



Brazil's President Dilma Rousseff

U.S. candidate Donald Trump

HSBC's chairman Douglas Flint

THE THREE “DS”

- Dilma, Donald and Douglas - Corruption in Politics, Banking and Finance.

Keynote opening conference address at the 49th FELABAN Annual Assembly, Miami. 11/16/ 2015.

by **Frank Vogl**

Co-founder, Transparency International

Good morning. A few days ago, *The Financial Times* started a major series of articles and posed the following question: Banks, formerly seen as the powerhouses of growth, are under pressure on every side. Regulation is piling up. Competitors are stealing business. And many lenders are shrinking fast. Is banking in terminal decline?”

The answer, I believe, is a qualified no. I would be more confident if bank executives operated to serve their communities and customers first, rather than themselves. This is the most important annual forum of leaders of finance in the Americas and each of you here today has an opportunity to bring change to your institution. As Christine Lagarde, Managing Director of the International Monetary Fund, has said:” Ethical behavior is key to financial stability...We need to address the deficit in ethics in the financial sector. This requires a change in culture.”

One aspect of the challenge relates to money laundering, which is widespread across the Americas. In the decade through 2012, the Western Hemisphere lost about \$1.3 trillion through illicit financial flows, according to Global Financial Integrity. Vast sums of illicit finance flow from Latin and Central America into the United States – they are the product of commercial malpractice, corruption, and crime. Just imagine how much more real growth, real employment and real prosperity would exist if money laundering could be vastly reduced?

Together we can work towards this goal. To achieve this we need to see the crime of money laundering within the broad context of corruption: the abuse of entrusted power for personal benefit.

Let me start with the three Ds. Dilma Rousseff is the President of Brazil; Donald Trump is a candidate for election as president of the United States; and, Douglas Flint is the chairman of HSBC.

They highlight the fact that we cannot easily separate political, business and financial corruption.



In each case we see major challenges ahead in 2016. All three Ds are enmeshed in corruption. Dilma, whose public popularity hovers around 10%, cannot evade the Petrobras scandal – a corporate/government corruption scandal of epic proportions. Donald tells us that he is very rich and that makes him qualified for being president of the United States – he is part of what is emerging as the most expensive Federal elections in U.S. history – it might involve \$10 billion in campaign spending – much of which will be provided by a small number of very wealthy individuals. Never before has the mixture of money and politics been as prominent as today in the United States, nor has democracy been in such danger. And, Douglas’s bank, HSBC, is the poster child of the multitude of sins that have smashed public confidence in banking.

The three Ds highlight key aspects of the grim current realities of corruption. They shape the context of our discussion here today. Public trust is broken in many countries, in governments, in politics, in sport (FIFA) and in business, look at Volkswagen. To understand corruption in banking and finance we need to first set the stage by briefly discussing the political and the security environment in which the corruption thrives.

Politics



Let me start with Dilma and the unfolding events in Brazil with Petrobras at their center – the largest enterprise in the largest economy in Latin America. This is an economy in trouble. It faces what may be the worst recession in decades. Inflation is running high. The cost of financing an expanding budget deficit is crippling. Most importantly, the political will to confront these issues and to ensure that Brazil gets back on track as a leading economy in the world is brutally undermined by scandal.

Public concerns over corruption have been rising for some time in Brazil. But the breaking of the Petrobras affair, revealing that over \$17 billion of corporate funds has been lost to mismanagement and graft shocked even the skeptics. The scandal has touched almost every corner of business and politics. It is a scandal that is far from over. As journalist and scholar Paulo Sotero has recently noted: “Brazil finds itself gridlocked in a political and economic crisis without precedent, with no resolution in sight. A recession more virulent than expected is compounded by the effects of an ongoing federal investigation and prosecution of corruption... As the crisis deepens, evidence of the president’s inability to reassert herself and lead has mounted.”

