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# All eyes on the money
# A multiple case study of Norwegian Banks work against money laundering

**Master's thesis**

**NTNU**
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Aalesund, 13. June 2022

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# Preface

This thesis explores how the implementation of the Anti-Money Laundering Act (Act) from 2018 is going in the Norwegian banks and if the implementation has shifted the banks' position in society. Previous research has either looked at implementation of the Act in countries and institutions, or on how the implementation affects the society. In this thesis we take a closer look at if there is a shift in the environmental view from the banks, dependent on how far away they are in their implementation process.

An in-depth multiple case study was conducted, where three banks were investigated on how their implementation status was at the moment and how their view on their external partners was. The external partners are the government, the legislators behind the Act; the customers who are directly impacted by the implementation of the Act; the owners who get an extra cost within their organization without any monetary return, and lastly the society. At a similar time, all three banks have had an on-site inspection by the Norwegian Financial Supervision Authority (FSA), with feedback that their implementation was severely lacking and direct feedback on what they needed to improve. Data collection included in-depth semi-structured interviews, with three employees from each of the banks, in total, nine from the banking industry and two with governmental officials. In addition to secondary sources that are publicly available.

The main findings were that there was a severe difference between the banks in how far along they were in implementing the Act. How far the banks were in implementation corresponded with their shift in view on their external partners. Successfully implementing the Act within the bank will lead to the employees taking on a role as a protector of society.

# Forord

Denne oppgaven utforsker hvordan implementeringen av Hvitvaskingsloven (loven) fra 2018 pågår i de norske bankene, og om implementeringen har endret bankenes posisjon i samfunnet. Tidligere forskning har sett på implementering av loven i land og institusjoner, eller på hvordan implementeringen påvirker samfunnet. I denne oppgaven ser vi nærmere på om det er et skifte i miljøsynet fra bankene, avhengig av hvor langt de er kommet i implementeringsprosessen.

Det ble gjennomført en dybdegående multippel case-studie, der vi studerer tre banker i forhold til hvordan deres implementeringsstatus var for øyeblikket, og hvordan deres syn på deres eksterne partnere var. De eksterne partnerne er myndighetene, som er lovgiveren bak loven; kundene som er direkte berørt av gjennomføringen av loven; eierne som får en ekstra kostnad i organisasjonen sin uten økonomisk avkastning; og til slutt samfunnet. Alle de tre bankene har hatt stedlig tilsyn av Finanstilsynet på samme tidspunkt, med tilbakemeldinger om at implementeringen var sterkt mangelfull, og direkte tilbakemelding på hva de trengte å forbedre. Datainnsamlingen inkluderte dyptgående semistrukturerte intervjuer, med tre ansatte fra hver av bankene, totalt ni fra banknæringen, og to med myndighetspersoner. I tillegg til sekundære kilder som er offentlig tilgjengelige.

Hovedfunnene var at det var store forskjeller mellom bankene i hvor langt de var med å implementere loven. Hvor langt bankene var i implementering samsvarte med deres synsforskyvning på deres eksterne partnere. Jo lenger frem i en vellykket implementering av loven, desto mer positiv endring var det i de ansattes holdning til omgivelsene og de tok på seg med glede rollen som beskytter av samfunnet.

# List of Abbreviations

Act     The current AML and CTF law in Norway

AML     Anti-Money Laundering

CTF     Counter-Terrorist Financing

EBA     European Banking Authority

FAFT    Financial Action Task Force

FIU     Financial Investigation Unit

FSA     Financial Supervision Authority

GDPR    General Data Protection Regulation

KPI     Key Performance Index

ML      Money Laundering

MLRO    Money Laundering Report Officer

NAV     Norwegian Labor and Welfare Administration.

PEP     Politically Exposed Person

RBA     Risk-based approach

SAR     Suspicious Activity Report

TF      Terrorist Financing

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# Introduction

There has been an international focus on the financial institution's role and responsibility in money laundering and terrorist financing, especially after 9/11 2001. Accordingly, 1st of June 2018, the Norwegian government announced a new, updated act relating to measures to combat money laundering and terrorist financing with entry into force from the 15th of October the same year. The Act aims to prevent and detect money laundering and terrorist financing. The measures in the Act shall protect the financial and economic system and society by preventing and detecting the use or attempted use of obliged entities for money laundering or terrorist financing (Finansdepartementet, 2018). In addition, the Act identifies a series of private actors obligated to implement an internal AML routine and are obliged to report suspicious transactions (Finansdepartementet, 2018).

The Nordic Financial Supervision Authorities (FSA) have, in recent times, fined big banks such as DNB, Swedbank, and Danske Bank due to a lack of due diligence, often named "Know your customer" (KYC).

This master thesis will analyze how banks in Norway ensure that they follow the laws when dealing with anti-money laundering (AML). The financial supervisory authority of Norway recommends following The Financial Action Task Force (FATF) 40 recommendations, on which the international AML laws, including the Norwegian, are built on. In addition, there is summarized which countries are defined as high-risk or financial tax havens (Force, 2021). "FAFT is the global money laundering and terrorist financing watchdog" (FAFT, 2022b). One of the most critical changes in implementing the FAFT's 40 recommendations is the availability of previously unavailable records due to grounds of bank secrecy (McClean, 1989).

## Background

According to the IMF, money laundering is when proceeds from criminal activity are disguised to conceal their illicit origin (IMF, 2022). Money laundering is characterized by such dividends being integrated into the legal economy and thus appearing legitimate. "Money laundering is an integral part of transnational organized criminal enterprise and is used as a strategy to achieving two fundamental objectives: it is used to evade detection and capture of the criminals who plan and execute money-laundering schemes; it is also used in enhancing the enjoyment of the ill-gotten proceeds of crime" (Mugarura, 2011, p. 179).

Figure 1 – Timeline of money laundering acts
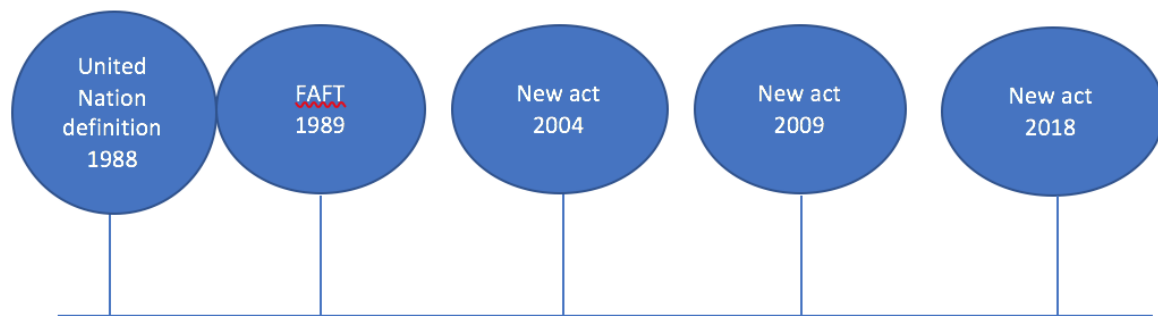


According to the IMF, "Money laundering requires an underlying, primary, profit-making crime (such as corruption, drug trafficking, market manipulation, fraud, tax evasion), and the intent to conceal the proceeds of the crime or further the criminal enterprise. These activities generate financial flows that involve diverting resources away from economically- and socially-productive uses—and these diversions can negatively impact the financial sector and external stability of member states. They also have a corrosive, corrupting effect on society and the economic system as a whole." (IMF, 2022) In addition to the funds disrupting the economic system and society, they come from illegal acts that threaten the community's security. The theory is that if the criminals do not gather the proceeds from their criminal acts, the motivation to commit those crimes will decrease.

It is unknown how big a problem money laundering is, although the UN has estimated somewhere between 2 – 5 % of global GDP, or $800 billion – $2 trillion in current US dollars (United_Nations, 2022). The process of money laundering can be divided into three phases. The three phases are as follows; placement phase, concealment phase, and integration phase (Nilsen, 2021). For example, the placement phase is when you use funds from a criminal act to renovate a house, and in the next step of the process, the concealment phase, when you sell the house. Lastly, you successfully launder the money in the integration phase using the money received from the sale on legal, everyday transactions.

Terrorist financing (TF) is complicity in the Act of terrorism or collaboration in maintaining a terrorist organization. TF and ML are tightly linked, although they usually differ in how the transactions pattern is. While ML goes from illegally gained funds that are whitewashed to integrating the legal economy, the TF is the opposite, where often legal funds are transferred to illegal intended purposes (Marian, 2016; Veng Mei Leong, 2007)

The term Money Laundering is assumed to originate from the prohibition years in the U.S., and the known crook Al Capone, who took the illegal attained money from alcohol sales and fueled those

through the laundromat services he had to make them look as coming from a legitimate business (Rui, 2012). Even though Al Capone was arrested for tax fraud, there were no laws that made "laundering the money" illegal.

There were no laws or any changes regarding money laundering internationally until the 1980s, when the Council of Europe introduced the first known international treaty regarding money laundering. That is still several years before the Act of Money Laundering became illegal in any state, with the U.S. as the first one to make money laundering illegal in 1986, and long before there was even a definition of what money laundering is, which UN introduced in 1988 (Nance, 2017)

There would not be any significant change in the international society until 1988 when the "war on drugs" transfer of ill-gotten money cross-border was made illegal. Following the G7 meeting, FATF was founded in 1989 and was an 11-member task force with a one-year mandate, focused solely on stopping the flow of funds from the illicit narcotics trade; and has since evolved into today's organization, including all forms of illegally gained funds, and terrorist financing (Nance, 2017). "Stripping criminals of profits made from criminal activities is increasingly being seen as an effective way to combat drug-related crimes but also as a means of administering justice by ensuring the criminals are denied the opportunity to enjoy their exploits" (Mugarura, 2011, p. 177)

FAFT has become an inter-governmental body with a mandate to evolve international policies and procedures against money laundering. FAFT has 40 recommendations that can be grouped under 1) Criminalization of money laundering; 2) the seizure and confiscation of money-laundering proceeds; 3) the suspicious transaction reporting; and 4) international cooperation in the investigation, prosecution, and extradition of crime suspects. "Recommendations dealing with financial sector regulations relate primarily to customer identification and record-keeping requirements, which are common, referred to as "Know Your Customer" standards" (Mugarura, 2011, pp. 182-183).

One of the downsides that have been pointed out regarding the worldwide implementation of AML regulations is the risk of de-risking. De-risking is where banks and other obliged entities cancel out products, services, or customer groups to minimize their risk. FAFT has defined de-risking as their most significant unintended consequence related to implementing of the AML, when conducting RBA (FATF, 2021b). There are in place some measurements to limit the access to de-risking. The Norwegian governments standpoint is that the obliged entities shall handle their risk, not eliminate, and this is in accordance to EBA for the standpoint within EU (Finanstilsynet, 2022b; Regjeringen, 2016)

## Relevance

An illegal transaction must first occur for a money-laundering action to be taken. There are several ways an illegal transaction can take place. However, in business, it is usually made by an employee that commits fraud either for personal gain or gain for the company he is representing. In 2019, NTAES, a Norwegian inter-agency analysis, and intelligence center, concluded that even though fraud cases are assumed to be increasing, there is no way of knowing for sure since there is knowledge of severe underreporting to the police. Businesses are reluctant to involve the police when they become a victim; why is not known, though assumed that the belief of not getting any results, at the same time using time and resources to involve the police is a part of the problem, in addition to the risk of harm on the reputation of the firm can be a factor as well (NTAES, 2019).

These findings in the NTAES report are the same as indicated in Gottschalk and Tcherni-Buzzeo's (2017) results and similar reports regarding similar crimes in the EU and OECD (Europol, 2017, 2020; OECD, 2017). Therefore, it is unknown how big a problem it is since little information is available.

Transactions that have an illegitimate origin or are intended to use to pay for illegal activities are the transactions that the banks, among others, must stop or at least report as suspicious transactions according to the Act against money laundering and terror financing (Act). The bank's responsibility is enormous, and one can question if they have the necessary resources and knowledge to oblige by the new laws.

In the latest Mutual Evaluation Report on Norway from FATF, done in 2019, Norway scored only on a moderate level of effectiveness regarding governmental supervision, monitoring and regulating of financial institutions, and on whether financial institutions adequately apply AML/CTF preventive measures commensurate with their risks, and report suspicious transactions (FAFT, 2022a)

This is in accordance with the results found in four reports made by the European Commission regarding the implementation of the EU's AML and CFT framework. The conclusion from those reports is that there are still vulnerabilities in the framework. One of those reports' aim was to assess recent alleged ML cases involving EU credit institutions. A summary made by Koster states "that credit institutions did not prioritize compliance with AML in their policies. Moreover, although in some cases, control systems were formally in place, no overall money laundering/terrorist financing risk assessment was conducted at either the level of individual entities or at group level. Furthermore, compliance departments were, in some cases, understaffed, or the compliance function was rarely involved in ultimate decision-making. Thus, some credit institutions were ultimately unable to draw meaningful conclusions as to whether a customer's activity was suspicious. Also, many credit institutions had difficulties to determine the identity of the beneficial owners behind their customers because

identification is burdensome and beneficial ownership registers were not yet in place.» (2020, pp. 382-383) Those results are similar to the findings made by the Norwegian FSA when doing onsite inspections in the banks to evaluate the banks work against ML and TF (Finanstilsynet, 2022a).

Since the need to implement Anti-Money Laundering measures within the banks was thrust upon them through legislation, the banks had to change their organization to comply with the law. The law states that the banks must have a Risk-Based Approach (RBA), where they, from first contact with the customer, through follow up, and up until the termination of the customer relationship, categorize the customer and the products the customer uses into risk groups and have appropriate surveillance on their transactions. Therefore, the whole organization needed to go through a change according to the results of the bank's conclusions of their risk assertion.

An internal change within an organization of that magnitude can be compared to strategic changes within the organization, either if the banks themselves defined it as strategic changes or not. One must first formulate the new plan, implement the system, and evaluate the strategic fit when changing strategy. The strategic formulation is not essential for this paper, only the later implementation steps and the strategic fit. Shah (2005, p. 294) stated that "The implementation task involves coordinating a broad range of efforts to transform strategic intentions into action."

The strategic process starts with a need for a change, in the case of the banks, an external legislative factor that they need to adhere to. When the need has been identified, the next step is to go to the drawing board and formulate the new strategy, including an implementation plan. Implementation follows, and after the implementation, one must evaluate the effects of the change. In most cases, the wish for a sustainable competitive advantage is the driver for the change (Bartlett & Ghoshal, 1991; Porter, 1985). However, that is unnecessary for this scenario since it is the need not to have a failed AML process in their organization, and an exemplary implementation is good enough.

Andolsen (2007, p. 35) defines strategic alignment as "the link between an organization's overall goals and the goals of each of the units that contribute to the success of those overall goals."

## Relevance for society

It is important for society that there are sufficient countermeasures to combat money laundering. There has been a tremendous effort to implement successful counteractions in later years, both worldwide, nationally, and within governmental and private entities. Legislations are continually changing, and the same is the case in Norway. A significant part of the changes in the movement of investigations into illegal transactions from governmental agencies to private actors, with the banking industry in the front.

The banking industry has received negative press, and the ones that have had on-site supervision from the FSA have most received reports of severely lacking procedures. Society needs to find out why that is. If the investigating role of the banks is working, the community will gain tremendously from that. Both from better protection of the financial system from illegal proceeds and society that, and in the end pays for the fines and internal costs in the banks to combat ML (Noum & Knutsen, 2020).

The primary purpose of this paper is to learn more about the bank's implementations of the AML act in their organizations and how the change in their role has impacted the bank's place in society. Private companies, like auditors, lawyers, etc., also included in the Act, can gain from this paper. Other parties, this research could be of interest to our government and the police; unfortunately, the conman could also learn something from this.

Society will gain from the banks doing their investigations by the Act firstly because the goal of the law is to stop money laundering and terrorist financing, which only results in a loss for the society. Secondly, if the banks have their routines in order, they won't get the fines, and since everyone is dependent on having a bank, everyone is a customer, and the customers must pay the loss the banks have when receiving fines (Knudsen, 2020).

## Academic relevance

To oblige the Act against money laundering and terrorist financing, the banks must balance their compliance to the law and the back-office cost it initiates to have a department and processes in place to oblige that only give extra work and cost, without providing any revenue. The person who has the role of Money Laundering Report Officer (MLRO) will therefore have the dilemma of obliging the law or obliging the bank's desire of having as low costs as possible on back-office work. This dilemma is one of the main findings in Bello (2017) when asking MLROs of what their main concerns were and how they were resolving their main problems. The findings were that the MLROs were under unfair pressure from outside regulators and inside the organization, where they were in the middle, trying to oblige both parties. This results in the MLRO taking on a self-protecting role (Bello, 2017).

Like most other countries, Norway is a part of the global cooperation to fight ML and TF. The global AML cooperation represent a network where government and private actors must enact counter measures (Jakobi, 2018). To summarize, the governmental role is to govern the AML and CTF, while the private sector's role is to implement the regulations. Since the Act in 2009, the cooperation part for the banks with the authorities has not been voluntary. Since the banks already have valuable knowledge of their customers outside of the rules' reach, banks are now obliged to report any suspicious customers and transactions to the authorities. This has also changed the role of "know your customer" from being

a confident relationship to being a relationship based on suspicion (BergstrÖM et al., 2011; Jakobi, 2018).

Bergström, Svedberg Helgesson, and Mörth (2011) analyzed how the governance turn in the EU has opened up changed roles for private actors in the public sector. After interviews with key persons in Sweden, they concluded that "the Swedish way of working with AML is more in line with a traditional division of roles, where goals and standards are implemented from above. Here, the policing role of private actors also appeared more difficult to accommodate, creating uncertainty among private actors as to what the rules of the new game were, as well as calls for accountability on behalf of public authorities." (BergstrÖM et al., 2011, p. 1060). The AML structure and regulations in Sweden are similar to the Norwegian, and the uncertainty of the private actors has been pointed out in several research done in the field (Hafthun, 2019).

Many articles have been written about what is needed to implement an organizational change successfully and, on the other hand, why those changes fail. Candido & Santos (2019) summarized 65 of the identified obstacles in a table divided into 14 groups. Conflicting organizational priorities is only one of those 65 and is grouped under coordination. Most of the challenges are managerial, and with good leadership and a good implementation strategy, the double agent problem can be avoided.

The banks must commit to fight against ML and protect the bank through reducing a wide range of risks that the banks face (Favarel-Garrigues et al., 2008). To become able to take on that fight banks and governmental entities must cooperate in addition to cooperation between the banks (Favarel-Garrigues et al., 2011).

When looking into AML reporting obligations in UK and the related banking scandals it is found that the regime requires further refinements and other supplementary tools to achieve more effective outcomes, especially within AML compliance culture within large institutions (Loh, 2021)

## Problem statement and research questions

Historically the banks' role has as a private company been to give their owner a return on their investment, as for all private companies. In later years the banks have received several other tasks that historically have been viewed as governmental tasks. These include the obligation that every person in Norway has the right to have an active customer relationship with a bank for minimum services, including a bank account and the possibility to pay bills (beredskapsdepartementet, 2021), and the bank's obligation to follow the AML act. In addition, there is the bank's obligation to protect customer information by the GDPR.

Over three years have passed since the current Act related to measures to combat money laundering and terrorist financing came into effect. Most of the bank's obligations were already in place in the 2009 act. Nevertheless, the news shows that banks worldwide are fined for not following the legislation. There is no exception for the Norwegian banks, and recently, the auditors have been fined for not correctly fulfilling the obligations in the Act (Finanstilsynet, 2022a). For Norway to have a good functioning AML and CTF systems, the banks must successfully implement their role as the policing private actor in the combat against AML and CTF.

This paper will focus on implementing the Act in Norwegian banks. The Act includes all customers in the bank and all products the banks provide. Since the scope will be too big to investigate, prioritizing is needed. Therefore, this paper will focus on what the Norwegian banks do today to fulfill the requirements set in the Acts chapter 3, risk-based approach (RBA), chapter 4, Customer due diligence measures and ongoing monitoring (KYC), and chapter 5, Further examination and reporting (SAR). The focus will be on Anti-Money Laundering and the banks as an organization implementation. The employees of the bank are a part of the organization, although the personal obligation of the employee will not be a part of the scope, only the employee's role as a part of the collective.

