Ear to Asia podcast

Title: Compound Capitalism: Inside Southeast Asia's Fraud Factories

Description: Across Southeast Asia, vast compounds have emerged as the nerve centers of large-scale online fraud, run by transnational crime syndicates with links to ethnic Chinese networks. Their targets are ordinary people across Asia and beyond, ensnared in scams that drain savings and devastate families. But inside the compound walls are trafficked workers — lured under false promises of legitimate employment, then held captive in conditions of digital servitude. So what is the true extent of this shadow economy? How have these scam compounds become embedded in local communities and cross-border networks? And as regional governments attempt crackdowns, what happens to the exploited workers once the compounds fall? Researchers into the intersection of organized crime and technology Dr Ivan Franceschini from Asia Institute and Ling Li from Ca' Foscari University of Venice join host Sami Shah to examine the reach and ramifications of Southeast Asia's scam compounds. An Asia Institute podcast. Produced and edited by profactual.com. Music by audionautix.com.

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Voiceover:

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Sami Shah:

Hello.

I'm Sami Shah.

This is Ear to Asia.

Ling Li:

These people were trafficked or coerced into working in the scam operations.

They are recruited by fake job ads or by the people they know.

We even know cases that they recruit by friends that they know for like more than 20 years, or their family members, then transported across borders and ended up in the scam compound.

Ivan Franceschini:

There is this idea that these compounds come out of nowhere, and they exist in kind of a void, and that criminals can go anywhere and do whatever they want.

That's definitely not true.

So the scam compounds that we see in Southeast Asia, they do exist in areas where they can count on local complicities.

They need support and protection of local umbrellas, elites, people with money connected with the political system.

Sami Shah:

In this episode, Compound Capitalism: Inside Southeast Asia's Fraud Factories. Ear to Asia is the podcast from Asia Institute, the Asia research specialist at the University of Melbourne.

Across Southeast Asia, vast compounds have emerged that operate not as factories or office parks, but as the nerve centers of large scale online fraud, run primarily by transnational crime syndicates, many linked to ethnic Chinese networks.

These scam compounds represent one of the most industrialized forms of exploitation in the region today.

Their online targets are ordinary people across Asia and beyond, ensnared through scams that can drain savings and devastate families.

But inside the physical walls of the compounds are the trafficked workers forced to perpetrate those scams, many lured under false promises of legitimate employment, and then held captive in brutal conditions of digital servitude.

The operations themselves mimic corporate structures, complete with HR and logistics departments, all powered by technology and increasingly by artificial intelligence that allows fraud to scale globally.

The profits are staggering.

The impact personal and the consequences political.

So what is the true extent of the shadow economy?

How have these scam compounds become embedded in local communities and cross-border networks?

And as regional governments attempt crackdowns amid global scrutiny, what happens to the exploited workers once the compounds fall?

Joining me to explore the rise, reach and ramifications of Southeast Asia's scam compounds are two researchers who've spent years tracking the intersection of organized crime, human trafficking, and technology.

Doctor Ivan Franceschini from the Center for Contemporary Chinese Studies here at Asia Institute, and Ling Li, a PhD candidate at Ca’ Foscari University of Venice.

Our two guests, along with Mark Bo, are authors of the 2025 book *Scam: Inside Southeast Asia's Cybercrime Compounds*, published by Verso.

Their writings on the topic can also be regularly found in *The Conversation* and elsewhere.

Welcome, Ivan and Ling.

Ivan Franceschini:

Thank you.

Ling Li:

Thank you.

Sami Shah:

Let's start with some geography.

Where are these scam compounds most commonly found? Ivan?

Ivan Franceschini:

So this type of organization scam compound is quite specific.

And we find it mostly in Southeast Asia, and specifically in four countries.

We find them in Cambodia, in Myanmar, in Laos and the Philippines.

Uh, This is like where this kind of structure came to be in the late 20-tens.

It is quite specific in that there are facilities that host many different types of organizations where scams are done at scale.

Uh, And we see that Southeast Asia was kind of the lab where this kind of structure was experimented on, that where it emerged.

And now we see traces of it in other places in the world, including the Pacific.

We have evidence of this type of structure in Palau, Papua New Guinea, Timor-Leste, for instance, among other places.

We see them in some parts of Africa, and also in Latin America somewhere. Right?

The important thing here is not to think that the whole of the online scam industry is organized around compounds.

There are many different types of organizations.

The scam compounds as we know it, this kind of large scale facility with hosting different organizations inside, is something that came up in this region.

But if we look elsewhere, we look at West Africa, for instance, or Eastern Europe. we find that the online scams are organized differently.

Some of them are smaller scale.

They are in villas, they are in office buildings and stuff like that.

They don't have that kind of large scale industrialized dimension that we find in Southeast Asia.

We also find big call centers in places like India, South Asia.

They are quite common.

So the scam compounds, going back to your question, is a form that emerged in Southeast Asia and now is spreading in other parts of the world.

