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FROM DETECTION TO EVIDENCE IN TRADE-RELATED MONEY LAUNDERING INVESTIGATIONS: A CONCEPT PAPER

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Abstract:

Trade-based money laundering (TBML) poses a serious risk to financial integrity because illicit value can be hidden, moved or made to appear legitimate through ordinary-looking import and export transactions. This paper analyses the gap between identifying a suspicious trade transaction and developing enough evidence to support a potential money laundering case. For example, unusual prices, inconsistent documents, misclassified goods and suspicious shipments may point to trade manipulation, but these signs alone are not enough to establish money laundering. Drawing on academic literature, legal materials and institutional reports, the paper explains the distinction between ordinary trade-related fraud and TBML. It shows that investigators need to do more than identify trade irregularities. They must identify the relevant predicate offence, trace the suspected proceeds of unlawful activity, determine the beneficial owners and controlling persons, and explain how the trade transaction was used to hide, move, convert or legitimise those proceeds. To explain this process, the paper proposes a three-stage framework covering trade irregularity indicators, evidence-building requirements and possible investigative outcomes. The paper concludes that TBML is not only a detection or compliance issue, but also a challenge of building strong evidence. Improving TBML investigations therefore requires better sharing and use of trade and financial information, easier access to beneficial ownership information, clearer investigation procedures and earlier cooperation among relevant authorities.

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Anti-Money Laundering; Beneficial Ownership; Financial Investigation; Predicate Offences; Trade-Based Money Laundering; Trade Mis-Invoicing



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Introduction

Money laundering allows criminals to conceal the origin of proceeds of unlawful activity and make them appear legitimate. One increasingly complex method is trade-based money laundering (TBML), which uses international trade to conceal, move, transfer or legitimise proceeds of unlawful activity. TBML is difficult to detect because the same instruments used in legitimate trade, including invoices, customs declarations, shipping records, descriptions of goods and cross-border payments, may also be manipulated to disguise the source, ownership, movement or value of such proceeds. Common TBML methods include over-invoicing, under-invoicing, multiple invoicing, phantom shipments, false descriptions and the misclassification of goods (FATF, 2006; FATF, 2020; Cassara, 2015; Zdanowicz, 2009). The use of ordinary commercial channels also illustrates the shift in money laundering methods towards mechanisms that are less transparent and more difficult to be detected (Unger & den Hertog, 2012).

The scale and variety of international trade make it a difficult environment for investigators. Prices may differ due to product quality, contract terms, transportation costs, market conditions, supply chain arrangements. Trade documents may also pass through the hands of traders, freight forwarders, financial institutions and authorities in multiple jurisdictions. Therefore, an abnormal price or an inconsistent document may raise suspicion without necessarily indicating criminal activity. The challenge is not only to detect an irregularity, but also to understand its meaning and if it calls for further investigation (Ferwerda, 2018; Hataley, 2020; Tiwari et al., 2025; Milon & Zafarullah, 2024).

This distinction is particularly relevant in trade enforcement. A false declaration, undervaluation, misclassification or shipment discrepancy may constitute a trade-related or commercial offence but does not in itself constitute money laundering. For a potential TBML case, investigators typically need to establish an additional connection between the trade activity, a predicate offence and the proceeds of unlawful activity. They also need to determine whether trade was used to conceal, transfer, convert or legitimise those proceeds. Detection is therefore the beginning of the investigation rather than the completion of proof (Hamin, 2017; Syed Mustapha Nazri et al., 2019).

The gap between detecting suspicious trade activity and building sufficient evidence can be described as the detection-to-evidence gap. This gap arises when suspicious trade indicators are present, but investigators do not yet have enough information to establish the underlying offence, identify the persons who own or control the businesses or entities involved, trace the relevant proceeds of unlawful activity and connect the trade transaction to the related financial flows. The required information may be incomplete, fragmented or in the possession of other domestic or foreign authorities. Red flags, however, cannot replace the process of building a complete evidential account, but can help investigators to focus cases for further investigation (FATF, 2012; Shah, 2023; Zolkafli et al., 2019).