Implementing AML counteractions within the banks is driven by changes in the bank's surroundings. The AML regulations have been slowly evolving since they were first introduced in 1994 in Norway. It is therefore of great importance to learn why. This leads to this paper's problem statement:

**"It is unclear how successful implementation of the Act relating to Measures to Combat Money Laundering and Terrorist Financing will affect Norwegian bank's role in society."**

To find answers to this problem statement, we will first have to take a look at how the implementation of the Act is going. Implementation is a process that takes time, and it is assumed that the effects will differ according to where in the implementation process they are. This leads to the first research question:

**Q1: How is the implementation of the Act conducted in Norwegian banks.**

Norwegian bank's role in society will probably change because of implementation of the act, since they take on a previously governmental task, that adds costs to the banks, without giving any extra revenue. In addition, the task is societal, putting an extra layer to combat crime in the society in addition to the previously governmental only task. Customers will be affected through thorough due diligence measures, something that has previously not been an prioritized task in the banks for most customers. This leads to the second research question:

**Q2: How does the implementation of the AML act impact the banks' role toward the environment?**

## Methodological approach

The purpose of this chapter is to explain the methods and data collection that were used in the completion of the task. Through research, one wants to collect relevant information which will provide new knowledge and answer the research questions. Method is techniques and procedures used to investigate a specific situation or topic (Gripsrud et al., 2016),

When collecting data, it must be structured and analyzed to have any value for the audience. For this research, multiple case study was chosen as the method for analysis. A case study aims to contribute to knowledge in a particular field. The author needs to have a broader and more detailed understanding of the subject matter to write a research case. It is viewed as particularly useful in research on a new topic or where there is limited information available. (Myers, 2019). In multiple case studies, the cases can be compared and tell about contrasts and similarities (Yin, 2014). With multiple case studies, the purpose is to produce the needed background material to discuss and hopefully suggest a solution to a concrete problem. In this case, the banks' ability to implement the organizational change required them to follow the law.

Since the study will focus on a few banks that have already gone through inspections after implementing the 2018 act, it is natural to conduct it as a multiple case study. A case study is primarily a qualitative research approach, which will fit perfectly since the field has been sparsely studied before.

## Outline of thesis

It is important to have a structure in outline of the thesis where phases need to interact with each other, especially when analyzing the background data (Yin, 2014).

*Chapter 1* provided an introduction of the thesis, including background of the topic, the problem statement along with research question, and key elements of the methodology.
*Chapter 2* presents the relevant theory that was used to answer the problem selected and lays down guidelines for analysis.
*Chapter 3* explaines our methodological approach and discuss the choices we have made in the implementation of our task, with a focus on data collection. The empirical data will be presented in
*Chapter 4* where we first go through the framework conditions as banks must comply with legislation, supervision and internal guidelines, before we present the findings from the interviews.
*Chapter 5* the information collected is analyzed and discussed against relevant theory and previous research, followed by

*Chapter 6* where we will conclude present the entire dissertation's main findings, suggestions for further research on the topic, contributions, and criticism and limitations of our thesis.

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│ Introduction,│     │ Literature   │     │              │
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│  Research    │     │ Strategic    │     │  and         │
│  questions   │     │ Implementation│    │ Data Analysis│
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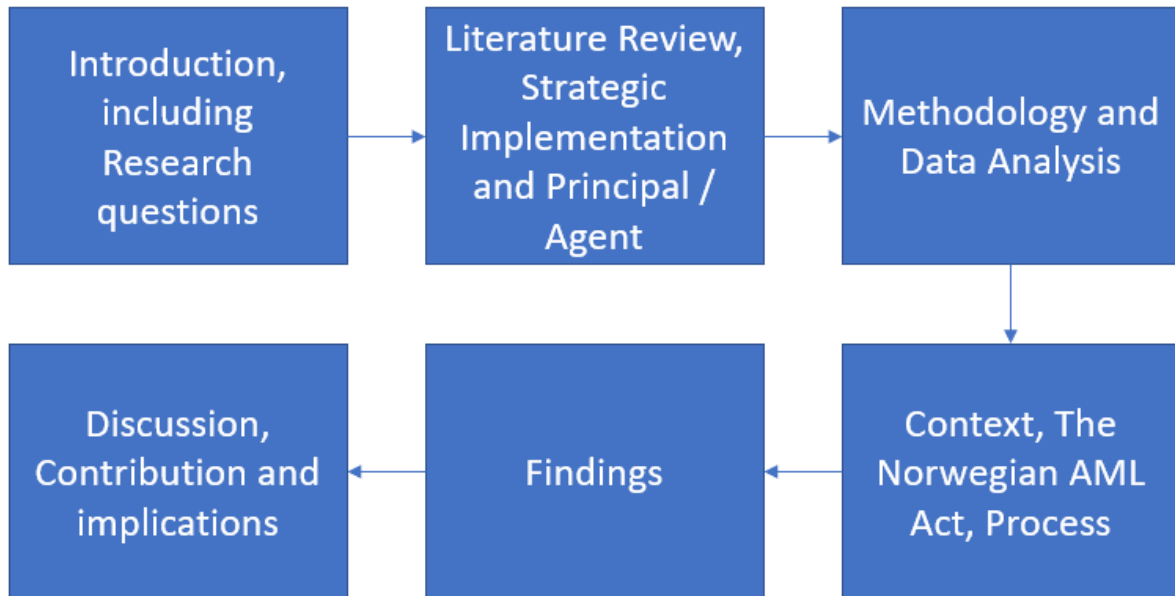
# Literature review

This chapter will first look at strategic implementation theories and then at the Principal/Agent theory. Then those two theories will be combined; lastly, there will be a summary of the chapter's information.

## Strategic implementation

Heracleous and Wirtz (2009) examined how Singapore Airlines achieved sustainable advantage through dual strategy and proposed a model, called the ESCO model, that represented the strategic alignment. They concluded that "Strategic alignment can be represented as consisting of four key elements. First, environmental conditions (macro-and micro-elements relating to the industry), secondly the strategy of the company that should be appropriate for the environmental conditions; thirdly, the core competencies that should effectively support the strategy; and finally, the organizational level (including elements such as processes, culture, and functional strategies) that should deliver the necessary core competencies." (Heracleous & Wirtz, 2009, p. 278)

The ESCO model combines macro and micro levels and consists of Environment, Strategy, Competencies, and Organization. The model is scalable and can be applied appropriately (Paroutis et al., 2016). The main objective of the model is to see if there is alignment in the strategy. "Competencies must be aligned with the strategy, and organizational configuration must be aligned to deliver the

desired competencies; all of this must support the strategy, which must be right for the competitive environment" (Wirtz et al., 2008, p. 14)

## Environment

Changes in the environment drive almost all organizational changes today. The environment is the external factor that an organization can not directly affect but must consider the effects when shaping its strategies and goals for the future. Most strategic change processes start with an analysis of the organization's surroundings, so called external analysis (Mason & Mason, 2007; Porter, 1998; Valentina et al., 2017). Environmental factors that companies must take into consideration are among others legal, technological, competitive, cultural, social and economic environment (Valentina et al., 2017). Environmental analysis can include everything that is outside of an organization. It is therefore important to choose what areas that one thinks are of importance and analyze those selectively (Aaker & McLoughlin, 2010). This has also been done here, by selecting those environmental factors that are mentioned in previous articles regarding AML.

Legal is especially of importance here, since it is the implementation of a new law that is assumed to be the catalysator of the needed change in the banks. Banking industry is heavily regulated by the government and can only operate with concession from the authorities (Finanstilsynet, 2017). The Act is a result of the international acknowledgement that coordinated international effort is needed to fight criminals, with FATF in the lead. The Act is the Norwegian government answer to the global fight against money laundering. Since the Act is heavily explained and analyzed in other chapters, it will not be further discussed here, other than to point out that it is because of the environmental change for the bank that it is needed to be implemented.

The Norwegian government is the actor which have exclusive authority over legitimate force within Norway (Kourula et al., 2019). Government, both as a regulator, setter of laws, and in position to set focus is of equal importance. In their role they can impose legally binding constraints and sanctions (Kourula et al., 2019). In addition, government is the regulatory authority that the banks need to oblige by, and report to. Cooperation and interactions between the government and the banks are environmental factors of interest.

Customers are the ones that must answer more comprehensive due diligence and are a directly involved party in the law (see chapter 4). It is therefore of importance to include customers in the environment, as they are a part of the society that becomes directly involved in the Act.

Shareholders are the ones that board of directors answer to, and all changes within a company directly influence the ROI to some degree. We have already introduced that implementation of the Act is a cost

for the banks. The cost needs to be covered and will directly come from the income in other areas of the bank, where income is generated (Magnusson, 2009).

Last identified environmental factor of interest is society. Society has a double role in the bank's implementation of the AML. First, there is the socio-economic effect that the Act is set out to achieve, that is introduced in the introduction. Secondly, it is the societies view of the banks they get from failed implementation and in worst case fines for those instances, like the negative press that was mentioned in the introduction. It is the society in form of owners, that get reduced ROI, the customers that get higher prices, and generally the reputation of the banks that can get a hit from not obliging to the law.

It is seen here that there are two external forces in the environment in play, first one is the legal, with the cost of implementation of the Act, and the second one is the shareholders, that are the ones that must take that cost, with reduced ROI, this results in a double agent problem, that will be further explained later on in this chapter.

## Strategy

According to Eisenhardt (1999, p. 65) "Strategy answers the basic questions: Where do we want to go? and, How do we get there?" Strategy is about making a choice, prioritizing what one will be focusing on, usually while down-prioritizing another (Porter, 1985). As identified in the environment, there are two different directions that the environment pulls the banks in, the implementation off the law that generates a cost, and additionally the common goal of private organization of generating return of the investment to shareholders. There have been written several articles in newer time on how to implement two strategies at the same time (Heracleous & Wirtz, 2009; Muhlbacher & Bobel, 2019).

Strategy's role is to force a long-range view, while pressure to manage often with short-term focus is often strong, although it can lead to strategic errors. AML is a supportive function within a bank, and therefore more likely to be a functional strategy or program, instead of their main strategy or goal. It is nevertheless important that it gets similar focus as other strategies, to gain the long-term focus that is needed for successful implementation (Aaker & McLoughlin, 2010).

Planning a strategy is done in four steps. One starts with the issue, brings together the right people, with correct competencies and supplementary views, adapt a planning cycle to the business and implements a strategy performance system (Aaker & McLoughlin, 2010). It is important that one takes into the account the possibility of dynamic changes, adapt to changes from the environment or new internal findings uncovered (Aaker & McLoughlin, 2010)

Strategy, strategic alignment, and strategy implementation, is a continuous process, where management must balance emerging and deliberate strategies, with environmental demand (Heracleous & Werres, 2016).

## Core Competencies

Core competencies are the competencies that are unique to the organization and can give them a competitive advantage. For an organization within a service industry, knowledge of the employees is essential to gain a competitive advantage.

Knowledge is an understanding of a subject that one gains through study and experience within a field; in this thesis, it is the understanding of how to prevent money laundering and terrorist financing that is needed. Knowledge is of double importance in this thesis. Firstly, one of the primary key points of the Act against money laundering and terrorist financing is the due diligence about the customer. Secondly, of equal importance is the knowledge of what to do with the knowledge gained about the customer. For example, how should it be interpreted, what is a risk, and how should that be applied to have best practices in the bank, so they are best possibly equipped to stop money laundry and terrorist financing transactions. Knowledge is an ever-growing competence acquired over time and comes with experience and learning from failure. A firm's knowledge is embedded in and carried through multiple entities, including organizational culture and identity, routines, policies, systems, documents, and individual employees (Alavi & Leidner, 2001, p. 3).

There is a difference between knowledge, information, and data. Today, banks have information and data about their customers and their type of transactions. Knowledge is what to do with available information and data and make an educated decision regarding if there is sufficient information and data available. "Knowledge is information possessed in the mind of individuals: it is personalized information related to facts, procedures, concepts, interpretations, ideas, observations, and judgments." (Alavi & Leidner, 2001, p. 4)

Importance of dynamic capabilities like flexibility, innovation, and self-organization are also identified as a capabilities that can give an organization advantage in a fast changing environment (Aaker & McLoughlin, 2010).

## Organization

Within an organization in the ESCO model, the implementation of the strategy gets a closer look at. It constitutes of structure, processes, people, and culture. We will now take a closer look at each of those.

Structure and processes are heavily linked. Structure entails division of tasks, centralization, coordination, formalization, etc. and the processes are how the workflow is within and between (Heracleous & Werres, 2016). Structure of a company can heavily impact what kind of a strategy is

chosen, so the strategy can fit with the organizational structure. A balance between the structure and chosen strategy can be shaped by the structures effects. (Fredrickson, 1986).

Employees are the ones that make an organization, especially within the service industry. Culture can be both internal and external. Internal culture is concerned with consistency of culture within an organization, while the external is how the culture matches the environment and strategy. A clash between the culture and strategy can be disruptive for the organization, and work against the organizations goals (Heracleous & Werres, 2016).

## Misalignment

The ESCO model was further developed to uncover strategic misalignments that could lead to corporate failure (Heracleous & Werres, 2016). In their paper, they apply an elaborated version of the ESCO model, where they build further on the conclusion that strategic alignment is the consistency and synergy among the external environment, the strategy, core competencies, and organizational elements, and add that to succeed, one must have the leadership, including the board of directors, as the actor guiding alignment. If successful, the result will be a sustainable competitive advantage, and on the other side, failed alignment will lead to failure, that in the worst case, can result in bankruptcy. Their paper defines strategic misalignment as "inconsistency or tension among these elements," the elements being the ESCO (Heracleous & Werres, 2016).

## Leadership

The leadership's role is to guide the alignment of the ESCO model to ensure success. Leadership style, strategic choices, and cognitive inertia are essential. In addition, the board of directors' level of involvement and engagement can impact if the organization achieves successful alignment. According to Mason "Managers need to set the organization's direction and create the environment in which staff can operate" (2007). Managers are the ones that create the condition to able the organization to respond to changes needed from the environment, may it be individuals, teams or systems (Mason, 2007). This is similar to what was found when ESCO model was used to analyze why large organizations ceased to exist, and is something that most scholars agree on, managements role is essential to ensure the continuance of an organization (Heracleous & Werres, 2016).

For implementation of the Act in the banks, the managers role is therefore to take the signs from the environment for needed changes to make a plan accordingly of how to react, get that plan implemented while simultaneously ensure the correct competencies within the bank to ensure successful implementation. This needs to be done while managing the organization, ensure that the internal communication, culture and processes are in accordance with the wanted level for successful implementation.

## Principal-Agent theory

A principal-agent model is a tool that analyzes the relationships between participants and shows how a contract can be established for the agent to give incentives to act after the principal wishes (Daily et al., 2003).

The principal-agent problem occurs when a principal creates an environment where an agent's incentives don't align with the principal's. Generally, the onus is on the principal to develop incentives for the agent to ensure they act as the principal wants. This includes everything from financial incentives to avoiding information asymmetry(Jensen & Meckling, 1976).

## Information asymmetry

Information asymmetry is also a part of the principal-agent theory. The existence of several principals and more agents sometimes increases the information asymmetries and difficulties with monitoring. Information asymmetry is meant that information of importance to one transaction is unevenly distributed between the parties to a transaction (Regjeringen, 2018). This can occur in all types of markets but is often prominent in the financial market. It may be because the services and products in the financial market are more complex and smaller transparent than goods and other services, where it is easier for users to assess quality (Regjeringen, 2018).

Information asymmetries can exacerbate principal/agent problems. The principal "authorities" do not have perfect information about what the agent (bank) does. Therefore, it can be difficult for the authorities to know whether the bank reports according to customers' interests or the authorities. The principal-agent theory assumes that the agent has more information than the principal and that this information asymmetry affects the principal's ability to regulate the relationship. The bank may also provide the authorities with incorrect information about what they do. Measures that reduce risk-taking can create something new market failure in behavioral risk, also referred to as "moral hazard" (Anthony et al. 2014). A moral hazard is confidential information where one party in a transactional relationship is better informed than the other party and is another type of information asymmetry. Behavioral risk is a so-called "post-contractual problem," which arises after an agreement between the agent and the principal. This is often done by the agent acting opportunistically towards the principal; that is, the agent tries to achieve things for his interest at the principal's expense. Opportunistic behavior is about consciously exploiting your information (Douma, 2017). This is theorized as "Unobservability," which is precisely what is at the heart of the information problem and runs the risk of the parties to a transaction. An assumption of opportunistic behavior does not have to mean that everyone who acts opportunistically does it all the time, but they can do it sometimes. A particular market failure results from asymmetric information and principal/agent problems that have motivated increased requirements

and regulations in the financial market context. The principal wants to monitor the behavioral event and the behavioral risk problem as best as possible.

## Incentives

You can use different incentives to create balance and work towards the same goal. For the principal and agent to function effectively, the system must provide mutual benefit and support for both sides (Naheem, 2020). The bank and the customer receive mutual support through the generation of profit. For example, the customer gets access to a product, while the bank makes money on the customer. When it comes to anti-money laundering work and regulations from the authorities, it is more difficult to see what the bank gets in return for the work and where the mutual support lies (Naheem, 2020). Naheem points out that the relationship between the bank and the authorities is based on threats of sanctions. The advantage for the bank, therefore, lies in avoiding sanctions. The alternatives the banks face then are either to comply with demands and lose money at increased costs or not to comply with directives and bet that they are not taken for it to avoid fines (Naheem, 2020). When the costs of implementing regulations increase, banks' acceptance and willingness to do the required work are reduced. The focus is shifted away from the original goal of the regulation (Masciandaro & Filotto, 2001). To have a well-balanced incentive scheme, the banks' anti-money laundering costs must correspond to the gains society receives through the information they collect. The difference between the costs and the gain must be minimized, and proper execution of reward and punishment is required (Pellegrina, 2008).

As the regulation increases the costs to the bank, the authorities must recognize that there must be a balance between the expenses and income of the banks. For the law to be effective and result in a lower money laundering risk, the costs must be weighed against the law's benefits so that the banks accept the regulation system (Masciandaro & Filotto, 2001). (Naheem, 2020) also points out the importance of cooperation between the authorities and the banking industry. His research shows that one must promote collaboration instead of relying on aggressive control tactics.

Harvey and Siu Fung's (2009) research shows that the motivation for complying with the rules is not that the banks want good business operations but a desire to avoid sanctions. Banks do not abide by the regulations to improve reputation but prevent a negative impact on reputation. When one uses threats to create results, the banks will only do just enough to cover what is expected. (Harvey & Siu Fung, 2009) believe that if one wants the banks to perform to the maximum, one must demonstrate the impact of anti-money laundering work on the underlying crime.

## Agency costs

Conflicts can lead to so called agency costs (Jensen & Meckling, 1976). Further, they distinguish between three types of agent costs: residual costs, monitoring costs for the principal, and additional expenses for the agent (Jensen & Meckling, 1976) point out that it is almost impossible to get the agent to act precisely like that principal wish. The gap that arises between the agent's actions and the principal's desire is

residual costs. Monitoring costs consist of expenses related to monitoring the agent, such as

necessary to reduce the information asymmetry between them and costs associated with establishment incentives for the agent so that the agent acts in the interest of the (Jensen & Meckling, 1976). The resources FSA uses to supervise the banks can be an example. They must monitor the banks here to ensure they are doing the job they are supposed to do (Finanstilsynet, 2022a). However, asymmetry in information is one of the biggest challenges in a principal-agent relationship. With a better flow of information, it will be possible to minimize this type of agent cost (Huarng, 1995). Additional expenses for the agent arise when the agent spends resources convincing the agent that they act in their interest (Jensen & Meckling, 1976). These can be costs that the banks incur to comply with the authorities' requirements and ensure proper compliance with the law (Naheem, 2020). Huarng (1995) points out that agency often costs arise from dividing the execution of both tasks and control from the client to the agent. Reducing these costs can be transferred to task execution and task control.

## Principal-agent theory linked to banking

Regarding structures in banks, the principal-agent theory has become a core theory. This is due to the conflicting nature of banks' decision-making process. The bank must work for customers' profits, while on the other hand, they need to improve their results (Naheem, 2020).

The Principal-agent relationship can be described as the principal (customer) and the agent (bank). The principal hires the agent to do a job, which means the agents get a form of decision-making authority, and the choices agents make will affect principals (Jensen & Meckling, 1976). If the bank agent and the principal have different goals and different risk references can create conflict (Wright et al., 2001).To avoid the agent acting in the customers' self-interest best, you can see how to reconcile the goals of a principal and an agent using different incentives (Fama & Jensen, 1983).

## Double agency problem

The banking sector is highly exposed to criminal customers who want to launder money through their products. This has led to the banks being imposed with regulations and requirements that must be compliant with. Naheem (2020) proposed a theoretical framework that could be used to apply anti-money laundering regulations in the banking sector. He used the principal-agent relationship to explain its underlying relationship affected by the anti-money laundering rules. Since the authorities are

dependent on the banks implementing parts of the strategy, Naheem (2020) believed that the principal-agent theory would be appropriate. The increasing focus on anti-money laundering has led to banks getting even more an agent role than the customer since they must also comply with government requirements (Naheem, 2020). This dual role can create conflict between the activity required to deliver a product to the customer and the activities related to anti-money laundering work required by the authorities (Ball et al., 2020). The agent problem in this framework is precisely the bank's dual role, and the authorities must understand and take this into account. Banks need to feel and see the benefits of their work, and it will require a greater understanding of the two services. Service offered to the customer depends on speed and low costs for the bank to be profitable and sustainable. Naheem's (2020) research paper shows that regulations have the potential to remove both aspects and put the bank in a difficult situation.

