Nordic Council of Ministers

Money Laundering and Corruption in International Business

Study Based on Nordic Experiences

Contents

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Glossary

ABC	Anti-Bribery and Corruption
AC	Anti-Corruption
AI	Artificial intelligence
AML	Anti-Money Laundering
ANI	Artificial narrow intelligence
CDD	Customer due diligence
CFT	Combatting the Financing of Terrorism
CPI	Corruption Perceptions Index
CRB	Credit Reference Bureau
DLT	Distributed ledger technology
DNFBPs	Designated non-financial businesses and professions
DPO	Office of the District Prosecutor (Iceland)
EEA	European Economic Area
EFECC	Europol's European Financial and Economic Crime Centre
EU	European Union
FATF	Financial Action Task Force
FEP	Financially Exposed Persons
FIPO	National Criminal Intelligence Service (Sweden)
FIU	Financial Intelligence Unit
FTE	Full Time Equivalent
FUR	Follow-Up Report
GDP	Gross Domestic Product
GRECO	The Group of States against Corruption
HMRC	Her Majesty's Revenue and Customs (the UK)
ICEFIU	Financial Intelligence Unit Iceland
ICT	Information and Communications Technology
IOTA	Intra-European Organisation of Tax Administrations
IMF	International Monetary Fund
IRS-CI	Internal Revenue Service, Criminal Investigation (the U.S.)

KYC	Know-your-customer
LEA	Law enforcement authority
MER	Mutual Evaluation Report
MLS	Money Laundering Secretariat (Denmark)
NBES	Nordic Business Ethics Survey
NBI	National Bureau of Investigation (Finland)
NFIS	National Criminal Intelligence Service, Financial Unit (Sweden)
OECD	The Organization for Economic Cooperation and Development
OECD ABC	Organization for Economic Cooperation and Development's Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention)
OLAF	European Anti-Fraud Office
PEP	Politically Exposed Person
SME	Small and medium-sized enterprise
SØIK	State Prosecutor for Serious Economic Crime (Denmark)
STR	Suspicious Transaction Report
TBML	Trade-Based Money Laundering
TF	Terrorist Financing
TFTC	Task Force on Tax Crimes and Other Crimes
UN	United Nations
UNCAC	United Nations Convention Against Corruption
WGB	Working Group on Bribery in International Business Transactions
ØKOKRIM	National Authority for Investigation and Prosecution of Economic and Environmental Crime (Norway)

Disclaimer

Foreword

This study is part of the project on combatting corruption and money-laundering in the Nordic countries and has been conducted during the Finnish presidency of the Nordic Council of Ministers.

The presidency of the Nordic Council of Ministers in 2021 has enabled Finland to influence the implementation of shared objectives, consolidate Finland's position in the Nordic Region and strengthen the Nordic identity of Finns. The vision for Nordic cooperation has been that the Nordic Region will become the most sustainable and integrated region in the world. During Finland's Presidency, the Ministry of Justice promoted digitalisation in the justice sector, and focus on the prevention of corruption, money-laundering and human trafficking.

Justice is a key area of Nordic cooperation. Nordic judicial cooperation promotes, among other things, the common basic principles of Nordic law in accordance with the common Nordic values. A project of the Ministry of Justice and the Police University College on corruption and money laundering in the Nordic operating environment, relating to international business, has been implemented in 2020–2022. The project has been funded by the Nordic Council of Ministers.

The perspective of money laundering has gained more prominence in the public debate on corruption in Finland and elsewhere, and in the debate on money laundering, attention has been paid to activities that indicate corruption. For example, corruption-related offences are increasingly found in the statistics of the Financial Intelligence Unit and law enforcement authorities as predicate offences for money laundering. Effective anti-money laundering procedures and systems can be used to combat corruption, which can be considered to be valid in some respects. It is therefore important to better understand the links between corruption and money laundering.

This study aimed to increase awareness of corruption and money-laundering. It has been a valuable addition to the understanding and knowledge about the links between various phenomena of corruption and money-laundering, and has mapped potential tools for risk assessment, targeted prevention efforts and impact monitoring. The study provides material for the future training and education in all the Nordic countries and enables us to counter corruption and money-laundering more effectively.

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JUSTITIEMINISTERIET**

Summary

Corruption and money laundering have serious economic and social impacts. Corruption significantly harms the societal order by increasing social inequality, while eating away at financial efficiency and democracy.[1] Although corruption lacks a widely recognised definition, it can generally be described as misuse of entrusted power for private gain. Corruption can generate funds that need to be concealed through money laundering.[2] Bribery can function not only as a predicate offence for money laundering, but also in various stages of the money laundering process. Money laundering is an act where illicit funds are concealed or disguised in order to make them appear legitimate. The symbiotic relationship of corruption and money laundering has been recognised in science, and therefore the actions against them should be more integrated.[3]

Nordic countries are generally viewed as having low levels of corruption. However, Nordic corporations or financial institutions can be exploited in corruption or money laundering schemes by, for instance, holding or passing bribe money through them or by laundering other criminal proceeds. It is important that Nordic businesses, money laundering regulators, Financial Intelligence Units and obliged entities with the duty to report suspicious business activities pay enough attention to corruption in international business.

The KORPEN project (*Korruption i samband med näringsverksamhet i Norden - Business-related corruption in Nordic countries*) was funded by the Nordic Council of Ministers, coordinated by the Ministry of Justice, Finland and implemented by the Police University College. This report presents the key results of the KORPEN project. The results are based on surveys, literature reviews and other public literary sources, such as evaluations by several international organisations. The project was implemented between November 2020 and January 2022, consisting of a preliminary stage and the KORPEN project.

The project concludes that anti-corruption and anti-money laundering efforts share the same features and actors but are still rather separated in the Nordic countries. Some shared methods could be utilised in combatting both crimes. In general, the anti-money laundering frameworks are more structured, whereas corruption is not viewed as such a serious issue in the Nordic countries, especially when it comes to bribery. Cases show that there are incidents in the Nordic region, where corruption and money laundering are connected. New approaches, such as utilising indicators, new technologies and risk assessments, could benefit the overall framework for combatting financial crime.

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1. Fishman & Golden 2017, 16.
2. Chaikin 2008.
3. E.g. Chaikin & Sharman 2009; Mugarura 2016.

1 Introduction

Corruption and money laundering have both been the subject of interest in research on economic and financial crime, organised crime and white-collar crime, although not so many have taken into consideration the close connection between the two. This report is the product of the KORPEN project (*Korruption i samband med näringsverksamhet i Norden - Business-related corruption in Nordic countries*). The aim of the project was to make it easier to identify the connections between corruption and money laundering in an international business framework, where laundered funds originate from corrupt activities, especially bribery. With this project, we are also working towards improving and strengthening Nordic cooperation. The project addresses the strategic goal in *"Our Vision 2030: A Competitive Nordic Region".* A sustainable economy requires a corruption-free international business environment.

The implementation of the project was conducted in two stages.[4] During the preliminary stage we explored the complex interlinkages between corrupt and money laundering practices, with focus on the bribery in international business, and studied the role of Financial Intelligence Units (FIUs) in an anti-corruption framework. We conducted a literature review on the connections between corruption, money laundering, bribery and international business. The publications we utilised included articles and books from fields such as economics, criminology, international relations, politics and behavioural economics. In the preliminary stage, we also conducted a survey for the FIUs in the Nordic countries and analysed their role in anti-corruption work. The second stage broadened the scope from FIUs to other Nordic officials, businesses and (other) obliged entities with the duty to report Suspicious Transaction Reports (STRs). Our focus was on processes, where the above-mentioned public and private agencies analyse customer transactions and other customer information and assess the potential risks of money laundering or corruption. Furthermore, we collected general information on the agencies' anti-corruption practices. In addition, we held discussions with experts from Transparency International Finland and FIU Finland in relation to technological developments in preventive and analysis functions within businesses and Nordic authorities.

Nordic FIUs share the function of receiving and analysing STRs, gathering and handling intelligence information on suspected money laundering offences and cooperating with other central anti-money laundering and anti-terrorist financing authorities. Nordic FIUs also share a common feature of being closely connected to the structures of the criminal investigation authorities. European and national legislation regulate who are obliged to identify suspicious transactions and file reports with the relevant FIU.

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4. Preliminary stage between 11/2020-2/2021 and research in 4/2021-1/2022.

These entities include, for instance, credit and financial institutions, accountants and estate agents.[5] National legislation may also steer national authorities to pay attention to suspicious transactions in their duties. For example, in Finland, the Customs Authority and Tax Authority, the Finnish Border Guard, the Office of Bankruptcy Ombudsman, and the National Enforcement Authority Finland are required to ensure that in their work they pay attention to the prevention and detection of money laundering and terrorist financing. In addition, they are required to report to the FIU any suspicious transactions or suspicions of terrorist financing they have detected in the course of their duties.[6]

Nordic cases and research literature handle the money laundering and corruption (bribery) connecting in the context of international business in the Nordic countries. We also wish to clarify how anti-corruption frameworks function in the Nordic countries, and how the anti-money laundering framework could be utilised with this, and vice versa. Furthermore, we ask whether it is possible for the relevant actors to identify corruption when conducting their duties related to anti-money laundering or combatting other financial crime. Could these frameworks benefit one another or even work together, without adding unnecessary pressure or excessive workload to obliged entities or authorities in addition to their existing duties?

One of the key objectives of the second stage of the project is to explore the possible indicators (red flags) of bribery in international business as well as the technological developments to help reveal suspicious transactions. The project preliminary examines the current and the possible new technological tools that could help expose corruption. The aim is to improve the obliged entities' (e.g. businesses) ability to identify suspicious business transactions, which may have a link to corruption. Thus, the study supports FIUs and other authorities in their anti-money laundering and anti-corruption functions. The overall objective is to help create a healthier environment for international business by preventing the corruption-related money laundering in the Nordic countries.

The project's Advisory Board consisted of experts from the Ministry of Justice, Ministry of the Interior and Ministry of Finance. They guided the design of the survey and provided valuable comments for the final report. Special thanks are due to the Nordic Council of Ministers for funding the project, and to the Nordic Financial Intelligence Units for their contribution particularly in the preliminary stage of the project. Also, for all the insights offered for the second stage of implementation, a special thank you to every participant for taking part in the surveys, Transparency International Finland for its expertise and assistance, and the Nordic experts for commenting on the Nordic anti-corruption frameworks.

Following this introduction, in Chapter 2 we introduce the key concepts of corruption, bribery and money laundering, following a review on the connections between corruption and money laundering. Chapter 3 focuses on bribery in

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5. The obliged entities, according to Directive 2015/849 article 2 are: (1) credit institutions; (2) financial institutions;(3) the following natural or legal persons acting in the exercise of their professional activities: (a) auditors, external accountants and tax advisors; (b) notaries and other independent legal professionals, where they participate, whether by acting on behalf of and for their client in any financial or real estate transaction, or by assisting in the planning or carrying out of transactions for their client concerning the: (i) buying and selling of real property or business entities; (ii) managing of client money, securities or other assets; (iii) opening or management of bank, savings or securities accounts; (iv) organisation of contributions necessary for the creation, operation or management of companies; (v) creation, operation or management of trusts, companies, foundations, or similar structures; (c) trust or company service providers not already covered under point (a) or (b); (d) estate agents; (e) other persons trading in goods to the extent that payments are made or received in cash in an amount of EUR 10 000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked; (f) providers of gambling services.
6. 2017/444 Act on Preventing Money Laundering and Terrorist Financing. Chapter 9, Section 5 General duty of certain authorities to exercise care

international business and some Nordic case examples of bribery in international business. After this, we present ideas on identifying and preventing the laundering of corrupt funds, including selected indicators and possible technological solutions. Chapter 4 presents an overview of the Nordic contexts of anti-corruption, some viewpoints on international work in the field of anti-corruption and statistical information on business bribery in the Nordic context. In chapters 5 and 6, we introduce the method and the findings of the surveys conducted during the KORPEN project.[7] Chapter 7 concludes the report, followed by the references and annex tables.

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7. A survey of Nordic FIUs in the preliminary stage, and the separate surveys conducted involving Nordic businesses and chosen authorities in stage two.

2 Definitions and Connections

Many criminal acts share the common goal of generating profit. Money laundering and corruption share similar features, with a similar environment feeding both of them but they can also be classified as slightly different types of crime – economic or financial. Although economic and financial crime are difficult to distinguish from each other, differences occur with what is classified as economic or financial crime, and Europol's European Financial and Economic Crime Centre (EFECC), for example, classifies corruption and money laundering both to be types of financial crime.[8] Financial crime has been linked to many criminal phenomena such as money laundering, corruption and environmental crime, in addition to the more traditional forms, such as tax and accounting offences.[9]

Both corruption and money laundering are difficult to detect since they are performed in secrecy. Especially in the case of corruption, and in comparison to many other offences, there is usually no clear victim in the ordinary sense.[10] Also, corruption can be difficult to classify strictly to either economic or financial crime, as it might not include direct money transactions. However, according to Chaikin and Sharman, corruption and money laundering share a *"symbiotic relationship"*.[11] The crimes are so embedded that it is difficult to distinguish one from the other. The presence of one creates a foundation for the other to flourish, and the prevalence of one usually signals the prevalence of the other. Both thrive where there is bad governance, a lack of local regulation and weak enforcement.[12] Bribery is one of the most easily recognisable forms of corruption generating illegal funds that need to be projected into forms of money laundering, such as complex layering schemes, in order to make them appear legitimate.[13]

As we discuss further in the report, the difficulty of investigating these crimes is also a shared feature. The main reasons why anti-money laundering (AML) and anti-corruption practices have been investigated and treated separately are historical and bureaucratic; however, since people breaking laws do not consider financial crimes as separate, it has been argued that law enforcement should not do so either.[14] In this chapter, we introduce the key concepts and examine the connection between the phenomena in a business framework. In the next chapter, we share some examples of typical cases of money laundering with the proceeds of crime stemming from bribery in the international business framework.

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8. Europol: European Financial and Economic Crime Centre, update date 14.12.2021.
9. Mansikkamäki, Kankaanranta, Ranki & Muttilainen 2017, 19; Peurala & Muttilainen 2015, 24; Sahramäki & Kankaanranta 2016, 73.
10. Peurala 2011, 324; Peurala & Muttilainen 2015, 15.
11. Chaikin & Sharman 2009.
12. Mugarura 2016.
13. Clarke 2020.
14. Chaikin & Sharman 2009, 2, 21.

2.1 Money laundering

When criminal acts generate profit, they need to be processed to disguise their illegal origin. This process is called money laundering. Money laundering requires a predicate offence in which criminal proceeds are acquired or generated, making the origins of the money illegal. There are several distinctive types of money laundering, such as self-laundering and conspiracy for the commission of aggravated money laundering. For instance, according to Finnish legislation, conspiracy for the commission of aggravated money laundering means agreeing with another party to carry out aggravated money laundering, the object of which is proceeds obtained through bribes, aggravated tax fraud and benefit fraud.[15] In this report, we do not specify the types of money laundering but, rather, apply a general definition of the crime and the process as a whole.

It is estimated that money laundering and business corruption account for 2–5 percent of global gross domestic product (GDP).[16] As one form of financial crime, corruption produces annually enormous profits that need to be imposed on money laundering practices.[17] The money laundering process may involve disguising the sources, changing the form or moving the funds somewhere where they do not attract attention. Money laundering can generally be referred to as a three-stage process that includes placement (or introduction), layering and integration (Figure 1).[18]
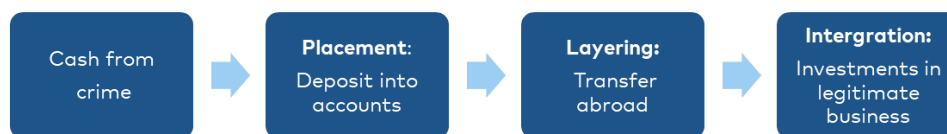

Figure 1. Example of the process of money laundering[19]

In the placement stage, where the risk of getting caught is the greatest, typical methods include cash deposits, paying out loans, over- or under-invoicing and investing in luxury items. In the layering stage, funds are moved from one jurisdiction to another (e.g. through tax havens) to make the origin of the funds more difficult to trace. In the integration stage, money is brought back into legitimate markets and invested, for example in real estate.[20]

Since the funds used in money laundering are illegal, money laundering requires a predicate offence in order to take place. Money laundering itself can be intentional or negligent, and it refers to an act defined in each Nordic country's criminal code.

The Financial Action Task Force (FATF) and the Egmont Group of Financial Intelligence Units have updated their Trade-Based Money Laundering report in 2020. The report states that sectors, products or businesses with gaps in or the

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15. The Criminal Code of Finland (39/1889, amendments up to 766/2015 included) Chapter 32, Section 8; Moneylaundering.fi: Money Laundering.
16. Clarke 2020; Sanyal & Samanta 2011, 152.
17. Chaikin & Sharman 2009, 1; Mugarura 2016, 84.
18. FATF: What is money laundering?; World Bank 2006, I-8.
19. Adapted from World Bank 2006, I-8.
20. Jukarainen & Muttilainen 2015, 18.

inconsistent application of customer due diligence (CDD) and know your customer (KYC) processes are the ones exploited by criminals.[21] As presented in the Nordic case examples, misconduct might also involve other forms of negligence, such as not reporting suspicious transactions.

There are multiple techniques through which trade-based money laundering can be executed. Over- and under-invoicing is the misrepresentation of the price of goods or services in terms of their transfer value. Over- and under-shipment is the misrepresentation of the quantity, including "phantom shipments" where nothing is actually transported. These schemes rely on collusion between the importer and exporter. Multiple invoicing is the reuse of existing documentation for multiple payments for the same shipments. False description means the misrepresentation of the quality or type of goods or services. For example, inexpensive goods can be described as more expensive or as a different item to justify the movement of value. These techniques can also be combined.[22] The use of shell or front companies is increasingly common in trade-based money laundering, but not in cases where the scheme involves the exploitation of legitimate supply chains.[23]

Identifying and investigating money laundering offences is notoriously difficult, especially proving that funds derive from illegal activities. Money laundering schemes can spread across several jurisdictions, include several layering techniques and straw men and, where possible investigations involve authorities from different countries, investigations can be long and difficult. How authorities can identify and prevent money laundering of corrupt funds is discussed in Chapter 3.3.

2.2 Corruption

Defining corruption has proven to be challenging and the phenomenon lacks an official, globally shared definition.[24] International actors such as the European Commission and Transparency International define corruption as "*the abuse of (entrusted) power for private gain*".[25] The general understanding of corruption is based on the perception of how ideal public administration or political decision making is supposed to function.[26] Some form of reciprocity is required for corruption to take place, and it usually benefits both sides – the provider and receiver.[27] Corruption also requires all three components – position of power, abuse (or misuse) and private gain – to occur together, although not necessarily at the same time.[28] This is visualised in the figure 2 below.

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21. FATF & the Egmont Group 2020a, 20.
22. FATF & the Egmont Group 2020a, 26-27; Jukarainen & Muttilainen 2015, 20-21.
23. FATF & the Egmont Group 2020a, 25; Jukarainen & Muttilainen 2015, 20.
24. Peurala 2011, 325; Peurala & Muttilainen 2015, 14; Salminen 2020, 14.
25. European Commission: What we do?; Transparency International: What is corruption?
26. Peurala & Muttilainen 2015, 14.
27. Mansikkamäki & Muttilainen 2016, 6; Peurala & Muttilainen 2015, 15; Peurala 2011, 324.
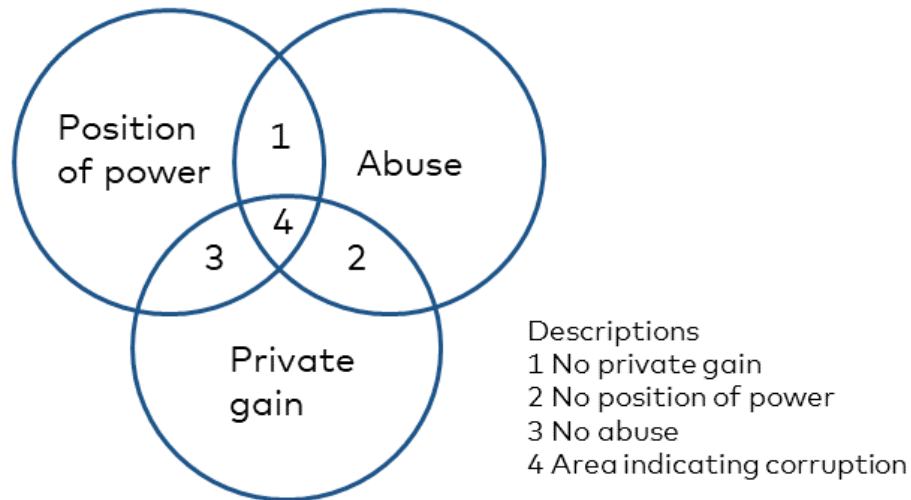28. Peurala & Muttilainen 2015, 14; Leppänen & Muttilainen 2012, 19 (Figure 1).

Figure 2. Outlining the components of corruption[29]

Corruption can be perceived, defined and classified in different ways, one of which is a continuum ranging from morally questionable to clear criminal actions.[30] Thus, only some examples of commonly used definitions and classifications can be presented here. One definitive distinction is usually made between private and public corruption. Private or corporate corruption is generally connected with supplying bribes or violating ethical and professional standards by, for example, deceiving investors, whereas public corruption is focused on the public sector. A typical distinction within public corruption is between petty and grand corruption. In petty corruption, government officials require small payments (so-called grease money) to do their jobs. In grand corruption, companies are the providers of the bribes to government officials or politicians.[31]

In addition to the distinctions between *public vs. private* and *petty vs. grand*, there are other dichotomic divisions when it comes to different forms of corruption. *Pervasive corruption* means facing a request to pay a bribe every time when dealing with government officials, whereas in *arbitrary corruption*, there is uncertainty regarding the existence and type of bribe in these situations. *Organised corruption* means there is coordination among government officials who request a bribe and, once it's paid, no additional payments will be asked. In *disorganised corruption*, there is no coordination and the payment of a bribe to one government official does not prevent another official from asking for a bribe for the same service. There can also be *corruption with theft*, where the official keeps the bribe as well as the actual payment, *or corruption without theft*. In *corruption to deviate from the application of rules or laws,* the payment is made for the current regulation to be applied differently. In *corruption to change existing rules or laws,* the payment of the bribe is made to replace current rules with new ones.[32]

Taking into consideration the difficulty of defining corruption exhaustively, different approaches to the definition can complement each other. Whereas Cuervo-Cazurra's

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29. According to Leppänen & Muttilainen 2012, 19, Figure 1.
30. Brooks 2016, 7.
31. Cuervo-Cazurra 2016, 36-37; Eicher 2009, 3; Peurala & Muttilainen 2015, 16.
32. Cuervo-Cazurra 2016, 37; Ollus & Muttilainen 2021.

definitions above are dichotomic and focus on bribery in the context of the public and private sector or individuals, Salminen, in his 2020 article, has defined different levels, characteristics and danger zones of corruption, which come closer to a Nordic perspective on corruption as a phenomenon, as the danger zones depict scenarios with unethical practices and the misuse of power in a wider spread of networks or structurally instead of bribery.[33]

Individual corruption is focused on individual's private gain, where dependency forms between individuals and can be explained by individual behaviour. Danger zones include conflicts of interest, dual roles, and unethical election and party funding. Corrupt networks are based on secrecy and closed operating models, enabling the funding of its members. Unhealthy interaction creates dependency and obligations. The danger zones include favouritism (including nepotism), unethical "helping" of others and unofficial decision making outside of conventional decision-making structures. Institutional corruption forms within corrupt institutions and communities, and it is political by nature by affecting democratic decision making. Institutional corruption creates a dependence on corrupt institutions and policies, and can take place, for example, by unethical "targeting" of tender selection criteria. Structural corruption is focused on corrupt structures and regimes, which can include the abuse of power, unrealised sanctions and social disempowerment; for example, by unethical influencing in decision making (including preparing laws and decisions).[34]

Corruption in business can also form differently on different levels. Different levels of corruption and corruption-related targeting in business are inter-connected in the way they require money laundering to conceal financial gain. In KORPEN, we mainly came across bribery between companies and subcontractors or service providers, some of whom can be public officials as well. In some cases, there were also third parties involved. Thus, we address bribery or extortion related to the supply chain.[35]

2.3 Bribery

The project has a set focus on corruption that is connected with business activities in the Nordic countries. Several international organisations have noted that although the Nordic countries may have low levels of petty bribery, there is a call for awareness-raising and training in relation to international bribery. The Organisation for Economic Co-operation and Development's (OECD) Working Group on Bribery in International Business Transactions has recommended the Nordic countries, for example, raise awareness concerning bribery as a predicate offence to money laundering and ensure adequate resources for the effective detection of bribery. Transparency International's Exporting Corruption report states that companies from major exporting countries continue to use bribery to win business in foreign markets.[36] There are several cases in the Nordic countries where bribery has been revealed or suspected as part of international business relationships and transactions, which we shall discuss later in the report.

