



Differences of the Anti-Money Laundering Authorities in the Nordics

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2022 Laurea



Laurea-ammattikorkeakoulu

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Liiketalous
Opinnäytetyö
Lokakuu, 2022

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Rahanpesun valvontaviranomaisten erot Pohjoismaissa

Vuosi

2022

Sivumäärä

53

Tämän opinnäytetyön tarkoituksena oli esitellä Pohjoismaiden relevantit rahanpesun estämiin liittyvät viranomaiset, sekä lisäksi esitellä ja vertailla maiden yleisimpiä rahanpesurikosten tuomioita. Tässä työssä Pohjoismaihin lukeutuu Suomi, Ruotsi, Norja, Tanska ja Islanti. Työn tavoitteena oli vertailla etenkin tilintarkastajien rahanpesuvalvontaviranomaisia ja heidän toimiaan Pohjoismaissa. Vertaileva tutkimus toteutettiin globaalille asiantuntijapalveluita tarjoavalle yritykselle, ja sen avulla yritys sai tietopohjaa, jota hyödyntämällä yritys voi mahdollisesti tulevaisuudessa yhtenäistää rahanpesun valvontaprosessinsa Pohjoismaisissa jäsenyrityksissä.

Tutkimuksessa on käytetty kattavaa tietoperustaa, joka muodostui maakohtaisista viranomaislähteistä, relevanteista lainsäädännöistä sekä muista aiheeseen ja tutkimusmenetelmään liittyvästä teoriasta. Opinnäytetyö toteutettiin kvalitatiivisena tutkimustyönä, jossa tutkimusmenetelmänä toimi triangulaatio puolistrukturoidun haastattelun muodossa. Haastatteluun vastasi yhdeksän asiantuntijaa, jotka ovat olleet yrityksen rahanpesu valvontaviranomaisen tekevässä tarkastuksessa mukana. Tuloksia analysoitiin sekä sisällönanalyysin avulla, että havainnollistamalla vastaukset taulukkomuotoon. Maiden kuoluessa joko EU:n tai EEA:n piiriin, joutuvat he noudattamaan samoja EU direktiivejä, jonka takia suuria eroavaisuuksia ei löytynyt. Havaitut eroavaisuudet liittyivät viranomaisten aktiivisuuteen ja prosesseihin. Tätä tutkimustyötä voidaan hyödyntää kansainvälisissä Pohjoismaissa toimivissa yrityksissä, jotka ovat velvollisia noudattamaan rahanpesulakia. Jotta toimeksiantaja voi yhtenäistää rahanpesun valvontaprosessinsa, tulisi tämän työn lisäksi aihetta tutkia lisää.

Asiasanat: Rahanpesu, Valvontaviranomaiset, Pohjoismaat, Rangaistukset

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Year

2022

Pages

53

The purpose of this thesis was to present the relevant anti-money laundering authorities in the Nordic countries which are Finland, Sweden, Norway, Denmark, and Iceland. Additionally this research presents the most common punishments to money laundering crimes in the Nordics. The objective was to compare the differences of the anti-money laundering supervisory authorities of audit firms and their actions in the Nordic countries. This comparative research was executed for a global professional services firm to provide knowledge base which the target organization can use when possibly aligning their anti-money laundering procedures within the Nordic member firms in the future.

The theoretical background used in this research was gathered from various country specific official sources, relevant legislations as well as other resources relevant to the subject. This thesis was executed as qualitative research using triangulation as research method, more specifically the data was collected by a semi-structured interview. The respondents consisted of nine professionals who have participated in the audit process performed by the regulator. The results were analyzed by content analysis and by creating various tables. As the countries belong to either the EU or the EEA, they are obligated to comply with the EU directives, which is why no major differences were found. The differences which could be found related to the regulators' activeness and processes. For the target organization to be able to align their processes this subject should be further studied.

Keywords: Anti-Money Laundering, Authorities, Nordic Countries, Punishments

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1 Introduction

Money launderers have proven to be innovative when creating new schemes to avoid countermeasures created by different governments in the world. This is why all nations should have flexible systems to be able to detect and respond to these schemes. (FATF 2022a.) In 2021 The Council of the European Union decided that fraud, economic and financial crime is prioritized among others in the EMPACT 2022-2025. EMPACT stands for the European Multidisciplinary Platform Against Criminal Threats and is driven by the Member States. (Europol 2022.) This proves that money laundering and other financial crimes are taken seriously in the world and that these criminal activities pose a real threat to the countries and the economy.

As anti-money laundering is a relevant matter within the business world today, it is important for all obliged entities to have functional internal anti-money laundering procedures. These procedures are important in order for the obliged entities to comply with the country specific anti-money laundering legislations. In addition to the previously mentioned, it is important to prevent criminal activity. In global firms it might be difficult to have aligned anti-money laundering procedures due to the country specific regulators and their demands. This research aims to present the relevant anti-money laundering authorities in the Nordic countries. The objective is to find the differences of the anti-money laundering supervisory authorities of the audit firms in the Nordic countries. The countries referred to are Finland, Sweden, Norway, Denmark, and Iceland.

The research is approached from the perspective of a global professional services firm, whose services include auditing for its clients. The subject was chosen in collaboration with the target organization since they are looking to possibly align their anti-money laundering procedures within the Nordic member firms. As anti-money laundering is a current topic especially in terms of business, it is important that all obliged entities comply with the relevant rules and legislations. Anti-money laundering will be referred to with its abbreviation, AML, in this thesis.

As stated earlier, this research is executed to compare the differences of the audit regulators and their actions in the Nordic countries. Additionally this research provides a general view on the differences of the most common punishments to money laundering crimes in the Nordic countries. The theoretical background includes the relevant authorities involved in the overall AML procedures, the current most common punishments and the legislations related to them in the Nordics. The previously mentioned are significant in terms of understanding what contributes to the big picture regarding AML as it is a complex matter, and money laundering is combatted in collaboration with many authorities.

The research questions were formed in collaboration with the target company and the main research question is:

1. How do the actions of the Nordic AML supervisory authorities of the audit firms differ from each other?

This research aims to find an answer also to the following in-depth questions:

2. How does the collaboration with the audit regulators differ in the Nordic countries?
3. What are the differences of the punishments for money laundering crimes in the Nordic countries?

This comparative research work is executed by using qualitative research methods, which are further discussed in chapter 5. The research data collection method used is triangulation, as the research data collection is carried out in a form of a semi-structured interview in a form of a survey. Data triangulation refers to combining different methodologies in the study. The main intention of qualitative research is to gain insights and understand the research subject. (Ghuri & Grønhaug 2010, 196 & 212.)

This research is delivered to a global professional services firm, which is referred to as the target organization due to the wish of the client. The target organization is not introduced as this thesis is considered to be confidential in terms of the identity of the client and its internal processes.

2 Anti-Money Laundering

Money laundering as a term refers to different activities in which funds that are obtained by illegal or criminal activity are being transferred to a legal payment system to conceal the substantial origin, nature, or the owner of the funds (Ministry of Finance Finland 2022a). Money laundering is often related to other crimes since the money might be utilized to fund criminal activity, usually it is related to international or domestic organized crime. (Money laundering 2022a.) In addition to money laundering being related closely to international crime, it plays an essential role in financial crime and grey economy (Police 2022).

Anti-money laundering stands for the prevention of these activities. The prevention of money laundering and the use of the financial systems for these purposes is regulated under the European Union Anti-Money Laundering Directives. (Money laundering 2022b.) Figure 1 presents a general view of money laundering as a process.

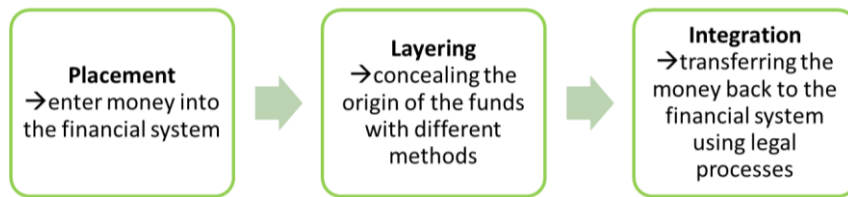


Figure 1: Process of Money Laundering in Brief

In the first phase presented in figure 1, the illegally acquired money is being placed into the financial system. The second phase focuses on concealing the origin of the funds by using different methods. Then by moving the funds back to the financial system by legal methods, the third phase of money laundering has been executed. (Richardson, Williams & Mikkelsen 2019.)

Based on empirical evidence, every obliged entity has their own AML procedures which vary depending on the field the entity operates in. There are no examples of AML processes published by any obliged entity available from public resources, this is due to the processes being confidential only available for internal use. The processes may be based on manual procedures, or they may be automated with a program using neural network (Rocha-Salazar, Segovia-Vargas & Camacho-Miñano 2021). The processes may also be a combination of manual and automated processes (Cortez 2015). Neural networks allow computer programs to identify patterns and resolve common issues in the fields of artificial intelligence, machine learning, and deep learning, by reflecting the behavior of human brain (IBM 2020). According to a recent market study, artificial intelligence and machine learning has its limitations and due to that humans are still required in the AML procedures. Machine learning operates by pattern-recognition, and it is usually based on historical events. In order for the technological solutions for AML to function, they need high quality data, and huge amounts of work behind in terms of training and implementation. Additionally, obliged entities have a significant threat in the possible fines for the breach or neglect of the AML legislations, and therefore accountability plays an important part in the AML process specifically regarding complex decision-making. (Chartis 2020.) Figure 2 presents one example of how AML monitoring as a process can be executed.

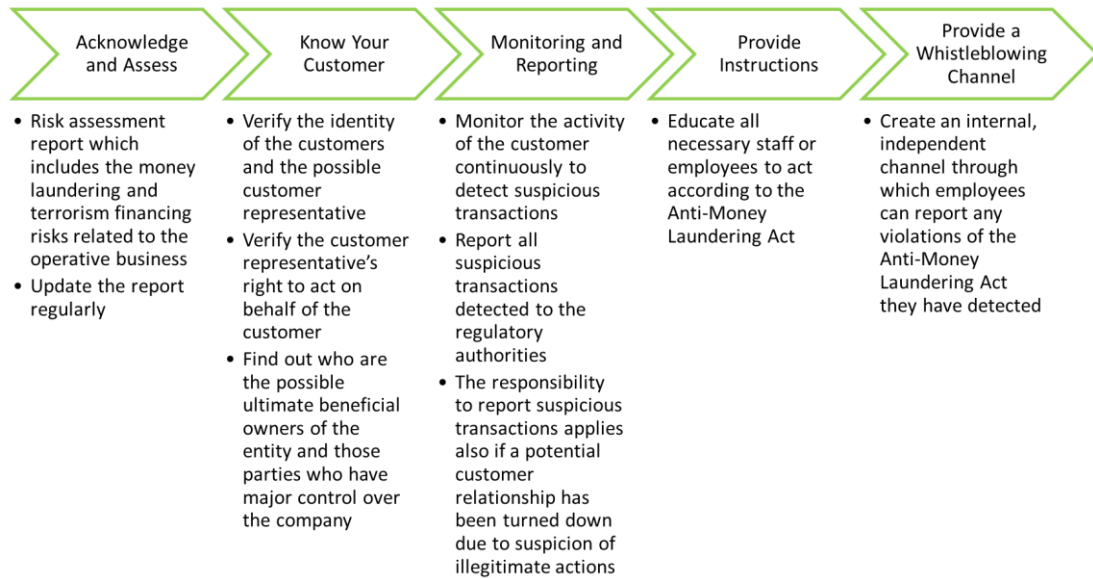


Figure 2: AML Process in Brief

Figure 2 presents an example of what the Regional State Administrative Agency of Finland requires from the obliged entities. Every entity should be aware of the money laundering and terrorism financing risks that are related to their operating field or environment. The entities should compile a risk assessment report based on these known risks and update it regularly. One of the requirements regarding the customer base of the entity is the know your customer process, which is often discussed by using the abbreviation KYC. In this process, the obliged entity should verify the identity of the customer and if applicable, the customer representative. They should also make sure that the possible customer representative has the right to represent the customer. In addition, if applicable, the ultimate beneficial owners and other parties who have major control over the customer in case the customer is an entity, should be identified. The ongoing surveillance is also important. This is done to detect possible suspicious activity or transactions, which should be reported to the relevant regulatory authorities. In addition to these requirements, it is advised to instruct all employees to operate according to the AML Act. The obliged entities should also have an internal whistleblowing channel, through which any violations of the AML Act can be reported by the employees. (The Regional State Administrative Agency of Finland 2021.)

