The EMPRISES pan-European Framework: Monitoring and Combatting Serious Organised Economic Crime

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ABSTRACT

There is a need for further integration of information systems globally for tackling Serious Organised Economic Crime (SOEC). Taking Europe as the illustration, and leveraging existing pan-EU (European Union) systems such as Europol’s SIENA and the FIU.NET as well as national systems, further steps can be taken to provide a more coherent and coordinated approach for detecting and deterring SOEC. This aim is achievable through the EMPRISES framework, which adds value to national, SIENA and FIU.NET systems by increasing the effectiveness of communication across Europe. EMPRISES would introduce an agreed common language (taxonomy) of SOEC, including multi-lingual support. Moreover, by enriching the taxonomy with current business tools and analysis techniques through the SOEC Architecture that EMPRISES embodies, the illegitimate businesses of SOEC can be monitored and combated.

Keywords: Computable General Equilibrium, Conceptual Structures, Data Architecture, Economic Crime, Enterprise Architecture, Europol, Ontology, Organised Crime, Semantic Web, Taxonomy, Transaction Concept

INTRODUCTION

Economic crime, such as fraud, IP infringement, corruption, cybercrime, or accounting fraud continues to be a major concern for organisations of all sizes, across all regions and in virtually every sector (PwC, 2014). Discovering and developing sophisticated new weapons to detect and fight Serious Organised Economic Crime (SOEC) crimes, based on a cooperative and collaborative strategy across nations is thus an imperative. In Europe, each police force and Financial

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Intelligence Unit (FIU) presently has its own Financial SOEC monitoring system. To be effective across sectors and regions however requires that these systems are comprehensively integrated into one multilingual pan-European system that at the common European Union (EU) level can then from this singular basis be extended into the global environment. This pan-European system would federate the large volumes of SOEC information from the existing systems and other key sources across the EU, into a single shared inventory of SOEC. This inventory would also be modelled using an agreed pan-European taxonomy of SOEC, capturing even the low-level and low intensity ones, thus giving member states a comprehensive agreed common language. It is in fulfilment of this need that the Economic crime Prevention for a Strengthened European Society (EMPRISES) has been proposed (Andrews, Polovina, Yates, Akhgar, & Bayerl, 2013; Andrews, et al., 2015). The EMPRISES Framework is the subject of this paper.

SCOPE OF THE PROBLEM

A recent global economic crime survey of 5,128 representatives from over 95 countries around the world was recently conducted. In that survey more than half (54%) of the survey’s respondents were employed by organisations with more than 1,000 employees, and over one third (35%) of the survey population represented publicly traded companies. The survey confirmed that economic crime remains a fundamental fact of life for every segment of the global business community. It revealed that over a third (37%) of organisations had experienced economic crime. Nearly half (48%) of respondents reported the risk of cybercrime had increased; a 23% increase from 2011. Amongst its many other statistics, nearly one in five (18%) organisations suffering fraud experienced a financial impact of between US$1 million and US$100 million. The percentage of respondents reporting losses in excess of US$100 million doubled, from one to two per cent (PwC, 2014).

According to the EU Commission, Corruption across the EU is ‘breathtaking’, costs the EU economy at least €120bn (£99bn) annually, and the “Price of not acting is too high” (BBC, 2014; European Commission, 2014). For one EU Member State, the UK, identified annual fraud losses are now estimated to be £15.5bn; £36.5bn if hidden fraud is considered (National Fraud Authority, 2013). As at December 2013, a mapping of organised crime groups identified some 36,600 organised criminals in 5,300 groups currently operating in ways that directly affect the UK. Organised criminal attacks on the UK’s tax regimes were estimated at £4.7 billion in 2011-12. These losses affect the UK’s public services, and in helping families and individuals with targeted financial support. Reported fraud against the individual, private and charity sectors is increasing and now affects a large proportion of the UK population, with an overall cost to the UK of approximately £30 billion annually. Small and medium-sized enterprises are less able to absorb the impact of fraud against them and can cease trading (National Crime Agency, 2014).

Additionally, data and methods are not comparable between European countries’ existing systems. Some countries use different counting units, each with a different scope which affects the comparability of data between EU Member States. There is a poor definition or non-comparable SOEC definitions at the European level and in context of data collection, and there is a lack of a European common definition and counting units/rules in order to ensure as much comparability. In the field of economic evaluation and State loss of revenue due to SEOC, there are presently significant gaps between “what should be done” and “what is actually possible”, with the existing data, at a national level and comparable data across the European Union. There is a need for an overarching, holistic view.
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