

# Estimating Money Laundering Flows with a Gravity Model Based Simulation



**Prof. Brigitte Unger**  
Utrecht University



**Prof. Michael Getzner**  
TU Vienna



**Dr. Joras Ferwerda**

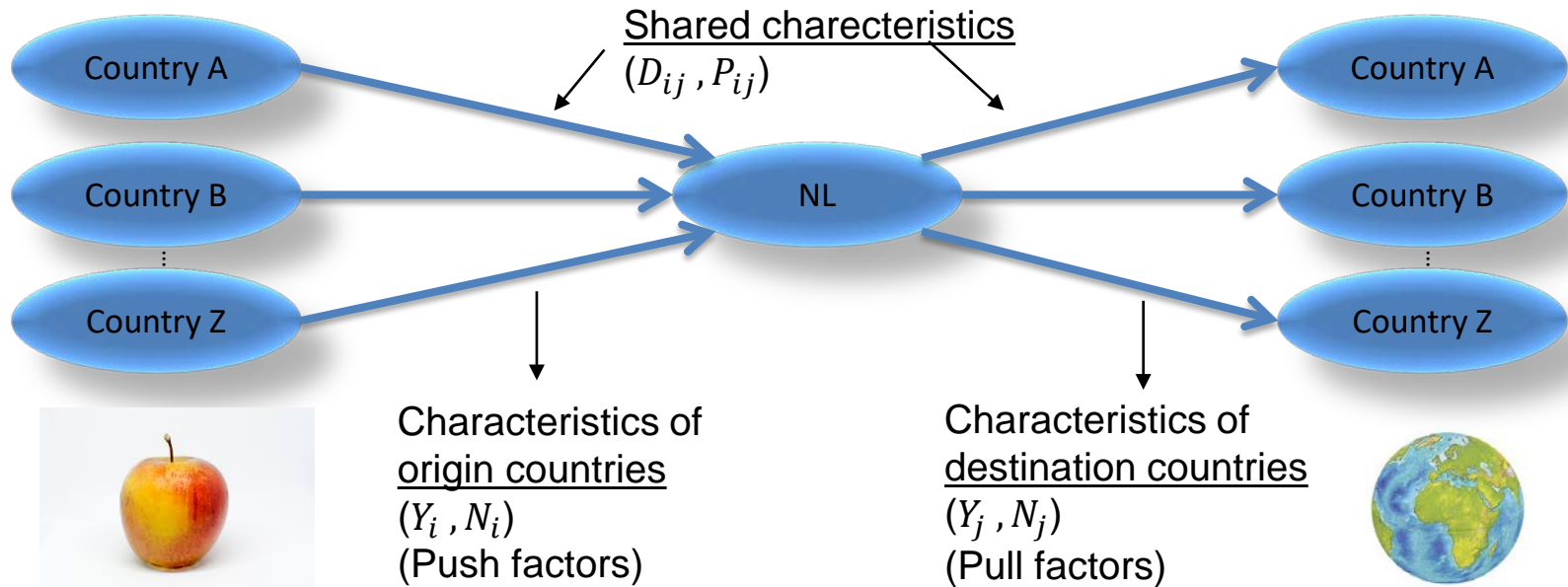


**PhDcand Alexander van Saase**

Research Paper for **iCOV** - informatiebox crimineel en onverklaard vermogen  
and with special thanks to FIU Nederland for providing  
Suspicious Transaction Reports 2009 -2014



# Our gravity model & data: STRs from all countries to NL and from NL to all countries



$$X_{ij} = \beta_0 Y_i^{\beta_1} N_i^{\beta_2} Y_j^{\beta_3} N_j^{\beta_4} D_{ij}^{\beta_5} P_{ij}^{\beta_6}$$

$X_{i,j}$  ... ML/STR flows between countries i and j  
 $Y_{i,j}$  .....Gross Domestic Product of countries i and j  
 $N_{i,j}$  .....size of the population in countries i and j  
 $D_{i,j}$  ... distance between countries i and j  
 $P_{i,j}$  .....special preference relationship between countries i and j