3 Nordic AML Regulators

Most of these Nordic countries belong to the European Union, and therefore are obligated to incorporate the European Union Directives into their national legislation (European Commission 2022a). The countries which are not a part of European Union are Norway and Iceland.

Even though they are not a part of the EU, they belong to the European Economic Area. (Customs 2022.) Norway and Iceland have signed the European Economic Area Agreement, and due to that they are also expected comply with the EU legislations (EFTA 2022). The European Union Directive (2015/849) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing covers different factors that need to be considered in the monitoring and prevention of money laundering, which are required to be applied in the EU and EEA countries.

All these Nordic countries have also agreed to comply with the international standards which have been set by the inter-governmental party, the Financial Action Task Force, which is often referred to with the abbreviation FATF. The FATF recommendations have been developed to prevent terrorism, organized crime, and corruption by having created a coordinated global response for these situations. The purpose of the FATF is to assist authorities to chase and monitor the movement of money among criminals. The task force also monitors all the countries that have agreed to implement the FATF Standards. (FATF 2022b.)

Each country has its own regulatory authorities who are responsible for the prevention of money laundering. This chapter presents the relevant regulators and parties which have the key responsibility of the AML surveillance in each country. Tables 1-5 present the relevant authorities who are somehow involved in the AML related matters in the Nordic countries, and their responsibilities in brief.

Table 1 presents the relevant AML authorities of Finland.

Authority	Responsibility
Ministry of Finance	Legislations & Decrees National Risk Assessments
Ministry of Interior	Acts & Legislations issued by the Financial Intelligence Unit Preparation of the Risk Assessment & Action Plan
Ministry of Foreign Affairs	Coordinating the execution of financial sanctions of UN and EU
The Financial Intelligence Unit of the National Bureau of Investigation	Prevent, Detect, & Investigate money laundering and terrorist financing
The Finnish Financial Supervisory Authority	Supervision of all obliged entities to act according to the AML Act within the financial sector
National Police Board of Finland, Gambling Administration	Supervision of gambling operators in mainland Finland
The Finnish Patent and Registration Office	Supervision of the auditors
The Regional State Administrative Agency	Supervision of other obliged entities
Ålands lotteriinspektionen	Supervision of gambling operators in Åland
Finances of Åland	Supervision of real estate agencies of Åland
Other Authorities: -Ministry of Justice -Ministry of Economic Affairs and Employment -Ministry of Social Affairs and Health	These are other relevant authorities related to AML in Finland

Table 1: Finnish AML Authorities and Their Responsibilities

As shown in table 1, in Finland the Ministry of Finance is responsible for the legislations, decrees, and the national risk assessments regarding AML. The Ministry of Finance also has the responsibility to coordinate the international AML matters on a national level. The Ministry of the Interior is responsible for the acts and legislations that have been issued by the Financial Intelligence Unit as well as preparing the risk assessment of the national terrorism financing. In addition, their responsibility is the preparation of the action plan for the National Strategy for Tackling the Shadow Economy and Economic Crime. The Ministry for Foreign Affairs is the responsible party for coordinating the execution of the financial sanctions of the United Nations and the European Union in Finland. (Money laundering 2022c.)

There are also other related ministries that take part in the surveillance, and they are the Ministry of Justice, the Ministry of Economic Affairs and Employment, and the Ministry of Social Affairs and Health. The Financial Intelligence Unit of the National Bureau of Investigation operates to prevent, detect, and investigate the money laundering and terrorist financing cases.

The Finnish Financial Supervisory Authority, which is often referred to by using the abbreviation FIN-FSA, operates to supervise all the entities that are obliged to act according to the Anti-Money Laundering Act within the financial sector. The National Police Board supervise the gambling operators in mainland Finland, the Finnish Patent and Registration Office is

responsible for the supervision of the auditors, and other obliged entities are supervised by the Regional State Administrative Agency of Southern Finland. Åland has its own authorities who are responsible for the supervision of the gambling operators and real estate agencies. (Ministry of Finance Finland 2022b.)

Table 2 presents the relevant AML authorities of Sweden and their main responsibilities.

Authority	Responsibility
The County Administrative Boards of Skåne, Stockholm, and Västra Götaland	Surveillance of the entities without a dedicated supervisory authority
The Swedish Financial Supervisory Authority	Supervision of all obliged financial entities
The Swedish Bar Association	Supervision of the Swedish lawyers
The Estate Agents Inspectorate	Supervision of estate agents and agencies
The Gambling Authority	Supervision of the gaming and gambling entities
The Inspectorate of Auditors	Supervision of the audit firms
The Financial Intelligence Unit of the Swedish Police	Registering, processing & analysing reports of suspected terrorism financing or money laundering
The Swedish Economic Crime Authority	Prevents and combats financial crime in Sweden
The Swedish Prosecution Authority	Ensures that the persons who commit crimes are investigated and prosecuted accordingly
Other Authorities: -The Companies Registration Office -The National Council for Crime Prevention -The Customs -The Security Services -The Tax Agency	These authorities have their own role in the prevention of money laundering and terrorist financing

Table 2: Swedish AML Authorities and Their Responsibilities

In Sweden the supervisors are divided by different reporting entities. As demonstrated in table 2, the County Administrative Boards of Skåne, Stockholm and Västra Götaland are responsible of the surveillance of the entities without a dedicated supervisory authority. The entities with dedicated authorities are supervised by their dedicated supervisors which are listed in the Act of Measures against Money Laundering and Terrorist Financing (630/2017) in chapter 1, section 2, the subsections 13-14, and 17-20. Depending on the entities, the supervisory authorities are the Estate Agents Inspectorate, The Gambling Authority, the Inspectorate of Auditors, and the Bar Association. All the financial entities are under the supervision of the Swedish Financial Supervisory Authority. (Government Offices of Sweden 2022.) The Financial Supervisory Authorities are often referred to by using the abbreviation FSA.

The Financial Intelligence Unit of the Swedish Police registers, processes, and analyses reports that they receive from firms on suspected terrorism financing or money laundering. If the reported transaction can be linked to a particular crime or as a part of criminal activity, the Financial Intelligence Unit informs the relevant police authority or another law enforcement agency, for example the Swedish Economic Crime Authority. The Swedish Economic

Crime Authority prevents and combats financial crime in Sweden. The Swedish Prosecution Authority on the other hand ensures that the persons who commit crimes are investigated and prosecuted accordingly. (The Financial Supervisory Authority of Sweden 2021.) In short, the administrative authorities include the FSA, the Companies Registration Office, the Council for Crime Prevention, and the Dedicated Supervisory Authorities. The Law Enforcement and Controlling Authorities include the Prosecution Authority, the Economic Crime Authority, The Police Authority also referred to as the Financial Intelligence Unit, Tax Agency, Enforcement Authority, the Customs, and the Security Service. (Government Offices of Sweden 2022.)

Table 3 presents the relevant AML authorities of Norway.

Authority	Responsibility
The Financial Supervisory Authority	Supervision of entities obliged to comply with the AML legislations
The Norwegian Police Security Service	Prevention of terrorism and the financing of it in and from Norway and the use of Norway as a money transferal country as a part of money laundering procedures
Other authorities: -The Ministry of Justice -The State Department -The State Treasury -The Police Department -The Norwegian Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim)	These authorities share the responsibility of overseeing the AML compliance in Norway

Table 3: Norwegian AML Authorities and Their Responsibilities

As demonstrated in table 3, the Financial Supervisory Authority of Norway is the key responsible for supervising different entities that are required to comply with the AML legislations. There are also other responsible parties who oversee the AML compliance. The responsibility is shared between the Ministry of Justice, the State Department, the State Treasury, the Police Department, Økokrim which is the Norwegian Authority for Investigation and Prosecution of Economic and Environmental Crime, and the Norwegian Police Security Service. The Financial Intelligence Unit of Økokrim handles all the announcements of suspicious transactions, and then informs the police of Norway and other necessary parties. The role of the Norwegian Police Security Service is to prevent terrorism and the financing of it in Norway as well as from Norway, and the utilization of Norway as a money transferal country as a part of any money laundering procedures. (The Financial Supervisory Authority of Norway 2016.)

Table 4 presents the relevant AML authorities of Denmark.

Authority	Responsibility
The Financial Supervisory Authority	Supervision of entities in the financial field like banks, investment and insurance companies, and currency exchange companies
The Danish Business Authority	Supervision of the non-financial legal persons who are subject to the AML Act
The Danish Gambling Authority	Supervision of the gambling companies
The Danish Bar and Law Society	Supervision of attorneys
The Money Laundering Secretariat of the State Prosecutor for Serious Economic and International Crime (FIU)	Receives and analyzes the notifications of the AML suspicions Informs the police of cases that possibly need further investigation
The Danish Police	Conduct the necessary police investigation in case there is need for it
Government of Denmark	Update and strengthen the AML/CFT framework Take part in monitoring and supervision
Danish Parliament	Review and update the AML legislations

Table 4: Danish AML Authorities and Their Responsibilities

As table 4 shows, the supervisory authorities in Denmark are the Danish Financial Supervisory Authority, The Danish Business Authority, The Danish Gambling Authority, and the Danish Bar and Law Society. The Danish FSA is the primary supervisory authority for entities that operate in the financial field like banks, investment and insurance companies, and currency exchange companies. The Danish Gambling Authority supervise the gambling companies, and the Danish Bar and Law Society supervise the Danish attorneys. (Østergaard & Hoffmann 2022.) The non-financial legal persons, that are subject to the AML Act, are supervised by the Danish Business Authority. In short, the Danish Business Authority supervises auditors and audit firms that are approved under the Danish Act on Approved Auditors and Audit Firms, realtors, and real estate entities. In addition to these, they supervise undertakings and persons who commercially store, trade, or act as intermediaries in the field of art trade, which also includes art galleries and auction houses, if the value of the transaction or series of linked transactions add up to DKK 50 000, which is approximately 6 700 €. (Danish Business Authority 2022.)