This concept paper is concerned with the detection-to-evidence gap in trade-related money laundering investigations and focuses on the evidentiary progression from an initial trade irregularity to the potential formation of a TBML case. It explains how suspicious trade irregularities need to be developed into evidentiary support before they can form the basis of a potential TBML case. The paper presents the background and problem, identifies the relevant research gap, reviews the main concepts, proposes a focused framework and discusses its practical and policy implications. The objective is therefore to examine the evidentiary transition between identifying suspicious trade activity and determining whether sufficient connections exist to support further TBML investigation.

Background Study

The movement, description, valuation or financing of goods and services can be used to disguise the proceeds of unlawful activity which makes TBML difficult to detect based on financial transactions alone where the offenders can modify the price, quantity, quality, origin, destination or supporting documents of a transaction so that the movement or value of those proceeds appears to be derived from ordinary commercial activity. Therefore, this makes it difficult to distinguish TBML from legitimate trade, especially when the transaction involves real companies, real goods and documents that look valid, but where details have been deliberately altered or misrepresented (FATF, 2020; Liao & Acharya, 2011; Hataley, 2020; Naheem, 2018). Customs and trade enforcement authorities are ideally positioned to assess potential TBML, as they can scrutinize customs declarations, invoices, permits, tariff classifications, valuation and shipment records. Freight forwarders and logistics providers may also provide additional transaction documents that can help illuminate unusual trade patterns (Makkink et al., 2024). Together, these sources may reveal inconsistencies that cannot be identified from financial records alone. However, an investigation concerned with revenue protection or regulatory compliance is different from an investigation into money laundering. A trade-related offence may be established through evidence of a false declaration, valuation breach or duty-related violation. A potential TBML case, however, requires additional evidence connecting the trade activity to proceeds of unlawful activity and showing how the transaction was used to conceal, transfer, convert or legitimise those proceeds (Thanasegaran & Shanmugam, 2007).

In Malaysia, trade enforcement is governed by both customs' legislation and the anti-money laundering framework. Customs-related offences are governed under the Customs Act 1967, whilst money laundering and dealing with proceeds of unlawful activity are governed under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Malaysia, 1967, 2001; Hamin, 2017). This is important because the same trade irregularity can lead to different legal consequences depending on the purpose and the strength

of available evidence. The investigating authorities can identify, examine and document suspicious conduct, but whether to prosecute is a matter of sufficiency of evidence and the discretion of the Public Prosecutor under Article 145(3) of the Federal Constitution (Federal Constitution, art. 145(3); Abu Bakar, 2015; Syed Mustapha Nazri et al., 2019). The investigative process therefore develops in stages. A trade anomaly may initially suggest non-compliance, fraud or a customs-related offence. Investigators then need to determine whether there is a relevant predicate offence, whether proceeds of unlawful activity arose from that offence, whether the trade transaction is connected to those proceeds, and whether the arrangement was used to conceal, transfer, convert or legitimise them. Where these evidentiary links cannot be established, the matter may remain a trade-related offence, require further financial investigation or fail to progress as a potential TBML case because the evidence is insufficient. This movement from an observable trade irregularity to a potential TBML case provides the basis for the detection-to-evidence gap examined in this paper.

Problem Statement

The crucial problem is that systems designed to detect suspicious trading patterns may be better at spotting anomalies than investigators are at producing the amount of evidence needed to support a potential money laundering case. Price discrepancies, duplicate invoices, inconsistent quantities, unusual routes and misclassified goods may prove useful indicators. However, each indicator may also have legitimate explanations, including differences in product quality, commercial discounts, transfer-pricing arrangements, data errors or contractual terms. Treating every anomaly as TBML could generate excessive false positives, while treating all anomalies as routine trade-related violations could result in potential financial crime being overlooked. The evidentiary process becomes more difficult when the relevant information is distributed across separate domains. Trade and shipment records may reveal the physical and documentary aspects of a transaction whereas banking records may reveal the associated payment flows. Information on the company and beneficial ownership may identify the owners or controllers of the businesses or entities involved and criminal intelligence may identify the underlying offence. Foreign authorities may also have evidence concerning counterparties, the origin and destination of transactions or related activities. And so, building a coherent potential TBML case is about assembling these separate bits of information into a coherent evidentiary account (FATF, 2012; Levi et al., 2018; Sittlington & Harvey, 2018; Gilmour, 2023; Shah, 2023).

