Follow the Money:
Financial Investigations Process in the European Union

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Table of Contents

List of Figures ... 4
List of Tables ... 5
Introduction ... 6
Dissertation Scope ... 8
Serious Organised Crime and Terrorist Financing ... 9
Dissertation Roadmap ... 11
Background ... 11
Framework ... 12
Process ... 15
Target ... 18
Methodology ... 23
Field Analysis ... 23
Critical Discourse Analysis ... 25
Semi-structured interviews ... 28
Participant Observation ... 29
Critical Discourse Analysis ... 31
Legislative Changes ... 31
Asset Recovery and Confiscation ... 32
Anti-Money Laundering / Counter-Terrorist Financing ... 35
Discourse Themes ... 37
Portrayal of criminality ... 37
EU security integration ... 38
Return of investment ... 40
Transparency ... 41
Convergence (or lack thereof) of the regimes ... 42
Financial Investigations Overview ... 43
Stakeholders ... 43
National-Level ... 43
EU-Level ... 51
Expert Networks ... 54
Cooperation Instruments ... 57

Suspicious Transaction Reports 57
Mutual Legal Assistance 58
European Multidisciplinary Platform Against Criminal Threats......60
Information Exchange Platforms 61
Interaction 63
Reactive financial investigation 66
Proactive financial investigation 68
Discussion 70
Challenges 70
Information processing 70
Intelligence exchange 72
Effectiveness of the follow-the-money approach 73
Defining clear procedural steps 74
Limitations of EU lawmaking 75
Uncertainty on the benefits of the Anti-Money Laundering Authority 77
Limitations 77
Sample 77
Self-reported data 78
Researcher bias 79
Lack of consolidated research 79
Time restraints 80
Conclusion 80
Applicability 82
Further research 83
References 85

List of Figures

Figure 1: Key concept relationship………………………………… 13

Figure 2: Key concept relationship in detail……………………… 16

Figure 3: Representation of money flows in money laundering (ML) and terrorist financing (TF)………………………………….. 23

Figure 4: Relationship among stakeholders……………………… 65

Figure 5: Information exchange platform membership………….. 66

List of Tables

Table 1: Asset Recovery and Confiscation texts………………… 28

Table 2: AML/CTF texts…………………………………………….. 29

Introduction

Criminal enterprises run on the promise of fantastic financial yields. The promise is an attainable reality in the parallel business environment that sophisticated criminal networks have unfortunately been able to create and maintain. Complex illegal profit transaction webs span the underground and legitimate economies alike. The intricacy of asset concealing schemes is illustrated by a recent asset seizure case conducted jointly by the Italian and Spanish law enforcement authorities. The organized crime network operating in the European Union (EU) received drugs as a form of credit from Colombian cartels. After selling them in the EU, the proceeds were passed to trusted brokers who introduced them into specially set up companies through which they purchased electronic goods or otherwise dispersed the money. The acquired goods were shipped and resold in the United States, and the cash was returned to the drug cartels as a payment for their initial delivery (Europol, 2023). Up to the intervention by the police, the criminal activity was able to successfully generate profits that immediately benefited the offenders and that were reinvested into the continuation of their operations. In a terrorist financing case, an EU national was imprisoned after one of the two sea vessels he had knowingly provided for arms trafficking, an activity dedicated to financing the *Majlis Shura Thuwar Benghazi* terrorist group, was intercepted in the Mediterranean Sea (Europol, 2023). Despite differences in motivation for engagement (financial versus ideological), organized crime and terrorism share the need of securing financial means to support their respective operations. Interest in illicit profits is also what brings together individuals working in a criminal network. It is also the common denominator that asset-focused crime control measures target. These measures are enabled by financial intelligence and investigations. Financial investigations aim to uncover the tracks of the illicit profits and link them to the corresponding

criminal activities and their perpetrators. Effectively tracing and identifying criminal assets can lead to their removal from the legal economy, hence disrupting criminal behaviour, removing negative role models, and building public confidence in the criminal justice and financial systems. The early incorporation of financial investigations in criminal proceedings is highly encouraged as part of the 2021 EU Strategy to Tackle Organised Crime, but the uptake of this recommendation is slower than desired due to a lack of shared, clear understanding in all EU member states as to the benefit and ways of execution of financial investigations.

Financial investigations process has enjoyed the attention of more researchers in the recent years, both in national case studies and regional enquiries, discussing separate stakeholders belonging to the process.[1] However, limited effort has been afforded to bringing together all involved stakeholders and explaining their interactions. Moreover, academic work tackles financial investigations from either asset recovery and confiscation regime or anti-money laundering / counterterrorist financing (AML/CTF) line of effort, hence predominantly focusing either on the work of Asset Recovery Offices (AROs) or Financial Intelligence Units (FIUs). Whilst both structures theoretically are involved in very

[1] In the framework of project FOLLOW (Following the Money from Transaction to Trial), Lagerwaard (2018) compared the use of financial transaction data in ten EU financial intelligence units (FIUs). Largerwaard and De Goede (2023) have also attempted to examine how transnational FIU information sharing takes place, revealing that political considerations, and varying trust levels play a significant role. Boucht (2017) has systematically accounted for and described the main stakeholders, such as the asset recovery offices, and information sharing mechanisms for the EU asset recovery regime. Similarly, the 2004 Overview of FIUs by the International Monetary Fund, whilst not a piece of academic research, is still highly relevant and often cited, as it offers an in-depth explanation of their setup and work.

similar processes, and utilize similar tools, little is known about their interactions and potential [dis]similarities. This study aims to provide an overview of financial investigations that includes both lines of effort and considers a wider range of stakeholders. It looks to explain how financial intelligence is generated, shared, and utilized, how cross-border investigations are conducted, what judicial cooperation instruments are used and what EU agencies are involved. The enquiry is limited to the EU, and serious and organised crime, as well as terrorist financing cases.

Dissertation Scope

The institutional context of the thesis is the European Union. The EU is regarded as a *sui generis* (of its own kind) entity, encompassing both supranational and intergovernmental qualities, due to balancing between competences conferred to the EU and national sovereignty (Hlavac, 2010). Three founding treaties provided the Union's formation, i.e., the Treaty of the Functioning of the European Union of 1957, the Treaty on European Union of 1992, and the Lisbon Treaty of 2007 (EU, 2023). The Lisbon Treaty sets out competences, conferred to the Union by its Member States, as part of the Common Security and Defence Policy (CSDP). Article 69 spanning Chapters 4 and 5 of the Treaty sets out requirements for judicial and police cooperation in criminal matters. The Member States are to cooperate in prevention, detection, and investigation of criminal offences, and utilize the support of the European Union Agency for Law Enforcement Cooperation (Europol). The provisions on judicial and police cooperation in criminal matters apply to the following areas of crime: terrorism, trafficking in human beings and sexual exploitation of women and children, illicit drug trafficking, illicit arms trafficking, money laundering, corruption, counterfeiting of means of payment, computer crime and organised crime (Art. 69 B, 1.). At the

EU-level, no one Directive explicitly covers the financial investigation process, as it remains a national area of responsibility. In recognition of the requirement for cross-border financial investigations, EU instruments cover some parts of the process. According to Simonato and Lassalle (2015), the efforts concentrate on three fronts, namely, information exchange between authorities and sister entities, the mutual recognition of judicial decisions (in asset freezing and asset confiscation), and the harmonisation of national legislation regarding confiscation regimes. Provisions affecting the financial investigation process largely rest with the EU instruments governing asset recovery and confiscation and AML/CTF regimes. Hence, these are used as the primary legislative reference points throughout this thesis.

Serious Organised Crime and Terrorist Financing

This study examines financial investigations in the context of serious organised crime and terrorist financing. Both threat vectors share a transnational nature and merits cross-border cooperation, a requirement recognized in EU policy response.

Terrorist threat to the security of the Union, in the form of radicalisation and attacks, remains acute (Europol, 2023). In 2017, the EU Directive on Combating Terrorism (2017) extended the definition of terrorist offences to include terrorist financing. Article 11.1 of the Directive specifies that terrorist financing includes direct or indirect provision or collection of funds, with the intention or knowledge that they will be used (in full, or in part) to commit terrorist offences.

Organised crime, specifically, drugs trafficking, human trafficking, cybercrime, and excise fraud, pose a major threat to the Union (Council

of the EU, 2023). Europol's Serious and Organised Crime Threat Assessment (SOCTA) 2017 emphasized "the complex and flexible nature of modern organised networks". Organised crime can include economic crimes, such as corruption, fraud, or currency counterfeiting, trafficking (in human beings, drugs, or firearms), cybercrime, and illicit waste trafficking, among others. It is distinctly different from opportunistic crime, whereby individuals act on their own, not in a pre-planned, organised, and continued manner, hence having a lower impact potential in causing harm to the society (for the separate crime events).

Conceptually, counterterrorism (in the case of this study, specifically, countering terrorist financing) and fight against organised crime continue to be perceived as separate lines of efforts, due to a delineation between law enforcement and military areas of responsibility. However, convergence points are present, both in the crime phenomena themselves, and in the financial investigation approach. Makarenko and Mesquita (2014), as well as Shaw and Mahadevan (2018) point towards growing evidence that terrorist groups and organised crime networks evolve in similar tactical directions and engage in expertise exchange. The crime-terror nexus is explicitly recognized in the 2018 EU Directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (5th AMLD). The AMLD started addressing both money laundering and terrorist financing together already from its 3rd iteration in 2005, following the Financial Action Task Force (FATF) revision of its standards on the fight against money laundering to include terrorist financing, in response to the 9/11 attacks (Salas, 2005). The 2020 EU Commission proposal on creating an EU police cooperation code lists terrorism in the serious and organised crime category. Thus, terrorism and organised crime are perceived as separate, yet linked crime phenomena, and are suitable to be examined

side by side in the thesis, without overstretching its scope. Hence, the overarching research question this work will tackle is as follows:

How are financial investigations conducted in the EU in cases of serious organised crime, and terrorist financing?

Dissertation Roadmap

The Background section of this thesis explains in detail the key terms, such as asset-focused crime control measures, financial investigations, money laundering, and terrorist financing. Afterwards, the Methodology chapter elaborates on the field analysis research design, and the methods utilized in this study, namely, critical discourse analysis, semi-structured interviews, and participant observation. The Critical Discourse Analysis section discusses the results of analysing EU policy on asset recovery and confiscation and AML/CTF, more specifically, relevant changes across legislative iterations, and the context of said changes. The Financial Investigations Overview offers a description of relevant (to the financial investigation) stakeholders, cooperation instruments, and information exchange platforms. It then brings all these elements together in illustrating how financial investigative measures might be utilized during reactive and proactive investigations. Then, the Discussion lists and explains some challenges associated with financial investigations, as identified in the study. The chapter also discusses limitations of the research project. Lastly, the Conclusion offers a summary of the work, its applicability, and recommendations for future research.

Background

This section explains the key terms of the thesis. The theoretical

background is crucial to the understanding of further analysis. The section is organised in accordance with Figure 1. Firstly, it introduces the follow-the-money approach as the framework within which the process, i.e., financial investigation, is set. The framework is operationalised at the EU-level via the asset recovery and confiscation and anti-money laundering and counterterrorist financing (AML/CTF) regimes. Secondly, this section describes the financial investigation process, and how it is integrated with criminal investigations. Thirdly, it examines criminal proceeds as the target toward which the financial investigations process is geared. Moreover, it discusses relevant [to this thesis] asset obtainment and obfuscation tactics.

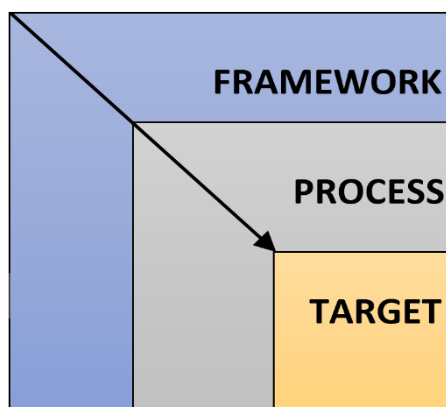

Figure 1: Key concept relationship

Framework

Asset recovery and confiscation is a crime control measure that targets and seeks to deprive offenders of their criminal proceeds. It is the practical expression of the follow-the-money approach, first instituted by United States, alongside Canada, Great Britain, and Italy, and currently employed across the EU as well.

As recounted by Naylor (2001), U.S. Drug Enforcement Administration in 1979 identified capital as a key element which allows for regrouping of criminal organisations and constitutes the backbone of their operations. Hence, the aim of focusing on the assets is to deter engagement in financially motivated criminality, and to disrupt criminal elements and their operations by removing the means of financing further activity. Moreover, as explained in a United Nations Office on

Drugs and Crime (UNODC) publication (2012:10), “if the money is not followed, crime pays”. On the one hand, this mean that criminals are more likely to risk conviction and imprisonment, if they are to receive their proceeds even after enduring a sentence and have their family taken care of throughout it by other members of the criminal enterprise they belong to. On the other hand, confiscation of criminal assets is also an attempt at restitution to victims, and reimbursing the costs of crime to society at large (Center Advancement Public Integrity, 2016). In summary, asset recovery and confiscation is generally regarded as an indispensable measure in disrupting serious and organised crime (European Commission, 2022).

Asset recovery consists of five phases, which include the asset tracing, freezing of identified assets[2], issuance of court-ordered confiscation of assets, execution of the confiscation order, and execution and disposal of the confiscated assets (Boucht, 2019). In the EU, the regime is currently governed by the 2022 Directive of the European Parliament and of the Council on Asset Recovery and Confiscation. This Directive, its previous iterations and associated documentation is further analysed in the Critical Discourse Analysis Section. Confiscation usually falls into one of two categories, i.e., criminal / conviction-based confiscation, or administrative / non-conviction-based confiscation. As the name suggests, the former is carried out after securing a conviction against an

[2] Based on Article 2 of the EU regulation on the mutual recognition of freezing orders and confiscation orders (2018/1805), a freezing order refers to “a decision issued or validated by an issuing authority in order to prevent the destruction, transformation, removal, transfer or disposal of property with a view to the confiscation thereof”, and a confiscation order is “a final penalty or measure, imposed by a court following proceedings in relation to a criminal offence, resulting in the final deprivation of property of a natural or legal person”.

offender, and they are deprived of their assets as part of the sentence. Non-conviction-based confiscation applies when warranted during an investigation (e.g., cash seizures at border enforcement points) or when the conviction cannot be secured due to the offender being absent for reasons of illness, flight, or other relevant circumstances, as determined by court. The assets confiscated are either proven to have directly resulted from or be related to a criminal offence, or be value-based, meaning that the amount is derived from an approximation as to the profit the crime could have reasonably generated (UNODC, 2018).