The Money Laundering Secretariat of the State Prosecutor for Serious Economic and International Crime, also known as the FIU, which is an abbreviation for the Financial Intelligence Unit, is the party that receives and analyzes the notifications of the AML suspicions in Denmark. As shown in table 4, the responsibility of the Danish FIU is to inform the relevant police department in case they see it necessary when investigating a notification they have received regarding a suspicion of a money laundering case. The Danish police then assess whether a further investigation is necessary. (The Prosecution Service 2022.) The Danish police department has a Special Crime Unit that operates against the most complex economic and organized crime (Danish Police 2022). According to Denmark's National Reform Programme 2022,

the Danish Government and the Danish Parliament combat money laundering and work on counter terrorist financing, by updating and adjusting the AML framework and legislations of Denmark (Danish Government 2022).

Table 5 presents the relevant AML authorities of Iceland.

Authority	Responsibility
The District Prosecutor's Financial Intelligence Unit	Investigates allegations of money laundering based on tips received Pass the information to the appropriate authorities
The Financial Supervisory Authority	Monitors financial entities, that are required to comply with the AML policies and legislations fulfill their responsibilities
The Steering Group formed by the Ministry of Justice	Monitors the AML compliance Ensures that recommendations of the FATF are implemented Guide the government with FATF-related matters Take part in maintaining, editing, and creating matters related to prevention of money laundering and terrorism financing
Other Authorities: -The District Prosecutor's Office -The Law Enforcement Authorities -The National Commissioner of the Icelandic Police -The Ministry of Foreign Affairs -The Ministry of Finance and Economic Affairs	Each authority has their own role in the implementation, monitoring of compliance and investigation of money laundering misdemeanors in Iceland

Table 5: Iceland's AML Authorities and their Responsibilities

As table 5 indicates, the District Prosecutor's Financial Intelligence Unit in Iceland is the party who investigates any allegations of money laundering, and after reviewing the tips, they pass the information on to the appropriate authorities (The District Prosecutor of Iceland 2022). The Financial Supervisory Authority of Iceland monitors that the entities that are required to comply with the AML policies and legislations fulfill their responsibilities (The Central Bank of Iceland 2022). In short, the entities the FSA of Iceland supervise are financial institutions, payment institutions, and electronic money companies. The District Prosecutor's office uses their prosecutorial authority, when investigating serious offences related to money laundering. The Law Enforcement Authorities investigate misdemeanors and are supervised by the District Prosecutor or the Chief of Police. The National Commissioner of the Icelandic Police is responsible for implementing risk assessments under the AML Act. The Ministry of Foreign Affairs is responsible for implementing international sanctions. In addition to these, the Ministry of Finance and Economic Affairs takes part in the supervision of the AML related matters. (Government of Iceland 2022a.) The Ministry of Justice has defined a group which consists of several people from different roles and this steering group is responsible of monitoring the AML compliance in Iceland. The responsibility of the steering group is to ensure that the recommendations of the Financial Action Task Force are implemented, they guide the government with the FATF-related matters, and take part in the maintenance, creation, and the

editing of matters related to prevention of money laundering and terrorism financing (Government of Iceland 2022b).

4 Most Common Punishments for Money Laundering Crimes

Punishment or a sentence refers to a legal sanction that is imposed on a perpetrator because of them breaking the law (Crime Prevention 2022). Generally it has been agreed to, that a legal and political justification is required prior to imposing a punishment (Murtagh 2022). Punishments form the core of the criminal sanction system (Justice Ministry of Finland 2022). They can be used to prevent or reduce crimes either in general or to target specific types of crimes or perpetrators. The punishments vary depending on the severity of the crime committed. (Crime Prevention 2022.) Each country has their own legislation according to which they determine the possible sentences and punishments for breaking the law.

4.1 Punishments in Finland

In Finland Audit Committee of the Patent and Registration Office has the jurisdiction to determine possible punishments or sanctions in case an auditor has been neglecting or breaching the Audit Act (1141/2015). The possible punishments which can be imposed on the neglecting entity are a remark, public warning, a fixed term prohibition of working as an auditor, a prohibition to work as a member of the administrative organ, or a fine (The Finnish Patent and Registration Office 2022).

Regional State Administrative Agency can impose punishments for neglecting the AML Act. The punishments are always the ultimate measure based on a holistic deliberation and are more of so-called administrative consequences. The actual money laundering crimes are investigated by the police. The Regional State Administrative Agency can impose a public warning, administrative fines, and penalty payments.

A public warning is given when there is no need for more severe punishments, like a situation where an operator has either on purpose or due to neglect breached a regulation or decree of the AML Act, which is other than the decrees concerning administrative fines and penalty payments. Administrative fines are used as penalty for operators who violate or neglect the obligations of the AML Act. These obligations are creating and performing risk assessment, identifying customers, and performing customer due diligence checks, and retaining the appropriate customer due diligence documentation, reporting transactions that are suspicious, registering to the AML registry, composing procedures for reporting any suspected breach of the AML Act, training employees, and preparing appropriate instructions for them. Customer due diligence is also referred to with the abbreviation CDD. The nature, intensity and the duration

of the violation or breach must be taken into account when charging the fine. The minimum fine for a legal entity is 5 000€ and the maximum is 100 000€.

The acts that can lead to penalty payments due to the violation or failure of complying to the AML Act are mostly the same as to what an administrative fine can be given, but the criteria are more severe. Penalty payments can only be charged in case of serious, recurring, or systemic violations or failure to comply with the AML Act. The amounts of penalty payments can be considerably greater than the administrative fines. There are several matters that are considered in addition to the specific circumstances of the incident and these matters are the nature, scale, and duration of the violation, the financial position of the offender, the benefit gained, or the damage caused by the offender's actions, the level of cooperation by the offender with the authorities, and the offender's potential previous violations.

On financial service providers, the penalty payments have a cap of 10 % of the turnover of the operator's previous financial year, or 5M€. The penalty payment will be chosen by whichever of these two is higher. If the amount of the benefit that was gained can be determined, the penalty payment can be up to twice the amount of it. On other kinds of legal persons, the imposed penalty payments have a cap of double the amount of the gained benefit, or alternatively 1M€, whichever of these is higher. (Regional State Administrative Agency 2022.)

Act on Financial Supervision (2008/878) chapter 4, section 38 orders, that the FSA can order a fine for a legal person, who operates in the field of finance, and has on purpose or due to negligence failed or neglected their responsibilities. The amount of the fine will be based on an overall evaluation, it is a minimum of 5 000€ and the maximum of 100 000€. This fine will be paid to the government of Finland. If the act of negligence was extremely disgraceful, a penalty fee can be ordered instead of a fine. These fines and penalty fees will be ordered unless there is no need for more severe actions as a punishment for the negligence. The AML Act (444/2017) chapter 8 determines fines to be paid for neglection or breach of the AML regulations. In addition to the same fines the FSA can charge on legal person which were stated earlier in this chapter, a natural person can also be charged a fine of 500€ to 10 000€ if they have neglected or breached the AML Act.

A public warning can be given to the legal person under monitoring according to the Act on Financial Supervision (2008/878) chapter 4, section 39. Briefly, a public warning is given in case of neglecting or breaching the responsibilities to provide the FSA any information that is requested by the FSA.

A penalty payment can be ordered to a legal person by the regulator according to the AML Act (444/2017) for severe failures or serious and repetitive neglects of the AML Act. The amounts of the penalties are not stated in the AML Act, because it can be determined by the relevant supervisory authority. The penalty payment on the behalf of the Patent and Registration

Office is determined by the Audit Committee. The Act on the Financial Supervision (878/2008) chapter 4, section 41 states that the amount of the penalty is based on a holistic evaluation, which includes the nature, scale, duration, and the financial position of the operator. In addition to this, the evaluation must include the overall benefit acquired from the action, and the overall damage that was originated due to the action, if these can be determined. The penalty can be maximum of 10 % of the turnover of the operator's previous financial year, however the cap is 10M€.

Money laundering in Finland is punishable under the Criminal Code (39/1889). According to chapter 32, section 6 money laundering is punishable by a penalty of a fine or imprisonment of maximum two years.

4.2 Punishments in Sweden

The Swedish Code of Statutes on penalties for money laundering offences (2014:307) section 3 states that the penalty for purposefully concealing the origin of money or other property when it has been acquired from criminal activity or is a part of the process in ways mentioned in section 3, is imprisonment for up to two years. If the offence which is being referred to in the Swedish Code of Statutes (2014:307) sections 3 or 4 are viewed as gross money laundering offence, the penalty can be imprisonment from the minimum of six months to the maximum of six years. The offence will be evaluated with its severity, with taking into consideration of whether the act was connected to objects with significant value, whether the illegitimate activities were part of activities that have been consistently or extensively carried out, or whether the nature of the offence was exceptionally dangerous. This is also mentioned in the Law on Penalties for financing particularly serious crime in certain cases (2002:444) in section 3. According to the Swedish Code of Statutes (2014:307) section 6, if the offence is minor, the penalty can be either imprisonment for the maximum of six months or a fine.

The Swedish law on penalties for financing particularly serious crime in certain cases (2002:444) section 6 determines that the Swedish court is qualified to judge crimes by this law if the crime has been committed, as mentioned in chapter 2, to the profit of a legal person established in Sweden. Chapter 5 determines that if the offence is charged with a more serious punishment according to the criminal code or to the law on punishment for terrorist crimes (2003:148), the law on penalties (2002:444) must not be applied.

The law on punishments for public solicitation, recruitment and training regarding terrorist crimes and other particularly serious crimes (2010:299) determines the serious crimes the law refers to in section 2. Gross money laundering offences belong under chapter 5. According to this law (2010:299), the punishments vary from imprisonment of the minimum of six months to the maximum of six years, but with most crimes described in this law, the imprisonment is up two years.

The Swedish Criminal Code (1962:700) regulates corporate fines in chapter 36 section 7. Corporate fines can be charged on a legal person for an offence if a more severe penalty than a fixed fine can be imposed for the offence, and if the offence was committed during business activities, public activities that can be seen as equal as business activities or other activities that have been carried out by a legal person if the offence could have led to provide financial gain for the company. The corporate fines vary from a minimum of SEK 5000, which is approximately 450€, to a maximum of SEK 10M, which is approximately 917 000€, depending on the severity of the crime (Hedwall 2022). For minor offenses corporations might be charged with fines, which can be from SEK 200 up to SEK 4000, which is approximately 18€-350€, by the Swedish prosecutor's office (Swedish Prosecution Authority 2022).

4.3 Punishments in Norway

Norway's Act relating to Measures to Combat Money Laundering and Terrorist Financing (2018-0422), which is also referred as the AML Act, handles supervision, administrative measures, and sanctions in chapter 9. Section 49 determines measures regarding administrative fines, according to which administrative fines can be imposed on any obliged entity, or anyone who acted on behalf of an obliged entity if they have violated or neglected their responsibilities. These administrative fines can also be imposed on directors, executives, employees, or any person performing tasks on behalf of an obliged entity in case they have acted deliberately or with gross negligence and violated the responsibilities and regulations of the AML Act. The administrative fines may be up to NOK 44M, which is approximately 4.2M€. The fine can be set to be double the amount of the financial gain of the violation if it can be calculated or determined, or up to 10 % of the obliged entity's most recent approved turnover. The administrative fine will be determined to be whichever of these options adds up to the highest amount. There are various factors to be assessed when determining the amount of the administrative fine or possibly imposing other prohibitions, these factors are stated in the AML Act chapter 9 section 50. The factors are following, the gravity and extent of the violation, the degree of culpability of the violator, the risk assessments of the obliged entity, the benefit that could have been gained or was gained of the violation, possible losses of third parties, the possible cooperation with the authorities, and possible previous violations of this Act.

