Financial Intelligence and Money Laundering: A Comparative Case Study of the UK and Brazil

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Abstract:

Money Laundering (ML) offers criminals the means to hide their illicit proceeds allowing them to enjoy their profits or further reinvest in criminal activities. Financial intelligence provides a comprehensive and effective strategy to disrupt these criminal networks increasing security worldwide. To this purpose the use of Financial Intelligence Units (FIUs) are central in detecting suspicious transactions and providing law enforcement with useful intelligence. The international Anti-Money Laundering (AML) regime offers flexibility on the type of their institutional arrangement which have translated into four models by state practice. The aim of this dissertation is to explore this flexibility and question if the model adopted by a country influences its operations. A mix method approach consisting of document analysis and comparative case study is undertaken. The Brazilian (COAF) and British FIUs (UKFIU), respectively administrative and law-enforcement models, are explored. Through the analysis of official legal documents and their annual report of activities, from their establishment to 2019, this dissertation offers a comprehensive analysis of their legislative framework and operations within their national and regional realities. It explores their key functions of receipt, analysis and dissemination of Suspicious Transaction Reports (STRs) considering their international cooperation and their Financial Action Task Force (FATF) mutual evaluation reports (MER). Finally, it contrasts them regarding essential aspects such as independence and autonomy, receipt of STRs, analysis and dissemination of financial intelligence. This dissertation contributes to a cross regional research of different FIUs and in deepening the study on COAF and UKFIU. It concludes that the model of FIU adopted by a country influences significantly how it operates without harming the exercise of its basic functions dictated by international guidelines. These differences are particular to each model, but also of the environment they operate in, confirming that there is no perfect one-size fits all model of FIU.