

Research Article

The Legal Framework of Criminal Liability for Money Laundering and the Role of Financial Institutions in Saudi Arabia

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Abstract: Money laundering is being poses a serious threat for the economic stability and national security especially in the jurisdictions complex financial system. Along with the alignment of the Saudi Arabia's with the international Anti-Money Laundering standards, persistent legal and practical challenges remain, especially regarding the criminal liability of financial institutions and their employees. Consequently, the study aimed to critically examine the Saudi legal framework for governing the criminal liability for money laundering, with a particular focus on the role and accountability of financial institutions and their personnel. Adopting a constructivist paradigm, the study collected a primary data from expert interviews. Study results revealed that Saudi Arabia's law are being formally robust along with the practical effectiveness is constrained by vague liability standards, a preference for institutional penalties over individual accountability, principle-based regulatory uncertainty, and limited judicial utilization. The study further identifies the need for clearer codification of employee liability, a hybrid regulatory model, judicially defensible AI-based AML systems, and specialized judicial capacity. The study findings contributed to emphasize the significance of justice-oriented reforms that enhance legal certainty, proportionality, and accountability for strengthen of the overall effectiveness of Saudi Arabia's AML framework.

Keywords: Anti money laundering, Saudi Arabia, Jurisdiction, Framework, and Law.

1. Introduction

Money laundering is being emerged as an integral criminal phenomenon in the united states in between 1920 and 1930, when the law enforcement authorities began the term to describe the financial practices of organize crime groups particularly in the mafia syndicates [1]. Such kind of criminal companies needs to be sought out to legitimize proceeds which are derived from the illegal activities like as gambling, extortion, bootlegging, and later narcotics trafficking by channelling them into lawful commercial enterprises, thereby concealing their illicit origin and avoiding criminal prosecution [2]. Such kind of historical development has been marked the transformation of financial concealment from the mere byproduct of crime in the autonomous criminal offence (. From the global historical development, technology innovation in the international market have significantly facilitated the movement towards the jurisdictional fragmentation and regulatory disparities [3]. Electronic banking introduction and automatic payment methods has also further complicated the detection and enforcement efforts [4]. Such kind of system remove the face to face interactions and increase the reliance on the digital platforms which is making difficult for the financial institutions to detect suspicious activities which enforce towards the anti-money laundering regulations (.).

In the meantime, the money laundering is being recognized as a process which are interconnected in three stages placement, layering, and integration [6]. Every stage is being represents some of the regulatory challenges especially when the transaction are being span in multiple jurisdiction (.). In this regards, the laundering is not being considered to a longer financial crime but it becomes a serious threat for the economic stability, and national security [5]. This is the reason, a legal framework is being needed which has been become an important component for the effective anti-money laundering (AML) regimes, as reflected in global instruments such as the [14], and the recommendations of the Financial Action Task Force (FATF). Therefore, in the international legal framework context, Saudi Arabia Kingdom has been undertaken a important legislative and institutional reforms to combat money laundering and align its domestic legal framework with global standards. For the development of AML, first AML law was being enacted which was representing an integral attempt to criminalize the money laundering and regulate suspicious financial activities in line with emerging international norms (.). Such framework was being repeated and was being replaced with the

Royal Decree No. M/31 in 2012, which significantly expanded the scope of AML obligations to include designated non-financial businesses and professions, acknowledging that money laundering risks extend beyond traditional banking institutions. With the passage of time other AML was also changed which was being and comprehensives reforms were being occurred along with the promulgation of the AML Law under Royal Decree No. M/20 in 2017. Such law has reflected the Saudi Arabia's commitment for the implementations of the risk based and principle based AML approach which are being consistent along with the FATF standards, which were being emphasizing the preventive obligations and international cooperation [1; 7]. Such kind of efforts were being further enforced from the council of Ministers Resolution No. 42 of 2018, which approved national strategic objectives and a detailed action plan for combating money laundering and terrorism financing, thereby institutionalizing AML efforts across regulatory, enforcement, and supervisory bodies (.).

