

The role of the central bank of Iraq in confronting economic crime

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Abstract: The Central Bank of Iraq has made strenuous efforts to combat economic crime in Iraq, represented by financial and administrative corruption, money laundering and terrorist financing issues, as it is the highest regulatory and supervisory authority over the work of financial institutions, banks and banks, through issuing laws and legislation that have limited this crime, in addition to complying with international laws and recommendations issued in this regard, by Iraq's compliance with financial transparency, financial disclosure and accountability. It has also used advanced technological methods and effective regulatory and supervisory systems in its efforts to combat this crime, and the activation of the law (Where did you get this from?) contributed to increasing the role of the Central Bank of Iraq in monitoring economic crime. As the highest authority in managing financial and monetary affairs in Iraq, it may publish in its annual reports on an ongoing basis statistics related to corruption, money laundering and terrorist financing issues, and these reports are subject to periodic follow-up by international financial and monetary institutions, including the World Bank, the International Monetary Fund, the Financial Action Task Force (FATF), and other relevant institutions. This enabled it to achieve tangible success in reducing corrupt practices and illegal financial activities, and it was able to get off the monitoring and follow-up list. This is a clear indication of the escalation of local efforts in cooperation with these institutions. Despite the presence of some obstacles, it has achieved tangible progress in combating corruption

Keywords: *Central Bank of Iraq, Economic crime, Money laundering, Terrorist financing.*

1. Introduction

Economic crime, in general, and money laundering, in particular, is amongst the most dangerous crimes affecting the financial sector of any country, as they threaten that country's political and economic stability, in addition to undermining the opportunities for development and economic growth. Hence, the central Bank of Iraq, as the highest monetary authority, has made tangible efforts to monitor and supervise the work of financial institutions, banks, and banks and fight money cleaning and terrorist supporting, especially after the activation of Law No. (39) of 2015 and the founding of the Laundering and Terrorist Financing Office, which plays an essential character in fighting this crime. The central Bank of Iraq has observed many suspicious financial transactions through various modern procedures. He approved controls on private banks and money transfer companies to enter the currency auction in order to limit this crime, and he was able to determine the amount of laundered money, dollar sales, and the exchange rate for the period (2016-2021). These statistics specify the local efforts made by this authority to achieve financial stability, cooperation with the international financial institutions concerned in this regard, and compliance with international standards, which aim to achieve integrity and financial transparency through accountability and financial disclosure.

1.1. Research Significance

The research reflects the importance of the role of the Central Bank of Iraq in supervising and monitoring the work of financial institutions and achieving monetary stability in the country by combating the crime of money laundering after 2016 by enacting a set of laws and implementing effective policies to protect the financial system and monitor suspicious financial transactions.

1.2. Research Problem

The main research problem lies in the negative effects of the crime of money laundering on the Iraqi economy, as this crime leads to a decline in transparency and financial safety in the financial system, which results in economic instability in general. Several sub-questions branch out from this, as follows:

1. What measures does the Central Bank of Iraq take to combat the phenomenon of money laundering and terrorist financing?
2. Has the Central Bank of Iraq determined the percentage of laundered (illegal) money, dollar sales, and the exchange rate after 2016? And has progress been made in combating this crime?

1.3. Research Objective

The main objective of this research is to evaluate the efforts of the Central Bank of Iraq in combating the crime of money laundering and financing terrorism by monitoring the volume of funds received from outside the country and exported to outside the country through analyzing statistics after 2016 and stating the mechanisms and procedures followed to detect and reduce this phenomenon.

1.4. Research Assumption

The research is based on the hypothesis that: The Central Bank of Iraq has a positive role in reducing the phenomenon of money laundering and financing terrorism and achieving transparency and financial and economic stability after the year 2016

2. Research Methodology

In order to prove or refute the research hypothesis, the inductive approach was relied upon, which means tracking and investigating in order to reach results by analyzing the particles and then generalizing in subsequent stages. This was done by adopting the descriptive method, describing the organizational structure of the Central Bank of Iraq and stating its most prominent tasks, functions and procedures, in addition to adopting the statistical method in the process of induction or deduction by analyzing the data of the Central Bank of Iraq related to this crime.

2.1. Research Structure

This research was divided into three branches, the first included an overview of the Central Bank of Iraq (CBI), the second included supervision in the Central Bank of Iraq, and the third included the Central Bank of Iraq and its fight against the crime of money laundering and financing terrorism. In addition to reaching a conclusion, conclusions and proposals.