Another challenge is trade valuation. A price differential is not per se indicative of an intentional manipulation, as similar goods may differ in terms of grade, brand, condition, volume and delivery terms. The investigators should evaluate the commercial reasonability of the price difference, whether it is recurring or structured, whether there are related parties and whether the relevant financial flows indicate the transfer of proceeds of unlawful activity. A potential mispricing indicator without sufficient commercial and financial context may be ambiguous and it may not provide evidentiary support for a possible case of TBML (FATF & Egmont Group, 2020; Hataley, 2020; Tiwari et al., 2025).

Cross-border evidence may also affect the progress of an investigation. Relevant documents, beneficial owners, bank accounts, and counterparties may be in different jurisdictions. Transshipment arrangements and the involvement of logistics intermediaries may add layers between the declared trade transaction and the persons who ultimately control it (Liao & Acharya, 2011; Makkink et al., 2024). Delays in obtaining information, incompatible data systems and legal restrictions may prevent investigators from reconstructing the transaction in

a timely manner. Consequently, an investigation may contain sufficient suspicion to justify further attention but insufficient evidence to establish the required connection between trade manipulation, a predicate offence and proceeds of unlawful activity.

The problem is therefore not merely the ability to detect suspicious trade activity. Existing discussions provide limited conceptual explanation of how a trade irregularity should be developed into the evidentiary elements required for a potential TBML case. Without an integrated framework, policy and investigative responses may place greater emphasis on producing red flags than on connecting trade records, financial flows, beneficial owners and controlling persons, predicate offences and proceeds of unlawful activity. This concept paper addresses that gap by proposing a three-stage framework covering trade irregularity indicators, evidence-building requirements and possible investigative outcomes. This gap is important, as a red flag may necessitate further investigation; however, it does not, by itself, provide adequate evidentiary support for money laundering.

Research Gap

Many existing studies on TBML have investigated common methods, warning signs and estimates of trade-related illicit financial flows, with a focus on issues such as trade mis-invoicing, regulatory weaknesses, reporting requirements, risks in specific sectors, and technology for the detection of suspicious transactions (Tiwari et al., 2025; Sivaguru & Tilakasiri, 2023). These contributions are important, but they provide limited explanation of what happens after a suspicious trade indicator has been identified. Less attention has been given to how investigators develop an initial red flag into evidentiary support that links the transaction to a predicate offence and proceeds of unlawful activity. Thus, this paper specifically aims to link the identification of trade anomalies with the necessary evidentiary steps required to evaluate the development of a potential TBML case. This emphasis acknowledges that the existence of a trade anomaly serves as an initial point for investigation, whereas the progression of a potential TBML case is contingent upon the availability of corroborative evidence.

A further gap concerns the distinction between trade-related or commercial fraud and money laundering. Similar conduct, such as false invoicing, undervaluation or misclassification, may establish a trade-related offence without demonstrating that proceeds of unlawful activity were concealed, transferred, converted or legitimised. However, trade manipulation and TBML are sometimes discussed as closely related or overlapping categories, without a clear explanation of what additional evidential elements are required for a potential money laundering case (Thanasegaran & Shanmugam, 2007; Hamin, 2017; Syed Mustapha Nazri et al., 2019).

Another gap concerns the possible outcomes of an investigation. Detection is often treated as the main objective, although a suspicious trade transaction may lead to several different outcomes. It may be explained as legitimate commercial variation, treated as a trade-related offence, referred for further financial investigation, be unable to proceed as a money laundering case because of insufficient evidence, or be developed into a potential TBML case. Existing discussions provide limited recognition of these alternative pathways and the different evidentiary requirements associated with each outcome.

Accordingly, this paper examines the detection-to-evidence gap in trade-related money laundering investigations. It considers how suspicious trade indicators differ from the evidentiary requirements of a potential money laundering case, identifies the additional connections required to link trade activity to predicate offences and proceeds of unlawful activity, and proposes practical measures to strengthen the progression from suspicion to an evidentially supported potential money laundering case. The analysis is framed as an integrative conceptual review instead of an empirical investigation of a specific enforcement agency.

