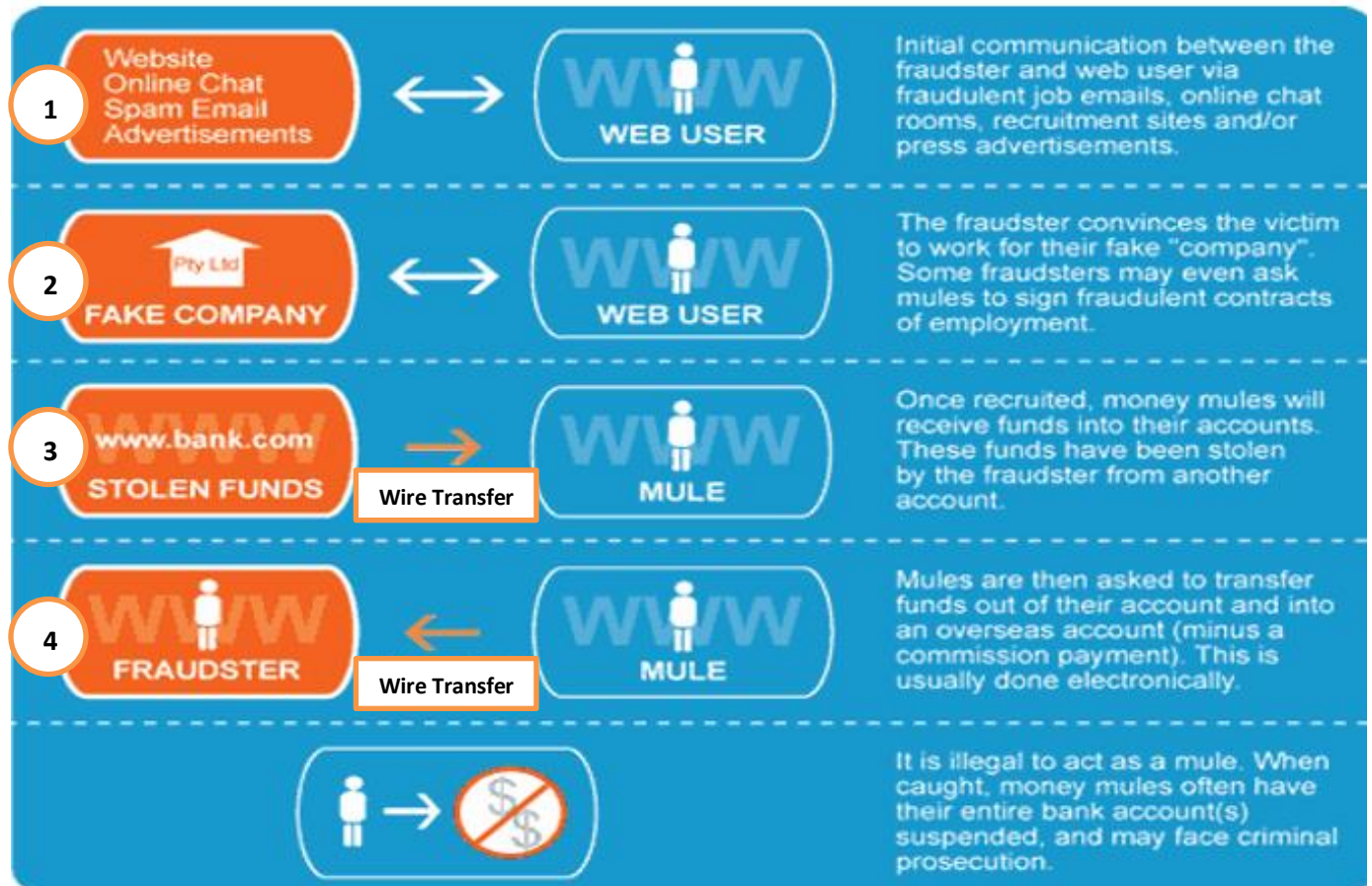


Figure 1: *Money Mule Process Flow (Europol, 2019)*

There are 4 main methods employed by criminal networks to recruit money mules, face to face, online job search engines, social networks and online dating websites. Criminals post adverts on job vacancy for the position of account manager, client manager, mystery shopper, payment processing agent, money transfer agent and many other fake positions with attractive job criteria, salary and work flexibility in facebook, whatsapp, job-seeking social websites such as linkedIn, online job forums, chat sessions, newspaper ads, email and online job search engines. The job offers are quickly accepted due to the flexibility, financial incentives and rewards and individuals truly believe they are hired for certain job. (Arevalo, 2015; Vedamanikam & Chethiyar, 2020a). Step by step recruitment process provided in figure 2.