## Strategic implementation with a double agent

When dealing with a double–agent like here, the situation where the company comes into the case of choosing between a "trade-off" strategy and a "win-win" strategy will soon emerge. A trade-off strategy allocates resources between something that gives the shareholders revenues or appoints them to do tasks that only cost and do not directly affect the bottom line. Trade-off strategy is embedded in the mindset of always doing the best for the bottom line and thus the shareholders. A win-win strategy is a relatively new emerging strategy embedded in stakeholder strategy that will give a long-term achievement of sustainability for all stakeholders, including the shareholders, the government, customers, society, and all others that have a stake in the organization. The goal will be sustainable, and long-term takes more time to implement and takes an enormous change in the mindset of the employees to establish (Muhlbacher & Bobel, 2019).

Olsen and Boxenbaum (2009) looked into organizational barriers to implementation. They found that conflicting mindsets were the most fundamental barrier to performance and that the trade-off mindset wins over the opposite mindset of win-win.

In this study we are looking at the banks implementation of the Act, a legal changes that they are obliged to implement, although it goes directly against their obligations to shareholders to give them return of their investment. For the banks we propose the following model for implementation, with double agent from the environment, using the ESCO model.

## Summary of theoretical background

Building on the P&A theory and the ESCO model for successful alignment, we propose the following model for successfully implementing the AML act in Norwegian banks.

*Figure 3 - Proposed model for successful implementation of AML act*
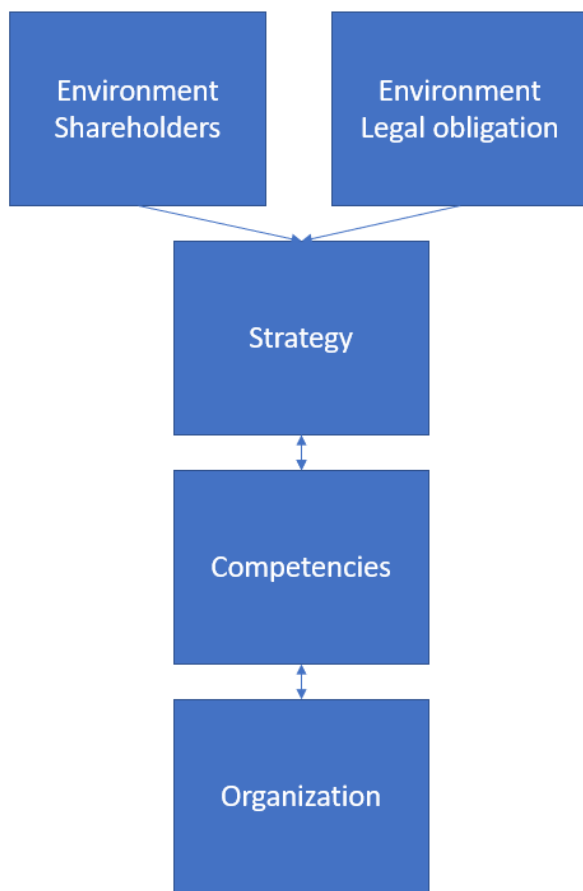


The model proposed is built on the Strategic Alignment Model built on the ESCO model. To include the double agent problem for the banks and have a shift in needed competencies to take on the previous governmental tasks of investigation of criminal actions, the model has been extended to include double agent within the environment.

For leadership, several tasks are essential when implementing the AML act. In addition to forming the risk analysis for the bank that includes the bank's strategy, built on the environmental demand, both the legislations and the need to ensure the competencies and organizational alignment. Leadership is not included in the model, although it is their role to oversee that the alignment within the banks is obtained.

Suppose the environment, strategy, core competencies, and organization align. In that case, the implementation of AML will be successful and would conclude in approved reports from the FSA and consequently will not be fined since they would comply with the law.

## Context

In this chapter we will look closer at the Norwegian legislation that the banks need to implement.

## The Norwegian fight against Money Laundering

Norway became a member of FATF in 1991, and it was the first two years later, on 11. In June 1993, money laundering became illegal when §317 was introduced to include money laundering as an unlawful transaction (politidepertementet, 2004). The first money laundering laws were presented and implemented, with later changes in 2003, 2009, and 2018 (Lovdata.no).

The current regulations were introduced in June 2018, effective from October the same year. The most significant change in the new Act in 2018 from the previous Act from 2009 is the consequences for the private companies if they are found to not comply with the law (Finansdepartementet, 2009, 2018).

When one compares the Act with the 40 recommendations from FATF, one can see apparent similarities between the law and the 40 recommendations. Therefore, the private sector will only need to follow the Act against money laundering when making their processes and routines in AML (FATF, 2021a; Finansdepartementet, 2018).

## The Norwegian regulatory status today

In this chapter information from governmental agencies and guides for implementation are used as a point of reference, and summary of the process that the banks need to implement is presented (Finansdepartementet, 2018; Finanstilsynet, 2019, 2022a).

Banks are listed as an obliged entity in section 4 a) in the Act. As an obliged entity, they must, according to chapter 3, base their application of this Act on assessments of the risk of money laundering and terrorist financing. According to chapter 4, they need to carry out due diligence measures on new and existing customers and monitor their transactions. Furthermore, according to chapter 5, they need to conduct further investigations on suspicious transactions and have a duty to report and disclose if the investigation does not eliminate the suspicion. Those chapters, in addition to chapter 9, where supervision, administrative measures, and sanctions are those of relevance to the banking industry and thus for this master thesis.

## The process

*Figure 4 - Strategic process*
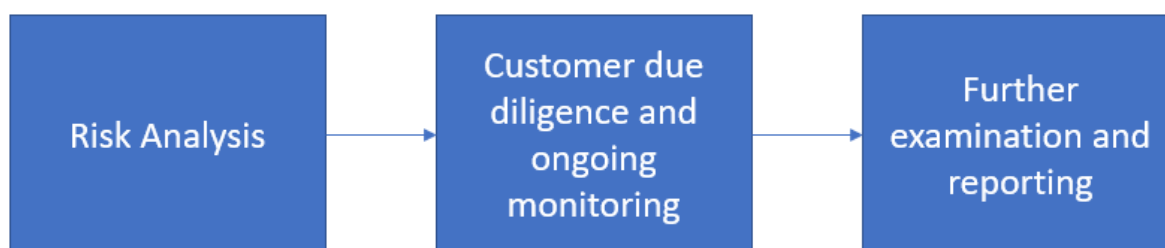
According to the Act, this is the strategic process that the banks and other obligated entities must follow when implementing their AML and CTF measures. The banks must have an excellent base to identify the correct risk indicators in their risk analysis. Therefore, their routine for due diligence is in accordance with the risk analysis. When the score for the customer and different types of product use is set, the groundwork is in place to set up monitoring for what is assumed as risks for ML in the transaction monitoring.

There must be a red thread through the process, so the monitoring happens on the customers and products identified as a higher risk.

## Risk-based approach and procedures (Risk Analysis)

Banks shall identify and assess the risk of money laundering and terrorist financing in their business. This includes evaluating its own business, nature and size, products, services and customer relationship, type of customers, and geographical factors. In addition to having an updated risk-based approach to business, an assessment must be made before launching new products or technologies. The review must be updated and appropriate to the nature and size of the company and made available to the supervisory authority.

The risk-based assessment shall base on their updated procedures to ensure that the undertaking addresses identified risks and comply with obligations according to the Act. The same demands are for the procedures as for the risk assessment; in addition, the policies must be adopted at the top level of the bank.

Risk analysis must include the entities products, services, their internal factors, and customer relations. Products include all products provided from the bank, and each product must be risk-assessed individually. For example, loan must be divided into under groups, like mortgage, car-loan, overdraft, etc. Services include again all services that the bank offers, including mobile banking, auto-transfer, etc. Their internal factors include their employees' competencies, the risk of their employees skipping on their duties, their systems, their processes and routines etc. Lastly there is customer relations where one must assess if different degrees of relations will affect the risk of having that customer. For example, will different groupings of product used together result in higher risk of ML, or will some customer groups with some identified product available have a higher risk than others. Therefore, it is not enough to risk-assess the products, services, and customer characteristics individually, risk of combinations must also be assessed.

## Customer due diligence measures and ongoing monitoring

Banks shall apply customer due diligence measures for new customers and conduct continuous monitoring based on the risk assessment. Several criteria must be in place, like sufficient identification of the customer, beneficial owners, the purpose of the customer relationship, where the fund's origin from, and what they will be used for, among others.

The banks must have a minimum due diligence on all their customers. The minimum includes identification of the private person, or in case of businesses identify the owners and all employees that have right to executive decision making. They must have sufficient information about the purpose of the customer relationship, why they have the different products, what they will be used for etc. They must know the origin of the funds and what is the funds' purpose. If the bank cannot complete the due diligence the customer relationship cannot be established, and likewise, if ongoing monitoring give insufficient information, that will also give the right to termination.

The banks shall monitor their customer relationship, including transactions carried out, and that they are by the information obtained on the customer. When the bank has sufficient information about the customer, and the products they will have available and use, the bank must give the customer a score. The score should be in accordance with the risk analysis conducted on products and customer characteristics that are identified as higher risk for ML or TF. In addition to standard requirements, the bank must apply additional steps to ensure knowledge of the customer and the purpose and intended nature of the customer relationship. The same applies to all defined as PEP.

## Further examinations and reporting

All banks shall monitor their transactions, and if suspicious according to their assessment of the risk analysis, they shall conduct further examination on transactions that are flagged. Likewise, all who work with the customers and find any discrepancies in their due diligence monitoring shall also make further investigations. If further investigation does not eliminate the suspicion the bank is obligated to report the transactions and customers with SAR to the Norwegian FIU.

If possible, the suspicious transactions shall not be carried out without informing FIU beforehand. FIU can instruct the bank to suspend the transaction. If not possible to report or suspend the transaction before contacting FIU, the bank is obliged to report as soon as possible. All indications of suspicious transactions and inquiries are obliged not to disclose information of the examinations or report to FIU to the customer.

This monitoring shall be in accordance with the banks risk-assessment. Higher risk customer groups and products shall have higher surveillance than the average private consumer, that will likely be sorted

as median in the risk assessment. The same is for further investigation, it shall be in accordance with the risk assessment and procedures decided because of that assessment.

## Supervision, administrative measures, and sanctions

The FSA shall supervise the banks' compliance with provisions laid down in the Act. They, too, are obliged to report suspicious activity to FIU. The FSA can give the bank an administrative fine if in violation of chapter 3, Risk-based assessment, or chapter 4, customer due diligence. In addition, can employees receive a fine if neglecting the reporting inconsistencies in due diligence or suspicious transactions.

# Methodology

According to Mansourian (2006, p. 386), "A research project without a credible methodology is a wobbly building that will collapse sooner or later. Employing a suitable methodology is a pivotal task for each researcher before carrying out the research." A descriptive case study has been chosen to answer the proposed question of how the Act's implementation has impacted the banks' role in society. The selected design, approach, data collection, and data analysis for this paper will be presented in this chapter.

## Research design

The study's objective is to find out how the bank's implementation of the AML act has impacted their role towards their stakeholders. Since this is a subject with little previous research and knowledge, the design chosen is a descriptive case study. According to Yin, a case study is the best approach when answering "how" or "why" questions. (Yin, 2014) Therefore, the research question starts with a "how-to" question and fits the criteria.

To get the best possible answers, it is essential to get good, relevant information about the different cases where the Norwegian FSA has investigated the bank's routines and practices to ensure that they follow the 2018 AML act. In the case study, one is looking for answers to "how" and "why" questions on previous happenings, which one cannot control, although the event is a current event (Yin, 2014, p. 9). The study proposed here fulfills all those criteria, and since the possibility of the events happening again is high, the need to learn from chosen cases is essential.

## Research method

In the social science method, one can use both qualitative and/or quantitative methods (Johannessen et al., 2010). The quantitative method is used to study the number and distribution of phenomena. This is when a limited and unified data set can characterize a larger sample and the results from studies. The

data set then provides a basis for the interpretations to take a precise form (Thagaard, 2018). When one investigates phenomena there is little research on and which one does not know very well, it will be appropriate to use the qualitative method to get a more thorough understanding (Johannessen et al., 2010). The qualitative method is about how something is experienced or happens, and qualitative data must be interpreted since it does not speak for itself (Kvale et al., 2009). The problem and the research questions require interpreting experiences, opinions, and understanding of contexts. The phenomenon is complex; there is little research, and most of its figures are confidential (Kvale et al., 2009). We, therefore, chose to use qualitative data in the form of documents, articles, and interviews to gain a deeper understanding so that we could answer the problem in the best possible way.

Then we wanted to get a clearer perception of the phenomenon; rather than generalizing data, we saw it appropriate to use an in-depth interview. With a topic where research is limited, in-depth interviews can be helpful to get information from individuals about the specific topic and how they experience the phenomenon. The purpose of the interviews was to get information and more knowledge about the subject. Then in-depth interviews are problem-oriented and can provide descriptive and explanatory data; it can be difficult and appropriate to use in exploratory research with little information (Hesse-Biber & Leavy, 2011)

## Choice of research strategy

As mentioned in the former chapter, this is a descriptive multiple case study. It is already known that the number of potential participants is limited since the Act has only been in effect for approximately three years. There are only so many banks the FSA has had control of since that one could conduct a quantitative study with enough responses to conclude. In addition, as mentioned before, this is unexplored terrain, so even though one could get enough participants, what should the questions be? On what ground can one set a hypothesis to be tested when there is almost no information about the subject available? It is, therefore, by default, a qualitative explanatory case study. Descriptive research is a good fit when one wants to test, explain or compare (Myers, 2019).

A qualitative study is a study of non-numerical information obtained through interviews, publicly available information, documents, internet articles, and news. This research experience and knowledge regarding chosen cases will be collected and investigated.

## Data collection

For this paper, the method of purposive sampling was used. (Lee & Lings, 2008, p. 213) The purpose is to sample cases or people relevant to the research questions. The sampling was combined with data from primary sources and secondary sources. The reports from FSA on banks were the selected sampling method, where three consecutive reports from FSA on banks were chosen as our cases. There

were no other criteria for our selection other than the timing of the reports. All three banks selected initially answered positively to join the study.

In this research, the primary sources are semi-structured interviews. A semi-structured interview is a form of an in-depth interview, where the goal is to look for rich, in-depth answers to the research question (Lee & Lings, 2008, p. 218). Semi-structured interview indicates that there will be some form of structure to the interview. There is a set of questions or topics to ensure the interview flow within the subject under investigation. The plan and execution to interview employees from three different positions from three different banks, in total nine interviews The number three is not a coincidence; it is chosen to assure a certain breadth of opinion and experience and have the possibility of triangulation (Myers, 2019). In addition, there were interviews with key personnel within the appropriate governmental agencies, the Norwegian FSA and FIU. Due to how few employees each of those agencies has, it is not be possible to attain their employees' same breadth of opinion. Only one employee was interviewed from each governmental agency. After those initial interviews, there was an evaluation of if there was enough information available to analyze the data.

*Table 1 - Interviews*

| Interviewee: | Role: | Interview time: | Interview form: |
|---|---|---|---|
| **Off 1** | Manager FIU | 1 hour | Microsoft Teams |
| **Bank 1-2** | Specialist Corporate Banking AML | 1 hour | Microsoft Teams |
| **Bank 2-3** | Customer Advisor, Private Banking | 1 hour | Microsoft Teams |
| **Bank 2-1** | Manager for AML team, | 1 hour | Microsoft Teams |
| **Bank 2-2** | Specialist in AML Team | 1 hour | Microsoft Teams |
| **Bank 3-1** | MLRO and Manager AML Team | 1 hour | Microsoft Teams |
| **Bank 3-2** | Specialist AML | 1 hour | Microsoft Teams |

| Bank 3-3 | Customer Advisor, Corporate Banking | 1 hour | Microsoft Teams |
|---|---|---|---|
| Bank 1-3 | Specialist KYC – Private Banking | 1 hour | Microsoft Teams |
| Bank 1-1 | Advisor to MLRO | 45 minutes | Microsoft Teams |
| Off 2 | Manager FSA | 1 hour | Microsoft Teams |

The secondary sources are publicly available information, like news articles, reports from governments and authorities, data available from webpages of the participants, information from podcasts, and other facts that will add to the purposive sampling. The most significant secondary sources will be the available guides from the governmental agencies on how to implement the AML act and the reports from FSA's inspections of banks.

## Semi-structured interviews

Interviews can be unstructured, semi-structured, or structured, based on how much has been arranged. An unstructured interview has open questions related to a topic and is informal. In a structured interview, you will have pre-determined questions and topics and preferably answer alternatives. Semi-structured interviews are based on a comprehensive interview guide, and the researchers can move back and forth in the interview guide (Johannessen et al., 2010). A typical qualitative interview is based on a semi-structured interview guide, where the questions can be adapted to the interviewee's narrative while essential topics are highlighted (Thagaard, 2018). We considered it appropriate to use a semi-structured qualitative interview when we wanted additional information and a deeper understanding of the phenomenon. In this way, we had a clear framework with concrete points of reference, at the same time, we could include topics that were not planned from the person's point of view and knowledge (Thagaard, 2018). Through semi-structured interviews, the respondent can speak more freely beyond the asked questions. This can be a suitable method, as it can lead to new angels and conditions one might not have thought of in advance that could be relevant to the topic (Hesse-Biber & Leavy, 2011).

The problem is complex, and the research questions require that the interviewee has the proper knowledge and competence so that the questions can be answered. To get as much honest information as possible and reassure the interviewees regarding the confidentiality of the information they published, we chose to anonymize the respondents in the banks and the name of the banks (Sekaran, 2016). In addition, it is important that the interview is in a setting where the interviewees are comfortable, undisturbed, and private (Frankfort-Nachmias & Nachmias, 1996). Therefore, the

interviewees were asked to find a secluded place where they could have their full focus on the interview without disturbances. All interviews were conducted via Teams-meetings and recorded after acceptance from the interviewee. Some chose to log in from their home offices, some from their private offices, and lastly some from a secluded room in their office locations.

The interviewer must strive not to show bias and not influence the interviewee's answers. This is important both regarding verbal communication and, just as importantly, non-verbal feedback during the interview (Frankfort-Nachmias & Nachmias, 1996; Myers, 2019)

## Secondary data

In our thesis, document analysis of secondary sources was used to obtain the information that could impact the task. The references relate to websites, public documents, podcasts, and other publicly available information.

By using secondary data, savings can be achieved in the use of resources, but at the same time, be more difficult to assess the reliability of the data (Sekaran, 2016). The first source used for all three banks was the FSA report that resulted in the initial selection of the bank as a case (Finanstilsynet, 2022a). We have additionally used the banks' homepages to gain further understanding of the banks. We have attained additional information from publicly available sources and registers to obtain further information about the banks' structure, history, and information regarding employees and their roles (Brønnøysundregistrene, 2022; proff.no, 2022). Due to the anonymization of the banks, there are no direct links to the web pages used, as they would indicate what banks are included in this study. Additionally podcast has been used to supplement the data (Strise, 2022).

What is important with document studies is to put these in a context and look at when, where and off who they are written (Tjora, 2021). In analyzing these documents, we have been aware of who published the documents, as well as the year of publication. Økokrim prepares a risk and threat assessment for money laundering annually. A challenge with secondary data is that they are obtained for other purposes, which may mean that important information is omitted and that the data lose relevance as they do not shed as much light on the report's problem (Saunders et al., 2016). We have taken this into account by assessing the validity and reliability of the data material, as well methodological limitations.

## Research ethics

The project was reported to the Norwegian Center for Research Data (NSD) in accordance with the terms from NTNU when interviews are used as data collection. Prior to all the interviews, an information description of the research project was presented. The informants signed the information letter so that we received the written consent of the respondents. Informed consent means that the respondents inform the survey's overall purpose and risks of participating in the project. This ensures that they participate the interviewees participate voluntarily and that they receive information about what the collaboration facilities for your own part (Kvale et al., 2009).

Furthermore, all interviewees were informed that we wanted to take video recordings to have the opportunity to transcribe the information verbatim. To be sure at the participants received the information they are entitled to, we presented ourselves and the task at the beginning of the interviews and reiterated their rights to withdraw at any time in the project period. This was additional to the information letter sent before the interview was booked. It was also informed about the processing of data and the possibility of anonymization. The audio recordings were stored digitally and treated confidentially. There is in a place a procedure to ensure the deleting of recordings and transcripts when it is assured that they are not needed any longer for this study.

To ensure that the identity of the interviewees is protected, several measures are taken. First, all identifications in transcript that can either directly identify the employee or the employer are generalized. For example, the name of colleague was generalized by substituting the name with colleague when general, or with the role of the colleague if specific. The company name is replaced with generalization, for example, here at "name of company" is replaced with "here in the bank" In the transcript there are colors that identify who the speaker is. Red and blue are consequent the colors of us interviewers and the color black the color for the interviewee.

