SPECIAL

Macau's 25-year anti-money laundering quest

Beyond the tables: Macau's evolving AML battle

In a 2025 review, Macau became the first APG member to pass all 40 FATF Technical Compliance Recommendations—the most demanding benchmark.

This marks the latest success achieved by Macau in the fight against money laundering (AML), but it is not enough to eliminate a problem that will likely never be eradicated, particularly in the world's largest gaming market. Where there are casinos, there is money laundering.

Recognising that current measures are not enough, Macau authorities are preparing a new strategy to meet the next APG review in just over a year.

New challenges—with cryptocurrencies and artificial intelligence (AI) at the forefront—mean authorities must stay prepared, which is precisely what Macau is doing.

Yet, it is vital to acknowledge that no matter how robust the legislation or how effective its enforcement (which remains an ongoing challenge), AML is not merely a local issue. It is increasingly regional, with criminal networks operating like corporate holdings, opening and closing illicit branches across diverse jurisdictions.



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Tracking Macau's quarter-century AML efforts

The fight against money laundering didn't begin in 2021, but the challenges created by the liberalisation of gaming have forced redoubled efforts

The Financial Action Task Force (FATF) is a global watchdog established in 1989 by the G7 to combat money laundering, terrorist financing, and proliferation financing. The body issued its foundational 40 Recommendations in 1990. Shortly after, the Asia/Pacific Group on Money Laundering (APG) was established in 1997 to cover the region, including Macau.

Macau's entry into the group was bound to happen, materialising in 2001 after an observer period that began during the final years of Portuguese administration.

Until 2007, Macau was subject to two APG assessments (mutual evaluation reports, or MERs), and the results obtained, "although not bad in the context of APG members, were not so good": in the 40 Recommendations, the MSAR obtained a compliant (C) rating in 7 of them, a largely compliant (LC) rating in 15, and a partially compliant (PC) rating in 18. With these results, the MSAR was placed on enhanced follow-up, reporting annually on progress made.

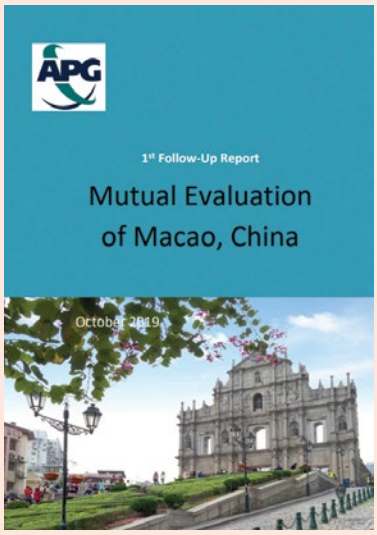
The revision of the international standards

José Carapinha, a legal counsel at the Financial Intelligence Office (GIF), wrote an article published in 2022 in the Gaming Law Review journal detailing the SAR's two-decade AML efforts.

"Equipped with a completely new set of recommendations contained in the MER, the MSAR Government adopted a strategic plan which contained the necessary measures to address the deficiencies identified in the MER," underlines Carapinha in Macau's Fight Against Money Laundering, Terrorism Financing and the Financing of Proliferation of Weapons of Mass Destruction: Historical Perspective, Present Situation, and Challenges Ahead.

The first major change was the rearrangement of the 40+9 recommendations "in order to revert to its original 40 recommendations brand." This was achieved by incorporating the obligations contained in the Special IX Recommendations against Terrorism Financing into the new 40 recommendations. "This was intentionally done as it was understood that the original brand was the one that better identified the organisation."





The next step in the overhaul of the AML/CFT legal framework was the revision of the existing laws governing these issues. All new requirements introduced "by the revision of the international standards required that most of them had to be included in existing legislation," wrote José Carapinha in the same article.

A new MER was adopted at the July 2017 APG Plenary, and the results of the assessment "were extremely rewarding."

"At the time, these results represented one of the best technical compliance results obtained by APG or FATF members and one of the best effectiveness results within APG members with some results worth noting: as of today, the MSAR is one of only five APG jurisdictions with a majority of passing ratings for effectiveness," reads the paper.

Looking ahead to the 2028 evaluation cycle

"Having obtained the excellent results that it obtained in its third-round MER," the MSAR was placed under regular follow-up with a duty to report two years after the adoption of the MER. Because at the time it was envisaged that only technical compliance would be possible to obtain re-ratings during the follow-up process, "the MSAR Government immediately concentrated its efforts in improving its results through the improvement of the technical compliance (TC) ratings," also according to Carapinha's article.

"The APG values Macau's participation in the organisation over the past 25 years. During this period, Macau has participated in the APG's regional cooperation, mutual evaluation and follow-up processes, and broader exchanges on anti-money laundering and counter-terrorist financing issues," stated the APG to Macau Business. "Macau has held leadership roles in the APG's Governance Committee and as Mutual Evaluation Committee Co-Chair, and hosted APG events, including an Annual Meeting and training workshops."

Although paragraph 38 of the APG Information and Communications Strategy forbids the APG Secretariat to comment on individual jurisdictions, mutual evaluation processes, outcomes, or matters that are subject to APG and FATF confidentiality requirements, the APG Secretariat notes that Macau was the first APG member to reach compliant or largely compliant with all 40 FATF recommendations (as in place at the time) in 2019, the date of the latest follow-up report.

Macau's next mutual evaluation is presently scheduled to commence in 2028, with its mutual evaluation report scheduled for adoption at the APG Plenary in 2029. ■

The APG Secretariat notes that Macau was the first APG member to reach compliant or largely compliant with all 40 FATF recommendations (as in place at the time) in 2019

From baseline rules to risk management

Twenty-five years of anti-money laundering progress in review, with experts pointing to substantial a chievements alongside ongoing challenges

Although Macau's AML/CFT regime "has a relatively short history, its development has been sustained," according to Professor Muhui Shi of the Faculty of Law at the University of Macau.

Her view is shared by all the experts interviewed in assessing these past 25 years.

Prof. Shi recalls that "its first dedicated statutes date from 2006 (Prevention and suppression of the crime of money laundering and Prevention and suppression of the crimes of terrorism). For the following decade, change came mainly through supervisory guidance (2009, 2016); the decisive modernisation was concentrated in 2016–2017, with an asset freeze law, a comprehensive update of the 2006 statistics, and a reporting regime for bearer currency and negotiable instruments."

