Volume 8, April 2019

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Message from the Vice-Chancellor and President



HELP University just celebrated its 33 Anniversary on 1 April 2019. This is the 10th year of the existence of the Institute of Crime and Criminology (ICC) of HELP University. It has grown in global status and quality under the leadership of Dato' Sri Akhbar Satar, the Director, Senior Research Fellow and Chief Trainer of the Institute of Crime and Criminology. It is recognized world-wide as a pioneer in this crime and criminology education and research.

First let me congratulate Dato' Sri Akhbar, formerly with the MACC (Malaysian Anti-Corruption Commission), who is also the President of Transparency International Malaysia, which is the accredited national chapter of the Berlin-based Transparency International. As an independent non-governmental body, it has more than 150 chapters worldwide. Our relationship with these two institutions via Dato' Akhbar adds credibility to ICC.

Dato' Sri Akhbar is also the founder and President of the Association of Certified Fraud Examiners (ACFE)-Malaysia Chapter. ACFE is the Austin (Texas) based world's largest anti-fraud organization and the premier provider of anti-fraud, anti-corruption training and education with more than 50,000 members worldwide.

Dato' Sri Akhbar is recognized for his views about governance and best practices in government and corporations. His articles are widely published and have influence on the thinking of policy makers in Malaysia. Besides, corporate leaders have always taken his views seriously. He appears regularly in TV networks and his works in the media are widely read.

The ICC offers the Master of Science in Economic Crime Management, a pioneering effort and the only program of its kind offered in Asia. This program has already graduated over a few hundred students since it started. They are mostly senior executives who hold important positions in the banking and financial sector, government departments, law enforcement agencies, government linked corporations, and regulatory bodies. The composition of the students is international and this reflects its relevance and high quality to such senior decision makers. In this way, the ICC has a wide impact on good governance in managing government ministries or corporations. In view of the need to improve ethical practices and good governance at the government and corporate level, the role of ICC is thus an impactful one. Good procedures and protocols do not always ensure an absence of corruption or malpractices. A culture of good governance comes from personal moral leadership and ethical principles being practiced in all institutions and industries.

The Master of Science in Economic Crime Management has full accreditation from the Finance Accreditation Agency (FAA). FAA is an independent quality assurance and accreditation body supported by Bank Negara Malaysia (Central Bank of

Malaysia) and Securities Commission Malaysia and is executed by a committee of technical experts, industry professionals and leading academics from the international financial services industry. This recognition of the Master of Economic Crime degree affirms its quality and professional status.

The *Journal of Economic Crime Management* was initiated by Dato' Sri Akhbar and is the only major journal focusing on economic crimes. The present publication, Volume 8, contains a wide range of issues that have interests for the academic community and all the practitioners who are involved in fighting economic crimes. The first issue (Volume 1, 2012) contained only two articles. The current one has four articles. Not only has the number been increased, but the scope of the research and the quality have been improved. This present volume has four timely articles that focus on corruption, money laundering, human trafficking and terrorism. These are issues that challenge the rule of law, the practice of human rights and the moral principles that we have.

The quality of depth and breadth of the articles reflect the high research standards of the ICC programme. The findings are useful and relevant for policy consideration and further research. In particular, with the widespread failures in moral leadership and ethical practices in all industries and governments such research is more than timely. The common message among the articles is the sense of urgency that unless we arrest this moral decline many societies and institutions will degenerate and decay.

I congratulate Dato' Sri Akhbar and his Faculty and students for their commitment in consistently producing high quality research in the area of crime and criminology.

Professor Datuk Dr. Paul Chan Tuck Hoong
Vice-Chancellor and President
HELP University

Foreword



I am delighted to write a few words of introduction in this eighth edition of HELP University's Institute of Crime and Criminology (ICC) Journal. There is clearly an upsurge of interest in Economic Crime through research with four (4) pertinent topics related to economic crime, which are discussed by the writers in this Journal.

The first paper *"Government Institutional Reforms to Curb Corruption in Malaysia"* is a study that provides a concise introduction to the causes of corruption and some of preventive measures with relevant literature review and theories. There is also in-depth discussion regarding areas of improvements to some of the preventive measures and reforms in fighting corruption.

The second paper *"The Demands of Human Trafficking in Malaysia"* examines and focuses on the demand side of human trafficking as the driving factor of the crime, particularly in Malaysia. Based on the study, it was discovered that besides the factor of vulnerability of victims in terms of poverty, other factors which include lax implementation of the law, indifferences and lack of awareness portrayed by Malaysians towards trafficked victims also resulted in facilitating the demands of human trafficking.

The third paper *"The Cause and Effectiveness on Combating Money Laundering in Malaysian Financial Institutions (FIs)*". This paper discusses some of the preventive measures taken to help combat money laundering in Malaysian Financial Institutions. One of the preventive measures discussed is for financial institutions to monitor and follow up on their staffs understanding towards the Anti Money Laundering Act (AMLA) and to also provide them with adequate trainings to ensure that their understanding and knowledge is constantly up-to-date.

The fourth paper "*Young People Turning Terrorist in Malaysia: From the Perspective of Psychology".* This paper identifies the factors such as the sense of belonging, the ideology system and the desire to seek acceptance and purpose in life contributing to the young turning as a terrorist in Malaysia. Several preventive measurements have been suggested in the paper to deter the occurrence of terrorist activities.

I am confident that all the papers discussed in this edition would provide very useful and valuable source of information and reference on the various specialised economic crime topics to the researchers, academicians, students and practitioners who are involved in the study of economic crime and related topics. ICC will continue to publish the Journal of Economic Crime in the years to come.

On behalf of ICC, I would like to express my special appreciation to Professor Datuk Dr. Paul Chan Tuck Hoong, Vice-Chancellor and President of HELP University, for his guidance and advice.

Also, let me take this opportunity to thank the editorial committee who have generously contributed their expertise and time towards the successful publication of the Journal.

Dato' Sri Akhbar Satar, CFE, AIBM
Director
Institute of Crime & Criminology
HELP University

Government Institutional Reforms to Curb Corruption in Malaysia

Khor Ee How

Abstract

Malaysia is now at a crossroad. The level of corruption in Malaysia is at a worrying level. There are many reasons that lead to corruption, and we need to counter them. While the Rakyat wakes up to the wider ramifications of the increasing number of corruptions, it is difficult, if not possible, to remove all opportunities to engage in corrupt practices or to completely immune from it. Anti-corruption has become a hit in Malaysia after experiencing a change of government, and the government would need a proper diagnostic of the root causes, and come up with proper policies to improve or reform the existing systems. This paper will provide a concise introduction to the causes of corruption and some of the current preventive measures with relevant literature review and theories, and then in-depth discussions regarding the area of improvements to some of the preventive measures and reforms in fighting corruption.

Keywords: Corrupt Practices, Root Causes, Reform, Preventive Measures

1.0 Introduction

Lord Acton's (1887) famous quote: power tends to corrupt; absolute power corrupts absolutely. When a person gains power, it seems inevitable that a moral weakness slowly develops in the person who exercises the power. The more power the person holds, the more the moral weakness exposes and become more obvious. History has time and again shown that unlimited power in the hands of one person or group in most cases means that others are suppressed or their powers curtailed.

Transparency International (TI) released its 2017 Corruption Perceptions Index which measured perceived public sector corruption in 180 countries and territories. The research found that most countries across the world are making little or no progress in ending corruption. Corruption has become a serious issue globally.

Meanwhile in Malaysia, corruption is a systemic issue. Corruption has become part of Malaysia's ecosystem of administration and governance as the centralisation of power creates a conducive environment for corruption to grow. The Executive branch holds too much power and is dominating all three branches (Executive, Judiciary and Legislative). The entire government becomes corrupted and hit with scandals. US Attorney-General Jeff Sessions (2017) labelled the Malaysian government as 'kleptocratic', and said: "this is kleptocracy at its worst". Besides, there is no longer any sense of service when working in public institutions. Many instead are using their positions to fulfil their own self interests. For instance, the Public Work Department awards projects to cronies and receive kickbacks, while

immigration officers who are the first line of defence in guarding the country's borders at airports receive money from agents to let blacklisted individuals through.

One way to address this systemic issue is to reform the government institutions, decentralise its powers and bringing back the separation of power by re-empowering the Judiciary and Legislative. As a democratic nation, the Rakyat must also be empowered to hold the elected government accountable and not being terrorised by the government.

2.0 Literature Review

2.1 Theoretical Framework

In this study, the Fraud Diamond Model will be employed as the theoretical framework to analyse the root causes of corruption situations within government institutions in Malaysia. The theory explains the factors that lead to fraud and other unethical behaviour. However, to start with, the Fraud Triangle Model must first be addressed as this model lay the foundation for the Fraud Diamond Model.

People choose to be involved in corruption for multiple reasons. Donald Cressey (1950) was the first to suggest that economic crime tends to take place when three conditions are present, namely motivation, opportunity and rationalization i.e. the Fraud Triangle Model.

Motivation: Cressey (1971) suggested that perceived pressure is the motive for engaging in fraud. Vona (2008) shared the same view as he believed that motive to commit fraud is closely related to personal pressures or corporate pressures on the individual.

Opportunity: Fraud is always committed when the opportunity is available for perpetrators to obtain personal benefits by deceiving others. Lister (2007) believed that a person would not be able to perpetrate a fraud if there is no opportunity, even if he or she has the motive to do it.

Rationalization: Means of justifying wrong doings as necessary and harmless. Cressey (1950) believed that they are just ordinary and honest people who are caught in a bad situation, therefore in search of a perfect excuse to justify the crime they commit in a way that makes it acceptable or justifiable.

The Fraud Diamond Model was built on the foundation of the Fraud Triangle Model, with the inclusion of the fraudster's "Capabilities". Wolfe, D.T., & Hermanson, D.R. (2004) pointed out that fraud can only be successful if the perpetrator possesses the necessary traits and abilities to implement the details of the crime. According to the 2016 Global Fraud Study by ACFE, the perpetrators' level of authority (capability) is positively correlated with the size of fraud. This is because high level perpetrators are most likely to have more access to the organizations' assets

than low-level employees, as well as better ability to evade or override anti-fraud controls.

2.2 Past Researches

2.2.1 Determinants of Corruption

The determinants of corruption are conditional – it can either be economic or non-economic. Generally, determinants of corruption can be categorised into:

Economic: There have been various studies examining the relationship of economic freedom and the level of corruption. Income is a commonly used variable to explain corruption (Damania et al., 2004; Persson et al., 2003). The influence of wage on corruption has been theorized by Becker (1968).

Political: Studies on the political causes of corruption can be divided into two broad groups, namely those investigating the impact of political-civil liberty and those examining the effect of decentralisation on corruption. Meanwhile, other factors that also have been suggested to affect corruption are the electoral system (Persson et al., 2003; Kunicova and Rose-Ackerman, 2005), governmental administration (Brown et al., 2005; Chang and Golden, 2004), and political instability (Park, 2003).

Bureaucratic and Regulatory: The level of corruption can be affected by the efficiency and independence of the judicial system as well as the quality of bureaucracy. In this context, the wage level of civil servants may be important as public sector wages that are highly correlated with the measures of the rule of law and the quality of the bureaucracy, and therefore may have an effect on corruption (Van Rijckeghem and Weder, 1997).

Sociocultural: Studies have shown that religious culture may explain a significant share of corruption (Shleifer and Vishny, 1993; La Porta et al., 1999). The explanation is that religious traditions to some extent determine the relationships of individuals with social hierarchy, with the state and the family. Besides, the quality and level of education are determining factors in the fight against corruption (Van Rijckeghem and Weder, 2001).

2.2.2 Types and Effectiveness of Preventive Measures

Preventive measures of corruption have been widely discussed within the academic communities, and one of the repeated proposed solutions is via the implementation of competition through decentralisation (Fisman & Gatti, 2002; Arikan, 2004). Greater competition will strengthen the accountability of bureaucrats and thus reduce the ability of public officials to try to siphon public funds as there are greater checks and balances (Tabellini, 2000). The competition will also improve

bureaucracy (Bahmani and Nasir, 2002), and efficiency (Jin, Qian, and Weingast, 1999).

Decentralisation is not the only way to create competition to reduce corruption. Through laws, democratic elections, and even the independent press, countries with more political competition have stronger public pressure against corruption (Shleifer and Vishny, 1993). Free flow of information and independent press promote transparency. Politicians have little room to hide as all is put under the sun. Besides, a free and independent press is able to reveal and report misuses of public office for private gain without fear of facing oppressive act from the government. It complements the competition and accountability effects of decentralisation.

Authorities such as the Independent Commission Against Corruption (ICAC) of Hong Kong and Corrupt Practice Investigation Bureau (CPIB) of Singapore are highly regarded internationally. Anti-corruption agencies cannot operate effectively in curbing corruption within an environment with poor governance because anti-corruption agencies are prone to being misused as tools of political victimisation (Shah and Schacter, 2004).

3.0 Research Methodology

This research adopts the qualitative research approach to facilitate in-depth study to identify corrupted government institutions, root causes of corruption within government institutions and how the corruption within government institutions can be eliminated. Survey is conducted with a list of interview questions. The researcher chose to use interview questions because it gives the target respondents the freedom to express their opinions and personal experiences, which is key to the study. This will complement the limitation of this research as many of the ideas and points discussed are academic rather than practical. Meanwhile, the target audiences are officers from MACC and civil servants. Their opinions are of importance for the researcher as they are in the service and they know inside out what are the weaknesses and loopholes within the institutions as well as the Modus Operandi to commit in corruption. Their knowledge gives me the required information to understand more pertaining to the root causes of corruption and the direction on suggestions to what can be done to curb, if not eradicate, corruption within the government institutions.

4.0 Results and Discussions

4.1 Corrupted Government Institutions and the Type of Corruption

All respondents have a common agreement that the enforcement agencies (such as the RMP, Immigration, Customs, Forest Department and Road Transport Department) are the most corrupted government institutions, followed by the procurement side within government ministries and departments. Another corrupted

institution that was pointed out by MACC respondents are the local councils such as Majlis Bandaraya Petaling Jaya (MBPJ) and Dewan Bandaraya Kuala Lumpur (DBKL).

The respondents also share a common view that bribery and abuse of power are the most rampant form of corruption within government institutions. Enforcement agencies abused their power to take bribes, while procurements abuse the position to demand kickbacks or siphon money meant for public for personal use. Members within local councils, too, are abusing their position for personal gains. A senior consultant from MACC suggested that there is one thing in common about these corrupted government institutions: these are the units which interact frequently with the civilians who require the services from the government, and that is where bribery may come into play and where the government officials may abuse their power in their dealings with civilians. A respondent from the Immigration Department also pointed that services provided by the government for the public has become a platform for bribery to happen.