All interviewees were given a code. All employees in the bank were given similar code built up on the same principle: Bank – number of bank - - number for employee. The number was given according to the employee's role in the bank, so employee number 2 had always similar roles to employee's number 2 in the other banks and so on. This was done so cross-referencing the interviews according to role was easier in the analysis. In addition, the identity of the banks has been hidden. Therefore, the identity of their employees should be further protected, since there is only to some extent their role that is mentioned. For the governmental employees, code off1 and off2 were given. (Offentlig in Norwegian = governmental in English). Since the FSA and FIU are identified as our governmental agencies that have been interviewed, we have in addition told the interviewees that there is a possibility that they might be identifiable. In accordance with the regulations and applications done, this has been approved, both from NSD and from the interviewees. As a governmental employee where part of their roles is to educate the public, this is a standard procedure for them.

Both students writing this paper have previous experience within the banking and financial industry, and both worked directly within AML field. Without the experience and knowledge within the field, it would be hard to conduct this paper as it is severely complicated field, rather new, and limited expertise available. The Non-Disclosure Agreements conducted with our current and previous employers, our duty of confidentiality to our interviewees and our independent thinking during the research has been taken very seriously and reinforced by taking care of each other along the way. While writing this paper we have taken on our role as a student. We have although informed all interviewees before the interview about our experience and given them the opportunity to oppose if wanted.

In some of the analysis there have been made changes to direct quotes and information given to generalize the information. In an in-depth interview there are often given examples of specific cases, products, customer groups, combos etc. We have found that this in-depth information is blacked out in the publicly available reports from FSA, and therefore concluded generalized or skipped in our presentation of the information.

## Research quality

There are generally accepted concepts for quality measurements when conduction a qualitative study are validity and reliability, (Stenbacka, 2001). The validity of research is usually determined by construct validity, internal validity, and external validity (Saunders, Lewis, & Thornhill, 2016). According to Stenbacka (2001), validity can be achieved using non-forcing interviews and strategically chosen interviewees. To ensure internal validity in this study, key employees withing the banks, with experience and knowledge regarding the banks' AML work and day to day operations were chosen. To achieve different points of view, and to supplement throughout the process there were interviewees from all three different positions selected, from risk analysis, due diligence, and further examination and reporting.

External validity, or transferability to other cases is the main concern. Since this is a multiple case study, the transferability is already checked among the three cases when compared. From that one can conclude that similar transfers are possible to other banks as well.

Reliability explains the research method's ability to produce the same research results repeatedly, but it seems that such a definition of reliability has no relevance in qualitative research (Stenbacka, 2001). Stenbacka (2001) suggests that a thorough description of the whole process, which enables conditional intersubjectivity, indicates good quality when using a qualitative method. The analytical and theoretical process is thoroughly explained, which should ensure a good quality of the research output. This is done by thoroughly explaining the method used to conduct the paper, the analysis used, and how the theoretical model is built. The Semi-structured interview guide is attached to this study, and therefore all elements are made available to copy the process and conduct same analysis on another bank.

## Data analysis

Here we describe how the data was processed after sampling, including preparation of the data. The process started with transcription, before the transcripts were coded. The codes were further used to illustrate the findings using pre-structured case to draw a picture of the findings.
Transcription is a time-consuming task (Kvale & Brinkmann, 2009). Programs were tested and found lacking in catching sufficiently what was said. All interviews were conducted in Norwegian, and the answers were given in the interviewee's dialect. Since the results from both Teams transcript, and Word

voice to text were lacking, the transcript was heavily adjusted manually. To ensure the quality of the transcript, one transcribed, and the second one took a quality check before the transcripts were sent to interviewee for the last validation. Transcripts are translations of oral conversation to written language (Kvale & Brinkmann, 2009). It is important in every translation to ensure that information, meanings, and hidden underlying points are not lost in the translation (Kvale & Brinkmann, 2009; Miles et al., 2014; Yin, 2014).

The transcripts were transcribed selectively. This means that in those few occurrences that there was any disturbance, for example dog barking or phone ringing in the background following an excuse, that was not included in the transcript, as it had no relevance to the interview or topic and were disturbances from the outside. Likewise, when struggling to formulate a new sentence when answering a question, and there were no descriptive words, no verbs, or any substantives other than general for a start in sentence, those were excluded, and the transcript started again when the interviewee had reformulated him-/her-self. This was to ensure an understandable flow in the interview for the participant to evaluate when they received the transcript for a look-through and validation. Sentences that included any form of description, verbs or substantives, and were not finished, were included in the transcript and marked with "- .." in the transcript to indicate that from the record it was evident that the interviewee did not finish the sentence, and it was left hanging. Usually this happened when making a point on previous statement, and therefore implied what the point was.

Simultaneous speaking of both interviewee and interviewer was almost none-existing, and when happened it was always for only 1-2 words, where the interviewee was always given the floor to complete what they were about to say. If there was any disturbance due to simultaneous speaking, the interviewee always repeated what they were saying, so it did not affect the quality of the transcript.

Lastly, all form of affirmative sounds from the interviewers like for example "uhm", "yeah", etc. were excluded from the transcript, since they did not affect the respond or quality of the transcript in any way.

To ensure the quality of the interviews and that the information gathered is by the interviewee's intention, a transcript of the discussion was sent to them for acceptance before being used for analysis. The transcript sent to the interviewees did not include markings of non-verbal communication or any changes in the voice that put a bigger effect on some parts of descriptions or sentence, that could indicate priority in listing in addition to the verbal message. Those were marked in own copies of transcripts and taken into consideration. There were very few of those identified, as the interview flow was formal, and in those few instances that they were identified, the recording of the interview was used additionally in analysis.

Data condensation has been done in the following way. First all transcripts were read, reread, and finally highlighted the most prominent points from the transcript. This was done following Yin's suggestion that when not experienced in data analysis, playing with the findings and become familiar with them

are a good first step (2014). Simultaneously data analysis methods were kept in the back of the mind, to identify the ones that are best suited for the analysis in this thesis (Miles et al., 2014). The essence from the transcripts were identified and sorted into their corresponding theme from the model if applicable. Codes were found and applied where appropriate, using mix and match of codes to successfully find appropriate codes according to the data available. This was first done with all 11 interviews individually according to first cycle coding (Miles et al., 2014). When all codes in the interviews where summarized, they were compared, first within the banks, and secondly across the banks. In this step secondary sources that were found for the codes identified, and of relevance for the model were included (Miles et al., 2014). Answers that were not directly transferrable into a theme were collected on the side and summarized for what theme they gave an answer to. Likewise, all answers that could go in two different themes were marked as such.

The interviews were first coded individually, before analyzing the banks. It became clear from the interviews that there were differences in the banks stage of implementation. Therefore bank 3 that was found to be the bank furthest along was analyzed first, and their process illustrated according to the model in chapter 4. Same procedure was used for bank 1 and bank 2. The codes were found as patterns, and illustrated as such on a model jotted down while doing the analysis (Miles et al., 2014). The model was built on the model from the theory presented in chapter 3. It can be compared to a pre-structured case, where the interview guides are built on the model, and therefore the data from the interviews will also follow the same pre-structured outline (Miles et al., 2014). There were in addition to the structure two open questions that were not directly linked to the structure. The answers to those questions were always in accordance with the structure, was only a question of which of the predefined themes within the structure they belonged to.

Since all interviews and secondary data was in Norwegian, it was easy to conclude that the analysis was made in Norwegian as well. This to ensure that information intention and meaning was lost or twisted in translation, that could affect the analyzing process. Therefore, it was decided to complete the analysis in Norwegian, and only results and quotes translated. When translating the results, key indicators were first written in both Norwegian and English before they were concluded to have the best possible translation. Luckily, English is more comprehensive language, and has a bigger vocabulary, so translation gives the opportunity to translate the indicator, including the purpose of the chosen indicator. Translation, validation, and acceptance from both parties after discussions was made when translating the results.

## Findings

In this chapter we will go through the findings identified in the analysis of the cases. We will start with giving general information about the banks, primarily from secondary sources. Secondly, we will go

through the implementation process according to the theory model proposed, this is primarily done with information from the interviews, although secondary data is used where appropriate. Third section of this chapter will revisit the AML process introduced in chapter 4, context, where information from the primary and secondary sources is used to give an overview over what is the status of implementation at the time of inquiry. Lastly, information from the theory and from the status quo is summarized with our interpretation of why.

In the beginning of all 11 interviews the interviewees were asked to define ML. All 9 answers from the employees in the banks were similar, the main point was always ill-gotten funds integrated into the legal, white economy. The definition from Off1 was the same, although he also included: "for all practical purposes, such as in the Money Laundering Act, it states that when it comes to reporting there, it states for those required to report that any involvement in the proceeds of crime is to be regarded as money laundering within the meaning of the Money Laundering Act. There is a very broad definition in the Money Laundering Act, it is because one should not sit there and wonder if it is one or the other. In other words, as long as you suspect that you are involved in the proceeds of crime, it is to be regarded as money laundering." Off2 had similar take in his answer. He concluded that it was not within his role to define ML, that was done in the law, although the banks' as obligated entities must include that it does not have to include the integration part to be suspicious transaction, and therefore needed to be reported to FIU.

With this difference here between the banks and the governmental entities already found, we will take a closer look at the banks and their implementation.

## About bank 1

Bank 1 is the biggest bank in this study. It is a national and an international bank operating worldwide. The bank offers several products within personal banking, offerings, savings, investments, and corporate banking. They have several thousand employees spread nationally and globally.

Today the AML team is leaded by MLRO and own division as part of first offence. They handle transaction monitoring, sanctions, PEP, e-fraud, further investigations, etc. that is suspected as criminal activity and may be reported as a "Suspicious activity report" (SAR). In the AML Division it's about 150 people working within these sections mentioned below.

*Figure 5 - Bank 1 AML structure*
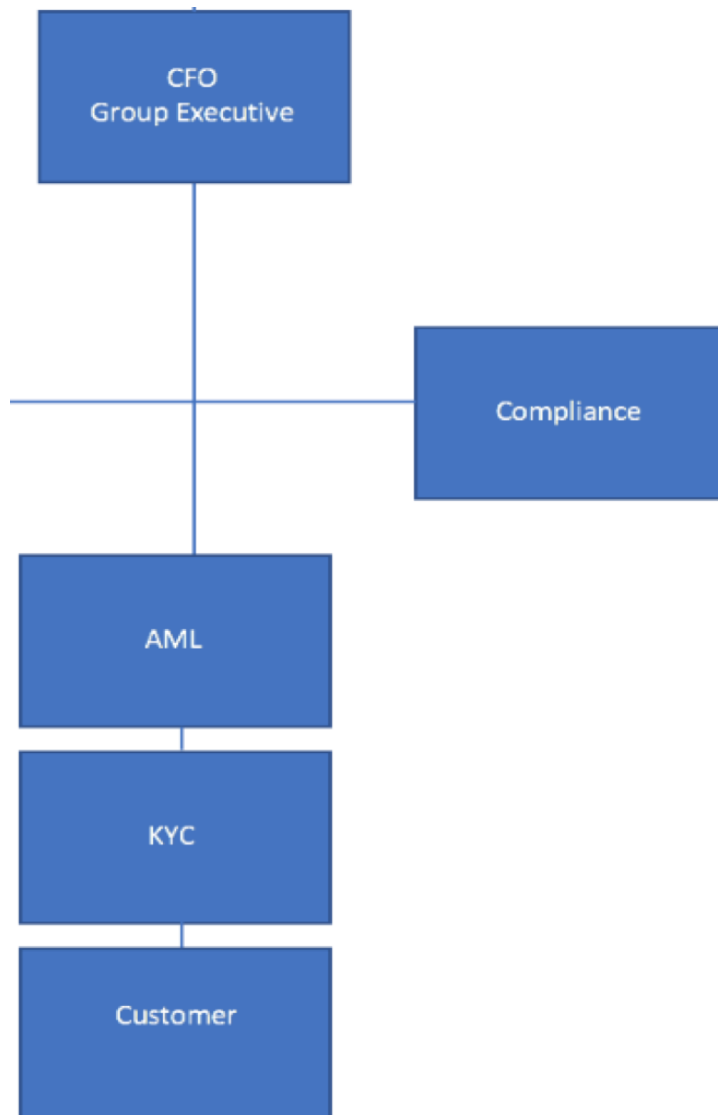


The MLRO is also division head for the banking group. Group AML lays all guidelines and decision making for the anti-money laundering work in the bank. In addition, they are support to the rest of the organization regarding competence development and questions that may arise.

KYC and all customers follow up is at the front line, from customer relations. KYC are divided into each different business areas whether its personal banking or corporate banking. The bank employs approximately 500 employees in the KYC area. In addition, they have their compliance division as a second line defense for internal control, third line defense in internal revision is established with external auditor.

The results from the FSA report for bank 1 showed that the bank's implementation of the Act was severely lacking. The electronic monitoring of transaction was not good enough. Their transaction alarms were standardized and not linked to the risk assessment, gave many false hits, and what little of

them that were processed were done inadequately. The FSA pinpointed that the MLRO had two roles both head division and for the group. The risk assessment was only general for the banking industry, and no adjustments were made to customize it to fit their own organization. Lack of customer follow-up was another key point where the bank had failed to fulfill. There were severely lacking routines and processes uncovered in the bank. The main conclusion from the FSA was limited internal follow-up, from both internal control organs and the board of directors.

## About bank 2

Bank 2 is a medium size bank in Norway. It is a regional Sparebank, where their customers are regional, and main target groups are personal banking and smaller to medium sized, local businesses. They have a range of the usual banking products and services for both private and business banking. This includes loans, savings, currency exchange, cash administration, payments both national and international etc. Like common in Norway majority goes through online banking, or mobile solutions, although physical locations are still available in their regions. They have nearly 300 employees, divided between seven locations in the same region.

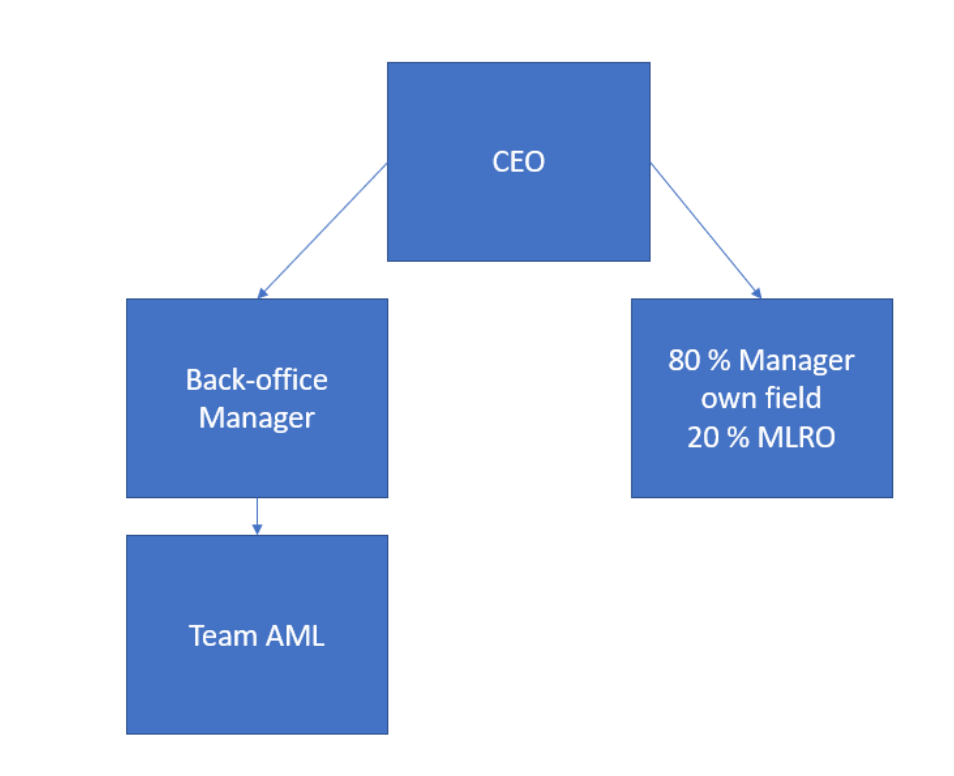*Figure 6 - Bank 2 AML structure*



Figure 6 shows how the buildup of departments and employees that work directly with AML in their role. Of course, there are several departments that are also heavily involved in AML, as a part of their instructions, like legal counsel, risk management and Compliance, and customer front, where the KYC

is today. Today the AML team is leaded by back-office manager, while MLRO has a double role and is also a manager for another department. The AML department is its own department as part of first offence. They get their instructions from both their managers from back office, in addition to instructions from MLRO. To complete the confusion, one of the members in Team AML is pointed as subject manager for AML, with responsibility of education, learning and knowledge within AML for the bank and for processes and routines. The member does not have any personnel responsibilities, although responsibilities for many of the operational tasks are present. For the rest of Team AML, they can on a bad day in worst case get three different messages from people they are meant to follow. This weakness has been identified, and there are organizational changes on the way, and a new MLRO that will lead the AML department has been hired. Since those changes come into effect after interviews and analysis, and the analysis are made from status quo on the interview days, this is only mentioned as a gap they have, is identified and process to rectify underway. They handle suspicious transactions, sanctions, PEP, fraud cases, etc. that is suspected as criminal activity. In addition, they are support to the rest of the organization regarding competence development and questions that may arise. KYC and all customers follow up is at the front line, from customer relations. In addition, they have their compliance department as a second line defense for internal control, and third line defense in internal revision is established with external auditor.

The results from the FSA report for bank 2 showed that the bank's implementation of the Act was severely lacking. The risk assessment was only general for the banking industry, and no adjustments were made to customize it to fit their own organization. When they were inspected by the FSA they didn't have instructions for MLRO and the obligations that follow the role. There was limited internal follow-up, from both internal control organs and the board of directors and concluded that board of directors had underestimated the need for education of the employees. Their transaction alarms were standardized and not linked to the risk assessment, gave many false hits, and what little of them that were processed were done inadequately. In other words, what little they had of the process was copied from the surroundings, updated simultaneously with the inspection from FSA. The knowledge was severely lacking; there was lacking internal follow-up.

## About bank 3

Bank 3 is the smallest bank in this study. It is a small local Sparebank, where their customers are local, and main target groups are private banking and smaller, local businesses. They have a range of the usual banking products and services, although their currency exchange services are outsourced to one of the bigger banks in Norway. They have under 100 employees, divided in four locations in the same region. As many small Sparebanks, they are a part of a larger cooperation group, Eika.

*Figure 7- Bank 3 AML structure*
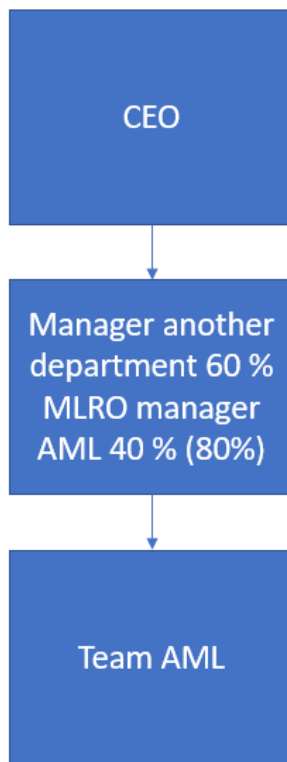


Today the AML team is leaded by MLRO and own department as part of first line of offence. Manager has a split role, is also a manager for another department which on the paper is 60 % of his role. Under interview manager said that the written instructions were not in accordance with the reality, where approximately 80 % of his time is as MLRO. Even though the instructions are not in accordance, there have been hired team leaders in the other department to accommodate for the down-prioritizing of the time. It is therefore an acknowledge situation in the bank, although instructions have not been mended. The AML team handle suspicious transactions, sanctions, PEP, fraud cases, etc. that is suspected as criminal activity. In addition, they are support to the rest of the organization regarding competence development and questions that may arise. KYC and all customers follow up is at the front line, from customer relations. In addition, they have their compliance department as a second line defense for internal control, and although not obliged due to small size, third line defense in internal revision is established with external auditor.

The results from the FSA report for bank 3 are similar to the results found in bank 2 and showed that the bank's implementation of the Act was severely lacking. The risk assessment was only general for the banking industry, and no adjustments were made to customize it to fit their own organization. Those limited routines in place were copied from the alliance they are a part of. The MLRO officer had limited to no knowledge regarding the Act, and there was no training program for him or any other employee. There was limited internal follow-up, from both internal control organs and the board of directors. What

little was pointed out was regarding the identification part in due diligence. Their transaction alarms were standardized and not linked to the risk assessment, gave many false hits, and what little of them that were processed were done inadequately. In other words, what little they had of the process was copied from the surroundings, with no adjustment. The knowledge was severely lacking; there was no internal follow-up, and consequently, the reports sent to FSA gave an incorrect picture of the risk in the bank.

