



Real estate anti-money laundering in the Global South – are the laws and policies covering the actors they should cover?

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Abstract

Real estate money laundering (REML) represents a critical vulnerability in the global financial system, yet research and policy developments remain scarce in the Global South despite these regions' countries increasingly becoming “countries of asset location.” While the Financial Action Task Force expanded anti-money laundering frameworks to include real estate sectors in 2003, current regulations may be inadequately aligned with the actual dynamics of Global South real estate markets. This study addresses the research gap by examining whether existing anti-money laundering entities and professions appropriately reflect real estate sector dynamics in the Global South. Using a business ecosystem approach and systematic literature review methodology following PRISMA guidelines, we analysed 25 peer-reviewed papers published between 2016 and 2024 and conducted grey literature reviews of Brazil, Kenya, and Indonesia. Our analysis reveals that the Global South exhibits distinct REML characteristics compared to the Global North, including greater involvement of construction companies and developers, more extensive cash-based economies, systemic corruption rather than implementation gaps, and broader socioeconomic impacts. Results demonstrate that the relevant actor ecosystem in Global South real estate markets extends significantly beyond traditional gatekeepers covered by current AML frameworks. Construction companies, property developers, and informal financial operators play crucial roles but often remain outside regulatory scope. The study concludes that international AML standards require contextual adaptation to address the distinctive characteristics of Global South real estate markets, particularly the central role of construction activities and informal financial systems.

Keywords Money laundering · Real estate · Global South · Anti-money laundering · Business ecosystem · Financial crime

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Introduction

The global fight against money laundering witnessed a watershed moment in 1989 with the establishment of the Financial Action Task Force (FATF), an intergovernmental body dedicated to setting international standards to counter money laundering and terrorism financing. In the immediate aftermath, countries in the Global North swiftly enacted anti-money laundering (AML) legislation, with the five largest economies of the European Union implementing their first AML laws between 1990 and 1993. The Global South followed suit, though somewhat later, with most jurisdictions adopting AML frameworks between the late 1990s and early 2000s.

The FATF's initial contribution to this regulatory landscape came in 1990 with its seminal 40 Recommendations, which primarily targeted financial institutions. However, a significant paradigm shift occurred in 2003 when the FATF comprehensively revised these Recommendations to explicitly encompass Designated Non-Financial Businesses and Professions (DNFBPs). This expansion reflected growing recognition that money launderers were increasingly exploiting non-financial sectors to legitimize illicit funds. The 2003 revision specifically brought several entities under AML oversight: real estate agents, casinos, dealers in precious metals and stones, lawyers, notaries, accountants, and trust and company service providers.

The real estate sector featured prominently in this regulatory expansion. According to the FATF, real estate constitutes the world's largest asset class and serves as a primary vehicle for money laundering. Its appeal extends beyond legitimate investors to criminal networks seeking to finance illicit activities or launder criminal proceeds. These investments enable criminal enterprises to flourish using illegal gains, undermining the rule of law and frequently driving housing prices beyond the reach of ordinary citizens.

While REML has attracted increasing attention in recent years—with significant policy developments addressing these crimes in countries such as Canada (Sharman 2022), the United Kingdom (Baronak-Atkins 2025), and the United States (Collin et al. 2022)—research and policy developments remain scarce in the Global South. This represents a critical gap, as countries below the Equator, particularly regional powers and middle-income economies, are increasingly becoming “countries of asset location.” Moreover, cities in the Global South are emerging as key commercial hubs on the global stage (WEF, 2025).

This paper addresses this question by examining both academic and grey literature on REML, with an explicit focus on the Global South, and applying the business ecosystem (BE) approach (Jacobides et al. 2018). Among other analytical frameworks, the BE perspective in management studies (Vigren 2022) enables the identification of the most significant actors comprising an ecosystem, the relationships between these actors, and the activities they undertake. Our analysis focuses on the most relevant actors in real estate markets in the Global South, examining more closely three countries that represent regional powers in Latin America, East Africa, and Southeast Asia, each with commercially attractive urban centres: Brazil, Kenya, and Indonesia. The ultimate objective is to assess whether the current entities and professions subject to AML laws are appropriately aligned with the actual dynamics of the real estate sector in the Global South.

The paper is organized as follows: the next section briefly discusses the utility of applying an ecosystem approach to evaluate anti-money laundering laws and regulations. The subsequent section outlines our literature review methodology, detailing the data collection process and the application of a central element in the business ecosystem approach: identifying the most relevant actors. Following this, we present the results of our academic literature review, highlighting the particularities of the Global South, complemented by a grey literature review of Brazil, Kenya, and Indonesia. We conclude by discussing our findings and proposing a research agenda on real estate (anti) money laundering in the Global South.

Theoretical framework: the business ecosystem approach to anti-money laundering

The concept of “ecosystem” is borrowed from biology, emphasizing the interdependence of actors within a specific context. In their seminal work “Towards a theory of ecosystem,” Jacobides et al. (2018) identify three broad categories in the ecosystem literature: the “business ecosystem,” which examines firms and their environment; the “innovation ecosystem,” which focuses on new value propositions; and the “platform ecosystem,” which analyses how actors organize themselves within a given platform framework.

Anti-money laundering enforcement relies heavily on private sector cooperation. Financial institutions and other obliged entities, such as real estate agencies, are required to report suspicious transactions to authorities through Suspicious Activity Reports (SARs) when they identify potentially illicit behaviour in business relationships. Since money laundering activities intrinsically involve firms, professionals, and their broader environment, this paper adopts the Business Ecosystem (BE) approach as its analytical framework.

Within management and organizational studies, various definitions of business ecosystems typically focus on one or more of the following elements (Vigren 2022): the actors that constitute the ecosystem; the relationships between these actors; the activities conducted within the ecosystem; the assets utilized by actors in ecosystem processes; the institutions that govern the ecosystem; the outcomes of processes within the ecosystem; and other distinctive ecosystem characteristics.

Concurrently, the literature on money laundering in real estate (Remeur 2019; FATF, 2022; Giannoni and Medda 2023) identifies several critical characteristics of this specific type of financial crime. These include the difficulty in identifying genuine property owners, complex payment methods (sometimes involving cash transactions), regulatory gaps in anti-money laundering legislation, inadequate implementation of AML provisions (particularly regarding due diligence obligations and suspicious transaction reporting), and deficiencies in enforcement mechanisms.

In the real estate sector, actors can be categorized into five broad groups: *sellers*, *intermediaries*, *buyers*, *influencers*, and *rule-makers*. Within this system, the primary potential criminal actor is the buyer, who may be an individual or, more commonly, a legal entity, and can be either a domestic or foreign investor. However, *intermediaries* or “enablers” may also be complicit in illicit activities by knowingly facilitating

the laundering of ill-gotten gains. These intermediaries are the professionals who enable commercial transactions and property registration processes.

Our study places these *intermediaries* or enablers at the centre of analysis, recognizing their pivotal role in either facilitating or preventing money laundering activities. As this research focuses specifically on professions and industries that are (or should be) subject to anti-money laundering procedures, our literature review will concentrate on identifying the principal actors within the real estate business ecosystem who present significant money laundering risks.