4.2 The Root Causes of Corruption

The reasons why civil servants choose to engage in corrupted practices are manifold. Firstly, financial constraints and greediness. Some may argue that corruption is rampant among civil servants because they are not sufficiently paid, and some have a big family to feed. While this is partly true, the same cannot be said to those of high ranking public officials as they are being paid quite well but are still involved in corruption. This is because these individuals are not satisfied with their current situation and wanting for more and live beyond their means. Secondly, lack of integrity. Some of the civil servants have no sense of service when working in public institutions. Many instead are using the power entrusted upon them to take care of their own interests. Thirdly, weaknesses in the system and weak execution of government policies. Corruption is still rampant despite the government's effort to put in place many internal policies, circulars and laws. This indicates that there are weaknesses in checking and monitoring systems within the government hence opportunities arise to commit fraud. These loopholes are being exploited and manipulated. Besides, there are no seriousness in implementing the policies and circulars set by the government due to lack of supervision and monitoring from senior management. A respondent from the Customs Department pointed that the weaknesses in the system is partly because of outdated government acts, policies and circulars that have not been updated since the 1960s. The fourth power; power makes people corrupt, especially if the person is given considerable/absolute power. Last but not least, the public too is responsible for corruption within government institutions. For a corrupt practice to take place, there must be a giver and a receiver – take away the giver, there would be nothing to be received. However, a MACC senior consultant argued that the civilians cannot take the blame alone as those in office are abusing their power that those who require the service or assistance would have to bribe the officials to achieve the objective.

4.3 The Current Measures and Its Effectiveness to Curb Corruption

The Malaysian government have taken many measurements and initiatives to bring down corruption. Some of the instances provided by the respondents include: (i) No Gift Policy. As outlined by the Service Circular Number 3, Year 1998, paragraph 5, government officers are not allowed to receive or provide gifts if it is related to his official public duty, and/or, the form, amount or worth of the gift does not commensurate with the intent of the gift; (ii) MACC Act 2009. The Parliament of Malaysia had passed the MACC Act 2009 which criminalised corrupt acts as well as granting MACC greater role in preventing corruption. Section 7(f) and 7(g) of the MACC Act illustrates preventive measures via education (Sec 7f) to create awareness of corruption such as through lectures, seminars, and workshops, and outreaching to the public (Sec 7g) such as via community programmes and voluntary anti-corruption pledges; (iii) Institutional Arrangement. An Integrity Unit has been incorporated in every government ministry and departments, with integrity officers trained by MACC stationed in the unit to ensure good governance, compliance, and discipline; (iv) Asset Declaration. Since the new government took power, all Members of the Administration and Members of Parliament from ruling parties are required to declare their assets to MACC; (v) Open Tender for all government projects. The new government has also ditched the previous practise of direct negotiation for government projects as it gives room for corruption to take place. Instead, all government projects now need to go through a proper open tender process to win government contracts; (vi) Anti-Bribery Management System (ABMS). MACC launched ABMS in conjunction with the Department of Standards Malaysia (Standards Malaysia) to provide guidance and assistance to public and private organisations in implementing and improving their respective anti-bribery management system. The system can be used as anti-corruption compliance guidelines for all parties, in line with the Corporate Criminal Liability provision of the MACC Act 2009.

As for the effectiveness of preventive measures practiced by the government, respondents agree that although these preventive measures are generally effective, it is still about the implementations. If the policies and directives are not seriously implemented, they are merely 'decorations' and of course would become ineffective. Besides, the tone from the top too is important as the top management are the ones who supervise and monitor the implementation of all government policies and directives. An MACC Assistant Commissioner said that instead of focusing on effectiveness of measurements to curb corruption, the government should put more emphasis on implementing sustainable preventive measures. A Custom Officer suggested that acts and policies require periodic reviews to catch up with the trends in order to be effective.

4.4 Level of Corruption within the Government

The discussions surrounding the level of corruption within the public sector can be observed from two perspectives: it is either a fact or a perception. From studies,

the results are rather mixed. Firstly, respondents' view that it can be subjective as the public view the government as corrupted because of a few big cases. As pointed out by an Immigration officer, those high-profile corruption cases are not an overview of corruption in the civil service. There are still good people inside the government. Malaysia's CPI index has been dropping over the last 5 years. The index itself is a perception towards the level of corruption rather than facts. Secondly, an MACC senior consultant suggested that as the government is the sole provider of public services (such as healthcare, national security, social security, education and transport), with demand for public services increasing, hence corrupted practices may happen when there is interaction between the supply (government) and the demand (civilians). As such, the level of corruption within the government will be seen as higher. The senior consultant also pointed out that the government had previously privatized some of these services which actually do not in any way reduce corruption but merely transferring the problem to the private sector. Hence, corruption in the private sector is instead more serious under the guise of commission.

However, the arrest statistics listed in the MACC official website indicates high number of arrested government servants. This reflects the level of corruption within the government. An MACC Assistant Commissioner pointed out that there were many cases being covered up previously and it is now being revealed and investigated after the change of government.

5.0 Suggestions and Conclusions

5.1 Recommendations

Dato' Dr Muthiah Alagappa (2018) argued that clean governance requires a transparent and effective state, which comprises the political structure for governance (such as the Federal Government of Malaysia), state institutions (such as the Parliament, the Judiciary, the rulers and their councils, the civil service, the armed forces and police force), the system for the extraction and application of revenue, and the system for acquisition and exercise of state power. In order to 'cleanse' the already corrupted government, we need to start from reforming the state institutions.

5.1.1 Separation of Powers

The separation of powers can offer check and balance. As such, as a Legislative body, the Parliament needs to be strengthened by reintroducing the Parliament Service Act (PSA), which will provide the power for Parliament to conduct its own administration, staffing and financing. For instance, resources can be allocated to set up a professional institute to conduct research and reviews on existing Acts as well as formulation of new laws. Besides, the number of terms a member of parliament (and member of state legislative) can be in office should be limited. This is to ensure certain level of turnover to avoid growing influence of some parliamentarians after long service terms and the subsequent signs of lobbying to promote personal agenda, and to allow expression of different opinions and ideas.

Likewise, the Judiciary also needs to be strengthened. Any appointments to the positions within the Judiciary, such as the Chief Justice and Federal Judges, must be free of political interference and by merit, not by patronage. The appointments can be made via an Independent Select Committee comprising professional individuals, not politicians. Any loopholes or grey areas of the rules and regulations of appointment within the Judiciary must be reviewed and addressed. The past controversy of extension of service of the Chief Justice and Chairman of the Court of Appeal should not happen again. The Judiciary needs to regain its independence to function with impartiality and without fear.

One key position that requires the separation of power is the Attorney General. The current setting is that the AG is the legal advisor to the government as well as prosecutor, hence there is a conflict of interest. The government is his customer. If the customer did something wrong, can he proceed with prosecution? Another key position that also requires the separation of power is the Prime Minister. As the head of government, the PM should never hold other portfolios within the Cabinet to avoid the conflict of interest and abuse of power. This should be written into the Malaysian Constitution to limit the rights of a Prime Minister.

5.1.2 Appointments of Key Positions via Independent Select Committee

The appointments to key positions such as the Inspector-General of Police (IGP), Attorney-General (AG), Chairman of Court of Appeal, Chief Justice, Bank Negara Governor, and Chief Commissioner of MACC should be reviewed and names provided by the Independent Select Committee comprising of members of the public with relevant experience and professional knowledge with no political background, and then submitted to the Yang Di-Pertuan Agong for approval and appointment. The Independent Select Committee will be under the purview of the Parliament.

5.1.3 Reform Civil Service

The civil service plays a prominent role in the implementation and formulation of government policies. Therefore, the civil service should be neutral and serve the government of the day and the Rakyat. In order to have an independent and neutral civil service, firstly the head of each government department must be appointed by merit and no political appointments. Any person with political background cannot be appointed to these positions. The tone from the top is important to promote the culture of integrity within the civil service. Therefore, a standardised appointment policy needs to be in place and followed. Internal circulars and directives needs to be reviewed and updated periodically to keep up with the latest conditions, and also to be strictly implemented. They are not merely decorations. The Public Services Department and management of respective government departments need to up their ante.

The civil service is notorious for being ineffective with low productivity. Due to low productivity, therefore low pay for government servants. Other than better

recruitment process, the only way to increase productivity of government servants is via education and training. Only when the productivity of civil service improves, can they enjoy better pay and therefore lower opportunity to be involved in corruption.

5.1.4 Reform Asset Declaration Mechanism

Although the Code of Ethics for the declaration of assets and gifts among Members of Parliament and Members of Administration including the Prime Minister and Deputy Prime Minister has already been amended to have a requirement to declare assets to the Malaysian Anti-Corruption Commission (MACC), it is merely a directive, not a law. As such, we have seen a few ministers refusing to declare assets, claiming that they do not own assets hence declaration is not required. This initiative should be written into law to make it compulsory for all Members of Parliament and Members of Administration to declare their assets, whether they own anything or not. If they really own nothing, just declare as none, and let the MACC to do their work to verify. The declaration should be done every two years, and if there is a change in possessions, the change needs to be declared as soon as possible. Besides, this initiative should also be extended to all high ranking public officers, and if possible, high risk positions such as Immigration and Customs officers.

5.1.5 Reform Procurement Mechanism

Procurement is regarded as one of the most vulnerable areas prone to corruption. It involves grand and petty corruptions. Some of the initiatives taken by the new government include removing direct negotiations and introducing an open-tender to all government contracts as well as reducing cash payments by using Electronic Fund Transfer (EFT). However, EFT is not effective to procurements with small money and high volume. We can take experience from other countries such as Hong Kong. The Hong Kong government has been using Purchasing Card (P-Card) to provide an efficient and cost-effective solution to purchase and pay for small-dollar as well as high-volume purchases. Purchasing Card can significantly reduce volume of purchase orders, checks processed and invoices. Purchasing cards can be used with any vendor that accepts credit cards. The advantages include: simplified procurement and payment process, less paperwork, decentralised procurement functions, and the ability to control and set limit for purchase amount.

Another reform is the implementation of an online procurement platform, or e-procurement. Online procurement platform offers transparency, with the details of the bidding available publicly and reasons for the selection clearly explained. Besides, all procurement order records can be found online, hence there is little room for manipulation.

5.1.6 The Role of Institute Monarch

The monarchy, albeit a symbolic figure in Malaysia, plays an important role between the elected government and the Rakyat. The problem with Malaysia's

democratic system is that the Rakyat (voters) cannot check on the Members of Parliament once they are elected. While the citizen empowerment still has a long way to go before it can be realised, the Rulers can play a role in Malaysia's contemporary political system by acting as 'the fourth branch'.

The Rulers hold the power to appoint the Prime Minister of this country, Chief Minister (or Menteri Besar) of each state, the Chief Justice and the AG, among a few, the passage of legislations, and declaration of state emergency. They are also the spiritual leaders of the Armed Forces and the Rakyat. However, they are not allowed to be involved in the country's administration. Even if they do not approve the passage of bills, the bill would still automatically become laws after 30 days. Therefore, Rulers should be granted the power to check on the Legislative to prevent it from being a rubberstamp of the Executive, that is, Yang Di-Pertuan Agong should have the right to reject the bill and be returned to Dewan Rakyat for amendments if he deems the bill to be draconian, against the spirit of democracy and deteriorating the well-being of the Rakyat. If the Head of Government (the Prime Minister), Chief Ministers (or Menteri Besar), and the Head of key positions are not performing with integrity within their job capacity, they must be answerable to the Rulers (and Parliament), or sack them if these individuals are no longer deem to be fit for the position, with final approval resting on the Parliament (or state legislative). They can also be influential in restraining and guiding politicians whenever a situation or debate goes out of control. In short, the Rulers would be acting as the guardian for the Rakyat, at the same time checking on the politicians. Of course, if the Rulers did something against the law, the Judiciary will have to make impartial decisions.

5.2 Conclusion

Human nature is such that if given absolute power, may get involved in corruption. As such, we need to work on the system to keep everyone in check. Historically, the British have left us with a good system to administer the country, with the three branches checking on each other to give a balance of power. However, the Legislative and Judiciary have been weakened over the years, leaving the Executive lorded over the Parliament and the justice system. As a result, the government becomes corrupted.

After the 14th General Election, our country has experienced a shift in power, with the then Oppositions given the mandate to rule. Reforms are under way, and it will definitely take time to see the effects. However, as pointed out by some of the respondents, implementation and execution would ultimately decide the fate and effectiveness of the system and reforms that are underway. If there is no seriousness and political will about implementing and executing the policies and reforms, no one will follow, and the policies and circulars would just be another 'decoration'. Sustainability of the systems and policies is equally important. If the systems and policies are not sustainable, the effect will eventually fade away and being overrode by the latest trends, and then become irrelevant. The people who sit in the office must also be of integrity.

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The Demands of Human Trafficking in Malaysia

Stephanie Ong Li Shu

Abstract

Human trafficking is a global crime that generates billions of dollars worldwide. Although many may view it as a crime against humanity, the crime can be seen from a supply and demand standpoint as well as considering the victims are being sold as goods to cater to various market demands. This study focuses on the demand side of human trafficking as the driving factor of the crime, particularly in Malaysia. Based on the results, it was found that the vulnerability of victims in terms of poverty and the desire to earn more money, has caused both primary and derived demands to exploit them based on cheap labour, desire for convenience in the current societal lifestyle and the growing consumerism behaviour. It was also found that due to the lax implementation of the law, indifferences and lack of awareness portrayed by Malaysians towards trafficked victims resulted in facilitating the demands further. Thus, it is suggested that a collaborative effort among all parties is needed to educate the public and organizations regarding the demands of human trafficking, addressing discrepancies in the law and further improving the effectiveness of investigations and prosecutions surrounding the crime.

1.0 Introduction

There is an incremental demand in human trafficking that no longer discriminates the individuals' sex, race or age; especially with the rise of child trafficking. Based on the statistics report of the Counter-Trafficking Data Collaborative (CTDC) (2017), in Asia, approximately 82% of the victims were trafficked for labour exploitation that is mostly related to domestic work while the remaining 12% was involved in sexual exploitation.

Malaysia identified 2,224 potential trafficking victims nationwide and confirmed 721 victims in 2017; compared to 3,411 potential trafficking victims and 1,558 confirmed victims in 2016. The decrease in numbers did not signify an improvement as the government presumed that all potential trafficked females are in bars or massage parlours and did not proactively screen the vulnerable migrant worker population for indicators of trafficking, which left an unknown number of potential victims. The decrease in the number of cases appears to be a continuing trend even in 2018 based on the raw data (see Table 1.1) retrieved from the Royal Malaysia Police (PDRM).