Along the notable legislative advancements, there were some of the legal and practical challenges were being persisted especially regarding the regulation of criminal liability for financial institutions and their employees. Saudi Arabia's AML framework were being largely adopted a principle based regulatory model which were being granting financial institutions option to design internal compliance systems based on their risk profiles [8]. While this approach is being increases the flexibility and institutional adaptability but it also increase the interpretive uncertainty which is being concerning the boundaries of criminal responsibility, especially in relation to mens rea, and the individual liability of compliance officers and senior management. This enforcement has been also increased from the international perspectives that legal ambiguity in defining criminal liability undermines enforcement effectiveness and weakens deterrence [10; 11]. In the Saudi context, the absence of explicit statutory clarification on when regulatory non-compliance escalates into criminal culpability raises concerns about legal certainty, proportionality of punishment, and consistency of judicial outcomes [12]. Such kind of issue is also further exacerbated from the increasing reliance on the automated monitoring system which is being complicated the attribution of responsibility in criminal proceedings [12].

Furthermore, the financial institutions has been occupied a central position in the enforcement of AML architecture as a gatekeeper of the financial system (.). The FATF standards has been explicitly assign some of the instructions to the financial institutions for the preventive and reporting role in the detection of the suspicious transactions [6].

Conversely, the AML law of the Saudi Arabia were being limited on the regulatory compliance and supervisory mechanism along with the limited the doctrinal analysis of criminal accountability frameworks applicable to institutions and individuals within them. Such kind of gap is especially significant which is being growing complexity of financial products, cross-border transactions, and digital financial services [9]. From the academic standpoint, the AML is being remains a relatively underexplored area within Saudi criminal law scholarship, particularly concerning on the intersection between regulatory obligations and criminal liability. Prior studies were being adopted the descriptive or policy orientated approaches while ignored the unresolved questions regarding enforcement effectiveness, evidentiary standards, and the balance between regulatory flexibility and criminal justice principles [13]. In addition, there was also limited attention was given on the national and international perspectives that could inform towards the legal reform and enhance alignment with global best practices.

Based on the prior gaps, this study has addressed the research gap which is being provided a comprehensive legal analysis of the Saudi AML framework with a specific focus on criminal liability and the role of financial institutions. This is critically evaluated that whether the law is being adequately regulate the criminal responsibility of the financial institutions and their employees and whether they are capable of responding to emerging money laundering risks [1; 7]. In this regards, through highlighting the previous gaps, the study aimed to propose a legal framework of criminal liability for money laundering and the role of financial institutions in Saudi Arabia. To achieve the above research objective, study proposed a following two research questions below,

1. To what extent does the current Saudi legal framework effectively regulate the criminal liability of financial institutions and their employees in combating money laundering?
2. How can Saudi Arabia's legal framework be reformed to enhance criminal accountability of financial institutions and their personnel for money laundering while ensuring justice and legal certainty?

Analyzing the legal framework for combating the money laundering in the Saudi system which represents a critical subject in the legal and economic studies because this crime threatens both of national and global economic stability. This study derives its importance from capturing the shedding light on money laundering as a contemporary criminal act which imposes a serious financial and social consequences on the Saudi economy. By understanding its mechanisms and effects, the study seeks to contribute to the reduction of money laundering activities and their harmful repercussions on economic integrity. The study was further divided into four chapter literature review where discussed the concept of money laundering and related to these studies. Research methodology where discussed about the research design and data collection process. Then interpreted the results which were conducted from the collected data. Lastly, discussion and implications of the study were discussed.

2. Literature Review

2.1 Money Laundering and its relevant studies

The academic consensus which are characterizes on the money laundering as a systematic threat to increase financial integrity and rule of law rather than mere ancillary offense. Different authors argued that AML enables organized crime to survive through the legitimizing illicit wealth which damage the economic governance and social justice [16]. Legally, this crime challenges the traditional notions of the territorial jurisdiction which proceeds are often moved across the multiple legal system before reintegration. Critical literature highlights that national AML laws are only as effective as their integration with global enforcement mechanisms. Such kind of observation is especially relevant for the Saudi Arabia country where the financial system is being deeply embedded in the international trade and energy markets While Saudi AML law adopts global definitions, several scholars argue that formal legal harmonization does not automatically translate into effective enforcement [18].

