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# Outsourcing authority in global policy: legitimating the anti-money laundering regime through professionalization

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## Abstract

How is authority legitimated when global policy leads to the delegation of implementation and monitoring tasks to private actors? This paper shows that putting private actors at the forefront of compliance gives them significant interpretation autonomy, with knock-on effects for how rule-making authority is legitimated. I show that actors can mobilize to claim expertise based on their practice in, and input to, transnational administration and that professional associations are important arenas for establishing and legitimating these claims. The paper explores these dynamics through an empirical focus on the global anti-money laundering regime. Revolving around the Financial Action Task Force, the regime to tackle illicit finance has been a highly political process with a global reach. Yet it relies heavily on financial institutions to put systems in place that control the flow of money. This puts private compliance officers at the forefront of transnational administration. The paper shows that compliance officers have responded to the demands of this role by professionally organizing. Focusing on the largest professional association, the Association of Certified Anti-Money Laundering Specialists or ACAMS, a US-based association with a global program and membership, the paper explains that professionalization mechanisms have helped demarcate practice boundaries and support the expertise claims of private sector employees. By becoming the experts, these officers can claim pragmatic authority over what global policy rules and standards mean and how they can be implemented.

**Keywords:** anti-money laundering, authority, compliance, professional associations, transnational administration

Our conception of transnational administration is generally one where intergovernmental networks and public mandates have the final say. In this world, governance is designed and implemented by policy-makers from different national agencies, carried by sherpas and “transfer agents” across organizations (Stone, 2004), including international organizations and apex fora like the G20 (Stone & Ladi, 2015). But what happens when private actors are empowered to implement transnational administration? What happens when *insourced* governance arrangements are fundamentally *outsourced* to private actors like professional associations and businesses? The literature on regime complexity and “orchestration” suggests that even when some tasks are outsourced, the ultimate authority lies with the formal public intergovernmental authority (Abbott et al., 2015). Other research points to how civil society and private actors steer implementation, including important adjustments to content and normative thinking around regime objectives (Broek & Klingler-Vidra, 2021; Fransen & LeBaron, 2019).

Here, I provide the case of the global anti-money laundering (AML) regime, which is formally steered by the Financial Action Task Force (FATF) and the national authorities which enact AML laws and regulations, but relies heavily on outsourcing implementation to financial institutions and, indirectly, professional associations like the Association of Certified Anti-Money Laundering Specialists (ACAMS)<sup>1</sup>. I argue that the prevalence of professionalization in establishing how the AML regime functionally operates shows that the outsourcing of authority to private actors leads to different forms of legitimizing the practices of the regime. Specifically, while the conventional modality of transnational administration relies on claims to authority from mandates to set rules developed by technocrats and then transferred through public agencies (Stone, 2004), I show that there is another modality. Here, the outsourcing of tasks means that claims to authority come from best practice; rule interpretation is developed by professional associations and then diffused through training and peer networking. The basic logic of this modality is to search for information for the regime rather than rely on intergovernmental command over it. This way of working has important implications for how the regime is legitimated and what forms of expertise are necessary to operate effectively; this modality for transnational administration empowers private actors, including professional associations (Kirkpatrick et al., 2023). I show how this modality operates in the case of AML through the expansion and professionalization of compliance functions. In short, I explain that the regime has created demand for compliance functions in private institutions and that professional associations help professionalize these functions and make them an integral part of both banking and AML activity. In turn, this new profession and its practices provide legitimacy to the regime as they rely on it for their continuing existence and relevance.

On the face of it, the outsourcing of the compliance function in AML may be seen as simply delegation by public authorities of compliance tasks to financial institutions, with the proviso that unless they improve their monitoring of money laundering activity they will be slapped with heavy fines or worse. Such delegation would empower banks to engage in quiet politics to coordinate the regime and assert their structural power over public authorities when things go wrong, as in other financial regulatory regimes (Culpepper, 2011; Kalaitzake, 2017). But the AML compliance regime is rather un-bank like. Financial institutions have had to navigate how to balance AML prohibition narratives with regular banking activities and rely heavily on professional associations like ACAMS to do so. Under these conditions, the AML compliance industry professionalizes by organizing. Its policy boundaries and representation are not about the banks and their material interest but their professional ethos. Professional organizations become the focal point of this organizing, with a clear drive to expand further and regularize their network and training.