Public prosecutors are determined to see that justice is done here and many top political heads will roll as a result. Last week the prosecutors warned foreign companies that if they did not come forward and cooperate with the investigations then they could face major sanctions. At the same time, the prosecutors stated that they are currently looking at the activities of some banks that have allegedly assisted Petrobras executives to launder their stolen cash out of Brazil.

But, Brazil is not alone. Corruption has raised its ugly head in politics with crushing economic and security consequences from Russia and Ukraine, across the Middle East to Afghanistan and Iraq.

In Spain, where the image and reputation of the ruling political party has been badly soiled by the stench of corruption and blamed for the economic difficulties of recent years, opening the door for radical political parties. Days before the Catalan independence politicians won regional election victories at the end of September, a judge in Madrid froze around \$20 million of assets belonging to Rodrigo de Rato, a former First Deputy Prime Minister, a former Managing Director of the International Monetary Fund and former head of Bankia, the major Spanish savings bank group that he is accused of mismanaging and plundering.

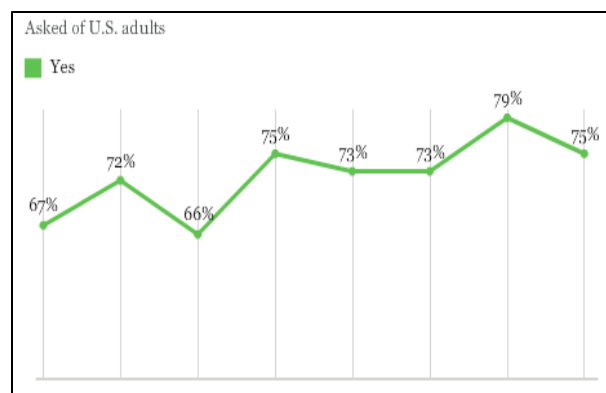
If we look at the political consequences of corruption just in Latin America, there is of course good news – the arrests of top politicians in Guatemala, including President Otto Perez Molina; rising public protests in Paraguay; and, major investigations in Panama involving former President Ricardo Martinelli. But the scale of corruption and of impunity in Guyana, Honduras, Nicaragua, Paraguay, Haiti, is as grave as anywhere and everywhere in the world.

The toll of corruption on the economic fortunes of Argentina, Venezuela and Colombia has been tremendous over decades. These should be rich countries today given their resources. In Colombia and in Mexico the struggle for stability, for security and democracy is all the more complex because it is difficult to separate out the influence of organized crime, notably narcotics, from so much of the corruption that embroils business and government.

But, in Donald’s U.S. political world we find that today 75% of Americans perceive corruption to be widespread in their government. No wonder. Charles and David Koch, the right-wing multimillionaires, are planning to spend almost \$900 million in this presidential election cycle. The New York Times recently reported that just \$200 families provided over one-half of the \$196 million raised by candidates in the first half of this year. Can one really believe that big donors to campaigns do not want something in return?

Those of you who watched the recent debate among Democratic Party candidates know that the perceived power of Wall Street was a major topic. For all the bankers in the room, beware – as I shall note shortly, public trust in banking is low and to some degree this relates explicitly to a perception that political lobbying in Washington has enabled Wall Street to profit at the expense of Main Street.

Gallup Poll:
75% of Americans say there is corruption in their government.



Crony capitalism

But if the public distrusts politicians, then big business has also got problems. If corruption in government was a fraction of its present scale in many countries, then the containment of those in business who may seek to corrupt commerce would be far easier to deal with – and their abuses of their entrusted power would be far less concerning.

The Economist magazine has called our times the “New Age of Crony Capitalism.” The closeness of business people to political leaders, enhanced through big money lobbying, is reducing public trust in many institutions. And this loss of public confidence is increased by the mounting evidence that too many business leaders have lost their moral compasses.

At the core of the challenge of corporate corruption is corporate ethics. The tone at the top of too many companies is rotten.