The asset recovery regime is closely related to anti-money laundering and countering terrorist financing (AML/CTF) efforts. In the EU, these are governed under the Anti-Money Laundering Directive[3]. This Directive, its previous iterations and associated documentation is further analysed in the CDA Section. The main goal of AML/CTF policies is to safeguard the financial market and fight economic and financial crimes, including, but not limited to, money laundering and cyber-enabled fraud. The connection between the regimes manifests itself in several aspects. In one sense, since the act of money laundering has been criminalised, the laundered profits are subject to asset freezing and confiscation. Additionally, criminal enterprises utilize money laundering tactics to integrate their criminal proceeds in the legal economy. Thus, to execute confiscation, the assets must initially be traced, despite the asset obfuscation techniques. Both regimes are also supported by financial investigations (see Figure 2, p.14).

[3] Sixth revision came into effect in December 2020.

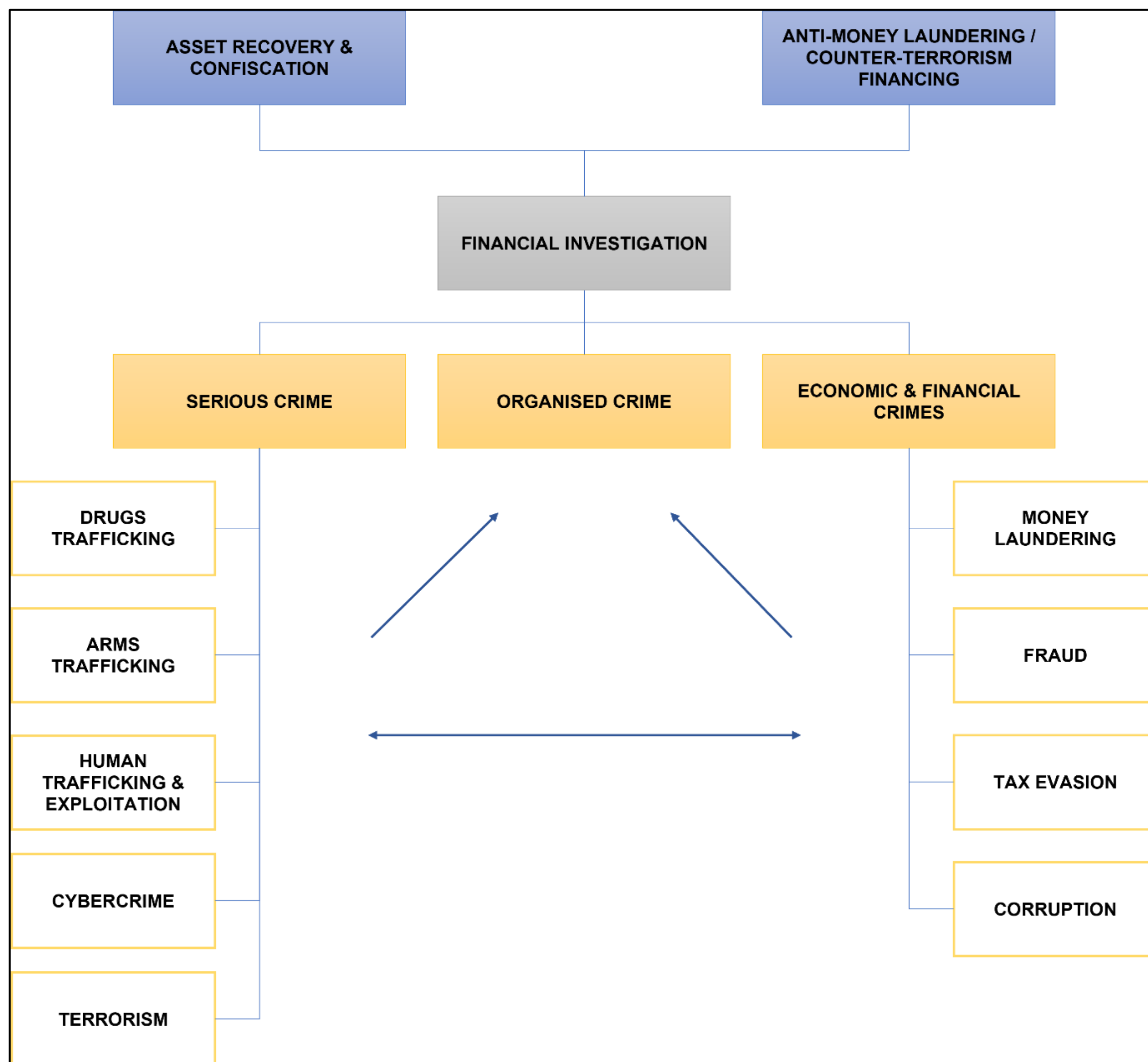

Figure 2: Key concept relationship in detail. Adapted from Čudan et al. (2012).

Process

According to Boucht (2019), “the efficacy of asset confiscation regime is [..] contingent on the prior financial investigations being thoroughly and efficiently conducted”. Financial Action Task Force (FATF)[4] (2023) defines financial investigations as “an enquiry into the financial affairs

[4] FATF is an inter-governmental organisation, which sets out standards for countering terrorist financing and money laundering globally.

related to a criminal activity."[5] The aims of such enquiry are to identify criminal networks and their extent, to identify and trace assets (predominantly proceeds of crime and terrorist funds), and to develop evidence for criminal proceedings (unless it relates to a case in non-conviction-based asset recovery). Financial investigations can be autonomous or integrated with traditional criminal investigations. (Simonato & Lassalle, 2015). They are also categorized as proactive or reactive, meaning that either the financial investigation process is initiated in response to the requirements of an on-going criminal investigation, or it is started based on financial intelligence that warrants further investigation (Ballin, 2012). Financial investigations run in parallel with criminal ones can help create the investigative narrative and build investigative hypotheses. The investigative narrative can be constructed by answering the 5WH + H questions, namely, who the victim is, what has happened, when did it happen, where did it happen, why did it happen, and how did it happen (Staniford, 2014). Financial investigations can, firstly, derive information from the investigative narrative. Mendell (2011) offers a simplified investigative checklist for financial asset investigations. The preliminary steps include obtaining information on basic personal identifiers, including, but not limited to, name, and date of birth, and subject's relatives and potential associates. These may be utilized to conduct further research in basic public databases, in conjunction with other financial intelligence sources (discussed below). Additional measures include analysing a subject's hidden assets and involvement in underground economy or criminal enterprise. Secondly, financial investigations can add to the investigative narrative by mapping out criminal networks by following transactional chains and company registration information, linking people and places,

[5] This definition is adhered to in the EU.

and locating suspects, victims, and witnesses by examining transactional history (FAFT, 2012).

The financial investigation process is informed and guided by financial intelligence. The competent authorities with access to financial information can be judicial, law enforcement, or administrative actors, like prosecutors, investigators, Financial Intelligence Units, and Asset Recovery Offices. These authorities are discussed in more detail in the Financial Investigations Overview. There are also commercial actors conducting some form of financial investigation to support client business needs. Depending on their mandate and goals, all these actors predominantly utilize financial information / intelligence[6] to conduct either strategic analysis, operational analysis, sector-based and national risk assessments, and / or triangulation with criminal intelligence. To put the practice in the context of the Intelligence Cycle[7], the competent authorities would set their intelligence requirements, based on the intelligence product methodology. This would normally include financial information on "income, expenses, assets, business activities, social and business networks, associates, travel and other activities of individuals and businesses" (Walton, 2013). Authorised entities obtain the information predominantly through engaging the private sector (financial and non-financial), as well as using public registries, and analysing

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[6] Intelligence is the combination of information, and an assessment of the information. As an example, competent authorities would sometimes obtain financial information, such as inputs from tax records. They can also receive financial intelligence shared by FIUs, where the information has been collated and assessed by the FIU (Bacarese, 2009).

[7] 1) Defining intelligence requirements, 2) collecting data, 3) processing data (categorizing data, evaluating reliability, analyzing significance), and 4) disseminating the intelligence product to the relevant stakeholders (Phythian, 2013).

available online sources. In all EU countries, select private sector entities (referred to as obliged entities) are under a legal duty to share information and proactively report suspicious financial activity through Suspicious Transaction Reports (STRs). Previously, this list included only financial and credit institutions, but it has expanded to also include notaries, tax advisors, casinos, and virtual currency exchange platforms, among others. The acquired information is analysed to evaluate whether it can support or warrant an investigation, or be used for further sectoral trend analysis. The intelligence products are disseminated internally and to partner organisations (e.g., FIUs passing on reporting to the police, or other FIUs) (European Commission, 2018).

Target

The financial investigations process is concerned with targeting criminal proceeds or assets. Assets include "any property, movable or immovable, tangible or intangible, held by an individual or a legal entity". They are classified as "criminal" whenever the assets are the direct proceeds of a crime, the indirect proceeds of a crime (i.e., assets obtained from using the direct proceeds of a crime), or instrumentalities of crime (assets utilized to conduct the crime) (Europol, 2023). As an example, criminal assets can be obtained as a result of drugs trafficking, arms trafficking, or cybercrime[8], and / or through conducting economic and financial crimes, in particular, money laundering, or they can become "criminal" when intended for or actually used to support terrorist activity.

[8] Cybercrime is understood as a stand-alone crime, and as enabling various forms of serious and organized crime, e.g., child sexual exploitation, as well as economic and financial crime, such as payment fraud or money laundering (also referred to as cyberlaundering).

AML/CTF regime tackles money laundering and terrorist financing under one umbrella, as the two have similar execution paths, which are reflected in Figure 3 (p.20). Money laundering normally takes two forms, either what is regarded as self-laundering or professional money laundering. Self-laundering refers to the situation where a criminal network engages in illicit profit concealment on their own, whereas professional money laundering is a service provided to the criminals by financial experts who would launder the money for them (laundering-as-a-service) or provide advice on how to do it (UNODC, n.d.). In general, money laundering is deemed to have three distinct phases, namely, placement, layering, and integration (Schneider & Windischbauer, 2008). Placement refers to the first transaction using "dirty" money. This occurs when the subject buys certain goods or services, or deposits money through a financial institution, a money exchange bureau or cryptocurrency exchange. During this phase, various techniques / placement entry points are commonly utilized, namely, smurfing, gambling, using cash-intensive businesses, or buying cryptocurrencies. Smurfing refers to the practice of dividing the laundered money in smaller portions to circumvent legislation that dictates obligatory reporting on transactions exceeding a certain amount. The smaller sums are deposited in a bank or transferred to different accounts by money mules[9]. Additionally, cash can be laundered by exchanging it for casino chips, keeping most of them, and then requesting a money transfer or payout, portraying them as winnings. The money launderer could also be controlling the casino or a cash-intensive business, like a convenience store or a restaurant, and mix in the criminal proceeds with legitimate

[9] These persons, either already known to the offender, or recruited otherwise (e.g., through online advertisements), would move funds for a small fee, either through bank accounts, checks, virtual currency, pre-paid cards, or money service businesses (FBI, 2020).

income (UNODC, n.d.). It is also possible to purchase cryptocurrencies by cash, either using deposit ATMs, in person or posting the money via mail (provided that prior trust has been established). The layering phase refers to the further concealment of the illicit proceeds by eliminating the documentation trail. The obfuscation techniques applied at this stage can include the use of fictitious legal entities, especially in offshore jurisdictions, trade-based money laundering, or changing the form of assets. Respectively, the money can be further transferred across different jurisdictions, especially ones with poorer AML/CTF regulations, to make subsequent tracing by competent authorities more difficult. Trade-based money laundering refers to falsifying business invoices. In the case of over-invoicing, a business would create an invoice for goods that are never actually delivered, but the payment to the perpetrator's account is, nonetheless, effectuated. Lastly, the criminal assets can be further invested in stocks or precious metals, which are then resold (FAFT & Egmont Group, 2020). The third or integration phase ensures that the criminal assets are perceived to have a legitimate origin by creating fictitious loans or investing in real estate (Limani, 2016). As reflected in Figure 3 (p.20), finances raised for sponsoring terrorist activity can originate from both illicit proceeds and legitimate sources, such as salaries, student loans, or crowdfunding. The decline in state-sponsored terrorism and seeking alternative means of financing has been one of the drivers of convergence between serious and organised crime and terrorism. Whilst the degree of convergence differs from state to state, various terrorism-related elements also seek to generate criminal proceeds to fund their activity (e.g., narcoterrorism) (73/2019/WEB). Similar to cases of money laundering, the funds intended to finance terrorism are first placed in the legitimate economy via cash transactions and bank deposits. Additionally, some terrorist

financers move their funds via *hawala* banking system[10], oftentimes directly reaching the destination. The destination of the clean funds is either the individual terrorist, sympathizers, terrorist cells, or terrorist organisations. It is important to note that this section has summarized the most common money laundering and terrorist financing scenarios. The schemes are always evolving, might not be adhering to all presumed phases / stages, and identifying and tracking them from an investigator's point of view requires high degree of adaptability and innovation.

[10] The *hawala* system is an unregulated service, based on trust, whereby money is transferred without its physical movement, i.e., cash payment is received by one merchant in location A, and it is paid out by another merchant in location B. While some of these money lending brokers are doing some reporting, the practice is generally undocumented and anonymous (Teichmann, 2018).