Although bribery is certainly not a synonym for corruption, it can be located at the

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33. Salminen 2020.
34. Salminen 2020, 15, 18, 20, 23.
35. Niinimäki 2019, 130.
36. Transparency International 2020, 5. Major exporting countries include Denmark, Finland, Norway, and Sweden. Iceland is not included due to its small share of global exports.

hard core of it, while the outer ring holds, for example, non-criminalised but morally questionable activities, as described earlier. Bribery has been described also as one of the basic forms of individual corruption.[37] It can be defined as giving money, service or other advantage to one or more persons, who can influence decision-makers in the hope of receiving a favour in return or asking for an improper advantage in exchange for a favour.[38] Another, broader definition is:

> *"any attempt, whether successful or not, to persuade someone in a position of responsibility to make a decision or recommendation on grounds other than the intrinsic merits of the case, with a view to the advantage or advancement of him or herself or another person or group to which he or she is linked through personal commitment, obligation or employment, or individual, professional or group loyalty".*[39]

Although bribery is usually viewed as a form of a so-called street corruption, businesses can use bribery for profit as well. It can take the forms of grander schemes, such as winning tenders for construction projects worth millions of euros.[40] Bribery can be used to prevent someone from carrying out their duties or to persuade a person to make decisions in someone else's favour. In practice, bribery can be included in a contract, by setting aside a portion of it or using intermediaries to channel payments to government or party officials, employees of another contracting party, their close relatives, friends or business partners.[41]

Bribing a public official can be defined as *"the offering, promising or giving of something in order to influence a public official in the execution of his/her official duties".*[42] Bribing a public official is regarded as especially contemptible, as it is liable to erode the general trust in the integrity and fairness of the actions of authorities.[43] Besides bribery, corruption can take several other forms, such as illegal lobbying, illegal political funding, old boy networks and different types of favouritism, as described above.[44]

Bribery on a company level is usually viewed either as the "sand" or "grease" in the wheels of commerce. A bribe is seen as sand when it is demanded by a government official but as grease when the manager offers to pay the bribe. When corruption or bribery are viewed as sand, it is reflected in an increase in costs and resulting uncertainty. On the other hand, corruption as grease can be viewed as creating savings in transaction costs and speeding up procedures.[45]

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37. Muttilainen, Ollus, Salminen, Tamminen & Välimäki 2020, 7, 14; Peurala 2011, 325; Salminen 2020, 16.
38. Ministry of Economic Affairs and Employment of Finland 2020, 10.
39. Cragg, Idemudia, & Best 2011, 297.
40. Fishman & Golden 2017, 19; Peurala & Muttilainen 2015, 16.
41. Ministry of Economic Affairs and Employment of Finland 2020, 43.
42. OECD Observer 2000, 3.
43. Ministry of Economic Affairs and Employment of Finland 2020, 11.
44. Peurala 2011, 325; Peurala & Muttilainen 2015, 16; Ollus & Muttilainen 2021.
45. Cuervo-Cazurra 2016, 40.

2.4 The connection

Although not always the case, corruption can generate illegal proceeds that need to be laundered and thus qualifies as a predicate offence for money laundering.[46] The illicit origin of funds and the beneficial owners are hidden in the laundering processes, which can vary from simple investing to complex business transactions and structures, such as using shell companies and tax havens. Investing corrupt money in legal businesses can also reduce the risk of getting caught.[47] Integrating the proceeds of petty corruption into the economy does not require great effort, whereas greater amounts from grander corruption schemes might involve more complex methods of disguising and layering.[48] Bribery can also take place within the actual money laundering process, where bribes can be paid to straw men or others in order to help conceal the origins of the criminal proceeds, or paying bribes, for example, to supervisors of companies' due diligence practices to prevent them from carrying out their duties.

Teichmann has described the connections between money laundering and bribery in international schemes. A relatively simple form of money laundering is the use of a private deposit box. Corrupt funds can be placed in a deposit box in a safe country and officials can use straw men to hide their ownership instead of registering the box in their own name. A more complex way of laundering bribes is to set up a consulting firm, since these firms often lack transparency in pricing mechanisms. An example of a scheme with a consulting firm is to sell a market analysis to the party responsible for paying the bribe. Straw men are usually included in order to conceal the actual beneficiary.[49]

When business-related bribery takes place in another country, bribe money can be embedded in consulting fees or included in the wages of the travelling employee, part of which is planned for use as a bribe in the destination country. Bribery can also take place by charging more than necessary and paying the extra "back"; for example, to the employee from the company that is selling the product or service. Thus, in business accounting, bribery can seem like a wage or bought service.[50] In addition to this, companies can use third parties to do their "dirty work".[51] The use of third parties, such as agents, subcontractors or consultants, is generally prevalent in both money laundering and bribery for the purposes of channelling payments.

Transferring the bribe directly into an offshore bank account combines bribery with money laundering in one transaction. Usually, straw men are used in order to set up complex company structures, layering and to appear as the real beneficiaries of assets. Even if the straw men are identified, it can be very difficult to connect them to a corrupt official, although transferring money into offshore accounts leaves some traces. In addition to concealing bribes through business or investment arrangements, there are simpler ways such as trading art or antiquities or buying jewellery or other luxury items.[52]

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46. Chaikin & Sharman 2009, 22; Mugarura 2016, 75, 78.
47. Teichmann 2020, 311.
48. Teichmann 2020, 311.
49. Teichmann 2020, 312.
50. Heinström, 24.11.2020; Saarinen & Lajunen 25.11.2020.
51. Saarinen & Lajunen 25.11.2020.
52. Teichmann 2020, 311, 312-313.

Furthermore, when discussing the connections between money laundering and corruption, it is notable that these exist in a close relationship with the shadow economy. The shadow economy can also be defined in different ways, but informality is at the core of the phenomenon, and that it consists of legal economic and productive activities but is deliberately hidden from official authorities. It can thus include all unregistered activities that would, if registered, contribute to the GDP.[53]

Corruption and the shadow economy have been viewed as both substituting and complementing each other. They complement each other if corruption is a sort of tax that enables the tax evasion to continue. Substituting can take place once the existence of the shadow economy reduces the propensity of officials to demand bribes.[54] The element combining corruption and the shadow economy – and also money laundering – is their hidden nature. They are not only hidden for criminals to escape legal consequences but also for economic gain. The shadow economy can meet a wide variety of terms and definitions, but the most frequently used terms in the EU are undeclared work, underground economy and shadow economy.[55] A wide definition of shadow economy can include all activities taking place "under the radar", such as criminal profit and tax evasion. Corruption is also said to manifest into many forms of financial crimes, such as tax evasion.[56]

Also, transparency and awareness-raising are shared and at least partial "cures" for all three types of crime. Combatting corruption is mentioned in Finland's *Strategy and action plan for tackling the grey economy and economic crime*. There is a need for raising awareness particularly around the risk of the grey economy (i.e. the shadow economy), corruption and cartels.[57] Partly because of the important connection here, we also included the competition authorities in our survey, since they are the key authority responsible for the prevention of cartels and, for example, in Sweden, the National Competition Authority is among the agencies responsible for the prevention and investigation of corruption, and for forensics and auditing.[58]

Where this chapter presented the key concepts and preliminary examination of the connection between money laundering and corruption, the next chapter discusses bribery explicitly in the context of international business, Nordic case examples, and how the laundering of corrupt funds can be identified and prevented.

53. Schneider 2012, 4; Laukkanen 2015, 34; IMF Working paper 2019, 5.
54. Laukkanen 2015, 36, 37; Schneider 2006, 29.
55. Vero.fi: Grey Economy and Economic Crime: Estimates on the shadow economy and tax gap.
56. Mugarura 2016, 77.
57. Vero.fi: Government Resolution on a Strategy and an Action Plan for Tackling the Grey Economy and Economic Crime for 2020–2023, 8.
58. Commission Staff Working Document, Country Chapter on the rule of law situation in Sweden, Rule of Law Report 2021, 5.

3 Corruption in International Business

FATF has described factors influencing the level of money laundering risk associated with a business relationship or transaction, including customer, country or geographic, and product or financial instrument risks.[59] These are also relevant for assessing corruption risk and there are several aspects that affect the incidence of corruption in international business.

While corruption has been identified as having a connection with the level of democracy - democratic countries having lower levels of bribery - the Nordic countries have also been subject to corruption scandals.[60] International business brings together potentially big contracts, different cultures and business practices, which might impose a heightened risk of corruption. This chapter highlights the results of the literature review, covering themes of bribery in international business, Nordic case examples, and ways of identifying, investigating and preventing money laundering of corrupt funds.

3.1 Bribery in international business

Private bribery not only affects the immediate parties but impacts the organisation of markets and society as a whole. Businesses that use bribes to get orders past their competition gain a significant benefit, distorting the market and causing it to work inefficiently.[61] Bribery in international business has received widespread attention, stemming from the recognition that it increases the cost of doing business, distorts competition, misallocates resources, harms market efficiency and predictability, encourages illegal and unethical activities, erodes public trust in the rule of law, subverts development projects, and slows economic growth.[62] Bribery in international business[63] involves legitimate, commercial enterprises operating in transnational markets, but using illicit transactions or exchanges to win or maintain contracts, to overcome administrative obstacles or to gain other business advantages.[64]

International business is transnational by nature and crosses jurisdictional borders. The international business environment brings companies into contact with different customs and practices, including those concerning bribery. Multinational companies can use bribes in order to win contracts, reduce import duties or influence law making in their favour. Business corruption can thus be rationalised by obtaining a competitive advantage in corrupt countries or as a way of reducing transaction costs in more regulated countries.[65]

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59. FATF 2013a, 14.
60. Ministry of Economic Affairs and Employment of Finland 2020, 7.
61. Baughn, Bodie, Buchanan & Bixby 2010, 15; Eicher 2009, 13; Fishman & Golden 2017, 17–18.
62. Guvenli & Sanyal 2012, 334; Malqwi 2016, 949; Sanyal & Subrana 2020, 193.
63. Also, transnational corporate bribery.
64. Dávid-Barrett 2019, 151; Lord & Levi 2017, 365–366, 368.
65. Baughn, Bodie, Buchanan & Bixby 2010, 15; Cuervo-Cazurra 2016, 35; Sanyal & Samanta 2011, 151–152.

Bribery can take place between international companies but also between a private business and a public official. In the latter, it involves a business from one country offering financial or non-financial inducements to another country's official in order to obtain commercial benefit.[66] The supplier side usually justifies the bribery by attributing it to foreign cultures or conditions.[67] Bribery is most commonly carried out, for example, in the construction and defence sectors, but is also prevalent in the fields of oil and gas, real estate, telecommunications and power generation or transmission.[68]

Bribery in international business can take place by bribing a foreign public official, such as through an intermediary, or between two private parties. In this instance, the often-used definition of corruption[69] can be viewed as limited in scope, as it does not include corruption committed in the private sector such as bribery in private businesses.[70] However, in many of the cases connected to the Nordic countries, the alleged bribery was targeted to a foreign public official. According to the Organization for Economic Cooperation and Development's (OECD) Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention, ABC), a foreign public official can be:

> *[...] any person holding a legislative, administrative or judicial office of a foreign country, whether appointed or elected; any person exercising a public function for a foreign country, including for a public agency or public enterprise; and any official or agent of a public international organization.[71]*

Bribery or the attempted bribery of foreign officials is based on a crime between two parties, usually benefiting both sides. It can be carried out between the two or through a third party, such as a consultant. The company either knowingly bribes the foreign official through the consultant or the bribery occurs without the knowledge of the company and exclusively by the consultant. Although the use of consultants and other third parties in business can be necessary, sometimes vital, international business would benefit from better regulation.[72]

There are many studies that have researched the determinants of giving and receiving bribes in international business. Baughn et al.[73] studied whether higher levels of domestic corruption are connected to a higher prominence of providing bribes in international transactions, whether the countries that have ratified a) OECD ABC and b) UNCAC[74] are less likely to provide bribes, and whether a large proportion of trade with OECD countries is connected to lower levels of providing bribes in international business. They observed that countries with higher levels of domestic corruption are more likely to provide bribes in international business. Also, actors in "clean" governance countries, such as Sweden (the only Nordic country assessed in the study in question), were less prone to providing bribes in international transactions. The results were consistent with the hypothesis that countries that have ratified the OECD ABC are less prone to bribery. Ratification of

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66. Chaikin 2008, 270; Sanyal & Subrana 2020, 193.
67. Baughn, Bodie, Buchanan & Bixby 2010, 15, 16.
68. Baughn, Bodie, Buchanan & Bixby 2010, 15; Loughman & Sibery 2011, 295.
69. See e.g. European Commission: What we do?; Mugarura 2016, 79; Transparency International: What is corruption?
70. Mugarura 2016, 79.
71. The Organization for Economic Cooperation and Development's (OECD) Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention, ABC) 1997, Article 1., 4.
72. Peurala 2014, 216.
73. 2010.
74. The United Nations Convention Against Corruption.

UNCAC was not found to be significantly related to levels of transnational bribery. Business with OECD countries was associated with "cleaner" transactions in conducting international business.[75] One study found that *"high trust levels, enforced regulative legislation, small country size and high human development"* help form a framework feeding a transparent business environment.[76] These descriptions apply in many respects to the Nordic countries.

Studies show that *"cultural, economic, institutional, social, and firm-specific factors"* contribute to the incidents of bribery. For example, countries that score highly in the gender development index have less bribery, and officials in countries with higher income and lower income inequality are less prone to take bribes. Democratic countries with, for example, free elections and an independent judiciary have less bribe giving. Countries with high human development and economic freedom, high per capita income and a high human development index have been identified as determinants of lower bribe taking, whereas years of membership in the EU is associated with lower levels of corruption.[77] Advanced economies tend to have well-established laws and policies concerning corporate behaviour compared to developing economies.[78] Still, developed economies dominate global business, and private corruption seems more prevalent in developed countries, whereas public corruption is more prevalent in developing countries.[79]

Most big corruption scandals have four things in common: 1) the aim is to win big government contracts, 2) bribes are paid through intermediaries and agents, 3) corruption is embedded in the company's way of doing business, and 4) the company has poorly supervised anti-corruption and anti-bribery compliance programmes. Grand corruption schemes are often related to the construction, pharmaceutical and defence industries.[80] FATF's case review from 2011 has demonstrated the involvement of large amounts of unexplained cash in grand corruption cases, although these were mostly related to politically exposed persons (PEP).[81]

In conclusion, bribery in international business brings together transnational markets, commercial enterprises and illicit transactions. Bribery manifests as offering and receiving a bribe, and the way bribery benefits both parties is one of the key aspects that helps keep it hidden. Bribery in international business not only affects the immediate parties but also has wider impacts by distorting competition and markets. When a bribe is paid, it needs to be converted to appear legal, and this is where the link to money laundering is created.

Businesses are being sent the message by the OECD ABC and other international instruments that the previous norms on corruption in international business have changed. Legal risk has been accompanied by reputational risk.[82] Still, the fight against bribery and corruption needs to continue to send a clear message that bribery will not be tolerated. There has been a call for strengthening the legal framework in many countries, as well as political will.[83] Due to the ability of their oversight institutions to regulate corruption on a national level, it has been argued that corruption should be included in the central mandate of the World Bank and

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75. Baughn, Bodie, Buchanan & Bixby 2010, 23, 28–29.
76. Paik, Warner-Søderholm & Huse 2019.
77. Sanyal & Subrana 2020, 195–196, 207. See also Habib & Zurawicki 2002; Paik, Warner-Søderholm & Huse 2019.
78. Baughn, Bodie, Buchanan & Bixby 2010, 16.
79. Mugarura 2016, 79, 80.
80. Cockcroft & Wegener 2017, 61.
81. FATF 2011, 25.
82. Dávid-Barrett 2014.
83. Sanyal & Samanta 2011, 162.

International Monetary Fund (IMF). Locally, AML and anti-corruption information-sharing should be more effective and should be treated with equal seriousness.[84]

3.2 Nordic case examples of corruption in international business

In recent years, there have been several corruption cases involving extensive bribery practices in international business transactions in the Nordic countries. In a region where bribery is considered almost non-existent, such cases have been received with shock.[85] Even companies with strong a reputation in the jurisdiction where they have headquarters does not necessarily mean that subsidiaries or affiliates operating in other countries operate with the same level of integrity.[86]

Due to high-profile cases in recent years, where multi-national companies based in seemingly corruption-free countries have been implicated in money laundering, foreign bribery and other private sector corruption, Transparency International has stated that countries performing best on the Corruption Perceptions Index (CPI) are often those that *"enable high levels of illicit private sector activity, money laundering and foreign bribery"*. They also note that receiving high marks on CPI does not necessarily mean high marks on enforcement against foreign bribery, and their Exporting Corruption report shows that corruption still exists in countries with public sectors that score among the cleanest in the world.[87] Cases concerning Danske Bank in Denmark, Fishrot Files in Iceland, SwedBank in Sweden and DNB in Norway – - which we will discuss in this chapter – demonstrate that there are problems within the Nordic countries as well. Although a similar corruption scandal has not taken place in Finland in recent years, it has been noted that there are gaps in its anti-money laundering supervisory framework, which makes Finland vulnerable to money laundering and corruption.[88]

Aspirations to go international may predispose companies to corrupt situations, and if the company will not bribe foreign officials, it may run into obstacles when doing business. After all, more than two-thirds of countries score below 50 even in the latest CPI.[89] According to Transparency International Finland, companies' anti-corruption efforts are hampered by the lack of access to information. They cite a survey by the Finnish Chamber of Commerce which states that two-thirds of companies, especially small businesses, do not receive information from the police about crimes and criminal phenomena. Also, internationalisation exposes companies and private persons to corrupt situations. Business activities abroad might be made difficult or impossible if bribes are not paid to local officials. Transparency International Finland notes that Finnish companies that hire foreign employees who are not familiar with Finnish legislation might be exploited.[90] This can apply in other Nordic countries as well.

The case examples were collected by inquiring about them in the survey for Nordic FIUs and from Transparency International's Exporting Corruption: Progress Report

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84. Mugarura 2016, 84, 85.
85. Kimpimäki 2018, 240.
86. Dávid-Barrett 2014, 15.
87. Transparency International: CPI 2020: Five Cases of Trouble at the Top, 28.1.2021a; Transparency International 2020.
88. Transparency International: Trouble in the top 25 countries, 28.1.2021b.
89. Transparency International: CPI 2020: Global highlights 28.1.2021c.
90. Transparency International Finland: Mitä teemme (in Finnish).

2020. In addition, Kimpimäki has gathered and analysed Finnish cases in her 2018 article.[91] This article was used as the basis of the Finnish case examples, because there have been very few suspected or investigated cases in Finland in recent years.[92] The OECD WGB also reports cases and to which we added information if applicable, but the main source was Transparency International's latest Exporting Corruption report. The reason for this is that the report is quite recent, which makes it a suitable source for up-to-date information. The cases include either Nordic companies or companies that have close connections with Nordic countries.

Case Samherji

Nordic FIUs were asked about cases where the laundered funds were suspected of having originated from corrupt activities. The only Nordic FIU to provide a case was from Iceland. In this case, the link to corruption came up in a report by a former employee of the Samherji fishery. The estimated proceeds of crime are unclear, and the case was still under investigation in Iceland in early 2021 when the survey for Nordic FIUs was conducted.

The Samherji case includes not one but two Nordic companies, with an Icelandic fishery as the suspected provider of the bribes, and the largest Norwegian bank DNB as the handler of some of the transactions related to the case. In 2019, an investigation took place into whether DNB had broken any laws when handling these payments from an Icelandic fishery company to Namibian officials between 2011 and 2018. WikiLeaks' publication of "the Fishrot Files" and investigations by Icelandic media appear to have prompted the investigation.[93]

The other Nordic FIUs did not provide any specific cases or details, some of the reasons being that there are very few of them or they are the subject of ongoing pre-trial investigations. The Finnish FIU mentioned in general that other FIUs' information and actions can be of significance when exposing and combatting corruption It also said that one broad international corruption-related investigation started with confiscation and information-sharing with Finnish officials by a foreign FIU.

Other Nordic cases

'Case Manse' was presented in FATF's 2019 MER for Finland. As of 2019, the case was described as a long-term, ongoing, joint money laundering investigation. The case started with an Interpol message sent by Germany to Finland, concerning suspicious money transfers from Finland to Germany and on to Panama. The case involved several offences under investigation, which included aggravated money laundering, aggravated bribery in business life and bribery in business life. The National Bureau of Investigation (NBI) was reported to work in close collaboration with the Finnish Tax Administration, the Prosecutor's Office and Enforcement Office. A joint investigation group including Finland and Germany was established in 2014, which Italy joined in 2016.[94]

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91. Kimpimäki 2018.
92. Transparency International 2020, Table 1: Investigations and Cases (2016–2019), 12.
93. Transparency International 2020, 92–93.
94. FATF 2019a, 64.

Other Nordic cases were collected from Transparency International's 2020 Exporting Corruption Report. They were collected and categorised using Loughman and Sibery's classification of the 13 industries that have a significant risk of corruption and bribery.[95] Most cases were in the industries of aerospace and defence, financial services, telecommunications and transportation, all of which are high-volume, multi-million-dollar industries. Industries with two Nordic cases were diversified industrial, energy, and transportation. We decided to look for commonalities in cases in aerospace and defence, financial services and telecommunications. All in all, we found Nordic cases in nine industries[96], in addition to a few others that are described separately.

One of the industries that was not among Loughman and Sibery's classification is *consulting*, with a Nordic case involving Danish Consia Consultants APS. According to these case examples, not many Nordic consulting companies are suspected of foreign corruption or bribery, even if the use of consultants is quite common in international business bribery cases. Another industry not included in the table, although it might have been applicable to the technology industry, is *telecommunications*, with cases including VimpelCom (the company has links to Norway) and Swedish companies TeliaSonera and Ericsson. We take a brief look at this industry later in this chapter.

Cases including Nordic defence industry companies

Three of the four defence industry cases included Finnish defence industry companies and one Norwegian. Typically, Nordic defence company cases are related to the sales and deliveries of defence equipment, such as armoured vehicles. In three out of four suspected cases, in order to get contracts, bribes were paid to foreign public officials via a third party, such as an agent or consulting company. The beneficiaries were reportedly public officials, a director of an indirectly state-owned company and, in the Norwegian case, a Romanian general and Romania's intelligence agency. In two out of three Finnish cases, Patria Vehicles Oy used the same Austrian consulting company.

The use of secret bank accounts took place in at least one of the cases. The suspected amounts range from €1 million to €20 million. In three cases, the suspected crime took place in a European country, and one in Egypt.

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95. Loughman & Sibery 2011, 295: Aerospace and defence, Automotive; Construction and real estate; Consumer products; Diversified industrial; Energy; Financial services; Life sciences; Media and entertainment; Mining and metals; Retail and wholesale; Technology; Transportation.
96. Patria Weapons Systems Oy, Patria Vehicles Oy, Kongsberg Gruppen ASA & Kongsberg Defence Communications (Aerospace and defence); Burmeister & Wain Scandinavian Contractor (Construction and real estate); Carlsberg, Samherji (Consumer products); Hempel AS, Yara International ASA (Diversified industrial); Sevan Drilling, Noroil (Energy); Danske Bank, Nordea Denmark, DNB, Swedbank (Financial services); Instrumentarium Oy & Medco Medical Oy (Life sciences); FLSmidth (Mining and metals); Bombardier Transportation Sweden AB, Maersk, Viken Shipping (Transportation).

Cases including Nordic telecommunications companies

The so-called "Uzbekistan Affair" was discovered in 2012, and was a case involving senior officers at TeliaSonera who were under suspicion of having committed bribery offences.[97] TeliaSonera was under suspicion of bribing the daughter of the President of Uzbekistan in connection with its entry into the Uzbek telecommunications market. The trial began in September 2018 and resulted in acquittals, reportedly failing to prove that the daughter could be held liable for taking bribes.[98]

VimpelCom is a Russian company but is closely linked to Norway. At the time of the investigation, VimpelCom was partly owned by Telenor, a company in which the Norwegian government is a majority stakeholder.[99] VimpelCom used several shell companies and fake consulting contracts to funnel bribes to a relative of the President of Uzbekistan to enter the Uzbek telecommunications market.[100]

Whilst TeliaSonera's and VimpelCom's cases were quite similar to the Nordic defence industry cases – where a company does business with a foreign company linked directly or indirectly to a foreign government, and where the bribes are directed to a foreign official – the case concerning telecommunications company Ericsson was rather different. It has similarities to financial institution cases in terms of how extensive and long-lasting the scheme was. The company's corrupt practices involved high-level executives and lasted for 17 years and spanned at least five countries.[101] Nevertheless, Ericsson is a company that aims to make profit, whereas cases with financial sector companies include failing to know who their customers are and the origins of funds. According to prosecutors, Ericsson paid bribes and falsified its books in China, Indonesia, Vietnam, Kuwait and Djibouti. In 2019, the company agreed to pay over €1 billion to settle the corruption charges against it.[102] The company agreed to pay €80 million to Nokia alone.[103]

Interestingly, both the TeliaSonera case and the VimpelCom case share the same crime scene: Uzbekistan. In TeliaSonera's case, the beneficiary was a government official, whereas in VimpelCom's case a relative of the president. There are other significant similarities: TeliaSonera paid the bribes to receive telecommunications licences, and VimpelCom paid bribes to enter and remain in the telecommunications market.[104]

97. Schoultz & Flyghed 2016, 184.
98. Transparency International 2020, 110.
99. Transparency International 2020, 92–93; The Local No 5.11.2015, Retrieved from https://www.thelocal.no/20151105/former-vimpelcom-ceo-seized-at-oslo-airport. Cited 12.1.2021.
100. Bloomberg: U.S. Seeks to Grab $300 Million in Uzbek Telecom Bribery Probe, 29.6.2015.
101. YLE News: Ruotsalainen Ericsson suostuu maksamaan yli miljardi dollaria sopiakseen korruptiosyytökset (in Finnish), 7.12.2019.; Transparency International 2020, 110–111.
102. YLE News: Ruotsalainen Ericsson suostuu maksamaan yli miljardi dollaria sopiakseen korruptiosyytökset (in Finnish), 7.12.2019.
103. YLE News: Ericsson maksaa Nokialle 80 miljoonaa korvauksena korruptiovahingoista (in Finnish), 12.5.2021.
104. Transparency International 2018, 82–83, 92–93; The Local No: The Former VimpelCom CEO Seized at Oslo Airport, 5.11.2015.

Cases involving Nordic financial institutions

Cases concerning Nordic financial institutions have common characteristics, such as the flow of criminal proceeds through their accounts and crimes often happening in branches in other countries. The amount of money flowing through these financial institutions varies, but in the Nordic cases the suspected amounts run from hundreds of millions up to billions of euros.