2.2. The Central Bank of Iraq's Strategies in Fighting Economic Crime

The Chief Bank plays an important character in combating economic crime by setting policies and regulations that regulate the work of the economic sector, and one of these forms of this crime is banking crime, as banks are considered one of the pillars on which the economy is based. By analyzing the legal rules of banking crimes, referring to the Iraqi Anti-Money Cleaning Law No. 39 of 2015, it is noted that the banking crimes contained therein can be classified into four main crimes: (violating the instructions of the Chief Bank, carrying out some prohibited acts, refraining from providing data to the Chief Bank and disclosing procedures and reports regarding suspicious transactions to other than the

competent authorities or bodies)^[1], in addition to the crime of embezzlement, which is carried out by exploiting the public position to finance a terrorist group^[2]. It is the group responsible for strengthening oversight of financial institutions to ensure their compliance with the standards and laws connected to fighting money cleaning and terrorist supporting, including imposing strict requirements on financial institutions to conduct a thorough examination of their customers, track suspicious financial transactions, and submit periodic reports on activities that may indicate the existence of economic crimes^[3].

It also seeks to improve cooperation with security agencies and local and international financial institutions to confront this crime by exchanging information and expertise, implementing joint procedures, enhancing its technological capabilities and data analysis systems, and developing the competencies of its human resources^[4].

First: About The central Bank of Iraq (CBI)

The central Bank of Iraq was established in 1956 in Baghdad as it is the bank's chief headquarters. It has four divisions in the governorates of Iraq (Basra and Mosul, Sulaymaniyah and Erbil). It completes many supervisory and regulatory tasks and functions over the work of other banks registered in the Iraq Stock Exchange, setting monetary policies and issuing directives binding on all banks^[5]. The central Bank of Iraq highlighted these types by stating in Article (3) of Order (56) of 2004, which stated that (the key purposes of the central Bank of Iraq contain completing steadiness in limited amounts and functioning to preserve a constant economic scheme depending on contest in the marketplace)^[6].

The central Bank of Iraq depends on expert systems, which are important tools used by the bank to enhance the efficiency and effectiveness of its operations. These systems rely on advanced technologies in artificial intelligence and are utilized to analyze data and make financial and administrative decisions. The Chief Bank is working to acquire these systems to include various banking activities, such as monitoring financial transactions, managing risks, and improving the economic forecasting process. Expert systems are also used to improve electronic payment systems and ensure compliance with local and international financial legislation, which contributes to fighting money cleaning and terrorist supporting^[7].

As for the objectives of the central Bank of Iraq, they involve a group of basic objectives as follows^[8]:

1. Attaining high economic growth rates.
2. Preserving exchange rate stability.
3. Guaranteeing optimal use of resources.
4. Continuing credit stability.
5. Regulating and supervising the processes and systems used in exchanging payments between individuals, companies, and banks and repairing any defects that may affect payment systems.

To realize these objectives, the central Bank of Iraq performs number of main functions, including the following^[9]:

^[1]Emad Abdullah, "Banking Crime," Republic of Iraq, Supreme Judicial Council, 2024. [Online]. Available: <https://sjc.iq/view.74291/>. Accessed: Aug. 8, 2024.

^[2]M. G. Naseef and M. S. T. Al-Quraishi, "Economic and Financial Crimes and Sustainable Development in Developing Countries with Reference to Iraq for the Period 2005-2019," J. Port Sci. Res., vol. 5, no. 2, p. 92, 2022.

^[3]S. H. Al Rubaie, "Role of Central Bank of Iraq in Combating Money Laundering," Rechtsidee, vol. 12, no. 1, p. 7, Jun. 2024.

^[4]"The Developmental Role of the Central Bank of Iraq (Data and Trends)," Journal of Monetary and Financial Studies, Department of Statistics and Research, Central Bank of Iraq, Fourth Annual Conference, p. 15, 2018.

^[5]N. A. Radhi, "Applications of Expert Systems and Their Effects on Internal Control, a Field Study in the Central Bank of Iraq and Some Iraqi Banks," M.S. thesis, College of Administration and Economics, Al-Mustansiriya University, 2017, p. 68.

^[6]Article (56) of Order No. (56) issued by the Provisional Coalition Authority, Central Bank Law of 2004, p. 6. [Online]. Available: <https://investpromo.gov.iq/wp-content/uploads/2013/04/Central-Bank-2004-Ar.pdf>.

^[7]Nour Ali Radhi, the same source, p. 68.

^[8]S. S. Al-Baghdadi and M. K. Al-Tamimi, "The role of supervisory control of the Central Bank in enhancing banking supervisory awareness (an applied study in the Central Bank of Iraq and a sample of private Iraqi banks)," Journal of Accounting and Financial Studies, vol. 9, no. 28, pp. 63-64, 2014.

^[9]Central Bank of Iraq data, Dec. 7, 2024. [Online]. Available: <https://www.cbi.iq/page/40>.

1. Implementing financial strategy and trade proportion procedure to confirm the stability of the national economy.
2. Supply and control the country's gold funds and concern and manage the Iraqi exchange to maintain financial stability.
3. Establish, improve, and improve an effective payment system to ensure smooth financial operations.
4. Issue licenses and allows and organize and supervise the banking sector according to banking law.
5. The Bank also performs different duties or additional dealings inside the agenda of Iraqi regulation to ensure the stability and safety of the financial system.

