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Submission date: 08-Dec-2020 12:58PM (UTC-0500)

Submission ID: 1468831537

File name: y_laundering_crimes_on_the_national_economy_of_Saudi_Arabia.docx (16.95K)

Word count: 417

Character count: 2486

Money Laundering Crimes

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Money Laundering Crimes

The kingdom of Saudi Arabia is determined to combat illicit financial activities that had put it in a collision path with its development partners (Dudley, 2018). Furthermore, the country's economy has suffered significantly due to money laundering crimes. This discussion aims to explore the impacts of money laundering crimes on the national economy of Saudi Arabia.

The issue of money laundering is not unique to Saudi Arabia as it affects nearly every country. In Saudi Arabia, one of the effects of money laundering occurs when movement of capital does not have a profitable logic (Issaoui et al., 2016). Criminals engaging in the practice are not interested in profit generation in a manner that can aid the country's economy but are rather interested in hiding and protecting their illegal proceeds. These criminals invest in low-quality projects that can hide their illegal monies, hence hampering Saudi Arabia's economic growth. That is the case with short-term projects witnessed in the hotel and construction industries that are later abandoned when they no longer suit the purpose of hiding proceeds of crime. In the end, these sectors collapse and cause immense damage to the national economy (Issaoui et al., 2016). Saudi Arabia has also lost revenue from the activities of money launderers. For instance, tax collection where money laundering is involved has become difficult because it is impossible to trace the exact source of the money criminal entities have. Some people have hidden identities and they operate using shell companies that undermine the private sector, and the small and medium enterprises that help drive the nation's economic agenda. In the end, legitimate taxpayers end up bearing the burden of paying taxes, whereas money launderers do not contribute towards the country's economic progress by paying taxes.

In conclusion, Saudi Arabia cannot afford to continue ruining its reputation in today's global economy, as the country's economy will end up bearing the burden. The country's financial market image has been tarnished due to money laundering activities, and this does not inspire investor confidence. As a result, the country has tightened anti-money laundering laws and must continue to make progress to sustain and grow its economy.

References

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- ² Issaoui, F., Hassen, T., & Wassim, T. (2016). The effects of money laundering (ML) on growth application to the Gulf countries. *Munich Personal RePEc Archive*, 1428-1441. <https://doi.org/10.4018/978-1-7998-2466-4.ch084>
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