As mentioned, the Samherji fishery case was connected to a Norwegian bank DNB.[105] Danske Bank and Nordea Denmark were reported to be involved in global corruption and bribery scandals, with more than €200 billion in suspicious transactions reportedly passing through their banks in several countries, leading to investigations in a number of jurisdictions.[106] Swedbank has been under investigation in relation to suspected money laundering through its accounts.[107]

The Nordic cases regarding financial institutions reveal that banks have failed to know who their customers are and the sources of funds flowing through their accounts, as well as to monitor the actions of their branches in other countries. What connects financial institutions' AML and anti-corruption work to that of other businesses is the need to use rigorous customer due diligence procedures. In addition, the monitoring of PEPs must be highlighted in the AML work of financial institutions.

In general, the benefits of the bribes in Nordic cases are quite typical to business bribery, as presented in the literature review. Bribery is used to gain or maintain contracts, and there might be third parties, such as consultants, involved. The person receiving the bribe is usually a person of power, such as a foreign official linked to a certain government or a member of their family.

3.3 How to identify, investigate, and prevent money laundering of corruptive funds

This chapter explores what kinds of preventive measures have been recognised in the literature and practical preventive framework. We present some ideas on what companies can do to prevent bribery or money laundering in their business practices. The different ways to identify, investigate and prevent money laundering of corrupt funds include possible corruption indicators and the use of data analytics, which we explore also in the empirical data and analysis later in the report. In addition, according to research, combining efforts used in AML has been viewed as beneficial to the AC framework as well.

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105. Transparency International 2020, 92–93.
106. Transparency International 2020, 55.
107. Transparency International 2020, 111.

General preventive measures

Preventing the laundering of corrupt funds starts with preventing bribery, which is not the task of Law Enforcement Agencies (LEAs) or officials alone. Governments can promote transparency, but it is necessary for businesses also to carry their share of compliance efforts. The OECD has published specific guidelines for multinational enterprises, stating clearly that these entities *"should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage"*. In addition, they should resist the solicitation of bribes and extortion. More specific recommendations include, for example, developing and adopting adequate internal controls, prohibiting or discouraging the use of small facilitation payments, paying attention to particular bribery risks facing the enterprise, enhancing the transparency of their anti-bribery practices as well as promoting employee awareness and compliance.[108]

Loughman and Sibery have specified red flags and risks regarding bribery in different geographical areas.[109] Gifts, leisure activities, personal connections and questionable invoices are examples of red flags tied to several regions. In the European context, the regional red flags are the use of intermediaries, abuse of offset agreements and corporate entertainment.[110] Since the use of intermediaries, such as consultants, is quite prevalent in business negotiations in many parts of the world, it is important for businesses to apply thorough due diligence practices regarding any third parties, with an emphasis on third-party training and certifications.[111] To mitigate the risks regarding foreign government customers, businesses should use clear and specific contract language, provide training for employees responsible for negotiations and an ongoing customer interface, and apply thorough due diligence in relation to vendors and service providers.[112]

To mitigate the risks regarding travel, meals and expenses for foreign government officials, businesses should apply clear policies and approvals for interacting with foreign government officials, and a clearly defined and documented internal approval process prior to engaging in such activity. Businesses should also provide training on who qualifies as a foreign government official and what the acceptable business practices are for interacting with them.[113]

Indicators

Identifying money laundering is known to be difficult, and each OECD country must follow FATF Recommendations and for example assess their AML framework through national risk assessments (NRA). Suspicious transactions can be reported by obliged entities through STRs that are further analysed by FIUs. After this, FIUs can forward cases for (other) police units to investigate.[114] When identifying money laundering of corruptive funds, it is necessary to be familiar with the indicators related to money laundering, corruption and financial crime in general - although the

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108. OECD 2011, 47–48
109. See Annex Table 2.
110. Loughman & Sibery 2011, Chapter 10.
111. Examples regarding Aerospace & Defense industry: Loughman & Sibery 2011, 303–304.
112. Examples regarding Aerospace & Defense and Energy industries: Loughman & Sibery 2011, 303-304, 333–334.
113. Examples regarding Energy industry: Loughman & Sibery 2011, 333–334.
114. The Nordic FIUs are either located within, or closely located to, the structures of the criminal investigation authorities.

indicators related to corruption are especially difficult to outline because of the multifaceted nature of the phenomenon. Bribery itself might be easier to identify compared to more ambiguous forms.

International organisations such as FATF and the Egmont Group have worked towards defining financial crime risk indicators. FATF and the Egmont Group published the Trade-Based Money Laundering (TBML) risk indicators report in 2021[115], and OECD the Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors.[116] The Egmont Group has also published its own set of corruption indicators from the perspective of FIUs[117] to be used by the FIUs themselves and the obliged entities, especially financial institutions. Besides the use of indicators, the Egmont Group calls for FIUs and LEAs to work with financial institutions and reporting entities to improve the identification of suspicious transactions and activities that may indicate corruption.[118]

According to FATF and the Egmont Group, an indicator can demonstrate or suggest *"the likelihood of the occurrence of unusual or suspicious activity"*.[119] In the Trade-Based Money Laundering report, FATF and the Egmont Group have classified the indicators in four categories: 1) structural risk indicators, 2) trade activity risk indicators, 3) trade document and commodity risk indicators and 4) account and transaction activity risk indicators. The indicators developed by the Egmont Group are, in turn, categorised as: 1) Indicators of Distortions in Tenders and Purchasing which are Relevant to Procurement Fraud, 2) Indicators of Distortions in Tenders and Purchasing which are Relevant to Procurement Fraud, 3) Payee-Based Indicators and 4) Other Indicators.

It should be noted, however, that a single indicator may not warrant suspicion or indicate clearly trade-based money laundering, but could show the need for further monitoring.[120] This is evident, for example, in the indicators related to the location or public information available on the business or managers.[121] An indicator itself may not mean that there is misconduct, but one or several may or should attract suspicion and further investigation.

Next are some selected indicators for identifying laundering of corrupt funds within international business. The indicators are combined from the FATF and the Egmont Group's Trade-Based Money Laundering: Risk Indicators and the Egmont Group's Set of Indicators for Corruption Related Cases.

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115. Before FATF and the Egmont Group formed the complete report on TBML risk indicators, they outlined specific business indicators in the 2020 TBML Trends and Developments report. These include a rapid growth of newly formed companies into existing markets, evidence of consistent and significant cash payments, unnecessarily complicated and complex supply chains, and previously established companies unexpectedly pivoting into an entirely unrelated sector or simultaneously into more than one unrelated sector. FATF & the Egmont Group 2020a, 25.
116. FATF & the Egmont Group 2020b; OECD 2013a.
117. The National Bureau of Investigation Finland has referred to these indicators when giving guidance to the Finnish obliged entities on money laundering. Salomaa 2021.
118. The Egmont Group, Set of Indicators for Corruption Related Cases.
119. FATF & the Egmont Group 2020b, 2.
120. FATF & the Egmont Group 2020b, 2.
121. Location in a mass registration address or in a country with weak compliance on AML/CFT, managers etc. appear in negative news.

Indicators related to recently established businesses or businesses with limited experience

- Legal entities with little or limited experience receiving highly complex and technical government contracts/projects (not compatible with the size or experience of the entity) or receiving government contracts/projects that are not related to their field of business.
- A newly formed or recently re-activated trade entity engages in high-volume and high-value trade activity, e.g. an unknown entity suddenly appears and engages in trade activities in sectors with high barriers to market entry.

Indicators related to Politically Exposed Persons (PEPs), their family members or close associates, or other officials

- The subjects in a transaction are domestic or foreign politically exposed persons (PEPs), their family members or close associates as defined by the FATF and receive and/or send unusually large amounts of funds in different currencies.
- Public officials, especially those having a role in government contract management or public procurement of high-value assets, receive international funds transfer instructions (IFTIs) from business and/or personal accounts, where these funds appear to be excessive in value.
- PEPs, their family members or close associates, or other officials, receive large amounts of money for their attendance in workshops, conferences or as consultants to projects, in order to disguise the origin of the funds from being seen as a payment involving corruption.
- Checks issued in favour of public officials and come from accounts of people who benefited from public procurements/funds, without an evident justification.
- Checks issued by a public entity, being cashed out and subsequently deposited in the bank accounts of public officials or persons/entities related to public officials.

Indicators related to the use of shell companies or companies registered in jurisdictions with simplified company registration or high-risk jurisdictions

- Services provided to state-owned companies or public institutions by shell companies or companies registered in jurisdictions with simplified company registration.
- The corporate structure of a trade entity appears unusually complex and illogical, such as the involvement of shell companies or companies registered in high-risk jurisdictions.
- Payment for imported commodities is made by an entity other than the consignee of the commodities with no clear economic reasons, e.g. by a shell or front company not involved in the trade transaction.

Indicators related to the use of consultants or other third parties or intermediaries

- Payments made by contractors for consultancy services, particularly in industries with a higher-risk of corruption, such as arms, mineral extraction and telecoms, where the amount paid appears to be outside the normal price range for consultancy services.
- A transaction or financial activity which involves foreign nationals with no significant link (apart from financial) to the country where the transactions took place. These foreign nationals are known to be active consultants or employees of lobbying organisations and are sometimes reluctant to explain the source of wealth/funds, or give unsatisfactory explanations.
- Representative of a PEP (i.e. lawyer, secretary, accountant) opens bank account and purchases expensive property or luxury goods with the express intent of bypassing Customer Due Diligence (CDD) process screening for PEPs.
- Transaction payments of unusual amounts or frequency from PEPs, their family members or close associates, or other officials, to lawyers, accountants or other professional intermediaries.
- Incoming transactions from foreign jurisdictions (specifically from jurisdictions with simplified company registration) to accounts of PEPs, their family members or close associates, or other officials, which are intended for real estate purchases or purchases of high-value or luxury goods, typically contain no additional information about the transaction itself, and the necessary remittance information is vague (e.g. refers to 'consultancy fees').
- A trade entity engages in complex trade deals involving numerous third-party intermediaries in incongruent lines of business.

Besides the above-mentioned indicators, several organisations have updated lists of countries or actors that are not compliant in their financial crime prevention regime, such as FATF's High-Risk Jurisdictions subject to Call for Action ('black list') and list of Jurisdictions Under Increased Monitoring (countries with strategic AML/CFT[122] deficiencies), and the EU's list of non-co-operative jurisdictions for tax purposes. Our survey revealed that several participating Nordic businesses and some authorities use these kinds of such lists. The lists can be utilised, for example, in examining, whether the operating environment of a business or the business connections are located in a high-risk country.

Investigation and regulation

The problems with investigating transnational corruption and money laundering lay within their secret nature, gathering enough evidence for court proceedings and investigating in other jurisdictions. Investigating bribery in a foreign country is difficult for investigators, because gathering evidence is more time-consuming and challenging than in domestic investigations. Adding this to the fast transactions and complex schemes used in the concealment and layering of funds, the situation presents great difficulties for international investigations and prosecutions concerning bribery and money laundering.[123]

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122. Combatting the Financing of Terrorism.
123. Chaikin & Sharman 2009, 115; Heinström, S. 24.11.2020; Saarinen, T., & Lajunen, V. 25.11.2020; Teichmann 2020, 312.

Chaikin and Sharman claim that the difficulties in international cooperation among law enforcement agencies explains the success of money laundering and corrupt activities perhaps more than any other reason.[124] Effective international cooperation is crucial for the success of investigations, prosecutions and sanctions. This is due to the international nature of corruption, where the suspects, evidence, witnesses or proceeds of corruption may be spread across multiple jurisdictions.[125] This may be one of the key reasons for the small number of convictions within the Nordic countries as well.

Peurala highlights that anti-corruption laws should match the enforcement capacity of the institutions in a jurisdiction, and that legislation without enforcement is rather meaningless. In order to form an effective anti-corruption framework, jurisdictions need to ensure effective investigation and cooperation among actors combatting corruption.[126]

Internationally, there has been a growing trend on regimes that are based on preventive systems and oversight, such as corporate self-regulation, rather than investigations based on suspected crime by the LEAs. This development could result into increasing the number of non-trial resolutions and *"enforcement through collaboration and settlements"*.[127] It should be noted that private investigators are not bound by the same rules and policies, and they don't have the same set of methods compared to the police. There is also a risk of subjectivity and lower sanctions in private investigations when companies investigate themselves.

Rui and Søreide analysed the regulatory frameworks of Norway and the EU and argue that there is a need for a two-track regulatory regime that consists of an administrative or civil law system with a focus on crime prevention and a separate criminal law process for criminal investigation. This system would include both institutions which sanction companies' failures to prevent corruption and law enforcement agencies and a criminal justice system in general. They call for mandatory integrity mechanisms to prevent risk instead of vague demands for "a compliance-friendly culture."[128]

The role of anti-money laundering in combatting corruption

It is a general perception that weak AML frameworks promote economic instability, unjust commercial advantages and feed organised crime.[129] The use of anti-money laundering (AML) mechanisms in combatting corruption has also been recognised as a potential positive development and practice in combatting corruption. Chaikin and Sharman state that *"the greatest possibilities for policy improvement lie in the application of components of the AML system to attacking corruption".* The components include mechanisms for gathering a great deal of financial intelligence, strong legal instruments, such as the confiscation of criminal proceeds, and international cooperation in tracing financial crime (Figure 3).[130]

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124. Chaikin & Sharman 2009, 196.
125. Transparency International 2020, 23.
126. Peurala 2011, 327.
127. Rui & Søreide 2019.
128. Rui & Søreide 2019.
129. Clarke 2020.
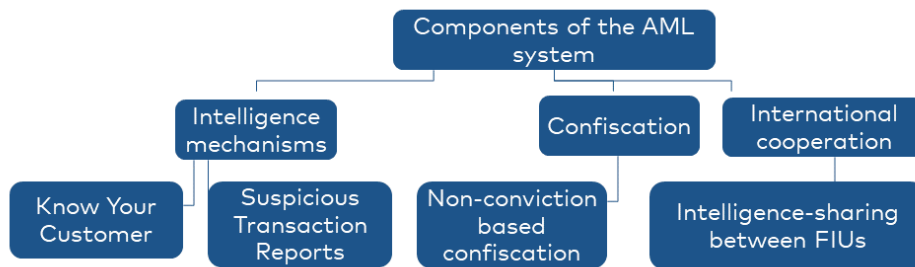130. Chaikin & Sharman 2009, 188, 190.

Figure 3. AML system components with possible benefits for anti-corruption work[131]

Ai argues that, since financial institutions already have the capacity to, for example, identify the natural person behind the funds, it would be cost-effective and sensible to use the existing AML tools to fight corruption.[132] Enhancing the role of AML in combatting corruption would benefit the FIU, anti-corruption agencies, obliged entities filing STRs and the judicial and law enforcement bodies.[133]

Mugarura in turn calls for the individual states to create requisite laws and systems, and to establish central data registries to generate and supply data for FIUs and the police, among others. Data registries would benefit the Credit Reference Bureau (CRB) by checking bank clients, and help ensure that information exchange is made possible for inter-state cooperation. For example, banks should work closely with anti-corruption agencies in order to share data and refuse banking services for corrupt officials, if necessary.[134]

There are also partially opposing views. Teichmann has found that anti-money laundering efforts are actually not very effective and are of very little use in tackling bribery. He states that forcing financial service providers to implement compliance methods is expensive and ineffective, and calls for alternative anti-bribery mechanisms, such as the effective combination of anti-bribery incentives and more severe punishments.[135] The interviews in his study found that the chances of getting caught for bribery and having to face punishment are quite low and, as corrupt public officials rarely face consequences for taking bribes, the expected benefit of wrongdoing continues to be high.[136] However, the article did not offer detailed descriptions of the proposed anti-bribery incentives or more severe punishments.

The Ministry of Economic Affairs and Employment in Finland has published an Anti-corruption Guide for Small and Medium-Sized Enterprises (SMEs). This guide highlights the need for companies to develop and adopt appropriate internal controls, ethics guidelines and measures, and protect whistleblowers to prevent and detect corruption. Internal controls based on a risk assessment with regular monitoring and reviews and covering the necessary financial and accounting procedures help ensure that the company cannot be used for corrupt purposes or for hiding corruption. These controls are used by obliged entities and supervisors in anti-money laundering efforts.[137]

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131. Chaikin & Sharman 2009, 190.
132. Ai 2013, 89.
133. Chaikin & Sharman 2009, 28.
134. Mugarura 2016, 84, 85.
135. Teichmann 2020, 309, 313.
136. Teichmann 2020, 309, 311.
137. Ministry of Economic Affairs and Employment of Finland 2020, 8.

Funds derived from corruption are not only laundered in the financial sector, but also in designated non-financial businesses and professions (DNFBPs), such as trusts and companies, service providers, real estate, legal professions, casinos and accountants. Besides the financial sector, DNFBPs and Politically Exposed Persons (PEPs) are regarded as being of great significance in combatting corruption.[138] Anti-corruption agencies could, for example, receive "intelligence briefs" from the FIU regarding PEPs. Enhanced monitoring could also be applied to individuals holding important positions in the private sector (financially exposed person, FEP), because of the higher risk of laundering illicit funds.[139]

Nordic governmental PEPs, such as members of parliament, the governing bodies of political parties or supreme courts[140], may not be considered as vulnerable to corruption as in other countries. However, since public procurements tend to take place at the municipality level in the Nordic countries, and this is also where Nordic corruption tends to take place, possible Nordic corruption risk assessments could target local persons in powerful positions, including PEPs. To monitor these persons, updated digital registers of persons with PEP status are required. Ai states that FIU should not only assist in identifying categories of higher-risk PEPs or higher risk industries associated with corruption but should also be trained in recognising and analysing financial intelligence linked to corruption.[141] As the number of STRs is significant and increasing due to new obliged entities and automatic reporting, it is not efficient to analyse them manually but rather with sophisticated data analytics tools and methods.

Technologies for combatting corruption

Technology can be used, for example, in reporting corruption, accessing official information, monitoring efficiency and integrity, and making financial information more transparent. There are several areas where information and communications technology (ICT) can be used to combat corruption. Automation can reduce the opportunities for corruption in repetitive operations. Transparency can reduce the room for discretion. Detection can be used in operations to identify anomalies, outliers and underperformance, whereas preventive detection can be used in monitoring networks and individuals. Awareness raising can be aimed at the public to empower and inform them about the right to resist arbitrary treatment. Reporting utilises ICT to create channels that can help punish violations and close loopholes. Deterrence disseminates information about reported cases. Lastly, promoting spreads ethical attitudes through public engagement and online discussions.[142] The use of technology in combatting corruption can thus be direct, as a form of tools used in the prevention of corruption by businesses or authorities, or indirect, such as by spreading information or as a platform for public discussion.

Financial technologies (FinTech) is a rapidly growing industry, and technological solutions are used more frequently for identifying and revealing financial crime. Finland's National Risk Assessment for Money Laundering and Terrorist Financing

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138. Ai 2013, 85.
139. Ai 2013, 88.
140. Directive 2015/849: Chapter I: General Provisions, Section 1: Subject-matter, scope and definitions, Article 3, 9 a)-h).
141. Ai 2013, 88.
142. Wickberg 2013, 1.

2021 has presented FinTech as potentially affecting the risk of money laundering, but also as a means of combatting it. FinTech is used to produce, for example, banking, investment or insurance services, whereas Regulatory technologies (RegTech) is used in financial sector regulation and supervision. Technologies can be utilised in AML, for example, by enhancing the monitoring of customer profiles, filing STRs and developing cooperation between authorities.[143]

OECD has identified the use of distributed ledger technology (DLT), artificial intelligence (AI), big data analytics and civic technologies as tools to combat corruption. There are several opportunities and challenges shared in all of these solutions in the OECD Global Anti-Corruption and Integrity Forum's website. For example, blockchain technology is being tested to *"create tamper-proof company registries to help determine the true beneficial owners of the companies and prevent money laundering."*[144]

Although the technological development is fast, anti-corruption tools are not yet using more sophisticated Artificial General intelligence (AGI), which simulates human reasoning and performs multiple tasks simultaneously. Tools do not give any qualitative outputs like recommendations or detailed analysis of customers' initial thoughts. Instead, there are technological solutions available that give quantitative outputs and use either rule-based programming or more advanced machine learning: artificial narrow intelligence (ANI). According to the Coalition for Integrity, ANI could be of help in the following:

- In the assessment of customer and transaction risks: in the analysis of high-volume data and in combining of multiple datasets.
- In monitoring the due diligence of third-parties (distributors, consultants, etc.).
- In adjusting compliance programmes to a changing business environment and to meet the emerging risks and phenomena.
- In testing internal anti-corruption measures and controls.[145]

DLT, such as blockchain technology, provides enhanced security and transparency in transactions and is thus predicted to have an impact on reducing corruption in the future. Blockchain technology can store data in decentralised systems without the possibility of anyone illegitimately altering the data in the blocks. This technology has been described as enhancing integrity by securing identity, tracking funds, registering assets and procuring contracts. Despite the promising prospects, there is a need for global standardisation to accommodate and incorporate blockchain technology into legal systems.[146]

Although there is a general optimism around the use of new, emerging technologies, such as DLT or AI, in corruption-prevention, Adam and Fazekas note how acutely under-researched the role of these anti-corruption technologies is. With the current state of development and the lack of scientific evidence on AI, it is difficult to assess its impact and potential in the prevention of corruption.[147]

New technological solutions may also attract criminals by offering anonymity and ways of layering and disguising the origins of criminal proceeds. Corrupt actors can exploit the opportunities on the 'dark web', the anonymity of cryptocurrencies or

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143. Isoaho & Kaski 2021, 42–43.
144. OECD Global Anti-Corruption and Integrity Forum: Tech Topics.
145. Coalition for Integrity 2021, 13–15, 25.
146. Financier Worldwide 6/2021.
147. Adam & Fazekas 2021, 12.

misuse well-intended technologies. Authorities struggle to keep up with the challenges relating to the use and development of anti-corruption technologies, including the need for internet access, confidentiality and the costs of these systems.[148] Some access to information might also require legislative changes regarding public officials.[149] Although blockchain is a possible preventive technology for money laundering, it can also be a platform for money laundering, since it offers the ability to participate in a transaction without having to disclose one's identity, the rapidity of transactions and the absence of gatekeepers.[150]

Data analytics and other technological solutions have been utilised in the prevention of corruption in several projects in Europe. The Hungarian Red Flags project identified red flags in public procurement processes, aiming to increase the openness of the use of public funds. An interactive tool uses an automatic search through the Tenders Electronic Daily database and, using a special algorithm, picks up risk procurements, making it possible for authorities to examine the process in a more detailed manner, for example.[151] The Czech Republic has taken on zIndex, a statistical indicator and *"a public procurement benchmarking tool for contracting authorities"*.[152] It measures the contracting authority's compliance by a selected international organisation's best practices and guidelines on public procurement.[153] These European projects fall under the definition of Gov Tech, presented by the World Bank.[154] Gov Tech enhances the simplicity, transparency and efficiency of government operations with technological solutions. It can incorporate technology such as big data, AI and blockchain into systems carrying out core government operations, detecting patterns of corruption and thus helping prevention.

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148. Wickberg 2013, 2.
149. FIU Finland, spoken communication, 1.12.2021.
150. OECD Global Anti-Corruption and Integrity Forum: Tech Topics.
151. Tamminen 2020, 67.
152. zIndex: Public Contracting Authorities Rating; Tamminen 2020, 68.
153. zIndex: Selected Literature and Best Practice Guidelines.
154. World Bank: Anticorruption Fact Sheet, 19.2.2020.

Good practice: Technology projects of the Nordic FIUs

FIU Finland has seen several technological development projects in recent years. In order to improve the handling and operational analysis of STRs and to improve strategic and tactical analysis, the RANKKA project researched the possibilities artificial intelligence can offer regarding the tasks of FIUs. RANKKA 2 continues the work through a four-year project, implementing the solutions the previous project tested.

With the increasing numbers of STRs received and new obliged entities with the duty to report suspicious transactions, FIU Finland's project ILMO is focused on automating the initial handling processes of STRs. With preliminary classification and structuration of the reports, the aim is to make the processes faster and increase the quality of information.[155]

In addition, FIU Finland and FIU Sweden have implemented a two-year project (Black Wallet), 2019–2021, that aims to identify the risks of ML/TF regarding FinTech. The project produced a best practices guide, a reporting guide for payment service providers and risk indicators as well as a risk indicator report.[156] Also, the analysis unit of FIU Denmark has initiated a pilot project to develop a more data driven intelligence overview.

Nowadays, businesses are met with the increased expectations of regulators and supervisors as well as a huge reputational risk, and are thus taking the initiative and investing more in preventive technology. As businesses collect vast data, new technologies and techniques take advantage of this by, for example, driving predictive modelling. Behavioural analytics can be used to identify the types of employees or actions that have the potential for risky behaviour.[157]

Transparency International Finland's experts clarified for us in an interview that here are no explicit technological tools for anti-corruption or anti-bribery, and the tools function within larger customer risk management frameworks, based on multiple datasets, such as on sanctions listings. They can include company data on social beneficiaries, company functions, executive teams, members of the board and so on. Businesses can also screen risks related to customers, money transfers or business partners. At the moment, businesses track many kinds of information, including screening business invoicing to identify possible suspicious transactions. In the future, instead of screening through transactions that have already taken place, algorithm and machine learning are utilised to teach systems identification at an earlier stage. For example, as business payments take up to 60 days, suspicious transactions are screened automatically and, if necessary, looked through manually before the payment is forwarded. This kind of predictive inspection of transactions is

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155. National Bureau of Investigation 2020, 9.
156. Poliisi.fi: Reviews and reports on combating money laundering and terrorist financing.
157. Financier Worldwide 6/2021.

a key future development. There are many screening tools available for companies, but, as noted, they can be expensive and may be unattainable for small and medium-sized enterprises (SMEs).[158] However, unfortunately, only a very few private-sector companies are currently using or offering machine learning products and services specific to anti-corruption.[159]

The FIU Denmark offered an insight of their current technological developments.[160] As of May 2019, the FIU's database has been integrated into the police analysis platform.[161] With this integration, Police Districts' analysts and other law enforcement agencies are provided with an overview of whether the FIU holds information on persons and entities relevant to their investigations on a hit/no hit basis, and it provides for an in-system option to request information from the FIU. This allows for a more convenient flow of information from the FIU to ongoing investigations in the Police. Most recently, the FIU has made a purchase of its own server setup. This will allow for significantly increased analysis capacity of the FIU, as it will provide the necessary hardware for establishing a separate analysis environment separate from the production environment of the regular FIU database. This development was initiated as part of a decision made in the FIU to become more data and evidence driven and to be able to conduct more advanced network analysis.