Literature Review

Trade Irregularities as Indicators of TBML

Trade-based money laundering (TBML) indicators commonly arise from the manipulation of the price, quantity, quality, description or shipment of goods. Over-invoicing refers to value transfer to an exporter because it involves a payment that exceeds the real value of the goods. Under-invoicing refers to value transfer to an importer who receives goods worth more than the amount paid for them in formal terms. Multiple invoicing refers to the payment of several times for the same shipment while phantom shipments refer to fictitious transactions or non-existent goods. Misclassification and misdescription may also be used to obscure the true nature, tariff treatment or value of the goods in question (FATF, 2006; FATF, 2020; Zdanowicz, 2009; Hataley, 2020). Such methods may be individually or as part of a more complex arrangement. A single transaction may involve undervaluation, false origin information, related companies, third-country routing and payments made by an unrelated party. The presence of several indicators may increase suspicion, but complexity alone does not establish TBML. Investigators must determine if there is a plausible commercial rationale for the transaction and if the parties, documents, shipment details and financial flows are consistent with the rationale (FATF, 2020; Hataley, 2020).

Red flags are therefore more effective as screening tools than as a source of evidence of money laundering. They help authorities in screening large volumes of trade data, in prioritising suspicious transactions and in identifying cases that need to be reviewed further. Their primary contribution is in case selection and risk assessment. But an alert does not mean that investigators have enough information to build a potential money laundering case (FATF, 2012; Shah, 2023). The significance of a trade indicator becomes stronger when it is supported by information from other sources. For example, a price anomaly may become more suspicious when the importer and exporter share the same beneficial owner, when payment is made by an unrelated high-risk entity, when the physical shipment cannot be verified or when the same invoice is used to support several payments. Evidence-building is therefore cumulative and depends on the relationship between trade information, financial flows, ownership structures and the wider purpose of the transaction.

Distinguishing Trade-Related Fraud from Trade-Based Money Laundering

The techniques used in TBML, and trade fraud may be similar, but the intent and the evidentiary requirements are different. A trader may understate the value of goods to reduce customs duties, misclassify goods to avoid restrictions or submit false documents to gain an unlawful commercial advantage. Such conduct may constitute a serious trade-related, customs or commercial offence. However, it becomes relevant to money laundering only when the trade

activity is connected to proceeds of unlawful activity or is used to conceal, transfer, convert or legitimise those proceeds (Hamin, 2017; Syed Mustapha Nazri et al., 2019). Thus, the presence of trade fraud indicators should be assessed in the wider context of the transaction before a potential money laundering conclusion is reached. Consequently, a trade irregularity should be considered primarily as an investigative lead rather than adequate evidence of money laundering.

The distinction should not be treated as a complete separation between unrelated offences. Certain trade-related offences may constitute predicate offences where they fall within the applicable legal framework and generate proceeds of unlawful activity. In other situations, trade may be used to move or conceal proceeds of unlawful activity generated by a separate offence. The key question is therefore not only whether a trade document is false, but also what purpose the false information serves within the wider transaction and whether the required connection to proceeds of unlawful activity can be established.

Table 1: Distinction Between Trade-Related or Commercial Fraud and Trade-Based Money Laundering (TBML)

Dimension	Trade-Related or Commercial Fraud	Trade-Based Money Laundering
Primary concern	Evasion, deception, regulatory violation, or illegal commercial advantage.	Concealment, transfer, conversion, or legitimisation of proceeds from illegal activities.
Meaning of a trade anomaly	May provide direct evidence of a declaration, valuation, tariff, or documentation offence.	Typically serves as a signal necessitating further financial and criminal connections.
Additional evidentiary focus	Falsity, liability, revenue impact, and the components of the pertinent trade-related offence.	Predicate offence, proceeds from unlawful activity, beneficial owners and controlling persons, trade-financial linkage, and laundering purpose.
Possible outcome	Administrative action, penalties, and trade enforcement investigations or prosecutions for trade-related offences.	Additional financial investigation or development regarding a potential money laundering case where the necessary evidentiary elements are substantiated.

Source: Author's Own Work

Table 1 illustrates that the primary distinction between trade-related or commercial fraud and trade-based money laundering (TBML) is found in the motivation behind the actions and the type of evidence necessitated. This distinction enhances enforcement accuracy and legal clarity. Classifying all trade irregularities as money laundering could divert resources away from cases that do not fulfil the necessary evidentiary standards. Conversely, treating every irregularity only as a routine trade-related offence may prevent authorities from examining

whether trade was also used to move or conceal proceeds of unlawful activity. Based on this distinction, the present paper proposes a staged approach in which further investigative action depends on the strength and convergence of the available evidence.