Sami Shah:

So let's focus then on the Southeast Asian scam compounds.

Um, Who is running them?

Ivan Franceschini:

Um, I mean, the Southeast Asian scam compounds are mostly run by ethnic Chinese crime groups.

So they are the main actors.

So if you talk with victims as we do, you will always -- not always -- very often hear stories about Chinese managers, Chinese-Malaysian managers.

So the Chinese diaspora is involved, like ethnic Chinese -- we talk about ethnic Chinese -- it's not only Chinese from mainland China, so they are the dominant players.

But we have to be careful not to think about the industry as a Chinese phenomenon, because, yes, ethnic Chinese actors are dominant in this cluster in Southeast Asia, but they operate in an ecosystem that involves actors from a whole host of ethnicities, nationalities, backgrounds, including local actors.

One of the main points of our research is to emphasize how this kind of operation wouldn't be able to exist without the complicity and support of local protective umbrellas, for instance.

Or we think about the human trafficking side, and then we see that all the people who are now trafficked from Africa, Vietnam, other parts of the world, they are lured and they are tricked and transported by local crime networks.

So yeah, the Chinese or ethnic Chinese crime groups, they are the main actors behind the scam operations, but they can operate like [this] because they are embedded in this larger multinational or transnational, better networks that deal with different sides of this ecosystem.

Sami Shah:

Ling Li, there are two sets of victims of these scam compounds.

Who are they and where are they from?

Ling Li:

Thank you for the question, and thank you for also mentioning about these two sets of victims here.

Um, The two ends of the wire.

So the first set are the victims of scams.

That's what most people, uh, heard of or even experienced.

Um, So they are the, um, they can be individuals globally.

They, they are the people who lose money, their data, their emotional trust through the scams.

And the most common scam types they experience are maybe, um, romance scams, investment scams, um, especially crypto and scams impersonate um scam and um their financial loss can be severe.

But then what we want to emphasize is their emotional harm.

Um, It can be long term. And we know a lot of cases they even, um, take their lives.

So that's very important.

But then what we are dealing with mostly, um, for our work, is the victim[s] of exploitation inside the scam compound.

Um, So they are the, we call it victims of forced criminality.

So these people were trafficked or coerced into working in the scam operations.

Um, They are often recruited by like fake job ads, um, or like by the people they know.

Um, We even know cases that they, they recruit by friends that they know for like more than 20 years or their family members, then transported across borders and ended up in the scam compound and to do scam, um, to, basically, to scam the, the first set of the, of the victim[s].

Sami Shah:

Is there a way of describing any of these trafficked workers?

Is there a typical profile for them, for example?

Ling Li:

Um, We cannot give like a very typical one, but then it kind of depends on countries.

So at the beginning there's a misconception, I think it's still going on, of like all this type of victim of human trafficking are super new, um, because they work in the scam industry and they must know technology, they speak several languages.

Um, So they are so different from the traditional human trafficking victims.

It's not true.

At least it's not fully true.

So for, um, victims of human trafficking from like China, Indonesia, Vietnam.

Vietnam, Thailand, in Southeast Asia.

So, um, they are in general, like, um, quite young, um, mostly male, doesn't mean like a female are not recruited.

Um, And um, they come from like low um income families.

They do not have, uh, very good, uh, education.

Um, And they [are] lured because they cannot find job in their own country.

Um, That's one type.

But we do also see like people with bachelor degrees, even even PhDs, they got lured into the scam compound.

But then we are guessing that also come from like the culture, how they find a job.

Like if the country, for example, like Kenya or Bangladesh, they have a culture to pay agent[s] to go out and they are mainly skilled workers and then they fall into the trap.

Um, So that's another typical type.

Sami Shah:

You have mentioned how they have a variety of scams that are being used to focus on the victims.

Um, How do these work?

Like is there an example you can give, for example, the one you've talked about in your writing -- pig butchering?

How does that work?

What is the system?

Ling Li:

Um Pig butchering.

So typically is like you will find, um, so you're using your dating app, for example, in Tinder and you find like a girl in your dream, like looking very nice and then very, uh, and then talking to you -- very funny.

And then, um, they, she, she or he will start to like, uh, want to have a relationship with you.

And then they will mention about we want to build a life together and they will say that I have some knowledge of investment and, or I know someone who can help you to invest.

And so we can have more money and to have a better future. Then a typical way -- another typical way is they will ask you, they won't ask you more money, like directly, because people will be, “Oh, why [do] I want to give money to someone I never met.”

So they will say, oh, you can arrange my account.

Um, So you are seeing the money coming in and increase. And you can even withdraw some out of it.

And then you can say, oh, I earned this much money and within like two weeks.

So they gain your trust, um, with every means they can.

And then they say, okay, this is the time you have to put a lot of money and that's the time they will cut you off and vanish forever.

