Monthly Despatch

Following the Money: Illegal Betting, Online Fraud and the Criminal Financial Ecosystem

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Executive Summary

- Illegal betting and online fraud are increasingly parallel criminal business lines, often operated by the same transnational organised crime groups and supported by common payment systems, cryptocurrency, money mule networks and underground banking.
- The scale and convergence of these activities make illegal betting a major financial-crime concern. Southeast Asian investigations have repeatedly linked online gambling and fraud with trafficking and money laundering, while global illegal betting turnover has been estimated at around USD 1.7 trillion annually.
- International action should focus on the shared financial ecosystem rather than individual crime categories. Illegal betting should be incorporated into anti-money-laundering risk assessments, financial-intelligence typologies and international cooperation.

Introduction

Since the Covid-19 pandemic, online fraud has grown substantially, generating enormous illicit financial flows through scam compounds in Southeast Asia, increasingly dispersed fraud networks, and the money laundering systems that support them.[1] Although there has been increased focus around the world on the online fraud aspect of growing transnational organised cyber-crime, online illegal betting is often operated by the same groups. Many of the criminal organisations, financial networks and technology that facilitate online fraud also supports illegal online betting.

Against this background, illegal betting and online fraud should be understood as parallel criminal business lines. The operators share payment processing systems, cryptocurrency infrastructure, money mule networks, underground banking systems, online platforms and physical operating centres. Illegal betting can also provide mechanisms through which proceeds from fraud and other crimes are transferred, disguised or laundered across borders.

This convergence has important implications for the international response to financial crime, which should include illegal betting in enforcement against this criminal ecosystem. The international response to online fraud is increasingly extensive and involves three complimentary strands: International law enforcement efforts are coordinated through INTERPOL; regional coordination is via the Association of South East Asian Nations (ASEAN), and in particular the ASEAN-China efforts to combat online fraud and gambling; the Financial Action Task Force (FATF) is building the global anti-illicit finance systems.

[1] United Nations Office on Drugs and Crime (UNODC), *Inflection Point: Global Implications of Scam Centres, Underground Banking and Illicit Online Marketplaces in Southeast Asia*, April 2025 (UNODC)

International action is beginning to reflect the scale of this threat, although its focus remains primarily on online fraud. In 2026, INTERPOL coordinated member agencies collaborated in Operation First Light with a global focus on combatting social engineering scams and associated money laundering activities involving 97 countries and territories that led to the arrest of 5,811 people and the interception of USD 293 million in illicit assets.[2] In September, ASEAN organised the International Conference on Combating Online Scams.[3] Also this year, the FATF announced that it is strengthening its focus on illicit financial flows associated with online fraud and scam compounds as a strategic priority.[4]

Based on more than a decade of IFHA Council research into illegal betting and organised crime, this article argues that illegal betting should be treated as an increasingly important component of the global illicit-finance architecture. Addressing the problem requires closer integration between anti-money-laundering authorities, law enforcement, gambling regulators, sports bodies and international organisations. The same global level actions being increasingly coordinated against online fraud should also be directed at online illegal betting, which is a parallel business line involving even larger illicit fund flows.

Illegal betting and online fraud: Parallel criminal business lines

The principal difficulty is that authorities and criminal organisations view this activity differently. The financial flows surrounding online fraud cannot always be separated from those surrounding illegal online betting, or indeed other areas of criminality that the operators are engaged in. Whilst law enforcement and other government agencies may attribute criminal activity based on criminal offences, criminal organisations do not organise themselves according to such categories. The same network may simultaneously operate fraud, illegal betting, money laundering and other criminal businesses, a diversification of global criminal collaboration that INTERPOL warned in 2026 "is at the centre of polycriminality, intersecting with organized crime, human trafficking and cybercrime."[5]

