

Understanding the Link Between Financial Crime and Public Values: A Panel Data Analysis

Asad Ali¹, Mian Sajid Nazir*², Yaamina Salman³

¹PhD Scholar, Institute of Administrative Sciences, University of the Punjab, Lahore, Pakistan.

^{2*}Associate Professor, Institute of Administrative Sciences, University of the Punjab, Lahore, Pakistan.

³Professor, Institute of Administrative Sciences, University of the Punjab, Lahore, Pakistan.

Corresponding author: snazir@ias.edu.pk

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This study examines whether the religious values, ethical inclination, and post-materialistic values of the public influence the incidence of money laundering across countries. The research questions are addressed through quantitative analysis of secondary data obtained from the Basel Institute of Governance and the World Values Survey. The dataset covers 54 countries over an 11-year period, and a panel data model is employed for regression analysis. Based on Wald's F test, the LM test, and the Hausman tests, the random effects model is selected. The findings indicate that both religious and ethical values significantly affect money laundering risk. Contrary to the theoretical postulates of the VBN framework, higher religio-ethical values are associated with an increased risk of money laundering. These results are consistent with existing literature, which highlights how grey areas in religion and ethics can be used to rationalise illicit financial behaviour, and also documents instances of religious institutions being involved in such activities. In contrast, post-materialistic values are found to have no significant impact on money laundering. The study suggests that post-materialistic values, embedded in secular-liberal philosophies, may encourage individualistic behaviour that overlooks the consequences of financially complex crimes. At the same time, religio-ethical values that ostensibly promote collective good may be reinterpreted to justify individualistic goals. Using the VBN lens, the study identifies a disconnect in the theorised value-behaviour chain, arising from conflicting values and their reinterpretation. From a policy perspective, the promotion of ethical and religious values alone is insufficient to combat money laundering; greater emphasis is needed on institutional frameworks, transparency, and stringent policy implementation.

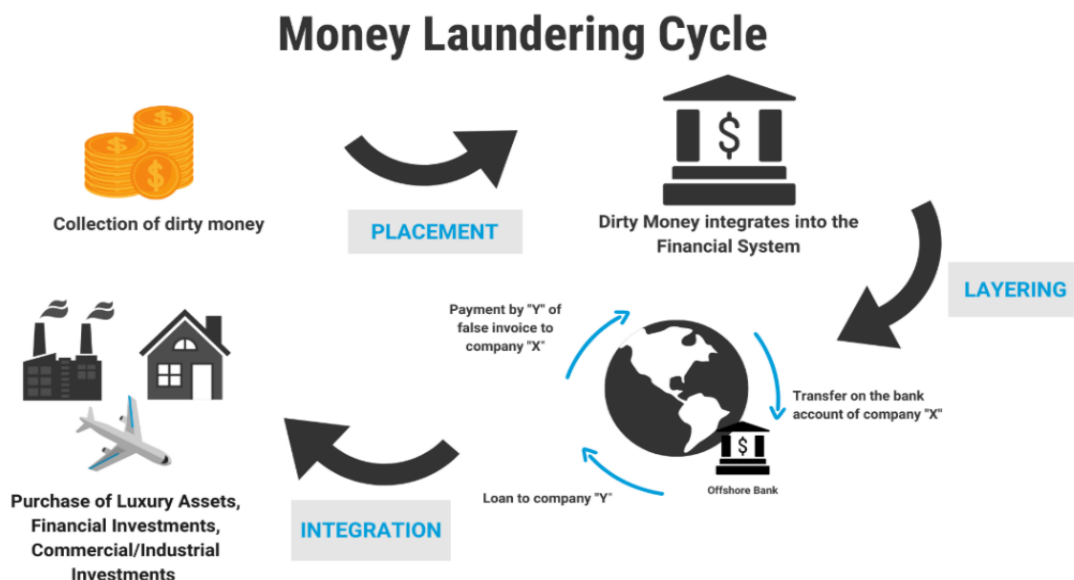
1. Introduction

Money laundering is a global phenomenon affecting both developed and developing countries. It is widely regarded as an enabler of other crimes, such as child trafficking, human trafficking, drug-related conflicts, and, most importantly, terrorism. The money laundering-terrorism connection has prompted a call for action by world leaders to form platforms like the Financial Action Task Force (FATF). However, beneath the technical term of money laundering lie heinous crimes that violate human dignity and endanger lives. In Pakistan, the 2014 Army Public School attack and the FATF grey listing (Dawn 2022; Khan 2014) have had dire consequences. Similarly, other nations have also faced negative consequences of money laundering.

NASDAQ (2025) reported a global loss of USD 4.4 trillion due to such illicit financial transactions. Of this total, USD 1.1 trillion was attributed to drug trafficking, USD 16.2 billion to terrorism financing, and USD 528.5 billion to human trafficking. Since its pervasion into the global financial system, money laundering has been clearly defined by accredited international organisations. The United Nations (2024) defines money laundering as The act of converting or transferring property, with knowledge that it originates from criminal activity, in order to conceal or disguise its illegal source or to help any person involved in the offense avoid legal consequences.