Although there is clear technological development happening in the above-mentioned Nordic FIUs, according to the Finnish experts, public authorities use technological solutions (such as screening tools) quite rarely.[162] Some ways of utilising technology within authorities could be visual analysis - especially network analysis - graph databases and search technologies. Visual analysis is able to visualise how a transaction is linked to a person or to a network. It can be used as an analysis tool but also as a way to visualise information in court. Graph databases enable fast searches through large information networks. Especially when applied with AI, graph databases are assessed to be a very promising technological solution, being faster and more efficient compared to traditional relational databases. In addition, search technologies could be utilised more than they have. Basically, in search technology, a big data mass is indexed and it enables searches from non-structural data with a single technological solution.[163]

There are concerns regarding how far behind authorities are in comparison to businesses when it comes to technological development. With technologies, the legislation may impose limits on what information each authority has access to. FIUs may have broader access to information compared to many other authorities. Experts are quick to stress that not all reforms need changes in legislation, although the general legislative framework needs to be in order. Technological and platform solutions would benefit authorities in, for example, clarifying who offers, what and to whom. If this information were collected in one place, it would help the process of learning from old cases and indicate, where and how misconduct might take place. Still, there is a need for continuity in resourcing for officials to keep possible new

158. Transparency International Finland, spoken communication, 2.11.2021.
159. This assessment is based on a recent study carried by the non-profit organisation: Coalition of Integrity 2021.
160. Correspondence with FIU Denmark, 12.1.2022.
161. POL-INTEL.
162. Transparency International Finland, spoken communication, 2.11.2021; FIU Finland, spoken communication, 1.12.2021.
163. FIU Finland, spoken communication, 1.12.2021.

technological solutions and systems functioning properly. There is global competition of skilled experts in emerging technologies, such as artificial intelligence. This means that especially authorities may not be able to recruit the best employees or at least keep them long enough to build in-house competencies. All this may lead to scattered technological systems with various external service providers, and challenges in creating interfaces both within authorities and businesses as well as between them. In practice, this means, for instance, difficulties in integrating different types of data and analysing STRs effectively.[164]

Furthermore, it must be noted that anti-corruption technological solutions raise ethical and legal issues. Users of AI need to be aware of the possible biases involved in using algorithms. The builders of an algorithm also need to maintain a description of how the tool has been trained, and with which data. However, a huge challenge is that it is practically impossible to show how exactly an algorithm was written; it is only possible to provide transparency for the indirect measures to manage biases and sustain acceptable levels of accuracy and precision.[165]

164. Transparency International Finland, spoken communication, 2.11.2021; FIU Finland, spoken communication, 1.12.2021.
165. Coalition of Integrity 2021, 57–61.

4 Anti-corruption and Anti-money Laundering Practices in the Nordic Countries

The shortcomings with the regulation of money laundering and corruption have been identified at both the global and national levels. Similar attention and regulatory standards have been demanded for both, since the phenomena are so intertwined that the prevalence of one usually implies the prevalence of the other.[166] Also, international information exchange is key when tracking suspicious activities taking place in other countries.[167]

The project *Indicators for monitoring corruption in Finland (KORSI)*[168] recommends that countries have a more comprehensive approach to the prevention of corruption with long-term monitoring, including risk assessment with regular updates. In practice, the project recommends preparing a Serious and Organised Crime Threat Assessment (SOCTA) and sectoral risk assessment on corruption similar to current practices regarding anti-money laundering and terrorist financing.[169] Also, national risk assessment would help to achieve a clear-cut picture of the national risk of corruption in different sectors.

In this chapter, we first present briefly the national anti-corruption frameworks in the Nordic countries, and whether they are linked to national AML efforts and actors. Besides different written sources, we contacted Nordic experts and ministry representatives who helped us form a general up-to-date description of national frameworks. Next, we examine how the Nordic countries have been evaluated in international assessments, supporting them in their fight against financial and economic crime, money laundering and corruption. We briefly present each selected data source, instrument and organisation individually. Finally, we have included a brief overview of some key statistics that focus on bribery in business and corruption in the Nordic countries.

4.1 Anti-corruption in the Nordic countries

Traditionally, money laundering and corruption have been handled separately in the Nordic countries, and in their latest national risk assessments (NRA) on money laundering and terrorist financing they pay very little or no attention to corruption.[170] In Finland's most recent national risk assessment on money laundering and terrorist financing, international connections have been assessed among the most significant risks for credit institutions, and corruption was identified as a risk, especially when the money comes from outside the European Economic Area (EEA),

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166. Mugarura 2016, 84.
167. FATF 2013a, 17.
168. A consortium consisting of the Police University College (Polamk) and the European Institute for Crime Prevention and Control, affiliated with the United Nations (HEUNI) with input from the University of Vaasa carried out the project during 2019-2020.
169. Muttilainen, Ollus, Salminen, Tamminen & Välimäki 2020, 28.
170. A Sweden 2020/2021, NRA Denmark 2018, Iceland 2019, Finland 2021.

because the origins are then especially challenging to track.

In its Best Practices Paper published in 2013, FATF noted that the AML/CFT measures supporting AC efforts and the risk factors associated with corruption-related money laundering illustrate the importance of cooperation between AML/CFT and AC experts.[171] As the following country frameworks demonstrate, there is cooperation with the same actors participating in both AML and AC efforts.

Many countries within the EU have national strategies to combat corruption, whereas others are working towards forming a national strategy on the matter.[172] Finland is currently the only Nordic country with a holistic national anti-corruption strategy. The implementation of the anti-corruption strategy is supported by the Action Plan for 2021–2023, which contains 77 scheduled measures. These measures include improving cooperation between the authorities, raising awareness and exposing cases of corruption, examining the functioning of anti-corruption legislation, and promoting research.[173] Among the other Nordic countries, Sweden has developed a National Action Plan on anti-corruption, which focuses on the prevention of corruption in central government agencies, including government offices but excluding state-owned enterprises.[174] Although the action plan is seen as an important step in the prevention of corruption, it has been noted as lacking concrete actions and a time plan, and having only been subject to limited consultation among relevant stakeholders.[175]

Finland's strategy is in line with the UN Sustainable Development Goals (2030 Agenda) and the recommendations issued by the UN, the OECD, the Council of Europe and the European Union. According to the Finnish Ministry of Justice's anti-corruption website, the strategy *"aims to commit public administration and political actors to combat corruption effectively, to promote the identification of corruption and the transparency of decision making, and to improve the ability of authorities to hold those who have engaged in corrupt practices accountable for their actions."* The strategy also aims to facilitate the creation of a national situation awareness of corruption.[176] The European Commission has stated that a national strategy can translate political commitment and vision into concrete action. These strategies can ensure that individual legislative or institutional loopholes are not addressed only individually, but anti-corruption regulations are considered in all policy areas in order to have a real impact.[177]

Denmark has been ranked as the least corrupt country in the world by the Corruption Perceptions Index 2020, and has been viewed as one of the least corrupt for many years. Denmark has no dedicated national anti-corruption strategy or policy. Although there is no specialised agency in charge of anti-corruption efforts, several authorities are involved in the prevention of corruption. These include the Ministry of Justice, Director of Public Prosecutions, State Prosecutor for Serious

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171. FATF 2013a, 18.
172. European Commission: Komission ensimmäinen oikeusvaltioraportti: Suomen tilanne hyvä (in Finnish) 30.9.2020.
173. Anti-corruption.fi: Anti-Corruption Strategy.
174. European Commission: Commission Staff Working Document, Country Chapter on the rule of law situation in Sweden, Rule of Law Report 2021, 5.
175. Commission Staff Working Document, Country Chapter on the rule of law situation in Sweden, Rule of Law Report 2021, 1; The same has been noted by academics, e.g. Claes Sandgren, professor emeritus in civil law at Stockholm University. See No action in Swedish Government's anti-corruption plan Lantero. Cited 21.12.2021. https://www.lantero.se/en/blogg/regeringens-plan-mot-korruption-saknar-handling
176. Anti-Corruption.fi: Anti-Corruption strategy.
177. European Commission: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Rule of Law Report 2020, 14.

Economic and International Crime, Rigsrevisionen, and the Danish Parliamentary Ombudsman. The anti-corruption system has been described as based on *"general rules on ethics and integrity as well as social norms and public scrutiny"*, meaning that anti-corruption is embedded, for example, in the general policies and norms of authorities and officials.[178]

In the past, the OECD WGB has highlighted increases in STRs, sanctions for failure to file STRs, mechanisms to obtain tax and bank information, and efforts to raise awareness and to promote corporate social responsibility as positive aspects of Denmark's efforts to fight foreign bribery. The recommendations have targeted, for example, reviewing foreign bribery enforcement, raising maximum penalties and whistleblower protection.[179]

Denmark is setting up a new national investigative unit responsible for serious crime. The aim is to ensure a more efficient and coordinated approach for serious crime, including complex cases of corruption, by bringing investigators and prosecutors under the same roof. The unit will be established by early 2022.[180]

Finland has adopted the first national anti-corruption strategy in May 2021. One of the key development areas in the new anti-corruption strategy is the *"[r]einforcement and clarification of the official structures for preventing and combating corruption and improvement of cooperation between the parties involved".* The strategy highlights the requirement for well-functioning and permanent official structures as well as a designated, coordinated anti-corruption actor or agency, more resources for exposing and investigating corruption cases, and involving a wide range of anti-corruption actors and tools in the prevention framework.[181]

The Parliamentary Ombudsman has emphasised the need to establish a special unit for the prevention of corruption in the Ministry of Justice. At present, it is the ministry's Department of Criminal Policy which carries out this role. The department is responsible for international cooperation (dialogue, reporting, technical support, etc.) in the field of anti-corruption, support and advice to national institutions on issues related to anti-corruption, preventive efforts and coordination of the national Anti-corruption Cooperation Network.

Several institutions form a national anti-corruption network and are responsible for the work against corruption. The network has functioned since 2002. The members represent relevant ministries, the police, the prosecution service, business and industry and non-governmental organisations. The key actors' roles are presented on the anti-corruption website.[182] New members were appointed to the anti-corruption cooperation network in 2020: the Finnish Defence Forces, the Prime Minister's Office and the Finnish Centre for Integrity in Sports (FINCIS).[183]

Many authorities and officials taking part in the prevention of corruption also participate in AML functions, such as national networking. Customs, the Border Guard, the Tax Administration, the supervisory authorities, the Office of Bankruptcy Ombudsman and the enforcement authorities also have an obligation to report

178. European Commission: Commission Staff Working Document, Country Chapter on the rule of law situation in Denmark, Rule of Law Report 2021, 5.
179. OECD: Denmark must investigate foreign bribery more proactively, 21.3.2013.
180. European Commission: Commission Staff Working Document, Country Chapter on the rule of law situation in Denmark, Rule of Law Report 2021, 6.
181. Anti-corruption.fi: Anti-corruption strategy.
182. Anti-corruption.fi: Combating corruption in Finland; Council of Europe: GRECO 2017a, 13.
183. Anti-corruption.fi: Anti-corruption cooperation network expands.

suspicions of ML or TF to the FIU if they come across potential cases in the course of the performance of their duties.[184]

Iceland has no specific central body, such as a national anti-corruption authority responsible for the development, implementation, coordination, and oversight of the state's anti-corruption policies. Rather, it is the Prime Minister's Office and the Ministry of Justice that are primarily responsible for developing and implementing anti-corruption policies, as well as for increasing and disseminating knowledge about the prevention of corruption. The Prime Minister's Office is mainly concerned with anti-corruption within the executive; for example, by developing codes of conduct and preventing conflicts of interest. According to the Act on Government Offices of Iceland, the Prime Minister's Office is responsible for the interpretation of Codes of Conduct, education on them and ensuring that they are effective. The Ministry of Justice, on the other hand, is responsible for policies that aim to prevent corruption within law enforcement, the judiciary, as well as more wide-ranging anti-corruption measures, such as the risks of foreign bribery. The Ministry of Justice is also responsible for AML policies.

Iceland has a national Steering Committee for AML. A similar committee for anti-corruption has not been established, but there is cooperation between all the relevant authorities within the sphere of anti-corruption. The relevant authorities in combatting corruption are the Parliamentary Ombudsman, the District Prosecutor's Office, the Director of Public Prosecution, the National Commissioner of the Icelandic Police, the District Police Commissioners, the Police Supervisory Committee, the Auditor General, and the Parliamentary Investigative Committees.

While Iceland does not have an explicit anti-corruption national strategy or policy, it has a multi-faceted approach to anti-corruption that is grounded in its constitution and relevant legislative acts that serve to promote democracy, integrity and transparency as well as safeguarding against corruption. Public institutions and public sector employees are guided by laws, procedures, codes of conduct and operational practices that follow indicators for good governance, including the prevention of corruption.[185]

Although there is no overarching anti-corruption legislation, a recent act outlines in detail measures to prevent conflicts of interest among persons with top executive functions in the government, and a chapter in the General Penal Code criminalises various forms of corruption.

Norway has no separate anti-corruption agency or commission. The Norwegian Ministry of Justice and Public Security established in 2019 a Cooperation Forum for Anticorruption, where several public administration actors - including ministries and public agencies - exchange information on their anti-corruption activities. Phase 4 of the GRECO[186] evaluation states that the next step is to create a platform to share information and other integrity-related data with the public.[187] Investigation of economic crime and so-called work-related crime also involves regulated cooperation between the police and other authorities, such as tax, customs and social security authorities.[188]

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184. FATF 2019a, 53.
185. Council of Europe: GRECO 2017b, 12.
186. The Group of States against Corruption.
187. Council of Europe: GRECO 2019, 13.
188. Council of Europe: GRECO 2019, 37.

Norway has the Cooperation Forum for Anti-corruption as well as national cooperation within the police on economic crime. The police and the National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) are responsible for the enforcement of the legislation. Investigation of economic crime and so-called work-related crime involves regulated cooperation between the police and other authorities, such as tax, customs and social security authorities. The relevant ministries (Ministry of Justice and Public Security, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Local Government and Modernisation, ASD) are responsible for policy and preventive work on the topic.

Although Norway does not have a dedicated policy or national strategy on anti-corruption, under the commitments of the Fourth Norwegian Action Plan Open Government Partnership (2019-2021), specific focus is placed on openness and anti-corruption.[189] Also, several agencies take part in both AML and AC activities, such as designated ministries, the police directorate and ØKOKRIM. When it comes to reporting suspicious transactions (related to ML/TF), there are obliged entities with the obligation to file these reports based on suspicion. There are no similar legislative functions related to anti-corruption.

Sweden has a national network against corruption, which is managed and led by the Swedish Agency for Public Management (Statskontoret) and has functioned since 2017, with around 200 public agencies. This network supports good governance and anti-corruption through, for instance, conducting research and policy coordination. The network aims to promote knowledge exchange between agencies concerning their anti-corruption work. There is no one single anti-corruption entity within the public administration, but several government agencies have especially assigned departments focused on corruption. For example, there is a specific division within the Swedish Prosecution Authority that only deals with the crime of corruption.

The government adopted an anti-corruption action plan for the public administration sector for the period 2021-2023.[190] It primarily targets preventive work regarding the central government agencies, including the government offices. The working methods and recommendations of the action plan are also relevant for the preventive work in state-owned companies, municipalities, regions and municipal companies. As part of the action plan, the Swedish Agency for Public Management has, among other things, been tasked to review the anti-corruption work of public agencies. This will, for example, involve developing various forms of support for a structured approach to corruption, concrete support for the analysis of corruption risks, collaboration between authorities with special expertise in the area, and reviewing the current anti-corruption work of public agencies. Within the private sector, the Swedish Anti-Corruption Institute[191] is a key player in the AC work with its code to prevent corruption in business and its ethics committee decisions.

When it comes to shared agencies in AML and AC functions, one example is the National Anti-Corruption Police unit (NACPU) of Sweden's Police Authority, which has close collaboration and exchange with the FIU. Typical transactions and typologies that occur in corruption cases are regularly shared between NACPU and FIU. There is also some collaboration between Sweden's Financial Supervisory Authority (Finansinspektionen, FI) and the National Anti-Corruption Police Unit

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189. Council of Europe: GRECO 2019, 13.
190. See e.g. Regeringskansliet: Ny handlingsplan ska ge bättre förutsättningar att bekämpa korruption (in Swedish), 9.12.2020.
191. See website https://www.institutetmotmutor.se/english/.

regarding anti-corruption and AML in, among other things, cases where the NACPU detects possible corruption in financial institutions. The NACPU has also participated in a seminar arranged by the coordination function for money laundering and terrorist financing in Sweden, mainly to point out AML and AC risks discovered through criminal investigation insights conducted by the NACPU. The coordination function is responsible for the national risk assessment[192] for money laundering and terrorist financing in Sweden and also disseminates AML-related news and typologies.

4.2 International conventions and evaluations

International organisations and the EU have issued several anti-corruption instruments.[193] We focus mainly on the OECD Anti-Bribery Convention (ABC), according to which all member countries have implemented in their national legislation. The OECD ABC demands the members countries criminalise the bribery of foreign officials. The OECD ABC was signed in December 1997 and came into force in 1999. The implementation of the convention is reviewed periodically. The members countries to the convention have either modified or drafted local legislation in accordance with the convention's obligation.[194] All the Nordic countries have ratified the convention.[195]

Another international anti-corruption initiative is the United Nations Convention Against Corruption (UNCAC), which entered into force on 15 December 2005. The UNCAC is the broader of the two since it includes offering and extortion (the "asking" side of corruption). The UNCAC requires member states to establish anti-corruption legislation within their laws, institutions and practices. The UNCAC has 187 state parties and is the only legally binding initiative. With its broad scope and international acceptance, it is considered a key global anti-corruption initiative.[196] All of the Nordic countries have ratified the convention. The Council of Europe has issued two binding anti-corruption instruments: the Criminal Law Convention on Corruption (1998) and the Civil Law Convention on Corruption (1999). In addition, the European Union has issued a convention drawn up on the basis of Article K.3 of the Treaty on European Union on the Protection of the Communities' Financial Interests (and its two protocols)[197], a convention drawn up on the basis of Article K.3 (2) (c) of the Treaty on European Union on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union (1997), and Council of European Union Framework Decision on Combating Corruption in the Private Sector (2003).

In this chapter, we present international assessments by which countries are evaluated in terms of their fight against corruption, with the focus on FIUs and related topics, such as the number and quality of STRs. The chosen instruments are the OECD Working Group on Bribery's country monitoring, GRECO country evaluation, and Transparency International's Exporting Corruption Progress Report.

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192. Latest NRA Sweden is for 2020/2021.
193. See e.g. Peurala 2011, Table 2, 335.
194. Baughn, Bodie, Buchanan & Bixby 2010, 18; Cuervo-Cazurra 2016, 41; Loughman & Sibery 2011, 37–38; Peurala 2011, 336.
195. See Annex Table 1.
196. Baughn, Bodie, Buchanan & Bixby 2010, 18; Cuervo-Cazurra 2016, 41; Loughman & Sibery 2011, 36–37; Peurala 2011, 336; United Nations Office on Drugs and Crime, United Nations Convention Against Corruption.
197. 1995 (the protocols 1996, 1997).

These reports differ in many aspects, such as definitions and data collected.[198] When it comes to GRECO country evaluation reports, we only looked through the executive summaries of the most recent round of evaluation.[199]

In addition to the latest editions of these assessments, in the last part of this chapter, we present international organisations that help countries combat money laundering: the inter-governmental FATF[200] and the global collaborative body consisting of 166 Financial Intelligence Units - the Egmont Group.

OECD Working Group on Bribery in International Business Transactions evaluations

As previously mentioned, the Nordic countries are all parties to the OECD Anti-bribery Convention, ABC. They have all deposited instruments of ratification and enacted the legislation between 1998 and 2000. The OECD Working Group on Bribery in International Business Transactions (WGB) monitors the implementation of the OECD ABC, requiring parties to criminalise the bribery of foreign public officials and introduce related measures. Monitoring is carried out through a *"rigorous peer-review monitoring system"*, with experts from different countries as examiners.[201]

There are four phases of monitoring (Table 1), and the most recent reports from the Nordic countries were published between 2012 and 2020.[202] It should be noted that progress and changes have likely taken place over the last ten years that is not present in the latest assessments performed by the OECD to the Nordic countries. The published evaluation reports concerning the performance of the Nordic countries are presented in Annex Table 4.

Table 1. Phases of country monitoring by the OECD WGB on the basis of the OECD Anti-Bribery Convention

Phase	Focus
Phase 1	The adequacy of a country's legal framework to fight foreign bribery and implement the convention.
Phase 2	Assessing whether a country is applying this legislation in practice.
Phase 3	Enforcement and cross-cutting issues, and unimplemented recommendations from Phase 2.
Phase 4	Enforcement and cross-cutting issues tailored to specific country needs, and unimplemented recommendations from Phase 3.

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198. Transparency International 2020, 138.
199. Fifth Round of Evaluation was launched 20 March 2017, with a focus on preventing corruption and promoting integrity in central governments (top executive functions) and law enforcement agencies.
200. FATF comprises of 37 member states and 2 regional organizations: European Commission and Gulf co-operation Council.
201. OECD: Country monitoring of the OECD Anti-Bribery Convention.
202. OECD, Country monitoring of the OECD Anti-Bribery Convention.

The OECD WGB has evaluated the ability of countries to detect foreign bribery through their AML framework. Finland's and Iceland's Phase 4 reports even contain a section called *[Country's] Capacity to Detect Foreign Bribery through its Anti-Money Laundering (AML) Framework.* In the Phase 3 and 4 evaluations, the OECD WGB has recommended the Nordic countries:

• raise awareness regarding bribery as a predicate offence to money laundering,
• develop typologies and training (for authorities and obliged entities) on laundering of bribes and the proceeds of bribery, and
• ensure adequate resources for the effective detection of bribery.

In **Denmark**, financial institutions and other entities file STRs with the Money Laundering Secretariat (MLS), which is attached to the Danish State Prosecutor for Serious Economic and International Crime.[203] The number of STRs has increased and, during the on-site visit, the MLS informed the OECD WBG that its resources did not match the caseload, and that more resources would make more thorough analyses possible. The MLS also brought up the *"importance of training, awareness-raising, and efforts to exchange experiences with other financial institutions to review trends and develop a case feedback system".* Thus, the WGB recommends that Denmark ensures that the MLS is sufficiently resourced to *"effectively detect money laundering cases predicated on foreign bribery".* Raising awareness of foreign bribery has been viewed as a positive achievement.[204] The FIU Denmark has highlighted that since the Phase 4 Evaluation and country visit, there has been a significant increase in staff and other relevant improvements. For example, in 2017, the FIU was restructured to improve workflows, make better use of the incoming information, and to keep up with the increasing amounts of STRs. The FIU started to screen the incoming reports and available material electronically, which have made available human resources to e.g. do specific analyses or case proposals for competent authorities. There has also been a recent division into units, which is a consequence of the FIU's growth over recent years. From 2017 till today, the number of Full Time Equivalents (FTEs) has nearly doubled (incl. students employed on a part-time basis counting 0,5 FTE).[205]

Finland's FIU functions independently within the NBI and, according to the OECD WGB, is therefore well-placed to gather and receive information on foreign bribery. However, it had not detected any foreign bribery allegations through STRs at the time of evaluation. The three allegations of foreign bribery were reported to FIU Finland by foreign FIUs. During the evaluation, FIU Finland expressed doubt over its ability to use STRs to detect foreign bribery. Also, in the evaluation process, a representative had confirmed that financial institutions are efficient in customer due diligence, but noted that *"detecting foreign bribery requires the institution to assess vast numbers of payments and have an intimate knowledge of a company's operations".* In the report, the WBG encourages Finland to improve the FIU's domestic detection efforts.[206]

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203. As of January 1st 2022, the FIU Denmark is part of the national Special Crime Unit (SCU). The Danish State Prosecutor for Serious Economic and International Crime does no longer exist. Correspondence with FIU Denmark, 12.1.2022.
204. OECD 2013b, 5, 35, 36, 52–53.
205. Correspondence with FIU Denmark, 12.1.2022.
206. OECD 2017, 13, 16, 47.

