

Companies' Attitudes to the Money Laundering Act (503/2008) in Finland

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Abstract <p>The companies operating either in the domestic or international markets might become target of money laundering crimes. The purpose of the European Union Commission's proposal for the fourth anti-money laundering directive was to lower the cash payments thresholds from 15.000 euros to 7.500 euros related to the companies' obligations to act. The renewed directive will apply to even more companies than before. Especially the non-financial sector is lacking the knowledge of the influences of an anti-money laundering strategy.</p> <p>The aim of the research was to explore how companies in Finland respond to the Act on Preventing and Clearing Money Laundering and Terrorist Financing (Act 503/2008). Strategic responses to the institutional pressures (Oliver 1991) were applied as the main theoretical framework. The companies' awareness, obligations and practices regarding the Money Laundering Act were taken into consideration. The survey was conducted as an online survey with the questionnaires sent to 780 companies in six regions in Finland. A quantitative research method was chosen to analyze the primary data from 102 respondents.</p> <p>The research results show that more than half the companies had not prepared any anti-money laundering strategy although they thought that the Money Laundering Act was necessary. The companies controlled the institutional pressure by acting differently in practice from what their attitudes were. The results made it possible for the government and companies' management to discuss practical behavior models for business use. The results may be applied in the Nordic countries. Future researchers should consider the effects of the fourth Anti-Money Laundering Directive (effective from July 2015 onwards), the verification of the effects of the current and new Acts, and an action research to create practical models of anti-money laundering strategies.</p>		
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Tiivistelmä <p>Yritykset jotka toimivat joko kotimaan tai ulkomaan markkinoilla voivat joutua rahanpesurikosten kohteeksi. Euroopan unionin komission neljännen direktiiviehdotuksen tarkoitus, oli alentaa yritysten toimintavelvollisuus käteiskaupassa käytävien summien osalta 15.000 eurosta 7.500 euroon. Direktiivi uudistus koskee aiempaa useampaa yritystä. Erityisesti muiden kuin rahoitusalan sektorilta ei ole riittävästi tietoa rahanpesun vastaisen strategisen toiminnan vaikutuksista.</p> <p>Tutkimuksen tarkoituksena oli tutkia kuinka yritykset suhtautuvat lakiin rahanpesun ja terrorismin rahoittamisen estämisestä ja selvittämisestä Suomessa (2008/203). Teoreettisena viitekehysenä käytettiin strategisia toimintatapoja institutionaalisten paineiden kohtaamiseen (Oliver 1991). Yritysten tietoisuus, velvollisuudet ja käytäntö rahanpesulain suhteen huomioitiin tutkimuksessa. Tutkimus toteutettiin nettikyselyä ja lähetettiin 780 yritykselle kuudelle eri alueelle Suomessa. Tutkimuksessa käytettiin kvantitatiivista tutkimusmetodia ensisijaisen tiedon analysoinnissa 102 vastaajalta.</p> <p>Tutkimustulokset osoittavat, että yli puolet yrityksistä eivät olleet laatineet rahanpesun vastaista strategiaa, vaikka yritysten mielestä rahanpesulaki oli tärkeä. Yritykset kontrolloivat institutionaalista painetta käyttäytymällä erilailla käytännössä, kuin mikä oli heidän asenteensa. Tulokset avaavat keskustelun mahdollisuuden hallitukselle ja yrityksen johdolle käytännön toimintamallien luomiseksi yrityksille. Tuloksia voidaan soveltaa pohjoismaihin. Jatkotutkimukseksi ehdotettiin tutkimusta neljännen rahanpesun vastaisen direktiivin vaikutuksista (voimassa heinäkuusta 2015), vertailua nykyisen ja uuden rahanpesulain vaikutuksista sekä toimintatutkimusta käytännön mallien luomiseksi rahanpesun vastaisista strategioista.</p>		
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1. Introduction

This research is about companies' responses to the Finnish Money Laundering Act 503/2008. The companies and individuals selling valuable items and carrying out 15.000 EUR transactions or more, are obliged to apply a risk analysis approach in their customer due diligence (Act 503/2008). This research explores companies' behaviors and attitudes to the Money Laundering Act in Finland. The money laundering is a complex criminal process. (Peurala 2009, 83.) The European Union provides guidelines to the member countries for anti-money laundering actions in the third money laundering directive (Directive (EU) 2005/60). The European Union has not provided the tools to measure the influences of an anti-money laundering strategy, especially in the non-financial sector. The challenge is to measure how the regulations are implemented and what the results are. (Peurala 2009, 84.) This is why it is important to study whether the companies meet the legal requirements of the Money Laundering Act. Companies' obligations to report suspicious action are examined through their behavior and attitudes in their business transactions and customer due diligence processes. The research of organizations' behavior and strategic responses is analyzed with the help of institutional theory.

1.1 How Money Laundering Started

Money laundering as a crime is not a new phenomenon. Money laundering came to be known as early as the 1920s in the United States, when the mafia sold illegal alcohol and ran illegal gambling operations. The criminals understood then that taking large amounts of cash to the bank would have been suspicious. Consequently they established coin-operated laundromats, which allowed the illegally obtained cash to flow into the legitimate economy. Coins from the laundromats were a totally justified action to deposit to the bank or to exchange to the banknotes. (Sahavirta 2008, 19.)

Money laundering still has a very important role within most organized crime. The purpose of money laundering is to transfer criminally acquired money to the legal economy. Money laundering is often preceded by predicate offense and is most

often associated to economic crime, human trafficking and drug traffic. (Sahavirta 2008, 21-24.)

1.2 Globalization and Challenges

Globalizations of technology and business have expanded the global views of business markets. The integration of markets provides an opportunity for companies and individuals to operate in the worldwide markets. The access to the markets is cheaper, easier, and faster than ever before. The evolving process is continuous, and expeditious, as the world view of individuals will continue to change. Through technology and mobile devices, the access to the World Wide Web is easy and possible almost everywhere in the world. While the continuing globalization has provided new opportunities for business and mobility of people, it has also brought new threats. International and global systems have led to new opportunities for criminals. One of these global criminal threats is money laundering. Money laundering crimes have brought totally new challenges for the financial sector regulatory and law enforcement authorities. (Schroeder 2001.)

In recent years the World Bank, United Nations, International Monetary Fund, and European Union have been paying more attention to anti-money laundering actions. It is essential that the countries have harmonized guidelines for preventive actions in this global combat. (Ibid. 2001.) A prerequisite for efficient operations is a uniform legislation and the implementation of laws in different countries and regions. If national regulations are inadequate, operation of organized crime in the country is enabled. The significance of preventive measures carried out in one nation is reduced if another country does not effectively combat money laundering. (Sahavirta 2008, 61.) A country where anti-money laundering regime is weak is a money laundering paradise (Schott 2006, 1-9).

Since money laundering is a globally growing crime, anti-money laundering actions are continuously discussed in the European Union. In March 2014, the European Union Commission prepared the draft for the fourth anti-money laundering directive. (European Parliament News 2014.) The main change to the scope of the directive is that the limit of cash payment will be reduced from 15.000 EUR to 7.500 EUR. This will apply to all trades of valuable goods or services. The change is going to affect to a

greater number of companies which are carrying out occasional transactions.
(COM/2013/045 final.)

1.3 The Motivation for the Research

Money is the main reason for all kind of criminal activity. By laundering money, the criminals are trying to eliminate the origin of the money so the money will not be linked to them. (UNDOC 2015.) In recent years the newspapers and media have been reporting money laundering cases wherein Finnish citizens and Finnish companies have been heavily involved. Specifically a case in which chief police Aarnio's wife was charged with aggravated money laundering (Yle News 2013). Another case is Sunny Car Center wherein funding for the Car Center in Hämeenlinna was sought from abroad from Zambia's former president's widow (Yle News 2014). The case of Finnair's pilot also appeared in the news in 2015, when he had been caught in Australia. In his and his wife's possession cash money worth more than 500.000 EUR was found. (Iltasanomat News 2015.)

World markets are more and more globalized, and the companies and individuals have become easy targets for money laundering attempts. Often the complicit of companies in this kind of criminal activity occurs imperceptibly or unintentionally. Further lower barriers to electronic financial systems along with the possibility of free travel inside the European Union, have contributed to this kind of criminal activity. (Schroeder 2001.)

In Europe and in Finland the Money Laundering Act is focused on preventive actions. The notification procedure is determined in Money Laundering Act (503/2008) and the Finnish National Bureau of Investigation has published a guide of the Best Practices in Prevention of Money Laundering. The Finnish National Bureau of Investigation and the Finnish Intelligence Unit (FIU) cooperate in dealing with reports submitted to them on suspicious cases from different stakeholders. The FIU will take further action on the basis of notifications. (Financial Supervisory Authority, 2014.)

During 2014 the FIU received a total of 23 062 notifications from different stakeholders. These are shown in Figure 1:

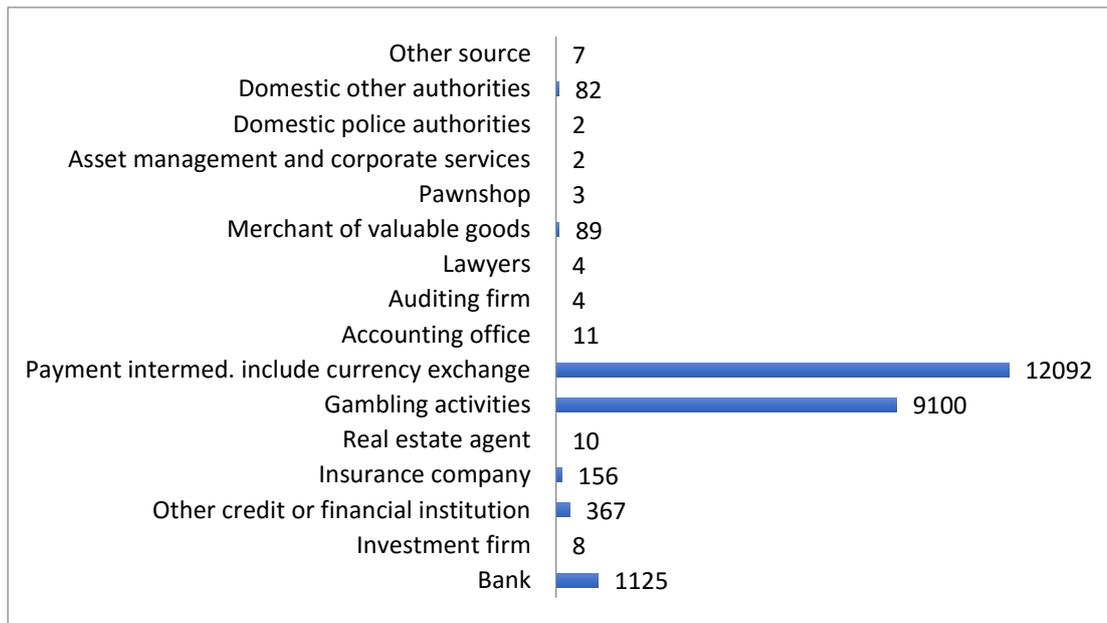


Figure 1: Stakeholders notifications to FIU of suspicious transactions during the year 2014

(Finnish Intelligence Unit Annual Report 2014, 8)

The number of reported money laundering cases, during 2014 shows that this global criminal activity can also be found in Finland. The anti-money laundering war has become a game between the governments and criminals. As soon as the money laundering law is extended to prevent the criminal actions, the criminals find new ways and places, to launder money. It is important that the companies which are selling valuable items are participating in preventive actions. The companies should follow the risk-based approach to know their customers, especially when selling valuable items or services. (Schroeder 2001; Schott 2006, VI-27.)

The motivation for this research is the lack of knowledge how ordinary companies are actually responding to anti-money laundering act. I chose this topic since I am working in Advocate Office and I have realized that this particular law is an emerging law. Even the professional regulated sectors seem to have difficulties to follow adequate customer due diligence procedures in their business transaction. The key personal motivation for the research has been the personal concern of the lack of knowledge of the Anti-Money Laundering Act. Also the globalization and the growing amount of money laundering crimes have made me think about individuals and companies responsibility to prevent these criminal actions.

The purpose of this study is to understand how companies are behaving in relation to the Money Laundering Act. This study will bring a new insight to the studies of money laundering statutes and to provide knowledge to the different authorities such as government and government organizations. The research will help authorities to understand the level of awareness of this particular law. The motivation for this research stems also from European Union's Commission's fourth directive proposal for anti-money laundering and preventing financing terrorism. The Commission's goal is for the member countries to better identify and understand the risks of money laundering and terrorist financing. (European Parliament News 2014.)

1.4 The Research Question

Based on the information given earlier, the criminals have found their potential to operate in global markets. They try to find the countries that are not able to restrain the criminal activity and use these countries as a base for their criminal actions. Therefore, a universal fight to prevent money laundering and terrorism is needed.

The research problem is arising from the Finnish Money Laundering Act (503/2008), which is affecting to the Finnish companies' customer due diligence and customer risk-based approach. In other words, how well the companies know their customers and how they evaluate if the business transaction includes any risks. Different laws and norms are putting pressures on the entities. The companies are trying to balance their operations with these regulations and norms.

According to earlier studies it is obvious that the companies' behavior in the case of Money Laundering Act is an area that has not been well researched. Some earlier studies of anti-money laundering law's impacts have been done from the specifically regulated entities, such as banks, insurance companies and auditors. This research is concentrating on companies' actions. It is important to study them with the help of institutional theory.

The most important question is the companies' behavior. The research is proceeding by presenting the main research question and three sub questions:

How are companies in Finland responding to the Act on Preventing and Clearing Money Laundering and Terrorist Financing (Act 503/2008)?

- What is the companies' knowledge of the Money Laundering Act?
- How have the companies accomplished the obligations of the Money Laundering Act?
- How does the Money Laundering Act influence to the companies' operations?

In order to analyze the companies' attitudes and to answer research questions, the research was done as a quantitative research. The implementation of the study was based on the quantitative method. The study also included the review of earlier literature, making a research plan, collecting and analyzing data, and finally reporting the results and the conclusions. The institutional theory helps to understand the strategic responses that the companies are performing when facing the institutional pressures such as Money Laundering Act. The research questionnaire was sent to 780 companies and 102 responded via Webropol to the questionnaire. The sampling methods were used as a tool to select the target companies. The sampling frame was selected by using a multi-stage sampling process and stratified sampling method. The Likert scale was used on a questionnaire to measure respondent's attitudes. This allowed the greatest amount of numerical data for the SPSS (Statistical Package for the Social Sciences) program. The data was analyzed by statistical methods.

1.5 The Structure of the Thesis

This thesis consists of five different chapters. Chapter one is an introduction to the research topic and describes the topicality of the subject. Chapter two is the literature review and is divided into three different parts. The first part defines the money laundering history, legislation and the different stages of money laundering. The second part explains how the Money Laundering Act is affecting the companies' operations: obligation to inform of suspicious actions, anti-money laundering actions and risk-based approach, and customer due diligence processes. The literature review is continued in the third part which explains the institutional theory and the theoretical framework. The theoretical framework in this study is Christine Oliver's (1991) strategic choices model. Chapter three explains the research methodology

and chapter four is describing the results of empirical study. Chapter five summarizes the research results, and discusses limitations and possibilities for future research.

2. Literature Review

In this literature review chapter, the definition of money laundering is explained, followed by the relevant legislation, the stages of money laundering, and companies' obligation to report from suspicious transactions. Next, the concepts of a risk-based approach and customer due diligence, and how these are affecting on companies' operations are described. The chapter is concluded with the presentation of institutional theory and the theoretical framework.

2.1 What is Money Laundering?

Money Laundering is an intelligent and a complicated process where modern technology is used as a tool to remove the original source of the money. World Bank has defined money laundering: "It is the process by which proceeds from a criminal activity are disguised to conceal their illicit origins" (Schott 2006, I-1). Traditionally people tend to describe money laundering as: "turning dirty money into clean money, washing drug money, and disguising criminal money" (Hopton 2009, 1). The majority of money laundering actions are related to the commercial transactions and the principle reason is to hide the origin of the funds (Huhtamäki 2000, 276).

Hopton (2009) states "money laundering occurs every time any transaction takes place or relationship is formed which involves any form of property or benefit, whether it is tangible or intangible, which is derived from criminal activity" (2). For example, a person can receive assets from selling real estate and deposit the funds to the bank account in another country. The sale is completely legal until the person forgets to report this to the tax authorities of the country where the profit was earned. Of course, the bank which is receiving the money is unaware of the customer's neglected tax report and thus the bank is unintentionally laundering these funds for the customer. (Hopton 2009, 2.)

Huhtamäki (2000, 278) is mentioning that some sources are distinguishing the difference between the concepts of "dirty money" and "hot money". He states that

dirty money can be criminally acquired and the hot money is usually the assets that are untaxed. Sometimes hot money can be dirty. This occurs when the person is not declaring the foreign assets.

2.2 Money Laundering Legislation

Money laundering arose in discussions in the 1990s, when money laundering was discovered to be one of the most important international crimes. During that time the different international organizations woke up to look into the possibilities of combating money laundering. At that time criminals misled banks, insurance companies or other credit institutions by incorrect information about the actual quality of the property. (Sahavirta, 2008, 19-21.)

2.2.1 Global Cooperation

In discussion of money laundering, one must consider that many international organizations are affected by money laundering and terrorist financing (Melander 2010, 264). The money laundering regulations are based on several international standards. The aim of the regulations is to ensure that customer due diligence practices are integrated on a uniform, global basis. Behind the international regulations are, for example, the United Nations' general agreement from the year 2000 and the Agreement of Confiscation of Strasbourg from the year 1990. The Vienna Convention (1988) on drug related crimes is seen to have the largest international influence in this area of law. (Melander 2010, 264; Brooks 2012, 305.) Huhtamäki (2000, 285) however states that the scope of this treatise is very narrow and it only applies to crimes where narcotics relates to the money laundering.

The United Nations has a global programme called UNDOC which is helping the United Nations' member countries develop each country's legislation and control the legislation operations (UNDOC 2015b). The universal guidelines for combating money laundering are set by the Financial Action Task Force (FATF). FATF was founded in 1989 and it is operating under the Organization for Economic Co-operation and Development (OECD). (Financial Supervisory Authority 2014.) FATF is an inter-governmental organization which sets standards and encourages the FATF member countries to implement money laundering and terrorist financing law. The 40

different FATF recommendations are set to give an international standard to identify threats and to set an international standard to apply preventive actions in each country. FATF has also prepared nine separate recommendations to prevent terrorism financing. (FATF recommendations 2013.)

2.2.2 The Measures of the European Union

In the European Union the anti-money laundering and terrorist prevention actions started at the beginning of 1990's (Melander 2010, 265). The European Union's skeleton law is from the year 2001. It imposes a maximum sentence for the crime of money laundering as four years imprisonment. (Lahti and Pietikäinen 2004, 113.) The European Union's third anti-money laundering regulation is based on the third directive 2005. This third directive concentrates on preventing money laundering. The aim is that the financial systems would not be used for the purposes of money laundering and terrorist financing. (Directive (EU) 2005/60.) When constituting the European Union Directive, the greatest emphasis has been on the Financial Action Task Force on Money Laundering (FATF) recommendations (Financial Supervisory Authority 2014). Although the European Union's third directive considers the money laundering matter deeper than FATF and is extending the regulation to affect all persons "dealing in goods or providing services for cash payment of 15.000 EUR or more" (Peurala 2009, 63).

The problem is international, and different methods of money laundering vary from one country to another. Offenders remain hidden and conceal their activities in more than one country. (Schott 2006, 1-6.) Different world wide organizations assist countries in fighting against money laundering and financing terrorism. "The ability to prevent and detect money-laundering is a highly effective means of identifying criminals and terrorists and the underlying activity from which money is derived. The application of intelligence and investigative techniques can be "one way of detecting and disrupting the activities of terrorists and terrorist organizations" (UNDOC 2015a).