As shown in the figure below (Figure 1), the cycle of money laundering begins with the collection of illicit funds, followed by the placement stage, where the money is introduced into the financial system. Subsequently, it is layered through a series of transactions to obscure its trail and ultimate beneficiary. Finally, at the integration stage, the funds are used to acquire assets or achieve the end goals of the beneficiary.

Figure No 1: Money Laundering Cycle by United Nations (2024)



Understanding the structural mechanics of money laundering therefore requires attention not only to financial processes but also to the underlying value systems that shape individual behaviour. Religious values, which emphasise otherworldly concerns, lie at one

end, while ethical values, which reflect norms of reciprocity and social behaviour, are in the middle. At the other end of the spectrum are post-materialistic values, which are predominantly rooted in a secular-liberal worldview and emphasise this-worldly concerns. Viewing these values in a broader sense, their origins may be traced back to human beings' inherent ethicality, which gives them an inherent understanding of "good". However, an individual's value system may encompass internal conflicts, wherein the pursuit of this-worldly outcomes coexists with aspirations for a prosperous afterlife. In these cases, where this-worldly concerns are primary, individuals may be more likely to engage in unethical behaviour to achieve their goals (Inglehart & Appel 1989; Wilson 2005).

This paper's argument is based on the first stage of money laundering, i.e., the collection of illicit funds. It is posited that in countries where the public places a high regard on religious and ethical values, as well as the collective betterment of society (post-materialistic values), individuals are less likely to engage in activities that generate illicit income, thereby reducing the need for money laundering. Theoretically, the central argument draws on Stern's (2000) Value-Belief-Norm (VBN) theory, which links values to norms through a mediating belief system. These activated personal norms subsequently shape and guide behavioural tendencies within a given social environment.

The empirical work of AlQudah et al. (2022) lends support to the core argument of this paper. Their study examines how Hofstede's national culture dimensions affect public governance, which in turn influences the incidence of money laundering. Their work is grounded in social, behavioural, and cultural theories, similar to this paper. However, it is argued that at the heart of culture, as per Hofstede's cultural onion model, lie values that define and shape the outer layers (Hofstede et al., 1990). These values constitute the starting point of Stern's (2000) VBN model, which are not only held by the general public, but also the public officeholders who are at the helm of policy making and implementation. Therefore, this paper tries to understand the link between public values and their direct outcome on illicit money activities such as money laundering.

The aim of this research is to test whether religious values, ethical values, and post-materialistic values impact money laundering in a country, and whether the postulates of VBN theory are supported. In line with the research aims, this study addresses the following research questions:

1. Do the religious values of the general public in a country impact the incidence of money laundering?
2. Does the general ethical inclination of the public in a country impact the incidence of money laundering?
3. Do post-materialistic values held by the general public impact the incidence of money laundering?

The upcoming section covers the literature review, which discusses in detail the key variables of the study along with the theory-based linkages between the said variables. It further elaborates on how prior empirical and theoretical work has conceptualised and operationalised these constructs in related contexts. This is followed by the research methodology, where hypotheses formation is presented in line with the theoretical framework, along with a detailed

discussion of data sources and the analytical approach adopted for the study. The final sections then proceed to data analysis, interpretation of results, and inference, culminating in the conclusion, where the main findings and their implications are summarised.

2. Literature Review

Money laundering activities are predicated on various underlying crimes. According to Unger and Den Hertog (2012), fraud and drug trafficking as the two most significant predicate crimes. A substantial portion of the illicit funds laundered within the legitimate economy originates from: (1) frauds, including corporate fraud, investment schemes, and bankruptcy fraud and (2) drug trafficking. Consequently, the existence of money laundering is inherently linked to these predicate crimes. The legal treatment of illicit funds allows for varied approaches to addressing money laundering activities, contingent upon the relationship between ethics and law (Dion 2015; Irwin et al., 2011).

The sceptical perspective (ethical relativism) posits that there is no intrinsic notion of good or evil. In contrast, the legally focused perspective (legal positivism) asserts that ethics is irrelevant when lawmakers perform their duties. The distorting view (legal moralism) suggests that lawmakers determine moral and immoral standards. Finally, the ethically focused perspective (normative ethics) argues that ethics may provide insights distinct from those of the law. Ethical relativism and legal positivism maintain that money laundering is not an ethical issue, whereas legal moralism and normative ethics contend that it is indeed an ethical concern. Both ethical relativism and legal positivism assume that positive law serves as the foundation for natural law, implying that no natural law exists without being defined by positive law, and consequently, by lawmakers themselves. Conversely, legal moralism and normative ethics posit that natural law may underpin positive law, suggesting that lawmakers cannot adequately define public policies and laws without being informed by natural law principles (Chaddha & Agrawal 2023; Dion 2015).