Source: <http://www.afp.gov.au/>

Figure 2: Online Job Scam & Money Mules (Arevalo, 2015)

Mule cases recruited via an online relationship or romance scam were reported on the rise, with criminals increasingly recruiting money mules on online dating sites and social networks, cultivating relationship, earn the trust and convince them to perform fund transfers or open bank accounts under the guise of sending or receiving funds. Less information is shared with the victim, diverting the focus to relationship to get the job done. The criminal elements are hidden and unseen behind the relationship. Apart from romance scam, criminals turning to social media to recruit new accomplices through get-rich-quick online advertisements, lottery scam, employment scam and inheritance scam (Arevalo, 2015; Vedamanikam & Chethiyar, 2020a).

Warning signs and common criteria seen in the money mule job offer and advertisement (Vedamanikam & Chethiyar, 2020a, 2020b):

- a) Company is overseas and need a representative in the victim's country

- b) Promising easy money.
- c) The position involves funds and goods.
- d) Job adverts from overseas companies and interested to hire local counterparties to act on their behalf.
- e) Non-organizational-based email such as gmail and yahoo used for communication, no match to the company's name.
- f) High salary and rewards beyond expectation.
- g) Doesn't require experience in any skill set.
- h) Work from home scheme included a flexible privilege.
- i) All interactions and transactions regarding the job will be done online.
- j) Job advertisement copied from a genuine company website.
- k) The specific job functions are not described.
- l) No educational or experience requested.
- m) All communication and work tasks will be done online.
- n) Requires usage of the personal bank account as part of the job requirement.
- o) Unprofessional job posting with grammatical errors

Upon the victim accepted or responded to the job offer, the below items will proceed:

- a) Provide signed contracts or agreements to create apparent legitimacy.
- b) Provide personal bank account details and open new bank accounts
- c) The victim account will have a deposit from unknown individuals, deposited as cash or account transfer
- d) The victim will be advised on the commission and provided with instructions to transfer the funds via money transfer service providers.
- e) Money transfer usually is done to an overseas individual or bank account.

2.3. Model for Money Mule Recruitment Awareness

Figure 3 describes a model by the Society of Citizens Against Relationship Scam or known as SCARS (Society of Citizens Against Relationship Scam, 2019). This model explains the approach and activities involved in scammers convince the victims to become money mule through relationship scam. This model provides a comprehensive flow of characters involved, connection between the characters and flow of events that promote the victims to money mules.