The arrogance of business leaders, as we have seen at Volkswagen, is a curse that needs to be more boldly confronted. The vicious willingness of some U.S. pharmaceutical companies to take advantage of patent rights and monopolies to charge extortionate sums for vitally needed medicines is a symbol of so much that is wrong with business ethics today.

The Economist concludes: “Governments need to be more assiduous in regulating monopolies, in promoting competition, in ensuring that public tenders and asset sales are transparent and in prosecuting bribe-takers.”

It is a crime for companies to bribe foreign government officials and the U.S. authorities have been pursuing criminal corporations in recent years with increasing vigor. But, many of the other leading industrial nations have been far more tolerant of such crimes by business. I believe that gradually this will change. And, as one of my 2016 predictions, I believe that U.S. enforcement of both the Foreign Corrupt Practices Act and banking crimes will increase significantly next year.

Let me be very clear. Many of the very bad activities seen in major corporations in recent times have nothing to do with weaknesses in their compliance systems. They have everything to do with greed and arrogance. The remedies rest beyond compliance – they rest in the boardrooms where for too long too many directors have made boosting quarterly profits and boosting top executive pay their absolute top priorities.

Banking



In no business sector has this been more in evidence in recent years than in banking and finance. Abuse appears to be rampant. The fines levied on the world's largest banks in recent years amounts to around \$300 billion.

And no single area of commerce is more important to economic growth and to prosperity than the financial sector – the one that conveys finance from savers to investors.

Abuse has been found by the U.S. Department of Justice and other authorities to be rampant: from foreign exchange and LIBOR manipulation, to money laundering, to consumer fraud to massive cheating on the sub-prime mortgage stage. The scale of reserves that banks have to set aside to deal with litigation has never been greater and the impact that this has on the efficiency of banks is profound.

So now let me mention the third of the Ds – Douglas Flint. Today he is the HSBC Chairman. A few years ago he was the HSBC chief financial officer. Mr. Flint is still in office, but he has presided at an institution where terrible scandals have taken place.

In mid-2012, the U.S. Senate Permanent Subcommittee on Investigations released a press release with a large report under the heading: “HSBC Exposed U.S. Financial System to Money Laundering, Drug, Terrorist Financing Risks.”

This was just the start of public exposure of HSBC's sins. These included vast money laundering here in the United States, which involved money from Mexican drug cartels, to providing a home through secret accounts in a Geneva HSBC branch to thousands of tax evading and money laundering international clients.

Mr. Flint has survived in office. He has promised that his bank will reform. But the fact that he still presides suggests to me, at least, that his board of directors has not adequately understood the scale of the damage to the reputation of HSBC and to large-scale banks in general that has taken place. There just seems to be no meaningful accountability – no willingness for those at the helm to take responsibility.

Our discussion has to go to the core of the banking business model. In 1999, the Glass Steagall Act was abandoned in the United States as a new giant, from insurance to investment and commercial banking called Citigroup emerged under the co-leadership of Sandy Weil and John Reed. The new rage was the universal banking model. But many universal banks in Europe are now in the midst of massive restructuring. Partly because of new regulations.

Here at home, the clashes between investment banking and commercial banking services are increasingly evident – it as if the big banks are home to dueling cultures, leading too often to abuse. Indeed, three days ago, John Reed, writing in The Financial Times said: “As I have reflected about the years since 1999, I think the lessons of Glass-Steagall and its repeal suggest that the universal banking model is inherently unstable and unworkable. No amount of restructuring, management change or regulation is ever likely to change that.”

We must all work together to review and reform the culture in banking institutions to align culture with the business model and to ensure that bankers, all of them, serve their customers and their communities first. This is the core of my message today. Corruption abounds in finance when executives serve themselves, with their eyes firmly on their bonuses, at the expense of their customers and communities.

We need boards of directors to act clearly to demonstrate that integrity is meaningful to them. I believe that unless there is profound change, then the soundness and safety of our financial system will be as sorely tested down the road as it was in 2008/09.