## Implementation of AML in the banks according to model

In this section we will go through information gathered regarding the bank's implementation of the AML. All the banks had some form of AML routines before the inspection from FSA, although like summarized previously all were found severely lacking. All 3 banks had similar starting points, as seen be the summaries from the FSA reports, and as previously mentioned, all the inspections were made at similar time, so the time horizon for the banks is similar. All the three banks have had sever increase in recruiting new employees within AML and have all hired in external expertise to help them along the way.

We will therefore here consider how the status is now, and how they have reached that status since they received the conclusions from the FSA inspections. We will follow the model that is proposed in chapter 2, Literature review. We will start with the environment, and follow the model through strategy, core competencies and organization. We will thereafter look at the bank's measurements on their AML work, on their own quality control, before lastly take a closer look at the leadership within the bank, including Board of Directors, Executives and managers, and how they follow up the implementation process and the AML work within the banks.

All drivers identified are marked in **bold.**

### Environment

The Act itself is an environmental change for the banks. It's been clear after the Act has created a shift in environmental conditions. The banks are getting fined, and employees can risk penalties in case if breach of law. In recent years all these banks in our case study have received negative reports from the FSA. Stakeholders and society in general require higher demands of the banks than before regarding their role as an investigator and protector against illegal activities. The banks have an important role to create trust in the economy. Negative AML reports from FSA can affect the banks reputation, society, stock value, credit risk rating among other things. It's very clear that in all three interviews in bank 1 that they want to fight money laundering. Interviewee Bank1-2 said there are many different views on banks in the society.

**Customers**

After the new act in 2018 customers have been followed up more closely and like interviewee Bank1-3 stated, "many of our customers are happy that they are followed up and they feel safe on our watch". Other customers may want to be more independent and don't wont banks hanging over them. One of the reasons can be as interviewee Bank1-3 stated, "many don't like the word money laundering". Similar indicators are found in the other banks, and with experience and adjustments they have shifted their approach to their customers, and do not include ML in their conversation, only that they need information and/or documentation to verify the customers use of the bank.

In bank3 there is clear consensus that the **demand** they put on their customers regarding information and documentation is higher than previously. Their routines are more rigid and the previous attitude that they knew the customer, since they are all a part of a small society is not there anymore. More rigid routines are found in all banks regarding documentation. This has put some restraints on the customer relations, although the acceptance in society is coming along regarding the banks need for information and documentation. This is assumed to be caused by two different factors. 1) All banks and most suppliers need the same information to some extent. It is therefore becoming the norm in society. 2) with better knowledge and more experience, the communication between the bank and its customers is better, so explanations on why needed is better formulated to the customer, and therefore meets better understanding. Even though the perceived customer experience can be worse consequently, not all is negative about it. As interviewee Bank3-2 put it: "We come across as being more professional. Before we were more like we did everything that the customer asked of us, had high service-minded attitude, and now we are more professional counselors in our meetings with the customers". They have taken to heart their role towards the society, in protecting the law-abiding customers from the few that partake in illegal activities, and therefore become an extra **protector** for their customers. This view is similar results found in bank 2, from those who are furthest along in their change (see later under organization).

**Government**

What is pointed out as one of their biggest obstacles is the unknown in society. Networks and agreements that should not exist between two companies can be hard for the bank to uncover. There is raised the question about guidance from especially the governmental agencies. How to identify the unknown, how to identify what are suspicious transactions in businesses, that can be ML transactions, like corruption, bribery, and false invoices is something that is lacking information about. There is no way for the banks to assess if their routines are good enough without getting a new inspection. The banks can identify the risk for the above-mentioned transactions, and in their due diligence routines ask for documentation to dampen the risk of the bank being used for ML transactions. Although there is no way for the bank to assert if their routines are the correct ones, or in accordance with the expectations

from the governmental agencies without new on-site inspection. The banks wish for further **cooperation** and communication with the governmental agencies.

In the Act there is a clause about the banks obligation to adhere to the GDPR. There seems to be both some degree of insecurity about how that impacts the banks possibilities to **cooperate**, and what information they can share both internally and externally. There is a common consensus that further cooperation, both between the banks, the banks towards the other obliged entities, and between the obliged entities, including the banks and the government. There is a new cooperation, OPSAT, that has just been launched, and not much experience gathered yet, so if gives some of the need identified is unsure. The problem for the government for further cooperation than they have today is funding. These two governmental agencies included in the study have in total under 100 employees, and their role is to follow up on all obliged entities.

In all banks it that was interviewed it seems to be a misunderstanding on communication between FSA and FIU. They are in a belief that it not necessary to report all suspicious transactions because of a saying of FIU and then FSA want the banks to report on all suspicious transactions. In the interview with "off 2" in FSA stated: "We can't find these statements anywhere and we totally disagree with the banks that we have a miscommunication with FIU". Although this is information gathered both from the governmental interviews and to some degree from the banks, there is also identified an insecurity about what is the banks' role. The Act is defined as theoretical, same goes for the guides available, although they give some possible examples of illegal activities that the banks have to report, especially bank 1 and 2 find the Act hard to operationalize, and are asking for more guidance from the governmental institutions.

This raises the question if the banks have been given to much **responsibility.** As mentioned before when talking about how the participants define ML, ML and transactions that must be reported is not the same. All transactions that have the smallest indication that there is something illegal about them, are the banks obliged to report as a suspicious transaction. This includes all Norwegian laws that include any form of funds. In the answers from the participants, it was obvious that they are aware of the scope of what transactions that are needed to be monitored, checked, and reported. For example, they mentioned black labor from a carpenter, where the income is not declared to the tax authorities is something they are obliged to report. There is no integration of the funds, it is only that the origin of the funds is illegitimate. This is not consistent with information from off1 and off2, where they inform that SAR regarding tax-fraud go to the tax authorities.

This leads also to **frustration**. The banks report many thousand suspicious transactions each year. They know who don't pay their taxes, they can in some cases identify the local networks of narcotic trade, illegal working conditions, like underpaid employees, who is misusing social benefits, etc. and all is

reported to FIU. They are aware that majority of the transactions they are reporting are not something that is within the jurisdiction of FIU or Økokrim. There is not sufficient feedback that the information about that the narcotic dealer has been forwarded to the local police, or that the tax authorities have been informed of the individuals that do not pay their taxes, or that NAV has been informed about who are scamming the governmental social benefits. This leads to frustration that they have taken their responsibility to heart, taken the needed steps to locate the illegal transactions, and do not get the feedback that their work is given the needed results for society.

One of the wishes for improvement was that instead of reporting all suspicious transactions to FIU, the banks could report directly to the appropriate authorities. That tax evasion is reported to the tax authorities, misuses of social benefits are reported to NAV, and that the local narcotic trade directly reported to the local police. This wish for direct reporting became more prominent the further along in stabilizing a successful implementation in the banks is. As mentioned before, SAR are analyzed by FIU and put in databases, including reason for generated SAR. Governmental agencies can access reports regarding their field. This strengthens the need for **cooperation.**

**External competencies**

During the implementation of the Act, the banks have hired in external expertise from lawyers and auditors. They are also following the trends in the society, media, and new reports from the FSA on inspections, and there included are the other obliged entities like lawyers and auditors. There are several different feedbacks that give the implication that **external competencies** are not readily identifiable and available. It is identified lack of knowledge in the society, so recruitment of expertise is almost non-existing, and hired expertise to assist is possible, although that is done with caution as it is unknown how much knowledge they have, as their industry is getting the same negative results as the banks. Majority of those who work with AML are new hires after 2018 and almost all are recruited internally within the banks. Of 9 interviewees only 2 were directly involved in AML work before 2018, both from bank 2, and the banks could, and were asked to refer us to employees with knowledge and experience within the bank, and the banks work within AML.

It is also raised a question about why there is no **certification** available for the employees. Today, all advisors in bank must be authorized, and that authorization needs to be renewed annually. Since the authorization, which is administered from Finans Norge, the Norwegian banks interest organization, is updated with changes in the environment, some inclusion of AML is already there, although far from the need the banks have. The wish that Finans Norge put together some type of general authorization for the employees in the bank voiced as one possibility to further the knowledge possible to attain from the environment.

**Society**

The banks have always had an important role in the society. Like Bank2-2 put it "banks are the corner stone to build a local society". They are the ones that give loans so people can by houses, can help start-up companies and watch over the financial system for the local society. By including the Act in their tasks, the banks reputation, its importance in the society and its societal role. It is important that society has knowledge of the banks work according to act, both to know that the bank is there to **protect** them, also for the society to have better understanding of why the bank needs additional documentation and information now than only few years ago. What is seen as positive here, is that all the banks, and other obliged entities are doing this simultaneously, in addition to increased focus from the government and media, so the information is spreading in the society.

Another aspect of society, and impact that the implementation of the Act has, is that all citizens have in a law right to minimal services from a bank, including account to receive salary and benefits too, and savings account. When the Act came into effect, the banks obligation to KYC was further enhanced, including correct identification of all customers, and at least minimum information regarding KYC. This information was not always available on their customers, since they could have bank accounts since they were born, the bank worker knew the mother when the account was opened, so there was never any identification needed in the customer relationship, until the Act came into effect. The banks had suddenly a huge gap that needed to be filled. Information to the society was important, so the customers knew why the need for them to suddenly go to the bank, that they could have been customer in for decades, suddenly needed a copy of their passport.

The information needed is only one side of this. According to the Act, the bank must terminate the customer relationship, if not able to sufficiently fulfill their minimum of due diligence requirements. The impact on society that the banks must consider is what is the societal effects of terminating the customer relationship. In Norway Bank-ID, an electronic ID that is issued by the banks is the one used in all online relationships to the government like tax authorities, health institutions, medical prescriptions, public schools, etc. If the Bank-ID is registered in the bank where the KYC information is missing, and the customer relationship is terminated, the customer will also lose their Bank-ID, and all those accesses that they need in everyday live. Another aspect is mortgages. One thing if it is the primary loan holder, although a bigger problem if the co-signee, that has taken on the responsibility of co-sign a loan, in case of not sufficient credit score to get the needed loan. Should the residence be put up for for-closure just because the co-signee is missing some KYC information in a bank where they do not have their primary customer relationship. Those are aspects off the society and bank's role in society that must be taken in consideration, as there is not always a straightforward social gain of implementing the Act. Since the banks view themselves as **protector** of society, those obligations of

termination of customer relationship are hard for them to follow up on, without thorough plan and evaluation.

**Summary Environment**

To summarize, the results for the banks regarding environment are similar. Norway is a small country, and regional differences are not that big. Although there are two local Sparebanks and one national bank that have answered the questions, there is little differences or nuances between the banks. The banks have taken on a role as a **protector** of the society, although in different degree, that they are unsure of if they fulfill correctly, with correct level of knowledge. That knowledge is hard to get by in the society, since lacking **external competencies**. The feedback from the governmental institutions is minimal, unless they receive new inspection, and there is frustration that they have taken on a role that is not adequately followed up later in the line, after the information reaches the authorities. The understanding of why they must have so extensive steps to unmask illegal activities, when the perceived gain for society is negative in some cases. This illustrates the need for better **cooperation.** The need for cooperation that is unfulfilled lead to **frustration** within the bank, as the back feed of work well done is missing.

## Strategy

Strategy is found to correlate directly with Risk-Analysis in the process presented in chapter 4 and will be further described later in this chapter. Therefore, only some of the strategic points are summarized here, as the others will be presented later.

When asked to describe their AML strategy the first that came up was that it is **comprehensive**. There is in place an annual plan at all three banks., This process is long, tedious, and dependent on competence in the organization to fully understand the risks, the gaps, and possible counter measures. The total process takes over half a year to complete, and the result is a long comprehensive document.

Even though the process is annual and the result which is the risk document after their RBA for both products, services and customer groups, the document needs to be **dynamic**. There are continual changes in the bank's environment, and changes that affect the risk must be included ad-hoc. This can include changes in some of the external analysis that the bank uses, like FATF country list, the risk analysis for Norway and its industries, or any of the other inputs that are used as bases for the RBA, or there can be contemporary changes from other holds. Two of three banks include those risks when they happen in their RBA document when they happen. There were not found any indications that this is included dynamically in the RBA document in Bank 1 ad-hoc, although employees monitor those changes and take into consideration in later steps of the process. Examples of changes in the environment that have needed to be included in the banks risk analysis given from the banks are for

example Covid-19 in 2020, where changes in society, social benefits, consumer behavior etc. changed overnight. Other change that can be mentioned is the ongoing war after Russia's invasion of Ukraine, where one thing were all the additional sanctions on Russian individuals and companies. In addition you suddenly have Ukrainian people that need a bank account to receive benefits as refugees, although the possibility that they are without identification is existing, the wish to send funds to help out in Ukraine are without any guarantee that they will go to intended receiver, and the risk for refugees in trying to access their savings in Ukraine is ever precent, and hard to exchange the currency due to high fluctuations and no one willing to set exchange rates. This was needed to add to current risk assessment ad-hoc since the change happened overnight and could not wait for next time evaluation.

When asked about **goals** for their AML strategies following answers were given. Bank3-1 put it like this "we have drawn it into our overall strategy that we have changed our focus from thinking what is good enough, to thinking that here we must become really good at it. What happens if you constantly think that it was good enough is that as soon as there is a change, you will fail." Bank 3 is the only bank that has taken this approach. Although bank 3 shares the insecurities regarding governmental expectations to AML in the bank, they were the one where this point was least stressed. There is an action plan in place that is divided into goals and sub-goals. Those are more prominent from this document in bank 2 and 3, while bank 1 is behind on KYC back-log from existing customers, where that is still their focus. Banks 2 and 3 had the backlog on existing customers under control, although not always 100 % completed. After the RBA is done, measures and risk-gaps are identified, they must be compared to the board of directors accepted risk in the portfolio. If there are any risks that do not match the approved level, those are the ones that define the **strategic goals**.

The **long-term goal** is to be compliant, with needed correct resources, in accordance with the board of directors accepted risk gap at every instance. That is a common long-term goal for all three banks. The immediate **short-term goals** were getting the groundwork for successful implementation of AML and CTF in place, have a clear structure and education plan for employees, for bank 2 and 3. Bank 1 is still focusing on back-log for KYC on existing customers, and even though they are simultaneously working on identified risks and improvements on their RBA, that is not defined as a goal according to themselves. The evaluation is that the further along they are in the process, the more prominent are the changes in the short-term goals. Bank 3 has already started on new short-term goals from the RBA. Bank 2 is on the way, since the groundwork is in place, while bank 1 is still stuck on old goals. The priority of short-term goals is to prioritize gaps identified in their risk-analysis, and those become their new, short-term goals, where they will be worked with in turn, dependent of how high risk they are for the bank.

To ensure anchoring the strategy within the organization they have concluded that the strategy process must be **including.** This is most prominent in bank 2 and 3, where they make a team consistent of all key personnel are included in the strategy process, before it gets anchored from the top to bottom, starting with the board of directors and chief executives, and thereon spread throughout the organization. Bank 1 shares the view, although the task is not centralized, rather all do their part in their own corner. In doing this as a central team understanding of its importance is achieved and will receive better understanding in the organization.

The strategy **information** throughout the banks is dependent of how far along in the implementation process they are. Bank 3 is furthest along where they have communication is both formal through meetings, through their Intra-Net, and on monthly status reports. In addition, there is informal communication where needed, and discussed openly within the organization. The importance of the strategic goals regarding AML is also better understood this year throughout the organization, since bank 3 has put in place additional KPIs on same level as previous KPIs that are results driven. Bank 2 has the formal communication in place, and the document is distributed, informed via formal canals and is repeated importance of it in meetings. The informal communication is not in place yet, and they do not have as visual goals on their work as bank 3 has. Bank 1 is seriously behind on the information regarding their strategies and work throughout the organization, when even the ones working directly in AML did not have knowledge of the RBA, strategies, or goals.

Even though the overall strategy is communicated throughout the organization, to some degree, dependent on the bank, it is also divided into sections, and focus points are made clearer than other points, and in some instances, there are extra **information** given department wise on those sections that are of importance to them, while other goals are not as widely discussed there. This is to ensure that the employees focus is on those parts that they can directly influence. This again is furthest along in bank 3, bank 2 is not far behind, and for bank 1, the split of information department wise dependent on information needed is mentioned, there is not found any evidence that it has reached the employees down in the line.

**Prioritizing** of the AML implementation is important factor when looking at the strategic choice of the bank. All three banks agreed that AML was the banks highest priority, and cost was not a factor to implement correctly. When digging further down and looking closer at the total strategies of the banks, only bank 3 had visualized the importance throughout the bank with putting the AML goals and KPIs at same level as the other goals of the bank, like ROI and marked shares. The other two banks have the board of directors and executives support when it comes to increased cost, especially for new hires, although there are no indicators for the customer line in shift on their goals. The customer line goals are still the same, increased ROI and marked share, and is therefore directly on collision course with the

AML implementation that takes of their time to execute, without adjustments in their goals. To ensure that the information is not lost, bank 3 still has the old goals and KPIs for ROI and marked shares in effect, on same level as previously, the change is the addition of AML KPIs.

Summarized the differences between the banks becomes apparent when one looks at strategy. Even though all three banks agree that successfully implementing the AML in their organization is a top **priority**, their execution and how they follow up is vastly different. **Inclusion** of all management, is important so the manager have ownership of the AML risks of the banks, and can further influence and guide their employees in the AML work and prioritization. **Information** of the work they are doing, and the **priorities** visualized in **goals** will influence the employee's involvement.

## Core Competencies

Employees competences within the AML field is something they have worked diligently toward for the since the results of the FSA report in bank 2 and 3. Bank 1 has recruited many more employees in the AML field than the other banks, something that is understandable since they have a lot bigger organization. Their priority has been to train their new hires in their work, and standardization and education of the rest of the organization is not as far along. Building up core competencies takes time, and in addition, there have been several changes and adjustments made simultaneously. There is in place a concrete competence **plan** in bank 3. Bank 2 has a plan as well, although not as detailed. In bank 3 they have a plan where needed competence for the bank, divisions, and individuals are laid out, and gaps are identified, and are the only bank identified where the follow up on employees is down to individual gap identification.

All employees must participate in digital education programs in all three banks. The digital program is tailored to the employees, depend on which department they work for. All must complete a minimum, those in customer relations must have some additional courses, and lastly those working fulltime with AML need to become specialist and have subsequently more programs. When asked directly regarding the digital courses, there was a consensus from the customer line that they were not good enough. Examples are cases that they might not have stumbled onto yet in their work, and when they counter them several months later, their competencies are not in place, since the course is once a year, and more for click through since they are not allotted time during their workday to complete the course. The information from the course will therefore not give them the needed awakening on the problem, or **understanding**, will more become a must do task to tick off.

In bank 3 they have in addition evaluation of the work delivered from all individuals and departments, and if gaps identified in delivery that are assumed to come from lack in competence, those are followed up individually or department wise, according to their need. This is usually done by meetings,

groupwork or similar activities where AML workers or MLRO follow up the other departments. Bank 3 was the only bank that did this. In bank 2 they identified that they have in each region a "Super-user", an employee with more competencies than the rest, that could answer some questions, help as an extra resource between the AML team and the customer line. This was partly done because the AML team is overworked, according to findings in the interviews, and there was indications that the customer line tries to not disturb the AML team. This will lead to missing informal communication and **discussion**.

Bank 3, in addition to digital programs and need-based follow up, **discussions** are used as a remedy to increase the competence. Discussions were deviations, new variety, or especially hard cases, are taken in pairs or small groups, both to get new views of point, and to achieve a better common understanding. In customer frontline those discussions are often between two workers within the same department, or with one from the AML team, when the need arises. There is a policy in place that AML team shall always be available to take questions and discussions when needed. This was only found in bank 3. Within the AML teams they have weekly meetings in bank 2 and 3. In bank 1 those meetings are monthly. There they look at special cases, or where there are especially hard cases, where second opinion, new points of view or better understanding is needed. Those discussions contribute to elevate the competencies of the employees. In bank 3 they have taken this further by including cases where there is need of a follow up plan over time,

The goal for competencies is that there is a common **understanding** of AML, the bank's risks, and what to do in each case. Like MLRO in bank 3 said when asked to define success regarding AML implementation: "what I see as success now, is that when I take the 1 to 1 conversation with an employee, s/he shows understanding and competence in relation to the assessment they have made, on the individual customer or the individual case." When asked there was a common consensus that the importance of the AML work, and for the basis were in place, although individual assessment on specific cases could have a wide range in results, dependent on who the assessment was done by. The goal in bank 2 is similar, although they are aware of the down-prioritizing of AML in the customer line, and that they have further way to go. In bank 1, they are still working on getting the common understanding of the AML team in place, and working on making them the specialist that are needed, and therefore not focus on the bank as a whole yet. This will be further discussed later on, under cultural differences.

Since bank 1 is divided into many divisions, sections and departments it is challenging to gather all unit to work efficiently. After the new act the recruiting to AML/KYC unites has increased all-time high. For bank 1 it has been difficult to handle increase of new employers and be complaint with the act. Employee 1-2 and 1-3 have worked two years or less either in KYC or AML. Most of new workers who start in AML or KYC, not dependent on the bank, have minimal experience in the subject. In

interviews with all the banks it seems there have been a lack of program-learning and upskill. Most have been **learning by doing** and what was thought by colleagues.