For this Macau-based scholar, "the result is strong: in the latest dedicated report published by FATF, Macau is rated Largely Compliant or better on all forty Recommendations, with more than half rated fully Compliant."

Yet the technical-compliance ratings "do not capture everything: the 2017 APG evaluation rated effectiveness in prosecuting money laundering and recovering its proceeds as low. That finding indicates where further effort should be directed."

Prof. Shi notes that last May, the Financial Intelligence Office (GIF) also completed sector consultation on a new Bill on Combating Acts of Money Laundering and Illicit Financing (see text on the following pages), adding that "for any jurisdiction, this is a substantial trajectory."

"Compliance checklists alone are insufficient"

Macau recorded a 10 per cent increase in suspicious transaction reports (STRs) in the first quarter of 2026, with the GIF receiving 1,356 reports—up from the same period in 2025. This surge follows 4,925 total STRs filed in 2025, approximately 70 per cent from the gaming industry and 20 per cent from financial institutions. Notably, 118 cases were referred to the Public Prosecutions Office last year, with many linked to fraud.

At the "2026 Anti-Money Laundering/Anti-Financial Crime Annual Conference" at Macau Tower, nearly 300 regulators and experts from gaming, banking, and legal sectors "acknowledged that compliance checklists alone are insufficient," according to a summary released by the AML Network.

At this event, Tang Weng Fong, deputy director of the Monetary Authority of Macao (AMCM), revealed that emergency payment stoppage measures introduced in 2017 blocked over



680 fraud cases in 2025, securing more than MOP84 million.

In March, the "Anti-Fraud App" was fully integrated with the "Easy Transfer" system, enabling near-instantaneous interception of suspicious flows. This is part of broader collaboration between the Judiciary Police (PJ) and Macau's banking sector, including a pilot cross-border information-sharing scheme with Guangdong province launched in 2025.

"A stage of profound change and accelerated improvement"

"In recent years, Macau's financial regulatory environment is in a stage of profound change and accelerated improvement. The promulgation and implementation of the Legal System of the Financial System in 2023 marks an important update of the cornerstone of financial regulation in Macau," wrote Ouyang Chenghu, general manager of the legal and compliance department of ICBC Macau, in this magazine.

The expert understands that "the compliance management of Macau's banking industry has gone beyond the simple satisfaction of 'compliance' and is moving towards a new stage of 'effectiveness' and 'proactive risk management'."

Banking institutions, on their side, "need to have a deep understanding of and proactively adapt to the local regulatory environment, and be forward-looking and benchmarked against the constantly evolving laws, regulations and regulatory guidelines," wrote Ouyang last June. ■

Tackling legal bottlenecks and the road to 2030

As Macau targets virtual assets and corporate anonymity through 2030, experts warn reforms must be matched by institutional capacity

Despite the positive results achieved by Macau in anti-money laundering and counter-financing of terrorism (AML/CFT)—duly praised by supervisory bodies—the SAR still faces what the Financial Intelligence Office (GIF) terms legal "bottlenecks."

The GIF emphasises that "a robust legal framework to combat money laundering is a core element in preventing financial crimes and promoting high-quality economic development." With the evolution of the international financial crime landscape and the emergence of new technologies such as virtual assets, criminal investigation becomes more challenging, the Office admits.

"Currently, there is no centralized system for registering beneficial owners and no mechanism that obliges legal entities to proactively collect, maintain, and periodically update information about their beneficial owners," the GIF points out as an example.

As part of the legislative reforms it deems necessary, the GIF has been conducting consultations on "Combating Money Laundering and Illicit Financing of Activities," which will result in a new law. The draft law, now under sectoral consultation, seeks to align the territory's framework with international standards set by the Financial Action Task Force (FATF).



The law, which would replace the current regime dating back to 2006 and will have a phased implementation, will form part of the new "Macao SAR Strategic Plan for Anti-Money Laundering/Countering the Financing of Terrorism/Combating the Financing of Proliferation of Weapons of Mass Destruction" (2026-2030), which follows the "Strategic Plan (2021-2025)."

This strategic plan was based on the recommendations contained in the 2017 Mutual Evaluation Report (MER), as well as "the priority work developed in accordance with the updated international standards of the Financial Action Task Force (FATF), in order to define, as early as possible, the respective policies and measures, in order to better prepare for the next round of large-scale mutual assessment against money laundering," confirms the GIF.

What is known about the new law?

One of the novelties of the new legislation is the introduction of tighter rules on virtual assets such as cryptocurrencies. Furthermore,

the new law aims to end corporate anonymity through a central register of companies and grant judges the power to suspend financial transactions in real time.

The proposal introduces licensing requirements for virtual asset operators, who would face administrative fines if they operated without authorisation. Virtual assets would be legally defined as "goods or advantages derived from unlawful acts," allowing authorities to freeze them if linked to crime.

The draft also expands the scope of money laundering offences, covering preparatory acts against state security, general fraud, and computer fraud. Judges would be empowered to suspend suspicious transactions in real time, while banks, gaming operators, and other entities would be obliged to adopt stricter due diligence and reporting measures.

Other provisions include the creation of a central register of beneficial ownership, a ban on anonymous accounts or shell banks, and stronger protection for whistleblowers against retaliation. Administrative sanctions would be tiered into minor, common, and serious categories, with fines scaled according to the severity of violations and the economic gains obtained.

The Government also intends to impose stricter obligations on non-profit organisations, requiring them to verify the origin and destination of funds to prevent misuse for terrorism financing. Records related to customer due diligence and compliance would have to be kept for at least 15 years, reflecting the statute of limitations for criminal proceedings.

The consultation work with the sectors regarding the proposed law was completed in May 2026, and the respective legislative process will be carried out "in an orderly manner," states the GIF to Macau Business.

"A systemic gap": information sharing

"The question the new law has to answer is," according to local lawyer Rodrigo Mendia de Castro, "whether a framework whose backbone was designed almost two decades ago, and which has since been patched through regulations, guidelines and sectoral instructions, still matches the way money is actually moved through and out of Macau today?"

"In my experience, there are five areas where the answer is clearly no," he stated: beneficial ownership, virtual assets, the unpolished treatment of the non-financial sector, the sanctions and enforcement architecture, and the gaming sector itself, in its post-junket configuration.

