

Money Muling: Insights from Recent Research and the Role of Financial Institutions in Protecting Young People



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Financial crime remains a persistent challenge for institutions and regulators alike, with money muling emerging as a critical area of concern. Recent findings highlight how young people, particularly those aged 18-24, are increasingly vulnerable to recruitment as money mules.

FraudSMART¹, an initiative created by the Banking & Payments Federation Ireland (BPMFI) in collaboration with member banks, offers valuable insights into financial fraud trends. The FraudSMART Money Mules Survey², conducted by Amárach Research in July 2024 and published in September, highlights the rising trend of young people, particularly those aged 18-24, being targeted as money mules, often without fully understanding the criminal implications.

This article reviews the key findings from the survey, explores the role of financial institutions in mitigating risks, and discusses strategies to raise awareness and protect customers.

Understanding Money Muling and Its Appeal to Young People

A "money mule" is someone who allows their bank account to be used for transferring illicit funds, often in exchange for a small reward. While it may seem harmless, this act is part of a larger criminal operation, where funds from activities such as fraud, cybercrime, or drug trafficking are moved through multiple accounts to conceal their origin. While money mules may be unaware of the criminality behind these transactions, ignorance does not absolve them of responsibility, and the legal consequences can be severe.

Young people are especially vulnerable due to several factors:

- **Financial stress:** Many students or young adults are enticed by the prospect of easy money.

- **Low financial literacy:** Younger people may not fully understand the seriousness of allowing their bank accounts to be used in this way.
- **Social media influence:** Criminals often use social media to recruit potential mules, presenting these schemes as legitimate opportunities.

The FraudSMART survey revealed that 86% of adults are unlikely to let someone use their bank account to transfer money for a reward. However, among 18-24-year-olds, the figures tell a different story: 34% of this group said they would consider such an offer.

Additionally, 45% of respondents in this age group reported that they, or someone they know, had been approached to transfer money, compared to just 14% of the general adult population. These statistics highlight the heightened vulnerability of younger people, who are often targeted by criminals via social media, online scams, and other digital platforms.

The Consequences: What Young People Don't Know Can Hurt Them

Many young people do not fully understand the risks associated with money muling. According to the survey, 80% of adults have heard the term "money mule," however only 59% of 18-24-year-olds had heard the term, and just 55% knew what a money mule was.

This gap in understanding is particularly concerning because many younger individuals may not realise that allowing illegal funds to pass through their account could result in:

- **Criminal charges:** Even if an individual is unaware of the criminal origins of the money, they can still be charged with money laundering.



- **Permanent account closure:** Banks have the right to close the accounts of individuals found to be participating in money laundering. This can severely limit future financial opportunities, including securing loans or even basic banking services.
- **Impact on future visas and work permits:** Young people aspiring to work or travel abroad may find their plans derailed if they are linked to money laundering activities, as many countries require clean financial histories for visa applications.

The survey found that 38% of 18-24-year-olds were unaware they could face jail time for money laundering, and 57% didn't realise it could affect their ability to travel or work abroad. These findings underscore the urgent need for targeted educational campaigns to help young adults understand the serious legal and financial consequences of money laundering.

The Role of Financial Institutions in Raising Awareness

Financial institutions play a critical role in reducing money muling risks by both detecting suspicious transactions and educating customers. For compliance professionals, this means balancing AML obligations with a proactive, customer-focused approach to raising awareness. Tackling money muling also disrupts a critical channel for organised criminals to launder funds, contributing to broader crime prevention efforts.

1. Strengthening Transaction Monitoring

The ability to identify suspicious activity is crucial, as money mule schemes are often a stepping stone for organised crime to funnel dirty money through the financial system. This can be achieved through:

- **Unusual patterns:** Large deposits followed by immediate withdrawals, especially from accounts with no history of such transactions, are red flags for potential money mule activity.
- **Cross-border transfers:** International transactions are frequently used by criminals to obscure the source of illicit funds, making cross-border transfers a common feature in mule schemes.
- **High-risk profiles:** Young account holders who suddenly engage in large-scale transfers may warrant closer scrutiny, particularly if their activity aligns with common money mule profiles.

