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Explaining the Challenges and Gaps in Combating Money Laundering from the Perspective of Criminal Policy in Iran and England

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ABSTRACT

Money laundering has emerged as a central concern of contemporary criminal policy due to its role in facilitating organized crime, economic corruption, and the legitimization of illicit financial flows. This study provides a comparative analysis of the criminal policy frameworks of Iran and England in addressing money laundering, with particular emphasis on identifying structural challenges and legal gaps. The research adopts a descriptive-analytical and comparative legal methodology, drawing upon doctrinal sources and existing scholarly literature to examine legislative, executive, and judicial dimensions of anti-money laundering systems in both jurisdictions. The findings indicate that while England benefits from a more integrated and mature anti-money laundering regime characterized by institutional coordination, preventive mechanisms, and regulatory coherence, it also faces challenges related to over-expansion of preventive measures and the potential erosion of procedural safeguards. In contrast, Iran has made significant progress in developing its anti-money laundering framework, particularly through legislative reforms and institutional innovation; however, it continues to encounter notable deficiencies, including ambiguity in legal definitions, insufficient coordination among enforcement bodies, challenges in addressing cryptocurrency-related laundering, and tensions between preventive approaches and fundamental legal principles such as the presumption of innocence. The study further demonstrates that both systems struggle with adapting to technological developments and ensuring effective international cooperation. Ultimately, the research concludes that effective anti-money laundering criminal policy requires a balanced approach that integrates legal clarity, institutional coordination, technological adaptability, and the protection of fundamental rights.

Keywords: *Money Laundering, Criminal Policy, Iran, England, Comparative Law, Financial Crime, Cryptocurrency, FATF, Suspicious Transactions, Asset Recovery*

Introduction

Money laundering has gradually moved from a peripheral concern of criminal law into the center of contemporary criminal policy because it operates as the financial infrastructure of organized crime, corruption, trafficking, tax evasion, fraud, and illicit cross-border accumulation. Rather than being merely a derivative financial offense, it functions as a mechanism through which illegal wealth is dissociated from its criminal origin, reintroduced into



apparently legitimate channels, and transformed into a form of power that may affect markets, institutions, regulatory bodies, and even political processes. This is why the literature increasingly treats money laundering not only as a criminal-law problem but also as a challenge to market integrity, public governance, social trust, and the legitimacy of state authority itself (1). The problem acquires even greater complexity when the laundering process is no longer confined to conventional banking systems and now passes through trade misinvoicing, shell structures, professional facilitators, digital payment layers, and virtual asset ecosystems (2). In that environment, criminal policy can no longer rely on a narrow punitive model focused only on post-crime prosecution. It must instead operate through a combined architecture of criminalization, prevention, supervision, reporting, asset tracing, confiscation, and international coordination (3). The modern anti-money laundering field therefore reflects the evolution from classic reactive justice toward a preventive and risk-based paradigm in which suspicion, monitoring, intelligence production, and institutional coordination occupy a central place (4). That evolution, however, has also created serious tensions between efficiency and legality, between risk management and due process, and between expansive regulatory control and the protection of fundamental rights.

The comparative relevance of Iran and England arises precisely from the fact that the two systems represent different trajectories in the construction of anti-money laundering policy. In the Iranian system, money laundering regulation has developed in close interaction with concerns about economic disorder, corruption control, suspicious transactions, and the country's broader relationship with international financial governance. The Iranian model has therefore expanded through legislative reform, executive regulation, and institutional experimentation, but it still faces major debates regarding the dependence of laundering on the predicate offense, the scope of suspicious transaction control, the movement of the burden of proof, and the adequacy of institutional coordination. The thesis on which this article is based treats these points as central to understanding the contemporary Iranian position and frames the issue as one of legislative, judicial, and executive criminal policy. By contrast, the English approach is generally presented in the literature as a more mature and systematized anti-money laundering regime because it integrates broad criminalization, institutional supervision, financial intelligence, confiscation strategies, and preventive compliance duties into a relatively coherent framework (5). English criminal policy is also associated with a more differentiated treatment of financial crime risks, especially in relation to professional intermediaries, high-risk transactions, beneficial ownership opacity, and newer channels of digital and transnational laundering (6). This contrast makes the comparison intellectually productive: Iran reveals the difficulties of consolidating a coherent criminal policy under conditions of legal transition and international pressure, while England illustrates the strengths and dilemmas of a more institutionalized preventive regime.