Based on the above, the central Bank of Iraq is the uppermost authority in managing monetary affairs and is entrusted with managing all financial tasks. Figure 10 below concisely illustrates the functions of the central Bank of Iraq as follows:

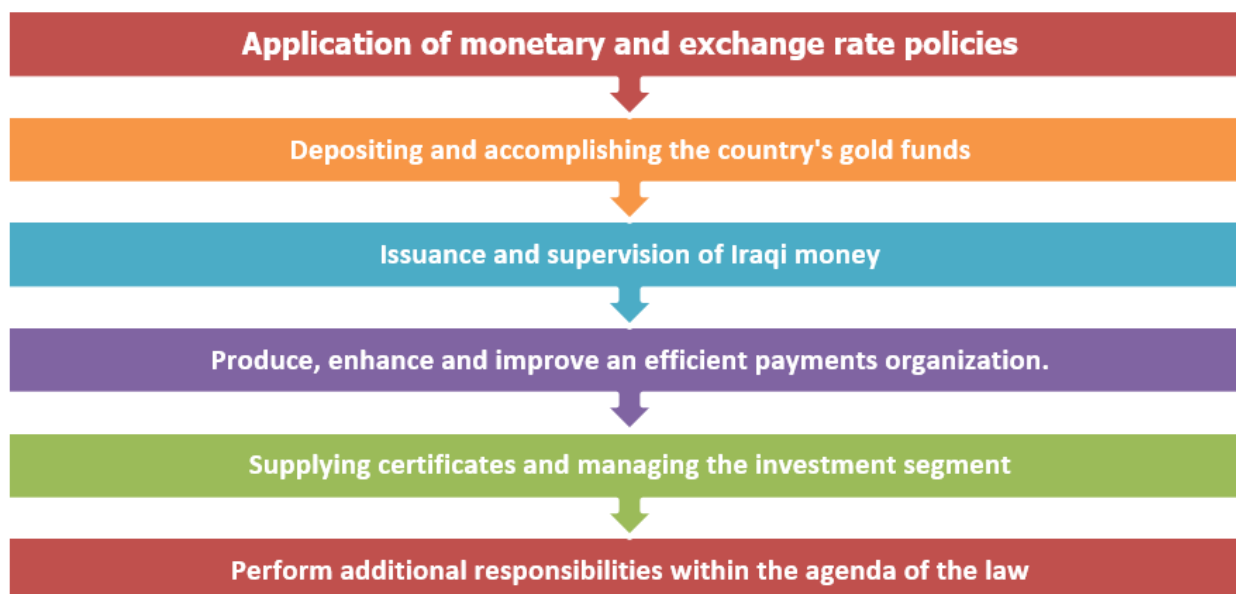


Figure 1.
Operates of the central Bank of Iraq.

Figure arranged by the researcher based on the source (Central Bank of Iraq data, previously mentioned source).

Second: Administration in the central Bank of Iraq

Banking supervision is one of the most important purposes of the central Bank of Iraq, through which it aims to prepare a sound, strong, and competitive banking system. This supervision is determined by inspection bodies that audit internally and inspect other financial institutions to ensure the extent of banks' agreement with the systems, regulations, and commands approved by the central Bank of Iraq^[10]. To preserve economic stability and ensure the safety of the banking system, it exercises the authority to set the universal budget strategy of the state, whether by approving the establishment of banks or using a company to guarantee bank deposits and supervising their work, as it requires implementing the economic and financial policy adopted by the state, regardless of the pursuit of profit.

^[10]H. A. S. Al-Amiri and H. F. Wahib, "The role of inspection in compliance with banking legislation, an applied study in a sample of Iraqi banks," *Journal of Accounting and Financial Studies*, vol. 12, no. 39, p. 17, 2017.

This aligns with the nature of the duties of the Chief Bank and its supervisory role, as it represents the supervision and supreme authority over the financial and economic sectors^[11].

Moreover, the supervision in the central Bank of Iraq fulfilled with the policies and recommendations of international financial and monetary institutions, and the supervisory approach was represented by a set of points, which are as follows:

1- Banking inspection: It is a supervisory method that examines the soundness of financial activities from both formal and substantive aspects according to the programs prepared by the central Bank of Iraq to determine the extent of their compliance with the laws and emptying the results of the examination into special reports that it submits to the competent authorities^[12].

2- Launching the Banking Supervision Reporting System (BSRS): This supervisory approach originates as an implementation of the strategic objectives set by The central Bank of Iraq in order to develop institutional performance, improve banking supervision tools, and reduce risks by automating activities and adopting advanced technical systems undertaken by The central Bank of Iraq in order to organize the work of the Iraqi banking sectors^[13].

3- Applying the principle of electronic supervision: It is one of the supervisory approaches that commence to audit the electronic systems of banks, follow up on their development procedures, and issue controls and directives for the banking sector in a manner consistent with international standards. This is done by managing the platform of letters of assurance for auditing and uploading letters of guarantee issued by banks on the electronic platform within the project to develop supervision work^[14].