Across all four viewpoints, policymakers may hold some specific moral beliefs and act with a particular moral intention. An ethical perspective involves the aim of achieving ethical outcomes and is built on three core elements. First, it sets foundational principles that help interpret words, behaviours, and attitudes as unethical or ethical. Second, it identifies the desired or optimal outcomes that are to be achieved. Third, it explains the process of moving from these foundational principles to those intended results. According to the Greek philosopher, Aristotle, the final goal of all actions is happiness. Conversely, ethical intent signifies that our manner of being, speaking, feeling, and behaving is guided by ethical considerations. An individual with ethical intent in a particular situation is prepared to engage in philosophical inquiry regarding ethical issues, employing ethical decision-making processes. This individual can connect abstract ethical questions with practical decision-making in everyday life (Dion 2015; Isolauri 2024; McGee & Benk 2023). As Kant (1990) asserts, nothing is good except for goodwill, which serves as the essential condition for happiness. Thus having an ethical perspective alone is not enough it must also be accompanied by ethical intent. The aforementioned philosophical perspectives regarding the issue of money laundering address the intersections of ethics and law, specifically focusing on ethical perspective, ethical intent, and the processes of lawmaking (Dion, 2015).

Building upon this philosophical foundation, the religious perspectives previously discussed reinforce the notion that money laundering cannot be understood only as a legal or technical matter. It must be interpreted within moral frameworks. Both Islamic and Christian traditions more closely align with normative ethics and legal moralism because they assert that illicit financial practices go against deeper moral principles whether incorporated in law or not.

Consequently, the convergence of legal, theological, and philosophical perspectives augments the argument that curtailment of money laundering warrants not only legal enforcement but also an ethical orientation. In this regard, both moral intent and values inform both individual behaviour and institutional regulation.

The existing literature on money laundering increasingly incorporates religious, ethical, and institutional dimensions. Recent studies highlight the potential exploitation of religious institutions for illicit purposes (Edmore & Schutte 2026). For instance, Edmore and Schutte (2026) observed that money launderers utilise Pentecostal churches in Botswana to conceal illicit funds in order to capitalise on their perceived legitimacy and poor financial oversight. Similarly, Mahmood and Ashraf (2025) noted that Protestant countries in the European Union have stricter control in terms of money laundering control as compared to non-Protestant ones.

From an Islamic perspective, the concept that "cleanliness is next to godliness" raises the question whether money laundering can be Sharia-compliant (Alenazi et al., 2025). This discourse develops a conceptual framework rooted in Quranic teachings and jurisprudence. It argues that money laundering fundamentally contradicts Sharia principles (Alenazi et al., 2025). However, the authors identify "grey areas" such as tax evasion, informal employment, and inheritance issues, which complicate money laundering enforcement within Islamic financial institutions. This perspective aligns with earlier research, which emphasises that Islam provides a more expansive framework for prohibition than secular law. It distinctly differentiating between lawful (halal) and unlawful (haram) wealth and rejecting the legitimacy of laundered funds (Al Agha, 2007).

Overall, these studies suggest that money laundering is influenced not only by legal structures but also by religious norms, which can both mitigate illicit behaviour and, paradoxically, be exploited within contexts of weak regulation. On one end religion and grey ethics are being abused to do money laundering, whereas other side of the literature shows that it curtails money laundering. This shows a gap in the literature that this study tries to address. Stern's (2000) Value-Belief-Norm (VBN) theory helps in integrating the above discussion by interpreting money laundering as a value-based process rather than a transactional one. From this lens, crimes such as fraud, drug trafficking, or money laundering (Unger & Den Hertog, 2012) reflect underlying motives that can stem from self-interest and materialism. These motives push individuals to choose personal gains over collective interests (Kravtsova et al., 2017).

At beliefs level, individuals or masses tend to develop rationalisations regarding the dirty; whether it can be laundering or cleaned. This is likely done owing to the fuzziness of ethical perspectives on money laundering as highlighted by Dion's (2015) debates on ethical relativism, legal positivism, and normative ethics. These belief systems determine whether

money laundering is seen as purely a legal issue or a moral wrongdoing that violates innate moral principles.

At the norms level, these beliefs derived from fuzzy ethical debates or orientations normalise such financial crime after taking away the “black” element from the “grey” area. While normative ethics and legal moralism create stronger personal and institutional norms against laundering, but ethical relativism creates grey areas. While religious frameworks in general reject illicit wealth altogether; as shown in Islamic prohibitions of haram income and Christian ethics emphasising disciplined financial conduct, but there are still grey areas that develop when ethical debates of ethical ends are taken into account from a religious perspective (Al Agha, 2007; Dion, 2015; Mahmood & Ashraf, 2025).

Overall, VBN theory shows that money laundering is not only driven by predicate crimes but is sustained by a chain of values, beliefs, and norms. This chain determines how societies ethically interpret and regulate illicit financial behaviour (Al Agha, 2007; Dion, 2015; Kravtsova et al., 2017; Stern, 2000).

3. Methodology

The research relied on the post-positivist world-view and deployed quantitative approach for answering the research question. The data for quantitative analysis was gathered from renowned and well-established international institutes that periodically publish relevant statistics. For analysis purposes, static panel models were deployed. The following section uncovers the details of methodology.

3.1 Secondary Data Sources and Panel Details

The data for the variables was gathered and compiled from two main data sources. The first database was Basel Institute’s Anti Money Laundering Index (AML), whereas the second was World Values Survey (Basel Institute on Governance 2024; Haerper et al., 2022).