The rise of cryptocurrency-based laundering adds a further dimension to this comparison. The legal and criminological significance of virtual assets lies not simply in technological novelty, but in the way they alter speed, opacity, jurisdiction, traceability, and the relationship between state control and private exchange. Scholarship on virtual-asset laundering emphasizes that crypto-mediated transactions may facilitate rapid layering, pseudonymous transfers, fragmented transaction chains, and cross-border dispersion of illicit value (7). At the same time, digital assets are not inherently beyond regulation; rather, they require a regulatory and criminal-policy framework capable of identifying exchanges, custodial intermediaries, beneficial controllers, suspicious movement patterns, and links between digital and fiat conversion channels (8). The literature in Persian has also identified virtual currencies as a source of legal ambiguity and a significant challenge for anti-money laundering systems that were originally designed around conventional financial institutions (9). This is particularly important for Iran, where the legal status

of certain digital asset practices remains contested and where anti-money laundering responses often have to develop without the benefit of a fully stabilized regulatory taxonomy. The English system, by contrast, has been more willing to incorporate virtual-asset service supervision into a risk-based compliance framework, thus moving from general criminalization toward more differentiated executive controls. The result is that the comparison between Iran and England is not merely about two legal systems in the abstract; it is about two different levels of adaptation to a rapidly transforming laundering environment (10).

The literature on money laundering also shows that anti-money laundering law has never been purely about the punishment of completed offenses. From the beginning, it has been tied to broader questions of financial surveillance, confiscation policy, international cooperation, and the regulation of economic gateways through which illicit funds are normalized (11). In many jurisdictions, asset recovery and non-conviction-based mechanisms have become central because the classical criminal trial is often too slow, too narrow, or too evidentially fragile to capture complex laundering chains that extend across companies, intermediaries, and jurisdictions (12). This preventive expansion is one reason why money laundering law has become a particularly revealing field for criminal policy analysis. It shows how the state redefines the meaning of suspicion, risk, accountability, and property control in response to organized and financial crime (13). Yet it also shows how easily expansive preventive tools may encroach on core guarantees of fairness, proportionality, and the presumption of innocence (4). In Iran, those tensions appear in debates over suspicious transactions, the role of executive bodies, and the shifting evidential posture in laundering cases. In England, the tensions appear in the breadth of preventive duties imposed on regulated entities and the possibility that anti-money laundering logic extends well beyond traditional criminal adjudication into quasi-regulatory forms of control (6). These are not peripheral concerns. They go to the normative heart of criminal policy and determine whether anti-money laundering systems retain legitimacy while pursuing effectiveness.

Research on the economics and sociology of illicit finance further clarifies why the comparison matters. Money laundering is sustained by the fact that illicit wealth does not remain outside the legal economy; it seeks entry into property, trade, services, investment structures, and financial products. The boundary between legal and illegal capital is therefore often managed not by visible violence but by professional expertise, administrative opacity, and opportunities for concealment within lawful markets (14). This explains why laundering is closely related to corruption, offshore secrecy, and structured abuse of institutional trust (15). It also explains why anti-money laundering systems cannot succeed if they are confined to abstract criminal prohibitions without practical intelligence, operational coordination, and enforceable compliance duties. Scholarship has consistently argued that effective anti-money laundering policy requires a strategic combination of criminal law, financial supervision, institutional incentives, and international cooperation (16). Where one or more of these elements is weak, enforcement becomes selective, symbolic, or procedurally inconsistent. The Iranian experience raises such questions with particular force because legislative reform has outpaced some aspects of implementation and doctrinal clarity. The English experience, although often treated as stronger, also raises concerns about overreach, complexity, and the burden placed on regulated actors to act as quasi-enforcement agents (3). A comparative inquiry can therefore illuminate both deficiencies and achievements, rather than merely celebrating one system and criticizing the other.

The research objective of this article is to explain the challenges and gaps in combating money laundering within the criminal policy frameworks of Iran and England through a comparative legal analysis grounded in the attached

thesis and limited to the fixed reference set provided for citation. The article proceeds from the premise that a meaningful comparison must address not only criminal definitions but also the legislative philosophy, institutional architecture, evidentiary logic, preventive mechanisms, and normative tensions that shape anti-money laundering policy in each system. It argues that the most significant difference lies in the relative maturity and integration of the English model as compared with the still transitional and contested character of the Iranian model, especially in relation to suspicious transactions, virtual assets, institutional coordination, and procedural guarantees. It further argues that the greatest analytical value of the comparison lies not in cataloguing formal differences alone, but in identifying how each legal order balances efficiency, prevention, legality, and fairness. On that basis, the following sections examine the conceptual and theoretical foundations of money laundering, the comparative dimensions of criminal policy in Iran and England, the principal challenges and gaps in each system, and the broader implications for the future development of anti-money laundering law.

Conceptual and Theoretical Foundations

Money laundering is conceptually difficult because it sits at the intersection of criminal law, financial regulation, economic governance, and transnational enforcement. At its most basic level, it refers to processes through which the origin, ownership, movement, or character of criminal proceeds is concealed so that the proceeds can be used, transferred, invested, or reintegrated into legal economic life without their illicit source remaining visible (17). Yet such a definition, while useful, does not fully capture the normative and policy complexity of the phenomenon. Laundering is not merely a technical after-effect of predicate crime; it is the stage at which criminal profit becomes durable, transportable, and socially functional. In that sense, it is better understood as a bridge between illicit gain and institutionalized economic participation (18). This explains why legal systems have increasingly treated laundering as a distinct object of criminal policy rather than a secondary evidential matter attached to predicate offending. The internationalization of anti-money laundering law did not occur simply because states wished to condemn concealment. It occurred because illicit finance was recognized as a force capable of undermining markets, enabling organized networks, strengthening corruption, and weakening confidence in legal institutions (11). A theory of money laundering must therefore begin from the premise that the offense threatens both criminal justice and public order in a broader socio-economic sense.

