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COMBATING ECONOMIC AND FINANCIAL CRIME: ISSUES AND PROSPECTS

Financial crimes, complex and transnational, don't just threaten the economy—they also make people lose trust in the system and impact financial stability. In 2012, these crimes cost France an estimated €20 billion¹. This growing and constantly evolving threat has led France to strengthen its law enforcement arsenal, providing its investigative services with the necessary resources and skills. However, experts such as economist Jean-François Gayraud argue that capitalism has created an environment conducive to large-scale fraud². Money made from illegal activities, such as drug trafficking, infiltrates and corrupts the legitimate economy, blurring the lines between white-collar and organized crime. In other words, these two forms of crime, which were once perceived as distinct, are more connected than ever.

This publication presents the consequences of this invisible but devastating crime, analyses the challenges of detecting and prosecuting it, and proposes enhanced inter-ministerial services, supported by artificial intelligence (AI), to optimize the criminal justice response.

I) The many facets and consequences of financial crime: a scourge for the state and its citizens

In France, the fight against economic and financial crime is led by several institutions, mainly under the aegis of the Ministries of Justice and the Interior. The Police Nationale, through its Division Nationale des Investigations Financières (DNIF) within the Direction Nationale de la Police Judiciaire (DNPJ), and the Gendarmerie Nationale, with its specialized units and territorial network, are responsible for judicial investigations³. The judicial authority, for its part, is responsible for prosecuting and sentencing perpetrators, relying on specialized magistrates and dedicated structures such as the specialized interregional courts⁴ and the Parquet National Financier (PNF)⁵.

Financial crime comes in various shapes, is sophisticated, often concealed, and has considerable repercussions⁶. Tax fraud, national and international tax evasion, the transfer of funds to tax havens, each deprive states of vital resources

1 PARISIEN, Bruno. *L'enquête judiciaire en matière économique et financière : une réforme nécessaire*. Thèse de doctorat, Université de Strasbourg, 2018, 915 p.

2 Interview with Jean-François GAYRAUD, economist and essayist, « L'Art de la guerre financière », *site de l'IRIS*, 17 octobre 2016.

3 Réponse du ministère de la Justice au référé n° S2018-3520 de la Cour des comptes, « Les moyens consacrés à la lutte contre la délinquance économique et financière », 18 décembre 2018.

4 Loi n° 2004-204 du 9 mars 2004 portant adaptation de la justice aux évolutions de la criminalité.

5 Loi organique n° 2013-1115 du 6 décembre 2013 relative au procureur de la République financier.

6 OECD. *Improving Co-operation Between Tax and Anti-Money Laundering Authorities*. OECD Publishing, Paris, 2015.

and distort competition⁷. Corruption and influence peddling—where power is abused for personal benefit—erode integrity and public confidence, resulting in decisions that harm the public good.⁸ Money laundering, the process of legalizing illegal funds, destabilizes financial systems and promotes organized crime⁹. Finally, financial cybercrime, including hacking, credit card fraud and online scams, represents a growing threat due to the digitization of the economy and the sophistication of cybercriminals.

These effects of financial crime heavily hinder economic development and threaten financial stability. It also erodes public confidence, generating a sense of injustice, and has social repercussions by depriving states of resources for public services and exacerbating inequalities. The economic scale of the phenomenon is considerable, with money laundering operations currently worth between €38 to €58 billion per year in France¹⁰. By way of comparison, drug trafficking generates between €3 to €6 billion annually. Given these sums, the state's response seems derisory: only 2% of criminal assets are seized and less than 1% is confiscated within the European Union¹¹.

Advances in technology and global business make it easier for criminals to dissimulate their actions, complicating efforts to detect and prosecute offenses. Online transactions, rapid cross-border financial transfers and the anonymity of certain technologies (crypto-assets) render the task of law enforcement agencies increasingly difficult. In addition, sophisticated methods such as shell companies and false invoicing, the use of luxury goods (real estate, watches, works of art), and the widespread use of crypto-assets (used in 100% of organized crime cases according to Europol) complexify traceability¹².

Experts are in unanimous agreement that large-scale financial crime is only made possible with the support of an ecosystem of legal actors. Regulated professions (banks, solicitors, accountants, notaries, estate agents) are at the heart of these schemes. Despite their duty of care, many fail in their obligations, reflecting a "significant lack of accountability" on the part of these perpetrators, who hide behind professional secrecy¹³.