Sami Shah:

What technologies are they using to make this possible?

It is happening on such a large scale.

Ling Li:

So from the technology side, scam compound exists because of two things come together.

So an internet that lets a guarded building in in Southeast Asia, rich victim from anywhere, and a new wave of AI tools that stripped away the limits on how many victims one scammer could work at once.

I can give you examples.

So, um, the fully online nature of the fraud comes when, um, everything like that used to recruit being there in person, right?

Like meeting a romance interest, opening an investment account, moving money abroad now happens entirely through apps.

And that makes this compound possible in the first place.

And a few dozen operators that laptops can reach victims, um, like from countries all over the world through WhatsApp and telegram, dating apps, LinkedIn, and then lure them to those phishing website and crypto wallets.

And none of those like old geographic or like banking system can apply to this side of thing.

And the infrastructure behind it is also, um, sold as a service now.

So I really recommend everyone to read a new report by Infoblox, um, where they found a full malware as a service platform that are used by scam centers in Southeast Asia.

So that, um, when what they are talking about is when a victim install one of the fake banking or government apps created by criminals, the scam compound is essentially owns their phones.

So the Trojan can grab facial recognition data.

Um, During a fake know your customer check and intercept SMS one time passcode and quietly log into mobile banking apps in your phone to move money across borders.

So I mean, the very things that are supposed to protect us now, so our face, our text message code get into, uh, into the attack service and then the money, um, we talk about crypto coins so you can move it.

Like mostly now they are using USDT, um, and move freely, uh, across the board.

And then the emergence [of] using of AI.

So the LLM conquered the language barrier and wrote better scripts.

So the original, like pig butchering scams were talking about, they are targeting Mandarin speakers because the workers are Mandarin speakers.

And then the LLM blow that ceiling off.

Um, OpenAI's um, I think last year they have a report laying this out in a very good detail.

They documented like Cambodian-linked compound use ChatGPT to build out, um, full back stories of fake investment guru and their fake, um, employees, and then ask the model to write social media posts in those characters voice.

And when a target, um, messages back, the scammer would paste the victim's message into ChatGPT and ask it to keep the conversation going.

So in character.

So that's how they are using the LLM and also the AI facial swapping, um, has transformed the video call because the single biggest test in the romance investment scam used to be when the victim said, “oh, let's do a video call.”

But then that test is basically dead now, right?

Like, um, I as an Asian woman now with AI, I can be a Caucasian. Very easy.

Um, And then our victim[s] tell us they have AI, um, AI room that they are dedicated to, to do this kind of video calls to make the customer to believe that they are talking, really talking to who they think they believe they are talking to.

Um, And then there are companies like providing this kind of services and um, they say like they can, there's one Chinese language ads for those software literally pitch it as like essential for pig butchering scams and argue it solves the problem that good looking human models are hard to recruit and expensive to manage.

So that's what we are facing now.

Sami Shah:

Ivan, how much is all of this worth?

For individual scam organizations, how much money are they making from these efforts?

Ivan Franceschini:

We cannot know.

I mean, I, I'm very sceptical about every any number that is going around that claims to give us a full picture of the industry because it's basically impossible.

You have to know, you have to understand that scams is one of the types of crimes where victims are very reluctant to come forward because of shame.

So the reporting rates are very low, of course.

So that's already limit our ability to understand, uh, the scope, the scale of the industry.

Also law enforcement in different parts of the world, in different countries, they do not coordinate.

So there is no clear categorization, no clear way of collecting data.

So these two things together, they already mess up the picture considerably.

But if we look if you look at the scale in Southeast Asia of this operation, how many workers, how many compounds we know of hundreds of compounds in Southeast Asia. Right?

Uh, And then if we consider also that not all the scams are this type of labor intensive official impersonation, pig butchering, romance, investment scams, but there are also loan scams, e-commerce scams.

So that type of scams that just extract a small amount of money, but at scale, think about extracting like €100 or $100 here and there, uh, from thousands and thousands or tens of thousands of people, which is what's happening, right?

Think about the volume of money, right?

We cannot quantify, but it's huge.

If you are losing $100, you might not even go to report it.

Not because of shame, but because you know that there is a low chance that you will get the money back.

And then so, you know, like, uh, if you look at the whole picture like that, I mean, it's a huge number.

What we can see are some partial estimates.

We know, for instance, that there is a study from 2024 that look at blockchains, and then the scholars, they track over USD 75 billion that went through cryptocurrency accounts controlled by scammers, mostly in Southeast Asia, over three years between 2021 and 2024. So 75 billion.

And then in 2023 alone, the Chinese government claimed that they had intercepted about AUD 6 billion that were going to fall into the hands of scammers.

These are money that are intercepted.

These are not losses.

And then also you might want to consider the numbers from Australia in 2024.

In Australia, Australian nationals they lost over AUD 2 billion to scammers.

There is no way for us to know where the money went. Right.