This provides the professionals working through ACAMS with what I term *pragmatic authority*. Their claim to authority is based on being the best able to search for AML risks, an asymmetry they use to leverage autonomy from banks and regulators. This is base pragmatism. The second aspect of their pragmatic authority is based on the forms of learning they develop to empower their capacity to search. In this sense, they rely on situated learning and continuous feedback, forms of learning linked to the American pragmatists and often highlighted in work on experimentalist governance (Berk, 2018). The logic of operating is not to follow a command structure of rule following—typically set by a public authority—but to develop search mechanisms that provide new information on the regime and, importantly, empower the professional's autonomy to interpret. With the above set-up, these professionals want to ensure survival by consolidating; they also want to avoid getting themselves in trouble. As I show further, they establish themselves within banks, include the regulators in their community of peers, and navigate the day-to-day work of AML compliance. They make claims to pragmatic authority linking themselves to the moral politics of fighting money laundering, including engaging—in public—with victims of AML failures, such as human trafficking survivors, to highlight the importance of advancing professionalization.

I argue that professionalization through ACAMS has the sum effect of legitimating the AML regime. As the effectiveness of the AML regime is itself hard to measure quantitatively (Levi et al., 2018), legitimacy is developed through practice—professionalization—a tautological outcome. The legitimacy of

<sup>1</sup> FATF was established in 1989, and scholarly work on the task force has grown in parallel to the AML regime itself. For a comprehensive overview of the institution as a standard-setter, regime diffuser and implementation monitor, see Nance (2018). More references to FATF's work and role as an international organization can be found in the following section. The role of ACAMS in the AML regime since it was founded in 2001 has been studied by Liss and Sharman (2015), and more extensively, by Tsingou (2018).

the regime derives, in part, from the fact that it is many people's job to make it work, creating a presentation of self as legitimation unto itself (Barker, 2001). The remainder of this paper is organized in five sections. The first section outlines key characteristics of the global AML regime focusing in particular on how aspects of AML public policy rely on private sector practice. The second section puts forward a conceptual framework for thinking about pragmatic authority and its effects on legitimation of a global regime. The third section provides an overview of the paper's data and methods, with information on participant observation activities of the work of a professional association over a 10-year period. The fourth section provides a summary of the empirical findings, focusing on how the professional association space defines the AML compliance professional and their work, within and beyond the bank. The final section discusses the findings and stresses the importance of professionalization for authority outcomes and the relevance of pragmatic authority for transnational administration.

## The empirical setting: the transnational administration of AML and the role of the private sector

The AML regime is designed to target the proceeds of crime by tackling the underlying ill, be it drug trafficking, terrorism, or, more recently, nuclear proliferation. The AML regime was built in a top-down manner through the standard setting and policy diffusion activities of FATF (Nance, 2018; Sharman, 2011). As a body of transnational administration, FATF is perceived as a power politics organization and much scholarly work in this field has focused on the importance of the regime as a vehicle for big power preferences (Morse, 2022), especially through its extension to sanctions (Farrell & Newman, 2019; Mallard & Sun, 2022). Alternatively, scholarship has covered implementation and the challenges of assessing its performance (Levi et al., 2018), zooming in on national legal and regulatory systems or the mutual evaluation process which determines how countries are performing in terms of technical compliance and the effectiveness of their AML provisions (Pol, 2018). Such emphasis on state interests and authorities as key actors, however, can come at the expense of analyzing not only the national AML frameworks but also the organizations that they oversee; the banks, the actors who take care of "doing" the bulk of AML, and policing financial transactions. In the history of the AML regime, the role of the private sector and, in particular, large banking organizations with significant international activity is marked by compromise and opportunity. Starting with the criminalization of money laundering in the 1980s and the introduction of initial controls, early measures were interpreted as an inevitable and acceptable compromise for a banking sector keen to safeguard capital mobility (Helleiner, 1999). However, as the regime intensified and expanded, especially with the addition of terrorist financing to the AML framework following the attacks of 11 September 2001, the proliferation of public rules came with an expectation of costs and responsibilities to be borne by the private sector. As participants in the regime, financial institutions not only have specific AML compliance obligations to know their customers and report suspicious activities but are also concerned for their reputations and potential financial risks linked to customer loss or the cost of legal enforcement actions in case of non-compliance. They have established dedicated AML compliance teams, engaged in AML training, and invested in compliance software. In the process, a compliance industry has emerged, developed, and professionalized (Favarel-Garrigues et al., 2011; Tsingou, 2018; Verhage, 2009).

