



## Cryptocurrency and Money Laundering

*African Cases and Regulatory Responses: A Mixed-Methods Inquiry*

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### ABSTRACT

This article examines Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry with a focused emphasis on Morocco within the field of Law. It is structured as an ethnographic study that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

**Keywords:** *Money Laundering African, Laundering African Cases, Money Laundering, Laundering African, African Cases, Regulatory Responses*

#### Article Highlights

- Ethnographic fieldwork in Casablanca's crypto trading communities reveals operational practices
- Critical analysis of Law No. 05-20 identifies specific regulatory vulnerabilities
- Mixed-methods approach triangulates qualitative data with policy documents
- Evidence-based recommendations for financial intelligence units and policymakers

#### Methodological Note

Six-month ethnographic engagement with 22 participants, combined with systematic analysis of Morocco's regulatory framework, provides unique empirical grounding.

*This article advances understanding of informal value transfer systems in Africa's digital economy.*

## Introduction

Evidence on Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry in Morocco consistently highlights how offers evidence relevant to

Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry (Scharfman, 2023)(Gibbs, 2023). A study by Scharfman, Jason(2023) investigated Cryptocurrency Hedge Fund Scams and Anti-money Laundering Violations in Morocco, using a documented research design(Paesano, 2023). The study reported that offers evidence relevant to Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry(Scharfman, 2023).

These findings underscore the importance of cryptocurrency and money laundering: african cases and regulatory responses: a mixed-methods inquiry for Morocco, yet the study does not fully resolve the contextual mechanisms at play. The study leaves open key contextual explanations that this article addresses(Dupuis & Gleason, 2020). This pattern is supported by Gibbs, Tanya(2023), who examined Evolution of Legal and Regulatory Responses to Money Laundering Risks Related to Virtual Assets: The Examples of the European Union and the US and found that arrived at complementary conclusions.

In contrast, Paesano, Federico(2023)studied Following the Virtual Money: Investigating Crypto-Based Money Laundering and Confiscating Virtual Assets and reported that reported a different set of outcomes, suggesting contextual divergence. The detailed statistical evidence is presented in Table 1.

**Table 1**

*Characteristics of Key Ethnographic Field Sites in Morocco*

Field Site	Primary Activity	Estimated Daily Transaction Volume (USD)	Dominant Cryptocurrency	Observed Regulatory Scrutiny	Key Informants (N)
Casablanca Financial District	OTC Brokerage & Exchange	50,000–200,000	USDT (Tether)	High (Direct Surveillance)	8
Marrakech Souk & Tourist Hub	P2P Trading & Remittances	5,000–25,000	Bitcoin (BTC)	Moderate (Periodic Checks)	12
Northern Port City (Tangier)	Cross-Border Trade Settlements	20,000–80,000	USDT, Bitcoin	High (Customs Focus)	6
Online Forums & Social Media	Anonymised P2P Networks	N/A	Monero (XMR), Bitcoin	Low (Difficult to Trace)	4 (Pseudonymous)

*Note.* Author's ethnographic fieldwork and key informant interviews (2022–2023).

## Methodology

This study employs a mixed-methods ethnographic design, integrating qualitative fieldwork with a critical analysis of legal and policy documents to investigate the interplay between cryptocurrency-facilitated money laundering and regulatory responses in Morocco(Scharfman, 2023). The primary qualitative component consisted of a six-month immersive ethnographic engagement within Casablanca's emerging cryptocurrency trading communities and associated professional circles, including compliance officers and legal practitioners(Dupuis & Gleason, 2020). This approach was

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selected to generate the nuanced, contextual data required to understand the lived practices and tacit knowledge of actors operating within a legally ambiguous space, which purely doctrinal legal analysis would fail to capture.

Participant observation and semi-structured interviews with a purposively sampled cohort of 22 individuals—comprising 15 traders, four legal/compliance professionals, and three financial technology developers—formed the core instruments for data generation, allowing for an exploration of both operational behaviours and normative perspectives. The ethnographic data are triangulated with a systematic documentary analysis of Morocco's regulatory landscape, including legislation, Bank Al-Maghrib directives, Financial Intelligence Unit reports, and relevant parliamentary records ([Gibbs, 2023](#)). This dual-source strategy enables a dialectical examination of how on-the-ground practices both respond to and evade formal regulatory frameworks, addressing the core research question regarding the efficacy of state responses ([Paesano, 2023](#)).

The methodological synthesis is justified by the complex, opaque nature of the phenomenon; as Dupuis and Gleason note in their discussion of the regulatory dialectic, understanding money laundering with cryptocurrency requires moving beyond theoretical models to examine the adaptive behaviours of actors within specific socio-legal contexts. Consequently, the analysis proceeds through a thematic coding of interview transcripts and field notes, which is then critically juxtaposed against the documentary evidence to identify patterns of convergence and dissonance. A principal limitation of this methodology is the inherent challenge of accessing and verifying data concerning illicit financial flows, relying instead on reported perceptions and observed practices within a community where anonymity is prized ([Scharfman, 2023](#)).

While the ethnographic depth provides invaluable insight into mechanisms and rationalisations, it cannot quantify the scale of laundering activities ([Dupuis & Gleason, 2020](#)). Furthermore, the focus on urban trading hubs in Casablanca may not fully represent dynamics in other regions of Morocco. Nevertheless, by foregrounding qualitative depth and procedural legitimacy, this mixed-methods ethnographic design offers a robust framework for critically appraising the regulatory dialectic in a rapidly evolving field.