Table No 1: Secondary Data Sources

Variable	Construct	Data Source	Index/Survey	Indices Used/Proposed in Literature
Money Laundering	Anti-Money Laundering Index (ML)	Basel Institution of Governance	AML Index	(Ghulam and Szalay 2024; Zaman et al. 2021)
Public Values	Religious Values (RV) Ethical Values (EV) Post Materialistic Values (PMI)	World Values Survey Association/ European Values Study	World/Integrated Values Survey	(EVS 2023; Haerper et al. 2022; McGee 2012; McGee and Benk 2023)

The objective of the Basel AML Index is to furnish a holistic view of the risks posed by money laundering and terrorist financing. The index defines risk as a jurisdiction’s susceptibility to money laundering and its capacity to combat it. The purpose of this data is not to provide a definitive measurement of money laundering activity within a particular

jurisdiction. The eighteen indicators exhibit a diversity of focus and scope. The selection of indicators is determined by several factors, such as their relevance, methodology, jurisdictional scope, public accessibility, and the availability of current data (Basel Institute on Governance 2024).

An independent expert group conducts an annual review of the indicators and their weighting. The majority of indicators included in the index utilise distinct scoring methodologies. To establish a consistent coding framework, individual indicator scores (variables) are aggregated and normalised using the min-max method, resulting in a 0-10 scale where 10 signifies the maximum risk level. In line with the principles governing composite indices, a weight is assigned to each variable to facilitate the aggregation of all scores into a single score. The variables employed in this instance exhibit varying degrees of quality, coverage, and relevance. Some components prove more effective than others in assessing the risk of money laundering. The index employs an expert-weighted approach, whereby specialists assign weights to variables based on their profound knowledge and expertise in the field (Basel Institute on Governance 2024).

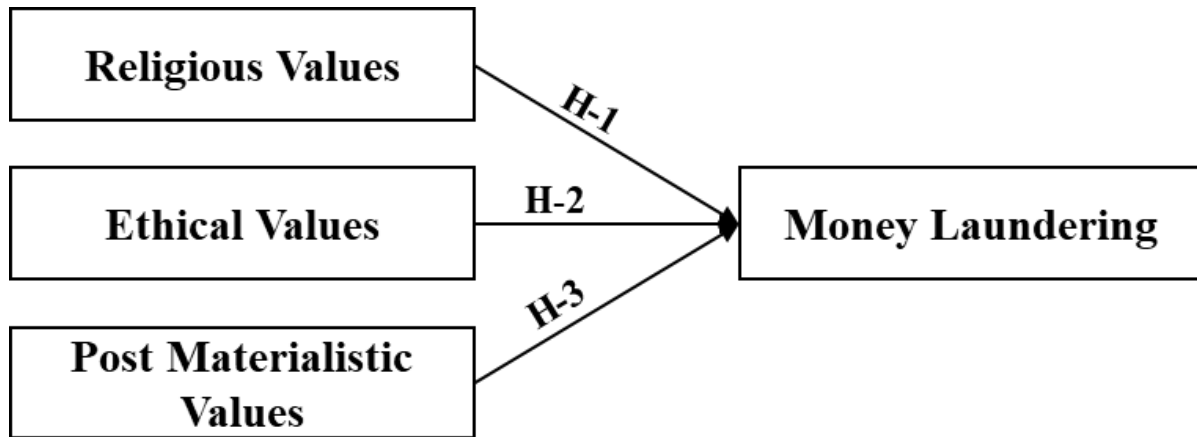
The World Values Survey (WVS) is a comprehensive global research program dedicated to exploring the values held within societies across various cultural contexts. This project aims to assess the impact of consistent or fluctuating impact values on the social, political, and economic progress of nations and societies. Since 1981, this survey has consistently implemented rigorous and high-quality research methodologies in all countries. Through the utilisation of a standardised questionnaire, the World Values Survey conducts nationally representative surveys in approximately 100 countries, encompassing nearly 90 percent of the global population. The World Values Survey (WVS) stands as the largest non-commercial, cross-national, a time series investigation of human beliefs and values ever undertaken, currently encompassing interviews with approximately 400,000 individuals. The WVS survey predominantly utilises in-person interviews conducted at respondents' residences (EVS, 2023; Haerpfer et al., 2022).

Based on common countries and time data availability, a total of 54 countries were finalised with data ranging from the year 2012 to 2022. Therefore, with $n=54$ and $t=11$, the data was based on a total 594 observations.

3.2 Theoretical Framework

Based on the research questions and the literature review, the following theoretical framework is proposed by this research:

Figure No 2: Theoretical Framework



H-1 *H₀: Religious values have no significant effect on money laundering.*

H_A: Religious values have a significant effect on money laundering.

H-2 *H₀: Ethical values have no significant effect on money laundering.*

H_A: Ethical values have a significant effect on money laundering.

H-3 *H₀: Post-materialistic values have no significant effect on money laundering.*

H_A: Post-materialistic values have a significant effect on money laundering.