Chapter 9 section 51 of the AML Act (2018-0422) determines penalties. According to this section penalties of a fine can be imposed to undertakings which are obliged entities, and which violate their responsibilities and the regulations that apply to them. Penalties of a fine may be imposed on obliged entities or any individual operating in the entity if they have acted either deliberately or with gross negligence in connection to the violation. If the circumstances of the violation can be seen as particularly aggravating, a penalty of maximum one year imprisonment may be imposed. Penalties determined in chapter 9 section 51 may also be imposed on natural persons who are obliged to comply with the AML Act and who violate

knowingly or with gross negligence the rules and regulations of this Act, and the same process applies to directors, executives, and employees or other individuals performing tasks on behalf of an entity.

4.4 Punishments in Denmark

The Danish Consolidation Act on Measures to Prevent Money Laundering and Terrorism Financing, also referred to as the Money Laundering Act (LBK nr 316), determines penalties in chapter 14. According to chapter 14 section 78 subsection 3, when deciding on the amounts of fines given of negligence or failing to comply with the rules and regulations of the AML Act, the financial stability of the perpetrator is analyzed. In case the perpetrator is a legal person, the analysis will be made of the net turnover during the time of the offence. Chapter 14 section 78a states, that in case the FSA sees that the appropriate punishment is an administrative fine, they can propose the case to be settled without a trial, if the natural or legal person who is guilty of the violation declares himself guilty and agrees to pay the proposed fine before the deadline. Chapter 14 section 80 subsection 3 states that if a natural or legal person fails to fulfill their duties, the Danish Business Authority can impose a daily or weekly fine on the person, company, or persons responsible, as a coercive measure. Chapter 6 section 31 of the Danish Criminal Code states, that the usual penalties are imprisonment and a fine. The durations of the imprisonment are stated in chapter 6 section 33, which are for life, or time less than 16 years but more than 7 days. Exceptions are stated in chapter 6 section 33 subsection 2, where authorities can increase the duration of imprisonment up to 20 years in certain cases.

Money laundering has been punished in Denmark as a part of predicate offence or as handling stolen property according to the Criminal Code until 1.6.2018. This is when money laundering became independently criminalized. The value of fines in 2018 varied from DKK 500 to over DKK 1M, which is approximately 67€ to 135 000€, according to the Money Laundering in Denmark National Risk Assessment 2018. (The State Prosecutor for Serious Economic and International Crime 2018.)

4.5 Punishments in Iceland

Iceland's Act on measures against Money Laundering and Terrorist Financing (140/2018) determines in section XII Article 44 that the Financial Supervisory Authority has the right to demand corrective action from any entity that is obliged to comply with this act but has not done so. Section XII article 45 determines that the FSA may charge fines on an entity that is obliged to comply with this act if they have failed to provide any requested information or if they have failed to act to provide demanded corrective actions by the given deadline. In this case, the daily fine can be charged until the day the entity complies with the demands of the supervisors. The daily fine can range from ISK 10 000 to ISK 1M per day, which is

approximately 70€ to 7 000€ per day, depending on the nature of the negligence and the financial stability of the entity.

The FSA has the jurisdiction of imposing administrative fines on any party who violates the Act, or the rules and regulations stated in section XII Article 46. The circumstances are considered when the administrative fine is being determined, but the fines can range from ISK 100 000 to ISK 800M, which is approximately 700€ to 5.7M€, depending on the case and the perpetrator. When fining an obliged entity, the fine may also be determined to be 10 % of the entity's gross turnover according to the last approved financial statement of the entity.

Section XII Article 50 of the AML act defines that the supervisors have the authority to suspend the board of directors and the managing director of an obliged entity in case of serious, repetitive, or systematic violations of the AML Act. After suspension, the persons suspended are not allowed to be in these positions for the next five years.

According to chapter XXVII Article 264 of the General Penal Code (1940 No. 19), any person who deliberately commits the original offence or accepts, acquires, converts gains, stores, or assists in delivery or concealing gains or information on their origin or nature can be sentenced to imprisonment for time up to six years. If the violation or the crime is committed due to negligence, the punishment may be a fine or imprisonment up to six months. The penalties may be longer than previously stated, under certain circumstances that are defined in the General Penal Code chapter XXVII Article 264a.

4.6 Overview of the Punishments in the Nordics

All these countries have their own legislations in which they refer to and interpret when evaluating the suitable punishment for the money laundering crimes, breaches, and neglects of the AML Acts. Tables 6, 7 and 8 provide a clear overview on the most common punishments and pecuniary fines in the Nordic countries. Table 6 presents a comparison of the different punishments in the Nordic countries and table 7 presents a closer comparison of the most common fines for money laundering crimes. Table 8 presents the durations of imprisonments that can be imposed on perpetrators for violating the money laundering requirements.

Country	Public Warning	Daily or Weekly Fine	Administrative Fine	Fine	Penalty Payment	Imprisonment	Suspension of the Board of Directors
Finland	X		X		X	X	
Sweden			X	X		X	
Norway			X		X	X	
Denmark		X	X	X	X	X	
Iceland		X	X	X		X	X

Table 6: Common Punishments of Money Laundering in the Nordic Countries

As indicated in table 6, the most common punishments of crimes related to money laundering, or the negligence of the AML Acts in the Nordic countries are either administrative fines or imprisonment. It can also be noted from table 6 that the least common punishments or acts taken in the Nordics are public warning, which is used in Finland, and the suspension of the board of directors, which is used in Iceland. Referring to previously stated, table 7 provides a closer comparison of the most common fines for money laundering crimes in the Nordics.

Country	Fines	Double of the gained benefit	Maximum 10% of the latest turnover of the previous financial year
Finland	5 000€ - 5M€	X	X
Sweden	18€- 917 000€		
Norway	Up to 4.2M €	X	X
Denmark	67€ - 135 000 €		
Iceland	70€ - 5.7M€		X

Table 7: Amounts of Fines the Regulators Can Impose in the Nordics

As indicated in table 7, the most common fine in the Nordics is maximum 10 % of the latest turnover of the previous financial year. Table 7 also presents the amounts of fines that are charged in each country. The amounts vary considerably in each country. As has already been mentioned, table 8 presents the durations of imprisonments charged for money laundering crimes in the Nordics.

Country	Imprisonment
Finland	Up to 2 years
Sweden	Maximum of 6 months-6 years
Norway	Up to 1 year
Denmark	Minimum of 7 days-20years
Iceland	Up to 6 months-6 years

Table 8: Durations of Imprisonments for AML Act Violations in the Nordics

The durations of imprisonments that are imposed in the Nordics vary from each other substantially as demonstrated in table 8. The table presents a few similarities. Finland and Norway both have shorter imprisonment sentences than the other countries listed. Sweden and Iceland on the other hand have a similar structure in their sentences. Denmark stands out in table 8 by having the longest sentences of imprisonment.

Figure 3 presents an overview of the content of the AML legislations in each of the Nordic countries. It is significant to understand what the legislation of each country determines regarding the AML matters, if the target company wants to align the AML processes in the

Nordics. To note, this figure is a compilation of the high-level matters ruled in the local AML Acts and the purpose is to provide an overview on what the AML Acts regulate in each country. The stated points are taken from the main chapters of the AML Acts, which are the Finnish AML Act (444/2017), The Swedish AML Act (630/2017), The Norwegian AML Act (2018-0422), The Danish AML Act (LBK nr 316), and The Icelandic AML Act (140/2018).

Finland	Sweden	Norway	Denmark	Iceland
<ul style="list-style-type: none"> • Risk assessment • KYC • SAR & confidentiality obligation • Money laundering supervision registering • Beneficial owners • Monitoring • Sanctions 	<ul style="list-style-type: none"> • Risk assessment • KYC • Monitoring & reporting • Handling of personal data • Internal monitoring & SAR • Harms/Damages • Supervision • Authorization 	<ul style="list-style-type: none"> • Maximum amount of cash payments • Risk-based approach & procedures • CDD & monitoring • Reporting • Handling personal data • Miscellaneous obligations • Authorization for company service providers • Supervision & Sanctions 	<ul style="list-style-type: none"> • Cash payments, fake currency & accepting 500€ bank notes • Risk assessment • KYC • Third parties • Reporting • International business • Employees • Confidentiality & accountability • Money transfers • Currency exchange • Monitoring • Communication & collaboration forum • Parties & appeal provision • Punishments 	<ul style="list-style-type: none"> • Risk assessment & high-risk states • CDD • Information from third parties • Reporting • Prohibition of disclosure • Data protection • Internal procedures & employee training • Registration obligation • Supervision • Coordination & Collaboration • Coercive measures and sanctions • Miscellaneous provisions

Figure 3: Overview of the AML legislations in the Nordics

Denmark and Iceland have a significant number of different rules that are set in their AML Acts. This indicates that the legislation is stricter than in the other countries. Although in the other Nordic countries, the legislation was more concisely stated within each of the chapter, meaning that some of what may be ruled with its separate chapter in Denmark and Iceland are ruled within the high-level chapters presented in figure 3. Despite this, it still can be stated that the Danish and Icelandic AML Acts are the strictest of all of the Nordic countries, as they are the most precise in their legislations as well as most strict in terms of the punishments, as table 6 presented. As a reminder, SAR which can be found in Finland and Sweden stands for Suspicious Activity Reports, and CDD which can be found in Norway and Iceland stands for Customer Due Diligence.

5 Methods

This comparative research work is executed by using qualitative research methods as well as empirical evidence acquired during the research process. This research uses a semi-structured interview in a form of a survey as a part of data collection. Qualitative research method enables the researcher to explore and form a better understanding of the complexity of the research phenomenon (Williams 2007). The interest of a qualitative research is to understand the belief and the experience regarding the research subject from the perspective of people

(Brink 1993). The research question aims to understand the subject and the real-life experience of the subject also in practice on a deeper level. A qualitative approach allows the researcher to identify issues from the viewpoint and aspect of the study participants, and by this it allows to form an understanding of the interpretations they give to behavior, events, or objects. By understanding their experience of how collaboration with their country specific AML supervisory authorities, and how AML compliance works in practice, the research uses interpretive approach. The purpose of qualitative research is to form a deeper understanding of why, how, and what the process is. The data in qualitative research is mostly textual, when in quantitative research it is statistical. The study participants consist of a small number of individuals, who are selected deliberately. In quantitative research the study participants are often referred to as respondents, and the data collection methods are most commonly surveys and polls. (Hennink, Hutter & Bailey 2020, 16.) To conclude, the research method is qualitative, but the data collection method used is data triangulation, as it uses mixed methods.