Permit me to just highlight a few proposals:

1. Banks must reform their cultures and employee conduct by clearly stating that profit maximization is a secondary priority to that of serving all customers with fairness, integrity and efficiency.
2. Top bankers must be held more accountable by their boards of directors – boards must be willing to fire chief executive officers when major criminal actions have been uncovered within the institution.
3. Boards must ensure that senior managers demonstrate the right “tone at the top” and consistently communicate to all of the bank’s stakeholders that integrity is the guiding light for all business operations.

Some of these proposals reflect perspectives in a new report by the Group of 30 called, “*Banking Conduct and Culture: A Call for Sustained and Comprehensive Reform.*”

William R. Rhodes, who co-chaired the G30 committee that produced this report, is a former Senior Vice Chairman of Citigroup and a banker who has always placed integrity first. He played major roles over many decades working with governments, the IMF and the banking community to resolve sovereign debt crises. Bill Rhodes argues on the issue of reforming the banks that: “Banks must promote corporate culture in disciplined ways, imposing sanctions on pay and terminating staff when necessary, even at the highest levels, when there has been wrongdoing. The bar must be raised as the failure to adequately address reputational risks is costly and over time it undermines the viability of institutions. This is not just right and good ethics, it also makes good business sense, and it is essential for ensuring a sound and healthy balance sheet.”

Money laundering

This background of politics, business, and banking in general, sets the stage for a discussion of money laundering: the debilitating virus spreading through our financial system. At the Group of 20 Summit in November, 2014 – the leaders agreed to move forward and develop national anti-money laundering frameworks based on key principles that defined beneficial ownership, that involved risk assessments, access to trusts and other entities, and so forth --- words must be followed by action.

Today, as the Group of 20 meets right now in Turkey, the leaders need to be aware that they have failed to establish meaningful frameworks, let alone ensure enforcement – only the UK has a strong framework based on the 2014 agreement ---others have performed modestly or very weakly.

Transparency International’s new report: “Just for Show: Reviewing the G20 Pledges on Beneficial Ownership.” The evaluation is based on actions by G20 countries following their adoption in November 2014 of the G-20 High-Level Principles on Beneficial Ownership (see endnote to this paper).

Very strong framework United Kingdom (UK)
Strong framework Argentina, France, Italy
Average framework Germany, India, Indonesia, Japan, Mexico, Russia, Saudi Arabia, South Africa, Turkey
Weak framework Australia, Brazil, Canada, China, South Korea, United States (US)

Permit me to place money laundering in its appropriate context – a few minutes ago I related it to international security and this is a key matter.

On October 15, the UK Government published its first “National Risk Assessment of Money Laundering and Terrorist Financing,” that noted: Money laundering can undermine the integrity and stability of our financial markets and institutions. It is a global problem. The European Commission’s 2013 impact assessment of the EU anti-money laundering/counter terrorist financing legislative framework points to global criminal proceeds potentially amounting to some 3.6% of GDP; around \$2.1 trillion in 2009...Taken as a whole, money laundering represents a significant threat to the UK’s national security.”

But money laundering is also doing enormous damage to international trade. A great number of companies conspire with public officials and engage in mispricing invoices in export and import trade in order to launder illicit funds. This misinvoicing, according to the think-tank Global Financial Integrity (GFI), is the largest source of money laundering.

GFI estimates that overall illicit flows of funds, including misinvoicing on exports and imports, exceeds one trillion dollars annually on a global basis. Illicit financial flows not only embraces money laundering related to criminal organizations, or from bribery and corruption; it also embraces, for example, profits from a legitimate business which might have been transferred from a country in violation of foreign exchange regulations, or where applicable taxes were not paid.