Mendia de Castro also points to what he considers to be "a systemic gap": information sharing. "Data protection rules, bank secrecy and institutional guarantees also prevent the flow of information between supervisors, between the public and private sectors, and between self-reporting entities. A law that creates a clear legal basis for public-private partnerships and for the sharing of controlled information between entities would do more to improve effectiveness than any single new obligation."

This finance regulation expert understands that "announcing a multi-year strategy is in itself a sign of maturity," but recalls the dangers of this coinciding with a mutual evaluation in 2028: "there is a risk that I would describe as teaching to the test: legislating and reorganizing to satisfy the evaluators rather than to address the risks Macau actually faces."

"Capacity building may ultimately be as important as legislative reform itself"

"Overall, I view the Government's efforts positively," maintains José Leitão, another local lawyer with extensive experience in this sector. "While preparation for the 2028 APG mutual assessment is of little importance [sic], the 2026–2030 strategy appears to reflect a broader effort to modernize Macau's AML/CFT framework and align it with evolving international standards, emerging technologies, and new forms of financial crime."

The proposed reforms, including the introduction of a central beneficial ownership register, enhanced information-sharing mechanisms, the regulation of virtual assets, and strengthened preventive measures, "demonstrate a forward-looking approach to AML/CFT regulation, aimed at anticipating emerging risks rather than merely responding to them," argues Leitão.

Another positive aspect is the Government's "willingness to revisit and modernize the scope of predicate offenses [offences]. The consultation proposals seek to update the concept of predicate offenses [offences] and expand the range of offenses [offences] capable of generating laundered proceeds, including certain fraud-related and corruption-related offenses [offences]." (Note: British spelling applied to "offences" in narrative text while preserving direct quotes)

Ultimately, however, "the success of the strategy will depend not only on legislative reform but also on implementation capacity. As the new regime increases the easing of beneficial ownership analysis, risk-based supervision, suspicious transaction reporting, and cross-border information sharing, continued investment in professional training, institutional capacity, and AML expertise will be essential. In this respect, capacity building may ultimately be as important as legislative reform itself," is the opinion of José Leitão. ■

Where there are casinos, there is money laundering

While policing financial crime is complex enough on its own, the presence of casinos introduces a whole new tier of regulatory risk

Macau has been striving to comply with all FATF recommendations—the best example being the dismantling of the junket sector—thus stepping back from the headlines when money laundering is discussed.

However, many factors remain beyond Macau's control.

In March, Taiwanese police dismantled a group accused of laundering MOP 8.4 billion through Macau casinos, resulting in 20 arrests, including two alleged leaders.

The syndicate allegedly recruited individuals who purchased gambling chips at casinos using credit cards, which were subsequently converted into cash.

Using at least 85 credit cards in total, the group bought gambling chips at Macau casinos before converting them into Hong Kong dollars.

Jorge Godinho, a professor affiliated with the University of Macau and one of the leading experts on financial crime associated with casinos, commented on the case in the pages of Macau Business: "As is well known, the current context is marked by the prominence of the mass market, which overtook the VIP sector in 2020 and is now much larger. There could theoretically be a lot more transactions with smaller amounts, in a return to what is known in anti-money laundering circles as 'smurfing'."

This expression, according to Professor Godinho, "describes breaking up a large amount of illicit money into many small transactions so that each individual transaction stays below reporting thresholds and appears ordinary. 'Smurfing' is usually done by an army of launderers, all doing more granular and frequent mass/premium-mass smaller transactions, to keep under the radar. With more touchpoints there will be more STR triggers and more interconnected cases. The Taiwan laundering case recently reported in the press seems to fit this pattern."

"Why is an industry with fewer casinos and less revenue now generating a lot more STRs?"

In a text published in May, Godinho attempts to explain a paradox that appears to mark financial crime associated with Macau casinos.

On the one hand, "Macau casino gaming has changed considerably with the major reforms enacted since 2022, which included ending the subcontracting practices for 'satellite' casinos and VIP rooms, and ending the junket system based on revenue sharing. These changes

should have greatly diminished money laundering opportunities in Macau casinos."

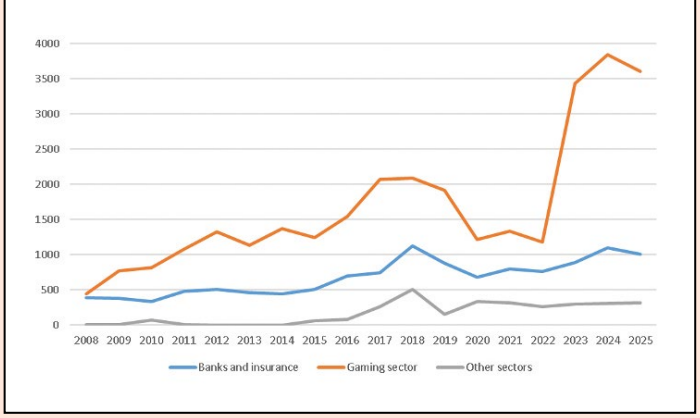
On the other hand, "there has been a post-pandemic sharp rise in the number of suspicious transaction reports (STRs), which now stand at or near an all-time high. What is going on? Should we be worried?"

The academic also asks: "Why have suspicious reports nearly doubled between 2018/19 and 2024/25?" Furthermore: "Why is an industry with fewer casinos and less revenue now generating a lot more STRs?"

One explanation is precisely 'smurfing,' which corresponds to shifts in laundering behaviour.

Another is that in this post-junket compliance environment, "operators face heightened scrutiny. There may be an incentive to over-comply rather than under-report. There may be an over-reporting bias."

Suspicious transaction reports 2008-2025 (Source: GIF)



"To turn illegal 'dirty' money into clean funds"

In its responses to Macau Business, the APG notes that "the FATF Standards recognise that casinos and the wider gaming sector can present particular money laundering and terrorist financing risks and require jurisdictions to apply appropriate AML/CFT measures to those sectors."

"One of the benefits of the APG's regional structure is that members can share experiences, case studies, and emerging typologies across a wide range of sectors and risks," adds the Asia/Pacific Group on Money Laundering. "APG's typology work has included issues relating to casinos and gaming, allowing experiences from across the Asia/Pacific region to contribute to a market understanding of relevant money laundering and terrorist financing risks and mitigation measures."