Classical laundering analysis often describes three functional stages: placement, layering, and integration. Although these stages are analytically useful, they should not be treated as a rigid sequence. Contemporary laundering practices often compress or rearrange them, especially where digital transfers, offshore mechanisms, informal value systems, or trade-based channels are involved (2). Placement may occur through financial accounts, cash-intensive businesses, trade structures, or virtual asset exchanges. Layering may involve repeated transfers, cross-border fragmentation, conversion into different asset classes, or the use of shell entities and nominees. Integration may involve investments in real estate, commercial ventures, luxury assets, or apparently legitimate business activity. What matters for criminal policy is that each stage creates different regulatory and evidential needs. Placement calls for detection and reporting duties. Layering demands intelligence and tracing capacity. Integration requires confiscation and recovery mechanisms capable of reaching property that appears lawful on its face (12). Theoretical clarity is therefore essential because each stage implicates different legal actors and institutional responses. In a jurisdiction where anti-money laundering policy is weakly coordinated, these stages

may fall between agencies, allowing proceeds to pass from suspicion to normalization without a coherent enforcement chain.

A further conceptual issue concerns the legal nature of laundering as either a dependent or autonomous offense. Some systems historically treated laundering as tied closely to a proven predicate crime, while others developed a more independent approach in which laundering could be prosecuted through broader evidential and behavioral criteria even when the full judicial establishment of the underlying offense was absent or indirect. The theoretical distinction matters because it affects the scope of criminalization, the burden of proof, and the relationship between substantive criminal law and preventive regulation (19). A narrowly dependent model protects legality and reduces the risk of overcriminalization, but it may also make prosecution difficult in cases involving diffuse, transnational, or fragmented predicate conduct. A more autonomous model increases flexibility and facilitates intervention against complex financial concealment, but it may risk blurring the line between suspicion and guilt (5). The Iranian system has faced this tension directly because its anti-money laundering development reflects both the continued doctrinal importance of the predicate offense and the growing influence of suspicious transaction logic. The English system has been more prepared to construct laundering as a broader field of criminal and preventive intervention. Theoretically, then, the comparative question is not only how each system defines laundering, but how each system conceptualizes the connection between illicit origin, evidential certainty, and lawful intervention.

The mental element of laundering has also generated important debate. In traditional criminal law terms, the offense is often described as requiring knowledge that property derives from criminal conduct, together with an intention to conceal, convert, transfer, or otherwise deal with that property in a prohibited manner (17). However, anti-money laundering systems increasingly operate with wider standards such as suspicion, negligence-like noncompliance, willful blindness, or failure to conduct adequate due diligence, especially in regulated sectors. The theoretical movement here is from subjective culpability toward risk-governed responsibility (4). This movement is especially visible in compliance regimes where banks, exchanges, and professional intermediaries may face consequences not because they intentionally laundered funds, but because they failed to identify red flags or report suspicious activity. Such expansion is often defended on the ground that laundering thrives through institutional passivity, not merely through active criminal intent (3). Yet it raises serious normative concerns because the deeper anti-money laundering law moves into preventive obligations, the more it transforms private actors into nodes of surveillance and quasi-enforcement. The conceptual boundary between criminal liability and regulatory responsibility thus becomes unstable, and this instability is central to both the English model and the emerging tensions in Iran.

The rise of virtual assets has intensified these conceptual problems. Cryptocurrency laundering is often described as a new form of laundering, but the better view is that it is a transformed medium of laundering that changes anonymity conditions, transaction speed, traceability patterns, and jurisdictional reach (7). Virtual assets can facilitate the rapid movement of value without reliance on traditional centralized intermediaries, and they can allow layered transaction chains that are difficult for ordinary enforcement bodies to interpret without technical capacity (10). At the same time, digital transfers may in some contexts create immutable blockchain trails, meaning that the issue is not simple invisibility but the need for sophisticated attribution and exchange-level control (8). From a theoretical perspective, virtual-asset laundering reveals that money laundering is not tied to any single kind of "money." It concerns illicit value transformation and concealment across forms of property and systems of exchange. This reinforces the argument that anti-money laundering criminal policy must be technologically adaptive

and conceptually broad enough to address new vehicles without collapsing into unprincipled expansion (9). Where legal systems lack a stable regulatory characterization of digital assets, criminal policy becomes vulnerable to inconsistency and enforcement uncertainty.