Customs officials in a number of countries are becoming increasingly sensitive to the use of misinvoicing to facilitate money laundering. Successful investigations have been seen, for example, the recent high-level arrests in Guatemala surrounding the so-called *La Linea* conspiracy. An increasing number of banks are also doing more to counter misinvoicing that they can associate with money laundering. But, despite such progress, the overall level of actions against misinvoicing are small compared to the vast scale of the problem.

And, then of course money laundering is directly tied to crime and this is a major focus of U.S. government attention. The U.S. Treasury, looking just at money laundering into the United States, estimates the total at around \$300 billion per year.

The vast amounts of illicit finance sloshing across the globe need to find resting places – and they do, from the luxury apartment buildings in Manhattan and the poshest squares in London; to the art market and the market for vast yachts docked in the South of France; and to stock markets where asset valuations have soared as well.

Permit me to be quite specific. Earlier this year my colleagues at Transparency International in the UK issued a report on the “hidden” ownership of vast amounts of property in central London. It found that 36,342 London properties covering a total of 2.25 square miles are held by hidden companies registered in offshore havens. The research – analyzing data from the Land Registry and Metropolitan Police Proceeds of Corruption Unit – found that 75% of properties whose owners are under investigation for corruption made use of offshore corporate secrecy to hide their identities.

The report stimulated an aggressive response by the British government, although it is still too early to be certain that reforms, which would force public release of the names of the real owners of holding companies acquiring UK real estate, will be implemented. Prime Minister David Cameron has pledged to act.

The scale of the problem and the number of accountants, lawyers and consultants engaged at high fees to foster secrecy in capital flows represents a staggering challenge. For example, at a GFI conference in Washington DC in September 2015, scholar Anders Aslund of the Atlantic Council suggested that a most approximate estimate might put the scale of funds owned by individual Russians and held outside their country at around \$700 billion – and much of this may be illicit.

But rich Russians are just one of many sources for illicit international flows – others include international corrupt officials from scores of countries, people in many nations who seek to evade taxes, and, of course, international criminal networks mostly engaged in narcotics.

If we could clamp down sharply on illicit financial flows we would make a major contribution to reducing crime. Criminal syndicates operating out of Africa, for example, engage in sex trafficking, narcotics and the illegal ivory trade. The current official response is to tighten security in the game parks to protect elephants. The fact is that many park rangers are either being bribed by the criminals or killed by them. A better course to protect wildlife and protect Africans might be to go after the money laundering operations that the crime syndicates use.

Closer to home we find that the U.S Treasury is stepping up actions to explicitly highlight abuse. For example, very recently, Honduras's banking regulator said it will take control of Banco Continental and force its liquidation after the lender was accused by U.S. authorities of laundering the proceeds of drug money for more than a decade. The U.S. Treasury Department classified seven businesses linked to several members of a prominent Honduran family as "specially designated narcotics traffickers," which allows for the freezing of assets under U.S. control.

Even the Vatican is now investigating money laundering. It is working with Italian and Swiss officials to look at a vast network of money laundering transactions allegedly masterminded by the Vatican Bank from 2001 onwards.

This kind of action is welcome, but far more needs to be done.

Today, as we meet here, so the world's leaders are meeting in Turkey at the Group of 20 Summit and Transparency International has been leading a coalition of non-governmental organizations to press for tough decisions against money laundering.

In preparation of the Turkey Summit, the White House published what it calls "The United States' G-20 Beneficial Ownership Action Plan." It states that: "The United States will continue to advocate for legislation that requires the collection of beneficial ownership information for all legal entities formed in the United States and makes such information readily available to law enforcement for money laundering and terrorist financing investigations."

The White House underscored that: "The United States is currently engaged in rulemaking to develop an explicit customer due diligence obligation for U.S. financial institutions, including a general requirement to identify and verify the beneficial owners of legal entity customers." And that when it comes to international cooperation: "The United States will assess the effectiveness of existing means for complying with requests for mutual legal assistance and other forms of international cooperation related to beneficial ownership of companies."