Evidence Building Requirements

The literature reviewed identifies five interrelated requirements for building evidence: reasonable basis for identifying unlawful activity, traceable and identifiable proceeds of unlawful activity, beneficial ownership and control, a defensible trade-financial linkage, and evidence of the trade arrangement performing a money laundering function.

The first requirement concerns whether there are reasonable grounds to suspect that the transaction can be linked to an identifiable unlawful activity or predicate offence. An unexplained trade anomaly alone is not sufficient. Investigators need to establish whether there is information that suggests that the transaction is linked to criminal conduct or that a recognised trade offence generated proceeds of unlawful activity. During the investigation stage, the link should be supported by more than a suspicion from an odd price or a document mismatch (FATF, 2012; Shah, 2023). The second requirement is detection and tracking of proceeds of unlawful activity or value. A potential TBML case concerns money, goods or economic benefits derived from unlawful activity or used in connection with such proceeds. Investigators may therefore need to compare payment amounts with shipment values, trace third-party transfers, identify circular transactions, review account activity and determine whether the arrangement produced an unexplained financial benefit (FATF, 2012; FATF, 2020). The third requirement concerns beneficial ownership and control where company records may not always show who really controls or benefits from a transaction. Therefore, the ownership links can be obscured through nominees, intermediaries, layered company structures or companies registered in different countries where shared ownership or control may indicate that trading parties, who appear to be independent, are actually interconnected or collaborating (Levi et al., 2018; Sittlington & Harvey, 2018; Gilmour, 2023). The fourth requirement is a defensible connection between trade activity and financial flows. Trade records and financial information should not be treated as separate accounts of the transaction. The quantity, value, date, counterparty and stated purpose recorded in trade documents should be compared with the related payment structure. Therefore, this is even more worrying when it happens repeatedly, particularly when the payment does not correspond to the declared goods or is made by an entity with no clear business role (Makkink et al., 2024; Yousop et al., 2024). The fifth requirement is evidence that the trade arrangement performed a concealment, transfer, conversion or legitimisation function. The presence of proceeds of unlawful activity does not, by itself, explain how trade was used in the laundering process. Investigators need to consider whether the transaction obscured the source, ownership or movement of those proceeds, transferred value across borders, created a false commercial justification, layered financial movements or presented proceeds of unlawful activity as legitimate business income. This approach helps differentiate between a normal trade offence and a case where trade is used as a means to launder money (FATF, 2020; Shah, 2023).

Fragmented Information and Evidentiary Reconstruction

Building evidence can be difficult because the information needed for a potential TBML case is usually held by different agencies. For example, the trade records show details about goods and shipments, financial information helps track payments, and company records may show

who owns the businesses involved and other authorities may also hold information regarding related offences, counterparties or beneficial owners. Therefore, to link these different pieces of information and show how they are related to the same transaction is quite challenging (Levi et al., 2018; Shah, 2023; Zolkafli et al., 2019).

Such information is often located in different systems, leading to inconsistencies and gaps such as different spellings of names, inconsistent company identifiers, inconsistent shipment and payment dates, and databases with different trade classes, therefore, checking these records manually takes time and may lead to different results which investigators need access to the right information, common identifiers, clear procedures and ways to check whether each source is reliable (Cheng et al., 2021; Yousop et al., 2024).

International cooperation is also important because TBML transactions may involve several jurisdictions. Relevant evidence may need to be obtained through formal legal assistance, customs cooperation, financial intelligence channels or regulator-to-regulator information exchange. Delays may reduce the usefulness of time-sensitive records and allow the parties involved to close companies, transfer funds or move assets. Evidentiary strength therefore depends on both the quality of domestic investigation and the availability of reliable information from foreign authorities.

Taken together, the literature indicates that detecting a trade irregularity is only the starting point of a potential TBML investigation. Suspicious indicators should be assessed together with evidence of the predicate offence, proceeds of unlawful activity, beneficial ownership and control, financial flows and the function performed by the trade transaction. However, these elements are often distributed across separate trade, financial, corporate and criminal information systems. This fragmentation supports the need for an integrated framework explaining how investigators can move from an initial trade irregularity to different evidentiary and investigative outcomes.