3.3 Analysis Techniques

Broadly, two types of analysis were conducted. The first one, descriptive statistics, gives an overarching view of the data, i.e., what does the data reveal at the superficial level? The second one, inferential statistics, was used for hypotheses and model testing.

For quantitative data analysis, the data was compiled from the said sources. Missing values, if any found, were imputed by using Hair et al. (2010) suggested techniques. Basic data health checks were performed before proceeding further with the hypotheses testing. In order to test the theoretical framework, Lagrange Multiplier, Hausman's Test, and Wald's F-Test was used to decide whether Pooled Ordinary Least Square, Random Effect Model, or Fixed Model was used (Greene 2008; Hair et al. 2010). The estimated results were corroborated with the existing literature.

4. Results and Analysis

4.1 Descriptive Statistics

Descriptive statistics are used to assess the overarching level and trend of the data so that it can further augment regression analysis. Each country is unique with its own history, background, culture, and norms. On the other hand, each year poses a unique set of challenges, e.g., in the year 2016, Brexit Referendum sent economic shockwaves across the globe and in the year 2020, the COVID-19 pandemic practically shutting down the economy (Wallenfeldt 2025; World Health Organization 2024). The use of country-level annual averages allows for a

comparable measure of the variable across different entities. In the below given table, variable level details are given. The table is based on 594 observations, 54 countries, and 11 years' data.

Table No 2: Descriptive Statistics

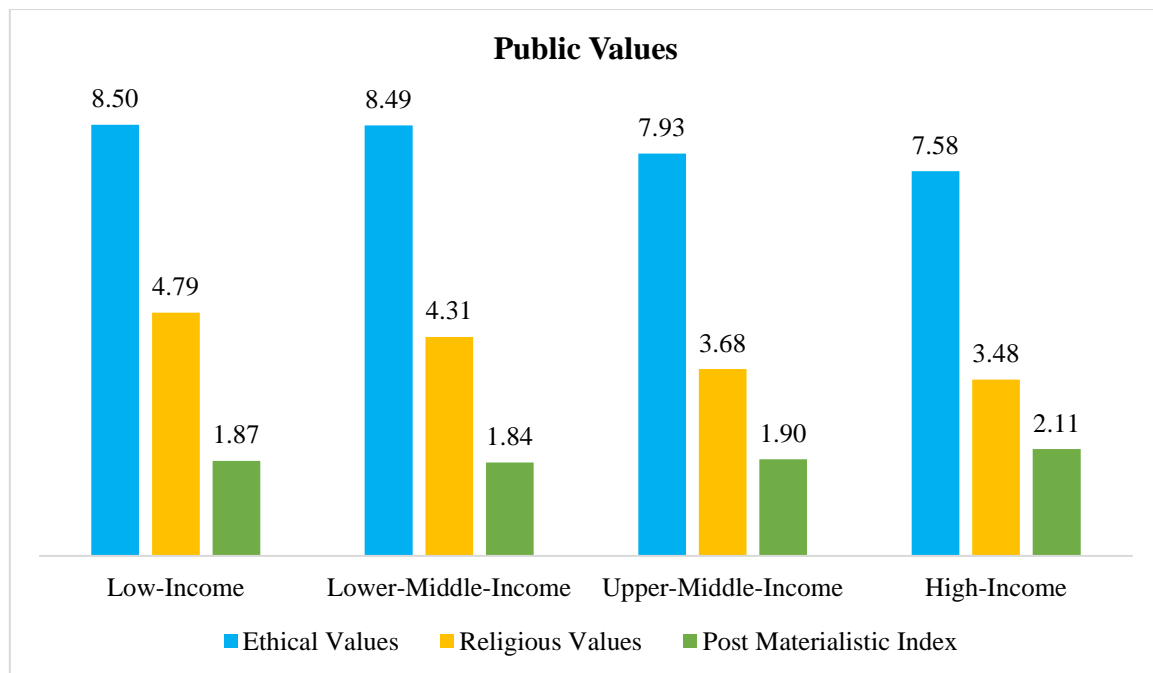
Variables	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
RV	2.0	5.0	4.0	0.7	-0.8	0.0
EV	6.3	9.4	8.1	0.7	-0.1	-0.8
PMI	1.3	2.5	1.9	0.2	-0.1	0.0
ML	2.7	8.5	5.4	1.2	0.2	-0.5

RV: Religious Values, EV: Ethical Values, PMI: Post Materialistic Values/Index, ML: Money Laundering

As the descriptive statistics of its public values reveal that people have reported high level of religious values (mean of 4, with maximum value of 5), high ethical values (mean of 9.4, with maximum value of 8.1), and minor tilt towards conservative values (mean of 1.9, with a maximum of 2.5). For the risk of money laundering, the data had an average risk level of 5.4 (the scale ranges from 1 to 10, with 10 signifying high risk)