Methodology

This section outlines our approach to data collection and analysis. The literature review was conducted in two complementary phases. Initially, we examined academic papers published in leading journals to characterize the main features of REML and the challenges in countering it. We then compared scholarly works focusing on the Global North with those addressing the Global South. Our analysis of academic literature concludes by identifying the most relevant actors highlighted in previous research. Subsequently, we conducted a review of grey literature with a specific focus on Brazil, Kenya, and Indonesia.

Our literature review methodology was primarily guided by the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach. We performed our search on Scopus, one of the most comprehensive repositories for social science research, in October 2024. The search terms “real estate” and “money laundering” were applied to article titles, abstracts, and keywords. To ensure contemporary relevance, we selected only peer-reviewed articles published in or after 2016—a watershed year when financial integrity issues gained global prominence following the Panama Papers revelations. This refined search yielded 25 papers, of which 21 were published in leading journals¹.

We analysed this corpus of studies, examining their findings regarding the characteristics of REML and the challenges associated with combating this form of financial crime. Furthermore, we investigated the distinctions between studies centred on the Global North versus those focused on the Global South, with particular attention to which actors, industries, or organizations within the real estate ecosystem were deemed significant in each geographical context.

Following this academic literature analysis, we shifted our attention to grey literature, encompassing international and national reports as well as media coverage. Grey literature comprises non-peer-reviewed written publications authored or commissioned by recognized organizations in a particular field of study, along with credible media reports.

¹ To safeguard against potential inclusion of predatory journals, we excluded publications appearing in Q3 and Q4 journals, based on rankings provided by the Web of Science (WoS) Journal Info and SCImago Journal & Country Rank platforms. We considered a journal to be of appropriate scholarly standing if it was ranked Q1 or Q2, regardless of its specific field of study.

For our grey literature review, we examined the most recent Financial Action Task Force (FATF) reports on three strategically selected countries from the Global South, each representing different subcontinents: Brazil (Latin America), Kenya (East Africa), and Indonesia (Southeast Asia). From these reports, we extracted specific information pertaining to REML. Additionally, we evaluated governmental publications, reports from reputable non-governmental organizations, and reliable media coverage of real estate money laundering in these countries.

Results

The scientific articles on REML, spanning various fields of study, are presented in Table 1, organized chronologically from most to least recent.

This corpus of studies collectively demonstrates that REML is a complex, adaptable, and persistent phenomenon that leverages professional enablers and exploits regulatory gaps. The primary features of this crime include its versatility across all money laundering stages (placement, layering, and integration) and its economic profitability.

Placement represents the initial entry of illegally obtained funds into the financial system. One of the most common practices in this stage is “smurfing”—breaking up a transaction involving a large amount of money into a series of smaller transactions below the reporting threshold under law. The second phase, layering, involves transferring funds to distance them from their source. A prevalent method to conceal the origin of funds is through purchasing and selling investment instruments without revealing the ultimate beneficial owners. Integration, the final stage of money laundering, is characterized by the re-entry of the funds into the formal economy.

Teichmann (2018, 2023) highlights that real estate is uniquely versatile as it can be effectively utilized across all three stages of money laundering. During the placement phase, money laundering can occur through cash payments for property purchases or renovations. In the layering stage, money laundering takes the form of property sales, transfers, or mortgaging. Finally, rental income or legitimate property sales serve as mechanisms for the integration phase.

Laundering proceeds of crime via real estate is also economically profitable. Unlike many other money laundering methods that incur significant costs without future dividends, real estate investments often appreciate in value over time (Teichmann 2018). Additional profit opportunities include tax advantages from the sub-declaration of purchase prices (Teichmann 2023). Moreover, rental income provides ongoing legitimate revenue streams (Nazzari and Riccardi 2024).

Several additional factors make real estate a preferred asset class for money laundering: a significant portion of illicit funds can be concentrated in one single property or a small portfolio of properties (Zia et al. 2022; Aljassmi 2023), and tangible assets like real estate are often preferred over financial assets (Nazzari and Riccardi 2024).

Another important feature of REML is market distortion, as these illicit flows substantially impact local property prices. Ley (2021) argues that an alliance between the private sector and the government of British Columbia in Canada led to a “commodification of housing” in Vancouver, which shaped its residential market “beyond

Table 1 Peer-reviewed academic papers covering real estate money laundering published between 2016 and 2024 in leading journals

Author(s)	Title	Year	Journal
Nazzari M.; Riccardi M.	Cleaning mafia cash: An empirical analysis of the money laundering behaviour of 2800 Italian criminals	2024	European Journal of Criminology
Soudijn M.	Encounters with Professional Money Launderers; An Analysis of Financial Transactions as Reported by Gatekeepers	2024	European Journal on Criminal Policy and Research
Kramer J.-A.; Blokland A.A.J.; Kleemans E.R.; Soudijn M.R.J.	Money laundering as a service: Investigating business-like behaviour in money laundering networks in the Netherlands	2024	Trends in Organized Crime
Sultan N.; Mohamed N.	The money laundering typologies and the applicability of placement-layering-integration model in undocumented South Asian economies: a case of Pakistan	2024	Journal of Money Laundering Control
Aljassmi M.; Gamal A.A.M.; Abdul Jalil N.; Viswanathan K.K.	An analysis of the determinants of money laundering in the United Arab Emirates (UAE)	2024a	Journal of Money Laundering Control
Aljassmi M.; Gamal A.A.M.; Abdul Jalil N.; David J.; Viswanathan K.K.	Estimating the magnitude of money laundering in the United Arab Emirates (UAE): evidence from the currency demand approach (CDA)	2024b	Journal of Money Laundering Control
Musaraj S.	Housing as asset and payment: Construction, speculation, and financialization at the European periphery	2023	American Anthropologist
Bourne J.; Ingianni A.; McKenzie R.	What's in the laundromat? Mapping and characterising offshore-owned residential property in London	2023	Environment and Planning B: Urban Analytics and City Science
Heathershaw J.; Mayne T.	Explaining suspicious wealth: legal enablers, transnational kleptocracy, and the failure of the UK's Unexplained Wealth Orders	2023	Journal of International Relations and Development
Prelec T.; de Oliveira R.S.	Enabling African loots: tracking the laundering of Nigerian kleptocrats' ill-gotten gains in western financial centres	2023	Journal of International Relations and Development
Teichmann F.M.J.	Financial crimes in the real estate sector in Austria, Germany, Liechtenstein and Switzerland	2023	Journal of Money Laundering Control
Zia M.A.; Abbas R.Z.; Arshed N.	Money laundering and terror financing: issues and challenges in Pakistan	2022	Journal of Money Laundering Control
Bermúdez-Tapia M.; Sierra-Zamora P.A.	The incidence of drug trafficking in the upper echelons of the Peruvian government	2021	Novum Jus
Ley D.	A regional growth ecology, a great wall of capital and a metropolitan housing market	2021	Urban Studies
Zavoli I.; King C.	New development: Estate agents' perspectives of anti-money laundering compliance—four key issues in the UK property market	2020	Public Money and Management
Molla Imeny V.; Norton S.D.; Salehi M.; Moradi M.	Taxonomies of money laundering: an Iranian perspective	2020	Journal of Money Laundering Control

Table 1 (continued)

Author(s)	Title	Year	Journal
Freckleton M.	Is Jamaica's anti-money laundering regime effective?	2019	Journal of Money Laundering Control
Hoxha V.; Sadiku S.	Study of factors influencing the decision to adopt the blockchain technology in real estate transactions in Kosovo	2019	Property Management
Johannes Teichmann F.M.	Real estate money laundering in Austria, Germany, Liechtenstein and Switzerland	2018	Journal of Money Laundering Control
Naheem M.A.	Money laundering and illicit flows from China – the real estate problem	2017	Journal of Money Laundering Control
Teichmann F.M.J.	Twelve methods of money laundering	2017	Journal of Money Laundering Control

the affordable reach of local residents” (p. 14). Bourne et al. (2023) reached similar conclusions after analysing offshore residential property ownership in London. In another European context, Barone (2023) demonstrates that crime rates in Italian provinces are associated with higher residential property prices.