I mean, we can't know whether this money went to scammers in Southeast Asia, in the Pacific, in West Africa.

We have no way to know.

But if you look at these numbers, you can you can see that the industry is huge.

We just cannot quantify.

Sami Shah:

There is a common belief that these compounds in Southeast Asia operate in in a sort of a vacuum, in a no man's land, you know, no one really has an authority over them.

And that's how they get through the system.

Is that true, or are there more connections to the local communities than we realize?

Ivan Franceschini:

Uh, it is definitely not true.

I mean, there is this idea that these compounds come out of nowhere and that they exist in kind of a void and that criminals can operate, like with total impunity without any connection to the local.

Uh, that's why that's where all the emphasis on the Chinese element comes from, right on this idea that criminals can go anywhere and do whatever they want without any -- having to engage.

That's definitely not true.

So the scam compounds that we see in Southeast Asia, they do exist in areas where they can count on local complicities.

They need support and protection of local umbrellas -- elites, people with money connected with the political system -- and that enable them to operate. Without this kind of protection, that grants them a level of stability, they would not be able to exist in the first place, right?

You wouldn't start a compound that requires building all the type of structures, right?

It's a significant investment, and without any guarantee that you will be allowed to operate for years. Maybe? Right.

You wouldn't think that much money in building it, right?

So that's the first level of integration with the local local -- the local elites, the protection, the, the, this kind of protective umbrellas, as we call them.

But, uh, it is not limited to that.

I mean, like, uh, the compounds, they can exist because of different layers of engagement with local communities.

One, I mean the first one, we see it even before the compounds exist.

And, you know, the compounds need to be built and who builds them?

Workers, construction workers, they are local, which doesn't mean they're doing anything wrong.

They are just construction workers, mostly from, of course, poor background in places like Cambodia.

They're just making a living, right?

They might earn like $300 per month, and they are working really hard and living in the shanty towns.

I mean, these tents in fields to build the compounds; we saw them.

So that's the first layer.

Then, you know, when the compound is built, uh, then you have local people that the working side, not a scammer, not only a scammer.

That's quite rare.

Uh, They work as security guards.

They work as cleaners, they cook.

Uh, They provide tech support sometimes, maybe.

But, you know, all this kind of work that keeps the compound running is done by locals.

And again, these are mostly often poor local people living around the compounds that find a job inside, and the compounds might pay them like a slightly above market rates, maybe sometimes.

But like I was speaking with a security guard in a compound down in Cambodia, and the security guard was earning like $300 a month.

It was a man in his late 40s and his wife.

His wife was older than him.

She was like 50 in her 50s.

And she was hired as a cleaner.

She was hired as a cleaner.

She was earning around $250 per month, which is a good salary for a cleaner in Cambodia.

And then both of them were using this money to pay back a microloan [which] they had gotten to build a house in another province. Right?

So I think that when the compound closed down because of the government crackdown, they lost the job.

And so they were really worried about how are we going to pay back our loan.

So again, this is not to talk about local complicities, but just to say how there is this whole ecosystem. And think [that] the people in the compound, they have to eat.

And yes, there are cooks and kitchens inside the compound, but many ordered outside.

So you have restaurants popping up around the compounds.

If you have a large Indonesian workforce, you will have Indonesian restaurants open up around the compounds and these restaurants will have to deliver.

So you have delivery workers, right?

And so this whole ecosystem of perfectly legitimate jobs that like develop around and inside the compound, it does exist and it complicates the picture.

Sami Shah:

One of the things that's been fascinating to a lot of outsiders who are learning about this is how these scam organizations mimic, uh, legitimate corporate structures.

Can you talk a little bit about that, about how this exploitation is industrialized?

Ivan Franceschini:

Yeah, sure.

Um, I mean, like, this is a broader trend that we see in the field of cybercrime at large.

It's not only online scams.

So what we see in the field of cybercrime is a development from, um, a landscape that was dominated by individual hackers like individual people who knew their way around computers and they had amazing tech skills. Right?

And we went from that to a landscape in which cybercrime is industrialized.

Ling was mentioning it before -- mentioned it before, this, um, idea of cybercrime as a service, uh, this kind, uh, this is the dominant model in the industry right now. It is an industry in which people like develop these kind of services, work as a team, and then they sell the services, the maintenance, the training online so anyone can buy it.

So in this broader context of cybercrime, in developing into this kind of very boring industry in some way, there is an amazing paper by criminologist called *Cybercrime is Often Boring*, uh, because it's like a really normal, boring office work, like developing software, maintenance -- doing maintenance, and training, and everything.

So in this context, online scam industry has also developed into this kind of industrialized sector in which you have scam operation becoming more and more like companies.

They mirror the structure, they have HR departments, they have logistics departments to have people in charge of specific roles.

You have a hierarchy inside, you have the frontline workers, you have team leaders, you have managers, you have supply chains, you have recruitment channels.