As the international instruments where is being adopted a narrow offense based approach which is restricting a money laundering related to drug related crimes. While the scholarly has been widely criticizes this model for enabling the criminal to shift laundering activities for proceeding the other crimes [19]. Then the expansion of the this model was conducted under the FATF standards which a important shift towards the crime criminalization's that has been Saudi Arabia later adopted in its 2017 AML Law. While the other legal scholars emphasizes that Kingdom of AML uniquely integrates Sharia principles, particularly the prohibition of unjust enrichment and harm to public interest [5]. However, critical doctrinal analysis suggests that Sharia-based moral condemnation has not been sufficiently translated into concrete liability standards for financial institutions and their employees [20; 21]. This gap weakens deterrence at the operational level.

With the improvement of ML, various studies in the prior literature

identified that predicts crime is an integral root cause for the money laundering in the financial institutions [22]. Extant studies also revealed that many jurisdiction which consisted of Saudi Arabia which is being prioritize on the laundering prosecutions while under-enforcing predicate offenses, particularly corruption, tax evasion, and trade-based crimes [23]. Other scholars also argued that this imbalance creates a paradox: laundering is punished without dismantling the economic engines that generate illicit proceeds [24; 25]. Saudi-focused studies note that limited public data on asset forfeiture and conviction outcomes restricts empirical evaluation of enforcement effectiveness [1; 7]. This lack of transparency weakens legal accountability and public trust. This lack enforcement of AML has been developed in the financial institutions with the passage of time.

As, the financial institutions has been theoretically positioned is an integral gatekeeper in the regime of AML [26; 27]. In extant literature the gatekeeper theory is being assumed that banks due to the their control on the financial flows are being best placed to detect and prevent money laundering activities. The Saudi AML are being assigned for the extensive compliance obligations for the banks which consisted customer due to the diligence and suspicious transaction reporting. Various critical studies demonstrated that banks are often operates as a critical compliance entity rather than on the crime prevention actors [28]. Studies show that excessive reporting requirements lead to defensive reporting, overwhelming Financial Intelligence Units with low-quality data [29; 30]. Saudi literature echoes this concern, noting that banks may prioritize regulatory protection over substantive crime detection [31]. As the money laundering has been undermine in the Saudi Arabia but this concept is being still limited on the criminal liability of banks employees. While Saudi law criminalizes participation in laundering, it provides limited doctrinal clarity on mens rea standards for negligence, wilful blindness, or systemic compliance failures. Various comparative legal studies emphasized that jurisdictions with explicit liability standards achieve higher deterrence [32]. Saudi scholarship, however, largely focuses on institutional compliance rather than individual accountability [33]. This doctrinal silence risks shielding senior employees from liability while penalizing lower-level staff.

On the other hand, Saudi Arabia is also has limited adoption on the principle based regulatory approach which is being aligned with the FATF recommendations which allows a significant flexibility across the financial institutions. From the theoretical perspectives, this model always encourages to the risk based compliance which are being tailored towards the institutional profiles [34; 35]. Nevertheless, extensive literature analyzes principle-based regulation for producing legal uncertainty and enforcement inconsistency [36; 37]. In the Saudi context, scholars argue that vague standards such as "effective monitoring" lack judicial clarity, making it difficult to establish criminal negligence or regulatory breach [38]. Without binding interpretive guidance, enforcement discretion may undermine equality before the law. On the other hand, a theme which has been highlighted in the literature is that there is disconnect between the formal compliance and substantive justice. To overcome this authors argued that that AML regimes often prioritize procedural adherence over equitable enforcement, leading to selective prosecution and symbolic deterrence [13]. This was further suggested that harsher penalties are still insufficient with compromising on the certainty of enforcement and transparency in prosecutorial outcomes [39; 40]. Furthermore, exemption or mitigation mechanisms for cooperating offenders are criticized for enabling strategic abuse, allowing masterminds to evade accountability [41].

There are various studies have been conducted on AML but still these studies have gaps in the prior literature. Firstly, prior studies have absence of empirical evaluation for the Saudi AML persecutions. Secondly, there is a insufficient integration of sharing based justice values in the enforcement mechanisms. Thirdly, there is an over-reliance on the technology without compromising legal accountability frameworks. Lastly, prior studies also has limited comparative analysis along with the advance AML jurisdictions. The study after fulfilling the previous gaps is contributed to address these gaps through a justice-oriented reconstruction of criminal liability, positioning financial institutions not merely as regulated entities but as legally accountable actors within Saudi Arabia's AML framework.