Many of you here are engaged in KYC compliance and in additional compliance efforts to curb money laundering. Much more must be done. If we do not act, then the stability and soundness of international financial system is placed at increasing risk.

There need to be public registers of the real ownership of the tens of thousands of offshore holding companies that are being used to buy assets across New York and London and Paris.

There is a compelling need for U.S. banks to address what the U.S. Department of the Treasury calls the key vulnerabilities on this money-laundering front:

- The use of cash and monetary instruments in amounts under regulatory recordkeeping and reporting thresholds;
- Opening bank and brokerage accounts using nominees to disguise the identity of the individuals who control the accounts;
- Creating legal entities without accurate information about the identity of the beneficial owner;
- Misuse of products and services resulting from deficient compliance with anti-money laundering obligations; and
- Merchants and financial institutions facilitating illicit activity.

End Secrecy



Christina Kirchner, President of Argentina

Ladies and gentlemen we will not substantially reduce corruption and money laundering unless we end the culture of secrecy that is so pervasive. We must allow the sunshine to illuminate the dark corridors of power. This has been the core mantra of Transparency International since the days 25 years ago when the establishment of this organization was first considered.

Imagine the humanitarian and economic benefits if, for example, the governments of most Latin American countries were to make Transparency a priority. For example, just take Latin America, well take Argentina under President Christina Kirchner where public finances have been far too secret and government statistics often more fiction than fact. Argentina, as well as more than 100 other countries in the world, does not have a Freedom of Information law. The next president of Argentina, who will be elected soon, may well be horrified on taking office to find chaos in public finances – a situation long hidden by the country's leaders from even the Argentine parliament. Secrecy enables corruption.

We shall never combat corruption, for example, unless there is government and political accountability. In Latin America, as in many other parts of the world, when it comes to military spending there is far too little information on procurement. Many countries hide their military spending under the title of 'National Security.' Yet, it is in military procurement that some of the greatest financial abuse takes place. How else, for example, could the military establishments from Pakistan to Iran to Egypt

control so many industries and businesses in their countries without having to submit any public reports on their holdings and their transactions?

And, democracy is constantly challenged by the secrecy that surrounds money in politics and in elections in dozens of nations. The secrecy of cash in campaigns must end.

Money laundering will never be reduced significantly unless the secrecy that protects the financial activities of offshore financial havens is ended. For far too long, the world's most powerful governments have stood idly by as Switzerland, Luxembourg, Liechtenstein, Cayman and the British Virgin Islands and many others have provided safe homes for the finances of tax evaders, gangsters, corrupt politicians and others keen to launder their cash. We need sunshine and transparency in these dark corners of finance.

Justice and Impunity

We will not restore integrity to finance and curb money laundering unless we strengthen approaches to justice. There has to be a forceful attack on impunity. The target in the first instance must be grand corruption - the gross abuse of high-level power for private gain that inflicts serious and widespread harm on individuals or society.

To succeed on this front demands teams of public prosecutors, backed by judges, who have three core qualities: integrity; absolute determination to pursue villains irrespective of the personal threats to their lives and the contortions of very high priced defense lawyers; and, a core understanding that corruption is no ordinary crime, but one that demands the highest priority attention.

The United States, with all its many faults when it comes to corruption, is a model in the realm of public prosecutors with the right values and spirit. David Harbach, a former U.S. Justice Department top attorney spoke once for many of his colleagues in saying: "The values of integrity and open government and democracy are foundational to our nation and thus we assume that all who serve in public service are expected to do so with full integrity."

Public prosecutors in the U.S., in Brazil, in Guatemala and in a rising number of countries are moving forward relentlessly because they profoundly believe in something very simple – as Michael Garcia, former U.S. Attorney for the Southern District of New York, has said, "It is often very difficult to quantify the impact of corruption on society, but it is undermining the system and trust in the system."

Partnership

Transparency International is a vital partner in seeking solutions to the corruption curse.