Iceland's Financial Intelligence Unit (ICEFIU) moved to work as an independent unit within the office of the District Prosecutor (DPO) in 2015. This has led to the improvement of resources and increased cooperation between them, which the OECD WGB views as beneficial in the context of foreign bribery investigations. There is a significant increase in resources and the ICEFIU has added five full-time positions during recent years. Part of the reason for the improvements in the AML framework was the increased monitoring by FATF, and it is reported that communication and information exchange has been improved. The OECD WGB welcomes these changes and the increase in the ICEFIU's resources, and the opportunity to work closely with the DPO. This could increase the detection and investigations of foreign bribery allegations. Despite the positive development, no foreign bribery cases have been detected by the ICEFIU. The OECD WGB recommends that the ICEFIU raises *"awareness of foreign bribery risks"* and publishes *"typologies on foreign bribery as a predicate offence to money laundering"*.[207]

Norway's FIU is a special unit within the National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM). Norway reported to the OECD WGB that only a few of the STRs they receive are related to possible corruption offences, including foreign bribery. The OECD WGB highlighted in the country report that one potential foreign bribery case was detected in the defence industry through an STR, which the FIU referred to ØKOKRIM's anti-corruption team to investigate further. Although the FIU has not been a substantial source of foreign bribery detection in Norway, the OECD WGB notes that this might not be significantly different to the situation found in many other countries. In the report, FATF's Mutual Evaluation Report (MER) of 2014 is mentioned, stating that the quality and quantity of STRs is low, which hampers the good analytical capacity of FIU Norway. The OECD WGB thus recommends that Norway reinforces *"the FIU's efforts to review STRs for matters potentially related to foreign bribery"*.[208]

Sweden's FIU is part of the National Criminal Intelligence Service (FIPO). FIPO has a national anti-corruption group which focuses primarily on bribery investigations. The FIU had not at the time of Phase 3 evaluation *"provided information to the law enforcement authorities about suspicions of money laundering where foreign bribery was the predicate offence"*. FIU Sweden reported receiving a few requests annually regarding bribery investigations from the law enforcement authorities. During the evaluation, a financial institution representative stated that it had reported suspected money laundering cases to the FIU where foreign bribery was a predicate offence. The OECD WGB recommends that Sweden takes urgent action to improve the detection of foreign bribery through its AML system.[209]

In 2017, the OECD WGB stated that Sweden's progress in combatting the bribery of foreign officials was insufficient to warrant the Phase 4 evaluation. The OECD WGB's recommendations, issued in 2012, remained unimplemented in 2017 and when the OECD WGB made a visit to Sweden in 2019 to discuss the issue.[210]

Regarding the Nordic countries in general, the OECD WGB voices concerns about

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207. OECD 2020, 13, 14, 27, 50.
208. OECD 2018, 18, 66, 67.
209. OECD 2012, 33, 34, 46.
210. OECD: OECD says Swedish progress combatting foreign bribery insufficient to warrant Phase 4 evaluation, 19.12.2017.

the small number of investigations and inadequate resourcing. Added resources gain positive feedback, but the countries are reminded to make sure the resourcing also includes training and raising awareness of laundering the proceeds of the bribery of foreign public officials. The number, quality and analysis of STRs is of interest to the WGB, and has also led to recommendations of raising awareness of laundering funds from bribery. They also recommend actions to detect foreign bribery through the AML system, which reflects on STRs and thus the work of FIUs.

The GRECO Evaluations

The Group of States against Corruption (GRECO) was established in 1999 by the Council of Europe, and it monitors member states' compliance with the Council of Europe's anti-corruption standards through mutual evaluation and peer pressure, with the objective of improving member states' capacity to fight corruption.[211] Currently, GRECO comprises 50 members, including all the Nordic countries.[212]

The GRECO evaluations contain information gathered through questionnaires, on-site country visits and the drafting of evaluation reports. The evaluation reports include recommendations to help countries improve their level of compliance, with separate compliance reports to follow up the implementation of these recommendations.[213] So far, GRECO has launched five evaluation rounds, each with a different focus.[214]

The fifth evaluation round was launched in March 2017, and all the Nordic countries evaluated to date. In addition, GRECO has published compliance reports for three Nordic countries as follow-ups.[215] The fifth-round evaluation reports handle the effectiveness of the national framework to prevent corruption amongst persons with top executive functions and members of law enforcement agencies. These themes are not under specific discussion in the KORPEN project, so we only looked through the executive summaries of every fifth evaluation round report and drew a general overview of the Nordic framework.

GRECO notes that the foundation of anti-corruption practices is based primarily within the culture of integrity rather than formal regulation in several Nordic countries. GRECO has questioned the function of trust as a preventive tool to combat corruption, especially when it is placed in persons rather than procedures leading to a risk of corrupt practices.[216] For example, in the fifth evaluation round report for Denmark, trust is identified as a central feature of the Danish integrity system, which has led to a situation where, in certain areas, there are few regulations and control measures to prevent corruption, especially regarding persons with top executive functions in the public sector.[217]

It is recommended that all the Nordic countries improve their integrity policies through up-to-date strategies and training. Regulation of the use of third parties is also recommended. GRECO also recommends that the Nordic countries focus on

211. Council of Europe: What is GRECO?
212. Council of Europe: Members and Observers.
213. Council of Europe: About GRECO Mutual Evaluations.
214. Council of Europe: Evaluations. See Annex Table 3.
215. For Finland (2020), Iceland (2020), and Sweden (2016 & 2017).
216. European Commission: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Rule of Law Report 2020, 13–18.
217. Council of Europe: GRECO 2018, 4.

and develop their transparency in public administration, especially amongst persons with top executive functions and members of law enforcement agencies, and that they strengthen internal control within the police. Adjustments should be made to further develop and safeguard whistleblower reporting and protection channels.

Transparency International's Exporting Corruption: Progress Report 2020

Transparency International's Exporting Corruption is an independent assessment regarding the enforcement of the OECD ABC. The Exporting Corruption Progress Reports gather the latest OECD report results alongside recent cases and investigations in 43 of the 44 parties to the OECD ABC, as well as a few other countries responsible for larger shares of international trade.[218] Iceland is not included because of its small share of global exports.[219]

Transparency International's reports review countries' enforcement systems and, in general, the recommendations the Nordic countries received include strengthening or developing legislative frameworks, ensuring or adding resources within law enforcement, ensuring or improving transparency, and providing training as well as raising awareness of the phenomenon. Besides assessing and highlighting key gaps in countries' enforcement performances, the report assesses their performance regarding victim compensation, international cooperation, parent-subsidiary liability and the improvement of legal frameworks and enforcement systems to combat foreign bribery. Foreign bribery can include civil and criminal cases and investigations related to corruption, money laundering, tax evasion, fraud or violations of accounting and disclosure requirements. The cases concern active bribery of foreign public officials, which have huge costs and consequences for countries around the world.[220]

The calculation of enforcement takes place using two factors: different enforcement activities (with point-system weighting) and share of world exports.[221] In the 2020 Exporting Corruption report, Norway and Sweden received the status of *moderate enforcement*, whereas Denmark's status was *limited enforcement*. Finland's level was the lowest of the Nordic countries, *little or no enforcement*.[222] The 2020 report is the 13th edition of the report.[223]

It is recommended the Nordic countries improve sanctions against bribery either within the criminal justice system or through other proceedings. It is recommended that Denmark imposes significantly higher fines on companies for bribery and introduces other sanctions for natural and legal persons, such as debarment. Finland should increase the maximum penalty for corporate crime. Norway should improve the system for non-trial resolution of bribery cases Sweden should introduce a legal framework for settlements and plea bargaining as a channel to hold companies to account for wrongdoing and resolve foreign bribery cases without resorting to a full trial or administrative proceeding.[224]

Transparency International also calls for the OECD WGB to include a new

218. In 2020, these countries were China, Hong Kong SAR, India and Singapore.
219. Transparency International 2020, 5–6.
220. Transparency International 2020, 6, 136.
221. Transparency International 2020, 136–138. Methodology.
222. Transparency International 2020, 12–13.
223. Transparency International 2020, 5–6.
224. Transparency International 2020, 56 (Denmark), 59 (Finland), 94 (Norway), 112 (Sweden).

recommendation on non-trial resolutions in its revisions to the 2009 Recommendation.[225] In November 2021, the OECD WGB amended its recommendations, with amendments also on the recommendations on non-trial resolutions. The OECD WGB recommends member countries *"consider using a variety of forms of resolutions when resolving criminal, administrative, and civil cases with both legal and natural persons, including non-trial resolutions."* Non-trial resolutions refer to matters without full court or administrative proceedings that are based on negotiated agreements between a natural or legal person and a prosecuting or other authority.[226] Non-trial resolutions or settlements can offer economical solution to holding companies accountable for wrongdoing in foreign bribery cases, but Transparency International notes that, in many countries, the information regarding the outcomes in these cases is inaccessible to the public.[227]

Transparency International's Exporting Corruption report also lists countries in terms of their beneficial ownership registries. From the Nordic countries, only Denmark has a *"central register publicly accessible without obstacles"*. Sweden has a *"central register, publicly accessible with paywall or other restrictions"*. Finland has a *"central register, not publicly accessible"*. Norway is the country with *"no central register, but concrete steps to implement one"*.[228] The report thus highlights very similar issues to those in the OECD WGB evaluation reports. The low number of investigations and cases raises significant concern and has a direct impact on the enforcement category. Transparency International criticises the Nordic countries especially for their insufficient levels of enforcement, coordination, resourcing and lack of foreign bribery investigations and cases.

It is recommended that **Denmark** allocates significantly more resources to the investigation and prosecution of the bribery of foreign public officials. It also received a recommendation to formulate an overall strategy, an action plan and a monitoring framework for more effective implementation of legislation related to combatting bribery of foreign officials. Besides the strategy, Denmark should establish a permanent structure within the national authorities to act as the lead institution for implementing the strategy. Denmark should also ensure that the police and SØIK[229] have the necessary tools and methods to investigate and prosecute foreign bribery, and to ensure the effective supervision and the enforcement of the anti-money laundering framework.[230]

Finland is noted as having insufficient resources and lack of enforcement. It should provide training for law enforcement officials and the judiciary, and consider assigning foreign bribery cases to courts or judges with specialised skills and experience. In addition to the training, Finland should increase resources for enforcement authorities to conduct foreign bribery investigations. It is also recommended that Finland raises awareness of foreign bribery laws among exporting companies, and it should publish statistics on foreign bribery investigations, cases commenced or cases concluded. The report highlights an amendment to the Tax Information Disclosure Act, allowing the tax authorities to provide otherwise confidential tax information to the police regarding suspected corruption on their own initiative.[231]

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225. Transparency International 2020, 10.
226. OECD 26.11.2021.
227. Transparency International 2020, 2020, 31.
228. Transparency International 2020, 2020, 20, Table 2.
229. The State Prosecutor for Serious Economic Crime.
230. Transparency International 2020, 2020, 56.
231. Transparency International 2020, 2020, 58, 59.

Norway's enforcement is evaluated as being insufficiently coordinated, and it is recommended that Norway should *"improve coordination among law enforcement authorities, including the Financial Intelligence Unit, to fully engage and use all available resources, including intelligence, against foreign bribery."* Norway should establish the central register of beneficial ownership information, improve data collection and publish statistics on foreign bribery enforcement. There is also a recommendation to enact legislation that further establishes the liability of companies for offences committed by intermediaries.[232]

Sweden has a low number of foreign bribery investigations and cases, and, according to the report, this can imply that foreign bribery enforcement is not proactively pursued by the Swedish authorities. The report also highlighted a legislative issue of Sweden not having updated its law on dual criminality, so it is recommended that Sweden reviews the provisions on this matter. To be prosecuted, an offence must be a crime in the country in which it was committed, as well as under Swedish law. In 2019, the Swedish Parliament approved a legislative reform package on corporate liability, increasing the amount companies can be fined from SEK10 million to SEK500 million.[233] It is also recommended that Sweden establishes a comprehensive database of statistics on foreign bribery investigations and other information on foreign bribery cases.

All in all, Transparency International recommends that the Nordic countries make improvements to enforce the fight against foreign bribery by ending secrecy in the ownership of companies, which acts as a barrier to detection and investigation of foreign bribery, and making enforcement statistics and case outcomes public in order to show how international corruption is being handled. It was also recommended that Sweden stops treating foreign bribery as a victimless crime and builds victim compensation into the enforcement process, strengthens laws and enforcement systems to handle complex international corruption cases, and improves international structures for cooperation. Furthermore, attention was paid to exploring the increased liability of parent companies for the actions of their subsidiaries to help deter foreign bribery and related money laundering.[234]

International organisations combatting money laundering

FATF is an independent inter-governmental body that functions within the OECD, coordinating global efforts and developing and promoting policies to protect the global financial system against money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction.[235] To achieve global implementation of the FATF Recommendations, the FATF relies on a global network of its 39 Members and FATF-Style Regional Bodies (FSRBs). The FATF as an organisation has the power to put pressure on member states concerning the functioning of their AML systems and making sure that member states make corruption, such as the bribery of foreign officials, a predicate offence of money laundering, and encourage the regional AML bodies to prioritise this.[236]

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232. Transparency International 2020, 2020, 94.
233. Transparency International 2020, 111, 112.
234. Transparency International: Foreign Bribery Rages Across the Globe, 13.10.2020.
235. FATF is an independent inter-governmental body that functions within the OECD, coordinating global efforts and developing and promoting policies to protect the global financial system against money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction.[1] To ach
236. Chaikin & Sharman 2009, 192, 197–198.

The FATF has successfully created 40 Recommendations with over 200 countries and jurisdictions implementing them, making them the standard for global AML and CFT.[237] The Recommendations set out a framework of measures which countries should implement in their fight against money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction. The Recommendations were last revised in 2012.[238] With regard to their anti-money laundering systems, countries are expected to carry out risk assessments concerning money laundering, terrorist financing and proliferation financing. The European Commission also publishes its own EU-level Supranational Risk Assessments under the mandate of the European Union's Directive 2015/849 and based on the FATF's Recommendations.

In general, in its evaluation reports, the FATF handles corruption either as an example of economic crime and a predicate offence or from an investigative perspective.[239] It highlights the investigation of corruption in relation to Recommendation 30[240] in Iceland's 2018 MER, Finland's 2019 MER and Denmark's 2017 MER. Neither Denmark, Iceland nor Finland has a specific anti-corruption enforcement authority. It is also added that, in Finland, the authorities investigating ML are also viewed as competent to investigate ML/TF offences associated with corruption offences.[241] In Iceland's case, it is noted that corruption and other "related ML/TF offences are addressed in the same manner as other predicate offences."[242] Also, in the 2017 MER to Denmark, the FATF notes that no specialised anti-corruption bodies function in Denmark and corruption is investigated and prosecuted by the police and prosecution services.[243] In Norway's 2019 Follow-Up Assessment, the FATF states that *"many of the largest Norwegian companies are established in developing countries, which further increases the threat of serious economic crimes, such as corruption and tax evasion".*[244] Sweden's situation differs from other Nordic countries, according to the FATF. All corruption and associated money laundering offences are investigated by the National Anti-Corruption Unit functioning within the Swedish Prosecution Authority. The Swedish Police Authority also has a National Anti-Corruption Group that is responsible for the investigation of corruption offences.[245]

The FATF's risk-based approach gives rise to circumstances in which the risks of money laundering or terrorist financing are higher. Country or geographic risk factors include countries with significant levels of corruption.[246] The FATF also published a trade-based money laundering report in 2020 in cooperation with the Egmont Group. The most recent edition focuses on trends and developments in trade-based money laundering.[247]

The Egmont Group is a united body consisting of 166 different national FIUs. It works as a platform for FIUs to exchange expertise and financial intelligence regarding money laundering and terrorist financing. The Egmont Group supports international partners' efforts to give effect to the resolutions and statements of the United

237. FATF: About; FATF & the Egmont Group, 2020.
238. FATF: The FATF Recommendations.
239. Mutual Evaluation Report (MER) and Follow-Up Report (FUR).
240. Recommendation 30 – Responsibilities of law enforcement and investigative authorities.
241. FATF 2019a, 211.
242. FATF 2018, 173.
243. FATF 2017a, 206.
244. FATF 2019b, 6.
245. FATF 2017b, 189.
246. FATF 2012–2020, 69.
247. FATF & the Egmont Group 2020a.

Nations Security Council, the FATF and the G20 Finance Ministers. It functions as an *"operational arm of the international AML/CFT apparatus"*, aiming to improve cooperation in the fight against money laundering and terrorist financing. As the sharing of financial intelligence is an essential aspect of international efforts to counter money laundering and terrorist financing, FIUs are obliged to exchange information and participate in international cooperation.[248] All the Nordic FIUs are members of the Egmont Group.

4.3 Measuring corruption

There are different ways to measure levels of corruption or bribery. Statistical information varies between sources and requires careful interpretation. Given the hidden nature of corruption, investigations and official statistics cannot form a full picture of the incidence of corruption. Cases that come to light and end up in police statistics are just the tip of the iceberg.[249] The KORSI project conducted by the Police University College in Finland includes an article collection that presents instruments to measure corruption, including some valid criticism of international surveys as a way to explain corruption comprehensively.[250]

In this chapter, we look briefly for similarities and differences in some examples of statistical information on bribery in the Nordic countries. In general, offences involving corruption are viewed quite similarly in the Nordic countries, with legislation prohibiting, for example, acts of active and passive bribery, fraud, abuse of office, embezzlement and trading in influence in several countries.[251]

Transparency International's CPI & Global Corruption Barometer

Transparency International's Corruption Perceptions Index is probably one of the most important influences on the general view of the Nordic countries having very little corruption. The Nordic countries have usually been ranked high in the CPI (Table 2).[252]

Table 2. Nordic countries' rank and score in the Corruption Perceptions Index

	Rank (Score) 2020	Rank (Score) 2019	Rank (Score) 2018
Denmark	1 (88)	1 (87)	1 (88)
Finland	3 (85)	3 (86)	3 (85)
Iceland	17 (75)	11 (78)	14 (76)
Norway	7 (84)	7 (84)	7 (84)
Sweden	3 (85)	4 (85)	3 (85)

248. The Egmont Group: About. Cited 28.1.2021; FATF & the Egmont Group, 2020.
249. Niinimäki 2019, 118.
250. Muttilainen, Ollus & Salminen 2020; Salminen 2020, 29.
251. E.g. GAN Integrity Country Risk Reports & Legislation.
252. Transparency International: Corruption Perceptions Index 2020.

Transparency International's CPI is based on the perceptions of professionals in economic field with limited views of corruption, which are the basis of the international comparison in corruption. CPI does not measure private, business-to-business corruption or business to the public sector corruption.

Transparency International published a Global Corruption Barometer in 2021 that includes 27 countries.[253] Among the Nordic countries, Denmark, Finland and Sweden were included. The barometer provided general information on experiences and perceptions regarding corruption in each country, but business-related corruption was not in focus specifically.[254] Transparency International has also published the Bribe Payers Index (BPI), which ranks *"28 of the world's largest economies according to the perceived likelihood of companies from these countries to pay bribes abroad".*[255] The most recent edition was published in 2011 and the Nordic countries were not included.

Bribery in key public services is still rare in the Nordic countries, with less than one percent of the participants reporting of having paid a bribe, given a gift or done a favour in order to receive the services they needed.[256] Although the Nordic countries rank low on how many participants think corruption in government is a big problem, there is some variation between them.

Nordic Business Ethics Survey

The Nordic Business Ethics Survey (NBES) gathers *"employees' views on ethics across multiple business sectors and job roles".*[257] Unlike Transparency International's CPI, the Nordic Business Ethics Survey measures participants' own experiences of corruption. The 2019 edition of NBES consisted of 1,506 responses in three countries - Finland, Norway and Sweden. The 2020 edition consisted of four countries (with Denmark added), and the number or responses from each country was increased to 1,000, totalling 4,000 responses.[258] In 2021, the perspective shifted slightly when the NBES focused on internal Ethics & Compliance work in Nordic organisations, with 122 responses to the survey.[259]

The previous NBES survey revealed some concerning results on bribery. In 2019, all three countries had very similar rates with about 15 percent having noticed giving, asking for or receiving bribes in the last 12 months. Finland's percentage regarding giving, asking for or receiving bribes increased in the period 2019-2020 but remained more or less on the same level with other countries. One of the reasons explaining this difference might be that the question in the 2020 survey had been phrased differently to cater for the employee not always knowing whether it was a question of a bribe or not. Still, it is an interesting discovery that only in Finland did the number of observations grow.

In the NBES 2020 survey, participants were asked how often they had noticed certain scenarios in their workplace (either in their country or abroad) in the past 12

253. Transparency International: Global Corruption Barometer 2021.
254. Transparency International: Global Corruption Barometer 2021, 9.
255. Transparency International: Bribe Payers Index 2011.
256. Transparency International: Global Corruption Barometer 2021, 18.
257. Nordic Business Ethics: Nordic Business Ethics Survey.
258. Nordic Business Ethics Survey 2020, 3.
259. Nordic Business Ethics Survey 2021, 2.

months.[260] Almost half of responses reveal that participants witnessed nepotism or favouritism and the protection of poor management and governance at work in all of the Nordic countries. This goes hand in hand with the notion that other forms of corruption may be more prevalent in the Nordic countries than bribery[261]. As highlighted above, Finland stands out significantly in how many participants have witnessed or participated in bribery. This indicates that, even though corruption is not generally perceived as part of business culture in the Nordic countries, it is noticed quite often.

The third NBES survey was published in 2021, and the latest edition provides data relating to internal Ethics & Compliance work in Nordic organisations. The responses were gathered in spring 2021 through the Nordic Business Ethics Network from experts with responsibilities concerning ethics and compliance. The survey had some shared topics with the KORPEN project survey. The NBES 2021 survey highlighted the important topic of how ethics and compliance may get reduced into a *'Code of Conduct and e-learning',* and these topics are labelled as *"common sense"*. They also highlight that it can be hard to do the right thing and, as recent scandals have shown, inadequate analysis of red flags and a short-sighted perspective can lead to poor decision making.[262]

Special Eurobarometer 2017

Eurobarometer is a European Union-wide survey annually conducted in European countries on varying topics. The 2017 Special Eurobarometer focused on corruption. The participants (total N=28,080) were asked to agree or disagree on whether corruption was part of the business culture in their country. On average,[263] 62 percent of participants agreed that corruption is part of the business culture in their country, 28 percent disagreed and 10 percent responded that they did not know. Three Nordic countries - Denmark, Finland and Sweden - were at the top of the chart with 23–30 percent of respondents agreeing that corruption was part of their business culture. When asked about the number of successful prosecutions for corruption in their countries, Finland and Denmark represent the two ends of the spectrum. Finland has one of the highest percentages (48%) of participants agreeing that there are enough successful prosecutions in their country to deter people from corrupt practices. In Denmark, only 24 percent of participants agreed. Sweden, on the other hand, represents almost exactly the EU weighted average, with 31 percent agreeing.

With information on previous research on how private corruption can be quite prevalent in developed countries,[264] it is interesting to see that, in the 2017 Special Eurobarometer, the Nordic countries are way below the European mean in their perceptions of corruption as part of the business culture in their country. Private corruption is usually connected with bribery or violating ethical and professional standards.[265] One possibility is that the people responding only have limited views of

260. Nordic Business Ethics Survey 2020, 21.
261. See e.g. Salminen 2020, 29.
262. Nordic Business Ethics Survey 2021, 2, 3.
263. Weighted average for the 28 Member States of the EU. Special Eurobarometer 470 Summary 2017, 4.
264. Mugarura 2016, 79.
265. Cuervo-Cazurra 2016, 36–37; Eicher 2009, 3; Peurala & Muttilainen 2015, 16.

corruption. This would go hand in hand with a general view that levels of corruption in the Nordic countries are low, and that corruption shows up in various structural forms that are usually difficult to perceive and reveal. Also, the high-profile cases that the Nordics have encountered in recent years – even with the extensive news coverage – are not prevalent in the daily lives of citizens and, thus, might have an effect on perceptions of whether corruption is actually prevalent in the Nordic context.

5 Survey of the Nordic FIUs

In the preliminary stage, the questionnaire was sent to the FIUs in Denmark, Finland, Iceland, Norway and Sweden. The survey focused on the FIUs' capacities to identify money laundering with possible indications of corruption, working together with anti-corruption officials, what kinds of corruption cases they have worked with, how corruption-related cases are indicated in the STRs, and what they would need moving forward regarding cooperation or training.

The Nordic FIUs are either located within, or closely located to, the structures of the criminal investigation authorities. The FIU Denmark is attached to the organisation of the Danish State Prosecutor for Serious Economic and International Crime, which is part of the Director of Public Prosecutions, the Danish Prosecution Service, and the Ministry of Justice.[266] FIU Finland is located within the National Bureau of Investigation[267], and its core tasks are listed in the Act on the Financial Intelligence Unit (445/2017). In Iceland, the National Police Commissioner[268] contains the Unit of Investigation and Prosecution of Economic and Environmental Crime. Similarly, in Norway, the National Authority for Investigation and Prosecution of Economic and Environmental Crime contains the Money Laundering Unit.[269] This unit investigates and takes to court the large, complex and more serious and/or fundamental cases concerning economic crime and environmental crime, such as violations of social significance (e.g. serious tax evasion, corruption, accounting violations, serious fraud and money laundering). In Sweden, the National Criminal Intelligence Service has a Financial Unit (NFIS)[270], operating in intelligence activities regarding money laundering and terrorist financing, and containing an investigative Anti-Corruption Unit, which works primarily with investigations into bribery.

Only FIU Norway and FIU Sweden listed anti-corruption as part of their core tasks. FIU Norway investigates and prosecutes (among other types of crime) violations of social significance, such as corruption. FIU Sweden contains a national anti-corruption group that focuses primarily on investigations into bribery.

In this chapter, we first present the preliminary stage survey for Nordic FIUs, starting by introducing the FIUs, followed by the survey methodology and the results. Chapter 6 deals with the surveys conducted on Nordic authorities and businesses. This part also starts by introducing the methodology, followed by the results.

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266. The FIU Denmark is placed in the police pillar of the Danish State Prosecutor for Serious Economic and International Crime and functions as an independent part of both the Danish Prosecution Service and the Danish Police with access to all police databases, registries and systems of the police. However, it should be noted that as of January 1st 2022 State Prosecutor for Serious Economic and International Crime does no longer exists, as the national Special Crime Unit (SCU) has been established and is now in function. Therefore, FIU is a part of the SCU.
267. Poliisi.fi: Money Laundering. Website:https://poliisi.fi/en/money-laundering. Cited 17.11.2021.
268. Ríkislögreglustjórinn (RLS). Website English: https://www.logreglan.is/english/. Cited 17.11.2021
269. ØKOKRIM / EFE - Enheten for Finansiell Etterretning. Website: https://www.okokrim.no/enheten-for-finansiell-etterretning.424322.no.html. Cited 17.11.2021
270. Finanspolisen Rikskriminalpolisen (FIPO). Website https://polisen.se/om-polisen/polisens-arbete/nationella-anti-korruptionsgruppen/. Cited 17.11.2021

5.1 FIU survey data and method

The survey of the Nordic FIUs was conducted between January and February 2021. In January, a Word document was sent to each Nordic FIU in their native language. One collective "institutional" answer was gathered from each participating organisation, ensuring the anonymity of the participants and a reasonable amount of data for the preliminary study.