The objective of a qualitative research is to obtain a contextualized comprehension of behaviors, beliefs, and motivation. (Hennink, etc. 2020, 16.) This research aims to understand what the differences of the actions of AML supervisory authorities in each of the Nordic countries are, and how do the differences in the behaviors of these authorities, and the AML rules and regulations differ in practice.

5.1 Data Collection and Analysis

As the research question has been defined, and the theoretical research process has been started, the next step is to determine how the actual research is to be executed. The data collection method that was chosen in this thesis was a survey, which consisted of twelve multiple choice questions, which included several claims, and four open-ended questions. Due to the structure of the survey, it is considered to be a semi-structured interview in a form of a survey. A semi-structured interview proceeds in a manner where each respondent is presented with the same questions in the same order. The survey consists of both open-ended questions, where the respondent can form their response independently, and close-ended questions, where the respondent is given pre-determined alternatives, and they are expected to choose one which applies most in their situation (Saaranen-Kauppinen & Puusniekka 2006). To be more precise, the open-ended questions provide the respondents a space, where they can reply with their own response, when on the other hand close-ended questions provide the respondents a list of possible responses to choose from (St.Olaf College 2022).

Survey was chosen as the data collection method because it was determined to be the best option, especially due to the time differences of the countries as well as the busy schedules of the selected respondents. The survey was the most effective method to be used in the data gathering, because all professionals could respond to it whenever the time was most

suitable for them. It was important to keep in mind what the main research question was when planning the survey. The main goal had to be kept in mind constantly, for the survey to provide appropriate material to be used to answer the research question.

The survey had to be planned so that it would require as minimal effort as possible from the respondent, however providing relevant answers for the research. This was due to the awareness that the respondents are in positions in which they are extremely busy with their day-to-day work. It was important to understand this, because if the survey would have been long, it would have more time-consuming, and due to the busy schedule of the respondents, the response rate could have been low.

During the process of planning the survey it was important to determine who to target it to, to receive a practical perspective of relevant professionals who have experience in collaborating with the AML supervisory authorities in the Nordic countries. The relevant professionals were determined by collaborating with the client, they had a clear view of who would be competent to respond to the survey. As this thesis is delivered to a global professional service firm, the professionals to be contacted were relatively easy to determine. The requirement was that they had been in contact with the AML supervisory authorities as well as taken part in the AML compliance audit process. The survey was sent to 11 professionals altogether. And the response time was set to be 2,5 weeks. After the response time of the survey was closed, the analysis of the responses could begin.

The survey data was easily exported to an Excel file, so the multiple-choice questions were analyzed manually in Excel. The open-ended questions were analyzed manually without any specific program. The data analysis method was comparative via different tables and figures, and the open-ended questions in the survey were analyzed by doing content analysis. The multiple-choice questions are analyzed by tables and figures because those methods provide all gathered data in one specific form, which makes the data easier to be compared and analyzed. The open-ended questions on the other hand are analyzed by using content analysis since the responses have been typed and are in a textual form. By utilizing content analysis as a method, it is easy to see which terms are brought up most frequently and which conversely are not. The content analysis is made by coding the information received from the responses and sorting them by themes. The data analysis of a qualitative research is interpretive.

5.2 Duration and the Research Process

The research process was initiated in May 2022, by defining the subject and completing the subject analysis. The research plan was accepted in mid-May. After this, the tentative research questions were defined, and the research began. Gathering information and the theory took from the end of June until the beginning of August. During the research phase the research questions were specified. The next step was to design the survey and determine the

questions to be asked. The survey was open for the respondents for two and a half weeks in total; the exact dates were 31.08.2022-16.09.2022. After the survey had been closed, the analysis of the results could begin. The phase to describe the research and its methods was initiated during the response time of the survey and it kept going until the analysis was completed. The analysis was carried out in mid-September until the end of September. During October, the final conclusions were made, and the report was finished and returned for review.

The research process was initiated by defining the questions which were to be answered. In brief the main research question aims to find out how do the actions of the Nordic AML supervisory authorities of the audit firms differ from each other. This question is examined from the regulators audit point-of-view. The sub-questions aim to find out how does the collaboration with the audit regulators differ in the Nordics and what are the differences of the punishments for money laundering crimes in the Nordics.

After the research questions were defined, the research process and study of the subject could begin. The data was gathered from multiple data sources due to the theoretical data required in this thesis not being available from one specific source. As the subject of the thesis addresses the processes and legislations of several different countries, the data needed to be gathered from various country specific sources. Electrical resources were decided to be used because it was clear, that getting physical literature with relevant theoretical information of country specifics would likely be very challenging. As the thesis aims to investigate how the relevant supervisory authorities differ in their actions, it was important to investigate who the relevant authorities are, and what are their legal jurisdictions as well as how they operate. Because of this, the theory was gathered from reliable official resources that are publicly available. To clarify, the official resources were the websites of the country specific police, government, ministries, and other relevant authorities. In addition to the resources being the official websites, the country specific legislations and European Union specific legislations and directives were used as well.

6 Reliability and Validity

Reliability is associated with the consistency, stability, and repeatability of the informant's recitations as well as the researcher's ability to collect and document information accurately (Brink 1993). As reliability in quantitative research refers strongly to the exact replicability of the processes and the results, in qualitative research this exact definition is a challenge due to various paradigms, which are typical in qualitative research. Therefore, the core of reliability in qualitative research is consistency. (Leung 2015.) The research was executed from the perspective of a global professional services firm, which is also due to the audit services they provide, obligated to comply with the AML rules and regulations. More specifically within

this exclusion, the respondents were chosen to be professionals, who have experience in collaborating with the relevant AML supervisory authorities. As this research was specifically executed in the operating environment described previously, and as the survey results consist of the personal experience of the professionals chosen as respondents, the research is difficult to be replicated at least with similar outcomes.

A more relevant factor to be reviewed is the coherency of this research. The claims and questions were coherent regarding the research subject. In addition to the previously mentioned, the questions were stated as neutrally as possible and without bias. The survey was concise, and the questions were consistent with the theme. The survey did not include questions regarding experiences of sanctions or imprisonments due to the fact that in case this firm would have experience in the previously mentioned, they would probably not have clients as they would not be a trustworthy professional services firm. This is why the survey questions focused more on the feedback and comments received from the supervisory authorities regarding the improvement of the AML compliance processes.

This research was executed objectively and by an unbiased manner. The researcher did not influence the responses of the survey since the respondents took part in the survey remotely. The communication with the respondents took place via e-mail, by a short introduction of the researcher and the researchable subject, including the request to take part in the study, and providing the link to the survey. The researcher was also unbiased while performing the research of the theory and looked for relevant information with similar methods from the public sources of each of the Nordic countries.

What adds to the credibility of the research is that the survey was presented to the client and the instructor and edited by the feedback received. The edits that were made to the survey and its content were mostly changing certain terms and providing examples of certain matters that are meant in specific questions to give the respondent the context of the question. The respondents were aware of what the perspective and what the subject of the research is, which also adds to the credibility of the research.

Validity in qualitative research is related to the accuracy and truthfulness of the findings (Brink 1993). The meaning of validity in qualitative research is the appropriateness of the chosen processes, tools, and data (Leung 2015). As this research focuses mostly to compare and describe the differences of the actions of relevant AML supervisory authorities in the Nordic countries it is important to understand what the base for the actions is. Therefore it is important to understand the rules and regulations of these countries as well as describing who are the relevant AML supervisory authorities in these countries. The theory was gathered from several official public sources, which are maintained by the country specific authorities. Due to this, the sources and the theory supports the validity of this research. Another factor to

support the validity of the research is the chosen data collection method, which was data triangulation in the form of a semi-structured survey. With triangulation the accuracy of results can be improved, as the data is collected by different methods. Triangulation can improve the validity of the research. (Ghauri & Grønhaug 2010, 212.) The respondents had the opportunity to respond truthfully and honestly, as the survey was executed anonymously. The responses received from the survey made it possible to analyze the real-life experience regarding the research subject.

7 Limitations and Research Ethics

As the research is executed as a comparative study, it is clear that information needs to be gathered from various sources, from various countries, with different official languages and currencies. During the research it became clear that not every country had relevant data publicly available and if it were publicly available not all data was available in English. Due to this, some material needed to be translated with either an online translator or an online dictionary. This itself poses a factor of limitation because the meaning can be lost in translation, and this might cause the validity of the data to be compromised (Smith, Chen & Liu 2008). Another limitation of the research was the lack of publicly available, clear, and concise information of the research subject from Denmark. The information was challenging to gather from the public official sources, this is why two relevant official authorities were contacted by e-mail with the hopes of receiving more concise information. The contacted authorities, the white washing team of the Danish Business Authority and the Justice Ministry of Denmark, could not provide assistance with clarification of the AML rules and regulations of Denmark. Another limitation regarding the study and information gathered from Denmark is the fact that only one response out of three was received in the survey. Therefore it can be stated that the research results regarding Denmark are not as truthful as they could be.

The research is executed in English, and it is not the official language of any of these countries, it can present a minor limitation as well. The limitation of the respondents not fully understanding certain terms, or the intent of the survey questions might be unclear could cause a limitation regarding the survey results. The limitation is minor due to the corporate language of the client being English, as well as the respondents working with matters related closely to the subject, so the terms can be assumed to be familiar for the respondents. Regarding the research language being different from the official language of each country, a limitation can arise of the respondent not being verbally able to explain themselves in the open-ended questions of the survey, and therefore the results of the analysis can be different from the initial intention of the respondent. In addition to the previously mentioned limitations, the quantity of the respondents can pose a factor of limitation due to the small number of chosen respondents. The survey could have been sent to the professionals who provide

services to the clients of the company which are related to the research subject. The issue in this could have been the lack of experience of collaboration with the relevant AML supervisory authorities, since the professionals providing these services most often only have a contact to the client who is in contact with the AML supervisors. These professionals could have only provided their input on what are the most common feedbacks received from the AML authorities.

As stated before, the currency in the Nordic countries is different, and to keep the data as clear as possible to compare, all the amounts of the pecuniary fines were converted to be in euros. This forms a limitation, because the currency rates change constantly, therefore the amounts discussed in this thesis might not be accurate and valid after the currency conversion has been done. The amounts of the pecuniary fines give a directional view on what the amounts were in euros during the time of conversion. The source used in the currency conversion was Google Finance and the conversion was performed in 30.09.2022.

As a term ethics refers to the discipline regarding what is morally good and bad, and what is right and wrong. It is also used when discussing theory of moral values or principles. (Singer 2022.) Ethics can be applied to all situations where any kind of actual or potential harm can be done to anybody. The person or persons carrying out a research have a moral responsibility to find out the answers to the research questions and explain them honestly and accurately. (Ghuri & Grønhaug 2010, 20.) The research has been executed with keeping the ethical perspective in mind throughout the processes. The different ethical principles that were focused on during the research process were permission and contract, voluntary participation, anonymity, and confidentiality. A contract has been signed of the terms and the execution of the research with the client. It has been agreed with the client, that no details of the client company or its internal processes can be disclosed during this research, this is why the client is not introduced or presented in this thesis, and no internal processes are disclosed in the result analysis of the research.

