

Is cash still king?

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Long read: an exploration of cash in the criminal world??

Going equipped 12 mins read

I am a financial investigations manager in the Eastern Region Special Operations Unit (ERSOU). Since 2012, I have gained extensive experience in the asset recovery field. I've also worked in similar roles in the National Investigation Service, HM Prison Service, Kent Police and the Crown Prosecution Service. I am currently secretary to the National Financial Investigators working group. I undertook a master's degree in financial investigation at the University of Central Lancashire due to the passion I have for this work and asset recovery.

A large motivating factor for undertaking this master's was that financial investigation remains underused. This is despite its potential across a wide range of criminal investigations to disrupt crime. Its reach is far broader than the number and value of assets recovered from criminals. I hoped that the research would show that the importance of cash to criminals has not diminished, and this area should continue to be a focus for law enforcement and academics.

It is important to note that the research, on which this article is founded, was undertaken in 2022 and that financial investigation and asset recovery is an ever-changing landscape.

Introduction

Cash, as both an enabler and result of criminal activity, has been widely recognised by law enforcement as a crucial part of criminal activity and criminal investigations. Criminals, like the rest of us, have access to a wide range of financial systems that have completely changed the way society uses money. In 2015, a report from Europol titled 'Why is cash still king?' (Europol, 2015) identified the prevalence of the criminal use of cash.

Since the publication of this report, the prominence of cryptocurrency and accessibility of other financial systems has presented opportunities for criminals to diversify. It can be argued that cash may have been surpassed by other means to enable criminals to carry out their activities. The

purpose of this research was to test this theory.

Literature review

A review of the existing literature identified a clear gap in existing knowledge as to exactly how criminals used cash. The research that does exist widely supports the understanding that the motivation behind a large proportion of crimes that are committed, particularly in organised crime, is greed and the pursuit of money (Cassara, 2020). Although this might be stating the obvious, the important point to note is that this motivation remains; but how it is achieved can change over time.

As Rogoff (2016) points out, 'the drug trade is famously cash intensive'. This is something that successive governments have recognised since the 1980s. Various legislation has come into effect designed to target criminal cash, originally from the drug trade but latterly branching out into other areas of criminality. These legislative changes include the Criminal Justice Act 1988, Drug Trafficking Offences Act 1986 and the Proceeds of Crime Act 2002. The continuance of the drug trade and the persistence of legislative changes to combat the funding behind it are indicative of the issues that remain today.

Particularly since the terrorist attacks of 2001 and the airline bomb plot of 2006, enhanced security measures at airports should have resulted in a tightening of border controls that would make the smuggling of criminal cash harder. However, the Financial Action Task Force (FATF) has reported that one of the main money laundering risks for the UK was the smuggling of cash through our ports (FATF, 2018). The NCA's National Strategic Assessment, released in August 2024, highlights that this threat remains.

The general appeal of cash has been recognised in research. In some societies and countries, a mistrust of banks and governments makes it preferable (FATF, 2015). The anonymity of cash is also particularly appealing to criminals. Due to the ability to bypass financial institutions, there is much less likelihood for there to be a record of a cash transaction than an online banking transaction. There is equally less likelihood of suspicious cash transactions being reported to the authorities than ones that involve financial accounts. It is noted that the lower risk of detection means that criminals who use cash feel the benefits are significant (Riccardi and Levi, 2018).

The emergence of cryptocurrency has created opportunities for criminals who view it as a means safer from detection than cash. It enables faster payments across borders than traditional cash means. That said, many criminals are familiar with cash and, like many of the general population, find the concept of cryptocurrency confusing and difficult to buy into (Cassara, 2020).

In 2010, 56% of all payments were made in cash, which decreased to just 17% in 2020 (UK Finance, 2021). This trend is expected to continue, or become even starker since COVID-19, and the general shift towards a cashless economy. It is argued that the societal move towards a digital economy could result in a substantial reduction in criminal activity and tax evasion (Hendrickson and Luther, 2019), particularly with transactions becoming more auditable. The future of society is clearly changing. But the impact this future will have on the continued use of cash by criminals is yet to be seen.

Methodology

To build on the literature review, I opted for a qualitative questionnaire. This will require some explanation, as the terms may appear to contradict each other.

I opted for a questionnaire because the basis of the Europol report, on which my research was testing its conclusion, was a questionnaire to member states. Although I don't have access to the research pool that Europol did, I sought to include as many views as possible. Therefore, the questionnaire was accessible to the general public as well as practitioners. I recognised that life experience is just as valuable and sampling a larger population would enable more useful analysis of the data.

The questionnaire was qualitative in nature due to the questions that were asked; they were predominantly open-ended to not restrict opinions (Creswell and Clark, 2011). The anonymity of the questionnaire also supported respondents to comment freely, enabling richer and more honest data (Wincup, 2017).

The first part of the questionnaire gathered demographic information about the participant, such as gender, age range, job role and length of time in role to assist with scrutiny of the sample. Part two consisted of seven open-ended questions to allow participants to express their opinions and perceptions of cash. The questions asked were informed by the literature review but allowed further elaboration and exploration of participants' life experiences. Example questions included the

following.

- Do you believe criminals use cash to facilitate their crimes?
- What do you believe criminals use cash for? Please explain.
- To what extent do you use cash in your personal life? Please explain.

Part three examined participants' intensity of opinions and attitudes to several statements.

Responses were collected using a 5 point Likert scale (Sarantakos 2012), allowing participants to indicate one of the following: Strongly Agree; Agree; Neutral; Disagree; or Strongly Disagree.