The theoretical justifications for money laundering criminalization are grounded in several overlapping concerns. One is the protection of economic order. Illicit financial flows distort markets, create unfair advantage, enable corruption, and undermine regulatory trust (20). Another is the protection of criminal justice itself, since laundering shields offenders from the consequences of crime by securing the continued utility of their gains (16). A third is the disruption of organized criminal power, because preventing the legitimization of proceeds may reduce the ability of criminal networks to sustain operations, recruit participants, and expand influence (18). A fourth is the transnational imperative of coordination. Since laundering often moves through multiple jurisdictions, isolated domestic enforcement is insufficient unless linked to information exchange, mutual assistance, and convergent standards (13). These justifications help explain why anti-money laundering law has expanded beyond ordinary criminal provisions into confiscation regimes, customer due diligence requirements, intelligence units, reporting duties, and beneficial ownership transparency. They also explain why the field is strongly shaped by international standard-setting and by the diffusion of risk-based governance models. Yet none of these justifications dissolves the need for legal restraint. Preventive expansion may be justified only to the extent that it remains proportionate, reviewable, and anchored in clear legal standards.

The internationalization of anti-money laundering policy has been driven not merely by treaties and formal obligations, but by the production of norms that shape domestic law through evaluation, reputational pressure, and regulatory harmonization. The FATF-guided risk-based approach is a major example. It does not simply call for criminalization; it reorients national systems toward assessing vulnerability, identifying high-risk sectors, intensifying supervision where risk is elevated, and integrating private compliance actors into the anti-money laundering architecture (8). This approach has influenced both mature systems and reforming systems, although in very different ways. In England, it has reinforced a preventive model already compatible with institutional supervision and compliance governance (6). In Iran, it has intensified the pressure to modernize law, clarify suspicious transaction control, and improve coordination, even as broader political and legal constraints complicate full alignment. Theoretically, the risk-based model reflects a shift in criminal policy away from offense-centered adjudication and toward the management of harmful probabilities. That shift may improve effectiveness, but it also makes money laundering law an especially sensitive test case for the future of preventive justice (4). Understanding this theoretical background is essential before turning to the comparative analysis of Iran and England, because the differences between the two systems are inseparable from the broader transformation of anti-money laundering law from a narrow offense model into a multidimensional regime of criminal, administrative, and preventive governance.

Comparative Dimensions of Criminal Policy in Iran and England

A comparative analysis of Iran and England in the field of money laundering must begin by recognizing that the two systems do not merely differ in the content of specific legal rules; they differ in how criminal policy itself is imagined. In the Iranian context, anti-money laundering policy has developed as part of a broader effort to confront economic disruption, suspicious transactions, corruption, and the circulation of illicit proceeds within a legal order that has gradually expanded its legislative and executive instruments. The development has been meaningful, but

it has also been uneven. The Iranian system reflects an ongoing attempt to bring together criminal law, executive regulation, financial supervision, and judicial response under a more coherent framework. However, that framework is still marked by ambiguities regarding the relationship between laundering and the predicate offense, the legal significance of suspicious indicators, and the extent to which preventive logic may reshape traditional criminal guarantees. The English system, by contrast, is more clearly structured around an integrated anti-money laundering philosophy in which criminalization, supervision, reporting duties, confiscation strategy, and intelligence-based enforcement are treated as mutually reinforcing components of a single regime (5). This does not mean that the English system is free from tension, but it does mean that its criminal policy is less transitional and more institutionally consolidated.

In legislative terms, the Iranian model has sought to define laundering through conduct involving acquisition, possession, use, transfer, conversion, and concealment of criminal proceeds while also expanding sensitivity to suspicious transactions and new laundering channels. The legislative trend shows an awareness that economic crime increasingly depends on the ability to distance value from its criminal origin, and that anti-money laundering law cannot remain tied to narrow traditional conceptions of financial wrongdoing. Yet Iranian legislative development still reveals a degree of doctrinal strain because the offense is often discussed in relation to the necessity of proving or linking the proceeds to an underlying criminal source, while simultaneously adopting preventive markers that move the legal response closer to suspicion-based intervention. That tension creates uncertainty about the precise boundaries of liability and about the standard by which the state may move from suspicion to coercive action. The English approach is more developed in the sense that it treats laundering through broader categories of prohibited dealing, concealment, and benefit-related conduct, supported by a more extensive network of due diligence, reporting, and compliance expectations (6). As a result, the English legislative framework does not rely solely on classical offense construction. It embeds laundering control within a broader regulatory environment where criminal law and preventive supervision work together. In comparative terms, then, Iranian legislative policy appears more reform-oriented and conceptually contested, whereas English legislative policy appears more settled in its commitment to a broad anti-laundering architecture.