The core issue is that, ultimately, this risk can be minimised but never entirely eliminated while casinos exist. As experts at the Financial Crime Academy observe, "Casinos are known to be high-risk areas for money laundering activity and other financial crimes. Casinos are highly reliant on cash exchange in a very competitive industry and deal with large crowds flowing in and out nearly every night of the week. Frequent gamblers expect mostly private interactions, and visitors often use foreign bank accounts to engage. Subsequently, casinos have made themselves an eye-catching industry for money launderers looking to turn illegal 'dirty' money into clean funds." ■

Gift cards and vouchers

As traditional gaming channels tighten oversight, financial crime investigators warn that criminals are increasingly exploiting retail vouchers and high-value goods

AML/CFT rules are primarily associated with financial institutions and casinos. "However, criminals are now using other outlets to launder money, including (but not limited to) the gaming, real estate, and retail sectors," explains a publication from the compliance and regulatory department of local law firm MdME.

"In fact, recent money laundering trends have shown that gift cards and vouchers used in the retail sector are an extremely attractive tool for money laundering due to their anonymous nature, which allows criminals to obscure the source of the funds," they explain.

Although the retail industry is often overlooked, its AML/CFT risks were not ignored by Macau legislation, which extends its requirements to dealers in high-value goods.

The Macau Economic and Technological Development Bureau (DSEDT) issued Notice no. 1/2019, serving as an AML/CFT guideline for the retail, auction, and service sectors. This DSEDT notice provides examples of "high unit value goods," including dealers in precious metals, gemstones, luxury vehicles, and other high-value items.

Anatomy of financial crime

Three recent case studies published by the Financial Intelligence Office highlight real-world financial crime risks in Macau



Shell activity: high-volume remittances through a micro-enterprise

Last year, ICBC flagged a local company executing massive overseas transfers. After receiving inbound remittances from abroad, the entity rapidly channelled the funds outward within days, accumulating nearly MOP 97 million in total volume.

The bank deemed the transaction scale "abnormal and disproportionate to the size of the company," which held a registered capital of a mere MOP 25,000. Furthermore, cross-border flows were heavily concentrated in US dollar accounts, while renminbi, Hong Kong dollar, and pataca accounts remained virtually dormant.

"Additionally, customs declarations revealed that some goods came from high-risk jurisdictions and involved a shipping company" already "flagged by adverse news," notes the GIF.

Aside from failing to substantiate the commercial authenticity of the trades—presenting conflicting documentation and no proof of asset ownership—the ultra-short turnaround time for moving funds strongly indicated money laundering. Investigators suspected the transactions were fictitious commercial arrangements engineered to "circumvent regulatory scrutiny."

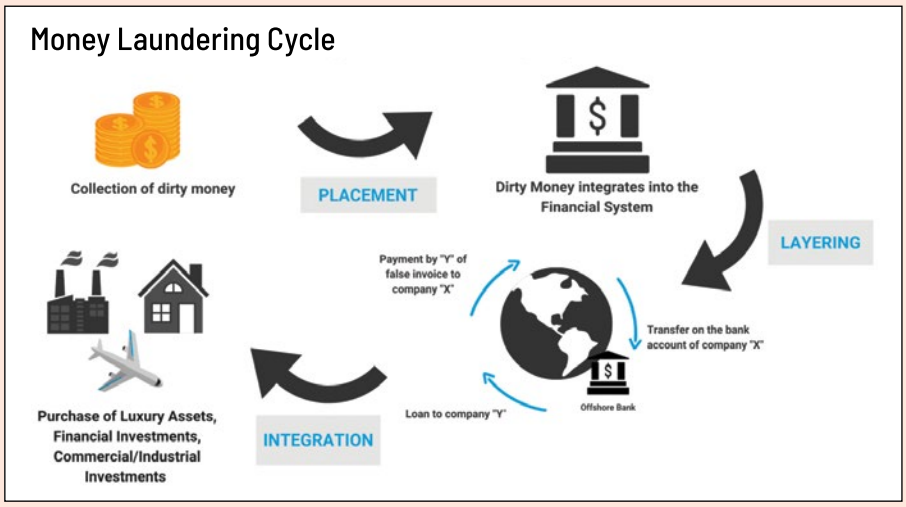
The suspicious surge in "live role-playing games"

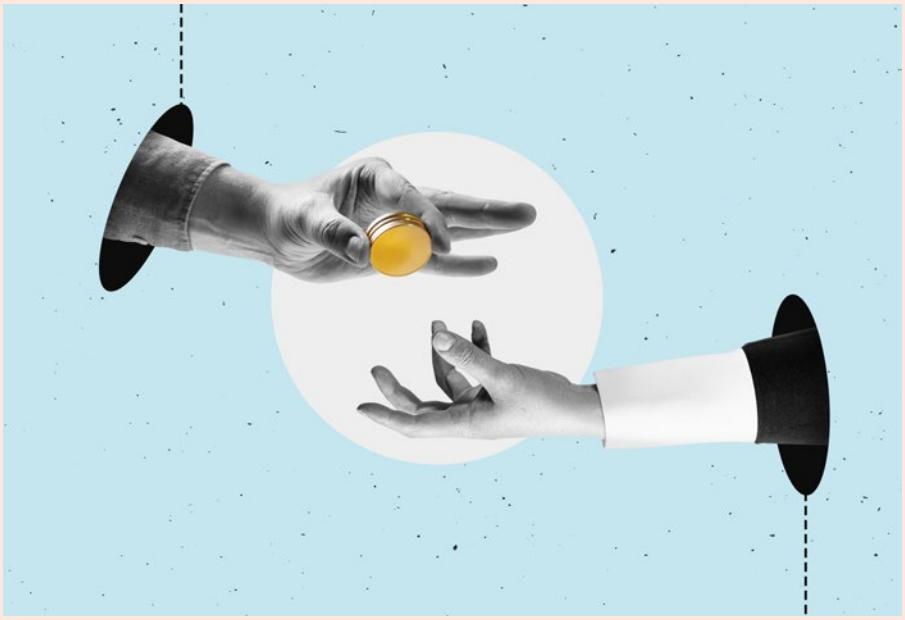
In another unusual case last year, the Bank of China "detected a sudden and significant increase" in turnover for a merchant operating a "live role-playing games" business, driven by a high volume of cross-border credit card transactions executed over a compressed timeframe.