Identifying and disrupting money mule schemes not only protects the institution but also hinders the efforts of organised crime groups that rely on these methods to clean their proceeds.

2. Educating Young Customers

The survey reveals that young customers (18-24) may be particularly susceptible to money mule schemes due to limited awareness of the associated risks. Financial institutions can play a key role in educating this demographic to help them recognise potential dangers.

- **Digital Engagement:** Banks can use mobile apps and social media to share accessible, targeted educational content, such as videos and infographics, to highlight the risks of money muling.
- **Interactive Tools:** Gamified content and quizzes can enhance understanding, helping young customers identify and avoid money mule schemes.
- **Educational Partnerships:** Collaborating with schools and universities, financial institutions can offer workshops and webinars on financial crime

and online safety, reaching young people before they encounter these schemes.

These educational efforts empower younger customers to protect themselves and reduce a critical pathway for organised crime to launder money.

3. Engaging Parents and Guardians

The survey reveals that only 39% of parents with teenage children (13-19) have discussed the risks of money muling with their children. This indicates that many parents may be unaware of the issue or unsure of how to address it.

Financial institutions can play a pivotal role by providing resources to help parents initiate these important conversations:

- **Parent guides:** Informational toolkits that explain money muling and how to talk to children about the risks.
- **Youth account monitoring:** Optional parental controls or monitoring features for young customers' accounts, allowing parents to spot unusual transactions early.

By engaging parents and guardians, banks can create a stronger layer of protection for younger customers, helping reduce the risk of their involvement in money mule activities.

4. Raising General Public Awareness

Financial institutions should continue raising public awareness through broad-reaching campaigns. These efforts should aim to close knowledge gaps across all demographics:

- **National campaigns:** Banks and industry bodies can collaborate on nationwide public awareness campaigns that highlight the risks of money muling and the impact it has on broader criminal networks.
- **Ongoing customer communication:** Through newsletters, digital banking messages, and in-branch materials, institutions can keep customers informed about the risks of unknowingly facilitating money laundering.

By educating the general public, financial institutions help cut off a major avenue for organised crime to launder money, making it more difficult for these networks to operate undetected.

5. FraudSMART: A Key Partner in Raising Awareness

Financial institutions can amplify their efforts by integrating FraudSMART resources into their customer education strategies, ensuring that the latest fraud trends and protective measures are widely accessible to the public.

Conclusion

Tackling money muling requires a multi-faceted approach from financial institutions. Beyond detecting suspicious transactions, there is a critical need to educate customers, especially younger demographics, about the risks of becoming a money mule. By cutting off this pathway, financial institutions can significantly impede the efforts of organised crime networks to launder their illicit funds. Collaborating with initiatives like FraudSMART, engaging parents, and focusing on public awareness campaigns are essential steps in this effort, creating a more informed and vigilant customer base.

Case Study

In Co. Kerry, Gardaí uncovered a money laundering scheme involving over 60 young people as part of Operation Mullet³. Over €1.3 million was laundered through these individuals' bank accounts in just 18 months. Criminals targeted young people with promises of quick cash in exchange for allowing their bank accounts to be used for illegal transactions.

In one case, an individual handed over their account details, reassured by a friend that the only consequence might be account closure. After €30,000 passed through the account, they were paid just €300. Months later, detectives arrested the individual as part of a wider investigation. Although they avoided a criminal conviction, they were fined and required to complete community service.

In response, Gardaí, in partnership with local credit unions, launched an education campaign to raise awareness in schools and colleges, teaching young people about the legal and financial risks of money muling. The investigation has since expanded, with the Garda National Economic Crime Bureau pursuing higher-level figures involved in the scheme.

This case highlights the vulnerability of young people to money muling schemes and the importance of education and preventative measures. Collaborative efforts between institutions and law enforcement are essential to raising awareness and preventing youth involvement in financial crime.

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