Proposed Conceptual Framework

The proposed framework organises the TBML investigation process into three stages. The first stage consists of trade irregularity indicators, including abnormal prices, inconsistent documentation, misclassification of goods, unexplained routing, shipment discrepancies and indications that the declared goods or transactions may not exist. These indicators may justify further inquiry, but they remain preliminary because legitimate commercial explanations may still exist. The second stage consists of evidence-building requirements. Investigators typically need to establish a reasonable connection to a predicate offence, identify and trace the relevant proceeds of unlawful activity, determine the beneficial owners and controlling persons, compare trade records with the related financial flows, and assess whether the transaction performed a concealment, transfer, conversion or legitimisation function. Evidence at this stage should be assessed cumulatively and supported through corroboration across different sources. However, red flags alone cannot replace the core evidentiary connections required to support a potential money laundering case. The third stage recognises that an investigation may lead to several possible outcomes. The transaction may be explained as legitimate commercial variation, establish only a trade-related offence, require referral or further financial investigation, remain unable to proceed as a money laundering case because of insufficient evidence, or develop into a potential TBML case. Recognising these alternative outcomes avoids the assumption that every detected trade anomaly should progress into a money

laundering case. The value of the framework lies in explaining why investigations may follow different pathways after the initial stage. The stages are sequentially connected: trade irregularity indicators generate the initial lead, evidence-building establishes or tests the relevant connections, and the resulting evidentiary strength informs the possible investigative or legal outcome. The transition between stages is not automatic; it is contingent upon the strength and availability of supporting information, which influence the potential for further development of an initial lead.