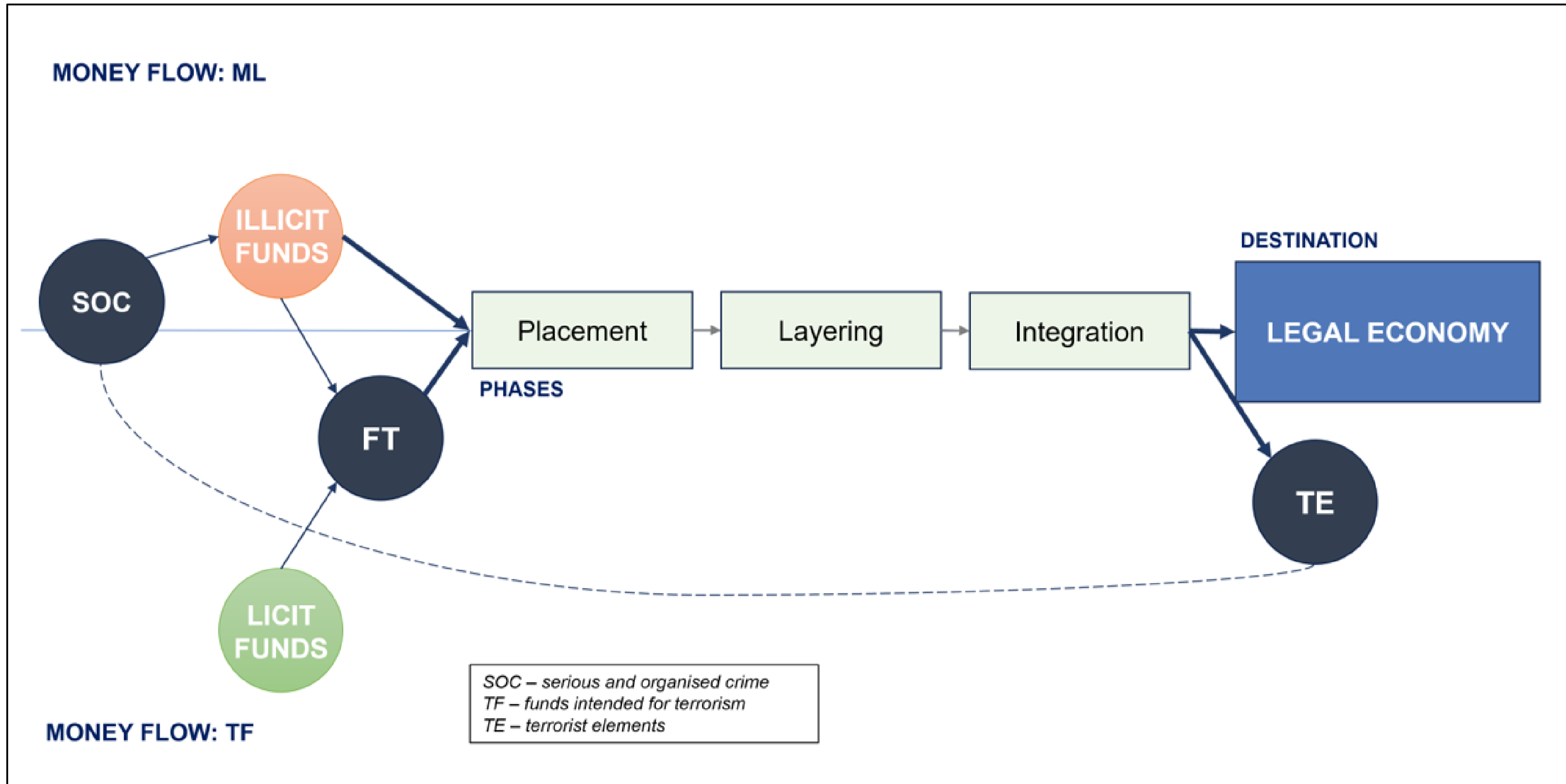

Figure 3: Representation of money flows in money laundering (ML) and terrorist financing (TF). Adapted from 3032/2023/WEB.

Methodology

Field Analysis

This study employs a field analysis research design. This section will, firstly, elaborate on the approach, and, secondly, explain its application in the context of this research.

Field theory was conceptualized by the French sociologist Pierre Bourdieu. Jenkins explains the object of Bourdieu's theory, the field, as "a structured system of social positions, occupied either by individuals or institutions, the nature of which defines the situation for its occupants [=actors]" (Jenkins, 1992:53). The concept of field serves as an alternative to analysis that concentrates on specific institutions, organisations, or groups, as it can account for all these elements (Swartz, 2020). Whilst initially presented by Bourdieu in a national context, the approach was promoted within the critical security studies by Didier Bigo, who reimagined the field as applicable to the transnational dimension (Bigo, 2020). This change has aided the theory, initially formed and utilized within sociology, to find more traction in intelligence studies and criminology, as key themes, e.g., international intelligence sharing and regional security governance, which also appear in this study, inherently exist in and demand consideration of transnational factors (Hoffmann et al., 2023., Bowden, 2021). A key concept associated with the field is habitus. Habitus encompasses schemes generated by history and subjective predispositions, which create and continuously mould the individual and collective practices of actors (Jenkins, 1992). Habitus is ever-changing, according to the constraints and expectations that both the field and its actors are subject to (Hoffmann et al., 2023). A field analysis considers the field, the habitus, and the practices, and it is fit for an examination of "a professional sector, united by a common meta-identity", which the

stakeholders, like the law enforcement officials, policy makers and intelligence officers involved in the financial investigations process, form (Salter, 2013:19). Generally, the phases of a field analysis consist of:

1. conducting background research to construct an understanding of the field,
2. mapping out the actors' relations through discourse, policy, historical, and legal research,
3. utilizing participant observation or interviews to understand everyday practice and habitus,
4. analysing findings and communicating them (Salter, 2013; Bourdieu & Wacquant, 1992).

To tackle its overarching research question, this study aims to:

- contextualise the practice of financial investigations through a critical discourse analysis (CDA) on targeting assets,
- identify the main stakeholders constituting the field associated with the specific practice of financial investigations,
- understand the stakeholders' functions and their interrelationships through semi-structured interviews and participation in online training tailored to the stakeholders,
- bring these findings together in an overview of the financial investigations' process.

Whilst the investigative function traditionally sits with the police, recent history has seen a growing "pluralization of policing" due to, for example, demands for accountability and oversight, increased reliance on and cooperation with the private sector (Bowden, 2021). Moreover, the financial investigations are underpinned by the financial intelligence cycle, which can involve police, intelligence, and private sector entities,

both in the client or service provider function. Hence, the field is made up by heterogeneous actors. As identified by Hoffmann and colleagues (2023:327), field analysis allows for a more inclusive view "by incorporating actors not commonly viewed as intelligence actors, but which effectively conduct similar work or work closely associated with intelligence, such as the police, the military or private, commercial actors".

Additionally, whilst all actors operate within the EU, they effectively belong to both their national and EU fields. This introduces an important dichotomy, with convergence in practices and similarities, as well as deviations. Field analysis allows for an investigation of similarities in shared beliefs and norms (Hoffmann et al., 2023). DiMaggio and Walter (1983) elaborate on the organizational theory, based on Bourdieu's understanding of the field, which presumes that actors with structural equivalence (similarity in position in the field or network) and connectedness (the existence / degree of transactions tying the entities together) can lead to institutional isomorphism. They differentiate between coercive (politically induced), mimetic (borrowing of practices), and normative (associated with professionalization) isomorphic change. This understanding is brought to the attention of the reader to have the basis on making conclusions for similar entities across the EU. The study is limited in its ability to survey all of them due to resource constrictions, hence no true generalizations can be made, however, a degree of similarity can be assumed under the organizational theory, and shared legislative framework.

Critical Discourse Analysis

To contextualise the financial investigations practice, this study initially conducted a critical analysis of the discourse surrounding the targeting

of assets as a crime control measure in the European Union. The analysis specifically looked to:

- identify what legislative changes have been introduced since the 2000s in the AML/CTF and asset recovery regimes,
- how these changes have been justified,
- what contextual factors have driven these changes. These can include, but are not limited to, significant security events taking place around the same time, and societal pressures, the originator of the proposals, and associated power relations.

CDA is a qualitative research method, aimed at describing, interpreting, and explaining how a particular discourse is constructed, and how ideologies and power are exhibited through language (Milliken, 1999). The approach is highly interpretative, and goes beyond the main data sources, by relying on context-providing material (chosen at the researcher's discretion) (specifically connected to steps two and four below).

The CDA is conducted, following Mullet's (2018) six-step framework:

1. discourse selection,
2. exploring the background of each text,
3. coding the texts and identifying overarching themes,
4. analysing the external and internal relations in the text (social context, aims),
5. and interpreting findings.

The CDA utilized 11 primary texts (see Tables 1 and 2). These were separate for the asset recovery and confiscation (6) and anti-money laundering / counterterrorist financing (AML/CTF) regimes (5). The selected texts are of legal nature, either Council Framework Decisions,

EU Directives, or Proposals for Directives, accessible on EUR-Lex website, and published after the year 2000. In the case of AML/CTF group, the second Anti-Money Laundering Directive (AMLD) was chosen as a starting point, as the third AMLD saw the introduction of provisions for CTF as well. All texts were coded using ATLAS.ti. Inductive coding approach was utilized in theme identification.

Table 1: Asset Recovery and Confiscation Texts

No.	*Text*
1	Council Framework Decision of 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime (2001/500/JHA)
2	Council Framework Decision of 22 July 2003 on the execution in the European Union of orders freezing property or evidence (2003/577/JHA)
3	Council Framework Decision of 24 February 2005 on Confiscation of Crime-Related Proceeds, Instrumentalities and Property (2005/212/JHA)
4	Council Framework Decision of 6 October 2006 on the application of the principle of mutual recognition to confiscation orders (2006/783/JHA)
5	Directive of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union (2014/42/EU)
6	2022 Proposal for a Directive of the European Parliament and of the Council on asset recovery and confiscation

Table 2: AML/CTF Texts

No.	*Text*
1	Directive of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering (2001/97/EC)
2	Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (2005/60/EC)
3	Directive of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (2015/849/EU)
4	Directive of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (2018/843/EU)
5	2021 Proposal for a Directive of the European Parliament and of the Council on the mechanisms to be put in place by the Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and repealing Directive (EU) 2015/849

Semi-structured interviews

The semi-structured interviews were conducted to validate initial findings

on the financial investigations’ process and generate a better understanding of the field habitus. The literature review and the CDA conducted prior allowed for mapping of the stakeholders. In recognition of the difficulty in accessing security actors, the goal for this study was set to six respondents, preferably from different stakeholder groups, both national and EU-level institution representatives. The interview recruitment process resulted in eight interviewees of four nationalities, and of four stakeholder groups. A combination of snowball and convenience sampling were used. Recruitment strategies included leveraging personal contacts, obtaining referrals, or using openly available functional mailbox addresses to message target institutions. Only the first strategies approaches resulted in recruitment. The interviews lasted, on average, thirty minutes, and consisted of eight to ten questions.

Participant Observation

A form of participant observation was conducted by participating in online training courses consumed almost exclusively by law enforcement and judicial sector professionals within the EU. The purpose of participation in these online seminars was to further validate findings in literature and the interviews, observe what content is provided and infer what are the collective knowledge gaps, and learn about how different modes of cross-border cooperation are executed practically (as many presentations include real-world concluded case examples). The online seminars were hosted on the European Union Agency for Law Enforcement Training (CEPOL) platform LEEd, to which the researcher was granted access by their national law enforcement authority for research purposes. The information gathered through course participation has been integrated in the Financial Investigations Overview. The course and webinars attended required no nomination

(self-enrolment), and covered the thematic areas of criminal finances, money laundering and asset recovery, financing terrorism, joint investigation teams, information exchange and interoperability, EU cooperation tools and mechanisms. The list of the course and webinars is as follows and will be referred to in text by their course codes:

- *Judicial Cooperation*, 3016/2023/WEB,
- *The role of financial intelligence units in counterterrorism*, 3023/2023/WEB,
- *Camden Asset-Recovery Inter-Agency Network (CARIN)*, 28/2020/WEB,
- *Mapping and analysis of offshore investments*, 3021/2022/WEB,
- *Follow the money in crypto space*, 08/2021/WEB,
- *Money laundering and terrorist financing threats, vulnerabilities and risk indicators in the Financial Technology field,* 18/2020/WEB,
- *Combatting payment fraud: trends, threats, and resources,* 3005/2023/WEB,
- *Anti-Money Laundering Operational Network (AMON)*, 27/2020/WEB,
- *EU policy cycle for organised and serious international crime,* 2021/C
- *International cooperation tools for prevention and administrative proceedings,* 3018/2023/WEB,
- *EU's priorities for the fight against serious and organised Crime for EMPACT 2022-2025,* 32/2021/WEB,
- *Europol's Operational Task Force supporting the fight against high-risk criminal networks,* 3029/2023/WEB,
- *Joint investigation teams: Concept and supporting tools,* 38/2020/WEB.

Critical Discourse Analysis

In line with the steps set out in the Methodology section, this chapter first identifies legislative changes in the asset recovery and confiscation, and the anti-money laundering / counterterrorist financing (AML/CTF) texts, coupled with explanations on what the changes might imply. Afterwards, the overarching themes surrounding the discourse on asset-focused crime control measures are discussed. The analysis posits that the asset-focused crime control measures are justified through the securitization of the EU financial market, and amplified as a reaction to large-scale crime events. Additionally, it finds that the EU lawmakers are attempting to harmonise regulation and fight the effects of varying interpretation in legislative transposition across the Union by introducing more elaborate provisions, oversight bodies, and changing the nature of the language from recommendations to obligations. One obligation is mentioned quite often, and that is the need to collect and share statistics on asset recovery and confiscation, as the Union struggles with estimating the actual criminal proceeds in its economy and measuring the effectiveness of its asset-focused crime control policies. Moreover, the analysis picked up on an increase in provisions ensuring transparency, and this is contextualised with the societal response to recent corruption scandals. Lastly, both the asset recovery and confiscation and the AML/CTF regimes are evaluated in respect to their connectedness, and it is concluded that close legal integration is absent.

Legislative Changes

This section aims to summarize the primary changes introduced by the subsequent iterations of the legislation. The summary is geared towards providing the reader with an understanding on the content of the EU legal framework as it pertains to asset recovery and confiscation, and

AML/CTF, and its evolution, as the financial investigations process is nested in these legal procedures.

Asset Recovery and Confiscation

The start of the decade saw the introduction of Council Framework Decision 2001/500/JHA, which amended the 1998 Joint Action 98/699/JHA, the first EU-level measure on freezing and confiscation of illicit profits. The Framework Decision, albeit limited in scope[11], aimed to harmonise provisions on confiscation and criminal sanctions for money laundering, by “calling for the approximation of criminal law and procedures on money laundering” (para. 4) among member states, in accordance with the 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. It also provisioned that member states are to treat asset identification, tracing, freezing, and confiscation requests from other nations with the same priority as domestic ones (art. 4). This was done to expedite procedures in cross-border asset recovery cases and deny the offenders more time to move / conceal their assets.

To enhance aspects of judicial cooperation, Council Framework Decision 2003/577/JHA laid down rules on executing pre-trial or freezing (property or evidence) orders. These were now subject to the principle of mutual recognition, i.e., the receiving state was to recognize and timely execute orders issued in the requesting state, unless any of the four provisions for non-recognition and non-execution apply, such as not producing the complete order accompanying certificate, or the act on which the order is based on not constituting a criminal offence in the receiving state (art. 7). This provision was instituted to push member

[11] National Criminal Law harmonisation applied only to financial crimes.

states towards being more receptive to accommodate different jurisdictions, and institute compromise solutions.

The following piece of legislation, Council Framework Decision 2005/212/JHA, introduced two more significant aspects. Firstly, it leveraged the 2002 Initiative of the Kingdom of Denmark, and transferred the onus of proof to the suspected offender to demonstrate the lawful origin of alleged proceeds of crime (para. 6, O J C 184, 02/08/2002). This practically meant an increased likelihood of suspected criminal assets being confiscated, as offenders were expected to struggle to prove the legitimacy of their assets. Secondly, it extended the powers of confiscation to more crime types, in particular, terrorism-related offences (art. 3), thus allowing for freezing and confiscation of assets of both suspected (during the investigation phase) and convicted terrorists.