Compounding the suspicion, every transaction utilised contactless cards issued across just seven specific countries in the Middle East and Europe. "The absence of reasonable commercial reasons for such a geographically specific transaction profile further increased the level of suspicion," the GIF stated.

Once processed, the capital was swiftly swept from the corporate account into the personal accounts of its shareholders, with the majority withdrawn immediately in cash. The GIF noted that this rapid "inflow and outflow" pattern is a textbook indicator of potential money laundering.

When the bank initiated enhanced due diligence, the merchant claimed the activity stemmed from a themed event co-organised with a third party. He maintained that "all card payments were made on-site" and professed ignorance that "the credit cards used were foreign"—an explanation that only heightened the institution's vigilance.





Red flags in weapons production investments

In 2024, Hang Seng Bank (Macau) flagged a corporate account receiving "highly suspicious" capital inflows from three "unusual foreign counterparties" involved in weapons production, ostensibly for investment purposes.

When probed by the bank, the client company insisted the funds represented rental income for real estate and equipment leased to the three foreign entities.

Asked to produce the underlying lease agreements, the company adopted a "non-cooperative attitude." It failed to clarify why rental income was channelled into a Macau account rather than an overseas facility, nor could it furnish the requested documentation—moves interpreted by the GIF as an attempt to "conceal the true purpose of the transaction." ■

(Note: Under Macau law, entities—including casinos, financial institutions, and insurance companies—are legally mandated to report any transaction equalling or exceeding MOP 500,000 to the authorities.)

Minding the talent gap

As financial crime regulations tighten across the board, experts warn that Macau's legislative overhaul will stall without a major investment in human capital

When asked by Macau Business for his view on the Government's upcoming AML reforms, MdME legal expert José Leitão delivered a blunt assessment: "Ultimately, the success of the strategy will depend not only on legislative reform but also on implementation capacity." As the new regulatory regime increasingly relies on beneficial ownership analysis, risk-based supervision, suspicious transaction reporting, and cross-referencing of information, Leitão stressed that "continuous investment in professional training, institutional capacity, and AML expertise will be essential."

For Leitão, "in this respect, capacity building may ultimately be as important as legislative reform itself."

Consequently, "while the proposed legislation appropriately addresses several emerging AML/CFT risks, including virtual assets, beneficial ownership transparency and information sharing, one area that may warrant further attention is the development of human and institutional capacity to support the effective implementation of these new requirements," Leitão insists.

José Carapinha, legal counsel with the Macau Financial Intelligence Office, highlighted this very challenge in his 2023 paper, Macau's fight against money laundering, terrorism financing and the financing of proliferation of weapons of mass destruction: historical perspective, present situation, and challenges ahead. Noting that financial crime regulation is an extremely new and constantly evolving field, Carapinha observed that "Being an extremely new area of activity, in permanent evolution, makes the absence of qualified expertise a serious hindrance for the appropriate legislative efforts to answer to the requirements of the international standards."

The shortage of qualified personnel in due diligence and financial regulation generally is cited by many of the experts interviewed by Macau Business as a pressing challenge.

In this context, the Macau Anti-Money Laundering Specialists Association (MAMLSA) plays a prominent role. Established with the backing of professionals from the local banking sector and industry stakeholders, the association aims to promote professional standards in line with international norms and support Macau's stable economic growth.

The only exam centre in Macau authorised by ACAMS

Since 2017, MAMLSA has fostered exchanges and cooperation between members, the government, and professional institutes across various industries, offering expert advice during initial legislative proposals.

In 2018, the association partnered with the Macau University of Science and Technology (MUST) to establish the Macao Exam Centre of

Certified Anti-Money Laundering Specialists, authorised by the Association of Certified Anti-Money Laundering Specialists.

To date, it remains "the only exam centre in Macau authorised by the Association of Certified Anti-Money Laundering Specialists (ACAMS)."

The Master of Financial Crime and Regulation

According to MUST, the exam centre complements its Master of Financial Crime and Regulation programme, further "promoting the development of local anti-money laundering and financial regulation professionals and serving the economic development of Macao SAR and the community."

Hosted within the Faculty of Law, this Master's programme is the only degree-conferring course in Macau tailored for graduates and working professionals in legal or financial fields.

While other tertiary institutions in Macau—such as the University of Macau and the Macau Polytechnic University—address the skills gap through seminars in their management or law faculties, MUST remains the sole provider of a dedicated postgraduate degree. ■



Local gatekeepers in a global crime wave

As financial crime spans borders, experts warn that tackling global syndicates still comes down to local vigilance at the point of origin

A recently published report titled "Risks of Gaming and Gambling" by the Paris-based international watchdog, the Financial Action Task Force (FATF), stated that money laundering through gambling "is an established risk across many jurisdictions," posing threats at both land-based and online casinos.

The FATF identified cross-border platform ownership structures as primary red-flag indicators, noting that obscure beneficial ownership allows launderers to "bypass/avoid thresholds for regulatory checks."

Two months earlier, another report—this time from the UN Office on Drugs and Crime (UNODC)—revealed that Southeast Asia's criminal ecosystem has undergone a fundamental restructuring, with mainland China, Hong Kong, and Macau identified as central to global illegal gambling flows.

The report, An Interconnected Criminal Ecosystem: Transnational Organized Crime Threat Assessment for Southeast Asia 2026, warned that once-fragmented syndicates have merged into a transnational, tech-driven economy "sophisticated enough to outpace conventional law enforcement and threaten governance, economic stability, and development in the region and beyond."

"The response should extend beyond domestic legislation"

"Money laundering is no longer primarily a domestic issue," local lawyer José Leitão stated to Macau Business.