So and then they also hire, uh, services from outside -- cybercrime as a service.

So they don't often, they do not develop their own software.

They do not develop their own things like they buy them or they rent them from outside. Right.

It's quite easy right now.

So this is what you see right now is like the compounds -- scam compounds, they host these operations.

Sometimes there are dozens of them in the same place that function exactly as companies.

The language they use is the same.

One interesting thing, and I'm working on this right now, if you go inside the compounds and you might be able to when there is a crackdown sometimes, and I was able to in January to enter a compound in Sihanoukville, you see on the walls, you see these slogans on the walls, and they are all corporate slogans about work hard if you want to succeed in life.

Uh, If you don't work hard enough, you will never climb the ladder.

So you see all these kind of corporate neoliberal slogans that are on every wall, which is uncanny.

So all of this goes, yeah, these are to say, these are these are they are proper companies.

They work as a company.

And we talk about the human trafficking victims, but many of them are inside willingly and they can make a living out of it.

Uh, Maybe at the beginning, not that much, but you can have a career, you can rise through the ranks.

And, uh, it's a corporate structure and the scam compounds are like that in Southeast Asia.

But if you look at other parts of the world, like in Eastern Europe -- in Serbia, in the Balkans, you see these call centers that are even more like a company.

You can't distinguish them from real call centers.

Same in India. In India, call centers that are doing impersonation scams from India and South Asia.

They are indistinguishable from legitimate ones.

They work according to the same logic dynamics as they switch between legitimate and illegitimate work.

That's the level.

That's what we are seeing now.

Sami Shah:

You're listening to Ear to Asia from Asia Institute at the University of Melbourne.

And just a reminder to listeners about Asia Institute's online publication on Asia and its societies, politics and cultures.

It's called the Melbourne Asia Review.

It's free to read, and it's open access at melbourneasiareview.edu.au.

You'll find articles by some of our regular Ear to Asia guests and by many others.

Plus, you can catch recent episodes of Ear to Asia at the Melbourne Asia Review website, which again, you can find at melbourneasiareview.edu.au.

I'm Sami Shah and I'm joined by international crime and modern slavery researchers Ling Li and Doctor Ivan Franceschini.

We're talking about the development and predatory practices of Southeast Asian scam compounds and the victims they leave in their wake.

Ivan, can you tell us a little bit about the history of these scam compounds.

How did we get here?

Ivan Franceschini:

Well, we in our work, we track down the beginning of the process that brought us here to the mid to late 90s in Taiwan, when the earliest telecom fraud operation emerged.

And then we tracked them through the years and we saw them moving, shifting from Taiwan to mainland China and then from mainland China to Southeast Asia.

According to the environment, the political environment and the law enforcement crackdowns taking place in certain areas.

So when Taiwan and mainland China became more aware of the problem and they started cracking down, these operations they started looking for new places to go.

That was in the late 2000, early 20 tens.

So we see in the early 2010 that online scam operations started to appear in Southeast Asia.

There were the earliest reports of Chinese nationals being deported back to China or Taiwan.

That was in the early 20 tens.

And we saw that these kind of reports coming up more and more often.

So test when we draw the lines.

So we will say the beginning of the industry in Southeast Asia in the early 20 tens.

If you don't consider the prehistory in China -- mainland China and Taiwan.

Um, So what we saw after that, after the move to Southeast Asia, you saw all these operations in small in villas, hotel rooms, apartments, like there were small scale operations in which, like you had a handful of scammers targeting people, mostly in China and Taiwan -- in the Sinophone world, that was the target, the main target at that time, because they were ethnic Chinese scammers, they were targeting their home market.

Uh, So that what we saw throughout the 20 tens, things started to change later in the decade, around 2017-18, late in the decade, we started to see this kind of conglomerates, this kind of buildings coming up out of nowhere.

Like, uh, I remember I was in, in Cambodia in 2018-19, and I saw this massive office buildings coming up next to the beach in a village.

And that was before COVID, that was 2018-19, and I remember distinctly how I couldn't make any sense of that.

I couldn't understand what it was.

And they were telling me it was called Chinatown because all the people inside were Chinese and they were built by Chinese.

And then I was wondering what it was about.

And then I saw online work -- it's gambling.

Online gambling was legal in Cambodia, but still, I couldn't make any sense.

How do you need that many people to do online gambling?

Because there was a massive compound.

And I remember the banners saying, we.

We rent out offices.

Call this number if you want to rent stuff like that.

That was before COVID.

But that was the beginning.

And I realized later what it was about.

And then it was online gambling.

Online gambling became illegal in Cambodia in 2019, and then it was completely, fully online scams.

It took me a while to realize, but that was the big transition.

That was in the late 20 tens.

Scam operations in Cambodia realized that there was more money to make by coming together and sharing infrastructure and sharing protection.

It's much easier to share maybe internet connection, the management fees for the compound.

You have to bribe people, whatever.