This difference becomes particularly important when considering virtual assets and technologically mediated laundering. In Iran, the thesis indicates that laundering through cryptocurrencies poses a specific difficulty because the legal order has not fully stabilized the normative status and regulatory treatment of such assets, even though they are increasingly recognized as high-risk instruments for concealment, rapid transfer, and transnational movement of value. This means that Iranian criminal policy often responds to crypto-related laundering through the general logic of anti-money laundering law rather than through a fully differentiated and mature digital-asset regime. The consequence is that the Iranian model may identify the danger but still lack precision in criminalization, enforcement pathways, or institutional specialization. In the English setting, the anti-money laundering framework has moved further toward differentiated control of virtual asset service activity, linking crypto-related risks to supervisory oversight, registration expectations, and enhanced reporting obligations (8). The comparative literature suggests that this is not simply a matter of having more rules. It is a matter of institutionalizing the idea that new laundering channels require specific compliance ecosystems, technical supervision, and regulatory visibility (7). Therefore, although both systems recognize the laundering risks associated with digital assets, the English system is closer to a specialized anti-money laundering response, while the Iranian system remains more dependent on adaptation within a still-evolving legal framework (9).

The executive dimension of criminal policy further reveals the contrast between the two systems. Iranian anti-money laundering policy has increasingly relied on executive bodies, intelligence gathering, and inter-agency mechanisms designed to identify suspicious activity, coordinate reporting, and support enforcement. This is an important development because money laundering cannot be effectively controlled by courts alone. It requires financial intelligence, administrative vigilance, operational data, and continuous institutional interaction (3). Yet the Iranian model appears to face persistent challenges in executive coordination. Different institutions may possess overlapping or fragmented responsibilities, and the movement from regulatory detection to judicial action may not always be sufficiently streamlined. Executive criminal policy thus exists, but its effectiveness depends on the extent to which information flows are standardized, responsibilities are clear, and legal authority is harmonized. In the English context, executive criminal policy is more clearly embedded in a culture of regulated compliance and supervisory accountability. Financial institutions, professional gatekeepers, and certain service providers are expected to participate in anti-money laundering enforcement through monitoring, reporting, and customer due diligence. Public authorities, in turn, operate within a relatively integrated environment in which intelligence and compliance failures are central to anti-laundering strategy (6). The advantage of that model is operational coherence. The risk is that executive governance becomes so extensive that the anti-money laundering system increasingly relies on pre-emptive suspicion and compliance burdens rather than on the discipline of ordinary adjudication.

Judicial criminal policy also differs in notable ways. In Iran, judicial treatment of laundering is shaped by the difficulty of evidencing illicit origin, the role of suspicious transactions, and the tendency for some laundering disputes to generate concern about the movement of evidential burden or the weakening of the presumption of innocence. The very nature of laundering encourages evidential complexity because the offense is designed to obscure origin and ownership. However, a judicial system's response to that complexity is normatively decisive. If the need to combat laundering leads courts or prosecutors to rely too heavily on suspicion without sufficiently robust proof, the legitimacy of anti-money laundering law may be compromised. The Iranian experience seems particularly attentive to this risk because debates over suspicious indicators, financial opacity, and illicit origin have become intertwined with questions of fair trial guarantees and legal certainty. The English system approaches this difficulty through a broader institutional strategy in which judicial action is supported by confiscation logic, intelligence production, compliance reporting, and specialized enforcement practices (5). This can strengthen evidential capacity and reduce dependence on crude assumptions. But it can also normalize an expansive judicial posture toward property restraint, suspicion-based intervention, and post-conviction financial control. Thus, while English judicial policy may appear more operationally mature, it still raises the classic concern of preventive justice: whether the procedural expansion justified by financial crime control remains adequately bounded (4).

A comparison of sanction philosophy also reveals important differences. The Iranian model has not always differentiated strongly between traditional laundering and laundering conducted through technologically novel or structurally sophisticated channels, even though the latter may create special enforcement obstacles and distinct harms. This may limit the expressive and practical responsiveness of criminal policy. English criminal policy, by contrast, has increasingly worked through a differentiated understanding of laundering risk, recognizing that the seriousness of the conduct is often related not only to the value of the proceeds but also to the method of concealment, the role of intermediaries, the cross-border structure, and the way in which illicit assets are integrated into legitimate systems (17). That broader understanding supports not only criminal sanctions but also confiscation,

monitoring, and institutional accountability. Comparative analysis here suggests that Iranian policy still bears traces of a framework in which laundering is treated as an extension of general economic or financial wrongdoing, whereas English policy treats laundering as a strategic field of criminal governance in its own right.

Another fundamental difference lies in the relationship between domestic criminal policy and international standard-setting. Iran's anti-money laundering development has occurred under significant pressure to respond to international expectations, especially around suspicious transactions, financial intelligence, and risk-sensitive regulation. This has produced both reform momentum and political-legal friction. International standards can encourage institutional modernization, but they may also create a gap between formal adoption and practical internalization when the domestic legal order is shaped by different structural constraints. In England, the relationship between domestic law and international anti-money laundering norms is more absorptive and less conflictual. The English model is able to translate international standards into regulatory practice through an already-developed infrastructure of compliance, supervision, and institutional coordination (11). This does not mean that international norms are applied without contest, but it does mean that they are less likely to appear as externally imposed disruptions. The comparative implication is important: anti-money laundering criminal policy is not strengthened simply by adopting standards; it is strengthened when legal doctrine, institutions, enforcement practices, and normative legitimacy converge. Where that convergence is weak, reforms may remain partial or unstable.