Despite ongoing efforts, the state's response remains inadequate relative to the scale of the problem. Several structural and operational flaws explain this situation:

- **lack of staff and resources:** specialized services are chronically understaffed. The PNF is overwhelmed (18 magistrates for more than 500 complex cases). Only 860 investigators specialize in the fight against money laundering for the whole of France, a figure considered to be very insufficient¹⁴ ;
- **lack of strategic guidance and consolidated data:** there are no comprehensive, consolidated statistics on financial crime in France. This reflects a lack of strong political support and the absence of a coordinated national strategy¹⁵ ;
- **Slow justice system:** proceedings last an average of 8 to 10 years, or longer, which fuels a sense of impunity and creates a two-tier justice system.
- **Controversial negotiated justice tools:** the Judicial Agreement of Public Interest (CJIP) is criticized because it allows large companies to avoid criminal prosecution by paying a fine, with fraud then being perceived as a "cost of risk"¹⁶ ;
- **Inadequate protection for whistleblowers:** the current legal framework does not encourage people to report wrongdoing, with fear of reprisals remaining a major obstacle.
- **Hybridization of crime:** the links between financial crime, organized crime and drug trafficking are increasingly stronger. Drug money permeates and corrupts many sectors of society (catering, construction, public aid fraud)¹⁷.

7 OECD. *International Co-operation against Tax Crimes and Other Financial Crimes: A Catalogue of the Main Instruments*. OECD Publishing, Paris, 2017.

8 COUR DES COMPTES, Référé n° 67603, ayant pour objet : « Les services de l'État et la lutte contre la fraude fiscale internationale », 1^{er} août 2013.

9 Cf. note 3.

10 SÉNAT. *Ces dizaines de milliards qui gangrèment la société*. Rapport n° 757 (2024-2025), tome I, 18 juin 2025.

11 *Ibid.*

12 *Ibid.*

13 Anne MICHEL, Maxime VAUDANO, Jérémy BARUCH, Investigative journalists from the newspaper *Le Monde*, Audition par la mission d'évaluation du Sénat sur la lutte contre la délinquance financière, 3 mars 2025.

14 Frédéric PLOQUIN, Journaliste indépendant, Audition par la commission d'enquête du Sénat sur la délinquance financière, 4 mars 2025.

15 Ugo BERNALICIS, Député de La France Insoumise, Press conference on the parliamentary evaluation report on the fight against financial crime.

16 Fabrice ARFI, Médiapart journalists, Audition par la commission d'enquête du Sénat sur la délinquance financière, 4 mars 2025.

17 GOULET, Nathalie, Rapporteur de la commission d'enquête du Sénat, Présentation des conclusions du rapport n° 757 *Ces dizaines de milliards qui gangrèment la société*.

II) The imperative of joining forces: building effective and innovative inter-ministerial services

In the face of these challenges, a thorough reform of the organization of services combating financial crime is imperative. Effective inter-ministerial cooperation—meaning close, structured collaboration between institutions—is essential for unified and integrated action, surpassing mere coordination.

Strengthening the inter-ministerial approach is necessary because financial crime is complex, cross-cutting and transnational. A single case may involve various administrations and require joint investigations. The current organization, often compartmentalized and described as "organ pipes"¹⁸, can lead to duplication, gaps in intelligence, difficulties in cooperation, and an inadequate criminal response. As Jean de la Fontaine wrote, "all power is weak unless it is united"¹⁹. Well-designed inter-ministerial structures are more effective because they pool skills, share information and coordinate actions for a comprehensive view of criminal phenomena. They could bring together investigators (police, gendarmerie, customs, tax authorities), magistrates and technical experts. This new law enforcement architecture would be structured around two levels. A central service, within the PNF, would organize the law enforcement chain, centralize intelligence, statistics and investigative portfolios, and be the point of entry for requests for international cooperation. Its structure would also include a single point of contact for reports, multidisciplinary teams of investigators who could be deployed throughout the country, centralized intelligence for a comprehensive overview, and close coordination of procedures between investigators and magistrates to avoid duplication.

Regional inter-ministerial services, modeled on the Inter-ministerial Research Groups (GIR), would be created under the responsibility of the central service, ensuring a coherent territorial network. Dedicated to investigations, they would handle all administrative and judicial aspects of complex or sensitive financial cases. The collaboration of a judicial police officer, a tax inspector and a customs inspector within the same office would be formidable.

Foreign examples can be used to develop models. Joint Task Forces in the United States bring together agents from different federal agencies to combat specific forms of financial crime. Closer to home, Italy stands out with the Guardia di Finanza, a specialized military and judicial police force under the authority of the Ministry of Economy and Finance, with extensive powers in the fight against financial crime and a decentralized organisation.