In the past 20+ years, the AML compliance industry has developed in three key ways: (a) It has grown dramatically, across all jurisdictions, in terms of both person power and financial resources; (b) after an initial period of recruiting heavily from law enforcement agencies and professional services firms, AML compliance now offers a full career trajectory from junior through mid-career to senior bank positions; and (c) AML compliance has been increasingly populated by a new professional group, which learns in harmonized training settings and acquires globally recognized qualifications in AML. The professional associations created to provide these services affirm this global community of AML compliance experts with internationally recognized qualifications, as well as training, dissemination, and networking events (in person and online). Though aimed primarily at private sector practitioners, professional associations also provide space for public-private interactions where best practices are discussed and jurisdictional boundaries drawn out. AML best practice is therefore not merely learned as policy adoption but also in formally recognized environments that offer training, accreditation, and networking. These environments are organized to offer best practice scripts on meeting compliance standards thus providing the

governing content in the everyday administration of AML. As such, they constitute a rich empirical setting for understanding the contribution of the private sector to the transnational administration of AML and its legitimation.

## Outsourcing authority in transnational administration

The key modality for administration beyond the nation state has long been identified based on intergovernmental cooperation that follows an agreed mandate. Though an intergovernmental regime in its creation, AML is a good case for what Stone and Ladi (2015) call “transnational administration,” as the regime delivers global public policy that is generated, implemented, and assessed across jurisdictions but also actor types. The scholarship on transnational administration enables added nuance to policy-making frameworks (Moloney & Stone, 2019) and sheds light on complex decision-making processes (Legrand, 2021). The call for a better understanding of the processes underway in “global administrative space” (Legrand & Stone, 2021), however, also comes with the need to better operationalize the role of the private sector. This analysis directly contributes to this operationalization, considering a type of private sector authority explicitly in a transnational administration context. Much scholarship on private actors in this field focuses on public–private partnerships (Schäferhoff et al., 2009), different forms of delegation (Green, 2018, Heldt & Dörfler, 2022), or business and corporate power (Ronit, 2019). A key theme in this literature is private sector mobilization based on material interests leading to specific policy preferences and potential for capture. Frameworks focusing on business authority based on policy salience follow a similar logic (Culpepper, 2011; Morgan & Ibsen, 2021). Privileging expert authority, they focus on the esoteric nature of administration and there is an implied assumption that quiet is better than noisy for private actors to acquire and hold on to authority functions. Yet policy noise and high salience can also create private authority. This can happen when private actors have been assigned legal obligations in the transnational administration regime and perform an outsourced authority function.

Table 1 operationalizes the ways in which regime legitimation through outsourced authority can add to our understanding of the contribution of private actors to transnational administration. The middle “insourced” column depicts the conventional modality in transnational administration and its legitimation, which is based on mandates (Halliday et al., 2010), networking through intergovernmental agencies, drawing on the expertise of occupationally trained technocrats (Steffek, 2021), operating a rule-setting command structure, transferring policies through intergovernmental networks (Stone, 2004), and being affirmed by the governments involved, legitimating the activity (Lall, 2017). The “outsourced” column on the right shows a different modality. Here, authority is derived from demonstrated best practice and networking occurs through professional associations where those with organizational experience can dominate. The logic of how to govern is not through command and rule setting but through search and a stress on rule interpretation. Such capacity is developed through training and peer networking (Djelic & Quack, 2010), and in turn, the profession affirms the legitimacy of the regime. This outsourced modality relies on the pragmatic authority of professionals.