The survey consisted of six themes, each with one to four questions, with a total of 16 questions. The themes were:

>   1) Anti-corruption as a part of FIUs' tasks
>
>   2) Interesting case examples in the Nordic countries
>
>   3) STRs with possible connections to corruption
>
>   4) Ability to identify bribery in international business
>
>   5) FIUs' capacity and competence in combatting corruption
>
>   6) Training and Nordic cooperation

Theme 1 was constructed around the FIUs' current and possible tasks regarding anti-corruption activities. They were asked to rate their ability to identify corruption taking place at different levels and related to different money laundering schemes.

Theme 2 concerned relevant cases, and the FIUs were asked to provide one or two examples of interesting suspected crime cases in their own country where the laundered funds were suspected of originating from corrupt actions. The FIUs were also asked whether they see corruption investigations as having special characteristics compared to other money laundering cases. As we only received one case from the Nordic FIUs, the cases were reported in a chapter (3.2) on Nordic case examples.

Theme 3 was about corruption-related STRs. The FIUs were asked whether obliged entities are able to make STRs on the basis of suspicion of corruption or linked to corruption, and whether the FIUs automatically separate the STRs with possible indications of corruption. The FIUs were asked the annual number of STRs in recent years and the number of STRs with direct indications of corruption.

Theme 4 consisted of questions about the FIUs' ability to identify bribery in international business. They were asked whether they were able to identify cases of bribery in international business from STRs, and about indicators that have helped or could help them identify cases of bribery in international business.

Theme 5 was about the FIUs' capacities and competencies (i.e. resources, skills and capabilities) in terms of identifying corruption. They were asked to rate their possible capacities and competencies as part of their tasks in combatting money laundering.

Theme 6 included questions regarding Nordic cooperation and training. The FIUs were asked whether they would prefer or need more cooperation between the Nordic countries around this theme and whether they had been offered training related to the prevention of corruption.

We wanted to form a general overview of the FIUs' performance and potential to combat corruption, so that the results could work as a foundation for further research. Some of the questions were observed to be subject to interpretation, and

were not taken into consideration in reporting. This helped us sharpen the formation of questions in the second stage survey.

We received four responses from the Nordic FIUs. FIU Sweden declined to participate but did send some comments by e-mail instead. They stated that the proceeds of corruption could render information to the FIU, but identifying corruption in incoming STRs is not one of the core tasks of FIU Sweden, and priority has, at the moment, been given to other areas of possible money laundering. The FATF has also highlighted the difference within Sweden's anti-corruption regime compared to other the Nordic countries. FIU Sweden does not currently filter corruption-related reports from STRs. FIU Sweden also underscored the difficulty in identifying patterns of corruption based only on the information in STRs, which other FIUs also raised in their responses. In the following, we go through and compare the survey responses by themes.

5.2 Anti-corruption as part of the FIUs tasks

The tasks between Nordic FIUs vary, but according to their collective answers, all FIUs support investigations of corruption-related crime and identify corruption-related cases in STRs (Table 3). Both of these are actions that also FIU Sweden thought it could take, as it disclosed in its e-mail response.

The tasks of Nordic FIUs vary; however, according to their collective responses, all FIUs support investigations into corruption-related crime and identify corruption-related cases in STRs (Table 3). FIU Sweden disclosed in its e-mail response that it could also identify corruption related cases in the STRs and support police and other agencies' investigations of corruption related crime cases.

FIU Finland was the only FIU to deal with cases where funds are derived from corrupt activities, whereas the actions of all four Nordic FIUs include identifying corruption-related cases in the STRs. Three out of the four FIUs identify PEPs, their family members or close associates. FIU Finland pointed out that it does not have a specific tool to identify all the PEPs from STRs, and information identifying the target as a PEP comes from the obliged entity. The system is similar in Iceland.

FIUs do not generally take part in the actual investigation processes, but all the Nordic FIUs can support other agencies in investigations. FIU Denmark specified only working with "information at intelligence level", and police districts do the actual processing and investigation of these cases. Similarly, FIU Finland said that, in principle, it does not investigate criminal cases; the other units of the NBI (of which the FIU is a part) and police districts are responsible for investigations, which the FIU may support. Therefore, like their Nordic counterparts, they do not carry out full investigations into corruption-related crime.

Table 3. Actions part of the FIUs' tasks

FIU's actions	Denmark	Finland	Iceland	Norway
Dealing with cases where the funds are derived from corrupt activities	no	yes	no	no
Identifying corruption-related cases in the suspicious transaction reports (STR)	yes	yes	yes	yes
Identifying politically exposed persons (PEP), their family members or close associates	yes	yes	yes	no
Supporting the investigation of corruption-related criminal cases by the police and other agencies	yes	yes	yes	yes
In-house investigation of corruption-related criminal cases	no	yes	no	no
Providing information for international agencies to fight corruption	yes	yes	no	no
Other	yes	no	no	no

Added to the actions that FIU Norway already takes, it named dealing with cases where the funds are derived from corrupt activities as something it could do. FIU Iceland thought that supporting the investigation of corruption-related criminal cases by the police and other agencies was an action it could take. The FIUs in Denmark and Finland did not add any options to actions they could take, but FIU Finland noted that, especially if the necessary indicators working for this specific topic could be used, they could try to intensify the identification of corruption from the STRs and support pre-trial investigations.

Among the FIUs, individual-level corruption was viewed as the least difficult to identify, with FIU Denmark viewing the identification of individual-level corruption as quite easy (Table 4). The other FIUs saw this as either quite difficult or very difficult. All of the other levels were listed as either quite difficult or very difficult, with FIU Finland and FIU Iceland viewing identification as more difficult than their Danish and Norwegian counterparts. FIU Finland said that the phenomena of corruption and money laundering are difficult to identify in general, which is not a question of the FIU's capacity as such.

Table 4. FIUs capacities in identifying corruption at different levels

Considering FIUs capacities, how difficult is it to identify corruption in the following levels?*	Denmark	Finland	Iceland	Norway
Individual corruption (e.g. bribery, conflict of interest or dual roles, unethical political funding)	quite difficult	very difficult	quite difficult	quite difficult
Corrupt networks (e.g. favouritism incl. nepotism, unethical 'helping' of others, unofficial decision making out-side of conventional decision-making structures)	quite difficult	very difficult	very difficult	quite difficult
Institutional corruption (e.g. unethical 'targeting' of tender selection criteria)	quite difficult	very difficult	very difficult	quite difficult

* Options: Almost impossible / Very difficult / Quite difficult / Quite easy / Very easy / Extremely easy

Capacities and competencies regarding the identification of corruption from different money laundering schemes were also found generally to be rather difficult (Table 5). Similar to the question before, FIU Finland and FIU Iceland saw identification as generally *very difficult*, whereas FIU Denmark and FIU Norway found identifying corruption as less difficult. FIU Denmark viewed the identification of corruption in money laundering schemes in both domestic and international PEPs as *quite easy*, whereas, according to FIU Norway, cases related to domestic PEPs and public procurement processes were *quite easy* to identify.

Table 5. FIUs capacities in identifying corruption in money laundering schemes

Considering FIUs capacities, how difficult is it to identify corruption in the following money laundering schemes?*	Denmark	Finland	Iceland	Norway
Cases relating to domestic PEPs	quite easy	very difficult	quite difficult	quite easy
Cases relating to international PEPs	quite difficult	very difficult	very difficult	quite difficult
Cases of public procurement processes	very difficult	very difficult	very difficult	quite easy
Cases of unethical sports betting or sports competition manipulation	quite difficult	very difficult	very difficult	very difficult
Unethical political funding	very difficult	very difficult	quite difficult	quite difficult
Bribery in international business	very difficult	very difficult	very difficult	quite difficult
Bribery of foreign officials	quite difficult	very difficult	very difficult	quite difficult

* Almost impossible / Very difficult / Quite difficult / Quite easy / Very easy / Extremely easy

With this question, FIU Finland stressed once more that its role does not primarily involve investigation. It receives STRs, analyses them and forwards them for pre-trial investigation. Similar information was received from FIU Denmark. FIU Finland responded in the survey that this function is neutral with regard to preliminary offences, which means cases connected to corruption may be possibly involved. They disclosed that investigating corruption cases does not usually involve special characteristics, apart from the fact that there might be public figures involved.

5.3 Recognition and analysis

Screening of Suspicion Transaction Reports (STRs)

In all Nordic countries, obliged entities are able to make STRs based on the suspicion of corruption. STRs themselves can result from any kind of suspicious transaction if there is a suspicion that the proceeds derive from criminal activity.[271] There is no need to even suspect money laundering as such when filing an STR.

In Iceland, obliged entities fill in the STR similar to a "conduct report" and can *"include an indicator in the notification"*. In Finland, obliged entities can either mention the suspicion of corruption in the report or choose an indicator from the system. The system is similar to Denmark's, where the obliged entity can "tick off" an option and describe in writing what the information is about. In Norway, obliged entities can also use an information field in which the details are described.

FIU Finland and FIU Denmark automatically sort out corruption-related money laundering cases from the STRs by either an indicator or text search. FIU Denmark searches frequently for specific words related to corruption. If these words are used in the STR the STR will be read. If it does not include the specific words, but the STR is related to corruption, it will not be pointed out for further analysis. They noted that the disadvantage to this method is that the reports that do not include the specific words or terms will not be included.[272]

The FIUs were asked how many STRs they received in the past three years and roughly how many STRs with indications of corruption they received annually. The number of STRs varied among the Nordic countries significantly; however, in all Nordic countries it has been increasing in recent years (Table 6).

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271. Directive 2015/849: Chapter IV: Reporting Obligations, Section 1: General Provisions, Article 33, 1 a).
272. Correspondence with FIU Denmark, 12.1.2022.

Table 6. Estimated number of STRs received by FIUs annually

Year	Denmark	Finland	Iceland	Norway	Sweden*
2018	35 768	39 220	1 203	10 748	19 306
2019	53 454	64 403	1 645	11 539	21 709
2020	73 261	61 902	2 033	12 701	24 248**

* Swedish Police Authority 2019.
** Information received by e-mail.

The number of STRs with indications of corruption received by Nordic FIUs varies from none to up to 100 reports annually, with FIU Iceland reporting that it had not received any. FIU Finland reported having received up to 20 STRs with clear indications of possible corruption, and up to a 100 where there were indications, but as yet no tools to identify corruption from them. FIU Norway was able to disclose the exact numbers of corruption-related STRs from the past five years: it has seen a significant rise from the 12 received in 2016 to 73 reports with indications of corruption in 2020.[273] FIU Denmark reported receiving 21 to 100 STRs with indications of corruption. The proportion of STRs with possible indications of corruption thus varies significantly but is less than 1 percent in all the Nordic countries, Norway clearly with the most STRs with indications of corruption in relation to the annual total number.

When asked whether FIUs could identify cases of bribery in international business from STRs, FIU Denmark left the question unanswered and FIU Iceland answered *no*, because accounts with criminal proceeds can be located in other countries as well. FIU Norway answered *yes*, stating that the identification of bribery in international business happens through *"transaction information, information provided by the customer to those responsible for reporting"*, and through other documents or attachments of the STR. FIU Finland reported having a technically good capacity and competence for identifying many kinds of cases with multiple criteria. They did highlight, however, that possible shortages in the information within the data and possible missing criteria used to identify corruption weaken their possibilities to identify these cases.

Monitoring risk factors

The European Union's Directive 2015/849 includes a definition of Politically Exposed Persons (PEP). This definition is based on the FATF's Recommendations and definitions of PEP status.[274] In practice, it refers to *"individuals who are, or have been, entrusted with prominent public functions and their family members and close associates"* mentioned in the UN Convention Against Corruption, Article

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273. STRs that include words corrupt, bribe or payment in return for the last 5 years: 73 (2020), 116 (2019), 28 (2018), 14 (2017), 12 (2016).
274. FATF defines foreign PEPs as: "individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials". Respectively, domestic PEPs are: " individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials." FATF 2013b, 4–5.

52.[275] According to the FATF, PEP screening and monitoring is an important part of the anti-money laundering mechanism as many PEPs are in positions that can be potentially abused for the purpose of committing money laundering offences and related predicate offences, including corruption and bribery.[276] Identifying PEPs, their family members or close associates was part of the core tasks of FIU Denmark, FIU Finland and FIU Iceland. FIU Sweden thought that this was a task it could take on as well.

FIU Finland highlights the difficulty of identifying domestic PEPs, because it lacks a mechanism that makes this possible. At least in Finland, there is no registry of domestic PEPs. The FIUs in Denmark and Norway said that identifying corruption cases related to domestic PEPs is quite easy, even though FIU Norway does not count identifying PEPs, their family members or close associates as actions that the FIU takes.

Nordic FIUs do not have specific indicators for identifying money laundering of bribery in international business, but they would benefit from these kinds of indicators.[277] FIU Denmark is working actively towards developing indicators to help identify cases of bribery in international business. Their frequent screening also searches for international corruption and a word search can be conducted in English. FIU Finland does not have such indicators in use, but they think that developing or finding them might be possible and would apply them if developed. FIU Norway has not developed national indicators for the specific incidents in question, but general indicators in STRs also pick up on these cases. They note that, by using specific indicators, it would be possible to set up, for example, fixed warnings or flags, or extract reports of cases of bribery.

5.4 Cooperation and training

Supporting the investigation of corruption-related criminal cases by the police and other agencies is part of all four Nordic FIUs' tasks. The FIUs were asked to assess through a multiple-choice questionnaire their possible capacities and competencies in different measures as part of their tasks in combatting money laundering. They were asked about, for example, their cooperation and powers to exchange information with different national and international agencies and their training activities (Table 7).

The highest possible capacities and competencies of the FIUs concerned cooperation with tax officials and powers to exchange information with national agencies. In comparison, capacity or competence to cooperate with competition authorities was generally viewed as limited, except for FIU Denmark, which considered it sufficient.

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275. UNCAC 2003 (entry into force 14.12.2005)
276. FATF 2013b.
277. Iceland's FIU did not answer.

Table 7. FIUs capacities and competencies on cooperation and information exchange

Possible capacities and competencies with regard to the following as part of your tasks combatting money laundering*	Denmark	Finland	Iceland	Norway
Cooperation with customs	quite limited	full	full	quite limited
Cooperation with tax official	full	full	full	sufficient
Cooperation with competition authority	sufficient	not at all	very limited	quite limited
Cooperation between Nordic FIUs	quite limited	full	sufficient	very sufficient
Powers to exchange information with national agencies	sufficient	full	full	full
Powers to exchange information with international agencies	quite limited	full	quite limited	sufficient

* Not at all / Very limited / Quite limited / Sufficient / Very sufficient / Full / I don't know

All except FIU Norway would prefer or need more cooperation between the Nordic countries around this theme. FIU Denmark hoped to have more cooperation in specific areas, such as new trends around the theme. They also noted that there is currently very little discussion about this subject. FIU Finland is involved in continuous operative cooperation with other countries, including Nordic countries, and cases concerning bribery and corruption. They are willing to take part in possible training on the subject. FIU Iceland has had good experiences of Nordic cooperation and views it as positive in general. FIU Iceland disclosed that it has had good cooperation with Norway in the case of an Icelandic fishery and Norwegian bank, which we shall discuss further in the next chapter.

FIU Finland was the only FIU to report having been offered training related to the prevention of corruption. It has taken part in a national anti-corruption network and individual training event on corruption and measures against it. FIU Norway has not been provided with training specific to this subject, but it has had general training concerning various types of crime.

The survey results suggest that cooperation between FIUs and obliged entities as the reporters of suspicious transactions is vital in preventing money laundering of illicit funds, because identifying corruption on STRs with limited information is difficult. FIUs themselves focus on analysing STRs and gathering additional intelligence information. FIU Denmark in particular pointed out that the basis for suspicion must be described in detail in the STRs. In all the countries, obliged entities can clarify in a text field, for example, if corruption is the basis of the STR.

FIU Finland emphasised that, since corruption and money laundering are both mostly hidden and difficult to expose, identifying corruption is not a question of FIU capacity. In general, Nordic FIUs do not carry out full investigations on corruption-related money laundering but may support other agencies in their investigations.

The FIUs in Denmark and Norway report that identifying corruption cases related to

domestic PEPs is quite easy, whereas the FIUs in Finland and Iceland saw this as difficult. FIU Finland said that it lacked a mechanism to identify PEPs. Thus, they would probably benefit from information on how, for example, FIU Denmark identifies domestic PEPs, although this was not asked in the survey.

Nordic FIUs do not currently use specific indicators to identify connections between bribery in international business and money laundering, but they think they could benefit from such indicators. More indicators would help with flagging and categorising the cases better. FIU Denmark reports working actively on this, and FIU Finland said that it would utilise such indicators immediately if they were offered.

The responses showcase the difficulty in identifying secretive and complex economic crime. Both money laundering and corruption are mainly hidden criminality, and difficult to identify and expose. Still, the Nordic countries have some effective means of separating corruption (among other types of conduct) as a predicate offence from the STRs if obliged entities have recognised it themselves.

Good practices include training and international cooperation. Only FIU Finland has been offered training on the subject, and it is also part of a national anti-corruption network. International cooperation is something all FIUs engage in, but FIU Denmark was a bit more hesitant in its responses about powers to exchange information internationally. Nordic FIUs have generally a good capacity and ability to analyse STRs.

Searches within STRs for international corruption and searches in English are interesting possibilities within the international framework. FIU Denmark also runs searches in English, but the other FIUs did not say that they did. How this is done exactly is unclear, but whether it is an action other FIUs think possible or worth trying is something to discuss with them.

Cooperation with competition authority is rather limited, especially compared to other national authorities. As Nordic authorities are included in the second survey, we are able to examine what kind of national and international cooperation they describe. Still, as a competition authority might come across information on possible misconduct, risks or other phenomena related to financial crime, such as money laundering or corruption, a closer examination is needed on why levels of cooperation are limited compared to other authorities.

6 Survey of the Nordic Authorities and Businesses

In the second stage, our aim was to widen the scope of our empirical data from Nordic FIUs to other public officials, obliged entities with the duty to report suspicious transactions, and money laundering supervisors. The purpose was to get an overview of the Nordic framework, in which we study how different actors can possibly identify corrupt activities or bribery when performing their current duties regarding anti-money laundering or preventing financial crime in general. These duties vary between different actors.

Whereas the preliminary study's survey focused on the Nordic FIUs, the second survey included several authorities and business participants. Money laundering supervisors were not invited to participate at this stage, since the prevention of corruption is not included in the money laundering and terrorist financing prevention regime per se and is thus not supervised specifically in the Nordic countries, although corruption can include suspicious transactions that need to be reported in the STR. Also, our aim for the surveys was not to evaluate the obliged entities' duties or performance with regard to money laundering prevention.

In the preliminary stage, the surveys of Nordic FIUs were translated into Nordic languages. Later, with surveys sent to Nordic authorities and businesses covering significantly more participants, the online survey was in English, but participants were given the option of responding either in English or in their own native language.

6.1 Nordic authorities and businesses survey data and method

The FATF recommends countries establish inter-agency frameworks, including relevant authorities, to promote national cooperation and coordination.[278] From the Nordic authorities, we invited survey participants from tax administrations, customs authorities and competition authorities, all of which are listed in the FATF Recommendations in inter-agency frameworks for AML/CFT and financing of proliferation. We observed in our earlier survey that all Nordic FIUs cooperate with tax and customs authorities. In addition, these Finnish authorities are among the authorities with a general duty to exercise care, which means ensuring that their activities pay attention to the prevention and detection of money laundering and terrorist financing and to the reporting of suspicious transactions or suspected terrorist financing to the FIU in the course of their duties.[279]

Besides these two, the Finnish national multi-authority working group on combatting ML/TF suggested we include the competition authority on our list of survey participants. The competition authority oversees public procurements, cartels and competition. All of these include large cash flows and require the review of business structures and transactions. Our focus was to study how these public

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278. FATF Recommendations 2012, 37.
279. 2017/444 Act on Preventing Money Laundering and Terrorist Financing. Chapter 9, Section 5 General duty of certain authorities to exercise care.

authorities possibly identify and analyse corruption in their activities while combatting crime.

Our survey sent to Nordic authorities and businesses dealt with actions in financial crime prevention, by which we mean anti-money laundering, anti-corruption and combatting the shadow economy. In our survey, the shadow economy refers to, for example, tax evasion, undeclared work, under-reporting of income or the provision of services without registering/licenses.

We are grateful to the contact persons at the Finnish tax administration and the competition authority for sharing with us the contact information of their Nordic networks. Besides these authorities, we invited actors working closely with international businesses or export to participate in our survey. These included banks, innovation and special funding companies and Finnish auditors.

Nordic banks account for a large number of the STRs reported to the national FIUs and manage international business payments regularly. Nordic banks also have well-established, automated and developed systems regarding suspicious transactions and customer due diligence. Special funding and innovation companies either fund or work closely in relation to international business or export. They are usually owned or managed by governments and support international business by funding businesses and their innovations, guaranteeing loans or offering specialist services, such as counselling. These companies - along with Nordic banks - already have established anti-corruption, anti-money laundering and anti-bribery policies along with whistleblower channels and practices that could possibly work as an example for other fields or countries.

In addition to the international scope of actors in banking and businesses offering special funding or innovation services, we decided to use the same questionnaire with Finnish auditors representing (mainly) international companies. These auditors were chosen from the national anti-money laundering working group that was responsible for updating the recommendation for Finnish Auditors with regard to money laundering. Whereas banks are producers of large quantities of STRs and handle large number of transactions, auditors have a different perspective on customer relations and the possibilities in identifying or revealing money laundering or corruption, and into which we hope to gain some insight through our survey.

The survey sent to businesses researched the actors' abilities to identify suspicious transactions or customer risks. The purpose was not to assess their compliance but to search for new possibilities to identify and reveal corruption, as the participants were informed. In the financial sector and innovation or international business specialist service field, we reached out to compliance, AML or social sustainability experts. If these kinds of functions or their contact information were not available, we contacted the company through their general info e-mail. We also searched the websites of Nordic commercial banks for their specialists in social responsibility, risk, AML and compliance.

The surveys themselves were prepared and sent separately to authorities and the other recipient group. The survey sent to authorities included five themes:

1. Organisational framework on financial crime prevention
2. Cooperation related to financial crime prevention
3. Organised or received training on Anti-Bribery and Corruption (ABC)
4. Possible customer risk indicators related to financial crime (incl. corruption) and the ways of identifying them
5. Technological development and projects on financial crime prevention and anti-corruption.

The other participants' survey[280] shared the same themes, with some different questions, except for the theme regarding cooperation. We were mainly interested in finding out about the cooperation between national and international authorities and possible ways of developing this aspect of the prevention of corruption, so this theme was not in the survey for businesses.

The customer risk indicators were formed using the OECD's Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors[281], the FATF's Trade-Based Money Laundering Risk Indicators[282], and Loughman & Sibery's[283] *Bribery and Corruption: Navigating the Global Risks*. In addition, the project group searched for several international organisations' blacklists.

The survey was sent to a total of 15 authority representatives: one tax, customs and competition authority in each Nordic country. The participants were asked to submit one institutional response per organisation. We sent the survey to 7 auditing companies, 10 companies offering services or funding for international business, and 18 banks. Some banks (e.g. Nordea, DanskeBank) function in several countries. As there are no questions with the purpose of identifying individual participants or the name of their organisation in the business survey, there was a possibility of receiving several responses from the same organisation in some cases. This is also a possibility if more than one contact person decided to respond individually from the same organisation.

In total, the surveys were sent out to 50 different organisations on 9 August 2021. The date for returning responses was no later than 31 August. Recipients were reminded about the survey on 24 August and, as we were contacted to ask for additional time to participate, another reminder was sent out on 1 September, with the final deadline set for the 7 September.

We received 24 responses, with 11 out of 15 authorities and 14 out of 35 businesses submitting their responses. One Nordic customs authority responded by e-mail, stating that the survey should be sent to the police and therefore refrained from responding. In total, within Nordic authorities, we received 2 responses from customs, 5 from tax authorities and 4 from competition authorities. The following chapters include the results of these two surveys, reported thematically, but combining the results of all participants. While interpreting the results, it is important to note that the responses are collective and they do not represent a target group comprehensively. Reporting style is mostly descriptive and qualitatively oriented.

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280. Hereinafter referred to as the business survey and participants as business participants.
281. OECD 2013a.
282. FATF & the Egmont Group 2020b.
283. Loughman & Sibery 2011.

6.2 Organisational frameworks

Among the Nordic authorities which took part in the survey, financial crime prevention more commonly features measures related to AML and combatting the shadow economy than ABC. Most of the participating authorities reported having a national regulative/legal framework guiding their actions on AML and ABC, and also several in combatting the shadow economy. Also, the majority had dedicated personnel for AML and combatting the shadow economy, and a whistleblower channel for customer reporting in relation to combatting the shadow economy. Although customers were not defined for authorities, they could vary from citizens to businesses. None of the Nordic authorities have dedicated personnel or a specialised unit for ABC.

Among the Nordic authorities, financial crime prevention more commonly features measures related to AML than ABC (Table 8). Most of the participating authorities reported having a national regulative/legal framework guiding their actions on AML and ABC. Also, the majority had dedicated personnel for AML and half of the responding organisations internal guidance on AML and ABC. In addition to these, a whistleblower channel for customer reporting was also a fairly common tool. Although customers were not defined for authorities, they could vary from citizens to businesses. None of the Nordic authorities have dedicated personnel or a specialised unit for ABC.

Table 8. Nordic authorities' organisational framework on the prevention of money laundering and corruption (10 responding organisations)

	Anti-Money Laundering (AML), number of responses	Anti-Bribery & Corruption (ABC), number of responses	Combatting the shadow economy	Total
Internal channel for reporting unethical conduct	2	1	3	6
Whistleblower channel for customer reporting	4	4	6	14
National/regulative framework guiding actions on	8	6	5	19
Internal guidance on	5	5	4	14
Internal policy/strategy	3	3	4	10
Dedicated personnel for	6	0	6	12
Specialised unit for	3	0	5	8
Total	31	19	33	83

One out of two customs authorities reported having some features in their framework for combatting the shadow economy. Most tax authorities had some measures in all three frameworks of financial crime. Competition authorities had most variation within their responses.