Understanding is linked to Customer due diligence and ongoing monitoring, that the employees have the skills and knowledge to unmask customers that are higher risk for ML, find new trigger, uncover suspicious activity, etc.

To summarize, Core competency within AML is found to be **understanding**. To achieve understanding, one needs **discussions and learning by doing**. Apps and educational programs do not seem to have the desired educational effects, as they are down prioritized, and therefore not completed with learning, only with "tick-off" that completed.

## Organization

AML affects all departments in the banks to some degree. There are vast differences between the banks in both structure, routines, and systems. What is common for all the banks is that all employees have **responsibility** for the bank's success in their work against ML. Even though the law says that it is the board of directors and the executives, with MLRO in the lead, that are responsible, it is also mentioned that every employee that have the slightest hunch that some illegal activities could be going on, it is their duty to send it to further investigation, and if not, they personally can get convicted and fined. It is therefore important that first line of defense, which are the customer relations employees in addition to the AML-team, take their responsibility to heart, and work as a unit in protecting the bank against being misused in ML.

There are two types of **communication** in the banks regarding AML. First is the general communication regarding strategy, as mentioned previously, and the second one is case specific. The case specific communication can take place as formal and informal communication. Formal communications are in meetings, updates on the intranet, seminars, workshops, etc. It is their focus area today and, therefore, heavily communicated as well. Informal communication is when talking one to one over a cup of coffee, quick trip to next door neighbor to discuss a case, etc.

In bank 3 the formal discussion regarding cases is further along than in the other banks. When risk assessment for a customer is suggested changed. It can either be that the AML risk score from the system indicates that the customer should be defined as a high-risk customer. If the information gathered, and extra documents found in order, the employee responsible for the customer can apply for change in risk assessment on customer, to change the system score given as high-risk, to evaluated with countermeasures to medium risk. This cannot be done without approval from the AML team. The application that is sent by e-mail is one form of formal communication. The same goes the other way around, there is identified suspicious transaction, and additional information and/or documentation is

needed, and a formal request is sent from AML-team to the employee responsible for the customer. This aspect was found lacking from the customer line in bank 2. There they noted that the risk assessment from the systems were absolute, and the customer perspective was missing. Risk reducing measurements on customer basis made on information gathered were not enough to change customer follow up based on risk assessment score from the system, even though appropriate for customer and the risk. Again, bank 1 is so far behind, that this is not something that they are working on at all.

For Bank 3 the communication has gone through serious improvement during the last year, both in quality, and in attitude. Like Bank3-2 said about the internal communications, it has gone "from hell to heaven, it was from that we were seen as "Pain in the ass", almost chill down on our backs, only they have seen us in the hallway, but now they come and ask, and what do you think about it, what does this look like, and it has gone from shadowing the path when they have seen or heard something from us, to now they are not afraid of anything." This showcases how the shift in attitude inside the organization has changed, there is serious improvements in the internal **culture** regarding AML. When the 3 participants from the bank 3 were asked directly, they all said that there had been improvements. There are still some that are lacking behind, grown stuck in old ways, and have not taken the change to heart, and even those are on the move. Bank3-1 commented that the executives anticipated that it would take time to change the culture, to get the importance "under the skin" and that came with understanding the importance, something that they feel they have mostly achieved within the organization.

Bank 2 is further behind, and there is still some resentment from the customer line against the AML work, something that also influences the communication. There are few employees in the customer front that have the understanding needed to be able to communicate sufficiently, and to complete their tasks in accordance with the ultimate goal for the bank. This again is time consuming, will also lead to insecurities in the communication with the customers and overall have negative effect on the successful implementation.

The change in internal culture is again confirmed when the interviewees were asked about the **motivation** behind the AML work within the bank. The internal cultural change is furthest along in bank 3, bank 2 comes few steps behind, while bank 1 is almost a year behind the other two banks according to the information gathered in the interviews. Top **motivator** is assumed to be **pride** over work well done in bank 3, being a part of a successful bank, where they **protect** their customers from criminals in society. In bank 2, the same motivator is identified in the AML team and the few employees at customer line that are furthest along. Although there are still some in both management, back office and majority of the customer line that perceive the AML tasks as a **legal necessity** task that need to be ticked off when done, to protect the bank from the governmental inspections, should they occur again in near future. In bank 1 they are still trying to change the view of those that work with AML 100 % to

their role as a protector and trying to simultaneously communicate in the organization that the work they do in the AML team is to protect the customers, not abide by the law as a main task.

Like mentioned before when talking about the AML strategy, the result are several routines and alarms on transactions. There are several routines, and are divided into smaller sections, so those who only work with corporate banking for example, do not need to learn the routines that are in place for refugees for example. When asked about how the routines work out in their daily work, and if there were sufficient **digital solutions** to help, there were several points made. The first was that the routines have just gone through new revision for better optimalization, this was the case in all the banks, since there are still made continually adjustments where needed. The routines are therefore not fully tested if working as they should. In bank 3, the second one was that for their business segment it was of great importance to have full understanding of the KYC information and have manual evaluation of what are possible risk, since alarms on the business segment were almost impossible to make with today's system and knowledge. This was also pointed out from the AML team in bank 2, although not always understood in the line. Bank 1 is not close to this yet. Third was for all banks that they are far from optimized in transaction alarms, majority are false positives. There were several reasons for that identified. First one was the system itself, changes are hard, take time, and for any change made on must do so in small steps since one has to ensure that one does open for loopholes for the positives they wish to get and look at manually, to slip through without an alarm. There are differences in the banks on the alarms. Bank 3 have today active over 200 scenarios that trigger an alarm, additionally there are lists for sanctions that also give false positives in all the banks. In addition, for every new risk scenario that they uncover, and changes they do ad-hoc on the risk analysis, they need to ensure that those risks also result in alarms. So simultaneously they must test new alarms, as they try to optimize their existing ones.

It is therefore clear that the **optimalization** process still has some way to go, and to succeed, digital solutions must also evolve. Today all documentation collected is saved in bank 1 and 3 in e-mails, files and where it is found fit for each case, and alarms, documentation and the banks system of customer use are 3 different systems. Only bank 2 had today a dedicated system for documentation of the customer, new in Q1 2022, so not completely tested out, or summarized what effects that has on the processes. The systems are in other word not aligned according to the working process and are therefore time-consuming to maneuver. What is found positive regarding this is that information about customers is now available for everyone in the bank, that seek it out, so the history of the customer, why accepted as customer, what are the plans, what measures are in place, etc. are saved on the customer, and no just available to the assigned counselor, and the history will therefore not go lost when an employee quits in the future, like it has previously.

Further examination and reporting are found directly linked to the organizational phase of proposed theory model. The biggest deviation are the systems, and the need to optimize those.

## Evaluation

Bank 3 has 6 different KPIs that are followed up monthly. Examples of those are zero tolerance for deviation from routines when onboarding, no backlog on ongoing monitoring for existing customers, etc. Those 6 KPIs are all measured monthly by the internal control division. They go through all and the bank get the result as a team, they are rewarded as a team, and if any deviation, that is followed up individually, for learning purposes. There is no punishment for deviation. Those 6 KPIs are a part of bonuses for the employees at similar level as bonuses for sales and market shares. Talking to Bank3-1 he said that it is new from 2022 to include AML in their KPIs and bonuses. It is first now that they have concluded that the banks culture, competences, and motivation are in place to successfully have those KPIs as a motivator, and not a scaring tactic.

Bank 1 is still monitoring their backlog on KYC from customer relationships active before the implementation of the law. There was little monitoring on the rest of their work, although they analyze trends, alarms, how many reports to the FIU, back-log on alarms etc. There were no indicators that there was any follow up from the internal control on the quality of the work done, only on back-log. Although both interviewee Bank1-2 and Bank1-3 told us that their message is that quality over quantity is a message they receive continually regarding their work.

Bank 2 have not any concrete goals either, although they monitor their AML work and analyze the trends. They also have some goals regarding the KYC, that all information is as it should be on the customers and monitor the little backlog they have. They have started in their last phase of the backlog from KYC on old customers, and have it under control, although there are still some open cases in the bank.

In the other end there are the alarms and monitoring of transactions, reports to FIU etc. that do not have any goals or KPIs, although they have a deadline, and if back-log over defined time limit, they are not in accordance with the compliance, and internal routines. This is monitored in all the banks. There are in place reserves on what to do if this on its way to become a problem. In bank 1 and 2 they monitor this to determine if there is need for additional resources. In bank 3, even though it can happen periodically that they get back-log when there are changes in society that suddenly change the transaction patterns, this is not a big concern within the bank, and additional resources are trained to help in those cases.

## Leadership

All interviewees in bank 3 agreed that there is a **close follow-up** from the executives on propulsion and status in the bank. Status reports are given monthly on status, and board of directors also get those reports on their monthly board meetings. Additionally, there are larger quarter reports, and even more comprehensive yearly report. All members of the executives and board of directors go through extensive courses regarding AML, in addition to having seminars couple of times a year, and a two-day yearly seminar to go through status, strategies and goals. The same structure is found in bank 2. In bank 1, the board of directors get the reports quarterly, in addition to more comprehensive yearly report. The reports include quantitative information regarding status in addition to MLROs take on status and course the AML work is on.

In bank 3 this is again followed up from the executives into their departments, and to management, who again follow up with their employees. Since this is a small bank, there are some overlaps between the executives and management. When interviewing those three inside the bank, all confirmed that management knew what their day-to-day challenges are, have close follow up on AML, and sell the importance of AML to their employees. The cultural trip for the leadership is done, and they lead by example. This gives the employees a **clear signal** on what is important, how to prioritize, and where to improve.

In bank 1 and 2 there were not as clear signals from the management. The management within the AML teams have close follow up, and understanding of the work that is being done, although time, or more importantly lack of time do to too much workload is identified as a factor that can influence the information flow from management to the front line. The follow up from rest of the management was identified as more when needed. Some managers have taken the change to heart, and will inform, although majority will only inform when explicit ordered to do so.

It was only in bank 3 that we were able to identify **active internal control** to check the quality of the work done. It is mentioned that all onboarding is checked and evaluated, and the employees are given monthly status, in addition all deviation are followed up individually with the ones that had any deviation. This is done privately, and the goal is to educate and learn from one's mistakes. This is different from bank 1 where it seems to be lack of control of the work done. A lot of reorganizations and changes in workload have resulted in backlog. Similar in bank 2, it is the backlog that is the priority in monitoring from the internal control, not the quality of the work done.

At the end of all the interviews the interviewees were asked had been the hardest part of the implementation of the Act, and the other open question in the interview was, if they could change one

thing in the process today, what would it be. Several of the interviewees, from bank 1 and 2 talked about the Credit Risk within the banks, and how they should learn from that process. Credit risk is something that is understood, is under the skin, a defined structure, and something they do not need to think about to that extent anymore, since it just is.

## How is the AML process status today?

Here below we will revisit the figure regarding the AML process from chapter 4, Context. Status of the process is analyzed and put together from information given in the interviews from the banks. To better illustrate the banks status the process has been colorized according to gaps found. Dark green is where there are found none, or minimal deviations from the Act and information gathered, light green are where there are found minimal deviations, yellow signals that there is room for improvement, and orange that there are found inconsistencies from the Act. There are none red, where there is little to no degree of implementation in place.

## Bank 1

What is important to note from Bank1 is that most of the information given about the process was how they could get better, what they have almost done and will become live now in Q2-Q3 2022, and what they have planned for the reminder of the year. It was difficult to get information about what is status quo. From the interviews our analysis of the AML process for Bank 1 is as follows:

*Figure 8 - Status AML process Bank 1*
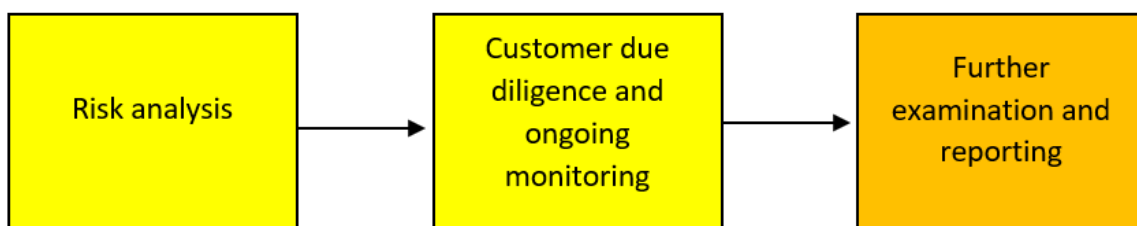


The Bank has in place AML Framework, put together by compliance, the second line defense, where the process for the yearly risk-analysis is one of the chapters. There it is procedures for how the different divisions of the bank shall approach their part in the risk-analysis, and when. The process for risk-analysis starts with compliance distributing inherent risk analysis to the divisions, and they have standardized template to follow when working with the document. The divisions themselves identify gaps and measures that are in place, and define those, although lack of standardizations is identified. Some use more qualitative assessments rather than quantitative facts gathered, and that is something that must be better aligned. All results from the divisions are collected in Group AML, where there is made a complete document for the bank. Due to different approaches, it becomes hard to get complete

overview over what the risks and risk-gaps are. To summarize, like Bank1-1 said, "further uniform approach in risk work and a more quantitative basis on what is put in the risk-analysis." In addition to the gap already identified by the bank itself, there is also a question from us about ownership of the document. It starts with compliance, goes out to the divisions, and is aggregated to one document in Group AML department, who have the task of operationalize the risk document. In both interview Bank1-2 and Bank1-3 they did not know that the document existed or where to find it, and they both work directly with AML each day. With so many involved divisions, that partake on different segments of the process, the question of ownership to the document arises. One thing is who is the owner on the paper, the question is, will the divisions have an ownership to the document after they have delivered their part, and use it. And why are they not more heavily involved in identifying the risks in the beginning. They are the ones that should have the competencies to know their own products and customers, and what risks could be hidden there, rather than compliance. A missing factor will become when there are customers that have products in more than one division. Will the total of the customer risk be summed correctly? Especially with corporate customers, it has been identified that it is often the mix of products together with the customer characteristics that determine the risk of ML. In Bank 1, all divisions look at their part, and the linking between is missing. In conclusion, the risk assessment in Bank 1 still has some way to go to be optimal to protect the bank from being misused from their unwanted customers, and the protection desired for the society.

Customer Due diligence and ongoing monitoring is in own department between the customer owner and the AML. The ownership of the customer ML risk will therefore be lacking, especially when seen considering how behind the implementation of AML is in the bank, and therefore also behind the cultural change for the employees is out in the divisions. One of key moments found in all interviews when discussing corporate and business customers, is that it must be seen together the KYC information about the customer, and the transactions. If there is limited ownership over the KYC information with the employee that is responsible for the customer, there will be a gap there, and therefore bigger chance that mismatch in KYC information is discovered from the owner of the customer, and therefore will not be manually flagged for further investigation. When asked about routines, there was little to no knowledge about written routines of how they should deal with gaps between KYC information about customer and what were the transactions patterns and products used. There had been training in how it should be done, when started, that have since evolved, both individually and collectively, both within the teams and across divisions when they learn some new tricks to better complete their work, although no mention of written instructions.

In transaction monitoring Bank1 has the same challenges as the other banks. There are too many false positives, and there are to some degree different conclusions on the further investigations dependent on the knowledge of the employee. What was the most alarming finding in this bank, is that even though

there were routines and processes in place, that the employees talked about, when dealing with transactions, they always pointed to the law, and not to the routines. That is something that the FSA has mentioned in all their reports and information, that is not to be done. When the same employees were talking about routines and processes, they always mentioned who was doing what, never how they should do their part of the work. This is directly in violation of the Act, and therefore found lacking in the implementation process.

## Bank 2

For Bank 2 we have summarized the AML process as follows:

*Figure 9- Status AML process Bank 2*
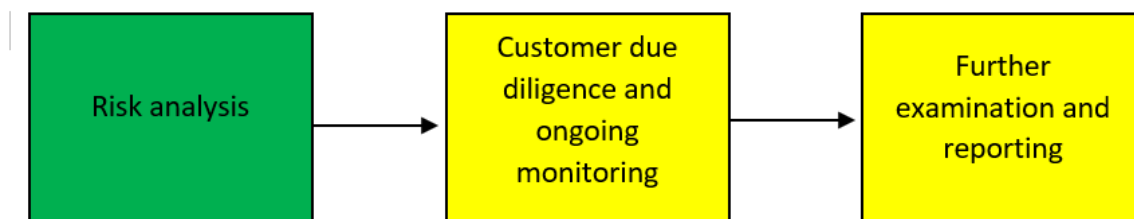


Risk analysis is done yearly, and it follows their own methodic document for the process. The process starts with a team consisting of MLRO, AML workers, product owners, industry specialist and so on, that all have responsibilities for their own parts. The starting point is the current document, which is checked for changes during the year. The document is also checked against all publicly available information, like FATF, government, EU and so on, all which are listed in their method document. That is the starting point, and then they take a closer look at their own customer portfolio, especially corporate and business segment, what industries are the most common ones, and what do they present of risk. Quantitative information from their database is analyzed and all results are put into a risk-matrix. When they have made a risk matrix, where risk-drivers are given a risk-score, the score is colored in accordance with color codes they use elsewhere in the system, and if defined as low risk, no further measurements are needed, although can be used if feasible. There are also identified high risk product / customer combos, that are not in effect, in other words, they do not have any active customers where it is a problem. Therefore, those risks are not further worked with as there is no exposure. Those that are defined as high risk and have exposure, will receive a counter measure activity to dampen the risk. Those that are identified as high risk with high exposure are those that get prioritized in their strategy in their fight against being misused for illegal transactions. There has been identified risk where there were not found any counter measurements appropriate, and that has resulted in cancelling the product. There is also now found an additional product where the cost of counter measure is perceived high, there are few customers that use the product, sufficient alternatives available in the society, and the total

effect for the bank and society is found negative. That product is under termination as a measure to dampen the risk. What information received on process, insights in risk-groups and gaps indicates that Bank2 has taken ownership in their risk-assessment, tailored it to match other methodologies when communicating risks, and do a thorough analysis including expertise where needed.

In Customer Due Diligence and ongoing monitoring there have been improvements. There are clear indicators of what documentation is obligatory when on-boarding a customer. There are several examples given on concrete cases of funds origin of what documentation is needed, and if not given what to do. There are concrete texts for e-mails when communicating to be on the safe side regarding both GDPR and the prohibition of disclosure. This is also the only Bank that had integrated system for AML in their day to day working environment, so switching between systems was not a problem. What is identified as a problem is the knowledge of those out in the customer line, and their prioritization of AML/KYC tasks. Those tasks are often on the bottom of the pile. Therefore, follow up, on especially high risk customers that are identified as needing closer monitoring is not sufficient, and can leave a gap in the bank that criminals that wish to misuse their banks trust to conduct illegal activities can be exploited.

Further examination and reporting is the last stage in the process. In Bank 2 there were identified two gaps. The first, due to down prioritizing and sometimes insufficient knowledge in the step before, there is a risk that gaps between KYC information and transaction patterns is not understood, or seen as risk, and therefore not alarmed manually further down the line for further examination, and reporting if that should be the conclusion. The second one is the amount of false positive alarms. Interviewee Bank2-2 said that there has been an improvement when one looks at now and how it was 12 months ago, although there is still a huge potential for further development.

## Bank 3

Gathering information from the interviews, we have reached the following conclusion:

*Figure 10 - Status AML process Bank 3*
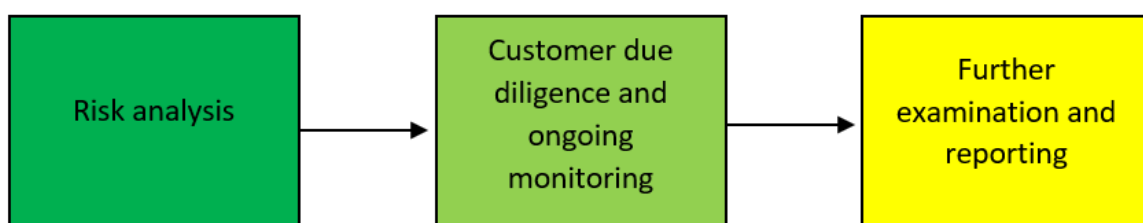


The Risk analysis is in place and adjusted for the bank. A project plan, approved by the board of directors and the corporate management, is followed annually for upkeep. The working group that

executes the project plan consists of critical employees with competencies in their fields, whether customer groups, internal processes, or the bank's products. Risks are identified, changes that have been made, analyzing if there are changes in the risk, measurements in place to reduce risk, changes in the rest-risk gap, and if the rest-risk is in accordance with what is defined as acceptable risk from the board of directors. Quantitative data is extracted from their systems and analyzed. In addition, several employees daily monitor changes in the environment and if changes in the risk analysis are needed. The risk analysis is the step that identifies the risk-gaps, and what measures there are in place. Bank 3 has eliminated the same product as Bank 2 since there were not found any risk-reducing measurements on a high-risk product. There is mentioned one product that they are discussing now if should be eliminated or not. The discussion now is that it would be a de-risking from the bank, and the risk would be moved to other possible providers in the society. The sum change for society for eliminating that product from their portfolio would be negative, since the control would probably be better if in the bank directly, and there are possibilities to work with the risk. According to the answers received and the information gathered regarding the process, we conclude that they have a good base in their risk analysis to set the ground for routines. The only negative found is the risk of the bank going too far and start de-risking.