To elaborate further, we know that the rise of best practice creates pressures for both public and private actors to conform and demonstrate compliance. Numerous case studies on the spread of best practices, benchmarks, indices, and other metrics have shown how those crafting the practice are able to assert authority (Broome, 2022; Chong, 2018; Dobbin et al., 2007). NGOs have actively developed best practices and benchmarks to provide their causes with momentum and place pressure on governments (Seabrooke & Wigan, 2015). Similarly, private actors use best practice to professionalize their operations

**Table 1.** Transnational administration modalities.

	Insourced	Outsourced
Authority from	Mandate	Best practice
Networked through	Intergovernmental agencies	Professional associations
Expertise from	Formal education	Organizational experience
Governed through	Command	Search
Learning through	Transfer	Training and peer networking
Affirmed by	Governments	Profession

Source: Author.

and to place pressure on governments and intergovernmental organizations, including recent noteworthy case studies on investment arbitration and global health policy (Berge & St John, 2021; Eckl & Hanrieder, 2023). The spread, and need for best practices, also means that when something new happens professionals are relied upon to respond and reduce uncertainty, allowing them to then introduce their own agendas—as has been demonstrated with Chief Risk Officers in banking (Pernell et al., 2017) and sustainability managers in higher education (Augustine, 2021).

Best practices are internally honed through professional associations and their networks. While these organizations are typically not discussed in studies of public administration and political science, they provide the venues which define membership credentials and facilitate social interactions to shape the boundaries of appropriate conduct and professional responsibilities (Greenwood et al., 2002). They also help develop a professional identity that is not tied to a specific organization or organization type but creates a community across workplaces and national borders. Professional associations have expanded their role alongside economic globalization, especially around certification and licensing practices (Kirkpatrick et al., 2023). Internally, professional associations have intensified the need for markers of professional development among their members, providing impetus to the generation of best practices that have external force (Friedman & Afitska, 2023). This internal development also stresses the importance of expertise from organizational experience rather than from formal education alone, which reinforces the need for professionalization and networking. Combined, these factors feed demand for “accountability infrastructures” within and across organizations that expand the need for compliance with best practices while also engaging in experimentation to solve governance problems (Huising & Silbey, 2021).

Experimentation within professional associations and their networks also reflects a shift in how to govern. Recent research demonstrates how global professional services firms engage in “scanning work” to identify threats to their operations from regulators and activists (Christensen & Seabrooke, 2022). Similarly, professional associations have stressed the development of search mechanisms in finding ways to pragmatically gather new information and incorporate it into a professional learning system. This is then affirmed through training and peer networking, where solving governance problems is the focus. To add further moral character to the need for search, professionalization includes the identification of victims, giving the professionals a clear idea of the costs of failure (Hopgood, 2006).

In sum, this modality for transnational administration develops pragmatic authority, with two forms of pragmatism. The first is tactical problem-solving and the second is developing a learning system based on search mechanisms. I suggest that this outsourced modality has auto-legitimizing qualities (Barker, 2001), since the affirmation of why transnational administration should work this way comes from the profession itself rather than relying on governments approving how the work is being done.

## Data and methods

The motivating puzzle of this analysis is to understand how private authority can legitimate transnational administration. The puzzle was derived from a decade of research engagement in the field of AML, and the observation that the regime developed into an established transnational administration space despite the lack of agreed-upon effectiveness assessments, with private financial institutions bearing a significant share of both the cost of the regime and the legal responsibility for implementing it. The notion of an outsourced modality of transnational administration and its legitimation developed from these observations and ensuing data analysis of processes of professionalization and the work content of AML compliance as outlined later.

The research relies on participant observation of activities organized by the key AML professional association, the Association of Certified Anti-Money Laundering Specialists, known by its acronym ACAMS, in the period 2012–2022, covering a selection of European and North American activities. During this period, I developed a scholarly profile in the field but I have not been recognized as an insider by private sector event participants. Specifically, I engaged in participant observation at four large professional association conferences: the annual “Anti-Money Laundering and Counter-Terrorist Financing” European conference of ACAMS (Amsterdam, June 2012), the inaugural “Risk Management” conference of ACAMS (New York, January 2013), and the “Anti-Financial Crime and Public Policy” ACAMS conference (Washington DC, February 2020). I also attended one of the first in person events following Covid-19 restrictions, the ACAMS Summit on “AML Risk Management and Securities” (New York, June 2022). As ACAMS intensified its regional work through local chapters, I attended meetings (both conferences and

networking events) of the Nordics chapter (2017, 2018, and 2019), Luxembourg (2020) and Latvia (2020). The participant observation entailed following presentations for content but additionally, keeping field notes on questions from the audience, and noting professional interactions during breakout sessions and formal networking times (Emerson et al., 2011).

