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## Iraq payment card chief linked to PMU jailed over alleged corruption

Iraq / Economy

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An Iraqi man counts out Iraqi Dinars at a money changer in central Baghdad, on May 25, 2009. (Photo via Getty Images)

**The story:** After a months-long investigation, the Iraqi judiciary has sentenced the former manager of Qi Card to prison. Bahaa Abdul-Hussein was arrested in Sep. 2020 and has been kept in custody on corruption charges ever since. Qi Card is the leading electronic payment service provider in the country, supporting salary and pension payments to millions of Iraqis.

**The coverage:** The state-owned Iraqi News Agency (INA) on Jan. 24 reported that the Anti-Corruption Court sentenced Qi Card's director to four years behind bars and a fine of more than 10M Iraqi dinars (6,846 USD). Abdul-Hussein was charged with bribing the former chairman of Iraq's National Board of Pensions (INBP), Ahmed Abdul-Jalil Al-Sa'edi. Abdul-Hussein's sentence comes after an investigation carried out by the Committee to Combat Corruption and Exceptional Crimes, which was set up by Prime Minister Mustafa al-Kadhimi last August. Of note, Iraqi journalist Mazen Al-Zaidi on Jan. 13 tweeted a TV interview conducted with politician Fa'iq Al-Shaikh Ali in which Ali alleges that Qi Card's Abdul-Hussein made confessions obtained through torture.



Most other Iraqi and regional media outlets have provided similar coverage to that of INA, including the National Iraq News Agency, Baghdad Today, the National, and Ultraraq.

NAS, an independent Iraqi news outlet, on Jan. 24 dedicated a report to the charges against Sa'edi. the former INBP executive was sentenced to six years in prison and issued a 10M Iraqi dinar (6,846 USD) fine for having accepted a bribe from Abdul-Hussein. Sa'edi was arrested in Sep. 2020 at his home by a SWAT team that also detained six other figures in the same anti-corruption campaign.

The arrests of Abdul-Hussein and Al-Sa'edi last autumn sent shockwaves on social media in Iraq. This time, reactions from users on Yalla, a Facebook page that is popular in Iraq, have been mixed: some see the convictions as scapegoating to protect stronger figures. Other users anticipate that corrupt figures who have been sentenced will eventually be pardoned.

**The context/analysis:** Qi Card is a product of a private-public venture between the private Iraqi Electronic Payment System and the government-owned Rafidain bank. The joint venture established International Smart Card (ISC) in Baghdad in 2007, which runs Qi Card.

According to a Financial Times (FT) report from 2019, ISC has through the Qi Card prepaid service channeled salaries, benefits and pensions to seven million Iraqis. In 2017, only 23 percent of the Iraqi population aged over 15 reportedly held accounts in financial institutions.

A series of media outlets have alleged that the Popular Mobilization Units (PMU) have purportedly abused the Qi Card service. In an exposé published last July, the New York Times made the strongest of these allegations, accusing the PMU of registering 70,000 fictional soldiers to Qi Card's electronic payments system. The aim, according to the Times, was to embezzle up to 800M USD a year. A more recent report published by Middle East Eye on Jan. 2 this year alleges that the slain Deputy Chief of the PMU Abu Mahdi Al-Muhandis was personally involved in the alleged scheme.

The controversy surrounding Qi Card is likely to have political dimensions to it. Given the context of the tension between Kadhim and the PMU, the prime minister could be trying to put pressure on the PMU itself or individual PMU leaders possibly involved in murky transactions to which Qi Card's Abdul-Hussein might be instrumental. For example, the Middle East Eye report cited above claims that payments to thousands of PMU ghost soldiers were affected by Abdul-Hussein's arrest.

**The future:** As Iraq is due to hold parliamentary elections in the autumn, more corruption cases are likely to surface as rival forces within the Iraqi political and security spheres can be expected to attempt to settle scores and garner the support of the electorate.

If the convictions of Abdul-Hussein and Al-Sa'edi do not prompt political reactions against Kadhimy, he is likely to encourage bolder steps to target corrupt (and rival) figures with stronger political backing from influential parties and paramilitaries. The more Kadhimy takes such action – albeit possibly high-stakes – the more he is likely to increase his chances of staying in office after the elections. However, Kadhimy has notably declared that he intends to step down once his term ends later this year.

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Iraq, Corruption, PMU