Usually the countries which have possibilities for money laundering have been at the forefront in developing the anti-money laundering regulations. For example, Switzerland has maintained the reliability of their banking business by building up norms for anti-money laundering. (Lahti et al. 2004, 149.) The revolution of

electronic transactions, the removed barriers for globalization and the integration of economy have resulted in new forms of money laundering appearing in the criminal arena (Peurala 2009, 19).

The most important legal actions of the European Union's fight against money laundering are described in the Proposal for a Directive of the European Parliament and of the Council (COM/2013/045 final). The important actions are gathered in the table below:

Table 1: Important legal actions of the European Union to combat money laundering (COM/2013/045 final)

Regulation/Directive	Valid from	Content
The Third AML Directive Directive 2005/60/EC	26 October 2005	Covers 40 FATF Recommendations and some of the 9 FATF Special Recommendations
Regulation (EC) No 1781/2006	15 November 2006	Information on the payer accompanying transfers of funds (implements FATF's recommendation on wire transfer)
Regulation (EC) No 1889/2005	26 October 2005	Controls on cash entering or leaving the Community (implements FATF's recommendation on cash couriers)
Directive 2007/64/EC	13 December 2007	Payment services in the internal market , Payment Services Directive (implements FATF's recommendation on alternative remittance)
Regulation (EC) No 2580/2001	27 December 2001	Specific restrictive measures directed against certain persons and entities with a view to combating terrorism (implements FATF's recommendation on freezing terrorist assets)

2.2.3 The Money Laundering Act in Finland

The Finnish Financial Supervisory Authority has prepared guidelines in accordance with the Money Laundering Act that became effective on July 18, 2008. The Anti-Money Laundering regulation, "Act on Preventing and Clearing Money Laundering and Terrorist Financing" (Act 503/2008), was enacted in Finland to implement the European Union's Third Anti-Money Laundering Directive and the European Commission Directive. (Act 503/2008; Financial Supervisory Authority, 2014.) In

Finland, the Financial Intelligence Unit, together with the National Bureau of Investigation, processes and investigates suspicious transactions reports. Ministry of the Interior is responsible for the development of anti-money laundering legislation. The Financial Supervisory Authority is responsible for the procedures of risk management and internal control. (Financial Supervisory Authority 2014.)

Earlier in Finland, some of the money laundering crimes were beyond the reach of the law. This was especially true in the cases when one was laundering illicit money alone, for example any outside help or outside parties. This situation is called “self-laundering”. Usually these cases were related to another crime and the offender was sentenced only from the predicate offense. The Financial Action Task Force and OECD criticized the fact that Finnish crime law was not aligned with other European Union countries’ laws. (HE 138/2011.) The Financial Actions Task Force gives a public list of those countries that have not achieved an adequate level of anti-money laundering regulations (Brooks 2012, 305).

The inadequate Money Laundering Act also received a lot of attention in Finnish national news and media. The news wrote headlines like “Most of the money laundering crimes are out of reach of the law” (MTV3 News 2010) or “Aggravated self-laundering must be criminalized” (Taloussanommat News 2011). At the end of October, 2010 a working group from the Ministry of Justice proposed the parliament tighten the penal code chapter 32 and 11 §. The change was accepted on June 1, 2011. The change in the law provided that the preliminary wrongdoer would be convicted money laundering if the crime has been continuous and systematic. (HE 138/2011; Ministry of Justice 2010.)

2.3 The Stages of Money Laundering

Illegal money is usually laundered in several different ways. Money can be used into small cash deposits, or the purchase and resale of luxury items like jewelry and cars. The money can be also transferred in a complex way with several financial transactions. The purpose is to eradicate the origin of the money. Different methods of money laundering vary from one country to another as the regime, economy, international co-operation and complexity of financial markets are unique in each country. (Schott 2006, 19- 110 .)

The different stages of money laundering can be divided according to traditional model which is called the Three Stage -model (Peurala 2009, 22). The Three Stage -model phases are placement, layering, and integration. The following Figure 2 illustrates the processes of money laundering. The figure is adapted from World Bank's and International Monetary Fund's guide of money laundering processes (Schott 2006,I-10).

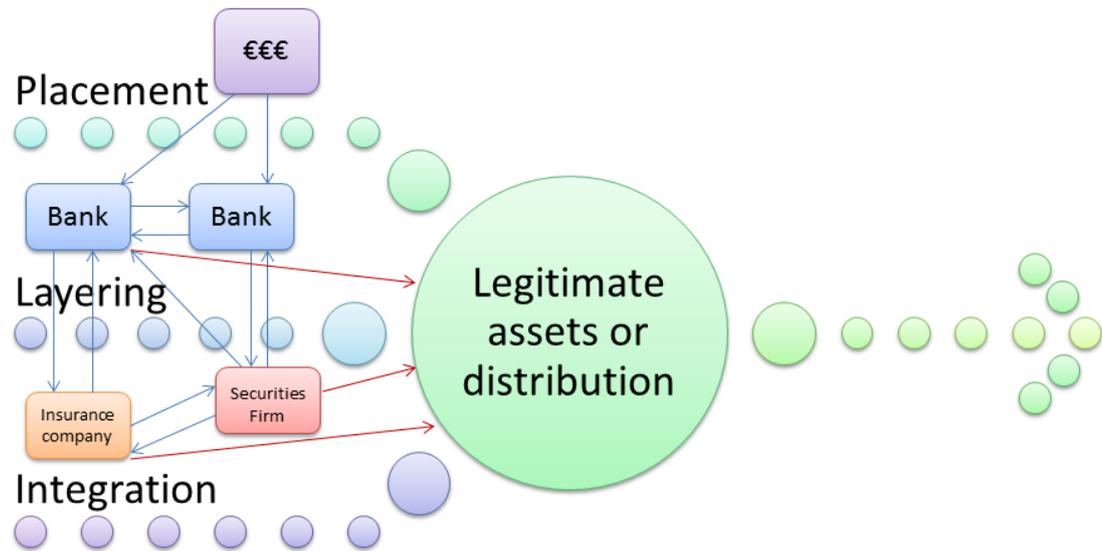


Figure 2: Process of money laundering

(Schott 2006,I-10)

2.3.1 Placement Stage

The placement stage is distributing the illicit money to the financial markets using legal or illegal methods (Schott 2006, 17-19). In other words, the funds from the crime scene are moved to a more convenient place for the criminals (Schroder 2001, 2-3). During this first stage typical methods are to make several deposits with false identification documents or purchase valuable goods and real estates. Criminals are also circumventing the law by having several persons deposit funds into several banks, so that the deposit limits are under the threshold limits of suspicious transactions. This is always a challenge for the financial institutions and a reason to tighten the mandatory reporting obligations of financial institutions. (Peurala 2009, 23-24.)

2.3.2 Layering Stage

The second stage (layering) uses complex transactions to remove the origin of illicit money (Schroder 2001, 2-3). Typically in this phase a lot of false documents are prepared to confuse financial and other institutions. For example, insurance contracts, securities or other funds are moved to different institutions or to a shell corporation. (Schott 2006, 18-19.) "The key to a successful layering operation is to ensure that the layering transactions cross, physically or electronically, borders of several jurisdictions, ideally at least two jurisdictions should be included, or go through various corporations in those jurisdictions" (Peurala 2009, 25). The layering transactions and combinations of different transactions are increasing the difficulty of tracing the illegal source of the funds (Schroder 2001, 2).

2.3.3 Integration Stage

The Integration stage occurs when laundered money returns to the legitimate economy. As in any legitimate business, the purpose is to maximize the profits and reduce tax liabilities. Typically this is done by using false invoices for goods. The funds are moving from one country to another, but the goods do not exist. This is done to create an illusion of legal proceeds. Direct offshore investments are also widely used, especially in tax heaven countries. (Schroder 2001, 3.) According to Peurala (2009, 26) some of the methods used are extremely sophisticated and the cash flows are extremely difficult to detect. "Such transfers can distort the demand for money on a macroeconomic level and produce an unhealthy volatility in international capital flows and exchange rates" (Schroder 2001, 3).

Hopton (2009, 2) and Peurala (2009, 22) argue that these defined money laundering stages can overlap each other and the model can be seen too straightforward. Practically speaking the authorities do not have enough data from different money laundering aspects. The criminals hide their actions well and also adapt their ways of laundering money. Money laundering is a vast international problem. Usually, the financing terrorism is also closely linked to money laundering.

2.4 Obligation to Inform of Suspicious Transactions

The discussion of anti-money laundering must take into account the reporting of suspicious money transferring actions. It is important that the financial and credit institutions, insurance companies, estate agents, lawyers and other related companies report the suspicious acts to the authorities. If the notification is not made and the transaction occurs, the government can prosecute the crime and the proceeds from the criminal action can be confiscated by the state. (Lahti et al. 2004, 116.)

The companies, institutions and their employees are obligated to know their customers. The companies must be sure that the procedures of customer due diligence are done properly and the risk management procedure is followed. If the companies assist in a client's investments or transferring of funds, even though they are suspicious of the customer's transactions, the companies might be guilty of neglecting the Money Laundering Act. (Lahti et al. 2004, 117; Financial Supervisory Authority 2011a.)

The Finnish National Bureau of investigation has published a publication in co-operation with the Finnish Financial Supervisory Authority. This publication of the Best Practices in the Prevention of Money Laundering is a comprehensive guide to anti-money laundering actions. (Finnish National Bureau of Investigation 2012). This publication lists the entities that should be aware of suspicious transactions made by their clients and their obligation to report these suspicious acts. These entities and traders were mentioned earlier. The mere fact that a usual business company detects the possible money laundering among its customers does not make this company liable for money laundering reporting activity. Instead, if the company is a trader of valuable goods, the company must follow the risk based customer due diligence procedures and is obliged to report any suspicious transactions. Any company may have the reporting obligation if the products sold are greater than 15.000 EUR and payment is made in cash. This is particularly taken into account if the single business transaction or interlinked operations exceeds 15.000 EUR. (ibid. 19.) In other words, all the companies selling luxury items such as cars, boats, jewelry, etc. are obligated to know their customers and to report suspicious cash flows to the

Financial Intelligence Unit. Therefore, companies should familiarize themselves in advance to the rigorous requirements of Money Laundering Act. The company should be prepared and able to function properly in the event of a difficult situation. (Schott 2006, IV22-IV25.)

The European Commission has been preparing the fourth anti-money laundering directive. The Commission has been evaluating the impact of the third money laundering directive. According to the Commission's survey many European Union's member countries supported the third proposal that the rules should be brought in line with the revised FATF standards. However, some European Union's member states have also reported that the limit of cash payments to 15.000 EUR is not tight enough. Criminals have been able to take advantage of the relatively high threshold. The biggest change in the new directive proposal will apply to the companies that are traders of valuable goods. The Commission's intention is to reduce the customer due diligence thresholds in the case of cash payment from 15.000 EUR to 7.500 EUR. The new directive and the regulations would apply to a greater number of companies than before. According to the proposal, the companies must take into account the customer identification processes required by the Money Laundering Act in connection with a single transaction worth of 7.500 EUR. (COM/2013/045 final; European Parliament News 2014.)

2.5 Anti-Money Laundering and Risk Based Approach

Anti-Money laundering regulations require firms to evaluate their customers according to a risk based approach. The risk-based evaluation instructions go to extremes even though the most of the customers are not "money launderers nor terrorists". (Salmon 2006, 20.) Should the companies be suspicious of all their clients? Companies must develop a policy which is tailored to the nature of each firm's business. According to the Corbin (2013, 16) most of the risks are found when onboarding new clients. In the future, the companies must be prepared to request detailed information from their clients. Nowadays it is common for the banks to ask for detailed information from their clients. In the article of Finnish ET Magazine a client was complaining that a bank clerk had asked her if she is a Politically Exposed Person. This question is based on Financial Supervisory Authority's customer due

diligence process. The clients also should become more aware that companies are adjusting certain procedures based on anti-money laundering actions. (Vääräniemi 2014.)

A risk based approach of cash payments determines whether the transaction is potentially suspicious (Demetis and Angell 2007, 412-428). Also Bergström, Helgesson-Svedberg and Mörth (2011, 1051) are highlighting the fact that if the system judged the client as not legitimate, the client faces several problems. In Demetis' and Angell's (2007, 412-428) opinion often the non-suspicious clients and innocent individuals are mistakenly reported to the Financial Intelligent Unit and the truly suspicious cases are not declared. They have also faced situations where firms have been concerned whether they are following the risk based approach properly. A good question is whether we can protect these companies from any misjudgment. The company which follows an adequate system to recognize the risks will rarely face sanctions. Bergström and others (2011, 1050) discusses that the traditional thinking of "know your customer" has unfortunately become "a suspicious relationship" between the company and client.

The entrepreneurs are very familiar with the concept of risk or risk management in their businesses. The risk concept was added to the Financial Action Task Force standards in 2003. (Simonova 2011, 346-358.) Bergström and others (2011, 1045) have been examining the risk concept. In their article they have drawn the conclusion that the company first identifies the risk, then company takes steps to dominate it, and finally seeks solutions to reduce consequences.

Warning signals that should be taken account in daily business are given in the Financial Intelligent Unit's publication. Companies are expected to prepare "risk assessments of their customers and divide them into low- and high-risk segments" (Bergström et al. 2011, 1050). The monitoring in a risk-based approach should be continuous. The customer's evaluation in high or low risk categories should be adopted as a continuous process. (ibid. 1051.) The Finnish Financial Supervision Authority has instructed the companies: "Supervised entities must have risk management methods in place for money laundering and terrorist financing that are adequate in view of the nature and scope of supervised entities' business operations. In assessing its risks, a supervised entity needs to take account of the risks related to

its sector, products and services, technological advances, its customers and their operations. Supervised entities must be able to demonstrate to their supervisor that they have such risk management methods in place as required under the Act on Preventing and Clearing Money Laundering and Terrorist Financing for customer due diligence and ongoing monitoring". (Financial Supervisory Authority 2011b.)

In other words, companies must be able to demonstrate how they assess money laundering risks related to their customer relationships and operations, how the customer identification is done, and how they monitor transactions and use of services (Financial Supervisory Authority 2011b). Also Finnish Money Laundering Act 503/2008 chapter 6 is stating that if the entity is not able to implement the actions related to customer due diligence, the entity may not initiate a customer relationship or the business transaction. In addition to this, the entity must report authorities from suspicious actions.

Hopton (2009) brings up the problem that complying with the law is now an essential part of the business and that adopting the risk based approach is a challenge to the companies. It is difficult for the companies' organization to set standards to meet the regulatory responsibilities of money laundering regulations. (96). The companies can prepare the employees to recognize risky situations. Turner (2011, 149) is referring to the specific high-risk money laundering suspect categories which are identified by European Union. The risk is high if: 1) the customer is not met face-to-face contact, 2) the funds are requested to be transferred to a foreign bank account, 3) the company is owned by political person or person in a high position.

As a part of the risk based approach the companies must clarify the actual beneficial owner of client. The beneficial owner is defined by van der Does de Willebois, Sharman, and Harrison (2011, 18) as a person who is actually controlling the assets and benefits from them. Often the beneficial owner is not met on the scene. Instead this person is found behind the client's business. According to the Finnish Intelligent Unit's publication, the beneficial owner is the person who owns more than 25 % of the companies' shares or the person has the right to appoint or remove a majority of the members of the board of directors. (Finnish National Bureau of Investigation 2012, 24.)

2.6 Customer Due Diligence

In Customer Due Diligence it is necessary to know the customer and to understand the justification for the information the customer is giving (Customer due diligence 2013). The anti-money laundering regulations set new requirements for the companies and the organization. The companies must develop their customer due diligence processes. Knowing the customer processes includes 1) customer identification and verifying identity from the documents, 2) identifying client's actual beneficial owner and possible politically exposed persons, and 3) gathering information from the intended nature of the business relationship. Often the companies and their employees feel that these processes and questions are complicated and intrusive to their customers. The challenge is, in spite of inquisitive questions, to maintain the customer service standards. (Hopton 2009, 103-104.)

The companies should know their customers, especially when establishing a new business relationship. The Money Laundering Act requires (Act 503/2008, chapter 2 sections 6-7) that the companies must identify their customers, especially

- if money laundering is suspected in the transaction,
- the given documents or information data are suspected not to be truthful,
- if trade value is 15.000 EUR or the payment is consisting of several smaller interrelated payments.

(Customer due diligence 2013; Finnish National Bureau of Investigation 2012, 17-19; Act 503/2008.)

The banks are rating their customers according to the suspicious activity report. The customer can be moving during the business relationship either in high risk or low risk customer category. (Cocheo 2010, 44-45.) The companies can now ask themselves should they also record their customer's identification data and determine the source of customer's money? The risk based approach in Customer Due Diligence obligates the companies to make risk assessments of their customers. The collected data must be archived during the five years. (Hopton 2009, 113.) This means that the companies, especially selling valuable items, should request identification documents from their clients, determine the owners of the customer

company, assesses the possible risks in the business transaction, and makes reports from these processes. The report must indicate how the customer identification is done and how the risks are evaluated. The Financial Intelligence Unit is monitoring the money laundering regulations in Finland. Companies must create adequate Customer Due Diligence processes and develop risk-based assessment procedures depending on the customer relationship, articles sold and the selling prices. The company must demonstrate to the supervising authority that it has collected sufficiently accurate information about the company's clients and trade. (Finnish National Bureau of Investigation 2012, 16-40.)

The Financial Supervisory Authority has determined the customer due diligence requirements. These requirements are also set forth in the Finnish Money Laundering Act (503/2008). The required actions in Customer Due Diligence according to Pihkala (2013) are:

1. Identify the customer (identification).
2. Check identity by verifying the documents (verification).
3. If someone else is acting on behalf of another person, verify the identities.
4. If the customer company's beneficial owner's ownership exceeds 25%, identify the beneficial owner.
5. Collect data from the client company to verify the kind of business in which it is engaged.
6. Collected data must be documented and stored for a limited time and updated regularly.
7. The company must identify a contact person for money laundering cases and train the staff to act in risk situations without delay. Staff training must be ongoing.
8. The company must develop risk management practices and constantly monitor the transactions and customer relationships.
9. The company must collect information and report authorities any suspect business transaction.

The simplified customer due diligence procedure can sometimes be possible because the risk of the money laundering is not always equal. The simplified identification procedure is justified if the customer is the Finnish government, or financial and investment institution. The simplified method is used when the customer is subjected to money laundering regulations and there are corresponding Finnish requirements. (Pihkala 2013; Financial Supervisory Authority 2011c.)

The customer identification process is easy to go through in face-to-face businesses. Nowadays it is common for the business to be conducted for example via the internet or mobile device. In electronic commerce business the most effective way to execute the transaction is to verify the customer's identification by Electronic Signature. In addition to this, all the customer's documents must be verified from, a reliable source and the payment must be secure. The payment must be relayed to the customer's own bank account. (Hopton, 2009, 107; Finnish National Bureau of Investigation 2012, 29.)

The anti-money laundering act requires that the company is making a continuous risk-based evaluation of their customers. Customer information must be updated and maintained with the Data Protection Act. (Customer due diligence, 2013.) In Finland, suspicions of money laundering must be reported to the Financial Intelligence Unit. The transaction can be interrupted immediately or the suspicious business transaction can be reported afterwards to the Financial Intelligence Unit. Failure to report is a punishable act. (Finnish National Bureau of Investigation 2012, 38-42.)

