

**SERPIL KAHRAMAN**

Yasar University, Turkey

## **THE POLITICAL ECONOMY OF MONEY LAUNDERING**

### **Abstract:**

Money laundering is an illegal profit generating activity occurs outside of the economic data which traces back to half a century ago. Since money laundering is an international problem, has become a significant structural component in International Political Economy (IPE). Anti-money laundering (AML) as a financial problem is rarely at the core of the policy goals relating to global financial governance, aims to impose controls on the circulation of money. Money launderers are major players in the global economy that introduce their illegal profit into financial system. Money laundering leads to corruption, and destroy the balance in financial markets by increasing financial instability and volatility and influencing macroeconomic analysis. Thus, money laundering can distort macroeconomic policymaking. In general the process of how to launder money can be explained in three stages; placement, layering and integration. The wide range of financial activities and instruments including smurfing, derivatives, parallel card transactions, interbank wire transfers involved in money laundering. It is clear that international co-operation is the important necessity in the fight against it. Many governments, economic institutions and organizations such as The International Monetary Fund (IMF), The United Nations (UN), European Union (EU), and Bank of International Settlement (BIS) provide information technical assistance for dealing with the problem in a global context. This paper introduces the role and the implications of money laundering in IPE.

### **Keywords:**

political economy, money laundering, international finance.

**JEL Classification:** P48