In the year that followed and in light of insufficient transposition of previous frameworks into national legislation, Council Framework Decision 2006/783/JHA formally extended the mutual recognition principle to include confiscation orders as well, and introduced the governing provisions. Council Framework Decisions 2003/577/JHA and 2006/783/JHA have now been brought together under and formally replaced by Regulation (EU) 2018/1805.

As noted in Directive 2014/42/EU, the uptake and effectiveness of the asset recovery and confiscation regime within the EU was rather conservative. Hence, to encourage use of confiscation procedures, the scope was extended to all offences punishable with imprisonment of at least one year. It also employs a broad definition of property that can be subjected to freezing or confiscation, including reinvestment and transformation of direct proceeds of crime (para. 11). In similar vein, the

scope of offences subject to extended confiscation, or removal of property, which is not directly derived from criminal conduct, was expanded (art. 5). Moreover, confiscation from third parties, in case where transferral of assets to third parties was done to avoid confiscation, is introduced (art. 6). The Directive speaks of Asset Management Offices (AMOs) that are to deal with the management (e.g., keeping, selling) of frozen and confiscated assets (art. 10). In this point in time, the creation of such offices is at a level of suggestion. Member states are also obligated to collect and provide statistics on asset recovery and confiscation (art. 11), clearly indicating the issue of not having enough transparency on the regime within the Union.

The new Directive on Asset Recovery and Confiscation, as set out in the 2022 Proposal, is looking to absorb previous Council Framework Decisions (2005/212/JHA and 2007/845/JHA), and the 2014 Directive. To facilitate cross-border cooperation in asset identification and tracing, and based on the idea of the existing Camden Asset Recovery Inter-Agency Network (CARIN)[12], established in 2004, Council Framework Decision 2007/845/JHA set out a suggestion to member states to create their national Asset Recovery Offices (AROs). These are entities specialised in asset identification, tracing, and seizure. This suggestion has now taken a form of a requirement in the Proposal. Same applies to AMOs. The remit of ARO powers has been expanded to include temporarily freezing property. The new Directive would again be extended in application scope, and include obligations for member states to systematically launch financial investigations (i.e., to be conducted automatically at the start of any criminal investigation), adopt a national

[12] CARIN was initially established by Austria, Belgium, Germany, Ireland, Netherlands, and the United Kingdom to exchange knowledge on confiscation of proceeds of crime.

strategy on asset recovery (art. 24), and set up central registries containing relevant information for AROs and AMOs (art. 26). Moreover, confiscation would be possible based on suspicion of involvement in organised crime activities (art. 16). This practically would mean that less evidence is necessary to apply for a confiscation order, and it can be granted if a judge concurs with the suspicion.

Anti-Money Laundering / Counter-Terrorist Financing

Directive 2001/97/EC or the 2nd Anti-Money Laundering Directive (AMLD2) constituted the first amendment to the original 1990 AMLD. Whilst AMLD1 was concerned with proceeds generated by drug-related offences, AMLD2 sought to expand the application scope to a wider range of predicate offences[13]. The responsibility to report suspicious activity / transactions to national Financial Intelligence Units (FIUs) was also extended, alongside banks, to cover investment firms, money exchange services, as well as notaries and independent legal professionals (collectively referred to as obliged entities) (art. 2). The FIUs were also expected to exchange information with each other, as provisioned in Council Decision 2000/642/JHA[14]. Member states at that time had already set up FIUs under the auspices of the preceding international initiative, the Egmont Group, established in 1995, which continues to be an influential authority and basis for information exchange.

Directive 2005/60/EC or AMLD3 extended the provisions to terrorist financing (para. 8), and extended the reporting duties to life insurance, trust, and company service providers (para. 15). The Directive is also

[13] A predicate offence refers to the crime that generated the proceeds laundered.

[14] Decision 2000/642/JHA has since been amended by Directive (EU) 2019/1153.

notable for its introduction of a risk-based approach, and provisions for customer due diligence (simplified and enhanced). Moreover, administrative sanctions were introduced to penalize obliged entities for legal infringements (art. 39), a negative incentive to ensure compliance with reporting obligations.

The following iteration of the AMLD or Directive 2015/849 once again extended the obliged entity list to include various designated non-financial businesses and professions, such as gambling services, and all persons making or receiving payments of ten thousand euro or more (previously fifteen thousand) (art. 2). This provision was set to alleviate the poor voluntary reporting rates from the non-financial sector. AMLD4 imposed an obligation to execute enhanced customer due diligence when dealing with clients in high-risk third countries, as determined by the EU Commission (s. 3, art. 18.1). Member states are additionally required to keep a central registry of information on beneficial ownership of all corporate and other legal entities incorporated within their jurisdiction. The Ultimate Beneficial Owner (UBO) register must be accessible to FIUs, obliged entities and any person demonstrating a legitimate interest, for transparency purposes (art. 30). FIUs are required to both receive reporting, and to be able to conduct operational and strategic analyses (art. 32). Annex II and III of the AMLD4 consist of a more detailed guidelines on risk factors to be considered by obliged entities.

AMLD5 (Directive 2018/843) is notable with its application scope extension to virtual currencies, and associated service providers, such as exchange services between virtual currencies and fiat currencies and custodian wallet providers. The Directive lists various provisions that allow for FIUs to request more information. This refers to the type of

information (e.g., virtual currency wallet addresses), and ease of request conditions. FIUs are also encouraged to exchange information spontaneously and avoid refusal of information exchange (para. 18). UBO registers are to be made publicly available.

ALMD6 is in the process of being fully implemented. However, its proposal has expanded the list of predicate offences, notably to also include cybercrime and environmental crimes. The proposal foresees the creation of an EU-level oversight body, the Anti-Money Laundering Authority (AMLA). AMLA would be, among other things, responsible for providing primary inputs in the periodic Union-wide AML/CTF risk assessment (p. 9). Similarly, member states are obligated to conduct national risk assessments to determine exposed sectors (art. 8). FIUs' role is enhanced, and they are confirmed as the single main entity responsible for receiving and processing the suspicious transaction reports, operating independently and autonomously (art. 17).

Discourse Themes

Portrayal of criminality

All texts pertaining to the AML/CTF regime root the necessity of the control measures in denying organised crime and terrorist organisation members the possibility to threaten the security and stability of EU financial market and institutions through the generation and use of their criminal proceeds. The analysis supports the findings of Carrapico (2014), which notes that financial markets and transactions have been increasingly securitized since the 1990s. The integration of tainted funds in the legitimate economy is regarded as a crucial threat to the security of the Union, and legal and political interventions are justified as a response to the changing tactics of criminals. The fact that offenders

operate freely within the Union and outside of it due to globalisation and virtual, as well as anonymous transactions is also utilized to expand policy considerations to promote partnerships with non-EU countries, and extend EU's fight against organised crime beyond Union borders.

Compared to organised crime, which has enjoyed steady and continued attention of EU lawmakers, the policy response patterns are slightly different as it pertains to terrorism separately. Whilst terrorist attacks were nothing new to various individual EU member states, the 9/11 attacks served as the precipitating global event to create a collective EU-level response, such as extending the AMLD3 to terrorist financing. As highlighted by Kaunert and Léonard (2019), the uptake in EU counter-terrorism policies is closely related to terrorist attacks and their immediate aftermath period, which is fairly unsurprising, given that successful attacks tend to generate a wide-spread public outcry and highlight the existing system shortcomings. These findings are corroborated by Keatinge (2022), who specifically notes a recent decline in strengthening efforts on countering terrorist financing due to the lessened frequency and impact of terrorist attacks in the last few years. The aftermath of 2015 Paris attacks saw the expedited transposition of AMLD4, and the publishing of the 2016 EU Commission Action Plan for strengthening the fight against terrorist financing, which laid some foundation for the upcoming AMLD5 as well.

EU security integration

The setup of the Union, specifically its single market and the Schengen zone, presupposes strong interdependencies among the member states. Coupled with the aforementioned transnational nature of criminal enterprises, the EU continuously advocates for the collective response to crimes with a cross-border dimension, or "eurocrimes" (Art. 83(1) of

Treaty on the Functioning of the European Union). As noted by Demetriades and Vassileva (2020), the more sophisticated money laundering schemes involve the execution of each of its stage (i.e., placement, layering, integration) in different jurisdictions. The AML incentives are predominantly geared towards the placement stage. This effectively means that member states having relatively weaker AML controls can be used to access the other jurisdictions and subsequent identification, tracing, and recovery of assets is made highly difficult at the later stages and across multiple jurisdictions. The ever-growing legislative framework is losing its relative value, if it is not met with the required implementation speed and extent (Foffani et al., 2020). This factor is coupled with differential integration and enforcement issues. Differential integration refers to “any modality of integration or cooperation that allows states (members and non-members) and sub-state entities to work together in non-homogeneous, flexible ways” (Lavenex and Krizic, 2019). Whilst this allows for surface consensus, it stifles cross-border cooperation due to diverging definitions, practices, and authorities. Applied to the financial investigations setting at the most basic level, this means that investigators might not be aware of how to formulate requests for information (as the receiving state might not follow a standardized procedure), who to contact and collaborate with (as similar entities across member states might have differing functions) if there have been no preceding engagements.

Similarly, there are no true mechanisms for the EU to fully enforce a heterogeneous standard across member states. The EU Commission, as the “guardian of EU treaties” (Art. 17 of the Treaty on European Union) can, at most, bring a case of non-compliance before the Court of Justice of the EU, which can result in financial sanctions. Nonetheless, this would not apply in cases where the EU legislation is transposed, yet

subject to the interpretation of the member state. The variance in ways of transposition results in an uneven compliance level across the Union, thus, undermining the effectiveness of EU-wide crime control measures. This frustration seems to be picked up in the AMLD6 Proposal, which aims to set out a single AML rulebook. If implemented, it would leave little to no leeway for member states to apply their own interpretation of the rules (Schlarb, 2022). However, given that member states have thus far not been able to transpose the Directives within the set deadlines, sometimes being off by several years, compliance with the single rulebook could potentially extend these delays.

Return of investment

Despite considerable efforts, 2020 EU Commission assessment on the asset recovery and confiscation regime noted that “the assets currently being seized in the EU are not in line with the expectations of law enforcement authorities or of the public.” Indeed, the available estimations on asset recovery are not flattering, with around 98.9 percent of estimated criminal profit generated within the EU remaining at the hands of the offenders (Pavlidis, 2019). The phrase “ensuring that crime does not pay” is often used in EU’s rhetoric. Besides stripping offenders of their criminal profits, it also implies reimbursing the society for bearing the cost of criminality. This is reflected in art. 10(3) of Directive 2014/42/EU, whereby member states are strongly encouraged to consider investing the confiscated property in the public interest, likely to visibly promote the idea of justice being served and tax-payers money being well spent on law enforcement and asset recovery regime in particular. Nonetheless, the actual confiscated amounts are unable to balance the scales. Moreover, there still is no confident clarity as to how much criminal wealth is generated, how it is dispersed, what percentage

is confiscated, and what the real cost to the society is (Naylor, 2001; King, 2018). To truly assess any effectiveness of asset recovery, reliable, better and more data on criminal finance within the Union would be crucial. Hence, with each iteration of both asset recovery and confiscation and AML/CTF legislation, the obligation for member states to collect and report data, as well as share intelligence, is expressed more clearly and carrying a sense of urgency. As an example, subsequent iterations of AML/CTF legislation focus increasingly on expanding the extent of information sources competent authorities should be privy to and share with their EU counterparts, as well as what types of statistics the member states should be collecting and sharing. Nonetheless, it remains the member states' decision as to how they collect their national statistics and who they share it with, and whether they allocate enough resources for quality data to be produced and efficiently utilised in subsequent analysis that supports financial investigations.

Transparency

AMLD5 positions application of more stringent AML/CTF measures as a means to significantly enhance transparency within the Union to deny offenders the opportunity to exploit non-transparent financial structures (para. 4). This phrasing is likely reflecting several aspects. One of them was the general uptake in use of anonymous virtual currency transactions by offenders to move their illicit profits. Secondly, various large-scale financial scandals affecting the EU resulted in societal pressure for reform. As an example, in 2016, the Panama Papers revealed the use of offshore tax havens and complex corporate structures to conceal wealth, evade taxes, and engage in money laundering. The leaked documentation implicated several EU member

states and European politicians, including government officials and high-ranking individuals, who had offshore companies or engaged in questionable financial activities.

Moreover, the AMLD6 Proposal establishes an EU-level supervisory function, which would offset the potential national biases of local supervisory authorities, as these might not be fully independent of domestic political influence. Similarly, the lack of such authority has been associated by Demetriades and Vassileva (2020) with an inability to "independently verify or refute claims" against obliged entities within the Union. As an example, they mention the US Department of the Treasury's Financial Crimes Enforcement Agency's allegations against ABLV bank in Latvia, whereby it was accused of facilitating money laundering and other illicit financial activities. The US sanctions and reputational damage caused the bank to fail, albeit the allegations were never formally proven in court. The EU Commission remained silent on the matter. Whatever their findings might have been, having an EU-level supervisory authority opinion would have likely promoted the idea of better visibility and accountability across the Union.

Convergence (or lack thereof) of the regimes

AML/CTF initiatives and asset recovery and confiscation regimes are mutually reinforcing. This message is reiterated by FATF (2022), an authoritative source regularly inspiring EU legal provisions. Similarly, a 2020 Egmont Group report highlights the significant added value of cooperation between FIUs and AROs in asset tracing process, which underpins both regimes. However, freezing and confiscation of assets is at the forefront of the asset recovery and confiscation legislation, with less consideration given to identification and tracing. On top of that,

Eurojust (2019), in their asset recovery case analysis across member states, has highlighted the lack of awareness of the role of AROs and insufficient contacts between FIUs. Considering these factors, it comes as a surprise that there is a lack of consideration and integration between the two legally, and the reasoning for this partition is not addressed. It might the case that asset tracing is not tackled explicitly at the EU-level as it is related to intelligence gathering and processing that would likely remain within the sole remit of member states. Nonetheless, as evidenced before, the legislative texts are not composed solely of binding obligations, but also of suggestions, which could extend to the precise structuring of inter-agency cooperation, role segregation, and analysis requirements.

Financial Investigations Overview

Stakeholders

National-Level

Financial Intelligence Units

Financial Intelligence Units (FIUs) are central actors in the anti-money laundering and countering terrorist financing (AML/CTF) line of effort. All EU member states have an FIU, but these do vary by type, namely, administrative, judicial or prosecutorial, law enforcement, or hybrid (i.e., exhibiting characteristics of more than one type), according to the typology offered by the International Monetary Fund (2004). Hence, the powers and corresponding functions of FIUs across all EU member states may vary. However, their unchanging or core functions are to act as the receiving entity for suspicious transactions reports (STRs), analyse, and disseminate them. Thus, as the name suggests, FIUs work with and produce intelligence that supports the investigative work of the

competent authorities, which can directly initiate investigations in money laundering and terrorist financing cases, such as the police unit preventing economic crimes or the prosecutor's office. The divide between the intelligence and investigative work is less pronounced when the FIU is embedded in a law enforcement body, due to a closer integration of functions and reduced delay in passing on information to its recipients.