2.7 Institutional Isomorphism

Fighting against money laundering is difficult since the criminals are rapidly changing their ways to act and channels of activity. The best way to combat this is to raise awareness of money laundering and prevent it. It is important that the companies know their customers and follow the risk-based procedures, especially in the suspicious cases. The business transactions should be as transparent as possible. In money laundering cases it would be ideal if the companies could identify the deceptive clients. Since this is difficult to implement in practice, the actions should

concentrate on the scene where the money laundering may occur. (Turner 2011, 109.)

The companies have different policies concerning the money laundering regulations. In order to study how companies behave in relation to the anti-money laundering obligations, behavioral issues must be included in the study. The companies' behaviors could be studied through institutional theory. Institutional theory has become a popular explanatory theory of the behaviors of different organizations and individuals. (Dacin , Goodstein & Scott 2002, 45.) According to DiMaggio and Powell (1983, 147) the organizations are becoming more similar in structure and culture. In other words they are becoming homogenous. Dacin et al. (2002, 45) have stated that institutional theory has been criticized regarding the homogeneity of the phenomena. But it should not be a barrier for the studies to evaluate the changes in organizations' actions. In addition to this, DiMaggio and Powell (1983, 147) state that the organizations' homogeneity is caused by the influence of bureaucratization. The organizations are not necessarily becoming more efficient.

The institutional theory shows that the environment is affecting the actors. Institutions affect the activities by imposing a variety of pressures and demands. The theory attempts to explain the changes in organizations and why organizations from the same sector would endeavor to be the same. The operational field can have a number of players, but over time, organizations start to resemble each other. (Dacin et al. 2002; DiMaggio and Powell 1983; Dacin 1997.)

The operational environment affects individuals and organizations' actions. The money laundering regulation can be a strict provision that regulates the organization's working methods. DiMaggio and Powell (1983, 150) refer to the term "isomorphism". Isomorphism can be described here as a form of similarity which enforces the individual to be similar to other individuals working in the same conditions. This means that organizations tend to strive toward the similarity of the structures, practices and strategies. Meyer (2008, 792; Mizruchi and Fein, 1999; DiMaggio and Powell, 1983) states that the three mechanisms of institutional isomorphism are widely used. The institutional structures affect actors through *coercive* processes, *normative* control which is a similarity of actors in the same

business field, or the actors adopt their behavior *mimetically*. Isomorphism is a pressure that drives the change.

Coercive isomorphism means the interaction between the organization and the government's influence. The government influences through regulations and acts. The authorities also control the organizations' actions. (DiMaggio and Powell 1983, 150.) The money laundering regulations can be a coercive isomorphism to the organizations. DiMaggio and Powell (1983, 150) state that "the existence of a common legal environment affects many aspects of an organization's behavior and structure". Legislation is not the only coercive isomorphism, because the companies can apply pressure to each other. This can happen, for example, in the wholesale trade. Mizruchi and Fein (1999) state that coercive isomorphism is driven by the pressures of other organizations and the pressures from society to the organizations.

Mimetic isomorphism is seen by the DiMaggio and Powell (1983, 151; Mizruchi and Fein, 1999) as an important factor in explaining the similar practices and structures which are widespread. The mimetic act is seen as a response to uncertainty. In mimetic isomorphism, organizations will copy each other's practices. A typical example of this mimetic isomorphism is benchmarking.

Normative isomorphism is evident in the act of individuals inside the organization (DiMaggio and Powell 1983; Mizruchi and Fein 1999). Normative pressures are generally followed and shared values, social obligations, and self-explanatory of certain professions. Isomorphism generates similarity between the training and the profession that are built up through networks. (Haveman 1993; DiMaggio and Powell 1983.)

2.8 Theoretical Framework: The Strategic Choices to Treat the Institutional Pressures

Based on the literature in the chapter 2.7, it can be concluded that the Money Laundering Act is the coercive isomorphism which is applying pressure to the companies to comply with this particular Act. The government is also controlling the organizations' actions in relation to this law.

When studying the behavior of firms with respect to the Money Laundering Act, it is interesting to examine how the pressures affect the companies' operations and how companies respond to these pressures. The institutional theory shows us that organizations have two options of treating institutional pressures. Organizations have to look at this issue from different perspectives - either pressure is damaging or profitable to the organization's actions. When examining this matter from the view point of the Money Laundering Act, the companies either follow the risk-based and customer due diligence notification processes, trusting the rules, or dismiss the whole law.

The strategic choices model by Oliver (1991, 151-157) brings out the concept that the company responds to pressure in a passive or active way. The passive response to the pressure has a negative effect. Active opposition is requiring active actions and has a positive effect (Aier and Weiss, 2012).

In order to study and answer the main research question "How are companies in Finland responding to the Act on Preventing and Clearing Money Laundering and Terrorist Financing (Act 503/2008)?", to the first sub question "What is the companies' knowledge of the Money Laundering Act?", to the second sub question "How have the companies accomplished the obligations of the Money Laundering Act?", and to the third sub question "How the Money Laundering Act as an institutional pressure influences to the companies' actions?", the theory and theoretical framework are used as a guideline in the questionnaire to measure companies' attitudes.

In this research the institutional theory and Oliver's strategic choices model has been put into the practice by defining the questions to the questionnaire. The variables in questionnaire are measuring the companies' attitudes and behaviors of customer due diligence and risk-based approach processes related to the Money Laundering Act. The questionnaire is found in Appendix 2. Table 3 in chapter 3.5 shows the variables and their measurements.

Oliver (1991, 151-157) has introduced a typology of strategic responses to the institutional pressures. Oliver's five types of typology vary from passivity to increasing active resistance: 1) Acquiescence (passive acceptance), 2) Compromise,

3) Avoidance, 4) Defiance, and 5) Manipulation. Table 2 gives a summary of the hypothetical strategic responses which the organizations process in institutional pressures.

Table 2: Strategic responses to the institutional processes

(Oliver 1991, 152)

Strategies	Tactics	Example
Acquiesce	Habit Imitate Comply	Following invisible, taken-for-granted norms Mimicking institutional models Obeying rules and accepting models
Compromise	Balance Pacify Bargain	Balancing the expectations of multiple constituents Placating and accommodating institutional elements Negotiating with institutional stakeholders
Avoid	Conceal Buffer Escape	Disguising nonconformity Loosening institutional elements Changing goals, activities, or domains
Defy	Dismiss Challenge Attack	Ignoring explicit norms and values Contesting rules and requirements Assaulting the sources of institutional pressure
Manipulate	Co-opt Influence Control	Importing influential constituents Shaping values and criteria Dominating institutional constituents and processes

When an organization agrees to the institutional pressures, *acquiescence* can take alternative forms like *habit*, *imitation* and *compliance*. *Habits* are unconscious attitudes towards the organization's values. Further the practical functions that are repeated continuously are taken for granted. *Imitation* refers to the mimetic isomorphism (DiMaggio and Powell, 1983). The strategic choices in imitation are either conscious or unconscious. *Compliance* is a conscious obedience to the rules and institutional requirements. (Oliver 1991, 152; Aier and Weiss 2012.)

Usually an organization is *compromising* when its own targets conflict with institutional pressures. Oliver (1991) and Aier and Weiss (2012) refer to the tactics of *balancing*, *pacifying* or *bargaining* which organizations attempt to apply. In *balancing* the aim is to find a balance between the conflicting external pressures and the organizations' own goals. The goal is to find a balance between stakeholders' and organizations' interests. In *pacifying*, the organization is accepting the institutional

pressures only at a minimum level. On the other hand, the organizations are trying to minimize the external pressures. In *bargaining*, the organization is trying to solve the compromising situation by negotiation. In bargaining, the organization must be an active factor. (Oliver 1991, 152; Aier and Weiss 2012.)

When an organization is *avoiding* the conditions that make conforming necessary, it is called *avoidance* (Aier and Weiss 2012). Organizations, according to Oliver (1991), achieve this “by concealing their nonconformity, buffering themselves from institutional pressures, or escaping from institutional rules or expectations” (152). By *concealing*, the organization is hiding behind the accepted standards. The organization is giving a different message to the public than the reality of its functioning. *Buffering* refers to the organizations’ actions to remove activities from external contact so that there is no connection to the particular institutional pressure. *Escaping* is seen as a more dramatic response to institutional pressures. Escaping can be concrete retreating from the situation. (Oliver 1991,155; Aier and Weiss 2012.)

Defiance is an active form of resistance. The three tactics of defiance in order to increase active resistance are *dismissal*, *challenge* and *attack*. (Oliver 1991, 156-157.) *Dismissal* means to “deliberately ignore explicit rules, norms and values” (Aier and Weiss 2012). *Challenge* means to act clearly opposite to rules, norms and values. *Attack* is the more aggressive tactic where in an organization can openly attack the rules, norms and values. (Oliver 1991, 156-157; Aier and Weiss 2012.)

By *co-opting*, *influencing* or *controlling* tactics, an organization is trying to *manipulate* the institutional pressures. *Co-opting* is defined to intend “to neutralize institutional opposition and enhance legitimacy” (Aier and Weiss 2012) by building coalitions. *Influencing* is helping organization to process values and behavior by determining the criteria for an acceptable way of operating. *Controlling* is the most powerful tactic to manipulate institutional pressures.

Companies will have to navigate in a complex institutional atmosphere with compromises, negotiations, and between the different stakeholders. In this way they ensure the legitimacy of the organization and confirm their performance and survival. (Vermulden, Zietsma, Greenwood & Langley 2014.)

Institutions change over a long period of time. It is not always seen self-evident and it has been seen to have number of challenges. Institutions are driving organizations and individuals to change, but also the institution is metamorphosing. (Dacin et al. 2002.) Institutional pressures were held to be the dominant system with isomorphism when Oliver published her article about the strategic impact of institutional pressures. Since then we have seen changes in the organizations as they face unprecedented sudden environmental turbulence. Also the borders between enterprises, public sectors and individuals have diminished. In other words the organizations are facing influences that arise from different institutional logics.

3. Methodology

The purpose of this research was to examine the attitudes and responses of the companies facing the pressures of complying with the rules of the Money Laundering Act. The research concentrated on attitudes and was conducted from the perspective of institutional theory.

The empirical research started with the theoretical framework: Oliver's (1991) five types of strategic responses to institutional processes. The companies have to balance in complex environmental pressures that are arising from norms, rules and values. (Oliver 1991.)

The main research question was:

How are companies in Finland responding to the Act on Preventing and Clearing Money Laundering and Terrorist Financing (Act 503/2008)?

and the supportive sub questions were:

- What is the companies' knowledge of the Money Laundering Act?
- How have the companies accomplished the obligations of the Money Laundering Act?
- How does the Money Laundering Act influence to the companies' operations?

The research examined the companies' behaviors and how the institutional strategic pressures affected and rationalized those behaviors. The companies' behaviors have

not previously been researched in this context. A quantitative research approach was selected as the research method. The research method is a way to collect information systematically and order to answer the research question. The quantitative method focuses on facts and reasons for social events. It offers a logical and critical approach to the study. (Ghauri and Grønhaug 2002, 85-86.)

In quantitative research the existing theory is applied to practice. This is called a deductive approach. The purpose was to observe the phenomenon and to understand more about it. Quantitative research is trying to understand the phenomenon. (Kananen 2011a, 74; Wilson 2010, 14; Vehkalahti 2008, 11.)

Quantitative research is useful when having a vast and representative sample of the population of interest. Quantitative methodology attempts to create generalizations, and views the populations as a whole. (Wilson 2010, 14.) The existing theory and earlier studies are important in quantitative methodology. The quantitative method is a tool to build, explain, and to specify the theoretical framework and existing theories. (Vilka 2007, 19.)

The quantitative method follows a clear structure. Figure 3 explains the quantitative research strategy adapted from Kananen, and implemented in this research.

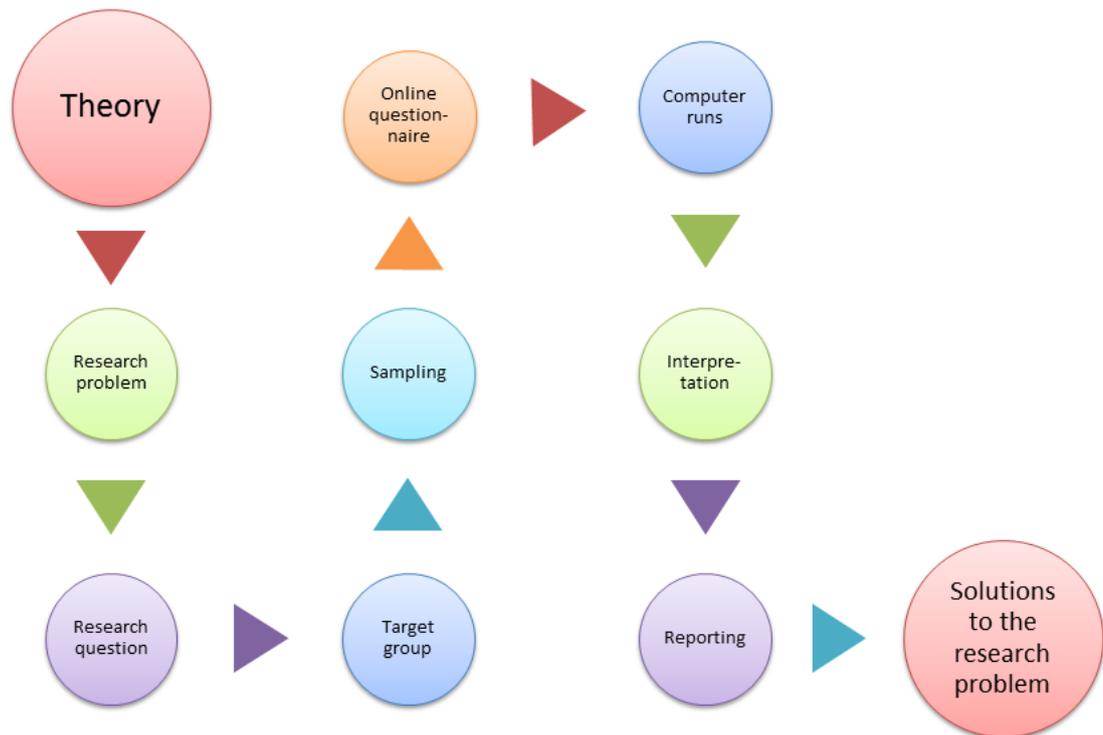


Figure 3: Research process

(Kananen 2011a, 74)

The research setting was arranged to describe the companies representing various industries selling valuable items. According to the Money Laundering Act 503/2008, which is described in chapter 2, the companies which are selling items worth 15.000 EUR or more are obliged to follow the customer due diligence processes and report suspicious actions. The target group was selected from among the companies influenced by the law. The purpose was to gather the information from the target group as a field survey. The online survey was the best way to collect data of companies representing specific industries. According to Hirsijärvi, Remes and Sajavaara (2007, 190) the survey is cost effective and a quick way to collect information of numerous companies.

3.1 Description of the Empirical Study

As explained earlier the purpose of the research was to examine the companies' responses to the money laundering act. The research was implemented as quantitative research. Quantitative research needs an overall plan. Thus the thesis proposal and a personal work plan were prepared. Research design helps to focus

and guides through the research process (Wilson 2010, 105). A personal work plan was made for the student's own purpose. It included a detailed timetable. According to Metsämuuronen (2001, 35) the research plan is a rough timetable and illustration of how the research will be implemented.

After the selection of research methodology, a target group was chosen according to the most suitable and effective sampling method. The questionnaire was prepared, tested and sent to the target companies. The data was analyzed in the SPSS statistics program. The details of questionnaire, sampling, survey procedures, data collection methods and analysis are described in the following chapters.

3.2 Sampling Techniques

To implement the survey, it was necessary to determine the target population. This survey is studying the companies' attitudes to the Money Laundering Act in Finland, but it would have been impossible to send it to all companies in Finland which are affected by this law. Rather than focusing on the entire population, reliable results can be achieved by using sampling (Wilson 2010, 192). Sampling also saves money and time since the survey is sent only to the relevant population (Ghauri and Grønhaug 2002, 112). It was natural that sampling methods were used in this study to choose the target population. The researcher does not have to limit the sampling technique only to one choice. It is common to combine various methods when conducting the research. The combined sample methods can increase the levels of reliability and validity, and the researcher is in better position to answer research questions. (Wilson 2010, 200.)

Multi-stage sampling is a process where in the researcher moves step-by-step from a large sample to a narrow sample. Multi-stage sampling is useful especially in surveys conducted in one country. The country is divided in geographical regions and then sub-regions. The regions can be selected randomly. (Wilson 2010, 197.) A multi-stage sampling was chosen as a first sampling method for this study. The first impression was that the companies selling valuable items in the Central Finland area would be the necessary target population and the researcher would receive enough responses from this population.

After selecting the Central Finland as a geographical sampling area, a stratified sampling was used to divide the population into subgroups. The purpose was not to send the questionnaire to all companies in the Central Finland area. Stratified sampling is useful if the researcher's interest is to have a certain group represented in the sample (May 1997, 87). Stratified sampling is especially applied when there is a variation in population (Wilson 2010, 195). Stratified sampling is utilized to ensure that every stratum will be well represented (Ghauri and Grønhaug 2002, 112). In every stratum the unit of choice is random (Metsämuuronen, 2001, 39). While forming a sampling frame, it is important to consider how the organizations can be located (Wilson 2010, 191). The researcher tried to obtain listing of the companies from specific industries in Central Finland area. The cost to obtain the listing from the official Trade Register in Finland was too expensive (1.200 EUR) for the student researcher. The researcher decided to use free search engines Fonecta.fi, Google.fi, and Finder.fi to search the companies' e-mail addresses according to their industry. The Jykes.fi page's search engine in Central Finland area was also used for this purpose.

The stratified sampling process continued by searching the contact addresses from search engines to the companies selling cars, boats, motorcycles, bicycles, motorhomes and caravans, parts of machinery equipment and tools, parts of cars, arts and crafts, art galleries, gold and jewelry, forest machinery and tractors, furniture stores, computers and high technology. The companies were listed in Excel and the sample was formed. The list was sorted according to company name, contact e-mail address and the industry. The challenge was to find the e-mail addresses of the companies. The companies ended up in the target population on the basis that their email addresses were available in the internet. More representative sample would have required more manual work and more resources. Companies could have been contacted by telephone to ask for their e-mail addresses. This has, however, brought significant costs to this study. The manual address collection from the internet was a cheap and relatively quick alternative. The usual limitation in sampling is involved in research schedule, cost and available registers and lists. (Wilson 2010, 193.)

The stratified sampling requires that the proportion of the unit sample be the same for each stratum (Ghauri and Grønhaug 2002, 116.) The researcher could not affect beforehand whether the contact address for the company was available or not. In this case the sampling methods contingency was seen sufficient. The stratified sampling allows the use of optimal sampling (Vilkkä 2007, 55). It is also possible to take into account few units from the strata, for example, to avoid too high of cost (ibid. 2002, 116). The final sampling unit was formed from the companies selling valuable items, which had their e-mail address available in internet.

After sending the questionnaires to the sampling population (298 companies) in Central Finland, the researcher realized the response rate was very low. The sampling size must be big enough to receive an adequate amount of responses. If the population is too small, the researcher might have to carry out the survey to the entire population. (Wilson 2010, 202.) In order to receive more answers the researcher decided to expand the number of companies in sampling frame. For a reliable statistical analysis, a large sample frame is needed (Ibid. 2010, 201.) First, the earlier described multi-stage sampling method was repeated to determine the additional target population and five other regions from Finland were selected for the target group. After that, the stratified sampling method by collecting contact information from certain industry companies from each region was repeated with every new region. The stratified data collection phases were repeated in the same way as previously explained.

At the end of this process the researcher had the lists of companies' e-mail addresses from six different regions in Finland and the sample group consisted of totally 780 companies. Figure 4 illustrates the sampling regions in Finland.