III) The crucial role of criminal intelligence and artificial intelligence

Criminal intelligence is essential in the fight against financial crime. It enables investigative services to better understand criminal phenomena, identify key players, detect fraud patterns and anticipate emerging threats. It facilitates the understanding of criminal phenomena by grasping the underlying logic and identifying motivations, methods, networks and financial flows²⁰. It helps to target key players and identify the main accomplices. Intelligence analysis reveals complex fraud patterns (front companies, sophisticated financial arrangements, elaborate money laundering). Finally, it makes it possible to anticipate new forms of crime linked to technological and economic developments, thereby adapting counterstrategies.

Artificial Intelligence (AI) holds great promise for improving the effectiveness of criminal intelligence. Able to process vast amounts of data and identify complex patterns, AI can help analysts automate the processing of massive volumes of financial data, saving valuable time. It can detect complex fraud patterns that escape human analysis by cross-referencing various sources and detecting anomalies. It can also anticipate suspicious behavior by predicting criminal activity and guiding investigations. Finally, it improves international cooperation by facilitating the exchange of information between intelligence services, translating and analyzing multilingual documents, and quickly identifying transnational connections.

However, the effective and ethical use of AI is crucial, particularly in criminal proceedings. AI in criminal intelligence raises important issues of personal data protection, privacy, algorithm transparency and accountability in the event of error²¹. A clear legal and ethical framework is therefore essential to ensure responsible use that respects fundamental rights.

18 AUBERT, Bernadette, DESESSARD, Laurent, MASSÉ, Michel. *L'organisation des dispositifs spécialisés de lutte contre la criminalité économique et financière en Europe. Droit international*. Mission de recherche Droit & Justice, 2002, 142 p.

19 LA FONTAINE, Jean de. *Les fables de la Fontaine*, IV, XVIII, *Le vieillard et ses enfants*, 1668.

20 OCDE. *Rapport 2017 sur la mise en œuvre de l'échange automatique de renseignements*. Forum mondial sur la transparence et l'échange de renseignements à des fins fiscales, Paris, 2018.

21 Cf. note 3.

IV) Improving international cooperation in the field of justice

Beyond national efforts, international collaboration is equally crucial to effectively combat financial crime, transnational in nature. Criminals operate across borders, exploiting the complexity of global financial systems and legislative differences. Financial centers such as the United Arab Emirates and Hong Kong act as havens for dirty money and criminals, due to their opacity and virtually non-existent cooperation²².

Illegal financial funds move quickly, making close coordination between international judicial and law enforcement authorities essential. But differences between national legal systems complicate international investigations, hindering information exchange, mutual legal assistance and extradition. Although many international instruments exist to facilitate cooperation, their effective implementation and uniform application remain challenging. Cooperation on the seizure and confiscation of assets, for example, remains particularly difficult, as foreign countries often agree to seize assets but on the condition that they withhold the funds, resulting in a major obstacle to the recovery of criminal assets²³.

Several areas for improvement have been proposed. It is essential to strengthen existing judicial cooperation networks (Interpol, Eurojust) and to promote new regional or thematic mechanisms. Our proposal for a central service, reinforced by TRACFIN²⁴, is relevant in this regard. Greater harmonization of national legislation would reduce legal obstacles and thus facilitate cooperation. The secure operational exchange of information between competent authorities is crucial; it requires effective communication channels and a guarantee of data confidentiality. Finally, joint training for magistrates and investigators from different countries would strengthen their knowledge of foreign systems, mutual trust and coordination of actions.

V) Towards a paradigm shift for state sovereignty

The fight against financial crime today goes beyond mere repression. A strategic approach seems to be moving towards dismantling criminal organizations by targeting their structures and financial flows. This approach considers the cross-cutting nature of crime, as criminal organizations tend to diversify their activities.

Strengthening asset investigations and improving knowledge of networks, supported by solid inter-ministerial structures, are levers for more effective action. Furthermore, in a context of budgetary challenges for the State, investment in such structures could be considered from a return on investment perspective, through the recovery of criminal assets and the reduction of the social and economic costs of financial crime.

These perspectives suggest that we need to keep improving our methods and collaborate more closely, because these crimes are always changing.

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22 Bertrand MONNET, Professor at EDHEC Business School and specialist in the economics of crime, Audition par la commission d'enquête sénatoriale, 27 mars 2025.

23 Gérald DARMANIN, ministre de la Justice, Audition par la commission d'enquête sénatoriale, 22 mai 2025.

24 Traitement du renseignement et action contre les circuits financiers clandestins (service à compétence nationale).