3. Research Methodology

The study adopted a qualitative research approach where data was the conducted from the professional of anti-money laundering from Saudi Arabia Financial Institutions. The interviews were conducted from 10 professionals of financial institutions of Saudi Arabia. These professionals were provided a valuable insights based on their practical experience and involvement in anti-money laundering practices.

4. Findings and Thematic Analysis

This section represent the thematic analysis of the study which has

been conducted on the interviews of the study.

4.1 Research Questions One

To what extent does the current Saudi legal framework effectively regulate the criminal liability of financial institutions and their employees in combating money laundering?

The study results show that experts are strong at the formal and regulatory level but they are still limited on the Saudi AML legal framework in their practical effectiveness. Majority of the respondents shown that Saudi Arabia's AML laws are being aligned along with the international standards as per the FATF requirements; however, this alignment does not fully translate into effective enforcement in practice. The most critical weakness identified relates to the ambiguity surrounding the criminal liability of bank employees, especially the lack of clear legal standards concerning intent, negligence, and willful blindness, which respondents viewed as a major obstacle to successful prosecution and deterrence. Furthermore, the respondents are noted that systematic preferences for the institutional liability, where the financial institutions are being more frequently stationed through the fines while individual accountability especially for the senior management remains limited. The reliance on principle-based regulation was also seen as a double-edged sword, providing regulatory flexibility but simultaneously creating enforcement gaps due to vague legal language and inconsistent interpretation. In addition, the emergence of a defensive compliance culture was also highlighted where the compliance efforts are being focused on the avoiding regulatory penalties rather than proactively preventing money laundering. Finally, the limited judicial utilization of AML provisions reflects structural challenges, including scarce case law and insufficient specialized judicial expertise, further constraining the practical effectiveness of the AML legal framework. Above results are shown in Table 1.

Table 1: Themes, Codes, Frequency, and Findings (RQ1)

Theme	Key Codes	Respondents Referring to Theme (n = 10)	Thematic Findings
Partial Effectiveness of AML Legal Framework	FATF compliance; formal criminalization; regulatory sufficiency	8 / 10 respondents	Most respondents acknowledged that Saudi AML laws are formally strong and internationally aligned; however, they emphasized that effectiveness remains limited at the implementation stage.
Ambiguity in Criminal Liability of Bank Employees	Men's rea uncertainty; negligence not criminalized; willful blindness	9 / 10 respondents	Nearly all respondents highlighted that unclear standards for employee intent significantly hinder prosecutions and weaken deterrence.
Institutional Liability Favored over Individual Accountability	Corporate fines; avoidance of personal prosecution	7 / 10 respondents	Respondents observed that enforcement mechanisms focus on penalizing institutions rather than holding individual employees or senior managers criminally accountable.
Principle-Based Regulation Creates Enforcement Gaps	Vague legal language; inconsistent interpretation	6 / 10 respondents	Several experts noted that principle-based regulation allows flexibility but creates legal uncertainty and uneven enforcement across institutions.
Defensive Compliance Culture	Over-reporting; box-ticking; fear of penalties	8 / 10 respondents	Compliance officers explained that AML practices prioritize regulatory survival rather than genuine crime prevention.
Weak Judicial Utilization of AML Provisions	Limited case law; procedural complexity	5 / 10 respondents	Legal professionals emphasized that AML criminal provisions are underutilized due to lack of judicial precedent and specialized expertise.

4.2 Research Question 2

How can Saudi Arabia's legal framework be reformed to enhance criminal accountability of financial institutions and their personnel for money laundering while ensuring justice and legal certainty?