Although this method produced a data set which could be statistically analysed, the options allowed for broad understanding of participant feelings towards the statements. Participants were also given the option to elaborate further at the end of the questionnaire if they chose to. Examples of these assertions are as follows:

- a cashless economy would reduce crime
- cash remains one of the predominant instruments of money laundering
- linking cash to criminal activities remains a challenge for law enforcement

The questionnaire was publicised on social media and emailed out to several law enforcement agencies. There were 67 participants, 50.75% from law enforcement and 49.25% from the public.

Report findings

The results of the questionnaire were analysed under the following four themes.

1. Use of cash by criminals
2. Attraction of cash
3. Levels of criminality

4. The future of cash

Almost all respondents felt that criminal use of cash was still prevalent. Many cited that it is heavily linked to the drug trade. It was suggested that cash was used: "...to traffic drugs, people, to gain youngsters and promote joining of gangs to become part of County Lines. Cash still talks and impresses." (housewife)

The appeal of cash in the way it is produced was offered by one financial investigator as an explanation for its popularity: 'It is, in the UK, harder for law enforcement to show drugs contamination due to the notes being waterproof.'

Thematic analysis of the results showed that the terms 'to launder' and 'money laundering' appeared in approximately one third of responses. More than three quarters (76%) felt that cash was one of the main ways in which criminal money was laundered. When reviewing the detail behind the answers, there was a perception among many that cash was still important to criminals to fund their high-end lifestyles.

The attraction of cash was identified by 24 respondents as being linked to the difficulty to trace its origin. When asked whether it was a challenge for law enforcement to link criminal activities to cash, 86.57% of respondents either agreed or strongly agreed that this was the case.

When asked whether cash smuggling was still prevalent in society, 61.19% agreed. However, compared with the other questions, 29.85% of respondents were neutral on this point. This could indicate that they felt they didn't have enough knowledge to answer one way or the other.

It is of note that the status that is often associated with criminals who use cash was only identified by those working in law enforcement. One police officer noted: "With wealth comes power, control, respect, security and freedom. It also means they can have what they want".

It was again apparent only from those who worked in law enforcement that criminals who use cash are not likely to be those at the top tier of criminality. It was a theme noticed across several respondents that criminals who used cash are more likely to be at a 'lower tier' of offending. A common view held was:

"I believe that lower level criminals probably keep the profits of their criminality as cash to spend. However, I do think it is getting harder for higher level criminals to spend their large profits as cash and therefore, I think it is getting more and more common for the cash to be laundered into a different format in order for it to be spent by these types of criminals and support their lifestyles."
(police officer)

The emergence of cryptocurrencies was identified across the responses as a prominent theme. It was noted how cryptocurrencies provide opportunities for criminals and threats to law enforcement who try to investigate it.

However, with the questionnaire open to the public, it was highlighted that this is not just a risk for law enforcement, but for the regulatory sector as a whole: "With the move to digital currency such as cryptocurrency, accountants also face challenges where no accounting standards currently exist." (accountant).

The move to a cashless economy was noted by almost all, with 86.57% believing the economy was heading in this direction. Most also said their own personal use of cash was significantly less, if not non-existent. Regarding the effect this would have on crime, there was much less certainty. However, 47.76% disagreed or strongly disagreed that a cashless economy would reduce crime.

Discussion

As identified in the literature review, there are no credible records on how much or in what way cash is used by criminals. The research conducted as part of this paper identified that across law enforcement professionals and the public, the overarching view is that cash is still widely used. These are a combination of law enforcement practitioners who deal with offenders daily, as well as the public, who bring their own life experiences to the study.

An overarching theme from across the questionnaire results and the research study was that the untraceable nature of cash made it attractive to criminals. The upward trajectory of society becoming more cashless doesn't offer criminals the same safety net that cash does. Although there is a risk of it being stolen or seized, the much lower risk of reporting suspicious transactions or enabling law enforcement to trace the source makes it an attractive option.

Law enforcement practitioners were much more aware of the prevalence of cash smuggling than the public, which would be expected. The government has legislated to tackle the risk posed to the economy from other forms of money laundering risk, such as against Russian oligarchs. However, similar measures have not been taken to combat cross-border cash smuggling.

It was also a theme among the law enforcement practitioners that criminals in higher tiers of criminality are less likely to use cash. This was not picked up in the Europol report, but has been highlighted by other reports, such as Levi and Soudijn (2020).

There was a general view that although society was moving towards a cashless economy, the benefits of using cash are greater than the risk of switching to online banking methods. The breaking of the 'Encrochat' network, and the resulting plethora of convictions, has highlighted the vulnerabilities of new technologies and emphasised to criminals the risks associated with them.

Conclusion and recommendations

My aim was to test the assertion by Europol that 'cash is king'. I was realistic in that I did not have access to the funding or resources of Europol and therefore, I was unable to endorse one way or the other with certainty.

However, my research enabled me to comment with credibility that society is changing, becoming more cashless and moving to a digital economy. Criminals have by and large resisted this change and continue to use cash. 'There is little question that cash is still king, offering anonymity and real time clearing of transactions at every level of a criminal operation.' (Rogoff, 2016)

To assist with tracking and understanding criminal use of cash, I would recommend further quantitative research is conducted as a longitudinal study with a larger sample size.

Although attaching the label 'king' might be considered an exaggeration, the importance of cash to criminals has not diminished. It should be a focus for law enforcement and academics for the foreseeable future.

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- Peer reviewed by Robert Offord, NPCC National Financial Intelligence Lead, City of London Police

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