Regarding the first core function or receiving information, aside from the STRs, the FIUs can also be privy to receiving other types of reporting that they utilize in their analysis. These include reports on cross-border transportation of cash, or cash seizures, reports on foreign currency transactions, wire transfers, information on accounts held abroad by nationals or residents (Egmont Group, 2017). This information is normally shared by the obliged entities, tax and customs authorities, and other competent bodies. After receipt or collection, the analysts at the FIU process and prioritize the information to identify reporting which requires more in-depth analysis and that which can be shared more spontaneously with the FIU's clients.

After the pre-processing, the reporting is subject to analysis, which usually is either operational or strategic. Whilst operative analysis is geared towards detection and disruption of crime, strategic analysis offers longer-term foresight and bolsters the predictive, preventative aspect of crime control. Operational analysis is tailored to assist a specific case, it focuses on individuals, or criminal networks. Such analysis is usually done in response to a specific request from a law enforcement or judicial authority. These case-related requests for information can be either national or coming from another jurisdiction. As confirmed in the interview process by several respondents, some FIUs

conduct only strategic analysis, whilst some engage in both (operational and strategic). FIUs who do not conduct operational analysis themselves, would, according to the specific request, provide the relevant information (to the extent that it can be shared under their national legislation), or pass the request further to international partners. Strategic analysis output is geared towards identifying sectoral trends and patterns, money laundering risk typologies, risk indicators. During the analysis stage, the FIUs are generating new knowledge by contextualising received reporting with data from national databases and international information exchange platforms (e.g., FIU.net, Egmont Secure Web, goAML, SIENA, I-24/7), open-source data, and existing cases and judgments. FIUs also launch further information requests for the purposes of their analysis to other entities nationally or internationally, provided that "the information is necessary for the prevention, detection and combating of money laundering, associate predicate offences and terrorist financing" (EU Directive 2019/1153). Multiple respondents from national FIUs confirmed utilizing these information sources. The Latvian FIU utilizes information arising from their cooperation coordination group meeting. Such format is codified in Latvian national law and allows for ad-hoc meetings among the FIU, investigative and operative institutions, the prosecution, and the obliged entities. The coordination group meeting can be requested by any of the involved parties, and it can take place in any member composition, virtually or in person, sometimes not even lasting more than ten minutes. According to the Latvian FIU representative, such format is not yet used widely among the other FIUs. In their view, it has enhanced cross-institution collaboration. This viewpoint was seconded by another interviewee.

Analysis can result in either intelligence dissemination, or taking no

further action. The latter applies when the financial analysis does not produce any indication that the alleged suspicious activity stated by the reporting entity is taking place. If the FIU determines that the reporting they have received is indeed indicative of money laundering or terrorist financing, they pass this information on to law enforcement or judicial authorities, often with a recommendation to initiate criminal proceedings. This recommendation is normally not binding on the competent authorities, but is likely to be taken into account and executed. This is especially true if the FIU has the asset freezing powers. Some FIUs are vested with the power to issue an asset freezing order. Whether the FIU has the ability to freeze assets and the maximum duration of the imposed freeze depends on the jurisdiction. As noted by several respondents, freezing power is crucial to ensure that the suspected assets are not moved (and lost to the investigation) in the time it takes to flag them to the investigative authorities. In Latvia, the asset freezing order is accompanied by a statement, also referred to as the competent authority opinion, which in itself can be used as evidence for prosecution. This is noteworthy, as not all information provided by FIUs, especially across jurisdictions, can be used as evidence in court, as some information sharing arrangements do not allow for it. Strategic analysis assessments are shared with the investigative authorities, as well as supervisory bodies. Some of these assessments list risk indicators and scenarios that are shared with the obliged entities for them to improve their own and their internal security systems' ability to identify suspicious activity. All EU member states are also required to assess their exposure to money laundering and terrorist financing risks. Countries are not obliged to share the National Risk Assessment publicly, but many choose to do so, or at least circulate it within their information-receiving client base.

To improve the process of reporting, FIUs coordinate their public-private

partnership platforms. A representative from a national FIU explained that they regularly host wider-audience consultations and one-to-one sessions involving the obliged entities. These meetings are used to update participants on FIUs current work and upcoming projects, legislative developments, and encourages discussion on common concerns, problem scenarios. The one-to-one sessions focus on assessing individual compliance, revisiting reporting statistics and approach, with the aim to improve reporting quality. FIUs, as entities with a rather narrow focus on AML/CTF, often coordinate training of field colleagues, and other institutions. Whilst not directly tied to the investigation process, these activities are geared towards enhancing the efficiency of the underlying financial intelligence cycle and build rapport and trust among parties.

Asset Recovery Offices

Asset Recovery Offices (AROs) are specialised agencies engaged in asset tracing and identification to enable the asset recovery process both in national and cross-border cases. They work in close cooperation with or as part of law enforcement entities. As stated in the Legislative Changes subsection of this thesis, a 2007 EU Council Decision obliges member states to set up or designate at least one national ARO to ensure the fastest possible EU-wide tracing of illicit assets. According to Boucht (2019), within EU, 28 AROs have been set up. These are a part of an informal EU ARO Platform, established in 2009 by the EU Commission, to promote operational cooperation. The platform members exchange information through Europol's Secure Information Exchange Network Application (SIENA), and sometimes as part of Joint Investigations Teams (JIT). Another way of obtaining information is through the Camden Asset Recovery Interagency Network (CARIN), a

worldwide informal network of expert practitioners working with asset confiscation.

The available information on ARO work is relatively scarce. Some insight on asset tracing in the Hungarian ARO is offered by Mátyás and colleagues (2016). The ARO conducts its independent investigations, and acts upon requests for assistance from other AROs within EU or CARIN members. To support their asset tracing and identification enquiry, the ARO utilizes access to national central databases, such as the centralised bank account registry[15], and reaches out to various entities for information. These include financial institutions, life insurance and investment companies, Tax and Customs authority, and regional partners. In some cases, the ARO conducts covert intelligence activities. Based on the information obtained and assessment provided by the ARO, law enforcement or judicial authorities can execute more coercive measures, such as a search of property or seizure of assets.

In general, besides asset tracing, their primary function, AROs also assist in freezing and confiscating of criminal proceeds by providing expertise as part of the investigation team (Basel Institute on Governance, 2015). However, they normally do not have the legal authority to seize or confiscate any assets. The 2022 proposal for an EU Directive on Asset Recovery and Confiscation looks to enhance the remit of AROs by encouraging member states to grant freezing powers to them, in a similar way to how it has been done in FIU-governing legislation.

[15] 2019 EU Directive on Access to Financial Information established the requirement for national AROs to have direct access to centralised bank account registries to enable support to criminal investigations.

AML Supervisory Body

Adherence to the AML/CTF regulation of obliged entities is executed by the national banking supervisory authority, as part of the prudential supervision,[16] or a supervisory entity dealing specifically with AML/CTF compliance. One of the interviewees explained that in their national system the FIU supervises AML/CTF regulation adherence. The national supervisory authorities, alongside the European Central Bank, form the Single Supervisory Mechanism, which refers to the system of banking supervision in the EU (EBC, 2023). To ensure compliance, the supervisory body executes on-site examinations, and off-site ones, which focus on reviewing the regulatory deliverables. Another respondent noted that assessments generated by the FIUs as to reporting on bank sector compliance and quality of reports is conveyed to the supervisory authority (in this case, separate from the FIU itself) to support their compliance audits. The interviewee highlighted that the upside of this exchange is a quicker and more efficient examination process that benefits both the supervisory authority and the banks. In turn, the banks are more open to cooperate with the FIUs, both in matters of compliance and information sharing, thus promoting better quality of reports they generate, and overall transparency of the banking sector, as a result, indirectly denying opportunities for money laundering and terrorist financing. The information from the FIU could also be helpful in flagging potential non-compliance early or to aid in investigations conducted by the financial supervisory authority of potential legislative or regulatory breaches.

[16] Prudential supervision, according to Mishkin (2002), broadly refers to "the government regulation and monitoring of the banking system to ensure its safety and soundness".

Prosecution authorities

The tasking of prosecution authorities across EU member states differs, and with that, their degree of involvement in the financial investigation process. In some states this is limited to oversight, and in some prosecutors can lead criminal investigations (financial investigation component included). In the latter scenario, Prosecutor's Office may employ specialised financial crime prosecutors that can offer their expertise in complex financial investigations concerning large-scale fraud, money laundering, and other financial crimes. As one interviewee described their national setup, a judge, an investigator, or a prosecutor would be able to attain very similar information to that of FIUs, and could conduct the criminal proceedings from start to finish. Nonetheless, common functions of prosecution authorities include the oversight of police investigations to ensure their lawfulness, and assistance to law enforcement agencies and FIUs in gathering evidence that can be brought in front of the court for prosecution (UNODC, 2018; Consultative Council of European Prosecutors, 2015). The Prosecutor's Office is also tasked with investigating complaints on potential procedural mistakes in freezing and confiscation cases. What is specifically relevant for EU cooperation, national judicial authorities, such as the Prosecutor's Office, are involved in law-making (e.g., enhancing EU Directives with consultation), transposing EU and international regulation in national legislation, and creating a homogeneous understanding of the judicial process nationally. They also offer assistance to national authorities in making requests for mutual legal assistance to Eurojust or other member states.

Police

Despite the extensive support mechanism built around the financial

investigations process, national police units remain the central element, as they generally hold the responsibility and right to instigate and execute an investigation, whether it be a case of serious and organised crime, or money laundering, or both. As elaborated in the Background section, the financial investigation can be initiated in response to "pre-investigative" actions done by an FIU, or as a response to police requirements in an existing criminal case. Requesting assessments or financial information to conduct an investigation is not only the role of an Economic or Financial Crime Unit within the police, any unit can use financial investigation tactics to figure out the key elements of a criminal investigation. (College of Policing, 2023). In fact, the preliminary steps and techniques in a financial investigation are relatively similar, but the exact approach varies depending on the case and cannot be governed at an EU-level at much capacity, as it remains a national matter.

EU-Level

Europol

European Financial and Economic Crime Centre

European Union Agency for Law Enforcement Cooperation (Europol) is the main coordinating body of EU member state law enforcement agencies. European Financial and Economic Crime Centre (EFECC) was established as part of Europol in 2020. EFECC provides analytical and operational in support of financial investigations and in tracing, identifying, and freezing criminal assets (Europol, 2022). The support to competent authorities is offered in all mandated crime areas, such as money laundering, fraud, counterfeiting, recently circumvention of

sanctions[17] as well. Europol can organise meetings between different authorities, help setting up a joint investigation team, or provide funding for certain projects. The agency also hosts the Anti-Money Laundering Operational Network (AMON) and the Camden Asset Recovery Inter-Agency Network (CARIN). Especially relevant for asset tracing is EFECC-offered criminal analysis and cross-checking of information in Europol's databases. As an example, national authorities might be keen to learn about specific persons, entities, linking them to other investigations in other jurisdictions, or crime areas. Europol has, to a varying degree, access to different types of information, including, but not limited to, STR-related, real-estate, banking, and cash seizure information. Additionally, Europol's European Cybercrime Centre can share valuable information on cybercurrencies. With access and ability to link both criminal and financial intelligence across the EU, and in conjunction with their open-source intelligence gathering capability, EFECC can provide useful analytical support to member states' financial investigations. Moreover, they can aid in generating investigative theories, based on a pan-European view. As for the operational support, Europol can offer real-time assistance in decrypting communication or extracting information from devices in the later stages of an investigation. According to one interviewee not all member states are keen to utilize Europol's support, as many prefer to resort to bilateral or smaller regional law enforcement cooperation, and to avoid extensive information sharing. Information requests to Europol from national authorities and vice versa are predominantly hosted on the SIENA and FIU.net platforms.

[17] Currently, circumvention of sanctions is a non-mandated crime area. However, in light of the growing threat this form of financial crime poses and the upcoming EU regulation, some assistance is offered to member states.

National Liaison Officer

Located in Europol are also the national liaison officers. These are usually representatives from various national law enforcement agencies (e.g., police, national border guard, tax and customs authority). The liaison officers deal with operational and strategic matters alike. They might offer assistance concerning on-going, urgent national cases by personally engaging with officers of other nations to expedite criminal proceedings. The liaison officer might be the initial point of contact for others seeking assistance from the country that they represent, as well as a touchpoint in JITs and task forces. The national liaison office does not have an analysis function, the staff just disseminate relevant information via SIENA. They also help in making and processing the information requests. In the case of one of the interviewed FIUs, they are legally barred from engaging with Europol representatives directly, hence, the national liaison personnel serve as the intermediary.

Eurojust

Established in 2002, Eurojust is the EU's Judicial Cooperation Unit created to support and improve coordination and cooperation between national investigating and prosecuting authorities in cases of serious and organised crime (EJN & Eurojust, 2018). The national law enforcement or judicial agency staff can reach out to their National Desk at Eurojust to open a Eurojust case. The case can also be brought forward by Eurojust personnel, reacting on information that has been shared by other EU agencies, such as Europol, or by member states themselves, where Eurojust identifies potential involvement / connection of multiple jurisdictions. Simply put, a Eurojust case maps to an existing criminal investigation and / or prosecution, and entails all the coordinating

activities that Eurojust oversees. Eurojust can offer a rapid response, whereby relevant National Desk staff come together and offer their legal assistance in a matter of hours, and national authorities are enabled to move forward with their investigation or prosecution. Where more extensive support is required, Eurojust offers their premises and judicial consultation for a coordination meeting, whereby national prosecutors, investigators, and judges of member states involved in the same case can come together and discuss possible judicial cooperation instruments, including, but not limited to, Mutual Legal Assistance requests, European Investigation Orders. In these meetings the representatives can align their criminal proceedings, share case developments, and understand the legal restrictions on admissibility of evidence. The coordination meetings can result in the setting up of a JIT (Eurojust, 2023). Specifically for asset recovery, Eurojust involvement has proven beneficial across cases through identification of the appropriate corresponding national authorities, coordination of a joint investigative strategy and intelligence activities, and enhancing the exchange of case-relevant information (Eurojust, 2019).

