

## The international regulation of Informal Value Transfer Systems

Anand Ajay Shah, *Juris Doctor* Candidate, American University Washington College of Law, Washington, DC (USA)

### Abstract

After the 11th September 2001 attacks on the United States international attention quickly focused on the sources and methods of terrorist financing. Among the methods terrorists and other criminal actors use to transfer funds are Informal Value Transfer Systems (IVTS) which operate either outside the formal financial sector, or through use of the formal financial sector, but without leaving a full record of the transaction. Though the vast majority of funds moved through IVTS are the earnings of migrant workers and immigrant communities, the lack of uniform worldwide regulation of IVTS provides ample opportunity for abuse and misuse. The international community primarily responded to IVTS concerns through the Financial Action Task Force on Money Laundering, which issued a series of recommendations and best practices for states in regulating IVTS operations. While these recommendations are a secure beginning to regulation of IVTS operating within ethnic communities, they fail to address the more modern forms of IVTS that have come about in the post-Cold War globalised world. Comprehensive recommendations governing all types of IVTS, as well as concerted international cooperation and coordination are necessary to address this global phenomenon.

### Keywords

hawala; Informal Value Transfer Systems; IVTS; Informal Fund Transfer Systems; IFTS; terrorist financing

[full text](#)   [back](#)

ISSN 1871-515X