Customer due diligence and ongoing monitoring are in place and followed up continually to ensure the quality of work and that customer risk is understood. In addition, there are measures in place to ensure ongoing monitoring, especially on high-risk customers. For example, there is a cooperation between customer-line and AML workers to evaluate system scores on high-risk customers, evaluate the implementation of correct risk-reducing steps, and assess if those steps will change the risk assessment on the customer. The only factor found not good enough is the risk for personal nuances in the risk assessment from the customer line. As a result, there are not always standardized conclusions everywhere, somewhat dependent on the knowledge level of employees.

Further examination and reporting is the step in the process where the most significant gap is identified. There are two different reasons for that. First, customer due diligence, customer-line of employees must assess the risk manually and the system score given. It is found that not all employees are as competent in this step, and some are still lacking in motivation to perform this step sufficiently, the risk of not sending of an alarm to AML on a customer that should be further examined is therefore identified. Secondly, the monitoring systems are not optimized yet, which gives many false positives, and consequently, significant manual labor to process those alarms.

## The implementation of the AML process in the banking industry according to the 3 cases

As seen in the summarization of the process in the three banks, there have been vast improvements in the implementation of AML process since the FSA reports were made. The process has been simplified

here in the summarization, one process from one bank is several hundred pages each, so there are extreme simplifications in place. What is apparent, is that the risk analysis is the most important part. If done correctly it lays the groundwork on what to do further in the process. If done incorrectly or incompletely, the process further down the line will be lacking, incomplete and harder to correctly uncover illegal activities. In addition, it is the risk-analysis that sets the groundwork for the AML strategy in the banks, it is there they identify high risks with high exposure, and if there are sufficient risk dampening effects in place, and if those can be done better. The risk analysis is in both bank 2 and bank 3 identified as their long-term strategy, to have the risks in the bank in accordance with the approved risk appetite from the board of directors, to have all rest risks as moderate as minimum, preferably low risk, and to prioritize those with the products, customer groups, and mixes, where they have high exposure.

All the banks have some improvements that are needed in the Due-diligence and ongoing monitoring of their customers. If summarized in one word, it would be understanding. It is important that everyone that work within the bank understand the risk of the bank being used to illegal activities and the consequences of it. From the model analyzed in the previous section we can see that the understanding is a cultural goal for the organization that is directly linked to knowledge. There is identified differences between the departments in the banks of how far along they are in this cultural acceptance. The AML teams are always the ones that are furthest along, and in bank 3 that have the best results, there are only few that are lacking behind, while they are the only bank that have achieved understanding in their management team. The importance that AML is prioritized in harmony from the top is obvious when comparing the banks, as the resistance is higher in the banks 1 and 2, where there are still signs from the managers that the AML can and should be down prioritized when put up against their old goals of ROI and marked shares.

Further examination and reporting is the part where there is the biggest potential for improvements. First there is the identified risk that with limited understanding, and therefore limited motivation and knowledge on how to identify irregular activities in customer accounts, will lead to gaps in the manual notifications from front line that further examination is needed. This is something that all 3 banks can improve on, although the process is on different stages within the banks. Secondly there is the identified gap in transaction monitoring, where the banks get quite many false positives. This is also the area where most secondary sources identify as the biggest potential for improvements in the implementation within the Norwegian banks. Understanding is again important here. The transaction monitoring is set up where there are defined triggers that will result in flagging a single or multiple transactions. Those triggers are dependent on the system, as not all systems have the same possibilities. The triggers are defined as a result from the risk-analysis, for what should be manually checked. All flagged transactions need to some degree manual assessment and execution. There is a consensus from all the banks that

those triggers are hard to adjust. The biggest risk is to put in motion changes in the selection that results in missing out on transactions that are suspicious. Therefore, all adjustments take time in thinking out all possible scenarios and sever testing to eliminate the risk. This puts restraint on the AML team that already have restraint on their capacities.

## Summary of the chapter

There is identified direct relations possible between the proposed implementation process built on the ESCO model, and the process the banks need to implement according to the law. Here below is an illustrative figure to summarize the main findings in our analysis.

*Figure 11 - Proposed model for implementation*
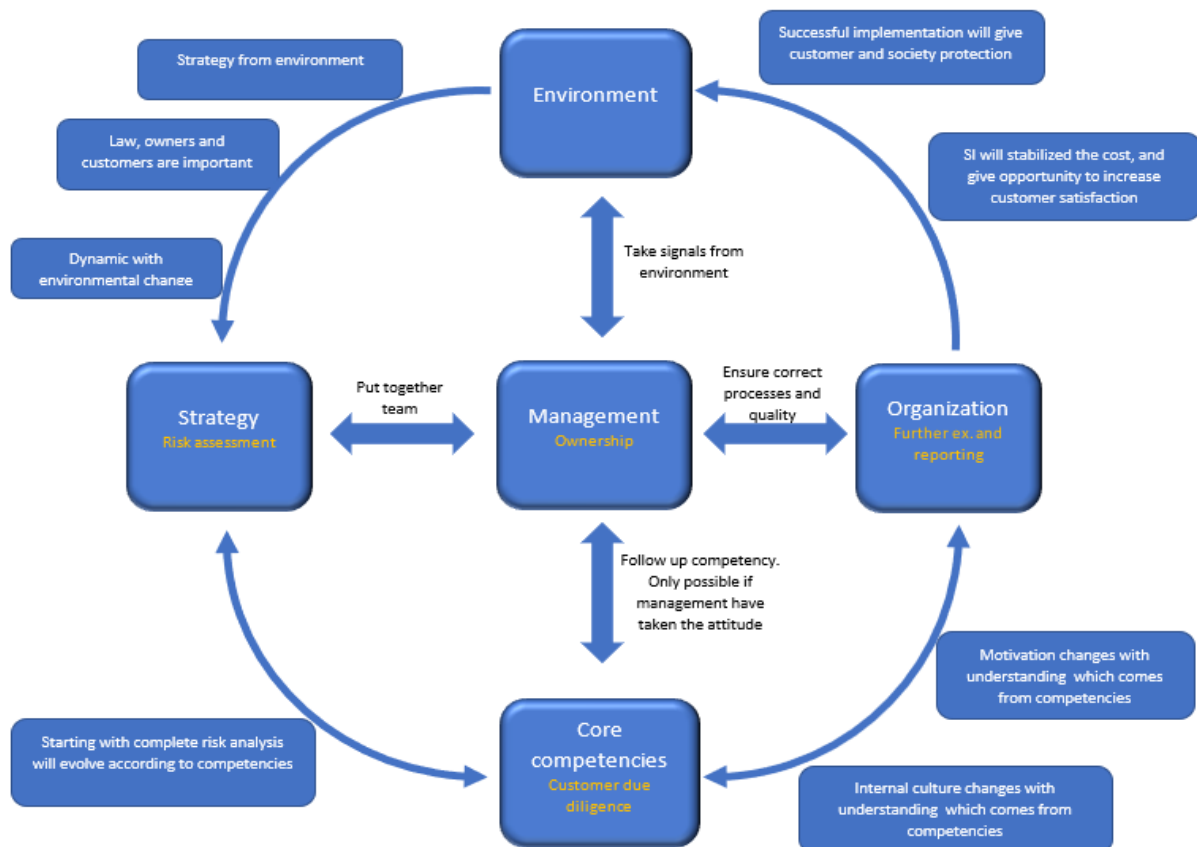


The process starts in the Environment with the new Act. The Act has implications on the owners, due to implementation cost and running cost on a back-office support team, that does not generate any revenue. The implementation cost is the cost directly related to the implementation, examples of those found were hired external expertise, system procurement costs, costs of educational programs and external courses, in addition to the extra time use from employees to make the initial groundwork and to ensure that KYC information is in accordance with the routines on the already on-boarded customer

base. The running cost is the yearly maintenance cost when the implementation is in place, like salary to AML team, system cost for ongoing use, ongoing education of the employees. There is an additional cost possible for the owners, and the ultimate goal for the implementation is to avoid it, the cost of getting a fine from FSA if not sufficiently implemented. Additionally, the Act impacts the customers need to give the bank additional information and documentation that was not needed before the implementation of the act, something that can in some cases influence the perceived customer experience.

The Act causes the need for strategic change within the bank, and that change must be dynamic in accordance to changes in the society as they affect the risks the banks face from their customer groups and products.

The strategy driven by the environmental change, is given from the Act that need to be RBA, therefore one can conclude that there is a direct link between strategy and the risk analysis as the first step in the AML process.

Making and implementing the risk analysis will cause need for competencies regarding AML and the banks risks. When the competencies increase, the understanding of the risks will increase, which can uncover new risks that were not identified. Also, the risk-gaps, risk countermeasures and how to eliminate or minimize the risk will become better as the knowledge increases. It is found that the most important regarding core competencies is the understanding. With understanding one will better see the correlation between customer groups, products, mixes etc. and how to uncover illegal activities in the portfolio. That is precisely the point of Due Diligence and ongoing monitoring. The link between the Core competencies and Due diligence is established.

With better understanding of the importance of the banks AML work, the motivation for why doing the work changes, from being a "tick-off" must do process accreting to the law, to become an important task for the society, the task itself, and results of the task will become the motivator, rather than the obligation of action according to the law. This also changes the culture within the bank, from being resisting the change, to accepting it as an important task.

With understanding of the tasks, the organizations process, communication, motivation and culture changes, and the processes and routines will be optimized after some rounds of adjustments. This will result in the correct identifications of suspicious activities in customer due diligence and ongoing monitoring, that will result in the correct cases as output for further examination and reporting. Hence, a direct link from Further examination and reporting in the AML process to the ESCO models organization step.

Lastly there are the effects that the successful implementation of the Act has on the environment. The main effects are on society. The purpose of the Act is to further fight illegal activities in the society, like narcotic trade, human trafficking, tax evasion, misuse of social benefits, etc. When the act is successfully implemented, the bank takes on an additional role of protector of the customer and society.

Management must take ownership of the environmental change, and if the prioritization of the implementation gets same priority as the old goals, the understanding in the bank of the importance will increase, which will again increase the motivation on doing the task correctly, and the internal culture will change with time. For this process to work, the ownership must be in place from the top. If not, managerial prioritization differences will show, and again result in down priority with customer line.

# Discussion

In this research the aim was to uncover how the implementation of the Act is coming along within the Norwegian banking industry, and if the implementation of the Act changed the employees view of the banks role in society consequently. This was done through a multiple case study, where three banks conducted the cases, and findings from in-depth interviews from in total 9 employees within the banks and two governmental employees in addition to secondary sources where combined with the theory outlined in chapter 2. This paper has contributed with new insights into the topic, that has previously not been shed a light on. The model is found to fit the process and the study exceptionally well, since it can correlate with the process outlined in the Act that need to be implemented.

## Research question 1: How is the implementation of the Act conducted in Norwegian banks?

The first question was how is the implementation of the Act conducted in Norwegian banks? As seen in the chapter before, there is not an uniform answer to this question. It is dependent on the bank's strategies and devotion to their task of implementing the act. The commitment from the executives and board of directors to the task was the factor found to play the biggest role on how far along the banks are in their implementation.

The only bank that is almost there, and only has the gaps that are identified as a problem that is for the whole industry is bank 3 as the only bank in our research that has said that "good enough" is incorrect attitude and taken to heart that this is a task that they must do well. With that attitude from the board of directors and down through the whole organization, the process alignment is almost there. There has been made a conscious strategic choice where the implementation of the Act has received similar priority within the bank's strategy as the old goals. The old goals have not changed, they are still the same, with the same level of expectation as previously. As mentioned before, it takes time, and when

implementing, there need to be adjustments along the way as the process evolves. This is something that bank 3 has successfully achieved with diligent supervision from the executives in the bank.

Bank 2 is the bank that was next in line, the strategic choice of prioritizing the implementation of the Act at the same level as other goals in the bank has not been made, and the consequences show in the departments that must deliver on the old goals of market shares and return of investment. If the implementation does not get at least some acknowledgement of importance compared to the other goals, the competencies, understanding, internal culture, and motivation will not change as rapidly as needed within the organization, if it will get the change needed at all. There were found indicators on similar need for improvement on understanding and priority from management, something that indicates that they do not lead by example, and therefore will be hard to successfully implement.

Bank 1 was the bank furthest behind. The bank is still struggling to implement minimum customer due diligence on the customer portfolio that was already there before the implementation of the Act. There does not seem to be any strategic choice made, even though the task has been elevated to top priority within the bank. In addition, the KYC function is not placed where the ownership of the customer is, and if that does not happen, it is not seen how the employees responsible for the customer will ever get an ownership of the total risk of the customer, when they are not the ones that have the knowledge of the AML risk for the customer. The risk analysis is decentralized, and conducted in several corners, instead of as a team in the other banks. That affects the quality and effectiveness of the risk analysis, and without a solid groundwork, the rest will not be as effective as needed either. There are no indicators that the management in other divisions than AML have any ownership of the risk the bank has, and that will again influence the rest of the employees, and they will not take the necessary development that is needed to understand the AML risk within the bank.

Summarized, the implementation of the banks is dependent on the strategic choice made within the bank, from the top, where the implementation of the Act is seen together with other goals the bank has. With successful choice where the importance is anchored from the top, with board of directors and the whole management team, the task of implementation becomes manageable. It will still take time, as there is need to take the change stepwise, and all change within an organizational competencies, motivations and culture must be done diligently and carefully in small steps.

## Research question 2: How does the implementation of the Act impact the banks' role toward the environment?

Summarized in one word, the result will be that the bank has taken on the role as a protector of their customers and the society. Bank 3 is the bank furthest along in the implementation of the Act, and the bank that has taken the role of protector to heart. The other two banks have the same tendencies, and

the employees that had already taken the cultural trip had the same perspective, although the role was not found unanimous within the bank. As a protector, the motivator for fulfilling their AML tasks is to protect the customer from illegal activities in the society. There is the possibility of the customer becoming an unwilling participant in ML, since the knowledge in the society gives opening for the criminals to take advantage of innocent bystanders.

It is important that the bank takes on the role as a protector of society, and not only the customer. Without taking the whole society into account, there is a danger that protection of the private customer becomes a priority, while the much harder task, with more complex transactions, and need for better understanding of the risks within the business segment will get down-prioritized, something that is not in accordance with either the Act, or what the society needs.

As a protector of the society, when taken to heart also leads to frustration. The employees in the banks take their tasks to heart, and in some cases uncover illegal activities, where they do not see the results in the society of their work. Some of this frustration is linked to miscommunication. All reports are sent to FIU, while other governmental agencies can access the reports through the portal, if they are meant for them. Tax authorities can access reports regarding tax fraud, if the reason for tax fraud is given for the report to FIU. This is not successfully communicated out to the banks. The banks see that in some cases the report they send to FIU are taken into further analysis and assume that those are all the reports that get any further investigation or results, even though many others go directly to the correct agency.

The second reason for frustration is regarding the further examination process. GDPR regulations are strict in Norway, and that is a common consensus that there is an understanding of why that is. In further investigation there is to some degree insecurities regarding how far the investigation can be conducted within the GDPR regulations. To fully understand the business customer, information from auditor, international banks and other obliged entities is often needed to conclude. It is possible to attain most of that information in the KYC step, directly from the customer, although that will put extra work on the customer, in addition, due to the regulation within the Act, the bank is not allowed to inform the customer of ongoing investigations and SAR and will therefore try to minimize customer contact.

## Research summary

Results from our analysis show that with successful implementation of the Act, the bank will take on an extra societal role as a protector of the society, that they wish to succeed in.

## Contribution and implications

The research questions in this thesis are answered in the previous chapter. In this chapter the link to academic contributions, societal contribution, limitations, recommendations for further research will be addressed.

## Academic contributions

Implementation of the Anti-Money Laundering Act in Norway is severely under investigated topic, and the results in this thesis contribute to that gap. This paper contributes to the literature done in other countries on how the implementation of the Act is done there and can be analyzed together with especially other European countries.

Double-Agent theory together with the ESCO model is further developed and tested in this study, and the model can be used further within other industries as well, where the need to implement an additional strategy from the environment is identified. Within similar studies the driver identified within the banking industry can be tested against banks in other countries, as well as the model can be tested on other obliged entities in Norway.

## Managerial implications

The model conclusion for implementation of the Act in Norway can be used as a guide for all managers in Norway that are struggling to optimize their implementation of the Act within the organization. Even though the study is written with banks as the cases, the results should be testable for all obliged entities. It will also help the controlling mechanism surrounding the industry to identify where in the process the implementation of the Act is struggling.

## Limitations and recommendations for further research

In this study we have focused on three chapters within the Act and implementation of those chapters in banks with focus on AML. There are several other fields within the Act other than AML. For example, the CTF and PEP are mentioned in the study. Additionally, the list of Sanctions, both on individuals and corporations, is also handled by the AML team. The focus has been on the human aspect of the organization, and although systems are mentioned, they are not further analyzed or discussed in this study.

In selecting the cases, the only criteria were the timeline of FSA reports. Three consecutive reports from banks were chosen as a starting point for further investigation, since the assumption was that three similar reports of the similar age, would to some degree give an unanimous results. This was not the case, although we have noted that there is severe difference in the sizes of the banks, and the bank

furthest along is the smallest bank, and the one furthest behind is the biggest bank. It is unknown if the size of the bank has any direct influence on the implementation. There is a larger organization that must take to heart the changes in bank 1, and therefore it is not unlikely that more efforts are needed to implement the change, on the other hand, they also have most resources available, and therefore should be better equipped to implement the change. Since this was not a part of our investigation, this has not been included in our previous analysis, although further investigation could answer this question.

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# Appendix

## Approval from NSD

# NSD NORSK SENTER FOR FORSKNINGSDATA

# Vurdering

**Referansenummer**

216864

**Prosjekttittel**

All Eyes on the Money: A case study of Norwegian banks work against money laundering

**Behandlingsansvarlig institusjon**

Norges teknisk-naturvitenskapelige universitet / Fakultet for økonomi (ØK) / Institutt for internasjonal forretningsdrift

**Prosjektansvarlig (vitenskapelig ansatt/veileder eller stipendiat)**

Julia V. Bondeli, julia.v.bondeli@ntnu.no, tlf: 70161345

**Type prosjekt**

Studentprosjekt, masterstudium

**Kontaktinformasjon, student**

Berglind Thora Røstad Thorisdottir, btthoris@stud.ntnu.no, tlf: 48276797

**Prosjektperiode**

10.01.2022 - 30.11.2022

**Vurdering (1)**

**14.03.2022 - Vurdert**

OM VURDERINGEN
Personverntjenester har en avtale med institusjonen du forsker eller studerer ved. Denne avtalen innebærer at vi skal gi deg råd slik at behandlingen av personopplysninger i prosjektet ditt er lovlig etter personvernregelverket.

Personverntjenester har nå vurdert den planlagte behandlingen av personopplysninger. Vår vurdering er at behandlingen er lovlig, hvis den gjennomføres slik den er beskrevet i meldeskjemaet med dialog og vedlegg.

DEL PROSJEKTET MED PROSJEKTANSVARLIG
For studenter er det obligatorisk å dele prosjektet med prosjektansvarlig (veileder). Del ved å trykke på knappen «Del prosjekt» i menylinjen øverst i meldeskjemaet. Prosjektansvarlig bes akseptere invitasjonen innen en uke. Om invitasjonen utløper, må han/hun inviteres på nytt.

TYPE OPPLYSNINGER OG VARIGHET
Prosjektet vil behandle alminnelige kategorier av personopplysninger frem til den datoen som er oppgitt i meldeskjemaet.

## LOVLIG GRUNNLAG
Prosjektet vil innhente samtykke fra de registrerte til behandlingen av personopplysninger. Vår vurdering er at prosjektet legger opp til et samtykke i samsvar med kravene i art. 4 og 7, ved at det er en frivillig, spesifikk, informert og utvetydig bekreftelse som kan dokumenteres, og som den registrerte kan trekke tilbake.

Lovlig grunnlag for behandlingen vil dermed være den registrertes samtykke, jf. personvernforordningen art. 6 nr. 1 bokstav a.