4- Strengthening the mutual governance systems of the Iraqi banking sector: This is done by succeeding up on banks' compliance with the scorecard for environmental, social, and governance standards (ESG).

It is concluded that these approaches are nothing but policies for auditing and internal control in banks. They are part of the local efforts they exercise in compliance with the developments, instructions, and strategies of international financial and monetary institutions and international supervision that aim for financial safety^[15]. Its purpose is to measure the efficiency of banks' performance, develop banking services, and achieve the policy decided by the Chief Bank^[16]. It is necessary to denote to the organizational structure of the Banking Supervision Department, as shown in Figure 11 below:

^[11]S. F. Kokaz and M. S. Adnan, "The Effectiveness of the Central Bank of Iraq's Supervision of the Banking Sector 'An Analytical Study in Light of the Effective Iraqi Banking Deposit System'," *Academic Journal of Legal Research*, vol. 14, no. 2, p. 109, 2023.

^[12]H. A. S. Al-Amiri and H. F. Wahib, "The role of inspection in compliance with banking legislation, an applied study in a sample of Iraqi banks," *Journal of Accounting and Financial Studies*, vol. 12, no. 39, p. 22, 2017.

^[13]"The Central Bank launches the Banking Supervision Reporting System," Central Bank of Iraq (CBI), Apr. 27, 2023. [Online]. Available: <https://cbi.iq/news/view/2314>. Accessed: Aug. 8, 2024.

^[14]"Main tasks of the Banking Supervision Department," Central Bank of Iraq (CBI), Aug. 9, 2018. [Online]. Available: <https://cbi.iq/news/view/795>. Accessed: Aug. 8, 2024.

^[15]"Draft of the Internal Auditing System Control Manual for the Central Bank of Iraq," Central Bank of Iraq, Banking Control Department, p. 1, 2019.

^[16]M. S. Shakir and S. J. Khalaf, "Mechanisms for Developing the Banking System," *Journal of the University of Babylon for Humanities*, vol. 29, no. 12, p. 208, 2021.

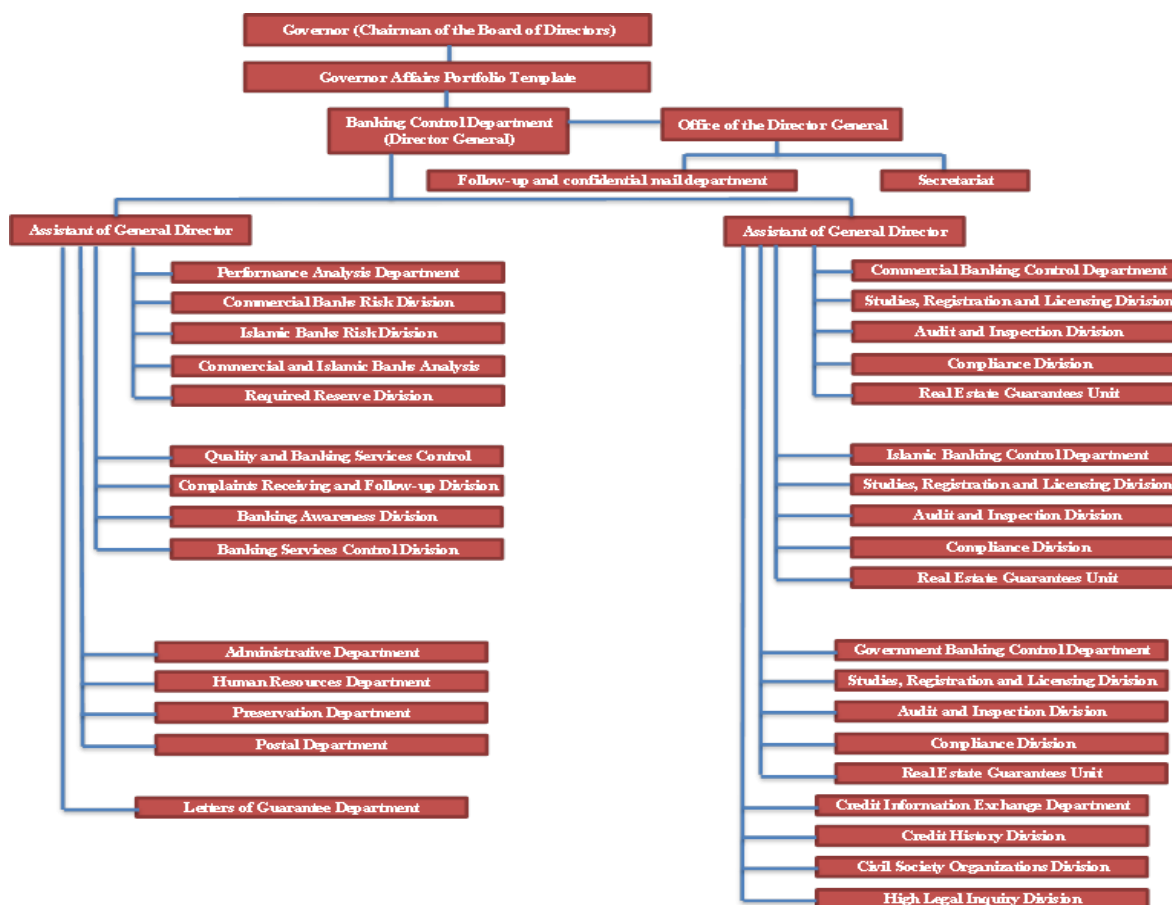


Figure 2.
Organizational structure of the banking control department.

