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EASTASIAFORUM

Southeast Asia's whack-a-mole scam economy

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In January 2026, Cambodian authorities announced a crackdown on the online scam industry with the [declared intent](#) of eradicating it by April. While some operations were raided, many others shut down to weather the storm, releasing their staff or moving them to other parts of the country or region. In some cases, workers rushed the gates and ran, overpowering security guards or leaving through open gates after bosses fled.

People from dozens of countries who had been brought — often deceptively — to Cambodia found themselves stranded in the streets of Phnom Penh. Many had no money, no documents and no access to consular assistance, leading to what Amnesty International called a [‘growing humanitarian crisis’](#). The unresolved debacle is only the latest illustration of how Southeast Asia's booming cybercrime economy defies easy solutions.

The scale of the problem is staggering. Across Cambodia, Laos, Myanmar and the Philippines, hundreds of industrial-scale compounds host cyberfraud operations staffed in part by people held in conditions akin to modern slavery. Industry watchdog Cyber Scam Monitor [has identified](#) more than 350 such sites in Cambodia and Myanmar alone. Hundreds of thousands toil inside these facilities, with Interpol documenting people from [at least 66 countries](#) trapped inside.

This regional cluster of the online scam industry has its roots in Taiwan in the 1990s, when local criminal groups began operating phone scams and later migrated to the internet. As law enforcement caught up, operations migrated to mainland China and then, in the early 2010s, to Southeast Asia — drawn by porous borders, cheap infrastructure and [local elites](#) willing to act as protective umbrellas.

Two global developments supercharged these operations. One was the growing accessibility of an 'illicit infrastructure' of criminal services available for remote hire, from ready-made phishing tools to platforms for moving stolen funds, meaning that running a sophisticated fraud operation no longer requires significant technical knowledge. The other was COVID-19, where scam operators capitalised on isolation and financial desperation, while travel restrictions pushed recruiters towards smuggling and deception.

Contrary to common belief, Southeast Asia's scam operations do not thrive in chaos. To survive, they require stability and elite protection.

In Cambodia, journalists, civil society groups and scholars have painstakingly documented links between scam operators and well-connected local actors. In the Philippines, the industry grew for years under a licensing regime for online gambling that became deeply infiltrated by organised crime. In Myanmar, scam compounds have proliferated in territories controlled by ethnic armed organisations and junta-aligned border guard forces. Laos's Golden Triangle Special Economic Zone has long harboured criminal enterprises under the watch of powerful local actors.

Across the region, when operations are raided, relatively few of those who run and protect them face consequences. The operations themselves often quickly reopen or relocate.

Cross-border enforcement has ramped up and joint operations between China and countries like Cambodia and Myanmar have achieved some significant results. In Myanmar, the most significant disruption came in late 2023 when the Brotherhood Alliance launched a military offensive in Kokang, deposing the families that oversaw both governance and crime in the region. This coincided with a crackdown in Wa State. But while thousands were detained and deported to China and elsewhere, many scam operations scattered to other parts of the country or hopped borders into Laos and Cambodia.

When Thailand cut power and internet to areas with scam zones in Myawaddy in early 2025, compounds went dark briefly before being re-illuminated, in some cases with the help of Starlink devices.. Though many workers fled to Thailand, others were moved to different sites and operations continued.

International sanctions have begun targeting individuals higher up the chain, most notably the Kokang crime families arrested and deported to China in 2024. At least 15 have been executed and others sentenced to lengthy prison terms. Broader networks are also in the crosshairs, with sweeping US and UK action 2025 against Cambodia's Prince Group and its chairman Chen Zhi, and US sanctions on the Huione Group.

These measures may have tipped the balance that led to Chen's arrest and deportation to China in January 2026, which snowballed into the current crackdown in Cambodia. But the industry's decentralised structure means that removing one player does not necessarily dismantle the broader network. When pressure builds in one location, the industry adapts, relocates and continues.

The campaign model of periodic crackdowns is demonstrably insufficient and, as Cambodia shows, can produce humanitarian fallout when it treats trafficked people as an afterthought. Enforcement actions need to be paired with comprehensive disruption. Tech companies, banks and regulators need to do far more to disrupt the financial and technical infrastructure that underpins the industry. National authorities must raise public awareness about fraud risks and the danger of deceptive recruitment. When crackdowns result in significant displacement of workers — coerced or otherwise — systems must be in place to handle them.

Without tackling these systemic deficiencies, the scam economy will persist regardless of how many compounds are raided. The industry has already gone global, with operations documented as far afield as the United Arab Emirates, West Africa, the Pacific and Latin America. Southeast Asia may remain its heartland but this is a problem that requires concerted global action.

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