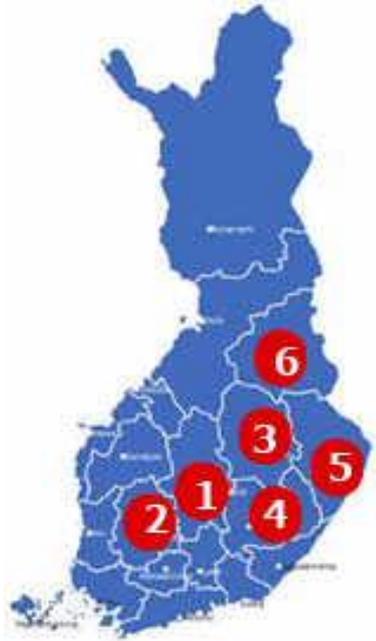


Figure 4: Target sampling regions in Finland

(Regions in Finland 2011)

The regions were: 1. Central Finland, 2. Pirkanmaa, 3. North Savo, 4. South Savo, 5. North Karelia, and 6. Kainuu. These regions are circled red in map in Figure 4. The companies selling valuable items from each region were listed in Excel by using stratified sampling method. The questionnaire was sent to 780 companies via Webpropol.

3.3 Designing a Survey

The most common survey method is a questionnaire. A questionnaire is useful to collect data with a standard form from specified group. The material gathered from the survey is usually analyzed quantitatively. (Hirsjärvi et al. 2007, 188-189.) The advantage of using a questionnaire is that it allows the use of accurate information. This is accomplished by sending the questionnaire to the correct target group. (Wilson 2010, 148.)

The questionnaire (Appendix 2) was in Finnish and it was constructed to be short, with a total of 19 questions. Since the survey was relatively short, most of the questions were mandatory. The respondents had to answer all questions in order to move forward through the questionnaire. The researcher has failed in obtaining the data if there are too many blank answers in the form (Vilkkä 2007, 101). The first part

of the questionnaire mainly concentrated on collecting the companies' background information. The question about the company's location (city or region) was omitted, so that the respondents could not be identified. Part two of the questionnaire focused on determining whether the companies know the various forms of money laundering and anti-money laundering actions. The questions also targeted the company's money laundering reporting methods, risk based approach and customer due diligence processes. The last question in the questionnaire measured the companies' actions and attitudes in general to the Money Laundering Act. At the end of the form the respondents could leave their name and e-mail address in order to participate in a gift voucher prize draw. The price was a gift voucher for the legal services worth 250 EUR to the Advocate Office Halonen, Lakka & Tuomi Oy. This was done to motivate the respondents to answer the questionnaire.

The attitudes can be measured with pre-coded answers where the respondent is invited to agree or disagree (May 1997, 96). The researcher chose the Likert scale to determine the respondent's attitudes to the subjects, since it has been seen as the best method to measure attitudes. The Likert scale is an ordinal scale which is built so that from the mid-point, like-minded opinion increases to the other end and decreases to another end (Vilkka 2007, 45). The Likert Scale can be 4, 5, 7 or 9 points. The survey scale was chosen as five points for this research since it works better with smaller samples (Wilson 2010, 155).

For cost reasons, the researcher wanted to conduct the survey as online research. Webropol offered a good platform to implement an online questionnaire. Webropol is survey software and it was free for students in JAMK. The question templates for a structured questionnaire were available in Webropol, so the form's structure was easy to carry out. The access and answering of the questionnaire was easy for the respondents through Webropol. The link was sent to the respondent's e-mail via Webropol or via e-mail. The respondent opened the link, answered the questions and submitted the form. All data was available directly in digital form was saved in Excel, where it was convertible to the SPSS statistics program. (Webropol 2009.)

After designing the questionnaire it was tested with two employees who worked in a car trading company in Jyväskylä. This company has emphasized customer due diligence processes related to the Money Laundering Act and the company's

representatives could comment on the content of the questionnaire. The form was sent to two test respondents from Webropol and the employees tested the functionality of the questionnaire simultaneously. The link worked well and the respondents felt that the content of the questionnaire was clear and the form was easy to complete. The remarks and corrections primarily concerned the few language issues in questions. The corrections were made after the meeting. The test persons felt they understood the questions well and the response options were appropriate. According to Vilkkä (2007, 78) the testing should concentrate on whether the questions are relevant, whether they are clear, and whether the questions measure what they are meant to measure.

3.4 Data Collection

In order to apply the selected research methodology it was clear that the primary data should be collected using questionnaires. The primary data helps the researcher receive information about attitudes and behaviors. The primary data can also explain and provide an image of the reason for certain behavior. (Ghauri and Grønhaug 2002, 82.) The primary data is unique for the each study and is useful for the contemporaneous topic. Primary data collection is challenging and time demanding, but it can produce significant and fruitful findings to the overall research. (Wilson 2010, 135-136.) This study was related to implementing the law. In this research the companies had to reveal whether they were implementing the law. The researcher therefore wanted to emphasize in the cover letter (Appendix 1) that the answers received were extremely confidential, only reviewed by the researcher and used for the purpose of this research only. The disadvantage of using primary data to get access to the right target company is the company's willingness to answer the questionnaire. This is especially difficult with sensitive issues. The researcher is totally dependent on willingness and helpfulness of the target respondents. (Ghauri and Grønhaug 2002, 82.)

The questionnaire with a cover letter (Appendix 1 and 2) were sent to the 298 respondents in Central Finland on April 23, 2015. The 482 companies from other regions (Pirkanmaa 227, North Karelia 72, Kainuu 8, North Savo 115, South Savo 60) received the invitations to the survey during the time period May 25 - June 10, 2015.

The respondents were not very responsive so the researcher had to remind the respondents three to four times with the reminder letter. 2374 e-mails were sent, including the actual invitation and the reminders. Since the e-mail addresses had been checked carefully, only 17 mails were returned with the notification that the mail could not be delivered. The response rate (13%) was reasonable, as 102 of the 780 respondents answered the questionnaire.

Two respondents sent feedback to the researcher by e-mail. They felt they could not answer the questionnaire. One respondent explained that she had not had any experience of this kind of activity. The other respondent felt the questionnaire should have had open questions and the answer options were not suitable for him. The companies were selected according to their specific industry to the sample population. It is obvious that if the company does not deal with cash payments in the business transaction, it is difficult for the respondent to answer the related questions on this questionnaire.

3.5 Data Analysis and Interpretation

The answers were transferred from Webropol to Excel and from Excel to the SPSS software program. The statistical analyses were determined by the results. It was necessary to code the missing data since almost all the questions were mandatory. The questions were set mandatory in order to avoid blank responses (Wilson 2010, 217.)

The purpose of quantitative research is to evaluate quantities and dependencies. The statistical reasoning should be generalized to the population where the sampling was made. (Kananen 2011b, 85.) The quantitative research is based on the measurement of the variables that are related to the phenomenon (ibid b, 53).

The variables and the measurements used in this research are shown in Table 3.

Table 3: List of the variables and their measurements

Name of the variable	Meaning of the variable	Measurement in terms of
Industry	Background information: to measure the area of industry the company is operating.	Area of industry (Nominal data)
Size	Background information: to measure the size of a company.	Annual revenue (Ratio data)
Trade	Background information: to measure what kind of trade the company has.	Import, export, domestic (Ratio data)
Age	Background information: to measure company's age.	Year of foundation (Ratio data)
Position	Background information: to measure respondents position in the company	Director, higher official, lower official, employee (Nominal data)
Employees	Background information: to measure the number of employees in the company	Amount of employees (Ratio data)
Importance	Companies' knowledge of the Money Laundering Act (sub question 1): To measure the companies' attitudes.	How important is the Money Laundering Act in respondent's opinion? (Ordinal data)
Probability	Companies' knowledge of the Money Laundering Act (sub question 1): Have companies encountered on any suspicious money laundering cases?	Does the respondent recognize the suspicious transactions? (Ordinal data)
Obligation	The obligations of the Money Laundering Act (sub question 2): Obligation to inform due to suspicious actions	Does the respondent know the obligations of the law? (Ordinal data)
Risk	The obligations of the Money Laundering Act (sub question 2): Customer due diligence processes and risk based approach strategy	Has the company prepared any guidelines for customer identification and risk analysis? (Ordinal data)
Influence	The influence to the companies' operations (sub question 3): How the law affects to the company's operations?	Is there any influence to company's customer relation or company's operations? (Ordinal data)

In data analysis the data can be classified into several different types:

The *nominal data* is the data that is not measured numerically. Usually this data has values that can be classified into categories (Wilson 2010, 214.)

The *ordinal data* is categorical data and can be rank-ordered. A typical example of ordinal data is the Likert-scale where the options are ranked from very important to very unimportant. (Ibid. 214).

The *ratio data* has a fixed zero point. The ratio data is given in exact figures and it determines the equality of ratios. (Ghuri and Grønhaug 2002, 67.)

The main approach to analyzing the data was chosen according to the number of the observed variables (Vilkka 2007, 119.) In this study the frequency distribution run from each question was first printed out using the SPSS program. A frequency distribution is used to describe one variable. The most important information in the frequency table is the relative share of each variable from the entire data (Kananen 2011b, 74). The key figures of the frequency distribution are mean, mode, median, and standard deviation (ibid. 76).

Mean is the arithmetical average of the frequency distribution. The mean does not always give an exact illustration of the distribution. Mode, median and standard deviation should also be used alongside. (Vilkka 2007, 123).

Median is the middle number in a set of numbers. The median cannot be used for categorical data, but it is helpful with interval, ordinal and ratio data (Wilson 2010, 215.)

Mode is the value that appears the most often in distribution. The mode illustrates the value or category where the frequency is the highest. The mode is gives a better illustration, for example, of a certain group than the mean value. The median cannot be interpreted without calculating both the median and the mean. (Vilkka 2007, 121.)

Standard deviation measures the spread of data in relation to the arithmetic mean value. The standard deviation figure illustrates how much the values of a single variable deviates from the mean variable. (Vilkka 2007, 129.)

The testing of the hypotheses was done by collecting the data from statistically significant values. The testing should be done by using one or two statistical significance tests (Vehkalahti 2008, 88). In this study the independent variable *T-test* was chosen as the method to discover statistically significant deviations. The T-Test shows the deviation from random distribution or normal distribution (Vilkka 2007, 133). The T-test gives the *p-values* which describe the statistical significances. In this study if the p-value was lower than 0.05 it had a statistically significant meaning and the possibility of randomness was negligible. The values used in analyses are

< 0.05 ($\alpha = 5\%$) statistically almost significant

< 0.01 ($\alpha = 1\%$) statistically significant

< 0.001 ($\alpha = 0.1\%$) statistically very significant (Vehkalahti 2008, 88-89).

The comparison of findings can be done by using cross tabulation, correlation or regression analysis. These methods help to explain the differences in dependent variables and their dependency. (Kananen 2011b, 92.) In this study the cross tabulation was chosen as a method for further analysis. The direct distribution table shows how the change affects from one variable to another. (Kananen 2011b, 79.) From cross tabulations conclusions are drawn as to how the discovered subjects have influenced each other (Vilkka 2007, 120).

3.6 Verification of Findings

The purpose of the research was to produce information which is reliable and truthful. In quantitative research the reliability is measured by evaluating its validity and reliability. (Kananen 2011b, 118.) In order to measure the validity, it can be divided into internal and external validity (Hirsjärvi et al. 2007, 226; Metsämuuronen 2001, 51).

Internal validity measures how well the researcher has modified the theoretical concepts to the questionnaire (Vilkka 2007, 150). In this research the main points from theory and the theoretical framework were transformed to the questions in the questionnaire. Quantitative research was chosen as the methodology and theoretical concepts were taken into account in preparing the questionnaire. The questionnaire

was pre-tested before sending to the target group. The data was transferred from Webropol to the Excel and from Excel to SPSS. The error possibility in data input was negligible. The research results are answering the research questions. According to Vilkkä (2007, 150) the survey is valid if it measures those things that it was supposed to measure.

External validity is associated with the generalization of the obtained results (Kananen 2011b, 121). In this research, the sample group represented the population. Use of two different sampling methods ensured that a sufficient number of companies represented the general attitude toward the Money Laundering Act in Finland. In this research the companies operating in Finland's six regions are considered to represent the general behavioral attitude among companies of all of Finland.

In quantitative research the reliability refers to the consistency of research results. The same research results can be achieved by another researcher. (Kananen 2011b, 119). In quantitative research the only way to ensure reliability is to repeat the measurement. This research can be repeated, but it will be time demanding and difficult. The phenomenon could change since the legislation is updated frequently. The survey itself is giving information about the Money Laundering Act and its influence on the companies' behavior. According to Kananen (2011b) the measures should remain stable over time. This is called stability. Consistency is ensuring that the same thing is measured in different components (119-120). The internal consistency was met in the questionnaire by repeating the important questions in different parts and different forms.

This quantitative research has followed the standards of quantitative research. Sometimes validity can be measured from the usage of earlier studies. A research study to this has not previously been conducted and the data is collected from primary sources. The purpose of this study is to know more about the phenomenon. Since the theory and questionnaire are based on the Money Laundering Act in Finland, it is possible that the other researchers can draw the same results from this data. Metsämuuronen (2001, 8) is stating that if the same data is not repeatable by another researcher, there could be a mistake in the survey.

4. Results

In this result chapter the empirical results of companies' attitudes toward the Money Laundering Act are explained. The research is explanatory and the results are generating primary data from the companies' behavior in relation to this particular law. A total of 102 respondents out of 780 companies answered to the questionnaire in Webropol. First the respondents' background information is explained followed by the answers to the research questions in the form of statistical results.

4.1 Background Information

Industry

As background information the companies were asked to inform their industry. The reported industries were categorized and grouped on 14 different industry categories. The Figure 5 shows the percentages of the respondent companies' industries.

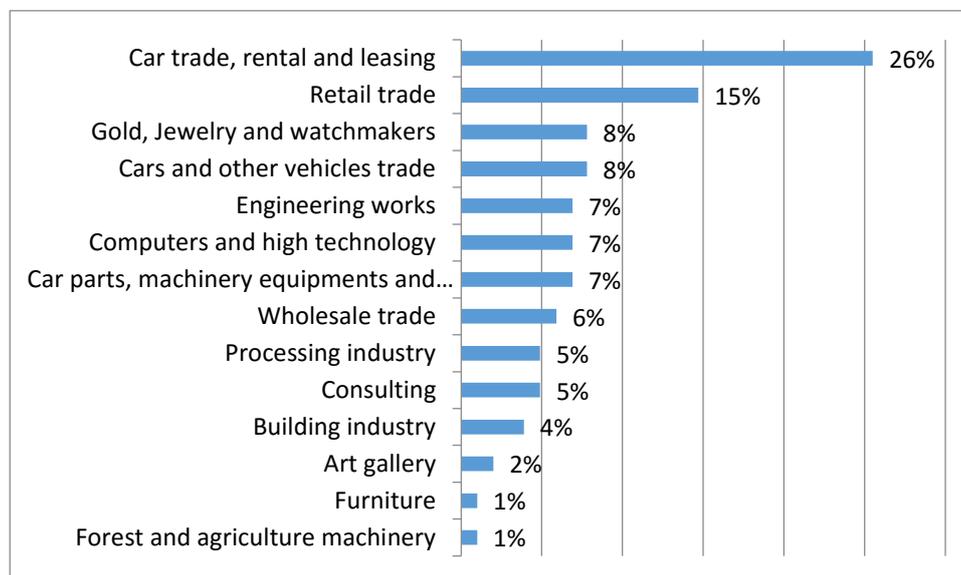


Figure 5: The industries of the respondent companies (N=102)

One third of the respondent companies (33%) represented the cars and other vehicles trade and car rental and leasing industry. The next largest group was the retail trade companies (15%). Gold, jewelry and watchmakers represented 8% of

respondents. Car parts, machinery equipment and tools, computers and high technology, and engineering works each represented 7% of the respondents. 6% of the respondents were from the whole sale trade industry. Consulting and Processing industry each presented 5% of the answers. 4% of the respondents were from building industry and 2% represented art galleries. Forest and agriculture machinery and the furniture industry had each only 1% shares of the respondents.

Size

The size of a company and its annual revenue were also chosen as background information. Almost half of the companies which answered the questionnaire were micro size companies (n=47). Micro size companies' revenue is 2 Million Euros or less. Twenty companies represented large size companies with a revenue of 50 Million Euros or less. Small size companies (n=17) and medium size companies (n=18) were represented almost equally. Distribution of respondents' numbers according to company size can be seen in the following Figure 6.

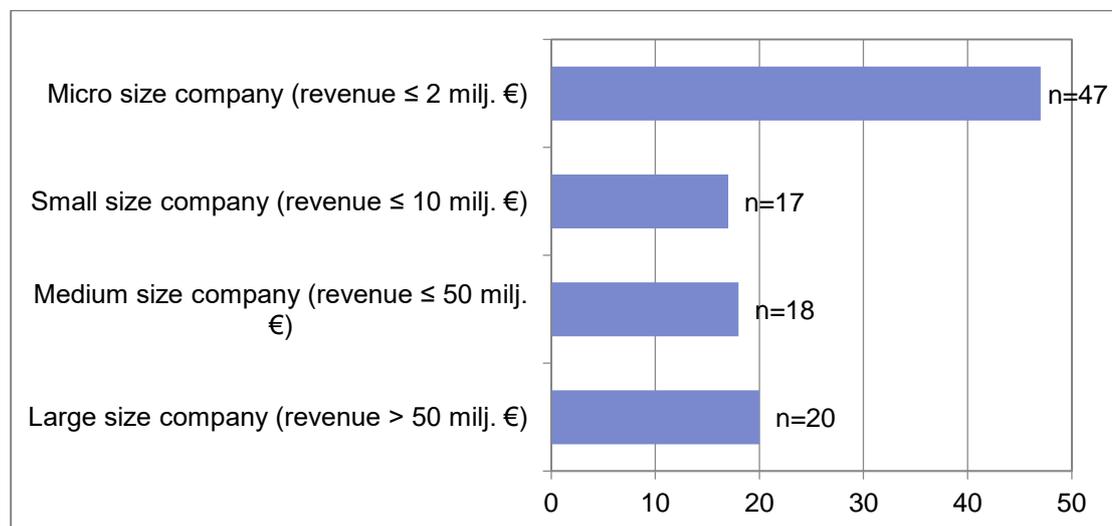


Figure 6: The size category of the companies (N=102)

Trade

The companies were asked to indicate if the company operates in domestic market or international market. The results showed that the majority of the respondents (n=55) operated only in domestic markets. Instead 25 companies operated in both

export and import markets. Furthermore 15 companies had only import business and 7 companies operated only in export markets.

Position

The respondents' were asked to identify their positions in their company. 60% of the respondents were directors or managers. 22% represented higher official and lower officials were 11% of the respondents. 7% were employees.

Age

The respondents were also asked to answer the question *"What year is your company founded?"*. The answers listed founding years which were categorized and grouped during the analysis phase to four different age groups. 14% of the respondents answered that their company has been operating less than 5 years. 7% answered that the company's age is between 6-10 years. 23% answered that the company's age is between 11-20 years. More than half the respondents (56%) were from companies that were founded over 20 years ago.

Employees

The question *"How many employees there are in your company including yourself"* was asked. The answers were categorized during the analysis phase to the groups and four different categories were formed. More than half the companies (51%) had 0-10 employees. 17% of the respondents had 11-50 employees. 7% had 51-100 employees, 15 % had 101-500 employees, and 10 % of the respondents had over 500 employees in their company.

4.2 Companies' Knowledge of the Money Laundering Act

The following questions and the results described the situations of the companies which are aware of the Money Laundering Act and have recognized possible money laundering attempts in their business transactions.