The source was relied upon (Banking Supervision Department, Central Bank of Iraq, date of visit 7/12/2024, at the link: <https://cbi.iq/news/view/2403>).

This supervision aims to certify agreement with applicable rules and procedures to ensure the financial system's safety. This is done through specialized teams that direct various aspects of financial operations, including combating money laundering and terrorist financing, as well as developing an effective supervision system in line with global and local changes, including adopting modern technologies, improving the infrastructure of the financial system, updating electronic systems, and adopting international best practices to ensure the highest levels of efficiency and transparency in banking operations^[17].

In November 2022, to enhance anti-money cleaning and terrorist supporting (AML/CFT) powers, the central Bank of Iraq (CBI) presented economic receiver expose needs for cross-margin compensation demands in remittance auctions via a recent automated stage, which caused interruptions in employment support. As fulfillment with the latest policy that progressively advanced, remittance mart needs have returned to their preceding stages since mid-2023, confirming that the personal segment can retrieve distant currencies at certified charges for existing worldwide dealings. The continuing gap between the authorized exchange rate and the parallel marketplace trade rate is expected to have a

[17] Nour Ali Radhi, previously cited source, p. 69.

minor impact on the overall economy due to the remaining illicit demand for foreign currencies, including trade with countries subject to sanctions and currency speculation^[18].

Accordingly, control is an important domestic procedure to protect the financial and economic system and reduce economic crime in general and money laundering in particular.

Third: The central Bank of Iraq and its contest against money cleaning and terrorist supporting

The central Bank of Iraq is spirited in combating illicit funds, as reflected in Resolution No. (15) of (1997), which stipulates in (its first paragraph): (Confiscation of dirty money, including cash and immovable funds acquired by persons illegally, and who attempted to transfer their ownership to others to avoid the rule of Law), in addition to Iraq's accession to the United Nations Convention of (1988) (Vienna Convention) contrary to Illicit Traffic in Narcotic Drugs and Psychotropic Substances, by Law No. (23) of (1996)^[19]. Interest in this crime increased considerably after 2003 due to the changing circumstances that prompted the strengthening of anti-money laundering efforts. As a consequence, Anti-Money Cleaning Law No. (93) of 2004 was issued during the Coalition Provisional Authority, which criminalizes money laundering operations and establishes a special office in the central Bank of Iraq to receive reports on these crimes^[20]. In 2015, another law No. (39) of 2015 was released, which granted the Anti-Money Cleaning and Terrorist Supporting Department a legal personality and financial and administrative independence. The work of this office includes several missions that we will refer to later^[21]. In order to implement international standards and avoid sanctions, The central Bank of Iraq products in coordination with global figures such as the United Nations, the International Monetary Fund, the World Bank, and the International Police (Interpol), with the support of the Monetary Battle Mission Power. The procedures followed to check illicit funds include the following steps^[22]:

1. They monitor the money expected and sent to and from the country.
2. Monitoring account balances to check unusual activities.
3. Monitoring financial institutions' activities to confirm they are free from money laundering operations.
4. Establishing a special unit to inspect and verify financial activities.
5. Issuing instructions and rules related to auditing in money laundering.
6. Training employees in financial institutions on schemes of combating money laundering.

The central Bank of Iraq recorded an important reduction in the quantities of US dollars sold through the currency sales window of the Chief Bank during the period (2016-2023). This is attributed to the decrease in sales of the Chief Bank, as in the deficiency of a foreign currency window, the increase in government spending leads to a significant decrease in the value of the Iraqi dinar. Table 1 displays the sales of the foreign currency window and the exchange rate in Iraq for the period (2016-2023), as shown below:

Table 1.
Foreign currency window sales (Billion dollars).

Year	Parallel exchange rate (market rate) (dinar/dollar)	Base exchange rate (window rate) (dinar/dollar)	The difference between the two prices
2016	1303	1182	121
2017	1251	1184	67

^[18]"2024 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR IRAQ," IMF Country Report, no. 24/128, p. 6, May 2024.

^[19]F. J. Kareem, "The Role of the Central Bank of Iraq in Combating the Crime of Money Laundering," Al-Nahrain Center for Strategic Studies. [Online]. Available: <https://alnahrain.iq/post/865>. Accessed: Jul. 8, 2024.

^[20]A. H. Salman and L. T. Mikha, "Implications of Money Laundering Phenomenon," Journal of the College of Administration and Economics, Al-Mustansiriya University, no. 67, p. 223, 2007.