This body of research also highlights some of the most frequently employed methods to facilitate money laundering in real estate: the involvement of cash payments, at least in part (Teichmann 2018, 2023); the use of shell companies or offshore entities to obscure beneficial ownership (Bourne et al. 2023); and the renovation or construction of properties, which serves as a vehicle to integrate additional illicit funds (Teichmann 2023).

Although several studies mention the existence of globalized residential markets and the use of offshore jurisdictions, other papers find cases in which criminals prefer to invest in real estate in their home countries or regions. When utilizing foreign countries, criminals tend to select those with geographic or cultural proximity (Aljassmi 2023). For example, Nazzari and Riccardi (2024) argue that Italian criminals prefer European countries over tax havens, while Sultan and Mohamed (2024) find that Pakistani launderers favour Dubai due to relative proximity and cultural connections.

According to the literature analysed, the challenges in countering REML are multifaceted, involving regulatory, implementation, verification, and coordination issues, often compounded by political interference. While innovative approaches like blockchain technology (Hoxha and Sadiku 2019) offer potential solutions by increasing transparency and reducing transaction costs, addressing REML requires comprehensive strategies that target both the regulatory framework and its practical implementation.

Comparative analysis: REML in Global North and Global South studies

When comparing the real estate money laundering features identified in Global North and Global South studies, important differences emerge in how the phenomenon manifests, is facilitated, and impacts local economies. These differences can be categorized into seven distinct dimensions: political and institutional context, financial

system integration, cross-border flows, cash intensity, market impact, property development, and technology and innovation.

Political and institutional context

Global North studies typically focus on regulatory weaknesses and implementation failures within otherwise functional institutions. Heathershaw and Mayne (2023), for example, emphasize the role of professional enablers working within legal frameworks, while Zavoli and King (2020) note that money laundering occurs despite sophisticated AML systems—both papers focusing on England. Soudijn (2024) examines “implementation gaps” in the Netherlands, highlighting deficiencies in otherwise robust regulatory frameworks.

By contrast, Global South studies highlight systemic corruption and state capture issues. Bermúdez-Tapia and Sierra-Zamora (2021) document the direct involvement of high-level officials and political elites in Peru, while Zia et al. (2022) emphasize how politically exposed persons (PEPs) can bypass regulations entirely in Pakistan. Sultan and Mohamed (2024) further elaborate on these dynamics in the Pakistani context. Freckleton (2019) stresses the fundamental absence of AML infrastructure rather than mere implementation failures in Jamaica, pointing to more foundational governance challenges.

Financial system integration

Global North studies document sophisticated integration with formal financial systems. Teichmann (2023) examines complex schemes involving legitimate financial institutions in Austria, Germany, Liechtenstein, and Switzerland. Ley (2021) investigates bank-facilitated mortgage fraud and financing arrangements in Canada. Nazzari and Riccardi (2024) focus on corporate structures and legitimate business infiltration across Europe, while Bourne et al. (2023) analyse complex ownership chains through offshore jurisdictions in London’s real estate sector.

Conversely, Global South studies emphasize parallel informal financial systems operating alongside formal channels. Sultan and Mohamed (2024) highlight the critical role of hawala/hundi networks in Pakistan, while Zia et al. (2022) estimate that Pakistanis invested, in one year alone, the equivalent of USD 24 million in local properties and USD 2 billion in the Dubai real estate market through such informal systems. Molla Imeny et al. (2020) document direct cash smuggling between countries, and Musaraj (2023) examines how informal construction financing facilitates laundering in Albania through practices like “klering” (barter, in-kind payments).

Cross-border flows

The nature of cross-border flows differs significantly between the two contexts. Global North studies focus primarily on inflows of illicit capital from developing countries. Heathershaw and Mayne (2023) analyse how post-Soviet elites launder money through UK property, while Bourne et al. (2023) examine London real estate

from a destination country perspective. Prelec and de Oliveira (2023) analyse the receiving end of kleptocratic outflows from Nigeria.

A comprehensive report on the portfolio of organized crime in Europe (Savona and Riccardi 2018) found that complex networks of real estate companies have been used, for example, to purchase tourist resorts in southern Spain, southern Italy, and the PACA (Provence-Alpes-Côte d'Azur) region of France. The report's authors also stress that hotels and the tourist sector attract organized crime's interest.

In contrast, Global South studies examine both regional outflows and domestic circulation of illicit funds. Aljassmi et al. (2023) investigate money movement patterns within and from the UAE. Sultan and Mohamed (2024) highlight Dubai's role as a regional financial hub for Pakistani launderers, and Molla Imeny et al. (2020) document the source perspective of Iranian illicit financial flows.

Cash intensity

Cash intensity varies considerably between the regions. Global North studies position cash as one component of more complex laundering schemes. Teichmann (2018) examines how cash is used strategically in certain transaction phases, while Soudijn (2024) documents how cash enters formal financial systems through real estate in the Netherlands. Teichmann (2023) outlines specific methods to circumvent cash transaction reporting requirements, and Barone (2023) shows Italian launderers' preference for electronic transactions in layering stages.

By contrast, Global South studies highlight predominantly cash-based economies where physical currency dominates transactions. Sultan and Mohamed (2024) describe Pakistan's cash-intensive real estate sector, while Aljassmi et al. (2024a, b) document direct cash purchases of properties in the UAE. Freckleton (2019) identifies the lack of transaction documentation in Jamaica's cash economy as a key vulnerability, and Zia et al. (2022) emphasize how Pakistan's undocumented economy facilitates cash-based money laundering.

Market impact

The market impact of laundering activities shows distinct patterns across regions. Global North studies focus on price distortions in established real estate market premium segments. Barone (2023) quantifies how criminal transactions in Italy carry price premiums of 18–44% over legitimate sales. Ley (2021) documents the creation of “ghost neighbourhoods” and vacant luxury properties in Vancouver resulting from Chinese capital flight. Bourne et al. (2023) examine the impacts on specific market segments, finding that offshore-owned London properties average £1.33 million.

Meanwhile, Global South studies highlight broader economic destabilization effects. Aljassmi et al. (2023) document how money laundering distorts the UAE's economic planning process. Musaraj (2023) describes transformative impacts on Albania's urban development, showing how money laundering shapes entire construction sectors through informal payment systems. Aljassmi et al. (2024a, b) identify broader impacts on housing affordability across all market segments in the UAE.

Property development and construction practices

Property development practices reveal further distinctions between regions. Global North studies focus primarily on property acquisition and renovation of existing structures. Teichmann (2023) details how launderers in German-speaking countries use renovation projects to integrate criminal proceeds. Barone (2023) examines established Italian real estate markets with formal development processes and regulatory oversight. Teichmann (2018) documents renovation and improvement as primary laundering methods in Switzerland and neighbouring countries.