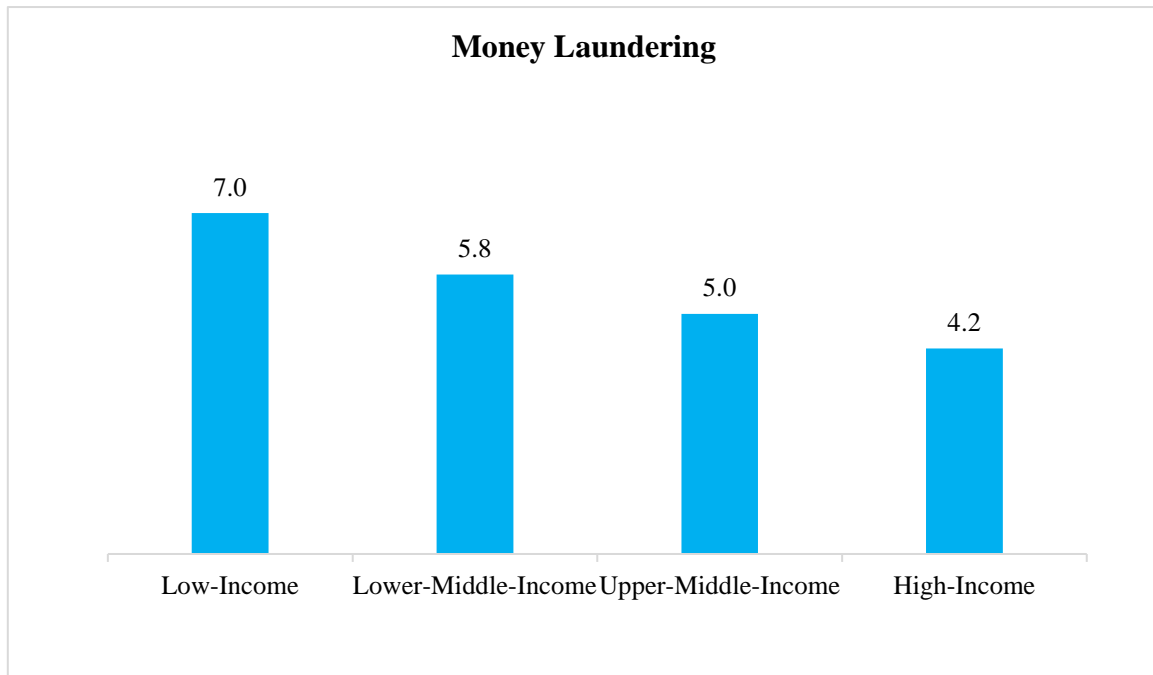
Below figure shows different levels of public values (Haerpfer et al. 2022) across different groups of countries; the grouping is done based on the country's income level (World Bank 2025). Under ethical values, questions about justifiability of bribery, violence, cheating on taxes, divorce, abortion and et cetera. It ranges from 1 to 10, with 10 being completely unjustifiable. A gradual downward trend can be noticed from the low-income group (8.5) to the high-income group (7.58); similar trend can be noticed in religious values. Religious values are assessed through questions related to the importance of religion in one's life, frequency of attending religious services, or the importance of God in one's life.

Figure No 3: Public Values across Different Income Level Countries



Simply put, the post materialistic index shows the general tilt of the population either towards traditionally conservative values (maintaining order, stable economy) and liberal values (freedom of speech, humane society). The values in the dataset range from 1.3 (conservative) to 2.5 (liberal). An upward trend can be observed when data is seen from low income (1.87) to high-income countries (2.11).

Figure No 4: Money Laundering Index



Money laundering index, taken from Basel Institute on Governance (2024), ranges from 0 to 10, with 10 signifying high risk of money laundering. In the low-income group (7), the averaged risk of money laundering is higher than that of high-income group (4.2).

4.2 Correlation Analysis

The following correlation table was generated using SPSS software:

Table No 3: Correlation Table

Correlations	Religious Values	Ethical Values	Post Materialistic Values	Money Laundering
Religious Values	1			
Ethical Values	0.567**	1		
Post Materialistic Values	-0.144**	-0.574**	1	
Money Laundering	0.477**	0.317**	-0.115**	1

The table shows Pearson’s correlation statistics between the variables of the study. The primary reason for generating the correlation table is to assess whether there is an issue of multicollinearity. According to Gujarati and Porter (2010), correlation statistics above 0.8 indicates towards the issue of multicollinearity among variables. The generated table reveals all values below 0.8, highest one being 0.574 between Ethical Values and Post Materialistic

Values. The correlation between Money Laundering and public values indicate towards statistically significant relationship. However, since the data is based on multiple countries across a specified time period, it is important to take into account for individual heterogeneity (μ_i). In order to test the hypotheses, following panel data regression was run.