Overall, the comparison between Iran and England shows that the core divergence is not reducible to any single issue such as predicate offense doctrine or digital asset regulation. The deeper divergence lies in the degree of institutional integration and conceptual maturity. Iran is engaged in an active but unfinished process of constructing a more coherent anti-money laundering criminal policy. England operates within a comparatively mature system in which legislative, executive, and judicial elements are more tightly connected. At the same time, the English model also demonstrates the dilemmas of a highly preventive anti-money laundering regime, especially where compliance duties and suspicion-based measures extend state control deep into financial and professional life. The value of the comparison therefore lies in showing both what Iran may still need to build and what risks any advanced anti-money laundering system must continually manage if effectiveness is not to come at the expense of legality, fairness, and principled criminal policy.

Challenges and Gaps in Combating Money Laundering

The challenges and gaps in anti-money laundering criminal policy become most visible when one moves beyond formal rules and asks whether the legal system can actually identify, prove, disrupt, and recover illicit proceeds without undermining its own normative foundations. In the Iranian context, one of the most significant legislative challenges lies in the tension between broad anti-laundering objectives and the clarity required by criminal law. Money laundering statutes and related regulations may seek to widen the range of prohibited conduct and increase sensitivity to suspicious movement of assets, but the more expansive the framework becomes, the more urgent the demand for precise definitions, doctrinal consistency, and clear boundaries between suspicion, inference, and culpability. If those boundaries are not clearly articulated, anti-money laundering law risks becoming unpredictable in application. This is especially problematic where the offense is closely tied to financial complexity and where the accused may face difficulties in disproving presumptions arising from suspicious transactional patterns. A core legislative gap in Iran is therefore the lack of full conceptual stabilization around the relationship between laundering,

predicate offense linkage, and the evidential meaning of suspicious activity. This gap affects not only courtroom proof but also the behavior of executive institutions and private actors who must interpret the law in practice. By contrast, the English model benefits from a more developed conceptual environment, but it faces its own legislative challenge: breadth. Because anti-money laundering law in mature systems tends to combine criminal prohibitions with extensive preventive obligations, there is always a danger that the legal field becomes so broad that it burdens lawful economic activity, creates compliance overreach, and expands coercive power beyond what is necessary (5). Thus, Iranian law struggles more with under-clarified breadth, while English law struggles more with highly systematized breadth.

A related challenge concerns the treatment of suspicious transactions. Suspicion is indispensable in anti-money laundering work because laundering is designed to avoid transparent proof at the earliest stages. No effective system can wait for full knowledge before activating scrutiny. Yet suspicion is also dangerous when it becomes a substitute for legal reasoning rather than a trigger for deeper investigation. In Iran, the emphasis on suspicious transactions has contributed to a more preventive orientation, but it also creates the possibility that individuals and transactions may be exposed to significant coercive consequences on the basis of indicators that are operationally useful but juridically indeterminate. When suspicious criteria are insufficiently anchored in transparent standards, their use may encourage inconsistency, selective enforcement, or excessive reliance on administrative judgment. This problem is sharpened when courts inherit cases that were initially shaped by executive suspicion logic rather than by a fully developed evidential record. The English system addresses suspicious activity through a more elaborate reporting and compliance infrastructure, but even there the challenge remains whether mass reporting and defensive compliance can generate meaningful intelligence or instead produce noise, overreporting, and excessive de-risking (3). In other words, both systems face the same structural dilemma in different forms: suspicion is essential to anti-money laundering policy, yet it must not be allowed to erode principled standards of intervention. The Iranian gap lies more in standardization and judicial translation, while the English gap lies more in proportionality and the operational consequences of an expansive suspicious activity culture (6).

Virtual assets create another major zone of difficulty. In Iran, the challenge is not only technological but conceptual and institutional. Cryptocurrency-related laundering exposes weaknesses in legal classification, supervisory reach, and enforcement capacity. If virtual assets are not fully integrated into a coherent legal and regulatory framework, anti-money laundering responses may remain fragmented, reactive, and vulnerable to inconsistency. Criminal policy can identify crypto-related laundering as dangerous without yet possessing the differentiated tools required for effective intervention. This creates a gap between recognition and control. The literature emphasizes that virtual assets facilitate rapid and pseudonymous transfers, cross-border movement, and layered conversion structures that can frustrate ordinary tracing techniques (7). It also stresses that effective anti-money laundering responses require risk-based oversight of virtual asset service providers, enhanced due diligence, and technically informed monitoring (8). Iran's difficulty lies in the fact that legal and institutional adaptation has not been fully completed, making it harder to distinguish between lawful innovation, regulatory ambiguity, and criminal exploitation (9). England has moved further toward supervisory integration in this area, but it still faces enforcement gaps linked to cross-border services, decentralized structures, and the speed with which virtual asset practices evolve. This means that English policy is more developed but not immune to technological displacement. The gap is no longer one of recognition, but of keeping regulation and enforcement synchronized with innovation (10).