Table 1.1: Number of trafficking in person & smuggling of migrant cases in Malaysia, year 2016-2018

Type of crime	Number of cases		
	2016	2017	2018
Trafficking in person	439	410	220
Smuggling of migrants	142	158	89
Total cases	581	568	309

Source: PDRM, Bukit Aman (Anti-Trafficking in Persons & Anti-Smuggling of Migrants Department)

Malaysia is recognized to be a transit point when trafficking victims from nearby countries such as Thailand, Indonesia, Philippines, Cambodia and Vietnam. There are also Malaysians who gets trafficked into Australia, Canada, China, Hong Kong, Japan, Macau, Singapore, and Thailand for different types of bonded labour, domestic servitude and the sex industry (Protection Project, 2010). The growing concern that Malaysians are being pursued by traffickers and using services of trafficked victims highlights the need to study the demands of the industry within the country. Hence, the following were the objectives of this study:

1. To determine the primary and derived demands that contributed to the human trafficking crime in Malaysia;
2. To identify the components of law and culture that facilitates the demand of human trafficking in Malaysia;
3. To identify the characteristics of the victims that are recruited by traffickers; and
4. To suggest effective approaches that can be implemented to reduce the demand of human trafficking in Malaysia.

2.0 Literature Review

2.1 Theoretical Framework

2.1.1 Demand Theory

Demand theory is a principle indicating the relationship between consumer demand for goods and services and the prices for these components (Newman, 1965). The common relationship seen is “the lower the price, the higher the demand” and since the components of “willingness” and “ability” of buyers can be influenced by other factors such as income, preferences, culture and government measures like taxes or subsidies; it gives consumers incentives to search for cheap goods and services (Vogel, 2017).

2.1.2 The Concept of Demand in Human Trafficking

The demand for trafficked individuals can be distinguished into three groups. The first group which is known as the primary demand are the customers or clients of trafficked persons (Aronowitz & Koning, 2014). The second and third groups are known as derived demand as these are the employers (owners of the trafficked individuals) and third parties (recruiters, travel agents, transporters) who are involved in the trafficking process (Aronowitz & Koning, 2014). Both of these groups expect to generate profit from human trafficking.

2.2 Review of Past Research

2.2.1 The Demand in Human Trafficking Context

The primary demand has been studied empirically by the ILO (2006) in which consumers, knowingly or unknowingly, demand for goods and services provided or produced by a trafficked person. In commercial sex or prostitution, males tend to patron such businesses as they feel they have no other options to release their sexual urge, claiming that sexual satisfaction is unavailable from their partner or are preferring variations; a motive that was also addressed in Lutyal and Lanier (2012). Aronowitz and Koning's (2014) study also addressed the derived demand of employers who wants cheap and exploitable labour. Trafficked victims are considered "reusable" until they are no longer valuable which causes employers to sell them as a way to maximize profit.

On the other hand, the demand for domestic labour, which was found to be predominant in Bangladesh, requires the trafficked persons to be neat, clean and capable of doing hard work. Being docile and obedient should also be part of the package (ILO, 2006). The demand for domestic labour is also facilitated by cultural norms. In Mexico, this cultural concept which is known as "marianismo" places expectations on the females to provide for the family if a male figure is absent or does not earn enough financially; which pushes them to enter potentially exploitative situations (Ewing, 2014). They tend to become domestic workers or other types of forced labour like working in the electronic industry. Ewing (2014) also noted that since males are seen as providers based on cultural norms, it creates a pressure to successfully carry out the responsibility considering it is also tied to their capability as a man. This leads them to be exploited in as slave labour on cattle ranches, logging, charcoal and mining camps, plantations, farms producing cash crops (corn, cotton, soy), and in the construction industry as well as ones that are active in deforestation.

In a study by Msuya (2017), it was found that several cultural practices fuel the demand of human trafficking according to the definition of exploitation and the parameters for human trafficking set out by the UN. The culture of polygamy which is practiced by Muslims as the Quran permits a Muslim man to have up to four wives has been distorted by some to fit the Wahaya culture. A Wahaya is the unofficial fifth

wife of the man who are often young girls between the ages of 9-14 years' old who becomes a slave to the first four wives and the husband (Asomah, 2015). The husband may buy more than one Wahaya as it is a sign of prestige and these girls frequently experience abuse and rape by their husbands and are forced to live in terrible conditions and perform daily chores of the legal wives. This culture of slavery is passed down from generation to generation that it creates a social class and the society believes it to be a form of "natural state".

2.2.2 Strategies to Address the Demands of Human Trafficking

The primary (consumers) and derived (employers & traffickers) demands are mutually exclusive and this creates the opportunity to attack the profitability of employers and traffickers. According to Kara (2011), while consumer demands cannot be directly addressed, an alternative method is for lawmakers to enact regulations that pushes corporations to investigate and certify that their supply chains are free from any kind of forced labour and such procedures are a regular part of their internal controls and operating model.

The interconnected implications of human trafficking make it impossible to rely on a prosecution strategy alone and would require a "responsibilization strategy" (Garland, 2001). The strategy is viewed as a holistic approach as it involves individuals, law enforcers and entities of all sizes to be accountable for the crime. It is significant to impose international labour standards that seeks to eradicate abusive employment practices which create an environment for trafficking to flourish before subjecting to criminal law enforcement (Fouladvand, 2018).

3.0 Research Methodology

This study was a qualitative study using interviews as a method of obtaining the data. There were six (6) respondents that were involved in this study and they were from non-governmental organizations, human rights activists and government officials from the Ministry of Women, Family and Community Development. They have been working in the area of anti-human trafficking for more than five years in which each of them are experts in their own field in terms of creating awareness regarding the crime, assisting and socializing with the victims and ensuring that companies are practicing ethical recruitment. A domain analysis method was used since the areas of this research topic is highly integrated and different themes can fall under the same domain.

4.0 Results and Discussions

4.1 Analysis of Data

4.1.1 The Characteristics of the Victims

Master Theme 1: Vulnerability as the Main Commonality Shared Among Trafficked Victims

Addressing the victims' characteristics that are being targeted by traffickers during the recruitment process require prioritization because these victims are seen as one of the supply factors in this study. Based on all of the respondents, vulnerability is a feature that is of utmost important to a trafficker as it ensures that minimal effort is required to persuade the victims and it can be seen at different forms as discussed in the sub-themes.

"There is not much persuasion that is needed here because these people themselves also want to do whatever it is that they need to do so that they can survive"
"When you are vulnerable, then you are free for all, you are an easy target, you are displaced, you are forcefully migrated from your country"

Therefore, all of the respondents noted that the victims in Malaysia are mostly migrant workers who are from neighbouring countries like Indonesia, Bangladesh and the Philippines and refugees such as the Rohingyas, Sudanese and Sri Lankans because of push factors such as deprivation of job opportunities and civil wars have forced them to leave their countries. Malaysia is also their choice of destination due to our open-door concept and the similarity in cultures that assist in adaptability.

"Most of our victims are from neighbouring countries like Indonesia, Philippines and maybe India. Our culture is not much different and we are just neighbours, so that's why people come to Malaysia"
"The country of origin of migrant workers in plantations are frequently from Indonesia and Bangladesh because they can adapt to the geographic landscape, our climate and the usage of tools"
"Global refugee crisis is forcing Rohingyas, Somalians, Sudanese and Sri Lankans to actually run into Malaysia because it's such an easy place to enter, it's below the radar and they come here and they have to work"

Sub-theme 1: The Deprivation of Basic Life Necessities

This sub-theme focuses on the first facet of vulnerability, which is poverty, particularly those in the rural areas. As noted, the victims are predominantly from Third World Countries whose financial status and the economic disadvantages in their country pushes them to leave their homeland. As they are poor, they lack many basic necessities in life such as education, internet, healthcare and sanitation. With no formal schooling or connectivity to the outside world, they are considered to be naïve

and coupled with the pressure of providing for the family, they are desperately seeking financial opportunity even if it means relocating. These reasons caused them to be easily deceived by the traffickers.

"People who are living in poverty or lack of education or people who are naïve are the perfect target in this case"

"Traffickers already are gluing into the system where they know migrant workers are not making enough money, they know where the migrant workers are and when it comes to the refugees, they go to the traffickers and say – we can't live here anymore, please we want to go to Malaysia, help us"

Although the number of victims are unknown, most of the respondents also noted that such deceit could happen to Malaysians, especially those living in remote areas such as Sabah and Sarawak or the city outskirts as they are sharing similar economic status as those migrant workers and are seeking job opportunities.

"There was an Indian girl from a very poor place in Semenyih who was forced by the father to engage in sex work so that they can get money and she was trafficked by a gang of Indian gangsters"

"Traffickers would go to the rural areas or to anywhere in Sabah & Sarawak and tell them that – there is a job opportunity in KL with this company and you are going to get these privileges, so come over and work for us. The victims will believe and come over but all the things that were promised were not as expected"

Sub-theme 2: The Backlash of Desiring to Work Overseas

While most of the victims were recruited from poverty, this sub-theme concentrates on the second facet of vulnerability, which is the desire to seek working opportunities overseas. For migrants, working in Malaysia would mean higher pay because of the exchange rate and this concept is also applicable to Malaysians. Working in countries such as UK, US, Australia or even Singapore are seen as an employment achievement considering the fact it would mean better earnings and the reputation of those countries would place the person in a reputable position among society. As such, Malaysians would also be at risk of being trafficked just like any other migrant workers so long as migration is involved.

"You would want to work in US, Australia or Singapore because its good country good money and they are asking you to go there as a tourist first to work and then they will give you a working visa which never happens"

"We may think that we are too advanced already and the jobs in Malaysia are not good enough for us, so we want to explore more like moving to another country. When we move, we become vulnerable to be exploited"

Most respondents also stated that such desire seems to be prevalent among university students or fresh graduates who are not necessarily from poor families or uneducated because the trend now is about becoming more self-sufficient and what generates the most income.

"Traffickers are now going online to recruit people who are seeking opportunities overseas. There was a story about this university student who got a modelling offer in the UK via online but ended up working in a factory"
"You have college girls who just want to earn extra money and get entrapped with things like Gucci, nice heels and being able to dine at expensive restaurants"

The desire may seem harmless but traffickers tend to use trendy tactics such as posting on social media and using the internet to make the entire opportunity believable, thus, further fuelling the desire.
"They use Facebook or WeChat to advertise or chat with potential victims to convince them and recruit them for employment which later turns out to be fraudulent"
"People who are trying to search for jobs online, they [traffickers]can just create a fake website"

Sub-theme 3: The Importance of Physical Characteristics of a Victim Depends on the Industry

Having an attractive physical appearance is not a standalone problem but if it is coupled with poverty or the desire for a better job opportunity locally or overseas, it becomes another facet of vulnerability. According to some of the respondents, the importance of physical attractiveness is only applicable to those in sex trafficking, regardless of child or adult.
"*There is a brothel in KL where you can get child sex for RM 450 and the victims are small, young, fair and pretty"*
"The same white skin, fair skin young boys with almond shape eyes are still fetching lots of money"
"In sexual exploitation, appearance can be important"

While other industries are not fixated on such characteristics and would take anything they can get so long as the person is breathing, most of the respondents noted that males tend to work in hard labours such as plantation, fishery and construction while females end up in industries like domestic servitude, forced begging and sex work.
"Majority are male workers because of the physical strength that is needed to harvest palm fruits"
"Many males are being trafficked in the fishing industry and construction industry as well"
"Most of the women are from sexual exploitation, domestic workers and we also have those forced into begging, especially those old women"

4.1.2 The Primary and Derived Demands

Master Theme 2: The Skewed Perception of Exploitation that Continuously Promote the Demands on a Behavioural Level

Considering that trafficked victims are vulnerable one way or another, this theme emerged from the understanding that such vulnerability has provided a skewed idea of exploitation that repeatedly contributes to both primary and derived demands on a behavioural level. Such perception can be seen to have promoted demands based on finances and lifestyle that are discussed in the sub-themes below.

"*Forced labour is not seen as exploitation; they are given a job, so they should be grateful"* "*Our mentality is that we think if they are overworking it is alright because we do it too*"

"I will just work her to death and it's brilliant because she is really vulnerable so that feeds into my needs as well"

Sub-theme 1: Striving to be Financially "Smart"

In terms of primary demands, all of the respondents noted that consumers have the desire to purchase items or services such as domestic workers at the cheapest possible price. With the rise in cost of living, it makes more sense for consumers to seek prices that are kind to their pockets.

"*People don't really want to pay too much for something that they think they can pay less"*

"*Consumers are demanding for lower prices every day"*

"For them [consumers] it's like, I can pay her [domestic worker] RM 800, way below the national average and it's great"

In order to complement the primary demands, employers from the derived demands have to be financially efficient in order to keep their prices low and stay ahead of their competition. Hence, they tend to focus on profit margins and practice the recruitment of cheap labour especially since there are many financial areas that organizations are unable to manipulate such as bills, prices of materials or equipment and property rentals. These workers can also be exploited to work long hours with salary that is minimal to none.

"Employers can easily import cheap labour from other less developed countries rather than hiring locals who will demand higher pay and better working conditions"

"Human labour is the one ingredient that you can reduce cost in when everything else continues to spike up"

All of the respondents also stated that traffickers who are part of the derived demands continue to perform the crime due to its lucrative profit that they can gain over a long period of time even from just one victim.

"A trafficker mentioned how with drugs, you can only sell once but with people you can sell it over and over again and get an insane amount of profit as long as this person is alive"

"Trafficking in itself is a multi-billion-dollar business"

Sub-theme 2: The Need to Complement the Current Societal Lifestyle as a Whole

Many of the respondents had indicated that Malaysians are becoming increasingly consumerist whereby the desire to purchase new items is constantly present that it has become a pivotal point in lifestyle. Some of the respondents also stated that this is due to the way brands conduct marketing of their products, which reinforces the desire. When consumers are purchasing more items on a daily basis, it influences companies to constantly catch up and compete with one another in terms of prices and availability. Thus, it induces the need to hire more cheap labour who are usually trafficked victims.

"People just want new things all the time and don't see the need to buy something for a long term and brands are making it super accessible to get things that are really cheap"

"Brands, advertisements, marketing all weave in to create that demand. When you create advertisement, you create that demand, you create semblances of need & necessity"

Convenience has also become a norm that everyone desires in which it is reflected in every aspect of the societal lifestyle that subsequently fortifies the demands that contribute to the human trafficking crime in Malaysia. This is because to cater to convenience, someone has to be doing the hard labour in the background before it is released into the market, in which it is normally trafficked victims since they do not mind the work and they need the pay. In addition, with the many red tapes that are typically present in government procedures, traffickers are quick in offering an easy solution to feed the need of public convenience.