4.3 Regression Results and Discussion

Before generating and interpreting regression results, with money laundering as dependent variables and all three values as independent variables, following preliminary tests were run to assess model selection and model fit:

Table No 4: Model Selection and Model Fit

Statistics*	Statistics	P-Value
Wald's F Test for Fixed Effects (F-Statistics)	10.9	0.000
Breusch and Pagan LM Test (χ^2)	1948.9	0.000
Hausman Test (χ^2)	5.9	0.115
Model Selection	Random Effects	
Wald's χ^2	33.000	0.000
R ² Overall	0.203	
σ_u (between country variation)	0.986	
σ_e (within country, time-based variation)	0.455	
ρ (variance due to μ_i)	0.825	
*Money Laundering as dependent variable, Religious Values, Ethical Values, and Post Materialistic Values as independent variable		

In panel data analysis, it is important to decide upon the type of model that is to be pursued (fixed, random, or POLS), because each model treats the random error and individual heterogeneity differently. For instance, in the random effects model, individual heterogeneity (μ_i) is included in the random error, but in the fixed effects model, it is taken as a (another) constant (Park 2011). The Wald's F-test shows presence of time fixed effects in the selected model, whereas the Breusch and Pagan LM test shows presence of random effects as well. Since both random and fixed effects are noted in the equation, Hausman test was run to assess which is better suited. The Hausman's χ^2 shows an insignificant p-value, indicating higher suitability for a random effects model. Therefore, for the regression equation, a random effects model was selected.

The Wald's χ^2 shows significant model fit with a p-value at 0.000. However, the overall R² shows 20.3% explanation of variation by the independent variables. However, a low R² with statistically significant F-Statistic or Wald's χ^2 in the case of panel data models is acceptable (Ozili 2023). The high value of $\rho=0.825$ indicates that approximately 82.5% of the total variance is attributable to unobserved country-specific effects, with between-country variation

($\sigma_u=0.986$) substantially exceeding within-country variation ($\sigma_e=0.455$). This suggests strong cross-sectional heterogeneity and justifies the use of panel data models.

Table No 5: Regression Results of Money Laundering and Values

Variables*	β Coefficient	Std. Error	p-value
Religious Values	0.463	0.190	0.015
Ethical Values	0.511	0.144	0.000
Post Materialistic Values	0.157	0.500	0.754
Constant	-0.908	1.723	0.598

*Money Laundering as dependent variable, Religious Values, Ethical Values, and Post Materialistic Values as independent variable in a random effects panel model

Based on the random effects panel regression analysis, religious and ethical values have a significant positive impact on money laundering. Meanwhile, post-materialistic values show no significance in affecting money laundering. In particular, religious values have a positive and significant association with money laundering with $\beta = 0.463$ and p-value = 0.015, such that one-unit increase in religious values causes 0.463 unit increase in money laundering. Mahmood and Ashraf (2025) found that Protestant countries in the European Union have a lower risk of money laundering as compared to others. They further explain that Protestantism demands more self-discipline and better economic management from its followers. Abdul Jabbar (2011) and Alenazi et al. (2025) address the debate whether money laundering can be compliant with Islamic jurisprudence or not, highlighting how lack of clear prohibition (haram) can be abused by the general masses.

On the other hand, ethical values have a positive and highly significant association on the dependent variable at $\beta = 0.511$ and p-value < 0.001, which means that a high level of reported ethical values shows a positive association with money laundering. In this regard, Dion (2015) critically analysed the issue of money laundering from various ethical angles. According to him, the sceptical approach, called ethical relativism, says there is no true or real idea of what is good or bad. This means that morality is not seen as something that applies to everyone in the same way. Instead, it is thought to be different based on culture or personal beliefs. The legally focused approach, known as legal positivism, assumes that ethics has no role to play when lawmakers are performing their duties. It means that laws are considered correct just because they are created, even if they don't match what is right or wrong. The way legal moralism works assumes that lawmakers are figuring out what is right or wrong, suggesting that the law shows and enforces what society considers right or wrong, and at times forces people to follow those standards. Ethics that focus on what is right and wrong (normative ethics) mean that ethics can tell us something different from what the law says. This shows that moral rules can sometimes challenge or include things that the law does not yet allow or forbid. Each of the four different views on money laundering has its own problems. Therefore, no single viewpoint completely addresses the ethical and legal challenges involved. Similar to religious values, ethical values are also interpreted with caveats by individuals, leading to a negative impact.

The positive relationship between money laundering and ethical/religious values likely represents not a direct moral impact of those values, but rather an incomplete functioning of the VBN activation chain. In other words, it hints towards failure in the normative expected path from values to anti-crime behaviour. This is especially pronounced for countries that are higher on value dimensions since such countries may be more normative (or traditional) in their views of financial crime than actually having (1) an awareness of the negative consequence of financial crime or (2) an inability to take your own personal responsibility for preventing financial crime thus resulting in a weak activation of personal norms for preventing money laundering. A decoupling between the endorsement of abstract values and moral judgment about specific issues is indicated by the separation of ethical/religious identity at the societal level from those values being applied in institutional areas such as financial regulation and financial crime (Oreg & Katz-Gerro, 2006; Ponizovskiy et al., 2019).