In contrast, Global South studies emphasize the construction process itself as a laundering mechanism. Musaraj (2023) provides an in-depth analysis of Albania's "klering" system, where housing units serve as both assets and payment in construction, creating an entirely parallel financing system. The study highlights informal construction practices and the central role of uncompleted buildings in laundering schemes. Freckleton (2019) identifies Jamaica's under-regulated development projects as key laundering vehicles, while Zia et al. (2022) note that substantial illicit money is channelled into Pakistan's real estate development sector.

Technology and innovation

Regarding technology and innovation, the approaches diverge significantly. Global North studies focus on evaluating established AML technologies and their limitations. Zavoli and King (2020) examine how UK estate agents struggle with suspicious transaction reporting systems designed for banking rather than real estate. Soudijn (2024) analyses the Netherlands' advanced transaction monitoring systems and their effectiveness in identifying professional money launderers. Teichmann (2017) documents how launderers adapt to existing compliance technologies, while Teichmann (2023) analyses sophisticated techniques to circumvent monitoring systems.

Conversely, Global South studies often propose technological solutions to fundamental structural problems. Hoxha and Sadiku (2019) advocate for blockchain implementation in Kosovo's real estate transactions to address transparency issues, representing a technological leapfrogging opportunity. Sultan and Mohamed (2024) examine the fundamental limitations of traditional placement-layering-integration compliance models in Pakistan's context, while Aljassmi et al. (2023) document how emerging technologies might address structural weaknesses in the UAE's anti-money laundering framework.

Analytical frameworks in REML research

Given that obliged subjects—specific professionals and industries—are key to AML policies and procedures, it is surprising that none of the papers analysed adopted an ecosystem approach. This analytical framework therefore presents a promising new avenue for research.

The analysis of frameworks employed in these studies on real estate money laundering demonstrates that the research draws from multiple disciplines, including eco-

nomics, criminology, geography, anthropology, institutional analysis, and real estate studies, reflecting the multifaceted nature of the phenomenon.

While the classic three-stage money laundering model—placement, layering, integration (PLI)—remains influential (for example, in works by Teichmann), newer research increasingly critiques this approach. Sultan and Mohamed (2024) offer a comprehensive analysis of the PLI model's applicability in undocumented economies, suggesting its limitations in certain contexts and proposing alternative approaches that better reflect the realities of South Asian financial systems.

Scholars are also developing more specialized frameworks to address the complexities of real estate money laundering. Recent studies employ advanced methodologies to capture dynamic interactions in the real estate money laundering phenomenon. Barone (2023) utilizes agent-based modelling to simulate how criminal transactions affect Italian property markets, quantifying price distortions created by laundering activities. Bourne et al. (2023) apply sophisticated spatial analysis techniques, including entropy and Moran's I statistics, to map offshore property ownership patterns in London. These methodological innovations allow researchers to move beyond descriptive accounts toward more predictive and explanatory frameworks that can inform policy interventions.

Different frameworks appear better suited to different regional contexts, with economic models more prevalent in Global North studies and institutional and governance approaches more common in Global South studies. For instance, Aljassmi et al. (2023, 2024) apply modified Currency Demand Approach models to estimate money laundering volumes in the UAE, while Freckleton (2019) and Zia et al. (2022) focus on institutional effectiveness and enforcement frameworks in Jamaica and Pakistan respectively. Hoxha and Sadiku (2019) integrate real estate transparency theory with transaction cost analysis to examine blockchain adoption potential in Kosovo, reflecting the region's specific challenges and opportunities.

Recent studies increasingly focus on the networks of professionals and institutions that facilitate money laundering rather than just the launderers themselves. Heather-shaw and Mayne (2023) develop a kleptocracy and legal enabling theory to explain how UK legal services facilitate property purchases by post-Soviet elites, while Prelec and de Oliveira (2023) introduce an upstream/downstream enabler distinction to analyse how different professionals assist Nigerian kleptocrats at various stages of the laundering process. Similarly, research on professional money laundering networks in the Netherlands reveals that financial facilitators often collaborate in specialized networks, with some specifically operating in the real estate sector (Kramer et al. 2024). These networks demonstrate business-like characteristics, with brokers from the financial advice sector playing particularly important roles in connecting real estate, underground banking, and other money laundering services.

This recent focus on networks of professionals and institutions that facilitate money laundering aligns closely with identifying key actors in laundering operations, making it an interesting approximation to the ecosystem framework approach we propose. Although studies explicitly using ecosystem approaches are few, recent relevant research reveals that REML and AML manifest differently in the Global South than in the North. This enables us to identify the most important actors in that

region compared to Global North countries. In the following subsections, we identify the private sector actors considered most relevant in each context.

The most relevant actors in the Global South – private sector

Money laundering through real estate represents a sophisticated criminal strategy that may involve multiple private sector actors. In countries of the Global South, the multiplicity of players appears to be wider when compared to the Global North, reflecting more diverse and often less regulated economic landscapes.

Table 2 presents all the actors mentioned in the papers analysed, highlighting their prevalence in literature and key characteristics.

In the Global South, beyond the traditional gatekeepers such as real estate agents, lawyers, accountants, tax advisors, and financial institutions, two other actors appear consistently in the literature: construction and development companies, and cash-based operators.

Musaraj (2023, p. 8) identifies construction companies as critical “fixers” who facilitate cash payments and help “hide funds” through renovation projects. Molla Imeny et al. (2020, p. 17) note that “criminals and money launderers can utilise the services of renovation and building companies,” with a key strategy being cash payments to subcontractors. Freckleton (2019, pp. 93–94) provides more profound insight, showing how criminal organizations strategically “own construction companies” to purchase properties. This approach allows them to create multiple layers of financial obfuscation, making it difficult to trace the source of funds.

In economies with large informal sectors, cash-based operators represent a critical type of money laundering facilitators, particularly those involved in hawala and hundi networks. Sultan (2024, pp. 751–752) notes that hawala is a major technique for funds transfer, emphasizing that “unregulated foreign exchange dealers are in considerable numbers in developing countries.” Zia et al. (2022, pp. 183–184) identify these as “unauthorized non-banking channels” that play a significant role in fund movement across borders and within domestic economies.

As noted in Table 2, the money laundering ecosystem in the Global South extends to surprising auxiliary actors. Sultan (2024, p. 751) reveals the role of education consultants in Pakistan, who assist in “arranging funds for bank statements” to facilitate money laundering through student visa applications. Molla Imeny et al. (2020, p. 17) highlights the use of shell companies and the involvement of “subcontractors” who can often be “paid in cash or require larger amounts of money,” creating additional layers of transaction obscurity.

Research on professional money laundering networks in the Netherlands reveals that financial facilitators often collaborate in specialized networks, with some specifically operating in the real estate sector (Kramer et al. 2024). These networks demonstrate business-like characteristics, with brokers from the financial advice sector playing particularly important roles in connecting real estate, underground banking, and other money laundering services.