In addition to these in person meetings, I followed some virtual replacement events of regular chapter seminars during pandemic restrictions (five events covering the Nordics in 2020, Luxembourg, Malta, and the Netherlands in 2021, and North America and the Caribbean in 2021). These observations primarily focused on presentation content although the questions and answers aspect of interactions became more prominent with chat functions on online platforms, enabling more questions and direct answers without time constraints (Hine, 2019).

Finally, I followed several training webinars organized by ACAMS; this material provided information on training topics and training content, Q&As, and on the record input from public and private sector participants. I followed 11 seminars over 5 years, varying in duration from 1 to 8 hours; several of these took place during the pandemic though ACAMS had a strong online webinar profile before then too. This work has been supplemented by regular overviews of ACAMS published material (training material, in-house reports, collaborative reports and *ACAMS Today*, the regular ACAMS publication). This material served as background to understand relevant themes and best grasp professional profiles.

The following sections draw from the observation materials. Observations on developments in the AML compliance function and its assessment apply to practices both in Europe and North America. The data were processed to make sense of relevant distinct categories of activity, asking questions about work content and principles (Grodal et al., 2021). Themes were identified from event programs and cross-checked with field notes, then coded based on the different activities that constitute the AML compliance function, from the micro (the individual professional, their career, and their training), through the meso (what happens within the organization), to the macro (interactions beyond the organization). The analysis presented later is based on the final organization of the data across six summary categories: professional profile; work content of AML compliance; intra-organizational dynamics; sectoral consolidation; public-private interactions; and public policy. The data have been analyzed to account for changes in the above over time.

Studying professional associations gives us a very specific but not exclusive pathway into the world of AML compliance but it is important both to illustrate their role in the professionalization process and because their study offers a regular overview of the areas of training and upskilling, concerns of members, and topical issues, organizational, sectoral, and policy-related. The 10-year research period allowed for the establishment of patterns of continuity and change as the professional association expanded (in numbers and geographically), failures were exposed, and as new issues gained salience and urgency.

## Professionalization and legitimation

A growing number of AML compliance officers are now certified, the vast majority of them through ACAMS. ACAMS was established in 2001, and it is headquartered in Florida, USA. It is a membership organization, counting over 100,000 members globally. Though stronger in the USA, it now operates chapters in all world regions, offering local, national, regional, and global community building. It provides specialized training through seminars, workshops, and online activities. It also organizes multiple events, from an annual bash focusing on the USA and regular conferences in Europe, Asia, Latin America, and the Middle East, to thematic conferences on risk management, public policy, and fintech. Most participants to these events are AML compliance officers in training or certified but some come from the public sector. The training is expensive but the cost is ordinarily borne by employers. Certification requires commitment but the level of difficulty is set so as to be accessible, with courses and discussions deliberately practical. ACAMS certification (Certified Anti-Money Laundering Specialist), or the willingness to be certified, is now a common recruitment requirement (there are over 40,000 certified professionals worldwide).

ACAMS now offers three types of certification (associate, specialist, and advanced) as well as the opportunity to be recertified to maintain a valid certification. The qualification is both globally harmonized in that the examination and related professional skills are uniform, and also customized, with training and examinations offered in 12 different languages. My participant observation shows that in the early years, the learning environment in ACAMS training events was, despite much emphasis on the practical, a fairly top-down affair and quite repetitive, more conference-style than classroom. This

has changed in the past decade, with greater focus on situated learning activities and practice, such as interpretation, negotiation, and learning through public–private actor interactions (Suddaby et al., 2007).

