



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The Role and Responsibilities of Gatekeepers in the Fight Against Illicit Financial Flows: A Unifying Framework

Introduction

The World Economic Forum Partnering Against Corruption Initiative (PACI) and the Forum's Global Future Council on Transparency and Anti-Corruption have convened a cross-sectoral taskforce to address the roles and responsibilities of professional gatekeepers in the fight against illicit financial flows.¹

The taskforce, comprising leaders from the finance, investment, corporate law and real estate industries, is working on a Unifying Framework of core best practices and policies, which aims to coordinate and harmonize gatekeepers' response to illicit financial flows. Though the Unifying Framework is primarily designed to guide and grow a community of gatekeepers within the private sector, we believe it can also be an important reference point for future regulatory developments. This briefing paper provides a short overview of the framework, which will be finalized in the first quarter of 2021. We aim to submit and launch the Unifying Framework at the United Nations General Assembly's Special Session against Corruption in June 2021.

The Unifying Framework

Gatekeepers are essentially those who possess the ability to interrupt or prevent illicit financial flows by withholding specialized services. Recent corruption scandals, from the Panama Papers to the FinCEN leaks, have drawn widespread attention to the essential role of certain professional industries in relation to international money laundering, financial fraud, corruption schemes and tax evasion. Corrupt actors nearly always require assistance from private-sector intermediaries – e.g., lawyers, accountants, notaries, bankers, real estate agents, luxury goods dealers and art advisers – who, knowingly or unknowingly, open access to financial markets, set up complex company structures, manage shell companies and otherwise disguise the nature and origin of ill-gotten gains.

Existing attempts to harness gatekeeper potential have often taken a national and/or sector-specific approach. However, the diverse array of industries and fragmented regulation – both cross-sectorally and transnationally – present challenging barriers to mobilizing these industries effectively as gatekeepers. This patchwork and frequently lacklustre approach to regulating professional gatekeepers has come at a high cost – distorting markets, eroding public services, funding criminal networks, wasting trillions of dollars annually, and frequently destroying the reputation of gatekeepers themselves. These costs are also unevenly distributed, thus exacerbating global economic inequalities.

In an effort to respond to existing policy gaps, this framework presents two distinguishing attributes: (1) It is made by gatekeepers for gatekeepers; and (2) it addresses policies and practices that are both central to the fight against illicit financial flows and can be applied across all gatekeeper professions worldwide. The Unifying Framework recommends the following set of core best practices:

- Establish clear and concrete anti-corruption and anti-money laundering policies
- Centre a culture of integrity
- Promote effective due diligence
- Foster a “speak-up” culture
- Know with whom you are dealing
- Mobilize in gatekeeper industries

Looking forward

We believe there are three components which, together, will enable gatekeepers to stem illicit financial flows worldwide: a unifying framework; sector-specific guidance; and similarly coherent regulation. The present framework aims to address the first of these components. This taskforce also intends to tackle transnational sector-specific guidance. In doing so, we will continue to leverage the insights of industry leaders and welcome the collaboration of interested parties. The taskforce is also conscious of the role of governments and urges them to coordinate in designing their own regulatory measures, as well as oversight and enforcement mechanisms. It is also crucial that governments and gatekeeping industries build bridges and establish avenues for information-sharing, including through public-private partnerships.

In no way does the Unifying Framework intend to replace existing rules or regulations. At the same time, we strongly advocate that companies and professional associations embrace and implement these common principles and best practices. Through self-regulation and collective action, we believe gatekeepers will be able to leverage their power and skills to enhance efficiency and welfare worldwide.

For more information please contact:

Katja Bechtel
Lead, Partnering Against Corruption Initiative (PACI)
World Economic Forum
Email: katja.bechtel@weforum.org

¹ “There is no agreed definition of the concept of illicit financial flows (IFFs), but it is generally used to convey three different sources of IFFs: the proceeds of commercial tax evasion, revenues from criminal activities, and public corruption.” Peer Chowla & Tatiana Falcao, *Illicit Financial Flows: Concepts and Scope*, United Nations (5 December 2016), https://www.un.org/esa/ffd/wp-content/uploads/2017/02/Illicit-financial-flows-conceptual-paper_FfDO-working-paper.pdf. However, our definition of “illicit financial flows” does not start and stop with the letter of the law but rather encompasses such acts regardless of whether they are codified as criminal in a particular jurisdiction.