RESEARCH REPORT: DEVELOPMENT TRENDS OF ECONOMIC CRIMES IN FINLAND IN 2000–2009

By

VESAMUTTILAINEN, PH.D, SENIOR RESEARCHER (ECONOMIC CRIMES), POLICE COLLEGE OF FINLAND, TAMPERE

TERHI KANKAANRANTA, PH.D, RESEARCHER (ECONOMIC CRIMES), POLICE COLLEGE OF FINLAND, TAMPERE

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Abstract

The development trends of economic crimes in Finland in the twenty-first century are described in this article. The area of economic crime involves a wide range of offences, a large number of authorities dealing with economic crimes and many types of serious crimes linked to economic criminality. The data for this article was obtained from the police statistic system (Polstat) as well as from annual reports and statistics from several authorities (tax and custom authorities, financial supervision, work protection authorities etc.). In addition, other national and international sources of information on economic crime issues (such as population surveys) were used. The research is related to the discussion on changes in the economic and security environment.

Aims of the Study

This article describes the development and content of economic crimes in Finland in the 2000s. It addresses economic crimes reported to the police and describes the activities of authorities linked to the police, who also deal with suspected economic crimes. Furthermore, the article features information on some forms of severe crimes related to economic crimes.

Results

Economic Crime Reported to the Police

The police define economic crimes according to the classification guidelines issued by the Finnish Ministry of the Interior. These guidelines state that an economic crime usually

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2 SM-2006-02130/Ri-0, Talousrikollisuuteen liittyvä tutkimus, Sisäasianministeriön kirje yliopistoille, korkeakoulujille ja tutkimuslaitoksille 28.8.2006
involves an illegal act or negligence committed to gain significant economic advantage for the operations of a company or organisation. The guidelines also define the types of offences in the penal code that are considered to be economic crimes.

After decreasing for several years, the number of economic crime cases started to increase in 2009. Approximately 1,780 cases were reported to the police. Moreover, the number of open cases increased while the number of closed cases remained unchanged. This could lead to an overload in the processing of these matters in the next few years. In 2009 the average time of handling the closed economic crime cases was 296 days.4

The cost of the economic crimes reported to the police in 2009 reached a total of € 109 million (about 1 per cent of the GNP). The financial damage calculated per case was € 116,000. The costs increased at a rather steady rate in the first decade of the twenty-first century and represented only a minor part of the total damage caused to society by economic crimes. The value of property repossessed in economic crime cases reached a total of € 37 million in 2009.

The economic crime cases investigated by the police in 2009 included approximately 3,380 crimes and 2,200 economic crimes. That translates into 2.2 and 1.4 crimes per case. The most common economic crimes in 2009 were accounting violations (740 cases), tax violations (550 cases) and debtors’ fraudulent conveyances (480 cases).

Apart from the types of offence listed above, clearly the most common type of economic crime is fraud. In addition, there is a large number of other types of economic crime, such as business crimes, crimes against the public economy, employment-related offences, environmental crimes, data and communication crimes and copyright violations.

**Activities of Authorities Linked to the Police**

The prevention of economic crimes and processing of suspected cases of economic crimes involve a number of different authorities. For some of these authorities, the prevention of economic crimes is a major part of operations, whereas others are less closely linked to economic crimes.

*Tax and custom authorities* – the tax authority is the closest collaborating party for the police in the field of economic crime. In 2009 the tax authorities revealed more than 800 attempted cases of grey economy, and ordered € 69 million in taxes to be paid by those companies. The tax authority reported 590 crimes to the police in 2009.5 Finnish Customs investigated a total of 218 eco-

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4 Economic crime statistics (2000–2009), Police’s statistic system Polstat: cases reported to the police or to The Finnish Customs.
nomic crimes in 2009 such as intellectual property right violations related to illegal imports.\textsuperscript{6} Crimes within the remit of customs have increasingly shifted to the Internet.

Financial supervision – the Finnish Financial Supervisory Authority has an important role in investigating suspected stock market violations and in tracking cases of money laundering and "systemic risks" on the financial markets. The Finnish National Bureau of Investigation has one unit specialising in money laundering. The Bankruptcy Ombudsman runs public state-funded investigations into bankruptcy cases. In the field of debt recovery enforcement, special recovery has become an increasingly important means of tracking assets.

Other authorities – among other public authorities, labour protection and social insurance authorities oversee working conditions, occupational health and safety systems and the mandatory payment obligations in employment relationships. The Finnish Safety Technology Authority oversees technical safety and product safety. The National Product Control Agency for Welfare and Health focuses on risks in the living environment. There are also specialised authorities for the control of suspected crimes in competition, environmental issues and information security.

Cooperation – the police and other authorities have some forms of cooperation in the field of economic crime. The special unit of the tax authority coordinates the tasks of key authorities in the prevention of economic crimes and the grey economy. Cooperation between the police, customs and the border guard is particularly important in the prevention of serious, cross-border crime. The Finnish Prosecutor Service has prosecutors who specialise in economic crimes. In addition, various action plans for the prevention of economic crimes and the grey economy have provided important guidelines for collaboration between different public authorities since the 1990s.

Certain Serious Crime Phenomena

All aspects of economic crimes do not appear together when reviewing crimes classified as economic by the police or the activities of different authorities. We also have to pay attention to certain phenomena of serious crime related to economic crimes, such as organised crime, corruption and piracy.\textsuperscript{7}

The Finnish National Bureau of Investigation regularly monitors activities classified as organised crime. At the end of 2009, there were 66 known criminal groups, with a total of some 950 members. Recently, there has been a reduction in these num-

\textsuperscript{6} Economic crime statistics (2000–2009), Police’s statistic system Polstat; cases reported to the police or to The Finnish Customs.

bers. In 2009 approximately 540 crime cases were classified as organised crime. A little less than one-fifth of the cases in 2009 were related to economic crimes; this is clearly more than in the early years of the twenty-first century.

In the field of corruption, bribery is the main form of crime. At the turn of the century, approximately 10 cases of bribery were reported to the police every year. In 2009 a total of 15 cases of bribery were reported and these cases involved 24 bribery crimes. Corruption can also encompass other types of offences, such as malfeasance and fraud. In an international comparison, corruption is estimated to be rare in Finland. However, recently there has been wide discussion on political corruption and the “old-boy-network”.

According to an international survey addressing computer software piracy (BSA-IDC), one in four computer programs used in Finland in 2009 was a pirate product. On the international scale, piracy is a minor issue in Finland, and it has increased at a moderate rate. The Finnish Copyrights Barometer for 2009 indicates that every sixth Finnish household downloads unauthorised files from the Internet. There are more than 100,000 active Internet piracy practitioners in Finland.

Discussion and Conclusions

The area of economic crimes featured in this article is a rather extensive one. It involves a wide range of types of offences, a large number of authorities dealing with economic crimes, as well as many forms of serious crimes that are linked to economic criminality. The plan is to update this information at regular intervals.

A point to note in the development of the most common types of economic crimes reported to police is the rapid growth of debtors’ fraudulent conveyance cases in 2009. This is attributed to the global economic recession. An important longer-term trend is the increase in serious forms of offences in respect of most general types of offences. As authorities do not have enough time to address all violations, they have to concentrate on the serious cases.

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9 Crime statistics (2000–2009), Police’s statistic system Polstat: cases reported to the police.
12 TTVK tiedote (25.5.2010), Nettipiratismin tappiot Suomessa 355 miljoonaa euraa vuodessa. See also http://www.anti piracy.fi.