TI is a global non-governmental, non-partisan, organization that campaigns for a world of transparency and accountability and against impunity. We are growing and we are having an increasing impact. We are leading civil society on the issue of money laundering at today's Group of 20 Summit in Turkey.

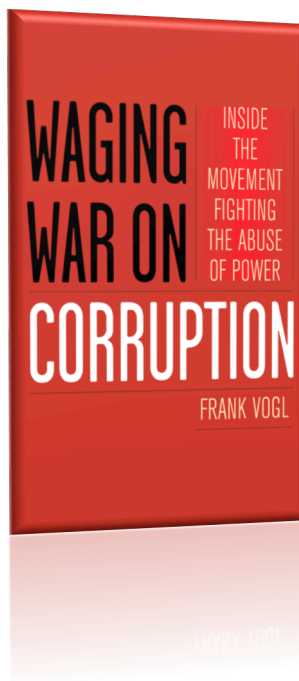
We are engaged in more than 100 countries and from our global secretariat in Berlin, Germany, we coordinate efforts to raise public awareness, to support anti-corruption activists, to promote new laws and conventions and fight for their enforcement. We believe that for action against corruption to yield sustained results, anticorruption rules and the institutions that implement them must embody best practice. Both public and private bodies must embrace anticorruption systems, backed by the necessary resources, checks and balances. Above all, they must be prepared to act when corruption does take place.

Laws must be enforced, loopholes closed, whistleblowers protected and justice delivered swiftly. Impunity for corruption will be limited in a system that practices both prevention and punishment effectively.

Our goal in Transparency International, is clear and I hope all of you in your own ways will embrace it: We will work to curb corruption in all its manifestations to secure the basic rights of all people and ensure a world where everyone can live in dignity. We will spare no effort to reach this objective in constructive partnership with government and with business and with you. And together we can work to build a financial system that is sound, stable and enjoys public trust.

Thank you for the honor today of being able to discuss these topics at this important conference.

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Endnote on next page

G20 High-Level Principles on Beneficial Ownership Transparency



Transparency international's new report evaluates the performance of G20 governments in establishing frameworks based on the G-20 principles:

1. Countries should have a definition of 'beneficial owner' that captures the natural person(s) who ultimately owns or controls the legal person or legal arrangement.
2. Countries should assess the existing and emerging risks associated with different types of legal persons and arrangements, which should be addressed from a domestic and international perspective.
 - a. Appropriate information on the results of the risk assessments should be shared with competent authorities, financial institutions and designated non-financial businesses and professions (DNFBPs) and, as appropriate, other jurisdictions.
 - b. Effective and proportionate measures should be taken to mitigate the risks identified.
 - c. Countries should identify high-risk sectors, and enhanced due diligence could be appropriately considered for such sectors.
3. Countries should ensure that legal persons maintain beneficial ownership information onshore and that information is adequate, accurate, and current.
4. Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons. Countries could implement this, for example, through central registries of beneficial ownership of legal persons or other appropriate mechanisms.
5. Countries should ensure that trustees of express trusts maintain adequate, accurate and current beneficial ownership information, including information of settlors, the protector (if any) trustees and beneficiaries. These measures should also apply to other legal arrangements with a structure or function similar to express trusts.
6. Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal arrangements.
7. Countries should require financial institutions and DNFBPs, including trust and company service providers, to identify and take reasonable measures, including taking into account country risks, to verify the beneficial ownership of their customers.
 - a. Countries should consider facilitating access to beneficial ownership information by financial institutions and DNFBPs.
 - b. Countries should ensure effective supervision of these obligations, including the establishment and enforcement of effective, proportionate and dissuasive sanctions for non-compliance.
8. Countries should ensure that their national authorities cooperate effectively domestically and internationally. Countries should also ensure that their competent authorities participate in information exchange on beneficial ownership with international counterparts in a timely and effective manner.