The diversity and creativity of these actors underscore the sophisticated nature of real estate money laundering in the Global South, where regulatory gaps and complex economic landscapes provide multiple opportunities for illicit financial activi-

Table 2 Most relevant private sector actors and their associated activities, mentioned by peer-reviewed academic papers published between 2016 and 2024 in leading journals

Private sector actor	Key characteristics	Papers mentioning
Banks/financial institutions	- Facilitate wire transfers for real estate purchases- - Accept large cash deposits - Conflicted between economic interests and reporting requirements	Bermúdez-Tapia and Sierra-Zamora (2021), Musaraj (2023), Hoxha and Sadiku (2019), Aljassmi et al. (2023), Freckleton (2019), Molla Imeny et al. (2020), Naheem (2017), Prelec and Soares de Oliveira (2023), Zia et al. (2022), Sultan (2024)
Real estate agents	- Prime target for money laundering - Not always compelled to report suspicious transactions - Vulnerable to cash-based transactions - Facilitate large cash transactions	Hoxha and Sadiku (2019), Aljassmi et al. (2023), Freckleton (2019), Naheem (2017)
Real estate developers/companies	- Facilitate large cash transactions - Operate legitimate businesses for criminal organizations - Assist in purchases without due diligence - Diversify property types to hide funds	Bermúdez-Tapia and Sierra-Zamora (2021), Musaraj (2023), Molla Imeny et al. (2020), Prelec and Soares de Oliveira (2023), Zia et al. (2022)
Construction/renovation Companies	- Used to hide funds through renovation projects - “Fixers” making cash payments - Owned by criminal organizations - Facilitate cash payments to subcontractors	Bermúdez-Tapia and Sierra-Zamora (2021), Musaraj (2023), Freckleton (2019), Molla Imeny et al. (2020)
Lawyers/law firms	- Assist in purchasing real estate - Hide beneficial ownership - Create complex ownership structures - Resist inclusion in anti-money laundering regulations	Bermúdez-Tapia and Sierra-Zamora (2021), Musaraj (2023), Hoxha and Sadiku (2019), Freckleton (2019), Naheem (2017), Prelec and Soares de Oliveira (2023)
Currency exchange dealers	- Operate unauthorized non-banking channels - Facilitate hawala/hundi transfers - Unregulated in many developing countries	Zia et al. (2022), Sultan (2024)
Gold/precious metals traders	- Key sector for money laundering - Involved in cash-based transactions	Aljassmi et al. (2023)
Corporate service providers	- Create offshore companies - Facilitate laundering purposes	Prelec and Soares de Oliveira (2023)
Education consultants	- Arrange funds for bank statement - Assist with student visa applications	Sultan (2024)

ties. This expanded ecosystem of enablers suggests that AML approaches designed primarily for Global North contexts may be insufficient to address the unique challenges present in developing economies.

Grey literature review – REML in Brazil, Kenya and Indonesia

To further analyse the phenomenon of real estate money laundering in the Global South, we conducted a grey literature review, examining non-peer-reviewed publications produced by reliable organizations in the field. This section presents the main findings from publications by the Financial Action Task Force (FATF), governmental agencies, not-for-profit organizations, and local media in Brazil, Kenya, and Indonesia. These three countries play important economic and geopolitical roles in three major regions of the Global South: Latin America, Sub-Saharan Africa, and South-east Asia.

Brazil

The Financial Action Task Force has identified real estate as one of Brazil's most significant sectors for money laundering risk. Real estate represents approximately 10% of Brazil's GDP, with annual transactions totalling approximately BRL 600 billion (USD 114 billion) (FATF 2023). This underscores the sector's economic importance and its corresponding vulnerability to illicit financial flows.

Brazil established its primary anti-money laundering legislation in 1998, with significant updates in 2012 through Law 12.683/2012. According to Article 9 of this law, individuals and legal entities "carrying out property promotion activities or buying and selling property" are subject to AML control mechanisms. This includes real estate professionals, brokers, and marketing agents involved in property transactions. However, a significant gap exists in the legal framework as construction companies and property developers are not explicitly covered by the Brazilian AML law, creating a potential vulnerability in the regulatory structure.

Brazil's regulatory framework imposes specific reporting requirements on real estate professionals. Within 24 h, they must report to the Council for the Control of Financial Activities (COAF, for the acronym in Brazilian Portuguese) in two main categories: Automatic Communication Operations (COA) and Suspicious Operations Communication (COS).

The former must be issued for any transaction or proposal involving cash payments equal to or greater than BRL 100,000.00 (approximately GBP 13,500 or EUR 16,000) as well as any transactions potentially linked to terrorism financing. The latter communication type must be used in situations that might indicate money laundering, including unexplained increases or decreases in property values, contract values that differ from the Real Estate Transfer Tax (ITBI) calculation basis, transactions incompatible with the parties' financial capacity, payments from multiple sources, and transactions involving foreign funds, especially from tax havens.

Additionally, real estate professionals must submit an annual "Declaration of Non-occurrence of Transactions or Operations That May Be Reported to COAF" if no

suspicious transactions were reported during the calendar year. This declaration must be submitted by January 31 of the following year.

Several resources are available to assist real estate professionals with compliance, including the Money Laundering Prevention Workbook for the Real Estate Sector (provided by COFECI), the Money Laundering Prevention Guide for the Real Estate Sector (by CRECI-SP), and the Manual for using SISCOAF and reporting non-occurrences (Creuz 2022). These materials aim to help professionals understand their obligations and the procedures for reporting suspicious activities.

Despite the regulatory framework in place, non-governmental organizations have identified significant transparency gaps and money laundering vulnerabilities in Brazil's real estate sector.

Transparency International's report "São Paulo: Does Corruption Live Next Door?" (2017) reveals extensive offshore ownership of properties in Brazil's largest city. The investigation found 3,452 properties in São Paulo (worth US\$2.7 billion/R\$8.6 billion) owned through 236 companies linked to offshore tax havens, totalling 53 million square meters (Angélico, 2017).

The report identifies significant regulatory gaps, including the lack of mandatory public disclosure of beneficial ownership, poorly structured information at state trade boards, and the exemption of lawyers from AML requirements despite their role as gatekeepers in real estate transactions (Angélico, 2017). The use of complex ownership structures makes tracing actual owners extremely difficult, with the FATF noting that Brazil is not sufficiently pursuing professional enablers, including real estate agents, lawyers, accountants, and notaries (FATF, 2023).

The Open Government Institute (Instituto Governo Aberto - IGA) evaluated real estate data transparency across Brazil's 26 state capitals and found substantial active and passive transparency gaps. Only two capitals (São Paulo and Belo Horizonte) actively publish their ITBI (Real Estate Transfer Tax) and IPTU (Urban Property Tax) databases. In contrast, no capitals in the northern region actively make real estate or urban land information available (Lima et al. 2023).

The report identified several challenges to transparency: technological limitations, regulatory gaps, a culture of secrecy, legal conflicts between transparency laws, data protection laws, tax secrecy, human resource constraints, political barriers, and conservative attitudes among civil servants (Lima et al. 2023). These findings suggest that practical implementation remains problematic even when legal frameworks exist.

Media reports from 2020 to 2024 reveal multiple methods used for money laundering through real estate in Brazil: cash purchases, the use of shell companies, value discrepancy, foreign investment, and the prominence of the construction industry. For example, the Bolsonaro family reportedly acquired nearly half of their real estate portfolio (51 out of 107 properties) using cash payments (Herdy and Dal Piva 2022). Jair Bolsonaro was the president of Brazil from 2019 to 2022. Regarding shell companies, local media reports that criminal organizations establish front companies to purchase properties, often registering them under straw owners or nominees. The Brazilian media has also reported value discrepancies, recording lower values on official deeds than actual purchase prices to launder additional funds.