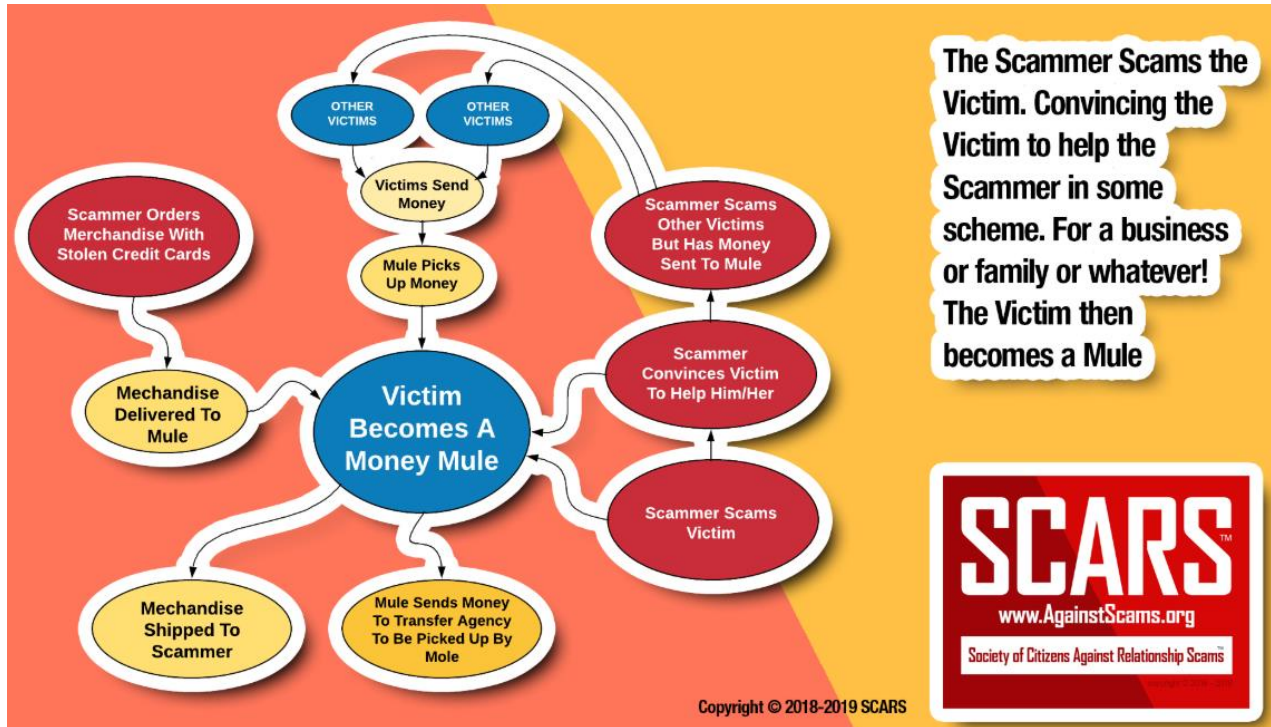


Figure 3: Money Mule Model by SCARS (Society of Citizens Against Relationship Scam, 2019)

Financial needs and social media influence boosted by attractive income and work flexibility becomes the direct parameters that determine job acceptance offered by the criminals. (Vedamanikam & Chethiyar, 2020a). Awareness is considered a prevention tool that exposes the crime and prepares the consumer for the battle, which eventually will reduce the crime and victimization (Magalla, 2018). This study will connect the variables above in a model and provide representation of the dependency of awareness in job acceptance.

3. Objective of the Study

3.1 Research Hypothesis

Below are the hypotheses formulated in this research:

- a. H1: Fraudsters and criminal networks have specific modus operandi for money mule recruitment
- b. H2: Criminal networks employ various techniques to recruit as money mules.
- c. H3: Criminal networks and fraudsters take advantage of the financial needs and design specific criteria in the jobs offered to attract the victims.

- d. H4: Victims do not have a clear understanding of the job description and job functions offered by fraudsters and criminal networks.
- e. H5: Social media influence the acceptance of the jobs offered by fraudsters and financial criminals
- f. H6: Lack of awareness and understanding of the job criteria and rewards offered results in victims accepting the job offer without realizing the hidden criminal elements and action by law enforcement.

3.2. Research Objective

This research will meet the objectives stated below:

- a. To examine the phenomenon of money mule recruitment and modus operandi of fraudsters and criminal networks.
- b. To examine the money mule recruitment techniques by criminal networks
- c. To examine the job description and job functions offered by fraudsters and criminal networks.
- d. To examine the understanding of the job description and job functions offered by fraudsters and criminal networks.
- e. To examine the social media influence in accepting the job offered by fraudsters and financial criminals
- f. To assess the effectiveness of awareness program on job criteria that will implant mindset to scrutinize the job offer

3.3. Research Questions

This research will respond to questions below:

- a. What is the modus operandi of criminal networks in money mule recruitment?
- b. What are the current money mule recruitment techniques and job criteria offered by criminal networks?
- c. What are the job functions and criteria of jobs offered by criminals to students?
- d. What is the understanding of job criteria offered by the criminals and are they able to identify the criminal elements?
- e. What is the mindset on social media from the perspective of accepting job offers?
- f. Would awareness programs on job criteria create a scrutinising mindset in students?

4. Methodology

In this research, both quantitative and qualitative approaches will be employed. Quantitative research enables data gathering from a group of people on a certain research topic and conducts statistical analysis on data collected via polls, questionnaire or surveys. The qualitative research methodology adopted when there is a need in the research to have in-depth understanding of the prominent issues.