Expert Networks

EU Financial Units' Platform

The European Commission Directorate-General (DG) on Financial Stability, Financial Services and Capital Markets Union (FISMA) hosts an informal, permanent expert group termed EU Financial Intelligence Units' Platform (EU FIUs Platform). It deals with operational issues and provides advice on future legislation. (EC, 2023). FIU.net statistics and reporting standards are the group's on-going agenda item (EC, 2023). EU FIUs Platform also aims to facilitate closer coordination between member state FIUs. The platform serves as a meeting point for

representatives of national FIUs and a space where to share national updates and best practices.

European Judicial Network

Created in 1998 under the EU Council Joint Action 98/428/JHA, the European Judicial Network (EJN) is compiled of more than 350 national contact points in all EU member states. These are legal professionals, like judges and prosecutors, with many of them also constituting Eurojust's personnel. EJN contact points help practitioners in facilitating judicial cooperation, such as how to request the use of available legal instruments. They also can inform the requesting entity about the status of their requests for judicial cooperation and expedite them in case of delays. EJN members can also facilitate informal and quick exchange of information between judicial authorities (EJN & Eurojust, 2018). EJN often receives requests for assistance that would be better suited for Eurojust (due to its broader remit of operational assistance) and vice versa, as practitioners are not well versed in the differences between the two entities. Nonetheless, the transfer of cases can happen quite easily due to frequent interactions between the EJN and Eurojust (EJN & Eurojust, 2019).

Camden Asset Recovery Inter-Agency Network

Launched in 2004, Camden Asset Recovery Inter-Agency Network (CARIN) is an informal network of law enforcement and judicial specialists working in asset tracing, freezing, seizure and confiscation. The network spans 58 jurisdictions and ten organisations, including Europol and Eurojust in observer role. Europol provides the permanent secretariat of CARIN. The network has seven regional ARINs, e.g., in Asia Pacific, Caribbean, South Africa (CARIN, 2015). The network

allows for information and knowledge exchange between practitioners, facilitation of training and effective exchange of operational requests among members. The group also provides points of contact for authorities in non-EU countries. These are especially crucial in the frequent cases where financial trails of criminal proceeds go out of the bounds of the EU, where implementing asset recovery steps become increasingly difficult. The group itself does not trace and identify assets, as it would prove time-consuming (28/2020/WEB).

Anti-Money Laundering Operational Network

The Anti-Money Laundering Operational Network or AMON was formally established in 2012. It currently has 40 participant states, with 24 of them being EU member states. Europol provides the permanent secretariat of AMON. Participating countries have national contact points (NCPs), and these must be representatives of law enforcement agencies, with extensive experience in money laundering cases, and with the ability (i.e., permissible within their role) to liaise and facilitate cooperation at the national level. The aims of the network are to enhance operational cooperation, offer real-time support tool for on-going money laundering investigations, create a trusted community of professionals that can share in knowledge, trends in threat landscape, and serve as an expert group for policy advice. Most often, AMON can offer operational support in the intelligence gathering stage and in requesting MLA or EIO. For the latter, the NCPs can offer guidance on how to construct the requests and help track and expedite the request by providing contact details of the person in charge of processing the request. For the former, the NPCs can quickly provide financial information for verification purposes, such as whether an account is still open, what is the identity of a particular account holder, business, tax and income information. They can also offer guidance on and tracing of freezing orders, check national criminal

records and other national databases they have access to. Extent of access to and ability to share information will depend on the individual jurisdiction. Some information is only accessible via formalized requests (usually done via SIENA, with the help of Europol Liaison Bureau network), but the NPCs can offer guidance as to how to construct these requests and aid in achieving a better response rate and time (27/2020/WEB).

Cooperation Instruments

Suspicious Transaction Reports

Suspicious Transaction Reports (STRs) comprise the main source of financial intelligence for FIUs. EU legislation requires obliged entities to prepare STRs and send these to the FIUs. The reports detail activity, such as a banking transaction, that has been automatically flagged in a security system and / or manually assessed by an employee against a list of previously identified money laundering or terrorist financing risk indicators. Some generic risk factors for customers could include operating in certain geographic areas, deviations in behaviour, such as using services at odd timings of the day, or errors in customer identification data, such as their address, or stated purpose of account not matching the actual account activity. Transactions are also monitored for certain volumes, numbers (in case of smurfing), timing, origin, and destination, like transfers from or to high-risk countries (i.e., with weak AML/CTF regulation) (18/2020/WEB). While they are most often referred to collectively as STRs, these could also include Unusual Transaction Reports, with a lower threshold for suspicion in comparison to a standard STR, or Suspicious Activity Reports, containing a broader insight on a customer's activity, not limited to a specific transaction (Europol, 2017). Besides having risk indicators for customers and

transactions, sectoral risk assessments conducted either by the FIUs or a national financial supervisory authority (FSA) indicate the risk categories in which different services appear. As an example, in their 2020 assessment, the Finnish FSA placed cash and money remittance services in the red risk category as carrying very significant risk, virtual currency services in the orange or significant risk category, housing loans, investment services, corporate banking services in the yellow category. This particular risk assessment considers money laundering, as they did not have sufficient data to assess the risk for terrorist financing as well, but the trends are assumed to be the same or highly similar for both (Ministry of Finance, Finland, 2021). This list is not exhaustive and is subject to annual change, but it also illustrates which services an FIU and FSA would be most interested in and expect more reporting from. According to multiple interviewees, if an obliged entity is perceived to be underreporting, the FIU and / or FSA is likely to enquire with the service as to the reasoning behind it and work to improve the quantity and quality of reporting.

Mutual Legal Assistance

Mutual Legal Assistance (MLA) is the process by which states seek and provide assistance in gathering evidence for use in criminal cases. It is necessary to be able to investigate on foreign territory and to have investigations conducted there. MLA is dictated by the EU Directive on Mutual Assistance in Criminal Matters and covers any conceivable act of support, e.g., interrogations, hearings, searches and seizures, bank account requests etc. (3016/2023/WEB).

European Investigation Order

One of the legal cooperation instruments is the European Investigation

Order (EIO). It is a judicial decision issued in line with the 2014 EU Directive on EIO by a judicial authority in one EU member state to carry out investigative measure(s)[18] in another EU member state for the purposes of obtaining evidence. The EIO is based on mutual recognition, i.e., the receiving authority is obliged to recognize and execute the request.[19] The request form is included in the Annex A of the EIO Directive. The requesting entity needs to set out the relevant facts of the case, specific description of evidence (also how and by whom it must be obtained, in line with the requesting state's legislation), clear explanation of the connection between investigation and the assistance, confidentiality provisions, indication of urgency, any prior contact, and list officials to be present in the execution of the request. The order covers bilateral agreements, evidence gathering is limited to the requested investigating measures (e.g., gathering financial information from banks), and the requesting state only has a supporting role (38/2020/WEB).

Joint Investigation Team

Another form of mutual legal assistance is the Joint Investigation Team (JIT). A JIT is normally set up by Eurojust, at the request of an EU member state judicial authority, and based on a written agreement between involved parties. It brings together police members, prosecutors, and / or judges, to tackle complex cross-border criminal investigation cases. In comparison to EIO, a JIT can bring together multiple EU member states, as well as partners, and the gathering of evidence is not limited to specific investigative measures. The

[18] Apart from setting up a JIT, as that is covered separately.

[19] Relevant to cross-border financial investigations, mutual recognition applies also to freezing and confiscation orders.

information and evidence exchange can be varied and constant, based on the needs of the case. Additionally, the involved member state personnel that are seconded for the purpose of the JIT can be more actively involved in executing joint investigative initiatives (JITs Network, 2021, 38/2020/WEB).

European Multidisciplinary Platform Against Criminal Threats

European Multidisciplinary Platform Against Criminal Threats (EMPACT) is a permanent instrument that promotes multidisciplinary cooperation specifically against serious and organised international crime. It oversees a recurring, four-year EU Policy cycle, consisting of four steps. First, Europol develops the European Union Serious and Organised Crime Threat Assessment (EU SOCTA), which is then used by the Council of the EU to identify the collective crime priorities. The approach on how to address these is laid out in the General Multi-Annual Strategic Plan (G-MASP). Afterwards, corresponding operational action plans (OAPs) are developed, implemented, and monitored. The final phase is assessment and producing recommendations. The G-MASP and OAPs are approved by the Standing Committee on Operational Cooperation on Internal Security (COSI).[20] EMPACT matters are coordinated in the member states by National EMPACT Coordinators (NECs) (32/2021/WEB). As explained by one of the interviewees, these are usually members of the police, and they are tasked with representing their country in EMPACT, and ensuring that relevant actions are taken by the member state. They can also be assigned to a particular crime priority area. EMPACT is seen to offer a higher-level strategic coherence

[20] COSI brings together high-level officials from each EU member state's Ministry of Justice or Ministry of Interior, and relevant EU bodies (Europol, Eurojust, Frontex etc.) (Council of the EU, 2017).

to aid in delivering the overarching EU Security Union strategy. One of the horizontal goals (spanning across all ten crime priority areas) for the 2022-2025 policy cycle is improving the investigative and judicial cooperation processes, especially in the case of high-risk crime networks. Its implementation in operational plans ensures a "trickling down" of the requirement of having quality processes in place across all levels (strategic, operational and, by extension, tactical).

Information Exchange Platforms

Timely access to information and good information sharing mechanisms enables investigative work, especially in cross-border cases. There are various platforms commonly used by financial investigations stakeholders:

- Secure Information Exchange Network Application (SIENA) is a messaging system provided by Europol to exchange operational and strategic information among its members. SIENA is also used to issue requests for information between countries and from / to Europol. Access to the system is provided to all EU law enforcement agencies, other EU agencies, such as Eurojust or Frontex, international agencies, like Interpol, non-EU partner countries, such as the Australia, Canada, Norway and others (Europol, 2022). Intelligence exchanged with the United States under the Terrorist Finance Tracking Programme (TFTP)[21] is also managed via SIENA. The platform accessible also to AROs and FIUs (albeit the actual use statistics are low for the latter,

[21] TFTP refers to a 2010 EU-US agreement, which enables U.S. Treasury Department and the EU member states via Europol to issue requests for and share intelligence leads on terrorist financing (Europol, 2011).

according to one interviewee). Out of all the platforms discussed here, it is the most widely used among financial investigations stakeholders.

- FIU.net is predominantly used by EU FIUs, Europol is also a separate node in the platform. At least since 2017, basic interoperability has been achieved between FIU.net and ESW. The platform can be used both for storing of financial information and information exchange (European Commission, 2017).

- Egmont Secure Web (ESW) was established prior to FIU.net, and both share the functions. Financial information can be shared, stored, and requested on the platform. ESW is used by the Egmont Group FIUs (Egmont Group, 2014). Some interviewees admitted using this system more often, as opposed to FIU.net, as it offers connections to more participants, alongside the shared EU FIU user base.

- goAML is the most extensive in functionality, in comparison to the other information platforms. The application, provided by the United Nations Office on Drugs and Crime, combines data storage, exchange, and analysis functions. goAML offers various integrated tools, including, but not limited to, automatically generated statistical reports, structured analysis, profiling (tailored queries based on different database objects). The platform can directly receive inputs from the obliged entities, be used by UN member state FIUs, and it interfaces with FIU.net, I-24/7 (Interpol's communication system), and ESW (UN, n.d.).

- National databases are commonly used by AROs, FIUs, law enforcement and judicial authorities to gather relevant information. Some examples include centralised bank account registries, land registries, Ultimate Beneficial Owner register, and asset declarations.

- As confirmed by multiple interviewees, informal information exchange via secure email or voice communications is still frequently used alongside more official channels. As an example, upon launching a formal request to freeze assets, coordination needs to happen between stakeholders on the desired timing of the measure as to not negatively affect any investigate efforts.

Interaction

This section looks to contextualise the stakeholders, cooperation instruments, and the information exchange platforms examined throughout the chapter thus far in their practical interaction with each other when engaging in financial investigations. Before going into a more detailed description, Figures 4 (p.51) and 5 (p.52) offer a visual representation of the relationship between the stakeholders and the information exchange platforms they use respectively. National entities are depicted in darker blue colour, whereas EU-level entities are light blue. Groups with non-EU state participation are depicted in grey.

