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Research Article

Cryptocurrencies and Money Laundering

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Abstract

Financial transactions involving cryptocurrencies have seen significant growth in recent years. Individuals and companies are using cryptocurrencies as a medium of exchange. This unstoppable process has brought opportunities for the cost-effective performance of financial transactions, but at the same time challenges for law enforcement institutions. A significant portion of cryptocurrency transactions are conducted outside the conventional banking financial system. Such transactions are difficult for law enforcement authorities to trace. There is a high possibility that cryptocurrencies will be used by money launderers to hide their identity and launder their proceeds of crime. Offshore Financial Centers, which apply a high degree of anonymity, are widely using cryptocurrencies. Countries and international institutions should take coordinated action to tackle money laundering in the field of virtual currencies as it is very difficult for one country, alone, to fight the phenomenon of money laundering in the world of cryptocurrencies. The study focuses on the difficulties faced by financial institutions and law enforcement authorities in tracking cryptocurrency transactions in the context of prevention of money laundering, seen from the Albanian perspective.

Keywords: Cryptocurrency, AML/CTF, Know Your Customer, Beneficiary Owner, Offshore Financial Centers.

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