The business participants' organisational frameworks (compliance programmes and structures, regulation, supervisory mechanisms etc.) included most often AML functions, then ABC functions, and the least amount of shadow economy functions (Table 9). Out of the 13 respondents, 12 reported having a national regulative/legal framework steering their actions on AML, and an internal policy/strategy on ABC. It was more common to have an expert group on AML than on ABC[284], but almost as common to have dedicated personnel for both of these[285].

Table 9. Nordic businesses' organisational framework on financial crime prevention (13 responding organisations)

	Anti-Money Laundering (AML), number of responses	Anti-Bribery & Corruption (ABC), number of responses	Combatting the shadow economy	Total
Investigation or data analysis services for customers	4	4	4	12
Training programmes for customers	2	2	2	6
Advisory services for customer compliance efforts	6	6	5	17
Internal channel for reporting unethical conduct	11	11	9	31
Whistleblower channel for customers to report	10	10	8	28
National/regulative framework guiding actions on	12	8	6	26
Internal guidance on	11	11	6	28
Internal policy/strategy	11	12	5	28
Dedicated personnel for	9	10	4	23
Expert group/team for	9	4	1	14
Total	85	78	50	213

284. 9 vs. 4 participants.
285. 9 AML vs. 10 ABC.

Most businesses have internal guidance, strategies/policies, whistleblower channels for customers or internal channels to report unethical conduct in their AML and ABC frameworks, with 10 or more participants reporting these in their organisations. As Table 9 shows, only a few businesses offer training programmes, investigation or data analysis services or advisory services to customers. The level of these is quite even in all of the types of financial crime specified in the survey.

Businesses were asked about their channels for reporting unethical conduct. Most reported having some sort of reporting channel for clients.[286] In some cases, the whistleblowing channels for customers or internal channels for employees to report unethical conduct were separate, whereas in others they functioned as one. For example, the channel may be found on an external website, where the personnel can also use it. Whistleblowing mechanisms were variously described as a tool, helpline channel, hotline or a channel functioning, for example, online or as a phone service.

Participants were asked what their course of action or code of conduct is if they detected suspicious activities (related to their customers) that might refer to corruption. The responses varied and showed that there are several paths to take in a situation where suspicious activities are identified.

Authorities reported that suspicious activities possibly referring to corruption are, in general, made known to law enforcement or another relevant authority. The responses included the police, prosecuting authority/state prosecutor for serious economic and international crimes and the tax authority.

As for businesses, some reported they would turn to colleagues, supervisors and lawyers, and some would report to an FIU. Several reported having internal guidelines or procedures, which include consulting colleagues or managers/supervisors. This can also include internal actions, contacting the client and possibly the authorities. A few participants highlighted the significance of laws and regulations, and elaborated the actions taken in the event that suspicious or unclear activities have been identified.

> *"We follow the OECD's anti-bribery policies in our funding practice, in which, depending on the client/the stage of processing the funding, we either clarify the matter further to ensure, that no bribery is included in the businesses' practices or the project we're funding. If sufficient explanation/certainty is not obtained, we can decline the granting of funding. In certain situations, we have the right to terminate the funding, if it subsequently becomes apparent that the funded project is connected to bribery."*

> *"Compliance with laws, regulations and standards is a key aspect for all our personnel. We have zero tolerance of bribery and corruption. Any suspicious activities would be reported in accordance with applicable professional standards and internal policies to internal expert groups, and as appropriate to client and/or external authorities."*

Several business participants reported that their course of action would be to contact the police or another appropriate agency or authority. In the event of possible corruption, businesses can also try to acquire additional information from customers. If this is not delivered, financing can be denied. The participant also reported having the right discontinue funding if the funded project has involved bribery. In relation to corruption, one participant stated that there are not as direct

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286. The Fourth Anti-Money Laundering Directive (4AMLD) designates internal reporting channel for obliged entities, but participants included also other businesses. Directive 2015/849 Chapter VI, Section 4, Article 61, 3.

reporting obligations or regulations as there are with regard to a suspicion of money laundering or terrorist financing. However, STR should be filed in all cases when there is a suspicion that the proceeds could originate from criminal activity, the beneficial owner cannot be identified or there is some other confusion with customer due diligence.

6.3 National and international cooperation

Nordic authorities were asked about their national and international cooperation. Almost all reported having regular networking and information sharing with national law enforcement authorities (LEAs). The second most often reported form of cooperation was with FIUs, also as a form of networking and information exchange (Table 10). On the national level, and out of the three types of cooperation, networking was most frequently reported, followed by information exchange, whereas shared training events were least reported. The majority of authorities said they have international cooperation, which can take place at different levels, bilaterally or between multiple actors. Networking was mentioned on several occasions.

Table 10. Nordic authorities' regular cooperation with national LEAs and FIUs (N=11)

	Law enforcement authorities (LEA), number of responses	Financial intelligence units (FIU), number of responses	Total
Information exchange with	10	7	17
Networking with	10	7	17
Shared training events with	6	3	9
Total	26	17	43

In addition to different types of cooperation, Nordic authorities participate in multiple networks and international cooperation. As for the EU level, there were mentions, for instance, of the OECD and the OECD's Task Force on Tax Crimes and Other Crimes (TFTC), the European Competition Network's Cartels Working Group, the European Anti-Fraud Office (OLAF) and the Intra-European Organisation of Tax Administrations (IOTA). Nordic cooperation takes place, for example, bilaterally between Nordic countries and within the Nordic networks, such as Nordic Agenda TFTC and Nordic Competition authorities' Kartellnätverk. In addition, other international cooperation included the American tax authority (IRS-CI[287]), Baltic competition authorities, and the United Kingdom's customs authority (HMRC[288]).

The types of successful cooperation related to tax matters was described in several responses. Cooperation can take place as information exchange - for example, on

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287. Internal Revenue Service, Criminal Investigation.
288. Her Majesty's Revenue and Customs.

existing tax leaks or identifying new ones - and cooperation with police investigations. One participant reported having daily cooperation with other agencies:

> *"We receive official assistance information from other countries on daily basis, that has an impact on taxation, and also on detection of shadow economy cases. We have successful cooperation with other national agencies on daily basis also."*

With regard to competition authorities, participants had several examples. Good experience was reported in relation to cooperation with the police and tax authority, by exchanging tips and combining information related to specific cases that have references to corruption. Other successful cooperation includes a Norwegian Competition Authority case and collaboration in which the Swedish Competition Authority is a partner:

> *"In June 2004, the Norwegian Competition Authority conducted an inspection at the premises of the airline company SAS, related to a suspicion of anti-competitive underpricing on one of SAS's routes. The Authority seized extensive material from SAS, including e-mail correspondence indicating illegal use of trade secrets. The e-mail correspondence was passed on to the Public Prosecuting Authority, and SAS was convicted of illegal use of the information to access the competing airline's booking system. The case was decided first by the District Court 20th of September 2006, and further appealed and decided by Borgarting Court of Appeals 1st of October 2007."*

> *"For several years now, the Swedish Competition Authority (SCA) has been part of the Large Industry Group, which is a collaboration that the Swedish Tax Agency maintains between representatives from employee and employers' organizations, industry and interest groups and authorities. The group works for solutions that will lead to increased competitive neutrality between companies in Sweden. Its goal is to get to grips with the cheating and crime that exists today. Both companies and employees should feel that they are acting on safe workplaces, where everyone acts in accordance with applicable laws and regulations. To obtain that goal, authorities should be able to carry out checks to ensure that laws and rules are followed. It also means that companies that hire other companies can ensure that their subcontractors are serious. To achieve increased competitive neutrality the group is working on a new secrecy legislation and digital access to the Swedish Tax Agency's information."*

One customs authority reported having conducted pretrial investigations on transporting cash across borders. These cross-border crimes have been investigated as suspected money laundering. They stated that successful pretrial investigation with an effect on new national case law has required successful cooperation with, for example, prosecution, FIU, police and different units within the customs authority.

Other successful cooperation was reported in relation to clarifying international activities in the fishery industries, and to risk analysis and training, such as money laundering and training in ID-related crime.

When asked whether authorities would prefer to have more cooperation on the Nordic level in financial crime prevention, responses varied with a little over half responding positively and the rest responding they do not know. Cooperation was hoped for in relation to analytical and intelligence activities, intelligence sharing and more training activities. Thematically, one participant mentioned cooperation in relation to bribery and corruption. One participant hoped for collaboration with law

enforcement authorities. Another elaborated on how Nordic cooperation can help national cooperation as well.

> *"Establishing a Nordic level cooperation would be helpful in also establishing and maintaining a national level cooperation. Discussions on current trends, common legal problems and common type of cases could provide useful information."*

6.4 Training

Nordic authorities report less training on corruption compared to businesses (Table 11).[289] The majority of businesses and almost half of all authorities had participated in or organised training on corruption risk indicators in the past three years. The police, the National Police Board of Finland and online training prepared by the State Audit Office and the Ministry of Finance were mentioned by authorities regarding training organised in collaboration with national authorities. Also, the Swedish anti-corruption institute has provided training for one participating authority.

The reported types of training vary between the two groups. Most businesses have had internal training for managers and employees, whereas within authorities the received training varied, with no typical training provider identified. Businesses had primarily had internal training to new or all employees. These were specified as an orientation, an e-learning course and a training event. One business participant mentioned the law companies' trainings as an outside source for training.

Table 11. Training regarding anti-bribery and/or anti-corruption within the last 3 years

	Authorities, number of responses	Businesses, number of responses	Total
Training organised in collaboration with national authority/-ies	2	0	2
Training provided by law enforcement agency	3	0	3
Training provided by other agency	2	1	3
Training organised internally for managers	2	11	13
Training organised internally for other employees	3	11	14
Total	12	23	45

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289. 4 out of 11 authorities (each answer included 8 to 9 participants); 10 out of 14 businesses.

6.5 Monitoring indicators

Participants were asked which offered lists, indices or handbooks they used when making risk assessments (on authorities) or when assessing customer risk (on businesses). Out of the participating businesses, around half mentioned the FATF's *High-Risk Jurisdictions subject to Call for Action ('blacklist')*, the FATF's list of *Jurisdictions Under Increased Monitoring (countries with strategic AML/CFT deficiencies)*, and Transparency International's *CPI*.

Participants were given the option of specifying other lists, indices or handbooks, etc., in addition to the offered options. Businesses mentioned the Basel AML Index rating, the external screening provider (with many lists included), the sanctions list, the FATF's list of *Non-Cooperative Countries or Territories (NCCTs);* and *PEP- and sanction lists from IDD searches.*

Most options used within authorities[290] were the OECD's *Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors (2013)* and *the* OECD's list of *Unco-operative Tax Havens.* A few authorities also clarified that the mentioned lists are not relevant for them or that they use EU-level risk listings, targeted to the EU's shared risk management framework.

Table 12 below shows the proportion of participants responding to their own survey, authorities marked above the red line and businesses below the blue. For instance, authorities most commonly used the OECD's list of *Unco-operative Tax Havens* when making risk assessments (on customers, transactions, etc.) as well as the OECDs handbook on bribery and corruption awareness. The FATF lists on risk jurisdictions were the most popular risk assessment tools among businesses. Even though a total of 10 authorities responded to this question, each option had either 8 or 9 responses. This is because participants were not obliged to respond to every question.

Table 12. Regular use of international lists, indices or handbooks within organisations

	Authorities, number of responses	Businesses, number of responses	Total
Transparency International's Corruption Perceptions Index (CPI)	0	7	7
FATF's list of Jurisdictions Under Increased Monitoring (countries with strategic AML/CFT deficiencies)	1	7	8
FATF's High-Risk Jurisdictions subject to Call for Action ('black list')	2	8	10
EU's Non-co-operative Jurisdictions for Tax Purposes	1	6	7
OECD's Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors (2013)	4	1	5
OECD's list of Unco-operative Tax Havens	4	4	8
World Bank Listing of Ineligible Firms and Individuals	1	2	3
Internal black list on entities with previous convictions on corruption crimes	1	4	5
Total	14	39	53

290. Each answer included 8 to 9 authorities' answers.

The TI Finland's experts viewed international lists as beneficial and well-functioning. The FATF's lists especially steer the country risk taxonomy in banking.[291] Also, NBI Finland has published lists of countries known for drug and terrorism connections as well as lists on money laundering indicators. The experts thought that the OECD's *Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors* could be beneficial for all public authorities with similar duties, and it could be broadened or used as a base for similar guideline for other authorities as well. Tax authorities were thought to have good means to identify suspicious transactions. It was seen as especially important within the training aspect regarding corruption.[292]

The surveys included a list of customer or transaction list indicators, and participants were asked to say which ones they used (Table 13). Nine of the participating authorities responded to most of the indicators, for which all reported paying attention to unusual payments. The next most commonly looked at indicators (all with 7 responses) were *commissions for consultancy work without expertise, hiding the actual beneficiaries/owners (e.g. behind complex business structures)* and *unexplained growth in net worth.*

The most commonly used indicators within businesses (N=14) were *hiding the actual beneficiaries/owners (e.g. behind complex business structures)*, *unusual payments (such as significantly large or recurring payments, cash payments, etc.)* and *transactions with high-risk countries.* Nearly all businesses mentioned these indicators in their responses.

Only a little over half pay attention to previous convictions, charges or being under investigation for bribery. Other mentioned indicators included *agents, the Fin-NBI (FIU) asset freezing list, ownership structure, financial situation, the organisation's other businesses and "if the company's business/project take place in industries that are considered to be particularly prone to corruption"".*

291. Transparency International Finland, spoken communication, 2.11.2021.
292. Transparency International Finland, spoken communication, 2.11.2021.

Table 13. Organisations following certain customer or transaction related risk indicators

	Authorities, number of responses	Businesses, number of responses	Total
Transactions with high-risk countries	6	12	18
Commissions for consultancy work without expertise	7	9	16
Unusual payments (such as significantly large or recurring payments, cash payments etc.)	9	12	21
Connections to national PEPs or their relatives	2	11	13
Connections to international PEPs or their relatives	2	10	12
Unexplained donations to political campaigns or parties	2	9	11
Hiding the actual beneficiaries/owners (e.g. behind complex business structures)	7	13	20
Unexplained growth in net worth	7	9	16
Previous convictions of bribery	9	8	17
Previous charges or being under investigation for bribery	2	8	10
Total	53	101	154

Only a few authorities named indicators they could potentially use in order to reveal corruption. One participant responded that "*[b]id rigging cases could potentially also involve corruption on the procurer side. Unusual contact between supplier and procurer as well as unusual payments to the procurer could represent indications of corruption.*" Another wrote about the reports they have conducted on procurement and the indicators identified in relation to procurement processes. The indicators were related to personal relationships and third-party involvement.

> *"In the report [...] we looked at judgments where corruption has occurred in connection with public procurement. One conclusion was that a majority of cases concerned building and construction, and that there often was a close personal relationship (business relationship or friendship) between the public official and the representative of the supplier. This conclusion was confirmed in another of our reports, [...], where we looked at how procurement officers view various matters related to corruption and unfair competition. One conclusion was that many procurement officers are of the opinion that the risk of undue influence is largest when there are family or friendship ties between employees and tenderers, and when using consultants to assist the contracting authority in a procurement. We have also looked at the link between corruption and other anti-competitive practices [...]."*[293]

A few authorities also highlighted that investigating corruption is not part of their mandatory tasks. Still, many reported that if they detect suspicious activity with features of corruption in their duties, they can and do inform other authorities about it.

Businesses listed several different indicators they could possibly use in order to reveal corruption (Table 14). The taxonomy is by the research group based on the

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293. The names of the reports have been deleted to ensure the anonymity of the participant.

responses. Some also highlighted the importance of the auditor's expertise and experience in order to identify suspicious activities.

Table 14. Indicators businesses could possibly use in order to reveal corruption

Geographical indicators	• risk countries/geographical area • entertainment expenses and travel costs to risk countries • geographical area of business
Customer or transaction indicators	• customer category (entity's legal form, field of business, blacklists, PEPs, beneficial owner) • unusual transactions to PEPs • transactions with related parties
Network indicators	• frequent use of some suppliers • identifying possible networks, e.g. connections with different persons or companies (incl. connected persons) and persons
Money-related indicators	• price differences (bids versus actual cost of projects) • extensive use of cash
Other	• E.g. products/services in question, identification channel • the use of middle-men

Monitoring of individuals in prominent positions, i.e. PEPs, seemed to be an essential part of anti-corruption programmes in companies, but a less common indicator to be monitored among authorities. However, in practice, this monitoring could be difficult in international businesses. One of the reasons for this is that the definition of PEP might be different in different jurisdictions. Thus, an international company might have to take several countries' definitions into consideration, and this might lead to uncertainty as to who should be monitored and in which context. For instance, in the United States, the definition is broader than in Finland.[294]

Furthermore, in the Nordic countries, the risks of corruption related to local- and regional-level domestic PEPs could be higher than the risks related to state-level PEPs. During the interview, Transparency International Finland's experts thought that widening the definition of PEPs to the municipality level might be in order as the majority of public procurement processes are run by the municipalities and their (collaborative) agencies. However, in the foreign supplier country contexts, where

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294. Transparency International Finland, spoken communication, 2.11.2021.

local-level actors have less powers, risks related to state-level PEPs can be higher.

In addition to PEPs, other indicators might also be difficult to monitor in practice. The interviewed TI experts, for instance, noted that over- or under-invoicing is almost impossible to identify and use as an indicator, since in corruption (or even bribery) financial transactions are not necessarily involved in corrupt business transactions. As a fictional example: a person orders a flat-screen TV and receives a significantly more expensive home cinema system. It would be interesting to study further the challenges related to the use of various indicators and search for new solutions to overcome these challenges.

6.6 Technology and development projects

Authorities' responses and needs vary with regard to technological solutions, but there were fewer needs reported compared to Nordic businesses. A few reported following technological developments closely. There were mentions of AI, the need for systems that would be able to utilise big data and suitable analytical tools, increased ability to conduct data-driven analysis, and even the need for a brand-new analytical suite. Businesses reported a wide variety of technological innovations that could enhance their abilities to identify financial crime and prevent corruption in international business.

1. Better access to authorities' data and information

- *Easy access to registers (e.g. lists of persons with a current or previous ban in business or a common register of criminal convictions would help investigating [crimes connected to persons].*
- *Easier and user-friendly access to data (e.g. with common API standards) of various authorities would be beneficial.*

2. Advanced data analytics and Artificial Intelligence

- *Further development and fine-tuning of existing solutions to better detect various suspicious phenomena. Developing artificial intelligence models to screen for financial crime indicators.*
- *Network analytics to identify possible connections and utilising AI, e.g. in identifying suspicious transactions.*

3. More advanced tools and platforms

- *Tools for identifying Beneficial Owners*
- *Tools for risk assessments (of customer due diligence/customer integrity; of geographical risks, etc.)*

As an example, one business representative reported that they are using an external screening platform which provides extensive information on, among other things, companies, directors and beneficial ownership. With this information, they monitor

customers and relevant third parties and find it very useful. Some businesses hope to have better access to authorities' registers and lists on sanctions and crime in order to enhance their customer due diligence practices. In addition, they believe that advance data analytics could improve their abilities to identify suspicious phenomena or customer transactions. Some also hoped for new technological tools or platforms in order to, for example, identify customer or geographical risks.

Finally, participants were asked whether they currently coordinate or take part in a project that improves technology to combat financial crime or corruption specifically. Unfortunately, it turned out that none of the participants coordinate or take part in projects that improve technology to combat corruption specifically.

However, there seemed to be projects related to the prevention of other types of financial crime. There was, for instance, a project developing an "*[i]nternal machine learning system to connect money laundering information to other internal data. Aim is to become better in selecting the most relevant cases for audit.*"

One competition authority reported taking part in two projects aimed at intensifying the use of digital data repositories, such as in cartel prevention. One involves collaboration between several organisations, with the aim of sharing the procurement information with the competition authority and tax authority in order to better identify misconduct in public procurement processes. The other aims to develop data analysis methods to identify the infringement of competition, especially cartels. Both are part of the government's action plan for tackling the grey economy and economic crime. Another authority reported taking part in the FCInet project.[295]

The majority of businesses either marked the question as not applicable or responded no, although one elaborated with "*no, but we continuously invest in improving our technologies and systems*". Some reported internal projects or efforts on a general level.

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295. "FCInet is a non-commercial (government-developed) decentralized computer system that enables financial criminal investigation services and/or tax organisations from different jurisdictions to work together, while respecting each other's local autonomy. FCInet allows them to jointly connect information, without having to surrender data or control to a central database or authority, and without unlawful intrusion on privacy." For more information, see FCInet pilot with the United Kingdom: https://www.fiod.nl/fcinet-pilot-with-the-united-kingdom/ - FIOD. Cited 8.10.2021.

7 Conclusions

The overall goal of KORPEN was to explore how Nordic companies and authorities identify and combat corruption in international business, and by this help in creating a healthier environment for international business in the Nordic countries. We also wanted to assess whether the established frameworks and practices for anti-money laundering (AML) can serve as a basis for improved anti-corruption measures. In other words, our aim was to study how different actors can possibly identify corrupt activities or bribery when performing their current duties regarding anti-money laundering or preventing financial crime.

We began our work by looking at the connections between corruption and money laundering in an international business framework. We conducted a literature review of the connections between corruption and money laundering, bribery in an international business framework, and how the anti-money laundering framework could benefit the prevention of corruption. We then carried out small surveys among the selected businesses and authorities and found that their opportunities to identify corruption differ remarkably.

First, we looked at Financial Intelligence Units, which are responsible for managing and analysing businesses' STRs, which can indicate a financial crime (primarily money laundering or terrorist financing). In all the Nordic countries, anti-money laundering (AML) legislation requires certain business sectors to report with a low-threshold suspicious customer relationships and business transactions; for instance, in cases when there is uncertainty concerning a customer's identity, the beneficial owners or the final beneficiaries behind business transactions.

Second, we sent a survey to selected business participants (Nordic banks, providers of funding or other services to international businesses and auditors) and authorities (Nordic tax, customs and competition authorities). Business participants were chosen on the basis of their ability to recognise suspicious transactions and close relationship with the international business framework. Nordic banks file a significant number of STRs annually, whereas special funding, innovation or other export service providers as well as auditors have a close relationship to businesses with international functions or export. Nordic authorities were chosen due to their role in identifying and preventing money laundering, corruption and the shadow economy.

In principle, bribery as a form of corruption should be easier to define and identify than other more ambiguous forms, such as unethical "helping" or influencing. However, in practice, bribery is difficult to reveal as it is not always in the form of a financial transaction and, in the Nordic context, it may be imbedded with more structural forms of corruption. Based on the cases that have been in the media, Nordic companies have been suspected of bribing foreign officials and other actors in a prominent position when doing business. Therefore, Nordic anti-corruption policies should also address bribery, even if it is not as prevalent domestically.

International business is transnational by nature, bringing together companies with different customs and practices regarding bribery. International business bribery can be used to get or maintain contracts, affect law-making or reduce import duties.

Bribery can take place, for example, between two companies but also between private business and foreign public officials, whereas third parties and legitimate business structures or actions can be used in corruption or bribery to make them appear like normal business transactions.

Today, money laundering and corruption schemes cross jurisdictional borders and the transnational nature of these crimes imposes difficulties on investigations because information sharing between countries can have its own difficulties due to different systems or practices. Money travels quickly, but international investigations can be significantly slower. Corrupt activities such as bribery can also jeopardise the working of AML systems; however, well-functioning AML functions could also be of use in the development of an efficient anti-corruption framework. Although the project's focus is on corruption and money laundering in international business, in the conclusion and discussion we take the theme further and present ideas to develop the Nordic prevention of corruption framework in general.

Central conclusions of the project divided under following titles:

- More systematic identification and reporting
- Consider administrative sanctions to complement criminal justice processes
- More developed training
- Towards a more integrated approach
- Emerging technologies
- Going forward

7.1 More systematic identification and reporting

In the preliminary stage of KORPEN, we started by researching the connection between bribery and money laundering in the international business framework and the nature of this connection based on the research literature, international evaluations[296] and means of measuring corruption[297]. The connection between these phenomena is inevitable and, as they tend to occur simultaneously, in some of the research literature the connection was described as very close, even symbiotic. The reasons for laundering illicit funds in general are, firstly, to hide them from law enforcement and, secondly, to invest them and thus make them appear legitimate. Corruption and bribery can take place before the process of money laundering or enable the laundering process at any given stage. Also, the shadow economy can produce illegal proceeds, which links it closely to money laundering and corruption.

Generally, anti-corruption and AML strategies include the shared objective of international cooperation in reducing and confiscating the proceeds of financial crime and preventing the mix of illicit assets with legal economies.[298] In general, we could say that AML programmes can be used in countering corruption because these two phenomena can feed each other.

However, the challenge is that the Nordic countries (excluding Finland) lack comprehensive anti-corruption strategies. However, all the Nordic countries have

296. OECD Working Group on Bribery in International Business Transactions Evaluations, GRECO Evaluations, Transparency International's Exporting Corruption Progress Report 2020, FATF Evaluations (MER and FUA).
297. Corruption Perceptions Index, Nordic Business Ethics Survey, Special Eurobarometer.
298. Chaikin & Sharman 2009, 125.

systematically reviewed and improved their AML systems to enable the successful prevention, investigation, prosecution and sentencing of money laundering offences. Nordic AML processes and practices are viewed as possibly benefiting the fight against corruption because they already include mechanisms such as gathering a great deal of financial intelligence, strong legal instruments such as the confiscation of criminal proceeds, and international cooperation for tracing financial crimes. Although there are several international organisations that evaluate countries on the basis of the prevention of corruption, the FATF, with its Recommendations, evaluation processes and an obligation for member states to prepare national risk assessments, has been able to truly root its processes into countries' frameworks combatting ML/TF.

However, it could be stated that the prevention of corruption is not as structured nationally as AML. In the light of our survey, anti-corruption did not seem to be a priority for tax, customs and competition authorities; although, when identified, it is reported to the law enforcement authorities. However, this practice is more reactive than preventive or risk-based. Reports are only made when one comes across an occasional case, not after deep and systematic screening or risk assessment-based monitoring of mass data.