"Consumers are purchasing items that are convenient to get such as peeled prawns or peeled garlic. They can buy very cheap things easily online which is a huge thing now"

"Buying and selling babies in Malaysia, they do not want to go through the legal system because it is so troublesome, so tedious and long-winded and such a long protracted process and most of the people can't wait. They rather just buy a baby"

4.1.3 The Components of Law and Culture that Facilitates the Demand

Master Theme 3: The Lack of Ethical and Civic Responsibility and Loopholes in the Law That Facilitates the Crime

With various aspects contributing to the demand in the country, law and cultural components act as facilitators in which most of the respondents mentioned that the lack of implementation of the law and public's perception of the crime are the main issues. From a cultural standpoint, all of the respondents stated that being ignorant, indifferent and lack of empathy is facilitating the demand considering the public neither thinks that the crime is prevalent nor does it affects them directly.

"We are too laid back. People don't care. There is just no wanting, laziness to read, laziness to be aware, laziness to perform ethical recruitment"
"Malaysians often think it's not a Malaysia problem but more of a migrant worker's problem"

Some of the respondents also shared that it stems from xenophobia that leads to the discrimination and prejudice against migrant workers and at the same time, Malaysians believe that they deserve some form of social entitlement.
"Our inability to actually welcome people, our inability to understand where they are coming from. We think that they steal our jobs and most of them are criminals"
"Our own people are quite choosy when it comes to work especially with the 3Ds [dirty, demeaning & dangerous], so we think there are other proper jobs for us and the work that we are not willing to do, other people are willing to do it"

On the other hand, all of the respondents believe that the main issue in regards to law is the implementation as corruptions are rampant and government officials would not want to change policies that neither seem beneficial to their status nor consider it an active change that the public needs. There is also the issue of officers performing their duties lackadaisically despite being given adequate trainings on the indications of a trafficked victim.
"People want a domestic helper to work for them 7 days. Why do I want to change the law to make it 6 days and then become unpopular?"
"There are good police and bad police and bad police will take protection money"
"When you see a child crossing Malaysia, 13 – 15 years' old all by herself, you know you are a trained officer, you can smell these things but you don't, you just let this go"

In addition, some of the respondents had noted that the loopholes in the current laws and policies in regards to hiring foreign workers have contributed to the crime. Foreign workers are required to pay a high fee in order to work in Malaysia and migrant workers from less developed countries usually pay these fees to an agent but no proper work permit was applied for them. One of the respondents also noted that foreign labour who work in the country as a professional labour receives better benefits than those who are not, which results in trafficking and exploitation. Hence, amendments to the law needs to be made to include force labour.
"The high agent fees migrant workers need to pay to get a job in Malaysia has caused them to be in debt bondage and exploitative situations"
"We have two different labour contracts for those in professional labour and non-professional labour and the former gets better benefits than the latter"

4.1.4 Suggestions for Effective Approaches

Master Theme 4: Improvements Require to Be Holistic and Involves All Parties

This theme focuses on the measures and preventative strategies that are currently adopted to reduce the overall demand of human trafficking in Malaysia. It

also provides suggestions that can be of assistance to promote reduction of the crime in the future. As such, the areas of improvement are broken down to the following sub-themes.

Sub-theme 1: Educating the Public to Increase Awareness

According to all the respondents, the public still does not know the degree of the crime in the country or the indications of a trafficked victim. Thus, even with a national hotline that was implemented, no one would be able to report the crime. To curb this matter, campaigns have been proposed on educating the public about fair trade and being a responsible consumer while the government has been publicizing the convictions of traffickers to the public as a form of awareness.

"We suggest to do thrift shopping or write a letter to your favourite brand to demand they produce fair trade goods and only buy items that are needed and can last a long time"

"The government tries to publicize the conviction on the cases that are handled in court so that people will realize that human trafficking is a big, heinous crime"

Some of the respondents also suggest that ethical responsibility should be taught from school as children are more susceptible to such learning and hopefully in return, educate others and reduce their slavery footprint.

"I think we lack ethics and we are not being taught ethics in school. We need more ethics; we need ethics to be taught from young"

"We really need to start it from schools, we really need to teach children to be children because no child is born racist or xenophobia"

Sub-theme 2: Increase Punitive Repercussions and the Effectiveness of Investigations and Prosecutions

Some of the respondents suggested that heavier penalties are necessary to reduce the demand especially the derived demand and this include revoking of business licenses, harsher incarceration punishments and publicizing the names of those who were involved in forced labour and human trafficking. One of the respondent also suggested the abolition as consumers that pay for sex workers should also be punished.

"Penalties for trafficking or other offences related to forced labour should have their business operations licenses suspended and exposure of businesses' names in local media"

"Give stiffer penalties like longer jail terms and whipping"

"We should actually address both demand and supply, it's not fair to just penalize the supply side. Penalizing the ones that are also buying sex because if there is no demand, there is no supply"

Although it is understandable that the prosecution of this crime is challenging as it involves different countries and it is difficult to provide evidence, some of the respondents believe that the demand and the crime can be reduced by improving the

effectiveness of government officials during investigation and prosecution. This can be done by using a victim-centred approach and extensive education on the crime for law enforcement agencies and public prosecutors.

"The lack of a victim-centred approach in engaging with victims by the authorities and public prosecutors may have contributed to the lack of cooperation from the victims to be credible witnesses"

"Judges, DPPs and enforcement agencies have to be sensitized and knowledgeable about human trafficking cases including the indicators and trauma impact on victims"

Sub-theme 3: Collaboration is the Best Strategy to be 10-steps Ahead of the Traffickers

All of the respondents stated that the crime cannot be resolved by one party alone and that it should involve everyone: public, NGOs and government enforcement agencies. The absence of cooperation from all parties had resulted in no common priority regarding the issue and therefore, it is necessary that any information regarding the crime should be shared on a regular basis. This is due to the fact that trafficking is an inter-nation committed offence and traffickers are regularly communicating with each other to ensure it is a smooth process when smuggling the victims' cross-borders.

"We need more discussions among the government, the NGOs and the public because the traffickers are constantly communicating with each other"

"Lack of information sharing between agencies is the main culprit"

4.2 Discussion of the Results

Human trafficking is a crime of profit. Although a country may lose billions due to fraud, it is also possible for a country to be receiving revenue from the crime. As per the CTDC (2017) statistics, it was found that in Malaysia, the focus has been shifted towards forced labour that is related to domestic work and hard labour industries such as construction, fishery and plantation. This could be due to the fact that Malaysia's economy is partly driven by its agricultural and fishing sector that is predominant in other states and Kuala Lumpur is becoming a more developed city to compete with other countries such as Singapore. This automatically creates the demand for more workers who are willing to take on dirty, demeaning and dangerous roles.

Such demand on a national level explains the primary and derived demands that attributed to the crime. It is related to the skewed perception of exploiting victims especially migrant workers from less developed nations and refugees since they are more willing take on any jobs for survival. This led to them being trafficked as cheap labour to save cost and forcing overtime without proper benefits. Hence, this concurs with Aronowitz and Koning's (2014) study that the main goal to use trafficked victims is to obtain cheap and exploitable labour. The primary and derived demands in Malaysia also appears to be due to high consumerism and change in lifestyle especially in terms of being trendy and the desire for convenience whereby these were

not discussed in prior research. These new findings could be seen as underlying causes for the demands considering the factors are not as apparent as profit. It also strengthens the mutual relationship between primary and derived demands as businesses would compete to keep up with consumers' behaviours and lifestyle; thereby utilizing more migrant workers to keep their operations afloat. This includes gathering rawer materials and perhaps expanding their factory operations.

In comparison with ILO's (2006) study on domestic labour, it would seem that the demands in Malaysia were not related to one's personality such as tidiness or obedience but rather the attention is on the fact that it is usually women who participate in such labour. It is possible that such demand is related to culture as females have always been seen as a role model for housework considering it is correlated to being feminine. As per Ewing's (2014) research, it was found that men are typically exploited in hard labour possibly due to their sheer strength. Thus, it can be assuming that there were no unique features that were needed in trafficked victims other than their manpower to perform the tasks.

While sex trafficking is still ongoing in Malaysia, it would seem that the demand is present merely out of sexual desire. Physical appearances have been noted to be of importance in the sex industry but no sexual preferences or skewed sexual beliefs has been found to be the contributor of the demand, unlike previous studies. It is important to note that the change of attention from sex labour to forced labour in Malaysia could be due to the fact that more migrant workers are needed to cater to various industries instead of just one. Hence, it would make sense for the issue to overpower sex trafficking in the country and alter the perception that human trafficking is synonymous to sex trafficking. However, regardless of the industry, victims' vulnerability in terms of poverty and the desire to obtain a larger pay scale are aspects that can be experienced by both migrant workers and Malaysians especially since this would involve movement between borders.

In terms of law and culture that act as the facilitating components for the demand, these had mainly seem to be due to the general attitude and behaviour of Malaysian society towards the crime and migrant workers instead of a questionable cultural practice like the Wahaya. Malaysians do not seem to perceive that the human trafficking crime is a national concern since official reports of Malaysians being trafficked are largely unknown. This creates a lack of association with the current victims as they are mostly migrant workers and the social need to partake in curbing the crime reduces as it could be due to the bystander effect or the perception that it is a migrant workers' problem. In addition, it is plausible that the media had not taken proactive measures in sensationalizing the crime to create more awareness especially if the trafficking is unrelated to sex or child sex/marriage.

In addition, the results suggested that the lack of proper implementation of the law appears to be a bigger issue compared to the content of the law itself because it would seem that government officials are the ones who are not performing their duties righteously as corruption is a major associated problem. However, it was also

found that the Malaysian labour law needs to be changed in order to protect migrant workers and provide fair treatment as suggested by Fouladvand (2018) as well. This may be due to the presence of too many Acts that govern the rights of migrant workers whereby it creates more loopholes due to the discrepancies and could even result in the conflict or lack of definitions. Thus, streamlining the Acts could result in better progress to provide overall protection to the workers and trafficked victims.

In terms of market perception, the findings suggest that primary demands needs to be addressed by educating the public on fair trade, which would change consumers' mind set to become ethical buyers and subsequently push organizations to practice ethical recruitment in order not to lose their customers, an approach that can be considered passive compared to Kara's (2011) suggestion of forcing organizations to practice ethical recruitment by law. Additionally, the findings agree with Garland's (2001) study that a holistic approach in making the crime everyone's responsibility is crucial to reduce the demand and the crime as a whole considering parties on both a micro and macro level are indirectly or directly benefitting from the crime one way or another.

5.0 Summary, Conclusions and Recommendations

5.1 Summary

Malaysia has always been known as a transit point for human trafficking crime. The crime has proven difficult to be eradicated or reduced and it has been noted that globalization is aiding the crime especially since migration flows are increasing. The open-door concept Malaysia practices has also been manipulated by traffickers to easily trafficked victims cross-borders. There is also the growing concern of Malaysians purchasing services or items of trafficked victims that helps to sustain both primary and employer demands and the matter of Malaysians becoming victims themselves that suggest the country is playing an active role in the crime. As such, the findings of this study can be summarized as following: -

1) Primary and derived demands are mainly driven by cost. Consumers are after items or services that are cheap and convenient to their lifestyle such as buying peeled prawns. This influences employers to hire cheap labour in order to keep their prices low and continuously provide consumers with what they want to stay ahead of their competition.
2) The law and culture components facilitates the demand in a way that it is mostly related to ethical responsibility. While Malaysia's law seems sufficient to deter the crime, the implementation of it has been laxed. This is linked to social cultural factors such as lack of awareness, lack of civic duties and above all, the lack of desire to protect these victims because the majority are not Malaysians. Hence, it is not a Malaysian problem. There is also the issue of corruption among government officials and the loopholes in the labour law that caused biasness towards migrant workers.

3) The characteristics of the victims are not related to any particular physical appearances but rather those in vulnerable positions. Poverty and the desire to earn a higher income are what drove the victims to migrate to a different country in hopes of a better living. This is the reason Malaysians are also susceptible to become victims themselves. Traffickers tend to prey on such vulnerability since they provide the "opportunity" to turn their lives around.

As such, it is suggested that in order to reduce the overall demands of human trafficking in Malaysia, both consumers and employers need to be educated on how their decisions impact the victims and the crime. The level of awareness within the public regarding this issue is still relatively low and thus, the media needs to be more proactive in disseminating news on human trafficking instead of just relying on awareness programs by NGOs. Consumers need to be aware that their consumerist behaviour of purchasing non-fair trade products and using the victims' services are fuelling the crime. Thus, educating consumers to become ethical buyers needs to be done on multiple groups such as students, white collar employees and public servants. Information on the signs of potential trafficked victims and fraudulent job opportunities should also be readily accessible to all.

On the other hand, employers need to be aware of ethical recruitment process. Failure to comply should result in penalties such as incarceration and reprimanding their business license. In addition, to promote responsibility and reduce corruption among government officers, it is highly recommended that their salary be reviewed as part of the motivation to perform their work earnestly as they are the ones who has the training to screen potential trafficked victims. A victim-centred approach should also be adopted in investigations and court proceedings since victims' cooperation is essential in gathering of evidence and prosecuting traffickers. Lastly, as per recommended by the ILO, it is also time to streamline the labour law that would not discriminate foreign workers based on their origin or expertise, thereby reducing the possibility of exploitation.

5.2 Limitations of the Study

There were a couple of limitations that can be highlighted in this research. One of the limitations is that the perspective of law enforcement officers such the police and lawyers could not be obtained and thus, the findings could be seen leaning towards the perspectives of NGOs. This led to the next limitation whereby the results were unable to provide a deeper outlook on the risk of Malaysians becoming trafficked victims although it can be acknowledged that such incidences do occur.

5.3 Recommendations of the Study

Due to time constraint and the lack of numerical data in this study, it is recommended for future research to perform a mixed-method study and diversify the pool of respondents. It is suggested to include or collaborate with the country's

economists to provide their input on how the demands would cause an impact to the country while at the same time researching on how the crime could be generating an economical profit to the country since it has been prevalent for decades. Future research could also study specifically on how the increase in consumerism and adopting a financially self-sufficient lifestyle is becoming a key ingredient in both the primary and derived demands.

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The Causes and Effectiveness on Combating Money Laundering in Malaysian Financial Institutions (FIs)

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Abstract

Money laundering is seen to become a major issue in today's world of information and technology, especially money laundering that takes place in Malaysian Financial Institutions (FIs). It is important to know and understand what the roots are that mainly contribute towards the build-up of money laundering especially in Malaysian Financial Institutions. Besides that, certain type of businesses mainly high risk businesses are also seen contributing towards this problem. The Malaysian economy will definitely be affected by the occurrence of money laundering in Malaysian Financial Institutions as foreign investors will not invest in Malaysia itself as the fire of not making a profit comes into play. In this research paper, some preventive measures will be looked into to help combat money laundering in Malaysian Financial Institutions.

1.0 Introduction

This research paper focuses on the causes and effectiveness on combating money laundering in Malaysian Financial Institutions (FIs). In this section, the background, problem statement, objective of the study, research questions, if necessary the research hypotheses, significance and scope of the study. The purpose of this section is to give a clear picture on what will be the research directions.

