

# Digital Wallet Fraud & Money laundering



- **Digital Mobile Wallet Fraud Definition:**

- The widespread use of electronic wallets and online financial services has led to the emergence of criminality that exploits the technologies to finance terrorism and money laundering.
- Therefore, scammers resort to it because it also contributes to other aspects such as the speed of transactions, receiving and withdrawing funds

- **How Digital Mobile Wallet Fraud Happen:**

- The main way is to direct players to third-party sites ,These sites appear to be trusted gaming sites where users can purchase add-ons, such as new weapons or abilities, or purchase a way to generate online currency for use in the game.
- The user initially earns a lot of money by tricking him to gain trust in the site. However, it is fake and deceives users into completing purchase transactions or rewards, and in the end they will not receive money.

- Reasons for trending towards wallets Digital Mobile  
Wallet Fraud:

- **Nonymity**: Sometimes digital wallet providers do not implement Precise identity verification procedures. Criminals take advantage of this to fraudulently use services. They use different methods to open many accounts to launder money.
- **Transaction opacity**: Money smugglers manipulate digital wallet services to hide their money laundering efforts. Conducting many small transactions to hide a large amount of transferred money that they obtained by fraud to multiple e-wallet accounts from one device to hide their identity while transferring money abroad to avoid the attention of the authorities.
- **Speed Transfer**: eWallet transactions occur quickly and in real-time. This means that criminals can move illegal funds around quickly, bypassing safeguards and investigations. Rapid transactions help criminals structure their transactions, using several transfers across many accounts, to conceal the illegal origin effectively.
- **Lack of oversight**: Some countries do not have effective regulations to deal with e-wallet problems. Fraudsters seize this opportunity and exploit organizational blind spots to achieve their illicit goals. And transferring illegal funds to different countries

- **Solutions Reasons for trending towards Fraud:**
  - Complying with AML Regulations
  - Accurately identifying customers. High-risk clients must undergo heightened procedures under the risk-based approach
  - E-wallet providers must monitor customer transactions and detect any unusual behavior that could indicate money laundering.
  - Implementing a Suspicious Activity Report (SAR) protocol to immediately alert authorities when suspicious activity is detected.
  - Conduct careful screening of customers of e-wallet companies to ensure that they are not the target of international sanctions