Membership associations in general and ACAMS in particular play an important role in the professionalization process not only through recognized qualifications but also through socialization. ACAMS provides a venue which delimits the boundaries of the function, sets parameters for what is permissible, highlights behavioral expectations and responsibilities, and helps foster a professional identity, including by building peer networks (Djelic & Quack, 2010). It also offers a setting for ongoing topical conversations and for clarifying the role of the different actors in the regime (private and public) in providing content, interpretation, boundary delimitation, and points of interaction. ACAMS, in short, provides a clear window into the AML function. In what follows I provide an overview of key trends based on the empirical findings. The categories showcase the professionals, what they do and how they interact, and identify, across categories, the different ways in which they consolidate their position and validate the AML regime.

### Professional profile

ACAMS is defining the AML compliance professional. There are no expectations on specific academic background or university-acquired skills. The AML compliance professional journey starts with employment. The AML compliance professional is certified or attends regular training. The cost of the training is usually covered by the employer (though increasingly, the AML compliance professional is willing to also self-fund some of their own training). They also engage in extensive networking and have a good relationship with peers (both in the public and the private sector).

ACAMS condones professional development through regular career progression, either through in-house promotion or, most likely, a new position at a different institution. An accomplished AML compliance professional has experience in both the public and private sectors and is mobile. The AML compliance professional's skills are inherently transferrable across institutions, across employer type, and across borders; this sets them apart from typical officially mandated authority.

Three main trends can be identified in the content of profile skills in this period: (a) AML compliance teams should include both generalists and specialists across all levels of seniority and individuals need to make choices about their path (e.g., general financial crime expertise or data analysis specialization); (b) the number of AML professionals is growing but the training is much deeper and more regular and no longer predominantly about person power; and (c) the training has become less about “control” (knowing rules and recalling facts) and more about “behavior monitoring” (using analysis and intelligence).

### Work content of AML compliance (the day-to-day compliance function)

For a long time, work content has been primarily about procedures and documentation, aiming to keep the institution out of trouble but also protecting one's own position from potential liability. This morphed into what can be described as “routine work”. Over time, the approach has become more granular. This is reflected in the work of ACAMS which promotes “how” questions: How is an issue identified and differentiated? How is it reported? How is the relevant program or technology selected? How are “new” issues assessed (virtual assets, privacy regulation, and extensive sanction programs)?

As a result, there has been a clear trend away from a passive approach to rules and regulations and box-ticking compliance. Instead, the focus is on analytical frameworks, emphasizing the need of expert skills. The evidence suggests that this, in part, reflects professional maturity, including the recognition of qualifications, the growing skill levels of those who choose AML as a profession, and the technological tools available. Yet it is also a consequence of a more recent narrative about resources being finite. How can the function become more cost effective? This has led to increasingly sophisticated accounts and assessments of AML risks: what risks can be managed and what type of risk management is appropriate in the world of AML. It has also led to frank discussions about frameworks for understanding what constitutes “value for money” and whether proportionality has a place in risk assessments linked to public policy obligations. In their day-to-day work, AML compliance professionals increasingly claim a risk analysis understanding that brings them closer to their bank colleagues but also ringfence their jurisdiction by asserting a public policy ethos.



## Intra-organizational dynamics

Corporate governance and internal reporting issues have dominated the conversation on intra-organizational issues throughout this period. Questions of “corporate culture” are frequently raised, especially in the aftermath of historical scandals and enforcement actions. Practitioners express exasperation with corporate activity and their own perceived marginal role in a bank’s corporate governance structure—a well-received analogy in the community contrasts “evil CEOs” and “Luke Skywalker compliance officers”. The line from ACAMS, on the whole, strikes a more conciliatory tone. The message is twofold: (a) those at the top are often allies but many others in the corporate structure need to understand compliance and (b) the AML compliance professional needs to understand banking and others in the bank need to understand AML, so more training across the board is a good idea (cf. [Kalev et al., 2006](#)).

In practice, ACAMS equips the AML professional with specific tools and scripts that can reinforce their position and autonomy within the organization on an array of issues. Some elements are about resources, access, and synergies, such as information sharing within the organization, a strong line on people managing technology over technology investment alone, potential linkages to environmental, social, and governance principles and reporting, and suggestions for activities for reinforcing cooperation with business lines and other corporate divisions, including data officers. Other guidance focuses on the possible contributions of the compliance function to the organization’s bottom line in terms of risk assessments, de-prioritizing low risk matters or removing costly to manage activity, as well as developing an understanding of reputational risk, even in the absence of formal modeling. The most important focus, however, concerns unique skills and regulatory protection. These narratives are built around regulatory demands (asserting that regulators expect AML compliance resources on low value activities regardless of proportionality) and regulatory crises (if faced with an enforcement action, how would the organization fare?).