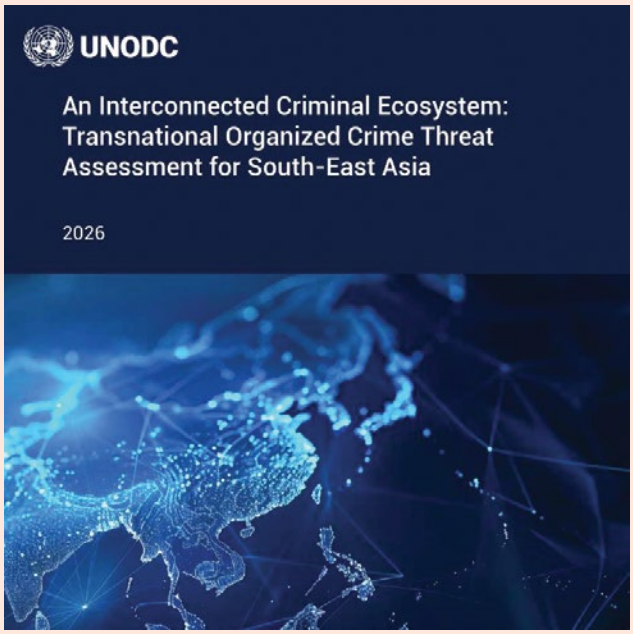
The financial regulation expert from the MdME law firm explains that "the increasing use of digital technologies, virtual assets and cross-border financial networks has made money laundering schemes more sophisticated and transnational. Criminal proceeds are often generated in one jurisdiction, transferred through several others and ultimately integrated into the legitimate economy elsewhere. As a result, effective AML enforcement increasingly depends on international cooperation rather than solely domestic controls."

"This trend is particularly evident in Southeast Asia, where economic integration, cross-border financial flows, online fraud and cyber-enabled crime networks, and digital payment systems have created opportunities for criminal organisations to move funds rapidly across multiple jurisdictions," Leitão adds. "Effective AML frameworks must therefore operate increasingly on a regional basis."

Leitão recognises that the solution must be twofold.

On the one hand, "Macau should continue to strengthen cooperation with foreign financial intelligence units, regulators and law enforcement agencies, while actively participating in regional AML initiatives and capacity-building programmes."

On the other hand, "the response should extend beyond domestic legislation and include stronger regional and international cooperation. This is reflected



in international instruments, as well as the FATF Recommendations, all of which emphasise cooperation in areas such as information sharing, mutual legal assistance, extradition and asset recovery."

"No single jurisdiction or technology can eliminate the problem"

Gary Dyer, Director of Investigations at ICI Agency and co-founder of the International Cyber Security & Investigation Committee, shares Leitão's assessment: "Cross-border money laundering frequently occurs through methods that are difficult to detect using traditional controls." He points to examples such as individuals entering a jurisdiction with undeclared cash, purchasing high-value goods like watches and jewellery, and subsequently reselling those items through second-hand dealers, jewellery stores, or pawnshops.

Consequently, the Hong Kong-based investigator believes that "given the substantial volume of people and goods moving across borders, authorities should consider strengthening cooperation between customs, financial-intelligence units, tax authorities, law-enforcement agencies, and private-sector businesses."

For this expert, interviewed by Macau Business, "the most effective response is likely to be a coordinated regional framework," combining measures as diverse as timely cross-border information sharing and consistent beneficial-ownership and customer-due-diligence standards.

Mindful that "one important area of concern is the growth of scam compounds in parts of Southeast Asia," Dyer concludes: "No single jurisdiction or technology can eliminate the problem. Effective prevention requires sustained regional cooperation and the consistent application of international AML standards."

"Every scheme, as always sophisticated, needs some point"

Rodrigo Mendia de Castro, partner at FCE Lawyers, offers a similar diagnosis: "The predicate crimes—the industrial-scale online fraud operations, the illegal gaming platforms, the trafficking networks that have grown up in parts of Southeast Asia—are unquestionably regional, and the money they generate moves across borders with a speed and sophistication that no single jurisdiction can follow on its own."

However, the experienced financial regulation lawyer adds what he terms "one important qualification."

Laundering is regional in its architecture, "but it is always local at the point of contact," he explains during his interview with Macau Business.

"Every scheme, however sophisticated, needs some point: a bank account opened in a specific branch, a company incorporated through a specific service provider, a property purchased through a specific agent, a casino cage transaction handled by a specific employee. These points of contact are within the reach of local supervisors and local gatekeepers, and it is there that the chain can be broken," Mendia de Castro points out.

Macau is, "by virtue of its geography, its gaming industry and its financial links with the Mainland and Hong Kong, an important node, and must think about itself in these terms," the lawyer adds.

How to address the problem in a broader context?

Mendia de Castro outlines four key lines of action: speed in international cooperation, convergence of standards to eliminate regulatory arbitrage, keeping pace with technology, and maintaining internal order locally "precisely because the problem is regional."

"So, my answer is: yes, the problem is regional, and the solution must be built through cooperation; but cooperation is only as strong as the systems that participate in it. Macau's most useful contribution to the region is to be a jurisdiction where dirty money cannot comfortably land—and to share what it learns in the process," concludes the experienced lawyer. ■

"There's a lack of a concerted effort to fight money laundering in the cryptocurrency sector"

Sonny Shiu-Hing Lo is one of the best-known and most active political commentators in Hong Kong and Macau. In addition to public administration and political science, the scholar has focused extensively on cross-border crime. He is the author of several seminal works on the subject, including The Politics of Controlling Organized Crime in Greater China (2016)

In general terms, would you like to rate the efforts that the Macau Government has been making in AML/CFT, mainly since 2001?

Sonny Lo – I think the Macau government did a good job in dealing with the combat against money laundering and financial crime by having regular reports to the anti-money laundering financial task force. Casinos remain a channel of money laundering, especially as it is not easy to track down the sources of money spent by big spenders. Even as middle-level spenders gamble not heavily, they can be, theoretically and practically, mobilised as groups of ants laundering money in casinos. Other related laundering channels include money changers, the buying and selling of jewellery and watches. As such, it is apparently and logically easier to combat the financial sector's money laundering than casinos. Casinos also cannot fight against money laundering perfectly as this can and would scare away many big gamblers.

Common sense tells us that financial regulation is the best way to combat money laundering, but is the case of Macau special, once casinos play such a preponderant role?

S. L. – Traditionally speaking, it has been easier to detect money laundering in the financial sector, especially with the rise of the use of blockchain that can identify suspicious transactions in an easier way. However, with the growth of the securities and bonds centre in Hengqin in the future, it remains to be seen how anti-money laundering efforts and regulations will be simultaneously entrenched.

To my recollection, there have been relatively few big cases of money laundering in Macau's financial sector—perhaps a reflection of the success in coping with money laundering, or perhaps a reflection of a lack of rigorous monitoring and control efforts to identify real cases of money laundering in the financial sector.

"Casinos also cannot fight against money laundering perfectly as this can and would scare away many big gamblers"



"Since the 2010s, the trend of anti-money laundering has appeared to be muted, globally and regionally"

Macau may be exemplary in AML/CFT, but the problem is increasingly regional and less local, wouldn't you agree? How can this problem be solved?