^[21]F. K. Kazar, previously mentioned source, p. 172.

^[22]F. J. Kareem, previously cited source, p. 4.

2018	1195	1182	13
2019	1202	1182	20
2020	1351	1304	47
2021	1477	1450	27
2022	1497	1470	27
2023	1610	1363	274

From the researcher's numbers depended on the source (Division of Statistics and Research, Chief Bank of Iraq, Economic Report for the First Quarter of 2023, p. 8, available at the link <https://cbi.iq/news/section/4>). The Constancy of the trade proportion lies in decreasing the exchange rate gap between the official price sold by the window and the parallel price sold by the exchange market^[23]. The Chief Bank's purchases of the US dollar from the Ministry of Finance in 2023 detailed a decrease of (12.1) 9%, amounting to (12) billion dollars, compared to (13.7) billion dollars for the same year in 2022, and one of these reasons is the dollar exchange rate crisis, which reached its peak in 2023, as shown in Figure 3 below:

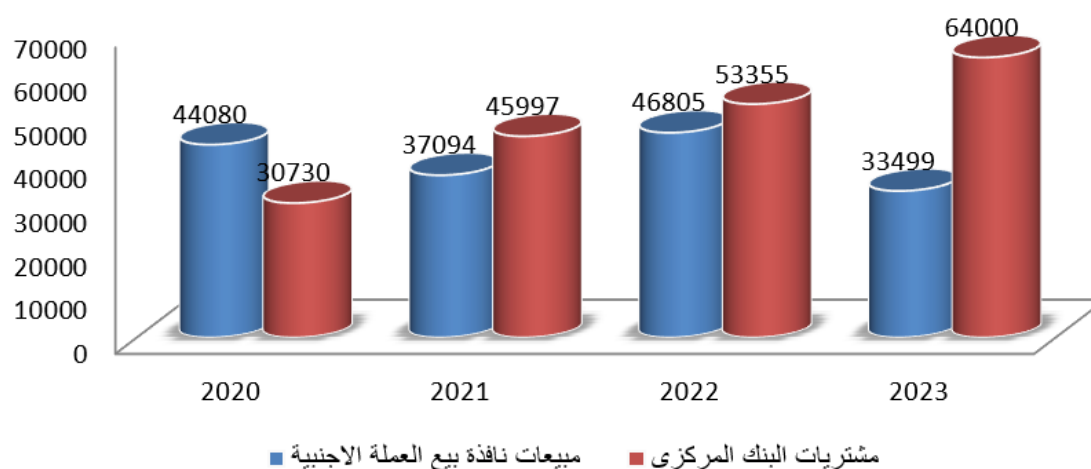


Figure 3.

Procurements and auctions of distant money by the central Bank of Iraq for the period (2020-2023).

Prepared by the researcher depended on the source (Division of Statistics and Research, Central Bank of Iraq, Annual Statistical Bulletin for the year 2023, p. 56, available at the link <https://cbi.iq/news/section/4>).

It is apparent from the above that the central Bank of Iraq discloses the figures related to purchases and sales of foreign currency, in addition to disclosing the clients participating in the currency auction daily to prove financial integrity and credibility, avoid fictitious clients, and identify real clients. The evident decline in the central Bank of Iraq's sales of US dollars through the currency sales window directly impacts the exchange rate's stability and the crisis of the value of the Iraqi dinar. This situation has produced a gap between the official and parallel price of the dollar, which has provided a fertile environment for economic crimes such as (illegal speculation and money laundering). The increase in government spending in the deficiency of exchange rate stability increases the risks of economic crime, as this gap is exploited to accumulate wealth in illegal ways, threatening the Iraqi economy. Concurring

^[23]Department of Statistics and Research, Central Bank of Iraq, "Economic Report for the First Quarter of 2023," p. 8. [Online]. Available: <https://cbi.iq/news/section/4>.

to the central Bank of Iraq report, the exchange rate crisis in 2023 was one of the most prominent factors that contributed to the exacerbation of this crime^[24].

A set of measures were taken in the area of combating money cleaning by imposing regulations on personal banks and money handover companies to record the currency mart. These controls contain submitting credentials of source of belongings, overload office revenues, and statements for introduced properties. These utilizes hinder the proficiency of private banks and money transfer corporations to enter the currency auction^[25]. Moreover, as a monetary authority, it can supply new legislation requiring all monetary establishments to reveal their consumers requiring participating in daily currency auctions. These procedures target to identify real customers and avoid fictitious trades, as Article (40) of the Chief Bank Law No. (56) of 2004 specifies that it has the right to acquire the essential dealings to permit and control the creation of banks and manage them and their subdivisions. This certificate permits banks to apply all banking activities, including trading in foreign currencies and importing gold—article (27) of the Banking Law No. (94) of 2004 controls and determines the trends and channels of foreign exchange^[26]. Table 2 below presents the volume of laundered money, dollar sales, and the trade rate by the central Bank of Iraq.