It's much easier if you come together and do it all together.

It's much more unlikely to get raided, close down.

You're much more powerful.

You can work at scale, you can share services.

You know, it's a whole different experience.

So that's what we saw.

If you look at the industry test late 20 tens around COVID time, but before it, we saw the emergence of these big structures -- the scam compounds, which is again, as I was saying at the beginning, is quite an original development that we saw in Southeast Asia.

We don't see it in other parts of the world.

The scam industry is global.

We have other clusters, other places, but that's new.

So basically in the late 20 tens, online scams industrialized.

Going back to your previous question, they industrialized, they scaled up, they came together, they shared infrastructure, they shared protection.

They started to restore to human trafficking.

They scaled up.

They needed workers.

And that was COVID time.

It was not that easy to come across workers, you know, like, uh, mobility restrictions from China.

China was, of course, the first country hit by COVID, was one of the ones that imposed the strictest restrictions to mobility for a long time.

So this scam operations that right at that time were already scaling up.

They needed workers more and more workers, right?

Because AI is important.

Those tools are important, but it's still very labor intensive.

And so they started to kidnap people and trick people and traffic people that were around COVID time.

Uh, And then from then it's like a cancer.

Uh, It's just like doesn't go away.

It does metastasize all over Southeast Asia, mainly in the four countries were discussing.

And now it's spreading all over the world.

But that's basically the industry Taiwan, mainland China, Southeast Asia, industrialization, and now globalization.

Sami Shah:

Ling Li, let's focus in on the workers a little bit.

How are they recruited?

What deception is run on them?

Ling Li:

Um The recruitment into scam compound is um multi-channel and adaptive, so it makes um informal social networks with structured like what we already mentioned, like, uh, corporate-style sourcing.

So, um, I can divide it to several channels.

So the first type I already mentioned is friends.

Um, And um, so it's a significant pathway through the people they, the victim already know.

Um, they can be formal classmates, colleagues or casual acquaintance, like reach out with job opportunity.

And um, it's easiest because the trust is already there.

And then, um, so it lowers the suspicion of the victim.

And then in some extreme cases, we know that, um, so once a victim is already inside the scam compound and they want to get out and the boss will tell them, if you can recruit five of your friends or anybody come to replace you, we can let you go.

So that's another type of why um, friend can be the most, um majority type of recruitment.

And then family mediated recruitment, it's less common, but um quite sensitive.

Um, Because it happened a lot in human trafficking, um industry that because of the financial pressure or um misinformation leads, so the family will sell the, um, their relatives.

And it happens also for this type of human trafficking.

And brokers, um agents, so they can be professionals or optimum opportunists.

Um, So they are the local agents, they have been already doing human trafficking for, for years.

And then so the scam, compound outsourcing this, um, recruiting job to them and they, um, go to the social media or um, casinos and then whatever the, the, the means, say no to recruit people.

Um, And then this kind of recruitment can be legitimate job and can be not, like we know cases that they, the trafficker actually told the victim that they need someone to smuggle goods from Myanmar to China.

That's how they went to Myanmar and then end up in scam center.

But then their family and himself do not dare to call the police because they know they were doing something illegal.

So that makes the cases even more complicated.

And then the the emerging one is a social media and online job platforms.

Um, This means um, like telegram, Facebook, WhatsApp, TikTok, and um, we know in China there are some extreme cases that even they are working, the scam boss are working with influencers.

Um, Just to describe, for example, Cambodia is a really nice country.

They have a lot of jobs and good pay.

So to, to build up the expectation and then so later to, to sell that, oh, I have a high paying and low skilled job.

And do you want to come?

Um, And then that's how they make people and to, to come.

And then Facebook, um, it has been there for a while and they're trying to crack down some of the job ads, but now it becomes even more sophisticated.

So when you see a job ad, they will ask you to go to like a private group and then the recruiter will talk to the victim for months to build the trust, even with video calls to convince that, oh, I really own a restaurant in Thailand.

Um, Do you want to come to work for me?

So that's the um increasing um type of how they are recruiting.

Sami Shah:

How are they kept there then?

What living conditions do they experience?

Um, What are their forced labor conditions like?

What is the daily life of a scam compound worker?

What do we know?

Ling Li:

Um Typically they are um working for 14 to 15 hours per day.

Um They are not allowed to leave the compound.

And then they do have a very, um clear award and um, punishment system inside the compound.

Uh, That's going back to the point that how they run it as a company. Right.

Um, So if you are doing, um, you hit your target, for example, you, you scam, uh, two people today and you get commission, you get bonus, you will get better living condition.

You can have your own room probably and some privilege to go out.

And um, we heard the victim also saying that the boss will take them to, to visit brothels as a way of award them.

Um, And they can get promotion, they can become team leaders.

But then if they don't comply, that's the exploitation part.

And that's how they are different, those are different from the companies is they are facing um, first financial penalty.