## Sectoral consolidation

ACAMS enables conversations that focus on the AML compliance industry as a whole and bypass issues with specific banks. The picture within the sector, within and across jurisdictions, is consistently one of solidarity. Problems and scandals, even when very prominent, are explained away as banking culture problems rather than compliance problems, and the industry rallies around its own, with a clear message for corporate governance reforms. Professionals can thus move beyond any stigma associated with individual failures, for their own or peer organizations (cf. [Naumovska & Lavie, 2021](#)). In the Nordics, for example, where big scandals dominated AML activity for several years, the blame was placed on the “naïve” and outdated culture of “trust” and internal corporate governance lacune. In these meetings, there are few suggestions of industry competition and an emphasis instead on collective principles and standards and a shared professional ethos. When new issues emerge, ACAMS does not ordinarily rock the boat but provides a forum for low commitment conversations on the role and the protection of whistle-blowers, and the future of artificial intelligence tools. The evidence hints at a reluctance to take the lead (or indeed address) questions of liability, although this is not explicit.

At the same time, ACAMS acts as a hub for the promotion of moral narratives, where the AML compliance profession is seen as gatekeeper and ethical player (cf. [Evans, 2021](#)). This work is twofold. On the one hand, ACAMS provides a space where good compliance work can be recognized at the individual level; the work is understood as unglamorous and undervalued so peer recognition is important. On the other hand, ACAMS enables high profile and high political salience sectoral discussions; there is great emphasis on how the transnational administration of combatting terrorism and proliferation finance, as well as more recent issues such as environmental crime and human trafficking, all rely on AML compliance professional initiatives and typologies.

## Public–private interactions

In the world of ACAMS, public–private interactions are collegial. The mantra is to always stay in touch with the profession and that includes both private sector colleagues and regulators. Moreover, having spent time in the public sector is seen as highly beneficial to the skills and career of an AML compliance professional and although the regulatory side is frequently seen as confusing, burdensome, or simply lagging behind, there has been, for some time, talk of a good understanding between the two sides. The sustained interaction produces narratives of the regulator as an ally

(in contrast to the intra-organizational narratives which propose presenting the regulator as a threat) (cf. [Gray & Silbey, 2014](#)).

ACAMS is a forum where contradictions in the regime, the effects of big power politics, and the absence of effectiveness indicators are occasionally acknowledged but also quickly set aside. It is not a space for lobbying for less regulation, or for regime reform. Questions raised on costs, and effectiveness and equity are framed as issues in which public and private AML compliance interests are aligned. Where discussions about the regulatory burden do take place, they tend to be about leveling the regulatory playing field so that new fintech actors do not have unfair advantages. In these interactive spaces, regulations and rules are not contested by private sector practitioners. Neither side wants any problems on their watch and the practice of interpretation and implementation of rules and regulations assumes a maximalist approach, leading to a shared acceptance of “regulatory bulimia” ([Eren, 2021](#)). While there is acknowledgement that some risk analysis is necessary to best allocate resources, there is also an understanding that the professional cost of getting things wrong is too high. Public–private interactions support blame-avoiding policy implementation (c.f. [Hinterleitner & Wittwer, 2022](#)) and blame-avoiding oversight.

### Public policy

For ACAMS, AML compliance mistakes are not only a problem for practitioners but for the conduct of good public policy. The narrative is one of “us versus the criminals” and there is no prioritization of issues. All relevant crimes are serious enough, and ACAMS is a space where crimes are explicitly linked to victims; not all types of victim can be physically present in these events but where, possible, they become part of the conversation. Human trafficking debates, for example, will feature survivor testimonies. This appeal to emotion is not typically associated with administration but rather activism and advocacy ([Hopgood, 2006](#); [Keck & Sikkink, 1998](#)). In this context, moral authority claims dominate and validate AML practices and can trivialize “value for money” discussions. ACAMS gives access to those narratives when appeals to justice and humanity are difficult to incorporate into daily AML compliance work. At the same time, societal questions that could restrict the scope of the AML regime are largely absent from discussions. This is especially notable in areas where AML compliance calls for trade-offs between the needs of crime prevention and principles of privacy and human rights.