Importance of the Money Laundering Act

To measure the companies' attitudes how important the Money Laundering Act is in their opinion, the statement *"Money Laundering Act is necessary"* was presented to

the companies. Table 4 describes the distribution of responses how necessary the law was for the companies.

Table 4: The necessity of the Money Laundering Act, (N=102)

Money Laundering Act is necessary	Distribution of responses
Totally agree	72%
Somewhat agree	23%
Neither agree nor disagree	3%
Somewhat disagree	2%
Totally disagree	-

95 % of the respondents indicated that the Money Laundering Act is necessary. 3% could not express their opinion, and 2% answered that it is not necessary. No-one answered here that they totally disagree with this statement. For example the size of a company ($p=0.06$) or industry ($p=0.80$) brought no statistically significant meaning to the results.

In order to find out how well the companies knew the money laundering regulations in general, the respondents were asked to answer the question “*How are money laundering regulations known in your company?*” 10% indicated that the money laundering regulations were very well known in their company. 30% answered that the regulations were known quite well. 22% expressed that they could not tell their opinion. 30% answered that they were known quite badly and 8 % answered very badly. More than 38 %of the respondents expressed that the money laundering regulations were not known in their company. Table 5 shows how well the regulations are known in the company.

Table 5: Money Laundering regulations known in the company, (N=102)

Money Laundering regulations known in the company	Distribution of responses
Very well	10%
Quite well	30%
Not well nor badly	22%
Quite badly	30%
Very badly	8%

The Probability of Money Laundering Attempts

To explore the money laundering attempts in general, the companies had a choice of indicating if they had received e-mails that were:

- Phishing for important information about financial transactions,
- Asking companies to send money,
- Asking companies to receive money and forward the money,
- Selling items via e-mail which do not really exist.

The respondents had the option of choosing one or several options from the above described statements. Most of the companies (65% of respondents) had received e-mail messages that were phishing for important information of financial transactions, and 57% of respondents had received e-mails asking to send money. 30% of the respondents had received e-mails asking their company to receive money and 15% had received e-mails selling items which did not exist. Unfortunately, the option that the respondents have not received any of above mentioned e-mails was mistakenly left out from the questionnaire, so answers to this option were not available.

When companies were asked, if they had encountered situations in their own business transactions which related to money laundering attempts, the results were different from the above mentioned statements. Only 8% of the respondents thought there was a high or reasonable probability that money laundering attempts have occurred in their business transactions. 5% were not sure if they have had this kind of activity. Almost nine out of ten respondents thought that there was very low

or reasonable low probability of money laundering attempts. For example the size of a company ($P=0.24$) or the industry ($p= 0.11$) had no statistically significant influence to the results. The following Figure 7 illustrates the probability of money laundering attempts and percentage distribution between each statement.

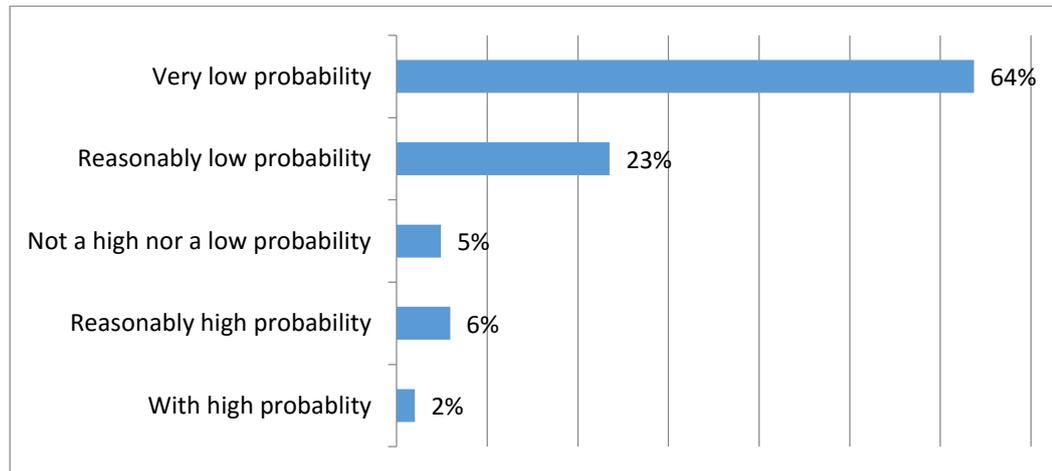


Figure 7: Possible money laundering attempts in companies' business transactions (N=102)

As stated earlier, the companies have had different kind of e-mail activity relating to money laundering attempts. When question *"Have you encountered in your company to the suspicion of money laundering?"* was presented to the companies, 60% answered they have never encountered the suspicious activity of money laundering. 25% thought they have rarely encountered these situations and 14% answered "sometimes".

A statistically significant ($p=0.01$) relevance was found between the question *"Have you encountered in your company to the suspicion of money laundering?"* and question *"What is your position in your company?"*. The closer examination and cross tabulation run (**Appendix 3, Table A**) showed that the respondents which were in leading position (director or manager) have been the least (5%) dealing with the suspicious money laundering cases. The higher officials (36%) have been the most often encountered to suspicious cases related to the money laundering.

4.3 Companies' Obligations

In order to measure if the companies follow the mandatory anti-money laundering customer due diligence processes and risk based approach in their business transactions, the following results were discovered from the empirical study.

Attitude to the Anti-Money Laundering Obligations

When companies were asked *"Have you had money laundering attempts in your company's trading?"* 88% answered no and 12% answered yes. In addition to this, if the companies answered yes, they were asked if they *"Did they reported from suspicious action to the Finnish Intelligent Unit (FIU)?"*. 32 respondents answered this question and 7 admitted that they made a report to FIU. 25 answered that they did not report from suspicious trade. However only those who had answered yes to the previous question were eligible to answer this latter question and total amount of responses were 12. Out of those twelve seven had reported suspicious action to FIU. The independent variables for example the company's industry ($p=0.80$) or size ($p=0.15$) had no statistically significant meaning on the above mentioned result.

Companies' opinions about anti-money laundering obligations and companies' attitudes to the money laundering act were measured with different subject related statements. The respondents had the option to answer on Likert's five level scale whether they totally agree, somewhat agree, neither agree nor disagree, somewhat disagree, and totally disagree with different statements.

Likert scale is an ordinal scale but in order to obtain an overview from the phenomenon it was justified to calculate the mean and standard deviation from the answers. The average answers of the respondents are illustrated in Figure 8.

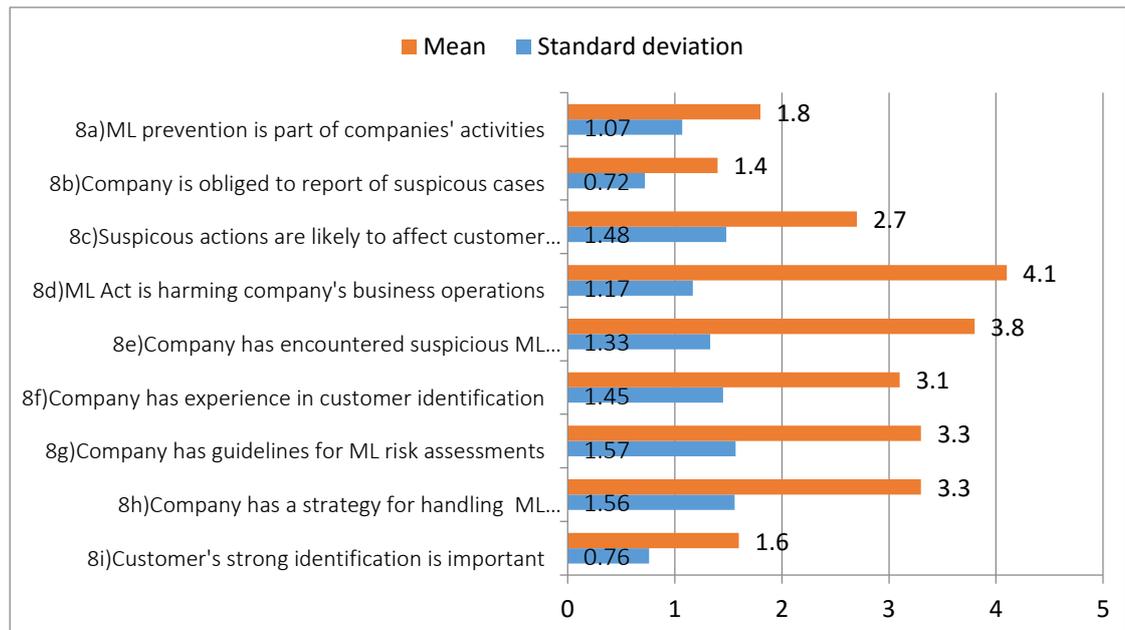


Figure 8: Average answers of the companies to the Money Laundering (ML) statements, (1=Totally agree, 5=Totally disagree)

Figure 8, statement a) stated *“Prevention of Money laundering and terrorist financing is part of the companies’ activities”*. The mean answer was 1.8 meaning that the majority of the respondents agreed with this statement. From the respondents 82% answered that the preventive actions are part of companies’ operations. 8% could not decide their view. 10% answered that the preventive actions do not belong to the companies’ operations.

Figure 8, statement b) stated *“Our company is obliged to report the money laundering suspicions to the authorities as an act to prevent money laundering”*. The mean value was 1.4 and it showed that companies agreed with this statement. The frequencies showed that 90% of the companies knew that they should be obliged to inform of suspicious cases. 8% could not tell their opinion. 2% answered that their company is not obliged to report from this kind of activity.

Figure 8, statement i) stated *“customer's strong identification is important in terms of identifying suspicions of money laundering”*. The mean was 1.4 which implied that most of the answers either totally agreed or somewhat agreed with this statement. The frequencies showed that 85% thought that customer’s identification is important. 14% could not express their opinion. 1% indicated that the customer’s strong identification was not important.

Customer Due Diligence and Risk Assessment Strategies

The customer identification process is part of the anti-money laundering actions. According to Figure 8 statement f) claimed that *"Our company has experience in preventing money laundering relating to customer identification"*. The mean value was 3.1 and the standard deviation showed that there was some deviation between the answers. 37% indicated that they have experience of customer identification processes. 20% could not tell if they agree or disagree with this. 43% indicated that they do not have experience of customer identification processes. The size of a company ($p=0.15$) or the industry ($p=0.53$) did not have any statistically significant meaning to the answers.

In order to find out, if the companies have the anti-money laundering guidelines, the following statements were asked to be commented on:

Figure 8, statement g) stated *"Our company has prepared guidelines for money laundering risk assessments"*. The mean value was 3.3 but there was some dispersion between the answers. The frequencies showed that 38 % of respondents indicated they had guidelines for risk assessment. 13% could not express their opinion. Almost half (49%) had not prepared guidelines for risk assessment. The size of a company ($p=0.06$) or the industry ($p=0.17$) did not have any statistically significant meaning for this argument.

A statistically significant ($p=0.01$) meaning was found between the statement *"Our company has prepared guidelines for money laundering risk assessments"* and the statement *"Money laundering act is necessary"*. The cross tabulation (**Appendix 3, Table B**) showed that only 38% of the respondents had prepared the guidelines for money laundering risk assessments. 95% of the respondents indicated that in their opinion money laundering is necessary, although almost 50 % of the respondents had not prepared the guidelines for risk assessments.

Figure 8, statement h) stated *"our company has created a clear strategy for handling suspicion of money laundering"*. The mean value was 3.3 and there were deviations between the answers. 35% of the respondents answered that their company has prepared the strategy for preventive actions. 17% indicated that they neither agree nor disagree. 48% of the respondents answered that they did not have a clear

strategy. For example the industry of a company ($p=0.79$) or the size ($p=0.54$) had no statistically significant influence to these answers.

In order to find out statistically significant relations for the questions and statements the T-test run were done in SPSS program. Following findings were discovered from the results.

A statistically significant ($p=0.01$) relevance was found between the statement *“Our company is obliged to report the money laundering suspicions to the authorities as an act to prevent money laundering”* and the statement *“Our company has created a clear strategy for handling suspicion of money laundering”* The cross tabulation **(Appendix 3, Table C)** showed that those who answered that their company was not obliged to inform of suspicious actions to the authorities or could not indicated if their company should do this, had systematically answered that their company had no clear strategy for suspicion of money laundering.

A statistically significant value ($p=0.01$) was also found between the statement *“Our company has created a clear strategy for handling suspicion of money laundering”* and the question *“Have you had money laundering attempts in your company’s trading?”* The cross tabulation **(Appendix 3, Table D)** showed that 36% of the respondents had prepared a strategy. Those companies that had created a strategy could also recognize the money laundering attempts in their business transactions. Those who did not have any strategy indicated that they did not have money laundering attempts in their business transactions.

A statistically almost significant ($p=0.02$) relevance was found between the statement *“Our company is obliged to inform the money laundering suspicions to the authorities as an act of prevention of money laundering”* and question *“How are money laundering regulations known in your company?”*. The cross tabulation **(Appendix 3, Table E)** showed that those who thought, that their company is not obliged to inform of suspicious actions (2%) or they could not tell their opinion (8%), systematically answered that they do not know well money laundering regulations.

A statistically significant ($p=0.01$) meaning was found between the statement *“Our company has encountered the situations in business transactions, which have referred as money laundering”* and the question *“How are the money laundering*

regulations known in your company?". The cross tabulation (**Appendix 3, Table F**) showed that 66% of the respondents thought that they have not encountered to the money laundering situations. 38% admitted that they did not know the money laundering regulations. The statistically significant meaning was that the respondents did not know the regulations but still they thought that they have not encountered to money laundering situations.

The respondents were asked to reply to the question: *Money Laundering Activity guidelines have been in respondent's opinion prepared to the company*. Table 6 describes the answers. 28% indicated that the guidelines have been prepared. 24% expressed that have not been prepared but will be prepared in near future. 48% indicated that the guidelines have not been prepared or they had no intention to prepare them.

Table 6: Money Laundering preventive guidelines prepared for the company, (N=102)

Guidelines prepared to the company	Distribution of responses
Guidelines have been prepared to the company	28%
Guidelines have not been prepared but will be prepared during the year 2015	5%
Guidelines have not been prepared	7%
Guidelines have not been prepared but will be prepared within five years	19%
Guidelines have not been prepared, nor intended to be prepared in their company	41%

A statistically significant ($p=0.01$) meaning was found between the statement "*Our company has experience in preventive money laundering relating to customer identification*" and the question if *the money laundering guidelines have been prepared to the respondent's company*. The cross tabulation (**Appendix 3, Table G**) showed that those who answered that the guidelines have been prepared to the company had also indicated that they have experience of customer identification processes. Also those who answered that they have not prepared the guidelines and they were not intended to prepare them systematically answered that they did not have any experience of customer identification processes.

A statistically almost significant ($p=0.02$) relevance was found between the question *“How does money laundering suspicion affect the relationship with the customer?”* and the question *if the money laundering guidelines have been prepared to the respondents’ company*. The cross tabulation (**Appendix 3, Table H**) showed that the more negative was the attitude, that the law is affecting to the customer relation, the more likely the company would prepare the guidelines.

Furthermore when the respondents were asked to reply *yes* or *no* to the statement *“We experience in our company that we need training and advices from money laundering and terrorist financing preventive measures”* the answers were: 28% indicated that they needed more training and advices and 72% expressed that they did not need any training or advices. Figure 9 illustrates the need for additional training.

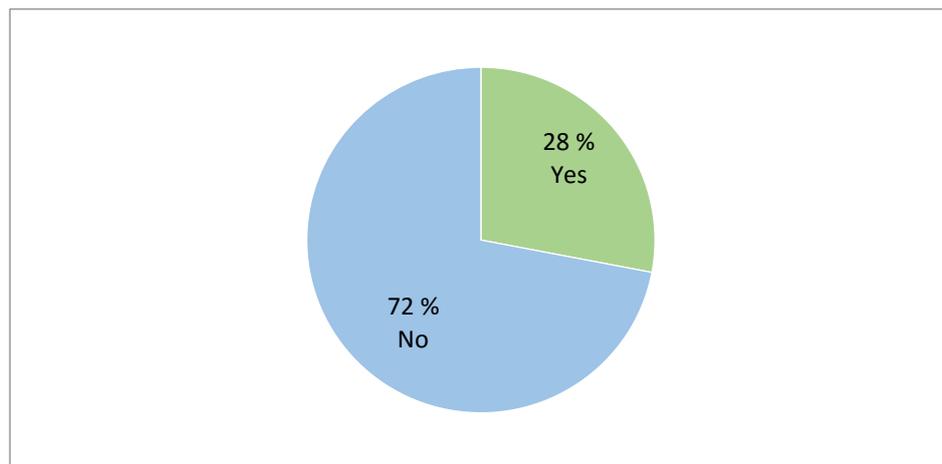


Figure 9: Need for additional training and advices
(N=102)

A statistically significant ($p=0.01$) meaning was found between the statement *“Prevention of Money laundering and terrorist financing is part of the companies’ activities”* and the statement *“the company would need advices and training from money laundering preventive measures”*. The cross tabulation (**Appendix 3, Table I**) showed that those who had answered negatively (10%), that the preventive actions are not part of companies operations, have also systematically answered that they

did not need any training. Also half of those, who could not tell their opinion from the preventive actions, answered that they did not need any additional training.

A statistically almost significant ($p=0.03$) meaning was found between the question if “*the money laundering guidelines have been prepared to the respondents’ company*” and the question if “*the company need advices and training from money laundering preventive measures*”. The cross tabulation (**Appendix 3, Table J**) showed, that those who had prepared the guidelines or were intended to prepare the guidelines, wanted more training. Those who had not prepared the guidelines (42%) did not want any training either.

4.4 The Money Laundering Act and the Companies’ Operations

Money Laundering Act is an institutional pressure which affect to the companies. In order to find out how the companies’ felt the law’s impact, the companies were asked to answer the following questions.

The companies were asked to answer on Likert scale if they agree or not with the statement “*The suspicion of money laundering or disclosure is likely to affect the relationship with the customer*”. 57% agreed that the suspicion affects to the customer relation. 11% could not express their opinion. 32% answered that the suspicion is not affecting on the customer relation. The size of a company ($p=0.93$) or industry ($p=0.74$) had no statistically significant relevance to the answers.

Similar question was asked in other form and in other part of the questionnaire. The question was “*How does money laundering suspicion affect the relationship with the customer?*”. 33% indicated that suspicion of money laundering affected to the customer relation very negatively. 25% thought that it affected quite negatively. A big part (40%) of the respondents could not indicate if the implication was positive or negative. Only 2% expressed that it affected to customer relations very positively or quite positively.

Furthermore “*Money Laundering Act is harming our company’s business operations*” were asked and the respondents could choose the options on Likert scale. 11% felt that the law is harmful for their business. 15% could not tell their opinion. 74% indicated that Money Laundering Act was not harming their business operations. The

size of a company ($p=0.34$) or the industry ($p=0.76$) brought no statistically significant meaning to the answers.

Almost significant ($p=0.03$) meaning was found between the statement "*Customer's strong identification is important in terms of suspicions of money laundering*" and the question "*How does money laundering suspicion affect the relationship with the customer?*". The cross tabulation (**Appendix 3, Table K**) showed that 60% thought that the money laundering suspicion affect to customer relation negatively. Those who had clear customer identification processes strategy (5%) thought that it had a positive effect on customer relation.

Strategic Responses according to Oliver (1991)

In order to observe the strategic responses to the institutional pressure eight different statements were given to the respondents. The respondents could choose on scale 1 to 5 the option how their company would respond to different statements. The answer options were:

1 = we follow the current rules (acquiesce),

2 = we are trying to find a suitable solution to the rules (compromise),

3 = we want to skip the whole thing (avoid),

4 = we oppose the current rules (defy),

5 = we adapt the current rules (manipulate) for our company's preferences.