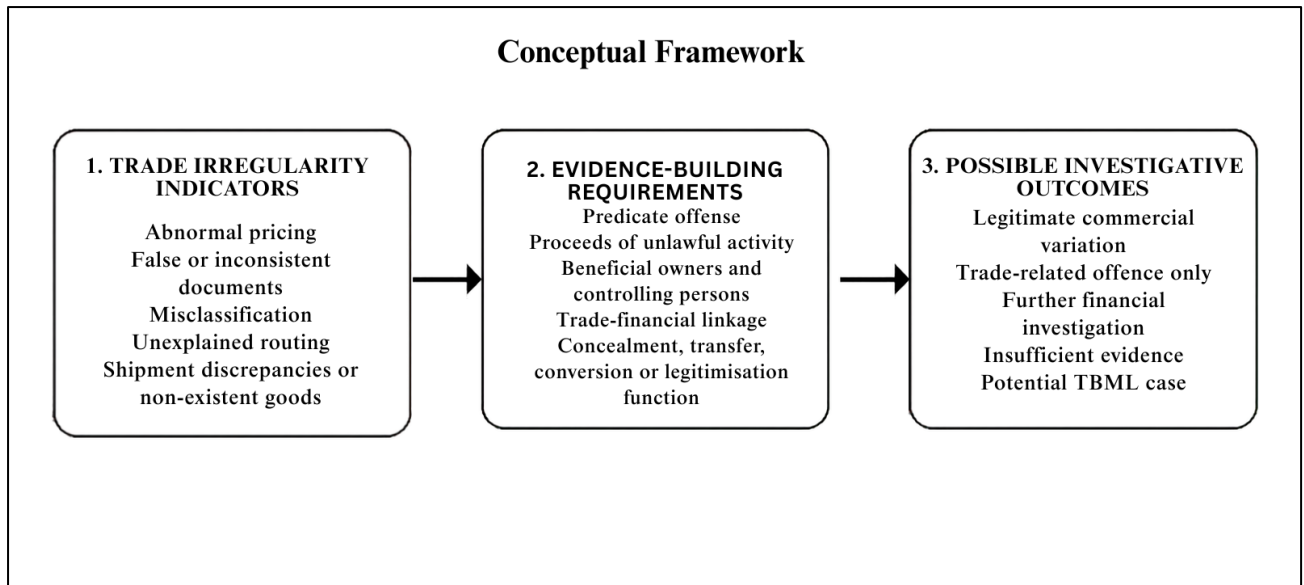


Figure 1 Detection to Evidence Framework for Suspected TBML

Source: Author's Own Work

Figure 1 illustrates the progression from the detection of a trade irregularity to several possible investigative outcomes. The core principle of the framework is that a suspicious trade indicator may justify further inquiry, but it does not independently establish money laundering. Investigators typically need to develop the necessary evidentiary connections by identifying the relevant predicate offence, tracing the proceeds of unlawful activity, determining the beneficial owners and controlling persons, and linking trade records to the related financial flows. Depending on the strength of these connections, the investigation may identify legitimate commercial variation, establish a trade-related offence, require further financial investigation, remain unable to proceed because of insufficient evidence, or develop into a potential TBML case.

The framework is intentionally focused and does not attempt to represent every institutional, organisational or behavioural factor affecting TBML investigations. Instead, it provides an analytical tool for distinguishing preliminary trade indicators from the additional evidentiary requirements needed to support different investigative outcomes. The framework works as a focused analytical guide, though the specific evidentiary steps may differ based on jurisdiction, applicable legislation, and the details of each case.

Methodology

This paper employs qualitative desk research via an integrative narrative review. The review utilises peer-reviewed journal articles, scholarly books, publicly accessible legislation, and institutional guidance related to trade-based money laundering, trade-related offences, proceeds of unlawful activity, financial investigations, and evidentiary requirements. This method is suitable as the paper seeks to elucidate key concepts, integrate relevant literature, and establish a focused explanatory framework, rather than to measure statistical relationships or present original empirical findings (Tiwari et al., 2025; Yousop et al., 2024). In this context, the paper employs an integrative narrative review methodology to synthesise those selected academic, legal, and institutional sources related to the proposed framework.

The sources were chosen for their relevance to four analytical areas: defining and detecting TBML; distinguishing between trade-related fraud and money laundering; establishing evidentiary connections linking trade activity to predicate offences and proceeds of unlawful activity; and identifying information and coordination challenges that may hinder this process. Emphasis was placed on FATF core guidance, the Malaysian legal framework, and recent research on TBML complexity, financial investigation and evidence-building.

The analysis consisted of comparing the recurring concepts and arguments in the selected literature, grouped into three categories: indicators of trade irregularity, evidence-building requirements, and potential investigative results (Braun & Clarke, 2006; Castleberry & Nolen, 2018; Naeem et al., 2023). These categories were subsequently incorporated into the proposed detection-to-evidence framework. Since this paper employs an integrative narrative approach, it does not assert comprehensive coverage of all existing studies. Its contribution is in synthesising existing knowledge into a focused conceptual explanation of how suspicious trade activity may lead to various investigative outcomes. The paper does not include interviews, participant data, internal agency records, or other original empirical findings.

Policy Implications and Recommendations

Based on the literature review and the proposed detection-to-evidence framework, five practical priorities are recommended to enhance the transition from suspicious trade indicators to a potential TBML case supported by evidence. These priorities can be organised in a logical sequence, starting with information integration and evidence development, then progressing to beneficial ownership transparency, analytical support, and early inter-agency coordination.

Integrating Trade and Financial Intelligence

Suspicious trade records are useful when they are compared to related payment flows, account activity, shipment records and ownership information. Authorities should develop legal and secure ways of matching relevant information using common identifiers. Such integration does not require unrestricted access to all data sets. It does require clear legal authority, defined purposes, appropriate audit trails and procedures that allow investigators to acquire the information they need to investigate a potential connection between trade activity and the proceeds of illegal activity (Levi et al., 2018; Yousop et al., 2024). The focus should be on the comparison of declared values, quantities, counterparties and shipment dates with relevant financial transactions, with the aim to help investigators to resolve alerts by confirming or rejecting possible commercial explanations, rather than to generate additional alerts.

Developing Evidence-Oriented Investigation Protocols

Red-flag guidance should be supported by procedures explaining the steps required after a suspicious trade anomaly has been identified. A structured protocol may guide investigators in recording the suspected predicate offence, the suspected proceeds of unlawful activity, the persons who own or control the businesses or entities involved, the relevant financial and documentary connections, and the possible laundering function performed by the trade arrangement. This can improve consistency while preserving professional judgement (FATF, 2012; Zolkafli et al., 2019). The protocols should also distinguish between the evidence required to establish a trade-related offence and the additional evidence needed to support a potential money laundering case. Clear escalation criteria may reduce both premature TBML classification and missed opportunities for further investigation. Case records should indicate how each evidentiary element is supported, contradicted or remains outstanding.