So they are adding their debts to the company if it failed to meet, um, the three targets.

And then we will -USD 100 from your from your salary, which actually never exist.

And they will reduce the food.

Um, And there's confinement, there's dark room, they can lock you for days and physical and psychological punishment.

That report in many cases.

Um, Like the light punishment will be standing under the sun for five hours.

Um, And then to like, um, have it beaten, uh, or sexual abuse, um, or even death.

So this high pressure like performance culture.

So just to push you, that the goal is not to punish you, the goal is to make you comply and make money for the scam company.

Sami Shah:

And how are the workers themselves viewed by others?

Let's say if they are able to get away from the compounds, are they seen as victims for what they've suffered?

Or are they seen as offenders for what they're putting other people through?

Ling Li:

Yeah.

That's, um, a very difficult question.

Before I answer that, I need to, um, tell about this victim-perpetrator overlap we observed.

So um, generally we can, we can divide them to like four types, um, for the workers inside.

So the very extreme two sides are the first the pure victim of trafficking.

So this individual are, uh, were forcibly, um, trafficked into scam compound and many were promised a legitimate job, but upon arrival found themselves locked inside and they never intended to participate in any scams and try to resist, uh, when there is a physical torture.

But this kind is rare.

And another extreme side is the perpetrator, the pure ones.

And they are like supervisors, um, managers who are fully complicit in running the operations and some criminal networks.

But then they are also rare in number.

Most of the bosses are actually not living inside the compound.

So the the majority of those workers are two types.

So the first are the victim turned perpetrator.

So um it's morally complex group.

So these are the people who are initially trafficked and try to resist, but eventually because of torture, because of sexual abuse or any kind of abuse, they began participate in scam activities to avoid violence, to reduce punishment.

And some were beaten, starved or sold to worse compound until they agreed to comply.

Um, And then like in some cases, what I said, they have to recruit other people, they become themselves, become trafficker.

So this one type and then the willing recruiters who end up trapped.

So this is a smaller but important group entered the compound voluntarily attracted by the high salary or knowing and knowing like what they are doing is something illegal.

Um And um, but however, once they're inside, they discover that the conditions were far worse than expected and some subjected to violence for not hitting the target or for trying to leave.

And again, they usually don't report themselves to the police because they know they are doing something fishy.

Um, But we cannot deny that the fact that they are victims of torture.

So because of the mix of those people, in general, the narrative from most governments, they think they are perpetrators.

And when we interview some of the law enforcement, they will keep reminding us if if we see them as victim, what we can do, what what we, what we can say to the victim of scam.

And also the difficult part is how the law enforcement can distinguish who are the victims as when they are getting out, their phones usually got broken or destroyed by the scam boss[es].

So all the evidence are left inside.

So from the law enforcement point of view, how you can prove that you got tortured inside?

That's why that's very, very complicated question.

Sami Shah:

And are they able to return to normal life?

Ling Li:

Um, I worked with, I don't know, more than 200, 300 victims.

Many of them, they are still in trauma.

Um, Because they, if they are victims. Okay.

And they went to the job thinking of, they will bring some money back home, but instead their family have to pay the ransom.

They went through all this physical punishment.

So they have to pay their medical bill.

So they become more in debt than at the first place.

So, um, the financial pressure, the shame, and also the, the society doesn't treat them as victims.

So they cannot get any support from the government, or from the organisation, or even the community put them into a very difficult situation.

So some of them even choose to return [to] the scam compound because they don't know what to do.

There's one extreme case I work[ed] with, it was a girl who was 14 years old when she was trafficked into the scam compound, and when the rescue team rescued her out, she was only 16. So her best two years, she learned how to scam.

And then she normalized the violence, the torture inside the scam compound.

So when we interview[ed] her, “What what do you want to do later?”

And then she was just like, um, “I don't know, maybe I just go back.”

Sami Shah:

Ivan, what's being done to stop these compounds in the countries in which they're located?

Is anything being done?

Are there efforts in place?

Ivan Franceschini:

Well, I mean, like right now it is very difficult to eradicate an industry because of the the political protection that they receive in the countries where they're based. Right?

That's the whole reason why they came up in certain places like Myanmar, Laos, Cambodia and the Philippines.

So that makes it very complicated because this protection makes sure that they keep existing.

And, uh, these protected -- the protective umbrella., they reap a lot of benefits from the industry.

So they have very little incentive in putting an end to what is a cash cow for them.

So the real challenge here is how to make it so risky and so costly for these elites to support the industry that they have no choice but to take action.

This is what we have been seeing, for instance, in Cambodia.

Cambodia has been denying the problem for many years now.

It is one of the cradles of the industry.

But Cambodian government kept denying this was a real issue, kept minimizing it, and whenever they admitted that it was an issue, they claimed that they had no capability to deal with it.

That was the narrative, the frame that they kept using.