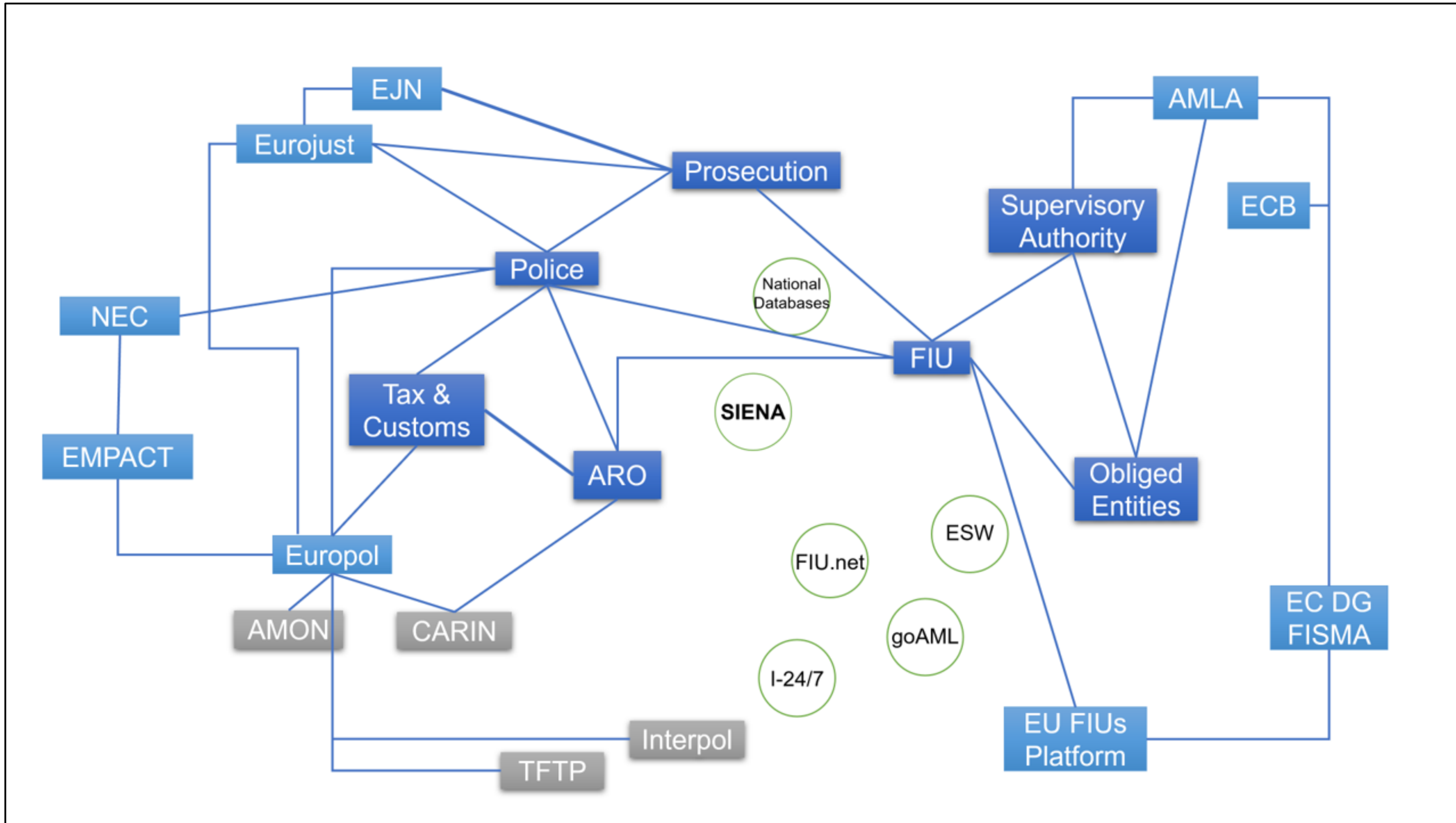

Figure 4: Relationship among stakeholders

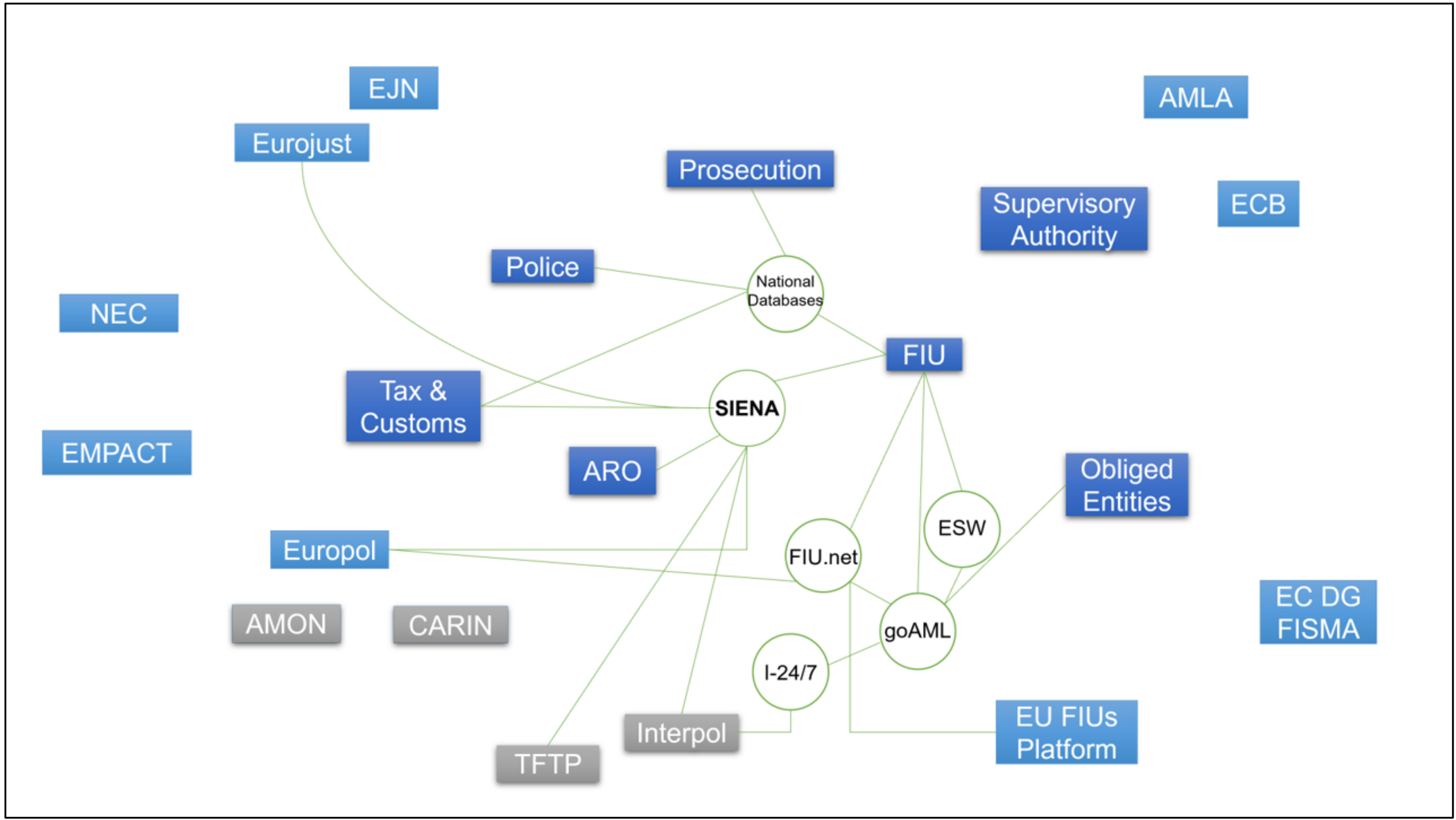

Figure 5: Information exchange platform membership

In recognition of financial investigations not following a strict step-by-step execution they will be elaborated on by looking at different investigative scenarios. These are divided in reactive and proactive investigations, as well as in application to terrorist financing and serious and organised crime cases. A reactive investigation can be instigated as a result of referrals by other agencies or intelligence links to other crimes (also referred to as linked series), whereas financial investigative measures would be applied proactively in response to requirements identified in an existing case (College of Policing, 2023).

Reactive financial investigation

In reactive investigation instances, the police are likely to obtain intelligence from the FIUs, who would be reacting to an STR received from the private sector. Based on the transaction or customer behaviour risk indicators provided by the FIUs, FATF or Egmont Group guidelines, the obliged entities' systems might pick up on a suspicious transaction that potentially indicates terrorist financing or money laundering. As an example, the transaction might be flagged due to its geographical destination, or because it is associated with a previously flagged account or user, and because it is utilizing smurfing. Whatever they might be, usually several risk indicators must be present for a transaction to be flagged. The STR is then passed on to the national FIU, either directly, or through a third-party platform that both entities are using, e.g., goAML. The FIU analyses the information contained within the report to understand whether the suspicion is legitimate, and if deemed so, further analysis is conducted. This is done by looking at the subject in FIUs own database, national databases, requesting further information from the obliged entity in question, or raising a request to other obliged entities who might be involved. If the report concerns a cross-border transaction,

the FIU is likely to launch a formal request for information either to Europol via their national contact at the police who places the request in the SIENA platform, or through an FIU-to-FIU interaction via FIU.net, ESW, or goAML. The other FIUs or Europol would analyse the received information vis-à-vis their databases. This might result in an assessment that no further links have been generated, or provide links to other intelligence, or cases. The STR information, coupled with the analysis FIU has conducted, is passed on to the relevant police unit to determine whether an investigation should be launched. The unit may choose to initiate an investigation and utilize financial investigation measures, enlisting to a varying degree the help of the FIU, either in responding to further information requests or in assisting with operational analysis (depending on the FIU's legally afforded mandate). At this stage, the unit might be looking to identify the sources of the funds and other suspects by requesting and analysing information on other transactions associated with the account where the original transaction came from and, if possible, the destination account. They would also be attaining the personal details of the subject and checking whether they are part of other investigations or have a criminal past / previous affiliation with criminal or terrorist groups. If no such connection is established, the unit might choose to continue to track the activities of the individual, both financial and physical, to gather more intelligence, depending on the perceived scale of their operations and priority in the context of other cases. If a connection to a terrorist group or a criminal enterprise is established, the case pertaining to the individual might be integrated in the on-going effort as a linked series investigation. Linked series could also be initiated in response to intelligence or investigation support request received from Europol, or other member states via bilateral exchange. Further financial investigation measures might be used, but to the benefit of the larger investigation, e.g., trace the suspects' assets

for the purpose of freezing them to deny ability to execute their operations, or track their financial activity throughout the investigations to predict their movement and planning. In case of intelligence pertaining to money laundering, the investigation would be interested in establishing facts proving the financial crime, but also link the funds to a predicate offence the funds originated in association to.

Particular to terrorist financing cases, the police units in the EU might also receive initial financial leads from Europol, via the TFTP. The intelligence would be first received by Europol via SIENA, analysed, and disseminated to the member state the intelligence pertains to. Cash seizures, communicated by border authorities, could also be used as inputs for a potential investigation of financial crimes. Additionally, intelligence obtained by national representatives in networks, such as AMON or CARIN, might warrant a further investigation.

Proactive financial investigation

In a proactive financial investigation, the subject is already known to the investigation, i.e., their personal identifiers can be used directly for financial analysis. Financial investigative measures in established criminal investigations for serious and organised crime would be likely used to, gather more information on the case and its suspects, and to trace their assets for seizure and confiscation. For asset identification and tracing, the police might be enlisting the help of an ARO, who would survey their own databases and request information from other entities, or foreign AROs, either in a national setting or via CARIN contacts. The investigation is likely to be aware of what exact predicate offences the suspects might be accountable for. Hence, the asset tracing would be guided by an estimation offered by an asset recovery expert on the

proceeds the crime could have generated. If the public registers of property, and registered bank account information do not measure up to the estimations, it is likely that the assets are hidden. Hence, experts at the ARO would conduct further analysis to understand what money laundering techniques the criminal or their affiliated enterprise might be using. However, more information might be required from other types of sources (besides financial), as some transactions might not have any virtual footprint, or could be using services outside of the obliged entity remit.

Individuals already under the suspicion of being involved with terrorist activity might be investigated for financing it themselves or be linked to sources of financing. Various terrorist groups, such as the PKK, are highly active in the EU, as they use it as a base for activities for administrative and financing activities (Europol, 2023). The financial analysis of the police would be focusing on transactions from potential donors, unexplained cash deposits. Since terrorist financing is likely to utilize anonymous financial services, the police might provide resources to engage in surveillance of the subject, and see if they use money transferring services, hawala banking, or other, less traceable means of transferring funds. Their assets might be traced to potentially prepare for asset freezing, seizure, and consequent confiscation.

According to Europol's SOCTA (2021), some 70% of identified EU criminal networks operate across various jurisdictions, so the case is likely to involve other member states and non-EU countries as well. In a cross-border case scenario, an EIO can be launched to acquire information not contained within national databases or not accessible via regular information exchange channels. Alternatively, if faced with a complex case, also envisioned to take a longer time to uncover, and

spanning more than two jurisdictions, national law enforcement and judicial authorities can partake in a JIT, to coordinate actions and exchange information on a regular basis. Once the investigation has identified and traced assets belonging to the perpetrators, these can potentially be seized, provided that mutual legal assistance requests are established between the involved jurisdictions, to ensure the timely and correct execution of a freezing and / or confiscation orders.

Discussion

This section elaborates on the challenges in the structuring and execution of the financial investigations process, as identified in this study and in literature. Afterwards, limitations of this study are discussed.

The first subsection discusses issues of the private sector in managing expectations of the AML/CTF regulation and processing the suspicious transaction reports (STRs), as well as obstacles to intelligence exchange among EU member states. Then, the perceptions on the effectiveness of finance-focused crime control policies are examined. The subsection also identifies the difficulties in defining clear procedural steps for financial investigations. Finally, it tackles limitations on EU lawmaking and uncertainty of experts as to the benefits of the envisioned Anti-Money Laundering Authority. The second subsection looks at the limitations of the study, which include the interview sample, lack of previous research, researcher bias, and limited resources.

Challenges

Information processing

The private sector reporting to competent authorities forms the core of

financial leads that can be utilized to aid financial investigations. This realisation is not lost to EU lawmakers. As illustrated in the Legislative Changes section, the list of obliged entities has grown considerably over the last decades, alongside the detection and reporting duties that they need to fulfil in order to avoid any fines or sanctions. In a linear threat landscape and low information generation scenario these obligations would be relatively easy to bear. However, reports indicate difficulty of banks to properly detect and report transactions that may be of criminal origin or intended for terrorist financing (Bosma, 2021). This finding was validated by multiple interview respondents. They noted that the private sector is receiving lots of data that they struggle to analyse to a satisfactory degree. The technological capabilities might also be lacking in accommodating the increasingly complex money laundering and terrorist financing schemes and associated risk indicators. The interviewed national FIU representatives did not confirm findings in literature on the obliged entities resorting to overreporting, which can lead to many false positives and legitimately suspicious activity getting lost in the mix. They did note, however, that further training and individual engagements with obliged entities are necessary to enable them to have a better understanding as to what they specifically need to look for when filing their STRs. Private-public partnerships exist nationally and at EU-level (Europol Financial Intelligence Public Private Partnership project). These are dedicated forums to enhance information exchange and ensure better collaboration across sectors, as well as provide necessary training. One way of addressing the issue of insufficient guidance is further empowering platforms like these to be able to deliver more consultations, manuals, trainings, and knowledge exchange events. If the list of obliged entities continues to grow (likely to happen and to include more non-financial sector entities), the newly appointed industries should be met with the appropriate tools to ensure a better

compliance with the AML/CTF regulations.

Intelligence exchange

As a general observation of a continuing problem, the level of engagement in intelligence exchange with other EU member states and Europol specifically (as the envisioned central information exchange point) varies by country. This might have been less of an issue in the past, however, currently there is rarely a serious organised crime or terrorist financing case that has no cross-border element in it. Hence, intelligence exchange is necessary to provide visibility in other jurisdictions, and identify the physical boundary related to a crime case. According to the information obtained in the interviews, obstacles to intelligence exchange come down to legislative barriers and lack of trust. As illustrated by the Latvian FIU representative, the intelligence that they used to receive was often marked with a national classification marking up to secret. This made sharing the intelligence and using it as evidence in criminal proceedings very difficult. The practice has since changed, however, other countries may be facing similar issues. Moreover, the financial intelligence might be shared with a caveat that it can only be used in, say, money laundering cases, but not in connection to any other type of offence. Once again, this factor complicates sharing, both with national police units, and even more so with foreign law enforcement agencies. This is also one of the reasons behind establishing FIUs, with a narrow focus on AML/CTF. They serve as a “buffer” between the private sector and law enforcement, which supposedly increases the private sector’s willingness to share information, when it is specific to these two types of offences. Another respondent highlighted that countries are less likely to engage in joint actions and share intelligence if there is no prior precedent. This means that if there is no habit of

working together, it will likely not happen. Nonetheless, this is not a universal view shared across interviewees. Most respondents noted an uptick in their country's engagement with other EU member states (predominantly, regionally, as many cases would affect neighbouring countries), and with Europol and its offering. It is quite possible that outreach material created by Europol and Eurojust, and online training for national law enforcement and judicial staff has significantly raised additional awareness of the support and cooperation avenues at EU-level, which has led to a better understanding and willingness to use the services offered by Europol, Eurojust, and similar entities in other member states in the context of joint investigations.