Businesses have integrated anti-corruption and customer integrity practices with their AML programmes. However, it is possible that the identified cases of suspected corruption are dealt with internally without reporting them to law enforcement authorities. Ideally, Nordic companies (especially the ones that are obliged entities under AML legislation) should report both money laundering and corruption with an equally low threshold to Financial Intelligence Units (FIU). Only in this way can FIUs have enough data to train the technological tools that use AI in the identification of potential corruption. Therefore, we recommend the anti-corruption measures even if there is no legally binding framework to boost the anti-corruption measures.

Transparency and tracking the origins of funds are at the core of a successful AML system. Other examples of strong AML functions include customer due diligence and beneficial ownership registries. These boil down to the obliged entities' capacity to identify suspicious transactions. These mechanisms can also support the identification and combatting of corruption. Other important mechanisms to counter corruption include confiscation without conviction (i.e. freezing of suspected criminal assets or financial transactions) and efficient information sharing between FIUs, which are also core AML methods.

At this stage, indicators in money laundering (including trade-based money laundering) and corruption are available, but these are rather general or only focused on certain sectors or industries. Given that Nordic case examples and especially convictions are still quite rare, all companies should evaluate their own business sector's risk of corruption with indicators that fit their own business sector and particular business models. This could be done in three steps. First, the risk of corruption could be evaluated on the basis of indices and qualitative information, i.e. does it seem likely that corruption might emerge in the field. Second, this information could be complemented with quantitative data indicating how much corruption exists based on, for example, whistleblower reporting, STRs filed with an FIU, and which business field, companies and to which countries these suspected cases are connected. In the Nordic countries, public procurement processes and

public actors especially at the municipality level are susceptible to corruption, which needs to be considered when assessing risks. Third, each actor should form indicators on the basis of a risk-based approach. This includes evaluating their own compliance and vulnerability (is there sufficient staffing for AML and AC, is there awareness training, transparency of decision making, superior supervision, etc.). A risk-based approach takes into consideration external threats and internal vulnerabilities and helps identify weak links that might make corruption possible.

In other words, indicators for monitoring should be tailored to suit either specific business models or industry-specific needs. These indicators should be updated according to risk assessments and future forecasting actions.

Although a very large number of STRs are conducted each year, only a fraction of these include a clear indication of corruption. Reporting a suspicion of corruption is not as clear as a suspicion of possible money laundering; although at this stage both are filed through STRs. This should be made clearer to obliged entities and others with possibilities in identifying corruption. Businesses report having their processes in check and seem to have more capacity and structures in financial crime prevention compared to authorities. Although national and international regulation require certain efforts and activities, businesses have their own incentives as well, such as possible reputational risk and internal obligations. Automated technology development would offer a possibility to enhance the accuracy of identification and reporting. Currently, there are not many tools available for corruption-specific monitoring or analysis.

Nordic FIUs reported that cooperation between obliged entities and FIUs and the quality of STRs are key to combatting the money laundering of illicit funds. The FIUs' work starts from the STRs, and the quantity and quality of these are core elements in identifying and later investigating corruption by other authorities. FIUs are generally able to run searches and sort out the STRs with indications of corruption. They would also benefit from indicators that would specify bribery in money laundering schemes.

If reporting a suspicion of corruption leads to a possible increase in STRs, it is crucial to secure the resources of FIUs and LEAs responsible for investigating suspected corruption and money laundering. The processes need to be thoroughly efficient so that the expensive preventive programmes and tools lead to a number of reports that are possible to investigate and have an actual impact. There is also a possibility of exploring the option of having a different authority responsible for handling suspected cases of corruption.

In 2008, the obligation for some authorities (border guards, tax and enforcement authorities and the ombudsman) to identify ML/TF alongside their own duties was added to Finnish (money laundering) legislation.[299] The government's proposal states that their tasks provide the same conditions for assessing the suspicion of transactions as for obliged entities. The tasks of the key actors can be viewed quite similarly in the Nordic countries and, therefore, it could be useful to require border guard, tax and enforcement authorities and the ombudsman to pay attention to corrupt practices as well, as corruption and money laundering are closely interlinked.

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299. 2017/444 Act on Preventing Money Laundering and Terrorist Financing. Chapter 9, Section 5 General duty of certain authorities to exercise care.

The monitoring of business transactions related to domestic and international PEPs is already involved in AML obligations and it would be logical if other common indicators of the risk of corruption were also similarly monitored by obliged entities as well as authorities. Although corruption does not need to be identified as a predicate offence to money laundering when filing an STR, the obligation to report any kind of indication of corruption should be made clearer to authorities as well as to businesses. The WGB recommends acting to detect foreign bribery through the AML system, which reflects on STRs and also the work of FIUs.

However, possible regulatory changes alone are not enough and, as mentioned earlier, there is also an evident need for training, guidance and resourcing around the fight against corruption at the operational level. Despite the fact that Finland has the above-mentioned duties for selected authorities (including border guards, tax and enforcement authorities and the ombudsman), these authorities filed a total of 90 STRs in 2020, which supports the need for general training and awareness-raising. For example, banks filed about 12,000 STRs, payment service providers (including currency exchange) 20,000, gambling companies 11,000, and virtual currency providers 9,000. Accountants filed 31 STRs and auditors 18. The number of manual declarations by both the authorities and the obliged entities are small in relation to the number of actual customers and transactions carried out by these customers.

In addition to STRs, there is a need for a separate channel to report corruption to authorities. The EU's Whistleblowing Directive[300] established common minimum standards for the protection of whistleblowers, i.e. persons who report breaches of specific EU or national legislation (e.g. non-compliance with anti-money laundering legislation or corruption). According to the Directive, private and public agencies with 50 or more employees, financial sector agencies and obliged entities under the AML regulation are required to implement an internal channel for reporting. In addition, there should be an external reporting channel available to those who do not have an internal channel in use or internal channels are compromised (e.g. a person is afraid of the consequences or suspects that reporting will not lead to appropriate action).

Recommendations for the Nordic countries

- Develop specific corruption risk indicators for different sectors and industries
- Raise awareness of business model- and business sector-specific indicators of corruption
- Develop easy to use internal and external whistleblowing reporting mechanisms for suspected corruption
- Lower the threshold for reporting suspected corruption to the FIUs with STRs so that there will be more data for use in the training of AI tools
- Ensure the resourcing and expertise for analysing reports of suspected corruption and money laundering (currently Financial Intelligence Units)

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300. European Council Directive 2019/1937.

7.2 Consider administrative sanctions to complement criminal justice processes

Corruption, money laundering and other financial or white-collar crime are notoriously difficult to detect and investigate. Funds travel quickly across jurisdictions and money can be located in tax havens or layered in multiple ways to conceal its illegal origins. Quick transactions, information exchange, international investigations and evidence-gathering impose challenges on the investigation and prosecution of these crimes. Moreover, processes are long and costly, and rarely lead to convictions. New methods and better resources are ways to tackle these problems.

Punishments, or rather the lack of them, are among the key problems the Nordic countries share. Especially with financial crime, prosecuting and sanctioning are difficult because of, for example, cash payments or the burden of proof in court. The Nordic countries do not have many cases or convictions in international business bribery, which leads to the question of whether legal trials and convictions are the best way to prevent and tackle bribery in the first place. FIU Finland noted in the survey that pre-trial investigations and charges pressed against suspected international business-related corruption cases have had very little success in the Finnish courts, and they suspect that this has had an impact on how actively the fight against this kind of crime has been pursued.

The Nordic countries are viewed as countries with generally low levels of petty corruption such as bribery, whereas old boy networks, nepotism, conflicts of interest as well as other structural forms of corruption are more relevant in the Nordic context. Business bribery and other forms of corruption do take place in the Nordic countries as well, as high-level case examples and the statistical information show. The assessed country evaluations have highlighted several shortcomings within the Nordic countries' regimes for the prevention of corruption and recommend improvements in national policies, such as the regulation of the use of third parties and the protection of whistleblowers.

The Nordic countries rely on trust and integrity but have been criticised for having limited anti-corruption efforts. Very few investigations into foreign bribery, the lack of resources and insufficient levels of enforcement and coordination, although scandals regarding corruption in international business have emerged regularly in recent years, raise concerns in international organisations and evaluations. Thus, training and raising awareness in laundering the proceeds of the bribery of foreign public officials should be targeted by the Nordic countries.

In recent years, there have been several high-level corruption cases involving extensive bribery practices in international business transactions involving Nordic companies. The related industries have included, for example, telecommunications, defence, transportation and finance (banking), see also Chapter 3.2.[301] All of these are high-volume, high-profile industries with massive financial flows and contracts. As noted previously, in these kinds of international cases, investigations are long and difficult, with relatively few convictions to date. There is an evident need for raising awareness of corruption in the Nordic countries, so that identifying cases can ultimately lead to more investigations and convictions. This also calls for adequate resourcing.

As not many cases have resulted in convictions, the deterrence effect of these is

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301. Transparency International 2020.

rather weak in the Nordic countries. However, there is the expected negative publicity and reputational damage for such companies if corrupt practices or the laundering of criminal proceeds are exposed. Also, the possibility of funding being called back is a deterrence itself. There has been a suggestion of using a two-pronged approach to corruption prevention in businesses: preventive measures and legal measures. Preventive measures could be combined with administrative sanctions, but this requires supervision, similar to anti-money laundering. For example, the current Finnish Act on Preventing Money Laundering and Terrorist Financing enables supervisors to impose administrative fines, public warnings and penalty payments in cases of violation of the law or duties.[302]

By the increasing demand for transparency in business culture, companies are expected to focus even more on business ethics, compliance and corporate conduct.[303] Research also supports the view that ethical business cultures and climates have a positive influence on ethical decision making.[304]

Company compliance can take many forms, but there are a few steps or basic elements to preventing corruption. The first is to make a public commitment to zero tolerance of corruption and communicate this to employees, business partners and stakeholders. Embedding these values in the company culture is done as part of an ethics programme, based on a risk assessment with due diligence measures, and implemented through training. Another step is to give employees an opportunity to report unethical conduct, also anonymously.[305] This should be applied to all businesses, not only obliged entities. In addition, the presence of ethical leadership has been identified as essential to developing an ethical corporate culture. All in all, the core ethical values must be infused throughout the policies, processes and practices of an organisation.[306] Although businesses have built solid compliance mechanisms, the identification and reporting of corrupt practices would most likely be more efficient if there would be a supervisory framework to monitor and guide anti-corruption functions.

Recommendations for the Nordic countries

- Further investigate the possibilities of administrative sanctioning for corruption in the Nordic countries
- Explore the possibility of authorities' supervision to support the anti-corruption efforts of businesses, e.g. through legislative amendments

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302. 2017/444 Act on Preventing Money Laundering and Terrorist Financing. Chapter 8, Sections 1-3.
303. Ahlberg & Romberg 2018, 5.
304. e.g. Schwartz 2013, 40.
305. Ministry of Economic Affairs and Employment of Finland 2020, 18.
306. Schwartz 2013.

7.3 More developed training

Our data gathered from selected Nordic authorities showed that there are differences in how corruption is perceived. Some saw the prevention of corruption as being naturally embedded in their functions, whereas others do not have an obligation to look for corruption, but if they come across it, they can report it. Where authorities have their core tasks which they have to take care of, this leaves the measures for combatting corruption more the responsibility of businesses. Since corruption is difficult to detect and more often has many forms, it requires specialisation. In addition, specialising in anti-corruption could also be beneficial in combatting the shadow economy. The survey results show that also combatting the shadow economy is more prevalent in the Nordic countries than combatting corruption. Authorities have several networks and forms of cooperation, both nationally and internationally, but the way these concretely benefit combatting financial crime should be examined further.

According to the surveys, authorities do not seem to train businesses on anti-corruption practices. Businesses train themselves on corruption, and there is an emerging trend for them to conduct internal investigations regarding suspected corruption as well. The prevention of corruption does not seem to be a major focus point for Nordic authorities on the enforcement level, although there are national networks consisting of several authorities responsible for the prevention of corruption. In addition to the differences in how corruption is perceived, compared to money laundering prevention, corruption is more peripheral. For example, none of the Nordic authorities taking part in the surveys have dedicated personnel or units for anti-corruption.

Our survey was able to confirm that businesses have resources and training to prevent corruption. Authorities can and will also report to FIUs if they come across suspicious activities. Still, corruption-related STRs are rare. Corruption might also emerge in the investigation process, and it is not necessary for the obliged entity to identify corruption when filing an STR, but without the ability to identify these cases, there is a risk of corruption going unidentified. According to our survey, LEAs do not train businesses to identify cases, although they do identify and report these to FIUs. Raising awareness of corruption and bribery in the Nordic countries is called for by international organisations.

Consequently, it is of central importance to develop and maintain national and also international information exchange, training and cooperation. There is a lack of contact between businesses and authorities with regard to training, so this cooperation could be enhanced. Internal functions should be made clear and actors should know what is expected of them. As a development, it is important to step out of individual paths and understand the way corruption is connected to the whole scale of financial crime, money laundering included.

Recommendations for the Nordic countries

- Develop training on corruption, especially as a predicate offence to money laundering and the laundering of bribes and the proceeds of bribery

7.4 Towards a more comprehensive approach

Finland is currently the only Nordic country with a national anti-corruption strategy. The strategy is in line with the UN Sustainable Development Goals (2030 Agenda) and the recommendations issued by the UN, the OECD, the Council of Europe and the European Union to Finland.[307] The European Commission has stated that a national strategy can translate political commitment and visions into concrete action. These strategies can ensure that individual legislative or institutional loopholes are not addressed only individually but that anti-corruption regulations are considered in all policy areas in order to have a real impact.[308]

One possibility would be to enhance authorities' efficiency within financial crime prevention by establishing a national, cross-administrational and operational unit that would train and work as a link between authorities. This would help focus the anti-corruption efforts into one actor, without supervisory obligations. Both national and international cooperation is important, and this unit could take the lead on coordinating national networking. Currently, the field of the prevention of corruption is quite scattered. However, to ensure the effectiveness of the nominated anti-corruption agency, there needs to be political will and a national strategy, which clearly defines their roles and mandates. Previously, such units have lacked political will and high-level political commitment.[309]

The KORSI project recommends countries have a more comprehensive approach to the prevention of corruption with long-term monitoring, including risk assessment with regular updates. In practice, the project recommends preparing a Serious and Organised Crime Threat Assessment (SOCTA) and sectoral risk assessment on corruption, similar to current practices regarding anti-money laundering and terrorist financing.[310] Also, a national risk assessment would be in order to achieve a clear-cut picture of national corruption risk in different sectors.

Recommendations for the Nordic countries

- All the Nordic countries should develop strategies against corruption
- Explore the possibility of recurring risk assessments on corruption

7.5 Emerging technologies

One of the objectives in KORPEN 2 was to find examples of possible technological methods for analysing big data and possible risk indicators to identify bribery in international business in the Nordic countries. Although new technologies are emerging, their exact use is under-researched and the full potential still unclear. The utilisation of technologies, such as DLT and AI, needs to be examined more closely. New technologies can also impose risks, as they might offer anonymity or new ways of hiding criminal proceeds.

A few technological solutions have been utilised in Europe already, and they were

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307. Anti-Corruption.fi: Anti-corruption strategy.
308. European Commission: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Rule of Law Report 2020, 14.
309. World Bank 2020, 27.
310. Muttilainen, Ollus, Salminen, Tamminen & Välimäki 2020, 28.

presented by Tamminen in the KORSI project report. The project also recommends utilising open data in public procurements and authorities' registries. Basically, this would be done by learning from those countries where automated systems are used to enhance transparency, machine readability and cross-comparison to reveal corruption, such as the Czech Republic and Hungary.[311]

In general, Nordic businesses are more advanced in their use of technological solutions related to the prevention of corruption compared to authorities. However, there have been some efforts to develop methods and technological tools for use in financial crime prevention, such as development projects within FIU Finland. This information and these tools will hopefully benefit other LEAs as well, directly through new convictions or indirectly by supporting the development of other authorities' or countries' systems - via information exchange and cooperation.

New technologies are already in use when identifying suspicious activities related to customers, business partners, transactions and public procurement processes. These include screening and tracking, identifying red flags in details related to transactions or customers. The problems with new technological solutions are related to costs and the possibility of misusing them in corruption and money laundering as well. There are estimates of businesses' budgets doubling in the near future just because of screening, and many technological solutions are out of the reach of smaller businesses.

There is a need for continuity in resourcing for officials to keep the possible new technological solutions and systems functioning properly. Due to the global competition for skilled technological experts, there is a need for authorities to be able to recruit and keep the best employees. Without this, there is a risk of non-integrated technological systems supported by various sub-contractors, and challenges in creating interfaces both within authorities and businesses as well as between them. Technological solutions need updating—for example, AI needs continuous development for it to function effectively. If technologies are to be utilised to a high extent, which becomes more important in the developing environment, short-term projects and high levels of employee turnover should be avoided.

Recommendations for the Nordic countries

- Explore further the possibilities of utilising new technological solutions in corruption and money laundering prevention
- Pay attention to the high turnover rates of skilled employees, especially within the technological field

7.6 Going forward

The two approaches concerning the connection of money laundering and corruption in international business were presented at the beginning of the report. We learned that the anti-corruption framework and AML work function in close relation to each

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311. Muttilainen, Ollus, Salminen, Tamminen & Välimäki 2020, 28.

other in the Nordic countries, sharing some of the same actors. The phenomena are interlinked in a way that they can utilise the same preventive measures. As money laundering and corruption are so closely connected, awareness raising and training on these connections is needed.

When it comes to identifying corruption, there is an evident need for raising awareness of the different forms of corruption in the Nordic and international contexts, and the use of technology is more than welcomed in the regimes for prevention and identification, although the utilisation of technological tools and methods calls for more research to ensure their effectiveness and suitability. This research could examine, for instance, how technologies could be used and how they could be most effective and have an impact on financial crime prevention, such as AML or AC.

From a future research perspective, there should definitely be some effort regarding the utilisation of technological solutions in the Nordic authorities' work. There is a need for more thorough research on how Nordic authorities (and authorities in other countries) implement technological solutions in their functions combatting corruption or money laundering. Here, authorities could probably learn something from businesses.

The EU's Whistleblowing Directive[312], which established common minimum standards for the protection of whistleblowers, is an important tool in the future for preventing corruption and protecting people who report misconduct or unethical behaviour. The national implementation of this directive possibly lowers the threshold for reporting such transactions or behaviours, possibly affecting how corruption is identified in the international business environment as well. Whistleblowing directive is an important mechanism to secure a minimum level of whistleblower protection in the EU member countries. It is a pivotal part of the corruption prevention regime. The current or upcoming legislative changes in regards to the directive in the Nordic countries can be described as a major reform, since they concern so many actors in public and private sectors and municipalities. The content of the directive as a whole makes the process of enforcement rather challenging. Thus, especially possible challenges concerning the scope and how the practical reforms affect the actual protecting of whistleblowers or the amount of reported misconduct in the future need to be followed up. This likely requires some time, awareness-raising and training.

Recommendations for the Nordic countries

- Target future research at relevant topics: There is an evident need to learn more on the technological solutions in corruption prevention, cases through e. g. cases analysis, and international procurements
- Examine and develop different channels and mechanisms to report suspected money laundering and corruption to complement the frameworks combatting these phenomena, and monitor the effectiveness of reporting processes
- Develop whistleblower protection regimes in the Nordic countries and follow-up with the impact

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312. European Council Directive 2019/1937.

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Annex Tables

Annex Table 1. The Organization for Economic Cooperation and Development's Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention) ratification and implementation.[313]

OECD's Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions

	Deposit of instrument of ratification	*Entry into force of the Convention*	*Entry into force of implementing legislation*
Denmark	5 September 2000	4 November 2000	1 May 2000
Finland	10 December 1998	15 February 1999	1 January 1999
Iceland	17 August 1998	15 February 1999	30 December 1998
Norway	18 December 1998	16 February 1999	1 January 1999
Sweden	8 June 1999	7 August 1999	1 July 1999

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313. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: Ratification status 2018.

Annex Table 2. Bribery and corruption risks in different geographical areas[314]

Asia-Pacific	• Cultural practices regarding non-business activities • Bribing of customs officials
Europe	• Use of intermediaries • Abuse of off-set agreements • Corporate entertainment
India & South Asia	• Purchase of unnecessary items due e.g. hidden ownership interests • Connections between bidders or agents • Pressure to select a certain agent or contractor • Questionable invoices • Bribe extortion
Middle East	• The provision of gifts and kickbacks • Conflicts of interest • Little or no DD on suppliers and agents • Lack of clear guidance within organisations on acceptable or unacceptable business practices • Facilitation type payments (e.g. in issues like obtaining visas)
Africa	• Pressure to select a certain supplier or contractor • Questionable invoices • Informal payments • Use of intermediaries (e.g. unnecessary use of agents, brokers or facilitators) • Petty corruption in areas like identification books, marriage or birth certificates, driving licenses
Latin America	• Gifts or benefits in relation to land development and appropriation • Complex bureaucratic procedures and regulations • Use of intermediaries

314. Loughman & Sibery 2011, Chapter 10.

Annex Table 3. GRECO evaluation rounds[315]

Evaluation round (launched)	Examines
I (1st January 2000)	• independence, specialisation and means available to national bodies engaged in the prevention and fight against corruption • extent and scope of immunities
II (1st January 2003)	• identification, seizure and confiscation of corruption proceeds • public administration and corruption (auditing systems, conflicts of interest) • prevention of legal persons being used as shields for corruption • tax and financial legislation to counter corruption • links between corruption, organised crime and money laundering
III (1st January 2007)	• incriminations provided for in the Criminal Law Convention on Corruption (ETS 173), its Additional Protocol (ETS 191) and Guiding Principle 2 (GPC 2) • transparency of Party Funding with reference to the Recommendation of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns (Rec (2003) 4)
IV (1st January 2012)	Prevention of corruption in respect of members of parliament, judges and prosecutors • ethical principles and rules of conduct • conflicts of interest- • prohibition or restriction of certain activities • declaration of assets, income, liabilities and interests • enforcement of the rules regarding conflicts of interest • awareness
V (20 March 2017)	Preventing corruption and promoting integrity in central governments (top executive functions) and law enforcement agencies • ethical principles and rules of conduct • conflict of interest • prohibition or restriction of certain activities • declaration of assets, income, liabilities and interests • enforcement of the rules regarding conflicts of interest awareness

315. Council of Europe: Evaluations.

Annex Table 4. The latest OECD WGB evaluation reports.[316]

Country	The latest OECD WGB evaluation reports
Denmark	2015 Follow-up Report to Phase 3 Evaluation; 2013 Phase 3 Report
Finland	2020 Additional Written Follow-up Report to Phase 4 Report2019 Follow-up to Phase 4 report; 2017 Phase 4 Report
Iceland	2020 Phase 4 Report2018 Additional Follow-up to Phase 3 Report; 2018 Additional Follow-up to Phase 3 Report; 2013 Follow-up on Phase 3 Report 2010 Phase 3 Report
Norway	2020 Follow-up to Phase 4 report; 2018 Phase 4 report
Sweden	2014 Follow-up on Phase 3 report; 2012 Phase 3 report

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316. OECD: Country reports on the implementation of the OECD Anti-Bribery Convention.

Annex Table 5. Transparency International Enforcement Recommendations[317] (Continued on next page)

Country	Recommendations
Denmark	• Improve transparency of enforcement information concerning foreign bribery
	• Formulate an overall strategy, an action plan and a monitoring framework for more effective implementation of legislation related to combatting bribery of foreign officials
	• Adopt holistic whistleblower protection legislation which covers both EU and non-EU regulated policy areas
	• Extend foreign bribery legislation to cover Greenland and the Faroe Islands
	• Establish a permanent structure within the national authorities to act as the lead institution for implementing this strategy
	• Impose significantly higher fines on companies for bribery and introduce other sanctions for natural and legal persons, such as debarment
	• Allocate significantly more human and financial resources to the investigation and prosecution of bribery of foreign public officials
	• Ensure that the police and SØIK have the necessary tools and methods to investigate and prosecute foreign bribery, including, if necessary, to raise the level of penalty to allow the use of special investigative techniques, such as office and home searches
	• Ensure that the Danish Development Finance Institution has effective and transparent anti-corruption compliance procedures and practices
	• Ensure effective supervision and the enforcement of the anti-money laundering framework.
Finland	• Publish statistics on foreign bribery investigations, cases commenced or cases concluded
	• Make the Beneficial Ownership Register publicly available
	• Increase the maximum penalty for corporate crime
	• Introduce legislation and establish whistleblowing channels consistent with the EU Directive
	• Increase resources for enforcement authorities to conduct foreign bribery investigations
	• Provide training for law enforcement officials and the judiciary on the foreign bribery offence and its application, and consider assigning foreign bribery cases to courts or judges with specialised skills and experience
	• Raise awareness of foreign bribery laws among exporting companies.

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317. Transparency International 2020.

Annex Table 5. (Continued) Transparency International Enforcement
Recommendations

Country	Recommendations
Norway	• Improve data collection and publish statistics on foreign bribery enforcement • Fully establish the central register of beneficial ownership information • Approve legislation further cementing the liability of companies for the offences committed by intermediaries • Improve the system for non-trial resolution of bribery cases • Improve coordination among law enforcement authorities, including the Financial Intelligence Unit, to fully engage and use all available resources, including intelligence, against foreign bribery • Provide better information on how penalties (fines) are calculated.
Sweden	• Establish a comprehensive database of statistics on foreign bribery investigations and other information on foreign bribery cases, in order to enhance information accessibility • Introduce a legal framework for settlements and plea bargaining, as a channel to hold companies to account for wrongdoing and resolve foreign bribery cases without resorting to a full trial or administrative proceeding • Strengthen the Whistleblowing Act to include protection of the whistleblower's identity and requiring employers to facilitate the reporting of misconduct • Review the provisions on dual criminality • Develop provisions requiring companies to take preventive measures, with a view to achieving modern and effective bribery legislation, including enacting a new law on liability for legal persons.

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