Figure 10 illustrates the attitudes of the companies to the Money Laundering Act.

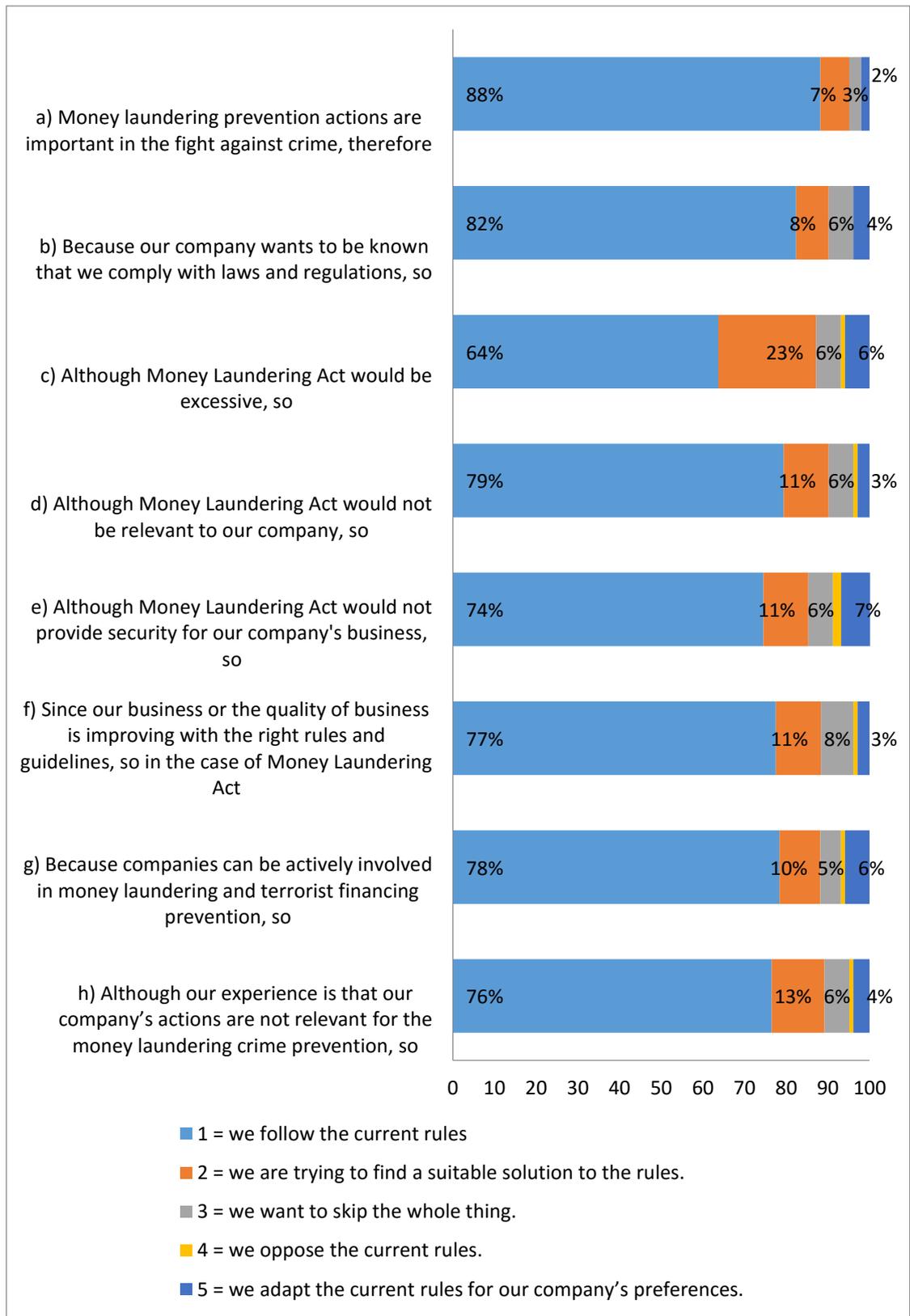


Figure 10. Companies' responses related to the money laundering (N=102)

The statements and the answers of Figure 10 according to Oliver's typology are described as following:

"Money laundering prevention actions are important in the fight against crime" 88% were acquiescent, in other words passively accepted the norm. 7% indicated that they tried to compromise with the norm. 3% thought that they wanted to avoid the norm. 2% wanted to manipulate the norm. No one defied the current rules.

"Our company wants to be known that we comply with laws and regulations" 82% were acquiescent. 8% wanted to compromise. 6% thought that they avoid the norm. 4% indicated that they manipulate the rules for their own preferences.

"Although Money Laundering Act would be excessive" 64% would be acquiescent. 23% would compromise the norm. 6% would avoid the norm and 1% would defy the rules. 6% would manipulate the rules for their preferences.

"Although Money Laundering Act would not be relevant to our company" 79% of the respondents would be acquiescent. 11% would compromise the norm. 6% would avoid the norm and 1% would defy the rules. 3% would manipulate the rules for their preferences.

"Although Money Laundering Act would not provide security for our company's business" 74% of the respondents would be acquiescent. 11% would compromise the norm. 6% would avoid the norm and 2% would defy the rules. 7% would manipulate the rules for their preferences.

"Our business or the quality of business is improving with the right rules and guidelines" 77% were acquiescent to the rules. 11% compromised the norm. 8% avoided the norm and 1% defied the rules. 3% manipulated the rules for their preferences.

"Companies can be actively involved in money laundering and terrorist financing prevention" 78% of the respondents were acquiescent. 10% indicated that they compromised the norm. 5% avoided the norm. 1% defied the rules. 6% manipulated the rules for their preferences.

"Although we would experience that our company's actions are not relevant for the money laundering crime prevention". 76% would be acquiescent to the rules. 13% would compromise the norm. 6% would avoid the norm and 1% would defy the rules. 4% would manipulate the rules for their preferences.

5. Discussion

The purpose of this research was to examine the attitudes and responses of companies that are facing the pressures of complying with the rules of the Money Laundering Act. The companies' behavior in the case of the Money Laundering Act is an area that has little researched. As demonstrated in Chapter 1, Figure 1 showed that the companies' share of reported suspicious transactions was minimal.

In order to find answers to the companies' behaviors and attitudes, the following research questions and sub questions were formed:

How are companies in Finland responding to the Act on Preventing and Clearing Money Laundering and Terrorist Financing (Act 503/2008)?

- What is the companies' knowledge of the Money Laundering Act?
- How have the companies accomplished the obligations of the Money Laundering Act?
- How does the Money Laundering Act influence to the companies' operations?

The empirical study was conducted as quantitative research and the primary data was collected through online questionnaires. The answers were analyzed using the SPSS program and the statistically significant findings were noted. The results and statistical significances supported the hypotheses.

5.1 Answering to the Research Questions

The first objective of this study was to identify the companies' knowledge of the Money Laundering Act. The results showed that the companies admitted in general that the Money Laundering Act is necessary. Also the research results showed the companies thought positively of the money laundering preventive actions. The most of the respondents thought the money laundering preventive actions were important.

The companies indicated that the money laundering act was not relevant to their business even though the preventive actions must be part of their companies'

activities. The companies also admitted that they should be obliged to inform the related officials of suspicious actions.

The general opinion, with few exceptions, was that the companies had not had money laundering attempts in their business transactions. On the other hand, the companies admitted that they had received e-mails phishing financial information and e-mails asking for money. The companies clearly did not consider these e-mails as money laundering attempts.

Secondly, the purpose was to study the companies' obligations and how well the mandatory risk based processes were executed in companies' operations. Even though the companies thought that the Money Laundering Act was necessary and that they were obliged to inform of suspicious actions, more than half the companies had not prepared any risk assessment or customer due diligence strategies. Those companies which had not prepared any guidelines or strategy were not even willing to receive any additional consulting or training. On the other hand, those companies which had prepared the guidelines or were intending to prepare the guidelines indicated that they wanted to receive more training. The companies which had prepared their guidelines for customer identification processes indicated that they recognized the possible suspicious actions in their operations.

Thirdly, the objective of this study was to measure how the Money Laundering Act influences to the companies' operations. More than half the companies thought that the suspicion of money laundering was affecting their customer relations.

Furthermore, more than half the respondents thought that the influence was negative. Out of the respondents, the higher officials, in particular, indicated that they had met the suspicious actions in their company's transactions. The higher official also saw that the suspicion of money laundering had a negative impact on the relationship with the customer. Those few companies that had prepared the guidelines for customer identification and risk-based approach felt that the money laundering processes had a positive impact on their customer relations.

More than half the respondents thought that the Money Laundering Act is not harmful to their company's business operations. On the other hand, as mentioned earlier, more than half the respondents did not have any guidelines and were not

actively executing money laundering processes. Therefore it is obvious that the companies could not express the real pressure of the law.

The main research question was divided into sub questions. The above mentioned results answered the sub questions and the hypotheses for those were accepted. Based on the findings and as the answer to the main research question can be concluded that Oliver's typology of strategic responses was visible both in the companies' attitudes and their behavior. Since the companies had a positive attitude to the law, it can be concluded that according to Oliver's typology they were acquiescent about the Money Laundering Act. As the research results showed the companies avoided the obligations of the law. According to Oliver by avoiding they were hiding behind the accepted standards. Table 7 illustrates the main response strategies of the Finnish companies as concluded from the results.

Table 7: The main strategies and tactics of the Finnish companies' attitudes and behavior according to Oliver's typology

	Research result	Strategy	Tactic
Attitude	Companies had positive attitude to the Money Laundering Act.	Acquiesce	Compliance: Conscious obedience to the rules and institutional requirements.
Behavior	Companies avoided the obligations of the law.	Avoid	Conceal: Organization is hiding behind the accepted standards.

5.2 Comparing the Results with the Literature

As stated in the literature review in chapter 3, the European Union's third anti-Money Laundering Directive and the Money Laundering Act are focusing on preventive actions (Finnish National Bureau of Investigation, 2012; Act 503/2008). The results showed that the companies' attitudes were very positive towards the Money Laundering Act. The companies also saw that the preventive actions should be part of companies operations. If the legislation is seen as the coercive isomorphism as DiMaggio and Powell (1983, 150) have stated, the companies attitudes, according to the results, were in line with the theory.

The results showed that the companies had a positive attitude toward the Money Laundering Act. The general attitudes towards laws and regulations are positive because the organizations know that they are for the common good. The results supported the theoretical framework of Oliver's (1991) strategic responses to the institutional processes. The acquiescence is a passive form of acceptance. By admitting that the Money Laundering Act is necessary and beneficial, the companies indicated obedience to the rules and institutional requirements.

The results in this study showed more than half of the respondent companies indicated they had not prepared any customer due diligence guidelines or risk based approach strategy. The Money Laundering Act is implemented to practice by obliging the companies to report from suspicious actions. In order to discover the potential risks the companies should follow the customer due diligence process by identifying their customers. The companies should also evaluate each customer's risks in their customer relation and business operations. The preventive actions can be implemented in the company by creating the strategies for customer identification and risk-based approach in business transactions. (Finnish National Bureau of Investigation 2012.) The results were in line with the theory of Turner (2011, 109). Turner said that the situation would be ideal if the companies could identify the suspicious actions, but it is difficult in practice. Hopton (2009) has also stated that it is a challenge for companies to adopt the processes.

The results clearly showed that more than half the companies felt that the suspicion of money laundering was influencing to their customer relations negatively. Especially those companies which did not had the customer due diligence strategy felt that the implications would be negative to their customer relations. In relation to the Money Laundering Act the companies must assess if the implications of the law are damaging or profitable for them. As Salmon (2006) stated that the companies should be ready to evaluate their customers and the risks.

Based on the results the companies' attitudes to the Money Laundering Act were very positive. The T-test run and the cross tabulations showed that several statistically significant findings existed when companies' attitudes and actions were compared. The results showed that those companies who had not prepared any guidelines or strategy did not want or need any additional guidance or training. The

results are in line with the theory since Hopton (2009) has stated that the essential part of the business should comply with the law. Common difficulty for the company is to set the company's organization to meet the regulatory responsibilities.

The research results showed that those companies who had prepared the guidelines and strategy were also willing to gain more training. It is worth of noticing that only minority of the companies had prepared the guidelines. As Turner (2011) stated, the best way in anti-money laundering combat is to spread the awareness of this particular law. The business actions should be transparent and companies could learn to detect the deceptive clients.

The statistically significant findings in the results showed that the companies were avoiding the obligations of the Money Laundering Act. The theoretical framework also supported the findings concerning companies' behavior. Oliver's typology of avoidance was accepted in companies' behavior. The results showed that the risk-based approach strategy and customer identification processes were not prepared in half of the respondents' companies and the companies were not keen on having additional training.

According to the Oliver, by avoiding the practical obligations the companies are hiding the uncertainty. The Oliver has used the term "conceal". As the results showed the companies had not prepared the instructions and guidelines as the law demands. This supported the Oliver's view that the organizations are avoiding the situation. Active form of avoidance is concealing. Oliver stated that by concealing the companies are hiding the nonconformity. When the organization is hiding actively behind the accepted standards, it will end up to the concealing strategy. The hiding strategy also allows the company to give different message in public than the company is acting in reality. The fact that the companies' attitudes were positive, but the actual actions showed that they are not ready to execute the requirements of the law, are in line with the Oliver's classifications of strategies.

The research results reflected the reviewed literature. The results and answers to the research question "*How are companies in Finland responding to the Act on Preventing and Clearing Money Laundering and Terrorist Financing (Act 503/2008)?*" reflected the companies' knowledge of the Money Laundering Act, the companies'

obligations to implement the demands of the law and the companies responses how the institutional pressure is influencing to their customer relations.

The companies are influenced by many institutional pressures and they try to find their survival and legitimacy in this complex institutional atmosphere (Vermulen et al. 2014). The research results showed that the companies' attitude was favorable to the Money Laundering Act but in their operations the companies avoided the practical processes and strategies in relation to this Act. The brief look of the frequency results showed that the companies' attitudes were very positive but the deeper SPSS analysis showed that the behavioral actions are not in line with the companies' attitudes.

5.3 Practical Implications and Theoretical Contributions

The research results revealed that more than half the respondents had never encountered to the money laundering situations. The results also showed that the companies have not prepared the guidelines. In practice it is extremely difficult for the companies to identify the suspicious money laundering cases without proper guidelines.

The present study may act as a discussion opener for the government and government organizations on how the companies should be guided in practice to follow the customer due diligence processes and evaluate the risks in their business transactions. The research results indicate that the companies will need practical help with the anti-money laundering guidelines. If the companies do not have the guidelines or experience of money laundering cases, how could they recognize the possible threats?

As stated in earlier chapter the institutions coercive isomorphism might put the companies into the position enabling them to control the institutional pressures with different strategical tactics. This study shows that in practice the companies avoid fulfilling legal requirements in order to hide their subversive behavior. The managers' input is crucial in order to create the practical behavior models for the companies. The companies' management should develop work processes striving towards

achieving minimum requirement in order to recognize the potential risks and hazards.

This research focused on companies' attitudes. The purpose of the research was to examine the phenomenon by collecting the empirical data and reflect the results on the theoretical framework. The theoretical framework, Oliver's (1991) typology of strategic responses to the institutional pressures is a hypothetical categorization of an organizations' behavior. This research did not aim to produce a new scientific theory.

Already at the beginning of this research it was clear that the similar studies have not been conducted earlier. The research gathered primary data on companies' attitudes to the Money Laundering Act. The research showed that the Oliver's typology was applicable to this research and results proved that the companies were acquiescent about the Money Laundering Act. At the same time the companies were avoiding the practical obligations of the law.

5.4 Limitations of the Study and Verification of Findings

The difficulties with accessing the companies' e-mail addresses are a limitation to the study. The sampling techniques allowed the author to pick up the certain industry companies from six different regions. For the lack of funding, it was impossible to pay for address registers. The author had to manually search the companies contact addresses using different search engines. The companies that had an e-mail address available on the internet ended up in the sample group.

Internal validity was sufficiently met in this research since the questionnaire measured what it was supposed to measure. The questionnaire was designed to correlate with the theory. The usage of two different sampling methods increased the appropriateness of the sample group.

According to Ghauri and Grønhaug (2002) "external validity relates to what extent the findings can be generalized" to particular cases and settings (72). The results of this study could, to some extent, be generalized to Finland and also to other Nordic countries. The Money Laundering Directive is a guideline to all European Union countries, but the Nordic countries have similar economic structure to Finland. The

directive is applied in practice within the whole European Union, but the results cannot be generalized to all European countries. The reason for this is that some countries within the European Union suffer from corruption which is a good foundation for money laundering crimes.

The reliability in this research can be met by repeating this research by another researcher. It is possible that other researchers using the same questions would get same answers. The phenomenon is changing all the time. Consequently the change might affect possible new research results. The objectivity in this quantitative research was met since the research could not influence the respondents' answers. The questionnaire was sent to the companies as an online survey.

5.5 Suggestions for Future Research

This research gathered information on companies' attitudes and behavior. The research results were new and generated unique information about the phenomenon. The Money Laundering Act is an evolving law and the phenomenon is changing when the laws are updated. The research was conducted according to the Money Laundering Act 503/2008. The subject is relevant since the European Union's Commission has prepared the fourth directive proposal. The empirical study was based on the Act 503/2008 and the fourth directive proposal.

After the empirical study and during this research on June 2015 the fourth Anti-Money Laundering Directive became effective. The new directive replaced the third directive. The European Union member countries have two years of transition time to implement the standards of this new directive to the national law. The future research should consider the effects of the new fourth directive on the Finnish Money Laundering Act.

Secondly the future research could study the change in the phenomenon after the new Money Laundering Act has become effective in Finland. The results could be compared to the results of this empirical study. The future studies should focus on how well the government informs about the updated law and how well the companies have understood the changes in this law. New studies could reveal if the

companies have adopted better the customer due diligence and risk processes in relation to the Money Laundering Act.

The research results showed that there is a lack of knowledge how to implement the influences of the Money Laundering Act in companies. The companies would need to take the concrete actions. Practical research such as action research would produce a practical model for the companies on how they must act in customer identification processes and how they should execute the risk-based approach in their business transactions.

According to this research the ordinary companies selling valuable items are influenced by the Money Laundering Act. Yet the government's actions have been concentrating more the banks, auditors, pawn shops, casinos and other related financial and credit institutions. The ordinary companies are expected to fulfill the legislative action but they need practical guidance for it. The companies would have a brighter future if they received practical guidelines and training for anti-money laundering actions.

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Appendices

Appendix 1. Cover letter in Finnish with English translation

Rahanpesulakia koskeva kysely

Hei!

Olen Maarit Merimaa-Piirainen ja opiskelen Jyväskylän Ammattikorkeakoulussa ylemmän ammattikorkeakoulututkinnon englanninkielisessä tutkinto-ohjelmassa. Teen opinnäytetyötä, jonka aiheena on rahanpesulaki ja se, miten yritykset suhtautuvat rahanpesulakiin.

Tutkimuksen tarkoitus

Tutkimuksen tavoitteena on saada tietoa yritysten asenteista ja käyttäytymisestä rahanpesulain soveltamiseen liittyen. Tutkimustuloksista saavat mm. eri päättäjätahot informaatiota siitä, miten hyvin rahanpesulaki tunnetaan yritysten parissa. Kyselylomake on lähetetty Keski-Suomessa toimiville yritykselle, jotka käyvät kauppaa arvotavaroilla ja kaupankäynnissä saattaa liikkua suura summia käteismaksuja. Yritysten yhteystiedot on poimittu toimialan perusteella Jykes.fi, Fonecta.fi ja Finder.fi palveluista. Lomake on lähetetty n. 700 henkilölle.