Research question two results shown a strong consensus among the respondents which is reforming the Saudi AML legal framework which is

being required a shift towards the clearer accountability, and justice-oriented enforcement mechanisms. Further results emphasized that there is a need for the explicit codification of employee criminal liability, especially through defining the negligence threshold, and senior management responsibility, as a necessary step to close existing accountability gaps. Study respondents also supported the adoption of a hybrid regulatory model that combines principle-based flexibility with binding interpretive rules, thereby reducing ambiguity and ensuring consistent application of the law. The growing role of technology was reflected in calls for judicially defensible AI-based AML systems, with experts stressing that such tools must be transparent, explainable, and legally admissible to support criminal proceedings. Furthermore, a significant number of respondents highlighted the importance of specialized AML judicial and prosecutorial capacity, arguing that trained judges and dedicated units would enhance consistency, expertise, and jurisprudential development. Legal protection for public-private information sharing was also viewed as essential to improve intelligence flow without exposing institutions or employees to undue liability. Lastly, respondents are stressed that there should be a proper reform that should be prioritize on the just based and proportionate penalties which increase the oversight of high-risk sectors such as charitable organizations, to ensure that enforcement is both effective and aligned with principles of fairness and legal certainty. The results are in the Table 2 below,

Table 2: Themes, Codes, Frequency, and Findings (RQ2)

Theme	Key Codes (Reform-Oriented)	Respondents Referring to Theme (n = 10)	Expert Findings
Codification of Criminal Liability	Negligence thresholds; failure to prevent; senior management liability	9 / 10 respondents	Strong consensus that criminal liability of employees must be clearly codified to close accountability gaps.
Hybrid Regulatory Model (Rules + Principles)	Binding guidance; illustrative standards	7 / 10 respondents	Respondents supported combining principle-based regulation with enforceable interpretive rules to enhance legal certainty.
Judicially Defensible AI-Based AML Systems	Explain ability audit trails; legal admissibility	6 / 10 respondents	Experts stressed that AI tools must be legally transparent and capable of supporting criminal evidence.
Specialized AML Judicial Capacity	Trained judges; AML courts	8 / 10 respondents	A majority recommended specialized judicial and prosecutorial units to strengthen consistent enforcement and jurisprudence.
Legislated Public-Private Information Sharing	Safe harbor provisions; controlled data sharing	7 / 10 respondents	Respondents emphasized that legal protection is required to encourage effective intelligence sharing without fear of liability.
Justice-Based and Proportionate Penalties	Certainty of punishment; proportionality	8 / 10 respondents	Experts argued that predictable and proportionate sanctions are more effective than severe but inconsistently applied penalties.
Enhanced Oversight of High-Risk Sectors (Charities)	Mandatory audits; centralized supervision	6 / 10 respondents	Respondents identified charitable institutions as a persistent vulnerability requiring stricter criminal oversight.

5. Discussion

The study has addressed the research gap which is being provided a comprehensive legal analysis of the Saudi AML framework with a specific focus on criminal liability and the role of financial institutions. The result from the thematic analysis highlighted the several reforms which are being crucial for increasing the criminal accountability in the Saudi AML framework. Firstly, study results indicated that there was a strong consensus among the respondents with respect to the ambiguity of ambiguity criminal liability for bank employees indicates an urgent need for legal reform. All the respondents highlighted that unclear mens rea

requirements and undefined negligence thresholds hinder the prosecution of individuals involved in money laundering. In this regards, the legal framework should be clearly codify to the employee liability which consisted of negligence and responsibilities of compliance officers. Such kind of reforms must be aligned with the international best practices which highlighted the importance of legal definitions for effective enforcement [42; 43]. If there is no such clarity, then the law may be continuously creates a focus on the institutional penalties which is leaving a individual perpetrators shielded from criminal accountability.

Secondly, results also highlighted institutional liability is favored over the individual accountability suggested which reforms should aim to balance the corporate penalties along with the personal accountability mechanisms. Financial institutions should not only be fined but it is also required to demonstrate because they have taken reasonable steps to the prevent money laundering. This approach would always be strengthen the internal compliance culture which could reduce the risk of collusion within the banks. The results are consisted with the prior studies which is highlighting that personal liability enhances the deterrent effect and ensures accountability at all levels of an organization [7; 44]. Thirdly, the principle based regulation issue also enforced a gaps which is highlighting the need for the hybrid regulatory model which combine the flexible principles within the binding interpretive guidance. On the other hand, principle based regulation allows to the institutions to raise the AML controls towards their risk profiles that could lead to the inconsistent interpretation due to vague language. A hybrid model which is incorporating a clear standards that could increase the legal certainty and remove disparities across institutions. The results are aligned with the previous studies where they argued that principle-based frameworks must be supported by clearer guidelines to prevent regulatory loopholes [45; 46; 47].