Table 2.
Volume of laundered money, dollar sales, and the trade rate by the central Bank of Iraq for the period (2016-2021).

Year	Value of laundered money (In million dollars)	Dollar sales (In million dollars)	Exchange rate
2016	103488981.5	42201	1275
2017	108128298.6	47133	1258
2018	112767610.5	51127	1209
2019	11740676929.1	44080	1196
2020	122046247.7	6108	1234
2021	130209611.4	37094	1474

Source: The table is organized by the researcher based on the source (Saman Arif and others, previously mentioned source, p. 395).

The above table identifies the volume of laundered money, dollar sales, and the trade rate by the central Bank of Iraq during the period from (2016 to 2021), indicating that there has been a significant increase in the value of laundered money over the years, as it rose from (103,488,981.5) million dollars in the year (2016) to (130,209,611.4) million dollars in the year (2021). In contrast, dollar sales contrast between years, with a noticeable decrease in the year (2020) to (6.108) million dollars and then a rise again in the year (2021) to (37,094) million dollars. As for the exchange rate, it witnessed minor fluctuations between years, with its highest value recorded in the year (2021) at (1,474) dinars per dollar^[27]. These figures reflect the continuing challenges facing the monetary authorities in Iraq in trying to regulate the financial market and control money laundering operations, which reflects the importance of taking strict measures to combat this phenomenon as for the indicators of the size of laundered money issued by the Chief Bank statistics, Figure 4 below illustrates this.

^[24]"Financial Soundness Indicators (FSI) Report for the Iraqi Banking System According to the International Methodology Approved by the International Monetary Fund (2015-2023)," Central Bank of Iraq Statistics Center. [Online]. Available: <https://cbi.iq/news/view/2091>. Accessed: Jul. 20, 2024.

^[25]S. Aref et al., "A quantitative and analytical study of the effectiveness of the measures taken by the Central Bank to combat the phenomenon of money laundering in Iraq," Fayoum University Journal of Economic Studies, vol. 36, no. 3, p. 394, 2022.

^[26] Saman Aref and others, the same source, p. 394.

^[27] Saman Aref and others, previously cited source, p. 395.

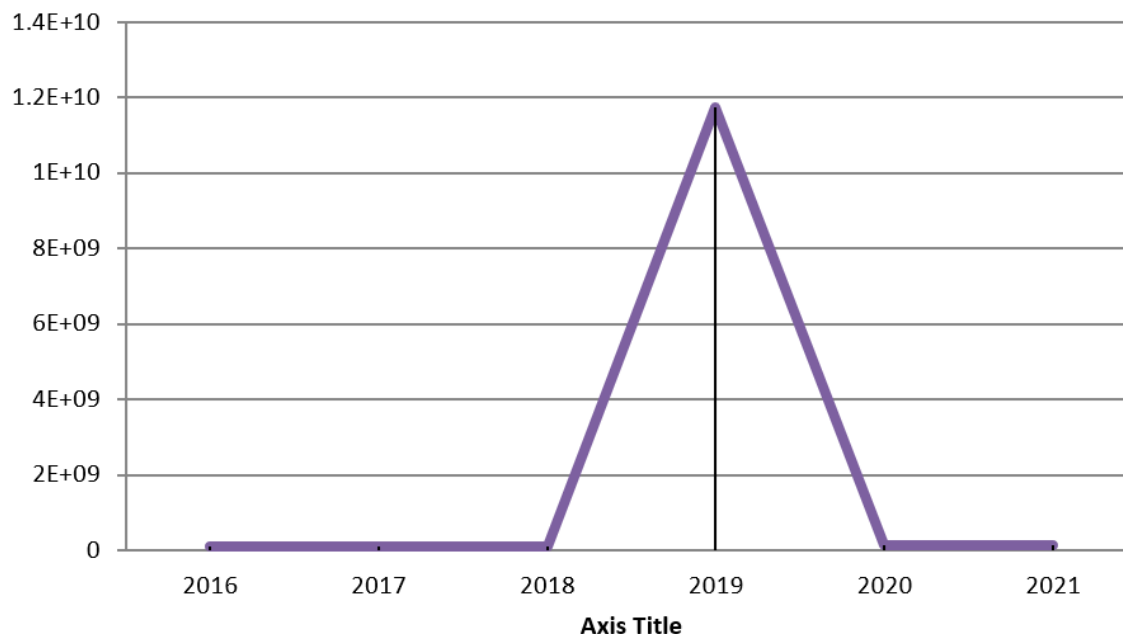


Figure 4. Indicator of the volume of laundered money according to statistics from The central Bank of Iraq for the period (2016-2021).

Organized by the researcher based on a source (a collection of yearly articles of the Anti-Money Cleaning and Terrorist Supporting Department for the years 2016-2021, available at the following link: https://aml>iq/?page_id=2286).