Vastaukset anonyymejä

Kyselyyn vastaaminen on ensisijaisen tärkeää sillä vastaavaa tutkimusta ei ole aiemmin tehty ja näin ollen tutkimuksesta saadaan ensisijaisen tärkeää tietoa. **Kyselyn tuloksia käytetään vain tutkimustarkoitukseen. Yksittäisen vastaajan vastaukset eivät tule missään vaiheessa esille eikä niitä anneta kenenkään muun kuin tutkijan käyttöön.** Kyselyn tulokset analysoidaan tilastotiedeohjelmalla.

Arvonta vastaajien kesken

Kyselyyn vastanneiden kesken arvotaan 250 euron arvoinen Asianajotoimisto Halonen, Lakka & Tuomi Oy:n asianajopalveluita koskeva lahjakortti. Lahjakortin voi käyttää joko yrityksen tai vastaajan henkilökohtaisten asianajopalveluiden tarpeeseen.

Kysely on toteutettu Webropol- ohjelmalla ja kyselyyn vastaaminen vie n. 5-7 min. Vastausaikaa on 30.4.2015 asti. Kuhunkin kysymykseen on vastattava, jotta seuraava kysymys avautuu. Kyselylomake on täytettävä yhdellä kertaa.

Vastaa kyselyyn painamalla alla olevaa linkkiä!

Ystävällisesti

Maarit Merimaa-Piirainen

[Klikkaa kyselyyn tästä](#)

Survey of the Money Laundering Act

Hello!

My name is Maarit Merimaa-Piirainen and I am studying in the English Master's Program of JAMK University of Applied Sciences. I am writing with my thesis about the Money Laundering Law and how the companies are responding to that law.

The Purpose of the Study

The goal of my study is to gain knowledge about the attitudes and behavior relating to responding to the Money Laundering Law. The results of the study will help different decision-makers to get information about how well the Money Laundering Law is known among the companies. The questionnaire has been sent out to companies of Central Finland who are trading with high valuable goods and businesses where companies utilize cash payments. The contact information for companies has been obtained by industry from Jykes.fi, Fonecta.fi and Finder.fi service providers. The questionnaire has been sent to over three hundred (300) companies.

The Anonymous Responses

Responding to this survey is very important because similar survey has not previously been done. Therefore this survey provides knowledge of primary importance. **The results of the survey are solely used for research purposes and the responses of an individual respondent will never be revealed. The individual responses will not be given to anyone other than the author of the study.** The results of the survey will be analyzed by the statistical software.

Lottery among the Respondents

Advocate Office Halonen, Lakka & Tuomi has provided a gift voucher of 250 € which will be raffled off between the respondents. The voucher can be used by either a company or a respondent personally for lawyer counselling purposes.

The survey is done by Webropol-software and it takes about 5 – 7 minutes to fill out the questionnaire. The questionnaire should be completed by April 30, 2015. Every question must be answered in order to move on to the next question. The questionnaire has to be completed at one sitting.

Please response to the survey by clicking the link below!

Sincerely,

Maarit Merimaa-Piirainen

[Click here to enter to the survey](#)

Appendix 2. Questionnaire in Finnish with English translation



Rahanpesulain soveltamista koskeva kysely

1. Mikä on yrityksenne toimiala? *

2. Mikä on yrityksenne koko? *

- Mikroyritys (liikevaihto ≤ 2 milj. €)
- Pieni yritys (liikevaihto ≤ 10 milj. €)
- Keski-suuri yritys (liikevaihto ≤ 50 milj. €)
- Suuri yritys (liikevaihto > 50 milj. €)

3. Minä vuonna yrityksenne on perustettu? *

4. Millaista kansainvälistä kauppaa yrityksesi harjoittaa? *

- vientiä
- tuontia
- sekä vientiä että tuontia
- toimimme vain kotimaan markkinoilla

5. Kuinka monta työntekijää on yrityksessänne itsenne mukaan lukien? (mikäli ette tiedä tarkkaa määrää, niin kertokaa arvio) *

6. Mikä on asemanne yrityksessänne? *

- Johtaja
- Ylempi toimihenkilö
- alempi toimihenkilö
- Työntekijä

Osa 2

Laki rahanpesun ja terrorismin rahoittamisen estämisestä sekä selvittämisestä (503/2008) tuli voimaan Suomessa 1.8.2008. Lain keskeisenä periaatteena on asiakkaan tunteminen ja riskiperusteinen lähestymistapa. Laki koskettaa Suomessa toimivia yrityksiä, jotka harjoittavat arvotavara-kauppaa ja hyödykkeen kauppahinta on yli 15.000 €. Kauppaan voi liittyä käteissuorituksia. Kysymyksiin vastatessa on hyvä miettiä rahanpesulain vaikutusta yrityksenne toimintaan.

7. Oletteko yrityksessänne törmänneet mihinkään seuraavista rahanpesu yrityksistä (vaihtoehtoja voi tarvittaessa valita useamman): *

- Sähköpostitse tulleeeseen huijausviestiin, jossa kalastetaan rahaliikenteeseen liittyviä tietoja.
- Sähköpostiviestiin, jossa pyydetään lähettämään rahaa.
- Sähköpostiviestiin, jossa teitä pyydetään vastaanottamaan rahoja ja välittämään niitä eteenpäin.
- Teille on esim. sähköpostitse pyritty myymään tuotteita, joita ei ole olemassa.

8. Valitkaa seuraavista väittämistä paras vaihtoehto kuvaamaan mielipidettänne: *

	Täysin samaa mieltä	Jokseenkin samaa mieltä	Ei samaa eikä eri mieltä	Jokseenkin eri mieltä	Täysin eri mieltä
a) Rahanpesun ja terrorismin rahoittamisen estäminen on osa yrityksille kuuluvaa toimintaa.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Yrityksemme on velvollinen rahanpesun ennaltaehkäisemiseksi ilmoittamaan rahanpesuepäilyt viranomaisille.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Rahanpesuepäily tai siitä ilmoittaminen saattaa vaikuttaa asiakassuhteeseen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Rahanpesulaista on haittaa yritystoiminnallemme.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Yrityksessämme on törmätty epäilyttäviin tilanteisiin liiketoiminnassa, jotka olisivat viitanneet rahanpesuun.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Yrityksessämme on kokemusta rahanpesun ehkäisemiseen liittyvistä asiakkaan tunnistamisprosesseista.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Yrityksessämme on laadittu ohjeistus rahanpesun riskien arvioinneista.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Yrityksessämme on luotu selkeä strategia rahanpesuepäilyjä varten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Asiakkaan vahva tunnistaminen on tärkeää rahanpesuepäilyjen kannalta.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Rahanpesulaki on tarpeellinen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Millä todennäköisyydellä yrityksenne tuotteiden käteiskaupan yhteydessä on saattanut tapahtua rahanpesua? *

- Erittäin suurella todennäköisyydellä
- Kohtuullisen suurella todennäköisyydellä
- Ei suurella eikä pienellä todennäköisyydellä
- Kohtuullisen pienellä todennäköisyydellä

Erittäin pienellä todennäköisyydellä.

10. Oletteko yrityksessänne koskaan törmänneet rahanpesuepäilyyn? *

- Usein
- Jatkuvasti
- Joskus
- Harvoin
- Ei koskaan

11. Valitkaa seuraavista sopivat vaihtoehdot kuinka liiketoimessa / kaupassa meneteltiin epäilyttävässä tapauksessa? (vaihtoehtoja voi valita tarvittaessa useamman). *

- Liiketoimi/kauppa toteutettiin.
- Liiketoimi/kaupanteko keskeytettiin.
- Liiketoimesta/kaupanteosta kieltäydettiin kokonaan.
- Epäilyttävästä liiketoimesta/kaupasta ilmoitettiin rahanpesun selvittelykeskukselle.
- Yrityksessämme ei ole törmätty epäilyttäviin maksutapahtumiin.

12. Miten rahanpesuepäily vaikuttaa asiakassuhteeseen? *

- Erittäin positiivisesti
- Jokseenkin positiivisesti
- Ei positiivisesti eikä negatiivisesti
- Jokseenkin negatiivisesti
- Erittäin negatiivisesti.

13. Miten hyvin yrityksessänne tunnetaan rahanpesua koskevat säädökset? *

- Erittäin hyvin
- Melko hyvin
- Ei hyvin eikä huonosti
- Melko huonosti
- Erittäin huonosti

14. Onko yrityksessänne kaupankäynnin yhteydessä tullut esiin rahanpesuyrityksiä? *

- Kyllä
- Ei

15. Jos vastasit edelliseen kysymykseen kyllä, ilmoitettiinko rahanpesuepäilystä rahanpesun selvittelykeskukselle?

- Kyllä
- Ei

16. Rahanpesua koskeva toimintaohjeistus on *

- laadittu yrityksemme.
- ei ole laadittu, mutta aiotaan laatia tämän vuoden aikana.
- ei ole laadittu, mutta aiotaan laatia kahden vuoden kuluessa.
- ei ole laadittu, mutta aiotaan laatia viiden vuoden kuluessa.
- ei ole laadittu, eikä aiota laatia.

17. Koemme yrityksessämme, että yrityksemme tarvitsee koulutusta ja neuvoja rahanpesua sekä terrorismin rahoittamista ehkäiseviin toimenpiteisiin liittyen. *

- Kyllä
- Ei

18. Lopuksi merkitkää oheiseen taulukkoon asteikolla 1-5, miten jatkaisitte kutakin lausetta ja miten mielestänne yrityksessänne toimitaan kunkin asian kohdalla.

1 = mukaudumme nykyisiin sääntöihin.

2 = yritämme löytää helpomman ratkaisun sääntöihin.

3 = haluamme ohittaa koko asian.

4 = vastustamme nykyisiä sääntöjä.

5 = muokkaamme mieluummin nykyiset säännöt yrityksellemme sopivammaksi. *

	1	2	3	4	5
a) Rahanpesun ehkäiseminen on tärkeää rikollisuuden torjumisessa. Siksi...	<input type="radio"/>				
b) Koska yrityksemme haluaa tulla tunnetuksi lakien ja sääntöjen noudattajana, niin ...	<input type="radio"/>				
c) Vaikka rahanpesulaki olisikin kohtuuton, niin ...	<input type="radio"/>				
d) Vaikka rahanpesulailla ei olisikaan yrityksellemme merkitystä, niin	<input type="radio"/>				
e) Vaikka rahanpesulaki ei toisi turvaa yrityksemme liiketoiminnalle, niin...	<input type="radio"/>				
f) Koska yrityksemme toiminta/laatu paranee oikeanlaisten sääntöjen ja ohjeiden myötä, niin rahanpesulain kohdalla...	<input type="radio"/>				
g) Koska yritykset voivat olla aktiivisesti mukana rahanpesun ja terrorismin rahoittamisen ehkäisyssä, niin	<input type="radio"/>				
h) Vaikka kokisimme, ettei yrityksemme toimenpiteillä olisi merkitystä rahanpesua koskevan rikollisuuden ehkäisemisessä, niin ...	<input type="radio"/>				

19. Mikäli haluatte osallistua vastauksen antaneiden kesken arvottavan asianajopalveluita koskevan lahjakortin arvontaan, merkitkää alle nimenne ja sähköpostiosoitteenne. Voittajalle ilmoitetaan voitosta sähköpostitse. Nimiä ja sähköpostiosoitteita ei käytetä muuhun tarkoitukseen kuin arvontaan.

Etunimi _____

Sukunimi _____

Sähköposti _____

Questionnaire on Money Laundering Act and its implementations

1. What is your company's industry?

2. What is your company's size category?

- Micro size company (revenue \leq 2 M €).
- Small size company (revenue \leq 10 M €)
- Medium size company (revenue \leq 50 M €)
- Large size company (revenues $>$ 50 M €)

3. What year was your company founded?

4. What kind of international trade does your company have?

- Export
- Import
- Both export and import
- The company operates only in the domestic market

5. How many employees are in your company including yourself? (please provide a rough estimate)

6. What is your position in your company?

- Director or manager
- Higher official
- Lower official
- Employee

Part 2

The Act on money laundering and terrorist financing as well as its clearing (503/2008), came into effect in Finland August 1, 2008. Key principles of the Act are customer due diligence and the risk-based approach. The law covers companies operating in Finland which trade valuable items, and have asset selling price more than 15.000 €. The transaction may involve cash payments. When you are answering these questions, it is good to think of how the Money Laundering Act impacts your company activities.

7. Has your company come across on any of the following money-laundering attempts (you may choose more than one option if necessary):

- E-mail message that is phishing for important information on financial transactions.
- E-mail message that is asking you to send money.
- E-mail message that is asking you to receive money and delivering the money forward.

Tried to sell items via e-mail which do not really exist.

8. Choose from the following statements the best option to describe your opinion: *

	Totally agree	Somewhat agree	Neither agree nor disagree	Somewhat Disagree	Totally disagree
a) Prevention of Money laundering and terrorist financing is part of the companies' activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Our company is obliged to report the money laundering suspicions to the authorities as an act to prevent money laundering.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) The suspicion of money laundering or disclosure is likely to affect the relationship with the customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Money Laundering Act is harming our company's business operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Our company has encountered the situations in business transactions, which are referred to as money laundering.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Our company has experience in preventing money laundering relating to customer identification.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Our company has prepared guidelines for money laundering risk assessments.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Our company has created a clear strategy for handling suspicion of money laundering.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Customer's strong identification is important in terms of identifying suspicions of money laundering.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) The Money Laundering Act is necessary.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. What is the probability, that during your company's products selling in cash, there might have occurred money laundering?

- With very high probability
- With reasonable high probability
- Not a high or low probability
- With reasonable low probability
- With very low probability.

10. Have you encountered in your company the suspicion of money laundering?

- Often
- Always
- Sometimes
- Rarely

Never

11. Please indicate from following choices how the business transaction took place in the suspicious situation? (you may choose more than one option)

- Business / transaction was taken place.
- Business / trade was suspended.
- The transaction / trade was refused completely.
- The suspicious transaction/ trade has been reported to the Finnish Intelligent Unit.
- Our company has not had suspicious transactions

12. How does money laundering suspicion affect the relationship with the customer?

- Very positively.
- Quite positively.
- Neither positively nor negatively.
- Quite negatively.
- Very negatively.

13. How are the money laundering regulations known in your company?

- Very well.
- Quite well.
- Nor well nor badly.
- Quite badly.
- Very badly.

14. Have you had money laundering attempts in your company's trading?.

- Yes
- No

15. If you answered yes to the previous question, did you report your suspicion of money laundering to the Finnish Intelligent Unit?

- Yes
- No

16. Money laundering activity guidelines have been

- prepared for our company.
- have not been prepared, but we will be prepared this year.
- have not been prepared, but we will be prepared within two years
- have not been prepared, but we will be prepared within five years.
- have not been prepared, nor intended to be prepared.

17. We experience in our company that we need training and advices from money laundering and terrorist financing preventive measures.

Yes

No

18. Finally, mark the table below, as to how your company acts on a scale of 1 to 5 with the different subjects

1 = we follow the current rules

2 = we are trying to find a suitable solution to the rules.

3 = we want to skip the whole thing.

4 = we oppose the current rules.

5 = we adapt the current rules for our company's preferences.

	1	2	3	4	5
a) Money laundering prevention actions are important in the fight against crime, therefore ...	<input type="radio"/>				
b) Because our company wants to be known that we comply with laws and regulations, so ...	<input type="radio"/>				
c) Although Money Laundering Act would be excessive, so ...	<input type="radio"/>				
d) Although Money Laundering Act would not be relevant to our company, so ...	<input type="radio"/>				
e) Although Money Laundering Act would not provide security for our company's business, so...	<input type="radio"/>				
f) Since our business or the quality of business is improving with the right rules and guidelines, so in the case of Money Laundering Act...	<input type="radio"/>				
g) Because companies can be actively involved in money laundering and terrorist financing prevention, so...	<input type="radio"/>				
h) Although our experience is that our company's actions are not relevant to the money laundering crime prevention, so...	<input type="radio"/>				

19. If you wish to participate in the respondent's gift voucher prize draw (the price is a gift voucher for the legal services), write below your name and email address. The winner will be notified by email. The names and e-mail addresses will not be used for any other purpose than the draw.

Name:

E-mail address:

Appendix 3. Cross Tabulations

Appendix 3, Table A

10. "Have you encountered in your company to the suspicion of money laundering?"

(1= Often, 5= Never)

6. "What is your position in your company?"

(1= Director/manager, 2= Higher official, 3= Lower official, 4= Employee)

Crosstabs

10. Rahanpesuepäily * 6.Asema Crosstabulation

			6.Asema				Total
			1,0	2,0	3,0	4,0	
10. Rahanpesuepäily	3,0	Count	3	8	2	1	14
		% within 10. Rahanpesuepäily	21,4%	57,1%	14,3%	7,1%	100,0%
		% within 6.Asema	4,9%	36,4%	16,7%	14,3%	13,7%
		% of Total	2,9%	7,8%	2,0%	1,0%	13,7%
	4,0	Count	13	6	5	2	26
		% within 10. Rahanpesuepäily	50,0%	23,1%	19,2%	7,7%	100,0%
		% within 6.Asema	21,3%	27,3%	41,7%	28,6%	25,5%
		% of Total	12,7%	5,9%	4,9%	2,0%	25,5%
	5,0	Count	45	8	5	4	62
		% within 10. Rahanpesuepäily	72,6%	12,9%	8,1%	6,5%	100,0%
		% within 6.Asema	73,8%	36,4%	41,7%	57,1%	60,8%
		% of Total	44,1%	7,8%	4,9%	3,9%	60,8%
Total		Count	61	22	12	7	102
		% within 10. Rahanpesuepäily	59,8%	21,6%	11,8%	6,9%	100,0%
		% within 6.Asema	100,0%	100,0%	100,0%	100,0%	100,0%
		% of Total	59,8%	21,6%	11,8%	6,9%	100,0%

Appendix 3, Table B

8g) *“Our company has prepared guidelines for money laundering risk assessments”*

8j) *“Money laundering act is necessary”*

(1=Totally agree, 5=Totally disagree)

Crosstabs

8. g) * 8. j) Crosstabulation

			8. j)				Total
			1,0	2,0	3,0	4,0	
8. g)	1,0	Count	20	0	0	0	20
		% within 8. g)	100,0%	0,0%	0,0%	0,0%	100,0%
		% within 8. j)	27,4%	0,0%	0,0%	0,0%	19,6%
		% of Total	19,6%	0,0%	0,0%	0,0%	19,6%
	2,0	Count	15	4	0	0	19
		% within 8. g)	78,9%	21,1%	0,0%	0,0%	100,0%
		% within 8. j)	20,5%	16,7%	0,0%	0,0%	18,6%
		% of Total	14,7%	3,9%	0,0%	0,0%	18,6%
	3,0	Count	7	4	2	0	13
		% within 8. g)	53,8%	30,8%	15,4%	0,0%	100,0%
		% within 8. j)	9,6%	16,7%	66,7%	0,0%	12,7%
		% of Total	6,9%	3,9%	2,0%	0,0%	12,7%
4,0	Count	6	7	0	1	14	
	% within 8. g)	42,9%	50,0%	0,0%	7,1%	100,0%	
	% within 8. j)	8,2%	29,2%	0,0%	50,0%	13,7%	
	% of Total	5,9%	6,9%	0,0%	1,0%	13,7%	
5,0	Count	25	9	1	1	36	
	% within 8. g)	69,4%	25,0%	2,8%	2,8%	100,0%	
	% within 8. j)	34,2%	37,5%	33,3%	50,0%	35,3%	
	% of Total	24,5%	8,8%	1,0%	1,0%	35,3%	
Total	Count	73	24	3	2	102	
	% within 8. g)	71,6%	23,5%	2,9%	2,0%	100,0%	
	% within 8. j)	100,0%	100,0%	100,0%	100,0%	100,0%	
	% of Total	71,6%	23,5%	2,9%	2,0%	100,0%	

Appendix 3, Table C

8b) "Our company is obliged to report the money laundering suspicions to the authorities as an act to prevent money laundering"

8h) "Our company has created a clear strategy for handling suspicion of money laundering"

(1=Totally agree, 5=Totally disagree)

Crosstabs

8. b) * 8. h) Crosstabulation

			8. h)					Total
			1,0	2,0	3,0	4,0	5,0	
8. b)	1,0	Count	20	12	12	5	25	74
		% within 8. b)	27,0%	16,2%	16,2%	6,8%	33,8%	100,0%
		% within 8. h)	100,0%	75,0%	70,6%	38,5%	69,4%	72,5%
		% of Total	19,6%	11,8%	11,8%	4,9%	24,5%	72,5%
	2,0	Count	0	3	3	6	6	18
		% within 8. b)	0,0%	16,7%	16,7%	33,3%	33,3%	100,0%
		% within 8. h)	0,0%	18,8%	17,6%	46,2%	16,7%	17,6%
		% of Total	0,0%	2,9%	2,9%	5,9%	5,9%	17,6%
	3,0	Count	0	1	2	1	4	8
		% within 8. b)	0,0%	12,5%	25,0%	12,5%	50,0%	100,0%
		% within 8. h)	0,0%	6,3%	11,8%	7,7%	11,1%	7,8%
		% of Total	0,0%	1,0%	2,0%	1,0%	3,9%	7,8%
4,0	Count	0	0	0	1	1	2	
	% within 8. b)	0,0%	0,0%	0,0%	50,0%	50,0%	100,0%	
	% within 8. h)	0,0%	0,0%	0,0%	7,7%	2,8%	2,0%	
	% of Total	0,0%	0,0%	0,0%	1,0%	1,0%	2,0%	
Total	Count	20	16	17	13	36	102	
	% within 8. b)	19,6%	15,7%	16,7%	12,7%	35,3%	100,0%	
	% within 8. h)	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
	% of Total	19,6%	15,7%	16,7%	12,7%	35,3%	100,0%	

Appendix 3, Table D

8h) "Our company has created a clear strategy for handling suspicion of money laundering"

(1=Totally agree, 5=Totally disagree)

14. "Have you had money laundering attempts in your company's trading?"