Effectiveness of the follow-the-money approach

Finance-focused crime control policies have been criticized for not living up to the expected results. Despite implementation of the follow-the-money approach, organised crime and terrorist activities are continuously depicted as rising threats in the West (Walker et al., 2018). Certainly, there are variables, such as increased reporting and detection, and permissive factors facilitating a crime phenomenon that influence said depiction. Nonetheless, it calls into question, at minimum, the deterrence value of targeting assets. According to Boucht (2019) there is no persuasive evidence available that targeting assets serves as a significant deterrent, either for first-time or career offenders. However, during the interview process, multiple respondents highlighted the importance of taking criminal money out of legal economy circulation. They also expressed a strong belief in targeting assets as a crucial crime control measure, and seemed certain that the current system is helping to better trace, identify and seize assets. Sittlington and Harvey (2018) found in interviews with offenders in the UK that losing their assets does

work more as a deterrent than a jail sentence. However, the offenders' fear also fuelled sophistication in devising money laundering mechanisms. As already noted in the Critical Discourse Analysis: Return of Investment section, reliable data on criminal finance within the EU remains relatively scarce, despite EU lawmaker attempts at making reporting obligatory. Moreover, the assets recovered remain minimal in comparison to the assessed criminal profits generated within the Union, and it is unclear whether these assessments are even accurate. One of the interview respondents noted that money laundering and corruption has been underestimated within the Union, and only in the recent years a clearer picture of the threat landscape is starting to emerge. Overall, it seems that asset-focused measures enjoy the support of the involved stakeholders / experts in the field, and do hold potential in preventing and disrupting criminal behaviour, but only in conjunction with a better visibility and understanding around illicit financial activity.

Defining clear procedural steps

Both a challenge of implementing the financial investigations process and what emerged as a limitation of this study, is the difficulty in defining clear steps of its execution, beyond the initial information gathering steps. Financial investigations have an arguably untapped potential, that is exploited in creating a tailored (to the case) investigative plan. As was attempted to illustrate in this work, financial information offers valuable insight on its own and can provide a much-needed context for criminal intelligence, and aid in suspect management. 2021 EU Strategy to tackle Organised Crime highlights the necessity of an early incorporation of financial investigations in dealing with organised crime cases. Nonetheless, in most cases, the ability to run financial investigations continues to sit with specialised entities or particularly trained officers,

which can remain limited in numbers, in comparison to the overall case portfolio that a law enforcement agency would be maintaining at one time. What this study aimed to do, at a rather limited capacity, is to create some models and offer examples of financial investigation utility. To enable a wider consideration of financial investigations and a better capacity of non-specialised officers or investigators to incorporate financial intelligence in their work, accessible and intended for wider audience material and use examples should be circulated among the policing community. It remains a knowledge gap for this study as to the extent of financial analysis tools that are available to investigators in individual EU member states. However, the general recommendation would be to capitalise on existing tools and foster further implementation and related training.

Limitations of EU lawmaking

As already highlighted in the Introduction of this paper, there is no direct EU regulation possible for financial investigations, as it remains a sensitive national matter. All lawmaking efforts are effectively focused on establishing and regulating the processes in the framework of conferred or shared competences. This has led to the introduction and bolstering of various processes *in support of* financial investigations, meaning that the EU is attempting to regulate the original process by extension of other processes, oversight mechanisms and EU-level supervision bodies. It is a justified effort to somehow harmonize the follow-the-money approach across the EU, to enable effective cross-border cooperation and containment of criminality. However, coupled with the differential integration factor, whereby both the legal framework must be flexible enough to be agreed upon by EU member states and then it is variably transposed in the national legislation, the EU legal space is arguably

over-regulated and vague at the same time. As an example, according to Mouzakiti (2021), the legal framework that governs activities of FIUs in the EU is minimal and difficult to navigate. She describes EU's legislation on financial intelligence as a "set of flexible legal provisions", which provide mandatory requirements and core functions, but allow for a high degree of Member States' discretion as to the legal status of the FIUs, and, subsequently, their functions. The varied application of the rules leads to uneven compliance levels, for example, with AML/CTF regulations. This, in turn, means that some countries constitute a more permissible ground for financial offences. Moreover, they have less visibility over their financial sector, effectively diminishing efficiency of finance-focused crime control measures nationally, but also within the EU. Uneven compliance with EU law leads to difficulty in judicial cooperation. As mentioned by several interview respondents, close cooperation of national desk members both at Europol and Eurojust has significant added value in enabling cooperation and knowledge exchange (e.g., in regard to policing practices). However, it might still be stifled when incompatible jurisdictions share a case, or when, as in the case of Kingdom of Denmark, it does not subscribe to the European Investigation Order, and requires a non-standardised bilateral agreement. There seems to be no immediate solution, i.e., EU member states will continue to institute EU law as they see fit, according to their respective national political dynamics. Nonetheless, cooperation between EU member states' law enforcement and judicial authorities is on-going and, based on publicly available reporting and news, does offer tangible results, despite the legal obstacles. The practical process will offer valuable lessons learned, and engagement with cross-border investigations is likely to fuel further engagements, as well as willingness to adopt more similar standards across EU member states to ease the execution of those engagements.

Uncertainty on the benefits of the Anti-Money Laundering Authority

As briefly noted in the Legislative Changes section, to address uneven AML/CTF supervision within the EU, establishment of an EU authority to counter money laundering and financing of terrorism or Anti-Money Laundering Authority (AMLA) was proposed in 2021. AMLA would centrally support all FIUs and would directly supervise obliged entities (EP, 2021). The proposal has been included in the approved and upcoming 6th AMLD (EP, 2023). As highlighted by one of the interviewees, the creation of an EU coordinating authority for FIUs could improve the ability to conduct joint analyses, which currently may not be possible due to a lack of common tools and resources. The existence of an overarching EU AML/CTF supervisory function would theoretically enhance the financial sector transparency across the Union. Nonetheless, some of the respondents were doubtful on whether a whole new body is necessary, as it also runs the risk of limiting some functions of existing entities, such as the FIUs. Additionally, the required technical and implementation framework is still under discussion and its finalisation and realisation is envisioned to be lengthy. Overall, it seems that the existing stakeholders will require some convincing as to the utility and powers of AMLA when it does become operational.

Limitations

Sample

Two limitations have been identified regarding the sampling strategy, i.e., the type of sampling used and the small sample size. This study primarily utilized snowball sampling for the recruitment of interviewees. Snowball sampling was chosen to counteract the difficulty to access the target group (experts employed in the security sector). This type of

sampling produces results that are not generalizable, in part due to the inherent bias in the sample, as participants are likely to refer the interviewee to other respondents possessing similar characteristics. The similarity aspect might have been somewhat circumvented by having multiple initial participants who share no mutual linkage, who then provided referrals from their respective professional networks. The eight interviewees do not constitute a representative sample, especially because they were purposefully chosen to cover different roles in the field of financial investigations.

Self-reported data

The research project used self-reported data collected during the interviews. Such data can potentially be factually incorrect, exaggerated, or tailored due to a social desirability bias of the respondent. The effects of this limitation were managed in two stages. First, the interview questions were drafted and reviewed to not include leading questions and to focus on the respondent's anticipated remit of expertise, as to ensure higher degree of accuracy in answers and desire to engage with the conversation. The interview process itself included explaining the respondents' right to withdraw at any point. Additionally, they were assured that their anonymity will be upheld and that they can be as vague or as detailed as they desire to be. All of these measures were applied to instil trust and remove stress associated with the interview process. Secondly, the information that was incorporated in the study was assessed in terms of the degree of emotionality in the language, and was cross-checked with other available sources. Moreover, the text has purposefully indicated whether views or facts are expressed by one or multiple people to equip the reader with another element to take into account in their own critical interpretation of the results of the study.

Researcher bias

This study utilized critical discourse analysis to examine the discourse surrounding asset-focused crime control measures. Whilst the Mullet's six-step framework, as described in the Methodology section, was followed, the steps are relatively vague and open to interpretation. Thus, the critical discourse analysis method is highly subjective and likely affected by researcher bias. The analysis could be indirectly affected by the personal characteristics, beliefs, and background of the researcher. The researcher has attempted to maintain an objective stance, but does maintain a positive stance toward the utility of financial investigations. This study has attempted to limit the researcher bias by supporting subjective statements with other literature.

Lack of consolidated research

The topic of financial investigations in general is relatively understudied, especially in terms of academic work that spans the whole chain of the involved stakeholders, from private sector to the judiciary in the EU context. This aspect has given a clear opportunity for this research project to contribute to a literature gap. However, it also means that there is a potentially insufficient knowledge base, and the study is required to rely on some assumptions, which, albeit are looking to be informed, might need to still be validated as part of further studies. This project has attempted to counteract this limitation through building links in associated literature, and bringing together literature discussing specific stakeholders, such as FIUs, AROs, or judicial entities, and through the use of varied information sources, such as interviews and online training courses.

Time restraints

A truly comprehensive picture on financial investigations within the EU would be achieved through an in-depth examination of the practice in each individual EU member state. This would allow for an identification of most if not all deviations in practices and prevailing similarities that could be further enforced / amplified to achieve a more harmonised system. Such an undertaking would be highly time- and resource-consuming, as it would require the engagement from stakeholders of all EU member states, hence it is too ambitious for this particular study.

Conclusion

The study set out to create an overview of the financial investigations process in the European Union in serious and organised crime, and terrorist financing cases. The research question, structured with the interrogative adverb "how", set the requirement for a multi-faceted answer. In recognition of this, the research provides a theoretical, EU-policy, and practical implementation examination.

The financial investigations process is first set in the context of the asset-focused approach. The study offers a brief recap on the history of the follow-the-money approach, and how it is operationalised in the contemporary criminal justice system. It provides descriptive definitions of the key terminology, such as the financial investigation, criminal investigation, and how they are integrate with each other, as well as criminal assets, and money laundering (i.e., how offenders obtain and integrate illicit profits in the legal economy). Additionally, the theoretical summary offers a comparison between likely money laundering and terrorist financing scenarios. Both crime types can utilize the same asset

obfuscation techniques. However, terrorist financing is likely to use licit profits, alongside criminal assets, which are more difficult for competent authorities to trace and subsequently attempt to seize or confiscate, as the perpetrator can easily prove their legitimate sourcing.

To promote an understanding of the policy governing the practice, the research contextualises financial investigations through a critical discourse analysis on asset-focused crime control measures. The analysis is based on eleven texts of asset recovery and confiscation, as well as anti-money laundering / counterterrorist financing (AML/CTF) regulations in the EU that have been implemented since the start of the decade. In line with findings in literature, the analysis found a clear policy focus on rule harmonisation, wider applicability of regulation (to more crime types, more obliged entities), emphasis on information exchange, and introduction of EU-level coordination / oversight bodies. Further EU integration is justified by lawmakers through securitization of financial markets, amplification of policy responsiveness as a reaction to large-scale crime events, facilitation of cooperation, and protection of EU security.

The study identified the main stakeholders at national and EU-level for financial investigations, such as the financial intelligence units, asset recovery offices, the obliged entities, AML/CTF supervisors, Europol, Eurojust, expert groups, among others, and their respective functions, alongside legal assistance instruments, and commonly used information sharing platforms. The examples of supporting action to / of financial investigations, as examined in the individual stakeholder descriptions and their interaction are not meant to be exhaustive. The research found that the financial investigative measures are difficult to define, beyond the initial steps, as their utility is best demonstrated in innovative

application, tailored to the case. Nonetheless, the study offers generic investigative scenarios for proactive and reactive financial investigations. The use of investigative measures in comparison between serious and organised crime and terrorist financing cases is relatively similar in reactive investigations, with higher degree of divergence noted in proactive investigations. The research process, which involved interviewing eight security experts, highlighted several procedural challenges, such as the difficulties of obliged entities to efficiently process the suspicious transaction reports, and the competent authorities gaining timely access to financial intelligence. Cross-border investigations can also be stifled by varying approaches in transposing EU legislation in national law, leading to different definitions and working practices, that must be aligned through bilateral or group agreements. A connected, albeit smaller issue, manifests itself in having entities with similar or overlapping tasking, such as the FIUs and AROs in asset identification and tracing, or the European Judicial Network and Eurojust in facilitating judicial cooperation, among other examples, which create confusion in practitioners as to which entity to turn to.

Applicability

First, this research project improves understanding of roles and interaction of the different stakeholders involved in the financial investigation process. Clarification of these interactions is crucial to promote stakeholder cooperation, as they understand each other's functions and remit of responsibility better. Policy and its associated reporting allude to a lack of such understanding being an obstacle in cooperation for investigative action, both nationally and across borders. Hence, any awareness-raising material, including the information contained in this thesis, can prove helpful in cultivating a closer

stakeholder relationship.

Second, the study contributes to the pool of exploratory studies in the larger fields of policing, intelligence, and, specifically, financial investigations. It provides a reference point on recent legislative changes, financial investigation stakeholders and process. Future studies can utilize these findings to incorporate regulatory updates, or expand upon the explanation of the practical model by addressing any knowledge gaps. The findings can complement both single-stakeholder or national case studies, as well as research with an aim to cover a wider scope of involved entities and countries.

Further research

Future research can improve this study by extending its interview sample. A wider EU member state participation could lead to a more representative set of results. Moreover, any similar future studies should consider the inclusion of or the sole focus on police investigators in interviews. They were not a part of the sample in this iteration due to both interrupted engagement and lack of accessibility to the group. A scheduled interviewee withdrew from the project and no subsequent replacement was found. The investigators' perspective would be a crucial source of information that could improve the clarity of the financial investigations process and provide more examples on investigative strategies and financial investigation measure use cases. It would also likely fill some identified knowledge gaps, such as the extent of investigators' accessibility to financial analysis tools.

Additionally, future studies should consider examining financial investigation measures in connection to one specific crime type. In

conjunction with creating a crime script or utilizing an existing one[22], the outcome financial investigations process model would be more tailored and readily applied in practice. In response to recent geopolitical events, EU has published draft regulation on the criminalisation of sanction evasion, which, being similar in risk typologies to money laundering could be one example of a topical case study.

Lastly, future research should look to address some of the challenges, as identified in literature, and validated in this study. Lack of visibility on the asset recovery and confiscation regime, as well as understanding of the real extent of criminal assets being generated and circulated within EU significantly impedes the effectiveness of asset-focused crime control measures. This study recommends examining how criminal assets are estimated within the EU, what individual factors are taken into account, and how the estimation can be made more accurate.

[22] A crime script refers to a step-by-step account on how a crime is most likely to be executed, and they are utilized to apply tailored crime prevention and control measures in the crime science discipline. Some examples of crime types with existing crime scripts include money laundering using high value objects, waste crime, serial sexual assault, child sex trafficking, among others.

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