S. L. – The issue is more regional or global. In economically good times, it is arguably affordable for all economies to trace and combat money laundering. But after Covid-19, the whole world's economy has not been recovering fully, especially as regional wars erupted in the Middle East and Europe, like the Iran war and the Ukrainian war. During economically bad times, many countries may not be willing to fight money laundering because doing so would plunge the economies into a bad shape. Money laundering, like corruption, is bound to exist in any economy, and the task of governments is to curb its prominent, obvious and excessive extent. Given the fact that the economies of many Asian states and cities have recovered gradually after Covid and have been affected by regional wars, it may not be in the interest of law-enforcement authorities and governments to fully fight money laundering. The priorities of many governments in the post-Covid world are to deal with economic recovery and growth, rather than coping with money laundering. Anti-money laundering in the world reached its apex in many countries in the recent 30 years only shortly after the 9/11 attacks on the New York towers, for terrorists were seen as laundering money and active in terrorist financing. The years immediately after 9/11 saw countries and governments tightening money laundering legislation and laws, but since the 2010s, the trend of anti-money laundering has appeared to be muted, globally and regionally.

"Cryptocurrency has become more of a real problem than gambling-related laundering"

Online gaming, cryptocurrencies and AI—new challenges for which we are still seeking answers?

S. L. – I think cryptocurrency has become more of a real problem than gambling-related laundering. In particular, the use of cryptocurrency in scam syndicates' operations in countries in Southeast Asia has become a new phenomenon. As such, the combat against the usage of cryptocurrency in laundering dirty money related to scam-related criminal activities is arguably more important and more urgent than the fight against money laundering in the casino sector. Of course, money laundering through the usage of cryptocurrency can be connected with the financial sector, if not necessarily the casino sector. So far, it seems that governments in the world have not been taking a concerted effort to fight money laundering in the cryptocurrency sector. The Chen Zhi case as arrested in Cambodia and extradited to China showed some interesting characteristics: (1) the extensive money laundering in the financial and business sector; (2) the intertwined relations between money-laundering organisers and local businesspeople and even possibly corrupt government officials; and (3) the cross-border nature of money laundering [note: Chen Zhi is a Chinese-born businessman who built the Prince Holding Group in Cambodia, a conglomerate with interests in real estate, finance, casinos, and entertainment. On October 14, 2025, the U.S. Department of Justice made public a federal indictment against Chen Zhi for conspiracy to commit wire fraud and conspiracy to commit money laundering]. The crackdown of this case was important, but more details will be revealed when he is on trial in the court in China. The case deserves further attention. ■

The mainland anchor

From illicit money changers to underground banking syndicates, analysts stress that Macau's financial defense relies entirely on Beijing's backing

"China has increased its efforts to combat cybercrime, online gambling, telecommunications fraud, and cross-border financial crime," according to Gary Dyer, Director of Investigations at ICI Agency.

Interviewed by Macau Business, the co-founder of the International Cyber Security & Investigation Committee (ICSIC) notes that "these efforts have included investigations, international law-enforcement cooperation, public-awareness campaigns, disruption of criminal infrastructure, and action against individuals involved in large-scale fraud networks."

A recent report by the UN Office on Drugs and Crime (An Interconnected Criminal Ecosystem: Transnational Organized Crime Threat Assessment for Southeast Asia 2026) notes that "China, including Hong Kong SAR and Macau SAR, and Taiwan may account for approximately 50 per cent of that global illegal betting turnover," with worldwide wagers estimated between USD 340 billion (MOP 2.7 trillion) and USD 1.7 trillion (MOP 13.4 trillion) annually.

The report also links Greater China demand to cryptocurrency laundering networks, noting that Chinese-language syndicates processed US$16.1 billion (MOP 127 billion) in illicit crypto funds in 2025. Scam compounds in Timor-Leste were tied to "triad-linked networks from Cambodia, Malaysia, Macau, China, and Hong Kong," illustrating how criminal investment spreads across jurisdictions.

The UNODC concludes that the convergence of gambling, cyber-fraud, trafficking, and underground banking has elevated the sector from a regulatory concern to "a core revenue source and operational enabler of transnational organised crime."

Capping capital flight

In June last year, Beijing launched a crackdown on illicit money changers who helped gamblers skirt government controls on capital flight.

Four months later, the Macau Legislative Assembly passed legislation criminalising illicit exchange activities.

The recent surge in money changers coincided with shifts in the VIP gaming sector, notably the near-extinction of the junket trade.

The fact that China's State Administration of Foreign Exchange limits overseas cash withdrawals from domestic bank accounts to just CNY 100,000 per year—an amount that high-rolling gamblers ("whales") consider negligible—fuels the underground market designed to circumvent the law.

Since at least 2020, Beijing has identified the cross-border flow of funds for gambling as a national security risk.



Since then, dozens of financing channels used by the online gambling sector and cryptocurrency lending platforms have been dismantled, accompanied by tens of thousands of arrests.

Joint cross-border enforcement

Mainland authorities have been working closely with Macau police, yielding tangible results.

For example, in April, local police in collaboration with public security officers in neighbouring Guangdong broke up a suspected cross-border syndicate. The network allegedly used illicit money-exchange operations targeting Macau gamblers to launder at least CNY 45.6 million (US$6.7 million or MOP 53 million) in proceeds derived from other criminal activities.

According to the Macau Judiciary Police, the suspects generated a profit of approximately CNY 2.5 million (MOP 3 million) from the money-laundering scheme. Sixty-five people were arrested: 25 in Macau, and 40 across the Zhuhai area in Guangdong and Guangxi provinces.

The Judiciary Police explained that the group deposited Chinese yuan into victims' mainland bank accounts in exchange for Hong Kong dollars or gaming chips acquired by gamblers on the Macau side of the border—funds originally generated through separate scams.

China is currently discussing a new anti-cross-border corruption law that could carry significant implications for Macau. ■



Better than Hong Kong

Macau is a full member of the APG, but conversely, it is not a direct member of the Financial Action Task Force (FATF), which maintains a closed list of direct jurisdictions. China, however, is a direct member of the FATF.

Macau interacts with the FATF through the APG, which serves as a regional body applying FATF standards (the 40 Recommendations) to its Asia-Pacific members, including jurisdictions that are not direct FATF members, such as Macau and Cambodia.