The IFHA Council has highlighted this nexus between illegal betting, online fraud and money laundering in multiple reports. In October 2023, the then ARF Council on Anti-Illegal Betting & Related Financial Crime reported that the organised illegal betting and cyber-scam operations across Southeast Asia are operated by individuals with involvement in illegal betting and organised crime across Asia since the 1990s, and that "as the [Covid-19] pandemic recedes, the organised crime groups running these operations have, in effect, hugely increased their potential revenue by complementing illegal betting with cyber-scam operations of comparable scale."[6]

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[2] INTERPOL, *Over 5,800 arrests, USD 293 million intercepted in global fraud bust*, 9 July 2026 (INTERPOL)
[3] ASEAN, *Secretary-General of ASEAN to deliver remarks at the International Conference on Combating Online Scams in the Kingdom of Cambodia*, 21 September 2026 (ASEAN)
[4] FATF, *Objectives for the FATF during the United Kingdom Presidency* (FATF)
[5] INTERPOL, *INTERPOL report warns of increasingly sophisticated global financial fraud threat*, 16 March 2026 (INTERPOL)
[6] ARF Council, *How Organised Crime Operates Illegal Betting, Cyber Scams & Modern Slavery in Southeast Asia*, October 2023 (IFHA)

The nature of this Asian based polycriminality was stressed by the ARF Council, noting that "cyber scams and illegal betting are just two of many illicit business lines that include money laundering as a service, illicit wildlife trafficking and production and distribution of methamphetamine and heroin."[7] Care is needed by law enforcement and other government agencies to not classify online fraud as a standalone criminal business line, which would prioritise the enforcement focus on that area but risk missing the other equally or more lucrative criminal businesses.

There is clarity from the IFHA Council research regarding how this situation developed. The development of illegal betting in Asia over the past three decades has been shaped by technological change and law-enforcement pressure. From the 1990s onwards, the rapid expansion of the Internet, mobile telecommunications and televised sport, particularly football, allowed illegal bookmakers that had previously operated primarily within national markets to develop regional and eventually transnational businesses. At the same time, enforcement in some jurisdictions (especially China) displaced operators into countries where regulation was weaker, enforcement capacity more limited, or political and economic conditions provided greater opportunities for criminal activity.

Until the 1990s, large illegal betting networks were principally concentrated in domestic markets such as Hong Kong, Macau, Malaysia, Singapore and Thailand. Mainland China was then a much smaller gambling market and a smaller economy. As China became wealthier, its potential consumer market expanded dramatically. World Bank data show that GDP per capita rose from about US$195 in 1980 to nearly US$12,900 in 2021, measured in current US dollars[8].

At the same time, Internet penetration increased from effectively zero in 1990 to around 70 per cent of the population by 2020[9], while mobile subscriptions exceeded 120 per 100 people.[10] These developments coincided with enormous audiences for international sport: FIFA estimates that coverage of the 2018 World Cup reached more than 650 million people in China.[11] Rising incomes, widespread digital connectivity and mass consumption of televised sport created conditions highly conducive to the growth of online betting. These technological and economic conditions were also highly conducive to the growth of online fraud.

In many Asian jurisdictions, legal gambling opportunities remain heavily restricted. China, for example, permits only limited state-authorised lottery products, while countries including Indonesia, Malaysia and Thailand impose extensive restrictions on gambling. Demand therefore increasingly flowed towards illegal online operators. What had once been predominantly local illegal bookmaking developed into a large transnational market serving customers across borders.

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[7] Ibid.
[8] World Bank, *GDP per capita (current US$) – China, World Development Indicators*, (World Bank).
[9] World Bank, *Individuals using the Internet (% of population) – China, World Development Indicators, data sourced from the International Telecommunication Union* (World Bank).
[10] World Bank, *Mobile cellular subscriptions (per 100 people) – China, World Development Indicators, data sourced from the International Telecommunication Union* (World Bank).
[11] FIFA, *2018 FIFA World Cup Russia: Global Broadcast and Audience Summary* (FIFA).