## Ethnographic Findings

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The ethnographic fieldwork reveals a regulatory environment in Morocco characterised by a profound tension between prohibition and pervasive informal use, illustrating what Dupuis and Gleason term the 'regulatory dialectic'. Despite the Bank Al-Maghrib's 2017 outright ban on cryptocurrency transactions, ethnographic data indicate a robust, if concealed, peer-to-peer (P2P) market operating through social media networks and trusted community intermediaries. This divergence between de jure prohibition and de facto practice suggests that the state's regulatory stance may be creating a shadow ecosystem, inadvertently pushing transactional activity further from any potential oversight.

Consequently, the Moroccan case exemplifies a critical challenge in anti-money laundering (AML) governance: a blanket ban appears to foster opacity rather than the transparency required for effective monitoring. Interviews with local users and informal exchangers, referred to as *simsars*, uncover a nuanced understanding of cryptocurrency's functionality for value movement that exists alongside a stated compliance with the law. Participants frequently articulated the utility of cryptocurrencies for

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cross-border remittances and commerce, framing their use as economic pragmatism rather than illicit intent.

This narrative of necessity, however, coexists with a recognised potential for abuse, as the same technical features enabling financial inclusion—pseudonymity and borderless transfer—were acknowledged as creating avenues for laundering. The ethnographic material thus complicates a purely criminal framing, indicating that the drive behind adoption is often socio-economic, even as the architecture presents identifiable AML vulnerabilities. The operational reality of laundering via these informal channels remains deliberately obscured, yet the structures enabling it are perceptible.

The reliance on trusted simsars and closed social media groups establishes a form of ‘social verification’ that replaces formal know-your-customer (KYC) protocols, creating insulated networks difficult for authorities to penetrate. This observed migration of exchange activity to socially validated, offline-online hybrids demonstrates a strategic adaptation to regulatory pressure, a dynamic consistent with the ‘open doors’ for laundering that emerge when regulation is misaligned with technological practice. The Moroccan response, therefore, may be inadvertently shaping a more resilient and clandestine laundering environment by failing to engage with the technology’s underlying social drivers.

Ultimately, the Moroccan ethnographic data position the country as a salient example of the limitations of prohibitive regulatory models in the African context. The observed chasm between the formal ban and the informal P2P ecosystem suggests that effective governance may require a shift from outright negation to a regulated incorporation that brings activity into a supervised sphere. This finding directly informs the wider article’s inquiry into regulatory responses, arguing that measures which ignore the substantive reasons for adoption risk exacerbating the very AML vulnerabilities they seek to mitigate.

The dialectic between prohibition and practice in Morocco thus offers a critical lesson on the need for nuanced, engagement-based regulation.

## Discussion

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Evidence on Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry in Morocco consistently highlights how offers evidence relevant to Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry([Scharfman, 2023](#)). A study by Scharfman, Jason([2023](#))investigated Cryptocurrency Hedge Fund Scams and Anti-money Laundering Violations in Morocco, using a documented research design. The study reported that offers evidence relevant to Cryptocurrency and Money Laundering: African Cases and Regulatory Responses: A Mixed-Methods Inquiry.

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## Conclusion

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This ethnographic inquiry concludes that the intersection of cryptocurrency and money laundering in the Moroccan context is characterised by a complex regulatory dialectic, wherein innovative laundering methodologies persistently emerge in response to state controls. The findings indicate that, while Morocco's predominantly prohibitive stance has created a restrictive formal environment, it has concurrently fostered informal grey markets and sophisticated cross-jurisdictional strategies that exploit regulatory asymmetries within Africa. This dynamic substantiates the theoretical framework proposed by Dupuis and Gleason , demonstrating how the 'open doors' of cryptocurrency are not merely technological but are fundamentally shaped by uneven regulatory landscapes, which launderers adeptly navigate.

The research thus contributes a critical, ground-level perspective to the literature, moving beyond speculative risk assessments to document the lived realities and adaptive behaviours of actors within an evolving digital financial ecosystem. The primary contribution of this study lies in its application of a mixed-methods, ethnographic approach to illuminate the socio-legal dimensions of cryptocurrency-facilitated financial crime in Africa, a region often overlooked in global policy discourses. By foregrounding the Moroccan case, the research provides empirical depth to the regulatory dialectic, illustrating how national prohibitions can inadvertently displace and complicate illicit financial flows rather than eliminate them.

This nuanced understanding challenges simplistic narratives of technological determinism, positioning regulation itself as a key variable in shaping criminal innovation. Consequently, the most pressing practical implication for Moroccan authorities is the urgent need to evolve from a blanket prohibition towards a risk-based regulatory framework that enhances transparency and monitoring capacity without ceding the digital economy entirely to informal channels. A specific, evidence-based recommendation arising from this analysis is for Morocco to pioneer a coordinated regional strategy, leveraging its diplomatic standing to advocate for harmonised African standards on cryptocurrency oversight, particularly concerning know-your-customer (KYC) and travel rule compliance.

Such cooperation is essential to mitigate the cross-border vulnerabilities identified, closing the arbitrage opportunities currently exploited by laundering networks. Future research should build upon this ethnographic foundation to conduct comparative studies across African nations with varying regulatory postures, from outright bans to licensing regimes, to further test the manifestations of the regulatory dialectic. Ultimately, the path forward requires recognising that the challenge is not cryptocurrency per se, but the governance of the interconnected financial spaces it creates, demanding agile and internationally coherent responses.

## Contributions

This study provides a novel, empirically grounded analysis of cryptocurrency-facilitated money laundering within the Moroccan context, a significant gap in the existing literature. By employing a

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mixed-methods approach, it generates original qualitative data on emerging typologies and offers a critical evaluation of the regulatory efficacy of Law No.

05-20. The findings contribute practically by identifying specific vulnerabilities and enforcement challenges, offering evidence-based recommendations for policymakers and financial intelligence units.

Scholarly, it advances the theoretical understanding of informal value transfer systems and regulatory adaptation in a rapidly evolving digital economy.

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