1.1 Background of the study

Financial institutions, such as banks, stockbrokers, life assurance firms and so forth, which either intentionally or unintentionally launder money, are also at risk or is another problem associated with money laundering. Banks are susceptible to risks from money launderers on several fronts. There is a thin line between a financial institution suspecting that it is being used to launder money and the institution becoming criminally involved with the activity. Banks that are exposed as laundering money are most certain to face costs associated with the subsequent loss of business on top of vast legal costs.

The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The mandate of the FATF is to set standards and to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and the financing of proliferation, and other related threats to the integrity of the international financial system. In collaboration with other international stakeholders, the FATF also works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse. According to the financial

action task force, The United Nations Office on Drugs and Crime (UNODC) conducted a study to determine the magnitude of illicit funds generated by drug trafficking and organised crimes and to investigate to what extent these funds are laundered. The report estimates that in 2009, criminal proceeds amounted to 3.6% of global GDP, with 2.7% (or USD 1.6 trillion) being laundered.

This falls within the widely quoted estimate by the International Monetary Fund, who stated in 1998 that the aggregate size of money laundering in the world could be somewhere between two and five percent of the world's gross domestic product. Using 1998 statistics, these percentages would indicate that money laundering ranged between USD 590 billion and USD 1.5 trillion. At the time, the lower figure was roughly equivalent to the value of the total output of an economy the size of Spain.

The Malaysian judge in Pendakwa Raya v Ong Seh Seng [2010] defines money laundering as, "Money laundering is indeed a relatively new form of commercial crime that had just been codified as a criminal offence. It can be categorised as a form of white collar crime. Although apparently no physical violence would be normally associated with the penetration of this crime, nevertheless its impact, if left unchecked could lead to economic ruin to any country "- per abang Iskandar bin Abang Hashim JC.

2.0 Literature Review

2.1 Theoretical Framework



Figure 2.1: Fraud Triangle
Retrieve from: A Forensic Accountant's Perspective

The fraud triangle is a framework designed to explain the reasoning behind a worker's decision to commit workplace fraud. The three stages, categorised by the effect on the individual, can be summarized as pressure, opportunity and rationalization. It is not easy to detect money laundering when it takes place in a financial institution.

Pressure is seen when, most individuals require some form of pressure to commit a criminal act. This pressure does not need to necessarily make sense to outside observers, but it does need to be present. Pressures can include money problems, gambling debts, alcohol or drug addiction and overwhelming medical bills. Greed can also become a pressure, but it usually needs to be associated with injustice. Money laundering can be a form of greed when they chose to make more profit.

An opportunity to commit the act must be present. In the case of fraud, usually a temporary situation arises where there is a chance to commit the act without a high chance of being caught. Companies that are not actively working to prevent money laundering can present repeated opportunities to individuals who meet all three criteria of the fraud triangle. When an individual is well verse in his or her job scope, definitely they will not have fear to launder money as they know their chance in being caught is very small.

The mind-set of a person about to commit an unethical act is one of rationalization. The individual manages to justify what he or she is about to do. Financial institutions should pay more attention on their very own staff in order to detect and stop money laundering to take place, and also to educate that it is bad for the country's economy in the long run.

2.2 Past Research

2.2.1 Background of Money Laundering

Money laundering is not a new phenomenon, but has been around for a long time. Throughout the ages, criminals have tried to disguise the true origin of the proceeds of crimes. Money laundering may be defined as a process of cleaning 'dirty money' which is normally derived from criminal activities, so that it appears to have originated from a legitimate source. The process of money laundering normally involves three stages, namely, placement, layering and integration. Placement involves the physical disposal of the cash proceeds derived from illegal activities into the local or international financial systems. Layering is the separation of the illicit proceeds from their original sources through the creation of complex layers of financial transactions to disguise the audit trail and provide anonymity. Integration, the final stage, is where criminally derived wealth is converted into legitimate funds with no provable links to criminal activities.

Effective money laundering obscures the original source of the illegal funds and the money can be accessed legitimately and used freely by criminals. Therefore,

the underlying rationale behind anti-money laundering laws is that prosecution would distance criminals from the criminal activities. Likewise, confiscation of the proceeds of crime would reduce the motivation for criminals to reinvest the profits in future criminal activities or legitimate business. As such, the anti-money laundering regime can be considered as a new tool in controlling crimes, particularly the predicate offences.

2.2.2 The Impact of Money Laundering

It is widely acknowledged that money laundering can have devastating political, social and economic consequences for countries, especially for developing countries and countries with fragile financial systems. Criminal organizations have often used their illicit profits to bribe individuals or governments. Over time, this can seriously undermine democratic institutions and threaten good governance by promoting public corruption through kickbacks, bribery, illegal campaign contributions, collection of referral fees and misappropriation of corporate taxes and license fees.

Furthermore, unabated money laundering has an enormous impact on the basic values of society because it indicates that crime does indeed pay. In the meantime, money laundering increases the threat posed by serious crime, by facilitating the underlying crimes and providing funds for reinvestment that allow the criminal enterprise to continue its operations. For this reason, money laundering must be criminalized and criminal proceeds must be disrupted so that crimes will no longer pay and there will be less motivation for criminals to commit crimes.

Money laundering can threaten national economies and the private sector. It has been recognized that criminals use their profits to infiltrate or acquire control of legitimate business and to put legal competitors out of business. In fact, legitimate business is useful for criminal organizations as a cover for their activities. The operation of such business is for the purpose of laundering illicit proceeds rather than as profit maximising enterprises responsive to consumer demand and worthy of legitimate investment capital.

Money laundered through legitimate business is often placed in investments that generate little additional productivity for the broader economy such as real estate, art, antiques, jewellery, and luxury automobiles. The diversion of such resources to less productive domestic assets or luxury imports is a serious detriment to economic growth especially for developing countries. Also it can distort the international trade and capital flows for long- term economic development.

Furthermore, money laundering activity through offshore financial centres (OFC) channels could affect the developing countries' strategies to establish OFCs as a vehicle for economic development. It has been argued that when developing countries attract 'dirty money' as a short term engine of growth, they can find it difficult to attract a solid long-term foreign direct investment that seeks stable

conditions and good governance which can help them sustain development and promote long-term growth. The flow of large amounts of funds from laundering could also significantly impact on exchange rates and interest rates, or create artificial demand and affect pricing in the particular area and a good example is housing and land.

3.0 Research Methodology

This study is a purely quantitative research based study. A survey is very commonly used towards a research methodology design which is a great way to obtain and collect data from a specific targeted group and the instrument used would be a survey questionnaire.

3.1 Target Population and Sample Size

In this research paper we are looking at the Causes and Effectiveness on Combating Money Laundering in Malaysia Financial Institutions. The main target audience for this research paper would be banking personnel and auditors in the banking industry, where interview questions will be prepared. Banks around Klang Valley would be used as a bench mark to gather information to help gain information. There is said to be approximately 27 commercial banks in Malaysia where from 27 banks 10 banks would be used to conduct this research. Per bank, between 3-5 banking personnel will be interviewed. This research paper would be able to gain 37% of information being related towards the causes and effectiveness on Combating Money Laundering in Malaysia Financial Institutions.

3.2 Methods of Data Collection and Measuring Instrument

In order to supplement the object of the research, and to assist the researcher, methods such as Analytical Method, Systematic sampling and a One-way ANOVA was used for this research paper. Analytical method is adopted to compare and analyse the laws, regulations and procedures with those AMLA regulations, model laws, judicial decisions, scholarly articles, reports in dailies, journals, internet etc. In a systematic sample, after you decide the sample size, arrange the elements of the population in some order and select terms at regular intervals from the list. The main advantage of using systematic sampling over simple random sampling is its simplicity. Another advantage of systematic random sampling over simple random sampling is the assurance that the population will be evenly sampled. There exists a chance in simple random sampling that allows a clustered selection of subjects. This can be avoided through systematic sampling. The ANOVA tests the null hypothesis that samples in all groups are drawn from populations. The ANOVA test procedure produces an F-statistic, which is used to calculate the p-value. As described in the topic on Statistical Data Analysis if $p < .05$, we reject the null hypothesis. In this case if the H0 is rejected we will accept the opposite hypothesis.

4.0 Results and Discussions

4.1 Respondent Demographic

Organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	AFFIN BANK	6	12.0	12.0	12.0
	BSN	7	14.0	14.0	26.0
	CIMB BANK	3	6.0	6.0	32.0
	HONG LEONG BANK	8	16.0	16.0	48.0
	HSBC BANK	10	20.0	20.0	68.0
	MAYBANK	4	8.0	8.0	76.0
	PUBLIC BANK	12	24.0	24.0	100.0
	Total	50	100.0	100.0	

Figure 4.1: Frequency table based on Financial Institutions Respondents

The above figure shows the frequency and percentage based on the survey which was carried out on Malaysian Financial Institutions. The financial institutions consisted of several Malaysian banks such as Affin Bank, BSN, CIMB Bank, Hong Leong Bank, HSBC Bank, Maybank and also Public Bank. A total of 50 respondents helped to answer the survey questions where the questions were related to the staffs understanding and awareness of anti-money laundering, their understanding towards the policies and procedures of their very own financial institutions and lastly was to obtain a clearer picture and to see if the Malaysian economy is affected by money laundering occurring in Malaysian Financial Institutions. For this survey, I managed to get 6 responses from Affin bank, 7 responses from BSN, 3 responses from CIMB Bank, 8 responses from Hong Leong Bank, 10 responses from HSBC Bank, 4 responses from Maybank and 12 responses from Public Bank which brings up the total to 50 respondents.

4.2 Interpreting the Results

Organisation * Question1

Organisation

Question1	Mean	N	Std. Deviation
YES	4.3800	50	2.07895
Total	4.3800	50	2.07895

Does your financial institute provide AML training to all staff?

In the above table, it shows the standard deviation for the first question which is 2.07895, where all 50 respondents answered yes for this question. All of the financial institutions does provide Anti Money laundering (AML) training for all staff. Based on the survey, it is seen that 100% of the respondents agree that their financial institution does provide them with AML training where it is seen that the significant level is at 1.

Organisation * Question2

Organisation

Question2	Mean	N	Std. Deviation
YES	4.3673	49	2.09855
NO	5.0000	1	.
Total	4.3800	50	2.07895

Are you aware of the AML requirement?

In Question 2 of the survey, the staff are asked if they were aware of the Anti-Money Laundering requirement (AML) for their very own financial institution and a majority of them responded yes that they are aware of the Anti-money laundering requirement set by their very own financial institution with a standard deviation of 2.09855. The significant p-value for question 2 is at 0.360 it is seen that the significant value is more than 0.05 in this case we accept the Ho. It is seen that a total of 98% of respondents are aware of the AML requirement.

Organisation * Question3

Organisation

Question3	Mean	N	Std. Deviation
YES	4.3673	49	2.09855
NO	5.0000	1	.
Total	4.3800	50	2.07895

Does your FI deliver/ communicate new policy changes in AML to all staff?

In the above table, it is seen that 49 respondents are aware of all the new policies that were implemented by their very own financial institution where the standard deviation is made up of 2.09855 which is about 98% from the total responded. It is seen that the significant value for Question 3 is about 0.360 which is more than 0.05, for this case we accept the Ho. 98% of all respondents said that they do receive and are aware of any new policy changes in the institution.

Organisation * Question4

Organisation

Question4	Mean	N	Std. Deviation
YES	4.2979	47	2.10501
NO	5.6667	3	1.15470
Total	4.3800	50	2.07895

Do you sit for post assessment after attending AML training?

In Question 4 of the given survey, staff are asked after attending Anti Money Laundering training. Do they sit for any type of post assessment to know how much they understand about the given topic? A total of 47 respondents from 50 have said yes they sat for a post assessment after they had gone through the Anti money laundering training provided by their very own financial institutions, where the standard deviation is about 2.10501. The significant value obtain from the ANOVA test for question 4 is values at 0.529 which shows that the p value is greater than 0.05 as we accept the Ho.

Organisation * Question5

Organisation

Question5	Mean	N	Std. Deviation
ANNUALLY	2.9286	14	1.68543
HALF YEARLY	5.1538	13	1.95133
QUARTERLY	4.6250	16	1.99583
TWO YEARS ONCE	5.0000	2	.00000
OTHERS	5.4000	5	2.50998
Total	4.3800	50	2.07895

How often do you attend AML training?

In Table 5, it shows the standard deviation for each category, which is based on how often does the financial institution staff attend anti-money laundering training where there were 5 categories consisting of staff attending annually, half yearly, quarterly, two years once and also others. Surprisingly most staff stated that they attend anti-money laundering training quarterly which is about 32% and annually which is about 28% the standard deviation for this would be 1.99583 and 1.68543 respectively. The significant level according to the survey question shows that a 0.02 level of significance is shown when being related to how often financial institutions staff attend Anti Money Laundering (AML) training which is below the significant level of 0.05, in which we have to reject the Ho.

Organisation * Question6

Organisation

Question6	Mean	N	Std. Deviation
YES	4.5116	43	2.07447
NO	2.0000	4	.00000
NOT AWARE	5.6667	3	1.15470
Total	4.3800	50	2.07895

Is the AML compliance program approved by your FI's board or senior committee?

Table 6 shows the results for Question 6, 86% of respondents agreed that the anti-money laundering compliance program is approved by their very own financial institution board or their very own senior committee. The standard deviation for this is 2.07447. For question 6 it is seen that the significant p-value is seen to be at 0.257 as this is seen we will defiantly accept the Ho.

Organisation * Question8

Organisation

Question8	Mean	N	Std. Deviation
YES	4.3800	50	2.07895
Total	4.3800	50	2.07895

Does the FI develop written policies that they have in place to prevent, detect and report suspicious money laundering transactions?

In Question 8, it is seen that 100% of all respondents agreed that their own financial institution develop written policies that they have in place to help prevent, detect and also report suspicious money laundering transactions in which the standard deviation is about 2.07895. From the survey, it is seen that financial institutions in Malaysia do provide written policies for all staff in their organisation as the significant level is seen to be at 0.499, we accept the Ho.

Organisation * Question9

Organisation

Question9	Mean	N	Std. Deviation
YES	4.3800	50	2.07895
Total	4.3800	50	2.07895

Are the FI's AML policies and practices being applied to all branches of the FI?

In Question 9 of the survey, it is seen that 100% of the responses obtained by this survey said yes that anti-money laundering (AML) policies and practices are being applied through all branches of the financial institution. The standard deviation of this question is 2.07895. The significant level for question 9 is seen to be at 1, this is because all 50 respondents agreed that it is important to practice AML policies, in which we accept the Ho.