Hong Kong, on the other hand, has been a direct member of the FATF since 1991 and a founding member of the APG since 1997. This makes Hong Kong an unusual case: it is evaluated both directly by the FATF and through joint APG evaluations, holding its own dedicated seat at FATF plenary meetings—separate from mainland China, which is also a member in its own right.

Although Hong Kong has performed remarkably well in these assessments, Macau currently surpasses Hong Kong in technical compliance—scoring 40 out of 40, compared to Hong Kong's 36 out of 40, with four recommendations remaining "partially compliant".

New challenges: From AI to cryptocurrencies

As financial crime evolves into digital domains, emerging technologies—from e-wallets and prediction markets to artificial intelligence—pose fresh regulatory hurdles for Macau

Until 2019, the business model of Macau's junkets and associated criminal groups was centred on casinos. Today, however, activity has shifted to illegal online betting and gaming, utilising cryptocurrency payments and expanding significantly into large-scale digital fraud schemes, according to Martin Purbrick, a former member of the Royal Hong Kong Police and an expert on corruption and organised crime.

As experts agree, the AML landscape is constantly changing and must continue to evolve to counter increasingly sophisticated laundering methods. Whatever new regulatory rules are introduced, criminals will inevitably adopt newer strategies to evade detection.

Fong Iun Kei, deputy director of the GIF, recently noted: "Anti-money laundering is the first line of defence for financial security. But facing new risks—including fraud, electronic payments, and virtual assets—no single jurisdiction or institution can cope alone."

Macau's inter-departmental AML/CFT working group is closely following international trends regarding virtual assets. "Currently, all financial institutions in Macau cannot directly or indirectly provide virtual asset-related financial services. The working group will explore opening certain virtual asset activities under controllable risks and formulate or revise relevant laws and regulatory guidelines," according to the Anti Money Laundering Network, an independent watchdog platform.



Cryptocurrencies and Polymarket

"Cryptocurrency is a global AML/CFT challenge. For Macau, it is compounded by the competition that crypto-based platforms pose to the gaming industry," states Prof. Muhui Shi of the Faculty of Law at the University of Macau.

Prof. Shi underlines that, recognising the risks presented by cryptocurrencies, the FATF revised Recommendation 15 to require jurisdictions either to license and supervise virtual-asset service providers or to prohibit them. "Macau has chosen the prohibition route: to date, banks and payment institutions may not provide any virtual-currency service. However, as the FATF's 2026 review suggests, prohibition is difficult to enforce unless a jurisdiction actively identifies and sanctions offshore platforms that market to its residents," she explains to Macau Business.

What makes the issue "more pressing is the gaming backdrop. Growth in Macau's gaming revenue has been slowing even as international crypto-native

rivals, such as Polymarket, are expanding," adds the financial regulation expert. Polymarket's annualised revenue was recently reported to exceed US$1 billion, she points out.

"Although Polymarket frames itself as a prediction market, each participant wagers in the knowledge that one user's winnings are other users' losses. In essence, it competes for the same wagering demand as a casino, but on different payment rails that are largely beyond Macau's regulatory reach. The risk for Macau is therefore the migration of players and, with them, of money-laundering activity. The AML battleground is extending from the well-supervised casino floor to opaque, pseudonymous online channels," Prof. Shi concludes.

Opportunities and risks

"Virtual assets and emerging technologies, including artificial intelligence (AI), continue to present evolving opportunities and risks for AML/CFT systems globally," notes the APG, part of the FATF Global Network.

"Virtual assets are an established area of focus for the FATF and the APG. The FATF Standards apply AML/CFT requirements to virtual assets and virtual asset service providers, and supporting effective implementation of these requirements remains a priority under the current FATF UK Presidency for 2026–2028," the APG told Macau Business.

"AI is also becoming increasingly relevant to the international response to financial crime." In April 2026, FATF ministers identified the misuse of virtual assets and emerging technologies, including AI, as part of the growing global fraud threat. "Combating fraud is subsequently a key priority of the FATF's 2026–2028 UK Presidency," they add.

Gary Dyer, Director of Investigations at ICI Agency (Hong Kong), points in the same direction: "Digital currencies and artificial intelligence are neither inherently beneficial nor harmful. Their impact depends on how they are designed, regulated, monitored, and used."

Artificial intelligence, for instance, can assist financial institutions and authorities by improving transaction monitoring, identifying unusual patterns, detecting networks of related accounts, supporting sanctions screening, and helping investigators analyse large volumes of data. However, AI can also be misused by criminals. Common risks include voice cloning, deepfake videos, impersonation of public figures, fraudulent investment advertisements, counterfeit identity documents, fake websites, forged certificates, and automated social-engineering campaigns, notes Dyer, co-founder of the International Cyber Security & Investigation Committee.

Similarly, digital currencies and virtual assets can be exploited for ransomware payments, fraud, sanctions evasion, terrorist financing, money laundering, and the movement of proceeds from illegal online activities. At the same time, transactions recorded on public blockchains may also be traceable in ways that assist investigators.

"Overall, digital currencies and AI create both regulatory opportunities and risks. Effective supervision should combine technological capability with strong governance, transparency, human review, international cooperation, and clear accountability," concludes the Director of Investigations at ICI Agency. ■

"All innovative technologies must be promoted stably within the existing legal framework"

In statements sent to Macau Business, the GIF recalls that it has "strictly complied with the international standards of the FATF, having continuously strengthened supervision."

It notes, for example, that in 2017, the Monetary Authority of Macao (AMCM) "expressly required banks and payment institutions not to participate in or provide, directly or indirectly, any financial services related to virtual currencies; unauthorised virtual asset transactions are still classified as illegal financial activities."

Through its inter-departmental working group, the GIF "regularly assesses threats and actively promotes the improvement of legislation; the new areas that are the subject of attention from the FATF will also be covered by the new anti-money laundering law, in order to ensure that risk prevention and control measures are perfectly aligned with international requirements."

At the same time, regarding efforts to increase the efficiency of suspicious transaction analysis, "the GIF has been actively exploring the assisted application of artificial intelligence technologies, while prudently addressing the resulting risks, such as data security and algorithmic deviations."

"All innovative technologies must be promoted stably within the existing legal framework in Macau, ensuring that emerging technologies do not undermine the baseline of financial security, giving equal importance to compliance and effectiveness," the GIF concludes.