### Pragmatic authority and legitimation: discussion and conclusions

The role of ACAMS in the global AML regime indicates that there is more than one modality for transnational administration. Many discussions of transnational administration rely on what I depicted above as an “insourced” mode of authority and legitimation that rests on formal mandates, intergovernmental networks, technocratic expertise, rule setting, “transfer agents,” and government legitimacy. In contrast, ACAMS reflects a new “outsourced” mode of operating that derives authority from best practice, networks through professional associations, draws expertise from professionals’ organizational experience, is based on a governance logic of search and rule interpretation, creates learning through training and peer networks, and is affirmed by the profession that does the outsourced work. This modality provides legitimacy to the regime by giving legitimacy to itself ([Barker, 2001](#)).

This creates a theoretical problem for conventional studies of transnational administration and their views on what creates legitimacy ([Zürm, 2018](#)). FATF and the AML regime are heavily criticized as failing to create meaningful change in the fight against crime and for being stubbornly difficult to assess quantitatively ([Levi et al., 2018](#); [Sharman, 2011](#)). In this sense, the AML regime cannot claim to provide an effective global public good ([Steffek, 2015](#)), with FATF unable to use legitimation strategies to shore up “diffuse support for a political regime by its social constituencies” ([Gronau & Schmidtke, 2016](#): 540). Nor can FATF rely on legitimation from peer organizations or demonstrations of performance communicated to a mass public ([Lenz & Söderbaum, 2023](#)). But, as documented above, the AML regime has expanded and professionalized through ACAMS and others.

The growth of outsourced transnational administration in the AML regime is a consequence of professionalization from professional associations, as well as a dependence from financial institutions and from FATF and national public authorities on professionals to provide information on actual money laundering activity. In this sense, ACAMS’ professionalization and fostering of self-legitimation reflects broader trends in the international political economy and the rise of global professional services firms and consultancies ([Fransen & LeBaron, 2019](#)). Recent research has shown how these actors are not only

“advisers to the king” for national governments (Jones, 2019; Rich, 2023) but also pushing best practices and forms of governing that are changing how intergovernmental organizations work (Eckl & Hanrieder, 2023; Seabrooke & Sending, 2020). Professional services firms and consultancies often claim that they have an advantage of being able to access unique knowledge, drawing on their extensive global networks to search for information (e.g., the Big Four have a million staff compared to 10,000 in the World Bank and 2400 in the International Monetary Fund, see Faulconbridge & Muzio, 2017). A further claim is that they have scientific management, a capacity to solve problems not by knowing rules but knowing how to search and analyze (McKenna, 2006).

ACAMS’ professionalization reflects similar claims, including its relationship to FATF, financial institutions, and the global AML regime. The key point here is that the professionalization of practices brings validation to the regime. By working to exist, these professionals legitimate their maker. In outsourced transnational administration, the professionalization of AML compliance occurs within a market rather than a bureaucracy and is part of the “compliance marketplace” (Babb, 2020). The professionals going through ACAMS have high job mobility within the sector and professionalize to advance their careers and opportunities. This informs the first element of what I have termed their pragmatic authority—they will act tactically and pragmatically to protect their professional roles and autonomy to interpret rules. The second element of their pragmatic authority is that professionalization is based on the creation of search mechanisms to enable learning. The net result is that the AML regime is developing ways of knowing about and targeting money laundering not from FATF’s mandate and command over the system, or the banking sector’s structural power, but through the pragmatic authority of this new professional group.

Outsourced authority, attained and practiced as above, matters not only because it is private. We know that in transnational administration space there are layers of public and private authority to contend with. What is especially important is its potential for legitimating transnational administration in the absence of established and recognized criteria for evaluating global policy, or in cases where assessment methodologies are highly contested. Future research could further operationalize the distinction between insourced and outsourced authority and explore legitimation channels through outsourced authority in different cases, covering both thinly and thickly institutionalized issue areas in transnational administration.

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