Strengthening Beneficial Ownership and Control Mapping

Formal company names may conceal the relationships underlying a suspicious transaction. Investigators therefore require timely access to reliable beneficial ownership information and suitable methods for mapping directors, shareholders, addresses, agents, intermediaries and recurring counterparties. Where ownership information is incomplete, the uncertainty should be treated as an issue requiring further investigation rather than as automatic evidence of wrongdoing (Levi et al., 2018; Sittlington & Harvey, 2018; Gilmour, 2023). Ownership and control mapping may be particularly useful when the apparent buyer and seller are controlled by the same individuals, payments are made by unrelated third parties, or several companies share addresses, contact details or transaction patterns. These relationships may provide the wider context needed to determine whether a trade anomaly reflects coordinated value transfer.

Providing Analytical and Valuation Support

Because legitimate trade prices may vary considerably, investigators require contextual valuation expertise rather than relying on a single price benchmark. Comparative analysis should consider product specifications, quantity, quality, delivery terms, transaction dates, origin, destination and prevailing market conditions. Automated tools may assist in identifying repeated anomalies, related parties and transaction networks, but their outputs should remain explainable and subject to human verification (Cheng et al., 2021; Yousop et al., 2024). Analytical support should be designed to assist evidence development rather than focus solely on acquiring technology. A system is useful when it helps investigators identify the documents, counterparties, shipments and financial transactions requiring verification. Tools that produce large numbers of unexplained alerts or risk scores may increase investigative workloads without reducing the detection-to-evidence gap.

Encouraging Early Inter-Agency and Legal Coordination

Complex TBML investigations may become difficult to strengthen when evidentiary requirements are considered only after substantial investigative work has been completed. Early coordination among trade enforcement investigators, financial intelligence specialists, relevant enforcement bodies and legal advisers may help clarify the evidence required, determine which authority is best placed to obtain it and identify whether international assistance is necessary (FATF, 2012; Shah, 2023; Syed Mustapha Nazri et al., 2019). Such

coordination should not interfere with institutional responsibilities, investigative independence or prosecutorial discretion. Its purpose is to reduce avoidable evidentiary gaps, duplicated requests and inconsistent assumptions. Joint case planning may be particularly valuable in complex matters involving several jurisdictions, layered ownership arrangements or parallel trade-related and financial offences (FATF, 2012; FATF, 2020; Gottschalk, 2024).

Conclusion and Future Directions

TBML cannot be determined solely by identifying an abnormal invoice, false declaration, or questionable shipment. These features may suggest non-compliance, fraud, or a potential value-transfer arrangement; however, a money laundering case necessitates further evidentiary links to a specific predicate offence and proceeds of unlawful activity. The central investigative task is therefore to move from an observable trade irregularity towards a coherent reconstruction of the beneficial owners and controlling persons, proceeds of unlawful activity, trade documents, financial flows and the purpose served by the transaction. This paper contributes a focused detection-to-evidence framework consisting of three stages: trade irregularity indicators, evidence-building requirements and possible investigative outcomes. The framework clarifies why the identification of suspicious trade activity does not automatically result in a potential TBML case. It also recognises that an investigation may identify legitimate commercial variation, establish a trade-related offence, require further financial investigation, remain unable to proceed because of insufficient evidence, or develop into a potential TBML case. The framework further demonstrates that effective case development depends on the integration of trade, financial, ownership and criminal information rather than merely generating additional red flags. The recommendations are thus regarded as interrelated measures that facilitate the progression from information acquisition and analysis to evidentiary development.

Future research should analyse how the proposed stages operate across different trade enforcement settings, how investigators determine whether a trade anomaly is commercially implausible, and which information-sharing arrangements most effectively support evidence-building without creating excessive reporting or operational burdens. Comparative research may also examine how different legal systems define the relationship between trade-related offences, predicate offences and proceeds of unlawful activity. Empirical studies involving investigators, legal officers and other relevant authorities could further test, refine and extend the proposed framework.

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