Institutional coordination is another persistent challenge. Anti-money laundering policy is inherently multi-institutional. It requires financial intelligence units, supervisory bodies, prosecutors, courts, customs actors, banking monitors, and often international cooperation mechanisms to work in a relatively unified manner (21). In Iran, coordination difficulties are especially significant because anti-money laundering responsibilities can become dispersed across institutions with different legal cultures, operational priorities, and degrees of technical capacity. Where institutional roles overlap or are insufficiently harmonized, suspicious information may not be converted into effective investigation, and executive action may not be adequately supported by judicial understanding of financial complexity. This weakens both effectiveness and fairness, since fragmented enforcement tends to produce delay, inconsistency, and uneven evidential development. English anti-money laundering criminal policy benefits from stronger institutional routinization and a more established compliance culture, but it too faces coordination problems, particularly where private reporting obligations generate large volumes of information that must be triaged and transformed into actionable intelligence. The challenge in England is therefore less one of institutional absence than one of processing, prioritization, and ensuring that institutional capacity matches the breadth of the legal framework (6). In both systems, the central lesson is that anti-money laundering success depends not on the formal existence of institutions alone but on the quality of their interaction.

Property rights, due process, and the burden of proof form another cluster of challenges. Anti-money laundering law often operates through restraint, freezing, confiscation, and asset recovery. These tools are vital because illicit gain is the strategic objective of many predicate crimes and because punishment without financial disruption leaves criminal capacity intact (12). However, the more the legal system emphasizes asset control and preventive intervention, the more urgent it becomes to preserve procedural safeguards. In Iran, one of the most serious concerns is the perception that anti-money laundering logic may, in some cases, shift practical evidential burdens toward the accused, especially when suspicious transactions or unexplained assets are treated as sufficient grounds for presuming illicit origin. Such movement threatens the presumption of innocence and may make anti-money laundering law appear as an exception to ordinary criminal justice. In England, preventive and confiscatory mechanisms are more institutionally embedded, but that very maturity raises a different concern: that the normalization of aggressive asset control may gradually expand the state's capacity to intervene against property on the basis of preventive logic rather than fully adjudicated criminal liability (5). The broader literature on preventive justice warns that such expansion must be carefully limited if criminal policy is to remain legitimate (4). Thus, the Iranian gap lies more in protecting guarantees within a developing system, while the English gap lies more in checking the excesses of a highly developed preventive regime.

International cooperation and transnational enforcement also reveal important shortcomings. Money laundering is deeply transnational because illicit assets move toward secrecy, fragmentation, and jurisdictional arbitrage. Trade channels, offshore intermediaries, and cross-border transfers allow criminals to exploit differences between regulatory systems and to disperse the evidential trail (2). Effective anti-money laundering criminal policy therefore depends on mutual legal assistance, information exchange, coordinated tracing, and some degree of normative compatibility across jurisdictions (13). Iran faces particular challenges in this area because legal adaptation, institutional trust, and geopolitical context may complicate sustained integration into international anti-money laundering cooperation. That does not negate domestic reform, but it can reduce the practical effect of national anti-money laundering efforts when proceeds or intermediaries move abroad. England is institutionally better placed for international cooperation, but global laundering networks continue to exploit legal complexity, professional secrecy,

beneficial ownership opacity, and uneven enforcement capacities across borders (15). In other words, stronger international integration does not eliminate the challenge; it merely changes its form. Iranian policy struggles with access and alignment, while English policy struggles with the sophistication of globally networked laundering structures.

The final and perhaps most fundamental gap lies in the relationship between anti-money laundering law and social prevention. Many anti-money laundering systems concentrate on criminalization, compliance, reporting, and confiscation, yet insufficiently address the structural conditions that make laundering attractive and sustainable. Illicit finance does not flourish in a vacuum. It thrives where corruption is tolerated, transparency is weak, professional gatekeeping is compromised, and informal or opaque financial channels are normalized (1). In Iran, the anti-money laundering debate sometimes appears heavily weighted toward legal and executive tools, while broader social prevention, public integrity, and institutional trust may receive less systematic emphasis. In England, the legal and compliance architecture is more elaborate, but no compliance-based system can fully compensate for deeper structural vulnerabilities such as opaque ownership networks, elite-facilitated concealment, or excessive dependence on private sector self-policing (18). The comparative insight is therefore sobering. Neither a developing system nor a mature system can defeat money laundering through legal expansion alone. Without deeper institutional integrity, transparency, and principled enforcement, anti-money laundering criminal policy risks becoming either under-effective or over-expansive. The central challenge for both Iran and England is to build a system that is simultaneously coherent, adaptable, fair, and capable of confronting the changing forms of illicit finance.