The ethical guidelines that were followed during this research were informed consent when contacting the respondents, self-determination and voluntary participation since the respondents had the option not to take part in the survey, anonymity as this thesis does not reveal the identities of the respondents, and confidentiality as no internal processes or the identity of the target organization are revealed (Hennink etc. 2020, 70). The respondents chosen were provided with information about the research, and they were also provided with the opportunity to ask questions regarding the research in case any questions arose. All selected professionals had the right to determine if they wanted to participate in the research, as the survey was anonymous and the only identifiable information acquired was the country of the respondent, the researcher did not have the information of who has taken part in the survey from each country, in case not all respondents took part in it. The only individuals who were

aware of the identity of the respondents were the researcher and the client representative, who was also one of the respondents of the survey. The introduction of the research subject emphasized that no responses were to be interpreted as an official statement of the specific member firm, but more of a personal experience and opinion of a professional who works closely related with the research subject. Confidentiality was taken into account by keeping all responses in a secure place with the e-survey provider. The only ones who have access to the responses are the survey creator, which in this situation is the researcher and the program administrator, in case necessary.

8 AML Compliance in Practice

One of the AML monitoring regimes consist of the supervisory authority performing inspections to the business premises of the obliged entities as well as performing inspections on the documents of the entity (Regional State Administrative Agency of Finland 2022). It is not possible to compare theory with the results of the survey in terms of the process of the monitoring, as the AML regulators do not provide this information publicly. As previously described the survey was sent to chosen professionals, who are known to have worked closely with AML related matters in the target organization. In addition to the previously mentioned, the professionals have been a part of the AML compliance inspections, which have been performed by the country specific audit regulator. The survey was sent to two professionals in each of the Nordic member firms of the target organization, except for Denmark, where the survey was sent to three professionals. The reason for sending the survey request to three Danish professionals was, because there are three professionals in Denmark who are mainly responsible for the AML compliance in the Danish member firm of the target organization. Table 9 presents the number of respondents who the survey was sent to, and the number of responses received from each country. It also presents the response rates as percentages.

Country	Amount of respondents	Response percentage
Finland	2/2	100 %
Sweden	2/2	100 %
Norway	2/2	100 %
Denmark	1/3	33 %
Iceland	2/2	100 %

Table 9: Survey Respondents and Response Rates

As stated before, Denmark was the only country, where the survey was sent to three professionals. As table 9 presents, the response rates were 100 % in each country except for Denmark, where the response rate was only 33 %, which in this case means, that only one professional responded to the survey. 18 % of the professionals did not participate in the survey.

Referring back to what was stated in chapter 7 regarding the limited information available from Denmark, it was not surprising to see that the only responses that were not received were from the Danish professionals. The reason for this may be tight schedule as well as not wanting to take part and giving personal insights. The rest of the data is analyzed by comparing the results with the full number of responses received, and as two professionals did not participate, the full number of responses received was nine. To put it in other words, all answers will be analyzed by calculating the percentage of each multiple choice answer out of nine.

Table 10 presents the second question of the survey which provides the responses received to the claim “AML compliance is easy and simple with the correct procedures”. This question was created to find out what the overall opinion or experience was regarding AML compliance.

“AML compliance is easy and simple with the correct procedures”		
Country	Yes	No
Finland		xx
Sweden	xx	
Norway		xx
Denmark	x	
Iceland	xx	

Table 10: Survey Question 2

As shown in table 10, 56 % of the respondents experience the AML compliance easy and simple with the correct procedures, while 44 % of the respondents think, that even with the correct procedures AML compliance is not easy and simple. The responses are divided clearly by each country, as seen in table 10. The Swedish, Danish and Icelandic respondents experience the AML compliance easy with the correct procedures, while the Finnish and Norwegian respondents consider AML compliance not easy even with the correct procedures. In terms of how the claim is designed, we are not aware if the respondents interpreted it by the processes being easy and simple at the moment or whether the claim was interpreted as if AML compliance processes would be easy and simple if the processes would be correct.

Table 11 presents the responses received in the third multiple choice question from the survey. It seeks an answer to how often the AML regulators contact the target organization. This question was relevant because it could reveal significant differences between the regulators and their procedures.

"The AML regulators contact us"					
Country	Annually	Bi-Annually	Twice a year	More often	Less often
Finland					xx
Sweden		x			x
Norway	x		x		
Denmark					x
Iceland	x				x

Table 11: Survey Question 3

The questions differ from each other as presented in table 11. The responses are interesting, because the majority of the responses differ from each other even within the same country of the respondent. The only country which has aligned responses is Finland. What can be determined from these results is that the respondents either do not remember the exact times when the regulators contact them, or either are not up to date with the contacts. 67 % of the respondents do not have the same response as their colleague from the same member firm. According to table 11, 22 % say they are contacted annually, 11 % say they are contacted bi-annually, 11 % say they are contacted twice a year, and 56 % say they are contacted less often than the answers provided in the multiple-choice question. The most common response was less often. This means that the regulators contact the target organization less often than every other year. According to the results provided in table 11, it is difficult to say whether the regulators contact the Icelandic and the Norwegian member firms annually, since the responses differ with both of the respondents. But what can be determined is, that the Norwegian regulators are the most active regulators of all of the Nordic countries.

Table 12 provides the responses received for the fourth multiple-choice question in the survey, which seeks an answer to how often the AML regulators do audits. This question could also expose significant differences regarding the processes of the regulators.

"The AML regulators do audits"					
Country	Annually	Bi-Annually	Twice a year	More often	Less often
Finland					xx
Sweden		x			x
Norway					xx
Denmark					x
Iceland					xx

Table 12: Survey Question 4

What firstly grabs the attention in table 12 is that the Swedish respondents have replied differently from one another. All other countries have responded the same way, and it can be determined that the regulators do not do audits very often, even though according to table 11

the regulators contact the member firms of the target organization more often. This question did not expose significant differences regarding the regulators processes.

Table 13 presents the responses to the fifth question of the survey, which referred to how long the actual inspection of the audit process takes. The duration of the process plays an important part when comparing the processes.

"The duration of the audit process (actual inspection)"				
Country	1-2 months	3-4 months	5-6 months	More
Finland	xx			
Sweden	xx			
Norway	x	x		
Denmark	x			
Iceland	xx			

Table 13: Survey Question 5

The responses were similar to each other, as can be seen from table 13. The Norwegian respondents experience the duration differently from each other, but the difference is not significant. What can be determined from table 13 is that all of the Nordic AML regulators of the target organization execute the audit inspection promptly.

Table 14 shows the responses received to the sixth multiple-choice question, which seeks an answer to how long it takes to receive the review report from the AML regulator. This table presents significant differences in terms of receiving the review report from the regulator.

How long does it take for you to receive the report from the AML regulator?				
Country	1-2 months	3-4 months	5-6 months	More
Finland				xx
Sweden	x	x		
Norway		x	x	
Denmark				x
Iceland			x	x

Table 14: Survey Question 6

As indicated in table 14, the responses received differ from each other significantly. Again, only the Finnish respondents have aligned responses. What can be seen in table 14 is that the responses received from each country differ within the respondents, but the difference is not very notable. The differences of the responses within each country are only one to two months from each other. What can also be analyzed from table 14 is that 44 % of the respondents experience, that the audit report takes more than six months to be received from the

regulator. In most of the Nordic countries, the regulator needs more than three months to create the audit report.

Table 15 presents the responses received from the seventh multiple-choice question, which was a claim regarding aligned AML processes in the Nordic member firms of the target organization. This question was created to find out what the respondents think about aligning the AML processes.

“It would be useful to have aligned processes in the AML compliance in the Nordics”		
Country	Yes	No
Finland	xx	
Sweden	x	x
Norway	xx	
Denmark	x	
Iceland	xx	

Table 15: Survey Question 7

Table 15 presents the views of the respondents on the possible aligned processes. What can be concluded from table 15 is that the majority of respondents, more specifically 89 % of them think that aligned processes would be useful. Only one respondent’s opinion differs from the majority. The respondents clearly see value in the aligned processes, and this might even make collaboration easier between the member firms.

Responses to question eight answer whether the respondents think that the audit report from the regulator is seen as useful or not, the answers are presented in table 16. The responses also provide an overview to what kind of attitude the respondents have of the regulator.

“The report from the regulators is”			
Country	Extremely useful	Useful	Not useful
Finland		xx	
Sweden		xx	
Norway		x	x
Denmark		x	
Iceland	x		x

Table 16: Survey Question 8

As presented in table 16, the majority of the respondents consider the audit report as useful. To be more precise, 67 % consider the report useful. 11 % think that the report received is extremely useful, and 22 % think that it is not useful. An interesting note can be made of the

Icelandic respondents, because the responses are exact opposites of each other. It seems also that majority of the respondents appreciate and value the reports they receive from the regulator.

Table 17 demonstrates the responses received to the ninth multiple-choice question, which seeks an answer to possible changes to the AML processes based on the review report. This question was created to find out whether the feedback received has had an impact to changes in the internal policies or procedures.

“Changes to policies/procedures/practices have been made based on the comments in the report”		
Country	Yes	No
Finland	x	x
Sweden	x	x
Norway	xx	
Denmark	x	
Iceland	x	x

Table 17: Survey Question 9

When analyzing the responses received regarding the question whether changes have been made based on the comments in the report, which are presented in table 17, it is interesting to notice that the questions differ significantly in all countries except for Norway. 67 % of the respondents say, that they have amended their policies, procedures and practices based on the report they have received from the regulator. 33 % of the respondents say they have not made changes based on the comments received. What is significant with these results, is that the respondents within the same Nordic country, except for Norway, have the exact opposite responses in this question. It is interesting to note, because as the target organization is obliged to comply with the AML rules and regulations due to the audit services they provide, and due to the fact that the respondents have been a part of the auditing and collaborating with the regulator, it would be more presumable, that the responses in this question would be more aligned within each country.

Table 18 presents the response in question ten of the survey, which investigates whether the AML regulation applies to all business units of the target organization. As investigating the differences related to the regulators, this is also a relevant matter to find out because there are several business units in the target organization. It makes the performance of the processes more challenging if the AML regulation does not apply to all business units. Although the processes can still be performed similarly for each business unit to have internal processes aligned.

"The AML regulation applies to all business units"		
Country	Yes	No
Finland		xx
Sweden	xx	
Norway	x	x
Denmark	x	
Iceland	xx	

Table 18: Survey Question 10

As the target organization is a global professional services firm, the services they provide are divided into business units. According to table 18, 67 % of the responses reveal, that the AML regulation applies to all business units in the Nordic countries. 33 % of the responses on the other hand reveal, that the AML regulation is not applied to all business units. Again, a note can be made of the differing responses in Norway.

Table 19 demonstrates all areas which have had findings or remarks made in the audit report in the Nordic countries. This question was relevant to find out more specifically to what areas the regulators most focus on.

