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## 'Ghost workers' haunt companies as the UK's gig economy continues to rise

Zac Cohen, General Manager at Trulioo, talks about the rise of the gig economy and how it's being manipulated for nefarious purposes.

The UK's gig economy has continued to boom in the last year, with the country now playing home to an estimated five million self-employed people<sup>1</sup>. Described as "a labour market characterised by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs", the gig economy shows no signs of slowing down. With the rise of companies such as Uber, Etsy, and AirBnb, amongst others, more people are taking on part-time work – or 'side hustles' as they are often referred to – and joining the gig economy.

The number of self-employed workers aged 16 to 24-years-old, has nearly doubled in the last two decades and numbers for those aged 65-years-old and over have nearly tripled since the recession. In the last ten years alone, there has been an increase of around 800,000 self-employed workers – which accounts for roughly 15 percent of the UK's entire workforce.<sup>2</sup>

While we can't assume that every self-employed worker falls into the gig economy category, an increasingly sizeable portion would consider carrying out work in the industry<sup>3</sup>.

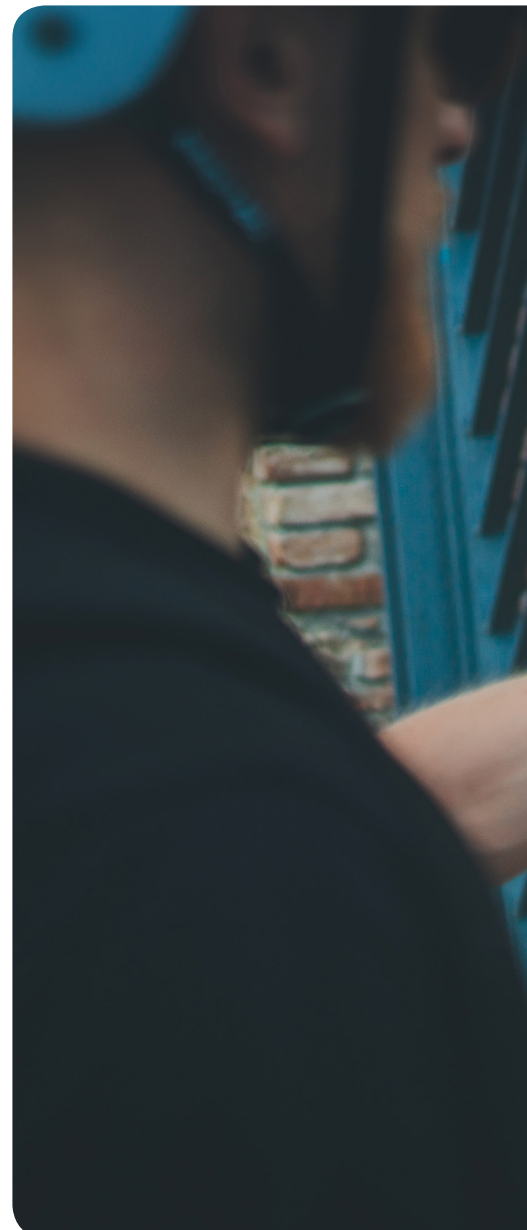
However, with billions of pounds changing hands across gig economy platforms every year, this emergent sector has begun to attract the attention of bad actors, who have devised new, more sophisticated ways of laundering money. According to research, freelancer platforms or online job marketplaces, such as Fiverr and Upwork, have proven to be a primary target<sup>4</sup>.

The launderer's strategy is essentially quite simple. Firstly, locate an online job marketplace of choice and set up a pseudo-job posting. Secondly, find a willing individual to masquerade as a freelancer in search of employment. Now all the launderer has to do is select that chosen individual from the pool of applicants and pay them via the online job marketplace platform. Once the individual receives the payment, they accept their portion and return the rest of the money to the launderer. Thus, the dirty money has successfully been 'laundered'.

This technique, known as micro-laundering, involves 'washing' a large sum of money by scattering it over thousands of electronic transactions.

Another way micro-laundering is executed is by leveraging drivers and hosts at large digital marketplace platforms to partake in the scam. The modus operandi is simple – fraudsters, from one corner of the world, book and pay for rides with complicit drivers thousands of miles away. In reality, these "ghost rides" never actually take place; once the sum of dirty money has been cleaned, the complicit driver transfers a portion of it back to the fraudster. To stay under the radar, the malicious actors spread the money across a network of complicit drivers – effectively, these small amounts of money become less likely to arouse suspicion from the taxi aggregator.<sup>5</sup>

What makes freelancer platforms particularly vulnerable to such forms of money laundering is that payments on these platforms are held in escrow and are disbursed to the freelancer upon successfully completing the task – the use of escrow, to an extent, helps cover up the launderer's tracks.



To stay abreast of changing techniques and trends in money laundering modern, agile solutions are required. By placing electronic identity verification at the very beginning of the customer onboarding journey, online platforms can prevent fraud by simply keeping fraudsters at bay. Effective identity systems are a cornerstone element of a modern and functioning society, helping to establish a foundation of trust between organisations and individuals. A reliable identity system can mitigate the risk of fraud and effectively manage transparent and secure access to various levels of service, ensuring AML compliance for all companies in the burgeoning gig economy.





By implementing a robust fraud monitoring and detection program, any business that deals with the transfer of funds online can reduce the risk of fraudulent activity. This can be done by tracking all transactions from the moment they are made until the money reaches the respective bank accounts.

Online marketplaces have changed the landscape of business, creating new possibilities for buyer-seller interactions, and unlocking the gates to a truly global and borderless economy. Buyer-seller relationships are undergirded by trust; as transactions in the physical world become a thing of the past,

and online marketplaces connect more buyers to sellers, the need to build a layer of trust at the heart of digital interactions becomes greater than ever.

It effectively boils down to one question: how can buyers and sellers trust each other for online marketplaces to function successfully? For any online marketplace, enabling a layer of trust is at the heart of its risk management strategy.



### Zac Cohen

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- 1 <https://www.consultancy.uk/news/18474/uk-has-2-million-freelancers-and-the-number-will-continue-to-rise>
- 2 <https://www.randstad.co.uk/gig-economy/>
- 3 <https://www.wired.co.uk/article/good-work-plan-uk-gig-economy>
- 4 <https://arxiv.org/ftp/arxiv/papers/1310/1310.2368.pdf>
- 5 <https://www.pymnts.com/news/b2b-payments/2019/gig-economy-money-laundering-kyc-compliance/>