Fourthly, the defensive compliance culture which is identified from the respondents which is suggested the need to shift AML practices from procedural box-ticking to substantive crime prevention. They also highlighted that reforms should be emphasized on the quality over the quantity in the suspicious transaction reporting that could provide a clearer legal protection for the institutions and employees who act responsibly. This would help reduce over-reporting and strengthen the effectiveness of AML systems, a concern that is widely documented in global AML literature [48]. Lastly, weak judicial utilization of AML provisions points are being to be a need to enhance the judicial capacity to increase specialized expertise. Further, respondents noted limited case law that is a major obstacles. Therefore, reforms should include training programs for judges and prosecutors, the establishment of specialized AML courts or units, and enhanced collaboration between regulatory bodies and the judiciary. This approach is supported by international research showing that specialized judicial systems improve enforcement consistency and produce stronger jurisprudence in complex financial crime cases [49; 50; 51]. These findings shown that there should be a meaningful reforms for the Saudi Arabia AML legal framework which is requires a comprehensive approach which addresses a both legal certainty and justice values. These reforms would not only align Saudi Arabia but these reforms should also be aligned with the best international best practices to ensure the AML framework to operate the fairness, and effective enforcement.

Further, thematic analysis results shown that Saudi Arabia current AML legal framework possess a formal strengths but they remains limited in practical enforcement particularly criminal liability of the financial institutions. Majority of the respondents acknowledged that Saudi AML laws are being aligned with international standards and FATF requirements but they also highlighted that legal framework's effectiveness is weakened by unclear standards for individual liability and inconsistent implementation. This aligns with previous studies that stress the importance of clear definitions of culpability for effective AML enforcement, as vague mens rea standards and weak negligence thresholds hinder prosecution and reduce deterrence [53]. These results are consistent along with the institutional penalties which are often dominate the individual accountability for the effective AML regimes to prevent willful blindness and internal collusion [54; 55]. The results also shown that principle based regulatory approach creates a interpretive ambiguity that could be exploited the criminal actors. The result is consisted with the study of principle-based regulation, which argues that flexibility can lead to inconsistent enforcement unless supplemented by clear interpretive guidance [56; 57]. Further results shown that respondents are strongly focused on the hybrid regulatory model for the combining principles along with the binding guidance that is emphasizing on the approach that could increase legal certainty without undermining the institutional adaptability. The respondents views are consistent with the FATF recommendations where they recommended the clear standards to minimize the compliance discrepancies across institutions [58]. Moreover,

Furthermore, the need for judicially defensible AI-based AML systems emerged as a major theme, reflecting concerns about the "black box" nature of AI and its limited legal admissibility in court. This aligns with recent literature on algorithmic governance and AML, which argues that AI

systems must be explainable, auditable, and capable of producing evidence that meets legal standards [59; 60]. Other significant findings also highlighted for the specialized AML judicial capacity where most of the respondents believed that there is a limited judicial expertise and is a lack of case law impede consistent enforcement. The respondents results are consistent with financial crimes which requires a specialized judicial knowledge to interpret complex evidence effectively [60; 61]. Further, respondents are stressed the significance of creating legal protections to encourage information sharing under the Saudi Arabia law.

Further results also found that justice based penalties are also important for increasing the compliance of the companies where they argued that predictable sanctions grounded in fairness and proportionality are more effective than severe penalties that are inconsistently applied. The result is supported the view where they highlighted that legal certainty strengthen deterrence and legitimacy [15;17]. At last, the charities identification also persistent the vulnerabilities which emphasizes the need for sector wise oversight that is consistent with the AML standard of Saudi Arabia. The result is consistent with the study of [15; 52] where they highlighted that non-profit organizations can be exploited for laundering and terrorist financing. Collectively, these results confirmed that Saudi Arabia has been established a strong legal foundations to improve the AML effectively which requires a clearer liability standards, improved judicial capacity, stronger institutional collaboration, and a balanced approach that integrates justice values such as fairness, legal certainty, and proportionality.