Regarding non-domestic investment, during the well-known Luanda Leaks, a global scandal about the wealthiest woman in Africa, Isabel dos Santos (the daughter

of an Angolan former president), Brazilian media reported that her group invested money in Brazilian real estate, taking advantage of Brazil's openness to foreign investment. The Angolan money was allegedly used to construct a condominium with 130 apartments on the beachfront of João Pessoa, the most expensive square meter in Paraíba, a state on the northeast coast of Brazil. The investment amounted to more than 4 million euros, making the building one of the most luxurious in the region (Fonseca et al. 2020).

Regarding the construction sector, criminals exploit the difficulty in controlling construction costs by declaring amounts that are different from what is actually spent, according to the local media. There are also media reports about criminal groups converting illicit funds into crypto-assets before using them to purchase luxury properties. Geographically, the local media reports that money laundering activities are concentrated in major urban centres and coastal properties.

In São Paulo, the PCC criminal organization has invested in luxury properties in eastern neighbourhoods, with investigations identifying at least 52 properties linked to PCC members (Godoy 2024a, 2024b). In Rio de Janeiro, Comando Vermelho invested drug trafficking proceeds in building properties and opening businesses within the Complexo da Maré favela (Indio do Brasil, 2024).

Regarding coastal regions, Santa Catarina's northern coast, in the South of Brazil, is a unique case. The FATF specifically highlights Santa Catarina state as a high-risk area, comparing it to the "Dubai of Brazil" due to its combination of ports, foreign trade, tourism, and real estate investments (FATF, 2023). Within this region, Balneário Camboriú has been described as a "money laundering laundromat" for drug traffickers due to having Brazil's most expensive real estate per square meter (Spautz 2023). Other cities in the region, including Itapema, Navegantes, and Itajaí, have also become targets for luxury property purchases connected to criminal organizations (Guimarães 2024). Court records indicate at least 560 properties worth over BRL 2 billion (more than GBP 270 million or EUR 322 million) were seized in a six-month period, demonstrating the scale of the problem (Fantástico 2023).

According to local media, PCC leaders purchased luxury homes in the São Paulo state coast, specifically in Riviera de São Lourenço (Bertioga), a high-end planned community on the São Paulo coast (Godoy 2024b). These properties were commonly acquired through intermediaries and registered to straw owners to conceal connections to criminal organizations.

The year 2024 saw two particularly high-profile cases in Brazil. A notable case involved the digital influencer Deolane Bezerra, who reportedly invested in 12 luxury properties across Brazil and internationally (Orlando, USA). According to media reports (Globo 2024), these real estate investments were allegedly part of a larger BRL 3 billion (GBP 405 million or EUR 484 million) money laundering operation related to online betting schemes.

Another case that hit the news refers to a man who was murdered in November 2024 at the International Airport of São Paulo, the largest in South America. Vinicius Gritzbach, a real estate entrepreneur, had provided evidence to the local police about how he facilitated property acquisitions for the PCC criminal organization using straw owners.

Kenya

The Financial Action Task Force has identified real estate as one of Kenya's highest-risk sectors for money laundering. With the industry contributing 8.8% of Kenya's GDP in 2021—exceeding the financial and insurance sector's 7.1% contribution—its substantial economic footprint underscores its vulnerability to illicit financial flows (Eastern and Southern Africa Anti-Money Laundering Group [ESAAMLG], 2022).

Kenya's real estate transactions operate through a conveyancing process similar to other common law jurisdictions, typically involving lawyers or specialized conveyancers with transactions recorded at the Land Registry. While most transactions should involve licensed real estate agents regulated under the Estate Agents Act Cap. 533 and registered with the Estate Agents Registration Board, a critical regulatory gap exists: these agents are not required to perform due diligence on their clients or purchases (Frank Knight 2017).

Kenya established its anti-money laundering framework through the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA) in 2009, with subsequent amendments strengthening the regulatory structure. Despite this legislation, the FATF/ESAAMLG mutual evaluation report highlighted that lawyers are not subject to supervision for AML/CFT purposes, and the licensing regime and regulation of the real estate sector remains weak (ESAAMLG, 2022).

The regulatory framework requires real estate agents to report suspicious transactions to the Financial Reporting Centre (FRC). However, compliance has been extremely poor—the FATF report noted that only 2 suspicious transaction reports out of 25,500 reports over four years came from the real estate sector (ESAAMLG, 2022). This striking statistic demonstrates severe underreporting in a sector identified as high-risk for money laundering.

The Business Registration Service's 2022 National Risk Assessment provides further evidence of the sector's vulnerability. While 20% of legal entities are engaged in construction, the sector accounts for 57% of money laundering cases, with real estate accounting for an additional 8%. The assessment also identified high involvement of politically exposed persons in these cases and noted that the real estate sector was the second most prominent sector for terrorism financing in Kenya (Business Registration Service 2022).

Transparency challenges are compounded by the prevalent use of cash in property transactions. A 2010 study by the Kenyan Central Bank identified only approximately 15,000 mortgages in the property sector, indicating significant lending outside the formal sector and substantial cash purchases (Desta and Cockayne 2012). Despite regulations requiring transactions exceeding US\$7,582 to be conducted through banks and other financial institutions, these measures have done little to curb illicit financial flows through the sector (Wario et al. 2024).

The 2021 report by The Sentry, "Kenya Illicit Finance Risks and Assessment," reveals how weaknesses in Kenya's finance and real estate sectors have been exploited to contribute to regional conflicts, particularly in South Sudan. The report documents both official statements by the President of South Sudan on the use of Kenya as a hub for real estate investments from South Sudanese illicit finance and identifies individuals involved in the luxury real estate market of Nairobi (Rudich 2021).

In February 2024, Kenya was placed on the FATF grey list, committing the country to several actions. These include improving risk-based AML/CFT supervision of Designated Non-Financial Businesses and Professions (which includes real estate agents), enhancing their understanding of preventive measures, increasing suspicious transaction reporting, and implementing more effective beneficial ownership transparency (FATF, 2024).

This development brings increased international attention to vulnerabilities in Kenya's real estate sector and creates pressure for meaningful reforms to address money laundering risks.

The Institute for Security Studies has documented how land and property have been key components of resource extraction under Kenyan governments. The Moi administration allocated government land and residential properties to politicians, who subsequently sold these properties to government enterprises at inflated prices to support campaign funding (Warutere 2006). This historical context helps explain the deep-rooted connection between political power, corruption, and real estate in Kenya that continues to facilitate money laundering today.

Media reports demonstrate that Kenya's property and construction sectors have become primary channels for illicit financial flows, with both enablers and geographic locations playing central roles in this phenomenon. The construction sector stands out as the most significant conduit for laundering illicit money—over half of all private companies reported for money laundering in Kenya are in construction, accounting for approximately 56.5% of implicated firms (Volpi 2024a; Amabani 2024; Okafor 2024).

Developers, construction companies, and private limited companies frequently channel illicit funds through large-scale projects, exploiting regulatory gaps and the cash-intensive nature of the industry. Directors and employees of these firms often play direct roles in facilitating these schemes, sometimes abusing legal structures to obscure the origins of funds (Africa24 2024; Okafor 2024).