Conclusion

The comparative analysis developed in this article shows that money laundering is best understood not as an isolated financial offense but as a strategic process through which criminal profit is protected, converted, and normalized within legal economic structures. This makes anti-money laundering law a revealing field for the study of criminal policy because it exposes how legal systems balance crime control, economic governance, institutional coordination, and procedural justice. The comparison between Iran and England demonstrates that the two systems occupy different stages in the evolution of anti-money laundering policy. Iran has moved toward a more expansive and modern framework, especially by recognizing the importance of suspicious transactions, executive coordination, and the need to respond to new laundering channels such as digital assets. Yet the Iranian model still faces significant difficulties in conceptual clarity, institutional integration, and the preservation of procedural guarantees. England, by contrast, reflects a more consolidated anti-money laundering structure in which criminal law, financial supervision, intelligence production, confiscation, and compliance obligations operate within a more developed institutional environment. That relative maturity gives the English model greater operational coherence, but it also creates its own risks, especially where preventive logics become so normalized that they threaten proportionality and place excessive burdens on lawful economic actors.

The analysis also confirms that the most important differences between the two systems cannot be reduced to a single doctrinal feature. The real divergence lies in the way anti-money laundering criminal policy is organized. In Iran, the legislative, executive, and judicial dimensions of anti-money laundering policy are all present, but they do not yet always function as parts of a fully harmonized structure. This leaves space for uncertainty over the role of the predicate offense, the meaning of suspicious transactions, the treatment of digital assets, and the extent to

which evidential burdens may shift in practice. In England, the anti-money laundering model is more fully institutionalized and better able to integrate preventive regulation with criminal enforcement, but this very integration raises concerns about breadth, compliance overreach, and the steady extension of preventive control into areas once governed by narrower criminal standards. The comparison therefore shows that an advanced anti-money laundering regime is not necessarily a simple model of success. It may solve many of the coordination and enforcement problems that remain pressing in Iran, yet it must still confront the danger that effectiveness may gradually outpace normative restraint.

One of the clearest conclusions of this study is that money laundering through digital and virtual channels has intensified pre-existing weaknesses in anti-money laundering policy. The problem is not only technological but institutional and conceptual. New laundering channels expose whether a legal system can classify emerging forms of value transfer, assign regulatory responsibility, build technical tracing capacity, and maintain doctrinal coherence under conditions of rapid change. The Iranian system appears especially challenged by the need to bring virtual assets into a stable legal and supervisory framework. The English system is comparatively better equipped to regulate that environment, but it is still forced to react to rapidly shifting methods of concealment, decentralization, and cross-border service provision. The larger lesson is that anti-money laundering policy must remain adaptive without becoming unprincipled. Technology should not become a pretext for vague criminalization, nor should legal caution become an excuse for regulatory paralysis.

Another important conclusion concerns institutional design. Anti-money laundering law cannot succeed if it remains confined to criminal statutes and courtroom adjudication. It depends on intelligence production, financial supervision, reporting pathways, coordinated investigation, and property recovery. Where those elements are fragmented, anti-money laundering enforcement becomes inconsistent and often symbolic. Where they are highly integrated, enforcement becomes more effective, but the possibility of preventive excess also increases. The challenge is therefore not simply to expand institutions, but to align them. Effective anti-money laundering policy requires clear legal authority, transparent information flows, specialized expertise, judicial discipline, and meaningful review. It also requires the capacity to move from suspicion to proof without collapsing the distinction between the two. That distinction is vital because anti-money laundering law will always operate near the boundaries of uncertainty, and the legitimacy of the system depends on whether those boundaries are managed through law rather than through unchecked administrative convenience.

The analysis further indicates that anti-money laundering policy cannot be sustained by confiscation, monitoring, and suspicion alone. It must be connected to broader institutional integrity. Laundering thrives where opacity is tolerated, professional gatekeeping is weak, enforcement is selective, and illicit finance can move through apparently lawful structures without sustained challenge. Any durable anti-money laundering policy must therefore be linked to transparency, accountability, administrative coherence, and a broader culture of legal compliance. From that perspective, the comparative value of England for Iran is not merely the existence of more rules or stronger institutions. It is the demonstration that anti-money laundering policy becomes more effective when legislative design, executive capacity, and judicial practice are brought into a coherent strategic relationship. At the same time, the comparative value of Iran for understanding England lies in reminding us that anti-money laundering law loses legitimacy when preventive ambition outruns legal clarity or when institutions adopt coercive shortcuts in the name of effectiveness.

In the final analysis, the fight against money laundering requires a criminal policy that is both strong and disciplined. It must be strong enough to confront organized and technologically adaptive forms of illicit finance, yet disciplined enough to preserve due process, legal certainty, and the principled limits of state power. Iran's central task is to move from partial modernization toward deeper conceptual and institutional coherence. England's central task is to maintain effectiveness without allowing its preventive model to erode proportionality or fairness. For both systems, the future of anti-money laundering policy depends on achieving a balance between regulation and rights, between intelligence and proof, and between preventive capacity and legal legitimacy. Only within that balance can anti-money laundering criminal policy remain both effective and just.

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Authors' Contributions

All authors equally contributed to this study.

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The authors of this article declared no conflict of interest.

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Transparency of Data

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