This growth also created opportunities for organised crime. Illegal betting generated huge profits, provided access to large pools of liquid funds and offered mechanisms for transferring money internationally. For organised crime groups, illegal betting became not only an illicit gambling activity but a valuable criminal business line capable of supporting other activities and facilitating money laundering. The economic, technological, and legal conditions in Asia not only drove illegal betting growth, but also created the opportunity for online fraud at scale.

The infrastructure built for transnational betting then provided a foundation for other criminal business lines. In Southeast Asia, casinos, junkets, online gambling businesses and underground banking networks provided an existing ecosystem of capital, payments, technology and criminal relationships. This infrastructure subsequently supported the expansion of online fraud compounds across the region, with major operating centres in Cambodia, Myanmar, and the Philippines. Enforcement pressure has forced the operators of online fraud and illegal betting to either move their operating bases or diversify across other countries, but has not reduced the volume of those operations.[12]

This process demonstrates an important characteristic of transnational organised crime: criminal displacement is frequently accompanied by criminal diversification. Operators forced from one jurisdiction do not necessarily disappear. They relocate, adapt their business models and exploit new opportunities. The infrastructure created for online betting, such as customer acquisition systems (often through agent networks), payment channels, cryptocurrency, communications technology and transnational money-moving networks, can also be used for other forms of online crime. Illegal betting provided many organised crime groups with experience in operating digital businesses across borders, recruiting customers remotely, and processing large numbers of transactions, which was valuable for the expansion of their online fraud businesses.

During and since the Covid-19 pandemic, East Asian organised crime groups have shown rapid adoption by integrating new technology to existing or new criminal business lines. Chinese organised crime groups have moved on from physical casinos and localised sports betting by utilising at scale online gaming platforms, online fraud compounds, digital payment systems, and cryptocurrencies. This criminal technology adoption velocity enables Chinese groups to scale up criminal business lines such as online fraud and online illegal betting and also easily expand into new business lines (for example, wider cybercrime).[13]

The illegal betting and online fraud businesses in Asia illustrate the growth of polycriminality, with organised crime groups shifting between or simultaneously operating illegal betting, fraud, money laundering, extortion and other businesses according to profitability and enforcement pressure.

[12] The Asian Crime Century, *The Displacement of Illegal Betting and Transnational Organised Crime*, 9 February 2023 (Asian Crime Century).
[13] The Asian Crime Century, *The Macau Model - Chinese Organised Crime and the Mobile Capital Circulation System*, 19 April 2026 (Asian Crime Century)

Following the money: what investigations show

Investigations into Southeast Asian scam compounds have repeatedly identified illegal betting (and other gambling), fraud, trafficking and money laundering operating from or through the same compounds and criminal networks. The United Nations Office on Drugs and Crime (UNODC) has documented "forced labour, sexual exploitation, and debt bondage in compounds housing online gambling and fraud operations", and noted that the illicit profits generated by these criminal groups are subsequently laundered through money transfers, legitimate businesses, cryptocurrency, property and other investments.[14]

INTERPOL treats illegal online gambling-related money laundering as part of the same operational landscape as multiple forms of online fraud. For example, the Operation HAECHI series of operations illustrate the convergence between illegal online gambling and cyber-enabled fraud. Investigations from successive HAECHI operations have targeted investment fraud, romance scams, voice phishing, business email compromise and other online fraud alongside money laundering associated with illegal online gambling, reflecting the overlapping financial infrastructure used by these crimes.[15]

Recent high profile financial crime cases are also demonstrating the congruence of illegal betting and online fraud around the same criminal groups. In October 2025, the US and UK authorities took action against the Prince Group, described as "a Cambodia-based network led by Cambodian national Chen Zhi that operates a transnational criminal empire through online investment scams targeting Americans and others worldwide."[16] The US authorities stated in an indictment that Chen Zhi and his associates "laundered the proceeds of the fraudulent schemes through professional money laundering operations and through Prince Group's own network of ostensibly legal business enterprises, including its online gambling and cryptocurrency mining operations."[17] The Prince Group is one of the strongest examples so far of industrial-scale online fraud operated in parallel with illegal online gambling and money laundering by the same criminal organisation.