Other key enablers include financial institutions—such as banks, remittance networks, and informal systems like hawala—which facilitate the movement and integration of suspicious funds. Legal and accounting professionals, real estate brokers, and property management firms also frequently act as intermediaries, sometimes knowingly structuring transactions to obscure money trails or failing to conduct adequate due diligence. These practices are further enabled by weak oversight from regulatory bodies and the prevalence of large, unmonitored cash transactions across the sector (Volpi 2024a; Amabani 2024; Githinji 2023).

Geographically, Nairobi is the epicentre of real estate and construction-related money laundering, with high-end neighbourhoods like Westlands, Kilimani, and Eastleigh repeatedly cited as preferred destinations for suspicious investments (Githinji 2023). Mombasa and the wider coastal region, including areas such as Nyali, Tudor, and Malindi, also feature prominently, often linked to both local and international criminal networks.

Satellite towns like Kiambu, as well as resort destinations such as Diani and Watamu, are increasingly mentioned as secondary hotspots. These locations are characterized by rapid property development, high volumes of cash transactions, and, in

many cases, the presence of foreign investors or diaspora communities (Volpi 2024a, 2024b; Amabani 2024; Okafor 2024).

Indonesia

The Financial Action Task Force has identified the real estate sector as a high-risk area for money laundering in Indonesia, with the industry constituting approximately 3% of the country's GDP (FATF, 2023). The FATF's 2023 Mutual Evaluation Report highlights that "proceeds from predicate crimes are primarily laundered through the banking, capital markets and real estate sectors," underscoring the sector's vulnerability to illicit financial flows both from domestic and foreign sources.

Indonesia's real estate transactions typically involve several key actors: property agents or brokers who serve as intermediaries between buyers and sellers, property developers who build and sell residential or commercial properties, and notaries and land deed officials (Pejabat Pembuat Akta Tanah - PPAT) who handle the legal aspects of property transfers. A critical distinction in Indonesia is the separation between notaries, who are regulated by the Ministry of Law and Human Rights, and land deed officials, who are overseen by the Ministry of Agrarian Affairs and Spatial Planning. While these roles can be held by the same individual, they have distinct responsibilities in the property transaction process.

Indonesia established its anti-money laundering framework through Law Number 8 of 2010 regarding Prevention and Monitoring of Money Laundering Crimes, with Government Regulation Number 43 of 2015 (amended by Government Regulation Number 61 of 2021) designating property companies and agents as reporting parties. The Indonesian Financial Transaction Reports and Analysis Center (INTRAC or PPATK in Indonesian) serves as the country's financial intelligence unit and has supervisory responsibility for AML/CFT oversight of real estate companies and agents (FATF, 2023).

Despite this regulatory framework, the FATF evaluation identified significant vulnerabilities in the real estate sector's compliance with AML requirements. The report notes that "understanding of ML/TF risks and obligations varies across FIs and DNFBPs. This is generally high for banks, larger FIs and VASPs, but lower for DNFBPs, particularly for real estate agents" (FATF, 2023). Additionally, reporting by the real estate sector is "not commensurate with Indonesia's risk profile," indicating a gap between the regulatory requirements and actual implementation.

Notaries and land deed officials are required to implement know-your-customer policies and report suspicious financial transactions to INTRAC. The Ministry of Law and Human Rights provides guidance to notaries regarding these obligations and can deactivate a notary's account in the ministry's system if reporting requirements are not met. Similarly, INTRAC monitors notary transactions and maintains a list of high-risk notaries.

The FATF report emphasizes that "use of cash for purchase of real estate is common and the sectoral risk assessment has identified the sector as high ML risk" (FATF, 2023). However, the prevalence of cash transactions creates significant challenges for effective oversight and monitoring.

The regulatory framework designates INTRAC as the supervisory authority for real estate companies and agents, but the FATF evaluation identified shortcomings in the implementation of risk-based supervision. The report notes that “although remedial measures ranging from warnings to license revocation exist, the majority of the sector constituents has been subject to warnings only” (FATF, 2023), suggesting limited enforcement of AML obligations.

The Business Registration Service’s real estate sector assessment has identified several factors contributing to the sector’s vulnerability to money laundering. These include the high number of unlicensed operators, weak regulatory oversight, the prevalent use of cash, and the complexity of property ownership structures that can obscure beneficial ownership. The assessment also notes the involvement of politically exposed persons in suspicious real estate transactions, adding another layer of complexity to anti-money laundering efforts in the sector.

The National Land Agency (ATR/BPN) maintains a platform called *bhumi.atrbpn.go.id* that includes a Land Value Zone map feature, which can be used to assess property values in different areas. However, there is limited systematic analysis of previous transactions to identify unusual pricing patterns or properties involved in multiple transactions over short periods, which are common red flags for money laundering.

Recent high-profile cases in Indonesia demonstrate the vulnerability of the real estate sector to money laundering. The ASABRI and Jiwasraya cases involved corruption of state company funds, with perpetrators establishing property development companies to launder the misappropriated funds. In the Jiwasraya case, assets seized included three companies, 21 cars, a motorcycle, luxury items, insurance policies, real estate, and cash. Court documents indicate that property was used to launder approximately IDR 16.8 trillion (EUR 1.1 billion) through corporate structures and accounts, as well as through the purchase of assets in the names of third parties and companies (FATF, 2023).

Another notable case involved the Meikarta project, where the Mayor of Bekasi and nine other government officials were arrested on suspicion of receiving bribes from the Lippo group for the construction of a large-scale development worth \$21 billion. The mayor was subsequently convicted of bribery and sentenced to six years in prison, highlighting the intersection of corruption and real estate development in Indonesia.

In February 2024, INTRAC issued Regulation Number 1 of 2024 regarding the Procedures for Imposing Administrative Sanctions for Violations of Reporting Obligations, signalling a potential strengthening of enforcement mechanisms. Additionally, the country has implemented a Go AML platform for reporting suspicious transactions, though reporting by real estate professionals remains inconsistent.

Media reports from Indonesia show that real estate money laundering is a significant and ongoing issue, involving both high-profile perpetrators and a network of enablers. The main perpetrators are corrupt officials, individuals seeking to conceal illicit funds, and criminal groups who use property purchases to channel the proceeds of corruption and other crimes. These actors often employ complex ownership structures, nominees, or third parties to obscure the true source and ownership of assets, making detection and asset recovery difficult (Sandi 2020a; Sihombing 2022).

Enablers play a crucial role in facilitating these schemes. Real estate agents, property developers, and companies are frequently cited for their lack of rigorous due diligence and low compliance with anti-money laundering (AML) regulations, such as the Go AML reporting system (Property N Bank, 2023). Legal professionals, including notaries and land title registrars, also contribute by helping structure transactions or transfer ownership in ways that hide beneficial owners. The lack of widespread registration and reporting among property agents further exacerbates the sector's vulnerability (Sandi 2020b).

The properties targeted for money laundering are predominantly found in Indonesia's major urban centres, especially Jakarta, which is consistently highlighted as a high-risk area. However, the phenomenon extends to other popular investment destinations, notably tourism and coastal cities such as Bali, Batam, and Yogyakarta, which are attractive due to their active property markets, high investment demand, and, in the case of tourism hubs, the potential for high-value transactions that can easily absorb large sums of illicit money (Pandangan Jojga, 2022).