It is committed to fighting money cleaning and terrorist supporting (AML/CFT) throughout a comprehensive compliance program based on risk assessment to ensure compliance with Iraqi laws and international standards. This commitment is represented at all levels of the institution. The bank invests in training, technology, policies, and procedures to ensure the effectiveness of compliance efforts, which enhances a secure and transparent local and global financial system and allows integration with global financial institutions to support the needs of Iraqi customers^[28]. Banks are one of the utmost vital links in which illicit finances distribute, as they enjoy the complication, rapidity, and overlap of banking actions, which gives them a prominent role in distancing illicit funds from their sources and giving them a legitimate character. The role of banks can develop more evident with the advancement of banking operations and the use of modern technological methods. Although banks may require to be made aware of the sources of these funds, modern electronic services can be used in illegal ways, especially since most operations are automated, which means monitoring them requires great effort, time, and costs. In addition, the laws that permit account the confidentiality of banking transactions and their non-disclosure except in special circumstances add additional difficulty to the control process^[29].

It can be concluded from this that the central Bank of Iraq is a regulatory and supervisory organizations that legalizes the financial and economic activities of the state and has complied with international standards that have praised comprehensive quality management, institutional development, financial transparency, and combating corruption through its local efforts in this regard.

^[28]"Compliance obligations to combat money laundering, terrorist financing and economic sanctions," First Iraqi Ban Magazine, p. 1, 2024. [Online]. Available: <https://fib.iq/aml-policy>. Accessed: Jul. 18, 2024.

^[29]M. Mustafa and I. M. Al-Rifai, "The Role of Banks in Confronting Financial Fraud and Money Laundering," Iraqi Integrity Commission, p. 16, 2008.

3. Conclusions

Finally, The central Bank of Iraq has made remarkable improvement in fighting the crime of money cleaning and terrorist supporting, especially after 2016, as this period witnessed the actual implementation of Law No. (39) of 2015 on fighting money cleaning and terrorist supporting by increasing its role in monitoring suspicious financial transactions and determining the percentages of laundered money that were conducted by various means through its advanced procedures in this regard, as it carries out the process of financial disclosure, financial transparency, and accountability to achieve a safe and transparent financial system. Its compliance with international standards, local efforts, and cooperation with international financial institutions have all contributed to Iraq's exit from the watching and follow-up area based on the Financial Action Task Force (FATF) classification, which indicates the positive role played by the central Bank of Iraq in fighting this corruption and enhancing the financial and economic stability of the country.

This research concludes a set of conclusions and suggestions that the researcher extended, which are as follows:

3.1. Conclusions

1. Money laundering is an old occurrence in Iraq. However, it has become increasingly widespread with globalization, technological openness, liberalization of financial markets, and the growth in e-commerce, with the development of banking transaction methods and transportation and communications.

2. The central Bank of Iraq has previously enacted laws in this respect, including Law No. (93) of 2004, but they were somewhat weak and suffered from weakness, necessitating updating these laws, as it established Law No. (39) of 2015, which increased its supervisory and oversight role in monitoring this crime and combating corruption.

3. The central Bank of Iraq complied with international standards that admired comprehensive quality management, institutional development, financial transparency, and combating corruption through its local efforts in this regard, which contributed to Iraq's exit from the monitoring and follow-up area.

4. The lack of precise and comprehensive statistics on this crime is due to several factors, including the development of technological methods in transferring money and the development of means of communication, in addition to citizens' fear of reporting for fear of being pursued by criminal networks.

5. The figures mentioned above signify the ongoing challenges facing the monetary authorities in Iraq in regulating the financial market and controlling money laundering operations in light of multiple and advanced technological methods for committing this crime. However, there are tangible local attempts to track and monitor suspicious financial transactions and identify their sources.

3.2. Recommendations

In order for the central Bank of Iraq to proceed in fighting this corruption and after an extensive study, the research presents a set of proposals as follows:

1. The internal control system must be further progressed by creating advanced technological control methods that keep pace with the continuous technological development by allocating special financial resources to spend on these technologies due to their high costs.

2. Local and international training courses must be intensified to acquire the technical skills of employees and officials concerned with developing the effort of the central Bank of Iraq and increase monitoring of suspicious financial transactions.

3. Awareness campaigns must be increased on the requirement of reporting suspicious cases and ensuring the confidentiality of information about the identity of the reporting person in order to encourage citizens to submit reports.

4. It is necessary to strengthen its schemes for fighting money cleaning and terrorist supporting, intensify worldwide cooperation with international financial institutions and other relevant

international organizations, and increase compliance with international standards issued by the Financial Action Task Force (FATF) and the Middle East and North Africa Financial Action Task Force (MENA FATF) in order to exchange information and expertise to reduce this crime so that it does not fall into the international classification of high-risk countries that suffer from strategic weaknesses in their systems.

5. It is necessary to strengthen and inform local laws and legislation to combat money laundering and terrorist financing, tighten penalties, strengthen security deterrence, and reduce the risk of criminals committing this crime.

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