6. Implications

Study has various implications from both of theoretical and practical perspectives. Theoretically, study contributed to emphasized that formal compliance along with the laws will not only automatically increase the effectiveness of results but it will also increase the effective enforcement. While Saudi Arabian AML laws are being aligned with international standards, studies show that implementation gaps and weak judicial use reduce the practical effectiveness of the system. This supports the theoretical argument that the law's effectiveness is determined not only by its content, but also by the institutions' capacity and willingness to enforce it. Furthermore, the study advances the theory of corporate responsibility by showing that institutional punishments alone are insufficient to deter internal negligence or collusion. This finding strengthens the theoretical framework that advocates a balanced approach that combines corporate sanctions with individual accountability. Ambiguity in criminal law requirements also contributes to criminal law theory by highlighting the need for clear definitions of negligence and willful blindness in economic crime. Without this clarity, it becomes difficult to prosecute individuals, which weakens deterrence and undermines criminal justice work. Furthermore, the study makes a theoretical contribution to regulatory theory by confirming that principles-based regulation, although flexible, can lead to inconsistent enforcement and legal uncertainty unless supplemented by binding guidance. It supports a hybrid regulatory model that balances flexibility with clear standards. Finally, the study contributes to the new theory of AI governance in AML by highlighting that AI-based systems must be explainable and legally defensible to be acceptable in court and improve AML effectiveness. Overall, the study advances theoretical knowledge by emphasizing that AML effectiveness requires clarity of legal definitions, balanced accountability and increased enforcement capacity.

Practically, study contributed to reform that Saudi Arabia AML framework should be properly focused to strengthen the criminal liability through the proper legal framework. Firstly, the employee ambiguity also suggested that there is a need a clear legal framework that could clearly define the liability of bank employees and compliance officers, including clear standards for negligence and willful blindness. Such codification will enable more effective prosecution and strengthen deterrence. Secondly, the dominance of institutional responsibility over individual accountability highlights the need for reforms that hold employees and top managers personally accountable when they fail to prevent money laundering. This will strengthen the internal compliance culture and reduce the risk of cooperation within financial institutions. Thirdly, studies show that principles-based regulation creates enforcement gaps due to vague language and inconsistent interpretation; Therefore, Saudi regulators should adopt a hybrid model that combines flexible principles with binding interpretive guidance and clear examples to ensure uniform enforcement. Fourthly, the defensive compliance culture observed in financial institutions points to the need for a shift from ticking to actual crime prevention by adopting risk-based reporting, improving the quality of suspicious transaction reports and providing legal protection for employees who act responsibly. Lastly, the weak judicial use of AML provisions points to the need for specialized training for judges and the establishment of specialized AML courts or prosecution units to build expertise and develop coherent case law. Finally, the study's findings suggest that AML reforms

should also include improved public-private cooperation.

7. Conclusion and Future Directions

Money laundering becomes an integral threat for the company's economic stability and national security particularly for the complex financial system. To address this, study objective was to critically examined a legal framework in the governing the criminal liability for money laundering, with a particular focus on the role and accountability of financial institutions and their personnel. For this objective, primary interview based data collected from the professionals who have the knowledge of money laundering. The study results highlighted the need for the clearer adoption of employee liability, hybrid regulatory model, and specialized judicial capacity. The study findings contributed to emphasize the significance of justice-oriented reforms that enhance legal certainty, proportionality, and accountability for strengthen of the overall effectiveness of Saudi Arabia's AML framework. Along with the significant findings, study still has various limitations that needs to be addressed in future study. Firstly, the study focused on the limited expert interviews while ignored the valuable in-depth insights that could restrict the study results generalizability. Therefore, further research could be conducted on other financial institution or content analysis to increase study generalizability. Secondly, the study adopted a qualitative socio legal approach where not included the empirical data like as prosecution statistics, conviction rates, or asset recovery outcomes, which could further strengthen the assessment of enforcement effectiveness. Future research should therefore employ mixed-method or quantitative approaches to evaluate the practical impact of AML laws using judicial and regulatory data. In addition, there is a need a comparative study which could provide a deeper insights in the best practices for defining criminal liability and enhancing judicial capacity. Further research may also explore the evolving role of artificial intelligence in AML enforcement, particularly its legal admissibility and accountability implications, to support evidence-based legal reforms in Saudi Arabia.

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