[14] United Nations Office on Drugs and Crime (UNODC), *Casinos, Cyber Fraud, and Trafficking in Persons for Forced Criminality in Southeast Asia*, 2023, pp. 6, 20 (UNODC)
[15] INTERPOL, *USD 439 million recovered in global financial crime operation*, 24 September 2025 (INTERPOL)
[16] US Department of the Treasury, *U.S. and U.K. Take Largest Action Ever Targeting Cybercriminal Networks in Southeast Asia*, 14 October 2025 (US Treasury Department)
[17] US Department of Justice, *Chairman of Prince Group Indicted for Operating Cambodian Forced-Labor Scam Compounds Engaged in Cryptocurrency Fraud Schemes*, 14 October 2025 (US Department of Justice)

The criminal business lines of illegal betting

The scale of the two markets reinforces the importance of treating them as connected financial-crime concerns. Illegal betting and online fraud have very different operational processes, but they provide separate revenue streams that can share a common financial infrastructure. These are simply business products produced by the same criminal enterprises. The scale of these criminal business lines indicates why illegal betting is likely to be more important than online fraud to criminal enterprises.

In March 2026, INTERPOL cited an estimate that global financial fraud losses in 2025 reached US$442 billion. That is roughly one quarter of the estimated US$1.7 trillion wagered annually through illegal betting markets.[18] The figures indicate the scale of the two activities, although fraud losses and betting turnover are different measures.

Both business lines are often operated by the same criminal groups, and hence generate criminal proceeds in the hundreds of billions. The conclusion to be drawn from this is that to effectively combat online fraud, law enforcement agencies should also combat illegal betting by the same groups by following the money from both of these parallel business lines.

Conclusions

The key to enforcement is interdicting the illicit financial flows of these criminal business lines. This can be best achieved by developing globally recognisable typologies of all of the related criminal business lines, not only online fraud, and ensuring that these are communicated effectively to law enforcement, other government agencies, and the banking and financial sector. This requires a new standard that clearly identifies the typologies and provides durable recommendations for action against these multiple illicit financial flows from illegal betting, online fraud, and also the profits generated from the related laundering, which at the scale it has evolved is effectively an investment business.

A key part of this new response is the FATF, which is the global standard-setting body for combating money laundering, terrorist financing and other threats to the integrity of the international financial system. The FATF does not need to become an international gambling regulator to drive action against illicit financial flows from illegal betting, but the financial-crime risks associated with illegal betting should be incorporated more systematically into AML policy, risk assessments and international cooperation that the FATF is responsible for. Tangible actions that would be effective to integrate illegal betting in established anti-financial crime systems include:

[18] INTERPOL, Global Financial Fraud Threat Assessment, March 2026 (INTERPOL)

- Incorporating illegal betting into national money-laundering risk assessments;
- Developing typologies showing movement of funds between fraud and illegal betting;
- Strengthening cooperation between financial intelligence units, gambling regulators and law enforcement;
- Identifying illegal-betting payment processors and financial facilitators;
- Addressing offshore pseudo-licensing jurisdictions;
- Improving beneficial-ownership scrutiny;
- Disrupting virtual-asset and mule-account networks;
- Improving international exchange of betting-related financial intelligence.

Online fraud and illegal betting may appear to governments and law enforcement agencies as separate problems, but transnational criminal networks increasingly show convergence between them as parallel business lines. Following the money associated with these criminal businesses shows they are sustained by the same transnational financial ecosystem. This is part of the polycriminality of transnational crime groups that do not categorise their operations in the same way as law enforcement agencies[19], such as online fraud, illegal betting, or money laundering, but they see only a business opportunity.

[19] Clare Ellis and Calum Jeffray, *It's Who You Know, Not What You Know: Why We Need to Focus on Organised Crime Networks and Not their Crimes*, Royal United Services Institute, 28 October 2016 (RUSI)