Organisation * Questionn10

Organisation

Questionn10	Mean	N	Std. Deviation
DISAGREE STRONGLY	2.0000	5	.00000
NEITHER AGREE OR DISAGREE	7.0000	2	.00000
AGREE	4.7200	25	1.98997
AGREE STRONGLY	4.2000	15	2.24245
NOT SURE	4.6667	3	.57735
Total	4.3800	50	2.07895

Money laundering that takes place in a country will definitely affect a country's economy and reputation?

In Question 10, 50% of respondents that took the survey agreed that money laundering that takes place in a country will definitely affects a country's economy and its reputation following with another 30% of respondents agreeing strongly with the statement. The standard deviation for agreeing is 1.98997 followed with agreed strongly with a standard deviation of 2.24245. The significant p-value for question 10 is seen to be at 0.45 at which the Ho is accepted. The respondents agreed that the economy is affected by money laundering.

Organisation * Question11

Organisation

Question11	Mean	N	Std. Deviation
DISAGREE STRONGLY	1.8333	6	.40825
DISAGREE	4.1111	9	1.26930
NEITHER AGREE OR DISAGREE	5.5000	10	2.22361
AGREE	4.8000	15	2.04241
AGREE STRONGLY	4.4000	10	2.11870
Total	4.3800	50	2.07895

Money laundering that takes place in a financial institution will reduce the number of foreign investors?

In Question 11, it is seen that 15 out of 50 respondents have said they agreed with the statement where it says that money laundering that takes place in a financial institution will reduce the number of foreign investors. The reason for this is because with more money laundering problems occurring within a country, foreign investors will feel reluctant to invest their money in a country that is facing problems as they fear to lose money. The standard deviation for the agreed respondents is 2.04241. The level of significance for question 11 is at 0.09 meaning a high percentage agree that investors will reduce when money laundering takes place, as such we accept Ho as it is more than 0.05.

Organisation * Question12

Organisation

Question12	Mean	N	Std. Deviation
DISAGREE	1.0000	1	.
NEITHER AGREE OR DISAGREE	3.3333	9	2.17945
AGREE	4.7391	23	2.04978
AGREE STRONGLY	4.6471	17	1.86886
Total	4.3800	50	2.07895

Generally financial institutions have a good AML monitoring system which is used to detect any anomalies which will help prevent money laundering to take place especially for high risk businesses.

Based on Question 12, the table above shows that 46% of the survey respondents agreed that generally financial institutions have a good anti money laundering (AML) monitoring system which is used to detect any anomalies which will help prevent money laundering to take place especially for high risk businesses. The standard deviation for this would be 2.04978. It is seen that 0.54 level of significance is seen in question 12 as the data is received from the ANOVA test, hence Ho is not rejected as the value is more than 0.05.

Organisation * Question13

Organisation

Question13	Mean	N	Std. Deviation
DISAGREE STRONGLY	2.0000	5	.00000
DISAGREE	4.5000	2	3.53553
NEITHER AGREE OR DISAGREE	4.5000	6	2.25832
AGREE	4.8000	20	2.04167
AGREE STRONGLY	4.5294	17	1.97223
Total	4.3800	50	2.07895

To increase efficiency in combating money laundering FIs need to identify the level of staff compliance to AML/CFT policy & procedures.

In table above, it shows that 40% or 20 respondents agreed that in order to increase efficiency in combating money laundering, financial institutions needed to identify the level of staff compliance towards the AML/CFT policy and procedures. This was followed with 17 respondents agreeing strongly with the given statement. The standard deviation is such as 2.04167 and 1.97223. It is important to know at what level of awareness that financial institutions staff know about their AML/CFT policies as it is seen that a 0.45 level of significance is seen in which the Ho is accepted as it is more than 0.05.

Organisation * Question14

Organisation

Question14	Mean	N	Std. Deviation
DISAGREE STRONGLY	2.0000	5	.00000
DISAGREE	4.3333	3	2.51661
NEITHER AGREE OR DISAGREE	5.3333	9	1.58114
AGREE	4.2917	24	2.23566
AGREE STRONGLY	5.0000	9	1.73205
Total	4.3800	50	2.07895

Money laundering diminishes government tax revenue and therefore indirectly harms honest taxpayers?

In Question 14, it is seen that 48% of the survey respondents agreed that money laundering diminishes government tax revenue and therefore indirectly harms honest taxpayers, the standard deviation is seen at 2.23566. The significant p-value for question 14 is seen to be at 0.45, and as the value is more than 0.05 we will accept the Ho.

Organisation * Question15

Organisation

Question15	Mean	N	Std. Deviation
DISAGREE	2.8889	9	1.36423
NEITHER AGREE OR DISAGREE	4.7500	4	2.87228
AGREE	4.8400	25	1.88591
AGREE STRONGLY	4.2727	11	2.41209
Total	4.3469	49	2.08717

Money-laundering activities taking place at non-financial institutions such as travel agencies, real-estate industries and casinos/gambling outlets?

Half of the respondents agreed that money laundering activities takes place at non-financial institutions such as travel agencies, real estate industries and casinos/ gambling outlets followed by another 22% which agree strongly with the given statement, the standard deviation is 1.88591 and 2.41209. The significance level for Question 15 is seen to be at 0.01, hence we have to reject the Ho and accept the H1 as the value is below 0.05. Slightly less than half of total respondents agreed that money laundering took place in non-financial institutions.

Organisation * Question16

Organisation

Question16	Mean	N	Std. Deviation
DISAGREE STRONGLY	2.0000	5	.00000
DISAGREE	4.3333	6	.51640
NEITHER AGREE OR DISAGREE	5.0000	7	2.00000
AGREE	4.8095	21	2.15914
AGREE STRONGLY	4.2727	11	2.41209
Total	4.3800	50	2.07895

Internet banking contributing towards increasing trend in money laundering in financial instructions?

In Question 16, it is seen that 21 out of 50 respondents agreed that internet banking does contribute towards increasing trend in money laundering in the financial institutions with a standard deviation of about 2.15914. The significant p-value is seen to be at 0.45 for question 16 where internet banking does contribute to a certain extend towards money laundering. Therefore, we accept the Ho.

Organisation * Question17

Organisation

Question17	Mean	N	Std. Deviation
DISAGREE STRONGLY	2.0000	4	.00000
DISAGREE	2.0000	1	.
NEITHER AGREE OR DISAGREE	4.4000	10	2.06559
AGREE	4.5217	23	2.15047
AGREE STRONGLY	5.0000	10	1.88562
NOT SURE	5.5000	2	2.12132
Total	4.3800	50	2.07895

Money laundering activities have significant impact on foreign direct investment in Malaysia.

Question 17 states that money laundering activities have significant impact on foreign direct investment in Malaysia where a total of 23 out of 50 respondents agreeing with the statement. The standard deviation is at 2.15047. We accept the Ho for question 17 because the significant p-value is at 0.45 which is more than 0.05.

Organisation * Question18

Organisation

Question18	Mean	N	Std. Deviation
DISAGREE	7.0000	1	.
NEITHER AGREE OR DISAGREE	4.2857	14	2.33464
AGREE	4.4118	17	1.87279
AGREE STRONGLY	4.3571	14	2.13423
NOT SURE	4.0000	4	2.44949
Total	4.3800	50	2.07895

Money launderers are not interested in profit generation from their investments but rather in protecting their proceeds.

It is seen in Table 18, that 34% of respondents agreed that money launderers are not interested in profit generation from their investments but rather in protecting their proceeds where the standard deviation is at 1.87279. The significant level for question 18 is at 0.18 in which we accept the Ho as it is more than 0.05.

Hypothesis 1

Anti-Money Laundering Act (AMLA) has a positive relationship in combating money laundering in Malaysian Financial Institutions.

Based on the above hypothesis it is seen in this survey conducted among Malaysian Financial Institutions that all staff are aware about AML training. Besides that, it is seen that 94% of all respondents did a post assessment after they had attended Anti Money Laundering training. Surprisingly, it is seen that most staff stated that they attended Anti-Money Laundering training quarterly which is about 32% and annually which is about 28%, being the majority of the responses received.

Hypothesis 2

High risk businesses contributes towards Money Laundering.

This hypothesis is seen to be true as high risk businesses do contribute towards money laundering, which will affect the Malaysian Financial Institutions. There are many types of high risk businesses such as travel agencies, real estate industries, casinos, gambling outlets, money exchanges and even insurance. Half of the respondents agreed that money laundering activities took place at non-financial institutions such as travel agencies, real estate industries and casinos/ gambling outlets, being followed by another 22% which agreed strongly with the given statement.

Hypothesis 3

Strict enforcement of AMLA regulations and guidelines will reduce money laundering activities in Malaysian Financial Institutions (FIs).

This hypothesis is accepted because money laundering activities that takes place in Malaysian Financial Institutions can be reduced with a strict implementation of the AMLA guidelines and regulations. 46% of the survey respondents agreed that generally financial institutions have a good anti-money laundering (AML) monitoring system which is used to detect any anomalies which will help prevent money laundering to take place.

Hypothesis 4

Good AMLA enforcement from Financial Institutions (FIs) will have a positive impact towards leakages in the Malaysian economy.

This hypothesis is accepted because by having good law enforcement agencies, it will help the Malaysian economy to grow. It is seen that 30% of respondents have said that they agreed with the statement where it says that money laundering that takes place in a financial institution will reduce the number of foreign investors. The reason

for this is because with more money laundering problems occurring within a country, foreign investors will feel reluctant to invest their money in a country that is facing problems as they fear to lose money. By reducing the money laundering problem in Malaysia more investors will invest in Malaysian and it will help the Malaysian economy to grow even further.

5.0 Conclusion and Suggestions

5.1 Introduction

The study was conducted to study the causes and effectiveness on combating money laundering in the Malaysian Financial Institutions (FIs). The survey conducted was carried out in certain financial institutions such as banks around the Klang Valley.

It is extremely important to understand what the main causes are that contribute towards money laundering in the Malaysian Financial Institutions, as well as to know what types of high risk businesses and how the Malaysian economy is affected when money laundering takes place.

Financial institutions have to monitor and follow up on their staffs understanding towards the Anti-Money Laundering act (AMLA) and to also provide them with training to ensure that their knowledge is constantly up-to-date.

5.2 Limitations of the study

There is seen to be a few limitations that can be highlighted in conducting this research paper. One of the limitations that would be highlighted would be at the number of respondents; this is because it plays a big part in having an accurate data when the survey is conducted. The questionnaire was distributed evenly among 7 financial institutions in which a total of 50 respondents managed to answer the questionnaire. Even though all 7 banks did not give the same number of respondents, it was still great that I managed to get feedback from various well known financial institutions in Malaysia.

5.3 Summary of the Study

In this research paper, a study is conducted towards the causes and effectiveness on combating money laundering in the Malaysian Financial Institutions (FIs). It is important to identify how money laundering takes place in the Malaysian Financial Institutions, and by this taking place it is important to also understand that the Malaysian economy itself is affected.

A set of questionnaires were evenly distributed among Malaysian Financial Institutions in the Klang Valley. The results obtained were analysed using one-way

ANOVA and also cross tabulation. The results were used to determine if the hypotheses were accepted or rejected.

5.4 Recommendations

Measures to prevent, detect and combat money laundering activities have already been initiated by international, regional and specialised agencies including the Financial Action Task Force (FATF) on money laundering, the United Nations, the International Monetary Fund (IMF), the World Bank and the FATF style regional bodies (Vaithilingam and Nair, 2007).

Malaysia has also taken some crucial movements to protect itself from illegal acts and to help curb money laundering. According to Shanmugam et al. (2003) and Shanmugam (2004), Malaysia had participated as a core member in the Pacific Group of Money Laundering (APG) in May 2000. The principal objective of APG is to provide a regional focus for cooperation against money laundering.

Knowing your customers, collecting information about customers' identity, citizenship, occupation, source of funds, volume and type of activity, and countries where they do business can help banks learn what kind of risk the customers pose, the report said.

Keeping surveillance processes up-to-date. Banks to monitor customers who move money in and out of the bank very quickly; customers who often deposit amounts just below the reporting threshold; single beneficiaries receiving money from many originators; customers depositing large sums to be sent to high-risk countries by wire transfer; and other red flags, the report said.

An investigative and reporting system for following up on red flags and reporting to authorities is needed, the report said. Investigators must be properly trained, and data must be brought together from different parts of the organisation and analysed.

Updated policies, the foundation for AML deterrence is policies that demand appropriate risk assessment, training mechanisms, and audits of controls across the enterprise, the report said.

Other than that, Thanasegaran and Shanmugam (2008) focused on the measures to combat money laundering in the other financial sector which is the insurance sector. The measures are, the insurance sector in Malaysia is required to report suspicious customers or transactions to BNM by observing the "know your customer" principle established by BNM in order to recognise or detect suspicious customers or transactions. These principles require insurance companies to know material information related to the customers. The information includes their families, financial and economic background. The insurance companies is also required to monitor the financial flows and transaction trends of their existing customers, and be

watchful and alert in detecting unexpected changes in their accounts. Apart from that, the Anti-Money Laundering (AML) framework requires insurance companies to train all their staff regardless of their departments to be aware and vigilant of money laundering activities.

5.5 Future Research

This study can be a guideline for any researchers that are interested to study about the causes and effectiveness on combating money laundering in Malaysia Financial Institutions (FIs). As there are not many research papers that focuses on all the objectives mentioned in this research, this paper can serve as guidance to the future researchers. Many past research conducted on this theme are old and may not be applicable for this era as there are more new ways for money laundering to take place mainly online, since the internet connects everyone together. Therefore, it is advisable for more people to focus on this issue and have different aims such as comparison of combating money laundering in financial institutions with other countries.

5.6 Conclusion

The past few years have seen a fundamental change in the legal and regulatory environment relating to anti-money laundering measures in Malaysia. With the implementation of AML laws, Malaysian Financial Institutions have found themselves having to comply with an increasing number of regulations and guidelines. More importantly, the laws have put legal and administrative burdens on financial institutions which are onerous and may involve serious legal and other liabilities for deficient compliance. It is believed that Malaysian Financial Institutions have spent considerable sums of money on AML compliance. Given the increased costs incurred by financial institutions, it is likely to see these costs being passed down to the customers. Unfortunately, it is still unclear at this stage whether the benefits of AML compliance outweigh its cost. It is undeniable finding a right balance between the benefits of the AML laws and the costs to the banks and their customers is not easy. However, it must be borne in mind that failure to find the right balance will not only create significant compliance problems for the financial institutions, but also has the potential to adversely affect the stability, competitiveness and proper function of the commercial system. Indeed, it is unreasonable if the toughness of the laws seems to fall on the law abiding and conscientious on financial institutions and their customers rather than on the criminals. As such, effective coordination between the AML regulator and the financial industry is vital to minimize problems faced by these institutions and thereby to ensure effective implementation of the laws in combating money laundering. This is why it is important to combat money laundering in financial institutions as it can cause many problems within the country itself.