Discussion and final remarks

Our systematic literature review reveals a strikingly slim corpus of academic research on REML. Despite the significant economic impact and policy attention this issue receives, scholarly engagement remains limited. Even more concerning is the paucity of empirical studies that move beyond conceptual work to include well-described case studies or larger-n statistical analyses. Empirical insights on regulatory efficacy are rarer still, creating a significant knowledge gap for policymakers and practitioners alike.

These research gaps are even more pronounced in the Global South context. The scarcity of empirical studies focused on developing economies represents a critical oversight, especially given the growing importance of REML in these regions as discussed in the introduction of this article. As countries below the Equator increasingly become "countries of asset location" and their cities emerge as key commercial hubs, this knowledge deficit becomes increasingly problematic for effective policy formulation.

Despite these limitations, our North-South comparison reveals that while REML shares certain fundamental characteristics globally, its specific manifestations are shaped by local political, economic, social, and regulatory environments. Global North studies typically focus on sophisticated regulatory evasion within functional systems, complex ownership structures, and impacts on premium market segments. In contrast, Global South studies emphasize systemic corruption, informal financial networks, cash economies, and broader socioeconomic consequences.

The Business Ecosystem approach has proven particularly valuable for identifying the most impactful actors within specific contexts. Our literature review demonstrates that the set of relevant actors in the real estate sector in the Global South is considerably broader than what current anti-money laundering laws and policies typically encompass.

In the private sector, developers and construction companies play an especially important role in Global South cities. Unlike most North American and Western European urban settings, cities in regions like Latin America, Sub-Saharan Africa, and Southeast Asia are rapidly expanding their boundaries. This expansion means that urban land dealers, real estate developers, and construction companies constitute critical nodes in the real estate value chain and, consequently, should be subject to AML laws and procedures. Lawyers and law firms are also crucial intermediaries, and their frequent absence in AML frameworks represents a significant regulatory gap.

The review of grey literature on real estate money laundering in Brazil, Kenya, and Indonesia reveals striking similarities in vulnerabilities and challenges across these Global South nations, while also highlighting distinct contextual factors that shape each country's risk profile.

Across all three countries, the real estate sector constitutes a significant portion of the national economy—approximately 10% of GDP in Brazil, 8.8% in Kenya, and 3% in Indonesia—making it an attractive vehicle for laundering illicit funds. The Financial Action Task Force (FATF) has consistently identified real estate as a high-risk sector in each country, pointing to common vulnerabilities: prevalent use of cash transactions, weak regulatory oversight, inadequate beneficial ownership transparency, and insufficient reporting of suspicious transactions.

A key commonality is the role of professional enablers. In Brazil, construction companies, property developers, and lawyers remain outside the explicit scope of AML legislation, creating a significant regulatory gap. In Kenya, lawyers—who are the primary facilitators of property transactions—are not subject to AML/CFT supervision, while real estate agents demonstrate extremely poor compliance with reporting requirements. Similarly, in Indonesia, notaries and land deed officials face challenges in detecting suspicious transactions due to limited access to comprehensive financial data of their clients.

Geographic concentrations of money laundering risk also emerge as a pattern across these countries. Brazil's coastal regions, particularly Santa Catarina (dubbed the “Dubai of Brazil”) and luxury developments in São Paulo state, serve as hotspots for illicit financial flows. Kenya functions as both a regional and global hub, with illicit finance flowing between Kenya and the UAE, while domestic properties in Nairobi and Mombasa are targets for funds from Uganda, DRC, Somalia, Nigeria, and South Sudan. In Indonesia, tourist destinations like Bali have emerged as focal points for potential money laundering activities, with approximately half of real estate clients in the region being foreign investors.

The methods employed for money laundering through real estate demonstrate considerable overlap: cash purchases, use of shell companies and nominees, value discrepancies between official and actual transaction prices, and exploitation of foreign investment channels. However, each country also exhibits unique vulnerabilities—Brazil's construction industry serves as a particularly important channel, Kenya's community-held land in coastal regions creates additional vulnerabilities, and Indonesia's practice of dual certificates for the same property (attributed to corruption) presents a distinctive challenge.

Political exposure and corruption emerge as cross-cutting themes. In Brazil, high-profile cases involving political figures (such as the Bolsonaro family's cash property acquisitions) highlight the intersection of political power and real estate. Kenya's historical pattern of land and property allocation to politicians by previous administrations has created deep-rooted connections between political power, corruption, and real estate. In Indonesia, cases like Meikarta, where government officials were convicted of accepting bribes for large-scale development approvals, demonstrate similar dynamics.

Regarding regulatory responses, all three countries have established AML frameworks that include the real estate sector, but implementation remains problematic. Brazil has specific reporting requirements through COAF (Council for the Control of Financial Activities), Kenya requires reporting to the Financial Reporting Centre, and Indonesia designates INTRAC (Indonesian Financial Transaction Reports and Analysis Center) as the supervisory authority for real estate companies and agents. However, in each case, the FATF has identified significant gaps between regulatory requirements and actual practice, with Kenya's particularly poor reporting rate (only 2 STRs from the real estate sector out of 25,500 over four years) being especially striking.

Kenya's placement on the FATF grey list in 2024 highlights the international attention now focused on these vulnerabilities, creating pressure for meaningful reforms. Indonesia's recent regulatory developments, including INTRAC's 2024 regulation on administrative sanctions, similarly signal potential strengthening of enforcement mechanisms. Brazil, despite its longer-established AML framework, continues to face challenges in transparency and implementation.

Future research might explore the impact of international standards on domestic reforms, clarifying how and why certain entities and professions become obliged entities in AML frameworks while others circumvent this regulation. In this context, the role of advocacy groups in shaping AML legislation represents another promising angle for investigation. Additional research opportunities include examining the relationships between different categories of actors (sellers, buyers, and regulators) and the entities that enable real estate money laundering (construction companies, public notaries, lawyers, and land deed officials). The tools and instruments used to launder money—such as shell companies—deserve further scrutiny, as does the effectiveness of countermeasures employed by self-regulatory bodies and public sector regulators, including digital tools to enhance beneficial ownership transparency.

As urban development continues to accelerate across the Global South, strengthening safeguards against illicit financial flows in the real estate sector will be essential for sustainable and equitable growth. Our analysis suggests that international AML standards need to better account for the distinctive characteristics of real estate markets in developing economies, particularly the central role of construction and development activities, the prevalence of cash transactions, and the intersection of formal and informal financial systems. Without such contextually appropriate approaches, significant vulnerabilities in the global anti-money laundering regime will persist, continuing to enable the flow of illicit funds through real estate channels in the Global South.

The substantial research gaps identified in this study—particularly the scarcity of empirical research on REML in the Global South—highlight an urgent need for increased scholarly attention. Despite growing recognition of real estate as a primary vehicle for money laundering globally, and despite the increasing importance of Global South economies as destinations for illicit financial flows, empirical research remains disproportionately focused on developed economies. Addressing this research imbalance should be a priority for both academic institutions and policy organizations, as effective regulatory responses can only be designed based on robust empirical evidence. Future research must not only expand the geographic scope of REML studies but also prioritize methodologically rigorous approaches that can provide actionable insights for policymakers in these rapidly developing regions.

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