(1=Yes, 2= No)

Crosstabs

8. h) * 14. Kaupankäynnissä rahanpesuyrityksiä Crosstabulation

			14. Kaupankäynnissä rahanpesuyrityksiä		Total
			1,0	2,0	
8. h)	1,0	Count	3	17	20
		% within 8. h)	15,0%	85,0%	100,0%
		% within 14. Kaupankäynnissä rahanpesuyrityksiä	25,0%	18,9%	19,6%
		% of Total	2,9%	16,7%	19,6%
	2,0	Count	4	12	16
		% within 8. h)	25,0%	75,0%	100,0%
		% within 14. Kaupankäynnissä rahanpesuyrityksiä	33,3%	13,3%	15,7%
		% of Total	3,9%	11,8%	15,7%
	3,0	Count	0	17	17
		% within 8. h)	0,0%	100,0%	100,0%
		% within 14. Kaupankäynnissä rahanpesuyrityksiä	0,0%	18,9%	16,7%
		% of Total	0,0%	16,7%	16,7%
	4,0	Count	1	12	13
		% within 8. h)	7,7%	92,3%	100,0%
		% within 14. Kaupankäynnissä rahanpesuyrityksiä	8,3%	13,3%	12,7%
		% of Total	1,0%	11,8%	12,7%
	5,0	Count	4	32	36
		% within 8. h)	11,1%	88,9%	100,0%
		% within 14. Kaupankäynnissä rahanpesuyrityksiä	33,3%	35,6%	35,3%
		% of Total	3,9%	31,4%	35,3%
Total	Count	12	90	102	
	% within 8. h)	11,8%	88,2%	100,0%	
	% within 14. Kaupankäynnissä rahanpesuyrityksiä	100,0%	100,0%	100,0%	
	% of Total	11,8%	88,2%	100,0%	

Appendix 3, Table E

8b) "Our company is obliged to inform the money laundering suspicions to the authorities as an act of prevention of money laundering"

(1=Totally agree, 5=Totally disagree)

13. "How are money laundering regulations known in your company?"

(1=Very well, 2=Very badly)

Crosstabs

8. b) * 13. Säädösten tunteminen Crosstabulation

			13. Säädösten tunteminen					Total
			1,0	2,0	3,0	4,0	5,0	
8. b)	1,0	Count	10	25	14	19	6	74
		% within 8. b)	13,5%	33,8%	18,9%	25,7%	8,1%	100,0%
		% within 13. Säädösten tunteminen	100,0%	80,6%	63,6%	61,3%	75,0%	72,5%
		% of Total	9,8%	24,5%	13,7%	18,6%	5,9%	72,5%
	2,0	Count	0	5	4	8	1	18
		% within 8. b)	0,0%	27,8%	22,2%	44,4%	5,6%	100,0%
		% within 13. Säädösten tunteminen	0,0%	16,1%	18,2%	25,8%	12,5%	17,6%
		% of Total	0,0%	4,9%	3,9%	7,8%	1,0%	17,6%
	3,0	Count	0	1	3	4	0	8
		% within 8. b)	0,0%	12,5%	37,5%	50,0%	0,0%	100,0%
		% within 13. Säädösten tunteminen	0,0%	3,2%	13,6%	12,9%	0,0%	7,8%
		% of Total	0,0%	1,0%	2,9%	3,9%	0,0%	7,8%
	4,0	Count	0	0	1	0	1	2
		% within 8. b)	0,0%	0,0%	50,0%	0,0%	50,0%	100,0%
		% within 13. Säädösten tunteminen	0,0%	0,0%	4,5%	0,0%	12,5%	2,0%
% of Total		0,0%	0,0%	1,0%	0,0%	1,0%	2,0%	
Total	Count	10	31	22	31	8	102	
	% within 8. b)	9,8%	30,4%	21,6%	30,4%	7,8%	100,0%	
	% within 13. Säädösten tunteminen	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
	% of Total	9,8%	30,4%	21,6%	30,4%	7,8%	100,0%	

Appendix 3, Table F

8e) "Our company has encountered the situations in business transactions, which have referred as money laundering"

(1=Totally agree, 5=Totally disagree)

13. "How are the money laundering regulations known in your company?"

(1=Very well, 2=Very badly)

Crosstabs

8. e) * 13. Säädösten tunteminen Crosstabulation

			13. Säädösten tunteminen					Total
			1,0	2,0	3,0	4,0	5,0	
8. e)	1,0	Count	2	3	1	1	0	7
		% within 8. e)	28,6%	42,9%	14,3%	14,3%	0,0%	100,0%
		% within 13. Säädösten tunteminen	20,0%	9,7%	4,5%	3,2%	0,0%	6,9%
		% of Total	2,0%	2,9%	1,0%	1,0%	0,0%	6,9%
	2,0	Count	4	7	0	4	2	17
		% within 8. e)	23,5%	41,2%	0,0%	23,5%	11,8%	100,0%
		% within 13. Säädösten tunteminen	40,0%	22,6%	0,0%	12,9%	25,0%	16,7%
		% of Total	3,9%	6,9%	0,0%	3,9%	2,0%	16,7%
	3,0	Count	1	3	5	1	1	11
		% within 8. e)	9,1%	27,3%	45,5%	9,1%	9,1%	100,0%
		% within 13. Säädösten tunteminen	10,0%	9,7%	22,7%	3,2%	12,5%	10,8%
		% of Total	1,0%	2,9%	4,9%	1,0%	1,0%	10,8%
	4,0	Count	0	6	8	9	1	24
		% within 8. e)	0,0%	25,0%	33,3%	37,5%	4,2%	100,0%
		% within 13. Säädösten tunteminen	0,0%	19,4%	36,4%	29,0%	12,5%	23,5%
	% of Total	0,0%	5,9%	7,8%	8,8%	1,0%	23,5%	
5,0	Count	3	12	8	16	4	43	
	% within 8. e)	7,0%	27,9%	18,6%	37,2%	9,3%	100,0%	
	% within 13. Säädösten tunteminen	30,0%	38,7%	36,4%	51,6%	50,0%	42,2%	
	% of Total	2,9%	11,8%	7,8%	15,7%	3,9%	42,2%	
Total	Count	10	31	22	31	8	102	
	% within 8. e)	9,8%	30,4%	21,6%	30,4%	7,8%	100,0%	
	% within 13. Säädösten tunteminen	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
	% of Total	9,8%	30,4%	21,6%	30,4%	7,8%	100,0%	

Appendix 3, Table G

8f) "Our company has experience in preventive money laundering relating to customer identification"

(1=Totally agree, 5=Totally disagree)

16. the money laundering guidelines have been prepared to the respondent's company

(1=prepared for our company, 2=have not prepared, will prepare this year,

3= have not prepared, will prepare within two years, 4=have not prepared, will prepare within five years, 5=have not prepared nor intended to be prepared)

Crosstabs

8. f) * 16. Toimintaohjeistus Crosstabulation

			16. Toimintaohjeistus					Total
			1,0	2,0	3,0	4,0	5,0	
8. f)	1,0	Count	13	2	0	1	3	19
		% within 8. f)	68,4%	10,5%	0,0%	5,3%	15,8%	100,0%
		% within 16. Toimintaohjeistus	44,8%	40,0%	0,0%	5,3%	7,1%	18,6%
		% of Total	12,7%	2,0%	0,0%	1,0%	2,9%	18,6%
	2,0	Count	8	1	1	3	6	19
		% within 8. f)	42,1%	5,3%	5,3%	15,8%	31,6%	100,0%
		% within 16. Toimintaohjeistus	27,6%	20,0%	14,3%	15,8%	14,3%	18,6%
		% of Total	7,8%	1,0%	1,0%	2,9%	5,9%	18,6%
	3,0	Count	4	0	3	5	8	20
		% within 8. f)	20,0%	0,0%	15,0%	25,0%	40,0%	100,0%
		% within 16. Toimintaohjeistus	13,8%	0,0%	42,9%	26,3%	19,0%	19,6%
		% of Total	3,9%	0,0%	2,9%	4,9%	7,8%	19,6%
	4,0	Count	3	1	0	4	11	19
		% within 8. f)	15,8%	5,3%	0,0%	21,1%	57,9%	100,0%
		% within 16. Toimintaohjeistus	10,3%	20,0%	0,0%	21,1%	26,2%	18,6%
% of Total		2,9%	1,0%	0,0%	3,9%	10,8%	18,6%	
5,0	Count	1	1	3	6	14	25	
	% within 8. f)	4,0%	4,0%	12,0%	24,0%	56,0%	100,0%	
	% within 16. Toimintaohjeistus	3,4%	20,0%	42,9%	31,6%	33,3%	24,5%	
	% of Total	1,0%	1,0%	2,9%	5,9%	13,7%	24,5%	
Total	Count	29	5	7	19	42	102	
	% within 8. f)	28,4%	4,9%	6,9%	18,6%	41,2%	100,0%	
	% within 16. Toimintaohjeistus	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
	% of Total	28,4%	4,9%	6,9%	18,6%	41,2%	100,0%	

Appendix 3, Table H

12. "How does money laundering suspicion affect the relationship with the customer?"

(1=Very positively, 5=Very negatively)

16. the money laundering guidelines have been prepared to the respondents' company.

(1=prepared for our company, 2=have not prepared, will prepare this year,

3= have not prepared, will prepare within two years, 4=have not prepared, will prepare within five years, 5=have not prepared nor intended to be prepared)

Crosstabs

12. Vaikutus asiakassuhteeseen * 16. Toimintaohjeistus Crosstabulation

			16. Toimintaohjeistus					Total
			1,0	2,0	3,0	4,0	5,0	
12. Vaikutus asiakassuhteeseen	1,0	Count	1	0	0	0	0	1
		% within 12. Vaikutus asiakassuhteeseen	100,0%	0,0%	0,0%	0,0%	0,0%	100,0%
		% within 16. Toimintaohjeistus	3,4%	0,0%	0,0%	0,0%	0,0%	1,0%
		% of Total	1,0%	0,0%	0,0%	0,0%	0,0%	1,0%
	2,0	Count	1	0	0	0	0	1
		% within 12. Vaikutus asiakassuhteeseen	100,0%	0,0%	0,0%	0,0%	0,0%	100,0%
		% within 16. Toimintaohjeistus	3,4%	0,0%	0,0%	0,0%	0,0%	1,0%
		% of Total	1,0%	0,0%	0,0%	0,0%	0,0%	1,0%
	3,0	Count	14	2	2	8	15	41
		% within 12. Vaikutus asiakassuhteeseen	34,1%	4,9%	4,9%	19,5%	36,6%	100,0%
		% within 16. Toimintaohjeistus	48,3%	40,0%	28,6%	42,1%	35,7%	40,2%
		% of Total	13,7%	2,0%	2,0%	7,8%	14,7%	40,2%
	4,0	Count	7	1	4	5	8	25
		% within 12. Vaikutus asiakassuhteeseen	28,0%	4,0%	16,0%	20,0%	32,0%	100,0%
		% within 16. Toimintaohjeistus	24,1%	20,0%	57,1%	26,3%	19,0%	24,5%
	% of Total	6,9%	1,0%	3,9%	4,9%	7,8%	24,5%	
5,0	Count	6	2	1	6	19	34	
	% within 12. Vaikutus asiakassuhteeseen	17,6%	5,9%	2,9%	17,6%	55,9%	100,0%	
	% within 16. Toimintaohjeistus	20,7%	40,0%	14,3%	31,6%	45,2%	33,3%	
	% of Total	5,9%	2,0%	1,0%	5,9%	18,6%	33,3%	
Total	Count	29	5	7	19	42	102	
	% within 12. Vaikutus asiakassuhteeseen	28,4%	4,9%	6,9%	18,6%	41,2%	100,0%	
	% within 16. Toimintaohjeistus	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
	% of Total	28,4%	4,9%	6,9%	18,6%	41,2%	100,0%	

Appendix 3, Table I

8a) "Prevention of Money laundering and terrorist financing is part of the companies' activities"

(1=Totally agree, 5=Totally disagree)

17. "the company would need advices and training from money laundering preventive measures"

(1=Yes, 2= No)

Crosstabs

8. a) * 17. Tarvitaanko koulutusta Crosstabulation

			17. Tarvitaanko koulutusta		Total
			1,0	2,0	
8. a)	1,0	Count	20	33	53
		% within 8. a)	37,7%	62,3%	100,0%
		% within 17. Tarvitaanko koulutusta	69,0%	45,2%	52,0%
		% of Total	19,6%	32,4%	52,0%
	2,0	Count	8	23	31
		% within 8. a)	25,8%	74,2%	100,0%
		% within 17. Tarvitaanko koulutusta	27,6%	31,5%	30,4%
		% of Total	7,8%	22,5%	30,4%
	3,0	Count	1	7	8
		% within 8. a)	12,5%	87,5%	100,0%
		% within 17. Tarvitaanko koulutusta	3,4%	9,6%	7,8%
		% of Total	1,0%	6,9%	7,8%
4,0	Count	0	6	6	
	% within 8. a)	0,0%	100,0%	100,0%	
	% within 17. Tarvitaanko koulutusta	0,0%	8,2%	5,9%	
	% of Total	0,0%	5,9%	5,9%	
5,0	Count	0	4	4	
	% within 8. a)	0,0%	100,0%	100,0%	
	% within 17. Tarvitaanko koulutusta	0,0%	5,5%	3,9%	
	% of Total	0,0%	3,9%	3,9%	
Total	Count	29	73	102	
	% within 8. a)	28,4%	71,6%	100,0%	
	% within 17. Tarvitaanko koulutusta	100,0%	100,0%	100,0%	
	% of Total	28,4%	71,6%	100,0%	

Appendix 3, Table J

16. "the money laundering guidelines have been prepared to the respondents' company"

(1=prepared for our company, 2=have not prepared, will prepare this year,

3= have not prepared, will prepare within two years, 4=have not prepared, will prepare within five years, 5=have not prepared nor intended to be prepared)

17. "the company need advices and training from money laundering preventive measures"

(1=Yes, 2= No)

Crosstabs

16. Toimintaohjeistus * 17. Tarvitaanko koulutusta Crosstabulation

			17. Tarvitaanko koulutusta		Total
			1,0	2,0	
16. Toimintaohjeistus	1,0	Count	11	18	29
		% within 16. Toimintaohjeistus	37,9%	62,1%	100,0%
		% within 17. Tarvitaanko koulutusta	37,9%	24,7%	28,4%
		% of Total	10,8%	17,6%	28,4%
	2,0	Count	4	1	5
		% within 16. Toimintaohjeistus	80,0%	20,0%	100,0%
		% within 17. Tarvitaanko koulutusta	13,8%	1,4%	4,9%
		% of Total	3,9%	1,0%	4,9%
	3,0	Count	2	5	7
		% within 16. Toimintaohjeistus	28,6%	71,4%	100,0%
		% within 17. Tarvitaanko koulutusta	6,9%	6,8%	6,9%
		% of Total	2,0%	4,9%	6,9%
	4,0	Count	4	15	19
		% within 16. Toimintaohjeistus	21,1%	78,9%	100,0%
		% within 17. Tarvitaanko koulutusta	13,8%	20,5%	18,6%
		% of Total	3,9%	14,7%	18,6%
5,0	Count	8	34	42	
	% within 16. Toimintaohjeistus	19,0%	81,0%	100,0%	
	% within 17. Tarvitaanko koulutusta	27,6%	46,6%	41,2%	
	% of Total	7,8%	33,3%	41,2%	
Total	Count	29	73	102	
	% within 16. Toimintaohjeistus	28,4%	71,6%	100,0%	
	% within 17. Tarvitaanko koulutusta	100,0%	100,0%	100,0%	
	% of Total	28,4%	71,6%	100,0%	

Appendix 3, Table K

8I) "Customer's strong identification is important in terms of suspicions of money laundering"

(1=Totally agree, 5=Totally disagree)

12. "How does money laundering suspicion affect the relationship with the customer?"

(1=Very positively, 5=Very negatively)

Crosstabs

8. i) * 12. Vaikutus asiakassuhteeseen Crosstabulation

			12. Vaikutus asiakassuhteeseen					Total
			1,0	2,0	3,0	4,0	5,0	
8. i)	1,0	Count	1	1	27	10	18	57
		% within 8. i)	1,8%	1,8%	47,4%	17,5%	31,6%	100,0%
		% within 12. Vaikutus asiakassuhteeseen	100,0%	100,0%	65,9%	40,0%	52,9%	55,9%
	2,0	Count	0	0	8	13	9	30
		% within 8. i)	0,0%	0,0%	26,7%	43,3%	30,0%	100,0%
		% within 12. Vaikutus asiakassuhteeseen	0,0%	0,0%	19,5%	52,0%	26,5%	29,4%
	3,0	Count	0	0	6	2	6	14
		% within 8. i)	0,0%	0,0%	42,9%	14,3%	42,9%	100,0%
		% within 12. Vaikutus asiakassuhteeseen	0,0%	0,0%	14,6%	8,0%	17,6%	13,7%
	4,0	Count	0	0	0	0	1	1
		% within 8. i)	0,0%	0,0%	0,0%	0,0%	100,0%	100,0%
		% within 12. Vaikutus asiakassuhteeseen	0,0%	0,0%	0,0%	0,0%	2,9%	1,0%
	Total	Count	1	1	41	25	34	102
		% within 8. i)	1,0%	1,0%	40,2%	24,5%	33,3%	100,0%
		% within 12. Vaikutus asiakassuhteeseen	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
			1,0%	1,0%	40,2%	24,5%	33,3%	100,0%