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Young People Turning Terrorist in Malaysia: From the Perspective of Psychology

Tan Huei Ching

Abstract

This study is done with a purpose to identify the factors why young people are turning into terrorist in Malaysia from the perspective of psychology. Empirical research findings show that the transition of a young person into a radicalized person can be explained in terms of psychological aspects. This study also reviews the numerous cases which has happened in Malaysia during these years to identify the underlying psychological factors such as the sense of belonging, ideology system and the desire to seek acceptance and purpose in life. This study also demonstrates the understanding of the process of radicalization – young people turning into a terrorist. Several preventive measurements have been suggested to deter the occurrence of terrorist activities as the researcher believes that it will be helpful to understand the underlying factors affecting young people to turn into a terrorist from psychological aspects which is indicated to be more relevant to the individual.

Keywords: Terrorism, Psychological Aspects, Radicalization, Malaysia

1.0 Background of the Study

In the world today, there is a growing trend in violence, both domestically and internationally, in the form of terrorism. It is present in our everyday lives and in every part of the world while some have more than others. Terrorism takes on many forms and has had an impact on all our lives in one way or another. Whether it affected us directly with the loss of a loved one or an incident we were a part of, or indirectly by heightened security at the airports causing delays, sudden drop in a stock values we own, or emotionally by the countries reports and images displayed by the media, terrorism has affected us all and shows no signs of going away anytime soon.

1.1 Statement of Problem

According to the survey from the Statistics Portal, terrorism has caused around 130,000 fatalities worldwide from 2006 to 2015 and it showed an increasing trend especially in 2014 and 2015 (The Statistic Portal, n.d.).

Terrorism can be described as the wrongful use of violence in order to intimidate civilians or politicians for ideological, religious, or political reasons with no regard for public safety. Terrorism provokes deep fear and insecurity in any more than other forms of violence. According to the survey carried out by Anneli and Mahdi (2014), young people from the ages of 15 to 24 are at their most

impressionable and most open to outside influence, because they are both becoming increasingly aware of the social and political world around them and simultaneously establishing their own identities and political selves. The finding of the survey is illustrated in Figure 1 as below.

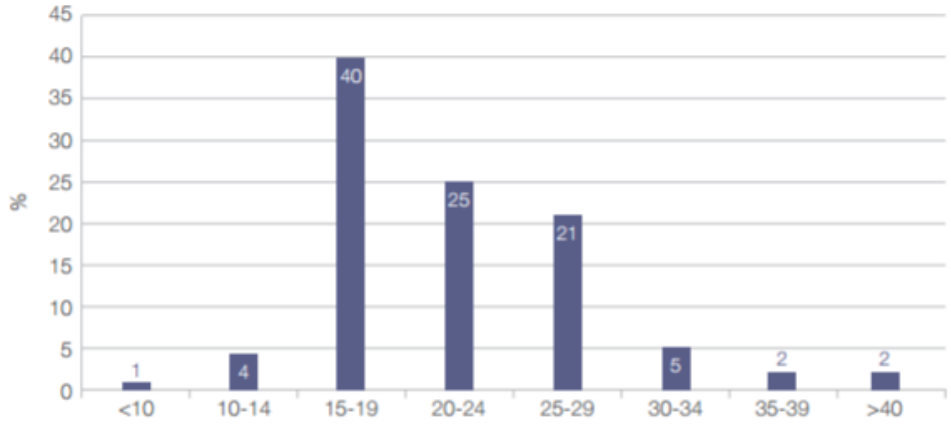


Figure 1: Age at which interviewees joined al-Shabaab

The results showed that young people from their identities between the ages of 15 to 19 when they are often radicalised and recruited. Generally, young people are particularly vulnerable to radicalisation for two primary reasons: their impatience with the status quo and their desire to change the political system and if necessary through the use of violence.

Therefore, it is important to understand that the factors influencing young people to become terrorists alongside the social dynamics of their organization ensure that terrorists are not random representatives of their population (O-Connor, 2004). Identifying the causes of terrorism has been a goal of researchers for many years. The empirical study in these issues is crucial for the society to have the knowledge, given the psychological factors turning young people into a terrorist when they respond in such circumstances.

1.2 Research Objectives

The objectives of this study are as follows:

a) To identify the factors turning young people into a terrorist from the perspective of psychology;
b) To understand the psychological or behavioural dimensions of a young people turning into a terrorist; and
c) To examine the relationship of the psychological behaviours turning young people into a terrorist.

1.3 Research Questions

Questions that need to be answered for this study based on the research objectives are:

a) What are the factors turning young people into a terrorist from the perspective of psychology?
b) Will the psychological or behavioural dimensions help to understand the process of young people turning into a terrorist?
c) Will individuals' psychological behaviour relates to the effect of young people turning into a terrorist?

1.4 The significance of the Study

This study is significant to the authority such as the government, other relevant agencies, civil society and researchers. For the authority: the study could assist to provide an understanding of what is terrorism. It has become necessary to learn its process, its significance and how is it developing into our society, what is its roots, how it has evolved until the present time as well as how is it can be stopped. For the civil society: the anti-terrorism advocates could use the research findings to further champion the needs to enhance terrorism detective measures in Malaysia. The researcher could use this study as a reference and further some of the findings in their future study of terrorism issues among the young people in Malaysia.

2.0 Literature Review

2.1 Theoretical Framework

Social learning theory combines cognitive learning theory, which posits that learning is influenced by psychological factors, and behavioural learning theory, which assumes that learning is based on responses to environmental stimuli. Psychologist, Albert Bandura, integrated these two theories and came up with four requirements for learning: (1) observation, (2) retention, (3) reproduction and (4) motivation. According to Bandura (1977), "Most human behaviour is learned observationally through modelling: from observing others, one forms an idea of how new behaviours are performed, and on later occasions, this coded information serves as a guide for action" (p. 22).

2.2 Past Researches

One culturally prevalent answer to the question is that terrorists are "driven" or "pushed" to do it and that the decisive driving or pushing agent is a pathology. Similar conclusions were drawn from the studies by Randy Borum (2004), United Nations Security Council (2015), Omar (2015) and Stephen (2014), which found that terrorist organisations often grow their ranks by recruiting youths who have a need for belonging.

2.3 Terrorism in Malaysia

According to the news from Free Malaysia Today (Muzliza, 2017), youths make up of 80% of Malaysians arrested so far for their links to the Islamic State terror organisation. Based on the investigation, out of the 80% of the young people come from broken families, they are lonely and they seek solace in social media. Terrorism expert Ahmad El Muhammady also stated that IS provides those young people not only the sense of belonging but a new vision, meaning and direction in life, the very things they yearn for. However, they fail to realise that they are being exploited as they believe that they are fighting for a just cause and they know the risks involved. This clearly indicates the strong sense of belonging and connectedness plays a vital role in turning young people into a terrorist.

3.0 Research Methodology

This study is qualitative research based on the analyses of terrorism-related literature and reports, journals and data from various public and private institutions, international organizations and anti-terrorism advocates of civil society.

This study is carried out to study the relationship of how young people turn into a terrorist affected by psychological behaviours. The review of researches is not only limited to Malaysia but also the entire world as there are fewer researches carried out in the context of Malaysia. However, the data will be further analysed to be applied in the context of young people in Malaysia.

4.0 Results and Discussions

4.1 Recent Terrorist Attacks in Malaysia

In the wake of the recent terror attacks by Islamist extremists in Paris, Egypt and Lebanon, the Inspector-General of Police Khalid Abu Bakar had announced Malaysia will tighten its security, especially following imminent terrorist threat in Malaysia during a gathering of world leaders for the 27th ASEAN Summit which included US President Barack Obama (Marc, 2016). It is not alarming with these recent occurrences that Malaysia has emerged in the top 50, ranking at the 49th spot on the Global Terrorism index 2015, produced by the Institute of Economics and Peace (2015). This is worrying as we have climbed 42 spots within three years from being 91st in 2012. The report revealed that Malaysia's score 3.579 is on the lower scale of the index, in which zero denotes no impact of terrorism (Institute for Economics and Peace, 2015). Nevertheless, Malaysia was also among the top 17 source countries in the Organization for Islamic Cooperation ("OIC") that have seen its people fight for IS in Iraq and Syria.

In the latest arrests made between 21st February and 26th February, one Malaysian and one Indonesian were detained for planning to launch a large-scale car

bomb attack using a vehicle-borne improvised explosive device before leaving to join ISIS in Syria. The 41-year-old Malaysian and 28-year-old Indonesian were working as factory technicians when they were arrested in Kepong, Kuala Lumpur. In a statement, Inspector-General of Police (IGP) Khalid Abu Bakar said that both of the arrested had received directions from Mohamad Wanndy Mohamad Jedi to carry out the bomb attack planning (The Straits Times, 2017). Mohamad Wanndy is a Malaysian linked to IS Syria said to have orchestrated the attack on the Movida nightclub in Puchong last year.

According to the news in Free Malaysia Today (Khairah, 2017), there are few main reasons driving people to become terrorists for example hope, acceptance, acknowledgement and purpose in life, says an expert. Maszlee Malik of the International Islamic University Malaysia further stated that the youth in Malaysia apparently find the meaning of life as they find their lives meaningless and of no use. They are only given hope and a purpose in life after joining terrorist groups. He was explaining what made Malaysians join IS and other terrorist groups in a statement. *"Since this life has no meaning for the youth, they figure by blowing themselves up, they are fulfilling the jihad, their new purpose in life."*

In addition, Malaysia lacked a conducive environment which offered hope and support, and those young people who joined terrorist groups were in search of these elements to fulfil their purpose in life. The younger generation is more inclined to participate in terrorist groups as they want to be regarded as heroes and be regarded as someone important. Joining terrorist groups are where they could gain their support and acknowledgement.

This is clearly explained in the case of the rise of a jihadist-celebrity, Muhammad Wanndy Mohamed Jedi. Muhammad Wanndy Mohamed Jedi, also known as Abu Hamzah Al-Fateh, is a Malaysian with no known prior links to terrorist organizations. He became radicalized, joined the IS and pushed its religion-political agenda through his online activities. Wanndy has become an online jihadist-celebrity and is linked to various home-grown cells in Malaysia, including the cell responsible for the Puchong grenade attack in June 2016 (Emmanuel, 2017).

The report revealed that Muhammad Wanndy Mohamed Jedi, 26-year-old, was born in Alor Gajah in Malacca, Malaysia. He was the third son out of four siblings and he lost his mother to leukaemia in 2011. From the report, his story is a troubling narrative of self-radicalization. With no prior links to any jihadist organization, a poor guy from a poor family background found his way into the ranks of IS and became a jihadist-celebrity himself. This proved the statement that the younger generation is more easily influenced by usual propaganda promoted by a terrorist group that the sense of belonging especially the youth from the difficult family background (RSIS, 2016).

The Times of India (2015) reported that a 14-year-old Malaysian girl suspected to be on her way to join the dreaded IS terror group has been arrested at an

airport. The girl, who is from Muar in southern Malaysia, was arrested by the Special Branch Counter Terrorism Division before she could board a Cairo-bound flight at KL International Airport. People may be curious about the reason for the women to support a group that subjugates females or a group that demonstrates the killing of innocent women and children. However, reports revealed that women have shown continuous support to take up arms for terrorist organizations, for example, by presenting themselves at the front line of battle in all over the world such as the Peru's Shining Path, Chechen rebel groups, and the Sri Lankan Tamil Tigers as well as their active participation during the period of 1970 to 1980 (Maeghin, 2016). Therefore, it should not shock anymore that they are now members of ISIS.

The likelihood exists in spite of the shocking persecution of women in numerous terrorist organizations, women join to demonstrate the value of their sexual orientation in the expectation of gaining towards women's rights. Yet, this may cross the brain of a few that it is not the constraint driving their loyalty to the group. Significantly more ordinarily, women choose to abandon their families and lives behind to join terrorist organizations for the same reason as men as they believe in the cause. In the event that policymakers ever plan to comprehend the prevalence of female radicalization and enlistment, they should first put the generalizations to rest.

4.2 Experts Views on Terrorism Targeting the Youth

The IS organization appears to be enthusiastic about focusing on the youngster for recruitment into either dynamic activists serving on the frontlines in Syria and Iraq or so-called the "lone wolves" conveying to generate fear yet not necessarily instructed by the group. At different times, there are different definitions to describe youth in terms of the nation as well as institutional jurisdiction within the issue. Youth is defined as an individual between 15 to 24 years old according to United Nations Secretariat and World Bank whereas Denmark Youth Council defines the age range of 15 to 34 years old to be considered as a youth (United Nations Department of Economic and Social Affairs, n.d.).

The adolescent years are a period of exceptional change. Notwithstanding the turmoil caused by the alteration in a juvenile's body, psychological and social changes make a hazardous mixed drink can lead to unfortunate result within certain circumstances. The immature personality creates better abilities to think more dynamically and theoretically about the world. This will result in a situation that the young people seek after unhealthy activities when these mental advances come to an enthusiastic optimism about the world in order to satisfy the craving for idealism. This idealism is feeling based. It can run unchecked coupled with an immature decision-making process and this explains why terrorist organizations always appear to the young people to promote the propaganda of creating an idealistic world.

On a social level, young people are yearning to build up a feeling of personality. They look for meaningful responses to the common topic of who I am.

Young people are on a journey to locate their actual feeling of self-making them feel important and relevant. They are on a search for their relationship, religious, political, occupational, gender and cultural identities. Young people should be exposed to meaningful alternatives of what they can have faith in and become in the future in order to build up a sense feeling of personality. In addition, they require a warm and sustaining condition that enables them to investigate and explore various character choices over time.

Lacking the ingredients of a healthy identity development, teens may choose a quick fix to their identity quest by embracing a group that can offer them a distinct sense of being unique and important. Unfortunately, joining a local gang or terror group on the other side of the world can seem unique and important when you lack a sense of true self and are working with an underdeveloped frontal lobe. According to Dr Jan Ali, Lecturer in Islam and Modernity in the department of Islamic Studies at the University of Western Sydney, young individuals suffer from an identity crisis when they have limited resources and limited opportunities to create relationships with each other (Anthony, 2014). One way to solve that is to join a movement where there is a sense of brotherhood, a sense of identity and a sense of purpose.

4.3 The Advantage of Recruiting the Youth

Youths with no prior police records allow the terrorist group more operational freedom as the involvement of youths would reduce the likelihood of arrest of the more senior terrorist leaders (The Times, 2017). Such youths also have the added advantage of allaying suspicion on the part of the security and enforcement authorities. This could perhaps explain the Islamic State's interest in recruiting youths.