Lastly, post-materialistic values have a positive but insignificant relationship on the dependent variable at $\beta = 0.157$ and $p\text{-value} = 0.754$. In general, there is evidence to indicate a significant mismatch between the values that have been embraced by the general public and the results of their financial crimes, such that an increase in religiosity and ethics does not correlate with decreased instances of money laundering. The literature does not directly address the link between post-materialistic values and money laundering, however, Kravtsova et al. (2017) test the link between bribery and post-materialistic values. Parallels can be drawn between bribery and money laundering owing to the fact that both fall under the ambit of financial crimes. Their study showed that people with high post-materialistic values tend to justify bribery more. They further explain that recent research indicates that post-materialism is connected to individualism and the idea of personal freedom. However, when people become too individualistic, it can weaken the social rules that guide their actions, which may be harmful because these rules help keep society organised and people working together. Classical thinkers such as Freud, Durkheim, and Hobbes believed that without these limitations, society might become unstable and filled with conflict. This suggests that taking away social control doesn't really make people free, but instead makes them more likely to act in ways that are harmful to others. Some modern scholars see selfishness as a natural part of being individualistic. This suggests that people who value post-materialist dimensions might be more accepting of corruption to achieve their goals (Kravtsova et al., 2017).

The findings of this research are contrary to the work of Kravtsova et al. (2017). Post-materialism has no direct connection to money laundering, indicating post-materialists do not engage in collective behaviour related to financial crime. This provides support for the understanding of values being specific to domains of actions taken. Post-materialists influence how people behave in civic, environmental or lifestyle settings; however, post-materialism does not typically extend to complex or institutionalised forms of economic crime. Overall, it is likely that the findings indicate a relationship between values and money laundering; however, the connection between values and behaviours through the VBN sequence in the domain of financial misconduct is weak or does not operate in the theoretically expected manner. This changes the empirical findings from a research focus to a theoretical explanation, there is inadequate or absent connecting psychological mechanisms in a particular context to

allow for analysing values on behaviour (Oreg and Katz-Gerro 2006; Ponizovskiy et al. 2019; Stern 2000).

Stern's Value-Belief-Norm (VBN) Theory postulates that people behave according to a process that occurs sequentially, where values affect worldviews, which in turn trigger awareness of consequences, attribution of responsibility, and finally morality (Stern 2000). In other words, it is not presumed that values will have an impact on behaviour unless the individual is in some sort of cognitive-moral sequence. An individual must first understand that the situation has some normative relevance, know the implications, and be personally accountable. The values cannot be directly transformed into action, but rather their influence will depend on the presence or absence of harm perceived by people and the sense of personal responsibility for that harm, thus triggering moral norms (Chen 2015; Stern 2000). Therefore, it is necessary to pay attention to another limitation of the theory of value-based behaviour, which is associated with the possibility that even deeply rooted value orientations may not manifest themselves in action if there is no connection between them.

Different types of values will lead to different behaviours. Egoistic values will generally lead to a reduction in pro-social outcomes whereas altruistic values will increase the likelihood of pro-social outcomes (Chen 2015; Chung et al. 2019). Understanding this distinction is important, since in doing so we can see that there are various categories of values. Some value systems are focused on self-interest, or stability of the in-groups, while other value systems include a moral concern for people outside one's own group and therefore will have different tendencies of individual behaviour based upon the value-behaviour-needs continuum (Ponizovskiy et al., 2019).

To prevent harm, value systems can only be successful if people connect their behaviour to the desired outcome and find it morally relevant to them. Moral motivation is context-dependent, thus an individual can possess strong values; however, unless they are able to associate them with the behaviour, then the individual will not follow the norms associated to that behaviour.

5. Conclusion

The study's three research questions (1) Do the religious values of the general public in a country impact the incidence of money laundering? (2) Does the general ethical inclination of the public in a country impact the incidence of money laundering? and (3) Do post-materialistic values held by the general public impact the incidence of money laundering? were answered through a quantitative analysis of secondary data taken from the accredited databases of the Basel Institute of Governance and the World Values Survey. The data was based on 54 countries, spanning over 11 years. The study used a panel data model for regression analysis. Based on Wald's F test, LM test, and Hausman tests, the random effects model was selected.

The regression results showed that both religious and ethical values impact money laundering risk in a country. Contrary to the theoretical postulates of VBN, it was noted that higher religio-ethical values increased the risk of money laundering in the country. The findings were corroborated by the existing literature. The literature covers how grey areas in religion and ethics are used to rationalise money laundering, and instances of religious institutions

involved in the crime itself are also reported in the literature. Interestingly, it was noted that post-materialistic values do not impact money laundering. This suggests that post-materialistic values, which are embedded in secular-liberal philosophies, push towards individualistic behaviour, which perhaps does not concern itself with the consequences of a crime that is covered in the garb of complex financial jargon. On the other hand, religio-ethical values, which push towards the collective good, are reinterpreted in order to achieve individualistic goals pushed through secular-liberal philosophies.

The VBN lens used to develop the key argument of this research paper shows that there is a disconnect in the chain that has been theorised. This disconnect stems from the conflicting values that individuals or masses hold. On one end, the collective good pushes towards ethical behaviour; on the other hand, the ethical end tries to justify unethical means to gather money. Both religious and ethical values allow room for reinterpretation owing to grey areas. From a policy perspective, the promotion of ethical and religious values to combat money laundering would not suffice. The focus should be on institutional frameworks, transparency, and the stringent implementation of policy. Furthermore, covering loopholes in governance systems that create such opportunities should also be focused on.

6. References

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