## PERSONVERNPRINSIPPER
Personverntjenester vurderer at den planlagte behandlingen av personopplysninger vil følge prinsippene i personvernforordningen om:
• lovlighet, rettferdighet og åpenhet (art. 5.1 a), ved at de registrerte får tilfredsstillende informasjon om og samtykker til behandlingen
• formålsbegrensning (art. 5.1 b), ved at personopplysninger samles inn for spesifikke, uttrykkelig angitte og berettigede formål, og ikke behandles til nye, uforenlige formål
• dataminimering (art. 5.1 c), ved at det kun behandles opplysninger som er adekvate, relevante og nødvendige for formålet med prosjektet
• lagringsbegrensning (art. 5.1 e), ved at personopplysningene ikke lagres lengre enn nødvendig for å oppfylle formålet

## DE REGISTRERTES RETTIGHETER
Så lenge de registrerte kan identifiseres i datamaterialet vil de ha følgende rettigheter: innsyn (art. 15), retting (art. 16), sletting (art. 17), begrensning (art. 18), og dataportabilitet (art. 20).

Personverntjenester vurderer at informasjonen om behandlingen som de registrerte vil motta oppfyller lovens krav til form og innhold, jf. art. 12.1 og art. 13.

Vi minner om at hvis en registrert tar kontakt om sine rettigheter, har behandlingsansvarlig institusjon plikt til å svare innen en måned.

## FØLG DIN INSTITUSJONS RETNINGSLINJER
Personverntjenester legger til grunn at behandlingen oppfyller kravene i personvernforordningen om riktighet (art. 5.1 d), integritet og konfidensialitet (art. 5.1. f) og sikkerhet (art. 32).

For å forsikre dere om at kravene oppfylles, må dere følge interne retningslinjer og/eller rådføre dere med behandlingsansvarlig institusjon.

## MELD VESENTLIGE ENDRINGER
Dersom det skjer vesentlige endringer i behandlingen av personopplysninger, kan det være nødvendig å melde dette til oss ved å oppdatere meldeskjemaet. Før du melder inn en endring, oppfordrer vi deg til å lese om hvilke type endringer det er nødvendig å melde:
https://www.nsd.no/personverntjenester/fylle-ut-meldeskjema-for-personopplysninger/melde-endringer-i-meldeskjema

Du må vente på svar fra oss før endringen gjennomføres.

## OPPFØLGING AV PROSJEKTET
Personverntjenester vil følge opp ved planlagt avslutning for å avklare om behandlingen av personopplysningene er avsluttet.

Lykke til med prosjektet!

# Vil du delta i forskningsprosjektet

## *"All Eyes on the Money, a case study of Norwegian banks work against money laundering"*

Dette er et spørsmål til deg om å delta i et forskningsprosjekt hvor formålet er å vite mer om hvorfor bankene sliter med implementering av antihvitvasking i sine organisasjoner. I dette skrivet gir vi deg informasjon om målene for prosjektet og hva deltakelse vil innebære for deg.

### Formål
Vi er to studenter som studerer Internasjonal Forretningsdrift ved NTNU og skriver vår masteravhandling innen internasjonal økonomi. I forbindelse med masteroppgaven gjennomfører vi en studie av antihvitvaskings-arbeidet i norske banker. Arbeidet med oppgaven startet i januar 2022, og ferdigstilt oppgaves skal leveres inn i løpet av juni 2022.
Antihvitvaskingsarbeidet er en viktig oppgave for samfunnet, og avvik kan skade både omdømme og stabilitet hos finansinstitusjoner. Å ha høy kvalitet, kompetanse og gode holdninger til antihvitvaskingsarbeidet er derfor et viktig tiltak for å fremme integritet i finansmarkedene.
Med denne oppgaven ønsker vi å se nærmere på banker som har mottatt rapporter fra Finanstilsynet etter stedlig tilsyn. Vi ønsker å svare på spørsmålet om hva må til for at bankene har et velfungerende antihvitvaskingsarbeid hos seg. For å vite hvordan en kan gjøre noe korrekt, må en lære av sine feil.

### Hvem er ansvarlig for forskningsprosjektet?
NTNU er ansvarlig for prosjektet.

### Hvorfor får du spørsmål om å delta?
Undersøkelsen er sentrert rundt banker som har mottatt stedlig tilsyn fra Finanstilsynet og påfølgende rapporter rundt bankenes antihvitvaskingsarbeid. Det er tatt kontakt med de organisasjoner som er berørt, banker, Finanstilsynet og Økokrim, og de bedt om å finne egnet ansatte til å stille til intervju. Hvis du har mottatt dette skrivet, har du blitt foreslått som kandidat til å stille til intervju av din arbeidsgiver.

### Hva innebærer det for deg å delta?
Vi vil kalle deg inn til 1 times intervju via Teams. Vedlagt finner du en intervjuguide som inneholder spørsmål som vil bli stilt i løpet av intervjuet. Vi ber om at du møter forberedt. Intervjuet vil bli tatt opp og lagret på NTNU sine servere. Etter endt intervju vil videoopptak bli brukt til å transkribere intervjuet. Transkripsjon blir oversendt for gjennomgang for å sikre at du er enig i det som blir brukt videre.

### Det                     er                   frivillig                   å                 delta
Det er frivillig å delta i prosjektet. Hvis du velger å delta, kan du når som helst trekke samtykket tilbake uten å oppgi noen grunn. Alle dine personopplysninger vil da bli slettet. Det vil ikke ha noen negative konsekvenser for deg hvis du ikke vil delta eller senere velger å trekke deg.

Selv om arbeidsgiver har foreslått deg som deltaker, kan du fritt velge å ikke delta, eller trekke deg når som helst underveis. Vi vil gjøre deg oppmerksom på at arbeidsgiver vil bli informert hvis du velger å ikke delta eller trekke deg underveis, siden vi vil være avhengige av å finne en erstatter. Det at du velger å ikke delta, eller å trekke deg underveis, skal ikke på noen måte påvirke arbeidsforholdet ditt.

**Ditt personvern – hvordan vi oppbevarer og bruker dine opplysninger**

Vi vil bare bruke opplysningene om deg til formålene vi har fortalt om i dette skrivet. Vi behandler opplysningene konfidensielt og i samsvar med personvernregelverket.

- Det er kun oss 2 studentene som skriver masteroppgaven, samt våre 2 veiledere ved NTNU som vil ha innsyn i besvarelsene.
- All informasjon vil bli lagret på forskningsserver ved NTNU. Navn, stilling, arbeidssted og kontaktinformasjon vil bli erstattet med kode som lagres på egen liste adskilt fra øvrige data.
- Det vil kun være anonymisert informasjon som vil bli brukt i oppgaven som blir offentliggjort etter endt sensur.

Den endelige avhandlingen vil kunne inneholde informasjon om stilling og arbeidssted til de som har blitt intervjuet. Grunnet begrenset antall personer som innehar samme arbeidssted, vil det være mulig å trekke konklusjoner om hvem som har blitt intervjuet.

**Hva skjer med personopplysningene dine når forskningsprosjektet avsluttes?**

Prosjektet vil etter planen avsluttes etter sensur. Innlevering av oppgaven vil være i juni 2022, og antatt sensur er avsluttet i løpet av høsten 2022. Etter prosjektslutt vil datamaterialet med dine personopplysninger bli slettet.

**Hva gir oss rett til å behandle personopplysninger om deg?**

Vi behandler opplysninger om deg basert på ditt samtykke.

På oppdrag fra NTNU har Personverntjenester vurdert at behandlingen av personopplysninger i dette prosjektet er i samsvar med personvernregelverket.

**Dine rettigheter**

Så lenge du kan identifiseres i datamaterialet, har du rett til:

- innsyn i hvilke opplysninger vi behandler om deg, og å få utlevert en kopi av opplysningene
- å få rettet opplysninger om deg som er feil eller misvisende
- å få slettet personopplysninger om deg
- å sende klage til Datatilsynet om behandlingen av dine personopplysninger

Hvis du har spørsmål til studien, eller ønsker å vite mer om eller benytte deg av dine rettigheter, ta kontakt med:

- *NTNU* ved Julia V. Bondeli, julia.v.bondeli@ntnu.no telefon: 70161345
- Vårt personvernombud: Thomas Helgesen, thomas.helgesen@ntnu.no telefon: 93079038

Hvis du har spørsmål knyttet til Personverntjenester sin vurdering av prosjektet, kan du ta kontakt med:

- Personverntjenester på epost (personverntjenester@sikt.no) eller på telefon: 53 21 15 00.

Med vennlig hilsen

Julia V. Bondeli Thorisdottir
(Forsker/veileder)

Ole Kristian Krogsæter og Berglind T. R.

Studenter

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# Samtykkeerklæring

Jeg har mottatt og forstått informasjon om prosjektet «All Eyes on the Money, a case study of Norwegian banks work against money laundering» og har fått anledning til å stille spørsmål. Jeg samtykker til:

☐  å delta i intervju
☐  at opplysninger om meg publiseres slik at jeg kan gjenkjennes via min stilling
☐  at mine personopplysninger lagres frem til prosjektslutt

Jeg samtykker til at mine opplysninger behandles frem til prosjektet er avsluttet

--------------------------------------------------------------------------------------------------------
(Signert av prosjektdeltaker, dato)

**Innledning**
- Kan du først kort fortelle din tittel og gi en kort beskrivelse av din rolle/ansvar i etaten?
- Hvordan vil du definere hvitvasking?

**Prinsipal-agent teori Agentproblem - Interessekonflikt**
- Hvordan vurderer du viktigheten av samarbeid på tvers av etater og banker for å effektivisere bekjempelsen av hvitvasking?
- Opplever du en form for interessekonflikt (at det foreligger en situasjon der det ikke er fullt ut sammenfall mellom interessene til partene) i hvitvaskingsarbeidet?
- På hvilken måte ser du rom for forbedring?
- I media de siste årene har flere norske banker tydeliggjort at de i større grad må føle og se fordelene av arbeidet og rapporteringene deres. - Hva tror du er årsakene til dette?

**Dobbel-agent problem**

Flere banker i Norge har fått stedlig tilsyn og fått bøter for manglende etterlevelse av hvitvaskingsloven.
- Har du noen synspunkt om hvorfor det er et gjentakende resultat av tilsynene?

**Informasjonsasymmetri**
- Hvordan føler du informasjonsflyten mellom dere og bankene er?
- Om du hadde mulighet til å påvirke kvaliteten i informasjonsflyten, hva ville du ha forbedret?

**Agentkostnader**
- Har strengere krav fra staten og økte kostnader knyttet til AML for bankene hatt stor betydning for arbeidsmengden i Økokrim? (MT meldinger – henvendelser for veiledning)
- Hvor store ressurser brukes i Økokrim på AML-arbeid?
- Har Økokrim nok ressurser til å følge opp rapportene og gjennomføre etterforskning innen rimelig tid?
- Hva tror du motivasjonen til banken er, unngå bøter og /eller sikre omdømme eller forhindre hvitvasking?
- Hvordan føler du at omdømmet til bankene har blitt påvirket etter skjerpede hvitvaskingsregler?
- Tror du at bankene er redd for å tape omdømme ved eventuelle mangler i rapportering?
- Er det noen statistikker over hvilke typer transaksjoner som blir rapportert over?

**Avslutning**
- Til slutt, har du noen ytterligere kommentarer eller synspunkter knyttet til vår oppgave?

**Innledning**
- Kan du først kort fortelle din tittel og gi en kort beskrivelse av din rolle/ansvar i etaten?
- Hvordan vil du definere hvitvasking?

**Prinsipal-agent teori Agentproblem - Interessekonflikt**
- Kan du fortelle om Finanstilsynets forventninger til banker som rapporteringspliktig?
- Hvordan vurderer du viktigheten av samarbeid på tvers av etater og banker for å effektivisere bekjempelsen av hvitvasking?
- Opplever du en form for interessekonflikt (at det foreligger en situasjon der det ikke er fullt ut sammenfall mellom interessene til partene) i hvitvaskingsarbeidet?
- På hvilken måte ser du rom for forbedring?
- I media de siste årene har flere norske banker tydeliggjort at de i større grad må føle og se fordelene av arbeidet og rapporteringene deres. - Hva tror du er årsakene til dette?

**Dobbel-agent problem**

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- Har du noen synspunkt om hvorfor det er et gjentakende resultat av tilsynene?

**Informasjonsasymmetri**
- Hvordan føler du informasjonsflyten mellom dere og bankene er?
- Agentteori tar utgangspunkt i at banker har mer informasjon enn Finanstilsynet. - Føler du at informasjonsasymmetrien påvirker deres evne til å regulere forholdet?
- Om du hadde mulighet til å påvirke kvaliteten i informasjonsflyten, hva ville du ha forbedret?

**Agentkostnader**
- Har strengere krav fra staten og økte kostnader knyttet til AML for bankene hatt stor betydning for arbeidsmengden i Finanstilsynet?
- Hvor mye ressurser blir brukt på antihvitvasking i Finanstilsynet?
- Kan du fortelle om overvåkningsutgiftene tilknyttet tilsyn av bankene?

**Incentiver**
- Hva tror du motivasjonen til banken er, unngå bøter og /eller sikre omdømme eller forhindre hvitvasking?
- Hvordan føler du at omdømmet til bankene har blitt påvirket etter skjerpede hvitvaskingsregler?
- Tror du at bankene er redd for å tape omdømme ved eventuelle mangler i rapportering?
- Kan du gå inn på hvilke kriterier dere har for bøtene som ilegges bankene?

**Avslutning**
- Til slutt, har du noen ytterligere kommentarer eller synspunkter knyttet til vår oppgave?

**Innledning**
- Kan du først kort fortelle din tittel og gi en kort beskrivelse av din rolle/ansvar i banken?
- Har din stilling endret seg i forhold til økt bruk av ressurser som følge av tiltak mot hvitvasking?
- Hvordan vil du definere hvitvasking?

**Styrets og leders rolle**
- I hvor stor grad er styret involvert i AML endringer?
- I hvor stor grad er styret involvert i bankens drift?
- Hvilken oppfølging har ledelsen på ansatte om at de følger de reglene som er fastsatt fra hvitvaskingsregelverket og spesielt angående den løpende oppfølgingen av kunder?

**Omgivelser**
Banken har flere parter som blir påvirket av hva banken gjør, inkludert eiere, kunder, leverandører, myndigheter og samfunnet ellers.
- Har innføring av den nyeste Hvitvasking loven påvirket bankens forhold til omgivelsene? På hvilken måte i så fall?
- Føler du at det er knyttet noen usikkerheter til bankens rolle opp mot samfunnet? I så fall, hvilken?
- Hva mener du er de viktigste eksterne utfordringene som organisasjonen møter?

**Strategi**
- Hva opplever banken som de største utfordringene ved å utarbeide en risikovurdering?
- Kan du beskrive de nye rutiner som følge av lovkravet om at banken må ha en virksomhets innrettet risikovurdering?
- Har dere langsiktige strategier og kortsiktige strategier på AML-arbeidet? Kan du gi en kort beskrivelse av dem?
- Hvordan blir strategier og planer kommunisert til øvrige medlemmer av organisasjonen? Skriftlig, muntlig, allmøter etc.?
- Har banken klare mål for hvitvaskingsarbeid? Kan du fortelle oss hvilken?
- Har målene for hvitvaskingsarbeidet blitt satt opp mot andre mål for prioriteringer?

**Kompetanse**
- Hvordan tenker du at organisasjonen kompetanse kan videreutvikles og på hvilke spesifikke områder?
- Hvordan følges opp de ansattes kompetanseutvikling i forbindelse med hvitvaskingsarbeidet?
- Føler du at det er en felles forståelse i organisasjonen for bankens risikovurdering rundt hvitvasking? Kan du begrunne svaret.
- Hvordan opplever du kommunikasjonen om virksomhetens risikovurdering er internt?

**Organisasjon**
- Hvordan ser banken sin organisasjonsstruktur ut med tanke på AML-arbeid?
  - Gjerne beskriv linjene. Eksempelvis: Forsvarslinjer, ansvar og roller i konsernets hvitvaskingsarbeid. Har dere et organisasjonskart som vi kan få tilgang til?
- Hvordan foregår kommunikasjonen/arbeidet mellom de forskjellige nivåene i organisasjonen med tanke på AML-arbeid?
- Hvilke forbedringer vil du foreslå på prosesser rundt hvitvaskingsarbeidet i organisasjonen for optimalisering?
- Hvordan føler du at institusjonens rutiner, prosesser og systemer er tilpasset den nye risikovurderingen i banken?
- Hvordan vil du beskrive kulturen knyttet til arbeidet mot hvitvasking?
- Hvilke endringer er det på kulturen nå, sammenlignet med før implementering av de nye hvitvaskingsrutinene?
- Hvordan har arbeidet påvirket de ansattes hverdag?

- o For de som jobber på hvitvaskingsavdeling
- o For de som jobber med kundekontakt
- o For de som jobber i andre avdelinger
- Hvor entydige føler du at arbeidsinstruksene er på hva som er tillatt og ikke, i arbeidet mot hvitvasking?

**Resultatmålinger**
- Hva definerer du som "suksess" for organisasjonen med tanke på AML-arbeid?
- Har dere kritiske prestasjonsvariabler relatert til mål som er satt? (KPI) - Dersom ikke, hvordan måler dere?
- I hvor stor grad følges målene opp mot de ansatte?
- Hvilken motivasjon har dere for å oppfylle KPI og mål - Egeninteresse eller frykt for omdømmetap og sanksjoner, eller noe annet?
- Diskuterer dere årsaker til måloppnåelse av viktige suksessfaktorer?
- Ved gap mellom Mål og resultat, hvilken rutine har dere for oppfølging?
- På hvilke nivå evaluerer banken egen prestasjon i AML-arbeidet? - Avdeling eller organisasjonsnivå?
- Har organisasjonen noen rutiner som følges når det kommer til evaluering av prestasjoner?

**Til slutt**

Hva har vært mest utfordrende med å møte forpliktelsene for etterlevelse av hvitvaskingsregelverket?
Avslutning Til slutt, har du noen ytterligere kommentarer eller synspunkter knyttet til vår oppgave?

**Innledning**
- Kan du først kort fortelle din tittel og gi en kort beskrivelse av din rolle/ansvar i banken?
- Har din stilling endret seg i forhold til endringer i hvitvaskingsreglementet?
- Hvordan vil du definere hvitvasking?

**Ledelse**
- I hvor stor grad følger ledelse opp hvitvaskingsarbeidet?
- I hvor stor grad er ledelsen involvert i den daglige driften?
- Hvor høyt føler du at hvitvaskingsarbeidet blir prioritert av leder/ledelse?

**Omgivelser**
Banken påvirker og blir påvirket av flere eksterne parter i omgivelsene; inkludert eiere, kunder, leverandører, myndigheter og samfunnet ellers.
- Føler du at innføring av den nyeste Hvitvasking loven har påvirket bankens forhold til omgivelsene? På hvilken måte i så fall?
- Føler du at det er knyttet noen usikkerheter til bankens rolle opp mot samfunnet? I så fall, hvilken?
- Hva mener du er de viktigste eksterne utfordringene som organisasjonen møter?

**Strategi**
- Kan du beskrive de nye rutiner som følge av lovkravet om at banken må ha en virksomhets innrettet risikovurdering?
- Har dere langsiktige strategier og kortsiktige strategier på hvitvaskingsarbeidet? Kan du gi en kort beskrivelse av de?
- Hvordan blir strategier og planer kommunisert til medlemmer av organisasjonen? Skriftlig, muntlig, allmøter etc.?
- Har banken klare mål for hvitvaskingsarbeid? Kan du fortelle oss hvilken?

**Kompetanse**
- Hvordan tenker du at avdelingens kompetanse på hvitvasking kan videreutvikles og på hvilke spesifikke områder?
- Hvordan følges din kompetanseutvikling i forbindelse med hvitvaskingsarbeidet?
- Føler du at det er en felles forståelse i organisasjonen for bankens risikovurdering rundt hvitvasking? Kan du begrunne svaret?
- Hvordan opplever du kommunikasjonen om virksomhetens hvitvaskingsarbeid er internt?

**Organisasjon**
- Hvordan ser banken sin organisasjonsstruktur ut med tanke på AML-arbeid?
  - Gjerne beskriv linjene. Eksempelvis: Forsvarslinjer, ansvar og roller i konsernets hvitvaskingsarbeid.
- Hvordan foregår kommunikasjonen/arbeidet mellom de forskjellige nivåene i organisasjonen med tanke på AML-arbeid?
- Hvilke forbedringer vil du foreslå på prosesser rundt hvitvaskingsarbeidet i organisasjonen for optimalisering?
- Hvordan føler du at organisasjonens rutiner, prosesser og systemer er tilpasset AML risikoene definert i banken?
- Hvordan vil du beskrive kulturen knyttet til arbeidet mot hvitvasking?
- Hvilke endringer er det på kulturen nå, sammenlignet med før implementering av de nye hvitvaskingsrutinene?
- Hvordan har hvitvaskingsarbeidet påvirket din arbeidshverdag?
- Hvor entydige føler du at arbeidsinstruksene er på hva som er tillatt og ikke, i arbeidet mot hvitvasking?

**Resultatmålinger**

- Har dere kritiske prestasjonsvariabler relatert til mål som er satt? (KPI) - Dersom ikke, hvordan måler dere?
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