If there have been findings or remarks made, to which area do they mostly relate? Choose all that applies.				
Country	Risk Assessment	KYC	Suspicious reports	Other
Finland	x			x
Sweden	x		x	x
Norway	xx	xx	x	x
Denmark		x		
Iceland	x			x

Table 19: Survey Question 11

As table 19 reveals, most common findings or remarks which have been made are related to risk assessment, the exact percentage of responses to this claim was 56. The next most common response to question eleven was "other," which was chosen by 44 % of the respondents. KYC was chosen by 33 % of the respondents. Only 22 % of the respondents had received findings or remarks to suspicious reports. The results show that the regulators have focused a lot on the risk assessments, which in this case refer to those made of engagements or clients. KYC has also been commented on, and this relates directly to the ownerships of the clients as well as the beneficial owners and the overall structure of the client. Suspicious reporting refers to the suspicious activity reports, also referred to as SAR, which is the responsibility of

every obliged entity. As stated previously suspicious transactions should be reported to the regulator.

As stated before, those who chose the response “other” in question 11 were asked to specify what they were referring to in the following question. As also shown in table 19, only half of the respondents in Finland, Sweden, Norway, and Iceland responded “other”. What can be concluded of all the information provided in questions 11 and 12, the respondents from Sweden and Iceland have experienced the findings or remarks differently. One Swedish respondent reveals, that no findings or remarks have been made the last time they have been reviewed. And one Icelandic respondent reveals that they have been regulated by the audit regulator, who operates on behalf of the AML regulator, and they have not received any reports from their auditor, only information requests. Norway and Finland on the other hand have received comments. The Finnish member firm of the target organization received comments on guidelines available related to the reporting channel, while the Icelandic member firm received an extent of learning activities.

To compare further the audit processes in each of the member firms of the target organization, the survey consisted open-ended questions, which intended to seek an understanding on who is involved in the audit process, referring specifically to the regulator, personnel, and so on, as well as what is the audit process like, referring to the specific phases of the process. As these responses revealed detailed information on the process and specific personnel, which are considered confidential, the responses will not be presented in a form of a table but will be discussed briefly without disclosing confidential information of the target organization and its member firms.

Regarding the question of who is involved in the audit process, the responses were similar in the overall view. Briefly, this means the specific regulator and the relevant personnel. The relevant personnel mentioned were the relevant professionals who operate closely with risk related matters, the AML Officers, Subject Matter Experts, and other assisting personnel. Some of the Nordic countries have also relevant audit personnel from their member firm who take part in the audit process as well. The responses in this question are very aligned with each of the Nordic member firms of the target organization.

The responses to the AML audit process had similarities as well as differences in the Nordic member firms. Figures 4-6 present the processes in the different Nordic member firms of the target organization based on the responses. Figure 4 presents the process of the Finnish AML audit.



Figure 4: AML Audit Process in Finland

Presented in figure 4 is the process of the AML audit in Finland starts by the regulator contacting the target organization and coming for a visit to have a discussion with the relevant professionals. The regulator does not ask for case samples according to one respondent, but the other respondent explained, that the audit process is sample based. One Finnish respondent revealed that the representatives of the regulator interviews relevant members of the management of the target organization, as well as audit professionals. After this has been done, the regulator does the review report, submits it to be commented by the target organization, and after this phase, the final report is issued.

The Swedish respondents revealed that the audit process in their member firm is as presented in figure 5.

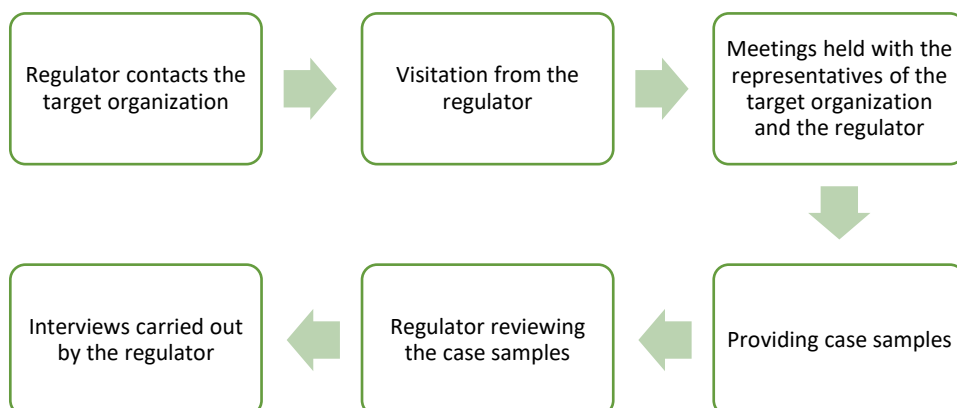


Figure 5: AML Audit Process in Sweden

The exact process of AML auditing in the Swedish member firm of the target organization is presented in figure 5. It has similarities with the Finnish member firm's audit process, which is demonstrated in figure 4. The process starts with a contact from the regulator, followed by

the visitation and meetings with the relevant representatives. After this, the target organization provides case samples, which are then reviewed by the regulator. After this phase, the regulator interviews relevant personnel.

Figure 6 presents the AML Audit process of Norway, which again is similar to the previously presented figures 4 and 5.



Figure 6: AML Audit Process in Norway

As figure 6 presents, the audit process is initiated by the regulator contacting the target organization, and requesting specific information, which the target organization needs to provide prior to the visitation. After the information has been submitted to the regulator, the visitation follows. Case samples are provided with the emphasis to review KYC compliance. After the inspection, the regulator makes a draft report, which is sent to the target organization for commenting, and after possible comments have been made, the final report is published.

Figure 7 presents the AML audit process in the Danish member firm.



Figure 7: The AML Audit Process in Denmark

What can be noted from figure 7 is, that the process is different from the other countries. The regulator contacts the target organization via letter, then followed by a visitation for one to two weeks. During their visitation the regulator reviews the target organization's KYC procedures and documentations, risk assessments, policies, and learning.

Figure 8 demonstrates the AML audit process in the Icelandic firm.

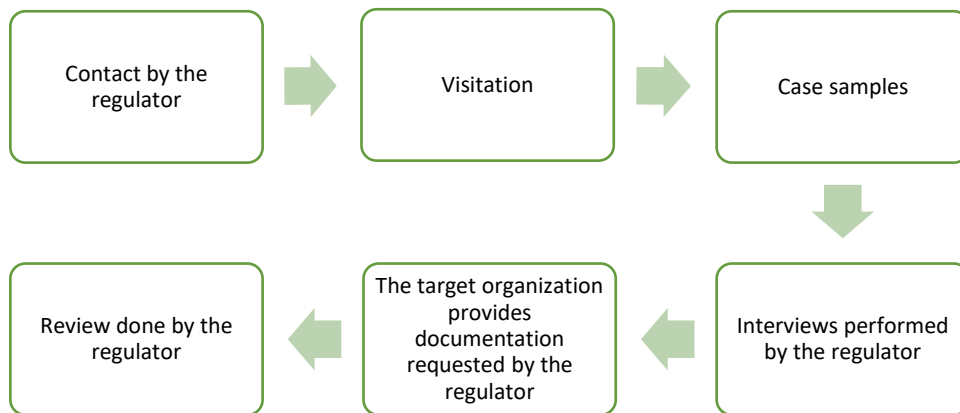


Figure 8: AML Audit Process in Iceland

The process of the AML audit process of Iceland, as presented in figure 8, begins with a contact from the regulator. After that, the regulator visits the target organization, and asks for case samples and performs interviews for the relevant professionals. In the phase that follows, the regulator asks for specific documentation, which is then provided by the target organization. The final step of the process is the review which the regulator does.

8.1 Challenges

As stated before, the survey consisted of four open-ended questions, which included two questions regarding the challenges faced with the AML monitoring authorities as well as the challenges to the AML compliance brought by the operating environment of the target organization. Operating environment in this context was focused to refer to the industry, client base, services provided and similar factors.

In Finland the challenges experienced with the AML monitoring authorities were due to the regulator being laid back when comparing to the other Nordic countries. The Finnish respondents think that it would be helpful if the regulator would be more proactive, and if the regulator would provide more concrete information. In addition to this, one Finnish respondent thinks that it would help if the regulator could provide a suggestion of best practices from a practical point-of-view. What is also considered as a challenge is that the review report takes a long time to be received and published. What is interesting to note in the responses received from the Finnish respondents, is that the regulator is seen as laid-back, when in practice Finland has one of the highest fines for money laundering offences as stated in table 7. What can be concluded from this, is that probably only the audit regulator is laid-back. In addition to the highest fines, Finland can be seen as in the middle when comparing the overall punishments in the Nordics, as presented in table 6. Finland has four different punishments

for money laundering crimes, when the other countries have either three or five. Although it is not always the regulator who imposes the punishments for neglects and breaches. The main challenges in AML compliance that are experienced due to the operating environment were according to one respondent the fact that the local AML law does not apply to all of the businesses, the evaluation and understanding of the AML risk level, and co-operation with the network. To be more specific, it is experienced difficult for the target organization to evaluate and understand the AML risk levels because of the complexity of the provided services in an international setting. One Finnish respondent considered the lack of instructions provided by the regulator as a challenge which also affects the actions regarding the AML compliance in the operating environment.

The challenges experienced in Sweden were keeping up to speed, continuance of education and extended knowledge. The respondents experience the change in service deliverables, speed in the markets, communication, and the difficulty with systems as the client base is very extensive as a challenge in AML compliance from the perspective of the operating environment.

The Norwegian respondents experience challenges with insufficient and unclear guidance on understanding the regulation as well as the deviation between the existing guidance and the expectations, when performing inspections. Another challenge is that the level of scrutiny varies based on which professionals representing the regulator perform the inspection. One Norwegian respondent experiences that the biggest challenge is that the regulator needs to constantly keep the target organization updated on how they want the laws to be interpreted. The responses regarding the challenges in the operating environment were different from each other. One respondent thinks that the challenges the operating environment of the target organization in AML compliance are the performance of proper KYC activities, verifying the ownership and control structures, and addressing the AML risks in the service deliverables. The other respondent thinks that because the law and the interpretation and guidelines of the regulator are mostly relevant for the financial sector and not for the firms that provide audit services, it brings a challenge to perform AML compliance in the target organization's operating environment.

The Danish respondent experienced that the challenge is that the regulator does not fully understand the issues the target organization sees in practice, when handling AML compliance, as well as the regulator reporting on every minor thing. The risk-based approach in both the services provided as well as KYC procedures for the clients was considered as a challenge regarding the AML compliance in the operating environment of the target organization.

In Iceland the respondents considered the biggest external challenges to be limited guidance and resources. The internal challenges on the other hand were considered to be the client-

based operating, as well as international business, working among other member firms from other countries, and the ownership of clients' being in a foreign country.

Figure 9 presents the external and internal challenges in AML compliance, where external challenges are discussed with the aspect of collaboration with the regulator, and the internal challenges from the aspect of the operating environment.