But in the past few months, Cambodia has come under pressure from many different sides at the same time, the US, UK putting sanctions on them, China exerting economic pressure and pushing behind the scenes, Thailand with the war and everything and South Korea also. Anyway, at the same time many different sides were putting pressure.

So there has been a realization in Cambodia that this was really hurting the Cambodian economy.

So they had to act.

But this kind of pressure coming from all sides at the same time, even if it is uncoordinated, is not that common because of geopolitical issues.

But we are seeing that more and more countries are trying to come up with new ways, original ways to deal with the issues.

So like countries like Singapore, Australia, even Thailand, they have set up dedicated anti-scam centres or high level task forces that are supposed to deal with this issue, bringing together law enforcement and other actors like banking platforms and stuff like that, like coming together in these centers to deal with online scams to make it easier to coordinate.

So that's another action that is being taken from outside, not within Cambodia or Myanmar. Right?

But, uh, other initiatives are in the works.

We know that the EU is about to announce a big anti scam action plan.

Uh, It will be announced in the next couple of months that will lay out the bloc's strategy to deal with the issue.

We don't know what will be in it.

We know it is going to be victim focused.

We know it is going to it is going to have a whole of society approach.

Uh, And, uh, but we don't know the details, but that's coming because the EU has realized that this is also something that is affecting them.

The US, UK, South Korea have done sanctions, which is very important.

They have done sanctions on key actors in the industry, including prominent Cambodian politicians or Burmese warlords.

Uh, Transnational crime organization.

The most famous one is Prince Group, which had been sanctioned very recently and now is fighting back really strongly against the sanctions and, uh, everything, which is a problem.

And then also sanctions against illicit marketplaces that provide services to industry.

The telegram groups, where you can buy that kind of, you know, like services for money laundering, to do scams, the software, everything.

You can buy it online, right?

They are being sanctioned.

The most famous ones are Huiyuan and then most recently CMB.

And then of course, uh, there are China, Thailand, Taiwan, Korea, Japan, Singapore, and many others probably, they are conducting criminal investigations into the industry.

So it's been like a scrambling process.

Everyone has been scrambling with this new thing that was coming up -- now it's not even new.

It's quite a few years, but it's there's been a learning process and, uh, it has been, everyone has been trying to figure out how to deal with, with these countries, the elites in this countries that have been protecting the industry.

And, uh, so now there is more, more and more going on.

The sad side of things here, I would say is on the human trafficking side, because you see all these scam anti-scam centers, you see sanctions, but you see very little resources going into supporting victim identification, victim support, victim aftercare.

Human trafficking is an afterthought.

The focus is more on the scam victims -- rightly so.

They are victims.

I'm not denying it.

I'm not minimizing that, of course.

But, uh, human trafficking side right now is really very much an afterthought, sadly.

Sami Shah:

Ling Li, you did mention the trafficked workers, and they do seem to be in a situation many times where the compounds have been shut down.

They've been liberated from there, but they're now stranded.

What should governments do to help them?

How can they approach that problem?

Ling Li:

Yes.

Um, I guess you're talking about what’s happening in Cambodia.

Um, And then right now the biggest problem is there's no victim identification process going on.

So they are not identified as victim.

And then so no organization, international organization or local can intervene.

And to support them.

That's why they are stranded on the street.

So there are several things we can do.

Um, We can start with like a humanitarian framing. Right?

Um, This situation can be treated as a humanitarian situation and um, they need like, um, basic support like food, shelter, um, and start to give like immediate, like psychological support and protection from retaliation or re-trafficking.

And then also, um, at the same time, we wish, um, the government, Asean and international organizations can push for victim identification.

So we can apply a non punishment principle because those victims now they are on the streets, they do not have their passport, their ID, and also they are see as a criminal um that enter the country illegally and staying in the country illegally.

So um, but then if they can be seen as victim, so there's a non punishment principle that saying that trafficking person should not be prosecuted for crime, they were compelled to commit um that meaning they should be waved from entering the country illegally and also the crime they're doing because under the violence.

And also, we need to shift from detention to protection based case management.

Uh, Right now, those stranded individuals, if they don't leave the country quickly, they will end up in the immigration detention, which can retraumatize them and delay like any solution.

So, um, we should open like shelters instead of like detention and then, uh, have case workers to identify their nationality, linking with their embassies and then to cooperate, um, with different agencies in a more smooth way.

That's, um, what we're seeing.

It needs to be done on the ground.

Sami Shah:

Our guests have been Doctor Ivan Franceschini of the Center for Contemporary Chinese Studies here at Asia Institute, and his research collaborator, Ling Li, a doctoral candidate from Ca Foscari University of Venice.

Thank you very much, both.

Ivan Franceschini:

Thank you.

Ling Li:

Thank you.

Sami Shah:

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This episode was recorded on the 15th of April 2026.

Producers were Eric van Bemmel and Kevin Param of profactual.com.

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I'm Sami Shah and thanks for your company.