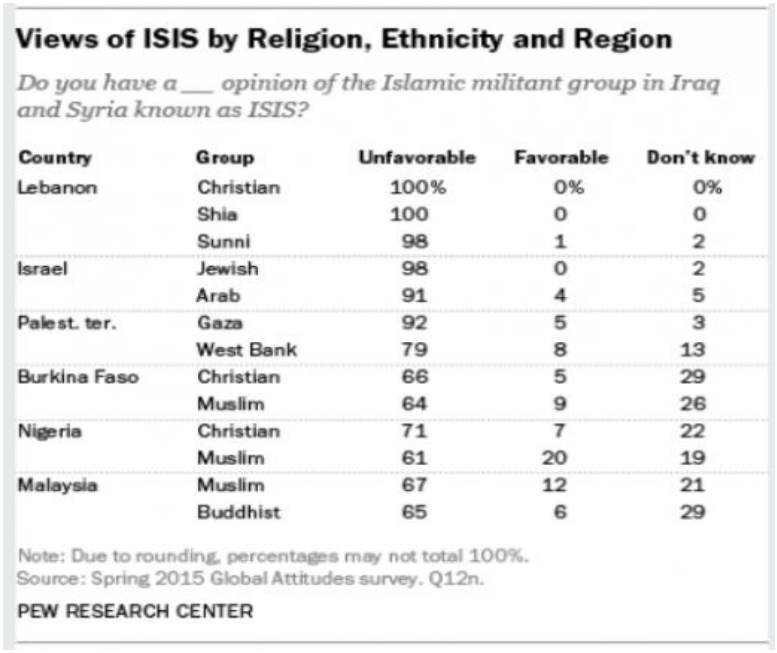
The study on recruitment and radicalization of school-aged youth by international terrorist groups revealed that the primary benefit for the terrorist groups recruiting youth is that it enables them to fill their ranks, which is crucial to their continued existence (Maeghin, 2016). Also, the use of young persons is likely to help some groups evade detection by security forces, something that would enable them to carry out terrorist attacks. It does not appear that there are significant negative consequences to groups that have utilized young persons to further their goals.

4.4 The Trend of Terrorism in Malaysia

Malaysia’s anti-terrorism chief Ayob Khan Mydin Pitchy said that the number of Malaysians nabbed for trying to join terrorist group ISIS shows an alarming trend, witnessing rising every year in the past four years. The report showed that there were only four arrested for trying to join ISIS in 2013; however, this rose tremendously to 59 to 85 in 2014 and 2015 respectively. The number was then spiked drastically to 119 in 2016. Mr Ayob Khan also further mentioned that there are

currently 60 Malaysians in Syria with some assigned as snipers for ISIS and others as suicide bombers (The Straits Times, 2017).

According to the study on the views of ISIS by religion, ethnicity and region carried out by Pew Research Centre in 2015, the report revealed that over one in ten people in Malaysia hold favourable views of IS despite atrocities committed (Jacob, 2015). The findings come at a time when Malaysia is grappling with the spread of IS ideology among locals, with increasing arrests reported over suspected links to the terrorist group that claimed responsibility for the deadly attacks in Paris, France.



Views of ISIS by Religion, Ethnicity and Region

Do you have a ___ opinion of the Islamic militant group in Iraq and Syria known as ISIS?

Country	Group	Unfavorable	Favorable	Don't know
Lebanon	Christian	100%	0%	0%
	Shia	100	0	0
	Sunni	98	1	2
Israel	Jewish	98	0	2
	Arab	91	4	5
Palest. ter.	Gaza	92	5	3
	West Bank	79	8	13
Burkina Faso	Christian	66	5	29
	Muslim	64	9	26
Nigeria	Christian	71	7	22
	Muslim	61	20	19
Malaysia	Muslim	67	12	21
	Buddhist	65	6	29

Note: Due to rounding, percentages may not total 100%.
Source: Spring 2015 Global Attitudes survey. Q12n.

PEW RESEARCH CENTER

Figure 2: Results of Pew Research Survey

The data showed that a quarter of respondents claimed that they did not know and this is indeed troubling as approximately 30% of Malaysians have some degree of affinity towards ISIS. The report also revealed that more than one-third of respondents are in the view of neutral as holding a favourable stand towards ISIS or do not see ISIS brings any negative impact especially among Malaysia's Buddhist population (Jacob, 2015).

On 16 January 2016, a suspected militant arrested in a train station in Kuala Lumpur had confessed to planning a suicide attack in the country, said Malaysia's Inspector-General of Police Khalid Abu Bakar (The Guardian, 2016). The 28-year-old Malaysian man is believed to be a member of the IS and was arrested with weapons and documents related to IS. Khalid also said in a statement that the "suspect confessed planning a suicide attack in Malaysia after receiving orders from a foreign IS member in Syria. The suspect is also responsible for hanging IS flags at several

locations in the states of Terengganu, Perak, Selangor and Johor, in order to warn the government to stop arresting IS members in Malaysia," a confession from the suspect.

In a statement, Khalid also said that three other people suspected of being supporters of IS were also arrested between January 11th and January 15th, 2016. The three were arrested at the Kuala Lumpur International Airport after they returned from Turkey, where they were detained for trying to make their way into Syria to join IS. The three suspects are aged between 23 and 28 and a picture of the arrest released by police appeared to indicate one of the suspects was a woman. The report also revealed that the three were recruited by a known Malaysian IS member named Muhammad Wanndy Mohamed Jedi, who is based in Syria and he has been linked to a video released in 2015 that showed a man being beheaded there (Rozanna and Praveen, 2016).

According to Khalid, Malaysia has detained 145 people since 2013 on suspicion of links with ISIS. In September 2016, the Malaysian police thwarted a plot to detonate bombs in Kuala Lumpur's vibrant tourist area of Bukit Bintang. Other recent plots frustrated by the Malaysian security forces included plans to raid army camps and seize weapons. In addition, in a statement made by the Malaysian Inspector-General of Police, Tan Sri Khalid Abu Bakar, those who were arrested had been recruited and given instructions through social media (Rozanna and Praveen, 2016).

Dr Zainah Shariff, the CEO of the Institute for Youth Research Malaysia (Lyres) explained in an interview with The Star Online that, according to the research, 85% of youths convicted for terror-related offences received their first exposure to militant ideology through social media (Dina, 2016). She also further mentioned that when a youth convicted for terror-related offences was asked what he would do if he wanted to fight radicalization, he would ban Facebook and social media as that is the main source and a starting point for the ideology to spread.

The Islamic State perceived the energy of advanced media, found the utility of transferring grainy recordings of his barbarities to the Internet. As the group evolved, its advocates outperformed and embarrassed they are intense by putting a premium on development. The Islamic State boosted its compass by misusing an assortment of stages including online networking systems, for example, Twitter and Facebook, messaging applications and substance sharing frameworks. With the considerable exposure of web-based social networking, young people are effectively encouraged with jihadist data on the web.

Home Ministry of Malaysia ("KDN") highlighted that 75 percent of the recruitment by IS in Malaysia happened via social media. Considering Malaysia has an internet penetration rate of 67.6 percent and Malaysians are generally active social media users, this allows for easy access of the ideology and operatives of IS to vulnerable sections of the Malaysian populace so that processes of radicalization and recruitment can occur (Norizzati and Ismail, 2017). The era of hyper connectivity, as

we all experience it today, also allowed for individual cells to be set up much more easily as frequent face-to-face contact is unnecessary with the use of smartphones.

According to Trading Economics (2017) global macro models and analysts' expectations, the terrorism index in Malaysia is expected to be 3.68 by the end of 2017. In the long term, the Malaysia terrorism index is projected to trend around 3.57 in 2020, with the application to the econometric models. Malaysia's deputy home minister also warned that Malaysia faces the threat of IS inspired attacked designed to glamorize terrorism followed by the forecast terrorism index for the next few years.

With current developments in Malaysia, it is much easier for suspected ISIS members to blend into the society and form a significant part of a large community in Malaysia and this can pose a serious threat for Malaysia's national security (Paneir, 2016). Therefore, it is critical for the relevant authorities to establish a network of informers within the community meanwhile educating and providing knowledge on recognizing signs of radicalism to the community.

5.0 Conclusions and Suggestions

This study reviews a few key factors that contribute to the turning of young people as a terrorist in Malaysia including the strong sense of belonging, the offer to become someone significant – heroic inspiration, grievances against society as a whole, contrarian viewpoint to mainstream as well as the ideology to promote the belief in who they are.

Based on the previous analysis and reports, the study found that the strong sense of belonging for the first time in one's life is the primary reason for staying in the terrorist organization and becoming an active supporter engaging in terrorism rather than a passive supporter simply sympathizing with the cause. The study also revealed that the terrorist groups always provide their members with a feeling of belonging and empowerment as young people did not feel they had a stake in their societies. Experts from the relevant institutions also urged to advise users to be aware of the website and content that they find while surfing the Internet as the social media is the favourite medium used by the terrorist groups to promote their propaganda to reach out to the potential terrorists.

Henceforth, as the vital root causes have been identified, there is a need to evaluate the measures and to incorporate new policies to enhance the prevention of terrorism in Malaysia. These are much necessary in order to equip Malaysia with a safe environment in complying with more stringent counter-terrorism legislation and requirements.

5.1 Suggestions for Preventive Measures

Malaysia has raised the alert status to the most elevated level with the police uplifting the safety efforts at a few key areas following the attacks which happened

in Jakarta, Indonesia. Malaysia's Inspector General of Police Tan Sri Khalid Abu Bakar (Thai PBS, 2016) quoted recently that "increased security measures are in place at public places such as shopping malls and tourist spots, while extra precautionary actions will be implemented in border areas to prevent possible infiltration of terrorist elements". The Defence Ministry has also further commented that Southeast Asian countries have tightened the security control at the border and the National Security Council is ready to deploy armed forces.

Malaysia's Parliament had passed a new act – The Prevention of Terrorism Act ("POTA") on 7 April 2015 after a twelve hours' debate (Abdul Hakim Othman, 2015). When there is a ground belief to justify the holding of harm to the case of an individual, the police officer may arrest the suspects without a warrant under the new Act as the suspect is believed to be engaged in terrorist activities. Before the case is brought to the Prevention of Terrorism Board, the suspect would be detained for 59 days. The detention can then be further requested to be extended for up to two years and the term can be renewed by the Board if necessary. Moreover, no judicial review is required under POTA and no court can have any say over the decisions of the Board in its discretionary power. In addition, there should be control in place for intelligence sharing as well as law enforcement cooperation within the region as the IS members comprised of individuals from across the region according to the security expert. He also further stressed that "A Malaysian IS member in Syria played a role in organizing the Jakarta attack; likewise, the Indonesian ringleader for the Jakarta attack has also incited violence in Malaysia."

Nevertheless, it is insufficient by only heightening the surveillance and security measures as the spread of radical ideology is the fundamental aspect in breeding terrorism. This is evidenced as the recent study by the Pew Research Centre showed that eleven out of hundred Malaysians feel sympathy towards IS. This is also further supported by an unpublished survey on similar population of Malaysians carried out by Ruffian, an independent pollster showing the consistent views. Therefore, Uren, Southeast Asia analyst urged that it is critical to promote an enlightened version of Islam acknowledging the concept of multi-cultural to combat the fundamentalist ideology by terrorist (Srinivas, 2016). In a nutshell, people also need to stand shoulder to shoulder with the relevant agencies despite heightening the security alert and enhancing the measurements to prevent the further terrorist attacks from happening in Malaysia as society can always play a proactive role by providing necessary information about suspicious behaviour (Paneir, 2016).

5.2 Limitations and Future Research

This study is limited in the sense that not much previous research had been conducted on this topic. Many of the available studies had been placing over-reliance on the secondary data as opposed to the outputs of primary research. In addition, the disclosure of the information of the few available domestic reports had been limited to certain authorities for confidential purpose.

There is a need to create interest amongst the scholars and researchers to continue studying the adequacy and the factors turning youth into terrorist in Malaysia. The findings of future research on this topic will help the policy maker, authority and other institutions to fine tune the existing measures or initiate a new one for further enhancement. It is suggested too that the future study would be able to explore the comparison of Malaysian preventive measures with those implemented in other countries.

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WRITERS' PROFILES

Khor Ee How



Khor Ee How obtained his Bachelor of Economics from University of Queensland, Australia in 2012. Upon completing his studies in 2013, he joined IBM Malaysia Sdn. Bhd as a Project Based Services Execution Project Administrator. His role required him to manage and resolve fulfilment related problems and provide support to customers, as well as to ensure compliance to all audit guidelines and adhere to established processes and company policies to avoid audit exposure. Subsequently in 2015, Khor Ee How joined Citigroup Transaction Services as a Fraud Risk Analyst to manage credit card fraud. It was during his tenure as a Fraud Analyst that he developed a strong interest in Fraud Management, and decided to enroll in the Master of Science in Economic Crime Management programme. Two years later, he changed role to become an Investment and Sales Surveillance Analyst. He is responsible for conducting surveillance monitoring reviews to support Citi's Investment and Insurance businesses. Currently, he is a Senior Analyst in his surveillance role. The subjects offered in the program gives him a new perspective on financial crime, and the knowledge will definitely benefit him as he progresses further in his career.

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Stephanie Ong Li Shu graduated with a Bachelor of Psychology (Hons) from HELP University in 2014 and is a member of the British Psychological Society (BPS). She is working at Citigroup Transaction Services (M) Sdn Bhd (CTSM) as an Anti-Money Laundering Analyst where she analyze alerts and investigate transactional activities to detect any suspicions of money laundering or terrorist financing activity. Prior to joining CTSM, she held a Human Resource position at Prometric Technology Sdn Bhd. The Master's programme has provided a platform for subject matter experts and practitioners to share their invaluable knowledge and experiences that not only enhances her knowledge on various economic crimes, but has also inspired her to pursue a doctorate in Criminology that focuses on organized crime and fraud.

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Sukhveer Singh graduated with Bachelors of Economics (Hons.) from HELP University. He is currently an Anti-Money Laundering analyst at Citibank. The Master's programme has provided valuable knowledge and experience from subject matter experts, industry gurus and practitioners. He strongly believes that the Master's programme is practical and is able to give anti money laundering analyst a greater understanding on economic crime and also enhance the way anti money laundering analyst conduct their work as they are able to identify potential money laundering transaction activities.

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Tan Huei Ching graduated with first class honours in Accounting and Finance from the University of East London in 2013. She had continued her study on part-time basis and completed the Association of Chartered Certified Accountants (ACCA) in 2015. Currently, she is working in Group Investment of Berjaya Corporation Berhad. Prior to joining Berjaya in August 2018, she was an auditor in one of the Big Four public accounting firms – Ernst & Young for 4 years. The Master's programme of Economic Crime Management has immensely enhanced her knowledge in corporate crimes as well as financial fraud of which would be a strong foundation to her future career enhancement. Through the programme, she has also improved the level of scepticism when conducting her audit work as well as assisting in highlighting red flags of the fraudulent acts.

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