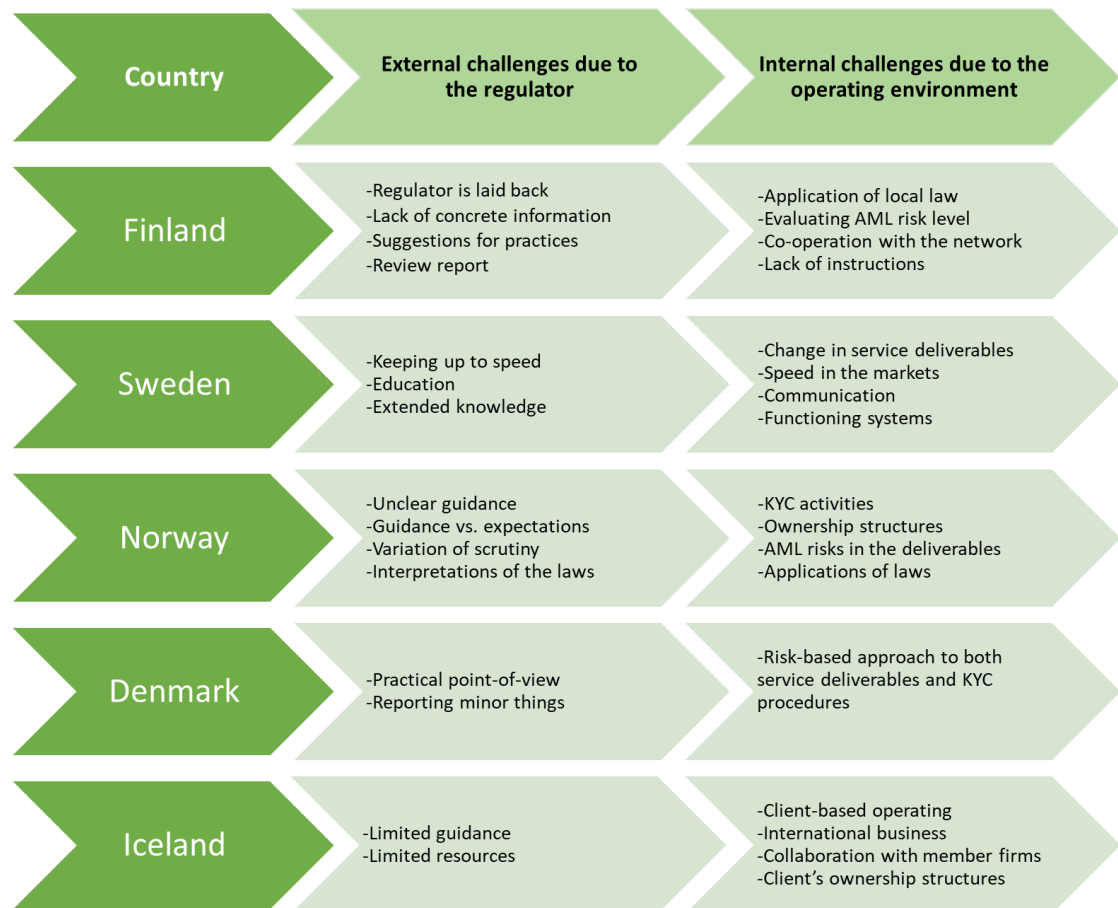


Figure 9: External and Internal Challenges in AML Compliance

To conclude the previously mentioned challenges, as presented in figure 9, is that the internal and external challenges vary from one country to another although some similarities can be found. To compare the results of the external challenges more specifically, the actions of the regulators can be opposite from each other as can be concluded when comparing the responses received from Finland and Denmark, since in Finland the regulator is hoped to be more proactive when in Denmark the regulator reports on every minor thing. Another conclusion from the results is that many of the Nordic countries experience limited guidance as a challenge, this means that the many of the respondents consider the guidelines and instructions as incoherent. Another similarity is that the guidance and the expectations do not necessarily go hand in hand, which is noted in Norway as well as in Denmark, where the regulator

does not understand the practical point-of-view in AML compliance, according to the respondent.

Regarding the internal challenges, there are many challenges that are experienced related to the internal processes of the target organization, which cannot be disclosed in this research. As presented in figure 9, there are again some similarities in the internal challenges due to the operating environment of the target organization. Some challenges related to the lack of proper guidelines from the regulator are experienced in Finland, and in Norway the challenges related to the rules and regulations are due to them being more relevant and applicable to the financial sector rather than auditing services. Both Finland and Norway consider the AML risk evaluation challenging. And Iceland and Finland consider the internationality of the business and services as a challenge. Another similarity that occurs in the responses was related to the KYC procedures. This note was made by the Danish respondent as well as the Norwegian respondents.

Following to what was stated earlier, all of these countries included in the scope of the research belong either to the European Union or to the European Economic Area and are therefore obligated to apply the EU directives relating to AML. It is understandable due to this, that these countries have very similar requirements from the obliged entities regarding AML. It can be concluded that it is expected that the AML procedures and expectations are similar, and no significant differences should be found.

8.2 Significant Findings

Anti-money laundering is a complex matter in regard to the responsibilities of the obliged entities. Therefore it was not surprising to see nearly half of the respondents experiencing AML compliance not easy even with the correct procedures as table 10 indicated. As stated before, money laundering schemes evolve constantly when criminals find new ways to launder money, therefore the AML procedures and relevant legislations need to be updated constantly as well. This affects all of the obliged entities and may cause difficulty in keeping up with the changes. The responses revealing the challenges in figure 8 also relate to this. Many respondents considered keeping up to speed and application of local laws as a challenge. The European Union is combatting financial crime actively, and therefore there are adjustments being made to the directives regarding money laundering, which directly affect the national laws of the member countries (European Commission 2022b). What can also be noted from various responses regarding the challenges is that many of the respondents would appreciate better guidance and resources from their regulator. It is interesting, that so many regulators seem to have unclear guidance in a matter this important and relevant especially regarding how seriously the European Union takes combatting financial crime.

Another significant finding can be made when comparing the activity of the regulators, as table 11 indicated the regulators contacting routines vary significantly from each other. The most active regulator seems to be in Norway, which is a contrast to Finland where the regulator is the least active as experienced by the respondents. What supports the finding of the Finnish regulator, and their passivity is the finding from the open-ended questions presented in figure 9. Despite Norway having the most active regulator, the research results show that there is a noticeable variation of scrutiny in their monitoring. This indicates that the regulator might not have that strict processes or that the professionals performing the monitoring do not have aligned processes. As the results from most of the Nordic respondents have variation within countries, it is somewhat difficult to analyze the findings with a clear comparison. However, it can be noted that the activity of the regulators seem to be very similar to each other in Sweden and Iceland. In fact, in terms of receiving the review report, the Swedish regulators are the most efficient according to the responses presented in table 14.

After examining the monitoring process further, there are few things worth mentioning. Based on the results, it can be noted that the Icelandic regulators have the most multi-phased monitoring process in comparison to other countries. In addition to the Icelandic audit process which has all the phases what the other Nordics have, they require additional documentation after the interviews, even when they have already been provided with the case samples. It seems like the Danish regulator has a brief process, or then the respondent did not have time to elaborate further. Regarding the different phases of the process of monitoring in the Nordics, the phases have the same content, but what differs is the order in which each of the phases is performed. However most processes are similar and there are only few which differ by the order of the phases. The most usual process begins with the contact, following by the visitation, then providing case samples, and the last phase includes meetings and interviews. In Sweden, the meetings are held after the visitation, and after the meetings the case samples are provided.

Another finding worth mentioning relates to what are the areas the regulators focus mostly on. As table 19 presented, there are similarities but there are differences as well. Most of the findings relate to the risk assessment, but in some countries the findings relate to KYC and suspicious reports. This is a significant finding as it reveals the regulators clearly consider risk assessment as an important area. What is interesting when considering the Danish AML Act being very strict, the only findings and remarks have been to KYC. This on the other hand may prove that the AML procedures in the Danish member firm of the target organization is efficient and functional.

9 Deliberation

To emphasize, anti-money laundering is a current subject within the business world. As indicated before, the European Union handles it with graveness which is why they have decided in 2022 to establish a special anti-money laundering authority called AMLA (Council of the EU 2022). It is apparent that the decisions made in the EU and the aspect they have regarding AML affect directly to the member countries. Therefore it is important for all of the entities which are obliged to comply with the AML rules and regulations to have functioning processes to perform AML according to their requirements. For global companies it might be a challenge to have aligned processes as the country specific regulators might expect and require different matters in terms of AML compliance.

This research presented an overview of the relevant AML authorities within the Nordic countries, which proved that the overall process of AML is complex and requires input from various authorities and professionals. The objective of this research was to find out the differences of the AML supervisory authorities of the Nordic countries, the conclusion is that there are not that many differences after all. The most significant differences are how often the regulators contact the target organization, how long it takes for the regulator to provide the review report, and what areas the regulators most focus on when performing the monitoring. Regarding the collaboration with the audit regulators, there are not so many differences between the countries. The most significant difference was related to the process of the monitoring and the order of each phase of the process. What comes to the differences of the punishments, the most significant finding was that the Danish and Icelandic legislation is the strictest and so are the punishments for money laundering crimes. These countries have most punishments in comparison to the other Nordic countries. The content of the punishments however did not differ from each other, except for the amounts of the fines.

There are various factors to be considered if the target organization wants to align the AML procedures. This research helps find a general view of the differences, but there are still many factors to be further investigated and compared before creating aligned processes. For an example, the current internal procedures should be compared, the AML Acts of each country and the obligations should be compared further, the specific requirements from the regulator should be firstly clarified on the behalf of the regulator as well as compared between the Nordic countries.

As stated before, this subject is current in the business world today and it is also considered interesting for many. There are some matters which could also be interesting to research further in regard to comparing the Nordic countries. As an example, what are the most common criminal offences and what are their statistics, how many AML related crimes are committed, and how do the actions of the regulators of other obliged entities differ. It may also be

interesting to study how will the new EU AMLA affect AML related matters in each of the member countries.

The benefit gained from this research is a further understanding of the big picture of the AML related matters in the Nordic countries. In global firms there are professionals who understand the big picture of their local AML related matters. This research helps professionals from global firms to understand a general view of the AML structure in the Nordic countries, which is useful for entities which are obliged to comply with the AML regulations. This work can also be found useful for professionals, who provide AML related services for global companies due to the general comparison provided as one research.

What was left outside from the research was the current possible changes in the legislations and the on-going legislative proposals as well as a comparison of how the actions of the regulators of other entities differ, as this research was focused on the audit regulators. There are certain things that could have been done differently. To mention few, as the target organization provides professional services there are professionals who provide AML related services to their clients. Another survey could have been sent to these professionals to find out more about what kind of services are requested by their clients regarding AML and if they provide assistance to issues or challenges that the clients have faced due to findings their AML regulator have pointed out. This would have given a wider scale of how different regulators perform in the Nordic countries. Another survey could have been sent to professionals who have been interviewed as a part of the regulators monitoring process. This research could have been performed with a more specific view on the audit regulators of each country instead of providing a general view of all of the AML related authorities in the Nordic countries.

To mention some points for improvement based on this research, it would be recommended, that the Nordic countries would have more information available in English because many businesses operate internationally, and the laws and regulations apply to them if they operate in these countries. Another point for improvement is for Denmark in terms of their available information regarding AML, since as mentioned earlier the information was somewhat difficult to find and when found it was not very precise nor could be found in English. The regulators could also be more specific and provide clear and concise instructions and requirements for the obligated entities in the Nordic countries.

Performing anti-money laundering procedures is an effective way to combat financial crime. It is a complex matter and therefore requires thorough understanding and skilled professionals. What is important to understand is that the requirements and processes need to be developed constantly, because as AML develops, so do the means of the criminals. As this research presented a general overview, there is still much more to learn in anti-money laundering. All authorities and professionals need to work in collaboration to combat financial crime.

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