Surveys with predetermined questions will be conducted with a group of individuals to assess the awareness in the context of job criteria and job acceptance. The survey will have 3 parts, collecting personal and educational background, usage of internet and social media and job criteria related to money mule recruitment. Mali, Sodhi, Singh and Bansal (2018) conducted a survey on awareness on cybercrime with involved 750 participants. Key criteria of the survey were questions that were simple and easily understood by the respondents.

A structured interview will be conducted with subject matter experts (SME) from financial, cybersecurity and academic sectors. This will be an approach to explore inductively on the aspect of hiring by criminals by offering attractive job opportunities. The question will be very specific to social media and job criteria. Arevalo (2015) interviewed 10 respondents from various backgrounds on the study of money mule and indicated that this had increased the validity and reliability of the data collected.

5. Conclusion and Discussion

Criminals have perfected the art of hiding the criminal intention, targeting victims and capture their attention to accept the invitation. As depicted in Figure 4, recruitment is the prime tactic used by criminal networks to hire money mules and place them in the money laundering cycle. Hiring is done by advertising job vacancies in social media, online job search engines and news-boards. A romance scam is another upcoming crime through which the criminals build relationships with fake profiles and thereafter instigate them to perform financial transactions and converting them into money mules.

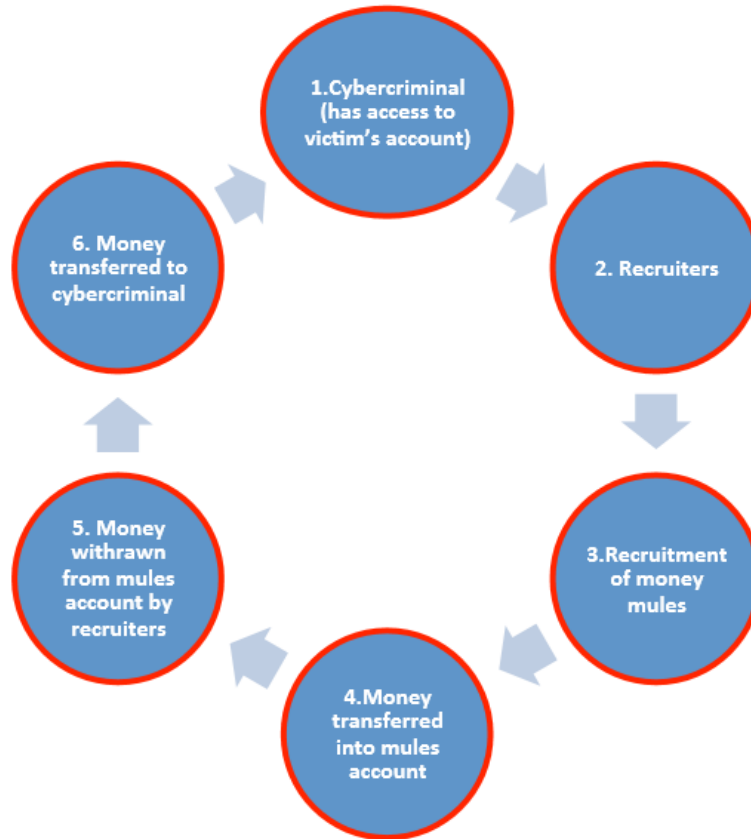


Figure 4: Money Mules in Money Laundering Cycle (Arevalo, 2015)

Vedamanikam and Chethiyar (2020a) have mentioned that awareness of the crime of money mule and job requirements with hidden criminal elements is crucial to decode the crime intention. Scrutinizing the job advertisement, rewards offered, communication mechanism, hiring method and requirement to use personal accounts would enable the individuals to assess and consciously decide on the job acceptance and avoid victimized by criminal networks. A model that includes the related variables on money mule recruitment involving victims will be developed to establish the relationship between the aspects of job criteria, rewards, work flexibility, awareness and ability of the individuals to detect the hidden criminal elements and decided to accept the job offer. Accurate information is crucial in this research as some students may not provide complete information due to the fear of exposing their involvement with criminal networks.

This research can be further expanded to investigate housewives, unemployed and retirees targeted for money mule recruitment and peer influence and desperate financial strain as triggers for money mule job acceptance.

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