# What attracts Money Launderers/ Laundering Flows?

$$X_{ij} = \beta_0 Y_i^{\beta_1} N_i^{\beta_2} Y_j^{\beta_3} N_j^{\beta_4} D_{ij}^{\beta_5} P_{ij}^{\beta_6}$$

$$\begin{aligned} \ln STR_{ij}^v = & \beta_0 + \beta_1 \ln \mathbf{Border}_{ij} + \beta_2 \ln \mathbf{Language}_{ij} + \beta_3 \ln \mathbf{Currency}_{ij} + \beta_4 \ln \mathbf{Colonial}_{ij} + \beta_5 \ln \mathbf{Religion}_{ij} \\ & + \beta_6 \ln \mathbf{Distance}_{ij} + \beta_7 \ln \mathbf{Trade}_{ij} + \beta_8 \ln \mathbf{gdp}_i + \beta_9 \ln \mathbf{gdp}_j + \beta_{10} \ln \mathbf{gdppc}_i + \beta_{11} \ln \mathbf{gdppc}_j + \beta_{12} \ln \mathbf{egmont}_i \\ & + \beta_{13} \ln \mathbf{egmont}_j + \beta_{14} \ln \mathbf{conflict}_i + \beta_{15} \ln \mathbf{conflict}_j + \beta_{16} \ln \mathbf{corruption}_i + \beta_{17} \ln \mathbf{corruption}_j \\ & + \beta_{18} \ln \mathbf{taxhaven}_i + \beta_{19} \ln \mathbf{taxhaven}_j \end{aligned}$$

12-11-2019



# INSERT TABLE 2

What attracts Money Launderers?



# INSERT TABLE 3

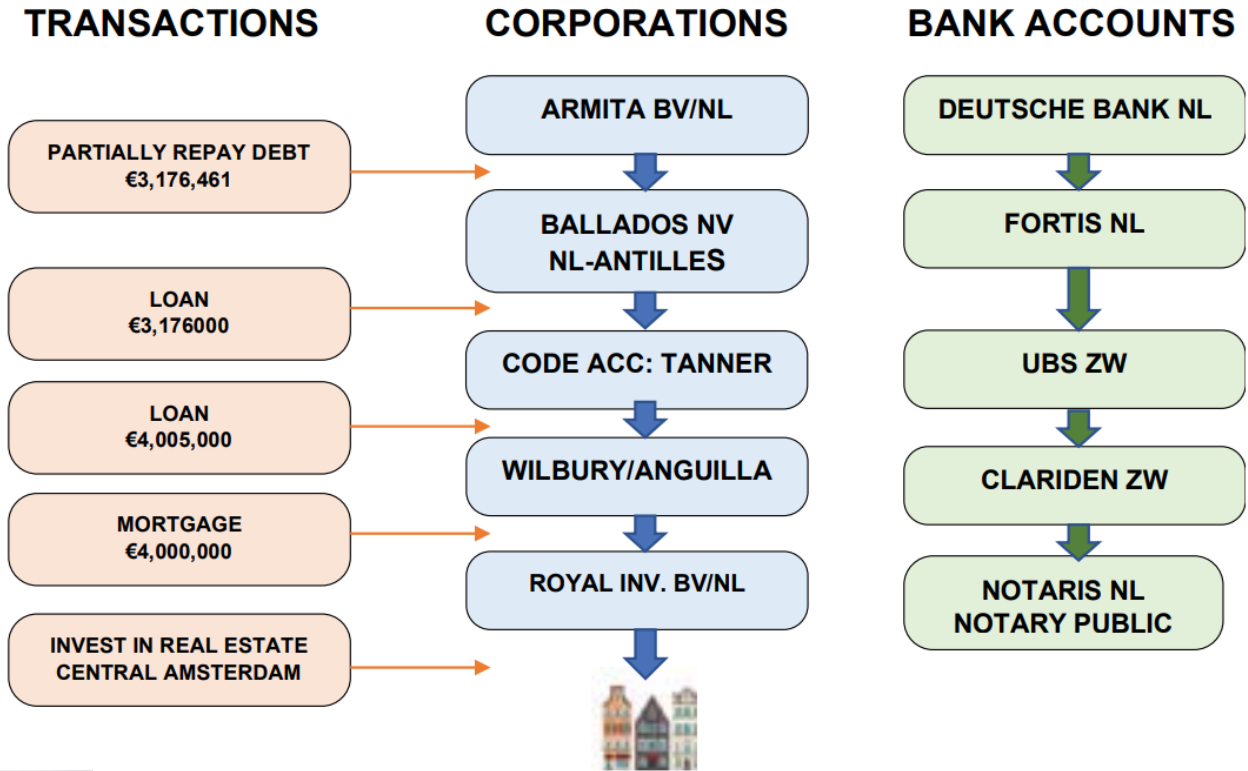
## Results throughflow

- look at Canada
- Money laundering is 1.9% for OECD, 3.0% for the World – without tax evasion money!!)
- Biggest launderers are the **US and UK** (40% of all ML in OECD countries)
- **The Netherlands** are a throughflow country, but less dramatic when compared to its neighbours.  
**Domestic ML is its biggest challenge**



# BC REPORT p.22 Figure 3 3 million Euro blackmailed from Willem Endstra by Willem Holleder and laundered through Jan-Dirk Parelberg

Money is pumped around the globe 5 times on average



Source: Koningsveld (2015) Dissertation

